



CITY OF POMONA

COUNCIL REPORT

June 15, 2026

To: Honorable Mayor and Members of the City Council

From: Anita D. Scott, City Manager

Submitted By: Andrew Mowbray, Finance Director/City Treasurer

**SUBJECT: APPROVAL OF ANNUAL AUDIT REPORTS, FISCAL YEAR ENDED
JUNE 30, 2025**

RECOMMENDATION:

It is recommended that the City Council receive and file the annual audit reports for fiscal year ended June 30, 2025.

EXECUTIVE SUMMARY:

Section 1016 of the City Charter requires that the City Council employ a firm of certified public accountants to prepare an annual audit of all City accounts. In compliance with that provision, the City Council awarded a contract to Badawi & Associates to perform the audit of Fiscal Year 2024-25 financial records of the City, Housing Authority, and Financing Authority. Based on the audit, the attached financial reports have been prepared. Once the City Council has received and filed these reports, the Annual Comprehensive Financial Report (ACFR) will be posted on the City's webpage along with the several years of history already available for public view.

SB1439/GOVERNMENT CODE §84308 APPLICABILITY:

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

PREVIOUS RELATED ACTION:

On June 6, 2022, the City Council approved a contract with Badawi & Associates to prepare the annual audit for the fiscal years ended June 30, 2023, June 30, 2024, and June 30, 2025.

On January 9, 2023, the City Council received and filed the annual audit reports for fiscal year ended June 30, 2022.

On January 22, 2024, the Council received and filed the annual audit reports for fiscal year ended June 30, 2023.

On April 21, 2025, the Council received and filed the annual audit reports for fiscal year ended June 30, 2024.

DISCUSSION:

This report contains the Annual Comprehensive Financial Report (ACFR) for fiscal year 2024-25 (FY25). The ‘independent auditors’ report included in the financial reports indicates the statements are presented fairly, in all material respects, the financial condition of the governmental agencies, the business-type activities, each major fund, and the aggregate remaining fund information of the City, basically a ‘clean’ opinion.

While the information presented within the reports is quite comprehensive. The Management Discussion and Analysis (MD&A) provides an overview of the financial reports with discussion of major changes between FY24 and FY25. There are a few funds and events staff wish to highlight. As shown on page 32 of the ACFR, the General Fund increased its fund balance by \$2.6 million in 2024-25 resulting in an ending fund balance of \$63.2 million as of June 30, 2025, including a prior period adjustment of \$3.7 million. This adjustment captures prior year contributions to the Pension Section 115 Trust that had not been reflected as an asset.

General fund revenues increased \$4.0 million in the fiscal year when compared to the prior year. The largest portion of the increase was tax revenue when compared to FY 2023-24. The increase in tax revenue was mainly due to the increase in property tax revenue.

The financials for the City’s Enterprise Funds can be found on Page 36.

The Water fund accounts for the activities associated with the distribution and transmission of potable water to users. The Water Fund had an operating income of \$6.4 million. Water fund balance increased by \$6.1 million for fiscal year 2024-25.

The Sewer fund accounts for the operation and maintenance of the City’s sewer network. The Sewer fund had an increase in fund balance of \$1.1 million compared to prior year ending fund balance.

The Pomona Choice Energy Authority’s (PCEA) continues to do well an increased its fund balance by \$6.3 million. PCEA is looking to repay the Water fund on the advance early.

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 February 6, 2023, the City Council adopted resolution number 2023-06 approving the City's Consolidated Fiscal Policies superseding the previous resolution 2011-49. 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 February 6, 2023, requires the General Fund to have a 'Committed Fund Balance of 22% of operating expenditures. The policy provides a scale of a minimum of 22% and a maximum of 25%. Based on 2024-25 General Fund expenditures (including transfers out) and fund balance numbers, the General Fund will meet 24%.

To address long term concern of the City's growing Pension Liability, The City issued a Pension Obligation bond (Series BJ) in August of 2021. The bond was issued to pay down the City's Pension Liability. The proceeds of the bond were sent directly to PERS for investment. Going forward the investment market's volatility could prove to be an issue with the valuation of the Pension Liability or Asset but overall, the decision to issue a Pension Obligation Bond proved to be prudent decision. Along with addressing the Pension Liability, the City is forward thinking in addressing the growing Other Post Employment Obligation (OPEB) liability. Along with addressing the Pension Liability, the City has established a Section 115 Trust with PARS and began to actively make annual contributions and from surplus.

The City annually submits its financial report to the Government Finance Officers Association (GFOA) for consideration of its Certificate of Achievement for Excellence in Financial Reporting and has done so again this year. The City has received this recognition for thirty-two consecutive years and believes this report continues to conform to GFOA program standards.

Prepared by:

Raul Marquez
Accounting Supervisor

ATTACHMENT(S):

Attachment No. 1 – Annual Comprehensive Financial Report for year ended June 30, 2025