LSL

# CITY OF POMONA, CALIFORNIA
# HOUSING AUTHORITY

JUNE 30, 2022

AUDIT REPORT

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CITY OF POMONA, CALIFORNIA

HOUSING AUTHORITY

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AUDIT REPORT

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INDEPENDENT AUDITORS' REPORT

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

**Report on the Financial Statements**

***Opinions***

We have audited the accompanying financial statements of the governmental activities and each major fund 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, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Housing Authority, as of June 30, 2022, 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.

***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Housing Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Emphasis of Matter***

*Fund Financial Statements*

As discussed in Note 1, the financial statements present only the Housing Authority Special Revenue Fund of the City of Pomona and do not purport to, and do not present fairly the financial position of the City as of June 30, 2022 or the changes in its financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.


Lance, Soll & Lunghard, LLP 203 N. Brea Blvd., Suite 203 | Brea, CA 92821 | Phone: 714.672.0022

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

***Responsibilities of Management 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; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Housing Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 Housing Authority's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Housing Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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

***Other Reporting Responsibilities***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedules, the Schedule of Proportionate Share of Net Pension Liability and Related Ratios, the Schedule of Contributions – Pensions, the Schedule of Proportionate Share of Total Other Postemployment Benefits Liability and Related Ratios, and Schedule of Contributions – Other Postemployment Benefits Plan 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 14, 2022 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 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 Authority'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 Authority's internal control over financial reporting and compliance.

Lance, Soll & Lunghard, LLP

Brea, California
December 14, 2022

**CITY OF POMONA**
**HOUSING AUTHORITY**

**STATEMENT OF NET POSITION**
**JUNE 30, 2022**

| | Governmental Activities |
|---|---|
| **Assets:** | |
| Cash and investments | $ 4,183,416 |
| Receivables (net): | |
| Accounts | 24,446 |
| Notes and loans | 13,831,093 |
| Interest | 10,023 |
| Prepaid costs | 25,351 |
| Due from other governments | 990,658 |
| Land held for resale | 4,359,738 |
| Restricted assets: | |
| Cash and investments | 973,935 |
| Net pension asset | 2,194,951 |
| Capital assets, not being depreciated | 15,882,613 |
| Capital assets, net of depreciation | 54,269 |
| **Total Assets** | **42,530,493** |
| **Deferred Outflows of Resources:** | |
| Deferred outflows of resources related to pension | 128,916 |
| Deferred outflows of resources related to other postemployment benefits | 405,823 |
| **Total Deferred Outflows of Resources** | **534,739** |
| **Liabilities:** | |
| Accounts payable | 262,656 |
| Payroll payable | 49,291 |
| Accrued liabilities | 248,526 |
| Unearned revenue | 48,045 |
| Deposits payable | 34,938 |
| Noncurrent liabilities: | |
| Compensated absences, due within one year | 175,000 |
| Compensated absences, due in more than one year | 207,692 |
| Total other postemployment benefits liability | 3,211,571 |
| **Total Liabilities** | **4,237,719** |
| **Deferred Inflows of Resources:** | |
| Deferred inflows of resources related to pension | 1,673,722 |
| Deferred inflows of resources related to other postemployment benefits | 118,060 |
| **Total Deferred Inflows of Resources** | **1,791,782** |
| **Net Position:** | |
| Invested in capital assets | 15,936,882 |
| Restricted for: | |
| Development Services | 21,107,649 |
| **Total Net Position** | **$ 37,035,731** |

**See Notes to Financial Statements.**

**CITY OF POMONA**
**HOUSING AUTHORITY**

**STATEMENT OF ACTIVITIES**
**YEAR ENDED JUNE 30, 2022**

| | | Program Revenues | | | Governmental Activities |
|---|---|---|---|---|---|
| | **Expenses** | **Charges for Services** | **Operating Contributions and Grants** | **Capital Contributions and Grants** | **Net (Expense) Revenue and Changes in Net Position** |
| **Functions/Programs** | | | | | |
| **Primary Government:** | | | | | |
| Governmental Activities: | | | | | |
| Development Services | $ 16,927,936 | $ 1,099 | $ 23,197,134 | $ - | $ 6,270,297 |
| **Total Governmental Activities** | **$ 16,927,936** | **$ 1,099** | **$ 23,197,134** | **$ -** | **6,270,297** |
| **General Revenues:** | | | | | |
| Interest and rentals | | | | | 785,713 |
| Miscellaneous | | | | | 1,900 |
| **Total General Revenues** | | | | | **787,613** |
| Change in Net Position | | | | | 7,057,910 |
| Net Position, Beginning of Year | | | | | 29,977,821 |
| **Net Position, End of Year** | | | | | **$ 37,035,731** |

**See Notes to Financial Statements.**

**CITY OF POMONA**
**HOUSING AUTHORITY**

**BALANCE SHEET**
**GOVERNMENTAL FUNDS**
**JUNE 30, 2022**

| | Housing Authority Fund | Housing Successor Special Revenue Fund | Total |
|---|---|---|---|
| **Assets:** | | | |
| Cash and investments | $ 1,007,994 | $ 3,175,422 | $ 4,183,416 |
| Receivables (net): | | | |
| Accounts | 9,814 | 14,632 | 24,446 |
| Notes and loans | - | 13,831,093 | 13,831,093 |
| Interest | 888 | 9,135 | 10,023 |
| Prepaid costs | - | 25,351 | 25,351 |
| Due from other governments | 990,658 | - | 990,658 |
| Land held for resale | - | 4,359,738 | 4,359,738 |
| Restricted assets: | | | |
| Cash with fiscal agent | 257,751 | 716,184 | 973,935 |
| **Total Assets** | **$ 2,267,105** | **$ 22,131,555** | **$ 24,398,660** |
| **Liabilities, Deferred Inflows of Resources and Fund Balances:** | | | |
| **Liabilities:** | | | |
| Accounts payable | $ 261,276 | $ 1,380 | $ 262,656 |
| Payroll payable | 39,097 | 10,194 | 49,291 |
| Accrued liabilities | 248,526 | - | 248,526 |
| Deposits payable | 10,763 | 24,175 | 34,938 |
| Unearned revenue | 48,045 | - | 48,045 |
| **Total Liabilities** | **607,707** | **35,749** | **643,456** |
| **Deferred Inflows of Resources:** | | | |
| Unavailable revenues | - | 1,954,081 | 1,954,081 |
| **Total Deferred Inflows of Resources** | **-** | **1,954,081** | **1,954,081** |
| **Fund Balances:** | | | |
| **Nonspendable** | | | |
| Prepaid costs | - | 25,351 | 25,351 |
| **Restricted** | | | |
| Development services | 1,659,398 | 20,116,374 | 21,775,772 |
| **Total Fund Balances** | **1,659,398** | **20,141,725** | **21,801,123** |
| **Total Liabilities, Deferred Inflows of Resources and Fund Balances:** | **$ 2,267,105** | **$ 22,131,555** | **$ 24,398,660** |

**CITY OF POMONA**
**HOUSING AUTHORITY**

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUND**
**TO THE STATEMENT OF NET POSITION**
**JUNE 30, 2022**

| | | |
|---|---|---|
| **Fund Balances of Governmental Fund** | | **$ 21,801,123** |
| 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. | | 15,936,882 |
| Compensated absences that have not been included in the governmental activity | | (382,692) |
| Net pension asset and related deferred outflows and inflows of resources are not due and payable in the current period; therefore, are not reported as government fund's liabilities. They are reported in Statement of Net Position: | | |
| Deferred outflows related to pension related items | $ 128,916 | |
| Net pension asset | 2,194,951 | |
| Deferred inflows related to pension related items | (1,673,722) | 650,145 |
| Total other postemployment benefits liability and related deferred outflows of resources are not due and payable in the current period; therefore, are not reported as government funds' liabilities. There are reported in the Statement of Net Position: | | |
| Deferred outflows related to other postemployment benefits related items | 405,823 | |
| Total other postemployment benefits liability | (3,211,571) | |
| Deferred inflows related to other postemployment benefits related items | (118,060) | (2,923,808) |
| 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. | | 1,954,081 |
| **Net Position of Governmental Activities** | | **$ 37,035,731** |

CITY OF POMONA
HOUSING AUTHORITY

**STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022**

| | Housing Authority Fund | Housing Successor Special Revenue Fund | Total |
|---|---|---|---|
| **Revenues:** | | | |
| Intergovernmental | $ 20,908,164 | $ 10,582 | $ 20,918,746 |
| Charges for services | - | 1,099 | 1,099 |
| Interest and rentals | 143,135 | 642,578 | 785,713 |
| Miscellaneous | - | 1,900 | 1,900 |
| **Total Revenues** | **21,051,299** | **656,159** | **21,707,458** |
| **Expenditures:** | | | |
| Current: | | | |
| Development services | 20,121,789 | 973,236 | 21,095,025 |
| Capital outlay | 535,333 | 207,155 | 742,488 |
| **Total Expenditures** | **20,657,122** | **1,180,391** | **21,837,513** |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 394,177 | (524,232) | (130,055) |
| **Other Financing Sources (Uses):** | | | |
| Transfers in | 58,000 | - | 58,000 |
| Proceeds from sale of capital assets | 2,040 | 3,269,197 | 3,271,237 |
| **Total Other Financing Sources (Uses)** | **60,040** | **3,269,197** | **3,329,237** |
| Net Change in Fund Balances | 454,217 | 2,744,965 | 3,199,182 |
| **Fund Balance:** | | | |
| Beginning of year | 1,205,181 | 17,396,760 | 18,601,941 |
| **End of Year** | **$ 1,659,398** | **$ 20,141,725** | **$ 21,801,123** |

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2022**

| | | |
|---|---|---|
| **Net Change in Fund Balances - Total Governmental Fund** | | **$ 3,199,182** |
| 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 | $ 785,085 | |
| Depreciation | (6,912) | 778,173 |
| Other postemployment benefits expense adjustment, which is the net change in total other postemployment benefit liabilities and related deferred outflows and inflows of resources. | | 50,249 |
| 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. | | (51,372) |
| Pension obligation expenses are expenditures in the governmental funds, but reduce or increase the net pension liability (asset) in the statement of net position. | | 4,074,527 |
| 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. | | (992,849) |
| **Change in Net Position of Governmental Activities** | | **$ 7,057,910** |

See Notes to Financial Statements.

## 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 Housing Authority's significant 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 the main operating fund for the Housing Authority and accounts 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 Special Revenue 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

**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:

| 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 |

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

**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 assets 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 and OPEB contributions made after the actuarial measurement date, these amounts are deferred and will be expensed in the following fiscal year. The deferred outflows of resources for the net difference between projected and actual earning on pension plan, the deferred outflow for the difference between the expected and actual experiences on pension plan, the deferred outflows of resources for the OPEB changes in assumptions and the deferred outflows for difference between expected and actual experience for OPEB will be amortized over a five-year period on a straight-line basis.

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 assets 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 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 and are being amortized over a five-year period on a straight-line basis. Deferred pension related items also include differences between expected and actual experience and changes in assumptions. These will be recognized as pension expense over the expected average remaining service lifetime.

**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.

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

**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 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.

The following timeframes are used for pension reporting:

| CalPERS | |
|---|---|
| Valuation Date | June 30, 2020 |
| Measurement Date | June 30, 2021 |
| Measurement Period | July 1, 2020 to June 30, 2021 |

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 future 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.

**Other Post-Employment Benefits (*"OPEB"*)**

For the purpose of measuring the Total 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, 2020 |
| Measurement Date | December 31, 2021 |
| Measurement Period | January 1, 2021 to December 31, 2021 |

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.

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

**Net Position**

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

Invested in Capital Assets – This amount consists of capital assets net of accumulated depreciation.

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."

When expenses are incurred for purposes for which both restricted an unrestricted net position are available, the Housing Authority's policy is to apply restricted net position first, then unrestricted net position as they are needed.

**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 of 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.

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.

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

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

**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.

**Note 2: Cash and Investments**

The following is a summary of cash and investments at June 30, 2022:

| | | |
|---|---|---|
| Unrestricted: | | |
| Cash and investments | $ | 4,183,416 |
| Restricted: | | |
| Cash | | 973,911 |
| Investment with fiscal agent | | 24 |
| **Total Restricted** | | 973,935 |
| **Total cash and investments** | $ | 5,157,351 |

Cash and investments consisted of the following at June 30, 2022:

| | | |
|---|---|---|
| Cash: | | |
| Cash held in trust | $ | 35,112 |
| Pooled cash with the City of Pomona | | 5,122,215 |
| Investments: | | |
| Money market funds | | 24 |
| **Total cash and investments** | $ | 5,157,351 |

**Deposits**

Cash is deposited in the City's internal investment pool. The Housing Authority does not own specifically identifiable securities in the City's pool. The pooled cash is considered as cash since the Housing Authority is able to withdraw at any time without prior notice or penalty. It has general characteristic of demand deposit accounts. Interest income is allocated based on average cash balances. Investment policies and associated risk factors applicable to the Housing Authority are those of the City and are included in the City's basic financial statements.

**Investment 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.

## Note 2: Cash and Investments (Continued)

### 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. As of June 30, 2022, the Housing Authority's investments in money market funds has a maturity of less than one year.

#### 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. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. At June 30, 2022, the Housing Authority's investments in money market funds were rated AAA by Standards & Poors.

#### Fair Value Hierarchy

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Authority's investments are pooled with the City of Pomona. The fair value hierarchy is disclosed on the City's Annual Comprehensive Financial Report.

#### Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Housing Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside part. The Housing Authority's investments in money market funds are held by fiscal agent.

## Note 3: Notes and Loans Receivable

At June 30, 2022, the Housing Authority's net loans receivable consisted of the following:

| | July 1, 2021 | Additions | Deletions | June 30, 2022 | Allowance | Receivable Net |
|---|---|---|---|---|---|---|
| Deferred Home Improvement Loans | $ 51,508 | $ - | $ (10,301) | $ 41,207 | $ - | $ 41,207 |
| Shield of Faith | 4,709,983 | 81,289 | | 4,791,272 | (261,009) | 4,530,263 |
| First Time Home Buyer Programs | 1,509,312 | - | (46,000) | 1,463,312 | - | 1,463,312 |
| Holt Ave. Housing Partners LP Loans | 2,020,142 | 19,000 | - | 2,039,142 | - | 2,039,142 |
| Neighborhood in Progress Home Improvement Loans | 2,374,874 | | (396,474) | 1,978,400 | - | 1,978,400 |
| West Mission Housing Partners | - | 3,778,769 | - | 3,778,769 | - | 3,778,769 |
| **Total loan receivables** | $ 10,665,819 | $ 3,879,058 | $ (452,775) | $ 14,092,102 | $(261,009) | $ 13,831,093 |

## Note 3: Notes and Loans Receivable (Continued)

### a. 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 outstanding balance at June 30, 2022 was $41,207.

### b. 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. The loan matures 55 years from the Certificate of Occupancy date maturing on August 28, 2063. The outstanding balance at June 30, 2022 was $4,530,263.

### c. First Time Home Buyer Program

The 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. The outstanding balance at June 30, 2022 was $1,463,312.

### d. Holt Ave. 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 quality 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, 2022 was $2,039,142.

### e. Neighborhood in Progress Home Improvement Loans

The Neighborhood in Progress Home Improvement Loans is funded through the former Agency's Substantial Rehabilitation Loan Program. It provided deferred loans up to $60,000 and bear 2% to 4% interest rates 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, 2022, was $1,978,400.

## Note 3: Notes and Loans Receivable (Continued)

### f. West Mission Housing Partners

The loans between the City and West Mission Housing Partners were for a development project for the purchase and rehabilitation of a 57 unit affordable housing building to benefit Low and Moderate income persons and families. The principal balance of the loan is comprised of two separate loans. $3,400,000 accounts for the purchase of the property and $250,000 accounts for the permit fees required to purchase and develop the property with a total principal balance of $3,650,000. Both loans have a simple annual 3% interest rate and mature 55 years from the date the Construction Financing converts to a permanent loan. The outstanding balance of principal and interest at June 30, 2022 was $3,778,769.

## Note 4: Land Held for Resale

Land held for resale of $4,359,738 in the Housing Authority Fund is recorded at cost as of June 30, 2022.

## Note 5: Capital Assets

Capital asset activity for the year ended June 30, 2022, was as follows:

| | Balance July 1, 2021 | Additions | Deletions | Balance June 30, 2022 |
|---|---|---|---|---|
| Non-depreciable assets: | | | | |
| Land | | | | |
| Housing Authority | $ 3,082,890 | $ - | $ - | $ 3,082,890 |
| Construction in Progress | | | | |
| Housing Successor | 12,053,079 | 746,644 | - | 12,799,723 |
| Total non-depreciable assets | 15,135,969 | 746,644 | - | 15,882,613 |
| 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 | 53,629 | 38,441 | (18,572) | 73,498 |
| Housing Successor | 47,196 | - | - | 47,196 |
| Total depreciable assets | 573,515 | 38,441 | (18,572) | 593,384 |
| Less accumulated depreciation: | | | | |
| Buildings and building improvements | | | | |
| Housing Authority | (14,246) | (1,583) | - | (15,829) |
| Machinery and equipment | | | | |
| Housing Authority | (40,803) | - | - | (40,803) |
| Housing Successor | (177,301) | - | - | (177,301) |
| Furniture and fixtures | | | | |
| Housing Authority | (140,723) | (5,329) | - | (146,052) |
| Housing Successor | (76,877) | - | - | (76,877) |
| Autos and trucks | | | | |
| Housing Authority | (53,629) | - | 18,572 | (35,057) |
| Housing Successor | (47,196) | - | - | (47,196) |
| Total accumulated depreciation | (550,775) | (6,912) | 18,572 | (539,115) |
| Total depreciable assets, net | 22,740 | 31,529 | - | 54,269 |
| Total capital assets | $ 15,158,709 | $ 778,173 | $ - | $ 15,936,882 |

**Note 5: Capital Assets (Continued)**

Depreciation expense for capital assets for the year ended June 30, 2022, was as follows:

| | |
|---|---|
| Urban development - Housing Authority | $ (6,912) |
| **Total depreciation expense - governmental activities** | $ (6,912) |

**Note 6: Compensated Absences**

The following is a summary of changes in compensated absences for the year ended June 30, 2022:

| Balance June 30, 2021 | Additions | Deletions | Balance June 30, 2022 | Due in One Year |
|---|---|---|---|---|
| $ 331,320 | $ 87,290 | $ 35,918 | $ 382,692 | $ 175,000 |

**Note 7: Net Pension Liabilities (Asset)**

**a. General Information about the Pension Plan**

Plan Description

The Housing Authority contributes through the City of Pomona 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 statue 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 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.

Benefits Provided

CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. A classic CalPERS member becomes eligible for service retirement upon attainment of age 50 with at least 5 years of credited service. California Public Employees' Pension Reform Act ("PEPRA") miscellaneous members become eligible for service retirement upon attainment of age 52 with at least 5 years of service. The service retirement benefit is a monthly allowance equal to the product of the benefit factor, years of service, and final compensation. The final compensation is the monthly average of the member's highest 36 or 12 consecutive months' full-time equivalent monthly pay. Retirement benefits for classic miscellaneous employees are calculated as 2 percent of average final 12 months compensation. Retirement benefit for PEPRA miscellaneous employees are calculated as 2 percent of the average final 36 months compensation.

An employee's beneficiary may receive the basic death benefit if the employee becomes deceased 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

**Note 7: Net Pension Liabilities (Asset) (Continued)**

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's 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.

**b. General Information about the Pension Plan (Continued)**

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.

| | Miscellaneous Plan | | |
|---|---|---|---|
| | Tier 1* | Tier 2* | PEPRA |
| Hire Date | Prior to August 14, 2011 | On or After August 14, 2011 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 years | Minimum 50 years | Minimum 52 years |
| Monthly benefits, as a % of eligible compensation | 1.426% - 2.418%, 50 - 63+ years, respectively | 1.092% - 2.418%, 50 - 63+ years, respectively | 1.000% - 2.5000%, 52 - 67+ years, respectively |
| Required employee contribution rates | 7.000% | 7.000% | 6.250% |
| Required employer contribution rates | 8.226% | 8.226% | 8.226% |

*Plan is closed to new entrants

Employees Covered by Benefit Terms

Please refer to the City's Annual Comprehensive Financial Report for numbers of employees covered by benefit terms at June 30, 2020 valuation date.

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.

For the year ended June 30, 2022, the Housing Authority's employer contributions were $122,637.

**Note 7: Net Pension Liabilities (Asset) (Continued)**

**c. Net Pension Liability (Asset)**

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ended June 30, 2021, the total pension liability was determined by rolling forward the June 30, 2020 total pension liability. The June 30, 2021 total pension liabilities were based on the following actuarial methods and assumptions:

| | |
|---|---|
| Valuation Date | June 30, 2020 |
| Measurement Date | June 30, 2021 |
| Actuarial Cost Method | Entry Age Normal Cost Method |
| Actuarial Assumptions | |
| Discount Rate | 7.00% (net of administrative expenses) |
| Inflation | 2.50% |
| Projected Salary Increases | Varies by Entry Age and Service |
| Mortality Rate Table (1) | Derived using CalPERS' Membership Data for all Funds |
| Post Retirement Benefit Increase | Contract COLA up to 2.0% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter |

(1) The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

Change of Assumptions

In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in discount rate.

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which 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, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ 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 rounded 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 adjusted to account for assumed administrative expenses. The expected real rates of return by asset class are as followed:

**Note 7: Net Pension Liabilities (Asset) (Continued)**

Long-Term Expected Rate of Return (Continued)

| Asset Class (1) | Assumed Asset Allocation | Real Return Years 1 - 10 (2) | Real Return Years 11+ (3) |
|---|---|---|---|
| Global Equity | 50.00% | 4.80% | 5.98% |
| Fixed Income | 28.00% | 1.00% | 2.62% |
| Inflation Assets | 0.00% | 0.77% | 1.81% |
| Private Equity | 8.00% | 6.30% | 7.23% |
| Real Estate | 13.00% | 3.75% | 4.93% |
| Liquidity | 1.00% | 0.00% | -0.92% |
| Total | 100.00% | | |

(1) In the System's CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.
(2) An expected inflation of 2.0% used for this period.
(3) An expected inflation of 2.92% used for this period.

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**d. Changes in the Net Pension Liability**

Proportionate Share of Net Pension Liability (Asset)

The Housing Authority proportionate share of net pension liability(asset) of the City's miscellaneous plan is determined by the City's CalPERS fiscal year 2021-2022 contribution made by the Housing Authority over the total miscellaneous plan contribution. The following table shows the Housing Authority's proportionate share of the City's miscellaneous plan net pension liability(asset) over the measurement periods ended June 30, 2021.

| Miscellaneous Plan | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (Asset) (c) = (a) - (b) |
|---|---|---|---|
| Balance at June 30, 2020 (Measurement Date) | $ 14,772,049 | $ 10,927,848 | $ 3,844,201 |
| Balance at June 30, 2021 (Measurement Date) | 15,000,130 | 17,195,081 | (2,194,951) |
| Net Change during 2021-2022 | $ 228,081 | $ 6,267,233 | $ (6,039,152) |

The Housing Authority's proportionate shares of the net pension liability(asset) are as follows:

| Measurement Date | |
|---|---|
| June 30, 2020 | 4.07% |
| June 30, 2021 | 4.72% |
| Change - Increase (Decrease) | 0.65% |

**Note 7: Net Pension Liabilities (Asset) (Continued)**

Sensitivity of the Net Pension Liability(Asset) to Changes in the Discount Rate

The following presents the Housing Authority's proportionate share of the net pension liability(asset) 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) | | |
|---|---|---|---|
| Measurement Date | Discount Rate -1% (6.15%) | Current Discount Rate (7.15%) | Discount Rate +1% (8.15%) |
| June 30, 2021 | $ (326,617) | $ (2,194,951) | $ (3,744,431) |

Pension Plan Fiduciary Net Position

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

**e. Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions**

For the measurement period ending June 30, 2022, the City incurred a net pension expense(income) of ($4,074,527).

As of measurement date of June 30, 2021, the City has deferred outflows and deferred inflows of resources related to pensions as follows:

| | Miscellaneous Plan | |
|---|---|---|
| | Deferred outflows of resources | Deferred inflows of resources |
| Pension contribution after measurement date | $ 122,637 | $ - |
| Difference between expected and actual experiences | 6,279 | - |
| Net difference between projected and actual earnings on pension plan investments | - | (1,673,722) |
| Total | $ 128,916 | $ (1,673,722) |

The amounts above are net of outflows recognized in the 2021-22 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 2020-21 measurement period in 2.1 years, which was obtained by dividing the total service years of 3,881 (the sum of remaining service lifetimes of the active employees) by 1,843 (the total number of participants: active, inactive, and retired), respectively.

**Note 7: Net Pension Liabilities (Asset) (Continued)**

The $122,637 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, 2022, will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

| Year Ending June 30, | Deferred of Outflows/(Inflows) of Resources<br>Miscellaneous |
|---|---|
| 2023 | $ (415,581) |
| 2024 | (394,463) |
| 2025 | (405,814) |
| 2026 | (451,585) |
| 2027 | - |
| Thereafter | - |
| Total | $ (1,667,443) |

**Note 8: Other Post-Employment Benefits (OPEB)**

**a. General Information About Public Employees' Medical and Hospital Care Program ("PEMHCA") Plan ("OPEB")**

Plan Description

The Housing Authority participates in the City' CalPERS Health Plan. 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 CalPERS service) and commencement of the CalPERS 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 PEMCHA 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 |

Contributions

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

**Note 8: Other Post-Employment Benefits (OPEB) (Continued)**

**b. Total OPEB Liability**

Actuarial Assumptions

The total OPEB liability in the December 31, 2021 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 Assumption: | |
| Discount Rate | 2.06% as of December 31, 2021 |
| Inflation | 4.0% per annum |
| Salary Increases | 2.75% per annum, in aggregate |
| Cost of Living | 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 with the most recent CalPERS pension plan valuation. |
| Participant Rate | 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 the spouse. Male spouses are assumed to be 3 years older than the female spouses. Actual spouse age is used for current retirees. |
| Medical Trend Rates | 6.0% (HMO) and 6.5% (PPO) is ultimate 5% in 2023 and beyond. |

Change of Assumption

In 2021, the accounting discount rate changes from 2.12% to 2.06% from the measurement date December 31, 2020 to the measurement date December 31, 2021. In 2020, the accounting discount rate changes from 2.70% to 2.12% from the measurement date December 31, 2019 to the measurement date December 31, 2020.

Discount Rate

2.06% 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 Byer 20-Bond GO index, Fidelity GO AA 20 Year Bond Index.

**c. Change in the Total OPEB Liability**

Proportionate Share of Total OPEB Liability

The Housing Authority proportionate share of Total OPEB liability of the City's PEMHCA plan is determined by the City's fiscal year 2020-2021 contribution made by the Housing Authority over the total PEMCA plan contribution. The following table shows the Housing Authority's proportionate share of the City's PEMHCA plan Total OPEB liability over the measurement period ended December 31, 2021:

**Note 8: Other Post-Employment Benefits (OPEB) (Continued)**

| OPEB | Increase (Decrease) Total OPEB Liability (a) | Plan Fiduciary Net Position (b) | Total OPEB Liability (c) = (a) - (b) |
|---|---|---|---|
| Balance at January 1, 2021 | $ 3,372,383 | $ - | $ 3,372,383 |
| Balance at December 31, 2021 (Measurement Date) | 3,211,571 | - | 3,211,571 |
| Net Changes | $ (160,812) | $ - | $ (160,812) |

The Housing Authority's proportionate share of the Total OPEB liabilities is 3.0245% at the measurement date of December 31, 2021:

| Measurement Date | |
|---|---|
| June 30, 2020 | 3.1074% |
| June 30, 2021 | 3.0245% |
| Change - Increase (Decrease) | (0.0829)% |

Sensitivity of the Total 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 (1.70 percent) or 1-percentage-point higher (4.70 percent) than the current discount rate:

| Plan's Net OPEB Liability/ (Asset) | | |
|---|---|---|
| Discount Rate -1% (1.70%) | Current Discount Rate (2.70%) | Discount Rate +1% (3.70%) |
| $ 3,616,742 | $ 3,211,571 | $ 2,874,968 |

Sensitivity of the Total 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% – HMO or 5.50% - PPO decreasing to 4.00%) or 1-percentage-point higher (7.00% - HMO or 7.50% - PPO decreasing to 6.00%) than the current healthcare cost trend rates:

| Plan's Net OPEB Liability/ (Asset) | | |
|---|---|---|
| -1% (5.00% HMO/ 5.50% PPO decreasing to 4.00% HMO/ 4.00% PPO) | Current Healthcare Cost Trend Rates (6.00% HMO/ 6.50% PPO decreasing to 5.00% HMO/ 5.00% PPO) | +1% (7.00% HMO/ 7.50% PPO decreasing to 6.00% HMO/ 6.00% PPO) |
| $ 3,018,363 | $ 3,211,571 | $ 3,428,795 |

**Note 8: Other Post-Employment Benefits (OPEB) (Continued)**

**d. OPEB Expense and Deferred Outflow of Resources Related to OPEB**

For the fiscal year ended June 30, 2022, the City recognized net OPEB expenses(income) in the amount of ($50,249). At June 30, 2022, the City reported deferred outflows of resources related to OPEB from the following sources:

| | Deferred outflows of resources | Deferred inflows of Resources |
|---|---|---|
| OPEB contribution after measurement date | $ 114,344 | $ - |
| Differences between expected and actual experience | - | (118,060) |
| Changes of assumptions | 291,479 | - |
| Total | $ 405,823 | $ (118,060) |

The amounts above are net of outflows recognized in the 2021 measurement period expense.

The $114,344 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, 2022, will be recognized as a reduction of the Total OPEB liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources related to OPEB will be recognized in future OPEB expense as follows:

| Year Ending June 30, | Deferred Outflows/(Inflows) of Resources |
|---|---|
| 2023 | $ 70,142 |
| 2024 | 70,142 |
| 2025 | 44,575 |
| 2026 | 3,088 |
| 2027 | (13,206) |
| Thereafter | (1,322) |
| Total | $ 173,419 |

**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, 2022, in the opinion of the 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

BUDGETARY COMPARISON SCHEDULE
HOUSING AUTHORITY FUND
YEAR ENDED JUNE 30, 2022

| | Budget Amounts | | Actual | Variance with Final Budget Positive |
|---|---|---|---|---|
| | Original | Final | Amounts | (Negative) |
| **Budgetary Fund Balance, July 1** | $ 1,205,181 | $ 1,205,181 | $ 1,205,181 | $ - |
| **Resources (Inflows):** | | | | |
| Intergovernmental | 24,375,876 | 26,323,338 | 20,908,164 | (5,415,174) |
| Interest and rentals | 129,511 | 129,511 | 143,135 | 13,624 |
| Transfers in | - | 58,000 | 58,000 | - |
| Proceeds from sale of capital asset | - | - | 2,040 | 2,040 |
| **Amounts Available for Appropriations** | **25,710,568** | **27,716,030** | **22,316,520** | **(5,399,510)** |
| **Charges to Appropriations (Outflows):** | | | | |
| Development services | 26,298,737 | 26,297,062 | 20,121,789 | 6,175,273 |
| Capital outlay | - | - | 535,333 | (535,333) |
| **Total Charges to Appropriations** | **26,298,737** | **26,297,062** | **20,657,122** | **5,639,940** |
| **Budgetary Fund Balance, June 30** | **$ (588,169)** | **$ 1,418,968** | **$ 1,659,398** | **$ 240,430** |

**BUDGETARY COMPARISON SCHEDULE**
**HOUSING SUCCESSOR SPECIAL REVENUE FUND**
**YEAR ENDED JUNE 30, 2022**

| | Budget Amounts | | Actual | Variance with Final Budget Positive |
|---|---|---|---|---|
| | Original | Final | Amounts | (Negative) |
| **Budgetary Fund Balance, July 1** | $ 17,396,760 | $ 17,396,760 | $ 17,396,760 | $ - |
| **Resources (Inflows):** | | | | |
| Intergovernmental | - | - | 10,582 | 10,582 |
| Charges for services | 1,000 | 1,000 | 1,099 | 99 |
| Interest and rentals | 293,379 | 293,379 | 642,578 | 349,199 |
| Contributions | 182,000 | 182,000 | - | (182,000) |
| Miscellaneous | - | - | 1,900 | 1,900 |
| Transfers in | - | 13,500 | 13,500 | - |
| Proceeds from sale of capital asset | - | - | 3,269,197 | 3,269,197 |
| **Amounts Available for Appropriations** | **17,873,139** | **17,886,639** | **21,335,616** | **3,448,977** |
| **Charges to Appropriations (Outflows):** | | | | |
| Development services | 900,111 | 900,111 | 973,236 | (73,125) |
| Capital outlay | - | - | 220,655 | (220,655) |
| **Total Charges to Appropriations** | **900,111** | **900,111** | **1,193,891** | **(293,780)** |
| **Budgetary Fund Balance, June 30** | **$ 16,973,028** | **$ 16,986,528** | **$ 20,141,725** | **$ 3,155,197** |

### Budgetary Information

The Housing Authority adopts an annual budget on a basis consistent with generally accepted accounting principles in the Unites 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

**SCHEDULE OF AUTHORITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY/(ASSET) AND RELATED RATIOS AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

| Measurement Period | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|
| Proportion of the Net Pension Liability/(Asset) | 4.2100% | 4.4500% | 4.5600% | 4.3800% |
| Proportionate Share of the Net Pension Liability/(Asset) | $ 2,143,691 | $ 2,944,443 | $ 3,379,128 | $ 3,181,555 |
| Covered Payroll | $ 1,029,336 | $ 1,220,184 | $ 1,209,304 | $ 1,811,656 |
| Proportionate Share of the Net Pension Liability as Percentage of Covered-Employee Payroll | 208.26% | 241.31% | 279.43% | 175.62% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability/(Asset) | 80.06% | 74.95% | 74.90% | 75.15% |

**Notes to Schedule:**

Benefit Changes: There were no changes in benefit terms.

Changes of Assumption: None in 2020 or 2019, there were no changes. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in discount rate in 2018. 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.

| 2019 | 2020 | 2021 |
|---|---|---|
| 4.0700% | 4.0700% | 4.7200% |
| $ 3,156,889 | $ 3,844,201 | $ (2,194,951) |
| $ 1,857,129 | $ 1,483,710 | $ 1,520,127 |
| 169.99% | 259.09% | -144.39% |
| 80.06% | 80.06% | 80.06% |

**SCHEDULE OF AUTHORITY'S PLAN CONTRIBUTIONS - PENSION**
**AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

| | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|
| Actuarially Determined Contribution | $ 158,304 | $ 209,422 | $ 229,743 | $ 258,452 |
| Contribution in Relation to the Actuarially Determined Contribution | (158,304) | (209,422) | (229,743) | (258,452) |
| Contribution Deficiency (Excess) | $ - | $ - | $ - | $ - |
| Covered-Employee Payroll | $ 1,029,336 | $ 1,220,184 | $ 1,209,304 | $ 1,811,656 |
| Contributions as a Percentage of Covered-Employee Payroll | 15.38% | 17.16% | 19.00% | 14.27% |

(1) Historical information is required only for measurement for which GASB 68 is applicable. Additional years of information will be presented as it becomes available.

**Note to Schedule:**

| | |
|---|---|
| Valuation Date: | June 30, 2020 |
| Methods and assumptions used to determine contribution rates: | |
| Actuarial Cost Method | Entry Age Normal Cost Method |
| Amortization method | Level percentage of payroll, closed |
| Asset valuation method | Direct rate smoothing |
| Inflation | 2.50% |
| Payroll Growth | 2.75% |
| Projected Salary Increases | Varies by Entry Age and Service |
| Investment Rate of Return | 7.00% (net of administrative expenses) |
| Retirement Age | All other actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement rates. The Experience Study report may be accessed on the CalPERS website at www.calpers.ca.gov under Forms and Publications. |
| Mortality | The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using 90 percent of Society of Actuaries' Scale 2016. For more details on this table, please refer to the 2017 experience study report. |

| 2019 | 2020 | 2021 | 2022 |
| --- | --- | --- | --- |
| $ 280,947 | $ 329,267 | $ 370,105 | 122,637 |
| (280,947) | (329,267) | (370,105) | (122,637) |
| $ - | $ - | $ - | $ - |
| $ 1,857,129 | $ 1,483,710 | $ 1,520,127 | 1,196,184 |
| 15.13% | 22.19% | 24.35% | 10.25% |

CITY OF POMONA
HOUSING AUTHORITY

**SCHEDULE OF AUTHORITY'S PROPORTIONATE SHARE OF NET OTHER POST-EMPLOYMENT ENEFITS LIABILITY AND RELATED RATIOS**
**AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

| Measurement Period | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|
| Plan's proportion of the Total OPEB Liability | 3.0600% | 2.9500% | 2.8000% | 3.1074% | 3.0245% |
| Plan's proportion share of the Total OPEB Liability | $ 2,957,583 | $ 2,715,755 | $ 2,827,610 | $ 3,372,383 | $ 3,211,571 |
| Plan's Covered-Employee Payroll | $ 1,618,640 | $ 1,811,656 | $ 1,857,129 | $ 1,483,710 | $ 1,520,127 |
| Plan's Proportion Share of the Total OPEB Liability as a Percentage of its Covered-Employee Payroll | 182.72% | 149.90% | 152.26% | 227.29% | 211.27% |
| Plan's Proportion Share of the Fiduciary Net Position as a Percentage of the Plan's Total OPEB Liability | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |

**(1)** Historical information is required only for the measurement periods for which GASB 75 is applicable. Fiscal Year 2018 was the first year of implementation. Future years' information will be displayed up to 10 years as information becomes available.

CITY OF POMONA
HOUSING AUTHORITY

**SCHEDULE OF AUTHORITY'S PLAN CONTRIBUTIONS - OTHER POST-EMPLOYMENT BENEFITS PLAN**
**AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

| | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|
| Actuarially Determined Contribution | $ 119,682 | $ 108,899 | $ 66,696 | $ 65,329 | $ 114,344 |
| Contribution in Relation to the Actuarially Determined Contributions | (119,682) | (108,899) | (66,696) | (65,329) | (114,344) |
| Contribution Deficiency (Excess) | $ - | $ - | $ - | $ - | $ - |
| Covered-employee payroll | $ 1,811,656 | $ 1,857,129 | $ 1,483,710 | $ 1,520,127 | 1,196,184 |
| Contributions as a percentage of covered-employee payroll | 6.61% | 5.86% | 4.50% | 4.30% | 9.56% |

**Notes to Schedule:**

**(1)** Historical information is required only for the measurement periods for which GASB 75 is applicable. Additional years of information will be presented as it becomes available.

**Methods and assumptions used to determine contributions:**

| | |
|---|---|
| Actuarial Cost Method | Entry Age Normal, level percent of payroll |
| Amortization Method | Level percent of pay |
| Asset Valuation Method | Market Value |
| Discount rate | 2.06% |
| Inflation | 2.50% |
| Payroll growth | 2.75% 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. |