

City of Pomona

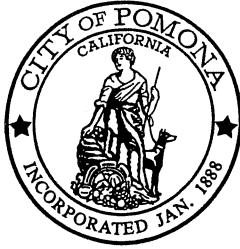
Pomona, California

Comprehensive Annual Financial Report

For the year ended June 30, 2006

C&L
Caporicci & Larson
Certified Public Accountants

CITY OF POMONA, CALIFORNIA



COMPREHENSIVE
ANNUAL FINANCIAL
REPORT

Year Ended June 30, 2006

Norma J. Torres

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

Stephen Banales

Councilmember, District 6

City of Pomona
Comprehensive Annual Financial Report
For the year ended June 30, 2006

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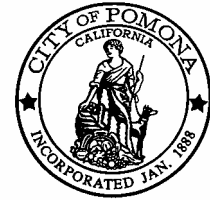
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January 15, 2007



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, 2006 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. Caporicci & Larson, Certified Public Accountants, have issued an unqualified opinion of the City of Pomona's financial statements for the year ended June 30, 2006. 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. The independent auditor's report is located on page 1 of the Financial Section. 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, 2005.
- 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 City of Pomona Housing Authority, 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 from the San Gabriel Mountains to the City's Pedley Filtration plant. After treatment, the water is delivered to the City of Pomona. The City owns 21,407 shares (99.32%) of the stock of Canon Water Company. The City of Pomona is the only stockholder still being assessed for operating costs, as it is the last remaining user of the water line.

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 154,741 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.

LOCAL ECONOMY

The City of Pomona enjoys a diverse and broadly based economy, although one that is sometimes not readily quantifiable, given a tilt towards various levels of government and service oriented (healthcare) industries. Among the City's principal employers are the local school district (Pomona U. S. D.), the City of Pomona itself, and the Department of Social Services. Pomona is also a regional healthcare hub, boasting a premier facility in the Pomona Valley Hospital Medical Center, along with the Lanterman Developmental Center, and the non-profit Casa Colina Centers for Rehabilitation. Major employers in the private sector include California Acrylic Industries, First Transit, Hayward Industries, Royal Cabinets, and Verizon, with Wal-Mart as the largest single-store employer.

According to estimates published by the U. S. Census Bureau in the American Fact Finder, Pomona's employed civilian labor force was approximately 66,300 as of 2005, representing an increase of more than 12,800 jobs compared to only five years earlier.

Retail sales tax is a principal revenue source for the City. Taxable retail sales have mushroomed from approximately \$813.6 million dollars in the 1995-96 Fiscal Year, to an estimated \$1.687 billion dollars in FY 2006-07, more than doubling in that time. Pomona is home to a major auto/RV mall with five dealerships (at this writing), and is a regional center for the building and construction industry, with business-to-business sales also representing a significant portion of total sales tax receipts. Insofar as both of the latter groups are somewhat resistant to the more erratic fluctuations, which characterize retail sales, the City enjoys a solid and stable sales tax base.

Taxable assessed valuation on property within the City of Pomona has increased in recent years to just over \$7.08 billion dollars in Fiscal Year 2005-06. Combined growth in sales and property taxes to Pomona has provided sufficient revenues to help offset increased services and facilities for the City's diverse and growing population. Overall, property taxes constituted 30.5% of budgeted General Fund revenues in Fiscal Year 2006-07, while sales taxes represented 20.0% of the total.

LONG TERM FINANCIAL PLANNING

The City's continued control over expenditure growth has been and will continue to be a key factor in maintaining the City's financial position. The City Council has wisely taken advantage of the past years' financial prosperity to secure the future stability of the City. A reserve policy was established for the General Fund requiring a 10% set aside of the following year's budgeted operating expenditures. The conservative budgets that were passed in prior fiscal years have contributed to this overall financial philosophy.

OUTLOOK FOR THE FUTURE

The City has adopted a budget for fiscal year 2006/07 that includes minimal 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 continues to offer 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, 2006 are published under 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, 2005. The City of Pomona has received a Certificate of Achievement for the last thirteen consecutive years (1993-2005). 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, 2006. 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

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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, 2005

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.



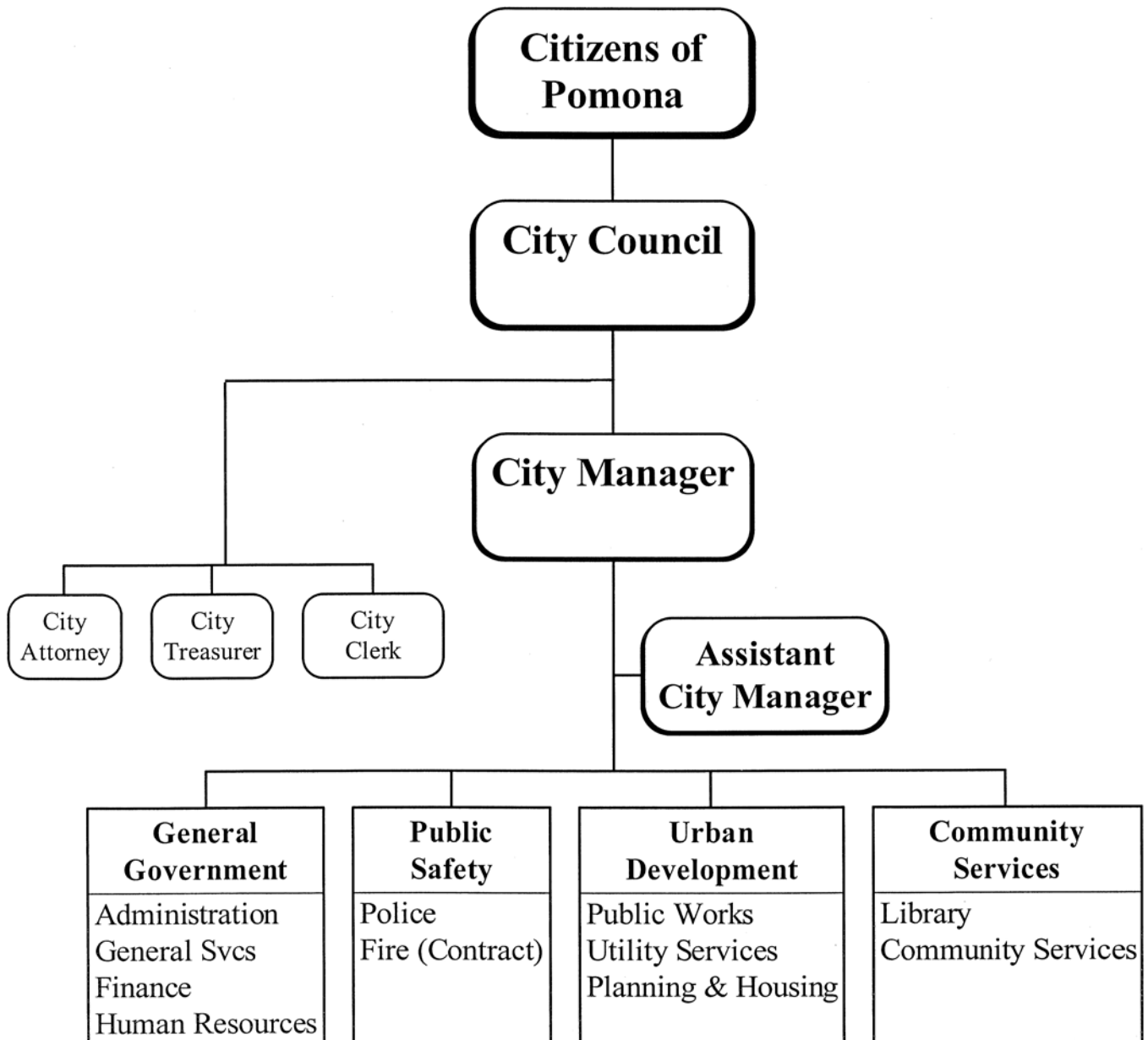
A handwritten signature in black ink, appearing to read "Roma Khan".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director

Organizational Chart



CITY OF POMONA
DIRECTORY OF CITY OFFICIALS
at June 30, 2006

CITY COUNCIL

Norma Torres
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 Paula Chamberlain
Planning & Housing..... Charles LaClaire
Finance Paula Chamberlain
Fire Chief (Los Angeles County) Fidel (John) Nieto
Human Resources..... Miles Crafton
Library..... Greg Shapton
Community Services Jeff Porter
Police Chief..... James Lewis
Public Works..... Vacant
Utility Services..... Henry Pepper

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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, 2006, 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 as of February 28, 2006 of the Canon Water Company of Pomona, California, Inc. (Company), a component unit of the City, which represents \$167,483 of assets, \$5,196 of liabilities, \$162,287 of net assets, and \$11,929 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 opinion.

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, 2006, 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 adopted the Governmental Accounting Standards Board Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and Insurance Recoveries*, No. 44, *Economic Condition Reporting: The Statistical Section* (an amendment of NCGA Statement 1), No. 46, *Net Assets Restricted by Enabling Legislation*, and No. 47, *Accounting for Termination Benefits*.

As described in Notes 8 and 9 to the basic financial statements, the City issued \$42,280,684 in Pension Obligation Refunding Bonds, Series AR during the year ended June 30, 2006. The purpose of the bonds is to refinance the City's outstanding Pension Obligation Refunding Bonds, Series 2004 AJ and Series 2004 AK that were used fund the City's unamortized, unfunded actuarial accrued liability with the Public Employees Retirement System (PERS).

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Oakland

180 Grand Ave., Suite 1365
Oakland, California 94612

Orange County

9 Corporate Park, Suite 100
Irvine, California 92606

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 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 December 1, 2006 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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be 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.

Capricci & Carson

Irvine, California
December 1, 2006

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2006



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, 2006. 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 \$290.1 million.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$195.8 million.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$10.9 million, or approximately 13.4% 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 including the City's infrastructure capital assets of the City. 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 governmental funds, proprietary funds, and fiduciary funds. The governmental funds are prepared using the current financial resources measurement focus and modified accrual basis of accounting. The proprietary funds 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. The fiduciary funds are prepared using the economic resources measurement focus and the accrual basis of accounting.

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, Planning and Housing, Redevelopment, Parks and Recreation, 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 – 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. Proprietary funds include enterprise funds and internal service 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 enterprise funds. 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. 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.

Fiduciary funds - The City is the trustee, or *fiduciary*, for certain funds held for construction deposits and to account for the payment of various employee benefits and deductions including, but not limited to, health and dental insurance premiums, federal and state withholding taxes and various other items to be withheld from regular compensations. The City's fiduciary activities are reported in separate Statements

of Fiduciary Net Assets and Changes in Fiduciary Net Assets. We exclude these activities from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

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 \$290.1 million at June 30, 2006. 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, 2005 and June 30, 2006 are as follows:

	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
Current and other assets	\$ 253.5	\$ 241.9	\$ 49.9	\$ 53.0	\$ 303.4	\$ 294.9
Capital assets	302.4	303.9	106.4	104.7	408.8	408.6
Total assets	\$ 555.9	\$ 545.8	\$ 156.3	\$ 157.7	\$ 712.2	\$ 703.5
Other liabilities	\$ 31.3	\$ 34.5	\$ 6.8	\$ 5.9	\$ 38.1	\$ 40.4
Long-term liabilities outstanding	319.1	296.2	64.9	66.7	384.0	362.9
Total liabilities	\$ 350.4	\$ 330.7	\$ 71.7	\$ 72.6	\$ 422.1	\$ 403.3
Net assets:						
Invested in capital assets, net of related debt	\$ 271.5	\$ 262.8	\$ 54.1	\$ 55.4	\$ 325.6	\$ 318.2
Restricted	113.1	151.9	3.0	19.4	116.1	171.3
Unrestricted	(179.1)	(199.6)	27.5	10.3	(151.6)	(189.3)
Total Net Assets	\$ 205.5	\$ 215.1	\$ 84.6	\$ 85.1	\$ 290.1	\$ 300.2

The City's net assets, including both the governmental activities and business-type activities, decreased \$10 million over the prior fiscal year. Total revenues increased 5.5% and total expenses increased 4.3%. General revenues reflect an overall increase of \$12.6 million, while program revenues decreased by \$2.4 million. Revenue from grants and contributions decreased 10.6% over the prior year for a total of \$3.5 million. Tax revenue increased 14.4% or \$11.9 million over prior year.

GOVERNMENTAL ACTIVITIES

The City's net assets from governmental activities decreased \$9.5 million. The cost of all governmental activities this year was \$175.8 million. However, as shown in the Statement of Activities, the amount that the taxpayers ultimately financed for these activities was only \$129.5 million because some of the cost was paid by those who directly benefited from the programs (\$16.9 million), or by other governments and organizations that subsidized certain programs with operating grants and contributions (\$22.7 million), and capital grants and contributions (\$6.7 million). Overall, the City's governmental revenues were \$46.3 million. The City paid for the remaining "public benefit" portion of governmental activities with \$94.6 million in taxes (some of which is restricted for certain programs) and with other revenues such as interest.

CITY OF POMONA

Management's Discussion and Analysis, continued
 Year Ended June 30, 2006

The City's programs for governmental activities include General Government, Police, Fire, Public Works, Urban Development, Parks and Recreation, 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 Changes in Net Assets					
	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
Revenues:						
Program Revenues:						
Charges for services	\$ 16.9	\$ 16.5	\$ 33.0	\$ 32.3	\$ 49.9	\$ 48.8
Operating grants and contributions	22.7	22.5	0.1	0.2	22.8	22.7
Capital grants and contributions	6.7	10.0	-	0.3	6.7	10.3
General Revenues:						
Taxes:						
Property taxes	53.2	46.5	-	-	53.2	46.5
Sales and use taxes	14.7	11.7	-	-	14.7	11.7
Utility Users Tax	17.6	16.8	-	-	17.6	16.8
Transient occupancy	1.9	1.5	-	-	1.9	1.5
Franchises	5.4	4.4	-	-	5.4	4.4
Motor Vehicle In-Lieu	1.1	1.0	-	-	1.1	1.0
Other taxes	0.7	0.8	-	-	0.7	0.8
Income from property and investment	17.9	15.1	(2.0)	(1.8)	15.9	13.3
Miscellaneous	5.8	7.7	0.3	0.3	6.1	8.0
Total revenues	\$ 164.6	\$ 154.5	\$ 31.4	\$ 31.3	\$ 196.0	\$ 185.8
Expenses						
General government	\$ 4.6	\$ 8.5	\$ -	\$ -	\$ 4.6	\$ 8.5
Public safety	62.3	61.5	-	-	62.3	61.5
Urban development	68.8	58.0	-	-	68.8	58.0
Community Services	14.8	13.5	-	-	14.8	13.5
Interest on long term debt	25.3	26.2	-	-	25.3	26.2
Water	-	-	19.2	19.2	19.2	19.2
Sewer	-	-	2.5	2.6	2.5	2.6
Refuse	-	-	8.5	8.0	8.5	8.0
Canon Water Company	-	-	-	0.1	-	0.1
Total expenses	\$ 175.8	\$ 167.7	\$ 30.2	\$ 29.9	\$ 206.0	\$ 197.5
Increase in net assets before transfers	\$ (11.2)	\$ (13.2)	\$ 1.2	\$ 1.4	\$ (10.0)	\$ (11.7)
Transfers	1.7	1.0	(1.7)	(1.0)	-	-
Increase (decrease) in net assets	\$ (9.5)	\$ (12.2)	\$ (0.5)	\$ 0.4	\$ (10.0)	\$ (11.7)
Net assets at beginning of year, as restated	215.0	227.2	85.1	84.7	300.1	311.9
Net assets 6/30/06	<u>\$ 205.5</u>	<u>\$ 215.0</u>	<u>\$ 84.6</u>	<u>\$ 85.1</u>	<u>\$ 290.1</u>	<u>\$ 300.2</u>

BUSINESS-TYPE ACTIVITIES

The cost of all business-type activities this year was \$30.2 million. As shown in the Statement of Activities and Changes in Net Assets, the amounts paid by users of the systems was \$33.0 million, and operating grants were \$0.1 million. Interest expense was \$2.0 million and miscellaneous revenue was \$0.3 million.

Total resources available during the year to finance business-type activities were \$118.1 million consisting of Net Assets at July 1, 2005 of \$85.1 million and program revenues of \$33.1 million. Total revenue of business-type activities during the year were \$33.9 million; thus net assets were decreased by \$0.5 million to \$84.6 million.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The fund balance at year-end for the City's General Fund of \$18.8 million is an overall increase of \$2.0 million, primarily due to increases in sales tax, and utility tax, and continued increases in property transfer tax offset by increased costs for fire services contract and unanticipated overtime costs.

The Low and Moderate Income Housing Fund shows an increase of \$2.1 million due to the receipt of housing revenue bond proceeds.

The General Debt Service Funds show an increase of \$4.1 million primarily due to the issuance of pension refunding bonds.

The Public Financing Authority Debt Service Funds show an increase of \$8.0 million primarily due to the issuance of revenue bonds.

The Redevelopment Agency Debt Service Funds show a decrease of \$1.2 million primarily due to a disposition and development agreement payment.

The Redevelopment Agency Capital Project Funds show a decrease of \$6.4 million primarily due to on-going capital projects.

The \$12.3 million increase in the Other Governmental Funds was primarily due to the receipt of bond proceeds in the Capital Outlay Fund for capital improvement projects.

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 \$392.0 million.

During the year, the Pomona Public Financing Authority issued \$19.9 million to finance certain public improvements of the City and to refinance certain obligations of the City in connection with the Authority's 1995 Lease Revenue Bonds, Series P. The Pomona Public Financing Authority issued an additional \$4.4 million of taxable to refinance certain obligations of the City in connection with the Authority's 1995 Lease Revenue Bonds, Series P. An additional \$10.0 million of taxable housing tax revenue bonds, Series AQ, was issued by the Authority to provide funds to make a loan to the City of Pomona Redevelopment Agency for the purpose of financing development activities with respect to the Merged Redevelopment Project Area. An additional \$42.2 million of pension obligation refunding bonds was also issued to refinance the City's outstanding Pension Obligations Refunding Bonds, Series 2004 AJ and Series 2004 AK.

The City also entered into new lease agreements totaling \$1.3 million for the replacement of various vehicles and equipment. The terms of the new leases range from three to five years.

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	\$ 270,047,119	\$ 62,285,000	\$ 332,332,119
Certificates of participation	18,621,789	-	18,621,789
Notes payable	2,725,000	-	2,725,000
Participation agreement	436,076	-	436,076
LA County deferred tax loan	23,456,729	-	23,456,729
Compensated absences	7,101,667	913,791	8,015,458
Obligations under capital lease	3,830,417	2,667,685	6,498,102
Total	\$ 326,218,797	\$ 65,866,476	\$ 392,085,273

CASH MANAGEMENT

To obtain flexibility in cash management, the City employs a pooled cash system (Reference Note 2 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, 2006, net capital assets of the governmental activities totaled \$302.4 million and the net capital assets of the business-type activities totaled \$106.4 million. Depreciation on capital assets is recognized in the Government-Wide financial statements.

Additional information on the City of Pomona's capital assets can be found in note 7 of this report.

Description	Original Cost	Accumulated Depreciation	Book Value
Capital Assets - Governmental Activities:			
Land	\$ 70,751,972	\$ -	\$ 70,751,972
Buildings and improvements	14,072,226	9,065,935	5,006,291
Improvements other than buildings	34,781,522	8,028,451	26,753,071
Machinery and equipment	8,653,258	5,340,202	3,313,056
Autos and trucks	6,316,418	5,123,570	1,192,848
Equipment under capital leases	6,243,195	1,629,342	4,613,853
Infrastructure	352,396,514	177,975,453	174,421,061
Construction in Progress	16,339,034	-	16,339,034
Total	\$ 509,554,139	\$ 207,162,953	\$ 302,391,186
Capital Assets - Business-Type Activities:			
Land and water rights	\$ 3,951,214	\$ -	\$ 3,951,214
Construction in Progress	6,413,685	-	6,413,685
Buildings	107,427	11,028	96,399
Improvements other than buildings	113,375	16,134	97,241
Machinery and equipment	147,242,418	53,484,842	93,757,576
Autos and trucks	5,883,203	4,061,825	1,821,378
Equipment under capital leases	3,983,908	3,742,558	241,350
Total	\$ 167,695,230	\$ 61,316,387	\$ 106,378,843

GENERAL FUND BUDGETARY HIGHLIGHTS

Comparing the fiscal year 2005-06 original (or adopted) budget of the General Fund of \$82.3 million to the final budget of \$83.0 million shows a net increase of \$0.7 million.

The increase in the budget was primarily to account for special election costs, an environmental impact report for the proposed Grand Central Transfer station and new downtown police patrol units.

ECONOMIC FACTORS

Continuing economic strength on the national, state, and local levels has resulted in Fiscal Year 2005-06 being the first in recent memory in which the City of Pomona's major revenue streams were not adversely affected, or threatened with "reallocation" by the State to address a budgetary shortfall. That is not to say, of course, that Pomona is now completely insulated from any such impacts; the ERAF shift of the early 1990s continues in force, and is estimated to have cost the City almost \$4,965,000 in Fiscal Year 2005-06 alone. The City's outlook has also unexpectedly benefited from the enactment of the Governor's "car tax cut," and the shift of VLF fees into much faster-growing property tax receipts in recent years. This shift, however, along with the ongoing "Triple Flip" of one quarter of Pomona's 1% sales tax share, has adversely impacted cash flows, thereby adding short term uncertainties to the existing mix. It is worth noting, however, that the State is now projecting an early retirement (2009) of the debt the "Triple Flip" secures, which is yet another indicator of relative financial health. That said, slowdowns currently underway in the housing market and new vehicle sales suggest that the explosive revenue growth of the last few years may well be behind us, but the outlook remains guardedly optimistic, for now.

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, 2006

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 50,334,131	\$ 22,439,918	\$ 72,774,049
Receivable:			
Accounts, net	7,347,062	9,185,793	16,532,855
Interest	513,599	252,234	765,833
Due from other governments	11,048,685	-	11,048,685
Inventories	436,114	229,826	665,940
Prepaid items	3,282,657	25,000	3,307,657
Total current assets	72,962,248	32,132,771	105,095,019
Noncurrent assets:			
Restricted cash and investments	112,546,703	16,137,521	128,684,224
Loans receivable, net	18,785,768	-	18,785,768
Deferred charges	5,715,395	1,572,282	7,287,677
Internal balances	(104,280)	104,280	-
Pension asset, net	25,874,342	-	25,874,342
Land held for resale	17,723,717	-	17,723,717
Capital assets:			
Nondepreciable assets	87,091,006	10,364,899	97,455,905
Depreciable assets, net	215,300,180	96,013,944	311,314,124
Total noncurrent assets	482,932,831	124,192,926	607,125,757
Total assets	555,895,079	156,325,697	712,220,776
LIABILITIES			
Current liabilities:			
Accounts payable	3,832,707	2,551,840	6,384,547
Accrued liabilities	2,487,764	367,044	2,854,808
Interest payable	5,419,028	482,652	5,901,680
Due to other governments and agencies	218,037	-	218,037
Unearned revenues	3,898,589	17,934	3,916,523
Compensated absences	734,045	52,555	786,600
Claims payable	2,200,000	-	2,200,000
Long term debt - due within one year	7,438,216	1,796,642	9,234,858
Total current liabilities	26,228,386	5,268,667	31,497,053
Noncurrent liabilities:			
Deposits payable	152,634	2,478,463	2,631,097
Compensated absences	6,367,622	861,236	7,228,858
Claims payable	5,975,938	-	5,975,938
Long-term debt - due in more than one year	311,678,914	63,156,043	374,834,957
Total noncurrent liabilities	324,175,108	66,495,742	390,670,850
Total liabilities	350,403,494	71,764,409	422,167,903
NET ASSETS			
Invested in capital assets, net of related debt	271,540,388	54,100,219	325,640,607
Restricted for:			
Special projects	49,949,728	-	49,949,728
Debt services	1,730	2,986,079	2,987,809
Capital projects	63,150,445	-	63,150,445
Total restricted	113,101,903	2,986,079	116,087,982
Unrestricted	(179,150,706)	27,474,990	(151,675,716)
Total net assets	\$ 205,491,585	\$ 84,561,288	\$ 290,052,873

See accompanying Notes to Basic Financial Statements.

City of Pomona
Statement of Activities and Changes in Net Assets
For the year ended June 30, 2006

Functions/Programs	Expenses	Program Revenues			Total Program Revenues
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities:					
General government	\$ 4,566,737	\$ 3,501,434	\$ 571,992	\$ 16,047	\$ 4,089,473
Public safety	62,314,546	4,884,881	1,760,534	172,291	6,817,706
Urban development	68,802,603	7,781,574	20,018,408	6,368,336	34,168,318
Community services	14,817,177	779,772	305,516	161,549	1,246,837
Interest and fiscal charges	25,274,237	-	-	-	-
Total governmental activities	175,775,300	16,947,661	22,656,450	6,718,223	46,322,334
Business-type activities:					
Water	19,172,107	22,689,164	-	23,100	22,712,264
Sewer	2,458,616	2,853,610	-	-	2,853,610
Refuse	8,488,309	7,395,141	4,744	-	7,399,885
Canon Water Company	52,345	-	64,222	-	64,222
Total business-type activities	30,171,377	32,937,915	68,966	23,100	33,029,981
Total primary government	\$ 205,946,677	\$ 49,885,576	\$ 22,725,416	\$ 6,741,323	\$ 79,352,315

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets		
	Primary Government		
	Governmental Activities	Business-type Activities	Total
Primary government:			
Governmental activities:			
General government	\$ (477,264)	\$ -	\$ (477,264)
Public safety	(55,496,840)	-	(55,496,840)
Urban development	(34,634,285)	-	(34,634,285)
Community services	(13,570,340)	-	(13,570,340)
Interest and fiscal charges	(25,274,237)	-	(25,274,237)
Total governmental activities	(129,452,966)	-	(129,452,966)
Business-type activities:			
Water	-	3,540,157	3,540,157
Sewer	-	394,994	394,994
Refuse	-	(1,088,424)	(1,088,424)
Canon Water Company	-	11,877	11,877
Total business-type activities	-	2,858,604	2,858,604
Total primary government	(129,452,966)	2,858,604	(126,594,362)
General revenues:			
Taxes:			
Property taxes	53,239,617	-	53,239,617
Sales taxes	14,710,345	-	14,710,345
Motor vehicle license	1,109,390	-	1,109,390
Transit occupancy taxes	1,865,001	-	1,865,001
Franchise	5,397,384	-	5,397,384
Utility users taxes	17,576,969	-	17,576,969
Other	678,897	-	678,897
Total taxes	94,577,603	-	94,577,603
Investment earnings/(expenses)	17,819,663	(1,991,603)	15,828,060
Miscellaneous	5,832,425	334,034	6,166,459
Transfers	1,743,417	(1,743,417)	-
Total general revenues and transfers	119,973,108	(3,400,986)	116,572,122
Change in net assets	(9,479,858)	(542,382)	(10,022,240)
Net assets - beginning of year, as restated	214,971,443	85,103,670	300,075,113
Net assets - end of year	\$ 205,491,585	\$ 84,561,288	\$ 290,052,873

See accompanying Notes to Basic Financial Statements.

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FUND FINANCIAL STATEMENTS

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

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GOVERNMENTAL FUND FINANCIAL STATEMENTS

The City has determined the following funds to be major funds:

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, 2006

	Major Funds			
	General	Low & Moderate Income Housing Fund	General Debt Service	Public Financing Authority Debt Service
ASSETS				
Cash and investments	\$ 8,367,127	\$ 7,535,313	\$ 2,962,709	\$ 26,397
Receivables:				
Accounts, net	5,592,098	400,590	69,487	-
Interest	93,244	74,124	15,408	1,101
Assessments	-	-	-	-
Due from other funds	1,651,591	445,383	-	-
Due from other governments	2,197,934	-	-	-
Inventories	127,896	-	-	-
Prepaid items	104,642	50,000	-	-
Restricted cash and investments	-	19,188,253	16,261,654	-
Loans receivable, net	-	5,985,517	-	-
Advances to other funds	7,167,132	-	4,555,000	211,905,000
Land held for resale	-	4,313,316	-	-
Total assets	\$ 25,301,664	\$ 37,992,496	\$ 23,864,258	\$ 211,932,498
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 1,207,613	\$ 34,358	\$ 10	\$ -
Accrued liabilities	2,034,603	44,813	-	4,101
Due to other funds	-	-	-	-
Due to other governments	-	-	-	-
Deferred revenues	2,532,921	5,985,517	-	-
Deposits payable	-	900	-	-
Advances from other funds	704,280	10,065,000	42,090,000	-
Total liabilities	6,479,417	16,130,588	42,090,010	4,101
Fund Balances:				
Reserved for:				
Loans receivable	-	-	-	-
Land held for resale	-	4,313,316	-	-
Inventories	127,896	-	-	-
Prepaid items	104,642	50,000	-	-
Debt service	-	-	16,261,654	-
Advances to other funds	7,167,132	-	4,555,000	211,905,000
Low and moderate income housing	-	17,480,043	-	-
Encumbrances	508,147	18,549	-	-
Unreserved, designated for:				
Contingencies	3,000,000	-	-	-
Unreserved, undesignated for:				
General	7,914,430	-	-	-
Special revenue	-	-	-	-
Debt service	-	-	(39,042,406)	23,397
Capital projects	-	-	-	-
Total fund balances	18,822,247	21,861,908	(18,225,752)	211,928,397
Total liabilities and fund balances	\$ 25,301,664	\$ 37,992,496	\$ 23,864,258	\$ 211,932,498

See accompanying Notes to Basic Financial Statements.

	Major Funds			
	Redevelopment	Redevelopment	Other	Total
	Agency Debt Service	Agency Capital Project	Governmental Funds	Governmental Funds
ASSETS				
Cash and investments	\$ 4,679,061	\$ 2,356,269	\$ 24,407,055	\$ 50,333,931
Receivables:				
Accounts, net	28,714	1,177,753	77,387	7,346,029
Interest	50,382	19,191	260,149	513,599
Assessments	-	-	-	-
Due from other funds	-	1,077,391	49,078	3,223,443
Due from other governments	5,412,424	-	3,438,327	11,048,685
Inventories	-	-	-	127,896
Prepaid items	-	2,511,588	616,427	3,282,657
Restricted cash and investments	12,626,875	45,445,990	19,021,926	112,544,698
Loans receivable, net	-	2,393,834	10,406,417	18,785,768
Advances to other funds	-	-	600,000	224,227,132
Land held for resale	-	13,410,401	-	17,723,717
Total assets	\$ 22,797,456	\$ 68,392,417	\$ 58,876,766	\$ 449,157,555
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 94,109	\$ 193,529	\$ 1,391,130	\$ 2,920,749
Accrued liabilities	-	69,310	241,955	2,394,782
Due to other funds	1,522,774	-	1,577,835	3,100,609
Due to other governments	218,037	-	-	218,037
Deferred revenues	2,845,938	1,383,079	10,195,560	22,943,015
Deposits payable	-	151,734	-	152,634
Advances from other funds	161,130,243	7,647,848	-	221,637,371
Total liabilities	165,811,101	9,445,500	13,406,480	253,367,197
Fund Balances:				
Reserved for:				
Loans receivable	-	1,241,802	1,375,000	2,616,802
Land held for resale	-	13,410,401	-	17,723,717
Inventories	-	-	-	127,896
Prepaid items	-	2,511,588	616,427	3,282,657
Debt service	-	-	-	16,261,654
Advances to other funds	-	-	600,000	224,227,132
Low and moderate income housing	-	-	-	17,480,043
Encumbrances	-	321,989	4,853,208	5,701,893
Unreserved, designated for:				
Contingencies	-	-	6,877,406	9,877,406
Unreserved, undesignated for:				
General	-	-	-	7,914,430
Special revenue	-	-	18,048,054	18,048,054
Debt service	(143,013,645)	-	-	(182,032,654)
Capital projects	-	41,461,137	13,100,191	54,561,328
Total fund balances	(143,013,645)	58,946,917	45,470,286	195,790,358
Total liabilities and fund balances	\$ 22,797,456	\$ 68,392,417	\$ 58,876,766	\$ 449,157,555

See accompanying Notes to Basic Financial Statements.

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City of Pomona
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Assets
June 30, 2006

Total Fund Balances - Total Governmental Funds \$ 195,790,358

Amounts reported for governmental activities in the Statement of Net Assets were different because:

	Government-Wide Statement of Net Assets	Internal Service Funds	
Capital assets used in governmental activities were not current financial resources. Therefore, they were not reported in the Governmental Funds' Balance Sheet.			
Nondepreciable	\$ 87,091,006	\$ -	87,091,006
Depreciable, net of accumulated depreciation	215,300,180	(110,342)	215,189,838
Total capital assets	<u>\$ 302,391,186</u>	<u>\$ (110,342)</u>	<u>302,280,844</u>

Bond issuance costs from issuing debt were expenditures in the fund financial statements. However, they were deferred and subject to capitalization and amortization in the Government-Wide Financial Statements.

Deferred charges, net of accumulated amortization 5,715,395

Pension contribution was an expenditure in the fund financial statements, but it was deferred and subject to capitalization and amortization on the Government-Wide Statement of Net Assets.

Pension asset, net of accumulated amortization 25,874,342

	Government-Wide Statement of Net Assets	Internal Service Funds	
Interest payable on long-term debt did not require current financial resources. Therefore, interest payable was not reported as a liability in the Governmental Funds' Balance Sheet.	<u>\$ (5,419,028)</u>	<u>\$ 275</u>	<u>(5,418,753)</u>

Long-term liabilities were not due and payable in the current period. Therefore, they were not reported in the Governmental Funds' Balance Sheet.

	Government-Wide Statement of Net Assets	Internal Service Funds	
Compensated absences - current	\$ (734,045)	\$ 245,525	(488,520)
Compensated absences - noncurrent	(6,367,622)	-	(6,367,622)
Long-term debt - due within one year	(7,438,216)	12,876	(7,425,340)
Long-term debt - due in more than one year	(311,678,914)	33,877	(311,645,037)
	<u>\$ (326,218,797)</u>	<u>\$ 292,278</u>	<u>(325,926,519)</u>

Long-term receivables were not current available resources. Therefore, they were offset by a deferred revenue amount equal to the net receivable in the Governmental Funds' Balance Sheet.

19,044,426

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	(11,654,773)
Equipment Maintenance Fund	(213,735)
	<u>(11,868,508)</u>

Net Assets of Governmental Activities \$ 205,491,585

City of Pomona
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2006

	Major Funds			
	General	Low & Moderate Income Housing Fund	General Debt Service	Public Financing Authority Debt Service
REVENUES:				
Taxes	\$ 68,255,899	\$ -	\$ 2,079,374	\$ -
Special assessments	-	-	-	-
Intergovernmental	160,076	261,537	-	-
Charges for services	1,430,922	-	-	-
Fines and forfeitures	1,846,541	-	-	-
Licenses and permits	8,069,043	-	-	-
Use of money and property	1,171,284	1,107,763	876,029	9,431,750
Loan repaid	-	1,954,260	-	-
Miscellaneous	678,926	80,285	1,079,325	2,177
Total revenues	81,612,691	3,403,845	4,034,728	9,433,927
EXPENDITURES:				
Current:				
General government	3,648,330	-	14,993	80,456
Public safety	57,024,004	-	-	-
Urban development	9,965,202	4,245,638	-	-
Community services	9,082,861	-	-	-
Capital outlay	81,648	-	-	-
Debt service:				
Principal	1,041,593	-	583,000	1,045,000
Interest and fiscal charges	486,769	11,475	6,011,934	7,347,455
Debt issuance costs	-	-	1,117,464	1,330,125
Total expenditures	81,330,407	4,257,113	7,727,391	9,803,036
REVENUES OVER (UNDER) EXPENDITURES	282,284	(853,268)	(3,692,663)	(369,109)
OTHER FINANCING SOURCES (USES):				
Issuance of bonds, loans, and notes payable	-	-	42,280,684	34,360,000
Payment to refunded bonds escrow agent	-	-	(38,000,000)	(15,255,000)
Proceeds from capital lease	-	-	-	-
Proceeds from sale of capital assets	36,037	-	-	-
Transfers in	3,648,916	4,940,606	8,568,215	4,930,000
Transfers out	(1,965,421)	(1,949,875)	(5,035,859)	(15,681,914)
Total other financing sources (uses)	1,719,532	2,990,731	7,813,040	8,353,086
Net change in fund balances	2,001,816	2,137,463	4,120,377	7,983,977
FUND BALANCES:				
Beginning of year, as restated	16,820,431	19,724,445	(22,346,129)	203,944,420
End of year	\$ 18,822,247	\$ 21,861,908	\$ (18,225,752)	\$ 211,928,397

See accompanying Notes to Basic Financial Statements.

	Major Funds			
	Redevelopment	Redevelopment	Other Governmental Funds	Total Governmental Funds
	Agency Debt Service	Agency Capital Project		
REVENUES:				
Taxes	\$ 24,114,794	\$ -	\$ 127,536	\$ 94,577,603
Special assessments	-	-	1,197,805	1,197,805
Intergovernmental	2,589,002	-	26,354,058	29,364,673
Charges for services	-	-	558,381	1,989,303
Fines and forfeitures	-	-	1,434,046	3,280,587
Licenses and permits	-	-	371,474	8,440,517
Use of money and property	476,974	1,834,361	2,917,734	17,815,895
Loan repaid	-	85,189	-	2,039,449
Miscellaneous	193,222	2,583,946	1,214,544	5,832,425
Total revenues	27,373,992	4,503,496	34,175,578	164,538,257
EXPENDITURES:				
Current:				
General government	-	-	579,553	4,323,332
Public safety	-	-	4,651,865	61,675,869
Urban development	13,724,154	6,602,147	25,101,804	59,638,945
Community services	-	-	4,039,492	13,122,353
Capital outlay	-	-	973,721	1,055,369
Debt service:				
Principal	688,037	-	-	3,357,630
Interest and fiscal charges	8,727,824	-	233,825	22,819,282
Debt issuance costs	-	-	-	2,447,589
Total expenditures	23,140,015	6,602,147	35,580,260	168,440,369
REVENUES OVER (UNDER) EXPENDITURES	4,233,977	(2,098,651)	(1,404,682)	(3,902,112)
OTHER FINANCING SOURCES (USES):				
Issuance of bonds, loans, and notes payable	184,416	-	-	76,825,100
Payment to refunded bonds escrow agent	-	-	-	(53,255,000)
Proceeds from capital lease	-	-	1,343,850	1,343,850
Proceeds from sale of capital assets	-	-	-	36,037
Transfers in	1,861,555	2,739,435	20,619,574	47,308,301
Transfers out	(7,506,477)	(7,023,255)	(8,259,954)	(47,422,755)
Total other financing sources (uses)	(5,460,506)	(4,283,820)	13,703,470	24,835,533
Net change in fund balances	(1,226,529)	(6,382,471)	12,298,788	20,933,421
FUND BALANCES:				
Beginning of year, as restated	(141,787,116)	65,329,388	33,171,498	174,856,937
End of year	\$ (143,013,645)	\$ 58,946,917	\$ 45,470,286	\$ 195,790,358

See accompanying Notes to Basic Financial Statements.

City of Pomona

Reconciliation of the Governmental Funds 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, 2006

Net Change in Fund Balances - Total Governmental Funds	\$ 20,933,421
Amounts reported for governmental activities in the Statement of Activities were different because:	
Acquisition of capital assets was reported as expenditures in the governmental funds. However, in the Government-Wide Statement of Activities and Changes in Net Assets, the cost of those assets was allocated over the estimated useful lives as depreciation expense. The following was the amount of capital assets recorded in the current period:	
Capital outlay	1,055,369
Urban development	10,765,129
Depreciation expense on capital assets was reported in the Government-Wide Statement of Activities and Changes in Net Assets, but they did not require the use of current financial resources. Therefore, depreciation expense was not reported as an expenditure in the governmental funds. The adjustment is the difference between the depreciation expense of the governmental activities in the amount of \$13,169,093 and the depreciation expense of the internal service funds in the amount of \$21,463.	
	(13,147,630)
Amortization expense was reported in the Government-Wide Statement of Activities and Changes in Net Assets, but it did not require the use of current financial resources. Therefore, amortization expense was not reported as an expenditure in the governmental funds.	
Amortization of deferred charges	(1,740,505)
Amortization of premium/discount	139,368
Amortization of pension asset	(924,084)
Loss on disposal of capital assets was reported on the Government-wide Statement of Activities and Changes in Net Assets, but they did not require the use of current financial resources.	
	(133,762)
Cost of issuance of bonds was an expenditure in the governmental funds, but the issuance cost was capitalized in the Government-Wide Statement of Net Assets and was to be amortized over the life of the bond.	
	2,447,589
Certain revenues were recorded as deferred revenue in the governmental funds because they did not meet the revenue recognition criteria of availability. However, they were included as revenue in the Government-Wide Statement of Activities and Changes in Net Assets under the full accrual basis.	
	(9,565,658)
Long-term compensated absences was reported in the Government-Wide Statement of Activities and Changes in Net Assets, but it did not require the use of current financial resources. Therefore, long-term compensated absences was not reported as an expenditure in the governmental funds.	
	(138,227)
Proceeds from long-term debt provided current financial resources to governmental funds, but issuing debt increased long-term liabilities in the Government-Wide Statement of Net Assets. Repayment of bond principal was an expenditure in the governmental funds, but the repayment reduced long-term liabilities in the Government-Wide Statement of Net Assets.	
Long-term debt proceeds	(76,825,100)
Proceeds from capital leases	(1,343,850)
Principal payment	56,612,630
Accrued interest expense on County deferred loan did not require the use of current financial resources in the governmental funds, but it increased long-term liabilities in Government-Wide Statement of Net Assets.	
	(1,534,553)
Interest expense on long-term debt was reported in the Government-Wide Statement of Activities and Changes in Net Assets, but it did not require the use of current financial resources. Therefore, interest expense was not reported as an expenditure in the governmental funds. The reconciling amount was the change in accrued interest from the prior year.	
	682,465
Internal service funds were 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 was reported with governmental activities.	
	3,237,540
Change in Net Assets of Governmental Activities	\$ (9,479,858)

See accompanying Notes to Basic Financial Statements.

PROPRIETARY FUND FINANCIAL STATEMENTS

The City has determined the following funds to be major funds:

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.

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

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, 2006

	Major Funds			
	Water Utility	Sewer	Refuse	Canon Water Company February 28, 2006
ASSETS				
Current assets:				
Cash and investments	\$ 15,241,178	\$ 5,687,859	\$ 1,412,172	\$ 98,709
Receivables:				
Accounts, net	6,637,709	716,333	1,762,977	68,774
Interest	164,278	66,477	21,479	-
Inventories	229,826	-	-	-
Prepaid items	25,000	-	-	-
Total current assets	<u>22,297,991</u>	<u>6,470,669</u>	<u>3,196,628</u>	<u>167,483</u>
Noncurrent assets:				
Restricted cash and investments	11,321,815	4,815,706	-	-
Deferred charges	-	1,572,282	-	-
Advances to other funds	104,280	-	-	-
Capital assets:				
Nondepreciable assets	9,908,788	456,111	-	-
Depreciable assets, net	<u>69,141,028</u>	<u>26,087,397</u>	<u>785,519</u>	<u>-</u>
Total net capital assets	<u>79,049,816</u>	<u>26,543,508</u>	<u>785,519</u>	<u>-</u>
Total noncurrent assets	<u>90,475,911</u>	<u>32,931,496</u>	<u>785,519</u>	<u>-</u>
Total assets	<u>112,773,902</u>	<u>39,402,165</u>	<u>3,982,147</u>	<u>167,483</u>
LIABILITIES				
Current liabilities:				
Accounts payable	2,001,494	194,444	350,706	5,196
Accrued liabilities	248,511	25,339	93,194	-
Interest payable	423,046	54,335	5,271	-
Due to other funds	-	-	-	-
Unearned revenues	-	17,934	-	-
Compensated absences	36,525	4,402	11,628	-
Claims payable	-	-	-	-
Obligations under capital leases	286,135	52,270	113,237	-
Long-term debt - due within one year	<u>1,170,000</u>	<u>175,000</u>	<u>-</u>	<u>-</u>
Total current liabilities	<u>4,165,711</u>	<u>523,724</u>	<u>574,036</u>	<u>5,196</u>
Noncurrent liabilities:				
Advances from other funds	-	-	-	-
Deposits payable	2,478,463	-	-	-
Compensated absences	593,222	75,642	192,372	-
Claims payable	-	-	-	-
Obligations under capital leases	1,807,115	48,192	360,736	-
Long-term debt - due in more than one year	<u>46,825,000</u>	<u>14,115,000</u>	<u>-</u>	<u>-</u>
Total noncurrent liabilities	<u>51,703,800</u>	<u>14,238,834</u>	<u>553,108</u>	<u>-</u>
Total liabilities	<u>55,869,511</u>	<u>14,762,558</u>	<u>1,127,144</u>	<u>5,196</u>
NET ASSETS				
Invested in capital assets, net of related debt	39,505,185	14,283,488	311,546	-
Restricted for debt service	355,150	2,630,929	-	-
Unrestricted	<u>17,044,056</u>	<u>7,725,190</u>	<u>2,543,457</u>	<u>162,287</u>
Total net assets	<u>\$ 56,904,391</u>	<u>\$ 24,639,607</u>	<u>\$ 2,855,003</u>	<u>\$ 162,287</u>

See accompanying Notes to Basic Financial Statements.

	Total	Governmental Activities Internal Service Funds
ASSETS		
Current assets:		
Cash and investments	\$ 22,439,918	\$ 200
Receivables:		
Accounts, net	9,185,793	1,033
Interest	252,234	-
Inventories	229,826	308,218
Prepaid items	25,000	-
Total current assets	<u>32,132,771</u>	<u>309,451</u>
Noncurrent assets:		
Restricted cash and investments	16,137,521	2,005
Deferred charges	1,572,282	-
Advances to other funds	104,280	-
Capital assets:		
Nondepreciable assets	10,364,899	-
Depreciable assets, net	<u>96,013,944</u>	<u>110,342</u>
Total net capital assets	<u>106,378,843</u>	<u>110,342</u>
Total noncurrent assets	<u>124,192,926</u>	<u>112,347</u>
Total assets	<u>156,325,697</u>	<u>421,798</u>
LIABILITIES		
Current liabilities:		
Accounts payable	2,551,840	911,958
Accrued liabilities	367,044	92,982
Interest payable	482,652	275
Due to other funds	-	122,834
Unearned revenues	17,934	-
Compensated absences	52,555	245,525
Claims payable	-	2,200,000
Obligations under capital leases	451,642	12,876
Long-term debt - due within one year	<u>1,345,000</u>	<u>-</u>
Total current liabilities	<u>5,268,667</u>	<u>3,586,450</u>
Noncurrent liabilities:		
Advances from other funds	-	2,694,041
Deposits payable	2,478,463	-
Compensated absences	861,236	-
Claims payable	-	5,975,938
Obligations under capital leases	2,216,043	33,877
Long-term debt - due in more than one year	<u>60,940,000</u>	<u>-</u>
Total noncurrent liabilities	<u>66,495,742</u>	<u>8,703,856</u>
Total liabilities	<u>71,764,409</u>	<u>12,290,306</u>
NET ASSETS		
Invested in capital assets, net of related debt	54,100,219	63,589
Restricted for debt service	2,986,079	1,730
Unrestricted	<u>27,474,990</u>	<u>(11,933,827)</u>
Total net assets	<u>\$ 84,561,288</u>	<u>\$ (11,868,508)</u>

See accompanying Notes to Basic Financial Statements.

City of Pomona
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
For the year ended June 30, 2006

	Major Funds			Canon Water Company February 28, 2006
	Water Utility	Sewer	Refuse	
OPERATING REVENUES:				
Charges for services	\$ 20,760,391	\$ 2,853,610	\$ 7,395,141	\$ -
Miscellaneous	320,868	1,710	774	-
Total operating revenues	21,081,259	2,855,320	7,395,915	-
OPERATING EXPENSES:				
Personnel services	5,774,206	596,919	2,082,825	-
Operations	11,176,378	1,036,787	6,281,221	52,345
Claims expense	-	-	-	-
Depreciation	2,221,523	752,752	124,263	-
Amortization of issuance costs	-	72,158	-	-
Insurance	-	-	-	-
Total operating expenses	19,172,107	2,458,616	8,488,309	52,345
OPERATING INCOME (LOSS)	1,909,152	396,704	(1,092,394)	(52,345)
NONOPERATING REVENUES (EXPENSES):				
Gain (loss) on disposal of capital assets	2,155	2,679	5,848	-
Interest expense and fees	(2,393,889)	(648,561)	(15,532)	-
Investment earnings	700,994	310,342	54,991	52
Intergovernmental	23,100	-	4,744	64,222
Sale of reclaimed water	1,446,611	-	-	-
Sale of surplus water	482,162	-	-	-
Total nonoperating revenues (expenses)	261,133	(335,540)	50,051	64,274
INCOME (LOSS) BEFORE TRANSFERS	2,170,285	61,164	(1,042,343)	11,929
Transfers in	149,751	-	-	-
Transfers out	(1,110,500)	(523,969)	(258,699)	-
Total transfers	(960,749)	(523,969)	(258,699)	-
Change in net assets	1,209,536	(462,805)	(1,301,042)	11,929
NET ASSETS:				
Beginning of year	55,694,855	25,102,412	4,156,045	150,358
End of year	\$ 56,904,391	\$ 24,639,607	\$ 2,855,003	\$ 162,287

See accompanying Notes to Basic Financial Statements.

	Total	Governmental Activities Internal Service Funds
OPERATING REVENUES:		
Charges for services	\$ 31,009,142	\$ 11,592,292
Miscellaneous	323,352	54,804
Total operating revenues	31,332,494	11,647,096
OPERATING EXPENSES:		
Personnel services	8,453,950	2,292,862
Operations	18,546,731	2,673,786
Claims expense	-	3,867,721
Depreciation	3,098,538	21,463
Amortization of issuance costs	72,158	-
Insurance	-	1,426,071
Total operating expenses	30,171,377	10,281,903
OPERATING INCOME (LOSS)	1,161,117	1,365,193
NONOPERATING REVENUES (EXPENSES):		
Gain (loss) on disposal of capital assets	10,682	2,438
Interest expense and fees	(3,057,982)	(1,730)
Investment earnings	1,066,379	3,768
Intergovernmental	92,066	10,000
Sale of reclaimed water	1,446,611	-
Sale of surplus water	482,162	-
Total nonoperating revenues (expenses)	39,918	14,476
INCOME (LOSS) BEFORE TRANSFERS	1,201,035	1,379,669
Transfers in	149,751	2,117,988
Transfers out	(1,893,168)	(260,117)
Total transfers	(1,743,417)	1,857,871
Change in net assets	(542,382)	3,237,540
NET ASSETS:		
Beginning of year	85,103,670	(15,106,048)
End of year	\$ 84,561,288	\$ (11,868,508)

See accompanying Notes to Basic Financial Statements.

City of Pomona
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2006

	Major Funds			
	Water Utility	Sewer	Refuse	Canon Water Company February 28, 2006
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 20,583,640	\$ 2,860,779	\$ 7,339,755	\$ (4,552)
Cash payments to suppliers for goods and services	(10,553,961)	(879,990)	(6,185,072)	(51,031)
Cash payments for general and administrative expenses	(5,793,068)	(594,089)	(2,054,942)	-
Cash received from (paid for) other	320,868	1,205	774	-
Net cash provided (used) by operating activities	4,557,479	1,387,905	(899,485)	(55,583)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Cash received from other governments	-	-	4,744	64,222
Other nonoperating revenue	1,928,773	-	-	-
Transfers	(960,749)	(523,969)	(258,699)	-
Advances	-	-	-	-
Net cash provided (used) by noncapital financing activities	968,024	(523,969)	(253,955)	64,222
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Purchase, acquisition and construction of capital assets	(4,488,772)	(229,766)	-	-
Proceeds from sale of capital assets	-	-	5,849	-
Repayment of bonds payable and capital leases	(1,412,878)	(196,136)	(109,904)	-
Interest paid on capital-related debt	(2,403,696)	(649,207)	(16,754)	-
Net cash provided (used) by capital and related financing activities	(8,305,346)	(1,075,109)	(120,809)	-
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest income received	620,748	285,240	57,390	52
Net cash provided (used) by investing activities	620,748	285,240	57,390	52
Net increase (decrease) in cash and cash equivalents	(2,159,095)	74,067	(1,216,859)	8,691
CASH AND CASH EQUIVALENTS:				
Beginning of year	28,722,088	10,429,498	2,629,031	90,018
End of year	<u>\$ 26,562,993</u>	<u>\$ 10,503,565</u>	<u>\$ 1,412,172</u>	<u>\$ 98,709</u>
FINANCIAL STATEMENT PRESENTATION:				
Cash and investments	\$ 15,241,178	\$ 5,687,859	\$ 1,412,172	\$ 98,709
Restricted cash and investments	11,321,815	4,815,706	-	-
Total cash, cash equivalents, and investments	<u>\$ 26,562,993</u>	<u>\$ 10,503,565</u>	<u>\$ 1,412,172</u>	<u>\$ 98,709</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ 1,909,152	\$ 396,704	\$ (1,092,394)	\$ (52,345)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	2,221,523	752,752	124,263	-
Amortization	-	72,158	-	-
Changes in operating assets and liabilities:				
Accounts receivable	(176,751)	7,169	(55,386)	(4,552)
Inventories	(25,414)	-	-	-
Prepaid items	(25,000)	-	-	-
Accounts payable	734,830	156,797	96,149	1,314
Accrued liabilities	32,550	2,737	15,594	-
Due to other funds	-	-	-	-
Unearned revenue	-	(505)	-	-
Deposit payable	(61,999)	-	-	-
Compensated absences	(51,412)	93	12,289	-
Claims payable	-	-	-	-
Total adjustments	426,804	166,291	68,646	(3,238)
Net cash provided (used) by operating activities	<u>\$ 4,557,479</u>	<u>\$ 1,387,905</u>	<u>\$ (899,485)</u>	<u>\$ (55,583)</u>

See accompanying Notes to Basic Financial Statements.

	Total	Governmental Activities Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 30,779,622	\$ 11,714,093
Cash payments to suppliers for goods and services	(17,670,054)	(9,451,580)
Cash payments for general and administrative expenses	(8,442,099)	(2,256,434)
Cash received from (paid for) other	322,847	54,804
Net cash provided (used) by operating activities	4,990,316	60,883
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Cash received from other governments	68,966	-
Other nonoperating revenue	1,928,773	-
Transfers	(1,743,417)	1,857,871
Advances	-	(2,189,646)
Net cash provided (used) by noncapital financing activities	254,322	(331,775)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchase, acquisition and construction of capital assets	(4,718,538)	(29,873)
Proceeds from sale of capital assets	5,849	-
Repayment of bonds payable and capital leases	(1,718,918)	(12,304)
Interest paid on capital-related debt	(3,069,657)	(1,840)
Net cash provided (used) by capital and related financing activities	(9,501,264)	(44,017)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest income received	963,430	6,341
Net cash provided (used) by investing activities	963,430	6,341
Net increase (decrease) in cash and cash equivalents	(3,293,196)	(308,568)
CASH AND CASH EQUIVALENTS:		
Beginning of year	41,870,635	310,773
End of year	<u>\$ 38,577,439</u>	<u>\$ 2,205</u>
FINANCIAL STATEMENT PRESENTATION:		
Cash and investments	\$ 22,439,918	\$ 200
Restricted cash and investments	16,137,521	2,005
Total cash, cash equivalents, and investments	<u>\$ 38,577,439</u>	<u>\$ 2,205</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating income (loss)	\$ 1,161,117	\$ 1,365,193
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	3,098,538	21,463
Amortization	72,158	-
Changes in operating assets and liabilities:		
Accounts receivable	(229,520)	(1,033)
Inventories	(25,414)	(5,306)
Prepaid items	(25,000)	2,162
Accounts payable	989,090	570,339
Accrued liabilities	50,881	12,004
Due to other funds	-	122,834
Unearned revenue	(505)	-
Deposit payable	(61,999)	-
Compensated absences	(39,030)	24,424
Claims payable	-	(2,051,197)
Total adjustments	658,503	(1,304,310)
Net cash provided (used) by operating activities	<u>\$ 4,990,316</u>	<u>\$ 60,883</u>

See accompanying Notes to Basic Financial Statements.

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FIDUCIARY FUND FINANCIAL STATEMENTS

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, 2006

	Agency Funds
	<u> </u>
ASSETS	
Cash and investments	\$ 3,523,053
Accounts receivable	92,426
Interest receivable	11,255
Due from other governments and agencies	<u>370</u>
Total assets	<u><u>\$ 3,627,104</u></u>
LIABILITIES	
Accounts payable	\$ 1,643,105
Deposits payable	1,641,825
Due to bondholders	<u>342,174</u>
Total liabilities	<u><u>\$ 3,627,104</u></u>

City of Pomona
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For the year ended June 30, 2006

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For the year ended June 30, 2006

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NOTES TO BASIC FINANCIAL STATEMENTS

City of Pomona
Notes to Basic Financial Statements
For the year ended June 30, 2006

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 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 basic 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, 2006

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. The 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.

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. 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, 2006 except for Canon Water Company which had a fiscal year ended February 28, 2006.

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, 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus

The accounting policies of the City conform to GAAP 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 balance, 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, 2006

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 the applicable criteria. In addition, the City has presented the Low & Moderate Income Housing Special Revenue Fund as a major fund because the City believes the financial position and activities of the fund are significant to the City as a whole.

The City reports the following major governmental funds:

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 & 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).

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.

City of Pomona
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

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.

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. The City reports the following major proprietary funds:

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.

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

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

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. Internal service balances and activities have been combined with the governmental activities in the government-wide financial statements.

City of Pomona
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

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.

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 of 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.

C. 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.

City of Pomona
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

C. Cash, Cash Equivalents and Investments, Continued

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

D. 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) or "advances from/to other funds" (i.e., noncurrent 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 "internal balances."

E. 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.

F. Capital Assets

Capital assets, which include land, construction in progress, buildings and improvements, improvements other than buildings, machinery and equipment, autos 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.

City of Pomona
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

F. Capital Assets, Continued

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

Buildings and improvements	10-50 years
Improvements other than buildings	10-50 years
Machinery and equipment	5-50 years
Autos and trucks	5-10 years
Equipment under capitalized lease	5-10 years
Infrastructure	25-75 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. For infrastructure systems, the City elected to use the "Basic Approach" as defined by GASB Statement No. 34 for infrastructure reporting.

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 is capitalized as a cost of the constructed assets.

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". Capital assets acquired under capital lease are capitalized at the net present value of the total lease payments in the government-wide financial statements.

G. 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.

H. Pension Asset, Net

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. As of June 30, 2006, the unamortized portion of the pension asset was \$25,874,342.

City of Pomona
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

I. Long-Term Debt

Government-Wide Financial Statements

Long-term debt and other financed obligations are reported as liabilities in the proprietary fund financial statements and government-wide financial statements.

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.

J. 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. The compensated absences liability will generally be liquidated through individual funds.

K. 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.

City of Pomona
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

L. Unearned and Deferred Revenue

Government-Wide Financial Statements - Unearned revenue is recognized for transactions for which revenue has not yet been earned. Unearned revenue includes monies received in advance from the fiscal agents on the amounts deposited in the reserve funds for various bonds and prepaid charges for services.

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.

M. 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. The City's 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 the amount received in the 1976 to 1978 period.

N. Net Assets and Fund Balances

Government-Wide Financial Statements - In the government-wide financial statements, net assets are classified in the following:

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 the fund balance which are not appropriable for expenditure or which are legally segregated for specific future use. Designated fund balance represents tentative plans for future use of financial resources. Undesignated fund balance represents 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, 2006

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 Pronouncements

The City adopted new accounting standards in order to conform to the following Governmental Accounting Standards Board Statements:

- GASB Statement No. 42 *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries* establishes accounting and financial reporting standards for impairment of capital assets. A capital asset is considered impaired when its service utility has declined significantly and unexpectedly. This Statement also clarifies and establishes accounting requirements for insurance recoveries.
- GASB Statement No. 44 *Economic Condition Reporting: The Statistical Section* (an amendment of NCGA Statement 1) guides the preparation of the statistical section. The statistical section presents detailed information, typically in ten-year trends, that assists users in utilizing the basic financial statements, notes to basic financial statements, and required supplementary information to assess the economic condition of a government.
- GASB Statement No. 46 *Net Assets Restricted by Enabling Legislation* addresses selected issues and amends GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. The Statement enhances the usefulness and comparability of net asset information and clarifies the meaning of legal enforceability. The Statement also specified accounting and financial reporting requirements for restricted net assets.
- GASB Statement No. 47 *Accounting for Termination Benefits* provides accounting guidance for state and local governmental employers regarding benefits (such as early-retirement incentives and severance benefits) provided to employees that are terminated. The Statement requires recognition of the cost of involuntary termination benefits in the period in which a government becomes obligated to provide benefits to terminated employees.

City of Pomona
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2006

2. CASH 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, 2006:

	Government-Wide Statement of Net Assets			Fiduciary Funds	
	Governmental Activities	Business-Type Activities	Total	Statement of Net Assets	Total
Cash and Investments	\$ 50,334,131	\$ 22,439,918	\$ 72,774,049	\$ 3,523,053	\$ 76,297,102
Restricted Cash and Investments:					
Held by trustees	\$ 1,815,471	\$ -	\$ 1,815,471	\$ -	\$ 1,815,471
Held by fiscal agents	110,731,232	16,137,521	126,868,753	-	126,868,753
Total restricted cash and investments	\$ 112,546,703	\$ 16,137,521	\$ 128,684,224	\$ -	\$ 128,684,224
				Total	\$ 204,981,326

Cash and investments were comprised of the following at June 30, 2006:

Cash and cash equivalents:	
Petty Cash	\$ 8,718
Demand Deposit	1,764,744
Total Cash and cash equivalents	<u>1,773,462</u>
Investments:	
Local Agency Investment Fund	31,346,382
U.S. Government Securities:	
Federal Farm Credit Bank (FFCB)	2,318,321
Federal Home Loan Bank (FHLB)	23,237,755
Federal Home Loan Mortgage Corporation (FHLMC)	16,640,242
Federal National Mortgage Association (FNMA)	980,940
Total Investments	<u>74,523,640</u>
Total Cash and Investments	<u>\$ 76,297,102</u>

B. Cash Deposits

The carrying amounts of the City's cash deposits were \$1,764,744 at June 30, 2006. Bank balances at June 30, 2006, were \$4,363,081 which were fully insured or collateralized with securities held by the pledging financial institutions in the City's name as discussed below.

City of Pomona
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2006

2. CASH AND INVESTMENTS, Continued

B. Cash Deposits, Continued

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 month-end cash and investment balances. Interest income from cash and investments with fiscal agents is credited directly to the related fund.

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 at the year end.

D. Investment in Local Agency Investment Funds

As of June 30, 2006, the City had \$31,346,382 invested in LAIF. The City valued its investments in LAIF as of June 30, 2006, 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 0.998185821.

City of Pomona
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2006

2. CASH AND INVESTMENTS, Continued

D. Investment in Local Agency Investment Funds, Continued

The City's investments with LAIF at June 30, 2006, included 2.567% 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.

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. At June 30, 2006, the City had the following investment maturities:

Investment Type	Fair Value	Investment Maturities (In Years)			
		Less than 1	1 to 2	2 to 3	3 to 4
Local Agency Investment Fund	\$ 31,346,382	\$ 31,346,382	\$ -	\$ -	\$ -
Federal Farm Credit Bank	2,318,321	981,560	1,336,761	-	-
Federal Home Loan Bank	23,237,755	6,296,340	10,748,430	6,192,985	-
Federal Home Loan Mortgage Corporation	16,640,242	4,948,400	5,258,037	5,433,265	1,000,540
Federal National Mortgage Association	980,940	980,940	-	-	-
Total	\$ 74,523,640	\$ 44,553,622	\$ 17,343,228	\$ 11,626,250	\$ 1,000,540

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.

City of Pomona
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2006

2. CASH AND INVESTMENTS, Continued

E. Risk Disclosures, Continued

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

Investment Pool	Moody's	Standard & Poor's
Local Agency Investment Fund	Not Rated	Not Rated
U.S. Government Securities		
Federal Farm Credit Bank (FFCB)	Aaa	AAA
Federal Home Loan Bank (FHLB)	Aaa	AAA
Federal Home Loan Mortgage Corporation (FHLMC)	Aaa	AAA
Federal National Mortgage Association (FNMA)	Aaa	AAA

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, governmental agencies (i.e. GNMA, FFCB, FHLB, FHLMC, FNMA, etc.), and investment pools (LAIF). In addition, purchases of commercial paper from U.S. corporations must not exceed 15% of the value of the portfolio at any time and single issuer holdings to no more than 10 percent per issuer. The City is in compliance with these provisions of the Policy.

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

Investments	Amount Invested	Percentage of Investments
Local Agency Investment Fund	\$ 31,346,382	42.06%
Federal Farm Credit Bank (FFCB)	2,318,321	3.11%
Federal Home Loan Bank (FHLB)	23,237,755	31.18%
Federal Home Loan Mortgage Corporation (FHLMC)	16,640,242	22.33%
Federal National Mortgage Association (FNMA)	980,940	1.32%
Total	<u>\$ 74,523,640</u>	<u>100.00%</u>

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the City's investments, \$128,684,224 of securities is held by the investment's counterparty not in the name of the City as of June 30, 2006.

F. Investment in Bonds

On February 1, 2005, the Authority issued \$11,370,000 2005 Revenue Bonds, Series AL, to purchase the City's 2005 Reassessment and Refunding Revenue Bonds, Series AM (Series AM Bonds). The Authority holds the Series AM Bonds in the amount of \$9,066,000 as an investment at June 30, 2006. The investment is held by the fiscal agent.

City of Pomona
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2006

3. DUE FROM OTHER GOVERNMENTS

At June 30, 2006, the City's due from other governments consisted of the following:

Agency	Balance at June 30, 2006
State of California	\$ 3,129,140
County of Los Angeles	5,572,362
Department of Motor Vehicles	6,791
Department of Housing and Urban Development	527,024
South Coast Air Quality Management District	50,290
Metropolitan Transit Authority (TDA Article 3)	237,291
TEA Grant	147,753
MTA Grant	149,217
Prop 12	963,632
Office of Traffic Safety	202,669
Miscellaneous	62,516
Total	\$ 11,048,685

4. LOANS RECEIVABLE

At June 30, 2006, the City's loans receivable consisted of the following:

	Balance at June 30, 2006
Casa Herrera	\$ 1,375,000
Deferred Home Improvement Loans	6,726,596
Prototype Loans	660,000
Rental Rehabilitation Loans	427,442
Greater Pomona Housing Loans	779,000
CHDO	253,046
HOPE 3 Loans	424,701
Manufactured Housing Rehabilitation Loans	1,098,698
Occupied Rehabilitation Loans	157,351
MAP Loans, net	1,290,246
NIP Loans, net	2,782,846
Cardenas Market, net	112,500
DeLa Torre	323,640
Guadalajara Market	210,600
James Caswell (West Coast RV's)	1,450,384
Postal Extra (El Centro)	2,534
Red Hill Pizza	118,548
Olsen Covenants	321,000
Southern California Resources & Development	85,000
Meruelo	175,628
Miscellaneous	11,008
Total	\$ 18,785,768

City of Pomona
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2006

5. INTERFUND TRANSACTIONS

A. Government-Wide Financial Statements

Internal Balance - At June 30, 2006, the City had the following internal receivable and payable. The purpose of the internal balance was to cover cash deficits.

	Internal Payable	Internal Receivable
		Business-Type Activities
Governmental Activities		\$ 104,280

Transfers - At June 30, 2006, the City had the following transfers. The purpose of the transfers was for debt service, excess liability and workers compensation expense, purchasing of an emergency generator and funding of various capital projects.

	Transfers In	Transfers Out
		Business-Type Activities
Governmental Activities		\$ 1,743,417

B. Fund Financial Statements

Due To/Due From - At June 30, 2006, the City had the following short-term interfund receivables and payables.

Due To Other Funds	Due From Other Funds				
	General	Low and Moderate Income Housing	Redevelopment Agency Capital Project	Non-Major Governmental Funds	Total
Redevelopment Agency Debt Service	\$ -	\$ 445,383	\$ 1,077,391	\$ -	\$ 1,522,774
Non-Major Governmental Funds	1,528,757	-	-	49,078	1,577,835
Internal Service Funds	122,834	-	-	-	122,834
Total	\$ 1,651,591	\$ 445,383	\$ 1,077,391	\$ 49,078	\$ 3,223,443

The General Fund amounts were made to cover negative cash situations.

The Low and Moderate Income Housing Fund and Redevelopment Agency Capital Project Fund amounts represent tax increments due from the Redevelopment Agency Debt Service Fund.

The Non-Major Fund amounts represent obligations of the Capital Outlay Fund for the Kennedy Park project.

City of Pomona
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2006

5. INTERFUND TRANSACTIONS, Continued

B. Fund Financial Statements, Continued

Long-Term Advances - At June 30, 2006, 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	Water Utility Enterprise Fund	
	Governmental Funds:					
General	\$ -	\$ -	\$ -	\$ 600,000	\$ 104,280	\$ 704,280
Low & Moderate Income Housing	-	-	10,065,000	-	-	10,065,000
General Debt Service	-	-	42,090,000	-	-	42,090,000
Redevelopment Agency Debt Service	1,380,243	-	159,750,000	-	-	161,130,243
Redevelopment Agency Capital Project	3,092,848	4,555,000	-	-	-	7,647,848
Internal Service Funds	2,694,041	-	-	-	-	2,694,041
Total	\$ 7,167,132	\$ 4,555,000	\$ 211,905,000	\$ 600,000	\$ 104,280	\$ 224,331,412

Long-term advances are used to fund various capital projects, low and moderate housing activities, and in advance of related financing or assessments.

Transfers - At June 30, 2006, the City had the following transfers:

	Transfers Out											Total
	Governmental Funds						Enterprise Funds					
	General	Low & Moderate Income Housing Fund	City Debt Service	Public Financing Authority Debt Service	Redevelopment Agency Debt Service	Redevelopment Agency Capital Project	Non-Major Governmental Funds	Water Utility	Sewer	Refuse	Internal Service Funds	
Governmental Funds:												
General	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,648,916	\$ -	\$ -	\$ -	\$ -	\$ 3,648,916
Low & Moderate Income Housing Fund	-	-	-	82,119	4,858,487	-	-	-	-	-	-	4,940,606
City Debt Service	1,787,761	-	-	4,749,795	-	650,921	362,738	600,000	417,000	-	-	8,568,215
Public Financing Authority												
Debt Service	-	-	4,930,000	-	-	-	-	-	-	-	-	4,930,000
Redevelopment Agency												
Debt Service	-	1,861,555	-	-	-	-	-	-	-	-	-	1,861,555
Redevelopment Agency												
Capital Project	-	-	91,445	-	2,647,990	-	-	-	-	-	-	2,739,435
Non-Major												
Governmental Funds	177,660	88,320	14,414	10,850,000	-	5,327,144	4,130,536	10,500	10,500	10,500	-	20,619,574
Water Enterprise Fund	-	-	-	-	-	31,987	117,764	-	-	-	-	149,751
Internal Service Funds	-	-	-	-	-	1,013,203	-	500,000	96,469	248,199	260,117	2,117,988
Total	\$ 1,965,421	\$ 1,949,875	\$ 5,035,859	\$ 15,681,914	\$ 7,506,477	\$ 7,023,255	\$ 8,259,954	\$ 1,110,500	\$ 523,969	\$ 258,699	\$ 260,117	\$ 49,576,040

The transfer of \$1,787,761 between the General Fund and the City Debt Service Fund was for series AG, AJ, AK and AN debt servicing.

The transfer of \$1,861,555 from the Low & Moderate Income Housing Fund to the Redevelopment Agency Debt Service Fund was for its share of the Agency's debt service.

City of Pomona
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2006

5. INTERFUND TRANSACTIONS, Continued

B. Fund Financial Statements, Continued

The transfers of \$4,930,000 between the City Debt Service Fund and the Public Financing Authority Debt Service Fund were for series AL debt service and proceeds from series AP and a partial refunding of series P debt.

The \$10,850,000 transfer from the Public Financing Authority Debt Service Fund to the Non-Major Governmental funds, more specifically the City Capital Projects Fund represented series AN bond proceeds.

The \$4,858,487 and \$2,647,990 transfers from the Redevelopment Agency Debt Service Fund to the Low & Moderate Income Housing Fund and the Redevelopment Agency Capital Projects Fund, represent the required 20% set aside tax increment revenue for low and moderate income housing and excess debt service fund revenues available for use in the capital projects fund.

The \$5,327,144 transfer from the Redevelopment Agency Capital Project Fund to the Non-Major Governmental Funds (mostly Capital Outlay Fund) represents bond proceeds drawn for various construction projects.

The \$1,013,203 transfer from the Redevelopment Agency Capital Project Fund to the Internal Service Funds represents the Agency's cost for self-insurance.

The Non-Major Governmental Funds (State Gas Tax Fund) transferred \$3,648,916 to the General Fund to pay for street sweeping, services, storm water compliance, graffiti abatement, right of way clean up and landscape median maintenance.

Significant transfers between the Non-Major Governmental Funds include transfers from the Community Development Block Grant Fund totaling \$1,604,736 and transfers from the Proposition C Fund totaling \$1,323,956 to the City Capital Projects Fund for program eligible construction projects. A transfer of series AG bond proceeds was made from the City Capital Projects Fund totaling \$1,001,934 to the State Gas Tax Fund for construction projects as budgeted.

All other transfers were in the normal course of the City's business.

6. LAND HELD FOR RESALE

Land held for resale is comprised of the following at June 30, 2006:

Low & Moderate Income Housing Fund	\$	4,313,316
Redevelopment Agency Capital Project Fund		13,410,401
Total	\$	17,723,717

Land held for resale is recorded 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.

City of Pomona
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2006

7. CAPITAL ASSETS

A. Government-Wide Financial Statements

At June 30, 2006, the City's capital assets consisted of the following:

	Governmental Activities	Business-Type Activities	Total
Non-depreciable Assets:			
Land	\$ 70,751,972	\$ 3,951,214	\$ 74,703,186
Construction in process	16,339,034	6,413,685	22,752,719
Total non-depreciable assets	87,091,006	10,364,899	97,455,905
Depreciable Assets:			
Buildings and improvements	14,072,226	107,427	14,179,653
Improvements other than building	34,781,522	113,375	34,894,897
Machinery and equipment	8,653,258	147,242,418	155,895,676
Autos and trucks	6,316,418	5,883,203	12,199,621
Equipment under capitalized lease	6,243,195	3,983,908	10,227,103
Infrastructure	352,396,514	-	352,396,514
Total depreciable assets, at cost	422,463,133	157,330,331	579,793,464
Less accumulated depreciation			
Buildings and improvements	(9,065,935)	(11,028)	(9,076,963)
Improvements other than building	(8,028,451)	(16,134)	(8,044,585)
Machinery and equipment	(5,340,202)	(53,484,842)	(58,825,044)
Autos and trucks	(5,123,570)	(4,061,825)	(9,185,395)
Equipment under capitalized lease	(1,629,342)	(3,742,558)	(5,371,900)
Infrastructure	(177,975,453)	-	(177,975,453)
Total accumulated depreciation	(207,162,953)	(61,316,387)	(268,479,340)
Total depreciable assets, net	215,300,180	96,013,944	311,314,124
Total capital assets	\$ 302,391,186	\$ 106,378,843	\$ 408,770,029

City of Pomona
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2006

7. CAPITAL ASSETS, Continued

A. Government-Wide Financial Statements, Continued

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

	Balance July 1, 2005	Prior Period Adjustments (Note 17)	Additions	Deletions	Reclassification	Balance June 30, 2006
Non-depreciable Assets:						
Land	\$ 70,574,344	\$ 175,938	\$ 1,690	\$ -	\$ -	\$ 70,751,972
Construction in process	10,043,683	252,355	10,812,031	(4,769,035)	-	16,339,034
Total non-depreciable assets	80,618,027	428,293	10,813,721	(4,769,035)	-	87,091,006
Depreciable Assets:						
Buildings and improvements	13,848,905	158,751	-	-	64,570	14,072,226
Improvements other than building	34,999,874	-	748,124	-	(966,476)	34,781,522
Machinery and equipment	6,901,889	-	187,455	(943,807)	2,507,721	8,653,258
Autos and trucks	5,745,226	-	120,594	(1,181,050)	1,631,648	6,316,418
Equipment under capitalized lease	8,779,007	-	757,439	(73,312)	(3,219,939)	6,243,195
Infrastructure	12,760,669	335,918,793	4,004,511	(269,935)	(17,524)	352,396,514
Total depreciable assets, at cost	83,035,570	336,077,544	5,818,123	(2,468,104)	-	422,463,133
Less accumulated depreciation:						
Buildings and improvements	(7,078,001)	(1,350,057)	(270,632)	-	(367,245)	(9,065,935)
Improvements other than building	(7,608,637)	208,350	(774,287)	-	146,123	(8,028,451)
Machinery and equipment	(3,473,630)	29,923	(721,474)	829,516	(2,004,537)	(5,340,202)
Autos and trucks	(3,347,108)	13,387	(621,868)	1,162,580	(2,330,561)	(5,123,570)
Equipment under capitalized lease	(5,626,632)	(14,416)	(616,431)	73,312	4,554,825	(1,629,342)
Infrastructure	(372,679)	(167,708,702)	(10,164,401)	268,934	1,395	(177,975,453)
Total accumulated depreciation	(27,506,687)	(168,821,515)	(13,169,093)	2,334,342	-	(207,162,953)
Total depreciable assets, net	55,528,883	167,256,029	(7,350,970)	(133,762)	-	215,300,180
Total capital assets	\$ 136,146,910	\$ 167,684,322	\$ 3,462,751	\$ (4,902,797)	\$ -	\$ 302,391,186

Depreciation expense for capital assets of the governmental activities for the year ended June 30, 2006 was as follows:

General government	\$ 360,440
Public safety	408,242
Urban development	10,548,444
Community services	1,830,504
Internal service funds	21,463
Total depreciation expense	\$ 13,169,093

City of Pomona
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2006

7. CAPITAL ASSETS, Continued

A. Government-Wide Financial Statements, Continued

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

	Balance July 1, 2005	Additions	Deletions	Reclassification	Balance June 30, 2006
Non-depreciable Assets:					
Land	\$ 3,951,214	\$ -	\$ -	\$ -	\$ 3,951,214
Construction in process	2,761,235	4,413,185	(760,735)	-	6,413,685
Total non-depreciable assets	6,712,449	4,413,185	(760,735)	-	10,364,899
Depreciable Assets:					
Buildings and improvements	107,427	-	-	-	107,427
Improvements other than building	113,375	-	-	-	113,375
Machinery and equipment	144,331,077	866,547	(29,213)	2,074,007	147,242,418
Autos and trucks	4,665,398	232,451	(337,161)	1,322,515	5,883,203
Equipment under capitalized lease	7,380,430	-	-	(3,396,522)	3,983,908
Total depreciable assets, at cost	156,597,707	1,098,998	(366,374)	-	157,330,331
Less accumulated depreciation:					
Buildings and improvements	(8,879)	(2,149)	-	-	(11,028)
Improvements other than building	(12,355)	(3,779)	-	-	(16,134)
Machinery and equipment	(50,927,150)	(2,581,927)	24,235	-	(53,484,842)
Autos and trucks	(4,290,515)	(108,472)	337,162	-	(4,061,825)
Equipment under capitalized lease	(3,340,347)	(402,211)	-	-	(3,742,558)
Total accumulated depreciation	(58,579,246)	(3,098,538)	361,397	-	(61,316,387)
Total depreciable assets, net	98,018,461	(1,999,540)	(4,977)	-	96,013,944
Total capital assets	\$ 104,730,910	\$ 2,413,645	\$ (765,712)	\$ -	\$ 106,378,843

Depreciation expense for capital assets of the business-type activities for the year ended June 30, 2006 was as follows:

Water Utility	\$ 2,221,523
Sewer	752,752
Refuse	124,263
Total depreciation expense	\$ 3,098,538

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, 2006

8. LONG-TERM DEBT

The following is a summary of long-term debt for the year ended June 30, 2006:

	Balance		Accrued		Balance	Classification	
	July 1, 2005	Additions	Interest	Deletions		June 30, 2006	Due within One Year
Governmental Activities:							
Participation agreement	\$ 654,113	\$ -	\$ -	\$ (218,037)	\$ 436,076	\$ 218,036	\$ 218,040
County deferred tax loan	21,737,760	184,416	1,534,553	-	23,456,729	-	23,456,729
Obligation under capital lease	3,540,466	1,343,850	-	(1,053,899)	3,830,417	1,357,180	2,473,237
Notes payable	2,955,000	-	-	(230,000)	2,725,000	250,000	2,475,000
Revenue bonds	195,413,124	34,360,000	-	(13,516,689)	216,256,435	4,918,000	211,338,435
Tax allocation bonds	11,875,000	-	-	(365,000)	11,510,000	380,000	11,130,000
Pension obligation refunding bonds	38,000,000	42,280,684	-	(38,000,000)	42,280,684	-	42,280,684
Certificates of participation	22,002,468	-	-	(3,380,679)	18,621,789	315,000	18,306,789
Subtotal	296,177,931	78,168,950	1,534,553	(56,764,304)	319,117,130	7,438,216	311,678,914
Compensated absences	6,939,014	879,886	-	(717,233)	7,101,667	734,045	6,367,622
Total governmental activities	\$ 303,116,945	\$ 79,048,836	\$ 1,534,553	\$ (57,481,537)	\$ 326,218,797	\$ 8,172,261	\$ 318,046,536
Business-Type Activities:							
Obligations under capital lease	\$ 3,096,603	\$ -	\$ -	\$ (428,918)	\$ 2,667,685	\$ 451,642	\$ 2,216,043
Revenue bonds	63,575,000	-	-	(1,290,000)	62,285,000	1,345,000	60,940,000
Subtotal	66,671,603	-	-	(1,718,918)	64,952,685	1,796,642	63,156,043
Compensated absences	952,821	106,335	-	(145,365)	913,791	52,555	861,236
Total business-type activities	\$ 67,624,424	\$ 106,335	\$ -	\$ (1,864,283)	\$ 65,866,476	\$ 1,849,197	\$ 64,017,279

A. Governmental Activities Long-Term Debt

Participation Agreement

At June 30, 2006, the Participation Agreement consisted of the following:

	Balance	Additions		Deletions	Balance	Due within	Due in more
	July 1, 2005				June 30, 2006	one year	than one year
Los Angeles County Fair Association	\$ 654,113	\$ -		\$ (218,037)	\$ 436,076	\$ 218,036	\$ 218,040

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.

City of Pomona
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2006

8. LONG-TERM DEBT, Continued

A. Governmental Activities Long-Term Debt, Continued

County Deferred Tax Loan

At June 30, 2006, County deferred tax loan consisted of the following:

	Balance July 1, 2005	Additions	Accrued Interest	Deletions	Balance June 30, 2006	Due within one year	Due in more than one year
Southwest Pomona Project Area	\$ 20,893,226	\$ -	\$ 1,462,526	\$ -	\$ 22,355,752	\$ -	\$ 22,355,752
South Garey / Freeway Corridor Project Area	844,534	184,416	72,027	-	1,100,977	-	1,100,977
Total	\$ 21,737,760	\$ 184,416	\$ 1,534,553	\$ -	\$ 23,456,729	\$ -	\$ 23,456,729

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.

Obligations under Capital Lease

At June 30, 2006, obligations under capital lease consisted of the following:

	Balance July 1, 2005	Additions	Deletions	Balance June 30, 2006	Due within one year	Due in more than one year
SunTrust Lease #1	\$ 1,301,331	\$ -	\$ (154,446)	\$ 1,146,885	\$ 159,939	\$ 986,946
SunTrust Lease #2	945,494	-	(422,518)	522,976	390,467	132,509
SunTrust Lease #4	240,769	-	(118,777)	121,992	121,992	-
SunTrust Lease #5	85,711	-	(56,731)	28,980	28,980	-
SunTrust Lease #6	408,598	-	(120,232)	288,366	115,829	172,537
SunTrust Lease #8	288,745	-	(113,070)	175,675	116,331	59,344
SunTrust Lease #9	269,818	-	(68,125)	201,693	70,259	131,434
SunTrust Lease #10	-	583,100	-	583,100	108,520	474,580
SunTrust Lease #11	-	760,750	-	760,750	244,863	515,887
Total	\$ 3,540,466	\$ 1,343,850	\$ (1,053,899)	\$ 3,830,417	\$ 1,357,180	\$ 2,473,237

City of Pomona
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2006

8. LONG-TERM DEBT, Continued

A. Governmental Activities Long-Term Debt, Continued

The City entered into numerous equipment lease-purchase agreements with a leasing company whereby the lessor acquired certain equipment and leased it to the City with an option to purchase. The related assets have been capitalized in the capital assets account. The total leased assets by major asset class consisted of the following:

	<u>June 30, 2006</u>
Machinery and equipment	\$ 2,048,343
Energy conservation upgrades	1,482,946
Autos and trucks	<u>2,711,906</u>
Equipment under capitalized lease, at cost	6,243,195
Accumulated depreciation	<u>(1,629,342)</u>
Equipment under capitalized lease, net	<u><u>\$ 4,613,853</u></u>

The depreciation expense of the capital assets was \$616,431 for the year ended June 30, 2006.

The annual debt service requirements outstanding at June 30, 2006 were as follows:

For the Years				
Ending June 30,	Principal	Interest	Total	
2007	\$ 1,357,180	\$ 116,729	\$ 1,473,909	
2008	901,985	78,216	980,201	
2009	659,141	52,524	711,665	
2010	322,713	30,582	353,295	
2011	308,948	19,539	328,487	
2012-2016	<u>280,450</u>	<u>10,220</u>	<u>290,670</u>	
Total	<u><u>\$ 3,830,417</u></u>	<u><u>\$ 307,810</u></u>	<u><u>\$ 4,138,227</u></u>	

Notes Payable

At June 30, 2006, notes payable consisted of the following:

	Balance July 1, 2005	Additions	Deletions	Balance June 30, 2006	Due within one year	Due in more than one year
HUD Section 108 loan	\$ 1,500,000	\$ -	\$ (125,000)	\$ 1,375,000	\$ 125,000	\$ 1,250,000
ERAF Loan	1,455,000	-	(105,000)	1,350,000	125,000	1,225,000
Total	<u><u>\$ 2,955,000</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (230,000)</u></u>	<u><u>\$ 2,725,000</u></u>	<u><u>\$ 250,000</u></u>	<u><u>\$ 2,475,000</u></u>

City of Pomona
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2006

8. LONG-TERM DEBT, Continued

A. Governmental Activities Long-Term Debt, Continued

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 108 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, 2006 were as follows:

For the Years Ending June 30,	Principal	Interest	Total
2007	\$ 125,000	\$ 89,425	\$ 214,425
2008	125,000	81,331	206,331
2009	125,000	73,144	198,144
2010	125,000	64,825	189,825
2011	125,000	56,400	181,400
2012-2016	625,000	153,157	778,157
2017	125,000	4,425	129,425
Total	\$ 1,375,000	\$ 522,707	\$ 1,897,707

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. However, the payments of both principal and interest are due to the fiscal agent on November 1 and March 1 annually. Therefore, the outstanding balance of the loan will be paid in full to the fiscal agent before June 30, 2015.

The annual debt service requirements at June 30, 2006 were as follows:

For the Years Ending June 30,	Principal	Interest	Total
2007	\$ 125,000	\$ 63,186	\$ 188,186
2008	130,000	58,036	188,036
2009	135,000	52,394	187,394
2010	140,000	46,374	186,374
2011	150,000	39,948	189,948
2012-2015	670,000	84,898	754,898
Total	\$ 1,350,000	\$ 344,836	\$ 1,694,836

City of Pomona
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2006

8. LONG-TERM DEBT, Continued

A. Governmental Activities Long-Term Debt, Continued

Revenue Bonds

At June 30, 2006, revenue bonds consisted of the following:

	Balance July 1, 2005	Additions	Deletions	Balance June 30, 2006	Due within one year	Due in more than one year
1995 Lease Revenue Refunding Bonds, Series P	\$ 12,200,000	\$ -	\$ (12,200,000)	\$ -	\$ -	\$ -
1998 Revenue Refunding Bonds, Series W	51,400,000	-	(105,000)	51,295,000	125,000	51,170,000
2001 Revenue Refunding Bonds, Series AD	38,480,000	-	(100,000)	38,380,000	100,000	38,280,000
2003 Revenue Refunding Bonds, Series AH	46,650,000	-	-	46,650,000	2,905,000	43,745,000
2003 Subordinate Revenue Bonds, Series AI	23,425,000	-	-	23,425,000	450,000	22,975,000
2005 Local Agency Revenue Bonds, Series AL	11,370,000	-	(545,000)	10,825,000	505,000	10,320,000
2005 Reassessment and Refunding Bonds, Series AM	9,524,000	-	(458,000)	9,066,000	318,000	8,748,000
2005 Lease Revenue Bonds, Series AN	-	19,910,000	-	19,910,000	45,000	19,865,000
2005 Taxable Lease Revenue Bonds, Series AP	-	4,385,000	-	4,385,000	370,000	4,015,000
2005 Taxable Housing Tax Revenue Bonds, Series AQ	-	10,065,000	-	10,065,000	100,000	9,965,000
Unamortized Bond Premiums	2,364,124	-	(108,689)	2,255,435	-	2,255,435
Total	\$ 195,413,124	\$ 34,360,000	\$ (13,516,689)	\$ 216,256,435	\$ 4,918,000	\$ 211,338,435

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 was 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 bonds.

Principal payments were due annually on October 1 with the final payment due on October 1, 2015. Interest payments were due on October 1 and April 1 of each year until the bonds were paid off. Interest rates ranged from 4.375% to 6.60%. During 2006, the bonds were refunded by the Authority's 2005 Lease Revenue Bonds Series AN and 2005 Taxable Lease Revenue Bonds, Series AP.

City of Pomona
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2006

8. LONG-TERM DEBT, Continued

A. Governmental Activities Long-Term Debt, Continued

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 the 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. 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 annual debt service requirements for the 1998 Revenue Bonds, Refunding Series W outstanding at June 30, 2006, were as follows:

Year Ending June 30,	Principal	Interest	Total
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	470,000	2,520,815	2,990,815
2012-2016	2,725,000	12,236,725	14,961,725
2017-2021	6,255,000	11,485,250	17,740,250
2022-2026	20,550,000	8,297,500	28,847,500
2027-2030	20,460,000	2,620,000	23,080,000
Total	\$ 51,295,000	\$ 47,362,195	\$ 98,657,195

City of Pomona
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2006

8. LONG-TERM DEBT, Continued

A. Governmental Activities Long-Term Debt, Continued

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. 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 annual debt service requirements for the 2001 Revenue Bonds, Series AD outstanding at June 30, 2006, were as follows:

Year Ending June 30,	Principal	Interest	Total
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	-	1,888,506	1,888,506
2012-2016	9,890,000	8,532,481	18,422,481
2017-2021	10,550,000	5,915,250	16,465,250
2022-2026	8,345,000	3,621,500	11,966,500
2027-2031	7,945,000	1,452,750	9,397,750
2032-2033	1,350,000	89,750	1,439,750
Total	\$ 38,380,000	\$ 29,079,561	\$ 67,459,561

City of Pomona
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2006

8. LONG-TERM DEBT, Continued

A. Governmental Activities Long-Term Debt, Continued

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. 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. Term bonds of \$2,410,000 and \$10,145,000 mature on February 28, 2028 and 2034, respectively.

The annual debt service requirements for the 2003 Revenue Bonds, Series AH outstanding at June 30, 2006, were as follows:

Year Ending June 30,	Principal	Interest	Total
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	3,270,000	1,621,168	4,891,168
2012-2016	8,725,000	6,590,413	15,315,413
2017-2021	9,015,000	4,517,965	13,532,965
2022-2026	2,185,000	3,091,928	5,276,928
2027-2031	9,320,000	2,475,985	11,795,985
2032-2034	1,880,000	180,675	2,060,675
Total	\$ 46,650,000	\$ 26,376,056	\$ 73,026,056

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. 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. 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.

City of Pomona
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2006

8. LONG-TERM DEBT, Continued

A. Governmental Activities Long-Term Debt, 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, 2006, were as follows:

Year Ending June 30,	Principal	Interest	Total
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	515,000	1,155,258	1,670,258
2012-2016	3,135,000	5,408,963	8,543,963
2017-2021	4,600,000	4,475,068	9,075,068
2022-2026	5,625,000	3,129,513	8,754,513
2027-2031	7,075,000	1,409,075	8,484,075
2032-2034	580,000	59,510	639,510
Total	\$ 23,425,000	\$ 20,430,543	\$ 43,855,543

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 purchase 2005 Reassessment and Refunding Revenue Bonds, Series AM, 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.

City of Pomona
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2006

8. LONG-TERM DEBT, Continued

A. Governmental Activities Long-Term Debt, 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, 2006, were as follows:

Year Ending June 30,	Principal	Interest	Total
2007	\$ 505,000	\$ 466,861	\$ 971,861
2008	515,000	452,319	967,319
2009	525,000	435,931	960,931
2010	545,000	417,458	962,458
2011	570,000	396,818	966,818
2012-2016	3,200,000	1,597,661	4,797,661
2017-2021	4,035,000	755,802	4,790,802
2022	930,000	23,715	953,715
Total	\$ 10,825,000	\$ 4,546,565	\$ 15,371,565

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

On February 1, 2005, the City 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. The rate of interest is 7.22% per annum. The annual debt service requirements for the 2005 Reassessment and Refunding Revenue Bonds, Series AM outstanding at June 30, 2006, were as follows:

Year Ending June 30,	Principal	Interest	Total
2007	\$ 318,000	\$ 643,086	\$ 961,086
2008	343,000	619,223	962,223
2009	364,000	593,700	957,700
2010	395,000	566,301	961,301
2011	421,000	536,844	957,844
2012-2016	2,602,000	2,164,845	4,766,845
2017-2021	3,711,000	1,036,612	4,747,612
2022	912,000	32,923	944,923
Total	\$ 9,066,000	\$ 6,193,534	\$ 15,259,534

City of Pomona
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2006

8. LONG-TERM DEBT, Continued

A. Governmental Activities Long-Term Debt, Continued

2005 Lease Revenue Bonds, Series AN – Original Issuance \$19,910,000

On July 21, 2005, the Authority issued \$19,910,000 2005 Lease Revenue Bonds, Series AN, to refinance certain obligations of the City in connection with the Authority's 1995 Lease Revenue Bonds, Series P and finance certain public improvements of the City.

Interest on the bonds is payable semiannually on each October 1 and April 1. The rates of interest range from 3.00% to 4.375% per annum. Principal is payable in annual installments ranging from \$45,000 to \$900,000. The bonds are secured by certain revenues consisting of certain Lease Payments with respect to the leased property by the City. At June 30, 2006, the outstanding balance of the bonds was \$19,910,000.

The annual debt service requirements for the 2005 Lease Revenue Bonds, Series AN outstanding at June 30, 2006, were as follows:

Year Ending June 30,	Principal	Interest	Total
2007	\$ 45,000	\$ 922,863	\$ 967,863
2008	50,000	921,438	971,438
2009	50,000	919,938	969,938
2010	55,000	918,363	973,363
2011	55,000	916,713	971,713
2012-2016	300,000	4,555,298	4,855,298
2017-2021	3,380,000	4,206,063	7,586,063
2022-2026	4,150,000	3,439,676	7,589,676
2027-2031	5,190,000	2,332,750	7,522,750
2032-2036	6,635,000	841,875	7,476,875
Total	<u>\$ 19,910,000</u>	<u>\$ 19,974,974</u>	<u>\$ 39,884,974</u>

City of Pomona
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2006

8. LONG-TERM DEBT, Continued

A. Governmental Activities Long-Term Debt, Continued

2005 Taxable Lease Revenue Bonds, Series AP – Original Issuance \$4,385,000

On July 21, 2005, the Authority issued \$4,385,000 2005 Taxable Lease Revenue Bonds, Series AP, to refinance certain obligations of the City in connection with the Authority’s 1995 Lease Revenue Bonds, Series P and finance certain public improvements of the City.

Interest on the bonds is payable semiannually on each October 1 and April 1. The rates of interest range from 4.120% to 4.300% per annum. Principal is payable in annual installments ranging from \$370,000 to \$525,000. The bonds are secured by certain revenues consisting of certain Lease Payments with respect to the leased property by the City. At June 30, 2006, the outstanding balance of the bonds was \$4,385,000.

The annual debt service requirements for the 2005 Taxable Lease Revenue Bonds, Series AP outstanding at June 30, 2006, were as follows:

Year Ending June 30,	Principal	Interest	Total
2007	\$ 370,000	\$ 196,068	\$ 566,068
2008	380,000	180,276	560,276
2009	390,000	163,136	553,136
2010	410,000	144,736	554,736
2011	425,000	125,531	550,531
2012-2016	2,410,000	301,303	2,711,303
Total	\$ 4,385,000	\$ 1,111,051	\$ 5,496,051

City of Pomona
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2006

8. LONG-TERM DEBT, Continued

A. Governmental Activities Long-Term Debt, Continued

2005 Taxable Housing Tax Revenue Bonds, Series AQ – Original Issuance \$10,065,000

On December 23, 2005, the Authority issued \$10,065,000 2005 Taxable Housing Tax Revenue Bonds, Series AQ, to provide funds to make a loan to the Agency for the purpose of financing redevelopment activities with respect to the Merged Redevelopment Project Area.

Interest on the bonds is payable semiannually on each August 1 and February 1. The rates of interest range from 5.23% to 6.25% per annum. Principal is payable in annual installments ranging from \$100,000 to \$750,000. The bonds are secured by the Housing Tax Revenues to be derived from the Merged Redevelopment Project Area. At June 30, 2006, the outstanding balance of the bonds was \$10,065,000.

The annual debt service requirements for the 2005 Taxable Housing Tax Revenue Bonds, Series AQ outstanding at June 30, 2006, were as follows:

Year Ending June 30,	Principal	Interest	Total
2007	\$ 100,000	\$ 695,739	\$ 795,739
2008	205,000	591,118	796,118
2009	215,000	580,397	795,397
2010	225,000	569,152	794,152
2011	240,000	557,385	797,385
2012-2016	1,400,000	2,585,569	3,985,569
2017-2021	1,840,000	2,142,126	3,982,126
2022-2026	2,485,000	1,491,189	3,976,189
2027-2031	3,355,000	627,305	3,982,305
Total	<u>\$ 10,065,000</u>	<u>\$ 9,839,980</u>	<u>\$ 19,904,980</u>

Unamortized Bond Premiums

The following is a summary of the unamortized premiums outstanding at June 30, 2006:

Balance July 1, 2005	Additions	Deletions	Balance June 30, 2006
<u>\$ 2,364,124</u>	<u>\$ -</u>	<u>\$ (108,689)</u>	<u>\$ 2,255,435</u>

City of Pomona
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2006

8. LONG-TERM DEBT, Continued

A. Governmental Activities Long-Term Debt, Continued

Tax Allocation Bonds

	Balance July 1, 2005	Additions	Deletions	Balance June 30, 2006	Due within one year	Due in more than one year
1998 Tax Allocation Bonds						
Series X	\$ 3,780,000	\$ -	\$ (220,000)	\$ 3,560,000	\$ 230,000	\$ 3,330,000
1998 Tax Allocation Bonds						
Series Y	8,095,000	-	(145,000)	7,950,000	150,000	7,800,000
Total	\$ 11,875,000	\$ -	\$ (365,000)	\$ 11,510,000	\$ 380,000	\$ 11,130,000

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 outstanding balance of the bonds was \$3,560,000 at June 30, 2006.

The annual debt service requirements outstanding at June 30, 2006 were as follows:

Year Ending June 30,	Principal	Interest	Total
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	265,000	128,500	393,500
2012-2016	1,520,000	424,461	1,944,461
2017-2021	550,000	112,773	662,773
2022-2025	260,000	28,890	288,890
Total	\$ 3,560,000	\$ 1,324,995	\$ 4,884,995

City of Pomona
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2006

8. LONG-TERM DEBT, Continued

A. Governmental Activities Long-Term Debt, 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. The outstanding balance of the bonds was \$7,950,000 at June 30, 2006.

The annual debt service requirements outstanding at June 30, 2006 were as follows:

Year Ending June 30,	Principal	Interest	Total
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	180,000	399,070	579,070
2012-2016	1,055,000	1,845,170	2,900,170
2017-2021	1,375,000	1,524,688	2,899,688
2022-2026	1,800,000	1,105,340	2,905,340
2027-2031	2,350,000	552,750	2,902,750
2032	550,000	30,250	580,250
Total	<u>\$ 7,950,000</u>	<u>\$ 7,134,992</u>	<u>\$ 15,084,992</u>

City of Pomona
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2006

8. LONG-TERM DEBT, Continued

A. Governmental Activities Long-Term Debt, Continued

Pension Obligation Refunding Bonds

	Balance July 1, 2005	Additions	Deletions	Balance June 30, 2006	Due within one year	Due in more than one year
2004 POB, Series AJ	\$ 32,300,000	\$ -	\$ (32,300,000)	\$ -	\$ -	\$ -
2004 POB, Series AK	5,700,000		(5,700,000)	-	-	-
2006 POB, Series AR	-	42,280,684	-	42,280,684	-	42,280,684
Total	\$ 38,000,000	\$ 42,280,684	\$ (38,000,000)	\$ 42,280,684	\$ -	\$ 42,280,684

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 the PERS pension plan). In 2006, the City issued \$42,280,684 in Pension Obligation Refunding Bonds, Series AR to refinance the City's outstanding Pension Obligation Refunding Bonds, Series 2004 AJ and Series 2004 AK. The refunding achieved net present value savings of \$868,932, or 2.3% of refunded par.

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 the 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, and thereafter on the day following the end of each Auction Period. Interest rates vary and range from 0.36% to 4.81%. Principal of \$32,300,000 of the Pension Obligation Refunding Bonds is payable in annual installments ranging from \$50,000 to \$2,550,000. During 2006, the Pension Obligation Refunding Bonds, Series AJ were refunded by the City's Pension Obligation Refunding Bonds, Series AR.

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 the 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, and thereafter on the day following the end of each Auction Period. Interest rates vary and range from 0.36% to 4.81%. Principal of \$5,700,000 of the Pension Obligation Refunding Bonds is payable in annual installments ranging from \$50,000 to \$450,000. During 2006, the Pension Obligation Refunding Bonds, Series AK were refunded by the City's Pension Obligation Refunding Bonds, Series AR.

City of Pomona
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2006

8. LONG-TERM DEBT, Continued

A. Governmental Activities Long-Term Debt, Continued

2006 Pension Obligation Refunding Bonds, Series AR – Original Issuance \$42,280,684

On December 21, 2005, the City issued \$42,280,684 Pension Obligations Refunding Bonds, Series 2006 AR (Bonds) to refinance the City’s outstanding Pension Obligation Refunding Bonds, Series 2004 AJ and its Pension Obligation Refunding Bonds, Series 2004 AK, to capitalize certain interest on the Bonds and to pay the costs of issuing the Bonds. The Bonds were issued as current interest bonds in the principal amount of \$36,205,000 and as capital appreciation bonds in the original issuance amount of \$6,075,684.

Interest on the current interest bonds is payable semiannually on each January 1 and July 1. The rates of interest vary and range from 5.24% to 5.832% per annum. Principal is payable in annual installments ranging from \$71,302 to \$5,140,000. The capital appreciation bonds are payable only at maturity and will not bear interest on a current basis. The accreted value of each capital appreciation bond is equal to its accreted value upon the maturity thereof, being comprised of its initial purchase price and the accreted interest between the delivery date and its respective maturity date. The obligation of the City to make payments with respect to the Bonds is an absolute and unconditional obligation of the City imposed upon the City by the Retirement Law and is not limited to any special source of funds. The City’s obligation for the Bonds is any money available in the City’s General Fund. The Bonds are not secured or limited as to payment by any special source of funds of the City. The current interest bonds are subject to redemption prior to maturity. The capital appreciation bonds are not subject to redemption prior to maturity.

The annual debt service requirements outstanding at June 30, 2006 were as follows:

Year Ending June 30,	Principal	Interest	Accreted Interest	Total
2007	\$ -	\$ 1,883,485	\$ -	\$ 1,883,485
2008	-	2,099,240	-	2,099,240
2009	-	2,099,240	-	2,099,240
2010	71,302	2,099,240	13,698	2,184,240
2011	131,320	2,099,240	33,680	2,264,240
2012-2016	1,424,198	10,496,198	730,803	12,651,199
2017-2021	3,605,564	10,206,357	1,249,437	15,061,358
2022-2026	5,851,691	9,293,201	2,768,310	17,913,202
2027-2031	9,746,609	7,701,302	3,758,482	21,206,393
2032-2036	21,450,000	3,366,522	-	24,816,522
Total	\$ 42,280,684	\$ 51,344,025	\$ 8,554,410	\$ 102,179,119

City of Pomona
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2006

8. LONG-TERM DEBT, Continued

A. Governmental Activities Long-Term Debt, Continued

Certificates of Participation

	Balance July 1, 2005	Additions	Deletions	Balance June 30, 2006	Due within one year	Due in more than one year
1999 Certificates of Participation						
Series AB	\$ 3,055,000	\$ -	\$ (3,055,000)	\$ -	\$ -	\$ -
2002 Certificates of Participation						
Series AE	4,630,000	-	(75,000)	4,555,000	80,000	4,475,000
2003 Certificates of Participation						
Series AG	13,460,000	-	(220,000)	13,240,000	235,000	13,005,000
Unamortized Bond Premium	857,468	-	(30,679)	826,789	-	826,789
Total	\$ 22,002,468	\$ -	\$ (3,380,679)	\$ 18,621,789	\$ 315,000	\$ 18,306,789

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. The serial certificates bear interest ranging from 4.4% to 5.8% payable semiannually on February 1 and August 1. The series certificates were defeased by a cash defeasance during the year ended June 30, 2006.

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. The serial certificates bear an interest rate at 5% payable semiannually on October 1 and April 1.

The annual debt service requirements outstanding at June 30, 2006 were as follows:

Year Ending June 30,	Principal	Interest	Total
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	95,000	224,091	319,091
2012-2016	560,000	1,036,838	1,596,838
2017-2021	735,000	863,897	1,598,897
2022-2026	965,000	636,534	1,601,534
2027-2031	1,260,000	339,163	1,599,163
2032-2033	605,000	32,922	637,922
Total	\$ 4,555,000	\$ 4,073,696	\$ 8,628,696

City of Pomona
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2006

8. LONG-TERM DEBT, Continued

A. Governmental Activities Long-Term Debt, 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. Principal payments are made once a year on December 1. 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, 2006 were as follows:

Year Ending June 30,	Principal	Interest	Total
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	270,000	657,620	927,620
2012-2016	1,520,000	3,166,865	4,686,865
2017-2021	1,980,000	2,667,500	4,647,500
2022-2026	2,585,000	2,060,575	4,645,575
2027-2031	3,380,000	1,266,375	4,646,375
2032-2034	2,505,000	280,500	2,785,500
Total	\$ 13,240,000	\$ 12,812,540	\$ 26,052,540

The following is a summary of the 2003 Certificate of Participation, Series AG unamortized premium outstanding at June 30, 2006:

Balance July 1, 2005	Additions	Deletions	Balance June 30, 2006
\$ 857,468	\$ -	\$ (30,679)	\$ 826,789

Compensated Absences

At June 30, 2006, 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 \$7,101,667.

City of Pomona
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2006

8. LONG-TERM DEBT, Continued

B. Business-Type Activities Long-Term Debt

Obligations under Capital Leases

Balance July 1, 2005	Additions	Deletions	Balance June 30, 2006	Due within one year	Due in more than one year
\$ 3,096,603	\$ -	\$ (428,918)	\$ 2,667,685	\$ 451,642	\$ 2,216,043

The City entered into an equipment lease-purchase agreement with a leasing company whereby the lessor acquired certain equipment and leased it to the City with an option to purchase. The lease matures from 2004 to 2012. The related assets have been capitalized in the capital assets account. The total leased assets by major asset class consisted of the following:

	June 30, 2006
Machinery and equipment	\$ 61,764
Energy conservation upgrades	3,010,828
Autos and trucks	911,316
Equipment under capitalized lease, at cost	3,983,908
Accumulated depreciation	(3,742,558)
Equipment under capitalized lease, net	\$ 241,350

The depreciation expenses of the capital assets were \$402,211 for the year ended June 30, 2006.

The annual debt service requirements outstanding at June 30, 2006 were as follows:

Year Ending June 30,	Principal	Interest	Total
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	329,067	26,909	355,976
2012	523,470	18,288	541,758
Total	\$ 2,667,685	\$ 301,708	\$ 2,969,393

Revenue Bonds

	Balance July 1, 2005	Additions	Deletions	Balance June 30, 2006	Due within one year	Due in more than one year
2002 Sewer Refunding Revenue Bonds						
Series AF	\$ 14,455,000	\$ -	\$ (165,000)	\$ 14,290,000	\$ 175,000	\$ 14,115,000
1999 Refunding Revenue Bonds						
Series AA	23,585,000	-	(565,000)	23,020,000	585,000	22,435,000
1999 Refunding Revenue Bonds						
Series AC	25,535,000	-	(560,000)	24,975,000	585,000	24,390,000
Total	\$ 63,575,000	\$ -	\$ (1,290,000)	\$ 62,285,000	\$ 1,345,000	\$ 60,940,000

City of Pomona
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2006

8. LONG-TERM DEBT, Continued

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

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 \$1.5 million.

The annual debt service requirements outstanding at June 30, 2006 were as follows:

Year Ending June 30,	Principal	Interest	Total
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	190,000	620,973	810,973
2012-2016	1,060,000	3,005,276	4,065,276
2017-2021	1,295,000	2,783,015	4,078,015
2022-2026	1,630,000	2,464,450	4,094,450
2027-2031	2,045,000	2,051,688	4,096,688
2032-2036	2,555,000	1,525,325	4,080,325
2037-2041	3,255,000	807,375	4,062,375
2042-2043	1,540,000	78,000	1,618,000
Total	\$ 14,290,000	\$ 15,866,497	\$ 30,156,497

City of Pomona
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2006

8. LONG-TERM DEBT, Continued

B. Business-type Activities Long-Term Debt, 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. 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. 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 annual debt service requirements outstanding at June 30, 2006 were as follows:

Year Ending June 30,	Principal	Interest	Total
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	685,000	1,012,143	1,697,143
2012-2016	3,915,000	4,570,253	8,485,253
2017-2021	4,975,000	3,511,750	8,486,750
2022-2026	6,345,000	2,137,500	8,482,500
2027-2029	4,620,000	469,500	5,089,500
Total	\$ 23,020,000	\$ 16,009,303	\$ 39,029,303

City of Pomona
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2006

8. LONG-TERM DEBT, Continued

B. Business-type Activities Long-Term Debt, 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. 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. 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 annual debt service requirements outstanding at June 30, 2006 were as follows:

Year Ending June 30,	Principal	Interest	Total
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	710,000	1,224,368	1,934,368
2012-2016	4,130,000	5,536,477	9,666,477
2017-2021	5,380,000	4,285,325	9,665,325
2022-2026	7,030,000	2,633,950	9,663,950
2027-2029	5,210,000	583,275	5,793,275
Total	\$ 24,975,000	\$ 19,481,403	\$ 44,456,403

Compensated Absences

In enterprise 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 enterprise funds amounted to \$913,791 at June 30, 2006.

City of Pomona
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2006

8. LONG-TERM DEBT, Continued

C. Non-City Obligations

The following bond issues are not reflected as City long-term debt because these debts are solely payable from and secured by specific revenue sources described in the official statements of the respective issues. Neither the faith and credit nor the taxing power of the City, the Agency, the State of California or any political subdivision thereof, is pledged for payment of these 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. The City is acting only as an agent.

	Amount Outstanding June 30, 2006
Special Assessment Bonds	
Assessment District Bonds (AD No. 297)	\$ -
Mortgage Revenue Bonds	<u>83,100,000</u>
Total	<u>\$ 83,100,000</u>

Special Assessment Bonds

As of June 30, 2006, the Assessment District Bonds (AD No. 297) were fully paid-off. 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.

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, 2006 is \$83,100,000. 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.

City of Pomona
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2006

8. LONG-TERM DEBT, Continued

D. Defeasance of Debt

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

	Balance July 1, 2005	Additions	Deletions	Balance June 30, 2006
Assessment District No. 294				
Tax Allcoation Refunding Bonds	\$ 9,525,000	\$ -	\$ (335,000)	\$ 9,190,000
1995 Lease Revenue				
Refunding Bonds, Series P	12,200,000	-	(8,180,000)	4,020,000
1999 Certificates of Participation Series AB	3,055,000	-	(90,000)	2,965,000
Total	\$ 24,780,000	\$ -	\$ (8,605,000)	\$ 16,175,000

Assessment District No. 294 Tax Allocation Refunding Bonds

On February 1, 2005, the City 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. The amount of the total outstanding principal refunded was \$9,525,000. The net present value of economic gain (difference between the present value of the new and old debt service payments) was \$454,546. The outstanding balance of the Assessment District No. 294 Tax Allocation Refunding Bonds was \$9,190,000 at June 30, 2006.

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

On July 21, 2005, the Authority issued \$19,910,000 2005 Lease Revenue Bonds, Series AN and \$4,385,000 2005 Taxable Lease Revenue Bonds, Series AP to provide refunding of the Authority's 1995 Lease Revenue Bonds, Series P. The amount of the total outstanding principal refunded was \$12,200,000. The outstanding balance of the 1995 Lease Revenue Refunding Bonds, Series P was \$4,020,000 at June 30, 2006. A summary of the sources and uses of funds, cash flow and economic gain are as follows:

Sources and Uses of Funds:

Sources of Funds:

Principal amount of Series AN Bonds	\$ 19,910,000
Principal amount of Series AP Bonds	4,385,000
Underwriter's discount	(319,890)
Amounts relating to prior obligations	1,606,198
Net original issue discount	409,394
Total Sources of Funds	\$ 25,990,702

Uses of Funds:

Transfer to escrow fund	\$ 12,955,871
Deposit to reserve account	1,542,228
Deposit to project fund	10,850,000
Cost of issuance	642,603
Total Uses of Funds	\$ 25,990,702

City of Pomona
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2006

8. LONG-TERM DEBT, Continued

D. Defeasance of Debt, Continued

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

Cash Flows:

Present Value		
Debt Service 1995 Lease Revenue Series P	Debt Service 2005 Lease Series AN and AP	Reduction (Increase) of Debt Service
\$ 12,949,591	\$ 23,536,484	\$ (10,586,893)

Economic Gain:

Present Value of Reduction (Increase) of Debt Service	\$ (10,586,893)
Less refunding funds on hand	(1,606,199)
Plus new proceeds generated	<u>12,392,228</u>
Net Present Value of Economic Gain	<u>\$ 199,136</u>

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

On May 10, 2006, the Authority’s 1999 Certificates of Participation, Series AB was defeased by a cash defeasance. The outstanding balance of the 1999 Certificates of Participation, Series AB was \$2,965,000 at June 30, 2006.

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, 2006

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 \$3,234,245 for miscellaneous employees and \$4,323,091 for safety employees for the year ended June 30, 2006. The City employer is required to contribute for fiscal year 2005-2006 at an actuarially determined rate of 11.580% and 28.528% 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 2005-2006, the City's annual pension cost of \$3,234,245 for miscellaneous employees and \$4,323,091 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, 2003, 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 employees 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 average remaining amortization period at June 30, 2003 was 13 years for miscellaneous employees and 14 years for safety employees for prior and current service unfunded liability.

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
2004	\$ -	\$ -	100%
2005	1,882,292	1,882,292	100%
2006	3,234,245	3,234,245	100%

City of Pomona
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2006

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
2004	\$ 2,355,014	\$ 30,077,524	1277% *
2005	1,210,469	1,210,469	100%
2006	4,323,091	4,323,091	100%

* The City's 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 \$2,527,462 during the year ended June 30, 2006. 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, 2006 was \$590,644.

As of June 30, 2006, the three participants had the following approximate ownership equity interest:

Member	Percentages	Agreement Balance
City of Pomona	28%	\$ 590,644
Walnut Valley Water	43%	907,061
Rowland Water District	28%	590,644
Unallocated	1%	21,094
Total	100%	\$ 2,109,444

City of Pomona
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2006

10. JOINT POWERS AGREEMENTS, Continued

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

The Commission’s financial statements for the fiscal year ended June 30, 2006 reflect the implementation of GASB 34 and include the following:

Total assets	\$	4,598,062
Total liabilities		<u>2,488,618</u>
Net assets	\$	<u><u>2,109,444</u></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’s account in the following year. Conversely, user’s assessments in excess of net operating expenditures are treated as a liability and credited against each user’s account, also in the following year. Under this basis, total operating expenses for the Commission totaled \$14,188,422 compared to total operating revenues of \$14,158,879 in fiscal year 2006. Complete financial statements can be obtained from the Pomona-Walnut-Rowland Joint Water Line Commission, P.O. Box 508, Walnut, CA 91789.

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 \$0 during the year ended June 30, 2006. 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.

City of Pomona
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2006

10. JOINT POWERS AGREEMENTS, Continued

Pomona Valley Transportation Authority, Continued

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.

Below are the most currently available condensed audited financial statements of the Pomona Authority as of June 30, 2006. Separate financial statements of the Pomona Authority are available from its offices located in La Verne, California.

	<u>Total</u>
Assets	<u>\$ 3,733,795</u>
Liabilities	\$ 2,084,051
Contributed capital	612,185
Retained earnings	<u>1,037,559</u>
Total liabilities and fund equity	<u>\$ 3,733,795</u>
Operating revenues	\$ 164,890
Operating expenses	<u>2,866,236</u>
Operating (income)	(2,701,346)
Non-operating revenue	<u>2,553,856</u>
Net income	(147,490)
Retained earnings - July 1, 2005	<u>1,185,049</u>
Retained earnings - June 30, 2006	<u>\$ 1,037,559</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 City's contribution to the Center was \$43,675 for the year ended June 30, 2006.

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, 2006

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, 2006. Separate financial statements of the Center are available from its offices located in Pomona, California.

	<u>Total</u>
Assets	\$ 10,299,269
Liabilities	<u>21,268,526</u>
Net Assets	<u>\$ (10,969,257)</u>
Revenues	\$ 2,766,677
Expenses	<u>4,831,620</u>
Operating income	(2,064,943)
Nonoperating revenue (expenses)	<u>3,647,743</u>
Net income	1,582,800
Net assets - July 1, 2005	<u>(12,552,057)</u>
Net assets - June 30, 2006	<u>\$ (10,969,257)</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 \$40 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, 2006, claims payable amounted to \$8,175,938.

The estimated claims payable reported at June 30, 2006 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.

City of Pomona
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2006

11. RISK MANAGEMENT, Continued

Changes in the estimated claims payable amounts in fiscal years 2004, 2005, and 2006 for the internal service funds were as follows:

Self Insurance Fund:	Claims Payable					
	Beginning Balance	Expenses and Changes in Estimates	Claims Payments	Ending Balance	Due within one year	Due in more than one year
2003-2004	\$ 10,712,384	\$ 3,980,701	\$ (4,736,347)	\$ 9,956,738	\$ -	\$ 9,956,738
2004-2005	9,956,738	8,351,227	(8,080,830)	10,227,135	2,200,000	8,027,135
2005-2006	10,227,135	3,895,186	(5,946,383)	8,175,938	2,200,000	5,975,938

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.

12. POST EMPLOYMENT BENEFITS

Approximately 418 employees are eligible to receive post-employment benefits at June 30, 2006. 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 20 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, 2006, \$1,425,853 of post-employment benefit expenditures were recognized.

13. COMMITMENTS AND CONTINGENCIES

A. 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.

City of Pomona
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2006

13. COMMITMENTS AND CONTINGENCIES, Continued

A. Agreement to Sell Land, Continued

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 reduces the amount the Agency owes the City by the amount received from PUSD. As of June 30, 2006, the Agency paid off the amount due to the City.

B. Agreement for Allocation of Tax Increment Funds

On December 5, 1988, the Agency entered into an agreement with the County of Los Angeles (County) 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 2006, the Agency received a grant in the amount of \$2,589,002.

C. 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.

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.

City of Pomona
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2006

13. COMMITMENTS AND CONTINGENCIES, Continued

D. 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 9th 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.

E. Commercial Development

The City and the Agency are defendants in separate legal actions related to the same matter. The matter involves imperfected 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.

Approximately \$690,000 has been accrued for all the above matters in the self-insurance fund in the City's financial statements at June 30, 2006. As of June 30, 2006, the City has \$7,485,938 accrued for all other potential claims payable, in the self-insurance fund.

F. Contractual Commitments

The following schedule summarizes the major contractual commitments of the City as of June 30, 2006:

Major Commitments and Contracts for Professional Services:	
CH2MHill	\$ 1,598,376
Dyett & Bhatia	318,432
Transtech Engineers, Inc.	1,982,078
Motorola C&E	378,210
Total major professional services	4,277,096
Commitments for all other services	1,424,797
Total contractual commitments	\$ 5,701,893

City of Pomona
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2006

13. COMMITMENTS AND CONTINGENCIES, Continued

G. Lawsuits

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.

As of June 30, 2006, in the opinion of City management, there were no additional outstanding matters that would have a significant effect on the financial position of the funds of the City.

14. REDEVELOPMENT AGENCY'S FINANCIAL CONDITION

At June 30, 2006, the Agency had a deficit fund balance of \$(62,204,820), an increase of \$5,471,537 from the prior year, on the fund financial statements and a deficit unrestricted net assets of \$(194,726,363), an increase of \$4,884,045 from the prior year, on the government-wide financial statements.

Looking forward to fiscal 2006-07, management estimates that the Agency will have sufficient resources to fund current debt service obligations along with operating costs. However, with a significant increase in debt service in fiscal 2006-07 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 has authorized the refinancing of certain Agency debt to smooth payment levels over the next five years. With a successful refunding, it is anticipated that Agency operations will continue at its current level for at least five years when revenues are anticipated to have increased to sufficient levels necessary for operations.

15. NET ASSETS AND FUND BALANCE DEFICITS

Government-Wide Financial Statements

The unrestricted net assets had a deficit balance of \$(179,150,706) for the governmental activities at June 30, 2006. Of this amount \$(194,726,363) resulted from the Agency. See Note 14 for more details. In addition, the amount of deficit unrestricted net assets was due to debt issuances, many of which were for economic purposes and did not create an asset for the City.

Fund Financial Statements

At June 30, 2006, the following funds had net assets or fund balance deficits:

Fund	Fund Type	Deficit
General Debt Service	Major Governmental Fund	\$ (18,225,752)
Redevelopment Agency Debt Service	Major Governmental Fund	(143,013,645)
Self-Insurance	Internal Service Fund	(11,654,773)
Equipment Maintenance	Internal Service Fund	(213,735)

City of Pomona
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2006

15. NET ASSETS AND FUND BALANCE DEFICITS, Continued

General Debt Service Fund – The General Debt Service Fund had an accumulated deficit of \$(18,225,752), which resulted from issuance of bonds.

Redevelopment Agency Debt Service Fund – The Redevelopment Agency Debt Service Fund had an accumulated deficit of \$(143,013,645), which resulted from issuance of bonds.

Self-Insurance Fund – The Self-Insurance Fund had an accumulated deficit of \$(11,654,773), which resulted from outstanding claims liability and prior year cash deficits.

Equipment Maintenance Fund – The Equipment Maintenance Fund had an accumulated deficit of \$(213,735), which resulted from current year cash deficit and accumulated compensated absences.

Excess of expenditures over appropriations occurred in individual funds during the fiscal year ended June 30, 2006 as follows:

Fund	Expenditures	Appropriations	Excess Expenditures over Appropriations
General	\$ 83,295,828	\$ 82,998,425	\$ 297,403
General Debt Service	50,763,250	6,480,339	44,282,911
Pubic Financing Authority Debt Service	40,739,950	11,094,043	29,645,907
Redevelopment Agency Debt Service	30,646,492	27,170,139	3,476,353
State Gas Tax	5,595,613	4,210,380	1,385,233
Proposition C	1,583,293	281,796	1,301,497
Air Quality Improvement	173,507	102,781	70,726
Landscape Maintenance District	1,643,130	1,578,205	64,925
Assessment District Improvement	1,827	-	1,827

16. TAX AND REVENUE ANTICIPATION NOTE

On July 1, 2005, the City issued a tax and revenue anticipation note totaling \$10,000,000 to the California Statewide Communities Development Authority, a public entity authorized to issue bonds and to finance working capital for local agencies within the State of California pursuant to the Marks-Roos Local Bond Pooling Act of 1985. The note is due June 30, 2006 and bears an interest rate of 4%. The note is a general obligation of the City, but is payable solely from taxes, income, revenues, cash receipts and other monies of the City, legally available for payment thereof. Certain of said monies have been specifically pledged to the total payment of the note and the interest thereon. As the note is considered short-term with the proceeds received by the General Fund, it is reported as a liability of that fund.

City of Pomona
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2006

17. PRIOR PERIOD ADJUSTMENTS

Government-Wide Financial Statements

During the year ended June 30, 2006, the City recorded the following prior period adjustments:

Capital assets, net - The retroactive reporting of infrastructure capital assets was subject to an extended implementation period and final implementation was required by the year ended June 30, 2006. In addition, the City performed a review of its general capital assets during the year ended June 30, 2006. As a result of the review and retroactive reporting of infrastructure capital assets, the City recorded an adjustment to capital assets, net of accumulated depreciation in the amount of \$167,684,322 as of June 30, 2005.

Unearned revenue - The City overstated its unearned revenue in the amount of \$1,391,343 at June 30, 2005.

Restricted cash and investments - The amount was reduced because of the adjustments in the General Debt Service Fund.

	Net Assets, as Previously Reported	Prior Period Adjustments			Net Assets, as Restated
		Capital Assets, Net	Unearned Revenue	Restricted Cash and Investments	
Governmental Activities:					
Net assets	\$ 59,262,530	\$ 167,684,322	\$ (1,391,343)	\$ (10,584,066)	\$ 214,971,443

Fund Financial Statements

General Debt Service Fund - The City determined that restricted cash and investments related to the Refunding Improvement Bonds, Assessment District No. 294 was included in the 2005 basic financial statements, but the bonds were refunded during the year ended June 30, 2005. Therefore, the amount of restricted cash and investments was overstated by \$10,249,066. In addition, the City determined that the restricted cash and investments in the amount of \$335,000 related to the 2005 Reassessment and Refunding Revenue Bonds, Series AM was overstated as of June 30, 2005.

General Debt Service Fund and Capital Outlay Capital Projects Fund - The City determined that the advances from other funds in the amount of \$13,460,000 should be recorded in the General Debt Service Fund instead of the Capital Outlay Capital Projects Fund.

	Fund Balances, as Previously Reported	Prior Period Adjustments		Fund Balances, as Restated
		Restricted Cash and Investments	Advances from Other Funds	
Governmental Funds				
General Debt Service Fund	\$ 1,697,937	\$ (10,584,066)	\$ (13,460,000)	\$ (22,346,129)
Capital Outlay Capital Projects Fund	(6,160,575)	-	13,460,000	7,299,425
Total governmental funds	\$ (4,462,638)	\$ (10,584,066)	\$ -	\$ (15,046,704)

City of Pomona
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2006

18. SUBSEQUENT EVENTS

The City had the following material subsequent events after June 30, 2006:

- 2005 Reassessment and Refunding Revenue Bonds, Series AM - Original Issuance \$9,524,000 - On September 1, 2006, the City made a principal redemption in the amount of \$1,065,000.
- 2005 Local Agency Revenue Bonds, Series AL - Original Issuance \$11,370,000 - On September 5, 2006, the City made a principal redemption in the amount of \$1,095,000.
- Master Lease Agreement for the Procurement of fiscal year 2006-2007 Vehicles and Equipment - On September 18, 2006, the City Council approved a new Master Lease Agreement with Bank of America and Capital for the procurement of fiscal year 2006-2007 vehicles and equipment on a five - year lease, police patrol vehicles and motorcycles on a three-year lease, and a police helicopter on a ten-year lease, for a total amount not to exceed \$3,292,065 (including fees).
- On September 18, 2006, the Agency Board approved a loan in the amount of \$1.4 million payable to Mission Promenade II Pomona, LLC for the purchase of the \$1.4 million loan on Mission Promenade Project I. The Agency Board also approved the purchase of Southland's ownership interest in Mission Promenade, LLC for \$600,000.
- Tax and Revenue Anticipation Note - In order to increase available cash balances, which provide operating funds to cover cash shortfalls, the City issued on July 5, 2006, a tax and revenue anticipation note totaling \$5,000,000 to the California Statewide Communities Development Authority, a public entity authorized to issue bonds and to finance working capital for local agencies within the State of California pursuant to the Marks-Roos Local Bond Pooling Act of 1985. The note is due June 29, 2007, and bears an interest rate of 4.50%. The note is a general obligation of the City, but is payable solely from taxes, income, revenues, cash receipts, and other monies of the City legally available for payment thereof. Certain of said monies have been specifically pledged to the total payment of the note and the interest thereon.
- 2006 Lease Revenue Bonds, Series AU - Original Issuance \$2,540,000 - On December 6, 2006, the Authority issued \$2,540,000 2006 Lease Revenue Bonds, Series AU, to refinance certain obligations of the City in connection with the City's Certificates of Participation, 2002 Series AE (Mission Promenade Project) and finance certain public improvements of the City. Interest on the bonds is payable semiannually on each June 1 and December 1. The rates of interest range from 3.250% to 4.375% per annum. Principal is payable in annual installments ranging from \$25,000 to \$310,000. The bonds are secured by certain revenues consisting of certain Lease Payments with respect to the leased property by the City.

City of Pomona
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2006

18. SUBSEQUENT EVENTS, Continued

- 2006 Taxable Lease Revenue Bonds, Series AV - Original Issuance \$10,790,000 - On December 6, 2006, the Authority issued \$10,790,000 2006 Taxable Lease Revenue Bonds, Series AV, to refinance certain obligations of the City in connection with the City's Certificates of Participation, 2002 Series AE (Mission Promenade Project) and finance certain public improvements of the City. Interest on the bonds is payable semiannually on each June 1 and December 1. The rates of interest range from 5.00% to 5.70% per annum. Principal is payable in annual installments ranging from \$95,000 to \$665,000. The bonds are secured by certain revenues consisting of certain Lease Payments with respect to the leased property by the City.
- 2006 Revenue Bonds, Series AS - Original Issuance \$26,305,000 - On December 18, 2006, the Authority issued \$26,305,000 2006 Revenue Bonds, Series AS, to make a loan to the Agency for the purpose of refinancing a portion of the Authority's 1998 Refunding Revenue Bonds, Series W, 2003 Revenue Bonds, Series AH, and 2003 Subordinate Revenue Bonds, Series AI. Interest on the bonds is payable semiannually on each August 1 and February 1. The rates of interest range from 3.50% to 5.00% per annum. Principal is payable in annual installments ranging from \$65,000 to \$5,400,000. The bonds are secured by certain revenues on the Series AS Loan pursuant to a Loan Agreement, dated as of December 1, 2006 between the Authority and the Agency. The loan payments are limited obligations of the Agency payable solely from and secured by the pledged tax revenues to be derived from the Agency's project area remaining after payment of the Senior Obligations.
- 2006 Taxable Revenue Bonds, Series AT - Original Issuance \$8,355,000 - On December 18, 2006, the Authority issued \$8,355,000 2006 Taxable Revenue Bonds, Series AT, to make a loan to the Agency for the purpose of refinancing a portion of the Authority's 1998 Refunding Revenue Bonds, Series W, 2003 Revenue Bonds, Series AH, 1998 Tax Allocation Refunding Bonds, Series X, and 1998 Tax Allocation Refunding Bonds, Series Y. Interest on the bonds is payable semiannually on each August 1 and February 1. The rates of interest range from 5.289% to 5.718% per annum. Principal is payable in annual installments ranging from \$340,000 to \$760,000. The bonds are secured by certain revenues on the Series AT Loan pursuant to a Loan Agreement, dated as of December 1, 2006 between the Authority and the Agency. The loan payments are limited obligations of the Agency payable solely from and secured by the pledged tax revenues to be derived from the Agency's project area remaining after payment of the Senior Obligations.
- 2006 Subordinate Revenue Bonds, Series AX - Original Issuance \$25,865,000 - On December 18, 2006, the Authority issued \$25,865,000 2006 subordinate Revenue Bonds, Series AX, to make a loan to the Agency for the purpose of refinancing a portion of the Authority's 1998 Refunding Revenue Bonds, Series W, 2003 Revenue Bonds, Series AH, and 2003 Subordinate Revenue Bonds, Series AI, and financing certain improvements in the Agency's Merged Redevelopment Project. Interest on the bonds is payable semiannually on each August 1 and February 1. The rates of interest range from 4.00% to 5.00% per annum. Principal is payable in annual installments ranging from \$145,000 to \$1,515,000. The bonds are secured by certain revenues on the Series AX Loan pursuant to a Loan Agreement, dated as of December 1, 2006 between the Authority and the Agency. The loan payments are limited obligations of the Agency payable solely from and secured by the Subordinate Tax Revenues to be derived from the Agency's project area remaining after payment of the Senior/Subordinate Obligations.

City of Pomona
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2006

18. SUBSEQUENT EVENTS, Continued

- 2007 Revenue Bonds, Series AY - Original Issuance \$99,370,000 - On January 1, 2007, the Authority issued \$99,370,000 2007 Revenue Bonds, Series AY, to provide funds to partially refund the Authority's Revenue Bonds, Series AA and Series AC, and to finance the acquisition and construction of certain improvements to the Water Enterprise of the City. Interest on the bonds is payable semiannually on each November 1 and May 1. The rates of interest range from 4.00% to 5.00% per annum. Principal is payable in annual installments ranging from \$885,000 to \$6,040,000. The bonds are secured by an Installment Sale Agreement, dated as of January 1, 2007 between the City and the Authority. The Installment Payments are a special limited obligation of the City, payable from and secured by a pledge of and first lien on all Net Revenues, subject to the parity lien, if any, of any additional obligations as provided for in the Installment Sale Agreement, in the Utility Fund of the City in trust under the Installment Sale Agreement.
- 2007 Taxable Revenue Refunding Bonds, Series AZ - Original Issuance \$6,930,000 - On January 1, 2007, the Authority issued \$6,930,000 2007 Taxable Revenue Refunding Bonds, Series AZ, to provide funds to partially refund the Authority's Revenue Bonds, Series AA and Series AC, and to finance the acquisition and construction of certain improvements to the Water Enterprise of the City. Interest on the bonds is payable semiannually on each November 1 and May 1. The rates of interest range from 5.267% to 5.650% per annum. Principal is payable in annual installments ranging from \$200,000 to \$555,000. The bonds are secured by an Installment Sale Agreement, dated as of January 1, 2007 between the City and the Authority. The Installment Payments are a special limited obligation of the City, payable from and secured by a pledge of and first lien on all Net Revenues, subject to the parity lien, if any, of any additional obligations as provided for in the Installment Sale Agreement, in the Utility Fund of the City in trust under the Installment Sale Agreement.

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REQUIRED SUPPLEMENTARY INFORMATION

City of Pomona
Required Supplementary Information
For the year ended June 30, 2006

1. BUDGETARY INFORMATION

Annual budgets are adopted on a basis consistent with generally accepted accounting principles in the United States 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.

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.

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

City of Pomona
Required Supplementary Information, Continued
For the year ended June 30, 2006

1. BUDGETARY INFORMATION, Continued

Budget Comparison Schedule (Budgetary Basis), General Fund

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund balance, July 1, 2005	\$ 16,820,431	\$ 16,820,431	\$ 16,820,431	\$ -
Resources (inflows):				
Taxes	60,245,190	60,245,190	68,255,899	8,010,709
Intergovernmental	131,200	131,200	160,076	28,876
Charges for services	1,391,060	1,391,060	1,430,922	39,862
Fine and forfeitures	2,095,000	2,095,000	1,846,541	(248,459)
License and permits	8,105,780	8,105,780	8,069,043	(36,737)
Use of money and property	862,985	862,985	1,171,284	308,299
Other revenues	506,880	794,499	678,926	(115,573)
Proceeds from sale of capital assets	-	-	36,037	36,037
Transfers from other funds	3,761,072	3,761,072	3,648,916	(112,156)
Amount available for appropriation	93,919,598	94,207,217	102,118,075	7,910,858
Charges to appropriations (outflows):				
Current:				
General government	2,704,545	2,937,445	3,648,330	(710,885)
Public safety	56,216,033	56,451,096	57,024,004	(572,908)
Urban development	9,199,496	9,391,265	9,965,202	(573,937)
Community services	9,234,388	9,275,087	9,082,861	192,226
Capital outlay	57,000	114,841	81,648	33,193
Debt service:				
Principal retirement	1,054,436	985,555	1,041,593	(56,038)
Interest and fiscal charges	368,956	363,149	486,769	(123,620)
Transfers to other funds	3,467,987	3,479,987	1,965,421	1,514,566
Total charges to appropriations	82,302,841	82,998,425	83,295,828	(297,403)
Fund balance, June 30, 2006	\$ 11,616,757	\$ 11,208,792	\$ 18,822,247	\$ 7,613,455

City of Pomona
Required Supplementary Information, Continued
For the year ended June 30, 2006

1. BUDGETARY INFORMATION, Continued

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund balance, July 1	\$ 19,724,445	\$ 19,724,445	\$ 19,724,445	\$ -
Resources (inflows):				
Intergovernmental	91,287	91,287	261,537	170,250
Investment earnings	616,544	616,544	1,107,763	491,219
Loans repaid	582,517	582,817	1,954,260	1,371,443
Miscellaneous	50,000	50,000	80,285	30,285
Transfers in	4,248,798	4,248,798	4,940,606	691,808
Amount available for appropriation	25,313,591	25,313,891	28,068,896	2,755,005
Charges to appropriations (outflows):				
Current:				
Urban development	3,178,305	4,357,832	4,245,638	112,194
Capital outlay	1,218,000	3,544,000	-	3,544,000
Debt service - interest and fiscal charges	7,184	11,892	11,475	417
Transfers out	1,786,727	1,786,727	1,949,875	(163,148)
Total charges to appropriations	6,190,216	9,700,451	6,206,988	3,493,463
Fund balance, June 30	\$ 19,123,375	\$ 15,613,440	\$ 21,861,908	\$ 6,248,468

City of Pomona
Required Supplementary Information, Continued
For the year ended June 30, 2006

2. DEFINED PENSION PLAN

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
6/30/2003	\$ 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)%
6/30/2005	197,315,242	207,564,684	(10,249,442)	95.06%	14,001,640	(73.20)%

Miscellaneous 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
6/30/2003	\$ 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)%
6/30/2005	147,890,132	159,339,028	(11,448,896)	92.81%	26,779,482	(42.75)%

* Based on the latest actuarial valuation as of June 30, 2005.

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). A payment of \$27,722,510 was made to PERS on June 29, 2004 (See Notes 8 and 9).

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.

In 2006, the City issued \$42,280,684 Pension Obligations Refunding Bonds to refinance the City's outstanding Pension Obligation Refunding Bonds Series 2004 AJ and Series 2004 AK.

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SUPPLEMENTARY INFORMATION

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NON-MAJOR GOVERNMENTAL FUNDS

The *Housing Assistance Program* offers expanded opportunities for rental assistance to very low income families by utilizing existing housing units.

The *Community Development Block Grant Fund* develops viable urban communities by providing decent housing and a suitable environment and expand economic opportunity for persons of low and moderate income.

The *Miscellaneous Grants Fund* accounts for revenues received and expenditures made for Federal and/or State approved programs/projects.

The *State Gas Tax Fund* accounts for revenues received and expenditures made for general street improvement and maintenance. The revenues consist of the City's share of state gasoline taxes collected under Sections 2105, 2106, 2107, and 2107.5 of the Street and Highway Code.

The *Proposition "A" Fund* accounts for the receipt and disbursement of funds derived from the one-half cent sales tax imposed by the Proposition "A" ordinance of the Los Angeles County Transportation Commission. The funds are used to finance public transportation projects.

The *Proposition "C" Fund* accounts for receipt and disbursement of funds derived from a 1990-91 increase in County sales tax. The funds are used to finance transit or transit-related projects.

The *Vehicle Parking Districts Fund* accounts for the operation, maintenance, capital improvements, and administration of parking lots in the downtown business area. Revenues are received from parking fees.

The *Air Quality Improvement Fund* accounts for the revenues and expenditures made for air quality improvement projects. The revenues consist of funds received from the South Coast Air Quality Management District (SCAQMD) in accordance with AB2766.

The *Traffic Congestion Relief Fund* accounts for revenues received and expenditures made for either street pavement, rehabilitation and reconstruction of associated facilities such as drainage and traffic control devices.

The *Landscape Maintenance District Fund* accounts for revenues received and expenditures made for landscape and lighting maintenance in various areas of the City. Revenues consist of assessments received from property owners.

The *Narcotics Forfeiture Fund* accounts for the City's share of assets seized by law enforcement agencies. The monies are used for law enforcement purposes.

The *Capital Outlay Fund* accounts for the accumulation of the cost of capital projects.

The *Assessment District Improvement Fund* accounts for capital improvements through special charges levied against the properties benefited.

City of Pomona
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2006

	Special Revenue				
	Housing Assistance Program	Community Development Block Grant	Miscellaneous Grants	State Gas Tax	Proposition A
ASSETS					
Cash and investments	\$ 2,319,429	\$ 788,072	\$ 2,806,667	\$ 195,705	\$ 5,789,732
Receivables:					
Accounts, net	-	1,719	63,728	-	-
Interest	19,003	4,203	25,210	14,621	56,330
Due from other governments	118,881	217,583	714,154	263,827	-
Due from other funds	-	49,078	-	-	-
Prepaid items	598,277	2,164	13,617	-	-
Restricted cash and investments	-	378,985	263,645	-	-
Loans receivable	-	3,284,070	7,122,347	-	-
Advances to other funds	-	-	-	-	-
Total assets	\$ 3,055,590	\$ 4,725,874	\$ 11,009,368	\$ 474,153	\$ 5,846,062
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 15,262	\$ 57,405	\$ 140,844	\$ 234,457	\$ 54,098
Accrued liabilities	65,836	64,133	55,531	4,210	913
Due to other funds	-	-	-	-	-
Deferred revenue	-	2,288,055	7,359,638	-	-
Total liabilities	81,098	2,409,593	7,556,013	238,667	55,011
Fund Balances:					
Reserved for:					
Loans receivable	-	1,375,000	-	-	-
Prepaid items	598,277	2,164	13,617	-	-
Advances to other funds	-	-	-	-	-
Encumbrances	5,577	87,144	242,177	122,997	10,801
Unreserved, designated for:					
Contingencies	-	-	-	-	-
Unreserved, undesignated	2,370,638	851,973	3,197,561	112,489	5,780,250
Total fund balances	2,974,492	2,316,281	3,453,355	235,486	5,791,051
Total liabilities and fund balances	\$ 3,055,590	\$ 4,725,874	\$ 11,009,368	\$ 474,153	\$ 5,846,062

	Special Revenue				
	Proposition C	Vehicle Parking District	Air Quality Improvement	Traffic Congestion Relief	Landscape Maintenance District
	C	District	Improvement	Relief	District
ASSETS					
Cash and investments	\$ 8,544,529	\$ 1,165,701	\$ 544,417	\$ 518,712	\$ 585,925
Receivables:					
Accounts, net	-	11,940	-	-	-
Interest	92,696	12,172	5,277	1,633	6,823
Due from other governments	-	1,569	50,290	202,656	72,777
Due from other funds	-	-	-	-	-
Prepaid items	-	-	-	-	-
Restricted cash and investments	-	-	-	-	-
Loans receivable	-	-	-	-	-
Advances to other funds	-	600,000	-	-	-
Total assets	\$ 8,637,225	\$ 1,791,382	\$ 599,984	\$ 723,001	\$ 665,525
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 20,153	\$ 17,303	\$ 10,774	\$ -	\$ 83,742
Accrued liabilities	4,587	7,520	419	-	12,508
Due to other funds	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Total liabilities	24,740	24,823	11,193	-	96,250
Fund Balances:					
Reserved for:					
Loans receivable	-	-	-	-	-
Prepaid items	-	-	-	-	-
Advances to other funds	-	600,000	-	-	-
Encumbrances	8,946	11,868	3,550	-	10,050
Unreserved, designated for:					
Contingencies	6,877,406	-	-	-	-
Unreserved, undesignated	1,726,133	1,154,691	585,241	723,001	559,225
Total fund balances	8,612,485	1,766,559	588,791	723,001	569,275
Total liabilities and fund balances	\$ 8,637,225	\$ 1,791,382	\$ 599,984	\$ 723,001	\$ 665,525

City of Pomona
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2006

	Special Revenue	Capital Projects		Total
	Narcotics Forfeiture	Capital Outlay	Assessment	Other
			District Improvement	Governmental Funds
ASSETS				
Cash and investments	\$ 1,119,434	\$ -	\$ 28,732	\$ 24,407,055
Receivables:				
Accounts, net	-	-	-	77,387
Interest	10,223	11,651	307	260,149
Due from other governments	-	1,796,590	-	3,438,327
Due from other funds	-	-	-	49,078
Prepaid items	2,369	-	-	616,427
Restricted cash and investments	-	17,205,780	1,173,516	19,021,926
Loans receivable	-	-	-	10,406,417
Advances to other funds	-	-	-	600,000
Total assets	\$ 1,132,026	\$ 19,014,021	\$ 1,202,555	\$ 58,876,766
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 70,609	\$ 686,483	\$ -	\$ 1,391,130
Accrued liabilities	4,373	21,925	-	241,955
Due to other funds	-	1,577,835	-	1,577,835
Deferred revenue	-	547,867	-	10,195,560
Total liabilities	74,982	2,834,110	-	13,406,480
Fund Balances:				
Reserved for:				
Loans receivable	-	-	-	1,375,000
Prepaid items	2,369	-	-	616,427
Advances to other funds	-	-	-	600,000
Encumbrances	67,823	4,282,275	-	4,853,208
Unreserved, designated for:				
Contingencies	-	-	-	6,877,406
Unreserved, undesignated	986,852	11,897,636	1,202,555	31,148,245
Total fund balances	1,057,044	16,179,911	1,202,555	45,470,286
Total liabilities and fund balances	\$ 1,132,026	\$ 19,014,021	\$ 1,202,555	\$ 58,876,766

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City of Pomona

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Non-Major Governmental Funds

For the year ended June 30, 2006

	Special Revenue				
	Housing Assistance Programs	Community Development Block Grant	Miscellaneous Grants	State Gas Tax	Proposition A
REVENUES:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-
Intergovernmental	10,295,259	3,971,761	2,902,535	2,875,947	2,554,413
Charges for services	-	-	558,381	-	-
Fines and forfeitures	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Use of money and property	27,552	312,098	1,365,024	40,356	94,550
Miscellaneous	65,438	103,965	343,462	104,237	20,059
Total revenues	10,388,249	4,387,824	5,169,402	3,020,540	2,669,022
EXPENDITURES:					
Current:					
General government	-	556,043	-	-	-
Public safety	-	807,939	999,953	-	-
Urban development	9,073,101	1,144,625	2,654,884	1,925,779	1,500,684
Community services	-	-	661,676	-	36,513
Capital outlay	-	-	60,921	1,690	-
Debt service:					
Interest and fiscal charges	549	224,730	8,546	-	-
Total expenditures	9,073,650	2,733,337	4,385,980	1,927,469	1,537,197
REVENUES OVER (UNDER) EXPENDITURES	1,314,599	1,654,487	783,422	1,093,071	1,131,825
OTHER FINANCING SOURCES (USES):					
Proceeds from capital leases	-	-	-	-	-
Transfers in	-	74,078	77,660	1,001,934	-
Transfers out	-	(1,604,736)	(84,980)	(3,668,144)	-
Total other financing sources (uses)	-	(1,530,658)	(7,320)	(2,666,210)	-
Net change in fund balances	1,314,599	123,829	776,102	(1,573,139)	1,131,825
FUND BALANCES:					
Beginning of year, as restated	1,659,893	2,192,452	2,677,253	1,808,625	4,659,226
End of year	\$ 2,974,492	\$ 2,316,281	\$ 3,453,355	\$ 235,486	\$ 5,791,051

City of Pomona

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Non-Major Governmental Funds

For the year ended June 30, 2006

	Special Revenue				
	Proposition	Vehicle	Air Quality	Traffic	Landscape
	C	Parking	Improvement	Congestion	Maintenance
		District		Relief	District
REVENUES:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	16,985	-	-	1,180,820
Intergovernmental	2,194,846	-	191,293	718,268	-
Charges for services	-	-	-	-	-
Fines and forfeitures	-	47,813	-	-	-
Licenses and permits	-	86,234	-	-	-
Use of money and property	167,253	273,706	8,926	4,733	12,821
Miscellaneous	-	342	-	-	-
Total revenues	2,362,099	425,080	200,219	723,001	1,193,641
EXPENDITURES:					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Urban development	259,337	335,791	173,507	-	-
Community services	-	-	-	-	1,621,506
Capital outlay	-	-	-	-	-
Debt service:					
Interest and fiscal charges	-	-	-	-	-
Total expenditures	259,337	335,791	173,507	-	1,621,506
REVENUES OVER					
(UNDER) EXPENDITURES	2,102,762	89,289	26,712	723,001	(427,865)
OTHER FINANCING SOURCES (USES):					
Proceeds from capital leases	-	-	-	-	-
Transfers in	-	-	-	-	105,547
Transfers out	(1,323,956)	-	-	-	(21,624)
Total other financing sources (uses)	(1,323,956)	-	-	-	83,923
Net change in fund balances	778,806	89,289	26,712	723,001	(343,942)
FUND BALANCES:					
Beginning of year, as restated	7,833,679	1,677,270	562,079	-	913,217
End of year	\$ 8,612,485	\$ 1,766,559	\$ 588,791	\$ 723,001	\$ 569,275

City of Pomona

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Non-Major Governmental Funds

For the year ended June 30, 2006

	Special Revenue		Capital Projects		Total Other Governmental Funds
	Narcotics Forfeiture	Capital Outlay	Assessment District Improvement		
REVENUES:					
Taxes	\$ -	\$ 127,536	\$ -	\$ 127,536	
Special assessments	-	-	-	1,197,805	
Intergovernmental	18,925	630,811	-	26,354,058	
Charges for services	-	-	-	558,381	
Fines and forfeitures	1,386,233	-	-	1,434,046	
Licenses and permits	-	285,240	-	371,474	
Use of money and property	16,344	554,082	40,289	2,917,734	
Miscellaneous	2,593	574,448	-	1,214,544	
Total revenues	1,424,095	2,172,117	40,289	34,175,578	
EXPENDITURES:					
Current:					
General government	-	23,510	-	579,553	
Public safety	1,035,764	1,808,209	-	4,651,865	
Urban development	-	8,034,096	-	25,101,804	
Community services	-	1,719,797	-	4,039,492	
Capital outlay	69,987	841,123	-	973,721	
Debt service:					
Interest and fiscal charges	-	-	-	233,825	
Total expenditures	1,105,751	12,426,735	-	35,580,260	
REVENUES OVER (UNDER) EXPENDITURES	318,344	(10,254,618)	40,289	(1,404,682)	
OTHER FINANCING SOURCES (USES):					
Proceeds from capital leases	-	1,343,850	-	1,343,850	
Transfers in	-	19,345,941	14,414	20,619,574	
Transfers out	-	(1,554,687)	(1,827)	(8,259,954)	
Total other financing sources (uses)	-	19,135,104	12,587	13,703,470	
Net change in fund balances	318,344	8,880,486	52,876	12,298,788	
FUND BALANCES:					
Beginning of year, as restated	738,700	7,299,425	1,149,679	33,171,498	
End of year	\$ 1,057,044	\$ 16,179,911	\$ 1,202,555	\$ 45,470,286	

City of Pomona

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

General Debt Service

For the year ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive/(Negative)
	Original	Final		
Fund balance, July 1, 2005, as restated	\$ (22,346,129)	\$ (22,346,129)	\$ (22,346,129)	\$ -
Resources (inflows):				
Taxes	1,034,395	1,034,395	2,079,374	1,044,979
Use of money and property	422,525	422,525	876,029	453,504
Miscellaneous	263,530	263,530	1,079,325	815,795
Issuance of bonds, loans, and notes payable	-	-	42,280,684	42,280,684
Transfers in	4,848,682	4,848,682	8,568,215	3,719,533
Amount available for appropriation	(15,776,997)	(15,776,997)	32,537,498	48,314,495
Charges to appropriations (outflows):				
Current:				
General government	3,000	3,000	14,993	(11,993)
Debt service:				
Principal	560,000	560,000	583,000	(23,000)
Interest and fiscal charges	4,696,294	4,696,294	6,011,934	(1,315,640)
Debt issuance costs	16,045	16,045	1,117,464	(1,101,419)
Payment to refunded bonds escrow agent	-	-	38,000,000	(38,000,000)
Transfers out	1,205,000	1,205,000	5,035,859	(3,830,859)
Total charges to appropriations	6,480,339	6,480,339	50,763,250	(44,282,911)
Fund balance, June 30, 2006	\$ (22,257,336)	\$ (22,257,336)	\$ (18,225,752)	\$ 4,031,584

City of Pomona

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Public Financing Authority Debt Service

For the year ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget Positive/(Negative)
Fund balance, July 1, 2005	\$ 203,944,420	\$ 203,944,420	\$ 203,944,420	\$ -
Resources (inflows):				
Use of money and property	9,684,043	9,684,043	9,431,750	(252,293)
Miscellaneous	-	-	2,177	2,177
Issuance of bonds, loans, and notes payable	-	-	34,360,000	34,360,000
Transfers in	1,410,000	1,410,000	4,930,000	3,520,000
Amount available for appropriation	215,038,463	215,038,463	252,668,347	37,629,884
Charges to appropriations (outflows):				
Current:				
General government	-	-	80,456	(80,456)
Debt service:				
Principal	1,410,000	1,410,000	1,045,000	365,000
Interest and fiscal charges	9,684,043	9,684,043	7,347,455	2,336,588
Debt issuance costs	-	-	1,330,125	(1,330,125)
Payment to refunded bonds escrow agent	-	-	15,255,000	(15,255,000)
Transfers out	-	-	15,681,914	(15,681,914)
Total charges to appropriations	11,094,043	11,094,043	40,739,950	(29,645,907)
Fund balance, June 30, 2006	\$ 203,944,420	\$ 203,944,420	\$ 211,928,397	\$ 7,983,977

City of Pomona

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual Redevelopment Agency Debt Service For the year ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive/(Negative)
	Original	Final		
Fund balance, July 1, 2005	\$ (141,787,116)	\$ (141,787,116)	\$ (141,787,116)	\$ -
Resources (inflows):				
Taxes	21,243,987	21,243,987	24,114,794	2,870,807
Intergovernmental	3,100,000	3,100,000	2,589,002	(510,998)
Use of money and property	467,844	467,844	476,974	9,130
Miscellaneous	142,099	142,099	193,222	51,123
Issuance of bonds, loans, and notes payable	211,445	211,445	184,416	(27,029)
Transfers in	1,786,727	1,786,727	1,861,555	74,828
Amount available for appropriation	(114,835,014)	(114,835,014)	(112,367,153)	2,467,861
Charges to appropriations (outflows):				
Current:				
Urban development	11,383,265	11,383,265	13,724,154	(2,340,889)
Debt service:				
Principal	583,037	583,037	688,037	(105,000)
Interest and fiscal charges	8,537,653	8,537,653	8,727,824	(190,171)
Transfers out	6,666,184	6,666,184	7,506,477	(840,293)
Total charges to appropriations	27,170,139	27,170,139	30,646,492	(3,476,353)
Fund balance, June 30, 2006	\$ (142,005,153)	\$ (142,005,153)	\$ (143,013,645)	\$ (1,008,492)

City of Pomona

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual Redevelopment Agency Capital Project For the year ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive/(Negative)
	Original	Final		
Fund balance, July 1, 2005	\$ 65,329,388	\$ 65,329,388	\$ 65,329,388	\$ -
Resources (inflows):				
Use of money and property	1,528,416	1,528,416	1,834,361	305,945
Loan repaid	44,919	44,919	85,189	40,270
Miscellaneous	510,003	8,787,696	2,583,946	(6,203,750)
Transfers in	2,505,432	2,505,432	2,739,435	234,003
Amount available for appropriation	69,918,158	78,195,851	72,572,319	(5,623,532)
Charges to appropriations (outflows):				
Current:				
Urban development	15,285,295	17,600,795	6,602,147	10,998,648
Transfers out	1,333,297	1,333,297	7,023,255	(5,689,958)
Total charges to appropriations	16,618,592	18,934,092	13,625,402	5,308,690
Fund balance, June 30, 2006	\$ 53,299,566	\$ 59,261,759	\$ 58,946,917	\$ (314,842)

City of Pomona

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Housing Assistance Program

For the year ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive/(Negative)
	Original	Final		
Fund balance, July 1, 2005	\$ 1,659,893	\$ 1,659,893	\$ 1,659,893	\$ -
Resources (inflows):				
Intergovernmental	10,067,718	10,067,718	10,295,259	227,541
Use of money and property	30,000	30,000	27,552	(2,448)
Miscellaneous	45,700	45,700	65,438	19,738
Amount available for appropriation	11,803,311	11,803,311	12,048,142	244,831
Charges to appropriations (outflows):				
Current:				
Urban development	10,180,867	10,180,867	9,073,101	1,107,766
Debt service:				
Interest and fiscal charges	-	-	549	(549)
Transfers out	65,000	65,000	-	65,000
Total charges to appropriations	10,245,867	10,245,867	9,073,650	1,172,217
Fund balance, June 30, 2006	\$ 1,557,444	\$ 1,557,444	\$ 2,974,492	\$ 1,417,048

City of Pomona

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Community Development Block Grant

For the year ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget Positive/(Negative)
Fund balance, July 1, 2005	\$ 2,192,452	\$ 2,192,452	\$ 2,192,452	\$ -
Resources (inflows):				
Intergovernmental	3,277,404	3,277,404	3,971,761	694,357
Use of money and property	150,000	150,000	312,098	162,098
Miscellaneous	-	-	103,965	103,965
Transfers in	-	-	74,078	74,078
Amount available for appropriation	5,619,856	5,619,856	6,654,354	1,034,498
Charges to appropriations (outflows):				
Current:				
General government	684,516	684,516	556,043	128,473
Public safety	891,434	891,434	807,939	83,495
Urban development	682,032	982,032	1,144,625	(162,593)
Capital outlay	1,830,930	1,905,930	-	1,905,930
Debt service:				
Interest and fiscal charges	222,469	222,469	224,730	(2,261)
Transfers out	-	-	1,604,736	(1,604,736)
Total charges to appropriations	4,311,381	4,686,381	4,338,073	348,308
Fund balance, June 30, 2006	\$ 1,308,475	\$ 933,475	\$ 2,316,281	\$ 1,382,806

City of Pomona

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Miscellaneous Grants

For the year ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive/(Negative)
	Original	Final		
Fund balance, July 1, 2005	\$ 2,677,253	\$ 2,677,253	\$ 2,677,253	\$ -
Resources (inflows):				
Intergovernmental	3,730,119	4,270,297	2,902,535	(1,367,762)
Charges for services	328,170	328,170	558,381	230,211
Use of money and property	816,846	816,846	1,365,024	548,178
Miscellaneous	342,402	488,469	343,462	(145,007)
Transfers in	77,660	77,660	77,660	-
Amount available for appropriation	7,972,450	8,658,695	7,924,315	(734,380)
Charges to appropriations (outflows):				
Current:				
Public safety	890,300	1,167,862	999,953	167,909
Urban development	3,762,980	4,781,692	2,654,884	2,126,808
Community services	661,636	803,275	661,676	141,599
Capital outlay	240,449	475,040	60,921	414,119
Debt service:				
Interest and fiscal charges	-	-	8,546	(8,546)
Transfers out	-	-	84,980	(84,980)
Total charges to appropriations	5,555,365	7,227,869	4,470,960	2,756,909
Fund balance, June 30, 2006	\$ 2,417,085	\$ 1,430,826	\$ 3,453,355	\$ 2,022,529

City of Pomona

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

State Gas Tax

For the year ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget Positive/(Negative)
Fund balance, July 1, 2005	\$ 1,808,625	\$ 1,808,625	\$ 1,808,625	\$ -
Resources (inflows):				
Intergovernmental	2,930,000	2,930,000	2,875,947	(54,053)
Use of money and property	40,000	40,000	40,356	356
Miscellaneous	-	-	104,237	104,237
Transfers in	-	-	1,001,934	1,001,934
Amount available for appropriation	4,778,625	4,778,625	5,831,099	1,052,474
Charges to appropriations (outflows):				
Current:				
Urban development	46,928	56,928	1,925,779	(1,868,851)
Capital outlay	404,380	404,380	1,690	402,690
Transfers out	3,749,072	3,749,072	3,668,144	80,928
Total charges to appropriations	4,200,380	4,210,380	5,595,613	(1,385,233)
Fund balance, June 30, 2006	\$ 578,245	\$ 568,245	\$ 235,486	\$ (332,759)

City of Pomona

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Proposition A

For the year ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget Positive/(Negative)
Fund balance, July 1, 2005	\$ 4,659,226	\$ 4,659,226	\$ 4,659,226	\$ -
Resources (inflows):				
Intergovernmental	2,215,924	2,215,924	2,554,413	338,489
Use of money and property	35,000	35,000	94,550	59,550
Miscellaneous	3,000	3,000	20,059	17,059
Amount available for appropriation	6,913,150	6,913,150	7,328,248	415,098
Charges to appropriations (outflows):				
Current:				
Urban development	2,233,531	2,233,531	1,500,684	732,847
Community services	55,000	55,000	36,513	18,487
Total charges to appropriations	2,288,531	2,288,531	1,537,197	751,334
Fund balance, June 30, 2006	\$ 4,624,619	\$ 4,624,619	\$ 5,791,051	\$ 1,166,432

City of Pomona

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual Proposition C

For the year ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive/(Negative)
	Original	Final		
Fund balance, July 1, 2005	\$ 7,833,679	\$ 7,833,679	\$ 7,833,679	\$ -
Resources (inflows):				
Intergovernmental	1,837,969	1,837,969	2,194,846	356,877
Use of money and property	35,000	35,000	167,253	132,253
Amount available for appropriation	9,706,648	9,706,648	10,195,778	489,130
Charges to appropriations (outflows):				
Current:				
Urban development	159,986	251,586	259,337	(7,751)
Capital outlay	-	30,210	-	30,210
Transfers out	-	-	1,323,956	(1,323,956)
Total charges to appropriations	159,986	281,796	1,583,293	(1,301,497)
Fund balance, June 30, 2006	\$ 9,546,662	\$ 9,424,852	\$ 8,612,485	\$ (812,367)

City of Pomona

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Vehicle Parking District

For the year ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive/(Negative)
	Original	Final		
Fund balance, July 1, 2005	\$ 1,677,270	\$ 1,677,270	\$ 1,677,270	\$ -
Resources (inflows):				
Special assessments	15,000	15,000	16,985	1,985
Fines and forfeitures	-	-	47,813	47,813
Licenses and permits	130,000	130,000	86,234	(43,766)
Use of money and property	230,000	230,000	273,706	43,706
Miscellaneous	-	-	342	342
Amount available for appropriation	2,052,270	2,052,270	2,102,350	50,080
Charges to appropriations (outflows):				
Current:				
Urban development	364,288	394,288	335,791	58,497
Transfers out	293,046	293,046	-	293,046
Total charges to appropriations	657,334	687,334	335,791	351,543
Fund balance, June 30, 2006	\$ 1,394,936	\$ 1,364,936	\$ 1,766,559	\$ 401,623

City of Pomona

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Air Quality Improvement

For the year ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive/(Negative)
	Original	Final		
Fund balance, July 1, 2005	\$ 562,079	\$ 562,079	\$ 562,079	\$ -
Resources (inflows):				
Intergovernmental	185,000	185,000	191,293	6,293
Use of money and property	10,000	10,000	8,926	(1,074)
Amount available for appropriation	<u>757,079</u>	<u>757,079</u>	<u>762,298</u>	<u>5,219</u>
Charges to appropriations (outflows):				
Current:				
Urban development	71,539	71,539	173,507	(101,968)
Capital outlay	-	31,242	-	31,242
Total charges to appropriations	<u>71,539</u>	<u>102,781</u>	<u>173,507</u>	<u>(70,726)</u>
Fund balance, June 30, 2006	<u>\$ 685,540</u>	<u>\$ 654,298</u>	<u>\$ 588,791</u>	<u>\$ (65,507)</u>

City of Pomona

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Traffic Congestion Relief

For the year ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget Positive/(Negative)
Fund balance, July 1, 2005	\$ -	\$ -	\$ -	\$ -
Resources (inflows):				
Intergovernmental	-	-	718,268	718,268
Use of money and property	-	-	4,733	4,733
Amount available for appropriation	-	-	723,001	723,001
Fund balance, June 30, 2006	\$ -	\$ -	\$ 723,001	\$ 723,001

City of Pomona

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Landscape Maintenance District

For the year ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget Positive/(Negative)
Fund balance, July 1, 2005	\$ 913,217	\$ 913,217	\$ 913,217	\$ -
Resources (inflows):				
Special assessments	1,228,210	1,228,210	1,180,820	(47,390)
Use of money and property	12,000	12,000	12,821	821
Transfers in	-	-	105,547	105,547
Amount available for appropriation	<u>2,153,427</u>	<u>2,153,427</u>	<u>2,212,405</u>	<u>58,978</u>
Charges to appropriations (outflows):				
Current:				
Community services	1,566,205	1,566,205	1,621,506	(55,301)
Transfers out	<u>12,000</u>	<u>12,000</u>	<u>21,624</u>	<u>(9,624)</u>
Total charges to appropriations	<u>1,578,205</u>	<u>1,578,205</u>	<u>1,643,130</u>	<u>(64,925)</u>
Fund balance, June 30, 2006	<u>\$ 575,222</u>	<u>\$ 575,222</u>	<u>\$ 569,275</u>	<u>\$ (5,947)</u>

City of Pomona

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Narcotics Forfeiture

For the year ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget Positive/(Negative)
Fund balance, July 1, 2005	\$ 738,700	\$ 738,700	\$ 738,700	\$ -
Resources (inflows):				
Intergovernmental	5,000	5,000	18,925	13,925
Fines and forfeiture	1,770,000	1,770,000	1,386,233	(383,767)
Use of money and property	45,000	45,000	16,344	(28,656)
Miscellaneous	-	-	2,593	2,593
Amount available for appropriation	2,558,700	2,558,700	2,162,795	(395,905)
Charges to appropriations (outflows):				
Current:				
Public safety	1,549,570	1,522,711	1,035,764	486,947
Capital outlay	211,352	249,564	69,987	179,577
Total charges to appropriations	1,760,922	1,772,275	1,105,751	666,524
Fund balance, June 30, 2006	\$ 797,778	\$ 786,425	\$ 1,057,044	\$ 270,619

City of Pomona

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Capital Outlay Fund

For the year ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget Positive/(Negative)
Fund balance, July 1, 2005, as restated	\$ 7,299,425	\$ 7,299,425	\$ 7,299,425	\$ -
Resources (inflows):				
Taxes	100,000	100,000	127,536	27,536
Intergovernmental	18,662,500	18,909,161	630,811	(18,278,350)
Licenses and permits	260,000	260,000	285,240	25,240
Use of money and property	-	-	554,082	554,082
Miscellaneous	33,931	33,931	574,448	540,517
Proceeds from capital leases	-	-	1,343,850	1,343,850
Transfers in	-	-	19,345,941	19,345,941
Amount available for appropriation	<u>26,355,856</u>	<u>26,602,517</u>	<u>30,161,333</u>	<u>3,558,816</u>
Charges to appropriations (outflows):				
Current:				
General government	-	-	23,510	(23,510)
Public safety	-	-	1,808,209	(1,808,209)
Urban development	109,987	109,987	8,034,096	(7,924,109)
Community services	-	-	1,719,797	(1,719,797)
Capital outlay	18,975,080	27,272,623	841,123	26,431,500
Transfers out	121,261	121,261	1,554,687	(1,433,426)
Total charges to appropriations	<u>19,206,328</u>	<u>27,503,871</u>	<u>13,981,422</u>	<u>13,522,449</u>
Fund balance, June 30, 2006	\$ <u>7,149,528</u>	\$ <u>(901,354)</u>	\$ <u>16,179,911</u>	\$ <u>17,081,265</u>

City of Pomona

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Assessment District Improvement

For the year ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive/(Negative)
	Original	Final		
Fund balance, July 1, 2005	\$ 1,149,679	\$ 1,149,679	\$ 1,149,679	\$ -
Resources (inflows):				
Use of money and property	5,300	5,300	40,289	34,989
Transfers in	-	-	14,414	14,414
Amount available for appropriation	1,154,979	1,154,979	1,204,382	49,403
Charges to appropriations (outflows):				
Transfers out	-	-	1,827	(1,827)
Total charges to appropriations	-	-	1,827	(1,827)
Fund balance, June 30, 2006	\$ 1,154,979	\$ 1,154,979	\$ 1,202,555	\$ 47,576

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INTERNAL SERVICE FUNDS

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, 2006

	Self- Insurance	Equipment Maintenance	Total
ASSETS			
Current assets:			
Cash and investments	\$ -	\$ 200	\$ 200
Accounts receivable	-	1,033	1,033
Inventories	-	308,218	308,218
Total current assets	<u>-</u>	<u>309,451</u>	<u>309,451</u>
Noncurrent assets:			
Restricted cash and investments	-	2,005	2,005
Capital assets:			
Depreciable assets	-	363,816	363,816
Less accumulated depreciation	-	(253,474)	(253,474)
Capital assets, net	<u>-</u>	<u>110,342</u>	<u>110,342</u>
Total noncurrent assets	<u>-</u>	<u>112,347</u>	<u>112,347</u>
Total assets	<u>-</u>	<u>421,798</u>	<u>421,798</u>
LIABILITIES			
Current liabilities:			
Accounts payable	667,734	244,224	911,958
Accrued liabilities	29,955	63,027	92,982
Interest payable	-	275	275
Due to other funds	-	122,834	122,834
Compensated absences	87,105	158,420	245,525
Claims payable	2,200,000	-	2,200,000
Obligations under capital leases	-	12,876	12,876
Total current liabilities	<u>2,984,794</u>	<u>601,656</u>	<u>3,586,450</u>
Noncurrent liabilities:			
Advances from other funds	2,694,041	-	2,694,041
Claims payable	5,975,938	-	5,975,938
Obligations under capital leases	-	33,877	33,877
Total noncurrent liabilities	<u>8,669,979</u>	<u>33,877</u>	<u>8,703,856</u>
Total liabilities	<u>11,654,773</u>	<u>635,533</u>	<u>12,290,306</u>
NET ASSETS			
Invested in capital assets, net of related debt	-	63,589	63,589
Restricted for debt service	-	1,730	1,730
Unrestricted	<u>(11,654,773)</u>	<u>(279,054)</u>	<u>(11,933,827)</u>
Total net assets	<u>\$ (11,654,773)</u>	<u>\$ (213,735)</u>	<u>\$ (11,868,508)</u>

City of Pomona
Combining Statement of Activities and Changes in Net Assets
All Internal Service Funds
For the year ended June 30, 2006

	Self- Insurance	Equipment Maintenance	Total
OPERATING REVENUES:			
Charges for services	\$ 7,467,063	\$ 4,125,229	\$ 11,592,292
Miscellaneous	5,536	49,268	54,804
Total operating revenues	7,472,599	4,174,497	11,647,096
OPERATING EXPENSES:			
Personnel services	738,772	1,554,090	2,292,862
Operations	109,128	2,564,658	2,673,786
Claims expense	3,867,721	-	3,867,721
Depreciation	-	21,463	21,463
Insurance	1,138,484	287,587	1,426,071
Total operating expenses	5,854,105	4,427,798	10,281,903
OPERATING INCOME (LOSS)	1,618,494	(253,301)	1,365,193
NONOPERATING REVENUES (EXPENSE):			
Gain (loss) on disposal of capital asset	-	2,438	2,438
Interest expense and fees	-	(1,730)	(1,730)
Investment earnings	-	3,768	3,768
Intergovernmental	-	10,000	10,000
Total nonoperating revenues (expenses)	-	14,476	14,476
INCOME (LOSS) BEFORE TRANSFERS	1,618,494	(238,825)	1,379,669
Transfers in	2,117,988	-	2,117,988
Transfers out	-	(260,117)	(260,117)
Total transfers	2,117,988	(260,117)	1,857,871
Changes in net assets	3,736,482	(498,942)	3,237,540
NET ASSETS:			
Beginning of year	(15,391,255)	285,207	(15,106,048)
End of year	\$ (11,654,773)	\$ (213,735)	\$ (11,868,508)

City of Pomona
Combining Statement of Cash Flows
All Internal Service Funds
For the year ended June 30, 2006

	Self- Insurance	Equipment Maintenance	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers/other funds	\$ 7,467,063	\$ 4,247,030	\$ 11,714,093
Cash payments to suppliers for goods and services	(6,675,983)	(2,775,597)	(9,451,580)
Cash payments to employees for services	(724,958)	(1,531,476)	(2,256,434)
Cash received from (paid for) other	5,536	49,268	54,804
Net cash provided (used) by operating activities	71,658	(10,775)	60,883
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers	2,117,988	(260,117)	1,857,871
Advances	(2,189,646)	-	(2,189,646)
Net cash provided (used) by noncapital financing activities	(71,658)	(260,117)	(331,775)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition and construction of capital assets	-	(29,873)	(29,873)
Principal paid on capital-related debt	-	(12,304)	(12,304)
Interest paid on capital-related debt	-	(1,840)	(1,840)
Net cash provided (used) by capital and related financing activities	-	(44,017)	(44,017)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest income received	-	6,341	6,341
Net cash provided (used) by investing activities	-	6,341	6,341
Net increase (decrease) in cash and cash equivalents	-	(308,568)	(308,568)
CASH AND CASH EQUIVALENTS:			
Beginning of year	-	310,773	310,773
End of year	\$ -	\$ 2,205	\$ 2,205
FINANCIAL STATEMENT PRESENTATION:			
Cash and investments	\$ -	\$ 200	\$ 200
Restricted cash and investments	-	2,005	2,005
Total cash, cash equivalents, and investments	\$ -	\$ 2,205	\$ 2,205
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ 1,618,494	\$ (253,301)	\$ 1,365,193
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:			
Depreciation	-	21,463	21,463
Changes in operating assets and liabilities:			
Accounts receivable	-	(1,033)	(1,033)
Inventories	-	(5,306)	(5,306)
Prepaid items	-	2,162	2,162
Accounts payable	490,547	79,792	570,339
Accrued liabilities	4,677	7,327	12,004
Due to other funds	-	122,834	122,834
Compensated absences	9,137	15,287	24,424
Claims payable	(2,051,197)	-	(2,051,197)
Total adjustments	(1,546,836)	242,526	(1,304,310)
Net cash provided (used) by operating activities	\$ 71,658	\$ (10,775)	\$ 60,883

FIDUCIARY FUNDS

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 of 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, 2006

	Assessment District	Engineers' Revolving	Construction Guarantee	Municipal Revolving	Employee Benefits/ Deductions	Total Agency Funds
ASSETS						
Cash and investments	\$ 330,919	\$ 582,344	\$ 593,724	\$ 438,801	\$ 1,577,265	\$ 3,523,053
Accounts receivable	82,647	-	-	9,266	513	92,426
Interest receivable	11,255	-	-	-	-	11,255
Due from other governments	-	-	-	370	-	370
Total assets	\$ 424,821	\$ 582,344	\$ 593,724	\$ 448,437	\$ 1,577,778	\$ 3,627,104
LIABILITIES						
Accounts payable	\$ 15,487	\$ -	\$ 4,035	\$ 45,805	\$ 1,577,778	\$ 1,643,105
Deposits payable	67,160	582,344	589,689	402,632	-	1,641,825
Due to bondholders	342,174	-	-	-	-	342,174
Total liabilities	\$ 424,821	\$ 582,344	\$ 593,724	\$ 448,437	\$ 1,577,778	\$ 3,627,104

City of Pomona
Combining Statement of Changes in Assets and Liabilities
All Agency Funds
For the year ended June 30, 2006

	Balance July 1, 2005	Additions	Deletions	Balance June 30, 2006
<u>Assessment Districts</u>				
Assets:				
Cash and investments	\$ 934,797	\$ 36,452	\$ (640,330)	\$ 330,919
Accounts receivable	8,149	82,647	(8,149)	82,647
Interest receivable	6,599	11,255	(6,599)	11,255
Total assets	\$ 949,545	\$ 130,354	\$ (655,078)	\$ 424,821
Liabilities:				
Accounts payable	\$ -	\$ 15,487	\$ -	\$ 15,487
Deposits payable	-	67,160	-	67,160
Due to bondholders	949,545	32,959	(640,330)	342,174
Total liabilities	\$ 949,545	\$ 115,606	\$ (640,330)	\$ 424,821
<u>Engineers' Revolving</u>				
Assets:				
Cash and investments	\$ 582,344	\$ -	\$ -	\$ 582,344
Total assets	\$ 582,344	\$ -	\$ -	\$ 582,344
Liabilities:				
Deposits payable	\$ 582,344	\$ -	\$ -	\$ 582,344
Total liabilities	\$ 582,344	\$ -	\$ -	\$ 582,344
<u>Construction Guarantee</u>				
Assets:				
Cash and investments	\$ 569,940	\$ 197,690	\$ (173,906)	\$ 593,724
Total assets	\$ 569,940	\$ 197,690	\$ (173,906)	\$ 593,724
Liabilities:				
Accounts payable	\$ 5,527	\$ 175,938	\$ (177,430)	\$ 4,035
Deposits payable	564,413	201,200	(175,924)	589,689
Total liabilities	\$ 569,940	\$ 377,138	\$ (353,354)	\$ 593,724
<u>Municipal Revolving</u>				
Assets:				
Cash and investments	\$ 533,819	\$ 1,398,115	\$ (1,493,133)	\$ 438,801
Accounts receivable	14,344	32,476	(37,554)	9,266
Due from other governments	1,625	370	(1,625)	370
Total assets	\$ 549,788	\$ 1,430,961	\$ (1,532,312)	\$ 448,437
Liabilities:				
Accounts payable	\$ 18,089	\$ 510,057	\$ (482,341)	\$ 45,805
Deposits payable	531,699	256,483	(385,550)	402,632
Total liabilities	\$ 549,788	\$ 766,540	\$ (867,891)	\$ 448,437

City of Pomona
Combining Statement of Changes in Assets and Liabilities, Continued
All Agency Funds
For the year ended June 30, 2006

<u>Benefits Deductions</u>				
Assets:				
Cash and investments	\$ 727,512	\$ 849,753	\$ -	\$ 1,577,265
Accounts receivable	513	-	-	513
Deposits	502,227	-	(502,227)	-
Total assets	<u>\$ 1,230,252</u>	<u>\$ 849,753</u>	<u>\$ (502,227)</u>	<u>\$ 1,577,778</u>
Liabilities:				
Accounts payable	\$ 1,230,252	\$ 347,526	\$ -	\$ 1,577,778
Total liabilities	<u>\$ 1,230,252</u>	<u>\$ 347,526</u>	<u>\$ -</u>	<u>\$ 1,577,778</u>
 <u>Total All Agency Funds</u>				
Assets:				
Cash and investments	\$ 3,348,412	\$ 2,482,010	\$ (2,307,369)	\$ 3,523,053
Accounts receivable	23,006	115,123	(45,703)	92,426
Interest receivable	6,599	11,255	(6,599)	11,255
Due from other governments	1,625	370	(1,625)	370
Deposits	502,227	-	(502,227)	-
Total assets	<u>\$ 3,881,869</u>	<u>\$ 2,608,758</u>	<u>\$ (2,863,523)</u>	<u>\$ 3,627,104</u>
Liabilities:				
Accounts payable	\$ 1,253,868	\$ 1,049,008	\$ (659,771)	\$ 1,643,105
Deposits payable	1,678,456	524,843	(561,474)	1,641,825
Due to bondholders	949,545	32,959	(640,330)	342,174
Total liabilities	<u>\$ 3,881,869</u>	<u>\$ 1,606,810</u>	<u>\$ (1,861,575)</u>	<u>\$ 3,627,104</u>

Statistical Section (Unaudited)

This part of the City of Pomona's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

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City of Pomona
Net Assets by Component
Last Four Fiscal Years

Schedule 1

	Fiscal Year			
	2003	2004	2005	2006
Governmental activities:				
Invested in capital assets, net of related debt	\$ 50,247,574	\$ (4,298,872)	\$ 95,062,872	\$ 271,540,388
Restricted	69,634,633	24,233,671	162,563,670	113,101,903
Unrestricted	(64,303,903)	29,368,859	(198,364,012)	(179,150,706)
Total governmental activities net assets	\$ 55,578,304	\$ 49,303,658	\$ 59,262,530	\$ 205,491,585
Business-type activities:				
Invested in capital assets, net of related debt	\$ 51,170,354	\$ 49,330,263	\$ 55,380,677	\$ 54,100,219
Restricted	-	-	19,373,600	2,986,079
Unrestricted	24,182,750	33,940,619	10,349,393	27,474,990
Total business-type activities net assets	\$ 75,353,104	\$ 83,270,882	\$ 85,103,670	\$ 84,561,288
Primary government:				
Invested in capital assets, net of related debt	\$ 101,417,928	\$ 45,031,391	\$ 150,443,549	\$ 325,640,607
Restricted	69,634,633	24,233,671	181,937,270	116,087,982
Unrestricted	(40,121,153)	63,309,478	(188,014,619)	(151,675,716)
Total primary government net assets	\$ 130,931,408	\$ 132,574,540	\$ 144,366,200	\$ 290,052,873

City of Pomona
Changes in Net Assets
Last Four Fiscal Years

Schedule 2

	Fiscal Year			
	2003	2004	2005	2006
Expenses				
Governmental activities:				
General government	\$ 20,586,309	\$ 16,877,268	\$ 8,502,072	\$ 4,566,737
Public safety	30,080,994	54,409,038	61,493,317	62,314,546
Urban development	54,029,511	43,458,432	39,149,792	68,802,603
Community services	11,253,597	11,752,699	13,511,242	14,817,177
Pass through payments	-	-	9,052,148	-
Interest and fiscal charges	17,218,724	20,640,447	15,626,679	25,274,237
Total governmental activities	<u>133,169,135</u>	<u>147,137,884</u>	<u>147,335,250</u>	<u>175,775,300</u>
Business-type activities:				
Water	21,770,977	21,939,428	19,210,002	19,172,107
Sewer	1,649,229	2,789,001	2,542,545	2,458,616
Refuse	6,280,528	6,842,583	7,967,320	8,488,309
Canon Water Company	-	-	48,563	52,345
Total business-type activities	<u>29,700,734</u>	<u>31,571,012</u>	<u>29,768,430</u>	<u>30,171,377</u>
Total primary government expenses	<u>\$ 162,869,869</u>	<u>\$ 178,708,896</u>	<u>\$ 177,103,680</u>	<u>\$ 205,946,677</u>
Program Revenues				
Governmental activities:				
Charges for services	19,874,454	\$ 22,325,356	\$ 16,184,107	\$ 16,947,661
Operating grants and contributions	15,564,685	18,844,817	22,516,819	22,656,450
Capital grants and contributions	9,013,220	6,421,422	10,040,740	6,718,223
Total governmental activities program revenues	<u>44,452,359</u>	<u>47,591,595</u>	<u>48,741,666</u>	<u>46,322,334</u>
Business-type activities:				
Charges for services:				
Water	\$ 20,350,752	21,080,917	22,454,752	22,689,164
Sewer	2,519,070	2,525,048	2,601,847	2,853,610
Refuse	6,935,134	7,224,218	7,234,940	7,395,141
Operating grants and contributions	140,853	122,197	156,781	68,966
Capital grants and contributions	217,129	-	264,506	23,100
Total business-type activities program revenues	<u>30,162,938</u>	<u>30,952,380</u>	<u>32,712,826</u>	<u>33,029,981</u>
Total primary government program revenues	<u>\$ 74,615,297</u>	<u>\$ 78,543,975</u>	<u>\$ 81,454,492</u>	<u>\$ 79,352,315</u>
Net (Expense)/Revenue				
Governmental activities	\$ (88,716,776)	\$ (99,546,289)	\$ (98,593,584)	\$ (129,452,966)
Business-type activities	462,204	(618,632)	2,944,396	2,858,604
Total primary government net expense	<u>\$ (88,254,572)</u>	<u>\$ (100,164,921)</u>	<u>\$ (95,649,188)</u>	<u>\$ (126,594,362)</u>

City of Pomona
Changes in Net Assets, Continued
Last Four Fiscal Years

Schedule 2

	Fiscal Year			
	2003	2004	2005	2006
General Revenues and Other Changes in Net Assets				
Governmental activities:				
Taxes:				
Property taxes	29,915,221	\$ 32,674,483	\$ 46,538,436	\$ 53,239,617
Sales taxes	15,647,492	14,483,633	11,683,923	14,710,345
Motor vehicle license	8,866,986	7,204,184	1,025,393	1,109,390
Transient occupancy taxes	1,348,863	1,482,972	1,473,711	1,865,001
Franchise	1,980,304	4,078,354	4,360,394	5,397,384
Utility users taxes	16,492,851	16,375,211	16,774,747	17,576,969
Other	1,624,406	936,114	786,421	678,897
Investment earnings/(expenses)	11,130,241	12,309,966	16,833,110	17,819,663
Miscellaneous	3,523,822	-	7,748,110	5,832,425
Income (loss) on sale of capital assets	144,553	2,482,994	-	-
Transfers	(105,625)	1,243,732	957,958	1,743,417
Total governmental activities	90,569,114	93,271,643	108,182,203	119,973,108
Business-type activities:				
Investment earnings/(expenses)	2,206,094	3,087,898	(1,816,793)	(1,991,603)
Miscellaneous	140,860	257,334	289,625	334,034
Income (loss) on sale of capital assets	(6,987)	492,080	(14,987)	-
Transfers	105,625	(1,243,732)	(957,958)	(1,743,417)
Total business-type activities	2,445,592	2,593,580	(2,500,113)	(3,400,986)
Total primary government	\$ 93,014,706	\$ 95,865,223	\$ 105,682,090	\$ 116,572,122
Changes in Net Assets				
Governmental activities	\$ 1,852,338	\$ (6,274,646)	\$ 9,588,619	\$ (9,479,858)
Business-type activities	2,907,796	1,974,948	444,283	(542,382)
Total primary government	\$ 4,760,134	\$ (4,299,698)	\$ 10,032,902	\$ (10,022,240)

City of Pomona*Schedule 3***Governmental Activities Tax Revenue by Source****(in thousands of dollars)**

Fiscal Year Ended June 30	Property Tax	Sales Tax	Motor Vehicle License	Transient Occupancy	Franchise	Utility Users Tax	Other	Total
2003	\$ 29,915	\$ 15,647	\$ 16,493	\$ 1,349	\$ 1,980	\$ 8,867	\$ 1,624	\$ 75,875
2004	32,674	14,484	7,204	1,483	4,078	16,375	936	77,234
2005	46,538	11,684	1,025	1,474	4,360	16,775	786	82,642
2006	53,240	14,710	1,109	1,865	5,397	17,577	679	94,577

City of Pomona
Fund Balances, Governmental Funds
Last Four Years

Schedule 4

	Fiscal Year			
	2003	2004	2005	2006
General Fund:				
Reserved	\$ 6,650,885	\$ 6,198,142	\$ 8,976,671	\$ 7,907,817
Unreserved	2,605,887	4,065,766	7,843,760	10,914,430
Total General Fund	\$ 9,256,772	\$ 10,263,908	16,820,431	\$ 18,822,247
All Other Governmental Funds:				
Reserved	\$ 199,962,812	\$ 275,867,951	\$ 281,404,289	279,513,977
Unreserved, designated	-	-	-	6,877,406
Unreserved, reported in:				
Special revenue funds	11,086,632	21,930,326	31,519,944	18,048,054
Capital projects funds	(135,498,637)	(177,203,920)	(173,774,677)	(182,032,654)
Debt service funds	25,621,657	37,561,953	29,471,016	54,561,328
Total All Other Governmental Funds	\$ 101,172,464	\$ 158,156,310	\$ 168,620,572	\$ 176,968,111

City of Pomona
Changes in Fund Balances, Governmental Funds
Last Four Fiscal Years

Schedule 5

	Fiscal Year			
	2003	2004	2005	2006
Revenues:				
Taxes	\$ 64,670,323	\$ 77,312,806	\$ 82,643,024	\$ 94,577,603
Special assessments	1,229,393	1,240,538	1,192,248	1,197,805
Intergovernmental	33,444,891	25,266,239	32,557,559	29,364,673
Charges for services	1,465,561	1,690,733	1,483,414	1,989,303
Fines and forfeitures	2,176,721	2,693,304	2,657,108	3,280,587
Licenses and permits	6,933,428	8,242,904	8,423,121	8,440,517
Use of money and property	11,718,494	11,662,827	16,833,110	17,815,895
Loans repaid	-	641,305	618,306	2,039,449
Miscellaneous	2,692,636	2,232,458	7,035,771	5,832,425
Total revenues	124,331,447	130,983,114	153,443,661	164,538,257
Expenditures:				
General government	2,728,622	3,685,285	5,379,898	4,323,332
Public safety	49,431,301	54,409,038	59,866,150	61,675,869
Urban development	35,748,102	38,076,742	50,026,817	59,638,945
Community services	11,207,490	11,752,699	13,001,693	13,122,353
Pass-thru payments	7,931,767	8,544,047	9,052,148	-
Capital outlay	3,565,620	2,510,205	2,182,578	1,055,369
Debt service:				
Principal	9,734,208	4,668,488	13,749,122	3,357,630
Interest and fiscal charges	16,412,012	16,819,888	12,407,614	22,819,282
Debt issuance costs	-	3,758,841	1,551,787	2,447,589
Total expenditures	136,759,122	144,225,233	167,217,807	168,440,369
Excess of revenues over (under) expenditures	(12,427,675)	(13,242,119)	(13,774,146)	(3,902,112)
Other Financing Sources (Uses):				
Issuance of bonds, loans and notes	7,922,718	117,269,606	28,233,416	76,825,100
Bond premium	-	2,726,007	980,972	-
Bond discount	(22,000)	(327,164)	-	-
Payments to escrow agent	-	(22,608,271)	-	(53,255,000)
Proceeds from capital lease	-	646,123	582,200	1,343,850
Proceeds from sale of capital assets	166,486	5,578	40,385	36,037
Special item, pension contribution	-	(27,722,510)	-	-
Transfers in	18,188,104	92,621,209	29,039,524	47,308,301
Transfers out	(18,293,729)	(91,377,477)	(28,081,566)	(47,422,755)
Total other financing sources (uses)	7,961,579	71,233,101	30,794,931	24,835,533
Net change in fund balances	\$ (4,466,096)	\$ 57,990,982	\$ 17,020,785	\$ 20,933,421
Debt service as a percentage of noncapital expenditures	19.63%	17.82%	16.79%	17.10%

City of Pomona*Schedule 6***Governmental Activities Tax Revenue by Source****(in thousands of dollars)**

Fiscal Year Ended June 30	Property Tax	Sales Tax	Motor Vehicle License	Transient Occupancy	Franchise	Utility Users Tax	Other	Total
2003	\$ 29,915	\$ 15,647	\$ 16,493	\$ 1,349	\$ 1,980	\$ 8,867	\$ 1,624	\$ 75,875
2004	32,674	14,484	7,204	1,483	4,078	16,375	936	77,234
2005	46,538	11,684	1,025	1,474	4,360	16,775	786	82,642
2006	53,240	14,710	1,109	1,865	5,397	17,577	679	94,577

City of Pomona*Schedule 7***Assessed Value and Estimated Actual Value of Taxable Property
Current Fiscal Year (in thousands of dollars)**

<u>Fiscal Year Ended June 30</u>	<u>Residential Property</u>	<u>Commercial Property</u>	<u>Industrial Property</u>	<u>Other</u>	<u>Less: Tax Exempt Property</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>
2003	\$ 3,593,679	\$ 614,669	\$ 682,034	\$ 752,703	\$ 96,642	\$ 5,546,443	1.15046
2004	3,892,089	641,314	734,707	785,248	95,098	5,958,260	1.14814
2005	4,269,218	696,636	800,713	659,932	97,486	6,329,013	1.14988
2006	4,831,270	746,383	878,890	716,095	97,406	7,075,232	1.15134

Source: Los Angeles County Tax Assessor, HdL Coren & Cone

City of Pomona
Property Tax Rates - Direct and Overlapping Governments
(Rate per \$100 of assessed value)
Last Ten Fiscal Years

Schedule 8

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
City Direct Rates:										
City basic rate	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
Overlapping Rates:										
General County	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
Schools	0.06300	0.07825	0.08391	0.10507	0.13493	0.12202	0.12342	0.12633	0.12910	0.12488
Community College	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.01946	0.01525	0.01473	0.02122
Flood Control	0.00199	0.00220	0.00195	0.00177	0.00155	0.00107	0.00088	0.00046	0.00025	0.00005
Metro Water District	0.00890	0.00890	0.00890	0.00890	0.00880	0.00770	0.00670	0.00610	0.00580	0.00520
Total Direct Rate	1.07389	1.08934	1.09476	1.11573	1.14528	1.13079	1.15046	1.14814	1.14988	1.15134

Source: Los Angeles County Auditor-Controller

City of Pomona
Principal Property Taxpayers
Current Year and Three Years Ago

Schedule 9

Taxpayer	2006			2003		
	Taxable Assessed Valuation	Rank	Percent of Total City Taxable Assessed Value	Taxable Assessed Valuation	Rank	Percent of Total City Taxable Assessed Value
UDR the Crest LP	\$ 60,656,659	1	0.91%	\$ 59,553,370	1	1.23%
1675 Mission Associates LLC	31,365,000	2	0.47%	-		0.00%
Ripom Cogeneration Inc	27,611,833	3	0.41%	-		0.00%
Realty Associates Iowa Corp.	24,162,254	4	0.36%	31,057,340	2	0.64%
Topanga Ownesmouth LLC	22,661,900	5	0.34%	-		0.00%
CH Realty IIII Pomona LP	21,420,000	6	0.32%	-		0.00%
FDS Manufacturing Co.	18,842,013	7	0.28%	16,482,134	4	0.34%
Devry Inc.	18,758,886	8	0.28%	-	8	0.31%
Familian Corp.	17,722,558	9	0.26%	17,056,612	3	0.35%
Weiss Familiy Limited Partnership	16,601,920	10	0.25%	15,978,095	5	0.33%
Pomona Valley Hospital Medical Center	-		-	15,219,712	6	0.31%
CB Richard Ellis Strategic Partners	-		-	15,010,070	7	0.31%
Pioneer Electronics Technology Inc	-		-	14,419,409	9	0.30%
Mission Equities LLC	-		-	14,326,308	10	0.30%

Source: California Municipal Statistics, Inc.

City of Pomona
Property Tax Levies and Collections
Last Four Fiscal Years

Schedule 10

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Delinquent Tax Collections	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2003	\$ 8,704,145	\$ 8,455,522	97.1%	\$ 250,142	\$ 8,705,664	100.0%
2004	9,214,750	9,066,487	98.4%	601,132	9,667,619	104.9%
2005	9,213,382	9,066,487	98.4%	916,070	9,982,557	108.3%
2006	10,222,688	9,994,413	97.8%	1,369,939	11,364,352	111.2%

Source: City of Pomona Finance Department

City of Pomona
Ratios of Outstanding Debt by Type
Last Four Fiscal Years

Fiscal Year Ended June 30	Governmental Activities						Total Governmental Activities
	Tax	Revenue	Pension	Certificates			
	Allocation	Bonds	Obligation	of	Other		
	Bonds	Bonds	Ref Bonds	Participation			
2003	\$ 12,565,000	\$ 125,152,449	\$ -	\$ 7,920,000	\$ 54,105,737	\$ 199,743,186	
2004	12,225,000	174,560,847	32,300,000	22,398,034	53,775,028	295,258,909	
2005	11,875,000	195,413,124	38,000,000	22,002,468	46,053,488	313,344,080	
2006	11,510,000	216,256,435	42,280,684	18,621,789	37,549,889	326,218,797	

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) These ratios are calculated using personal income and population for the prior year.

Business-type Activities			Total Primary Government	Percentage of Personal Income (1)	Debt per Capita (1)
Revenue Bonds	Other	Total Business-type Activities			
\$ 65,915,000	\$ 3,969,361	\$ 69,884,361	\$ 269,627,547	n/a	n/a
64,815,000	4,494,808	69,309,808	364,568,717	2.2%	2,329
63,575,000	4,049,424	67,624,424	380,968,504	2.1%	2,405
62,285,000	3,581,475	65,866,475	392,085,272	2.3%	2,438

Ratios of General Bonded Debt Outstanding

Last Four Fiscal Years (dollars in thousands, except per capita)

Fiscal Year Ended June 30	General Bonded Debt Outstanding					Total	Percentage of Actual Value of Property (1)	Per Capita (2)
	Revenue Bonds	Tax Allocation Bonds	Pension Obligation Ref Bonds	Certificates of Participation				
2003	\$ 125,152	\$ 12,565	\$ -	\$ 7,920		\$ 145,637	2.6%	\$ 931
2004	174,561	12,225	32,300	22,398		241,484	4.1%	1,524
2005	195,413	11,875	38,000	22,002		267,290	4.2%	1,662
2006	216,256	11,510	42,281	18,622		288,669	4.1%	1,783

(1) See Schedule 6 for property value data.

(2) Population data can be found in Schedule 16.

City of Pomona
Direct and Overlapping Debt
as of June 30, 2006

Schedule 13

	Total Debt 6/30/2006	% Applicable (1)	City's Share of Debt 6/30/06
OVERLAPPING TAX AND ASSESSMENT DEBT:			
Los Angeles County	\$ 8,395,000	0.66%	\$ 55,407
Los Angeles County Flood Control District	127,840,000	0.671	857,806
Metropolitan Water District	389,565,000	0.333	1,297,251
Citrus Community College District	19,500,000	1.552	302,640
Mount San Antonio Community College District	109,015,843	10.94	11,926,333
Bonita Unified School District	29,154,790	0.195	56,852
Claremont Unified School District	43,750,000	6.706	2,933,875
Pomona Unified School District	144,625,000	71.185	102,951,306
City of Pomona 1915 Act Bonds	9,481,000	100	9,481,000
Los Angeles County Regional Park and Open Space Assessment District	325,710,000	0.66	2,149,686
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 132,012,156
DIRECT AND OVERLAPPING GENERAL FUND DEBT:			
Los Angeles County General Fund Obligations	\$ 1,267,261,972	0.66%	\$ 8,363,929
Los Angeles County Pension Obligations	737,082,395	0.66	4,864,744
Los Angeles County Superintendent of Schools Certificates of Participation	21,784,577	0.66	143,778
Los Angeles County Sanitation District No. 21 Authority	24,866,958	19.544	4,859,998
Bonita Unified School District Certificates of Participation	2,965,000	0.195	5,782
Claremont Unified School District General Fund Obligations	11,240,000	6.706	753,754
Pomona Unified School District Certificates of Participation	67,055,000	71.185	47,733,102
City of Pomona General Fund Obligations	45,557,830	100	45,557,830
City of Pomona Pension Obligations	42,280,684	100	42,280,684
Walnut Valley Water District Authority	15,055,000	2.055	309,380
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$ 154,872,981
Less: Pomona Unified School District Lease Revenue Bonds (100% self-supporting from investment agreement deposits)	21,355,500		
Walnut Valley Water District Authority	309,380		
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$ 133,208,101
GROSS COMBINED TOTAL DEBT			\$ 286,885,137 (2)
NET COMBINED TOTAL DEBT			\$ 265,220,257

(1) Percentage of overlapping agency's assessed valuation located within the boundaries of the city.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Ratios to 2005-06 Assessed Valuation:

Total Overlapping Tax and Assessment Debt 1.86%

Ratios to Adjusted Assessed Valuation:

Combined Direct Debt (\$87,838,514) 1.80%

Gross Combined Total Debt 5.89%

Net Combined Total Debt 5.45%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/06: \$555

Source: California Municipal Statistics, Inc.

City of Pomona
Legal Debt Margin Information
Last Four Fiscal Years (dollars in thousands)

Schedule 14

	2003	2004	2005	2006
Debt limit	\$ 832,676.30	\$ 893,751.15	\$ 954,851.13	\$ 7,075,232.00
Amount of debt applicable to debt limit	-	-	-	-
Legal debt margin	<u>\$ 832,676</u>	<u>\$ 893,751</u>	<u>\$ 954,851</u>	<u>\$ 7,075,232</u>
Total debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%

Legal Debt Margin Calculation for Fiscal Year 2006

Assessed Value	\$ 7,075,232
Debt Limit 15%	1,061,285
Debt applicable to debt limit	-
Legal Debt Margin	<u>\$ 1,061,285</u>

Notes: Under State Finance Law, the City's outstanding general obligation debt should not exceed 15 percent of the total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

City of Pomona
Pledged Revenue Coverage
Last Ten Years

Schedule 15

Fiscal Year Ended June 30	Water Revenue Bonds						Coverage
	Water Revenue	Less Operating Expenses	Net Available Revenue	Debt Service		Total	
				Principal	Interest		
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	21,677,425	17,132,885	4,544,540	1,075,000	2,556,427	3,631,427	1.251
2006	21,782,253	16,950,584	4,831,669	1,125,000	2,393,889	3,518,889	1.373

Notes: Details regarding the City's Water Fund outstanding debt can be found

City of Pomona
Demographic and Economic Statistics
Last Five Fiscal Years

Schedule 16

Calendar Year	Population	Personal Income (in thousands)	Per Capita Personal Income	Unemployment Rate	School Enrollment	Median Age
2002	\$ 154,741	\$ 1,765,567	\$ 11,410	6.8%	35,070	n/a
2003	156,503	1,662,963	10,626	7.0%	35,427	n/a
2004	158,360	1,674,055	10,571	6.5%	35,412	n/a
2005	160,815	1,729,113	10,752	5.3%	34,657	n/a
2006	161,850	n/a	n/a	4.8%	33,294	26.5

Source: Population -State of California Department of Finance; Personal Income - Sales & Marketing Management, Survey of Buying Power; Unemployment Rate - State of California Employment Development Department; School Enrollment - Pomona Unified School District; Median Age - U.S. Census

City of Pomona
Principal Employers
Fiscal Year Ended June 30, 2006

Schedule 17

Employer	Number of Employees	Rank	Percentage of Total City Employment
Pomona Unified School District	3406	1	5.1%
Pomona Valley Hospital	3089	2	4.7%
Lanterman Developmental Center	1780	3	2.7%
City of Pomona	870	4	1.3%
California Acrylic Industries	650	5	1.0%
Casa Colina Rehabilitation Center	600	6	0.9%
Verizon	596	7	0.9%
Royal Cabinets	450	8	0.7%
Department of Social Services	378	9	0.6%
Hayward Industries Inc	351	10	0.5%
First Transit	311	11	0.5%
Interstate Brands West Corp	300	12	0.5%
Walmart Stores Inc	284	13	0.4%
Pioneer Electronics	280	14	0.4%
Inland Valley Care & Rehab	270	15	0.4%

Source: City Finance Department

City of Pomona
Authorized Full-Time City Employees by Function
Last Four Fiscal Years

Schedule 18

Function	2003	2004	2005	2006
General Government	23	25	36	37
Support Services	46	49	47	45
Police	319	330	333	332
Public Works	82	82	77	87
Planning & Housing	66	68	56	40
Utility Services	133	132	132	126
Neighborhood Services	79	79	79	76
Total	748	765	760	743

Source: City of Pomona Finance Department

City of Pomona
Operating Indicators by Function
Last Two Fiscal Years

Schedule 19

	2005	2006
Police:		
Felony Arrests	640	525
Misdemeanor Arrests	190	125
Parking Citations	12,492	13,000
Moving Citations	10,466	11,000
Fire:		
Incidents	11,989	12,892
Urban development:		
Residential building permits issued	3,052	3,174
Inspections	12,907	14,585
Asphalt repaired (square feet)	18,000	19,500
Sidewalk repaired (square feet)	24,500	26,000
Community services:		
Community Center participants	528,255	556,000
Senior Program participants	108,250	110,240
Youth program participants	278,654	280,000
Other program participants	56,365	66,200
Sports Teams	250,350	450,300
Facility rentals	420	466
Library:		
Program attendance (all programs)	18,131	17,650
Literacy instruction (hours)	1,048	1,500
Water:		
New connections	121	166
Average daily consumption (thousands of gallons)	21,179	19,990
Refuse:		
Curbside Collection (in tons)	41,279	42,000
Recycle Collection (in tons)	9,448	9,500

Source: Various City Departments

City of Pomona
Capital Asset Statistics by Function
Last Two Fiscal Years

Schedule 20

	<u>2005</u>	<u>2006</u>
Police:		
Stations	1	1
Patrol Units	53	53
Fire:		
Fire stations	8	8
Public works:		
Streets (miles)	n/a	296
Streetlights	n/a	9,933
Traffic signals	n/a	1,107
Community services:		
Parks	25	25
Park Acreage	111	111
Baseball fields	14	14
Soccer fields	11	11
Basketball courts	17	17
Tennis courts	9	9
Community centers	7	9
Libraries	1	1
Water:		
Water mains (miles)	435	436
Sewer:		
Sanitary sewers (miles)	293	313
Storm drains (miles)	120	120

Source: Various City Departments