

CITY OF POMONA
CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2018



CITY OF POMONA, CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended June 30, 2018

Tim Sandoval

Mayor

Rubio R. Gonzalez

Councilmember, District 1

Adriana Robledo

Councilmember, District 2

Cristina Carrizosa

Councilmember, District 3

Elizabeth Ontiveros-Cole

Councilmember, District 4

Ginna E. Escobar

Councilmember, District 5

Robert S. Torres

Councilmember, District 6

Prepared by the City of Pomona Finance Department
Onyx Jones, Finance Director

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For the Year Ended June 30, 2018
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THE CITY OF
POMONA
Finance Department

December 20, 2018

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



The audited Comprehensive Annual Financial Report (CAFR) of the City of Pomona, California (City) for the fiscal year ended June 30, 2018 is hereby submitted.

An independent certified public accounting firm audits the basic financial statements. The purpose of the audit is to ensure that the basic financial statements present fairly, in all material respects, the financial position and the results of operations of the City. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. The Pun Group has issued an unmodified opinion of the City of Pomona's financial statements for the year ended June 30, 2018. The financial statements have been prepared in accordance with generally accepted accounting principles in the United States. This means that the statements have been prepared using guidelines designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds. The independent auditor's report is located on page 1 of the Financial Section. All disclosures necessary to enable the reader to gain the maximum understanding of the City's financial activities have been included.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

In addition to the comprehensive audit, 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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Information related to this single audit, including a schedule of federal financial assistance, findings and recommendations and auditor's report on the internal control structure and compliance with applicable laws and regulations, is provided in a separate single audit report.

REPORTING ENTITY

The primary unit of the government is the City, and includes component units all of which are described below:

The Primary Government

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

The accompanying Comprehensive Annual Financial Report includes the activities of the City, the primary government, and its component units, which are the Pomona Public Financing Authority, the City of Pomona Housing Authority, and the Canon Water Company. Financial information for the City and these component units is accounted for in the accompanying financial statements in accordance with principles defining the reporting entity adopted by the Governmental Accounting Standards Board. The City Council serves as the governing board of the Housing Authority. The City Manager, City Attorney, Finance

Director/City Treasurer, Senior Accountant, and the Deputy City Manager serve as the governing board for the Pomona Public Financing Authority. The Water Resources Director, Supervising Water Resource Engineer, Water Treatment/Water Quality Supervisor, and Senior Management Analyst for the City serve as the governing board of the Canon Water Company. All of these component units are presented on a blended basis.

The former Redevelopment Agency, now Successor Agency, is a separate legal entity, which was formed to hold the assets of the former Redevelopment Agency pursuant to City Council action taken on January 9, 2012 with members of the City Council, sitting as the Successor Agency to the Redevelopment Agency. The activity of the Successor Agency is overseen by an Oversight Board which is comprised of individuals appointed by various government agencies including the City of Pomona.

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

The Housing Authority of the City of Pomona (the Housing Authority) was organized pursuant to the State of California Health and Safety Code, Section 34242. The Authority exists pursuant to adopted resolution No. 93-114 adopted June 7, 1993. Its purpose is to prepare and carry out plans to ensure sanitary and safe housing exists in the City of Pomona and that such housing is available to persons of low income at affordable rental rates. The City provides management assistance to the Housing Authority, and the members of the City Council also act as the governing body of the Housing Authority. The Housing Authority's financial data and transactions are blended with the major governmental funds. Separate audited statements are also issued for the Housing Authority and are available for review in the Pomona Public Library.

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

THE CITY OF POMONA

The City is located at the southeast end of Los Angeles County and borders San Bernardino County's western boundary and is just five miles north of Orange County. The City has a population of 155,687 and covers an area of approximately 23 square miles. The City is a charter city and is governed by a mayor and six council members. Council members are elected by district with the mayor elected from the City at large. Each member of the Council is elected to a term of four years.

LOCAL ECONOMY

The City of Pomona continues to enjoy a broadly based diverse economy, albeit one with an emphasis upon government, healthcare, and other service-oriented industries. Among Pomona's large employers are the school district (Pomona USD), the City of Pomona itself, California State Polytechnic University, and the Department of Social Services. Notable private sector employers include Hayward Industries, Kittich Corporation, Structural Composites Ind LLC, Lloyd's Material Supply, Los Angeles County Fair Association (Fairplex) and Anheuser Busch Sales. As a regional healthcare hub, Pomona boasts a premier facility in the Pomona Valley Hospital Medical Center and the non-profit Casa Colina Centers for Rehabilitation.

Per 2017 estimates published by the Labor Market Information Division of the California Employment Development Department (the most recent such data available), the City's employed civilian labor force presently stands at approximately 69,000 workers.

Retail Sales and Use Tax remains an extremely significant source of revenue, and activity now is still on the rebound from levels depressed by the so-called "Great Recession". The City of Pomona remains central to the region's building and construction industry, while other business-to-business sales represent a notable share of local sales tax receipts.

Current assessed valuation for the City of Pomona including redevelopment areas is \$11,019,120,597 according to the Office of the Los Angeles County Auditor-Controller. Based on the City assessed valuation, overall property tax receipts (secured, unsecured, transfer tax, etc.) were 34.13% of the 2017-18 General Fund revenues, while sales tax and related line items were 17.49% of that same total.

LONG-TERM FINANCIAL PLANNING

Pomona's vigilant ongoing review and control over expenditure growth has been, and will continue as, a critical factor in maintaining and improving the City's overall financial health. To ensure its fiscal health, on May 2, 2011, the City Council adopted resolution number 2011-49 approving the City's Fiscal Sustainability Policy. This policy established guidelines for the City's overall fiscal planning and management and is intended to foster and support continued financial strength and stability of the City. The policy is quite comprehensive and covers areas of Budget, Economic Development, Risk Management, Accounting-Auditing-Financial Reporting, Cash Management and Investments, and Debt Management. The policy also required a separate Fund Balance Policy to ensure fiscal health of the City. Part of the Fund Balance Policy adopted by the City Council on June 20, 2011, requires the General Fund to have a 'Committed Fund Balance' of 17% of operating expenditures by June 30, 2020. The policy provides a scale for reaching the 17% starting with 8% as of June 2012 and ending with the 17% in 2020. Based on 2017-18 General Fund expenditure and fund balance numbers, the General Fund has already exceeded the final goal of 17%. The City realized the importance of long term financial planning especially with increased pension costs so the City along with Urban Futures Inc. created a 10 year sustainability plan. The 10 year sustainability plan identified a long term ongoing annual structural deficit amounting to \$8-10 million along with identifying various cuts or revenue generation strategies that would cover the gap. The City had to make significant cuts to the budget from FY 2010 to FY 2013. As a result, City services have suffered, programs had to be cut and various positions were laid off. The City has to maintain and even improve services provided so the City felt that the future was dependent on generating revenues and more specifically a Sales Tax measure.

OUTLOOK FOR THE FUTURE

In November of 2018, the residents of Pomona voted 66.50% in favor for a $\frac{3}{4}$ cent Sales Tax measure. The estimated \$12 million increased revenues will vastly help balance the budget and will be a great benefit to the Citizens of Pomona. As the City looks ahead to 2018-19, staff is encouraged by the General Fund reserve balance and indicators that a modest economic recovery is underway. The adopted FY 2018-19 budget was adopted with a \$4.7 million deficit. The City is also fully aware that the rebounds to the tax revenues are slow and the City's financial structure could be challenged in the future. The City of Pomona staff is continuing its efforts beyond the tax measure of identifying financial resources to address increasing retirement costs with a Net Pension Liability of \$192.7 million, continued rise in retiree health costs, debt service requirements, yearly increase for the LA County Fire contract, costs for deferred maintenance of facilities and infrastructure, and a decrease in funding for programs such as Asset Forfeiture.

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 Uniform Guidance. The results of the City's single audit for the fiscal year ended June 30, 2018 are published under separate cover.

Budgetary Controls. The City maintains budgetary controls to ensure compliance with legal provisions embodied in the annual adopted 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 department level in the General Fund and by fund total for all other funds. 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 per the City Charter.

OTHER INFORMATION

Risk Management. The City maintains a self-insurance program to provide for the general liability, workers compensation and unemployment benefits claims.

Independent Audit. The accounting firm, The Pun Group was selected to perform the annual independent audit. The annual audit is designed to meet the requirements of generally accepted auditing standards in the United States, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the Federal Single Audit Act of 1996, as amended and related Uniform Guidance. 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, 2017. The City of Pomona has received a Certificate of Achievement for the last twenty-five consecutive years (1993-2017). The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

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

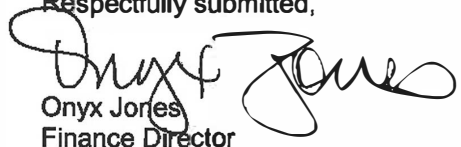
Additional Information. For additional information, please refer to the Management's Discussion and Analysis in the Introductory Section of this report. This discussion and analysis of the City's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2018.

Please read it in conjunction with the basic financial statements and the accompanying notes to the basic financial statements.

Acknowledgments. The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the entire Finance Department staff. Special recognition is given to all the Accounting division staff and the City's audit firm 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 black ink, appearing to read "Onyx Jones", written over the printed name and title.

Onyx Jones
Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Pomona
California**

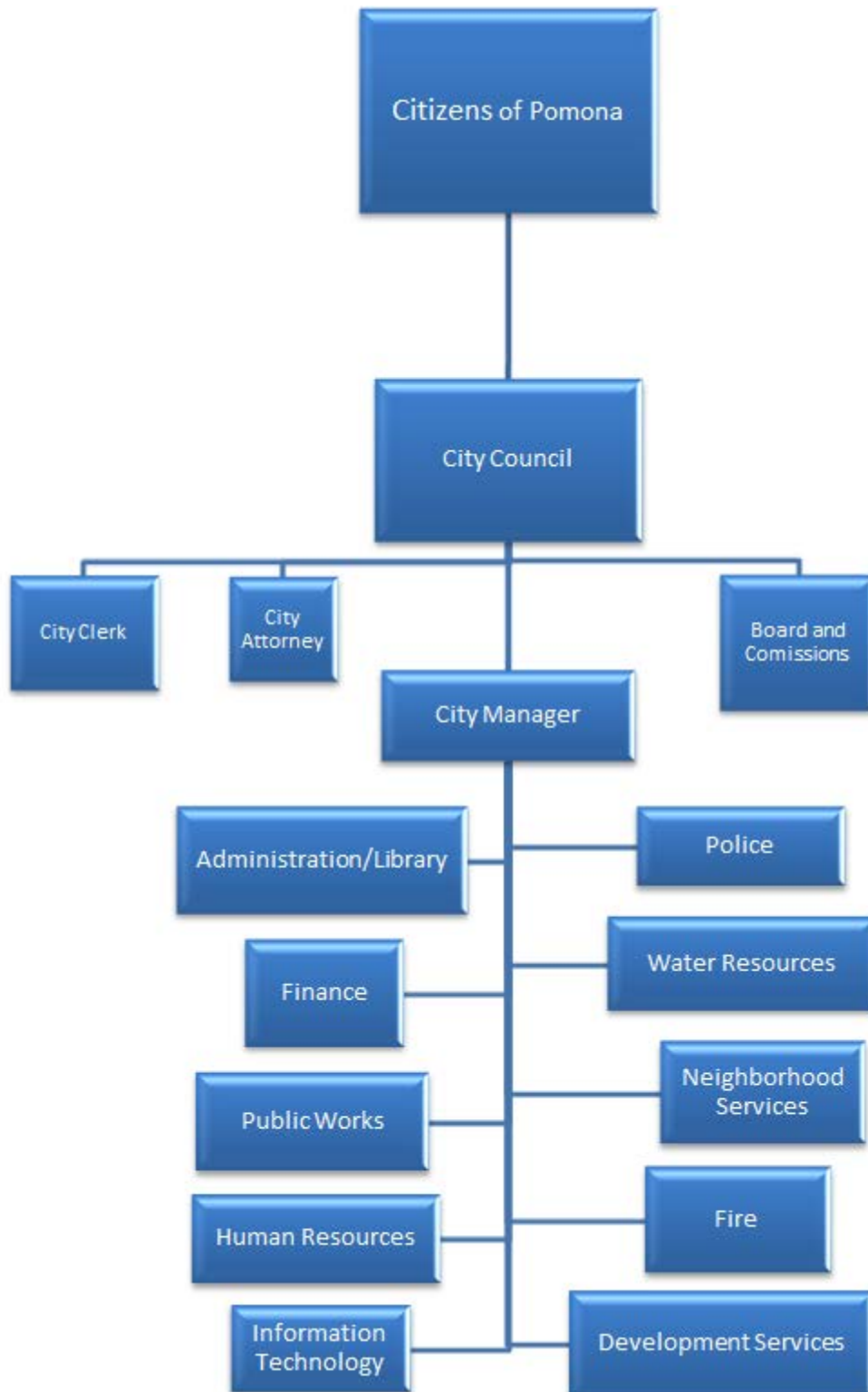
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morrell

Executive Director/CEO

Organizational Chart



CITY OF POMONA

DIRECTORY OF CITY OFFICIALS

at June 30, 2018

CITY COUNCIL

Tim Sandoval

Mayor

Rubio R. Gonzalez

Councilmember

District 1

Adriana Robledo

Councilmember

District 2

Cristina Carrizosa

Councilmember

District 3

**Elizabeth
Ontiveros-Cole**

Councilmember

District 4

Ginna E. Escobar

Councilmember

District 5

Robert S. Torres

Councilmember

District 6

APPOINTED ADMINISTRATIVE OFFICIALS

City Manager.....Linda Lowry

City Attorney.....Arnold Alvarez-Glasman

City ClerkEva M. Buice

City TreasurerOnyx Jones

DEPARTMENT DIRECTORS

Finance.....Onyx Jones

Fire (Los Angeles County).....Jim Robinson

Human ResourcesLinda Matthews

Information Technology.....John DePolis

Library.....Mark Gluba

Development ServicesMario Suarez

Neighborhood Services.....Benita DeFrank

Police Chief.....Mike Olivieri

Public Works.....Meg McWade

Water ResourcesDarron Poulsen

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

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 City of Pomona, California (the "City") as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Emphasis of Matter

Prior Period Adjustments

As described in Note 19 to the Financial Statements, the net position at July 1, 2017 for the governmental activities and business-type activities were restated to \$66,801,168 and \$71,556,624, respectively, as a result of implementation of GASB 75 and corrections on notes receivables and related interest receivables. In addition, total OPEB liability is reported in the Statement of Net Position in the amount of \$96,653,040 at the measurement date. Total OPEB liability is calculated by actuaries using estimates and actuarial techniques from an actuarial valuation date and measurement date at December 31, 2017. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Schedules, the Schedule of Changes in Net Pension Liability and Related Ratios, the Schedule of Contributions – Pension, the Schedule of Changes in Net OPEB Liability and Related Ratios, and the Schedule of Contributions – Other Postemployment Benefits Plan, on pages 5 to 16 and 145 to 155 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Introductory Section, the Combining and Individual Nonmajor Fund Financial Statements, and the Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Combining and Individual Nonmajor Fund Financial Statements and the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining and Individual Nonmajor Fund Financial Statements and the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Introductory and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

To Honorable Mayor and the Members of the City Council
of the City of Pomona
Pomona, California
Page 3

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2018, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

The PwC Group, LLP

Santa Ana, California
December 20, 2018

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2018

The following Management's Discussion and Analysis (MD&A) of the City of Pomona's financial performance provides an introduction and overview to the financial activities of the City for the fiscal year ended June 30, 2018. This narrative discussion and analysis focuses on the fiscal year 2017-18 activities, resulting changes and current known facts; therefore, the information presented here should be considered in conjunction with additional information furnished in the transmittal letter and the accompanying basic financial statements.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$131.4 million. The Net Position is composed of \$289.7 million Investment in Fixed Assets, \$83.8 million Restricted and \$(242.1) million Unrestricted. The negative unrestricted Net Position is mainly due to GASB 68 and GASB 75 which required the City to report the total unfunded pension and Other Post Employment Benefit liabilities in the amount of \$289 million combined.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$92.1 million.
- At the end of the current fiscal year, committed fund balance for fiscal sustainability in the General Fund was \$16.6 million, which is 17% of total general fund expenditures, including transfers out. The City was able to maintain a healthy fund balance in the General Fund resulting in \$1.3 million in excess of the Fiscal Sustainability requirement.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis portion of the annual financial report is intended to serve as an introduction to, and provide the reader with a fundamental understanding of, the Comprehensive Annual Financial Report (CAFR) for the City of Pomona. The CAFR is divided into four main sections. First is the Introductory Section which provides the letter of transmittal, an organizational chart, and a list of City officials. The Introductory Section is followed by the Financial Section, which contains the independent auditor's report, the management's discussion and analysis, and finally the basic financial statements. These statements contain the "core" financial information for the City of Pomona. The basic financial statements include the government-wide financial statements, followed by the fund financial statements, and finally, the notes to the financial statements. The Financial Section is followed by the Supplemental Data portion of the report, which provides individual fund and combining information that rolls up into the amounts shown in the basic financial statements. The final portion of the CAFR is the Statistical Section. This section presents selected financial and demographic information, generally presented on a multi-year basis.

Government-wide financial statements. The government-wide financial statements are designed to provide the reader with a broad overview of the City of Pomona's finances, in a manner similar to a private sector business. Information contained within the government-wide statements includes the entire City government (except fiduciary funds) and the City's component units. These statements use the accrual basis of accounting with the measurement focus on that of economic resources. All assets and deferred outflows of resources and liabilities and deferred inflows of resources, both financial and capital, short-term and long-term, are included. All revenues and expenses during the year, regardless of when cash is received or disbursed, are reported. The government-wide financial statements include the Statement of Net Position and the Statement of Activities.

The *Statement of Net Position* presents information on all of the City of Pomona's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two reported as

"net position". Increases or decreases in net position may serve as a useful indicator as to whether the financial condition of the City of Pomona is improving or deteriorating over time.

The *Statement of Activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event causing the change occurs, regardless of when cash is actually received or disbursed. This means that revenues and expenses in this statement are recorded when earned or a liability is incurred. Thus, items such as the value of earned but unused vacation leave will be recorded as an expense of the current period, even though the actual use of the vacation time may not be until subsequent periods.

Both of the government-wide statements distinguish between functions of the City of Pomona that are principally supported by taxes or intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Pomona include general government, public safety, urban development and public works, neighborhood services and library, and interest and fiscal charges. The business-type activities of the City of Pomona include water, sewer, refuse and Canon Water Company operations.

Fund financial statements. A "fund" is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Pomona, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. The fund financial statements provide more detailed information about the City's most significant funds, not the City as a whole. All of the funds of the City of Pomona can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds include activities of the City that are not proprietary or fiduciary. These funds are used to account for, essentially, the same functions reported as "governmental activities" in the government-wide financial statements. Unlike the government-wide financial statements, however, governmental fund financial statements use the modified accrual basis of accounting and focus on near-term inflows and outflows of spendable resources, as well as the balances of spendable resources available at the end of the fiscal year. Only assets expected to be used and liabilities that come due during the year or soon thereafter are reported on the Balance Sheet. No capital assets are included. Revenues for which cash is received during or soon after the end of the year, and expenditures for goods and services that have actually been received during the year, are included within the Statement of Revenues, Expenditures, and Changes in Fund Balance.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds in the fund financial statements with similar information presented for "governmental activities" in the government-wide financial statements. By doing so, the reader may better understand the long-term impact of the City's near-term financing decisions. Both the Governmental Fund Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balance provide a reconciliation to facilitate this comparison.

The City of Pomona maintains 21 individual governmental funds. Individual fund information is presented for the "major" funds in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance. The major funds presented include the General Fund, the Housing Authority Fund, the Miscellaneous Grants Fund, the Capital Outlay Capital Projects Fund, the General Government Debt Service Fund, and the Public Financing Authority Debt Service Fund. Information for the remaining governmental funds is combined into a single "other governmental funds" column on the face of the financial statements. Individual fund data for each of these non-major governmental funds is provided in the form of "combining statements" presented in the Supplemental Data portion of the report.

Proprietary funds are used to report two types of funds: enterprise funds and internal service funds. Enterprise funds report the same functions presented as "business-type" activities in the government-wide financial statements. These include activities that the City operates similar to a private business. The City of Pomona uses enterprise funds to account for the operations of the City and Canon Water Company all of which are considered "major" funds. Internal service funds are an accounting device used to accumulate and allocate

CITY OF POMONA

Management's Discussion and Analysis (Unaudited) (Continued)
Year Ended June 30, 2018

costs internally among the City's various functions. The City of Pomona uses internal service funds to account for its self-insurance activities, equipment maintenance activities, information technology activities, and printing/mail service activities. Because these four services predominately benefit governmental rather than business-type functions, the activity has have been included within "governmental activities" in the government-wide financial statements. All internal service funds are combined into a single aggregated column presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements presented in the Supplemental Data portion of the report.

Proprietary funds use the accrual basis of accounting and focus on the accumulation and use of economic resources. Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Net Position, and a Statement of Cash Flows. All assets and liabilities, both financial and capital, short and long-term are included within these statements. All revenues earned and expenses incurred during the year are also included, regardless of when cash is actually received or paid.

Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reflected in the government-wide financial statements because the funds are custodial in nature, and therefore, these resources are not available to fund the City of Pomona programs.

Notes to the financial statements. The notes to the financial statements provide additional information that is essential to a full understanding of the information contained in the government-wide and fund financial statements.

The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented immediately following the notes to the financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position. As mentioned earlier, net position may serve over time as a useful indicator of a government's financial position. Total net position has decreased when compared to the prior year mainly due to the implementation of GASB 75. Below is a summary schedule showing the components that make up the City's net position (in millions) at June 30, 2018 and 2017.

| | Governmental Activities | | Business-Type Activities | | Total | |
|--------------------------------------|----------------------------|-----------------------|-----------------------------|-----------------------|----------|-----------------------|
| | 2018 | 2017 (as restated) | 2018 | 2017 (as restated) | 2018 | 2017 (as restated) |
| Current and other assets* | \$ 120.0 | \$ 111.5 | \$ 72.6 | \$ 75.9 | \$ 192.6 | \$ 187.4 |
| Capital assets | 279.2 | 274.6 | 161.9 | 159.7 | 441.1 | 434.3 |
| Total assets | \$ 399.2 | \$ 386.1 | \$ 234.5 | \$ 235.6 | \$ 633.7 | \$ 621.7 |
| Deferred outflows of resources | | | | | | |
| Deferred charge | 0.4 | 0.4 | 0.5 | 0.6 | 0.9 | 1.0 |
| Deferred pension related items | 38.6 | 47.3 | 4.5 | 6.2 | 43.1 | 53.5 |
| Deferred OPEB related items* | 4.6 | 1.6 | 1.2 | 0.4 | 5.8 | 2.0 |
| Total deferred outflows of resources | 43.6 | 49.3 | 6.2 | 7.2 | 49.8 | 56.5 |
| Current and other liabilities | \$ 29.9 | \$ 21.8 | \$ 11.2 | \$ 12.2 | \$ 41.1 | \$ 34.0 |
| Long-term liabilities outstanding* | 349.7 | 330.1 | 153.1 | 153.6 | 502.8 | 483.7 |
| Total liabilities | \$ 379.6 | \$ 351.9 | \$ 164.3 | \$ 165.8 | \$ 543.9 | \$ 517.7 |
| Deferred inflows of resources | | | | | | |
| Deferred charge on refunding | 0.4 | 0.5 | 3.3 | 3.4 | 3.7 | 3.9 |
| Deferred pension related items | 4.1 | 16.2 | 0.4 | 2.0 | 4.5 | 18.2 |
| Total deferred inflows of resources | 4.5 | 16.7 | 3.7 | 5.4 | 8.2 | 22.1 |
| Net Position: | | | | | | |
| Net Investment in capital assets | \$ 239.7 | \$ 234.2 | \$ 49.9 | \$ 47.2 | \$ 289.6 | \$ 281.4 |
| Restricted* | 76.5 | 73.8 | 7.4 | 1.9 | 83.9 | 75.7 |
| Unrestricted* | (257.5) | (241.2) | 15.4 | 22.5 | (242.1) | (218.7) |
| Total net position | \$ 58.7 | \$ 66.8 | \$ 72.7 | \$ 71.6 | \$ 131.4 | \$ 138.4 |

*2017 balances were restated due to the implementation of GASB 75 and the corrections of receivables.

CITY OF POMONA

Management's Discussion and Analysis (Unaudited) (Continued)
Year Ended June 30, 2018

For the City of Pomona, total assets and deferred outflow of resources exceeded total liabilities and deferred inflows of resources by \$131.4 million at June 30, 2018. As the table above shows, an amount of \$289.6 million is reported as *net investment in capital assets*. This amount represents those capital assets (land, buildings, improvements, equipment, and work in progress), some of which have been acquired over time and financed by the issuance of long-term debt. The City of Pomona uses these capital assets to provide services to the citizens of the City, and the assets are therefore not available for meeting current financial obligations. Although net investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay the debt must come from other operating sources, since the capital assets themselves cannot be used to make debt service payments.

An additional portion of net position, in the amount of \$83.9 million, reported as *restricted* net position represents resources that are subject to external restrictions on how it may be used. Restrictions include assets that are legally set aside for future capital development, capital projects, housing-related activities, debt service reserves, and other legally restricted amounts. The remaining balance is *unrestricted* net deficit of \$(242.1 million). It is not uncommon in government entities to see an unrestricted net position deficit. There are many reasons why this could occur but the City of Pomona has a deficit due to the issuance of several long term debt, the City's net pension liability in the amount of \$192.7 million, and the net OPEB liability in the amount of \$96.7 million. Also the City was required to implement new accounting standards in FY 2017/18, GASB 75 which required the City to record the total unfunded liability relating to Other Post-Employment Benefit (OPEB) plans. The Net OPEB Liability for FY 2017-18 was \$96.7 million. This caused the unrestricted net position deficit to increase significantly.

Changes in net position. The statement of net position provides a snapshot at a given point in time of the assets and liabilities of the City. The other citywide statement provided is the *Statement of Activities*. This statement provides the reader with information regarding the revenues, expenses, and changes in net position over the fiscal year. Generally, all changes to the City's net position from one fiscal year to the next flow through the statement of activities. The City's programs for governmental activities include legislative and support services, Police, Fire, Public Works, Urban Development, Community Services, and Library. The programs for the business-type activities include water utilities, sewer, and residential refuse operations and Canon Water Company. The following is a summary schedule showing the components that make up the City's changes in net position (in millions) for the years ended June 30, 2018 and 2017.

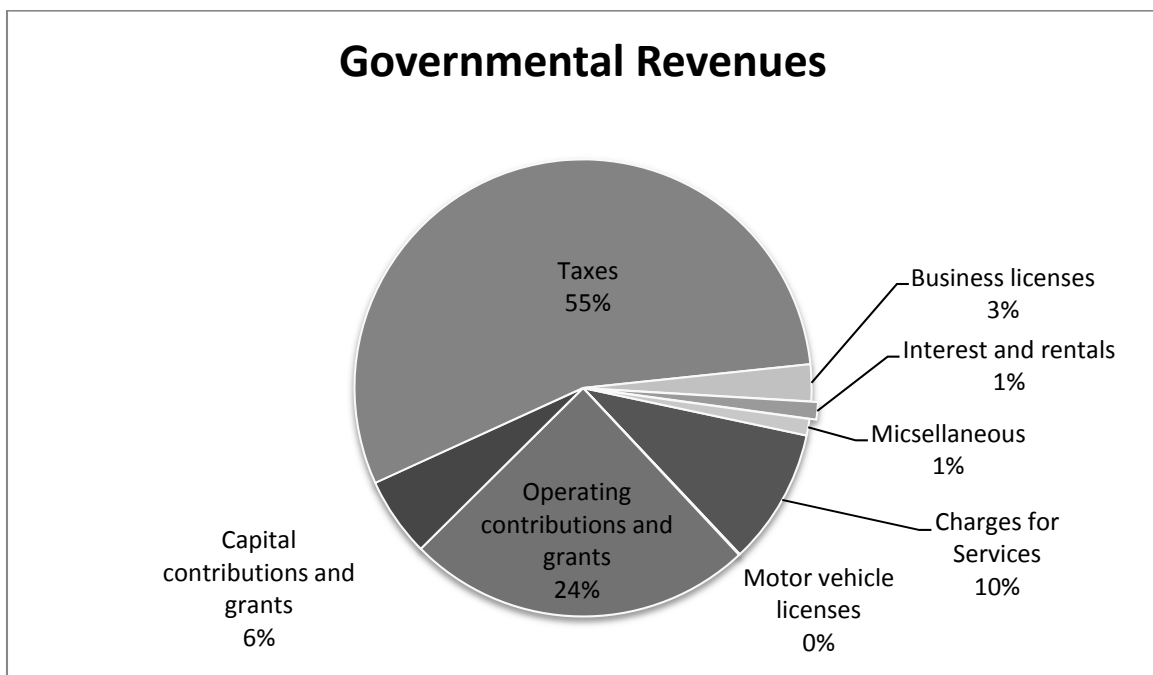
| | Governmental Activities | | Business-Type Activities | | Total | |
|------------------------------------|----------------------------|-----------------|-----------------------------|----------------|-----------------|-----------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Revenues: | | | | | | |
| Program Revenues: | | | | | | |
| Charges for services | \$ 14.1 | \$ 14.1 | | | \$ 14.1 | \$ 14.1 |
| Water | - | - | \$ 29.8 | \$ 29.2 | 29.8 | 29.2 |
| Sewer | - | - | 4.3 | 4.3 | 4.3 | 4.3 |
| Refuse | - | - | 10.1 | 10.1 | 10.1 | 10.1 |
| Operating contributions and grants | 35.9 | 29.9 | 4.1 | 0.4 | 40.0 | 30.3 |
| Capital contributions and grants | 8.2 | 8.1 | - | - | 8.2 | 8.1 |
| General Revenues: | | | | | | |
| Taxes: | | | | | | |
| Property taxes | 35.6 | 33.6 | - | - | 35.6 | 33.6 |
| Sales taxes | 18.9 | 18.1 | - | - | 18.9 | 18.1 |
| Motor vehicle licenses | 0.1 | 0.1 | - | - | 0.1 | 0.1 |
| Transient occupancy taxes | 2.2 | 2.1 | - | - | 2.2 | 2.1 |
| Property transfer taxes | 1.9 | 1.9 | - | - | 1.9 | 1.9 |
| Franchises taxes | 6.6 | 6.4 | - | - | 6.6 | 6.4 |
| Utility users taxes | 16.5 | 16.0 | - | - | 16.5 | 16.0 |
| Business licenses (nonregulatory) | 3.8 | 3.8 | - | - | 3.8 | 3.8 |
| Other taxes | - | - | - | - | - | - |
| Interest and rentals | 1.8 | 2.2 | 0.5 | 0.1 | 2.3 | 2.3 |
| Miscellaneous | 1.7 | 0.3 | 0.7 | 1.7 | 2.4 | 2.0 |
| Total revenues | <u>\$ 147.3</u> | <u>\$ 136.6</u> | <u>\$ 49.5</u> | <u>\$ 45.8</u> | <u>\$ 196.8</u> | <u>\$ 182.4</u> |

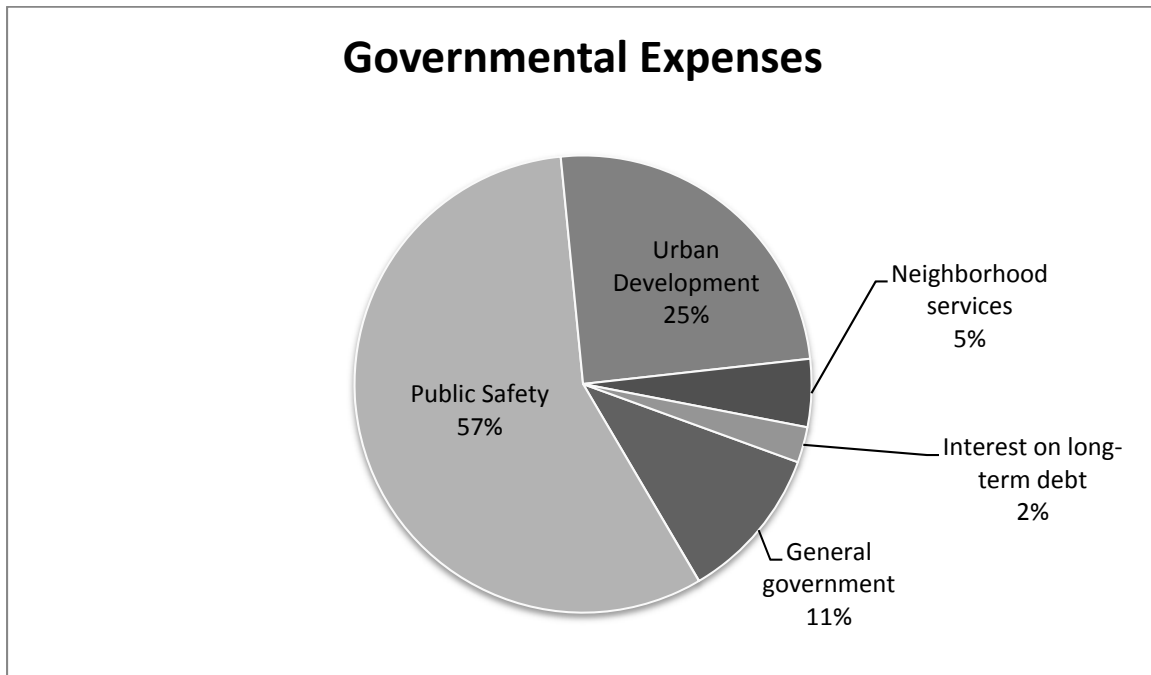
CITY OF POMONA

Management's Discussion and Analysis (Unaudited) (Continued)
Year Ended June 30, 2018

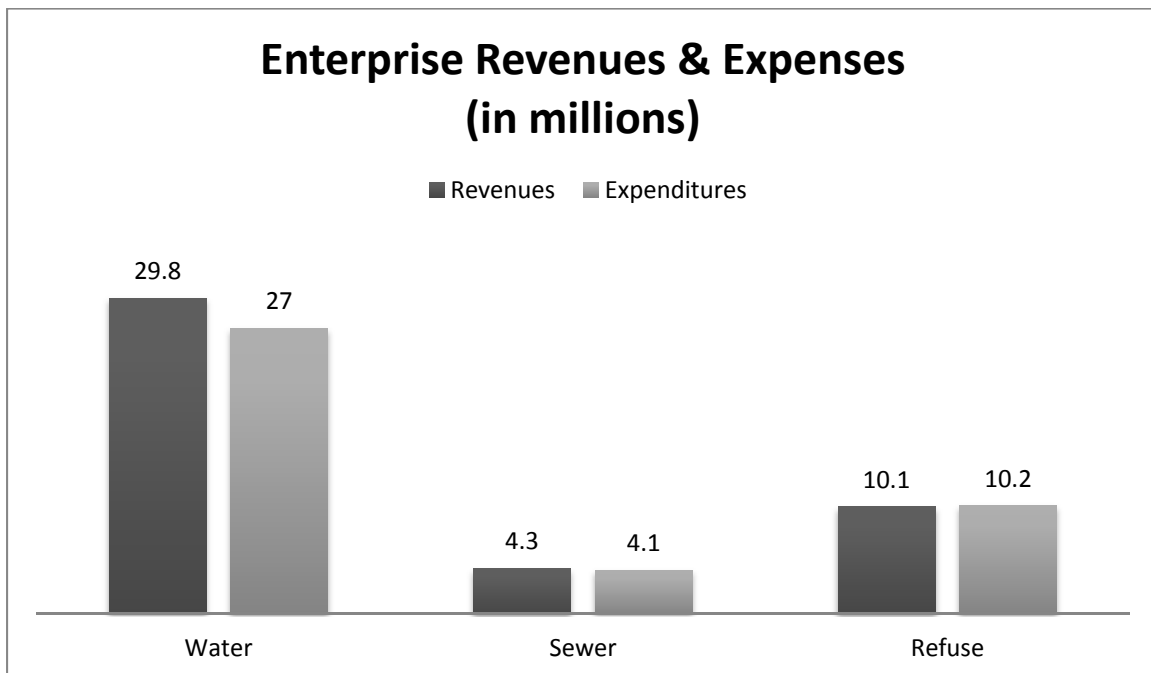
| | Governmental Activities | | Business-Type Activities | | Total | |
|---|-------------------------|-----------------|--------------------------|----------------|-----------------|-----------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Expenses: | | | | | | |
| General government | \$ 17.4 | \$ 6.5 | \$ - | \$ - | \$ 17.4 | \$ 6.5 |
| Public safety | 90.2 | 80.2 | - | - | 90.2 | 80.2 |
| Urban development | 39.3 | 42.0 | - | - | 39.3 | 42.0 |
| Neighborhood services | 7.6 | 7.4 | - | - | 7.6 | 7.4 |
| Interest on long-term debt | 4.0 | 5.2 | - | - | 4.0 | 5.2 |
| Water | - | - | 30.9 | 28.4 | 30.9 | 28.4 |
| Sewer | - | - | 4.1 | 3.8 | 4.1 | 3.8 |
| Refuse | - | - | 10.2 | 9.4 | 10.2 | 9.4 |
| Canon Water Company | - | - | - | - | - | - |
| Total expenses | <u>\$ 158.5</u> | <u>\$ 141.3</u> | <u>\$ 45.2</u> | <u>\$ 41.6</u> | <u>\$ 203.7</u> | <u>\$ 182.9</u> |
| Increase(decrease) in net position before transfers | \$ (11.2) | \$ (4.7) | \$ 4.3 | \$ 4.2 | \$ (6.9) | \$ (0.5) |
| Transfers | 3.1 | 2.7 | (3.1) | (2.7) | - | - |
| Increase (decrease) in net position | <u>\$ (8.1)</u> | <u>\$ (2.0)</u> | <u>\$ 1.2</u> | <u>\$ 1.5</u> | <u>\$ (6.9)</u> | <u>\$ (0.5)</u> |

Governmental Activities – The City's program revenues totaled \$58.2 million. The City paid for the remaining "public benefit" portion of governmental activities with \$85.6 million in taxes (some of which is restricted for certain programs). The cost of all governmental activities this year was \$158.5 million. However, as shown above in the changes in net position, the amount taxpayers ultimately financed for these activities was \$85.6 million since some of the cost was paid by Charge for Services revenue (\$14.1 million), or by other governments and organizations that subsidized certain programs with operating contributions and grants (\$35.9 million), and capital contributions and grants (\$8.2 million). The City had an \$8.1 million decrease in net position from governmental activities (see Financial Analysis of the City's Funds – General Fund for explanation) in 2017-18.





Business Type Activities – The cost of all business-type activities in 2017-18 was \$45.2 million and the amount of resources received was \$49.5 million. Total business-type activities resources available at the fiscal year end is \$72.7 million. This is calculated by taking beginning Net Position of \$89.5 million less \$(17.9 million) due implementation of GASB 75, adding revenues of \$45.5 million, subtracting expenses of \$45.3 million and \$(3.1 million) in transfers. This equates to an increased net Position of \$1.2 million. The increase was primarily due to elevated use of water by City residents which resulted in increased water charges of services revenues and the department's efforts to keep operational costs below budget.



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City uses governmental fund accounting to ensure compliance with budgetary allocations and to maintain control over resources that are legally, or otherwise, restricted for specific purposes. Following is a discussion of the individual "major" funds as shown on the Balance Sheet for Governmental Funds in the basic financial statements.

General Fund – The General Fund is used to account for the general operations of the City. It is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund is always reported as a "major fund". The General Fund reported \$98.4 million in revenues and \$94.3 million in expenditures resulting in revenues over expenditures in the amount of \$4.1 million before accounting for net other financing uses of \$3.3 million, resulting in the General Fund fund balance to increase by \$.8 million for the fiscal year. Total fund balance at June 30, 2018 was \$17.9 million, composed of \$23.9 million in assets combined with \$4.5 million in liabilities and \$1.5 million in deferred inflows and resources. Total fund balance includes less than \$0.1 million in nonspendable and restricted fund balance, which represents that portion of fund balance that is not available for appropriation. Committed fund balance totals \$16.6 million for fiscal sustainability. The City has a fiscal sustainability policy that was adopted by resolution 2011-49 for the purpose of guiding the City's financial planning to meet financial obligations while providing high quality services. The policy states that 17% of the general fund operating expenditures including transfers out is to be committed for fiscal sustainability. The committed portion of fund balance can only be used for specific purposes pursuant to constraints imposed by formal action of the City Council, and remains in-place unless removed in the same manner. The remaining portion of fund balance of \$1.3 million is considered unassigned and above the fiscal sustainability policy. General fund revenues increased \$3.9 million in the fiscal year when compared to the prior year which was due to an increase in Sales Tax, Property Tax, Host Fees and one time revenues. General fund expenditures increased by \$3.6 million (including net transfers) mainly due to the various bargaining units receiving merit and Cost of Living increases as well as the increased CalPERS retirement costs. CalPERS changed their actuarial assumptions in July 2011 resulting in rate increases that took effect in FY 2012. The yearly increases have been significant and will continue for FY 2018 and beyond.

Housing Authority Fund – The Housing Authority Fund accounts for grant revenues for housing assistance program payments and acquisition, rehabilitation, and administration of properties used to provide affordable rental housing. The Housing Authority fund has historically been a "major" fund based on criterion set forth by GASB 34. For the fiscal year the Housing Authority reported \$14.5 million in revenues and \$16.2 million in expenditures and transfers, resulting in a net change in fund balance in the amount of \$1.7 million. The Housing Authority fund is made up of \$25.6 million in assets, combined with \$0.3 million in liabilities and \$1.8 million in deferred inflows and resources resulting in \$23.5 million in fund balance. The \$23.5 million in fund balance is restricted for Urban Development. Housing Authority fund revenues increased by \$0.8 million in the fiscal year when compared to the prior year. Housing Authority expenditures including transfers increased \$0.5 million when compared to the prior year. The majority of the \$1.7 million change in fund balance was due to the transfers out of the Housing Authority. The Housing Authority is funding a large project to build a homeless shelter to help combat the homelessness the City faces.

Miscellaneous Grants Fund – The Miscellaneous Grants fund accounts for the revenues received and expenditures made for federal, state and or county approved programs and projects. The Miscellaneous Grants fund has historically been a "major" fund based on criterion set forth by GASB 34. For the fiscal year, the Miscellaneous Grants fund reported \$4.5 million in revenues and \$4.3 in expenditures resulting in revenues over expenditures of \$0.2 million. After a total other financing sources of \$(0.8), the resulting net change in fund balance totals \$(0.6). Most grants are on the reimbursement type basis therefore the City will be reimbursed for the funds used in excess of revenue. The fund is made up of \$22.7 million in assets combined with \$0.5 million in liabilities and \$2.7 million in deferred inflows and resources resulting in \$19.5 million in fund balance. The entire fund balance is restricted for specific purposes.

Capital Outlay Capital Project Fund – The Capital Outlay Capital Project fund accounts for the various capital projects throughout the City. The Capital Project is a "major" fund based on criterion set forth by GASB 34. For the fiscal year, the Capital Project fund reported \$7.7 million in revenues and \$14.9 million in expenditures. See the Capital Asset section for more detailed information on the expenditures. Many of the projects are funded by

other funding sources so a large transfer in helps make the fund balanced. After total other financing sources of \$10.8 million, the resulting net change in fund balance totals \$3.5 million. The fund is made up of \$10.5 million in assets combined with \$4.9 million in liabilities and \$0.6 million in deferred inflows and resources resulting in \$5.0 million in fund balance. The entire fund balance is restricted for specific purposes.

General Government Debt Service Fund – The General Government Debt Service fund accounts for the various debts that are exclusively in the City's name. For the fiscal year, the General Government Debt Service fund reported \$0.8 million in revenues and \$3.1 million in expenditures. The expenditures are all principle and interest debt service payments related to the debt. Other funds transfer in monies to help pay for the debt. After total other financing sources of \$3.3 million, the resulting net change in fund balance totals \$1.0 million. The liability is an advance from the Public Financing Authority for Series BC & BG.

Public Financing Authority Debt Service Fund – The Public Financing Authority (PFA) Debt Service fund accounts for the various City debts that are issued for the City in the name of the PFA. For the fiscal year, the PFA Debt Service fund reported \$0.2 million in revenues and \$1.7 in expenditures. The expenditures are all principle and interest debt service payments related to the debt. The resulting net change in fund balance totals \$1.5. The asset is an advance to the General Government Debt Service fund for Series BC & BG.

Non-Major Funds – The Non-Major Governmental Funds show a net increase of \$3.7 million in fund balance. The primary reason for the increase in fund balance was due to the use of bond proceeds for various construction projects instead of Prop A, C and Measure M funds. The following funds were reported as "major" funds on the Statement of Net Position for Proprietary Funds in the basic financial statements:

Water Fund – The Water Fund is used to account for all activities associated with the distribution and transmission of potable water as well as reclaimed water to users. The Water Fund reported \$29.7 million in operating revenues and operating expenses of \$27.8 million resulting in operating income of \$1.9 million. After consideration of non-operating revenues, expenses and transfers the total change in net position is \$1.9 million with total revenues in excess of expenses. The beginning net position as restated is \$54.5 million resulting in an ending fund balance of \$56.4 million. The Water Fund is made up of \$43.7 million in current assets, \$136.1 in non-current assets, \$4.0 million in deferred outflows of resources, \$8.8 million in current liabilities, \$115.1 million in non-current liabilities and \$3.5 million in deferred inflow of resources resulting in net position of \$56.4 million.

Sewer Fund – The Sewer Fund is used to account for the operation and maintenance of the City's sewer network. The Sewer Fund reported \$4.3 million in operating revenues and operating expenses of \$2.8 million resulting in operating income of \$1.5 million. After consideration of non-operating revenues, non-operating expenses, and transfers the total change in net position is \$(0.2) million with total revenues in deficient of expenses. The beginning net position as restated is \$14.8 million resulting in an ending fund balance of \$14.6 million. The Sewer Fund is made up of \$5.5 million in current assets, \$37.4 million in non-current assets, \$1.0 million in deferred outflows of resources, \$0.8 million in current liabilities, \$28.4 in non-current liabilities and less than \$0.1 million in deferred inflow of resources resulting in net position of \$14.6 million.

Refuse Fund – The Refuse Fund is used to account for all activities associated with residential refuse collection, and curbside collection of recycling materials. The Refuse Fund reported \$10.1 million in operating revenues and operating expenses of \$10 million resulting in operating income of \$0.1 million. After consideration of non-operating revenues, non-operating expenses and transfers the total change in net position is \$(0.2) million with total revenues deficient of expenses. The beginning net position as restated of \$0.1 million was decreased to \$(0.1) million. The Refuse Fund is made up of \$7.2 million in current assets, \$2.6 in non-current assets, \$1.2 million in deferred outflows of resources, \$1.6 million in current liabilities, \$9.4 in non-current liabilities and \$0.1 million in deferred inflow of resources resulting in net position of \$(0.1) million.

Canon Water Company – The Canon Water Company Fund is used to account for the activities of the Canon Water Company. The Canon Water Company was elected as a major fund by the City. The fund reported \$0.06 million in operating revenues and operating expenses of \$0.03 million resulting in operating income of \$0.03 million. After consideration of non-operating revenues the total change in net position is \$0.03 million with total

CITY OF POMONA

Management's Discussion and Analysis (Unaudited) (Continued) Year Ended June 30, 2018

revenues in excess of expenses. The Canon Water Company Fund is made up of \$0.5 million in assets and \$0.02 in liabilities resulting in net position of \$0.49 million.

GENERAL FUND BUDGETARY INFORMATION

The originally adopted General Fund budget contained \$94.6 million in appropriations to fund operations and services. This amount increased to \$98.3 million by the end of the fiscal year through City Council approved budget amendments. This was an increase in the amount of \$3.7 million. The increase was due to:

- Increased personnel costs due to Merit increase and Cost of Living increase per the Memorandums of Understanding (MOU's) for the Police Department and the retirement of key personnel for approximately \$2 million.
- Increased supplemental attorney costs of \$.04 million.
- Increased required funding from the General fund for various CIP projects in the amount of \$1 million.

| CITY OF POMONA | | | |
|-------------------------------------|---|--|----------------------------------|
| Revenue / Expenditure Report | | | |
| | 2017-2018 AMENDED BUDGET | 2017-2018 ACTUALS TO DATE | % ACTUALS/ BUDGET |
| Total Revenue | 97,067,180 | 98,664,404 | 102% |
| Total Expenditures | 98,328,262 | 97,855,277 | 100% |
| Net | (1,261,082) | 809,127 | |

General Fund revenues and expenditures as a whole were under budget at the completion of the fiscal year.

As adopted, the City's FY 2017-18 General Fund Revenue Budget reflected \$94.6 million in anticipated revenues. With approved budget adjustments the total was amended to \$97.1. To date \$98.6 million has been received. Actual tax revenues exceeded budget. Licenses and Permits and Fines and Forfeitures revenue sources came in below budget.

As adopted, the City's FY 2017-18 General Fund Expenditures Budget reflects \$94.6 million in appropriations. With approved budget adjustments the total was amended to \$98.3 million. Overall actual expenditures are at \$97.8 million, which creates savings of \$0.8 million. The main contributor to this savings is \$2.0 million in salary savings within the Police Department's budget due to turnover and the cumulative vacancy of full time positions.

DEBT ADMINISTRATION

At the end of the fiscal year, the City and its component units (Pomona Public Financing Authority and Pomona Housing Authority) had total long-term debt outstanding of \$523.2 million.

| | Governmental Activities | Business-Type Activities | Total |
|------------------------------------|------------------------------------|-------------------------------------|-----------------------|
| Pollution remediation obligations | \$ 666,220 | \$ - | \$ 666,220 |
| Obligations under capital leases | 2,417,550 | 1,243,603 | 3,661,153 |
| Notes payable | 799,599 | - | 799,599 |
| Revenue bonds | 82,605,188 | 114,827,755 | 197,432,943 |
| Pension obligation refunding bonds | 4,013,254 | - | 4,013,254 |
| Accreted interest | 4,013,547 | - | 4,013,547 |
| Compensated absences | 7,277,752 | 1,444,240 | 8,721,992 |
| Claims payable | 14,497,118 | - | 14,497,118 |
| Net pension liability | 172,740,254 | 19,963,532 | 192,703,786 |
| Net OPEB liability | 77,051,803 | 19,601,237 | 96,653,040 |
| Total | \$ 366,082,285 | \$ 157,080,367 | \$ 523,162,652 |

CITY OF POMONA

Management's Discussion and Analysis (Unaudited) (Continued)
Year Ended June 30, 2018

Additional information on the City's long-term debt may be found in Note 10 in the Notes to the Basic Financial Statements.

CASH MANAGEMENT

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

| | Governmental Activities | Business-Type Activities | Fiduciary Funds | Total |
|---------------------------------|----------------------------|-----------------------------|----------------------|-----------------------|
| Cash and investments | \$ 52,705,559 | \$ 47,877,632 | \$ 15,630,623 | \$ 116,213,814 |
| Restricted cash and investments | 10,563,153 | 14,170,833 | 46,423,836 | 71,157,822 |
| Total | \$ 63,268,712 | \$ 62,048,465 | \$ 62,054,459 | \$ 187,371,636 |

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, 2018, net capital assets of the governmental activities totaled \$279.2 million and the net capital assets of the business-type activities totaled \$161.9 million. Depreciation on capital assets is recognized in the government-wide financial statements.

| Description | Original Cost | Accumulated Depreciation | Book Value |
|---|-----------------------|-----------------------------|-----------------------|
| Capital Assets - Governmental Activities | | | |
| Land | \$ 80,836,521 | \$ - | \$ 80,836,521 |
| Construction in progress | 50,670,099 | - | 50,670,099 |
| Buildings and improvements | 15,081,452 | 12,774,412 | 2,307,040 |
| Improvements other than buildings | 60,040,172 | 29,156,585 | 30,883,587 |
| Machinery and equipment | 21,823,626 | 19,672,101 | 2,151,525 |
| Furniture and fixtures | 1,044,044 | 923,298 | 120,746 |
| Autos and trucks | 11,407,729 | 9,311,711 | 2,096,018 |
| Equipment under capital leases | 1,590,333 | 912,421 | 677,912 |
| Infrastructure | 386,909,581 | 277,425,577 | 109,484,004 |
| Total | \$ 629,403,557 | \$ 350,176,105 | \$ 279,227,452 |
| Capital Assets - Business -Type Activities | | | |
| Land | \$ 9,089,782 | \$ - | \$ 9,089,782 |
| Construction in progress | 7,848,654 | - | 7,848,654 |
| Buildings and improvements | 3,482,783 | 3,320,935 | 161,848 |
| Improvements other than buildings | 849,759 | 151,581 | 698,178 |
| Machinery and equipment | 227,444,856 | 87,373,832 | 140,071,024 |
| Furniture and fixtures | 5,105 | 5,105 | - |
| Autos and trucks | 5,580,422 | 3,624,231 | 1,956,191 |
| Equipment under capital leases | 4,257,381 | 2,128,690 | 2,128,691 |
| Total | \$ 258,558,742 | \$ 96,604,374 | \$ 161,954,368 |

For Government Activities, the City had a total of 52 projects which varied in the amount of activity in FY 17/18. The largest increase in Capital Assets was in the Construction in Progress class. A total of \$15.7 million was added to Construction in Progress in FY 2017-18. The major projects were:

- Project #68547 – Major Street Rehabilitation (\$2.7 million)
- Project #67918 – Major Street Rehabilitation – 2015 Metro Call (\$2.5 million)
- Project #71044 – Year Round Emergency Shelter (\$1.5 million)
- Project #67914 – Street Rehabilitation – District 2 & 3 (\$1.2 million)
- Project #58382 – Traffic Operations – Communications Upgrade (\$1.0 million)

For Enterprise Activities, the largest increase in Capital Assets was in the Construction in Progress class. There was \$6.2 million added to Construction in Progress. The main projects were:

- Project #86022 – Sewer Pipeline Replacement Phase IV (\$4.1 million)
- Project #93135 – Corporate Yard Development (\$1.4)

Additional information on the City of Pomona's capital assets may be found in Note 8 in the Notes to the Basic Financial Statements.

ECONOMIC FACTORS

The National and Statewide economy played a role in City's financial position at the end of FY 2017-18. The economy has steadily increased nationally and statewide. Revenues such as property taxes and sales tax have increased from the prior year due to the upturn in the economy.

The City of Pomona's total Fiscal Year 2017-18 General Fund revenues grew by \$3.9 million (approximately 4%) versus prior year actuals. That being said, there were both increases and decreases across all revenues, with several worth noting. All tax related revenue increased by \$3.3 million. Property taxes increased by \$1.8 million. Sales and Use Tax increased \$0.8 million from the prior year. Utility Users Tax increased \$0.4 million when compared to the prior year. An increase of \$1.0 million was due to receipt of insurance proceeds from a Historic Pomona building falling down. The proceeds were then transferred from the General Fund to pay for the deductible out of the Self Insurance Fund and the remaining balance was transferred to fund CIP project #71054 "City Stable Facility" to rebuild the historic building. It was a net zero effect to the General Fund.

General Fund expenditures increased by \$2.8 million (approximately 2.9%) versus the prior year actual including transfers out. The increase is mainly due to increased salary and retirement costs. CalPERS changed their actuarial assumptions in July 2011 resulting in rate increases that took effect in FY 2012. The yearly increases have been significant and will continue for FY 2018 and beyond. The City contracts with LA County for Fire Services and the contract increase by approximately \$1.0 million.

The City has ongoing deferred maintenance and capital improvement expenditures that are essential and unavoidable costs of doing business. Over the past few years, the City has only been able to do minimal capital and maintenance projects with one time money sources. Per the City's Fiscal Sustainability policy (eff. FY 2014) staff is to dedicate at least .25% of annual General Fund revenues to the Capital Improvement program and will increase by 0.10% each year until reaching 1.0%. However, during the last four budget cycles (FY2016-FY 2019) Council suspended this provision of the policy due to lack of General Fund Revenues received each year.

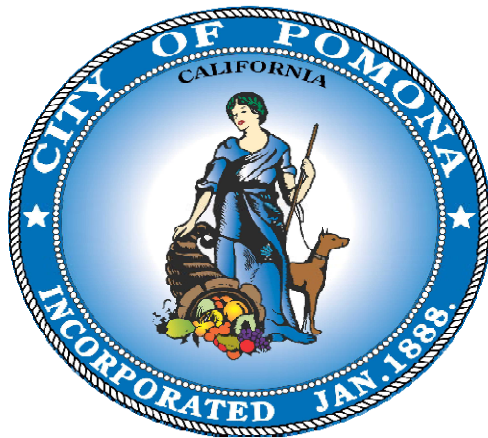
The City is also suffering a service deficit. The economic downturn in 2009 resulted in a reduction in service due to layoffs and regular attrition for the City. As the fiscal implications of the recession begin to stabilize and the economic outlook improves, it is essential for the City to continue to seek innovative, cost effective measures to restore the functions and levels of service to the community. The City has cut expenditures anywhere possible to maintain the services provided yet maintain a lean operating budget. In November of 2018, the residents of Pomona voted 66.50% in favor for a ¼ cent Sales Tax measure. The estimated \$12 million increased revenues will vastly help the service deficit and will be a great benefit to the Citizens of Pomona.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide Pomona residents, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. Questions about this report, separate reports of the City's component units, or any additional financial information, should be directed to the City of Pomona Finance Department at 505 S. Garey Avenue (P.O. Box 660), Pomona, California, 91769.

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

City of Pomona
Statement of Net Position
June 30, 2018

| | Primary Government | | |
|---|----------------------------|-----------------------------|----------------|
| | Governmental Activities | Business-type Activities | Total |
| ASSETS | | | |
| Current assets: | | | |
| Cash and investments | \$ 52,705,559 | \$ 47,877,632 | \$ 100,583,191 |
| Receivables (net): | | | |
| Accounts | 7,196,336 | 8,533,011 | 15,729,347 |
| Interest | 203,861 | 180,826 | 384,687 |
| Internal balances | (1,423,736) | 1,423,736 | - |
| Prepaid items | 881,392 | 17,170 | 898,562 |
| Due from other governments | 7,537,412 | 2,884 | 7,540,296 |
| Inventories | 430,664 | 312,468 | 743,132 |
| Total current assets | 67,531,488 | 58,347,727 | 125,879,215 |
| Noncurrent assets: | | | |
| Land held for resale | 4,490,540 | - | 4,490,540 |
| Advances to Successor Agency | 4,000,000 | - | 4,000,000 |
| Notes and loans receivables | 32,734,552 | - | 32,734,552 |
| Restricted cash and investments | 10,563,153 | 14,170,833 | 24,733,986 |
| Other investments | 600,000 | 9,000 | 609,000 |
| Capital assets: | | | |
| Not being depreciated | 131,506,620 | 16,938,436 | 148,445,056 |
| Being depreciated, net of depreciation | 147,720,832 | 145,015,932 | 292,736,764 |
| Total capital assets | 279,227,452 | 161,954,368 | 441,181,820 |
| Total noncurrent assets | 331,615,697 | 176,134,201 | 507,749,898 |
| Total Assets | 399,147,185 | 234,481,928 | 633,629,113 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred charge on refunding | 399,646 | 533,632 | 933,278 |
| Deferred outflows of resources related to pension | 38,589,030 | 4,542,248 | 43,131,278 |
| Deferred outflows of resources related to OPEB | 4,561,424 | 1,160,382 | 5,721,806 |
| Total Deferred Outflows of Resources | 43,550,100 | 6,236,262 | 49,786,362 |

City of Pomona
Statement of Net Position (Continued)
June 30, 2018

| | Primary Government | | |
|--|------------------------------------|-------------------------------------|-----------------------|
| | Governmental Activities | Business-type Activities | Total |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable | 9,666,251 | 2,246,582 | 11,912,833 |
| Payroll payable | 2,406,612 | 462,179 | 2,868,791 |
| Accrued liabilities | 135,195 | 11,284 | 146,479 |
| Interest payable | 1,097,536 | 640,883 | 1,738,419 |
| Deposits payable | 178,818 | 3,858,596 | 4,037,414 |
| Long-term liabilities, due within one year | 16,385,360 | 4,008,198 | 20,393,558 |
| Total current liabilities | 29,869,772 | 11,227,722 | 41,097,494 |
| Noncurrent liabilities: | | | |
| Long-term liabilities, due in more than one year | 99,904,868 | 113,507,400 | 213,412,268 |
| Net pension liability | 172,740,254 | 19,963,532 | 192,703,786 |
| Other postemployment benefits liability | 77,051,803 | 19,601,237 | 96,653,040 |
| Total noncurrent liabilities | 349,696,925 | 153,072,169 | 502,769,094 |
| Total liabilities | 379,566,697 | 164,299,891 | 543,866,588 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred charge on refunding | 429,130 | 3,266,948 | 3,696,078 |
| Deferred inflows of resources related to pension | 4,091,505 | 384,454 | 4,475,959 |
| Total Deferred Inflows of Resources | 4,520,635 | 3,651,402 | 8,172,037 |
| NET POSITION | | | |
| Net investment in capital assets | 239,698,525 | 49,968,356 | 289,666,881 |
| Restricted for: | | | |
| Community development projects | 67,665,735 | - | 67,665,735 |
| Special projects | 982,301 | - | 982,301 |
| Capital projects | 2,480,804 | - | 2,480,804 |
| Debt Service | 5,278,688 | 7,352,171 | 12,630,859 |
| Unrestricted | (257,496,100) | 15,446,370 | (242,049,730) |
| Total Net Position | \$ 58,609,953 | \$ 72,766,897 | \$ 131,376,850 |

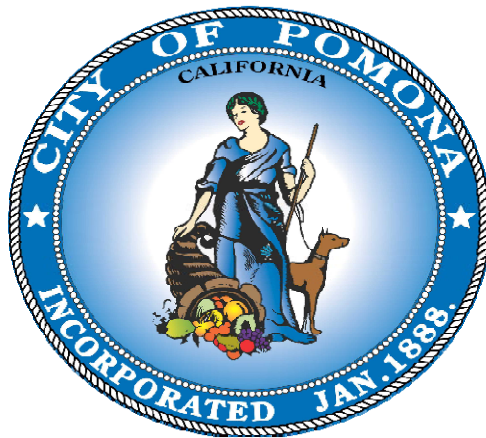
City of Pomona
Statement of Activities
For the Year Ended June 30, 2018

| Functions/Programs | Expenses | Program Revenues | | |
|---|-----------------------|----------------------|------------------------------------|----------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Primary Governmental: | | | | |
| Governmental activities: | | | | |
| General government | \$ 17,361,635 | \$ 2,388,163 | \$ 16,240 | \$ - |
| Public safety | 90,198,911 | 4,374,102 | 1,776,761 | - |
| Urban development and public works | 39,353,774 | 5,801,704 | 17,414,930 | 8,191,910 |
| Neighborhood services and library | 7,624,657 | 1,578,089 | 16,668,915 | - |
| Interest and fiscal charges | 4,011,254 | - | - | - |
| Total Governmental Activities | 158,550,231 | 14,142,058 | 35,876,846 | 8,191,910 |
| Business-type Activities: | | | | |
| Water | 30,919,855 | 29,713,762 | 4,060,149 | - |
| Sewer | 4,067,892 | 4,312,373 | - | - |
| Refuse | 10,197,844 | 10,104,225 | 76,877 | - |
| Canon Water Company - February 28, 2018 | 29,972 | 64,221 | - | - |
| Total Business-Type Activities | 45,215,563 | 44,194,581 | 4,137,026 | - |
| Total Primary Government | \$ 203,765,794 | \$ 58,336,639 | \$ 40,013,872 | \$ 8,191,910 |

City of Pomona
Statement of Activities (Continued)
For the Year Ended June 30, 2018

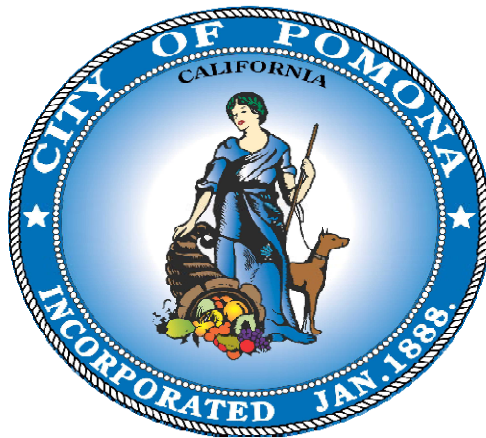
| Functions/Programs | Net (Expense) Revenue and Changes in Net Position | | |
|---|---|-----------------------------|-----------------------|
| | Primary Government | | |
| | Governmental Activities | Business-Type Activities | Total |
| Primary Governmental: | | | |
| Governmental activities: | | | |
| General government | \$ (14,957,232) | \$ - | \$ (14,957,232) |
| Public safety | (84,048,048) | - | (84,048,048) |
| Urban development and public works | (7,945,230) | - | (7,945,230) |
| Neighborhood services and library | 10,622,347 | - | 10,622,347 |
| Interest and fiscal charges | (4,011,254) | - | (4,011,254) |
| Total Governmental Activities | (100,339,417) | - | (100,339,417) |
| Business-type Activities: | | | |
| Water | - | 2,854,056 | 2,854,056 |
| Sewer | - | 244,481 | 244,481 |
| Refuse | - | (16,742) | (16,742) |
| Canon Water Company - February 28, 2018 | - | 34,249 | 34,249 |
| Total Business-Type Activities | - | 3,116,044 | 3,116,044 |
| Total Primary Government | (100,339,417) | 3,116,044 | (97,223,373) |
| General Revenues: | | | |
| Taxes: | | | |
| Property taxes | 35,564,811 | - | 35,564,811 |
| Sales taxes | 18,913,339 | - | 18,913,339 |
| Transient occupancy taxes | 2,183,989 | - | 2,183,989 |
| Property transfer taxes | 1,874,513 | - | 1,874,513 |
| Franchise taxes | 6,630,484 | - | 6,630,484 |
| Utility user taxes | 16,455,057 | - | 16,455,057 |
| Business licenses | 3,762,860 | - | 3,762,860 |
| Other taxes | 2,546 | - | 2,546 |
| Motor vehicle licenses | 81,751 | - | 81,751 |
| Interest and rentals | 1,880,240 | 454,394 | 2,334,634 |
| Miscellaneous | 1,735,726 | 692,721 | 2,428,447 |
| Transfers | 3,062,886 | (3,062,886) | - |
| Total General Revenues and Transfers | 92,148,202 | (1,915,771) | 90,232,431 |
| Change in Net Position | (8,191,215) | 1,200,273 | (6,990,942) |
| Net Position: | | | |
| Beginning of year, as restated (Note 19) | 66,801,168 | 71,566,624 | 138,367,792 |
| End of year | <u>\$ 58,609,953</u> | <u>\$ 72,766,897</u> | <u>\$ 131,376,850</u> |

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FUND FINANCIAL STATEMENTS

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GOVERNMENTAL FUND FINANCIAL STATEMENTS

City of Pomona
Balance Sheet
Governmental Funds
June 30, 2018

| | | Special Revenue Funds | | Capital Project Fund |
|--|----------------------|-----------------------|----------------------|----------------------|
| | General Fund | Housing Authority | Miscellaneous Grants | Capital Outlay |
| ASSETS | | | | |
| Cash and investments | \$ 12,919,640 | \$ 1,231,072 | \$ 1,717,885 | \$ 5,698,454 |
| Receivables (net): | | | | |
| Accounts | 4,909,364 | 79,581 | 3,461 | 1,383,443 |
| Notes and loans | - | 11,164,302 | 20,012,375 | - |
| Interest | 76,463 | 8,755 | 8,132 | 2,993 |
| Prepaid items | 11,795 | 640 | - | - |
| Due from other governments | 5,016,086 | 536,313 | 905,967 | 265,003 |
| Due from other funds | 983,156 | - | - | - |
| Advances to other funds | - | - | - | - |
| Advances to Successor Agency | - | 4,000,000 | - | - |
| Land held for resale | - | 4,490,540 | - | - |
| Other investments | - | 600,000 | - | - |
| Restricted assets: | | | | |
| Cash and investments | 17,170 | 3,491,855 | - | 3,136,855 |
| Total assets | <u>\$ 23,933,674</u> | <u>\$ 25,603,058</u> | <u>\$ 22,647,820</u> | <u>\$ 10,486,748</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 2,109,617 | \$ 57,878 | \$ 451,184 | \$ 4,193,852 |
| Payroll payable | 2,012,756 | 73,635 | 38,341 | 42,846 |
| Accrued liabilities | - | 135,195 | - | - |
| Deposit payable | 75,200 | 32,470 | - | 68,814 |
| Retention payable | - | - | - | 632,170 |
| Due to other funds | - | - | 24,252 | - |
| Advances from other funds | 304,435 | - | - | - |
| Total liabilities | <u>4,502,008</u> | <u>299,178</u> | <u>513,777</u> | <u>4,937,682</u> |
| Deferred Inflows of Resources: | | | | |
| Unavailable revenues | <u>1,457,666</u> | <u>1,827,500</u> | <u>2,691,937</u> | <u>629,820</u> |
| Total deferred inflows of resources | <u>1,457,666</u> | <u>1,827,500</u> | <u>2,691,937</u> | <u>629,820</u> |
| Fund Balances: | | | | |
| Nonspendable | 11,795 | 640 | - | - |
| Restricted | 17,170 | 23,475,740 | 19,442,106 | 4,919,246 |
| Committed | 16,635,397 | - | - | - |
| Unassigned (deficit) | 1,309,638 | - | - | - |
| Total Fund Balances | <u>17,974,000</u> | <u>23,476,380</u> | <u>19,442,106</u> | <u>4,919,246</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 23,933,674</u> | <u>\$ 25,603,058</u> | <u>\$ 22,647,820</u> | <u>\$ 10,486,748</u> |

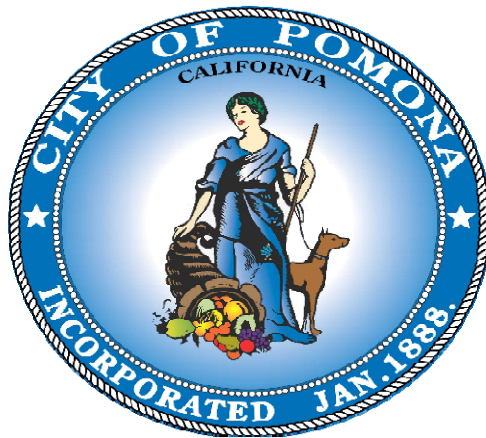
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City of Pomona
Balance Sheet (Continued)
Governmental Funds
June 30, 2018

| | Debt Service Funds | | Nonmajor | |
|--|---------------------|----------------------|----------------------|-----------------------|
| | General | Public Financing | Governmental | |
| | Government | Authority | Funds | Total |
| ASSETS | | | | |
| Cash and investments | \$ 876,678 | \$ 97,452 | \$ 20,631,289 | \$ 43,172,470 |
| Receivables (net): | | | | |
| Accounts | - | - | 812,253 | 7,188,102 |
| Notes and loans | - | - | 1,557,875 | 32,734,552 |
| Interest | 4,426 | 335 | 66,338 | 167,442 |
| Prepaid items | 855,878 | - | 8,441 | 876,754 |
| Due from other governments | 33,701 | - | 780,342 | 7,537,412 |
| Due from other funds | - | - | - | 983,156 |
| Advances to other funds | - | 76,035,000 | 304,435 | 76,339,435 |
| Advances to Successor Agency | - | - | - | 4,000,000 |
| Land held for resale | - | - | - | 4,490,540 |
| Other investments | - | - | - | 600,000 |
| Restricted assets: | | | | |
| Cash and investments | 520,573 | 3,393,223 | 3,477 | 10,563,153 |
| Total assets | <u>\$ 2,291,256</u> | <u>\$ 79,526,010</u> | <u>\$ 24,164,450</u> | <u>\$ 188,653,016</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ - | \$ 168 | \$ 1,802,344 | \$ 8,615,043 |
| Payroll payable | - | 3,410 | 152,637 | 2,323,625 |
| Accrued liabilities | - | - | - | 135,195 |
| Deposit payable | - | - | 2,334 | 178,818 |
| Retention payable | - | - | 64,187 | 696,357 |
| Due to other funds | 500,000 | - | 326,155 | 850,407 |
| Advances from other funds | 76,035,000 | - | - | 76,339,435 |
| Total liabilities | <u>76,535,000</u> | <u>3,578</u> | <u>2,347,657</u> | <u>89,138,880</u> |
| Deferred Inflows of Resources: | | | | |
| Unavailable revenues | - | - | 802,651 | 7,409,574 |
| Total deferred inflows of resources | <u>-</u> | <u>-</u> | <u>802,651</u> | <u>7,409,574</u> |
| Fund Balances: | | | | |
| Nonspendable | 855,878 | - | 8,441 | 876,754 |
| Restricted | - | 79,522,432 | 21,454,517 | 148,831,211 |
| Committed | - | - | - | 16,635,397 |
| Unassigned (deficit) | (75,099,622) | - | (448,816) | (74,238,800) |
| Total Fund Balances | <u>(74,243,744)</u> | <u>79,522,432</u> | <u>21,014,142</u> | <u>92,104,562</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 2,291,256</u> | <u>\$ 79,526,010</u> | <u>\$ 24,164,450</u> | <u>\$ 188,653,016</u> |

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City of Pomona
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2018

Total Fund Balances - Total Governmental Funds \$ 92,104,562

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

Capital assets, net of accumulated depreciation and \$271,799 reported in Internal Service Funds, have not been included as financial resources. Therefore, they are not reported in governmental funds 278,955,653

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period; therefore, are not reported as fund liabilities. All liabilities, both current and long-term are reported in the Statement of Net Position.

| | | |
|--|--------------|---------------|
| Pollution remediation | (666,220) | |
| Capital leases | (2,417,550) | |
| Notes payable | (799,599) | |
| Revenue bonds | (80,574,000) | |
| Pension obligation refunding bonds | (4,013,254) | |
| Accreted interest related to the pension obligation refunding bonds | (4,013,547) | |
| Deferred losses on refunding | 399,646 | |
| Deferred gains on refunding | (429,130) | |
| Issuance premium | (2,031,188) | |
| Compensated absences, net \$(171,617) reported in Internal Service Funds | (7,106,135) | (101,650,977) |

Net pension liability and related deferred outflows and inflows of resources are not due and payable in the current period; therefore, are not reported as government funds' liabilities. They are reported in the Statement of Net Position.

| | | |
|--|---------------|---------------|
| Net pension liability, net of \$(4,127,576) reported in Internal Service Funds | (168,612,678) | |
| Deferred outflows of resources related to pension, net of \$939,136 reported in Internal Service Funds | 37,649,894 | |
| Deferred inflows of resources related to pension, net of \$(79,488) reported in Internal Service Funds | (4,012,017) | (134,974,801) |

Net OPEB liability and related deferred outflows and inflows of resources are not due and payable in the current period; therefore, are not reported as government funds' liabilities. They are reported in the Statement of Net Position.

| | | |
|--|--------------|--------------|
| Net OPEB liability, net of \$(3,547,166) reported in Internal Service Funds | (73,504,637) | |
| Deferred outflows of resources related to pension, net of \$209,991 reported in Internal Service Funds | 4,351,433 | (69,153,204) |

Accrued interest payable for the current portion of interest due on bonds has not been reported in the governmental funds (1,097,536)

Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity 7,409,574

Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The assets and liabilities of the internal service funds must be added to the Statement of Net Position (12,983,318)

Net position of governmental activities **\$ 58,609,953**

City of Pomona
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2018

| | | Special Revenue Funds | | Capital Project Fund |
|--|--------------------|-----------------------|----------------------|----------------------|
| | General Fund | Housing Authority | Miscellaneous Grants | Capital Outlay |
| REVENUES: | | | | |
| Taxes | \$ 80,988,001 | \$ - | \$ - | \$ 163,937 |
| Special assessments | - | - | - | - |
| Licenses and permits | 9,039,938 | - | - | 189,493 |
| Intergovernmental | 109,470 | 13,932,169 | 2,562,666 | 2,249,653 |
| Charges for services | 2,825,148 | 6,921 | 1,283,151 | 9,833 |
| Use of money and properties | 1,468,184 | 525,246 | 80,284 | 16,092 |
| Fines and forfeitures | 2,284,371 | - | - | - |
| Contributions from Successor Agency | - | - | - | 4,676,812 |
| Miscellaneous | 1,671,200 | 73,323 | 622,896 | 372,035 |
| Total Revenues | 98,386,312 | 14,537,659 | 4,548,997 | 7,677,855 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General government | 5,079,690 | - | - | - |
| Public safety | 75,732,883 | - | 838,300 | - |
| Urban development | 9,173,099 | 15,071,516 | 319,886 | - |
| Neighborhood services and library | 3,786,001 | 57,624 | 2,931,690 | - |
| Capital outlay | 139,900 | - | 200,484 | 14,962,051 |
| Debt service: | | | | |
| Principal retirement | 403,623 | - | - | - |
| Interest and fiscal charges | 7,131 | - | - | 16,587 |
| Total Expenditures | 94,322,327 | 15,129,140 | 4,290,360 | 14,978,638 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 4,063,985 | (591,481) | 258,637 | (7,300,783) |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | 121,074 | - | 59,529 | 8,037,529 |
| Transfers out | (3,532,950) | (1,249,675) | (881,807) | (217,402) |
| Proceed from sale of assets | 17,118 | 128,376 | - | - |
| Issuance of loans payable | 139,900 | - | - | 623,628 |
| Issuance of capital lease | - | - | - | 2,349,563 |
| Total Other Financing Sources (Uses) | (3,254,858) | (1,121,299) | (822,278) | 10,793,318 |
| Net Change in Fund Balances | 809,127 | (1,712,780) | (563,641) | 3,492,535 |
| FUND BALANCES: | | | | |
| Beginning of year, as restated (Note 19) | 17,164,873 | 25,189,160 | 20,005,747 | 1,426,711 |
| End of Year | \$ 17,974,000 | \$ 23,476,380 | \$ 19,442,106 | \$ 4,919,246 |

(Continued)

City of Pomona
Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Governmental Funds
For the Year Ended June 30, 2018

| | Debt Service Funds | | | |
|--|-----------------------|----------------------------------|-----------------------------------|--------------------|
| | General Government | Public Financing Authority | Nonmajor Governmental Funds | Total |
| REVENUES: | | | | |
| Taxes | \$ 637,104 | \$ - | \$ 16,240 | \$ 81,805,282 |
| Special assessments | - | - | 1,191,903 | 1,191,903 |
| Licenses and permits | - | - | 1,509,765 | 10,739,196 |
| Intergovernmental | - | - | 15,826,544 | 34,680,502 |
| Charges for services | - | - | 888,420 | 5,013,473 |
| Use of money and properties | 4,811 | 184,761 | 732,918 | 3,012,296 |
| Fines and forfeitures | - | - | 11,573 | 2,295,944 |
| Contributions from Successor Agency | - | - | 144,594 | 4,821,406 |
| Miscellaneous | 135,103 | 64,527 | 843,534 | 3,782,618 |
| Total Revenues | 777,018 | 249,288 | 21,165,491 | 147,342,620 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General government | - | - | 671,531 | 5,751,221 |
| Public safety | - | - | 1,185,023 | 77,756,206 |
| Urban development | - | - | 11,645,070 | 36,209,571 |
| Neighborhood services and library | - | - | 9,318 | 6,784,633 |
| Capital outlay | - | - | 1,519,194 | 16,821,629 |
| Debt service: | | | | |
| Principal retirement | 449,000 | 1,615,000 | 57,296 | 2,524,919 |
| Interest and fiscal charges | 2,624,972 | 137,761 | 2,166 | 2,788,617 |
| Total Expenditures | 3,073,972 | 1,752,761 | 15,089,598 | 148,636,796 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (2,296,954) | (1,503,473) | 6,075,893 | (1,294,176) |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | 3,291,406 | - | 1,313,180 | 12,822,718 |
| Transfers out | - | - | (3,696,231) | (9,578,065) |
| Proceed from sale of assets | - | - | 2,630 | 148,124 |
| Issuance of loans payable | - | - | - | 763,528 |
| Issuance of capital lease | - | - | - | 2,349,563 |
| Total Other Financing Sources (Uses) | 3,291,406 | - | (2,380,421) | 6,505,868 |
| Net Change in Fund Balances | 994,452 | (1,503,473) | 3,695,472 | 5,211,692 |
| FUND BALANCES: | | | | |
| Beginning of year, as restated (Note 19) | (75,238,196) | 81,025,905 | 17,318,670 | 86,892,870 |
| End of Year | \$ (74,243,744) | \$ 79,522,432 | \$ 21,014,142 | \$ 92,104,562 |

(Concluded)

City of Pomona
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes
in Fund Balances to the Government-Wide Statement of Activities
For the Year Ended June 30, 2018

Net change in fund balances - total governmental funds: \$ 5,211,692

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 the estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:

| | | |
|---|--------------|-----------|
| Capital outlay | 16,821,629 | |
| Noncapitalized expenditures reclassified to functional expenses | (357,906) | |
| Net effects on disposal of capital assets | (1,360,170) | |
| Depreciation | (10,400,769) | 4,702,784 |

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

| | | |
|---|-------------|-----------|
| Principal repayments: | | |
| Pollution remediation | 520,391 | |
| Obligation under capital leases | 281,990 | |
| Notes payable | 178,929 | |
| Revenue bonds | 2,064,000 | |
| Amortization of premium and deferred charges | 113,808 | |
| Debt issued or incurred: | | |
| Pollution remediation | (465,010) | |
| Issuance of loans payable | (763,528) | |
| Issuance of capital lease | (2,349,563) | |
| Accreted interest on pension obligation bonds | (432,525) | (851,508) |

Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period. (903,920)

Compensated absences 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. 188,379

OPEB expense net of \$1,823,375 OPEB contribution made after made after measurement period, \$1,647,644 OPEB contribution during fiscal year, and measurement period, and net of \$101,494 OPEB adjustments reported in the Internal Service Funds. (2,103,145)

Pension expenses net of \$12,948,381 pension contribution made after measurement date and \$429,489 pension expense adjustment reported in the Internal Service Funds. (13,286,601)

Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity. (133,871)

Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The net revenues (expenses) of the internal service funds is reported with governmental activities. (1,015,025)

Change in net position of governmental activities **\$ (8,191,215)**

PROPRIETARY FUND FINANCIAL STATEMENTS

City of Pomona
Statement of Net Position
Proprietary Funds
June 30, 2018

| | | Business-Type Activities | | |
|---|--|---------------------------------|-------------------|------------------|
| | | Enterprise Funds | | |
| | | Water | Sewer | Refuse |
| ASSETS | | | | |
| Current assets: | | | | |
| Cash and investments | | \$ 37,345,605 | \$ 4,678,648 | \$ 5,485,024 |
| Receivables (net): | | | | |
| Accounts | | 5,906,844 | 825,336 | 1,672,389 |
| Interest | | 138,801 | 20,035 | 21,990 |
| Due from other government | | - | - | 2,884 |
| Prepaid items | | 17,170 | - | - |
| Inventories | | 312,468 | - | - |
| Total current assets | | 43,720,888 | 5,524,019 | 7,182,287 |
| Noncurrent assets: | | | | |
| Restricted cash and investments | | 9,173,796 | 4,997,037 | - |
| Other investments | | 9,000 | - | - |
| Capital assets: | | | | |
| Not being depreciated | | 12,591,236 | 4,347,200 | - |
| Being depreciated, net of depreciation | | 114,332,891 | 28,050,510 | 2,614,500 |
| Total capital assets | | 126,924,127 | 32,397,710 | 2,614,500 |
| Total noncurrent assets | | 136,106,923 | 37,394,747 | 2,614,500 |
| Total assets | | 179,827,811 | 42,918,766 | 9,796,787 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Deferred charges on refunding | | - | 533,632 | - |
| Deferred outflows of resources related to pension | | 3,201,830 | 396,224 | 944,194 |
| Deferred outflows of resources related to OPEB | | 788,465 | 97,843 | 274,074 |
| Total deferred outflows of resources | | 3,990,295 | 1,027,699 | 1,218,268 |

(Continued)

City of Pomona
Statement of Net Position (Continued)
Proprietary Funds
June 30, 2018

| | Business-Type Activities | | Governmental Activities |
|---|---|--------------------|--------------------------------|
| | Enterprise Funds | | |
| | Cannon Water Company - February 28, 2018 | Total | Internal Service Funds |
| ASSETS | | | |
| Current assets: | | | |
| Cash and investments | \$ 368,355 | \$ 47,877,632 | \$ 9,533,089 |
| Receivables (net): | | | |
| Accounts | 128,442 | 8,533,011 | 8,234 |
| Interest | - | 180,826 | 36,419 |
| Due from other government | - | 2,884 | - |
| Prepaid items | - | 17,170 | 4,638 |
| Inventories | - | 312,468 | 430,664 |
| Total current assets | 496,797 | 56,923,991 | 10,013,044 |
| Noncurrent assets: | | | |
| Restricted cash and investments | - | 14,170,833 | - |
| Other investments | - | 9,000 | - |
| Capital assets: | | | |
| Not being depreciated | - | 16,938,436 | - |
| Being depreciated, net of depreciation | 18,031 | 145,015,932 | 271,799 |
| Total capital assets | 18,031 | 161,954,368 | 271,799 |
| Total noncurrent assets | 18,031 | 176,134,201 | 271,799 |
| Total assets | 514,828 | 233,058,192 | 10,284,843 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred charges on refunding | - | 533,632 | - |
| Deferred outflows of resources related to pension | - | 4,542,248 | 939,136 |
| Deferred outflows of resources related to OPEB | - | 1,160,382 | 209,991 |
| Total deferred outflows of resources | - | 6,236,262 | 1,149,127 |

(Continued)

City of Pomona
Statement of Net Position (Continued)
Proprietary Funds
June 30, 2018

| | Business-Type Activities | | |
|---|---------------------------------|----------------------|---------------------|
| | Enterprise Funds | | |
| | Water | Sewer | Refuse |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable | 1,493,463 | 115,570 | 628,610 |
| Payroll payable | 324,036 | 40,183 | 97,960 |
| Accrued liabilities | - | - | - |
| Interest payable | 549,766 | 64,967 | 26,150 |
| Deposits payable | 3,858,596 | - | - |
| Due to other funds | - | - | - |
| Compensated absences, due within one year | 734,000 | 71,588 | 218,000 |
| Claims and judgments, due within one year | - | - | - |
| Bonds, notes, and capital leases, due within one year | 1,815,000 | 555,000 | 614,610 |
| Total current liabilities | 8,774,861 | 847,308 | 1,585,330 |
| Noncurrent liabilities: | | | |
| Compensated absences, due in more than one year | 341,374 | - | 79,278 |
| Claims and judgments, due in more than one year | - | - | - |
| Bonds, notes, and capital leases | 87,376,443 | 25,081,312 | 628,993 |
| Net pension liability | 14,072,289 | 1,741,437 | 4,149,806 |
| Net OPEB liability | 13,318,789 | 1,652,767 | 4,629,681 |
| Total noncurrent liabilities | 115,108,895 | 28,475,516 | 9,487,758 |
| Total liabilities | 123,883,756 | 29,322,824 | 11,073,088 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred charges on refunding | 3,266,948 | - | - |
| Deferred inflows of resources related to pension | 271,002 | 33,536 | 79,916 |
| Total deferred inflows of resources | 3,537,950 | 33,536 | 79,916 |
| NET POSITION | | | |
| Net investment in capital assets | 38,492,023 | 10,087,405 | 1,370,897 |
| Restricted for debt service | 5,147,509 | 2,204,662 | - |
| Unrestricted | 12,756,868 | 2,298,038 | (1,508,846) |
| Total net position | \$ 56,396,400 | \$ 14,590,105 | \$ (137,949) |

(Continued)

City of Pomona
Statement of Net Position (Continued)
Proprietary Funds
June 30, 2018

| | Business-Type Activities | | Governmental Activities |
|---|---------------------------------|----------------------|--------------------------------|
| | Enterprise Funds | | |
| | Cannon Water Company - | | Internal |
| | February 28, 2018 | Total | Service Funds |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable | 8,939 | 2,246,582 | 354,851 |
| Payroll payable | - | 462,179 | 82,987 |
| Accrued liabilities | 11,284 | 11,284 | - |
| Interest payable | - | 640,883 | - |
| Deposits payable | - | 3,858,596 | - |
| Due to other funds | - | - | 132,749 |
| Compensated absences, due within one year | - | 1,023,588 | 171,617 |
| Claims and judgments, due within one year | - | - | 5,436,000 |
| Bonds, notes, and capital leases, due within one year | - | 2,984,610 | - |
| Total current liabilities | 20,223 | 11,227,722 | 6,178,204 |
| Noncurrent liabilities: | | | |
| Compensated absences, due in more than one year | - | 420,652 | - |
| Claims and judgments, due in more than one year | - | - | 9,061,118 |
| Bonds, notes, and capital leases | - | 113,086,748 | - |
| Net pension liability | - | 19,963,532 | 4,127,576 |
| Net OPEB liability | - | 19,601,237 | 3,547,166 |
| Total noncurrent liabilities | - | 153,072,169 | 16,735,860 |
| Total liabilities | 20,223 | 164,299,891 | 22,914,064 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred charges on refunding | - | 3,266,948 | - |
| Deferred inflows of resources related to pension | - | 384,454 | 79,488 |
| Total deferred inflows of resources | - | 3,651,402 | 79,488 |
| NET POSITION | | | |
| Net investment in capital assets | 18,031 | 49,968,356 | 271,799 |
| Restricted for debt service | - | 7,352,171 | - |
| Unrestricted | 476,574 | 14,022,634 | (11,831,381) |
| Total net position | \$ 494,605 | 71,343,161 | \$ (11,559,582) |
| Adjustments to reflect the consolidation of internal service activities related to enterprise funds | | 1,423,736 | |
| Net position of business-type activities | | \$ 72,766,897 | (Concluded) |

City of Pomona
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2018

| | Business-Type Activities | | |
|---|---------------------------------|----------------------|---------------------|
| | Enterprise Funds | | |
| | Water | Sewer | Refuse |
| OPERATING REVENUES: | | | |
| Charges for services | \$ 29,713,762 | \$ 4,312,373 | \$ 10,104,225 |
| Miscellaneous | - | 14,500 | 3,221 |
| Total operating revenues | 29,713,762 | 4,326,873 | 10,107,446 |
| OPERATING EXPENSES: | | | |
| Personnel services | 9,933,358 | 1,049,245 | 3,104,337 |
| Operations | 14,224,067 | 1,151,930 | 5,790,177 |
| Claims expense | 10,937 | - | 58,804 |
| Insurance | 255,263 | 36,721 | 105,011 |
| Franchise fees | - | - | 461,644 |
| Depreciation | 3,392,144 | 591,960 | 525,496 |
| Total operating expenses | 27,815,769 | 2,829,856 | 10,045,469 |
| OPERATING INCOME | 1,897,993 | 1,497,017 | 61,977 |
| NONOPERATING REVENUES (EXPENSES): | | | |
| Intergovernmental | 185,149 | - | 76,877 |
| Investment income | 300,714 | 108,874 | 44,793 |
| Interest expense | (3,094,395) | (1,226,516) | (30,525) |
| Sale of surplus water | 675,000 | - | - |
| Settlement | 3,875,000 | - | - |
| Gain on disposal of capital assets | 51,788 | 32,419 | - |
| Total nonoperating revenues (expenses) | 1,993,256 | (1,085,223) | 91,145 |
| INCOME BEFORE TRANSFERS | 3,891,249 | 411,794 | 153,122 |
| TRANSFERS: | | | |
| Transfers in | 189,476 | 230 | 85,000 |
| Transfers out | (2,210,748) | (606,476) | (520,368) |
| Total transfers | (2,021,272) | (606,246) | (435,368) |
| CHANGES IN NET POSITION | 1,869,977 | (194,452) | (282,246) |
| NET POSITION: | | | |
| Beginning of year, as restated (Note 19) | 54,526,423 | 14,784,557 | 144,297 |
| End of Year | <u>\$ 56,396,400</u> | <u>\$ 14,590,105</u> | <u>\$ (137,949)</u> |

(Continued)

City of Pomona
Statement of Revenues, Expenses, and Changes in Net Position (Continued)
Proprietary Funds
For the Year Ended June 30, 2018

| | Business-Type Activities | | Governmental Activities |
|--|---|----------------------------|--------------------------------|
| | Enterprise Funds | | |
| | Cannon Water Company - February 28, 2018 | Total | Internal Service Funds |
| OPERATING REVENUES: | | | |
| Charges for services | \$ 64,221 | \$ 44,194,581 | \$ 10,069,746 |
| Miscellaneous | - | 17,721 | 177,917 |
| Total operating revenues | 64,221 | 44,212,302 | 10,247,663 |
| OPERATING EXPENSES: | | | |
| Personnel services | - | 14,086,940 | 2,880,067 |
| Operations | 27,301 | 21,193,475 | 3,536,211 |
| Claims expense | - | 69,741 | 4,870,433 |
| Insurance | - | 396,995 | 59,441 |
| Franchise fees | - | 461,644 | - |
| Depreciation | 2,671 | 4,512,271 | 49,418 |
| Total operating expenses | 29,972 | 40,721,066 | 11,395,570 |
| OPERATING INCOME | 34,249 | 3,491,236 | (1,147,907) |
| NONOPERATING REVENUES (EXPENSES): | | | |
| Intergovernmental | - | 262,026 | - |
| Investment income | 13 | 454,394 | 87,381 |
| Interest expense | - | (4,351,436) | - |
| Sale of surplus water | - | 675,000 | - |
| Settlement | - | 3,875,000 | - |
| Gain on disposal of capital assets | - | 84,207 | - |
| Total nonoperating revenues (expenses) | 13 | 999,191 | 87,381 |
| INCOME BEFORE TRANSFERS | 34,262 | 4,490,427 | (1,060,526) |
| TRANSFERS: | | | |
| Transfers in | - | 274,706 | 100,000 |
| Transfers out | - | (3,337,592) | (281,767) |
| Total transfers | - | (3,062,886) | (181,767) |
| CHANGES IN NET POSITION | 34,262 | 1,427,541 | (1,242,293) |
| NET POSITION: | | | |
| Beginning of year, as restated (Note 19) | 460,343 | 69,915,620 | (10,317,289) |
| End of Year | <u>\$ 494,605</u> | <u>71,343,161</u> | <u>\$ (11,559,582)</u> |
| Adjustment to reflect the consolidation of internal service funds activities related to enterprise funds | | (227,268) | |
| Changes in net position of business-type activities | | <u><u>\$ 1,200,273</u></u> | (Concluded) |

City of Pomona
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2018

| | Business-Type Activities | | |
|---|---------------------------------|---------------------|---------------------|
| | Enterprise Funds | | |
| | Water | Sewer | Refuse |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Cash received from customers and user | \$ 30,876,591 | \$ 4,196,346 | \$ 10,162,211 |
| Cash paid to suppliers for goods and services | (15,219,231) | (1,472,502) | (6,682,023) |
| Cash paid for general and administrative expenses | (7,855,095) | (1,060,744) | (2,518,589) |
| Proceeds from sale of surplus water | 675,000 | - | - |
| Net cash provided by (used in) operating activities | 8,477,265 | 1,663,100 | 961,599 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | | |
| Cash transfers in | 189,476 | 230 | 85,000 |
| Cash transfers out | (2,210,748) | (606,476) | (520,368) |
| Grant subsidy | 185,149 | - | 73,993 |
| Settlement | 3,875,000 | - | - |
| Net cash provided (used in) by noncapital financing activities | 2,038,877 | (606,246) | (361,375) |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | |
| Acquisition and construction of capital assets | (2,508,007) | (4,278,778) | - |
| Principal paid on capital debt | (1,925,000) | (14,670,000) | (600,557) |
| Interest paid on capital debt | (3,197,356) | (1,198,710) | (43,154) |
| Proceed from issuance of debt | - | 13,390,000 | - |
| Proceed from sale of capital assets | 52,047 | 32,419 | - |
| Net cash used in capital and related financing activities | (7,578,316) | (6,725,069) | (643,711) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | |
| Interest received | 241,176 | 108,025 | 34,804 |
| Net cash provided by investing activities | 241,176 | 108,025 | 34,804 |
| Net increase (decrease) in cash and cash equivalents | 3,179,002 | (5,560,190) | (8,683) |
| CASH AND CASH EQUIVALENT: | | | |
| Beginning of year | 43,340,399 | 15,235,875 | 5,493,707 |
| End of year | <u>\$ 46,519,401</u> | <u>\$ 9,675,685</u> | <u>\$ 5,485,024</u> |
| CASH AND CASH EQUIVALENT: | | | |
| Cash and investments | \$ 37,345,605 | \$ 4,678,648 | \$ 5,485,024 |
| Restricted cash and investments: | 9,173,796 | 4,997,037 | - |
| Total cash and cash equivalent | \$ 46,519,401 | \$ 9,675,685 | \$ 5,485,024 |

(Continued)

City of Pomona
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2018

| | Business-Type Activities | | Governmental Activities |
|---|---------------------------------|-----------------------------|--------------------------------|
| | Enterprise Funds | | |
| | Cannon Water Company - | | Internal |
| | February 28, 2018 | Total | Service Funds |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Cash received from customers and user | \$ - | \$ 45,235,148 | \$ 10,235,086 |
| Cash paid to suppliers for goods and services | (17,380) | (23,391,136) | (8,395,927) |
| Cash paid for general and administrative expenses | - | (11,434,428) | (2,347,360) |
| Proceeds from sale of surplus water | - | 675,000 | - |
| Net cash provided by (used in) operating activities | (17,380) | 11,084,584 | (508,201) |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | | |
| Cash transfers in | - | 274,706 | 100,000 |
| Cash transfers out | - | (3,337,592) | (281,767) |
| Grant subsidy | - | 259,142 | - |
| Settlement | - | 3,875,000 | - |
| Net cash provided (used in) by noncapital financing activities | - | 1,071,256 | (181,767) |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | |
| Acquisition and construction of capital assets | - | (6,786,785) | - |
| Principal paid on capital debt | - | (17,195,557) | - |
| Interest paid on capital debt | - | (4,439,220) | - |
| Proceed from issuance of debt | - | 13,390,000 | - |
| Proceed from sale of capital assets | - | 84,466 | - |
| Net cash used in capital and related financing activities | - | (14,947,096) | - |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | |
| Interest received | 13 | 384,018 | 72,183 |
| Net cash provided by investing activities | 13 | 384,018 | 72,183 |
| Net increase (decrease) in cash and cash equivalents | (17,367) | (2,407,238) | (617,785) |
| CASH AND CASH EQUIVALENT: | | | |
| Beginning of year | 385,722 | 64,455,703 | 10,150,874 |
| End of year | <u>\$ 368,355</u> | <u>\$ 62,048,465</u> | <u>\$ 9,533,089</u> |
| CASH AND CASH EQUIVALENT: | | | |
| Cash and investments | \$ 368,355 | \$ 47,877,632 | \$ 9,533,089 |
| Restricted cash and investments: | - | 14,170,833 | - |
| Total cash and cash equivalent | <u>\$ 368,355</u> | <u>\$ 62,048,465</u> | <u>\$ 9,533,089</u> |

(Continued)

City of Pomona
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2018

| | Business-Type Activities | | |
|---|---------------------------------|---------------------|-------------------|
| | Enterprise Funds | | |
| | Water | Sewer | Refuse |
| RECONCILIATION OF OPERATING INCOME TO | | | |
| NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES: | | | |
| Operating income | \$ 1,897,993 | \$ 1,497,017 | \$ 61,977 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | | |
| Depreciation | 3,392,144 | 591,960 | 525,496 |
| Proceeds from sale of surplus water | 675,000 | - | - |
| (Increase) decrease in accounts receivable | 1,035,588 | (130,527) | 54,765 |
| (Increase) decrease in inventories | (48,958) | - | - |
| (Increase) decrease in deferred outflows of resources related to pension | 1,133,533 | 230,327 | 359,398 |
| (Increase) decrease in deferred outflows of resources related to OPEB | (501,465) | (62,228) | (174,311) |
| Increase (decrease) in accounts payable | (633,254) | (283,851) | (266,387) |
| Increase (decrease) in payroll payable | 40,341 | (56,703) | 13,221 |
| Increase (decrease) in accrued liabilities | (46,752) | - | - |
| Increase (decrease) in deposit payable | 127,241 | - | - |
| Increase (decrease) in due to other funds | - | - | - |
| Increase (decrease) in compensated absences | 107,166 | 5,379 | 38,669 |
| Increase (decrease) in claims and judgments | - | - | - |
| Increase (decrease) in net pension liabilities | 1,573,296 | (64,929) | 391,506 |
| Increase (decrease) in net OPEB liabilities | 882,548 | 109,518 | 306,779 |
| Increase (decrease) in deferred inflows of resources related to pension | (1,157,156) | (172,863) | (349,514) |
| Total adjustment | 6,579,272 | 166,083 | 899,622 |
| Net cash provided by (used in) operating activities | \$ 8,477,265 | \$ 1,663,100 | \$ 961,599 |
| NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES: | | | |
| Amortization of bond premium/(discount) | \$ (111,206) | \$ 4,464 | \$ - |
| Amortization of deferred charges | (113,304) | 28,867 | - |
| Total noncash capital and related financing activities | \$ (224,510) | \$ 33,331 | \$ - |

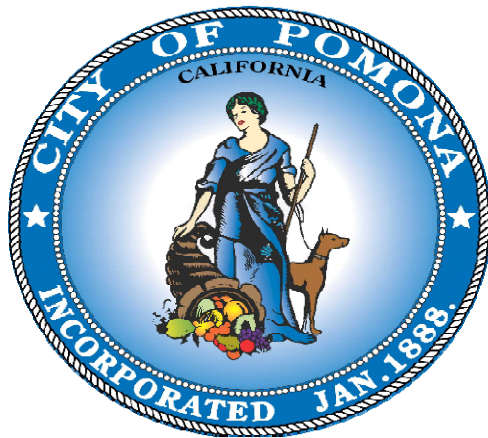
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City of Pomona
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2018

| | Business-Type Activities | | Governmental Activities |
|--|---------------------------------|----------------------|--------------------------------|
| | Enterprise Funds | | |
| | Cannon Water Company - | | Internal |
| | February 28, 2018 | Total | Service Funds |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO | | | |
| NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES: | | | |
| Operating income (loss) | \$ 34,249 | \$ 3,491,236 | \$ (1,147,907) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | |
| Depreciation | 2,671 | 4,512,271 | 49,418 |
| Proceeds from sale of surplus water | - | 675,000 | - |
| (Increase) decrease in accounts receivable | (64,221) | 895,605 | (7,304) |
| (Increase) decrease in inventories | - | (48,958) | (24,525) |
| (Increase) decrease in deferred outflows of resources related to pension | - | 1,723,258 | 343,801 |
| (Increase) decrease in deferred outflows of resources related to OPEB | - | (738,004) | (133,555) |
| Increase (decrease) in accounts payable | 8,939 | (1,174,553) | 37,729 |
| Increase (decrease) in payroll payable | - | (3,141) | 1,081 |
| Increase (decrease) in accrued liabilities | 982 | (45,770) | - |
| Increase (decrease) in deposit payable | - | 127,241 | - |
| Increase (decrease) in due to other funds | - | - | (5,273) |
| Increase (decrease) in compensated absences | - | 151,214 | 645 |
| Increase (decrease) in claims and judgments | - | - | 56,954 |
| Increase (decrease) in net pension liabilities | - | 1,899,873 | 428,826 |
| Increase (decrease) in net OPEB liabilities | - | 1,298,845 | 235,047 |
| Increase (decrease) in deferred inflows of resources related to pension | - | (1,679,533) | (343,138) |
| Total adjustment | (51,629) | 7,593,348 | 639,706 |
| Net cash provided by (used in) operating activities | \$ (17,380) | \$ 11,084,584 | \$ (508,201) |
| NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES: | | | |
| Amortization of bond premium/(discount) | \$ - | \$ (106,742) | \$ - |
| Amortization of deferred charges | - | (84,437) | - |
| Total noncash capital and related financing activities | \$ - | \$ (191,179) | \$ - |

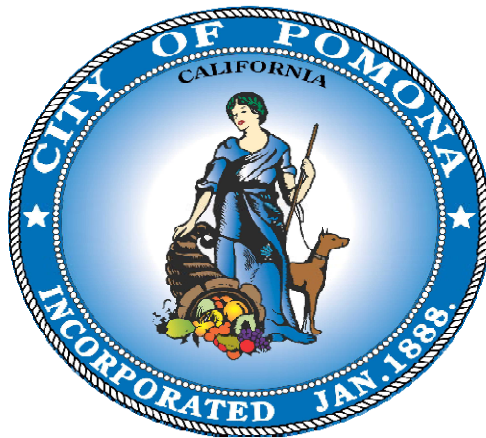
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FIDUCIARY FUND FINANCIAL STATEMENTS

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City of Pomona
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2018

| | Agency Funds | Private - Purpose Trust Fund Successor Agency of the Former RDA |
|---|-------------------------|--|
| ASSETS: | | |
| Cash and investments | \$ 3,797,127 | \$ 11,833,496 |
| Receivables (net): | | |
| Accounts | 293,060 | 708,554 |
| Notes and loans | - | 4,099,660 |
| Interest | 2,088 | 43,558 |
| Deposits | - | 600 |
| Due from other governments | 15,220 | - |
| Land held for resale | - | 12,666,358 |
| Restricted assets: | | |
| Cash and investments | - | 46,423,836 |
| Capital assets: | | |
| Capital assets, not being depreciated | - | 125,423 |
| Capital assets, net of depreciation | - | 51,410 |
| Total assets | \$ 4,107,495 | \$ 75,952,895 |
| DEFERRED OUTFLOWS OF RESOURCES: | | |
| Deferred charge on refunding | | 724,184 |
| Total deferred outflows of resources | | 724,184 |
| LIABILITIES: | | |
| Accounts payable | \$ 1,243,463 | 139,840 |
| Payroll payable | - | 12,723 |
| Interest payable | - | 2,949,657 |
| Deposits payable | 2,634,917 | 189,916 |
| Due to other governments | - | - |
| Due to external parties/other agencies | 229,115 | - |
| Long-term liabilities: | | |
| Due within one year | - | 9,703,285 |
| Due in more than one year | - | 200,172,586 |
| Total liabilities | \$ 4,107,495 | 213,168,007 |
| NET POSITION: | | |
| Held in trust for Successor Agency | | \$ (136,490,928) |

City of Pomona
Statement of Change in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2018

| | Private - Purpose Trust Fund Successor Agency of the Former RDA |
|------------------------------------|--|
| ADDITIONS: | |
| Taxes | \$ 14,622,040 |
| Intergovernmental | 600,000 |
| Contributions from City | 10,000 |
| Charges for services | 1,417 |
| Investment income | 1,139,448 |
| Miscellaneous | 16,740 |
| Gain on sale of assets | 946,599 |
| Total additions | 17,336,244 |
| DEDUCTIONS: | |
| Personnel services | 333,815 |
| Operations | 1,237,263 |
| Interest and fiscal charges | 11,420,143 |
| Contributions to City | 5,006,555 |
| Contributions to other governments | 1,972,118 |
| Loss on sale of assets | 3,465,284 |
| Total deductions | 23,435,178 |
| Change in net position | (6,098,934) |
| NET POSITION (DEFICIT): | |
| Beginning of year | (130,391,994) |
| End of year | \$ (136,490,928) |

NOTES TO THE BASIC FINANCIAL STATEMENTS

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City of Pomona
Index to the Notes to the Basic Financial Statements
For the Year Ended June 30, 2018

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City of Pomona
Notes to the Basic Financial Statements
For the Year Ended June 30, 2018

Note 1 – Summary of Significant Accounting Policies

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

A. Financial Reporting Entity

The City was incorporated in 1888 and became a “Charter Law” City in 1911 under the laws of the State of California. The City operates under the Council-Manager form of governments. The City principally provides general administrative services, public safety services, library, recreational services, street, highway and bridge repairs and maintenance, and water and sanitation services.

As required by U.S. GAAP, these basic financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The following blended component units, although legally separate entities, are, in substance, part of the City’s operations and data from these units are combined with the data of the City. They are reported as blended for the following reasons: (1) the governing board is substantively the same as the primary government, and there is a financial benefit or burden relationship between the primary government and the component unit; (2) the component unit provides services entirely, or almost entirely, to the primary government or otherwise exclusively, or almost exclusively, benefits the primary government even though it does not provide services directly to it; and (3) the component unit’s total debt outstanding, including leases, is expected to be repaid entirely or almost entirely with the resources of the primary government.

Management determined that the following component units should be blended based on the criteria above. These component units are included in the primary government because of the fiscal dependence and financial benefit/burden relationship. Each of the blended component units in the accompanying basic financial statements of the City are described below:

City of Pomona Housing Authority

The City of Pomona Housing Authority (the “Housing Authority”) was organized in 1993 under the California Health and Safety Code. The objective of the Housing Authority is to aid low-income families in obtaining decent, safe and sanitary housing through Federal assistance programs and low/moderate income housing programs. The Housing Authority was included within the scope of the reporting entity of the City because its governing body is composed in its entirety of City Council members of the City. The Housing Authority is blended in as a special revenue fund based on the criteria discussed above.

City of Pomona Public Financing Authority

The City of Pomona Public Financing Authority (the “Authority”) is a joint exercise of powers authority created by a joint powers agreement between the City, the former Redevelopment Agency of the City of Pomona (the “Agency”) and the former Redevelopment Agency of the City of West Covina, dated October 27, 1988. The purpose of the Authority is to provide, through the issuance of debt, financing necessary for the construction of public improvements. The Authority is not subject to federal or state income taxes. The Authority was included within the scope of the reporting entity of the City because its governing body is composed in its entirety of City staff. The Authority is blended in as a debt service fund based on the criteria discussed above.

City of Pomona
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 1 – Summary of Significant Accounting Policies (Continued)

A. *Financial Reporting Entity (Continued)*

Canon Water Company

The Canon Water Company of Pomona (the “Company”) was incorporated on August 6, 1897. The Company owns and maintains a pipeline which transports water to the City. The Company was included within the scope of the reporting entity of the City because it provides services almost entirely to the City and its governing body is composed of City staff. The Company is blended in as an enterprise fund since the governing boards for these entities were composed of either City Council members or City employees. Blended component units, although legally separate entities, are in substance, part of the City’s operations and so data from these units are reported with the interfund data of the primary government based on the criteria discussed above.

All component units had a fiscal year ended June 30, 2018, except for Canon Water Company, which had a fiscal year ended February 28, 2018.

The component units listed above issue separate financial statements which can be obtained at City Hall and on line at www.ci.pomona.us.

B. *Financial Statements Presentation, Basis of Accounting and Measurement Focus*

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

Government-Wide Financial Statements

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

These basic financial statements are presented on an “*economic resources*” measurement focus and the accrual basis of accounting. Economic resources measurement focus considers all of the assets available for the purpose of providing goods and services and reports all inflows, outflows, and balances affecting or reflecting an entity’s net position. Accordingly, all of the City’s assets and liabilities, including capital assets, as well as infrastructure assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned and expenses are recognized in the period in which the liability is incurred.

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

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

City of Pomona
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Financial Statements Presentation, Basis of Accounting and Measurement Focus (Continued)

Government-Wide Financial Statements (Continued)

Certain eliminations have been made in regard to interfund activities. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column, if any. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated. The following interfund activities have been eliminated:

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

Governmental Fund Financial Statements

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

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

Revenues are recognized as soon as they are both “measurable” and “available.” Revenues are considered to be available when it is 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 it is collected within 60 days of the end of the current fiscal period except for grant revenue where the government considers revenue to be available if collected within 120 days of the end of current fiscal year. The primary revenue sources, which have been treated as susceptible to accrual by the City, are real and personal property tax, other local taxes, franchise fees, forfeitures and penalties, rents and concessions, interest revenue, and state and federal grants. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Unavailable revenue arises when potential revenues do not meet the “*available*” criteria for recognition in the current period. Unearned revenue arises when the government receives resources before it has a legal claim to it, as when grant monies are received prior to incurring qualifying expenditures or when prepaid charges are received for services. In subsequent periods when both revenue recognition criteria are met or when the government has a legal claim to the resources, the unavailable revenue and unearned revenue are removed from the balance sheet and revenue is recognized.

The reconciliations of the Fund Financial Statements to the Government-Wide Financial Statements are provided to explain the differences.

City of Pomona
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Financial Statements Presentation, Basis of Accounting and Measurement Focus (Continued)

Governmental Fund Financial Statements (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 **Housing Authority Special Revenue Fund** accounts for grant revenues received for the acquisition, rehabilitation and administration of properties used to provide affordable rental housing and the low and moderate income housing functions of the former Redevelopment Agency.

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

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

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

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

Proprietary Fund Financial Statements

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

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

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

The City reports the following major proprietary funds:

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

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

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

City of Pomona
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Financial Statements Presentation, Basis of Accounting and Measurement Focus (Continued)

Proprietary Fund Financial Statements (Continued)

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

The Internal Service Funds account for the maintenance and repair of City vehicles and equipment, risk management (general liability, workers' compensation and unemployment), information technology and printing/mail service provided to other departments or agencies of the City. Internal service balances and activities have been combined with the governmental activities in the government-wide financial statements.

Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. The City's fiduciary funds consist of agency funds and one private purpose trust fund. Fiduciary fund types are accounted for according to the nature of the fund.

Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Agency Funds account for assets held by the City for governments or individuals. These funds include receipts and disbursements of funds for the debt service activity of the 1911 Act assessment districts, cash deposits collected for street and sidewalk encroachment permits, debt services activity, cash guarantees (deposits) collected by the City for various construction improvement 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 as well as monitoring of the local watershed as required by the MS4 permit as a lead agency of the East San Gabriel Valley Watershed Management Group.

The Private-purpose trust fund is accounted for using the "*economic resources*" measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized in the period in which the revenue is earned, while expenses are recognized in the period in which the liability is incurred. The City uses its private-purpose trust fund to account for the assets and liabilities of the former Redevelopment Agency and the receipt of funds to make installment payments of enforceable obligations until the obligations of the former Redevelopment Agency are paid in full and assets have been liquidated.

C. Cash, Cash Equivalents and Investments

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

Highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are reported at fair value.

Certain disclosure requirements, if applicable, are provided for deposit and investment risk in the following areas:

- Interest Rate Risk
- Credit Risk
 - Overall
 - Custodial Credit Risk

City of Pomona
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 1 – Summary of Significant Accounting Policies (Continued)

C. Cash, Cash Equivalents and Investments (Continued)

- Concentration of Credit Risk
- Foreign Currency Risk

The City operates an internal cash management pool where the proprietary funds do not own specifically identifiable securities in the City's pool. For purposes of the statement of cash flows, the proprietary funds report the investments at the amortized cost and considered as cash equivalents.

D. Cash and Investments with Fiscal Agents and Restricted Cash and Investments

Cash and investments with fiscal agents and restricted cash and investments are restricted due to limitations on their use by bond covenants or donor limitations. Fiscal agents acting on behalf of the City hold investment funds arising from the proceeds of long-term debt issuance. The funds may be used for specific purposes or for the payment of certain bonds, and have been invested only as permitted by specific State statutes, applicable City ordinance, resolution, or bond indentures.

E. Fair Value Measurement

U.S. GAAP defines fair value, establishes a framework for measuring fair value and establishes disclosures about fair value measurement. Investments, unless otherwise specified, recorded at fair value in the financial statements, are categorized based upon the level of judgment associated with the inputs used to measure their fair value.

The three levels of the fair value measurement hierarchy are described below:

- Level 1 - Inputs are unadjusted, quoted prices for identical assets or liabilities in active markets at the measurement date.
- Level 2 – Inputs, other than quoted prices included in Level 1, that are observable for the assets or liabilities through corroboration with market data at the measurement date.
- Level 3 – Unobservable inputs that reflect management's best estimate of what market participants would use in pricing the assets or liabilities at the measurement date.

F. Interfund Transactions

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

G. Inventories and Prepaid Items

Inventories within the various fund types consist of materials and supplies which are valued at cost on a first-in, first-out basis. Purchase of supplies have been reported based on consumption method to recognize inventory-related expenditures.

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, such as prepaid bond insurance.

City of Pomona
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 1 – Summary of Significant Accounting Policies (Continued)

H. Land Held for Resale

Land purchased for resale is reported at lower of acquisition costs or net realized value.

I. Capital Assets

Capital assets, which include land, construction in progress, buildings and improvements, improvements other than buildings, machinery and equipment, autos and trucks, equipment under capitalized lease and infrastructure assets (e.g. roads, bridges, traffic signals, and similar items), are reported in the applicable governmental or business-type activities in the Government-Wide Financial Statements. City policy has set the capitalization threshold for reporting capital assets at \$5,000 and capital projects at \$250,000.

Capital assets are valued at historical cost or estimated historical cost if actual historical cost was not available. Donated assets are valued at acquisition value on the date donated.

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

| Assets | Years |
|-------------------------------------|-------|
| Buildings and building improvements | 10-50 |
| Improvements other than buildings | 10-75 |
| Machinery and equipment | 5-100 |
| Furniture and fixtures | 5-10 |
| Autos and trucks | 5-10 |
| Equipment under capitalized lease | 5-15 |
| Infrastructure | 25-75 |

For infrastructure systems, the City elected to use the basic approach for infrastructure reporting.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest on construction-related debt incurred during the period of construction is capitalized as a cost of the constructed assets for business-type funds.

The long-term principal portion of debt on non-proprietary capital assets acquired through lease purchase contracts is accounted for in the government-wide financial statements as “capital lease obligations”. Capital assets acquired under capital leases are capitalized at the net present value of the total lease payments in the government-wide financial statements.

J. Long-Term Debt

In the government-wide financial statements and proprietary 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 position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method.

City of Pomona
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 1 – Summary of Significant Accounting Policies (Continued)

J. Long-Term Debt (Continued)

Bonds payable are reported net of the applicable bond premium or discount. Issuance costs, whether or not withheld from the actual debt proceeds received, are expensed when incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond 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 expenditures.

K. Compensated Absences

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

L. Claims Payable

The City records a liability to reflect an actuarial estimate of ultimate uninsured losses for both general liability claims (including property damage claims) and workers' compensation claims. The estimated liability for workers' compensation claims and general liability claims includes "incurred but not reported" (IBNR) claims. There is no fixed payment schedule to pay these liabilities.

M. Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/expenditures) until then. The City reports deferred charges on refunding in the government-wide and proprietary fund financial statements. Deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The City also reports pension and other postemployment benefits related deferred outflows of resources in the government-wide and proprietary fund financial statements.

In addition to liabilities, the Statement of Net Position and Governmental Funds Balance Sheet reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position or fund balance that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The governmental funds report unavailable revenue for revenues not available for current spending. These amounts are deferred and recognized as an inflow of resources in the period when the amounts become available. In addition, the City reports deferred charges on refunding in the government-wide and proprietary fund financial statements. Deferred gains on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The City also reports pension related deferred inflows of resources in the government-wide and proprietary fund financial statements.

City of Pomona
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 1 – Summary of Significant Accounting Policies (Continued)

N. Pension

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plans and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

The following timeframes are used for pension reporting:

CalPERS:

| | |
|--------------------|-------------------------------|
| Valuation Date | June 30, 2016 |
| Measurement Date | June 30, 2017 |
| Measurement Period | July 1, 2016 to June 30, 2017 |

Collateral Benefits Plan:

| | |
|--------------------|-------------------------------|
| Valuation Date | June 30, 2018 |
| Measurement Date | June 30, 2018 |
| Measurement Period | July 1, 2017 to June 30, 2018 |

Gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and inflows of sources related to pensions and are to be recognized in further pension expense. The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized over five years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

O. Other Postemployment Benefits ("OPEB")

For the purpose of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's OPEB Plan and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

The following timeframes are reported OPEB reporting:

| | |
|--------------------|--------------------------------------|
| Valuation Date | December 31, 2017 |
| Measurement Date | December 31, 2017 |
| Measurement Period | January 1, 2017 to December 31, 2017 |

Gains and losses related to changes in total OPEB liability are recognized in OPEB expense systematically over time. The first amortized amounts are recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The gains and losses are amortized on a straight-line basis over the average expected remaining service lives of all members.

City of Pomona
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 1 – Summary of Significant Accounting Policies (Continued)

P. Net Position

In the government-wide financial statements, net position is classified in the following:

Net Investment in Capital Assets – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt and related deferred outflows and inflows of resources that is attributed to the acquisition, construction, or improvement of the assets, net of unspent debt proceed.

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

Unrestricted – This amount is all net position that does not meet the definition of “net investment in capital assets” or “restricted net position.”

When expenses are incurred for purposes for which both restricted and unrestricted net position are available, the City’s policy is to apply restricted net position first, then unrestricted net position as they are needed.

Q. Fund Balances

In the fund financial statements, governmental funds report the following fund balance classification:

Nonspendable – This includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted – This includes amounts that are constrained on the use of resources by either (a) external creditors, grantors, contributors, or laws or regulations of other governments or (b) by law through constitutional provisions or enabling legislation.

Committed – This includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest authority. The City Council, as the City’s highest level of decision-making authority, may commit fund balance for specific purposes pursuant to constraints imposed by resolution. These committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use through the same type of formal action taken to establish the commitment. City Council action to commit fund balance needs to occur within the fiscal reporting period; however, the amount can be determined subsequently.

Assigned – This includes amounts that are constrained by the government’s intent to be used for specific purposes, but are neither restricted nor committed. The City Council adopted Resolution No. 2011-63A and gave the Finance Director authority to assign amounts for specific purposes.

Unassigned – This is the residual amounts that have not been restricted, committed, or assigned to specific purposes. Only the General Fund can report positive unassigned fund balance. All other funds’ fund balances have been restricted, committed or assigned for the purpose of those particular funds.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the City’s policy is to apply restricted fund balance first. Further, when the components of unrestricted fund balance can be used for the same purpose, the City uses the unrestricted resources in the following order: committed, assigned, and unassigned.

City of Pomona
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 1 – Summary of Significant Accounting Policies (Continued)

R. Property Taxes

Property taxes attach a legal enforceable lien on property as of January 1. Taxes are levied on July 1 and are payable in two installments on December 10 and April 10. The County of Los Angeles (the “County”) bills and collects the property taxes and remits it to the City in installments during the year. The City’s property tax revenues are recognized when an enforceable legal lien is attached to the property. The County is permitted by State Law (Proposition 13) to levy taxes at 1% of full market value (at time of purchase) and can increase the property tax base not more than 2% per year. The City receives a share of this basic levy proportionate to the amount received prior to the passage of Proposition 13 in 1978.

S. Use of Estimates

The preparation of the basic financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

T. Implementation of New GASB Pronouncements

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This statement resulted in restatement of net position at July 1, 2017 as described in Note 19.

GASB Statement No. 85, *Omnibus 2017*. This Statement addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits).

GASB Statement No. 86, *Certain Debt Extinguishment Issues*. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. Statement No. 7, *Advance Refundings Resulting in Defeasance of Debt*, requires that debt be considered defeased in substance when the debtor irrevocably places cash or other monetary assets acquired with refunding debt proceeds in a trust to be used solely for satisfying scheduled payments of both principal and interest of the defeased debt. The trust also is required to meet certain conditions for the transaction to qualify as an in-substance defeasance. This Statement establishes essentially the same requirements for when a government places cash and other monetary assets acquired with only existing resources in an irrevocable trust to extinguish the debt. However, in financial statements using the economic resources measurement focus, governments should recognize any difference between the reacquisition price (the amount required to be placed in the trust) and the net carrying amount of the debt defeased in substance using only existing resources as a separately identified gain or loss in the period of the defeasance. This statement did not have a significant impact on the City’s financial statements for the year ended June 30, 2018.

City of Pomona
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 2 – Stewardship, Compliance and Accountability

A. Deficit Fund Balances or Net Positions

At June 30, 2018, the following funds had the deficit fund balance/net position:

| | |
|------------------------------------|-----------------|
| Governmental Funds | |
| General Government Debt Service | \$ (74,243,744) |
| General Sanitation Fees Operations | |
| Nonmajor Governmental Fund | (448,816) |
| Enterprise Funds | |
| Refuse | (137,949) |
| Internal Services Funds | |
| Self Insurance | (7,425,402) |
| Equipment Maintenance | (2,837,790) |
| Information Technology | (1,256,062) |
| Printing/Mail Services | (40,328) |
| Fiduciary Funds | |
| Successor Agency of the Former RDA | (136,490,928) |

The General Debt Service Fund deficit is the result of the issuance of bonds and the Self-Insurance Fund deficit is due to increasing claims. The General Sanitation Fees Operations Special Revenue Fund is due to insufficient revenue to cover the expenditures. The Sewer Fund, the Equipment Maintenance Fund and the Information Technology Fund deficits are due to the net pension liabilities and the net OPEB liabilities. The Printing and Mail Service Fund deficit is due to not charging sufficient amounts from user funds. The City will eliminate the internal service deficits with future charges to user departments. The Successor Agency of Former RDA will be recover by further Recognized Obligation Payment Schedule.

B. Excess of Expenditures over Appropriations

Excess expenditures over appropriations were as follows:

| | Expenditures | Appropriations | Excess |
|--|---------------|----------------|------------|
| Housing Authority Special Revenue Fund | \$ 15,129,140 | \$ 14,712,469 | \$ 416,671 |
| Air Quality Improvement Special Revenue Fund | 1,165,611 | 280,714 | 884,897 |
| Assessment District Improvement | | | |
| Capital Project Fund | 294,226 | - | 294,226 |

Note 3 – Cash and Investments

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

The following is a summary of cash and investments at June 30, 2018:

| | Governmental Activities | Business-Type Activities | Fiduciary Funds | Total |
|---------------------------------|----------------------------|-----------------------------|----------------------|-----------------------|
| Cash and investments | \$ 52,705,559 | \$ 47,877,632 | \$ 15,630,623 | \$ 116,213,814 |
| Restricted cash and investments | 10,563,153 | 14,170,833 | 46,423,836 | 71,157,822 |
| Total | \$ 63,268,712 | \$ 62,048,465 | \$ 62,054,459 | \$ 187,371,636 |

City of Pomona
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 3 – Cash and Investments (Continued)

Cash and investments is comprised of the following at June 30, 2018:

| | |
|-------------------------------|------------------------------|
| Petty cash and change funds | \$ 9,351 |
| Demand deposits | 9,623,383 |
| Restricted cash held by City | 2,333,803 |
| Cash held in trust | 1,512,912 |
| Total cash | <u>13,479,449</u> |
| Investments | 109,122,090 |
| Investments with fiscal agent | 64,770,097 |
| Total investments | <u>173,892,187</u> |
| Total cash and investments | <u><u>\$ 187,371,636</u></u> |

A. Demand Deposits

The carrying amounts of the City's cash deposits were \$9,623,383 at June 30, 2018. Bank balances at June 30, 2018, were \$11,352,492 which were fully insured or collateralized with securities held by the pledging financial institutions in the City's name as discussed below. The \$1,729,109 difference represents outstanding checks, deposits in transits, and other reconciling items.

The California Government Code requires California banks and savings and loan associations to secure the City's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the City's name. The market value of pledged securities must equal at least 110% of the City's cash deposits. California law also allows institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the City's total cash deposits. The City may waive collateral requirements for cash deposits, which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation ("FDIC"). The City has waived the collateralization requirements.

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

B. Investments Authorized by the California Government Code and the City's Investment Policy

The table below identifies the investment types that are authorized for the City by the California Government Code Section 53601 (or the City's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the City's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

City of Pomona
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 3 – Cash and Investments (Continued)

B. Investments Authorized by the California Government Code and the City's Investment Policy (Continued)

The table below identifies the investment types that are authorized for the City by the California Government Code Section 53601 (or the City's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the City's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

| Authorized Investment Type | Maximum Maturity | Maximum Percentage Allowed | Maximum Investment in One Issuer |
|---|------------------|----------------------------|----------------------------------|
| City of Pomona bonds | 5 years | No limit | N/A |
| U.S. Treasury obligations | 5 years | No limit | N/A |
| U.S. Agency or U.S. government-sponsored enterprise obligations | 5 years | No limit | N/A |
| California and local agency obligations | 5 years | No limit | N/A |
| Medium-term notes | 5 years | 30% | surplus funds |
| Bankers' acceptance | 180 days | 40% | 10% |
| Commercial paper | 270 days | 25% | 10% |
| Negotiable certificates of deposit | 5 years | 15% | 3% * |
| Time deposits | 5 years | 10% | \$250,000 |
| Savings accounts | 5 years | 10% | N/A |
| Money market mutual funds | N/A | 15% | N/A |
| Repurchase agreements | 92 days | 20% | N/A |
| Local Agency Investment Fund ("LAIF") | N/A | No limit | \$50,000,000 |

* Certificate of deposit guaranteed by FDIC is limited to \$250,000 per issuer.

C. Investments Authorized by Debt Agreement

Investments of debt proceeds held by bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy. Investments authorized for funds held by bond trustee include, Federal Securities, Federal Agency Securities, U.S. Government Sponsored Enterprise Securities, Money Market Funds, Certificate of Deposit Collateralized by Federal or Federal Agency Securities or Fully Insured by Federal Deposit Insurance Corporation, Investment Agreements, Commercial Paper, Bonds or Notes used by any state or municipality, federal funds or bankers acceptances with maximum term of one year, repurchase agreements, pre-refunded municipal bonds rated "Aaa", Local Agency Investment Fund of the State of California, and any other investments permitted in writing by the Insurer. There were no limitations on the maximum amount that can be invested in one issuer, maximum percentage allowed or the maximum maturity of an investment, except noted otherwise.

City of Pomona
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 3 – Cash and Investments (Continued)

D. Fair Value Measurement Disclosure

At June 30, 2018, investments are reported at fair value. The following table presents the fair value measurement of investments on a recurring basis and the levels within GASB 72 fair value hierarchy in which the fair value measurements fall at June 30, 2018:

| Investment Type | Measurement Input | | |
|--|--|------------------------|-----------------------|
| | Significant Observable Input (Level 2) | Other Uncategorized | Total |
| Investments: | | | |
| Local Agency Investment Fund | \$ - | \$ 71,807,928 | \$ 71,807,928 |
| U.S. government sponsored enterprise securities | 27,980,445 | - | 27,980,445 |
| Repurchase agreement | 740,638 | - | 740,638 |
| Medium-term notes | 5,740,469 | - | 5,740,469 |
| Negotiable certificates of deposit | 2,852,610 | - | 2,852,610 |
| Investments with fiscal agent: | | | |
| Money market mutual funds | - | 52,555,665 | 52,555,665 |
| U.S. government sponsored enterprise securities | 11,249,201 | - | 11,249,201 |
| Insurance contract | - | 965,231 | 965,231 |
| Total | <u>\$ 48,563,363</u> | <u>\$ 125,328,824</u> | <u>\$ 173,892,187</u> |

The City's level 2 investments are valued based on institutional bond quotes or matrix pricing.

E. Risk Disclosures

Interest Rate Risk

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

City of Pomona
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 3 – Cash and Investments

E. Risk Disclosures (Continued)

Interest Rate Risk (Continued)

At June 30, 2018, the City had the following investment maturities:

| | 1 Year or Less | 1 to 3 Years | 3 to 5 Years | Over 5 years | Total |
|--|-----------------------|----------------------|----------------------|-------------------|-----------------------|
| Investments: | | | | | |
| Local Agency Investment Fund | \$ 71,807,928 | \$ - | \$ - | \$ - | \$ 71,807,928 |
| U.S. government sponsored enterprise securities | 2,308,095 | 12,675,950 | 12,996,400 | - | 27,980,445 |
| Repurchase agreement | 740,638 | | | - | 740,638 |
| Medium-term notes | 1,096,196 | 3,807,367 | 836,906 | - | 5,740,469 |
| Negotiable certificates of deposit | 242,247 | 1,458,803 | 1,151,560 | - | 2,852,610 |
| Investments with fiscal agent | | | | | |
| Money market mutual funds | 52,555,665 | - | - | - | 52,555,665 |
| U.S. government sponsored enterprise securities | 11,249,201 | - | - | - | 11,249,201 |
| Insurance contract | - | - | - | 965,231 | 965,231 |
| Total | <u>\$ 139,999,970</u> | <u>\$ 17,942,120</u> | <u>\$ 14,984,866</u> | <u>\$ 965,231</u> | <u>\$ 173,892,187</u> |

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligations to the holder of the investment. The City's investment policy provides that this risk be mitigated by investing in investment grade securities and by diversifying the investment portfolio. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. At June 30, 2018, the City's investments are rated as following:

| Investment Type | Fair Value at June 30, 2018 | Minimum Legal Rating | AAA | AA | A | Not Rated |
|--|--------------------------------|----------------------------|----------------------|----------------------|---------------------|----------------------|
| Investments: | | | | | | |
| Local Agency Investment Fund | \$ 71,807,928 | N/A | | \$ - | \$ - | \$ 71,807,928 |
| U.S. government sponsored enterprise securities | 27,980,445 | N/A | | 27,980,445 | - | - |
| Repurchase agreement | 740,638 | A | | - | 740,638 | - |
| Medium-term notes | 5,740,469 | A | | 1,489,550 | 4,250,919 | - |
| Negotiable certificates of deposit | 2,852,610 | A | | - | - | 2,852,610 |
| Investments with fiscal agent: | | | | | | |
| Money market mutual funds | 52,555,665 | AA | 52,555,665 | - | - | - |
| U.S. government sponsored enterprise securities | 11,249,201 | N/A | - | 11,249,201 | - | - |
| Insurance contract | 965,231 | N/A | - | - | - | 965,231 |
| Total | <u>\$ 173,892,187</u> | | <u>\$ 52,555,665</u> | <u>\$ 40,719,196</u> | <u>\$ 4,991,557</u> | <u>\$ 75,625,769</u> |

City of Pomona
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 3 – Cash and Investments (Continued)

E. Risk Disclosures (Continued)

Concentration of Credit Risk

The investment policy of the City and California Government Code contains limitations on the amount that can be invested in any one issuer. The City is exposed to credit risk if it has invested more than 5% of its investments in any one issuer. Investments guaranteed by the U.S. government and investments in mutual funds and external investment pools are excluded from this requirement.

Investment in any one issuer that represent 5% or more of total City investment, excluding investment with fiscal agent, are as follows:

| Investment Type | Issuer | Amount | Percentage |
|---|-------------|---------------|------------|
| U.S. government sponsored enterprise securities | Fannie Mae | \$ 15,479,225 | 14.2% |
| U.S. government sponsored enterprise securities | Freddie Mac | 6,526,222 | 6.0% |

Custodial Credit Risk

For deposits, custodial credit risk is the risk that, in the event of the failure of a deposit financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy contains requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the provision for deposits stated in the California Government Code. Bank balances of \$11,352,492 was held in collateralized accounts. Of the City's investments held by trustees and fiscal agents, \$71,157,822 of securities was held by the counterparty's trust department, the trustee for the bonds, not in the name of the City as of June 30, 2018.

F. Investment in Local Agency Investment Funds

The City is a participant in LAIF which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City's investments with LAIF at June 30, 2018, included a portion of the pool funds invested in Structured Notes and Asset-Backed Securities:

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

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

As of June 30, 2018, the City had \$71,807,928 invested in LAIF, which had invested 2.67% of the pool investment funds in Structured Notes and Asset-Backed Securities. LAIF is overseen by the Local Agency Investment Advisory Board, which consists of five members, in accordance with State statute. LAIF determines fair value on its investment portfolio based on market quotations for those securities where market quotations are readily available and based on amortized cost or best estimate for those securities where market value is not readily available. The City valued its investments in LAIF at amortized cost which appropriates fair value.

City of Pomona
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 4 – Loans Receivable

At June 30, 2018, the City's net loans receivable consisted of the following:

| | Balance July 1, 2017 (As Restated) | Additions | Deletions | Balance June 30, 2018 |
|---|--|---------------------|---------------------|--------------------------|
| Section 108 Loans | \$ 170,000 | \$ - | \$ (10,000) | \$ 160,000 |
| Deferred Home Improvement Loans | 7,588,557 | - | (415,697) | 7,172,860 |
| Prototype Pomona Apartment Loans | 1,289,161 | 28,422 | - | 1,317,583 |
| Rental Rehabilitation Loans | 505,326 | 6,927 | - | 512,253 |
| CHDO Loan (Shield of Faith) | 1,329,333 | - | - | 1,329,333 |
| HOPE III Loans | 443,286 | - | (71,582) | 371,704 |
| Shield of Faith | 4,606,800 | 111,400 | (53,995) | 4,664,205 |
| Manufactured Housing Rehabilitation Loans | 2,047,891 | 128,994 | (107,100) | 2,069,785 |
| Owner Occupied Loans | 1,694,678 | 386,639 | (22,896) | 2,058,421 |
| Mortgage Assistance Program Loans | 6,353,417 | 272,651 | (42,966) | 6,583,102 |
| Neighborhood In Progress Loans | 2,855,629 | 54,714 | (98,720) | 2,811,623 |
| Neighborhood Stabilization Program | 216,716 | 95,000 | - | 311,716 |
| Multi-Unit Rental Rehabilitation Program | 462,000 | - | (144,000) | 318,000 |
| Holt Avenue Housing Partners LP Loans | 1,925,142 | 38,000 | - | 1,963,142 |
| Telacu Housing Pomona | 906,876 | 36,766 | - | 943,642 |
| Tri-City Mental Health Center HOPE III Loan | - | 147,183 | - | 147,183 |
| Total | <u>\$ 32,394,812</u> | <u>\$ 1,306,696</u> | <u>\$ (966,956)</u> | <u>\$ 32,734,552</u> |

A. Section 108 Loans

The City used the Section 108 loan fund and entered into loan agreements with local businesses for projects that benefit low- and moderate-income persons. The principal balance outstanding at June 30, 2018 was \$160,000.

B. Deferred Home Improvement Loans

The Housing Improvement loans funds for Health & Safety Repairs and Exterior Home Improvements. During the term of the loan, a portion of the loan shall be forgiven each full year provided that the owner is in good standing and complies with all of the covenants, conditions, and restrictions. The principal balance outstanding at June 30, 2018 was \$7,712,860.

C. Prototype Pomona Apartment Loans

The former Agency entered into promissory note agreement with Prototypes Pomona Apartments, L.P. in the amount of \$947,417 on May 4, 2005 for purpose of construction and development of a 32-unit multi-family, very low-income affordable housing project. The loan bears simple interest of three percent (3%) per annum. In the event the project is sold or refinanced prior to the 30-year covenant period, the net proceeds of the sale or refinancing will be used to pay the accrued interest computed at a rate of six percent (6%) annum from the date of default and the outstanding balance of the loan. Total outstanding principal and accrued interest at June 30, 2018 was \$1,317,583.

City of Pomona
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 4 – Loans Receivable (Continued)

D. Rental Rehabilitation Loans

The City used HOME fund and entered into sixteen various loan agreements for rental unit rehabilitation. Total principle borrowed from the City was in the amount of to \$313,000. The loan bears simple interest at 2.25% annum. Total outstanding principal and accrued interest at June 30, 2018 was \$512,253.

E. Community Housing Development Organization (“CHDO”) Loan (Shield of Faith)

The City used HOME funds and entered into loan agreement with Shield of Faith Economic Development Corporation in July 2009 for a development project where Shield of Faith purchased properties and developed them for Low and Moderate income persons and families. The loan bears 6% interest and the principal balance outstanding at June 30, 2018 was in the amount of \$1,329,333.

F. HOPE III Loans

The former Agency entered into two types of loan agreements through the HOPE III Program under which the former Agency provided subsidy to assist persons and families of low income to purchase residential property as principal resident at all times throughout the term of the agreement. The 20-year loans entered into during the year ended June 30, 1995 bears compound interests at 5% annum and began to be reduced by 1/13 of the outstanding balance on August 1, 2002 annually. The loans entered into during the year ended June 30, 2008 bears interests at 2% annum and is due upon sale of the property. The outstanding balance at June 30, 2018 was in the amount of \$371,704.

G. Shield of Faith

The loan between the City and Shield of Faith Economic Development Corporation was for a development project where Shield of Faith purchased properties and developed them for Low and Moderate income persons and families. The principal balance of the loan amounts to \$3,715,000 with simple annual 3% interest rate, for a total of \$4,664,205. The loan matures 55 years from the Certificate of Occupancy date maturing on August 28, 2063.

H. Manufactured Housing Rehabilitation Loans

The City used CalHOME funds to provide funding for manufactured housing rehabilitation loans. The loan matures between 15 to 20 years and bears zero interest. One Tenth (1/10) of the loan balance is forgiven each year starting from year 11. The unpaid balances are due upon refinancing or transfer of the titles. At June 30, 2018, total outstanding balance was in the amount of \$2,069,785.

I. Owner Occupied Loans

The City used CalHOME funds to provide two types of owner occupied loans.

The home improvement loan bears simple interest at 1% annum and mature in 15 years or at 2% and mature in 30 years. The unpaid principal and interest are due upon (a) transfer of title, (2) refinancing of any debt secured by a lien on the property and (3) failure to occupy the property as principal residence.

The second loan program is the first time home buyer program. The first time home buyer can borrow up to \$60,000. The loan bears zero interest and matures in 30 years or upon sale, foreclosure, transfer of tile and refinance of the property with cash out.

City of Pomona
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 4 – Loans Receivable (Continued)

I. Owner Occupied Loans (Continued)

Total outstanding principal and accrued interest at June 30, 2018 was in the amount of \$2,058,421.

J. Mortgage Assistance Program (“MAP”) Loans

The City used HOME funds to provide mortgage assistance program loans up to \$100,000 to borrower. The MAP loan bears zero interest and matures in 45 years. The former Agency also provided first time home buyer program. The former Agency’s program is a second silent mortgage loan program designed to assist qualified low-income individuals with the purchase of their first home. Program assistance is limited to \$500,000 (inclusive of applicable program fees) or the lesser amount (with zero percent interest) necessary to provide the “gap” assistance required to meet the Program’s front-end ratio requirements of 25% to 35%, whichever is lower. At June 30, 2018, total outstanding balance, net of allowance, was in the amount of \$6,583,102.

K. Neighborhood In Progress (“NIP”) Home Improvement Loans

The Substantial Rehabilitation Loan Program is a deferred loan up to \$60,000 and bears a 2% to 4% interest rate depending on funding and income. Repayment of the loan is due at the time of title change, resale, refinance with cash out, or non-compliance with the program requirements. (Depending on funding source, some loans must be repaid at the end of thirty (30) years from the date of execution of the loan documents). These loans are not a conventional equity loan or equity line of credit. Funding must be used to correct code violations or deferred maintenance which may cause code violations in the near future. The outstanding balance as of June 30, 2018 is \$2,811,623.

L. Neighborhood Stabilization Program

The City through use of Neighborhood Stabilization Program funding and provided loans to qualified low- and moderate income individuals on purchase of the foreclosed homes. The loan bears zero interest and matures in 45 years. At June 30, 2018, total outstanding balance was in the amount of \$311,716.

M. Multi-Unit Rental Rehabilitation Program

The City through use of HOME fund provided multi-unit rental rehabilitation program deferred loans to owner of the multi-unit low-income rental properties. The loans bear zero interest and mature in 10 years from the date of the loan. Pursuant to the loan agreement, on the sixth anniversary date of the loan, 20% shall be forgiven each year. Total outstanding balance at June 30, 2018 was \$318,000.

N. Holt Avenue Housing Partners LP Loans

The loan between the City of Pomona and Holt Avenue Housing Partners LP was to acquire property and construct a residential housing project consisting of 62 residential units that qualify for low income persons and families. The principal amount of the loan was \$1,900,000 with simple interest at the rate of 1% per annum. All principal and interest shall be due in full on the date that is fifty years from the date of recordation of the certificate of completion. The outstanding balance at June 30, 2018 was \$1,963,142.

City of Pomona
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 4 – Loans Receivables (Continued)

O. Telacu Housing Pomona Loans

The City through use of HOME fund entered into loan agreement with Telacu Housing-Pomona II, Inc. in April 2008 and provided \$612,755 for construction and development of 70-unit multiple family apartment project comprising of 69 one bed bedroom units for very low and low income seniors and one two-bedroom manager unit. The loan bears simple interest at the rate of 6% annum. All principal and interest shall be due in full on the date that is twenty years from the date the project is first occupied. The outstanding balance at June 30, 2018 was \$943,642.

P. Tri-City Mental Health Center Hope Loan

The loan between the City of Pomona and Tri-City Mental Health Center was to be used for rehabilitation of affordable rental housing, which may include properties with one or more housing units, transitional housing, group home or single room occupancies for Park Avenue Permanent Supportive Housing Project. The loan carries zero percent interest. The outstanding balance at June 30, 2018 was \$147,183.

Note 5 – Interfund Transactions

A. Government-Wide Financial Statements

Internal Balances – At June 30, 2018, the City had the following internal receivable and payable to consolidate the Internal Service Funds' activities related to the Enterprise Funds.

| Internal Payable | | Internal Receivable |
|-------------------------|--|----------------------------|
| | | Business-Type Activities |
| Governmental Activities | | \$ 1,423,736 |

Transfers – For the year ended June 30, 2018, the City had the following transfers. The purpose of the transfers was for debt service payments and to reimburse a construction project.

| Transfers In | | Transfers Out |
|-------------------------|--|--------------------------|
| | | Business-Type Activities |
| Governmental Activities | | \$ 3,062,886 |

B. Fund Financial Statements

Due To/Due From – At June 30, 2018, the City had the following short-term interfund receivables and payables to cover negative cash at the end of the fiscal year.

| | Due to Other Funds | | | | Total |
|-----------------------------|---|---------------------------|-----------------------------|--------------------------|--------------|
| | Governmental Funds | | | Proprietary Funds | |
| | Miscellaneous Grants Special Revenue Fund | General Debt Service Fund | Nonmajor Governmental Funds | Internal Service Funds | |
| Due from Other Funds | | | | | |
| Governmental Fund: | | | | | |
| General Fund | \$ 24,252 | \$ 500,000 | \$ 326,155 | \$ 132,749 | \$ 983,156 |

City of Pomona
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 5 – Interfund Transactions (Continued)

B. Fund Financial Statements (Continued)

Advances to/Advances from – At June 30, 2018, the City had the following long-term Interfund advances:

| | | Advance from Other Fund | | |
|-----------------------------|--------------|---------------------------|-------|------------|
| | | Governmental Funds | | |
| Advances to Other Funds | General Fund | General Debt Service Fund | Total | |
| | | | | |
| Governmental Fund: | | | | |
| Public Financing Authority | | | | |
| Debt Service Fund | \$ - | \$ 76,035,000 | \$ | 76,035,000 |
| Nonmajor Governmental Funds | 304,435 | - | | 304,435 |
| Total | \$ 304,435 | \$ 76,035,000 | \$ | 76,339,435 |

Advances in the amount of \$76,035,000 from the Public Financing Authority Debt Service Fund to the General Debt Service Fund are loan proceeds advanced.

Advances between the Nonmajor Government Funds and the General Fund was a loan from Vehicle Parking District Special Revenue Fund made on December 3, 2001. The Vehicle Parking District provided a \$600,000 loan to the City to be used by the General Fund as a loan to the former Agency for the acquisition of the Fox Theater. At June 30, 2018, the outstanding balance of the advances was in the amount of \$304,435.

Transfers – For the year ended June 30, 2018, the City had the following transfers:

| Transfers in | | | | | | | | | | |
|-----------------------------|--------------------|----------------------|----------------------|---------------------------|--------------------|-------------------|-----------------|-----------------|---------------|--------------|
| Transfers Out | Governmental Funds | | | | | Proprietary Funds | | | | |
| | | Miscellaneous Grant | Capital Outlay | | Nonmajor | Water | Sewer | Refuse | Internal | |
| | General Fund | Special Revenue Fund | Capital Project Fund | General Debt Service Fund | Governmental Funds | Enterprise Fund | Enterprise Fund | Enterprise Fund | Service Funds | Total |
| Governmental Funds: | | | | | | | | | | |
| General Fund | \$ - | \$ 59,529 | \$ 1,184,437 | \$ 2,057,234 | \$ 131,750 | \$ - | \$ - | \$ - | \$ 100,000 | \$ 3,532,950 |
| Housing Authority | | | | | | | | | | |
| Special Revenue Fund | - | - | 1,249,675 | - | - | - | - | - | - | 1,249,675 |
| Miscellaneous Grant | | | | | | | | | | |
| Special Revenue Fund | - | - | 775,231 | - | 106,576 | - | - | - | - | 881,807 |
| Capital Outlay | | | | | | | | | | |
| Capital Project Fund | - | - | - | 217,172 | | | 230 | | | 217,402 |
| Nonmajor Governmental Funds | - | - | 2,536,377 | | 1,074,854 | - | | 85,000 | - | 3,696,231 |
| Proprietary Funds: | | | | | | | | | | |
| Water Enterprise Fund | 121,074 | - | 1,489,674 | 600,000 | - | - | - | - | - | 2,210,748 |
| Sewer Enterprise Fund | - | - | | 417,000 | - | 189,476 | - | - | - | 606,476 |
| Refuse Enterprise Fund | - | - | 520,368 | - | - | - | - | - | - | 520,368 |
| Internal Service Funds | - | - | 281,767 | - | - | - | - | - | - | 281,767 |
| Total | \$ 121,074 | \$ 59,529 | \$ 8,037,529 | \$ 3,291,406 | \$ 1,313,180 | \$ 189,476 | \$ 230 | \$ 85,000 | \$ 100,000 | \$13,197,424 |

The transfer of \$2,057,234 between the General Fund and the General Debt Service Fund was for Series AR, BC, and BG debt service payments.

The transfer of \$100,000 from the General Fund to the Internal Service Funds to subsidize the claims payments.

General Fund, Housing Authority Special Revenue Fund, and Miscellaneous Grants Special Revenue Fund transferred \$1,184,437, \$1,249,675 and \$775,231, respectively, to Capital Outlay Capital Projects Fund to provide funding for capital projects.

City of Pomona
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 5 – Interfund Transactions (Continued)

B. Fund Financial Statements (Continued)

Nonmajor governmental funds transferred \$2,536,377 to Capital Outlay Capital Projects Fund to provide funding for capital projects.

Water and Sewer Enterprise Funds transferred \$600,000 and \$417,000, respectively, to General Debt Service Fund to provide subsidy related to Series BC.

The transfers of \$1,489,674, \$520,368 and \$281,767 from Water, Refuse Enterprise Funds and Internal Service Funds, respectively, to Capital Outlay Capital Projects Fund for capital projects.

Note 6 – Due from Other Governments

At June 30, 2018, the City's due from other governments consisted of the following:

| | Governmental Activities | | | | | | Total |
|---------------------------|-------------------------|--|--|-------------------------------------|--------------------------------|----------------------------|---------------------|
| | General Fund | Housing Authority Special Revenue Fund | Miscellaneous Grant Special Revenue Fund | Capital Outlay Capital Project Fund | City General Debt Service Fund | Nonmajor Governmental Fund | |
| Federal government | \$ - | \$ 512,030 | \$ 563,903 | | | \$ 349,720 | \$ 1,425,653 |
| State of California | 4,569,685 | - | 10,651 | | | 351,976 | 4,932,312 |
| County of Los Angeles | 446,401 | 24,283 | 331,413 | 265,003 | 33,701 | 27,355 | 1,128,156 |
| Local government entities | - | - | - | - | - | 51,291 | 51,291 |
| Total | <u>\$ 5,016,086</u> | <u>\$ 536,313</u> | <u>\$ 905,967</u> | <u>\$ 265,003</u> | <u>\$ 33,701</u> | <u>\$ 780,342</u> | <u>\$ 7,537,412</u> |

Note 7 – Land Held for Resale

At June 30, 2018, land held for resale in the amount of \$4,490,540 is recorded at the acquisition cost in the Housing Authority Special Revenue Fund.

City of Pomona
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 8 – Capital Assets

A. Governmental-Wide Financial Statements

At June 30, 2018, the City's capital assets consisted of the following:

| | Governmental Activities | Business-type Activities | Total |
|---------------------------------------|----------------------------|-----------------------------|----------------|
| Nondepreciable assets: | | | |
| Land | \$ 80,836,521 | \$ 9,089,782 | \$ 89,926,303 |
| Construction in progress | 50,670,099 | 7,848,654 | 58,518,753 |
| Total nondepreciable assets | 131,506,620 | 16,938,436 | 148,445,056 |
| Depreciable assets: | | | |
| Building and building improvements | 15,081,452 | 3,482,783 | 18,564,235 |
| Improvements other than buildings | 60,040,172 | 849,759 | 60,889,931 |
| Machinery and equipment | 21,823,626 | 227,444,856 | 249,268,482 |
| Furniture and fixtures | 1,044,044 | 5,105 | 1,049,149 |
| Autos and trucks | 11,407,729 | 5,580,422 | 16,988,151 |
| Equipment under capitalized leases | 1,590,333 | 4,257,381 | 5,847,714 |
| Infrastructure | 386,909,581 | - | 386,909,581 |
| Total capital assets, at cost | 497,896,937 | 241,620,306 | 739,517,243 |
| Less accumulated depreciation: | | | |
| Building and building improvements | (12,774,412) | (3,320,935) | (16,095,347) |
| Improvements other than buildings | (29,156,585) | (151,581) | (29,308,166) |
| Machinery and equipment | (19,672,101) | (87,373,832) | (107,045,933) |
| Furniture and fixtures | (923,298) | (5,105) | (928,403) |
| Autos and trucks | (9,311,711) | (3,624,231) | (12,935,942) |
| Equipment under capitalized leases | (912,421) | (2,128,690) | (3,041,111) |
| Infrastructure | (277,425,577) | - | (277,425,577) |
| Total accumulated depreciation | (350,176,105) | (96,604,374) | (446,780,479) |
| Total depreciable assets, net | 147,720,832 | 145,015,932 | 292,736,764 |
| Total capital assets, net | \$ 279,227,452 | \$ 161,954,368 | \$ 441,181,820 |

City of Pomona
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 8 – Capital Assets (Continued)

B. Governmental Activities

The following is a summary of changes in capital assets for governmental activities for the year ended June 30, 2018:

| | Balance July 1, 2017 | Additions | Deletions | Transfers | Balance June 30, 2018 |
|---------------------------------------|-------------------------|--------------|----------------|-------------|--------------------------|
| Nondepreciable assets: | | | | | |
| Land | \$ 80,966,521 | \$ - | \$ (130,000) | \$ - | \$ 80,836,521 |
| Construction in progress | 37,404,532 | 15,676,164 | (1,227,700) | (1,182,897) | 50,670,099 |
| Total nondepreciable assets | 118,371,053 | 15,676,164 | (1,357,700) | (1,182,897) | 131,506,620 |
| Depreciable assets: | | | | | |
| Building and building improvements | 14,941,552 | 139,900 | - | - | 15,081,452 |
| Improvements other than buildings | 60,040,172 | - | - | - | 60,040,172 |
| Machinery and equipment | 21,735,431 | 88,195 | - | - | 21,823,626 |
| Furniture and fixtures | 1,044,044 | - | - | - | 1,044,044 |
| Autos and trucks | 11,290,613 | 403,284 | (414,095) | 127,927 | 11,407,729 |
| Equipment under capitalized leases | 1,434,153 | 156,180 | - | - | 1,590,333 |
| Infrastructure | 385,854,611 | - | - | 1,054,970 | 386,909,581 |
| Total capital assets, at cost | 496,340,576 | 787,559 | (414,095) | 1,182,897 | 497,896,937 |
| Less accumulated depreciation: | | | | | |
| Building and building improvements | (12,543,497) | (230,915) | - | - | (12,774,412) |
| Improvements other than buildings | (27,703,572) | (1,453,013) | - | - | (29,156,585) |
| Machinery and equipment | (19,074,575) | (597,526) | - | - | (19,672,101) |
| Furniture and fixtures | (899,422) | (23,876) | - | - | (923,298) |
| Autos and trucks | (9,137,962) | (585,374) | 411,625 | - | (9,311,711) |
| Equipment under capitalized leases | (651,652) | (260,769) | - | - | (912,421) |
| Infrastructure | (270,126,863) | (7,298,714) | - | - | (277,425,577) |
| Total accumulated depreciation | (340,137,543) | (10,450,187) | 411,625 | - | (350,176,105) |
| Total depreciable assets, net | 156,203,033 | (9,662,628) | (2,470) | 1,182,897 | 147,720,832 |
| Total capital assets, net | \$ 274,574,086 | \$ 6,013,536 | \$ (1,360,170) | \$ - | \$ 279,227,452 |

Depreciation expense for capital assets of the governmental activities for the year ended June 30, 2018, is as follows:

| | |
|------------------------|----------------------|
| General government | \$ 257,374 |
| Public safety | 1,202,163 |
| Development services | 7,887,887 |
| Neighborhood services | 1,053,345 |
| Internal service funds | 49,418 |
| Total | <u>\$ 10,450,187</u> |

City of Pomona
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 8 – Capital Assets (Continued)

C. Business-Type Activities

The following is a summary of changes in capital assets for business-type activities for the year ended June 30, 2018:

| | Balance July 1, 2017 | Additions | Deletions | Transfers | Balance June 30, 2018 |
|---------------------------------------|-------------------------|--------------|-----------|-----------|--------------------------|
| Nondepreciable assets: | | | | | |
| Land | \$ 9,089,782 | \$ - | \$ - | \$ - | \$ 9,089,782 |
| Construction in progress | 2,592,791 | 6,251,237 | - | (995,374) | 7,848,654 |
| Total nondepreciable assets | 11,682,573 | 6,251,237 | - | (995,374) | 16,938,436 |
| Depreciable assets: | | | | | |
| Building and building improvements | 3,482,783 | - | - | - | 3,482,783 |
| Improvements other than buildings | 286,637 | - | - | 563,122 | 849,759 |
| Machinery and equipment | 227,291,250 | 155,100 | (1,494) | - | 227,444,856 |
| Furniture and fixtures | 5,105 | - | - | - | 5,105 |
| Autos and trucks | 4,965,813 | 380,448 | (198,091) | 432,252 | 5,580,422 |
| Equipment under capitalized leases | 4,257,381 | - | - | - | 4,257,381 |
| Total capital assets, at cost | 240,288,969 | 535,548 | (199,585) | 995,374 | 241,620,306 |
| Less accumulated depreciation: | | | | | |
| Building and building improvements | (3,311,286) | (9,649) | - | - | (3,320,935) |
| Improvements other than buildings | (140,871) | (10,710) | - | - | (151,581) |
| Machinery and equipment | (83,549,932) | (3,825,135) | 1,235 | - | (87,373,832) |
| Furniture and fixtures | (5,105) | - | - | - | (5,105) |
| Autos and trucks | (3,581,283) | (241,039) | 198,091 | - | (3,624,231) |
| Equipment under capitalized leases | (1,702,952) | (425,738) | - | - | (2,128,690) |
| Total accumulated depreciation | (92,291,429) | (4,512,271) | 199,326 | - | (96,604,374) |
| Total depreciable assets, net | 147,997,540 | (3,976,723) | (259) | 995,374 | 145,015,932 |
| Total capital assets, net | \$ 159,680,113 | \$ 2,274,514 | \$ (259) | \$ - | \$ 161,954,368 |

Depreciation expense for capital assets of the business-type activities for the year ended June 30, 2018, is as follows:

| | |
|---------------------|---------------------|
| Water | \$ 3,392,144 |
| Sewer | 591,960 |
| Refuse | 525,496 |
| Canon Water Company | 2,671 |
| Total | <u>\$ 4,512,271</u> |

City of Pomona
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 9 – Other Investments

In November 2006, the Housing Authority of the City Pomona acquired a 29.846% membership interest in Mission Promenade I from a member interest holder for a purchase price of \$600,000.

Other investments in the Water Enterprise fund represent one-quarter of share of the San Antonio Water Company for a cost of \$9,000.

Note 10 – Long-Term Liabilities

The following is a summary of changes of long-term liabilities for the year ended June 30, 2018:

| | Balance July 1, 2017 | Reclassification | Additions | Deletions | Balance June 30, 2018 | Due within One Year |
|------------------------------------|-------------------------|------------------|------------|--------------|--------------------------|------------------------|
| Governmental Activities: | | | | | | |
| Pollution remediation obligations | \$ 721,601 | \$ - | \$ 465,010 | \$ (520,391) | \$ 666,220 | \$ 666,220 |
| Obligation under capital leases | 349,977 | - | 2,349,563 | (281,990) | 2,417,550 | 444,359 |
| Notes payable | 215,000 | - | 763,528 | (178,929) | 799,599 | 131,781 |
| Revenue bonds | 84,782,557 | - | - | (2,177,369) | 82,605,188 | 3,332,000 |
| Pension obligation refunding bonds | 7,594,276 | (3,581,022) | - | - | 4,013,254 | 252,120 |
| Accreted interest | - | 3,581,022 | 432,525 | - | 4,013,547 | 247,880 |
| Subtotal | 93,663,411 | - | 4,010,626 | (3,158,679) | 94,515,358 | 5,074,360 |
| Compensated absences | 7,465,486 | - | 4,874,160 | (5,061,894) | 7,277,752 | 5,875,000 |
| Claims payable | 14,440,164 | - | 5,435,161 | (5,378,207) | 14,497,118 | 5,436,000 |
| Total governmental activities | 115,569,061 | - | 14,319,947 | (13,598,780) | 116,290,228 | 16,385,360 |

A. Governmental Activities

Pollution Remediation Obligations

The City acquired properties which were determined to have soil and groundwater contamination. The City is responsible for the investigation, characterization and remediation of the soil and groundwater from the contamination. The City had a remediation study performed to determine any potential harm to the surrounding areas. The pollution remediation costs were initially estimated at \$1,781,262. During the current fiscal year, the City spent \$520,391 on clean-up cost. The remaining outstanding cost to complete the clean-up is estimated at \$662,220 at June 30, 2018.

City of Pomona
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 10 – Long-Term Liabilities (Continued)

A. Governmental Activities (Continued)

Obligations under Capital Leases

At June 30, 2018, obligations under capital leases consisted of the following:

| | Balance July 1, 2017 | Additions | Deletions | Balance June 30, 2018 | Due within One Year |
|--------|-------------------------|---------------------|---------------------|--------------------------|------------------------|
| HCC #2 | \$ 148,283 | \$ - | \$ (148,283) | \$ - | \$ - |
| PNC #1 | 201,694 | - | (133,707) | 67,987 | 67,987 |
| BBVA | - | 2,349,563 | - | 2,349,563 | 376,372 |
| Total | <u>\$ 349,977</u> | <u>\$ 2,349,563</u> | <u>\$ (281,990)</u> | <u>\$ 2,417,550</u> | <u>\$ 444,359</u> |

The City has entered into numerous equipment lease-purchase agreements with a leasing company whereby the lessor acquired certain equipment and leased it to the City with an option to purchase. The related assets have been capitalized as capital assets.

The total leased assets by major asset class consisted of the following at June 30, 2018:

| | |
|---|-------------------|
| Machinery and equipment | \$ 260,616 |
| Autos and trucks | <u>1,329,717</u> |
| Equipment under capitalized leases, at cost | 1,590,333 |
| Accumulated depreciation | <u>(912,421)</u> |
| Equipment under capitalized leases, net | <u>\$ 677,912</u> |

The depreciation expense for equipment under capitalized leases was \$260,769 for the year ended June 30, 2018.

The rates of interest on the lease purchase agreements range from 2.19% to 3.30% per annum. Future minimum lease payment under the capital lease at June 30, 2018 is as follows:

| Year Ended June 30, | |
|---|----------------------------|
| 2019 | \$ 513,054 |
| 2020 | 434,999 |
| 2021 | 423,255 |
| 2022 | 211,068 |
| 2023 | 205,628 |
| 2024-2028 | <u>946,546</u> |
| Subtotal | 2,734,550 |
| Less amount representing interest | <u>(317,000)</u> |
| Present value of future minimum lease payments | <u>\$ 2,417,550</u> |

City of Pomona
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 10 – Long-Term Liabilities (Continued)

A. Governmental Activities (Continued)

Notes Payable

At June 30, 2018, notes payable consisted of the following:

| | Balance July 1, 2017 | Additions | Deletions | Balance June 30, 2018 | Due within One Year |
|-------------------------------|-------------------------|-------------------|---------------------|--------------------------|------------------------|
| HUD Section 108 Loan | \$ 140,000 | \$ - | \$ (20,000) | \$ 120,000 | \$ 20,000 |
| City of Claremont | 75,000 | - | (75,000) | - | - |
| Fire Station Roof Replacement | - | 139,900 | (46,633) | 93,267 | 46,633 |
| Southern California Edison | | | | | |
| On bill Financing | - | 623,628 | (37,296) | 586,332 | 65,148 |
| | <u>\$ 215,000</u> | <u>\$ 763,528</u> | <u>\$ (178,929)</u> | <u>\$ 799,599</u> | <u>\$ 131,781</u> |

HUD Section 108 Loan

The City has three notes guaranteed by the United States Department of Housing and Urban Development (“HUD”) under Section 108 of the Community Development Act and are payable from future Community Development Block Grant (“CDBG”) entitlements. The notes were made to Casa Herrera (\$2,375,000) on February 1, 1998; Village Car Wash (\$100,000) on September 17, 2012; and Freddie’s Auto Repair (\$100,000) on August 20, 2012. On June 30, 2010, the balance of the original loan for Casa Herrera was defeased to refinance the loan at a lower interest rate. The new interest rate for Casa Herrera ranges from 4.96% to 5.77%, with new loan terms beginning on February 1, 2011 and maturing August 1, 2016. The interest rate for both Village Car Wash and Freddie’s Auto Repair is variable and equal to 20 basis points (0.2%) above the applicable London Interbank Offered Rates (“LIBOR”), at 2.5%, with loan terms beginning on July 1, 2013 and maturing on August 1, 2023. Casa Herrera is responsible for the principal payment on its note and the City is responsible for the interest payment. Village Car Wash and Freddie’s Auto Repair are responsible for principal and interest payments on its notes. All notes are guaranteed by CDBG funds; thus, in the event of default, the City’s CDBG entitlement funds may be used to cover any outstanding debt.

The annual debt service requirement at June 30, 2018, is as follows:

| Year Ended June 30, | Principal | Interest | Total |
|---------------------|-------------------|------------------|-------------------|
| 2019 | \$ 20,000 | \$ 3,000 | \$ 23,000 |
| 2020 | 20,000 | 3,000 | 23,000 |
| 2021 | 20,000 | 3,000 | 23,000 |
| 2022 | 20,000 | 3,000 | 23,000 |
| 2023 | 20,000 | - | 20,000 |
| 2024 | 20,000 | - | 20,000 |
| Total | <u>\$ 120,000</u> | <u>\$ 12,000</u> | <u>\$ 132,000</u> |

City of Pomona
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 10 – Long-Term Liabilities (Continued)

A. Governmental Activities (Continued)

Notes Payable (Continued)

City of Claremont

On July 2, 2013, the City entered into a loan agreement with the City of Claremont for \$300,000 to improve storm drain facilities within the City of Pomona. The loan requires repayment with 2% interest over a period of four (4) years. The loan was paid off during the year ended June 30, 2018.

Fire Station Roof Replacement

On October 2, 2017, the City entered into a zero interest repayment agreement with the County of Los Angeles for the cost for the roof repair on the City's fire station in the amount of \$139,000.

The annual debt service requirement at June 30, 2018 as follows:

| <u>Year Ended June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|----------------------------|------------------|-----------------|------------------|
| 2019 | \$ 46,633 | \$ - | \$ 46,633 |
| 2020 | 46,634 | - | 46,634 |
| | <u>\$ 93,267</u> | <u></u> | <u>\$ 93,267</u> |

Southern California Edison On Bill Financing

On September 26, 2017, the City entered into the on-bill financing agreement with the Southern California for the Energy Solution Incentive Applicable. The agreement provides zero-interest financing for the installation of certain energy efficient street lights up to \$623,628.

The annual debt service requirement at June 30, 2018 as follow:

| <u>Year Ended June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|----------------------------|-------------------|-----------------|-------------------|
| 2019 | \$ 65,148 | \$ - | \$ 65,148 |
| 2020 | 65,148 | - | 65,148 |
| 2021 | 65,148 | - | 65,148 |
| 2022 | 65,148 | - | 65,148 |
| 2023 | 65,148 | - | 65,148 |
| 2024-2028 | 260,592 | - | 260,592 |
| Total | <u>\$ 586,332</u> | <u>\$ -</u> | <u>\$ 586,332</u> |

City of Pomona
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 10 – Long-Term Liabilities (Continued)

A. Governmental Activities (Continued)

Revenue Bonds

At June 30, 2018, revenue bonds consisted of the following:

| | Balance July 1, 2017 | Additions | Deletions | Balance June 30, 2018 | Due within One Year |
|--|-------------------------|-------------|-----------------------|--------------------------|------------------------|
| 2005 Subordinate Revenue Bonds, Series AL | \$ 2,930,000 | \$ - | \$ (530,000) | \$ 2,400,000 | \$ 555,000 |
| 2005 Reassessment and Refunding Bonds, Series AM | 2,588,000 | - | (449,000) | 2,139,000 | 482,000 |
| 2016 Lease Revenue Refunding Bonds, Series BC | 26,645,000 | - | (1,085,000) | 25,560,000 | 1,105,000 |
| Unamortized Bond Premium | 2,144,557 | - | (113,369) | 2,031,188 | - |
| 2017 Taxable Lease Revenue Refunding Bonds, Series BG | 50,475,000 | - | - | 50,475,000 | 1,190,000 |
| Total | <u>\$ 84,782,557</u> | <u>\$ -</u> | <u>\$ (2,177,369)</u> | <u>\$ 82,605,188</u> | <u>\$ 3,332,000</u> |

Unamortized Deferred Loss on Refunding

| | | | | |
|--|---------------------|-------------|------------------|---------------------|
| 2017 Taxable Lease Revenue Refunding Bonds, Series BG | (423,158) | - | 23,512 | (399,646) |
| | <u>\$ (423,158)</u> | <u>\$ -</u> | <u>\$ 23,512</u> | <u>\$ (399,646)</u> |

Unamortized Deferred Gain on Refunding

| | | | | |
|---|-------------------|-------------|--------------------|-------------------|
| 2016 Lease Revenue Refunding Bond, Series BC | \$ 453,081 | \$ - | \$ (23,951) | \$ 429,130 |
| | <u>\$ 453,081</u> | <u>\$ -</u> | <u>\$ (23,951)</u> | <u>\$ 429,130</u> |

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

On February 1, 2005, the Public Financing Authority issued \$11,370,000 in 2005 Subordinate Revenue Bonds, Series AL to purchase the 2005 Reassessment and Refunding Revenue Bonds, Series AM, to finance certain capital improvements in the City and to fund a reserve account for the Bonds.

Interest on the bonds is payable semiannually on each September 2 and March 2, commencing September 2, 2005. The rates of interest range from 2.50% to 5.10% per annum. Principal on the subordinate revenue bonds is payable in annual installments ranging from \$275,000 to \$955,000. During 2008, the bonds in the amount of \$1,975,000 were called.

The annual debt service requirement for the 2005 Subordinate Revenue Bonds, Series AL outstanding at June 30, 2018, is as follows:

| Year Ended June 30, | Principal | Interest | Total |
|---------------------|---------------------|-------------------|---------------------|
| 2019 | \$ 555,000 | \$ 106,423 | \$ 661,423 |
| 2020 | 585,000 | 78,270 | 663,270 |
| 2021 | 615,000 | 48,270 | 663,270 |
| 2022 | 645,000 | 16,448 | 661,448 |
| Total | <u>\$ 2,400,000</u> | <u>\$ 249,411</u> | <u>\$ 2,649,411</u> |

City of Pomona
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 10 – Long-Term Liabilities (Continued)

A. Governmental Activities (Continued)

Revenue Bonds (Continued)

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

On February 1, 2005, the City issued \$9,524,000 in 2005 Reassessment and Refunding Revenue Bonds, Series AM, to provide funds to refund the refunding Improvement Bonds, Assessment District No. 294. Interest on the bonds is payable semiannually on each September 2 and March 2. The rate of interest is 7.22% per annum. During 2008, the bonds in the amount of \$1,920,000 were called.

The annual debt service requirement for the 2005 Reassessment and Refunding Revenue Bonds, Series AM outstanding at June 30, 2018, is as follows:

| Year Ended June 30, | Principal | Interest | Total |
|---------------------|---------------------|-------------------|---------------------|
| 2019 | \$ 482,000 | \$ 137,036 | \$ 619,036 |
| 2020 | 516,000 | 101,008 | 617,008 |
| 2121 | 549,000 | 62,561 | 611,561 |
| 2022 | 592,000 | 21,371 | 613,371 |
| Total | <u>\$ 2,139,000</u> | <u>\$ 321,976</u> | <u>\$ 2,460,976</u> |

2016 Lease Revenue Refunding Bonds, Series BC – Original Issuance \$26,645,000

On August 17, 2016 the Authority issued \$26,645,000 in 2016 Lease Revenue Refunding Bonds, Series BC, to (a) current refund the City's 2013 Certificates of Participation, Series AG and the Authority's 2005 Lease Revenue Bonds, Series AN, (b) purchase a reserve policy, and (c) pay for the cost of issuance.

The current refunding resulted in a difference between the acquisition price (Series BC) and the net carrying amount of the relinquished bonds (Series AG and AN) in the amount of \$473,040. This amount is reported as deferred gain on refunding. This deferred amount is amortized through June 1, 2034, the maturity date of the refunded debt (Series AG). The refunding also resulted in net present value savings in the amount of \$6,224,352 and saving in debt service payments in the amount of \$9,737,668.

Interest on the bonds is payable semiannually on each December 1 and June 1 and the final principal matures on June 1, 2036. The rates of interest range from 2.00% to 4.00% per annum. Principal is payable in annual installments ranging from \$1,085,000 to \$1,810,000. The bonds are secured by certain revenues consisting of certain Lease Payments with respect to the leased property by the City.

City of Pomona
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 10 – Long-Term Liabilities (Continued)

A. Governmental Activities (Continued)

Revenue Bonds (Continued)

2016 Lease Revenue Refunding Bonds, Series BC – Original Issuance \$26,645,000 (Continued)

The annual debt service requirement for the 2016 Lease Revenue Refunding Bonds, Series BC outstanding at June 30, 2018, is as follows:

| Year Ended June 30, | Principal | Interest | Total |
|---------------------|---------------|--------------|---------------|
| 2019 | \$ 1,105,000 | \$ 867,613 | \$ 1,972,613 |
| 2020 | 1,125,000 | 845,512 | 1,970,512 |
| 2021 | 1,160,000 | 811,762 | 1,971,762 |
| 2022 | 1,195,000 | 776,962 | 1,971,962 |
| 2023 | 1,230,000 | 741,112 | 1,971,112 |
| 2024-2028 | 6,865,000 | 2,993,663 | 9,858,663 |
| 2029-2033 | 8,230,000 | 1,629,856 | 9,859,856 |
| 2034-2036 | 4,650,000 | 312,151 | 4,962,151 |
| Total | \$ 25,560,000 | \$ 8,978,631 | \$ 34,538,631 |

2017 Lease Revenue Refunding Bonds, Series BG – Original Issuance \$50,475,000

On June 30, 2017, the Authority issued \$50,475,000 in 2017 Lease Revenue Refunding Bonds, Series BG, (a) to current refund the Authority's 2006 Lease Revenue Bonds, Series AU and Series AV, and a portion of the City's 2006 Pension Obligation Refunding Bonds, Series AR and (b) to pay for the premium of municipal bond insurance policy and municipal bond debt service reserve insurance policy, and (c) to pay for the cost of issuance.

The current refunding resulted in a difference between the acquisition price (Series BG) and the net carrying amount of the relinquished bonds (Series AR, AU and AV) in the amount of \$423,223. This amount is reported as deferred loss on refunding. The deferred amount is amortized through July 1, 2035, the maturity date of the refunded debt. The refunding also resulted in net present value savings in the amount of \$7,400,589 and saving in debt service payments in the amount of \$990,384.

Interest on the bonds is payable semiannually on each October 1 and April 1 and the final principal matures on April 1, 2045. The rates of interest range from 1.844% to 4.092% per annum. Principal is payable in annual installments ranging from \$480,000 to \$3,470,000. The bonds are secured by certain revenues consisting of certain Lease Payments with respect to the leased property by the City.

City of Pomona
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 10 – Long-Term Liabilities (Continued)

A. Governmental Activities (Continued)

Revenue Bonds (Continued)

2017 Lease Revenue Refunding Bonds, Series BG – Original Issuance \$50,475,000

The annual debt service requirement for the 2017 Lease Revenue Refunding Bonds, Series BG outstanding at June 30, 2018, is as follows:

| Year Ended June 30, | Principal | Interest | Total |
|---------------------|----------------------|----------------------|----------------------|
| 2019 | \$ 1,190,000 | \$ 1,917,590 | \$ 3,107,590 |
| 2020 | 1,150,000 | 1,895,646 | 3,045,646 |
| 2021 | 1,105,000 | 1,871,496 | 2,976,496 |
| 2022 | 1,055,000 | 1,844,799 | 2,899,799 |
| 2023 | 990,000 | 1,817,728 | 2,807,728 |
| 2024-2028 | 4,015,000 | 8,678,284 | 12,693,284 |
| 2029-2033 | 7,260,000 | 7,916,320 | 15,176,320 |
| 2034-2038 | 12,115,000 | 5,932,755 | 18,047,755 |
| 2039-2043 | 14,795,000 | 3,256,004 | 18,051,004 |
| 2044-2045 | 6,800,000 | 420,250 | 7,220,250 |
| Total | <u>\$ 50,475,000</u> | <u>\$ 35,550,872</u> | <u>\$ 86,025,872</u> |

Pension Obligation Bonds

| | Balance July 1, 2017 | Reclassification | Addition | Deletions | Balance June 30, 2018 | Due within One Year |
|---|-------------------------|------------------|-------------------|-------------|--------------------------|------------------------|
| 2006 Pension Obligation Bonds, Series AR | \$ 7,594,276 | \$ (3,581,022) | \$ - | \$ - | \$ 4,013,254 | \$ 252,120 |
| Accreted Interest | - | 3,581,022 | 432,525 | - | 4,013,547 | 247,880 |
| Total | <u>\$ 7,594,276</u> | <u>\$ -</u> | <u>\$ 432,525</u> | <u>\$ -</u> | <u>\$ 8,026,801</u> | <u>\$ 500,000</u> |

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

The City is a member of the California Public Employees' Retirement System ("CalPERS"), a public employees' defined benefits retirement program. In 2004, the City issued \$32,300,000 and \$5,700,000 in Pension Obligation Bonds, in order to fund the City's unamortized, unfunded actuarial accrued liability and to fund the current year General Fund contribution to CalPERS.

On February 1, 2006, the City issued \$42,280,684 in 2006 Pension Obligations Refunding Bonds, Series AR to refund the City's outstanding Pension Obligation Refunding Bonds, Series 004 AJ and its Pension Obligation Refunding Bonds, Series 2004 AK, to capitalize certain interest on the Bonds and to pay the costs of issuing the Bonds. The refunding achieved net present value savings of \$868,932, or 2.3% of refunded par and changed the debt structure from variable rate to fixed rate.

The Bonds were issued as current interest bonds in the principal amount of \$36,205,000 and as capital appreciations bonds in the original issue amount of \$6,075,684.

City of Pomona
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 10 – Long-Term Liabilities (Continued)

A. Governmental Activities (Continued)

Pension Obligation Bonds (Continued)

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

Interest on the current interest bonds is payable semiannually on each January 1 and July 1. The rates of interest vary and range from 5.492% to 5.832% per annum. Principal is payable in annual installments ranging from \$71,302 to \$5,140,000. The current interest bonds were current refunded by the 2017 Lease Revenue Refunding Bonds, Series BG during the year ended June 30, 2017.

The capital appreciation bonds bear interest ranges from 5.24% to 5.68% and are payable only at maturity. The accreted value of each capital appreciation bond is equal to its accreted value upon the maturity thereof, being comprised of its initial purchase price and the accreted interest between the delivery date and its respective maturity date. The obligation of the City to make payments with respect to the Bonds is an absolute and unconditional obligation of the City imposed upon the City by the Retirement Law and is not limited to any special source of funds. The City's obligation for the Bonds is any money available in the City's General Fund. The Bonds are not secured or limited as to payment by any special source of funds of the City. The current interest bonds are subject to redemption prior to maturity. The capital appreciation bonds are not subject to redemption prior to maturity.

July 1, 2017 principal and interest payments for the capital appreciation bonds were redeemed through the issuance of 2017 Lease Revenue Refunding Bonds, Series BG. The proceeds were deposited to the trust account on June 29, 2017.

The annual debt service requirement outstanding at June 30, 2018, is as follows:

| Year Ended June 30, | Principal | Interest | Accreted Interest | Total |
|---------------------|---------------------|---------------------|----------------------|----------------------|
| 2019 | \$ 252,120 | \$ - | \$ 247,880 | \$ 500,000 |
| 2020 | 268,533 | 30,516 | 265,951 | 565,000 |
| 2021 | 284,302 | 67,075 | 283,623 | 635,000 |
| 2022 | 299,726 | 109,816 | 300,458 | 710,000 |
| 2023 | 319,328 | 160,576 | 320,096 | 800,000 |
| 2024-2028 | 1,792,426 | 1,760,791 | 1,796,783 | 5,350,000 |
| 2029-2030 | 796,819 | 1,279,425 | 798,756 | 2,875,000 |
| Total | <u>\$ 4,013,254</u> | <u>\$ 3,408,199</u> | <u>\$ 4,013,547</u> | <u>\$ 11,435,000</u> |

Claims Payable

Claims payable will be liquidated from the Self-Insurance Fund. Also see Note 15 – Risk Management.

City of Pomona
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 10 – Long-Term Liabilities (Continued)

A. Governmental Activities (Continued)

Outstanding Principal on Capital-Related Debt

The City has acquired capital assets through the issuance of bonds and capital lease obligations. Following is the outstanding balance at June 30, 2018, of capital assets related debt:

| | |
|--|-----------------------------|
| 2016 Refunding Revenue Bond, Series BC | \$ 27,591,188 |
| 2017 Taxable Lease Revenue Refunding Bonds, Series BG (24.4%) | 12,315,900 |
| Capital Lease Obligations | <u>2,417,550</u> |
| Total | <u><u>\$ 42,324,638</u></u> |

B. Business-Type Activities

| | Balance July 1, 2017 | Additions | Deletions | Balance June 30, 2018 | Due within One Year |
|----------------------------------|-------------------------|-------------------|---------------------|--------------------------|------------------------|
| Business-type Activities: | | | | | |
| Obligations under capital leases | \$ 1,844,160 | \$ - | \$ (600,557) | \$ 1,243,603 | \$ 614,610 |
| Revenue bonds | 118,139,497 | 13,390,000 | (16,701,742) | 114,827,755 | 2,370,000 |
| Subtotal | 119,983,657 | 13,390,000 | (17,302,299) | 116,071,358 | 2,984,610 |
| Compensated absences | 1,293,026 | 1,041,069 | (889,855) | 1,444,240 | 1,023,588 |
| Total business-type activities | <u>121,276,683</u> | <u>14,431,069</u> | <u>(18,192,154)</u> | <u>117,515,598</u> | <u>4,008,198</u> |

Obligations under Capital Leases

| | Balance July 1, 2017 | Additions | Deletions | Balance June 30, 2018 | Due within One Year |
|--------|-------------------------|-------------|---------------------|--------------------------|------------------------|
| HCC #1 | <u>\$ 1,844,160</u> | <u>\$ -</u> | <u>\$ (600,557)</u> | <u>\$ 1,243,603</u> | <u>\$ 614,610</u> |

The City has entered into numerous equipment lease-purchase agreements with a leasing company whereby the lessor acquired certain equipment and leased it to the City with an option to purchase. The related assets have been capitalized in the capital assets account.

The total leased assets by major asset class consisted of the following at June 30, 2018:

| | |
|--|----------------------------|
| Equipment | \$ 4,257,381 |
| Accumulated depreciation | <u>(2,128,690)</u> |
| Equipment under capitalized lease, net | <u><u>\$ 2,128,691</u></u> |

City of Pomona
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 10 – Long-Term Liabilities (Continued)

B. Business-Type Activities (Continued)

Obligations under Capital Leases (Continued)

The depreciation expense for equipment under capitalized leases was \$425,738 for the year ended June 30, 2018.

Future minimum lease payment under the capital leases is as follows:

| Year Ended June 30, | |
|---|---------------------|
| 2019 | \$ 643,710 |
| 2020 | 643,712 |
| Subtotal | 1,287,422 |
| Less amount representing interest | (43,819) |
| Present value of future minimum lease payments | \$ 1,243,603 |

Revenue Bonds

| | Balance July 1, 2017 | Additions | Deletions | Balance June 30, 2018 | Due within One Year |
|---|-------------------------|----------------------|------------------------|--------------------------|------------------------|
| 2007 Revenue Bonds (Sewer Project), Series BA | \$ 14,365,000 | \$ - | \$ (14,365,000) | \$ - | \$ - |
| 2016 Revenue Refunding Bonds, (Sewer Project), Series BB | 8,425,000 | - | - | 8,425,000 | - |
| Unamortized Bond Discount | (19,737) | - | 777 | (18,960) | - |
| 2016 Taxable Revenue Refunding Bonds (Sewer Project), Series BD | 4,185,000 | - | (305,000) | 3,880,000 | 345,000 |
| Unamortized Bond Discount | (43,415) | - | 3,687 | (39,728) | - |
| 2017 Refunding Revenue Bonds (Water Facilities), Series BE | 32,355,000 | - | - | 32,355,000 | - |
| Unamortized Bond Premium | 3,317,649 | - | (111,206) | 3,206,443 | - |
| 2017 Taxable Refunding Revenue Bonds (Water Facilities), Series BF | 55,555,000 | - | (1,925,000) | 53,630,000 | 1,815,000 |
| 2018 Taxable Refunding Revenue (Sewer Project), Series BH | - | 13,390,000 | - | 13,390,000 | 210,000 |
| Total | \$ 118,139,497 | \$ 13,390,000 | \$ (16,701,742) | \$ 114,827,755 | \$ 2,370,000 |

Unamortized Deferred Loss on Refunding:

| | | | | |
|--|---------------------|-------------|------------------|---------------------|
| (Sewer Project), Series BB | \$ (398,107) | \$ - | \$ 14,468 | \$ (383,639) |
| 2016 Taxable Revenue Refunding Bonds (Sewer Project), Series BD | (164,392) | - | 14,399 | (149,993) |
| Total | \$ (562,499) | \$ - | \$ 28,867 | \$ (533,632) |

Unamortized Deferred Gain on Refunding:

| | | | | |
|---|---------------------|-------------|---------------------|---------------------|
| 2017 Refunding Revenue Bonds (Water Facilities), Series BE | \$ 1,392,357 | \$ - | \$ (46,671) | \$ 1,345,686 |
| 2017 Taxable Refunding Revenue Bonds (Water Facilities), Series BF | 1,987,895 | - | (66,633) | 1,921,262 |
| Total | \$ 3,380,252 | \$ - | \$ (113,304) | \$ 3,266,948 |

City of Pomona
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 10 – Long-Term Liabilities (Continued)

B. Business-Type Activities (Continued)

Revenue Bonds (Continued)

2007 Revenue Bonds, Series BA – Original Issuance \$15,575,000

On January 1, 2007, the Public Financing Authority issued \$15,575,000 in 2007 Revenue Bonds, Series BA, to provide funds to finance certain improvements to the City's Sewer Enterprise.

Interest on the bonds is payable semiannually on each June 1 and December 1. The rates of interest range from 3.625% to 5.000% per annum. Principal is payable in annual installments ranging from \$110,000 to \$1,595,000. The bonds are secured by an Installment Sale Agreement, dated as of January 1, 2007 between the City and the Authority. The Installment Payments are a special limited obligation of the City, payable from and secured by a pledge of and first lien on all Net Revenues, subject to the parity lien securing the Authority's 2002 Refunding Revenue Bonds, Series AF, and of any additional obligations as provided for in the Installment Sale Agreement, in the Sewer Enterprise Fund held by the City in trust under the Installment Sale Agreement.

The 2007 Revenue Bonds, Series BA were current refunded by 2018 Refunding Revenue Bonds, Series BH during the year ended June 30, 2018.

2016 Revenue Refunding Bonds (Sewer Projects), Series BB – Original Issuance \$8,425,000

On October 12, 2016, the Authority issued \$8,425,000 in 2016 Revenue Refunding Bonds (Sewer Projects), Series BB, (a) to current refund the Authority's 2002 Refunding Revenue Bonds, Series AF and (b) to fund the initial reserve, and (c) to pay for the cost of issuance.

The current refunding resulted in a difference between the acquisition price (Series BB) and the net carrying amount of the relinquished bonds (Series AF) in the amount of \$437,832. This amount is reported as deferred loss on refunding. The deferred amount is amortized through December 1, 2035, the maturity date of the refunded debt. The refunding of Series AF with Series BB/BD also resulted in net present value savings in the amount of \$1,896,844 and saving in debt service payments in the amount of \$3,022,853.

Interest on the bonds is payable semiannually on each December 1 and June 1 and the final principal matures on December 1, 2042. The rates of interest range from 3.250% to 4.000% per annum. Principal is payable in annual installments ranging from \$360,000 to \$710,000. The bonds are secured by an Installment Sale Agreement, dated as of November 1, 2016 between the City and the Authority. The Installment Payments are a special limited obligation of the City, payable from and secured by a pledge of and first lien on all Net Revenues, subject to the parity lien securing the Authority's 2007 Installment Sale Agreement, in the Sewer Enterprise Fund held by the City in trust under the Installment Sale Agreement.

City of Pomona
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 10 – Long-Term Liabilities (Continued)

B. Business-Type Activities (Continued)

Revenue Bonds (Continued)

2016 Revenue Refunding Bonds (Sewer Projects), Series BB – Original Issuance \$8,425,000 (Continued)

The annual debt service requirement for the 2016 Revenue Refunding Bonds (Sewer Projects), Series BB outstanding at June 30, 2018, is as follows:

| Year Ended June 30, | Principal | Interest | Total |
|---------------------|---------------------|---------------------|----------------------|
| 2019 | \$ - | \$ 292,019 | \$ 292,019 |
| 2020 | - | 292,019 | 292,019 |
| 2021 | - | 292,019 | 292,019 |
| 2022 | - | 292,019 | 292,019 |
| 2023 | - | 292,019 | 292,019 |
| 2024-2028 | - | 1,460,093 | 1,460,093 |
| 2029-2033 | 2,285,000 | 1,246,905 | 3,531,905 |
| 2034-2039 | 2,825,000 | 798,163 | 3,623,163 |
| 2040-2043 | 3,315,000 | 287,297 | 3,602,297 |
| Total | <u>\$ 8,425,000</u> | <u>\$ 5,252,553</u> | <u>\$ 13,677,553</u> |

2016 Taxable Revenue Refunding Bonds (Sewer Projects), Series BD – Original Issuance \$4,185,000

On October 12, 2016, the Authority issued \$4,185,000 in 2016 Taxable Revenue Refunding Bonds (Sewer Projects), Series BD, (a) to current refund the Authority's 2002 Refunding Revenue Bonds, Series AF and (b) to fund the initial reserve, and (c) to pay for the cost of issuance.

The current refunding resulted in a difference between the acquisition price (Series BD) and the net carrying amount of the relinquished bonds (Series AF) in the amount of \$173,992. This amount is reported as deferred loss on refunding. The deferred amount is amortized through December 1, 2028, the maturity date of the refunding debt. See disclosure of Series BB for net present value savings and saving in debt service payments.

Interest on the bonds is payable semiannually on each December 1 and June 1 and the final principal matures on December 1, 2028. The rates of interest range from 1.125% to 3.000% per annum. Principal is payable in annual installments ranging from \$80,000 to \$425,000. The bonds are secured by an Installment Sale Agreement, dated as of November 1, 2016 between the City and the Authority. The Installment Payments are a special limited obligation of the City, payable from and secured by a pledge of and first lien on all Net Revenues, subject to the parity lien securing the Authority's 2007 Installment Sale Agreement, in the Sewer Enterprise Fund held by the City in trust under the Installment Sale Agreement.

The annual debt service requirement for the 2016 Taxable Revenue Refunding Bonds (Sewer Projects), Series BD outstanding at June 30, 2018, is as follows:

| Year Ended June 30, | Principal | Interest | Total |
|---------------------|---------------------|-------------------|---------------------|
| 2019 | \$ 345,000 | \$ 88,800 | \$ 433,800 |
| 2020 | 350,000 | 83,150 | 433,150 |
| 2021 | 355,000 | 76,538 | 431,538 |
| 2022 | 365,000 | 69,109 | 434,109 |
| 2023 | 370,000 | 61,069 | 431,069 |
| 2024-2028 | 2,015,000 | 154,878 | 2,169,878 |
| 2029 | 80,000 | 1,200 | 81,200 |
| Total | <u>\$ 3,880,000</u> | <u>\$ 534,744</u> | <u>\$ 4,414,744</u> |

City of Pomona
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 10 – Long-Term Liabilities (Continued)

B. Business-Type Activities (Continued)

Revenue Bonds (Continued)

2017 Refunding Revenue Bonds (Water Facilities Project), Series BE – Original Issuance \$32,355,000

On April 20, 2017, the City issued \$32,355,000 in 2017 Refunding Revenue Bonds (Water Facilities Project), Series BE, (a) to current refund the Authority's 2007 Revenue Bonds, Series AY and (b) to pay for the cost of issuance.

The current refunding resulted in a difference between the acquisition price (Series BE) and the net carrying amount of the relinquished bonds (Series AY) in the amount of \$1,400,135. This amount is reported as deferred gain on refunding. The deferred amount is amortized through May 1, 2047, the maturity date of the refunded and refunding debt. The refunding also resulted in net present value savings in the amount of \$5,804,889 and saving in debt service payments in the amount of \$10,341,640.

Interest on the bonds is payable semiannually on each November 1 and May 1 and the final principal matures on May 1, 2047. The rates of interest range from 4.000% to 5.000% per annum. Principal is payable in annual installments ranging from \$745,000 to \$2,485,000. The bonds are limited obligations of the City payable solely from net revenues, which consist of revenues of the City's water system remaining after payment of operation and maintenance costs of the City's water system, and from amounts on deposit in certain funds and accounts created under the bond indenture, including the rate stabilization fund.

The annual debt service requirement for the 2017 Refunding Revenue Bonds (Water Facility Project), Series BE outstanding at June 30, 2018, is as follows:

| Year Ended June 30, | Principal | Interest | Total |
|---------------------|----------------------|----------------------|----------------------|
| 2019 | \$ - | \$ 1,452,150 | \$ 1,452,150 |
| 2020 | - | 1,452,150 | 1,452,150 |
| 2021 | - | 1,452,150 | 1,452,150 |
| 2022 | - | 1,452,150 | 1,452,150 |
| 2023 | - | 1,452,150 | 1,452,150 |
| 2024-2028 | - | 7,260,750 | 7,260,750 |
| 2029-2033 | 5,880,000 | 6,742,500 | 12,622,500 |
| 2034-2038 | 7,770,000 | 5,262,150 | 13,032,150 |
| 2039-2043 | 9,455,000 | 3,579,150 | 13,034,150 |
| 2044-2047 | 9,250,000 | 1,184,500 | 10,434,500 |
| Total | <u>\$ 32,355,000</u> | <u>\$ 31,289,800</u> | <u>\$ 63,644,800</u> |

City of Pomona
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 10 – Long-Term Liabilities (Continued)

B. Business-Type Activities (Continued)

Revenue Bonds (Continued)

2017 Taxable Refunding Revenue Bonds (Water Facilities Project), Series BF – Original Issuance \$55,555,000

On April 20, 2017, the City issued \$55,555,000 in 2017 Taxable Refunding Revenue Bonds (Water Facilities Project), Series BF, (a) to current refund the Authority's 2007 Revenue Bonds, Series AY and 2007 Taxable Revenue Refunding Bonds, Series AZ and (b) to pay for the cost of issuance.

The current refunding resulted in a difference between the acquisition price (Series BF) and the net carrying amount of the relinquished bonds (Series AY and AZ) in the amount of \$1,999,001. This amount is reported as deferred gain on refunding. The deferred amount is amortized through May 1, 2047, the maturity date of the refunded and refunding debt. The refunding also resulted in net present value savings in the amount of \$9,412,637 and saving in debt service payments in the amount of \$26,091,863.

Interest on the bonds is payable semiannually on each November 1 and May 1 and the final principal matures on May 1, 2047. The rates of interest range from 1.53 0% to 4.050% per annum. Principal is payable in annual installments ranging from \$1,510,000 to \$2,420,000. The bonds are limited obligations of the City payable solely from net revenues, which consist of revenues of the City's water system remaining after payment of operation and maintenance costs of the City's water system, and from amounts on deposit in certain funds and accounts created under the bond indenture, including the rate stabilization fund.

The annual debt service requirement for the 2017 Taxable Refunding Revenue Bonds (Water Facility Project), Series BF outstanding at June 30, 2018, is as follows:

| Year Ended June 30, | Principal | Interest | Total |
|---------------------|----------------------|----------------------|----------------------|
| 2019 | \$ 1,815,000 | \$ 1,864,468 | \$ 3,679,468 |
| 2020 | 1,840,000 | 1,833,595 | 3,673,595 |
| 2021 | 1,875,000 | 1,796,593 | 3,671,593 |
| 2022 | 1,925,000 | 1,752,024 | 3,677,024 |
| 2023 | 1,970,000 | 1,703,379 | 3,673,379 |
| 2024-2028 | 10,745,000 | 7,625,928 | 18,370,928 |
| 2029-2033 | 6,930,000 | 6,070,700 | 13,000,700 |
| 2034-2038 | 7,865,000 | 4,727,735 | 12,592,735 |
| 2039-2043 | 9,545,000 | 3,036,894 | 12,581,894 |
| 2044-2047 | 9,120,000 | 942,030 | 10,062,030 |
| Total | <u>\$ 53,630,000</u> | <u>\$ 31,353,346</u> | <u>\$ 84,983,346</u> |

City of Pomona
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 10 – Long-Term Liabilities (Continued)

B. Business-Type Activities (Continued)

Revenue Bonds (Continued)

2018 Taxable Refunding Revenue Bonds (Sewer Project), Series BH – Original Issuance \$13,390,000

On February 14, 2018, the City issued \$13,390,000 in 2018 Refunding Revenue Bonds (Sewer Project), Series BH, (a) to current refund the Authority's 2007 Revenue Bonds (Sewer Project) Series BA and (b) to pay for the cost of issuance.

The current refunding resulted in the economic gain in the amount of \$1,807,498 and the debt service payment saving in the amount of \$3,155,990. The current refunding resulted in no deferred gains or losses as the bond proceeds net of the issuance discount was sufficient to cover repayment of 2007 Revenue Bonds (Sewer Project), Series BA, the interest due, and the issuance cost on the 2018 Taxable Refunding Revenue Bonds (Sewer Project), Series BH.

Interests on the bonds is payable semiannually on each December 1 and June 1 and the final principal matures on December 1, 2046. The rates of interest range from 3.80% to 4.50% per annum.

The annual debt service requirement for the 2017 Taxable Refunding Revenue Bonds (Sewer Project), Series BH outstanding at June 30, 2018, is as follows:

| <u>Year Ended June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|----------------------------|----------------------|----------------------|----------------------|
| 2019 | \$ 210,000 | \$ 461,727 | \$ 671,727 |
| 2020 | 215,000 | 509,207 | 724,207 |
| 2021 | 225,000 | 503,698 | 728,698 |
| 2022 | 225,000 | 497,622 | 722,622 |
| 2023 | 235,000 | 491,013 | 726,013 |
| 2024-2028 | 1,275,000 | 2,336,751 | 3,611,751 |
| 2029-2033 | 1,525,000 | 2,083,782 | 3,608,782 |
| 2034-2038 | 1,845,000 | 1,753,205 | 3,598,205 |
| 2039-2043 | 2,270,000 | 1,339,465 | 3,609,465 |
| 2044-2047 | 5,365,000 | 451,103 | 5,816,103 |
| Total | <u>\$ 13,390,000</u> | <u>\$ 10,427,573</u> | <u>\$ 23,817,573</u> |

Compensated Absences

In the enterprise funds, the liability for vested and unpaid compensated absences (accrued vacation, sick pay, executive leave, and comp time) is reported in the fund as the benefits are earned and vest. For the business-type activities, the liabilities will be liquidated in future years from the respective enterprise funds.

City of Pomona
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 10 – Long-Term Liabilities (Continued)

B. Business-Type Activities (Continued)

Pledged Revenue

The City has pledged certain revenue to the repayment of its Water and Sewer Enterprise Fund bonds through final maturity on May 1, 2047, or earlier. These bonds were issued to refinance Series AF, AY, AZ, and BA. All net available revenues are irrevocably pledged by the City to the repayment of the bonds debt services. During the year ended June 30, 2018, the Water and Sewer Enterprise Funds have net available revenues of \$12,523,851 and total debt service paid was \$6,521,077. The Sewer and Water Revenue Bonds require net revenue of 100% and 120% of debt service, respectively. Annual principal and interest payments on the bonds are expected to require roughly 52% of future net revenue. The total principal and interest remaining to be paid at June 30, 2018, on the Bonds is as follows:

| <u>Debt Issue</u> | <u>Remaining Balance</u> |
|---|------------------------------|
| 2016 Revenue Refunding Bonds, Series BB | \$ 13,677,553 |
| 2016 Taxable Revenue Refunding Bonds, Series BD | 4,414,744 |
| 2017 Refunding Revenue Bonds, Series BE | 63,644,800 |
| 2017 Taxable Refunding Revenue Bonds, Series BF | 84,983,346 |
| 2018 Revenue Bonds (Sewer Project), Series BH | 23,817,573 |
| Total | <u><u>\$ 190,538,016</u></u> |
| | |
| <u>Revenue</u> | <u>2017-2018</u> |
| Net available revenues, excluding debt service | <u><u>\$ 12,523,851</u></u> |

Outstanding Principal on Capital-Related Debt

The City has acquired capital assets through the issuance of bonds and capital lease obligations. Following is the outstanding balance at June 30, 2018, of capital assets related debt.

| | <u>Outstanding Capital Related Debt, net</u> |
|---|--|
| Water Enterprise Fund: | |
| 2017 Refunding Revenue Bonds, Series BE | \$ 35,561,443 |
| 2017 Taxable Refunding Revenue Bonds, Series BF | 53,630,000 |
| Subtotal | <u>89,191,443</u> |
| Sewer Enterprise Fund: | |
| 2016 Revenue Refunding Bonds, Series BB | 8,406,040 |
| 2016 Taxable Revenue Refunding Bonds, Series BD | 3,840,272 |
| 2018 Taxable Revenue Refunding Bonds, Series BH | 13,390,000 |
| Subtotal | <u>25,636,312</u> |
| Refuse Enterprise Fund: | |
| Capital Lease Obligations | 1,243,603 |
| Total | <u><u>\$ 116,071,358</u></u> |

City of Pomona
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 11 – Non-City Obligations

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

Mortgage Revenue Bonds

Single family and multifamily housing revenue bonds were issued to provide construction and permanent financing to developers of multifamily residential rental projects located in the City to be partially occupied by persons of low and moderate income. These bonds are secured by first trust deeds and private mortgage insurance. The bonds, together with interest thereon, are 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. The mortgage revenue bonds outstanding at June 30, 2018, is as follows:

| Mortgage Revenue Bonds | Balance June 30, 2018 |
|--|--------------------------|
| Single Family Mortgage Refunding Bonds 90A | \$ 20,295,000 |
| Single Family Mortgage Refunding Bonds 90B | 9,125,000 |
| Total | <u>\$ 29,420,000</u> |

City of Pomona
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 12 – Defined Benefit Pension Plan

At June 30, 2018, net pension liabilities, related deferred outflows of resources and deferred inflows of resources and pension expense are as follows:

| | Governmental Activities | Business-Type Activities | Total |
|--|------------------------------------|-------------------------------------|-----------------------|
| Deferred Outflows of Resources: | | | |
| Pension contribution made after measurement date: | | | |
| Miscellaneous | \$ 4,140,234 | \$ 1,526,661 | \$ 5,666,895 |
| Safety | 8,808,147 | - | 8,808,147 |
| Difference between expected and actual experience: | | | |
| Safety | 430,344 | - | 430,344 |
| Difference in projected and actual earnings on pension plan investments: | | | |
| Miscellaneous | 2,159,535 | 796,303 | 2,955,838 |
| Safety | 3,729,315 | - | 3,729,315 |
| Collateral Plan | 1,379 | - | 1,379 |
| Change in assumption | | | |
| Miscellaneous | \$ 6,018,592 | \$ 2,219,284 | \$ 8,237,876 |
| Safety | 13,301,484 | - | 13,301,484 |
| Total deferred outflows of resources | <u>\$ 38,589,030</u> | <u>\$ 4,542,248</u> | <u>\$ 43,131,278</u> |
| Net Pension Liabilities: | | | |
| Miscellaneous | \$ 54,140,151 | \$ 19,963,532 | \$ 74,103,683 |
| Safety | 117,819,335 | - | 117,819,335 |
| Collateral Plan | 780,768 | - | 780,768 |
| Total net pension liabilities | <u>\$ 172,740,254</u> | <u>\$ 19,963,532</u> | <u>\$ 192,703,786</u> |
| Deferred Inflows of Resources: | | | |
| Difference between expected and actual experience: | | | |
| Miscellaneous | 1,042,624 | 384,454 | 1,427,078 |
| Safety | 3,048,881 | - | 3,048,881 |
| Total deferred inflows of resources | <u>\$ 4,091,505</u> | <u>\$ 384,454</u> | <u>\$ 4,475,959</u> |
| Pension Expense: | | | |
| Miscellaneous | \$ 10,089,719 | \$ 3,470,261 | \$ 13,559,980 |
| Safety | 16,518,512 | - | 16,518,512 |
| Collateral Plan | 56,240 | - | 56,240 |
| Total pension expense | <u>\$ 26,664,471</u> | <u>\$ 3,470,261</u> | <u>\$ 30,134,732</u> |

City of Pomona
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 12 – Defined Benefit Pension Plans (Continued)

A. CalPERS Plans

General Information about the Pension Plan

Plan Description

The City contributes to the California Public Employees' Retirement System ("CalPERS"), an agent multiple-employer public employee defined benefit pension plan. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and City ordinance. A full description of the pension plan regarding number of employees covered, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in the June 30, 2016 Annual Actuarial Valuation Report. This report and CalPERS' audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

Benefit Provided

CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries.

The plans' provisions and benefits in effect for the measurement period ended June 30, 2017 are summarized as follows:

| | Miscellaneous Plan | | |
|---|---|--|---|
| | Tier 1* | Tier 2* | PEPRA |
| Hire date | Prior to August 14, 2011 | On or after August 14, 2011 but prior to January 1, 2013 | On or after January 2, 2013 |
| Benefit formula | 2.0% @ 55 | 2.0% @ 60 | 2.0% @ 62 |
| Benefit vesting schedule | 5 years service | 5 years service | 5 years service |
| Benefit payments | monthly for life | monthly for life | monthly for life |
| Retirement age | minimum 50 yrs | minimum 50 yrs | minimum 52 yrs |
| Monthly benefits, as a % of eligible compensation | 1.426% - 2.418%, 50 yrs - 63+ yrs, respectively | 1.092% - 2.418%, 50 yrs - 63+ yrs, respectively | 1.000% - 2.500%, 52 yrs - 67+ yrs, respectively |
| Required employee contribution rates | 7.000% | 7.000% | 6.250% |
| Required employee contribution rates | 21.586% | 21.586% | 21.586% |

* Plan is closed to new entrants

City of Pomona
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 12 – Defined Benefit Pension Plans (Continued)

A. CalPERS Plans (Continued)

General Information about the Pension Plan (Continued)

Benefit Provided (Continued)

| | Safety Plan | | |
|--|----------------------------------|---|---|
| | Tier 1* | Tier 2* | PEPRA |
| Hire date | Prior to November 21, 2010 | On or after November 21, 2010 but prior to January 1, 2013 | On or after January 1, 2013 |
| Benefit formula | 3.0% @ 55 | 3.0% @ 55 | 2.7% @ 57 |
| Benefit vesting schedule | 5 years service | 5 years service | 5 years service |
| Benefit payments | monthly for life | monthly for life | monthly for life |
| Retirement age | minimum 50 yrs | minimum 50 yrs | minimum 52 yrs |
| Monthly benefits, as a % of eligible compensation | 3.000%, 50+ yrs | 2.400% - 3.000%, 50 yrs - 55+ yrs, respectively | 2.000% - 2.700%, 50 yrs - 57+ yrs, respectively |
| Required employee contribution rates | 9.000% | 9.000% | 12.000% |
| Required employee contribution rates | 49.280% | 49.280% | 49.280% |

* Plan is closed to new entrants

Participant is eligible for non-industrial disability retirement if becomes disabled and has at least 5 years of credited service. There is no special age requirement. The standard non-industrial disability retirement benefit is a monthly allowance equal to 1.8 percent of final compensation, multiplied by service. Industrial disability benefits are not offered.

An employee's beneficiary may receive the basic death benefit if the employee dies while actively employed. The employee must be actively employed with the City to be eligible for this benefit. An employee's survivor who is eligible for any other pre-retirement death benefit may choose to receive that death benefit instead of this basic death benefit. The basic death benefit is a lump sum in the amount of the employee's accumulated contributions, where interest is currently credited at 7.5 percent per year, plus a lump sum in the amount of one-month salary for each completed year of current service, up to a maximum of six months' salary. For purposes of this benefit, one month's salary is defined as the member's average monthly full-time rate of compensation during the 12 months preceding death.

Upon the death of a retiree, a one-time lump sum payment of \$500 will be made to the retiree's designated survivor(s), or to the retiree's estate.

Benefit terms provide for annual cost-of-living adjustments to each employee's retirement allowance. Beginning the second calendar year after the year of retirement, retirement and survivor allowances will be annually adjusted on a compound basis by 2 percent.

City of Pomona
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 12 – Defined Benefit Pension Plans (Continued)

A. CalPERS Plans (Continued)

General Information about the Pension Plan (Continued)

Employees Covered by Benefit Terms

At June 30, 2016, the valuation date, the following employees were covered by the benefit terms:

| | Plans | |
|-----------------------------------|----------------------|---------------|
| | Miscellaneous | Safety |
| Active members | 362 | 160 |
| Transferred members | 322 | 23 |
| Terminated members | 182 | 19 |
| Retired members and beneficiaries | 863 | 384 |
| Total | 1,729 | 586 |

Contributions

Section 20814(c) of the California Public Employees' Retirement Law ("PERL") requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

Net Pension Liability

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ended June 30, 2017, the total pension liability was determined by rolling forward the June 30, 2016 total pension liability. The June 30, 2017 total pension liabilities were based on the following actuarial methods and assumptions:

| | |
|-----------------------------------|---|
| Actuarial Cost Method | Entry Age Normal in accordance with the requirement of GASB Statement No. 68 |
| Actuarial Assumptions: | |
| Discount Rate | 7.15% |
| Inflation | 2.75% |
| Salary Increases | Varies by Entry Age and Service |
| Investment Rate of Return | 7.15% Net of Pension Plan Investment and Administrative Expenses; Includes inflation |
| Mortality Rate Table ¹ | Derived using CalPERS' Membership Data for all Funds. |
| Post Retirement Benefit Increase | Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter |

¹ The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to 2014 experience study report.

City of Pomona
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 12 – Defined Benefit Pension Plans (Continued)

A. CalPERS Plans (Continued)

Net Pension Liability (Continued)

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

All other actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

Change of Assumptions

In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent.

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. To determine whether the municipal bond rate should be used in the calculation of the discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. The tests revealed the assets would not run out. Therefore, the current 7.15 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.15 percent is applied to all plans in the Public Employees' Retirement Fund ("PERF"). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS website under the GASB 68 section.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund ("PERF") cash flows. Taking into account historical returns of all the Public Employees Retirement Funds' asset classes (which includes the agent plan and two cost-sharing plans or PERF A, B, and C funds), expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each PERF fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

City of Pomona
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 12 – Defined Benefit Pension Plans (Continued)

A. CalPERS Plans (Continued)

Net Pension Liability (Continued)

Discount Rate (Continued)

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the Board effective on July 1, 2014.

| Asset Class | New Strategic Allocation | Real Return Years 1 - 10 ¹ | Real Return Years 11+ ² |
|-------------------------------|--------------------------|---------------------------------------|------------------------------------|
| Global Equity | 47.00% | 4.90% | 5.38% |
| Global Fixed Income | 19.00% | 0.80% | 2.27% |
| Inflation Sensitive | 6.00% | 0.60% | 1.39% |
| Private Equity | 12.00% | 6.60% | 6.63% |
| Real Estate | 11.00% | 2.80% | 5.21% |
| Infrastructure and Forestland | 3.00% | 3.90% | 5.36% |
| Liquidity | 2.00% | -0.40% | -0.90% |
| | <u>100.00%</u> | | |

Changes in the Net Pension Liability

The following tables show the changes in net pension liability recognized over the measurement period.

| Miscellaneous Plan | Increase (Decrease) | | |
|--|--------------------------------|------------------------------------|--|
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability/(Asset) (c) = (a) - (b) |
| Balance at June 30, 2016 (Valuation Date) | \$ 263,578,159 | \$ 197,410,910 | \$ 66,167,249 |
| Changes Recognized for the Measurement Period: | | | |
| Service Cost | 3,757,355 | - | 3,757,355 |
| Interest on the Total Pension Liability | 19,389,644 | - | 19,389,644 |
| Changes of Benefit Terms | - | - | - |
| Difference between Expected and Actual Experience | (2,724,421) | - | (2,724,421) |
| Changes of Assumptions | 15,726,854 | - | 15,726,854 |
| Contribution from the Employer | - | 4,965,420 | (4,965,420) |
| Contribution from Employees | - | 1,824,492 | (1,824,492) |
| Net Investment Income | - | 21,714,550 | (21,714,550) |
| Benefit Payments including Refunds of Employee Contributions | (14,550,855) | (14,550,855) | - |
| Plan to Plan Resource Movement | - | - | - |
| Administrative Expense | - | (291,464) | 291,464 |
| Net Changes during July 1, 2016 to June 30, 2017 | <u>21,598,577</u> | <u>13,662,143</u> | <u>7,936,434</u> |
| Balance at June 30, 2017 (Measurement Date) | <u>\$ 285,176,736</u> | <u>\$ 211,073,053</u> | <u>\$ 74,103,683</u> |

City of Pomona
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 12 – Defined Benefit Pension Plans (Continued)

A. CalPERS Plans (Continued)

Changes in the Net Pension Liability (Continued)

| Safety Plan | Increase (Decrease) | | |
|--|--|--|--|
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability/(Asset) (c) = (a) - (b) |
| Balance at June 30, 2016 (Valuation Date) | \$ 339,095,616 | \$ 232,393,490 | \$ 106,702,126 |
| Changes Recognized for the Measurement Period: | | | |
| Service Cost | 5,801,213 | - | 5,801,213 |
| Interest on the Total Pension Liability | 24,844,637 | - | 24,844,637 |
| Changes of Benefit Terms | - | - | - |
| Difference between Expected and Actual Experience | (4,573,322) | - | (4,573,322) |
| Changes of Assumptions | 19,952,226 | - | 19,952,226 |
| Contribution from the Employer | - | 8,239,937 | (8,239,937) |
| Contribution from Employees | - | 1,568,799 | (1,568,799) |
| Net Investment Income | - | 25,441,922 | (25,441,922) |
| Benefit Payments including Refunds of Employee Contributions | (19,795,369) | (19,795,369) | - |
| Plan to Plan Resource Movement | - | - | - |
| Administrative Expense | - | (343,113) | 343,113 |
| Net Changes during July 1, 2016 to June 30, 2017 | 26,229,385 | 15,112,176 | 11,117,209 |
| Balance at June 30, 2017 (Measurement Date) | \$ 365,325,001 | \$ 247,505,666 | \$ 117,819,335 |

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the plans as of the measurement date, calculated using the discount rate of 7.15%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15%) or 1 percentage-point higher (8.15%) than the current rate:

| | Plan's Net Pension Liability/(Asset) | | |
|--------------------|---|--|---------------------------------------|
| | Discount Rate - 1% (6.15%) | Current Discount Rate (7.15%) | Discount Rate + 1% (8.15%) |
| Miscellaneous Plan | \$ 111,640,548 | \$ 74,103,683 | \$ 43,121,958 |
| Safety Plan | \$ 165,538,967 | \$ 117,819,335 | \$ 78,550,377 |

Pension Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available in the separately issued CalPERS financial report.

City of Pomona
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 12 – Defined Benefit Pension Plans (Continued)

A. CalPERS Plans (Continued)

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

For the measurement period ending June 30, 2017, the City incurred a pension expense of \$13,559,980 and \$16,518,512 for Miscellaneous and Safety plans, respectively.

As of measurement date of June 30, 2017, the City has deferred outflows and deferred inflows of resources related to pensions as follows:

| | Miscellaneous Plan | | Safety Plan | |
|---|---|--|---|--|
| | Deferred outflows of Resources | Deferred inflows of Resources | Deferred outflows of Resources | Deferred inflows of Resources |
| Pension contribution after measurement date | \$ 5,666,895 | \$ - | \$ 8,808,147 | \$ - |
| Changes of assumptions | 8,237,876 | - | 13,301,484 | - |
| Differences between expected and actual experiences | - | (1,427,078) | 430,344 | (3,048,881) |
| Net difference between projected and actual earning on pension plan investments | 2,955,838 | - | 3,729,315 | - |
| Total | <u>\$ 16,860,609</u> | <u>\$ (1,427,078)</u> | <u>\$ 26,269,290</u> | <u>\$ (3,048,881)</u> |

The amounts above are net of outflows and inflows recognized in the 2016-17 measurement period expense.

The expected average remaining service lifetime (“EARSL”) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired). The EARSL for the miscellaneous plan and safety plan for the 2016-17 measurement period is 2.1 and 3.0 years, which was obtained by dividing the total service years of 3,569 and 1,756 (the sum of remaining service lifetimes of the active employees) by 1,729 and 586 (the total number of participants: active, inactive, and retired), respectively.

The \$5,666,895 and \$8,808,147 reported as deferred outflows of resources related to pension resulting from the City’s contributions subsequent to the measurement date during the year ended June 30, 2018 will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

| Measurement Period Ended June 30, | Deferred Outflows/(Inflows) of Resources | |
|--|---|----------------------|
| | Miscellaneous | Safety |
| 2018 | \$ 6,039,882 | \$ 5,433,977 |
| 2019 | 4,062,106 | 9,283,238 |
| 2020 | 1,250,432 | 1,537,074 |
| 2021 | (1,585,784) | (1,842,027) |
| 2022 | - | - |
| Thereafter | - | - |
| Total | <u>\$ 9,766,636</u> | <u>\$ 14,412,262</u> |

City of Pomona
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 12 – Defined Benefit Pension Plans (Continued)

B. Collateral Benefits Plan

General Information about the Pension Plan

Plan Description

The Collateral Benefits Plan provides a supplemental retirement benefit to City employees upon resigning from the City and concurrently retiring with CalPERS. The supplemental benefit is a monthly benefit of \$100 from the first of the month following retirement from the City until the age of 65 for Tier 1 and Tier 2 employees. Tier 1 employees include Mid-Management and Confidential, Police Officers' Association, City Employees' Association, and Management Group B employees, and are required to have at least 20 years of City service upon retiring after July 1, 1987. Tier 2 employees include Executive Management Group A employees and are required to have at least one year of City service upon retiring after July 1, 1991. Employees hired after July 1, 2012, are not eligible for this plan.

Eligibility

| Bargaining Group | City Service |
|---|---------------------|
| Executive Management Group B, Mid-Management/Confidential | |
| Employees' Association, City Employees' Association | |
| Police Officers' Association | 20 Years |
| Executive Management Group A | 1 Year |
| Police Management | Not Eligible |

Benefit Provided

As discussed in the plan description and eligibility above, the Plan provides a monthly benefit of \$100 until the age of 65 for the eligible retirees.

Employees Covered by Benefit Terms

At June 30, 2018, the measurement date, the following employees were covered by the benefit terms:

| | |
|-------------------------------------|------------|
| Active employees | 285 |
| Terminated employees | 0 |
| Retired employees and beneficiaries | 92 |
| | <u>377</u> |

Contributions

There were no contributions toward the Plan during the year ended June 30, 2018.

City of Pomona
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 12 – Defined Benefit Pension Plans (Continued)

B. Collateral Benefits Plan (Continued)

Net Pension Liability

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The June 30, 2018 valuation was used to determine the June 30, 2018 total pension liability, based on the following actuarial methods and assumptions:

| | |
|--------------------------------------|--|
| Actuarial Cost Method | Entry Age Normal |
| Amortization Methods: | |
| Level Percent or level dollar | Level dollar |
| Closed, Open, or Layered Periods | Closed |
| Amortization Period at June 30, 2018 | 7.5 years |
| Amortization Growth Rate | 0.00% |
| Actuarial Assumptions: | |
| Discount Rate | 6.50% |
| Inflation | N/A |
| Salary Increases | Not applicable |
| Cost of Living Adjustment | Not applicable |
| Investment Rate of Return | 6.50% Net of Pension Plan Investment and Administrative Expenses; Includes inflation |
| Mortality Rate | Pre-Retirement: Consistent with the Non- industrial rates used to value the Miscellaneous Public Agency CalPERS Pension Plans. Post-Retirement: Consistent with the Non- Industrial rates used to value the Miscellaneous Public Agency CalPERS Pension |
| Post Retirement Benefit Increase | Consistent with the Non-Industrial rates used to value the Miscellaneous Public Agency CalPERS Pension Plans. |

Change of Assumption

There was no change in assumption during June 30, 2018.

Discount Rate

The discount rate used to measure the total pension liability was 6.50 percent. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

The table below reflects long-term expected real return adjusted for inflation by asset classes:

City of Pomona
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 12 – Defined Benefit Pension Plans (Continued)

B. Collateral Benefits Plan (Continued)

Net Pension Liability (Continued)

Discount Rate (Continued)

| Asset Class | Index | Target Allocation | Long-Term Expected Arithmetic Real Rate of Return | Long-Term Expected Geometric Real Rate of Return |
|--|------------------------------|-------------------|---|--|
| US Cash | BAML 3-Mon Tbill | 2.68% | 0.31% | 0.31% |
| US Core Fixed Income | Bloomberg Barclays Aggregate | 46.42% | 2.14% | 2.02% |
| US Equity Market | Russell 3000 | 37.37% | 4.59% | 3.32% |
| Foreign Developed Equity | MSCI EAFE NR | 8.56% | 5.52% | 3.91% |
| Emerging Markets Equity | MSCI EM NR | 3.56% | 7.82% | 4.59% |
| US EREITs | FTSE NAREIT Equity REIT | 1.41% | 5.04% | 3.27% |
| | | <u>100.00%</u> | | |
| Assumed Inflation - Mean | | | 2.32% | 2.30% |
| Assumed Inflation - Standard Deviation | | | 1.85% | 1.85% |
| Portfolio Real Mean Return | | | 3.54% | 3.15% |
| Portfolio Nominal Mean Return | | | 5.85% | 5.52% |
| Portfolio Standard Deviation | | | | 8.59% |
| Long-Term Expected Rate of Return | | | | 6.50% |

Change in Net Pension Liability

The following table shows the changes in net pension liability recognized over the measurement period.

| Collateral Benefits Plan | Increase (Decrease) | | |
|--|--------------------------------|------------------------------------|--|
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability/(Asset) (c) = (a) - (b) |
| Balance at July 1, 2017 (Valuation Date) | \$ 1,007,818 | \$ 284,669 | \$ 723,149 |
| Changes Recognized for the Measurement Period: | | | |
| Service Cost | 8,761 | - | 8,761 |
| Interest on the Total Pension Liability | 61,845 | - | 61,845 |
| Changes of Benefit Terms | - | - | - |
| Difference between Expected and Actual Experience | - | - | - |
| Changes of Assumptions | - | - | - |
| Contribution from the Employer | - | - | - |
| Contribution from Employees | - | - | - |
| Net Investment Income | - | 13,113 | (13,113) |
| Benefit Payments including Refunds of Employee Contributions | (114,500) | (114,500) | - |
| Plan to Plan Resource Movement | - | - | - |
| Administrative Expense | - | (126) | 126 |
| Net Changes during July 1, 2017 to June 30, 2018 | (43,894) | (101,513) | 57,619 |
| Balance at June 30, 2018 (Measurement Date) | \$ 963,924 | \$ 183,156 | \$ 780,768 |

City of Pomona
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 12 – Defined Benefit Pension Plans (Continued)

B. Collateral Benefits Plan (Continued)

Change in Net Pension Liability (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 6.50%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.50%) or 1 percentage-point higher (7.50%) than the current rate:

| Plan's Net Pension Liability/(Asset) | | |
|--------------------------------------|------------------|---------------|
| Discount Rate | Current Discount | Discount Rate |
| - 1% (5.50%) | Rate (6.50%) | + 1% (7.50%) |
| \$ 840,379 | \$ 780,768 | \$ 726,169 |

Pension Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available upon request.

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pension

For the measurement period ended June 30, 2018, the City incurred a pension expense of \$56,240.

As of measurement date of June 30, 2018, the City has deferred outflows and deferred inflows of resources related to pensions as follows:

| | Collateral Plan | |
|--|-----------------------------------|----------------------------------|
| | Deferred outflows of Resources | Deferred inflows of Resources |
| Pension contribution after measurement date | \$ - | \$ - |
| Changes of assumptions | - | - |
| Differences between expected and actual experiences | - | - |
| Net difference between projected and actual earning on pension plan investments | 1,379 | - |
| Total | \$ 1,379 | \$ - |

The amounts above are net of outflows and inflows recognized in the 2017-18 measurement period expense.

City of Pomona
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 12 – Defined Benefit Pension Plans (Continued)

B. Collateral Benefits Plan (Continued)

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pension (Continued)

Amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

| Measurement Period Ended June 30, | Deferred Outflows/ (Inflows) of Resources |
|---|---|
| 2019 | \$ 345 |
| 2020 | 345 |
| 2021 | 345 |
| 2022 | 344 |
| 2023 | - |
| Thereafter | - |
| Total | <u>\$ 1,379</u> |

Note 13 – Other Postemployment Benefits (“OPEB”)

At June 30, 2018, net OPEB liabilities, related deferred outflows of resources and OPEB expense are as follow:

| | Governmental Activities | Business-Type Activities | Total |
|---|----------------------------|-----------------------------|----------------------|
| Deferred Outflows of Resources: | | | |
| OPEB contribution made after measurement date | | | |
| PEMHCA Plan | \$ 1,823,375 | \$ 463,849 | \$ 2,287,224 |
| Change in assumption | | | |
| PEMHCA Plan | \$ 2,738,049 | \$ 696,533 | \$ 3,434,582 |
| Total deferred outflows of resources | <u>\$ 4,561,424</u> | <u>\$ 1,160,382</u> | <u>\$ 5,721,806</u> |
| Net OPEB Liabilities: | | | |
| PEMHCA Plan | \$ 77,051,803 | \$ 19,601,237 | \$ 96,653,040 |
| Total net OPEB liabilities | <u>\$ 77,051,803</u> | <u>\$ 19,601,237</u> | <u>\$ 96,653,040</u> |
| OPEB Expense: | | | |
| PEMHCA Plan | \$ 5,675,658 | \$ 1,443,833 | \$ 7,119,491 |
| Total OPEB expense | <u>\$ 5,675,658</u> | <u>\$ 1,443,833</u> | <u>\$ 7,119,491</u> |

City of Pomona
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 13 – Other Postemployment Benefits (“OPEB”) (Continued)

A. General Information About Public Employees’ Medical and Hospital Care Program (“PEMHCA”) Plan (“OPEB”)

Plan Description

The City has participated in the CalPERS Health Plan since 1988. The City provides eligible retirees a contribution based on the “unequal method” under the Public Employees’ Medical and Hospital Care Program (“PEMHCA”) contribution requirements for participating employers. Under the “unequal method”, the City’s contribution for the retiree is equal to 100% of the active contribution after 20 years of participation in PEMHCA. Eligibility for continuing medical coverage requires retirement from the City (on or after age 50 with at least 5 years of PERS service) and commencement of the PERS pension benefit. Retirement under disability does not have an age requirement.

Employees of the City who retire through CalPERS, their spouses, and eligible dependents, may receive health plan coverage through PEMHCA Plan (the “Plan”). The Plan is a single employer defined benefit plan which provides the retirees a monthly medical contribution that is not to exceed the cost of the plan selected, with the maximum contribution limited for individual retirees based on bargaining groups as listed below:

| Bargaining Group | Benefit |
|---|----------------|
| Pomona City Council Members | \$ 700 |
| Pomona Executive Management Group | 700 |
| Pomona Mid-Management/Confidential Employees' Association | 700 |
| Pomona City Employees' Association | 700 |
| Pomona Police Managers' Association | 700 |
| Pomona Police Officers' Association | 700 |
| Firefighters (Pre-Merger with Los Angeles County Fire District) | 465 |

Police Management retirees with at least 22 years of service as a Police Officer receive up to 90% contribution towards the most expensive 2-party CalPERS plan premium. This benefit terminates once the retiree is eligible for Medicare (age 65). This provision has been eliminated for employees hired or promoted to the unit after July 1, 2011.

Eligibility

Membership in the Plan consisted of the following at December 31, 2017, the date of the latest actuarial valuation:

| | |
|--|--------------|
| Active employees | 500 |
| Inactive plan members entitled to but not yet receiving benefits | 38 |
| Inactive plan members or beneficiaries currently receiving benefits | 0 |
| | 525 |
| | <u>1,063</u> |

Contributions

The City currently finances benefits on a pay-as-you-go basis.

City of Pomona
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 13 – Other Postemployment Benefits (“OPEB”) (Continued)

B. Net OPEB Liability

Total OPEB Liability

The City’s net OPEB liability was measured as of December 31, 2017 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2017. The total OPEB liability at December 31, 2017, measurement date was \$96,653,040.

Actuarial Assumptions

The total OPEB liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

| | |
|---|---|
| Actuarial Cost Method | Entry Age Normal |
| Actuarial Assumptions: | |
| Discount Rate | 3.30% |
| Inflation | 2.75% per annum |
| Salary Increases | 3.0% per annum, in aggregate |
| Cost of Living Adjustment | Not applicable |
| Investment Rate of Return | N/A - As of the valuation date there are no GASB eligible plan assets. |
| Pre-Retirement Turnover/ Mortality Rate/Disability Rate/ Retirement Age | Pre-Retirement: Consistent with the most recent CalPERS pension plan valuation. Post-Retirement: Consistent the most recent CalPERS pension plan valuation. |
| Participant Rates | 90% of future retirees are assumed to elect medical coverage at retirement through the CalPERS Health Plan and to continue coverage through the CalPERS Health Plan beyond Medicare eligibility age. Actual coverage is used for current retirees. For current retirees under age 65 and currently waiving coverage, 10% are assumed to elect coverage at age 65. |
| Spouse Coverage | 50% of future retirees (65% for Safety) are assumed to elect coverage for their spouse. Male spouses are assumed to be 3 years older than female spouses. Actual spouse age is used for current retirees. |
| Medical Trend Rates | 6.0% (HMO) and 6.5% (PPO) to ultimate 5% in 2023 and beyond. |

Change of Assumptions

In 2017, the accounting discount rate changed from 3.75% to 3.3% from the measurement date December 31, 2016 to the measurement date December 31, 2017.

City of Pomona
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 13 – Other Postemployment Benefits (“OPEB”) (Continued)

B. Net OPEB Liability (Continued)

Discount Rate

3.30% per annum. This discount rate is the average, rounded to 5 basis points, of the range of 3-20 year municipal bond rate indices: S&P Municipal Bond 20 Year High Grade Rate Index, Bond Buyer 20-Bond GO index, Fidelity GO AA 20 Year Bond Index.

C. Change in the Net OPEB Liability

The following table show the changes in the net OPEB liability recognized over the measurement period.

| | Increase (Decrease) | | |
|--|---|--|---|
| | Total OPEB Liability (a) | Plan Fiduciary Net Position (b) | Net OPEB Liability/(Asset) (c) = (a) - (b) |
| Balance at January 1, 2017 | \$ 90,248,485 | \$ - | \$ 90,248,485 |
| Changes Recognized for the Measurement Period: | | | |
| Service Cost | 2,019,938 | - | 2,019,938 |
| Interest on the Total Pension Liability | 3,382,262 | - | 3,382,262 |
| Changes of Benefit Terms | - | - | - |
| Difference between Expected and Actual Experience | - | - | - |
| Changes of Assumptions | 5,151,873 | - | 5,151,873 |
| Contribution from the Employer | - | 4,149,518 | (4,149,518) |
| Contribution from Employees | - | - | - |
| Net Investment Income | - | - | - |
| Benefit Payments including Refunds of Employee Contributions | (4,149,518) | (4,149,518) | - |
| Plan to Plan Resource Movement | - | - | - |
| Administrative Expense | - | - | - |
| Net Changes during January 1, 2017 to December 31, 2017 | 6,404,555 | - | 6,404,555 |
| Balance at December 31, 2017 (Measurement Date) | \$ 96,653,040 | \$ - | \$ 96,653,040 |

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.30 percent) or 1-percentage-point higher (4.30 percent) than the current discount rate:

| Plan's Net OPEB Liability/(Asset) | | |
|--|-------------------------|----------------------|
| Discount Rate | Current Discount | Discount Rate |
| - 1% (2.30%) | Rate (3.3%) | + 1% (4.30%) |
| \$ 109,854,359 | \$ 96,653,040 | \$ 85,769,085 |

City of Pomona
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 13 – Other Postemployment Benefits (“OPEB”) (Continued)

C. Change in the Net OPEB Liability (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.00 percent – HMO or 5.50% - PPO decreasing to 4.00 percent) or 1-percentage-point higher (7.00 percent – HMO or 7.50% - PPO decreasing to 6.00 percent) than the current healthcare cost trend rates:

| Plan's Net OPEB Liability/(Asset) | | |
|--|--|---|
| -1% | Current Healthcare Cost Trend Rates | +1% |
| (5.00% HMO/5.5% PPO decreasing to 4.00% HMO /4.00%.PPO) | (6.00% HMO/6.5% PPO decreasing to 5.00% HMO /5.00%.PPO) | (7.00% HMO/7.50% PPO decreasing to 6.00% HMO /6.00%.PPO) |
| \$ 93,156,487 | \$ 96,653,040 | \$ 99,851,373 |

D. OPEB Expense and Deferred Outflows of Resources Related to OPEB

For the fiscal year ended June 30, 2018, the City recognized OPEB expenses in the amount of \$7,119,491. At June 30, 2018, the City reported deferred outflows of resources related to OPEB from the following sources:

| | Deferred outflows of Resources | Deferred inflows of Resources |
|--|-----------------------------------|----------------------------------|
| Pension contribution after measurement date | \$ 2,287,224 | \$ - |
| Changes of assumptions | 3,434,582 | - |
| Differences between expected and actual experiences | - | - |
| Net difference between projected and actual earning on pension plan investments | - | - |
| Total | \$ 5,721,806 | \$ - |

The amounts above are net of outflows recognized in the 2017 measurement period expense.

City of Pomona
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 13 – Other Postemployment Benefits (“OPEB”) (Continued)

D. OPEB Expense and Deferred Outflows of Resources Related to OPEB (Continued)

The \$2,287,224 reported as deferred outflows of resources related to OPEB resulting from the City’s contributions subsequent to the measurement date during the year ended June 30, 2018 will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources related to OPEB will be recognized in future OPEB expense as follows:

| Measurement Period Ended June 30, | Deferred Outflows/ (Inflows) of Resources |
|--|--|
| 2019 | \$ 1,717,291 |
| 2018 | 1,717,291 |
| 2019 | - |
| 2020 | - |
| 2021 | - |
| Thereafter | - |
| Total | <u>\$ 3,434,582</u> |

Note 14 – Joint Powers Agreements

A. Alameda Corridor-East Construction Authority

The City approved and adopted a Joint Exercise of Powers Agreement in November 2012. The Alameda Corridor East Construction Authority (“ACE”) is a single purpose construction authority created by the San Gabriel Council of Governments in 1998 to mitigate the impacts of significant increases in rail traffic over 70 miles of mainline railroad in the San Gabriel Valley. The ACE Project consists of multiple construction projects to improve safety at various rail crossings as well as at various grade separations in the San Gabriel Valley.

B. California State Association of Counties Excess Insurance Authority

The City became a member of California State Association of Counties Excess Insurance Authority (the “CSAC-EIA”) in July 2008. The CSAC-EIA is a risk sharing pool of California public agencies dedicated to controlling losses and providing effective risk management solutions. Membership is currently comprised of various member counties and various public entity organizations. The governing board consists of one representative from each member county and seven members elected by the public entity membership. Also see Note 15.

C. Foothill Air Support Team

The City joined the Foothill Air Support Team (“FAST”) in January 2011. FAST was developed in 1999 creating a joint helicopter patrol operation that could enhance member agencies ability to deter criminal activity and apprehend offenders. The governing board consists of one representative from each of the seven member agencies. There was no payments made during the year ended June 30, 2018.

City of Pomona
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 14 – Joint Powers Agreements (Continued)

D. Foothill Transit

The City is a member of the Foothill Transit Joint Powers Agreement. The JPA is comprised of 20 cities and the County of Los Angeles. The purpose of the authority is to provide a more efficient and cost effective local transportation service for the area. Each member city has one representative and three members are appointed by the Board of Supervisors.

Below are the most currently available condensed audited financial statements of the JPA as of June 30, 2018. Separate financial statements of Foothill Transit are available from its offices located in West Covina, California.

| | |
|---------------------------------|-----------------------|
| Assets | \$ 325,602,674 |
| Liabilities | 78,392,494 |
| Net Position | <u>\$ 247,210,180</u> |
| Revenues | \$ 17,688,164 |
| Expenses | 119,534,295 |
| Operating income | (101,846,131) |
| Nonoperating revenue (expenses) | 74,286,931 |
| Net income | (27,559,200) |
| Capital contributions | 27,778,636 |
| Net Position - July 1, 2017 | 246,990,744 |
| Net Position - June 30, 2018 | <u>\$ 247,210,180</u> |

E. 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, Ontario, Montclair, Irwindale, Pomona, San Dimas, Monrovia, Pasadena, and South Pasadena, and the San Bernardino Associated Governments (“SANBAG”). Los Angeles County Metropolitan Transportation Agency (“LACMTA”) will have the responsibility to operate and maintain the rail after its completion. Member agencies will be paid for attending meetings, not to exceed \$1,800 per year, per member agency, plus direct expenses. Member agencies are not allowed to withdraw from the GLCA and each member agency is required to pay \$31,445 in initial dues (first payments were due October 1, 2003) and each member will be held liable for its share of operating costs.

The City paid the joint venture \$0 during the year ended June 30, 2018. Assets are divided based on the proportionate equity share at the time the joint venture dissolves, which is currently not significant to the City.

F. Interagency Communications Interoperability System

The City participates in the Interagency Communications Interoperability System (“ICIS”) joint powers authority which became effective September 2003. The intent of ICIS is to provide public safety agencies with a formalized governance structure through which the participants may share resources to construct and manage a system for wide-area communications interoperability. The governing board is comprised of one member from each of the seven member agencies. The City paid \$46,000 in annual dues for the fiscal year ending June 30, 2018.

City of Pomona
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 14 – Joint Powers Agreements (Continued)

G. Los Angeles County Disaster Management Area D

The City has participated in the Disaster Management Area D joint powers agreement (“Area D JPA”) since 1958. The Area D JPA is intended to promote the coordination of disaster management, training and preparedness of the Area D member cities under the direction of the Disaster Management Area Board. The governing board includes one representative from each of the 23 member cities. Annual dues at the rate of \$0.05 per capita are paid and totaled \$7,498 for the fiscal year ending June 30, 2018.

H. Los Angeles Interagency Metropolitan Police Apprehensive Crime Task Force

The City joined the Los Angeles Interagency Metropolitan Police Apprehensive Crime Task Force (“LA Impact”) in March 2011. It is a compilation of numerous federal, state, and local law enforcement agencies in Los Angeles County, whose primary purpose is to investigate major crimes, with an emphasis on dismantling mid-to-major level drug trafficking organizations. Since its inception, LA Impact has grown to 80 Officers from 35 different Los Angeles County law enforcement agencies. The City is solely responsible for the salary and benefits of one (1) Police Sergeant position, currently assigned to this program, which is fully funded within the Police Department’s General Fund budget.

I. Pomona Valley Transportation Authority

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

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

The City does not have an equity interest in the PVRTA. However, the City does have an ongoing financial interest. Because the City also has an ongoing financial responsibility for continued funding of the PVRTA, the City is able to influence operations. As a result, the PVRTA uses its resources on behalf of the City.

Following are the most currently available condensed audited financial statements of the PVRTA as of June 30, 2018. Separate financial statements of the PVRTA are available from its offices located in La Verne, California.

| | |
|-----------------------------------|--------------|
| Assets | \$ 3,698,342 |
| Liabilities | \$ 1,707,643 |
| Contributed capital | 453,463 |
| Net position | 1,537,236 |
| Total liabilities and fund equity | \$ 3,698,342 |
| Operating revenues | \$ 276,577 |
| Operating expenses | 4,582,193 |
| Operating (income) | (4,305,616) |
| Nonoperating revenue | 4,436,634 |
| Net income | 131,018 |
| Net Position - July 1, 2017 | 1,406,218 |
| Net Position - June 30, 2018 | \$ 1,537,236 |

City of Pomona
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 14 – Joint Powers Agreements (Continued)

J. Pomona-Walnut-Rowland Joint Water Line Commission

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

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 \$5,316,826 during the year ended June 30, 2018, which is comprised of \$5,132,444 for water use and \$184,382 for capacity charges and other charges. 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, 2018, was \$830,671.

As of June 30, 2018, the three participants had the following approximate ownership equity interest:

| Member | Percentages | Agreement Balance |
|------------------------------|-------------|----------------------|
| City of Pomona | 28% | \$ 830,671 |
| Walnut Valley Water District | 43% | 1,275,672 |
| Rowland Water District | 28% | 830,671 |
| Unallocated | 1% | 29,666 |
| Total | 100% | \$ 2,966,680 |

The Commission’s condensed financial statements for the fiscal year ended June 30, 2018 is as follows:

| | |
|-------------------|---------------------|
| Total Assets | \$ 6,141,582 |
| Total Liabilities | 3,174,902 |
| Net Position | <u>\$ 2,966,680</u> |

The Commission does not recognize income or loss. Net operating expenditures in excess of users’ assessments are treated as accounts receivable on the Commission’s books and charged to each user’s account in the following year. Conversely, user’s assessments in excess of net operating expenditures are treated as a liability and credited against each user’s account, also in the following year. Under this basis, operating expenses for the Commission totaled \$20,602,587 compared to total operating revenues of \$20,175,221 for the year ended June 30, 2018. Complete financial statements can be obtained from the Pomona-Walnut-Rowland Joint Water Line Commission, P.O. Box 8460, Rowland Heights, CA 91748.

City of Pomona
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 14 – Joint Powers Agreements (Continued)

K. San Gabriel Valley Council of Governments

The City is a member of the San Gabriel Valley Council of Governments (the “Council”) which became effective March 1994. The Council provides member agencies a vehicle to voluntarily engage in regional and cooperative planning and coordination of government services and responsibilities to assist member agencies in the conduct of their affairs. The goal and intent of the Council is one of voluntary cooperation among members for the collective benefit of cities and unincorporated areas in the San Gabriel Valley. The governing board is comprised of one member from each of 31 member cities and the San Gabriel Valley Water Districts, except the County of Los Angeles. The County has three members who represent the unincorporated communities of Supervisor Districts 1, 4, and 5. All member agencies pay dues. The City paid \$32,843 in annual dues for the fiscal year ending June 30, 2018.

L. Tri-City Mental Health Center

The City is a member of the Tri City Mental Health Center (the “Center”). The Center is a jointly governed organization comprised of three cities and is organized under a Joint Powers Agreement pursuant to the California Government Code. The purpose of the Center is to develop mental health services and facilities to serve persons residing in the three member cities. The City’s contribution to the Center was \$43,675 for the year ended June 30, 2018.

The Board of Directors is comprised of seven members, two councilmembers from Pomona, one councilmember each from the cities of Claremont and La Verne, and one non-elected member from each of the three cities.

Below are the most currently available condensed audited financial statements of the Center as of June 30, 2018. Separate financial statements of the Center are available from its offices located in Pomona, California.

| | |
|---------------------------------|-----------------------------|
| Assets | \$ 42,343,362 |
| Deferred outflows of resources | 2,881,467 |
| Liabilities | 16,002,152 |
| Deferred inflows of resources | 8,749,850 |
| Net Position | <u>\$ 20,472,827</u> |
| Revenues | \$ 7,214,241 |
| Expenses | <u>18,364,019</u> |
| Operating income | (11,149,778) |
| Nonoperating revenue (expenses) | <u>15,183,659</u> |
| Net income | 4,033,881 |
| Net Position - July 1, 2017 | 16,438,946 |
| Net Position - June 30, 2018 | <u><u>\$ 20,472,827</u></u> |

City of Pomona
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 15 – Risk Management

The Self-Insurance Internal Service Fund is part of the City’s self-insurance program for general liability, workers’ compensation, and unemployment insurance. The City is a member of the California State Association of Counties Excess Insurance Authority (CSAC-EIA). Through CSAC-EIA, the City has a program limit of \$25 million dollars with a self-insured retention of \$1 million for its excess liability program and its worker’s compensation program. Additionally, the City purchases catastrophic excess liability coverage that provides an additional \$25 million in coverage.

CSAC-EIA is a governmental joint powers authority created by certain California counties and cities to provide a pooled approach to the members’ liability and excess workers’ compensation coverage as allowed under the California Government Code. The authority manages various types of pooled coverage programs for participating members.

As of June 30, 2018, estimated claims payable amounted to \$14,497,118.

The estimated claims payable is reported at June 30, 2018 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.

During the past three fiscal years, the City did not experience settlements or judgments that exceeded pooled coverage. There are no pending claims and judgments likely to have a material adverse effect on the financial position due within one year of June 30, 2018. The following is a summary of changes in claims liabilities over the past three fiscal years:

| Claims Payable | | | | |
|----------------|----------------------|---|--------------------|----------------|
| | Beginning Balance | Expenses and Changes in Estimates | Claims Payments | Ending Balance |
| June 30, 2016 | \$ 12,101,548 | \$ 5,581,864 | \$ (3,626,197) | \$ 14,057,215 |
| June 30, 2017 | 14,057,215 | 4,887,517 | (4,504,568) | 14,440,164 |
| June 30, 2018 | 14,440,164 | 5,435,161 | (5,378,207) | 14,497,118 |

Note 16 – Commitments and Contingencies

A. Agency Participation Agreement

On April 5, 2004, the City entered into a reclaimed water agreement with the Los Angeles County Sanitation District (“LACSD”). The agreement is for 20 years, beginning on July 1, 2003, and requires the City to sell its interest in the Northside Recycled Water Line, a 20” non-reinforced concrete gravity reclaimed water pipeline to the LACSD for \$441,730. Additionally, the contract provides the City with up to 2/3 of the supply of water from the plant which can then be sold by the City to other customers. The City receives discounted rates on water during the first 12 years of the agreement.

City of Pomona
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 16 – Commitments and Contingencies (Continued)

B. Contractual Commitments

The following schedule summarizes the major capital project contractual commitments of the City as of June 30, 2018:

| Vendors | Remaining Commitments |
|---------------------------|----------------------------|
| Hardy & Harper Inc. | \$3,740,495 |
| Telacu | 3,186,514 |
| Griffith Company | 1,716,245 |
| Acco Engineered Systems | 1,379,434 |
| Gentry Brothers | 559,330 |
| Ensafe Inc. | 399,401 |
| RMC Water & Environmental | 347,780 |
| All Weather Roofing | 335,333 |
| General Pump Co. | 332,895 |
| Willdan Engineering | 276,741 |
| All Other Commitment | 296,708 |
| Total | <u><u>\$12,570,876</u></u> |

The following summarizes the significant encumbrances by major funds at June 30, 2018:

| | Remaining Commitments |
|---|----------------------------|
| Miscellaneous Grants Special Revenue Fund | \$ 44,469 |
| Capital Outlay Capital Projects Fund | 11,108,808 |
| Water Enterprise Fund | 1,245,600 |
| Sewer Enterprise Fund | 171,997 |
| Total | <u><u>\$12,570,876</u></u> |

C. Lawsuits

The City is a defendant in certain other legal actions arising in the normal course of operations. As of June 30, 2018, in the opinion of City management, there were no additional outstanding matters that would have a significant effect on the financial position of the City.

City of Pomona
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 17 – Net Position and Fund Balance

A. Government-Wide Financial Statements

Net Investment in Capital Assets

The following is the calculation of net the investment in capital assets at June 30, 2018:

| | Primary Government | | |
|---|------------------------------------|-------------------------------------|-----------------------|
| | Governmental Activities | Business-Type Activities | Total |
| Capital assets, net of accumulated depreciation | \$ 279,227,452 | \$ 161,954,368 | \$ 441,181,820 |
| Less: Outstanding principal on capital related debt, net | (42,324,638) | (116,071,358) | (158,395,996) |
| Add: Deferred loss on refunding | 97,514 | 533,632 | 631,146 |
| Less: Deferred gain on refunding | (429,130) | (3,266,948) | (3,696,078) |
| Add: Unspent debt proceeds | 3,127,327 | 6,818,662 | 9,945,989 |
| Net investment in capital assets | <u>\$ 239,698,525</u> | <u>\$ 49,968,356</u> | <u>\$ 289,666,881</u> |

Unrestricted Net Position

The unrestricted net position for governmental activities has a deficit balance of \$257,496,100 at June 30, 2018.

B. Fund Financial Statements

Net Investment in Capital Assets

The following is the calculation of net investment in capital assets for the Proprietary Funds at June 30, 2018:

| | Enterprise Funds | | | | | Internal Service Funds |
|---|------------------|---------------|--------------|----------------|----------------|------------------------------|
| | Water | Sewer | Refuse | Canon Water | Total | |
| Capital assets, net of accumulated depreciation | \$ 126,924,127 | \$ 32,397,710 | \$ 2,614,500 | \$ 18,031 | \$ 161,954,368 | \$ 271,799 |
| Less: Outstanding principal on capital related debt, net | (89,191,443) | (25,636,312) | (1,243,603) | - | (116,071,358) | - |
| Add: Deferred loss on refunding | - | 533,632 | - | - | 533,632 | - |
| Less: Deferred gain on refunding | (3,266,948) | - | - | - | (3,266,948) | - |
| Add: Unspent debt proceeds | 4,026,287 | 2,792,375 | - | - | 6,818,662 | - |
| Net investment in capital assets | \$ 38,492,023 | \$ 10,087,405 | \$ 1,370,897 | \$ 18,031 | \$ 49,968,356 | \$ 271,799 |

City of Pomona
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 17 – Net Position and Fund Balance (Continued)

B. Fund Financial Statements (Continued)

Fund Balance Classification

The Governmental Funds' fund balance classification at June 30, 2018 is as follows:

| | Major Funds | | | | | | Nonmajor Governmental Funds | Total |
|---------------------------|----------------------|--|---|---|-------------------------|--|-----------------------------------|----------------------|
| | General | Housing Authority Special Revenue | Miscellaneous Grants Special Revenue | Capital Outlay Capital Project Revenue | General Debt Service | Public Financing Authority Debt Service | | |
| Nonspendable: | | | | | | | | |
| Prepaid items | \$ 11,795 | \$ 640 | \$ - | \$ - | \$ 855,878 | \$ - | \$ 8,441 | \$ 876,754 |
| Total nonspendable | 11,795 | 640 | - | - | 855,878 | - | 8,441 | 876,754 |
| Restricted: | | | | | | | | |
| Development service | - | 23,475,740 | - | - | - | - | 20,352,663 | 43,828,403 |
| Public safety | 17,170 | - | - | - | - | - | 1,042,789 | 1,059,959 |
| Neighborhood service | - | - | 19,442,106 | - | - | - | - | 19,442,106 |
| Capital projects | - | - | - | 4,919,246 | - | - | 59,065 | 4,978,311 |
| Debt service | - | - | - | - | - | 79,522,432 | - | 79,522,432 |
| Total restricted | 17,170 | 23,475,740 | 19,442,106 | 4,919,246 | - | 79,522,432 | 21,454,517 | 148,831,211 |
| Committed: | | | | | | | | |
| Fiscal sustainability | 16,635,397 | - | - | - | - | - | - | 16,635,397 |
| Total committed | 16,635,397 | - | - | - | - | - | - | 16,635,397 |
| Unassigned | 1,309,638 | - | - | - | (75,099,622) | - | (448,816) | (74,238,800) |
| Total | \$ 17,974,000 | \$ 23,476,380 | \$ 19,442,106 | \$ 4,919,246 | \$ (74,243,744) | \$ 79,522,432 | \$ 21,014,142 | \$ 92,104,562 |

The City Council adopted the fiscal sustainability policy through resolution. At the end of each fiscal year, the City maintain a committed fund balance equal to 17% of operating expenditures plus transfers. The funding can be spent on economic uncertainties, reductions or interruptions of revenue streams, natural disasters, financial hardships or downturns in local or national economy, and cash flow requirements.

Note 18 – Successor Agency Trust for Assets of Former Redevelopment Agency

On June 28, 2011, Governor Jerry Brown signed into law two bills that amended California Community Redevelopment Law in order to address the state's ongoing budget deficit. ABx1 26 ("the Bill") dissolved all California redevelopment agencies ("RDAs") effective October 1, 2011. This legislation prevented RDAs from engaging in new activities and outlined a process for winding down the RDA's financial affairs. It also set forth a process for distributing funds from the former RDAs to other local taxing entities. A companion bill, ABx1 27, was also passed, which allowed individual RDAs to avoid dissolution if they agreed to make substantial annual payments into a Special District Allocation Fund and Educational Revenue Augmentation Fund.

City of Pomona
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 18 – Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

In response, the California Redevelopment Association, the League of California Cities and other parties filed petitions with the California Supreme Court challenging the constitutionality of both ABx1 26 and ABx1 27. On December 29, 2011, the California Supreme Court upheld the constitutionality of ABX1 26, while striking down ABx1 27 as unconstitutional. The ruling in California Redevelopment Association v. Matosantos also extended some of the deadlines stipulated in ABx1 26 due to delays caused by the litigation. As a result, approximately 400 RDAs were dissolved on February 1, 2012, with the assets and liabilities transferred to Successor Agencies and Successor Housing Agencies pursuant to ABx1 26.

The California State Legislature made additional changes to the dissolution process when Governor Jerry Brown signed AB 1484 into law on June 27, 2012. This legislation made a variety of substantive amendments to the original Dissolution Act. These actions impacted the reporting entity of the City of Pomona that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit.

The Bill provides that upon dissolution of a redevelopment agency, either the City or another unit of local government would agree to serve as the “successor agency” to hold the assets until the assets were distributed to other units of state and local government. On January 9, 2012, the City Council adopted resolution number 2012-8 electing to assume the responsibility of Successor Agency for the former Pomona Redevelopment Agency.

After enactment of the law, redevelopment agencies in the State of California could not enter into new projects, obligations or commitments. Subject to the control of an established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution. Subsequent to the dissolution, Successor Agencies are only allocated revenue up to the amount necessary to pay the estimated annual installment payments on enforceable obligation of the former redevelopment agency until all enforceable obligations have been paid in full and all assets have been liquidated.

The Bill directed the State Controller of the State of California to review the propriety of any transfers of assets between Redevelopment Agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers was not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller was required to order the available assets to be transferred to the public body designated as the successor agency by the Bill. The State completed its required audit and provided the Successor Agency its report on November 26, 2014.

Management believes, in consultation with legal counsel, that the obligations of the former Redevelopment Agency due to the City are valid enforceable obligations payable by the Successor Agency trust under the requirements of the Bill. The City’s position on this issue is not a position of settled law and there is considerable legal uncertainty regarding this issue. It is reasonably possible that a legal determination may be made at a later date by an appropriate judicial authority that would resolve this issue unfavorably to the City.

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012.

A. Cash and Investments

The following is a summary of cash and investments of the Successor Agency at June 30, 2018:

| | |
|----------------------|----------------------|
| Cash and investments | \$ 11,833,496 |
| Restricted cash | 46,423,836 |
| Total | <u>\$ 58,257,332</u> |

City of Pomona
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 18 – Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

A. Cash and Investments (Continued)

The Successor Agency's cash and investments are pooled with the City's cash and investment in order to generate optimum interest income. The share of the pooled cash account is separately accounted for, and investment income is allocated to all participating funds based on the relationship of average quarterly cash balances to the total of the pooled cash and investments. Information regarding the authorized types of deposits and investments, the type of risks (i.e. credit, interest rate, custodial, etc.) and other disclosures associated with the City's pooled cash and investments is reported in Note 2.

B. Loans Receivable (Net)

At June 30, 2018, the Successor Agency's net loans receivable consisted of the following:

| | Balance July 1, 2017 | Additions | Deletions | Balance June 30, 2018 |
|---------------------------|-------------------------|-------------|-------------|--------------------------|
| Business Assistance Loans | \$ 1,660,600 | \$ - | \$ - | \$ 1,660,600 |
| Pomona Fox Theater | 1,289,060 | - | - | 1,289,060 |
| Pomona Fox Theater | 1,150,000 | - | - | 1,150,000 |
| Total | <u>\$ 4,099,660</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 4,099,660</u> |

Business Assistance Loans

The former Redevelopment Agency entered into business assistance loan agreements with local businesses for redevelopment purposes. The term of the loans varies and bears interest rates ranges from 0% to 4% annum. Outstanding balance at June 30, 2018 was \$1,660,600.

Pomona Fox Theater

In 2007, the former Redevelopment Agency entered into Disposition and Development Agreement with Gerald Investments, Inc. (later assigned to Pomona Fox Theater, LLC), for the sale and redevelopment of the Pomona Fox Theater as a multi-use entertainment complex. The Pomona Fox Theater was sold at \$1,600,000, with \$25,000 due at the opening of escrow and \$275,000 at the close of escrow. The remaining \$1,300,000 was secured by a promissory note, amortized over 30 years at interest rate of 7% annum. Outstanding balance at June 30, 2018 was \$1,289,060.

In 2008, the former Redevelopment Agency appropriated \$1,150,000 from Series AD to the Pomona Fox Theater, LLC as an advance payment for public use of the Theater. The funding was used to purchase and install lighting and sound equipment at the Pomona Fox Theater. Outstanding balance at June 30, 2018 was \$1,150,000.

C. Land Held for Resale

At June 30, 2018, land held for resale in the amount of \$12,666,358 is recorded at the acquisition cost in the Successor Agency Trust Fund.

City of Pomona
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 18 – Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

D. Capital Assets

The following is a summary of changes in capital assets for the Successor Agency for the year ended June 30, 2018:

| | Balance July 1, 2017 | Additions | Deletions | Balance June 30, 2018 |
|---------------------------------------|-------------------------|------------|-----------|--------------------------|
| Nondepreciable assets: | | | | |
| Land | \$ 125,423 | \$ - | \$ - | \$ 125,423 |
| Total nondepreciable assets | 125,423 | - | - | 125,423 |
| Depreciable assets: | | | | |
| Building and building improvements | 63,126 | - | - | 63,126 |
| Improvements other than buildings | 148,995 | - | - | 148,995 |
| Machinery and equipment | 429,179 | - | - | 429,179 |
| Furniture and fixtures | 8,361 | - | - | 8,361 |
| Autos and trucks | 19,513 | - | - | 19,513 |
| Total capital assets, at cost | 669,174 | - | - | 669,174 |
| Less accumulated depreciation: | | | | |
| Building and building improvements | (16,413) | (1,262) | - | (17,675) |
| Improvements other than buildings | (137,075) | (5,961) | - | (143,036) |
| Machinery and equipment | (429,179) | - | - | (429,179) |
| Furniture and fixtures | (8,361) | - | - | (8,361) |
| Autos and trucks | (19,513) | - | - | (19,513) |
| Total accumulated depreciation | (610,541) | (7,223) | - | (617,764) |
| Total depreciable assets, net | 58,633 | (7,223) | - | 51,410 |
| Total capital assets, net | \$ 184,056 | \$ (7,223) | \$ - | \$ 176,833 |

E. Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the Successor Agency for the year ended June 30, 2018:

| | Balance July 1, 2017 | Additions | Deletions | Balance June 30, 2018 | Due within One Year |
|--|-------------------------|-----------|-------------|--------------------------|------------------------|
| Pollution remediation obligations | \$ 1,700,000 | \$ - | \$ (26,537) | \$ 1,673,463 | \$ 1,673,463 |
| County deferred tax loans | 56,205,700 | 4,320,887 | - | 60,526,587 | - |
| Notes payable | 893,501 | - | (29,337) | 864,164 | 864,164 |
| Tax allocation bonds | 6,290,000 | - | (305,000) | 5,985,000 | 325,000 |
| Advances from the Public Financing Authority | 143,265,000 | - | (6,510,000) | 136,755,000 | 6,840,000 |
| Advances from the Housing Authority | | | | | |
| SERAF loan | 4,000,000 | - | - | 4,000,000 | - |
| Compensated absences | 43,070 | 35,997 | (7,410) | 71,657 | 658 |
| Total | 212,397,271 | 4,356,884 | (6,878,284) | 209,875,871 | 9,703,285 |

City of Pomona
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 18 – Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

E. Long-Term Liabilities (Continued)

Pollution Remediation Obligations

The dissolution law that eliminated all redevelopment agencies in the State requires that all assets of the former Redevelopment Agency be sold, following State approval of the Long Range Property Management Plan (“LRPMP”). On October 7, 2014, the Successor Agency received State approval for the sale of a property. The property was the location of a former landfill and is subject to remedial action. As of June 30, 2018, the remediation cost is estimated at \$1,673,463. Sale of the property is contingent upon the completion of the remediation.

County Deferred Tax Loans

At June 30, 2018, the County deferred tax loans consisted of the following:

| | Balance July 1, 2017 | Accrued Interest | Deletions | Balance June 30, 2018 |
|--|-------------------------|---------------------|-----------|--------------------------|
| Southwest Pomona Project Area | \$ 47,055,548 | \$ 3,293,888 | \$ - | \$ 50,349,436 |
| South Garey/Freeway Corridor Project Area | 9,150,152 | 1,026,999 | - | 10,177,151 |
| Total | <u>56,205,700</u> | <u>4,320,887</u> | <u>-</u> | <u>60,526,587</u> |

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

Notes Payable

| | Balance July 1, 2017 | Additions | Deletions | Balance June 30, 2018 | Due within One Year |
|---------------|-------------------------|-----------|-----------------|--------------------------|------------------------|
| PVEF Note | \$ 167,129 | \$ - | \$ - | \$ 167,129 | \$ 167,129 |
| US Bank Loans | 726,372 | - | (29,337) | 697,035 | 697,035 |
| Total | <u>893,501</u> | <u>-</u> | <u>(29,337)</u> | <u>864,164</u> | <u>864,164</u> |

Pomona Valley Education Foundation Note (PVEF Note)

In March 2008, the former Redevelopment Agency partially financed the purchase of properties from the Pomona Valley Education Foundation with a promissory note (the “Note”) of \$167,129. The Note is secured by a Second Trust Deed on the properties. In five years after closing, the Note is to accrue interest at a rate of 5% with the unpaid balance all due and payable in ten years.

City of Pomona
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 18 – Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

E. Long-Term Liabilities (Continued)

Notes Payable (Continued)

Pomona Valley Education Foundation Note (PVEF Note) (Continued)

The annual debt service requirements outstanding at June 30, 2018, is as follows:

| Year Ended June 30, | Principal | Interest | Total |
|---------------------|------------|-----------|------------|
| 2019 | \$ 167,129 | \$ 14,621 | \$ 181,750 |
| Total | \$ 167,129 | \$ 14,621 | \$ 181,750 |

US Bank Loans

In March 2008, the former Redevelopment Agency partially financed the purchase of properties from the Pomona Valley Education Foundation by assuming existing loans on the properties totaling \$988,730 bearing an adjustable interest rate not to exceed 12.250% from U.S. Bank.

The annual debt service requirements at June 30, 2018, is as follows:

| Year Ended June 30, | Principal | Interest | Total |
|---------------------|------------|----------|------------|
| 2019 | \$ 697,035 | \$ 4,464 | \$ 701,499 |
| Total | \$ 697,035 | \$ 4,464 | \$ 701,499 |

* Interest rate is adjustable and was calculated using two separate interest rates as of June 30, 2018.

Tax Allocation Bonds

| | Balance July 1, 2017 | Additions | Deletions | Balance June 30, 2018 | Due within One Year |
|-------------------------------------|-------------------------|-----------|--------------|--------------------------|------------------------|
| 1998 Tax Allocation Bonds, Series X | \$ 460,000 | \$ - | \$ (45,000) | \$ 415,000 | \$ 50,000 |
| 1998 Tax Allocation Bonds, Series Y | 5,830,000 | | (260,000) | 5,570,000 | 275,000 |
| Total | \$ 6,290,000 | \$ - | \$ (305,000) | \$ 5,985,000 | \$ 325,000 |

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

On October 1, 1998, the former Redevelopment Agency issued \$5,055,000 in 1998 Tax Allocation Refunding Bonds, Series X, for the Mountain Meadows Redevelopment Project to refund \$4,360,000 of the loan between the former Redevelopment Agency and the Public Financing Authority related to the Public Financing Authority's 1993 Refunding Revenue Bonds, Series N.

City of Pomona
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 18 – Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

E. Long-Term Liabilities (Continued)

Tax Allocation Bonds (Continued)

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

Interest is payable semiannually on June 1 and December 1 at rates varying from 3.0% to 5.1% per annum. \$3,595,000 of bond principal is payable in annual installments ranging from \$95,000 to \$300,000 through December 1, 2013. Term bonds of \$1,000,000 and \$460,000 mature on December 1, 2016 and December 1, 2024, respectively, and are subject to mandatory redemption from a sinking fund account in amounts ranging from \$45,000 to \$350,000, as outlined in the bonds' official statement. A municipal bond insurance policy has been issued that insures the payment of the principal and interest on the bonds when due. During 2007, the bonds in the amount of \$790,000 were refunded by the 2006 Taxable Revenue Bonds, series AT.

The annual debt service requirements outstanding at June 30, 2018, is as follows:

| Year Ended June 30, | Principal | Interest | Total |
|---------------------|-------------------|------------------|-------------------|
| 2019 | \$ 50,000 | \$ 21,060 | \$ 71,060 |
| 2020 | 50,000 | 18,360 | 68,360 |
| 2021 | 55,000 | 15,525 | 70,525 |
| 2022 | 60,000 | 12,420 | 72,420 |
| 2023 | 65,000 | 9,045 | 74,045 |
| 2024-2025 | 135,000 | 7,425 | 142,425 |
| Total | <u>\$ 415,000</u> | <u>\$ 83,835</u> | <u>\$ 498,835</u> |

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

On October 1, 1998, the former Redevelopment Agency issued \$8,980,000 in 1998 Tax Allocation Refunding Bonds, Series Y, for the West Holt Avenue Redevelopment Project to refund \$7,130,000 of the loan between the former Redevelopment Agency and Public Financing Authority related to the Public Financing Authority's 1993 Refunding Revenue Bonds, Series N, and to finance certain redevelopment activities within the West Holt Avenue Project Area.

Interest on the bonds is payable semiannually on November 1 and May 1 at rates varying from 3.0% to 5.0% per annum. \$1,770,000 of bond principal is payable in annual installments ranging from \$115,000 to \$180,000 through May 1, 2011. Terms bonds of \$390,000, \$2,360,000 and \$4,380,000 mature on May 1, 2013, May 1, 2022, and May 1, 2032, respectively, and are subject to mandatory redemption from a sinking fund account in amounts ranging from \$190,000 to \$550,000 as outlined in the bonds' official statements. Bonds maturing on May 1, 2009 through May 1, 2011 are subject to redemption prior to maturity, as a whole or in part, at the option of the Agency on any date on or after May 1, 2008 at redemption prices ranging from 100% to 101% of principal. A municipal bond insurance policy has been issued that insures the payment of the principal and interest on the bonds when due. During 2007, the bonds in the amount of \$645,000 were refunded by the 2006 Taxable Revenue Bonds, Series AT.

City of Pomona
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 18 – Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

E. Long-Term Liabilities (Continued)

Tax Allocation Bonds (Continued)

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

The annual debt service requirements outstanding at June 30, 2018, is as follows:

| Year Ended June 30, | Principal | Interest | Total |
|---------------------|---------------------|---------------------|---------------------|
| 2019 | \$ 275,000 | \$ 305,755 | \$ 580,755 |
| 2020 | 290,000 | 290,768 | 580,768 |
| 2021 | 305,000 | 274,963 | 579,963 |
| 2022 | 320,000 | 258,340 | 578,340 |
| 2023 | 340,000 | 240,900 | 580,900 |
| 2024-2028 | 2,005,000 | 902,000 | 2,907,000 |
| 2029-2032 | 2,035,000 | 287,100 | 2,322,100 |
| Total | <u>\$ 5,570,000</u> | <u>\$ 2,559,826</u> | <u>\$ 8,129,826</u> |

Advances from the Public Financing Authority

The Public Financing Authority issued various debt instruments and advanced the proceeds to the former Redevelopment Agency, subsequently the Successor Agency, for the purposes described below for each debt issued. The Successor Agency is responsible for installment payments to the Public Financing Authority in amounts equal to the debt service requirement. The following is a summary of changes for the year ended June 30, 2018, of the long-term debts issued through the Public Financing Authority with proceeds advanced to the Successor Agency:

| | Balance July 1, 2017 | Additions | Deletions | Balance June 30, 2018 | Due within One Year |
|---|-------------------------|-----------|--------------------|--------------------------|------------------------|
| 1998 Revenue Refunding Bonds, Series W | \$ 34,860,000 | \$ - | \$ (495,000) | \$ 34,365,000 | \$ 520,000 |
| 2001 Revenue Refunding Bonds, Series AD | 26,070,000 | - | (2,350,000) | 23,720,000 | 2,470,000 |
| 2003 Revenue Refunding Bonds, Series AH | 15,725,000 | - | (1,520,000) | 14,205,000 | 1,540,000 |
| 2005 Taxable Housing Tax Revenue Bonds, Series AQ | 7,355,000 | - | (345,000) | 7,010,000 | 365,000 |
| 2006 Revenue Bonds, Series AS | 25,740,000 | - | (105,000) | 25,635,000 | 165,000 |
| 2006 Taxable Revenue Bonds, Series AT | 6,015,000 | - | (465,000) | 5,550,000 | 490,000 |
| 2007 Subordinate Revenue Bonds, Series AW | 6,820,000 | - | (305,000) | 6,515,000 | 320,000 |
| 2006 Subordinate Revenue Bonds, Series AX | 20,680,000 | - | (925,000) | 19,755,000 | 970,000 |
| Total | <u>143,265,000</u> | <u>-</u> | <u>(6,510,000)</u> | <u>136,755,000</u> | <u>6,840,000</u> |

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

On March 1, 1998, the Public Financing Authority issued \$52,335,000 in 1998 Revenue Refunding Bonds, Series W for the purpose of making an advance to the former Redevelopment Agency for refinancing the 1983 Refunding Southwest Pomona RDA Tax Allocation Bonds, refinancing in whole the 1994 variable Rate Demand Refunding Revenue Bonds, Series M Bonds, and refinancing a portion of the 1993 Local Agency Revenue Bonds, Series L. The prior bonds, now retired, were issued to finance or refinance certain improvements in the Southwest Pomona Redevelopment Area.

City of Pomona
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 18 – Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

E. Long-Term Liabilities (Continued)

Advances from the Public Financing Authority (Continued)

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

Interest on the bonds is payable semiannually on each August 1 and February 1. The rates of interest range from 3.8% to 5% per annum. Principal is payable in annual installments ranging from \$30,000 to \$4,105,000. Term bonds of \$3,005,000, \$16,690,000 and \$29,285,000 mature on February 1, 2018, February 1, 2024 and February 1, 2030, respectively, and are subject to mandatory redemption from a sinking fund account in amounts ranging from \$545,000 to \$5,495,000, as outlined in the bond's official statement. MBIA has issued a municipal bond insurance policy that insures the payment of the principal and interest on the bonds when due. During 2007, the bonds in the amount of \$13,305,000 were refunded by the 2006 Revenue Bonds, Series AS, 2006 Taxable Revenue Bonds, Series AT, and 2006 Subordinate Revenue Bonds, Series AX.

The annual debt service requirements for the 1998 Revenue Bonds, Refunding Series W outstanding at June 30, 2018, is as follows:

| Year Ended June 30, | Principal | Interest | Total |
|---------------------|----------------------|----------------------|----------------------|
| 2019 | \$ 520,000 | \$ 1,718,250 | \$ 2,238,250 |
| 2020 | 545,000 | 1,692,250 | 2,237,250 |
| 2021 | 2,645,000 | 1,665,000 | 4,310,000 |
| 2022 | 2,780,000 | 1,532,750 | 4,312,750 |
| 2023 | 2,920,000 | 1,393,750 | 4,313,750 |
| 2024-2028 | 16,935,000 | 4,627,500 | 21,562,500 |
| 2029-2030 | 8,020,000 | 606,250 | 8,626,250 |
| Total | <u>\$ 34,365,000</u> | <u>\$ 13,235,750</u> | <u>\$ 47,600,750</u> |

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

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

Interest on the bonds is payable semiannually on each August 1 and February 1. The rates of interest range from 3.50% to 5.39% per annum. Principal is payable in annual installments ranging from \$95,000 to \$2,470,000. 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.

City of Pomona
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 18 – Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

E. Long-Term Liabilities (Continued)

Advances from the Public Financing Authority (Continued)

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

The annual debt service requirements for the 2001 Revenue Bonds, Series AD outstanding at June 30, 2018, is as follows:

| <u>Year Ended June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|----------------------------|----------------------|---------------------|----------------------|
| 2019 | \$ 2,470,000 | \$ 1,186,000 | \$ 3,656,000 |
| 2020 | 2,175,000 | 1,062,500 | 3,237,500 |
| 2021 | 1,435,000 | 953,750 | 2,388,750 |
| 2022 | 1,500,000 | 882,000 | 2,382,000 |
| 2023 | 1,575,000 | 807,000 | 2,382,000 |
| 2024-2028 | 8,895,000 | 2,773,500 | 11,668,500 |
| 2029-2033 | 5,670,000 | 701,500 | 6,371,500 |
| Total | <u>\$ 23,720,000</u> | <u>\$ 8,366,250</u> | <u>\$ 32,086,250</u> |

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

On November 1, 2003, the Public Financing Authority issued \$46,650,000 in 2003 Revenue Bonds, Series AH, to provide funds for a loan to the former Redevelopment Agency for certain improvements and to refinance certain former Redevelopment Agency obligations to the Public Financing Authority, including defeasance of 1993 Series L.

Interest on the bonds is payable semiannually on each August 1 and February 1. The rates of interest range from 3.70% to 5.25% per annum. Principal is payable in annual installments ranging from \$370,000 to \$4,870,000. Term bonds of \$2,410,000 and \$10,145,000 mature on February 28, 2028 and 2034, respectively.

During 2007, the bonds in the amount of \$17,110,000 were refunded by the 2006 Revenue Bonds, Series AS, 2006 Taxable Revenue Bonds, Series AT, and 2006 Subordinate Revenue Bonds, Series AX.

The annual debt service requirements for the 2003 Revenue Bonds, Series AH outstanding at June 30, 2018, is as follows:

| <u>Year Ended June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|----------------------------|----------------------|---------------------|----------------------|
| 2019 | \$ 1,540,000 | \$ 706,138 | \$ 2,246,138 |
| 2020 | 1,805,000 | 625,288 | 2,430,288 |
| 2021 | 370,000 | 530,525 | 900,525 |
| 2022 | 385,000 | 514,615 | 899,615 |
| 2023 | 395,000 | 497,290 | 892,290 |
| 2024-2028 | 2,260,000 | 2,182,220 | 4,442,220 |
| 2029-2033 | 7,180,000 | 1,133,798 | 8,313,798 |
| 2034 | 270,000 | 13,365 | 283,365 |
| Total | <u>\$ 14,205,000</u> | <u>\$ 6,203,239</u> | <u>\$ 20,408,239</u> |

City of Pomona
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 18 – Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

E. Long-Term Liabilities (Continued)

Advances from the Public Financing Authority (Continued)

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

On December 1, 2005, the Public Financing Authority issued \$10,065,000 in 2005 Taxable Housing Tax Revenue Bonds, Series AQ, to provide funds to make a loan to the former Redevelopment Agency for the purpose of financing redevelopment activities with respect to the Merged Redevelopment Project Area.

Interest on the bonds is payable semiannually on each August 1 and February 1. The rates of interest range from 5.23% to 6.25% per annum. Principal is payable in annual installments ranging from \$100,000 to \$750,000. The bonds are secured by monies in the Redevelopment Property Tax Trust Fund (RPTTF) monies for the Recognized Obligation Payment Schedules (ROPS).

The annual debt service requirements for the 2005 Taxable Housing Tax Revenue Bonds, Series AQ outstanding at June 30, 2018, is as follows:

| <u>Year Ended June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|----------------------------|---------------------|---------------------|----------------------|
| 2019 | \$ 365,000 | \$ 429,738 | \$ 794,738 |
| 2020 | 390,000 | 406,925 | 796,925 |
| 2021 | 415,000 | 382,550 | 797,550 |
| 2022 | 440,000 | 356,612 | 796,612 |
| 2023 | 465,000 | 329,113 | 794,113 |
| 2024-2028 | 2,805,000 | 1,172,362 | 3,977,362 |
| 2029-2031 | 2,130,000 | 260,400 | 2,390,400 |
| Total | <u>\$ 7,010,000</u> | <u>\$ 3,337,700</u> | <u>\$ 10,347,700</u> |

2006 Revenue Bonds, Series AS – Original Issuance \$26,305,000

On December 1, 2006, the Public Financing Authority issued \$26,305,000 in 2006 Revenue Bonds, Series AS, to make a loan to the former Redevelopment Agency for the purpose of refinancing a portion of the Public Financing Authority's 1998 Refunding Revenue Bonds, Series W, 2003 Revenue Bonds, Series AH, and 2003 Subordinate Revenue Bonds, Series AI.

Interest on the bonds is payable semiannually on each August 1 and February 1. The rates of interest range from 3.50% to 5.00% per annum. Principal is payable in annual installments ranging from \$65,000 to \$5,400,000. The bonds are secured by certain revenues on the Series AS Loan pursuant to a Loan Agreement, dated as of December 1, 2006, between the Public Financing Authority and the former Redevelopment Agency. The loan payments are limited obligations of the Successor Agency payable solely from and secured by the pledged tax revenues to be derived from the Successor Agency's project area remaining after payment of the Senior Obligations.

City of Pomona
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 18 – Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

E. Long-Term Liabilities (Continued)

Advances from the Public Financing Authority (Continued)

2006 Revenue Bonds, Series AS – Original Issuance \$26,305,000 (Continued)

The annual debt service requirements for the 2006 Revenue Bonds, Series AS outstanding at June 30, 2018, is as follows:

| Year Ended June 30, | Principal | Interest | Total |
|---------------------|----------------------|----------------------|----------------------|
| 2019 | \$ 165,000 | \$ 1,238,435 | \$ 1,403,435 |
| 2020 | 235,000 | 1,232,000 | 1,467,000 |
| 2021 | 450,000 | 1,222,600 | 1,672,600 |
| 2022 | 415,000 | 1,204,600 | 1,619,600 |
| 2023 | 255,000 | 1,187,481 | 1,442,481 |
| 2024-2028 | 2,375,000 | 5,770,400 | 8,145,400 |
| 2029-2033 | 13,295,000 | 4,317,250 | 17,612,250 |
| 2034-2038 | 5,750,000 | 1,326,125 | 7,076,125 |
| 2039-2041 | 2,695,000 | 226,125 | 2,921,125 |
| Total | <u>\$ 25,635,000</u> | <u>\$ 17,725,016</u> | <u>\$ 43,360,016</u> |

2006 Taxable Revenue Bonds, Series AT – Original Issuance \$8,355,000

On December 1, 2006, the Public Financing Authority issued \$8,355,000 in 2006 Taxable Revenue Bonds, Series AT, to make a loan to the former Redevelopment Agency for the purpose of refinancing a portion of the Public Financing Authority's 1998 Refunding Revenue Bonds, Series W, 2003 Revenue Bonds, Series AH, 1998 Tax Allocation Refunding Bonds, Series X (now retired), and 1998 Tax Allocation Refunding Bonds, Series Y (now retired).

Interest on the bonds is payable semiannually on each August 1 and February 1. The rates of interest range from 5.289% to 5.718% per annum. Principal is payable in annual installments ranging from \$340,000 to \$760,000. The bonds are secured by certain revenues on the Series AT Loan pursuant to a Loan Agreement, dated as of December 1, 2006 between the Public Financing Authority and the former Redevelopment Agency. The loan payments are limited obligations of the Successor Agency payable solely from and secured by the pledged tax revenues to be derived from the Successor Agency's project area remaining after payment of the Senior Obligations.

The annual debt service requirements for the 2006 Taxable Revenue Bonds, Series AT outstanding at June 30, 2018, is as follows:

| Year Ended June 30, | Principal | Interest | Total |
|---------------------|---------------------|---------------------|---------------------|
| 2019 | \$ 490,000 | \$ 317,349 | \$ 807,349 |
| 2020 | 520,000 | 289,331 | 809,331 |
| 2021 | 545,000 | 259,597 | 804,597 |
| 2022 | 580,000 | 228,434 | 808,434 |
| 2023 | 610,000 | 195,270 | 805,270 |
| 2024-2027 | 2,805,000 | 411,981 | 3,216,981 |
| Total | <u>\$ 5,550,000</u> | <u>\$ 1,701,962</u> | <u>\$ 7,251,962</u> |

City of Pomona
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 18 – Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

E. Long-Term Liabilities (Continued)

Advances from the Public Financing Authority (Continued)

2007 Subordinate Revenue Bonds, Series AW – Original Issuance \$8,375,000

On July 1, 2007, the Public Financing Authority issued \$8,375,000 in 2007 Subordinate Revenue Bonds, Series AW, to provide funds for a loan to the former Redevelopment Agency for certain improvements, funding a reserve account for the Bonds and paying costs of issuing the Bonds.

Interest on the Bonds is payable semiannually on each February 1 and August 1. The rates of interest range from 4.250% to 5.125% per annum. Principal on \$1,348,000 of the subordinate bonds is payable in annual installments ranging from \$230,000 to \$285,000. Term bonds of \$625,000, \$1,910,000 and \$4,285,000 mature on February 1, 2019, February 1, 2024, and February 1, 2033, respectively.

The annual debt service requirements for the 2007 Subordinate Revenue Bonds, Series AW outstanding at June 30, 2018, is as follows:

| Year Ended June 30, | Principal | Interest | Total |
|---------------------|---------------------|---------------------|---------------------|
| 2019 | \$ 320,000 | 330,306 | \$ 650,306 |
| 2020 | 335,000 | 315,106 | 650,106 |
| 2021 | 345,000 | 298,356 | 643,356 |
| 2022 | 390,000 | 281,106 | 671,106 |
| 2023 | 390,000 | 261,606 | 651,606 |
| 2024-2028 | 2,190,000 | 996,250 | 3,186,250 |
| 2029-2033 | 2,545,000 | 376,688 | 2,921,688 |
| Total | <u>\$ 6,515,000</u> | <u>\$ 2,859,418</u> | <u>\$ 9,374,418</u> |

2006 Subordinate Revenue Bonds, Series AX – Original Issuance \$25,865,000

On December 1, 2006, the Public Financing Authority issued \$25,865,000 in 2006 Subordinate Revenue Bonds, Series AX, to make a loan to the former Redevelopment Agency for the purpose of refinancing a portion of the Public Financing Authority's 1998 Refunding Revenue Bonds, Series W, 2003 Revenue Bonds, Series AH, and 2003 Subordinate Revenue Bonds, Series AI (now retired), and financing certain improvements in the former Redevelopment Agency's Merged Redevelopment Project.

Interest on the bonds is payable semiannually on each August 1 and February 1. The rates of interest range from 4.00% to 5.00% per annum. Principal is payable in annual installments ranging from \$145,000 to \$1,515,000. The bonds are secured by certain revenues on the Series AX Loan pursuant to a Loan Agreement, dated as of December 1, 2006, between the Public Financing Authority and the former Redevelopment Agency. The loan payments are limited obligations of the Successor Agency payable solely from and secured by the Subordinate Tax Revenues to be derived from the Successor Agency's project area remaining after payment of the Senior/ Subordinate Obligations.

City of Pomona
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 18 – Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

E. Long-Term Liabilities (Continued)

Advances from the Public Financing Authority (Continued)

2006 Subordinate Revenue Bonds, Series AX – Original Issuance \$25,865,000

The annual debt service requirements for the 2006 Subordinate Revenue Bonds, Series AX outstanding at June 30, 2018, is as follows:

| <u>Year Ended June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|----------------------------|----------------------|---------------------|----------------------|
| 2019 | \$ 970,000 | \$ 964,710 | \$ 1,934,710 |
| 2020 | 975,000 | 922,030 | 1,897,030 |
| 2021 | 1,020,000 | 879,130 | 1,899,130 |
| 2022 | 1,050,000 | 834,250 | 1,884,250 |
| 2023 | 1,055,000 | 787,000 | 1,842,000 |
| 2024-2028 | 6,055,000 | 3,094,250 | 9,149,250 |
| 2029-2033 | 6,670,000 | 1,433,750 | 8,103,750 |
| 2034-2038 | 1,355,000 | 326,000 | 1,681,000 |
| 2039-2041 | 605,000 | 56,500 | 661,500 |
| Total | <u>\$ 19,755,000</u> | <u>\$ 9,297,620</u> | <u>\$ 29,052,620</u> |

Advances from the Housing Authority

| | <u>Balance July 1, 2017</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance June 30, 2018</u> |
|------------|---------------------------------|------------------|------------------|----------------------------------|
| SERAF loan | <u>\$ 4,000,000</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 4,000,000</u> |

On July 24, 2009, Assembly Bill AB4-26 that shifts former Redevelopment Agency funds and established a Supplemental Educational Revenue Augmentation Fund (“SERAF”) was passed. It was a “budget trailer bill” that was part of the State’s legislation to balance its budget. The former Redevelopment Agency of the City of Pomona’s share of SERAF obligation was \$8,264,547 in Fiscal Year 2009-10 and \$1.7 million in Fiscal Year 2010-11. Health and Safety Code Section 33690(c) provides that a redevelopment agency, which made a finding that insufficient monies were available to fund its SERAF obligation in Fiscal Years 2009-10 or 2010-11, may borrow funds from its Low and Moderate Income Housing Fund to make the full SERAF payment. On May 3, 2010, the Redevelopment Agency Board authorized a loan of \$5,000,000 from the Low-Mod Fund to provide partial funding for the balance of the SERAF payment due. The Successor Agency’s outstanding balance on the note as of June 30, 2018, is \$4,000,000.

Pledged Tax Revenues

The City has pledged, as security for bonds issued, either directly or through the Pomona Public Financing Authority, certain tax revenues to the repayment of certain Successor Agency debts (bonds, loans and advances) through final maturity of bonded debt on February 1, 2047, or earlier retirement, whichever occurs first.

City of Pomona
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 18 – Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

E. Long-Term Liabilities (Continued)

Pledged Tax Revenues (Continued)

Tax revenues consist of tax increment revenues allocated to the Successor Agency to various project areas pursuant to Section 33670 of the Redevelopment Law. Such Law excludes a portion of tax increment revenues required to be paid under Tax-Sharing Agreements unless the payment of such amounts has been subordinated to the payment of debt service on the Bonds. Assembly Bill 1X 26 provided that upon dissolution of the Redevelopment Agency, property taxes allocated to redevelopment agencies no longer are deemed tax increment but rather property tax revenues and will be allocated first to local agency and school entity pursuant to any pass through agreement, then second to successor agencies to make payments on the indebtedness incurred by the dissolved redevelopment agency. For the current year, the total property tax revenue recognized by the City was \$14,622,040 and the debt service payments on the bonds was \$14,378,009.

Remaining balance on the debt at June 30, 2018, is as follows:

| Debt Issues | |
|------------------------|-----------------------|
| County of LA Agreement | \$ 60,526,587 |
| 1998 Series W Bonds | 47,600,750 |
| 1998 Series X Bonds | 498,835 |
| 1998 Series Y Bonds | 8,129,826 |
| 2001 Series AD Bonds | 32,086,250 |
| 2003 Series AH Bonds | 20,408,239 |
| 2005 Series AQ Bonds | 10,347,700 |
| 2006 Series AS Bonds | 43,360,016 |
| 2006 Series AT Bonds | 7,251,962 |
| 2007 Series AW Bonds | 9,374,418 |
| 2006 Series AX Bonds | 29,052,620 |
| Total | <u>\$ 268,637,203</u> |

F. Insurance

The Successor Agency is covered under the City of Pomona's insurance policies. Therefore, the limitation and self-insured retentions applicable to the City also apply to the Successor Agency. Additional information as to coverage and self-insured retentions can be found in Note 15.

City of Pomona
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2017

Note 18 – Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

G. Agreement for Allocation of Tax Increment Revenues

On December 5, 1988, the former Redevelopment Agency entered into an agreement with the County whereby the County has agreed to provide sufficient allocation of tax increment revenues to allow the Successor Agency to meet its debt service agreements on debt it has incurred in connection with the Southwest Pomona Project Area. Beginning in fiscal year 1988-89, and thereafter for the life of the project, the County will provide a grant to the Successor Agency for any “deficiencies” in tax increment revenues allocated to the Successor Agency as described in the agreement. There were no intergovernmental revenues as result of the agreement for the year ended June 30, 2018.

Note 19 – Prior Period Adjustments

The beginning net position and fund balances were restated as a result of GASB 75 implementation and corrections of notes receivables and related interests.

| | Government-wide Financial Statements | | |
|---|---|----------------------|-----------------------|
| | Governmental | Business-Type | Total |
| | Activities | Activities | |
| Net position at July 1, 2017 | | | |
| as previously reported | \$ 111,673,992 | \$ 89,446,638 | \$ 201,120,630 |
| OPEB Obligation ⁽¹⁾ | 26,226,611 | - | 26,226,611 |
| Deferred Outflows of Resources | 1,660,350 | 422,378 | 2,082,728 |
| Net OPEB Liabilities (Note 13) | (71,946,092) | (18,302,392) | (90,248,484) |
| Collateral Benefits Plan Net | | | |
| Pension Liabilities (Note 12 B) | (723,149) | - | (723,149) |
| Notes receivable | (90,544) | - | (90,544) |
| Net position at July 1, 2017, as restated | <u>\$ 66,801,168</u> | <u>\$ 71,566,624</u> | <u>\$ 138,367,792</u> |

⁽¹⁾ Restatement to the beginning net position is to remove the previously reported OPEB obligation. This was reported based on the GASB Statement No. 45, which is superseded by GASB Statement No. 75.

| | Governmental Funds | | | Proprietary Funds | | | |
|---|--|---|------------------------------|--------------------------|----------------------|-------------------|-------------------------------|
| | Housing Authority Special Revenue | Miscellaneous Grants Special Revenue | Nonmajor Governmental | Enterprise Funds | | | Internal Service Funds |
| | | | | Water | Sewer | Refuse | |
| Fund balance/net position at July 1, 2017 | | | | | | | |
| as previously reported | \$ 25,551,432 | \$ 18,351,677 | \$ 18,168,510 | \$ 66,675,664 | \$ 16,292,191 | \$ 4,367,436 | \$ (7,081,606) |
| Notes receivable | - | (90,544) | - | - | - | - | - |
| Interest related to loans receivable | (362,272) | 1,744,614 | (849,840) | - | - | - | - |
| Deferred Outflows of Resources | - | - | - | 287,000 | 35,615 | 99,763 | 76,436 |
| Net OPEB Liabilities (Note 13) | - | - | - | (12,436,241) | (1,543,249) | (4,322,902) | (3,312,119) |
| Fund balance/net position at July 1, 2017 as restated | <u>\$ 25,189,160</u> | <u>\$ 20,005,747</u> | <u>\$ 17,318,670</u> | <u>\$ 54,526,423</u> | <u>\$ 14,784,557</u> | <u>\$ 144,297</u> | <u>\$ (10,317,289)</u> |

City of Pomona
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2017

Note 20 – Subsequent Events

Events occurring after June 30, 2018 have been evaluated for possible adjustments to the financial statements or disclosure as of December 20, 2018, which is the date these financial statements were available to be issued.

A. *Sale of Land Held for Resale*

On April 2, 2018, the Successor Agency adopted a resolution for the sale of Successor Agency Property known as Mission Promenade - 101 West Mission Boulevard in Pomona, California (APN's 8341-008-912, 913, 914, 915, 916 & 917) (the "Property") for the price of \$5,750,000. The sale was finalized when escrow on the property closes on August 29th, 2018.

Because the Property was originally acquired with bond proceeds of the former Redevelopment Agency, the Successor Agency received approval from the DOF to transfer of the sale proceeds to the City as "excess bond proceeds." According to guidance published by the Internal Revenue Service ("IRS"), revenues realized from a government bond-financed asset, such as the Property, are treated identically to the original bond proceeds

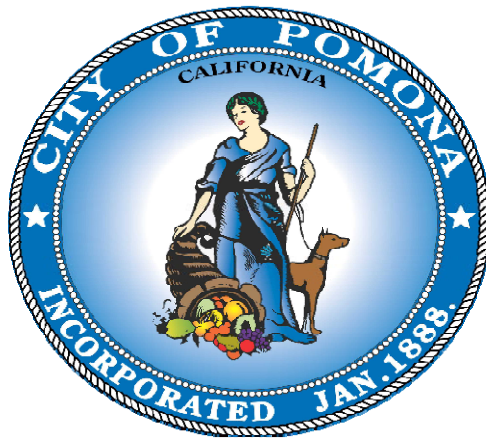
B. *2018 Tax Allocation Refunding Bonds Series BI*

In October 2018, the Successor Agency to the Redevelopment Agency of the City of Pomona, issued 2018 Tax Allocation Refunding Bonds Series BI (the "2018 Bonds") which will prepay the existing redevelopment bonds for 1998 Series W, 2001 Series AD, 2003 Series AH, 2005 Series AQ, 2006 Series AS/AT/AX and 2007 AW and will create annual debt service savings. The face amount of the 2018 Bonds is \$128,885,000.

Interest on the bonds is payable semiannually on each August 1 and February 1. The rates of interest range from 2.65% to 4.51% per annum. Principal is payable in annual installments ranging from \$690,000 to \$9,805,000. The loan payments are limited obligations of the Successor Agency payable solely from and secured by the Tax Revenues to be derived from the Successor Agency's project area remaining after payment of the Senior/Subordinate Obligations.

**REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)**

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City of Pomona
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2018

| | Budget Amounts | | Actual | Variance with |
|---|-----------------------|-----------------------|----------------------|----------------------|
| | Original | Final | Amounts | Final Budget |
| | | | | Positive |
| | | | | (Negative) |
| REVENUES: | | | | |
| Taxes | \$ 78,853,324 | \$ 80,013,066 | \$ 80,988,001 | \$ 974,935 |
| Licenses and permits | 9,207,472 | 9,175,735 | 9,039,938 | (135,797) |
| Intergovernmental | 95,000 | 95,000 | 109,470 | 14,470 |
| Charges for services | 2,537,971 | 2,680,395 | 2,825,148 | 144,753 |
| Use of money and properties | 1,539,585 | 1,539,585 | 1,468,184 | (71,401) |
| Fines and forfeitures | 1,908,500 | 1,908,500 | 2,284,371 | 375,871 |
| Miscellaneous | 471,100 | 1,533,825 | 1,671,200 | 137,375 |
| Total revenues | 94,612,952 | 96,946,106 | 98,386,312 | 1,440,206 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General government | 3,558,910 | 5,082,240 | 5,079,690 | 2,550 |
| Public safety | 73,959,428 | 76,191,041 | 75,732,883 | 458,158 |
| Urban development | 8,588,459 | 9,256,488 | 9,173,099 | 83,389 |
| Neighborhood services and library | 3,793,833 | 3,888,150 | 3,786,001 | 102,149 |
| Capital outlay | - | - | 139,900 | (139,900) |
| Debt service: | | | | |
| Principal retirement | 363,866 | 363,866 | 403,623 | (39,757) |
| Interest and fiscal charges | 3,750 | 3,750 | 7,131 | (3,381) |
| Total expenditures | 90,268,246 | 94,785,535 | 94,322,327 | 463,208 |
| REVENUES OVER EXPENDITURES | 4,344,706 | 2,160,571 | 4,063,985 | 1,903,414 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | - | 121,074 | 121,074 | - |
| Transfers out | (4,362,345) | (3,542,727) | (3,532,950) | 9,777 |
| Proceed from sale of assets | - | - | 17,118 | 17,118 |
| Proceed from issuance of loans payable | - | - | 139,900 | 139,900 |
| Total other financing sources (uses) | (4,362,345) | (3,421,653) | (3,254,858) | 166,795 |
| Net change in fund balance | \$ (17,639) | \$ (1,261,082) | 809,127 | \$ 2,070,209 |
| FUND BALANCE: | | | | |
| Beginning of year | | | 17,164,873 | |
| End of year | | | <u>\$ 17,974,000</u> | |

City of Pomona
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule - Housing Authority Special Revenue Fund
For the Year Ended June 30, 2018

| | Budget Amounts | | Actual | Variance with |
|---|-----------------------|-----------------------|----------------------|----------------------|
| | Original | Final | Amounts | Final Budget |
| | | | | Positive |
| | | | | (Negative) |
| REVENUES: | | | | |
| Intergovernmental | \$ 13,256,001 | \$ 13,345,251 | \$ 13,932,169 | \$ 586,918 |
| Charges for services | 1,100 | 1,100 | 6,921 | 5,821 |
| Use of money and properties | 499,490 | 499,490 | 525,246 | 25,756 |
| Miscellaneous | 12,000 | 12,000 | 73,323 | 61,323 |
| Total revenues | 13,768,591 | 13,857,841 | 14,537,659 | 679,818 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Urban development | 14,506,161 | 14,699,469 | 15,071,516 | (372,047) |
| Neighborhood services and library | 13,000 | 13,000 | 57,624 | (44,624) |
| Total expenditures | 14,519,161 | 14,712,469 | 15,129,140 | (416,671) |
| REVENUES OVER (UNDER) EXPENDITURES | (750,570) | (854,628) | (591,481) | 263,147 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers out | - | (190,825) | (1,249,675) | (1,058,850) |
| Proceed from sale of assets | - | - | 128,376 | 128,376 |
| Total other financing sources (uses) | - | (190,825) | (1,121,299) | (930,474) |
| Net change in fund balance | \$ (750,570) | \$ (1,045,453) | (1,712,780) | \$ (667,327) |
| FUND BALANCE: | | | | |
| Beginning of year, as restated (Note 19) | | | 25,189,160 | |
| End of year | | | \$ 23,476,380 | |

City of Pomona
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule - Miscellaneous Grants Special Revenue Fund
For the Year Ended June 30, 2018

| | Budget Amounts | | Actual | Variance with |
|---|-----------------------|---------------------|----------------------|----------------------|
| | Original | Final | Amounts | Final Budget |
| | | | | Positive |
| | | | | (Negative) |
| REVENUES: | | | | |
| Intergovernmental | \$ 6,548,039 | \$ 9,891,253 | \$ 2,562,666 | \$ (7,328,587) |
| Charges for services | 471,446 | 582,195 | 1,283,151 | 700,956 |
| Use of money and properties | 20,122 | 20,122 | 80,284 | 60,162 |
| Miscellaneous | 277,683 | 197,683 | 622,896 | 425,213 |
| Total revenues | 7,317,290 | 10,691,253 | 4,548,997 | (6,142,256) |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Public safety | 430,564 | 1,213,212 | 838,300 | 374,912 |
| Urban development | 244,800 | 244,800 | 319,886 | (75,086) |
| Neighborhood services and library | 6,673,169 | 8,813,999 | 2,931,690 | 5,882,309 |
| Capital outlay | 150,000 | 470,574 | 200,484 | 270,090 |
| Total expenditures | 7,498,533 | 10,742,585 | 4,290,360 | 6,452,225 |
| REVENUES OVER (UNDER) EXPENDITURES | (181,243) | (51,332) | 258,637 | 309,969 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | 75,010 | 75,010 | 59,529 | (15,481) |
| Transfers out | - | (775,224) | (881,807) | (106,583) |
| Total other financing sources (uses) | 75,010 | (700,214) | (822,278) | (122,064) |
| Net change in fund balance | \$ (106,233) | \$ (751,546) | (563,641) | \$ 187,905 |
| FUND BALANCE: | | | | |
| Beginning of year, as restated (Note 19) | | | 20,005,747 | |
| End of year | | | <u>\$ 19,442,106</u> | |

City of Pomona
Required Supplementary Information (Unaudited)
Notes to the Budgetary Comparison Schedule
For the Year Ended June 30, 2018

Budget and Budgetary Accounting

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. 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.
2. On or before the last day in January of each year, all operational units submit requests for appropriations to the City Manager for budget preparation purposes. The City Council holds public hearings and a final budget must be adopted no later than June 30.
3. The appropriated budget is prepared by fund, function, and department. The City's department directors, with approval of the Finance Director and City Manager, may make transfers of appropriations within a department and between departments within a fund. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level. The City Council made several supplemental budgetary appropriations throughout the year. The supplementary budgetary appropriations made in the various governmental funds are not detailed in the required supplementary information.
4. Under encumbrance accounting, purchase orders, contracts and other commitments for expenditures are reported to reserve that portion of the applicable appropriations. Encumbrance accounting is employed as an extension of formal budgetary accounting. Unexpended appropriations lapse at year-end regardless of encumbrances.

City of Pomona
Required Supplementary Information (Unaudited)
Schedule of Changes in Net Pension Liability and Related Ratios
June 30, 2018

Last Ten Fiscal Years

Miscellaneous Plan - Agent Multiple - Employer Defined Benefit Plan

| Measurement period | 2013-14 | 2014-15 | 2015-16 | 2016-17 ¹ |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| Total pension liability | | | | |
| Service cost | \$ 3,310,829 | \$ 3,161,189 | \$ 3,278,100 | \$ 3,757,355 |
| Interest | 18,086,982 | 18,495,828 | 19,115,591 | 19,389,644 |
| Differences between expected and actual experience | - | (3,363,816) | 123,335 | (2,724,421) |
| Changes in assumptions | - | (4,427,183) | - | 15,726,854 |
| Benefit payments, including refunds of employee contributions | (12,464,852) | (13,367,634) | (14,106,985) | (14,550,855) |
| Net change in total pension liability | 8,932,959 | 498,384 | 8,410,041 | 21,598,577 |
| Total pension liability - beginning | 245,736,775 | 254,669,734 | 255,168,118 | 263,578,159 |
| Total pension liability - ending (a) | \$ 254,669,734 | \$ 255,168,118 | \$ 263,578,159 | \$ 285,176,736 |
| Pension fiduciary net position | | | | |
| Contributions - employer | \$ 3,191,964 | \$ 3,747,091 | \$ 4,508,818 | \$ 4,965,420 |
| Contributions - employee | 1,640,223 | 1,622,551 | 1,710,782 | 1,824,492 |
| Net investment income | 31,444,609 | 4,578,528 | 1,092,440 | 21,714,550 |
| Benefit payments, including refunds of employee contributions | (12,464,852) | (13,367,634) | (14,106,985) | (14,550,855) |
| Net plan to plan resource movement | - | (521) | 30,199 | - |
| Administrative expenses | - | (235,754) | (124,510) | (291,464) |
| Other miscellaneous income | - | - | - | - |
| Net change in plan fiduciary net position | 23,811,944 | (3,655,739) | (6,889,256) | 13,662,143 |
| Plan fiduciary net position - beginning | 184,143,961 | 207,955,905 | 204,300,166 | 197,410,910 |
| Plan fiduciary net position - ending (b) | \$ 207,955,905 | \$ 204,300,166 | \$ 197,410,910 | \$ 211,073,053 |
| Plan net pension liability - ending (a) - (b) | \$ 46,713,829 | \$ 50,867,952 | \$ 66,167,249 | \$ 74,103,683 |
| Plan fiduciary net position as a percentage of the total pension liability | 81.66% | 80.06% | 74.90% | 74.01% |
| Covered payroll | \$ 21,843,562 | \$ 21,768,272 | \$ 22,899,750 | \$ 23,628,194 |
| Plan net pension liability as a percentage of covered payroll | 213.86% | 233.68% | 288.94% | 313.62% |

¹ Historical information is presented only for measurement periods for which GASB 68 is applicable. Additional years of information will be presented as it becomes available.

Notes to Schedule:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2016 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5 percent discount rate.

City of Pomona
Required Supplementary Information (Unaudited)
Schedule of Changes in Net Pension Liability and Related Ratios (Continued)
June 30, 2018

Last Ten Fiscal Years

Safety Plan - Agent Multiple - Employer Defined Benefit Plan

| Measurement period | 2013-14 | 2014-15 | 2015-16 | 2016-17 ¹ |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| Total pension liability | | | | |
| Service cost | \$ 4,880,486 | \$ 4,785,362 | \$ 4,884,739 | \$ 5,801,213 |
| Interest | 23,069,282 | 23,712,742 | 24,593,728 | 24,844,637 |
| Differences between expected and actual experience | - | (2,090,216) | 1,506,206 | (4,573,322) |
| Changes in assumptions | - | (5,565,887) | - | 19,952,226 |
| Benefit payments, including refunds of employee contributions | (17,510,572) | (18,221,480) | (18,854,232) | (19,795,369) |
| Net change in total pension liability | 10,439,196 | 2,620,521 | 12,130,441 | 26,229,385 |
| Total pension liability - beginning | 313,905,458 | 324,344,654 | 326,965,175 | 339,095,616 |
| Total pension liability - ending (a) | <u>\$ 324,344,654</u> | <u>\$ 326,965,175</u> | <u>\$ 339,095,616</u> | <u>\$ 365,325,001</u> |
| Pension fiduciary net position | | | | |
| Contributions - employer | \$ 5,669,824 | \$ 6,367,577 | \$ 7,278,178 | \$ 8,239,937 |
| Contributions - employee | 1,402,077 | 1,554,104 | 1,534,930 | 1,568,799 |
| Net investment income | 37,455,889 | 5,342,317 | 1,164,032 | 25,441,922 |
| Benefit payments, including refunds of employee contributions | (17,510,572) | (18,221,480) | (18,854,232) | (19,795,369) |
| Net plan to plan resource movement | - | 521 | 1,096 | - |
| Administrative expense | - | (271,705) | (147,131) | (343,113) |
| Other miscellaneous income | - | - | - | - |
| Net change in plan fiduciary net position | 27,017,218 | (5,228,666) | (9,023,127) | 15,112,176 |
| Plan fiduciary net position - beginning | 219,628,065 | 246,645,283 | 241,416,617 | 232,393,490 |
| Plan fiduciary net position - ending (b) | <u>\$ 246,645,283</u> | <u>\$ 241,416,617</u> | <u>\$ 232,393,490</u> | <u>\$ 247,505,666</u> |
| Plan net pension liability - ending (a) - (b) | <u>\$ 77,699,371</u> | <u>\$ 85,548,558</u> | <u>\$ 106,702,126</u> | <u>\$ 117,819,335</u> |
| Plan fiduciary net position as a percentage of the total pension liability | <u>76.04%</u> | <u>73.84%</u> | <u>68.53%</u> | <u>67.75%</u> |
| Covered payroll | <u>\$ 15,182,720</u> | <u>\$ 15,528,316</u> | <u>\$ 16,122,314</u> | <u>\$ 17,199,482</u> |
| Plan net pension liability as a percentage of covered payroll | <u>511.76%</u> | <u>550.92%</u> | <u>661.83%</u> | <u>685.02%</u> |

¹ Historical information is presented only for measurement periods for which GASB 68 is applicable. Additional years of information will be presented as it becomes available.

Notes to Schedule:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2016 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent without a reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5 percent discount rate.

City of Pomona
Required Supplementary Information (Unaudited)
Schedule of Changes in Net Pension Liability and Related Ratios (Continued)
June 30, 2018

Last Ten Fiscal Years

Collateral Benefits Plan

| | |
|---|----------------------|
| Measurement period | 2017-18 ¹ |
| Total pension liability | |
| Service cost | \$ 8,761 |
| Interest | 61,845 |
| Differences between expected and actual experience | - |
| Changes in assumptions | - |
| Benefit payments, including refunds of employee contributions | - |
| | (114,500) |
| Net change in total pension liability | (43,894) |
| Total pension liability - beginning | 1,007,828 |
| Total pension liability - ending (a) | \$ 963,934 |
| Pension fiduciary net position | |
| Contributions - employer | \$ - |
| Contributions - employee | - |
| Net investment income | 13,113 |
| Benefit payments, including refunds of employee contributions | (114,500) |
| Net plan to plan resource movement | - |
| Administrative expense | (126) |
| Other miscellaneous income | - |
| Net change in plan fiduciary net position | (101,513) |
| Plan fiduciary net position - beginning | 284,669 |
| Plan fiduciary net position - ending (b) | \$ 183,156 |
| Plan net pension liability - ending (a) - (b) | \$ 780,778 |
| Plan fiduciary net position as a percentage of the total pension liability | 19.00% |
| Covered payroll | N/A |
| Plan net pension liability as a percentage of covered payroll | N/A |

¹ Historical information is presented only when available.

Notes to Schedule:

Changes of Assumptions: There were no change of assumptions.

City of Pomona
Required Supplementary Information (Unaudited)
Schedule of Contributions - Pension
For the Year Ended June 30, 2018

Last Ten Fiscal Years

Miscellaneous Plan - Agent Multiple - Employer Defined Benefit Plan

| | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 ¹ |
|---|---------------|---------------|---------------|---------------|----------------------|
| Actuarially determined contribution | \$ 3,191,964 | \$ 3,747,091 | \$ 4,508,818 | \$ 4,965,420 | \$ 1,969,371 |
| Contributions in relation to the actuarially determined contribution | (3,191,964) | (3,747,091) | (4,508,818) | (4,965,420) | (5,666,895) |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ (3,697,524) |
| Covered payroll ² | \$ 21,843,562 | \$ 21,768,272 | \$ 22,899,750 | \$ 23,628,194 | \$ 24,337,040 |
| Contributions as a percentage of covered payroll ² | 14.61% | 17.21% | 19.69% | 21.01% | 23.29% |

Safety Plan - Agent Multiple - Employer Defined Benefit Plan

| | 2013-14 | 2014-15 | 2015-16 | 2016-17 ¹ | 2017-18 ¹ |
|---|---------------|---------------|---------------|----------------------|----------------------|
| Actuarially determined contribution | \$ 5,669,824 | \$ 6,367,577 | \$ 7,278,178 | \$ 8,239,937 | \$ 3,486,219 |
| Contributions in relation to the actuarially determined contribution | (5,669,824) | (6,367,577) | (7,278,178) | (8,239,937) | (8,808,147) |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ (5,321,928) |
| Covered payroll ² | \$ 15,182,720 | \$ 15,528,316 | \$ 16,122,314 | \$ 17,199,482 | \$ 17,715,466 |
| Contributions as a percentage of covered payroll ² | 37.34% | 41.01% | 45.14% | 47.91% | 49.72% |

¹ Historical information is presented only for measurement periods for which GASB 68 is applicable. Additional years of information will be presented as it becomes available.

² Included one year's payroll growth using 3.00 percent payroll assumption from 2016-17 to 2017-18

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for fiscal year 2017-18 were derived from the June 30, 2015 funding valuation reports.

Methods and assumptions used to determine contribution rates:

| | |
|--------------------------------------|---|
| Actuarial cost method | Entry Age Normal Cost Method |
| Amortization method | Level Percent Payroll |
| Asset valuation method | Market Value |
| Inflation | 2.75% |
| Discount rate | 7.50% compounded annually (net of administrative expenses) |
| Projected salary increases inflation | 3.20% to 20.00% depending on age, service, and type of employment |
| Payroll Growth | 3.00% |
| Individual salary growth | A merit scale varying by duration of employment coupled with an assumed annual inflation growth rate of 2.75% . |
| Retirement age | The probabilities of retirement are based on the 2010 CalPERS Experience study for the period from 1997 to 2007. |
| Mortality | The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries. |

City of Pomona
Required Supplementary Information (Unaudited)
Schedule of Contributions - Pension (Continued)
For the Year Ended June 30, 2018

Last Ten Fiscal Years

Collateral Plan

| | 2014-15 | 2015-16 | 2016-17 | 2017-18 ¹ |
|---|------------|------------|------------|----------------------|
| Actuarially determined contribution | \$ 110,032 | \$ 102,949 | \$ 102,949 | \$ 102,949 |
| Contributions in relation to the actuarially determined contribution | (110,032) | (102,949) | (102,949) | (114,500) |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ (11,551) |
| Covered payroll | N/A | N/A | N/A | N/A |
| Contributions as a percentage of covered payroll | N/A | N/A | N/A | N/A |

¹ Historical information is presented only for measurement periods for which GASB 68 is applicable. Additional years of information will be presented as it becomes available.

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for fiscal year 2017-18 were derived from the June 30, 2014 funding valuation reports.

Methods and assumptions used to determine contribution rates:

| | |
|--------------------------|--|
| Actuarial cost method | Entry Age Normal Cost Method |
| Amortization method | Level Percent Payroll |
| Asset valuation method | Market Value |
| Inflation | N/A |
| Discount rate | 6.50% |
| Payroll Growth | N/A |
| Individual salary growth | N/A |
| Retirement age | The retirement rates are consistent with those used to value the Miscellaneous Public Agency CalPERS "2.0% at age 55" Pension Plans for retirees with 25 years of service. |
| Mortality | Consistent with the Non-industrial rates used to value the Miscellaneous Public Agency CalPERS Pension Plans. |

City of Pomona
Required Supplementary Information (Unaudited)
Schedule of Changes in Net OPEB Liability and Related Ratios
June 30, 2018

Last Ten Fiscal Years

Other Postemployment Benefits Plan

| | |
|--|----------------------|
| Measurement period | 2017 ¹ |
| Total OPEB liability | |
| Service cost | \$ 2,019,938 |
| Interest | 3,382,262 |
| Differences between expected and actual experience | - |
| Changes in assumptions | 5,151,873 |
| Benefit payments, including refunds of employee contributions | (4,149,518) |
| Net change in total OPEB liability | 6,404,555 |
| Total OPEB liability - beginning | 90,248,485 |
| Total OPEB liability - ending (a) | <u>\$ 96,653,040</u> |
| OPEB fiduciary net position | |
| Contributions - employer | \$ 4,149,518 |
| Contributions - employee | - |
| Net investment income | - |
| Benefit payments, including refunds of employee contributions | (4,149,518) |
| Net plan to plan resource movement | - |
| Administrative expenses | - |
| Other miscellaneous income | - |
| Net change in plan fiduciary net position | - |
| Plan fiduciary net position - beginning | - |
| Plan fiduciary net position - ending (b) | <u>\$ -</u> |
| Plan net pension liability - ending (a) - (b) | <u>\$ 96,653,040</u> |
| Plan fiduciary net position as a percentage of the total OPEB liability | <u>0.00%</u> |
| Covered payroll | <u>\$ 40,827,676</u> |
| Plan net OPEB liability as a percentage of covered payroll | <u>236.73%</u> |

¹ Historical information is presented only for measurement periods for which GASB 75 is applicable. Additional years of information will be presented as it becomes available.

Notes to Schedule:

Changes of Assumptions: In 2017, the accounting discount rate reduced from 3.75 percent to 3.3 percent.

City of Pomona
Required Supplementary Information (Unaudited)
Schedule of Contributions - Other Postemployment Benefits Plan
For the Year Ended June 30, 2018

Last Ten Fiscal Years

Other Postemployment Benefits Plan

| Fiscal Year | 2017-18 ¹ |
|---|----------------------|
| Actuarially determined contribution | \$ 3,910,352 |
| Contributions in relation to the actuarially determined contribution | (3,910,352) |
| Contribution deficiency (excess) | \$ - |
| Covered payroll | \$ 40,827,676 |
| Contributions as a percentage of covered payroll | 9.58% |

¹ Historical information is presented only for measurement periods for which GASB 75 is applicable. Additional years of information will be presented as it becomes available.

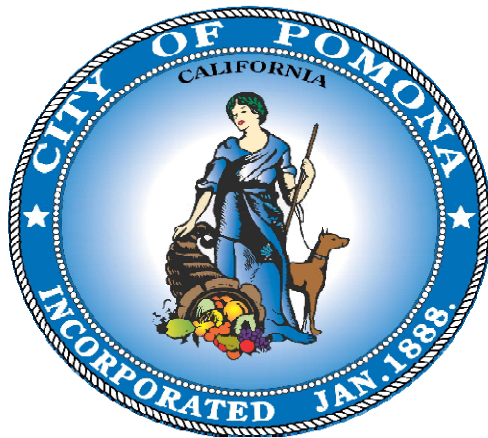
Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for calendar year 2017 were derived from the January 1, 2016 funding valuation reports.

Methods and assumptions used to determine contribution rates:

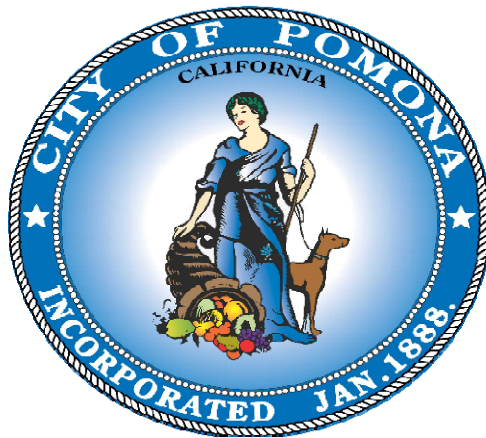
| | |
|--------------------------|---|
| Actuarial cost method | Entry Age Normal Cost Method |
| Amortization method | Level Percent Payroll |
| Asset valuation method | Market Value |
| Inflation | 2.75% per annum |
| Discount rate | 3.30% |
| Payroll Growth | 3.0% per annum, in aggregate |
| Individual salary growth | N/A |
| Retirement age | Consistent with the most recent CalPERS pension plan valuation. |
| Mortality | Consistent with the most recent CalPERS pension plan valuation. |
| Medical Trend Rates | 6.0% (HMO) and 6.5% (PPO) to ultimate 5% in 2023 and beyond. |

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SUPPLEMENTARY INFORMATION

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City of Pomona
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
Capital Outlay Capital Projects Fund
For the Year Ended June 30, 2018

| | Budget Amounts | | Actual | Variance with |
|---|-----------------------|-----------------------|---------------------|----------------------|
| | Original | Final | Amounts | Final Budget |
| | | | | Positive |
| | | | | (Negative) |
| REVENUES: | | | | |
| Taxes | \$ - | \$ - | \$ 163,937 | \$ 163,937 |
| Licenses and permits | 13,000 | 13,000 | 189,493 | 176,493 |
| Intergovernmental | 2,010,000 | 3,270,000 | 2,249,653 | (1,020,347) |
| Charges for services | - | - | 9,833 | 9,833 |
| Use of money and properties | 5,253 | 5,253 | 16,092 | 10,839 |
| Contributions from Successor Agency | - | - | 4,676,812 | 4,676,812 |
| Miscellaneous | - | 14,431 | 372,035 | 357,604 |
| Total revenues | 2,028,253 | 3,302,684 | 7,677,855 | 4,375,171 |
| EXPENDITURES: | | | | |
| Capital outlay | 8,705,860 | 18,718,400 | 14,962,051 | 3,756,349 |
| Debt service: | | | | |
| Interest and fiscal charges | - | - | 16,587 | (16,587) |
| Total expenditures | 8,705,860 | 18,718,400 | 14,978,638 | 3,739,762 |
| REVENUES OVER (UNDER) EXPENDITURES | (6,677,607) | (15,415,716) | (7,300,783) | 8,114,933 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | 6,388,123 | 12,289,614 | 8,037,529 | (4,252,085) |
| Transfers out | (301,807) | (301,807) | (217,402) | 84,405 |
| Issuance of loans payable | - | - | 623,628 | 623,628 |
| Issuance of capital lease | - | 2,349,563 | 2,349,563 | - |
| Total other financing sources (uses) | 6,086,316 | 14,337,370 | 10,793,318 | (3,544,052) |
| Net change in fund balance | \$ (591,291) | \$ (1,078,346) | 3,492,535 | \$ 4,570,881 |
| FUND BALANCE: | | | | |
| Beginning of year | | | 1,426,711 | |
| End of year | | | <u>\$ 4,919,246</u> | |

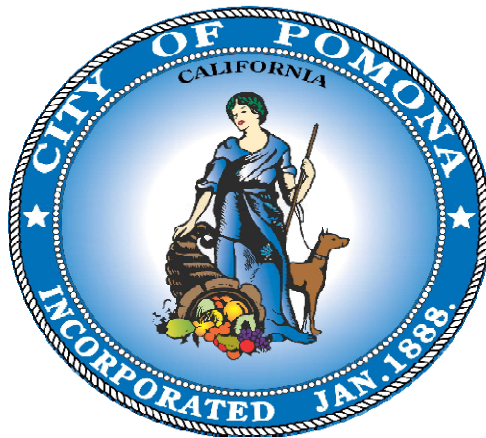
City of Pomona
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual (Continued)
General Government Debt Service Fund
For the Year Ended June 30, 2018

| | Budget Amounts | | Actual | Variance with |
|---|-----------------------|-----------------------|------------------------|----------------------|
| | Original | Final | Amounts | Final Budget |
| | | | | Positive |
| | | | | (Negative) |
| REVENUES: | | | | |
| Taxes | \$ 462,368 | \$ 462,368 | \$ 637,104 | \$ 174,736 |
| Use of money and properties | 17,997 | 17,997 | 4,811 | (13,186) |
| Miscellaneous | 334,983 | 334,983 | 135,103 | (199,880) |
| Total revenues | 815,348 | 815,348 | 777,018 | (38,330) |
| EXPENDITURES: | | | | |
| Debt service: | | | | |
| Principal retirement | 1,086,976 | 1,086,976 | 449,000 | 637,976 |
| Interest and fiscal charges | 4,003,555 | 4,003,555 | 2,624,972 | 1,378,583 |
| Total expenditures | 5,090,531 | 5,090,531 | 3,073,972 | 2,016,559 |
| REVENUES OVER (UNDER) EXPENDITURES | (4,275,183) | (4,275,183) | (2,296,954) | 1,978,229 |
| OTHER FINANCING SOURCES: | | | | |
| Transfers in | 5,204,758 | 3,106,407 | 3,291,406 | 184,999 |
| Net change in fund balance | \$ 929,575 | \$ (1,168,776) | 994,452 | \$ 2,163,228 |
| FUND BALANCE: | | | | |
| Beginning of year | | | (75,238,196) | |
| End of year | | | \$ (74,243,744) | |

City of Pomona
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual (Continued)
Public Financing Authority Debt Service Fund
For the Year Ended June 30, 2018

| | Budget Amounts | | Actual | Variance with |
|---|-----------------------|----------------------|----------------------|------------------------|
| | Original | Final | Amounts | Final Budget |
| | | | | Positive |
| | | | | (Negative) |
| REVENUES: | | | | |
| Use of money and properties | \$ 23,407,893 | \$ 23,407,893 | \$ 184,761 | \$ (23,223,132) |
| Miscellaneous | - | - | 64,527 | 64,527 |
| Total revenues | 23,407,893 | 23,407,893 | 249,288 | (23,158,605) |
| EXPENDITURES: | | | | |
| Debt service: | | | | |
| Principal retirement | 2,504,313 | 2,504,313 | 1,615,000 | 889,313 |
| Interest and fiscal charges | 136,871 | 141,457 | 137,761 | 3,696 |
| Total expenditure | 2,641,184 | 2,645,770 | 1,752,761 | 893,009 |
| REVENUES OVER (UNDER) EXPENDITURES | 20,766,709 | 20,762,123 | (1,503,473) | (22,265,596) |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | 1,270,000 | 1,270,000 | - | (1,270,000) |
| Transfers out | - | (21,663) | - | 21,663 |
| Total other financing sources (uses) | 1,270,000 | 1,248,337 | - | (1,248,337) |
| Net change in fund balance | \$ 22,036,709 | \$ 22,010,460 | (1,503,473) | \$ (23,513,933) |
| FUND BALANCE: | | | | |
| Beginning of year | | | 81,025,905 | |
| End of year | | | \$ 79,522,432 | |

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NONMAJOR GOVERNMENTAL FUNDS

Nonmajor Special Revenue Funds:

The **Community Development Block Grant ("CDBG") Fund** accounts for funds received from the U.S. Department of Housing and Urban Development to develop viable urban communities by providing decent housing and a suitable environment and expand economic opportunity for persons of low and moderate income.

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

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

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

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

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

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

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

The **Traffic Offender Fund** accounts for the fees collected for the impoundment of vehicles and expenditures for the enforcement, education and prosecution of drivers with a suspended or revoked license as well as unlicensed drivers operating a motor vehicle.

The **Measure "R" Fund** accounts for street maintenance, traffic signal, street light maintenance, traffic paint and sign services which are funded with one-half cent sales tax revenue.

The **Measure "M" Fund** accounts for new transit and highway projects, enhanced bus and rail operations, and several other transportation improvements in Los Angeles County which is funded with one half cent sales tax revenue.

The **General Sanitation Fees Operations Fund** accounts for street sweeping services, graffiti abatement, storm water compliance, landscape median maintenance, and right-of-way clean ups.

The **Special Fees Fund** accounts for fee analysis rate review and public art fees.

The **PEG Fee Fund** accounts for Public, Education, and Government (PEG) fees collected by service providers through the franchise agreements with the City. These fees pay for capital equipment and projects that provide for continuation of PEG programming.

Nonmajor Capital Projects Fund:

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

City of Pomona
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2018

| | Special Revenue Funds | | | |
|---|---|---------------------|---------------------|---------------------|
| | Community Development Block Grant | State Gas Tax | Proposition A | Proposition C |
| Assets | | | | |
| Cash and investments | \$ 411,899 | \$ 1,416,348 | \$ 2,887,980 | \$ 5,233,382 |
| Receivable (net): | | | | |
| Accounts | 971 | 7,400 | 4,000 | - |
| Notes and loans | 1,557,875 | - | - | - |
| Interest | 1,599 | 7,379 | 9,833 | 18,753 |
| Prepaid items | - | - | - | - |
| Due from other governments | 344,640 | 329,169 | 22,807 | - |
| Advances to other funds | - | - | - | - |
| Restricted assets: | | | | |
| Cash and investments | - | - | - | - |
| Total assets | \$ 2,316,984 | \$ 1,760,296 | \$ 2,924,620 | \$ 5,252,135 |
| Liabilities, Deferred Inflows of Resources, and Fund Balances | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 71,434 | \$ 208,623 | \$ 643,259 | \$ 7,750 |
| Payroll payable | 34,378 | 35,810 | 4,982 | 1,541 |
| Deposits payable | - | - | - | - |
| Retention payable | - | - | 3,496 | - |
| Due to other funds | - | - | - | - |
| Total liabilities | 105,812 | 244,433 | 651,737 | 9,291 |
| Deferred Inflows of Resources: | | | | |
| Unavailable revenues | 779,844 | - | 22,807 | - |
| Total deferred inflows of resources | 779,844 | - | 22,807 | - |
| Fund Balances (Deficit): | | | | |
| Nonspendable | - | - | - | - |
| Restricted | | | | |
| Development and public works | 1,431,328 | 1,515,863 | 2,250,076 | 5,242,844 |
| Public safety | - | - | - | - |
| Assessment district improvement | - | - | - | - |
| Unassigned (deficit) | - | - | - | - |
| Total fund balances (deficit) | 1,431,328 | 1,515,863 | 2,250,076 | 5,242,844 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 2,316,984 | \$ 1,760,296 | \$ 2,924,620 | \$ 5,252,135 |

(Continued)

City of Pomona
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2018

| | Special Revenue Funds | | | |
|---|--------------------------------|----------------------------|--------------------------------------|---------------------|
| | Vehicle Parking District | Air Quality Improvement | Landscape Maintenance District | Asset Forfeiture |
| Assets | | | | |
| Cash and investments | \$ 2,253,775 | \$ 117,232 | \$ 1,022,495 | \$ 900,317 |
| Receivable (net): | | | | |
| Accounts | 115,520 | 440,000 | - | - |
| Notes and loans | - | - | - | - |
| Interest | 7,915 | 872 | 3,724 | 4,186 |
| Prepaid items | - | - | - | 8,441 |
| Due from other governments | 1,895 | 51,131 | 25,460 | 5,080 |
| Advances to other funds | 304,435 | - | - | - |
| Restricted assets: | | | | |
| Cash and investments | - | - | - | - |
| Total assets | \$ 2,683,540 | \$ 609,235 | \$ 1,051,679 | \$ 918,024 |
| Liabilities, Deferred Inflows of Resources, and Fund Balances | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 9,998 | \$ 165,485 | \$ 180,849 | \$ 29,398 |
| Payroll payable | 10,743 | 1,243 | 2,877 | - |
| Deposits payable | 2,334 | - | - | - |
| Retention payable | - | 47,355 | - | - |
| Due to other funds | - | - | - | - |
| Total liabilities | 23,075 | 214,083 | 183,726 | 29,398 |
| Deferred Inflows of Resources: | | | | |
| Unavailable revenues | - | - | - | - |
| Total deferred inflows of resources | - | - | - | - |
| Fund Balances (Deficit): | | | | |
| Nonspendable | - | - | - | 8,441 |
| Restricted | | | | |
| Development and public works | 2,660,465 | 395,152 | 867,953 | - |
| Public safety | - | - | - | 880,185 |
| Assessment district improvement | - | - | - | - |
| Unassigned (deficit) | - | - | - | - |
| Total fund balances (deficit) | 2,660,465 | 395,152 | 867,953 | 888,626 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 2,683,540 | \$ 609,235 | \$ 1,051,679 | \$ 918,024 |

(Continued)

City of Pomona
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2018

| | Special Revenue Funds | | | |
|---|-----------------------|---------------------|---------------------|---|
| | Traffic Offender | Measure R | Measure M | General Sanitation Fees Operations |
| Assets | | | | |
| Cash and investments | \$ 193,467 | \$ 2,887,778 | \$ 1,617,618 | \$ - |
| Receivable (net): | | | | |
| Accounts | 5,425 | - | - | 192,519 |
| Notes and loans | - | - | - | - |
| Interest | 778 | 10,890 | - | - |
| Prepaid items | - | - | - | - |
| Due from other governments | - | 160 | - | - |
| Advances to other funds | - | - | - | - |
| Restricted assets: | | | | |
| Cash and investments | - | - | - | - |
| Total assets | <u>\$ 199,670</u> | <u>\$ 2,898,828</u> | <u>\$ 1,617,618</u> | <u>\$ 192,519</u> |
| Liabilities, Deferred Inflows of Resources, and Fund Balances | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 24,340 | \$ 69,360 | \$ 56,549 | \$ 296,513 |
| Payroll payable | 12,726 | 28,816 | 854 | 18,667 |
| Deposits payable | - | - | - | - |
| Retention payable | - | - | - | - |
| Due to other funds | - | - | - | 326,155 |
| Total liabilities | <u>37,066</u> | <u>98,176</u> | <u>57,403</u> | <u>641,335</u> |
| Deferred Inflows of Resources: | | | | |
| Unavailable revenues | - | - | - | - |
| Total deferred inflows of resources | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund Balances (Deficit): | | | | |
| Nonspendable | - | - | - | - |
| Restricted | | | | |
| Development and public works | - | 2,800,652 | 1,560,215 | - |
| Public safety | 162,604 | - | - | - |
| Assessment district improvement | - | - | - | - |
| Unassigned (deficit) | - | - | - | (448,816) |
| Total fund balances (deficit) | <u>162,604</u> | <u>2,800,652</u> | <u>1,560,215</u> | <u>(448,816)</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 199,670</u> | <u>\$ 2,898,828</u> | <u>\$ 1,617,618</u> | <u>\$ 192,519</u> |

City of Pomona
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2018

| | Special Revenue Funds | | Capital Projects Fund | Total Nonmajor Governmental Funds |
|---|-----------------------|------------------|---------------------------------|-----------------------------------|
| | Special Fees | PEG Fee | Assessment District Improvement | |
| | | | | |
| Assets | | | | |
| Cash and investments | \$ 1,547,517 | \$ 34,100 | \$ 107,381 | \$ 20,631,289 |
| Receivable (net): | | | | |
| Accounts | - | 46,418 | - | 812,253 |
| Notes and loans | - | - | - | 1,557,875 |
| Interest | - | 80 | 329 | 66,338 |
| Prepaid items | - | - | - | 8,441 |
| Due from other governments | - | - | - | 780,342 |
| Advances to other funds | - | - | - | 304,435 |
| Restricted assets: | | | | |
| Cash and investments | - | - | 3,477 | 3,477 |
| Total assets | \$ 1,547,517 | \$ 80,598 | \$ 111,187 | \$ 24,164,450 |
| Liabilities, Deferred Inflows of Resources, and Fund Balances | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ - | \$ - | \$ 38,786 | \$ 1,802,344 |
| Payroll payable | - | - | - | 152,637 |
| Deposits payable | - | - | - | 2,334 |
| Retention payable | - | - | 13,336 | 64,187 |
| Due to other funds | - | - | - | 326,155 |
| Total liabilities | - | - | 52,122 | 2,347,657 |
| Deferred Inflows of Resources: | | | | |
| Unavailable revenues | - | - | - | 802,651 |
| Total deferred inflows of resources | - | - | - | 802,651 |
| Fund Balances (Deficit): | | | | |
| Nonspendable | - | - | - | 8,441 |
| Restricted | | | | |
| Development and public works | 1,547,517 | 80,598 | - | 20,352,663 |
| Public safety | - | - | - | 1,042,789 |
| Assessment district improvement | - | - | 59,065 | 59,065 |
| Unassigned (deficit) | - | - | - | (448,816) |
| Total fund balances (deficit) | 1,547,517 | 80,598 | 59,065 | 21,014,142 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 1,547,517 | \$ 80,598 | \$ 111,187 | \$ 24,164,450 |

(Concluded)

City of Pomona
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2018

| | Special Revenue Funds | | | |
|--|---|---------------------|---------------------|---------------------|
| | Community Development Block Grant | State Gas Tax | Proposition A | Proposition C |
| Revenues: | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - |
| Special assessments | - | - | - | - |
| Licenses and permits | - | - | - | - |
| Intergovernmental | 2,422,009 | 3,975,415 | 2,902,523 | 2,401,010 |
| Charges for services | 346,693 | 540 | - | - |
| Use of money and properties | 64,354 | 5,333 | 19,246 | 28,163 |
| Fines and forfeitures | - | - | - | - |
| Contributions | - | - | - | - |
| Miscellaneous | 1,952 | 207,028 | 14,000 | - |
| Total revenues | 2,835,008 | 4,188,316 | 2,935,769 | 2,429,173 |
| Expenditures: | | | | |
| Current: | | | | |
| General government | - | - | - | - |
| Public safety | 104,584 | - | - | - |
| Urban development | 1,382,413 | 2,673,599 | 2,591,985 | 86,769 |
| Neighborhood services and library | - | - | - | - |
| Capital outlay | - | - | - | - |
| Debt service: | | | | |
| Principal retirement | 20,000 | 37,296 | - | - |
| Interest and fiscal charges | 2,166 | - | - | - |
| Total expenditures | 1,509,163 | 2,710,895 | 2,591,985 | 86,769 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 1,325,845 | 1,477,421 | 343,784 | 2,342,404 |
| Other Financing Sources (Uses): | | | | |
| Transfers in | - | 131,750 | - | - |
| Transfers out | (1,450,755) | (1,010,343) | - | (541,092) |
| Proceeds from sale of capital assets | - | - | - | - |
| Total other financing sources (uses) | (1,450,755) | (878,593) | - | (541,092) |
| Net Change in Fund Balances | (124,910) | 598,828 | 343,784 | 1,801,312 |
| Fund Balances | | | | |
| Beginning of year, as restated (Note 19) | 1,556,238 | 917,035 | 1,906,292 | 3,441,532 |
| End of year | <u>\$ 1,431,328</u> | <u>\$ 1,515,863</u> | <u>\$ 2,250,076</u> | <u>\$ 5,242,844</u> |

City of Pomona
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2018

| | Special Revenue Funds | | | |
|--|--------------------------------|----------------------------|--------------------------------------|---------------------|
| | Vehicle Parking District | Air Quality Improvement | Landscape Maintenance District | Asset Forfeiture |
| Revenues: | | | | |
| Taxes | \$ 16,240 | \$ - | \$ - | \$ - |
| Special assessments | - | - | 1,191,903 | - |
| Licenses and permits | - | - | - | - |
| Intergovernmental | - | 639,550 | - | 48,487 |
| Charges for services | 153,388 | - | - | 121,959 |
| Use of money and properties | 555,493 | 7,935 | 6,334 | 5,813 |
| Fines and forfeitures | - | - | - | - |
| Contributions | - | - | - | - |
| Miscellaneous | - | - | - | 620,208 |
| Total revenues | 725,121 | 647,485 | 1,198,237 | 796,467 |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 671,531 | - | - | - |
| Public safety | - | - | - | 836,843 |
| Urban development | - | 94,865 | 1,141,013 | - |
| Neighborhood services and library | - | - | 9,318 | - |
| Capital outlay | - | 1,070,746 | - | - |
| Debt service: | | | | |
| Principal retirement | - | - | - | - |
| Interest and fiscal charges | - | - | - | - |
| Total expenditures | 671,531 | 1,165,611 | 1,150,331 | 836,843 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 53,590 | (518,126) | 47,906 | (40,376) |
| Other Financing Sources (Uses): | | | | |
| Transfers in | - | 228,446 | - | - |
| Transfers out | - | (85,258) | - | - |
| Proceeds from sale of capital assets | - | - | - | 2,630 |
| Total other financing sources (uses) | - | 143,188 | - | 2,630 |
| Net Change in Fund Balances | 53,590 | (374,938) | 47,906 | (37,746) |
| Fund Balances | | | | |
| Beginning of year, as restated (Note 19) | 2,606,875 | 770,090 | 820,047 | 926,372 |
| End of year | \$ 2,660,465 | \$ 395,152 | \$ 867,953 | \$ 888,626 |

City of Pomona
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2018

| | Special Revenue Funds | | | |
|--|-----------------------|------------------|------------------|---|
| | Traffic Offender | Measure R | Measure M | General Sanitation Fees Operations |
| Revenues: | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - |
| Special assessments | - | - | - | - |
| Licenses and permits | - | - | - | 1,387,264 |
| Intergovernmental | - | 1,803,401 | 1,634,149 | - |
| Charges for services | 265,840 | - | - | - |
| Use of money and properties | 2,718 | 25,040 | - | - |
| Fines and forfeitures | - | - | - | 11,573 |
| Contributions | - | - | - | - |
| Miscellaneous | - | - | - | 346 |
| Total revenues | 268,558 | 1,828,441 | 1,634,149 | 1,399,183 |
| Expenditures: | | | | |
| Current: | | | | |
| General government | - | - | - | - |
| Public safety | 243,596 | - | - | - |
| Urban development | - | 1,169,982 | 73,934 | 2,430,510 |
| Neighborhood services and library | - | - | - | - |
| Capital outlay | 154,222 | - | - | - |
| Debt service: | | | | |
| Principal retirement | - | - | - | - |
| Interest and fiscal charges | - | - | - | - |
| Total expenditures | 397,818 | 1,169,982 | 73,934 | 2,430,510 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (129,260) | 658,459 | 1,560,215 | (1,031,327) |
| Other Financing Sources (Uses): | | | | |
| Transfers in | - | 3,414 | - | 949,570 |
| Transfers out | - | (608,783) | - | - |
| Proceeds from sale of capital assets | - | - | - | - |
| Total other financing sources (uses) | - | (605,369) | - | 949,570 |
| Net Change in Fund Balances | (129,260) | 53,090 | 1,560,215 | (81,757) |
| Fund Balances | | | | |
| Beginning of year, as restated (Note 19) | 291,864 | 2,747,562 | - | (367,059) |
| End of year | \$ 162,604 | \$ 2,800,652 | \$ 1,560,215 | \$ (448,816) |

City of Pomona
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2018

| | Special Revenue Funds | | Capital Projects Fund | |
|--|-----------------------|---------------|---------------------------------|-----------------------------------|
| | Special Fees | PEG Fee | Assessment District Improvement | Total Nonmajor Governmental Funds |
| Revenues: | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ 16,240 |
| Special assessments | - | - | - | 1,191,903 |
| Licenses and permits | 41,824 | 80,677 | - | 1,509,765 |
| Intergovernmental | - | - | - | 15,826,544 |
| Charges for services | - | - | - | 888,420 |
| Use of money and properties | 10,625 | (79) | 1,943 | 732,918 |
| Fines and forfeitures | - | - | - | 11,573 |
| Contributions | - | - | 144,594 | 144,594 |
| Miscellaneous | - | - | - | 843,534 |
| Total revenues | 52,449 | 80,598 | 146,537 | 21,165,491 |
| Expenditures: | | | | |
| Current: | | | | |
| General government | - | - | - | 671,531 |
| Public safety | - | - | - | 1,185,023 |
| Urban development | - | - | - | 11,645,070 |
| Neighborhood services and library | - | - | - | 9,318 |
| Capital outlay | - | - | 294,226 | 1,519,194 |
| Debt service: | | | | |
| Principal retirement | - | - | - | 57,296 |
| Interest and fiscal charges | - | - | - | 2,166 |
| Total expenditures | - | - | 294,226 | 15,089,598 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 52,449 | 80,598 | (147,689) | 6,075,893 |
| Other Financing Sources (Uses): | | | | |
| Transfers in | - | - | - | 1,313,180 |
| Transfers out | - | - | - | (3,696,231) |
| Proceeds from sale of capital assets | - | - | - | 2,630 |
| Total other financing sources (uses) | - | - | - | (2,380,421) |
| Net Change in Fund Balances | 52,449 | 80,598 | (147,689) | 3,695,472 |
| Fund Balances | | | | |
| Beginning of year, as restated (Note 19) | 1,495,068 | - | 206,754 | 17,318,670 |
| End of year | \$ 1,547,517 | \$ 80,598 | \$ 59,065 | \$ 21,014,142 |

(Concluded)

City of Pomona
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
Community Development Block Grant Special Revenue Fund
For the Year Ended June 30, 2018

| | Budget Amounts | | Actual | Variance with |
|--|-------------------|--------------------|---------------------|--------------------|
| | Original | Final | Amounts | Final Budget |
| | | | | Positive |
| | | | | (Negative) |
| REVENUES: | | | | |
| Intergovernmental | \$ 2,413,894 | \$ 2,501,923 | \$ 2,422,009 | \$ (79,914) |
| Charges for services | 10,600 | 14,419 | 346,693 | 332,274 |
| Use of money and properties | 619 | 619 | 64,354 | 63,735 |
| Miscellaneous | - | - | 1,952 | 1,952 |
| Total revenues | <u>2,425,113</u> | <u>2,516,961</u> | <u>2,835,008</u> | <u>318,047</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Public safety | 79,937 | 104,018 | 104,584 | (566) |
| Urban development | 1,567,191 | 1,565,384 | 1,382,413 | 182,971 |
| Debt service: | | | | |
| Principal retirement | 21,200 | 10,600 | 20,000 | (9,400) |
| Interest and fiscal charges | - | - | 2,166 | (2,166) |
| Total expenditures | <u>1,668,328</u> | <u>1,680,002</u> | <u>1,509,163</u> | <u>170,839</u> |
| REVENUES OVER EXPENDITURES | <u>756,785</u> | <u>836,959</u> | <u>1,325,845</u> | <u>488,886</u> |
| OTHER FINANCING USES: | | | | |
| Transfers out | - | (872,627) | (1,450,755) | (578,128) |
| Net change in fund balance | <u>\$ 756,785</u> | <u>\$ (35,668)</u> | <u>(124,910)</u> | <u>\$ (89,242)</u> |
| FUND BALANCE: | | | | |
| Beginning of year, as restated (Note 19) | | | 1,556,238 | |
| End of year | | | <u>\$ 1,431,328</u> | |

City of Pomona
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual (Continued)
State Gas Tax Special Revenue Fund
For the Year Ended June 30, 2018

| | Budget Amounts | | Actual | Variance with |
|---|--------------------|---------------------|---------------------|---------------------|
| | Original | Final | Amounts | Final Budget |
| | | | | Positive |
| | | | | (Negative) |
| REVENUES: | | | | |
| Intergovernmental | \$ 4,154,140 | \$ 4,154,140 | \$ 3,975,415 | \$ (178,725) |
| Charges for services | - | - | 540 | 540 |
| Use of money and properties | 3,325 | 3,325 | 5,333 | 2,008 |
| Miscellaneous | 178,041 | 178,041 | 207,028 | 28,987 |
| Total revenues | 4,335,506 | 4,335,506 | 4,188,316 | (147,190) |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Urban development | 2,793,568 | 2,979,806 | 2,673,599 | 306,207 |
| Capital outlay | - | 30,000 | - | 30,000 |
| Debt service: | | | | |
| Principal retirement | - | - | 37,296 | (37,296) |
| Total expenditures | 2,793,568 | 3,009,806 | 2,710,895 | 298,911 |
| REVENUES OVER EXPENDITURES | 1,541,938 | 1,325,700 | 1,477,421 | 151,721 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | 131,750 | 131,750 | 131,750 | - |
| Transfers out | (1,255,749) | (2,034,381) | (1,010,343) | 1,024,038 |
| Total other financing sources (uses) | (1,123,999) | (1,902,631) | (878,593) | 1,024,038 |
| Net change in fund balance | \$ 417,939 | \$ (576,931) | 598,828 | \$ 1,175,759 |
| FUND BALANCE: | | | | |
| Beginning of year | | | 917,035 | |
| End of year | | | <u>\$ 1,515,863</u> | |

City of Pomona
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual (Continued)
Proposition A Special Revenue Fund
For the Year Ended June 30, 2018

| | Budget Amounts | | Actual | Variance with |
|-----------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| | Original | Final | Amounts | Final Budget |
| | | | | Positive |
| | | | | (Negative) |
| REVENUES: | | | | |
| Intergovernmental | \$ 2,821,767 | \$ 2,821,767 | \$ 2,902,523 | \$ 80,756 |
| Use of money and properties | 20,257 | 20,257 | 19,246 | (1,011) |
| Miscellaneous | 15,000 | 15,000 | 14,000 | (1,000) |
| Total revenues | <u>2,857,024</u> | <u>2,857,024</u> | <u>2,935,769</u> | <u>78,745</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Urban development | <u>2,749,266</u> | <u>2,752,070</u> | <u>2,591,985</u> | <u>160,085</u> |
| Total expenditures | <u>2,749,266</u> | <u>2,752,070</u> | <u>2,591,985</u> | <u>160,085</u> |
| REVENUES OVER EXPENDITURES | <u>107,758</u> | <u>104,954</u> | <u>343,784</u> | <u>238,830</u> |
| OTHER FINANCING USES: | | | | |
| Transfers out | <u>(850,000)</u> | <u>(850,000)</u> | <u>-</u> | <u>850,000</u> |
| Net change in fund balance | <u><u>\$ (742,242)</u></u> | <u><u>\$ (745,046)</u></u> | <u>343,784</u> | <u><u>\$ 1,088,830</u></u> |
| FUND BALANCE: | | | | |
| Beginning of year | | | <u>1,906,292</u> | |
| End of year | | | <u><u>\$ 2,250,076</u></u> | |

City of Pomona
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual (Continued)
Proposition C Special Revenue Fund
For the Year Ended June 30, 2018

| | Budget Amounts | | Actual | Variance with |
|--|--------------------|--------------------|---------------------|---------------------|
| | Original | Final | Amounts | Final Budget |
| | | | | Positive |
| | | | | (Negative) |
| REVENUES: | | | | |
| Intergovernmental | \$ 2,340,582 | \$ 2,340,582 | \$ 2,401,010 | \$ 60,428 |
| Use of money and properties | 50,963 | 50,963 | 28,163 | (22,800) |
| Total revenues | <u>2,391,545</u> | <u>2,391,545</u> | <u>2,429,173</u> | <u>37,628</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Urban development | 94,012 | 95,804 | 86,769 | 9,035 |
| Total expenditures | <u>94,012</u> | <u>95,804</u> | <u>86,769</u> | <u>9,035</u> |
| REVENUES OVER EXPENDITURES | <u>2,297,533</u> | <u>2,295,741</u> | <u>2,342,404</u> | <u>46,663</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers out | (2,392,820) | (2,392,820) | (541,092) | 1,851,728 |
| Net change in fund balance | <u>\$ (95,287)</u> | <u>\$ (97,079)</u> | <u>1,801,312</u> | <u>\$ 1,898,391</u> |
| FUND BALANCE: | | | | |
| Beginning of year | | | 3,441,532 | |
| End of year | | | <u>\$ 5,242,844</u> | |

City of Pomona
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual (Continued)
Vehicle Parking District Special Revenue Fund
For the Year Ended June 30, 2018

| | Budget Amounts | | Actual | Variance with |
|---|------------------|------------------|---------------------|--------------------|
| | Original | Final | Amounts | Final Budget |
| | | | | Positive |
| | | | | (Negative) |
| REVENUES: | | | | |
| Taxes | \$ 12,758 | \$ 12,758 | \$ 16,240 | \$ 3,482 |
| Charges for services | 192,180 | 192,180 | 153,388 | (38,792) |
| Use of money and properties | 633,766 | 633,766 | 555,493 | (78,273) |
| Total revenues | 838,704 | 838,704 | 725,121 | (113,583) |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General government | 851,698 | 871,864 | 671,531 | 200,333 |
| Capital outlay | 71,275 | 71,275 | - | 71,275 |
| Total expenditures | 922,973 | 943,139 | 671,531 | 271,608 |
| REVENUES OVER (UNDER) EXPENDITURES | (84,269) | (104,435) | 53,590 | 158,025 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers out | (10,000) | (10,000) | - | 10,000 |
| Proceeds from sale of capital assets | 186,690 | 186,690 | - | (186,690) |
| Total other financing sources (uses) | 176,690 | 176,690 | - | (176,690) |
| Net change in fund balance | \$ 92,421 | \$ 72,255 | 53,590 | \$ (18,665) |
| FUND BALANCE: | | | | |
| Beginning of year | | | 2,606,875 | |
| End of year | | | <u>\$ 2,660,465</u> | |

City of Pomona
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual (Continued)
Air Quality Improvement Special Revenue Fund
For the Year Ended June 30, 2018

| | Budget Amounts | | Actual | Variance with |
|---|------------------|---------------------|-------------------|---------------------|
| | Original | Final | Amounts | Final Budget |
| | | | | Positive |
| | | | | (Negative) |
| REVENUES: | | | | |
| Intergovernmental | \$ 191,050 | \$ 191,050 | \$ 639,550 | \$ 448,500 |
| Use of money and properties | 5,306 | 5,306 | 7,935 | 2,629 |
| Total revenues | <u>196,356</u> | <u>196,356</u> | <u>647,485</u> | <u>451,129</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Urban development | 28,266 | 28,640 | 94,865 | (66,225) |
| Capital outlay | <u>45,000</u> | <u>252,074</u> | <u>1,070,746</u> | <u>(818,672)</u> |
| Total expenditures | <u>73,266</u> | <u>280,714</u> | <u>1,165,611</u> | <u>(884,897)</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>123,090</u> | <u>(84,358)</u> | <u>(518,126)</u> | <u>(433,768)</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | - | - | 228,446 | 228,446 |
| Transfers out | <u>(85,000)</u> | <u>(85,000)</u> | <u>(85,258)</u> | <u>(258)</u> |
| Total other financing sources (uses) | <u>(85,000)</u> | <u>(85,000)</u> | <u>143,188</u> | <u>228,188</u> |
| Net change in fund balance | <u>\$ 38,090</u> | <u>\$ (169,358)</u> | <u>(374,938)</u> | <u>\$ (205,580)</u> |
| FUND BALANCE: | | | | |
| Beginning of year | | | <u>770,090</u> | |
| End of year | | | <u>\$ 395,152</u> | |

City of Pomona
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual (Continued)
Landscape Maintenance District Special Revenue Fund
For the Year Ended June 30, 2018

| | Budget Amounts | | Actual | Variance with |
|-----------------------------------|-------------------|--------------------|-------------------|-------------------|
| | Original | Final | Amounts | Final Budget |
| | | | | Positive |
| | | | | (Negative) |
| REVENUES: | | | | |
| Special assessments | \$ 1,224,083 | \$ 1,224,083 | \$ 1,191,903 | \$ (32,180) |
| Use of money and properties | 5,146 | 5,146 | 6,334 | 1,188 |
| Total revenues | <u>1,229,229</u> | <u>1,229,229</u> | <u>1,198,237</u> | <u>(30,992)</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Urban development | 1,239,034 | 1,309,885 | 1,141,013 | 168,872 |
| Neighborhood services and library | - | 5,953 | 9,318 | (3,365) |
| Total expenditures | <u>1,239,034</u> | <u>1,315,838</u> | <u>1,150,331</u> | <u>165,507</u> |
| Net change in fund balance | <u>\$ (9,805)</u> | <u>\$ (86,609)</u> | 47,906 | <u>\$ 134,515</u> |
| FUND BALANCE: | | | | |
| Beginning of year | | | 820,047 | |
| End of year | | | <u>\$ 867,953</u> | |

City of Pomona
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual (Continued)
Asset Forfeiture Special Revenue Fund
For the Year Ended June 30, 2018

| | Budget Amounts | | Actual | Variance with |
|---|---------------------|---------------------|-------------------|-------------------|
| | Original | Final | Amounts | Final Budget |
| | | | | Positive |
| | | | | (Negative) |
| REVENUES: | | | | |
| Intergovernmental | \$ - | \$ - | \$ 48,487 | \$ 48,487 |
| Charges for services | 30,000 | 30,000 | 121,959 | 91,959 |
| Use of money and properties | 9,810 | 9,810 | 5,813 | (3,997) |
| Miscellaneous | 1,600,000 | 1,600,000 | 620,208 | (979,792) |
| Total revenues | <u>1,639,810</u> | <u>1,639,810</u> | <u>796,467</u> | <u>(843,343)</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Public safety | 2,025,604 | 1,978,297 | 836,843 | 1,141,454 |
| Capital outlay | 45,592 | 45,592 | - | 45,592 |
| Total expenditures | <u>2,071,196</u> | <u>2,023,889</u> | <u>836,843</u> | <u>1,187,046</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>(431,386)</u> | <u>(384,079)</u> | <u>(40,376)</u> | <u>343,703</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers out | - | (166,775) | - | 166,775 |
| Proceeds from sale of capital assets | - | - | 2,630 | 2,630 |
| Total other financing sources (uses) | <u>-</u> | <u>(166,775)</u> | <u>2,630</u> | <u>169,405</u> |
| Net change in fund balance | <u>\$ (431,386)</u> | <u>\$ (550,854)</u> | <u>(37,746)</u> | <u>\$ 513,108</u> |
| FUND BALANCE: | | | | |
| Beginning of year | | | 926,372 | |
| End of year | | | <u>\$ 888,626</u> | |

City of Pomona
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual (Continued)
Traffic Offender Special Revenue Fund
For the Year Ended June 30, 2018

| | Budget Amounts | | Actual | Variance with |
|-----------------------------------|--------------------|---------------------|-------------------|-----------------|
| | Original | Final | Amounts | Final Budget |
| | | | | Positive |
| | | | | (Negative) |
| REVENUES: | | | | |
| Charges for services | \$ 275,000 | \$ 275,000 | \$ 265,840 | \$ (9,160) |
| Use of money and properties | 2,988 | 2,988 | 2,718 | (270) |
| Miscellaneous | - | 7,000 | - | (7,000) |
| Total revenues | <u>277,988</u> | <u>284,988</u> | <u>268,558</u> | <u>(16,430)</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Public safety | 248,093 | 241,103 | 243,596 | (2,493) |
| Capital outlay | <u>70,000</u> | <u>180,710</u> | <u>154,222</u> | <u>26,488</u> |
| Total expenditure | <u>318,093</u> | <u>421,813</u> | <u>397,818</u> | <u>23,995</u> |
| Net change in fund balance | <u>\$ (40,105)</u> | <u>\$ (136,825)</u> | <u>(129,260)</u> | <u>\$ 7,565</u> |
| FUND BALANCE: | | | | |
| Beginning of year | | | <u>291,864</u> | |
| End of year | | | <u>\$ 162,604</u> | |

City of Pomona
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual (Continued)
Measure R Special Revenue Fund
For the Year Ended June 30, 2018

| | Budget Amounts | | Actual | Variance with |
|---|----------------------------|----------------------------|----------------------------|--------------------------|
| | Original | Final | Amounts | Final Budget |
| | | | | Positive |
| | | | | (Negative) |
| REVENUES: | | | | |
| Intergovernmental | \$ 1,714,693 | \$ 1,714,693 | \$ 1,803,401 | \$ 88,708 |
| Use of money and properties | 5,198 | 5,198 | 25,040 | 19,842 |
| Total revenues | <u>1,719,891</u> | <u>1,719,891</u> | <u>1,828,441</u> | <u>108,550</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Urban development | <u>1,158,111</u> | <u>1,187,529</u> | <u>1,169,982</u> | <u>17,547</u> |
| Total expenditures | <u>1,158,111</u> | <u>1,187,529</u> | <u>1,169,982</u> | <u>17,547</u> |
| REVENUES OVER EXPENDITURES | <u>561,780</u> | <u>532,362</u> | <u>658,459</u> | <u>126,097</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | - | - | 3,414 | 3,414 |
| Transfers out | <u>(690,403)</u> | <u>(690,403)</u> | <u>(608,783)</u> | <u>81,620</u> |
| Total other financing sources (uses) | <u>(690,403)</u> | <u>(690,403)</u> | <u>(605,369)</u> | <u>85,034</u> |
| Net change in fund balance | <u><u>\$ (128,623)</u></u> | <u><u>\$ (158,041)</u></u> | <u>53,090</u> | <u><u>\$ 211,131</u></u> |
| FUND BALANCE: | | | | |
| Beginning of year | | | <u>2,747,562</u> | |
| End of year | | | <u><u>\$ 2,800,652</u></u> | |

City of Pomona
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual (Continued)
Measure M Special Revenue Fund
For the Year Ended June 30, 2018

| | Budget Amounts | | Actual | Variance with |
|---|------------------|-----------------------|---------------------|---------------------|
| | Original | Final | Amounts | Final Budget |
| | | | | Positive |
| | | | | (Negative) |
| REVENUES: | | | | |
| Intergovernmental | \$ 2,165,400 | \$ 2,165,400 | \$ 1,634,149 | \$ (531,251) |
| Total revenues | <u>2,165,400</u> | <u>2,165,400</u> | <u>1,634,149</u> | <u>(531,251)</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Urban development | 2,165,400 | 1,740,050 | 73,934 | 1,666,116 |
| Capital outlay | - | 425,350 | - | 425,350 |
| Total expenditures | <u>2,165,400</u> | <u>2,165,400</u> | <u>73,934</u> | <u>2,091,466</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>-</u> | <u>-</u> | <u>1,560,215</u> | <u>1,560,215</u> |
| OTHER FINANCING USES: | | | | |
| Transfers out | - | (1,624,050) | - | 1,624,050 |
| Total other financing uses | <u>-</u> | <u>(1,624,050)</u> | <u>-</u> | <u>1,624,050</u> |
| Net change in fund balance | <u>\$ -</u> | <u>\$ (1,624,050)</u> | <u>1,560,215</u> | <u>\$ 3,184,265</u> |
| FUND BALANCE: | | | | |
| Beginning of year | | | - | |
| End of year | | | <u>\$ 1,560,215</u> | |

City of Pomona
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual (Continued)
General Sanitation Fees Operations Special Revenue Fund
For the Year Ended June 30, 2018

| | Budget Amounts | | Actual | Variance with |
|---|------------------|-------------------|---------------------|--------------------|
| | Original | Final | Amounts | Final Budget |
| | | | | Positive |
| | | | | (Negative) |
| REVENUES: | | | | |
| Licenses and permits | \$ 1,437,364 | \$ 1,437,364 | \$ 1,387,264 | \$ (50,100) |
| Fines and forfeitures | 9,013 | 9,013 | 11,573 | 2,560 |
| Miscellaneous | - | - | 346 | 346 |
| Total revenues | <u>1,446,377</u> | <u>1,446,377</u> | <u>1,399,183</u> | <u>(47,194)</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Urban development | <u>2,398,176</u> | <u>2,438,263</u> | <u>2,430,510</u> | <u>7,753</u> |
| Total expenditures | <u>2,398,176</u> | <u>2,438,263</u> | <u>2,430,510</u> | <u>7,753</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>(951,799)</u> | <u>(991,886)</u> | <u>(1,031,327)</u> | <u>(39,441)</u> |
| OTHER FINANCING SOURCES: | | | | |
| Transfers in | <u>985,483</u> | <u>985,483</u> | <u>949,570</u> | <u>(35,913)</u> |
| Net change in fund balance | <u>\$ 33,684</u> | <u>\$ (6,403)</u> | <u>(81,757)</u> | <u>\$ (75,354)</u> |
| FUND BALANCE: | | | | |
| Beginning of year | | | <u>(367,059)</u> | |
| End of year | | | <u>\$ (448,816)</u> | |

City of Pomona
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual (Continued)
Special Fees Fund Special Revenue Fund
For the Year Ended June 30, 2018

| | Budget Amounts | | Actual | Variance with |
|-----------------------------------|------------------|------------------|---------------------|------------------|
| | Original | Final | Amounts | Final Budget |
| | | | | Positive |
| | | | | (Negative) |
| REVENUES: | | | | |
| Licenses and permits | \$ 321,200 | \$ 321,200 | \$ 41,824 | \$ (279,376) |
| Use of money and properties | - | - | 10,625 | 10,625 |
| Total revenues | <u>321,200</u> | <u>321,200</u> | <u>52,449</u> | <u>(268,751)</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Urban development | <u>300,000</u> | <u>300,000</u> | <u>-</u> | <u>300,000</u> |
| Total expenditures | <u>300,000</u> | <u>300,000</u> | <u>-</u> | <u>300,000</u> |
| Net change in fund balance | <u>\$ 21,200</u> | <u>\$ 21,200</u> | <u>52,449</u> | <u>\$ 31,249</u> |
| FUND BALANCE: | | | | |
| Beginning of year | | | <u>1,495,068</u> | |
| End of year | | | <u>\$ 1,547,517</u> | |

City of Pomona
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual (Continued)
PEG Fee Special Revenue Fund
For the Year Ended June 30, 2018

| | Budget Amounts | | Actual | Variance with |
|-----------------------------------|----------------|-------|-----------|---------------|
| | Original | Final | Amounts | Final Budget |
| | | | | Positive |
| | | | | (Negative) |
| REVENUES: | | | | |
| Licenses and permits | \$ - | \$ - | \$ 80,677 | \$ 80,677 |
| Use of money and properties | - | - | (79) | (79) |
| Total revenues | - | - | 80,598 | 80,598 |
| Net change in fund balance | \$ - | \$ - | 80,598 | \$ 80,598 |
| FUND BALANCE: | | | | |
| Beginning of year | | | - | |
| End of year | | | \$ 80,598 | |

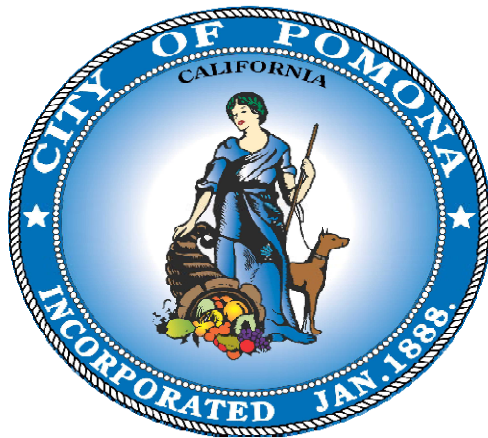
City of Pomona
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual (Continued)
Assessment District Improvement Capital Projects Fund
For the Year Ended June 30, 2018

| | Budget Amounts | | Actual | Variance with |
|-----------------------------------|----------------|---------------|------------------|---------------------|
| | Original | Final | Amounts | Final Budget |
| | | | | Positive |
| | | | | (Negative) |
| REVENUES: | | | | |
| Contribution | \$ - | \$ - | \$ 144,594 | \$ 144,594 |
| Use of money and properties | 749 | 749 | 1,943 | 1,194 |
| Total revenues | <u>749</u> | <u>749</u> | <u>146,537</u> | <u>145,788</u> |
| EXPENDITURES: | | | | |
| Capital outlay | - | - | 294,226 | (294,226) |
| Total expenditures | <u>-</u> | <u>-</u> | <u>294,226</u> | <u>(294,226)</u> |
| Net change in fund balance | <u>\$ 749</u> | <u>\$ 749</u> | <u>(147,689)</u> | <u>\$ (148,438)</u> |
| FUND BALANCE: | | | | |
| Beginning of year | | | 206,754 | |
| End of year | | | <u>\$ 59,065</u> | |

Internal Service Funds

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

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City of Pomona
Combining Statement of Net Position
Internal Service Funds
June 30, 2018

| | Self - Insurance | Equipment Maintenance | Information Technology | Printing/Mail Services | Total |
|---|-----------------------|--------------------------|---------------------------|---------------------------|------------------------|
| ASSETS | | | | | |
| Current assets: | | | | | |
| Cash and investments | \$ 8,072,761 | \$ 1,460,328 | \$ - | \$ - | \$ 9,533,089 |
| Receivables, net: | | | | | |
| Accounts | 8,234 | - | - | - | 8,234 |
| Interest | 36,419 | - | - | - | 36,419 |
| Prepaid items | 3,200 | - | - | 1,438 | 4,638 |
| Inventories | - | 430,664 | - | - | 430,664 |
| Total current assets | 8,120,614 | 1,890,992 | - | 1,438 | 10,013,044 |
| Noncurrent assets: | | | | | |
| Capital assets, net of accumulated depreciation | - | 103,929 | 167,870 | - | 271,799 |
| Total noncurrent assets | - | 103,929 | 167,870 | - | 271,799 |
| Total assets | 8,120,614 | 1,994,921 | 167,870 | 1,438 | 10,284,843 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | |
| Deferred outflows of resources related to pension | 177,036 | 547,970 | 214,130 | - | 939,136 |
| Deferred outflows of resources related to OPEB | 25,176 | 150,484 | 34,331 | - | 209,991 |
| Total deferred outflows of resources | 202,212 | 698,454 | 248,461 | - | 1,149,127 |
| LIABILITIES | | | | | |
| Accounts payable | 18,446 | 314,445 | 18,198 | 3,762 | 354,851 |
| Payroll payable | 14,318 | 48,378 | 20,291 | - | 82,987 |
| Due to other funds | - | - | 94,745 | 38,004 | 132,749 |
| Compensated absences, due within one year | - | 171,617 | - | - | 171,617 |
| Claims and judgments, due within one year | 5,436,000 | - | - | - | 5,436,000 |
| Total current liabilities | 5,468,764 | 534,440 | 133,234 | 41,766 | 6,178,204 |
| Noncurrent liabilities: | | | | | |
| Claims and judgments, due in more than one year | 9,061,118 | - | - | - | 9,061,118 |
| Net pension liabilities | 778,089 | 2,408,370 | 941,117 | - | 4,127,576 |
| Net OPEB liabilities | 425,273 | 2,541,975 | 579,918 | - | 3,547,166 |
| Total noncurrent liabilities | 10,264,480 | 4,950,345 | 1,521,035 | - | 16,735,860 |
| Total liabilities | 15,733,244 | 5,484,785 | 1,654,269 | 41,766 | 22,914,064 |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Deferred inflows of resources related to pension | 14,984 | 46,380 | 18,124 | - | 79,488 |
| Total deferred inflows of resources | 14,984 | 46,380 | 18,124 | - | 79,488 |
| NET POSITION | | | | | |
| Investment in capital assets | - | 103,929 | 167,870 | - | 271,799 |
| Unrestricted (deficit) | (7,425,402) | (2,941,719) | (1,423,932) | (40,328) | (11,831,381) |
| Total Net Position | \$ (7,425,402) | \$ (2,837,790) | \$ (1,256,062) | \$ (40,328) | \$ (11,559,582) |

City of Pomona
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2018

| | Self - Insurance | Equipment Maintenance | Information Technology | Printing/Mail Services | Total |
|--|------------------------------|------------------------------|------------------------------|---------------------------|-------------------------------|
| OPERATING REVENUES: | | | | | |
| Charges for services | \$ 4,422,271 | \$ 3,943,955 | \$ 1,683,878 | \$ 19,642 | \$ 10,069,746 |
| Miscellaneous | 177,917 | - | - | - | 177,917 |
| Total operating revenues | <u>4,600,188</u> | <u>3,943,955</u> | <u>1,683,878</u> | <u>19,642</u> | <u>10,247,663</u> |
| OPERATING EXPENSES: | | | | | |
| Personnel services | 423,557 | 1,852,275 | 604,235 | - | 2,880,067 |
| Operations | - | 2,317,143 | 1,199,426 | 19,642 | 3,536,211 |
| Claims expense | 4,870,433 | - | - | - | 4,870,433 |
| Insurance | - | 49,534 | 9,907 | - | 59,441 |
| Depreciation | - | 24,280 | 25,138 | - | 49,418 |
| Total operating expenses | <u>5,293,990</u> | <u>4,243,232</u> | <u>1,838,706</u> | <u>19,642</u> | <u>11,395,570</u> |
| Operating income (loss) | <u>(693,802)</u> | <u>(299,277)</u> | <u>(154,828)</u> | <u>-</u> | <u>(1,147,907)</u> |
| NONOPERATING REVENUES: | | | | | |
| Investment income | 78,144 | 9,237 | - | - | 87,381 |
| Total nonoperating revenues | <u>78,144</u> | <u>9,237</u> | <u>-</u> | <u>-</u> | <u>87,381</u> |
| INCOME BEFORE TRANSFERS | <u>(615,658)</u> | <u>(290,040)</u> | <u>(154,828)</u> | <u>-</u> | <u>(1,060,526)</u> |
| TRANSFERS: | | | | | |
| Transfers in | 100,000 | - | - | - | 100,000 |
| Transfers out | - | (281,767) | - | - | (281,767) |
| Total transfers | <u>100,000</u> | <u>(281,767)</u> | <u>-</u> | <u>-</u> | <u>(181,767)</u> |
| Changes in Net Position | <u>(515,658)</u> | <u>(571,807)</u> | <u>(154,828)</u> | <u>-</u> | <u>(1,242,293)</u> |
| Net Positions: | | | | | |
| Beginning of the year, as restated (Note 19) | <u>(6,909,744)</u> | <u>(2,265,983)</u> | <u>(1,101,234)</u> | <u>(40,328)</u> | <u>(10,317,289)</u> |
| End of the Year | <u><u>\$ (7,425,402)</u></u> | <u><u>\$ (2,837,790)</u></u> | <u><u>\$ (1,256,062)</u></u> | <u><u>\$ (40,328)</u></u> | <u><u>\$ (11,559,582)</u></u> |

City of Pomona
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2018

| | Self - Insurance | Equipment Maintenance | Information Technology | Printing/Mail Services | Total |
|---|---------------------|--------------------------|---------------------------|---------------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | | |
| Cash received from customers and users | \$ 4,592,884 | \$ 3,943,955 | \$ 1,678,069 | \$ 20,178 | \$ 10,235,086 |
| Cash paid to suppliers for goods and services | (4,939,638) | (2,231,603) | (1,204,508) | (20,178) | (8,395,927) |
| Cash paid for general and administrative expenses | (429,161) | (1,444,638) | (473,561) | - | (2,347,360) |
| Net cash provided by (used in) operating activities | <u>(775,915)</u> | <u>267,714</u> | <u>-</u> | <u>-</u> | <u>(508,201)</u> |
| CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES: | | | | | |
| Cash transfers in | 100,000 | - | - | - | 100,000 |
| Cash transfers out | - | (281,767) | - | - | (281,767) |
| Net cash provided by (used in) noncapital financing activities | <u>100,000</u> | <u>(281,767)</u> | <u>-</u> | <u>-</u> | <u>(181,767)</u> |
| CASH FLOW FROM INVESTING ACTIVITIES: | | | | | |
| Interest received | 62,946 | 9,237 | - | - | 72,183 |
| Net cash provided by investing activities | <u>62,946</u> | <u>9,237</u> | <u>-</u> | <u>-</u> | <u>72,183</u> |
| Net decrease in cash and cash equivalents | (612,969) | (4,816) | - | - | (617,785) |
| CASH AND CASH EQUIVALENTS: | | | | | |
| Beginning of Year | 8,685,730 | 1,465,144 | - | - | 10,150,874 |
| End of Year | <u>\$ 8,072,761</u> | <u>\$ 1,460,328</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 9,533,089</u> |

City of Pomona
Combining Statement of Cash Flows (Continued)
Internal Service Funds
For the Year Ended June 30, 2018

| | Self - Insurance | Equipment Maintenance | Information Technology | Printing/Mail Services | Total |
|---|---------------------|--------------------------|---------------------------|---------------------------|---------------------|
| RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES: | | | | | |
| Operating loss | \$ (693,802) | \$ (299,277) | \$ (154,828) | \$ - | \$ (1,147,907) |
| Adjustments to reconcile operating loss to net cash provided by operating activities: | | | | | |
| Depreciation | - | 24,280 | 25,138 | - | 49,418 |
| (Increase) decrease in accounts receivable | (7,304) | - | - | - | (7,304) |
| (Increase) decrease in inventories | - | (24,525) | - | - | (24,525) |
| (Increase) decrease in deferred outflows of resources related to pension | 107,551 | 163,498 | 72,752 | - | 343,801 |
| (Increase) decrease in deferred outflows of resources related to OPEB | (16,012) | (95,708) | (21,835) | - | (133,555) |
| Increase (decrease) in accounts payable | (126,159) | 159,599 | 4,825 | (536) | 37,729 |
| Increase (decrease) in payroll payable | (4,173) | 1,569 | 3,685 | - | 1,081 |
| Increase (decrease) in due to other funds | - | - | (5,809) | 536 | (5,273) |
| Increase (decrease) in claims and judgments | 56,954 | - | - | - | 56,954 |
| Increase (decrease) in compensation absences | - | 645 | - | - | 645 |
| Increase (decrease) in net pension liability | (42,385) | 357,185 | 114,026 | - | 428,826 |
| Increase (decrease) in net OPEB liability | 28,180 | 168,440 | 38,427 | - | 235,047 |
| Increase (decrease) in deferred inflows of resources related to pension | (78,765) | (187,992) | (76,381) | - | (343,138) |
| Total adjustment | (82,113) | 566,991 | 154,828 | - | 639,706 |
| Net cash provided by operating activities | \$ (775,915) | \$ 267,714 | \$ - | \$ - | \$ (508,201) |

Agency Funds

The **Agency Funds** account for assets held by the City for other funds, governments or individuals. These funds include receipts and disbursements of funds for the debt service activity of the 1911 Act assessment districts, cash deposits collected for street and sidewalk encroachment permits, debt services activity related to debt without government commitment for various assessment district improvements, cash guarantees (deposits) collected by the City for various construction improvement projects, deposits of miscellaneous self-supporting City projects, payment of various employee benefits and deductions, including, but not limited to, health and dental insurance premiums, federal and state withholding taxes, life insurance and other withholdings from regular compensation as well as monitoring of the local watershed as required by the MS4 permit as a lead agency of the East San Gabriel Valley Watershed Management Group.

City of Pomona
Combining Statement of Fiduciary Assets and Liabilities
All Agency Funds
June 30, 2018

| | Assessment Districts | Engineers' Revolving | Construction Guarantee | Municipal Revolving |
|--|-------------------------|-------------------------|---------------------------|------------------------|
| ASSETS: | | | | |
| Cash and investments | \$ 225,807 | \$ 422,307 | \$ 784,702 | \$ 1,179,707 |
| Accounts receivables | - | - | - | 157,923 |
| Interest receivables | 798 | 1,290 | - | - |
| Due from other governments | 15,220 | - | - | - |
| Total Assets | 241,825 | 423,597 | 784,702 | 1,337,630 |
| LIABILITIES: | | | | |
| Accounts payable | - | - | 1,568 | 181,473 |
| Deposits payable | 12,710 | 423,597 | 783,134 | 1,156,157 |
| Due to external parties/other agencies | 229,115 | - | - | - |
| Total Liabilities | \$ 241,825 | \$ 423,597 | \$ 784,702 | \$ 1,337,630 |

City of Pomona
Combining Statement of Fiduciary Assets and Liabilities (Continued)
All Agency Funds
June 30, 2018

| | Employee Benefits/ Deductions | East San Gabriel Valley Water Management | Total |
|--|-------------------------------------|--|---------------------|
| ASSETS: | | | |
| Cash and investments | \$ 1,023,921 | \$ 160,683 | \$ 3,797,127 |
| Accounts receivables | - | 135,137 | 293,060 |
| Interest receivables | - | - | 2,088 |
| Due from other governments | - | - | 15,220 |
| Total Assets | <u>1,023,921</u> | <u>295,820</u> | <u>4,107,495</u> |
| LIABILITIES: | | | |
| Accounts payable | 1,023,921 | 36,501 | 1,243,463 |
| Deposits payable | - | 259,319 | 2,634,917 |
| Due to external parties/other agencies | - | - | 229,115 |
| Total Liabilities | <u>\$ 1,023,921</u> | <u>\$ 295,820</u> | <u>\$ 4,107,495</u> |

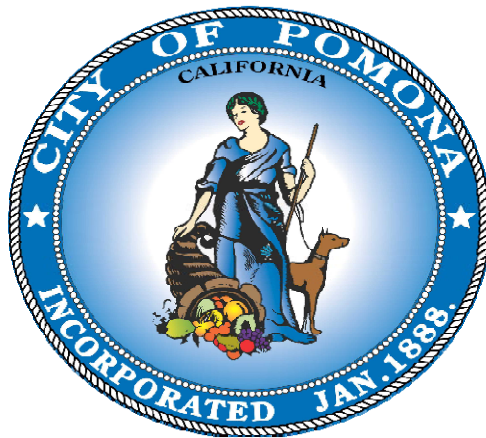
City of Pomona
Combining Statement of Changes in Fiduciary Assets and Liabilities
All Agency Funds
For the Year Ended June 30, 2018

| | Balance July 1, 2017 | Additions | Deletions | Balance June 30, 2018 |
|--|-------------------------|---------------------|-----------------------|--------------------------|
| <u>Assessment Districts</u> | | | | |
| ASSETS: | | | | |
| Cash and investments | \$ 225,805 | \$ 4,454 | \$ (4,452) | \$ 225,807 |
| Interest receivable | 486 | 798 | (486) | 798 |
| Due from other governments | 26,605 | 15,220 | (26,605) | 15,220 |
| Total Assets | \$ 252,896 | \$ 20,472 | \$ (31,543) | \$ 241,825 |
| LIABILITIES: | | | | |
| Accounts payable | \$ 11,669 | \$ 636,406 | \$ (648,075) | \$ - |
| Deposits payable | 14,936 | - | (2,226) | 12,710 |
| Due to external parties/other agencies | 226,291 | 642,540 | (639,716) | 229,115 |
| Total Liabilities | \$ 252,896 | \$ 1,278,946 | \$ (1,290,017) | \$ 241,825 |
| <u>Engineers' Revolving</u> | | | | |
| ASSETS: | | | | |
| Cash and investments | \$ 422,279 | \$ 7,227 | \$ (7,199) | \$ 422,307 |
| Interest receivable | 793 | 1,290 | (793) | 1,290 |
| Total Assets | \$ 423,072 | \$ 8,517 | \$ (7,992) | \$ 423,597 |
| LIABILITIES: | | | | |
| Deposits payable | \$ 423,072 | \$ 525 | \$ - | \$ 423,597 |
| Total Liabilities | \$ 423,072 | \$ 525 | \$ - | \$ 423,597 |
| <u>Construction Guarantee</u> | | | | |
| ASSETS: | | | | |
| Cash and investments | \$ 758,949 | \$ 42,843 | \$ (17,090) | \$ 784,702 |
| Total Assets | \$ 758,949 | \$ 42,843 | \$ (17,090) | \$ 784,702 |
| LIABILITIES: | | | | |
| Accounts payable | \$ 250 | \$ 18,408 | \$ (17,090) | \$ 1,568 |
| Deposits payable | 758,699 | 41,525 | (17,090) | 783,134 |
| Total Liabilities | \$ 758,949 | \$ 59,933 | \$ (34,180) | \$ 784,702 |
| <u>Municipal Revolving</u> | | | | |
| ASSETS: | | | | |
| Cash and investments | \$ 1,210,058 | \$ 734,438 | \$ (764,789) | \$ 1,179,707 |
| Accounts receivable | - | 216,651 | (58,728) | 157,923 |
| Total Assets | \$ 1,210,058 | \$ 951,089 | \$ (823,517) | \$ 1,337,630 |
| LIABILITIES: | | | | |
| Accounts payable | \$ 102,594 | \$ 629,308 | \$ (550,429) | \$ 181,473 |
| Deposits payable | 1,107,464 | 1,000,888 | (952,195) | 1,156,157 |
| Total Liabilities | \$ 1,210,058 | \$ 1,630,196 | \$ (1,502,624) | \$ 1,337,630 |

City of Pomona
Combining Statement of Changes in Fiduciary Assets and Liabilities (Continued)
All Agency Funds
For the Year Ended June 30, 2018

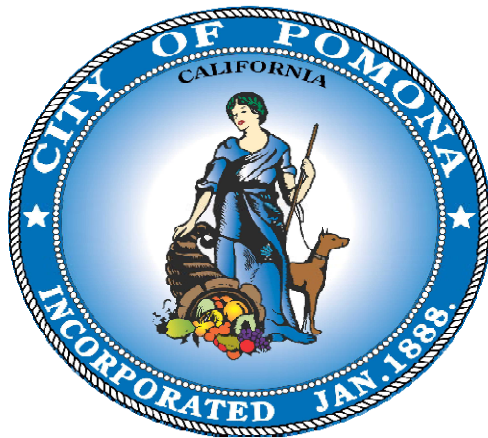
| | Balance July 1, 2017 | Additions | Deletions | Balance June 30, 2018 |
|--|-------------------------|----------------------|------------------------|--------------------------|
| <u>Employee Benefits/Deductions</u> | | | | |
| ASSETS: | | | | |
| Cash and investments | \$ 1,326,551 | \$ 31,724,325 | \$ (32,026,955) | \$ 1,023,921 |
| Total Assets | <u>\$ 1,326,551</u> | <u>\$ 31,724,325</u> | <u>\$ (32,026,955)</u> | <u>\$ 1,023,921</u> |
| LIABILITIES: | | | | |
| Accounts payable | \$ 1,326,551 | \$ 31,724,325 | \$ (32,026,955) | \$ 1,023,921 |
| Total Liabilities | <u>\$ 1,326,551</u> | <u>\$ 31,724,325</u> | <u>\$ (32,026,955)</u> | <u>\$ 1,023,921</u> |
| <u>East San Gabriel Valley Water Management</u> | | | | |
| ASSETS: | | | | |
| Cash and investments | \$ - | \$ 229,303 | \$ (68,620) | \$ 160,683 |
| Accounts receivable | - | 198,965 | (63,828) | 135,137 |
| Total Assets | <u>\$ -</u> | <u>\$ 428,268</u> | <u>\$ (132,448)</u> | <u>\$ 295,820</u> |
| LIABILITIES: | | | | |
| Accounts payable | \$ - | \$ 105,121 | \$ (68,620) | \$ 36,501 |
| Deposits payable | - | 623,761 | (364,442) | 259,319 |
| Total Liabilities | <u>\$ -</u> | <u>\$ 728,882</u> | <u>\$ (433,062)</u> | <u>\$ 295,820</u> |
| <u>Total - All Agency Funds</u> | | | | |
| ASSETS: | | | | |
| Cash and investments | \$ 3,943,642 | \$ 32,742,590 | \$ (32,889,105) | \$ 3,797,127 |
| Receivables: | | | | |
| Accounts | - | 415,616 | (122,556) | 293,060 |
| Interest | 1,279 | 2,088 | (1,279) | 2,088 |
| Due from other governments | 26,605 | 15,220 | (26,605) | 15,220 |
| Total Assets | <u>\$ 3,971,526</u> | <u>\$ 33,175,514</u> | <u>\$ (33,039,545)</u> | <u>\$ 4,107,495</u> |
| LIABILITIES: | | | | |
| Accounts payable | \$ 1,441,064 | \$ 33,113,568 | \$ (33,311,169) | \$ 1,243,463 |
| Deposits payable | 2,304,171 | 1,666,699 | (1,335,953) | 2,634,917 |
| Due to external parties/other agencies | 226,291 | 642,540 | (639,716) | 229,115 |
| Total Liabilities | <u>\$ 3,971,526</u> | <u>\$ 35,422,807</u> | <u>\$ (35,286,838)</u> | <u>\$ 4,107,495</u> |

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STATISTICAL SECTION

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STATISTICAL SECTION (UNAUDITED)

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

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Financial Trends - *These schedules contain information to help the reader to understand how the City's financial performance and well-being have changed over time.*

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City of Pomona
Net Position by Component
Last Ten Fiscal Years

Schedule 1

| | Fiscal Year | | | | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2009 | 2010 | 2011 | 2012 | 2013 |
| Governmental activities: | | | | | |
| Net investment in capital assets | \$ 266,710,638 | \$ 259,501,244 | \$ 257,218,882 | \$ 272,949,495 | \$ 266,340,326 |
| Restricted | 130,746,703 | 134,747,514 | 138,810,197 | 94,261,171 | 94,797,810 |
| Unrestricted | (213,456,367) | (227,480,138) | (232,125,172) | (99,699,617) | (88,955,872) |
| Total governmental activities net position | \$ 184,000,974 | \$ 166,768,620 | \$ 163,903,907 | \$ 267,511,049 | \$ 272,182,264 |
| Business-type activities: | | | | | |
| Net investment in capital assets | \$ 68,860,850 | \$ 62,252,632 | \$ 53,012,960 | \$ 46,811,318 | \$ 40,774,712 |
| Restricted | 2,940,659 | 2,225,388 | 7,660,879 | 13,544,047 | 14,805,693 |
| Unrestricted | 32,957,936 | 34,455,240 | 36,095,478 | 39,600,817 | 42,671,686 |
| Total business-type activities net position | \$ 104,759,445 | \$ 98,933,260 | \$ 96,769,317 | \$ 99,956,182 | \$ 98,252,091 |
| Primary government: | | | | | |
| Net investment in capital assets | \$ 335,571,488 | \$ 321,753,876 | \$ 310,231,842 | \$ 319,760,813 | \$ 307,115,038 |
| Restricted | 133,687,362 | 136,972,902 | 146,471,076 | 107,805,218 | 109,603,503 |
| Unrestricted | (180,498,431) | (193,024,898) | (196,029,694) | (60,098,800) | (46,284,186) |
| Total primary government net position | \$ 288,760,419 | \$ 265,701,880 | \$ 260,673,224 | \$ 367,467,231 | \$ 370,434,355 |

Source: City of Pomona

City of Pomona
Net Position by Component (Continued)
Last Ten Fiscal Years

Schedule 1

| | Fiscal Year | | | | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2014 | 2015 | 2016 | 2017* | 2018 |
| Net investment in capital assets | \$ 239,862,742 | \$ 232,263,791 | \$ 224,471,223 | \$ 234,174,328 | \$ 239,698,525 |
| Restricted | 91,110,197 | 138,440,707 | 116,594,550 | 73,828,441 | 76,407,528 |
| Unrestricted | (66,485,308) | (255,237,644) | (227,001,243) | (241,201,601) | (257,496,100) |
| Total governmental activities net position | \$ 264,487,631 | \$ 115,466,854 | \$ 114,064,530 | \$ 66,801,168 | \$ 58,609,953 |
| Net investment in capital assets | \$ 43,825,224 | \$ 42,086,156 | \$ 42,988,769 | \$ 47,223,963 | \$ 49,968,356 |
| Restricted | 32,725,153 | 28,900,238 | 23,984,978 | 1,885,849 | 7,352,171 |
| Unrestricted | 23,144,683 | 15,566,032 | 25,022,337 | 22,456,812 | 15,446,370 |
| Total business-type activities net position | \$ 99,695,060 | \$ 86,552,426 | \$ 91,996,084 | \$ 71,566,624 | \$ 72,766,897 |
| Net investment in capital assets | \$ 283,687,966 | \$ 274,349,947 | \$ 267,459,992 | \$ 281,398,291 | \$ 289,666,881 |
| Restricted | 123,835,350 | 167,340,945 | 140,579,528 | 75,714,290 | 83,759,699 |
| Unrestricted | (43,340,625) | (239,671,612) | (201,978,906) | (218,744,789) | (242,049,730) |
| Total primary government net position | \$ 364,182,691 | \$ 202,019,280 | \$ 206,060,614 | \$ 138,367,792 | \$ 131,376,850 |

* Restricted net position for 2017 was restated due to the restatements related to notes receivables and unrestricted net position and unrestricted net position was restated due to implementation of GASB 75.

Source: City of Pomona

City of Pomona
Changes in Net Position
Last Ten Fiscal Years

Schedule 2

| | Fiscal Year | | | | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2009 | 2010 | 2011 | 2012 | 2013 |
| Expenses | | | | | |
| Governmental activities: | | | | | |
| General government | \$ 11,325,897 | \$ 6,492,505 | \$ 6,064,138 | \$ 5,248,291 | \$ 7,499,578 |
| Public safety | 76,866,332 | 71,238,620 | 63,110,539 | 63,470,704 | 62,632,820 |
| Urban development | 68,405,205 | 87,717,680 | 77,538,633 | 94,480,470 | 36,407,420 |
| Neighborhood services | 10,418,491 | 8,228,099 | 7,082,135 | 6,771,751 | 14,858,140 |
| Interest on long-term debt | 27,731,312 | 29,442,106 | 29,390,035 | 21,834,146 | 7,997,227 |
| Total governmental activities | 194,747,237 | 203,119,010 | 183,185,480 | 191,805,362 | 129,395,185 |
| Business-type activities: | | | | | |
| Water | 18,980,506 | 27,457,755 | 29,408,125 | 25,909,880 | 28,242,875 |
| Sewer | 2,963,196 | 3,838,426 | 5,733,464 | 5,192,272 | 8,544,029 |
| Refuse | 9,805,894 | 8,598,275 | 8,762,936 | 8,732,864 | 8,403,397 |
| Canon Water Company | 16,681 | 11,787 | 13,927 | 13,219 | 25,163 |
| Total business-type activities | 31,766,277 | 39,906,243 | 43,918,452 | 39,848,235 | 45,215,464 |
| Total primary government expenses | \$ 226,513,514 | \$ 243,025,253 | \$ 227,103,932 | \$ 231,653,597 | \$ 174,610,649 |
| Program Revenues | | | | | |
| Governmental activities: | | | | | |
| Charges for services: | | | | | |
| Police revenues | \$ 3,046,908 | \$ 2,691,660 | \$ 2,053,307 | \$ 2,493,299 | \$ 3,066,121 |
| Plan check fees | 410,451 | 297,073 | 354,575 | 408,563 | 1,017,684 |
| Building permits | 730,510 | 599,818 | 466,567 | 687,783 | 937,070 |
| Graffiti abatement | 566,197 | 561,363 | 564,531 | 563,935 | 552,417 |
| Street sweeping fees | 476,351 | 468,575 | 473,614 | 472,717 | 462,461 |
| Maintenance assessment fees | 1,242,240 | 1,214,568 | 1,214,829 | 1,229,707 | 1,229,659 |
| All other | 11,442,772 | 14,816,018 | 7,249,221 | 731,866 | 9,066,076 |
| Operating contributions and grants | 17,838,374 | 30,034,337 | 23,115,271 | 18,896,518 | 20,548,119 |
| Capital contributions and grants | 12,020,471 | 16,368,968 | 24,908,628 | 18,512,640 | 15,442,436 |
| Total governmental activities program revenues | 47,774,274 | 67,052,380 | 60,400,543 | 43,997,028 | 52,322,043 |
| Business-type activities: | | | | | |
| Charges for services: | | | | | |
| Water | 27,857,381 | 27,084,809 | 27,898,709 | 29,405,992 | 30,633,205 |
| Sewer | 4,189,672 | 4,271,176 | 4,342,682 | 4,528,346 | 4,461,575 |
| Refuse | 8,661,142 | 9,883,142 | 9,046,619 | 9,273,301 | 9,107,603 |
| Canon Water Company | - | - | - | - | 64,221 |
| Operating contributions and grants | 64,841 | 65,721 | 109,165 | 880 | 46,588 |
| Capital contributions and grants | 850 | - | - | 388,000 | - |
| Total business-type activities program revenues | 40,773,886 | 41,304,848 | 41,397,175 | 43,596,519 | 44,313,192 |
| Total primary government program revenues | \$ 88,548,160 | \$ 108,357,228 | \$ 101,797,718 | \$ 87,593,547 | \$ 96,635,235 |

Source: City of Pomona

City of Pomona
Changes in Net Position
Last Ten Fiscal Years

Schedule 2

| | Fiscal Year | | | | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2014 | 2015 | 2016 | 2017 | 2018 |
| Expenses | | | | | |
| Governmental activities: | | | | | |
| General government | \$ 5,583,709 | \$ 5,559,844 | \$ 7,562,244 | \$ 6,469,953 | \$ 17,361,635 |
| Public safety | 66,570,974 | 67,614,853 | 68,882,651 | 80,253,767 | 90,198,911 |
| Urban development | 47,913,493 | 42,134,924 | 43,544,386 | 42,113,740 | 39,353,774 |
| Neighborhood services | 6,181,264 | 6,151,817 | 7,853,695 | 7,410,753 | 7,624,657 |
| Interest on long-term debt | 5,364,960 | 5,252,517 | 5,027,126 | 5,225,017 | 4,011,254 |
| Total governmental activities | 131,614,400 | 126,713,955 | 132,870,102 | 141,473,230 | 158,550,231 |
| Business-type activities: | | | | | |
| Water | 29,585,491 | 27,125,628 | 25,763,116 | 28,440,029 | 30,919,855 |
| Sewer | 4,164,990 | 3,962,091 | 4,026,081 | 3,792,538 | 4,067,892 |
| Refuse | 8,562,818 | 8,467,884 | 8,028,531 | 9,443,548 | 10,197,844 |
| Canon Water Company | 18,154 | 26,747 | 21,080 | 19,718 | 29,972 |
| Total business-type activities | 42,331,453 | 39,582,350 | 37,838,808 | 41,695,833 | 45,215,563 |
| Total primary government expenses | \$ 173,945,853 | \$ 166,296,305 | \$ 170,708,910 | \$ 183,169,063 | \$ 203,765,794 |
| Program Revenues | | | | | |
| Governmental activities: | | | | | |
| Charges for services: | | | | | |
| Police revenues | \$ 3,316,768 | \$ 3,488,416 | \$ 3,376,174 | \$ 3,205,255 | \$ 3,468,394 |
| Plan check fees | 816,046 | 778,349 | 1,219,738 | 988,963 | 866,034 |
| Building permits | 1,107,049 | 1,093,143 | 2,353,704 | 1,790,114 | 1,925,425 |
| Graffiti abatement | 567,499 | 566,547 | 568,757 | 566,597 | 556,879 |
| Street sweeping fees | 475,665 | 474,722 | 476,646 | 474,051 | 465,927 |
| Maintenance assessment fees | 1,193,066 | 1,213,094 | 1,176,050 | 1,200,732 | 1,191,903 |
| All other | 6,014,243 | 6,708,617 | 8,100,519 | 5,900,327 | 5,667,496 |
| Operating contributions and grants | 19,501,511 | 17,564,805 | 16,994,223 | 29,965,692 | 35,876,846 |
| Capital contributions and grants | 12,758,089 | 12,627,464 | 11,413,949 | 8,071,688 | 8,191,910 |
| Total governmental activities program revenues | 45,749,936 | 44,515,157 | 45,679,760 | 52,163,419 | 58,210,814 |
| Business-type activities: | | | | | |
| Charges for services: | | | | | |
| Water | 31,611,142 | 29,888,243 | 28,189,546 | 29,239,473 | 29,713,762 |
| Sewer | 4,684,934 | 4,733,661 | 4,425,247 | 4,291,847 | 4,312,373 |
| Refuse | 9,561,681 | 9,523,134 | 9,692,936 | 10,071,188 | 10,104,225 |
| Canon Water Company | 64,221 | 64,221 | 64,221 | 64,221 | 64,221 |
| Operating contributions and grants | 42,833 | 42,052 | 45,841 | 396,147 | 4,137,026 |
| Capital contributions and grants | - | - | - | - | - |
| Total business-type activities program revenues | 45,964,811 | 44,251,311 | 42,417,791 | 44,062,876 | 48,331,607 |
| Total primary government program revenues | \$ 91,714,747 | \$ 88,766,468 | \$ 88,097,551 | \$ 96,226,295 | \$ 106,542,421 |

Source: City of Pomona

City of Pomona
Changes in Net Position (Continued)
Last Ten Fiscal Years

Schedule 2

| | Fiscal Year | | | | |
|--|-------------------------|-------------------------|-------------------------|-------------------------|------------------------|
| | 2009 | 2010 | 2011 | 2012 | 2013 |
| Net (Expense)/Revenue | | | | | |
| Governmental activities | \$ (146,972,963) | \$ (136,066,630) | \$ (122,784,937) | \$ (147,808,334) | \$ (77,073,142) |
| Business-type activities | 9,007,609 | 1,398,605 | (2,521,277) | 3,748,284 | (902,272) |
| Total primary government net expense | \$ (137,965,354) | \$ (134,668,025) | \$ (125,306,214) | \$ (144,060,050) | \$ (77,975,414) |
| General Revenues and Other Changes in Net Position | | | | | |
| Governmental activities: | | | | | |
| Taxes: | | | | | |
| Property taxes | \$ 65,303,064 | \$ 60,772,676 | \$ 58,116,765 | \$ 41,754,679 | \$ 32,143,878 |
| Sales taxes | 10,628,900 | 11,224,835 | 9,507,105 | 10,804,554 | 12,354,719 |
| Motor vehicle licenses | 555,277 | 479,477 | 829,147 | 83,907 | 69,443 |
| Transient occupancy taxes | 1,450,270 | 1,300,209 | 1,266,721 | 1,359,064 | 1,473,662 |
| Property transfer taxes | 1,020,258 | 1,114,825 | 987,363 | 1,111,530 | 1,475,856 |
| Franchise taxes | 6,861,266 | 6,094,548 | 5,910,791 | 5,961,105 | 5,671,708 |
| Utility users taxes | 17,732,063 | 17,165,968 | 17,718,623 | 17,374,682 | 16,941,444 |
| Business licenses | 3,051,371 | 2,890,920 | 2,730,397 | 3,065,405 | 3,123,120 |
| Other taxes | 17,579 | 10,356 | 4,008 | 69,575 | 20,966 |
| Investment earnings/(expenses) | 17,219,062 | 14,542,222 | 23,775,050 | 13,432,247 | 4,363,428 |
| Miscellaneous | 3,246,127 | 2,193,630 | 2,547,071 | 6,703,775 | 2,347,387 |
| Extraordinary gain/(loss) on dissolution of Redevelopment Agency | - | - | - | 149,004,835 | 804,048 |
| Transfers | (10,250) | 1,044,610 | (220,346) | 690,118 | 954,698 |
| Total governmental activities | 127,074,987 | 118,834,276 | 123,172,695 | 251,415,476 | 81,744,357 |
| Business-type activities: | | | | | |
| Investment earnings/(expenses) | (563,393) | (6,192,697) | 133,255 | 126,449 | 41,890 |
| Miscellaneous | 2,001,376 | 12,517 | 3,733 | 2,250 | 31,677 |
| Income (loss) on sale of capital assets | - | - | - | - | 79,312 |
| Transfers | 10,250 | (1,044,610) | 220,346 | (690,118) | (954,698) |
| Total business-type activities | 1,448,233 | (7,224,790) | 357,334 | (561,419) | (801,819) |
| Total primary government | \$ 128,523,220 | \$ 111,609,486 | \$ 123,530,029 | \$ 250,854,057 | \$ 80,942,538 |
| Changes in Net Position | | | | | |
| Governmental activities | \$ (19,897,976) | \$ (17,232,354) | \$ 387,758 | \$ 103,607,142 | \$ 4,671,215 |
| Business-type activities | 10,455,842 | (5,826,185) | (2,163,943) | 3,186,865 | (1,704,091) |
| Total primary government | \$ (9,442,134) | \$ (23,058,539) | \$ (1,776,185) | \$ 106,794,007 | \$ 2,967,124 |

Source: City of Pomona

City of Pomona
Changes in Net Position (Continued)
Last Ten Fiscal Years

Schedule 2

| | Fiscal Year | | | | |
|--|------------------------|------------------------|------------------------|------------------------|------------------------|
| | 2014 | 2015 | 2016 | 2017 | 2018 |
| Net (Expense)/Revenue | | | | | |
| Governmental activities | \$ (85,864,464) | \$ (82,198,798) | \$ (87,190,342) | \$ (89,309,811) | \$ (100,339,417) |
| Business-type activities | 3,633,358 | 4,668,961 | 4,578,983 | 2,367,043 | 3,116,044 |
| Total primary government net expense | \$ (82,231,106) | \$ (77,529,837) | \$ (82,611,359) | \$ (86,942,768) | \$ (97,223,373) |
| General Revenues and Other Changes in Net Position | | | | | |
| Governmental activities: | | | | | |
| Taxes: | | | | | |
| Property taxes | \$ 33,630,550 | \$ 36,408,806 | \$ 33,716,887 | \$ 33,649,454 | \$ 35,564,811 |
| Sales taxes | 12,040,357 | 13,544,946 | 15,171,472 | 18,135,287 | 18,913,339 |
| Motor vehicle licenses | - | 67,079 | 61,498 | 69,708 | 81,751 |
| Transient occupancy taxes | 1,560,682 | 1,568,387 | 1,723,719 | 2,101,946 | 2,183,989 |
| Property transfer taxes | 1,430,195 | 1,581,039 | 1,859,615 | 1,924,198 | 1,874,513 |
| Franchise taxes | 6,029,371 | 6,563,245 | 6,425,511 | 6,418,863 | 6,630,484 |
| Utility users taxes | 17,311,594 | 17,465,816 | 16,419,345 | 16,022,386 | 16,455,057 |
| Business licenses | 3,171,919 | 3,346,851 | 3,408,813 | 3,830,673 | 3,762,860 |
| Other taxes | 12,963 | 59,221 | 139,498 | - | 2,546 |
| Investment earnings/(expenses) | 2,304,604 | 2,109,521 | 2,665,388 | 2,198,733 | 1,880,240 |
| Miscellaneous | 2,900,772 | 3,461,493 | 3,759,791 | 309,624 | 1,735,726 |
| Extraordinary gain/(loss) on dissolution of Redevelopment Agency | (144,397) | 808,340 | - | - | |
| Transfers | 538,371 | 1,011,800 | (482,001) | 2,710,344 | 3,062,886 |
| Total governmental activities | 80,786,981 | 87,996,544 | 84,869,536 | 87,371,216 | 92,148,202 |
| Business-type activities: | | | | | |
| Investment earnings/(expenses) | 125,696 | 92,349 | 313,933 | 134,138 | 454,394 |
| Miscellaneous | 117,000 | 121,408 | 817,020 | 1,709,825 | 692,721 |
| Income (loss) on sale of capital assets | 9,205 | 1,965 | - | - | |
| Transfers | (538,371) | (1,011,800) | 482,001 | (2,710,344) | (3,062,886) |
| Total business-type activities | (286,470) | (796,078) | 1,612,954 | (866,381) | (1,915,771) |
| Total primary government | \$ 80,500,511 | \$ 87,200,466 | \$ 86,482,490 | \$ 86,504,835 | \$ 90,232,431 |
| Changes in Net Position | | | | | |
| Governmental activities | \$ (5,077,483) | \$ 5,797,746 | \$ (2,320,806) | \$ (1,938,595) | \$ (8,191,215) |
| Business-type activities | 3,346,888 | 3,872,883 | 6,191,937 | 1,500,662 | 1,200,273 |
| Total primary government | \$ (1,730,595) | \$ 9,670,629 | \$ 3,871,131 | \$ (437,933) | \$ (6,990,942) |

Source: City of Pomona

City of Pomona
Fund Balances - Governmental Funds
Last Ten Years

Schedule 3

| | Fiscal Year | | | | |
|---|-----------------------|-----------------------|-----------------------|----------------------|----------------------|
| | 2009 | 2010 | 2011 ⁽¹⁾ | 2012 | 2013 |
| General Fund: | | | | | |
| Reserved | \$ 4,365,820 | \$ 4,270,613 | \$ - | \$ - | \$ - |
| Unreserved | 4,430,794 | 2,265,028 | - | - | - |
| Non-spendable | - | - | 126,089 | 140,834 | 109,949 |
| Restricted | - | - | - | - | - |
| Committed | - | - | 5,563,011 | 2,007,185 | 7,316,769 |
| Assigned | - | - | - | - | - |
| Unassigned | - | - | - | - | - |
| Total General Fund | \$ 8,796,614 | \$ 6,535,641 | \$ 5,689,100 | \$ 2,148,019 | \$ 7,426,718 |
| All Other Governmental Funds: | | | | | |
| Reserved | \$ 305,411,945 | \$ 289,165,426 | \$ - | \$ - | \$ - |
| Unreserved, designated | - | - | - | - | - |
| Unreserved, reported in: | | | | | |
| Special revenue funds | 5,729,977 | 18,753,085 | - | - | - |
| Debt service funds | (155,935,490) | (160,398,749) | - | - | - |
| Capital projects funds | 2,288,382 | (1,497,507) | - | - | - |
| Non-spendable | - | - | 259,577,717 | 60,310,838 | 13,880,356 |
| Restricted | - | - | 81,339,275 | 41,875,382 | 88,633,395 |
| Committed | - | - | - | - | - |
| Assigned | - | - | - | - | - |
| Unassigned | - | - | (202,261,861) | (43,208,211) | (41,655,762) |
| Total All Other Governmental Funds | \$ 157,494,814 | \$ 146,022,255 | \$ 138,655,131 | \$ 58,978,009 | \$ 60,857,989 |

⁽¹⁾ Classification of fund balances were changed due to implementation of GASB 54.

Source: City of Pomona

City of Pomona
Fund Balances - Governmental Funds (Continued)
Last Ten Years

Schedule 3

| | Fiscal Year | | | | |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2014 | 2015 | 2016 ⁽²⁾ | 2017 ⁽²⁾ | 2018 |
| General Fund: | | | | | |
| Reserved | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unreserved | - | - | - | - | - |
| Non-spendable | 112,436 | 102,280 | 106,876 | 65,843 | 11,795 |
| Restricted | - | - | - | 8,791 | 17,170 |
| Committed | 12,260,809 | 14,467,914 | 15,664,972 | 16,151,859 | 16,635,397 |
| Assigned | - | - | - | - | - |
| Unassigned | - | 2,717,909 | 1,067,804 | 938,380 | 1,309,638 |
| Total General Fund | \$ 12,373,245 | \$ 17,288,103 | \$ 16,839,652 | \$ 17,164,873 | \$ 17,974,000 |
| All Other Governmental Funds: | | | | | |
| Reserved | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unreserved, designated | - | - | - | - | - |
| Unreserved, reported in: | | | | | |
| Special revenue funds | - | - | - | - | - |
| Debt service funds | - | - | - | - | - |
| Capital projects funds | - | - | - | - | - |
| Non-spendable | 11,996,916 | 84,397,170 | 9,081 | 900,707 | 864,959 |
| Restricted | 86,119,256 | 54,043,537 | 116,479,028 | 145,324,171 | 148,814,041 |
| Committed | - | - | - | - | - |
| Assigned | - | - | - | - | - |
| Unassigned | (41,134,968) | (59,893,036) | (39,170,313) | (76,496,881) | (75,548,438) |
| Total All Other Governmental Funds | \$ 56,981,204 | \$ 78,547,671 | \$ 77,317,796 | \$ 69,727,997 | \$ 74,130,562 |

⁽²⁾ 2016 and 2017 balances were restated due to prior period adjustments.

Source: City of Pomona

City of Pomona
Changes in Fund Balances - Governmental Funds
Last Ten Fiscal Years

Schedule 4

| | Fiscal Year | | | | |
|---|------------------------|------------------------|------------------------|------------------------|---------------------|
| | 2009 | 2010 | 2011 | 2012 | 2013 |
| Revenues: | | | | | |
| Taxes | \$ 109,044,092 | \$ 98,510,896 | \$ 95,691,191 | \$ 79,677,392 | \$ 72,063,654 |
| Special assessments | 1,220,222 | 1,214,569 | 1,214,829 | 1,229,707 | 1,229,658 |
| Licenses and permits | 7,350,264 | 4,297,116 | 3,333,417 | 4,234,901 | 5,770,483 |
| Intergovernmental | 25,673,807 | 48,689,417 | 50,654,510 | 38,432,208 | 35,229,918 |
| Charges for services | 2,080,651 | 8,855,789 | 3,625,992 | 3,637,583 | 4,619,080 |
| Interest and rentals | 17,115,029 | 14,542,222 | 15,732,587 | 13,417,141 | 4,364,959 |
| Fines and forfeitures | 4,108,850 | 2,065,041 | 1,784,123 | 1,820,973 | 1,960,621 |
| Loans repaid | 253,064 | 46,814 | - | - | - |
| Contributions and donations | - | - | - | - | - |
| Miscellaneous | 4,888,034 | 3,401,802 | 4,663,782 | 5,223,877 | 5,040,269 |
| Total Revenues | 171,734,013 | 181,623,666 | 176,700,431 | 147,673,782 | 130,278,642 |
| Expenditures: | | | | | |
| General government | 4,104,160 | 4,046,274 | 3,073,323 | 2,385,778 | 4,388,871 |
| Public safety | 72,729,944 | 67,888,838 | 61,574,218 | 61,362,969 | 62,362,342 |
| Urban development | 69,119,619 | 88,899,216 | 83,925,250 | 59,708,273 | 45,707,873 |
| Neighborhood services | 8,823,294 | 7,121,480 | 5,889,207 | 5,577,913 | 5,007,798 |
| Capital outlay | 5,462,154 | 2,969,473 | 2,644,383 | 1,835,062 | 2,040,791 |
| Debt service: | | | | | |
| Principal retirement | 4,127,225 | 4,338,517 | 5,480,210 | 8,123,605 | 2,437,533 |
| Interest and fiscal charges | 26,855,452 | 27,311,933 | 26,522,841 | 25,243,568 | 7,358,464 |
| Debt issuance costs | - | - | - | - | - |
| Total Expenditures | 191,221,848 | 202,575,731 | 189,109,432 | 164,237,168 | 129,303,672 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (19,487,835) | (20,952,065) | (12,409,001) | (16,563,386) | 974,970 |
| Other Financing Sources (Uses): | | | | | |
| Notes and loans issued | 533,765 | 533,765 | 649,425 | - | 200,000 |
| Bond premium | - | - | - | - | - |
| Payments to escrow agent | - | - | - | - | - |
| Proceeds from capital leases | 2,048,956 | - | - | 620,860 | 695,000 |
| Proceeds from sale of capital assets | 34,894 | 5,640,158 | 1,764,196 | 271,938 | 4,529,370 |
| Gain/Loss - sale of land held for resale | - | - | - | - | - |
| Transfers in | 29,592,084 | 21,194,695 | 25,487,284 | 15,766,850 | 16,654,519 |
| Transfers out | (29,602,334) | (20,150,085) | (29,524,748) | (15,076,732) | (15,699,821) |
| Total Other Financing Sources (Uses) | 2,607,365 | 7,218,533 | (1,623,843) | 1,582,916 | 6,379,068 |
| Extraordinary gain/(loss) on dissolution of Redevelopment Agency | - | - | - | (68,237,733) | (195,359) |
| Net Change in Fund Balances | \$ (16,880,470) | \$ (13,733,532) | \$ (14,032,844) | \$ (83,218,203) | \$ 7,158,679 |
| Debt service as a percentage of noncapital expenditures | 17.93% | 17.12% | 17.21% | 20.67% | 7.70% |

Source: City of Pomona

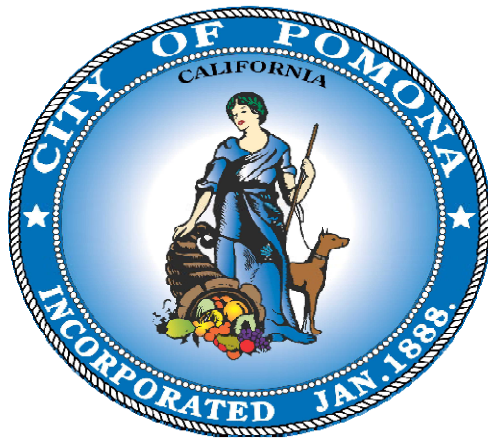
City of Pomona
Changes in Fund Balances - Governmental Funds (Continued)
Last Ten Fiscal Years

Schedule 4

| | Fiscal Year | | | | |
|---|---------------------|--------------------|-----------------------|-----------------------|---------------------|
| | 2014 | 2015 | 2016 | 2017 | 2018 |
| Revenues: | | | | | |
| Taxes | \$ 74,894,452 | \$ 79,325,218 | \$ 77,688,810 | \$ 78,376,705 | \$ 81,805,282 |
| Special assessments | 1,193,067 | 1,213,093 | 1,176,050 | 1,200,732 | 1,191,903 |
| Licenses and permits | 6,637,168 | 6,569,523 | 9,416,790 | 11,515,855 | 10,739,196 |
| Intergovernmental | 32,189,819 | 30,287,748 | 27,724,855 | 27,086,788 | 34,680,502 |
| Charges for services | 4,145,014 | 4,009,626 | 4,633,898 | 3,709,494 | 5,013,473 |
| Interest and rentals | 2,294,343 | 2,098,902 | 2,605,626 | 3,114,537 | 3,012,296 |
| Fines and forfeitures | 2,119,972 | 2,063,417 | 2,055,615 | 2,206,305 | 2,295,944 |
| Loans repaid | - | - | - | - | - |
| Contributions and donations | - | 51,581 | 602,278 | 7,691,802 | 4,821,406 |
| Miscellaneous | 2,329,091 | 3,175,185 | 3,266,373 | 2,685,309 | 3,782,618 |
| Total Revenues | 125,802,926 | 128,794,293 | 129,170,295 | 137,587,527 | 147,342,620 |
| Expenditures: | | | | | |
| General government | 3,569,806 | 4,037,452 | 5,002,584 | 5,918,673 | 5,751,221 |
| Public safety | 65,349,307 | 68,400,434 | 71,798,453 | 74,843,810 | 77,756,206 |
| Urban development | 43,679,402 | 43,859,126 | 35,196,589 | 34,097,446 | 36,209,571 |
| Neighborhood services | 4,748,939 | 4,702,795 | 4,637,086 | 6,013,429 | 6,784,633 |
| Capital outlay | 1,660,811 | 993,126 | 6,851,535 | 20,296,897 | 16,821,629 |
| Debt service: | | | | | |
| Principal retirement | 2,817,951 | 2,916,051 | 3,894,921 | 80,240,987 | 2,524,919 |
| Interest and fiscal charges | 4,974,045 | 4,855,160 | 4,627,698 | 5,714,773 | 2,788,617 |
| Debt issuance costs | - | - | - | - | - |
| Total Expenditures | 126,800,261 | 129,764,144 | 132,008,866 | 227,126,015 | 148,636,796 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (997,335) | (969,851) | (2,838,571) | (89,538,488) | (1,294,176) |
| Other Financing Sources (Uses): | | | | | |
| Notes and loans issued | 300,000 | - | - | 77,120,000 | 2,349,563 |
| Bond premium | - | - | - | 2,239,031 | - |
| Payments to escrow agent | - | - | - | - | - |
| Proceeds from capital leases | - | - | 400,408 | - | 763,528 |
| Proceeds from sale of capital assets | 1,047,249 | 35,530 | - | 1,640 | 148,124 |
| Gain/Loss - sale of land held for resale | - | - | - | - | - |
| Transfers in | 8,628,509 | 9,379,865 | 9,899,873 | 21,108,888 | 12,822,718 |
| Transfers out | (7,764,284) | (8,368,065) | (9,781,874) | (18,398,544) | (9,578,065) |
| Total Other Financing Sources (Uses) | 2,211,474 | 1,047,330 | 518,407 | 82,071,015 | 6,505,868 |
| Extraordinary gain/(loss) on dissolution of Redevelopment Agency | - | - | - | - | - |
| Net Change in Fund Balances | \$ 1,214,139 | \$ 77,479 | \$ (2,320,164) | \$ (7,467,473) | \$ 5,211,692 |
| Debt service as a percentage of noncapital expenditures | 6.56% | 6.37% | 6.82% | 41.54% | 4.02% |

Source: City of Pomona

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City of Pomona
Governmental Activities Tax Revenue by Source
Last Fiscal Ten Years (in thousands of dollars)

Schedule 5

| Fiscal Year Ended June 30 | Property Tax | Sales Tax | Motor Vehicle License | Transient Occupancy | Property Transfer Tax | Franchise | Utility Users Tax | Business Licenses | Other | Total |
|---------------------------------|-----------------|--------------|-----------------------------|------------------------|-----------------------------|-----------|-------------------------|----------------------|-------|---------|
| 2009 | 65,303 | 10,629 | 555 | 1,450 | 1,020 | 6,861 | 17,732 | 3,051 | 19 | 106,620 |
| 2010 | 60,773 | 11,225 | 479 | 1,300 | 1,115 | 6,095 | 17,166 | 2,891 | 10 | 101,054 |
| 2011 | 58,117 | 9,507 | 829 | 1,267 | 987 | 5,911 | 17,719 | 2,730 | 4 | 97,071 |
| 2012 | 41,755 | 10,805 | 84 | 1,359 | 1,112 | 5,961 | 17,375 | 3,065 | 70 | 81,586 |
| 2013 | 32,144 | 12,355 | 69 | 1,474 | 1,476 | 5,672 | 16,941 | 3,123 | 20 | 73,274 |
| 2014 | 33,631 | 12,040 | - | 1,561 | 1,430 | 6,029 | 17,312 | 3,172 | 13 | 75,188 |
| 2015 | 36,409 | 13,545 | 68 | 1,568 | 1,581 | 6,563 | 17,466 | 3,347 | 59 | 80,606 |
| 2016 | 33,717 | 15,171 | 61 | 1,724 | 1,860 | 6,426 | 16,419 | 3,409 | 139 | 78,926 |
| 2017 | 34,581 | 18,135 | 70 | 2,102 | 1,924 | 6,419 | 15,805 | 3,830 | - | 82,866 |
| 2018 | 35,565 | 18,913 | 82 | 2,184 | 1,875 | 6,630 | 16,455 | 3,763 | 2 | 85,469 |

Source: City of Pomona

City of Pomona
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years (in thousands of dollars)

Schedule 6

| Fiscal Year Ended June 30 | Residential Property | Commercial Property | Industrial Property | Other | Unitary Values | Unsecured Property |
|---------------------------------|-------------------------|------------------------|------------------------|---------|-------------------|-----------------------|
| 2009 | 6,486,480 | 1,019,941 | 1,104,778 | 754,630 | 790 | 384,081 |
| 2010 | 5,759,284 | 1,039,418 | 1,197,842 | 830,321 | 788 | 381,397 |
| 2011 | 5,441,493 | 1,034,597 | 1,244,142 | 885,973 | 788 | 352,403 |
| 2012 | 5,571,482 | 998,040 | 1,226,077 | 905,772 | 655 | 360,777 |
| 2013 | 5,679,812 | 1,019,770 | 1,178,211 | 884,418 | 655 | 350,896 |
| 2014 | 5,932,623 | 1,059,762 | 1,233,924 | 869,787 | 374 | 372,621 |
| 2015 | 6,396,012 | 1,070,267 | 1,261,918 | 942,134 | - | 379,640 |
| 2016 | 6,713,231 | 1,111,554 | 1,325,414 | 305,936 | - | 383,971 |
| 2017 | 7,072,432 | 1,194,489 | 1,517,293 | 367,221 | - | 368,869 |
| 2018 | 7,453,284 | 1,246,745 | 1,556,649 | 353,138 | - | 409,305 |

Source: Los Angeles County Assessor data, MuniServices, LLC (for years 2007 to 2015), HdL for the 2016 and 2017 years.
 Prior Year values have been restated for consistency and compliance with GASB No. 44 guidelines

(1) Exemptions are exclusive of home owner exemptions.

(2) Total direct tax rate is the voter approved taxes over and above the 1% Proposition 13 tax for TRA 007-790.

(3) Estimated Actual Value is derived from a series of calculations comparing median assessed values from 1940 to current median sale prices. Based on these calculations a multiplier value was extrapolated and applied to current assessed values.

Assessed Value and Estimated Actual Value of Taxable Property (Continued)
Last Ten Fiscal Years (in thousands of dollars)

| Fiscal Year Ended June 30 | Less: Tax Exempt Property (1) | Total Taxable Assessed Value | Total Direct Tax Rate (2) | Estimated Actual Taxable Value (3) | Factor of Taxable Assessed Value (3) |
|---------------------------------|-------------------------------------|------------------------------------|---------------------------------|---|---|
| 2009 | 447,378 | 9,303,322 | 0.14340 | 8,726,237 | 0.937970 |
| 2010 | 459,461 | 8,749,589 | 0.17547 | 8,691,272 | 1.004839 |
| 2011 | 538,120 | 8,421,276 | 0.20728 | 8,288,686 | 0.984255 |
| 2012 | 652,301 | 8,410,502 | 0.20375 | 8,637,468 | 1.026986 |
| 2013 | 678,279 | 8,435,483 | 0.21734 | 9,148,296 | 1.084502 |
| 2014 | 647,264 | 8,821,827 | 0.18781 | 11,575,340 | 1.312125 |
| 2015 | 814,565 | 9,235,406 | 0.19079 | 12,340,257 | 1.336190 |
| 2016 | 818,224 | 9,840,106 | 0.22197 | 10,658,330 | 1.339440 |
| 2017 | 811,349 | 10,520,304 | 0.22256 | 11,411,995 | 1.336080 |
| 2018 | 948,940 | 11,019,121 | 0.21967 | 11,968,061 | 1.384510 |

Source: Los Angeles County Assessor data, MuniServices, LLC (for years 2007 to 2015), HdL for the 2016 and 2017 years. Prior Year values have been restated for consistency and compliance with GASB No. 44 guidelines

(1) Exemptions are exclusive of home owner exemptions.

(2) Total direct tax rate is the voter approved taxes over and above the 1% Proposition 13 tax for TRA 007-790.

(3) Estimated Actual Value is derived from a series of calculations comparing median assessed values from 1940 to current median sale prices. Based on these calculations a multiplier value was extrapolated and applied to current assessed values.

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

Schedule 7

| | 2009 | 2010 | 2011 | 2012 | 2013 |
|-----------------------------|----------|----------|----------|----------|----------|
| Basic City and County Levy: | | | | | |
| City of Pomona | 0.233504 | 0.310821 | 0.233504 | 0.233504 | 0.233504 |
| Other taxing agencies | 0.766496 | 0.689179 | 0.766496 | 0.766496 | 0.766496 |
| Total | 1.000000 | 1.000000 | 1.000000 | 1.000000 | 1.000000 |
| Override Assessments: | | | | | |
| County | 0.000000 | 0.000000 | 0.000000 | 0.000000 | 0.000000 |
| Unified Schools | 0.115771 | 0.145455 | 0.177212 | 0.173636 | 0.184882 |
| Community College | 0.023326 | 0.025710 | 0.026363 | 0.026415 | 0.028957 |
| Flood Control | 0.000000 | 0.000000 | 0.000000 | 0.000000 | 0.000000 |
| Metro Water District | 0.004300 | 0.004300 | 0.003700 | 0.003700 | 0.003500 |
| Total | 0.143397 | 0.175465 | 0.207275 | 0.203751 | 0.217339 |
| Total Tax Rate | 1.143397 | 1.175465 | 1.207275 | 1.203751 | 1.217339 |

Source: Los Angeles County Auditor/Controller data, MuniServices, LLC (for years 2007 to 2015), HdL for the 2016, 2017, 2018 years.
2007-08 and prior: prior year CAFR reports
For presentation purposes, TRA 007-790 is represented

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

Schedule 7

| | 2014 | 2015 | 2016 | 2017 | 2018 |
|-----------------------------|----------|----------|----------|----------|----------|
| Basic City and County Levy: | | | | | |
| City of Pomona | 0.233504 | 0.233504 | 0.233504 | 0.233504 | 0.233504 |
| Other taxing agencies | 0.766496 | 0.766496 | 0.766496 | 0.766496 | 0.766496 |
| Total | 1.000000 | 1.000000 | 1.000000 | 1.000000 | 1.000000 |
| Override Assessments: | | | | | |
| County | 0.000000 | 0.000000 | 0.000000 | 0.000000 | 0.000000 |
| Unified Schools | 0.164074 | 0.165993 | 0.297990 | 0.284510 | 0.335000 |
| Community College | 0.020231 | 0.021294 | 0.037950 | 0.048060 | 0.046000 |
| Flood Control | 0.000000 | 0.000000 | 0.000000 | 0.000000 | 0.000000 |
| Metro Water District | 0.003500 | 0.003500 | 0.003500 | 0.003500 | 0.003500 |
| - | | | | | |
| Total | 0.187805 | 0.190787 | 0.339440 | 0.336070 | 0.384500 |
| = | | | | | |
| Total Tax Rate | 1.187805 | 1.190787 | 1.339440 | 1.336070 | 1.384500 |

Source: Los Angeles County Auditor/Controller data, MuniServices, LLC (for years 2007 to 2015), HdL for the 2016, 2017, 2018 years
2007-08 and prior: prior year CAFR reports
For presentation purposes, TRA 007-790 is represented

City of Pomona
Principal Property Taxpayers
Current Fiscal Year and Nine Years Ago

Schedule 8

| Taxpayer | 2018 | | | 2009 | | |
|------------------------------------|----------------------------|------|--|----------------------------|------|--|
| | Taxable Assessed Valuation | Rank | Percent of Total City Taxable Assessed Value | Taxable Assessed Valuation | Rank | Percent of Total City Taxable Assessed Value |
| Crest Financing LP | \$ 86,591,342 | 1 | 0.79% | | | |
| Los Angeles County Fair Assoc | 79,455,802 | 2 | 0.72% | 40,872,262 | 3 | 0.44% |
| Altagas Pomona Energy Storage | 59,196,414 | 3 | 0.54% | | | |
| Prologis USLV NEWCA 5 LLC | 48,153,307 | 4 | 0.44% | | | |
| Rexford Industrial Realty LP | 40,813,311 | 5 | 0.37% | | | |
| BRE Paragon MF Olive Ridge Resort | 39,212,438 | 6 | 0.36% | | | |
| 1271 W Sunset LLC | 36,777,795 | 7 | 0.33% | | | |
| LBA Realty Fund III CO VII | 31,756,651 | 8 | 0.29% | | | |
| CMC Dragon LP | 30,147,304 | 9 | 0.27% | | | |
| Pomona II LLC | 29,904,754 | 10 | 0.27% | | | |
| Udr Crest Lp | | | | 64,371,645 | 1 | 0.69% |
| Realty Associates Fund VII LP | | | | 52,062,267 | 2 | 0.56% |
| Ripon Cogeneration LLC | | | | 28,926,804 | 4 | 0.31% |
| Western University of Heal Science | | | | 25,943,482 | 5 | 0.28% |
| Realty Associates Iowa Corp | | | | 25,641,137 | 6 | 0.28% |
| KTR Pomona LLC | | | | 24,299,538 | 7 | 0.26% |
| Topanga Owensmouth 7 LLC | | | | 24,048,517 | 8 | 0.26% |
| The Coca-Cola Company | | | | 22,452,172 | 9 | 0.24% |
| F D S Manufacturing Co | | | | 22,197,005 | 10 | 0.24% |

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

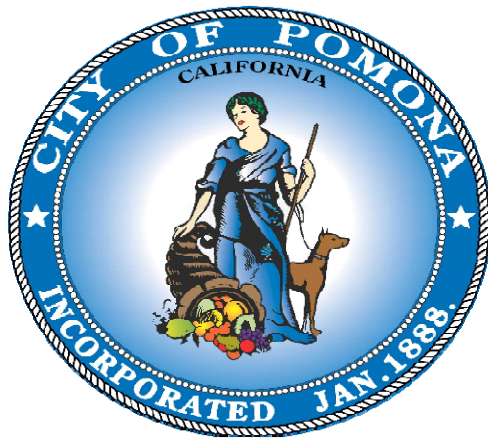
City of Pomona
Top 25 Sales Tax Generators
in Alphabetical Order
Current Fiscal Year and Nine Years Ago

Schedule 9

| 2018 | 2009 |
|--------------------------------------|-------------------------------|
| 76 | All Star KIA |
| All Star KIA | All State Police Equipment |
| Cardenas | Barretts Equine Sales |
| Chevron | Cardenas Markets |
| Construction Hardware | Construction Hardware |
| dd's Discounts | Cornucopia Foods |
| Ferguson Enterprises | CVS Pharmacy |
| Food 4 Less | Fairplex Chevron |
| Giant RV | Ferguson Enterprises |
| Global Rental Co | Food 4 Less |
| HD Supply Home Improvement Solutions | Garys Chevron |
| Home Depot | Global Rental Co |
| Hub Construction Specialties | Hd Supply Repair & Remodeling |
| Huntington Hardware | Home Depot |
| Marco Equipment | Huntington Hardware |
| Mike Thompsons RVs | Marco Equipment |
| Ovations Fanfare | Pomona Shell |
| Rohr Steel | Rancho Valley Chevrolet |
| Ryder Vehicle Sales | Rio Rancho Pontiac GMC Buick |
| Sheraton Suites Fairplex | Tesoro Refining & Marketing |
| Superior Duct Fabrication | Towne Arco |
| Target | United Oil |
| Towne Arco | Walmart Supercenter |
| USA Gas | West Coast Petroleum Services |
| Walmart Supercenter | Winco Foods |

Source: HdL

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

Schedule 10

| Fiscal Year Ended June 30 | Taxes Levied for the Fiscal Year | Collected within the Fiscal Year of the Levy | | Delinquent Tax Collections | Total Collections to Date | |
|------------------------------------|--|---|-----------------------|----------------------------------|---------------------------|-----------------------|
| | | Amount | Percentage of Levy | | Amount | Percentage of Levy |
| 2009 | 13,488,955 | 12,976,085 | 96.2% | 977,302 | 13,953,387 | 103.4% |
| 2010 | 12,344,605 | 12,099,841 | 98.0% | 608,391 | 12,708,232 | 102.9% |
| 2011 | 11,962,439 | 11,830,918 | 98.9% | 697,738 | 12,528,656 | 104.7% |
| 2012 | 12,329,907 | 12,113,998 | 98.2% | 377,392 | 12,491,390 | 101.3% |
| 2013 | 12,528,234 | 12,434,130 | 99.2% | 349,337 | 12,783,467 | 102.0% |
| 2014 | 13,596,705 | 13,442,112 | 98.9% | 637,832 | 14,079,944 | 103.6% |
| 2015 | 14,612,641 | 14,510,121 | 99.3% | 613,771 | 15,123,892 | 103.5% |
| 2016 | 13,843,856 | 13,691,612 | 98.9% | 230,228 | 13,921,840 | 100.6% |
| 2017 | 14,758,820 | 14,939,800 | 101.2% | 106,993 | 15,046,793 | 102.0% |
| 2018 | 15,617,055 | 15,448,699 | 98.9% | 285,086 | 15,733,785 | 100.7% |

Source: Los Angeles County Auditor/Controller, City of Pomona Finance Department

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

Schedule 11

| Fiscal Year Ended June 30 | Governmental Activities | | | | | Total Governmental Activities |
|---------------------------------|----------------------------|------------------|------------------------------------|-------------------------------------|------------|-------------------------------------|
| | Tax Allocation Bonds | Revenue Bonds | Pension Obligation Ref Bonds | Certificates of Participation | Other | |
| 2009 | 9,645,000 | 227,390,370 | 42,280,684 | 13,234,923 | 36,000,684 | 328,551,661 |
| 2010 | 9,555,000 | 224,932,467 | 42,209,382 | 12,944,301 | 37,228,313 | 326,869,463 |
| 2011 | 9,460,000 | 222,313,564 | 44,114,118 | 12,643,679 | 43,497,491 | 332,028,852 |
| 2012 | - | 43,836,347 | 44,299,214 | 12,333,057 | 2,379,277 | 102,847,895 |
| 2013 | - | 42,446,378 | 44,400,752 | 12,012,435 | 1,864,337 | 100,723,902 |
| 2014 | - | 41,110,000 | 44,414,040 | 11,681,813 | 1,754,285 | 98,960,138 |
| 2015 | - | 39,564,000 | 44,333,953 | 11,336,191 | 1,241,295 | 96,475,439 |
| 2016 | - | 37,938,000 | 44,152,153 | 10,970,569 | 1,137,985 | 94,198,707 |
| 2017 | - | 84,782,557 | 7,594,276 | - | 564,977 | 92,941,810 |
| 2018 | - | 82,605,188 | 4,013,254 | - | 3,217,149 | 89,835,591 |

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

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

City of Pomona
Ratios of Outstanding Debt by Type (Continued)
Last Ten Fiscal Years

Schedule 11

| Fiscal Year Ended June 30 | Business-type Activities | | | Total Primary Government | Percentage of Personal Income (1) | Debt per Capita (1) |
|---------------------------------|--------------------------|-----------|--------------------------------------|--------------------------------|---|---------------------------|
| | Revenue Bonds | Other | Total Business-type Activities | | | |
| 2009 | 139,635,527 | 1,286,361 | 140,921,888 | 469,473,549 | n/a | 2,873 |
| 2010 | 139,070,435 | 844,741 | 139,915,176 | 466,784,639 | n/a | 2,857 |
| 2011 | 137,580,343 | 515,674 | 138,096,017 | 470,124,869 | n/a | 2,877 |
| 2012 | 136,030,252 | 174,904 | 136,205,156 | 239,053,051 | n/a | 1,468 |
| 2013 | 135,674,210 | 4,112,175 | 139,786,385 | 240,510,287 | n/a | 1,593 |
| 2014 | 133,915,426 | 3,564,689 | 137,480,115 | 236,440,253 | n/a | 1,558 |
| 2015 | 132,086,642 | 3,004,392 | 135,091,034 | 231,566,473 | n/a | 1,519 |
| 2016 | 130,187,858 | 2,430,984 | 132,618,842 | 226,817,549 | n/a | 1,458 |
| 2017 | 118,139,497 | 1,844,160 | 119,983,657 | 212,925,467 | n/a | 1,371 |
| 2018 | 114,827,755 | 1,243,603 | 116,071,358 | 205,906,949 | n/a | 1,323 |

Ratios of General Bonded Debt Outstanding

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

| Fiscal Year Ended June 30 | General Bonded Debt Outstanding | | | | | Restricted for Debt Service * | Net Bonded Debt | Percentage of Actual Value of Property (1) | Per Capita (2) |
|---------------------------------|---------------------------------|----------------------------|------------------------------------|-------------------------------------|---------|-------------------------------------|--------------------|---|-------------------|
| | Revenue Bonds | Tax Allocation Bonds | Pension Obligation Ref Bonds | Certificates of Participation | Total | | | | |
| 2009 | 227,390 | 9,645 | 42,281 | 13,235 | 292,551 | 13,233 | 279,318 | 3.1% | 1,790 |
| 2010 | 224,932 | 9,555 | 42,209 | 12,944 | 289,640 | 17,589 | 272,051 | 3.3% | 1,779 |
| 2011 | 222,313 | 9,460 | 44,114 | 12,644 | 288,531 | 29,115 | 259,416 | 3.4% | 1,933 |
| 2012 | 43,836 | - | 44,299 | 12,333 | 100,468 | 51,855 | 48,613 | 1.2% | 670 |
| 2013 | 42,446 | - | 44,401 | 12,012 | 98,859 | 50,439 | 48,420 | 1.2% | 655 |
| 2014 | 41,110 | - | 44,414 | 11,682 | 97,206 | 49,229 | 47,977 | 1.1% | 640 |
| 2015 | 39,564 | - | 44,334 | 11,336 | 95,234 | 47,845 | 47,389 | 1.0% | 625 |
| 2016 | 37,938 | - | 44,152 | 10,971 | 93,061 | 55,810 | 37,251 | 0.9% | 598 |
| 2017 | 84,783 | - | 7,594 | - | 92,377 | 65,473 | 26,904 | 0.9% | 545 |
| 2018 | 82,605 | - | 4,013 | - | 86,618 | 67,771 | 18,847 | 0.8% | 514 |

* Includes bond reserves and unspent bond proceeds.

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

(1) See Schedule 6 for property value data.

(2) Population data can be found in Schedule 17.

City of Pomona
Direct and Overlapping Debt
Current Year and Nine Years Ago

Schedule 13

| OVERLAPPING DEBT 06/30/2018: | Total Debt 6/30/2018 | % Applicable (1) | City's Share of Debt 06/30/2018 |
|--|-------------------------|------------------|------------------------------------|
| Los Angeles County Flood Control District | \$ - | 0.000% | \$ - |
| Metropolitan Water District | 29,354,442 | 0.604% | 177,356 |
| Citrus Community College District | 92,513,398 | 1.214% | 1,123,211 |
| Mount San Antonio Community College District | 343,756,691 | 12.262% | 42,151,959 |
| Bonita Unified School District | 122,834,790 | 0.232% | 285,575 |
| Claremont Unified School District | 55,540,000 | 6.099% | 3,387,631 |
| Pomona Unified School District | 280,204,187 | 76.238% | 213,622,333 |
| Total Overlapping Debt | 924,203,508 | | 260,748,065 |
| Obligations Under Capital Leases | 2,417,550 | 100.000% | 2,417,550 |
| Notes Payable | 799,599 | 100.000% | 799,599 |
| Revenue Bonds | 82,605,188 | 100.000% | 82,605,188 |
| Pension Obligation Refunding Bonds | 4,013,254 | 100.000% | 4,013,254 |
| Accreted Interest | 4,013,547 | 100.000% | 4,013,547 |
| Total Direct Debt | 93,849,138 | | 93,849,138 |
| TOTAL DIRECT AND OVERLAPPING DEBT | \$ 1,018,052,646 | | \$ 354,597,203 |
| OVERLAPPING DEBT 06/30/2009: | Total Debt 6/30/2009 | % Applicable (1) | City's Share of Debt 06/30/2009 |
| Metropolitan Water District | 137,096,151 | 0.721% | 988,955 |
| Citrus Community College District | 84,030,302 | 1.355% | 1,138,374 |
| Mount San Antonio Community College District | 187,650,522 | 13.135% | 24,647,027 |
| Bonita Unified School District | 53,164,790 | 0.157% | 83,510 |
| Claremont Unified School District | 40,345,000 | 6.787% | 2,738,028 |
| Pomona Unified School District | 177,831,242 | 76.957% | 136,853,952 |
| Total Overlapping Debt | 680,118,007 | | 166,449,846 |
| County Deferred Tax Loan | 30,081,078 | 100.000% | 30,081,078 |
| Obligations Under Capital Leases | 3,959,606 | 100.000% | 3,959,606 |
| Notes Payable | 1,960,000 | 100.000% | 1,960,000 |
| Revenue Bonds | 227,390,370 | 100.000% | 227,390,370 |
| Tax Allocation Bonds | 9,645,000 | 100.000% | 9,645,000 |
| Pension Obligation Refunding Bonds | 42,280,684 | 100.000% | 42,280,684 |
| Certificates of Participation | 13,234,923 | 100.000% | 13,234,923 |
| Total Direct Debt | 328,551,661 | | 328,551,661 |
| TOTAL DIRECT AND OVERLAPPING DEBT | \$ 1,008,669,668 | | \$ 495,001,507 |

Source: HdL, and prior year CAFR

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

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

Schedule 14

| | 2009 | 2010 | 2011 | 2012 | 2013 |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| Assessed valuation | \$ 9,303,322 | \$ 8,749,589 | \$ 8,421,276 | \$ 8,410,502 | \$ 8,435,483 |
| Debt limit percentage | 15.00% | 15.00% | 15.00% | 15.00% | 15.00% |
| Debt limit | \$ 1,395,498 | \$ 1,312,438 | \$ 1,263,191 | \$ 1,261,575 | \$ 1,265,322 |
| Amount of debt applicable to debt limit | - | - | - | - | - |
| Legal debt margin | <u>\$ 1,395,498</u> | <u>\$ 1,312,438</u> | <u>\$ 1,263,191</u> | <u>\$ 1,261,575</u> | <u>\$ 1,265,322</u> |
| Total debt applicable to the limit as a percentage of debt limit | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |

\$ 11,019,121
1,652,868
-
\$ 1,652,868

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

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

Schedule 14

| | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|--------------|--------------|--------------|---------------|---------------|
| Assessed valuation | \$ 8,821,827 | \$ 9,329,596 | \$ 9,840,106 | \$ 10,520,304 | \$ 11,019,121 |
| Debt limit percentage | 15.00% | 15.00% | 15.00% | 15.00% | 15.00% |
| Debt limit | \$ 1,323,274 | \$ 1,399,439 | \$ 1,476,016 | \$ 1,578,046 | \$ 1,652,868 |
| Amount of debt applicable to debt limit | - | - | - | - | - |
| Legal debt margin | \$ 1,323,274 | \$ 1,399,439 | \$ 1,476,016 | \$ 1,578,046 | \$ 1,652,868 |
| Total debt applicable to the limit as a percentage of debt limit | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |

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

City of Pomona
Pledged Revenue Coverage - Water
Last Ten Fiscal Years

Schedule 15

| Fiscal Year Ended June 30 | Water Revenue Bonds | | | | | | | Net Revenue Coverage |
|---------------------------------|----------------------|-----------------------------------|-----------------------------|-----------------------------------|--------------|-----------|-----------|-------------------------|
| | Water Revenue (1) | Less Operating Expenses (2) | Net Available Revenue | Rate Stabilization Fund (3) | Debt Service | | | |
| | | | | | Principal | Interest | Total | |
| 2009 | 27,750,167 | 22,229,863 | 5,520,304 | - | - | 5,106,170 | 5,106,170 | 1.08 |
| 2010 | 27,071,134 | 20,970,174 | 6,100,960 | - | 200,000 | 5,099,665 | 5,299,665 | 1.15 |
| 2011 | 27,087,846 | 19,041,122 | 8,046,724 | - | 1,095,000 | 5,087,935 | 6,182,935 | 1.30 |
| 2012 | 27,735,841 | 18,961,467 | 8,774,374 | - | 1,140,000 | 5,041,155 | 6,181,155 | 1.42 |
| 2013* | 30,638,933 | 20,160,007 | 10,478,926 | - | 1,190,000 | 5,149,571 | 6,339,571 | 1.65 |
| 2014* | 31,680,312 | 21,494,289 | 10,186,023 | - | 1,240,000 | 5,098,994 | 6,338,994 | 1.61 |
| 2015* | 29,925,501 | 19,626,529 | 10,298,972 | - | 1,295,000 | 5,046,289 | 6,341,289 | 1.62 |
| 2016* | 28,964,078 | 18,073,465 | 10,890,613 | - | 1,350,000 | 4,991,195 | 6,341,195 | 1.72 |
| 2017* | 31,404,614 | 21,474,204 | 9,930,410 | - | 1,415,000 | 4,922,961 | 6,337,961 | 1.57 |
| 2018* | 34,749,625 | 24,423,625 | 10,326,000 | 5,130,000 | 1,925,000 | 3,197,357 | 5,122,357 | 2.02 |

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

*Information has been restated for consistency and compliance with GASB No. 44 and Continued Disclosure Reporting of debt coverage

- (1) Water Revenue consists of Charges for services, Interest Revenue, Intergovernmental, and Sale of Surplus Water
- (2) Operating expenses does not include depreciation or amortization.
- (3) During FY2018, the City established a Rate Stabilization Fund (RSF) equal to annual debt service payments. Transfers from the RSF may be made to meet annual debt service expenses or to comply with debt service coverage.

City of Pomona
Pledged Revenue Coverage - Sewer
Last Ten Fiscal Years

Schedule 16

| Fiscal Year Ended June 30 | Sewer Revenue Bonds | | | | | | | Net Revenue Coverage |
|---------------------------------|----------------------|-----------------------------------|-----------------------------|-----------------------------------|--------------|-----------|-----------|-------------------------|
| | Sewer Revenue (1) | Less Operating Expenses (2) | Net Available Revenue | Rate Stabilization Fund (3) | Debt Service | | | |
| | | | | | Principal | Interest | Total | |
| 2009 | 4,424,826 | 2,426,368 | 1,998,458 | - | 180,000 | 1,302,305 | 1,482,305 | 1.35 |
| 2010 | 4,348,448 | 2,530,093 | 1,818,355 | - | 295,000 | 1,310,465 | 1,605,465 | 1.13 |
| 2011 | 4,400,436 | 2,444,519 | 1,955,917 | - | 325,000 | 1,301,753 | 1,626,753 | 1.20 |
| 2012 | 4,570,662 | 2,445,349 | 2,125,313 | - | 340,000 | 1,290,216 | 1,630,216 | 1.30 |
| 2013 | 4,497,533 | 2,511,043 | 1,986,490 | - | 355,000 | 1,277,020 | 1,632,020 | 1.22 |
| 2014* | 4,854,056 | 2,187,639 | 2,666,417 | - | 370,000 | 1,263,530 | 1,633,530 | 1.63 |
| 2015* | 4,838,316 | 2,203,618 | 2,634,698 | - | 385,000 | 1,247,875 | 1,632,875 | 1.61 |
| 2016* | 4,580,735 | 2,014,093 | 2,566,642 | - | 400,000 | 420,703 | 820,703 | 3.13 |
| 2017* | 4,330,205 | 2,146,411 | 2,183,794 | - | 175,000 | 863,174 | 1,038,174 | 2.10 |
| 2018* | 4,435,747 | 2,237,896 | 2,197,851 | 1,453,169 | 490,000 | 908,720 | 1,398,720 | 1.57 |

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

*Information has been restated for consistency and compliance with GASB No. 44 and Continued Disclosure Reporting of debt coverage

- (1) Operating Revenues represent charges to customers for sales and services. Charges for services excludes sewer connection fees (also referred to as development impact fees), which are included in Miscellaneous
- (2) Operating Expenses include cost of sales and services and administrative expenses and excludes depreciation on capital assets.
- (3) During FY2018, the City established a Rate Stabilization Fund (RSF) equal to annual debt service payments. Transfers from the RSF may be made to meet annual debt service expenses or to comply with debt service coverage.

City of Pomona
Demographic and Economic Statistics
Last Ten Fiscal Years

| <u>Fiscal Year</u> | <u>Population (1)</u> | <u>Personal Income (2) (in thousands)</u> | <u>Per Capita Personal Income (2)</u> | <u>Median Age</u> | <u>Public School Enrollment (3)</u> | <u>Unemployment Rate (4)</u> |
|------------------------|-----------------------|---|---|-----------------------|---|----------------------------------|
| 2009 | 163,408 | 2,747,869 | 16,816 | 28.7 | 30,032 | 8.4% |
| 2010 | 162,817 | 2,728,162 | 16,756 | 28.7 | 31,864 | 12.9% |
| 2011 | 149,243 | 2,651,969 | 17,769 | 28.6 | 28,298 | 14.7% |
| 2012 | 149,950 | 2,533,677 | 16,897 | 28.1 | 27,737 | 13.2% |
| 2013 | 150,942 | 2,593,902 | 17,185 | 29.5 | 27,186 | 12.2% |
| 2014 | 151,713 | 2,392,059 | 15,767 | 30.2 | 26,264 | 11.0% |
| 2015 | 152,419 | 2,659,712 | 17,450 | 29.9 | 25,311 | 7.9% |
| 2016 | 155,604 | 2,575,663 | 16,552 | 30.4 | 24,673 | 7.5% |
| 2017 | 155,306 | 2,664,317 | 17,155 | 30.9 | 24,314 | 5.9% |
| 2018 | 155,687 | 2,722,806 | 17,488 | 31.0 | 23,635 | 5.9% |

Source: 2008-09, 2009-10, 2011-12, 2012-13, 2013-14, and 2014-15: MuniServices, LLC

Source: 2010-11, 2008-09 and prior: prior year previous CAFR reports.

Source: 2015-16, 2016-17, 2017-18 : HdL

(1) Population Projections are provided by California Department of Finance Projections.

(2) Income Data is provided by the United States Census Data and is adjusted for inflation.

(3) Public School Enrollment reflects the total number of students enrolled in Pomona Unified School District only, per schc

(4) Unemployment rates are provided by the Employment Development Department, Bureau of Labor and Statistics Depar

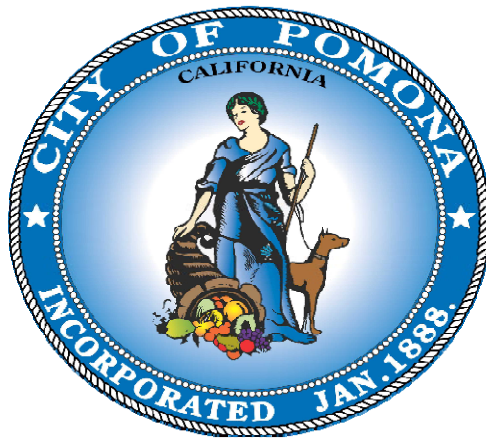
**City of Pomona
Principal Employers
Current Year and Nine Years Ago**

Schedule 18

| Employer | 2018 | | | 2009 | | |
|---|------------------------|------|---|------------------------|------|---|
| | Number of Employees | Rank | Percentage of Total City Employment | Number of Employees | Rank | Percentage of Total City Employment |
| Pomona Valley Hospital | 3,385 | 1 | 4.9% | 3,230 | 2 | 5.6% |
| Pomona Unified School District | 3,034 | 2 | 4.4% | 3,424 | 1 | 5.9% |
| California State Polytechnic University | 2,440 | 3 | 3.6% | 2,316 | 3 | 4.0% |
| Fairplex | 1,071 | 4 | 1.6% | | | |
| Casa Colina Rehabilitation Center | 1,020 | 5 | 1.5% | 688 | 6 | 1.2% |
| City of Pomona | 661 | 6 | 1.0% | 810 | 5 | 1.4% |
| County of Los Angeles Department of Social Services | 350 | 7 | 0.5% | 383 | 8 | 0.7% |
| Kittrich Corporation | 289 | 8 | 0.4% | | | |
| Hayward Industries Inc | 230 | 9 | 0.3% | 258 | 13 | 0.4% |
| Structural Composites Ind LLC | 216 | 10 | 0.3% | | | |
| Lloyd's Material Supply (CAI) | 200 | 11 | 0.3% | 315 | 10 | 0.5% |
| Anheuser Busch Sales Pomona | 189 | 12 | 0.3% | | | |
| Superior Duct Fabrication | 183 | 13 | 0.3% | | | |
| Ferguson Enterprises, Inc | 171 | 14 | 0.3% | | | |
| B2Sign Inc | 150 | 15 | 0.2% | | | |
| Lanterman Developmental Center | | | | 1,283 | 4 | 2.2% |
| Verizon | | | | 596 | 7 | 1.0% |
| First Transit | | | | 320 | 9 | 0.6% |
| Pioneer Electronics | | | | 280 | 11 | 0.5% |
| Inland Valley Care & Rehab | | | | 271 | 12 | 0.5% |
| Royal Cabinets | | | | 229 | 14 | 0.4% |
| Vertis Inc | | | | 215 | 15 | 0.4% |
| Hamilton Sundstrand | | | | 210 | 16 | 0.4% |
| Walmart Stores Inc | | | | 209 | 17 | 0.3% |

Source: City of Pomona business license data and Businesses; 2008 CAFR
Total Employment Source: www.labormarketinfo.edd.ca.gov

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

Schedule 19

| Function | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|-----------------------------------|------|------|------|------|------|------|------|------|------|------|
| General Government | 29 | 26 | 24 | 20 | 19 | 19 | 20 | 20 | 20 | 20 |
| Support Services | 44 | 36 | 33 | 32 | 32 | 32 | 31 | 32 | 33 | 41 |
| Police | 342 | 335 | 271 | 270 | 269 | 270 | 268 | 270 | 271 | 271 |
| Public Works | 81 | 199 | 184 | 184 | 170 | 169 | 170 | 106 | 106 | 93 |
| Water/Wastewater | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 68 | 68 | 74 |
| Community Development | 40 | 38 | 47 | 40 | 38 | 40 | 0 | 0 | 0 | 0 |
| Dev & Neighborhood Svcs | 0 | 0 | 0 | 0 | 0 | 0 | 47 | 47 | 48 | 48 |
| Utility Services | 127 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Community Services and Library | 78 | 32 | 21 | 21 | 11 | 9 | 2 | 2 | 2 | 2 |
| Total | 741 | 666 | 580 | 567 | 539 | 539 | 538 | 545 | 548 | 549 |

Various departments were consolidated in 2009-2010

Source: City of Pomona Finance Department

City of Pomona
Operating Indicators by Function
Last Ten Fiscal Years

| | 2009 | 2010 | 2011 | 2012 | 2013 |
|--|---------|---------|---------|---------|---------|
| Police: | | | | | |
| Felony Arrests | 3,584 | 3,150 | 2,825 | 2,713 | 3,145 |
| Misdemeanor Arrests | 7,824 | 6,686 | 5,557 | 5,780 | 5,821 |
| Parking Citations | 26,223 | 24,305 | 22,685 | 21,462 | 36,718 |
| Moving Citations | 25,305 | 18,412 | 11,554 | 10,452 | 9,179 |
| Fire: | | | | | |
| Incidents | 12,171 | 12,317 | 12,239 | 11,807 | 12,447 |
| Urban development: | | | | | |
| Residential building permits issued | 1,372 | 1,314 | 655 | 720 | 622 |
| Inspections | 17,278 | 6,918 | 5,378 | 5,645 | 4,054 |
| Asphalt repaired (square feet) | 23,911 | 26,489 | 38,842 | 9,222 | 19,400 |
| Sidewalk repaired (square feet) | 6,328 | 12,508 | 18,700 | 12,415 | 7,285 |
| Community services:* | | | | | |
| Community Center participants | 409,595 | 335,931 | 502,674 | 572,270 | 520,157 |
| Senior Program participants | 145,851 | 101,104 | 120,095 | 121,165 | 108,086 |
| Youth program participants | 263,744 | 254,827 | 381,280 | 403,617 | 362,217 |
| Other program participants | 47,043 | 64,574 | 36,296 | 42,343 | 49,854 |
| Sports participants | 206,853 | 314,405 | 254,989 | 311,201 | 309,795 |
| Facility rentals | 220 | 248 | 310 | 547 | 635 |
| Library: | | | | | |
| Program attendance (all programs) | 12,350 | 10,855 | 8,857 | 8,568 | 1,770 |
| Literacy instruction (hours) | 871 | 968 | 709 | 749 | - |
| Water: | | | | | |
| New connections | 23 | 10 | 5 | 7 | 17 |
| Average daily consumption (thousands of gallons) | 20,693 | 18,487 | 17,719 | 17,865 | 18,670 |
| Refuse: | | | | | |
| Curbside Collection (in tons) | 39,407 | 37,436 | 38,068 | 36,472 | 37,246 |
| Recycle Collection (in tons) | 8,003 | 7,512 | 7,108 | 6,801 | 6,896 |
| Greenwaste Collection (in tons) | 13,267 | 13,975 | 14,280 | 13,234 | 12,510 |

Source: Various City Departments

*Due to staffing changes in Community Services, the methodology for counting service delivery was changed beginning 2

City of Pomona
Operating Indicators by Function (Continued)
Last Ten Fiscal Years

Schedule 20

| | 2014 | 2015 | 2016 | 2017 | 2018 |
|--|---------|---------|---------|---------|---------|
| Police: | | | | | |
| Felony Arrests | 3,105 | 2,726 | 2,441 | 2,142 | 2,049 |
| Misdemeanor Arrests | 5,876 | 6,424 | 7,446 | 6,825 | 6,067 |
| Parking Citations | 30,145 | 30,788 | 31,807 | 32,107 | 27,959 |
| Moving Citations | 9,791 | 9,153 | 8,898 | 7,157 | 6,714 |
| Fire: | | | | | |
| Incidents | 13,675 | 15,289 | 16,381 | 16,901 | 16,367 |
| Urban development: | | | | | |
| Residential building permits issued | 722 | 925 | 294 | 969 | 3,476 |
| Inspections | 6,050 | 5,536 | 6,236 | 7,947 | 11,764 |
| Asphalt repaired (square feet) | 36,068 | 84,879 | 84,649 | 95,104 | 78,765 |
| Sidewalk repaired (square feet) | 1,500 | 1,750 | 2,279 | 2,997 | 7,001 |
| Community services:* | | | | | |
| Community Center participants | 501,727 | - | - | - | - |
| Senior Program participants | 100,703 | 44,768 | 44,228 | 59,967 | 59,065 |
| Youth program participants | 337,180 | 56,728 | 52,075 | 33,579 | 40,917 |
| Other program participants | 66,743 | 32,480 | 26,126 | 18,901 | 16,919 |
| Sports participants | 366,978 | 168,034 | 182,529 | 154,670 | 144,680 |
| Facility rentals | 687 | 2,090 | 1,815 | 2,183 | 1,644 |
| Library: | | | | | |
| Program attendance (all programs) | 2,578 | 2,940 | 3,077 | 3,069 | 3,058 |
| Literacy instruction (hours) | - | - | - | - | - |
| Water: | | | | | |
| New connections | 9 | 12 | 21 | 12 | 13 |
| Average daily consumption (thousands of gallons) | 19,615 | 17,905 | 14,450 | 15,084 | 20,243 |
| Refuse: | | | | | |
| Curbside Collection (in tons) | 36,593 | 35,474 | 36,682 | 37,934 | 37,257 |
| Recycle Collection (in tons) | 6,907 | 7,218 | 6,544 | 6,759 | 7,083 |
| Greenwaste Collection (in tons) | 11,934 | 11,904 | 13,480 | 13,699 | 13,143 |

Source: Various City Departments

(*Due to staffing changes in Community Services, the methodology for counting service delivery was changed beginning 2

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

Schedule 21

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|-------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Police: | | | | | | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Patrol Units | 44 | 44 | 44 | 42 | 58 | 51 | 51 | 46 | 44 | 45 |
| Fire: | | | | | | | | | | |
| Fire stations | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 |
| Public works: | | | | | | | | | | |
| Streets (miles) | 388 | 388 | 388 | 388 | 388 | 388 | 388 | 388 | 388 | 388 |
| Streetlights | 7,645 | 7,645 | 7,645 | 7,645 | 7,701 | 7,721 | 7,725 | 7,725 | 7,725 | 7,725 |
| Traffic signals | 176 | 180 | 180 | 161 | 162 | 164 | 164 | 169 | 169 | 169 |
| Community services: | | | | | | | | | | |
| Parks | 26 | 26 | 26 | 26 | 26 | 26 | 26 | 26 | 26 | 27 |
| Park Acreage | 221 | 221 | 221 | 221 | 221 | 221 | 221 | 221 | 221 | 221 |
| Baseball fields | 14 | 14 | 14 | 14 | 14 | 14 | 14 | 14 | 14 | 14 |
| Soccer fields | 17 | 17 | 17 | 17 | 17 | 17 | 17 | 17 | 17 | 17 |
| Basketball courts | 22 | 22 | 22 | 22 | 22 | 22 | 22 | 22 | 22 | 22 |
| Tennis courts | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 |
| Community centers | 13 | 13 | 14 | 14 | 14 | 14 | 14 | 14 | 14 | 14 |
| Libraries | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Water: | | | | | | | | | | |
| Water mains (miles) | 439 | 439 | 467 | 457 | 457 | 457 | 457 | 457 | 457 | 457 |
| Sewer: | | | | | | | | | | |
| Sanitary sewers (miles) | 313 | 313 | 357 | 305 | 305 | 305 | 305 | 305 | 305 | 305 |
| Storm drains (miles) | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 |

Source: Various City Departments