

Comprehensive
Annual
Financial Report
For the year ended
June 30, 2002

City of Pomona
California



CITY OF POMONA, CALIFORNIA

COMPREHENSIVE
ANNUAL FINANCIAL
REPORT

Year Ended June 30, 2002

Edward S. Cortez

Mayor

George Hunter

Councilmember, District 1

Marco Robles

Councilmember, District 2

Cristina Carrizosa

Councilmember, District 3

Paula Lantz

Councilmember, District 4

Elliott Rothman

Councilmember, District 5

Norma J. Torres

Councilmember, District 6

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



**CITY OF POMONA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

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THE CITY OF
POMONA
Finance Department

December 4, 2002

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



The comprehensive annual financial report of the City of Pomona for the fiscal year ended June 30, 2002 is hereby submitted.

The Comprehensive Annual Financial Report is prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (GASB). This is the first year that the report has been prepared using the new reporting requirements as prescribed by GASB Statement No. 34. GASB has primary responsibility for determining current accounting and financial reporting standards for activities and transactions of state and local government entities. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge, the data enclosed is accurate in all material aspects; that it is presented in a manner 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 and account groups; and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial activities have been included. The comprehensive annual financial report 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, 2001.

Basic Financial Statements and Required Supplementary Information - includes the basic financial statements as well as Management's Discussion and Analysis, Governmental-Wide Financial Statements, Notes to the Financial Statements and Required 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.

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 of Pomona and its component units are described as follows:

The Primary Government

The City of Pomona was founded on January 6, 1888, 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 of Pomona, the primary government, and its component units, which are the Redevelopment Agency of the City of Pomona, the Pomona Public Financing Authority and the City of Pomona Housing Authority. Financial information for the City and these component units is accounted for in the accompanying financial statements in accordance with principles defining the governmental 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. 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 of Pomona, the Redevelopment Agency of the City of Pomona 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 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.

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 of Pomona 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. Pomona has a population of 154,741 and covers an area of approximately 23 square miles. Pomona is a charter city and is governed by a mayor and six council members. Council members are elected by Council district with the mayor elected from the City at large. Each member of the Council is elected to a term of four years.

OUTLOOK FOR THE FUTURE

The City has adopted a budget for fiscal year 2002/03 that includes the use of some reserves earned in fiscal year 2001/02. This budget, once again, offers little opportunity for new or expanding programs. It is basically a no-growth budget prudently prepared to match expenditures with available resources in order to maintain the City's fiscal integrity.

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

FINANCIAL INFORMATION

Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. The internal control structure is designed to provide reasonable, but not absolute,

assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Single Audit. As a recipient of federal and state financial assistance, the City is also responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management and the staff of the City. The City is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act as amended in 1996 and the United States Office of Management and Budget Circular A-133. The results of the City's single audit for the fiscal year ended June 30, 2002 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 of Pomona 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 McGladrey and Pullen was selected to perform the annual independent audit. The annual audit is designed to meet the requirements of auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in government auditing standards, issued by the Comptroller General of the United States, and the 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, 2001. The City of Pomona has received a Certificate of Achievement for the last nine consecutive years (1993-2001). 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 accounting principles generally accepted in the United States of America 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.

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 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

CITY OF POMONA

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, 2001. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of a state and local government financial reports.

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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, 2001

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.



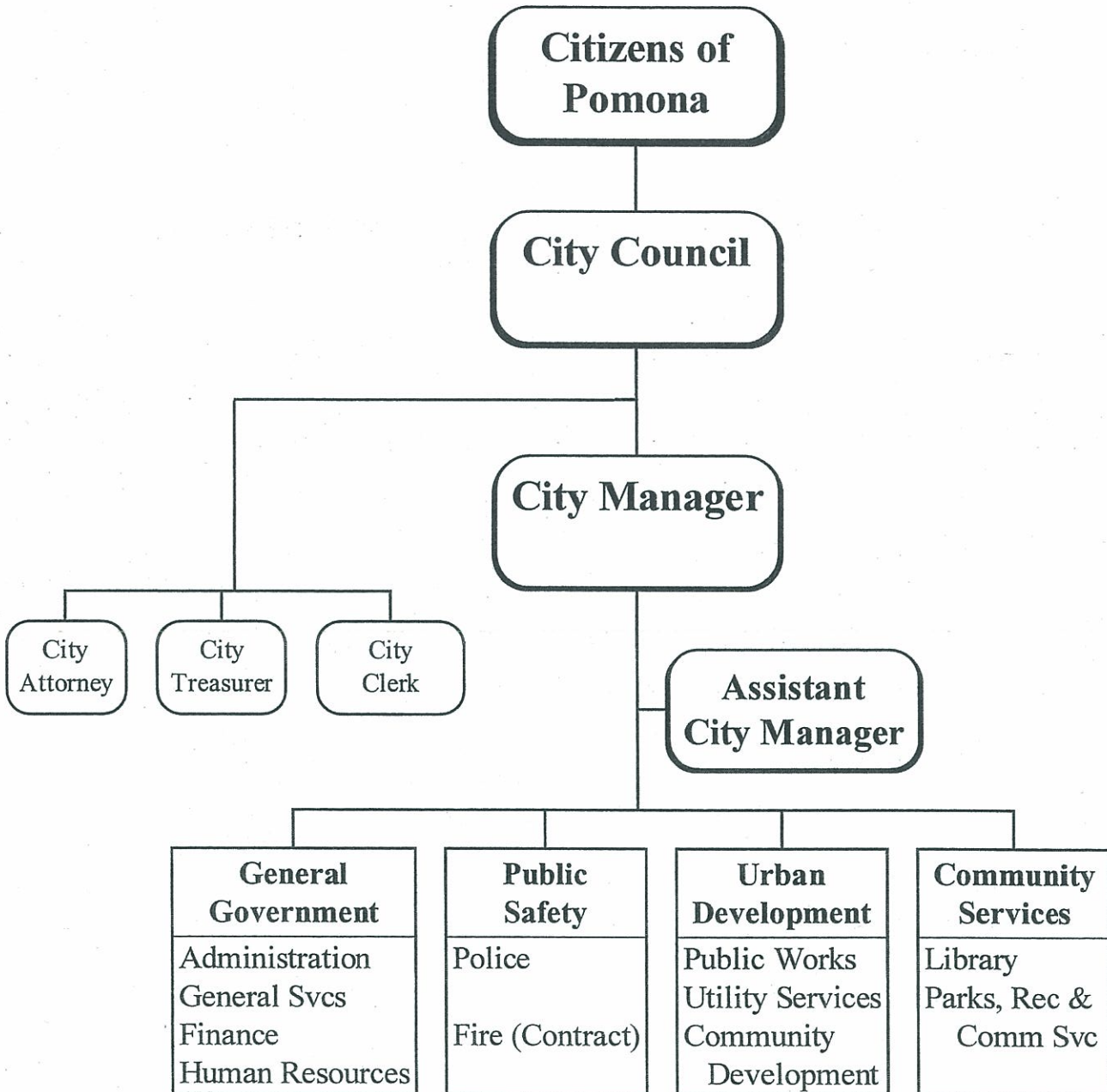
William Patrick O'Keefe

President

Jeffrey R. Emer

Executive Director

Organizational Chart



CITY OF POMONA
DIRECTORY OF CITY OFFICIALS

CITY COUNCIL

Edward Cortez
Mayor

George Hunter
Councilmember
District 1

Marco Robles
Councilmember
District 2

Cristina Carrizosa
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..... Elizabeth Villeral
City Treasurer..... Douglas Peterson

DEPARTMENT DIRECTORS

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2002



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, 2002. Please read it in conjunction with the accompanying transmittal letter, the basic financial statements and the accompanying notes to those financial statements. Since fiscal year ended June 30, 2002 is the implementation year for GASB Statement No. 34 requirements, no comparative data from the prior year is presented. Comparative data will be presented in future years.

FINANCIAL STATEMENTS

- The assets of the City exceeded its liabilities at the close of the fiscal year by \$126.1 million. Of this amount, \$474 thousand may be used to meet the City's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$114.9 million.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$5.3 million, or approximately 8% 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. They present governmental activities and business type activities separately. These statements include all assets of the City, except for the City's infrastructure which the City is currently accumulating the data for inclusion in its financial report within the next four years. All liabilities of the City (including long-term debt) are also included in these statements. Additionally, certain eliminations have occurred as prescribed by the statement in regards to interfund activity, payables and receivables.

The Fund Financial Statements include statements for each of the two categories of activities – governmental and business-type. The governmental activities are prepared using the current

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

OVERVIEW OF THE FINANCIAL STATEMENTS

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City of Pomona'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:

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

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

FUND FINANCIAL STATEMENTS

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

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

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

Notes to the Financial Statements

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

Other Information

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

CITY OF POMONA

Management's Discussion and Analysis, continued
 Year Ended June 30, 2002

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, the net assets for the City as a whole are \$126.1 million at June 30, 2002. 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 year ended June 30, 2002 were as follows:

	Governmental Activities	Business-Type Activities	Total
Current and other assets	\$ 148.0	\$ 67.8	\$ 215.8
Capital assets	113.0	78.9	191.9
Total assets	\$ 261.0	\$ 146.7	\$ 407.7
Other liabilities	\$ 10.8	\$ 8.1	\$ 18.9
Long-term liabilities outstanding	196.5	66.7	263.2
Total liabilities	\$ 207.3	\$ 74.8	\$ 282.1
Net assets:			
Invested in capital assets, net of related debt	\$ (43.5)	\$ 75.4	\$ 31.9
Restricted	93.8	-	93.8
Unrestricted	3.4	(3.0)	0.4
Total Net Assets	\$ 53.7	\$ 72.4	\$ 126.1

The City's programs for governmental activities include General Government, Police, Fire, Public Works, Urban Development, Parks, Recreation and Community Services and Library. The programs for the business-type activities include water utilities, sewer, and refuse operations.

CITY OF POMONA

Management's Discussion and Analysis, continued
 Year Ended June 30, 2002

A comparison of each program's revenues and expenses (in millions) for the current year is presented below.

	Governmental Activities	Business-Type Activities	Total
Revenues:			
Program Revenues:			
Charges for services	\$ 9.5	\$ 28.7	\$ 38.2
Operating grants and contributions	12.4	-	12.4
Capital grants and contributions	12.7	0.2	12.9
General Revenues:			
Taxes:			
Property taxes	27.6	-	27.6
Transient occupancy	1.4	-	1.4
Sales and use taxes	11.4	-	11.4
Franchises	2.3	-	2.3
Other taxes	28.7	-	28.7
Income from property and investment	1.5	1.6	3.1
Gain on sale of capital assets	14.8	0.8	15.6
Other general revenues	2.0	-	2.0
Miscellaneous	-	0.9	0.9
Total revenues	\$ 124.3	\$ 32.2	\$ 156.5
Expenses			
General government	\$ 21.6	\$ -	\$ 21.6
Public safety	43.2	-	43.2
Parks & Recreation	7.2	-	7.2
Urban development	0.3	-	0.3
Public Works	30.3	-	30.3
Interest on long term debt	18.4	-	18.4
Water	-	21.6	21.6
Sewer	-	2.4	2.4
Refuse	-	5.8	5.8
Total expenses	\$ 121.0	\$ 29.8	\$ 150.8
Increase in net assets before transfers	\$ 3.3	\$ 2.4	\$ 5.7
Transfers	1.1	(1.1)	-
Increase (decrease) in net assets	\$ 4.4	\$ 1.3	\$ 5.7
Net assets at beginning of year	49.3	71.1	120.4
Net assets 6/30/02	\$ 53.7	\$ 72.4	\$ 126.1

BUSINESS TYPE ACTIVITIES

The cost of all Proprietary (Business type) activities this year was \$29.8 million. As shown in the Statement of Activities and Changes in Net Assets, the amounts paid by users of the systems was \$28.7 million, and capital grants and contributions were \$0.2 million. Investment earnings were \$1.6 million, gain on sale of assets was \$0.8 million and miscellaneous revenue was \$0.9 million.

Total resources available during the year to finance Proprietary Fund (Business type) activities were \$95.5 million consisting of Net Assets at July 1, 2001 of \$71.1 million, program revenues of \$28.9 million and general revenues of \$2.2 million. Total Proprietary Fund (Business type) activities during the year were \$29.8 million; thus net assets were increased by \$1.3 million to \$72.4 million.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The fund balance at year-end for the City's General Fund of \$9.1 million is an overall increase of \$1.5 million, primarily due to an increase in utility users tax and motor vehicle in-lieu tax.

The Low- and Moderate-income Housing Fund shows a decrease of \$2.7 million from the prior year, which is a direct result of an anticipated use of reserves.

The General Debt Service Funds show a slight increase of \$0.5 million primarily due to a change in the accounting treatment for the payment of debt service for the Series P Revenue bonds due to the implementation of GASB 34.

The Public Financing Authority Debt Service Funds show a decrease of \$2.0 million primarily due to a change in the accounting treatment of the debt service for various bond issues due to the implementation of GASB 34.

The Redevelopment Agency Debt Service Funds show a decrease of \$10.0 million due to the transfer of construction fund proceeds to a capital projects fund.

The Redevelopment Agency Capital Project Funds show an increase of \$10.1 million primarily due to the transfer of construction fund proceeds from a debt service fund.

The primary change of \$0.4 million in the Other Governmental Funds was a \$1.6 million increase in the Proposition C Fund that is earmarked for the Mission/71 interchange project offset by a \$1.4 million decrease in the Capital Outlay Fund resulting from expenditures for various capital projects.

CITY OF POMONA

Management's Discussion and Analysis, continued
Year Ended June 30, 2002

DEBT ADMINISTRATION

At the end of the current fiscal year, the City of Pomona and its component units (City of Pomona Redevelopment Agency and City of Pomona Public Financing Authority) had total long-term debt outstanding of \$263.2 million.

During the year, the City of Pomona Public Financing Authority issued \$4.7 million of certificates of participation to assist in the development of a commercial/retail/residential project (the "Mission Promenade Project").

The City of Pomona also entered into a \$4.7 million 10-year lease agreement for energy conservation upgrades. It is anticipated that the upgrades will result in significant energy savings to the City over the ten-year life of the agreement.

Additional information on the City of Pomona's long-term debt can be found in note 6 on pages 32-40 of this report.

	Governmental Activities	Business-type Activities	Total
Bonds	\$ 139,802,449	\$ 62,330,000	\$ 202,132,449
Certificates of participation	7,995,000	-	7,995,000
Redevelopment Agency loan	-	-	-
HUD Section 108 loan	2,165,000	-	2,165,000
Participation agreement	1,090,187	-	1,090,187
LA County deferred tax loan	16,653,399	-	16,653,399
State of California Land Commission note payable	-	-	-
Special assessment debt	11,515,000	-	11,515,000
Claims payable	6,333,885	-	6,333,885
Compensated absences	6,301,365	739,354	7,040,719
Erskine note payable	248,182	-	248,182
Obligations under capital lease	4,426,428	3,593,529	8,019,957
Total	<u>\$ 196,530,895</u>	<u>\$ 66,662,883</u>	<u>\$ 263,193,778</u>

CASH MANAGEMENT

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

CAPITAL ASSETS

The capital assets of the City are those assets, which are used in the performance of the City's functions including infrastructure assets. At June 30, 2002, net capital assets of the governmental activities totaled \$113.0 million and the net capital assets of the business-type activities totaled \$79.0 million. Depreciation on capital assets is recognized in the Government-Wide financial statements.

Description	Original Cost	Accumulated Depreciation	Book Value
Capital Assets - Governmental Activities:			
Land	\$ 70,521,425	\$ -	\$ 70,521,425
Buildings and improvements	14,224,978	6,410,072	7,814,906
Improvements other than buildings	28,964,773	5,374,944	23,589,829
Machinery and equipment	7,256,601	5,470,587	1,786,014
Autos and trucks	6,605,158	5,363,450	1,241,708
Equipment under capital leases	9,209,077	5,402,788	3,806,289
Infrastructure	516,126	-	516,126
Construction in Progress	3,691,649	-	3,691,649
Total	\$ 140,989,787	\$ 28,021,841	\$ 112,967,946
Capital Assets - Business-Type Activities:			
Land and water rights	\$ 3,744,919	\$ -	3,744,919
Construction in Progress	19,790,856	-	19,790,856
Buildings	402,033	15,070	386,963
Improvements other than buildings	3,766,696	2,203,134	1,563,562
Machinery and equipment	80,070,345	30,179,290	49,891,055
Autos and trucks	4,362,141	3,887,102	475,039
Equipment under capital leases	5,634,902	2,511,586	3,123,316
Total	\$ 117,771,892	\$ 38,796,182	\$ 78,975,710

Additional information on the City of Pomona's capital assets can be found in note 5 on pages 29-31 of this report.

GENERAL FUND BUDGETARY HIGHLIGHTS

Comparing the fiscal year 2001-02 original (or adopted) budget of the General Fund of \$61.2 million to the final budget of \$63.2 million shows a net increase of \$2.0 million.

The increase in the budget was the direct result of the transfer of the \$2.0 million GSF Fund budget to the General Fund due to the closure of the GSF Fund.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The key assumptions in the General Fund revenue forecast for fiscal year 2002-03 were:

1. Property tax revenues will increase by 3.15% due to an estimated rise in assessed valuation and general growth.
2. Sales tax revenues will increase a modest 1.64% despite the loss of several sales tax producers in the last year-and-a-half.
3. An increase of 6.00% in utility tax revenue is anticipated based on increased rates from both wired and wireless telecommunications providers with electric and gas rates expected to remain fairly stable.
4. A projected 3.60% increase is projected for Motor Vehicle In-Lieu fees based on current trends and continued strength in new vehicle sales.
5. State subventions will be based on a population of 154,741.
6. Investment earnings are expected to increase slightly with the issuance of Tax and Revenue Anticipation notes.
7. Fines & forfeitures are expected to increase approximately 15% primarily due to an anticipated increase in parking violations.

As of this writing, the State of California is facing severe budget shortfalls in both the current and coming Fiscal Years. As solutions to these ongoing challenges are discussed, the City of Pomona may experience reductions in, or elimination of, certain revenue streams from the State, although the full impact remains unknown at this time.

New items specifically addressed in the 2002-03 budget were:

MAINTAIN AND IMPROVE CITY INFRASTRUCTURE: *Enhancing Pomona's Present: Ensuring Pomona's Future.* The Capital Budget includes proposed new funding of \$17.2 million in infrastructure improvements. Of this amount, \$2.9 million is designated for the addition of 20 new street projects. Also within the area of street improvements are approximately \$26.3 million in carryover projects, supplemented with an additional appropriation of \$7.3 million for four of those carryover projects, most of which (\$6.6 million) is slated for the Mission Boulevard/State Route 71 Grade Separation. There are eight new traffic projects proposed with total funding of \$1.3 million, including five streetlight projects, two traffic signals, and parking lot rehabilitation. The Capital Budget also includes \$1.4 million in carryover traffic projects with over sixty (60%) percent of those projects now in the construction phase. As we continue to grow, and improve our City Parks, the budget includes \$857,500 in new funding for Park expansions and upgrades. The continued implementation of the City's Water Master Plan is also addressed, with approximately \$1.2 million in new funding for both new and ongoing projects to improve and

upgrade the City's water system. Finally, the operational budget includes funding for ongoing maintenance of parks, streets, landscaped medians and right-of-way weed abatement.

QUALITY CITY SERVICES: *Serving Our Citizens – Exceeding Expectations.* In efforts to expand Pomona's established tradition of excellent customer service, the City will continue implementation of the Customer Care program and focus for all City services. Our commitment to anti-graffiti efforts is highlighted with the in-service placement of three new fully outfitted graffiti abatement trucks to expedite removal, along with proposed Community Development Block Grant funding for ongoing community clean-up efforts. The operational budget includes funding for a full complement of street sweepers, while a revision in operator work hours will ensure that work is performed in concert with refuse collection. The budget also includes the continued implementation of the Historic Tree Trimming Certificate of Appropriateness Program, which covers trees in designated Historic districts, as well as significant mature trees, and other street trees throughout the City. This program protects the history and beauty of Pomona, while addressing and responding to citizen requests. The library's budget includes funding for computer training, Internet access during library hours, which, along with Adult and Family Literacy programs, help ensure access to the benefits of the information age. Funds have also been provided for fully staffed recreational centers to meet the diverse needs of the community.

CITYWIDE ECONOMIC DEVELOPMENT: *Creating Long-Term Prosperity through Economic Growth.* The Capital Budget includes an appropriation of \$1.5 million for renovation of the newly acquired Fox Theater, thereby placing greater emphasis on the Cultural Arts available within the Downtown Pomona area. Additionally, \$500,000 has been set aside for the Downtown Parking Structure in order to create the necessary infrastructure to support the increasing marketability of Pomona's historic downtown area. The commercial and industrial facades of larger businesses along major corridors throughout the City will see improvement through the \$1 million marked for the Commercial Façade Improvement program. We intend to facilitate the long-term prosperity of smaller companies in the City as well, through our partnership with Inland Valley Employment Development Council and \$133,000 in Economic Development Agency grant funds, earmarked to offer \$10,000 - \$25,000 loans to small businesses. The economic development plans for fiscal year 2002-03 also include the completion and occupancy of the mixed-use Mission Promenade project, future home to the City's second Starbucks Coffee storefront. The budget also includes plans for staff funding to work with Fairplex, in order to complete construction of an International Trade and Exhibition Center designed to increase contact with the international community, and capitalize on the resulting business opportunities. Finally, efforts to attract additional businesses will be increased through the development of a multi-level marketing campaign, with the renewed focus of the business development team.

CITY OF POMONA

Management's Discussion and Analysis, continued
Year Ended June 30, 2002

QUALITY NEIGHBORHOODS: *Bringing Home the Dream for All Pomonans.* Funding has been provided to encourage home ownership through the City's annual Homebuyer's Fair, which is designed to advertise the Mortgage Assistance Program, and educate potential homebuyers on the home purchase/sale process. The budget also includes the pursuit of \$2 million in California Housing Finance Agency for Housing Enabled by Local Partnerships (HELP) program moneys, enabling us to work in partnership with City-approved Community Housing Development Organizations to create housing opportunities for low- to moderate-income people, and to improve Pomona's housing stock. This goal is further addressed through the continuing façade improvement program for single-family residences, thereby instilling a greater sense of pride within the community. Through the efforts of a recently increased staff of Residential Improvement Building Inspectors, the City will fortify its efforts to inspect HUD homes, bank foreclosures, and private sales of single family units; in order to ensure that Pomona's housing stock complies with current codes. We will also pursue new legislation in an effort to address concerns related to mobile home parks, and in a high-profile effort to beautify Pomona and ensure the quality of our neighborhoods, the City will continue to implement the \$500,000 illegal dumping clean-up program, funded by a grant from the California Integrated Waste Management Board.

PUBLIC SAFETY: *Safety and Protection – Making a Difference Together.* In response to the stated goals of the Council, a Public Safety Audit was recently completed whereby many Police Department needs were identified; as a result, increases in personnel, equipment and operational funding are incorporated in this proposed budget. The Police Department will benefit from additional detectives and police dispatchers, while the increased training budget will enhance our officers' ability to perform their critical duties in support of our citizens. The Helicopter program remains fully funded, and will continue to aid in the deterrence of criminal activity. In an effort to interface more readily with other agencies, and to improve the City's potential in the areas of crime analysis search and reporting capabilities, the Department will replace its current Records Management System by the fall of 2002. Additionally, the expanded Code Enforcement program and staffing levels will continue their joint efforts with the Stop Trouble Occurring in Pomona (S.T.O.P.) Team and the Residential Improvement Task Force to encourage cooperative compliance. The S.T.O.P. Team will continue to work closely with the Holt Boulevard businesses to address mutual issues of concern. In the area of Fire Service and Protection, the City's budget includes funding for the continuing contract with the Los Angeles County Fire Department.

INTRA-AGENCY RELATIONS: *Pomona in Partnership.* The City will continue its efforts to develop cooperative and mutually beneficial relationships with various state and local agencies. There is funding for the continued joint Pomona Unified School District and City of Pomona after-school recreation programs designed to provide creative outlets for Pomona's youth. The budget and includes numerous programs and grants that require partnership with agencies such as the Pomona Unified School District, CalTrans, the California Integrated Waste Management Board, the Office of Criminal Justice Planning, the Office of Traffic Safety, and the Inland Valley Employment Development Agency, to name but a few.

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.



INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members
of the City Council
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, (the City), as of and for the year ended June 30, 2002, which collectively comprise the City's basic financial statements as listed in the accompanying 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 conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit 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 in the significant estimates made by management, as well as evaluating the overall 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 respective 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, 2002, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 15 to the financial statements, the City restated its fund balance as of June 30, 2001 for certain items that occurred in prior years to more accurately reflect the substance of the underlying transactions.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 24, 2002 on our consideration of the City of Pomona's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Audit Standards and should be read in conjunction with this report in considering the results of our audit.

As described in Note 1 to the financial statements, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*; GASB Statement No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus*; GASB Statement No. 38, *Certain Financial Statement Note Disclosures*; and GASB Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*, as of June 30, 2002.

Management's discussion and analysis and supplementary budgetary comparison schedules on pages ix to xx and 49 to 51, respectively, are not a required part of the basic financial statements but are 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 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 of Pomona's basic financial statements. The accompanying combined and combining nonmajor fund financial statements, internal service fund financial statements, combining budgetary comparison schedules and combined statement of fiduciary net assets listed as supplemental schedules in the table of contents are presented for purposes of additional analysis, are not a required part of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The letter of transmittal and statistical tables 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.

McGladrey & Pullen, LLP

November 24, 2002
Anaheim, California

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CITY OF POMONA, CALIFORNIA

STATEMENT OF NET ASSETS

June 30, 2002

Assets	Governmental Activities	Business-type Activities	Total
Cash and Investments	\$ 44,063,394	\$ 19,628,158	\$ 63,691,552
Receivables:			
Accrued interest	296,046	124,814	420,860
Accounts, net	1,855,678	8,409,700	10,265,378
Special assessment receivables	9,579,030	-	9,579,030
Internal Balances	375,380	(375,380)	-
Due from Other Governments	11,001,989	-	11,001,989
Inventory	647,268	256,840	904,108
Prepaid Items	628,955	-	628,955
Land Held for Resale	23,067,245	-	23,067,245
Loans Receivable	16,106,841	-	16,106,841
Restricted Assets, cash and investments	40,414,872	39,715,535	80,130,407
	<u>148,036,698</u>	<u>67,759,667</u>	<u>215,796,365</u>
Capital Assets:			
Land and water rights	70,521,425	3,744,919	74,266,344
Buildings and improvements	14,224,978	402,033	14,627,011
Improvements other than buildings	28,964,773	3,766,696	32,731,469
Machinery and equipment	7,256,601	80,070,345	87,326,946
Autos and trucks	6,605,158	4,362,141	10,967,299
Infrastructure	516,126	-	516,126
Construction in progress	3,691,649	19,790,856	23,482,505
Equipment under capital leases	9,209,077	5,634,902	14,843,979
Less accumulated depreciation	(28,021,841)	(38,796,182)	(66,818,023)
Total capital assets (net of accumulated depreciation)	<u>112,967,946</u>	<u>78,975,710</u>	<u>191,943,656</u>
Total assets	<u>\$ 261,004,644</u>	<u>\$ 146,735,377</u>	<u>\$ 407,740,021</u>

See Notes to Financial Statements.

Liabilities	Governmental Activities	Business-type Activities	Total
Accounts Payable and Accrued Liabilities	\$ 4,706,849	\$ 4,624,647	\$ 9,331,496
Accrued Interest Payable	3,257,343	598,758	3,856,101
Due to Other Governments	488,778	-	488,778
Notes Payable	1,650,000	-	1,650,000
Estimated Claims Payable	2,200,000	-	2,200,000
Deposits Payable	122,367	1,943,564	2,065,931
Retentions Payable	227,446	460,217	687,663
Deferred Revenue	295,000	-	295,000
Noncurrent Liabilities			
Due within one year	4,084,088	2,199,640	6,283,728
Due in more than one year, net of deferred charges and unamortized issuance costs of \$440,204	190,246,807	64,463,243	254,710,050
Total liabilities	207,278,678	74,290,069	281,568,747
Invested in Capital Assets, net of related debt	(43,466,664)	75,382,181	31,915,517
Restricted for:			
Capital projects	79,413,985	-	79,413,985
Public safety	10,009,686	-	10,009,686
Transportation	4,358,634	-	4,358,634
Unrestricted	3,410,325	(2,936,873)	473,452
Total net assets	\$ 53,725,966	\$ 72,445,308	\$ 126,171,274

CITY OF POMONA, CALIFORNIA

STATEMENT OF ACTIVITIES
Year Ended June 30, 2002

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities:					
General government	\$ 21,669,491	\$ 4,612,012	\$ 11,155,988	\$ -	\$ 15,768,000
Urban development	30,569,601	3,003,491	1,196,110	12,720,733	16,920,334
Public safety	43,163,939	1,881,915	-	-	1,881,915
Parks and recreation	7,224,504	-	-	-	-
Interest on long-term debt	18,392,487	-	-	-	-
Total governmental activities	121,020,022	9,497,418	12,352,098	12,720,733	34,570,249
Business-type activities:					
Water	21,563,285	20,083,562	-	204,241	20,287,803
Sewer	2,394,218	2,224,659	-	-	2,224,659
Refuse	5,820,452	6,414,373	-	-	6,414,373
Total business-type activities	29,777,955	28,722,594	-	204,241	28,926,835
Total government	\$ 150,797,977	\$ 38,220,012	\$ 12,352,098	\$ 12,924,974	\$ 63,497,084

General revenues:

Taxes:

Property taxes

Sales and use taxes

Transient occupancy taxes

Franchise

Other taxes

Income from property and investments

Gain on sale of capital assets

Other general revenues

Miscellaneous

Transfers

Total general revenues and transfers

Change in net assets

Net assets at beginning of year

Net assets at end of year

See Notes to Financial Statements.

Net (Expense) Revenue and
Changes in Net Assets

Governmental Activities	Business-type Activities	Total
\$ (5,901,491)	\$ -	\$ (5,901,491)
(13,649,267)	-	(13,649,267)
(41,282,024)	-	(41,282,024)
(7,224,504)	-	(7,224,504)
(18,392,487)	-	(18,392,487)
(86,449,773)	-	(86,449,773)
-	(1,275,482)	(1,275,482)
-	(169,559)	(169,559)
-	593,921	593,921
-	(851,120)	(851,120)
(86,449,773)	(851,120)	(87,300,893)
27,580,540	-	27,580,540
11,412,835	-	11,412,835
1,407,136	-	1,407,136
2,329,311	-	2,329,311
28,726,971	-	28,726,971
1,455,863	1,617,152	3,073,015
14,774,332	772,650	15,546,982
2,064,216	-	2,064,216
1,101,125	873,982	873,982
1,101,125	(1,101,125)	-
90,852,329	2,162,659	93,014,988
4,402,556	1,311,539	5,714,095
49,323,410	71,133,769	120,457,179
\$ 53,725,966	\$ 72,445,308	\$ 126,171,274

CITY OF POMONA, CALIFORNIA

COMBINED BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2002

Assets	General Fund	Low- and Moderate- income Housing	General Debt Service	Public Financing Authority Debt Service
Assets				
Cash and investments	\$ 3,079,761	\$ 2,087,225	\$ 1,401,935	\$ 120,507
Receivables:				
Accrued interest	30,853	21,003	7,372	813
Accounts, net	924,385	80,809	-	-
Assessments	-	-	9,579,030	-
Due from other funds	1,194,129	995,201	-	-
Due from other governments	5,000,058	-	-	-
Inventory	221,821	-	-	-
Prepaid items	223,263	-	-	-
Restricted assets:				
Cash and investments	-	2,688,790	2,486,473	264,608
Loans receivable, net of allowance	-	4,579,017	-	-
Advances to other funds	3,092,848	1,113,000	2,205,000	127,355,000
Property held for resale	-	2,570,159	-	-
Total assets	\$ 13,767,118	\$ 14,135,204	\$ 15,679,810	\$ 127,740,928
Liabilities				
Liabilities				
Accounts payable	\$ 877,197	\$ 13,305	\$ -	\$ 801
Accrued liabilities	845,301	23,252	-	-
Due to other funds	-	-	-	-
Deposits payable	-	-	-	-
Retentions payable	-	-	-	-
Notes payable	-	1,650,000	-	-
Due to other governments	-	-	-	-
Participation agreement	-	-	-	-
Advances from other funds	704,280	-	14,400,000	-
Deferred revenue	2,247,212	4,354,017	9,579,030	-
Total liabilities	4,673,990	6,040,574	23,979,030	801
Fund Balances				
Reserved for:				
Loans receivable	-	225,000	-	-
Property held for resale	-	2,570,159	-	-
Inventory	221,821	-	-	-
Prepaid items	223,263	-	-	-
Debt service	-	-	2,486,473	264,608
Advances to other funds	3,092,848	1,113,000	2,205,000	127,355,000
Low- and moderate-income housing	-	2,523,982	-	-
Encumbrances	221,704	1,662,489	-	-
Unreserved, undesignated (deficits)	5,333,492	-	(12,990,693)	120,519
Total fund balances (deficits)	9,093,128	8,094,630	(8,299,220)	127,740,127
Total liabilities and fund balances	\$ 13,767,118	\$ 14,135,204	\$ 15,679,810	\$ 127,740,928

See Notes to Financial Statements.

Redevelopment Agency Debt Service	Redevelopment Agency Capital Project	Other Governmental Funds	Total Governmental Funds
\$ 914,401	\$ 13,021,416	\$ 23,209,237	\$ 43,834,482
20,983	63,634	151,388	296,046
16,576	70	833,838	1,855,678
-	-	-	9,579,030
1,359	-	-	2,190,689
4,817,044	527,353	657,534	11,001,989
-	-	-	221,821
-	1,300	404,392	628,955
9,868,203	23,942,922	1,163,876	40,414,872
-	512,503	11,015,321	16,106,841
-	-	600,000	134,365,848
-	20,497,086	-	23,067,245
<u>\$ 15,638,566</u>	<u>\$ 58,566,284</u>	<u>\$ 38,035,586</u>	<u>\$ 283,563,496</u>

\$ 4,010	\$ 118,207	\$ 1,976,222	\$ 2,989,742
-	23,539	94,867	986,959
74,396	922,164	29,585	1,026,145
-	77,892	44,475	122,367
-	-	227,446	227,446
-	-	-	1,650,000
-	-	488,778	488,778
509,347	-	-	509,347
112,955,000	6,410,848	-	134,470,128
199,116	295,000	9,522,877	26,197,252
<u>113,741,869</u>	<u>7,847,650</u>	<u>12,384,250</u>	<u>168,668,164</u>

-	512,503	-	737,503
-	20,497,086	-	23,067,245
-	-	-	221,821
-	1,300	404,392	628,955
9,868,203	-	-	12,619,284
-	-	600,000	134,365,848
-	-	-	2,523,982
8,500	171,298	3,270,625	5,334,616
(107,980,006)	29,536,447	21,376,319	(64,603,922)
<u>(98,103,303)</u>	<u>50,718,634</u>	<u>25,651,336</u>	<u>114,895,332</u>
<u>\$ 15,638,566</u>	<u>\$ 58,566,284</u>	<u>\$ 38,035,586</u>	<u>\$ 283,563,496</u>

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CITY OF POMONA, CALIFORNIA

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET ASSETS

For the Year Ended June 30, 2002

Amounts reported for governmental activities in the statement of net assets are different because:	
Total fund balances, governmental funds.	\$ 114,895,332
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	112,864,662
Accrued interest is not due and payable in the current period and therefore is not reported in the funds.	(3,257,343)
Revenues that are not available to pay current period expenditures are deferred in the funds.	25,902,252
Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets, excluding \$6,567,080 of long-term liabilities.	(148,042)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(196,530,895)</u>
Net assets of governmental activities	<u>\$ 53,725,966</u>

See Notes to Financial Statements.

CITY OF POMONA, CALIFORNIA

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2002

	General Fund	Low- and Moderate-income Housing	General Debt Service	Public Financing Authority Debt Service
Revenues:				
Taxes	\$ 44,144,598	\$ -	\$ 1,134,495	\$ -
Special assessments	-	-	-	-
Intergovernmental	8,959,840	-	-	-
Charges for services	1,467,825	-	-	-
Fines and forfeitures	1,519,590	-	-	-
Licenses and permits	6,294,352	-	-	-
Income from property and investments	699,821	633,304	181,778	9,825,152
Miscellaneous	510,273	897,240	-	-
Gain (loss) on sale of property	-	(211,033)	-	-
Total revenues	<u>63,596,299</u>	<u>1,319,511</u>	<u>1,316,273</u>	<u>9,825,152</u>
Expenditures:				
Current:				
General government	3,651,239	-	190,921	4,667
Public safety	44,998,007	-	-	-
Urban development	1,998,202	5,755,847	-	-
Community services	7,699,142	-	-	-
Capital outlay	5,891,994	41,553	-	-
Debt service:				
Principal retirement	-	15,467	250,000	1,975,000
Payment on loans	-	-	-	-
Bond issuance costs	-	-	-	311,648
Pass through payments	-	-	-	-
Interest and fiscal charges	-	20,533	1,736,903	9,814,819
Total expenditures	<u>64,238,584</u>	<u>5,833,400</u>	<u>2,177,824</u>	<u>12,106,134</u>
Excess (deficiency) of revenues over expenditures	<u>(642,285)</u>	<u>(4,513,889)</u>	<u>(861,551)</u>	<u>(2,280,982)</u>
Other financing sources (uses):				
Debt issuance	-	-	-	4,828,556
Transfers in	2,479,059	3,345,580	1,429,989	183,092
Transfers out	(362,660)	(1,562,487)	-	(4,700,000)
Total other financing sources (uses)	<u>2,116,399</u>	<u>1,783,093</u>	<u>1,429,989</u>	<u>311,648</u>
Net change in fund balances	<u>1,474,114</u>	<u>(2,730,796)</u>	<u>568,438</u>	<u>(1,969,334)</u>
Fund balances (deficits) at beginning of year, as restated	7,619,014	10,825,426	(8,867,658)	129,709,461
Fund balances (deficits) at end of year	<u>\$ 9,093,128</u>	<u>\$ 8,094,630</u>	<u>\$ (8,299,220)</u>	<u>\$ 127,740,127</u>

See Notes to Financial Statements.

Redevelopment Agency Debt Service	Redevelopment Agency Capital Project	Other Governmental Funds	Total Governmental Funds
\$ 14,111,461	\$ 2,976,761	\$ 174,673	\$ 62,541,988
-	-	1,196,110	1,196,110
3,229,459	-	20,324,327	32,513,626
-	-	40,419	1,508,244
-	-	433,527	1,953,117
-	-	253,420	6,547,772
554,304	1,646,022	1,207,740	14,748,121
-	32,389	678,254	2,118,156
-	1,645,452	-	1,434,419
<u>17,895,224</u>	<u>6,300,624</u>	<u>24,308,470</u>	<u>124,561,553</u>
1,148,714	3,535,343	260,030	8,790,914
-	-	2,506,402	47,504,409
-	240,528	13,166,639	21,161,216
-	-	1,861,038	9,560,180
-	1,817,517	6,208,929	13,959,993
320,001	104,598	170,000	2,835,066
509,349	4,774,427	-	5,283,776
-	-	-	311,648
6,412,358	1,222,397	-	7,634,755
6,202,510	186,547	149,077	18,110,389
<u>14,592,932</u>	<u>11,881,357</u>	<u>24,322,115</u>	<u>135,152,346</u>
3,302,292	(5,580,733)	(13,645)	(10,590,793)
824,416	-	1,682,946	7,335,918
1,575,145	17,588,511	3,494,117	30,095,493
<u>(15,674,025)</u>	<u>(1,909,872)</u>	<u>(4,785,324)</u>	<u>(28,994,368)</u>
(13,274,464)	15,678,639	391,739	8,437,043
<u>(9,972,172)</u>	<u>10,097,906</u>	<u>378,094</u>	<u>(2,153,750)</u>
(88,131,131)	40,620,728	25,273,242	117,049,082
<u>\$ (98,103,303)</u>	<u>\$ 50,718,634</u>	<u>\$ 25,651,336</u>	<u>\$ 114,895,332</u>

CITY OF POMONA, CALIFORNIA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2002**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances, total governmental funds.	\$ (2,153,750)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of capital assets recorded in the current period.	8,083,710
Depreciation expense on capital assets is reported in the Government-Wide Statement of Activities and changes in Net Assets, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in Governmental Funds.	(2,158,167)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	1,151,724
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(282,098)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(279,999)
Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The net revenue of the internal service funds is reported with governmental activities.	41,136
	<hr/>
Change in net assets of governmental activities	<u>\$ 4,402,556</u>

See Notes to Financial Statements.

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CITY OF POMONA, CALIFORNIA

COMBINED STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS

June 30, 2002

Assets	Business-type Activities—Enterprise Funds				Business-type Activities— Internal Service Funds
	Water Utility	Sewer	Refuse	Totals	
Current Assets					
Cash and investments	\$ 10,481,678	\$ 6,843,650	\$ 2,302,830	\$ 19,628,158	\$ 228,912
Receivables:					
Accrued interest	58,376	50,946	15,492	124,814	-
Accounts, net	8,394,818	-	14,882	8,409,700	-
Due from other governments	-	-	-	-	-
Due from other funds	22,248	421,561	1,091,272	1,535,081	-
Inventory	256,840	-	-	256,840	425,447
Total current assets	19,213,960	7,316,157	3,424,476	29,954,593	654,359
Noncurrent Assets					
Restricted assets, cash and investments	36,110,631	3,604,904	-	39,715,535	-
Advances to other funds	104,280	-	-	104,280	-
	36,214,911	3,604,904	-	39,819,815	-
Capital assets:					
Property, plant and equipment	82,333,857	10,147,448	5,499,731	97,981,036	241,623
Construction in progress	8,913,357	10,877,499	-	19,790,856	-
Less accumulated depreciation	(29,827,599)	(4,131,693)	(4,836,890)	(38,796,182)	(138,339)
Total capital assets (net of accumulated depreciation)	61,419,615	16,893,254	662,841	78,975,710	103,284
Total noncurrent assets	97,634,526	20,498,158	662,841	118,795,525	103,284
Total assets	\$116,848,486	\$27,814,315	\$4,087,317	\$148,750,118	\$ 757,643

Liabilities	Business-type Activities—Enterprise Funds				Business-type
	Water Utility	Sewer	Refuse	Totals	Activities— Internal Service Funds
Current Liabilities					
Accounts payable	\$ 3,132,208	\$ 1,121,168	\$ 215,922	\$ 4,469,298	\$ 178,348
Accrued liabilities	92,262	17,073	46,014	155,349	42,453
Accrued interest	521,288	77,322	148	598,758	-
Due to other governments	-	-	-	-	-
Due to other funds	1,999,612	4,216	10,913	2,014,741	684,884
Compensated absences	553,334	60,373	125,647	739,354	214,680
Claims payable, current portion	-	-	-	-	2,200,000
Obligation under long-term debt, current portion	830,000	210,000	-	1,040,000	-
Obligation under capital leases, current portion	221,233	189,515	9,538	420,286	7,958
Retentions payable	173,601	286,616	-	460,217	-
Deposits payable	1,943,564	-	-	1,943,564	-
Total current liabilities	9,467,102	1,966,283	408,182	11,841,567	3,328,323
Noncurrent Liabilities					
Claims payable, long-term portion	-	-	-	-	4,133,885
Obligation under long-term debt, long-term portion	51,130,000	10,160,000	-	61,290,000	-
Obligation under capital leases, long-term portion	2,909,170	251,421	12,652	3,173,243	10,557
Accrued assessments	-	-	-	-	-
Total noncurrent liabilities	54,039,170	10,411,421	12,652	64,463,243	4,144,442
Total liabilities	63,506,272	12,377,704	420,834	76,304,810	7,472,765
Net Assets					
Invested in capital assets, net of related debt	58,289,212	16,452,318	640,651	75,382,181	84,769
Unrestricted (deficit)	(4,946,998)	(1,015,707)	3,025,832	(2,936,873)	(6,799,891)
Total net assets (deficit)	\$ 53,342,214	\$ 15,436,611	\$ 3,666,483	\$ 72,445,308	\$ (6,715,122)

CITY OF POMONA, CALIFORNIA

COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
 PROPRIETARY FUNDS
 Year Ended June 30, 2002

	Business-type Activities—Enterprise Funds				Business-type Activities— Internal Service Funds
	Water Utility	Sewer	Refuse	Totals	
Operating revenues:					
Charges for services	\$ 20,083,562	\$ 2,224,659	\$ 6,414,373	\$ 28,722,594	\$ 8,610,711
Miscellaneous	395,572	400,386	78,024	873,982	92,771
Total operating revenues	20,479,134	2,625,045	6,492,397	29,596,576	8,703,482
Operating expenses:					
Personnel services	3,860,232	526,046	1,713,773	6,100,051	1,614,844
Operations	12,735,609	812,801	3,799,126	17,347,536	2,234,109
Claims expense	-	-	-	-	4,083,707
Depreciation	1,775,420	351,189	304,727	2,431,336	19,137
Insurance	-	-	-	-	710,549
Total operating expenses	18,371,261	1,690,036	5,817,626	25,878,923	8,662,346
Operating income (loss)	2,107,873	935,009	674,771	3,717,653	41,136
Nonoperating revenues (expenses):					
Interest income	1,136,379	404,210	76,563	1,617,152	-
Interest expense and fees	(3,192,024)	(704,182)	(2,826)	(3,899,032)	-
Sale of surplus water	772,650	-	-	772,650	-
Total nonoperating revenues (expenses)	(1,282,995)	(299,972)	73,737	(1,509,230)	-
Income before transfers and contributions	824,878	635,037	748,508	2,208,423	41,136
Transfers in	114,186	191,709	-	305,895	-
Transfers out	(795,588)	(611,432)	-	(1,407,020)	-
Capital contributions	204,241	-	-	204,241	-
Change in net assets	347,717	215,314	748,508	1,311,539	41,136
Total net assets (deficit) at beginning of year, as restated	52,994,497	15,221,297	2,917,975	71,133,769	(6,756,258)
Total net assets (deficit) at end of year	\$ 53,342,214	\$ 15,436,611	\$ 3,666,483	\$ 72,445,308	\$ (6,715,122)

See Notes to Financial Statements.

CITY OF POMONA, CALIFORNIA

COMBINED STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 Year Ended June 30, 2002

	Business-type Activities—Enterprise Funds				Business-type Activities— Internal Service Funds
	Water Utility	Sewer	Refuse	Totals	
Cash Flows from Operating Activities					
Receipts from customers and users	\$ 18,795,696	\$ 2,208,587	\$ 6,611,773	\$ 27,616,056	\$ 8,617,784
Payments to suppliers	(10,395,871)	(98,670)	(2,108,422)	(12,602,963)	(2,045,311)
Payments to employees	(3,819,528)	(506,759)	(1,866,447)	(6,192,734)	(1,606,119)
Internal activity	(932,762)	(218,554)	(1,721,260)	(2,872,576)	(216,459)
Claims paid	-	-	-	-	(3,903,974)
Other receipts (payments)	1,032,986	400,386	78,024	1,511,396	(624,664)
Increase in deposits payable	33,398	-	-	33,398	-
Net cash provided by (used in) operating activities	4,713,919	1,784,990	993,668	7,492,577	221,257
Cash Flows from Noncapital Financing Activities, net transfers to other funds	(530,719)	(419,562)	(11,538)	(961,819)	(14,324)
Cash Flows from Capital and Related Financing Activities					
Capital contributions	204,241	-	-	204,241	-
Purchases of capital assets	(4,087,021)	(4,412,226)	(1,353)	(8,500,600)	-
Principal paid on capital debt	(78,463)	(157,195)	(96,795)	(332,453)	(15,211)
Payment on advances from other funds	(915,000)	(205,000)	-	(1,120,000)	-
Interest and other fees paid	(2,670,736)	(632,200)	(2,678)	(3,305,614)	-
Net cash (used in) capital and related financing activities	(7,546,979)	(5,406,621)	(100,826)	(13,054,426)	(15,211)
Cash Flows from Investing Activities, interest on investments	1,922,632	444,818	61,071	2,428,521	-
Net increase (decrease) in cash and cash equivalents	(1,441,147)	(3,596,375)	942,375	(4,095,147)	191,722
Cash and Cash Equivalents at Beginning of Year	44,399,456	13,240,041	1,360,455	58,999,952	37,190
Cash and Cash Equivalents at End of Year	\$ 42,958,309	\$ 9,643,666	\$ 2,302,830	\$ 54,904,805	\$ 228,912

See Notes to Financial Statements.

CITY OF POMONA, CALIFORNIA

COMBINED STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS, CONTINUED
 Year Ended June 30, 2002

	Business-type Activities—Enterprise Funds				Business-type Activities— Internal Service Funds
	Water Utility	Sewer	Refuse	Totals	
Reconciliation of Operating Income to Net Cash Provided by Operating Activities					
Operating income	\$ 2,107,873	\$ 935,009	\$ 674,771	\$ 3,717,653	\$ 41,136
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation and amortization	1,714,764	351,189	304,727	2,370,680	19,137
(Increase) decrease in receivables	(604,627)	(16,072)	197,400	(423,299)	311
(Increase) decrease in inventory	(33,199)	-	-	(33,199)	(31,956)
Increase (decrease) in accrued liabilities and accounts payable	858,296	514,864	(183,230)	1,189,930	12,896
Decrease in due from other governments	637,414	-	-	637,414	-
Increase in claims payable	-	-	-	-	179,733
Increase in deposits payable	33,398	-	-	33,398	-
Net cash provided by (used in) operating activities	\$ 4,713,919	\$ 1,784,990	\$ 993,668	\$ 7,492,577	\$ 221,257
Noncash Capital Financing Activities, contributed capital assets	\$ 3,010,829	\$ -	\$ -	\$ 3,010,829	\$ -
Reconciliation of Cash and Cash Equivalents to Amounts Reported on the Balance Sheet					
Cash and investments	\$ 10,481,678	\$ 6,843,650	\$ 2,302,830	\$ 19,628,158	\$ 228,912
Restricted assets, cash and investments	36,110,631	3,604,904	-	39,715,535	-
Less investments not meeting the definition of cash equivalents, investments with maturity in excess of three months	(3,634,000)	(804,888)	-	(4,438,888)	-
Cash and Cash Equivalents at End of Year	\$ 42,958,309	\$ 9,643,666	\$ 2,302,830	\$ 54,904,805	\$ 228,912

See Notes to Financial Statements.

CITY OF POMONA, CALIFORNIA

STATEMENT OF FIDUCIARY NET ASSETS

AGENCY FUNDS

June 30, 2002

Assets

Cash and Investments	\$ 4,699,761
Accrued Interest Receivable	22,048
Due from Other Governments	50,592
Total assets	\$ 4,772,401

Liabilities

Accounts Payable	\$ 1,032,947
Due to Other Governments	25,734
Deposits Payable	2,174,680
Due to Bondholders	1,539,040
Total liabilities	\$ 4,772,401

See Notes to Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

The City of Pomona, California, (Pomona or 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 government. The City principally provides general administrative services; public safety services; street, highway and bridge repairs and maintenance; and water and sanitation services.

The accounting policies of Pomona and its component units conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the more significant policies:

Description and scope of the reporting entity: As required by accounting principles generally accepted in the United States of America, these financial statements present the financial position of the City and its component units, entities for which the City is considered to be financially accountable. The City is considered to be financially accountable for an organization if the City appoints a voting majority of that organization's governing body and the City is able to impose its will on that organization or there is a potential for that organization to provide specific financial benefits to or impose specific financial burdens on the City. The City is also considered to be financially accountable for an organization if that organization is fiscally dependent upon the City (i.e., it is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval from the City). In certain cases, other organizations are included as component units if the nature and significance of their relationship with the City are such that their exclusion would cause the City's financial statements to be misleading or incomplete.

Based upon the above criteria, the component units of the City are the Housing Authority of the City of Pomona (the Housing Authority), the City of Pomona Public Financing Authority (the Authority) and the Redevelopment Agency of the City of Pomona (the Agency).

Since the City Council and/or other City officials serve as the Governing Board for these component units, all of the City's component units are considered to be 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 is reported with the interfund data of the primary government. Only the City of Pomona Public Financing Authority and the Redevelopment Agency of the City of Pomona issue separate component unit financial statements. Upon their completion, the financial statements of these component units can be obtained from the Finance Department.

Government-wide and fund financial statements: The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the City and its blended component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on user fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable to a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly classified as program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported in separate columns in the fund financial statements.

Note 1. Summary of Significant Accounting Policies, Continued

Measurement focus, basis of accounting and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the Proprietary Fund and Fiduciary Fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources, such as taxes, are reported as general revenues rather than as program revenues.

Net assets are reported as restricted when constraints placed on their use are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through local enabling legislation. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Governmental Fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Principal and interest on long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.

Revenues that are accrued generally include real property taxes, sales tax, transient occupancy taxes, franchise taxes, vehicle license fees, highway users tax, interest, and some state and federal grants.

Real property taxes are levied for the period beginning on July 1 to June 30 against property owners of record on January 1. The taxes are due in two installments, on November 1 and February 1, and become delinquent after December 10 and April 10, respectively. Tax liens attach annually as of 12:01 a.m. on the first day of January in the fiscal year for which the taxes are levied. Under the provisions of NCGA Interpretation 3, property tax revenue is recognized in the fiscal year for which the taxes have been levied, provided it is collected within 60 days of the end of the fiscal year in the 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.

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- 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 **Pomona 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.

Note 1. Summary of Significant Accounting Policies, Continued

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 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.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's proprietary funds are charges to customers for sales and services. The City also recognizes as operating revenue for new account charges, late fees and contributions from other agencies. Operating expenses for enterprise and internal service funds include the cost of sales and services, general and administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and Proprietary Fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected to follow the standards set by the GASB as opposed to subsequently issued private-sector guidance. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

The City reports the following major enterprise funds:

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

The **Sewer** enterprise funds are used to account for the operation and maintenance of the City's sewer network and the removal of graffiti.

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

Additionally, the City reports the following fund types:

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.

The **Agency funds** account for assets held by the City for other funds, governments or individuals. These funds include receipts and disbursements of funds for the debt service activity to the 1911 Act assessment districts, cash deposits collected for street and sidewalk encroachment permits, debt service 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, activity of police force consortium and 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.

NOTES TO THE FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies, Continued**Implementation of new accounting principles:**

GASB Statement No. 34: The City adopted the provisions of GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*. This Statement affects the manner in which the City records transactions and presents financial information. State and local governments have traditionally used a financial reporting model substantially different from the one used to prepare private-sector financial reports.

GASB Statement No. 34 establishes new requirements and a new reporting model for the annual financial reports of state and local governments. The Statement was developed to make annual reports of state and local governments easier to understand and more useful to the people who use governmental financial information to make decisions.

Management's discussion and analysis: GASB Statement No. 34 requires that financial statements be accompanied by a narrative introduction and analytical overview of the City's financial activities in the form of "management's discussion and analysis" (MD&A). This analysis is similar to the analysis provided in the annual reports of private-sector organizations.

Government-wide financial statements: The reporting model includes financial statements prepared using full accrual accounting for all of the City's activities. This approach includes not just current assets and liabilities, but also capital and other long-term assets as well as long-term liabilities. Accrual accounting also reports all of the revenues and costs of providing services each year, not just those received or paid in the current year or soon thereafter.

Statement of net assets: The statement of net assets is designed to display the financial position of the City (government and business-type activities). The City now reports all capital assets in the government-wide statement of net assets and reports depreciation expenses—the cost of "using up" capital assets—in the statement of activities. The net assets of the City are broken down into three categories: (1) invested in capital assets, net of related debt; (2) restricted; and (3) unrestricted.

Statement of activities: The government-wide statement of activities reports expenses and revenues in a format that focuses on the cost of each of the City's functions. The expense of individual functions is compared to the revenue generated directly by the function.

Accordingly, the City has recorded capital and certain other long-term assets and liabilities in the statement of net assets, and has reported all revenues and the cost of providing services under the accrual basis of accounting in the statement of activities.

GASB Statement No. 37: The City adopted the provisions of GASB Statement No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus*. This Statement amends GASB Statement No. 34 to either (1) clarify certain provisions or (2) modify other provisions that the GASB believes may have unintended consequences in some circumstances. Accordingly, the City considered the effects of this Statement when adopting the provisions of GASB Statement No. 34, as previously described.

GASB Statement No. 38: The City adopted the provisions of GASB Statement No. 38, *Certain Financial Statement Note Disclosures*. This Statement modifies, establishes and rescinds certain financial statement disclosure requirements. Accordingly, certain footnote disclosures have been revised to conform to the provisions of GASB Statement No. 38.

Note 1. Summary of Significant Accounting Policies, Continued

GASB Interpretation No. 6: The City adopted the provisions of GASB Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*. This Interpretation clarifies the application of standards for modified accrual recognition of certain liabilities and expenditures in areas where differences have arisen, or could arise, in interpretation and practice. This Interpretation impacts the fund level financial statements (governmental funds only, not proprietary or fiduciary funds) required by GASB Statement No. 34 but has no direct impact on the government-wide financial statements. Accordingly, the City has not recognized the current portion of certain long-term liabilities and related expenditures in the Governmental Fund financial statements for amounts not considered to be due and payable as of June 30, 2002.

Cash and investments: Cash includes amounts in demand and time deposits. Investments are reported in the accompanying balance sheet at fair value, except for certain money market and investment contracts that are reported at cost because they are not transferable and they have terms that are not affected by changes in market interest rates.

Changes in fair value that occur during a fiscal year are recognized as income from property and investments reported for that fiscal year. Income from property and investments includes interest earnings; changes in fair value; any gains or losses realized upon the liquidation, maturity, or sale of investments; property rentals and the sale of City-owned property.

The City pools cash and investments of all funds, except for assets held by fiscal agents. Each fund's share in this pool is displayed in the accompanying financial statements as cash and investments. Investment income earned by the pooled investments is allocated to the various funds on a monthly basis, based on each fund's average cash and investments balance, except for investment income associated with funds not legally required to receive pooled investment income which has been assigned to and recorded as revenue of the General Fund, as provided by California Government Code Section 53647.

Restricted cash and investments represent amounts that are restricted under the terms of debt agreements.

Unbilled services: Unbilled water revenue of the enterprise funds is recognized as earned when the water is consumed.

Inventories and prepaid items: Inventories consist of materials and supplies that are valued at cost and are recorded as expenses or expenditures on a first-in, first-out basis when consumed.

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.

Capital assets: Capital assets, which include land, buildings, equipment and infrastructure assets (e.g., roads, bridges, traffic signals, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of an asset or materially extend an asset's useful life are not capitalized.

Costs associated with construction in progress are recorded in their respective fixed asset category upon approval by the City Council, which approximates the completion date.

NOTES TO THE FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies, Continued

Depreciation is charged to operations using the straight-line method based on the estimated useful life of an asset. The estimated useful lives of depreciable assets are as follows:

	<u>Years</u>
Buildings and improvements	30-50
Improvements other than buildings	30-80
Machinery and equipment	10
Infrastructure	10-50
Leasehold improvements	30-50
Transmission and distribution mains and hydrants	40

During the year ended June 30, 2002, the City capitalized general infrastructure assets acquired during the year ended June 30, 2002. No retroactive infrastructure assets have been capitalized. As per GASB 34, the City has until its year ended June 30, 2006 to record its retroactive general infrastructure assets.

Compensated absences: Vacation and sick leave pay are payable to employees at the time used or upon termination of employment. All vacation and sick leave pay are accrued when incurred in the government-wide level, proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured or will be paid from available resources of the current period. For proprietary funds, the cost of vacation is recorded as a liability when earned. For compensated absences recorded at June 30, 2002, all balances are not expected to be paid within the following 12 months.

Risk management: 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.

Deferred revenue: The deferred revenue reported in the City's financial statements represents money received during the current or previous fiscal years that has not been earned by, or is available to, the City as of the end of the fiscal year. These monies will be recognized as revenues in subsequent fiscal years, once the revenue has been earned.

Receivables and payables: Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (short-term interfund loans) or "advances to/from other funds" (long-term interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in the applicable governmental fund to indicate that they are not available for appropriation and are not expendable, available financial resources.

All trade, service and tax receivables are shown net of an allowance for uncollectibles.

Note 1. Summary of Significant Accounting Policies, Continued

Long-term obligations: In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums, discounts and 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 bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums, discounts and issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund equity: In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans and are subject to change.

Use of restricted/unrestricted net assets: When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the policy is to apply restricted net assets first.

Unrestricted net assets: The City's unrestricted net assets are in a deficit position for business-type activities primarily because long-term debt is in excess of assets owned. The City issues debt for construction and/or acquisition of assets.

Note 2. Cash and Investments

Cash resources of the individual funds are combined to form a pool of cash and investments. The City values all of its cash and invested cash at fair value on a portfolio basis. The City manages its pooled idle cash and investments under a formal investment policy that is reviewed by the Investment Committee and adopted annually by the City Council and that follows the guidelines of the California Government Code. Individual investments cannot be identified with any single fund because the City may be required to liquidate its investments at any time to cover large cash outlays required in excess of normal operating needs. Funds must request large outlays in advance in order that the City Treasurer will have the funding available.

NOTES TO THE FINANCIAL STATEMENTS

Note 2. Cash and Investments, Continued

The carrying amount of the City's cash and investments at June 30, 2002 are as follows:

Unrestricted Cash and Investments	
Cash and deposits	\$ 2,195,441
Petty cash	46,256
Total unrestricted cash	<u>2,241,697</u>
U.S. Mortgage-backed Securities	9,785,000
Pooled Investments	56,364,616
Total unrestricted investments	<u>66,149,616</u>
Total unrestricted cash and investments	<u>68,391,313</u>
Restricted Cash and Investments, cash deposits held in trust	<u>495,257</u>
Money Market Accounts	13,054,641
U.S. Mortgage-backed Securities	6,566,000
Banker's Investment Agreement	60,014,509
Total restricted investments	<u>79,635,150</u>
Total restricted cash and investments	<u>80,130,407</u>
	<u>\$ 148,521,720</u>

At June 30, 2002, the carrying amount of the City's cash deposits, including those held in trust, totaled \$2,736,954 and the bank balance of the City's cash deposits maintained in financial institutions is \$2,913,021. The cash deposits are held by the City's agent in the City's name. Of the \$2,913,021 maintained in financial institutions, \$100,000 is insured by the Federal Depository Insurance Corporation and the remainder is collateralized with securities held by the pledging financial institution, or by its Trust Department or agent but not in the City's name. The primary difference between the carrying amount and the bank balance are deposits in transit and outstanding checks. In accordance with state statutes, the City maintains deposits at those depository institutions insured by the Federal Deposit Insurance Corporation. The California Government Code requires California banks and savings and loan associations to collateralize the deposits of governmental entities by pledging government securities as collateral. The market value of pledged securities must equal at least 110% of those deposits. California law also allows financial institutions to secure the deposits of governmental entities by pledging first trust deed mortgage notes having a collateral value of 150% of a corporation's total deposits.

The City is authorized by its investment policy, in accordance with Section 53601 of the California Government Code, to invest in the following instruments:

- 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
- Certificates of deposit with national and state licensed or chartered banks; federal or state savings and loan associations
- Medium-term corporate notes, rated AAA or AA
- Money market funds

NOTES TO THE FINANCIAL STATEMENTS

Note 2. Cash and Investments, Continued

In accordance with GASB Statement No. 3, cash deposits and investments, the City's investments are categorized, according to the following criteria, to give an indication of the level of risk assumed by the City at year end.

Category 1 includes investments that are insured or registered or for which the securities are held by the City or its agent in the City's name.

Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's Trust Department or agent in the City's name.

Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its Trust Department or agent, but not in the City's name.

The following is the summary of investment as of June 30, 2002:

	Category			Uncategorized	Fair Value
	1	2	3		
City-held Investments					
U.S government securities	\$ 9,785,000	\$ -	\$ -	\$ -	\$ 9,785,000
Trustee-held Investments					
U.S. government securities	6,566,000	-	-	-	6,566,000
Money market accounts	-	-	-	13,054,641	13,054,641
Banker's investment agreements	-	-	-	60,014,509	60,014,509
Investment in Pool					
California State Local Agency Investment Fund (LAIF)	-	-	-	56,364,616	56,364,616
Total investments	\$16,351,000	\$ -	\$ -	\$129,433,766	\$145,784,766

Investments: State statutes authorize the City to invest any available funds in securities issued or guaranteed by the United States Treasury or agencies of the United States, bank certificates of deposit, bankers acceptances, negotiable certificates of deposit, the State Treasurer's Investment Pool (LAIF), commercial paper and bonds, and registered warrants or treasury notes of the State of California and its agencies. An advisory board has been established to monitor LAIF's compliance with regulations and investment alternatives established by the State.

The City participates in a voluntary external investment pool, LAIF, which is managed by the state Treasurer. LAIF has oversight provided by the Local Agency Investment Advisory Board. The Board consists of five members as designated by State statute. The Chairman of the Board is the State Treasurer or his designated representative. The fair value of the City's shares in the pool approximates the fair value of the position in the pool.

At June 30, 2002, the City's pooled investments in LAIF in the amount of \$56,364,616 are not subject to custodial credit risk categorization. The total estimated fair value invested by all public agencies in LAIF is \$48,082,558,174. Of that amount, 100% is invested in nonderivative financial products.

Cash with fiscal agents: The City has monies held by trustees pledged to the payment or security of certain bonds. These are subject to the same risk category as the invested cash. The California Government Code provides that these monies, in absence of specific statutory provisions governing the issuance of bonds or certificates, may be invested in accordance with the ordinance, resolutions or indentures specifying the types of investments its trustees or fiscal agents may make. These ordinances, resolutions or indentures are generally more restrictive than the City's general investment policy.

NOTES TO THE FINANCIAL STATEMENTS

Note 3. Due to and from Other Funds

The following table shows amounts due from funds within the City to other funds within the City at June 30, 2002:

	Due to Other Funds	Due from Other Funds
General	\$ -	\$ 1,194,129
Special Revenue Funds:		
Low- and moderate-income housing	-	995,201
Redevelopment Agency Debt Service	74,396	1,359
Capital Project Funds:		
Redevelopment Agency Capital Project Fund	922,164	-
Nonmajor other governmental funds	29,585	-
Internal Service Funds:		
Self-insurance	684,884	-
Enterprise funds:		
Water	1,999,612	22,248
Sewer	4,216	421,561
Refuse	10,913	1,091,272
Totals	<u>\$ 3,725,770</u>	<u>\$ 3,725,770</u>

These balances resulted from the time lag between the dates that transactions are recorded in the accounting system.

Note 4. Advances to and from Other Funds

The following table shows amounts advanced from funds to other funds at June 30, 2002:

Advances from	Advances to	Amount
General Fund	Redevelopment Agency Capital Projects Fund	\$ 3,092,848
Low- and Moderate-income Housing Fund	Redevelopment Agency Capital Projects Fund	1,113,000
General Debt Service	Redevelopment Agency Capital Projects Fund	2,205,000
Water Utility	General Fund	104,280
Pomona Public Financing Debt Service	Debt Service Funds:	
	General Debt Service	14,400,000
	Redevelopment Agency Debt Service	112,955,000
Other nonmajor governmental funds	General Fund	600,000
		<u>\$ 134,470,128</u>

CITY OF POMONA, CALIFORNIA

NOTES TO THE FINANCIAL STATEMENTS

Note 5. Capital Assets

Capital asset activity was as follows for the year ended June 30, 2002:

	Balance at July 1, 2001	Increases	Decreases	Balance at June 30, 2002
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 9,726,834	\$ 60,794,591	\$ -	\$ 70,521,425
Construction in progress	-	3,691,649		3,691,649
Total capital assets, not being depreciated	9,726,834	64,486,240	-	74,213,074
Capital assets, being depreciated:				
Buildings and improvements	11,947,723	2,277,255	-	14,224,978
Improvements other than building	6,360,254	22,709,797	(105,278)	28,964,773
Machinery and equipment	9,806,205	580,737	(3,130,341)	7,256,601
Autos and trucks	4,794,789	1,810,369	-	6,605,158
Equipment under capitalized lease	7,508,363	1,722,959	(22,245)	9,209,077
Infrastructure	-	516,126		516,126
Total capital assets, being depreciated	40,417,334	29,617,243	(3,257,864)	66,776,713
Less accumulated depreciation for:				
Buildings and improvements	(6,128,936)	(281,136)	-	(6,410,072)
Improvements other than building	(4,680,504)	(694,440)	-	(5,374,944)
Machinery and equipment	(4,929,462)	(550,786)	9,661	(5,470,587)
Autos and trucks	(5,303,232)	(60,218)	-	(5,363,450)
Equipment under capital leases	(4,710,658)	(709,926)	17,796	(5,402,788)
Infrastructure	-	-	-	-
Total accumulated depreciation	(25,752,792)	(2,296,506)	27,457	(28,021,841)
Total capital assets, being depreciated, net	14,664,542	27,320,737	(3,230,407)	38,754,872
Governmental activities capital assets, net	\$ 24,391,376	\$ 91,806,977	\$ (3,230,407)	\$ 112,967,946

NOTES TO THE FINANCIAL STATEMENTS

Note 5. Capital Assets, Continued

	Balance at July 1, 2001	Increases	Decreases	Balance at June 30, 2002
Business-type activities:				
Capital assets, not being depreciated:				
Land and water rights	\$ 3,744,919	\$ -	\$ -	\$ 3,744,919
Construction in progress	5,312,599	14,478,257	-	19,790,856
Total capital assets, not being depreciated	9,057,518	14,478,257	-	23,535,775
Capital assets, being depreciated:				
Buildings	-	402,033	-	402,033
Improvements other than buildings	1,367,435	2,709,745	(310,484)	3,766,696
Machinery and equipment	69,514,908	10,555,437	-	80,070,345
Autos and trucks	3,422,222	1,299,986	(360,067)	4,362,141
Equipment under capitalized lease	7,333,688	-	(1,698,786)	5,634,902
Total capital assets, being depreciated	81,638,253	14,967,201	(2,369,337)	94,236,117
Less accumulated depreciation for:				
Buildings	(12,046)	(3,024)	-	(15,070)
Improvements other than building	(2,093,370)	(109,764)	-	(2,203,134)
Machinery and equipment	(28,546,520)	(1,632,770)	-	(30,179,290)
Autos and trucks	(3,827,833)	(59,269)	-	(3,887,102)
Equipment under capital leases	(1,865,940)	(645,646)	-	(2,511,586)
Total accumulated depreciation	(36,345,709)	(2,450,473)	-	(38,796,182)
Total capital assets, being depreciated, net	45,292,544	12,516,728	(2,369,337)	55,439,935
Business-type activities capital assets, net	\$ 54,350,062	\$ 26,994,985	\$ (2,369,337)	\$ 78,975,710

NOTES TO THE FINANCIAL STATEMENTS

Note 5. Capital Assets, Continued

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

General government	\$ 1,482,446
Parks and recreation	196,177
Public safety	320,488
Urban development	297,395
Total depreciation expense, governmental activities	<u>2,296,506</u>

Business-type activities:

Capital assets held by the internal service funds (charged to various functions based on their usage of the assets)	19,137
Water	1,775,420
Sewer	351,189
Refuse	304,727
Total depreciation expense, business-type activities	<u>2,450,473</u>
Total depreciation expense	<u>\$ 4,746,979</u>

NOTES TO THE FINANCIAL STATEMENTS

Note 6. Long-term Debt

The following is a summary of changes in the principal balance of long-term debt for the year ended June 30, 2002:

	Principal Balance at June 30, 2001	Additions	Reductions	Principal Balance at June 30, 2002	Due Within One Year
Governmental activities:					
Participation agreement	\$ 984,742	\$ 105,445	\$ -	\$ 1,090,187	\$ -
County deferred tax loan	14,793,443	1,859,956	-	16,653,399	-
Obligations under capital lease	4,056,393	1,682,946	1,312,911	4,426,428	1,459,725
Claims payable	-	6,333,885	-	6,333,885	2,200,000
Compensated absences	5,556,387	744,978	-	6,301,365	*
Notes Payable:					
Erksine note	264,384	-	16,202	248,182	16,640
HUD Section 108 Loan	2,335,000	-	170,000	2,165,000	172,723
Revenue Bonds	128,887,449	-	1,975,000	126,912,449	1,760,000
Tax Allocation Bonds	13,210,000	-	320,000	12,890,000	325,000
Special assessment debt	11,765,000	-	250,000	11,515,000	275,000
Certificates of participation	3,295,000	4,700,000	-	7,995,000	75,000
State of California Land Commission note payable	4,525,142	-	4,525,142	-	-
Redevelopment Agency loan	2,500,000	-	2,500,000	-	-
Total governmental activity	192,172,940	15,427,210	11,069,255	196,530,895	6,284,088
Business-type activities:					
Obligations under capital lease	1,024,624	3,010,829	441,924	3,593,529	420,312
Compensated absences	1,016,436	-	277,082	739,354	739,328
Revenue bonds	63,450,000	-	1,120,000	62,330,000	1,040,000
Total business- type activities	65,491,060	3,010,829	1,839,006	66,662,883	2,199,640
Entity-wide total	\$ 257,664,000	\$ 18,438,039	\$ 12,908,261	\$ 263,193,778	\$ 8,483,728

*Current portion is recorded as a current fund liability.

NOTES TO THE FINANCIAL STATEMENTS

Note 6. Long-term Debt, Continued

Long-term debt is comprised of the following issues at June 30, 2002:

Governmental activities:

Participation agreement: The Agency entered into a participation agreement, dated April 1, 1989, with the Los Angeles County Fair Association (the 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 \$1,600,000, plus interest of approximately 10% annum. The Agency has pledged tax increment of the Mountain Meadows Project Area as per the source of repayment. Payment to the Association is required under the terms of the agreement when tax increment is received by the Agency for the Mountain Meadows Project Area. \$ 1,090,187

County deferred tax loan: The Agency entered into an agreement with the County of Los Angeles whereby a portion of the County's share of tax increment revenues from the Southwest Pomona Project Area is loaned annually to the Agency. Interest on the Southwest Pomona Project Area loan will accrue at 7% per year, compounded annually. The Agency will commence repayment of the loan when excess funds become available. The initial loan was made prior to July 1, 1988 with the proceeds recorded as property tax revenues. 16,653,399

Obligations under capital lease: The City has entered into equipment lease-purchase agreements with leasing companies whereby the lessor acquired certain equipment and leased it to the City with an option to purchase. The leases mature from 2002 to 2004. 4,426,428

Claims payable:

Internal service funds: Represents estimated costs payable on outstanding claims against the City. 6,333,885

Compensated absences: The City's policies relating to compensated absences are described in Note 1 of the Notes to Financial Statements. This remaining liability is expected to be paid in future years from future resources. 6,301,365

Notes payable: The Erksine note payable was entered into by the Agency on August 9, 1976 for \$425,000 with an 8% interest rate. The note is being repaid in monthly payments of \$3,000, including interest, over 36 years. 248,182

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 CDBG entitlements. Principal payments are due annually in amounts ranging from \$40,000 to \$125,000, beginning August 1, 1997 through 2016. Interest is payable on August 1 and February 1 at rates ranging from 5.8% to 7.08%. 2,165,000

NOTES TO THE FINANCIAL STATEMENTS

Note 6. Long-term Debt, Continued

Governmental activities, continued:

Revenue bonds:

On February 1, 1994, the Authority issued \$57,075,000 1993 Local Agency Revenue Bonds, Series L, for the purpose of making an advance to the Redevelopment Agency of the City of Pomona for the refunding of the 1991 Local Agency Revenue Bonds, Series K. Interest on the bonds is payable semi-annually on February 1 and August 1, commencing August 1, 1994. The rate of interest varies from 3.4% to 5.75% per annum. Principal is payable in annual installments, commencing February 1, 1995 and ending February 1, 2020. With the issuance of Series W, the legal reserve requirement of Series L is maintained in conjunction with Series W as noted below. A portion of Series L was defeased in 2001 with the issuance of Revenue Bonds Series AD.

\$ 22,475,000

On March 9, 1995, the Authority issued \$18,395,000 1995 Lease Revenue bonds, Refunding Series P, for the purpose of making an advance to the Redevelopment Agency of the City of Pomona for the refunding of the 1990 Lease-Purchase Revenue Bonds, Series J. Interest on the bonds is payable semi-annually on each April 1 and October 1, commencing October 1, 1995. Interest rates range from 4.375% to 6.6%. Principal is payable in annual installments ranging from \$485,000 to \$870,000. Term bonds of \$4,020,000 and \$6,490,000 mature on October 1, 2010 and October 1, 2015, respectively, and are subject to mandatory redemption from a sinking fund account in amounts ranging from \$920,000 to \$1,445,000, as outlined in the bond's official statement. The legal reserve requirement is \$1,523,515. The balance held in the reserve account as of June 30, 2002 was \$1,548,238.

14,400,000

On March 12, 1998, the Authority issued \$52,335,000 1998 Refunding Revenue bonds, Series W, for the purpose of making an advance to the Redevelopment Agency of the City of Pomona 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 semi-annually on each August 1 and February 1, commencing August 1, 1998. The rates of interest range from 3.8% to 5% per annum. Principal is payable in annual installments ranging from \$100,000 to \$515,000. Term bonds of \$3,005,000, \$16,690,000 and \$29,285,000 mature on February 1, 2018, February 1, 2024 and February 1, 2030, respectively, and are subject to mandatory redemption from a sinking fund account in amounts ranging from \$545,000 to \$5,495,000, as outlined in the bond's official statement. MBIA has issued a municipal bond insurance policy that insures the payment of the principal and interest on the bonds when due. The legal reserve requirement in conjunction with the remaining 1993 Local Agency Revenue Bonds, Series L, is \$5,772,575. The balance held in the reserve account for Series L and Series W as of June 30, 2002 was \$5,999,817.

51,705,000

Subtotal

88,580,000

NOTES TO THE FINANCIAL STATEMENTS

Note 6. Long-term Debt, Continued**Governmental activities, continued:****Revenue bonds, continued:**

Subtotal carried forward	\$ 88,580,000
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On April 1, 2001, the Authority issued \$39,165,000 2001 Revenue Bonds, Series AD, for the purpose of making an advance to the Agency to refinance certain prior bonds and to make an additional advance to the Agency to provide financing for certain improvements in the merged project area. Tax Allocation Bonds defeased include the 1997 Refunding RDA Series S, 1997 Refunding Series T, 1998 Refunding Series U, 1998 Refunding Subordinate Series V and 1998 Refunding Series Z; 1993 Refunding Series L Revenue Bonds were partially defeased. Interest on the bonds is payable semiannually on each August 1 and February 1, commencing February 1, 2002. Rates of interest range from 3.25% to 5.39% per annum. Principal is payable in annual installments ranging from \$95,000 to \$2,020,000. Term bonds of \$10,550,000, \$10,115,000 and \$7,525,000 mature on February 1, 2021, February 1, 2027 and February 1, 2033, respectively, and are subject to mandatory redemption from a sinking fund account in amounts ranging from \$445,000 to \$2,470,000, as outlined in the bond's official statement. The legal reserve requirement is \$2,901,939. The balance held in the reserve account as of June 30, 2002 was \$2,901,939. The advanced refunding increases the total debt service payments over the next 33 years by \$16,180,588 and resulted in an economic gain of \$96,412.

Subtotal revenue bonds	<u>38,775,000</u>
Less deferred charges	<u>127,355,000</u>
Total revenue bonds	<u>442,551</u>
	<u>126,912,449</u>

Tax allocation bonds:

On November 12, 1998, the Agency issued \$5,055,000 of 1998 Tax Allocation Refunding Bonds, Series X, for the Mountain Meadows Redevelopment Project to refund \$4,360,000 of the Authority's 1994 Refunding Revenue Bonds, Series N. Interest on the bonds is payable semiannually on June 1 and December 1, commencing December 1, 1998. The rate of interest varies from 4.3% to 5.1% per annum. Principal is payable in annual installments ranging from \$95,000 to \$350,000, commencing December 1, 1998 and ending 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 sinking fund account in amounts ranging from \$45,000 to \$350,000, as outlined in the bond's official statement. MBIA has issued a municipal bond insurance policy that insures that payment of the principal and interest on the bonds when due. The legal reserve requirement is \$382,018. The balance held in the reserve account as of June 30, 2002 was \$382,018.00

<u>4,395,000</u>

NOTES TO THE FINANCIAL STATEMENTS

Note 6. Long-term Debt, Continued

Governmental activities, continued:

Tax allocation bonds, continued:

Subtotal carried forward	\$ 4,395,000
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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 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, commencing May 1, 2001. The rate of interest varies from 4.4% to 5% per annum. Principal is payable in annual installments, commencing May 1, 2001 and ending May 1, 2011. Term 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 bond's official statement. Bonds maturing on May 1, 2009 through and including 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. MBIA has issued a municipal bond insurance policy that insures the payment of principal and interest on the bonds when due. The legal reserve requirement is \$583,213. The balance held in the reserve account as of June 30, 2002 was \$583,213.

Total tax allocation bonds	<u>8,495,000</u> <u>12,890,000</u>
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Special assessment debt with government commitment: In July 1996, the City issued \$12,453,214 of Refunding Improvement Bonds on behalf of Assessment District No. 294. The proceeds of the refunding bonds were used to refund two of the Assessment District's outstanding bonds that were originally issued to finance public infrastructure improvements within the District. The old refunded debt was without government commitment and was recorded in the Assessment District fund Agency fund type. The new refunding debt is with government commitment and the debt service activity is recorded in the General Debt Service Fund. The bonds bear interest at 7.39% per annum, payable semiannually on March 2 and September 2, commencing March 2, 1997; and the principal matures from 1997 to 2021 in annual installments of \$250,000 to \$1,045,000. The legal requirement is \$622,661. The balance held in the reserve account as of June 30, 2002 was \$808,808.

<u>11,515,000</u>

Certificates of participation:

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 of Pomona to make an advance to the Redevelopment Agency of the City of Pomona to finance certain redevelopment activities. Term certificates of \$2,340,000 mature on August 1, 2024, with an interest rate of 5.8%. Serial certificates are due in annual installments ranging from \$75,000 to \$245,000, beginning August 1, 2002. The serial certificates bear interest ranging from 4.4% to 5.8%, payable semiannually on February 1 and August 1, commencing February 1, 2001.

<u>3,295,000</u>

Note 6. Long-term Debt, Continued**Governmental activities, continued:****Certificates of participation, continued:**

Subtotal carried forward	\$ 3,295,000
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On January 9, 2002, the Authority issued \$4,700,000 City of Pomona Certificates of Participation, 2002 Series AE, to provide funds to the Redevelopment Agency of the City of Pomona 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 \$75,000 to \$245,000, beginning October 1, 2004. The serial certificates bear an interest rate of 5%, payable semiannually on October 1 and April 1, commencing October 1, 2002.

Total certificates of participation	4,700,000
Subtotal governmental activities long-term debt	7,995,000
Less current portion	196,530,895
Total governmental activities long-term debt	6,284,088
	\$ 190,246,807

Business-type activities long-term debt:**Obligations under capital leases:**

Water Utility Fund: The City has entered into 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 leases mature from 2001 to 2005.

\$ 3,130,403

Sewer: The City has entered into equipment lease-purchase agreements with leasing companies whereby the lessor acquired certain equipment and leased it to the City with an option to purchase. The leases mature from 2001 to 2005.

440,936

Refuse: The City has entered into equipment lease-purchase agreements with leasing companies whereby the lessor acquired certain equipment and leased it to the City with an option to purchase. The leases mature from 2001 to 2005.

22,190
3,593,529

Total obligations under capital leases

Compensated absences:

Enterprise Funds: The City's policies relating to compensated absences are described in Note 1 of the Notes to Financial Statements. This liability will be paid from future years' operations.

739,354

NOTES TO THE FINANCIAL STATEMENTS

Note 6. Long-term Debt, Continued

Business-type activities long-term debt:

Revenue bonds:

On January 4, 1996, the Authority issued \$11,470,000 1996 Revenue Bonds, Series Q, for the purpose of making an advance to the City of Pomona for the construction of certain sewer system improvements. Interest on the bonds is payable semiannually on each June 1 and December 1, commencing June 1, 1996. The rate of interest varies from 3.65% to 5.9% per annum. Principal is payable in annual installments ranging from \$165,000 to \$275,000, with term bonds of \$2,855,000 and \$6,065,000 maturing December 1, 2015 and December 1, 2025, respectively. The term bonds are subject to mandatory redemption from a sinking fund account in amounts ranging from \$290,000 to \$780,000, as outlined in the bond's official statement. The legal reserve requirement is \$804,888. The balance held in the reserve account as of June 30, 2002 was \$804,888.

\$ 10,370,000

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 of Pomona for refunding the 1992 Revenue Bonds, Series A, in aggregate principal amount of \$6,915,000, as well as to provide financing for construction of certain water system improvements and related facilities located within the City. Interest on the bonds is payable semiannually on each May 1 and November 1, commencing November 1, 2001. The rates of interest range from 3.3% to 5% per annum. Principal is payable in annual installments ranging from \$455,000 to \$780,000, beginning May 1, 2001. 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. As of June 30, 2002, the legal reserve requirement of Series AA was \$1,700,000. The balance held in the reserve account as of June 30, 2002 was \$1,700,105.

25,145,000

On September 1, 1999, the Authority issued \$27,615,000 1999 Revenue Bonds, Series AC, for the purpose of making an advance to the City of Pomona for the construction of certain water system improvements within the City. Interest on the bonds is payable semiannually on each May 1 and November 1, commencing November 1, 2000. The rates of interest range from 4% to 5.25% per annum. Principal is payable in annual installments ranging from \$330,000 to \$1,830,000, beginning May 1, 2001. Term bonds of \$4,835,000 and \$14,565,000 mature on May 1, 2019 and 2029, respectively, and are subject to mandatory redemption from a sinking fund account in amounts ranging from \$865,000 to \$1,830,000, as outlined in the bond's official statement. Bonds maturing after May 1, 2010 are subject to redemption prior to maturity as a whole or in part, at the option of the Authority, on any date on or after May 1, 2009 at redemption prices ranging from 100% to 101% of principal. Financial Guaranty Insurance Company has issued a municipal bond insurance policy that insures the payment of the principal and interest on the bonds when due. As of June 30, 2002, the legal reserve requirement of Series AC was \$1,935,368. The balance held in the reserve account as of June 30, 2002 was \$1,984,940.

26,815,000

Total revenue bonds

62,330,000

Subtotal business-type activities long-term debt

66,662,883

Less current portion

2,199,640

Total business-type activities long-term debt

\$ 64,463,243

NOTES TO THE FINANCIAL STATEMENTS

Note 6. Long-term Debt, Continued

At June 30, 2002, debt service requirements to maturity for governmental activities long-term debt (excluding Participation Agreement, county deferred tax loans, claims payable and compensated absences) for which minimum annual debt service payments have not been established) are as follows:

Years Ending June 30,	Governmental Activities	
	Principal	Interest
2003	\$ 4,076,156	\$ 8,956,793
2004	4,151,700	8,663,298
2005	3,200,134	8,459,642
2006	3,270,331	8,284,776
2007	3,444,239	8,099,766
2008-2012	21,463,207	37,343,957
2013-2017	32,510,328	29,769,503
2018-2022	32,755,000	20,908,535
2023-2027	32,990,000	12,364,476
2028-2032	25,275,000	3,880,906
2033	3,440,000	102,740
	166,576,095	146,834,392
Less deferred charges	(442,551)	-
Total governmental long-term debt	\$ 166,133,544	\$ 146,834,392

At June 30, 2002, debt service requirements to maturity for business-type long-term debt (excluding compensated absences) for which minimum annual debt service payments have not been established are as follows:

Years Ending June 30,	Business-type Activities	
	Principal	Interest
2003	\$ 1,468,244	\$ 3,450,485
2004	1,675,405	3,321,838
2005	1,635,066	3,246,137
2006	1,636,910	3,173,153
2007	1,709,728	3,099,958
2008-2012	9,833,511	14,210,719
2013-2017	10,683,180	11,670,714
2018-2022	13,640,000	8,520,925
2023-2027	16,940,000	4,417,862
2028-2032	6,720,000	535,225
Total business-type long-term debt	\$ 65,942,044	\$ 55,647,016

Note 7. Debt without Government Commitment

Special assessment bonds: As of June 30, 2002, the City has one series of Assessment District Bonds (AD No. 297) outstanding in the amount of \$2,005,000. Bonds issued for improvements in certain special assessment districts in accordance with the provisions of the Municipal Improvement Acts of 1911, 1913 and 1915 are liabilities of the property owners and are secured by liens against the assessed property. The City Treasurer acts as an agent for the property owners in collecting the assessments, forwarding the collections to bondholders and initiating foreclosure proceedings, if applicable. Since this debt does not constitute an obligation of the City, it is not reflected as long-term debt in the accompanying basic financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Note 7. Debt without Government Commitment, Continued

Mortgage revenue bonds: Single- and multi-family housing revenue bonds are issued to provide construction and permanent financing to developers of multi-family residential rental projects located in the City to be partially occupied by persons of low or moderate income. The total amount of mortgage revenue bonds outstanding as of June 30, 2002 is \$94,698,249. These bonds are secured by first trust deeds and private mortgage insurance. The bonds, together with interest thereon, are limited obligations of the City payable solely from bond proceeds, revenues and other amounts derived solely from home mortgage and developer loans secured by first deeds of trust, irrevocable letters of credit, and irrevocable surety bonds.

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

Note 8. Accumulated Fund Deficits/Negative Net Assets

The following funds reported deficits in fund balances or net assets as of June 30, 2002:

	<u>Deficit Balance</u>
Debt Service Funds:	
General debt service	\$ (8,299,220)
Redevelopment Agency	(98,103,303)
Internal Service Funds:	
Self-insurance	(6,877,351)
Total	<u>\$ (113,279,874)</u>

CITY OF POMONA, CALIFORNIA

NOTES TO THE FINANCIAL STATEMENTS

Note 9. Interfund Transfers

Interfund transfers for the year ended June 30, 2002, consisted of the following:

Transfers from	Transfers to	Amount
General Fund	General Debt Service	\$ 285,000
	Nonmajor other governmental funds	77,660
Low- and Moderate-income Housing Fund	Redevelopment Agency Capital Projects Fund	1,562,487
Pomona Public Financing Debt Service	Redevelopment Agency Capital Projects Fund	3,124,855
	Redevelopment Agency Debt Service Fund	1,575,145
Redevelopment Agency Debt Service	Low- and Moderate-income Housing Fund	2,772,856
	Redevelopment Agency Capital Projects Fund	12,901,169
Redevelopment Agency Capital Projects	Pomona Public Financing Debt Service	183,092
	Low- and Moderate-income Housing Fund	572,724
	Nonmajor other governmental funds	1,154,056
Nonmajor other governmental funds	General Fund	2,479,059
	General Debt Service	127,989
	Nonmajor other governmental funds	2,083,497
	Water Utility	94,779
Water Utility	General Debt Service	600,000
	Nonmajor other governmental funds	3,879
	Sewer Fund	191,709
Sewer	General Debt Service	417,000
	Nonmajor other governmental funds	175,025
	Water Utility Fund	19,407
		\$ 30,401,388

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) move receipts collected in debt service to other funds after debt service requirements have been met.

NOTES TO THE FINANCIAL STATEMENTS

Note 10. 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 risks of loss. All funds of the City make payments based on estimates of the amounts needed to pay prior and current year claims and to establish a reserve for catastrophe losses. The plans provide for general liability claims up to statutory limits and for workers' compensation claims up to \$1,000,000. Workers' compensation claims in excess of the self-insured level are insured by a commercial carrier up to statutory limits. General liability claims in excess of the self-insured level are covered through the Big Independent Cities Excess Pool Joint Powers Authority (BICEP). The City is a participating member of BICEP, a risk-management pool for property coverage, workers' compensation excess coverage and general liability claims. Under this program, BICEP's general liability pool provides coverage up to \$25,000,000 per claim. Settled claims have not exceeded this coverage in any of the past three fiscal years. At June 30, 2002, the unencumbered fund deficit for the Self-insurance Fund was approximately \$6,887,351.

BICEP was formed under a joint exercise of powers agreement between local governments for the purpose of jointly funding an insurance program. BICEP is composed of five cities with equal governing powers and no management authority. In December 1988, the City initiated BICEP with the other four member cities in order to achieve long-term premium stability for general liability insurance.

As of June 30, 2002, claims payable amounted to \$6,333,885.

The estimated claims payable reported at June 30, 2002 is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the estimated claims payable amounts in fiscal years 2001 and 2002 for the three internal service funds are as follows:

	Claims Payable			
	Beginning Balance	Expense and Changes in Estimates	Claim Payments	Ending Balance
Self-insurance Fund:				
2000-2001	\$ 5,325,109	\$ 5,009,870	\$ 4,180,827	\$ 6,154,152
2001-2002	6,154,152	4,083,706	3,903,973	6,333,885

Note 11. Joint Powers Agreement

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 the three member agencies.

The cost of providing water to the member agencies is financed through 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 during the year ended June 30, 2002. 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, 2002 was \$ 612,770, which is reported as an asset of the Water Utility Enterprise Fund at June 30, 2002.

NOTES TO THE FINANCIAL STATEMENTS

Note 11. Joint Powers Agreement, Continued

As of June 30, 2002, the Cities and Districts have the following approximate ownership interest:

City of Pomona	29%
Walnut Valley Water District	43%
Rowland Water District	28%

PWR's financial statements for the fiscal year ending June 30, 2002 (the latest available) reflect the implementation of GASB 34 and reflect the following:

Total assets	\$ 5,488,267
Total liabilities	2,807,604
Net assets	<u>\$ 2,680,663</u>

The PWR does not recognize net income or loss. Net operating expenditures in excess of users' assessments are treated as accounts receivable on PWR's books and charged to users' accounts in the following year. Conversely, users' assessments in excess of net operating expenditures are treated as a liability and credited against users' accounts, also in the following year. Under this basis, net operating expenses for the PWR totaled \$12,598,284 compared to net operating revenues of \$12,597,195 in fiscal year 2002. Complete financial statements can be obtained from the Pomona-Walnut-Rowland Joint Water Line Commission, P.O. Box 508, Walnut, California 91789.

Note 12. Retirement Plan

Plan description: The City of Pomona 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 statutes and city ordinances. Copies of PERS' annual financial report may be obtained from their executive office: Lincoln Plaza, 400 P Street, Sacramento, California 95814.

Funding policy: Participants are required to contribute 7% (9% for safety employees) of their annual covered salary. The City makes the contributions required of City employees on their behalf and for their account. The amount paid by the City on behalf of employees for the year ended June 30, 2002 was \$2,573,756. The City is required to contribute at an actuarially determined rate calculated as a percentage of covered payroll. The employer contribution rate for the year ended June 30, 2002 was 0% for nonsafety employees and 0% for safety employees. Separately funded plans have been established for each employee group. Benefit provisions and all other requirements are established by state statute and City contract with employee bargaining groups. The contribution requirements of plan members and the City are established by PERS.

Annual pension cost: For 2002 the City's annual pension cost (employer contribution to PERS) of \$0 for safety and \$0 for miscellaneous was equal to the City's required and actual contributions. For 2002 the member contributions paid by the City were \$984,567 for safety and \$1,589,189 for miscellaneous. The required contribution was determined as part of the June 30, 1999, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 8.25% investment rate of return (net of administrative expenses), (b) projected annual salary increases of 3.75%, and (c) 2% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 3.5%. 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 four-year period (smoothed market value). PERS unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period for miscellaneous employees at June 30, 2002 is through June 30, 2011; for safety employees at June 30, 2002, it is through June 30, 2011.

NOTES TO THE FINANCIAL STATEMENTS

Note 12. Retirement Plan, Continued

Three-year trend information for PERS (safety)

Fiscal Year Ending June 30,	Annual Pension		
	Cost (Employer Contribution)	Percentage of APC Contributed	Net Pension Obligation
2000	\$ 1,087,667	100%	\$ -
2001	31,169	100%	-
2002	2,573,756	100%	-

Three-year trend information for PERS (miscellaneous)

Fiscal Year Ending June 30,	Annual Pension		
	Cost (Employer Contribution)	Percentage of APC Contributed	Net Pension Obligation
2000	\$ -	100%	\$ -
2001	-	100%	-
2002	-	100%	-

Required supplementary information

Funded status of plan (safety)

Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded Liability/ (Excess Assets)	Funded Status	Annual Covered Payroll	UAAL As a % of Payroll
June 30, 1999	\$ 141,955,931	\$ 163,452,954	\$ (21,497,023)	115%	\$ 10,607,022	203%
2000	150,507,319	175,321,546	(24,814,227)	116%	10,540,219	235%
2001	171,689,480	179,759,125	(8,069,645)	105%	11,255,322	72%

Funded status of plan (miscellaneous)

Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded Liability/ (Excess Assets)	Funded Status	Annual Covered Payroll	UAAL As a % of Payroll
June 30, 1999	\$ 100,098,426	\$ 138,356,506	\$ (38,258,080)	138%	\$ 19,194,617	199%
2000	107,217,082	150,177,184	(42,960,102)	140%	19,901,091	216%
2001	113,779,573	150,061,010	(36,281,437)	132%	21,542,378	168%

Part-time employee retirement plans: The City provides pension benefits for all of its non-regular employees either through an arrangement with PERS described above or through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. The plan is administered as part of the City's Section 457 plan. All non-regular employees are eligible to participate from the date of employment. Federal legislation requires contributions of at least 7.5% to a retirement plan. Employees contribute 100% of this requirement. All contributions vest immediately.

Note 12. Retirement Plan, Continued

For the year ended June 30, 2002, the City's covered payroll was \$1,969,728. The employees contributed \$147,729 (7.5% of current covered payroll). These amounts are now held in trust for the exclusive benefit of the participants and their beneficiaries.

Note 13. Post-employment Benefits

Approximately 398 employees are eligible to receive post-employment benefits at June 30, 2002. Retirees are eligible for one type of benefit if they retire after July 1, 1987 with at least 20 years of service with the City. This 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 expenditure based on its share of the annual premiums for these benefits as they become due. However, the Governmental Accounting Standards Board is currently working on an exposure draft to address the accounting and disclosure treatment for this type of plan. For the fiscal year ended June 30, 2002, \$1,033,425 of post-employment benefit expenditures was recognized.

Note 14. Commitments and Contingencies

Agreement to sell land: On November 22, 2000, the Agency entered into an agreement with the Pomona Unified School District (PUSD) in which the City agreed to sell to PUSD certain vacant land from its Land Held for Resale stock, for the purpose of the 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 of \$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. Currently, this property is involved in a litigation dispute with the former owner.

Since the property is involved in a legal dispute, the Agency and PUSD decided on February 15, 2001, to enter into a lease agreement to extend the time period that the property would be sold for a period of three years. The lease agreement is for a period of three years at which time escrow is expected to close. The lease agreement calls for the same terms as the DDA agreement (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 also 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.

In accordance with the lease agreement, all monies paid to the Agency from the PUSD will be refunded to the PUSD if the transfer of title does not occur. As a result, all monies paid to the Agency under the lease agreement, and prior to the title of title to the PUSD, will be included in deferred revenue in the Agency's Capital Projects Fund. Through June 30, 2002, the amount received by the Agency from the PUSD was \$295,000.

Agreement for allocation of tax increment funds: On December 5, 1988, the Agency entered into an agreement with the County of Los Angeles whereby the County has agreed to provide for sufficient allocation of tax increment to allow the Agency to meet its debt service requirements 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. During the year, the Agency received a grant in the amount of \$3,100,000.

Note 14. Commitments and Contingencies, Continued

Redevelopment 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 already includes interest at 10% per annum. The Agency has pledged tax increment as the source of repayment, which is required under the terms of the agreement when tax increment is received by the Agency. The beginning balance of this agreement has been restated by \$105,445 to more accurately reflect the terms of the agreement. This restatement had no effect on the beginning fund balance in the fund statements of the basic financial statements; however, it is included in the restatement of net assets for the government-wide financial statements. The Agency is in arrears on payments for this agreement; therefore, \$509,347 of the outstanding balance has been reflected as a fund liability at June 30, 2002.

Contingencies: The Agency is a defendant in a certain legal proceeding alleging breach of contract, wrongful foreclosure, fraud, inverse condemnation and defamation. The Agency's management has concluded that the risk of loss is reasonably possible and could range from \$1,000,000 to \$5,000,000. Approximately \$1.2 million has been accrued for this matter in the self-insurance fund in the City's financial statements at June 30, 2002.

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, because the City has set aside sufficient monies to cover confirmed adverse actions.

NOTES TO THE FINANCIAL STATEMENTS

Note 15. Restatement of Prior Year Net Assets

Certain items that occurred in prior year fund balances have been restated as of June 30, 2001 to more accurately reflect the substance of the underlying transactions. The following table lists the reason for the restatement by fund.

Special Revenue Fund:

Low- and Moderate-income Housing	\$ 11,390,509
Beginning fund balance	(565,083)
Underaccrual of amount owed to County of LA for refund of excess tax increment	<u>\$ 10,825,426</u>
Beginning fund balance, as restated	

Debt Service Funds:

General Debt Service	
Beginning fund balance	\$ 3,155,532
To reflect interfund advances as fund liabilities versus long-term debt	(15,060,000)
To properly reflect transactions under prior year debt issues	3,036,810
Beginning fund balance, as restated	<u>\$ (8,867,658)</u>

Public Financing Authority:

Beginning fund balance	\$117,686,271
To properly reflect transactions under prior year debt issues	12,023,190
Beginning fund balance, as restated	<u>\$129,709,461</u>

Redevelopment Debt Service

Beginning fund balance	\$ 25,477,114
Overaccrual of amount owed to County of LA for refund of excess tax increment	661,755
To reflect interfund advances as fund liabilities versus long-term debt	(114,270,000)
Beginning fund balance, as restated	<u>\$ (88,131,131)</u>

Capital Projects Funds:

Capital Outlay Capital Projects	
Beginning Fund Balance	\$ 4,764,037
To reflect prior recognized revenue as deferred revenue	(155,000)
Beginning Fund Balance, as restated	<u>\$ 4,609,037</u>

Redevelopment Capital Projects

Beginning fund balance	\$ 43,120,728
To reflect interfund advances as fund liabilities versus long-term debt	(2,500,000)
Beginning fund balance, as restated	<u>\$ 40,620,728</u>

Enterprise Funds:

Water Utility	
Beginning fund balance	\$ 51,849,703
To record construction in progress	3,153,006
To record capitalized interest on construction in progress	252,800
To properly reflect transactions under prior year debt issues	(2,261,012)
Beginning fund balance/total net assets, as restated	<u>\$ 52,994,497</u>

Sewer Fund

Beginning fund balance	\$ 6,823,483
To record construction in progress	8,055,870
To properly reflect capital assets	852,992
To properly reflect transactions under prior year debt issues	(511,048)
Beginning fund balance/total net assets, as restated	<u>\$ 15,221,297</u>

NOTES TO THE FINANCIAL STATEMENTS

Note 16. Subsequent Events

In July 2002, the City of Pomona issued \$4,300,000 2002 Tax Revenue Anticipation Notes to fund current expenditures from the City's general fund and certain Special Revenue Funds, including but not limited to, current expenses, capital expenditures and the discharge of other obligations or indebtedness of the City. The interest rate is 1.75% and the principal and interest on the notes are payable at maturity, June 30, 2003.

In October 2002, the Public Financing Authority of the City of Pomona issued \$15,205,000 2002 Refunding Revenue Bonds, Series AF, to refinance certain sewer obligations of the City of Pomona and improvements to the City's sewer enterprise. The interest rates range from 2% to 5%. Interest on the bonds is payable semiannually on each June 1 and December 1, commencing December 1, 2002. Principal on serial bonds are payable in annual installments ranging from \$165,000 to \$420,000. Term bonds of \$1,210,000, \$1,075,000, \$2,620,000, \$2,815,000, \$3,585,000 mature on December 1, 2023, December 1, 2026, December 1, 2032, December 1, 2037, and December 1, 2042, respectively.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF POMONA, CALIFORNIA

REQUIRED SUPPLEMENTARY INFORMATION
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES—
 BUDGETARY COMPARISON—GENERAL FUND
 Year Ended June 30, 2002

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget—
	Original	Final		Positive (Negative)
Revenues:				
Taxes	\$ 42,839,896	\$ 42,839,896	\$ 44,144,598	\$ 1,304,702
Intergovernmental	8,363,571	8,363,571	8,959,840	596,269
Licenses and permits	4,469,157	5,771,285	6,294,352	523,067
Charges for services	1,441,095	1,441,095	1,467,825	26,730
Fines and forfeitures	1,345,450	1,345,450	1,519,590	174,140
Income from property and investments	652,060	652,060	699,821	47,761
Miscellaneous	150,900	150,900	510,273	359,373
Total revenues	59,262,129	60,564,257	63,596,299	3,032,042
Expenditures:				
Current:				
General government	2,918,364	2,961,684	3,651,239	(689,555)
Public safety	43,689,321	43,602,837	44,998,007	(1,395,170)
Urban development	2,286,503	2,267,263	1,998,202	269,061
Community services	7,263,606	7,800,345	7,699,142	101,203
Capital outlay	4,808,302	6,289,291	5,891,994	397,297
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	9,495	9,495	-	9,495
Total expenditures	60,975,591	62,930,915	64,238,584	(1,307,669)
Excess of revenues over expenditures	(1,713,462)	(2,366,658)	(642,285)	1,724,373
Other financing sources (uses):				
Transfers in	1,925,754	2,722,770	2,479,059	(243,711)
Transfers out	(362,660)	(362,660)	(362,660)	-
Debt issuance	-	-	-	-
Total other financing sources (uses)	1,563,094	2,360,110	2,116,399	(243,711)
Net change in fund balances	(150,368)	(6,548)	1,474,114	1,480,662
Fund balances at beginning of year	7,619,014	7,619,014	7,619,014	-
Fund balances at end of year	\$ 7,468,646	\$ 7,612,466	\$ 9,093,128	\$ 1,480,662

See Notes to Required Supplementary Information.

CITY OF POMONA, CALIFORNIA

REQUIRED SUPPLEMENTARY INFORMATION
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES—
BUDGETARY COMPARISON—GENERAL FUND, CONTINUED
Year Ended June 30, 2002

<u>Budget-to-GAAP Reconciliation</u>	Actual Amounts (Budgetary Basis)
Revenues	
"Available for appropriation" from the budgetary comparison statement (preceeding page).	<u>\$ 63,596,299</u>
Expenditures	
"Total charges to appropriations" from the budgetary comparison statement.	\$ 64,238,584
Differences, budget to GAAP: Encumbrances are shown in the year incurred for budgetary purposes, but in the year paid for financial reporting purposes.	<u>221,704</u>
	<u>\$ 64,460,288</u>
Other Financing Sources/Uses	
"Available and charged to appropriations" from the budgetary comparison statement.	<u>\$ 2,116,399</u>

See Notes to Required Supplementary Information.

CITY OF POMONA, CALIFORNIA

REQUIRED SUPPLEMENTARY INFORMATION

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES—
BUDGETARY COMPARISON—LOW- AND MODERATE-INCOME HOUSING FUND—SPECIAL
REVENUE

June 30, 2002

	Budgeted Amounts		Actual Amounts	(Unfavorable) Variance
	Original	Final		Final Budget
Fund Balance, July 1, 2001	\$ 3,570,622	\$ 3,570,622	\$ 10,825,426	\$ 7,254,804
Resources (Inflows):				
Intergovernmental	850,000	850,000	-	(850,000)
Investment income	275,060	326,660	633,304	306,644
Miscellaneous	191,850	80,250	897,240	816,990
Gain (loss) on sale	-	60,000	(211,033)	(271,033)
Amount available for appropriations	1,316,910	1,316,910	1,319,511	2,601
Charges to Appropriations (Outflows):				
Community development	-	-	-	-
Urban development	3,826,464	6,386,725	5,755,847	(630,878)
Capital outlay	32,000	41,739	41,553	(186)
Debt service:				
Principal retirement	14,000	14,820	15,467	647
Interest and fiscal charges	22,000	21,180	20,533	(647)
County overpayment	565,083	565,083	-	(565,083)
Other financing (sources) uses:				
Transfer in	(2,890,800)	(2,890,800)	(3,345,580)	(454,780)
Transfer out	1,548,248	1,548,248	1,562,487	14,239
Total charges to appropriations	3,116,995	5,686,995	4,050,307	(1,636,688)
Excess of resources over (under) charges to appropriations	(1,800,085)	(4,370,085)	(2,730,796)	1,639,289
Fund balance (deficit), June 30, 2002	\$ 1,770,537	\$ (799,463)	\$ 8,094,630	\$ 8,894,093

See Notes to Required Supplementary Information.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds except the capital projects funds, which adopt project-length budgets. All annual appropriations lapse at fiscal year end.

On or before the last day in January of each year, all agencies of the government submit requests for appropriations to the government's manager so that a budget may be prepared. Before April 30, the proposed budget is presented to the government's council for review. The 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 government's department head, 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 council made several supplemental budgetary appropriations throughout the year. The supplemental budgetary appropriations made in the various governmental funds are detailed in the required supplementary information.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

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SUPPLEMENTAL SCHEDULES

CITY OF POMONA, CALIFORNIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2002

Assets	Housing Assistance Programs	Community Development Block Grant	Miscellaneous Grants	Traffic Safety	Traffic Congestion Relief
Assets:					
Cash and investments	\$ 2,013,033	\$ -	\$ 2,196,389	\$ -	\$ 371,039
Receivables:					
Accrued interest	20,233	-	12,195	-	5,836
Accounts, net	-	379,602	294,236	-	-
Due from other governments	-	-	192,800	-	-
Prepaid items	387,034	-	10,963	-	-
Restricted assets, cash and investments	-	27,600	256,611	-	-
Loan receivables	-	4,684,864	6,330,457	-	-
Advances to other funds	-	-	-	-	-
Total assets	\$ 2,420,300	\$ 5,092,066	\$ 9,293,651	\$ -	\$ 376,875
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 3,438	\$ 174,814	\$ 42,870	\$ -	\$ -
Accrued liabilities	16,235	23,933	30,022	-	-
Due to other funds	-	29,585	-	-	-
Deposits payable	44,475	-	-	-	-
Retentions payable	-	562	-	-	-
Due to to other governments	488,778	-	-	-	-
Advances from other funds	-	-	-	-	-
Deferred revenue	-	2,837,463	6,530,414	-	-
Total liabilities	552,926	3,066,357	6,603,306	-	-
Fund balances:					
Reserved for:					
Loans receivable					
Prepaid items	387,034	-	10,963	-	-
Debt service					
Loan receivables	-	4,684,864	6,330,457	-	-
Advances to other funds	-	-	-	-	-
Low and moderate income housing					
Encumbrances	5,799	82,880	44,792	-	-
Unreserved, undesignated (deficit)	1,474,541	(2,742,035)	(3,695,867)	-	376,875
Total fund balances (deficit)	1,867,374	2,025,709	2,690,345	-	376,875
Total liabilities and fund balances	\$ 2,420,300	\$ 5,092,066	\$ 9,293,651	\$ -	\$ 376,875

Special Revenue Funds

State Gas Tax	Proposition A	Proposition C	Vehicle Parking Districts	Air Quality Improvement	Landscape Maintenance District	Narcotics Forfeiture	Total
\$ 4,015,066	\$2,192,217	\$3,217,951	\$ 525,759	\$ 901,441	\$ 1,717,757	\$ 1,831,452	\$ 18,982,104
24,428	12,665	16,744	7,333	5,661	10,279	12,768	128,142
-	-	-	-	-	-	-	673,838
-	216,592	157,908	55	47,375	42,804	-	657,534
-	-	-	-	-	-	-	397,997
-	-	-	-	-	-	-	284,211
-	-	-	-	-	-	-	11,015,321
-	-	-	600,000	-	-	-	600,000
<u>\$ 4,039,494</u>	<u>\$2,421,474</u>	<u>\$3,392,603</u>	<u>\$ 1,133,147</u>	<u>\$ 954,477</u>	<u>\$ 1,770,840</u>	<u>\$ 1,844,220</u>	<u>\$ 32,739,147</u>

\$ 151,172	\$ 43,726	\$ 13,747	\$ 14,641	\$ -	\$ 156,216	\$ 34,179	\$ 634,803
3,557	1,140	530	1,418	152	4,976	228	82,191
-	-	-	-	-	-	-	29,585
-	-	-	-	-	-	-	44,475
11,099	-	-	-	-	-	-	11,661
-	-	-	-	-	-	-	488,778
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	9,367,877
<u>165,828</u>	<u>44,866</u>	<u>14,277</u>	<u>16,059</u>	<u>152</u>	<u>161,192</u>	<u>34,407</u>	<u>10,659,370</u>

-	-	-	-	-	-	-	397,997
-	-	-	-	-	-	-	11,015,321
-	-	-	600,000	-	-	-	600,000
529,079	11,019	-	753	7,500	23,232	3,791	708,845
<u>3,344,587</u>	<u>2,365,589</u>	<u>3,378,326</u>	<u>516,335</u>	<u>946,825</u>	<u>1,586,416</u>	<u>1,806,022</u>	<u>9,357,614</u>
<u>3,873,666</u>	<u>2,376,608</u>	<u>3,378,326</u>	<u>1,117,088</u>	<u>954,325</u>	<u>1,609,648</u>	<u>1,809,813</u>	<u>22,079,777</u>
<u>\$ 4,039,494</u>	<u>\$2,421,474</u>	<u>\$3,392,603</u>	<u>\$ 1,133,147</u>	<u>\$ 954,477</u>	<u>\$ 1,770,840</u>	<u>\$ 1,844,220</u>	<u>\$ 32,739,147</u>

CITY OF POMONA, CALIFORNIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS, CONTINUED
June 30, 2002

Assets	Capital Project Funds			Total Other Governmental Funds
	Capital Outlay	Assessment District Improvement	Total	
Assets:				
Cash and investments	\$ 4,196,378	\$ 30,755	\$ 4,227,133	\$ 23,209,237
Receivables:				
Accrued interest	23,019	227	23,246	151,388
Accounts, net	160,000	-	160,000	833,838
Due from other governments	-	-	-	657,534
Prepaid items	6,395	-	6,395	404,392
Restricted assets, cash and investments	475,297	404,368	879,665	1,163,876
Loan receivables	-	-	-	11,015,321
Advances to other funds	-	-	-	600,000
Total assets	\$ 4,861,089	\$ 435,350	\$ 5,296,439	\$ 38,035,586
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 1,341,419	\$ -	\$ 1,341,419	\$ 1,976,222
Accrued liabilities	12,676	-	12,676	94,867
Due to other funds	-	-	-	29,585
Deposits payable	-	-	-	44,475
Retentions payable	215,785	-	215,785	227,446
Due to to other governments	-	-	-	488,778
Advances from other funds	-	-	-	-
Deferred revenue	155,000	-	155,000	9,522,877
Total liabilities	1,724,880	-	1,724,880	12,384,250
Fund balances:				
Reserved for:				
Loans receivable	-	-	-	-
Prepaid items	6,395	-	6,395	404,392
Debt service	-	-	-	-
Loan receivables	-	-	-	11,015,321
Advances to other funds	-	-	-	600,000
Low- and moderate-income housing	-	-	-	-
Encumbrances	2,528,717	-	2,528,717	3,237,562
Unreserved:				
Undesignated	(1,249,912)	435,350	(814,562)	8,543,052
Total fund balances	1,285,200	435,350	1,720,550	23,800,327
Total liabilities and fund balances	\$ 3,010,080	\$ 435,350	\$ 3,445,430	\$ 36,184,577

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CITY OF POMONA, CALIFORNIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

Year Ended June 30, 2002

	Housing Assistance Programs	Community Development Block Grant	Miscellaneous Grants	Traffic Safety	Traffic Congestion Relief
Revenues:					
Special assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	5,495,154	3,391,536	3,380,508	-	351,811
Charges for services	-	-	40,321	-	-
Fines and forfeitures	-	-	-	-	-
Interest income	97,433	143,538	208,338	-	28,101
Miscellaneous	98,717	23,164	332,342	-	-
Total revenues	5,691,304	3,558,238	3,961,509	-	379,912
Expenditures:					
Current:					
Public safety	-	519,708	883,657	-	-
Urban development	5,479,014	1,071,286	1,888,446	-	-
Community services	-	1,107,174	530,334	-	-
Capital outlay	5,980	10,873	313,330	-	-
Debt service:					
Principal retirement	-	170,000	-	-	-
Interest and fiscal charges	247	148,830	-	-	-
Total expenditures	5,485,241	3,027,871	3,615,767	-	-
Excess (deficiency) of revenues over expenditures	206,063	530,367	345,742	-	379,912
Other financing sources (uses):					
Transfers in	-	235	118,743	-	-
Transfers out	-	(990,621)	(64,891)	(433,071)	(995,952)
Total other financing sources (uses)	-	(990,386)	53,852	(433,071)	(995,952)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	206,063	(460,019)	399,594	(433,071)	(616,040)
Fund balances at beginning of year	1,661,311	2,485,728	2,290,751	433,071	992,915
Fund balances at end of year	\$ 1,867,374	\$ 2,025,709	\$ 2,690,345	\$ -	\$ 376,875

Special Revenue Funds

State Gas Tax	Proposition A	Proposition C	Vehicle Parking Districts	Air Quality Improvement	Landscape Maintenance District	Narcotics Forfeiture	Total
\$ -	\$ -	\$ -	\$ 13,647	\$ -	\$ 1,182,463	\$ -	\$ 1,196,110
2,564,924	1,972,404	1,635,959	-	175,507	-	18,714	18,986,517
98	-	-	-	-	-	-	40,419
-	-	-	20,911	-	-	412,616	433,527
117,635	60,990	80,633	202,287	27,263	49,498	61,488	1,077,204
-	9,439	-	76,787	2,258	5,599	42,804	591,110
2,682,657	2,042,833	1,716,592	313,632	205,028	1,237,560	535,622	22,324,887
-	-	-	-	-	-	935,028	2,338,393
753,107	1,347,504	91,908	-	105,152	1,160,339	-	11,896,756
-	57,980	-	165,550	-	-	-	1,861,038
261,814	-	-	52,488	-	-	-	644,485
-	-	-	-	-	-	-	170,000
-	-	-	-	-	-	-	149,077
1,014,921	1,405,484	91,908	218,038	105,152	1,160,339	935,028	17,059,749
1,667,736	637,349	1,624,684	95,594	99,876	77,221	(399,406)	5,265,138
730,577	-	-	-	-	-	-	849,555
(1,619,026)	-	(25,047)	-	-	(86,807)	(41,083)	(4,256,498)
(888,449)	-	(25,047)	-	-	(86,807)	(41,083)	(3,406,943)
779,287	637,349	1,599,637	95,594	99,876	(9,586)	(440,489)	1,858,195
3,094,379	1,739,259	1,778,689	1,021,494	854,449	1,619,234	2,250,302	20,221,582
\$ 3,873,666	\$ 2,376,608	\$ 3,378,326	\$ 1,117,088	\$ 954,325	\$ 1,609,648	\$ 1,809,813	\$ 22,079,777

CITY OF POMONA, CALIFORNIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS, CONTINUED
 Year Ended June 30, 2002

	Capital Project Funds			Total Other Governmental Funds
	Capital Outlay	Assessment District Improvement	Total	
Revenues:				
Special assessments	\$ -	\$ -	\$ -	\$ 1,196,110
Intergovernmental	1,337,810	-	1,337,810	20,324,327
Charges for services	-	-	-	40,419
Fines and forfeitures	-	-	-	433,527
Income from property and investments	120,608	9,928	130,536	1,207,740
Miscellaneous	86,864	280	87,144	678,254
Total revenues	1,545,282	10,208	1,555,490	23,880,377
Expenditures:				
Current:				
Public safety	168,009	-	168,009	2,506,402
Urban development	1,252,538	17,345	1,269,883	13,166,639
Community services	-	-	-	1,861,038
Capital outlay	5,564,308	136	5,564,444	6,208,929
Debt service:				
Principal retirement	-	-	-	170,000
Interest and fiscal charges	-	-	-	149,077
Total expenditures	6,984,855	17,481	7,002,336	24,062,085
Excess (deficiency) of revenues over expenditures	(5,439,573)	(7,273)	(5,446,846)	(181,708)
Other financing sources (uses):				
Transfers in	2,644,562	-	2,644,562	3,494,117
Transfers out	(528,826)	-	(528,826)	(4,785,324)
Total other financing sources	2,115,736	-	2,115,736	(1,291,207)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(3,323,837)	(7,273)	(3,331,110)	(1,472,915)
Fund balances at beginning of year	4,609,037	442,623	5,051,660	25,273,242
Fund balances at end of year	\$ 1,285,200	\$ 435,350	\$ 1,720,550	\$ 23,800,327

CITY OF POMONA

COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
 BUDGET AND ACTUAL (BUDGETARY BASIS)
 NONMAJOR SPECIAL REVENUE FUNDS
 Year Ended June 30, 2002

	Budget	Actual on Budgetary Basis	Variance Favorable (Unfavorable)
Housing Assistance Programs			
Total revenues	\$ 6,929,475	\$ 5,691,304	\$ (1,238,171)
Total expenditures	7,363,862	5,485,241	1,878,621
Net change in fund balance	(434,387)	206,063	640,450
Community Dev Block Grant			
Total revenues	3,853,963	3,558,238	(295,725)
Total expenditures	4,135,186	3,027,871	1,107,315
Net change in fund balance	(281,223)	530,367	811,590
Miscellaneous Grants			
Total revenues	6,071,637	3,961,509	(2,110,128)
Total expenditures	7,347,893	3,615,767	3,732,126
Net change in fund balance	(1,276,256)	345,742	1,621,998
Traffic Congestion Relief			
Total revenues	335,000	379,912	44,912
Total expenditures	-	-	-
Net change in fund balance	335,000	379,912	44,912
State Gas Tax			
Total revenues	2,775,465	2,682,657	(92,808)
Total expenditures	2,315,337	1,014,921	1,300,416
Net change in fund balance	460,128	1,667,736	1,207,608
Proposition A			
Total revenues	1,866,240	2,042,833	176,593
Total expenditures	1,607,105	1,405,484	201,621
Net change in fund balance	259,135	637,349	378,214
Proposition C			
Total revenues	1,550,965	1,716,592	165,627
Total expenditures	94,188	91,908	2,280
Net change in fund balance	1,456,777	1,624,684	167,907
Vehicle Parking Districts			
Total revenues	266,000	313,632	47,632
Total expenditures	244,409	218,038	26,371
Net change in fund balance	21,591	95,594	74,003
Air Quality Improvement			
Total revenues	178,434	205,028	26,594
Total expenditures	309,526	105,152	204,374
Net change in fund balance	(131,092)	99,876	230,968

CITY OF POMONA

COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
 BUDGET AND ACTUAL (BUDGETARY BASIS)
 NONMAJOR SPECIAL REVENUE FUNDS, CONTINUED
 Year Ended June 30, 2002

	Budget	Actual on Budgetary Basis	Variance Favorable (Unfavorable)
Landscape Maintenance District			
Total revenues	\$ 1,225,000	\$ 1,237,560	\$ 12,560
Total expenditures	1,929,601	1,160,339	769,262
Net change in fund balance	<u>(704,601)</u>	<u>77,221</u>	<u>781,822</u>
Narcotics Forfeiture			
Total revenues	1,577,000	535,622	(1,041,378)
Total expenditures	1,725,392	935,028	790,364
Net change in fund balance	<u>(148,392)</u>	<u>(399,406)</u>	<u>(251,014)</u>
Totals			
Total revenues	26,629,179	22,324,887	(4,304,292)
Total expenditures	27,072,499	17,059,749	10,012,750
Net change in fund balance	<u>\$ (443,320)</u>	<u>\$ 5,265,138</u>	<u>\$ 5,708,458</u>

CITY OF POMONA, CALIFORNIA

COMBINING STATEMENTS OF NET ASSETS

INTERNAL SERVICE FUNDS

June 30, 2002

<u>Assets</u>	Equipment Maintenance	Self-insurance	Total
Current Assets			
Cash and investments	\$ 8,586	\$ 220,326	\$ 228,912
Inventory	425,447	-	425,447
Total current assets	434,033	220,326	654,359
Noncurrent Assets			
Capital assets:			
Property, plant and equipment	238,307	3,316	241,623
Less accumulated depreciation	(136,518)	(1,821)	(138,339)
Total capital assets (net of accumulated depreciation)	101,789	1,495	103,284
Total assets	\$ 535,822	\$ 221,821	\$ 757,643
Liabilities			
Current Liabilities			
Accounts payable	\$ 165,186	\$ 13,162	\$ 178,348
Accrued liabilities	33,459	8,994	42,453
Due to other funds	-	684,884	684,884
Obligation under capital leases, current portion	7,958	-	7,958
Compensated absences	156,433	58,247	214,680
Claims payable, current portion	-	2,200,000	2,200,000
Total current liabilities	363,036	2,965,287	3,328,323
Noncurrent Liabilities			
Obligation under capital leases, long-term portion	10,557	-	10,557
Claims payable, long-term portion	-	4,133,885	4,133,885
Total noncurrent liabilities	10,557	4,133,885	4,144,442
Total liabilities	373,593	7,099,172	7,472,765
Net Assets			
Invested in capital assets, net of related debt	83,274	1,495	84,769
Unrestricted (deficit)	78,955	(6,878,846)	(6,799,891)
Total net assets (deficit)	\$ 162,229	\$ (6,877,351)	\$ (6,715,122)

CITY OF POMONA, CALIFORNIA

COMBINING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
INTERNAL SERVICE FUNDS
Year Ended June 30, 2002

	Equipment Maintenance	Self-insurance	Totals
Operating revenues:			
Charges for services	\$ 3,277,896	\$ 5,332,815	\$ 8,610,711
Miscellaneous	70,235	22,536	92,771
Total operating revenues	3,348,131	5,355,351	8,703,482
Operating expenses:			
Personnel services	1,241,230	373,614	1,614,844
Operations	1,926,871	307,238	2,234,109
Claims expense	-	4,083,707	4,083,707
Depreciation	18,805	332	19,137
Insurance	115,948	594,601	710,549
Total operating expenses	3,302,854	5,359,492	8,662,346
Operating income (loss)	45,277	(4,141)	41,136
Nonoperating revenues (expenses)			
Income from property and investments	-	-	-
Gain (loss) on sale of property	-	-	-
Total nonoperating revenues (expenses)	-	-	-
Income before capital contributions	45,277	(4,141)	41,136
Transfers in	-	-	-
Transfers out	-	-	-
Capital contributions	-	-	-
Change in net assets	45,277	(4,141)	41,136
Total net assets (deficit) at beginning of year	116,952	(6,873,210)	(6,756,258)
Total net assets (deficit) at end of year	\$ 162,229	\$ (6,877,351)	\$ (6,715,122)

CITY OF POMONA, CALIFORNIA

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS

Year Ended June 30, 2002

	Equipment Maintenance	Self-insurance	Total
Cash Flows from Operating Activities:			
Receipts from user departments	\$ 3,277,896	\$ 5,339,888	\$ 8,617,784
Payments to suppliers	(1,952,106)	(309,664)	(2,261,770)
Payments to employees	(1,242,343)	(363,776)	(1,606,119)
Internal activity—payments to other funds	(14,324)	-	(14,324)
Claims paid	-	(3,903,974)	(3,903,974)
Other receipts (payments)	(45,526)	(579,138)	(624,664)
Net cash provided by (used in) operating activities	23,597	183,336	206,933
Cash Flows from Noncapital Financing Activities, operating subsidies and transfers to other funds			
	-	-	-
Cash Flows from Capital and Related Financing Activities, purchases of capital assets			
	(15,211)	-	(15,211)
Cash Flows from Investing Activities, interest on investments			
	-	-	-
Net increase in cash and cash equivalents	8,386	183,336	191,722
Cash and cash equivalents at beginning of year	200	36,990	37,190
Cash and cash equivalents at end of year	\$ 8,586	\$ 220,326	\$ 228,912
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities			
Operating income (loss)	\$ 45,277	\$ (4,141)	\$ 41,136
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	18,805	332	19,137
Change in assets and liabilities:			
Decrease in receivables	311	-	311
(Increase) in inventory	(31,956)	-	(31,956)
(Increase) decrease in prepaid items	-	-	-
Increase (decrease) in accrued liabilities and accounts payable	(8,840)	7,412	(1,428)
Increase in claims payable	-	179,733	179,733
Net cash provided by operating activities	\$ 23,597	\$ 183,336	\$ 206,933

CITY OF POMONA, CALIFORNIA

COMBINING STATEMENT OF FIDUCIARY NET ASSETS

AGENCY FUNDS

June 30, 2002

<u>Assets</u>	Assessment Districts	Superintendent of Streets	Engineers' Revolving	Construction Guarantee
Cash and Investments	\$ 1,487,671	\$ 44,475	\$ 990,303	\$ 321,032
Accrued Interest Receivable	9,017	-	5,156	-
Due from Other Governments	50,592	-	-	-
Total assets	\$ 1,547,280	\$ 44,475	\$ 995,459	\$ 321,032

Liabilities

Accounts Payable	\$ 21	\$ -	\$ -	\$ -
Due to Other Governments	-	-	-	-
Deposits Payable	8,219	44,475	995,459	321,032
Due to Bondholders	1,539,040	-	-	-
Total liabilities	\$ 1,547,280	\$ 44,475	\$ 995,459	\$ 321,032

Municipal Revolving	L.A. Impact	Employee Benefits/ Deductions	Total Agency Funds
\$ 829,825	\$ 17,791	\$ 1,008,664	\$ 4,699,761
-	7,875	-	22,048
-	-	-	50,592
<u>\$ 829,825</u>	<u>\$ 25,666</u>	<u>\$ 1,008,664</u>	<u>\$ 4,772,401</u>

\$ 24,330	\$ -	\$ 1,008,664	\$ 1,033,015
-	25,666	-	25,666
805,495	-	-	2,174,680
-	-	-	1,539,040
<u>\$ 829,825</u>	<u>\$ 25,666</u>	<u>\$ 1,008,664</u>	<u>\$ 4,772,401</u>

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STATISTICAL SECTION

CITY OF POMONA

General Governmental Expenditures by Function⁽¹⁾

Last Ten Fiscal Years

Fiscal Year	General Government	Public Safety	Urban Development	Community Services	Capital Outlay	Debt Service	Total
1993	6,844,548	34,088,100	24,961,936	3,068,210	5,823,559	18,200,468	92,986,821
1994	5,709,566	35,352,360	25,077,388	3,516,463	3,685,466	112,653,753	185,994,996
1995	8,678,125	37,866,935	24,599,604	9,326,382	2,343,418	49,068,530	131,882,994
1996	8,447,097	39,942,519	21,438,715	14,841,954	5,077,322	46,753,315	136,500,922
1997	12,668,793	38,965,280	20,609,982	14,450,763	3,576,848	51,584,822	141,856,488
1998	9,265,507	41,164,031	12,883,594	15,200,737	9,184,079	55,156,418	142,854,366
1999	7,843,758	42,220,062	17,905,578	13,937,663	4,141,047	71,992,734	158,040,842
2000	6,778,898	41,725,423	19,452,719	13,858,135	1,608,254	72,286,562	155,709,991
2001	6,727,376	44,425,476	21,149,013	13,676,530	604,380	43,186,847	129,769,622
2002	8,790,914	47,504,409	21,161,216	9,560,180	13,959,993	34,175,634	135,152,346

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

Source: City of Pomona Finance Department.

CITY OF POMONA
General Governmental Revenues by Source ⁽¹⁾
 Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Taxes</u>	<u>Licenses and Permits</u>	<u>Use of Money and Property</u>	<u>Inter-governmental</u>	<u>Fines and Forfeitures</u>	<u>Charges for Services</u>	<u>Special Assessments</u>	<u>Other</u>	<u>Total</u>
1993	41,334,061	6,134,363	10,301,622	23,586,081	440,576	-	999,267	6,853,992	89,649,962
1994	40,737,525	6,236,362	8,839,771	24,121,715	458,803	-	1,122,077	3,768,356	85,284,609
1995	44,016,691	5,136,871	6,866,901	28,104,752	1,322,325	-	2,672,928	3,373,400	91,493,868
1996	50,211,869	3,938,482	5,846,181	25,618,248	1,100,273	2,109,043	1,203,937	4,040,039	94,068,072
1997	53,320,043	3,862,730	6,500,968	30,959,479	1,142,935	2,305,769	2,509,266	3,947,437	104,548,627
1998	50,376,194	3,940,599	7,252,758	33,010,989	880,245	2,514,549	1,814,070	4,574,450	104,363,854
1999	50,940,632	3,116,575	5,184,614	31,687,088	2,700,233	2,838,057	2,360,530	2,869,655	101,697,384
2000	52,258,715	3,058,095	5,865,514	31,631,060	3,100,574	1,158,271	2,337,995	3,419,801	102,830,025
2001	56,468,799	3,017,858	7,259,498	35,504,885	3,161,424	1,098,673	2,328,723	1,526,340	110,366,200
2002	62,541,988	6,547,772	14,748,121	32,513,626	1,953,117	1,508,244	1,196,110	3,552,575	124,561,553

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

Source: City of Pomona Finance Department.

CITY OF POMONA

Property Tax Levies and Collections

Ten Year Historical

<u>Fiscal Year</u>	<u>Levies</u>	<u>Collections</u>	<u>% of Collections</u>
1993	8,972,863	8,892,617	99.1%
1994	7,254,375	7,150,044	98.6%
1995	6,708,675	6,309,869	94.1%
1996	6,622,475	6,403,104	96.7%
1997	6,828,973	6,480,774	94.9%
1998	6,706,616	6,500,933	96.9%
1999	6,934,772	6,786,865	97.9%
2000	7,059,231	6,979,086	98.9%
2001	7,466,932	7,326,292	98.1%
2002	7,713,316	7,399,413	95.9%

Source: City of Pomona Finance Department.

CITY OF POMONA

Assessed and Estimated Actual Value of Property

Last Ten Fiscal Years

Fiscal Year	Secured Roll	Public Utilities ⁽¹⁾	Unsecured Roll	Total	Percent Increase
1993	4,191,004,575	8,321,340	351,897,155	4,551,223,070	5.71%
1994	4,340,783,832	15,357,386	310,806,624	4,666,947,842	2.54%
1995	4,372,991,955	12,874,232	275,139,417	4,661,005,604	(0.13)%
1996	4,330,144,261	12,867,989	257,848,999	4,600,861,249	(1.29)%
1997	4,283,725,836	12,861,746	338,765,212	4,635,352,794	0.75%
1998	4,311,032,185	14,726,543	309,554,531	4,635,313,259	(0.00)%
1999	4,372,044,455	11,233,978	348,589,134	4,731,867,567	2.08%
2000	4,499,207,617	10,376,825	335,637,278	4,845,221,720	2.40%
2001	4,636,202,609	10,063,388	398,293,152	5,044,559,149	4.11%
2002	4,853,266,731	10,468,888	410,334,977	5,274,070,596	4.55%

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

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

CITY OF POMONA

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

Fiscal Year	County General	City	School	Flood Control	Metro Water District	Sanitation District #21	Other Districts	Total
1993	1.000000	0.005526	0.029327	0.003397	0.008900	0.000206	0.001409	1.048765
1994	1.000000	0.000000	0.056170	0.004212	0.008900	0.000000	0.001713	1.070995
1995	1.000000	0.000000	0.056598	0.006041	0.008900	0.000000	0.001993	1.073532
1996	1.000000	0.000000	0.057972	0.000963	0.008900	0.000000	0.001814	1.069649
1997	1.000000	0.000000	0.063000	0.001991	0.008900	0.000000	0.001604	1.075495
1998	1.000000	0.000000	0.078245	0.002197	0.008900	0.000000	0.001584	1.090926
1999	1.000000	0.001451	0.083907	0.001953	0.008900	0.000000	0.000000	1.096211
2000	1.000000	0.000000	0.105068	0.001765	0.008900	0.000000	0.001422	1.117155
2001	1.000000	0.000000	0.134930	0.001552	0.008800	0.000000	0.001314	1.146596
2002	1.000000	0.000000	0.122018	0.001073	0.007700	0.000000	0.001128	1.131919

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

CITY OF POMONA
Principal Taxpayers
in Alphabetical Order
For Fiscal Year 2001-2002

Albertson's	Myers' Tire Supply
Arco AM/PM Mini Marts	Phenix Enterprises
Barrett's Equine Sales	Pomona Mitsubishi
Circuit City Store	Rancho Valley Chevrolet
Construction Hardware	Rio Rancho Buick/Pontiac/GMC
Graphic Distributors	Sav-On Drug Store
Grossman's Contractors Warehouse	Sheraton Suites Fairplex
Haaker Equipment	Stater Brothers' Markets
Home Depot	Texaco Star
ISG Resources	W. W. Grainger
J. B. Mobil	Wal-Mart Stores
Lee's Mobil	Wickes Furniture Showroom
McKenna Motors Pomona	

Source: Hinderliter DeLlamas & Associates

CITY OF POMONA
Computation of Legal Debt Margin
June 30, 2002

Total assessed value of all real and personal property	\$ 5,274,070,596
Debt limit percentage	<u>15.00%</u>
Total debt limit	791,110,589
Amount of debt applicable to debt limit	<u>-</u>
Legal debt margin	<u><u>\$ 791,110,589</u></u>

Source: City of Pomona Finance Department.

CITY OF POMONA

**Ratio of Net General Obligation
Bonded Debt to Assessed Value and Net
General Obligation Bonded Debt Per Capita**

Last Ten Fiscal Years

Fiscal Year	Assessed Value	Population	Gross General Bonded Debt	Debt Service Funds	Net General Bonded Debt	Ratio of Net General Bonded Debt to Assessed Value	Net General Bonded Debt Per Capita
1993	4,551,223,070	137,284	190,000	267,468	-	0.0000%	0
1994	4,666,947,842	138,624	55,000	150,760	-	0.0000%	0
1995	4,661,005,604	138,018	-	104,166	-	0.0000%	0
1996	4,600,861,249	139,792	-	109,667	-	0.0000%	0
1997	4,635,352,794	141,385	-	55,510	-	0.0000%	0
1998	4,635,313,259	143,152	-	37,396	-	0.0000%	0
1999	4,731,867,567	145,400	-	38,939	-	0.0000%	0
2000	4,845,221,720	147,656	-	40,807	-	0.0000%	0
2001	5,044,559,149	149,473	-	50,633	-	0.0000%	0
2002	5,274,070,596	154,741	-	54,465	-	0.0000%	0

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

CITY OF POMONA
**Ratio of Annual Debt Service Expenditures
 for General Obligation Bonded Debt to
 Total General Governmental Expenditures**
 Last Ten Fiscal Years

Fiscal Year	Principal	Interest and Fiscal Charges	Total Debt Service	Total General Expenditures ⁽¹⁾	Ratio of Debt Service To General Governmental Expenditures
1993	195,000	9,680	204,680	92,986,821	0.2201%
1994	135,000	4,091	139,091	185,994,996	0.0748%
1995	55,000	935	55,935	131,882,994	0.0424%
1996	-	-	-	136,500,922	0.0000%
1997	-	-	-	141,856,488	0.0000%
1998	-	-	-	142,854,366	0.0000%
1999	-	-	-	158,040,842	0.0000%
2000	-	-	-	158,209,991	0.0000%
2001	-	-	-	129,769,622	0.0000%
2002	-	-	-	135,152,346	0.0000%

⁽¹⁾ Includes General, Special Revenue, Debt Service, and Capital Projects Funds

Source: City of Pomona Finance Department.

CITY OF POMONA
**Computation of Direct and Overlapping
 Bonded Debt-General Obligation Bonds**
 June 30, 2002

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 06/30/01</u>
Los Angeles County	0.669%	\$ 244,218
Los Angeles County Flood Control District	0.69	117,128
Metropolitan Water District	0.352	1,770,824
Mount San Antonio Community College District	10.974	4,389,600
Claremont Unified School District	6.826	2,741,322
Pomona Unified School District	72.512	73,298,755
City of Pomona 1915 Act Bonds	100	13,520,000
Los Angeles County Regional Park & Open Space Assessment District	0.669	2,758,254
Total Overlapping Tax and Assessment Debt		\$ 98,840,101

DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:

Los Angeles County General Fund Obligations	0.669%	\$ 11,138,844
Los Angeles County Pension Obligations	0.669	11,720,796
Los Angeles County Superintendent of Schools Certs. of Partcp.	0.669	199,166
Los Angeles County Flood Control District Certs of Partcp.	0.69	1,091,132
Los Angeles County Sanitation District No. 21 Authority	19.793	5,544,564
Pomona Unified School District Certificates of Participation	72.512	36,966,618
Bonita Unified School Dist. Certfs. of Partcp.	0.228	17,268
Claremont Unified School District General Fund Obligation	6.826	887,380
City of Pomona General Fund Obligations	100	23,463,174
Walnut Valley Water District Authority	2.788	525,538
San Gabriel Valley Mosquito Abatement Dist. Certs. of Partcp.	6.937	88,100
Total Gross Direct and Overlapping General Fund Obligation Debt		\$ 91,642,580
Less:		
Los Angeles County Certificates of Participation(100% self-supporting from leasehold revenues on properties in Marina Del Ray)	642,273	
Pomona Unified School District Lease Revenue Bonds (100% self-supporting from investment agreement deposits)	8,701,440	
Walnut Valley Water District Authority	525,538	9,869,251
Total Net Direct and Overlapping General Fund Obligation Debt		\$ 81,773,329
GROSS COMBINED TOTAL DEBT		\$ 190,482,681
NET COMBINED TOTAL DEBT		\$ 180,613,430

Ratios to 2001-02 Assessed Valuation:

Total Overlapping Tax and Assessment Debt1.87%

Ratios to Adjusted Assessed Valuation:

Combined Direct Debt (\$23,463,174)..... 0.63%
 Gross Combined Total Debt..... 5.11%
 Net Combined Total Debt..... 4.85%

State School Building Aid Repayable as of 06-30-02: \$1,268

(1) Excludes tax and revenue anticipation notes.

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

CITY OF POMONA

Water Fund Revenue Bond Coverage

Last Ten Fiscal Years

Fiscal Year	Gross Revenue ⁽¹⁾	Gross Expense ⁽²⁾	Net Revenue Available for Debt Service	Debt Service Requirements ⁽³⁾			Coverage
				Principal	Interest	Total	
1993	11,081,970	9,931,919	1,150,051	-	228,540	228,540	5.032
1994	13,114,597	9,940,698	3,173,899	165,000	452,130	617,130	5.143
1995	12,043,484	11,024,014	1,019,470	170,000	446,180	616,180	1.655
1996	13,201,274	11,023,196	2,178,078	175,000	438,742	613,742	3.549
1997	14,801,770	13,174,589	1,627,181	185,000	434,580	619,580	2.626
1998	12,347,904	10,464,489	1,883,415	190,000	417,230	607,230	3.102
1999	13,688,393	11,689,626	1,998,767	200,000	416,392	616,392	3.243
2000	17,596,322	12,955,203	4,641,119	455,000	2,220,564	2,675,564	1.735
2001	23,086,449	14,775,508	8,310,941	840,000	2,692,474	3,532,474	2.353
2002	21,615,513	16,656,497	4,959,016	915,000	2,662,164	3,577,164	1.386

(1) Total operating revenues including interest.

(2) Total operating expenses exclusive of depreciation.

(3) The first revenue bonds for the water fund were issued in July 1992, with debt service requirements beginning during the fiscal year 1992-1993. The second revenue bonds for the water fund were issued in September 1999, with debt service requirements beginning during the fiscal year 1999-2000. Requirements are reported on the cash basis, excluding premiums.

Source: City of Pomona Finance Department.

CITY OF POMONA

Special Assessment Billings and Collections

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Special Assessment Billings</u>	<u>Special Assessments Collected</u>
1991	\$ -	\$ -
1992	-	-
1993	-	-
1994	-	-
1995	-	-
1996	-	-
1997	1,136,246	1,109,108
1998	1,135,414	1,135,413
1999	1,136,246	1,135,583
2000	1,134,192	1,129,657
2001	1,131,634	1,131,634
2002	1,135,602	1,134,629

Source: City of Pomona Finance Department.

City of Pomona
Demographics
 the Last 10 Years

<u>Fiscal Year</u>	<u>Unemployment Rate(a)</u>	<u>Population(b)</u>	<u>Population Annual % Change</u>
1993	12.1%	137,284	(0.90)%
1994	11.5%	138,624	0.98%
1995	9.7%	138,018	(0.44)%
1996	10.1%	139,792	1.29%
1997	8.4%	141,385	1.14%
1998	8.1%	143,152	1.25%
1999	7.3%	145,400	1.57%
2000	6.6%	147,656	1.55%
2001	7.0%	149,473	1.23%
2002	Unavailable	154,741	3.52%

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

b) Department of Finance.

CITY OF POMONA
Building Valuations and Construction Activity
 Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Number of New Residential Dwelling Units</u>	<u>New Residential Valuation</u>	<u>New NonResidential Valuation</u>	<u>Total New Valuation</u>
1993	78	11,936,338	27,049,050	38,985,388
1994	87	9,499,782	25,846,798	35,346,580
1995	60	6,577,330	7,379,273	13,956,603
1996	85	5,996,792	8,626,052	14,622,844
1997	83	13,528,882	6,742,443	20,271,325
1998	26	3,149,534	14,430,622	17,580,156
1999	28	8,968,384	13,682,717	22,651,101
2000	28	3,631,727	14,394,510	18,026,237
2001	177	19,460,000	28,000,000	47,460,000
2002	94	13,460,521	17,437,903	30,898,424

Source: City of Pomona Community Development Department

CITY OF POMONA

Bank Deposits

Last Ten Fiscal Years

<u>Year</u>	<u>Bank Deposits (\$000)</u>
1993	2,721,830
1994	1,622,354
1995	1,474,973
1996	1,648,270
1997	2,246,288
1998	3,366,801
1999	3,138,418
2000	3,137,197
2001	6,305,435
2002	2,913,021

Source: The Findley Reports

CITY OF POMONA
Miscellaneous Statistics

June 30, 2002

Date of Incorporation	January 1888
Charter Date	March 10, 1911, amended November 3, 1964, amended November 3, 1998
Form of Government	Council - Administration
Officials	Mayor and six councilpersons
Elections	First Tuesday in November of even numbered years
County	Los Angeles, California
Area	22.9 square miles
Miles of Streets	360
Miles of Curbs and Gutters	approximately 625
Police Protection:	
Number of Stations	1
Number of Sworn Officers	178
Public Education Facilities:	
Elementary Schools	26
Junior High Schools	6
Comprehensive High School	7 (including 1 continuation school & 1 alternative school)
Adult Education School	1
Municipal Water Department:	
Number of Consumers	29,500
Average Daily Consumption (gallons)	31,000,000
Miles of Water Mains	435 miles
Gate Valves	10,673
Sewers and Drains:	
Miles of Sanitary Sewer Lines	275
Miles of Storm Drains	120
Recreation and Culture:	
Number of Park Sites	24 with 189 acres
Number of Community Centers	7
Number of Libraries	1

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