



CITY OF **ONTARIO** LEADING THE WAY

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR FISCAL YEAR

ENDED JUNE 30, 2018





City of Ontario, California

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

For Fiscal Year Ending June 30, 2018

**Prepared By:
Fiscal Services Department**



CITY OF ONTARIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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Introductory Section





PAUL S. LEON
MAYOR

ALAN D. WAPNER
MAYOR PRO TEM

JIM W. BOWMAN
DEBRA DORST-PORADA
RUBEN VALENCIA
COUNCIL MEMBERS

SCOTT OCHOA
CITY MANAGER

SHEILA MAUTZ
CITY CLERK

JAMES R. MILHISER
TREASURER

December 18, 2018

To the Honorable Mayor, City Council, City Manager, and Citizens of the City of Ontario:

State law requires that all general-purpose local governments publish, within six months of the close of each fiscal year, a complete set of financial statements presented in conformity with Generally Accepted Accounting Principles (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report (CAFR) of the City of Ontario for the fiscal year ended June 30, 2018. This report provides a broad view of the City's financial activities for the 2017-18 Fiscal Year and its financial position as of June 30, 2018. Although addressed to the elected officials and the citizens of the City, this report has a number of other users. Foremost among these other users are bondholders of the City, financial institutions, credit rating agencies, educational institutions, and other governmental entities. In producing a CAFR, the City of Ontario has chosen to provide financial information that is significantly greater than that which is required under state law.

Responsibility for both the accuracy of the information presented in the CAFR as well as the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe that the information, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial position of the City and the results of its operations; and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

The management of the City has established a system of internal control that is designed to assure that the assets of the City are safeguarded against loss, theft, or misuse. The system of internal control also assures that the accounting system compiles reliable financial data for the preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Internal accounting controls are designed to provide reasonable, but not absolute, assurance that these objectives will be met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of the costs and benefits requires estimates and judgments by management. As management, we assert that,

to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Ontario's financial statements have been audited by Lance, Soll & Lunghard, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Ontario for the fiscal year ended June 30, 2018, are free from material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Ontario's financial statements for the fiscal year ended June 30, 2018, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Ontario was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City of Ontario's separately issued Single Audit Report.

This letter of transmittal should be read in conjunction with the Management's Discussion and Analysis (MD&A) included in this report on page 3 to obtain the most complete assessment of the City's current financial status and its future prospects.

Profile of the Government

Founded as a "Model Colony" in 1881 and one of California's first planned communities, the City of Ontario was incorporated in 1891. Located in western San Bernardino County at the base of the San Gabriel Mountains, the City of Ontario is approximately 35 miles inland from downtown Los Angeles and encompasses nearly 50 square miles. Strategically situated in the heart of Southern California and within the hub of Los Angeles, Orange, San Bernardino and Riverside Counties, Ontario is widely recognized as the "center of it all" and is home to an estimated 175,841 people and 8,676 businesses. Ontario is advantageously positioned with unique, convenient access to the major I-10, I-210, I-15 and State Route 60 freeway systems as well as the Ontario International Airport (ONT).

The City of Ontario operates under the council-manager form of government. Policy-making and legislative authority are vested in a governing council consisting of the mayor and four other members. The governing council is responsible, amongst other things, for passing ordinances, adopting the budget, appointing committees and hiring both the City's manager and attorney. The City Manager is responsible for carrying out the policies and ordinances of the governing council, for overseeing the day-to-day operations of the government and for appointing the heads of the various departments. The council is elected on a non-partisan basis. Council members serve four-

year staggered terms, with two council members elected every two years. The mayor is elected to serve a four-year term. The mayor and the four council members are elected at large.

The City of Ontario is a full-service city with approximately 1,264 full-time employees. Services provided include police and fire protection; development including the construction and maintenance of streets, parks, water and sewer lines, traffic signals and other infrastructure; water, sewer and integrated waste services; recreation and community services; and arts, cultural, and social programs. In addition to general government activities, the City Council also serves as the Board of Directors for the Ontario Industrial Development Authority, the Ontario Redevelopment Financing Authority, Ontario Public Financing Authority and the Ontario Housing Authority. These activities have therefore been included as an integral part of the City of Ontario's financial statements. Additional information on these entities can be found in Note 1 in the notes to the financial statements.

The Ontario Municipal Code requires that the City Manager present the Annual Operating Budget to the City Council for approval. The Financial Services Agency, under the direction of the Executive Director of Finance, is responsible for compiling the estimated revenues and appropriations for the City Manager. Prior to the beginning of the new fiscal year, the City Council adopts the Annual Operating Budget at a public budget workshop.

The development of the Fiscal Year Annual Operating Budget begins in January with the dissemination of the budget preparation guidelines. The guidelines include policies and procedures to ensure that the preparation of the budget conforms to fiscal policies and guidelines established by the City Council. Before the Agency budget requests are submitted to the City Manager, the Financial Services staff reviews and analyze all Agency requests. This review includes comparative analysis of historical and current expenditure levels. The City Manager and the Financial Services staff then hold meetings with each Agency Executive Director to discuss the budget requests and obtain additional information to assist in the assessment of the requests. A proposed budget is then submitted to City Council for consideration in June. The budget must be approved by City Council before the start of the new fiscal year: July 1st.

The City's budget policy is that all appropriations lapse at fiscal year end. Outstanding encumbrance balances at fiscal year-end require re-approval by City Council at the First Quarter Budget Update. City Council may amend the budget at any time during the fiscal year. Budget reports are presented to City Council and the public on a quarterly basis. They include appropriations adjustments and revised revenue projections as needed. The City Manager may authorize budget transfers between line items, programs and agencies as long as the total budget does not exceed the amount approved by City Council. Budgetary changes between funds require City Council approval. The level of budgetary controls is set at the Agency level by fund to ensure compliance with the budget as approved by City Council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. Additional information regarding the City's general budget policies can be found in the Required Supplementary Information.

Economic Condition and Outlook

The local economy is continuing to show signs of growth, with consumer confidence at high levels, combined with healthy gains in employment. Consumers continue to be optimistic for the future, as reflected in the robust Consumer Confidence Index of 137.9 for October 2018; a strong increase from the 125.9 reported for the prior year in October. Gross Domestic Product (GDP), the broadest measure of economic output, increased significantly at 3.5 percent for the third quarter of 2018. In addition, the national labor market continues to create enough jobs to keep up with the population and labor force growth; these job gains are reflected in low unemployment rate experienced in the State of California and locally in the Inland Empire region (nationwide unemployment rate is lowest since 1969). However, the job growth is surpassing those seeking jobs, especially skilled jobs. If this continues, it may negatively impact the growth in the economy as companies will be stymied by the tight labor market.

The housing market is showing signs of slowdown with rising mortgage rates, increasing home prices, and declining new home construction. Sales of existing single-family homes in the Inland Empire in September decreased by 17.8 percent compared to the prior month and 10.8 percent compared to the same time last year. Housing prices are skyrocketing due to the shortage of new homes, which has pushed the prices of homes out of reach for some home buyers, especially first-timers. In the Inland Empire, median sale price of single-family homes increased by 7.5 percent compared to the prior year for September 2018. The outlook of the housing market is trending toward a slowdown because of the short supply of homes, rising mortgage rates and the lack of affordability from home buyers.

Sales tax revenue for the second quarter 2018 declined at 4.7 percent compared to the same quarter a year ago, primarily the result of the loss of a major sales tax producer in the City and the slowing of vehicle sales. This is only partially offset by new business attraction, as the City continues its dynamic economic development strategies to bring new business and jobs to Ontario. The weakening of sales tax revenue appears to be leveling off; however, this trend of modest or flat growth of sales tax revenue may continue through 2019.

The California State Public Employees Retirement System (CalPERS) is considerably underfunded, primarily due to the lower than projected earning rates combined with significant investment losses incurred during the Great Recession. All of this has contributed to dramatic increases to the City's CalPERS contribution rates. With the recent adoption of amortization and smoothing policy changes by the CalPERS Board to address the severity of the underfunding, significant employer contribution rate increases have already begun. CalPERS' proposed rates will increase by approximately 70 percent by Fiscal Year 2022-23.

The CalPERS Board approved in December 2016 lowering the discount rate assumption, the long-term rate of return, from 7.5 percent to 7.0 percent over the next three years. This will increase employer contribution costs by approximately \$4.3 million beginning in Fiscal Year 2018-19 and, by Fiscal Year 2022-23, the increase is \$18.9 million. The City's CalPERS pension expense will increase an average of 11 percent over the next five years, while the projected General Fund revenue growth will only be approximately 4.0 percent. Without future major revenue growth and limits on expenditures, the City will be facing a significant constraint on operating budgets in upcoming fiscal years.

Economic growth for 2019 may downshift with the tight labor market, slowdown in the housing market, and with rising interest rates as the Federal Reserve aims at keeping inflation contained. As a result, Ontario needs to be cognizant of a modest or flat growth in sales tax revenues for calendar year 2019. The City will also be experiencing rapidly increasing pension expenses that will far-out-pace the growth in revenue in the forthcoming fiscal years. Other major challenges the City continues to contend with locally are rapidly rising cost of medical benefits for active employees and the unfunded liabilities for retiree medical benefits. In addition, the City should be mindful that in providing services to Ontario International Airport Authority (OIAA), there is an absorption cost factor to consider. In order for the City to successfully manage these significant budget issues, it is recommended that Ontario practice fiscal discipline and establish proactive measures to safely navigate these upcoming fiscal challenges.

Long-Term Financial Plan

In addition to managing the City's money in a manner that ensures Ontario is financially stable, the City's long-term goals, efforts and actions include: focusing resources in Ontario's commercial and residential neighborhoods; investing in the City's infrastructure; maintaining the current high level of public safety; providing enhanced recreational, educational and cultural activities; and investing in the growth and evolution of the City's economy.

Ontario's commitment to infrastructure improvements is demonstrated by the City's five-year Capital Improvement Program that includes projects such as:

- \$ 50,644,095 in parks, public facility improvement projects,
- \$ 29,917,000 in street and traffic improvements,
- \$ 27,894,400 in water projects,
- \$ 10,318,892 in various miscellaneous projects including grant funding from Transformative Climate Communities which will provide various improvements to the City's downtown corridor,
- \$ 6,773,282 for the replacement of the Financial System, and
- \$ 6,000,000 for an upgrade in the Public Safety Dispatch and Records System

The City of Ontario has, through prudent long-range policy decisions and sound fiscal management, maintained its position as an economic leader in Southern California. The City will continue to monitor key economic indicators, sources of revenues, and spending levels as part of its sound conservative fiscal approach.

During the next few years, the City of Ontario will continue to be faced with exciting new developments as well as formidable economic challenges. Through the combined leadership of City Council and the implementation of its prudent fiscal policies, the City has been able to enhance service levels to the community, invest in capital projects to enhance public facilities and infrastructure, and continue programs that promote its standing as the economic leader in the Inland Empire and a formidable player in California and the nation.

Relevant Financial Policies

Fund Balance Policy

The City's Fund Balance Policy, which was approved in June 2011, established the procedures for reporting unrestricted fund balance in the General Fund financial statements. Certain commitments and assignments of the fund balance will help ensure that there will be adequate financial resources to protect the City against unforeseen circumstances and events such as revenue shortfalls and unanticipated expenditures. The policy also authorizes and directs the Financial Services Agency/Fiscal Services Department in preparing financial reports that accurately categorize fund balance as per Governmental Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions.

Included in the Fund Balance Policy is the 18 Percent Stabilization Plan. This is the goal of City Council to achieve a minimum of 18 percent of the annual general fund appropriations, as Assigned Fund Balance in the general fund. This is intended to be used for specific and defined emergency events, such as an earthquake, to address immediate needs in resources without impacting City services and to minimize the potential for disruption of municipal services to its citizens. As of June 30, 2018, the City's General Fund had an assigned fund balance for the stability arrangement of \$41.31 million, which is approximately 17 percent of the General Fund Adopted Budget for Fiscal Year 2018-19.

This 17 percent of the General Fund is separate from the General Fund Contingency, also established in the Fund Balance Policy. The City's General Fund Contingency consists of amounts formally set aside and/or arrangements to maintain amounts for working capital needs, contingencies and contractual obligations. Committed amounts under General Fund Contingency include: Economic Uncertainties, Compensated Absences, Public Safety Equipment, Communications/Computer Dispatch, City Facilities, and Events Center Capital Equipment.

Major Initiatives

Complete Community

Ontario is building a "Complete Community" that provides sustainable places to live, work and play. Ontario is evolving into an urban landscape of activity centers – complete with a full range of educational opportunities and health care providers, high paying jobs, a diverse mix of housing and rich in cultural and recreational amenities.

Ontario's Urban Lifestyle Project includes the Ontario Ranch – the 8,200 acre master planned development where new homes and commercial space are artfully woven into unique communities where families can gather at clubhouses, parks and retail centers.

Service to the Community

The "Approach to Public Service" is currently being implemented citywide through each City agency. This "Approach to Public Service" emphasizes that City employees "*choose public service to make a positive impact on the community*". The three principles behind this approach are the following:

- *Be Committed to the Community* – Whatever job you do, do it well!
- *Achieve Excellence Through Teamwork* – Take ownership of your job and support other team members.
- *Do the Right Thing the Right Way* – Focus on what is important and never compromise integrity.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Ontario for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2017. This was the twenty-ninth consecutive year that the City has received this prestigious award. In order to be awarded the annual certificate for excellence, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, the contents of which conform to program standards. Such reports must also satisfy both generally acceptable accounting principles and applicable legal requirements. We believe our current comprehensive annual financial report conforms to the GFOA Certificate of Achievement Program and are submitting it for review and consideration.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Fiscal Services Department and the Financial Services Senior Administrative Assistant who assisted and contributed to the preparation of this report. Credit also must be given to the Mayor, City Council and the City Manager for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Ontario's finances.

Sincerely,



Mark Alvarado
Interim Executive Director of Finance



Government Finance Officers Association

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

Presented to

**City of Ontario
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morrill

Executive Director/CEO

City of Ontario

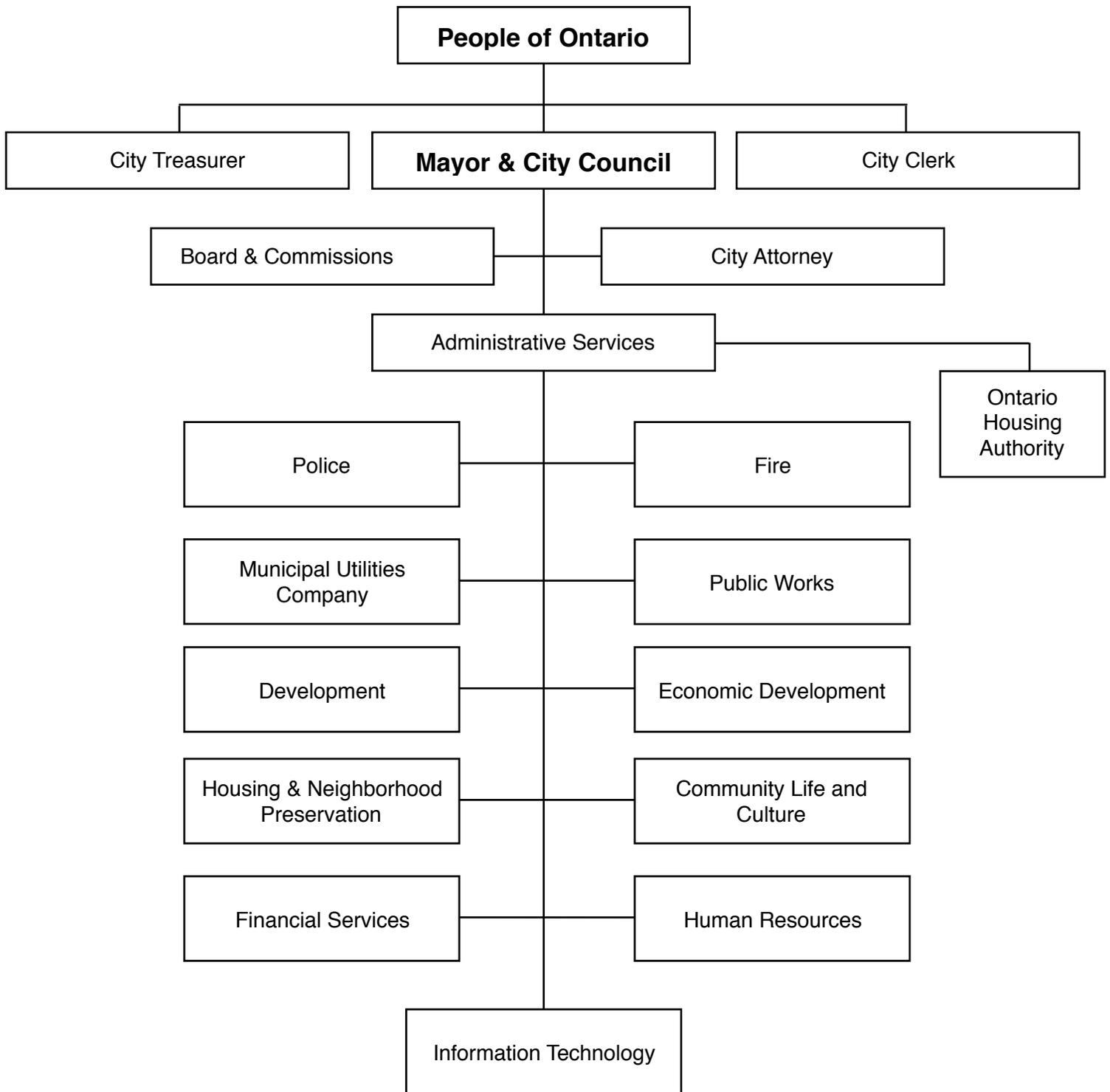
Elected Officials

Mayor	Paul S. Leon
Mayor Pro Tem	Alan D Wapner
Council Members	Jim W. Bowman
.....	Debra Dorst-Porada
.....	Ruben Valencia
City Treasurer	James R. Milhiser
City Clerk	Sheila Mautz

Administration and Executive Management

City Manager/Executive Director of the Housing Authority	Scott Ochoa
Assistant City Manager	Al C. Boling
Deputy City Manager	David Sheasby
City Attorney	John E. Brown
Police Chief	Derek Williams
Fire Chief	Robert B. Elwell Jr.
Utilities General Manager	Scott Burton
Executive Director Public Works	Vacant
Executive Director Development	Scott Murphy
Executive Director Economic Development	John P. Andrews
Executive Director Housing and Neighborhood Preservation	Julie Bjork
Executive Director Community Life and Culture	Helen McAlary
Interim Executive Director of Finance	Mark Alvarado
Executive Director Human Resources	Angela Lopez
Executive Director Information Technology	Elliott Ellsworth

City of Ontario



Financial Section





INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Ontario, California, (the City) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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.



To the Honorable Mayor and Members of the City Council
City of Ontario, 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, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Ontario, California, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2018 the City adopted new accounting guidance, *GASB Statement No. 75, Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedules for the General Fund, Measure I, Community Development, the modified approach for the City's infrastructure capital assets, the schedule of changes in net pension liability and related ratios, the schedule of pension plan contributions, the schedule of changes in OPEB liability and related ratios, and the schedule of OPEB contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, the combining and individual nonmajor fund financial statements and schedules and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules, are fairly stated in all material respects in relation to the basic financial statements as a whole.



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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2018 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 the City's internal control over financial reporting and compliance.

Lance, Solt & Lughard, LLP

Brea, California
December 5, 2018

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Management's Discussion and Analysis

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

FINANCIAL HIGHLIGHTS

Government-Wide

- Total assets and deferred outflows of the City exceeded liabilities and deferred inflows by \$1.65 billion (net position). Of this amount, \$362.18 million (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- For the year ended June 30, 2018, total net position increased by \$85.86 before a \$199.99 million restatement. Total revenues from all sources were \$481.77 million and total expenses for all functions/programs were \$395.90 million.
- Of total revenues, program revenues were \$292.06 million and general revenues were \$189.70 million. Program revenues are broken into three categories: Charges for Services, \$211.40 million; Operating Contributions and Grants, \$12.67 million; and Capital Contributions and Grants, \$68 million.

Fund Based

- For the fiscal year ended June 30, 2018, the assigned fund balance of the General Fund was \$47.41 million. The assigned portion of \$41.31 million represents the City Council's goal to achieve a minimum of 18 percent of the annual general fund appropriations (stabilization policy).
- For the General Fund, actual resources (inflows) available for appropriation were \$374.60 million, which was greater than the final budget of \$368.74 million by \$5.86 million. Actual charges (outflows) of \$259.37 million were \$7.43 million less than the final budget of \$266.80 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements presented herein include all of the activities of the City of Ontario and its component units as prescribed by GASB Statement No. 34. This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) *Government-Wide Financial Statements*, 2) *Fund Financial Statements* and 3) *Notes to the Financial Statements*. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The *Government-Wide Financial Statements* present both long-term and short-term information about the City's overall financial picture. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The ***Statement of Net Position*** is measured as the difference between (a) assets and deferred outflow of resources and (b) liabilities and deferred inflow of resources. This is one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net position may serve as an indicator of whether or not its financial health is improving or deteriorating.

The ***Statement of Activities*** presents information on how the City's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods; (e.g., uncollected taxes or earned but unused vacation leaves).

In both the *Statement of Net Position* and *Statement of Activities*, we divide the City into two kinds of activities:

Governmental activities – Most of the City's basic services are reported here, including *General Government* (City Council, Office of the City Manager, Records Management, Financial Services and Human Resources), Public Safety, Community Development, Library, and Public Works. Revenues from property taxes, transient occupancy tax (TOT), sales tax, parking tax, business license tax, etc., finance most of these activities.

Business-type activities – The City charges a fee to customers to recover all or most of the cost of certain services it provides. The City's water, sewer, solid waste, and Information Technology (IT) fiber operations are reported in this category.

The *Government-Wide Financial Statements* include not only the City, known as the *primary government*, but also the legally separate *component units*. The Ontario Housing Authority, the Industrial Development Authority, the Ontario Redevelopment Financing Authority, and the Ontario Public Financing Authority are known as *Blended Component Units*. Although legally separate, these component units function for all practical purposes as departments of the City, and therefore have been included as an integral part of the primary government.

Fund Financial Statements

The *Fund Financial Statements* are designed to report information about groupings (*funds*) of related accounts, which are used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds can be divided into three categories: governmental funds, proprietary funds and fiduciary funds. The City uses all three types, each using different accounting methods.

Governmental Funds – *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the *government-wide financial statements*. However, unlike the *government-wide financial statements*, *governmental fund financial statements* focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the *government-wide financial statements*, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the *government-wide financial statements*. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains twenty-one individual governmental funds. These funds report financial transactions using the modified accrual accounting method. Information for six out of the twenty-one funds are presented separately in the Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances. The following six funds are considered to be major funds: General Fund, Quiet Home Program Fund, Measure I Fund, Community Development Fund, Capital Projects Fund, and Impact Fees Fund. Data for other governmental funds (non-major) are combined into a single presentation as part of the additional required supplementary information. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements that follow the notes to the financial statements.

The City adopts an annual appropriated budget for the General Fund, the Special Revenue Funds, and the Capital Project Funds. A budgetary comparison statement has been provided for each of the funds to demonstrate compliance with this budget.

Proprietary Funds – *Proprietary funds* are primarily used to account for when the City charges for the services it provides, whether to outside customers or to other units of the City. These funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities, using an accrual basis of accounting. In fact, the City's *enterprise funds* (a component of proprietary funds) are the same as the business-type activities that is reported in the *government-wide financial statements* but provide more detail information, such as the statement of cash flows. The City uses *internal service funds* (the other component of proprietary funds) to report activities that provide supplies and services for the City's other programs and activities, such as Equipment Services, Self-Insurance, Information Technology and Other Post Employment Benefit funds. Since these activities predominantly benefit governmental rather than business-type functions, they are included within the governmental activities in the *government-wide financial statements*.

Fiduciary Funds – *Fiduciary funds* are used to account for resources held for the benefit of parties outside the City. In these cases, the City has a fiduciary responsibility and is acting as a *trustee*. The *Statement of Fiduciary Net Position* separately reports all of the City's fiduciary activities. The City excludes these activities from the City's other financial statements because the City cannot use these assets to finance its operations. However, the City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Notes to the Financial Statements

Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements, and it is an integral part of the financial statements.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain combining statements referred to earlier in connection with non-major governmental and proprietary funds. These combining and individual fund statements and schedules can be found immediately following the *Notes to the Financial Statements*.

GOVERNMENT - WIDE FINANCIAL ANALYSIS

This analysis will focus on the City's net position (Table 1) and changes in net position (Table 2) of the governmental and business-type activities for the fiscal year ending June 30, 2018. Management has included comparative data from fiscal year ending June 30, 2017 in its analysis.

Net Position (Table 1)
(in millions)

	Governmental Activities		Business-Type Activities		Government-Wide Totals	
	2018	2017	2018	2017	2018	2017
Current and Other Assets	\$ 747.45	\$ 707.11	\$ 379.82	\$ 358.45	\$ 1,127.27	\$ 1,065.56
Capital Assets	1,014.79	1,007.95	230.11	213.40	1,244.90	1,221.35
Total Assets	1,762.24	1,715.06	609.93	571.85	2,372.17	2,286.91
Deferred Charges on Refunding	-	-	0.91	0.97	0.91	0.97
Deferred Pension Related Items	72.85	54.53	8.35	7.06	81.20	61.59
Deferred OPEB Related Items	5.40	-	-	-	5.40	-
Total Deferred Outflows	78.25	54.53	9.26	8.03	87.51	62.56
Long-term Debt Outstanding	615.64	419.40	93.56	90.82	709.20	510.22
Other Liabilities	41.93	52.80	17.85	15.99	59.78	68.79
Total Liabilities	657.57	472.20	111.41	106.81	768.98	579.01
Deferred Charges on Refunding	1.12	-	-	-	1.12	-
Deferred Pension Related Items	8.92	8.42	0.06	0.36	8.98	8.78
Deferred OPEB Related Items	33.05	-	-	-	33.05	-
Total Deferred Inflows of Resources	43.09	8.42	0.06	0.36	43.15	8.78
Net Position:						
Net Investment in Capital Assets	950.42	940.35	161.79	143.66	1,112.21	1,084.01
Restricted	173.16	168.76	-	-	173.16	168.76
Unrestricted	16.25	179.85	345.93	329.05	362.18	508.90
Total Net Position	\$ 1,139.83	\$ 1,288.96	\$ 507.72	\$ 472.71	\$ 1,647.55	\$ 1,761.67

The City's Government-wide total net position was \$1.65 billion, with assets of \$2.37 billion, deferred outflows of \$87.51 million, liabilities of \$768.98 million and deferred inflows of \$43.15 million. The net investment in capital assets of \$1.11 billion represents 68 percent of the City's total net position. This is an increase of \$28.20 million from the previous year. The net investment in capital assets (e.g., infrastructure, land, structures and improvements, furniture and equipment) component of net position consists of capital assets, net of accumulated depreciation, reduced by any related outstanding debt used to acquire, construct, or improve those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are **not** available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other resources, since the capital assets themselves cannot be used to liquidate these liabilities.

Another portion of the City's net position of \$173.16 million (11 percent of the total net position) represents resources that are subject to external restrictions in how they may be used. The remaining balance of \$362.18 million or 21 percent of the total net position (unrestricted position) may be used to meet the government's ongoing obligations to citizens and creditors within the program areas.

Overall Financial Activities

Overall the City's financial position increased from the prior year by \$85.86 million (see Table 2 on the following page).

The overall cost of all governmental and business-type activities this year was \$395.90 million and was an overall net increase of \$42.02 million or 12 percent compared to the prior year. This is primarily due to increase in public safety personnel to provide law enforcement and fire suppression services at the Ontario International Airport (ONT).

Total revenue of all governmental and business-type activities was \$481.77 million for this fiscal year; an increase of \$25.35 million or 6 percent. Program revenues were \$292.07 million and general revenues were \$189.70 million. The largest single revenue category was Charges for Services, at \$211.40 million, which is *program revenue*. This revenue goes directly against the expenses in recovering the costs of providing those services. Charges for Services revenue increased by \$32.26 million or 18 percent. Sales Taxes, which are considered *general revenues*, were the second largest revenue at \$87.91 million. The third largest revenue source was Capital Contributions and Grants, another *program revenue* source, at \$68 million. Property Taxes at \$56.20 million was the fourth largest revenue category.

Changes in Net Position (Table 2)
(in millions)

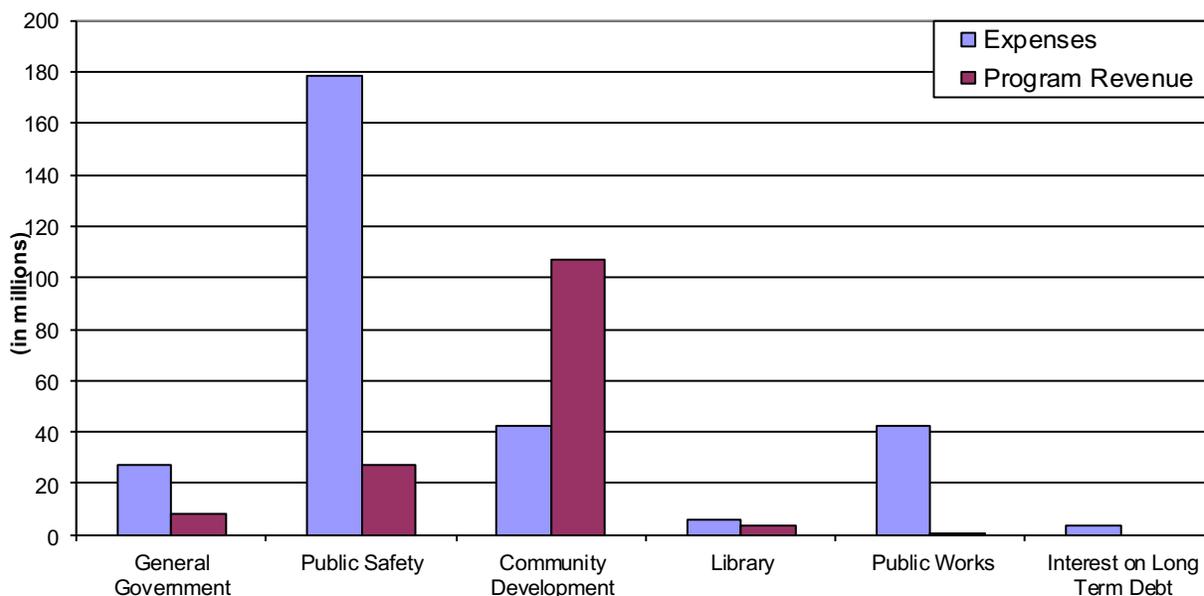
	Governmental Activities		Business-Type Activities		Government-Wide Totals	
	2018	2017	2018	2017	2018	2017
Revenues						
Program Revenues:						
Charges for Services	\$ 77.24	\$ 53.85	\$ 134.16	\$ 125.29	\$ 211.40	\$ 179.14
Operating Contributions and Grants	12.54	10.22	0.13	0.13	12.67	10.35
Capital Contributions and Grants	56.74	78.83	11.26	11.22	68.00	90.05
Sub-total Program Revenues	146.52	142.90	145.55	136.65	292.07	279.55
General Revenues:						
Property Taxes	56.20	53.41	-	-	56.20	53.41
Sales Taxes	87.91	86.17	-	-	87.91	86.17
Business Licenses Taxes	7.48	7.17	-	-	7.48	7.17
Franchise Taxes	3.35	3.02	-	-	3.35	3.02
Transient Occupancy Taxes	14.59	13.89	-	-	14.59	13.89
Other Taxes	4.64	4.05	-	-	4.64	4.05
Motor Vehicle In-Lieu	0.09	0.08	-	-	0.09	0.08
Use of Money and Property	10.83	2.62	2.19	1.09	13.02	3.71
Gain on Sale of Capital Asset	-	1.95	-	-	-	1.95
Other	2.39	3.41	0.03	0.01	2.42	3.42
Sub-total General Revenues	187.48	175.77	2.22	1.10	189.70	176.87
Total Revenues	\$ 334.00	\$ 318.67	\$ 147.77	\$ 137.75	\$ 481.77	\$ 456.41
Expenses						
General government	\$ 27.55	\$ 36.66	\$ -	\$ -	\$ 27.55	\$ 36.66
Public safety	178.84	136.03	-	-	178.84	136.03
Community development	42.62	38.55	-	-	42.62	38.55
Library	5.94	5.03	-	-	5.94	5.03
Public works	42.31	50.70	-	-	42.31	50.70
Interest on long-term debt	3.92	1.63	-	-	3.92	1.63
Water	-	-	41.34	41.41	41.34	41.41
Sewer	-	-	20.27	17.21	20.27	17.21
Solid Waste	-	-	31.34	26.66	31.34	26.66
I.T. Fiber	-	-	1.77	0.99	1.77	0.99
Total Expenses	\$ 301.18	\$ 268.60	\$ 94.72	\$ 86.28	\$ 395.90	\$ 354.88
Change in Net Position before Transfers	\$ 32.82	\$ 50.06	\$ 53.05	\$ 51.47	\$ 85.87	\$ 101.53
Transfers	18.45	15.96	(18.45)	(15.96)	-	-
Change in Net Position	\$ 51.27	\$ 66.02	\$ 34.60	\$ 35.50	\$ 85.86	\$ 101.53
Restatement of Net Position	(200.41)	159.87	0.43	-	(199.99)	159.87
Net Position at Beginning of Year	1,288.97	1,063.07	472.71	437.20	1,761.67	1,500.27
Net Position at End of Year	\$ 1,139.83	\$ 1,288.96	\$ 507.72	\$ 472.71	\$ 1,647.55	\$ 1,761.67

Governmental Activities

Under the governmental activities, the City's *net position* at the end of the year increased to \$1,139.83 million after a \$32.82 million net difference between revenue and expense, transfers of \$18.45 million and restatement of (\$200.41) million. The cost of all governmental activities this year was \$301.18 million or 76 percent of the government-wide total expenses and was an increase of \$32.58 million or 12 percent from last fiscal year.

Graph 1 below presents the costs of each of the City's six governmental functions – general government, public safety, community development, library, public service and interest on long-term debt, as well the governmental program's revenues. The net cost (total cost less *program revenues*) is the amount that was paid from *general revenues*.

Expenses and Program Revenues – Governmental Activities (Graph 1)



Expenses in *General Government* were \$27.55 million or 9 percent of total Governmental Activities expenses. Of this amount, \$8 million was funded by program revenues, while the remaining \$19.55 million was funded by general revenues. General Government expenses decreased by \$9.11 million or 25 percent. The reason for the decrease is the implementation of GASB 75. In prior years, the changes in the OPEB liability was recorded in general governmental activities. This year with the implementation of GASB 75, the liability is in the internal service fund and changes are recorded in the internal service fund.

Public Safety expenses were \$178.36 million or 60 percent of the total Governmental Activities expenses. Of this amount, \$27.18 million was funded by program revenues while the remaining \$151.18 million was funded by general revenues. Public safety expenses increased \$42.81 million or 32 percent compared to the previous year attributed to the increase in public safety personnel to provide law enforcement and fire suppression services at the Ontario International Airport (ONT).

Expenses in *Community Development* were \$42.62 million or 14 percent of the total Governmental Activities expenditures. These expenses increased by \$4.07 million due to infrastructure improvements in the Ontario Ranch area. Program revenues relating to the funding of community development activities amounted to \$106.93 million. The majority of program revenues resulted from capital contributions and grants of \$52.56 million and charges for services of \$50.70 million.

The *Library* had expenses of \$5.94 million or 2 percent of the total Governmental Activities expenses. Of this amount \$0.44 million was funded by program revenues, while the remaining \$5.50 million was funded by general revenues.

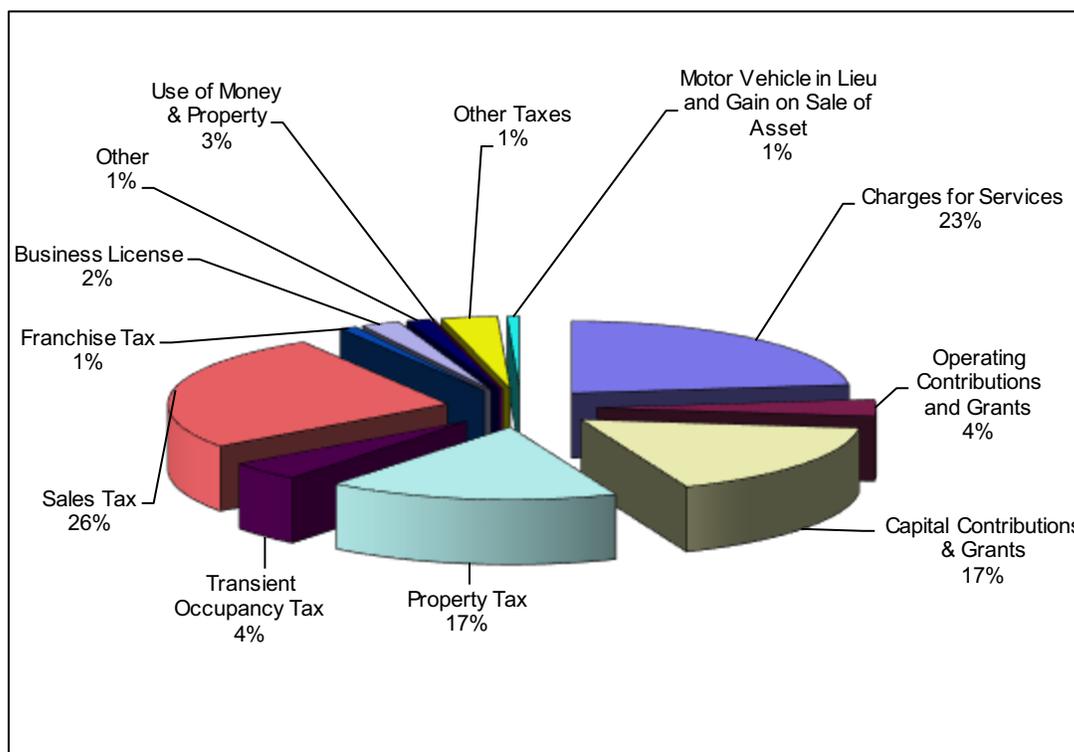
Public Works expenses were \$42.31 million or 14 percent of the total Governmental Activities expenses. Of this amount, \$3.97 million was funded by program revenues, while the remaining \$38.34 million was funded by general revenues. Public Works expenses decreased by \$8.39 million due to completion of Sixth Street Storm Drain project in the prior fiscal year.

Interest on long-term debt had expenses of \$3.92 million or 1 percent of Governmental Activities and is funded entirely by general revenues.

Graph 2 below present governmental activities revenue by source. Total revenue for governmental activities was \$334 million; an increase of \$15.33 million or 5 percent. The four largest revenue sources under Governmental Activities were the categories of Sales Taxes, Charges for Services, Capital Contributions and Grants, and Property Taxes.

Sales Tax revenue (general revenue) was \$87.91 million or 26 percent of total governmental activities revenue. It had an increase of \$1.74 million, 2 percent compared to the previous year. Charges for Services (program revenue) was \$77.24 million. It increased by \$23.39 million from the previous year mainly due to Ontario International Airport Authority’s (OIAA) reimbursement for City services provided to Ontario International Airport (ONT). Capital Contributions and Grants (program revenue) was \$56.74 million or 17 percent of the total governmental activities revenue. Capital Contributions and Grants decreased by \$22.09 million due to prior fiscal year reimbursements from Measure I for the North Vineyard and South Milliken Grade Separation projects and San Bernardino County Flood Control for the Francis Storm Drain project. The fourth largest revenue source was Property Tax revenue (general revenue) was \$56.20 million or 17 percent of total governmental activities revenue.

Revenues by Source – Governmental Activities (Graph 2)



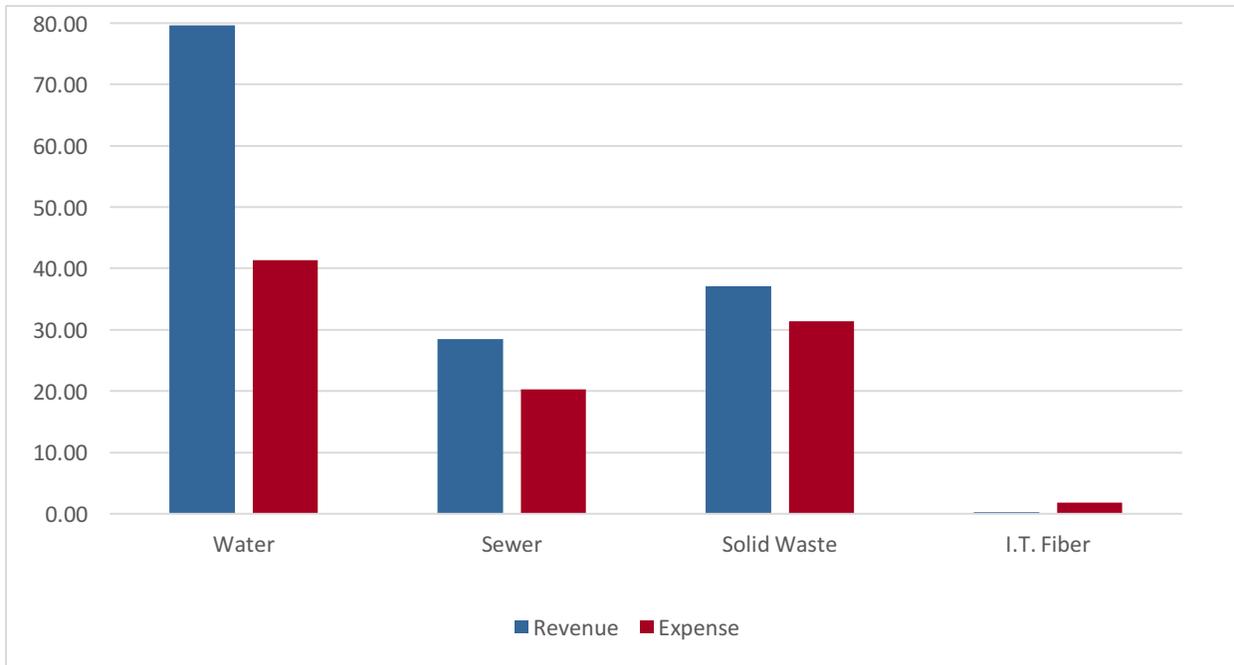
Business-type Activities

Net position for business-type activities at June 30, 2018 were \$507.72 million, with assets of \$609.93 million, deferred outflows of resources of \$9.26 million, liabilities of \$111.41 million and deferred inflows of resources of \$0.64 million. Unrestricted net position of \$345.93 million represented 68 percent of total business-type activities net position; this amount may be used to meet the government’s on-going obligations. Net investment in capital assets of \$161.79 million represented 32 percent of the total net position from business-type activities. Compared to the prior year, the City’s net position from business-type activities from the prior year increased by \$34.58 million.

Total revenues (excluding transfers) for the City’s business-type activities were \$147.77 million, which represented an increase of \$10.02 million or 7 percent from the prior year. Program revenues amounted to \$145.55 million or 99 percent of total business-type related revenue. Program revenues increased by \$8.90 million or 7 percent. General revenues for business-type activities were \$2.22 million. Business-type activities incurred \$94.72 million of expenditures for the year. This is an increase of 8.45 million or 10 percent compared to the prior year.

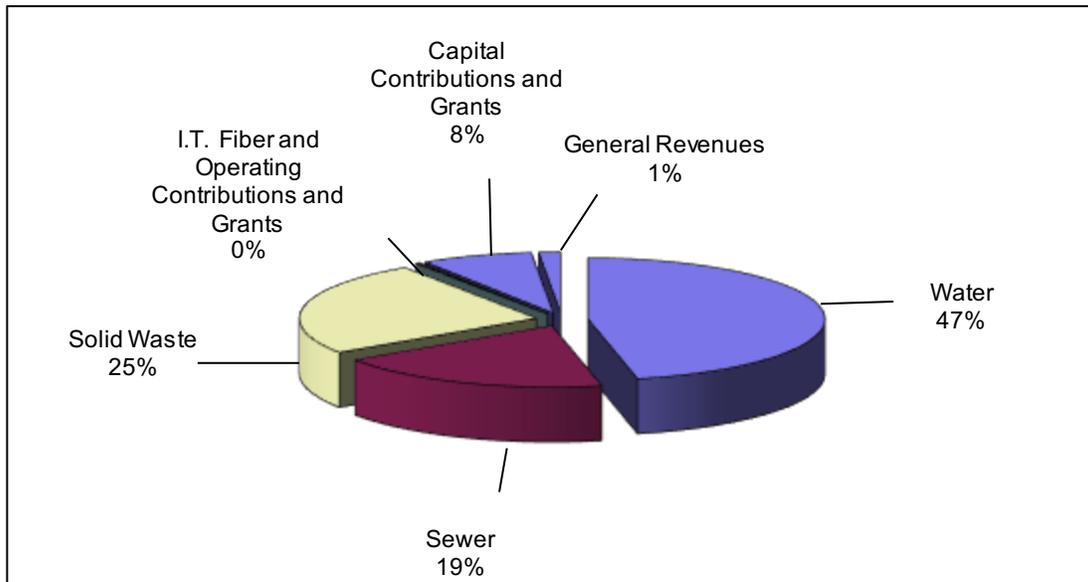
Graph 3 presents the costs of each of the City’s business activities and the associated program revenue. Since business-type activities are primarily used when the City charges customers for the services it provides, program revenues (charges for services) should be similar to the costs of these programs and represent the major funding source for these activities.

Expenses and Program Revenues – Business-type Activities (Graph 3)
(in millions)



Graph 4 presents revenues by source for business-type activities. *Charges for services* account for \$134.16 million or 91 percent of total business-type activities revenues (before transfers), while the remaining 9 percent is from *capital contributions and grants* (\$11.26 million), *operating contributions and grants* (\$0.13 million) and *general revenues* (\$2.21 million). Revenue from Water services is the largest revenue source with \$68.93 million or 47 percent of the total revenues from business-type activities; it had an increase of \$4.40 million or 7 percent compared to the prior year due to the lifting of water conservation efforts. The second largest revenue source was revenue from Solid Waste services at \$37 million or 25 percent of total business-type activities revenues. Solid Waste services revenue had an increase of \$2.06 million or 6 percent from the previous year due to increased developments in the City.

Revenues by Source – Business-Type Activities (Graph 4)



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

During the current fiscal year, the City had six major governmental funds: General Fund, Quiet Home Program Fund, Measure I Fund, Community Development Fund, Capital Projects Fund, and Impact Fees Fund. The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The General Fund is discussed in depth later in the MD&A. The special revenue fund for the Quiet Home Program accounts for revenues received primarily from federal sources and the Los Angeles World Airports which are designated for property acquisition, land use conversion and the noise insulation of residences within the airport contour. The special revenue fund for the Measure I Fund accounts for revenues from a one-half percent sales tax on all retail transactions within the County. The proceeds are to be used for transportation improvements, railroad grade separation projects, and traffic management programs. The special revenue fund for the Community Development Fund accounts for the Community Development Block Grant, Emergency Shelter Grant and HOME Grant. These grants account for the financial transactions as prescribed by the Federal Housing and Urban Development. The Capital Projects Fund accounts for financial transactions of general capital improvements. The capital projects fund for the Impact Fees Fund accounts for developer-paid impact fees for infrastructure construction. Each major fund is discussed in the *Notes to the Financial Statements*.

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$407.44 million. Approximately 13 percent or \$53.11 million of this total amount constitutes assigned/unassigned fund balance. The remaining fund balance of \$354.44 million is nonspendable (\$46.32 million), restricted (\$173.16 million), and committed (\$134.86 million). Comprising the nonspendable fund balance are: 1) Notes and loans (\$42.43 million); 2) Advances to other funds (\$3.50 million); 3) Prepaid costs, and Inventories (\$0.39 million). For the restricted fund balance (external enforceable limitations on usage), they are as follows: 1) Endowment and trusts (\$0.43 million); 2) Community development projects (\$76.99 million); 3) Public safety, police narcotics, and public services (\$27.10 million) 4) Affordable housing, and bond improvement projects (\$61.43 million); and 5) air quality control activities (\$1.22 million). Included in the committed fund balance (self-imposed limitations on usage) are as follows: 1) City facilities, infrastructure and capital replacement (\$104.65 million); 2) Compensated absences (\$14.63 million); 3) Capital projects (\$15.52 million); and 4) Museum Board (\$0.06 million).

Governmental Revenues

Revenues of governmental funds for Fiscal Year 2017-18 were \$329.19 million, with an increase of \$29.57 million or 10 percent compared to the previous fiscal year. This increase in government revenue is primarily attributable to the increase in the following categories of revenues: Charges for Services of \$25.96 million due to reimbursements from Ontario International Airport Authority for law enforcement and fire suppression services provided at the airport.

Table 3 below presents a summary of governmental fund revenues for the fiscal year ended June 30, 2018, with comparative amounts from the prior year.

Comparison of Major Governmental Revenues (Table 3)
Fiscal Years 2017-18 and 2016-17

	<u>Amount</u> <u>FY 17-18</u>	<u>% of Total</u> <u>Revenues</u>	<u>Amount</u> <u>FY 16-17</u>	<u>% of Total</u> <u>Revenues</u>	<u>\$ Increase /</u> <u>(Decrease)</u>	<u>% Increase /</u> <u>(Decrease)</u>
Property Tax	\$ 56,199,666	17.07%	\$ 53,414,598	17.83%	\$ 2,785,068	5.21%
Sales Tax	87,910,014	26.71%	86,168,797	28.76%	1,741,217	2.02%
Transient Occupancy Tax	14,586,233	4.43%	13,886,637	4.63%	699,596	5.04%
Parking Tax	3,216,403	0.98%	3,181,926	1.06%	34,477	1.08%
Business Licenses Tax	7,478,153	2.27%	7,167,613	2.39%	310,540	4.33%
Other Taxes	4,214,951	1.28%	7,083,261	2.36%	(2,868,310)	-40.49%
Licenses & Permits	4,887,991	1.48%	4,384,727	1.46%	503,264	11.48%
Intergovernmental	24,359,686	7.40%	35,412,862	11.82%	(11,053,176)	-31.21%
Contrib from Property Owners & Spec Assess Tax	28,493,804	8.66%	24,682,518	8.24%	3,811,286	100.00%
Charges for Services	80,404,296	24.43%	54,446,655	18.17%	25,957,641	47.68%
Use of Money & Property	4,004,514	1.22%	2,576,499	0.86%	1,428,015	55.42%
Fines and Forfeitures	1,042,090	0.32%	1,189,956	0.40%	(147,866)	-12.43%
Miscellaneous	12,389,218	3.77%	6,017,657	2.01%	6,371,561	105.88%
TOTAL	<u>\$ 329,187,019</u>	<u>100.00%</u>	<u>\$ 299,613,706</u>	<u>100.00%</u>	<u>\$ 29,573,313</u>	<u>9.87%</u>

Governmental Expenditures

Total expenditures for Fiscal Year 2017-18 were \$287.76 million, a decrease of \$0.58 million or less than 1 percent from the prior fiscal year. Increases in Public Safety of \$24.11 million was due to additional public safety personnel hired to provide law enforcement and fire suppression services at Ontario International Airport (ONT). This increase was offset by decreases in Community Development of \$27.59 million attributed to completion of South Milliken Grade Separation project as well as land acquisition and improvements of Celebration Park located in Ontario Ranch which occurred in the prior year.

Table 4 presents a summary of governmental fund expenditures for the Fiscal Year ended June 30, 2018 with comparative amounts from the prior year.

Comparison of Major Governmental Expenditures (Table 4)
Fiscal Years 2017-18 and 2016-17

	<u>Amount FY 17-18</u>	<u>% of Total Expenditures</u>	<u>Amount FY 16-17</u>	<u>% of Total Expenditures</u>	<u>\$ Increase / (Decrease)</u>	<u>% Increase/ (Decrease)</u>
General Government	\$ 23,830,837	8.28%	\$ 24,500,521	8.50%	\$ (669,684)	-2.73%
Public Safety	160,838,334	55.89%	136,721,141	47.42%	24,117,193	17.64%
Community Development	67,805,408	23.56%	95,398,612	33.09%	(27,593,204)	-28.92%
Library	4,768,627	1.66%	4,654,465	1.61%	114,162	2.45%
Public Works	21,279,011	7.38%	23,834,203	8.27%	(2,555,192)	-10.72%
Total Operating Expenditures	278,522,217	96.79%	285,108,942	98.88%	(6,586,725)	-2.31%
Debt Service	9,239,361	3.21%	3,232,190	1.12%	6,007,171	185.85%
TOTAL	<u>\$ 287,761,578</u>	<u>100.00%</u>	<u>\$ 288,341,132</u>	<u>100.0%</u>	<u>\$ (579,554)</u>	<u>-0.20%</u>

Proprietary Funds

The City's Proprietary funds consist of four Enterprise Funds and four Internal Service Funds. The Internal Service Funds are presented as *Governmental Activities* in the Proprietary Funds financial statements. Individual fund data is provided in the form of *combining statements*.

Operating revenues for Enterprise Funds include sales and service charges, interdepartmental charges and miscellaneous. Total operating revenues for all Enterprise Funds for Fiscal Year 2017-18 were \$126.39 million, while non-operating revenues were \$27.84 million. Operating expenses for Fiscal Year 2017-18 were \$98.94 million while non-operating expenses were \$3.38 million. During the fiscal year, the net amount transferred out to the City's Governmental Funds was \$18.45 million to support for the various governmental activities.

The City also has four internal service funds to allocate costs of the City's information systems, equipment services, risk management, and other post-employment benefits operations to the various departments. The interdepartmental charges for service (revenues) in Fiscal Year 2017-18 were \$41.37 million.

Fiduciary Funds

As mentioned earlier, the City uses Fiduciary Funds to account for resources held for the benefit of parties outside the City, in which the City is acting as trustee. The *Statement of Fiduciary Net Position* reports fifteen activities for which the City has a fiduciary responsibility. These include: the Redevelopment Financing Authority, a JPA formed between the City and the Agency to establish a vehicle to reduce local borrowing costs and promote greater use of new and existing financial instruments; West End Communications Authority, a seven-member JPA that operates and maintains a consolidated 800MHZ communication system designed to serve public safety agencies; the Sanitary Collection Treatment Fund which collects sewer capital assessment fees on behalf of the Inland Empire Utilities Agency; the West End Fire and Emergency Response Commission, a JPA of five local fire departments to establish a hazardous materials response team, an urban search and rescue team and the servicing of joint authority breathing apparatus equipment used for emergency purposes; and the Private Purpose Trust Fund for the Successor Agency of the Former Redevelopment Agency, which was formed upon dissolution of the Ontario Redevelopment Agency. The successor agency is subject to the control of newly established County Oversight Board and can only pay enforceable obligations in existence at the date of dissolution. Furthermore, it will hold the remaining assets of the former Redevelopment Agency until they are distributed to other units of state and local government. The remaining are assessment/special assessment bond redemption funds and community facility district debt service funds used to collect assessments and administer the debt service of the districts.

GENERAL FUND – FUND BALANCE ANALYSIS

The General Fund is the primary operating fund of the City. The fund balance of \$115.22 million as of June 30, 2018 had a decrease of (\$0.05) million. As a measure of the General Fund's liquidity, it may be useful to compare both assigned/unassigned fund balance and total fund balance to total fund operating expenditures. Assigned/unassigned fund balance represents 41 percent of total General Fund operating expenditures, while the total nonspendable, restricted, and committed fund balance amounts to 59 percent of the same amount.

Total fund balance of the General Fund consists of 4 components: (1) Nonspendable fund balance of \$46.32 million, which represents \$3.50 million in advances to other funds, \$0.24 million in prepaid, \$0.15 million in inventory, and \$42.43 million loan to the Ontario International Airport Authority; (2) Restricted fund balance of \$0.43 million, which represents endowment and trust; (3) Committed fund balance of \$21.07 million which represents compensated absences of \$14.63 million, infrastructure, city facilities and capital replacement of \$6.44 million; and (4) Assigned fund balance of \$47.41 million, which represents stability arrangement of \$41.31 million, continuing appropriations of \$4.58 million, and maintenance trust and equipment replacement of \$1.52 million.

For additional details of the City's General Fund Balance, please refer to Note 11 in the Notes to the Basic Financial Statements.

GENERAL FUND – REVENUE AND EXPENDITURE ANALYSIS**Revenues**

For Fiscal Year 2017-18, General Fund revenues were \$224.01 million, a growth of \$29.25 million or 15 percent from the prior fiscal year. Charges for services were \$30.77 million, an increase of \$20.81 million from the prior fiscal year mainly due to reimbursements from Ontario International Airport Authority for public safety services provided to the airport. Property tax were \$55.64 million, an increase of \$2.66 million from the prior year. Sales tax increased by \$1.74 million to \$87.91 million. Miscellaneous revenue were \$7.45 million, an increase of 29 percent due to the receipt of a one-time solar rebate revenue from Edison of \$1.10 million.

General Fund Revenues (Table 5)
Fiscal Years 2015-16, 2016-17 and 2017-18

	FY 15-16	FY 16-17	FY 17-18	% of Total	\$ Increase / (Decrease) to Last Year	% of Increase (Decrease)
Property Tax	\$ 59,900,813	\$ 52,975,647	\$ 55,636,371	24.8%	\$ 2,660,724	5.0%
Sales Tax	88,526,979	86,168,797	87,910,014	39.2%	1,741,217	2.0%
Transient Occupancy Tax	13,090,992	13,886,637	14,586,233	6.5%	699,596	5.0%
Other Taxes	14,475,851	14,235,877	15,472,802	6.9%	1,236,925	8.7%
License & Permits	3,845,404	4,384,727	4,887,991	2.2%	503,264	11.5%
Intergovernmental	3,907,737	5,170,893	4,540,398	2.0%	(630,495)	-12.2%
Charges for Services	9,102,731	9,960,386	30,768,155	13.7%	20,807,769	208.9%
Use of Money & Property	2,687,526	1,063,385	1,758,523	0.8%	695,138	65.4%
Fines & Forfeitures	1,050,602	1,136,159	1,007,271	0.5%	(128,888)	-11.3%
Miscellaneous	3,891,843	5,776,786	7,445,883	3.3%	1,669,097	28.9%
Totals	\$ 200,480,478	\$ 194,759,294	\$ 224,013,641	100.0%	\$ 29,254,347	15.0%

Following is an in-depth analysis of each of the revenue sources.

- Property Tax revenues increased \$2.66 million or 5 percent, comprising 25 percent of total General Fund revenue. The increase was due to gains in assessed valuation.
- Sales Tax revenues experienced an increase of \$1.74 million or 2 percent from the prior year. Of the total General Fund revenue, 39 percent comes from sales taxes. This growth in revenue is due to higher consumer spending and new businesses.
- Transient Occupancy taxes (TOT) also increased by \$0.70 million or 5 percent; it comprises 7 percent of the City's total General Fund revenue base.
- Other tax revenues include Franchise Fee, Business License Tax, Property Transfer Tax and Parking Tax, comprising 7 percent of the City's total General Fund revenue. This revenue category reflected a slight decrease of \$1.24 million or 9 percent.
- License and Permit revenues experienced an increase of \$0.50 million or 12 percent from the prior year due to increased development and therefore increase licenses and permits in the City.
- Intergovernmental revenues decreased by \$0.63 million or 12 percent compared to the previous year due to decreased grant revenue in the fiscal year; it comprises 2 percent of the City's total General Fund revenue base.
- Charges for Services increased by \$20.81 million from the previous year due to reimbursements from Ontario International Airport Authority for law enforcement and fire suppression services to the airport.
- Revenues from the Use of Money and Property represent less than 1 percent of total General Fund revenue and experienced an increase of \$0.70 million from the prior year.
- Fines and Forfeiture decreased \$0.13 million and represents less than 1 percent of total General Fund revenues.
- Miscellaneous revenue, representing 3 percent of the General Fund revenue increased \$1.67 million primarily due to a one-time receipt of rebate revenue from Edison for the Convention Center and Police Department solar projects.

Expenditures

For Fiscal Year 2017-18, total General Fund expenditures were \$234.07 million, an increase of \$25.25 million or 12 percent compared to the previous year.

General Fund Expenditures (Table 6)
Fiscal Years 2015-16, 2016-17 and 2017-18

	<u>FY 15-16</u>	<u>FY 16-17</u>	<u>FY 17-18</u>	<u>% of Total</u>	<u>\$ Increase / (Decrease) to Last Year</u>	<u>% of Increase (Decrease)</u>
General Government	\$ 27,927,390	\$ 24,500,521	\$ 23,517,450	10.0%	\$ (983,071)	-4.0%
Public Safety	126,156,617	134,053,016	156,245,698	66.8%	22,192,682	16.6%
Community Development	24,165,979	24,285,744	25,914,561	11.1%	1,628,817	6.7%
Library	4,568,202	4,654,465	4,768,627	2.1%	114,162	2.5%
Public Works	17,146,779	18,105,811	19,337,803	8.3%	1,231,992	6.8%
Debt Service	3,225,753	3,222,190	4,289,158	1.8%	1,066,968	33.1%
Totals	<u>\$ 203,190,720</u>	<u>\$ 208,821,747</u>	<u>\$ 234,073,297</u>	<u>100.0%</u>	<u>\$ 25,251,550</u>	<u>12.1%</u>

- General Government expenditures were \$23.52 million, a decrease of \$0.98 million or 4 percent from the prior fiscal year. This decline was primarily the result of decreased sales tax reimbursement to local businesses that have tax abatement agreement with the City.
- Public Safety expenditures were \$156.25 million, an increase of \$22.19 million or 17 percent compared to the previous year. This increase is due to additional public safety personnel to provide law enforcement and fire suppression services at the Ontario International Airport (ONT), as well as increased CalPERS contribution rates.
- Community Development expenditures were \$25.91 million, an increase of \$1.63 million compared to the prior fiscal year. This is the result of increase in community development activities.
- Library expenditures were \$4.77 million, an increase of \$0.01 or 3 percent.
- Public Works expenditures were \$19.34 million, an increase of \$1.23 million or 7 percent compared to the previous fiscal year. This is primarily in personnel services as a result of employment contracts and rising health and retirement benefit costs.
- Debt Service expenditures were \$4.29 million, an increase of \$1.07 million or 33 percent. This is due to the issuance of the 2017 Lease Revenue Bond.

QUIET HOME PROGRAM FUND – FUND BALANCE ANALYSIS

The Quiet Home Program Fund accounts for revenues received primarily from federal sources and the Los Angeles World Airports which are designated for specified airport noise mitigation programs, property acquisition, land use conversion and the noise insulation of residences within the airport contour. It is one of the six major funds included in the City's Comprehensive Annual Financial Report. As of June 30, 2018, its fund balance was \$58.88 million. Total Assets and liabilities of \$58.88 million and \$0.87 million respectively, remained constant as this program has been discontinued by the Federal Aviation Administration (FAA) in the prior fiscal year. This fund still qualifies to be reported as a major fund as its asset exceeds 10 percent of total Governmental Funds assets and exceeds 5 percent of total Governmental and Enterprise Funds assets.

QUIET HOME PROGRAM FUND – REVENUE AND EXPENDITURE ANALYSIS**Revenues**

For Fiscal Year 2017-18, there were no revenues reported under this fund. This is due to discontinuation of the Quiet Home Program.

Expenditures

For Fiscal Year 2017-18, there was zero expenditure due to the discontinuation of the Quiet Home Program.

MEASURE I FUND – FUND BALANCE ANALYSIS

The Measure I Fund accounts for revenues from a one-half percent sales tax on all retail transactions within the County. The proceeds are to be used for transportation improvements, railroad grade separation projects, and traffic management programs. It is one of the six major funds included in the City's Comprehensive Annual Financial Report for June 30, 2018. The fund balance of \$0.88 million as of June 30, 2018 had an increase of \$12.17 million compared to the prior year. Total Assets were \$18.77 million, a decrease of \$10.43 million from the prior fiscal year. This is primarily due to the decreases in Accounts Receivable of \$8.59 million and Restricted Cash and Investment in the amount of \$1.68 million. Total Liabilities of \$4.02 million, reflected a decrease of \$23.48 million resulted from the decrease in Due to Other Funds.

MEASURE I FUND – REVENUE AND EXPENDITURE ANALYSIS

Revenues

For Fiscal Year 2017-18, total Measure I Fund revenues were \$8.86 million or \$7.80 million less compared to prior year at \$16.66 million. This is due to completion of the South Milliken and North Vineyard Grade Separation projects, which decreased the reimbursement revenue amounts for Measure I funded projects.

Expenditures

For Fiscal Year 2017-18, total Measure I Fund expenditures were \$5.98 million, a decrease of \$8.67 million compared to the prior year. The decline was due to completion of the South Milliken and North Vineyard Grade Separation projects.

COMMUNITY DEVELOPMENT FUND – FUND BALANCE ANALYSIS

The Community Development Fund accounts for the Community Development Block Grant, Emergency Shelter Grant and HOME Grant. These grants account for the financial transactions as prescribed the Federal Housing and Urban Development. It is one of the six major funds included in the City's Comprehensive Annual Financial Report for June 30, 2018. The fund balance of \$7.13 million as of June 30, 2018 had an increase of \$0.63 million or less than one percent compared to the prior year. Total Assets were \$18.38 million, an increase of \$1.82 million. Total Liabilities were \$3.83 million, which remained the same as the prior fiscal year.

COMMUNITY DEVELOPMENT FUND – REVENUE AND EXPENDITURE ANALYSIS**Revenues**

For Fiscal Year 2017-18, total Community Development Fund revenues were \$3.61 million; an increase of \$1.31 million compared to the prior year.

Expenditures

For Fiscal Year 2017-18, total Community Development Fund expenditures were \$2.98 million, which is an increase of \$0.88 million compared to the prior fiscal year at \$2.10 million.

CAPITAL PROJECTS FUND – FUND BALANCE ANALYSIS

The Capital Projects Fund accounts for financial transactions of general capital improvements. It is one of the six major funds included in the City's Comprehensive Annual Financial Report for June 30, 2018. The fund balance of \$58.54 million as of June 30, 2018 reflected a decrease of \$10.27 million or 15 percent compared to the prior year. Total Assets were \$61.64 million, a decrease of \$10.77 million from the previous year, mainly attributable to the decrease in Land Held for Resale of \$16.55 million. Total Liabilities of \$2.95 million increased by \$0.55 million from the prior fiscal year.

CAPITAL PROJECTS FUND – REVENUE AND EXPENDITURE ANALYSIS

Revenues

For Fiscal Year 2017-18, total Capital Projects Fund revenues were \$11.36 million; a growth of \$0.42 million compared to the prior year.

Expenditures

For Fiscal Year 2017-18, total Capital Projects Fund expenditures were \$14.29 million; an increase of \$6 million due to the Debt Service Payment relating to the refunded 2007 Lease Revenue Bond.

IMPACT FEES FUND – FUND BALANCE ANALYSIS

The Impact Fees Fund accounts for revenues from developer-paid impact fees for infrastructure or construction. It is one of the six major funds included in the City's Comprehensive Annual Financial Report for June 30, 2018. The fund balance of \$101.05 million as of June 30, 2018 reflected an increase of \$10.76 million. Total Assets were \$117.49 million; an increase of \$21.42 million from the previous year which is mainly attributable to the increase in Cash and Investments of \$21.79 million. Total Liabilities of \$16.44 million increased by \$10.66 million due to increase in Due to Other Funds.

IMPACT FEES FUND – REVENUE AND EXPENDITURE ANALYSIS**Revenues**

For Fiscal Year 2017-18, total Impact Fees Fund revenues were \$28.55 million; an increase of \$3.33 million compared to the prior year due to significant increase in development activity in the Ontario Ranch area.

Expenditures

For Fiscal Year 2017-18, total Impact Fees Fund expenditures were \$12.79 million compared to prior year of \$20.20 million, a decrease of \$7.42 million compared to the prior year as a result of completion of South Milliken and North Vineyard Grad Separation projects.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the City Council revised the City budget several times. Budget revisions fall into three categories. The first category includes carry-forward encumbrances and capital projects that are approved shortly after the beginning of the year. The second category includes changes that the Council makes during the quarterly budget process. Finally, the Council approves supplemental appropriations through-out the year based on individual items that are brought forward by various departments. The General Fund budgetary comparison statement is located in the Basic Financial Statements.

Resources (Inflows)

The budgeted amount for *revenues* (resources available for appropriation) had an increase of \$25.23 million between the original budget of \$228.23 million and the final amended budget of \$253.46 million. The increase was mainly due to budget adjustments for Intergovernmental (\$8.29 million), Taxes (\$5.95 million) and Transfers from Other Funds (\$5.21 million). Actual revenues were \$5.86 million more than the final amended budget.

Charges to Appropriations (Outflows)

The difference between the original budget and the final budget was an increase of \$36.75 million in appropriations. Public Safety was increased by \$16.59 million, mainly to fund the costs related to the additional public safety personnel to provide law enforcement and fire suppression services at the Ontario International Airport (ONT) and public safety grants. Transfers to Other Funds also increased by \$7.80 million, to fund the Metro Gold Line Rail Extension and other capital projects.

Table 7 on the next page is a comparison of actual inflow and outflow with the final budget.

Budgetary Comparison for General Fund (Table 7)
Fiscal Year 2017-18
(in millions)

	Budget Amounts			Actuals	Favorable / (Unfavorable)
	Original	Final	Variance		
Resources (Inflows):					
Taxes	\$ 154.68	\$ 160.63	\$ (5.95)	\$ 173.61	\$ 12.98
Licenses and Permits	2.84	3.74	(0.90)	4.89	1.15
Intergovernmental	0.31	8.59	(8.29)	4.54	(4.05)
Charges for Services	24.99	26.09	(1.10)	30.77	4.68
Use of Money and Property	2.33	2.33	-	1.76	(0.57)
Fines and Forfeitures	0.90	0.90	0.00	1.01	0.10
Miscellaneous	3.68	7.46	(3.79)	7.45	(0.02)
Transfers from Other Funds	38.52	43.73	(5.21)	35.31	(8.42)
Total Resources	\$ 228.23	\$ 253.46	\$ (25.23)	\$ 259.32	\$ 5.86
Charges to Appropriations (Outflows):					
General Government	\$ 18.14	\$ 24.98	\$ (6.84)	\$ 23.52	\$ 1.46
Public Safety	147.77	164.36	(16.59)	156.25	8.11
Community Development	25.44	30.51	(5.07)	25.91	4.59
Library	5.16	5.24	(0.08)	4.77	0.47
Public Works	20.81	21.18	(0.37)	19.34	1.84
Debt Service	4.50	4.50	-	4.29	0.21
Transfers to Other Funds	8.23	16.03	(7.80)	25.30	(9.27)
Total Charges to Appropriations	\$ 230.05	\$ 266.80	\$ (36.75)	\$ 259.37	\$ 7.43

CAPITAL ASSETS AND DEBT ADMINISTRATION**Capital Assets**

The City's investment in capital assets (Table 8) for its governmental and business-type activities as of June 30, 2018, is \$1.24 billion (net of accumulated depreciation). This investment in capital assets includes land, structures and improvements, furniture and equipment, infrastructure and construction in progress. For more information, please refer to Note 6 in the Notes to the Basic Financial Statements. The Capital Assets of the City are those assets which are used in the performance of the City's functions including infrastructure assets. Depreciation on capital assets is recognized in the Government-wide financial statements.

Capital Assets (Table 8)
(net of depreciation)
(in millions)

	Governmental Activities		Business-Type Activities		Government-Wide Totals	
	2018	2017	2018	2017	2018	2017
Land	\$ 87.45	\$ 87.45	\$ 17.77	\$ 17.77	\$ 105.22	\$ 105.22
Structures and Improvements	268.17	270.08	6.20	6.06	274.37	276.14
Furniture and Equipment	5.87	6.18	1.46	1.05	7.33	7.23
Infrastructure	462.69	464.87	126.67	117.94	589.35	582.80
Construction in Progress	190.62	179.38	78.01	70.58	268.63	249.95
Total Net Position	\$ 1,014.79	\$ 1,007.95	\$ 230.11	\$ 213.39	\$ 1,244.90	\$ 1,221.34

Additional detail information is provided on Capital Assets in the *Notes to Financial Statements, Note 6*.

The City has elected to use the "Modified Approach" as defined by GASB Statement No. 34 for its Governmental Activities infrastructure reporting. Under GASB Statement No. 34, eligible infrastructure capital asset is not required to be depreciated under the following requirements:

- The City manages the eligible infrastructure capital assets using an asset management system with characteristics of (1) an up-to-date inventory; (2) perform condition assessments and summarize the results using a measurement scale; and (3) estimate annual amount to maintain and preserve at the established condition assessment level.
- The City documents that eligible infrastructure capital assets are being preserved approximately at or above the established disclosed assessment.

The City's streets are constantly deteriorating resulting from the following four factors: (1) traffic using the streets; (2) the sun's ultra-violet rays drying out and breaking down the top layer of pavement; (3) utility company/private development interests trenching operations; and (4) water damage from natural precipitation and other urban runoff. The City is continuously taking actions to arrest the deterioration through short-term maintenance activities such as pothole patching, street sweeping, and street paving.

The City expended \$10.90 million on street maintenance for the fiscal year ended June 30, 2018 to delay deterioration. The City has estimated that the amount of annual expenditures required maintaining the City's streets at the minimum PCI rating of "Good" through the year of 2018 is a minimum of \$5.70 million per year. As of June 30, 2018, the City had approximately 106 million square feet of streets with a carrying amount of approximately \$302.50 million and a replacement cost of approximately \$1.03 billion.

The City is also continuously taking actions to arrest the deterioration of other infrastructure assets through short-term maintenance activities. The City expended \$4.70 million on other infrastructure (sidewalks, traffic signals/street lights and catch basins/storm drains) maintenance for the fiscal year ended June 30, 2018. These expenditures delayed deterioration and improved the overall condition through these maintenance efforts. It is estimated that it will cost approximately \$5.50 million per year to maintain other infrastructure assets at their present level. For more information, see Required Supplemental Information following the footnotes to the financial statements.

Long-term Debt

At year end, the City had \$172.46 million in outstanding long-term debt. This debt consisted of revenue bonds, loans payable, advances from Successor Agency, compensated absences, claims and judgments, and unamortized bond premiums. For additional details of the City's long-term debt, please refer to Note 7 in the Notes to the Basic Financial Statements.

Table 9 below is a summary of the City's long-term debt for the year ended June 30, 2018.

Long-Term Debt (Table 9)
(in millions)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Government-wide Totals</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenue Bonds	\$ 60.20	\$ 67.59	\$ 67.34	\$ 68.71	\$ 127.54	\$ 136.30
Loan Payable	0.14	0.15	-	-	0.14	0.15
Advances from Successor Agency	1.60	1.60	-	-	1.60	1.60
Claims and Judgments	21.78	21.78	-	-	21.78	21.78
Compensated Absences	15.13	13.47	1.43	1.11	16.56	14.58
Unamortized Bond Premium	2.95	0.00	1.89	1.99	4.84	1.99
	<u>\$ 101.80</u>	<u>\$ 104.60</u>	<u>\$ 70.66</u>	<u>\$ 71.81</u>	<u>\$ 172.46</u>	<u>\$ 176.41</u>

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Executive Director of Finance, City of Ontario, 303 East "B" Street, Ontario, California 91764.

Basic Financial Statements

CITY OF ONTARIO

STATEMENT OF NET POSITION
JUNE 30, 2018

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and investments	\$ 499,095,508	\$ 223,919,577	\$ 723,015,085
Receivables:			
Accounts	40,257,295	13,837,902	54,095,197
Taxes	559,272	-	559,272
Notes and loans	63,796,214	-	63,796,214
Accrued interest	2,003,024	821,387	2,824,411
Internal balances	(20,454,108)	20,454,108	-
Prepaid costs	1,475,850	7,009	1,482,859
Deposits	818,818	-	818,818
Inventories	777,770	53,964,828	54,742,598
Advances to Successor Agency	3,500,000	-	3,500,000
Land held for resale	78,322,027	-	78,322,027
Other investments	43,319,316	-	43,319,316
Investment in joint venture	-	66,818,876	66,818,876
Restricted assets:			
Cash and investments	633,357	-	633,357
Cash with fiscal agent	33,350,237	373	33,350,610
Capital assets not being depreciated	576,924,943	95,782,192	672,707,135
Capital assets, net of depreciation	437,864,062	134,324,680	572,188,742
Total Assets	1,762,243,585	609,930,932	2,372,174,517
Deferred Outflows of Resources:			
Deferred charges on refunding	-	909,933	909,933
Deferred pension related items	72,851,912	8,352,561	81,204,473
Deferred OPEB related items	5,398,279	-	5,398,279
Total Deferred Outflows of Resources	78,250,191	9,262,494	87,512,685
Liabilities:			
Accounts payable	15,476,212	10,633,781	26,109,993
Accrued liabilities	5,769,445	373,998	6,143,443
Accrued interest	596,728	-	596,728
Unearned revenue	5,664,477	127,193	5,791,670
Deposits payable	11,353,756	6,712,825	18,066,581
Due to other governments	3,069,888	-	3,069,888
Noncurrent liabilities:			
Due within one year	13,005,000	1,558,000	14,563,000
Due in more than one year	88,800,253	69,101,147	157,901,400
OPEB liability	268,308,897	-	268,308,897
Net pension liabilities	245,528,125	22,902,901	268,431,026
Total Liabilities	657,572,781	111,409,845	768,982,626
Deferred Inflows of Resources:			
Deferred charges on refunding	1,122,250	-	1,122,250
Deferred pension related items	8,919,823	64,731	8,984,554
Deferred OPEB related items	33,048,441	-	33,048,441
Total Deferred Inflows of Resources	43,090,514	64,731	43,155,245
Net Position:			
Net investment in capital assets	950,420,687	161,791,743	1,112,212,430
Restricted for:			
Community development projects	108,943,620	-	108,943,620
Public safety	2,353,061	-	2,353,061
Capital projects	27,763,382	-	27,763,382
Debt service	-	373	373
Affordable housing	33,668,605	-	33,668,605
Other purposes	430,484	-	430,484
Unrestricted	16,250,642	345,926,734	362,177,376
Total Net Position	\$ 1,139,830,481	\$ 507,718,850	\$ 1,647,549,331

CITY OF ONTARIO

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018

	Expenses	Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
Functions/Programs				
Primary Government:				
Governmental Activities:				
General government	\$ 27,554,284	\$ 6,149,697	\$ 1,852,640	\$ -
Public safety	178,835,586	20,271,669	6,662,039	249,801
Community development	42,623,892	50,699,117	3,670,612	52,555,515
Library	5,938,560	122,329	322,354	-
Public works	42,308,931	-	35,113	3,932,567
Interest on long-term debt	3,921,536	-	-	-
Total Governmental Activities	301,182,789	77,242,812	12,542,758	56,737,883
Business-Type Activities:				
Water	41,340,763	68,933,067	-	10,686,504
Sewer	20,270,716	27,952,825	-	570,053
Solid Waste	31,337,795	36,995,472	126,452	-
I.T. Fiber	1,770,591	276,033	-	-
Total Business-Type Activities	94,719,865	134,157,397	126,452	11,256,557
Total Primary Government	\$ 395,902,654	\$ 211,400,209	\$ 12,669,210	\$ 67,994,440

General Revenues:

Taxes:

Property taxes, levied for general purpose

Transient occupancy taxes

Sales taxes

Franchise taxes

Business licenses taxes

Other taxes

Motor vehicle in lieu - unrestricted

Use of money and property

Other

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position at Beginning of Year

Restatement of Net Position

Net Position at End of Year

Net (Expenses) Revenues and Changes in Net Position
Primary Government

Governmental Activities	Business-Type Activities	Total
\$ (19,551,947)	\$ -	\$ (19,551,947)
(151,652,077)	-	(151,652,077)
64,301,352	-	64,301,352
(5,493,877)	-	(5,493,877)
(38,341,251)	-	(38,341,251)
(3,921,536)	-	(3,921,536)
(154,659,336)	-	(154,659,336)
-	38,278,808	38,278,808
-	8,252,162	8,252,162
-	5,784,129	5,784,129
-	(1,494,558)	(1,494,558)
-	50,820,541	50,820,541
(154,659,336)	50,820,541	(103,838,795)
56,199,666	-	56,199,666
14,586,233	-	14,586,233
87,910,014	-	87,910,014
3,352,120	-	3,352,120
7,478,153	-	7,478,153
4,642,529	-	4,642,529
91,740	-	91,740
10,834,185	2,187,574	13,021,759
2,394,865	24,988	2,419,853
18,448,756	(18,448,756)	-
205,938,261	(16,236,194)	189,702,067
51,278,925	34,584,347	85,863,272
1,288,966,291	472,706,248	1,761,672,539
(200,414,735)	428,255	(199,986,480)
\$ 1,139,830,481	\$ 507,718,850	\$ 1,647,549,331

CITY OF ONTARIO

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

	Special Revenue Funds			
	General	Quiet Home Program	Measure I	Community Development
Assets:				
Cash and investments	\$ 55,397,144	\$ 1,080,171	\$ 4,681,640	\$ 774,008
Receivables:				
Accounts	24,018,468	-	13,783,276	1,059,237
Taxes	523,253	-	-	-
Notes and loans	42,429,148	-	-	10,848,706
Accrued interest	817,533	-	12,766	7,341
Prepaid costs	243,305	-	-	-
Deposits	-	-	288,030	-
Due from other funds	12,627,426	-	-	-
Advances to other funds	-	-	-	5,961,399
Advances to Successor Agency	3,500,000	-	-	-
Inventories	145,989	-	-	-
Land held for resale	-	57,799,475	-	51,050
Restricted assets:				
Cash and investments	145,506	-	-	35,775
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 139,847,772	\$ 58,879,646	\$ 18,765,712	\$ 18,737,516
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ 6,433,656	\$ 7,407	\$ 20,954	\$ 126,090
Accrued liabilities	4,393,669	-	-	-
Unearned revenues	765,283	863,419	4,000,000	35,775
Deposits payable	9,291,886	-	-	-
Due to other governments	-	-	-	3,069,888
Due to other funds	-	-	-	596,958
Advances from other funds	-	-	-	-
Total Liabilities	20,884,494	870,826	4,020,954	3,828,711
Deferred Inflows of Resources:				
Unavailable revenues	3,738,037	-	13,860,646	7,778,819
Total Deferred Inflows of Resources	3,738,037	-	13,860,646	7,778,819
Fund Balances:				
Nonspendable	46,318,442	-	-	-
Restricted	430,484	58,008,820	546,177	7,129,986
Committed	21,066,012	-	-	-
Assigned	47,410,303	-	337,935	-
Unassigned	-	-	-	-
Total Fund Balances	115,225,241	58,008,820	884,112	7,129,986
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 139,847,772	\$ 58,879,646	\$ 18,765,712	\$ 18,737,516

CITY OF ONTARIO

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

	Capital Projects Funds		Other Governmental Funds	Total Governmental Funds
	Capital Projects	Impact Fees		
Assets:				
Cash and investments	\$ 39,583,196	\$ 116,678,055	\$ 35,431,922	\$ 253,626,136
Receivables:				
Accounts	687,054	-	440,756	39,988,791
Taxes	-	-	36,019	559,272
Notes and loans	-	-	10,518,360	63,796,214
Accrued interest	113,307	393,953	121,288	1,466,188
Prepaid costs	-	-	10,421	253,726
Deposits	106,174	229,570	195,044	818,818
Due from other funds	-	-	-	12,627,426
Advances to other funds	-	-	-	5,961,399
Advances to Successor Agency	-	-	-	3,500,000
Inventories	-	-	-	145,989
Land held for resale	3,028,917	-	17,442,585	78,322,027
Restricted assets:				
Cash and investments	-	188,375	-	369,656
Cash and investments with fiscal agents	18,118,100	-	15,232,137	33,350,237
Total Assets	\$ 61,636,748	\$ 117,489,953	\$ 79,428,532	\$ 494,785,879
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ 1,946,597	\$ 2,099,541	\$ 552,600	\$ 11,186,845
Accrued liabilities	-	-	1,223,012	5,616,681
Unearned revenues	-	-	-	5,664,477
Deposits payable	1,002,287	-	1,059,583	11,353,756
Due to other governments	-	-	-	3,069,888
Due to other funds	-	11,567,150	463,318	12,627,426
Advances from other funds	-	2,770,000	5,961,399	8,731,399
Total Liabilities	2,948,884	16,436,691	9,259,912	58,250,472
Deferred Inflows of Resources:				
Unavailable revenues	144,594	-	3,568,448	29,090,544
Total Deferred Inflows of Resources	144,594	-	3,568,448	29,090,544
Fund Balances:				
Nonspendable	-	-	-	46,318,442
Restricted	39,997,403	229,570	66,816,712	173,159,152
Committed	15,520,049	98,275,014	-	134,861,075
Assigned	3,025,818	2,548,678	186,215	53,508,949
Unassigned	-	-	(402,755)	(402,755)
Total Fund Balances	58,543,270	101,053,262	66,600,172	407,444,863
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 61,636,748	\$ 117,489,953	\$ 79,428,532	\$ 494,785,879

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CITY OF ONTARIO

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2018**

Fund balances of governmental funds		\$ 407,444,863
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:		
Capital assets	\$ 1,194,012,005	
Accumulated depreciation	<u>(211,681,989)</u>	982,330,016
Governmental funds report all pension contributions as expenditures. However, the net pension liability has a measurement date of June 30, 2017, and pension contributions subsequent to the measurement date are reclassified as deferred pension contributions.		
		22,978,878
Deferred outflows of resources reported for the pension plan for government-wide statements:		
Differences between expected and actual experiences	3,465,186	
Change in assumptions	36,125,615	
Net difference between projected and actual earnings on pension plan investments	<u>6,688,131</u>	46,278,933
Long-term debt and compensated absences have not been included in the governmental fund activity:		
Revenue bonds		(60,200,000)
Loan payable		(136,566)
Advance from Successor Agency		(1,600,000)
Unamortized bond discount and premium		(2,952,978)
Unamortized deferred charges on refunding		(1,122,250)
Compensated absences		(14,469,395)
Bond insurance premium is an expenditure in the governmental funds, but it is a prepaid item on the statement of net position.		
		169,563
Accrued interest payable for the current portion of interest due on bonds has not been reported in the governmental funds.		
		(596,728)
Governmental funds report all pension contributions as expenditures, however, in the statement of net position, the excess of the total pension liability over the plan fiduciary net position is reported as a net pension liability.		
		(235,486,976)
Deferred inflows of resources reported for the pension plan for government-wide statements:		
Differences between expected and actual experiences	(5,171,062)	
Changes in assumptions	<u>(3,720,382)</u>	(8,891,444)
Revenues are 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.		
		29,090,544
Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The assets and liabilities of the internal service funds must be added to the statement of net position.		
		<u>(23,005,979)</u>
Net Position of Governmental Activities		<u>\$ 1,139,830,481</u>

CITY OF ONTARIO

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2018**

	Special Revenue Funds			
	General	Quiet Home Program	Measure I	Community Development
Revenues:				
Taxes	\$ 173,605,420	\$ -	\$ -	\$ -
Special assessment taxes	-	-	-	-
Licenses and permits	4,887,991	-	-	-
Intergovernmental	4,540,398	-	8,825,174	3,446,608
Contribution from property owners	-	-	-	-
Charges for services	30,768,155	-	-	-
Use of money and property	1,758,523	-	32,968	162,537
Fines and forfeitures	1,007,271	-	-	-
Miscellaneous	7,445,883	-	-	-
Total Revenues	224,013,641	-	8,858,142	3,609,145
Expenditures:				
Current:				
General government	23,517,450	-	-	-
Public safety	156,245,698	-	-	172,545
Community development	25,914,561	-	5,980,032	2,638,305
Library	4,768,627	-	-	-
Public works	19,337,803	-	-	173,148
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	3,930,914	-	-	-
Costs of issuance	-	-	-	-
Payment to refunded bond escrow agent	358,244	-	-	-
Total Expenditures	234,073,297	-	5,980,032	2,983,998
Excess (Deficiency) of Revenues Over (Under) Expenditures	(10,059,656)	-	2,878,110	625,147
Other Financing Sources (Uses):				
Transfers in	35,308,019	-	9,289,583	-
Transfers out	(25,300,348)	-	-	-
Refunding bonds issued	-	-	-	-
Bond premium	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Total Other Financing Sources (Uses)	10,007,671	-	9,289,583	-
Net Change in Fund Balances	\$ (51,985)	\$ -	\$ 12,167,693	\$ 625,147
Fund Balances:				
Beginning of year, as originally reported	\$ 115,277,226	\$ 58,008,820	\$ (11,283,581)	\$ 6,504,839
Restatements	-	-	-	-
Beginning of year, as restated	115,277,226	58,008,820	(11,283,581)	6,504,839
Net change in fund balances	(51,985)	-	12,167,693	625,147
End of year	\$ 115,225,241	\$ 58,008,820	\$ 884,112	\$ 7,129,986

CITY OF ONTARIO

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2018**

	Capital Projects Funds			Total Governmental Funds
	Capital Projects	Impact Fees	Other Governmental Funds	
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ 173,605,420
Special assessment taxes	-	-	3,143,892	3,143,892
Licenses and permits	-	-	-	4,887,991
Intergovernmental	2,595,522	-	4,951,984	24,359,686
Contribution from property owners	-	-	25,349,912	25,349,912
Charges for services	5,862,657	27,734,890	16,038,594	80,404,296
Use of money and property	390,503	816,985	842,998	4,004,514
Fines and forfeitures	-	-	34,819	1,042,090
Miscellaneous	2,514,484	-	2,428,851	12,389,218
Total Revenues	11,363,166	28,551,875	52,791,050	329,187,019
Expenditures:				
Current:				
General government	-	313,387	-	23,830,837
Public safety	2,781,561	198,006	1,440,524	160,838,334
Community development	6,571,732	11,758,322	14,942,456	67,805,408
Library	-	-	-	4,768,627
Public works	-	519,274	1,248,786	21,279,011
Debt service:				
Principal retirement	-	-	12,000	12,000
Interest and fiscal charges	-	-	-	3,930,914
Costs of issuance	526,390	-	-	526,390
Payment to refunded bond escrow agent	4,411,813	-	-	4,770,057
Total Expenditures	14,291,496	12,788,989	17,643,766	287,761,578
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,928,330)	15,762,886	35,147,284	41,425,441
Other Financing Sources (Uses):				
Transfers in	12,258,648	-	1,208,861	58,065,111
Transfers out	(4,289,583)	(5,000,000)	(14,763,731)	(49,353,662)
Refunding bonds issued	26,810,000	-	-	26,810,000
Bond premium	3,260,875	-	-	3,260,875
Payment to refunded bond escrow agent	(28,554,885)	-	-	(28,554,885)
Total Other Financing Sources (Uses)	9,485,055	(5,000,000)	(13,554,870)	10,227,439
Net Change in Fund Balances	\$ 6,556,725	\$ 10,762,886	\$ 21,592,414	\$ 51,652,880
Fund Balances:				
Beginning of year, as originally reported	\$ 68,811,161	\$ 90,290,376	\$ 45,007,758	\$ 372,616,599
Restatements	(16,824,616)	-	-	(16,824,616)
Beginning of year, as restated	51,986,545	90,290,376	45,007,758	355,791,983
Net change in fund balances	6,556,725	10,762,886	21,592,414	51,652,880
End of year	\$ 58,543,270	\$ 101,053,262	\$ 66,600,172	\$ 407,444,863

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CITY OF ONTARIO

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018**

Net change in fund balances - total governmental funds \$ 51,652,880

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	\$ 24,876,172	
Depreciation	(16,999,397)	
Disposition of capital assets	<u>(3,729,763)</u>	4,147,012

Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Whereas, issuance of long-term debt is a current financial resource in the governmental funds, but the issuance increase long-term debt in the statement of net position. Also, governmental funds report the effect of premiums, discounts, and deferral on loss of refunding when the debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Debt issued or incurred:		
Lease Revenue Bonds	(26,810,000)	
Bond Discount	(3,260,875)	
Deferred Charges	(1,168,795)	
Long-term debt repayments:		
Lease Revenue Bonds	34,200,000	
Loan Payable	12,000	
Bond Premium Amortization	330,324	
Bond Discount Amortization	(18,938)	
Deferred Charges Amortization	<u>46,545</u>	3,330,261

Bond insurance premium are expenditures in governmental funds, but these costs are capitalized on the statement of net position. (6,782)

Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period. 478,356

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. (1,593,062)

Pension obligation 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. (13,878,649)

Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are included in intergovernmental revenues in the governmental fund activity. (1,405,011)

Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The net revenues (expenses) of the internal service funds are reported with governmental activities. 8,553,920

Change in Net Position of Governmental Activities \$ 51,278,925

CITY OF ONTARIO

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2018

	Business-Type Activities - Enterprise Funds				Totals	Governmental Activities- Internal Service Funds
	Water	Sewer	Solid Waste	Nonmajor Enterprise Fund I.T. Fiber		
Assets:						
Current:						
Cash and investments	\$ 137,912,769	\$ 52,318,969	\$ 33,687,839	\$ -	\$ 223,919,577	\$ 245,469,372
Receivables:						
Accounts	7,247,518	2,856,177	3,734,207	-	13,837,902	268,504
Accrued interest	517,157	186,618	117,416	196	821,387	536,836
Prepaid costs	7,009	-	-	-	7,009	1,052,561
Due from other funds	-	-	-	-	-	412,252
Inventories	53,867,897	96,931	-	-	53,964,828	631,781
Other investments	-	-	-	-	-	43,319,316
Restricted:						
Cash and investments	-	-	-	-	-	263,701
Cash with fiscal agent	373	-	-	-	373	-
Total Current Assets	199,552,723	55,458,695	37,539,462	196	292,551,076	291,954,323
Noncurrent:						
Advances to other funds	-	-	2,770,000	-	2,770,000	-
Investment in joint venture	66,818,876	-	-	-	66,818,876	-
Capital assets - net of accumulated depreciation	182,678,277	29,558,933	7,055,262	10,814,400	230,106,872	32,458,989
Total Noncurrent Assets	249,497,153	29,558,933	9,825,262	10,814,400	299,695,748	32,458,989
Total Assets	449,049,876	85,017,628	47,364,724	10,814,596	592,246,824	324,413,312
Deferred Outflows of Resources:						
Deferred charges on refunding	909,933	-	-	-	909,933	-
Deferred pension related items	2,781,196	1,254,510	3,968,137	348,718	8,352,561	3,594,101
Deferred OPEB related items	-	-	-	-	-	5,398,279
Total Deferred Outflows of Resources	3,691,129	1,254,510	3,968,137	348,718	9,262,494	8,992,380
Total Assets & Deferred Outflow of Resources	\$ 452,741,005	\$ 86,272,138	\$ 51,332,861	\$ 11,163,314	\$ 601,509,318	\$ 333,405,692
Liabilities, Deferred Inflows and Net Position						
Liabilities:						
Current:						
Accounts payable	\$ 4,369,321	\$ 3,867,575	\$ 1,750,926	\$ 645,959	\$ 10,633,781	\$ 4,289,367
Accrued liabilities	140,417	48,532	167,302	17,747	373,998	152,764
Unearned revenues	2,000	-	125,193	-	127,193	-
Deposits payable	5,357,624	-	1,355,201	-	6,712,825	-
Due to other funds	-	-	-	412,252	412,252	-
Accrued compensated absences	18,000	19,000	70,000	21,000	128,000	180,000
Accrued claims and judgments	-	-	-	-	-	8,586,000
Bonds, notes, and capital leases	1,430,000	-	-	-	1,430,000	-
Total Current Liabilities	11,317,362	3,935,107	3,468,622	1,096,958	19,818,049	13,208,131
Noncurrent:						
Accrued compensated absences	547,027	243,810	485,620	29,628	1,306,085	482,314
Accrued claims and judgments	-	-	-	-	-	13,198,000
Net pension liability	10,069,995	2,435,475	9,961,346	436,085	22,902,901	10,041,149
OPEB liability	-	-	-	-	-	268,308,897
Bonds, notes, and capital leases	67,795,062	-	-	-	67,795,062	-
Total Noncurrent Liabilities	78,412,084	2,679,285	10,446,966	465,713	92,004,048	292,030,360
Total Liabilities	89,729,446	6,614,392	13,915,588	1,562,671	111,822,097	305,238,491
Deferred Inflows of Resources:						
Deferred pension related items	28,461	6,883	28,154	1,233	64,731	28,379
Deferred OPEB related items	-	-	-	-	-	33,048,441
Total Deferred Inflows of Resources	28,461	6,883	28,154	1,233	64,731	33,076,820

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 JUNE 30, 2018

	Business-Type Activities - Enterprise Funds				Governmental Activities- Internal Service Funds	
	Water	Sewer	Solid Waste	Nonmajor Enterprise Fund I.T. Fiber		Totals
Net Position:						
Net investment in capital assets	114,363,148	29,558,933	7,055,262	10,814,400	161,791,743	32,458,989
Restricted for debt service	373	-	-	-	373	-
Unrestricted	248,619,577	50,091,930	30,333,857	(1,214,990)	327,830,374	(37,368,608)
Total Net Position	362,983,098	79,650,863	37,389,119	9,599,410	489,622,490	(4,909,619)
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 452,741,005	\$ 86,272,138	\$ 51,332,861	\$ 11,163,314	\$ 601,509,318	\$ 333,405,692

Reconciliation of Net Position to the Government-Wide Statement of Net Position:

Net Position per Statement of Net Position - Proprietary Funds	\$ 489,622,490
Prior years' accumulated adjustment to reflect the consolidation of internal service funds activities related to the enterprise funds	19,595,827
Current years' adjustments to reflect the consolidation of internal service activities related to enterprise funds	(1,499,467)
Net Position per Government-Wide Statement of Net Position	\$ 507,718,850

CITY OF ONTARIO

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2018

	Business-Type Activities - Enterprise Funds				Totals	Governmental Activities- Internal Service Funds
	Water	Sewer	Solid Waste	Nonmajor Enterprise Fund I.T. Fiber		
Operating Revenues:						
Sales and service charges	\$ 58,377,406	\$ 27,511,892	\$ 35,833,510	\$ 276,033	\$ 121,998,841	\$ -
Interdepartmental charges	1,581,132	49,711	636,051	-	2,266,894	41,372,152
Miscellaneous	1,166,964	424,993	529,128	-	2,121,085	260,218
Total Operating Revenues	61,125,502	27,986,596	36,998,689	276,033	126,386,820	41,632,370
Operating Expenses:						
Administration and general	5,297,162	1,924,032	1,999,688	1,646,543	10,867,425	27,553,748
Source of supply	22,608,143	-	-	-	22,608,143	9,920,858
Pumping	4,830,117	-	-	-	4,830,117	-
Transmission/collection	10,013,032	2,881,681	28,073,404	-	40,968,117	-
Treatment	-	14,151,312	-	-	14,151,312	-
Cost of sales and services	-	-	-	85,209	85,209	-
Claims expense	-	-	-	-	-	8,816,753
Depreciation expense	4,044,282	1,224,202	120,901	38,839	5,428,224	4,254,815
Total Operating Expenses	46,792,736	20,181,227	30,193,993	1,770,591	98,938,547	50,546,174
Operating Income (Loss)	14,332,766	7,805,369	6,804,696	(1,494,558)	27,448,273	(8,913,804)
Nonoperating Revenues (Expenses):						
Grant revenue	8,636,339	-	126,452	-	8,762,791	-
Interest revenue	1,111,166	423,062	274,744	31,306	1,840,278	6,230,950
Interest expense	(3,380,776)	-	-	-	(3,380,776)	-
Gain on value of stored water inventory	9,098,925	-	-	-	9,098,925	-
Gain on joint venture	8,142,861	-	-	-	8,142,861	-
Total Nonoperating Revenues (Expenses)	23,608,515	423,062	401,196	31,306	24,464,079	6,230,950
Income (Loss) Before Transfers and Capital Contributions	37,941,281	8,228,431	7,205,892	(1,463,252)	51,912,352	(2,682,854)
Capital contribution	2,050,165	570,053	-	-	2,620,218	-
Transfers in	10,954,547	-	-	237,478	11,192,025	12,623,483
Transfers out	(15,175,006)	(6,766,372)	(7,699,403)	-	(29,640,781)	(2,886,176)
Changes in Net Position	\$ 35,770,987	\$ 2,032,112	\$ (493,511)	\$ (1,225,774)	\$ 36,083,814	\$ 7,054,453
Net Position:						
Beginning of Year, as originally reported	\$ 327,212,111	\$ 77,618,751	\$ 37,454,375	\$ 10,825,184	\$ 453,110,421	\$ 273,658,276
Restatements	-	-	428,255	-	428,255	(285,622,348)
Beginning of Fiscal Year, as restated	327,212,111	77,618,751	37,882,630	10,825,184	453,538,676	(11,964,072)
Changes in Net Position	35,770,987	2,032,112	(493,511)	(1,225,774)	36,083,814	7,054,453
End of Fiscal Year	\$ 362,983,098	\$ 79,650,863	\$ 37,389,119	\$ 9,599,410	\$ 489,622,490	\$ (4,909,619)
Reconciliation of Changes in Net Position to the Statement of Activities:						
Changes in Net Position, per the Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds					\$ 36,083,814	
Adjustment to reflect the consolidation of current fiscal year internal service funds activities related to enterprise funds					(1,499,467)	
Changes in Net Position of Business-Type Activities per Statement of Activities					\$ 34,584,347	

CITY OF ONTARIO

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2018

	Business-Type Activities - Enterprise Funds					Governmental Activities- Internal Service Funds
	Water	Sewer	Solid Waste	Nonmajor Enterprise Fund I.T. Fiber	Totals	
Cash Flows from Operating Activities:						
Cash received from customers and users	\$ 68,225,378	\$ 27,899,491	\$ 36,898,523	\$ 744,306	\$ 133,767,698	\$ -
Cash received from/(paid to) interfund service provided	-	-	-	-	-	41,511,895
Cash paid to suppliers for goods and services	(37,834,820)	(15,555,592)	(27,976,666)	(85,209)	(81,452,287)	(17,004,970)
Cash paid to employees for services	(4,262,516)	(1,528,250)	(834,580)	(1,585,988)	(8,211,334)	(15,644,091)
Operating Activities	26,128,042	10,815,649	8,087,277	(926,891)	44,104,077	8,862,834
Cash Flows from Non-Capital Financing Activities:						
Cash transfers in	10,954,547	-	-	237,478	11,192,025	12,623,483
Cash transfers out	(15,175,006)	(6,766,372)	(7,699,403)	-	(29,640,781)	(2,886,176)
Repayment made to other funds	-	-	-	-	-	(412,252)
Repayment received from other funds	-	-	-	412,252	412,252	-
Grant subsidy	-	-	126,452	-	126,452	-
Net Cash Provided (Used) by Non-Capital Financing Activities	(4,220,459)	(6,766,372)	(7,572,951)	649,730	(17,910,052)	9,325,055
Cash Flows from Capital and Related Financing Activities:						
Acquisition and construction of capital assets	(11,880,619)	(85,826)	(461,503)	(6,664,655)	(19,092,603)	(7,389,966)
Principal paid on capital debt	(1,375,000)	-	-	-	(1,375,000)	-
Interest paid on capital debt	(3,423,870)	-	-	-	(3,423,870)	-
Reimbursement agreement	8,636,339	-	-	-	8,636,339	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(8,043,150)	(85,826)	(461,503)	(6,664,655)	(15,255,134)	(7,389,966)
Cash Flows from Investing Activities:						
Purchase of investments	-	-	-	-	-	(5,009,712)
Interest received	944,187	371,561	248,974	53,034	1,617,756	6,030,761
Net Cash Provided (Used) by Investing Activities	944,187	371,561	248,974	53,034	1,617,756	1,021,049
Net Increase (Decrease) in Cash and Cash Equivalents	14,808,620	4,335,012	301,797	(6,888,782)	12,556,647	11,818,972
Cash and Cash Equivalents at Beginning of Year	123,104,522	47,983,957	33,386,042	6,888,782	211,363,303	233,914,101
Cash and Cash Equivalents at End of Year	\$ 137,913,142	\$ 52,318,969	\$ 33,687,839	\$ -	\$ 223,919,950	\$ 245,733,073
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:						
Operating income (loss)	\$ 14,332,766	\$ 7,805,369	\$ 6,804,696	\$ (1,494,558)	\$ 27,448,273	\$ (8,913,804)
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:						
Depreciation	4,044,282	1,224,202	120,901	38,839	5,428,224	4,254,815
(Increase) decrease in accounts receivable	6,642,988	(87,105)	(133,732)	-	6,422,151	(120,475)
(Increase) decrease in prepaid expense	(1,645)	-	725	-	(920)	(413,449)
(Increase) decrease in inventories	254,763	63,691	-	-	318,454	3,408
Increase (decrease) in accounts payable	(636,646)	1,413,710	96,013	468,273	1,341,350	2,142,682
Increase (decrease) in accrued liabilities	10,264	4,535	7,019	6,437	28,255	11,563
Increase (decrease) in unearned revenues	2,000	-	(27,761)	-	(25,761)	-
Increase (decrease) in deposits payable	454,888	-	61,327	-	516,215	-
Increase (decrease) in compensated absences	150,559	162,612	43,103	(33,577)	322,697	67,934
Increase (decrease) in net pension liability	873,823	228,635	1,114,986	87,695	2,305,139	1,052,347
Increase (decrease) in OPEB liability	-	-	-	-	-	10,777,813
Total Adjustments	11,795,276	3,010,280	1,282,581	567,667	16,655,804	17,776,638
Net Cash Provided (Used) by Operating Activities	\$ 26,128,042	\$ 10,815,649	\$ 8,087,277	\$ (926,891)	\$ 44,104,077	\$ 8,862,834
Non-Cash Investing, Capital, and Financing Activities:						
Gain on investment in joint venture	\$ 8,142,861	\$ -	\$ -	\$ -	\$ 8,142,861	\$ -
Gain on value of store water inventory	9,098,925	-	-	-	9,098,925	-
Amortization of deferred cost	56,383	-	-	-	56,383	-
Amortization of bond premium	99,477	-	-	-	99,477	-
Capital contributions	2,050,165	570,053	-	-	2,620,218	-

CITY OF ONTARIO

STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 JUNE 30, 2018

	<u>Agency Funds</u>	<u>Private- Purpose Trust Fund Successor Agency of the Former RDA</u>
Assets:		
Cash and investments	\$ 24,663,298	\$ 10,626,002
Receivables:		
Taxes	12,056	-
Notes and leases	230,818,714	35,000
Accrued interest	37,946	3,836
Advances to City	-	1,600,000
Land held for resale	-	14,708,815
Restricted assets:		
Cash and investments with fiscal agents	6,558,859	2,789,187
Total Assets	<u>\$ 262,090,873</u>	<u>29,762,840</u>
Liabilities:		
Accounts payable	\$ 4,330	-
Accrued interest	-	2,410,995
Deposits payable	-	305,887
Due to other governments	250,302,869	-
Due to external parties/other agencies	11,783,674	-
Long-term liabilities:		
Due in one year	-	5,209,711
Due in more than one year	-	53,185,755
Total Liabilities	<u>\$ 262,090,873</u>	<u>61,112,348</u>
Net Position:		
Held in trust for other purposes		(31,349,508)
Total Net Position		<u>\$ (31,349,508)</u>

CITY OF ONTARIO

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 YEAR ENDED JUNE 30, 2018

	<u>Private- Purpose Trust Fund Successor Agency of the Former RDA</u>
Additions:	
Taxes	\$ 15,310,521
Interest and change in fair value of investments	33,208
Miscellaneous	338,083
Total Additions	<u>15,681,812</u>
Deductions:	
Administrative expenses	462,720
Contractual services	1,734,115
Interest expense	5,799,704
Total Deductions	<u>7,996,539</u>
Changes in Net Position	<u>7,685,273</u>
Net Position:	
Beginning of year	(55,859,397)
Restatements	16,824,616
Beginning of year, as restated	<u>(39,034,781)</u>
End of the Year	<u>\$ (31,349,508)</u>

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NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

Note 1: Summary of Significant Accounting Policies

a. Description of Entity

The reporting entity is a municipal corporation governed by an elected mayor and a four-member council. As required by accounting principles generally accepted in the United States of America, these financial statements present the City of Ontario, California (the City) and its component units, entities for which the City is considered financially accountable. The criteria used in determining the scope of the reporting entity is based on the provision of GASB Statement No. 14 and amended by GASB Statement No. 61. Blended component units, although legally separate entities, are in substance part of the Government's operation, so data from these units are combined herein. The following criteria were used in the determination of blended units:

1. The members of the City Council also act as the governing body of the Industrial Development Authority, the Ontario Redevelopment Financing Authority, the Ontario Public Financing Authority and the Ontario Housing Authority.
2. The Authorities are managed by employees of the City.

The City of Ontario was incorporated December 10, 1891, under the general laws of the State of California and enjoys all the rights and privileges pertaining to "General Law" cities.

Blended Component Units

The former Ontario Redevelopment Agency (the Agency) was activated November 1, 1977, pursuant to the State of California Health and Safety Code, Section 33000 entitled "Community Development Law." The primary purpose of the Agency was to encourage private redevelopment of property and to rehabilitate areas suffering from economic disuse arising from poor and inadequate planning, inadequate street layout and street access, lack of open space, landscaping and other improvements and facilities necessary to establish and maintain the economic growth of the City. The former Redevelopment Agency was dissolved as of January 31, 2012, through the Supreme Court decision on Assembly Bill 1X 26. See Note 18 for more information on the dissolution.

The Industrial Development Authority was established August 18, 1981, pursuant to the California Industrial Development Financing Act (AB74). The law authorizes limited issuance of small-issue industrial development bonds to assist private industry. The sole function of the Authority is to review and approve the issuance of bonds to finance eligible projects. Separate financial statements are not available for the Industrial Development Authority.

The Ontario Redevelopment Financing Authority was established November 5, 1991, pursuant to Article 1 (commencing with Section 6500) of Chapter 5, Division 7 of Title 1 of the California Government Code in order to jointly exercise powers of the Agency and the City, and to establish a vehicle to reduce local borrowing costs and promote greater use of existing and new financial instruments. Separate financial statements are not available for the Ontario Redevelopment Financing Authority.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

Note 1: Summary of Significant Accounting Policies (Continued)

The Ontario Public Financing Authority was created by a joint exercise of joint powers agreement between the City of Ontario and the Ontario Housing Authority (the Members) on June 1, 2013. The purpose of the Authority is to assist in the financing of capital improvement projects of the Members and other activities of the Members as permitted under Articles 1, 2 and 4 of Chapter 5 of Division 7 of Title 1 of the Government Code, as amended. Separate financial statements are not available for the Ontario Public Financing Authority.

The Ontario Housing Authority was established on December 2, 1997. The primary purpose of the Authority is to assist property owners in rejuvenating and improving substandard housing conditions within the City. Separate financial statements are not prepared for the Ontario Housing Authority.

Since the City Council serves as the governing board for these component units, all of the City's component units are considered to be blended component units. Blended component units, although legally separate entities, are in substance, part of the City's operations and so data from these units are reported with the primary government.

Other governmental agencies providing services either to the City in its entirety or to a portion thereof are:

State of California	County of San Bernardino
Metropolitan Water District	Inland Empire Utilities Agency
Cucamonga Valley Water District	Chaffey Community College District
Chino Valley Unified School District	Ontario-Montclair School District
Chaffey Joint Union High School District	Cucamonga School District
Mountain View School District	Monte Vista County Water District
Chino Basin Water Conservation District	San Bernardino County Transportation Authority

Financial data for joint ventures that do not meet the criteria for inclusion within the reporting entity have been reported in the footnotes (see Note 13).

b. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment and other items not properly included among program revenues are reported instead as general revenues.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

Note 1: Summary of Significant Accounting Policies (Continued)

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

c. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Measurement focus is commonly used to describe the types of transactions and events that are reported in a fund's operating statement. Once it has been determined whether a fund is to measure changes in total economic resources or changes in current financial resources, the next issue to be addressed is the timing of the recognition of transactions and events. The technical term that describes the criteria governing the timing of the recognition of transactions and events is "basis of accounting."

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period except for sales taxes and grant revenue where the government considers revenue to be available if collected within 90 days and 180 days respectively of the end of current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The City's fiduciary funds consist of agency funds and a private purpose trust fund. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Private purpose trust fund funds are accounted for using the "*economic resources*" measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

Note 1: Summary of Significant Accounting Policies (Continued)

The City reports the following major governmental funds:

- The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The Quiet Home Program Fund accounts for the Federal Aviation Administration and Los Angeles World Airport grant funds used for residential sound insulation and property acquisition of dwellings located in the airport contour.
- The Measure I Fund accounts for revenues from a one-half percent sales tax on all retail transactions within the County. The proceeds are to be used for transportation improvements, railroad grade separation projects, and traffic management programs.
- The Community Development Fund accounts for the grants received from the Department of Housing and Urban Development (HUD) and expenditures for the block grant programs.
- The Capital Projects Fund accounts for financial transactions of general capital improvements.
- The Impact Fees Fund accounts for revenues from developer-paid impact fees for infrastructure construction.

The City reports the following major proprietary funds:

- The Water Enterprise Fund accounts for the operation and maintenance of the City's water distribution system.
- The Sewer Enterprise Fund accounts for the financial transactions of the City's waste water collection system.
- The Solid Waste Enterprise Fund accounts for the collection and disposal of solid waste from industrial, commercial and residential users throughout the Ontario area.

Additionally, the City reports the following fund types:

- Internal Service Funds account for financial transactions related to repair, replacement and maintenance of City-owned equipment, the City's self-insurance programs, the City's general information systems and telecommunications hardware and software, and the City's defined benefit healthcare plan for its retired employees. These services are provided to other departments or agencies of the City on a cost reimbursement basis.
- Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Agency Funds account for assets held for specific uses that are not part of the City's operating activities; specifically, monies held by the City as an agent for property owners with special assessments and monies collected from individuals, private organization or other government who have made special deposits with the City for various purposes.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

Note 1: Summary of Significant Accounting Policies (Continued)

- Private-purpose trust funds are used to account for the assets and liabilities of the former redevelopment agency and the allocated revenue to pay estimated installment payments of enforceable obligations until the obligations of the former redevelopment agency are paid in full and assets have been liquidated.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's proprietary funds function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Enterprise Funds and of the Internal Service Funds are charges to customers for sales and services. Operating expenses for Enterprise Funds and Internal Service Funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then unrestricted resources as they are needed.

d. Assets, Deferred Inflows, Liabilities and Deferred Outflows, Net Position or Equity

Cash and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. For financial statement presentation purposes, cash and cash equivalents are shown as both unrestricted and restricted cash and investments.

Investments are reported at fair value, which is the quoted market price at June 30, 2018. The City's policy is generally to hold investments until maturity or until market values equal or exceed cost. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

Note 1: Summary of Significant Accounting Policies (Continued)

Receivables and Payables

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

All trade and property tax receivables are shown net of an allowance for uncollectibles.

Functional Classifications

Expenditures of the Governmental Funds are classified by function. Functional classifications are defined as follows:

- General Government includes legislative activities, which have a primary objective of providing legal and policy guidelines for the City. Also included in this classification are those activities that provide management or support services across more than one functional area.
- Public Safety includes those activities that involve the protection of people and property.
- Community Development includes those activities that involve the enhancing of the general quality of life.
- Library includes those activities that involve the community library system.
- Public Works includes those activities that involve the maintenance and improvement of City streets, roads and parks.
- Debt Service includes those activities that account for the payment of long-term debt principal, interest and fiscal charges.

Inventories, Prepaid Items and Land Held for Resale

All inventories are valued at cost using the first-in/first-out (FIFO) method, except for water stock inventory which is valued at fair value at the end of the fiscal year. Inventories in the Internal Service Funds consist of expendable supplies held for consumption, whereas in the Enterprise Funds, it represents water stock in the water utility fund and expendable supplies held for consumption in both water utility and sewer utility funds. Inventory costs are recorded as expenditure when used.

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 using the purchases method.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

Note 1: Summary of Significant Accounting Policies (Continued)

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

Restricted Assets

Certain proceeds of debt issues, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. In addition, funds have been restricted for future capital improvements by City resolution.

Capital Assets

Capital assets, which include property, plant, equipment, infrastructure (e.g., roads, bridges, sidewalks and similar items) and intangible assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets and infrastructure are defined by the City as assets with an initial, individual cost of more than \$15,000 and \$50,000 respectively (amount not rounded) and an estimated useful life in excess of five years. Capital assets purchased with federal grant money with a cost of more than \$5,000 should be capitalized. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

The Governmental Accounting Standards Board (GASB) issued Statement No. 34, which requires the inclusion of infrastructure capital assets in local government's basic financial statements. The City defines infrastructure as long-lived capital assets that normally can be preserved for a significant greater number of years than most capital assets (non-infrastructure assets). Infrastructure assets are normally stationary in nature and are of value only to the government entity. They are basic physical assets that allow the government entity to function. Examples include street systems, water purification and distribution systems, sewer collection and treatment systems, parks and recreation lands and improvement systems, storm water conveyance systems, fiber optics, bridges, tunnels, dams and buildings combined with the site amenities such as parking and landscaped areas used by the government entity in the conduct of its business. Each major infrastructure system can be divided into subsystems. For example, the street system can be subdivided into concrete and asphalt pavements, concrete curb and gutters, sidewalks, medians, street lights, traffic control devices (signs, signals and pavement markings), landscaping and land.

Subsystem detail is not presented in these basic financial statements; however, the City maintains detailed information on these subsystems.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

Note 1: Summary of Significant Accounting Policies (Continued)

In accordance with GASB Statement No. 34, the City has elected the Modified Approach for reporting its pavement system. In 1999, the City commissioned a physical condition assessment of the streets, which was completed and dated July 15, 1999. These streets, primarily asphalt concrete, were defined as all physical features associated with the operation of motorized vehicles that exist within the limits of right of way. This condition assessment will be performed every three years. Each street was assigned a physical condition on 17 potential defects. A Pavement Condition Index (PCI), a nationally recognized index, was assigned to each street and expressed in a continuous scale from 0 to 100, where 0 is assigned to the least acceptable physical condition and 100 is assigned the physical characteristics of a new street.

The following conditions were defined: excellent condition was assigned to those segments with a rating between 86 to 100, very good condition was assigned a rating between 71 to 85, good condition was assigned a rating between 56 to 70, fair condition was assigned a rating between 41 to 55, poor condition was assigned with a rating between 26 to 40, very poor condition was assigned with a rating between 11 to 25, and a failed condition was assigned to those segments with a rating between 0 to 10.

The City's policy, relative to maintaining the street assets, is to maintain the existing weighted average rate of "Good", which is a PCI index range between 56 and 70. This rating allows minor cracking and raveling of the pavement along with minor roughness that could be noticeable to drivers traveling at the posted speeds. A detailed description of the modified approach for the City's infrastructure capital assets can be found in the Required Supplementary Information section.

For all other capital assets, structures and improvements, furniture and equipment, infrastructure and intangible assets, the City has elected to use the Basic Approach as defined by GASB Statement No. 34. Accordingly, these capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and structures	20 - 99
Vehicles	4 - 15
Other equipment	5 - 25
Intangible assets – software	5
Infrastructure	20 - 50

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

Note 1: Summary of Significant Accounting Policies (Continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has three items that qualify for reporting in this category. One is deferred charges on refunding reported in the government-wide statement of net position and the proprietary funds statement of net position. Deferred charges on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is deferred pension related items reported in the government-wide statement of net position and the proprietary funds statement of net position. The City reports deferred outflows of resources for pension contributions made after the actuarial measurement date, this amount is 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 investments will be amortized over a five-year period on a straight-line basis. The difference between expected and actual experience and all other deferred outflows related pension items will be recognized as indicated below. The third item is deferred OPEB related items reported in the government-wide statement of net position and proprietary funds statement of net position for contribution made subsequent to the measurement date. This amount will be expensed in the following fiscal year.

In addition to liabilities, the balance sheet or statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has four types of items. One item, unavailable revenue, which arises only under a modified accrual basis of accounting, qualifies for reporting in this category. Accordingly, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from deferred loans. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The second item is deferred charges on refunding reported in the government-wide statement of net position. Deferred charges on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The third item is deferred pension related items reported in the government-wide statement of net position and the proprietary funds statement of net position. This amount is the result of the differences between expected and actual experience and the changes in assumptions. These will be recognized as indicated below. The fourth item is deferred OPEB related items reported in the government-wide statement of net position and proprietary funds statement of net position for changes in actuarial OPEB assumption. This amount will be amortized over a five-year period on a straight-line basis.

Gains and losses related to changes in total pension or OPEB liability and their related fiduciary net position are recognized in pension or OPEB expense, respectively, systematically over time. Amounts are first recognized in pension or 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 pension or OPEB and are recognized in future pension and OPEB expense, respectively.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

Note 1: Summary of Significant Accounting Policies (Continued)

The recognition period differs depending on the source of the gain or loss:

Net difference between projected and actual earning on pension or OPEB plan investments	5 years	All plans
All other amounts are amortized over the expected average remaining service lifetime (EARSL) of the respective plan. As of June 30, 2017, EARLS were:	6.68 years	OPEB plan
	3.1 years	Pension Miscellaneous -Agent Multiple Employer Plan
	4.9 years	Pension Safety Police – Agent Multiple Employer Plan
	5.2 years	Pension Safety Fire – Agent Multiple Employer Plan

Net Pension Liability

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.

GASB Statement No. 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date (VD)	June 30, 2016
Measurement Date (MD)	June 30, 2017
Measurement Period (MP)	July 1, 2016 to June 30, 2017

Other Post-Employment Benefits Liability

For purposes of measuring the OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information about the City's OPEB plan have been determined by an independent actuary. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

Note 1: Summary of Significant Accounting Policies (Continued)

Compensated Absences

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts when employees separate from service with the government. City employees receive from 10 to 25 days' vacation each year, depending on the length of service. All vacation pay is accrued when incurred in the government-wide financial statements and in the proprietary funds financial statements.

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenses when incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Balance

Fund balance is essentially the difference between the assets, deferred outflows and deferred inflows of resources and liabilities reported in a governmental fund. There are five separate components of fund balance, each of which identifies the extent to which the City is bound to honor constraints on the specific purposes for which amounts can be spent.

- Nonspendable fund balance (inherently nonspendable)
- Restricted fund balance (externally enforceable limitations on use)
- Committed fund balance (self-imposed limitations on use)
- Assigned fund balance (limitation resulting from intended use)
- Unassigned fund balance (residual net resources)

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

Note 1: Summary of Significant Accounting Policies (Continued)

Amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed, should be reported as assigned fund balance. Pursuant to the City's fund balance policy established by the City Council by resolution, the City Council has delegated the authority to assign amounts to be used for specific purposes to the City Manager or Finance Director for the purpose of reporting these amounts on the annual financial statements.

Pursuant to the City's fund balance policy, the City Council's goal is to achieve a minimum of 18% of the annual General Fund appropriation, as assigned fund balance in the General Fund. This is intended to be used for specific and defined emergency events, such as an earthquake, and to address immediate needs in resources without impacting City services. The General Fund is the only City fund that is able to report a positive unassigned fund balance.

Fund Balance Flow Assumptions

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. The City consider restricted fund balance to have been spent first when expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. Similarly, when expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the City considers committed amounts to be reduced first, followed by assigned amounts and then unassigned amounts.

Net Position

In the governmental-wide financial statements and proprietary fund financial statements, net position is classified as follows:

Net Investment in Capital Assets – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that 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 do 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 and proprietary fund 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

Note 1: Summary of Significant Accounting Policies (Continued)

Property Tax Revenue

Property tax revenue is recognized on the modified accrual basis, that is, in the fiscal year for which the taxes have been levied providing they become available. Available means then due or past due and receivable within the current period and collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The County of San Bernardino collects property taxes for the City. Tax liens attach annually as of 12:01 A.M. on the first day in January proceeding the fiscal year for which the taxes are levied. Taxes are levied on both real and personal property as it exists on that date. The tax levy covers the fiscal period July 1 to June 30. All secured personal property taxes and one-half of the taxes on real property are due November 1; the second installment is due February 1. All taxes are delinquent, if unpaid, on December 10 and April 10, respectively. Unsecured personal property taxes become due on the first of March each year and are delinquent, if unpaid, on August 31.

Effect of New Accounting Standards

During the fiscal year ended June 30, 2018, the City implemented the following Governmental Accounting Standards Board (GASB) standards:

GASB Statement No. 75 – *Accounting and Financial Reporting For Post-Employment Benefits Other Than Pensions*. This Statement improves the accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditures. This Statement replaces GASB No. 45 and GASB No. 57.

Note 2: Stewardship, Compliance and Accountability

a. Deficit Fund Balances or Net Position

At June 30, 2018, the Building Safety Fund had deficit fund balance of \$(402,755), the Successor Agency of the Former RDA had a deficit net position amount of \$(31,349,508) and the Other Post-Employment Benefits Fund had a deficit net position of \$(94,736,895).

b. Budget

Budget schedules are not presented for the Quiet Home Program Fund, Park Impact/Quimby Fund, NMC CFD Capital Project Fund, and the OMC CFD Capital Project Fund.

CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED) YEAR ENDED JUNE 30, 2018

Note 3: Cash and Investments

As of June 30, 2018, cash and investments were reported in the accompanying financial statements as follows:

Governmental activities	\$ 533,079,102
Business-type activities	223,919,950
Fiduciary funds	44,637,346
Total Cash and Investments	<u>\$ 801,636,398</u>

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

Deposits

At June 30, 2018, the carrying amount of the City's deposits was \$5,874,971 and the bank balance was \$8,693,995. The \$2,819,024 difference represents outstanding checks and other reconciling items. The City's restricted cash and investments consist of deposits and cash in escrow in the amount of \$633,357.

The California Government Code requires California banks and savings and loan associations to secure a City's deposits by pledging government securities with a value of 110% of a City's deposits. California law also allows financial institutions to secure a City's deposits by pledging first trust deed mortgage notes having a value of 150% of a City's total deposits. The City Treasurer may waive the collateral requirement for deposits that are fully insured up to \$250,000 by the FDIC. The collateral for deposits in federal and state chartered banks is held in safekeeping by an authorized Agent of Depository recognized by the State of California Department of Banking. The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California as an Agent of Depository. These securities are physically held in an undivided pool for all California public agency depositors. Under Government Code Section 53655, the placement of securities by a bank or savings and loan association with an "Agent of Depository" has the effect of perfecting the security interest in the name of the local governmental agency. Accordingly, all collateral held by California Agents of Depository are considered to be held for, and in the name of, the local governmental agency.

Investments

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

- United States Treasury Bills, Notes and Bonds
- Banker's Acceptances with a maturity not to exceed 180 days
- Commercial paper rated "A1" by Standard and Poor's and "P1" by Moody's Investor Services, and issued by a domestic corporation having assets in excess of \$500 million and having an "A" or better rating on its long-term debentures as provided by Moody's or Standard and Poor's.
- Negotiable Certificates of Deposits with a nationally or State chartered bank.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

Note 3: Cash and Investments (Continued)

- Repurchase Agreements with primary dealers of the Federal Reserve Bank of New York, with which the City has entered into a master repurchase agreement.
- The Local Agency Investment Fund of the State of California
- Time Deposits
- Medium-Term Notes of a maximum of five years maturity issued by corporations organized and operating within the United States with a minimum rating of "A" by both Moody's and Standard & Poor's and in excess of \$500 million in shareholder equity. Purchase of medium-term notes may not exceed 30% of the cost value of the fund with no more than 15% of the cost value of the fund rated below "AA" by both Standard & Poor's and Moody's. No more than 3% of the fund (at time of purchase) may be invested in any one corporate name, including the parent corporation or subsidiaries.
- Obligations issued by various agencies of the Federal Government including, but not limited to, the Federal Farm Credit Bank System, the Federal Home Loan Bank System, the Federal Home Loan Bank, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Student Loan Marketing Association as well as such agencies or enterprises which may be created. There is no percentage limitation on the dollar amount which can be invested in Agency issues in total, no more than 20% of the cost value of the portfolio may be invested in the securities of any one issuer.
- Any U.S. Government Agency's Mortgage pass-through security, collateralized mortgage obligations, mortgage backed or other pay-through bond, equipment lease-backed certificate, or consumer receivable-backed bond of a maximum of five years maturity. Securities eligible for investment under this section shall be issued by an issuer having an "A" or higher rating for the issuer's unsecured debt, as provided by a nationally recognized rating service. The Securities must be rated "AAA" by both Moody's and Standard and Poor's. Purchase of securities authorized by this subdivision may not exceed 20% of the cost value of the fund.
- United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank, with a maximum remaining maturity of five years or less, and eligible for purchase and sale within the United States. Investments under this subdivision shall be rated "AA" or better by an NRSRO and shall not exceed 9% of the agency's moneys that may be invested pursuant to this section. Investment in these issues is further limited to a 3% allocation in anyone name.
- Registered state warrants or treasury notes or bonds of this state, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled or operated by the state or by a department, board, agency or authority of the state.
- Bonds, notes, warrants, or other evidences of indebtedness of any local agency within the State.

Investment Authorized by Debt Agreements

The above investments do not address investment of debt proceeds held by a bond trustee. Investments of debt proceeds held by a bond trustee are governed by provisions of debt agreements, rather than the general provisions of the California Government Code or the City's investment policy.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

Note 3: Cash and Investments (Continued)

Investments in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. LAIF is overseen by the Local Agency Investment Advisory Board, which consists of five members, in accordance with State statute. The State Treasurer's Office audits the fund annually. The fair value of the position in the investment pool is the same as the value of the pool shares.

GASB Statement No. 31

The City adopted GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, as of July 1, 1997. GASB Statement No. 31 establishes fair value standards for investments in participating interest earning investment contracts, external investment pools, equity securities, option contracts, stock warrants and stock rights that have readily determinable fair values. Accordingly, the City reports its investments at fair value in the balance sheet. All investment income, including changes in the fair value of investments, is recognized as revenue in the operating statement.

Credit Risk

As of June 30, 2018, the City's investment in medium-term notes consisted of investments with various corporations and were rated "A3" to "Aaa" by Moody's and "A-" to "AAA" by Standard & Poor's. Investment in government agencies issued by the Federal National Mortgage Association, the Federal Home Loan Banks, and the Federal Home Loan Mortgage Corporation were rated "Aaa" by Moody's and "AA+" by Standard & Poor's. Asset-Backed Securities were rated "Aaa" by Moody's and "AAA" by Standard & Poor's.

All securities were investment grade and were legal under State and City law. Investments in U.S. Treasury securities are not considered to have credit risk; therefore, their credit quality is not disclosed. As of June 30, 2018, the City's investments in external investment pools and money market mutual funds are unrated.

Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

As of June 30, 2018, none of the City's deposits or investments was exposed to custodial credit risk.

CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

Note 3: Cash and Investments (Continued)

Concentration of Credit Risk

The City is in compliance with restrictions imposed by its investment policy, which limits certain types of investments. In accordance with the disclosure requirement of GASB Statement No. 40, if the City has invested more than 5% of its investments in any one issuer, it is exposed to credit risk. Investments in Federal Home Loan Bank represented 7.8% of the City cash and investments at June 30, 2018 and are considered exposed to credit risk. Investments guaranteed by the U.S. government and investments in mutual funds and external investment pools are excluded from this requirement.

Interest Rate Risk

The City's investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The City's investment policy states that weighted average of the City's portfolio will be limited to two and a half years. The only exception to these maturity limits shall be the investment of the gross proceeds of tax-exempt bonds. The City has elected to use the segmented time distribution method of disclosure for its interest rate risk.

As of June 30, 2018, the City had the following investments and original maturities:

	Remaining Investment Maturities				Fair Value
	6 months or less	6 months to 1 year	1 to 3 years	3 to 5 years	
Investments:					
US Treasury	\$ -	\$ 62,172,502	\$207,599,650	\$ 58,258,620	\$328,030,772
Federal Government Agency	-	19,851,270	86,514,742	-	106,366,012
Medium-Term Corporate Notes	55,901,219	43,296,154	115,235,560	-	214,432,933
Asset-Backed Securities	-	-	8,945,514	32,593,123	41,538,637
Municipal Bonds	-	4,993,150	-	-	4,993,150
Commercial Paper	9,902,270	-	-	-	9,902,270
Local Agency Investment Fund	47,798,997	-	-	-	47,798,997
Total Cash Investments	113,602,486	130,313,076	418,295,466	90,851,743	753,062,771
Investments with Fiscal Agents:					
Money Market Funds	42,698,656	-	-	-	42,698,656
Total Investments with Fiscal Agent	42,698,656	-	-	-	42,698,656
Total Investments	\$156,301,142	\$130,313,076	\$418,295,466	\$ 90,851,743	\$795,761,427

CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

Note 3: Cash and Investments (Continued)

Fair Value Measurement and Application

The City 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 quoted prices in active markets for identical assets; Level 3 inputs are significant unobservable inputs. The City has the following recurring fair value measurements as of June 30, 2018:

Investment Type	June 30, 2018	Investments not Measured at Fair Value	Level		
			1	2	3
U.S. Treasury Securities	\$ 328,030,772	\$ -	\$ -	\$ 328,030,772	\$ -
Federal Government Agency	106,366,012	-	-	106,366,012	-
Medium-Term Corporate Notes	214,432,933	-	-	214,432,933	-
Asset-Backed Securities	41,538,637	-	-	41,538,637	-
Municipal Bonds	4,993,150	-	-	4,993,150	-
Commercial Paper	9,902,270	-	-	9,902,270	-
Local Agency Investment Fund (LAIF)	47,798,997	-	-	47,798,997	-
Investments with Fiscal Agent:					
Money Market Funds	42,698,656	42,698,656	-	-	-
Total Investments	\$ 795,761,427	\$ 42,698,656	\$ -	\$ 753,062,771	\$ -

Note 4: Notes and Loans Receivable

Notes and loans receivable as of June 30, 2018, totaled \$63,796,214 and were recorded as follows:

General Fund	\$ 42,429,148
Community Development	10,848,706
Ontario Housing Authority	10,518,360
Total Notes and Loans Receivable	\$ 63,796,214

On March 20, 2014, the City entered into a Memorandum of Understanding (MOU) with the Ontario International Airport Authority (OIAA) to document the understanding and responsibilities with respect to costs associated with the "Set ONTario Free" campaign and the services associated with the transfer of Ontario International Airport (ONT). There are no set terms for repayment of the balance. The receivable balance at June 30, 2018, was:

\$ 42,373,148

The City provides loans to City police officers to assist them in acquiring personal residence within the City or reducing an existing loan on an officer's residence within the City. The loans are non-interest bearing until maturity, and thereafter interest shall be 7% per annum. The outstanding balance at June 30, 2018, as:

31,000

CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

Note 4: Notes and Loans Receivable (Continued)

The City loaned \$25,000 to the Ontario Chamber of Commerce for the installation of military banners along Euclid Avenue. The loan is a zero interest loan with no deadline for repayment. The receivable balance at June 30, 2018, was:

25,000

In order to assist those individuals and families who are the most in need, the former Ontario Redevelopment Agency's Combined Low and Moderate Housing Fund provided down payment assistance and deferred repayment loans to low and moderate income residents for the acquisition and rehabilitation of single-family homes, condominiums or townhouses located within the Ontario HUD Revitalization Target Area. Upon dissolution of the Ontario Redevelopment Agency, the note receivable was transferred to the Ontario Housing Authority. The receivable balance at June 30, 2018, was:

2,354,279

On June 7, 1994, the former Ontario Redevelopment Agency's Combined Low and Moderate Housing Fund loaned \$43,000 to a developer to finance the purchase of low and moderate income property located outside of redevelopment project areas. The note is non-interest bearing and was due in full on March 7, 1995. A new note was negotiated on November 11, 1996, and will mature on October 31, 2026. Upon dissolution of the Ontario Redevelopment Agency, the note receivable was transferred to the Ontario Housing Authority. The receivable balance at June 30, 2018, was:

43,000

On June 7, 1994, the former Ontario Redevelopment Agency's Combined Low and Moderate Housing Fund loaned \$39,000 to a developer to finance the purchase of low and moderate income property located outside of redevelopment project areas. The note is non-interest bearing and was due in full on March 7, 1995. A new note was negotiated on November 8, 1996, and will mature on October 31, 2026. Upon dissolution of the Ontario Redevelopment Agency, the note receivable was transferred to the Ontario Housing Authority. The receivable balance at June 30, 2018, was:

39,000

On March 16, 1993, the former Ontario Redevelopment Agency accepted a note receivable of \$112,000 from a developer as consideration for housing located outside of the redevelopment areas. The note is non-interest bearing and is due and payable upon the sale or transfer of property. Upon dissolution of the Ontario Redevelopment Agency, the note receivable was transferred to the Ontario Housing Authority. The unpaid principal balance at June 30, 2018, was:

77,000

On October 4, 1994, the former Redevelopment Agency loaned a developer, Cichon, \$135,030 to finance the cost of rehabilitation and construction of a low and moderate income residence located in the Center City Project Area. On December 5, 1995, the Agency loaned an additional \$4,647, bringing the total amount to \$139,677. During the fiscal year ended June 30, 2000, the Agency advanced an additional \$254. The note is a 25-year amortized loan and bears interest at 5% annually. Upon dissolution of the Ontario Redevelopment Agency, the note receivable was transferred to the Ontario Housing Authority. The receivable balance at June 30, 2018, was:

25,312

CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

Note 4: Notes and Loans Receivable (Continued)

On May 29, 1997, the former Ontario Redevelopment Agency agreed to loan up to \$2,656,200 to Ontario Housing Investors, L.P. to finance development of residential improvements to the Ground Lease premises as defined in a disposition and development agreement dated March 19, 1996. The note bears interest at the rate of 3% per annum. The note is due and payable either: (a) on the first day of the first full calendar month following the date of the last disbursement of the agency loan proceeds, or (b) on the first day of the 15th full calendar month following the date of recordation of the Agency Loan Deed and Trust in the Official Records of the County. Upon dissolution of the Ontario Redevelopment Agency, the note receivable was transferred to the Ontario Housing Authority. The receivable balance at June 30, 2018, was:

4,229,999

On September 11, 2003, the former Ontario Redevelopment Agency and Ontario Housing Investors entered into a Residual Receipts promissory note in the amount of \$487,408. The loan bears interest of 7% per annum and requires principal and interest payments from residual receipts. On May 1, 2007, the Authority agreed to provide a gap loan in the amount of \$168,469. The loan has a 40-year term and a 6% simple interest per annum. The receivable balance at June 30, 2018, was:

1,004,888

On February 15, 2005, the City Council approved the Ontario OPEN (Ownership Program Enhancing Neighborhoods) House Program to assist low income first time homebuyers. This program was funded with American Dream Down Payment Initiative (ADDI) funds from HUD. As of June 30, 2018, 4 households have been assisted with these funds. The receivable at June 30, 2018, was:

35,040

Pursuant to the disposition and development agreement dated August 12, 2003, between the Ontario Housing Authority and the Ontario Senior Housing, Inc., the Authority accepted a promissory note for the principal amount of \$950,000. This promissory note bears a rate of 0% per annum and is secured by a deed of trust. The receivable balance at June 30, 2018, was:

950,000

The City uses Community Development Block Grant (CDBG) and HOME funds in a custodial capacity to provide housing rehabilitation loans and grants to eligible applicants. The City makes deferred loans to low and moderate income families based on income and residency guidelines. These loans have been secured by a note and deed of trust. The deferred loan is due and payable when the title of the property changes. The balance at June 30, 2018, was:

3,069,888

Pursuant to the disposition and development agreement between the Ontario Housing Authority and D Street Senior Housing, Inc., the Authority approved a gap loan in the amount of \$1,276,909 to provide new housing development opportunities to address regional needs. The Agency gap loan is a zero percent residual receipts note that will be paid from available cash flow over the term of the affordable covenant period of the project. The receivable balance at June 30, 2018, was:

1,200,909

CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

Note 4: Notes and Loans Receivable (Continued)

Pursuant to the disposition and development agreement between the Ontario Housing Authority and Ontario Senior Housing Partners, LP, the Agency approved a gap loan in the amount of \$5,155,500 to provide new housing development opportunities to address regional needs. The Agency gap loan will have a 55 year term with an interest rate of 1% simple interest. The loan will be paid back utilizing 85% of the residual cash flow. Any remaining balance at the end of the 55 year term is due and payable. The receivable balance at June 30, 2018, was:

5,290,914

The Ontario Housing Authority was approved a maximum of \$1,590,300 BEGIN (Building Equity and Growth In Neighborhoods) funds provided by the California Department of Housing and Community Development. BEGIN funds are used for down payment assistance loans to moderate households in the form of a deferred payment loan with a 30-year term and a 3% deferred simple interest per annum, the receivable balance at June 30, 2018, was:

259,460

On February 21, 2014, the Ontario Housing Authority entered into a HOME loan agreement with Mercy House Living Centers. The loan was made in the amount of \$1,000,000 to be used to finance the purchase price of property and up to \$523,858 in rehabilitation costs. The rehabilitation costs balance of \$523,858 was placed in a bank account where Mercy House is allowed to draw monies, as needed, to rehabilitate the property. As these monies are drawn from the bank, the amount is added to the loans receivable balance. As of June 30, 2018, Mercy House drew monies in the amount of \$167,895. The receivable balance at June 30, 2018, was:

1,523,858

On January 22, 2018, the Ontario Housing Authority entered into a HOME loan agreement with Mercy House CHDO, Inc. in the amount of \$1,145,000 to finance the acquisition, rehabilitation and operation of a multi-family property located at 411 North Parkside Avenue. The loan is an interest-free residual receipts note with a 30-year term. The receivable balance at June 30, 2018, was:

1,145,000

The Ontario Housing Authority entered into two CalHome Mortgage Assistance Program totaling \$108,200 to assist in the purchase of single family residences. The loans have simple interest at the rate of 1% with repayment occurring either 30 years from the date of recordation, upon sale or transfer of the property, or if they fail to occupy the home as a primary residence. The receivable balance at June 30, 2018, was:

118,519

Total Notes and Loans \$63,796,214

Notes and leases receivable in the Redevelopment Financing Authority agency fund in the amount of \$103,283,714 represents receivable made to the City and the Former Redevelopment Agency from the proceeds of debt issued to reduce local borrowing costs and promote greater use of existing and new financial instruments.

Notes and leases receivable in the Ontario Public Financing Authority agency fund in the amount of \$127,535,000 represents receivable made to the City from the proceeds of debt issued to reduce local borrowing costs and promote greater use of existing and new financial instruments.

CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

Note 5: Interfund Receivable, Payable and Transfers

The composition of interfund balances as of June 30, 2018, is as follows:

Due To/From Other Funds

Due from Other Funds	Due to Other Funds				Total
	Community Development	Impact Fees	Nonmajor Governmental Funds	Nonmajor Enterprise Fund	
General Fund	\$ 596,958	\$ 11,567,150	\$ 463,318	\$ -	\$ 12,627,426
Internal Service Funds	-	-	-	412,252	412,252
Total	\$ 596,958	\$ 11,567,150	\$ 463,318	\$ 412,252	\$ 13,039,678

The interfund balances at June 30, 2018, were the results of routine interfund transactions not cleared prior to the end of the fiscal year.

Advances To/From Other Funds

Advances to Other Funds	Advances from Other Funds		Total
	Impact Fees Fund	Nonmajor Governmental Funds	
Community Development	\$ -	\$ 5,961,399	\$ 5,961,399
Solid Waste	2,770,000	-	2,770,000
Total	\$ 2,770,000	\$ 5,961,399	\$ 8,731,399

The Solid Waste fund loaned \$2,770,000 to the Impact Fees fund for the OPD facility construction.

During prior years, the Community Development Fund has loaned \$5,961,399 to the Ontario Housing Authority for the acquisition, relocation and rehabilitation of various properties.

CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

Note 5: Interfund Receivable, Payable and Transfers (Continued)

Interfund Transfers

Transfers In	Transfers Out								Total
	General Fund	Capital Projects	Impact Fees	Water	Sewer	Solid Waste	Internal Service Funds	Nonmajor Governmental Funds	
General Fund	\$ -	\$ -	\$ -	\$ 14,886,910	\$ 6,628,422	\$ 7,334,805	\$ 2,886,176	\$ 3,571,706	\$ 35,308,019
Measure I		4,289,583	5,000,000						9,289,583
Capital Projects Fund	12,258,648	-	-	-	-	-	-	-	12,258,648
Nonmajor Governmental Funds	1,208,861	-	-	-	-	-	-	-	1,208,861
Water Fund	-	-	-	-	-	-	-	10,954,547	10,954,547
Nonmajor Enterprise Funds	-	-	-	-	-	-	-	237,478	237,478
Internal Service Funds	11,832,839	-	-	288,096	137,950	364,598	-	-	12,623,483
Total	\$25,300,348	\$4,289,583	\$5,000,000	\$15,175,006	\$6,766,372	\$7,699,403	\$2,886,176	\$14,763,731	\$81,880,619

The General Fund transferred \$12,258,648 to the Capital Project Fund to fund various public facility improvement projects. The General Fund transferred \$9,513,504 to the OPEB Fund to fund the annual required contribution. In addition, the Water, Sewer and Solid Waste Funds transferred a combined total of \$700,644 to the OPEB Fund to fund the annual required contribution.

The Water Fund, Sewer Fund and Solid Waste Fund transferred \$14,886,910, \$6,628,422 and \$7,334,805, respectively, to the General Fund to cover the cost of operations.

Transfers from Internal Service Funds to the General Fund are for computer and radio replacement transfers. Nonmajor Governmental interfund transfers to the General Fund are for street maintenance, traffic management and paint/stripping.

Transfers from the Nonmajor Governmental Funds to the Water Fund are to cover for the costs of capital improvement projects for water and sewer. The Impact Fees transferred \$5,000,000 to the Measure I Fund to cover for the costs of capital improvement projects.

CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

Note 6: Capital Assets

In accordance with GASB Statement No. 34, the City has reported all capital assets including infrastructure in the government-wide financial statements. The City elected to use the “modified approach” for its infrastructure street pavement system as defined by GASB Statement No. 34. As a result, no accumulated depreciation or depreciation expense has been recorded for this system. A more detailed discussion of the “modified approach” is presented in the Required Supplementary Information section of this report. All other capital assets including other infrastructure systems were reported using the basic approach, whereby accumulated depreciation and depreciation expense has been recorded.

Capital asset activity for the year ended June 30, 2018, was as follows:

	Beginning Balance	Adjustments *	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:							
Capital assets, not being depreciated:							
Land	\$ 87,445,823	\$ -	\$ 87,445,823	\$ -	\$ -	\$ -	\$ 87,445,823
Infrastructure - pavement system	298,863,240	-	298,863,240	-	-	-	298,863,240
Construction in progress	179,376,043	-	179,376,043	15,664,926	(3,729,763)	(695,326)	190,615,880
Total Capital Assets, Not Being Depreciated	565,685,106	-	565,685,106	15,664,926	(3,729,763)	(695,326)	576,924,943
Capital assets, being depreciated:							
Infrastructure - other systems	246,268,892	-	246,268,892	3,970,180	-	-	250,239,072
Structures and improvements	399,522,564	-	399,522,564	12,242,570	(6,101,493)	-	405,663,641
Furniture and equipment	29,512,253	-	29,512,253	388,462	(15,453)	695,326	30,580,588
Total Capital Assets, Being Depreciated	675,303,709	-	675,303,709	16,601,212	(6,116,946)	695,326	686,483,301
Less accumulated depreciation:							
Infrastructure - other systems	80,264,652	-	80,264,652	6,150,310	-	-	86,414,962
Structures and improvements	129,444,121	441,102	129,885,223	13,705,336	(6,101,493)	-	137,489,066
Furniture and equipment	23,332,098	-	23,332,098	1,398,566	(15,453)	-	24,715,211
Total Accumulated Depreciation	233,040,871	441,102	233,481,973	21,254,212	(6,116,946)	-	248,619,239
Total Capital Assets, Being Depreciated, Net	442,262,838	(441,102)	441,821,736	(4,653,000)	-	695,326	437,864,062
Governmental Activities Capital Assets, Net	\$ 1,007,947,944	\$ (441,102)	\$ 1,007,506,842	\$ 11,011,926	\$ (3,729,763)	\$ -	\$ 1,014,789,005

* Adjustment was made to correct prior year accumulated depreciation on structure and improvement capital assets.

CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

Note 6: Capital Assets (Continued)

	<u>Beginning Balance</u>	<u>Adjustments *</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Business-Type Activities:							
Capital assets, not being depreciated:							
Land	\$ 17,771,467	\$ -	\$ 17,771,467	\$ -	\$ -	\$ -	\$ 17,771,467
Construction-in-progress	70,575,673	-	70,575,673	8,094,050	(193,471)	(465,527)	78,010,725
Total Capital Assets, Not Being Depreciated	88,347,140	-	88,347,140	8,094,050	(193,471)	(465,527)	95,782,192
Capital assets, being depreciated:							
Structures and improvements	9,206,042	-	9,206,042	-	-	-	9,206,042
Furniture and equipment	2,086,974	-	2,086,974	-	-	465,527	2,552,501
Infrastructure	217,508,076	-	217,508,076	13,812,242	-	-	231,320,318
Total Capital Assets, Being Depreciated	228,801,092	-	228,801,092	13,812,242	-	465,527	243,078,861
Less accumulated depreciation:							
Structures and improvements	3,147,799	(428,255)	2,719,544	291,335	-	-	3,010,879
Furniture and equipment	1,035,607	-	1,035,607	54,107	-	-	1,089,714
Infrastructure	99,570,806	-	99,570,806	5,082,782	-	-	104,653,588
Total Accumulated Depreciation	103,754,212	(428,255)	103,325,957	5,428,224	-	-	108,754,181
Total Capital Assets, Being Depreciated, Net	125,046,880	428,255	125,475,135	8,384,018	-	465,527	134,324,680
Business-Type Activities Capital Assets, Net	<u>\$ 213,394,020</u>	<u>\$ 428,255</u>	<u>\$ 213,822,275</u>	<u>\$ 16,478,068</u>	<u>\$ (193,471)</u>	<u>\$ -</u>	<u>\$ 230,106,872</u>

* Adjustment was made to correct prior year accumulated depreciation on structure and improvement capital assets.

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
General Government	\$ 563,171
Public Safety	2,572,708
Community Development	9,577,521
Library	446,332
Public Works	3,839,665
Equipment Services	4,113,451
Information Technology	141,364
	<u>\$ 21,254,212</u>
Business-Type Activities:	
Water	\$ 4,044,282
Sewer	1,224,202
Solid Waste	120,901
IT Fiber	38,839
	<u>\$ 5,428,224</u>

CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

Note 7: Long-Term Debt

a. Long-Term Debt - Governmental Activities

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

	Balance July 1, 2017	Defeased	Additions	Deletions	Balance June 30, 2018	Due Within One Year
Revenue Bonds	\$ 67,590,000	\$ 34,200,000	\$ 26,810,000	\$ -	\$ 60,200,000	\$ 165,000
Loan Payable	148,566	-	-	12,000	136,566	12,000
Advances from						
Successor Agency	1,600,000	-	-	-	1,600,000	-
Claims and Judgments	21,784,000	-	8,586,414	8,586,414	21,784,000	8,586,000
Compensated Absences	13,470,713	-	5,442,562	3,781,566	15,131,709	4,242,000
Total	\$ 104,593,279	\$ 34,200,000	\$ 40,838,976	\$ 12,379,980	98,852,275	\$ 13,005,000
					Unamortized bond premium and discount	2,952,978
						<u>\$ 101,805,253</u>

There are a number of limitations and restrictions contained in the various bond indentures. The City is in compliance with all significant limitations and restrictions.

Revenue Bonds

2001 Lease Revenue Bonds

In August 2001, the Ontario Redevelopment Financing Authority issued revenue bonds in the amount of \$31,705,000 to provide funds to finance the cost of acquisition, construction, and installation of certain capital improvements, including public safety, City library, public recreation and redevelopment improvements, facilities and equipment. The bonds dated August 1, 2001, and issued at a premium of \$417,024 are payable from the rental payments to be made by the City of Ontario for the right to the use of certain property and facilities pursuant to a lease agreement dated November 1, 2001.

In April 2012, the City redeemed \$19,215,000 of the outstanding balance at a premium of 1%. In July 2017, the outstanding balance of the bonds were defeased with the proceeds from the 2017 Lease Revenue Refunding bonds.

2007 Lease Revenue Bonds

In August 2007, the Ontario Redevelopment Financing Authority issued revenue bonds in the amount of \$37,535,000 to provide funds to finance the cost of acquisition, construction, and installation of certain capital improvements, including a soccer/sports complex, City Hall Improvements and such other public facilities as may from time to time be designated by the City. The bonds dated August 1, 2007, and issued at a premium of \$440,617 mature in 2036, and are payable semiannually on February 1 and August 1 of each year, commencing February 2008, from certain rental payments to be made by the City for the right to the use of properties and facilities pursuant to the 2001 Lease Agreement and First Amendment to the Lease Agreement, dated September 1, 2007.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018
Note 7: Long-Term Debt (Continued)

In July 2017, the outstanding balance of the bonds were defeased with the proceeds from the 2017 Lease Revenue Refunding bonds.

2013 Lease Revenue Bonds

In August 2013, the Ontario Public Financing Authority issued revenue bonds in the amount of \$33,390,000 to finance construction of City public facilities. The bonds dated August 20, 2013, and issued at a discount of \$380,848 mature in 2043, and are payable semiannually on April 1 and October 1 of each year, commencing April 2014, from base rental payments to be made by the City for the right to the use certain real property and improvements of the City pursuant to a Lease Agreement, dated September 1, 2013. The balance at June 30, 2018, including the unamortized bond discount of \$(286,158) amounted to \$33,103,842.

The annual requirements to amortize the outstanding bond indebtedness as of June 30, including interest, are as follows:

	2013 Lease Revenue Bonds	
	Principal	Interest
2018 - 2019	\$ -	\$ 1,648,806
2019 - 2020	525,000	1,640,931
2020 - 2021	580,000	1,624,356
2021 - 2022	630,000	1,605,419
2022 - 2023	690,000	1,581,381
2023 - 2028	4,445,000	7,411,253
2028 - 2033	6,145,000	6,189,678
2033 - 2038	7,850,000	4,429,575
2038 - 2043	10,155,000	2,058,759
2043 - 2044	2,370,000	63,694
Total	<u>\$ 33,390,000</u>	<u>\$ 28,253,852</u>

2017 Lease Refunding Revenue Bonds

In July 2017, the Ontario Public Financing Authority issued lease revenue bonds in the amount of \$26,810,000 to provide funds to refinance the City's remaining lease payment obligations under the City's 2001 Lease Revenue Bonds and to fully refund the 2007 Lease Revenue Bonds. The bonds dated July 1, 2017, and issued at a premium of \$3,260,875, are payable semiannually on November 1 and May 1 of each year, commencing May 1, 2018, and mature in 2042. The bonds are payable from base rental payments to be made by the City for the right to the use certain real property and improvements of the City pursuant to a Lease Agreement, dated July 1, 2017. The balance at June 30, 2018, including the unamortized bond premium of \$3,239,136 amounted to \$30,049,136.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018
Note 7: Long-Term Debt (Continued)

The annual requirements to amortize the outstanding bond indebtedness as of June 30, including interest, are as follows:

	2017 Lease Revenue Refunding Bonds	
	Principal	Interest
2018 - 2019	\$ 165,000	\$ 1,171,531
2019 - 2020	525,000	1,162,006
2020 - 2021	540,000	1,143,331
2021 - 2022	560,000	1,121,331
2022 - 2023	585,000	1,095,506
2023 - 2028	4,320,000	4,885,656
2028 - 2033	5,495,000	3,708,331
2033 - 2038	6,550,000	2,650,722
2038 - 2043	8,070,000	1,366,500
Total	<u>\$ 26,810,000</u>	<u>\$ 18,304,914</u>

On the date of issuance of the 2017 lease revenue bonds, a portion of the proceeds of the bonds was transferred to escrow funds in an amount sufficient to refinance the 2007 lease revenue bonds at a price equal to 100% of the aggregate principal amount and simultaneously refinance and redeem the 2001 lease revenue bonds. As a result, the City in effect reduced its aggregate debt service payments by \$3.6 million over the remaining maturity period of the 2017 lease revenue bonds and realized an economic gain of \$5.3 million (difference between the present values of the debt service payments on the old and new debt).

Loan Payable

On May 19, 2015, the Ontario Housing Authority (Authority) negotiated the purchase of the Vesta property and assumed a promissory note and deed from Housing Opportunities Group Inc. (HOGI). In 2002, HOGI entered into a promissory note secured by a subordinated deed of trust with the Inland Fair Housing and Mediation Board (Board). HOGI agreed to assign the Authority such property and promissory note with a balance of \$158,566, effective September 11, 2015. Monthly payments in the amount of \$1,000, shall commence one year after the effective date. The loan is payable within 20 years from the effective date at zero interest. The outstanding balance at June 30, 2018 amounted to \$136,566.

The annual requirements to amortize the outstanding loan as of June 30, including interest, are as follows:

	Loan Payable	
	Principal	Interest
2018 - 2019	\$ 12,000	\$ -
2019 - 2020	12,000	-
2020 - 2021	12,000	-
2021 - 2022	12,000	-
2022 - 2023	12,000	-
2023 - 2028	60,000	-
2028 - 2033	16,566	-
Total	<u>\$ 136,566</u>	<u>\$ -</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018
Note 7: Long-Term Debt (Continued)**Advances from the Successor Agency**

During previous fiscal year, the former Redevelopment Agency advances the Capital Projects fund \$1,600,000 for the purchase of property adjacent to Ontario Mills. There is no repayment schedule for the advances.

Claims and Judgments

The City's liability regarding self-insurance is described in Note 10 of the Notes to Financial Statements. The liability will be paid in future years from the Self Insurance Fund.

Compensated Absences

The City's policies relating to compensated absences are described in Note 1 of the Notes to Financial Statements. For the governmental activities, the liability will be paid in future years by the General Fund.

b. Long-Term Debt - Business-Type Activities

The following is a summary of changes in Proprietary Fund long-term debt for the year ended June 30, 2018:

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018	Due Within One Year
2013 Water Revenue Bonds	\$ 68,710,000	\$ -	\$ 1,375,000	\$ 67,335,000	\$ 1,430,000
Compensated Absences	1,111,388	442,551	119,854	1,434,085	128,000
Total	<u>\$ 69,821,388</u>	<u>\$ 442,551</u>	<u>\$ 1,494,854</u>	68,769,085	<u>\$ 1,558,000</u>
		Unamortized Bond Premium		<u>1,890,062</u>	
				<u>\$ 70,659,147</u>	

Revenue Bonds**2013 Water Revenue Bonds**

In September 2013, the Ontario Public Financing Authority issued revenue bonds in the amount of \$74,545,000 to finance the acquisition and construction of certain improvements to the water enterprise of the City of Ontario, and refinance an installment payment obligation of the City and the related City of Ontario Certificates of Participation (2004 Water System Improvement Project). The bonds dated September 10, 2013, and issued at a premium of \$2,362,578 mature in 2043, and are payable semiannually on January 1 and July 1 of each year, commencing January 2014, from certain revenues consisting primarily of installment payments to be made by the City to the Ontario Public Financing Authority under an Installment Purchase Agreement dated September 1, 2013 between the City and the Authority. The balance at June 30, 2018, including the unamortized bond premium of \$1,890,062 amounted to \$69,225,062.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

Note 7: Long-Term Debt (Continued)

The annual requirements to amortize the outstanding bond indebtedness as of June 30, including interest, are as follows:

	2013 Water Revenue Bonds	
	Principal	Interest
2018 - 2019	\$ 1,430,000	\$ 3,368,413
2019 - 2020	1,485,000	3,311,213
2020 - 2021	1,545,000	3,251,813
2021 - 2022	1,620,000	3,174,563
2022 - 2023	1,700,000	3,093,563
2023 - 2028	9,855,000	14,122,213
2028 - 2033	12,660,000	11,321,675
2033 - 2038	16,270,000	9,260,000
2038 - 2043	20,770,000	5,192,500
Total	<u>\$ 67,335,000</u>	<u>\$ 56,095,953</u>

Compensated Absences

The City's policies relating to compensated absences are described in Note 1 of the Notes to Financial Statements. For the business-type activities, the liability will be paid in future years from the Proprietary Funds.

c. Special Assessment Bonds

The City has entered into a number of Special Assessment Bond programs. The City of Ontario is not obligated in any manner for the Special Assessment Bonds as the bonds are secured by unpaid assessments against the property owners. Accordingly, the City is only acting as an agent for the property owners/bondholders in collecting and forwarding the special assessments. Special Assessment Bonds payable at June 30, 2018, totaled \$46,185,000. This amount is not reported in the City's financial statements. The construction phase is reported in the Capital Projects Funds. Likewise, amounts recorded in the Agency Funds represent only debt service activities, i.e., collection from property owners and payment to bondholders.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

Note 7: Long-Term Debt (Continued)

d. Other Bond and Loan Programs

The City has entered into a number of bond programs to provide low-interest financing for various residential and industrial developments within the City. Although the City has arranged these financing programs, these debts are not payable from any revenues or assets of the City. Neither the faith or credit, nor the taxing power of the City, or any political subdivision of the City is pledged to repay the indebtedness. Generally, the bondholders may look only to assets held by trustees for security on the indebtedness. Accordingly, since these debts do not constitute an obligation of the City, they are not reflected in the accompanying financial statements. The bond programs are as follows:

<u>Multi-Family Mortgage Revenue Bonds</u>	<u>Interest % Rate</u>	<u>Date Issued</u>	<u>Date Series Matures</u>	<u>Outstanding Balance at June 30, 2018</u>
Ontario Redevelopment Agency Multi-Family Mortgage Revenue Bonds, Seasons at Ontario, Seasons 2017A	Variable	Dec-17	Dec-36	\$ 3,761,824
Total				<u>\$ 3,761,824</u>

Note 8: Pension Plan

Defined Benefit Pension Plan

General Information about the Pension Plans

Plan Description

The City of Ontario contributes to the California Public Employees Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. PERS 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: 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018
Note 8: Pension Plan (Continued)

The plans' provisions and benefits in effect at June 30, 2018, are summarized as follow:

	Miscellaneous Plan	
	Tier 1 *	PEPRA (Tier 2)
Hire date	Prior to January 1, 2013	January 1, 2013 and after
Benefit formula	2.5% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	minimum 50 yrs	minimum 52 yrs
Monthly benefits, as a % of eligible compensation	2.000% - 2.500%, 50 yrs - 55+ yrs, respectively	1.000% - 2.500%, 52 yrs - 67+ yrs, respectively
Required employee contribution rates	8.000% (a)	6.250%
Required employer contribution rates	17.142%	17.142%

(a) City contributed 0% to employee contribution rate of 8.0%

	Safety Police Plan		
	Tier 1 *	Tier 2	PEPRA (Tier 3)
Hire date	Prior to July 1, 2012	On July 1, 2012 and prior to January 1, 2013	January 1, 2013 and after
Benefit formula	3.0% @ 50	3.0% @ 55	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	minimum 50 yrs	minimum 50 yrs	minimum 50 yrs
Monthly benefits, as a % of eligible compensation	3.000% 50 yrs - 55+ yrs, respectively	2.400% - 3.000%, 50 yrs - 55+ yrs, respectively	2.000 - 2.700%, 50 yrs - 57+ yrs, respectively
Required employee contribution rates	9.000% (b)	9.000% (b)	12.000%
Required employer contribution rates	42.535%	42.535%	42.535%

(b) City contributed 2.0% to employee contribution rate of 9.0%

	Safety Fire Plan		
	Tier 1 *	Tier 2	PEPRA (Tier 3)
Hire date	Prior to July 1, 2012	On July 1, 2012 and prior to January 1, 2013	January 1, 2013 and after
Benefit formula	3.0% @ 50	3.0% @ 55	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	minimum 50 yrs	minimum 50 yrs	minimum 50 yrs
Monthly benefits, as a % of eligible compensation	3.000% 50 yrs - 55+ yrs, respectively	2.400% - 3.000%, 50 yrs - 55+ yrs, respectively	2.000 - 2.700%, 50 yrs - 57+ yrs, respectively
Required employee contribution rates	9.000% (c)	9.000% (c)	10.500%
Required employer contribution rates	36.758%	36.758%	36.758%

(c) City contributed 2.0% to employee contribution rate of 9.0%

*Closed to new entrants

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

Note 8: Pension Plan (Continued)

Employees Covered

As of the June 30, 2017 measurement date, the following employees were covered by the benefit terms of the plans:

Description	Number of members		
	Miscellaneous Plan	Safety Police Plan	Safety Fire Plan
Active members	672	271	160
Transferred members	330	23	11
Terminated members	266	19	12
Retired members and beneficiaries	812	234	144
Total	2,080	547	327

Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERSL) requires that the employer contribution rates for all public employers are 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 City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the City to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions.

For the year ended June 30, 2018, the contributions that were recognized as a reduction to the net pension liability were \$7,726,588, \$11,021,424, and \$6,271,125 for the Miscellaneous Plan, the Safety Police Plan and the Safety Fire Plan, respectively.

Net Pension Liability

The City's net pension liability is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2017 using an annual actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 using standard updated procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

Note 8: Pension Plan (Continued)***Actuarial Methods and Assumptions Used to Determine Total Pension Liability***

The June 30, 2016 valuation was rolled forward to determine the June 30, 2017 total pension liability, based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB 68
Actuarial Assumptions	
Discount Rate	7.15%
Inflation	2.75%
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 2.75% 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, 2016 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report may be accessed on the CalPERS website at www.calpers.ca.gov under Forms and Publications.

Change of Assumptions

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

Discount Rate

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018
Note 8: Pension Plan (Continued)

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

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

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (1)	Real Return Years 11+ (2)
Global Equity	47.0%	4.90%	5.38%
Global Fixed Income	19.0	0.80	2.27
Inflation Sensitive	6.0	0.60	1.39
Private Equity	12.0	6.60	6.63
Real Estate	11.0	2.80	5.21
Infrastructure and Forestland	2.0	3.90	5.36
Liquidity	2.0	-0.40	-0.90

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

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

Changes in the Net Pension Liability

The changes in Net Pension Liability for each Plan follows:

Miscellaneous Plan	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at: 6/30/2016	\$ 307,089,133	\$ 235,536,955	\$ 71,552,178
Changes recognized for the Measurement Period:			
Service Cost	8,020,608	-	8,020,608
Interest on TPL	23,255,948	-	23,255,948
Differences between expected and actual experience	1,183,589	-	1,183,589
Changes in assumptions	19,573,224	-	19,573,224
Contributions from the employer	-	7,726,588	(7,726,588)
Contributions from the employees	-	3,300,315	(3,300,315)
Net investment income	-	26,063,000	(26,063,000)
Benefit payments, including refunds of employee contributions	(13,196,500)	(13,196,500)	-
Administrative expense	-	(347,413)	347,413
Net changes during 2016-17	38,836,869	23,545,990	15,290,879
Balance at: 6/30/17	\$ 345,926,002	\$ 259,082,945	\$ 86,843,057

CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

Note 8: Pension Plan (Continued)

Safety Police Plan	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at: 6/30/2016	\$ 317,717,516	\$ 218,299,099	\$ 99,418,417
Changes recognized for the Measurement Period:			
Service Cost	7,755,445	-	7,755,445
Interest on TPL	23,727,296	-	23,727,296
Differences between expected and actual experience	(3,343,535)	-	(3,343,535)
Changes in assumptions	20,461,012	-	20,461,012
Contributions from the employer	-	11,021,424	(11,021,424)
Contributions from the employees	-	2,309,239	(2,309,239)
Net investment income	-	24,253,009	(24,253,009)
Benefit payments, including refunds of employee contributions	(13,724,815)	(13,724,815)	-
Administrative expenses	-	(321,771)	321,771
Net changes during 2016-17	34,875,403	23,537,086	11,338,317
Balance at: 6/30/17	\$ 352,592,919	\$ 241,836,185	\$ 110,756,734

Safety Fire Plan	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at: 6/30/2016	\$ 236,059,356	\$ 175,239,977	\$ 60,819,379
Changes recognized for the Measurement Period:			
Service Cost	4,694,688	-	4,694,688
Interest on TPL	17,663,790	-	17,663,790
Differences between expected and actual experience	(205,847)	-	(205,847)
Changes in assumptions	14,596,257	-	14,596,257
Contributions from the employer	-	6,271,125	(6,271,125)
Contributions from the employees	-	1,535,337	(1,535,337)
Net investment income	-	19,188,945	(19,188,945)
Benefit payments, including refunds of employee contributions	(11,502,192)	(11,502,192)	-
Administrative expenses	-	(258,375)	258,375
Net changes during 2016-17	25,246,696	15,234,840	10,011,856
Balance at: 6/30/17	\$ 261,306,052	\$ 190,474,817	\$ 70,831,235

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018
Note 8: Pension Plan (Continued)***Sensitivity of the Net Pension Liability to Changes in the Discount Rate***

The following presents the net pension liability of each Plan, 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% point lower (6.15%) or 1% point higher (8.15%) than the current rate:

	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate +1% (8.15%)
Miscellaneous Plan's Net Pension Liability	\$ 135,460,505	\$ 86,843,057	\$ 48,200,411
Safety Police Plan's Net Pension Liability	162,244,078	110,756,734	70,829,982
Safety Fire Plan's Net Pension Liability	106,867,981	70,831,235	42,475,049
Total Net Pension Liability	<u>\$ 404,572,564</u>	<u>\$ 268,431,026</u>	<u>\$ 161,505,442</u>

Pension Plan Fiduciary Net Position

The plan fiduciary net position disclosed in the GASB 68 accounting valuation report may differ from the plan assets reported in the funding actuarial valuation report due to several reasons. First, for the accounting valuations, CalPERS must keep items such as deficiency reserves, fiduciary self-insurance and OPEB expense included as assets. These amounts are excluded for rate setting purposes in the funding actuarial valuation. In addition, differences may result from early Comprehensive Annual Financial Report closing and final reconciled reserves. Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports. See CalPERS website for additional information.

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

As of the start of the measurement period (July 1, 2016), the combined net pension liability for the Miscellaneous Plan, the Safety Police Plan and the Safety Fire Plan was \$231,789,974. For the measurement period ending June 30, 2017, (the measurement date), the City of Ontario incurred an aggregate pension expense of \$43,444,138 for the plans. Note that no adjustments have been made for contributions subsequent to the measurement date. As of June 30, 2018, the City of Ontario has deferred outflows and deferred inflows of resources related to pensions as follows:

CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

Note 8: Pension Plan (Continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Miscellaneous Plan		
Contributions made after the measurement date	\$ 8,220,412	\$ -
Difference between expected and actual experience	1,852,140	(81,906)
Change in assumptions	13,259,281	(163,539)
Net difference between projected and actual earnings on pension plan investments	3,462,755	-
Miscellaneous Plan Total	26,794,588	(245,445)
Safety Police Plan		
Contributions made after the measurement date	11,243,370	-
Difference between expected and actual experience	1,088,672	(2,818,603)
Change in assumptions	16,285,295	(1,970,706)
Net difference between projected and actual earnings on pension plan investments	3,261,134	-
Safety Police Plan Total	31,878,471	(4,789,309)
Safety Fire Plan		
Contributions made after the measurement date	6,744,221	-
Difference between expected and actual experience	1,251,895	(2,302,726)
Change in assumptions	11,789,285	(1,647,074)
Net difference between projected and actual earnings on pension plan investments	2,746,013	-
Safety Fire Plan Total	22,531,414	(3,949,800)
Total	\$ 81,204,473	\$ (8,984,554)

The amounts of \$8,220,412, \$11,243,370, and \$6,744,221 reported as deferred outflows of resources represents contributions made after the measurement date of the net pension liability but before the end of the City's reporting period and will be recognized as a reduction of the net pension liability in the subsequent fiscal period rather than in the current fiscal period. Other amounts reported as deferred outflows or deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year ended June 30:	Miscellaneous	Safety - Police	Safety - Fire
	Deferred Outflows/(Inflows) of Resources	Deferred Outflows/(Inflows) of Resources	Deferred Outflows/(Inflows) of Resources
2018	\$ 7,325,147	\$ 2,573,927	\$ 1,390,856
2019	10,756,158	6,702,023	4,483,755
2020	2,125,590	5,172,575	3,970,157
2021	(1,878,164)	1,397,267	1,439,145
2022	-	-	553,480
Total	\$ 18,328,731	\$ 15,845,792	\$ 11,837,393

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

Note 9: Other Post-Employment Benefits***Plan Description***

The City has established the City of Ontario Retiree Healthcare Plan, a single-employer defined benefit healthcare plan. The plan, which is administered by the City, provides health insurance for its retired employees according to the Personnel Rules and Regulations for each of the ten employee groups. The City pays monthly health insurance benefits subjects to caps which vary by bargaining group. The authority to do so is included annually in the Memorandum of Understanding between the City and each of its employee groups and ultimately passed by Council action.

Employees Covered

At June 30, 2017, the measurement date, the following numbers of participants were covered by the benefit terms:

	Number of Covered Participants
Inactives currently receiving benefits	566
Inactives entitled to but not yet receiving benefits	-
Active employees	1,114
Total	<u>1,680</u>

Contributions

The City funds retiree health benefits on a pay as you go basis, paying for retiree benefits from the City's Other Post-Employment Benefits internal service fund. The City has not set up a trust for purposes of funding the required retiree medical payments and is evaluating various options for funding its post-employment benefits liability. For fiscal year 2017-2018, the City paid a total of \$4,093,279 for retiree health insurance.

Total OPEB Liability

The City's total OPEB liability was measured as of June 30, 2017 for the measurement period July 1, 2016 through June 30, 2017. The total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation dated June 30, 2017, based on the following actuarial assumptions:

Actuarial Assumptions:

Discount rate	3.58% at June 30, 2017 (Bond Buyer 20-bond Index)
Inflation	2.75% per annum
Salary Increases	Aggregate - 3.00%
	Merit - Tables from CalPERS 1997-2015 Experience Study
Investment rate of return	N/A
Mortality rate	CalPERS 1997-2011 Experience Study
Pre-retirement turnover	CalPERS 1997-2015 Experience Study
Healthcare trend rate	Non-medicare - 7.5% for 2019, decreasing to an ultimate rate of 4.0% in 2076 and later years
	Medicare - 6.5% for 2019, decreasing to an ultimate rate of 4.0% in 2076 and later years

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

Note 9: Other Post-Employment Benefits (Continued)

Discount Rate

The discount rate used to measure the total OPEB liability was 3.58%. The discount rate is based on the bond buyer 20-bond index.

Changes in the Total OPEB Liability.

The changes in the total OPEB liability for the plan are as follows:

	<u>Total OPEB Liability</u> <u>Measurement Period</u> <u>2016-17</u>
Total OPEB Liability - June 30, 2016	\$ 289,394,278
Changes in Total OPEB Liability	
Service Cost	12,423,938
Interest	8,541,783
Actual vs. expected experience	-
Assumption changes	(37,838,070)
Benefits payments	(4,213,032)
Changes of benefit terms	-
Net Changes	<u>(21,085,381)</u>
Total OPEB Liability - June 30, 2017	<u>\$ 268,308,897</u>

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 one percentage point higher or one percentage point lower than the current discount rate, for the measurement period June 30, 2017:

	<u>Discount Rate</u>		
	<u>1% Decrease (2.58%)</u>	<u>Current Rate (3.58%)</u>	<u>1% Increase (4.58%)</u>
Total OPEB Liability	\$ 322,112,519	\$ 268,308,897	\$ 226,726,048

Sensitivity of the total OPEB liability to changes in the healthcare 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 one percentage point higher or one percentage point lower than the current healthcare cost trend rates:

	<u>Healthcare Trend Rate</u>		
	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 223,971,496	\$ 268,308,897	\$ 326,951,208

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

Note 9: Other Post-Employment Benefits (Continued)

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

For the fiscal year ended June 30, 2018, the City recognized OPEB expense of \$16,176,092. At June 30, 2018, the City's deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	June 30, 2018	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Change in assumptions	-	33,048,441
Employer contribution made subsequent to measurement date	5,398,279 *	-
Total	<u>\$ 5,398,279</u>	<u>\$ 33,048,441</u>

* Includes \$4,093,279 cash benefit payments plus \$1,305,000 implied subsidy payment in 2017-18.

The \$5,398,279 reported as deferred outflows of resources represents contributions made after the measurement date of the OPEB liability but before the end of the City's reporting period and will be recognized as a reduction of the net pension liability in the subsequent fiscal period rather than in the current fiscal period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ended June 30	Deferred Outflows/(Inflows) of Resources
2019	\$ (4,789,629)
2020	(4,789,629)
2021	(4,789,629)
2022	(4,789,629)
2023	(4,789,629)
Thereafter	(9,100,296)
Total	<u>\$ (33,048,441)</u>

Note 10: Self-Insurance Program

On December 22, 1974, the City initiated a program of self-insurance for workers' compensation liability claims. The City will pay all claims up to \$750,000 per claim; amounts in excess of \$750,000 are covered through an outside insurance carrier.

On January 1, 1975, the City initiated a program of self-insurance for unemployment liability claims. By this action, the City will pay all claims based on the individual reimbursement account method, as provided by the State of California.

CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

Note 10: Self-Insurance Program (Continued)

On April 6, 1979, the City initiated a program of self-insurance for general liability claims. At present, the City will pay all claims up to \$1,000,000 per claim arising from general liability claim actions brought against the City. Amounts in excess of \$1,000,000 per claim are covered by the Authority for California Cities Excess Liability (ACCEL).

ACCEL is organized under a joint powers agreement pursuant to the California Government Code. The purpose of the Authority is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage. ACCEL pools catastrophic general liability, automobile liability and public officials errors and omissions losses. ACCEL members share risk from \$1,000,000 to \$4,000,000, and insurance in layers exceeding \$5,000,000.

The City has not experienced a significant reduction in insurance coverage from coverage in the prior year. Additionally, the amount of settlements has not exceeded budgeted coverage for each of the past three fiscal years.

The City has entered into contracts with third-party administrators who supervise the general liability and worker's compensation programs. When it is probable that a claims liability has been incurred and the amount of the loss can be reasonably estimated through historical trends and calculation of incurred but not reported claims (IBNR), the City accrues the estimated liability in an internal service fund for expected claims and judgments.

The following is a summary of the changes in the claims liability over the past two fiscal years:

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Changes in Estimates</u>	<u>Claim Payments</u>	<u>Ending Balance</u>
2016-2017	\$ 21,044,331	\$ 5,087,893	\$ 4,348,224	\$ 21,784,000
2017-2018	21,784,000	8,336,360	8,336,360	21,784,000

CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

Note 11: Fund Balances

a. Governmental Fund Balance Classifications

Fund balances in governmental funds at June 30, 2018, have been classified as follows:

	Governmental Funds						Other Governmental Funds
	General	Quiet Home Program	Measure I	Community Development	Capital Projects	Impact Fees	
Fund Balances:							
Nonspendable							
Inventory	\$ 145,989	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Prepaid costs	243,305	-	-	-	-	-	-
Notes and loans	42,429,148	-	-	-	-	-	-
Advances to other funds	3,500,000	-	-	-	-	-	-
Total Nonspendable	<u>46,318,442</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Restricted							
Endowment/Trust	430,484	-	-	-	-	-	-
Community development projects	-	58,008,820	-	7,129,986	3,135,089	229,570	8,488,401
Public safety	-	-	-	-	-	-	156,236
Park development	-	-	-	-	-	-	5,434,737
Transportation improvement	-	-	546,177	-	-	-	-
Police narcotics	-	-	-	-	-	-	2,196,825
Affordable housing	-	-	-	-	9,098,932	-	24,569,673
AQMD activities	-	-	-	-	-	-	122,187
Public services	-	-	-	-	-	-	24,749,023
Bond improvement projects	-	-	-	-	27,763,382	-	-
Total Restricted	<u>430,484</u>	<u>58,008,820</u>	<u>546,177</u>	<u>7,129,986</u>	<u>39,997,403</u>	<u>229,570</u>	<u>66,816,712</u>
Committed							
Museum board	65,000	-	-	-	-	-	-
Whispering Lakes Golf Course	75,828	-	-	-	-	-	-
City facilities project	1,176,325	-	-	-	-	-	-
Public safety equipment	3,134,235	-	-	-	-	-	-
Communications/computer dispatch	1,082,224	-	-	-	-	-	-
Compensated absences	14,630,207	-	-	-	-	-	-
Capital Projects	-	-	-	-	15,520,049	-	-
City infrastructure	-	-	-	-	-	98,275,014	-
Events center capital equipment	568,970	-	-	-	-	-	-
Ontario motor speedway	333,223	-	-	-	-	-	-
Total Committed	<u>21,066,012</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,520,049</u>	<u>98,275,014</u>	<u>-</u>
Assigned							
Continuing appropriations	4,576,006	-	337,935	-	3,025,818	2,548,678	186,215
Stability arrangement	4,134,017	-	-	-	-	-	-
Maintenance trust	1,520,280	-	-	-	-	-	-
Total Assigned	<u>47,410,303</u>	<u>-</u>	<u>337,935</u>	<u>-</u>	<u>3,025,818</u>	<u>2,548,678</u>	<u>186,215</u>
Unassigned	-	-	-	-	-	-	(402,755)
Total Fund Balances	\$ 115,225,241	\$ 58,008,820	\$ 884,112	\$ 7,129,986	\$ 58,543,270	\$ 101,053,262	\$ 66,600,172

CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

Note 12: Fund Balance and Net Position Restatements

a. Restatement of Fund Balance

Capital Projects Fund:

To transfer land held for resale to the Successor Agency which was improperly transferred to the City during the dissolution of the former Redevelopment Agency.

\$ (16,824,616)

b. Restatement of Net Position

Proprietary Funds:

Solid Waste Fund

To correct prior year accumulated depreciation

\$ 428,255

Internal Service Funds:

Other Post Employment Benefits Fund

To record OPEB liability due to the implementation of GASB Statements No. 75

\$ (285,181,246)

Equipment Service Funds:

To correct prior year accumulated depreciation

(441,102)

Total Internal Service Fund

\$ (285,622,348)

Private Purpose Trust Fund:

Successor agency of the Former RDA

To transfer land held for resale for the Successor Agency which was improperly transferred to the City during the dissolution of the former Redevelopment Agency

\$ 16,824,616

Government-wide Statements:

Governmental Activities:

To record OPEB liability due to the implementation of GASB Statement No. 75

\$ (183,149,017)

To correct prior year accumulated depreciation

(441,102)

To transfer land held for resale for the Successor Agency which was improperly transferred to the City during the dissolution of the former Redevelopment Agency

(16,824,616)

\$ (200,414,735)

Business-Type Activities:

To correct prior year accumulated depreciation

\$ 428,255

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

Note 13: Joint Ventures

Water Facilities Authority

On February 19, 1980, the Water Facilities Authority (Authority) was created under a joint exercise of powers agreement between the City of Chino, the City of Ontario, the City of Upland, the City of Chino Hills and the Monte Vista Water District. It was formed for the purpose of acquisition and construction of facilities directly benefiting the participants by supplying potable water to the inhabitants within the boundaries of its members. Thus, each participant has an ongoing financial interest in the Authority.

The governing Board of Directors consists of one member appointed from each participating agency and has approval of all budget and finance activities. The City's investment in the Authority has been recorded under the equity method of accounting and is shown as an investment in joint venture in the Water Enterprise Fund.

On September 30, 1997, the Authority issued \$24,455,000 in 1997 Refunding Certificates of Participation (COPs) to refund \$25,820,000 of then outstanding 1986 COPs. The 1997 Refunding COPs carry interest rates from 4.0% to 5.3% and will be repaid in various principal increments with the final payment due on October 1, 2015. Each participant in the joint venture has pledged gross revenues from its respective Enterprise Fund and has agreed to restrictive covenants that establish rates and charges for each respective water enterprise fund at levels sufficient to maintain net revenues equal to at least 1.25 times the aggregate amount of each respective party's installment payments to the Authority as well as any parity debt that shall become due and payable within the succeeding twelve months. Each City has an ongoing financial responsibility as each has assumed a portion of the Authority's debt. The City of Ontario's percentage share of the installment payment is 41.51681% and the outstanding balance was paid in full during the fiscal year ending June 30, 2016.

At June 30, 2018, the City's investment in the Authority, including its share of Authority's debt, was \$8,352,512.

CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

Note 13: Joint Ventures (Continued)

Audited financial information of the Authority for the fiscal year ended June 30, 2018, is summarized as follows:

Water Facilities Authority Net Position:	
Total assets	\$ 28,618,493
Total deferred outflows	425,014
Total liabilities	(4,860,967)
Total deferred inflows	(54,396)
Total net position	<u>\$ 24,128,144</u>
Water Facilities Authority Changes in Net Position:	
Operating revenues	\$ 21,472,836
Operating expenses	21,522,265
Operating gain (loss) before depreciation and amortization	(49,429)
Depreciation and amortization	1,162,306
Operating revenue (loss)	(1,211,735)
Nonoperating revenues (expenses)	643
Capital contributions	74,397
Change in net position	(1,136,695)
Beginning net position	25,264,839
Ending net position	<u>\$ 24,128,144</u>

The current participants and their financial contributions through June 30, 2018, were as follows:

	<u>Amount</u>	<u>Percent</u>
City of Chino	\$ 5,433,854	12.9%
City of Chino Hills	6,854,117	16.3%
City of Ontario	6,661,295	15.8%
City of Upland	14,552,450	34.6%
Monte Vista Water District	8,418,722	20.0%
Non-Participant	117,706	0.3%
Total	<u>\$ 42,038,144</u>	<u>100%</u>

Financial statements of the Water Facility Authority can be obtained from the offices of Teaman, Ramirez & Smith, Inc., 4201 Brockton Avenue, Suite 100, Riverside, CA 92501.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

Note 13: Joint Ventures (Continued)**Chino Basin Desalter Authority**

On January 15, 2002, the Chino Basin Desalter Authority (the Authority) was created under a joint exercise of powers agreement between the City of Ontario and other neighboring government agencies. This agreement was formed to successfully manage the groundwater resources in the Chino Basin.

The governing Board of Director consists of one representative appointed from each participating agency and has the power and responsibility to adopt budgets, operating plans and finance activities to further the purpose of the Authority. As of June 30, 2018, the City's investment in the Authority was \$58,466,364.

On June 22, 2016, the Chino Basin Desalter Authority issued the Desalter Revenue Refunding Bonds, Series 2016A in the amount of \$67,105,000 to refund the Desalter Revenue Refunding Bonds, Series 2008A. The new revenue refunding bond has various debt payment schedules tailored to each CDA member agency, based on their respective election. This provision affords each member the ability to prepay their share of debt service.

The financial information of the Authority for the fiscal year ended June 30, 2018, is summarized as follows:

Chino Basin Desalter Authority Net Position:

Total assets	\$ 283,342,902
Deferred outflows of resources	4,321,309
Total liabilities	<u>87,765,680</u>
Total net position	<u>\$ 199,898,531</u>

Chino Basin Desalter Authority Changes in Net Position:

Operating revenues	\$ 42,932,595
Operating expenses	<u>39,300,324</u>
Operating gain before depreciation and amortization	3,632,271
Depreciation and amortization	<u>4,102,270</u>
Operating revenue (loss)	(469,999)
Nonoperating revenues (expenses)	<u>360,852</u>
Income (loss) before contributions	(109,147)
Contributions	4,305,009
Capital grants	<u>95,862</u>
Change in net position	4,291,724
Beginning net position	<u>195,606,807</u>
Ending net position	<u>\$ 199,898,531</u>

CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

Note 13: Joint Ventures (Continued)

The current participants and their financial contributions through June 30, 2018, were as follows:

	<u>Amount</u>	<u>Percent</u>
Jurupa Community Services District	\$ 9,693,755	37.8%
City of Chino Hills	3,783,619	14.7%
City of Chino	4,504,270	17.5%
City of Norco	900,756	3.5%
City of Ontario	5,571,421	21.7%
Santa Ana River Co.	1,080,862	4.2%
Western Municipal Water District	135,766	0.5%
Total	<u>\$ 25,670,449</u>	<u>99.90%</u>

Financial statements of the Authority can be obtained from the CDA Treasurer's office located at 6075 Kimball Avenue, Chino, California 91710.

West End Communications Authority

The "Authority" governed by a seven-member board is a joint exercise of powers between the following entities as created by a joint powers:

City of Chino	City of Upland
City of Montclair	Rancho Cucamonga Fire Protection District
City of Rancho Cucamonga	Chino Valley Independent Fire Protection District
City of Ontario	

The purpose of the Authority is to provide a cooperative voluntary association to establish operate and maintain a consolidated 800MHZ communication system designed to serve public safety agencies throughout the western end of San Bernardino County, California. The City has an ongoing financial interest in the residual assets of the Authority upon disbandment.

The following is a summary of the West End Communications Authority financial information for the fiscal year ended June 30, 2018:

West End Communication Authority Net Position:	
Total assets	\$ 1,335,077
Total liabilities	<u>-</u>
Total net position	<u>\$ 1,335,077</u>
West End Communication Authority Changes in Net Position:	
Operating revenues	\$ 434,373
Operating expenses	<u>1,940</u>
Operating revenue (loss)	432,433
General revenue	<u>7,479</u>
Change in net position	439,912
Beginning net position	<u>895,165</u>
Ending net position	<u>\$ 1,335,077</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

Note 13: Joint Ventures (Continued)

Separate financial statements of the West End Communications Authority are available upon request from the City of Ontario, Fiscal Services Department, 303 East "B" Street, Ontario, California 91764.

West End Fire and Emergency Response Commission

On January 23, 1989, the West End Fire and Emergency Response Commission was created under the Joint Exercise Powers Agreement between the Fire Departments of the City of Ontario, Upland, Montclair, Rancho Cucamonga and Chino. The governing board of directors consists of the Fire Chief from each city. The purpose of the Authority is to establish a hazardous materials response team. It has been amended to include an Urban Search and Rescue Team and the servicing of joint authority breathing apparatus equipment for emergency purposes.

The following is a summary of the West End Fire and Emergency Response Commission financial information for the fiscal year ended June 30, 2018:

West End Fire and Emergency Response Commission Net Position:

Total assets	\$ 480,582
Total liabilities	<u>4,330</u>
Total net position	<u>\$ 476,252</u>

West End Fire and Emergency response Commission Changes in Net Position:

Operating revenues	\$ 60,000
Operating expenses	<u>71,513</u>
Operating revenue (loss)	(11,513)
General revenue	<u>3,704</u>
Change in net position	(7,809)
Beginning net position	<u>484,061</u>
Ending net position	<u>\$ 476,252</u>

Separate financial statements of the West End Fire and Emergency Response Commission are available upon request from the City of Ontario, Fiscal Services Department, 303 East "B" Street, Ontario, California 91764.

CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

Note 14: Other Investments

Other investments of \$43,319,316 at June 30, 2018 in the Other Post-Employment Benefits internal service fund represents water rights/stored water, air quality credits and land/land rights purchased to generate a revenue stream to fund post-employment benefits.

Fair Value Measurement and Application

The City 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 assets. 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 City has the following recurring fair value measurements as of June 30, 2018:

Investment Type	Totals	Level		
		1	2	3
Water Rights	\$ 35,659,305	\$ -	\$ -	\$ 35,659,305
Air Quality Credits	237,539	-	-	237,539
Stored Water	7,287,722	-	-	7,287,722
Land & Land Rights	134,750	-	-	134,750
Total Investments	\$ 43,319,316	\$ -	\$ -	\$ 43,319,316

Note 15: Contingencies

Liabilities

Claims and suits have been filed against the City in the normal course of business. Based upon information received from the City Attorney and the self-insurance administrator, the estimated liability under such claims would be adequately covered by self-insurance designations and insurance coverage.

Grant

Under the terms of federal and state grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. City management believes disallowances, if any, will be immaterial.

Proposition 218

Proposition 218, which was approved by the voters in November, 1996, will regulate the City's ability to impose, increase and extend taxes, assessments and fees. Any new, increased or extended taxes, assessments and fees subject to the provisions of Proposition 218 require voter approval before they can be implemented. Additionally, Proposition 218 provides that these taxes, assessments and fees are subject to the voter initiative process and may be rescinded in the future by the voters. Therefore, the City's ability to finance the services for which the taxes, assessments and fees were imposed may be significantly impaired. At this time, it is uncertain how Proposition 218 will affect the City's ability to maintain or increase the revenue it receives from taxes, assessments and fees.

CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

Note 16: Commitments

Construction Commitments

The following material construction commitments existed at June 30, 2018:

Project Name	Contract Amount	Expenditures to date as of June 30, 2018	Remaining Commitments	Water	Capital Projects	Impact Fees
Francis St. Storm Drain	\$ 10,398,901	\$ 8,852,496	\$ 1,546,405	\$ -	\$ 1,329,908	\$ 216,497
Riverside Dr. Recycle Water System	3,809,053	607,973	3,201,080	3,201,080	-	-
6th St. Storm Drain	6,393,576	5,023,643	1,369,933	-	-	1,369,933
Construction of Well 41	3,861,984	3,420,805	441,179	441,179	-	-

Project Name	Contract Amount	Expenditures to date as of June 30, 2018	Remaining Commitments	Measure I	Special Gas Tax	Community Development
Pavement Rehabilitation	\$ 5,691,432	\$ -	\$ 5,691,432	\$4,530,949	\$ 956,730	\$ 203,753

Note 17: Tax Abatements

The City entered into various tax abatement agreements with local businesses. The abatements may be granted to any business located within or promising to relocate to the City. For the fiscal year ended June 30, 2018, the City abated taxes totaling \$3,747,881 under this program. The City has the following tax abatement agreements:

- A sales tax abatement with a retail and internet services company to operate within the City and generate additional local sales tax revenues, property taxes, employment benefits, and other tangible and intangible benefits. The City agreed to rebate quarterly 50% of local sales tax revenues received for 15 years. In fiscal year 2017-18, the abatement amounted to \$165,274.
- A Professional Agreement with a consultant to assist the City in sales tax consulting services related to Operating Covenant Agreements. The consultant will invoice the City on a quarterly basis and will receive a 5% fee each year on the first \$5,000,000 of local sales and use tax received by the City. Payments will continue for a 20 year term of the Operating Covenant Agreement the City entered into with the retailer of equipment and merchandise of health care products and services. In fiscal year 2017-18, the abatement amounted to \$182,937.
- An Operating Covenant Agreement with a retailer of equipment and merchandise of health care products and services to establish its only regional sales office in California within the City for not less than 20 years. The establishment of such retailer will generate local sales tax revenue, create high paying/management jobs and provide opportunity for additional job growth. The City agreed to rebate quarterly 50% of sales tax revenues attributable to taxable sales. In fiscal year 2017-18, the abatement amounted to \$1,249,099.
- An Operating Covenant Agreement with an automotive dealership which agreed to operate the entirety of its dealership facilities within the City for a period of 26 years. The dealership will generate substantial tax revenue, create potential for additional job growth and stimulate the economy. The City agreed to rebate 50% of sales tax revenues in excess of \$700,000 during the period April 1, 2013 through March 31, 2018. In fiscal year 2017-18, the abatement amounted to \$524,553.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

Note 17: Tax Abatements (Continued)

- The City entered into a Professional Agreement with a consultant to provide sales tax audit and information services to the City. The audit services will detect and correct taxpayer reporting errors and generate new revenue without causing additional tax liability to businesses. The City agreed to pay quarterly 20% of new sales and use tax revenues received as a result of corrections identified by the consultant. In fiscal year 2017-18, the amount paid was \$362,858.
- Operating Covenant Agreement with a retailer of consumer products to establish its warehouse and distribution center in the City and remain in the City for no less than 41 years. The establishment of such retailer in the City will generate substantial revenue, create new jobs, revitalize the City, and result in community and public improvements. The City agreed to refund quarterly 55% of sales tax revenues attributable to annual taxable sales up to \$500 million and 60% of sales tax revenues over \$500 million of annual taxable sales. In fiscal year 2017-18, the abatement amounted to \$639,411.
- Operating Covenant Agreement with a retailer of consumer products to ensure that it maintains its existing warehouse and distribution center in the City and expands its operations within the City. This will generate substantial revenue for the City, possibly create job growth, continue to stimulate the economy and result in community and public improvements. For the period January 1, 2016 through December 31, 2019, provided the City receives not less than \$1.2 million of sales tax revenue from the retailer, the City agreed to make annual payments in the amount of \$600,000 payable within 120 days following the end of each calendar year. In fiscal year 2017-18, the abatement amounted to \$600,000.
- Operating Covenant Agreement with an auto dealership to develop and operate a facility in the City for its Inland Empire sales territory. The City will receive additional local sales tax revenues, property taxes, employment benefits, and other tangible and intangible benefits arising from the operation of the Dealership within the City. The eligibility period of this agreement is from July 1, 2009 until June 30, 2034. The City agreed to make quarterly payment equaled to 50% of local sales tax revenues in excess of \$50,000 not to exceed \$200,000 for any computation year or \$950,000 in the aggregate during the entire eligibility period. In fiscal year 2017-18, the abatement amounted to \$23,750.

Note 18: Successor Trust for Assets of Former Redevelopment Agency

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 (“the Bill”) that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of Ontario that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit.

The Bill provides that upon dissolution of a redevelopment agency, either the city or another unit of local government will agree to serve as the “successor agency” to hold the assets until they are distributed to other units of state and local government. On January 10, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of City resolution number 2012-001.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

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

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

Successor agencies are only allocating revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

The Bill directs the State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by the Bill.

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

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

a. Cash and Investments

As of June 30, 2018, cash and investments were reported in the accompanying financial statements as follows:

Cash and investments	\$ 10,626,002
Cash and investments with fiscal agent	<u>2,789,187</u>
Total Cash and Investments	<u>\$ 13,415,189</u>

b. Notes Receivable

On October 19, 1993, the Ontario Redevelopment Agency accepted a note receivable of \$35,000 from a developer as part of a transaction involving the sale of property. The note bears interest at 0% annually and was due in full on June 20, 1995. A new note was negotiated on November 8, 1996, and will mature on October 31, 2026. The unpaid principal balance at June 30, 2018, was \$35,000.

c. Advances to City

During prior fiscal year, the Former RDA loaned \$1,600,000 to the Capital Project Fund for the purchase of property adjacent to Ontario Mills.

CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

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

d. Long-Term Debt

The following is a summary of changes in long-term debt of the Successor Agency as of June 30, 2018:

	Balance June 30, 2017	Accrued Interest	Additions	Deletions	Balance June 30, 2018	Due Within One Year
1993 Tax Allocation Bonds	\$ 41,787,291	\$ -	\$ -	\$ 2,131,891	\$ 39,655,400	\$ 3,705,175
1995 Tax Allocation Bonds	3,695,009	-	-	188,509	3,506,500	327,625
2002 Refunding Revenue Bonds	3,160,401	-	-	265,309	2,515,000	600,000
Loans Payable	9,737,395	-	-	539,326	9,198,069	576,911
Advance from City	3,500,000	-	-	-	3,500,000	-
Total	\$ 61,880,096	\$ -	\$ -	\$ 3,125,035	58,374,969	\$ 5,209,711
			Unamortized Bond Premium		20,497	
					\$ 58,395,466	

1993 Tax Allocation Bond

The 1993 Tax Allocation Bonds in the amount of \$45,708,900 were issued on June 11, 1993, to finance redevelopment activities related to Project Area #1. The Agency sold the bonds to the Financing Authority at a purchase price equal to the principal amount of the bonds plus a premium. The investment by the Authority in the bonds is held in an agency fund. The terms were negotiated in a prior year and reduced the outstanding principal balance by \$800. Additionally, the maturity date was extended two years to August 1, 2025. The interest is paid semi-annually at the stated rate of 12%. The balance at June 30, 2018, amounted to \$39,655,400.

The annual requirements to amortize the outstanding bond indebtedness as of June 30, including interest, are as follows:

	1993 Tax Allocation Bonds	
	Principal	Interest
2018 - 2019	\$ 3,705,175	\$ 4,536,338
2019 - 2020	4,154,633	4,064,749
2020 - 2021	4,648,466	3,536,563
2021 - 2022	5,213,685	2,944,834
2022 - 2023	5,842,021	2,281,492
2023 - 2026	16,091,420	2,570,499
Total	\$ 39,655,400	\$ 19,934,475

1995 Tax Allocation Bonds

On August 15, 1995, the Ontario Redevelopment Agency issued \$4,041,700 in 1995 Tax Allocation Bonds. The bonds were sold to the Ontario Redevelopment Financing Authority at par plus premium. All proceeds of the 1995 Bonds will be used to finance redevelopment projects related to Project Area #1. The 1995 Bonds were issued on parity with the Agency's existing Project Area #1 1992 and 1993 Tax

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018
Note 18: Successor Trust for Assets of Former Redevelopment Agency (Continued)

Allocation Bonds. The 1995 Bonds were issued with an interest rate of 12.00%, provided that the interest rate for the period from August 1, 1995 through July 1, 1996, shall be 10.55% per annum, the interest rate for the period from August 1, 1996 through July 31, 1997, shall be 11.70% per annum, and the interest for the period from August 1, 1997 through July 31, 1999, shall be 11.86% per annum. Interest is paid semi-annually each year and commenced February 1, 1996, until final maturity on August 1, 2025. The balance at June 30, 2018, amounted to \$3,506,500.

The annual requirements to amortize the outstanding bond indebtedness as of June 30, including interest, are as follows:

	1995 Tax Allocation Bonds	
	Principal	Interest
2018 - 2019	\$ 327,625	\$ 485,004
2019 - 2020	367,367	485,004
2020 - 2021	411,034	485,004
2021 - 2020	461,015	485,004
2022 - 2023	516,579	485,004
2023 - 2026	1,422,880	1,212,510
Total	<u>\$ 3,506,500</u>	<u>\$ 3,637,530</u>

2002 Refunding Revenue Bonds

In February 2002, the Ontario Redevelopment Financing Authority issued revenue bonds in the amount of \$35,290,000 to provide funds to concurrently refund on a current basis a portion of the Authority's 1992 Revenue Bonds and certain outstanding tax allocation bonds of the Agency, and to finance redevelopment activities within the Agency's Project Area #1, Center City and Cimarron redevelopment projects. The bonds issued at a premium of \$1,702,231, consist of \$17,472,433 capital appreciation bonds maturing annually through 2017 and \$9,795,000 interest bonds with interest payable semiannually on February 1 and August 1 of each year and maturing in 2021. The bonds are secured by a pledge and a lien on a portion of the taxes levied on all taxable property within the related project of the Agency. The outstanding balance at June 30, 2018, amounted to \$2,515,000. The unamortized bond premium was \$20,497.

The annual requirements to amortize the outstanding bond indebtedness as of June 30, including interest, are as follows:

	2002 Refunding Revenue Bonds	
	Principal	Interest
2018 - 2019	\$ 600,000	\$ 105,213
2019 - 2020	630,000	76,000
2020 - 2021	610,000	46,550
2021 - 2022	675,000	16,031
Total	<u>\$ 2,515,000</u>	<u>\$ 243,794</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

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

Loans Payable

Pursuant to a loan agreement dated February 1, 2002, the Ontario Redevelopment Agency issued the Ontario Redevelopment Project #1 2002 Housing Set-Aside Loan in the amount of \$15,145,000 to finance low and moderate income activities of the Agency within or of the benefit to the Ontario Redevelopment Agency Project Area #1. The loan matures in 2029 and is payable from Housing Tax Revenues allocated to the Agency. Interest is paid semi-annually at a rate of 5.30% per annum. The balance at June 30, 2018, amounted to \$9,198,069. At June 30, 2018, the annual requirements to repay the outstanding indebtedness were as follows:

	2002 FNMA Housing Set-Aside Loan	
	Principal	Interest
2018 - 2019	\$ 567,911	\$ 472,448
2019 - 2020	598,010	441,551
2020 - 2021	629,705	409,017
2021 - 2022	663,079	374,758
2022 - 2023	698,222	338,683
2023 - 2028	4,087,015	1,081,720
2028 - 2029	1,954,127	104,906
Total	<u>\$ 9,198,069</u>	<u>\$ 3,223,083</u>

Advance from City

The General Fund made an advance in the amount of \$3,500,000 to the Successor Agency of the Former Redevelopment Agency to assist the Agency in implementation of the redevelopment plan.

Debt Service Requirements

The City pledged, as security for bonds issued, either directly or through the Financing Authority, a portion of tax increment revenue (including Low and Moderate-Income Housing set-aside and pass through allocations) that it receives. The bonds issued were to provide financing for various capital projects, accomplish Low and Moderate Income Housing projects and to defease previously issued bonds. Assembly Bill 1X 26 provided that upon dissolution of the Redevelopment Agency, property taxes allocated to redevelopment agencies no longer are deemed tax increment but rather property tax revenues and will be allocated first to successor agencies to make payments on the indebtedness incurred by the dissolved redevelopment agency. Total principal and interest remaining on the debt is \$81,913,851 with annual debt service requirements as indicated on the previous pages. For the current year, the total property tax revenue recognized by the Successor Agency for the payment of obligations incurred by the dissolved redevelopment agency was \$15,310,521 and the debt service obligation on the bonds was \$9,511,242.

REQUIRED SUPPLEMENTARY INFORMATION

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Budgetary Comparison Information

General Budget Policies

1. The annual budget adopted by the City Council provides for the general operation of the City. It includes proposed expenditures and the means of financing them.
2. The City Council approves total budgeted appropriations and any amendments to appropriations throughout the year. All amendments made during the year are included in the budgetary amounts reported herein. The "appropriated budget" covers all City expenditures, including capital improvement projects carried forward from the prior year, which is re-appropriated each year. Actual expenditures may not exceed budgeted appropriations at the fund level, which is the legal level of control. The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council.
3. Formal budgetary integration is employed as a management control device during the year. Commitments for materials and services, such as purchase orders and contracts, are recorded as encumbrances to assist in controlling expenditures. Appropriations that are encumbered lapse at year-end and then are added to the following year budgeted appropriations.
4. Budgets for the General, Special Revenue, Capital Projects and Debt Service Funds are adopted on a basis substantially consistent with generally accepted accounting principles (GAAP). Accordingly, actual revenues and expenditures can be compared with related budgeted amounts without any significant reconciling items. Budget comparisons are not presented for the Proprietary Funds, as the City is not legally required to adopt a budget for these type funds.
5. Capital projects are budgeted through the Capital Projects Fund. Appropriations for capital projects authorized, but not constructed or completed during the year, are re-appropriated in the following year's budget.
6. Under Article XIII-B of the California Constitution (the Gann Spending Limitation Initiative), the City is restricted as to the amount of annual appropriations from the proceeds of taxes, and if proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller or returned to the taxpayers through revised tax rates or revised fee schedules, or an excess in one year may be offset by a deficit in the following year. For the fiscal year ended June 30, 2018, based on calculations by City staff, proceeds of taxes did not exceed appropriations.

Further, Section 5 of Article XIII-B allows the City to designate a portion of fund balance for general contingencies to be used for any purpose. On August 10, 1996, the City Council passed Resolution 96-073 setting aside all unappropriated fund balances in the General Fund as a contingency fund.

CITY OF ONTARIO

**BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 YEAR ENDED JUNE 30, 2018**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 115,277,226	\$ 115,277,226	\$ 115,277,226	\$ -
Resources (Inflows):				
Taxes	154,675,000	160,625,000	173,605,420	12,980,420
Licenses and permits	2,835,000	3,735,000	4,887,991	1,152,991
Intergovernmental	306,500	8,591,947	4,540,398	(4,051,549)
Charges for services	24,991,565	26,091,565	30,768,155	4,676,590
Use of money and property	2,325,000	2,325,000	1,758,523	(566,477)
Fines and forfeitures	903,800	903,800	1,007,271	103,471
Miscellaneous	3,679,335	7,464,502	7,445,883	(18,619)
Transfers in	38,515,360	43,724,460	35,308,019	(8,416,441)
Amounts Available for Appropriations	343,508,786	368,738,500	374,598,886	5,860,386
Charges to Appropriations (Outflow):				
General government				
Mayor and City council	431,673	431,673	375,966	55,707
Planning commissioners	43,945	43,945	31,157	12,788
City treasurer/City clerk	108,790	108,790	88,664	20,126
Records management	919,078	919,078	821,419	97,659
City attorney	389,900	355,900	405,615	(49,715)
Office of the City manager	1,347,280	1,470,672	1,263,875	206,797
General government	941,085	1,045,891	845,972	199,919
Financial services administration	1,457,341	1,392,882	944,560	448,322
Fiscal services	2,309,318	2,407,915	2,309,509	98,406
Management services	1,325,415	1,361,864	2,096,052	(734,188)
Billing and collection	3,577,452	3,883,311	3,765,872	117,439
Business license	359,165	372,625	371,079	1,546
Central services	349,749	339,089	239,060	100,029
Human Resources	2,457,490	3,666,110	3,107,829	558,281
Economic development	2,125,142	7,181,790	6,739,691	442,099
Airport HR & Risk Management Services	-	-	111,130	(111,130)
Public safety				
Police administration	1,314,730	1,305,937	1,246,870	59,067
Traffic support services	3,913,618	3,933,145	3,484,728	448,417
COPS/Multi enforcement team	6,825,979	6,744,979	6,589,755	155,224
Patrol	33,823,375	34,649,639	34,788,145	(138,506)
Extra duty - other	477,000	606,903	606,903	-
Canine	1,464,694	1,717,158	1,810,563	(93,405)
Air support	3,985,242	9,542,840	7,049,749	2,493,091
Crime analysis and prevention	858,100	858,100	814,629	43,471
Communications/records	5,856,857	5,413,884	5,245,418	168,466
Personnel recruit & training	2,553,823	3,120,637	3,321,899	(201,262)
Airport operations bureau	10,520,962	12,109,356	11,035,406	1,073,950
Detective division	8,495,083	9,481,676	9,729,475	(247,799)
Career criminal division	4,309,196	4,044,599	4,043,897	702
ID/evidence	1,915,197	1,920,197	1,811,977	108,220
Office of the Fire Chief	916,845	916,845	902,754	14,091
Fire prevention bureau	3,237,946	3,349,686	3,329,529	20,157
Emergency services	36,665,736	38,717,645	35,678,527	3,039,118
Personnel training and development	762,492	983,177	980,180	2,997
E.M.S technical services	994,060	1,120,093	1,119,266	827
Emergency management	437,365	429,701	412,420	17,281
Operations support services	2,560,772	2,981,445	2,965,483	15,962
Community improvement	3,553,398	3,569,508	3,451,988	117,520
SWAT	480,675	488,038	488,009	29
Office of the police chief	2,720,946	2,643,157	2,572,134	71,023
Police projects	-	3,233,192	1,635,203	1,597,989
Fire projects	-	993,069	508,827	484,242
Municipal services project	-	150,000	130,435	19,565
Fire communications	2,836,090	2,748,111	2,676,429	71,682
Airport fire operations	6,288,268	6,587,609	7,815,100	(1,227,491)

CITY OF ONTARIO

**BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 YEAR ENDED JUNE 30, 2018**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Community development				
Community life and culture admin.	848,033	969,436	971,353	(1,917)
Sports/fitness	460,478	464,682	450,113	14,569
Special events/facility rental	315,619	348,248	309,502	38,746
Community programs	2,189,708	2,184,853	2,184,782	71
Development administration	1,338,001	873,096	586,597	286,499
Planning administration	702,284	703,114	545,522	157,592
Planning land development	1,993,753	2,349,660	2,189,217	160,443
Advanced long range planning	1,272,843	1,380,658	1,171,555	209,103
Building	3,680,536	3,498,034	3,326,649	171,385
Engineering administration	365,876	867,646	769,067	98,579
Engineering land development	2,710,648	3,050,740	2,577,456	473,284
Transportation	499,513	499,462	302,536	196,926
Traffic engineer and signal operation	3,060,016	3,259,755	3,260,127	(372)
Traffic management	134,210	134,210	133,097	1,113
Field services	423,705	437,962	437,902	60
Museum	790,004	802,837	746,200	56,637
Community outreach	1,701,727	1,835,836	1,570,289	265,547
Senior services	576,182	616,452	567,569	48,883
Youth/teen services	849,521	831,922	735,330	96,592
CIP design administration	35,155	6,155	3,697	2,458
Successor project management	1,202,263	1,234,155	988,398	245,757
Planning projects	-	726,341	442,066	284,275
Community & public services projects	-	22,470	-	22,470
Engineering projects	-	3,119,887	1,405,098	1,714,789
Town Square Park	286,064	291,363	240,439	50,924
Library				
Library administration	790,886	790,886	695,968	94,918
Ovitt Family Community Library	3,660,093	3,658,345	3,464,320	194,025
Branch library	680,902	685,060	563,595	121,465
Library projects	24,000	105,071	44,744	60,327
Public works				
Roadway maintenance	1,657,339	1,649,984	1,204,607	445,377
Paint striping and sign maintenance	1,005,291	1,045,409	805,076	240,333
Sidewalk	1,700,699	1,700,699	1,488,650	212,049
Street lighting maintenance	579,826	640,122	597,513	42,609
Parks and maintenance supervision	712,727	724,726	582,289	142,437
Park maintenance	3,663,770	3,721,404	3,680,926	40,478
Parkway tree trimming	1,187,806	1,315,442	1,145,604	169,838
Public grounds maintenance	3,305,573	3,343,914	2,959,558	384,356
Civic center grounds maintenance	197,290	197,290	158,116	39,174
Public works admin.	471,700	471,700	412,007	59,693
Public facilities building maintenance	4,675,128	4,677,358	4,575,747	101,611
Community events	45,132	61,232	61,222	10
Graffiti	610,653	610,653	576,612	34,041
Facility maintenance	1,000,000	1,021,513	1,089,876	(68,363)
Debt service:				
Principal retirement	695,000	695,000	-	695,000
Interest and fiscal charges	3,805,854	3,805,854	3,930,914	(125,060)
Payment to refunded bond escrow agent	-	-	358,244	(358,244)
Transfers out	8,233,903	16,032,228	25,300,348	(9,268,120)
Total Charges to Appropriations	230,050,983	266,804,725	259,373,645	7,431,080
Budgetary Fund Balance, June 30	\$ 113,457,803	\$ 101,933,775	\$ 115,225,241	\$ 13,291,466

CITY OF ONTARIO

**BUDGETARY COMPARISON SCHEDULE
MEASURE I
YEAR ENDED JUNE 30, 2018**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (11,283,581)	\$(11,283,581)	\$ (11,283,581)	\$ -
Resources (Inflows):				
Intergovernmental	2,957,411	32,003,065	8,825,174	(23,177,891)
Use of money and property	49,735	49,735	32,968	(16,767)
Transfers in	-	-	9,289,583	9,289,583
Amounts Available for Appropriations	(8,276,435)	20,769,219	6,864,144	(13,905,075)
Charges to Appropriations (Outflow):				
Community development	3,865,000	35,978,161	5,980,032	29,998,129
Total Charges to Appropriations	3,865,000	35,978,161	5,980,032	29,998,129
Budgetary Fund Balance, June 30	\$ (12,141,435)	\$(15,208,942)	\$ 884,112	\$ 16,093,054

CITY OF ONTARIO

**BUDGETARY COMPARISON SCHEDULE
COMMUNITY DEVELOPMENT
YEAR ENDED JUNE 30, 2018**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 6,504,839	\$ 6,504,839	\$ 6,504,839	\$ -
Resources (Inflows):				
Intergovernmental	5,100,846	5,443,135	3,446,608	(1,996,527)
Use of money and property	-	-	162,537	162,537
Amounts Available for Appropriations	11,605,685	11,947,974	10,113,984	(1,833,990)
Charges to Appropriations (Outflow):				
Public safety	178,383	172,545	172,545	-
Community development	3,836,675	4,752,790	2,638,305	2,114,485
Public works	1,085,788	517,800	173,148	344,652
Total Charges to Appropriations	5,100,846	5,443,135	2,983,998	2,459,137
Budgetary Fund Balance, June 30	\$ 6,504,839	\$ 6,504,839	\$ 7,129,986	\$ 625,147

REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
YEAR ENDED JUNE 30, 2018

Modified Approach for City Infrastructure Capital Assets

In accordance with GASB Statement No. 34, the City is required to account for and report infrastructure capital assets. The City defines infrastructure as the basic physical assets including the street system; water purification and distribution system; wastewater collection and treatment system; park and recreation lands and improvement system; storm water conveyance system; and buildings combined with site amenities such as parking and landscaped areas used by the City in the conduct of its business. Each major infrastructure system can be divided into subsystems. For example, the street system can be divided into concrete curb and gutters, sidewalks, medians, streetlights, traffic control devices (signs, signals and pavement markings), landscaping and land. Subsystem detail is not presented in these basic financial statements; however, the City maintains detailed information on these subsystems.

The City has elected to use the “Modified Approach” as defined by GASB Statement No. 34 for infrastructure reporting for its Street Pavement System. Under GASB Statement No. 34, eligible infrastructure capital assets are not required to be depreciated under the following requirements:

- The City manages the eligible infrastructure capital assets using an asset management system with characteristics of (1) an up-to-date inventory; (2) perform condition assessments and summarize the results using a measurement scales; and (3) estimate annual amount to maintain and preserve at the established condition assessment level.
- The City documents that the eligible infrastructure capital assets are being preserved approximately at or above the established and disclosed condition assessment level.

In February 2018, the City completed a study to update the physical condition assessment of the streets. The prior assessment study was completed in April 2017. The streets, primarily surfaced with asphalt and concrete, were defined as all physical features associated with the operation of motorized vehicles that exist within the limits of right of way. City owned streets are classified based on land use, access and traffic utilization into the following four classifications: arterial, collector local, and alley. Currently, 50% of the City’s arterial and collectors and 25% of the local streets and alleys are being assessed each year. Each street and its related subsystems were assigned a physical condition based on 17 potential defects. A Pavement Condition Index (PCI), a nationally recognized index, was assigned and expressed in a continuous scale from 0 to 100, where 0 is assigned to the least acceptable physical condition and 100 is assigned the physical characteristics of a new street. The following conditions were defined in the 2010 study:

<u>Condition</u>	<u>Rating</u>
Excellent	86-100
Very Good	71-85
Good	56-70
Fair	41-55
Poor	26-40
Very Poor	11-25
Failed	0-10

The City’s policy is to maintain the existing weighted average rating of “Good”. This rating allows for minor cracking and raveling of the pavement along with minor roughness that could be noticeable to drivers traveling at the posted speeds.

REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
YEAR ENDED JUNE 30, 2018

Modified Approach for City Infrastructure Capital Assets (Continued)

As of February 2018, the City's average street and its related subsystem's PCI rating was 82.0, with the detail condition as follows:

<u>Condition</u>	<u>% of Streets</u>
Excellent to Very Good	83.0%
Good to Fair	11.9%
Poor to Failed	3.5%

The following is the condition assessment for the most recent years since implementation:

<u>Report's Date</u>	<u>PCI Index</u>
February 2018	82.0
April 2017	78.3
May, 2016	76.3
March, 2015	74.7
January, 2013	70.6
May 14, 2012	71.1
March 18, 2010	69
February 18, 2008	65
January 11, 2007	67
February 21, 2006	68
April 11, 2005	65
February 28, 2002	71
July 15, 1999	69

As of February 2018, the City had some of its streets rated below a "fair" rating. The City will require several years to rehabilitate these segments of the streets.

The City's streets are constantly deteriorating resulting from the following four factors: (1) traffic using the streets, (2) the sun's ultra-violet rays drying out and breaking down the top layer of pavement, (3) utility company/private development interests trenching operations, and (4) water damage from natural precipitation and other urban runoff. The City is continuously taking actions to arrest the deterioration through short-term maintenance activities such as pothole patching, street sweeping, and street paving. The City expended \$10.9 million on street maintenance for the fiscal year ended June 30, 2018. These expenditures delayed deterioration, however the overall condition of the streets was not improved through these maintenance expenditures. The City has estimated that the amount of annual expenditures required maintaining the City's streets at the average PCI rating of "Good" through the year 2018 is a minimum of \$5.7 million per year. A schedule of estimated annual amount required to maintain and preserve the City's streets at the current level compared to actual expenditures for street maintenance for the last five years is presented below.

As of June 30, 2018, the City had approximately 106,411,360 square feet (508.0 centerline miles) of streets with a carrying amount of \$302,501,136 and a replacement cost of approximately \$1,030,000,000.

The City is also continuously taking actions to arrest the deterioration of other infrastructure assets through short-term maintenance activities. For the fiscal year ended June 30, 2018, the City expended \$4.7 million on infrastructure maintenance for sidewalks, catch basin/storm drains, and traffic signal/street lightings. These expenditures delayed deterioration and improved the overall condition of these infrastructures. It is estimated that it will cost approximately \$5.5 million per year to maintain these other infrastructure assets at their present level as shown on the schedule presented on the next page.

CITY OF ONTARIO

REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
YEAR ENDED JUNE 30, 2018

Modified Approach for City Infrastructure Capital Assets (Continued)

	FIVE YEARS (IN THOUSANDS)				
	2015	2016	2017	2018	2019
<u>Streets</u>					
Estimated	\$ 7,049	\$ 10,205	\$ 11,747	\$ 10,702	\$ 16,674
Actual	7,049	8,082	9,862	10,928	-
<u>Sidewalks</u>					
Estimated	1,527	1,599	1,669	1,489	1,760
Actual	1,527	1,506	1,580	1,489	-
<u>Storm Drain</u>					
Estimated	1,426	1,122	1,830	2,932	3,024
Actual	1,436	1,646	1,661	2,649	-
<u>Traffic Signal/Street Lights</u>					
Estimated	2,813	3,001	1,022	641	732
Actual	2,911	2,846	816	641	-

CITY OF ONTARIO

**MISCELLANEOUS PLAN
 SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
 AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
TOTAL PENSION LIABILITY				
Service Cost	\$ 6,439,440	\$ 6,295,399	\$ 6,785,157	\$ 8,020,608
Interest	19,741,927	20,680,719	22,042,754	23,255,948
Difference Between Expected and Actual Experience	-	(2,539,125)	2,960,090	1,183,589
Changes in Assumptions	-	(5,069,730)	-	19,573,224
Benefit Payments, Including Refunds of employee Contributions	(11,000,119)	(11,779,873)	(12,973,536)	(13,196,500)
Net Change in Total Pension Liability	15,181,248	7,587,390	18,814,465	38,836,869
Total Pension Liability - Beginning	265,506,030	280,687,278	288,274,668	307,089,133
Total Pension Liability - Ending (a)	\$ 280,687,278	\$ 288,274,668	\$ 307,089,133	\$ 345,926,002
PLAN FIDUCIARY NET POSITION				
Contribution - Employer	\$ 4,901,729	\$ 5,932,946	\$ 6,655,129	\$ 7,726,588
Contribution - Employee	2,619,805	3,288,408	3,496,228	3,300,315
Net Investment Income	35,255,810	5,225,720	1,288,913	26,063,000
Benefit Payments, Including Refunds of Employee Contributions	(11,000,119)	(11,779,873)	(12,973,536)	(13,196,500)
Plan to Plan Resource Movement	-	(670)	221	-
Administrative Expense	-	(270,392)	(144,267)	(347,413)
Net Change in Fiduciary Net Position	31,777,225	2,396,139	(1,677,312)	23,545,990
Plan Fiduciary Net Position - Beginning	203,040,903	234,818,128	237,214,267	235,536,955
Plan Fiduciary Net Position - Ending (b)	\$ 234,818,128	\$ 237,214,267	\$ 235,536,955	\$ 259,082,945
Plan Net Pension Liability/(Assets) - Ending (a) - (b)	\$ 45,869,150	\$ 51,060,401	\$ 71,552,178	\$ 86,843,057
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.66%	82.29%	76.70%	74.90%
Covered Payroll	\$ 38,282,148	\$ 39,204,131	\$ 43,085,834	\$ 46,593,469
Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll	119.82%	130.24%	166.07%	186.38%

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation. Future years' information will be displayed up to 10 years as information becomes available.

(2) Net of administrative expenses.

Notes to Schedule:

Benefit Changes: There were no changes in benefits.

Changes of Assumptions: In 2017, the accounting discount rate was reduced from 7.65 percent to 7.15 percent.

CITY OF ONTARIO

**SAFETY POLICE PLAN
 SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
 AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
TOTAL PENSION LIABILITY				
Service Cost	\$ 6,239,776	\$ 6,095,464	\$ 6,630,087	\$ 7,755,445
Interest	20,403,337	21,492,971	22,805,001	23,727,296
Changes of Benefits Terms	-	-	-	-
Difference Between expected and Actual Experience	-	(435,228)	1,866,294	(3,343,535)
Changes in Assumptions	-	(5,448,420)	-	20,461,012
Benefit Payments, Including Refunds of employee Contributions	(11,427,473)	(12,128,407)	(13,014,228)	(13,724,815)
Net Change in Total Pension Liability	15,215,640	9,576,380	18,287,154	34,875,403
Total Pension Liability - Beginning	274,638,342	289,853,982	299,430,362	317,717,516
Total Pension Liability - Ending (a)	\$ 289,853,982	\$ 299,430,362	\$ 317,717,516	\$ 352,592,919
PLAN FIDUCIARY NET POSITION				
Contribution - Employer	\$ 6,579,735	\$ 7,869,101	\$ 8,627,418	\$ 11,021,424
Contribution - Employee	1,562,761	2,077,172	2,185,576	2,309,239
Net Investment Income	32,668,031	4,795,601	1,073,635	24,253,009
Benefit Payments, Including Refunds of Employee Contributions	(11,427,473)	(12,128,407)	(13,014,228)	(13,724,815)
Plan to Plan Resource Movement	-	607	-	-
Administrative Expense	-	(246,269)	(133,344)	(321,771)
Net Change in Fiduciary Net Position	29,383,054	2,367,805	(1,260,943)	23,537,086
Plan Fiduciary Net Position - Beginning	187,809,183	217,192,237	219,560,042	218,299,099
Plan Fiduciary Net Position - Ending (b)	\$ 217,192,237	\$ 219,560,042	\$ 218,299,099	\$ 241,836,185
Plan Net Pension Liability/(Assets) - Ending (a) - (b)	\$ 72,661,745	\$ 79,870,320	\$ 99,418,417	\$ 110,756,734
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.93%	73.33%	68.71%	68.59%
Covered Payroll	\$ 21,107,423	\$ 21,416,900	\$ 23,375,007	\$ 26,602,363
Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll	344.25%	372.93%	425.32%	416.34%

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation. Future years' information will be displayed up to 10 years as information becomes available.

(2) Net of administrative expenses.

Notes to Schedule:

Benefit Changes: There were no changes in benefits.

Changes of Assumptions: In 2017, the accounting discount rate was reduced from 7.65 percent to 7.15 percent.

CITY OF ONTARIO

**SAFETY FIRE PLAN
 SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
 AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

	2014	2015	2016	2017
TOTAL PENSION LIABILITY				
Service Cost	\$ 4,207,185	\$ 3,826,254	\$ 4,011,720	\$ 4,694,688
Interest	15,722,984	16,115,504	17,007,366	17,663,790
Difference Between expected and Actual Experience	-	(5,049,828)	2,059,569	(205,847)
Changes in Assumptions	-	(3,893,081)	-	14,596,257
Benefit Payments, Including Refunds of employee Contributions	(9,226,093)	(10,326,665)	(10,544,779)	(11,502,192)
Net Change in Total Pension Liability	10,704,076	672,184	12,533,876	25,246,696
Total Pension Liability - Beginning	212,149,220	222,853,296	223,525,480	236,059,356
Total Pension Liability - Ending (a)	\$ 222,853,296	\$ 223,525,480	\$ 236,059,356	\$ 261,306,052
PLAN FIDUCIARY NET POSITION				
Contribution - Employer	\$ 4,097,660	\$ 4,950,167	\$ 5,300,820	\$ 6,271,125
Contribution - Employee	1,181,692	1,673,250	1,513,475	1,535,337
Net Investment Income	26,898,837	3,958,046	890,970	19,188,945
Benefit Payments, Including Refunds of Employee Contributions	(9,226,093)	(10,326,665)	(10,544,779)	(11,502,192)
Plan to Plan Resource Movement	-	-	(221)	-
Administrative Expense	-	(200,094)	(108,343)	(258,375)
Net Change in Fiduciary Net Position	22,952,096	54,704	(2,948,078)	15,234,840
Plan Fiduciary Net Position - Beginning	155,181,255	178,133,351	178,188,055	175,239,977
Plan Fiduciary Net Position - Ending (b)	\$ 178,133,351	\$ 178,188,055	\$ 175,239,977	\$ 190,474,817
Plan Net Pension Liability/(Assets) - Ending (a) - (b)	\$ 44,719,945	\$ 45,337,425	\$ 60,819,379	\$ 70,831,235
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	79.93%	79.72%	74.24%	72.89%
Covered Payroll	\$ 15,672,135	\$ 14,881,781	\$ 15,700,218	\$ 17,573,194
Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll	285.35%	304.65%	387.38%	403.06%

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation. Future years' information will be displayed up to 10 years as information becomes available.

(2) Net of administrative expenses.

Notes to Schedule:

Benefit Changes: There were no changes in benefits.

Changes of Assumptions: In 2017, the accounting discount rate was reduced from 7.65 percent to 7.15 percent.

CITY OF ONTARIO

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<u>Miscellaneous Plan</u>					
Actuarially Determined Contribution	\$ 4,901,729	\$ 5,932,946	\$ 6,655,129	\$ 7,726,588	\$ 8,220,412
Contribution in Relation to the Actuarially Determined Contribution	<u>(4,901,729)</u>	<u>(5,932,946)</u>	<u>(6,655,129)</u>	<u>(7,726,588)</u>	<u>(8,220,412)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 38,282,148	\$ 39,204,131	\$ 43,085,834	\$ 46,593,469	\$ 50,001,261
Contributions as a Percentage of Covered Payroll	12.80%	15.13%	15.45%	16.58%	16.44%
<u>Safety Police Plan</u>					
Actuarially Determined Contribution	\$ 6,579,735	\$ 7,869,101	\$ 8,627,418	\$ 11,021,424	\$ 11,243,370
Contribution in Relation to the Actuarially Determined Contribution	<u>(6,579,735)</u>	<u>(7,869,101)</u>	<u>(8,627,418)</u>	<u>(11,021,424)</u>	<u>(11,243,370)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 21,107,423	\$ 21,416,900	\$ 23,375,007	\$ 26,602,363	\$ 30,395,138
Contributions as a Percentage of Covered Payroll	31.17%	36.74%	36.91%	41.43%	36.99%
<u>Safety Fire Plan</u>					
Actuarially Determined Contribution	\$ 4,097,660	\$ 4,950,167	\$ 5,300,820	\$ 6,271,125	\$ 6,744,221
Contribution in Relation to the Actuarially Determined Contribution	<u>(4,097,660)</u>	<u>(4,950,167)</u>	<u>(5,300,820)</u>	<u>(6,271,125)</u>	<u>(6,744,221)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 15,672,135	\$ 14,881,781	\$ 15,700,218	\$ 17,573,194	\$ 20,851,973
Contributions as a Percentage of Covered Payroll	26.15%	33.26%	33.76%	35.69%	32.34%

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

Note to Schedule:

Valuation Date:	June 30, 2015
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Assets valuation method	Market value
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 ongoing mortality improvement using Scale AA published by the Society of Actuaries.

CITY OF ONTARIO

**SCHEDULE OF CHANGES IN OPEB LIABILITY AND RELATED RATIOS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

	<u>2017</u>
Total OPEB Liability	
Service cost	\$ 12,423,938
Interest on the total OPEB liability	8,541,783
Actual and expected experience difference	-
Changes in assumptions	(37,838,070)
Changes in benefit terms	-
Benefit payments	<u>(4,213,032)</u>
Net change in total OPEB liability	(21,085,381)
Total OPEB liability - beginning	<u>289,394,278</u>
Total OPEB liability - ending (a)	<u>\$ 268,308,897</u>
Covered payroll	\$ 111,311,408
Net OPEB liability as a percentage of covered-employee payroll	241.04%

(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.

Notes to Schedule: None

Changes in assumptions: The discount rate was changed from 2.85 percent to 3.58 percent for the measurement period ended June 30, 2017.

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CITY OF ONTARIO

**SCHEDULE OF OPEB CONTRIBUTIONS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

	<u>2018</u>
Actuarially Determined Contribution	\$ 26,527,000
Contribution in Relation to the Actuarially Determined Contributions	<u>(5,398,279)</u>
Contribution Deficiency (Excess)	<u>\$ 21,128,721</u>
 Covered payroll	 \$ 127,657,357
 Contributions as a percentage of covered-employee payroll	 20.78%

(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.

Notes to Schedule: None

*Actuarial methods and assumptions used to set the actuarially determined contribution for Fiscal Year 2018 were from the June 30, 2016 actuarial valuation.

Methods and assumptions used to determine contributions:

Actuarial Cost Method	Entry Age Normal
Amortization Valuation Method/Period	Level percent of payroll
Asset Valuation Method	Market value
Inflation	3.0% per annum
Payroll Growth	3.25% per annum, in aggregate
Investment Rate of Return	4.0% per annum
Healthcare cost-trend rates	6.50% initial, then decreasing 0.500% per year to trend rate to reflect medical price inflation
Retirement Age	CalPERS 1997-2015 Experience Study
Mortality	CalPERS 1997-2011 Experience Study

CITY OF ONTARIO

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018**

	Special Revenue Funds			
	Special Gas Tax	Park Impact / Quimby	Asset Seizure	Mobile Source Air Pollution
Assets:				
Cash and investments	\$ 3,230,225	\$ 5,422,440	\$ 2,888,411	\$ 1,174,676
Receivables:				
Accounts	268,800	-	-	57,379
Notes and loans	-	-	-	-
Accrued interest	8,972	14,851	10,779	4,290
Taxes	-	-	-	-
Prepaid costs	-	-	8,206	-
Deposits	-	-	-	-
Land held for resale	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 3,507,997	\$ 5,437,291	\$ 2,907,396	\$ 1,236,345
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 303,129	\$ 2,554	\$ 96,521	\$ 3,814
Accrued liabilities	11,840	-	56,314	143
Deposits payable	-	-	225,856	-
Due to other funds	-	-	-	-
Advances from other funds	-	-	-	-
Total Liabilities	314,969	2,554	378,691	3,957
Deferred inflows of resources:				
Unavailable revenues	-	-	-	-
Total Deferred inflows of Resources	-	-	-	-
Fund Balances:				
Restricted for:				
Community development projects	3,193,028	-	-	-
Public safety	-	-	156,236	-
Park development	-	5,434,737	-	-
Police narcotics	-	-	2,196,825	-
AQMD activities	-	-	-	1,221,817
Public services	-	-	-	-
Affordable housing	-	-	-	-
Assigned to:				
Continuing appropriations	-	-	175,644	10,571
Unassigned	-	-	-	-
Total Fund Balances	3,193,028	5,434,737	2,528,705	1,232,388
Total Liabilities and Fund Balances	\$ 3,507,997	\$ 5,437,291	\$ 2,907,396	\$ 1,236,345

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

(CONTINUED)

	Special Revenue Funds			
	Special Assessment/Fee Districts	Building Safety	Storm Drain Maintenance	Ontario Housing Authority
Assets:				
Cash and investments	\$ 5,740,804	\$ 8,198	\$ 403,013	\$ 5,956,693
Receivables:				
Accounts	-	-	114,577	-
Notes and loans	-	-	-	10,518,360
Accrued interest	9,971	-	1,743	21,624
Taxes	9,428	22,248	-	-
Prepaid costs	-	129	-	2,086
Deposits	-	-	-	195,044
Land held for resale	-	-	-	17,442,585
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 5,760,203	\$ 30,575	\$ 519,333	\$ 34,136,392
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 63,522	\$ 3,894	\$ -	\$ 18,679
Accrued liabilities	1,111,061	16,323	15,533	11,798
Deposits payable	-	-	24,372	6,395
Due to other funds	-	413,113	-	-
Advances from other funds	-	-	-	5,961,399
Total Liabilities	1,174,583	433,330	39,905	5,998,271
Deferred inflows of resources:				
Unavailable revenues	-	-	-	3,568,448
Total Deferred inflows of Resources	-	-	-	3,568,448
Fund Balances:				
Restricted for:				
Community development projects	4,585,620	-	479,428	-
Public safety	-	-	-	-
Park development	-	-	-	-
Police narcotics	-	-	-	-
AQMD activities	-	-	-	-
Public services	-	-	-	-
Affordable housing	-	-	-	24,569,673
Assigned to:				
Continuing appropriations	-	-	-	-
Unassigned	-	(402,755)	-	-
Total Fund Balances	4,585,620	(402,755)	479,428	24,569,673
Total Liabilities and Fund Balances	\$ 5,760,203	\$ 30,575	\$ 519,333	\$ 34,136,392

CITY OF ONTARIO

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

	Special Revenue Funds			
	Historic Preservation	NMC Public Services	NMC CFD	OMC CFD
Assets:				
Cash and investments	\$ 220,196	\$ 8,566,885	\$ 805,936	\$ 154,169
Receivables:				
Accounts	-	-	-	-
Notes and loans	-	-	-	-
Accrued interest	814	28,488	3,098	577
Taxes	-	-	3,886	457
Prepaid costs	-	-	-	-
Deposits	-	-	-	-
Land held for resale	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 221,010	\$ 8,595,373	\$ 812,920	\$ 155,203
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ 3,171	\$ -	\$ -
Accrued liabilities	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	-	-	44,015	1,270
Advances from other funds	-	-	-	-
Total Liabilities	-	3,171	44,015	1,270
Deferred inflows of resources:				
Unavailable revenues	-	-	-	-
Total Deferred inflows of Resources	-	-	-	-
Fund Balances:				
Restricted for:				
Community development projects	221,010	-	-	-
Public safety	-	-	-	-
Park development	-	-	-	-
Police narcotics	-	-	-	-
AQMD activities	-	-	-	-
Public services	-	8,592,202	768,905	153,933
Affordable housing	-	-	-	-
Assigned to:				
Continuing appropriations	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	221,010	8,592,202	768,905	153,933
Total Liabilities and Fund Balances	\$ 221,010	\$ 8,595,373	\$ 812,920	\$ 155,203

CITY OF ONTARIO

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

	Capital Projects Funds		Total Nonmajor Governmental Funds
	NMC CFD	OMC CFD	
Assets:			
Cash and investments	\$ 736,054	\$ 124,222	\$ 35,431,922
Receivables:			
Accounts	-	-	440,756
Notes and loans	-	-	10,518,360
Accrued interest	16,070	11	121,288
Taxes	-	-	36,019
Prepaid costs	-	-	10,421
Deposits	-	-	195,044
Land held for resale	-	-	17,442,585
Restricted assets:			
Cash and investments with fiscal agents	15,222,833	9,304	15,232,137
Total Assets	\$ 15,974,957	\$ 133,537	\$ 79,428,532
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ 57,316	\$ -	\$ 552,600
Accrued liabilities	-	-	1,223,012
Deposits payable	678,738	124,222	1,059,583
Due to other funds	4,920	-	463,318
Advances from other funds	-	-	5,961,399
Total Liabilities	740,974	124,222	9,259,912
Deferred inflows of resources:			
Unavailable revenues	-	-	3,568,448
Total Deferred inflows of Resources	-	-	3,568,448
Fund Balances:			
Restricted for:			
Community development projects	-	9,315	8,488,401
Public safety	-	-	156,236
Park development	-	-	5,434,737
Police narcotics	-	-	2,196,825
AQMD activities	-	-	1,221,817
Public services	15,233,983	-	24,749,023
Affordable housing	-	-	24,569,673
Assigned to:			
Continuing appropriations	-	-	186,215
Unassigned	-	-	(402,755)
Total Fund Balances	15,233,983	9,315	66,600,172
Total Liabilities and Fund Balances	\$ 15,974,957	\$ 133,537	\$ 79,428,532

CITY OF ONTARIO

**COMBINING STATEMENTS OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2018**

	Special Revenue Funds			
	Special Gas Tax	Park Impact / Quimby	Asset Seizure	Mobile Source Air Pollution
Revenues:				
Special assessment taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	4,306,353	-	415,614	223,934
Contribution from property owners	-	-	-	-
Charges for services	-	10,713,706	-	-
Use of money and property	21,907	2,768	29,661	8,816
Fines and forfeitures	-	-	-	-
Miscellaneous	716,930	-	10,167	-
Total Revenues	5,045,190	10,716,474	455,442	232,750
Expenditures:				
Current:				
Public safety	-	-	1,439,823	701
Community development	3,601,130	-	-	34,943
Public works	-	-	-	13,338
Debt service:				
Principal retirement	-	-	-	-
Total Expenditures	3,601,130	-	1,439,823	48,982
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,444,060	10,716,474	(984,381)	183,768
Other Financing Sources (Uses):				
Transfers out	(2,142,779)	-	(3,968)	(8,328)
Transfers in	900,000	-	-	-
Total Other Financing Sources (Uses)	(1,242,779)	-	(3,968)	(8,328)
Net Change in Fund Balances	201,281	10,716,474	(988,349)	175,440
Fund Balances:				
Beginning of year	2,991,747	(5,281,737)	3,517,054	1,056,948
End of year	\$ 3,193,028	\$ 5,434,737	\$ 2,528,705	\$ 1,232,388

CITY OF ONTARIO

**COMBINING STATEMENTS OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2018**

(CONTINUED)

	Special Revenue Funds			
	Special Assessment/ Fee Districts	Building Safety	Storm Drain Maintenance	Ontario Housing Authority
Revenues:				
Special assessment taxes	\$ 1,129,059	\$ -	\$ -	\$ -
Intergovernmental	-	-	6,083	-
Contribution from property owners	-	-	-	-
Charges for services	-	830,287	1,323,587	-
Use of money and property	23,767	3	3,349	661,439
Fines and forfeitures	-	34,219	600	-
Miscellaneous	45,000	-	15,313	1,641,441
Total Revenues	1,197,826	864,509	1,348,932	2,302,880
Expenditures:				
Current:				
Public safety	-	-	-	-
Community development	227,090	1,002,579	1,006,652	639,839
Public works	789,839	-	445,609	-
Debt service:				
Principal retirement	-	-	-	12,000
Total Expenditures	1,016,929	1,002,579	1,452,261	651,839
Excess (Deficiency) of Revenues Over (Under) Expenditures	180,897	(138,070)	(103,329)	1,651,041
Other Financing Sources (Uses):				
Transfers out	(153,649)	(45,382)	-	-
Transfers in	308,861	-	-	-
Total Other Financing Sources (Uses)	155,212	(45,382)	-	-
Net Change in Fund Balances	336,109	(183,452)	(103,329)	1,651,041
Fund Balances:				
Beginning of year	4,249,511	(219,303)	582,757	22,918,632
End of year	\$ 4,585,620	\$ (402,755)	\$ 479,428	\$ 24,569,673

CITY OF ONTARIO

**COMBINING STATEMENTS OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2018**

	Special Revenue Funds			
	Historic Preservation	NMC Public Services	NMC CFD	OMC CFD
Revenues:				
Special assessment taxes	\$ -	\$ -	\$ 1,915,711	\$ 99,122
Intergovernmental	-	-	-	-
Contribution from property owners	-	-	-	-
Charges for services	-	3,171,014	-	-
Use of money and property	1,834	51,518	2,056	935
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	1,834	3,222,532	1,917,767	100,057
Expenditures:				
Current:				
Public safety	-	-	-	-
Community development	-	-	1,311,224	6,433
Public works	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Total Expenditures	-	-	1,311,224	6,433
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,834	3,222,532	606,543	93,624
Other Financing Sources (Uses):				
Transfers out	-	-	(1,177,600)	(40,000)
Transfers in	-	-	-	-
Total Other Financing Sources (Uses)	-	-	(1,177,600)	(40,000)
Net Change in Fund Balances	1,834	3,222,532	(571,057)	53,624
Fund Balances:				
Beginning of year	219,176	5,369,670	1,339,962	100,309
End of year	\$ 221,010	\$ 8,592,202	\$ 768,905	\$ 153,933

CITY OF ONTARIO

**COMBINING STATEMENTS OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2018**

	<u>Capital Projects Funds</u>		Total Nonmajor Governmental Funds
	<u>NMC CFD</u>	<u>OMC CFD</u>	
Revenues:			
Special assessment taxes	\$ -	\$ -	\$ 3,143,892
Intergovernmental	-	-	4,951,984
Contribution from property owners	25,349,912	-	25,349,912
Charges for services	-	-	16,038,594
Use of money and property	34,860	85	842,998
Fines and forfeitures	-	-	34,819
Miscellaneous	-	-	2,428,851
Total Revenues	<u>25,384,772</u>	<u>85</u>	<u>52,791,050</u>
Expenditures:			
Current:			
Public safety	-	-	1,440,524
Community development	7,112,566	-	14,942,456
Public works	-	-	1,248,786
Debt service:			
Principal retirement	-	-	12,000
Total Expenditures	<u>7,112,566</u>	<u>-</u>	<u>17,643,766</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>18,272,206</u>	<u>85</u>	<u>35,147,284</u>
Other Financing Sources (Uses):			
Transfers out	(11,192,025)	-	(14,763,731)
Transfers in	-	-	1,208,861
Total Other Financing Sources (Uses)	<u>(11,192,025)</u>	<u>-</u>	<u>(13,554,870)</u>
Net Change in Fund Balances	7,080,181	85	21,592,414
Fund Balances:			
Beginning of year	<u>8,153,802</u>	<u>9,230</u>	<u>45,007,758</u>
End of year	<u>\$ 15,233,983</u>	<u>\$ 9,315</u>	<u>\$ 66,600,172</u>

CITY OF ONTARIO

**BUDGETARY COMPARISON SCHEDULE
 SPECIAL GAS TAX
 YEAR ENDED JUNE 30, 2018**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,991,747	\$ 2,991,747	\$ 2,991,747	\$ -
Resources (Inflows):				
Intergovernmental	4,651,967	4,986,833	4,306,353	(680,480)
Use of money and property	29,236	29,236	21,907	(7,329)
Miscellaneous	194,363	1,019,708	716,930	(302,778)
Transfers in	900,000	900,000	900,000	-
Amounts Available for Appropriations	8,767,313	9,927,524	8,936,937	(990,587)
Charges to Appropriations (Outflow):				
Community development	3,015,913	6,576,013	3,601,130	2,974,883
Transfers out	2,782,930	2,782,930	2,142,779	640,151
Total Charges to Appropriations	5,798,843	9,358,943	5,743,909	3,615,034
Budgetary Fund Balance, June 30	\$ 2,968,470	\$ 568,581	\$ 3,193,028	\$ 2,624,447

CITY OF ONTARIO

**BUDGETARY COMPARISON SCHEDULE
ASSET SEIZURE
YEAR ENDED JUNE 30, 2018**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 3,517,054	\$ 3,517,054	\$ 3,517,054	\$ -
Resources (Inflows):				
Intergovernmental	-	-	415,614	415,614
Use of money and property	-	-	29,661	29,661
Miscellaneous	-	-	10,167	10,167
Amounts Available for Appropriations	3,517,054	3,517,054	3,972,496	455,442
Charges to Appropriations (Outflow):				
Public safety	612,110	1,911,178	1,439,823	471,355
Transfers out	-	-	3,968	(3,968)
Total Charges to Appropriations	612,110	1,911,178	1,443,791	467,387
Budgetary Fund Balance, June 30	\$ 2,904,944	\$ 1,605,876	\$ 2,528,705	\$ 922,829

CITY OF ONTARIO

**BUDGETARY COMPARISON SCHEDULE
MOBILE SOURCE AIR POLLUTION
YEAR ENDED JUNE 30, 2018**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,056,948	\$ 1,056,948	\$ 1,056,948	\$ -
Resources (Inflows):				
Intergovernmental	200,000	200,000	223,934	23,934
Use of money and property	12,088	12,088	8,816	(3,272)
Amounts Available for Appropriations	1,269,036	1,269,036	1,289,698	20,662
Charges to Appropriations (Outflow):				
Public safety	-	360,211	701	359,510
Community development	35,723	191,969	34,943	157,026
Public works	-	42,550	13,338	29,212
Transfers out	25,643	25,643	8,328	17,315
Total Charges to Appropriations	61,366	620,373	57,310	563,063
Budgetary Fund Balance, June 30	\$ 1,207,670	\$ 648,663	\$ 1,232,388	\$ 583,725

CITY OF ONTARIO

**BUDGETARY COMPARISON SCHEDULE
 SPECIAL ASSESSMENT/FEE DISTRICTS
 YEAR ENDED JUNE 30, 2018**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 4,249,511	\$ 4,249,511	\$ 4,249,511	\$ -
Resources (Inflows):				
Taxes	1,098,875	1,098,875	1,129,059	30,184
Use of money and property	33,003	33,003	23,767	(9,236)
Miscellaneous	-	-	45,000	45,000
Transfers in	368,512	368,512	308,861	(59,651)
Amounts Available for Appropriations	5,749,901	5,749,901	5,756,198	6,297
Charges to Appropriations (Outflow):				
Community development	655,379	657,812	227,090	430,722
Public works	853,600	853,600	789,839	63,761
Transfers out	360,390	360,390	153,649	206,741
Total Charges to Appropriations	1,869,369	1,871,802	1,170,578	701,224
Budgetary Fund Balance, June 30	\$ 3,880,532	\$ 3,878,099	\$ 4,585,620	\$ 707,521

CITY OF ONTARIO

**BUDGETARY COMPARISON SCHEDULE
BUILDING SAFETY
YEAR ENDED JUNE 30, 2018**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (219,303)	\$ (219,303)	\$ (219,303)	\$ -
Resources (Inflows):				
Charges for services	860,000	860,000	830,287	(29,713)
Use of money and property	-	-	3	3
Fines and forfeitures	50,000	50,000	34,219	(15,781)
Amounts Available for Appropriations	690,697	690,697	645,206	(45,491)
Charges to Appropriations (Outflow):				
Community development	1,169,569	1,169,569	1,002,579	166,990
Transfers out	53,580	53,580	45,382	8,198
Total Charges to Appropriations	1,223,149	1,223,149	1,047,961	175,188
Budgetary Fund Balance, June 30	\$ (532,452)	\$ (532,452)	\$ (402,755)	\$ 129,697

CITY OF ONTARIO

**BUDGETARY COMPARISON SCHEDULE
STORM DRAIN MAINTENANCE
YEAR ENDED JUNE 30, 2018**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 582,757	\$ 582,757	\$ 582,757	\$ -
Resources (Inflows):				
Intergovernmental	-	-	6,083	6,083
Charges for services	1,230,000	1,230,000	1,323,587	93,587
Use of money and property	10,656	10,656	3,349	(7,307)
Fines and forfeitures	-	-	600	600
Miscellaneous	-	-	15,313	15,313
Amounts Available for Appropriations	1,823,413	1,823,413	1,931,689	108,276
Charges to Appropriations (Outflow):				
Community development	1,189,305	1,197,364	1,006,652	190,712
Public works	538,160	538,160	445,609	92,551
Total Charges to Appropriations	1,727,465	1,735,524	1,452,261	283,263
Budgetary Fund Balance, June 30	\$ 95,948	\$ 87,889	\$ 479,428	\$ 391,539

CITY OF ONTARIO

**BUDGETARY COMPARISON SCHEDULE
ONTARIO HOUSING AUTHORITY
YEAR ENDED JUNE 30, 2018**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 22,918,632	\$ 22,918,632	\$ 22,918,632	\$ -
Resources (Inflows):				
Use of money and property	320,832	320,832	661,439	340,607
Miscellaneous	27,000	27,000	1,641,441	1,614,441
Amounts Available for Appropriations	23,266,464	23,266,464	25,221,512	1,955,048
Charges to Appropriations (Outflow):				
Community development	1,368,007	1,430,242	639,839	790,403
Debt service:				
Principal retirement	-	-	12,000	(12,000)
Total Charges to Appropriations	1,368,007	1,430,242	651,839	778,403
Budgetary Fund Balance, June 30	\$ 21,898,457	\$ 21,836,222	\$ 24,569,673	\$ 2,733,451

CITY OF ONTARIO

BUDGETARY COMPARISON SCHEDULE
 HISTORIC PRESERVATION
 YEAR ENDED JUNE 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 219,176	\$ 219,176	\$ 219,176	\$ -
Resources (Inflows):				
Use of money and property	2,456	2,456	1,834	(622)
Amounts Available for Appropriations	221,632	221,632	221,010	(622)
Budgetary Fund Balance, June 30	\$ 221,632	\$ 221,632	\$ 221,010	\$ (622)

CITY OF ONTARIO

**BUDGETARY COMPARISON SCHEDULE
NMC PUBLIC SERVICES
YEAR ENDED JUNE 30, 2018**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 5,369,670	\$ 5,369,670	\$ 5,369,670	\$ -
Resources (Inflows):				
Charges for services	-	-	3,171,014	3,171,014
Use of money and property	56,582	56,582	51,518	(5,064)
Amounts Available for Appropriations	5,426,252	5,426,252	8,592,202	3,165,950
Budgetary Fund Balance, June 30	\$ 5,426,252	\$ 5,426,252	\$ 8,592,202	\$ 3,165,950

CITY OF ONTARIO

BUDGETARY COMPARISON SCHEDULE
 NMC CFD
 YEAR ENDED JUNE 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,339,962	\$ 1,339,962	\$ 1,339,962	\$ -
Resources (Inflows):				
Taxes	1,593,000	1,593,000	1,915,711	322,711
Use of money and property	8,214	8,214	2,056	(6,158)
Amounts Available for Appropriations	2,941,176	2,941,176	3,257,729	316,553
Charges to Appropriations (Outflow):				
Community development	22,400	22,400	1,311,224	(1,288,824)
Transfers out	1,570,600	1,570,600	1,177,600	393,000
Total Charges to Appropriations	1,593,000	1,593,000	2,488,824	(895,824)
Budgetary Fund Balance, June 30	\$ 1,348,176	\$ 1,348,176	\$ 768,905	\$ (579,271)

CITY OF ONTARIO

BUDGETARY COMPARISON SCHEDULE
 OMC CFD
 YEAR ENDED JUNE 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 100,309	\$ 100,309	\$ 100,309	\$ -
Resources (Inflows):				
Taxes	88,500	88,500	99,122	10,622
Use of money and property	981	981	935	(46)
Amounts Available for Appropriations	189,790	189,790	200,366	10,576
Charges to Appropriations (Outflow):				
Community development	48,500	48,500	6,433	42,067
Transfers out	40,000	40,000	40,000	-
Total Charges to Appropriations	88,500	88,500	46,433	42,067
Budgetary Fund Balance, June 30	\$ 101,290	\$ 101,290	\$ 153,933	\$ 52,643

CITY OF ONTARIO

**BUDGETARY COMPARISON SCHEDULE
 CAPITAL PROJECTS
 YEAR ENDED JUNE 30, 2018**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1, as restated	\$ 51,986,545	\$ 51,986,545	\$ 51,986,545	\$ -
Resources (Inflows):				
Intergovernmental	-	5,866,448	2,595,522	(3,270,926)
Charges for services	-	-	5,862,657	5,862,657
Use of money and property	186,246	186,246	390,503	204,257
Miscellaneous	-	169,976	2,514,484	2,344,508
Premium on refunding bonds issued	-	-	3,260,875	3,260,875
Refunding bonds issued	-	-	26,810,000	26,810,000
Transfers in	7,869,423	10,758,648	12,258,648	1,500,000
Amounts Available for Appropriations	60,042,214	68,967,863	105,679,234	36,711,371
Charges to Appropriations (Outflow):				
Public safety	4,167,418	9,742,596	2,781,561	6,961,035
Community development	3,702,005	24,634,489	6,571,732	18,062,757
Debt service:				
Costs of issuance	-	-	526,390	(526,390)
Payment to refunded bond escrow agent	-	-	4,411,813	(4,411,813)
Transfers out	-	-	4,289,583	(4,289,583)
Payment to refunded bond escrow agent	-	-	28,554,885	(28,554,885)
Total Charges to Appropriations	7,869,423	34,377,085	47,135,964	(12,758,879)
Budgetary Fund Balance, June 30	\$ 52,172,791	\$ 34,590,778	\$ 58,543,270	\$ 23,952,492

CITY OF ONTARIO

**BUDGETARY COMPARISON SCHEDULE
 IMPACT FEES
 YEAR ENDED JUNE 30, 2018**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 90,290,376	\$ 90,290,376	\$ 90,290,376	\$ -
Resources (Inflows):				
Charges for services	-	285,120	27,734,890	27,449,770
Use of money and property	1,273,653	1,273,653	816,985	(456,668)
Amounts Available for Appropriations	91,564,029	91,849,149	118,842,251	26,993,102
Charges to Appropriations (Outflow):				
General government	-	-	313,387	(313,387)
Public safety	132,582	11,040,877	198,006	10,842,871
Community development	24,052,315	38,260,078	11,758,322	26,501,756
Public works	100,000	2,056,500	519,274	1,537,226
Transfers out	-	-	5,000,000	(5,000,000)
Total Charges to Appropriations	24,284,897	51,357,455	17,788,989	33,568,466
Budgetary Fund Balance, June 30	\$ 67,279,132	\$ 40,491,694	\$ 101,053,262	\$ 60,561,568

CITY OF ONTARIO

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2018

	Equipment Services	Self Insurance	Information Technology	Other Post Employment Benefits	Totals
Assets:					
Current:					
Cash and investments	\$ 36,600,042	\$ 36,053,962	\$ 15,717,170	\$ 157,098,198	\$ 245,469,372
Receivables:					
Accounts	17,703	78,882	169,919	2,000	268,504
Accrued interest	-	-	-	536,836	536,836
Prepaid costs	-	57,869	727,696	266,996	1,052,561
Due from other funds	-	-	412,252	-	412,252
Inventories	631,781	-	-	-	631,781
Other investments	-	-	-	43,319,316	43,319,316
Restricted:					
Cash and investments	-	263,701	-	-	263,701
Total Current Assets	37,249,526	36,454,414	17,027,037	201,223,346	291,954,323
Noncurrent:					
Capital assets - net of accumulated depreciation	22,162,359	-	10,296,630	-	32,458,989
Total Noncurrent Assets	22,162,359	-	10,296,630	-	32,458,989
Total Assets	59,411,885	36,454,414	27,323,667	201,223,346	324,413,312
Deferred Outflows of Resources:					
Deferred pension related items	1,569,790	194,472	1,829,839	-	3,594,101
Deferred OPEB related items	-	-	-	5,398,279	5,398,279
Total Deferred Outflows of Resources	1,569,790	194,472	1,829,839	5,398,279	8,992,380
Total Assets & Deferred Outflow of Resources	\$ 60,981,675	\$ 36,648,886	\$ 29,153,506	\$ 206,621,625	\$ 333,405,692
Liabilities, Deferred Inflows and Net Position					
Liabilities:					
Current:					
Accounts payable	\$ 878,339	\$ 2,956,435	\$ 453,411	\$ 1,182	\$ 4,289,367
Accrued liabilities	60,628	7,973	84,163	-	152,764
Accrued compensated absences	53,000	1,000	126,000	-	180,000
Accrued claims and judgments	-	8,586,000	-	-	8,586,000
Total Current Liabilities	991,967	11,551,408	663,574	1,182	13,208,131
Noncurrent:					
Accrued compensated absences	133,912	34,050	314,352	-	482,314
Accrued claims and judgments	-	13,198,000	-	-	13,198,000
Net pension liability	4,129,546	613,052	5,298,551	-	10,041,149
OPEB liability	-	-	-	268,308,897	268,308,897
Total Noncurrent Liabilities	4,263,458	13,845,102	5,612,903	268,308,897	292,030,360
Total Liabilities	5,255,425	25,396,510	6,276,477	268,310,079	305,238,491
Deferred Inflows of Resources:					
Deferred pension related items	11,671	1,733	14,975	-	28,379
Deferred OPEB related items	-	-	-	33,048,441	33,048,441
Total Deferred Inflows of Resources	11,671	1,733	14,975	33,048,441	33,076,820
Net Position:					
Net investment in capital assets	22,162,359	-	10,296,630	-	32,458,989
Unrestricted	33,552,220	11,250,643	12,565,424	(94,736,895)	(37,368,608)
Total Net Position	55,714,579	11,250,643	22,862,054	(94,736,895)	(4,909,619)
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 60,981,675	\$ 36,648,886	\$ 29,153,506	\$ 206,621,625	\$ 333,405,692

CITY OF ONTARIO

**COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2018**

	Equipment Services	Self Insurance	Information Technology	Other Post Employment Benefits	Totals
Operating Revenues:					
Interdepartmental charges	\$ 11,102,865	\$ 11,006,598	\$ 9,178,585	\$ 10,084,104	\$ 41,372,152
Miscellaneous	210,495	28,786	937	20,000	260,218
Total Operating Revenues	11,313,360	11,035,384	9,179,522	10,104,104	41,632,370
Operating Expenses:					
Administration and general	4,523,191	2,991,313	5,168,152	14,871,092	27,553,748
Source of supply	4,332,315	-	5,588,543	-	9,920,858
Claims expense	-	8,816,753	-	-	8,816,753
Depreciation expense	4,113,451	-	141,364	-	4,254,815
Total Operating Expenses	12,968,957	11,808,066	10,898,059	14,871,092	50,546,174
Operating Income (Loss)	(1,655,597)	(772,682)	(1,718,537)	(4,766,988)	(8,913,804)
Nonoperating Revenues (Expenses):					
Interest revenue	-	-	-	6,230,950	6,230,950
Total Nonoperating Revenues (Expenses)	-	-	-	6,230,950	6,230,950
Income (Loss) Before Transfers	(1,655,597)	(772,682)	(1,718,537)	1,463,962	(2,682,854)
Transfers in	2,319,335	-	90,000	10,214,148	12,623,483
Transfers out	-	(2,046,176)	(840,000)	-	(2,886,176)
Changes in Net Position	<u>\$ 663,738</u>	<u>\$ (2,818,858)</u>	<u>\$ (2,468,537)</u>	<u>\$ 11,678,110</u>	<u>\$ 7,054,453</u>
Net Position:					
Beginning of Year, as originally reported	\$ 55,491,943	\$ 14,069,501	\$ 25,330,591	\$ 178,766,241	\$ 273,658,276
Restatements	(441,102)	-	-	(285,181,246)	(285,622,348)
Beginning of Fiscal Year, as restated	55,050,841	14,069,501	25,330,591	(106,415,005)	(11,964,072)
Changes in Net Position	663,738	(2,818,858)	(2,468,537)	11,678,110	7,054,453
End of Fiscal Year	<u>\$ 55,714,579</u>	<u>\$ 11,250,643</u>	<u>\$ 22,862,054</u>	<u>\$ (94,736,895)</u>	<u>\$ (4,909,619)</u>

CITY OF ONTARIO

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2018**

	Equipment Services	Self Insurance	Information Technology	Other Post Employment Benefits	Totals
Cash Flows from Operating Activities:					
Cash received from/(paid to) interfund service provided	\$ 11,325,011	\$ 10,956,502	\$ 9,128,278	\$ 10,102,104	\$ 41,511,895
Cash paid to suppliers for goods and services	(4,062,654)	(6,885,773)	(5,794,849)	(261,694)	(17,004,970)
Cash paid to employees for services	(4,071,591)	(2,913,518)	(4,565,703)	(4,093,279)	(15,644,091)
Net Cash Provided (Used) by Operating Activities	3,190,766	1,157,211	(1,232,274)	5,747,131	8,862,834
Cash Flows from Non-Capital Financing Activities:					
Cash transfers in	2,319,335	-	90,000	10,214,148	12,623,483
Cash transfers out	-	(2,046,176)	(840,000)	-	(2,886,176)
Repayment received from other funds	-	-	(412,252)	-	(412,252)
Net Cash Provided (Used) by Non-Capital Financing Activities	2,319,335	(2,046,176)	(1,162,252)	10,214,148	9,325,055
Cash Flows from Capital and Related Financing Activities:					
Acquisition and construction of capital assets	(6,794,243)	-	(595,723)	-	(7,389,966)
Net Cash Provided (Used) by Capital and Related Financing Activities	(6,794,243)	-	(595,723)	-	(7,389,966)
Cash Flows from Investing Activities:					
Purchase of investments	-	-	-	(5,009,712)	(5,009,712)
Interest received	-	-	-	6,030,761	6,030,761
Net Cash Provided (Used) by Investing Activities	-	-	-	1,021,049	1,021,049
Net Increase (Decrease) in Cash and Cash Equivalents	(1,284,142)	(888,965)	(2,990,249)	16,982,328	11,818,972
Cash and Cash Equivalents at Beginning of Year	37,884,184	37,206,628	18,707,419	140,115,870	233,914,101
Cash and Cash Equivalents at End of Year	\$ 36,600,042	\$ 36,317,663	\$ 15,717,170	\$ 157,098,198	\$ 245,733,073
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:					
Operating income (loss)	\$ (1,655,597)	\$ (772,682)	\$ (1,718,537)	\$ (4,766,988)	\$ (8,913,804)
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:					
Depreciation	4,113,451	-	141,364	-	4,254,815
(Increase) decrease in accounts receivable	11,651	(78,882)	(51,244)	(2,000)	(120,475)
(Increase) decrease in prepaid expense	-	(33,170)	(118,618)	(261,661)	(413,449)
(Increase) decrease in inventories	3,408	-	-	-	3,408
Increase (decrease) in accounts payable	266,253	1,964,150	(87,688)	(33)	2,142,682
Increase (decrease) in accrued liabilities	(747)	212	12,098	-	11,563
Increase (decrease) in compensated absences	13,869	21,208	32,857	-	67,934
Increase (decrease) in net pension liability	438,478	56,375	557,494	-	1,052,347
Increase (decrease) in OPEB liability	-	-	-	10,777,813	10,777,813
Total Adjustments	4,846,363	1,929,893	486,263	10,514,119	17,776,638
Net Cash Provided (Used) by Operating Activities	\$ 3,190,766	\$ 1,157,211	\$ (1,232,274)	\$ 5,747,131	\$ 8,862,834

Non-Cash Investing, Capital, and Financing Activities:

There were no non-cash activities in Fiscal Year 2017-18.

CITY OF ONTARIO

COMBINING STATEMENT OF NET POSITION
ALL AGENCY FUNDS
JUNE 30, 2018

	Redevelopment Financing Authority	West End Communications Authority	Assessment District 106 Bond Redemption	Sanitary Collection Treatment
Assets:				
Cash and investments	\$ 49,468	\$ 1,331,761	\$ 954,580	\$ 16,603,065
Receivables:				
Taxes	-	-	682	-
Notes and leases	103,283,714	-	-	-
Accrued interest	1,643	3,316	4,127	-
Restricted assets:				
Cash and investments with fiscal agents	1,062,213	-	451,257	-
Total Assets	<u>\$ 104,397,038</u>	<u>\$ 1,335,077</u>	<u>\$ 1,410,646</u>	<u>\$ 16,603,065</u>
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other governments	104,397,038	1,335,077	-	16,603,065
Due to external parties/other agencies	-	-	1,410,646	-
Total Liabilities	<u>\$ 104,397,038</u>	<u>\$ 1,335,077</u>	<u>\$ 1,410,646</u>	<u>\$ 16,603,065</u>

COMBINING STATEMENT OF NET POSITION
 ALL AGENCY FUNDS
 JUNE 30, 2018

(CONTINUED)

	Reassessment Bond Redemption	Assessment District 100C Bond Redemption	Assessment District 103 Bond Redemption	Assessment District 104 Bond Redemption
Assets:				
Cash and investments	\$ 590,305	\$ 101,560	\$ 186,260	\$ 53,959
Receivables:				
Taxes	-	-	-	-
Notes and leases	-	-	-	-
Accrued interest	2,195	375	688	199
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 592,500	\$ 101,935	\$ 186,948	\$ 54,158
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other governments	-	-	-	-
Due to external parties/other agencies	592,500	101,935	186,948	54,158
Total Liabilities	\$ 592,500	\$ 101,935	\$ 186,948	\$ 54,158

CITY OF ONTARIO

COMBINING STATEMENT OF NET POSITION
ALL AGENCY FUNDS
JUNE 30, 2018

	Assessment District 108 Bond Redemption	Assessment District 107 Bond Redemption	West End Fire and Emergency Response Commission	NMC CFD Debt Service
Assets:				
Cash and investments	\$ 1,200,191	\$ 138,604	\$ 435,371	\$ 2,285,478
Receivables:				
Taxes	6,008	-	-	5,366
Notes and leases	-	-	-	-
Accrued interest	6,214	512	1,648	13,850
Restricted assets:				
Cash and investments with fiscal agents	1,381,533	-	-	3,319,889
Total Assets	\$ 2,593,946	\$ 139,116	\$ 437,019	\$ 5,624,583
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 4,330	\$ -
Due to other governments	-	-	432,689	-
Due to external parties/other agencies	2,593,946	139,116	-	5,624,583
Total Liabilities	\$ 2,593,946	\$ 139,116	\$ 437,019	\$ 5,624,583

CITY OF ONTARIO

COMBINING STATEMENT OF NET POSITION
ALL AGENCY FUNDS
JUNE 30, 2018

	<u>OMC CFD Debt Service</u>	<u>Ontario Public Financing Authority</u>	<u>Total</u>
Assets:			
Cash and investments	\$ 732,696	\$ -	\$ 24,663,298
Receivables:			
Taxes	-	-	12,056
Notes and leases	-	127,535,000	230,818,714
Accrued interest	3,179	-	37,946
Restricted assets:			
Cash and investments with fiscal agents	343,967	-	6,558,859
Total Assets	<u>\$ 1,079,842</u>	<u>\$ 127,535,000</u>	<u>\$ 262,090,873</u>
Liabilities:			
Accounts payable	\$ -	\$ -	\$ 4,330
Due to other governments	-	127,535,000	250,302,869
Due to external parties/other agencies	1,079,842	-	11,783,674
Total Liabilities	<u>\$ 1,079,842</u>	<u>\$ 127,535,000</u>	<u>\$ 262,090,873</u>

CITY OF ONTARIO

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 YEAR ENDED JUNE 30, 2018**

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
<u>Redevelopment Financing Authority</u>				
Assets:				
Cash and investments	\$ 48,923	\$ 27,411,614	\$ 27,411,069	\$ 49,468
Receivables:				
Notes and leases	141,728,748	34,036,399	72,481,433	103,283,714
Accrued interest	774	1,643	774	1,643
Restricted assets:				
Cash and investments with fiscal agents	1,054,119	8,435,496	8,427,402	1,062,213
Total Assets	\$ 142,832,564	\$ 69,885,152	\$ 108,320,678	\$ 104,397,038
Liabilities:				
Due to other governments	\$ 142,832,564	\$ 50,399,665	\$ 88,835,191	\$ 104,397,038
Total Liabilities	\$ 142,832,564	\$ 50,399,665	\$ 88,835,191	\$ 104,397,038
<u>West End Communications Authority</u>				
Assets:				
Cash and investments	\$ 892,649	\$ 447,369	\$ 8,257	\$ 1,331,761
Receivables:				
Accrued interest	2,516	3,316	2,516	3,316
Total Assets	\$ 895,165	\$ 450,685	\$ 10,773	\$ 1,335,077
Liabilities:				
Due to other governments	\$ 895,165	\$ 454,654	\$ 14,742	\$ 1,335,077
Total Liabilities	\$ 895,165	\$ 454,654	\$ 14,742	\$ 1,335,077
<u>Assessment District 106 Bond Redemption</u>				
Assets:				
Cash and investments	\$ 927,454	\$ 502,733	\$ 475,607	\$ 954,580
Receivables:				
Taxes	-	682	-	682
Accrued interest	2,558	4,127	2,558	4,127
Restricted assets:				
Cash and investments with fiscal agents	447,454	3,803	-	451,257
Total Assets	\$ 1,377,466	\$ 511,345	\$ 478,165	\$ 1,410,646
Liabilities:				
Due to external parties/other agencies	\$ 1,377,466	\$ 515,258	\$ 482,078	\$ 1,410,646
Total Liabilities	\$ 1,377,466	\$ 515,258	\$ 482,078	\$ 1,410,646
<u>Sanitary Collection Treatment</u>				
Assets:				
Cash and investments	\$ 11,293,675	\$ 8,434,726	\$ 3,125,336	\$ 16,603,065
Total Assets	\$ 11,293,675	\$ 8,434,726	\$ 3,125,336	\$ 16,603,065
Liabilities:				
Due to other governments	\$ 11,293,675	\$ 8,575,530	\$ 3,266,140	\$ 16,603,065
Total Liabilities	\$ 11,293,675	\$ 8,575,530	\$ 3,266,140	\$ 16,603,065

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 YEAR ENDED JUNE 30, 2018

(CONTINUED)

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
<u>Reassessment Bond Redemption</u>				
Assets:				
Cash and investments	\$ 585,932	\$ 12,330	\$ 7,957	\$ 590,305
Receivables:				
Accrued interest	1,651	2,195	1,651	2,195
Total Assets	\$ 587,583	\$ 14,525	\$ 9,608	\$ 592,500
Liabilities:				
Due to external parties/other agencies	\$ 587,583	\$ 17,141	\$ 12,224	\$ 592,500
Total Liabilities	\$ 587,583	\$ 17,141	\$ 12,224	\$ 592,500
<u>Assessment District 100C Bond Redemption</u>				
Assets:				
Cash and investments	\$ 43,471	\$ 67,654	\$ 9,565	\$ 101,560
Receivables:				
Accrued interest	123	375	123	375
Total Assets	\$ 43,594	\$ 68,029	\$ 9,688	\$ 101,935
Liabilities:				
Due to external parties/other agencies	\$ 43,594	\$ 68,421	\$ 10,080	\$ 101,935
Total Liabilities	\$ 43,594	\$ 68,421	\$ 10,080	\$ 101,935
<u>Assessment District 103 Bond Redemption</u>				
Assets:				
Cash and investments	\$ 184,876	\$ 2,695	\$ 1,311	\$ 186,260
Receivables:				
Accrued interest	521	688	521	688
Total Assets	\$ 185,397	\$ 3,383	\$ 1,832	\$ 186,948
Liabilities:				
Due to external parties/other agencies	\$ 185,397	\$ 4,206	\$ 2,655	\$ 186,948
Total Liabilities	\$ 185,397	\$ 4,206	\$ 2,655	\$ 186,948
<u>Assessment District 104 Bond Redemption</u>				
Assets:				
Cash and investments	\$ 53,558	\$ 781	\$ 380	\$ 53,959
Receivables:				
Accrued interest	151	199	151	199
Total Assets	\$ 53,709	\$ 980	\$ 531	\$ 54,158
Liabilities:				
Due to external parties/other agencies	\$ 53,709	\$ 1,218	\$ 769	\$ 54,158
Total Liabilities	\$ 53,709	\$ 1,218	\$ 769	\$ 54,158

CITY OF ONTARIO

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 YEAR ENDED JUNE 30, 2018**

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
<u>Assessment District 108 Bond Redemption</u>				
Assets:				
Cash and investments	\$ 1,189,594	\$ 1,322,429	\$ 1,311,832	\$ 1,200,191
Receivables:				
Taxes	-	6,008	-	6,008
Accrued interest	4,356	6,214	4,356	6,214
Restricted assets:				
Cash and investments with fiscal agents	1,369,968	11,640	75	1,381,533
Total Assets	\$ 2,563,918	\$ 1,346,291	\$ 1,316,263	\$ 2,593,946
Liabilities:				
Due to external parties/other agencies	\$ 2,563,918	\$ 1,350,668	\$ 1,320,640	\$ 2,593,946
Total Liabilities	\$ 2,563,918	\$ 1,350,668	\$ 1,320,640	\$ 2,593,946
<u>Assessment District 107 Bond Redemption</u>				
Assets:				
Cash and investments	\$ 137,573	\$ 2,006	\$ 975	\$ 138,604
Receivables:				
Accrued interest	388	512	388	512
Total Assets	\$ 137,961	\$ 2,518	\$ 1,363	\$ 139,116
Liabilities:				
Due to external parties/other agencies	\$ 137,961	\$ 3,131	\$ 1,976	\$ 139,116
Total Liabilities	\$ 137,961	\$ 3,131	\$ 1,976	\$ 139,116
<u>West End Fire and Emergency Response Commission</u>				
Assets:				
Cash and investments	\$ 402,752	\$ 66,334	\$ 33,715	\$ 435,371
Receivables:				
Accrued interest	1,172	1,648	1,172	1,648
Total Assets	\$ 403,924	\$ 67,982	\$ 34,887	\$ 437,019
Liabilities:				
Accounts payable	\$ 10,950	\$ 18,489	\$ 25,109	\$ 4,330
Due to other governments	392,974	74,958	35,243	432,689
Total Liabilities	\$ 403,924	\$ 93,447	\$ 60,352	\$ 437,019
<u>NMC CFD Debt Service</u>				
Assets:				
Cash and investments	\$ 304,052	\$ 4,044,057	\$ 2,062,631	\$ 2,285,478
Receivables:				
Taxes	20,569	5,366	20,569	5,366
Accrued interest	6,878	14,415	7,443	13,850
Restricted assets:				
Cash and investments with fiscal agents	1,725,615	2,456,484	862,210	3,319,889
Total Assets	\$ 2,057,114	\$ 6,520,322	\$ 2,952,853	\$ 5,624,583
Liabilities:				
Accounts payable	\$ 25,650	\$ -	\$ 25,650	\$ -
Due to City	324,143	-	324,143	-
Due to external parties/other agencies	1,707,321	40,306,421	36,389,159	5,624,583
Total Liabilities	\$ 2,057,114	\$ 40,306,421	\$ 36,738,952	\$ 5,624,583

CITY OF ONTARIO

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 YEAR ENDED JUNE 30, 2018**

(CONTINUED)

	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2018</u>
<u>OMC CFD Debt Service</u>				
Assets:				
Cash and investments	\$ 659,897	\$ 1,006,886	\$ 934,087	\$ 732,696
Receivables:				
Taxes	534	-	534	-
Accrued interest	2,120	3,180	2,121	3,179
Restricted assets:				
Cash and investments with fiscal agents	1,514,972	395,857	1,566,862	343,967
Total Assets	\$ 2,177,523	\$ 1,405,923	\$ 2,503,604	\$ 1,079,842
Liabilities:				
Due to City	\$ 216,144	\$ -	\$ 216,144	\$ -
Due to external parties/other agencies	1,961,379	435,759	1,317,296	1,079,842
Total Liabilities	\$ 2,177,523	\$ 435,759	\$ 1,533,440	\$ 1,079,842
<u>Ontario Public Financing Authority</u>				
Assets:				
Receivables:				
Notes and loans	\$ 102,100,000	\$ 53,620,000	\$ 28,185,000	\$ 127,535,000
Total Assets	\$ 102,100,000	\$ 53,620,000	\$ 28,185,000	\$ 127,535,000
Liabilities:				
Due to other governments	\$ 102,100,000	\$ 64,151,607	\$ 38,716,607	\$ 127,535,000
Total Liabilities	\$ 102,100,000	\$ 64,151,607	\$ 38,716,607	\$ 127,535,000
<u>Totals - All Agency Funds</u>				
Assets:				
Cash and investments	\$ 16,724,406	\$ 43,321,614	\$ 35,382,722	\$ 24,663,298
Receivables:				
Taxes	21,103	12,056	21,103	12,056
Notes and leases	243,828,748	87,656,399	100,666,433	230,818,714
Accrued interest	23,208	38,512	23,774	37,946
Restricted assets:				
Cash and investments with fiscal agents	6,112,128	11,303,280	10,856,549	6,558,859
Total Assets	\$ 266,709,593	\$ 142,331,861	\$ 146,950,581	\$ 262,090,873
Liabilities:				
Accounts payable	\$ 36,600	\$ 18,489	\$ 50,759	\$ 4,330
Due to other governments	257,514,378	123,656,414	130,867,923	250,302,869
Due to other funds	540,287	-	540,287	-
Due to external parties/other agencies	8,618,328	42,702,223	39,536,877	11,783,674
Total Liabilities	\$ 266,709,593	\$ 166,377,126	\$ 170,995,846	\$ 262,090,873

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Statistical Section



Statistical Section

The statistical section of the City’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City’s overall financial health.

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City of Ontario
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities										
Net investment in capital assets	\$ 697,130,716	\$ 705,173,228	\$ 704,218,787	\$ 821,632,336	\$ 830,764,191	\$ 812,874,736	\$ 838,484,374	\$ 908,309,555	\$ 940,354,455	\$ 950,420,687
Restricted	270,086,388	260,692,006	243,017,889	216,270,766	216,149,880	254,103,989	240,480,450	156,425,046	168,765,518	173,159,152
Unrestricted	104,930,518	120,831,755	135,744,173	127,864,653	128,154,505	137,590,247	(66,639,420)	(1,666,599)	179,846,318	16,250,642
Total governmental activities net position	<u>\$ 1,072,147,622</u>	<u>\$ 1,086,696,989</u>	<u>\$ 1,082,980,849</u>	<u>\$ 1,165,767,755</u>	<u>\$ 1,175,068,576</u>	<u>\$ 1,204,568,972</u>	<u>\$ 1,012,325,404</u>	<u>\$ 1,063,068,002</u>	<u>\$ 1,288,966,291</u>	<u>\$ 1,139,830,481</u>
Business-type activities										
Net investment in capital assets	\$ 132,549,162	\$ 133,931,846	\$ 136,609,773	\$ 140,007,920	\$ 152,493,698	\$ 143,574,879	\$ 140,873,539	\$ 136,336,952	\$ 143,660,797	\$ 161,791,743
Restricted	12,035,268	4,000,553	4,185,546	4,267,828	4,270,391	10,578,881	5,289,769	1,528,395	369	373
Unrestricted	131,682,493	174,631,011	201,923,905	223,743,456	240,354,654	273,069,164	271,397,325	299,336,371	329,045,082	345,926,734
Total business-type activities net position	<u>\$ 276,266,923</u>	<u>\$ 312,563,410</u>	<u>\$ 342,719,224</u>	<u>\$ 368,019,204</u>	<u>\$ 397,118,743</u>	<u>\$ 427,222,924</u>	<u>\$ 417,560,633</u>	<u>\$ 437,201,718</u>	<u>\$ 472,706,248</u>	<u>\$ 507,718,850</u>
Primary government										
Net investment in capital assets	\$ 829,679,878	\$ 839,105,074	\$ 840,828,560	\$ 961,640,256	\$ 983,257,889	\$ 956,449,615	\$ 979,357,913	\$ 1,044,646,507	\$ 1,084,015,252	\$ 1,112,212,430
Restricted	282,121,656	264,692,559	247,203,435	220,538,594	220,420,271	264,682,870	245,770,219	157,953,441	168,765,887	173,159,525
Unrestricted	236,613,011	295,462,766	337,668,078	351,608,109	368,509,159	410,659,411	204,757,905	297,669,772	508,891,400	362,177,376
Total primary government net position	<u>\$ 1,348,414,545</u>	<u>\$ 1,399,260,399</u>	<u>\$ 1,425,700,073</u>	<u>\$ 1,533,786,959</u>	<u>\$ 1,572,187,319</u>	<u>\$ 1,631,791,896</u>	<u>\$ 1,429,886,037</u>	<u>\$ 1,500,269,720</u>	<u>\$ 1,761,672,539</u>	<u>\$ 1,647,549,331</u>

City of Ontario
Changes in Net Position Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental activities:										
General government	\$ 36,950,147	\$ 52,786,433	\$ 56,951,330	\$ 64,330,936	\$ 34,081,969	\$ 28,982,239	\$ 81,855,829	\$ 40,011,028	\$ 36,656,658	\$ 27,554,284
Public safety	99,580,479	100,024,583	103,472,190	107,848,353	103,814,741	110,981,159	121,981,375	125,884,228	136,032,820	178,835,586
Community development	54,580,626	52,553,241	39,888,900	47,088,876	45,485,896	41,524,328	62,623,670	19,114,534	38,552,339	42,623,892
Library	4,219,081	4,408,926	4,363,701	3,764,564	3,745,405	4,602,190	4,542,196	4,850,620	5,026,299	5,938,560
Public works	8,688,268	13,892,857	23,165,874	21,371,492	18,519,391	25,092,721	23,852,377	38,104,811	50,703,275	42,308,931
Interest on long-term debt	14,146,879	14,619,649	14,514,729	13,740,250	1,880,787	3,017,116	1,786,957	1,712,433	1,630,517	3,921,536
Total governmental activities expenses	\$ 218,165,480	\$ 238,285,689	\$ 242,356,724	\$ 258,144,471	\$ 207,528,189	\$ 214,199,753	\$ 296,642,404	\$ 229,677,654	\$ 268,601,908	\$ 301,182,789
Business-type activities:										
Water	\$ 27,854,314	\$ 24,622,694	\$ 31,052,190	\$ 28,986,963	\$ 21,485,576	\$ 30,814,880	\$ 54,841,770	\$ 42,639,260	\$ 41,413,255	\$ 41,340,763
Sewer	10,270,538	10,883,888	11,008,579	11,766,599	13,167,026	16,136,421	17,047,306	15,971,504	17,211,364	20,270,716
Waste	21,791,770	20,554,087	21,296,114	21,309,485	21,664,001	23,164,916	23,877,028	24,970,912	26,663,301	31,337,795
I.T. Fiber	-	-	-	-	-	-	-	-	993,456	1,770,591
Total business-type activities expenses	\$ 59,916,622	\$ 56,060,669	\$ 63,356,883	\$ 62,063,047	\$ 56,316,603	\$ 70,116,217	\$ 95,766,104	\$ 83,581,676	\$ 86,281,376	\$ 94,719,865
Total primary government expenses	\$ 278,082,102	\$ 294,346,358	\$ 305,713,607	\$ 320,207,518	\$ 263,844,792	\$ 284,315,970	\$ 392,408,508	\$ 313,259,330	\$ 354,883,284	\$ 395,902,654
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 1,542,584	\$ 296,079	\$ 269,874	\$ 294,873	\$ 379,325	\$ 445,079	\$ 1,641,300	\$ 2,622,684	\$ 4,141,068	\$ 6,149,697
Public safety	4,008,540	4,407,085	4,554,954	4,077,684	4,166,801	3,824,528	3,757,586	3,883,304	7,311,246	20,271,669
Community development	8,184,489	8,389,198	8,043,168	16,231,379	14,780,312	25,244,830	35,769,080	36,046,159	42,262,153	50,699,117
Library	259,285	160,853	147,610	143,055	124,581	121,043	155,962	131,407	137,689	122,329
Public works	-	-	-	47,931	-	-	-	-	-	-
Operating contributions and grants	14,629,676	15,103,061	15,606,700	15,311,536	7,859,746	12,081,691	15,015,783	8,710,100	10,220,710	12,542,758
Capital contributions and grants	26,218,115	19,910,072	18,851,354	47,080,485	23,737,443	33,842,540	37,210,682	35,628,037	78,825,884	56,737,883
Total governmental activities program revenues	\$ 54,842,689	\$ 48,266,348	\$ 47,473,660	\$ 83,186,943	\$ 51,048,208	\$ 75,559,711	\$ 93,550,393	\$ 87,021,691	\$ 142,898,750	\$ 146,523,453
Business-type activities:										
Charges for services:										
Water	\$ 46,201,981	\$ 45,766,917	\$ 51,174,737	\$ 51,434,727	\$ 58,276,359	\$ 63,193,036	\$ 67,342,593	\$ 65,653,131	\$ 64,533,049	\$ 68,933,067
Sewer	16,914,590	17,816,960	18,274,955	20,410,854	20,479,875	21,484,811	21,986,463	23,136,811	25,780,456	27,952,825
Waste	32,647,449	31,366,983	30,777,779	29,825,989	29,905,739	30,332,538	31,742,051	33,024,400	34,937,033	36,995,472
I.T. Fiber	-	-	-	-	-	-	-	4,126	38,954	276,033
Operating grants and contributions	52,324	122,409	6,338,128	290,724	100,546	145,881	539,519	174,073	133,279	126,452
Capital grants and contributions	-	-	-	-	2,405,396	6,642,816	1,329,404	3,505,475	11,223,634	11,256,557
Total business-type activities program revenues	\$ 95,816,344	\$ 95,073,269	\$ 106,565,599	\$ 101,962,294	\$ 111,167,915	\$ 121,799,082	\$ 122,940,030	\$ 125,498,016	\$ 136,646,405	\$ 145,540,406
Total primary government program revenues	\$ 150,659,033	\$ 143,339,617	\$ 154,039,259	\$ 185,149,237	\$ 162,216,123	\$ 197,358,793	\$ 216,490,423	\$ 212,519,707	\$ 279,545,155	\$ 292,063,859
Net (Expense)/Revenue										
Governmental activities	\$ (163,322,791)	\$ (190,019,341)	\$ (194,883,064)	\$ (174,957,528)	\$ (156,479,981)	\$ (138,640,042)	\$ (203,092,011)	\$ (142,655,963)	\$ (125,703,158)	\$ (154,659,336)
Business-type activities	35,899,722	39,012,600	43,208,716	39,899,247	54,851,312	51,682,865	27,173,926	41,916,340	50,365,029	50,820,541
Total primary government net expense	\$ (127,423,069)	\$ (151,006,741)	\$ (151,674,348)	\$ (135,058,281)	\$ (101,628,669)	\$ (86,957,177)	\$ (175,918,085)	\$ (100,739,623)	\$ (75,338,129)	\$ (103,838,795)

City of Ontario
Changes in Net Position Last Ten Fiscal Years
(accrual basis of accounting)

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	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property taxes - general purpose	\$ 91,075,881	\$ 95,049,840	\$ 88,030,394	\$ 66,733,840	\$ 45,700,153	\$ 45,144,867	\$ 48,695,469	\$ 60,338,698	\$ 53,414,598	\$ 56,199,666
Transient occupancy taxes	9,367,537	8,398,053	8,790,219	9,148,976	9,731,382	10,614,156	12,057,576	13,090,992	13,886,637	14,586,233
Sales taxes	48,921,819	54,729,792	56,390,363	61,362,958	67,150,866	67,509,611	84,294,827	78,533,022	86,168,797	87,910,014
Franchise taxes	3,162,639	2,741,116	2,879,831	2,897,780	3,047,369	3,251,592	3,476,151	3,413,854	3,020,829	3,352,120
Business licenses taxes	5,550,779	5,170,173	5,496,576	5,610,738	6,078,094	6,405,595	6,825,185	6,954,932	7,167,613	7,478,153
Other taxes	4,794,681	4,013,628	4,072,860	4,566,791	5,274,601	3,700,067	4,073,788	4,107,065	4,047,435	4,642,529
Intergovernmental, unrestricted:										
Motor vehicle in lieu	590,224	510,057	883,460	89,471	74,047	-	71,526	68,099	76,099	91,740
Use of money and property	16,869,840	16,662,291	10,267,816	10,082,524	979,899	5,174,360	3,755,010	5,422,398	2,617,545	10,834,185
Other	10,012,883	9,071,587	7,404,868	6,407,829	3,866,279	4,414,323	2,656,703	2,000,930	3,414,919	2,394,865
Gain on sale of capital asset	-	-	-	-	1,000,000	-	87,267	-	1,953,200	-
Extraordinary gain on dissolution of RDA	-	-	-	72,762,201	-	-	-	-	-	-
Transfers	(4,651,984)	8,222,171	15,672,612	18,081,326	25,526,208	21,925,867	22,762,488	24,793,699	15,961,453	18,448,756
Total governmental activities	\$ 185,694,299	\$ 204,568,708	\$ 199,888,999	\$ 257,744,434	\$ 168,428,898	\$ 168,140,438	\$ 188,755,990	\$ 198,723,689	\$ 191,729,125	\$ 205,938,261
Business-type activities:										
Use of money and property	\$ 4,682,669	\$ 3,520,038	\$ 2,611,942	\$ 3,474,268	\$ 308,392	\$ 1,604,534	\$ 1,435,511	\$ 2,509,989	\$ 1,087,037	\$ 2,187,574
Other	-	-	7,768	7,791	17,237	23,416	105,193	8,455	13,917	24,988
Transfers	4,651,984	(8,222,171)	(15,672,612)	(18,081,326)	(25,526,208)	(21,925,867)	(22,762,488)	(24,793,699)	(15,961,453)	(18,448,756)
Total business-type activities	\$ 9,334,653	\$ (4,702,133)	\$ (13,052,902)	\$ (14,599,267)	\$ (25,200,579)	\$ (20,297,917)	\$ (21,221,784)	\$ (22,275,255)	\$ (14,860,499)	\$ (16,236,194)
Total primary government	\$ 195,028,952	\$ 199,866,575	\$ 186,836,097	\$ 243,145,167	\$ 143,228,319	\$ 147,842,521	\$ 167,534,206	\$ 176,448,434	\$ 176,868,626	\$ 189,702,067
Change in Net Position										
Governmental activities	\$ 22,371,508	\$ 14,549,367	\$ 5,005,935	\$ 82,786,906	\$ 11,948,917	\$ 29,500,396	\$ (14,336,021)	\$ 56,067,726	\$ 66,025,967	\$ 51,278,925
Business-type activities	45,234,375	34,310,467	30,155,814	25,299,980	29,650,733	31,384,948	5,952,142	19,641,085	35,504,530	34,584,347
Total primary government	\$ 67,605,883	\$ 48,859,834	\$ 35,161,749	\$ 108,086,886	\$ 41,599,650	\$ 60,885,344	\$ (8,383,879)	\$ 75,708,811	\$ 101,530,497	\$ 85,863,272

City of Ontario
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Taxes	\$ 166,033,238	\$ 165,762,399	\$ 164,368,674	\$ 148,681,943	\$ 134,629,408	\$ 132,908,792	\$ 156,988,002	\$ 176,088,421	\$ 167,601,178	\$ 173,605,420
Special assessment taxes	1,118,967	1,173,316	1,302,993	1,362,861	1,479,517	1,514,889	1,634,568	2,180,091	3,301,654	3,143,892
Licenses and permits	1,344,689	1,455,692	1,563,722	1,639,061	1,805,849	2,199,674	3,283,593	3,845,404	4,384,727	4,887,991
Intergovernmental	33,475,335	30,382,203	32,763,572	37,725,923	27,864,489	39,695,371	44,390,225	37,492,730	35,412,862	24,359,686
Charges for services	10,850,659	11,618,059	10,123,695	17,697,037	16,108,550	25,895,011	40,368,010	39,628,058	54,446,655	80,404,296
Use of money and property	12,406,158	9,038,266	8,614,113	17,707,695	1,533,296	3,906,235	3,507,845	5,339,722	2,576,499	4,004,514
Fines and forfeitures	1,679,130	1,312,115	1,318,369	1,202,716	1,298,235	1,134,395	1,267,994	1,125,237	1,189,956	1,042,090
Contributions from property owners	3,887,060	1,719,084	314,000	-	-	-	-	-	24,682,518	25,349,912
Miscellaneous	11,499,201	10,484,644	8,741,044	30,081,850	6,408,027	7,062,253	4,556,170	4,534,158	6,017,657	12,389,218
Total Revenues	\$ 242,294,437	\$ 232,945,778	\$ 229,110,182	\$ 256,099,086	\$ 191,127,371	\$ 214,316,620	\$ 255,996,407	\$ 270,233,821	\$ 299,613,706	\$ 329,187,019
Expenditures										
Current:										
General government	\$ 25,940,539	\$ 25,731,003	\$ 33,220,115	\$ 51,424,202	\$ 22,926,658	\$ 16,565,106	\$ 66,943,163	\$ 28,292,531	\$ 24,500,521	\$ 23,830,837
Public safety	101,562,349	101,743,831	103,296,429	110,958,962	106,934,164	114,109,242	120,286,742	127,942,682	136,721,141	160,838,334
Community development	113,840,713	64,139,983	71,571,514	53,503,162	52,081,393	58,988,089	98,405,497	104,688,312	95,398,612	67,805,408
Library	4,063,682	4,084,426	3,974,567	4,049,363	4,077,037	4,196,204	4,368,241	4,568,202	4,654,465	4,768,627
Public works	19,227,003	15,547,113	16,164,629	20,642,548	18,851,564	17,231,048	18,784,827	21,003,964	23,834,203	21,279,011
Debt service:										
Principal retirement	5,891,298	5,767,047	5,849,785	25,255,023	1,290,000	1,350,000	1,410,000	1,480,000	1,565,000	12,000
Interest and fiscal charges	12,642,105	13,042,482	13,227,758	16,318,551	1,931,758	1,876,513	1,815,778	1,745,753	1,667,190	3,930,914
Bond issuance costs	-	-	-	-	-	965,190	-	-	-	526,390
Pass-through agreement payments	5,533,228	5,832,700	5,911,331	2,634,157	-	-	-	-	-	4,770,057
Total Expenditures	\$ 288,700,917	\$ 235,888,585	\$ 253,216,128	\$ 284,785,968	\$ 208,092,574	\$ 215,281,392	\$ 312,014,248	\$ 289,721,444	\$ 288,341,132	\$ 287,761,578
Excess (deficiency) of revenues over (under) expenditures	\$ (46,406,480)	\$ (2,942,807)	\$ (24,105,946)	\$ (28,686,882)	\$ (16,965,203)	\$ (964,772)	\$ (56,017,841)	\$ (19,487,623)	\$ 11,272,574	\$ 41,425,441

City of Ontario
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Other Financing Sources (Uses)										
Transfers in	\$ 42,761,972	\$ 46,401,468	\$ 39,422,158	\$ 68,493,176	\$ 37,357,867	\$ 34,628,235	\$ 34,856,839	\$ 34,615,190	\$ 36,101,144	\$ 58,065,111
Transfers out	(30,049,115)	(31,938,128)	(23,545,610)	(49,661,850)	(12,209,848)	(17,288,068)	(9,564,945)	(8,310,991)	(29,588,174)	(49,353,662)
Long-term debt issued	-	-	-	-	-	33,390,000	-	-	-	26,810,000
Bond Discount	-	-	-	-	-	(380,848)	-	-	-	3,260,875
Pass-through agreement payments	-	-	-	-	-	-	-	-	-	(28,554,885)
Gain (loss) on sale of assets	-	-	-	-	-	4,551	87,267	-	-	-
Proceeds from sale of capital equipment	-	-	-	-	1,000,000	-	-	-	-	-
Total Other Financing Sources (Uses)	\$ 12,712,857	\$ (1,931,522)	\$ 15,876,548	\$ 18,831,326	\$ 26,148,019	\$ 50,353,870	\$ 25,379,161	\$ 26,304,199	\$ 6,512,970	\$ 10,227,439
Extraordinary gain/(loss) on dissolution of redevelopment agency	-	-	-	(5,225,859)	-	-	-	-	-	-
Net change in fund balances	\$ (33,693,623)	\$ (4,874,329)	\$ (8,229,398)	\$ (15,081,415)	\$ 9,182,816	\$ 49,389,098	\$ (30,638,680)	\$ 6,816,576	\$ 17,785,544	\$ 51,652,880
Total Current Expenditures	\$ 288,700,917	\$ 235,888,585	\$ 253,216,128	\$ 284,785,968	\$ 208,092,574	\$ 215,281,392	\$ 312,014,248	\$ 289,721,444	\$ 288,341,132	\$ 287,761,578
Less: Capital outlay	(64,193,377)	(25,380,201)	(28,242,375)	(20,629,670)	(22,072,081)	(29,585,954)	(41,745,591)	(79,957,813)	(45,292,825)	(24,876,172)
Total Non-Capital Expenditures	\$ 224,507,540	\$ 210,508,384	\$ 224,973,753	\$ 264,156,298	\$ 186,020,493	\$ 185,695,438	\$ 270,268,657	\$ 209,763,631	\$ 243,048,307	\$ 262,885,406
Total Debt Service Expenditures	\$ 18,533,403	\$ 18,809,529	\$ 19,077,543	\$ 41,573,574	\$ 3,221,758	\$ 3,226,513	\$ 3,225,778	\$ 3,225,753	\$ 3,232,190	\$ 3,942,914
Debt service as a percentage of non-capital expenditures	8.3%	8.9%	8.5%	15.7%	1.7%	1.7%	1.2%	1.5%	1.3%	1.5%

City of Ontario
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

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	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Reserved	\$ 15,576,453	\$ 14,268,790	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	70,919,119	76,746,835	-	-	-	-	-	-	-	-
Nonspendable	-	-	12,712,698	3,730,345	3,869,157	4,911,968	3,785,154	20,002,802	33,893,841	46,318,442
Restricted	-	-	398,047	403,914	408,576	412,411	415,723	419,644	424,497	430,484
Committed	-	-	44,429,493	41,613,880	42,685,082	43,817,117	42,436,574	23,195,527	28,877,191	21,066,012
Assigned	-	-	33,062,541	58,426,392	64,892,830	77,628,587	56,798,002	80,398,228	52,081,697	47,410,303
Unassigned	-	-	-	-	-	-	-	-	-	-
Total General Fund	\$ 86,495,572	\$ 91,015,625	\$ 90,602,779	\$ 104,174,531	\$ 111,855,645	\$ 126,770,083	\$ 103,435,453	\$ 124,016,201	\$ 115,277,226	\$ 115,225,241
All Other Governmental Funds										
Reserved	\$ 134,952,208	\$ 154,980,840	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	25,069,564	16,293,863	-	-	-	-	-	-	-	-
Capital project funds	87,314,009	74,559,493	-	-	-	-	-	-	-	-
Debt service funds	22,750,607	14,857,810	-	-	-	-	-	-	-	-
Nonspendable	-	-	123,135,004	105,361,843	107,297,677	108,638,002	108,436,971	-	-	-
Restricted	-	-	83,617,857	53,187,901	46,333,050	46,603,397	30,597,699	156,005,402	168,341,021	172,728,668
Committed	-	-	45,687,149	54,286,462	64,646,487	82,201,933	102,233,386	75,173,595	91,585,019	113,795,063
Assigned	-	-	1,558,488	2,664,225	3,462,343	14,169,115	5,653,602	22,785,386	14,197,954	6,098,646
Unassigned	-	-	(9,845,119)	(219)	(4,614,745)	(12,975)	(2,626,236)	(23,149,529)	(16,784,621)	(402,755)
Total All Other Governmental Funds	\$ 270,086,388	\$ 260,692,006	\$ 244,153,379	\$ 215,500,212	\$ 217,124,812	\$ 251,599,472	\$ 244,295,422	\$ 230,814,854	\$ 257,339,373	\$ 292,219,622
Grand Total Governmental Funds	\$ 356,581,960	\$ 351,707,631	\$ 334,756,158	\$ 319,674,743	\$ 328,980,457	\$ 378,369,555	\$ 347,730,875	\$ 354,831,055	\$ 372,616,599	\$ 407,444,863

Note: The City implemented GASB Statement No. 54 in fiscal year ended June 30, 2011. Information prior to the implementation of GASB 54 is not presented.

City of Ontario
Assessed Value and Estimated Actual Value of Taxable Property*
Last Ten Fiscal Years
(dollars in thousands)

Fiscal Year Ended June 30	City			Taxable Assessed Value	Redevelopment Agency		Taxable Assessed Value	Total Direct Tax Rate ^(a)
	Secured	Unsecured	Less: Exemptions		Secured	Unsecured		
2009	\$ 12,487,975	\$ 1,906,125	\$ (114,675)	\$ 14,279,425	\$ 4,064,864	\$ 878,794	\$ 4,943,658	1.0046
2010	12,224,682	1,914,746	(114,806)	14,024,622	4,211,063	936,974	5,148,037	1.0046
2011	11,851,209	1,854,606	(114,659)	13,591,156	4,260,662	834,052	5,094,714	1.0037
2012	11,997,380	1,792,402	(113,832)	13,675,950	4,021,157	763,987	4,785,144	1.0041
2013	12,065,269	1,788,106	(112,198)	13,741,177	3,999,768	737,016	4,736,784	1.0039
2014	12,465,751	1,758,596	(110,182)	14,114,165	4,137,730	774,208	4,911,938	1.0035
2015	12,413,859	2,552,384	(108,252)	14,857,991	4,295,948	786,273	5,082,221	1.0035
2016	13,124,582	2,611,079	(105,864)	15,629,797	4,494,605	786,273	5,280,877	1.0035
2017	13,781,901	2,543,614	(109,080)	16,216,435	4,697,741	781,204	5,478,946	1.0035
2018	14,844,332	2,624,317	(108,915)	17,359,734	5,060,484	781,204	5,841,689	1.0035

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Source: San Bernardino County Auditor-Controller Property Tax Division, Agency Net Valuations

*In 1978 the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. The value of the property was set at its 1975-76 level but was allowed to increase by an "inflation factor" (limited to a maximum increase of 2% each year. With few exceptions, property is only reassessed at its value when acquired through a change of ownership or by new construction. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described earlier. The estimated actual taxable value is, therefore, not readily available for cities in the State of California.

(a) See Schedule 6 for Total Direct Tax Rate information.

City of Ontario
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(rate per \$1,000 of assessed value)

Fiscal Year Ended June 30	City Direct Rates			Overlapping Rates		
	Basic Rate	Redevelopment Debt Service	Total Direct Tax Rate	County	School Districts	Metropolitan Water District
2009	-	1.0046	1.0046	1.0000	0.0648	0.0043
2010	-	1.0046	1.0046	1.0000	0.0577	0.0043
2011	-	1.0037	1.0037	1.0000	0.0619	0.0037
2012	-	1.0041	1.0041	1.0000	0.0704	0.0037
2013	-	1.0039	1.0039	1.0000	0.0635	0.0035
2014	-	1.0035	1.0035	1.0000	0.0641	0.0035
2015	-	1.0035	1.0035	1.0000	0.0822	0.0035
2016	-	1.0035	1.0035	1.0000	0.0836	0.0035
2017	-	1.0035	1.0035	1.0000	0.0690	0.0035
2018	-	1.0035	1.0035	1.0000	0.0630	0.0035

Source: San Bernardino County Valuations - Tax Rates Code Area Tax Rates 2017-18; Bonded Indebtedness June 30, 2017

**City of Ontario
Principal Property Tax Payers
Current Year and Ten Years Ago**

	2018		2008	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Taxpayer				
Prologis California I LLC	\$ 497,562,703	2.42%	\$ 155,055,701	1.00%
Ontario Mills LP	391,820,976	1.90%	226,302,908	1.46%
Catellus Operating LP / Catellus Finance 1 LLC	239,413,387	1.16%	103,846,477	0.67%
Western A West CA LLC	169,851,420	0.83%		
Comref So Ca Industrial Sub A&F LLC	145,714,563	0.71%		
Vineyard Industrial I & II LLC	145,369,278	0.71%		
ROC III CA Terracina LLC	144,942,000	0.70%		
Majestic-CCC IV Partners	134,253,539	0.65%	116,296,194	0.75%
UPS Worldwide Forwarding Inc	128,055,813	0.62%	105,363,746	0.68%
Teachers Insurance & Annuity Association of America	125,644,995	0.61%	74,818,701	0.48%
Camden Landmark LLC	95,375,148	0.46%		
Brookcal Ontario LLC	94,453,181	0.46%		
EJC Ontario Gateway West LLC	76,387,476	0.37%	66,093,622	0.43%
SVF Safari LLC	76,225,701	0.37%	68,120,189	0.44%
Toyota Motor Sales USA Inc	75,321,890	0.37%		
Shea Center Ontario	69,625,053	0.34%		
Vogel Properties Inc	67,535,585	0.33%		
Majestic-Airport Partners	67,169,129	0.33%		
Hellman LLC	65,136,943	0.32%		
GRE Empire Towers LP	64,028,366	0.31%		
	\$ 2,873,887,146	13.97%	\$ 915,897,538	5.91%

Source: California Municipal Statistics, Inc.

**City of Ontario
Property Tax Levies and Collections
Last Ten Fiscal Years**

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent Years ^a	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2009	24,751,328	20,670,997	83.51%	n/a	20,670,997	83.51%
2010	24,264,694	20,348,019	83.86%	n/a	20,348,019	83.86%
2011	23,607,260	20,048,724	84.93%	n/a	20,048,724	84.93%
2012	23,917,413	20,168,891	84.33%	n/a	20,168,891	84.33%
2013	24,076,262	23,033,033	95.67%	n/a	23,033,033	95.67%
2014	24,858,740	23,097,376	92.91%	n/a	23,097,376	92.91%
2015	25,868,724	25,508,603	98.61%	n/a	25,508,603	98.61%
2016	27,397,660	24,516,896	89.49%	n/a	24,516,896	89.49%
2017	28,598,396	25,726,406	89.96%	n/a	25,726,406	89.96%
2018	30,476,605	27,905,152	91.56%	n/a	27,905,152	91.56%

Schedule presents **City's property tax only, not RDA tax increment**

Source: San Bernardino County, Auditor-Controller-Recorder letter received in November of the previous calendar year and General Fund Revenue Statement as of June 30th.

^a Data provided by the San Bernardino County Assessor's Office for collection of prior year taxes does not segregate the information by fiscal year. Therefore, the City is not able to provide this information in the above schedule.

City of Ontario
Taxable Sales by Category
Last Ten Calendar Years
(dollars in thousands)

Category	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Office equipment	\$ 6,857,570	\$ 6,922,278	\$ 7,640,210	\$ 7,904,060	\$ 8,488,630	\$ 9,164,060	\$ 11,186,139	\$ 12,647,597	\$ 12,242,885	\$ 6,391,434
Auto sales	5,823,378	6,227,590	7,321,120	8,822,100	9,781,880	11,325,100	12,148,725	13,199,228	13,914,694	13,450,234
Service stations/energy sales	6,152,766	5,888,075	6,858,610	6,586,720	8,126,030	8,166,950	7,092,706	4,933,726	5,383,423	6,307,067
Light/heavy industry	5,412,298	5,116,194	5,641,520	6,031,250	6,933,420	8,248,530	9,074,259	9,977,010	8,335,142	9,333,939
General merchandise	4,224,057	4,114,327	4,583,440	4,201,310	4,917,630	5,603,030	1,115,654	6,143,625	9,711,525	8,921,944
Building materials	4,655,552	3,687,443	3,882,920	4,226,400	4,599,700	4,968,440	5,072,811	5,547,679	5,570,950	5,340,675
Health & Government	3,154,698	3,222,012	3,098,790	3,627,150	3,302,440	1,637,820	1,688,204	1,741,938	3,178,549	3,543,141
Apparel stores	2,694,660	3,094,380	3,584,610	3,785,500	4,295,240	4,712,040	5,030,620	5,367,609	5,961,700	5,623,498
Restaurants	3,139,854	2,854,952	3,000,890	3,156,450	3,194,150	3,475,260	3,802,133	4,013,129	4,268,377	4,538,666
Furniture/appliances	2,266,677	2,051,832	1,886,340	1,317,800	2,513,300	2,513,520	2,467,111	2,618,394	2,807,147	2,593,238
Leasing	1,386,727	1,341,755	1,256,270	1,361,150	1,395,150	1,604,750	1,776,856	1,995,507	2,343,558	8,121,151
Other	2,955,318	2,915,036	1,795,900	4,311,900	1,581,150	1,618,100	1,754,032	6,210,540	5,467,202	3,500,895
Total	\$ 48,723,554	\$ 47,435,873	\$ 50,550,620	\$ 55,331,790	\$ 59,128,720	\$ 63,037,600	\$ 62,209,250	\$ 74,395,982	\$ 79,185,152	\$ 77,665,882

City direct sales tax rate - - - - - - - - - - - -

Source: MuniServices, LLC

Note: For the City of Ontario, property and sales taxes provide similar amounts of annual revenue; therefore, the City has elected to disclose revenue capacity information about both the property and sales tax.

**City of Ontario
Direct and Overlapping Sales Tax Rates
Last Ten Fiscal Years**

<u>Ended June 30</u>	<u>City Direct Rate</u>	<u>County Transportation Authority Rate</u>	<u>San Bernardino County Rate</u>	<u>State Rate</u>
2009	-	0.50%	1.00%	7.25%
2010	-	0.50%	1.00%	7.25%
2011	-	0.50%	1.00%	7.25%
2012	-	0.50%	1.00%	6.25%
2013	-	0.50%	1.00%	6.50%
2014	-	0.50%	1.00%	6.50%
2015	-	0.50%	1.00%	6.50%
2016	-	0.50%	1.25%	6.25%
2017	-	0.50%	1.25%	6.00%
2018	-	0.50%	1.25%	6.00%

Source: California Department of Tax and Fee Administration.

Note: The Bradley-Burns Uniform Local Sales and Use Tax Law was enacted in 1955. The law authorized counties to impose sales and use tax. Effective January 1, 1962, all counties within the State of California have adopted ordinances for the Board of Equalization to collect the local tax. Local tax rate for the San Bernardino County has been 1.25% since January 1, 2017.

The City of Ontario does not impose direct sales and use tax.

**City of Ontario
Sales Tax Payers by Industry
Current Year and Ten Years Ago
(dollars in thousands)**

Economic Category	Fiscal Year 2018				Fiscal Year 2008			
	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
General retail	1,934	34.46%	\$ 15,449	19.89%	2,267	40.59%	\$ 8,878	15.65%
Food products	900	16.03%	5,857	7.54%	694	12.43%	4,880	8.60%
Transportation	726	12.93%	21,076	27.14%	609	10.90%	15,626	27.55%
Construction	253	4.51%	5,341	6.88%	283	5.07%	5,782	10.19%
Business to business	1,557	27.74%	29,730	38.28%	1,329	23.80%	18,748	33.05%
Miscellaneous	243	4.33%	214	0.27%	403	7.22%	2,805	4.94%
	<u>5,613</u>	<u>100.00%</u>	<u>\$ 77,666</u>	<u>100.00%</u>	<u>5,585</u>	<u>100.00%</u>	<u>\$ 56,718</u>	<u>100.00%</u>

Source: MuniServices, LLC

Note: Due to confidentiality issues, the names of the ten largest sales tax remitters are not available. The categories presented above are intended to provide alternative information regarding the sources of the City's revenue.

City of Ontario
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(dollars in thousands, except per capita)

Fiscal Year Ended June 30	Governmental Activities						Business-type Activities			Total Primary Government	Percentage of Personal Income ^b	Per Capita
	General Obligation Bonds	Tax Allocation Bonds	Revenue Bonds	Loans	Capital Leases	Total Governmental Activities	Term Loan	Certificates of Participation	Total Business-type Activities			
2009	66,285	55,139	19,277	13,181	-	153,882	-	48,920	48,920	202,802	6.20%	1,173
2010	64,935	52,150	19,696	12,824	-	149,606	-	47,860	47,860	197,466	5.72%	1,205
2011	63,546	48,965	20,166	12,449	-	145,126	-	46,760	46,760	191,886	7.99%	1,164
2012 ^a	41,736	-	-	-	-	41,736	-	45,615	45,615	87,350	3.63%	527
2013	40,417	-	-	-	-	40,417	-	44,425	44,425	84,842	3.66%	508
2014 ^c	72,067	-	-	-	-	72,067	-	74,808	74,808	146,875	4.82%	877
2015	70,647	-	-	-	-	70,647	-	73,488	73,488	144,136	4.65%	852
2016	69,158	-	-	-	-	69,158	-	72,119	72,119	141,277	4.38%	832
2017 ^d	67,593	-	-	149	-	67,742	-	70,700	70,700	138,442	4.38%	794
2018	63,153	-	-	137	-	63,290	-	69,225	69,225	132,515	3.85%	754

Source: Notes to the Financial Statements, Long Term Debt section.

a Outstanding long term debts of the Ontario Redevelopment Agency were transferred to the Successor Agency on February 1, 2012 as a result of dissolution of Redevelopment Agencies in California.

b See Schedule 17 for personal and population data. These ratios are calculated using personal income and population for the prior calendar year.

c The City issued \$74.545 million in Water Revenue Bonds.

d The Ontario Housing Authority (Authority) negotiated the purchase of a property and assumed a promissory note and deed from Housing Opportunities Group Inc (HOGI) with a balance of \$158,566.

City of Ontario
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
(dollars in thousands, except per capita)

Fiscal Year Ended June 30	General Bonded Debt Outstanding				Percentage of Assessed Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Redevelopment Bonds		Total		
		Tax Allocation Bonds	Revenue Bonds			
2009	66,285	55,139	19,277	140,701	0.81%	813.73
2010	64,935	52,150	19,696	136,782	0.79%	783.69
2011	63,546	48,965	20,166	132,677	0.78%	804.90
2012	41,736	-	-	41,736	0.25%	251.74
2013	40,417	-	-	40,417	0.24%	242.21
2014	72,067	-	-	72,067	0.41%	430.55
2015	70,647	-	-	70,647	0.40%	417.81
2016	69,158	-	-	69,158	0.38%	407.13
2017	67,593	-	-	67,593	0.31%	387.83
2018	63,153	-	-	63,153	0.27%	359.15

Note: General bonded debt is debt payable with governmental fund resources and general obligation bonds recorded in the enterprise funds (of which the City has none). Details regarding the City's outstanding debt can be found in the notes to the financial statements.

- a Assessed value has been used because the actual value of taxable property is not readily available. See Schedule 5 for assessed property value data.
- b See Schedule 17 for population data.
- c Outstanding long term debts of the Ontario Redevelopment Agency were transferred to the Successor Agency on February 1, 2012 as a result of dissolution of Redevelopment Agencies in California.

City of Ontario
Direct and Overlapping Governmental Activities Debt
As of June 30, 2018
(dollars in thousands)

City Assessed Valuation	\$ 23,201,422,505
Redevelopment Agency Incremental Valuation	5,841,688,709
Total Assessed Valuation	<u>\$ 29,043,111,214</u> *

*Does not include deduction of the homeowner's exception of \$108,915

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and, therefore, responsible for repaying the debt of each overlapping government.

^a For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value.

Source: *California Municipal Statistics, Inc.
 *City direct debt can be obtained from Schedule 12.
 *City bond premium and discount can be obtained from Note 7 in notes to financial statements.
 *City Loans Payable can be obtained from Note 7 in notes to financial statements.

	<u>Outstanding Debt 06/30/2018</u>	<u>Percentage Applicable^a</u>	<u>Est. Share of Overlapping Debt 06/30/2018</u>
Overlapping Debt Repaid with Property Taxes:			
Metropolitan Water District	\$ 60,600,000	0.847%	\$ 513,282
Chaffey Community College District	138,940,000	22.113%	30,723,802
Chino Valley Unified School District	332,495,000	5.143%	17,100,218
Chaffey Union High School District	389,572,765	39.177%	152,622,922
Ontario-Montclair School District	79,865,288	69.762%	55,715,622
Mountain View School District School Facilities Improvement District No. 1	11,590,122	99.749%	11,561,029
Mountain View School District CFD No. 1997-1	673,000	100.000%	673,000
Ontario Community Facilities District No. 5		100.000%	-
Ontario Community Facilities District No. 13	3,925,000	100.000%	3,925,000
Ontario Community Facilities District No. 24	15,870,000	100.000%	15,870,000
Ontario Community Facilities District No. 28	9,010,000	100.000%	9,010,000
Ontario Community Facilities District No. 30	14,000,000	100.000%	14,000,000
Ontario Community Facilities District No. 31	5,075,000	100.000%	5,075,000
Ontario Community Facilities District No. 34	7,920,000	100.000%	7,920,000
City of Ontario 1915 Act Bonds	4,385,000	100.000%	4,385,000
	<u>1,073,921,175</u>		<u>329,094,875</u>
Total overlapping debt repaid with property taxes			
Overlapping General Fund Debt:			
San Bernardino County General Fund Obligations	368,015,000	11.193%	41,191,919
San Bernardino County Pension Obligation Bonds	336,106,248	11.193%	37,620,372
San Bernardino County Flood Control District GF Obligation	68,325,000	11.193%	7,647,617
Chaffey Community College District Certificates of Participation	31,725,000	22.113%	7,015,349
Chino Valley Unified School District Certificates of Participation	10,060,000	5.143%	517,386
Cucamonga School District Certificate of Participation	6,385,000	51.914%	3,314,709
City of Ontario General Fund Obligations	60,200,000	100.000%	60,200,000
City of Ontario General Fund Obligations-Unamortized Bond Premium and Discount	2,952,978		2,952,978
Loans Payable	136,566		136,566
West Valley Vector Control District Certificate of Participation	2,556,686	30.390%	776,977
	<u>886,462,478</u>		<u>161,373,873</u>
Total overlapping general fund debt			
Overlapping Tax Increment Debt (Successor Agency):	\$ 45,676,900	100.00%	45,676,900
			<u>472,856,104</u>
Total overlapping debt			
City direct debt			<u>63,289,544</u>
Total direct and overlapping debt			<u>\$ 536,145,648</u>

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City of Ontario
Legal Debt Margin Information
Last Ten Fiscal Years
(dollars in thousands)

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Assessed valuation ^a	\$ 14,051,556	\$ 13,909,816	\$ 13,476,497	\$ 13,562,118	\$ 13,741,177	\$ 14,114,165	\$ 14,857,991	\$ 15,629,797	\$ 16,216,435	\$ 17,359,734
Conversion percentage ^b	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Adjusted assessed valuation	\$ 3,512,889	\$ 3,477,454	\$ 3,369,124	\$ 3,390,530	\$ 3,435,294	\$ 3,528,541	\$ 3,714,498	\$ 3,907,449	\$ 4,054,109	\$ 4,339,934
Debt limit percentage ^c	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Debt limit	\$ 526,933	\$ 521,618	\$ 505,369	\$ 508,579	\$ 515,294	\$ 529,281	\$ 557,175	\$ 586,117	\$ 608,116	\$ 650,990
Total net debt applicable to limit:										
General obligation bonds	64,504	63,270	61,995	41,285	39,995	72,035	70,625	69,145	67,590	60,200
Legal debt margin	<u>\$ 462,429</u>	<u>\$ 458,348</u>	<u>\$ 443,374</u>	<u>\$ 467,294</u>	<u>\$ 475,299</u>	<u>\$ 457,246</u>	<u>\$ 486,550</u>	<u>\$ 516,972</u>	<u>\$ 540,526</u>	<u>\$ 590,790</u>
Total debt applicable to the limit as a percentage of debt limit	13.95%	13.80%	13.98%	8.83%	8.41%	15.75%	14.52%	13.37%	12.50%	10.19%

Source: City of Ontario, Administrative Services Agency

a Assessed valuation includes the City portion only.

b The California Code Section 43605 provides for a legal debt margin limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). The computation shown above reflects a conversion of assessed valuation data for each fiscal year from the current full valuation perspective to the 25% level that was in effect at the time that legal margin debt was enacted by the State of California for local governments within the State.

c The legal debt limit of 15% is established by the State of California Code Section 43605.

City of Ontario
Pledged-Revenue Coverage
Last Ten Fiscal Years
(dollars in thousands)

Fiscal Year Ended June 30	Tax Allocation/Tax Increment Revenue Bonds				Water Certificates of Participation					
	Tax Increment	Debt Service		Coverage	Water Revenue	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
		Principal	Interest					Principal	Interest	
2009	51,410	5,638	9,580	3.38	46,202	25,643	20,559	980	2,432	6.03
2010	55,505	5,512	9,518	3.69	45,767	22,432	23,335	1,015	2,393	6.85
2011	49,667	5,592	9,454	3.30	51,182	28,759	22,423	1,055	2,352	6.58
2012 ^a	10,176	1,240	2,966	2.42	55,482	26,814	28,668	1,100	2,310	8.41
2013	-	-	-	-	57,433	31,039	26,394	1,145	2,266	7.74
2014	-	-	-	-	60,108	37,795	22,313	2,025	3,576	3.98
2015	-	-	-	-	60,176	45,679	14,497	1,220	3,576	3.98
2016	-	-	-	-	55,649	43,923	11,726	1,270	3,527	2.44
2017	-	-	-	-	59,459	40,855	18,604	1,320	3,476	3.88
2018	-	-	-	-	61,126	46,793	14,333	1,375	3,423	2.99

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest, depreciation, or amortization expenses.

a Outstanding long term debts of the Ontario Redevelopment Agency were transferred to the Successor Agency on February 1, 2012 as a result of dissolution of Redevelopment Agencies in California.

**City of Ontario
Demographic and Economic Statistics
Last Ten Calendar Years**

Calendar Year	Population (1)	Personal Income (in thousands) (2)	Per Capita Personal Income (2)	Unemployment Rate (3)
2009	172,908	3,453,541	20,008	7.9%
2010	163,924	2,400,178	16,255	13.5%
2011	164,836	2,403,359	17,947	14.1%
2012	165,790	2,315,184	18,229	14.7%
2013	166,866	3,047,233	18,522	10.7%
2014	167,382	3,100,249	18,774	8.2%
2015	169,089	3,224,189	19,068	5.8%
2016	169,869	3,159,733	18,601	6.5%
2017	174,283	3,444,006	19,761	5.5%
2018	175,841	3,474,794	19,761	3.4%

Source: (1) - Ontario (City) QuickFacts from the US Census Bureau
(2) - Ontario (City) QuickFacts from the US Census Bureau
(3) - California Labor Market Info, EDD.

City of Ontario
Principal Employers – Current Year
Principal Employment Sectors - Current Year and Nine Years Ago

Employer	2018		2009	
	Number of Employees	Percentage of Total City Employment ^(a)	Number of Employees	Percentage of Total City Employment
Ontario Intl Airport-Ont	5,000 - 9,999		7,690	9.90%
Shelby Holdings LLC	5,000 - 9,999			
United Parcel Service (UPS)	5,000 - 9,999		3,500	4.50%
Ontario Montclair School District	1,000-4,999			
Niagara Bottling LLC	1,000-4,999			
Nestle Toll House Café by CHIP	1,000-4,999			
QVC Ontario LLC	500 - 999			
The Merchant of Tennis	500 - 999			
ULINE	500 - 999			
Zodiac Cabin & Structures Support LLC	500 - 999			
CHIEF #9710	250 to 499			
Walmart #3796	250 to 499	(a) Left		
Gold Star Foods Inc	250 to 499	intentionally blank		
Mag Instrument Inc			900	1.16%
Toyota			530	0.68%
CVB Financial Corp			719	0.93%
ICEE Company			700	0.90%
Marriot			624	0.80%
U S Merchants Financial Group			1,000	1.29%
Total	-	-	15,663	20.16%

Notes: ^(a) Per EDD, employment numbers are confidential therefore, only the data for the range of numbers of employees are available.

Source: EDD
City of Ontario Business License Dept

City of Ontario
Principal Employers – Current Year
Principal Employment Sectors - Current Year and Nine Years Ago

Employment Sector	2018		2009	
	Number of Employees ^(a)	Percentage of Total City Employment	Number of Employees	Percentage of Total City Employment
Distribution	6,330	8.22%	25,384	23.31%
Retail/Wholesale Trade	13,500	17.54%	17,483	16.05%
Manufacturing	10,674	13.87%	15,966	14.66%
Help Agency	5,714	7.42%	17,328	15.91%
Construction	5,485	7.13%	5,007	4.60%
Education	5,264	6.84%	5,084	4.67%
Other Services	3,889	5.05%	3,198	2.94%
Business Services	4,246	5.52%	4,246	3.90%
Engineering and Management	101	0.13%	2,518	2.31%
Financial Institution/Insurance/Real Estate	2,936	3.81%	4,036	3.71%
Hotels and Entertainment	6,257	8.13%	1,978	1.82%
Agriculture	675	0.88%	1,574	1.45%
Health Services	8,242	10.71%	2,249	2.06%
Utilities	498	0.65%	857	0.79%
Public Administration	3,162	4.10%	1,294	1.19%
Aerospace		0.00%	716	0.63%
Total	76,973	100.00%	108,918	100.00%

Source: Number of employees by sector - Data USA

^(a) most current number of employees as of 2016

City of Ontario
Full-time City Government Employees by Function
Last Ten Fiscal Years

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government	100	100	103	103	103	148	137	147	122	126
Public Safety	493	492	492	492	492	495	499	506	596	600
Community Development	133	131	132	132	118	145	157	156	183	131
Public Works	342	340	333	332	331	285	289	289	296	355
Total	<u>1,068</u>	<u>1,063</u>	<u>1,060</u>	<u>1,059</u>	<u>1,044</u>	<u>1,073</u>	<u>1,082</u>	<u>1,098</u>	<u>1,197</u>	<u>1,212</u>

Source: City of Ontario, Administrative Services Agency Ontario Home page "Operating Budget Summary"

Note: A full-time employee is scheduled to work 2,080 hours per year (including vacation and sick leave).

City of Ontario
Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General government										
Building permits issued	2,339	2,594	3,244	3,300	3,550	3,724	3,987	4,353	4,231	5,130
Police										
Physical arrests	10,945	9,979	7,877	8,839	8,959	8,546	8,280	8,916	10,433	10,024
Citations	19,710	16,031	14,636	12,006	13,161	9,377	8,469	7,957	6,733	7,058
Fire										
Emergency response	15,157	14,877	15,487	15,889	15,783	16,736	16,794	18,326	19,418	20,223
Fire inspections	2,358	1,228	1,210	3,537	4,227	4,168	4,650	6,986	3,269	2,843
Public works										
Street resurfacing (miles)	9.20	9.60	9.10	9.30	16.10	18.50	15.20	11.26	8.97	11.00
Parks and recreation										
Number of recreation classes	1,353	1,371	1,286	1,401	1,402	1,299	1,265	1,233	1,202	1,106
Number of facility rentals	1,071	3,285	3,231	3,780	4,337	6,118	6,259	5,761	6,754	6,468
Library										
Total volumes of books borrowed	436,576	470,567	467,185	472,384	387,092	393,308	390,740	466,189	433,527	407,395
Total volumes of audio/visual items borrowed	176,665	173,444	169,827	155,855	129,435	133,041	121,908	127,989	120,066	100,901
Water										
Number of recycled water connections	113	164	205	218	221	220	244	290	333	339
Number of potable connections	32,752	33,384	32,907	32,904	33,304	33,134	33,504	34,000	34,468	35,308
Average daily potable consumption (MGD)	36	33	31	31	32	34	29	30	26	30
Solid waste										
Refuse collected (tons per day)	627	566	565	535	545	564	592	598	655	683
Recyclables collected (tons per day)	52	49	48	49	49	49	48	50	54	55
Recyclables recovered (tons per day)	34	30	33	34	33	38	38	39	37	40

Source: City of Ontario, various departments

City of Ontario
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Police										
Police stations	2	2	2	2	2	2	2	2	2	2
Fire										
Fire stations	8	8	8	8	8	8	8	8	8	8
Public works										
Streets (miles) ^a	544	544	544	544	552	552	543	503	503	486
Streetlights										
Traffic signals	184	184	191	191	191	191	191	191	207	207

^a Number of street miles were adjusted to reflect only the mileage in the City of Ontario ~ not the surrounding cities.

Source: City of Ontario, various departments

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MAYOR

Paul S. Leon

MAYOR PRO TEM

Alan D. Wapner

COUNCIL MEMBERS

Jim W. Bowman
Debra Dorst-Porada
Ruben Valencia

CITY TREASURER

James R. Milhiser

CITY CLERK

Sheila Mautz

CITY MANAGER

Scott Ochoa

**EXECUTIVE DIRECTOR
OF FINANCE**

Grant D. Yee

