

CITY OF ONTARIO, CALIFORNIA



TRANSPORTATION



BUSINESS



INNOVATION

**COMPREHENSIVE ANNUAL FINANCIAL
REPORT FOR FISCAL YEAR
ENDED JUNE 30, 2014**



City of Ontario, California

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

For Fiscal Year Ending June 30, 2014

**Prepared By:
Fiscal Services Department**



CITY OF ONTARIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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Introductory Section





PAUL S. LEON
MAYOR

ALAN D. WAPNER
MAYOR PRO TEM

JIM W. BOWMAN
DEBRA DORST-PORADA
PAUL VINCENT AVILA
COUNCIL MEMBERS

AL C. BOLING
CITY MANAGER

MARY E. WIRTES, MMC
CITY CLERK

JAMES R. MILHISER
TREASURER

December 15, 2014

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, 2014. This report provides a broad view of the City's financial activities for the 2013-14 Fiscal Year and its financial position as of June 30, 2014. 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, 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, 2014, 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, 2014, 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 167,382 people and over 11,000 businesses. Ontario is advantageously positioned with unique, convenient access to the major I-10, I-210, I-15 and 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 1,073 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, waste water and sanitation services; recreation and community services; and 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 Administrative Services Agency, under the direction of the Administrative Services/Finance Director, 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 Administrative Services staff reviews and analyze all Agency requests. This review includes comparative analysis of historical and current expenditure levels. The City Manager and the Administrative Services staff then hold meetings with each Agency Head 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 Report. 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

Today, Ontario is referred to by the Southern California Association of Governments as the "Next Urban Center in Southern California" and the urban core of the Inland Empire. The City's founding concepts of innovation, planned development, community service and family values are clearly evident in the Mayor and City's Council's commitment to: *"Maintaining Ontario's leadership role in the Inland Empire and the region, continued investment in the growth and evolution of the area's economy, and reinvestment to provide a balance of jobs, housing, and educational and recreational opportunities for residents in a safe, well-maintained community."*

In the southern part of the City, development of an upscale community has begun in an 8,200-acre former agricultural preserve now known as the New Model Colony. This significant area has been purposefully designed to advance the economic dynamics of the City, and at build-out, will add approximately 31,000 homes and 120,000 new residents to Ontario. Among the numerous features of this master-planned community will be an extensive system of pathways, over 500 acres of parklands,

conveniently situated retail centers, health facilities, a high technology business park and improvements are completed, neighborhoods are beginning to be developed.

Ontario also provides companies with strategic global access with the Ontario International Airport (ONT). The airport is currently home to UPS' Western Regional hub and its third party logistics operation, as well as Federal Express' Inland Empire operations. ONT served 3.9 million people in 2013. The success of the airport translates to economic benefits for the Inland Empire through directly related airport business and generates far reaching economic impacts for the region.

Steady growth and rapid development adjacent to the airport, along freeway corridors and throughout Ontario reflect the City's distinctive advantages. Due to Ontario's prime location and transportation infrastructure, the City garners national presence as a first class logistics, distribution and cargo center. Trucking and integrated carriers, a rapidly developing network of national and international freight forwarders, and the Union Pacific Railway all service Ontario. With exceptional convenience to major regional, national and international markets and modern facilities, Ontario has become the place to be for manufacturing, warehousing and distribution. City records show that Ontario is home to over 11,000 businesses which account for approximately 109,000 jobs.

The local economy is continuing to show signs of improvement, with continued growth in retail and motor vehicle sales and employment. Sales tax revenue for the second quarter of 2014 grew approximately 5% compared to same quarter a year ago, with office equipment and new auto sales continuing to be the highest producing sectors. Ontario's unemployment rate declined to 8.2% in September 2014 from 10.1% in the prior year. Continued job gains over the last several months continue to drive unemployment down. Home sales were slightly up by 1.2% compared to the prior year. Growth has been slow as a result of rising home prices, weak income growth, and tight lending standards which have pushed out many potential buyers. The index for manufacturing activity (Purchasing Managers Index or PMI) has decreased to 56.6 in September, compared to August's reading of 59.0; current volatile market conditions and pessimistic purchasing managers may have contributed to the recent drop.

In addition, the declining passenger traffic at the Ontario International Airport is of utmost concern for the City. The airport has lost over 40% of passenger traffic since 2007, which equates to a loss of approximately \$540 million dollars of regional economic impact and over 10,000 local jobs. The transfer of Ontario Airport management decisions to local control is in the best interest for the region and will help the Airport regain its status as the economic engine for the Inland Empire while ensuring sufficient airport capacity in the long-term for all of Southern California.

The California State Public Employees Retirement System (CalPERS) is considerably underfunded, primarily due to 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 begun in the 2014-15 fiscal year: 4.2% increase for Fire Safety; 3.7% increase for Police Safety; and 1.6% increase for Miscellaneous. CalPERS' proposed rates will increase by approximately 50% by Fiscal Year 2019-20. These rates are dependent upon CalPERS earning a 7.5% return on their investments in the future.

While the City is experiencing improvement during the economic recovery, challenges still remain. The economy is projected to grow slowly over the next couple of years due to continued stagnant wage

growth, the potential negative impact to the economy resulting from the federal deficit, and the Federal Reserve's current actions to taper back its bond purchases (quantitative easing) which has kept borrowing costs low. The City still needs to be attentive during this economic recovery stage to ensure that the City of Ontario is positioned to take advantage of opportunities in the next economic growth cycle.

The City continues to reflect the City council's commitment to foster steady, controlled growth and to provide the highest level of service to the community within the City's fiscal constraints. With City Council's leadership and their prudent fiscal policies, the City's long-term fiscal health will further solidify its standing as the economic leader in the Inland Empire and a formidable player in California and the nation. Making the most of Ontario's resources for the benefit of the entire community is at the heart of the Mayor and City Council's commitment to business and economic development. This is evident in the continuing investment and reinvestment in necessary infrastructure and amenities to attract higher paying employers such as high-technology and engineering firms. The City's business and economic development strategies are successfully yielding a return on investment to be funneled back into new community facilities, programs and neighborhood improvements that enable Ontario to retain the charm and warmth of a small town while providing big city resources and services. True to the vision of its founding fathers to create and sustain a broadly diverse and balanced city, Ontario is prepared to face its opportunities and challenges with pride, purpose, conviction and commitment as it builds itself as the next urban center.

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:

- \$10,700,000 in storm drain improvements
- \$ 4,521,000 in street and traffic improvements
- \$ 2,600,000 in water improvements, and
- \$ 463,500 in park and landscape improvements

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. It is hoped that Ontario's well-balanced economic base will allow the City to ride out the on-going financial crisis with the least possible impacts to service levels. 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 project 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. The development of the New Model Colony, completion of the soccer complex and a community events center as well as projects currently underway in the Civic Center and The Ontario Center, will provide a mixed retail-housing component as well as enhanced cultural opportunities for residents, while contributing to Ontario's reputation as the place to live, work, and play.

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 Administrative Services/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, 2014, the City's General Fund had an assigned fund balance for the stability arrangement of \$30.75 million, which is approximately 18 percent of the General Fund Adopted Budget for Fiscal Year 2014-15.

This 18 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, Contractual Obligations, 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 New Model Colony – 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 City Manager continues to emphasize the importance of service to the community by implementing “We Think Ontario,” an employee orientation program that lays out the City’s business strategy and approach to serving the community. In addition, 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.

Ontario International Airport

In order to address the decline of air traffic at Ontario International Airport, the City commissioned a study and initiated discussions with the City of Los Angeles regarding the transfer of operational control of Ontario International Airport to a Local airport authority, including the City of Ontario. Support for air traffic regionalization and Ontario’s efforts have been received from various Southern California cities, San Bernardino County and transportation authorities, as well as bi-partisan State and Federal legislators. A recent report prepared by a City of Los Angeles official recommends that the City of Los Angeles should continue negotiating with government officials from the Inland Empire to determine if there is a way to transfer control of the airport to them. In addition, the recently formed Ontario International Airport Authority was tasked with the goal of acquiring the airport from the City of Los Angeles. An interactive website was created to keep the public informed of the status of these negotiations and the progress made.

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, 2013. This was the twenty-seventh 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.

In addition, the City of Ontario received distinguished budget awards from the GFOA and the CSMFO for its Fiscal Year 2013-14 Adopted Operating Budget. This is the fifteenth consecutive year in which the City has been bestowed these prestigious awards. To receive these awards, the City’s budget document met program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

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 Administrative 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,


Grant D. Yee
Administrative Services/Finance Director



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, 2013

Executive Director/CEO

City of Ontario

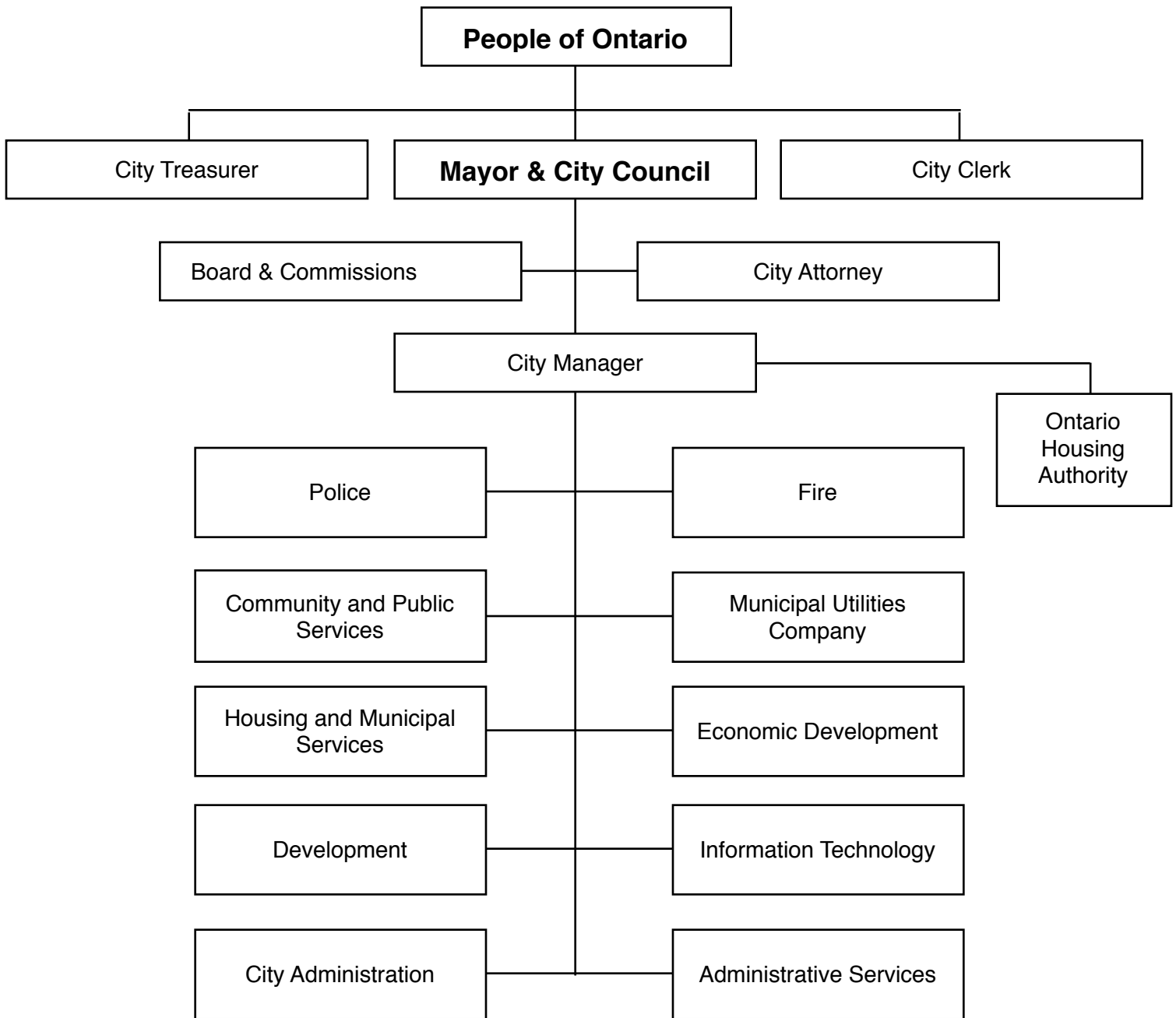
Elected Officials

Mayor	Paul S. Leon
Mayor Pro Tem	Alan D. Wapner
Council Members	Jim W. Bowman
.....	Debra Dorst-Porada
.....	Paul Vincent Avila
City Treasurer.....	James R. Milhiser
City Clerk.....	Mary E. Wirtes

Administration and Executive Management

City Manager/Executive Director of the Housing Authority	Al C. Boling
Assistant City Manager	Jacob Green
City Attorney	John E. Brown
Police Chief	Eric V. Hopley
Fire Chief.....	Floyd E. Clark
Community & Public Services Director.....	Mark Chase
Utilities General Manager	Scott Burton
Housing and Municipal Services Director	Brent D. Schultz
Economic Development Director.....	John P. Andrews
Development Director	Otto Kroutil
Information Technology Director.....	Elliott Ellsworth
Administrative Services/Finance Director	Grant D. Yee

City of Ontario



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Financial Section



INDEPENDENT AUDITORS' REPORT

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

Report on 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, 2014, 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, 2014, 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.

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 information, the modified approach for the City's infrastructure assets as listed in the table of contents 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, combining and individual nonmajor fund financial statements and schedules, AB 1600 Development Impact Fee Annual Report, and 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, schedules and AB 1600 Development Impact Fee Annual Report are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules, and AB 1600 Development Impact Fee Annual Report are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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



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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2014 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 & Luyhard, LLP

Brea, California
December 15, 2014

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MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's 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, 2014. 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 by \$1.63 billion (net position). Of this amount, \$410.66 million (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- For the year ended June 30, 2014, total net position increased by \$60.89 million before a (\$1.28) million restatement. Total revenues from all sources were \$345.20 million and total expenses for all functions/programs were \$284.32 million.
- Of total revenues, program revenues were \$197.36 million and general revenues were \$147.84 million. Program revenues are broken into three categories: Charges for Services, \$144.65 million; Operating Contributions and Grants, \$12.23 million; and Capital Contributions and Grants, \$40.48 million.

Fund Based

- For the fiscal year ended June 30, 2014, the assigned fund balance of the General Fund was \$77.63 million. The assigned portion of \$30.75 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 \$300.23 million, which was less than the final budget of \$304.07 million by \$3.84 million. Actual charges (outflows) of \$173.46 million were \$11.12 million less than the final budget of \$184.57 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, City Manager's Department, Records Management, General Services, Revenue Services, and Fiscal Services), 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, and solid waste 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 nineteen individual governmental funds. These funds report financial transactions using the modified accrual accounting method. Information for seven out of the nineteen funds are presented separately in the Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances. The following seven funds are considered to be major funds: General Fund, Quiet Home Program Fund, Measure I Fund, Community Development Fund, Ontario Housing Authority 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 and the Information Technology 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, 2014. Management has included comparative data from fiscal year ending June 30, 2013 in its analysis.

Net Position (Table 1)
(in millions)

	Governmental Activities		Business-Type Activities		Government-Wide Totals	
	2014	2013	2014	2013	2014	2013
Current and Other Assets	\$ 533.13	\$ 455.59	\$ 298.38	\$ 257.09	\$ 831.51	\$ 712.68
Capital Assets	884.94	871.18	217.24	196.92	1,102.18	1,068.10
Total Assets	1,418.07	1,326.77	515.62	454.01	1,933.69	1,780.78
Deferred Charges on Refunding	-	-	1.14	-	1.14	-
Total Deferred Outflows	-	-	1.14	-	1.14	-
Long-term Debt Outstanding	165.94	119.45	75.84	45.39	241.78	164.84
Other Liabilities	47.56	32.25	13.69	11.50	61.25	43.75
Total Liabilities	213.50	151.70	89.53	56.89	303.04	208.59
Net Position:						
Net Investment in Capital Assets	812.87	830.76	143.57	152.49	956.45	983.25
Restricted	254.10	216.15	10.58	4.27	264.68	220.42
Unrestricted	137.59	128.15	273.07	240.35	410.66	368.49
Total Net Position	\$ 1,204.57	\$ 1,175.07	\$ 427.23	\$ 397.12	\$ 1,631.79	\$ 1,572.19

The City's Government-wide total net position was \$1.63 billion, with assets of \$1.93 billion, deferred outflows of \$1.14 million and liabilities of \$303.04 million. The net investment in capital assets of \$956.45 million represents 59 percent of the City's total net position. This is a decrease of \$26.81 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 \$264.68 million (16 percent of the total net position) represents resources that are subject to external restrictions in how they may be used. The remaining balance of \$410.66 million or 25 percent of the total net position (unrestricted position) may be used to meet the government's ongoing obligations to citizens and creditors within the programs areas.

Overall Financial Activities

Overall the City's financial position increased from the prior year by \$59.60 million (see Table 2 on the following page). This increase is attributable to the favorable variance of total revenues over total expenditures, less the (\$1.28) restatement of the prior year

The overall cost of all governmental and business-type activities this year was \$284.30 million and was an overall net increase of \$20.46 million or 8 percent compared to the prior year. This is primarily due to increased revenue in charges for service and capital contributions and grants in the governmental activities.

Total revenue of all governmental and business-type activities was \$345.18 million for this fiscal year; an increase of \$39.74 million or 13 percent. Program revenues were \$197.36 million and general revenues were \$147.82 million. The largest single revenue category was Charges for Services, at \$144.65 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 \$16.54 million or 13 percent, mainly due to an increase of \$10.19 million or 52 percent in governmental activities. Sales Taxes, which are considered *general revenues*, were the second largest revenue at \$67.51 million. This revenue category experienced a slight increase from the prior year of \$0.36 million. The third largest revenue source was Property Taxes, another *general revenue* source, at \$45.14 million. Property Tax revenue decreased \$0.56 million or 1 percent compared to the prior fiscal year. The revenue category of Capital Contributions and Grants was the fourth largest revenue category at \$40.48 million. Capital Contributions and Grants increased by \$14.34 million or 55 percent primarily due to increased intergovernmental revenue in the current fiscal year.

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

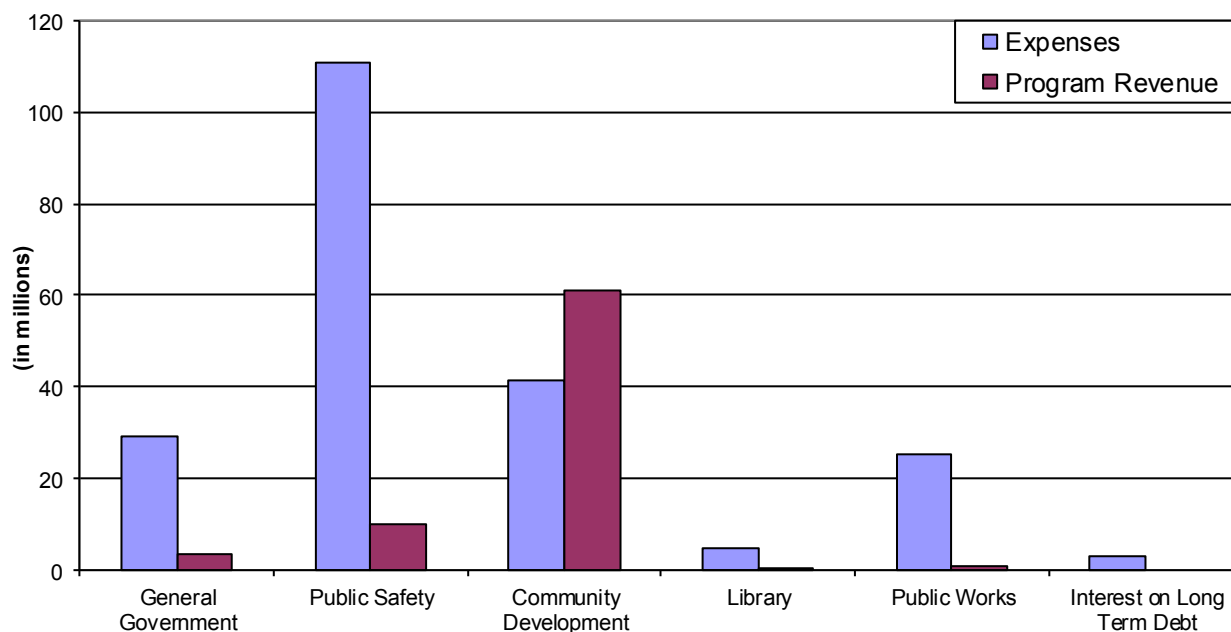
	Governmental Activities		Business-Type Activities		Government-Wide Totals	
	2014	2013	2014	2013	2014	2013
Revenues						
Program Revenues:						
Charges for Services	\$ 29.64	\$ 19.45	\$ 115.01	\$ 108.66	\$ 144.65	\$ 128.11
Operating Contributions and Grants	12.08	7.86	0.15	0.10	12.23	7.96
Capital Contributions and Grants	33.84	23.74	6.64	2.41	40.48	26.15
Sub-total Program Revenues	<u>75.56</u>	<u>51.05</u>	<u>121.80</u>	<u>111.17</u>	<u>197.36</u>	<u>162.22</u>
General Revenues:						
Property Taxes	45.14	45.70	-	-	45.14	45.70
Sales Taxes	67.51	67.15	-	-	67.51	67.15
Business Licenses Taxes	6.41	6.08	-	-	6.41	6.08
Franchise Taxes	3.25	3.04	-	-	3.25	3.04
Transient Occupancy Taxes	10.61	9.73	-	-	10.61	9.73
Other Taxes	3.70	5.27	-	-	3.70	5.27
Motor Vehicle In-Lieu	-	0.07	-	-	-	0.07
Use of Money and Property	5.17	0.98	1.60	0.31	6.77	1.29
Gain on Sale of Capital Asset	-	1.00	-	-	-	1.00
Other	4.41	3.87	0.02	0.02	4.43	3.89
Sub-total General Revenues	<u>146.20</u>	<u>142.89</u>	<u>1.62</u>	<u>0.33</u>	<u>147.82</u>	<u>143.22</u>
Total Revenues	\$ 221.76	\$ 193.94	\$ 123.42	\$ 111.50	\$ 345.18	\$ 305.44
Expenses						
General government	\$ 28.98	\$ 34.08	\$ -	\$ -	\$ 28.98	\$ 34.08
Public safety	110.98	103.81	-	-	110.98	103.81
Community development	41.52	45.49	-	-	41.52	45.49
Library	4.60	3.75	-	-	4.60	3.75
Public works	25.09	18.51	-	-	25.09	18.51
Interest on long-term debt	3.02	1.88	-	-	3.02	1.88
Water	-	-	30.81	21.49	30.81	21.49
Sewer	-	-	16.14	13.17	16.14	13.17
Solid Waste	-	-	23.16	21.66	23.16	21.66
Total Expenses	\$ 214.19	\$ 207.52	\$ 70.11	\$ 56.32	\$ 284.30	\$ 263.84
Increase / (Decrease) in Net Position Before Transfers	\$ 7.57	\$ (13.58)	\$ 53.31	\$ 55.18	\$ 60.88	\$ 41.60
Transfers	21.93	25.53	(21.93)	(25.53)	-	0.00
Restatement of Net Position	-	-	(1.28)	-	(1.28)	-
Increase/(Decrease) in Net Position	\$ 29.50	\$ 11.95	\$ 30.10	\$ 29.66	\$ 59.60	\$ 41.61

Governmental Activities

Under the governmental activities, the City’s *net position* increased by \$29.50 million after a net difference between revenue and expense, and transfers of \$21.93 million. The cost of all governmental activities this year was \$214.19 million or 75 percent of the government-wide total expenses and was an increase of \$6.66 million or 3 percent, which is attributed to new public safety capital projects.

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 \$28.98 million or 14 percent of total Governmental Activities expenses. Of this amount, \$3.25 million was funded by program revenues, while the remaining \$25.73 million was funded by general revenues. General Government expenses decreased by \$5.10 million or 15 percent due to full funding of the Other Post Employment Benefit Fund annual required contribution in the prior fiscal year.

Public Safety expenses were \$110.98 million or 52 percent of the total Governmental Activities expenses. Of this amount, \$10.04 million was funded by program revenues while the remaining \$100.94 million was funded by general revenues. Public safety expenses increased \$7.17

million or 7 percent compared to the previous year due to new public safety capital projects in the current fiscal year.

Expenses in *Community Development* were \$41.52 million or 19 percent of the total Governmental Activities expenditures. These expenses decreased by \$3.97 million or 9 percent compared to the prior year. Program revenues relating to the funding of community development activities amounted to \$61.22 million. The majority of program revenues resulted from capital contributions and grants (\$32.01 million) for future development in the City.

The *Library* had expenses of \$4.60 million or 2 percent of the total Governmental Activities expenses. Of this amount \$0.35 million was funded by program revenues, while the remaining \$4.25 was funded by general revenues. Expenses for Library increased by \$0.85 million.

Public Works expenses were \$25.09 million or 12 percent of the total Governmental Activities expenses. Of this amount, \$0.69 million was funded by program revenues, while the remaining \$24.40 million was funded by general revenues. Increase in Public Works expenses of \$6.57 million is due to the Chino Desalter expansion project.

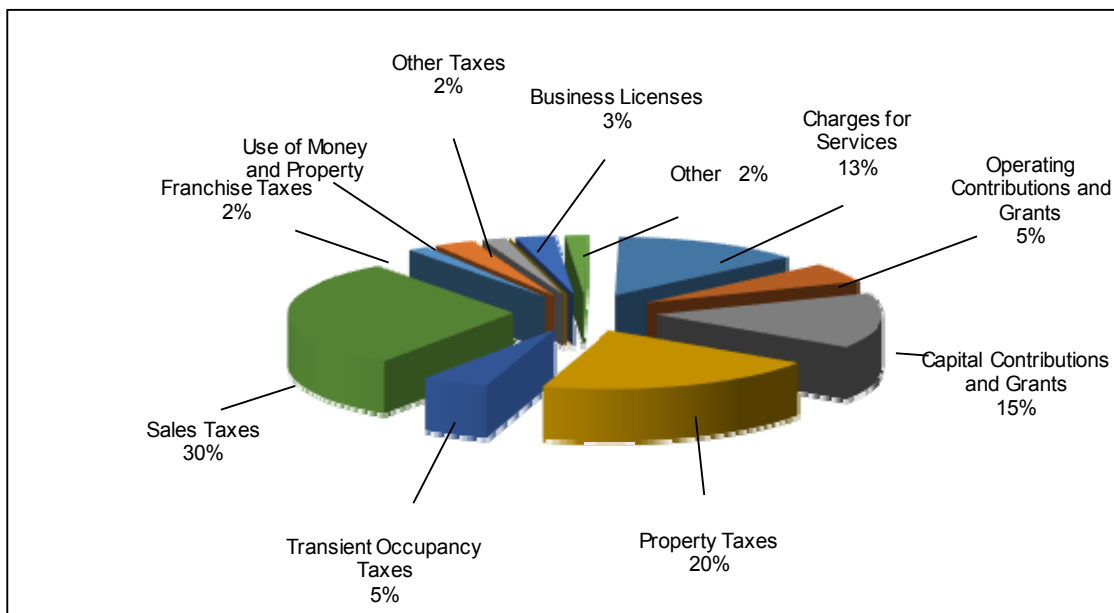
Interest on long-term debt had expenses of \$3.02 million or 1 percent of Governmental Activities and is funded entirely by general revenues. These expenses increased by \$1.14 million because of new bonds issued during the fiscal year.

Graph 2 on the following page presents governmental activities revenue by source. Total revenue for governmental activities was \$221.77 million; an increase of \$27.82 million or 14 percent. The three largest revenue sources under Governmental Activities were the categories of Sales Taxes, Property Taxes, and Capital Contributions and Grants.

Sales Tax revenue (general revenue) was \$67.51 million or 31 percent of total governmental activities revenue. An increase of \$0.36 million or less than 1 percent compared to the previous year. Property Tax revenue (general revenue) was \$45.14 million or 20 percent of total governmental activities revenue. Property Tax revenue increased by \$0.56 million or 1 percent compared to the prior year. The third largest revenue source was Capital Contributions and Grants (program revenue) at \$33.84 million or 15 percent of total governmental activities revenue – an increase of \$10.10 million or 43 percent due to reimbursements relating to Measure I grade separation projects. Other Governmental Activities Revenues totaled \$75.28 million and represents 34 percent of the total revenues from governmental activities. The remaining Program Revenues include: Charges for Services of \$29.64 million and Operating Contributions and Grants of \$12.08 million. Together they represent 19 percent of the total governmental activities revenue.

Graph 2 below presents revenues by source for Governmental Activities.

Revenues by Source – Governmental Activities (Graph 2)



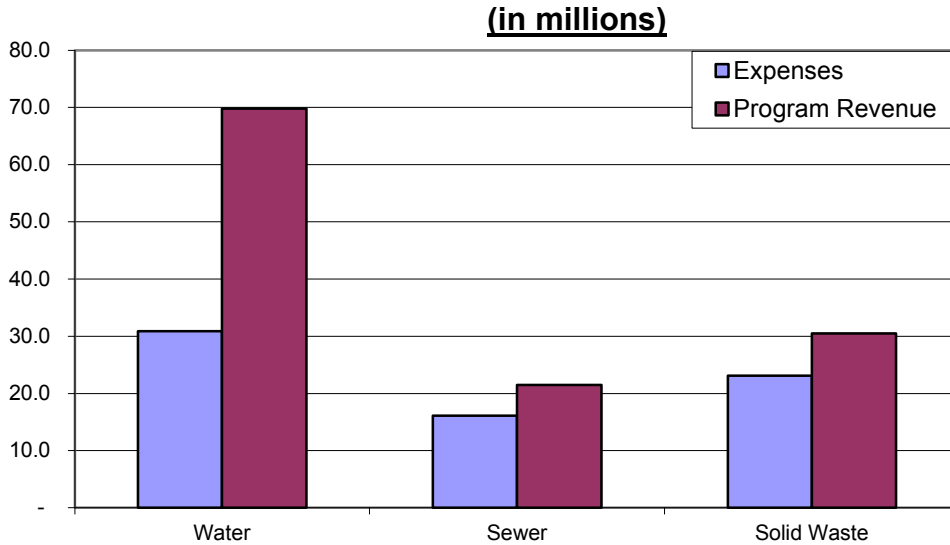
Business-type Activities

Net position for business-type activities at June 30, 2014 were \$427.23 million, with assets of \$515.62 million, deferred outflows of resources of \$1.14 million and liabilities of \$89.53 million. Unrestricted net position of \$273.07 million represented 64 percent of total business-type activities net position; this amount may be used to meet the government’s ongoing obligations. Net investment in capital assets of \$143.57 million represented 34 percent of the total net position from business-type activities. The remaining \$10.58 million was restricted for debt service. Compared to the prior year, the City’s net position from business-type activities after the restatement of (\$1.28) million from the prior year increased by \$30.10 million.

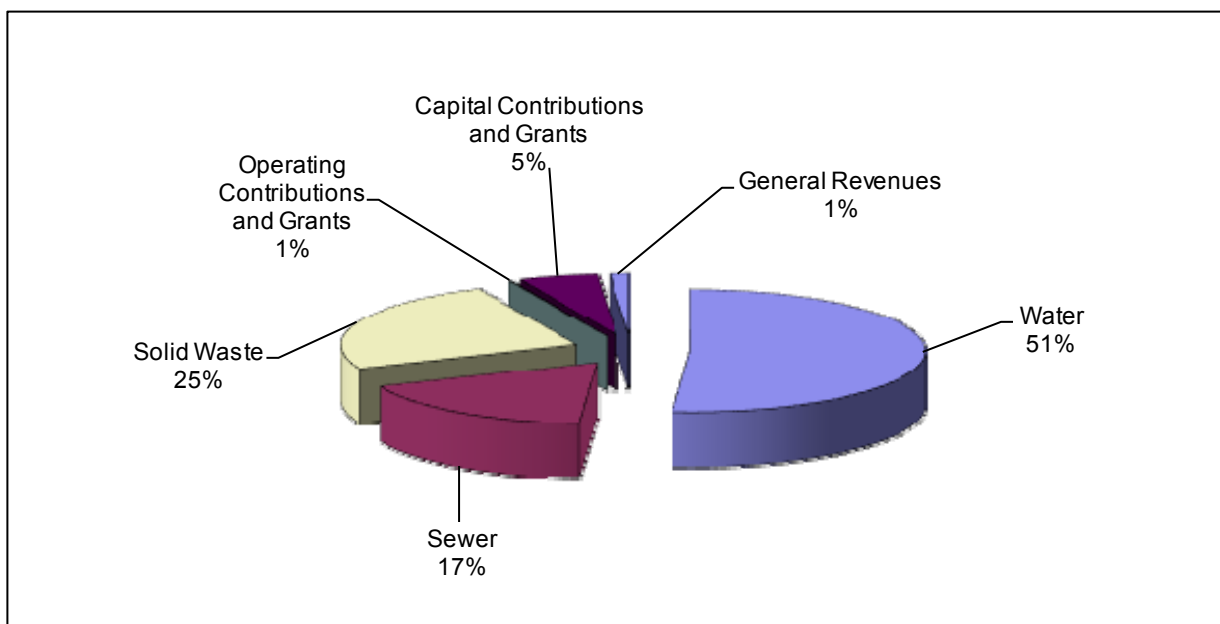
Total revenues (excluding transfers) for the City’s business-type activities were \$123.42 million, which represented \$11.93 million or 11 percent increase from the prior year. Program revenues amounted to \$121.80 million or 99 percent of total business-type related revenue. Program revenues increased by \$10.63 million or 10 percent, primarily due to Gain in Value of Stored Water Inventory. General revenues for business-type activities were \$1.62 million (Use of Money and Property of \$1.60 million). This was an increase of \$1.29 million because of increased interest earnings in the current fiscal year. Business-type activities incurred \$70.11 million of expenditures for the year. This is a growth of \$13.79 million or 25 percent due to higher expenditures in the Chino Basin Desalter Facilities project.

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)



Graph 4 presents revenues by source for business-type activities. *Charges for services account* for \$115.01 million or 93 percent of total business-type activities revenues (before transfers), while the remaining 7 percent is from *capital contributions and grants* (\$6.64 million), *operating contributions and grants* (\$0.15 million) and *general revenues* (\$1.62 million). Revenue from Water services is the largest revenue source with \$63.19 million or 51 percent of the total revenues from business-type activities; it had an increase of \$4.92 million or 9 percent compared to the prior year due to increased water usage and rates. The second largest revenue source was revenue from Solid Waste services at \$30.33 million or 25 percent of total business-type activities revenues. Solid Waste services revenue had an increase of \$1.50 million or 7 percent from the previous year due to increased rates and 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 seven major governmental funds: General Fund, Quiet Home Program Fund, Measure I Fund, Community Development Fund, Ontario Housing Authority 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, HOME Grant, and Neighborhood Stabilization Program. These grants account for the financial transactions as prescribed by the Federal Housing and Urban Development. The special revenue fund for the Ontario Housing Authority Fund accounts for low and moderate housing set aside funds to implement various programs and projects to assist in affordable housing. 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 \$378.37 million. Approximately 24 percent or \$91.78 million of this total amount constitutes assigned/unassigned fund balance. The remainder fund balance of \$286.58 million is nonspendable (\$113.55 million), restricted (\$47.02 million), and committed (\$126.01million).

Comprising the nonspendable fund balance are: 1) Inventory, prepaid costs, and deposits (\$3.53 million); 2) Land that was purchased and held for resale (\$93.38 million); 3) Notes and loans (\$7.04 million); and 4) Advances to other funds (\$9.61 million). For the restricted fund balance (external enforceable limitations on usage), they are as follows: 1) endowment and trusts (\$0.41 million); 2) community development, affordable housing, and bond improvement projects (\$20.52 million); 3) public safety (\$3.47 million); 4) public services (\$3.43 million); 5) air quality control activities (\$0.65 million); and 6) housing authority activities \$18.53 million). Included in the committed fund balance (self-imposed limitations on usage) are as follows: 1) City facilities, infrastructure and capital replacement (\$69.03 million); 2) economic uncertainties (\$19.10 million); 3) compensated absences (\$13.45 million); 4) for capital projects (\$24.26 million); and 5) future obligations (\$0.18 million).

Governmental Revenues

Revenues of governmental funds for Fiscal Year 2013-14 were \$214.32 million, with an increase of \$23.19 million or 12 percent compared to the previous fiscal year. This increase in government revenue is primarily attributable to the increases in the following categories of revenues: Use of Money & Property (\$2.37 million or 155 percent), due to increased interest earnings; Charges for Service (\$9.79 million or 61 percent), as a result of increased impact fees received due to new developments in the City; Intergovernmental (\$11.83 million or 42 percent), resulting from Measure I Valley Major Project reimbursements on South Milliken and Vineyard Grade Separation projects.

Table 3 below presents a summary of governmental fund revenues for the fiscal year ended June 30, 2014, with comparative amounts from the prior year.

Comparison of Major Governmental Revenues (Table 3)
Fiscal Years 2013-14 and 2012-13

	Amount	% of Total	Amount	% of Total	\$ Increase /	% Increase /
	FY 13-14	Revenues	FY 12-13	Revenues	(Decrease)	(Decrease)
Property Tax	\$ 45,144,867	21.06%	\$ 45,700,153	23.91%	\$ (555,286)	-1.22%
Sales Tax	67,509,611	31.50%	67,150,866	35.13%	358,745	0.53%
Transient Occupancy Tax	10,614,156	4.95%	9,731,382	5.09%	882,774	9.07%
Parking Tax	2,988,135	1.39%	3,060,315	1.60%	(72,180)	-2.36%
Business Licenses Tax	6,405,595	2.99%	6,078,094	3.18%	327,501	5.39%
Other Taxes	1,761,317	0.82%	4,388,115	2.30%	(2,626,798)	-59.86%
Licenses & Permits	2,199,674	1.03%	1,805,849	0.94%	393,825	21.81%
Intergovernmental	39,695,371	18.52%	27,864,489	14.58%	11,830,882	42.46%
Charges for Services	25,895,011	12.08%	16,108,550	8.43%	9,786,461	60.75%
Use of Money & Property	3,906,235	1.82%	1,533,296	0.80%	2,372,939	154.76%
Fines and Forfeitures	1,134,395	0.53%	1,298,235	0.68%	(163,840)	-12.62%
Miscellaneous	7,062,253	3.30%	6,408,027	3.35%	654,226	10.21%
TOTAL	\$ 214,316,620	100.00%	\$ 191,127,371	100.00%	\$ 23,189,249	12.13%

Governmental Expenditures

Total expenditures for Fiscal Year 2013-14 were \$215.28 million, an increase of \$7.19 million or 3 percent from the prior fiscal year. Included in this increase are: Debt Service (\$0.97 million or 30 percent), this is due to issuance of new bonds during the fiscal year; Community Development (\$6.91 million or 13 percent), due to the Downtown Plaza Project, Ontario Convention Center Solar Roof Project and Office Facility Project; Public Safety (\$7.18 million or 7 percent), attributed to the Emergency Operations Center and Police Facility Solar Roof project. Decrease in General Government in the amount of \$6.36 million or 28 percent is due to full funding of the Other Post Employment Benefits Fund annual required contribution in the prior fiscal year.

Table 4 presents a summary of governmental fund expenditures for the Fiscal Year ended June 30, 2014 with comparative amounts from the prior year.

Comparison of Major Governmental Expenditures (Table 4)
Fiscal Years 2013-14 and 2012-13

	<u>Amount</u> <u>FY 13-14</u>	<u>% of Total</u> <u>Expenditures</u>	<u>Amount</u> <u>FY 12-13</u>	<u>% of Total</u> <u>Expenditures</u>	<u>\$ Increase /</u> <u>(Decrease)</u>	<u>% Increase /</u> <u>(Decrease)</u>
General Government	\$ 16,565,106	7.69%	\$ 22,926,658	11.02%	\$ (6,361,552)	-27.75%
Public Safety	114,109,242	53.00%	106,934,164	51.39%	7,175,078	6.71%
Community Development	58,988,089	27.40%	52,081,393	25.03%	6,906,696	13.26%
Library	4,196,204	1.95%	4,077,037	1.96%	119,167	2.92%
Public Works	17,231,048	8.00%	18,851,564	9.06%	(1,620,516)	-8.60%
Total Operating Expenditures	211,089,689	98.05%	204,870,816	98.45%	6,218,873	3.04%
Debt Service	4,191,703	1.95%	3,221,758	1.55%	969,945	30.11%
TOTAL	<u>\$ 215,281,392</u>	<u>100.00%</u>	<u>\$ 208,092,574</u>	<u>100.0%</u>	<u>\$ 7,188,818</u>	<u>3.45%</u>

Proprietary Funds

The City's Proprietary funds consist of three major Enterprise Funds and three 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 2013-14 were \$111.93 million, while non-operating revenues were \$21.32 million. Operating expenses for Fiscal Year 2013-14 were \$77.63 million while non-operating expenses were \$2.84 million (debt service interest expense). During the fiscal year, the net amount transferred out to the City's Governmental Funds was \$21.93 million to support for the various governmental activities.

The City also has three internal service funds to allocate costs of the City's information systems, equipment services and risk management operations to the various departments. The interdepartmental charges for service (revenues) in Fiscal Year 2013-14 were \$28.70 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 Other Post Employment Benefits supports the reporting requirements of GASB Statement 43 to separately identify the costs and activities related to employee post-employment benefits other than pensions; 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 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 ten are assessment/special assessment bond redemption 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 \$126.77 million as of June 30, 2014 had an increase of \$14.91 million or 13 percent compared to the prior year. Major factor contributing to the increase is the \$7.28 million transfer from the Capital Projects Fund to the General Fund which relates to the interest payment on the 2001 Subordinate Tax Allocation Bond and decrease in general government expense of \$5.66 million due to full funding of the annual required contribution on the Other Post Employment Benefits Fund in the prior fiscal year. 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 47 percent of total General Fund operating expenditures, while the total nonspendable, restricted, and committed fund balance amounts to 53 percent of the same amount.

Total fund balance of the General Fund consists of 4 components: (1) Nonspendable fund balance of \$4.91 million, which represents \$3.5 million in advances to other funds, \$1.16 million in prepaid, \$0.21 in inventory, and \$0.04 notes and loans; (2) Restricted fund balance of \$0.41, which represents endowment and trust; (3) Committed fund balance of \$43.82 million which represents economic uncertainties of \$19.10 million, compensated absences of \$13.45 million, infrastructure, city facilities and capital replacement of \$11.09 million, and future obligations of \$0.18 million; and (4) Assigned fund balance of \$77.63 million, which represents stability arrangement of \$30.75 million, contractual obligations of \$35.46 million, state sales tax of \$8.25 million, continuing appropriations of \$1.23 million, and maintenance trust and equipment replacement of \$1.95 million.

The City implemented GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions in the Fiscal Year 2010-11. For additional details of the City's General Fund fund balance, please refer to Note 8 in the Notes to the Basic Financial Statements.

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

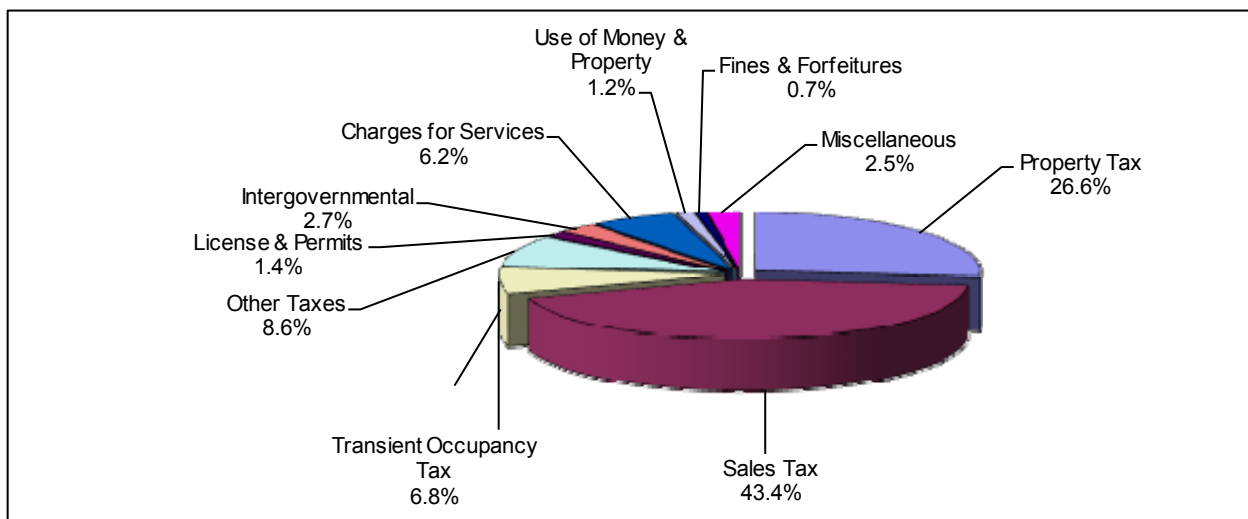
For Fiscal Year 2013-14, General Fund revenues were \$155.67 million, a growth of \$0.60 million or less than 1 percent from the prior fiscal year. Use of money and property grew by \$1.32 million compared to the prior year due to higher interest earnings; license and permits increased \$0.39 million or 22 percent due to increased developments in the city; charges for services \$1.44 million or 17 percent due to increased inspection and plan check fees attributed to new developments in the city. Growth was offset by decline in fines and forfeitures by \$0.17 million or 13 percent, as well as property tax by \$3.23 million or 7 percent due to prior year one-time receipt of settlement relating to property tax administration fees.

General Fund Revenues (Table 5)
Fiscal Years 2011-12, 2012-13 and 2013-14

	<u>FY 11-12</u>	<u>FY 12-13</u>	<u>FY 13-14</u>	<u>% of Total</u>	<u>to Last Year</u>	<u>(Decrease)</u>
Property Tax	\$ 37,366,303	\$ 44,659,704	\$ 41,427,775	26.6%	\$ (3,231,929)	-7.2%
Sales Tax	61,362,958	67,150,866	67,509,611	43.4%	358,745	0.5%
Transient Occupancy Tax	9,148,976	9,731,382	10,614,156	6.8%	882,774	9.1%
Other Taxes	12,136,931	13,087,456	13,357,252	8.6%	269,796	2.1%
License & Permits	1,639,061	1,805,849	2,199,674	1.4%	393,825	21.8%
Intergovernmental	5,633,006	4,041,856	4,199,620	2.7%	157,764	3.9%
Charges for Services	8,471,447	8,277,266	9,717,832	6.2%	1,440,566	17.4%
Use of Money & Property	15,045,740	486,693	1,802,996	1.2%	1,316,303	270.5%
Fines & Forfeitures	1,198,816	1,292,955	1,125,715	0.7%	(167,240)	-12.9%
Miscellaneous	28,960,198	4,534,686	3,715,305	2.4%	(819,381)	-18.1%
Totals	<u>\$ 180,963,436</u>	<u>\$ 155,068,713</u>	<u>\$ 155,669,936</u>	<u>100.0%</u>	<u>\$ 601,223</u>	<u>0.4%</u>

Graph 5 below illustrates General Fund revenue by source.

General Fund Revenues – Fiscal Year 2013-14 (Graph 5)

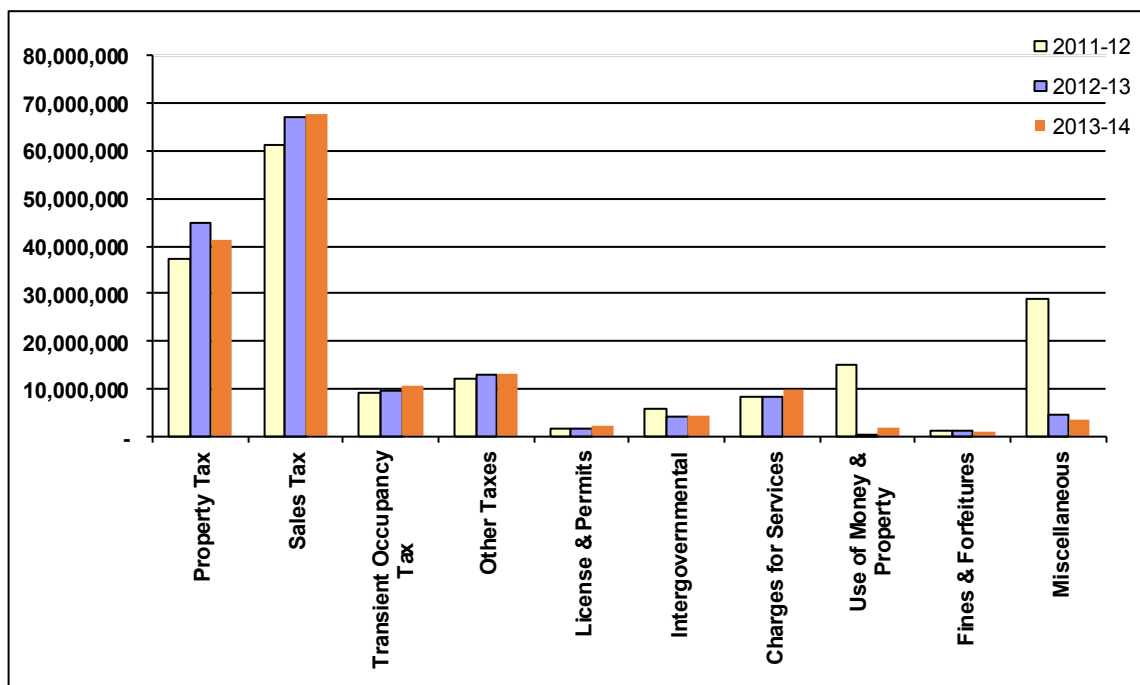


Following is an in-depth analysis of each of the revenue sources.

- Property Tax revenues decreased \$3.23 million or 7 percent, comprising 27 percent of total General Fund revenue. This was due to prior year one-time receipt of a settlement agreement relating to Property Tax Administration charges.
- Sales Tax revenues experienced an increase of \$0.36 million or less than one percent from the prior year. Of the total General Fund revenue, 43 percent comes from sales taxes. This gain revenue is due to increase in consumer and business spending compared to prior year.
- Transient Occupancy taxes (TOT) also increased by \$0.88 million or 9 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 9 percent of the City's total General Fund revenue. This revenue category reflected an increase of \$0.27 million or 2 percent. Contributing to this is an increase in Business License Tax of \$0.33 million.
- License and Permit revenues experienced an increase of \$0.39 million or 22 percent from the prior year due to increased development and therefore increase licenses and permits in the City.
- Intergovernmental revenues increased by \$0.16 million or 4 percent compared to the previous year; it comprises 3 percent of the City's total General Fund revenue base.
- Charges for Services increased by \$1.44 million or 17 percent from the previous year due to increase in inspection and plan check fees.
- Revenues from the Use of Money and Property represent 1 percent of total General Fund revenue and experienced an increase of \$1.32 million from the prior year as a result of higher interest earnings compared to the previous year.
- Fines and Forfeiture decreased 13 percent (\$0.17 million) and represents less than 1 percent of total General Fund revenues.
- Miscellaneous revenue decreased 18 percent (\$0.82 million).

Graph 6 included below, presents a comparison of each General Fund revenue source for the past three consecutive years.

Comparison of General Fund Revenues (Graph 6)
Fiscal Years 2011-12, 2012-13 and 2013-14



Expenditures

For Fiscal Year 2013-14, total General Fund expenditures were \$166.20 million, a decrease of \$1.91 million or 1 percent compared to the previous year. Following are key points of General Fund expenditures.

- General Government expenditures were \$16.53 million, a decrease of \$6.39 million or 28 percent from the prior fiscal year. This decrease is due to full funding of the annual required contribution for the Other Post Employment Benefit Fund in the prior fiscal year.
- Public Safety expenditures were \$107.25 million, an increase of \$2.03 million or 2 percent compared to the previous year. This increase is due to new public safety capital projects.
- Community Development expenditures of \$19.09 million or \$1.99 million higher as a result of the expenses in the successor project management.
- Library expenditures were \$4.20 million, a very minor increase of \$0.01.

- Public Works expenditures were \$15.90 million, an increase of \$0.33 or 2 percent compared to the previous fiscal year due to increase in cost of materials.
- Debt Service expenditures were \$3.23 million, a very slight increase of less than 1 percent.

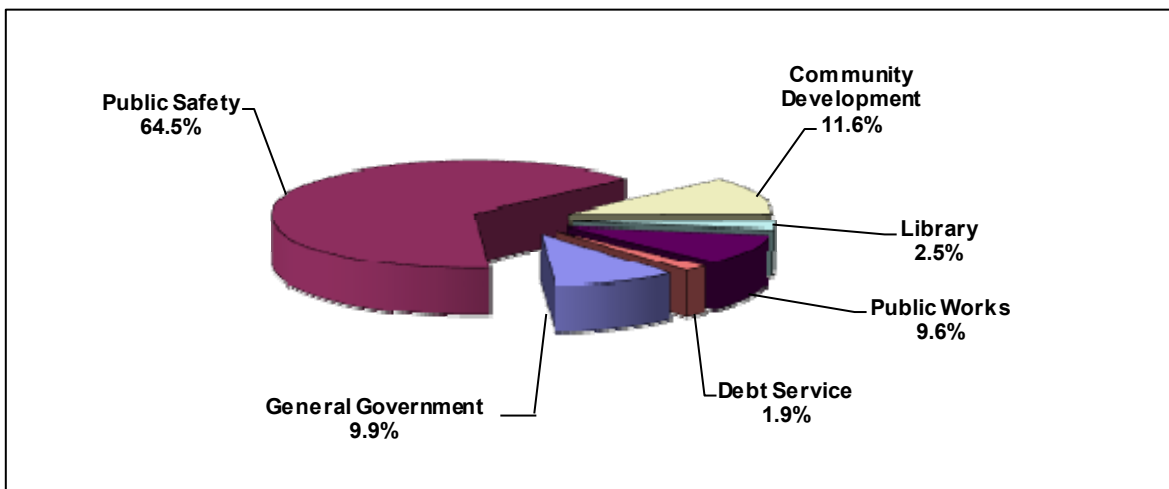
Table 6 below presents General Fund expenditures by category for the past three consecutive fiscal years.

**General Fund Expenditures (Table 6)
Fiscal Years 2011-12, 2012-13 and 2013-14**

	<u>FY 11-12</u>	<u>FY 12-13</u>	<u>FY 13-14</u>	<u>% of Total</u>	<u>\$ Increase / (Decrease) to Last Year</u>	<u>% of Increase (Decrease)</u>
General Government	\$ 20,135,192	\$ 22,919,400	\$ 16,529,346	10.0%	\$ (6,390,054)	-27.9%
Public Safety	109,848,832	105,218,087	107,250,420	64.5%	2,032,333	1.9%
Community Development	16,974,140	17,096,201	19,090,340	11.5%	1,994,139	11.7%
Library	4,049,363	4,077,037	4,196,204	2.5%	119,167	2.9%
Public Works	14,973,234	15,572,650	15,902,851	9.6%	330,201	2.1%
Debt Service	23,683,914	3,221,758	3,226,513	1.9%	4,755	0.1%
Totals	<u>\$ 189,664,675</u>	<u>\$ 168,105,133</u>	<u>\$ 166,195,674</u>	<u>100.0%</u>	<u>\$ (1,909,459)</u>	<u>-1.1%</u>

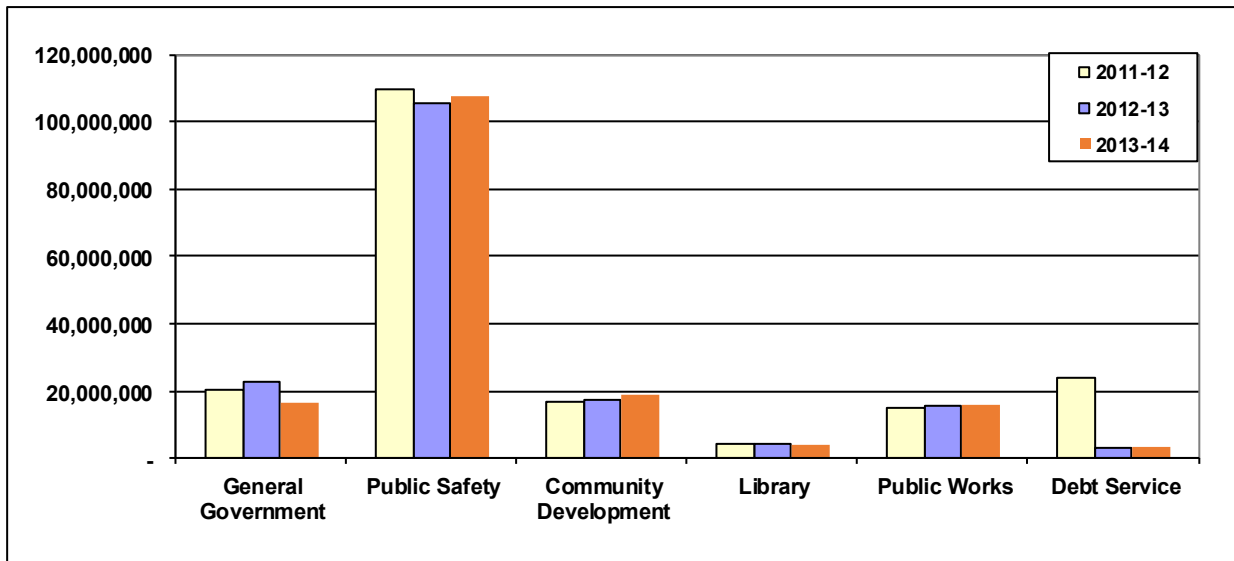
Graph 7 below presents General Fund expenditures by category.

General Fund Expenditures – Fiscal Year 2013-14 (Graph 7)



Graph 8 below illustrates a comparison of each expenditure category for the past three consecutive fiscal years.

**Comparison of General Fund Expenditures (Graph 8)
Fiscal Years 2011-12, 2012-13 and 2013-14**



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. It is one of the seven major funds included in the City's Comprehensive Annual Financial Report. As of June 30, 2014, the fund balance was \$57.29 million after a gain of \$1.82 million. Total Assets of \$59.15 million experienced an increase of \$1.25 million or 2 percent due to gains in land held for resale of \$1.89 million. Total Liabilities of \$1.85 million decreased by \$0.57 million, this is due to decrease in Unearned Revenue of \$0.56 million.

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

For Fiscal Year 2013-14, total Quiet Home Program Fund revenues were \$6.33 million, an increase of \$2.45 million. This is primarily the result of increased activity in noise insulation projects and property acquisition.

Expenditures

For Fiscal Year 2013-14, total Quiet Home Program Fund expenditures were \$4.51 million, an increase of \$0.66 million compared to the prior year. This is primarily the result of increased activity in noise insulation projects and property acquisition.

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 seven major funds included in the City's Comprehensive Annual Financial Report for June 30, 2014. The fund balance of \$4.12 million as of June 30, 2014 had an increase of \$6.31 million compared to the prior year. Total Assets were \$21.73 million, a growth of \$13.24 million or 156 percent. This is primarily the result of increase in Accounts Receivables for \$14.26 million. Total Liabilities of \$17.61 million, reflected an increase of \$6.92 million due to the gain in Deposits Payable of \$7.76 million.

MEASURE I FUND – REVENUE AND EXPENDITURE ANALYSIS

Revenues

For Fiscal Year 2013-14, total Measure I Fund revenues were \$18.50 million or \$10.50 million more compared to prior year at \$8 million. This is primarily due to increased reimbursements from SanBag for Measure I funded projects.

Expenditures

For Fiscal Year 2013-14, total Measure I Fund expenditures were \$12.18 million, a decrease of \$2.89 million or 19 percent compared to the prior year. The decline was mainly attributable to less Measure I projects in the fiscal year compared to the prior year.

COMMUNITY DEVELOPMENT FUND – FUND BALANCE ANALYSIS

The Community Development Fund accounts for the Community Development Block Grant, HOME Grant, and Neighborhood Stabilization Program. These grants account for the financial transactions as prescribed by the Federal Housing and Urban Development. It is one of the seven major funds included in the City's Comprehensive Annual Financial Report for June 30, 2014. The fund balance of \$6.45 million as of June 30, 2014 remained constant compared to the prior year. Total Assets were \$16.58 million, an increase of \$0.82 million or 5 percent. This is primarily the result of decrease in Accounts Receivable by \$0.67 million. Total Liabilities of \$3.97 million, reflected a decrease of \$0.35 million or 8 percent, mainly due to the decrease in Due to Other Funds of \$0.67 million.

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

For Fiscal Year 2013-14, total Community Development Fund revenues were \$4.02 million; an increase of \$1.76 million more compared to prior year. This is primarily due to Mercy House loan under the HOME Grant.

Expenditures

For Fiscal Year 2013-14, total Community Development Fund expenditures were \$4.05 million; an increase of \$1.78 million or 78 percent compared to the prior year. This is primarily due to Mercy House loan under the HOME Grant.

ONTARIO HOUSING AUTHORITY FUND – FUND BALANCE ANALYSIS

The Ontario Housing Authority Fund accounts for financial transactions for the Ontario Housing Authority. It is one of the seven major funds included in the City's Comprehensive Annual Financial Report for June 30, 2014. The fund balance of \$43.53 million as of June 30, 2014 had an increase of \$0.88 million or 2 percent compared to the prior year. Total Assets were \$53.30 million, an increase of \$0.86 million. This is primarily the result of increase in Cash and Investments. Total Liabilities of \$6.40 million, reflected a decrease of \$0.05 million.

ONTARIO HOUSING AUTHORITY FUND – REVENUE AND EXPENDITURE ANALYSIS

Revenues

For Fiscal Year 2013-14, total Ontario Housing Authority Fund revenues were \$1.94 million; an increase of \$1.17 million or 150 percent compared to the prior year. This is a result of a sale of property to Mercy House.

Expenditures

For Fiscal Year 2013-14, total Ontario Housing Authority Fund expenditures were \$1.06 million, pretty much level compared to the prior year amount of \$1.05 million.

CAPITAL PROJECTS FUND – FUND BALANCE ANALYSIS

The Capital Projects Fund accounts for financial transactions of general capital improvements. It is one of the seven major funds included in the City's Comprehensive Annual Financial Report for June 30, 2014. The fund balance of \$62.27 million as of June 30, 2014 reflected an increase of \$18.11 million or 41 percent compared to the prior year. Total Assets were \$64.72 million; a gain of \$20.41 million from the previous year, mainly attributable to the increase in cash with fiscal agent in the amount of \$26.18 million due to bond proceeds on 2013 Lease Revenue Bond. Total Liabilities of \$2.46 million increased by \$2.30 million. This was due to increases in Accounts Payable by \$1.41 million and deposits payable of \$0.88 million.

CAPITAL PROJECTS FUND – REVENUE AND EXPENDITURE ANALYSIS**Revenues**

For Fiscal Year 2013-14, total Capital Projects Fund revenues were \$2.74 million; a decline of \$4.15 million compared to the prior year. This is mainly attributable to the receipt of Section 190 Grant Funds in the prior fiscal.

Expenditures

For Fiscal Year 2013-14, total Capital Projects Fund expenditures were \$11.31 million; an increase of \$7.10 million due to these projects: Emergency Operations Center, Office Facility, Police Facility Solar Roof and Ontario Convention Center Solar Roof.

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 seven major funds included in the City's Comprehensive Annual Financial Report for June 30, 2014. The fund balance of \$54.28 million as of June 30, 2014 reflected an increase of \$9.44 million or 21 percent compared to the prior year. Total Assets were \$58.30 million; an increase of \$9 million from the previous year which is mainly attributable to the increase in Cash and Investments of \$9 million. Total Liabilities of \$4.03 million decreased \$0.44 million or 10 percent due to decrease in Accounts Payable.

IMPACT FEES FUND – REVENUE AND EXPENDITURE ANALYSIS

Revenues

For Fiscal Year 2013-14, total Impact Fees Fund revenues were \$13.26 million; an increase of \$8.03 million compared to the prior year due to increased receipt in developer fees.

Expenditures

For Fiscal Year 2013-14, total Impact Fees Fund expenditures were \$3.82 million compared to prior year \$4.79 million, a decrease of \$0.97 compared to the prior year as a result of higher prior year expenditures relating to the North Vineyard Grade Separation Project.

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 \$14.31 million between the original budget of \$177.91 million and the final amended budget of \$192.22 million. The increase was mainly due to budget adjustments for Intergovernmental (\$13.30 million). Actual revenues were \$3.85 million less than the final amended budget.

Charges to Appropriations (Outflows)

The difference between the original budget and the final budget was an increase of \$15.46 million in appropriations. Public Safety and Community Development appropriations were increased by \$3.45 and \$4.14 million respectively, due to new grant funded projects. Transfers out also increased by \$6.53 million due to transfers to the internal service and capital project funds.

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

Budgetary Comparison for General Fund (Table 7)
Fiscal Year 2013-14
(in millions)

	Budget Amounts			Actuals	Final Budget Variance Favorable / (Unfavorable)
	Original	Final	Variance		
Resources (Inflows):					
Taxes	\$ 125.53	\$ 125.53	\$ -	\$ 132.91	\$ 7.38
Licenses and Permits	1.68	1.88	(0.20)	2.20	0.32
Intergovernmental	9.18	22.48	(13.30)	4.20	(18.28)
Charges for Services	7.39	7.89	(0.50)	9.72	1.82
Use of Money and Property	1.13	1.13	-	1.80	0.67
Fines and Forfeitures	1.12	1.12	-	1.13	0.00
Miscellaneous	2.16	2.50	(0.34)	3.72	1.22
Proceeds from Sale of Capital Assets	-	-	-	-	-
Transfers from Other Funds	29.73	29.69	0.04	32.70	3.01
Total Resources	\$ 177.91	\$ 192.22	\$ (14.31)	\$ 188.37	\$ (3.85)
Charges to Appropriations (Outflows):					
General Government	\$ 16.54	\$ 17.41	\$ (0.87)	\$ 16.53	\$ 0.88
Public Safety	106.84	110.29	(3.45)	107.25	3.04
Community Development	20.32	24.46	(4.14)	19.09	5.37
Library	4.30	4.35	(0.05)	4.20	0.15
Public Works	16.92	17.32	(0.40)	15.90	1.42
Debt Service	3.23	3.23	-	3.23	-
Transfers to Other Funds	0.97	7.51	(6.54)	7.26	0.25
Total Charges to Appropriations	\$ 169.12	\$ 184.57	\$ (15.45)	\$ 173.46	\$ 11.11

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, 2014, is \$1,102.19 million (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 5 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	
	2014	2013	2014	2013	2014	2013
Land	\$ 47.22	\$ 46.03	\$ 21.80	\$ 21.59	\$ 69.02	\$ 67.62
Structures and Improvements	268.76	276.11	6.93	7.22	275.69	283.33
Furniture and Equipment	6.60	6.63	0.12	0.15	6.72	6.78
Infrastructure	471.10	475.07	133.58	138.99	604.68	614.06
Construction in Progress	91.26	67.34	54.82	28.96	146.08	96.30
Total Net Assets	\$ 884.94	\$ 871.18	\$ 217.25	\$ 196.91	\$ 1,102.19	\$ 1,068.09

Additional detail information is provided on Capital Assets in the *Notes to Financial Statements, Note 4*.

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 \$6.17 million on street maintenance for the fiscal year ended June 30, 2014 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 2014 is a minimum of \$6.20 million per year. As of June 30, 2014, the City had approximately 113 million square feet of streets with a carrying amount of approximately \$298.94 million and a replacement cost of approximately \$330.81 million.

The City is also continuously taking actions to arrest the deterioration of other infrastructure assets through short-term maintenance activities. The City expended \$5.10 million on other infrastructure (sidewalks, traffic signals/street lights and catch basins/storm drains) maintenance for the fiscal year ended June 30, 2014. These expenditures delayed deterioration and improved the overall condition through these maintenance efforts. It is estimated that it will cost approximately \$5.03 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 \$165.94 million in outstanding long-term debt for Governmental Activities. This debt consisted of revenue bonds, advances from Successor Agency, other post employment benefits obligation, compensated absences, claims and judgments, and unamortized bond premiums. Long-term debt increased \$46.48 million compared to the prior year total of \$119.45 million, due to the newly issued 2013 Lease Revenue Bond and increase in other post employment benefits. For additional details of the City's long-term debt, please refer to Note 6 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, 2014.

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

	<u>Governmental Activities</u>				<u>Business-Type Activities</u>			
	<u>2014</u>	<u>2013</u>	<u>Amount Increase / (Decrease)</u>	<u>Percentage Increase (Decrease)</u>	<u>2014</u>	<u>2013</u>	<u>Amount Increase / (Decrease)</u>	<u>Percentage Increase (Decrease)</u>
Revenue Bonds	72.04	40.00	32.04	80.1%	74.80	44.43	32.04	80.1%
Advances from Successor Agency	1.60	1.60	-	100%	-	-	-	100%
Other Post Employment Benefits	65.31	52.60	12.71	24.2%	-	-	12.71	24.2%
Claims and Judgments	16.87	14.91	1.96	13.1%	-	-	1.96	13.1%
Compensated Absences	10.09	9.93	0.16	1.6%	1.04	0.96	0.16	1.6%
Unamortized Bond Premium	0.03	0.42	(0.39)	-92.4%	-	-	(0.39)	-92.4%
	<u>\$ 165.94</u>	<u>\$ 119.46</u>	<u>\$ 46.48</u>	<u>38.9%</u>	<u>\$ 75.84</u>	<u>\$ 45.39</u>	<u>\$ 46.48</u>	<u>38.9%</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 Administrative Services/Finance Director, City of Ontario, 303 East "B" Street, Ontario, California 91762.

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Basic Financial Statements

CITY OF ONTARIO

STATEMENT OF NET POSITION
JUNE 30, 2014

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and investments	\$ 336,670,609	\$ 174,338,523	\$ 511,009,132
Receivables:			
Accounts	62,659,654	15,629,774	78,289,428
Taxes	544,933	-	544,933
Notes and loans	19,869,009	-	19,869,009
Accrued interest	713,774	345,091	1,058,865
Internal balances	(20,257,235)	20,257,235	-
Prepaid costs	1,498,500	838	1,499,338
Deposits	2,261,252	-	2,261,252
Inventories	830,719	40,698,675	41,529,394
Advances to Successor Agency	3,548,000	-	3,548,000
Land held for resale	93,376,690	-	93,376,690
Other investments	-	201,750	201,750
Investment in joint venture	-	36,158,789	36,158,789
Restricted assets:			
Cash and investments	1,081,495	169,230	1,250,725
Cash with fiscal agent	30,329,522	10,578,881	40,908,403
Capital assets not being depreciated	437,421,825	76,618,279	514,040,104
Capital assets, net of depreciation	447,519,771	140,627,769	588,147,540
Total Assets	1,418,068,518	515,624,834	1,933,693,352
Deferred Outflows of Resources:			
Deferred charges on refunding	-	1,136,801	1,136,801
Total Deferred Outflows of Resources	-	1,136,801	1,136,801
Liabilities:			
Accounts payable	14,021,433	7,957,581	21,979,014
Accrued liabilities	6,795,207	648,006	7,443,213
Accrued interest	1,165,873	-	1,165,873
Unearned revenue	2,649,898	82,253	2,732,151
Deposits payable	19,512,726	5,006,242	24,518,968
Due to other governments	3,416,464	-	3,416,464
Noncurrent liabilities:			
Due within one year	10,095,000	1,303,000	11,398,000
Due in more than one year	155,842,945	74,541,629	230,384,574
Total Liabilities	213,499,546	89,538,711	303,038,257
Net Position:			
Net investment in capital assets	812,874,736	143,574,879	956,449,615
Restricted for:			
Community development projects	74,751,929	-	74,751,929
Public safety	60,274,020	-	60,274,020
Public works	56,802,298	-	56,802,298
Capital projects	62,275,742	-	62,275,742
Debt service	-	10,578,881	10,578,881
Unrestricted	137,590,247	273,069,164	410,659,411
Total Net Position	\$ 1,204,568,972	\$ 427,222,924	\$ 1,631,791,896

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2014

	Expenses	Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
Functions/Programs				
Primary Government:				
Governmental Activities:				
General government	\$ 28,982,239	\$ 445,079	\$ 2,808,877	\$ -
Public safety	110,981,159	3,824,528	5,050,701	1,165,606
Community development	41,524,328	25,244,830	3,962,991	32,012,035
Library	4,602,190	121,043	228,649	-
Public works	25,092,721	-	30,473	664,899
Interest on long-term debt	3,017,116	-	-	-
Total Governmental Activities	214,199,753	29,635,480	12,081,691	33,842,540
Business-Type Activities:				
Water	30,814,880	63,193,036	-	6,642,816
Sewer	16,136,421	21,484,811	-	-
Solid Waste	23,164,916	30,332,538	145,881	-
Total Business-Type Activities	70,116,217	115,010,385	145,881	6,642,816
Total Primary Government	\$ 284,315,970	\$ 144,645,865	\$ 12,227,572	\$ 40,485,356

General Revenues:

Taxes:

Property taxes, levied for general purpose
 Transient occupancy taxes
 Sales taxes
 Franchise taxes
 Business licenses taxes
 Other taxes

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
\$ (25,728,283)	\$ -	\$ (25,728,283)
(100,940,324)	-	(100,940,324)
19,695,528	-	19,695,528
(4,252,498)	-	(4,252,498)
(24,397,349)	-	(24,397,349)
(3,017,116)	-	(3,017,116)
(138,640,042)	-	(138,640,042)
-	39,020,972	39,020,972
-	5,348,390	5,348,390
-	7,313,503	7,313,503
-	51,682,865	51,682,865
(138,640,042)	51,682,865	(86,957,177)
45,144,867	-	45,144,867
10,614,156	-	10,614,156
67,509,611	-	67,509,611
3,251,592	-	3,251,592
6,405,595	-	6,405,595
3,700,067	-	3,700,067
5,174,360	1,604,534	6,778,894
4,414,323	23,416	4,437,739
21,925,867	(21,925,867)	-
168,140,438	(20,297,917)	147,842,521
29,500,396	31,384,948	60,885,344
1,175,068,576	397,118,743	1,572,187,319
-	(1,280,767)	(1,280,767)
\$1,204,568,972	\$ 427,222,924	\$1,631,791,896

CITY OF ONTARIO

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014

Special Revenue Funds

	General	Quiet Home Program	Measure I	Community Development
Assets:				
Cash and investments	\$ 110,038,864	\$ 152,434	\$ 4,421,768	\$ 71,467
Receivables:				
Accounts	41,654,831	1,924,737	15,344,360	419,588
Taxes	531,932	-	-	-
Contracts and notes	43,819	-	-	9,578,821
Accrued interest	334,376	-	8,574	-
Prepaid costs	1,157,294	128	-	-
Deposits	-	-	1,710,400	-
Due from other funds	7,223,616	-	-	-
Advances to other funds	-	-	-	6,106,082
Advances to Successor Agency	3,500,000	-	-	-
Advances to Ontario International Airport Authority	48,000	-	-	-
Inventories	210,856	-	-	-
Land held for resale	-	57,068,238	-	51,050
Restricted assets:				
Cash and investments	-	-	245,739	355,963
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 164,743,588	\$ 59,145,537	\$ 21,730,841	\$ 16,582,971
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ 4,825,332	\$ 524,599	\$ 3,336,763	\$ 126,200
Accrued liabilities	5,259,103	28,749	-	-
Unearned revenues	1,102,126	1,297,772	-	-
Deposits payable	10,302,400	-	7,755,000	-
Due to other governments	-	-	-	3,416,464
Due to other funds	-	-	6,518,542	431,721
Advances from other funds	-	-	-	-
Total Liabilities	21,488,961	1,851,120	17,610,305	3,974,385
Deferred Inflows of Resources:				
Unavailable revenues	16,484,544	-	-	6,162,357
Total Deferred Inflows of Resources	16,484,544	-	-	6,162,357
Fund Balances:				
Nonspendable	4,911,968	57,068,366	1,710,400	6,157,132
Restricted	412,411	226,051	2,410,136	289,097
Committed	43,817,117	-	-	-
Assigned	77,628,587	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	126,770,083	57,294,417	4,120,536	6,446,229
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 164,743,588	\$ 59,145,537	\$ 21,730,841	\$ 16,582,971

CITY OF ONTARIO

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014

(Continued)

	Special Revenue Fund Ontario Housing Authority	Capital Projects Funds		Other Governmental Funds
		Capital Projects	Impact Fees	
Assets:				
Cash and investments	\$ 24,883,453	\$ 13,549,762	\$ 57,683,678	\$ 25,215,175
Receivables:				
Accounts	-	2,362,977	-	895,866
Taxes	-	-	-	13,001
Contracts and notes	10,246,369	-	-	-
Accrued interest	50,467	16,849	117,994	43,653
Prepaid costs	131	-	-	22,146
Deposits	121,053	2,199	427,600	-
Due from other funds	-	-	-	-
Advances to other funds	-	-	-	-
Advances to Successor Agency	-	-	-	-
Advances to Ontario International Airport Authority	-	-	-	-
Inventories	-	-	-	-
Land held for resale	18,000,551	18,256,851	-	-
Restricted assets:				
Cash and investments	-	212,791	74,205	-
Cash and investments with fiscal agents	-	30,320,307	-	9,215
Total Assets	\$ 53,302,024	\$ 64,721,736	\$ 58,303,477	\$ 26,199,056
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ 18,294	\$ 1,570,608	\$ 998,143	\$ 713,175
Accrued liabilities	21,775	553	-	1,235,898
Unearned revenues	250,000	-	-	-
Deposits payable	2,895	884,048	-	568,383
Due to other governments	-	-	-	-
Due to other funds	-	-	259,622	13,731
Advances from other funds	6,106,082	-	2,770,000	-
Total Liabilities	6,399,046	2,455,209	4,027,765	2,531,187
Deferred Inflows of Resources:				
Unavailable revenues	3,374,796	-	-	-
Total Deferred Inflows of Resources	3,374,796	-	-	-
Fund Balances:				
Nonspendable	24,993,308	18,259,050	427,600	22,146
Restricted	18,534,874	8,939,161	-	16,204,078
Committed	-	24,261,397	53,848,112	4,092,424
Assigned	-	10,806,919	-	3,362,196
Unassigned	-	-	-	(12,975)
Total Fund Balances	43,528,182	62,266,527	54,275,712	23,667,869
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 53,302,024	\$ 64,721,736	\$ 58,303,477	\$ 26,199,056

CITY OF ONTARIO

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014**

	Total Governmental Funds
Assets:	
Cash and investments	\$ 236,016,601
Receivables:	
Accounts	62,602,359
Taxes	544,933
Contracts and notes	19,869,009
Accrued interest	571,913
Prepaid costs	1,179,699
Deposits	2,261,252
Due from other funds	7,223,616
Advances to other funds	6,106,082
Advances to Successor Agency	3,500,000
Advances to Ontario International Airport Authority	48,000
Inventories	210,856
Land held for resale	93,376,690
Restricted assets:	
Cash and investments	888,698
Cash and investments with fiscal agents	30,329,522
	<u>30,329,522</u>
Total Assets	<u>\$ 464,729,230</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:	
Liabilities:	
Accounts payable	\$ 12,113,114
Accrued liabilities	6,546,078
Unearned revenues	2,649,898
Deposits payable	19,512,726
Due to other governments	3,416,464
Due to other funds	7,223,616
Advances from other funds	8,876,082
	<u>8,876,082</u>
Total Liabilities	<u>60,337,978</u>
Deferred Inflows of Resources:	
Unavailable revenues	26,021,697
	<u>26,021,697</u>
Total Deferred Inflows of Resources	<u>26,021,697</u>
Fund Balances:	
Nonspendable	113,549,970
Restricted	47,015,808
Committed	126,019,050
Assigned	91,797,702
Unassigned	(12,975)
	<u>(12,975)</u>
Total Fund Balances	<u>378,369,555</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 464,729,230</u>

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CITY OF ONTARIO

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2014**

Fund balances of governmental funds \$ 378,369,555

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	\$ 1,017,991,188	
Accumulated depreciation	<u>(151,940,145)</u>	866,051,043

Long-term debt and compensated absences have not been included in the governmental fund activity:

Revenue bonds		(72,035,000)
Advance from Successor Agency		(1,600,000)
Unamortized bond discount and premium		(31,860)
Compensated absences		(9,660,963)

Bond insurance premium is an expenditure in the governmental funds, but it is a deferred charge in the statement of net position. 196,691

Governmental funds report all OPEB contributions as expenditures, however in the statement of net position any excesses or deficiencies in contributions in relation to the Annual Required Contribution (ARC) are recorded as a asset or liability. (65,314,255)

Accrued interest payable for the current portion of interest due on Bonds has not been reported in the governmental funds (1,165,873)

Revenues reported as unavailable revenue in the governmental funds and recognized in the Statement of Activities. These are included in the intergovernmental revenues in the governmental fund activity. 26,021,697

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. 83,737,937

Net Position of governmental activities \$1,204,568,972

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CITY OF ONTARIO

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2014**

	Special Revenue Funds			
	General	Quiet Home Program	Measure I	Community Development
Revenues:				
Taxes	\$ 132,908,794	\$ -	\$ -	\$ -
Licenses and permits	2,199,674	-	-	-
Intergovernmental	4,199,620	6,323,573	18,456,869	3,755,483
Charges for services	9,717,832	-	-	-
Use of money and property	1,802,996	6,105	41,788	245,960
Fines and forfeitures	1,125,715	-	-	-
Miscellaneous	3,715,305	-	-	28,461
Total Revenues	155,669,936	6,329,678	18,498,657	4,029,904
Expenditures:				
Current:				
General government	16,529,346	-	-	-
Public safety	107,250,420	-	-	151,765
Community development	19,090,340	4,511,092	12,184,839	3,794,996
Library	4,196,204	-	-	-
Public works	15,902,851	-	-	100,000
Debt service:				
Principal retirement	1,350,000	-	-	-
Interest and fiscal charges	1,876,513	-	-	-
Costs of issuance	-	-	-	-
Total Expenditures	166,195,674	4,511,092	12,184,839	4,046,761
Excess (Deficiency) of Revenues Over (Under) Expenditures	(10,525,738)	1,818,586	6,313,818	(16,857)
Other Financing Sources (Uses):				
Transfers out	(7,260,046)	-	-	-
Transfers in	32,695,671	-	-	-
Other debts issued	-	-	-	-
Bond discount	-	-	-	-
Proceeds from sale of capital asset	4,551	-	-	-
Total Other Financing Sources (Uses)	25,440,176	-	-	-
Net Change in Fund Balances	14,914,438	1,818,586	6,313,818	(16,857)
Fund Balances:				
Beginning of year	111,855,645	55,475,831	(2,193,282)	6,463,086
End of year	\$ 126,770,083	\$ 57,294,417	\$ 4,120,536	\$ 6,446,229

CITY OF ONTARIO

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2014

(Continued)

	Special Revenue Fund	Capital Projects Funds		Other Governmental Funds
	Ontario Housing Authority	Capital Projects	Impact Fees	
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ 1,514,887
Licenses and permits	-	-	-	-
Intergovernmental	-	351,794	-	6,608,032
Charges for services	-	137,954	12,664,595	3,374,630
Use of money and property	885,985	89,490	592,133	241,778
Fines and forfeitures	-	-	-	8,680
Miscellaneous	1,056,024	2,161,163	-	101,300
Total Revenues	1,942,009	2,740,401	13,256,728	11,849,307
Expenditures:				
Current:				
General government	-	-	-	35,760
Public safety	-	5,786,658	199,658	720,741
Community development	1,063,057	4,562,224	3,528,372	10,253,169
Library	-	-	-	-
Public works	-	-	91,417	1,136,780
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Costs of issuance	-	965,190	-	-
Total Expenditures	1,063,057	11,314,072	3,819,447	12,146,450
Excess (Deficiency) of Revenues Over (Under) Expenditures	878,952	(8,573,671)	9,437,281	(297,143)
Other Financing Sources (Uses):				
Transfers out	-	(7,280,829)	-	(2,747,193)
Transfers in	-	956,223	-	976,341
Other debts issued	-	33,390,000	-	-
Bond discount	-	(380,848)	-	-
Proceeds from sale of capital asset	-	-	-	-
Total Other Financing Sources (Uses)	-	26,684,546	-	(1,770,852)
Net Change in Fund Balances	878,952	18,110,875	9,437,281	(2,067,995)
Fund Balances:				
Beginning of year	42,649,230	44,155,652	44,838,431	25,735,864
End of year	\$ 43,528,182	\$ 62,266,527	\$ 54,275,712	\$ 23,667,869

CITY OF ONTARIO

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2014**

	Total Governmental Funds
Revenues:	
Taxes	\$ 134,423,681
Licenses and permits	2,199,674
Intergovernmental	39,695,371
Charges for services	25,895,011
Use of money and property	3,906,235
Fines and forfeitures	1,134,395
Miscellaneous	7,062,253
	<hr/>
Total Revenues	214,316,620
	<hr/>
Expenditures:	
Current:	
General government	16,565,106
Public safety	114,109,242
Community development	58,988,089
Library	4,196,204
Public works	17,231,048
Debt service:	
Principal retirement	1,350,000
Interest and fiscal charges	1,876,513
Costs of issuance	965,190
	<hr/>
Total Expenditures	215,281,392
	<hr/>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(964,772)
	<hr/>
Other Financing Sources (Uses):	
Transfers out	(17,288,068)
Transfers in	34,628,235
Other debts issued	33,390,000
Bond discount	(380,848)
Proceeds from sale of capital asset	4,551
	<hr/>
Total Other Financing Sources (Uses)	50,353,870
	<hr/>
Net Change in Fund Balances	49,389,098
	<hr/>
Fund Balances:	
Beginning of year	328,980,457
	<hr/>
End of year	\$ 378,369,555
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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, 2014**

Net change in fund balances - total governmental funds \$ 49,389,098

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	\$ 29,585,954	
Depreciation	(15,819,954)	
Disposition of capital assets	<u>(617,250)</u>	13,148,750

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	(33,390,000)	
Bond Discount	380,848	
Long-term debt repayments:		
Lease Revenue Bonds	1,350,000	
Bond Premium Amortization	28,395	
Bond Discount Amortization	<u>(18,938)</u>	(31,649,695)

Bond insurance premium are expenditures in governmental funds, but these costs are capitalized on the statement of net position. 196,691

Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period. (381,561)

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 (189,443)

Governmental funds report Other Post employment Benefits (OPEB) contributions as expenditures. However, in the statement of activities, the Actuarial Required Contribution (ARC) is an expense. (12,714,604)

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. 6,733,373

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. 4,967,787

Change in net position of governmental activities \$ 29,500,396

CITY OF ONTARIO

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 JUNE 30, 2014

	Business-Type Activities - Enterprise Funds				Governmental
	Water	Sewer	Solid Waste	Total	Activities- Internal Service Funds
Assets:					
Current:					
Cash and investments	\$ 102,653,133	\$ 38,646,372	\$ 33,039,018	\$ 174,338,523	\$ 100,654,008
Receivables:					
Accounts	10,052,947	2,325,087	3,251,740	15,629,774	57,295
Accrued interest	206,468	75,401	63,222	345,091	141,861
Prepaid costs	416	105	317	838	122,110
Inventories	40,540,615	158,060	-	40,698,675	619,863
Restricted:					
Cash and investments	-	169,230	-	169,230	192,797
Cash with fiscal agent	10,578,881	-	-	10,578,881	-
Total Current Assets	164,032,460	41,374,255	36,354,297	241,761,012	101,787,934
Noncurrent:					
Advances to other funds	-	-	2,770,000	2,770,000	-
Investment in joint venture	36,158,789	-	-	36,158,789	-
Other investments	201,750	-	-	201,750	-
Capital assets - net of accumulated depreciation	176,372,647	34,698,277	6,175,124	217,246,048	18,890,553
Total Noncurrent Assets	212,733,186	34,698,277	8,945,124	256,376,587	18,890,553
Total Assets	376,765,646	76,072,532	45,299,421	498,137,599	120,678,487
Deferred Outflows of Resources:					
Deferred charge on refunding	1,136,801	-	-	1,136,801	-
Total Deferred Outflows of Resources	1,136,801	-	-	1,136,801	-
Total Assets & Deferred Outflows of Resources	\$ 377,902,447	\$ 76,072,532	\$ 45,299,421	\$ 499,274,400	\$ 120,678,487
Liabilities and Net Position:					
Liabilities:					
Current:					
Accounts payable	\$ 3,699,365	\$ 2,837,517	\$ 1,420,699	\$ 7,957,581	\$ 1,908,319
Accrued liabilities	236,741	90,570	320,695	648,006	249,129
Unearned revenues	-	-	82,253	82,253	-
Deposits payable	4,028,700	-	977,542	5,006,242	-
Accrued compensated absences	32,000	15,000	36,000	83,000	34,000
Accrued claims and judgments	-	-	-	-	8,511,000
Bonds, notes, and capital leases	1,220,000	-	-	1,220,000	-
Total Current Liabilities	9,216,806	2,943,087	2,837,189	14,997,082	10,702,448
Noncurrent:					
Accrued compensated absences	370,276	166,787	416,596	953,659	392,936
Accrued claims and judgments	-	-	-	-	8,357,931
Bonds, notes, and capital leases	73,587,970	-	-	73,587,970	-
Total Noncurrent Liabilities	73,958,246	166,787	416,596	74,541,629	8,750,867
Total Liabilities	83,175,052	3,109,874	3,253,785	89,538,711	19,453,315
Net Position:					
Investment in capital assets	-	34,698,277	6,175,124	40,873,401	18,890,553
Net investment in capital assets	102,701,478	-	-	102,701,478	-
Restricted for debt service	10,578,881	-	-	10,578,881	-
Unrestricted	181,447,036	38,264,381	35,870,512	255,581,929	82,334,619
Total Net Position	294,727,395	72,962,658	42,045,636	409,735,689	101,225,172
Total Liabilities and Net Position	\$ 377,902,447	\$ 76,072,532	\$ 45,299,421	\$ 499,274,400	\$ 120,678,487
Reconciliation of Net Position to the Government-Wide Statement of Net Position:					
Net Position per Statement of Net Position - Proprietary Funds				\$ 409,735,689	
Prior years' accumulated adjustment to reflect the consolidation of internal service funds activities related to the enterprise funds				16,958,357	
Current years' adjustments to reflect the consolidation of internal service activities related to enterprise funds				528,878	
Net Position per Government-Wide Statement of Net Position				\$ 427,222,924	

CITY OF ONTARIO

**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2014**

	Business-Type Activities - Enterprise Funds				Governmental Activities- Internal Service Funds
	Water	Sewer	Solid Waste	Total	
Operating Revenues:					
Sales and service charges	\$ 55,951,111	\$ 21,103,906	\$ 29,358,453	\$ 106,413,470	\$ 28,696,104
Interdepartmental charges	1,528,690	53,566	514,900	2,097,156	-
Miscellaneous	2,628,393	327,339	459,185	3,414,917	278,648
Total Operating Revenues	60,108,194	21,484,811	30,332,538	111,925,543	28,974,752
Operating Expenses:					
Administration and general	4,464,245	1,396,572	790,799	6,651,616	8,967,160
Source of supply	17,514,261	-	-	17,514,261	8,755,812
Pumping	4,192,947	-	-	4,192,947	-
Transmission/collection	7,255,466	3,651,480	22,783,885	33,690,831	-
Treatment	-	9,844,757	-	9,844,757	-
Claims expense	-	-	-	-	7,629,539
Depreciation expense	4,367,760	1,236,456	127,574	5,731,790	3,431,014
Total Operating Expenses	37,794,679	16,129,265	23,702,258	77,626,202	28,783,525
Operating Income (Loss)	22,313,515	5,355,546	6,630,280	34,299,341	191,227
Nonoperating Revenues (Expenses):					
Grant revenue	-	-	145,881	145,881	-
Reimbursement agreement	6,642,816	-	-	6,642,816	-
Interest revenue	889,252	386,529	328,753	1,604,534	719,738
Interest expense	(2,836,573)	-	-	(2,836,573)	-
Gain on value of stored water inventory	9,817,680	-	-	9,817,680	-
Gain on joint venture	3,108,258	-	-	3,108,258	-
Total Nonoperating Revenues (Expenses)	17,621,433	386,529	474,634	18,482,596	719,738
Income (Loss) Before Transfers	39,934,948	5,742,075	7,104,914	52,781,937	910,965
Transfers in	-	-	-	-	5,425,700
Transfers out	(10,725,823)	(5,086,038)	(6,114,006)	(21,925,867)	(840,000)
Changes in Net Position	\$ 29,209,125	\$ 656,037	\$ 990,908	\$ 30,856,070	\$ 5,496,665
Net Position:					
Beginning of year	\$ 265,518,270	\$ 73,587,388	\$ 41,054,728	\$ 380,160,386	\$ 95,728,507
Restatements	-	(1,280,767)	-	(1,280,767)	-
Beginning of year, as restated	265,518,270	72,306,621	41,054,728	378,879,619	95,728,507
Changes in net position	29,209,125	656,037	990,908	30,856,070	5,496,665
End of Fiscal Year	\$ 294,727,395	\$ 72,962,658	\$ 42,045,636	\$ 409,735,689	\$ 101,225,172

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	\$ 30,856,070
Adjustment to reflect the consolidation of current fiscal year internal service funds activities related to enterprise funds	528,878
Changes in Net Position of Business-Type Activities per Statement of Activities	\$ 31,384,948

CITY OF ONTARIO

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2014

	Business-Type Activities - Enterprise Funds				Governmental Activities- Internal Service Funds
	Water	Sewer	Solid Waste	Total	
Cash Flows from Operating Activities:					
Cash received from customers and users	\$ 58,116,233	\$ 21,454,456	\$ 30,349,449	\$ 109,920,138	\$ 29,014,565
Cash paid to suppliers for goods and services	(28,852,272)	(12,514,758)	(22,226,972)	(63,594,002)	(14,280,228)
Cash paid to employees for services	(4,404,677)	(1,379,263)	(697,573)	(6,481,513)	(8,969,039)
Net Cash Provided (Used) by Operating Activities	24,859,284	7,560,435	7,424,904	39,844,623	5,765,298
Cash Flows from Non-Capital Financing Activities:					
Cash transfers in	-	-	-	-	5,425,700
Cash transfers out	(10,725,823)	(5,086,038)	(6,114,006)	(21,925,867)	(840,000)
Grant subsidy	-	-	163,758	163,758	-
Reimbursement agreement	6,642,816	-	-	6,642,816	-
Net Cash Provided (Used) by Non-Capital Financing Activities	(4,083,007)	(5,086,038)	(5,950,248)	(15,119,293)	4,585,700
Cash Flows from Capital and Related Financing Activities:					
Proceeds from capital debt	76,907,578	-	-	76,907,578	-
Acquisition and construction of capital assets	(27,287,349)	-	(52,793)	(27,340,142)	(4,042,504)
Principal paid on capital debt	(45,460,000)	-	-	(45,460,000)	-
Interest paid on capital debt	(5,037,747)	-	-	(5,037,747)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(877,518)	-	(52,793)	(930,311)	(4,042,504)
Cash Flows from Investing Activities:					
Interest received	875,481	389,136	333,578	1,598,195	715,485
Net Cash Provided (Used) by Investing Activities	875,481	389,136	333,578	1,598,195	715,485
Net Increase (Decrease) in Cash and Cash Equivalents	20,774,240	2,863,533	1,755,441	25,393,214	7,023,979
Cash and Cash Equivalents at Beginning of Year	92,457,774	35,952,069	31,283,577	159,693,420	93,822,826
Cash and Cash Equivalents at End of Year	\$ 113,232,014	\$ 38,815,602	\$ 33,039,018	\$ 185,086,634	\$ 100,846,805
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:					
Operating income (loss)	\$ 22,313,515	\$ 5,355,546	\$ 6,630,280	\$ 34,299,341	\$ 191,227
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:					
Depreciation	4,367,760	1,236,456	127,574	5,731,790	3,431,014
(Increase) decrease in accounts receivable	(2,315,803)	(30,355)	(8,104)	(2,354,262)	39,813
(Increase) decrease in prepaid expense	2,412	1,041	1,841	5,294	(52,080)
(Increase) decrease in inventories	(71,087)	(17,772)	-	(88,859)	(72,627)
Increase (decrease) in accounts payable	179,077	998,210	555,072	1,732,359	267,919
Increase (decrease) in accrued liabilities	40,702	5,369	49,901	95,972	29,482
Increase (decrease) in deposits payable	323,842	-	25,015	348,857	-
Increase (decrease) in claims and judgments	-	-	-	-	1,961,911
Increase (decrease) in compensated absences	18,866	11,940	43,325	74,131	(31,361)
Total Adjustments	2,545,769	2,204,889	794,624	5,545,282	5,574,071
Net Cash Provided (Used) by Operating Activities	\$ 24,859,284	\$ 7,560,435	\$ 7,424,904	\$ 39,844,623	\$ 5,765,298
Non-Cash Investing, Capital, and Financing Activities:					
Gain on value of stored water inventory	\$ 9,817,680	\$ -	\$ -	\$ 9,817,680	\$ -
Gain/(Loss) on Investment in Joint Venture	3,108,258	-	-	3,108,258	-
Amortization of deferred cost	42,630	-	-	42,630	-
Amortization of bond premium	74,608	-	-	74,608	-

CITY OF ONTARIO

STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 JUNE 30, 2014

	<u>Agency Funds</u>	<u>Private- Purpose Trust Fund Successor Agency of the Former RDA</u>
Assets:		
Cash and investments	\$ 79,041,700	\$ 11,959,056
Receivables:		
Accounts	86,916	-
Taxes	2,124	-
Notes and loans	-	35,000
Accrued interest	144,549	43
Prepaid costs	288,678	-
Advances to City	-	1,600,000
Land held for resale	-	302,124
Other investments	188,561,216	-
Restricted assets:		
Cash and investments with fiscal agents	4,172,941	3,217,690
Total Assets	<u>\$ 272,298,124</u>	<u>17,113,913</u>
Liabilities:		
Accounts payable	\$ 1,082,160	921,613
Accrued interest	-	2,763,985
Deposits payable	-	550,876
Due to other governments	167,879,392	-
Due to external parties/other agencies	8,332,107	-
Available for other post employment benefits	95,004,465	-
Long-term liabilities:		
Due in one year	-	4,613,520
Due in more than one year	-	70,836,828
Total Liabilities	<u>\$ 272,298,124</u>	<u>79,686,822</u>
Net Position:		
Held in trust for other purposes		<u>(62,572,909)</u>
Total Net Position		<u>\$ (62,572,909)</u>

CITY OF ONTARIO

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 YEAR ENDED JUNE 30, 2014

	<u>Private- Purpose Trust Fund Successor Agency of the Former RDA</u>
Additions:	
Taxes	\$ 19,107,661
Interest and change in fair value of investments	<u>457</u>
Total Additions	<u>19,108,118</u>
Deductions:	
Administrative expenses	537,824
Contractual services	4,507,171
Interest expense	<u>7,491,863</u>
Total Deductions	<u>12,536,858</u>
Changes in Net Position	6,571,260
Net Position:	
Beginning of year	<u>(69,144,169)</u>
End of the Year	<u>\$ (62,572,909)</u>

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. A portion of the City's salary and overhead expenses are billed to the Ontario Housing Authority each year.

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 16 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)
JUNE 30, 2014

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	

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 12).

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.

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.

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 Community Development Block Grant, HOME Grant, and Neighborhood Stabilization Program. These grants accounts for the financial transactions as prescribed by the Federal Housing and Urban Development.
- The Ontario Housing Authority Fund accounts for the financial transactions of the Ontario Housing Authority. Revenue sources for the Authority include rent proceeds from properties, housing loan repayments and agency fees.
- 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, and the City's general information systems and telecommunications hardware and software. These services are provided to other departments or agencies of the City on a cost reimbursement basis.

Note 1: Summary of Significant Accounting Policies (Continued)

- 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.
- 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.

Note 1: Summary of Significant Accounting Policies (Continued)

Investments are reported at fair value, which is the quoted market price at June 30, 2014. 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.

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 market 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

Note 1: Summary of Significant Accounting Policies (Continued)

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.

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 \$5,000 and \$50,000 respectively (amount not rounded) and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market 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, 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 1: Summary of Significant Accounting Policies (Continued)

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

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>
Structures and improvements	20 - 99
Furniture and equipment	5 - 25
Intangible assets – software	5
Infrastructure	20 - 99

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.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and governmental fund balance sheet 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 or fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then.

Note 1: Summary of Significant Accounting Policies (Continued)

In addition to liabilities, the statement of financial position and governmental fund balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: sales tax and deferred loans. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

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 inflows and deferred outflows 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.

Note 1: Summary of Significant Accounting Policies (Continued)

- 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.

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.

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 1: Summary of Significant Accounting Policies (Continued)

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.

Property Tax Revenue

Property tax revenue is recognized on the basis of the National Council of Government Accounting (NCGA) Interpretation No. 3, (adopted by GASB) 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 preceding the fiscal year for which the taxes are levied. The tax levy is made July 1, and 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.

Note 2: Cash and Investments

As of June 30, 2014, cash and investments were reported in the accompanying financial statements as follows:

Governmental activities	\$ 368,081,626
Business-type activities	185,086,634
Fiduciary funds	<u>98,391,387</u>
Total Cash and Investments	<u><u>\$ 651,559,647</u></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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 2: Cash and Investments (Continued)

Deposits

At June 30, 2014, the carrying amount of the City's deposits was \$19,586,695 and the bank balance was \$21,292,140. The \$(1,705,445) difference represents outstanding checks and other reconciling items.

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 provision 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
- Repurchase Agreements with primary dealer of the Federal Reserve Bank of New York, which the City has entered into a master repurchase agreement
- Local Agency Investment Fund
- 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
- United States Government Agency's Mortgage pass-through security, collateralized mortgage obligations, mortgage-backed or other pay-through bond, equipment lease-back certificate, or consumer receivable-backed bond of a maximum 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 2: Cash and Investments (Continued)

- 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.
- The City's policy reflects California State Government Code very closely while being even more restrictive in terms of allocations and maturities. For example, State Code allows a 30% allocation to corporate medium-term notes and puts no limitation on individual allocation. Ontario's policy requires that no more than 3% of the fund be invested in any one corporate name and that no more than half of the 30% allocation be invested in securities with rating lower than AA.
- 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.

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, 2014, the City's investment in medium-term notes consisted of investments with various corporations and were rated "A2" 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, the Federal

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 2: Cash and Investments (Continued)

Home Loan Mortgage Corporation and the Federal Farm Credit Banks 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, 2014, 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, 2014, none of the City's deposits or investments was exposed to custodial credit risk.

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 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, Federal Home Loan Mortgage Corporation, and Federal National Mortgage Association (FNMA) represented 7.9%, 7.1%, and 10.0%, respectively of the City cash and investments at June 30, 2014 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.

CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 2: Cash and Investments (Continued)

As of June 30, 2014, 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	\$ 30,240,850	\$ 20,210,900	\$ 190,187,125	\$ 29,604,000	\$ 270,242,875
Federal Government Agency	10,029,600	20,013,800	83,080,435	54,914,300	168,038,135
Medium-Term Corporate Notes	5,076,250	12,143,990	42,768,163	24,897,900	84,886,303
Asset-Backed Securities	-	730,195	-	11,003,630	11,733,825
Municipal Bonds	-	-	-	5,029,200	5,029,200
Local Agency Investment Fund	43,743,580	-	-	-	43,743,580
Total Cash Investments	89,090,280	53,098,885	316,035,723	125,449,030	583,673,918
Investments with Fiscal Agents:					
Money Market Funds	47,313,424	-	-	-	47,313,424
Medium-Term Corporate Notes	-	-	-	985,610	985,610
Total Investments with Fiscal Agent	47,313,424	-	-	985,610	48,299,034
Total Investments	\$ 136,403,704	\$ 53,098,885	\$ 316,035,723	\$ 126,434,640	\$ 631,972,952

Note 3: Contracts and Notes Receivable

Contracts and notes receivable as of June 30, 2014, totaled \$19,869,009 and were recorded as follows:

General Fund	\$ 43,819
Community Development	9,578,821
Ontario Housing Authority	<u>10,246,369</u>
Total Contracts and Notes Receivable	<u>\$ 19,869,009</u>

The City provides loans to City police officers to assist them to acquire personal residence within the City or to reduce 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, 2014, was:

\$18,819

The City loaned \$25,000 to the Ontario Chamber of Commerce for the installation of military personnel banners along Euclid Avenue. The loan is a zero interest loan with no deadline for repayment. The receivable balance at June 30, 2014, was:

25,000

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 3: Contracts and Notes Receivable (Continued)

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, 2014 was:

2,513,568

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, 2014, 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, 2014, 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, 2014, 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, 2014, was:

64,506

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 3: Contracts and Notes 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, 2014, was:

3,911,255

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, 2014, was:

955,465

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, 2014, 4 households have been assisted with these funds. The receivable at June 30, 2014, was:

41,640

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, 2014, 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, 2014, was:

3,416,464

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, 2014, was:

1,200,909

CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 3: Contracts and Notes 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, 2014, was:

5,090,553

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, 2014, was:

353,935

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, 2014, Mercy House drew monies in the amount of \$167,895. The receivable balance at June 30, 2014, was:

1,167,895

Total Contracts and Notes \$19,869,009

Note 4: 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" as defined by GASB Statement No. 34 for its infrastructure street pavement system. 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.

CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2014

Note 4: Capital Assets (Continued)

The following table presents summary information on the governmental activity infrastructure assets for the fiscal year ending June 30, 2014:

	Infrastructure		
	Historical Cost	Accumulated Depreciation	Net Cost at June 30, 2014
Governmental Activities:			
Modified Approach:			
Streets pavement system	\$ 298,943,783	\$ -	\$ 298,943,783
Basic Approach:			
Curbs	47,803,528	13,245,561	34,557,967
Storm drains and gutters	28,144,619	6,880,674	21,263,945
Sidewalks and handicap ramps	38,300,860	10,408,772	27,892,088
Bridges	104,800,705	27,811,856	76,988,849
Traffic signals/street lighting	15,205,229	3,753,590	11,451,639
	<u>\$ 533,198,724</u>	<u>\$ 62,100,453</u>	<u>\$ 471,098,271</u>

CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 4: Capital Assets (Continued)

Capital asset activity for the year ended June 30, 2014, was as follows:

	<u>Beginning Balance</u>	<u>Adjustments</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental Activities:							
Capital assets, not being depreciated:							
Land	\$ 46,029,119	\$ -	\$ 46,029,119	\$ 1,189,780	\$ -	\$ -	\$ 47,218,899
Infrastructure - pavement system	298,943,783	-	298,943,783	-	-	-	298,943,783
Construction in progress	67,339,656	527,174	67,866,830	26,862,590	(617,250)	(2,853,027)	91,259,143
Total Capital Assets, Not Being Depreciated	412,312,558	527,174	412,839,732	28,052,370	(617,250)	(2,853,027)	437,421,825
Capital assets, being depreciated:							
Infrastructure - other systems	232,403,202	-	232,403,202	-	-	1,851,739	234,254,941
Structures and improvements	364,192,284	(527,174)	363,665,110	3,878,196	(2,022,535)	1,001,288	366,522,059
Furniture and equipment	29,889,601	-	29,889,601	1,697,892	(232,155)	-	31,355,338
Total Capital Assets, Being Depreciated	626,485,087	(527,174)	625,957,913	5,576,088	(2,254,690)	2,853,027	632,132,338
Less accumulated depreciation:							
Infrastructure - other systems	56,272,323	-	56,272,323	5,828,130	-	-	62,100,453
Structures and improvements	88,080,222	-	88,080,222	11,702,668	(2,022,535)	-	97,760,355
Furniture and equipment	23,263,744	-	23,263,744	1,720,170	(232,155)	-	24,751,759
Total Accumulated Depreciation	167,616,289	-	167,616,289	19,250,968	(2,254,690)	-	184,612,567
Total Capital Assets, Being Depreciated, Net	458,868,798	(527,174)	458,341,624	(13,674,880)	-	2,853,027	447,519,771
Governmental Activities Capital Assets, Net	\$ 871,181,356	\$ -	\$ 871,181,356	\$ 14,377,490	\$ (617,250)	\$ -	\$ 884,941,596

CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 4: Capital Assets (Continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Business-Type Activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 21,594,842	\$ 205,413	\$ -	\$ 21,800,255
Construction-in-progress	28,964,062	27,134,728	(1,280,766)	54,818,024
Total Capital Assets, Not Being Depreciated	<u>50,558,904</u>	<u>27,340,141</u>	<u>(1,280,766)</u>	<u>76,618,279</u>
Capital assets, being depreciated:				
Structures and improvements	9,241,939	-	(22,834)	9,219,105
Furniture and equipment	2,275,597	-	(52,153)	2,223,444
Infrastructure	219,637,153	-	-	219,637,153
Total Capital Assets, Being Depreciated	<u>231,154,689</u>	<u>-</u>	<u>(74,987)</u>	<u>231,079,702</u>
Less accumulated depreciation:				
Structures and improvements	2,018,362	296,761	(22,834)	2,292,289
Furniture and equipment	2,129,818	27,591	(52,153)	2,105,256
Infrastructure	80,646,950	5,407,438	-	86,054,388
Total Accumulated Depreciation	<u>84,795,130</u>	<u>5,731,790</u>	<u>(74,987)</u>	<u>90,451,933</u>
Total Capital Assets, Being Depreciated, Net	<u>146,359,559</u>	<u>(5,731,790)</u>	<u>-</u>	<u>140,627,769</u>
Business-Type Activities Capital Assets, Net	<u>\$ 196,918,463</u>	<u>\$ 21,608,351</u>	<u>\$ (1,280,766)</u>	<u>\$ 217,246,048</u>

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

Governmental Activities:	
General government	\$ 731,450
Public safety	2,743,738
Community development	3,946,956
Library	457,217
Public works	7,940,593
Equipment Services	3,027,463
Information Technology	403,551
	<u>\$ 19,250,968</u>
Business-Type Activities:	
Water	\$ 4,367,760
Sewer	1,236,456
Solid waste	127,574
	<u>\$ 5,731,790</u>

CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 5: Interfund Receivable, Payable and Transfers

The composition of interfund balances as of June 30, 2014, is as follows:

Due To/From Other Funds

Due from Other Funds	Due to Other Funds				Total
	Measure I	Community Development	Impact Fees	Nonmajor Governmental Funds	
General Fund	\$ 6,518,542	\$ 431,721	\$ 259,622	\$ 13,731	\$ 7,223,616

The interfund balances at June 30, 2014, 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		
	Ontario Housing Authority Fund	Impact Fees Fund	Total
Community Development Fund	\$ 6,106,082	\$ -	\$ 6,106,082
Solid Waste	-	2,770,000	2,770,000
Total	\$ 6,106,082	\$ 2,770,000	\$ 8,876,082

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

During prior years and the current year, the Community Development Fund has loaned \$6,106,082 to the Ontario Housing Authority for the acquisition, relocation and rehabilitation of various properties.

Interfund Transfers

Transfers In	Transfers Out							Total
	General Fund	Capital Projects	Water	Sewer	Solid Waste	Internal Service Funds	Nonmajor Governmental Funds	
General Fund	\$ -	\$ 7,280,829	\$ 10,705,823	\$ 5,066,038	\$ 6,064,006	\$ 840,000	\$ 2,738,975	\$ 32,695,671
Capital Projects Fund	956,223	-	-	-	-	-	-	956,223
Internal Service Funds	5,335,700	-	20,000	20,000	50,000	-	-	5,425,700
Nonmajor Governmental Funds	968,123	-	-	-	-	-	8,218	976,341
Total	\$ 7,260,046	\$ 7,280,829	\$ 10,725,823	\$ 5,086,038	\$ 6,114,006	\$ 840,000	\$ 2,747,193	\$ 40,053,935

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014
Note 5: Interfund Receivable, Payable and Transfers (Continued)

The General Fund transferred \$5,335,700 to the Information Technology Fund for fiber optic communication backbone and \$956,223 to the Capital Project Fund to fund various public facility improvement projects.

The Water, Sewer and Solid Waste Funds transferred \$10,705,823, \$5,066,038 and \$6,064,006 respectively, to the General Fund to cover the cost of operations. In addition, the Water, Sewer and Solid Waste Funds transferred a combined total of \$90,000 to the Internal Service Funds to cover computer replacement and upgrades.

Note 6: 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, 2014:

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014	Due Within One Year
Revenue Bonds	\$ 39,995,000	\$ 33,390,000	\$ 1,350,000	\$ 72,035,000	\$ 1,410,000
Advances from Successor Agency	1,600,000	-	-	1,600,000	-
Other Post Employment Benefits	52,599,651	16,083,370	3,368,766	65,314,255	-
Claims and Judgments	14,907,020	9,483,374	7,521,463	16,868,931	8,511,000
Compensated Absences	9,929,817	373,559	215,477	10,087,899	174,000
Total	\$ 119,031,488	\$ 59,330,303	\$ 12,455,706	165,906,085	\$10,095,000
			Unamortized bond premium and discount	31,860	
				\$ 165,937,945	

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%. The remaining bonds will mature in annual installments up to August 2018. The balance at June 30, 2014, including the unamortized bond premium of \$55,969, amounted to \$3,755,969.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014
Note 6: Long-Term Debt (Continued)

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

	2001 Lease Revenue Bonds	
	Principal	Interest
2014-2015	\$ 950,000	\$ 170,888
2015-2016	1,000,000	122,013
2016-2017	1,055,000	65,500
2017-2018	-	36,488
2018-2019	695,000	18,244
Total	<u>\$ 3,700,000</u>	<u>\$ 413,133</u>

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. The balance at June 30, 2014, including the unamortized bond premium of \$337,801, amounted to \$35,282,801. The annual requirements to amortize the outstanding bond indebtedness as of June 30, including interest, are as follows:

	2007 Lease Revenue Bonds	
	Principal	Interest
2014 - 2015	\$ 460,000	\$ 1,644,890
2015 - 2016	480,000	1,623,740
2016 - 2017	500,000	1,601,690
2017 - 2018	525,000	1,577,315
2018 - 2019	550,000	1,550,440
2019 - 2024	3,190,000	7,290,585
2024 - 2029	4,045,000	6,426,020
2029 - 2034	13,835,000	4,476,163
2034 - 2036	11,360,000	781,425
Total	<u>\$ 34,945,000</u>	<u>\$ 26,972,268</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 6: Long-Term Debt (Continued)**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 annual requirements to amortize the outstanding bond indebtedness as of June 30, including interest, are as follows:

	2013 Lease Revenue Bonds	
	Principal	Interest
2014 - 2015	\$ -	\$ 1,648,806
2015 - 2016	-	1,648,806
2016 - 2017	-	1,648,806
2017 - 2018	-	1,648,806
2018 - 2019	-	1,648,806
2019 - 2024	3,175,000	8,004,669
2024 - 2029	4,810,000	7,212,788
2029 - 2034	6,445,000	5,879,059
2034 - 2039	8,260,000	4,010,250
2039 - 2043	10,700,000	1,498,281
Total	<u>\$ 33,390,000</u>	<u>\$ 34,849,077</u>

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.

Other Post Employment Benefits Obligation

The City's policies relating to other post employment benefits are described in Note 10 of the Notes to Financial Statements. The liability will be paid in future years by the Other Post Employment Benefits agency fund.

Claims and Judgments

The City's liability regarding self-insurance is described in Note 11 of the Notes to Financial Statements. The liability will be paid in future years from the Self Insurance Fund.

CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 6: Long-Term Debt (Continued)

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, 2014:

	Balance July 1, 2013	Deceased	Additions	Deletions	Balance June 30, 2014	Due Within One Year
2004 COP - Water System Improvement Project	\$ 43,435,000	\$ (43,435,000)	\$ -	\$ -	\$ -	\$ -
2013 Water Revenue Bonds	-	-	74,545,000	2,025,000	72,520,000	1,220,000
Compensated Absences	962,528	-	119,459	45,328	1,036,659	83,000
Total	\$ 44,397,528	\$ (43,435,000)	\$ 74,664,459	\$ 2,070,328	73,556,659	\$ 1,303,000
			Unamortized Bond Premium		2,287,970	
					\$ 75,844,629	

Certificates of Participation

2004 Certificates of Participation

In July 2004, the City issued certificates of participation, 2004 Water System Improvement Project, to finance and refinance certain water facilities of the City. The certificates dated July 15, 2006, were issued at a premium of \$1,394,670 and consist of \$30,285,000 serial certificates maturing in principal amount of \$850,000 to \$2,190,000 bearing interest ranging from 3.00% to 5.25% and \$22,035,000 term certificates bearing interest at 5%. Interest is paid semi-annually each year commencing January 1, 2006, until final maturity on July 1, 2034.

In September 2013, the Ontario Public Financing Authority issued 2013 Water Revenue Bonds to, amount other things, redeem the outstanding balance of the 2004 Certificates of Participation. Upon issuance of the 2013 Bonds, a portion of the sale proceeds of the 2013 Bonds was transferred to an Escrow Fund solely for the payment of amounts due and payable by the City under the 2004 Installment Sale Agreement and the amounts due and payable with respect to the 2004 Certificates under the 2004 Trust Agreement. As a result, the liability of the 2004 Certificates of Participation has been removed.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014
Note 6: Long-Term Debt (Continued)

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, 2014, including the unamortized bond premium of \$2,287,970, amounted to \$74,807,970.

Proceeds in the amount of \$45,604,196 were deposited in an Escrow Fund to provide for all future debt service payments on the 2004 Certificates of Participation. As a result, the 2004 Certificates of Participation Water System Improvement Project are considered to be defeased. The refunding resulted in the recognition of a deferred charge on refunding of \$1.14 million for the year ended June 30, 2014. The City in effect increased its aggregate debt service payments by almost \$7.2 million over the next 30 years and obtained an economic gain (difference between the present values of the old and new debt service payments) of \$2.6 million.

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

	2013 Water Revenue Bonds	
	Principal	Interest
2014 - 2015	\$ 1,220,000	\$ 3,575,813
2015 - 2016	1,270,000	3,527,013
2016 - 2017	1,320,000	3,476,213
2017 - 2018	1,375,000	3,423,413
2018 - 2019	1,430,000	3,368,413
2019 - 2024	8,135,000	15,839,713
2024 - 2029	10,350,000	13,630,300
2029 - 2034	13,325,000	10,657,025
2034 - 2039	17,085,000	8,446,500
2039 - 2043	17,010,000	4,154,000
Total	<u>\$ 72,520,000</u>	<u>\$ 70,098,403</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, 2014, totaled \$16,600,000. This amount is not reported in the City's financial statements. The construction phase is reported in the Capital Projects Funds. Likewise, amounts recorded

CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 6: Long-Term Debt (Continued)

in the Agency Funds represent only debt service activities, i.e., collection from property owners and payment to bondholders.

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>Interest % Rate</u>	<u>Date Issued</u>	<u>Date Series Matures</u>	<u>Outstanding Balance at June 30, 2014</u>
<u>Multi-Family Mortgage Revenue Bonds:</u>				
Ontario Redevelopment Agency Multi-Family Mortgage Revenue Bonds, Seasons at Gateway Plaza 1996 Series A	5.60 - 6.50	1996	2026	\$ 1,095,000
Ontario Redevelopment Agency Multi-Family Mortgage Revenue Bonds, Seasons at Gateway Plaza 1996 Series B	Variable	1996	2026	740,000
Ontario Redevelopment Agency Multi-Family Mortgage Revenue Bonds, Woodside Senior III Apts 2004 Series A	6.25	2004	2034	2,448,000
Ontario Redevelopment Agency Multi-Family Mortgage Revenue Bonds, Waverly Place Apts 2004 Series B	6.25	2004	2034	7,047,000
Ontario Redevelopment Agency Multi-Family Mortgage Revenue Bonds, Waterford Court Apts 2005 Series A	6.25	2005	2035	6,165,000
Ontario Redevelopment Agency Multi-Family Mortgage Revenue Bonds, Woodside Senior II Apts 2004 Series C	6.25	2004	2034	1,513,000
Ontario Redevelopment Agency Multi-Family Mortgage Revenue Bonds, Cambridge Square Apts 2004 Series D	6.25	2004	2034	<u>6,087,000</u>
Total				<u>\$ 25,095,000</u>

Note 7: Net Position Restatement

Net position in the Sewer Fund was restated by \$(1,280,767) for prior year maintenance cost incorrectly recorded as construction in progress.

CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 8: Fund Balances

a. Governmental Fund Balance Classifications

Fund balances in governmental funds at June 30, 2014, have been classified as follows:

	Governmental Funds							Other Governmental Funds
	General	Quiet Home Program	Measure I	Community Development	Ontario Housing Authority	Capital Projects	Impact Fees	
Fund Balances:								
Nonspendable								
Inventory	\$ 210,856	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Prepaid costs	1,157,293	128	-	-	131	-	-	22,146
Deposits	-	-	1,710,400	-	-	2,199	427,600	-
Land held for resale	-	57,068,238	-	51,050	18,000,551	18,256,851	-	-
Notes and loans	43,819	-	-	-	6,992,626	-	-	-
Advances to other funds	3,500,000	-	-	6,106,082	-	-	-	-
Total Nonspendable	4,911,968	57,068,366	1,710,400	6,157,132	24,993,308	18,259,050	427,600	22,146
Restricted								
Endowment/Trust	412,411	-	-	-	-	-	-	-
Community development projects	-	226,051	2,410,136	289,097	-	-	-	8,659,892
Public safety	-	-	-	-	-	-	-	156,236
Police narcotics	-	-	-	-	-	-	-	3,308,833
Affordable housing	-	-	-	-	-	1,777,106	-	-
AQMD activities	-	-	-	-	-	-	-	647,503
Housing Authority activities	-	-	-	-	18,534,874	-	-	-
Public services	-	-	-	-	-	-	-	3,431,614
Bond improvement projects	-	-	-	-	-	7,162,055	-	-
Total Restricted	412,411	226,051	2,410,136	289,097	18,534,874	8,939,161	-	16,204,078
Committed								
Museum board	65,000	-	-	-	-	-	-	-
Whispering Lakes Golf Course	32,765	-	-	-	-	-	-	-
Park development	-	-	-	-	-	-	-	4,092,424
City facilities project	3,698,327	-	-	-	-	-	-	-
Public safety equipment	3,934,235	-	-	-	-	-	-	-
Communications/computer dispatch	1,890,197	-	-	-	-	-	-	-
Compensated absences	13,445,207	-	-	-	-	-	-	-
Capital Projects	-	-	-	-	-	24,261,397	-	-
Contractual obligations	179,302	-	-	-	-	-	-	-
Economic uncertainties	19,103,582	-	-	-	-	-	-	-
City infrastructure	-	-	-	-	-	-	53,848,112	-
Events center capital equipment	1,150,000	-	-	-	-	-	-	-
Ontario motor speedway	318,502	-	-	-	-	-	-	-
Total Committed	43,817,117	-	-	-	-	24,261,397	53,848,112	4,092,424
Assigned								
Equipment replacement	434,374	-	-	-	-	-	-	-
Continuing appropriations	1,226,951	-	-	-	-	10,806,919	-	3,362,196
Stability arrangement	30,745,313	-	-	-	-	-	-	-
Contractual obligations	35,456,669	-	-	-	-	-	-	-
State sales tax	8,245,000	-	-	-	-	-	-	-
Maintenance trust	1,520,280	-	-	-	-	-	-	-
Total Assigned	77,628,587	-	-	-	-	10,806,919	-	3,362,196
Unassigned	-	-	-	-	-	-	-	(12,975)
Total Fund Balances	\$ 126,770,083	\$ 57,294,417	\$ 4,120,536	\$ 6,446,229	\$ 43,528,182	\$ 62,266,527	\$ 54,275,712	\$ 23,667,869

b. Deficit Fund Balances

The following funds have deficit fund balances:

CFD No. 10 Public Services	\$ 263
NMC CFD	12,713

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 9: City Employees Retirement Plan (Defined Benefit Pension Plan)

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 their executive office located at 400 P Street, Sacramento, California 95814.

Funding Policy

Participants are required to contribute 8% (9% for safety employees) of their annual covered salary. The City is required to contribute at an actuarially determined rate; the current rate is 12.942% for non-safety employees, 32.088% for police safety employees and 26.909% for fire safety employees, of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by PERS.

Required Contribution

For 2014, the City's contribution of \$21,808,772 for PERS was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2011, actuarial valuation using the entry age normal actuarial cost method.

The summary of principal assumptions and methods used to determine the annual required contribution is shown below:

Valuation Date	June 30, 2011
Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method	Level Percent of Payroll
Average Remaining Period	18 years as of the Valuation Date for the miscellaneous plan, 26 years as of the Valuation Date for the safety police plan, and 29 years as of the Valuation Date for the safety fire plan.
Asset Valuation Method	15 Year Smoothed Market
Actuarial Assumptions:	
Investment Rate of Return	7.50% (net of administrative expenses)
Projected Salary Increases	3.30% to 14.20% depending on age, service, and type of employment
Inflation	2.75%
Payroll Growth	3.00%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 2.75% and an annual production growth of 0.25%

CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 9: City Employees Retirement Plan (Defined Benefit Pension Plan) (Continued)

Initial unfunded liabilities are amortized over a closed period that depends on the plan's date of entry into CalPERS. Subsequent plan amendments are amortized as a level percentage of pay over a closed 20-year period. Gains and losses that occur in the operation of the plan are amortized over a 30-year period with Direct Rate Smoothing with a 5-year ramp up/ramp down. If the plan's accrued liability exceeds the actuarial value of plan assets, then the amortization payment on the total unfunded liability may not be lower than the payment calculated over a 30-year amortization period.

Three-Year Trend Information for PERS

Fiscal Year	Required Contribution	Percentage of APC Contributed	Net Pension Obligation
Miscellaneous			
6/30/2012	\$ 7,761,451	100%	\$ -
6/30/2013	7,498,085	100%	-
6/30/2014	7,842,457	100%	-
Police			
6/30/2012	8,426,540	100%	-
6/30/2013	8,359,366	100%	-
6/30/2014	8,453,275	100%	-
Fire			
6/30/2012	5,372,702	100%	-
6/30/2013	5,386,901	100%	-
6/30/2014	5,513,040	100%	-

Schedule of Funding Progress for PERS
(Amounts in Thousands)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
6/30/11:						
Miscellaneous	\$ 206,377	\$ 228,770	\$ (22,393)	90.2 %	\$ 37,027	60.5 %
Police	191,214	235,843	(44,629)	81.1	20,234	220.6
Fire	159,944	186,793	(26,849)	85.6	15,470	173.6
Total	\$ 557,535	\$ 651,406	\$ (93,871)	85.6 %	\$ 72,731	129.1 %
6/30/12:						
Miscellaneous	\$ 213,345	\$ 239,760	\$ (26,415)	89.0 %	\$ 36,516	72.3 %
Police	196,091	251,663	(55,572)	77.9	21,401	259.7
Fire	164,329	199,466	(35,137)	82.4	15,891	221.1
Total	\$ 573,765	\$ 690,889	\$ (117,124)	83.0 %	\$ 73,808	158.7 %
6/30/13:						
Miscellaneous	\$ 202,943	\$ 252,711	\$ (49,768)	80.3 %	\$ 37,167	133.9 %
Police	187,493	259,813	(72,320)	72.2	20,493	352.9
Fire	154,857	203,671	(48,814)	76.0	15,216	320.8
Total	\$ 545,293	\$ 716,195	\$ (170,902)	76.1 %	\$ 72,876	234.5 %

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 10: 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 seven 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.

Funding Policy

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 agency fund. For fiscal year 2013-2014, the City paid a total of \$3,368,766 for retiree health insurance.

The required contribution is based on projected pay-as-you-go financing requirements with additional amount to prefund benefits as determined annually by the City under an actuarial valuation. The City has elected not to transfer assets into an irrevocable trust fund, but set aside contribution to its Other Post Employment Benefits agency fund. For fiscal year 2013-2014, the City contributed \$9,985,810 to its agency fund.

Annual OPEB Cost and Net OPEB Obligation

The City's annual other post employment benefit (OPEB) cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation:

	Fiscal Year Ended 6/30/2014
Annual required contribution	\$ 17,224,000
Interest on OPEB obligation	2,498,483
Adjustment to annual required contribution	<u>(3,639,113)</u>
Annual OPEB cost	16,083,370
Contributions made	<u>3,368,766</u>
Increase (decrease) in net OPEB obligation	12,714,604
Net OPEB obligation - beginning of year	<u>52,599,651</u>
Net OPEB obligation - end of year	<u><u>\$ 65,314,255</u></u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014
Note 10: Other Post Employment Benefits (Continued)

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013-2014 and the two preceding years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2012	\$ 13,960,458	21.3%	\$ 40,661,480
6/30/2013	15,061,307	20.7%	52,599,651
6/30/2014	16,083,370	20.9%	65,314,255

Funded Status and Funding Progress

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress below presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. This is the latest information available.

Schedule of Funding Progress for OPEB
(Amounts in Thousands)

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) Entry Age</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a % of Covered Payroll</u>
6/30/2010	\$ -	\$ 135,371	\$ (135,371)	- %	\$ 68,602	197.3 %
6/30/2012	-	157,012	(157,012)	- %	70,513	222.7 %
6/30/2014	-	173,250	(173,250)	- %	68,509	252.9 %

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 10: Other Post Employment Benefits (Continued)

The actuarial valuation as of June 30, 2014, used the Entry Age Normal actuarial cost method. The actuarial assumptions included a 4.00% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and a general inflation rate of 3.0%. Annual healthcare cost trend 8.5% to 8.9%, reduced by decrements of 0.5% per year to an ultimate rate of 5% after 2021. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability (UAAL) is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2014, was twenty four years. As of the actuarial valuation date, the City had 984 active participants and 500 retirees receiving benefits.

Note 11: 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.

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. The City purchased \$4,000,000 coverage in excess of the \$1,000,000.

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, disability and unemployment insurance 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:

Fiscal Year	Beginning Balance	Changes in Estimates	Claim Payments	Ending Balance
2012-2013	\$ 15,717,000	\$ 4,874,664	\$ 5,684,644	\$ 14,907,020
2013-2014	14,907,020	9,483,374	7,521,463	16,868,931

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 12: 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 at June 30, 2014, for which the City is responsible is \$1,054,010. At June 30, 2014, the City's investment in the Authority, including its share of Authority's debt, was \$9,158,291.

Audited financial information of the Authority for the fiscal year ended June 30, 2014, is summarized as follows:

Water Facilities Authority Net Position:	
Total assets	\$ 34,994,163
Total deferred outflows	30,571
Total liabilities	<u>8,541,463</u>
Total net position	<u>\$ 26,483,271</u>
Water Facilities Authority Changes in Net Position:	
Operating revenues	\$ 21,391,980
Operating expenses	<u>21,421,976</u>
Operating gain (loss) before depreciation and amortization	(29,996)
Depreciation and amortization	<u>1,082,324</u>
Operating revenue (loss)	(1,112,320)
Nonoperating revenues (expenses)	142,613
Contributions	<u>1,945,538</u>
Change in net position	975,831
Beginning net position	<u>25,507,440</u>
Ending net position	<u>\$ 26,483,271</u>

CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 12: Joint Ventures (Continued)

The current participants and their financial contributions through June 30, 2014, were as follows:

	<u>Amount</u>	<u>Percent</u>
City of Chino	\$ 6,540,074	15.9%
City of Chino Hills	5,360,211	13.0%
City of Ontario	14,204,323	34.6%
City of Upland	8,201,809	20.0%
Monte Vista Water District	6,661,197	16.2%
Non-Participant	<u>107,399</u>	<u>0.3%</u>
Total	<u>\$ 41,075,013</u>	<u>100.0%</u>

Financial statements of the Water Facility Authority can be obtained from the offices of Charles Z. Fedak & Co., 6081 Orange Avenue, Cypress, California 90630.

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, 2014, the City's investment in the Authority was \$27,000,498.

The financial information of the Authority for the fiscal year ended June 30, 2014, is summarized as follows:

Chino Basin Desalter Authority Net Position:

Total assets	\$ 275,321,173
Total liabilities	<u>171,748,092</u>
Total net position	<u>\$ 103,573,081</u>

Chino Basin Desalter Authority Changes in Net Position:

Operating revenues	\$ 36,181,313
Operating expenses	<u>34,420,538</u>
Operating gain before depreciation and amortization	1,760,775
Depreciation and amortization	<u>3,914,222</u>
Operating revenue (loss)	(2,153,447)
Nonoperating revenues (expenses)	1,935,134
Transfers and capital contributions	<u>20,225,241</u>
Change in net position	20,006,928
Beginning net position	<u>83,566,153</u>
Ending net position	<u>\$ 103,573,081</u>

CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 12: Joint Ventures (Continued)

The current participants and their financial contributions through June 30, 2014, were as follows:

	<u>Amount</u>	<u>Percent</u>
Jurupa Community Services District	\$ 7,473,962	35.3%
City of Chino Hills	3,886,514	18.4%
City of Chino	4,627,842	21.9%
City of Norco	924,660	4.4%
City of Ontario	3,098,721	14.7%
Santa Ana River Co.	1,112,534	5.3%
Total	<u>\$ 21,124,233</u>	<u>100.00%</u>

Financial statements of the Authority can be obtained from the CDA Treasurer's office located at 6075 Kimball Avenue, Chino, CA 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, 2014:

West End Communication Authority Net Position:

Total assets	\$ 997,692
Total liabilities	<u>-</u>
Total net position	<u>\$ 997,692</u>

West End Communication Authority Changes in Net Position:

Operating revenues	\$ -
Operating expenses	<u>55,346</u>
Operating revenue (loss)	(55,346)
General revenue	<u>10,251</u>
Change in net position	(45,095)
Beginning net position	<u>1,042,787</u>
Ending net position	<u>\$ 997,692</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 12: 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, 2014:

West End Fire and emergency Response Commission Net Position:

Total assets	\$ 560,125
Total liabilities	<u>5,081</u>
Total net position	<u>\$ 555,044</u>

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

Operating revenues	\$ 50,000
Operating expenses	<u>104,838</u>
Operating revenue (loss)	(54,838)
General revenue	<u>3,549</u>
Change in net position	(51,289)
Beginning net position	<u>606,333</u>
Ending net position	<u>\$ 555,044</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.

Note 13: Other Investments

Other investments as of June 30, 2014, totaled \$188,762,966 and were recorded as follows:

Proprietary Funds	\$ 201,750
Fiduciary Funds	<u>188,561,216</u>
Total	<u>\$ 188,762,966</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 13: Other Investments (Continued)

For the proprietary funds, the other investments represent a \$201,750 security interest (at cost) in the San Antonio Water Company. For the fiduciary funds, \$161,633,227 is interest in bonds issued by the Ontario Financing Authority and \$26,927,989 represents water rights/stored water, air quality credits and land purchased by the Other Post-Employment Benefits agency fund to generate a revenue stream to fund post-employment benefits.

Note 14: Contingencies

Liabilities

Numerous 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.

Sales and Use Tax Revenues

On August 5, 2013, the Department of Finance notified the City that pursuant to the authority provided by Health and Safety Code (HSC) section 34179.8 (a), the Department of Finance (DOF) ordered the State Board of Equalization to withhold \$21,677,224 in sales and use tax revenues from the City of Ontario for the unencumbered Low and Moderate Income Housing Fund assets of its former redevelopment agency that are in the City's possession. The City is challenging the Department of Finance ruling and litigation is ongoing. Sales tax revenues have been withheld for the months of September, October and November 2013. On December 11, 2013, the Sacramento County Superior Court declared that the sales and use clawback provision of AB 1484 violated constitutional provisions. As a result, the City started receiving sales tax allocations in December. The County of San Bernardino also released the amounts withheld for October and November 2013 totaling \$8,245,000, however, DOF stated that the funds should not have been released. The funds are currently sitting in the City's Assigned Fund Balance account. Sales tax for September is still pending receipt.

CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 14: Contingencies (Continued)

Ontario Housing Authority

The Ontario Housing Authority is currently involved in pending litigation with the California Department of Finance ("DOF") regarding the validity of the Affordable Housing Agreement. The Authority is contractually obligated to retain funds for payments required pursuant to an Affordable Housing Agreement with The Related Companies of California, LLC, which was approved by the Authority on January 30, 2012. These funds are being held until the completion of the pending litigation in the Low and Moderate Income Housing Asset Fund and do not qualify as "excess surplus."

Note 15: Commitments

Construction Commitments

The following material construction commitments existed at June 30, 2014:

Project Name	Contract Amount	Expenditures to date as of June 30, 2014	Remaining Commitments
Ontario Town Square	\$ 5,193,371	\$ 5,120,117	\$ 73,254
Well Drilling	2,947,593	2,821,766	125,827
Grove/I-10 Interchange Corridor	3,450,601	695,452	2,755,149
Water Pipeline Replacement	3,445,610	479,250	2,966,360
Well Head Treatment System - Well 41	3,861,984	314,181	3,547,803
2013/2014 Pavement Rehabilitation	2,861,556	2,174,843	686,713
Design - Build Contract for Solar Photovoltaic	11,662,179	4,119,916	7,542,263
South Milliken Avenue Grade Separation Project	50,111,954	5,436,228	44,675,726
North Vineyard Avenue Grade Separation Project	29,199,850	7,917,651	21,282,199
Emergency Operations Center	3,488,407	1,668,275	1,820,132
Cucamonga Avenue Screen Wall	218,144	195,921	22,223
Laurel Avenue and I Street Improvement	729,652	605,521	124,131
Fourth Street Water Main	1,493,653	12,861	1,480,792
Well Head Treatment System - Well 41	114,883	5,375	109,508
Diesel Generator	406,784	-	406,784
Well Head Treatment System - Well 41	349,882	22,535	327,347
Diesel Generator	813,568	-	813,568

Note 16: 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)
JUNE 30, 2014

Note 16: 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, 2014, cash and investments were reported in the accompanying financial statements as follows:

Cash and investments	\$ 11,959,056
Cash and investments with fiscal agent	<u>3,217,690</u>
Total Cash and Investments	<u>\$ 15,176,746</u>

c. 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, 2014, was \$35,000.

CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 16: Successor Trust for Assets of Former Redevelopment Agency (Continued)

d. Advances to City

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

e. Long-Term Debt

The following is a summary of changes in long-term debt of the Successor Agency as of June 30, 2014:

	Balance July 1, 2013	Accreted Interest	Additions	Deletions	Balance June 30, 2014	Due Within One Year
1993 Tax Allocation Bonds	\$ 44,553,402	\$ -	\$ -	\$ 258,907	\$ 44,294,495	\$ 283,254
1995 Tax Allocation Bonds	3,939,598	-	-	22,893	3,916,705	25,046
2002 Refunding Revenue Bonds	15,018,549	1,010,732	-	3,976,000	12,053,281	3,843,300
Loans Payable	11,636,568	-	-	438,670	11,197,898	461,920
Advance from City	3,500,000	-	-	-	3,500,000	-
Total	<u>\$ 78,648,117</u>	<u>\$ 1,010,732</u>	<u>\$ -</u>	<u>\$ 4,696,470</u>	74,962,379	\$ 4,613,520
				Unamortized Bond Premium	487,969	
					<u>\$ 75,450,348</u>	

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, 2014, amounted to \$44,294,495.

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

	1993 Tax Allocation Bonds	
	Principal	Interest
2014 - 2015	\$ 283,254	\$ 5,281,842
2015 - 2016	322,301	5,242,296
2016 - 2017	1,901,649	5,097,060
2017 - 2018	2,131,891	4,833,648
2018 - 2019	3,705,175	4,452,456
2019 - 2024	25,887,793	13,244,886
2024 - 2026	10,062,432	2,934,992
Total	<u>\$ 44,294,495</u>	<u>\$ 41,087,180</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 16: Successor Trust for Assets of Former Redevelopment Agency (Continued)
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 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, 2014, amounted to \$3,916,705.

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

	1995 Tax Allocation Bonds	
	Principal	Interest
2014 - 2015	\$ 25,046	\$ 485,004
2015 - 2016	28,499	485,004
2016 - 2017	168,151	485,004
2017 - 2018	188,509	485,004
2018 - 2019	327,625	485,004
2019 - 2024	2,289,107	2,425,020
2024 - 2026	889,768	565,914
Total	<u>\$ 3,916,705</u>	<u>\$ 5,415,954</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, 2014, amounted to \$12,053,281 and was made up of \$4,512,946 original issue and \$7,540,335 accreted interest. The unamortized bond premium was \$487,969.

CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2014

Note 16: Successor Trust For Assets of Former Redevelopment Agency (Continued)

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

	2002 Refunding Revenue Bonds	
	Principal	Interest
2014 - 2015	\$ 3,843,300	\$ 235,044
2015 - 2016	3,375,437	195,013
2016 - 2017	1,695,980	160,363
2017 - 2018	623,564	132,759
2018 - 2019	600,000	105,213
2019 - 2022	1,915,000	138,581
Total	<u>\$ 12,053,281</u>	<u>\$ 966,973</u>

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, 2014, amounted to \$11,197,898.

At June 30, 2014, the annual requirements to repay the outstanding indebtedness were as follows:

	2002 FNMA Housing Set-Aside Loan	
	Principal	Interest
2014 - 2015	\$ 461,920	\$ 581,248
2015 - 2016	486,402	556,117
2016 - 2017	512,181	529,655
2017 - 2018	539,326	501,790
2018 - 2019	567,911	472,448
2019 - 2024	3,324,244	1,864,706
2024 - 2029	4,303,627	859,368
2029 - 2030	1,002,287	26,561
Total	<u>\$ 11,197,898</u>	<u>\$ 5,391,893</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.

Note 16: Successor Trust For Assets of Former Redevelopment Agency (Continued)

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 \$124,324,379 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 \$19,107,661 and the debt service obligation on the bonds was \$11,251,448.

f. Commitments and Contingencies

On July 1, 2009, the Ontario Redevelopment Agency entered into an Operating Covenant and Facility Upgrade Loan with Staples Contract and Commercial, Inc. The operating covenant payment is capped at \$900,000 per year, but may be adjusted downward if the sales tax generated falls below the 2009 calendar year base amount. The interest free loan for equipment shall not exceed \$3,000,000 or 50% of the cost of the project. The Agency is to disburse the loan after Staples has spent the lesser of \$3,000,000 or 50% of the cost of acquiring the equipment to complete the Ontario facility upgrade. If Staples leaves the City of Ontario before 2015, the remaining balance on the loan shall be due. Any remaining balance on the loan will be forgiven if Staples remains in Ontario through January 1, 2017. As of June 30, 2014, the Successor Agency had not made any payments to Staples except for the yearly operating covenant payment totaling \$3,600,000.

The Ontario Redevelopment Agency and Baxter (now Cardinal Health) have entered into a development incentive and assistance agreement in which the Agency will reimburse Cardinal Health 50% of any sales tax actually received by the City, and the Agency will reimburse a portion of the property tax increment generated by the development. Both reimbursements are subject to certain conditions. Reimbursements shall be made so long as monies are available and will continue to the sooner of the following: 1) the expiration of 25 years after the commencement of operation of any part of the development; 2) the time at which sales taxes received by the City fall below \$500,000 in any given calendar year after December 31, 1992; or 3) the time at which the total amount reimbursed pursuant to the agreement reaches \$53,000,000.

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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, 2014, 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, 2014**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		\$
Budgetary Fund Balance, July 1	\$ 111,855,645	\$ 111,855,645	\$ 111,855,645	\$ -
Resources (Inflows):				
Taxes	125,525,000	125,525,000	132,908,794	7,383,794
Licenses and permits	1,677,000	1,877,000	2,199,674	322,674
Intergovernmental	9,177,000	22,481,721	4,199,620	(18,282,101)
Charges for services	7,392,473	7,893,756	9,717,832	1,824,076
Use of money and property	1,130,000	1,130,000	1,802,996	672,996
Fines and forfeitures	1,121,200	1,121,200	1,125,715	4,515
Miscellaneous	2,158,726	2,499,618	3,715,305	1,215,687
Proceeds from sale of capital assets	-	-	4,551	4,551
Transfers in	29,725,217	29,688,955	32,695,671	3,006,716
Amounts Available for Appropriations	289,762,261	304,072,895	300,225,803	(3,847,092)
Charges to Appropriations (Outflow):				
General government				
Mayor and City council	346,352	346,352	293,397	52,955
Planning commissioners	30,905	30,905	24,374	6,531
City treasurer/City clerk	94,426	94,426	77,521	16,905
Records management	786,979	786,979	754,157	32,822
City attorney	889,900	939,703	365,531	574,172
Office of the City manager	1,191,999	1,144,772	1,122,662	22,110
General government	1,070,142	1,270,865	2,762,362	(1,491,497)
AS administration	647,401	1,015,384	779,195	236,189
Fiscal services	1,540,724	1,599,367	1,533,226	66,141
Management services	3,214,020	3,214,020	2,088,888	1,125,132
Billing and collection	2,948,583	3,092,756	3,041,751	51,005
Business license	301,621	309,421	219,640	89,781
Central services	324,160	261,448	237,574	23,874
Human Resources	1,635,470	1,635,470	1,591,422	44,048
Economic development	1,512,375	1,671,854	1,637,646	34,208
Public safety				
Police administration	1,041,112	1,041,112	994,892	46,220
Traffic support services	3,512,535	3,515,035	3,408,646	106,389
COPS/Multi enforcement team	5,592,066	5,407,066	5,349,287	57,779
Patrol	27,469,946	27,369,946	27,263,090	106,856
Extra duty - other	477,000	567,000	562,893	4,107
Canine	1,023,249	1,050,749	1,048,229	2,520
Air support	2,605,273	2,617,443	2,621,735	(4,292)
Crime analysis and prevention	729,905	733,678	614,098	119,580
Communications/records	7,391,382	6,721,382	6,290,876	430,506
Personnel recruit & training	1,746,785	1,976,850	1,972,904	3,946
Detective division	6,909,527	7,089,527	7,085,978	3,549
Narcotics	3,963,365	4,383,365	4,381,247	2,118
ID/evidence	1,573,333	1,580,708	1,553,449	27,259
Fire administration	716,943	716,943	708,413	8,530
Fire prevention bureau	2,064,209	2,085,708	1,936,252	149,456
Emergency services	30,685,961	30,685,961	30,769,804	(83,843)
Personnel training and development	883,745	888,745	829,106	59,639
E.M.S technical services	1,128,185	1,128,185	1,006,721	121,464
Emergency management	202,435	207,435	127,894	79,541
Operations support services	1,768,015	1,764,354	1,729,466	34,888
Code enforcement admin.	3,005,595	3,005,595	2,537,389	468,206
SWAT	297,678	273,246	251,714	21,532
Office of the police chief	1,824,324	1,864,324	1,867,115	(2,791)
Police projects	228,469	3,596,201	2,316,809	1,279,392
Fire projects	-	22,413	22,413	-

CITY OF ONTARIO

**BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 YEAR ENDED JUNE 30, 2014**
(CONTINUED)

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Community development				
Community and public services admin.	\$ 782,540	\$ 775,540	\$ 775,489	\$ 51
Sports/fitness	419,627	430,627	424,098	6,529
Special events/facility rental	310,852	307,427	300,537	6,890
Community programs	1,419,448	1,488,855	1,484,427	4,428
Development administration	812,228	812,228	773,546	38,682
Planning administration	570,145	570,145	521,589	48,556
Planning land development	1,926,977	2,432,698	1,669,078	763,620
Advanced long range planning	934,422	1,059,979	943,748	116,231
Building	2,351,186	2,356,162	2,273,579	82,583
Engineering administration	276,941	276,941	239,687	37,254
Engineering land development	1,589,061	1,810,365	1,810,289	76
Traffic signal/street lighting	1,876,867	1,876,867	1,449,747	427,120
Traffic	682,771	682,771	611,688	71,083
Traffic management	125,042	125,042	117,033	8,009
Field services	228,742	227,242	190,401	36,841
Museum	463,007	495,431	493,243	2,188
Community outreach	1,961,465	1,926,465	1,692,472	233,993
Senior services	450,909	441,738	438,119	3,619
Youth/teen services	779,863	783,644	778,169	5,475
Museum projects	910	47,548	46,589	959
CIP design administration	20,555	20,555	3,555	17,000
Successor project management	1,043,775	1,078,775	1,052,321	26,454
Planning projects	300,000	542,675	258,357	284,318
Temp Homeless Services Area	-	11,000	7,124	3,876
Community & public services projects	993,694	3,880,627	735,455	3,145,172
Library				
Library administration	699,514	699,514	673,007	26,507
Ovitt Family Community Library	3,016,899	3,048,399	2,981,940	66,459
Branch library	543,859	545,359	517,177	28,182
Library projects	39,500	54,757	24,080	30,677
Public works				
Roadway maintenance	1,417,196	1,402,298	975,646	426,652
Paint striping and sign maintenance	794,599	794,599	686,803	107,796
Sidewalk	1,530,160	1,541,160	1,410,481	130,679
Street lighting maintenance	447,534	447,534	432,824	14,710
Parks and maintenance supervision	572,352	587,872	562,039	25,833
Park maintenance	3,232,590	3,279,088	3,083,443	195,645
Parkway tree trimming	857,806	926,846	922,124	4,722
Public grounds maintenance	2,245,548	2,255,403	2,033,673	221,730
Civic center grounds maintenance	165,764	165,764	154,068	11,696
Municipal services admin.	408,795	408,795	375,867	32,928
Public facilities building maintenance	4,292,223	4,292,223	4,023,132	269,091
Community events	36,612	36,612	41,563	(4,951)
Graffiti	410,973	410,973	380,937	30,036
Facility maintenance	504,650	773,958	820,251	(46,293)
Debt service:				
Principal retirement	1,350,000	1,350,000	1,350,000	-
Interest and fiscal charges	1,876,513	1,876,513	1,876,513	-
Transfers out	976,341	7,508,432	7,260,046	248,386
Total Charges to Appropriations	169,116,549	184,574,139	173,455,720	11,118,419
Budgetary Fund Balance, June 30	\$ 120,645,712	\$ 119,498,756	\$ 126,770,083	\$ 7,271,327

CITY OF ONTARIO

BUDGETARY COMPARISON SCHEDULE
 QUIET HOME PROGRAM
 YEAR ENDED JUNE 30, 2014

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 55,475,831	\$ 55,475,831	\$ 55,475,831	\$ -
Resources (Inflows):				
Intergovernmental	12,456,000	12,456,000	6,323,573	(6,132,427)
Use of money and property	5,000	5,000	6,105	1,105
Amounts Available for Appropriations	67,936,831	67,936,831	61,805,509	(6,131,322)
Charges to Appropriations (Outflow):				
Community development	12,461,000	12,461,000	4,511,092	7,949,908
Total Charges to Appropriations	12,461,000	12,461,000	4,511,092	7,949,908
Budgetary Fund Balance, June 30	\$ 55,475,831	\$ 55,475,831	\$ 57,294,417	\$ 1,818,586

CITY OF ONTARIO

**BUDGETARY COMPARISON SCHEDULE
MEASURE I
YEAR ENDED JUNE 30, 2014**

	<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	\$ (2,193,282)	\$ (2,193,282)	\$ (2,193,282)	\$ -
Resources (Inflows):				
Intergovernmental	2,409,200	94,136,281	18,456,869	(75,679,412)
Use of money and property	20,000	20,000	41,788	21,788
Amounts Available for Appropriations	235,918	91,962,999	16,305,375	(75,657,624)
Charges to Appropriations (Outflow):				
Community development	2,760,000	95,832,688	12,184,839	83,647,849
Total Charges to Appropriations	2,760,000	95,832,688	12,184,839	83,647,849
Budgetary Fund Balance, June 30	\$ (2,524,082)	\$ (3,869,689)	\$ 4,120,536	\$ 7,990,225

CITY OF ONTARIO

**BUDGETARY COMPARISON SCHEDULE
 COMMUNITY DEVELOPMENT
 YEAR ENDED JUNE 30, 2014**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 6,463,086	\$ 6,463,086	\$ 6,463,086	\$ -
Resources (Inflows):				
Intergovernmental	5,455,555	6,350,764	3,755,483	(2,595,281)
Use of money and property	-	-	245,960	245,960
Miscellaneous	-	-	28,461	28,461
Amounts Available for Appropriations	11,918,641	12,813,850	10,492,990	(2,320,860)
Charges to Appropriations (Outflow):				
Public safety	151,765	151,765	151,765	-
Community development	4,703,790	5,615,799	3,794,996	1,820,803
Public works	500,000	500,000	100,000	400,000
Total Charges to Appropriations	5,355,555	6,267,564	4,046,761	2,220,803
Budgetary Fund Balance, June 30	\$ 6,563,086	\$ 6,546,286	\$ 6,446,229	\$ (100,057)

CITY OF ONTARIO

**BUDGETARY COMPARISON SCHEDULE
 ONTARIO HOUSING AUTHORITY
 YEAR ENDED JUNE 30, 2014**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 42,649,230	\$ 42,649,230	\$ 42,649,230	\$ -
Resources (Inflows):				
Intergovernmental	250,000	250,000	-	(250,000)
Use of money and property	653,641	653,641	885,985	232,344
Miscellaneous	55,000	55,000	1,056,024	1,001,024
Amounts Available for Appropriations	43,607,871	43,607,871	44,591,239	983,368
Charges to Appropriations (Outflow):				
Community development	19,375,799	19,383,797	1,063,057	18,320,740
Total Charges to Appropriations	19,375,799	19,383,797	1,063,057	18,320,740
Budgetary Fund Balance, June 30	\$ 24,232,072	\$ 24,224,074	\$ 43,528,182	\$ 19,304,108

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 January, 2013, the City completed a study to update the physical condition assessment of the streets. The prior assessment study was completed in May, 2012. 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)
JUNE 30, 2014

Modified Approach for City Infrastructure Capital Assets (Continued)

As of January 2013, the City's average street and its related subsystem's PCI rating was 70.6, with the detail condition as follows:

<u>Condition</u>	<u>% of Streets</u>
Excellent to Very Good	67%
Good to Fair	25%
Poor to Failed	8%

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

<u>Report's Date</u>	<u>PCI Index</u>
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 January, 2013 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 \$6.2 million on street maintenance for the fiscal year ended June 30, 2014. 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 2014 is a minimum of \$5.81 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, 2014, the City had approximately 113,378,189 square feet (537.5 centerline miles) of streets with a carrying amount of \$298,943,783 and a replacement cost of approximately \$330,805,376.

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, 2014, the City expended \$5.1 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 \$6.2 million per year to maintain these other infrastructure assets at their present level as shown on the schedule presented on the next page.

REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
 JUNE 30, 2014

Modified Approach for City Infrastructure Capital Assets (Continued)

INFRASTRUCTURE MAINTENANCE

ESTIMATED AND ACTUAL EXPENDITURES
FIVE YEARS (IN THOUSANDS)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<u>Streets</u>					
Estimated	\$ 10,290	\$ 12,228	\$ 13,267	\$ 6,195	\$ 11,184
Actual	6,874	9,181	8,291	6,171	
<u>Sidewalks</u>					
Estimated	1,495	1,393	1,414	1,410	1,559
Actual	1,433	1,284	1,346	1,410	
<u>Storm Drain</u>					
Estimated	1,590	1,607	1,526	1,310	1,746
Actual	1,281	1,428	1,420	1,428	
<u>Traffic Signal/Street Lights</u>					
Estimated	4,159	2,985	2,885	2,308	1,888
Actual	3,035	2,558	2,318	2,280	

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CITY OF ONTARIO

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014

	Special Revenue Funds			
	Special Gas Tax	Park Impact / Quimby	Asset Seizure	Mobile Source Air Pollution
Assets:				
Cash and investments	\$ 4,814,795	\$ 5,485,792	\$ 3,777,994	\$ 774,540
Receivables:				
Accounts	555,412	-	-	53,758
Accrued interest	6,766	11,726	7,364	1,697
Taxes	-	-	-	-
Prepaid costs	54	-	6,822	15,216
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 5,377,027	\$ 5,497,518	\$ 3,792,180	\$ 845,211
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 280,274	\$ 359,301	\$ 12,559	\$ 8,157
Accrued liabilities	28,750	-	22,946	235
Deposits payable	-	-	250,091	-
Due to other funds	-	-	-	-
Total Liabilities	309,024	359,301	285,596	8,392
Fund Balances:				
Nonspendable:				
Prepaid costs	54	-	6,822	15,216
Restricted for:				
Community development projects	2,960,339	-	-	-
Public safety	-	-	156,236	-
Police narcotics	-	-	3,308,833	-
AQMD activities	-	-	-	647,503
Public services	-	-	-	-
Committed to:				
Park development	-	4,092,424	-	-
Assigned to:				
Continuing appropriations	2,107,610	1,045,793	34,693	174,100
Unassigned	-	-	-	-
Total Fund Balances	5,068,003	5,138,217	3,506,584	836,819
Total Liabilities and Fund Balances	\$ 5,377,027	\$ 5,497,518	\$ 3,792,180	\$ 845,211

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014

(CONTINUED)

	Special Revenue Funds			
	Special Assessment/Fee Districts	Building Safety	Storm Drain Maintenance	Historic Preservation
Assets:				
Cash and investments	\$ 4,750,275	\$ 402,093	\$ 1,151,861	\$ 318,173
Receivables:				
Accounts	-	176,912	109,784	-
Accrued interest	6,123	-	2,263	649
Taxes	5,716	6,614	-	-
Prepaid costs	-	-	54	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 4,762,114	\$ 585,619	\$ 1,263,962	\$ 318,822
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 39,039	\$ 3,863	\$ 208	\$ -
Accrued liabilities	1,112,306	38,768	32,893	-
Deposits payable	-	-	13,048	-
Due to other funds	-	-	-	-
Total Liabilities	1,151,345	42,631	46,149	-
Fund Balances:				
Nonspendable:				
Prepaid costs	-	-	54	-
Restricted for:				
Community development projects	3,610,769	542,988	1,217,759	318,822
Public safety	-	-	-	-
Police narcotics	-	-	-	-
AQMD activities	-	-	-	-
Public services	-	-	-	-
Committed to:				
Park development	-	-	-	-
Assigned to:				
Continuing appropriations	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	3,610,769	542,988	1,217,813	318,822
Total Liabilities and Fund Balances	\$ 4,762,114	\$ 585,619	\$ 1,263,962	\$ 318,822

CITY OF ONTARIO

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014

	Special Revenue Funds			Capital Projects Fund
	CFD No. 10 -		NMC CFD	CFDs
	NMC Public Services	Public Services		
Assets:				
Cash and investments	\$ 3,424,627	\$ -	\$ 7	\$ 315,018
Receivables:				
Accounts	-	-	-	-
Accrued interest	6,987	-	78	-
Taxes	-	-	671	-
Prepaid costs	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	9,215
Total Assets	\$ 3,431,614	\$ -	\$ 756	\$ 324,233
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 9,774
Accrued liabilities	-	-	-	-
Deposits payable	-	-	-	305,244
Due to other funds	-	262	13,469	-
Total Liabilities	-	262	13,469	315,018
Fund Balances:				
Nonspendable:				
Prepaid costs	-	-	-	-
Restricted for:				
Community development projects	-	-	-	9,215
Public safety	-	-	-	-
Police narcotics	-	-	-	-
AQMD activities	-	-	-	-
Public services	3,431,614	-	-	-
Committed to:				
Park development	-	-	-	-
Assigned to:				
Continuing appropriations	-	-	-	-
Unassigned	-	(262)	(12,713)	-
Total Fund Balances	3,431,614	(262)	(12,713)	9,215
Total Liabilities and Fund Balances	\$ 3,431,614	\$ -	\$ 756	\$ 324,233

CITY OF ONTARIO

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014

	Total Nonmajor Governmental Funds
Assets:	
Cash and investments	\$ 25,215,175
Receivables:	
Accounts	895,866
Accrued interest	43,653
Taxes	13,001
Prepaid costs	22,146
Restricted assets:	
Cash and investments with fiscal agents	9,215
Total Assets	\$ 26,199,056
Liabilities and Fund Balances:	
Liabilities:	
Accounts payable	\$ 713,175
Accrued liabilities	1,235,898
Deposits payable	568,383
Due to other funds	13,731
Total Liabilities	2,531,187
Fund Balances:	
Nonspendable:	
Prepaid costs	22,146
Restricted for:	
Community development projects	8,659,892
Public safety	156,236
Police narcotics	3,308,833
AQMD activities	647,503
Public services	3,431,614
Committed to:	
Park development	4,092,424
Assigned to:	
Continuing appropriations	3,362,196
Unassigned	(12,975)
Total Fund Balances	23,667,869
Total Liabilities and Fund Balances	\$ 26,199,056

CITY OF ONTARIO

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2014**

	Special Revenue Funds			
	Special Gas Tax	Park Impact / Quimby	Asset Seizure	Mobile Source Air Pollution
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	5,415,171	-	979,410	207,301
Charges for services	-	1,346,381	-	-
Use of money and property	37,935	78,315	34,978	8,333
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	5,453,106	1,424,696	1,014,388	215,634
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	720,741	-
Community development	3,640,985	4,251,227	-	151,511
Public works	-	-	-	-
Total Expenditures	3,640,985	4,251,227	720,741	151,511
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,812,121	(2,826,531)	293,647	64,123
Other Financing Sources (Uses):				
Transfers out	(1,779,495)	-	-	(7,677)
Transfers in	675,000	-	-	-
Total Other Financing Sources (Uses)	(1,104,495)	-	-	(7,677)
Net Change in Fund Balances	707,626	(2,826,531)	293,647	56,446
Fund Balances, Beginning of Year	4,360,377	7,964,748	3,212,937	780,373
Fund Balances, End of Year	\$ 5,068,003	\$ 5,138,217	\$ 3,506,584	\$ 836,819

CITY OF ONTARIO

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2014

(CONTINUED)

	Special Revenue Funds			
	Special Assessment/ Fee Districts	Building Safety	Storm Drain Maintenance	Historic Preservation
Revenues:				
Taxes	\$ 1,031,506	\$ -	\$ -	\$ -
Intergovernmental	-	-	6,150	-
Charges for services	-	756,833	1,262,416	500
Use of money and property	31,385	-	11,428	3,340
Fines and forfeitures	-	7,480	1,200	-
Miscellaneous	86,321	-	14,534	-
Total Revenues	1,149,212	764,313	1,295,728	3,840
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community development	325,088	958,172	926,186	-
Public works	635,366	-	501,414	-
Total Expenditures	960,454	958,172	1,427,600	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	188,758	(193,859)	(131,872)	3,840
Other Financing Sources (Uses):				
Transfers out	(255,453)	(244,050)	-	-
Transfers in	278,177	-	23,164	-
Total Other Financing Sources (Uses)	22,724	(244,050)	23,164	-
Net Change in Fund Balances	211,482	(437,909)	(108,708)	3,840
Fund Balances, Beginning of Year	3,399,287	980,897	1,326,521	314,982
Fund Balances, End of Year	\$ 3,610,769	\$ 542,988	\$ 1,217,813	\$ 318,822

CITY OF ONTARIO

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2014**

	Special Revenue Funds			Capital Projects Fund
	NMC Public Services	CFD No. 10 - Public Services	NMC CFD	CFDs
Revenues:				
Taxes	\$ -	\$ 10,108	\$ 473,273	\$ -
Intergovernmental	-	-	-	-
Charges for services	8,500	-	-	-
Use of money and property	35,959	-	105	-
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	-	445
Total Revenues	44,459	10,108	473,378	445
Expenditures:				
Current:				
General government	-	-	35,760	-
Public safety	-	-	-	-
Community development	-	-	-	-
Public works	-	-	-	-
Total Expenditures	-	-	35,760	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	44,459	10,108	437,618	445
Other Financing Sources (Uses):				
Transfers out	-	(10,203)	(450,315)	-
Transfers in	-	-	-	-
Total Other Financing Sources (Uses)	-	(10,203)	(450,315)	-
Net Change in Fund Balances	44,459	(95)	(12,697)	445
Fund Balances, Beginning of Year	3,387,155	(167)	(16)	8,770
Fund Balances, End of Year	\$ 3,431,614	\$ (262)	\$ (12,713)	\$ 9,215

CITY OF ONTARIO

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2014**

	Total Nonmajor Governmental Funds
Revenues:	
Taxes	\$ 1,514,887
Intergovernmental	6,608,032
Charges for services	3,374,630
Use of money and property	241,778
Fines and forfeitures	8,680
Miscellaneous	101,300
	<hr/>
Total Revenues	11,849,307
	<hr/>
Expenditures:	
Current:	
General government	35,760
Public safety	720,741
Community development	10,253,169
Public works	1,136,780
	<hr/>
Total Expenditures	12,146,450
	<hr/>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(297,143)
	<hr/>
Other Financing Sources (Uses):	
Transfers out	(2,747,193)
Transfers in	976,341
	<hr/>
Total Other Financing Sources (Uses)	(1,770,852)
	<hr/>
Net Change in Fund Balances	(2,067,995)
	<hr/>
Fund Balances, Beginning of Year	25,735,864
	<hr/>
Fund Balances, End of Year	\$ 23,667,869
	<hr/> <hr/>

CITY OF ONTARIO

**BUDGETARY COMPARISON SCHEDULE
SPECIAL GAS TAX
YEAR ENDED JUNE 30, 2014**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 4,360,377	\$ 4,360,377	\$ 4,360,377	\$ -
Resources (Inflows):				
Intergovernmental	5,054,974	5,127,578	5,415,171	287,593
Use of money and property	23,000	23,000	37,935	14,935
Transfers in	675,000	675,000	675,000	-
Amounts Available for Appropriations	10,113,351	10,185,955	10,488,483	302,528
Charges to Appropriations (Outflow):				
Community development	4,450,728	6,825,779	3,640,985	3,184,794
Transfers out	2,325,971	2,325,971	1,779,495	546,476
Total Charges to Appropriations	6,776,699	9,151,750	5,420,480	3,731,270
Budgetary Fund Balance, June 30	\$ 3,336,652	\$ 1,034,205	\$ 5,068,003	\$ 4,033,798

CITY OF ONTARIO

**BUDGETARY COMPARISON SCHEDULE
PARK IMPACT / QUIMBY
YEAR ENDED JUNE 30, 2014**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 7,964,748	\$ 7,964,748	\$ 7,964,748	\$ -
Resources (Inflows):				
Charges for services	-	-	1,346,381	1,346,381
Use of money and property	40,000	40,000	78,315	38,315
Amounts Available for Appropriations	8,004,748	8,004,748	9,389,444	1,384,696
Charges to Appropriations (Outflow):				
Community development	5,144,322	5,320,551	4,251,227	1,069,324
Total Charges to Appropriations	5,144,322	5,320,551	4,251,227	1,069,324
Budgetary Fund Balance, June 30	\$ 2,860,426	\$ 2,684,197	\$ 5,138,217	\$ 2,454,020

CITY OF ONTARIO

**BUDGETARY COMPARISON SCHEDULE
ASSET SEIZURE
YEAR ENDED JUNE 30, 2014**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 3,212,937	\$ 3,212,937	\$ 3,212,937	\$ -
Resources (Inflows):				
Intergovernmental	-	-	979,410	979,410
Use of money and property	-	-	34,978	34,978
Amounts Available for Appropriations	3,212,937	3,212,937	4,227,325	1,014,388
Charges to Appropriations (Outflow):				
Public safety	515,587	904,150	720,741	183,409
Total Charges to Appropriations	515,587	904,150	720,741	183,409
Budgetary Fund Balance, June 30	\$ 2,697,350	\$ 2,308,787	\$ 3,506,584	\$ 1,197,797

CITY OF ONTARIO

**BUDGETARY COMPARISON SCHEDULE
MOBILE SOURCE AIR POLLUTION
YEAR ENDED JUNE 30, 2014**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 780,373	\$ 780,373	\$ 780,373	\$ -
Resources (Inflows):				
Intergovernmental	200,000	200,000	207,301	7,301
Use of money and property	3,500	3,500	8,333	4,833
Amounts Available for Appropriations	983,873	983,873	996,007	12,134
Charges to Appropriations (Outflow):				
Community development	332,582	500,857	151,511	349,346
Transfers out	16,625	16,625	7,677	8,948
Total Charges to Appropriations	349,207	517,482	159,188	358,294
Budgetary Fund Balance, June 30	\$ 634,666	\$ 466,391	\$ 836,819	\$ 370,428

CITY OF ONTARIO

**BUDGETARY COMPARISON SCHEDULE
 SPECIAL ASSESSMENT/FEE DISTRICTS
 YEAR ENDED JUNE 30, 2014**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 3,399,287	\$ 3,399,287	\$ 3,399,287	\$ -
Resources (Inflows):				
Taxes	1,028,470	1,028,470	1,031,506	3,036
Use of money and property	20,300	20,300	31,385	11,085
Miscellaneous	-	-	86,321	86,321
Transfers in	278,177	278,177	278,177	-
Amounts Available for Appropriations	4,726,234	4,726,234	4,826,676	100,442
Charges to Appropriations (Outflow):				
Community development	536,690	536,690	325,088	211,602
Public works	670,467	670,467	635,366	35,101
Transfers out	251,108	251,108	255,453	(4,345)
Total Charges to Appropriations	1,458,265	1,458,265	1,215,907	242,358
Budgetary Fund Balance, June 30	\$ 3,267,969	\$ 3,267,969	\$ 3,610,769	\$ 342,800

CITY OF ONTARIO

**BUDGETARY COMPARISON SCHEDULE
BUILDING SAFETY
YEAR ENDED JUNE 30, 2014**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 980,897	\$ 980,897	\$ 980,897	\$ -
Resources (Inflows):				
Charges for services	860,000	860,000	756,833	(103,167)
Fines and forfeitures	-	-	7,480	7,480
Amounts Available for Appropriations	1,840,897	1,840,897	1,745,210	(95,687)
Charges to Appropriations (Outflow):				
Community development	1,542,064	1,542,064	958,172	583,892
Transfers out	74,025	74,025	244,050	(170,025)
Total Charges to Appropriations	1,616,089	1,616,089	1,202,222	413,867
Budgetary Fund Balance, June 30	\$ 224,808	\$ 224,808	\$ 542,988	\$ 318,180

CITY OF ONTARIO

**BUDGETARY COMPARISON SCHEDULE
 STORM DRAIN MAINTENANCE
 YEAR ENDED JUNE 30, 2014**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,326,521	\$ 1,326,521	\$ 1,326,521	\$ -
Resources (Inflows):				
Intergovernmental	-	-	6,150	6,150
Charges for services	1,224,000	1,224,000	1,262,416	38,416
Use of money and property	7,000	7,000	11,428	4,428
Fines and forfeitures	500	500	1,200	700
Miscellaneous	-	-	14,534	14,534
Transfers in	23,164	23,164	23,164	-
Amounts Available for Appropriations	2,581,185	2,581,185	2,645,413	64,228
Charges to Appropriations (Outflow):				
Community development	1,042,176	1,054,850	926,186	128,664
Public works	407,535	449,450	501,414	(51,964)
Total Charges to Appropriations	1,449,711	1,504,300	1,427,600	76,700
Budgetary Fund Balance, June 30	\$ 1,131,474	\$ 1,076,885	\$ 1,217,813	\$ 140,928

CITY OF ONTARIO

**BUDGETARY COMPARISON SCHEDULE
HISTORIC PRESERVATION
YEAR ENDED JUNE 30, 2014**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 314,982	\$ 314,982	\$ 314,982	\$ -
Resources (Inflows):				
Charges for services	-	-	500	500
Use of money and property	1,500	1,500	3,340	1,840
Amounts Available for Appropriations	316,482	316,482	318,822	2,340
Budgetary Fund Balance, June 30	\$ 316,482	\$ 316,482	\$ 318,822	\$ 2,340

CITY OF ONTARIO

**BUDGETARY COMPARISON SCHEDULE
NMC PUBLIC SERVICES
YEAR ENDED JUNE 30, 2014**

	<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	\$ 3,387,155	\$ 3,387,155	\$ 3,387,155	\$ -
Resources (Inflows):				
Charges for services	-	-	8,500	8,500
Use of money and property	16,000	16,000	35,959	19,959
Amounts Available for Appropriations	3,403,155	3,403,155	3,431,614	28,459
Budgetary Fund Balance, June 30	\$ 3,403,155	\$ 3,403,155	\$ 3,431,614	\$ 28,459

CITY OF ONTARIO

BUDGETARY COMPARISON SCHEDULE
 CFD NO. 10 - PUBLIC SERVICES
 YEAR ENDED JUNE 30, 2014

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (167)	\$ (167)	\$ (167)	\$ -
Resources (Inflows):				
Taxes	10,368	10,368	10,108	(260)
Amounts Available for Appropriations	10,201	10,201	9,941	(260)
Charges to Appropriations (Outflow):				
Transfers out	10,368	10,368	10,203	165
Total Charges to Appropriations	10,368	10,368	10,203	165
Budgetary Fund Balance, June 30	\$ (167)	\$ (167)	\$ (262)	\$ (95)

CITY OF ONTARIO

**BUDGETARY COMPARISON SCHEDULE
NMC CFD
YEAR ENDED JUNE 30, 2014**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (16)	\$ (16)	\$ (16)	\$ -
Resources (Inflows):				
Taxes	463,340	463,340	473,273	9,933
Use of money and property	-	-	105	105
Amounts Available for Appropriations	463,324	463,324	473,362	10,038
Charges to Appropriations (Outflow):				
General government	21,328	21,328	35,760	(14,432)
Transfers out	442,012	442,012	450,315	(8,303)
Total Charges to Appropriations	463,340	463,340	486,075	(22,735)
Budgetary Fund Balance, June 30	\$ (16)	\$ (16)	\$ (12,713)	\$ (12,697)

CITY OF ONTARIO

**BUDGETARY COMPARISON SCHEDULE
 CAPITAL PROJECTS
 YEAR ENDED JUNE 30, 2014**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 44,155,652	\$ 44,155,652	\$ 44,155,652	\$ -
Resources (Inflows):				
Intergovernmental	-	4,289,719	351,794	(3,937,925)
Charges for services	-	-	137,954	137,954
Use of money and property	7,700	7,700	89,490	81,790
Miscellaneous	-	-	2,161,163	2,161,163
Other debts issued	33,000,000	33,000,000	33,390,000	390,000
Transfers in	-	1,270,132	956,223	(313,909)
Amounts Available for Appropriations	77,163,352	82,723,203	81,242,276	(1,480,927)
Charges to Appropriations (Outflow):				
Public safety	6,504,950	11,498,957	5,786,658	5,712,299
Community development	22,445,000	30,009,079	4,562,224	25,446,855
Debt service:				
Interest and fiscal charges	-	380,849	-	380,849
Costs of issuance	-	985,654	965,190	20,464
Transfers out	-	-	7,280,829	(7,280,829)
Bond discount	-	-	380,848	(380,848)
Total Charges to Appropriations	28,949,950	42,874,539	18,975,749	23,898,790
Budgetary Fund Balance, June 30	\$ 48,213,402	\$ 39,848,664	\$ 62,266,527	\$ 22,417,863

CITY OF ONTARIO

**BUDGETARY COMPARISON SCHEDULE
IMPACT FEES
YEAR ENDED JUNE 30, 2014**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1,	\$ 44,838,431	\$ 44,838,431	\$ 44,838,431	\$ -
Resources (Inflows):				
Intergovernmental	-	325,200	-	(325,200)
Charges for services	-	-	12,664,595	12,664,595
Use of money and property	244,950	244,950	592,133	347,183
Amounts Available for Appropriations	45,083,381	45,408,581	58,095,159	12,686,578
Charges to Appropriations (Outflow):				
Public safety	2,500,000	2,500,000	199,658	2,300,342
Community development	-	24,731,563	3,528,372	21,203,191
Public works	123,588	10,704,354	91,417	10,612,937
Total Charges to Appropriations	2,623,588	37,935,917	3,819,447	34,116,470
Budgetary Fund Balance, June 30	\$ 42,459,793	\$ 7,472,664	\$ 54,275,712	\$ 46,803,048

CITY OF ONTARIO

**COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2014**

	<u>Equipment Services</u>	<u>Self Insurance</u>	<u>Information Technology</u>	<u>Total</u>
Assets:				
Current:				
Cash and investments	\$ 37,900,289	\$ 30,618,900	\$ 32,134,819	\$ 100,654,008
Receivables:				
Accounts	57,295	-	-	57,295
Accrued interest	76,999	-	64,862	141,861
Prepaid costs	104	1,437	120,569	122,110
Inventories	619,863	-	-	619,863
Restricted:				
Cash and investments	-	192,797	-	192,797
Total Current Assets	38,654,550	30,813,134	32,320,250	101,787,934
Noncurrent:				
Capital assets - net of accumulated depreciation	16,972,269	-	1,918,284	18,890,553
Total Noncurrent Assets	16,972,269	-	1,918,284	18,890,553
Total Assets	\$ 55,626,819	\$ 30,813,134	\$ 34,238,534	\$ 120,678,487
Liabilities and Net Position:				
Liabilities:				
Current:				
Accounts payable	\$ 488,220	\$ 748,921	\$ 671,178	\$ 1,908,319
Accrued liabilities	100,235	17,159	131,735	249,129
Accrued compensated absences	9,000	3,000	22,000	34,000
Accrued claims and judgments	-	8,511,000	-	8,511,000
Total Current Liabilities	597,455	9,280,080	824,913	10,702,448
Noncurrent:				
Accrued compensated absences	108,972	36,759	247,205	392,936
Accrued claims and judgments	-	8,357,931	-	8,357,931
Total Noncurrent Liabilities	108,972	8,394,690	247,205	8,750,867
Total Liabilities	706,427	17,674,770	1,072,118	19,453,315
Net Position:				
Investment in capital assets	16,972,269	-	1,918,284	18,890,553
Unrestricted	37,948,123	13,138,364	31,248,132	82,334,619
Total Net Position	54,920,392	13,138,364	33,166,416	101,225,172
Total Liabilities and Net Position	\$ 55,626,819	\$ 30,813,134	\$ 34,238,534	\$ 120,678,487

CITY OF ONTARIO

**COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2014**

	Equipment Services	Self Insurance	Information Technology	Total
Operating Revenues:				
Sales and service charges	\$ 11,079,748	\$ 9,097,225	\$ 8,519,131	\$ 28,696,104
Miscellaneous	270,960	-	7,688	278,648
Total Operating Revenues	11,350,708	9,097,225	8,526,819	28,974,752
Operating Expenses:				
Administration and general	2,938,134	2,258,763	3,770,263	8,967,160
Source of supply	4,100,050	-	4,655,762	8,755,812
Claims expense	-	7,629,539	-	7,629,539
Depreciation expense	3,027,463	-	403,551	3,431,014
Total Operating Expenses	10,065,647	9,888,302	8,829,576	28,783,525
Operating Income (Loss)	1,285,061	(791,077)	(302,757)	191,227
Nonoperating Revenues (Expenses):				
Interest revenue	400,109	5,662	313,967	719,738
Total Nonoperating Revenues (Expenses)	400,109	5,662	313,967	719,738
Income (Loss) Before Transfers	1,685,170	(785,415)	11,210	910,965
Transfers in	-	-	5,425,700	5,425,700
Transfers out	-	-	(840,000)	(840,000)
Changes in Net Position	1,685,170	(785,415)	4,596,910	5,496,665
Net Position:				
Beginning of Year	53,235,222	13,923,779	28,569,506	95,728,507
End of Fiscal Year	\$ 54,920,392	\$ 13,138,364	\$ 33,166,416	\$ 101,225,172

CITY OF ONTARIO

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2014**

	Equipment Services	Self Insurance	Information Technology	Total
Cash Flows from Operating Activities:				
Cash received from customers and users	\$ 11,338,306	\$ 9,097,225	\$ 8,579,034	\$ 29,014,565
Cash paid to suppliers for goods and services	(4,255,568)	(5,433,240)	(4,591,420)	(14,280,228)
Cash paid to employees for services	(2,954,223)	(2,253,088)	(3,761,728)	(8,969,039)
Net Cash Provided (Used) by Operating Activities	4,128,515	1,410,897	225,886	5,765,298
Cash Flows from Non-Capital Financing Activities:				
Cash transfers in	-	-	5,425,700	5,425,700
Cash transfers out	-	-	(840,000)	(840,000)
Net Cash Provided (Used) by Non-Capital Financing Activities	-	-	4,585,700	4,585,700
Cash Flows from Capital and Related Financing Activities:				
Acquisition and construction of capital assets	(3,860,039)	-	(182,465)	(4,042,504)
Net Cash Provided (Used) by Capital and Related Financing Activities	(3,860,039)	-	(182,465)	(4,042,504)
Cash Flows from Investing Activities:				
Interest received	401,515	5,662	308,308	715,485
Net Cash Provided (Used) by Investing Activities	401,515	5,662	308,308	715,485
Net Increase (Decrease) in Cash and Cash Equivalents	669,991	1,416,559	4,937,429	7,023,979
Cash and Cash Equivalents at Beginning of Year	37,230,298	29,395,138	27,197,390	93,822,826
Cash and Cash Equivalents at End of Year	\$37,900,289	\$ 30,811,697	\$ 32,134,819	\$ 100,846,805
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ 1,285,061	\$ (791,077)	\$ (302,757)	\$ 191,227
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:				
Depreciation	3,027,463	-	403,551	3,431,014
(Increase) decrease in accounts receivable	(12,402)	-	52,215	39,813
(Increase) decrease in prepaid expense	(21)	(1,437)	(50,622)	(52,080)
(Increase) decrease in inventories	(72,627)	-	-	(72,627)
Increase (decrease) in accounts payable	(82,870)	235,825	114,964	267,919
Increase (decrease) in accrued liabilities	13,637	3,828	12,017	29,482
Increase (decrease) in claims and judgments	-	1,961,911	-	1,961,911
Increase (decrease) in compensated absences	(29,726)	1,847	(3,482)	(31,361)
Total Adjustments	2,843,454	2,201,974	528,643	5,574,071
Net Cash Provided (Used) by Operating Activities	\$ 4,128,515	\$ 1,410,897	\$ 225,886	\$ 5,765,298

Non-Cash Investing, Capital, and Financing Activities:

During fiscal year 2013-2014, there was no noncash investing, capital or financing activities.

CITY OF ONTARIO

COMBINING STATEMENT OF NET POSITION
 ALL AGENCY FUNDS
 JUNE 30, 2014

	Redevelopment Financing Authority	West End Communications Authority	Assessment District 106 Bond Redemption	Sanitary Collection Treatment
Assets:				
Cash and investments	\$ 47,780	\$ 970,447	\$ 932,732	\$ 4,996,278
Receivables:				
Accounts	-	-	-	15,455
Taxes	-	-	-	-
Accrued interest	111	1,980	1,931	-
Prepaid costs	-	-	-	-
Other investments	161,633,227	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	968,983	-	446,864	-
Total Assets	<u>\$ 162,650,101</u>	<u>\$ 972,427</u>	<u>\$ 1,381,527</u>	<u>\$ 5,011,733</u>
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 1,075,788
Due to other governments	162,650,101	972,427	-	3,935,945
Due to external parties/other agencies	-	-	1,381,527	-
Available for other post employment benefits	-	-	-	-
Total Liabilities	<u>\$ 162,650,101</u>	<u>\$ 972,427</u>	<u>\$ 1,381,527</u>	<u>\$ 5,011,733</u>

COMBINING STATEMENT OF NET POSITION
 ALL AGENCY FUNDS
 JUNE 30, 2014

(CONTINUED)

	Reassessment Bond Redemption	Assessment District 100C Bond Redemption	Assessment District 103 Bond Redemption	Assessment District 104 Bond Redemption
Assets:				
Cash and investments	\$ 571,414	\$ 42,394	\$ 180,295	\$ 52,232
Receivables:				
Accounts	-	-	-	-
Taxes	-	-	-	-
Accrued interest	1,165	86	369	105
Prepaid costs	-	-	-	-
Other investments	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 572,579	\$ 42,480	\$ 180,664	\$ 52,337
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other governments	-	-	-	-
Due to external parties/other agencies	572,579	42,480	180,664	52,337
Available for other post employment benefits	-	-	-	-
Total Liabilities	\$ 572,579	\$ 42,480	\$ 180,664	\$ 52,337

CITY OF ONTARIO

COMBINING STATEMENT OF NET POSITION
ALL AGENCY FUNDS
JUNE 30, 2014

	Assessment District 108 Bond Redemption	Assessment District 107 Bond Redemption	West End Fire and Emergency Response Commission	Community Facility District No.5 Debt Service
Assets:				
Cash and investments	\$ 1,160,134	\$ 134,164	\$ 319,457	\$ 1,499,842
Receivables:				
Accounts	-	-	-	-
Taxes	1,723	-	-	401
Accrued interest	2,425	274	685	3,097
Prepaid costs	-	-	5,858	-
Other investments	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	1,368,161	-	-	1,048,295
Total Assets	\$ 2,532,443	\$ 134,438	\$ 326,000	\$ 2,551,635
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 5,081	\$ -
Due to other governments	-	-	320,919	-
Due to external parties/other agencies	2,532,443	134,438	-	2,551,635
Available for other post employment benefits	-	-	-	-
Total Liabilities	\$ 2,532,443	\$ 134,438	\$ 326,000	\$ 2,551,635

CITY OF ONTARIO

COMBINING STATEMENT OF NET POSITION
ALL AGENCY FUNDS
JUNE 30, 2014

	Community Facility District No. 13 Debt Service	Other Post Employment Benefits	Total
Assets:			
Cash and investments	\$ 542,240	\$ 67,592,291	\$ 79,041,700
Receivables:			
Accounts	-	71,461	86,916
Taxes	-	-	2,124
Accrued interest	1,126	131,195	144,549
Prepaid costs	-	282,820	288,678
Other investments	-	26,927,989	188,561,216
Restricted assets:			
Cash and investments with fiscal agents	340,638	-	4,172,941
Total Assets	\$ 884,004	\$ 95,005,756	\$ 272,298,124
Liabilities:			
Accounts payable	\$ -	\$ 1,291	\$ 1,082,160
Due to other governments	-	-	167,879,392
Due to external parties/other agencies	884,004	-	8,332,107
Available for other post employment benefits	-	95,004,465	95,004,465
Total Liabilities	\$ 884,004	\$ 95,005,756	\$ 272,298,124

CITY OF ONTARIO

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 YEAR ENDED JUNE 30, 2014**

	<u>Balance 7/1/2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/2014</u>
<u>Redevelopment Financing Authority</u>				
Assets:				
Cash and investments	\$ 47,273	\$ 32,133,090	\$ 32,132,583	\$ 47,780
Receivables:				
Accrued interest	104	111	104	111
Other investments	210,944,528	1,240,732	50,552,033	161,633,227
Restricted assets:				
Cash and investments with fiscal agents	932,032	17,060,798	17,023,847	968,983
Total Assets	<u>\$ 211,923,937</u>	<u>\$ 50,434,731</u>	<u>\$ 99,708,567</u>	<u>\$ 162,650,101</u>
Liabilities:				
Due to other governments	\$ 211,923,937	\$ 66,995,667	\$ 116,269,503	\$ 162,650,101
Total Liabilities	<u>\$ 211,923,937</u>	<u>\$ 66,995,667</u>	<u>\$ 116,269,503</u>	<u>\$ 162,650,101</u>
<u>West End Communications Authority</u>				
Assets:				
Cash and investments	\$ 969,416	\$ 12,762	\$ 11,731	\$ 970,447
Receivables:				
Accrued interest	2,122	1,980	2,122	1,980
Total Assets	<u>\$ 971,538</u>	<u>\$ 14,742</u>	<u>\$ 13,853</u>	<u>\$ 972,427</u>
Liabilities:				
Due to other governments	\$ 971,538	\$ 889	\$ -	\$ 972,427
Total Liabilities	<u>\$ 971,538</u>	<u>\$ 889</u>	<u>\$ -</u>	<u>\$ 972,427</u>
<u>Assessment District 106 Bond Redemption</u>				
Assets:				
Cash and investments	\$ 920,038	\$ 455,451	\$ 442,757	\$ 932,732
Receivables:				
Accrued interest	2,035	1,931	2,035	1,931
Restricted assets:				
Cash and investments with fiscal agents	446,864	-	-	446,864
Total Assets	<u>\$ 1,368,937</u>	<u>\$ 457,382</u>	<u>\$ 444,792</u>	<u>\$ 1,381,527</u>
Liabilities:				
Due to external parties/other agencies	\$ 1,368,937	\$ 440,785	\$ 428,195	\$ 1,381,527
Total Liabilities	<u>\$ 1,368,937</u>	<u>\$ 440,785</u>	<u>\$ 428,195</u>	<u>\$ 1,381,527</u>
<u>Sanitary Collection Treatment</u>				
Assets:				
Cash and investments	\$ 3,333,653	\$ 1,857,270	\$ 194,645	\$ 4,996,278
Receivables:				
Accounts	15,455	15,455	15,455	15,455
Total Assets	<u>\$ 3,349,108</u>	<u>\$ 1,872,725</u>	<u>\$ 210,100</u>	<u>\$ 5,011,733</u>
Liabilities:				
Accounts payable	\$ 11,770	\$ 1,265,074	\$ 201,056	\$ 1,075,788
Due to other governments	3,337,338	598,607	-	3,935,945
Total Liabilities	<u>\$ 3,349,108</u>	<u>\$ 1,863,681</u>	<u>\$ 201,056</u>	<u>\$ 5,011,733</u>

CITY OF ONTARIO

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 YEAR ENDED JUNE 30, 2014**

(Continued)

	<u>Balance 7/1/2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/2014</u>
<u>Reassessment Bond Redemption</u>				
Assets:				
Cash and investments	\$ 565,343	\$ 7,453	\$ 1,382	\$ 571,414
Receivables:				
Accrued interest	1,238	1,165	1,238	1,165
Total Assets	<u>\$ 566,581</u>	<u>\$ 8,618</u>	<u>\$ 2,620</u>	<u>\$ 572,579</u>
Liabilities:				
Due to external parties/other agencies	\$ 566,581	\$ 5,998	\$ -	\$ 572,579
Total Liabilities	<u>\$ 566,581</u>	<u>\$ 5,998</u>	<u>\$ -</u>	<u>\$ 572,579</u>
<u>Assessment District 100C Bond Redemption</u>				
Assets:				
Cash and investments	\$ 41,944	\$ 553	\$ 103	\$ 42,394
Receivables:				
Accrued interest	92	86	92	86
Total Assets	<u>\$ 42,036</u>	<u>\$ 639</u>	<u>\$ 195</u>	<u>\$ 42,480</u>
Liabilities:				
Due to external parties/other agencies	\$ 42,036	\$ 444	\$ -	\$ 42,480
Total Liabilities	<u>\$ 42,036</u>	<u>\$ 444</u>	<u>\$ -</u>	<u>\$ 42,480</u>
<u>Assessment District 103 Bond Redemption</u>				
Assets:				
Cash and investments	\$ 178,379	\$ 2,352	\$ 436	\$ 180,295
Receivables:				
Accrued interest	391	369	391	369
Total Assets	<u>\$ 178,770</u>	<u>\$ 2,721</u>	<u>\$ 827</u>	<u>\$ 180,664</u>
Liabilities:				
Due to external parties/other agencies	\$ 178,770	\$ 1,894	\$ -	\$ 180,664
Total Liabilities	<u>\$ 178,770</u>	<u>\$ 1,894</u>	<u>\$ -</u>	<u>\$ 180,664</u>
<u>Assessment District 104 Bond Redemption</u>				
Assets:				
Cash and investments	\$ 51,380	\$ 978	\$ 126	\$ 52,232
Receivables:				
Accrued interest	113	105	113	105
Total Assets	<u>\$ 51,493</u>	<u>\$ 1,083</u>	<u>\$ 239</u>	<u>\$ 52,337</u>
Liabilities:				
Due to external parties/other agencies	\$ 51,493	\$ 844	\$ -	\$ 52,337
Total Liabilities	<u>\$ 51,493</u>	<u>\$ 844</u>	<u>\$ -</u>	<u>\$ 52,337</u>

CITY OF ONTARIO

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 YEAR ENDED JUNE 30, 2014**

	<u>Balance 7/1/2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/2014</u>
<u>Assessment District 108 Bond Redemption</u>				
Assets:				
Cash and investments	\$ 1,138,519	\$ 1,276,652	\$ 1,255,037	\$ 1,160,134
Receivables:				
Taxes	-	1,723	-	1,723
Accrued interest	2,514	2,426	2,515	2,425
Restricted assets:				
Cash and investments with fiscal agents	1,368,161	-	-	1,368,161
Total Assets	<u>\$ 2,509,194</u>	<u>\$ 1,280,801</u>	<u>\$ 1,257,552</u>	<u>\$ 2,532,443</u>
Liabilities:				
Due to external parties/other agencies	\$ 2,509,194	\$ 23,249	\$ -	\$ 2,532,443
Total Liabilities	<u>\$ 2,509,194</u>	<u>\$ 23,249</u>	<u>\$ -</u>	<u>\$ 2,532,443</u>
<u>Assessment District 107 Bond Redemption</u>				
Assets:				
Cash and investments	\$ 132,739	\$ 1,749	\$ 324	\$ 134,164
Receivables:				
Accrued interest	291	274	291	274
Total Assets	<u>\$ 133,030</u>	<u>\$ 2,023</u>	<u>\$ 615</u>	<u>\$ 134,438</u>
Liabilities:				
Due to external parties/other agencies	\$ 133,030	\$ 1,408	\$ -	\$ 134,438
Total Liabilities	<u>\$ 133,030</u>	<u>\$ 1,408</u>	<u>\$ -</u>	<u>\$ 134,438</u>
<u>West End Fire and Emergency Response Commission</u>				
Assets:				
Cash and investments	\$ 298,778	\$ 54,379	\$ 33,700	\$ 319,457
Accrued interest	690	685	690	685
Prepaid costs	18,678	5,858	18,678	5,858
Total Assets	<u>\$ 318,146</u>	<u>\$ 60,922</u>	<u>\$ 53,068</u>	<u>\$ 326,000</u>
Liabilities:				
Accounts payable	\$ 16	\$ 27,962	\$ 22,897	\$ 5,081
Due to other governments	318,130	2,789	-	320,919
Total Liabilities	<u>\$ 318,146</u>	<u>\$ 30,751</u>	<u>\$ 22,897</u>	<u>\$ 326,000</u>

CITY OF ONTARIO

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 YEAR ENDED JUNE 30, 2014**

(Continued)

	<u>Balance 7/1/2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/2014</u>
<u>Community Facility District No.5 Debt Service</u>				
Assets:				
Cash and investments	\$ 1,608,673	\$ 896,000	\$ 1,004,831	\$ 1,499,842
Receivables:				
Taxes	6,160	401	6,160	401
Accrued interest	3,536	3,097	3,536	3,097
Restricted assets:				
Cash and investments with fiscal agents	1,016,430	62,685	30,820	1,048,295
Total Assets	<u>\$ 2,634,799</u>	<u>\$ 962,183</u>	<u>\$ 1,045,347</u>	<u>\$ 2,551,635</u>
Liabilities:				
Accounts payable	\$ -	\$ 1,014,992	\$ 1,014,992	\$ -
Due to external parties/other agencies	2,634,799	-	83,164	2,551,635
Total Liabilities	<u>\$ 2,634,799</u>	<u>\$ 1,014,992</u>	<u>\$ 1,098,156</u>	<u>\$ 2,551,635</u>
<u>Community Facility District No. 13 Debt Service</u>				
Assets:				
Cash and investments	\$ 508,543	\$ 386,845	\$ 353,148	\$ 542,240
Receivables:				
Accrued interest	1,114	1,126	1,114	1,126
Restricted assets:				
Cash and investments with fiscal agents	340,638	-	-	340,638
Total Assets	<u>\$ 850,295</u>	<u>\$ 387,971</u>	<u>\$ 354,262</u>	<u>\$ 884,004</u>
Liabilities:				
Due to external parties/other agencies	\$ 850,295	\$ 33,709	\$ -	\$ 884,004
Total Liabilities	<u>\$ 850,295</u>	<u>\$ 33,709</u>	<u>\$ -</u>	<u>\$ 884,004</u>
<u>Other Post Employment Benefits</u>				
Assets:				
Cash and investments	\$ 58,075,404	\$13,686,042	\$ 4,169,155	\$ 67,592,291
Receivables:				
Accounts	75,158	71,461	75,158	71,461
Accrued interest	102,947	131,195	102,947	131,195
Prepaid costs	5,810	282,820	5,810	282,820
Other investments	28,394,281	-	1,466,292	26,927,989
Total Assets	<u>\$ 86,653,600</u>	<u>\$ 14,171,518</u>	<u>\$ 5,819,362</u>	<u>\$ 95,005,756</u>
Liabilities:				
Accounts payable	\$ 463	\$ 3,644,628	\$ 3,643,800	\$ 1,291
Available for other post employment benefits	86,653,137	8,400,911	49,583	95,004,465
Total Liabilities	<u>\$ 86,653,600</u>	<u>\$ 12,045,539</u>	<u>\$ 3,693,383</u>	<u>\$ 95,005,756</u>

CITY OF ONTARIO

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 YEAR ENDED JUNE 30, 2014**

	Balance 7/1/2013	Additions	Deductions	Balance 6/30/2014
Totals - All Agency Funds				
Assets:				
Cash and investments	\$ 67,870,082	\$50,771,576	\$ 39,599,958	\$ 79,041,700
Receivables:				
Accounts	90,613	86,916	90,613	86,916
Taxes	6,160	2,124	6,160	2,124
Accrued interest	117,187	144,550	117,188	144,549
Prepaid costs	24,488	288,678	24,488	288,678
Other investments	239,338,809	1,240,732	52,018,325	188,561,216
Restricted assets:				
Cash and investments with fiscal agents	4,104,125	17,123,483	17,054,667	4,172,941
Total Assets	\$ 311,551,464	\$ 69,658,059	\$ 108,911,399	\$ 272,298,124
Liabilities:				
Accounts payable	\$ 12,249	\$ 5,952,656	\$ 4,882,745	\$ 1,082,160
Due to other governments	216,550,943	67,597,952	116,269,503	167,879,392
Due to external parties/other agencies	8,335,135	508,331	511,359	8,332,107
Available for other post employment benefits	86,653,137	8,400,911	49,583	95,004,465
Total Liabilities	\$ 311,551,464	\$ 82,459,850	\$ 121,713,190	\$ 272,298,124

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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Operating Information

These schedules contain information about the City’s operations and resources to help the reader understand how the City’s financial information relates to the services the City provides and the activities it performs.

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Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place and to help make comparisons over time and with other governments.

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Operating Information

These schedules contain information about the City’s operations and resources to help the reader understand how the City’s financial information relates to the services the City provides and the activities it performs.

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities										
Net investment in capital assets		\$ 555,454,727	\$ 582,408,788	\$ 646,348,259	\$ 697,130,716	\$ 705,173,228	\$ 704,218,787	\$ 821,632,336	\$ 830,764,191	\$ 812,874,736
Restricted	\$ 216,343,022	235,407,092	324,612,962	294,221,349	270,086,388	260,692,006	243,017,889	216,270,766	216,149,880	254,103,989
Unrestricted	77,994,397	100,365,953	100,909,316	82,652,762	104,930,518	120,831,755	135,744,173	127,864,653	128,154,505	137,590,247
Total governmental activities net position	\$ 820,231,886	\$ 891,227,772	\$ 1,007,931,066	\$ 1,023,222,370	\$ 1,072,147,622	\$ 1,086,696,989	\$ 1,082,980,849	\$ 1,165,767,755	\$ 1,175,068,576	\$ 1,204,568,972
Business-type activities										
Net investment in capital assets		\$ 100,001,461	\$ 76,791,514	\$ 94,728,569	\$ 132,549,162	\$ 133,931,846	\$ 136,609,773	\$ 140,007,920	\$ 152,493,698	\$ 143,574,879
Restricted	\$ 31,508,733.00	25,352,801	21,040,157	8,375,108	12,035,268	4,000,553	4,185,546	4,267,828	4,270,391	10,578,881
Unrestricted	38,394,197	42,630,813	95,502,060	127,928,871	131,682,493	174,631,011	201,923,905	223,743,456	240,354,654	273,069,164
Total business-type activities net position	\$ 171,098,465	\$ 167,985,075	\$ 193,333,731	\$ 231,032,548	\$ 276,266,923	\$ 312,563,410	\$ 342,719,224	\$ 368,019,204	\$ 397,118,743	\$ 427,222,924
Primary government										
Net investment in capital assets		\$ 655,456,188	\$ 659,200,302	\$ 741,076,828	\$ 829,679,878	\$ 839,105,074	\$ 840,828,560	\$ 961,640,256	\$ 983,257,889	\$ 956,449,615
Restricted	\$ 247,851,755	260,759,893	345,653,119	302,596,457	282,121,656	264,692,559	247,203,435	220,538,594	220,420,271	264,682,870
Unrestricted	116,388,594	142,996,766	196,411,376	210,581,633	236,613,011	295,462,766	337,668,078	351,608,109	368,509,159	410,659,411
Total primary government net position	\$ 991,330,351	\$ 1,059,212,847	\$ 1,201,264,797	\$ 1,254,254,918	\$ 1,348,414,545	\$ 1,399,260,399	\$ 1,425,700,073	\$ 1,533,786,959	\$ 1,572,187,319	\$ 1,631,791,896

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Governmental activities:										
General government	\$ 23,167,617	\$ 46,891,843	\$ 36,573,422	\$ 41,866,159	\$ 36,950,147	\$ 52,786,433	\$ 56,951,330	\$ 64,330,936	\$ 34,081,969	\$ 28,982,239
Public safety	77,217,848	81,691,441	83,998,192	93,857,650	99,580,479	100,024,583	103,472,190	107,848,353	103,814,741	110,981,159
Community development	51,689,545	49,137,773	49,070,134	65,645,808	54,580,626	52,553,241	39,888,900	47,088,876	45,485,896	41,524,328
Library	2,689,240	4,422,800	2,795,396	4,377,237	4,219,081	4,408,926	4,363,701	3,764,564	3,745,405	4,602,190
Public works	12,598,967	11,530,391	33,550,596	34,089,222	8,688,268	13,892,857	23,165,874	21,371,492	18,519,391	25,092,721
Interest on long-term debt	14,192,152	13,955,705	12,402,162	13,592,070	14,146,879	14,619,649	14,514,729	13,740,250	1,880,787	3,017,116
Total governmental activities expenses	181,555,369	207,629,953	218,389,902	253,428,146	218,165,480	238,285,689	242,356,724	258,144,471	207,528,189	214,199,753
Business-type activities:										
Water	23,169,266	29,936,424	31,434,855	29,546,787	27,854,314	24,622,694	31,052,190	28,986,963	21,485,576	30,814,880
Sewer	9,916,097	12,779,813	8,906,357	10,583,454	10,270,538	10,883,888	11,008,579	11,766,599	13,167,026	16,136,421
Waste	19,824,702	22,723,516	22,417,370	22,381,564	21,791,770	20,554,087	21,296,114	21,309,485	21,664,001	23,164,916
Total business-type activities expenses	52,910,065	65,439,753	62,758,582	62,511,805	59,916,622	56,060,669	63,356,883	62,063,047	56,316,603	70,116,217
Total primary government expenses	\$ 234,465,434	\$ 273,069,706	\$ 281,148,484	\$ 315,939,951	\$ 278,082,102	\$ 294,346,358	\$ 305,713,607	\$ 320,207,518	\$ 263,844,792	\$ 284,315,970
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 1,557,704	\$ 2,167,719	\$ 2,405,392	\$ 3,178,919	\$ 1,542,584	\$ 296,079	\$ 269,874	\$ 294,873	\$ 379,325	\$ 445,079
Public safety	2,964,363	3,052,620	3,982,037	2,889,309	4,008,540	4,407,085	4,554,954	4,077,684	4,166,801	3,824,528
Community development	8,396,665	10,955,059	17,075,558	27,303,604	8,184,489	8,389,198	8,043,168	16,231,379	14,780,312	25,244,830
Library	111,249	113,472	122,699	139,762	259,285	160,853	147,610	143,055	124,581	121,043
Public works	-	-	-	-	-	-	47,931	-	-	-
Operating contributions and grants	15,620,266	24,790,731	14,359,349	15,603,655	14,629,676	15,103,061	15,606,700	15,311,536	7,859,746	12,081,691
Capital contributions and grants	28,346,840	31,066,474	76,508,279	25,854,354	26,218,115	19,910,072	18,851,354	47,080,485	23,737,443	33,842,540
Total governmental activities program revenues	56,997,087	72,146,075	114,453,314	74,969,603	54,842,689	48,266,348	47,473,660	83,186,943	51,048,208	75,559,711
Business-type activities:										
Charges for services:										
Water	29,704,425	31,061,134	36,415,703	40,742,157	46,201,981	45,766,917	51,174,737	51,434,727	58,276,359	63,193,036
Sewer	11,384,075	11,787,568	13,803,439	15,638,977	16,914,590	17,816,960	18,274,955	20,410,854	20,479,875	21,484,811
Waste	26,620,819	27,679,931	31,442,422	32,802,198	32,647,449	31,366,983	30,777,779	29,825,989	29,905,739	30,332,538
Operating grants and contributions	140,835	162,497	110,719	258,545	52,324	122,409	6,338,128	290,724	100,546	145,881
Capital grants and contributions	-	-	-	17,849,846	-	-	-	-	2,405,396	6,642,816
Total business-type activities program revenues	67,850,154	70,691,130	81,772,283	107,291,723	95,816,344	95,073,269	106,565,599	101,962,294	111,167,915	121,799,082
Total primary government program revenues	\$ 124,847,241	\$ 142,837,205	\$ 196,225,597	\$ 182,261,326	\$ 150,659,033	\$ 143,339,617	\$ 154,039,259	\$ 185,149,237	\$ 162,216,123	\$ 197,358,793
Net (Expense)/Revenue										
Governmental activities	\$ (124,558,282)	\$ (135,483,878)	\$ (103,936,588)	\$ (178,458,543)	\$ (163,322,791)	\$ (190,019,341)	\$ (194,883,064)	\$ (174,957,528)	\$ (156,479,981)	\$ (138,640,042)
Business-type activities	14,940,089	5,251,377	19,013,701	44,779,918	35,899,722	39,012,600	43,208,716	39,899,247	54,851,312	51,682,865
Total primary government net expense	\$ (109,618,193)	\$ (130,232,501)	\$ (84,922,887)	\$ (133,678,625)	\$ (127,423,069)	\$ (151,006,741)	\$ (151,674,348)	\$ (135,058,281)	\$ (101,628,669)	\$ (86,957,177)

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property taxes - general purpose	\$ 52,621,082	\$ 70,964,804	\$ 77,084,582	\$ 88,994,013	\$ 91,075,881	\$ 95,049,840	\$ 88,030,394	\$ 66,733,840	\$ 45,700,153	\$ 45,144,867
Transient occupancy taxes	10,495,259	11,068,749	11,013,014	11,025,406	9,367,537	8,398,053	8,790,219	9,148,976	9,731,382	10,614,156
Sales taxes	54,003,509	63,445,795	61,385,360	65,468,807	48,921,819	54,729,792	56,390,363	61,362,958	67,150,866	67,509,611
Franchise taxes	2,188,460	2,337,806	2,561,379	2,696,335	3,162,639	2,741,116	2,879,831	2,897,780	3,047,369	3,251,592
Business licenses taxes	4,853,324	5,206,797	5,595,149	5,767,540	5,550,779	5,170,173	5,496,576	5,610,738	6,078,094	6,405,595
Other taxes	14,329,640	14,838,058	14,485,983	8,253,930	4,794,681	4,013,628	4,072,860	4,566,791	5,274,601	3,700,067
Intergovernmental, unrestricted:										
Motor vehicle in lieu	14,143,683	577,775	1,016,916	765,679	590,224	510,057	883,460	89,471	74,047	-
Use of money and property	8,537,607	8,949,418	18,691,740	25,240,383	16,869,840	16,662,291	10,267,816	10,082,524	979,899	5,174,360
Other	11,458,389	13,266,178	33,299,211	7,464,170	10,012,883	9,071,587	7,404,868	6,407,829	3,866,279	4,414,323
Gain on sale of capital asset	-	-	-	-	-	-	-	-	1,000,000	-
Extraordinary gain on dissolution of RDA	-	-	-	-	-	-	-	72,762,201	-	-
Transfers	12,208,807	13,891,361	12,381,811	12,269,273	(4,651,984)	8,222,171	15,672,612	18,081,326	25,526,208	21,925,867
Total governmental activities	184,841,760	204,546,741	237,515,145	227,945,536	183,694,299	204,568,708	199,888,999	257,744,434	168,428,898	168,140,438
Business-type activities:										
Use of money and property	1,960,372	2,551,362	4,692,482	5,248,880	4,682,669	3,520,038	2,611,942	3,474,268	308,392	1,604,534
Other	2,060,482	2,940,955	4,360,322	-	-	-	7,768	7,791	17,237	23,416
Transfers	(12,208,807)	(13,891,361)	(12,381,811)	(12,329,981)	4,651,984	(8,222,171)	(15,672,612)	(18,081,326)	(25,526,208)	(21,925,867)
Total business-type activities	(8,187,953)	(8,399,044)	(3,329,007)	(7,081,101)	9,334,653	(4,702,133)	(13,052,902)	(14,599,267)	(25,200,579)	(20,297,917)
Total primary government	\$ 176,653,807	\$ 196,147,697	\$ 234,186,138	\$ 220,864,435	\$ 195,028,952	\$ 199,866,575	\$ 186,836,097	\$ 243,145,167	\$ 143,228,319	\$ 147,842,521
Change in Net Position										
Governmental activities	\$ 60,283,478	\$ 69,062,863	\$ 133,578,557	\$ 49,486,993	\$ 22,371,508	\$ 14,549,367	\$ 5,005,935	\$ 82,786,906	\$ 11,948,917	\$ 29,500,396
Business-type activities	6,752,136	(3,147,667)	15,684,694	37,698,817	45,234,375	34,310,467	30,155,814	25,299,980	29,650,733	31,384,948
Total primary government	\$ 67,035,614	\$ 65,915,196	\$ 149,263,251	\$ 87,185,810	\$ 67,605,883	\$ 48,859,834	\$ 35,161,749	\$ 108,086,886	\$ 41,599,650	\$ 60,885,344

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues										
Taxes	\$ 129,537,910	\$ 160,212,875	\$ 168,045,333	\$ 180,125,455	\$ 167,152,205	\$ 166,935,715	\$ 165,671,667	\$ 150,044,804	\$ 136,108,925	\$ 134,423,681
Licenses and permits	3,150,121	2,802,140	3,077,713	2,745,841	1,344,689	1,455,692	1,563,722	1,639,061	1,805,849	2,199,674
Intergovernmental	37,347,967	39,149,116	38,815,828	38,237,360	33,475,335	30,382,203	32,763,572	37,725,923	27,864,489	39,695,371
Charges for services	24,070,910	32,161,431	70,405,497	30,901,234	10,850,659	11,618,059	10,123,695	17,697,037	16,108,550	25,895,011
Use of money and property	8,555,954	7,459,982	21,361,232	22,094,462	12,406,158	9,038,266	8,614,113	17,707,695	1,533,296	3,906,235
Fines and forfeitures	1,099,057	1,243,200	1,628,664	1,555,938	1,679,130	1,312,115	1,318,369	1,202,716	1,298,235	1,134,395
Contributions from property owners	-	-	-	-	3,887,060	1,719,084	314,000	-	-	-
Miscellaneous	15,952,394	17,701,314	38,854,280	8,910,669	11,499,201	10,484,644	8,741,044	30,081,850	6,408,027	7,062,253
Total Revenues	219,714,313	260,730,058	342,188,547	284,570,959	242,294,437	232,945,778	229,110,182	256,099,086	191,127,371	214,316,620
Expenditures										
Current:										
General government	23,230,597	46,664,029	32,363,072	34,054,015	25,940,539	25,731,003	33,220,115	51,424,202	22,926,658	16,565,106
Public safety	77,600,019	80,070,884	87,796,439	99,449,833	101,562,349	101,743,831	103,296,429	110,958,962	106,934,164	114,109,242
Community development	54,441,920	61,499,015	82,665,039	140,914,334	113,840,713	64,139,983	71,571,514	53,503,162	52,081,393	58,988,089
Library	9,661,210	4,050,405	4,096,171	4,072,044	4,063,682	4,084,426	3,974,567	4,049,363	4,077,037	4,196,204
Public works	20,226,449	23,804,817	34,282,333	37,353,238	19,227,003	15,547,113	16,164,629	20,642,548	18,851,564	17,231,048
Debt service:										
Principal retirement	5,394,502	5,450,309	5,226,752	5,288,739	5,891,298	5,767,047	5,849,785	25,255,023	1,290,000	1,350,000
Interest and fiscal charges	11,833,718	11,671,330	10,481,955	10,967,002	12,642,105	13,042,482	13,227,758	16,318,551	1,931,758	1,876,513
Bond issuance costs	-	-	-	857,247	-	-	-	-	-	965,190
Pass-through agreement payments	2,924,668	3,360,364	4,455,381	7,737,612	5,533,228	5,832,700	5,911,331	2,634,157	-	-
Total Expenditures	205,313,083	236,571,153	261,367,142	340,694,084	288,700,917	235,888,585	253,216,128	284,785,968	208,092,574	215,281,392
Excess (deficiency) of revenues over (under) expenditures	14,401,230	24,158,905	80,821,405	(56,123,125)	(46,406,480)	(2,942,807)	(24,105,946)	(28,686,882)	(16,965,203)	(964,772)

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Other Financing Sources (Uses)										
Transfers in	51,291,283	56,891,273	72,178,081	58,742,988	42,761,972	46,401,468	39,422,158	68,493,176	37,357,867	34,628,235
Transfers out	(40,058,319)	(42,946,642)	(59,904,099)	(46,856,913)	(30,049,115)	(31,938,128)	(23,545,610)	(49,661,850)	(12,209,848)	(17,288,068)
Long-term debt issued	-	-	-	37,535,000	-	-	-	-	-	33,390,000
Bond Discount	-	-	-	-	-	-	-	-	-	(380,848)
Gain (loss) on sale of assets	-	-	-	440,617	-	-	-	-	-	4,551
Proceeds from sale of capital equipment	-	-	-	-	-	-	-	-	1,000,000	-
Total Other Financing Sources (Uses)	11,232,964	13,944,631	12,273,982	49,861,692	12,712,857	(1,931,522)	15,876,548	18,831,326	26,148,019	50,353,870
Extraordinary gain/(loss) on dissolution of redevelopment agency	-	-	-	-	-	-	-	(5,225,859)	-	-
Net change in fund balances	\$ 25,634,194	\$ 38,103,536	\$ 93,095,387	\$ (6,261,433)	\$ (33,693,623)	\$ (4,874,329)	\$ (8,229,398)	\$ (15,081,415)	\$ 9,182,816	\$ 49,389,098
Total Current Expenditures	\$ 205,313,083	\$ 236,571,153	\$ 261,367,142	\$ 340,694,084	\$ 288,700,917	\$ 235,888,585	\$ 253,216,128	\$ 284,785,968	\$ 208,092,574	\$ 215,281,392
Less: Capital outlay	(23,385,658)	(28,687,456)	(44,713,839)	(94,401,317)	(64,193,377)	(25,380,201)	(28,242,375)	(20,629,670)	(22,072,081)	(29,585,954)
Total Non-Capital Expenditures	\$ 181,927,425	\$ 207,883,697	\$ 216,653,303	\$ 246,292,767	\$ 224,507,540	\$ 210,508,384	\$ 224,973,753	\$ 264,156,298	\$ 186,020,493	\$ 185,695,438
Total Debt Service Expenditures	\$ 17,228,220	\$ 17,121,639	\$ 15,708,707	\$ 16,255,741	\$ 18,533,403	\$ 18,809,529	\$ 19,077,543	\$ 41,573,574	\$ 3,221,758	\$ 3,226,513
Debt service as a percentage of non-capital expenditures	9.5%	8.2%	7.3%	6.6%	8.3%	8.9%	8.5%	15.7%	1.7%	1.7%

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund										
Reserved	\$ 17,815,758	\$ 22,255,872	\$ 19,375,419	\$ 13,625,169	\$ 15,576,453	\$ 14,268,790	\$ -	\$ -	\$ -	\$ -
Unreserved	58,249,854	68,713,905	70,563,181	78,056,275	70,919,119	76,746,835	-	-	-	-
Nonspendable	-	-	-	-	-	-	12,712,698	3,730,345	3,869,157	4,911,968
Restricted	-	-	-	-	-	-	398,047	403,914	408,576	412,411
Committed	-	-	-	-	-	-	44,429,493	41,613,880	42,685,082	43,817,117
Assigned	-	-	-	-	-	-	33,062,541	58,426,392	64,892,830	77,628,587
Unassigned	-	-	-	-	-	-	-	-	-	-
Total General Fund	\$ 76,065,612	\$ 90,969,777	\$ 89,938,600	\$ 91,681,444	\$ 86,495,572	\$ 91,015,625	\$ 90,602,779	\$ 104,174,531	\$ 111,855,645	\$ 126,770,083
All Other Governmental Funds										
Reserved	\$ 140,455,533	\$ 150,812,635	\$ 222,774,135	\$ 209,906,550	\$ 134,952,208	\$ 154,980,840	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	7,598,913	8,779,811	18,540,822	19,523,748	25,069,564	16,293,863	-	-	-	-
Capital project funds	55,906,084	62,643,481	62,201,510	57,460,304	87,314,009	74,559,493	-	-	-	-
Debt service funds	(7,634,384)	(777,387)	11,740,681	13,449,217	22,750,607	14,857,810	-	-	-	-
Nonspendable	-	-	-	-	-	-	123,135,004	105,361,843	107,297,677	108,638,002
Restricted	-	-	-	-	-	-	83,617,857	53,187,901	46,333,050	46,603,397
Committed	-	-	-	-	-	-	45,687,149	54,286,462	64,646,487	82,201,933
Assigned	-	-	-	-	-	-	1,558,488	2,664,225	3,462,343	14,169,115
Unassigned	-	-	-	-	-	-	(9,845,119)	(219)	(4,614,745)	(12,975)
Total All Other Governmental Funds	\$ 196,326,146	\$ 221,458,540	\$ 315,257,148	\$ 300,339,819	\$ 270,086,388	\$ 260,692,006	\$ 244,153,379	\$ 215,500,212	\$ 217,124,812	\$ 251,599,472
Grand Total Governmental Funds	\$ 272,391,758	\$ 312,428,317	\$ 405,195,748	\$ 392,021,263	\$ 356,581,960	\$ 351,707,631	\$ 334,756,158	\$ 319,674,743	\$ 328,980,457	\$ 378,369,555

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			Redevelopment Agency			Total Direct Tax Rate ^a	
	Secured	Unsecured	Less: Exemptions	Taxable Assessed Value	Secured	Unsecured		Taxable Assessed Value
2005	\$ 8,571,566	\$ 1,372,657	\$ (116,924)	\$ 9,827,299	\$ 2,529,595	\$ 689,338	\$ 3,218,934	1.0062
2006	9,452,251	1,494,847	(115,154)	10,831,944	2,827,674	727,732	3,555,406	1.0056
2007	10,576,169	1,410,250	(115,154)	11,871,265	3,217,432	729,945	3,947,377	1.0050
2008	11,750,445	1,663,422	(113,948)	13,299,919	3,716,427	923,354	4,639,781	1.0048
2009	12,374,781	1,906,125	(114,675)	14,166,231	4,063,383	878,794	4,942,177	1.0046
2010	12,109,876	1,914,746	(114,806)	13,909,816	4,211,063	936,974	5,148,037	1.0046
2011	11,736,550	1,854,606	(114,659)	13,476,497	4,260,662	834,052	5,094,714	1.0037
2012	11,883,548	1,792,402	(113,832)	13,562,118	4,021,158	763,987	4,785,145	1.0041
2013	11,951,958	1,788,106	(112,198)	13,627,866	4,000,881	737,016	4,737,897	1.0039
2014	15,943,262	1,758,596	(110,182)	17,591,676	4,137,729	774,208	4,911,937	1.0035

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
2005	-	1.0062	1.0062	1.0000	0.0712	0.0058
2006	-	1.0056	1.0056	1.0000	0.0874	0.0052
2007	-	1.0050	1.0050	1.0000	0.0675	0.0047
2008	-	1.0048	1.0048	1.0000	0.0640	0.0045
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

Source: San Bernardino County Valuations - Tax Rates Code Area Tax Rates 2013-14; Bonded Indebtedness June 30, 2013

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

Taxpayer	2014		2004	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Ontario Mills Limited Partnership	\$ 313,095,987	1.90%	\$ 201,490,124	1.62%
Pro Logis California I LLC	239,395,469	1.45%	142,878,050	1.15%
Catellus Operating LP / Catellus Finance I LLC	227,810,437	1.51%	-	0.00%
Comref So Ca Industrial Sub A&F LLC	132,876,889	0.81%	-	0.00%
Majestic CCC IV, Partners	126,530,054	0.77%	104,562,785	0.84%
UPS Worldwide Forwarding Inc.	119,214,905	0.72%	-	0.00%
Camden Landmark LLC	90,500,000	0.55%	-	0.00%
Vogel Properties Inc.	89,794,960	0.54%	75,073,229	0.60%
ML Casa III LP	81,864,267	0.50%	-	0.00%
Teachers Insurance & Annuity Association of America	77,333,625	0.47%	-	0.00%
United Parcel Service Company	-	-	320,937,566	2.58%
Southwest Airlines Company Inc.	-	-	124,727,789	1.00%
MRT Technology, Inc.	-	-	-	0.00%
Inland Container Corporation	-	-	90,118,533	0.72%
Nestle Waters North America Inc.	-	-	82,825,249	0.67%
Coca Cola Company	-	-	76,776,331	0.62%
Toyota Motor Sales USA Inc.	-	-	64,091,323	0.51%
	\$ 1,498,416,593	9.22%	\$ 1,283,480,979	10.31%

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
2005	\$ 16,998,903	\$ 16,751,852	98.55%	n/a	\$ 16,751,852	98.55%
2006	18,767,438	18,663,312	99.45%	n/a	18,663,312	99.45%
2007	20,731,782	20,496,709	98.87%	n/a	20,496,709	98.87%
2008	23,191,120	22,533,906	97.17%	n/a	22,533,906	97.17%
2009	24,751,328	23,056,214	93.15%	n/a	23,056,214	93.15%
2010	24,264,694	22,720,878	93.64%	n/a	22,720,878	93.64%
2011	23,607,260	21,801,016	92.35%	n/a	21,801,016	92.35%
2012	23,917,413	21,383,058	89.40%	n/a	21,383,058	89.40%
2013	24,076,262	23,273,372	96.67%	n/a	23,273,372	96.67%
2014	24,858,740	24,110,333	96.99%	n/a	24,110,333	96.99%

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	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Office equipment	\$ 459,038	\$ 555,888	\$ 653,295	\$ 675,124	\$ 685,757	\$ 692,228	\$ 764,021	\$ 790,406	\$ 848,863	\$ 916,406
Auto sales	1,060,064	1,152,326	1,062,907	885,919	582,338	622,759	732,112	882,210	978,188	1,132,510
Service stations/energy sales	468,741	600,597	625,312	723,602	615,277	588,807	685,861	658,672	812,603	816,695
Light/heavy industry	360,791	520,129	567,628	542,308	541,230	511,619	564,152	603,125	693,342	824,853
General merchandise	477,094	499,733	498,494	482,982	422,406	411,433	458,344	420,131	491,763	560,303
Building materials	714,862	844,874	774,074	577,804	465,555	368,744	388,292	422,640	459,970	496,844
Health & Government	230,897	246,350	261,265	282,235	315,470	322,201	309,879	362,715	330,244	163,782
Apparel stores	228,432	256,918	274,116	287,888	269,466	309,438	358,461	378,550	429,524	471,204
Restaurants	310,926	319,894	343,646	342,979	313,985	285,495	300,089	315,645	319,415	347,526
Furniture/appliances	439,645	383,806	302,670	336,952	226,668	205,183	188,634	131,780	251,330	251,352
Leasing	166,773	188,391	180,738	167,990	138,673	134,176	125,627	136,115	139,515	160,475
Other	184,314	230,555	242,658	341,157	295,532	291,504	179,590	431,190	158,115	161,810
Total	\$ 5,101,578	\$ 5,799,462	\$ 5,786,804	\$ 5,646,939	\$ 4,872,355	\$ 4,743,587	\$ 5,055,062	\$ 5,533,179	\$ 5,912,872	\$ 6,303,760

City direct sales tax rate

	-	-	-	-	-	-	-	-	-	-
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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**

Ended June 30	City Direct Rate	County Transportation Authority Rate	San Bernardino County Rate	State Rate
2005	-	0.50%	1.00%	6.25%
2006	-	0.50%	1.00%	6.25%
2007	-	0.50%	1.00%	6.25%
2008	-	0.50%	1.00%	6.25%
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%

Source: State of California, Board of Equalization, Publication 71.

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 1.00% since July 1, 2004.

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 2014			Fiscal Year 2004		
	Number of Filers	Percentage of Total	Tax Liability	Number of Filers	Percentage of Total	Tax Liability
General retail	2,103	41.79%	\$ 11,054	2,243	42.49%	\$ 8,554
Food products	663	13.18%	4,719	634	12.01%	4,260
Transportation	546	10.85%	18,708	601	11.38%	13,219
Construction	238	4.73%	4,968	236	4.47%	6,024
Business to business	1,125	22.36%	21,888	1,206	22.85%	11,540
Miscellaneous	357	7.09%	1,700	359	6.80%	2,272
	<u>5,032</u>	<u>100.00%</u>	<u>\$ 63,037</u>	<u>5,279</u>	<u>100.00%</u>	<u>\$ 45,869</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 ^d	Per Capita
	General Obligation Bonds	Tax Allocation Bonds	Revenue Bonds	Loans	Capital Leases	Total Governmental Activities	Term Loan	Certificates of Participation	Business-type Activities	Total Business-type Activities			
2005 ^a	\$ 31,282	\$ 62,337	\$ 20,430	\$ 14,738	\$ -	\$ 128,787	\$ -	\$ 51,470	\$ 51,470	\$ 180,257	7.10%	\$ 1,060	
2006	29,997	63,133	18,295	14,148	-	125,573	-	50,585	50,585	176,158	6.28%	1,033	
2007	29,191	60,681	18,582	13,842	-	122,296	-	49,670	49,670	171,966	5.82%	1,001	
2008 ^b	65,905	58,046	18,908	13,520	-	156,378	-	48,730	48,730	205,108	7.00%	1,189	
2009	64,504	55,139	19,277	13,181	-	152,102	-	47,750	47,750	199,852	6.11%	1,156	
2010	63,270	52,150	19,696	12,824	-	147,940	-	46,735	46,735	194,675	5.64%	1,188	
2011	61,995	48,965	20,166	12,449	-	143,575	-	45,680	45,680	189,255	7.89%	1,148	
2012 ^c	41,285	-	-	-	-	41,285	-	44,580	44,580	85,865	3.57%	518	
2013	39,995	-	-	-	-	39,995	-	43,435	43,435	83,430	3.60%	500	
2014 ^e	72,035	-	-	-	-	72,035	-	72,520	72,520	144,555	4.74%	864	

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

^a The City issued \$50 million new certificates of participation in 2004.

^b The City issued approximately \$38 million in revenue bonds in 2008.

^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.

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

^e The City issued \$74,545 million in Water Revenue Bonds

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	Total		
		Tax Allocation Bonds	Revenue Bonds				
2005	\$ 31,282	\$ 62,337	\$ 20,430	\$	114,049	0.87%	\$ 671
2006	29,997	63,133	18,295		111,425	0.77%	653.41
2007	29,191	60,681	18,582		108,454	0.69%	631.18
2008	65,905	58,046	18,908		142,859	0.80%	828.02
2009	64,504	55,139	19,277		138,920	0.73%	803.44
2010	63,270	52,150	19,696		135,116	0.71%	774.14
2011	61,995	48,965	20,166		131,126	0.71%	795.49
2012	41,285	-	-		41,285	0.23%	249.02
2013	39,995	-	-		39,995	0.22%	239.68
2014	72,035	-	-		72,035	0.32%	430.36

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, 2011
(dollars in thousands)**

*Does not include deduction of the homeowner's exception of \$112,000

City Assessed Valuation	\$ 19,026,103,136		
Redevelopment Agency Incremental Valuation	4,913,051,879		
Total Assessed Valuation	<u>\$ 23,939,155,015 *</u>		

	Outstanding Debt 06/30/2014	Percentage Applicable ^a	Est. Share of Overlapping Debt 06/30/2014
Overlapping Debt Repaid with Property Taxes:			
Metropolitan Water District	\$ 132,275	0.871%	\$ 1,152
Chaffey Community College District	161,661	22.587%	36,514
Chino Valley Unified School District	132,920	5.285%	7,025
Chaffey Union High School District	180,830	39.365%	71,184
Mountain View School District	155	99.962%	155
Ontario-Montclair School District	50,054	70.358%	35,217
Mountain View School District School Facilities Improvement District No. 1	13,137	99.957%	13,131
Mountain View School District CFD No. 1997-1	885	100.000%	885
Ontario Community Facilities District No. 5	3,380	100.000%	3,380
Ontario Community Facilities District No. 13	4,275	100.000%	4,275
City of Ontario 1915 Act Bonds	8,945	100.000%	8,945
Total overlapping debt repaid with property taxes	<u>688,517</u>		<u>181,863</u>
Overlapping General Fund Debt:			
San Bernardino County General Fund Obligations	503,145	11.307%	56,891
San Bernardino County Pension Obligations	489,138	11.307%	55,307
San Bernardino County Flood Control District GF Obligation	101,040	11.307%	11,425
Chaffey Community College District Certificates of Participation	11,816	22.587%	2,669
Chino Valley Unified School District Certificates of Participation	18,605	5.285%	983
Cucamonga School District Certificate of Participation	9,810	52.134%	5,114
City of Ontario General Fund Obligations	72,035	100.000%	72,035
West Valley Vector Control District Certificate of Participation	3,215	31.057%	998
Total overlapping general fund debt	<u>1,208,804</u>		<u>205,422</u>
Total overlapping debt	<u>\$ 1,897,321</u>		<u>387,285</u>
City direct debt			72,035
Total direct and overlapping debt			<u>\$ 459,320</u>

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Assessed valuation ^a	\$ 9,827,299	\$ 10,831,944	\$ 11,871,265	\$ 13,299,919	\$ 14,051,556	\$ 13,909,816	\$ 13,476,497	\$ 13,562,118	\$ 13,627,866	\$ 17,591,676
Conversion percentage ^b	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Adjusted assessed valuation	2,456,825	2,707,986	2,967,816	3,324,980	3,512,889	3,477,454	3,369,124	3,390,530	3,406,967	4,397,919
Debt limit percentage ^c	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Debt limit	368,524	406,198	445,172	498,747	526,933	521,618	505,369	508,579	511,045	659,688
Total net debt applicable to limit:										
General obligation bonds	31,282	29,997	29,191	65,905	64,504	63,270	61,995	41,285	39,995	72,035
Legal debt margin	\$ 337,242	\$ 376,201	\$ 415,981	\$ 432,842	\$ 462,429	\$ 458,348	\$ 443,374	\$ 467,294	\$ 471,050	\$ 587,653
Total debt applicable to the limit as a percentage of debt limit	9.28%	7.97%	7.02%	15.23%	13.95%	13.80%	13.98%	8.83%	8.49%	12.26%

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	Principal	Debt Service Interest	Coverage	Water Revenue	Less Operating Expenses	Net Available Revenue	Debt Service Principal	Interest	Coverage
2005	\$ 34,493	\$ 3,104	\$ 1,912	6.88	\$ 31,007	\$ 19,504	\$ 11,503	\$ -	\$ 1,090	10.55
2006	39,323	2,842	2,211	7.78	33,506	23,856	9,649	850	2,536	2.85
2007	42,880	4,971	7,903	3.33	39,944	29,049	10,895	915	2,497	3.19
2008	51,760	5,143	7,877	3.98	40,742	27,261	13,481	940	2,470	3.95
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	10,176 ^a	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

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)
2004	168,285	\$ 2,540,000	\$ 15,093	6.3%
2005	170,069	2,806,549	16,502	5.8%
2006	170,529	2,954,897	17,285	5.2%
2007	171,828	2,929,000	17,046	4.8%
2008	172,530	3,270,000	17,857	5.6%
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	^a 167,382	-	-	8.2%

Source: (1) - State of California Department of Finance Demographic Research Unit Report E-1.
 (2) - Ontario (City) QuickFacts from the US Census Bureau
 (3) - California Labor Market Info, EDD.

^a Personal Income and Per Capita Personal Income unavailable as of CAFR publication date.

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

	2014		2006 ^(c)	
	Number of Employees	Percentage of Total City Employment	Number of Employees	Percentage of Total City Employment
Ontario Intl Airport-Ont	5,000 to 9,999		1,106	1.39%
Safariland Llc	500 to 999			
Sam's Club Distribution Ctr	500 to 999		500	0.63%
Securitas Security Svc USA	500 to 999			
Target Distribution Ctr	500 to 999			
Ups Regional Air Hub	500 to 999			
Argosy University-Inland Empr	250 to 499			
Autozone Distribution Ctr	250 to 499			
Barrett Business Svc Inc	250 to 499			
Bmw of Ontario	250 to 499			
Cardinal Health	250 to 499			
Care Fusion	250 to 499			
Classic Containers Inc	250 to 499			
Crown Toyota	250 to 499			
Dhe-Dependable Highway Express	250 to 499			
Doubletree	250 to 499			
Electrolux Home Products	250 to 499			
Fin-West Group	250 to 499			
Gold Star Foods	250 to 499			
Guard Systems Inc	250 to 499			
Las Vegas LA Express Inc	250 to 499			
Mag Instrument Inc	250 to 499			
Mark Christopher Auto Ctr	250 to 499			
Mathis Brothers Furniture CO	250 to 499			
Mbm Distribution	250 to 499		1,000	1.25%
Namm California	250 to 499		530	0.66%
Napa Auto Parts	250 to 499		3,500	4.39%
New Breed Logistics Inc	250 to 499		679	0.85%
Nordstrom	250 to 499		650	0.82%
Nordstrom	250 to 499		624	0.78%
Nordstrom Distribution Ctr	250 to 499		500	0.63%
Ontario Police Dept	250 to 499		500	0.63%
Total	-	-	10,089	12.66%

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Notes: ^(a) List of top 33 business employers.
^(b) Per EDD, employment numbers are confidential therefore, only the data for the range of the number of employees are available.
^(c) The City opted to provide data for 2006 as 2004 is not available.

Source: 2006 Largest Employers - City's Economic Development Department

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

Employment Sector	2014		2004	
	Number of Employees	Percentage of Total City Employment	Number of Employees	Percentage of Total City Employment
Distribution	23,194	25.70%	21,456	22.42%
Retail Trade	14,768	16.36%	15,513	17.38%
Manufacturing	11,970	13.26%	15,149	16.95%
Help Agency	10,575	11.71%	9,081	10.12%
Construction	2,984	3.31%	4,838	5.00%
Education	4,993	5.53%	5,212	5.74%
Other Services	4,156	4.60%	3,277	3.68%
Business Services	3,534	3.91%	3,582	3.68%
Engineering and Management	2,468	2.73%	1,772	2.24%
Financial Institution/Insurance/Real Estate	3,066	3.40%	2,721	2.94%
Hotels and Entertainment	2,604	2.88%	2,125	2.66%
Agriculture	1,074	1.19%	1,327	1.69%
Health Services	2,375	2.63%	1,920	2.13%
Utilities	781	0.87%	1,062	1.25%
Government Agencies	1,202	1.33%	1,090	1.23%
Aerospace	533	0.59%	775	0.89%
Total	90,277	100.00%	90,900	100.00%

Source: Number of employees by sector - Housing's Ontario Economic Profile

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Government	108	111	110	108	100	100	103	103	103	148
Public Safety	492	501	504	494	493	492	492	492	492	495
Community Development	146	156	158	145	133	131	132	132	118	145
Public Works	329	338	355	354	342	340	333	332	331	285
Total	1,075	1,106	1,127	1,101	1,068	1,063	1,060	1,059	1,044	1,073

Source: City of Ontario, Administrative Services Agency

Note: A full-time employee is scheduled to work 2,088 hours per year (including vacation and sick leave).

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

Function/Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General government										
Building permits issued	5,057	4,945	3,999	2,933	2,339	2,594	3,244	3,300	3,550	3,724
Police										
Physical arrests	10,134	9,561	11,207	11,001	10,945	9,979	7,877	8,839	8,959	8,546
Citations	14,293	16,155	20,762	20,436	19,710	16,031	14,636	12,006	13,161	9,377
Fire										
Emergency response	21,989	22,151	22,832	16,227 ^b	15,157	14,877	15,487	15,889	15,783	16,736
Fire inspections	1,760	1,635	1,987	1,967	2,358	1,228	1,210	3,537	4,227	4,168
Public works										
Street resurfacing (miles)	19	13	10	11.5	9.2	9.6	9.1	9.3	16.1	18.5
Parks and recreation										
Number of recreation classes	1,245 ^a	1,350	1,358	1,340	1,353	1,371	1,286	1,401	1,402	1,299
Number of facility rentals	625	644	788	772	1,071	3,285	3,231	3,780	4,337	6,118
Library										
Total volumes of books borrowed	418,100	380,016	403,964	423,011	436,576	470,567	467,185	472,384	387,092	393,308
Total volumes of audio/visual items borrowed	184,928	187,853	147,190	174,635	176,665	173,444	169,827	155,855	129,435	133,041
Water										
Number of recycled water connections	4	5	4	70	113	164	205	218	221	220
Number of potable connections	32,714	33,964	33,872	32,553	32,752	33,384	32,907	32,904	33,304	33,134
Average daily potable consumption (MGD)	38	38	39	39	36	33	31	31	32	34
Solid waste										
Refuse collected (tons per day)	798	798	766	718	627	566	565	535	545	564
Recyclables collected (tons per day)	57	61	58	56	52	49	48	49	49	49
Recyclables recovered (tons per day)	34	40	36	39	34	30	33	34	33	38

^a Method of recording contract classes changed with Fiscal Year 2004-05 budget. Prior method reflected number of annual class titles, starting Fiscal

Year 2004-05, the numbers reflect individual class sessions.

^b Method of reporting incident calls changed with Fiscal Year 2007-08. Prior method reflected total incident calls per apparatus which may have been duplicated due to one apparatus being on the same call.

Source: City of Ontario, various departments

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

Function/Program	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Police											
Police stations	2	2	2	2	2	2	2	2	2	2	2
Fire											
Fire stations	8	8	8	8	8	8	8	8	8	8	8
Public works											
Streets (miles) ^e	572	572	572	579	579	544	544	544	544	552	552 ^e
Traffic signals ^a	150	150	152	157	161	184	184	191	191	191	191 ^e
Parks and recreation											
Parks	18	18	18	18	18	18	18	21	22	22	22
Community centers	6	6	6	6	6	6	6	7	7	7	7
Library											
Buildings	2	2	2	2	2	2	2	2	2	2	2
Water											
Number of wells	23	22	22	18	20	24	24	24	24	24	24
Water lines (miles) ^d	541	536	538	556	560	563	567	568	569	569	564
Storage capacity (millions of gallons)	60	60	60	76	76	76	76	76	75	75	75
Sewer											
Sewer lines (miles)	371	375	378	386	396	386	386	386	386	386	385
Storm drainage											
Storm drainage (miles) ^b	60	61	61	61	63	67	68	68	68	68	153

^a Number of traffic signals include 13 owned by the LA-ONT airport, but maintained and operated by the City.

^b Number of miles reflect only the storm drains with 36-inch diameter or larger.

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

^d Water Lines (miles) include recycled and potable .

^e Used FY2013 numbers as FY14 numbers were not available as of CAFR publication date.

Source: City of Ontario, various departments

AB 1600 DEVELOPMENT IMPACT FEE ANNUAL REPORT

CITY OF ONTARIO

AB 1600 DEVELOPMENT IMPACT FEE ANNUAL REPORT JUNE 30, 2014

On July 1, 2003, the City Council adopted Ordinance Nos. 2779 and 2780 approving the collection of Development Impact Fees in the City of Ontario to mitigate the impacts of future development. In accordance with the provisions of Ordinance Nos. 2779 and 2780, the City began collecting Development Impact Fees on September 1, 2003. Pursuant to Ordinance 2779, the impact fees have been updated periodically since that time by resolution of the City Council. The last Development Impact Fee update was authorized by the City Council on December 4, 2012 by Resolution No. 2012-092. This update incorporated the results of the City's 2012 Water, Sewer, Storm Drain and Circulation Master Plan updates, along with the land use assumptions underlying the City's most recently updated General Plan, adopted by the City Council in 2010. An update to the 2012 report is currently in progress, and new fee amounts are expected to be in effect by early 2015.

California Government Code sections §66001 and §66006 require making available to the public certain Development Impact Fee information. The City of Ontario addresses these reporting requirements through annual issuance of the following two schedules, along with the release of periodic updates to the City's Development Impact Fee calculation and nexus schedules. The following two schedules include Development Impact Fee information for the fiscal year ended June 30, 2014. The first schedule reports each Development Impact Fee category's beginning and ending fund balances, its annual revenue and earnings, and its expenditures for the fiscal year. The second schedule provides a summary listing of Development Impact Fee expenditure amounts by individual public improvement project. The most recently adopted update of the City's Development Impact Fee calculation and nexus schedules - *Development Impact Fee Calculation and Nexus Report* (September 2012) - contains the amount and purpose of each Development Impact Fee, the public improvements the fees will fund, and the reasonable relationship between the fees and the purposes for which they are being assessed.

CITY OF ONTARIO
AB 1600 DEVELOPMENT IMPACT FEE ANNUAL REPORT
PURSUANT TO GOVERNMENT CODE SECTION 66006
FOR FISCAL YEAR ENDED JUNE 30, 2014

Fund	Development Impact Fee Purpose	Fund Balance		Revenues		Gains/Losses	Projects Expenditures	Fund Balance June 30, 2014
		July 1, 2013	DIF Fees	Interest				
007	Parkland Acquisition and Facilities Development	\$ 7,964,748	\$ 1,346,381	\$ 74,204	\$ 4,111	\$ 4,251,227	\$ 5,138,217	
101	Law Enforcement Facilities, Vehicles and Equipment	(2,375,995)	123,351	5,182	15,360	-	(2,232,102)	
102	Fire Facilities, Vehicles and Equipment	441,267	104,936	5,336	117	199,658	351,998	
103	OMC Circulation (Streets, Bridges and Signals) System	14,869,006	3,396	137,334	7,454	3,528,372	11,488,818	
104	OMC Water System Source, Storage and Distribution System	7,879,133	6,460	80,402	3,097	-	7,969,092	
105	OMC Sewer Collection System	3,109,520	1,732	31,722	1,222	-	3,144,196	
106	Solid Waste Collection Equipment	975,754	334,080	12,503	178	-	1,322,515	
107	General Facilities, Vehicles and Equipment	889,118	313,833	11,470	157	-	1,214,578	
108	Library Facilities and Collection	109,057	197,432	2,821	(50)	-	309,260	
109	Public Use Facilities	816,035	208,562	10,272	14,917	-	1,049,786	
110	Aquatics Centers	108,139	14,805	1,232	138	-	124,314	
111	OMC Storm Drainage System	14,481,769	-	148,232	(9,660)	(186,112)	14,806,453	
112	NMC Open Space Land Acquisition	207,702	1,132,747	6,911	(148)	-	1,347,212	
113	Fiber Optic Communication System	16,217	(9,945)	57	8	-	6,337	
115	NMC Circulation (Streets, Bridges and Signals) System	1,561,907	43,464	13,859	644	277,528	1,342,346	
116	NMC Water System Source, Storage and Distribution System	(302,792)	42,979	168	23	-	(259,622)	
117	NMC Sewer Collection System	204,754	4,845	2,300	119	-	212,018	
118	NMC Storm Drainage System	1,388,178	33,504	14,532	540	-	1,436,754	
170	OMC - Regional Streets	198,308	2,929,578	23,310	(1,914)	-	3,149,282	
171	OMC - Local Adjacent Streets	84,982	1,254,850	9,985	(820)	-	1,348,997	
172	OMC - Regional Storm Drains	3,235	168,043	1,252	(111)	-	172,419	
173	OMC - Local Adjacent Storm Drains	61,447	3,189,699	23,778	(2,113)	-	3,272,811	
174	OMC - Regional Water	69,636	1,113,835	9,174	(643)	-	1,192,002	
175	OMC - Local Water Adjacent	17,412	279,413	2,300	(162)	-	298,963	
176	OMC - Regional Sewer	9,875	165,463	1,314	(100)	-	176,552	
177	OMC - Local Adjacent Sewer	14,767	247,405	1,966	(150)	-	263,988	
180	NMC - Regional Streets	-	121,758	941	(54)	-	122,645	
181	NMC - Local Adjacent Streets	-	99,615	771	(45)	-	100,341	

CITY OF ONTARIO
AB 1600 DEVELOPMENT IMPACT FEE ANNUAL REPORT
PURSUANT TO GOVERNMENT CODE SECTION 66006
FOR FISCAL YEAR ENDED JUNE 30, 2014

Fund	Development Impact Fee Purpose	Fund Balance		Revenues		Gains/Losses	Projects Expenditures	Fund Balance June 30, 2014
		July 1, 2013	DIF Fees	Interest				
182	NMC - Regional Storm Drains	\$ -	\$ 73,152	\$ 707	\$ (22)	\$ -	-	\$ 73,837
183	NMC - Local Adjacent Storm Drains	-	135,900	1,312	(40)	-	-	137,172
184	NMC - Regional Water	-	212,791	1,949	(71)	-	-	214,669
185	NMC - Local Adjacent Water	-	91,187	835	(31)	-	-	91,991
186	NMC - Regional Sewer	-	5,722	105	(4)	-	-	5,823
187	NMC - Local Adjacent Sewer	-	8,584	156	(6)	-	-	8,734
188	NMC - Regional Fiber	-	3,422	36	(1)	-	-	3,457
189	NMC - Local Adjacent Fiber	-	7,997	81	(2)	-	-	8,076
		<u>\$ 52,803,179</u>	<u>\$ 14,010,976</u>	<u>\$ 638,509</u>	<u>\$ 31,938</u>	<u>\$ 8,070,673</u>		<u>\$ 59,413,929</u>

CITY OF ONTARIO
DEVELOPMENT IMPACT FEE PROJECTS EXPENDITURES
FISCAL YEAR ENDED JUNE 30, 2014

City Project ID	Description	Annual Expenditure
<u>Parkland Facilities Development (Fund 007)</u>		
PA0701	Downtown Plaza Design/Construction	\$ 4,251,227
		<u>4,251,227</u>
Fund 007 Subtotal		
<u>Fire Protection Facilities (Fund 102)</u>		
PF1101	Fire Training Center Expansion	199,658
		<u>199,658</u>
Fund 102 Subtotal		
<u>OMC Streets, Signals and Bridges (Fund 103)</u>		
ST0104	N. Miiliken Grade Separation	36,303
ST0302	Grove/110 Interchange-Corridor	45,375
ST0308	S. Miiliken Grade Separation	884,414
ST0711	N. Vineyard Ave Grade Separation	2,161,990
ST1209	Mountain Widening: Sixth/Holt	400,290
		<u>3,528,372</u>
Fund 103 Subtotal		
<u>OMC Storm Drainage Facilities (Fund 111)</u>		
SM1001	5th Street Storm Drain	5,336
SM1002	6th Street Storm Drain	58,873
SM1209	Mountain Avenue Storm Drain	(255,915) ^a
SM9902	Francis Storm Drain & Ely Basins	5,594
		<u>(186,112)</u>
Fund 111 Subtotal		
<u>NMC Streets, Signals and Bridges (Fund 115)</u>		
ST0308	S. Miiliken Grade Separation	277,528
		<u>277,528</u>
Fund 115 Subtotal		
Total		\$ 8,070,673

a. Amount includes transfers of \$97,830 to fund 103 and \$158,084 to fund 77 to reverse prior year mischarges to Fund 111.

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MAYOR
Paul S. Leon

MAYOR PRO TEM
Alan D. Wapner

COUNCIL MEMBERS
Jim W. Bowman
Debra Dorst-Porada
Paul Vincent Avila

CITY TREASURER
James R. Milhiser

CITY CLERK
Mary E. Wirtes

CITY MANAGER
Al C. Boling

**ADMINISTRATIVE SERVICES/
FINANCE DIRECTOR**
Grant D. Yee

