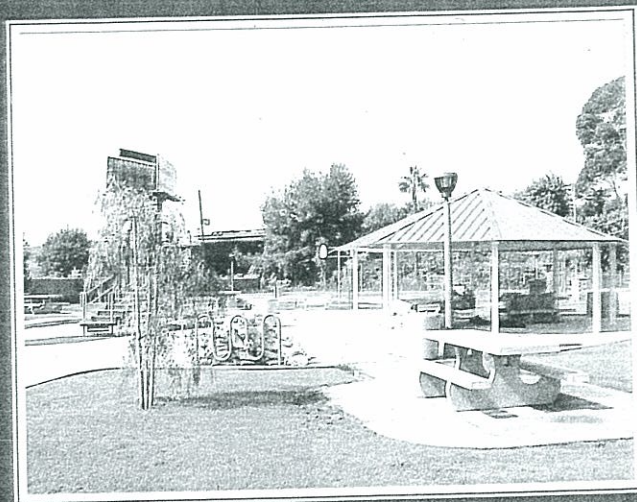
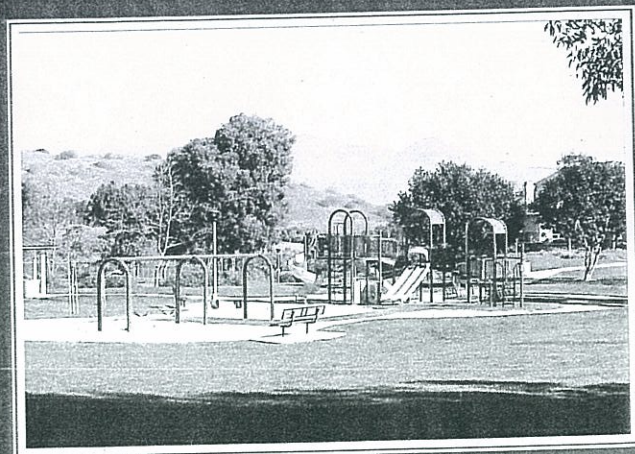
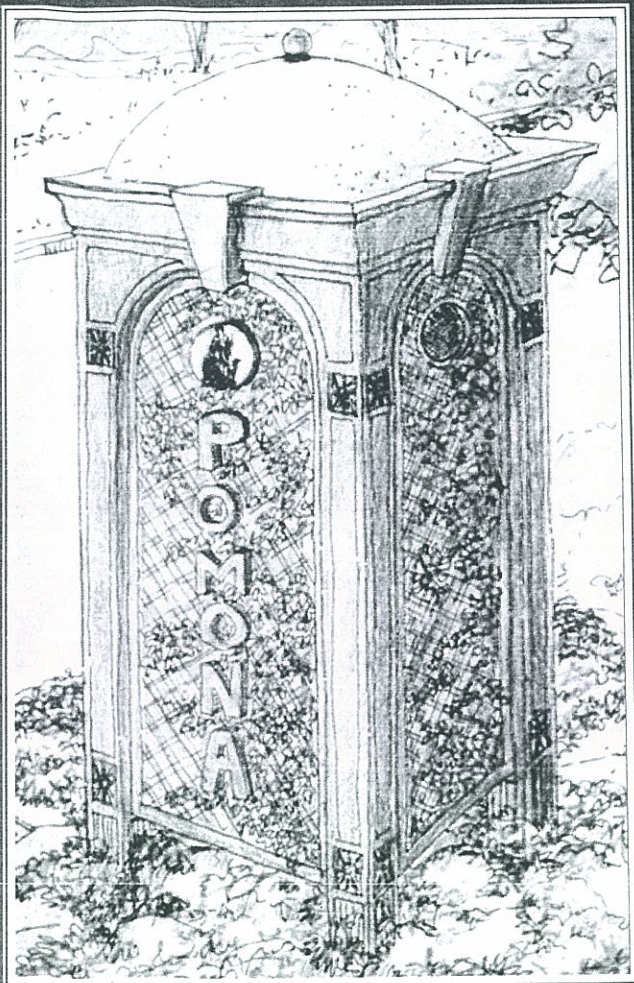


# City of Pomona

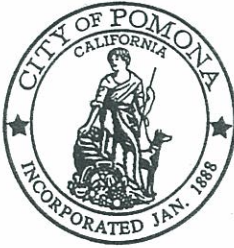
California

## Comprehensive Annual Financial Report For the year ended June 30, 2004





CITY OF POMONA, CALIFORNIA



COMPREHENSIVE  
ANNUAL FINANCIAL  
REPORT

Year Ended June 30, 2004

Edward S. Cortez

Mayor

George Hunter

Councilmember, District 1

Marco Robles

Councilmember, District 2

Daniel Rodriguez

Councilmember, District 3

Paula Lantz

Councilmember, District 4

Elliott Rothman

Councilmember, District 5

Norma J. Torres

Councilmember, District 6

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



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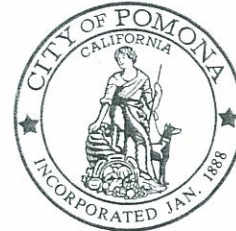


# THE CITY OF POMONA

PAULA CHAMBERLAIN  
Finance Director

Finance Department

December 10, 2004



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, 2004 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 third 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:

- |                              |   |
|------------------------------|---|
| <b>Introductory section—</b> | 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, 2003. |
| <b>Financial section—</b>    | includes the basic financial statements as well as Management's Discussion and Analysis, Fund 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. |
| <b>Statistical section—</b>  | 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, and became a charter city in 1911. The City operates under a Council-Manager form of municipal government.

The accompanying Comprehensive Annual Financial Report includes the activities of the City 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 158,360 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 2004/05 that includes the use of a small amount of reserves earned in recent years. 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, 2004 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, 2003. The City of Pomona has received a Certificate of Achievement for the last eleven consecutive years (1993-2003). 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.



**Additional Information.** For additional information, please refer to the Management's Discussion and Analysis in the Financial Section of this report. 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, 2004. Please read it in conjunction with the basic financial statements and the accompanying notes to those financial statements.

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

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

Respectfully submitted,

A handwritten signature in cursive script that reads "Paula Chamberlain". The signature is written in dark ink and is positioned above the printed name and title.

Paula Chamberlain  
Finance Director



## Certificate of Achievement

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### Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Pomona,  
California

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2003

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



*Nancy L. Ziehl*

President

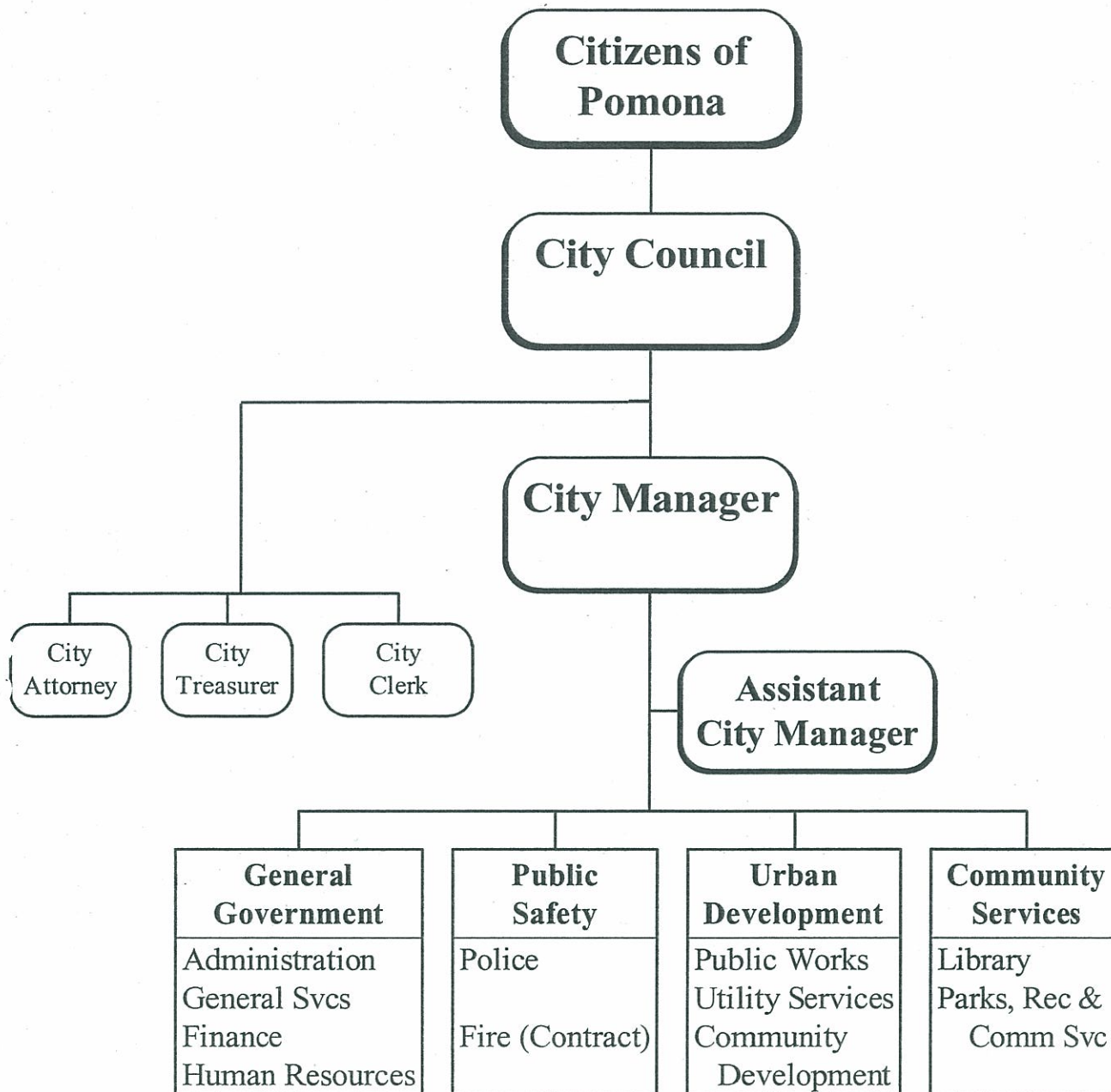
*Jeffrey R. Enen*

Executive Director



CITY OF POMONA

# Organizational Chart



CITY OF POMONA

# DIRECTORY OF CITY OFFICIALS

## CITY COUNCIL

Edward Cortez  
Mayor

**George Hunter**  
Councilmember  
District 1

**Marco Robles**  
Councilmember  
District 2

**Daniel Rodriguez**  
Councilmember  
District 3

**Paula Lantz**  
Councilmember  
District 4

**Elliott Rothman**  
Councilmember  
District 5

**Norma J. Torres**  
Councilmember  
District 6

## APPOINTED ADMINISTRATIVE OFFICIALS

City Manager ..... Douglas Dunlap  
City Attorney ..... Arnold Alvarez-Glasman  
City Clerk ..... Elizabeth Villeral  
City Treasurer ..... Douglas Peterson

## DEPARTMENT DIRECTORS

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



# McGladrey & Pullen

Certified Public Accountants

## 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, 2004, 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 opinions 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 opinions.

In our opinion, the 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, 2004, 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 5, the City restated net assets of certain enterprise funds, as previously reported at June 30, 2003. The result of the restatement was to increase net assets at June 30, 2003 by \$5,942,836.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2004 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and budgetary comparison schedules on pages 3 to 11 and 63 to 66, respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and we express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining nonmajor fund financial statements, other combining statements and the schedule of revenues and expenditures—budget and actual, listed in the table of contents as supplementary information, are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as whole.

The accompanying introductory and statistical sections, as listed in the table of contents, are presented for the purpose of additional analysis and are not a required part of the basic financial statements. This information has 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*

Irvine, California  
November 15, 2004

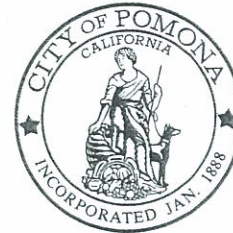




# THE CITY OF POMONA

PAULA CHAMBERLAIN  
Finance Director

Finance Department



## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Fiscal Year Ended June 30, 2004

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, 2004. Please read it in conjunction with the accompanying transmittal letter, the basic financial statements and the accompanying notes to those financial statements.

## FINANCIAL STATEMENTS

- The assets of the City exceeded its liabilities at the close of the fiscal year by \$132.6 million.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$168.4 million.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$4.1 million, or approximately 5.6% of total general fund expenditures.

## THE FINANCIAL STATEMENTS

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

The Government-Wide Financial Statements present the financial picture of the City from the economic resources measurement focus using the accrual basis of accounting. Governmental activities and business type activities are presented separately. These statements include all assets of the City, except for the City's infrastructure which the City is currently accumulating the data for inclusion in its financial report within the next two 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 variances of results in the Governmental funds statements to those in the Government-Wide financial statements are explained in a reconciliation schedule following each Governmental Funds financial statement.

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

### **Notes to the Financial Statements**

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

### **Other Information**

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

### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, the net assets for the City as a whole are \$132.6 million at June 30, 2004. 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.



CITY OF POMONA

Management's Discussion and Analysis, continued  
Year Ended June 30, 2004

The City's combined Net Assets (in millions) for fiscal years ended June 30, 2004 and June 30, 2003 are as follows:

	Governmental Activities		Business-type Activities		Total	
	2004	2003	2004	2003	2004	2003
Current and other assets	\$ 234.4	\$ 145.6	\$ 56.8	\$ 63.5	\$ 291.2	\$ 209.1
Capital assets	126.1	122.5	102.0	88.0	228.1	210.5
<b>Total assets</b>	<b>\$ 360.5</b>	<b>\$ 268.1</b>	<b>\$ 158.8</b>	<b>\$ 151.5</b>	<b>\$ 519.3</b>	<b>\$ 419.6</b>
Other liabilities	\$ 22.3	\$ 20.0	\$ 8.8	\$ 8.6	\$ 31.1	\$ 28.6
Long-term liabilities outstanding	288.9	192.6	66.7	67.5	355.6	260.1
<b>Total liabilities</b>	<b>\$ 311.2</b>	<b>\$ 212.6</b>	<b>\$ 75.5</b>	<b>\$ 76.1</b>	<b>\$ 386.7</b>	<b>\$ 288.7</b>
Net assets:						
Invested in capital assets, net of related debt	\$ (4.3)	\$ 50.2	\$ 49.3	\$ 51.2	\$ 45.0	\$ 101.4
Restricted	24.2	69.6	-	-	24.2	69.6
Unrestricted	29.4	(64.3)	34.0	24.2	63.4	(40.1)
<b>Total net assets</b>	<b>\$ 49.3</b>	<b>\$ 55.5</b>	<b>\$ 83.3</b>	<b>\$ 75.4</b>	<b>\$ 132.6</b>	<b>\$ 130.9</b>

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

## CITY OF POMONA

Management's Discussion and Analysis, continued  
 Year Ended June 30, 2004

## City of Pomona Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2004	2003	2004	2003*	2004	2003*
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 22.3	\$ 19.9	\$ 30.9	\$ 29.8	\$ 53.2	\$ 49.7
Operating grants and contributions	18.9	15.6	0.1	-	19.0	15.6
Capital grants and contributions	6.4	9.0	-	0.1	6.4	9.1
General revenues:						
Taxes:						
Property taxes	32.7	29.9	-	-	32.7	29.9
Sales and use taxes	14.5	15.7	-	-	14.5	15.7
Utility user's tax	16.3	16.5	-	-	16.3	16.5
Transient occupancy	1.5	1.3	-	-	1.5	1.3
Franchises	4.1	2.0	-	-	4.1	2.0
Motor vehicle in-lieu	7.2	8.9	-	-	7.2	8.9
Other taxes	0.9	1.6	-	-	0.9	1.6
Income from property and investment	12.3	11.1	3.1	2.2	15.4	13.3
Gain on sale of capital assets	-	-	0.5	-	0.5	-
Other general revenues	-	-	-	-	-	-
Miscellaneous	2.5	3.5	0.3	0.2	2.8	3.7
Total revenues	139.6	135.0	34.9	32.3	174.5	167.3
<b>Expenses:</b>						
General government	16.9	20.6	-	-	16.9	20.6
Public safety	54.4	54.0	-	-	54.4	54.0
Community Services	11.7	11.2	-	-	11.7	11.2
Urban development	43.4	30.1	-	-	43.4	30.1
Interest on long term debt	20.6	17.2	-	-	20.6	17.2
Water	-	-	21.9	21.7	21.9	21.7
Sewer	-	-	2.8	1.6	2.8	1.6
Refuse	-	-	6.8	6.3	6.8	6.3
Total expenses	147.0	133.1	31.5	29.6	178.5	162.7
Increase (decrease) in net assets before transfers	(7.4)	1.9	3.4	2.7	(4.0)	4.6
Transfers	1.2	(0.1)	(1.2)	0.1	-	-
Increase (decrease) in net assets	(6.2)	1.8	2.2	2.8	(4.0)	4.6
Net assets at beginning of year	55.5	53.7	81.1	78.3	136.6	132.0
Net assets 6/30/04	\$ 49.3	\$ 55.5	\$ 83.3	\$ 81.1	\$ 132.6	\$ 136.6

\* Includes restatement of prior period net assets



## **BUSINESS-TYPE ACTIVITIES**

The cost of all Proprietary (Business type) activities this year was \$31.6 million. As shown in the Statement of Activities and Changes in Net Assets, the amounts paid by users of the systems was \$30.8 million, and operating grants and contributions were \$0.1 million. Investment earnings were \$3.1 million, gain on sale of capital assets was \$0.5 million and miscellaneous revenue was \$0.3 million.

Total resources available during the year to finance Proprietary Fund (Business type) activities were \$114.9 million consisting of Net Assets at July 1, 2003 of \$81.3 million, program revenues of \$31.0 million and general revenues of \$3.8 million. Total Proprietary Fund (Business type) activities during the year were \$31.6 million; thus net assets were increased by \$2.0 million to \$83.3 million.

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

The fund balance at year-end for the City's General Fund of \$10.3 million is an overall increase of \$1.0 million, primarily due to the reimbursement of retirement contributions as a result of the issuance of pension obligation bonds offset by the anticipated increase in expenditures from the prior year.

The Low and Moderate Income Housing Fund shows an increase of \$10.8 million from the prior year primarily due to the issuance of revenue bonds.

The General Debt Service Funds show an increase of \$1.5 million primarily due to the issuance of revenue bonds and certificates of participation.

The Public Financing Authority Debt Service Funds show an increase of \$61.1 million primarily due to the issuance of revenue bonds and certificates of participation.

The Redevelopment Agency Debt Service Fund shows a decrease of \$42.0 million primarily due to the issuance of revenue bonds.

The Redevelopment Agency Capital Project Funds show an increase of \$27.9 million primarily due to the issuance of revenue bonds for various improvements.

The \$2.4 million decrease in the Other Governmental Funds was primarily due to a \$1.6 million increase in the Proposition C Fund that is earmarked for the Mission/71 interchange as well as a \$0.8 increase in the Proposition A Fund offset by decreases in the Capital Outlay Fund of \$4.2 million and the Traffic Congestion Fund of \$0.5 as a result of expenditures for various capital projects. Incidental increases/decreases in various other funds account for the remaining decrease of \$0.1 million.

# CITY OF POMONA

Management's Discussion and Analysis, continued  
Year Ended June 30, 2004

## 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 \$364.6 million.

During the year, the City of Pomona Public Financing Authority issued \$102.4 million of revenue bonds to finance improvements, refinance certain Redevelopment Agency obligations to the Authority and to reimburse contributions to the California Public Employees' Retirement System (PERS) for the current fiscal year and to fund the unfunded accrued actuarial liability for Public Safety employees. In addition, the Authority issued \$14.0 million of certificates of participation to finance various public improvements, including street improvements throughout the City, which are part of the City's capital improvement plan.

The City of Pomona also entered into new lease agreements totaling \$1.7 million for the replacement of the automated trash trucks and various other vehicles and equipment. The terms of the new leases range from three to five years.

Additional information on the City of Pomona's long-term debt can be found in note 6 on pages 44-54 of this report.

	Governmental Activities	Business-type Activities	Total
Bonds	\$ 219,085,847	\$ 64,815,000	\$ 283,900,847
Certificates of participation	22,398,034	-	22,398,034
HUD Section 108 loan	1,500,000	-	1,500,000
Participation agreement	872,150	-	872,150
LA County deferred tax loan	20,062,311	-	20,062,311
Special assessment debt	10,750,000	-	10,750,000
Claims payable	9,956,738	-	9,956,738
Compensated absences	6,707,434	824,280	7,531,714
Obligations under capital lease	3,926,395	3,670,528	7,596,923
<b>Total</b>	<b>\$ 295,258,909</b>	<b>\$ 69,309,808</b>	<b>\$ 364,568,717</b>



CITY OF POMONA

Management's Discussion and Analysis, continued  
Year Ended June 30, 2004

**CASH MANAGEMENT**

To obtain flexibility in cash management, the City employs a pooled cash system (Reference Note 2 in the Notes to the Basic Financial Statements). Under the pooled cash concept, the City invests the cash of all funds with maturities planned to coincide with cash needs. Idle cash is invested in certain eligible securities as constrained by law and further limited by the City's Investment Policy. The goals of the City's Investment Policy are safety, liquidity and yield.

**CAPITAL ASSETS**

The capital assets of the City are those assets, which are used in the performance of the City's functions including infrastructure assets. At June 30, 2004, net capital assets of the governmental activities totaled \$126.1 million and the net capital assets of the business-type activities totaled \$102.0 million. Depreciation on capital assets is recognized in the Government-Wide financial statements.

Additional information on the City of Pomona's capital assets can be found in note 5 on pages 40-43 of this report.

Description	Original Cost	Accumulated Depreciation	Book Value
<b>Capital Assets, Governmental Activities:</b>			
Land	\$ 70,601,615	\$ -	\$ 70,601,615
Buildings and improvements	15,144,020	7,155,861	7,988,159
Improvements other than buildings	32,410,463	6,807,545	25,602,918
Machinery and equipment	6,528,016	3,636,620	2,891,396
Autos and trucks	5,573,966	3,289,359	2,284,607
Equipment under capital leases	5,811,753	4,921,494	890,259
Infrastructure	7,330,541	168,200	7,162,341
Construction in Progress	8,652,509	-	8,652,509
<b>Total</b>	<b>\$ 152,052,883</b>	<b>\$ 25,979,079</b>	<b>\$ 126,073,804</b>
<b>Capital Assets, Business-type Activities:</b>			
Land and water rights	\$ 3,964,303	\$ -	\$ 3,964,303
Construction in Progress	11,495,633	-	11,495,633
Buildings	107,427	5,108	102,319
Improvements other than buildings	3,106,120	610,741	2,495,379
Plant, machinery and equipment	131,419,425	48,812,833	82,606,592
Autos and trucks	4,815,291	4,349,179	466,112
Equipment under capital leases	3,504,103	2,620,769	883,334
<b>Total</b>	<b>\$ 158,412,302</b>	<b>\$ 56,398,630</b>	<b>\$ 102,013,672</b>

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

Comparing the fiscal year 2003-04 original (or adopted) budget of the General Fund of \$71.6 million to the final budget of \$72.3 million shows a net increase of \$0.7 million.

The increase in the budget was due to various unanticipated expenses including an increase to the fire contract due to delay in cost reduction implementation, retirement expenses, and various other costs across several departments.

## **ECONOMIC FACTORS**

At the time of this writing, the State of California is facing record budget shortfalls in both the current and coming Fiscal Years, which many analysts expect will not be readily resolved without a fundamental realignment of State Government policies and practices. In so doing, history has demonstrated that there will almost inevitably be a significant impact to the flow of moneys from Sacramento to various local governments, and that the City of Pomona may experience reductions in, or the elimination of, certain revenue streams now being received from the State. Although the magnitude of such changes is unknown at this time, there is valid reason to expect a considerable shift in both the sources and the amounts which will be received from the State, as a long-term solution to the current fiscal crisis is determined by the Governor and the legislature.

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

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



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City of Pomona, California

Statement of Net Assets  
June 30, 2004

Assets	Governmental Activities	Business-type Activities	Total
Cash and Investments	\$ 46,498,090	\$ 18,953,978	\$ 65,452,068
Receivables			
Accrued interest	180,193	82,262	262,455
Accounts, net	1,543,795	9,202,988	10,746,783
Special assessment receivables	8,910,146	-	8,910,146
Internal Balances	(2,592,520)	2,592,520	-
Due from Other Governments	12,054,182	-	12,054,182
Inventory	405,830	183,306	589,136
Prepaid Items	598,307	-	598,307
Deferred Charges	3,633,545	1,716,597	5,350,142
Land Held for Resale	22,839,058	-	22,839,058
Loans Receivable	18,868,389	104,280	18,972,669
Restricted Cash and Investments	93,722,683	23,938,496	117,661,179
Net Pension Asset	27,722,510	-	27,722,510
	<u>234,384,208</u>	<u>56,774,427</u>	<u>291,158,635</u>
Capital Assets			
Land and water rights	70,601,615	3,964,303	74,565,918
Buildings and improvements	15,144,020	107,427	15,251,447
Improvements other than buildings	32,410,463	3,106,120	35,516,583
Plant, machinery and equipment	6,528,016	131,419,425	137,947,441
Autos and trucks	5,573,966	4,815,291	10,389,257
Infrastructure	7,330,541	-	7,330,541
Construction in progress	8,652,509	11,495,633	20,148,142
Equipment under capital leases	5,811,753	3,504,103	9,315,856
Less accumulated depreciation	(25,979,079)	(56,398,630)	(82,377,709)
<b>Total capital assets (net of accumulated depreciation)</b>	<u>126,073,804</u>	<u>102,013,672</u>	<u>228,087,476</u>
<b>Total assets</b>	<u>\$ 360,458,012</u>	<u>\$ 158,788,099</u>	<u>\$ 519,246,111</u>

See Notes to Financial Statements.

<b>Liabilities</b>	Governmental Activities	Business-type Activities	Total
Accounts Payable and Accrued Liabilities	\$ 5,009,663	\$ 3,435,361	\$ 8,445,024
Accrued Interest Payable	4,551,736	506,268	5,058,004
Due to Other Governments	1,266,793	-	1,266,793
Notes Payable	453,537	-	453,537
Deposits Payable	151,536	2,246,836	2,398,372
Deferred Revenue	4,462,180	18,944	4,481,124
Noncurrent Liabilities			
Due within one year	6,403,589	2,572,148	8,975,737
Due in more than one year	288,855,320	66,737,660	355,592,980
<b>Total liabilities</b>	<b>311,154,354</b>	<b>75,517,217</b>	<b>386,671,571</b>

Invested in Capital Assets, net of related debt	(4,298,872)	49,330,263	45,031,391
Restricted for:			
Community development	6,428,141	-	6,428,141
Public safety	3,760,386	-	3,760,386
Public works	14,045,144	-	14,045,144
Unrestricted	29,368,859	33,940,619	63,309,478
<b>Total net assets</b>	<b>\$ 49,303,658</b>	<b>\$ 83,270,882</b>	<b>\$ 132,574,540</b>



City of Pomona, California

Statement of Activities  
Year Ended June 30, 2004

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities:					
General government	\$ 16,877,268	\$ 11,453,036	\$ 3,973,846	\$ 4,551	\$ 15,431,433
Urban development	43,458,432	6,153,324	12,863,488	5,749,345	24,766,157
Public safety	54,409,038	3,479,248	1,718,926	308,583	5,506,757
Community Services	11,752,699	1,239,748	288,557	358,943	1,887,248
Interest on long-term debt	20,640,447	-	-	-	-
<b>Total governmental activities</b>	<b>147,137,884</b>	<b>22,325,356</b>	<b>18,844,817</b>	<b>6,421,422</b>	<b>47,591,595</b>
Business-type activities:					
Water	21,939,428	21,080,917	67,077	-	21,147,994
Sewer	2,789,001	2,525,048	-	-	2,525,048
Refuse	6,842,583	7,224,218	55,120	-	7,279,338
<b>Total business-type activities</b>	<b>31,571,012</b>	<b>30,830,183</b>	<b>122,197</b>	<b>-</b>	<b>30,952,380</b>
<b>Total government</b>	<b>\$ 178,708,896</b>	<b>\$ 53,155,539</b>	<b>\$ 18,967,014</b>	<b>\$ 6,421,422</b>	<b>\$ 78,543,975</b>

General revenues:

Taxes:

Property  
Sales and use taxes  
Utility Users tax  
Transient occupancy taxes  
Franchise  
Motor vehicle in lieu  
Other taxes  
Income from property and investments  
Gain on sale of capital assets  
Miscellaneous

Transfers

**Total general revenues and transfers**

Change in net assets  
Net assets at beginning of year, as restated  
Net assets at end of year

See Notes to Financial Statements.

Net Revenue (Expense) and  
Changes in Net Assets

Governmental Activities	Business-type Activities	Total
\$ (1,445,835)	\$ -	\$ (1,445,835)
(18,692,275)	-	(18,692,275)
(48,902,281)	-	(48,902,281)
(9,865,451)	-	(9,865,451)
(20,640,447)	-	(20,640,447)
(99,546,289)	-	(99,546,289)
-	(791,434)	(791,434)
-	(263,953)	(263,953)
-	436,755	436,755
-	(618,632)	(618,632)
(99,546,289)	(618,632)	(100,164,921)
32,674,483	-	32,674,483
14,483,633	-	14,483,633
16,375,211	-	16,375,211
1,482,972	-	1,482,972
4,078,354	-	4,078,354
7,204,184	-	7,204,184
936,114	-	936,114
12,309,966	3,087,898	15,397,864
-	492,080	492,080
2,482,994	257,334	2,740,328
1,243,732	(1,243,732)	-
93,271,643	2,593,580	95,865,223
(6,274,646)	1,974,948	(4,299,698)
55,578,304	81,295,934	136,874,238
\$ 49,303,658	\$ 83,270,882	\$ 132,574,540



City of Pomona, California

Balance Sheet—Governmental Funds  
June 30, 2004

	General	Low- and Moderate- Income Housing	General Debt Service	Public Financing Authority Debt Service
<b>Assets</b>				
Assets				
Cash and investments	\$ 2,059,634	\$ 5,571,871	\$ 384,545	\$ 109,024
Receivables:				
Accrued interest	2,422	16,389	3,743	434
Accounts, net	1,010,899	388,566	-	-
Assessments	-	-	8,910,146	-
Due from other funds	1,015,171	146,833	-	-
Due from other governments	5,737,084	-	-	-
Inventory	140,511	-	-	-
Prepaid items	13,107	-	-	-
Restricted cash and investments	-	10,960,023	5,072,086	-
Loans receivable, net of allowance	800,000	4,744,610	-	-
Advances to other funds	4,829,421	-	7,200,000	194,640,000
Property held for resale	-	2,439,707	-	-
<b>Total assets</b>	<b>\$ 15,608,249</b>	<b>\$ 24,267,999</b>	<b>\$ 21,570,520</b>	<b>\$ 194,749,458</b>
<b>Liabilities</b>				
Liabilities				
Accounts payable	\$ 837,839	\$ 14,532	\$ -	\$ -
Accrued liabilities	1,459,995	37,835	-	-
Due to other funds	-	-	-	-
Deposits payable	-	-	-	-
Loan and notes payable	104,280	-	-	-
Due to other governments	-	-	-	-
Advances from other funds	600,000	-	20,815,000	-
Deferred revenue	2,342,227	4,744,610	9,725,942	-
<b>Total liabilities</b>	<b>5,344,341</b>	<b>4,796,977</b>	<b>30,540,942</b>	<b>-</b>
<b>Fund Balances</b>				
Reserved for:				
Loans receivable	800,000	-	-	-
Property held for resale	-	2,439,707	-	-
Inventory	140,511	-	-	-
Prepaid items	13,107	-	-	-
Debt service	-	-	5,072,086	-
Advances to other funds	4,829,421	-	7,200,000	194,640,000
Low- and moderate-income housing	-	16,940,596	-	-
Encumbrances	415,103	90,719	168	4,500
Unreserved, designated for contingencies	4,065,766	-	-	-
Unreserved, undesignated (deficits):				
General	-	-	-	-
Special revenue	-	-	-	-
Debt service	-	-	(21,242,676)	104,958
Capital projects	-	-	-	-
<b>Total fund balances (deficits)</b>	<b>10,263,908</b>	<b>19,471,022</b>	<b>(8,970,422)</b>	<b>194,749,458</b>
<b>Total liabilities and fund balances</b>	<b>\$ 15,608,249</b>	<b>\$ 24,267,999</b>	<b>\$ 21,570,520</b>	<b>\$ 194,749,458</b>

See Notes to Financial Statements.

Redevelopment Agency Debt Service	Redevelopment Agency Capital Project	Other Governmental Funds	Total Governmental Funds
\$ 3,190,848	\$ 10,890,255	\$ 23,750,375	\$ 45,956,552
26,549	35,600	93,219	178,356
14,510	126,175	1,000	1,541,150
-	-	-	8,910,146
-	786,719	-	1,948,723
5,069,824	-	1,247,274	12,054,182
-	-	-	140,511
-	1,597	581,544	596,248
12,678,865	51,311,287	13,616,536	93,638,797
-	1,903,503	11,420,276	18,868,389
-	-	600,000	207,269,421
-	20,399,351	-	22,839,058
<u>\$ 20,980,596</u>	<u>\$ 85,454,487</u>	<u>\$ 51,310,224</u>	<u>\$ 413,941,533</u>

\$ 2,000	\$ 231,090	\$ 1,880,830	\$ 2,966,291
-	43,342	167,071	1,708,243
933,552	-	473,124	1,406,676
-	103,173	48,363	151,536
-	349,257	-	453,537
218,037	-	1,048,756	1,266,793
160,155,000	10,292,848	13,670,000	205,532,848
3,059,384	1,322,500	10,840,728	32,035,391
<u>164,367,973</u>	<u>12,342,210</u>	<u>28,128,872</u>	<u>245,521,315</u>

-	581,003	1,545,527	2,926,530
-	20,399,351	-	22,839,058
-	-	-	140,511
-	1,597	581,544	596,248
12,678,825	-	-	17,750,911
-	-	600,000	207,269,421
-	-	-	16,940,596
-	407,220	12,685,108	13,602,818
-	-	-	4,065,766
-	-	-	-
-	-	21,930,326	21,930,326
(156,066,202)	-	-	(177,203,920)
-	51,723,106	(14,161,153)	37,561,953
<u>(143,387,377)</u>	<u>73,112,277</u>	<u>23,181,352</u>	<u>168,420,218</u>
<u>\$ 20,980,596</u>	<u>\$ 85,454,487</u>	<u>\$ 51,310,224</u>	<u>\$ 413,941,533</u>



City of Pomona, California

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets  
June 30, 2004

Total fund balances, governmental funds	\$	168,420,218
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.

Capital assets	\$	151,767,227	
Accumulated depreciation		<u>(25,755,640)</u>	126,011,587

Issuance costs from issuing debt were expenditures at the fund level but are deferred and subject to capitalization and amortization on the statement of net assets.

Originated during the year	3,758,841	
Amortization of costs	<u>(125,296)</u>	3,633,545

The special item, pension contribution, is a use of current financial resources and an expenditure at the fund level but is deferred and recognized as a net pension asset on the statement of net assets.	27,722,510
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Accrued interest payable on long-term debt does not require current financial resources, therefore, it is not reported in the funds.	(4,551,726)
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Revenues that are not available to pay current period expenditures are deferred in the funds.	27,573,211
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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.

Current assets	813,398	
Restricted noncurrent assets	83,886	
Capital assets, cost	285,656	
Capital assets, accumulated depreciation	(223,439)	
Accounts payable and accrued liabilities	(335,139)	
Noncurrent liabilities:		
Due within one year	(3,276,344)	
Due in more than one year	(6,906,738)	
Advances to other funds	<u>(4,871,140)</u>	(14,429,860)

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

Due within one year	(3,127,245)	
Due in more than one year	<u>(281,948,582)</u>	(285,075,827)
Net assets of governmental activities		<u>\$ 49,303,658</u>

See Notes to Financial Statements.

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City of Pomona, California

Statement of Revenues, Expenditures and Changes in Fund Balances—Governmental Funds  
Year Ended June 30, 2004

	General	Low- and Moderate- income Housing	General Debt Service	Public Financing Authority Debt Service
<b>Revenues:</b>				
Taxes	\$ 56,000,201	\$ -	\$ 1,131,341	\$ -
Special assessments	-	-	-	-
Intergovernmental	149,037	200,160	-	-
Charges for services	1,642,440	-	-	-
Fines and forfeitures	1,882,913	-	-	-
Licenses and permits	7,730,528	-	-	-
Income from property and investments	626,218	815,542	177,292	7,400,464
Loan repaid	-	533,531	-	-
Miscellaneous	448,282	102,237	-	-
<b>Total revenues</b>	<b>68,479,619</b>	<b>1,651,470</b>	<b>1,308,633</b>	<b>7,400,464</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	2,326,222	-	4,340	7,500
Public safety	51,265,736	-	-	-
Urban development	8,105,751	3,238,732	-	-
Community services	8,064,476	-	1,250	-
Capital outlay	273,133	-	-	-
<b>Debt service:</b>				
Principal retirement	1,806,357	269,975	490,000	1,325,000
Pass-through payments	-	-	-	-
Interest and fiscal charges	187,360	10,424	2,659,040	7,399,085
Debt issuance costs	-	-	996,701	2,762,140
<b>Total expenditures</b>	<b>72,029,035</b>	<b>3,519,131</b>	<b>4,151,331</b>	<b>11,493,725</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(3,549,416)</b>	<b>(1,867,661)</b>	<b>(2,842,698)</b>	<b>(4,093,261)</b>
<b>Other financing sources (uses):</b>				
Proceeds of bonds, loans and notes payable	-	-	32,300,000	84,060,000
Proceeds of capital lease	-	-	-	-
Proceeds on sale of capital assets	5,578	-	-	-
Bond premium	-	-	-	2,726,007
Bond discount	-	-	-	(327,164)
Payments to Escrow Agent Trust	-	-	-	-
Transfers in	4,926,107	14,043,798	3,039,981	-
Transfers out	(375,132)	(1,358,387)	(3,310,656)	(21,246,703)
<b>Total other financing sources (uses)</b>	<b>4,556,553</b>	<b>12,685,411</b>	<b>32,029,325</b>	<b>65,212,140</b>
Special item, pension contribution	-	-	(27,722,510)	-
<b>Net change in fund balances</b>	<b>1,007,137</b>	<b>10,817,750</b>	<b>1,464,117</b>	<b>61,118,879</b>
Fund balances (deficits) at beginning of year	9,256,771	8,653,272	(10,434,539)	133,630,579
Fund balances (deficits) at end of year	\$ 10,263,908	\$ 19,471,022	\$ (8,970,422)	\$ 194,749,458

See Notes to Financial Statements.

Redevelopment Agency Debt Service	Redevelopment Agency Capital Project	Other Governmental Funds	Total Governmental Funds
\$ 19,877,028	\$ -	\$ 304,236	\$ 77,312,806
-	-	1,240,538	1,240,538
3,100,000	-	21,817,042	25,266,239
-	-	48,293	1,690,733
-	-	810,391	2,693,304
-	-	512,376	8,242,904
342,671	538,387	1,762,253	11,662,827
-	107,774	-	641,305
136,580	821,209	724,150	2,232,458
23,456,279	1,467,370	27,219,279	130,983,114
-	-	1,347,223	3,685,285
-	-	3,143,302	54,409,038
1,144,686	5,919,653	19,667,920	38,076,742
-	-	3,686,973	11,752,699
-	342,251	1,894,821	2,510,205
-	-	-	-
558,037	67,196	151,923	4,668,488
8,544,047	-	-	8,544,047
6,545,869	13,993	4,117	16,819,888
-	-	-	3,758,841
16,792,639	6,343,093	29,896,279	144,225,233
6,663,640	(4,875,723)	(2,677,000)	(13,242,119)
294,893	259,893	354,820	117,269,606
-	-	646,123	646,123
-	-	-	5,578
-	-	-	2,726,007
-	-	-	(327,164)
(22,608,271)	-	-	(22,608,271)
26,874,782	39,286,731	4,449,810	92,621,209
(53,179,963)	(6,760,672)	(5,145,964)	(91,377,477)
(48,618,559)	32,785,952	304,789	98,955,611
-	-	-	(27,722,510)
(41,954,919)	27,910,229	(2,372,211)	57,990,982
(101,432,458)	45,202,048	25,553,563	110,429,236
\$ (143,387,377)	\$ 73,112,277	\$ 23,181,352	\$ 168,420,218



**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of  
Governmental Funds to the Statement of Activities  
Year Ended June 30, 2004**

Net change in fund balances, total governmental funds		\$ 57,990,982
Amounts reported for governmental activities in the statement of activities are different because:		
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 net of amounts transferred between categories.		6,047,211
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.		(2,492,166)
Special item, pension contribution that is deferred and amortized in the statement of activities		27,722,510
Issuance costs from issuing debt are expenditures at the fund level but are deferred and subject to capitalization and amortization on the statement of net assets.		(3,633,545)
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 premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount amount is the net effect of these differences in the treatment of long-term debt and related items, as listed below:		
Principal repayments	\$ 26,380,480	
Issuance of long-term debt	(121,877,284)	
Compensated absences paid	6,364,028	
Compensated absences earned	(7,112,661)	
Interest and other	7,258,644	(88,986,793)
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.		(1,347,091)
Revenues in the funds that were previously recognized in the statement of activities.		(77,855)
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.		
Depreciation	(14,255)	
Claim payments	5,543,539	
Claims payable additions	(4,787,893)	
Compensated absences paid	342,933	
Compensated absences earned	(368,865)	
Other expenditures	(5,078,218)	
Other revenues	2,864,860	(1,497,899)
Change in net assets of governmental activities		\$ (6,274,646)

See Notes to Financial Statements.

City of Pomona, California

Statement of Net Assets—Proprietary Funds  
June 30, 2004

Assets	Business-type Activities—Enterprise Funds				Governmental Activities— Internal Service Funds
	Water Utility	Sewer	Refuse	Totals	
<b>Current Assets</b>					
Cash and investments	\$ 8,626,918	\$ 6,401,568	\$ 3,925,492	\$ 18,953,978	\$ 541,538
Receivables:					
Accrued interest	41,101	26,453	14,708	82,262	1,837
Accounts, net	9,086,456	-	116,532	9,202,988	2,645
Due from other funds	55,832	427,535	1,090,004	1,573,371	-
Inventory	183,306	-	-	183,306	265,319
Prepaid items	-	-	-	-	2,059
Deferred charges	-	1,716,597	-	1,716,597	-
<b>Total current assets</b>	<b>17,993,613</b>	<b>8,572,153</b>	<b>5,146,736</b>	<b>31,712,502</b>	<b>813,398</b>
<b>Noncurrent Assets</b>					
Restricted assets, cash and investments	17,866,089	5,381,402	691,005	23,938,496	83,886
Loan receivable	104,280	-	-	104,280	-
Advances to other funds	3,134,567	-	-	3,134,567	-
	<b>21,104,936</b>	<b>5,381,402</b>	<b>691,005</b>	<b>27,177,343</b>	<b>83,886</b>
<b>Capital assets:</b>					
Property, plant and equipment	99,041,456	43,743,205	4,132,008	146,916,669	285,656
Construction in progress	11,114,623	381,010	-	11,495,633	-
Less accumulated depreciation	(36,082,639)	(16,302,930)	(4,013,061)	(56,398,630)	(223,439)
<b>Total capital assets (net of accumulated depreciation)</b>	<b>74,073,440</b>	<b>27,821,285</b>	<b>118,947</b>	<b>102,013,672</b>	<b>62,217</b>
<b>Total noncurrent assets</b>	<b>95,178,376</b>	<b>33,202,687</b>	<b>809,952</b>	<b>129,191,015</b>	<b>146,103</b>
<b>Total assets</b>	<b>\$ 113,171,989</b>	<b>\$ 41,774,840</b>	<b>\$ 5,956,688</b>	<b>\$ 160,903,517</b>	<b>\$ 959,501</b>

See Notes to Financial Statements.



Liabilities	Business-type Activities—Enterprise Funds				Governmental Activities— Internal Service Funds
	Water Utility	Sewer	Refuse	Totals	
<b>Current Liabilities</b>					
Accounts payable	\$ 2,195,816	\$ 125,832	\$ 330,727	\$ 2,652,375	\$ 263,217
Accrued liabilities	195,293	17,924	81,409	294,626	71,912
Accrued interest	442,716	55,861	7,691	506,268	10
Due to other funds	2,059,586	27,916	27,916	2,115,418	-
Compensated absences	593,537	70,689	160,054	824,280	224,194
Claims payable, current portion	-	-	-	-	3,050,000
Obligation under long-term debt, current portion	1,075,000	165,000	-	1,240,000	-
Obligation under capital leases, current portion	284,596	115,588	107,684	507,868	2,150
Retentions payable	488,360	-	-	488,360	-
Deposits payable	2,246,836	-	-	2,246,836	-
Deferred revenue	-	18,944	-	18,944	-
<b>Total current liabilities</b>	<b>9,581,740</b>	<b>597,754</b>	<b>715,481</b>	<b>10,894,975</b>	<b>3,611,483</b>
<b>Noncurrent Liabilities</b>					
Claims payable, long-term portion	-	-	-	-	6,906,738
Obligation under long-term debt, long-term portion	49,120,000	14,455,000	-	63,575,000	-
Obligation under capital leases, long-term portion	2,462,966	114,256	585,438	3,162,660	-
Advances from other funds	-	-	-	-	4,871,140
<b>Total noncurrent liabilities</b>	<b>51,582,966</b>	<b>14,569,256</b>	<b>585,438</b>	<b>66,737,660</b>	<b>11,777,878</b>
<b>Total liabilities</b>	<b>61,164,706</b>	<b>15,167,010</b>	<b>1,300,919</b>	<b>77,632,635</b>	<b>15,389,361</b>
<b>Net Assets</b>					
Invested in capital assets, net of related debt	34,195,103	15,709,335	(574,175)	49,330,263	60,067
Unrestricted (deficit)	17,812,180	10,898,495	5,229,944	33,940,619	(14,489,927)
<b>Total net assets (deficit)</b>	<b>\$ 52,007,283</b>	<b>\$ 26,607,830</b>	<b>\$ 4,655,769</b>	<b>\$ 83,270,882</b>	<b>\$ (14,429,860)</b>

City of Pomona, California

Statement of Revenues, Expenses and Changes in Net Assets—Proprietary Funds  
Year Ended June 30, 2004

	Business-type Activities—Enterprise Funds				Governmental Activities— Internal Service Funds
	Water Utility	Sewer	Refuse	Totals	
Operating revenues:					
Charges for services	\$ 21,080,917	\$ 2,525,048	\$ 7,224,218	\$ 30,830,183	\$ 8,457,877
Intergovernmental	67,077	-	55,120	122,197	-
Miscellaneous	245,387	45	11,902	257,334	250,536
<b>Total operating revenues</b>	<b>21,393,381</b>	<b>2,525,093</b>	<b>7,291,240</b>	<b>31,209,714</b>	<b>8,708,413</b>
Operating expenses:					
Personnel services	4,634,583	515,405	2,112,972	7,262,960	1,913,612
Operations	13,390,614	945,505	4,685,503	19,021,622	2,456,308
Claims expense	-	-	-	-	4,787,853
Depreciation	1,858,603	609,632	43,746	2,511,981	14,255
Amortization of issuance costs	-	72,158	-	72,158	-
Insurance	-	-	-	-	1,039,904
<b>Total operating expenses</b>	<b>19,883,800</b>	<b>2,142,700</b>	<b>6,842,221</b>	<b>28,868,721</b>	<b>10,211,932</b>
<b>Operating income (loss)</b>	<b>1,509,581</b>	<b>382,393</b>	<b>449,019</b>	<b>2,340,993</b>	<b>(1,503,519)</b>
Nonoperating revenues (expenses):					
Interest income	1,031,706	195,103	65,638	1,292,447	5,834
Interest expense and fees	(2,055,628)	(646,301)	(362)	(2,702,291)	(214)
Sale of land and capital items	492,080	-	-	492,080	-
Sale of reclaimed water	1,349,201	-	-	1,349,201	-
Sale of surplus water	446,250	-	-	446,250	-
<b>Total nonoperating revenues (expenses)</b>	<b>1,263,609</b>	<b>(451,198)</b>	<b>65,276</b>	<b>877,687</b>	<b>5,620</b>
<b>Income before transfers</b>	<b>2,773,190</b>	<b>(68,805)</b>	<b>514,295</b>	<b>3,218,680</b>	<b>(1,497,899)</b>
Transfers in	42,449	-	-	42,449	-
Transfers out	(826,732)	(459,449)	-	(1,286,181)	-
<b>Change in net assets</b>	<b>1,988,907</b>	<b>(528,254)</b>	<b>514,295</b>	<b>1,974,948</b>	<b>(1,497,899)</b>
Total net assets (deficit) at beginning of year, as restated	50,018,376	27,136,084	4,141,474	81,295,934	(12,931,961)
Total net assets (deficit) at end of year	<b>\$ 52,007,283</b>	<b>\$ 26,607,830</b>	<b>\$ 4,655,769</b>	<b>\$ 83,270,882</b>	<b>\$ (14,429,860)</b>

See Notes to Financial Statements.



City of Pomona, California

Statement of Cash Flows—Proprietary Funds  
Year Ended June 30, 2004

	Business-type Activities—Enterprise Funds				Governmental Activities— Internal Service Funds
	Water Utility	Sewer	Refuse	Totals	
Cash Flows from Operating Activities					
Receipts from customers and users	\$ 20,095,393	\$ 2,539,468	\$ 7,171,610	\$ 29,806,471	\$ 8,465,710
Payments to suppliers	(13,561,004)	(832,564)	(4,635,069)	(19,028,637)	(3,319,325)
Payments to employees	(4,638,040)	(502,990)	(2,080,952)	(7,221,982)	(1,887,680)
Claims paid	-	-	-	-	(5,543,499)
Other receipts (payments)	279,293	45	11,902	291,240	250,536
<b>Net cash provided by (used in) operating activities</b>	<b>2,175,642</b>	<b>1,203,959</b>	<b>467,491</b>	<b>3,847,092</b>	<b>(2,034,258)</b>
Cash Flows from Noncapital Financing					
Transfers in and advances from other funds	235,219	24,055	17,692	276,966	2,395,441
Transfers out and advances to other funds	(4,003,046)	(502,164)	(71,045)	(4,576,255)	-
<b>Net cash provided by (used in) noncapital related financing activities</b>	<b>(3,767,827)</b>	<b>(478,109)</b>	<b>(53,353)</b>	<b>(4,299,289)</b>	<b>2,395,441</b>
Cash Flows from Capital and Related Financing Activities					
Purchases of capital assets	(10,260,738)	(322,294)	(5,007)	(10,588,039)	(6,095)
Sale of land and capital items	2,287,531	-	-	2,287,531	-
Principal paid on capital debt	(1,108,453)	(187,500)	-	(1,295,953)	(8,446)
Proceeds of debt	-	-	680,422	680,422	-
Interest and other fees received (paid)	(2,062,868)	(645,824)	7,268	(2,701,424)	(204)
<b>Net cash provided by (used in) capital and related financing activities</b>	<b>(11,144,528)</b>	<b>(1,155,618)</b>	<b>682,683</b>	<b>(11,617,463)</b>	<b>(14,745)</b>
Cash Flows from Investing Activities,					
interest on investments	1,031,706	195,103	65,638	1,292,447	5,834
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(11,705,007)</b>	<b>(234,665)</b>	<b>1,162,459</b>	<b>(10,777,213)</b>	<b>352,272</b>
Cash and Cash Equivalents at Beginning of Year	38,198,014	12,017,635	3,454,038	53,669,687	273,152
Cash and Cash Equivalents at End of Year	\$ 26,493,007	\$ 11,782,970	\$ 4,616,497	\$ 42,892,474	\$ 625,424

See Notes to Financial Statements.

City of Pomona, California

Statement of Cash Flows—Proprietary Funds, Continued  
Year Ended June 30, 2004

	Business-type Activities—Enterprise Funds				Governmental Activities— Internal Service Funds
	Water Utility	Sewer	Refuse	Totals	
Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities					
Operating income (loss)	\$ 1,509,581	\$ 382,393	\$ 449,019	\$ 2,340,993	\$ (1,503,519)
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation and amortization	1,858,603	681,790	43,746	2,584,139	14,255
(Increase) decrease in receivables	(1,052,601)	14,925	(107,728)	(1,145,404)	7,833
(Increase) decrease in inventory	33,906	-	-	33,906	59,034
(Increase) decrease in prepaid items	-	-	-	-	(2,059)
Increase (decrease) in accrued liabilities and accounts payable	(495,104)	112,941	50,434	(331,729)	119,912
Increase (decrease) in compensated absences	(3,457)	12,415	32,020	40,978	25,932
Increase in claims payable	-	-	-	-	(755,646)
Increase in retentions payable	123,169	-	-	123,169	-
Increase in deposits payable	201,545	-	-	201,545	-
Decrease in deferred revenue	-	(505)	-	(505)	-
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 2,175,642</b>	<b>\$ 1,203,959</b>	<b>\$ 467,491</b>	<b>\$ 3,847,092</b>	<b>\$ (2,034,258)</b>
Reconciliation of Cash and Cash Equivalents to Amounts Reported on the Balance Sheet					
Cash and investments	\$ 8,626,918	\$ 6,401,568	\$ 3,925,492	\$ 18,953,978	\$ 541,538
Restricted assets, cash and investments	17,866,089	5,381,402	691,005	23,938,496	83,886
Cash and Cash Equivalents at End of Year	\$ 26,493,007	\$ 11,782,970	\$ 4,616,497	\$ 42,892,474	\$ 625,424

See Notes to Financial Statements.

City of Pomona, California

Statement of Assets and Liabilities—Agency Funds  
June 30, 2004

**Assets**

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Cash and investments	\$ 4,070,585
Accrued interest receivable	4,551
Accounts receivable	513
Due from other governments	2,040
<b>Total assets</b>	<b>\$ 4,077,689</b>

**Liabilities**

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Accounts payable	\$ 1,327,011
Deposits payable	1,668,695
Due to bondholders	1,081,983
<b>Total liabilities</b>	<b>\$ 4,077,689</b>

See Notes to Financial Statements.



## City of Pomona, California

### Notes to Financial Statements

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#### 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 financial data of the primary government. Only the Authority and the Agency 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**

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.

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

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

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 fund** is 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 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 **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, 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.



**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, and 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 from 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.

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.



**Note 1. Summary of Significant Accounting Policies, Continued**

**Budgetary data:** The budget is prepared by the executive director in accordance with Municipal Code Sections 1103 through 1107 and adopted by the Government's Council. Public hearings are held prior to its adoption. All appropriations lapse at fiscal year end. The Government's Council has the legal authority to amend the budget at any time during the fiscal year. The executive director is authorized to make budget transfers within departments.

The budget is legally adopted for the special revenue (low- and moderate-income housing), debt service and capital projects funds on a basis which does not differ materially from accounting principles generally accepted in the United States of America. The Board of Directors can revise the budget periodically during the year when deemed necessary.

**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 quarterly 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.

**Property taxes:** Incremental property tax revenues are established pursuant to California Community Redevelopment Law and result from the excess of taxes levied and collected each year in designated project areas over and above the amount which would have been produced, at current rates, by the assessed value as shown on the last equalized property tax assessment roll prior to the effective date of the ordinance establishing the designated project areas.

**Loans receivable:** Loans receivable, net of allowance at June 30, 2004 are comprised of a revolving line of credit with Tri-City in the amount of \$800,000 and loans to residents and developers of \$18,068,389, consisting of \$4,744,610 of monies provided to low- and moderate-income residents in the City for home improvements or mortgage assistance, \$1,903,503 for loans to developers under various owner participation agreements and \$11,420,276 in deferred home loans for housing rehabilitation projects.

**Land held for resale:** Land held for resale is valued at the lower of cost or estimated net realizable value. The amount of land held for resale outstanding at June 30, 2004 was \$22,839,058.

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



## City of Pomona, California

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies, Continued

**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, construction in progress, buildings and improvements, improvements other than buildings, machinery and equipment, auto and trucks, equipment under capitalized lease and infrastructure assets (e.g., roads, bridges, traffic signals and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City defines capital assets 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.

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:

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

During the years ended June 30, 2002, 2003 and 2004, the City capitalized acquired general infrastructure assets. No retroactive infrastructure assets have been capitalized prior to July 1, 2001. As per GASB Statement No. 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 and 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 and expense in the respective fund when earned. For compensated absences recorded at June 30, 2004, all proprietary fund balances are expected to be paid within the following 12 months and all governmental fund balances are not expected to be paid within the following 12 months.



**Note 1. Summary of Significant Accounting Policies, Continued**

**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 fund financial statements represents money received during the current or previous fiscal years that has not been earned or is not considered available to finance expenditures of the current period. In addition, deferred revenue on the entity-wide financial statements includes monies received in advance from the fiscal agents on the amounts deposited in the reserve funds for 1998 Refunding Revenue Bonds, Series W and for 2003 General Fund Lease Financing, Series AG and amounts received from the Pomona Unified School District (PUSD) on the proposed sale of vacant land (see Note 14). The City will recognize the interest received in advance as revenue, using the interest method over the term of the bonds. The City will recognize amounts received from the PUSD upon the actual sale of the land.

**Interfund transactions:** 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.

**Receivables:** All trade, service and tax receivables are shown net of an allowance for uncollectible amounts.

**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 balances for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balances represent tentative management plans and are subject to change.



## City of Pomona, California

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies, Continued

**Net assets:** Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Restricted resources are used first to fund appropriations.

**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.

**Pronouncements issued, not yet effective:** The GASB has issued several pronouncements prior to year-end June 30, 2004 that have effective dates that may impact future financial presentations.

Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements of the City of Pomona.

GASB Statement No. 40, *Deposit and Investment Risk Disclosures*.

GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and Insurance Recoveries*.

GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefit Plans Other Than Pension*.

Additionally, the GASB issued Statement No. 44, *Economic Condition Reporting: The Statistical Section* which amends portions of previous guidance related to the preparation of a statistical section when presented as a required part of a comprehensive annual financial report (CAFR).

#### 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.

# City of Pomona, California

## Notes to Financial Statements

### Note 2. Cash and Investments, Continued

The carrying amounts of the City's cash and investments at June 30, 2004 are as follows:

#### Unrestricted cash and investments:

Cash and deposits	\$ 2,053,195
Petty cash	8,681
Total unrestricted cash	<u>2,061,876</u>
U.S. government securities	13,349,339
Pooled investments	54,111,438
Total unrestricted investments	<u>67,460,777</u>
Total unrestricted cash and investments	<u>69,522,653</u>

#### Restricted cash and investments:

Cash deposits held in trust and escrow	<u>2,218,838</u>
Money market accounts	4,489,966
Banker's investment agreement	97,220,097
U.S. government securities	13,732,278
Total restricted investments	<u>115,442,341</u>
Total restricted cash and investments	<u>117,661,179</u>
	<u>\$ 187,183,832</u>

Cash and investments are reported in the accompanying financial statements as:

#### Governmental activities:

Cash and investments	\$ 46,498,090
Restricted cash and investments	93,722,683
	<u>140,220,773</u>

#### Business-type activities:

Cash and investments	18,953,978
Restricted cash and investments	23,938,496
	<u>42,892,474</u>

Statement of fiduciary net assets, cash and investments

	4,070,585
	<u>\$ 187,183,832</u>



**Note 2. Cash and Investments, Continued**

At June 30, 2004, the carrying amount of the City's cash deposits, including those held in trust and escrow, totaled \$4,272,033 and the bank balance of the City's cash deposits maintained in financial institutions was \$4,939,532. The cash deposits are held by the City's agent in the City's name. Of the \$4,939,532 maintained in financial institutions, \$200,000 is insured by the Federal Deposit Insurance Corporation (FDIC) 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 FDIC. 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

In accordance with GASB Statement No. 3, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements) and Reverse Repurchase Agreements*, 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.

# City of Pomona, California

## Notes to Financial Statements

### Note 2. Cash and Investments, Continued

The following is the summary of investment as of June 30, 2004:

	Category			Uncategorized	Fair Value
	1	2	3		
City-held investments, U.S.					
government securities	\$ 13,349,339	\$ -	\$ -	\$ -	\$ 13,349,339
Trustee-held investments:					
U.S. government securities	13,732,278	-	-	-	13,732,278
Money market accounts	4,489,966	-	-	-	4,489,966
Banker's investment agreements	-	-	-	97,220,097	97,220,097
Investment in pool, California State Local Agency Investment Fund (LAIF)	-	-	-	54,111,438	54,111,438
Total investments	\$ 31,571,583	\$ -	\$ -	\$ 151,331,535	\$ 182,903,118

**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 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, 2004, the City's pooled investments in LAIF in the amount of \$54,111,438 are not subject to custodial credit risk categorization. The total estimated fair value invested by all public agencies in LAIF is \$57,637,500,817. 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.



# City of Pomona, California

## Notes to Financial Statements

### Note 3. Interfund Balances

The following table shows amounts due from funds within the City to other funds within the City at June 30, 2004:

	Due from Other Funds	Due to Other Funds
General Fund	\$ 1,015,171	\$ -
Low- and Moderate-Income Housing Fund	146,833	-
Redevelopment Agency Debt Service Fund	-	933,552
Redevelopment Agency Capital Project Fund	786,719	-
Nonmajor Other Governmental Funds		473,124
Enterprise Funds:		
Water Utility	55,832	2,059,586
Sewer	427,535	27,916
Refuse	1,090,004	27,916
	<u>\$ 3,522,094</u>	<u>\$ 3,522,094</u>

These balances, which represent short-term borrowings, resulted from expenditures being incurred prior to receipt of the related revenue sources.

The following table shows amounts advanced from funds to other funds at June 30, 2004:

Advances from	Advances to	Amount
General Fund	Redevelopment Agency Capital Projects Fund	\$ 3,092,848
	Self Insurance Fund	1,736,573
General Debt Service Fund	Redevelopment Agency Capital Projects Fund	7,200,000
Pomona Public Financing Authority Debt Service Fund	General Debt Service Fund	20,815,000
	Redevelopment Agency Debt Service Fund	160,155,000
	Nonmajor Other Governmental Funds	13,670,000
Nonmajor Other Governmental Funds	General Fund	600,000
Water Utility Fund	Self Insurance Fund	3,134,567
		<u>\$ 210,403,988</u>

These balances are primarily long-term advances used to fund capital projects and in advance of related financing/assessments.

City of Pomona, California

Notes to Financial Statements

**Note 4. Interfund Transfers**

Interfund transfers for the year ended June 30, 2004 consisted of the following:

Transfers to	Transfers from	Amount
General Fund	Nonmajor Other Governmental Funds	\$ 1,961,107
	General Debt Service Fund	2,965,000
Low- and Moderate-Income Housing Fund	Redevelopment Agency Debt Service Fund	13,975,406
	General Debt Service Fund	14,304
	Nonmajor Other Governmental Funds	51,572
	Redevelopment Agency Capital Projects Fund	2,516
General Debt Service Fund	General Fund	285,000
	Water Utility Fund	600,000
	Sewer Fund	417,000
	Redevelopment Agency Capital Projects Fund	250,291
	Nonmajor Other Governmental Funds	1,487,690
Redevelopment Agency Debt Service Fund	Low- and Moderate-Income Housing Fund	1,358,387
	Pomona Public Financing Debt Service Fund	20,816,395
	Redevelopment Agency Capital Projects Fund	4,700,000
Redevelopment Agency Capital Projects Fund	General Debt Service Fund	16,352
	Redevelopment Agency Debt Service Fund	39,204,556
	Nonmajor Other Governmental Funds	65,823
Nonmajor Other Governmental Funds	General Fund	90,132
	Redevelopment Agency Capital Projects Fund	1,807,865
	Nonmajor Other Governmental Funds	1,579,773
	General Debt Service Fund	315,000
	Water Utility Fund	226,732
	Pomona Public Financing Debt Service Fund	430,308
Water Utility Fund	Sewer Fund	42,449
		<u>\$ 92,663,658</u>

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.



City of Pomona, California

Notes to Financial Statements

Note 5. Capital Assets and Retroactive Restatement

Capital asset activity was as follows for the year ended June 30, 2004:

	Balance at July 1, 2003	Increases	Decreases	Balance at June 30, 2004
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 70,601,615	\$ -	\$ -	\$ 70,601,615
Construction in progress	11,812,806	8,264,808	11,425,105	8,652,509
Total capital assets not being depreciated	82,414,421	8,264,808	11,425,105	79,254,124
Capital assets being depreciated:				
Buildings and improvements	14,595,737	614,699	66,416	15,144,020
Improvements other than building	30,170,066	2,240,397	-	32,410,463
Machinery and equipment	5,871,672	783,081	126,737	6,528,016
Autos and trucks	5,886,019	1,038,638	1,350,691	5,573,966
Equipment under capitalized lease	7,462,833	851,078	2,502,158	5,811,753
Infrastructure	2,223,726	5,112,850	6,035	7,330,541
Total capital assets being depreciated	66,210,053	10,640,743	4,052,037	72,798,759
Less accumulated depreciation for:				
Buildings and improvements	(6,722,119)	(433,742)	-	(7,155,861)
Improvements other than building	(6,082,988)	(724,557)	-	(6,807,545)
Machinery and equipment	(3,251,338)	(446,579)	61,297	(3,636,620)
Autos and trucks	(4,148,839)	(265,252)	1,124,732	(3,289,359)
Equipment under capital leases	(5,873,417)	(486,945)	1,438,868	(4,921,494)
Infrastructure	(18,854)	(149,346)	-	(168,200)
Total accumulated depreciation	(26,097,555)	(2,506,421)	2,624,897	(25,979,079)
Total capital assets being depreciated, net	40,112,498	8,134,322	1,427,140	46,819,680
Governmental activities capital assets, net	\$ 122,526,919	\$ 16,399,130	\$ 12,852,245	\$ 126,073,804

City of Pomona, California

Notes to Financial Statements

Note 5. Capital Assets and Retroactive Restatement, Continued

	Balance at July 1, 2003, as Restated	Increases	Decreases	Balance at June 30, 2004
Business-type activities:				
Capital assets not being depreciated:				
Land and water rights	\$ 3,964,303	\$ -	\$ -	\$ 3,964,303
Construction in progress	21,087,868	10,434,702	20,026,937	11,495,633
Total capital assets, not being depreciated	25,052,171	10,434,702	20,026,937	15,459,936
Capital assets being depreciated:				
Buildings and improvements	107,427	-	-	107,427
Improvements other than buildings	3,106,120	-	-	3,106,120
Plant, machinery and equipment	111,330,084	20,089,341	-	131,419,425
Autos and trucks	4,806,602	8,689	-	4,815,291
Equipment under capitalized lease	3,421,870	82,233	-	3,504,103
Total capital assets being depreciated	122,772,103	20,180,263	-	142,952,366
Less accumulated depreciation for:				
Buildings	(2,960)	(2,148)	-	(5,108)
Improvements other than building	(306,482)	(304,259)	-	(610,741)
Machinery and equipment	(47,024,696)	(1,788,137)	-	(48,812,833)
Autos and trucks	(4,257,779)	(91,400)	-	(4,349,179)
Equipment under capitalized leases	(2,294,737)	(326,032)	-	(2,620,769)
Total accumulated depreciation	(53,886,654)	(2,511,976)	-	(56,398,630)
Total capital assets being depreciated, net	68,885,449	17,668,287	-	86,553,736
Business-type activities capital assets, net; as restated	\$ 93,937,620	\$ 28,102,989	\$ 20,026,937	\$ 102,013,672



## City of Pomona, California

### Notes to Financial Statements

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#### Note 5. Capital Assets and Retroactive Restatement, Continued

The City discovered that it had not capitalized some of its capital assets for its Sewer Fund, nor had it recorded the transfer of certain capital assets between Enterprise Funds, in prior years. As a result, the City restated its net assets as of June 30, 2003 to properly reflect capital asset balances. The following table lists the amounts of restatement by individual Enterprise Fund:

##### Water Utility Fund:

Beginning net assets	\$ 53,735,581
To reflect transfer of net capital assets to Sewer Fund	<u>(3,717,205)</u>
Beginning net assets, as restated	<u>\$ 50,018,376</u>

##### Sewer Fund:

Beginning net assets	\$ 17,151,289
To reflect net capital assets never capitalized	<u>9,984,795</u>
Beginning net assets, as restated	<u>\$ 27,136,084</u>

##### Refuse Fund:

Beginning net assets	\$ 4,466,228
To reflect transfer of net capital assets to Refuse Fund	<u>(324,754)</u>
Beginning net assets, as restated	<u>\$ 4,141,474</u>

The restatement had no material effect on the respective fund's statement of revenues, expenses and changes in net assets.

# City of Pomona, California

## Notes to Financial Statements

### Note 5. Capital Assets and Retroactive Restatement, Continued

A summary of the effect on business-type capital assets due to the restatement is as follows:

	Balance, July 1, 2003, as Originally Reported	Restatement	Balance, July 1, 2003, as Restated
Capital assets not being depreciated:			
Land and water rights	\$ 3,964,303	\$ -	\$ 3,964,303
Construction in progress	21,723,658	(635,790)	21,087,868
Total capital assets not being depreciated	25,687,961	(635,790)	25,052,171
Capital assets being depreciated:			
Buildings and improvements	107,427	-	107,427
Improvements other than buildings	3,832,009	(725,889)	3,106,120
Plant, machinery and equipment	90,184,048	21,146,036	111,330,084
Autos and trucks	3,622,276	1,184,326	4,806,602
Equipment under capitalized leases	3,421,870	-	3,421,870
Total capital assets being depreciated	101,167,630	21,604,473	122,772,103
Accumulated depreciation:			
Buildings and improvements	(17,219)	14,259	(2,960)
Improvements other than buildings	(2,488,888)	2,182,406	(306,482)
Plant, machinery and equipment	(30,669,182)	(16,355,514)	(47,024,696)
Autos and trucks	(3,042,928)	(1,214,851)	(4,257,779)
Equipment under capitalized leases	(2,642,590)	347,853	(2,294,737)
Total accumulated depreciation	(38,860,807)	(15,025,847)	(53,886,654)
Total capital assets being depreciated, net	62,306,823	6,578,626	68,885,449
Business-type activities capital assets, net	\$ 87,994,784	\$ 5,942,836	\$ 93,937,620

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

Governmental activities:	
General government	\$ 1,560,999
Community Services	227,834
Public safety	372,203
Urban development	345,385
Total depreciation expense, governmental activities (includes depreciation from Internal Service funds capital assets)	<u>\$ 2,506,421</u>



# City of Pomona, California

## Notes to 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, 2004:

	Principal Balance at June 30, 2003	Additions	Reductions	Principal Balance at June 30, 2004	Due Within One Year
Governmental activities:					
Participation agreement	\$ 1,090,187	\$ -	\$ 218,037	\$ 872,150	\$ 218,037
County deferred tax loan	18,032,542	2,029,769	-	20,062,311	-
Obligations under capital lease	5,366,324	646,123	2,086,052	3,926,395	1,010,552
Claims payable	10,712,384	4,787,893	5,543,539	9,956,738	3,050,000
Compensated absences	5,932,869	7,481,526	6,706,961	6,707,434	-
Notes payable:					
Erskine note	231,431	-	231,431	-	-
HUD Section 108 Loan	1,500,000	-	-	1,500,000	125,000
Revenue bonds	125,152,449	71,997,737	22,589,339	174,560,847	975,000
Tax allocation bonds	12,565,000	-	340,000	12,225,000	350,000
Pension obligation refunding bonds	-	32,300,000	-	32,300,000	-
Special assessment debt	11,240,000	-	490,000	10,750,000	310,000
Certificates of participation	7,920,000	14,903,655	425,621	22,398,034	365,000
Total governmental activities	199,743,186	134,146,703	38,630,980	295,258,909	6,403,589
Business-type activities:					
Obligations under capital lease	3,186,059	1,040,502	556,033	3,670,528	507,868
Compensated absences	783,302	1,162,093	1,121,115	824,280	824,280
Revenue bonds	65,915,000	-	1,100,000	64,815,000	1,240,000
Total business-type activities	69,884,361	2,202,595	2,777,148	69,309,808	2,572,148
Entity-wide total	\$ 269,627,547	\$ 136,349,298	\$ 41,408,128	\$ 364,568,717	\$ 8,975,737

## City of Pomona, California

### Notes to Financial Statements

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#### Note 6. Long-term Debt, Continued

Long-term debt is comprised of the following issues at June 30, 2004:

##### 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 \$2,834,485, plus interest of approximately 10% per annum. The Agency has pledged tax increment of the Mountain Meadows Project Area as the source of repayment. Payment to the Association is required under the terms of the agreement when the tax increment is received by the Agency for the Mountain Meadows Project Area.

\$ 872,150

**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.

20,062,311

**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 2004 to 2012.

3,926,395

**Claims payable:** Represents estimated costs payable on outstanding claims against the City. This amount is recorded in the Internal Service Funds.

9,956,738

**Compensated absences:** The City's policies relating to compensated absences are described in Note 1 to the financial statements. This liability will be paid in future years from future resources.

6,707,434

##### Notes payable:

**HUD Section 8 loan:** The City received \$2,945,000 for notes with Chase Manhattan Bank. The notes are guaranteed by the U.S. Department of Housing and Urban Development (HUD) under Section 108 of the Community Development Act and are payable from future 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%.

1,500,000



# City of Pomona, California

## Notes to Financial Statements

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### Note 6. Long-term Debt, Continued

#### Governmental activities, continued:

##### Revenue bonds:

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 City for the refunding of the 1990 Lease-Purchase Revenue Bonds, Series J. Interest on the bonds is payable semiannually 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 was \$1,523,515. The balance held in the reserve account as of June 30, 2004 was \$1,548,238.

\$ 12,975,000

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 Agency for refunding the 1983 Refunding Southwest Pomona RDA Tax Allocation Bonds and a portion of the 1993 Local Agency Revenue Bonds, Series L, as well as to provide financing for certain improvements in the Southwest Pomona Redevelopment Area. Interest on the bonds is payable semiannually on each August 1 and February 1, 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, \$16,690,00 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, 2004 was \$9,603,637.

Subtotal revenue bonds

51,500,000

64,475,000

# City of Pomona, California

## Notes to Financial Statements

### Note 6. Long-term Debt, Continued

#### Governmental activities, continued:

##### Revenue bonds, continued:

Subtotal revenue bonds carried forward

\$ 64,475,000

On April 1, 2001, the Authority issued \$39,165,000 2001 Revenue Bonds, Series AD, for the purpose of making an advance to the Agency to refinance certain prior bonds and to make an additional advance to the Agency to provide financing for certain improvements in the merged project area. Tax Allocation Bonds defeased include the 1997 Refunding RDA Series S, 1997 Refunding Series T, 1998 Refunding Series U, 1998 Refunding Subordinate Series V and 1998 Refunding Series Z; 1993 Refunding Series L Revenue Bonds were partially defeased. Interest on the bonds is payable semiannually on each August 1 and February 1, commencing on August 1, 2001. 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 was \$2,850,034. The balance held in the reserve account as of June 30, 2004 was \$2,880,722.

38,580,000

On December 3, 2003, the Authority issued \$46,650,000 2003 Revenue Bonds, Series AH, to provide funds for a loan to the Agency for certain improvements and to refinance certain Agency obligations to the Authority, including the defeasance of 2003 Series L. Interest on the bonds, including the term bonds, is payable semiannually on each February 1 and August 1, commencing February 1, 2004. Interest rates range from 3.70% to 5.25%. Principal on \$34,095,000 of the revenue bonds is payable in annual installments ranging from \$390,000 to \$3,270,000, commencing on February 1, 2007. The term bonds from Series AH of \$2,410,000 and \$10,145,000 mature on February 28, 2028 and 2034, respectively. The legal reserve requirement was \$1,086,542. The balance held in the reserve account as of June 30, 2004 was \$1,086,542. On December 11, 2003, the City defeased the 1993 Refunding Revenue Bonds, Series L by placing proceeds in escrow for the purpose of paying off all remaining Series L bonds. The refunding reduced annual debt service payments, resulting in an economic gain of \$343,410.

Subtotal revenue bonds

46,650,000

149,705,000



# City of Pomona, California

## Notes to Financial Statements

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### Note 6. Long-term Debt, Continued

#### Governmental activities, continued:

##### Revenue bonds, continued:

Subtotal revenue bonds carried forward \$ 149,705,000

On December 3, 2003, the Authority issued \$23,425,000 Subordinate Revenue Bonds, Series AI, to provide funds for a loan to the Agency for certain improvements and to refinance certain Agency obligations to the Authority. Interest on the bonds, including the term bonds, is payable semiannually on each February 1 and August 1, commencing February 1, 2004. Interest rates range from 3.00% to 5.10%. Principal on \$7,310,000 of the subordinate revenue bonds is payable in annual installments ranging from \$450,000 to \$915,000, commencing on February 1, 2007. The term bonds from Series AI of \$4,900,000, \$6,220,000 and \$4,995,000 are due February 1, 2023, 2028 and 2034, respectively. The legal reserve requirement was \$1,860,478. The balance held in the reserve account as of June 30, 2004 was \$1,870,189.

Subtotal revenue bonds	23,425,000
Add unamortized bond premium	173,130,000
Less unamortized bond discount	1,747,106
	(316,259)
	<u>174,560,847</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 \$300,000, 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 a 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 payment of the principal and interest on the bonds when due. The legal reserve requirement was \$382,018. The balance held in the reserve account as of June 30, 2004 was \$382,018.

Subtotal tax allocation bonds	3,990,000
	<u>3,990,000</u>

## Note 6. Long-term Debt, Continued

## Governmental activities, continued:

## Tax allocation bonds, continued:

Subtotal tax allocation bonds carried forward	\$ 3,990,000
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On November 12, 1998, the Agency issued \$8,980,000 of 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, 1999. The rate of interest varies from 4.4% to 5% per annum. Principal is payable in annual installments commencing May 1, 1999 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 subsequent to May 1, 2009 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 was \$583,123. The balance held in the reserve account as of June 30, 2004 was \$583,213.

Total tax allocation bonds	<u>8,235,000</u> <u>12,225,000</u>
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## Pension obligation refunding bond:

On June 30, 2004, the Authority issued \$32,300,000 Pension Obligation Refunding Bonds, Series AJ to reimburse contributions to the California Public Employees' Retirement System (PERS) for the current fiscal year and the next fiscal year, to pay unamortized, unfunded accrued actuarial liability with respect to pension benefits under the Retirement Law (the Unfunded Liability), to capitalize certain interest on the Bonds and to pay the costs of issuing of the Bonds. Interest is payable on January 13, 2005 and July 28, 2005, commencing on January 13, 2005, and thereafter on the day following the end of each Auction Period. Interest rates range from 0.36% to 4.81%. Principal on \$32,300,000 of the Pension Obligation Refunding Bonds is payable in annual installments ranging from \$50,000 to \$2,550,000, commencing on July 1, 2006. The Pension Obligation Bonds from Series AJ mature on July 1, 2034.

	<u>32,300,000</u>
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# City of Pomona, California

## Notes to Financial Statements

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### Note 6. Long-term Debt, Continued

#### Governmental activities, continued:

**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 on March 2, 1997; the principal matures from 1997 to 2021 in annual installments of \$250,000 to \$1,045,000. The legal reserve requirement was \$622,661. The balance held in the reserve account for Assessment District No. 294 as of June 30, 2004 was \$966,969.

\$ 10,750,000

#### 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 to make future advances to the Agency to finance certain redevelopment activities. Term certificates of \$2,340,000 mature on August 1, 2024, with an interest rate of 5.8%. Serial certificates are due in annual installments ranging from \$75,000 to \$245,000, beginning August 1, 2002. The serial certificates bear interest ranging from 4.4% to 5.8%, payable semiannually on February 1 and August 1, commencing February 1, 2000.

3,140,000

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

4,700,000

Subtotal certificates of participation

7,840,000

# City of Pomona, California

## Notes to Financial Statements

### Note 6. Long-term Debt, Continued

#### Governmental activities, continued:

##### Certificates of participation, continued:

Subtotal certificates of participation carried forward \$ 7,840,000

On July 23, 2003, the Authority issued \$13,985,000 City of Pomona Certificates of Participation, 2003 Series AG, to provide funds to the City to finance certain public improvements, including street improvements throughout the City. The improvements, which are part of the City's capital improvement plan, are expected to commence in December 2003, with an expected completion date of December 2006. Principal payments will be made once a year beginning June 1, 2004. Interest is payable on December 1 and June 1 of each year, commencing December 1, 2003. The bonds are set to mature on June 1, 2034. The Authority realized an original premium of approximately \$918,600 and incurred cost of issuance of approximately \$725,000.

Subtotal certificates of participation	13,670,000
Add unamortized bond premium	21,510,000
Total certificates of participation	888,034
Subtotal governmental activities long-term debt	22,398,034
Less current portion	295,258,909
Total governmental activities long-term debt	6,403,589
	<u>\$ 288,855,320</u>

#### Business-type activities

##### Obligations under capital leases:

**Water Utility Fund:** The City has entered into equipment lease-purchase agreements with a leasing company whereby the lessors acquired certain equipment and leased it to the City with an option to purchase. The leases mature from 2004 to 2012.

\$ 2,747,562

**Sewer Fund:** The City has entered into equipment lease-purchase agreements with leasing companies whereby the lessors acquired certain equipment and leased it to the City with an option to purchase. The leases mature from 2004 to 2012.

229,844

**Refuse Fund:** The City has entered into equipment lease-purchase agreements with leasing companies whereby the lessors acquired certain equipment and leased it to the City with an option to purchase. The leases mature from 2004 to 2012.

Total obligations under capital leases

693,122
<u>3,670,528</u>

**Compensated absences:** The City's policies relating to compensated absences are described in Note 1 to the financial statements. This liability will be paid from future years' operations.

824,280



# City of Pomona, California

## Notes to Financial Statements

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### Note 6. Long-term Debt, Continued

#### Business-type activities, continued:

##### Revenue bonds:

On December 1, 2002, the Authority issued \$15,205,000 2002 Sewer Refunding Revenue Bonds, Series AF, for the purpose of making an advance to the City's Sewer Fund for refunding the 1996 Revenue Bonds, Series Q, as well as provide funds to refinance certain sewer obligations of the City of Pomona and to finance certain improvements to the City's sewer enterprise project. Interest on the bonds is payable semiannually on June 1 and December 1 of each year, commencing December 1, 2002. The rates of interest range from 1.3% to 4.2% on serial bonds of \$3.9 million. Principal is payable in annual installments ranging from \$165,000 to \$420,000 through December, 2019. Term bonds of \$1,210,000, \$1,075,000, \$2,620,000, \$2,815,000 and \$3,585,000 mature on December 1, 2023, 2026, 2032, 2037 and December 1, 2042, respectively. The legal reserve requirement was \$822,725. The balance held in the reserve account for Series AF as of June 30, 2004 was \$822,875.

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

\$ 14,620,000

On May 12, 1999, the Authority issued \$26,555,000 1999 Refunding Revenue Bonds, Series AA, for the purpose of making an advance to the City for refunding the 1992 Revenue Bonds, Series A, in aggregate principal amount of \$6,915,000, as well as to provide financing for construction of certain water system improvements and related facilities located within the City. Interest on the bonds is payable semiannually on each May 1 and November 1, commencing November 1, 1999. The 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, 2000. Term bonds of \$4,515,000 and \$13,100,000 mature on May 1, 2019 and May 1, 2029, respectively, and are subject to mandatory redemption from a sinking fund account in amounts ranging from \$815,000 to \$1,615,000, as outlined in the bond's official statement. Bonds maturing after May 1, 2009 are subject to redemption prior to maturity as a whole or in part, at the option of the Authority, on any date on or after May 1, 2009 at redemption prices ranging from 100% to 101% of principal. Financial Security Assurance, Inc. has issued a municipal bond insurance policy that insures the payment of the principal and interest on the bonds when due. The legal reserve requirement was \$1,700,000. The balance held in the reserve account as of June 30, 2004 was \$1,700,000.

Subtotal revenue bonds

24,125,000

38,745,000

# City of Pomona, California

## Notes to Financial Statements

### Note 6. Long-term Debt, Continued

#### Business-type activities, continued:

##### Revenue bonds:

Subtotal revenue bonds carried forward

\$ 38,745,000

On September 1, 1999, the Authority issued \$27,615,000 1999 Revenue Bonds, Series AC, for the purpose of making an advance to the City of Pomona for the construction of certain water system improvements within the City. Interest on the bonds is payable semiannually on each May 1 and November 1, commencing November 1, 1999. The 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 statements. Bonds maturing after May 1, 2010 are subject to redemption prior to maturity as a whole or in part, at the option of the Authority, on any date on or after May 1, 2009 at redemption prices ranging from 100% to 101% of principal. Financial Security Assurance, Inc. has issued a municipal bond insurance policy that insures the payment of the principal and interest on the bonds when due. The legal reserve requirement was \$1,935,368. The balance held in the reserve account as of June 30, 2004 was \$1,984,616.

Total revenue bonds

26,070,000

Subtotal business-type activities long-term debt

64,815,000

Less current portion

69,309,808

Total business-type activities long-term debt

2,572,148

\$ 66,737,660



# City of Pomona, California

## Notes to Financial Statements

### Note 6. Long-term Debt, Continued

At June 30, 2004, debt service requirements to maturity for governmental activities long-term debt (excluding Participation Agreement, county deferred tax loans, claims payable, HUD notes 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
2005	\$ 3,010,540	\$ 11,838,450
2006	2,961,549	12,507,090
2007	6,443,620	12,202,055
2008	6,393,222	12,109,551
2009	6,552,752	11,984,051
2010-2014	38,369,712	55,754,275
2015-2019	44,470,000	45,274,241
2020-2024	49,105,000	33,145,776
2025-2029	57,680,000	19,911,388
2030-2034	35,855,000	5,152,763
2035	3,000,000	10,944
Unamortized bond premium	2,635,140	(2,635,140)
Unamortized bond discount	(316,259)	316,259
	<u>\$ 256,160,276</u>	<u>\$ 217,571,703</u>

At June 30, 2004, debt service requirements to maturity for business-type activities 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
2005	\$ 1,747,731	\$ 3,322,343
2006	1,745,075	3,254,376
2007	1,815,415	3,190,016
2008	1,881,274	3,118,164
2009	1,919,584	3,044,810
2010-2014	9,596,449	13,998,841
2015-2019	10,540,000	11,702,483
2020-2024	13,550,000	8,692,395
2025-2029	17,470,000	4,800,275
2030-2034	2,330,000	1,776,475
2035-2039	2,955,000	1,162,000
2040-2044	2,935,000	340,250
	<u>\$ 68,485,528</u>	<u>\$ 58,402,428</u>

**Note 7. Debt without Government Commitment**

**Special assessment bonds:** As of June 30, 2004, the City has one series of Assessment District Bonds (AD No. 297) outstanding in the amount of \$925,000. 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.

**Mortgage revenue bonds:** Single family and multifamily housing revenue bonds are issued to provide construction and permanent financing to developers of multifamily residential rental projects located in the City to be partially occupied by persons of low or moderate income. The total amount of mortgage revenue bonds outstanding as of June 30, 2004 is \$16,400,000. These bonds are secured by first trust deeds and private mortgage insurance. The bonds, together with interest thereon, are limited obligations of the City payable solely from bond proceeds, revenues and other amounts derived solely from home mortgage and developer loans secured by first deeds of trust, irrevocable letters of credit and irrevocable surety bonds.

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

**Note 8. Accumulated Fund Deficits/Negative Net Assets**

The following funds reported deficits in fund balances or net assets as of June 30, 2004:

	<u>Deficit Balance</u>
Debt Service funds:	
General	\$ (8,970,422)
Redevelopment Agency	(143,387,377)
City Capital Projects Capital Outlay Fund	(2,915,365)
Internal Service funds, self-insurance	(14,897,553)

**Note 9. 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. The City is a member of the California Joint Power Risk Management Association (CJPRMA). Through CJPRMA, the City has a program limit of \$25 million dollars with a self-insured retention of \$500,000. The City purchases an excess workers' compensation policy through Continental Casualty, with a self-insured retention of \$1 million dollars and policy limits of \$25 million dollars.



**Note 9. Risk Management, Continued**

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

As of June 30, 2004, claims payable amounted to \$8,756,738.

The estimated claims payable reported at June 30, 2004 is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the estimated claims payable amounts in fiscal years 2002, 2003 and 2004 for the internal service funds were as follows:

	Claims Payable			
	Beginning Balance	Expense and Changes in Estimates	Claim Payments	Ending Balance
Self-insurance Fund:				
2001-2002	\$ 6,154,152	\$ 4,083,706	\$ 3,903,973	\$ 6,333,885
2002-2003	6,333,885	10,291,164	5,912,665	10,712,384
2003-2004	10,712,384	3,587,893	5,543,539	8,756,738

No significant reduction in insurance coverage occurred during the last three fiscal years ended June 30, 2004. In addition, the City did not incur any claim settlements in excess of its insurance coverage during the past three fiscal years ended June 30, 2004, except for the \$2.2 million settlement agreement regarding the commercial development matter described in Note 13.

**Note 10. Joint Powers Agreements**

**Pomona-Walnut-Rowland (PWR) Joint Water Line Commission:** The City participates in the Pomona-Walnut-Rowland (PWR) Joint Water Line Commission (the Commission) joint venture, which provides for the acquisition, construction, maintenance, repair and operation of a water transmission pipeline for the benefit of member agencies. The Pomona-Walnut-Rowland Joint Water Line Commission's governing board is comprised of an appointed representative from each of 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 \$4,347,087 during the year ended June 30, 2004. 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, 2004 was \$612,770, which is reported as an asset of the Water Utility Enterprise Fund at June 30, 2004.

# City of Pomona, California

## Notes to Financial Statements

### Note 10. Joint Powers Agreements, Continued

As of June 30, 2004, the City and Districts have the following approximate ownership equity interest:

Member	Percentages	Agreement Balance
City of Pomona	28%	\$ 612,770
Walnut Valley Water	43%	919,209
Rowland Water District	28%	592,346
Unallocated	1%	29,050
		<u>\$ 2,153,375</u>

The Commission's financial statements for the fiscal year ended June 30, 2004 (the latest available) reflect the implementation of GASB 34 and reflect the following:

Total assets	\$ 5,318,591
Total liabilities	<u>3,292,147</u>
Net assets	<u>\$ 2,026,444</u>

The Commission does not recognize net income or loss. Net operating expenditures in excess of users' assessments are treated as accounts receivable on the Commission'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 Commission totaled \$16,895,504 compared to net operating revenues of \$16,868,680 in fiscal year 2004. Complete financial statements can be obtained from the Pomona-Walnut-Rowland Joint Water Line Commission, P.O. Box 508, Walnut, California 91789.

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

The City paid the joint venture \$31,445 during the year ended June 30, 2004. Assets are divided based on the proportionate equity share at the time the joint venture dissolves, which is currently not significant to the City as a whole or the nonmajor governmental funds.



## City of Pomona, California

### Notes to Financial Statements

#### Note 11. Retirement Plan

**Plan description:** The City contributes to the California Public Employees Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions, and all other requirements, are established by State 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 7.0% (8.7% 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, 2004 was \$2,994,789. 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, 2004 was 0.0% for non-safety employees and 18.1% 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 2004 the City's annual pension cost (employer contribution to PERS) of \$2,355,014 for safety and \$0.0 for miscellaneous was equal to the City's required and actual contributions. For 2004 the member contributions paid by the City were \$1,137,277 for safety and \$1,857,512 for miscellaneous. The required contribution was determined as part of the June 30, 2001 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 payrolls on a closed basis. The remaining amortization period for miscellaneous employees at June 30, 2004 is through June 30, 2011; for safety employees at June 30, 2004, it is through June 30, 2011.

#### Three-year trend information for PERS (safety)

Fiscal Year Ended June 30,	Annual Pension		
	Cost (Employer Contribution)	Percentage of APC Contributed	Net Pension Obligation/Asset
2002	\$ -	100%	\$ -
2003	-	100%	-
2004	30,077,524	1278%	27,722,510

#### Three-year trend information for PERS (miscellaneous)

Fiscal Year Ended June 30,	Annual Pension		
	Cost (Employer Contribution)	Percentage of APC Contributed	Net Pension Obligation
2002	\$ -	100%	\$ -
2003	-	100%	-
2004	-	100%	-



# City of Pomona, California

## Notes to Financial Statements

### Note 11. Retirement Plan, Continued

#### Required supplementary information

##### Funded status of plan (safety)

Valuation Date June 30,	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded Liability/ (Excess Assets)	Funded Status	Annual Covered Payroll	UAAL as a % of Payroll
2001	\$ 171,732,550	\$ 180,287,102	\$ (8,554,552)	105%	\$ 11,255,322	76%
2002	180,816,065	160,442,029	20,374,036	89%	11,827,959	(172)%
2003	189,777,665	156,481,441	33,296,224	82%	12,159,823	(274)%

##### Funded status of plan (miscellaneous)

Valuation Date June 30,	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded Liability/ (Excess Assets)	Funded Status	Annual Covered Payroll	UAAL as a % of Payroll
2001	\$ 113,922,230	\$ 151,924,352	\$ (38,002,122)	133%	\$ 21,542,378	176%
2002	122,657,951	139,455,158	(16,797,207)	114%	23,753,677	71%
2003	140,141,504	138,299,311	1,842,193	99%	25,541,062	-7%

During the year, the City issued Pension Obligation Bonds in the amount of \$32,300,000 in order to fund the unfunded actuarial accrued liability (UAAL) for public safety employees. The actuarial certified unfunded liability for public safety employees at June 30, 2003 was \$35,138,417. Proceeds from the bonds were deposited with CalPERS and are reflected as a net pension asset of \$27,722,510 of governmental activities in the Government-wide Statement of Net Assets. The Net Pension Asset will be amortized over 20 years in accordance with the method used by CalPERS for calculating actuarial gains and losses. The actuarial value of plan assets on annual covered payroll for public safety employees as of and for the year ended June 30, 2004, is not yet available.

Effective January 1, 2004, the City entered into a "PARS Separation Incentive Plan", a tax qualified governmental defined benefit plan under section 401(a) and tax exempt under 501(a) of the IRC, whereby the City currently has one participant. Under the Plan, the City will be liable for an annual lifetime annuity approximately equal to the lesser of a) \$90,000, adjusted for CPI, or b) the average 3 years of section 415 compensation. The City contributed \$240,672 to the Plan during the year ended June 30, 2004. The City has not had an actuarial calculation performed on the Plan nor has it recorded any assets for the contribution to the plan or liabilities for the expected unfunded liability.

**Part-time employee retirement plans:** The City provides pension benefits for all of its nonregular 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 nonregular 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.



## City of Pomona, California

### Notes to Financial Statements

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#### Note 11. Retirement Plan, Continued

For the year ended June 30, 2004, the City's covered payroll was \$1,958,878. The employees contributed \$137,349 (7.5% of current covered payroll). These amounts are now held in trust for the exclusive benefit of the participants and their beneficiaries.

#### Note 12. Post Employment Benefits

Approximately 321 employees are eligible to receive post-employment benefits at June 30, 2004. 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 expenditures based on its share of the annual premiums for these benefits as they become due. For the fiscal year ended June 30, 2004, \$1,313,131 of post-employment benefit expenditures was recognized.

#### Note 13. Commitments and Contingencies

**Agreement to sell land:** On November 22, 2000, the Agency entered into a Developer Disposition Agreement (DDA) with the Pomona Unified School District (PUSD) in which the Agency agreed to sell to PUSD certain vacant land from its Land Held for Resale stock, for the purpose of PUSD constructing a new school facility. For consideration of the land, PUSD agreed to a down payment of \$295,000 (which was paid in August 2001), a payment at the close of escrow 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.

The Agency and PUSD decided on February 15, 2001 to enter into a lease agreement to extend the time period within which the property would be sold for a period of three years. In February 2004, the Agency and PUSD agreed to extend the lease period until such time the land was sold. The lease agreement calls for the same terms as the DDA (i.e., \$295,000 up front and the installment payment plan in the amount of \$3,295,000). The \$1,705,000 one-time payment will be due when escrow closes at the end of the three-year lease. During the three-year term of the lease, the Agency has given PUSD the authority to improve the site and construct a new school facility. PUSD is responsible for the cost of all improvements to the property, the utilities on the property, obtaining bodily injury and property damage insurance with a combined single limit of at least \$1 million per occurrence, and for any personal property taxes that may be assessed. The Agency waives any lien rights concerning the improvements and school facilities that are deemed PUSD's personal property. In addition, the Agency disclaims any interest in the improvements and school facilities and agrees the improvements are exempt from execution, foreclosure, sale, levy, attachment or distress for any rent due, and that the improvements may be removed at any time without recourse.

Since the Agency owes the City a significant amount, the City has been collecting the lease payments from PUSD and will reduce the amount the Agency owes the City by the amount received.

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



**Note 13. Commitments and Contingencies, Continued**

**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.

**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 the tax increment is received by the Agency.

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

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

**Contingencies:**

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

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

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

Approximately, \$2,200,000 has been accrued for all of the above matters in the self-insurance fund in the City's financial statements at June 30, 2004. As of June 30, 2004, the City has \$9,956,738 accrued for claims payable in the self-insurance fund.



**Note 13. Commitments and Contingencies, Continued**

**Environmental remediation:** The City and Agency are currently involved in various environmental remediation matters.

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

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

**Note 14. Subsequent Events**

On July 1, 2004, the Authority issued \$5,700,000 Pension Obligation Refunding Bonds, Series AK to reimburse or to pay the normal contributions to the California Public Employees' Retirement System ("PERS") for the next Fiscal Year, to capitalize certain interest on the Bonds and to pay the costs of issuing of the Bonds. Interest is payable on January 13, 2005 and July 28, 2005, commencing on January 13, 2005, and thereafter on the day following the end of each Auction Period. Interest rates range from 0.36% to 4.85%. Principal on \$5,700,000 of the Pension Obligation Refunding Bonds is payable in annual installments ranging from \$50,000 to \$450,000, commencing on July 1, 2007. The Pension Obligation Bonds from Series AK matures on July 1, 2034.

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**REQUIRED SUPPLEMENTARY INFORMATION**





City of Pomona, California

Required Supplementary Information  
Schedule of Revenues, Expenditures and Changes in Fund Balances—  
Budgetary Comparison—General Fund  
Year Ended June 30, 2004

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
Revenues:				
Taxes	\$ 46,152,771	\$ 55,756,721	\$ 56,000,201	\$ 243,480
Intergovernmental	9,734,300	430,350	149,037	(281,313)
Charges for services	1,141,400	1,385,207	1,642,440	257,233
Fines and forfeitures	1,669,010	1,669,010	1,882,913	213,903
Licenses and permits	6,450,643	6,829,043	7,730,528	901,485
Income from property and investments	699,187	699,187	626,218	(72,969)
Miscellaneous	550,807	412,510	448,282	35,772
<b>Total revenues</b>	<b>66,398,118</b>	<b>67,182,028</b>	<b>68,479,619</b>	<b>1,297,591</b>
Expenditures:				
Current:				
General government	3,190,008	2,070,246	2,451,627	(381,381)
Public safety	51,107,725	50,840,732	51,418,537	(577,805)
Urban development	8,323,157	8,474,214	8,188,491	285,723
Community services	8,640,366	8,271,236	8,118,633	152,603
Capital outlay	18,000	218,485	273,133	(54,648)
Debt service:				
Principal retirement	-	2,084,746	1,806,357	278,389
Interest and fiscal charges	-	-	187,360	(187,360)
<b>Total expenditures</b>	<b>71,279,256</b>	<b>71,959,659</b>	<b>72,444,138</b>	<b>(484,479)</b>
<b>Excess (deficiency) of revenues</b>				
<b>over expenditures</b>	<b>(4,881,138)</b>	<b>(4,777,631)</b>	<b>(3,964,519)</b>	<b>813,112</b>
Other financing sources (uses):				
Proceeds on sale of capital assets	1,060,837	1,060,837	5,578	(1,055,259)
Transfers in	2,439,203	2,439,203	4,926,107	2,486,904
Transfers out	(362,660)	(377,660)	(375,132)	2,528
<b>Total other financing sources (uses)</b>	<b>3,137,380</b>	<b>3,122,380</b>	<b>4,556,553</b>	<b>1,434,173</b>
<b>Net change in fund balances</b>	<b>(1,743,758)</b>	<b>(1,655,251)</b>	<b>592,034</b>	<b>2,247,285</b>
Fund balances at beginning of year	10,081,888	8,411,272	9,256,771	845,499
Fund balances at end of year	\$ 8,338,130	\$ 6,756,021	\$ 9,848,805	\$ 3,092,784

See Notes to Required Supplementary Information.

City of Pomona, California

Required Supplementary Information

Schedule of Revenues, Expenditures and Changes in Fund Balances—

Budgetary Comparison—General Fund, Continued

Year Ended June 30, 2004

<u>Budget-to-GAAP Reconciliation</u>	<u>Actual Amounts (Budgetary Basis)</u>
Expenditures	
"Total charges to appropriations" from the budgetary comparison statement.	\$ 72,444,138
Differences, budget to GAAP: Encumbrances are shown in the year incurred for budgetary purposes, but in the year paid for financial reporting purposes.	(415,103)
	<u>\$ 72,029,035</u>

See Notes to Required Supplementary Information.



City of Pomona, California

Required Supplementary Information

Schedule of Revenues, Expenditures and Changes in Fund Balances—Budgetary

Comparison—Low- and Moderate-income Housing Fund—Special Revenue

Year Ended June 30, 2004

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive (Negative)
	Original	Final		
Fund Balance, July 1, 2003	\$ 1,014,662	\$ 414,662	\$ 8,653,272	\$ 8,238,610
Resources (inflows):				
Intergovernmental	-	615,243	200,160	(415,083)
Investment income	404,900	429,900	815,542	385,642
Loan repayments	-	150,000	533,531	383,531
Miscellaneous	54,500	54,500	102,237	47,737
Proceeds of loans and notes	697,663	-	-	-
Transfer in	3,548,340	3,548,340	14,043,798	10,495,458
Amount available for appropriations	4,705,403	4,797,983	15,695,268	10,897,285
Charges to appropriations (outflows):				
Urban development	4,119,758	5,734,911	3,329,451	(2,405,460)
Capital outlay	180,000	180,000	-	(180,000)
Debt service:				
Principal retirement	67,436	57,489	269,975	212,486
Interest and fiscal charges	17,859	17,859	10,424	(7,435)
Loss on sale of property	2,100,000	-	-	-
Other financing uses, transfer out	1,562,057	1,562,057	1,358,387	(203,670)
Total charges to appropriations	8,047,110	7,552,316	4,968,237	(2,584,079)
Excess of resources over (under) charges to appropriations	(3,341,707)	(2,754,333)	10,727,031	13,481,364
Fund balance (deficit), June 30, 2004	\$ (2,327,045)	\$ (2,339,671)	\$ 19,380,303	\$ 21,719,974

See Note to Required Supplementary Information.

City of Pomona, California

Required Supplementary Information

Schedule of Revenues, Expenditures and Changes in Fund Balances—Budgetary

Comparison—Low- and Moderate-income Housing Fund—Special Revenue, Continued

Year Ended June 30, 2004

<u>Budget-to-GAAP Reconciliation</u>	Actual Amounts (Budgetary Basis)
Expenditures	
"Total charges to appropriations" from the budgetary comparison statement.	\$ 4,968,237
Differences, budget to GAAP: Encumbrances are shown in the year incurred for budgetary purposes, but in the year paid for financial reporting purposes.	(90,719)
	<u>\$ 4,877,518</u>

See Note to Required Supplementary Information.



Note to Required Supplementary Information

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**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 that encumbrances are shown in the year incurred for budgetary purposes, but in the year paid for financial reporting purposes, and 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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**Combining Balance Sheet—Nonmajor Governmental Funds**  
**June 30, 2004**

	Housing Assistance Programs	Community Development Block Grant	Miscellaneous Grants	Traffic Congestion Relief	State Gas Tax
<b>Assets</b>					
Assets					
Cash and investments	\$ 2,416,730	\$ 986,336	\$ 1,955,638	\$ -	\$ 3,385,166
Receivables:					
Accrued interest	9,762	2,189	7,865	-	13,728
Accounts, net	-	-	-	-	-
Due from other governments	-	-	742,929	-	266,254
Prepaid items	547,225	2,164	32,155	-	-
Restricted assets, cash and investments	-	-	258,966	-	-
Loan receivables	-	4,141,439	7,278,837	-	-
Advances to other funds	-	-	-	-	-
<b>Total assets</b>	<b>\$ 2,973,717</b>	<b>\$ 5,132,128</b>	<b>\$ 10,276,390</b>	<b>\$ -</b>	<b>\$ 3,665,148</b>
<b>Liabilities and Fund Balances</b>					
Liabilities					
Accounts payable	\$ 39,811	\$ 155,694	\$ 183,184	\$ -	\$ 109,979
Accrued liabilities	25,313	50,514	44,765	-	5,298
Due to other funds	-	-	-	-	-
Deposits payable	48,363	-	-	-	-
Due to other governments	1,048,756	-	-	-	-
Advances from other funds	-	-	-	-	-
Deferred revenue	-	2,595,912	7,502,816	-	-
<b>Total liabilities</b>	<b>1,162,243</b>	<b>2,802,120</b>	<b>7,730,765</b>	<b>-</b>	<b>115,277</b>
Fund Balances					
Reserved for:					
Loan receivables	-	1,545,527	-	-	-
Prepaid items	547,225	2,164	32,155	-	-
Advances to other funds	-	-	-	-	-
Encumbrances	12,436	70,511	212,706	-	497,391
Unreserved, undesignated (deficit):					
Special revenue	1,251,813	711,806	2,300,764	-	3,052,480
Capital projects	-	-	-	-	-
<b>Total fund balances (deficit)</b>	<b>1,811,474</b>	<b>2,330,008</b>	<b>2,545,625</b>	<b>-</b>	<b>3,549,871</b>
<b>Total liabilities and fund balances</b>	<b>\$ 2,973,717</b>	<b>\$ 5,132,128</b>	<b>\$ 10,276,390</b>	<b>\$ -</b>	<b>\$ 3,665,148</b>

See Notes to Financial Statements.



Special Revenue Funds

Proposition A	Proposition C	Vehicle Parking Districts	Air Quality Improvement	Landscape Maintenance District	Narcotics Forfeiture	Total
\$ 3,921,621	\$ 6,548,503	\$ 700,100	\$ 904,353	\$ 1,322,421	\$ 1,582,023	\$ 23,722,891
13,087	21,951	2,556	3,466	4,560	6,927	86,091
-	-	-	-	-	1,000	1,000
-	-	99	49,302	33,690	-	1,092,274
-	-	-	-	-	-	581,544
-	-	-	-	-	-	258,966
-	-	-	-	-	-	11,420,276
-	-	600,000	-	-	-	600,000
\$ 3,934,708	\$ 6,570,454	\$ 1,302,755	\$ 957,121	\$ 1,360,671	\$ 1,589,950	\$ 37,763,042

\$ 28,669	\$ 3,974	\$ 7,466	\$ 5,000	\$ 157,461	\$ 69,455	\$ 760,693
913	3,922	5,704	883	9,912	932	148,156
-	-	-	-	-	-	-
-	-	-	-	-	-	48,363
-	-	-	-	-	-	1,048,756
-	-	-	-	-	-	-
-	-	-	-	-	-	10,098,728
29,582	7,896	13,170	5,883	167,373	70,387	12,104,696

-	-	-	-	-	-	1,545,527
-	-	-	-	-	-	581,544
-	-	600,000	-	-	-	600,000
10,522	17,605	27,789	-	12,308	139,681	1,000,949
3,894,604	6,544,953	661,796	951,238	1,180,990	1,379,882	21,930,326
-	-	-	-	-	-	-
3,905,126	6,562,558	1,289,585	951,238	1,193,298	1,519,563	25,658,346
\$ 3,934,708	\$ 6,570,454	\$ 1,302,755	\$ 957,121	\$ 1,360,671	\$ 1,589,950	\$ 37,763,042

Combining Balance Sheet—Nonmajor Governmental Funds, Continued  
June 30, 2004

Assets	Capital Project Funds			Total Other Governmental Funds
	Capital Outlay	Assessment District Improvement	Total	
<b>Assets</b>				
Cash and investments	\$ -	\$ 27,484	\$ 27,484	\$ 23,750,375
Receivables:				
Accrued interest	7,023	105	7,128	93,219
Accounts, net	-	-	-	1,000
Due from other governments	155,000	-	155,000	1,247,274
Prepaid items	-	-	-	581,544
Restricted assets, cash and investments	12,946,788	410,782	13,357,570	13,616,536
Loan receivables	-	-	-	11,420,276
Advances to other funds	-	-	-	600,000
<b>Total assets</b>	<b>\$ 13,108,811</b>	<b>\$ 438,371</b>	<b>\$ 13,547,182</b>	<b>\$ 51,310,224</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 1,120,137	\$ -	\$ 1,120,137	\$ 1,880,830
Accrued liabilities	18,915	-	18,915	167,071
Due to other funds	473,124	-	473,124	473,124
Deposits payable	-	-	-	48,363
Due to other governments	-	-	-	1,048,756
Advances from other funds	13,670,000	-	13,670,000	13,670,000
Deferred revenue	742,000	-	742,000	10,840,728
<b>Total liabilities</b>	<b>16,024,176</b>	<b>-</b>	<b>16,024,176</b>	<b>28,128,872</b>
<b>Fund Balances</b>				
Reserved for:				
Loan receivables	-	-	-	1,545,527
Prepaid items	-	-	-	581,544
Advances to other funds	-	-	-	600,000
Encumbrances	11,684,159	-	11,684,159	12,685,108
Unreserved, undesignated (deficit):				
Special revenue	-	-	-	21,930,326
Capital projects	(14,599,524)	438,371	(14,161,153)	(14,161,153)
<b>Total fund balances</b>	<b>(2,915,365)</b>	<b>438,371</b>	<b>(2,476,994)</b>	<b>23,181,352</b>
<b>Total liabilities and fund balances</b>	<b>\$ 13,108,811</b>	<b>\$ 438,371</b>	<b>\$ 13,547,182</b>	<b>\$ 51,310,224</b>



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**Combining Statement of Revenues, Expenditures and Changes in Fund Balances—Nonmajor  
Governmental Funds  
Year Ended June 30, 2004**

	Housing Assistance Programs	Community Development Block Grant	Miscellaneous Grants	Traffic Congestion Relief
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-
Intergovernmental	8,137,648	2,753,682	3,150,330	-
Charges for services	-	-	48,293	-
Fines and forfeitures	-	-	-	-
Licenses and permits	-	-	-	-
Income from property and investments	31,001	173,022	896,168	4,269
Miscellaneous	-	35	497,985	-
<b>Total revenues</b>	<b>8,168,649</b>	<b>2,926,739</b>	<b>4,592,776</b>	<b>4,269</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	-	620,608	-	-
Public safety	-	656,640	818,413	-
Urban development	8,236,135	1,233,868	2,571,346	-
Community services	-	-	697,634	-
Capital outlay	8,388	-	439,435	-
<b>Debt service:</b>				
Principal retirement	4,166	-	-	-
Interest and fiscal charges	311	-	-	-
<b>Total expenditures</b>	<b>8,249,000</b>	<b>2,511,116</b>	<b>4,526,828</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(80,351)</b>	<b>415,623</b>	<b>65,948</b>	<b>4,269</b>
<b>Other financing sources (uses):</b>				
Proceeds of bonds, loans and notes payable	-	-	354,820	-
Proceeds of capital lease	-	-	-	-
Transfers in	-	-	193,712	-
Transfers out	-	(290,532)	(493,513)	(454,432)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(290,532)</b>	<b>55,019</b>	<b>(454,432)</b>
<b>Net change in fund balances</b>	<b>(80,351)</b>	<b>125,091</b>	<b>120,967</b>	<b>(450,163)</b>
Fund balances at beginning of year	1,891,825	2,204,917	2,424,658	450,163
Fund balances at end of year	\$ 1,811,474	\$ 2,330,008	\$ 2,545,625	\$ -

See Notes to Financial Statements.



Special Revenue Funds

State Gas Tax	Proposition A	Proposition C	Vehicle Parking Districts	Air Quality Improvement	Landscape Maintenance District	Narcotics Forfeiture	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	13,257	-	1,227,281	-	1,240,538
2,850,962	2,139,993	1,777,347	-	183,285	-	639	20,993,886
-	-	-	-	-	-	-	48,293
-	-	-	-	-	-	810,391	810,391
-	-	-	138,611	-	-	-	138,611
43,592	41,557	69,708	228,105	11,007	14,482	21,996	1,534,907
-	84	-	904	-	-	-	499,008
2,894,554	2,181,634	1,847,055	380,877	194,292	1,241,763	833,026	25,265,634
-	-	-	-	-	-	-	620,608
-	-	-	-	-	-	1,010,055	2,485,108
1,213,308	1,353,792	206,164	311,338	96,535	-	-	15,222,486
-	43,819	-	-	-	1,343,254	-	2,084,707
-	-	-	9,418	-	-	178,895	636,136
-	-	-	-	-	-	-	-
66,995	-	-	-	76,816	-	-	147,977
1,693	-	-	-	1,942	-	-	3,946
1,281,996	1,397,611	206,164	320,756	175,293	1,343,254	1,188,950	21,200,968
1,612,558	784,023	1,640,891	60,121	18,999	(101,491)	(355,924)	4,064,666
-	-	-	-	-	-	-	354,820
-	-	-	-	-	-	-	-
561,633	-	-	-	-	-	2,472	757,817
(1,959,638)	-	(65,261)	-	(89,993)	(12,000)	(26,050)	(3,391,419)
(1,398,005)	-	(65,261)	-	(89,993)	(12,000)	(23,578)	(2,278,782)
214,553	784,023	1,575,630	60,121	(70,994)	(113,491)	(379,502)	1,785,884
3,335,318	3,121,103	4,986,928	1,229,464	1,022,232	1,306,789	1,899,065	23,872,462
\$ 3,549,871	\$ 3,905,126	\$ 6,562,558	\$ 1,289,585	\$ 951,238	\$ 1,193,298	\$ 1,519,563	\$ 25,658,346

Combining Statement of Revenues, Expenditures and Changes in Fund Balances—Nonmajor  
 Governmental Funds, Continued  
 Year Ended June 30, 2004

	Capital Projects Funds			Total Other Governmental Funds
	Capital Outlay	Assessment District Improvement	Total	
Revenues:				
Taxes	\$ 304,236	\$ -	\$ 304,236	\$ 304,236
Special assessments	-	-	-	1,240,538
Intergovernmental	823,156	-	823,156	21,817,042
Charges for services	-	-	-	48,293
Fines and forfeitures	-	-	-	810,391
Licenses and permits	373,765	-	373,765	512,376
Income from property and investments	224,830	2,516	227,346	1,762,253
Miscellaneous	225,142	-	225,142	724,150
<b>Total revenues</b>	<b>1,951,129</b>	<b>2,516</b>	<b>1,953,645</b>	<b>27,219,279</b>
Expenditures:				
Current:				
General government	726,615	-	726,615	1,347,223
Public safety	658,194	-	658,194	3,143,302
Urban development	4,445,434	-	4,445,434	19,667,920
Community services	1,602,266	-	1,602,266	3,686,973
Capital outlay	1,258,685	-	1,258,685	1,894,821
Debt service:				
Principal retirement	3,946	-	3,946	151,923
Interest and fiscal charges	171	-	171	4,117
<b>Total expenditures</b>	<b>8,695,311</b>	<b>-</b>	<b>8,695,311</b>	<b>29,896,279</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(6,744,182)</b>	<b>2,516</b>	<b>(6,741,666)</b>	<b>(2,677,000)</b>
Other financing sources (uses):				
Proceeds of bonds, loans and notes payable	-	-	-	354,820
Proceeds of capital lease	646,123	-	646,123	646,123
Transfers in	3,691,993	-	3,691,993	4,449,810
Transfers out	(1,754,545)	-	(1,754,545)	(5,145,964)
<b>Total other financing sources (uses)</b>	<b>2,583,571</b>	<b>-</b>	<b>2,583,571</b>	<b>304,789</b>
<b>Net change in fund balances</b>	<b>(4,160,611)</b>	<b>2,516</b>	<b>(4,158,095)</b>	<b>(2,372,211)</b>
Fund balances at beginning of year	1,245,246	435,855	1,681,101	25,553,563
Fund balances at end of year	\$ (2,915,365)	\$ 438,371	\$ (2,476,994)	\$ 23,181,352



City of Pomona, California

Schedule of Revenues and Expenditures—Budget and Actual (Budgetary Basis)—  
Nonmajor Special Revenue Funds and Debt Services Funds  
Year Ended June 30, 2004

	Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
<b>Nonmajor Special Revenue Funds</b>			
Housing Assistance Programs:			
Total revenues	\$ 8,073,000	\$ 8,168,649	\$ 95,649
Total expenditures	8,184,434	8,261,436	(77,002)
Net change in fund balance	<u>\$ (111,434)</u>	<u>\$ (92,787)</u>	<u>\$ 18,647</u>
Community Development Block Grant:			
Total revenues	\$ 4,418,200	\$ 2,926,739	\$ (1,491,461)
Total expenditures	4,428,200	2,581,627	1,846,573
Other financing sources (uses)	-	(290,532)	(290,532)
Net change in fund balance	<u>\$ (10,000)</u>	<u>\$ 54,580</u>	<u>\$ 64,580</u>
Miscellaneous Grants:			
Total revenues	\$ 5,222,348	\$ 4,592,776	\$ (629,572)
Total expenditures	6,011,803	4,739,534	1,272,269
Other financing sources (uses)	118,743	55,019	(63,724)
Net change in fund balance	<u>\$ (670,712)</u>	<u>\$ (91,739)</u>	<u>\$ 578,973</u>
Traffic Congestion Relief:			
Total revenues	\$ -	\$ 4,269	\$ 4,269
Total expenditures	-	-	-
Other financing sources (uses)	-	(454,432)	(454,432)
Net change in fund balance	<u>\$ -</u>	<u>\$ (450,163)</u>	<u>\$ (450,163)</u>
State Gas Tax:			
Total revenues	\$ 3,281,000	\$ 2,894,554	\$ (386,446)
Total expenditures	395,580	1,779,387	(1,383,807)
Other financing sources (uses)	(2,343,520)	(1,398,005)	945,515
Net change in fund balance	<u>\$ 541,900</u>	<u>\$ (282,838)</u>	<u>\$ (824,738)</u>
Proposition A:			
Total revenues	\$ 2,162,397	\$ 2,181,634	\$ 19,237
Total expenditures	1,753,360	1,408,133	345,227
Net change in fund balance	<u>\$ 409,037</u>	<u>\$ 773,501</u>	<u>\$ 364,464</u>
Proposition C:			
Total revenues	\$ 1,775,649	\$ 1,847,055	\$ 71,406
Total expenditures	299,811	223,769	76,042
Other financing sources (uses)	(1,338,500)	(65,261)	1,273,239
Net change in fund balance	<u>\$ 137,338</u>	<u>\$ 1,558,025</u>	<u>\$ 1,420,687</u>
Vehicle Parking Districts:			
Total revenues	\$ 320,000	\$ 380,877	\$ 60,877
Total expenditures	363,767	348,545	15,222
Net change in fund balance	<u>\$ (43,767)</u>	<u>\$ 32,332</u>	<u>\$ 76,099</u>

**Schedule of Revenues and Expenditures—Budget and Actual (Budgetary Basis)—  
Nonmajor Special Revenue Funds and Debt Services Funds, Continued  
Year Ended June 30, 2004**

	Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
<b>Nonmajor Special Revenue Funds, Continued</b>			
<b>Air Quality Improvement:</b>			
Total revenues	\$ 180,000	\$ 194,292	\$ 14,292
Total expenditures	649,903	175,293	474,610
Other financing sources (uses)	-	(89,993)	(89,993)
Net change in fund balance	<u>\$ (469,903)</u>	<u>\$ (70,994)</u>	<u>\$ 398,909</u>
<b>Landscape Maintenance District:</b>			
Total revenues	\$ 1,207,000	\$ 1,241,763	\$ 34,763
Total expenditures	1,506,036	1,355,562	150,474
Other financing sources (uses)	(12,000)	(12,000)	-
Net change in fund balance	<u>\$ (311,036)</u>	<u>\$ (125,799)</u>	<u>\$ 185,237</u>
<b>Narcotics Forfeiture:</b>			
Total revenues	\$ 563,000	\$ 833,026	\$ 270,026
Total expenditures	1,222,631	1,328,631	(106,000)
Other financing sources (uses)	(41,083)	(23,578)	17,505
Net change in fund balance	<u>\$ (700,714)</u>	<u>\$ (519,183)</u>	<u>\$ 181,531</u>
<b>Debt Service Funds:</b>			
<b>General Debt Service</b>			
Total revenues	\$ 1,574,588	\$ 1,308,633	\$ (265,955)
Total expenditures	3,357,096	3,154,798	202,298
Other financing sources (uses)	1,655,438	3,310,114	1,654,676
Net change in fund balance	<u>\$ (127,070)</u>	<u>\$ 1,463,949</u>	<u>\$ 1,591,019</u>
<b>Public Financing Authority Debt Service:</b>			
Total revenues	\$ 12,089,061	\$ 7,400,464	\$ (4,688,597)
Total expenditures	12,948,592	8,736,085	4,212,507
Other financing sources (uses)	1,110,000	62,450,000	61,340,000
Net change in fund balance	<u>\$ 250,469</u>	<u>\$ 61,114,379</u>	<u>\$ 60,863,910</u>
<b>Redevelopment Agency Debt Service:</b>			
Total revenues	\$ 22,628,021	\$ 23,456,279	\$ 828,258
Total expenditures	16,169,455	16,792,639	(623,184)
Other financing sources (uses)	(5,048,113)	(48,618,559)	(43,570,446)
Net change in fund balance	<u>\$ 1,410,453</u>	<u>\$ (41,954,919)</u>	<u>\$ (43,365,372)</u>



City of Pomona, California

Schedule of Revenues and Expenditures—Budget and Actual (Budgetary Basis)—  
Nonmajor Special Revenue Funds and Debt Services Funds, Continued  
Year Ended June 30, 2004

	Actual Amounts (Budgetary Basis)
<b>Budget-to-GAAP Reconciliation</b>	
Nonmajor Special Revenue Funds:	
Housing Assistance Programs:	
Expenditures:	
"Total charges to appropriations" from the budgetary comparison statement.	\$ 8,261,436
Differences, budget to GAAP: Encumbrances are shown in the year incurred for budgetary purposes, but in the year paid for financial reporting purposes.	(12,436)
	<u>\$ 8,249,000</u>
Community Development Block Grant:	
Expenditures:	
"Total charges to appropriations" from the budgetary comparison statement.	\$ 2,581,627
Differences, budget to GAAP: Encumbrances are shown in the year incurred for budgetary purposes, but in the year paid for financial reporting purposes.	(70,511)
	<u>\$ 2,511,116</u>
Miscellaneous Grants:	
Expenditures:	
"Total charges to appropriations" from the budgetary comparison statement.	\$ 4,739,534
Differences, budget to GAAP: Encumbrances are shown in the year incurred for budgetary purposes, but in the year paid for financial reporting purposes.	(212,706)
	<u>\$ 4,526,828</u>
State Gas Tax:	
Expenditures:	
"Total charges to appropriations" from the budgetary comparison statement.	\$ 1,779,387
Differences, budget to GAAP: Encumbrances are shown in the year incurred for budgetary purposes, but in the year paid for financial reporting purposes.	(497,391)
	<u>\$ 1,281,996</u>
Proposition A:	
Expenditures:	
"Total charges to appropriations" from the budgetary comparison statement.	\$ 1,408,133
Differences, budget to GAAP: Encumbrances are shown in the year incurred for budgetary purposes, but in the year paid for financial reporting purposes.	(10,522)
	<u>\$ 1,397,611</u>
Proposition C:	
Expenditures:	
"Total charges to appropriations" from the budgetary comparison statement.	\$ 223,769
Differences, budget to GAAP: Encumbrances are shown in the year incurred for budgetary purposes, but in the year paid for financial reporting purposes.	(17,605)
	<u>\$ 206,164</u>

**Schedule of Revenues and Expenditures—Budget and Actual (Budgetary Basis)—  
Nonmajor Special Revenue Funds and Debt Services Funds, Continued  
Year Ended June 30, 2004**

<b>Budget-to-GAAP Reconciliation</b>	<b>Actual Amounts (Budgetary Basis)</b>
Nonmajor Special Revenue Funds, Continued:	
Vehicle Parking Districts:	
Expenditures:	
"Total charges to appropriations" from the budgetary comparison statement.	\$ 348,545
Differences, budget to GAAP: Encumbrances are shown in the year incurred for budgetary purposes, but in the year paid for financial reporting purposes.	(27,789)
	<u>\$ 320,756</u>
Landscape Maintenance District:	
Expenditures:	
"Total charges to appropriations" from the budgetary comparison statement.	\$ 1,355,562
Differences, budget to GAAP: Encumbrances are shown in the year incurred for budgetary purposes, but in the year paid for financial reporting purposes.	(12,308)
	<u>\$ 1,343,254</u>
Narcotics Forfeiture:	
Expenditures:	
"Total charges to appropriations" from the budgetary comparison statement.	\$ 1,328,631
Differences, budget to GAAP: Encumbrances are shown in the year incurred for budgetary purposes, but in the year paid for financial reporting purposes.	(139,681)
	<u>\$ 1,188,950</u>
Debt Service Funds:	
General Debt Service:	
Expenditures:	
"Total charges to appropriations" from the budgetary comparison statement.	\$ 3,154,798
Differences, budget to GAAP: Encumbrances are shown in the year incurred for budgetary purposes, but in the year paid for financial reporting purposes.	(168)
	<u>\$ 3,154,630</u>
Public Financing Authority Debt Service:	
Expenditures:	
"Total charges to appropriations" from the budgetary comparison statement.	\$ 8,736,085
Differences, budget to GAAP: Encumbrances are shown in the year incurred for budgetary purposes, but in the year paid for financial reporting purposes.	(4,500)
	<u>\$ 8,731,585</u>



City of Pomona, California

Combining Statement of Net Assets—Internal Service Funds  
June 30, 2004

Assets	Equipment Maintenance	Self-insurance	Total
<b>Current Assets</b>			
Cash and investments	\$ 541,538	\$ -	\$ 541,538
Receivables:			
Accrued interest	1,837	-	1,837
Accounts, net	-	2,645	2,645
Inventory	265,319	-	265,319
Prepaid items	2,059	-	2,059
<b>Total current assets</b>	<b>810,753</b>	<b>2,645</b>	<b>813,398</b>
<b>Noncurrent Assets</b>			
Restricted cash and investments	-	83,886	83,886
Capital assets:			
Machinery and equipment	285,656	-	285,656
Less accumulated depreciation	(223,439)	-	(223,439)
<b>Total capital assets, net of accumulated depreciation</b>	<b>62,217</b>	<b>-</b>	<b>62,217</b>
<b>Total noncurrent assets</b>	<b>62,217</b>	<b>83,886</b>	<b>146,103</b>
<b>Total assets</b>	<b>\$ 872,970</b>	<b>\$ 86,531</b>	<b>\$ 959,501</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts payable	\$ 209,998	\$ 53,219	\$ 263,217
Accrued liabilities	51,695	20,217	71,912
Accrued interest	10	-	10
Obligation under capital leases, current portion	2,150	-	2,150
Compensated absences	141,424	82,770	224,194
Claims payable, current portion	-	3,050,000	3,050,000
<b>Total current liabilities</b>	<b>405,277</b>	<b>3,206,206</b>	<b>3,611,483</b>
<b>Noncurrent Liabilities</b>			
Advances from other funds	-	4,871,140	4,871,140
Claims payable, long-term portion	-	6,906,738	6,906,738
<b>Total noncurrent liabilities</b>	<b>-</b>	<b>11,777,878</b>	<b>11,777,878</b>
<b>Total liabilities</b>	<b>405,277</b>	<b>14,984,084</b>	<b>15,389,361</b>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	60,067	-	60,067
Unrestricted (deficit)	407,626	(14,897,553)	(14,489,927)
<b>Total net assets (deficit)</b>	<b>\$ 467,693</b>	<b>\$ (14,897,553)</b>	<b>\$ (14,429,860)</b>

**Combining Statement of Revenues, Expenses and Changes in Net Assets—Internal Service Funds**  
**Year Ended June 30, 2004**

	Equipment Maintenance	Self-insurance	Totals
Operating revenues:			
Charges for services	\$ 3,626,470	\$ 4,831,407	\$ 8,457,877
Miscellaneous	32,204	218,332	250,536
<b>Total operating revenues</b>	<b>3,658,674</b>	<b>5,049,739</b>	<b>8,708,413</b>
Operating expenses:			
Personnel services	1,345,851	567,761	1,913,612
Operations	2,044,562	411,746	2,456,308
Claims expense	-	4,787,853	4,787,853
Depreciation	14,255	-	14,255
Insurance	124,583	915,321	1,039,904
<b>Total operating expenses</b>	<b>3,529,251</b>	<b>6,682,681</b>	<b>10,211,932</b>
<b>Operating income (loss)</b>	<b>129,423</b>	<b>(1,632,942)</b>	<b>(1,503,519)</b>
Nonoperating revenues (expenses):			
Income from property and investments	5,834	-	5,834
Interest expense and fees	(214)	-	(214)
<b>Change in net assets</b>	<b>135,043</b>	<b>(1,632,942)</b>	<b>(1,497,899)</b>
Total net assets (deficit) at beginning of year	332,650	(13,264,611)	(12,931,961)
Total net assets (deficit) at end of year	\$ 467,693	\$ (14,897,553)	\$ (14,429,860)



City of Pomona, California

Combining Statement of Cash Flows—Internal Service Funds  
Year Ended June 30, 2004

	Equipment Maintenance	Self-insurance	Total
Cash Flows from Operating Activities:			
Receipts from user departments	\$ 3,630,643	\$ 4,835,067	\$ 8,465,710
Payments to suppliers	(2,026,321)	(1,293,004)	(3,319,325)
Payments to employees	(1,332,150)	(555,530)	(1,887,680)
Claims paid	-	(5,543,499)	(5,543,499)
Other receipts	32,204	218,332	250,536
<b>Net cash provided by (used in) operating activities</b>	<b>304,376</b>	<b>(2,338,634)</b>	<b>(2,034,258)</b>
Cash Flows from Noncapital Financing Activities, advances from other funds	-	2,395,441	2,395,441
Cash Flows from Capital and Related Financing Activities			
Purchases of capital assets	(6,095)	-	(6,095)
Principal payments on long-term borrowings	(8,446)	-	(8,446)
Interest and other fees paid	(204)	-	(204)
<b>Net cash provided by (used in) financing activities</b>	<b>(14,745)</b>	<b>-</b>	<b>(14,745)</b>
Cash Flows from Investing Activities, interest on investments	5,834	-	5,834
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>295,465</b>	<b>56,807</b>	<b>352,272</b>
Cash and Cash Equivalents at Beginning of Year	246,073	27,079	273,152
Cash and Cash Equivalents at End of Year	<u>\$ 541,538</u>	<u>\$ 83,886</u>	<u>\$ 625,424</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities			
Operating income (loss)	\$ 129,423	\$ (1,632,942)	\$ (1,503,519)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
Depreciation and amortization	14,255	-	14,255
Change in assets and liabilities:			
Decrease in receivables	4,173	3,660	7,833
Decrease in inventory	59,034	-	59,034
(Increase) in prepaid items	(2,059)	-	(2,059)
Increase in accrued liabilities and accounts payable	85,849	34,063	119,912
(Decrease) in claims payable	-	(755,646)	(755,646)
Increase in compensated absences	13,701	12,231	25,932
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 304,376</b>	<b>\$ (2,338,634)</b>	<b>\$ (2,034,258)</b>

City of Pomona, California

Combining Statement of Assets and Liabilities—Agency Funds

June 30, 2004

<b>Assets</b>	<b>Assessment Districts</b>	<b>Engineers' Revolving</b>	<b>Construction Guarantee</b>	<b>Municipal Revolving</b>
Cash and investments	\$ 1,077,432	\$ 579,344	\$ 462,181	\$ 659,285
Accrued interest receivable	4,551	-	-	-
Accounts receivable	-	-	-	-
Due from other governments	-	-	-	2,040
<b>Total assets</b>	<b>\$ 1,081,983</b>	<b>\$ 579,344</b>	<b>\$ 462,181</b>	<b>\$ 661,325</b>

**Liabilities**

Accounts payable	\$ -	\$ -	\$ 480	\$ 33,675
Deposits payable	-	579,344	461,701	627,650
Due to bondholders	1,081,983	-	-	-
<b>Total liabilities</b>	<b>\$ 1,081,983</b>	<b>\$ 579,344</b>	<b>\$ 462,181</b>	<b>\$ 661,325</b>



Employee Benefits/ Deductions	Total Agency Funds
\$ 1,292,343	\$ 4,070,585
-	4,551
513	513
-	2,040
<u>\$ 1,292,856</u>	<u>\$ 4,077,689</u>

\$ 1,292,856	\$ 1,327,011
-	1,668,695
-	1,081,983
<u>\$ 1,292,856</u>	<u>\$ 4,077,689</u>

**Combining Statement of Changes in Assets and Liabilities—Agency Funds**  
**Year Ended June 30, 2004**

	Assessment Districts	Engineers' Revolving	Construction Guarantee	Municipal Revolving
<b>Additions:</b>				
Project revenue	\$ -	\$ -	\$ 6,225	\$ 7,068
Interest	14,458	-	-	-
Deposits	-	-	173,067	384,089
Assessments	427,475	-	-	-
<b>Total additions</b>	<b>441,933</b>	<b>-</b>	<b>179,292</b>	<b>391,157</b>
<b>Deductions:</b>				
Project expense	-	-	-	432,345
Administrative expenses	2,110	-	3,153	3,904
Principal payments	800,000	-	-	-
Interest payments	129,173	-	-	-
Refunds	-	-	80,581	-
<b>Total deductions</b>	<b>931,283</b>	<b>-</b>	<b>83,734</b>	<b>436,249</b>
<b>Change in assets</b>	<b>(489,350)</b>	<b>-</b>	<b>95,558</b>	<b>(45,092)</b>
 Total assets, beginning	 1,571,333	 579,344	 366,623	 706,417
Total assets, ending	\$ 1,081,983	\$ 579,344	\$ 462,181	\$ 661,325



Benefits/ Deductions		Totals	
\$	-	\$	13,293
	-		14,458
	368,395		925,551
	-		427,475
	368,395		1,380,777
	-		432,345
	-		9,167
	-		800,000
	-		129,173
	-		80,581
	-		1,451,266
	368,395		(70,489)
	924,461		4,148,178
\$	1,292,856	\$	4,077,689

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## CITY OF POMONA

**Government-Wide Expenditures by Function<sup>(1)</sup>**

Last Three Fiscal Years

Fiscal Year	General Government	Public Safety	Urban Development	Community Services	Debt Service	Water	Sewer	Refuse	Total
2002	21,669,491	43,163,939	30,569,601	7,224,504	18,392,487	21,563,285	2,394,218	5,820,452	150,797,977
2003	20,586,309	54,029,511	30,080,994	11,253,597	17,218,724	21,770,977	1,649,229	6,280,528	162,869,869
2004	15,677,268	54,409,038	43,796,940	11,752,699	20,328,939	21,939,428	2,789,001	6,842,583	177,508,896

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

Source: City of Pomona Finance Department.

CITY OF POMONA  
**Government-Wide Revenues by Source**  
 Last Three Fiscal Years

Fiscal Year	Taxes:						Income from Property and Investments	Motor Vehicle In Lieu	Gain (loss) on sale of Capital Assets	Other
	Property	Sales & Use	Utility Users	Transient Occupancy	Franchise	Other				
2002	28,569,282	12,500,177	15,915,416	1,407,136	2,329,311	1,645,993	17,164,134	8,633,270	1,455,863	3,394,406
2003	29,915,221	15,647,491	16,492,851	1,348,863	1,980,304	1,624,406	13,926,334	8,866,986	137,566	3,664,682
2004	32,674,483	14,483,633	16,375,211	1,482,972	4,078,354	936,114	15,397,864	7,204,184	492,080	2,740,328

Fiscal Year	Charges for Services	Operating	Capital Grants	Total
		Grants and Contributions	and Contributions	
2002	38,220,012	12,352,098	12,720,733	156,307,831
2003	49,679,410	15,705,538	9,230,349	168,220,001
2004	53,157,861	18,967,014	6,421,422	174,411,520

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

Source: City of Pomona Finance Department.

## CITY OF POMONA

**General Governmental Expenditures by Function <sup>(1)</sup>**

Last Ten Fiscal Years

Fiscal Year	General Government	Public Safety	Urban Development	Community Services	Capital Outlay	Debt Service	Total
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	4,406,857	47,504,409	25,845,273	9,560,180	13,959,993	34,175,634	135,452,346
2003	2,728,622	49,431,301	35,748,102	11,207,490	3,565,620	34,077,987	136,759,122
2004	3,685,285	54,409,038	38,076,742	11,752,699	2,510,205	30,032,423	140,466,392

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

Source: City of Pomona Finance Department.



## CITY OF POMONA

# General Governmental Revenues by Source <sup>(1)</sup>

## Last Ten Fiscal Years

Fiscal Year	Taxes	Licenses and Permits	Use of Money and Property	Inter- governmental	Fines and Forfeitures	Charges for Services	Special Assessments	Other	Total
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
2003	64,670,323	6,933,428	11,718,494	33,444,891	2,176,721	1,465,561	1,229,393	2,692,636	124,331,447
2004	77,312,806	8,242,904	12,304,132	25,266,239	2,693,304	1,690,733	1,240,538	2,232,458	130,983,114

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

Source: City of Pomona Finance Department.

## CITY OF POMONA

**Property Tax Levies and Collections**

Ten Year Historical

<u>Fiscal Year</u>	<u>Levies</u>	<u>Collections</u>	<u>% of Collections</u>
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%
2003	8,057,432	7,990,495	99.2%
2004	8,702,725	8,455,522	97.2%

Source: City of Pomona Finance Department.

## CITY OF POMONA

**Schedule of Assessed Property Values**

Last Ten Fiscal Years

Fiscal Year	Secured Roll	Public Utilities <sup>(1)</sup>	Unsecured Roll	Total	Percent Increase
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%
2003	5,156,587,429	6,386,296	388,201,588	5,551,175,313	5.25%
2004	5,549,097,132	Unavailable	402,081,143	5,951,178,275	7.21%

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

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



## CITY OF POMONA

**Property Tax Rates-All Direct & Overlapping Governments****(Per \$100 of Assessed Value)**

Last Ten Fiscal Years

Fiscal Year	County General	City	School	Flood Control	Metro Water District	Other Districts	Community College	Total
1995	1.000000	0.000000	0.056598	0.006041	0.008900	0.001993	0.000000	1.073532
1996	1.000000	0.000000	0.057972	0.000963	0.008900	0.001814	0.000000	1.069649
1997	1.000000	0.000000	0.063000	0.001991	0.008900	0.001604	0.000000	1.075495
1998	1.000000	0.000000	0.078245	0.002197	0.008900	0.001584	0.000000	1.090926
1999	1.000000	0.000000	0.083907	0.001953	0.008900	0.000000	0.000000	1.094760
2000	1.000000	0.000000	0.105068	0.001765	0.008900	0.001422	0.000000	1.117155
2001	1.000000	0.000000	0.134930	0.001552	0.008800	0.001314	0.000000	1.146596
2002	1.000000	0.000000	0.122018	0.001073	0.007700	0.001128	0.000000	1.131919
2003	1.000000	0.000000	0.123416	0.000881	0.006700	0.001033	0.019460	1.151490
2004	1.000000	0.000000	0.126333	0.000462	0.006100	0.000992	0.015246	1.149133

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

## CITY OF POMONA

**Top Sales Tax Producers****in Alphabetical Order**

For Fiscal Year 2003-2004

Arco AM/PM Mini Marts	Pomona Mitsubishi
Barrett's Equine Sales	Puma Oil
Car Pros Kia	Rancho Valley Chevrolet
Circuit City Store	Rio Rancho Buick/Pontiac/GMC
Graphic Distributors	Rohr Steel
Grossman's Contractors Warehouse	Stater Brothers' Markets
Home Depot	Sylvania Lighting Services
Jammin Chrysler Jeep Dodge	Texaco Star
Keenan Supply	Toys R Us
Myers' Tire Supply	United Oil
Palm Springs Oil	Wal-Mart Stores
Phenix Enterprises	West Coast RV's
Pomona Arco	

Source: Hinderliter DeLlamas &amp; Associates

## CITY OF POMONA

**Computation of Legal Debt Margin**

June 30, 2004

Total assessed value of all real and personal property	\$ 5,958,341,017
Debt limit percentage	<u>15.00%</u>
 Total debt limit	 893,751,153
Amount of debt applicable to debt limit	<u>-</u>
 Legal debt margin	 <u><u>\$ 893,751,153</u></u>

Source: City of Pomona Finance Department.



## CITY OF POMONA

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

Last Ten Fiscal Years

Fiscal Year	Assessed Value	Population	Gross General Bonded Debt	Debt Service Funds	Net General Bonded Debt	Ratio of Net General Bonded Debt to Assessed Value	Net General Bonded Debt Per Capita
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
2003	5,551,175,313	156,503	-	55,572	-	0.0000%	0
2004	5,958,341,017	158,360	-	41,876	-	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

Fiscal Year	Principal	Interest and Fiscal Charges	Total Debt Service	Total General Expenditures <sup>(1)</sup>	Ratio of Debt Service To General Governmental Expenditures
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%
2003	-	-	-	136,759,122	0.0000%
2004	-	-	-	140,466,392	0.0000%

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

Source: City of Pomona Finance Department.

## CITY OF POMONA

**Computation of Direct and Overlapping Bonded Debt**

June 30, 2004

**OVERLAPPING TAX AND ASSESSMENT DEBT:**

	<b><u>% Applicable</u></b>	<b><u>Debt 06/30/04</u></b>
Los Angeles County	0.662%	\$ 155,371
Los Angeles County Flood Control District	0.668	921,473
Metropolitan Water District	0.342	1,332,945
Mount San Antonio Community College District	10.801	11,227,640
Claremont Unified School District	7.117	3,249,978
Pomona Unified School District	71.336	97,248,802
City of Pomona 1915 Act Bonds	100	11,675,000
Los Angeles County Regional Park & Open Space Assessment District	0.662	2,490,510
Total Overlapping Tax and Assessment Debt		<u>\$ 128,301,719</u>

**DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:**

Los Angeles County General Fund Obligations	0.662%	\$ 9,607,957
Los Angeles County Pension Obligations	0.662	8,744,043
Los Angeles County Superintendent of Schools Certs. of Partcp.	0.662	170,491
Los Angeles County Sanitation District No. 21 Authority	19.192	5,094,996
Bonita Unified School Dist. Certfs. of Partcp.	0.218	9,439
Claremont Unified School District General Fund Obligation	7.117	863,648
Pomona Unified School District Certificates of Participation	71.336	26,155,344
<b>City of Pomona General Fund Obligations</b>	<b>100%</b>	<b>35,287,489</b>
<b>City of Pomona Pension Obligations</b>	<b>100%</b>	<b>32,300,000</b>
Walnut Valley Water District Authority	2.304	391,450
San Gabriel Valley Mosquito Abatement Dist. Certs. of Partcp.	6.513	71,643
Total Gross Direct and Overlapping General Fund Obligation Debt		<u>\$ 118,696,500</u>
Less:		
Los Angeles County Certificates of Participation(100% self-supporting from leasehold revenues on properties in Marina Del Ray)	461,116	
Pomona Unified School District Lease Revenue Bonds (100% self-supporting from investment agreement deposits)	8,560,320	
Walnut Valley Water District Authority	391,450	9,412,886
Total Net Direct and Overlapping General Fund Obligation Debt		<u>\$ 109,283,614</u>
GROSS COMBINED TOTAL DEBT		<u>\$ 246,998,219 <sup>(1)</sup></u>
NET COMBINED TOTAL DEBT		<u>\$ 237,585,333</u>

**Ratios to 2003-04 Assessed Valuation:**

Total Overlapping Tax and Assessment Debt .....2.15%

**Ratios to Adjusted Assessed Valuation:**

Combined Direct Debt (\$67,587,489)..... 1.62%

Gross Combined Total Debt..... 5.91%

Net Combined Total Debt..... 5.69%

**State School Building Aid Repayable as of 06-30-04: \$885**

<sup>(1)</sup> Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.



## CITY OF POMONA

**Schedule of Water Fund Revenue Bond Coverage**

Last Ten Fiscal Years

Fiscal Year	Gross Revenue <sup>(1)</sup>	Gross Expense <sup>(2)</sup>	Net Revenue Available for Debt Service	Debt Service Requirements <sup>(3)</sup>			Coverage
				Principal	Interest	Total	
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	16,595,841	5,019,672	915,000	2,662,164	3,577,164	1.403
2003	22,035,396	17,117,082	4,918,314	830,000	2,628,231	3,458,231	1.422
2004	22,425,087	18,025,197	4,399,890	935,000	2,597,201	3,532,201	1.246

<sup>(1)</sup> Total operating revenues including interest.

<sup>(2)</sup> Total operating expenses exclusive of depreciation.

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

Source: City of Pomona Finance Department.

## CITY OF POMONA

**Special Assessment Billings and Collections**

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Special Assessment Billings</u>	<u>Special Assessments Collected</u>
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
2003	1,131,941	1,109,397
2004	1,132,258	1,131,341

Source: City of Pomona Finance Department.

## CITY OF POMONA

**Demographics**

the Last 10 Years

<u>Fiscal Year</u>	<u>Unemployment Rate<sup>(a)</sup></u>	<u>Population<sup>(b)</sup></u>	<u>Population Annual % Change</u>
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%
2003	Unavailable	156,503	1.14%
2004	6.9%*	158,360	1.19%

Source: <sup>(a)</sup> U.S. Department of Labor, Bureau of Labor Statistics.<sup>(b)</sup> Department of Finance.

\* For all of Los Angeles County



## 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>
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
2003	95	15,505,015	14,048,106	29,553,121
2004	198	37,328,365	13,282,556	50,610,921

Source: City of Pomona Community Development Department

## CITY OF POMONA

**Bank Deposits**

Last Ten Fiscal Years

<u>Year</u>	<u>Bank Deposits (\$000)</u>
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	703,894
2003	737,468

Source: The Findley Reports

## CITY OF POMONA

**Miscellaneous Statistics**

June 30, 2004

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	175
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	30,400
Average Daily Consumption (gallons)	30,876,000
Miles of Water Mains	435 miles
Gate Valves	10,673
Sewers and Drains:	
Miles of Sanitary Sewer Lines	293
Miles of Storm Drains	120
Recreation and Culture:	
Number of Park Sites	25 with 205 acres
Number of Community Centers	7
Number of Libraries	1

Source: Various Departments of the City of Pomona