



CITY OF POMONA COUNCIL REPORT

March 16, 2026

To: Honorable Mayor and Members of the City Council

From: Anita D. Scott, City Manager

Submitted By: Andrew Mowbray, Finance Director/City Treasurer

**SUBJECT: FISCAL YEAR 2025-26 GENERAL FUND MID-YEAR BUDGET
REVIEW**

RECOMMENDATION:

It is recommended that the City Council take the following actions:

- 1) Adopt the following resolution:

**RESOLUTION NO. 2026-24 A RESOLUTION OF THE CITY COUNCIL OF THE
CITY OF POMONA, CALIFORNIA, AMENDING THE FISCAL YEAR 2025-26
OPERATING BUDGET**

- 2) Review the Fiscal Year (FY) 2025-26 General Fund Mid-Year Budget Report
- 3) Receive and File the updated General Fund ten-year financial forecast presentation

SB1439/GOVERNMENT CODE §84308 APPLICABILITY:

When this box is checked, it indicates the agenda item is subject to the Levine Act SB1439 requirements. Councilmembers are reminded to check their campaign contributions and determine whether they have received a campaign contribution of \$500 or more that would require disclosure and/or recusal from discussing or acting on this agenda item. Campaign contributions of \$250 or more made 1) by any person or entity who is identified in the agenda report as the applicant or proposer; or 2) on behalf of the applicant or participant, including a parent, subsidiary or otherwise related business entity; or 3) by any person who has a financial interest in the agenda item requires a councilmember to comply with SB1439.

EXECUTIVE SUMMARY: This report summarizes the City's General Fund overall financial position for the current fiscal year through December 2025. The General Fund is the largest operating fund in the City and is used to account for all of the City's general revenues such as Taxes, Charge for Services, Permit Revenue, Investment Income, and Intergovernmental Revenues, which are mostly revenues from the County and State. General Fund expenditures are related to the rendering of general services, including but not limited to Public Safety, Parks and Recreation services, Public Works, Administration and Legislative services for the City.

This report will cover the following areas:

- General Fund Overview
- General Fund Summary of Revenue
- General Fund Expenditure Detail by Category and Detail By Department
- General Fund Recommended Mid-Year Budget Amendments
- Non-General Fund Recommended Mid-Year Budget Amendments
- Updated Projected Fund Balance Based on Budget

FISCAL IMPACT: The adoption of Resolution 2026-24 (Attachment No.1) will increase the FY 2025-26 Operating Budget as reflected in Table 1.

Table 1 - Fiscal Year 2025-26 Mid-Year Appropriation Requests

General Fund	Revenue Estimate	Appropriation
Administrative Administration Cost Adjustment for Proposition 47 Grant		(\$185,000)
<i>FD101 CC1101 SC392</i>		
Total General Fund Revenue Estimates/Appropriations	\$0	(\$185,000)
Non General Funds	Revenue Estimate	Appropriation Changes
City's Pomona Energy Choice Fund Clean up for 1st Quarter Action		\$418,088
<i>FD551 CC8201 SC299</i>		
Total Non General Fund Revenue Estimates/Appropriations	\$0	\$418,088
Total Revenue Estimates/Appropriations	\$0	\$233,088

PREVIOUS RELATED ACTION: City Council approved the Budget Preparation Calendar, Guiding Principles and Process for the FY 2025-26 on January 27, 2025. The City Council adopted the FY 2025-26 Operating Budget, Housing Authority Budget and the Five-Year Capital Improvement Program on June 2, 2025. Also on July 7, 2025, the City Council approved the FY 2025-26 Annual Action Plan, which included funding for the Community Development Block Grant (CDBG) Federal Entitlement Programs. There were budget amendments approved on September 08, 2025, November 17, 2025, and January 5, 2026, that impacted the General Fund.

DISCUSSION: As adopted on June 2, 2025, the General Fund budgeted revenues were \$163.14M and appropriations were \$168.66M, resulting in an estimated deficit of \$5.5M. The General Fund amendments resulted in net increases to estimated revenues of \$1.15M and appropriations of \$1.21M. These actions increased the net budgetary deficit by \$66.2k resulting in a revised estimated deficit of \$5.5M. See Table 2 for a visual presentation of these changes.

As presented in the Fiscal Year 2025-26 budget message included in the budget document adopted on June 2, 2025, various actions were taken by the departments to reduce spending including “un-funding” of vacant positions, and increases were included for the transfer from the General Fund to the Children and Youth Fund. As a result of these budgetary challenges, only one mid-year adjustment to the General Fund is being requested.

2025-26 GENERAL FUND MID-YEAR OVERVIEW –Table 2 provides a budget overview with the estimated surplus or (deficit). Fiscal Year 2025-26 was adopted with a budgetary deficit of \$5.5M. Year-end estimates reflect a slightly lower deficit of \$5.4M.

Table 2 - Fiscal Year 2025-26 Mid-Year Summary

2025-26	Adopted	Prop Mid		Mid Year Budget	As of Dec 31' 25	% Rec'd/ Exp'd	Year End Estimate
		Amended Budget	Year Amendments				
Total Revenue	\$163,143,342	\$164,293,342	\$0	\$164,293,342	\$53,841,134	33%	\$163,306,827
Total Expense	\$168,661,546	\$169,877,784	(\$185,000)	\$169,692,784	\$79,287,633	47%	\$168,726,415
Net	(\$5,518,204)	(\$5,584,442)	(\$185,000)	(\$5,399,442)	(\$25,446,499)		(\$5,419,588)

With 50% of the year complete, actual revenues are at 33% of the budget and expenditures are at 47%. Typically, expenditures trend higher than revenues at mid-year. Many revenues are not received on a monthly basis such as property taxes. This timing challenge highlights the importance of maintaining fund balance reserves which assist with cash flow needs. Without available reserves and savings, many cities are required to borrow funding to meet monthly obligations until property tax revenues are received. City Council adopted the City’s Consolidated Fiscal Policies and Administrative Procedures (approved by City Council in February 2023) to establish the Fiscal Sustainability reserves funding up to 25% of budgeted expenditures, which helps with cash flow as needed. A preview of draft unaudited actual Fiscal Year 2024-25-year end numbers were provided with the November 17, 2025, 1st Quarter City Council report and are included in the Fund Balance section herein. The policy is vital to the fiscal health of the City. In addition, maintaining a healthy unassigned fund balance is also important as this covers unexpected obligations that arise during the fiscal year.

REVENUES –

Table 3 - Fiscal Year 2025-26 Mid-Year Revenue Summary

	2025-26 AMENDED BUDGET	2025-26 MID YEAR BUDGET	2025-26 MID YEAR ACTUALS	% ACTUALS/ BUDGET	2025-26 YEAR END ESTIMATE
All Property Taxes	\$53,670,000	\$53,670,000	\$10,487,721	20%	\$54,107,161
All Sales & Use Tax	\$42,800,000	\$42,800,000	\$13,458,533	31%	\$41,288,610
All Utility Tax	\$22,505,000	\$22,505,000	\$10,748,476	48%	\$22,306,789
All Other Taxes	\$22,403,800	\$22,403,800	\$8,023,783	36%	\$22,428,800
All Other Sources	\$22,914,542	\$22,914,542	\$11,122,622	49%	\$23,175,467
Total Revenue	\$164,293,342	\$164,293,342	\$53,841,134	33%	\$163,306,827

Property Taxes – Typically, property tax revenues are received from November through August. In addition, due to various State actions, the City receives “In Lieu” property tax twice a year in January and June. Property Tax revenues represent 33% of General Fund revenues. Certain

Property Tax revenues typically received and recorded in the month of December were recorded in the month of January. As a result, property tax revenues are below prior year trends. However, Property Tax revenues are expected to meet or exceed budget estimates with the addition of new development. No mid-year increase is recommended.

Sales and Use Tax – The total revenue budget from Sales Tax is derived from three distinct sources; a 1.0% share of local sales (from the State and County Pools), allocations of Public Safety Augmentation Fund (PSAF) sales tax from the County, and the 3/4 cent Transaction and Use Tax (Measure PG) revenues. These three sources were budgeted at \$42.8M when adopted in June 2025 and represent 26% of General Fund revenues. With uncertainty in the economy in recent years, sales tax revenues have trended downward as described in previous council reports. Based on information provided by the City’s Sales Tax Consultant, sales tax revenues are expected to come in within budget or exceed the budgeted estimate. No mid-year adjustment is recommended with the expectation that the budgeted estimates will be met.

Utility Users Tax (UUT) – Currently budgeted at \$22.5M, utility tax revenue represents 14% of General Fund revenues. Actual revenues are expected to come in close to budget. A request to amend revenue estimates for this category is not being recommended.

Other Taxes – This category includes Business Licenses, Transient Occupancy Tax, Property Transfer Tax, Cannabis Business Tax, and Franchise Fees, which represent 14% of total General Fund revenues. These sources, collectively, are budgeted at \$22.1M. Revenues are expected to come in close to budget. A request to amend revenue estimates for this category is not being recommended.

Other Sources – All Other Sources include Fees, Licenses, Permits, and Revenue from Use and Property categories and make up 13% of General Fund Revenues. This category of revenues fluctuates with development or construction activity. Estimates look promising that actual revenues will be met or possibly exceed budget. As indicated last year, some projects were delayed and revenues are now being realized. A request to amend revenue estimates for this category is not being recommended.

Revenue Summary – In summary, the budgeted revenues from tax related items discussed above represent 87% of the City’s General Fund. Changes in the economy tend to affect property taxes last, while all other revenues are affected quickly. Compared to recent years, this mid-year report is fairly optimistic that estimated revenues will come in as budgeted. However, it is also good to note that revenues continue to be budgeted conservatively.

EXPENDITURES- As of December 31, 2025, overall General Fund appropriations are 47% expended. All categories are within an acceptable range of year-to-date expenditures in relation to the total appropriations for the year. The following tables summarize the amended budget (appropriations) by Mid-Year Expenditures by Category (Table 4) and by Department (Table 5).

As noted earlier, in order to minimize the budgetary deficit and use of fund balance reserves, as part of the budget process, many vacant positions were unfunded along with other budget reductions. This was necessary to budget for the Measure Y Children and Youth program requirements.

Table 4 - Fiscal Year 2025-26 Mid-Year Expenditure Summary by Category

	2025-26 AMENDED BUDGET	% OF TOTAL	2025-26 MID YEAR EXP	% Expended	2025-26 MID YEAR BUDGET	2025-26 YEAR END ESTIMATE
Personnel	\$75,728,133	45%	\$34,988,578	46%	\$75,728,133	\$74,922,525
Controllable Expenses	\$13,700,891	8%	\$4,129,425	30%	\$13,515,891	\$13,432,985
Required Expenses	\$42,674,089	25%	\$21,207,984	50%	\$42,674,089	\$42,607,151
Allocation and Utilities	\$27,004,340	16%	\$13,552,548	50%	\$27,004,340	\$26,993,423
Recovered Costs	(\$2,287,116)	-1%	(\$1,143,558)	50%	(\$2,287,116)	(\$2,287,116)
Capital	\$284,017	0%	\$105,053	37%	\$284,017	\$284,017
Transfers to Other Funds	\$12,773,430	8%	\$6,447,604	50%	\$12,773,430	\$12,773,430
Total Expense	\$169,877,784	100%	\$79,287,633	47%	\$169,692,784	\$168,726,415

As reflected in Table 4, year-end expenditures are projected to come in slightly under the amended budget. In light of the deficit budget, minimal mid-year adjustments are recommended this year. The majority of the categories are aligned.

Transfers to Other Funds has increased significantly from prior years in the amount of (\$7.5M) to reflect the continued implementation of Measure Y Children and Youth program approved by the voters in November 2024. Fiscal Year 2024-25 was the first year that this transfer was implemented.

Table 5 - Fiscal Year 2025-26 Mid-Year Department Summary

	2025-26 AMENDED BUDGET	% OF TOTAL	2025-26 MID YEAR EXP	% Expended	2025-26 MID YEAR BUDGET	2025-26 YEAR END ESTIMATE
General Services	\$5,935,714	3%	\$2,812,566	47%	\$5,935,714	\$5,742,579
Recovered Costs	(2,287,116)	-1%	(\$1,143,558)	50%	(\$2,287,116)	(\$2,287,116)
Mayor & Council	717,021	0%	\$368,548	51%	\$717,021	\$703,401
City Clerk	1,436,749	1%	\$428,470	30%	\$1,436,749	\$1,385,108
Human Resources	1,998,955	1%	\$707,266	35%	\$1,998,955	\$1,705,583
Finance	3,250,815	2%	\$1,432,292	44%	\$3,065,815	\$2,799,390
City Administration	1,501,804	1%	\$705,009	47%	\$1,501,804	\$1,498,178
Development Services	7,386,816	4%	\$3,014,608	41%	\$7,386,816	\$7,213,130
Police	81,453,641	48%	\$38,311,363	47%	\$81,453,641	\$81,357,054
Fire	37,758,927	22%	\$18,879,464	50%	\$37,758,927	\$37,758,927
Public Works & CIP	14,043,081	8%	\$5,877,707	42%	\$14,043,081	\$14,331,371
Neighborhood Services	671,813	0%	\$341,612	51%	\$671,813	\$582,482
Community Services	6,681,488	4%	\$2,963,456	44%	\$6,681,488	\$6,676,466
Library	1,825,147	1%	\$837,367	46%	\$1,825,147	\$1,756,933
Children & Youth Transfer	7,502,929	4%	\$3,751,465	50%	\$7,502,929	\$7,502,929
Total Expense	\$169,877,784	100%	\$79,287,633	47%	\$169,692,784	\$168,726,415

Table 5 displays that all Departments have expended 50% or less of their budget at Mid-Year. The Mayor & Council Department budget is 51% due to controllable expenses tracking slightly higher at the midpoint. The Neighborhood Services Department is also at 51% due to a transfer of the Pension Obligation Bond (POB) allocation that was budgeted in the American Recue Plan (ARP) Grant fund and will now be expended from this General Fund department.

Measure Y – Children and Youth Transfer is in its second year of implementation with a transfer of \$7.5M based on 5% of unrestricted General Fund revenues. The transfer percentage increases annually by 1% until it reaches a cap of 10%. General Fund expenditures are projected to come in close to \$1M under the Mid-Year budget. This is primarily due to several Departments with vacant positions not budgetarily frozen within the FY 2025-26 adopted budget that will realize savings due to a non-hiring freeze that has been implemented for the remainder of the fiscal year.

FY 2025-26 RECOMMENDED GENERAL FUND BUDGET AMENDMENTS

Appropriations Amendments

The CalVIP grant budgeted \$185,000 for indirect cost related to administering the grant. Staff allocated expenditures associated with Finance department to the grant via **(FD215 CC1101 SC391 GR58766)** and recovered the cost in the General Fund **(FD101 CC1101 SC392)**. The costs relate to Finance administrative support including, but not limited to accounting, purchasing, and accounts payable.

FUND BALANCE POLICY

On June 20, 2011, the City Council adopted Resolution 2011-63A approving the City's Fund Balance Policy. The objectives of the Policy were to comply with the Governmental Accounting Standards Board (GASB) Statement Number 54 – Fund Balance Reporting and Governmental Fund Type Definitions, establish formal reserve policies, build adequate reserves, and guide the City toward meeting its short and long-term obligations.

On February 6, 2023, this Policy was replaced and repealed when staff brought forward the City's Consolidated Financial Polices and Administrative Procedures via analysis by City staff and the City's financial advisor Urban Futures Inc. (UFI). The revised policy states that at the end of each fiscal year, the City shall have a Committed Fund Balance (called Fiscal Sustainability) equal to 25% (for FY 2025-26) of operating expenditures and transfers out in the General Fund. This reserve is intended to help the City navigate downturns in the economy, actions by other government agencies, meet debt service obligations, navigate unexpected reductions in revenues, or provide for cash flow needs.

Table 6 – Updated Projected Fund Balance Fiscal Year 2025-26

Based on the preliminary draft audit June 30, 2025, figures, the General Fund balance is \$58.8M which is about 35% of operating expenditures. Based on the Amended Mid-Year Budget estimated budgetary deficit, the revised Estimated Ending Fund Balance at 6/30/26 will be \$53.5M. Even with the use of reserves, the General Fund should achieve the Fund Balance Policy target of 25%. Table 6 shows how the Estimated Ending Fund Balance of \$53M is allocated to the Fiscal Sustainability policy with the remaining allocated to unassigned Fund Balance. Due to another year with a deficit budget, the Estimated Ending Fund Balance of \$53M is down to 31% of Expenditures.

With the adoption of the Updated Consolidated Fiscal Policies in February 2023, the City established goals to support the financial strength and stability of the City through the use of surplus funds at the end of each year to fund capital improvement projects, equipment replacement, the pension 115 trust and catastrophic events reserve. With the estimated budgeted deficit of \$5.4M, these goals will not be achieved.

Table 6 – General Fund - Fund Balance

ITEM	2025-26 BUDGET
Fund Balance FY 2024-25 (Not Audited)	58,760,061
Total Amended Revenue at Mid Year	164,293,342
Total Amended Expense at Mid Year	169,692,784
Net Total To Date (Revenue/Expenditures)	(5,399,442)
Total Request at March 16, 2025 City Council Meeting	(185,000)
Anticipated 2025-26 Use of Unassigned Fund Balance	(5,214,442)
Updated Estimated Budgeted Fund Balance FY 2025-26	53,545,619
Estimated Committed Fund Balance Per Policy (25%)	42,423,196

As noted earlier, the adopted and amended budget includes the second year of implementation of Measure Y – Children and Youth Program. Significant reductions to the budget were implemented to reduce the adopted deficit to only \$5.6M deficit. A ten-year financial forecast was presented to the City Council in January 2025 taking into consideration the transfers stated in the Measure Y Charter Amendment. This analysis showed General Fund reserves being depleted in the next 3-5 years.

As part of this council item an updated ten-year financial forecast has been prepared by the City’s Financial Advisor Urban Futures Inc. (UFI). The forecast factors in conservative assumptions around the economy. Many aspects of the economy appear to be positive while other indicators warn of a possible downturn. The uncertainty in the economy highlights the importance of the Fiscal Policies the City Council adopted in 2023. The updated forecast will highlight two scenarios, which are attached for Council review.

Non- General Fund Amendments

Included in the 1st Quarter report, presented and approved by the City Council in November 2025 were several amendments to the City’s Operating Budget. In particular was an appropriation to the City’s Pomona Energy Choice Fund (FD551 CC8201 SC299) for the General Fund Administrative services, with a corresponding revenue estimate increase for the Transfer to the CIP fund for CIP Project #74115. One of the 4 entries associated wasn’t included in the 1st quarter report action, as a result staff is requesting appropriation to the Energy Choice Fund in the amount of \$418k.

CONCLUSION

As stated in the Executive Summary, the purpose of this report is to give the City Council a financial update of the FY 2025-26 Budget at the Mid-Year. Based on this information, staff is recommending the City Council to approve one cleanup appropriation discussed earlier herein.

The FY 2026-27 City budget process is underway with departmental input, meetings and City Manager review forthcoming. In light of the budgetary challenges associated with Measure Y – Children and Youth program transfer, economic factors, contractually obligated increases, a new Fire Service agreement, and other operating increases, the FY 2026-27 budget is expected to have a budgetary deficit.

In addition, the City has been going through a major conversion of its ERP system as approved by the City Council with the use of ARP funding. Major components of the system went live on January 5th, 2026. This has been a significant project for the Finance, Innovation and Technology and Human Resources departments and all city staff. The learning curve is still in progress for City staff which impacts routine workflow. The new ERP has a completely new look to the account structure which the City Council may have already noticed on various agenda reports. In addition, we anticipate that the FY 2026-27 budget document will look different from prior years due to the new ERP and may be reduced in size during this transition year.

In closing, as part of the FY 2026-27 budget process two Budget study sessions are scheduled for March 23, 2026, at 7:00pm with another session held on the afternoon of April 1, 2026, at 3:00pm. Both meetings will be held in the Pomona City Council Chambers for easy access by the community. In addition, the study sessions will be available to watch online, on TV via the public access channel, or on the City's live stream. We encourage all community members to attend and participate in these important budget forums in whatever way they feel works for them.

The FY 2026-27 Proposed Budget will be brought forward for discussion on Monday, May 11, 2026, at the annual Proposed Budget Study Session. The budget is scheduled for adoption at special City Council meeting on Tuesday, May 26, 2026, at 7:00pm.

As noted in the Fund Balance discussion, an updated ten-year financial forecast of the General Fund will be discussed with the baseline scenario of the current budget, and two scenarios that will have an impact on the budget for many years. The first scenario relates to the concurrent item on the March 16, 2026, City Council agenda for the Approval of a Three-Year Transitional Agreement with the Los Angeles County Fire District (LACoFD) for Fire and Emergency Services. Scenario two focuses on the voter Measure Initiative: "Kids First Funding Amendment" on the Statewide Primary Election Ballot to Amend the Pomona Fund for Children and Youth Act (Measure "Y"), to be held as part of the June 2, 2026, City primary election ballot.

ALTERNATIVE(S): None

Prepared by:

Andrew Mowbray
Finance Director/City Treasurer

ATTACHMENT(S):

Attachment No. 1 – Resolution No. 2026-24

Attachment No. 2 – PowerPoint Presentation – FY 2025-26 Mid-Year Review

Attachment No. 3 – PowerPoint Presentation – General Fund Ten-Year Financial Forecast Update