

CITY OF POMONA, CALIFORNIA

COMPREHENSIVE  
ANNUAL FINANCIAL  
REPORT

Year Ended June 30, 2005

Edward S. Cortez	Mayor
George Hunter	Councilmember, District 1
Marco Robles	Councilmember, District 2
Daniel Rodriguez	Councilmember, District 3
Paula Lantz	Councilmember, District 4
Elliott Rothman	Councilmember, District 5
Norma J. Torres	Councilmember, District 6

Prepared by the City of Pomona Finance Department  
Paula Chamberlain, Finance Director

**City of Pomona**  
**Comprehensive Annual Financial Report**  
**For the year ended June 30, 2005**

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**Comprehensive Annual Financial Report**  
**For the year ended June 30, 2005**

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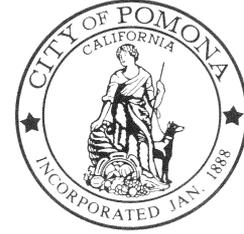
# THE CITY OF POMONA

Finance Department

PAULA CHAMBERLAIN  
Finance Director

January 15, 2006

Honorable Mayor and City Council  
and Citizens of the City of Pomona  
Pomona, California



The audited Comprehensive Annual Financial Report (CAFR) of the City of Pomona, California (City) for the fiscal year ended June 30, 2005 is hereby submitted.

An independent certified public accounting firm audits the basic financial statements. The purpose of the audit is to ensure that the basic financial statements present fairly, in all material respects, the financial position and the results of operations of the City. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. The financial statements have been prepared in accordance with generally accepted accounting principles in the United States. This means that the statements have been prepared using guidelines designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds. All disclosures necessary to enable the reader to gain the maximum understanding of the City's financial activities have been included. The CAFR is presented in three sections:

- Introductory section -** includes this transmittal letter; a list of principal officials, the City's organizational chart, the Government Finance Officers Association of the United States (GFOA) Certificate of Achievement for Excellence in Financial Reporting for the fiscal year ended June 30, 2004.
- Financial section -** includes the basic financial statements as well as Management's Discussion and Analysis, Fund Financial statements, Notes to the Financial Statements, Required Supplementary Information, and Supplementary Information as well as the independent auditor's report on the financial statements and schedules.
- Statistical section -** includes a number of tables depicting selected financial and demographic information, generally presented on a multi-year basis.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of

Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to compliment the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

The City is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996 as amended and U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Information related to this single audit, including a schedule of federal financial assistance, findings and recommendations and auditor's report on the internal control structure and compliance with applicable laws and regulations, is provided in a separate single audit report.

## **REPORTING ENTITY**

The primary unit of the government is the City and its component units are described as follows:

### **The Primary Government**

The City was founded on January 6, 1888 and became a charter city in 1911. The City operates under a Council-Manager form of municipal government.

The accompanying Comprehensive Annual Financial Report includes the activities of the City, the primary government, and its component units, which are the Redevelopment Agency of the City of Pomona, the Pomona Public Financing Authority, the Housing Authority of the City of Pomona, and the Canon Water Company. Financial information for the City and these component units is accounted for in the accompanying financial statements in accordance with principles defining the reporting entity adopted by the Governmental Accounting Standards Board. The City Council serves as the governing board of the Redevelopment Agency and the Housing Authority. The City Manager, City Attorney, City Clerk, Finance Director, City Treasurer, and the Deputy Executive Director serve as the governing board for the Pomona Financing Authority. City employees serve as the governing board of the Canon Water Company. All of these component units are presented on a blended basis.

**The Redevelopment Agency of the City of Pomona** (the Agency) was established August 27, 1966 pursuant to the State of California Health and Safety Code, Section 3300, entitled "Community Redevelopment Law". The Agency was formed for the purpose of preparing and carrying out plans for improvement, rehabilitation and redevelopment of blighted areas within the territorial limits of the City of Pomona. City staff provides management assistance to the Agency. The funds of the Agency have been included in the governmental activities in the financial statements. Separate audited statements are also issued for the Agency and are available for review in the Pomona Public Library.

**The Pomona Public Financing Authority** (the Authority) is a joint exercise of powers agreement organized under Section 6500 of the California Government Code on October 27, 1988 between the City, the Agency, and the Redevelopment Agency of the City of West Covina. The purpose of the Authority is to act as a vehicle for various financing activities of the City and the Agency. The funds of the Authority have been included in the governmental activities in the financial statements. Separate audited statements are also issued for the Authority and are available for review in the Pomona Public Library.

**The Housing Authority of the City of Pomona** (the Housing Authority) was organized pursuant to the State of California Health and Safety Code, Section 34242. The Authority exists pursuant to adopted resolution No. 93-114 adopted June 7, 1993. Its purpose is to prepare and carry out plans for improvement to the unsanitary and unsafe inhabited dwelling accommodations that exist in the City of Pomona available to persons of low income at rentals they can afford. The City provides management assistance to the Authority, and the members of the City Council also act as the governing body of the Authority. The Authority's financial data and transactions are blended with the nonmajor governmental funds.

**Canon Water Company** was incorporated on August 6, 1897. The Company owns and maintains a pipeline which transports water to the City of Pomona.

This report includes all funds of the City of Pomona, California, and each of its component units. Component units are legally separate entities for which the primary government is financially accountable. The City provides full services to its residents including public safety, land use planning and zoning, housing and economic development, building and safety regulation and inspection, water, sewer and refuse services, maintenance of parks, streets and related infrastructure, recreational activities and library services.

## **THE CITY OF POMONA**

The City is located at the southeast end of Los Angeles County and borders San Bernardino County's western boundary and is just five miles north of Orange County. The City has a population of 160,815 and covers an area of approximately 23 square miles. The City is a charter city and is governed by a mayor and six council members. Council members are elected by Council district with the mayor elected from the City at large. Each member of the Council is elected to a term of four years.

## **OUTLOOK FOR THE FUTURE**

The City has adopted a budget for fiscal year 2005/06 that includes the use of reserves earned in recent years. At the time of this writing, however, it appears that there will be no need to use reserves in the current year; in fact, a modest surplus is anticipated. As adopted, this budget once again offers little opportunity for new or expanding programs. It is basically a no-growth budget, prudently prepared to match expenditures with available resources, in order to maintain the City's fiscal integrity.

The Redevelopment Agency continues its efforts to promote economic development activities to attract, retain and expand industrial and/or manufacturing businesses around the City.

## **FINANCIAL INFORMATION**

Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse

and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

**Single Audit.** As a recipient of federal and state financial assistance, the City is also responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management and the staff of the City. The City is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act as amended in 1996 and the United States Office of Management and Budget Circular A-133. The results of the City's single audit for the fiscal year ended June 30, 2005 are published under a separate cover.

**Budgetary Controls.** The City maintains budgetary controls to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City's governing body. The legal level of budgetary control (that is, the level at which expenditures cannot exceed the appropriated amount) is at the fund level. For budgeting purposes, the General Fund is composed of several departments while all other budgeted funds are each considered to be a single department. The City maintains an encumbrance accounting system as one technique of accomplishing budgetary control, however all operating encumbrances lapse at year-end unless specifically approved by City Council resolution.

## **OTHER INFORMATION**

**Risk Management.** The City maintains a self-insurance program to provide for the general liability, workers compensation and unemployment benefits claims. These activities are accounted for as an Internal Service Fund, which is a proprietary fund type. The fund revenues are primarily premium charges to other funds.

**Independent Audit.** The accounting firm of Caporicci and Larson was selected to perform the annual independent audit. The annual audit is designed to meet the requirements of generally accepted auditing standards in the United States, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the Federal Single Audit Act of 1996, as amended and related OMB Circular A-133. The auditors' report on the basic financial statements is included in the financial section of this report. The auditors' report related specifically to the single audit is included in a separate Single Audit Report.

**Certificate of Achievement.** The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Pomona for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2004. The City of Pomona has received a Certificate of Achievement for the  
last  
twelve

consecutive years (1993-2004). The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of a state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles in the United States and applicable legal requirements.

The Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA for consideration.

**Additional Information.** For additional information, please refer to the Management's Discussion and Analysis in the Introductory Section of this report. This discussion and analysis of the City's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2005. Please read it in conjunction with the basic financial statements and the accompanying notes to the basic financial statements.

**Acknowledgments.** The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the entire Finance Department staff. Special recognition is given to all the Accounting division staff, and our City auditors for their services in the coordination and assistance in the preparation of this year's report.

In closing, without the leadership and support of the City Council, preparation of this report would not have been possible.

Respectfully submitted,



Paula Chamberlain  
Finance Director

# Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Pomona for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2004. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of a state and local government financial reports.

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A Certificate of Achievement is valid for a period of one year only. The City of Pomona has received a Certificate of Achievement for the last twelve consecutive years (fiscal years ended 1993-2004) We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA for consideration.

## Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Pomona,  
California

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2004

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



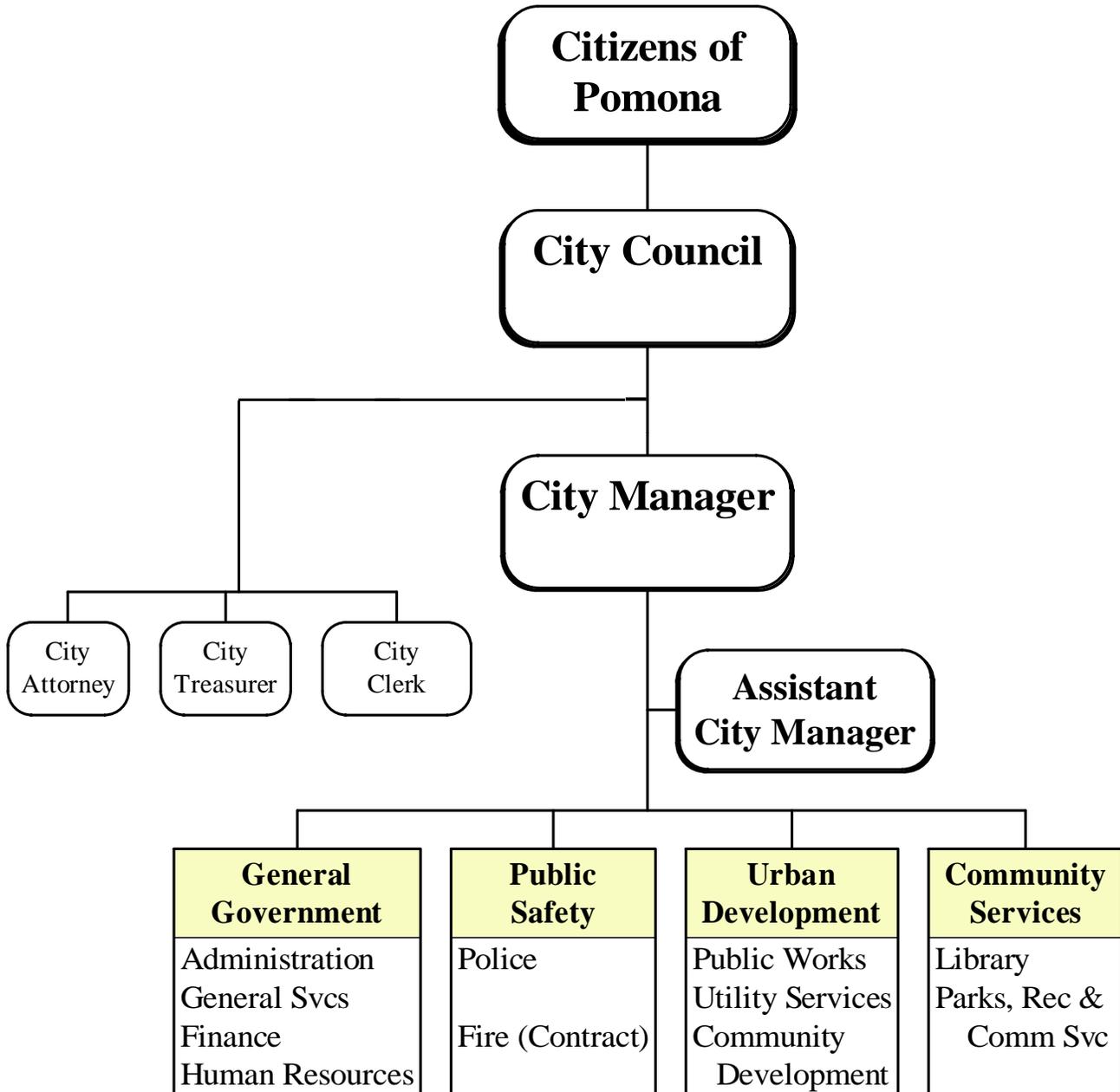
*Nancy L. Zjelke*

President

*Jeffrey R. Emer*

Executive Director

# Organizational Chart



CITY OF POMONA  
**DIRECTORY OF CITY OFFICIALS**

**CITY COUNCIL**

Edward Cortez  
Mayor

**George Hunter**  
Councilmember  
District 1

**Marco Robles**  
Councilmember  
District 2

**Daniel Rodriguez**  
Councilmember  
District 3

**Paula Lantz**  
Councilmember  
District 4

**Elliott Rothman**  
Councilmember  
District 5

**Norma J. Torres**  
Councilmember  
District 6

**APPOINTED ADMINISTRATIVE OFFICIALS**

City Manager..... Douglas Dunlap  
City Attorney..... Arnold Alvarez-Glasman  
City Clerk..... Marie Macias  
City Treasurer ..... Douglas Peterson

**DEPARTMENT DIRECTORS**

Assistant City Manager..... Robert Gutierrez  
Community Development ..... Rick Gomez  
Finance ..... Paula Chamberlain  
Fire Chief (Los Angeles County)..... Fidel (John) Nieto  
Human Resources..... Miles Crafton  
Library..... Greg Shapton  
Parks, Recreation, & Community Services..... Jeff Porter  
Police Chief..... James Lewis  
Public Works..... Chris Vogt  
Utility Services..... Henry Pepper

## INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Council  
of the City of Pomona  
Pomona, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Pomona, California (City), as of and for the year ended June 30, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of Canon Water Company of Pomona, California, Inc. (Company), a component unit of the City, which represents \$154,240 of assets, \$3,882 of liabilities, \$150,358 of net assets, and \$58,501 of net income of the business-type activities in the government-wide financial statements and in the individual fund of the proprietary fund financial statements. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion on the basic financial statements of the City, insofar as it related to those amounts included for the Company in the accompanying basic financial statements of the City, is based solely on the reports of the other auditors.

We conducted our audit in accordance with generally accepted auditing standards in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with generally accepted accounting principles in the United States.

As described in Note 1 to the basic financial statements, the City has elected in accordance with Governmental Accounting Standards Board Statement No. 34 to defer recording and reporting of its major general infrastructure assets acquired prior to fiscal year 2001-2002. Recording and reporting by the City of these major general infrastructure assets is required by fiscal year 2005-2006.

As described in Notes 8 and 9 to the basic financial statements, the City issued \$38,000,000 in Pension Obligation Bonds, of which \$5,700,000 was issued in fiscal year 2005. The purpose of the bonds is to refund the City's unamortized, unfunded actuarial accrued liability with the Public Employees Retirement System (PERS).

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Toll Free Fax: (866) 436-0927

**Oakland**

180 Grand Ave., Suite 1365  
Oakland, California 94612

**Orange County**

3184-D Airway Avenue  
Costa Mesa, California 92626

**Sacramento**

777 Campus Commons Rd., Suite 200  
Sacramento, California 95825

**San Diego**

4858 Mercury, Suite 106  
San Diego, California 92111

To the Honorable Mayor and Members of the City Council  
of the City of Pomona  
Pomona, California

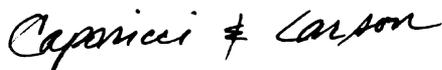
As described in Note 1 to the basic financial statements, the City adopted the Governmental Accounting Standards Board Statement No. 40, *Deposit and Investment Risk Disclosures (an amendment of GASB Statement No. 3)*.

As discussed in Note 14 to the basic financial statements, the Redevelopment Agency of the City of Pomona (Agency), a blended component unit of the City, has suffered significant reductions in net assets from operations and is experiencing cash shortfalls, which raise uncertainties regarding future operations. Management's plans regarding those matters are also described in Note 14. The basic financial statements do not include any adjustments that might result from the outcome of these uncertainties.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2005, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Required Supplementary Information, such as Management's Discussion and Analysis, budgetary comparison information and other information as listed in the table of contents is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the Required Supplementary Information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City's basic financial statements. The accompanying Supplementary Information is presented for purpose of additional analysis and is not a required part of the basic financial statements. The Supplementary Information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Introductory and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



Costa Mesa, California  
November 23, 2005

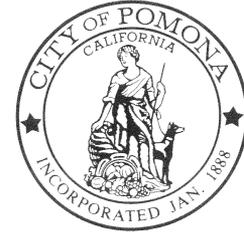
# THE CITY OF POMONA

PAULA CHAMBERLAIN  
Finance Director

Finance Department

## MANAGEMENT'S DISCUSSION AND ANALYSIS

**Fiscal Year Ended June 30, 2005**



This discussion and analysis of the City of Pomona's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2005. Please read it in conjunction with the accompanying transmittal letter, the basic financial statements and the accompanying notes to those financial statements.

### FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the fiscal year by \$144.4 million.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$185.4 million.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$7.8 million, or approximately 10.2% of total general fund expenditures.

### THE FINANCIAL STATEMENTS

The financial statements presented herein include all of the activities of the City of Pomona (City) and its component units using the integrated approach as prescribed by GASB Statement No. 34.

The Government-Wide Financial Statements present the financial picture of the City from the economic resources measurement focus using the accrual basis of accounting. Governmental activities and business-type activities are presented separately. These statements include all assets of the City, except for the City's infrastructure which the City is currently accumulating the data for inclusion in its financial report next year. All liabilities of the City (including long-term debt) are also included in these statements. Additionally, certain eliminations have occurred as prescribed by the statement in regards to interfund activity, payables and receivables.

The Fund Financial Statements include statements for each of the two categories of activities – governmental and business-type. The governmental activities are prepared using the current financial resources measurement focus and modified accrual basis of accounting. The business-type activities are prepared using the economic resources measurement focus and the accrual basis of accounting. Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences created by the integrated approach.

### OVERVIEW OF THE FINANCIAL STATEMENTS

#### Government-Wide Financial Statements

The Government-Wide Financial Statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to private-sector business.

#### The Statement of Net Assets and the Statement of Activities

The Statement of Net Assets and the Statement of Activities report information about the City as a whole and about its activities. These statements include *all* assets and liabilities of the City using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenue and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's *net assets* and changes in them. Net assets are the difference between assets and liabilities, which is one way to measure the City's financial health, or *financial position*. Over time, *increases or decreases* in the City's net assets are one indicator of whether its *financial health* is improving or deteriorating. Other factors to consider are changes in the City's property tax base and the condition of the City's roads.

In the Statement of Net Assets and the Statement of Activities, we separate the City activities as follows:

**Governmental activities** – Most of the City's basic services are reported in this category, including General Services, Police, Fire, Public Works, Redevelopment, Parks, Recreation and Community Services and the Library. Property taxes, sales taxes, utility taxes, franchise fees, interest income and other state and federal funds finance these activities

**Business-type activities** – The City charges a fee to customers to cover the services it provides. The City's Water system, Sewer system and Refuse operations are reported in this category.

## FUND FINANCIAL STATEMENTS

The fund financial statements provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain grants and other money.

**Governmental funds** – Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial* assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the City's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer resources that can be spent in the near future to finance the City's programs. The variances of results in the Governmental funds statements to those in the Government-Wide financial statements are explained in a reconciliation schedule following each Governmental Funds financial statement.

**Proprietary funds** – When the City charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Activities and the Statement of Revenues, Expenses and Changes in Fund Net Assets. In fact, the City's enterprise funds are the same as the business-type activities reported in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds. We use internal service funds (the other component of proprietary funds) to report activities that provide services for the City's other programs and activities – such as the City's self-insurance and equipment maintenance funds. The internal service funds are reported with governmental activities in the government-wide financial statements.

## Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide financial statements.

## Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* including budgetary comparison schedules for the general fund and each major special revenue fund.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, the net assets for the City as a whole are \$144.4 million at June 30, 2005. Program expenses by function, general revenues by major source, excess and/or deficiency of revenues over expenses before contributions to fund principal, special, and extraordinary items, changes in and total net assets are presented in the Statement of Activities.

The City's combined Net Assets (in millions) for fiscal years ended June 30, 2004 and June 30, 2005 are as follows:

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>
Current and other assets	\$ 253.8	\$ 234.4	\$ 53.0	\$ 56.8	\$ 306.8	\$ 291.2
Capital assets	136.1	126.1	104.7	102.0	240.8	228.1
<b>Total assets</b>	<b>\$ 389.9</b>	<b>\$ 360.5</b>	<b>\$ 157.7</b>	<b>\$ 158.8</b>	<b>\$ 547.6</b>	<b>\$ 519.3</b>
Other liabilities	\$ 34.5	\$ 22.7	\$ 5.9	\$ 8.8	\$ 40.4	\$ 31.5
Long-term liabilities outstanding	296.2	288.5	66.7	66.7	362.9	355.2
<b>Total liabilities</b>	<b>\$ 330.7</b>	<b>\$ 311.2</b>	<b>\$ 72.6</b>	<b>\$ 75.5</b>	<b>\$ 403.3</b>	<b>\$ 386.7</b>
Net assets:						
Invested in capital assets, net of related debt	\$ 95.1	\$ (4.3)	\$ 55.4	\$ 49.3	\$ 150.5	\$ 45.0
Restricted	162.5	24.2	19.4	-	181.9	24.2
Unrestricted	(198.4)	29.4	10.3	34.0	(188.1)	63.4
<b>Total Net Assets</b>	<b>\$ 59.2</b>	<b>\$ 49.3</b>	<b>\$ 85.1</b>	<b>\$ 83.3</b>	<b>\$ 144.3</b>	<b>\$ 132.6</b>

The City's programs for governmental activities include General Government, Police, Fire, Public Works, Urban Development, Parks, Recreation and Community Services and Library. The programs for the business-type activities include water utilities, sewer, and refuse operations. A comparison of each program's revenues and expenses (in millions) for the current year is presented below.

CITY OF POMONA

Management's Discussion and Analysis, continued  
 Year Ended June 30, 2005

City of Pomona Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
<b>Revenues:</b>						
Program Revenues:						
Charges for services	\$ 16.2	\$ 22.3	\$ 32.3	\$ 30.9	\$ 48.5	\$ 53.2
Operating grants and contributions	22.5	18.9	0.2	0.1	22.7	19.0
Capital grants and contributions	10.0	6.4	0.3	-	10.3	6.4
General Revenues:						
Taxes:						
Property taxes	46.5	32.7	-	-	46.5	32.7
Sales and use taxes	11.7	14.5	-	-	11.7	14.5
Utility Users Tax	16.8	16.3	-	-	16.8	16.3
Transient occupancy	1.5	1.5	-	-	1.5	1.5
Franchises	4.4	4.1	-	-	4.4	4.1
Motor Vehicle In-Lieu	1.0	7.2	-	-	1.0	7.2
Other taxes	0.8	0.9	-	-	0.8	0.9
Income from property and investment	16.8	12.3	(1.8)	3.1	15.0	15.4
Miscellaneous	7.7	2.5	0.3	0.8	8.0	3.3
Total revenues	<u>\$ 155.9</u>	<u>\$ 139.6</u>	<u>\$ 31.3</u>	<u>\$ 34.9</u>	<u>\$ 187.2</u>	<u>\$ 174.5</u>
<b>Expenses</b>						
General government	\$ 8.5	\$ 16.9	\$ -	\$ -	\$ 8.5	\$ 16.9
Public safety	61.5	54.4	-	-	61.5	54.4
Urban development	39.1	43.4	-	-	39.1	43.4
Community Services	13.5	11.7	-	-	13.5	11.7
Pass through payments	9.1	-	-	-	9.1	-
Interest on long term debt	15.6	20.6	-	-	15.6	20.6
Water	-	-	19.2	21.9	19.2	21.9
Sewer	-	-	2.6	2.8	2.6	2.8
Refuse	-	-	8.0	6.8	8.0	6.8
Canon Water Company	-	-	0.1	-	0.1	-
Total expenses	<u>\$ 147.3</u>	<u>\$ 147.0</u>	<u>\$ 29.9</u>	<u>\$ 31.5</u>	<u>\$ 177.1</u>	<u>\$ 178.5</u>
Increase in net assets before transfers	\$ 8.6	\$ (7.4)	\$ 1.4	\$ 3.4	\$ 10.1	\$ (4.0)
Transfers	1.0	1.2	(1.0)	(1.2)	-	-
Increase (decrease) in net assets	\$ 9.6	\$ (6.2)	\$ 0.4	\$ 2.2	\$ 10.1	\$ (4.0)
Net assets at beginning of year	49.7	55.5	84.7	81.1	134.4	136.6
Net assets 6/30/05	<u>\$ 59.3</u>	<u>\$ 49.3</u>	<u>\$ 85.1</u>	<u>\$ 83.3</u>	<u>\$ 144.5</u>	<u>\$ 132.6</u>

**BUSINESS-TYPE ACTIVITIES**

The cost of all Business-type activities this year was \$29.9 million. As shown in the Statement of Activities and Changes in Net Assets, the amounts paid by users of the systems was \$32.3 million, and operating grants were \$0.3 million. Investment expense was \$2.8 million, sale of surplus and reclaimed water was \$1.8 million and miscellaneous revenue was \$0.3 million.

Total resources available during the year to finance the Business-type activities were \$117.7 million consisting of Net Assets at July 1, 2004 of \$84.7 million and program revenues of \$33.0 million. Total Business-type activities during the year were \$32.6 million; thus net assets were increased by \$0.4 million to \$85.1 million.

**FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

The fund balance at year-end for the City's General Fund of \$16.8 million is an overall increase of \$6.6 million, primarily due to a one-time reimbursement from Los Angeles County for park maintenance, VLF financing and a significant increase in property transfer tax.

The Low and Moderate Income Housing Fund shows a slight increase of \$0.2 million from the prior year.

The General Debt Service Funds show an increase of \$10.7 million primarily due to the issuance of revenue bonds.

The Public Financing Authority Debt Service Funds show an increase of \$9.2 million primarily due to the issuance of revenue bonds.

The Redevelopment Agency Debt Service Funds show an increase of \$1.6 million primarily due to the issuance of revenue bonds.

The Redevelopment Agency Capital Project Funds show a decrease of \$7.8 million primarily due to on-going capital projects, a legal settlement and a disposition and development agreement payment.

The \$3.5 million decrease in the Other Governmental Funds was primarily due to a \$1.3 million increase in the Proposition C Fund that is earmarked for the Mission/71 interchange and other projects offset by decreases in the Capital Outlay Fund of \$3.2 million and the State Gas Tax Fund of \$1.7 as a result of expenditures for various capital projects. Incidental increases/decreases in various other funds account for the remaining change in fund balance.

**DEBT ADMINISTRATION**

At the end of the current fiscal year, the City and its component units (Redevelopment Agency of the City of Pomona and City of Pomona Public Financing Authority) had total long-term debt outstanding of \$381.0 million.

During the year, the Redevelopment Agency of the City of Pomona financed \$1.4 million to pay its portion of the state ERAF payment through a bond offering with other redevelopment agencies. The Pomona Public Financing Authority issued \$11.4 million of revenue bonds to refund 2005 Series AM bonds and to finance certain capital improvements in the City. In addition, the Authority issued \$9.5 million of revenue bonds to provide funds to redeem the Refunding Improvement Bonds, Assessment District 294. An additional \$5.7 million of pension obligation refunding bonds was also issued to fund current year retirement costs.

The City also entered into new lease agreements totaling \$0.6 million for the replacement of various vehicles and equipment. The terms of the new leases range from three to five years.

CITY OF POMONA

Management's Discussion and Analysis, continued  
 Year Ended June 30, 2005

Additional information on the City's long-term debt can be found in note 8 of this report.

	Governmental Activities	Business-type Activities	Total
Bonds	\$ 245,288,124	\$ 63,575,000	\$ 308,863,124
Certificates of participation	22,002,468	-	22,002,468
Notes payable	2,955,000	-	2,955,000
Participation agreement	654,113	-	654,113
LA County deferred tax loan	21,737,760	-	21,737,760
Claims payable	10,227,135	-	10,227,135
Compensated absences	6,939,014	952,821	7,891,835
Obligations under capital lease	3,540,466	3,096,603	6,637,069
<b>Total</b>	<b>\$ 313,344,080</b>	<b>\$ 67,624,424</b>	<b>\$ 380,968,504</b>

**CASH MANAGEMENT**

To obtain flexibility in cash management, the City employs a pooled cash system (Reference Note 3 in the Notes to the Basic Financial Statements). Under the pooled cash concept, the City invests the cash of all funds with maturities planned to coincide with cash needs. Idle cash is invested in certain eligible securities as constrained by law and further limited by the City's Investment Policy. The goals of the City's Investment Policy are safety, liquidity and yield.

**CAPITAL ASSETS**

The capital assets of the City are those assets, which are used in the performance of the City's functions including infrastructure assets. At June 30, 2005, net capital assets of the governmental activities totaled \$136.1 million and the net capital assets of the business-type activities totaled \$104.7 million. Depreciation on capital assets is recognized in the Government-Wide financial statements.

Description	Original Cost	Accumulated Depreciation	Book Value
<b>Capital Assets - Governmental Activities:</b>			
Land	\$ 70,574,344	\$ -	\$ 70,574,344
Buildings and improvements	15,331,850	7,520,925	7,810,925
Improvements other than buildings	34,999,874	7,610,597	27,389,277
Machinery and equipment	6,901,889	3,473,630	3,428,259
Autos and trucks	5,745,226	3,347,108	2,398,118
Equipment under capital leases	7,296,062	5,181,748	2,114,314
Infrastructure	12,760,669	372,679	12,387,990
Construction in Progress	10,043,683	-	10,043,683
<b>Total</b>	<b>\$ 163,653,597</b>	<b>\$ 27,506,687</b>	<b>\$ 136,146,910</b>
<b>Capital Assets - Business-Type Activities:</b>			
Land and water rights	\$ 3,951,214	\$ -	\$ 3,951,214
Construction in Progress	2,761,235	-	2,761,235
Buildings	107,427	8,879	98,548
Improvements other than buildings	3,124,203	915,603	2,208,600
Machinery and equipment	144,331,077	50,927,150	93,403,927
Autos and trucks	4,665,398	4,290,515	374,883
Equipment under capital leases	4,369,602	2,437,099	1,932,503
<b>Total</b>	<b>\$ 163,310,156</b>	<b>\$ 58,579,246</b>	<b>\$ 104,730,910</b>

Additional information on the City of Pomona's capital assets can be found in note 6 of this report.

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

Comparing the fiscal year 2004-05 original (or adopted) budget of the General Fund of \$71.8 million to the final budget of \$77.6 million shows a net increase of \$5.8 million.

The increase in the budget was primarily to account for PERS payments made through the issuance of pension obligation bonds. This was an accounting change only as the amendment was to both revenue and appropriations.

### **ECONOMIC FACTORS**

At this time, a strengthening economy on the national, state, and local levels is helping the State of California in ongoing efforts to ameliorate the record budget shortfalls of recent Fiscal Years. That said, many observers are quick to point out that the fundamental realignment of State Government policies and practices required to achieve long-term fiscal stability has yet to be achieved. As these issues are addressed, both now and in the future, history has demonstrated that there will almost inevitably be a significant impact to the flow of moneys from Sacramento to various local governments, and that the City of Pomona may experience reductions in, or even the elimination of, certain revenue streams now being received from the State. Although both the nature and magnitude of such changes are unknown at present, and may be some time in coming, there is a valid reason to expect a considerable shift in both the revenue sources and the dollar amounts which will be received from the State in the future. This is viewed as inevitable by most experts as a permanent solution to the aforementioned situation is debated and determined by the Governor and the legislature.

### **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report, separate reports of the City's component units or need any additional financial information contact the City of Pomona Finance Department at P.O. Box 660, Pomona, California, 91769 or phone 909-620-2355.

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# **BASIC FINANCIAL STATEMENTS**

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# GOVERNMENT-WIDE FINANCIAL STATEMENTS

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**City of Pomona**  
**Statement of Net Assets**  
**June 30, 2005**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and investments	\$ 39,697,556	\$ 22,497,035	\$ 62,194,591
Receivable:			
Accounts	273,318	8,956,273	9,229,591
Taxes	5,956,900	-	5,956,900
Interest	8,910,146	149,285	9,059,431
Due from other governments and agencies	11,635,473	-	11,635,473
Inventories	446,188	204,412	650,600
Prepaid items	1,654,178	1,644,440	3,298,618
Total current assets	<u>68,573,759</u>	<u>33,451,445</u>	<u>102,025,204</u>
Noncurrent assets:			
Restricted cash with fiscal agents	101,996,839	19,373,600	121,370,439
Loans receivable	19,487,951	104,280	19,592,231
Deferred charges	5,008,311	-	5,008,311
Net pension assets	26,798,426	-	26,798,426
Investment in bonds	9,524,000	-	9,524,000
Land held for resale	22,378,472	-	22,378,472
Capital assets:			
Nondepreciable assets	80,618,027	6,712,449	87,330,476
Depreciable assets, net	55,528,883	98,018,461	153,547,344
Total noncurrent assets	<u>321,340,909</u>	<u>124,208,790</u>	<u>445,549,699</u>
<b>Total assets</b>	<u>389,914,668</u>	<u>157,660,235</u>	<u>547,574,903</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	3,862,163	1,562,750	5,424,913
Accrued liabilities	2,511,875	316,163	2,828,038
Interest payable	6,101,603	494,327	6,595,930
Due to other governments and agencies	260,089	-	260,089
Unearned revenues	4,355,456	18,439	4,373,895
Compensated absences	408,332	54,989	463,321
Claims payable	2,200,000	-	2,200,000
Long term debt - due within one year	3,414,106	1,726,714	5,140,820
Total current liabilities	<u>23,113,624</u>	<u>4,173,382</u>	<u>27,287,006</u>
Noncurrent liabilities:			
Deposits payable	112,592	2,540,462	2,653,054
Loans and notes payable	104,280	-	104,280
Compensated absences	6,530,682	897,832	7,428,514
Claims payable	8,027,135	-	8,027,135
Long-term debt - due in more than one year	292,763,825	64,944,889	357,708,714
Total noncurrent liabilities	<u>307,538,514</u>	<u>68,383,183</u>	<u>375,921,697</u>
<b>Total liabilities</b>	<u>330,652,138</u>	<u>72,556,565</u>	<u>403,208,703</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	95,062,872	55,380,677	150,443,549
Restricted for:			
Special projects	44,446,839	-	44,446,839
Debt services	57,798,339	19,373,600	77,171,939
Capital projects	60,318,492	-	60,318,492
Unrestricted	(198,364,012)	10,349,393	(188,014,619)
<b>Total net assets</b>	<u>\$ 59,262,530</u>	<u>\$ 85,103,670</u>	<u>\$ 144,366,200</u>

See accompanying Notes to Basic Financial Statements.

**City of Pomona**  
**Statement of Activities and Changes in Net Assets**  
**For the year ended June 30, 2005**

Functions/Programs	Expenses	Program Revenues			Total Program Revenues
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary government:</b>					
<b>Governmental activities:</b>					
General government	\$ 8,502,072	\$ 3,465,182	\$ 2,236,178	\$ 5,445	\$ 5,706,805
Public safety	61,493,317	3,576,957	1,971,412	332,573	5,880,942
Urban development	39,149,792	8,300,968	18,014,879	6,246,249	32,562,096
Community services	13,511,242	841,000	294,350	3,456,473	4,591,823
Pass through payments	9,052,148	-	-	-	-
Interest and fiscal charges	15,626,679	-	-	-	-
Total governmental activities	147,335,250	16,184,107	22,516,819	10,040,740	48,741,666
<b>Business-type activities:</b>					
Water	19,210,002	22,454,752	-	264,506	22,719,258
Sewer	2,542,545	2,601,847	-	-	2,601,847
Refuse	7,967,320	7,234,940	49,744	-	7,284,684
Canon Water Company	48,563	-	107,037	-	107,037
Total business-type activities	29,768,430	32,291,539	156,781	264,506	32,712,826
<b>Total primary government</b>	<b>\$ 177,103,680</b>	<b>\$ 48,475,646</b>	<b>\$ 22,673,600</b>	<b>\$ 10,305,246</b>	<b>\$ 81,454,492</b>

**General revenues:**

Taxes:

- Property taxes
- Sales taxes
- Motor vehicle license
- Transit occupancy taxes
- Franchise
- Utility users taxes
- Other

Total taxes

Investment earnings/(expenses)

Miscellaneous

Income (loss) on sale of capital assets

**Transfers**

**Total general revenues and transfers**

**Change in net assets**

**Net assets - beginning of year, as restated (Note 16)**

**Net assets - end of year**

Net (Expense) Revenue and Changes in Net Assets Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (2,795,267)	\$ -	\$ (2,795,267)
(55,612,375)	-	(55,612,375)
(6,587,696)	-	(6,587,696)
(8,919,419)	-	(8,919,419)
(9,052,148)	-	(9,052,148)
(15,626,679)	-	(15,626,679)
(98,593,584)	-	(98,593,584)
-	3,509,256	3,509,256
-	59,302	59,302
-	(682,636)	(682,636)
-	58,474	58,474
-	2,944,396	2,944,396
(98,593,584)	2,944,396	(95,649,188)
46,538,436	-	46,538,436
11,683,923	-	11,683,923
1,025,393	-	1,025,393
1,473,711	-	1,473,711
4,360,394	-	4,360,394
16,774,747	-	16,774,747
786,421	-	786,421
82,643,025	-	82,643,025
16,833,110	(1,816,793)	15,016,317
7,748,110	289,625	8,037,735
-	(14,987)	(14,987)
957,958	(957,958)	-
108,182,203	(2,500,113)	105,682,090
9,588,619	444,283	10,032,902
49,673,911	84,659,387	134,333,298
\$ 59,262,530	\$ 85,103,670	\$ 144,366,200

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# FUND FINANCIAL STATEMENTS

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*Governmental Fund Financial Statements*  
*Proprietary Fund Financial Statements*  
*Fiduciary Fund Financial Statements*

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# GOVERNMENTAL FUND FINANCIAL STATEMENTS

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The City has determined the following funds to be major funds in fiscal 2005:

The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Low and Moderate Income Housing Fund* is a special revenue fund that accounts for monies received and expended to assist low- and moderate- income households.

The *General Debt Service Fund* accounts for the payment of interest and principal on debt incurred by the City.

The *Public Financing Authority Debt Service Fund* accounts for the payment of interest and principal on the local agency revenue bonds, notes payable and other debt of the Authority.

The *Redevelopment Agency Debt Service Fund* accounts for tax increment and investment revenue and for the payment of interest and principal on the tax allocation bonds, loans payable, participation agreements and other debt of the Agency.

The *Redevelopment Agency Capital Project Fund* accounts for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

**City of Pomona**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2005**

	Major Funds			
	General	Low & Moderate Income Housing Fund	General Debt Service	Public Financing Authority Debt Service
<b>ASSETS</b>				
Cash and investments	\$ 3,749,451	\$ 7,284,436	\$ 1,765,896	\$ 102,912
Receivables:				
Accrued interest	32,381	43,680	7,159	684
Accounts, net	4,857,902	271,633	-	-
Assessments	-	-	8,910,146	-
Due from other funds	3,299,070	137,378	-	-
Due from other governments	2,812,551	-	-	-
Inventories	143,276	-	-	-
Prepaid items	57,955	-	-	-
Restricted cash and investmnets	-	9,001,666	13,981,276	10,542,479
Loans receivable, net	184,000	4,922,134	-	-
Advances to other funds	7,976,535	-	7,130,000	193,300,000
Land held for resale	-	3,046,238	-	-
<b>Total assets</b>	<b>\$ 23,113,121</b>	<b>\$ 24,707,165</b>	<b>\$ 31,794,477</b>	<b>\$ 203,946,075</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 949,482	\$ 15,409	\$ 51,722	\$ 1,655
Accrued liabilities	1,700,528	45,177	433,877	-
Due to other funds	-	-	-	-
Deposits payable	-	-	-	-
Loans and notes payable	104,280	-	-	-
Due to other governments	-	-	-	-
Advances from other funds	600,000	-	19,885,000	-
Deferred revenues	2,938,400	4,922,134	9,725,941	-
<b>Total liabilities</b>	<b>6,292,690</b>	<b>4,982,720</b>	<b>30,096,540</b>	<b>1,655</b>
<b>Fund Balances:</b>				
Reserved for:				
Loans receivable	184,000	4,922,134	-	-
Land held for resale	-	3,046,238	-	-
Inventories	143,276	-	-	-
Prepaid items	57,955	-	-	-
Debt service	-	-	13,981,276	10,542,479
Advances to other funds	7,976,535	-	7,130,000	193,300,000
Low and moderate income housing	-	2,728,316	-	-
Encumbrances	614,905	26,091	168	-
Unreserved, designated for:				
Contingencies	3,000,000	-	-	-
Unreserved, undesignated for:				
General	4,843,760	-	-	-
Special revenue	-	9,001,666	-	-
Debt service	-	-	(19,413,507)	101,941
Capital projects	-	-	-	-
<b>Total fund balances</b>	<b>16,820,431</b>	<b>19,724,445</b>	<b>1,697,937</b>	<b>203,944,420</b>
<b>Total liabilities and fund balances</b>	<b>\$ 23,113,121</b>	<b>\$ 24,707,165</b>	<b>\$ 31,794,477</b>	<b>\$ 203,946,075</b>

See accompanying Notes to Basic Financial Statements.

Major Funds			
Redevelopment Agency Debt Service	Redevelopment Agency Capital Project	Other Governmental Funds	Total Governmental Funds
\$ 4,681,188	\$ 747,463	\$ 21,099,753	\$ 39,431,099
15,339	12,682	158,820	270,745
56,630	729,717	41,018	5,956,900
-	-	-	8,910,146
-	3,022,449	-	6,458,897
4,724,968	-	4,097,954	11,635,473
-	-	-	143,276
-	1,001,875	592,186	1,652,016
12,675,995	50,181,890	15,093,217	111,476,523
-	3,456,176	10,925,641	19,487,951
-	-	600,000	209,006,535
-	19,332,234	-	22,378,472
<u>\$ 22,154,120</u>	<u>\$ 78,484,486</u>	<u>\$ 52,608,589</u>	<u>\$ 436,808,033</u>
\$ 23,037	\$ 591,902	\$ 1,887,337	\$ 3,520,544
-	49,409	201,906	2,430,897
792,501	-	5,666,396	6,458,897
-	111,733	859	112,592
-	-	-	104,280
218,037	-	42,052	260,089
159,955,000	10,222,848	13,460,000	204,122,848
2,952,661	2,179,206	11,638,541	34,356,883
<u>163,941,236</u>	<u>13,155,098</u>	<u>32,897,091</u>	<u>251,367,030</u>
-	3,456,176	108,656	8,670,966
-	19,332,234	-	22,378,472
-	-	-	143,276
-	1,001,875	592,186	1,652,016
12,675,995	-	-	37,199,750
-	-	600,000	209,006,535
-	-	-	2,728,316
-	244,991	7,715,474	8,601,629
-	-	-	3,000,000
-	-	-	4,843,760
-	-	22,518,278	31,519,944
(154,463,111)	-	-	(173,774,677)
-	41,294,112	(11,823,096)	29,471,016
<u>(141,787,116)</u>	<u>65,329,388</u>	<u>19,711,498</u>	<u>185,441,003</u>
<u>\$ 22,154,120</u>	<u>\$ 78,484,486</u>	<u>\$ 52,608,589</u>	<u>\$ 436,808,033</u>

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**City of Pomona**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Government-Wide Statement of Net Assets**  
**June 30, 2005**

**Total Fund Balances - Total Governmental Funds** \$ 185,441,003

Amounts reported for governmental activities in the Statement of Net Assets are differently because:

	Government-Wide Statement of Net Assets	Internal Service Funds	
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds.			
Nondepreciable	\$ 80,618,027	\$ -	80,618,027
Depreciable, net of accumulated depreciation	55,528,883	(89,494)	55,439,389
Total capital assets	<u>\$ 136,146,910</u>	<u>\$ (89,494)</u>	<u>136,057,416</u>

Issuance costs from issuing debt were expenditures in the fund financial statements but are deferred and subject to capitalization and amortization on the Government-Wide Statement of Net Assets.

Deferred Charges			5,310,628
Accumulated amortization			(302,317)
Total deferred charges, net of accumulated amortization			<u>5,008,311</u>

Pension contribution were expenditures in the fund financial statements but are deferred and subject to capitalization and amortization on the Government-Wide Statement of Net Assets.

Net Pension Assets			27,722,510
Accumulated amortization			(924,084)
			<u>26,798,426</u>

Accrued interest payable on long-term debt does not require current financial resources. Therefore, accrued interest payable is not reported as a liability in Governmental Funds Balance Sheets.

	Government-Wide Statement of Net Assets	Internal Service Funds	
	<u>\$ (6,101,603)</u>	<u>\$ 385</u>	<u>(6,101,218)</u>

Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.

	Government-Wide Statement of Net Assets	Internal Service Funds	
Compensated absences - current	\$ (408,332)	\$ 221,101	(187,231)
Compensated absences - noncurrent	(6,530,682)	-	(6,530,682)
Long-term debt - due within one year	(3,414,106)	12,304	(3,401,802)
Long-term debt - due in more than one year	(292,763,825)	46,753	(292,717,072)
	<u>\$ (303,116,945)</u>	<u>\$ 280,158</u>	<u>(302,836,787)</u>

Deferred revenues recorded in governmental fund financial statement resulting from activities in which revenues were earned but funds were not available are recognized as revenues in the Government-Wide Financial Statements.

30,001,427

Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Government-Wide Statement of Net Assets.

Self-Insurance Fund			(15,391,255)
Equipment Maintenance Fund			285,207
			<u>(15,106,048)</u>

**Net Assets of Governmental Activities** \$ 59,262,530

See accompanying Notes to Basic Financial Statements.

**City of Pomona**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the year ended June 30, 2005**

	Major Funds			
	General	Low & Moderate Income Housing Fund	General Debt Service	Public Financing Authority Debt Service
<b>REVENUES:</b>				
Taxes	\$ 59,254,654	\$ -	\$ 2,019,028	\$ -
Special assessments	-	-	-	-
Intergovernmental	1,920,303	380,285	-	-
Charge for services	1,440,071	-	-	-
Fines and forfeitures	1,872,579	-	-	-
Licenses and permits	8,017,103	-	-	-
Use of money and property	511,459	1,412,752	435,654	9,272,734
Loan repaid	-	546,670	-	-
Miscellaneous	2,835,732	83,362	1,100,073	-
<b>Total revenues</b>	<b>75,851,901</b>	<b>2,423,069</b>	<b>3,554,755</b>	<b>9,272,734</b>
<b>EXPENDITURES:</b>				
Current:				
General government	4,126,677	-	544,200	13,365
Public safety	53,867,358	-	-	-
Urban development	8,494,285	4,585,192	73,115	-
Community services	8,296,175	-	-	-
Pass-through payments	-	-	-	-
Capital outlay	53,534	-	-	-
Debt service:				
Principal	1,025,660	9,627	1,225,000	10,865,000
Interest and fiscal charges	116,111	4,612	3,525,490	232,343
Debt issuance costs	-	-	818,060	639,190
<b>Total expenditures</b>	<b>75,979,800</b>	<b>4,599,431</b>	<b>6,185,865</b>	<b>11,749,898</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(127,899)</b>	<b>(2,176,362)</b>	<b>(2,631,110)</b>	<b>(2,477,164)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Issuance of bonds, loans, and notes payable	-	-	15,224,000	11,370,000
Bond premium	-	-	980,972	-
Proceeds from capital lease	-	-	-	-
Proceeds from sale of capital assets	40,385	-	-	-
Transfers in	9,132,644	4,284,436	3,687,039	1,004,205
Transfers out	(2,488,607)	(1,854,651)	(6,592,542)	(702,079)
<b>Total other financing sources (uses)</b>	<b>6,684,422</b>	<b>2,429,785</b>	<b>13,299,469</b>	<b>11,672,126</b>
<b>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<b>6,556,523</b>	<b>253,423</b>	<b>10,668,359</b>	<b>9,194,962</b>
<b>FUND BALANCES:</b>				
Beginning of year, as restated	10,263,908	19,471,022	(8,970,422)	194,749,458
End of year	\$ 16,820,431	\$ 19,724,445	\$ 1,697,937	\$ 203,944,420

See accompanying Notes to Basic Financial Statements.

Major Funds			
Redevelopment Agency Debt Service	Redevelopment Agency Capital Project	Other Governmental Funds	Total Governmental Funds
\$ 21,237,198	\$ -	\$ 132,144	\$ 82,643,024
-	-	1,192,248	1,192,248
3,030,300	-	27,226,671	32,557,559
-	-	43,343	1,483,414
-	-	784,529	2,657,108
-	-	406,018	8,423,121
413,724	1,882,150	2,904,637	16,833,110
-	71,636	-	618,306
163,560	1,922,009	931,035	7,035,771
<u>24,844,782</u>	<u>3,875,795</u>	<u>33,620,625</u>	<u>153,443,661</u>
-	-	695,656	5,379,898
-	-	5,998,792	59,866,150
2,924,978	11,597,816	22,351,431	50,026,817
-	-	4,705,518	13,001,693
9,052,148	-	-	9,052,148
-	-	2,129,044	2,182,578
568,037	17,101	38,697	13,749,122
8,528,004	1,054	-	12,407,614
42,057	-	52,480	1,551,787
<u>21,115,224</u>	<u>11,615,971</u>	<u>35,971,618</u>	<u>167,217,807</u>
<u>3,729,558</u>	<u>(7,740,176)</u>	<u>(2,350,993)</u>	<u>(13,774,146)</u>
1,639,416	-	-	28,233,416
-	-	-	980,972
-	-	582,200	582,200
-	-	-	40,385
2,093,523	1,832,917	7,004,760	29,039,524
<u>(5,862,236)</u>	<u>(1,875,630)</u>	<u>(8,705,821)</u>	<u>(28,081,566)</u>
<u>(2,129,297)</u>	<u>(42,713)</u>	<u>(1,118,861)</u>	<u>30,794,931</u>
1,600,261	(7,782,889)	(3,469,854)	17,020,785
<u>(143,387,377)</u>	<u>73,112,277</u>	<u>23,181,352</u>	<u>168,420,218</u>
<u>\$ (141,787,116)</u>	<u>\$ 65,329,388</u>	<u>\$ 19,711,498</u>	<u>\$ 185,441,003</u>

# City of Pomona

## Reconciliation of the Governmental Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-Wide Statement of Activities and Changes in Net Assets For the year ended June 30, 2005

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ 17,020,785</b>
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>	
<p>Governmental funds report capital outlay as expenditures. However, in the Government-Wide Statement of Activities and Changes in Net Assets, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.</p>	
Capital outlay	2,182,578
Urban development	11,476,388
<p>Depreciation and amortization expense is reported in the Government-Wide Statement of Activities and Changes in Net Assets, but they do not require the use of current financial resources. Therefore, depreciation and amortization expense is not reported as expenditures in governmental funds.</p>	
Depreciation of capital assets	(2,861,672)
Amortization of bond premiums	78,261
Amortization of deferred charges	(177,021)
Amortization of net pension asset	(924,084)
<p>Loss on disposal of capital assets is reported on the Government-wide Statement of Activities and Changes in Net Assets, but they do not require the use of current financial resources.</p>	
	(1,209,071)
<p>Issuance costs from issuing debt are expenditures at the fund level but are deferred and subject to capitalization and amortization on the statement of net assets.</p>	
	1,551,787
<p>Revenue that are not available to pay current period expenditures are deferred in the fund.</p>	
	2,428,216
<p>Long-term compensated absences are reported in the Government-Wide Statement of Activities and Changes in Net Assets, but they do not require the use of current financial resources. Therefore, long-term compensated absences are not reported as expenditures in governmental funds.</p>	
	(234,673)
<p>Bond proceeds and proceeds from long-term debt provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Government-Wide Statement of Net Assets. Repayment of bond principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Government-Wide Statement of Net Assets.</p>	
Long-term debt proceeds	(28,233,416)
Premium on bonds issued	(980,972)
Proceeds from capital leases	(582,200)
Principal payment	13,749,122
<p>Increase in county deferred loan amount due to the deferral of interest expense for the fiscal year increases long-term liabilities in the Government-wide statements.</p>	
	(1,491,033)
<p>Interest expense on long-term debt is reported in the Government-Wide Statement of Activities and Changes in Net Assets, but it does not require the use of current financial resources. The following amount represents the change in accrued interest from prior year.</p>	
	(1,549,492)
<p>Internal service funds are used by management to charge the costs of certain activities, such as insurance and fleet management, to individual funds. The net revenue of the internal service funds is reported with governmental activities.</p>	
	(654,884)
<b>Change in Net Assets of Governmental Activities</b>	<b>\$ 9,588,619</b>

See accompanying Notes to Basic Financial Statements.

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# PROPRIETARY FUND FINANCIAL STATEMENTS

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The City has determined the following funds to be major funds in fiscal 2005:

The *Water Utility Enterprise Fund* accounts for activities associated with the distribution and transmission of potable water to users.

The *Sewer Enterprise Fund* accounts for the operation and maintenance of the City's sewer network and the removal of graffiti.

The *Refuse Enterprise Fund* accounts for activities associated with refuse collection, curbside collection of recycling materials, sweeping of streets and abatement of weeds.

The *Canon Water Company Enterprise Fund* accounts for the activities of the Canon Water Company.

**City of Pomona**  
**Statement of Net Assets**  
**Proprietary Funds**  
**June 30, 2005**

	Major Funds			
	Water Utility	Sewer	Refuse	Canon Water Company February 28, 2005
<b>ASSETS</b>				
Current assets:				
Cash and investments	\$ 14,081,543	\$ 5,696,443	\$ 2,629,031	\$ 90,018
Receivables:				
Accrued interest	84,032	41,375	23,878	-
Accounts, net	6,460,958	723,502	1,707,591	64,222
Inventories	204,412	-	-	-
Prepaid items	-	-	-	-
Deferred charges	-	1,644,440	-	-
<b>Total current assets</b>	<b>20,830,945</b>	<b>8,105,760</b>	<b>4,360,500</b>	<b>154,240</b>
Noncurrent assets:				
Restricted cash and investments	14,640,545	4,733,055	-	-
Loan receivable	104,280	-	-	-
Capital assets:				
Nondepreciable assets	6,463,337	249,112	-	-
Depreciable assets, net	70,293,975	26,814,703	909,783	-
<b>Total net capital assets</b>	<b>76,757,312</b>	<b>27,063,815</b>	<b>909,783</b>	<b>-</b>
<b>Total noncurrent assets</b>	<b>91,502,137</b>	<b>31,796,870</b>	<b>909,783</b>	<b>-</b>
<b>Total assets</b>	<b>112,333,082</b>	<b>39,902,630</b>	<b>5,270,283</b>	<b>154,240</b>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	1,266,664	37,647	254,557	3,882
Accrued liabilities	215,961	22,602	77,600	-
Accrued interest	432,853	54,981	6,493	-
Deposits payable	2,540,462	-	-	-
Compensated absences	39,592	4,399	10,998	-
Claims payable	-	-	-	-
Deferred revenue	-	18,439	-	-
Long-term debt - due within one year	1,125,000	165,000	-	-
Obligations under capital leases	319,740	7,070	109,904	-
<b>Total current liabilities</b>	<b>5,940,272</b>	<b>310,138</b>	<b>459,552</b>	<b>3,882</b>
Noncurrent liabilities:				
Long-term debt - due in more than one year	47,995,000	14,290,000	-	-
Obligations under capital leases	2,061,388	124,528	473,973	-
Compensated absences	641,567	75,552	180,713	-
Claims payable	-	-	-	-
Advances from other funds	-	-	-	-
<b>Total noncurrent liabilities</b>	<b>50,697,955</b>	<b>14,490,080</b>	<b>654,686</b>	<b>-</b>
<b>Total liabilities</b>	<b>56,638,227</b>	<b>14,800,218</b>	<b>1,114,238</b>	<b>3,882</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	40,282,112	14,772,659	325,906	-
Restricted for debt service	14,640,545	4,733,055	-	-
Unrestricted	772,198	5,596,698	3,830,139	150,358
<b>Total net assets</b>	<b>\$ 55,694,855</b>	<b>\$ 25,102,412</b>	<b>\$ 4,156,045</b>	<b>\$ 150,358</b>

See accompanying Notes to Basic Financial Statements.

		Governmental Activities Internal	
Total		Service Funds	
\$	22,497,035	\$	266,457
	149,285		2,573
	8,956,273		-
	204,412		302,912
	-		2,162
	1,644,440		-
	<u>33,451,445</u>		<u>574,104</u>
	19,373,600		44,316
	104,280		-
	6,712,449		-
	98,018,461		89,494
	<u>104,730,910</u>		<u>89,494</u>
	<u>124,208,790</u>		<u>133,810</u>
	<u>157,660,235</u>		<u>707,914</u>
	1,562,750		341,619
	316,163		80,978
	494,327		385
	2,540,462		-
	54,989		221,101
	-		2,200,000
	18,439		-
	1,290,000		-
	436,714		12,304
	<u>6,713,844</u>		<u>2,856,387</u>
	62,285,000		-
	2,659,889		46,753
	897,832		-
	-		8,027,135
	-		4,883,687
	<u>65,842,721</u>		<u>12,957,575</u>
	<u>72,556,565</u>		<u>15,813,962</u>
	55,380,677		30,437
	19,373,600		44,316
	10,349,393		(15,180,801)
\$	<u>85,103,670</u>	\$	<u>(15,106,048)</u>

**City of Pomona**  
**Statement of Revenues, Expenses and Changes in Net Assets**  
**Proprietary Funds**  
**For the year ended June 30, 2005**

	Major Funds			
	Water Utility	Sewer	Refuse	Canon Water Company February 28, 2005
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 20,573,162	\$ 2,601,847	\$ 7,234,940	\$ -
Intergovernmental	264,506	-	49,744	107,037
Miscellaneous	167,882	280	121,463	-
<b>Total operating revenues</b>	<b>21,005,550</b>	<b>2,602,127</b>	<b>7,406,147</b>	<b>107,037</b>
<b>OPERATING EXPENSES:</b>				
Personnel services	5,354,578	584,555	2,161,496	-
Operations	11,778,307	1,164,463	5,761,485	48,563
Claims expense	-	-	-	-
Depreciation	2,077,117	721,369	44,339	-
Amortization of issuance costs	-	72,158	-	-
Insurance	-	-	-	-
<b>Total operating expenses</b>	<b>19,210,002</b>	<b>2,542,545</b>	<b>7,967,320</b>	<b>48,563</b>
<b>OPERATING INCOME (LOSS)</b>	<b>1,795,548</b>	<b>59,582</b>	<b>(561,173)</b>	<b>58,474</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Gain/(Loss) on disposal of capital asset	(22,608)	-	-	-
Interest expense and fees	(2,153,431)	(632,085)	(18,809)	-
Income from property and investments	671,875	235,372	80,258	27
Sale of land and capital items	7,108	513	-	-
Sale of reclaimed water	1,335,964	-	-	-
Sale of surplus water	545,626	-	-	-
<b>Total nonoperating revenues</b>	<b>384,534</b>	<b>(396,200)</b>	<b>61,449</b>	<b>27</b>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<b>2,180,082</b>	<b>(336,618)</b>	<b>(499,724)</b>	<b>58,501</b>
<b>TRANSFERS:</b>				
Transfers in	497,355	-	-	-
Transfers out	(656,172)	(799,141)	-	-
<b>Total transfers</b>	<b>(158,817)</b>	<b>(799,141)</b>	<b>-</b>	<b>-</b>
<b>Change in net assets</b>	<b>2,021,265</b>	<b>(1,135,759)</b>	<b>(499,724)</b>	<b>58,501</b>
<b>NET ASSETS:</b>				
Beginning of year, as restated	53,673,590	26,238,171	4,655,769	91,857
End of year	\$ 55,694,855	\$ 25,102,412	\$ 4,156,045	\$ 150,358

See accompanying Notes to Basic Financial Statements.

		Governmental Activities Internal	
Total		Service Funds	
\$	30,409,949	\$	13,411,444
	421,287		-
	289,625		85,986
	<u>31,120,861</u>		<u>13,497,430</u>
	8,100,629		2,157,827
	18,752,818		2,329,623
	-		8,241,067
	2,842,825		18,939
	72,158		-
	-		1,411,387
	<u>29,768,430</u>		<u>14,158,843</u>
	<u>1,352,431</u>		<u>(661,413)</u>
	(22,608)		-
	(2,804,325)		(1,519)
	987,532		8,048
	7,621		-
	1,335,964		-
	545,626		-
	<u>49,810</u>		<u>6,529</u>
	<u>1,402,241</u>		<u>(654,884)</u>
	497,355		-
	(1,455,313)		-
	<u>(957,958)</u>		<u>-</u>
	444,283		(654,884)
	<u>84,659,387</u>		<u>(14,451,164)</u>
\$	<u>85,103,670</u>	\$	<u>(15,106,048)</u>

**City of Pomona**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the year ended June 30, 2005**

	Major Funds			
	Water Utility	Sewer	Refuse	Canon Water Company February 28, 2005
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash received from customers/other funds	\$ 23,198,660	\$ 1,878,345	\$ 5,815,088	\$ 64,222
Cash payments to suppliers for goods and services	(12,490,910)	(1,280,285)	(5,837,655)	(45,685)
Cash payments to employees for services	(5,266,956)	(575,293)	(2,129,839)	-
Other operating revenues	1,151,481	431,708	1,058,279	-
<b>Net cash provided (used) by operating activities</b>	<b>6,592,275</b>	<b>454,475</b>	<b>(1,094,127)</b>	<b>18,537</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Transfers	(158,817)	(799,141)	-	-
Non-operating revenue	1,888,698	513	-	-
<b>Net cash provided by noncapital financing activities</b>	<b>1,729,881</b>	<b>(798,628)</b>	<b>-</b>	<b>-</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Acquisition and construction of capital assets	(3,117,291)	(333,558)	(835,175)	-
Capital contributions	-	(632,965)	-	-
Proceeds from issuance of capital lease	-	-	-	-
Principal paid on capital-related debt	(1,441,434)	(263,246)	(109,245)	-
Interest paid on capital-related debt	(2,163,294)	-	(20,007)	-
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(6,722,019)</b>	<b>(1,229,769)</b>	<b>(964,427)</b>	<b>-</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest income	628,944	220,450	71,088	27
<b>Net cash used by investing activities</b>	<b>628,944</b>	<b>220,450</b>	<b>71,088</b>	<b>27</b>
<b>Net increase in cash and cash equivalents</b>	<b>2,229,081</b>	<b>(1,353,472)</b>	<b>(1,987,466)</b>	<b>18,564</b>
<b>CASH AND CASH EQUIVALENTS:</b>				
Beginning of year	26,493,007	11,782,970	4,616,497	71,454
End of year	<u>\$ 28,722,088</u>	<u>\$ 10,429,498</u>	<u>\$ 2,629,031</u>	<u>\$ 90,018</u>
<b>FINANCIAL STATEMENT PRESENTATION:</b>				
Cash and investments	\$ 14,081,543	\$ 5,696,443	\$ 2,629,031	\$ 90,018
Restricted cash and investments	14,640,545	4,733,055	-	-
<b>Total cash, cash equivalents, and investments</b>	<u>\$ 28,722,088</u>	<u>\$ 10,429,498</u>	<u>\$ 2,629,031</u>	<u>\$ 90,018</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>				
Operating income (loss)	\$ 1,795,548	\$ 59,582	\$ (561,173)	\$ 58,474
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	2,077,117	721,369	44,339	-
Amortization	-	72,158	-	-
Changes in operating assets and liabilities:				
Accounts receivable	2,625,498	(723,502)	(1,591,059)	(42,815)
Due from other funds	55,832	427,535	1,090,004	-
Inventories	(21,106)	-	-	-
Advances to other funds	3,134,567	-	-	-
Prepaid items	-	-	-	-
Accounts payable	(929,152)	(88,185)	(76,170)	2,878
Accrued liabilities	20,668	4,678	(3,809)	-
Due to other funds	(2,059,586)	(27,916)	(27,916)	-
Compensated absences	87,622	9,262	31,657	-
Retentions payable	(488,360)	-	-	-
Deferred revenue	-	(506)	-	-
Health benefits payable	-	-	-	-
Deposits	293,627	-	-	-
Claims payable	-	-	-	-
Total adjustments	2,719,610	(398,634)	(577,293)	(39,937)
<b>Net cash provided (used) by operating activities</b>	<u>\$ 6,592,275</u>	<u>\$ 454,475</u>	<u>\$ (1,094,127)</u>	<u>\$ 18,537</u>

See accompanying Notes to Basic Financial Statements.

		Governmental Activities Internal	
Total		Service Funds	
\$	30,956,315	\$	13,500,075
	(19,654,535)		(11,674,067)
	(7,972,088)		(2,157,827)
	2,641,468		21,613
	<u>5,971,160</u>		<u>(310,206)</u>
	(957,958)		-
	1,889,211		-
	<u>931,253</u>		<u>-</u>
	(4,286,024)		(67,520)
	(632,965)		-
	-		65,000
	(1,813,925)		(8,093)
	<u>(2,183,301)</u>		<u>6,168</u>
	<u>(8,916,215)</u>		<u>(4,445)</u>
	920,509		-
	<u>920,509</u>		<u>-</u>
	(1,093,293)		(314,651)
	42,963,928		625,424
\$	<u>41,870,635</u>	\$	<u>310,773</u>
\$	22,497,035	\$	266,457
	19,373,600		44,316
\$	<u>41,870,635</u>	\$	<u>310,773</u>
\$	1,352,431	\$	(661,413)
	2,842,825		18,939
	72,158		-
	268,122		2,645
	1,573,371		
	(21,106)		(37,593)
	3,134,567		
	-		(103)
	(1,090,629)		78,402
	21,537		9,066
	(2,115,418)		(3,093)
	128,541		-
	(488,360)		-
	(506)		-
	-		12,547
	293,627		-
	-		270,397
	<u>1,703,746</u>		<u>351,207</u>
\$	<u>5,971,160</u>	\$	<u>(310,206)</u>

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# FIDUCIARY FUND FINANCIAL STATEMENTS

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The City's fiduciary fund types are agency funds which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

**City of Pomona**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**June 30, 2005**

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	Agency Funds
	<u>                    </u>
<b>ASSETS</b>	
Restricted cash and investments	\$ 3,348,412
Accrued interest receivable	6,599
Accounts receivable	23,006
Prepaid expenses	502,227
Due from other governments and agencies	1,625
	<u>                    </u>
<b>Total assets</b>	<u><u>\$ 3,881,869</u></u>
<b>LIABILITIES</b>	
Accounts payable	\$ 1,253,868
Deposits payable	1,678,456
Due to bondholders	949,545
	<u>                    </u>
<b>Total liabilities</b>	<u><u>\$ 3,881,869</u></u>

See accompanying Notes to Basic Financial Statements.

**City of Pomona**  
**Index to Notes to Basic Financial Statements**  
**For the year ended June 30, 2005**

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**City of Pomona**  
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**For the year ended June 30, 2005**

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# NOTES TO BASIC FINANCAL STATEMENTS

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**City of Pomona**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2005**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the City of Pomona, California, (City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

**A. Financial Reporting Entity**

The City of Pomona, California (City) was incorporated in 1888 as a "Charter Law" City under the laws of the State of California. The City operates under the Council-Manager form of governments. The City principally provides general administrative services; public safety services; street, highway and bridge repairs and maintenance; and water and sanitation services.

As required by GAAP, the accompanying financial statements present the City and its component units. Component units are entities for which the City is considered to be financially accountable. GASB Statement No. 14, *The Financial Reporting Entity*, defines component units as legally separate entities that meet any one of the following tests:

1. The City appoints the voting majority of the board of the potential component unit and:
  - ◆ is able to impose its will on the component unit and/or
  - ◆ is in a relationship of financial benefit or burden with the potential component unit
2. The potential component unit is fiscally dependent upon the City.
3. The financial statements of the City would be misleading if data from the potential component units were omitted.

Management determined that the following component units should be blended based on the criteria above:

- ◆ Redevelopment Agency of the City of Pomona
- ◆ Housing Authority of the City of Pomona
- ◆ City of Pomona Public Financing Authority
- ◆ Canon Water Company

These component units are included in the primary government because of the significance of their financial or operational relationship and the same City governing body.

**City of Pomona**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2005**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**A. Financial Reporting Entity, Continued**

Each of the blended component units in the accompanying basic financial statements of the City are described below:

*Redevelopment Agency of the City of Pomona*

The Redevelopment Agency of the City of Pomona (Agency) was established pursuant to the State of California Health and Safety Code, Section 33000 entitled "Community Redevelopment Law". Its purpose is to prepare and carry out plans for improvement, rehabilitation, and redevelopment of blighted areas within the territorial limits of the City. The Agency was included within the scope of the reporting entity of the City because its governing body is composed in its entirety of council members of the City.

*Housing Authority of the City of Pomona*

The Housing Authority of the City of Pomona (Housing Authority) was organized under the California Health and Safety Code. The objectives of the Housing Authority are to aid low-income families in obtaining decent, safe and sanitary housing through Federal assistance programs and low/moderate income housing programs. The Housing Authority was included within the scope of the reporting entity of the City because its governing body is composed in its entirety of council members of the City.

*City of Pomona Public Financing Authority*

The City of Pomona Public Financing Authority (Authority) is a joint exercise of powers authority created by a joint powers agreement between the City, the Redevelopment Agency of the City of Pomona (Agency) and the Redevelopment Agency of the City of West Covina, dated October 27, 1988. The purpose of the Authority is to provide, through the issuance of debt, financing necessary for the construction of public improvements. The Authority is not subject to federal or state income taxes.

*Canon Water Company*

The Canon Water Company of Pomona (Company) was incorporated on August 6, 1897. The Company owns and maintains a pipeline which transports water to the City of Pomona. The Company was included within the scope of the reporting entity of the City because its governing body is composed of City employees.

All component units had a fiscal year ended June 30, 2005 except for Canon Water Company which had a fiscal year ended February 28, 2005.

Since the governing boards for these entities were composed of either the City's employees or City Council members, they are considered blended component units. Blended component units, although legally separate entities, are in substance, part of the City's operations and so data from these units are reported with the interfund data of the primary government. Only the Authority, the Agency and the Company issue separate component unit financial statements. Financial statements of these component units can be obtained at City Hall.

**City of Pomona**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2005**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

***B. Basis of Accounting and Measurement Focus***

The accounting policies of the City conform to generally accepted accounting principles in the United States for local governmental units. The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purpose of which they are to be spent and means by which spending activities are controlled.

*Government – Wide and Fund Financial Statements*

The City's government-wide financial statements include a Statement of Net Assets and a Statement of Activities and Changes in Net Assets. These statements present summaries of governmental and business-type activities for the City accompanied by a total column. Fiduciary activities of the City are not included in these statements.

These basic financial statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets and liabilities, including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Assets. The Statement of Activities presents changes in net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Certain types of transactions are reported as program revenues for the City in three categories:

- Charges for services
- Operating grants and contributions
- Capital grants and contributions

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities. All internal balances in the Statement of Net Assets have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column, if any. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated. The following interfund activities have been eliminated:

- Due to and from other funds
- Advances to and from other funds
- Transfers in and out

**City of Pomona**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2005**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**B. Basis of Accounting and Measurement Focus, Continued**

The City applies all applicable GASB pronouncements (including all NCGA Statements and Interpretations currently in effect) as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARB) of the committee on Accounting Procedure.

Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in net assets as presented in these statements to the net assets presented in the government-wide financial statements. The City has presented all major funds that met those qualifications.

All governmental funds are accounted for on a spending or "*current financial resources*" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the balance sheets. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

Revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the City, are real and personal property tax, other local taxes, franchise fees, forfeitures and penalties, motor vehicle license fees, rents and concessions, interest revenue, and state and federal grants. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Deferred revenues arise when potential revenues do not meet both the "*measurable*" and "*available*" criteria for recognition in the current period. Deferred revenues also arise when the government receives resources before it has a legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods when both revenue recognition criteria are met or when the government has a legal claim to the resources, the deferred revenue is removed from the balance sheet and revenue is recognized.

The Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences created by the integrated approach of GASB Statement No. 34.

**City of Pomona**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2005**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

***B. Basis of Accounting and Measurement Focus, Continued***

*Proprietary Fund Financial Statements*

Proprietary fund financial statements include a Statement of Net Assets, a Statement of Revenues, Expenses and Changes in Net Assets, and a Statement of Cash Flows for all proprietary funds.

A separate column representing internal service funds is also presented in these statements. However, internal service balances and activities have been combined with the governmental activities in the government-wide financial statements.

Proprietary funds are accounted for using the “*economic resources*” measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Assets. The Statement of Revenues, Expenses and Changes in Net Assets presents increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as nonoperating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as nonoperating expenses.

*Fiduciary Fund Financial Statements*

Fiduciary fund financial statements include a Statement of Net Assets. The City’s fiduciary funds represent agency funds. Fiduciary fund types are accounted for according to the nature of the fund. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Agency funds are accounted for using accrual basis accounting.

***C. Encumbrances***

Under encumbrance accounting, purchase orders, contracts and other commitments for expenditures are recorded to reserve that portion of the applicable appropriation. Encumbrance accounting is employed as an extension of formal budgetary accounting. Since encumbrances do not yet constitute expenditures or liabilities, encumbrances outstanding at year-end are reported as reservations of fund balances. Unexpended appropriations lapse at year-end.

**City of Pomona**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2005**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

***D. Cash, Cash Equivalents and Investments***

The City pools its available cash for investment purposes. The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturity of three months or less from the date of acquisition. Cash and cash equivalents are combined with investments and displayed as Cash and Investments.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

The City participates in an investment pool managed by the State of California titled *Local Agency Investment Fund* (LAIF) which has invested a portion of the pool funds in structured notes and asset-backed securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these structured notes and asset-backed securities are subject to market risk as to change in interest rates.

In accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosures (an amendment of GASB No. 3)*, certain disclosure requirements, if applicable, are provided for deposit and investment risk in the following areas:

- Interest Rate Risk
- Credit Risk
  - ◆ Overall
  - ◆ Custodial Credit Risk
  - ◆ Concentration of Credit Risk
- Foreign Currency Risk

***E. Interfund Transactions***

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds" (i.e., current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the governmental-wide financial statements as "interfund balances."

***F. Inventories and Prepaid Items***

Inventories within the various fund types consist of materials and supplies which are valued at cost on a first-in, first-out basis. Reported expenditures reflecting the purchase of supplies have been restated to reflect the consumption method of recognizing inventory-related expenditures. A reservation of fund balance has been reported in the governmental funds to show that inventories do not constitute "available spendable resources", even though they are a component of net current assets.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**City of Pomona**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2005**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**G. Capital Assets**

Capital assets, which include land, construction in progress, buildings and improvements, improvements other than buildings, machinery and equipment, auto and trucks, equipment under capitalized lease and infrastructure assets (e.g. roads, bridges, traffic signals, and similar items), are reported in the applicable governmental or business-type activities in the Government-Wide Financial Statements. City policy has set the capitalization threshold for reporting capital assets at \$5,000. Capital assets are valued at historical cost or estimated historical cost if actual historical cost was not available. Donated assets are valued at their estimated fair market value on the date donated.

Depreciation is recorded on a straight-line basis over estimated useful lives of the assets as follows:

Autos and trucks	5-10 years
Buildings and improvements	10-50 years
Improvements other than buildings	10-50 years
Machinery and equipment	5-50 years
Infrastructure	25-75 years
Equipment under capitalized lease	5-10 years

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement No. 34 which requires the inclusion of infrastructure capital assets in local governments' basic financial statements. In accordance with GASB Statement No. 34, the City has elected to defer recording and reporting of its major general infrastructure assets acquired prior to fiscal year 2001-2002.

The City defines infrastructure as the basic physical assets that allow the City to function. The assets include streets, bridges, sidewalks, drainage systems, and lighting systems, etc. Each major infrastructure system can be divided into subsystems. For example the street system can be subdivided into pavement, curb and gutters, sidewalks, medians, streetlights, landscaping and land. These subsystems were not delineated in the basic financial statements. The appropriate operating department maintains information regarding the subsystems.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest on construction-related debt incurred during the period of construction for business-type and proprietary fund assets is capitalized as a cost of the constructed assets. Capital assets acquired under capital lease are capitalized at the net present value of the total lease payments.

For infrastructure systems, the City elected to use the "Basic Approach" as defined by GASB Statement No. 34 for infrastructure reporting.

Capital Assets Acquired Under Lease Purchase Contracts

The long-term principal portion of debt on non-proprietary capital assets acquired through lease purchase contracts is accounted for in the government-wide financial statements as "capital lease obligations". A capital asset is recorded at the net present value of total lease payments in the government-wide financial statements.

**City of Pomona**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2005**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**H. Land Held for Resale**

Land held for resale is carried at the lower of cost or market, but not greater than the estimated net realizable value. An amount equal to the carrying value of land is reserved in fund balance because such assets are not available to finance the City's current operations.

**I. Net Pension Asset**

A pension asset is created when an employer pays into a retirement plan amounts in excess of its annual required contribution (ARC). The ARC is an actuarially calculated amount that is sufficient to fund future costs and extinguish any existing unfunded actuarial accrued liability (UAAL). On June 29, 2004, the City made a payment of \$27,722,510 to CALPERS from the proceeds of the issuance of pension obligation bonds to reduce the City's UAAL as calculated at that time. The prepaid pension asset will be amortized over the life of the bonds on a straight line basis.

**J. Long-Term Debt**

**Government-Wide Financial Statements**

Long-term debt and other financed obligations are reported as liabilities in the appropriate funds.

Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable premium or discount. Issuance costs are reported as deferred charges.

**Fund Financial Statements**

The fund financial statements do not present long-term debt. As such, long-term debt is shown in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Assets.

**K. Compensated Absences**

**Government-Wide Financial Statements**

For governmental and business-type activities, compensated absences are recorded as incurred and the related expenses and liabilities are reported.

**Fund Financial Statements**

In governmental funds, compensated absences are recorded as expenditures in the years paid, as it is the City's policy to liquidate any unpaid compensated absences at June 30 from future resources, rather than currently available financial resources. In proprietary funds, compensated absences are expensed to the various funds in the period they are earned, and such fund's share of the unpaid liability is recorded as a long-term liability of the fund. Vested or accumulated compensated absences in proprietary funds are recorded as an expense and liability of those funds as the benefits accrue to employees.

**City of Pomona**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2005**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**L. Claims Payable**

The City accounts for its general liability, unemployment insurance and workers' compensation activities in its self-insurance internal service fund. The fund is responsible for collecting premiums from other City funds and departments and paying claims settlements and insurance premiums. Interfund premiums are based on the insured fund's claims experience. Incurred but not reported claims are accrued at year end, if material.

**M. Deferred Revenue**

**Government-Wide Financial Statements**

Deferred revenue includes monies received in advance from the fiscal agents on the amounts deposited in the reserve funds for 1998 Refunding Revenue Bonds, Series W and for 2003 General Fund Lease Financing, Series AG and amounts received from the Pomona Unified School District (PUSD) on the proposed sale of vacant land. The City will recognize amounts received from the PUSD upon the actual sale of the land.

**Fund Financial Statements**

Deferred revenue represents money received during the current or previous years that has not been earned or is not considered available to finance expenditures of the current period.

**N. Net Assets**

**Government-Wide Financial Statements**

Invested in Capital Assets, Net of Related Debt - This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets.

Restricted Net Assets - This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted Net Assets - This amount is all net assets that do not meet the definition of "invested in capital assets, net of related debt" or "restricted net assets."

**Fund Financial Statements**

Reservations represent those portions of fund equity which are not appropriable for expenditure or which are legally segregated for specific future use. Designated fund balances represent tentative plans for future use of financial resources. Undesignated fund balance indicates that portion of the fund balance which is available for appropriation in future periods.

**O. Use of Restricted and Unrestricted Net Assets**

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the City's policy is to apply restricted net assets first.

**City of Pomona**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2005**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

*P. Use of Estimates*

The preparation of the basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities and the disclosure of contingent assets and liabilities at the date of the basic financial statements and the related reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Management believes that the estimates are reasonable.

*Q. Implementation of New GASB Pronouncement*

The City adopted a new accounting standard in order to conform to the following Governmental Accounting Standards Board Statement:

- Statement No. 40, *Deposit and Investment Risk Disclosures, an amendment of GASB Statement No. 3*

GASB Statement No. 40 addresses selected issues and amends GASB Statement No. 3, *Deposits with Financial Institutions, Investments, including Repurchase Agreements, and Reverse Repurchase Agreements*. The Statement addresses common deposit and investment risk related to credit risk, concentration of credit risk, interest rate risk, and foreign currency risk. The Statement requires certain disclosures of investments that have fair value that are highly sensitive to changes in interest rate.

**2. CASH, CASH EQUIVALENTS AND INVESTMENTS**

The City maintains a cash and investment pool, which includes cash balances and authorized investments of all funds. This pooled cash is invested by the City Treasurer to enhance earnings. The pooled interest earned is allocated to the funds based on average month-end cash balances of the various funds.

*A. Summary of Cash and Investments*

The following is a summary of cash and investments at June 30, 2005:

	Government-Wide Statement of Net Assets			Fund Financials	
	Governmental Activities	Business-Type Activities	Total	Fiduciary Funds Statement of Net Assets	Total
Cash and Investments:					
Unrestricted	\$ 39,697,556	\$ 22,497,035	\$ 62,194,591	\$ -	\$ 62,194,591
Restricted cash and investments with fiscal agent	101,996,839	19,373,600	121,370,439	3,348,412	124,718,851
	<u>\$ 141,694,395</u>	<u>\$ 41,870,635</u>	<u>\$ 183,565,030</u>	<u>\$ 3,348,412</u>	<u>\$ 186,913,442</u>

**City of Pomona**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2005**

---

**2. CASH, CASH EQUIVALENTS AND INVESTMENTS, Continued**

**A. Summary of Cash and Investments, Continued**

Cash, cash equivalents, and investments were comprised of the following at June 30, 2005:

Cash and cash equivalents:	
Petty Cash	\$ 8,718
Demand Deposit	7,635,995
	<hr/>
Total Cash and cash equivalents	7,644,713
	<hr/>
Investments:	
Local Agency Investment Fund	38,436,446
Federal Farm Credit Bank (FFCB)	3,354,108
Federal Home Loan Bank (FHLB)	15,308,693
Federal Home Loan Mortgage Corp. (FHLMC)	5,322,225
Federal National Mortgage Association (FNMA)	989,690
US Government Securities	3,611,372
Banker's Investment Agreement	80,774,963
Money Market Accounts	9,066,933
Mutual Funds	22,404,299
	<hr/>
Total Investments	179,268,729
	<hr/>
Total Cash and Investments	\$ 186,913,442
	<hr/> <hr/>

**B. Cash Deposits**

The carrying amounts of the City's cash deposits, including those held in trust and escrow, were \$7,635,995 at June 30, 2005. Bank balances at June 30, 2005, were \$9,725,384 which were fully insured or collateralized with securities held by the pledging financial institutions in the City's name as discussed below.

The California Government Code requires California banks and savings and loan associations to secure the City's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the City's name.

The market value of pledged securities must equal at least 110% of the City's cash deposits. California law also allows institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the City's total cash deposits. The City may waive collateral requirements for cash deposits, which are fully insured up to \$100,000 by the Federal Deposit Insurance Corporation. The City, however, has not waived the collateralization requirements.

The City follows the practice of pooling cash and investments of all funds, except for funds required to be held by fiscal agents under the provisions of bond indentures. Interest income earned on pooled cash and investments is allocated on an accounting period basis to the various funds based on the period-end cash and investment balances. Interest income from cash and investments with fiscal agents is credited directly to the related fund.

**City of Pomona**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2005**

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**2. CASH, CASH EQUIVALENTS AND INVESTMENTS, Continued**

**C. Investments**

Under the provisions of the City's investment policy, and in accordance with California Government Code Section 53601, the City is authorized to invest or deposit in the following:

- Securities issued or guaranteed by the federal government or its agencies
- Bankers' acceptances that are eligible for purchase by the Federal Reserve System
- Commercial paper, rated A-1/P-1, secured by an irrevocable line of credit or government securities
- Medium-term corporate notes, rated AAA or AA
- Money market funds

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments were stated at fair value using the aggregate method in all funds and component units.

**D. Investment in Local Agency Investment Funds**

As of June 30, 2005, the City had \$38,436,446 invested in LAIF. The City valued its investments in LAIF as of June 30, 2005, by multiplying the account balance by a fair value factor determined by LAIF. LAIF determines fair value on its investment portfolio based on market quotations for those securities where market quotations are readily available and based on amortized cost or best estimate for those securities where market value is not readily available. This fair value factor was determined by dividing all LAIF participants' total aggregate amortized cost by total aggregate fair value resulting in a factor of 0.997747553.

The City's investments with LAIF at June 30, 2005, included 2.406% of the pooled funds invested in structured notes and asset-backed securities. These investments included the following:

Structured Notes: debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

Asset-Backed Securities: generally mortgage-backed securities that entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (for example, Collateralized Mortgage Obligations) or credit card receivables.

LAIF is overseen by the Local Agency Investment Advisory Board, which consists of five members, in accordance with State statute.

**City of Pomona**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2005**

**2. CASH, CASH EQUIVALENTS AND INVESTMENTS, Continued**

**E. Risk Disclosures**

**Interest Rate Risk**

As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy (policy) limits investments to a maximum maturity of five years. The weighted average days to maturity of the total portfolio shall not exceed the City's anticipated liquidity needs for the next six (6) months. The City is in compliance with this provision of the Policy.

**Credit Risk**

The City's Policy limits investments in commercial paper to the highest grade of stand alone or enhanced (prime) commercial paper as rated by Moody's Investor Service, Standard & Poor's Corporation, or Fitch Financial Services and requires that the management company of mutual funds must have attained the highest ranking or the highest letter and numerical rating provided by not less than two nationally recognized statistical rating organizations.

The City's investments are rated by the nationally recognized statistical rating organizations as follows:

	<u>Moody's</u>	<u>Standard &amp; Poor's</u>
<b>Investments Pool</b>		
Local Agency Investment Fund	Not Rated	Not Rated
<b>Government Obligations</b>		
FFCB	Aaa	AAA
FHLB	Aaa	AAA
FHLMC	Aaa	AAA
FNMA	Aaa	AAA
<b>U.S. Government Securities</b>	Not Rated	Not Rated
<b>Banker's Investment Agreement</b>		
CDC Investment Management	N/A	N/A
<b>Money Market Account</b>		
BNY Hamilton Money Market	AAA	AAA
<b>Mutual Fund</b>	Not Rated	Not Rated

**Concentration of Credit Risk**

The City's Policy states that not more than 20% of the portfolio shall be invested in any one entity or any one instrument to protect the City from concentration of credit risk, with the following exceptions: U.S. Treasury Obligations and investment pools (Local Agency Investment Fund). In addition, purchases of commercial paper must not exceed 20% of the value of the portfolio at any time and single issuer holdings to no more than 3 percent per issuer. The City is in compliance with these provisions of the Policy.

**City of Pomona**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2005**

**2. CASH, CASH EQUIVALENTS AND INVESTMENTS, Continued**

*E. Risk Disclosures, Continued*

**Concentration of Credit Risk, Continued**

The following is a chart of the City's investment portfolio:

Investments	Amount Invested	Percentage of Investments
Local Agency Investment Fund	\$ 38,436,446	21.44%
Government Obligations	24,974,716	13.93%
U.S. Government Securities	3,611,372	2.01%
Banker's Investment Agreement	80,774,963	45.06%
Money Market Accounts & Funds	9,066,933	5.06%
Mutual Funds	22,404,299	12.50%
Total	\$ 179,268,729	100.00%

*F. Summary of Investments to Maturity*

Investments held in the City Treasury grouped by maturity date at June 30, 2005, were as follows:

Maturity	
Current to one year	\$ 152,482,301
One to two years	11,134,805
Two to three years	15,651,623
<b>Total</b>	<b>\$ 179,268,729</b>

**3. PROPERTY TAXES**

Property taxes attach a legal enforceable lien on property as of January 1. Taxes are levied on July 1 and are payable in two installments on December 10 and April 10. The County of Los Angeles (County) bills and collects the property taxes and remits them to the City in installments during the year. City property tax revenues are recognized when an enforceable legal lien is attached to the property.

The County is permitted by State Law (Proposition 13) to levy taxes at 1% of full market value (at time of purchase) and can increase the property tax rate not more than 2% per year. The City receives a share of this basic levy proportionate to what it received in the 1976 to 1978 period.

**City of Pomona**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2005**

**4. INTERFUND TRANSACTIONS**

**A. Government-Wide Financial Statements**

**Transfers**

At June 30, 2005, the City had the following transfers:

		Transfers Out	
		Business-Type Activities	
Transfers In	Governmental		
	Activities	\$	957,958

**B. Fund Financial Statements**

**Due To, Due From**

At June 30, 2005, the City had the following short-term interfund receivables and payables:

		Due From Other Funds			
		General	Low and Moderate Income Housing	Redevelopment Agency Capital Projects	Total
Due To Other Funds	Redevelopment Agency Debt Service	\$ -	\$ 137,378	\$ 655,123	\$ 792,501
	Non-major Governmental funds	3,299,070	-	2,367,326	5,666,396
	<b>Total</b>	<b>\$ 3,299,070</b>	<b>\$ 137,378</b>	<b>\$ 3,022,449</b>	<b>\$ 6,458,897</b>

**Long-Term Advances**

At June 30, 2005, the City had the following interfund long-term advances:

		Advances To Other Funds				Total
		General	General Debt Service	Public Financing Authority Debt Service	Non-major Governmental Funds	
Advances From Other Funds	Governmental Funds:					
	General Fund	\$ -	\$ -	\$ -	\$ 600,000	\$ 600,000
	General Debt Service	-	7,130,000	12,755,000	-	19,885,000
	Redevelopment Agency Debt Service	-	-	159,955,000	-	159,955,000
	Redevelopment Agency Capital Projects	7,976,535	-	2,246,313	-	10,222,848
	Non-major Governmental funds	-	-	13,460,000	-	13,460,000
	Internal Service Funds	-	-	4,883,687	-	4,883,687
<b>Total</b>	<b>\$ 7,976,535</b>	<b>\$ 7,130,000</b>	<b>\$ 193,300,000</b>	<b>\$ 600,000</b>	<b>\$ 209,006,535</b>	

Long-term advances are used to fund capital projects and in advance of related financing or assessments.

**City of Pomona**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2005**

**4. INTERFUND TRANSACTIONS, Continued**

**B. Fund Financial Statements, Continued**

**Transfers**

At June 30, 2005, the City had the following transfers:

		<b>Transfers Out</b>									
		Governmental Activities						Business-type Activities			
		Low & Moderate Income Housing	General Debt	Public Financing Authority	Redevelopment Agency	Redevelopment Agency Capital Projects	Non-Major Governmental Funds	Water Utility	Sewer	<b>Total</b>	
		General Fund	Service	Debt Service	Debt Service	Projects	Funds	Fund	Fund	<b>Total</b>	
<b>Transfers In</b>	<b>Governmental Activities:</b>										
	General Fund	\$ -	\$ -	\$ 5,361,803	\$ -	\$ -	\$ -	\$ 3,770,841	\$ -	\$ -	\$ 9,132,644
	Low & Moderate										
	Income Housing	-	-	-	-	4,284,436	-	-	-	4,284,436	
	City Debt										
	Service	2,293,527	-	-	-	-	248,597	127,915	600,000	417,000	3,687,039
	Public Financing										
	Authority Debt Service	-	-	1,004,205	-	-	-	-	-	-	1,004,205
	Redevelopment Agency										
	Debt Service	-	1,854,651	-	-	-	238,872	-	-	-	2,093,523
	Redevelopment Agency										
	Capital projects	-	-	16,534	-	1,563,613	-	252,770	-	-	1,832,917
Non-major Governmental											
Funds	195,080	-	210,000	702,079	14,187	1,388,161	4,439,081	56,172	-	7,004,760	
<b>Business-Type Activities:</b>											
Water Utility Fund	-	-	-	-	-	-	115,214	-	382,141	497,355	
<b>Total</b>	<b>\$ 2,488,607</b>	<b>\$ 1,854,651</b>	<b>\$ 6,592,542</b>	<b>\$ 702,079</b>	<b>\$ 5,862,236</b>	<b>\$ 1,875,630</b>	<b>\$ 8,705,821</b>	<b>\$ 656,172</b>	<b>\$ 799,141</b>	<b>\$ 29,536,879</b>	

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and move receipts collected in the debt service to other funds after debt service requirements have been met.

**5. INVESTMENT IN BONDS**

The City is holding the 2005 Revenue Bonds, Series AM, from the Authority in the amount of \$9,524,000. The City issued the 2005 Revenue Bonds, Series AL and used the proceeds to purchase the 2005 Revenue Bonds, Series AM issued by the Authority.

**City of Pomona**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2005**

**6. CAPITAL ASSETS**

**A. Government-Wide Financial Statements**

At June 30, 2005, the City's capital assets consisted of the following:

	Governmental Activities	Business-Type Activities	Total
<b>Non-depreciable Assets:</b>			
Land	\$ 70,574,344	\$ 3,951,214	\$ 74,525,558
Construction in process	10,043,683	2,761,235	12,804,918
<b>Total non-depreciable assets</b>	<b>80,618,027</b>	<b>6,712,449</b>	<b>87,330,476</b>
<b>Depreciable Assets:</b>			
Buildings and improvements	15,331,850	107,427	15,439,277
Improvements other than building	34,999,874	3,124,203	38,124,077
Machinery and equipment	6,901,889	144,331,077	151,232,966
Autos and trucks	5,745,226	4,665,398	10,410,624
Equipment under capitalized lease	7,296,062	4,369,602	11,665,664
Infrastructure	12,760,669	-	12,760,669
Total depreciable assets, at cost	83,035,570	156,597,707	239,633,277
Less accumulated depreciation			
Buildings and improvements	(7,520,925)	(8,879)	(7,529,804)
Improvements other than building	(7,610,597)	(915,603)	(8,526,200)
Machinery and equipment	(3,473,630)	(50,927,150)	(54,400,780)
Autos and trucks	(3,347,108)	(4,290,515)	(7,637,623)
Equipment under capitalized lease	(5,181,748)	(2,437,099)	(7,618,847)
Infrastructure	(372,679)	-	(372,679)
Total accumulated depreciation	(27,506,687)	(58,579,246)	(86,085,933)
<b>Total depreciable assets, net</b>	<b>55,528,883</b>	<b>98,018,461</b>	<b>153,547,344</b>
<b>Total capital assets</b>	<b>\$ 136,146,910</b>	<b>\$ 104,730,910</b>	<b>\$ 240,877,820</b>

**City of Pomona**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2005**

**6. CAPITAL ASSETS, Continued**

**A. Government-Wide Financial Statements, Continued**

The following is a summary of capital assets for governmental activities:

	Balance July 1, 2004	Prior Period Adjustments	Additions	Deletions	Balance June 30, 2005
<b>Non-depreciable Assets:</b>					
Land	\$ 70,601,615	\$ -	\$ 1,762,091	\$ (1,789,362)	\$ 70,574,344
Construction in process	8,652,509	-	11,735,479	(10,344,305)	10,043,683
<b>Total non-depreciable assets</b>	<b>79,254,124</b>	<b>-</b>	<b>13,497,570</b>	<b>(12,133,667)</b>	<b>80,618,027</b>
<b>Depreciable Assets:</b>					
Buildings and improvements	15,144,020	(144,851)	362,550	(29,869)	15,331,850
Improvements other than building	32,410,463	(153,425)	2,742,836	-	34,999,874
Machinery and equipment	6,528,016	595	610,706	(237,428)	6,901,889
Autos and trucks	5,573,966	74,339	442,954	(346,033)	5,745,226
Equipment under capitalized lease	5,811,753	979,372	887,509	(382,572)	7,296,062
Infrastructure	7,330,541	(75,234)	5,505,362	-	12,760,669
Total depreciable assets, at cost	72,798,759	680,796	10,551,917	(995,902)	83,035,570
Less accumulated depreciation					
Buildings and improvements	(7,155,861)	44,296	(422,726)	11,406	(7,522,885)
Improvements other than building	(6,807,545)	(36,188)	(764,904)	-	(7,608,637)
Machinery and equipment	(3,636,620)	(222,435)	(478,298)	863,723	(3,473,630)
Autos and trucks	(3,289,359)	66,609	(467,590)	343,232	(3,347,108)
Equipment under capitalized lease	(4,921,494)	(107,564)	(531,826)	379,136	(5,181,748)
Infrastructure	(168,200)	10,788	(215,267)	-	(372,679)
Total accumulated depreciation	(25,979,079)	(244,494)	(2,880,611)	1,597,497	(27,506,687)
<b>Total depreciable assets, net</b>	<b>46,819,680</b>	<b>436,302</b>	<b>7,671,306</b>	<b>601,595</b>	<b>55,528,883</b>
<b>Total capital assets</b>	<b>\$ 126,073,804</b>	<b>\$ 436,302</b>	<b>\$ 21,168,876</b>	<b>\$ (11,532,072)</b>	<b>\$ 136,146,910</b>

Depreciation expense for capital assets of the governmental activities for the year ended June 30, 2005 was as follows:

General government	\$ 1,782,250
Public safety	260,126
Urban development	424,958
Community services	394,338
Internal service funds	18,939
<b>Total depreciation expense</b>	<b>\$ 2,880,611</b>

**City of Pomona**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2005**

**6. CAPITAL ASSETS, Continued**

**A. Government-Wide Financial Statements, Continued**

The following is a summary of capital assets for business-type activities:

	Balance July 1, 2004	Prior Period Adjustments	Additions	Deletions	Balance June 30, 2005
<b>Non-depreciable Assets:</b>					
Land	\$ 3,964,303	\$ (13,089)	\$ -	\$ -	\$ 3,951,214
Construction in process	11,495,633	614,996	2,776,035	(12,125,429)	2,761,235
<b>Total non-depreciable assets</b>	<b>15,459,936</b>	<b>601,907</b>	<b>2,776,035</b>	<b>(12,125,429)</b>	<b>6,712,449</b>
<b>Depreciable Assets:</b>					
Buildings and improvements	107,427	-	-	-	107,427
Improvements other than building	3,106,120	-	18,083	-	3,124,203
Machinery and equipment	131,419,425	663,885	12,643,404	(395,637)	144,331,077
Autos and trucks	4,815,291	23,011	83,656	(256,560)	4,665,398
Equipment under capitalized lease	3,504,103	(20,481)	890,061	(4,081)	4,369,602
Infrastructure	-	-	-	-	-
Total depreciable assets, at cost	142,952,366	666,415	13,635,204	(656,278)	156,597,707
Less accumulated depreciation					
Buildings and improvements	(5,108)	(1,622)	(2,149)	-	(8,879)
Improvements other than building	(610,741)	-	(304,862)	-	(915,603)
Machinery and equipment	(48,812,833)	(307,671)	(2,204,441)	397,795	(50,927,150)
Autos and trucks	(4,349,179)	(81,027)	(96,397)	236,088	(4,290,515)
Equipment under capitalized lease	(2,620,769)	418,646	(234,976)	-	(2,437,099)
Infrastructure	-	-	-	-	-
Total accumulated depreciation	(56,398,630)	28,326	(2,842,825)	633,883	(58,579,246)
<b>Total depreciable assets, net</b>	<b>86,553,736</b>	<b>694,741</b>	<b>10,792,379</b>	<b>(22,395)</b>	<b>98,018,461</b>
<b>Total capital assets</b>	<b>\$ 102,013,672</b>	<b>\$ 1,296,648</b>	<b>\$ 13,568,414</b>	<b>\$ (12,147,824)</b>	<b>\$ 104,730,910</b>

Depreciation expense for capital assets of the business-type activities for the year ended June 30, 2005 was as follows:

Water Utility	\$ 2,077,117
Sewer	721,369
Refuse	44,339
<b>Total depreciation expense</b>	<b>\$ 2,842,825</b>

**B. Fund Financial Statements**

The fund financial statements do not present general government capital assets but are shown in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Assets.

**City of Pomona**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2005**

**7. LAND HELD FOR RESALE**

Land held for resale is comprised of the following at June 30, 2005:

Governmental Activities:	
Low and Moderate Income Housing Fund	\$ 3,046,238
Redevelopment Agency Capital Projects Fund	<u>19,332,234</u>
Total	<u>\$ 22,378,472</u>

Land held for resale is recorded in the Low and Moderate Income Housing Fund and Redevelopment Agency Capital Projects Fund at the lower of cost or market, but not greater than net realizable value. The available fund balance is reserved in an amount equal to the carrying value of land held for resale because such assets are not available to finance current operations.

**8. LONG-TERM DEBT**

The following is a summary of long-term debt for the year ended June 30, 2005:

	Balance July 1, 2004	Prior Period Adjustments	Additions	Deletions	Balance June 30, 2005	Due within One Year	Due in more than One Year
<b>Governmental Activities:</b>							
Participation agreement	\$ 872,150	\$ -	\$ -	\$ (218,037)	\$ 654,113	\$ -	\$ 654,113
County deferred tax loan	20,062,311	-	1,675,449	-	21,737,760	-	21,737,760
Obligation under capital lease	3,926,395	66,049	647,200	(1,099,178)	3,540,466	1,046,106	2,494,360
Notes payable	1,500,000	-	1,455,000	-	2,955,000	125,000	2,830,000
Revenue bonds	174,560,847	-	21,874,972	(1,022,695)	195,413,124	1,493,000	193,920,124
Tax allocation bonds	12,225,000	-	-	(350,000)	11,875,000	365,000	11,510,000
Pension obligation refunding bonds	32,300,000	-	5,700,000	-	38,000,000	-	38,000,000
Special assessment debt	10,750,000	-	-	(10,750,000)	-	-	-
Certificates of participation	22,398,034	-	-	(395,566)	22,002,468	385,000	21,617,468
Subtotal	<u>278,594,737</u>	<u>66,049</u>	<u>31,352,621</u>	<u>(13,835,476)</u>	<u>296,177,931</u>	<u>3,414,106</u>	<u>292,763,825</u>
Claims payable	9,956,738	-	8,351,227	(8,080,830)	10,227,135	2,200,000	8,027,135
Compensated absences	6,707,434	-	231,580	-	6,939,014	408,332	6,530,682
<b>Total governmental activities</b>	<u>\$ 295,258,909</u>	<u>\$ 66,049</u>	<u>\$ 39,935,428</u>	<u>\$ (21,916,306)</u>	<u>\$ 313,344,080</u>	<u>\$ 6,022,438</u>	<u>\$ 307,321,642</u>
<b>Business-Type Activities:</b>							
Obligations under capital lease	\$ 3,670,528	\$ -	\$ -	\$ (573,925)	\$ 3,096,603	\$ 436,714	\$ 2,659,889
Revenue bonds	64,815,000	-	-	(1,240,000)	63,575,000	1,290,000	62,285,000
Subtotal	<u>68,485,528</u>	<u>-</u>	<u>-</u>	<u>(1,813,925)</u>	<u>66,671,603</u>	<u>1,726,714</u>	<u>64,944,889</u>
Compensated absences	824,280	-	128,541	-	952,821	54,989	897,832
<b>Total business-type activities</b>	<u>\$ 69,309,808</u>	<u>\$ -</u>	<u>\$ 128,541</u>	<u>\$ (1,813,925)</u>	<u>\$ 67,624,424</u>	<u>\$ 1,781,703</u>	<u>\$ 65,842,721</u>

**City of Pomona**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2005**

**8. LONG-TERM DEBT, Continued**

**A. Governmental Activities Long-Term Debt**

**Participation Agreement**

At June 30, 2005, the Participation Agreement consisted of the following:

	Balance July 1, 2004	Additions	Deletions	Balance June 30, 2005	Due within one year	Due in more than one year
Los Angeles County Fair Association	\$ 872,150	\$ -	\$ (218,037)	\$ 654,113	\$ -	\$ 654,113
<b>Total</b>	<b>\$ 872,150</b>	<b>\$ -</b>	<b>\$ (218,037)</b>	<b>\$ 654,113</b>	<b>\$ -</b>	<b>\$ 654,113</b>

Los Angeles County Fair Association

On April 1, 1989, the Agency entered into a participation agreement with the Los Angeles County Fair Association (Association) whereby the Agency agreed to provide financial assistance to the Association. The participation agreement was amended on April 15, 1994, which resulted in the Agency assuming an obligation of \$2,834,485, plus interest of approximately 10% per annum. The Agency has pledged tax increment of the Mountain Meadows Project Area as the source of repayment. Payment to the Association is required under the terms of the agreement when the tax increment is received by the Agency for the Mountain Meadows Project Area.

**County Deferred Tax Loan**

At June 30, 2005, County deferred tax loan consisted of the following:

	Balance July 1, 2004	Additions	Deletions	Balance June 30, 2005	Due within one year	Due in more than one year
Southwest Pomona Project Area	\$ 19,434,367	\$ 1,458,859	\$ -	\$ 20,893,226	\$ -	\$ 20,893,226
South Garey / Freeway Corridor Project	627,944	216,590		844,534	-	844,534
<b>Total</b>	<b>\$ 20,062,311</b>	<b>\$ 1,675,449</b>	<b>\$ -</b>	<b>\$ 21,737,760</b>	<b>\$ -</b>	<b>\$ 21,737,760</b>

The Agency entered into agreements with the County of Los Angeles whereby a portion of the County's share of tax increment revenues from the Southwest Pomona Project Area and South Garey/Freeway Corridor Project Area are loaned annually to the Agency. Interest on both loans will accrue at 7% per year, compounded annually. The Agency will commence repayment of the loans when excess funds become available.

**City of Pomona**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2005**

**8. LONG-TERM DEBT, Continued**

**A. Governmental Activities Long-Term Debt, Continued**

**Obligations under Capital Lease**

At June 30, 2005, obligations under capital lease consisted of the following:

	Balance July 1, 2004	Additions	Deletions	Adjustments	Balance June 30, 2005	Due within one year	Due in more than one year
SunTrust Lease #1	\$ 1,450,473	\$ -	\$ (149,142)	\$ -	\$ 1,301,331	\$ 154,446	\$ 1,146,885
SunTrust Lease #2	1,440,360	-	(494,866)	-	945,494	422,518	522,976
SunTrust Lease #3	104,552	-	(104,552)	-	-	-	-
SunTrust Lease #4	356,414	-	(115,645)	-	240,769	118,777	121,992
SunTrust Lease #5	140,843	-	(55,132)	-	85,711	56,731	28,980
SunTrust Lease #6	433,753	-	(91,204)	66,049	408,598	112,439	296,159
SunTrust Lease #8	-	344,100	(55,355)	-	288,745	113,070	175,675
SunTrust Lease #9	-	303,100	(33,282)	-	269,818	68,125	201,693
<b>Total</b>	<b>\$ 3,926,395</b>	<b>\$ 647,200</b>	<b>\$ (1,099,178)</b>	<b>\$ 66,049</b>	<b>\$ 3,540,466</b>	<b>\$ 1,046,106</b>	<b>\$ 2,494,360</b>

The City entered into numerous equipment lease-purchase agreements with leasing companies whereby the lessor acquired certain equipment and leased it to the City with an option to purchase.

The annual debt service requirements outstanding at June 30, 2005 were as follows:

For the Years Ending June 30,	Principal	Interest	Total
2006	\$ 1,046,106	\$ 98,489	\$ 1,144,595
2007	1,003,797	68,959	1,072,756
2008	536,076	42,972	579,048
2009	280,262	30,250	310,512
2010	202,045	21,737	223,782
2011-2015	472,180	25,262	497,442
<b>Total</b>	<b>\$ 3,540,466</b>	<b>\$ 287,669</b>	<b>\$ 3,828,135</b>

**City of Pomona**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2005**

**8. LONG-TERM DEBT, Continued**

**A. Governmental Activities Long-Term Debt, Continued**

**Notes Payable**

At June 30, 2005, notes payable consisted of the following:

	Balance			Balance		
	July 1, 2004	Additions	Deletions	June 30, 2005	Due within one year	Due in more than one year
HUD Section 108 loan	\$ 1,500,000	\$ -	\$ -	\$ 1,500,000	\$ 125,000	\$ 1,375,000
ERAF Loan	-	1,455,000	-	1,455,000	-	1,455,000
<b>Total</b>	<b>\$ 1,500,000</b>	<b>\$ 1,455,000</b>	<b>\$ -</b>	<b>\$ 2,955,000</b>	<b>\$ 125,000</b>	<b>\$ 2,830,000</b>

*HUD Section 108 Loan*

The City received \$2,945,000 for notes with Chase Manhattan Bank. The notes are guaranteed by the U.S. Department of Housing and Urban Development (HUD) under Section 109 of the Community Development Act and are payable from future Community Development Block Grant (CDBG) entitlements. Principal payments are due annually in amounts ranging from \$40,000 to \$125,000, commencing August 1, 1997. The loan bears an interest rate from 5.8% to 7.08% and is payable semi-annually on August 1 and February 1.

The annual debt service requirements at June 30, 2005 were as follows:

For the Years Ending June 30,	Principal		Interest		Total	
2006	\$	125,000	\$	50,738	\$	175,738
2007		125,000		42,694		167,694
2008		125,000		38,638		163,638
2009		125,000		34,506		159,506
2010		125,000		30,319		155,319
2011-2015		625,000		196,313		821,313
2016-2017		250,000		17,669		267,669
<b>Total</b>	<b>\$</b>	<b>1,500,000</b>	<b>\$</b>	<b>410,877</b>	<b>\$</b>	<b>1,910,877</b>

**City of Pomona**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2005**

**8. LONG-TERM DEBT, Continued**

**A. Governmental Activities Long-Term Debt, Continued**

ERAF Loan

In April 2005, the Agency financed its portion of the state ERAF payment through a bond offering with other redevelopment agencies. The Agency's portion of the bonds was \$1,455,000. Interest is payable semiannually on February 1 and August 1 at rates varying from 3.87% to 5.01% per annum. Principal is payable in annual installments ranging from \$105,000 to \$180,000 through August 1, 2015.

The annual debt service requirements at June 30, 2005 were as follows:

For the Years Ending June 30,	Principal	Interest	Total
2006	\$ -	\$ 51,184	\$ 51,184
2007	105,000	65,218	170,218
2008	125,000	60,611	185,611
2009	130,000	55,215	185,215
2010	135,000	49,384	184,384
2011-2015	780,000	143,524	923,524
2016	180,000	4,509	184,509
<b>Total</b>	<b>\$ 1,455,000</b>	<b>\$ 429,645</b>	<b>\$ 1,884,645</b>

**Revenue Bonds**

At June 30, 2005, revenue bonds consisted of the following:

	Balance July 1, 2004	Additions	Deletions	Balance June 30, 2005	Due within one year	Due in more than one year
1995 Lease Revenue Refundings						
Bonds Series P	\$ 12,975,000	\$ -	\$ (775,000)	\$ 12,200,000	\$ 820,000	\$ 11,380,000
1998 Refunding Revenue						
Bonds Series W	51,500,000	-	(100,000)	51,400,000	105,000	51,295,000
2001 Revenue Bonds, Series AD	38,580,000	-	(100,000)	38,480,000	100,000	38,380,000
2003 Revenue Bonds, Series AH	46,650,000	-	-	46,650,000	-	46,650,000
2003 Subordinate Revenue						
Bonds Series AI	23,425,000	-	-	23,425,000	-	23,425,000
2005 Local Agency Revenue						
Bonds Series AL	-	11,370,000	-	11,370,000	275,000	11,095,000
2005 Reassessment and						
Refunding Bonds, Series AM	-	9,524,000	-	9,524,000	193,000	9,331,000
Premiums, net	1,430,847	980,972	(47,695)	2,364,124	-	2,364,124
<b>Total</b>	<b>\$ 174,560,847</b>	<b>\$ 21,874,972</b>	<b>\$ (1,022,695)</b>	<b>\$ 195,413,124</b>	<b>\$ 1,493,000</b>	<b>\$ 193,920,124</b>

**City of Pomona**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2005**

**8. LONG-TERM DEBT, Continued**

**A. Governmental Activities Long-Term Debt, Continued**

**Revenue Bonds, Continued**

1995 Lease Revenue Refunding Bonds, Series P – Original Issuance \$18,395,000

On March 9, 1995, the Authority issued \$18,395,000 1995 Lease Revenue Refunding Bonds, Series P. The proceeds of the bonds were used to refund \$16,150,000 aggregate principal amount of 1990 Lease-Purchase Revenue Bonds, Series J; to fund a reserve account for the Bonds; and to pay the costs of issuing the Bonds.

The City is legally required under the Lease Agreement to make lease payments, the interest and principal components of which comprise the interest and principal due with respect to the Certificates.

Principal payments are due annually on October 1 commencing on October 1, 1995 with the final payment due on October 1, 2015. Interest payments are due on October 1 and April 1 of each year starting October 1, 1995 until the bonds are paid off. Interest rates range from 4.375% to 6.60%. The balance outstanding as of June 30, 2005, was \$12,200,000.

The annual debt service requirements for the 1995 Lease Revenue Bonds, Refunding Series P outstanding at June 30, 2005, were as follows:

Year Ending June 30,	Principal	Interest	Total
2006	\$ 820,000	\$ 700,200	\$ 1,520,200
2007	870,000	650,525	1,520,525
2008	920,000	595,675	1,515,675
2009	970,000	536,613	1,506,613
2010	1,035,000	473,956	1,508,956
2011-2015	6,140,000	1,339,613	7,479,613
2016	1,445,000	41,544	1,486,544
<b>Total</b>	<b>\$ 12,200,000</b>	<b>\$ 4,338,126</b>	<b>\$ 16,538,126</b>

1998 Revenue Refunding Bonds, Series W – Original Issuance \$52,335,000

On March 12, 1998, the Authority issued \$52,335,000 1998 Revenue Refunding Bonds, Series W for the purpose of making an advance to the Agency for refunding 1983 Refunding Southwest Pomona RDA Tax Allocation Bonds and a portion of the 1993 Local Agency Revenue Bonds, Series L, as well as to provide financing for certain improvements in the Southwest Pomona Redevelopment Area.

Interest on the bonds is payable semiannually on each August 1 and February 1, commencing August 1, 1998. The rates of interest range from 3.8% to 5% per annum. Principal is payable in annual installments ranging from \$100,000 to \$515,000. Term bonds of \$3,005,000, \$16,690,000 and \$29,285,000 mature on February 1, 2018, February 1, 2024 and February 1, 2030, respectively, and are subject to mandatory redemption from a sinking fund account in amounts ranging from \$545,000 to \$5,495,000, as outlined in the bond's official statement. MBIA has issued a municipal bond insurance policy that insures the payment of the principal and interest on the bonds when due. The legal reserve requirement in conjunction with the remaining 1993 Local Agency Revenue Bonds, Series L, is \$5,772,575. The balance held in the reserve account for Series L and Series W as of June 30, 2005 was \$5,793,418.

**City of Pomona**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2005**

**8. LONG-TERM DEBT, Continued**

**A. Governmental Activities Long-Term Debt, Continued**

**Revenue Bonds, Continued**

1998 Revenue Refunding Bonds, Series W – Original Issuance \$52,335,000, Continued

The annual debt service requirements for the 1998 Revenue Bonds, Refunding Series W outstanding at June 30, 2005, were as follows:

Year Ending June 30,	Principal	Interest	Total
2006	\$ 105,000	\$ 2,563,520	\$ 2,668,520
2007	125,000	2,559,005	2,684,005
2008	130,000	2,553,505	2,683,505
2009	130,000	2,547,655	2,677,655
2010	450,000	2,541,740	2,991,740
2011-2015	2,595,000	12,364,290	14,959,290
2016-2020	3,315,000	11,651,000	14,966,000
2021-2025	19,570,000	9,276,000	28,846,000
2026-2030	24,980,000	3,869,000	28,849,000
<b>Total</b>	<b>\$ 51,400,000</b>	<b>\$ 49,925,715</b>	<b>\$ 101,325,715</b>

2001 Revenue Refunding Bonds, Series AD – Original Issuance \$39,165,000

On April 1, 2001, the Authority issued \$39,165,000 2001 Revenue Bonds, Series AD for the purpose of making an advance to the Agency to refinance certain prior bonds and to make an additional advance to the Agency to provide financing for certain improvements in the merged project area. Tax Allocation Bonds defeased include the 1997 Refunding RDA Series S, 1997 Refunding Series T, 1998 Refunding Series U, 1998 Refunding Subordinate Series V and 1998 Refunding Series Z; 1993 Refunding Series L Revenue Bonds were partially defeased.

Interest on the bonds is payable semiannually on each August 1 and February 1, commencing August 1, 2001. The rates of interest range from 3.25% to 5.39% per annum. Principal is payable in annual installments ranging from \$95,000 to \$2,020,000. Term bonds of \$10,550,000, \$10,115,000 and \$7,525,000 mature on February 1, 2021, February 1, 2027 and February 1, 2033, respectively, and are subject to mandatory redemption from a sinking fund account in amounts ranging from \$445,000 to \$2,470,000, as outlined in the bond's official statement. The legal reserve requirement is \$2,850,034. The balance held in the reserve account as of June 30, 2005 was \$2,941,264.

**City of Pomona**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2005**

**8. LONG-TERM DEBT, Continued**

**A. Governmental Activities Long-Term Debt, Continued**

**Revenue Bonds, Continued**

2001 Revenue Refunding Bonds, Series AD – Original Issuance \$39,165,000, Continued

The annual debt service requirements for the 2001 Revenue Bonds, Series AD outstanding at June 30, 2005, were as follows:

Year Ending June 30,	Principal	Interest	Total
2006	\$ 100,000	\$ 1,904,906	\$ 2,004,906
2007	100,000	1,901,006	2,001,006
2008	100,000	1,897,006	1,997,006
2009	100,000	1,892,806	1,992,806
2010	-	1,888,506	1,888,506
2011-2015	7,780,000	8,904,738	16,684,738
2016-2020	11,225,000	6,477,750	17,702,750
2021-2025	7,900,000	4,016,500	11,916,500
2026-2030	8,715,000	1,888,500	10,603,500
2031-2033	2,460,000	212,750	2,672,750
<b>Total</b>	<b>\$ 38,480,000</b>	<b>\$ 30,984,468</b>	<b>\$ 69,464,468</b>

2003 Revenue Refunding Bonds, Series AH – Original Issuance \$46,650,000

On December 3, 2003, the Authority issued \$46,650,000 2003 Revenue Bonds, Series AH, to provide funds for a loan to the Agency for certain improvements and to refinance certain Agency obligations to the Authority, including defeasance of 1993 Series L.

Interest on the bonds is payable semiannually on each August 1 and February 1, commencing February 1, 2004. The rates of interest range from 3.70% to 5.25% per annum. Principal is payable in annual installments ranging from \$390,000 to \$3,270,000 commencing on February 1, 2007. Term bonds of \$2,410,000 and \$10,145,000 mature on February 28, 2028 and 2034, respectively. The legal reserve requirement is \$1,086,542. The balance held in the reserve account as of June 30, 2005 was \$1,114,160. On December 11, 2003, the City defeased the 1993 Refunding Revenue Bonds, Series L by placing proceeds in escrow for the purpose of paying off all remaining Series L Bonds. The refunding reduced annual debt service payments, resulting in an economic gain of \$343,410.

**City of Pomona**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2005**

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**8. LONG-TERM DEBT, Continued**

**A. Governmental Activities Long-Term Debt, Continued**

**Revenue Bonds, Continued**

2003 Revenue Refunding Bonds, Series AH – Original Issuance \$46,650,000, Continued

The annual debt service requirements for the 2003 Revenue Bonds, Series AH outstanding at June 30, 2005, were as follows:

Year Ending June 30,	Principal	Interest	Total
2006	\$ -	\$ 2,173,268	\$ 2,173,268
2007	2,905,000	2,173,268	5,078,268
2008	3,030,000	2,057,068	5,087,068
2009	3,190,000	1,905,568	5,095,568
2010	3,130,000	1,762,018	4,892,018
2011-2015	10,080,000	7,030,665	17,110,665
2016-2020	10,540,000	5,024,493	15,564,493
2021-2025	2,120,000	3,190,148	5,310,148
2026-2030	2,855,000	2,616,553	5,471,553
2031-2034	8,800,000	616,275	9,416,275
<b>Total</b>	<b>\$ 46,650,000</b>	<b>\$ 28,549,324</b>	<b>\$ 75,199,324</b>

2003 Subordinate Revenue Bonds, Series AI – Original Issuance \$23,425,000

On December 3, 2003, the Authority issued \$23,425,000 2003 Subordinate Revenue Bonds, Series AI, to provide funds for a loan to the Agency for certain improvements and to refinance certain Agency obligations to the Authority

Interest on the bonds is payable semiannually on each February 1 and August 1, commencing February 1, 2004. The rates of interest range from 3.00% to 5.10% per annum. Principal on \$7,310,000 of the subordinate revenue bonds is payable in annual installments ranging from \$450,000 to \$915,000, commencing February 1, 2007. Term bonds of \$4,900,000, \$6,220,000 and \$4,995,000 mature on February 1, 2023, February 1, 2028 and February 1, 2034, respectively. The legal reserve requirement is \$1,860,478. The balance held in the reserve account as of June 30, 2005 was \$1,860,478.

**City of Pomona**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2005**

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**8. LONG-TERM DEBT, Continued**

**A. Governmental Activities Long-Term Debt, Continued**

**Revenue Bonds, Continued**

2003 Subordinate Revenue Bonds, Series AI – Original Issuance \$23,425,000, Continued

The annual debt service requirements for the 2003 Subordinate Revenue Bonds, Series AI outstanding at June 30, 2005, were as follows:

Year Ending June 30,	Principal	Interest	Total
2006	\$ -	\$ 1,220,170	\$ 1,220,170
2007	450,000	1,220,170	1,670,170
2008	465,000	1,206,670	1,671,670
2009	480,000	1,191,558	1,671,558
2010	500,000	1,174,758	1,674,758
2011-2015	2,940,000	5,541,453	8,481,453
2016-2020	4,355,000	4,702,423	9,057,423
2021-2025	5,330,000	3,422,663	8,752,663
2026-2030	6,790,000	1,789,725	8,579,725
2031-2033	2,115,000	181,125	2,296,125
<b>Total</b>	<b>\$ 23,425,000</b>	<b>\$ 21,650,715</b>	<b>\$ 45,075,715</b>

2005 Local Agency Revenue Bonds, Series AL – Original Issuance \$11,370,000

On February 1, 2005, the Authority issued \$11,370,000 2005 Revenue Bonds, Series AL, to provide funds to redeem the Refunding Improvement Bonds, Assessment District No. 294, to refund 2005 Series AM Bonds, to finance certain capital improvements in the City and to fund a reserve account for the Bonds.

Interest on the bonds is payable semiannually on each September 2 and March 2, commencing September 2, 2005. The rates of interest range from 2.50% to 5.10% per annum. Principal on \$11,370,000 of the subordinate revenue bonds is payable in annual installments ranging from \$275,000 to \$955,000, commencing September 2, 2005. The legal reserve requirement is \$1,004,205. The balance held in the reserve account as of June 30, 2005 was \$1,004,205.

**City of Pomona**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2005**

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**8. LONG-TERM DEBT, Continued**

**A. Governmental Activities Long-Term Debt, Continued**

**Revenue Bonds, Continued**

2005 Local Agency Revenue Bonds, Series AL – Original Issuance \$11,370,000, Continued

The annual debt service requirements for the 2005 Revenue Bonds, Series AL outstanding at June 30, 2005, were as follows:

Year Ending June 30,	Principal	Interest	Total
2006	\$ 275,000	\$ 444,715	\$ 719,715
2007	515,000	466,861	981,861
2008	530,000	452,319	982,319
2009	540,000	435,931	975,931
2010	560,000	417,458	977,458
2011-2015	3,150,000	1,733,328	4,883,328
2016-2020	3,935,000	947,273	4,882,273
2021-2022	1,865,000	93,395	1,958,395
<b>Total</b>	<b>\$ 11,370,000</b>	<b>\$ 4,991,280</b>	<b>\$ 16,361,280</b>

2005 Reassessment and Refunding Revenue Bonds, Series AM – Original Issuance \$9,524,000

On February 1, 2005, the Authority issued \$9,524,000 2005 Reassessment and Refunding Revenue Bonds, Series AM, to provide funds to refund the refunding Improvement Bonds, Assessment District No. 294.

Interest on the bonds is payable semiannually on each September 2 and March 2, commencing September 2, 2005. The rate of interest is 7.22% per annum.

**City of Pomona**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2005**

**8. LONG-TERM DEBT, Continued**

**A. Governmental Activities Long-Term Debt, Continued**

**Revenue Bonds, Continued**

2005 Reassessment and Refunding Revenue Bonds, Series AM – Original Issuance \$9,524,000, Continued

The annual debt service requirements for the 2005 Reassessment and Refunding Revenue Bonds, Series AM outstanding at June 30, 2005, were as follows:

Year Ending June 30,	Principal	Interest	Total
2006	\$ 193,000	\$ 617,617	\$ 810,617
2007	328,000	643,086	971,086
2008	353,000	619,223	972,223
2009	374,000	593,700	967,700
2010	405,000	566,301	971,301
2011-2015	2,502,000	2,346,393	4,848,393
2016-2020	3,558,000	1,295,410	4,853,410
2021-2022	1,811,000	129,418	1,940,418
<b>Total</b>	<b>\$ 9,524,000</b>	<b>\$ 6,811,148</b>	<b>\$ 16,335,148</b>

The following is a summary of the unamortized premiums outstanding at June 30, 2005:

Balance July 1, 2004	Additions	Deletions	Balance June 30, 2005
\$ 1,430,847	\$ 980,972	\$ (47,695)	\$ 2,364,124

**Tax Allocation Bonds**

	Balance July 1, 2004	Additions	Deletions	Balance June 30, 2005	Due within one year	Due in more than one year
1998 Tax Allocation Bonds						
Series X	\$ 3,990,000	\$ -	\$ (210,000)	\$ 3,780,000	\$ 220,000	\$ 3,560,000
1998 Tax Allocation Bonds						
Series Y	8,235,000	-	(140,000)	8,095,000	145,000	7,950,000
<b>Total</b>	<b>\$ 12,225,000</b>	<b>\$ -</b>	<b>\$ (350,000)</b>	<b>\$ 11,875,000</b>	<b>\$ 365,000</b>	<b>\$ 11,510,000</b>

**City of Pomona**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2005**

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**8. LONG-TERM DEBT, Continued**

**A. Governmental Activities Long-Term Debt, Continued**

**Tax Allocation Bonds, Continued**

1998 Tax Allocation Refunding Bonds, Series X – Original Issuance \$5,055,000

On November 12, 1998, the Agency issued \$5,055,000 1998 Tax Allocation Refunding Bonds, Series X, for the Mountain Meadows Redevelopment Project to refund \$4,360,000 of the loan between the Agency and the Authority related to the Authority’s 1994 Refunding Revenue Bonds, Series N. Interest is payable semiannually on June 1 and December 1 at rates varying from 4.3% to 5.1% per annum. Principal is payable in annual installments ranging from \$95,000 to \$300,000 through December 1, 2013. Term bonds of \$1,000,000 and \$460,000 mature on December 1, 2016 and December 1, 2024, respectively, and are subject to mandatory redemption from a sinking fund account in amounts ranging from \$45,000 to \$350,000, as outlined in the bonds’ official statement. A municipal bond insurance policy has been issued that insures the payment of the principal and interest on the bonds when due. The legal reserve requirement is \$382,018, which the Agency met at June 30, 2005. The outstanding balance of the bonds was \$3,780,000 at June 30, 2005.

The annual debt service requirements outstanding at June 30, 2005 were as follows:

Year Ending June 30,	Principal	Interest	Total
2006	\$ 220,000	\$ 183,310	\$ 403,310
2007	230,000	173,635	403,635
2008	235,000	163,403	398,403
2009	245,000	152,480	397,480
2010	255,000	140,853	395,853
2011-2015	1,450,000	500,434	1,950,434
2016-2020	830,000	149,774	979,774
2021-2025	315,000	44,415	359,415
<b>Total</b>	<b>\$ 3,780,000</b>	<b>\$ 1,508,304</b>	<b>\$ 5,288,304</b>

**City of Pomona**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2005**

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**8. LONG-TERM DEBT, Continued**

**A. Governmental Activities Long-Term Debt, Continued**

**Tax Allocation Bonds, Continued**

1998 Tax Allocation Refunding Bonds, Series Y – Original Issuance \$8,980,000

On November 12, 1998, the Agency issued \$8,980,000 1998 Tax Allocation Refunding Bonds, Series Y, for the West Holt Avenue Redevelopment Project to refund \$7,130,000 of the loan between the Agency and Authority related to the Authority's 1994 Refunding Revenue Bonds, Series N, and to finance certain redevelopment activities within the West Holt Avenue Project Area. Interest on the bonds is payable semiannually on November 1 and May 1 at rates varying from 4.4% to 5.0% per annum. Principal is payable in annual installments ranging from \$115,000 to \$180,000 through May 1, 2011. Terms bonds of \$390,000, \$2,360,000 and \$4,380,000 mature on May 1, 2013, May 1, 2022, and May 1, 2032, respectively, and are subject to mandatory redemption from a sinking fund account in amounts ranging from \$190,000 to \$550,000 as outlined in the bonds' official statements. Bonds maturing on May 1, 2009 through May 1, 2011 are subject to redemption prior to maturity, as a whole or in part, at the option of the Agency on any date on or after May 1, 2008 at redemption prices ranging from 100% to 101% of principal. A municipal bond insurance policy has been issued that insures the payment of the principal and interest on the bonds when due. The legal reserve requirement is \$583,213, which the Agency met at June 30, 2005. The outstanding balance of the bonds was \$8,095,000 at June 30, 2005.

The annual debt service requirements outstanding at June 30, 2005 were as follows:

Year Ending June 30,	Principal	Interest	Total
2006	\$ 145,000	\$ 436,398	\$ 581,398
2007	150,000	430,018	580,018
2008	155,000	423,268	578,268
2009	165,000	416,138	581,138
2010	170,000	408,300	578,300
2011-2015	1,000,000	1,899,055	2,899,055
2016-2020	1,305,000	1,595,810	2,900,810
2021-2025	1,705,000	1,198,803	2,903,803
2026-2030	2,230,000	675,400	2,905,400
2031-2032	1,070,000	89,100	1,159,100
<b>Total</b>	<b>\$ 8,095,000</b>	<b>\$ 7,572,290</b>	<b>\$ 15,667,290</b>

**City of Pomona**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2005**

**8. LONG-TERM DEBT, Continued**

**A. Governmental Activities Long-Term Debt, Continued**

**Pension Obligation Refunding Bond**

	Balance July 1, 2004	Additions	Deletions	Balance June 30, 2005	Due within one year	Due in more than one year
2004 POB, Series AJ	\$ 32,300,000	\$ -	\$ -	\$ 32,300,000	\$ -	\$ 32,300,000
2004 POB, Series AK	-	5,700,000	-	5,700,000	-	5,700,000
<b>Total</b>	<b>\$ 32,300,000</b>	<b>\$ 5,700,000</b>	<b>\$ -</b>	<b>\$ 38,000,000</b>	<b>\$ -</b>	<b>\$ 38,000,000</b>

The City is a member of the California Public Employees' Retirement System (PERS), a public employees' defined benefits retirement program. In 2004 and 2005, the City issued \$32,300,000 and \$5,700,000 in Pension Obligation Bonds, respectively, in order to fund the City's unamortized, unfunded actuarial accrued liability with PERS (see Note 9 for more information on PERS pension plan).

2004 Pension Obligation Refunding Bonds, Series AJ - Original Issuance \$32,300,000

On June 30, 2004, the Authority issued \$32,300,000 Pension Obligation Refunding Bonds, Series AJ to reimburse contributions to the California Public Employees' Retirement System (PERS) for the current fiscal year and the next fiscal year, to pay unamortized, unfunded accrued actuarial liability with respect to pension benefits under the Retirement Law (the Unfunded Liability), to capitalize certain interest on the Bonds and to pay the costs of issuing the Bonds. Interest is payable on January 13th and July 28th, commencing on January 13, 2005, and thereafter on the day following the end of each Auction Period. Interest rates vary and range from 0.36% to 4.81%. At June 30, 2005, future interest payments could not be estimated. Principal on \$32,300,000 of the Pension Obligation Refunding Bonds is payable in annual installments ranging from \$50,000 to \$2,550,000, commencing on July 1, 2006. The Pension Obligation Bonds from Series AJ mature on July 1, 2034.

The annual debt service requirements outstanding at June 30, 2005 were as follows:

Year Ending June 30,	Principal
2006	\$ -
2007	50,000
2008	100,000
2009	150,000
2010	250,000
2011-2015	2,100,000
2016-2020	3,950,000
2021-2025	5,900,000
2026-2030	8,400,000
2031-2035	11,400,000
<b>Total</b>	<b>\$ 32,300,000</b>

**City of Pomona**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2005**

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**8. LONG-TERM DEBT, Continued**

**A. Governmental Activities Long-Term Debt, Continued**

**Pension Obligation Refunding Bond, Continued**

2004 Pension Obligation Refunding Bonds, Series AK – Original Issuance \$5,700,000

On June 30, 2004, the Authority issued \$5,700,000 Pension Obligation Refunding Bonds, Series AK to reimburse contributions to the California Public Employees’ Retirement System (PERS) for the current fiscal year and the next fiscal year, to pay unamortized, unfunded accrued actuarial liability with respect to pension benefits under the Retirement Law (the Unfunded Liability), to capitalize certain interest on the Bonds and to pay the costs of issuing the Bonds. Interest is payable on January 13th and July 28th, commencing on January 13, 2005, and thereafter on the day following the end of each Auction Period. Interest rates vary and range from 0.36% to 4.81%. At June 30, 2005, future interest payments could not be estimated. Principal on \$5,700,000 of the Pension Obligation Refunding Bonds is payable in annual installments ranging from \$50,000 to \$450,000, commencing on July 1, 2007. The Pension Obligation Bonds from Series AK mature on July 1, 2034.

The annual debt service requirements outstanding at June 30, 2005 were as follows:

Year Ending June 30,	Principal
2006	\$ -
2007	-
2008	50,000
2009	50,000
2010	50,000
2011-2015	400,000
2016-2020	700,000
2021-2025	1,000,000
2026-2030	1,500,000
2031-2035	1,950,000
<b>Total</b>	<b>\$ 5,700,000</b>

**City of Pomona**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2005**

**8. LONG-TERM DEBT, Continued**

**A. Governmental Activities Long-Term Debt, Continued**

**Special Assessment Debt with Government Commitment**

Improvement Bonds – Assessment District No. 294 – Original Issuance \$12,453,214

In July 1996, the City issued \$12,453,214 of Refunding Improvement Bonds on behalf of Assessment District No. 294. The proceeds of the refunding bonds were used to refund two of the Assessment District's outstanding bonds that were originally issued to finance public infrastructure improvements within the District. The old refunded debt was without government commitment and was recorded in the Assessment District fund Agency fund type. The new refunding debt is with government commitment and the debt service activity is recorded in the General Debt Service Fund. The bonds bear interest at 7.39% per annum, payable semiannually on March 2 and September 2, commencing on March 2, 1997. The principal matures from 1997 to 2021 in annual installments of \$250,000 to \$1,045,000. The legal reserve requirement was \$622,661. The Special Assessment debt was refunded in fiscal year 2005. The outstanding balance is zero.

**Certificates of Participation**

	Balance July 1, 2004	Additions	Deletions	Balance June 30, 2005	Due within one year	Due in more than one year
1999 Certificates of Participation						
Series AB	\$ 3,140,000	\$ -	\$ (85,000)	\$ 3,055,000	\$ 90,000	\$ 2,965,000
2002 Certificates of Participation						
Series AE	4,700,000	-	(70,000)	4,630,000	75,000	4,555,000
2003 Certificates of Participation						
Series AG	13,670,000	-	(210,000)	13,460,000	220,000	13,240,000
Bond premium	888,034	-	(30,566)	857,468	-	857,468
<b>Total</b>	<b>\$ 22,398,034</b>	<b>\$ -</b>	<b>\$ (395,566)</b>	<b>\$ 22,002,468</b>	<b>\$ 385,000</b>	<b>\$ 21,617,468</b>

**City of Pomona**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2005**

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**8. LONG-TERM DEBT, Continued**

**A. Governmental Activities Long-Term Debt, Continued**

**Certificates of Participation, Continued**

1999 Certificates of Participation, Series AB – Original Issuance \$3,295,000

On July 1, 1999, the Authority issued \$3,295,000 City of Pomona Certificates of Participation, 1999 Series AB, to provide funds to the City to make future advances to the Agency to finance certain redevelopment activities. Term certificates of \$2,340,000 mature on August 1, 2024, with an interest rate of 5.8%. Serial certificates are due in annual installments ranging from \$75,000 to \$245,000, beginning August 1, 2002. The serial certificates bear interest ranging from 4.4% to 5.8% payable semiannually on February 1 and August 1, commencing February 1, 2000.

The annual debt service requirements outstanding at June 30, 2005 were as follows:

Year Ending June 30,	Principal	Interest	Total
2006	\$ 90,000	\$ 171,280	\$ 261,280
2007	90,000	166,735	256,735
2008	95,000	161,970	256,970
2009	100,000	156,850	256,850
2010	105,000	151,365	256,365
2011-2015	635,000	657,675	1,292,675
2016-2020	835,000	446,455	1,281,455
2021-2025	1,105,000	167,475	1,272,475
<b>Total</b>	<b>\$ 3,055,000</b>	<b>\$ 2,079,805</b>	<b>\$ 5,134,805</b>

**City of Pomona**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2005**

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**8. LONG-TERM DEBT, Continued**

**A. Governmental Activities Long-Term Debt, Continued**

**Certificates of Participation, Continued**

2002 Certificates of Participation, Series AE – Original Issuance \$4,700,000

On January 9, 2002, the Authority issued \$4,700,000 City of Pomona Certificates of Participation, 2002 Series AE, to provide funds to the City to make future advances to the Agency to finance certain redevelopment activities. Term certificates of \$1,130,000 and \$2,995,000 mature on October 1, 2019 and October 1, 2032, respectively, with an interest rate of 5.375%. Serial certificates are due in annual installments ranging from \$70,000 to \$95,000, beginning October 1, 2004. The serial certificates bear an interest rate at 5% payable semiannually on October 1 and April 1, commencing October 1, 2002.

The annual debt service requirements outstanding at June 30, 2005 were as follows:

Year Ending June 30,	Principal	Interest	Total
2006	\$ 75,000	\$ 245,094	\$ 320,094
2007	80,000	241,219	321,219
2008	80,000	237,219	317,219
2009	85,000	233,094	318,094
2010	90,000	228,719	318,719
2011-2015	530,000	1,065,953	1,595,953
2016-2020	695,000	902,328	1,597,328
2021-2025	915,000	687,059	1,602,059
2026-2030	1,195,000	405,141	1,600,141
2031-2032	885,000	72,966	957,966
<b>Total</b>	<b>\$ 4,630,000</b>	<b>\$ 4,318,792</b>	<b>\$ 8,948,792</b>

**City of Pomona**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2005**

**8. LONG-TERM DEBT, Continued**

**A. Governmental Activities Long-Term Debt, Continued**

**Certificates of Participation, Continued**

2003 Certificates of Participation, Series AG – Original Issuance \$13,985,000

On July 23, 2003, the Authority issued \$13,985,000 City of Pomona Certificates of Participation, 2003 Series AG, to provide funds to the City to finance certain public improvements, including street improvements throughout the City. The improvements, which are part of the City's capital improvement plan, are expected to commence in December 2003, with an expected completion date of December 2006. Principal payments will be made once a year, commencing December 1, 2003. The bonds are set to mature on June 1, 2034. The Authority realized an original premium of approximately \$918,600 and incurred cost of issuance of approximately \$725,000.

The annual debt service requirements outstanding at June 30, 2005 were as follows:

Year Ending June 30,	Principal	Interest	Total
2006	\$ 220,000	\$ 705,605	\$ 925,605
2007	235,000	693,505	928,505
2008	250,000	680,580	930,580
2009	255,000	673,080	928,080
2010	260,000	665,940	925,940
2011-2015	1,455,000	3,181,310	4,636,310
2016-2020	1,875,000	2,770,625	4,645,625
2021-2025	2,450,000	2,195,325	4,645,325
2026-2030	3,205,000	1,442,650	4,647,650
2031-2034	3,255,000	459,525	3,714,525
<b>Total</b>	<b>\$ 13,460,000</b>	<b>\$ 13,468,145</b>	<b>\$ 26,928,145</b>

The following is a summary of the 2003 bonds unamortized premium outstanding at June 30, 2005:

Balance July 1, 2004	Additions	Deletions	Balance June 30, 2005
\$ 888,034	\$ -	\$ (30,566)	\$ 857,468

**Claims Payable**

The amount of claims payable at June 30, 2005 was \$10,227,135. See Note 11 for details.

**Compensated Absences**

The City's liability for vested and unpaid compensated absences (accrued vacation and sick pay) in the governmental activities has been accrued and amounts to \$6,939,014 at June 30, 2005.

**City of Pomona**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2005**

**8. LONG-TERM DEBT, Continued**

**B. Business-type Activities Long-Term Debt**

**Obligations under Capital Leases**

	Balance July 1, 2004	Additions	Deletions	Adjustments	Balance June 30, 2005	Due within one year	Due in more than one year
Water Utility	\$ 2,747,562	\$ -	\$ (309,873)	\$ (56,560)	\$ 2,381,129	\$ 319,740	\$ 2,061,389
Sewer	229,844	-	(88,757)	(9,489)	131,598	7,070	124,528
Refuse	693,122		(109,246)		583,876	109,904	473,972
<b>Total</b>	<b>\$ 3,670,528</b>	<b>\$ -</b>	<b>\$ (507,876)</b>	<b>\$ (66,049)</b>	<b>\$ 3,096,603</b>	<b>\$ 436,714</b>	<b>\$ 2,659,889</b>

The City entered into an equipment lease-purchase agreement with a leasing company whereby the lessors acquired certain equipment and leased it to the City with an option to purchase. The lease matures from 2004 to 2012. At June 30, 2005, the outstanding balance was \$2,381,129 for Water Utility Fund, \$131,598 for Sewer Fund, and \$583,876 for Refuse Fund.

The annual debt service requirements outstanding at June 30, 2005 were as follows:

Year Ending June 30,	Principal	Interest	Total
2006	\$ 436,714	\$ 102,371	\$ 539,085
2007	451,642	87,442	539,084
2008	467,077	72,008	539,085
2009	454,809	56,049	510,858
2010	441,620	41,012	482,632
2011-2012	844,741	45,194	889,935
<b>Total</b>	<b>\$ 3,096,603</b>	<b>\$ 404,076</b>	<b>\$ 3,500,679</b>

**Revenue Bonds**

	Balance July 1, 2004	Additions	Deletions	Balance June 30, 2005	Due within one year	Due in more than one year
2002 Sewer Refunding Revenue Bonds						
Series AF	\$ 14,620,000	\$ -	\$ (165,000)	\$ 14,455,000	\$ 165,000	\$ 14,290,000
1999 Refunding Revenue Bonds						
Series AA	24,125,000	-	(540,000)	23,585,000	565,000	23,020,000
1999 Refunding Revenue Bonds						
Series AC	26,070,000		(535,000)	25,535,000	560,000	24,975,000
<b>Total</b>	<b>\$ 64,815,000</b>	<b>\$ -</b>	<b>\$ (1,240,000)</b>	<b>\$ 63,575,000</b>	<b>\$ 1,290,000</b>	<b>\$ 62,285,000</b>

**City of Pomona**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2005**

**8. LONG-TERM DEBT, Continued**

**B. Business-type Activities Long-Term Debt, Continued**

**Revenue Bonds, Continued**

2002 Sewer Refunding Revenue Bonds, Series AF – Original Issuance \$15,205,000

On December 1, 2002, the Authority issued \$15,025,000 2002 Sewer Refunding Revenue Bonds, Series AF, for the purpose of making an advance to the City's Sewer Fund for refunding the 1996 Revenue Bonds, Series Q, as well as provide funds to refinance certain sewer obligations of the City of Pomona and to finance certain improvements to the City's sewer enterprise project. Interest is payable on June 1 and December 1 of each year, commencing on December 1, 2002. Interest rates range from 1.3% to 4.2% on serial bonds of \$3.9 million. Principal is payable in annual installments ranging from \$165,000 to \$420,000 through December 2019. Term bonds of \$1,210,000, \$1,075,000, \$2,620,000, \$2,815,000 and \$3,585,000 mature on December 1, 2023, 2026, 2032, 2037, and December 1, 2042, respectively. The legal reserve requirement was \$822,725. The balance held in the reserve account for Series AF as of June 30, 2005 was \$822,875.

This advance refunding has increased the aggregate debt service payments that were required for the Refunded Bonds by approximately \$1.588 million and provided an economic loss (difference between the present value of the new and old debt service payments) of approximately \$1.548 million.

The annual debt service requirements outstanding at June 30, 2005 were as follows:

Year Ending June 30,	Principal	Interest	Total
2006	\$ 165,000	\$ 641,884	\$ 806,884
2007	175,000	638,484	813,484
2008	180,000	634,844	814,844
2009	180,000	630,816	810,816
2010	185,000	626,251	811,251
2011-2015	1,025,000	3,040,261	4,065,261
2016-2020	1,240,000	2,834,578	4,074,578
2021-2025	1,550,000	2,536,000	4,086,000
2026-2030	1,960,000	2,141,800	4,101,800
2031-2035	2,440,000	1,644,338	4,084,338
2036-2040	3,100,000	966,250	4,066,250
2041-2043	2,255,000	172,875	2,427,875
<b>Total</b>	<b>\$ 14,455,000</b>	<b>\$ 16,508,381</b>	<b>\$ 30,963,381</b>

**City of Pomona**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2005**

**8. LONG-TERM DEBT, Continued**

**B. Business-type Activities Long-Term Debt, Continued**

**Revenue Bonds, Continued**

1999 Refunding Revenue Bonds, Series AA – Original Issuance \$26,555,000

On May 12, 1999, the Authority issued \$26,555,000 1999 Refunding Revenue Bonds, Series AA, for the purpose of making an advance to the City for refunding the 1992 Revenue Bonds, Series A, in aggregate principal amount of \$6,915,000, as well as to provide financing for construction of certain water system improvements and related facilities located within the City. Interest on the bonds is payable semiannually on each May 1 and November 1, commencing November 1, 1999. The rate of interest ranges from 3.3% to 5% per annum. Principal is payable in annual installments ranging from \$455,000 to \$780,000, beginning May 1, 2000. Term bonds of \$4,515,000 and \$13,100,000 mature on May 1, 2019 and May 1, 2029, respectively, and are subject to mandatory redemption from a sinking fund account in amounts ranging from \$815,000 to \$1,615,000, as outlined in the bond's official statement. Bonds maturing after May 1, 2009 are subject to redemption prior to maturity as a whole or in part, at the option of the Authority, on any date on or after May 1, 2009 at redemption prices ranging from 100% to 101% of principal. Financial Security Assurance, Inc. has issued a municipal bond insurance policy that insures the payment of the principal and interest on the bonds when due. The legal reserve requirement is \$1,700,000. The balance held in the reserve account for Series AA as of June 30, 2005 was \$1,700,000.

The annual debt service requirements outstanding at June 30, 2005 were as follows:

Year Ending June 30,	Principal	Interest	Total
2006	\$ 565,000	\$ 1,134,178	\$ 1,699,178
2007	585,000	1,112,708	1,697,708
2008	605,000	1,089,893	1,694,893
2009	630,000	1,065,693	1,695,693
2010	660,000	1,039,863	1,699,863
2011-2015	3,740,000	4,742,395	8,482,395
2016-2020	4,740,000	3,748,750	8,488,750
2021-2025	6,045,000	2,439,750	8,484,750
2026-2029	6,015,000	770,250	6,785,250
<b>Total</b>	<b>\$ 23,585,000</b>	<b>\$ 17,143,480</b>	<b>\$ 40,728,480</b>

**City of Pomona**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2005**

**8. LONG-TERM DEBT, Continued**

**B. Business-type Activities Long-Term Debt, Continued**

**Revenue Bonds, Continued**

1999 Revenue Bonds, Series AC – Original Issuance \$27,615,000

On September 1, 1999, the Authority issued \$27,615,000 1999 Revenue Bonds, Series AC, for the purpose of making an advance to the City of Pomona for the construction of certain water system improvements within the City. Interest on the bonds is payable semiannually on each May 1 and November 1, commencing November 1, 1999. The rate of interest ranges from 4% to 5.25% per annum. Principal is payable in annual installments ranging from \$330,000 to \$1,830,000, beginning May 1, 2001. Term bonds of \$4,835,000 and \$14,565,000 mature on May 1, 2019 and 2029, respectively, and are subject to mandatory redemption from a sinking fund account in amounts ranging from \$865,000 to \$1,830,000, as outlined in the bond’s official statement. Bonds maturing after May 1, 2010 are subject to redemption prior to maturity as a whole or in part, at the option of the Authority, on any date on or after May 1, 2009 at redemption prices ranging from 100% to 101% of principal. Financial Security Assurance, Inc. has issued a municipal bond insurance policy that insures the payment of the principal and interest on the bonds when due. The legal reserve requirement is \$1,935,368. The balance held in the reserve account for Series AC as of June 30, 2005 was \$1,986,566.

The annual debt service requirements outstanding at June 30, 2005 were as follows:

Year Ending June 30,	Principal	Interest	Total
2006	\$ 560,000	\$ 1,374,555	\$ 1,934,555
2007	585,000	1,348,655	1,933,655
2008	610,000	1,320,868	1,930,868
2009	645,000	1,290,368	1,935,368
2010	675,000	1,258,117	1,933,117
2011-2015	3,925,000	5,741,420	9,666,420
2016-2020	5,100,000	4,565,825	9,665,825
2021-2025	6,665,000	3,000,525	9,665,525
2026-2029	6,770,000	955,625	7,725,625
<b>Total</b>	<u>\$ 25,535,000</u>	<u>\$ 20,855,958</u>	<u>\$ 46,390,958</u>

**Compensated Absences**

In proprietary funds, the liability for vested and unpaid compensated absences (accrued vacation and sick pay) is reported in the fund as the benefits vest and are earned. The compensated absences accrued in the proprietary funds amounted to \$952,821 at June 30, 2005.

**City of Pomona**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2005**

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**8. LONG-TERM DEBT, Continued**

*C. Non-City Obligations*

**Special Assessment Bonds**

As of June 30, 2005, the City had one series of Assessment District Bonds (AD No. 297) outstanding in the amount of \$605,000. Bonds issued for improvements in certain special assessment districts in accordance with the provisions of the Municipal Improvement Acts of 1911, 1913, and 1915 are liabilities of the property owners and are secured by liens against the assessed property. The City Treasurer acts as an agent for the property owners in collecting the assessments, forwarding the collections to bondholders and imitating foreclosure proceeding, if applicable. Since this debt does not constitute an obligation of the City, it is not reflected as long-term debt in the accompanying basic financial statements.

**Mortgage Revenue Bonds**

Single family and multifamily housing revenue bonds are issued to provide construction and permanent financing to developers of multifamily residential rental projects located in the City to be partially occupied by persons of low and moderate income. The total amount of mortgage revenue bonds outstanding as of June 30, 2005 is \$16,400,000. These bonds are secured by first trust deeds and private mortgage insurance. The bonds, together with interest thereon, are limited obligations of the City payable solely from bond proceeds, revenues and other amounts derived solely from home mortgage and developer loans secured by first deeds of trust, irrevocable letters of credit and irrevocable surety bonds.

Accordingly, since this debt does not constitute an obligation of the City, it is not reflected as long-term debt in the accompanying basic financial statements.

*D. Defeasance of Debt*

The City issued new debt to defease, or partially defease, existing debt. A summary of the transaction is as follows:

- In February 2005, the City issued \$11,370,000 in 2005 Revenue Bonds to refund the Improvement Bonds, Assessment District No. 294 Tax Allocation Refunding Bonds. The amount of the total outstanding principal refunded was \$9,525,000. A summary of the sources and uses of funds, cash flow and economic gain are as follows:

**City of Pomona**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2005**

**8. LONG-TERM DEBT, Continued**

*D. Defeasance of Debt, Continued*

**Sources and Uses of Funds:**

**Sources of Funds:**

Par amount of 2005 Bonds	\$ 11,370,000
Underwriter's discount	(35,363)
Amounts relating to prior obligations	1,004,205
Net original issue discount	(127,586)
Amounts contributed from district bonds	494,064
<b>Total Sources of Funds</b>	<b>\$ 12,705,320</b>

**Uses of Funds:**

Purchase of district bonds	\$ 10,504,972
Deposit to reserve account	1,004,205
Deposit to improvement fund	702,079
Cost of issuance	494,064
<b>Total Uses of Funds</b>	<b>\$ 12,705,320</b>

**Cash Flows:**

Debt Service AD No. 294	Debt Service 2005 Revenue Series AL	Reduction (Increase) of Debt Service	Present Value of Reduction (Increase) of Debt Service @ 4.8%
\$ 16,537,130	\$ 16,524,313	\$ 12,817	\$ 9,499

**Economic Gain:**

Present Value of Reduction (Increase) of Debt Service	\$ 9,499
Less refunding funds on hand	(257,032)
Plus new proceeds generated	702,079
<b>Net Present Value of Economic Gain</b>	<b>\$ 454,546</b>

**9. RETIREMENT PLANS**

**Pension Plan**

Plan Description

The City contributes to the California Public Employees Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by State statute and City ordinance. Copies of PERS' annual financial report may be obtained from their Executive Office located at 400 P Street, Sacramento, California 95814.

**City of Pomona**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2005**

**9. RETIREMENT PLANS, Continued**

**Pension Plan, Continued**

Funding Policy

Active plan members are required by State statute to contribute 7% for miscellaneous and 8.7% for safety employees of their annual covered salary. The City employer makes the contributions required of City employees on their behalf and for their account, which amounted to \$1,882,292 for miscellaneous employees and \$1,210,469 for safety employees for the year ended June 30, 2005. The City employer is required to contribute for fiscal year 2005-2006 at an actuarially determined rate of 11.412% and 24.583% of annual covered payroll for miscellaneous and safety employees, respectively. Separately funded plans have been established for each employee group. Benefit provisions and all other requirements are established by State statute and City contracts with employee bargaining groups. The contribution requirements of plan members and the City are established by PERS.

Annual Pension Cost

For fiscal year 2004-2005, the City's annual pension cost of \$1,882,292 for miscellaneous employees and \$1,210,469 for safety employees for PERS was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2004, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses), (b) projected annual salary increases range from 3.25% to 14.45% for miscellaneous and 3.25% to 13.15% for safety employees, and (c) 2% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 3%. The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three-year period. PERS unfunded actuarial accrued liability (or surplus) is being amortized as a level percentage of projected payroll on a closed basis. The amortization period at June 30, 2004, was 30 years for both miscellaneous and safety employees.

**CITY OF POMONA**  
**EMPLOYEE'S RETIREMENT PLAN**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS (Miscellaneous)**

Year ended June 30	Annual Required Contribution (ARC)	Actual Contribution	Percentage of Annual ARC Contributed
2003	\$ -	\$ -	100%
2004	-	-	100%
2005	1,882,292	1,882,292	100%

**City of Pomona**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2005**

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**9. RETIREMENT PLANS, Continued**

**Pension Plan, Continued**

**CITY OF POMONA**  
**EMPLOYEE'S RETIREMENT PLAN**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS (Safety)**

Year ended June 30	Annual Required Contribution (ARC)	Actual Contribution	Percentage of Annual ARC Contributed
2003	\$ -	\$ -	100%
2004	2,355,014	30,077,524	1277%
2005	1,210,469	1,210,469	100%

The City contribution in 2004 included \$27,722,510 from the proceeds of the Pension Obligation Bonds. (See Note 8)

**10. JOINT POWERS AGREEMENTS**

**Pomona-Walnut-Rowland (PWR) Joint Water Line Commission**

The City participates in the Pomona-Walnut-Rowland (PWR) Joint Water Line Commission (the Commission) joint venture, which provides for the acquisition, construction, maintenance, repair and operation of a water transmission pipeline for the benefit of member agencies. The Pomona-Walnut-Rowland Joint Water Line Commission's governing board is comprised of an appointed representative from each of three member agencies - the City, Walnut Valley Water, and Rowland Water District.

The cost of providing water to the member agencies is financed through the user charges. The Commission purchases water for resale to the member agencies at a price sufficient to provide reserve funds for emergencies. In addition, the member agencies are billed for the costs of maintenance and operation of the pipeline. The City paid the joint venture \$2,864,972 during the year ended June 30, 2005. Assets are divided based on the proportionate equity share at the time the joint venture dissolves. The City's share in the equity of the Commission at June 30, 2005 was \$580,209.

**City of Pomona**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2005**

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**10. JOINT POWERS AGREEMENTS, Continued**

**Pomona-Walnut-Rowland (PWR) Joint Water Line Commission, Continued**

As of June 30, 2005, the three participants had the following approximate ownership equity interest:

Member	Percentages	Agreement Balance
City of Pomona	28%	\$ 580,209
Walnut Valley Water	43%	891,035
Rowland Water District	28%	580,209
Unallocated	1%	20,722
Total	<u>100%</u>	<u>\$ 2,072,175</u>

The Commission's financial statements for the fiscal year ended June 30, 2005 (the latest available) reflect the implementation of GASB 34 and include the following:

Total assets	\$ 4,459,286
Total liabilities	<u>2,387,111</u>
Net assets	<u>\$ 2,072,175</u>

The Commission does not recognize income or loss. Net operating expenditures in excess of users' assessments are treated as accounts receivable on the Commission's books and charged to each user account in the following year. Conversely, user' assessments in excess of net operating expenditures are treated as a liability and credited against each user account, also in the following year. Under this basis, net operating expenses for the Commission totaled \$14,103,932 compared to net operating revenues of \$14,091,435 in fiscal year 2005. Complete financial statements can be obtained from the Pomona-Walnut-Rowland Joint Water Line Commission, P.O. Box 508, Walnut, CA 91789.

**City of Pomona**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2005**

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**10. JOINT POWERS AGREEMENTS, Continued**

**Gold Line Phase II Construction Authority**

The City participates in the Gold Line Phase II Construction Authority (GLCA) joint venture, which became effective September 3, 2003. The GLCA oversees the planning, funding, designing and construction contracts for the completion of the Los Angeles-Pasadena Metro Blue Line light rail project. The GLCA's governing Board is comprised of an appointed representative from each of the affected cities and agencies, including the cities of Azusa, Claremont, Duarte, Glendora, Arcadia, La Verne, Los Angeles, Irwindale, Pomona, San Dimas, Monrovia, Pasadena, and South Pasadena, the San Bernardino Associated Governments (SANBAG) and the Blue Line Construction Authority. Los Angeles County Metropolitan Transportation Agency (LACMTA) will have the responsibility to operate and maintain the rail after its completion. Members will be paid for attending meetings, not to exceed \$1,800 per year, per member, plus direct expenses. Members are not allowed to withdraw from the GLCA and each member is required to pay \$31,445 in annual dues (first payments were due October 1, 2003) and each member will be held liable for their share of operating costs.

The City paid the joint venture \$31,445 during the year ended June 30, 2005. Assets are divided based on the proportionate equity share at the time the joint venture dissolves, which is currently not significant to the City.

**Pomona Valley Transportation Authority**

The City is a member of the Pomona Valley Transportation Authority (Pomona Authority). The Pomona Authority is comprised of four cities and is organized under a Joint Powers Agreement pursuant to the California Government Code. The purpose of the Pomona Authority is to study, implement and provide for public transportation that will best serve transit-dependent persons, including handicapped and senior adults residing in the Pomona Valley.

Each member city has two representatives on the Board of Directors. Officers of the Pomona Authority are elected annually by the Board of Directors.

The City does not have an equity interest in the Pomona Authority. However, the City does have an ongoing financial interest. The City is able to influence the operations of the Pomona Authority. As a result, the Pomona Authority uses its resources on behalf of the City. Also, an ongoing financial responsibility exists as the Pomona Authority is dependent on continued funding from the City.

**City of Pomona**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2005**

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**10. JOINT POWERS AGREEMENTS, Continued**

**Pomona Valley Transportation Authority, Continued**

Below are the most currently available condensed audited financial statements of the Pomona Authority as of June 30, 2005. Separate financial statements of the Pomona Authority are available from its offices located in La Verne, California.

	<u>Total</u>
Assets	\$ 3,217,526
Liabilities	\$ 1,271,586
Contributed capital	783,664
Retained earnings	<u>1,162,276</u>
Total liabilities and fund equity	<u>\$ 3,217,526</u>
Operating revenues	\$ 378,559
Operating expenses	<u>355,773</u>
Operating (income)	22,786
Non-operating revenue	<u>-</u>
Net income	22,786
Retained earnings - July 1, 2004	<u>1,139,490</u>
<b>Retained earnings - June 30, 2005</b>	<u>\$ 1,162,276</u>

**Tri City Mental Health Center**

The City is a member of the Tri City Mental Health Center (Center). The Center is a jointly governed organization comprised of three cities and is organized under a Joint Powers Agreement pursuant to the California Government Code. The purpose of the Center is to develop mental health services and facilities to serve persons residing in the three member cities.

The Board of Directors has five members, three from the City of Pomona, one from the City of Claremont and one from the City of La Verne.

**City of Pomona**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2005**

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**10. JOINT POWERS AGREEMENTS, Continued**

**Tri City Mental Health Center, Continued**

Below are the most currently available condensed audited financial statements of the Center as of June 30, 2005. Separate financial statements of the Center are available from its offices located in Pomona, California.

	<u>Total</u>
Assets	\$ 9,463,903
Liabilities	\$ 22,015,960
Fund equity	<u>(13,110,212)</u>
Total liabilities and fund equity	<u>\$ 8,905,748</u>
Revenues	\$ 2,433,933
Expenses	<u>5,451,213</u>
Operating income	(3,017,280)
Nonoperating revenue (expenses)	<u>3,380,859</u>
Net income	363,579
Retained earnings - July 1, 2004	<u>(12,915,636)</u>
<b>Retained earnings - June 30, 2005</b>	<u>\$ (12,552,057)</u>

**11. RISK MANAGEMENT**

The City is exposed to various risks of loss related to its operations, including losses associated with errors and omissions and injuries to employees and members of the public. The City maintains self-insurance programs for unemployment insurance, workers' compensation and general liability. The City uses the Self-Insurance Fund (internal service fund) to account for and finance its uninsured risk of loss. All funds of the City make payments based on estimates of the amounts needed to pay prior and current year claims. The City is a member of the California Joint Power Risk Management Association (CJPRMA). Through CJPRMA, the City has a program limit of \$25 million dollars with a self-insured retention of \$500,000. The City purchases an excess workers' compensation policy through Continental Casualty, with a self-insured retention of \$1 million dollars and policy limits of \$25 million dollars.

CJPRMA is a governmental joint powers authority created by certain California cities and other joint powers authorities to provide a pooled approach to the members' liability coverage as allowed under the California Government Code. The authority manages four types of pooled coverage programs for participating members.

As of June 30, 2005, claims payable amounted to \$10,227,135.

**City of Pomona**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2005**

**11. RISK MANAGEMENT, Continued**

The estimated claims payable reported at June 30, 2005 is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Changes in the estimated claims payable amounts in fiscal years 2003, 2004, and 2005 for the internal service funds were as follows:

	Claims Payable			
	Beginning Balance	Expenses and Changes in Estimates	Claims Payments	Ending Balance
Self Insurance Fund:				
2002-2003	\$ 6,333,885	\$ 10,291,164	\$ 5,912,665	\$ 10,712,384
2003-2004	10,712,384	3,980,701	4,736,347	9,956,738
2004-2005	9,956,738	8,351,227	8,080,830	10,227,135

No significant reduction in insurance coverage occurred during the last three fiscal years ended June 30. In addition, the City did not incur any claim settlements in excess of its insurance coverage during the past three fiscal years ended June 30, except for the \$2.2 million settlement agreement regarding the commercial development matter discussed in Note 13.

**12. POST EMPLOYMENT BENEFITS**

Approximately 394 employees are eligible to receive post-employment benefits at June 30, 2005. Retirees are eligible for a retiree collateral benefit if they retire after July 1, 1987 with at least 20 years of service with the City for general service employees and 22 years of service for public safety employees. This monthly retiree benefit terminates when the affected retiree becomes eligible for Medicare insurance at age 65. An additional benefit provides funding for a portion of health insurance premiums. These premiums are paid directly to the health insurance provider and do not terminate until the retiree is deceased. The City finances these post-employment benefits on a pay-as-you-go basis by recognizing expenditures based on its share of the annual premiums for these benefits as they become due. For the fiscal year ended June 30, 2005, \$1,560,111 of post-employment benefit expenditures were recognized.

**City of Pomona**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2005**

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**13. COMMITMENTS AND CONTINGENCIES**

*Agreement to sell land*

On November 22, 2000, the Agency entered into a Developer Disposition Agreement (DDA) with PUSD in which the Agency agreed to sell to PUSD certain vacant land from its Land Held for Resale stock, for the purpose of PUSD constructing a new school facility. For consideration of the land, PUSD agreed to a down payment of \$295,000 (which was paid in August 2001), a payment at the close of escrow for \$1,705,000 and an installment payment plan in the amount of \$3,295,000 at 6.443% interest over a period of 22 years. The land held for resale has a cost basis of \$4,174,270.

The Agency and PUSD decided on February 15, 2001 to enter into a lease agreement to extend the time period within which the property would be sold. The lease agreement is for a period of three years, at which time escrow was expected to close. The lease agreement calls for the same terms as the DDA (i.e., \$295,000 up front and the installment payment plan in the amount of \$3,295,000). The \$1,705,000 one-time payment will be due when escrow closes at the end of the three-year lease. During the three-year term of the lease, the Agency has given PUSD the authority to improve the site and construct a new school facility. PUSD is responsible for the cost of all improvements to the property, the utilities on the property, obtaining bodily injury and property damage insurance with a combined single limit of at least \$1 million per occurrence, and for any personal property taxes that may be assessed. The Agency waives any lien rights concerning the improvements and school facilities that are deemed PUSD's personal property. In addition, the Agency disclaims any interest in the improvements and school facilities and agrees the improvements are exempt from execution, foreclosure, sale, levy, attachment or distress for any rent due, and that the improvements may be removed at any time without recourse.

The City collects the lease payments from PUSD and will reduce the amount the Agency owes the City by the amount received from PUSD.

As a result, in accordance with the lease agreement, all monies paid by PUSD will be refunded to PUSD if the transfer does not occur. Accordingly, all monies received under the lease agreement and prior to the transfer of title to PUSD will be included in deferred revenue.

*Agreement for allocation of tax increment funds*

On December 5, 1988, the Agency entered into an agreement with the County of Los Angeles whereby the County has agreed to provide sufficient allocation of tax increment to allow the Agency to meet its debt service agreements on debt it has incurred in connection with the Southwest Pomona Project Area. Beginning in fiscal year 1988-89 and thereafter for the life of the project, the County will provide a grant to the Agency for any "deficiencies" of tax increment revenues allocated to the Agency as described in the agreement. In accordance with the agreement, during the fiscal year 2005, the Agency received a grant in the amount of \$3,030,300.

**City of Pomona**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2005**

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**13. COMMITMENTS AND CONTINGENCIES, Continued**

*Agency participation agreement*

The Agency entered into a participation agreement dated April 1, 1989 with the Los Angeles County Fair Association whereby the Agency has agreed to provide financial assistance to the Association. The participation agreement was amended on April 15, 1994, which resulted in the Agency assuming an obligation of \$2,834,485, which includes interest at 10% per annum. The Agency has pledged tax increment as the source of repayment.

*Agency participation agreement*

On April 5, 2004, the City entered into a reclaimed water agreement with the Los Angeles County Sanitation District (LACSD). The agreement is for 20 years, beginning on July 1, 2003, and requires the City to sell its interest in the Northside Recycled Water Line, a 20" non-reinforced concrete gravity reclaimed water pipeline to the LACSD for \$441,730. The City will receive discounted rates on water during the first 12 years of the agreement with an estimated value of \$2,800,000.

*Ground lease and option to purchase agreement*

In September 2003, the City entered into a ground lease and option to purchase agreement for 9.4 acres of undeveloped land located at the northwest corner of East End Avenue and 9<sup>th</sup> Street. The agreement is for 10 years, beginning July 1, 2003, and requires the City to pay monthly rent of \$14,500 with the right to exercise its option to purchase the property for \$4,130,293 one year prior to the expiration date of the lease or during the ninth year of the lease.

*Commercial development*

The City and the Agency are defendants in separate legal actions related to the same matter. The matter involves imperfed legal title on property sold by the Agency to various third parties, whereby the third parties sought monetary relief. In the case against the Agency, the plaintiff is alleging breach of contract, wrongful disclosure, fraud, inverse condemnation and defamation. In the City's matter, the plaintiff is alleging breach of indemnity agreement.

One of the litigations filed against the Agency, which began in May 1996, was settled through mediation on June 4, 2004. Under the terms of the Memorandum of Understanding (MOU), the Agency was required to pay the plaintiff's bankruptcy trustee \$2,200,000 as follows: \$1.6 million by August 1, 2004, \$250,000 by January 15, 2005, \$250,000 by July 15, 2005, and \$100,000 by January 1, 2006.

On January 10, 2005, the second plaintiff withdrew all causes of action that were triable by a jury and elected to pursue one remaining cause of action for wrongful quiet title against the Agency to be tried by a judge. Management cannot predict whether it will prevail on this matter or estimate the risk of monetary loss if the plaintiff does prevail; however, the Agency feels that an unfavorable verdict could result in payments by the Agency of up to \$10,000,000.

**City of Pomona**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2005**

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**13. COMMITMENTS AND CONTINGENCIES, Continued**

*Commercial development, Continued*

Approximately \$350,000 has been accrued for all the above matters in the self-insurance fund in the City's financial statements at June 30, 2005. As of June 30, 2005, the City has \$10,227,135 accrued for all other potential claims payable, in the self-insurance fund.

*Environmental remediation*

The City is under orders from the Regional Water Quality Control Board to clean up a site within City limits. At this time, the City has spent a minimal amount investigating the cause and extent to which the cleanup will need to take place. The City believes that it will not be held financially responsible, but it is too early to tell what amount, if any, the City will need to spend in cleaning up the site.

In addition, the City is a defendant in certain other legal actions arising in the normal course of operations. In the opinion of management and legal counsel, any liability resulting from these actions will not result in a material adverse effect on the City's financial position.

The following schedule summarizes the major contractual commitments of the City as of June 30, 2005:

**Major Commitments and Contracts for Professional Services:**

David Evans & Associates, Inc.	\$ 270,937
Corollo Engineers	460,200
<b>Total major professional services</b>	<u>731,137</u>

**Major Commitments and Contracts for Capital Projects:**

Inland Asphalt and Coatings	616,330
<b>Total major capital projects</b>	<u>616,330</u>
<b>Total commitments and contracts</b>	<u>\$ 1,347,467</u>

**City of Pomona**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2005**

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**14. REDEVELOPMENT AGENCY'S FINANCIAL CONDITION**

At June 30, 2005, the Agency had a deficit fund balance of \$56,733,283 on the fund financial statements an increase of \$5,929,205 over 2004 and had a deficit unrestricted net assets of \$190,872,292 on the government-wide financial statements.

Looking forward to fiscal 2006, management estimates that the Redevelopment Agency will have sufficient resources to fund current debt service obligations along with operating costs. However, with a significant increase in debt service planned for fiscal year 2007, estimated at \$3.5 million, management estimates that the Agency may not have sufficient resources to operate the Agency at its current level. In anticipation of possible operational reductions, the Agency Board authorized the refinancing of certain Agency debt to smooth payment levels over the next five years. With a successful refunding, it is anticipated that the Agency operations will continue at current levels for at least five years. At that time, revenues are anticipated to have increased to sufficient levels necessary for operations. Regardless of refunding, tax increment revenue is sufficient to cover all debt service requirements as currently obligated at all times.

**15. NET ASSETS AND FUND BALANCE DEFICITS**

**Government-Wide Financial Statements**

The unrestricted net assets had a deficit balance of \$(198,410,765) for governmental activities at June 30, 2005 because long-term debt is in excess of assets owned by the City. In accordance with GASB Statement No. 34, the City has elected to defer recording and reporting of its major general infrastructure assets acquired prior to fiscal year 2001-2002. The deficit will be recovered when the City records and reports its major general infrastructure assets acquired prior to fiscal year 2001-2002 by the fiscal year ended June 30, 2006.

**Fund Financial Statements**

At June 30, 2005, the following funds had net assets or fund balance deficits:

Fund	Fund Type	Deficit
Redevelopment Agency Debt Service Fund	Major Governmental Fund	\$ (141,787,116)
Capital Outlay	Non-Major Governmental - Capital Projects	(6,160,575)
Self-Insurance	Governmental Activities - Internal Service	(15,391,255)

**City of Pomona**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2005**

**16. PRIOR PERIOD ADJUSTMENT**

During the fiscal year 2005, the City recorded the following prior period adjustments to record capital assets not captured in prior year and to reclassify capital lease between governmental activities and business-type activities

**Government-Wide Financial Statements**

	Net Assets as Previously Reported	Capital Assets	Capital Leases	Canon Water Company	Net Assets as Restated
Governmental Activities:					
Net assets	\$ 49,303,658	\$ 436,302	\$ (66,049)	\$ -	\$ 49,673,911
<b>Total government-wide activities</b>	<b>\$ 49,303,658</b>	<b>\$ 436,302</b>	<b>\$ (66,049)</b>	<b>\$ -</b>	<b>\$ 49,673,911</b>
Business-type Activities:					
Net assets	\$ 83,270,882	\$ 1,296,648	\$ -	\$ 91,857	\$ 84,659,387
<b>Total business-type activities</b>	<b>\$ 83,270,882</b>	<b>\$ 1,296,648</b>	<b>\$ -</b>	<b>\$ 91,857</b>	<b>\$ 84,659,387</b>

**Fund Financial Statements**

<b>Proprietary Fund Type</b>	Net Assets as Previously Reported	Prior Period Adjustments	Net Assets as Restated
Enterprise funds:			
Water Fund	\$ 52,007,283	\$ 1,666,307	\$ 53,673,590
Sewer Fund	26,607,830	(369,659)	26,238,171
Canon Water Company	-	91,857	91,857
<b>Total enterprise funds</b>	<b>\$ 78,615,113</b>	<b>\$ 1,388,505</b>	<b>\$ 80,003,618</b>
Internal service funds:			
Equipment Maintenance Fund	\$ 467,693	\$ (21,304)	\$ 446,389
<b>Total internal service funds</b>	<b>\$ 467,693</b>	<b>\$ (21,304)</b>	<b>\$ 446,389</b>

**17. SUBSEQUENT EVENTS**

On October 1, 2005, the City issued \$19,910,000 2005 Lease Revenue Bonds, Series 2005 AN and \$4,385,000 2005 Taxable Lease Revenue Bonds, Series AP to refinance certain obligations of the City in connection with the 1995 Lease Revenue Bonds, Series P, to finance certain public improvements of the City, and to pay the costs of issuing the Bonds. Interest is payable on October 1 and April 1 of each year, beginning in October 1, 2005.

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# REQUIRED SUPPLEMENTARY INFORMATION

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**City of Pomona**  
**Required Supplementary Information**  
**For the year ended June 30, 2005**

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**1. BUDGETARY INFORMATION**

Annual budgets are adopted on a basis consistent with GAAP for all governmental funds, except that encumbrances are shown in the year incurred for budgetary purposes. All annual appropriations lapse at fiscal year end.

On or before the last day in January of each year, all operational units submit requests for appropriations to the City’s manager for budget preparation purposes. Before April 30, the proposed budget is presented to the City Council for review. The City Council holds public hearings and a final budget must be prepared and adopted no later than June 30.

The appropriated budget is prepared by fund, function, and department. The City’s department heads, with approval of the finance director and City Manager, may make transfers of appropriations within a department and between departments within a fund. The legal level of budgetary control (i.e. the level at which expenditures may not legally exceed appropriations) is the fund level. The City Council made several supplemental budgetary appropriations throughout the year. The supplementary budgetary appropriations made in the various governmental funds are not detailed in the required supplementary information.

Encumbrance accounting is employed in the governmental funds. Encumbrances (e.g. purchase orders, contracts) outstanding at year end are reported as reservations of fund balance and do not constitute liabilities.

The following schedule is a reconciliation of the budgetary and GAAP fund balances:

	General Fund	Low & Moderate Housing Fund
Fund balances - budgetary basis	\$ 16,205,526	\$ 19,698,354
Outstanding encumbrances	(614,905)	(26,091)
<b>Fund balances - GAAP basis</b>	<b>\$ 16,820,431</b>	<b>\$ 19,724,445</b>

**City of Pomona**  
**Required Supplementary Information, Continued**  
**For the year ended June 30, 2005**

**1. BUDGETARY INFORMATION, Continued**

Following are the budget comparison schedules for the General Fund and all major special revenue funds.

Budget Comparison Schedule (Budgetary Basis), General Fund

	Budgeted Amounts		Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
<b>Fund balance (budgetary basis), July 1, 2004</b>	<u>\$ 10,263,908</u>	<u>\$ 10,263,908</u>	<u>\$ 10,263,908</u>	<u>\$ -</u>
Resources (inflows):				
Taxes	51,630,152	56,493,152	59,254,654	2,761,502
Intergovernmental	5,252,000	442,899	1,920,303	1,477,404
Charges for services	1,287,116	1,300,116	1,440,071	139,955
Fine and forfeitures	1,664,300	1,826,300	1,872,579	46,279
License and permits	7,481,636	7,758,582	8,017,103	258,521
Use of money and property	554,120	480,620	511,459	30,839
Other revenues	409,600	411,600	2,835,732	2,424,132
Proceeds from sale of capital assets	-	-	40,385	40,385
Transfers from other funds	3,124,829	8,587,041	9,132,644	545,603
Total resources	<u>71,403,753</u>	<u>77,300,310</u>	<u>85,024,930</u>	<u>7,724,620</u>
Amount available for appropriation	<u>81,667,661</u>	<u>87,564,218</u>	<u>95,288,838</u>	<u>7,724,620</u>
Charges to appropriations (outflows):				
General government	2,890,142	3,137,221	4,266,216	(1,128,995)
Public safety	50,597,021	55,246,693	53,924,725	1,321,968
Urban development	8,493,971	9,111,727	8,879,826	231,901
Community services	8,731,287	8,940,963	8,328,633	612,330
Capital outlay	-	64,427	53,534	10,893
Debt service:				
Principal retirement	-	-	1,025,660	(1,025,660)
Interest and fiscal charges	-	-	116,111	(116,111)
Transfers to other funds	1,089,815	1,090,561	2,488,607	(1,398,046)
Total charges to appropriations	<u>71,802,236</u>	<u>77,591,592</u>	<u>79,083,312</u>	<u>(1,491,720)</u>
Excess of resources over (under) charges to appropriations				
	<u>(398,483)</u>	<u>(291,282)</u>	<u>5,941,618</u>	<u>6,232,900</u>
<b>Fund balance (budgetary basis), June 30, 2005</b>	<u>\$ 9,865,425</u>	<u>\$ 9,972,626</u>	<u>\$ 16,205,526</u>	<u>\$ 6,232,900</u>

**City of Pomona**  
**Required Supplementary Information, Continued**  
**For the year ended June 30, 2005**

**1. BUDGETARY INFORMATION, Continued**

*Budget Comparison Schedule (Budgetary Basis), Low and Moderate Income Housing Special Revenue Fund*

	Budgeted Amounts		Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
<b>Fund balance (budgetary basis), July 1, 2004</b>	\$ 19,471,022	\$ 19,471,022	\$ 19,471,022	\$ -
Resources (inflows):				
Intergovernmental	500,000	500,000	380,285	(119,715)
Licenses and permits	660,280	660,280	1,412,752	752,472
Loan repaid	590,244	590,244	546,670	(43,574)
Other	-	-	-	-
Proceeds from loans and notes	-	-	-	-
Miscellaneous	182,000	182,000	83,362	(98,638)
Transfers in	3,813,019	3,813,014	4,284,436	471,422
Total resources	5,745,543	5,745,538	6,707,505	961,967
Amount available for appropriation	25,216,565	25,216,560	26,178,527	961,967
Charges to appropriations (outflows):				
Urban development	4,643,135	4,643,135	4,611,283	31,852
Capital outlay	1,314,313	1,314,313	-	1,314,313
Debt Service:	-	-	-	-
Principal retirement	-	-	9,627	(9,627)
Interest and fiscal charges	70,000	70,000	4,612	65,388
Transfers out	1,849,694	1,849,694	1,854,651	(4,957)
Total charges to appropriations	7,877,142	7,877,142	6,480,173	1,396,969
Excess of resources over (under) charges to appropriations	(2,131,599)	(2,131,604)	227,332	2,358,936
<b>Fund balance (budgetary basis), June 30, 2005</b>	\$ 17,339,423	\$ 17,339,418	\$ 19,698,354	\$ 2,358,936

**City of Pomona**  
**Required Supplementary Information, Continued**  
**For the year ended June 30, 2005**

**PUBLIC EMPLOYEE RETIREMENT SYSTEMS (PERS)**  
**SCHEDULE OF FUNDING PROGRESS**

Safety Employees

Actuarial Valuation Date	Actuarial Asset Value	Entry Age Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	(Unfunded) Actuarial Liability as Percentage of Covered Payroll
6/30/2002	\$ 159,934,717	\$ 180,777,071	\$ (20,842,354)	88.47%	\$ 11,827,959	(176.21)%
6/30/2003	155,958,945	189,720,692	(33,761,747)	82.20%	12,159,823	(277.65)%
6/30/2004	189,588,892	199,442,768	(9,853,876)	95.06%	13,151,584	(74.93)%

Miscellaneous Employees

Actuarial Valuation Date	Actuarial Asset Value	Entry Age Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Overfunded/ (Unfunded) Actuarial Liability as Percentage of Covered Payroll
6/30/2002	\$ 137,637,115	\$ 122,519,381	\$ 15,117,734	112.34%	\$ 23,753,677	63.64%
6/30/2003	136,417,909	140,001,270	(3,583,361)	97.44%	25,541,062	(14.03)%
6/30/2004	140,413,203	150,750,182	(10,336,979)	93.14%	26,979,137	(38.31)%

In 2004, the City issued \$32,300,000 in Pension Obligation Bonds in order to refund the City's unamortized, unfunded actuarial accrued liability with the Public Employees Retirement System (PERS). (See Note 8 and 9) A payment of \$27,722,510 was made to PERS on June 29, 2004.

In 2005, the City issued an additional \$5,700,000 in Pension Obligation Bonds in order to make current payments for the accrued liability with PERS, bringing the outstanding balance to \$38,000,000.

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# SUPPLEMENTARY INFORMATION

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**NON-MAJOR  
GOVERNMENTAL FUNDS**

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**City of Pomona**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds**  
**June 30, 2005**

	Special Revenue				
	Housing Assistance Program	Community Development Block Grant	Miscellaneous Grants	State Gas Tax	Proposition A
<b>ASSETS</b>					
Cash and investments	\$ 1,172,560	\$ 302,994	\$ 1,779,865	\$ 1,878,630	\$ 4,691,898
Receivables:					
Accrued interest	11,263	4,167	12,379	19,281	27,590
Accounts, net	-	560	37,365	-	-
Due from other governments	-	702,600	1,003,695	260,634	-
Prepaid items	570,792	2,164	14,061	-	-
Restricted cash and investments	-	1,395,236	258,966	-	-
Loans receivable	-	3,633,164	7,292,477	-	-
Advances to other funds	-	-	-	-	-
<b>Total assets</b>	<b>\$ 1,754,615</b>	<b>\$ 6,040,885</b>	<b>\$ 10,398,808</b>	<b>\$ 2,158,545</b>	<b>\$ 4,719,488</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 11,897	\$ 264,600	\$ 146,327	\$ 345,857	\$ 59,041
Accrued wages payable	40,773	59,325	47,336	4,063	1,221
Due to other funds	-	-	-	-	-
Deposits payable	-	-	859	-	-
Due to other governments	42,052	-	-	-	-
Advances from other funds	-	-	-	-	-
Deferred revenue	-	3,524,508	7,527,033	-	-
<b>Total liabilities</b>	<b>94,722</b>	<b>3,848,433</b>	<b>7,721,555</b>	<b>349,920</b>	<b>60,262</b>
<b>Fund Balances:</b>					
Reserved for:					
Loans receivable	-	108,656	-	-	-
Prepaid items	570,792	2,164	14,061	-	-
Advances to other funds	-	-	-	-	-
Encumbrances	16,767	260,717	104,638	169,197	8,222
Total reserved	587,559	371,537	118,699	169,197	8,222
Unreserved:					
Designated:					
Special revenue	1,072,334	1,820,915	2,558,554	1,639,428	4,651,004
Capital projects	-	-	-	-	-
Total unreserved, designated	1,072,334	1,820,915	2,558,554	1,639,428	4,651,004
Undesignated	-	-	-	-	-
<b>Total fund balances</b>	<b>1,659,893</b>	<b>2,192,452</b>	<b>2,677,253</b>	<b>1,808,625</b>	<b>4,659,226</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,754,615</b>	<b>\$ 6,040,885</b>	<b>\$ 10,398,808</b>	<b>\$ 2,158,545</b>	<b>\$ 4,719,488</b>

Proposition C	Special Revenue				Capital Projects		Total Other Governmental Funds
	Vehicle Parking Districts	Air Quality Improvement	Landscape Maintenance District	Narcotics Forfeiture	Capital Outlay	Assessment District Improvement	
\$ 7,790,236	\$ 1,080,575	\$ 504,954	\$ 1,097,804	\$ 772,267	\$ -	\$ 27,970	\$ 21,099,753
47,998	5,207	5,882	6,590	8,027	10,257	179	158,820
-	3,093	-	-	-	-	-	41,018
-	-	52,439	26,074	-	2,052,512	-	4,097,954
-	-	-	-	5,169	-	-	592,186
-	-	-	-	-	12,317,485	1,121,530	15,093,217
-	-	-	-	-	-	-	10,925,641
-	600,000	-	-	-	-	-	600,000
<u>\$ 7,838,234</u>	<u>\$ 1,688,875</u>	<u>\$ 563,275</u>	<u>\$ 1,130,468</u>	<u>\$ 785,463</u>	<u>\$ 14,380,254</u>	<u>\$ 1,149,679</u>	<u>\$ 52,608,589</u>
\$ -	\$ 4,986	\$ -	\$ 205,686	\$ 39,991	\$ 808,952	\$ -	\$ 1,887,337
4,555	6,619	1,196	11,565	6,772	18,481	-	201,906
-	-	-	-	-	5,666,396	-	5,666,396
-	-	-	-	-	-	-	859
-	-	-	-	-	-	-	42,052
-	-	-	-	-	13,460,000	-	13,460,000
-	-	-	-	-	587,000	-	11,638,541
<u>4,555</u>	<u>11,605</u>	<u>1,196</u>	<u>217,251</u>	<u>46,763</u>	<u>20,540,829</u>	<u>-</u>	<u>32,897,091</u>
-	-	-	-	-	-	-	108,656
-	-	-	-	5,169	-	-	592,186
-	600,000	-	-	-	-	-	600,000
-	20,863	98,495	187,519	36,856	6,812,200	-	7,715,474
-	620,863	98,495	187,519	42,025	6,812,200	-	9,016,316
7,833,679	1,056,407	463,584	725,698	696,675	-	-	22,518,278
-	-	-	-	-	-	1,149,679	1,149,679
<u>7,833,679</u>	<u>1,056,407</u>	<u>463,584</u>	<u>725,698</u>	<u>696,675</u>	<u>-</u>	<u>1,149,679</u>	<u>23,667,957</u>
-	-	-	-	-	(12,972,775)	-	(12,972,775)
<u>7,833,679</u>	<u>1,677,270</u>	<u>562,079</u>	<u>913,217</u>	<u>738,700</u>	<u>(6,160,575)</u>	<u>1,149,679</u>	<u>19,711,498</u>
<u>\$ 7,838,234</u>	<u>\$ 1,688,875</u>	<u>\$ 563,275</u>	<u>\$ 1,130,468</u>	<u>\$ 785,463</u>	<u>\$ 14,380,254</u>	<u>\$ 1,149,679</u>	<u>\$ 52,608,589</u>

# City of Pomona

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances

### Non-Major Governmental Funds

For the year ended June 30, 2005

	Special Revenue				
	Housing Assistance Programs	Community Development Block Grant	Miscellaneous Grants	State Gas Tax	Proposition A
<b>REVENUES:</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-
Intergovernmental	8,965,669	3,364,388	3,280,780	3,198,301	2,280,519
Charge for services	-	-	43,343	-	-
Fines and forfeitures	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Use of money and property	35,222	215,311	1,682,451	60,295	86,278
Miscellaneous	24,230	45	463,128	-	6,500
<b>Total revenues</b>	<b>9,025,121</b>	<b>3,579,744</b>	<b>5,469,702</b>	<b>3,258,596</b>	<b>2,373,297</b>
<b>EXPENDITURES:</b>					
Current:					
General government	-	612,713	-	-	-
Public safety	-	871,075	702,724	-	-
Urban development	9,167,038	1,364,647	2,810,043	3,198,367	1,329,923
Community services	-	-	662,850	-	48,274
Capital outlay	7,115	315,207	468,364	3,385	-
Debt service:					
Principal	1,076	-	-	17,050	-
Interest and fiscal charges	1,473	50,738	-	122	-
<b>Total expenditures</b>	<b>9,176,702</b>	<b>3,214,380</b>	<b>4,643,981</b>	<b>3,218,924</b>	<b>1,378,197</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(151,581)</b>	<b>365,364</b>	<b>825,721</b>	<b>39,672</b>	<b>995,100</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Proceeds from capital leases	-	-	-	-	-
Transfers in	-	-	92,477	2,300,137	-
Transfers out	-	(502,920)	(786,570)	(4,081,055)	(241,000)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(502,920)</b>	<b>(694,093)</b>	<b>(1,780,918)</b>	<b>(241,000)</b>
<b>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<b>(151,581)</b>	<b>(137,556)</b>	<b>131,628</b>	<b>(1,741,246)</b>	<b>754,100</b>
<b>FUND BALANCES:</b>					
Beginning of year, as restated	1,811,474	2,330,008	2,545,625	3,549,871	3,905,126
End of year	\$ 1,659,893	\$ 2,192,452	\$ 2,677,253	\$ 1,808,625	\$ 4,659,226

Proposition C	Special Revenue				Capital Projects		Total Other Governmental Funds
	Vehicle Parking District	Air Quality Improvement	Landscape Maintenance District	Narcotics Forfeiture	Capital Outlay	Assessment District Improvement	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 132,144	\$ -	\$ 132,144
-	13,610	-	1,178,638	-	-	-	1,192,248
1,892,101	-	192,474	-	19,562	4,032,877	-	27,226,671
-	-	-	-	-	-	-	43,343
-	82,976	-	-	701,553	-	-	784,529
-	61,354	-	-	-	344,664	-	406,018
150,096	556,373	18,393	20,608	25,100	45,282	9,228	2,904,637
-	2,160	-	-	-	434,972	-	931,035
2,042,197	716,473	210,867	1,199,246	746,215	4,989,939	9,228	33,620,625
-	-	-	-	-	82,943	-	695,656
-	-	-	-	1,267,454	3,157,539	-	5,998,792
136,455	328,788	80,337	-	-	3,935,833	-	22,351,431
-	-	-	1,453,914	-	2,540,480	-	4,705,518
-	-	-	-	149,041	1,185,932	-	2,129,044
-	-	19,549	-	-	1,022	-	38,697
-	-	140	-	-	7	-	52,480
136,455	328,788	100,026	1,453,914	1,416,495	10,903,756	-	35,971,618
1,905,742	387,685	110,841	(254,668)	(670,280)	(5,913,817)	9,228	(2,350,993)
-	-	-	-	-	582,200	-	582,200
-	-	-	-	-	3,910,066	702,080	7,004,760
(634,621)	-	(500,000)	(25,413)	(110,583)	(1,823,659)	-	(8,705,821)
(634,621)	-	(500,000)	(25,413)	(110,583)	2,668,607	702,080	(1,118,861)
1,271,121	387,685	(389,159)	(280,081)	(780,863)	(3,245,210)	711,308	(3,469,854)
6,562,558	1,289,585	951,238	1,193,298	1,519,563	(2,915,365)	438,371	23,181,352
\$ 7,833,679	\$ 1,677,270	\$ 562,079	\$ 913,217	\$ 738,700	\$ (6,160,575)	\$ 1,149,679	\$ 19,711,498

# City of Pomona

## Statement of Revenues, Expenditures and Changes in Fund Balances Budget and Actual (Budgetary Basis) - Housing Assistance Program For the year ended June 30, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive/(Negative)
	Original	Final		
<b>Fund balance (budgetary basis), July 1, 2004</b>	\$ 1,811,474	\$ 1,811,474	\$ 1,811,474	\$ -
Resources (inflows):				
Intergovernmental	9,009,200	9,009,200	8,965,669	(43,531)
Use of money and property	50,000	50,000	35,222	(14,778)
Miscellaneous	-	-	24,230	24,230
Amount available for appropriation	9,059,200	9,059,200	9,025,121	(34,079)
Charges to appropriations (outflows):				
Urban development	9,241,603	9,241,603	9,183,805	57,798
Capital outlay	48,600	48,600	7,115	41,485
Debt service	-	-	2,549	(2,549)
Transfers out	-	65,000	-	65,000
Total charges to appropriations	9,290,203	9,355,203	9,193,469	161,734
Excess of resources over (under) charges to appropriations	(231,003)	(296,003)	(168,348)	127,655
<b>Fund balance (budgetary basis), June 30, 2005</b>	\$ 1,580,471	\$ 1,515,471	1,643,126	\$ 127,655
Adjustment to GAAP basis: Encumbrance adjustment			(16,767)	
Fund balance, June 30, 2005			\$ 1,659,893	

# City of Pomona

## Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budgetary Basis) - Community Development Block Grant For the year ended June 30, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive/(Negative)
<b>Fund balance (budgetary basis), July 1, 2004</b>	\$ 2,330,008	\$ 2,330,008	\$ 2,330,008	\$ -
Resources (inflows):				
Intergovernmental	4,462,365	4,462,365	3,364,388	(1,097,977)
Use of money and property	127,500	127,500	215,311	87,811
Miscellaneous	-	-	45	45
Transfers in	-	-	-	-
Amount available for appropriation	4,589,865	4,589,865	3,579,744	(1,010,121)
Charges to appropriations (outflows):				
General government	682,273	682,273	631,966	50,307
Public safety	764,444	764,444	874,079	(109,635)
Urban development	1,463,564	1,463,564	1,603,107	(139,543)
Capital outlay	1,188,147	1,188,147	315,207	872,940
Interest and fiscal charges	-	-	50,738	(50,738)
Transfers out	491,437	491,437	502,920	(11,483)
Total charges to appropriations	4,589,865	4,589,865	3,978,017	611,848
Excess of resources over (under) charges to appropriations	-	-	(398,273)	(398,273)
<b>Fund balance (budgetary basis), June 30, 2005</b>	\$ 2,330,008	\$ 2,330,008	1,931,735	\$ (398,273)
Adjustment to GAAP basis: Encumbrance adjustment			(260,717)	
Fund balance, June 30, 2005			\$ 2,192,452	

# City of Pomona

## Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

### (Budgetary Basis) - Miscellaneous Grants

For the year ended June 30, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive/(Negative)
	Original	Final		
<b>Fund balance (budgetary basis), July 1, 2004</b>	\$ 2,545,625	\$ 2,545,625	\$ 2,545,625	\$ -
Resources (inflows):				
Intergovernmental	4,544,903	8,354,347	3,280,780	(5,073,567)
Charges for services	49,618	49,618	43,343	(6,275)
Use of money and property	627,732	627,732	1,682,451	1,054,719
Miscellaneous	282,926	416,548	463,128	46,580
Transfers in	107,660	422,660	92,477	(330,183)
Amount available for appropriation	5,612,839	9,870,905	5,562,179	(4,308,726)
Charges to appropriations (outflows):				
Public safety	565,151	1,200,467	790,278	410,189
Urban development	3,883,579	7,553,693	2,827,127	4,726,566
Community services	706,099	706,099	662,850	43,249
Capital outlay	568,144	869,199	468,364	400,835
Transfers out	283,000	533,000	786,570	(253,570)
Total charges to appropriations	6,005,973	10,862,458	5,535,189	5,327,269
Excess of resources over (under) charges to appropriations	(393,134)	(991,553)	26,990	1,018,543
<b>Fund balance (budgetary basis), June 30, 2005</b>	\$ 2,152,491	\$ 1,554,072	2,572,615	\$ 1,018,543
Adjustment to GAAP basis: Encumbrance adjustment			(104,638)	
Fund balance, June 30, 2005			\$ 2,677,253	

# City of Pomona

## Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

### (Budgetary Basis) - State Gas Tax

For the year ended June 30, 2005

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget Positive/(Negative)
<b>Fund balance (budgetary basis), July 1, 2004</b>	\$ 3,549,871	\$ 3,549,871	\$ 3,549,871	\$ -
Resources (inflows):				
Intergovernmental	3,180,483	3,180,483	3,198,301	17,818
Use of money and property	50,000	50,000	60,295	10,295
Transfers in	-	-	2,300,137	2,300,137
Amount available for appropriation	3,230,483	3,230,483	5,558,733	2,328,250
Charges to appropriations (outflows):				
Urban development	287,945	287,945	3,367,564	(3,079,619)
Capital outlay	-	-	3,385	(3,385)
Debt service	-	-	17,172	(17,172)
Transfers out	3,162,829	3,162,829	4,081,055	(918,226)
Total charges to appropriations	3,450,774	3,450,774	7,469,176	(4,018,402)
Excess of resources over (under) charges to appropriations	(220,291)	(220,291)	(1,910,443)	(1,690,152)
<b>Fund balance (budgetary basis), June 30, 2005</b>	\$ 3,329,580	\$ 3,329,580	1,639,428	\$ (1,690,152)
Adjustment to GAAP basis: Encumbrance adjustment			(169,197)	
Fund balance, June 30, 2005			\$ 1,808,625	

# City of Pomona

## Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budgetary Basis) - Proposition "A" Sales Tax For the year ended June 30, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive/(Negative)
	Original	Final		
<b>Fund balance (budgetary basis), July 1, 2004</b>	\$ 3,905,126	\$ 3,905,126	\$ 3,905,126	\$ -
Resources (inflows):				
Intergovernmental	2,215,924	2,215,924	2,280,519	64,595
Use of money	35,000	35,000	86,278	51,278
Miscellaneous	5,000	5,000	6,500	1,500
Amount available for appropriation	2,255,924	2,255,924	2,373,297	117,373
Charges to appropriations (outflows):				
Urban development	1,773,058	1,773,058	1,338,145	434,913
Community services	55,000	55,000	48,274	6,726
Transfers out	-	-	241,000	(241,000)
Total charges to appropriations	1,828,058	1,828,058	1,627,419	200,639
Excess of resources over (under) charges to appropriations	427,866	427,866	745,878	318,012
<b>Fund balance (budgetary basis), June 30, 2005</b>	\$ 4,332,992	\$ 4,332,992	4,651,004	\$ 318,012
Adjustment to GAAP basis: Encumbrance adjustment			(8,222)	
Fund balance, June 30, 2005			\$ 4,659,226	

# City of Pomona

## Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budgetary Basis) - Proposition C For the year ended June 30, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive/(Negative)
	Original	Final		
<b>Fund balance (budgetary basis), July 1, 2004</b>	\$ 6,562,558	\$ 6,562,558	\$ 6,562,558	\$ -
Resources (inflows):				
Intergovernmental	1,837,969	1,837,969	1,892,101	54,132
Use of money and property	35,000	35,000	150,096	115,096
Transfers in	-	-	-	-
Amount available for appropriation	1,872,969	1,872,969	2,042,197	169,228
Charges to appropriations (outflows):				
Urban development	193,240	193,240	136,455	56,785
Transfers out	1,305,500	1,305,500	634,621	670,879
Total charges to appropriations	1,498,740	1,498,740	771,076	727,664
Excess of resources over (under) charges to appropriations	374,229	374,229	1,271,121	896,892
<b>Fund balance (budgetary basis), June 30, 2005</b>	\$ 6,936,787	\$ 6,936,787	7,833,679	\$ 896,892
Adjustment to GAAP basis: Encumbrance adjustment			-	
Fund balance, June 30, 2005			\$ 7,833,679	

# City of Pomona

## Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budgetary Basis) - Vehicle Parking District For the year ended June 30, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive/(Negative)
	Original	Final		
<b>Fund balance (budgetary basis), July 1, 2004</b>	\$ 1,289,585	\$ 1,289,585	\$ 1,289,585	\$ -
Resources (inflows):				
Special assessments	15,000	15,000	13,610	(1,390)
Fines and forfeitures	-	-	82,976	82,976
Licenses and permits	120,000	120,000	61,354	(58,646)
Use of money and property	165,000	165,000	556,373	391,373
Miscellaneous	-	-	2,160	2,160
Amount available for appropriation	300,000	300,000	716,473	416,473
Charges to appropriations (outflows):				
Urban development	330,776	330,776	349,651	(18,875)
Capital outlay	-	-	-	-
Total charges to appropriations	330,776	330,776	349,651	(18,875)
Excess of resources over (under) charges to appropriations	(30,776)	(30,776)	366,822	397,598
<b>Fund balance (budgetary basis), June 30, 2005</b>	\$ 1,258,809	\$ 1,258,809	1,656,407	\$ 397,598
Adjustment to GAAP basis: Encumbrance adjustment			(20,863)	
Fund balance, June 30, 2005			\$ 1,677,270	

# City of Pomona

## Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budgetary Basis) - Air Quality Improvement For the year ended June 30, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive/(Negative)
	Original	Final		
<b>Fund balance (budgetary basis), July 1, 2004</b>	\$ 951,238	\$ 951,238	\$ 951,238	\$ -
Resources (inflows):				
Intergovernmental	160,000	160,000	192,474	32,474
Use of money and property	20,000	20,000	18,393	(1,607)
Transfers in	-	-	-	-
Amount available for appropriation	180,000	180,000	210,867	30,867
Charges to appropriations (outflows):				
Urban development	69,793	69,793	178,832	(109,039)
Debt service	19,690	19,690	19,689	1
Transfers out	-	-	500,000	(500,000)
Total charges to appropriations	89,483	89,483	698,521	(609,038)
Excess of resources over (under) charges to appropriations	90,517	90,517	(487,654)	(578,171)
<b>Fund balance (budgetary basis), June 30, 2005</b>	\$ 1,041,755	\$ 1,041,755	463,584	\$ (578,171)
Adjustment to GAAP basis: Encumbrance adjustment			(98,495)	
Fund balance, June 30, 2005			\$ 562,079	

# City of Pomona

## Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budgetary Basis) - Landscape Maintenance District For the year ended June 30, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive/(Negative)
	Original	Final		
<b>Fund balance (budgetary basis), July 1, 2004</b>	\$ 1,193,298	\$ 1,193,298	\$ 1,193,298	\$ -
Resources (inflows):				
Special assessments	1,181,805	1,181,805	1,178,638	(3,167)
Use of money and property	18,000	18,000	20,608	2,608
Transfers in	-	-	-	-
Amount available for appropriation	1,199,805	1,199,805	1,199,246	(559)
Charges to appropriations (outflows):				
Community services	1,548,803	1,548,803	1,641,433	(92,630)
Capital outlay	65,000	65,000	-	65,000
Transfers out	12,000	12,000	25,413	(13,413)
Total charges to appropriations	1,625,803	1,625,803	1,666,846	(41,043)
Excess of resources over (under) charges to appropriations	(425,998)	(425,998)	(467,600)	(41,602)
<b>Fund balance (budgetary basis), June 30, 2005</b>	\$ 767,300	\$ 767,300	725,698	\$ (41,602)
Adjustment to GAAP basis: Encumbrance adjustment			(187,519)	
Fund balance, June 30, 2005			\$ 913,217	

# City of Pomona

## Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

### (Budgetary Basis) - Narcotics Forfeiture

For the year ended June 30, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive/(Negative)
<b>Fund balance (budgetary basis), July 1, 2004</b>	\$ 1,519,563	\$ 1,519,563	\$ 1,519,563	\$ -
Resources (inflows):				
Intergovernmental	3,000	3,000	19,562	16,562
Fines and forfeiture	500,000	500,000	701,553	201,553
Use of money and property	35,000	35,000	25,100	(9,900)
Transfers in	-	-	-	-
Amount available for appropriation	538,000	538,000	746,215	208,215
Charges to appropriations (outflows):				
Public safety	1,096,708	1,463,303	1,304,310	158,993
Capital outlay	533,080	166,485	149,041	17,444
Transfers out	187,500	187,500	110,583	76,917
Total charges to appropriations	1,817,288	1,817,288	1,563,934	253,354
Excess of resources over (under) charges to appropriations	(1,279,288)	(1,279,288)	(817,719)	461,569
<b>Fund balance (budgetary basis), June 30, 2005</b>	<b>\$ 240,275</b>	<b>\$ 240,275</b>	701,844	<b>\$ 461,569</b>
Adjustment to GAAP basis: Encumbrance adjustment			(36,856)	
Fund balance, June 30, 2005			<u>\$ 738,700</u>	

# City of Pomona

## Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budgetary Basis) - Capital Outlay Fund For the year ended June 30, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive/(Negative)
	Original	Final		
<b>Fund balance (budgetary basis), July 1, 2004</b>	\$ (2,915,365)	\$ (2,915,365)	\$ (2,915,365)	\$ -
Resources (inflows):				
Taxes	175,000	175,000	132,144	(42,856)
Intergovernmental	-	-	4,032,877	4,032,877
Licenses and permits	215,000	215,000	344,664	129,664
Use of money and property	-	-	45,282	45,282
Miscellaneous	33,931	33,931	434,972	401,041
Transfers in	2,694,937	2,933,257	3,910,066	976,809
Proceeds from capital leases	-	-	582,200	582,200
Amount available for appropriation	3,118,868	3,357,188	9,482,205	6,125,017
Charges to appropriations (outflows):				
General government	17,300	17,300	88,543	(71,243)
Public safety	-	-	4,482,247	(4,482,247)
Urban development	101,159	101,159	8,193,113	(8,091,954)
Community services	-	-	3,765,092	(3,765,092)
Capital outlay	1,992,897	2,231,217	1,185,932	1,045,285
Debt service	-	-	1,029	(1,029)
Transfers out	163,961	163,961	1,823,659	(1,659,698)
Total charges to appropriations	2,275,317	2,513,637	19,539,615	(17,025,978)
Excess of resources over (under) charges to appropriations	843,551	843,551	(10,057,410)	(10,900,961)
<b>Fund balance (budgetary basis), June 30, 2005</b>	\$ (2,071,814)	\$ (2,071,814)	(12,972,775)	\$ (10,900,961)
Adjustment to GAAP basis: Encumbrance adjustment			(6,812,200)	
Fund balance, June 30, 2005			\$ (6,160,575)	

# City of Pomona

## Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budgetary Basis) - Assessment District Improvement For the year ended June 30, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive/(Negative)
	Original	Final		
<b>Fund balance (budgetary basis), July 1, 2004</b>	<u>\$ 438,371</u>	<u>\$ 438,371</u>	<u>\$ 438,371</u>	<u>\$ -</u>
Resources (inflows):				
Use of money and property	6,100	6,100	9,228	3,128
Transfers in	-	-	702,080	702,080
Amount available for appropriation	<u>6,100</u>	<u>6,100</u>	<u>711,308</u>	<u>705,208</u>
Charges to appropriations (outflows):				
Transfers out	-	-	-	-
Total charges to appropriations	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of resources over (under) charges to appropriations	<u>6,100</u>	<u>6,100</u>	<u>711,308</u>	<u>705,208</u>
<b>Fund balance (budgetary basis), June 30, 2005</b>	<u><u>\$ 444,471</u></u>	<u><u>\$ 444,471</u></u>	<u>1,149,679</u>	<u><u>\$ 705,208</u></u>
Adjustment to GAAP basis: Encumbrance adjustment			-	
Fund balance, June 30, 2005			<u><u>\$ 1,149,679</u></u>	

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# INTERNAL SERVICE FUNDS

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The **Internal Service Funds** account for the maintenance and repair of City vehicles and equipment, risk management, general liability and workers' compensation services provided to other departments or agencies of the City.

**City of Pomona**  
**Combining Statement of Net Assets**  
**All Internal Service Funds**  
**June 30, 2005**

	Self- Insurance	Equipment Maintenance	Total
<b>ASSETS</b>			
Current assets:			
Cash and investments	\$ -	\$ 266,457	\$ 266,457
Receivables:			
Accrued interest	-	2,573	2,573
Accounts, net	-	-	-
Inventories	-	302,912	302,912
Prepaid items	-	2,162	2,162
Total current assets	-	574,104	574,104
Noncurrent assets:			
Restricted cash and investments	-	44,316	44,316
Capital assets:			
Property, plant and equipment	-	351,001	351,001
Less accumulated depreciation	-	(261,507)	(261,507)
Total net capital assets	-	89,494	89,494
Total noncurrent assets	-	133,810	133,810
<b>Total assets</b>	-	707,914	707,914
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	177,187	164,432	341,619
Accrued liabilities	25,278	55,700	80,978
Accrued interest	-	385	385
Obligations under capital leases	-	12,304	12,304
Compensated absences	77,968	143,133	221,101
Claims payable	2,200,000	-	2,200,000
Total current liabilities	2,480,433	375,954	2,856,387
Noncurrent liabilities:			
Advances from other funds	4,883,687	-	4,883,687
Obligations under capital leases	-	46,753	46,753
Claims payable	8,027,135	-	8,027,135
Total noncurrent liabilities	12,910,822	46,753	12,957,575
<b>Total liabilities</b>	15,391,255	422,707	15,813,962
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	-	30,437	30,437
Restricted for debt service	-	44,316	44,316
Unrestricted	(15,391,255)	210,454	(15,180,801)
<b>Total net assets</b>	\$ (15,391,255)	\$ 285,207	\$ (15,106,048)

**City of Pomona**  
**Combining Statement of Activities and Changes in Net Assets**  
**All Internal Service Funds**  
**For the year ended June 30, 2005**

	Self- Insurance	Equipment Maintenance	Total
<b>OPERATING REVENUES:</b>			
Charges for services	\$ 9,673,162	\$ 3,738,282	\$ 13,411,444
Miscellaneous	2,791	83,195	85,986
<b>Total operating revenues</b>	<b>9,675,953</b>	<b>3,821,477</b>	<b>13,497,430</b>
<b>OPERATING EXPENSES:</b>			
Personnel services	682,568	1,475,259	2,157,827
Operations	141,295	2,188,328	2,329,623
Claims expense	8,241,067	-	8,241,067
Depreciation	-	18,939	18,939
Insurance	1,104,725	306,662	1,411,387
<b>Total operating expenses</b>	<b>10,169,655</b>	<b>3,989,188</b>	<b>14,158,843</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(493,702)</b>	<b>(167,711)</b>	<b>(661,413)</b>
<b>NONOPERATING REVENUES (EXPENSE):</b>			
Income from property and investments	-	8,048	8,048
Interest expense and fees	-	(1,519)	(1,519)
<b>Total nonoperating revenues</b>	<b>-</b>	<b>6,529</b>	<b>6,529</b>
<b>Changes in net assets</b>	<b>(493,702)</b>	<b>(161,182)</b>	<b>(654,884)</b>
<b>NET ASSETS:</b>			
Beginning of year, as restated	(14,897,553)	446,389	(14,451,164)
End of year	\$ (15,391,255)	\$ 285,207	\$ (15,106,048)

**City of Pomona**  
**Combining Statement of Cash Flows**  
**All Internal Service Funds**  
**For the year ended June 30, 2005**

	Self- Insurance	Equipment Maintenance	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received from customers/other funds	\$ 9,678,598	\$ 3,821,477	\$ 13,500,075
Cash payments to suppliers for goods and services	(9,097,524)	(2,576,543)	(11,674,067)
Cash payments to employees for services	(682,568)	(1,475,259)	(2,157,827)
Other	17,608	4,005	21,613
<b>Net cash provided (used) by operating activities</b>	<b>(83,886)</b>	<b>(226,320)</b>	<b>(310,206)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Acquisition and construction of capital assets	-	(67,520)	(67,520)
Principal paid on capital-related debt	-	(8,093)	(8,093)
Proceeds from issuance of capital lease	-	65,000	65,000
Interest paid on capital-related debt	-	6,168	6,168
<b>Net cash provided (used) by capital and related financing activities</b>	<b>-</b>	<b>(4,445)</b>	<b>(4,445)</b>
<b>Net increase in cash and cash equivalents</b>	<b>(83,886)</b>	<b>(230,765)</b>	<b>(314,651)</b>
<b>CASH AND CASH EQUIVALENTS:</b>			
Beginning of year	83,886	541,538	625,424
End of year	\$ -	\$ 310,773	\$ 310,773
<b>FINANCIAL STATEMENT PRESENTATION:</b>			
Cash and investments	\$ -	\$ 266,457	\$ 266,457
Restricted cash and investments	-	44,316	44,316
<b>Total cash, cash equivalents, and investments</b>	<b>\$ -</b>	<b>\$ 310,773</b>	<b>\$ 310,773</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>			
Operating income (loss)	\$ (493,702)	\$ (167,711)	\$ (661,413)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:			
Depreciation	-	18,939	18,939
Changes in operating assets and liabilities:			
Accounts receivable	2,645	-	2,645
Inventories	-	(37,593)	(37,593)
Prepaid items	-	(103)	(103)
Accounts payable	123,968	(45,566)	78,402
Accrued wages payable	5,061	4,005	9,066
Compensated absences	(4,802)	1,709	(3,093)
Health benefits payable	12,547	-	12,547
Claims payable	270,397	-	270,397
Total adjustments	409,816	(58,609)	351,207
<b>Net cash provided (used) by operating activities</b>	<b>\$ (83,886)</b>	<b>\$ (226,320)</b>	<b>\$ (310,206)</b>

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## FIDUCIARY FUNDS

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The **Agency Funds** account for assets held by the City for other funds, governments or individuals. These funds include receipts and disbursements of funds for the debt service activity to the 1911 Act assessment districts, cash deposits collected for street and sidewalk encroachment permits, debt services activity related to debt without government commitment for various assessment district improvements, cash guarantees (deposits) collected by the City for various construction improvement projects, deposits of miscellaneous, self-supporting City projects, payment of various employee benefits and deductions, including, but not limited to, health and dental insurance premiums, federal and state withholding taxes, life insurance and other withholdings from regular compensation.

**City of Pomona**  
**Combining Statement of Fiduciary Net Assets**  
**All Agency Funds**  
**June 30, 2005**

	Assessment District	Engineers' Revolving	Construction Guarantee	Municipal Revolving	Employee Benefits/ Deductions	Total Agency Funds
<b>ASSETS</b>						
Cash and investments	\$ 934,797	\$ 582,344	\$ 569,940	\$ 533,819	\$ 727,512	\$ 3,348,412
Accrued interest receivable	6,599	-	-	-	-	6,599
Accounts receivable	8,149	-	-	14,344	513	23,006
Prepaid expenses	-	-	-	-	502,227	502,227
Due from other governments	-	-	-	1,625	-	1,625
<b>Total assets</b>	<b>\$ 949,545</b>	<b>\$ 582,344</b>	<b>\$ 569,940</b>	<b>\$ 549,788</b>	<b>\$ 1,230,252</b>	<b>\$ 3,881,869</b>
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ -	\$ 5,527	\$ 18,089	\$ 1,230,252	\$ 1,253,868
Deposits payable	-	582,344	564,413	531,699	-	1,678,456
Due to bondholders	949,545	-	-	-	-	949,545
<b>Total liabilities</b>	<b>\$ 949,545</b>	<b>\$ 582,344</b>	<b>\$ 569,940</b>	<b>\$ 549,788</b>	<b>\$ 1,230,252</b>	<b>\$ 3,881,869</b>

**City of Pomona**  
**Statement of Changes in Fiduciary Net Assets**  
**Fiduciary Funds**  
**For the year ended June 30, 2005**

	Balance July 1, 2004	Additions	Deletions	Balance June 30, 2005
<b><u>Assessment Districts</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 1,077,432	\$ 221,642	\$ (364,277)	\$ 934,797
Accrued interest receivable	4,551	2,048	-	6,599
Accounts receivable	-	8,149	-	8,149
<b>Total assets</b>	<b>\$ 1,081,983</b>	<b>\$ 231,839</b>	<b>\$ (364,277)</b>	<b>\$ 949,545</b>
<b>Liabilities:</b>				
Due to bondholders	\$ 1,081,983	\$ 223,435	\$ (355,873)	\$ 949,545
<b>Total liabilities</b>	<b>\$ 1,081,983</b>	<b>\$ 223,435</b>	<b>\$ (355,873)</b>	<b>\$ 949,545</b>
<b><u>Engineers' Revolving</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 579,344	\$ 3,000	\$ -	\$ 582,344
<b>Total assets</b>	<b>\$ 579,344</b>	<b>\$ 3,000</b>	<b>\$ -</b>	<b>\$ 582,344</b>
<b>Liabilities:</b>				
Deposits payable	\$ 579,344	\$ 3,000	\$ -	\$ 582,344
<b>Total liabilities</b>	<b>\$ 579,344</b>	<b>\$ 3,000</b>	<b>\$ -</b>	<b>\$ 582,344</b>
<b><u>Construction Guarantee</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 462,181	\$ 107,759	\$ -	\$ 569,940
<b>Total assets</b>	<b>\$ 462,181</b>	<b>\$ 107,759</b>	<b>\$ -</b>	<b>\$ 569,940</b>
<b>Liabilities:</b>				
Accounts payable	\$ 480	\$ 5,047	\$ -	\$ 5,527
Deposits payable	461,701	338,149	(235,437)	564,413
<b>Total liabilities</b>	<b>\$ 462,181</b>	<b>\$ 343,196</b>	<b>\$ (235,437)</b>	<b>\$ 569,940</b>
<b><u>Municipal Revolving</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 659,285	\$ -	\$ (125,466)	\$ 533,819
Accounts receivable	-	14,344	-	14,344
Due from other governments	2,040	-	(415)	1,625
<b>Total assets</b>	<b>\$ 661,325</b>	<b>\$ 14,344</b>	<b>\$ (125,881)</b>	<b>\$ 549,788</b>
<b>Liabilities:</b>				
Accounts payable	\$ 33,675	\$ -	\$ (15,586)	\$ 18,089
Deposits payable	627,650	-	(95,951)	531,699
<b>Total liabilities</b>	<b>\$ 661,325</b>	<b>\$ -</b>	<b>\$ (111,537)</b>	<b>\$ 549,788</b>
<b><u>Benefits Deductions</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 1,292,343	\$ -	\$ (564,831)	\$ 727,512
Accounts receivable	513	-	-	513
Prepaid items	-	502,227	-	502,227
<b>Total assets</b>	<b>\$ 1,292,856</b>	<b>\$ 502,227</b>	<b>\$ (564,831)</b>	<b>\$ 1,230,252</b>
<b>Liabilities:</b>				
Accounts payable	\$ 1,292,856	\$ -	\$ (62,604)	\$ 1,230,252
<b>Total liabilities</b>	<b>\$ 1,292,856</b>	<b>\$ -</b>	<b>\$ (62,604)</b>	<b>\$ 1,230,252</b>
<b><u>Total All Agency Funds</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 4,070,585	\$ 332,401	\$ (1,054,574)	\$ 3,348,412
Accrued interest receivable	4,551	2,048	-	6,599
Accounts receivable	513	22,493	-	23,006
Due from other governments	2,040	-	(415)	1,625
Prepaid items	-	502,227	-	502,227
<b>Total assets</b>	<b>\$ 4,077,689</b>	<b>\$ 859,169</b>	<b>\$ (1,054,989)</b>	<b>\$ 3,881,869</b>
<b>Liabilities:</b>				
Accounts payable	\$ 1,327,011	\$ 5,047	\$ (78,190)	\$ 1,253,868
Deposits payable	1,668,695	341,149	(331,388)	1,678,456
Due to bondholders	1,081,983	223,435	(355,873)	949,545
<b>Total liabilities</b>	<b>\$ 4,077,689</b>	<b>\$ 569,631</b>	<b>\$ (765,451)</b>	<b>\$ 3,881,869</b>

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**City of Pomona**  
**Government-Wide Expenditures by Function <sup>(1)</sup>**  
**Last Four Fiscal Years**

Fiscal Year	General Government	Public Safety	Urban Development	Community Services	Pass Through	Debt Service	Water	Sewer	Refuse	Canon Water	Total
2002	\$ 21,669,491	\$ 43,163,939	\$ 30,569,601	\$ 7,224,504	\$ -	\$ 18,392,487	\$ 21,563,285	\$ 2,394,218	\$ 5,820,452	\$ -	\$ 150,797,977
2003	20,586,309	54,029,511	30,080,994	11,253,597	-	17,218,724	21,770,977	1,649,229	6,280,528	-	162,869,869
2004	16,877,268	54,409,038	43,458,432	11,752,699	-	20,640,447	21,939,428	2,789,001	6,842,583	-	178,708,896
2005	8,502,072	61,493,317	39,149,792	13,511,242	9,052,148	15,626,679	19,210,002	2,542,545	7,967,320	48,563	177,103,680

<sup>(1)</sup> All governmental fund types, including General, Special Revenue, Debt Service, Capital Projects Funds and Business type activities including water, sewer and refuse

Source: City of Pomona Finance Department.

**City of Pomona**  
**Government-Wide Revenues by Source**  
**Last Four Fiscal Years**

Fiscal Year	Taxes:						Income from Property and Investments
	Property	Sales & Use	Utility Users	Transient Occupancy	Franchise	Other	
2002	\$ 28,569,282	\$ 12,500,177	\$ 15,915,416	\$ 1,407,136	\$ 2,329,311	\$ 1,645,993	\$ 17,164,134
2003	29,915,221	15,647,491	16,492,851	1,348,863	1,980,304	1,624,406	13,926,334
2004	32,674,483	14,483,633	16,375,211	1,482,972	4,078,354	936,114	15,397,864
2005	46,538,436	11,683,923	16,774,747	1,473,711	4,360,394	786,421	15,016,317

(1) All governmental fund types, including General, Special Revenue, Debt Service, Capital Project and Business type funds

Source: City of Pomona Finance Department.

Table 2

Motor Vehicle in Lieu	Gain (loss) on sale of Capital Assets	Other	Program Revenues:			Total
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
\$ 8,633,270	\$ 1,455,863	\$ 3,394,406	\$ 38,220,012	\$ 12,352,098	\$ 12,720,733	\$ 156,307,831
8,866,986	137,566	3,664,682	49,679,410	15,705,538	9,230,349	168,220,001
7,204,184	492,080	2,740,328	53,155,539	18,967,014	6,421,422	174,411,520
1,025,393	(14,987)	8,037,735	48,475,646	22,673,600	10,305,246	187,136,582

**City of Pomona**  
**General Governmental Expenditures by Function <sup>(1)</sup>**  
**Last Ten Fiscal Years**

Fiscal Year	General Government	Public Safety	Urban Development	Community Services	Pass Through	Capital Outlay	Debt Service	Total
1996	\$ 8,447,097	\$ 39,942,519	\$ 21,438,715	\$ 14,841,954	\$ -	\$ 5,077,322	\$ 46,753,315	\$ 136,500,922
1997	12,668,793	38,965,280	20,609,982	14,450,763	-	3,576,848	51,584,822	141,856,488
1998	9,265,507	41,164,031	12,883,594	15,200,737	-	9,184,079	55,156,418	142,854,366
1999	7,843,758	42,220,062	17,905,578	13,937,663	-	4,141,047	71,992,734	158,040,842
2000	6,778,898	41,725,423	19,452,719	13,858,135	-	1,608,254	72,286,562	155,709,991
2001	6,727,376	44,425,476	21,149,013	13,676,530	-	604,380	43,186,847	129,769,622
2002	4,406,857	47,504,409	25,845,273	9,560,180	-	13,959,993	34,175,634	135,452,346
2003	2,728,622	49,431,301	35,748,102	11,207,490	-	3,565,620	34,077,987	136,759,122
2004	3,685,285	54,409,038	38,076,742	11,752,699	-	2,510,205	33,791,264	144,225,233
2005	5,379,898	59,866,150	50,026,817	13,001,693	9,052,148	2,182,578	27,708,523	167,217,807

<sup>(1)</sup> All governmental fund types, including General, Special Revenue, Debt Service, and Capital Projects Funds.

Source: City of Pomona Finance Department.

**City of Pomona**  
**General Governmental Revenues by Source <sup>(1)</sup>**  
**Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Taxes</u>	<u>Licenses and Permits</u>	<u>Use of Money and Property</u>	<u>Inter-governmental</u>	<u>Fines and Forfeitures</u>	<u>Charges for Services</u>	<u>Special Assessments</u>	<u>Other</u>	<u>Total</u>
1996	\$50,211,869	\$ 3,938,482	\$ 5,846,181	\$25,618,248	\$ 1,100,273	\$ 2,109,043	\$ 1,203,937	\$ 4,040,039	\$94,068,072
1997	53,320,043	3,862,730	6,500,968	30,959,479	1,142,935	2,305,769	2,509,266	3,947,437	104,548,627
1998	50,376,194	3,940,599	7,252,758	33,010,989	880,245	2,514,549	1,814,070	4,574,450	104,363,854
1999	50,940,632	3,116,575	5,184,614	31,687,088	2,700,233	2,838,057	2,360,530	2,869,655	101,697,384
2000	52,258,715	3,058,095	5,865,514	31,631,060	3,100,574	1,158,271	2,337,995	3,419,801	102,830,025
2001	56,468,799	3,017,858	7,259,498	35,504,885	3,161,424	1,098,673	2,328,723	1,526,340	110,366,200
2002	62,541,988	6,547,772	14,748,121	32,513,626	1,953,117	1,508,244	1,196,110	3,552,575	124,561,553
2003	64,670,323	6,933,428	11,718,494	33,444,891	2,176,721	1,465,561	1,229,393	2,692,636	124,331,447
2004	77,312,806	8,242,904	12,304,132	25,266,239	2,693,304	1,690,733	1,240,538	2,232,458	130,983,114
2005	82,643,024	8,423,121	16,833,110	32,557,559	2,657,108	1,483,414	1,192,248	7,654,077	153,443,661

<sup>(1)</sup> All governmental fund types, including General, Special Revenue, Debt Service, and Capital Projects Funds.

Source: City of Pomona Finance Department.

**City of Pomona**  
**Property Tax Levies and Collections**  
**Ten Year Historical**

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Fiscal Year	Levies	Collections	% of Collections
1996	\$ 6,622,475	\$ 6,403,104	96.7%
1997	6,828,973	6,480,774	94.9%
1998	6,706,616	6,500,933	96.9%
1999	6,934,772	6,786,865	97.9%
2000	7,059,231	6,979,086	98.9%
2001	7,466,932	7,326,292	98.1%
2002	7,713,316	7,399,413	95.9%
2003	8,057,432	7,990,495	99.2%
2004	8,702,725	8,455,522	97.2%
2005	9,213,383	9,066,487	98.4%

Source: City of Pomona Finance Department.

**City of Pomona**  
**Schedule of Assessed Property Values**  
**Last Ten Fiscal Years**

Fiscal Year	Secured Roll	Public Utilities <sup>(1)</sup>	Unsecured Roll	Total	Percent Increase
1996	\$ 4,330,144,261	\$ 12,867,989	\$ 257,848,999	\$ 4,600,861,249	(1.29)%
1997	4,283,725,836	12,861,746	338,765,212	4,635,352,794	0.75%
1998	4,311,032,185	14,726,543	309,554,531	4,635,313,259	(0.00)%
1999	4,372,044,455	11,233,978	348,589,134	4,731,867,567	2.08%
2000	4,499,207,617	10,376,825	335,637,278	4,845,221,720	2.40%
2001	4,636,202,609	10,063,388	398,293,152	5,044,559,149	4.11%
2002	4,853,266,731	10,468,888	410,334,977	5,274,070,596	4.55%
2003	5,156,587,429	6,386,296	388,201,588	5,551,175,313	5.25%
2004	5,549,097,132	7,162,742	402,081,143	5,958,341,017	7.34%
2005	5,986,862,770	8,204,118	370,607,283	6,365,674,171	6.84%

(1) Commencing with fiscal year 1989, the Revenue and Taxation Code of the State of California changed the method of allocating property tax revenues derived from state assessed utility properties. It provides for the distribution of state assessed values to tax rate areas by a county-wide mathematical formula rather than assignment of state assessed values according to the location of those values in individual tax rate areas.

Source: County of Los Angeles Auditor-Controller's Office.

## City of Pomona

### Property Tax Rates-All Direct & Overlapping Governments (Per \$100 of Assessed Value) Last Ten Fiscal Years

Fiscal Year	County General	City	School	Flood Control	Metro Water District	Other Districts	Community College	Total
1996	1.000000	0.000000	0.057972	0.000963	0.008900	0.001814	0.000000	1.069649
1997	1.000000	0.000000	0.063000	0.001991	0.008900	0.001604	0.000000	1.075495
1998	1.000000	0.000000	0.078245	0.002197	0.008900	0.001584	0.000000	1.090926
1999	1.000000	0.000000	0.083907	0.001953	0.008900	0.000000	0.000000	1.094760
2000	1.000000	0.000000	0.105068	0.001765	0.008900	0.001422	0.000000	1.117155
2001	1.000000	0.000000	0.134930	0.001552	0.008800	0.001314	0.000000	1.146596
2002	1.000000	0.000000	0.122018	0.001073	0.007700	0.001128	0.000000	1.131919
2003	1.000000	0.000000	0.123416	0.000881	0.006700	0.001033	0.019460	1.151490
2004	1.000000	0.000000	0.126333	0.000462	0.006100	0.000992	0.015246	1.149133
2005	1.000000	0.000000	0.129104	0.000245	0.005800	0.000923	0.014731	1.150803

Source: County of Los Angeles Auditor-Controller's Office.

# City of Pomona

## Top Sales Tax Producers in Alphabetical Order For Fiscal Year 2004-2005

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Arco AM/PM Mini Marts	Leisure World Home
Barrett's Equine Sales	Myers' Tire Supply
Car Pros Kia	Pomona Shell
Circuit City Store	Rancho Valley Chevrolet
Construction Hardware	Rio Rancho Buick/Pontiac/GMC
Cornucopia Foods	Rohr Steel
Garey's Chevron	Sav-On Drugs
Graphic Distributors	Stater Brothers' Markets
Grossman's Contractors Warehouse	Sylvania Lighting Services
Home Depot	Texaco Star
Howard & Sons Building Materials	Wal-Mart Stores
Huntington Hardware	West Coast RV's
Jammin Chrysler Jeep Dodge	

Source: Hinderliter DeLlamas & Associates

**City of Pomona**  
**Computation of Legal Debt Margin**  
**June 30, 2005**

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Total assessed value of all real and personal property	\$ 6,365,674,181
Debt limit percentage	<u>15.00%</u>
 Total debt limit	 954,851,127
Amount of debt applicable to debt limit	<u>-</u>
 Legal debt margin	 <u>\$ 954,851,127</u>

Source: City of Pomona Finance Department.

**City of Pomona**  
**Ratio of Net General Bonded Debt to Assessed Value and Net General Bonded Debt Per Capita**  
**Last Ten Fiscal Years**

Fiscal Year	Assessed Value	Population	Gross General Bonded Debt	Debt Service Funds	Net General Bonded Debt	Ratio of Net General Bonded Debt to Assessed Value	Net General Bonded Debt Per Capita
1996	\$4,600,861,249	139,792	\$ -	\$ 109,667	\$ -	0.0000%	0
1997	4,635,352,794	141,385	-	55,510	-	0.0000%	0
1998	4,635,313,259	143,152	-	37,396	-	0.0000%	0
1999	4,731,867,567	145,400	-	38,939	-	0.0000%	0
2000	4,845,221,720	147,656	-	40,807	-	0.0000%	0
2001	5,044,559,149	149,473	-	50,633	-	0.0000%	0
2002	5,274,070,596	154,741	-	54,465	-	0.0000%	0
2003	5,551,175,313	156,503	-	55,572	-	0.0000%	0
2004	5,958,341,017	158,360	-	41,876	-	0.0000%	0
2005	6,365,674,171	160,815	-	25,633	-	0.0000%	0

Source: County of Los Angeles Auditor-Controller's Office and the City of Pomona Finance Department

**City of Pomona**  
**Ratio of Annual Debt Service Expenditures for General**  
**Obligation Bonded Debt to Total General Governmental Expenditures**  
**Last Ten Fiscal Years**

Fiscal Year	Principal	Interest and Fiscal Charges	Total Debt Service	Total General Expenditures <sup>(1)</sup>	Ratio of Debt Service To General Governmental Expenditures
1996	\$ -	\$ -	\$ -	\$ 136,500,922	0.0000%
1997	-	-	-	141,856,488	0.0000%
1998	-	-	-	142,854,366	0.0000%
1999	-	-	-	158,040,842	0.0000%
2000	-	-	-	158,209,991	0.0000%
2001	-	-	-	129,769,622	0.0000%
2002	-	-	-	135,152,346	0.0000%
2003	-	-	-	133,061,765	0.0000%
2004	-	-	-	140,466,392	0.0000%
2005	-	-	-	167,217,807	0.0000%

<sup>(1)</sup> Includes General, Special Revenue, Debt Service, and Capital Projects Funds

Source: City of Pomona Finance Department.

**City of Pomona**  
**Computation of Direct and Overlapping Bonded Debt**  
**June 30, 2005**

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 05/01/05</u>
Los Angeles County	0.651%	\$ 152,790
Los Angeles County Flood Control District	0.661	805,627
Metropolitan Water District	0.333	1,392,573
Citrus Community Collete District	1.558	342,760
Mount San Antonio Community College District	10.768	11,068,966
Bonita Unified School District	0.204	61,200
Claremont Unified School District	6.578	2,942,339
Pomona Unified School District	70.857	94,445,295
City of Pomona 1915 Act Bonds	100	11,050,000
Los Angeles County Regional Park & Open Space Assessment District	0.651	2,276,482
Total Overlapping Tax and Assessment Debt		<u>\$ 124,538,032</u>
 <u>DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:</u>		
Los Angeles County General Fund Obligations	0.651%	\$ 11,326,586
Los Angeles County Pension Obligations	0.651	8,598,749
Los Angeles County Superintendent of Schools Certs. of Partcp.	0.651	154,720
Los Angeles County Sanitation District No. 21 Authority	19.196	4,939,437
Bonita Unified School Dist. Certfs. of Partcp.	0.204	7,456
Claremont Unified School District General Fund Obligation	6.578	769,297
Pomona Unified School District Certificates of Participation	70.857	48,058,760
<b>City of Pomona General Fund Obligations</b>	<b>100%</b>	<b>34,212,076</b> <sup>(1)</sup>
City of Pomona Pension Obligations	100%	38,000,000
Walnut Valley Water District Authority	2.385	381,481
San Gabriel Valley Mosquito Abatement Dist. Certs. of Partcp.	6.451	64,833
Total Gross Direct and Overlapping General Fund Obligation Debt		<u>\$ 146,513,395</u>
Less:		
Los Angeles County Certificates of Participation(100% self-supporting from leasehold revenues on properties in Marina Del Ray)		360,296
Pomona Unified School District Lease Revenue Bonds (100% self-supporting from investment agreement deposits)		21,257,100
Walnut Valley Water District Authority		381,481
Total Net Direct and Overlapping General Fund Obligation Debt		<u>\$ 124,514,518</u>
 GROSS COMBINED TOTAL DEBT		<u>\$ 271,051,427</u> <sup>(2)</sup>
NET COMBINED TOTAL DEBT		<u>\$ 249,052,550</u>
 <sup>(1)</sup> Excludes issue to be sold.		
<sup>(2)</sup> Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.		
<u>Ratios to 2004-05 Assessed Valuation:</u>		
Total Overlapping Tax and Assessment Debt .....	1.96%	
<u>Ratios to Adjusted Assessed Valuation:</u>		
Combined Direct Debt (\$72,212,076).....	1.63%	
Gross Combined Total Debt.....	6.13%	
Net Combined Total Debt.....	5.63%	
<u>State School Building Aid Repayable as of 06-30-04: \$879</u>		

Source: California Municipal Statistics, Inc.

**City of Pomona**  
**Schedule of Water Fund Revenue Bond Coverage**  
**Last Ten Fiscal Years**

Fiscal Year	Gross Revenue <sup>(1)</sup>	Gross Expense <sup>(2)</sup>	Net Revenue Available for Debt Service	Debt Service Requirements <sup>(3)</sup>			Coverage
				Principal	Interest	Total	
1996	\$ 13,201,274	\$ 11,023,196	\$ 2,178,078	\$ 175,000	\$ 438,742	\$ 613,742	3.549
1997	14,801,770	13,174,589	1,627,181	185,000	434,580	619,580	2.626
1998	12,347,904	10,464,489	1,883,415	190,000	417,230	607,230	3.102
1999	13,688,393	11,689,626	1,998,767	200,000	416,392	616,392	3.243
2000	17,596,322	12,955,203	4,641,119	455,000	2,220,564	2,675,564	1.735
2001	23,086,449	14,775,508	8,310,941	840,000	2,692,474	3,532,474	2.353
2002	21,615,513	16,595,841	5,019,672	915,000	2,662,164	3,577,164	1.403
2003	22,035,396	17,117,082	4,918,314	830,000	2,628,231	3,458,231	1.422
2004	22,425,087	18,025,197	4,399,890	935,000	2,597,201	3,532,201	1.246
2005	19,523,994	17,132,885	2,391,109	1,075,000	2,556,427	3,631,427	0.658

(1) Total operating revenues including interest.

(2) Total operating expenses exclusive of depreciation.

(3) The original revenue bonds for the water fund were issued in July 1992 and were refunded during fiscal year 1999-2000 with the new debt service requirements beginning during the same fiscal year. The second revenue bonds for the water fund were issued in September 1999, with debt service requirements beginning during the fiscal year 1999-2000. Requirements are reported on the cash basis, excluding premiums.

Source: City of Pomona Finance Department.

**City of Pomona**  
**Special Assessment Billings and Collections**  
**Last Ten Fiscal Years**

Fiscal Year	Special Assessment Billings	Special Assessments Collected
1996	\$ -	\$ -
1997	1,136,246	1,109,108
1998	1,135,414	1,135,413
1999	1,136,246	1,135,583
2000	1,134,192	1,129,657
2001	1,131,634	1,131,634
2002	1,135,602	1,134,629
2003	1,131,941	1,109,397
2004	1,132,258	1,131,341
2005	1,120,748	2,019,028

Source: City of Pomona Finance Department.

**City of Pomona**  
**Demographics**  
**Last Ten Fiscal Years**

Fiscal Year	Unemployment		Population
	Rate(a)	Population(b)	Annual % Change
1996	7.6%	139,792	1.29%
1997	6.7%	141,385	1.14%
1998	5.7%	143,152	1.25%
1999	5.5%	145,400	1.57%
2000	5.1%	147,656	1.55%
2001	4.8%	149,473	1.23%
2002	6.1%	154,741	3.52%
2003	6.4%	156,503	1.14%
2004	6.3%	158,360	1.19%
2005	5.5%	160,815	1.55%

Source: a) U.S. Department of Labor, Bureau of Labor Statistics.

For all of Los Angeles County

b) Department of Finance.

**City of Pomona**  
**Building Valuations and Construction Activity**  
**Last Ten Fiscal Years**

Fiscal Year	Number of New Residential Dwelling Units	New Residential Valuation	New NonResidential Valuation	Total New Valuation
1996	85	\$ 5,996,792	\$ 8,626,052	\$ 14,622,844
1997	83	13,528,882	6,742,443	20,271,325
1998	26	3,149,534	14,430,622	17,580,156
1999	28	8,968,384	13,682,717	22,651,101
2000	28	3,631,727	14,394,510	18,026,237
2001	177	19,460,000	28,000,000	47,460,000
2002	94	13,460,521	17,437,903	30,898,424
2003	95	15,505,015	14,048,106	29,553,121
2004	198	37,328,365	13,282,556	50,610,921
2005	134	26,031,345	20,506,556	46,537,901

Source: City of Pomona Community Development Department

**City of Pomona**  
**Bank Deposits**  
**Last Ten Fiscal Years**

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<u>Year</u>	<u>Bank Deposits (\$000)</u>
1995	\$ 1,474,973
1996	1,648,270
1997	2,246,288
1998	3,366,801
1999	3,138,418
2000	3,137,197
2001	6,305,435
2002	703,894
2003	737,468
2004	790,107

Source: The Findley Reports

# City of Pomona

## Miscellaneous Statistics

### June 30, 2005

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Date of Incorporation	January 1888
Charter Date	March 10, 1911, amended November 3, 1964, amended November 3, 1998
Form of Government	Council - Administration
Officials	Mayor and six councilpersons
Elections	First Tuesday in November of even numbered years
County	Los Angeles, California
Area	22.9 square miles
Miles of Streets	360
Miles of Curbs and Gutters	approximately 625
Police Protection:	
Number of Stations	1
Number of Sworn Officers	188
Public Education Facilities:	
Elementary Schools	26
Junior High Schools	6
Comprehensive High School	7 (including 1 continuation school & 1 alternative school)
Adult Education School	1
Municipal Water Department:	
Number of Consumers	## 31,700
Average Daily Consumption (gallons)	32,000,000
Miles of Water Mains	436 miles
Gate Valves	11,250
Sewers and Drains:	
Miles of Sanitary Sewer Lines	313
Miles of Storm Drains	120
Recreation and Culture:	
Number of Park Sites	25 with 205 acres
Number of Community Centers	9
Number of Swim Centers	2
Number of Skate Parks	1
Number of Libraries	1

Source: Various Departments of the City of Pomona