

**CITY OF POMONA, CALIFORNIA  
HOUSING AUTHORITY**

**AUDIT REPORT**

**JUNE 30, 2015**

CITY OF POMONA, CALIFORNIA  
HOUSING AUTHORITY

AUDIT REPORT

JUNE 30, 2015

CITY OF POMONA, CALIFORNIA  
HOUSING AUTHORITY

JUNE 30, 2015

TABLE OF CONTENTS

	<u>Page Number</u>
INDEPENDENT AUDITORS' REPORT .....	1
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements:	
Statement of Net Position .....	3
Statement of Activities.....	4
Fund Financial Statements:	
Balance Sheet - Governmental Fund.....	5
Reconciliation of the Balance Sheet of Governmental Fund to the Statement of Net Position .....	6
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Fund .....	7
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Fund to the Statement of Activities .....	8
Notes to Financial Statements.....	9
Required Supplementary Information	
Budgetary Information .....	25
Budgetary Comparison Schedules	
Housing Authority.....	26
Housing Successor .....	27
Schedule of Proportionate Share of Net Pension Liability .....	28
Schedule of Plan Contributions .....	29

## INDEPENDENT AUDITORS' REPORT

To the Honorable Members of the Board of Directors  
City of Pomona Housing Authority  
City of Pomona, California

### **Report on Financial Statements**

We have audited the accompanying financial statements of the governmental activities and the major funds of the City of Pomona Housing Authority, (the Housing Authority), a component unit of the City of Pomona, California (the City) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Housing Authority'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.

### ***Auditor's 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.



CERTIFIED PUBLIC ACCOUNTANTS

To the Honorable Members of the Board of Directors  
City of Pomona Housing Authority  
City of Pomona, California

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major funds of the Housing Authority, as of June 30, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the budgetary comparison information 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.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2015 on our consideration of the Housing Authority'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 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 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 Housing Authority's internal control over financial reporting and compliance.

Brea, California  
December 16, 2015

CITY OF POMONA HOUSING AUTHORITY

STATEMENT OF NET POSITION  
 JUNE 30, 2015

	<b>Governmental Activities</b>
<b>Assets:</b>	
Cash and investments	\$ 2,014,616
Receivables (net):	
Notes and loans	11,237,230
Interest	2,371
Prepaid costs	640
Due from other governments	217,393
Advances to Successor Agency	4,000,000
Land held for resale	4,503,277
Other investments	600,000
Restricted assets:	
Cash	6,337,683
Capital assets, not being depreciated	3,695,344
Capital assets, net of depreciation	131,656
	<hr/>
<b>Total Assets</b>	<b>32,740,210</b>
	<hr/>
<b>Deferred Outflows of Resources:</b>	
Deferred pension related items	158,304
	<hr/>
<b>Total Deferred Outflows of Resources</b>	<b>158,304</b>
	<hr/>
<b>Liabilities:</b>	
Accounts payable	23,931
Payroll payable	40,575
Accrued liabilities	145,715
Deposits payable	10,000
Noncurrent liabilities:	
Due within one year	142,000
Due in more than one year	36,934
Net pension liability	1,950,343
	<hr/>
<b>Total Liabilities</b>	<b>2,349,498</b>
	<hr/>
<b>Deferred Inflows of Resources:</b>	
Deferred pension related items	598,488
	<hr/>
<b>Total Deferred Inflows of Resources</b>	<b>598,488</b>
	<hr/>
<b>Net Position:</b>	
Net investment in capital assets	3,827,000
Restricted for:	
Urban development	26,123,528
	<hr/>
<b>Total Net Position</b>	<b>\$ 29,950,528</b>
	<hr/> <hr/>

CITY OF POMONA HOUSING AUTHORITY

STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2015

Functions/Programs	Program Revenues			Governmental Activities Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Contributions and Grants	
<b>Primary Government:</b>				
Urban development	\$ 13,103,976	\$ 43,580	\$ 9,387,818	\$ -
<b>Total Primary Government</b>	<b>\$ 13,103,976</b>	<b>\$ 43,580</b>	<b>\$ 9,387,818</b>	<b>\$ -</b>
General Revenues:				
Interest and rentals				369,334
Miscellaneous				124,948
<b>Total General Revenues, Contributions and Extraordinary items</b>				<b>494,282</b>
Change in Net Position				(3,178,296)
Net Position, Beginning of Year				35,565,616
Restatement of Net Position				(2,436,792)
<b>Net Position, End of Year</b>				<b>\$ 29,950,528</b>

CITY OF POMONA HOUSING AUTHORITY

**BALANCE SHEET  
GOVERNMENTAL FUND  
JUNE 30, 2015**

	<u>Housing Authority</u>	<u>Housing Successor</u>	<u>Total</u>
<b>Assets:</b>			
Cash and investments	\$ 1,447,621	\$ 566,995	\$ 2,014,616
Receivables (net):			
Notes and loans	-	11,237,230	11,237,230
Interest	1,496	875	2,371
Prepaid costs	640	-	640
Due from other governments	217,393	-	217,393
Advances to Successor Agency	-	4,000,000	4,000,000
Land held for resale	-	4,503,277	4,503,277
Other investments	-	600,000	600,000
Restricted assets:			
Cash	-	6,337,683	6,337,683
<b>Total Assets</b>	<b><u>\$ 1,667,150</u></b>	<b><u>\$ 27,246,060</u></b>	<b><u>\$ 28,913,210</u></b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 17,516	\$ 6,415	\$ 23,931
Payroll payable	33,040	7,535	40,575
Accrued liabilities	145,715	-	145,715
Deposits payable	-	10,000	10,000
<b>Total Liabilities</b>	<b><u>196,271</u></b>	<b><u>23,950</u></b>	<b><u>220,221</u></b>
<b>Deferred Inflows of Resources:</b>			
Unavailable revenues	-	1,367,626	1,367,626
<b>Total Deferred Inflows of Resources</b>	<b><u>-</u></b>	<b><u>1,367,626</u></b>	<b><u>1,367,626</u></b>
<b>Fund Balances:</b>			
<b>Nonspendable</b>			
Prepaid costs	640	-	640
Land held for resale	-	4,503,277	4,503,277
Advances to Successor Agency	-	4,000,000	4,000,000
<b>Restricted</b>			
Urban development	1,470,239	17,351,207	18,821,446
<b>Total Fund Balances</b>	<b><u>1,470,879</u></b>	<b><u>25,854,484</u></b>	<b><u>27,325,363</u></b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances:</b>	<b><u>\$ 1,667,150</u></b>	<b><u>\$ 27,246,060</u></b>	<b><u>\$ 28,913,210</u></b>



**CITY OF POMONA HOUSING AUTHORITY**

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUND  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2015**

---

<b>Fund Balances of Governmental Fund</b>	<b>\$ 27,325,363</b>
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets net of depreciation have not been included as financial resources in governmental fund activity.	3,827,000
Long-term liabilities were not due and payable in the current period. Therefore, they were not reported in the governmental fund activity.	
Compensated Absences	(178,934)
Governmental funds report all pension contributions as expenditures, however in the Statement of Net Position, the excess of the plan proportionate share of the total pension liability over the proportionate share of the plan fiduciary net position is reported as a net pension liability.	(2,390,527)
Revenues reported as unavailable revenues in the governmental funds and recognized in the Statement of Activities. These are included in the intergovernmental revenues in the governmental fund activity.	<u>1,367,626</u>
<b>Net Position of Governmental Activities</b>	<b><u><u>\$ 29,950,528</u></u></b>

CITY OF POMONA HOUSING AUTHORITY

STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUND  
YEAR ENDED JUNE 30, 2015

	Housing Authority	Housing Successor	Total
<b>Revenues:</b>			
Intergovernmental	\$ 9,387,818	\$ -	\$ 9,387,818
Charges for services	28,231	15,349	43,580
Interest and rentals	92,454	337,140	429,594
Miscellaneous	28,027	96,921	124,948
<b>Total Revenues</b>	<b>9,536,530</b>	<b>449,410</b>	<b>9,985,940</b>
<b>Expenditures:</b>			
Current:			
Urban development	12,171,598	934,440	13,106,038
Capital outlay	18,182	-	18,182
<b>Total Expenditures</b>	<b>12,189,780</b>	<b>934,440</b>	<b>13,124,220</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (2,653,250)</u>	<u>\$ (485,030)</u>	<u>\$ (3,138,280)</u>
<b>Fund Balance:</b>			
Beginning of year, as originally reported	\$ 4,124,129	\$ 18,301,536	\$ 22,425,665
Restatements	-	8,037,978	8,037,978
Fund Balance, Beginning of Year	4,124,129	26,339,514	30,463,643
Net change in fund balances	<u>(2,653,250)</u>	<u>(485,030)</u>	<u>(3,138,280)</u>
<b>Fund Balance, End of Year</b>	<b><u>\$ 1,470,879</u></b>	<b><u>\$ 25,854,484</u></b>	<b><u>\$ 27,325,363</u></b>

CITY OF POMONA HOUSING AUTHORITY

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUND  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2015

---

**Net Change in Fund Balances - Total Governmental Fund** **\$ (3,138,280)**

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 costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:

Capital outlay	\$ 18,182	
Depreciation	<u>(28,995)</u>	(10,813)

Pension obligation expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditure in the governmental funds.

46,265

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.

(15,208)

Revenues reported as deferred revenues in the governmental funds and recognized in the Statement of Activities. These are included in the intergovernmental revenues in the governmental fund activity.

(60,260)

**Change in Net Position of Governmental Activities**

**\$ (3,178,296)**

**CITY OF POMONA HOUSING AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

---

**Note 1: Summary of Significant Accounting Policies**

The financial statements of the City of Pomona Housing Authority (the Housing Authority), a component unit of the City of Pomona, California (the City), have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Boards (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the Authority's accounting policies are described below.

**Description of the Reporting Entity**

The City of Pomona Housing Authority (the Housing Authority) was organized in 1993 under the California Health and Safety Code. The objectives of the Housing Authority are 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 council members of the City.

As part of the 2011-12, State budget bill, the California Legislature enacted, and the Governor signed, companion bills AB IX 26 and AB IX 27, requiring that each redevelopment agency be dissolved unless the community that created it enacts an ordinance committing it to making certain payments. On December 29, 2011, the California Supreme Court upheld AB IX 26, invalidated AB IX 27, and extended all statutory deadlines under AB IX 26, essentially dissolving all redevelopment agencies throughout the State effective February 1, 2012. AB IX 26 provided that cities must decide whether to retain the affordable housing function of the Agency.

On January 30, 2012, the City Council of the City of Pomona adopted Resolution No. 2012-16 and designated the City of Pomona Housing Authority as the "Successor Agency" to the low and moderate income housing functions of the former Redevelopment Agency of the City of Pomona. Upon dissolution of the Agency, pursuant to Part 1.85 of Division 24 of the California Health and Safety Code, all authority, rights, powers, assets, duties and obligations previously vested with the low and moderate income housing functions of the former Agency were transferred to the City of Pomona Housing Authority as the successor agency (the Housing Successor Agency) to the low and moderate income housing functions of the Agency.

GASB Statement No. 61, *The Financial Reporting Entity – Omnibus – An Amendment of GASB Statements No. 14 and No. 34*, defines the financial reporting entity as the primary government and organizations for which the primary government is financially accountable. Financial accountability requires that (1) the primary government and the component unit have a financial benefit or burden relationship or (2) management (below the level of the elected officials) of the primary government have operational responsibility for the activities of the component unit. Since members of City staff also serve as the Board of Directors of the Housing Authority, the City, in effect, has the ability to influence and control operations. In addition, the City has oversight responsibility for the Housing Authority. Accordingly, the financial statements of the Housing Authority are included in the City's Comprehensive Annual Financial Report. The Housing Authority has the same fiscal year as the City. The Comprehensive Annual Financial Report of the City can be obtained from the Finance Department of the City.

**Note 1: Summary of Significant Accounting Policies (Continued)**

**Basis of Accounting and Measurement Focus**

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

**Government-Wide Financial Statements**

The Housing Authority's government-wide financial statements include a Statement of Net Position and a Statement of Activities and Changes in Net Position. These financial statements present summaries of activities for the Housing Authority.

These financial statements are presented on an "*economic resources*" measurement focus and the accrual basis of accounting. 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 while expenses are recognized in the period in which the liability is incurred.

**Governmental Fund Financial Statements**

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balance for all governmental funds. All governmental funds are accounted for using 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 Balance presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

The Housing Authority reports the following two major governmental funds:

- The Housing Authority fund is to account for aid to low-income families in obtaining decent, safe and sanitary housing through federal assistance programs and low/moderate income housing programs.
- The Housing Successor fund is to account for the low and moderate income housing functions of the former Redevelopment Agency.

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. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Unavailable revenue arises when potential revenues do not meet both the "*measurable*" and "*available*" criteria for recognition in the current period. Unearned revenue arises when the government receives resources before it has a legal claim

**CITY OF POMONA HOUSING AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2015**

---

**Note 1: Summary of Significant Accounting Policies (Continued)**

to them, as when grant monies are received prior to incurring qualifying expenditures. 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.

Reconciliations of the Fund Financial Statements to the Government-Wide Financial Statements are provided to explain the differences created by the integrated approach of GASB Statement No. 34.

**Cash and Investments**

The Housing Authority's cash and investments consist of cash and investments pooled with the City. The Housing Authority cash balance is pooled with various other City funds for deposit and investment purposes. The share of each fund in the pooled cash is separately maintained and interest income is apportioned to the participating funds based on the relationships of their average quarter-end cash balances to the total of the pooled cash and investments.

**Prepaid Items**

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.

**Land Held for Resale**

Land purchased for resale is capitalized as inventory at acquisition costs or net realizable value.

**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 Government-Wide Financial Statements. The Housing Authority's 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 their estimated fair market value on the date donated.

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

<u>Assets</u>	<u>Years</u>
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

**Note 1: Summary of Significant Accounting Policies (Continued)**

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.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the Statement of Financial Position and the Governmental Fund Balance Sheet report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government reports deferred outflows of resources for pension contributions made after the actuarial measurement date and for actuarial adjustments due to the proportionate share of the contributions made to the pension liability which will be amortized over the expected average remaining service life time.

In addition to liabilities, the Statement of Financial Position and Governmental Fund Balance Sheet report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The government has one item, which arises only under the modified accrual basis of accounting that qualifies for reporting in this category. The item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: taxes and grant revenues. These amounts are deferred and recognized as an inflow of resources in the period when the amounts become available. In addition, the government has deferred inflows of resources relating to the net pension obligation reported in the government-wide statement of net position. These deferred inflows of resources are the result of the net difference between projected and actual earnings on pension plan investments. These amounts are deferred and amortized over a five year period on a straight-line basis.

**Long-Term Obligations**

In the Government-Wide Financial Statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

The Fund Financial Statements do not present long-term debt. Accordingly, long-term debt is shown as a reconciling item in the Reconciliation of the Governmental Fund Balance Sheet to the Governmental Wide Statement of Net Position.

**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.

**Pension Plan Obligations**

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this

**CITY OF POMONA HOUSING AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2015**

---

**Note 1: Summary of Significant Accounting Policies (Continued)**

purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. CalPERS audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

**Net Position**

In the Government-Wide Financial Statements, net position are classified as follows:

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

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

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

**Net Position Flow Assumption**

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

**Fund Balance**

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

Non-spendable Fund Balance – 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 Fund Balance – 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 Fund Balance – This includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest authority.



CITY OF POMONA HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015

---

**Note 1: Summary of Significant Accounting Policies (Continued)**

Assigned Fund Balance - This includes amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The governing board by Resolution No. 2011-63A gave the authority to assign amounts for specific purposes to the Finance Director.

Unassigned Fund Balance – This includes the residual amounts that have not been restricted, committed, or assigned to specific purposes.

The Board of Directors, as the Authority'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 Board removes or changes the specified use through the same type of formal action taken to establish the commitment. Board action to commit fund balance needs to occur within the fiscal reporting period; however the amount can be determined subsequently.

**Fund Balance Flow Assumptions**

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied.

An individual governmental fund could include non-spendable resources and amounts that are restricted or unrestricted (committed, assigned, or unassigned) or any combination of those classifications. Restricted amounts are to be considered spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available and committed, assigned, then unassigned amounts are considered to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. In addition, estimates affect the reported amount of expenditures. Actual results could differ from these estimates and assumptions.

**Effect of New Accounting Standards**

During the fiscal year ended June 30, 2015, the City implemented the following Governmental Accounting Standards Board (GASB) standards:

**GASB Statement No. 68** – *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement No. 27* improve the decision-usefulness of information in local government employer entity financial reports and enhance its value for assessing accountability and inter-period equity by requiring recognition of the entire net pension liability and a more comprehensive measure of pension expense. Decision-usefulness and accountability are also enhanced through new note disclosures and required supplementary information. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2014.

CITY OF POMONA HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015

---

**Note 1: Summary of Significant Accounting Policies (Continued)**

**GASB Statement No. 71** – *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a local government employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The provisions of GASB Statement No. 71 are effective for financial statements beginning after June 15, 2014.

**Note 2: Cash and Investments**

Cash and investments consisted of the following at June 30, 2015:

Cash and investments	\$ 2,014,616
Restricted cash and investments	<u>6,337,683</u>
Total	<u>\$ 8,352,299</u>

The Housing Authority's cash is included in a City-wide cash and investments pool, the details of which are presented in the City's basic financial statements.

**Deposits**

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 Treasurer may waive collateral requirements for cash deposits, which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation. The City, however, has not 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.

**Investments**

Under the provisions of the City's investment policy, and in accordance with California Government Code, the following investments are authorized:

- Securities issued or guaranteed by the federal government or its agencies
- Bankers' acceptances that are eligible for purchase by the Federal Reserve System

CITY OF POMONA HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015

---

**Note 2: Cash and Investments (Continued)**

- Commercial Paper, rated A-1/P-1, secured by an irrevocable line of credit or government securities
- Certificates of deposit with national and state licensed or chartered banks; federal or state savings and loan associations
- Medium-term corporate notes, rated AAA or AA
- Money market funds
- Local Agency Investment Fund (LAIF)

The City participates in an investment pool managed by the State of California titled Local Agency Investment Fund (LAIF) which had invested 2.08% of the pool investment funds in Structured Notes and Assets-Backed Securities. 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 values is not readily available. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these investments are subject to market risk as to change in interest rates.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments were stated at fair value at year end.

**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.

**Credit Risk**

The City's Policy limits investments in commercial paper to the highest grade of standalone or enhanced (prime) commercial paper as rated by Moody's Investor Service, Standard & Poor's Corporation, or Fitch Financial Services and requires that the management company of mutual funds must have attained the highest ranking or the highest letter and numerical rating provided by not less than two nationally recognized statistical rating organizations. As of June 30, 2015, the City's investments in external investment pools are unrated.

**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 does not contain legal or policy 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.

**CITY OF POMONA HOUSING AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2015**

**Note 2: Cash and Investments (Continued)**

**Concentration of Credit Risk**

The City's Policy states that not more than 20% of the portfolio shall be invested in any one entity or any one instrument to protect the City from concentration of credit risk, with the following exceptions: U.S. Treasury Obligations, governmental agencies (i.e. GNMA, FFCB, FHLB, FHLMC, FNMA, etc.), and investment pools (LAIF). In addition, purchases of commercial paper from U.S. corporations must not exceed 15% of the value of the portfolio at any time and single issuer holdings to no more than 10% per issuer. The City is in compliance with these provisions of the Policy.

**Note 3: Loans Receivable (Net)**

At June 30, 2015, the Housing Authority's net loans receivable consisted of the following:

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015
Deferred Home Improvement Loans	\$ 123,618	\$ -	\$ 10,300	\$ 113,318
Shield of Faith	4,424,827	111,450	36,854	4,499,423
MAP Loans, net	1,776,325	-	68,375	1,707,950
Holt Ave. Housing Partners LP Loans	-	1,906,142	-	1,906,142
NIP Loans	3,141,094	64,038	194,735	3,010,397
Total	<u>\$ 9,465,864</u>	<u>\$ 2,081,630</u>	<u>\$ 310,264</u>	<u>\$ 11,237,230</u>

**Note 4: Advances to Successor Agency**

On July 24, 2009, Assembly Bill AB4-26 was passed shifting former Redevelopment Agency funds and establishing a Supplemental Educational Revenue Augmentation Fund (SERAF). It was a "budget trailer bill" that was part of the State's legislation to balance their budget. The former Redevelopment Agency of the City of Pomona's share of SERAF obligation for Fiscal Year 2009-10 was \$8,264,547 and \$1.7 million in Fiscal Year 2010-11. Health and Safety Code Section 33690(c) provides that a redevelopment agency, which makes a finding that insufficient monies are 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, City Council authorized a loan of \$5,000,000 from the Low-Mod Fund to make the full SERAF payment. The Successor Agency's outstanding balance on the note as of June 30, 2015, is \$4,000,000.

**Note 5: Land Held for Resale**

Land held for resale of \$4,503,277 in the Housing Authority Fund is recorded at cost as of June 30, 2015.

CITY OF POMONA HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2015

**Note 6: Capital Assets**

Capital asset activity for the year ended June 30, 2015, was as follows:

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
Non-depreciable assets:				
Land				
Housing Authority	\$ 3,695,344	\$ -	\$ -	\$ 3,695,344
Total non-depreciable assets	<u>3,695,344</u>	<u>-</u>	<u>-</u>	<u>3,695,344</u>
Depreciable assets:				
Buildings and building improvements				
Housing Authority	31,657	-	-	31,657
Machinery and equipment				
Housing Authority	40,803	-	-	40,803
Housing Successor	177,301	-	-	177,301
Furniture and fixtures				
Housing Authority	146,052	-	-	146,052
Housing Successor	76,877	-	-	76,877
Autos and trucks				
Housing Authority	54,019	18,182	-	72,201
Housing Successor	47,196	-	-	47,196
Total depreciable assets	<u>573,905</u>	<u>18,182</u>	<u>-</u>	<u>592,087</u>
Less accumulated depreciation:				
Buildings and building improvements				
Housing Authority	3,166	1,583	-	4,749
Machinery and equipment				
Housing Authority	29,768	2,759	-	32,527
Housing Successor	165,471	2,770	-	168,241
Furniture and fixtures				
Housing Authority	78,000	14,195	-	92,195
Housing Successor	53,815	7,688	-	61,503
Autos and trucks				
Housing Authority	54,019	-	-	54,019
Housing Successor	47,197	-	-	47,197
Total accumulated depreciation	<u>431,436</u>	<u>28,995</u>	<u>-</u>	<u>460,431</u>
Total depreciable assets, net	<u>142,469</u>	<u>(10,813)</u>	<u>-</u>	<u>131,656</u>
Total capital assets	<u>\$ 3,837,813</u>	<u>\$ (10,813)</u>	<u>\$ -</u>	<u>\$ 3,827,000</u>

Depreciation expense for capital assets for the year ended June 30, 2015, was as follows:

Urban development - Housing Authority	\$ 18,537
Urban development - Housing Successor	10,458
	<u>\$ 28,995</u>

**CITY OF POMONA HOUSING AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2015**

**Note 7: Long-Term Debt**

The following is a summary of long-term debt for the year ended June 30, 2015:

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015	Due Within One Year
Compensated Absences	\$ 163,726	\$ 141,875	\$ 126,667	\$ 178,934	\$ 142,000

**Note 8: Net Pension Obligations**

**General Information about the Pension Plan**

**Plan Description**

The Housing Authority participates in the City of Pomona's miscellaneous plan, an agent multiple-employer public employee defined benefit pension plan with the California Public Employees Retirement System (CalPERS). CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by State statute and City ordinance. Copies of PERS' annual financial report may be obtained from its Executive Office located at 400 P Street, Sacramento, California 95814.

**Benefits Provided**

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

	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 1, 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 employer contribution rates	17.053%	17.053%	17.053%

\* Plan closed to new entrants

CITY OF POMONA HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2015

**Note 8: Net Pension Obligations (Continued)**

**Contribution Description**

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 the CalPERS' annual actuarial valuation process. For public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2015, the Housing Authority's employer contributions were \$158,304.

**Pension Liabilities, Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions**

As of June 30, 2015, the Housing Authority reported \$1,950,343 of net pension liabilities for its proportionate share of the net pension liability of the plan.

The Housing Authority's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2014, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. The Housing Authority's proportion of the net pension liability was based on the City of Pomona's miscellaneous plan, an agent multiple-employer public employee defined benefit pension plan with the California Public Employees Retirement System (CalPERS). The Housing Authority's proportionate share of the net pension liability for each Plan as of June 30, 2013 and 2014 was as follows:

	Net Pension Obligation
Proportionate share - June 30, 2013	\$ 2,436,792
Proportionate share - June 30, 2014	1,950,343
Change - Increase (Decrease)	(486,449)

At June 30, 2015, the Housing Authority reported deferred outflows and deferred inflows of resources related to pensions as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Current year contributions that occurred after the measurement date of June 30, 2014	\$ 158,304	\$ -
Net difference between projected and actual earning on pension plan investments	-	598,488
<b>Total</b>	<b>\$ 158,304</b>	<b>\$ 598,488</b>



**CITY OF POMONA HOUSING AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2015**

---

**Note 8: Net Pension Obligations (Continued)**

\$158,304 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows or deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<b>Measurement Period ended June 30:</b>	<b>Deferred Outflows/(Inflows) of Resources</b>
2015	\$ 149,622
2016	149,622
2017	149,622
2018	149,622

**Actuarial Methods and Assumptions Used to Determine Total Pension Liability**

For the measurement period ended June 30, 2014 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2013 total pension liability. The June 30, 2013 and the June 30, 2014 total pension liabilities were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions	
Discount Rate	7.50%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.50% 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 the 2014 experience study report.

All other actuarial assumptions used in the June 30, 2013 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.

**Discount Rate**

The discount rate used to measure the total pension liability was 7.50%. To determine whether the municipal bond rate should be used in the calculation of a 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. Based on the testing,



**Note 8: Net Pension Obligations (Continued)**

none of the tested plans run out of assets. Therefore, the current 7.50% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50% is applied to all plans in the Public Employees Retirement Fund.

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.

According to Paragraph 30 of GASB Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65%. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. CalPERS determined this difference was deemed immaterial to the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB Statement 67 and 68 calculations through at least the 2017-2018 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

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 cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, 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 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 equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

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. These geometric rates of return are net of administrative expenses.

**CITY OF POMONA HOUSING AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2015**

**Note 8: Net Pension Obligations (Continued)**

Asset Class	New Strategic	Real Return Years 1 - 10 (1)	Real Return Years 11+ (2)
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0	0.99	2.43
Inflation Sensitive	6.0	0.45	3.36
Private Equity	12.0	6.83	6.95
Real Estate	11.0	4.50	5.13
Infrastructure and Forestland	3.0	4.50	5.09
Liquidity	2.0	(0.55)	(1.05)

(1) An expected inflation of 2.5% used for this period

(2) An expected inflation of 3.0% used for this period

**Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following presents the Housing Authority's proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the Housing Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

	Discount Rate - 1% (6.50%)	Current Discount Rate (7.5%)	Discount Rate +1% (8.5%)
Net Pension Liability/(Assets) \$	824,065	1,950,343	3,294,990

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the City of Pomona Miscellaneous Plan GASB 68 Accounting Valuation Report.

**Note 9: Self-Insurance Program**

The Self-Insurance Internal Service Fund is part of the City's self-insurance program for unemployment insurance, workers' compensation and general liability. 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 workers' compensation program. Additionally, the City purchases catastrophic excess liability coverage that provides an additional \$25 million in coverage.

**Note 10: Commitments and Contingencies**

As of June 30, 2015, in the opinion of Housing Authority management, there was no outstanding matter that would have a significant effect on the financial position of the Housing Authority.

CITY OF POMONA HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015

---

**Note 11: Net Position and Fund Balance Restatement**

Beginning fund balance in the Housing Successor fund has been restated by \$8,038,278 to recognize prior year unavailable revenue for notes/loans receivable.

Beginning net position has been adjusted by \$(2,436,792) for the implementation of GASB Statement No. 68 - *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement No. 27*.

**CITY OF POMONA HOUSING AUTHORITY**

**REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2015**

---

**Budgetary Information**

The Housing Authority adopts an annual budget on a basis consistent with generally accepted accounting principles in the United States and utilizes an encumbrance system as a management control technique to assist in controlling expenditures and enforcing revenue provisions.

CITY OF POMONA HOUSING AUTHORITY

BUDGETARY COMPARISON SCHEDULE  
 HOUSING AUTHORITY  
 YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Budgetary Fund Balance, July 1</b>	\$ 4,124,129	\$ 4,124,129	\$ 4,124,129	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	12,137,571	12,137,571	9,387,818	(2,749,753)
Charges for services	30,000	30,000	28,231	(1,769)
Interest and rentals	397,263	104,273	92,454	(11,819)
Miscellaneous	13,055	13,055	28,027	14,972
<b>Amounts Available for Appropriations</b>	<b>16,702,018</b>	<b>16,409,028</b>	<b>13,660,659</b>	<b>(2,748,369)</b>
<b>Charges to Appropriations (Outflows):</b>				
Urban development	13,173,921	12,739,463	12,171,598	567,865
Capital outlay	22,400	22,400	18,182	4,218
<b>Total Charges to Appropriations</b>	<b>13,196,321</b>	<b>12,761,863</b>	<b>12,189,780</b>	<b>572,083</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 3,505,697</b>	<b>\$ 3,647,165</b>	<b>\$ 1,470,879</b>	<b>\$ (2,176,286)</b>

CITY OF POMONA HOUSING AUTHORITY

BUDGETARY COMPARISON SCHEDULE  
 HOUSING SUCCESSOR  
 YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Budgetary Fund Balance, July 1 as restated</b>	\$ 26,339,514	\$ 26,339,514	\$ 26,339,514	\$ -
<b>Resources (Inflows):</b>				
Charges for services	-	-	15,349	15,349
Interest and rentals	-	292,990	337,140	44,150
Miscellaneous	-	-	96,921	96,921
<b>Amounts Available for Appropriations</b>	<b>26,339,514</b>	<b>26,632,504</b>	<b>26,788,924</b>	<b>156,420</b>
<b>Charges to Appropriations (Outflows):</b>				
Urban development	-	650,534	934,440	(283,906)
<b>Total Charges to Appropriations</b>	<b>-</b>	<b>650,534</b>	<b>934,440</b>	<b>(283,906)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 26,339,514</b>	<b>\$ 25,981,970</b>	<b>\$ 25,854,484</b>	<b>\$ (127,486)</b>

CITY OF POMONA HOUSING AUTHORITY

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY  
AS OF JUNE 30, 2015

---

	<u>2014</u>
Proportion of the Net Pension Liability	4.1623%
Proportionate Share of the Net Pension Liability	\$ 1,950,343
Covered-Employee Payroll	\$ 909,195
Proportionate Share of the Net Pension Liability as Percentage of Covered-Employee Payroll	214.51%
Plan Fiduciary Net Position	\$ 10,266,125
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.02%

**Notes to Schedule:**

Benefit Changes: There were no changes in benefits.

Changes of Assumptions: There were no changes in assumptions.

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only one year is shown.

**CITY OF POMONA HOUSING AUTHORITY**

**SCHEDULE OF PLAN CONTRIBUTIONS  
AS OF JUNE 30, 2015**

	<u>2015</u>
Actuarially Determined Contribution	\$ 158,304
Contribution in Relation to the Actuarially Determined Contribution	<u>(158,304)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>
Covered-Employee Payroll	\$ 909,195
Contributions as a Percentage of Covered-Employee Payroll	17.41%

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only one year is shown.

**Note to Schedule:**

Valuation Date: June 30, 2013

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Assets valuation method	Actuarial value of assets
Inflation	2.75%
Salary increases	Varies by entry age and service
Payroll growth	3.00%
Investment rate of return	7.50% net of pension investment and administrative expenses, including inflation.
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.