

CITY OF ONTARIO, CALIFORNIA

CREATING OPPORTUNITY BUILDING VALUE



**COMPREHENSIVE ANNUAL FINANCIAL
REPORT FOR FISCAL YEAR
ENDED JUNE 30, 2012**



City of Ontario, California

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

For Fiscal Year Ending June 30, 2012

**Prepared By:
Fiscal Services Department**



CITY OF ONTARIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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Introductory Section





PAUL S. LEON
MAYOR

JIM W. BOWMAN
MAYOR PRO TEM

ALAN D. WAPNER
DEBRA DORST-PORADA
PAUL VINCENT AVILA
COUNCIL MEMBERS

CHRIS HUGHES
CITY MANAGER

MARY E. WIRTES, MMC
CITY CLERK

JAMES R. MILHISER
TREASURER

December 17, 2012

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, 2012. This report provides a broad view of the City's financial activities for the 2011-12 Fiscal Year and its financial position as of June 30, 2012. 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, 2012, are free of 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 unqualified opinion that the City of Ontario's financial statements for the fiscal year ended June 30, 2012, 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 164,836 people and approximately 8,000 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, among 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 1,044 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 of the Ontario Industrial Development Authority, the Ontario Redevelopment Financing Authority and the Ontario Housing Authority. Therefore, these activities have 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 the 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 the City Council for consideration in June. The budget must be approved by the 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 the City Council at the First Quarter Budget Report. The City Council may amend the budget at any time during the fiscal year. Budget reports are presented to the 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 has not exceeded 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 the 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 Note 2 in the notes to the financial statements.

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 primary and secondary schools, including a multi-jurisdictional college campus. As critical infrastructure 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, and Federal Express' Inland Empire operations. ONT served over 4 million people in 2011.

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 nearly 8,000 businesses which account for approximately 108,000 jobs.

The local economy is showing signs of improvement, as evidence by the decline in the unemployment rate and stronger gains reported in sales tax revenues. The unemployment rate for the City of Ontario continues to decline with a rate of 11.8 percent in September 2012, down from 13.7 percent reported a year ago. Sales Tax revenues for the second quarter of 2012 reported gains of approximately 6 percent compared to the same period in 2011. The Consumer Confidence Index for the month of October 2012 is at 72.2. The jump back up to the 70s in October indicates that consumers are more optimistic on the short term outlook, expecting businesses, job market, and income to improve. The housing market has improved, with the median price of existing single-family homes for September 2012 at \$198,270, which was 16.2 percent higher than a year ago. This improvement in housing is due to the Federal Reserve's action to lower mortgage interest rates to the 3 percent range.

Although the economy is improving, there are still concerns regarding the continued progress. The decline of the Ontario International Airport is of the utmost concern for the City. Over the last three years the Airport has lost over 35 percent of passenger traffic, which equates to a loss of approximately \$500 million dollars of economic impact and 9,200 local jobs. The transfer of the Ontario Airport management decisions to local control is in the best interest for the region to regain its status as an economic engine for the Inland Empire and to ensure there is sufficient airport capacity in the long-range for Southern California.

In addition to the decline at the Ontario International Airport, the local economy faces other serious headwinds and challenges ahead. If the Federal Government cannot reach an agreement to raise the debt ceiling and balance the budget, automatic budget cuts will begin. In addition, higher tax rates will result from the Bush tax cuts expiring and the end of the payroll tax holiday for Social Security. This "fiscal cliff" may negatively impact the U.S. economy in the first half of 2013. Due to inflationary pressures, weak job growth, reduced government stimulus and spending, and the ongoing financial crisis in the Europe, the economic recovery over the past year may be unsustainable and stall in the forthcoming months. Also, if mortgage rates start to rise, then the housing recovery that is just beginning may stall. The continuation of the economic recovery will be dependent upon the actions of the Federal Reserve to keep rates low and the Federal Government ability to balance their budget while promoting job growth in the private sector.

The California State Public Employees Retirement System (CalPERS) is considerably underfunded, primarily due to lowered 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. Prior to the actuarial rate change in March 2012 from 7.75 percent to 7.50 percent, CalPERS has estimated rates for Safety Police, Safety Fire, and Miscellaneous Plans to increase to 33.3, 27.4, and 13.9 percent respectively by Fiscal Year 2016-17. CalPERS estimated that the lowered discount rate will increase the City's CalPERS contribution rates by an additional 2.0 percent for the

Miscellaneous plan and 3.0 percent for the Safety plans. These rates are dependent upon CalPERS earning a 7.50 percent return on their investments in the future. For 2012, CalPERS investments earned only 1.0 percent as its stock portfolio underperformed – significantly less than the 7.50 percent rate CalPERS relies on for its actuarial assumptions.

Although the City is currently on schedule with its Five-Year Budget Action Plan, there still remains a General Fund structural deficit. This deficit is expected to continue through the end of Fiscal Year 2012-13 due to higher CalPERS costs, lower property tax revenues, and slower economic recovery than originally anticipated. Therefore, the City will continue to maintain its conservative fiscal approach and consider the need to take further actions in the future to reduce costs should economic growth slow or decline beyond current expectations.

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 the City Council's leadership and their prudent fiscal policies, the City's longer-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:

- \$7,862,500 in public facilities improvements
- \$6,800,000 in storm drain improvements
- \$6,424,594 in street and traffic improvements
- \$3,113,000 in park and landscape improvements, and
- \$2,600,000 in water 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 the 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 to 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, and contribute 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 to prepare financial reports which 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 the 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, 2012, the City's General Fund had an assigned fund balance for the stability arrangement of \$35.1 million, which is approximately 22 percent of the General Fund Adopted Budget for Fiscal Year 2012-13.

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 continued 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” was developed this past year and 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.

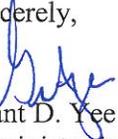
Awards and Acknowledgements

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, 2011. This was the twenty-fifth 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 2011-12 Adopted Operating Budget. This is the thirteenth 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

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, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Christopher P. Morrell

President

Jeffrey R. Egan

Executive Director

City of Ontario

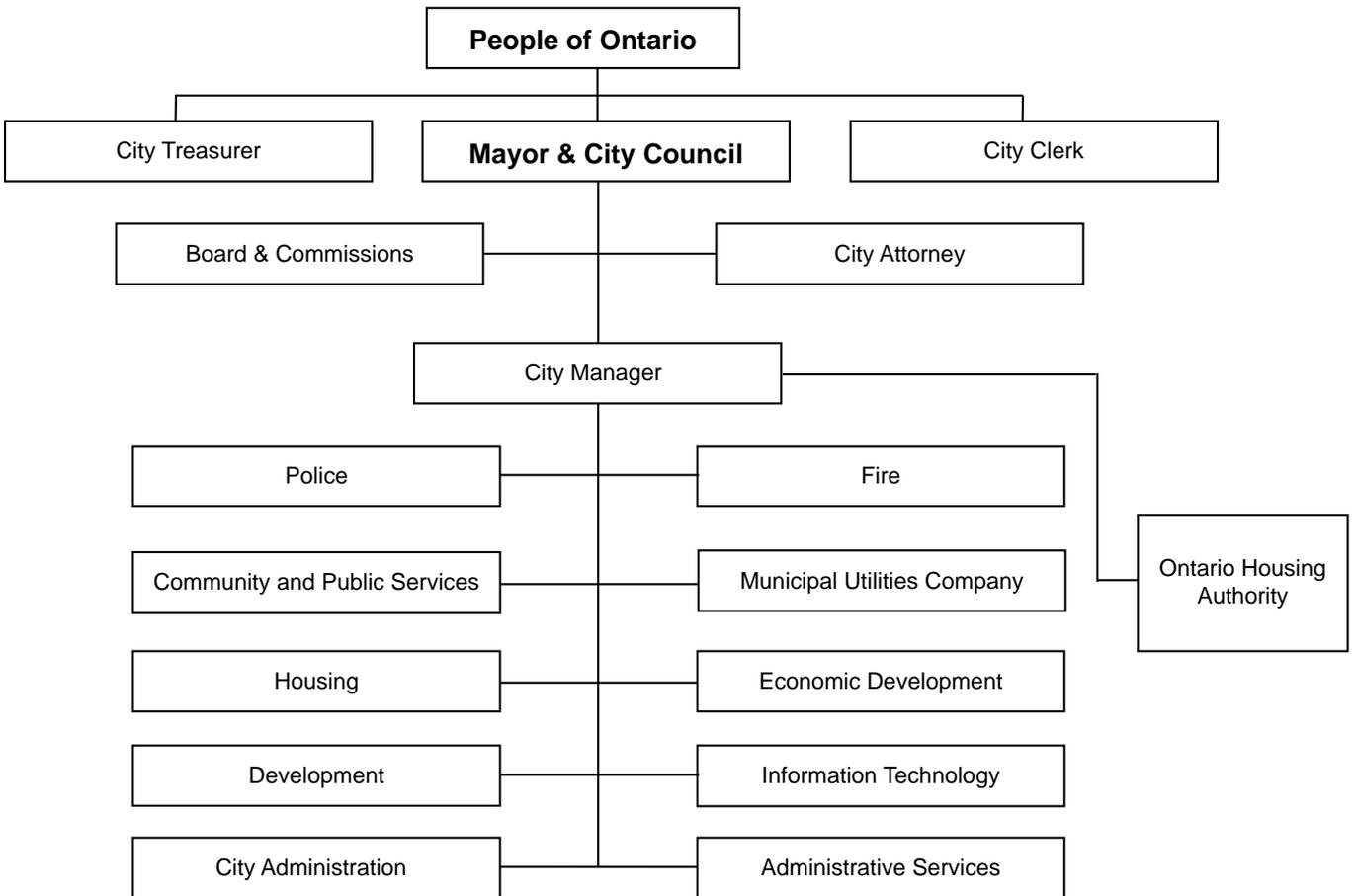
Elected Officials

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

Administration and Executive Management

City Manager/Executive Director of the Housing AuthorityChris Hughes
Deputy City ManagerAl C. Boling
City Attorney.....John E. Brown
Police ChiefEric V. Hopley
Fire Chief.....Floyd E. Clark
Community & Public Services Director.....Mark Chase
Utilities General ManagerScott Burton
Housing and Neighborhood Revitalization DirectorBrent D. Schultz
Economic Development Director.....John P. Andrews
Development DirectorOtto Kroutil
Information Technology Director.....Elliott Ellsworth
Administrative Services/Finance DirectorGrant D. Yee

City of Ontario



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Financial Section





CERTIFIED PUBLIC ACCOUNTANTS

- Brandon W. Burrows, CPA
- David E. Hale, CPA, CFP
A Professional Corporation
- Donald G. Slater, CPA
- Richard K. Kikuchi, CPA
- Susan F. Matz, CPA
- Shelly K. Jackley, CPA
- Bryan S. Gruber, CPA
- Deborah A. Harper, CPA

INDEPENDENT AUDITORS' REPORT

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

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 the City of Ontario, California, as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Ontario's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 as of June 30, 2012, and the respective changes in financial position and cash flows where applicable thereof, and the respective budgetary comparison for the General Fund, the Quiet Home Program Fund, the Community Development Fund, and the Ontario Housing Authority Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

We would like to draw the reader's attention to Note 18 – "Successor Agency Trust for Assets of Former Redevelopment Agency". The note provides information on the dissolution of the Redevelopment Agency and the new formed Successor Agency.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2012, on our consideration of the City of Ontario's internal control over financial reporting and our tests of its compliance with certain laws, regulations, contracts, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements as a whole. The accompanying introductory section, the combining and individual fund statements, budgetary schedules, statistical tables and AB 1600 Development Impact Fee annual report 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 and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections and the AB 1600 Development Impact Fee annual report 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.

Lance, Soll & Lughard, LLP

Brea, California
December 14, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management Discussion and Analysis (MD&A) of the City of Ontario's (City) financial performance provides an introduction and overview to the financial activities of the City for the fiscal year ended June 30, 2012. 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 of the City were \$1.74 billion and total liabilities were \$205.23 million at June 30, 2012. The assets exceeded liabilities by \$1.53 billion (net assets). Of this amount, \$351.61 million (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors.
- For the year ended June 30, 2012, total net assets increased by \$108.09 million. This increase was due to an extraordinary gain in net assets resulting from the dissolution of the Ontario Redevelopment Agency for \$72.76 million as well as a favorable variance of revenues over expenses of \$35.33 million. Total revenues from all sources were \$428.29 million and total expenses for all functions/programs were \$320.21 million.
- Of total revenues, program revenues were \$185.15 million and general revenues were \$170.38 million (excluding a \$72.76 million extraordinary gain resulting from the dissolution of the Ontario Redevelopment Agency). Program revenues are broken into three categories: Charges for Services, \$122.47 million; Operating Contributions and Grants, \$15.60 million; and Capital Contributions and Grants, \$47.08 million.

Fund Based

- For the fiscal year ended June 30, 2012, the assigned fund balance of the General Fund was \$58.43 million. The assigned portion of \$35.11 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 \$296.57 million, which was more than the final budget of \$257.40 million by \$39.16 million. Actual charges (outflows) of \$192.39 million were \$19.32 million more than the final budget of \$173.07 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 Assets** presents information on all of the City's assets and liabilities, with the difference between the two reported as *net assets*. This is one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net assets 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 assets changed during the fiscal year. All changes in net assets 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 Assets* 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 refuse 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 Redevelopment Agency (which was dissolved as of January 31, 2012 through the California Supreme Court decision on Assembly Bill 1X 26; for additional details regarding the dissolution of the Ontario Redevelopment Agency, please refer to Note 17 in the Notes to Basic Financial Statements), the Ontario Housing Authority, the Industrial Development Authority and the Ontario Redevelopment 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 thirty-one individual governmental funds. These funds report financial transactions using the modified accrual accounting method. Information for six out of the thirty-one funds is presented separately in the Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances. These six funds are considered to be major funds. They are the General Fund, the Quiet Home Program Fund, the Community Development Fund, the Ontario Housing Authority Fund, the Impact Fees Fund, and the Redevelopment Project Area No. 1 Debt Service 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, the Capital Project Funds, and the Debt Service 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 Assets 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 Assets* 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 assets (Table 1) and changes in net assets (Table 2) of the governmental and business-type activities for the fiscal year ending June 30, 2012. Management has included comparative data from fiscal year ending June 30, 2011 in its analysis.

Net Assets (Table 1)
(in millions)

	Governmental Activities		Business-Type Activities		Government-Wide Totals	
	2012	2011	2012	2011	2012	2011
Current and Other Assets	\$ 450.66	\$ 474.22	\$ 239.36	\$ 216.55	\$ 690.03	\$ 690.78
Capital Assets	863.37	858.21	185.62	183.37	1,048.99	1,041.58
Total Assets	1,314.03	1,332.43	424.99	399.92	1,739.02	1,732.35
Long-term Debt Outstanding	108.00	200.25	46.62	47.79	154.62	248.04
Other Liabilities	40.26	49.20	10.34	9.41	50.61	58.61
Total Liabilities	148.26	249.45	56.97	57.20	205.23	306.65
Net Assets:						
Invested in Capital Assets,						
Net of Debt	821.63	704.22	140.01	136.61	961.64	840.83
Restricted	216.27	243.02	4.27	4.19	220.54	247.20
Unrestricted	127.86	135.74	223.74	201.92	351.59	337.66
Total Net Assets	\$ 1,165.77	\$ 1,082.98	\$ 368.02	\$ 342.72	\$ 1,533.79	\$ 1,425.70

The City's Government-wide total net assets were \$1.53 billion, with assets of \$1.74 billion and liabilities of \$205.23 million. The net investment in capital assets of \$961.64 million represents 62.7 percent of the City's total net assets. This is an increase of \$120.81 million from the previous year. Investment in capital assets (e.g., infrastructure, land, structures and improvements, furniture and equipment) for this purpose is reduced by any related debt used to acquire those assets that are still outstanding. 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 assets of \$220.54 million (14.4 percent of the total net assets) represents resources that are subject to external restrictions in how they may be used. The remaining balance of \$351.59 million or 22.9 percent of the total net assets (unrestricted net assets) 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 2.5 percent or \$35.32 million (increase in net assets) before the extraordinary gain on dissolution of the Ontario Redevelopment Agency of \$72.76 million (see Table 2 on the following page). This increase is attributable to the favorable variance of total revenues over total expenditures, especially for business-type activities – a growth in net assets of \$25.30 million.

The overall cost of all governmental and business-type activities this year was \$320.21 million and was an overall net increase of \$14.50 million or 4.7 percent compared to the prior year. This is primarily the result of rising employee pension and health-care costs, and commodity price increases on various materials and supplies.

Total revenue of all governmental and business-type activities was \$355.53 million for this fiscal year; an increase of \$14.65 million or 4.3 percent. Program revenues were \$185.15 million and general revenues were \$170.38 million, funding the net difference between program revenues and expenses. The largest single revenue category was Charges for Services, at \$122.47 million, which is *program revenue*. This revenue goes directly against the expenses in recovering the costs of providing those services. Charges for Services revenue rose by \$9.23 million or 8.2 percent, mainly due to an increase of \$7.77 million or 59.7 percent in governmental activities due to a positive growth in development related revenue. Property Taxes, which are considered *general revenues*, were the second largest revenue at \$66.73 million. This revenue category experienced a decrease from the prior year of \$21.30 million or 24.2 percent primarily due to the dissolution of the Ontario Redevelopment Agency on January 31, 2012; the main revenue stream of the former Agency were property taxes. The third largest revenue source was Sales Taxes, another *general revenue* source, at \$61.36 million. Sales Tax revenue increased \$4.97 million or 8.8 percent than the prior year mainly attributed to higher consumer spending in auto sales. The revenue category of Capital Contributions and Grants was the fourth largest revenue category at \$47.08 million. Capital Contributions and Grants increased by \$28.23 million or 150 percent primarily due to reimbursement to the General Fund for the bond redemption regarding the 2001 Lease Revenue Bond; additional revenues from Measure I Local Stimulus Program for various street improvement projects; and increased grant reimbursements relating to the Quiet Home Program.

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

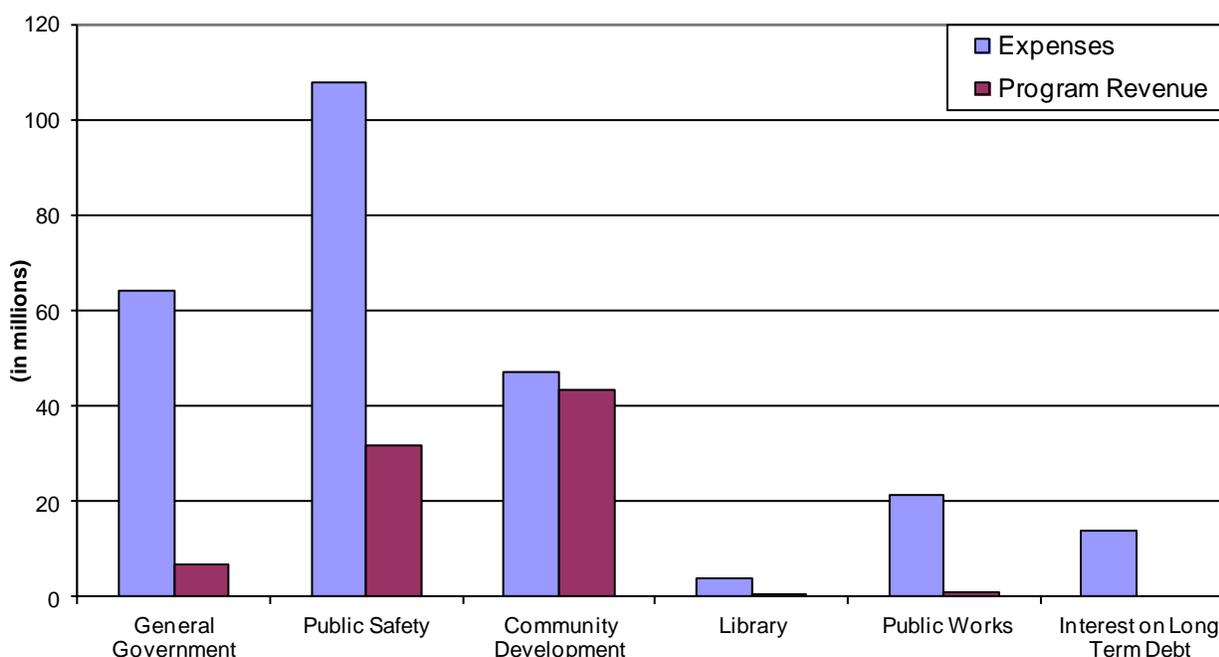
	Governmental Activities		Business-Type Activities		Government-Wide Totals	
	2012	2011	2012	2011	2012	2011
Revenues						
Program Revenues:						
Charges for Services	\$ 20.79	\$ 13.02	\$ 101.67	\$ 100.23	\$ 122.47	\$ 113.24
Operating Contributions and Grants	15.31	15.61	0.29	6.34	15.60	21.94
Capital Contributions and Grants	47.08	18.85	-	-	47.08	18.85
Sub-total Program Revenues	83.19	47.47	101.96	106.57	185.15	154.04
General Revenues:						
Property Taxes	66.73	88.03	-	-	66.73	88.03
Sales Taxes	61.36	56.39	-	-	61.36	56.39
Business Licenses Taxes	5.61	5.50	-	-	5.61	5.50
Franchise Taxes	2.90	2.88	-	-	2.90	2.88
Transient Occupancy Taxes	9.15	8.79	-	-	9.15	8.79
Other Taxes	4.57	4.07	-	-	4.57	4.07
Motor Vehicle In-Lieu	0.09	0.88	-	-	0.09	0.88
Use of Money and Property	10.08	10.27	3.47	2.61	13.56	12.88
Other	6.41	7.40	0.01	0.01	6.42	7.41
Sub-total General Revenues	166.90	184.22	3.48	2.62	170.38	186.84
Total Revenues	\$ 250.09	\$ 231.69	\$ 105.44	\$ 109.19	\$ 355.53	\$ 340.88
Expenses						
General government	\$ 64.33	\$ 56.95	\$ -	\$ -	\$ 64.33	\$ 56.95
Public safety	107.85	103.47	-	-	107.85	103.47
Community development	47.09	39.89	-	-	47.09	39.89
Library	3.76	4.36	-	-	3.76	4.36
Public works	21.37	23.17	-	-	21.37	23.17
Interest on long-term debt	13.74	14.51	-	-	13.74	14.51
Water	-	-	28.99	31.05	28.99	31.05
Sewer	-	-	11.77	11.01	11.77	11.01
Solid Waste	-	-	21.31	21.30	21.31	21.30
Total Expenses	\$ 258.14	\$ 242.36	\$ 62.06	\$ 63.36	\$ 320.21	\$ 305.71
Increase/(Decrease) in Net Assets Before Transfers and Extraordinary Items	\$ (8.06)	\$ (10.67)	\$ 43.38	\$ 45.83	\$ 35.32	\$ 35.16
Transfers	18.08	15.67	(18.08)	(15.67)	-	-
Extraordinary Gain on Dissolution of Redevelopment Agency	72.76	-	-	-	72.76	-
Increase/(Decrease) in Net Assets	\$ 82.79	\$ 5.01	\$ 25.30	\$ 30.16	\$ 108.09	\$ 35.16

Governmental Activities

Under the governmental activities, the City's *net assets* increased by \$82.79 million from the prior year primarily due to an extraordinary gain of \$72.76 million resulting from the dissolution of the Ontario Redevelopment Agency. The cost of all governmental activities this year was \$258.14 million or 80.6 percent of the government-wide total expenses and was an increase of \$15.78 million or 6.5 percent.

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 \$64.33 million or 24.9 percent of total Governmental Activities expenses. Of this amount, \$6.81 million was funded by program revenues, while the remaining \$57.52 million was funded by general revenues. General Government expenditures increased \$7.38 million or 13.0 percent as a result of increased employee pension and retiree health care costs.

Public Safety expenditures were \$107.85 million or 41.8 percent of the total Governmental Activities expenses. Of this amount, \$31.75 million was funded by program revenues while the remaining \$76.10 million was funded by general revenues. Public safety expenses increased \$4.38 million or 4.2 percent compared to the previous year due to rising employee pension and

health care costs, and increased public safety grant funded expenditures, including the Federal Emergency Management Agency-American Recovery and Reinvestment Act.

Expenses in *Community Development* were \$47.09 million or 18.2 percent of the total Governmental Activities expenditures. These expenses increased by \$7.20 million or 18.0 percent higher compared to the prior year. This increase in expenditures is mainly due to an adjustment in funding support by the Redevelopment Agency to the Ontario Housing Authority. Program revenues relating to the funding of community development activities amounted to \$43.62 million, with the remaining funding of \$3.47 million from general revenues. The majority of program revenues resulted from capital contributions and grants (\$22.76 million) for future development in the City.

The *Library* had expenses of \$3.76 million or 1.5 percent of the total Governmental Activities expenses. Of this amount \$0.22 million was funded by program revenues, while the remaining \$3.54 was funded by general revenues. Expenditures for Library remained relatively level, with only a minimal decrease of \$0.6 million.

Public Works expenditures were \$21.37 million or 8.3 percent of the total Governmental Activities expenses. Of this amount, \$0.78 million was funded by program revenues, while the remaining \$20.59 million was funded by general revenues. The decline in Public Works expenditures of \$1.80 million is due to the completion of major capital projects, including the Veterans' Memorial Park funded in the prior fiscal year.

Interest on long-term debt had expenditures of \$13.74 million or 5.3 percent of Governmental Activities and is funded entirely by general revenues.

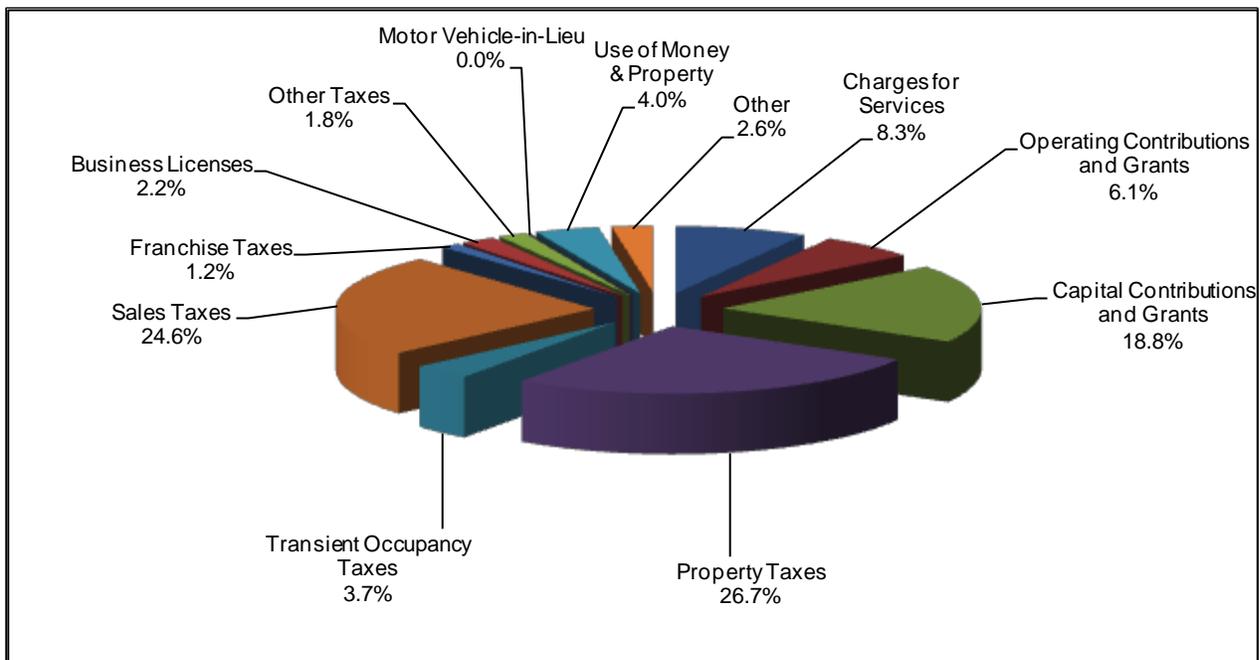
Graph 2 on the following page presents governmental activities revenue by source. Total revenue for governmental activities was \$250.09 million; an increase of \$18.40 million or 7.9 percent. The three largest revenue sources under Governmental Activities were the categories of Property Taxes, Sales Taxes, and Capital Contributions and Grants.

Property Tax revenue (general revenue) was \$66.73 million or 26.7 percent of total governmental activities revenue. A decrease of \$21.30 million or 24.2 percent compared to the previous year as a result of the dissolution of the Ontario Redevelopment Agency wherein property tax is the primary revenue source. Sales Tax revenue (general revenue) was \$61.36 million or 24.6 percent of total governmental activities revenue. Sales Tax revenue increased by \$4.97 million or 8.8 percent compared to the prior year mainly attributed to higher consumer spending in auto sales. The third largest revenue source was Capital Contributions and Grants (program revenue) at \$47.08 million or 18.8 percent of total governmental activities revenue. An increase of \$28.23 million or 149.8 percent from the prior year due to reimbursement to the General Fund for the bond redemption regarding the 2001 Lease Revenue Bond; additional revenues from Measure I Local Stimulus Program for various street improvement projects; and increased grant reimbursements relating to the Quiet Home Program

Other General Revenues totaled \$38.81 million and represents 15.5 percent of the total revenues from governmental activities. The remaining Program Revenues include: Charges for Services of \$20.79 million and Operating Contributions and Grants of \$15.31 million. Together they represent 14.4 percent of the total governmental activities revenue.

Graph 2 below presents revenues by source for Governmental Activities.

Revenues by Source – Governmental Activities (Graph 2)



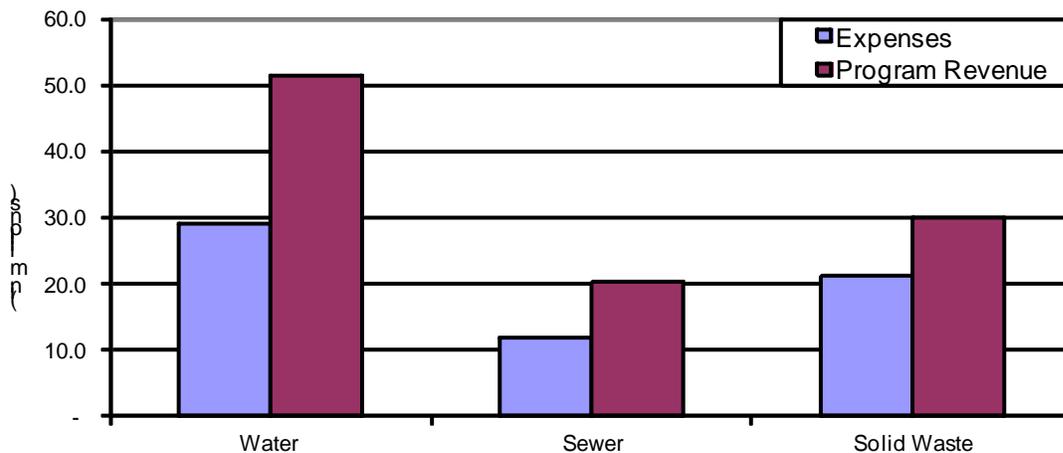
Business-type Activities

Net assets for business-type activities at June 30, 2012 were \$368.02 million, with assets of \$424.99 million and liabilities of \$56.97 million. Unrestricted net assets of \$223.74 million represented 60.8 percent of total business-type activities net assets; this amount may be used to meet the government's ongoing obligations. Investment in capital assets of \$140.01 million represented 38.04 percent of the total net assets from business-type activities. The remaining \$4.27 million was restricted for debt service. Compared to the prior year, the City's net assets from business-type activities increased by \$25.30 million.

Total revenues (excluding transfers) for the City's business-type activities were \$105.44 million, which represented a \$3.75 million or 3.4 percent increase from the prior year. Program revenues amounted to \$101.96 million or 96.7 percent of total business-type related revenue. Program revenues declined by \$4.60 million or 4.3 percent as a result of one time receipt in the prior year of grant revenue for Proposition 50, Public Water System project. General revenues for business-type activities were \$3.48 million (Use of Money and Property of \$3.47 million). This was an increase of \$0.86 million or 33 percent primarily due to a capital gain relating to a sale of an investment. Business-type activities incurred \$62.06 million of expenditures for the year. This is a decline of \$1.29 million or 2.0 percent compared to the previous year.

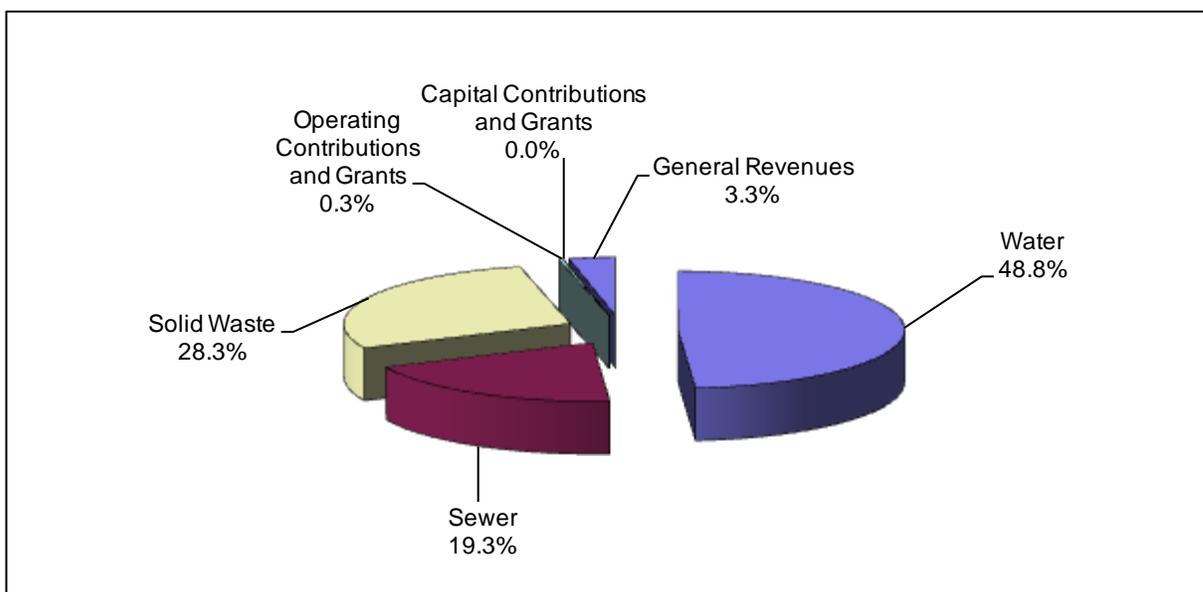
Graph 3 presents the costs of each of the City's business activities and the associated program revenue. Since business-type activities are primarily used when the City charges customers for the services it provides, program revenues (charges for services) should be similar to the costs of these programs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

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



Graph 4 presents revenues by source for business-type activities. *Charges for services* account for \$101.67 million or 96.4 percent of total business-type activities revenues (before transfers), while the remaining 3.6 percent is from *operating contributions and grants* (\$0.29 million) and *general revenues* (\$3.48 million). Revenue from Water services is the largest revenue source with \$51.43 million or 48.8 percent of the total revenues from business-type activities; it had a minimal increase of \$0.26 million or less than one percent compared to the prior year. The second largest revenue source was revenue from Solid Waste services at \$29.8 million or 28.3 percent of total business-type activities revenues. Solid Waste services revenue decreased \$0.95 million or 3.1 percent from the previous year due to reduction in commercial refuse activity – an outcome from the continued economic downturn.

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



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental Funds

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

During the current fiscal year, the City had six major governmental funds: General Fund, Quiet Home Program Fund, Community Development Fund, the Ontario Housing Authority Fund, the Impact Fees Fund, and the Redevelopment Agency's Project Area No. 1 Debt Service 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 noise impact area. 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 for the Impact Fees Fund accounts for developer-paid impact fees for infrastructure construction. The Ontario Redevelopment Agency Project Area No. 1 Debt Service Fund accounts for the accumulation of resources for payment of interest and principal on long-term debt of the Agency's Project Area No. 1. The Redevelopment Agency was dissolved as of January 31, 2012 through the Supreme Court decision on Assembly Bill 1X 26; please see Note 17 in the Notes to the Financial Statements section for additional information regarding the dissolution. 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 \$319.67 million. Approximately 19.1 percent or \$61.09 million of this total amount constitutes assigned/unassigned fund balance. The remainder fund balance of \$258.58 million is nonspendable (\$109.09 million), restricted (\$53.59 million), and committed (\$95.90 million).

Comprising the nonspendable fund balance are: 1) Inventory, prepaid costs, and deposits (\$0.40 million); 2) Land that was purchased and held for resale (\$92.20 million); 3) Contracts and notes (\$6.87 million); and 4) Advances to other funds (\$9.62 million). For the restricted fund balance (external enforceable limitations on usage), they are the following: 1) endowment and trusts (\$0.40 million); 2) community development and bond improvement projects (\$28.23 million); 3) public safety (\$2.60 million); 4) public services (\$3.32 million); 5) air quality control activities (\$0.96 million); and 6) low and moderate income housing activities (\$18.07 million). Items included in the committed fund balance (self-imposed limitations on usage) are as follows: 1) City facilities, infrastructure and capital replacement (\$53.51 million); 2) economic uncertainties (\$19.10 million); 3) compensated absences (\$12.85 million); 4) for capital projects (\$8.46 million); and 5) affordable housing (\$1.42 million); and 6) future obligations (\$0.56 million).

Governmental Revenues

Revenues of governmental funds for Fiscal Year 2011-12 were \$256.10 million, with an increase of \$26.99 million or 11.78 percent compared to the previous fiscal year. This increase in government revenue is primarily attributable to the increases in the following categories of revenues: Miscellaneous Revenue (\$21.34 million or 244.1 percent), due to reimbursement made to the General Fund for the bond redemption regarding the 2001 Lease Revenue Bond, reimbursements to the Capital Projects Fund for the Bon View Park and Fire Station No. 5, as well as increased administrative overhead revenue; Use of money and property (\$9.09 million or 105.57 percent), due to various loan repayments; Charges for Services (\$7.57 million or 74.81 percent), from positive growth on development related revenues; and Intergovernmental (\$4.96 million or 15.2 percent) due to additional revenues from Measure I Local Stimulus Program; and Sales Tax (\$4.97 million or 8.8 percent) resulting from higher consumer spending in auto sales. These revenue increases were offset by a revenue decline in Property Tax (\$21.30 million or 24.2 percent), resulting from the dissolution of the Ontario Redevelopment Agency.

Table 3 below presents a summary of governmental fund revenues for the fiscal year ended June 30, 2012, with comparative amounts from the prior year.

Comparison of Major Governmental Revenues (Table 3)
Fiscal Years 2011-12 and 2010-11

	Amount FY 11-12	% of Total Revenues	Amount FY 10-11	% of Total Revenues	\$ Increase / (Decrease)	% Increase / (Decrease)
Property Tax	\$ 66,733,840	26.06%	\$ 88,030,394	38.42%	\$ (21,296,554)	-24.19%
Sales Tax	61,362,958	23.96%	56,390,363	24.61%	4,972,595	8.82%
Transient Occupancy Tax	9,148,976	3.57%	8,790,219	3.84%	358,757	4.08%
Parking Tax	3,221,546	1.26%	3,479,707	1.52%	(258,161)	-7.42%
Business Licenses Tax	5,610,738	2.19%	5,496,576	2.40%	114,162	2.08%
Other Taxes	3,966,746	1.55%	3,484,408	1.52%	482,338	13.84%
Licenses & Permits	1,639,061	0.64%	1,563,722	0.68%	75,339	4.82%
Intergovernmental	37,725,923	14.73%	32,763,572	14.30%	4,962,351	15.15%
Charges for Services	17,697,037	6.91%	10,123,695	4.42%	7,573,342	74.81%
Use of Money & Property	17,707,695	6.91%	8,614,113	3.76%	9,093,582	105.57%
Fines and Forfeitures	1,202,716	0.47%	1,318,369	0.58%	(115,653)	-8.77%
Contributions	-	0.00%	314,000	0.14%	(314,000)	-100.00%
Miscellaneous	30,081,850	11.75%	8,741,044	3.82%	21,340,806	244.14%
TOTAL	\$ 256,099,086	100.00%	\$ 229,110,182	100.00%	\$ 26,988,904	11.78%

Governmental Expenditures

Total expenditures for Fiscal Year 2011-12 were \$284.79 million, an increase of \$31.57 million or 12.47 percent over the prior fiscal year. Included in this increase are: Debt Service (\$19.22 or 76.9 percent), due to bond redemption of the 2001 Lease Revenue Bond; General Government (\$18.20 million or 54.8 percent), due rising employee pension and health care costs; Public Works (\$4.48 million or 27.7 percent), resulting from capital improvement projects for the Old and New Model Colonies, specifically the North Milliken Grade Separation project; and Public Safety \$7.66 million or 7.4 percent due rising employee pension and health care costs, as well as the purchase of SWAT and HazMat vehicles, police helicopter, and renovation of Fire Station No. 5. Decrease in Community Development (\$18.07 million or 25.2 percent), is mainly attributed to the completion of the City Hall Renovation in the prior year.

Table 4 below presents a summary of governmental fund expenditures for the Fiscal Year ended June 30, 2012 with comparative amounts from the prior year.

Comparison of Major Governmental Expenditures (Table 4)
Fiscal Years 2011-12 and 2010-11

	<u>Amount</u> <u>FY 11-12</u>	<u>% of Total</u> <u>Expenditures</u>	<u>Amount</u> <u>FY 10-11</u>	<u>% of Total</u> <u>Expenditures</u>	<u>\$ Increase /</u> <u>(Decrease)</u>	<u>% Increase/</u> <u>(Decrease)</u>
General Government	\$ 51,424,202	18.06%	\$ 33,220,115	13.12%	\$ 18,204,087	54.80%
Public Safety	110,958,962	38.96%	103,296,429	40.79%	7,662,533	7.42%
Community Development	53,503,162	18.79%	71,571,514	28.26%	(18,068,352)	-25.25%
Library	4,049,363	1.42%	3,974,567	1.57%	74,796	1.88%
Public Works	20,642,548	7.25%	16,164,629	6.38%	4,477,919	27.70%
Total Operating Expenditures	240,578,237	84.48%	228,227,254	90.13%	12,350,983	5.41%
Debt Service	44,207,731	15.52%	24,988,874	9.87%	19,218,857	76.91%
TOTAL	<u>\$ 284,785,968</u>	<u>100.00%</u>	<u>\$ 253,216,128</u>	<u>100.0%</u>	<u>\$ 31,569,840</u>	<u>12.47%</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 charges for service, interdepartmental charges and miscellaneous revenue. Total operating revenues for all Enterprise Funds for Fiscal Year 2011-12 were \$105.73 million, while non-operating revenues were \$3.76 million. Operating expenses for fiscal year 2011-12 were \$60.97 million while non-operating expenses were \$6.48 million (debt service interest expense and loss on joint venture). During the fiscal year, the net amount transferred out to the City's Governmental Funds was \$18.08 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 2011-12 were \$28.50 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 Assets* 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 \$104.17 million as of June 30, 2012 had an increase of \$11.02 million, including a restatement of \$2.56 million. It increased 15.98 percent compared to the prior year, this was primarily due to the reimbursement agreement payments and various loan repayments. 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 30.8 percent of total General Fund operating expenditures, while the total nonspendable, restricted, and committed fund balance amounts to 24.1 percent of the same amount.

Total fund balance of the General Fund consists of 4 components: (1) Nonspendable fund balance of \$3.73 million, which represents \$3.5 million in advances to other funds, \$0.13 million in inventory, and \$0.10 in prepaid and notes and loans; (2) Restricted fund balance of \$0.40, which represents endowment and trust; (3) Committed fund balance of \$41.61 million which represents City facilities, economic uncertainties of \$23.7 million, compensated absences of \$12.85 million, infrastructure and capital replacement of \$4.51 million, and future obligations of \$0.55 million; and (4) Assigned fund balance of \$58.43 million, which represents stability arrangement of \$35.11 million, contractual obligations of \$18.97 million, continuing appropriations of \$2.39 million and maintenance trust and equipment replacement of \$1.96 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**

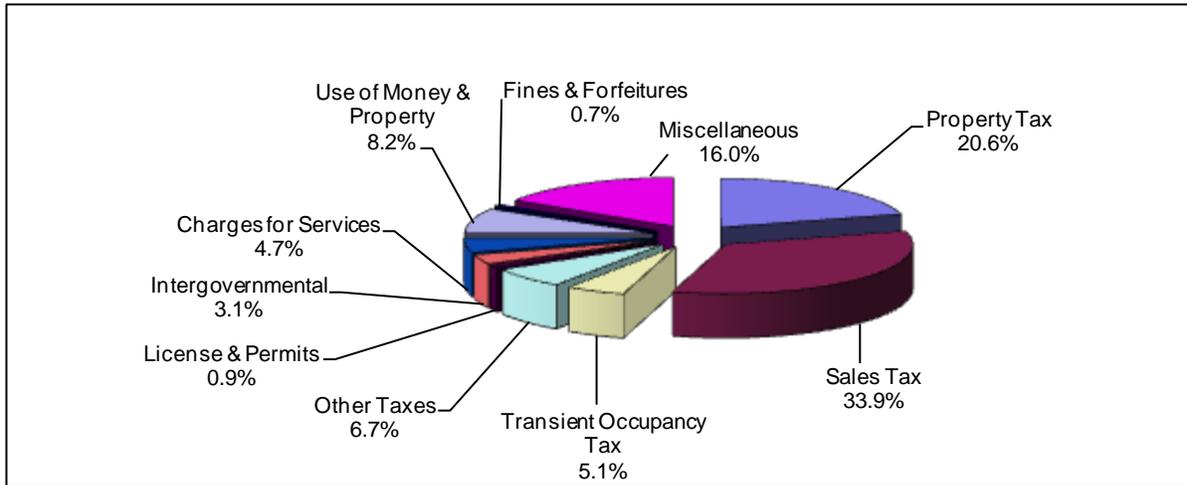
For Fiscal Year 2011-12, General Fund revenues were \$180.96 million, a growth of \$38.49 million or 27.0 percent. This is primarily due to increase in: Miscellaneous revenue (\$20.58 million) due to the reimbursement for the bond redemption regarding the 2001 Lease Revenue Bond; Use of Money and Property (\$9.96 million) resulting from various loan repayments; Sales Tax (\$5.61 million) resulting from higher consumer spending in auto sales; Charges for Service (\$2.79 million) due to increased amount of fees and penalties received for abandoned and distressed properties.

General Fund Revenues (Table 5)
Fiscal Years 2009-10, 2010-11 and 2011-12

	<u>FY 09-10</u>	<u>FY 10-11</u>	<u>FY 11-12</u>	<u>% of Total</u>	<u>\$ Increase / (Decrease) to Last Year</u>	<u>% of Increase (Decrease)</u>
Property Tax	\$ 39,002,655	\$ 37,706,348	\$ 37,366,303	20.6%	\$ (340,045)	-0.9%
Sales Tax	50,932,011	55,755,932	61,362,958	33.9%	5,607,026	10.1%
Transient Occupancy Tax	8,398,053	8,790,219	9,148,976	5.1%	358,757	4.1%
Other Taxes	11,924,916	12,449,266	12,136,931	6.7%	(312,335)	-2.5%
License & Permits	1,455,692	1,563,722	1,639,061	0.9%	75,339	4.8%
Intergovernmental	2,662,954	5,748,067	5,633,006	3.1%	(115,061)	-2.0%
Charges for Services	5,798,164	5,685,188	8,471,447	4.7%	2,786,259	49.0%
Use of Money & Property	4,197,393	5,081,092	15,045,740	8.2%	9,964,648	196.1%
Fines & Forfeitures	1,301,515	1,313,612	1,198,816	0.7%	(114,796)	-8.7%
Contributions	1,719,084	-	-	0.0%	-	0.0%
Miscellaneous	10,006,316	8,382,003	28,960,198	16.0%	20,578,195	245.5%
Totals	\$ 137,398,753	\$ 142,475,449	\$ 180,963,436	100.0%	\$ 38,487,987	27.0%

Graph 5 below illustrates General Fund revenue by source.

General Fund Revenues – Fiscal Year 2011-12 (Graph 5)



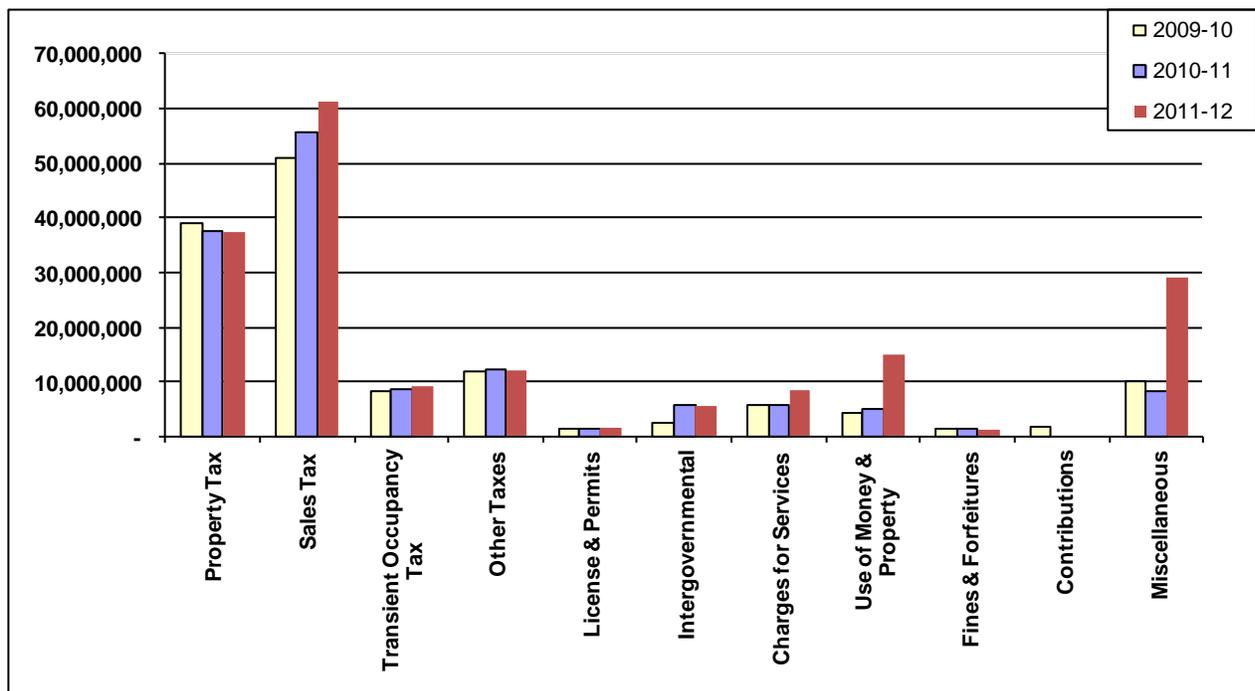
Following is an in-depth analysis of each of the revenue sources.

- Property Tax revenues slightly decreased \$0.3 million or less than one percent, comprising 20.6 percent of total General Fund revenue. This was due to decrease in the City's assessed property valuation as a result of the continued sluggish real estate market.
- Sales Tax revenues experienced an increase of \$5.60 million or 10.1 percent from the prior year. Of the total General Fund revenue, 33.9 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 \$0.36 million or 4.1 percent; it comprises 5.1 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 6.7 percent of the City's total General Fund revenue. This revenue category reflected a decrease by \$0.31 million or 2.5 percent. Contributing to this loss are decreases in Property Transfer Tax revenue of \$0.18 million and Parking Tax of \$0.26 million.
- License and Permit revenues experienced a slight increase of \$0.08 million or 4.8 percent from the prior year.
- Intergovernmental revenues decreased by \$0.12 million or 2.0 percent compared to the previous year, due to decreased governmental grant revenue received during the year.
- Charges for Services increased by \$2.79 million or 49.0 percent from the previous year. This is due to the increased amount of fees and penalties received from abandoned and distressed properties. Charges for Services comprise 4.7 percent of the City's total General Fund revenues.

- Revenues from the Use of Money and Property represent 8.2 percent of total General Fund revenue and experienced an increase of \$9.96 million or 196.1 percent from the prior year. This increase is attributed to various loan repayments to the City.
- Fines and Forfeiture decreased 8.7 percent (\$0.11 million) and represents 0.7 percent of total General Fund revenues.
- Miscellaneous revenue increased 245.5 percent (\$20.6 million). This is mainly attributable to the reimbursement for the bond redemption regarding the 2001 Lease Revenue Bond.

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 2009-10, 2010-11 and 2011-12



Expenditures

For Fiscal Year 2011-12, total General Fund expenditures were \$189.66 million, an increase of \$32.63 million or 20.8 percent compared to the previous year. Following are key points of General Fund expenditures.

- General Government expenditures were \$20.14 million, an increase of \$7.32 million or 57.1 percent from the prior fiscal year. This increase is due to additional General Fund contribution to fully fund the current year's annual required contribution for the Other Post Employment Benefit Fund, as well as additional expenses related to the Ontario International Airport transition services.
- Public Safety expenditures were \$109.85 million, an increase of \$7.19 million or 7 percent compared to the previous year. This increase is due to purchase of SWAT and HazMat vehicles, police helicopter, and renovation of Fire Station No. 5.
- Community Development expenditures of \$16.97 million were lower by \$1.59 million or 8.6 percent compared to the previous year. This is due the construction of Veteran's Memorial Park from prior year.
- Library expenditures were \$4.05 million, an increase of \$0.07 or 1.9 percent from the prior fiscal year as a result of increased retirement and health benefit costs.
- Public Works expenditures were \$14.97 million, a minor increase of \$0.43 or 2.9 percent compared to the previous fiscal year.
- Debt Service expenditures were \$23.68 million, an increase of \$19.20 million due to the bond redemption regarding the 2001 Lease Revenue Bond.

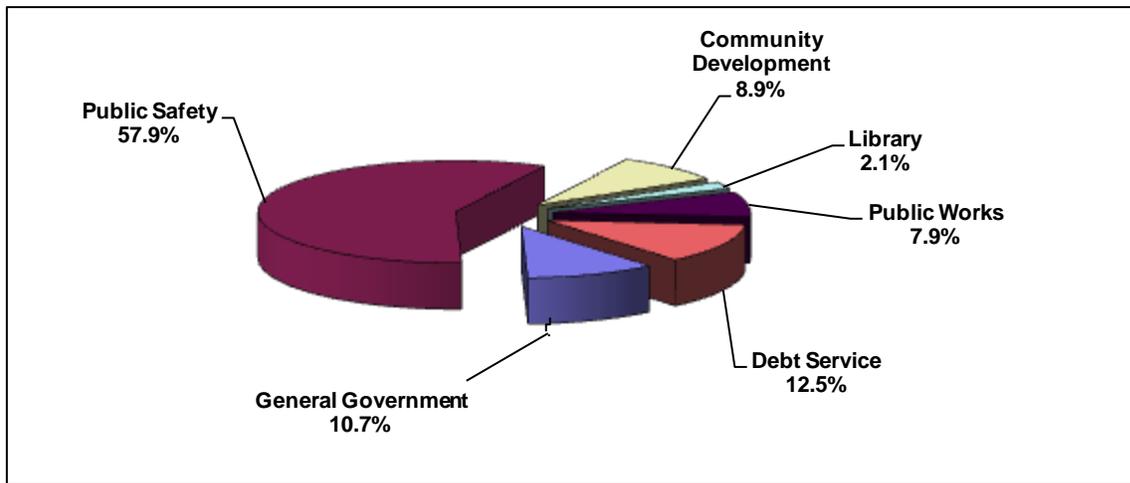
Table 6 below presents General Fund expenditures by category for the past three consecutive fiscal years.

**General Fund Expenditures (Table 6)
Fiscal Years 2009-10, 2010-11 and 2011-12**

	<u>FY 09-10</u>	<u>FY 10-11</u>	<u>FY 11-12</u>	<u>% of Total</u>	<u>\$ Increase / (Decrease) to Last Year</u>	<u>% of Increase (Decrease)</u>
General Government	\$ 9,990,282	\$ 12,812,965	\$ 20,135,192	10.7%	\$ 7,322,227	57.1%
Public Safety	100,588,380	102,656,330	109,848,832	57.9%	7,192,502	7.0%
Community Development	16,915,964	18,565,618	16,974,140	8.9%	(1,591,478)	-8.6%
Library	4,084,426	3,974,567	4,049,363	2.1%	74,796	1.9%
Public Works	14,468,632	14,548,161	14,973,234	7.9%	425,073	2.9%
Debt Service	4,479,017	4,479,576	23,683,914	12.5%	19,204,338	428.7%
Totals	<u>\$ 150,526,701</u>	<u>\$ 157,037,217</u>	<u>\$ 189,664,675</u>	<u>100.0%</u>	<u>\$ 32,627,458</u>	<u>20.8%</u>

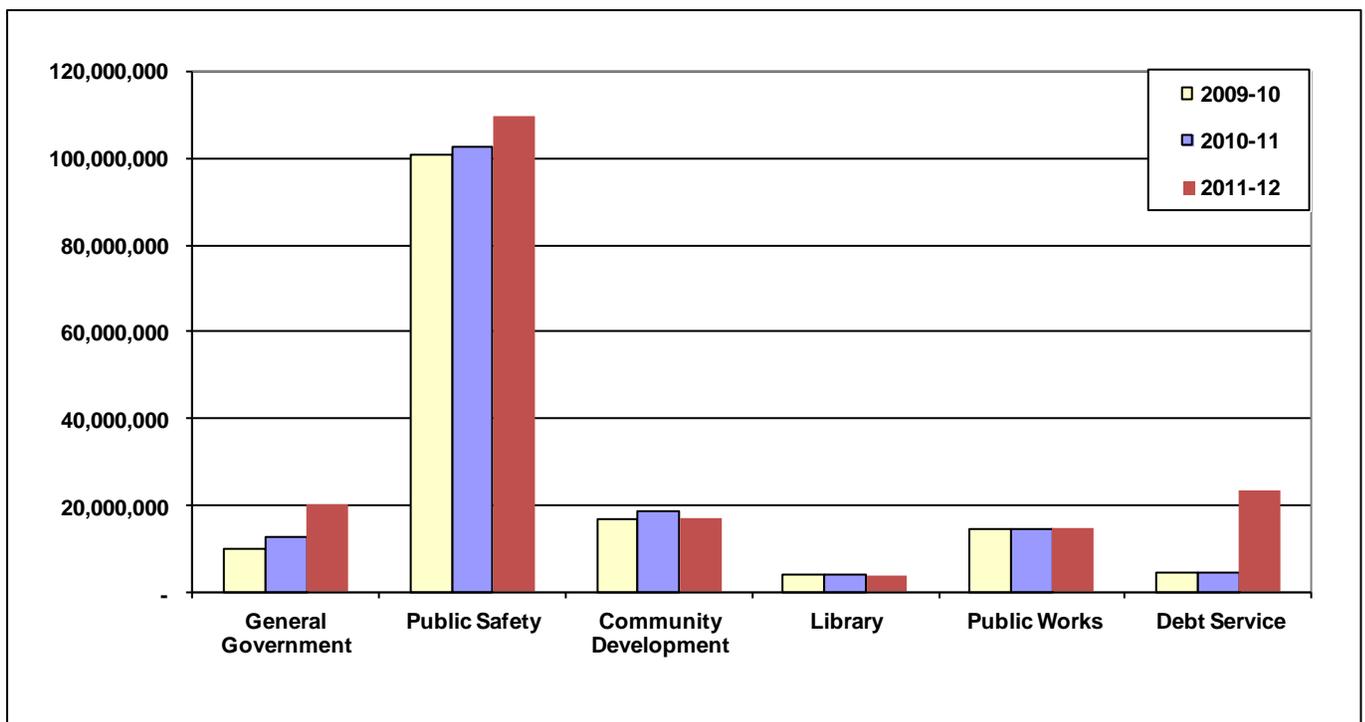
Graph 7 below presents General Fund expenditures by category.

General Fund Expenditures – Fiscal Year 2011-12 (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 2009-10, 2010-11 and 2011-12**



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, especially property acquisition, land use conversion and the noise insulation of residences. It is one of the six major funds included in the City's Comprehensive Annual Financial Report for June 30, 2012. The fund balance of \$56.92 million as of June 30, 2012 had a gain of \$2.63 million or 4.9 percent compared to the prior year. Total Assets of \$59.13 million experienced an increase of \$1.76 million or 3.1 percent due to increases in Accounts Receivables by \$1.02 million and Land Held for Resale by \$1.16 million. Total Liabilities of \$2.20 decreased by \$0.87 million, this is due to decrease in Unearned Revenue of \$1.41 million, and partially offset by an increase in Accounts Payable of \$0.53 million from prior year.

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

For Fiscal Year 2011-12, total Quiet Home Program Fund revenues were \$8.68 million, an increase of \$2.70 million. This is primarily due to the increase in Intergovernmental revenues of \$2.68 million as a result of increased grant revenue from federal sources and Los Angeles World Airports.

Expenditures

For Fiscal Year 2011-12, total Quiet Home Program Fund expenditures were \$6.04 million, an increase of \$1.75 million compared to the prior year. This is primarily the result of increased activity in noise insulation projects and property acquisition due to increased grant funding.

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 six major funds included in the City's Comprehensive Annual Financial Report for June 30, 2012. The fund balance of \$6.46 million as of June 30, 2012 had an increase of \$1.87 million or 40.7 percent compared to the prior year. Total Assets were \$16.70 million, a growth of \$0.92 million or 5.8 percent. This is primarily the result of increase in Advances to Other Funds by \$1.91 million to fund the acquisition and rehabilitation of Vesta and Hollowell properties. Total Liabilities of \$10.24 million, reflected a decrease of \$0.95 million or 8.5 percent, due to the combination of decreases in Accounts Payable of \$0.28 million, Due to Other Funds of \$0.36 million, decrease in Due to Other Governments of \$0.18 and a decrease in Accrued Liabilities of \$0.05 million.

COMMUNITY DEVELOPMENT FUND – REVENUE AND EXPENDITURE ANALYSIS

Revenues

For Fiscal Year 2011-12, total Community Development Fund revenues were \$4.48 million or \$1.18 million less compared to prior year at \$5.66 million. This is primarily due to reduction on grant funding from Community Development Block Grant and HOME Grant.

Expenditures

For Fiscal Year 2011-12, total Community Development Fund expenditures were \$2.46 million, a decrease of \$2.78 million or 48.0 percent compared to the prior year. This decrease was mainly attributable to fewer projects due to reduction in grant funding.

ONTARIO HOUSING AUTHORITY FUND – FUND BALANCE ANALYSIS

Due to the California Supreme Court decision regarding Assembly Bill 1X 26, redevelopment agencies in the State of California has been dissolved as of January 31, 2012. As a result, the Ontario Housing Authority was designated by the City to receive all housing assets of the low and moderate housing set aside function. It is one of the six major funds included in the City's Comprehensive Annual Financial Report for June 30, 2012. The fund balance of \$42.93 million compared to last fiscal year fund balance of \$9.52 million was attributed to an extraordinary gain of \$29.38 because of the transfer of net assets from the former Redevelopment Agency Low-Moderate Income Housing Fund. Total Assets were increased from \$18.50 million to \$52.67 million or 184.7 percent due to increase in Cash and Investments by \$24.36 million, increase in Contracts and Notes Receivable by \$6.72 million and increase of \$3.03 million in Land Held for Resale. Total Liabilities increased from \$8.98 million to \$9.74 million mainly due to increase in Advances from Other Funds by \$1.30 million.

ONTARIO HOUSING AUTHORITY FUND – REVENUE AND EXPENDITURE ANALYSIS**Revenues**

For Fiscal Year 2011-12, total Ontario Housing Authority Fund revenues were \$6.02 million, an increase of \$1.52 million or 33.7 percent compared to the prior year. This is attributable to an adjustment to the Housing Set Aside contribution to the Ontario Housing Authority.

Expenditures

For Fiscal Year 2011-12, total Ontario Housing Authority Fund expenditures were \$3.94 million, a slight increase of \$0.39 million or 10.8 percent compared to the prior year. This is primarily due to the acquisition of Vesta and Hollowell properties.

IMPACT FEES FUND – FUND BALANCE ANALYSIS

The Impact Fees Fund accounts for developer-paid impact fees for infrastructure construction. It is one of the six major funds included in the City's Comprehensive Annual Financial Report for June 30, 2012. The fund balance of \$44.40 million as of June 30, 2012 reflected an increase of \$1.83 million or 4.3 percent compared to the prior year. Total Assets were \$51.17 million; a gain of \$5.19 million from the previous year which is attributable to the increase in Cash and Investments of \$5.13 million. Total Liabilities of \$6.77 million increased \$3.36 million primarily due to the growth in Accounts Payable by the same amount, this due to existing project for North Milliken Avenue Grade Separation.

IMPACT FEES FUND – REVENUE AND EXPENDITURE ANALYSIS

Revenues

For Fiscal Year 2011-12, total Impact Fees Fund revenues were \$7.25 million; a growth of \$5.20 million compared to the prior year. This is mainly attributable to growth in Old Model Colony Street and Storm Drain impact fees, particularly the development related to the Kaiser Permanente Hospital.

Expenditures

For Fiscal Year 2011-12, total Impact Fees Fund expenditures were \$5.42 million, an increase of \$3.27 million or 152.0 percent over the previous year. This is primarily the result of the ongoing North Milliken Avenue Grade Separation project.

REDEVELOPMENT AREA #1 - DEBT SERVICE FUND – FUND BALANCE ANALYSIS

Due to the California Supreme Court decision regarding Assembly Bill 1X 26, redevelopment agencies in the State of California has been dissolved as of January 31, 2012. The City has elected to become the Successor Agency responsible for winding down the remaining activities of the dissolved Redevelopment Agency. As a result, assets and liabilities of the former Redevelopment Area #1 – Debt Service Fund has been transferred to the Successor Agency.

REDEVELOPMENT AREA #1 - DEBT SERVICE FUND – REVENUE AND EXPENDITURE ANALYSIS**Revenues**

For Fiscal Year 2011-12, total Redevelopment Area #1-Debt Service Fund revenues were \$18.19 million; a decline of \$13.36 million compared to the prior year since property tax revenue received were for the period of 7 months (July to January) which the Redevelopment Agency was still active.

Expenditures

For Fiscal Year 2011-12, total Redevelopment Area #1-Debt Service Fund expenditures for its last seven months of existence were \$28.25 million compared to \$23.84 million, an increase of \$4.41 million from the previous year. This is primarily due to the bond redemption relating to the 2001 Lease Revenue Bond.

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 \$6.78 million between the original budget of \$157.46 million and the final amended budget of \$164.24 million. The increase was due in part to budget adjustments for Intergovernmental (\$5.87 million), Taxes (\$2.50 million), and Charges for Services (\$2.77 million). With these adjustments, along with additional collections in Taxes (\$8.82 million), and Use of Money and property (\$13.68 million), actual revenues overstated the final amended budget by \$39.16 million.

Charges to Appropriations (Outflows)

The difference between the original budget and the final budget was an increase of \$8.82 million in appropriations. Public Safety appropriations were increased by \$8.97 million primarily as a result of anticipated grant related expenditures for the purchase of SWAT and HazMat vehicle, police helicopter, and renovation of Fire Station No. 5. Community Development appropriations were increased by \$1.03 million primarily for carryover of appropriations from the prior year and contractual services related to the development related projects.

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

Budgetary Comparison for General Fund (Table 7)
Fiscal Year 2011-12
(in millions)

	Budget Amounts			Actuals	Final Budget Variance Favorable / (Unfavorable)
	Original	Final	Variance		
Resources (Inflows):					
Taxes	\$ 108.70	\$ 111.20	\$ (2.50)	\$ 120.02	\$ 8.82
Licenses and Permits	1.06	1.31	(0.25)	1.64	0.33
Intergovernmental	2.91	8.78	(5.87)	5.63	(3.15)
Charges for Services	3.98	6.74	(2.77)	8.47	1.73
Use of Money and Property	3.81	1.36	2.45	15.05	13.68
Fines and Forfeitures	0.91	1.11	(0.20)	1.20	0.09
Miscellaneous	7.72	7.74	(0.02)	28.96	21.22
Transfers from Other Funds	28.37	25.99	2.38	22.44	(3.55)
Total Resources	\$ 157.46	\$ 164.24	\$ (6.78)	\$ 203.41	\$ 39.16
Charges to Appropriations (Outflows):					
General Government	\$ 11.74	\$ 12.36	\$ (0.62)	\$ 20.14	\$ (7.78)
Public Safety	103.07	112.04	(8.97)	109.85	2.19
Community Development	17.73	18.76	(1.03)	16.97	1.78
Library	4.26	4.28	(0.01)	4.05	0.23
Public Works	16.74	16.92	(0.18)	14.97	1.95
Debt Service	4.47	4.47	-	23.68	(19.22)
Transfers to Other Funds	6.23	4.25	1.98	2.73	1.52
Total Charges to Appropriations	\$ 164.25	\$ 173.07	\$ (8.82)	\$ 192.39	\$ (19.32)

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, 2012, is \$1,048.99 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	
	2012	2011	2012	2011	2012	2011
Land	\$ 42.88	\$ 40.05	\$ 14.59	\$ 14.59	\$ 57.47	\$ 54.64
Structures and Improvements	281.70	279.04	7.50	7.80	289.20	286.83
Furniture and Equipment	5.92	5.49	0.13	0.22	6.05	5.71
Infrastructure	478.64	481.68	141.94	126.05	620.58	607.73
Construction in Progress	54.24	51.95	21.47	34.72	75.70	86.67
Total Net Assets	\$ 863.37	\$ 858.21	\$ 185.62	\$ 183.37	\$ 1,048.99	\$ 1,041.58

Additional detail information is provided on Capital Assets in the *Notes to Financial Statements, Note 5*.

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 \$9.18 million on street maintenance for the fiscal year ended June 30, 2012 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 2012 is a minimum of \$5.90 million per year. As of June 30, 2012, the City had approximately 114 million square feet of streets with a carrying amount of approximately \$297.02 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 \$5.27 million on other infrastructure (sidewalks, traffic signals/street lights and catch basins/storm drains) maintenance for the fiscal year ended June 30, 2012. These expenditures delayed deterioration and improved the overall condition through these maintenance efforts. It is estimated that it will cost approximately \$5.85 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 \$108.00 million in outstanding long-term debt for Governmental Activities. This debt consisted of revenue bonds, post employment benefits obligation, compensated absences, claims and judgments, and unamortized bond premiums. Long-term debt decreased \$92.25 million compared to the prior year total of \$200.25 million, due to the transfer of 1993 and 1994 Tax Allocation Bonds, 2002 Revenue Bonds and Fannie Mae Loan from the Redevelopment Agency Fund (Governmental Fund) to the Successor Agency Trust Fund (Fiduciary Fund) as a result of the dissolution of the Redevelopment Agency. More detail information is provided on long-term debt activity in the *Notes to the Financial Statements, Note 7*.

Table 9 below is a summary of the City's long-term debt for the year ended June 30, 2012.

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

	Governmental Activities			
	2012	2011	Amount Increase / (Decrease)	Percentage Increase (Decrease)
Tax Allocation Bonds	\$ -	\$ 48.97	\$ (48.97)	-100.0%
Revenue Bonds	41.29	82.16	(40.88)	-49.8%
Loans	-	12.45	(12.45)	-100.0%
Other Post Employment Benefits	40.66	29.67	10.99	37.1%
Claims and Judgments	15.72	15.72	-	0.0%
Compensated Absences	9.89	9.74	0.15	1.5%
Unamortized Bond Premium	0.45	1.55	(1.10)	-71.0%
	<u>\$ 108.00</u>	<u>\$ 200.25</u>	<u>\$ (92.25)</u>	<u>-46.1%</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.

Basic Financial Statements

CITY OF ONTARIO

STATEMENT OF NET ASSETS
JUNE 30, 2012

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets:			
Cash and investments	\$ 309,563,293	\$ 149,990,513	\$ 459,553,806
Receivables:			
Accounts	30,714,645	12,340,273	43,054,918
Taxes	341,350	-	341,350
Notes and loans	18,607,994	-	18,607,994
Accrued interest	785,615	363,236	1,148,851
Internal balances	(18,178,648)	18,178,648	-
Prepaid costs	134,690	7,485	142,175
Deposits	173,674	-	173,674
Inventories	627,045	19,101,841	19,728,886
Deferred charges	1,170,994	551,194	1,722,188
Advances to Successor Agency	3,500,000	-	3,500,000
Land held for resale	92,202,800	-	92,202,800
Other investments	-	201,750	201,750
Investment in joint venture	-	32,190,026	32,190,026
Restricted assets:			
Cash and investments	6,023,352	2,171,699	8,195,051
Cash with fiscal agent	4,995,081	4,267,828	9,262,909
Capital assets not being depreciated	394,129,662	36,055,520	430,185,182
Capital assets, net of depreciation	469,238,234	149,567,155	618,805,389
Total Assets	1,314,029,781	424,987,168	1,739,016,949
Liabilities:			
Accounts payable	11,419,940	5,375,892	16,795,832
Accrued liabilities	8,113,619	534,789	8,648,408
Accrued interest	806,888	-	806,888
Unearned revenue	1,922,283	136,403	2,058,686
Deposits payable	12,793,666	4,296,573	17,090,239
Due to other governments	3,605,265	-	3,605,265
Advances from Successor Agency	1,600,000	-	1,600,000
Noncurrent liabilities:			
Due within one year	3,934,000	1,226,000	5,160,000
Due in more than one year	104,066,365	45,398,307	149,464,672
Total Liabilities	148,262,026	56,967,964	205,229,990
Net Assets:			
Invested in capital assets, net of related debt	821,632,336	140,007,920	961,640,256
Restricted for:			
Community development projects	66,033,149	-	66,033,149
Public safety	48,017,073	-	48,017,073
Public works	68,983,878	-	68,983,878
Capital projects	33,236,666	-	33,236,666
Debt service	-	4,267,828	4,267,828
Unrestricted	127,864,653	223,743,456	351,608,109
Total Net Assets	\$ 1,165,767,755	\$ 368,019,204	\$ 1,533,786,959

CITY OF ONTARIO

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2012

	Program Revenues			
	Expenses	Charges for Services	Operating Contributions and Grants	
Functions/Programs				
Primary Government:				
Governmental Activities:				
General government	\$ 64,330,936	\$ 294,873	\$ 6,515,656	\$ -
Public safety	107,848,353	4,077,684	4,010,134	23,661,067
Community development	47,088,876	16,231,379	4,635,838	22,757,318
Library	3,764,564	143,055	76,636	-
Public works	21,371,492	47,931	73,272	662,100
Interest on long-term debt	13,740,250	-	-	-
Total Governmental Activities	258,144,471	20,794,922	15,311,536	47,080,485
Business-Type Activities:				
Water	28,986,963	51,434,727	-	-
Sewer	11,766,599	20,410,854	-	-
Solid Waste	21,309,485	29,825,989	290,724	-
Total Business-Type Activities	62,063,047	101,671,570	290,724	-
Total Primary Government	\$ 320,207,518	\$ 122,466,492	\$ 15,602,260	\$ 47,080,485

General Revenues:

Taxes:

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

Motor vehicle in lieu - unrestricted
 Use of money and property
 Other

**Extraordinary gain on dissolution
of redevelopment agency (Note 18)**

Transfers

**Total General Revenues, Extraordinary Items
and Transfers**

Change in Net Assets

Net Assets at Beginning of Year

Net Assets at End of Year

Net (Expenses) Revenues and Changes in Net Assets

Primary Government

Governmental Activities	Business-Type Activities	Total
\$ (57,520,407)	\$ -	\$ (57,520,407)
(76,099,468)	-	(76,099,468)
(3,464,341)	-	(3,464,341)
(3,544,873)	-	(3,544,873)
(20,588,189)	-	(20,588,189)
(13,740,250)	-	(13,740,250)
(174,957,528)	-	(174,957,528)
-	22,447,764	22,447,764
-	8,644,255	8,644,255
-	8,807,228	8,807,228
-	39,899,247	39,899,247
(174,957,528)	39,899,247	(135,058,281)
66,733,840	-	66,733,840
9,148,976	-	9,148,976
61,362,958	-	61,362,958
2,897,780	-	2,897,780
5,610,738	-	5,610,738
4,566,791	-	4,566,791
89,471	-	89,471
10,082,524	3,474,268	13,556,792
6,407,829	7,791	6,415,620
72,762,201	-	72,762,201
18,081,326	(18,081,326)	-
257,744,434	(14,599,267)	243,145,167
82,786,906	25,299,980	108,086,886
1,082,980,849	342,719,224	1,425,700,073
\$ 1,165,767,755	\$ 368,019,204	\$ 1,533,786,959

CITY OF ONTARIO

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012

	Special Revenue Funds			
	General	Quiet Home Program	Community Development	Ontario Housing Authority
Assets:				
Cash and investments	\$ 103,426,746	\$ 2,136,416	\$ -	\$ 24,546,153
Receivables:				
Accounts	24,935,205	1,842,633	1,993,238	971
Accrued interest	387,672	-	-	55,149
Taxes	327,134	-	-	-
Contracts and notes	12,279	-	8,527,170	10,068,545
Prepaid costs	88,410	-	-	1,696
Deposits with others	-	-	5,000	-
Due from other funds	3,214,867	-	-	-
Inventories	129,656	-	-	-
Advances to other funds	-	-	6,122,938	-
Advances to Successor Agency	3,500,000	-	-	-
Land held for resale	-	55,146,898	51,050	18,000,551
Restricted assets:				
Cash and investments	-	-	-	-
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 136,021,969	\$ 59,125,947	\$ 16,699,396	\$ 52,673,065
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 2,872,633	\$ 1,015,661	\$ 40,502	\$ 61,312
Accrued liabilities	6,604,724	19,826	3,459	36,337
Deferred revenues	9,402,346	-	4,921,904	3,270,729
Unearned revenues	506,529	1,165,754	-	250,000
Deposits payable	12,461,206	-	-	2,895
Due to other governments	-	-	3,605,265	-
Due to other funds	-	-	1,665,180	-
Advances from other funds	-	-	-	6,122,938
Advances from Successor Agency	-	-	-	-
Total Liabilities	31,847,438	2,201,241	10,236,310	9,744,211
Fund Balances:				
Nonspendable	3,730,345	55,146,898	6,178,988	24,855,725
Restricted	403,914	1,777,808	284,098	18,073,129
Committed	41,613,880	-	-	-
Assigned	58,426,392	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	104,174,531	56,924,706	6,463,086	42,928,854
Total Liabilities and Fund Balances	\$ 136,021,969	\$ 59,125,947	\$ 16,699,396	\$ 52,673,065

CITY OF ONTARIO

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012

	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>Impact Fees</u>	<u>Redevelopment Area #1</u>		
Assets:				
Cash and investments	\$ 50,338,129	\$ -	\$ 40,916,484	\$ 221,363,928
Receivables:				
Accounts	-	-	1,863,595	30,635,642
Accrued interest	112,471	-	79,457	634,749
Taxes	-	-	14,216	341,350
Contracts and notes	-	-	-	18,607,994
Prepaid costs	-	-	7,257	97,363
Deposits with others	-	-	168,674	173,674
Due from other funds	-	-	-	3,214,867
Inventories	-	-	-	129,656
Advances to other funds	-	-	-	6,122,938
Advances to Successor Agency	-	-	-	3,500,000
Land held for resale	-	-	19,004,301	92,202,800
Restricted assets:				
Cash and investments	723,670	-	5,299,682	6,023,352
Cash and investments with fiscal agents	-	-	4,995,081	4,995,081
Total Assets	<u>\$ 51,174,270</u>	<u>\$ -</u>	<u>\$ 72,348,747</u>	<u>\$ 388,043,394</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 3,697,004	\$ -	\$ 3,001,719	\$ 10,688,831
Accrued liabilities	-	-	1,225,218	7,889,564
Deferred revenues	-	-	166,258	17,761,237
Unearned revenues	-	-	-	1,922,283
Deposits payable	-	-	329,565	12,793,666
Due to other governments	-	-	-	3,605,265
Due to other funds	302,792	-	1,246,895	3,214,867
Advances from other funds	2,770,000	-	-	8,892,938
Advances from Successor Agency	-	-	1,600,000	1,600,000
Total Liabilities	<u>6,769,796</u>	<u>-</u>	<u>7,569,655</u>	<u>68,368,651</u>
Fund Balances:				
Nonspendable	-	-	19,180,232	109,092,188
Restricted	-	-	33,052,866	53,591,815
Committed	44,404,474	-	9,881,988	95,900,342
Assigned	-	-	2,664,225	61,090,617
Unassigned	-	-	(219)	(219)
Total Fund Balances	<u>44,404,474</u>	<u>-</u>	<u>64,779,092</u>	<u>319,674,743</u>
Total Liabilities and Fund Balances	<u>\$ 51,174,270</u>	<u>\$ -</u>	<u>\$ 72,348,747</u>	<u>\$ 388,043,394</u>

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CITY OF ONTARIO

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2012**

Fund balances of governmental funds \$ 319,674,743

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets net of depreciation have not been included as financial resources in governmental fund activity

Capital assets	\$ 969,706,552	
Accumulated depreciation	<u>(123,046,101)</u>	846,660,451

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

Lease Revenue bonds	(41,285,000)
Bond premium to be amortized	(450,560)
Compensated absences	(9,436,135)

Bond issuance cost is an expenditure in the governmental funds, but it is a deferred charge in the statement of net assets 1,170,994

Governmental funds report all OPEB contributions as expenditures, however in the Statement of Net Assets any excesses or deficiencies in contributions in relation to the Annual Required Contribution (ARC) are recorded as a asset or liability. (40,661,480)

Accrued interest payable for the current portion of interest due on Bonds has not been reported in the governmental funds (806,888)

Revenues reported as deferred revenue in the governmental funds and recognized in the Statement of Activities. These are included in the intergovernmental revenues in the governmental fund activity. 17,761,237

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 assets. 73,140,393

Net assets of governmental activities \$ 1,165,767,755

CITY OF ONTARIO

**STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2012**

	Special Revenue Funds			
	General	Quiet Home Program	Community Development	Ontario Housing Authority
Revenues:				
Taxes	\$ 120,015,168	\$ -	\$ -	\$ -
Licenses and permits	1,639,061	-	-	-
Intergovernmental	5,633,006	8,661,688	4,091,987	5,431,753
Charges for services	8,471,447	-	-	-
Use of money and property	15,045,740	13,928	391,782	539,949
Fines and forfeitures	1,198,816	-	-	-
Miscellaneous	28,960,198	-	-	44,954
Total Revenues	180,963,436	8,675,616	4,483,769	6,016,656
Expenditures:				
Current:				
General government	20,135,192	-	-	-
Public safety	109,848,832	-	223,982	-
Community development	16,974,140	6,041,146	2,054,229	3,906,248
Library	4,049,363	-	-	-
Public works	14,973,234	-	183,614	-
Debt service:				
Principal retirement	20,710,000	-	-	-
Interest and fiscal charges	2,973,914	-	-	33,478
Pass-through agreement payments	-	-	-	-
Total Expenditures	189,664,675	6,041,146	2,461,825	3,939,726
Excess (Deficiency) of Revenues Over (Under) Expenditures	(8,701,239)	2,634,470	2,021,944	2,076,930
Other Financing Sources (Uses):				
Transfers out	(2,726,634)	-	(153,451)	(435,815)
Transfers in	22,444,200	-	-	2,386,489
Total Other Financing Sources (Uses)	19,717,566	-	(153,451)	1,950,674
Extraordinary gain/(loss) on dissolution of redevelopment agency (Note 18)	-	-	-	29,377,711
Net Change in Fund Balances	\$ 11,016,327	\$ 2,634,470	\$ 1,868,493	\$ 33,405,315
Fund Balances:				
Beginning of year, as previously reported	\$ 90,602,779	\$ 54,290,236	\$ 4,594,593	\$ 9,523,539
Restatements	2,555,425	-	-	-
Beginning of year, as restated	93,158,204	54,290,236	4,594,593	9,523,539
Net Change in Fund Balances	11,016,327	2,634,470	1,868,493	33,405,315
End of year	\$ 104,174,531	\$ 56,924,706	\$ 6,463,086	\$ 42,928,854

CITY OF ONTARIO

**STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2012**

	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>Impact Fees</u>	<u>Redevelopment Area #1</u>		
Revenues:				
Taxes	\$ -	\$ 18,491,085	\$ 11,538,551	\$ 150,044,804
Licenses and permits	-	-	-	1,639,061
Intergovernmental	-	-	13,907,489	37,725,923
Charges for services	6,634,941	-	2,590,649	17,697,037
Use of money and property	616,210	(302,724)	1,402,810	17,707,695
Fines and forfeitures	-	-	3,900	1,202,716
Miscellaneous	-	-	1,076,698	30,081,850
Total Revenues	7,251,151	18,188,361	30,520,097	256,099,086
Expenditures:				
Current:				
General government	-	17,006,845	14,282,165	51,424,202
Public safety	-	-	886,148	110,958,962
Community development	935,139	-	23,592,260	53,503,162
Library	-	-	-	4,049,363
Public works	4,485,323	-	1,000,377	20,642,548
Debt service:				
Principal retirement	-	3,504,400	1,040,623	25,255,023
Interest and fiscal charges	-	5,862,300	7,448,859	16,318,551
Pass-through agreement payments	-	1,879,651	754,506	2,634,157
Total Expenditures	5,420,462	28,253,196	49,004,938	284,785,968
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,830,689	(10,064,835)	(18,484,841)	(28,686,882)
Other Financing Sources (Uses):				
Transfers out	-	(11,953,804)	(34,392,146)	(49,661,850)
Transfers in	-	4,430,814	39,231,673	68,493,176
Total Other Financing Sources (Uses)	-	(7,522,990)	4,839,527	18,831,326
Extraordinary gain/(loss) on dissolution of redevelopment agency (Note 18)	-	9,695,931	(44,299,501)	(5,225,859)
Net Change in Fund Balances	\$ 1,830,689	\$ (7,891,894)	\$ (57,944,815)	\$ (15,081,415)
Fund Balances:				
Beginning of year, as previously reported	\$ 42,573,785	\$ 7,891,894	\$ 125,279,332	\$ 334,756,158
Restatements	-	-	(2,555,425)	-
Beginning of year, as restated	42,573,785	7,891,894	122,723,907	334,756,158
Net Change in Fund Balances	1,830,689	(7,891,894)	(57,944,815)	(15,081,415)
End of year	\$ 44,404,474	\$ -	\$ 64,779,092	\$ 319,674,743

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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, 2012**

Net change in fund balances - total governmental funds \$ (15,081,415)

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	\$ 20,629,670	
Depreciation	<u>(15,015,249)</u>	5,614,421

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 assets. 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 assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and deferral on loss of refunding when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Long-term debt repayments:		
Tax allocation bonds	4,149,400	
Lease Revenue bonds	20,710,000	
Loans payable	395,623	
Increased in accreted interest on capital appreciation bonds	(857,277)	
Bond premium amortization	<u>256,487</u>	24,654,233

Debt issuance costs are expenditures in governmental funds, but these costs are capitalized on the statement of net assets (90,699)

Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period. 3,269,790

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 (144,878)

Governmental funds report all contributions in relation to the annual required contribution (ARC) for Other Post Employment Benefits (OPEB) as expenditures, however, in the Statement of Activities only the ARC is an expense. (10,992,668)

Revenues reported as deferred revenue in the governmental funds and recognized in the Statement of Activities. These are included in the intergovernmental revenues in the governmental fund activity. (6,845,831)

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. 4,415,893

Extraordinary gains and losses relating to capital assets and long term liabilities transferred to the Successor Agency are reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported in the governmental funds.

Long-term liabilities	78,735,677	
Unamortized bond issuance costs	<u>(747,617)</u>	<u>77,988,060</u>

Change in net assets of governmental activities \$ 82,786,906

CITY OF ONTARIO

**BUDGETARY COMPARISON STATEMENT
 GENERAL FUND
 YEAR ENDED JUNE 30, 2012**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1, as restated	\$ 93,158,204	\$ 93,158,204	\$ 93,158,204	\$ -
Resources (Inflows):				
Taxes	108,700,000	111,200,000	120,015,168	8,815,168
Licenses and permits	1,063,000	1,313,000	1,639,061	326,061
Intergovernmental	2,910,546	8,783,126	5,633,006	(3,150,120)
Charges for services	3,979,124	6,744,124	8,471,447	1,727,323
Use of money and property	3,811,570	1,361,570	15,045,740	13,684,170
Fines and forfeitures	911,000	1,111,000	1,198,816	87,816
Miscellaneous	7,717,570	7,741,505	28,960,198	21,218,693
Transfers in	28,371,925	25,989,288	22,444,200	(3,545,088)
Amounts Available for Appropriation	250,622,939	257,401,817	296,565,840	39,164,023
Charges to Appropriation (Outflow):				
General government				
City council	320,162	320,162	290,766	29,396
Planning commissioners	30,905	30,905	22,032	8,873
City treasurer/city clerk	88,788	88,788	74,679	14,109
Records management	770,557	770,557	733,465	37,092
City attorney	389,900	595,487	577,716	17,771
City manager	483,430	483,430	481,626	1,804
General government	1,070,142	1,472,733	9,749,525	(8,276,792)
AS administration	480,242	484,387	449,400	34,987
Fiscal services	1,483,702	1,481,871	1,434,368	47,503
Management services	1,280,102	1,280,102	1,527,471	(247,369)
Billing and collection	2,902,118	2,907,785	2,720,306	187,479
Business license	297,052	297,052	291,115	5,937
Central services	307,806	307,806	264,469	43,337
Employee select. and compliance	1,291,630	1,291,630	1,150,659	140,971
Benefits administration	283,161	283,161	265,669	17,492
City administration	220,329	220,329	230,025	(9,696)
RDA administration & economic development	43,775	43,775	(128,099)	171,874
Public safety				
Police administration	1,068,201	1,068,447	729,923	338,524
Command management	347,813	347,813	351,580	(3,767)
Traffic support services	3,476,422	3,476,422	3,513,528	(37,106)
COPS/Multi enforcement team	4,544,022	4,544,022	4,481,360	62,662
Storefront - Ontario Mills	2,346,345	2,346,345	2,371,295	(24,950)
Patrol	24,350,700	24,232,545	24,699,253	(466,708)
Extra duty - other	368,000	368,000	464,837	(96,837)
Special Operations Bureau Management	300,072	300,072	310,119	(10,047)
Canine	937,427	938,427	1,029,722	(91,295)
Air support	2,503,643	6,045,496	5,887,522	157,974
Crime analysis	292,068	292,068	282,913	9,155
Personnel recruitment	472,920	472,920	496,203	(23,283)
Record processing	1,417,396	1,417,396	1,244,683	172,713
Communications	5,592,855	5,595,979	4,858,082	737,897
Crime prevention	419,487	419,487	340,023	79,464
Personnel training	1,078,783	1,078,783	982,681	96,102
Police investigation management	296,328	296,328	310,377	(14,049)
Detective division	6,578,469	6,578,469	6,834,236	(255,767)
Narcotics	4,048,739	4,048,739	4,299,626	(250,887)
ID/evidence	1,572,920	1,572,920	1,529,214	43,706

CITY OF ONTARIO

**BUDGETARY COMPARISON STATEMENT
 GENERAL FUND
 YEAR ENDED JUNE 30, 2012**

(Continued)

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Public safety (continued)				
Fire administration	612,904	617,404	683,132	(65,728)
Fire prevention bureau	2,121,408	2,146,408	1,949,915	196,493
Emergency services	29,242,840	29,242,840	29,809,112	(566,272)
Personnel training and development	764,033	772,333	778,510	(6,177)
E.M.S technical services	1,053,411	1,053,411	970,474	82,937
Disaster management	250,818	250,818	240,527	10,291
Operations support services	1,752,015	1,752,015	1,595,133	156,882
Code enforcement	2,265,270	2,143,811	2,705,462	(561,651)
SWAT	297,678	307,766	292,748	15,018
Office of the police chief	1,589,499	1,589,499	1,703,705	(114,206)
Police projects	918,408	4,154,326	2,376,428	1,777,898
Fire projects	185,794	2,565,520	1,726,509	839,011
Community development				
Community and public services admin.	737,824	747,299	744,353	2,946
Sports/fitness	415,928	417,001	401,756	15,245
Special events/facility rental	316,952	354,061	255,286	98,775
Community programs	1,269,860	1,292,849	1,295,230	(2,381)
Development administration	797,170	754,170	740,164	14,006
Planning administration	486,320	486,320	463,954	22,366
Planning - current	1,419,405	1,802,380	1,655,633	146,747
Advance long range planning	789,237	926,364	738,625	187,739
Building administration	360,712	360,712	351,130	9,582
Building inspection	1,867,363	1,867,363	1,746,408	120,955
Engineering administration	253,307	253,307	234,233	19,074
Land development	1,506,394	1,716,485	1,498,756	217,729
Traffic signal/street lighting	1,868,745	1,872,013	1,653,306	218,707
Traffic management	120,978	121,609	111,295	10,314
Field services	201,795	203,967	192,067	11,900
Museum	449,703	463,803	435,298	28,505
Community outreach	1,813,926	1,843,926	1,749,727	94,199
Public facilities	151,204	-	-	-
Senior services	442,110	456,610	434,657	21,953
Youth/teen services	761,441	780,976	734,582	46,394
Museum projects	95,668	128,066	46,345	81,721
CIP design administration	20,555	20,555	508	20,047
Planning projects	943,670	1,241,944	883,756	358,188
Temp Homeless Services	-	-	20,274	(20,274)
Municipal Utility projects	-	1,211	1,211	-
Community & public services projects	500	3,155	-	3,155
Traffic	640,818	640,818	585,586	55,232
Library				
Library administration	645,726	645,726	573,467	72,259
Library support services	490,435	490,435	480,390	10,045
Main library	2,536,052	2,519,758	2,418,683	101,075
Branch library	534,383	520,835	504,432	16,403
Library projects	57,133	99,252	72,391	26,861
Public works				
Municipal utilities admin.	361,454	361,454	328,473	32,981
Roadway maintenance	1,461,114	1,461,114	965,490	495,624
Paint and striping	400,846	400,846	359,029	41,817
Sidewalk	1,393,161	1,393,161	1,284,205	108,956

CITY OF ONTARIO

**BUDGETARY COMPARISON STATEMENT
 GENERAL FUND
 YEAR ENDED JUNE 30, 2012**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Public works (continued)				
Street lighting maintenance	437,070	439,487	423,418	16,069
Sign repair and construction	356,949	356,949	329,253	27,696
Parks and maintenance supervision	693,843	708,644	683,307	25,337
Park maintenance	3,055,102	3,069,620	2,756,738	312,882
Parkway tree trimming	856,450	963,853	964,860	(1,007)
Public ground maintenance	2,398,947	2,330,147	2,027,462	302,685
Civic center ground maintenance	110,387	142,387	86,157	56,230
Civic center building maintenance	1,739,338	1,739,338	1,521,295	218,043
Public works building maintenance	543,600	543,600	535,831	7,769
Park building maintenance	965,074	965,074	891,046	74,028
Police facility building maintenance	982,831	982,831	842,257	140,574
Community events	38,646	38,646	21,024	17,622
Graffiti	446,453	446,453	436,945	9,508
Facility maintenance	499,100	577,845	516,444	61,401
Debt service:				
Principal retirement	1,495,000	1,495,000	20,710,000	(19,215,000)
Interest and fiscal charges	2,973,914	2,973,914	2,973,914	-
Transfers out	6,231,482	4,248,521	2,726,634	1,521,887
Total Charges to Appropriations	164,246,564	173,068,643	192,391,309	(19,322,666)
Budgetary Fund Balance, June 30	\$ 86,376,375	\$ 84,333,174	\$ 104,174,531	\$ 19,841,357

CITY OF ONTARIO

**BUDGETARY COMPARISON STATEMENT
QUIET HOME PROGRAM
YEAR ENDED JUNE 30, 2012**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 54,290,236	\$ 54,290,236	\$ 54,290,236	\$ -
Resources (Inflows):				
Intergovernmental	13,175,000	20,618,980	8,661,688	(11,957,292)
Use of money and property	6,000	6,000	13,928	7,928
Amounts Available for Appropriation	67,471,236	74,915,216	62,965,852	(11,949,364)
Charges to Appropriation (Outflow):				
Community development	13,181,000	20,624,980	6,041,146	14,583,834
Total Charges to Appropriation	13,181,000	20,624,980	6,041,146	14,583,834
Budgetary Fund Balance, June 30	\$ 54,290,236	\$ 54,290,236	\$ 56,924,706	\$ 2,634,470

CITY OF ONTARIO

**BUDGETARY COMPARISON STATEMENT
COMMUNITY DEVELOPMENT
YEAR ENDED JUNE 30, 2012**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 4,594,593	\$ 4,594,593	\$ 4,594,593	\$ -
Resources (Inflows):				
Intergovernmental	6,454,435	6,919,762	4,091,987	(2,827,775)
Use of money and property	-	-	391,782	391,782
Amounts Available for Appropriation	11,049,028	11,514,355	9,078,362	(2,435,993)
Charges to Appropriation (Outflow):				
Public safety	223,982	223,982	223,982	-
Community development	6,077,002	6,358,629	2,054,229	4,304,400
Public works	-	183,700	183,614	86
Transfers out	153,451	153,451	153,451	-
Total Charges to Appropriation	6,454,435	6,919,762	2,615,276	4,304,486
Budgetary Fund Balance, June 30	\$ 4,594,593	\$ 4,594,593	\$ 6,463,086	\$ 1,868,493

CITY OF ONTARIO

**BUDGETARY COMPARISON STATEMENT
 ONTARIO HOUSING AUTHORITY
 YEAR ENDED JUNE 30, 2012**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 9,523,539	\$ 9,523,539	\$ 9,523,539	\$ -
Resources (Inflows):				
Intergovernmental	23,663,188	23,302,125	5,431,753	(17,870,372)
Use of money and property	-	-	539,949	539,949
Contributions	-	764,167	-	(764,167)
Miscellaneous	-	-	44,954	44,954
Other debts issued	1,482,313	586,439	-	(586,439)
Transfers in	-	-	2,386,489	2,386,489
Extraordinary gain on dissolution of redevelopment agency	-	-	29,377,711	(29,377,711)
Amounts Available for Appropriation	34,669,040	34,176,270	47,304,395	(45,627,297)
Charges to Appropriation (Outflow):				
Community development	25,112,001	24,619,231	3,906,248	20,712,983
Debt service:				
Interest and fiscal charges	33,500	33,500	33,478	22
Transfers out	-	-	435,815	(435,815)
Total Charges to Appropriation	25,145,501	24,652,731	4,375,541	20,277,190
Budgetary Fund Balance, June 30	\$ 9,523,539	\$ 9,523,539	\$ 42,928,854	\$ (25,350,107)

CITY OF ONTARIO

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2012

	Business-Type Activities - Enterprise Funds				Governmental Activities- Internal Service Funds
	Water	Sewer	Solid Waste	Total	
Assets:					
Current:					
Cash and investments	\$ 79,352,887	\$ 33,094,077	\$ 37,543,549	\$ 149,990,513	\$ 88,199,365
Receivables:					
Accounts	7,257,659	2,026,740	3,055,874	12,340,273	79,003
Accrued interest	193,596	81,639	88,001	363,236	150,866
Prepaid costs	4,794	538	2,153	7,485	37,327
Inventories	18,975,834	126,007	-	19,101,841	497,389
Restricted:					
Cash and investments	2,002,469	169,230	-	2,171,699	-
Cash with fiscal agent	4,267,828	-	-	4,267,828	-
Total Current Assets	112,055,067	35,498,231	40,689,577	188,242,875	88,963,950
Noncurrent:					
Advances to other funds	-	-	2,770,000	2,770,000	-
Deferred Charges	551,194	-	-	551,194	-
Investment in joint venture	32,190,026	-	-	32,190,026	-
Other investments	201,750	-	-	201,750	-
Capital assets - net of accumulated depreciation	143,892,400	36,333,812	5,396,463	185,622,675	16,707,445
Total Noncurrent Assets	176,835,370	36,333,812	8,166,463	221,335,645	16,707,445
Total Assets	\$288,890,437	\$ 71,832,043	\$ 48,856,040	\$ 409,578,520	\$ 105,671,395
Liabilities and Net Assets:					
Liabilities:					
Current:					
Accounts payable	\$ 2,580,148	\$ 1,563,133	\$ 1,232,611	\$ 5,375,892	\$ 731,109
Accrued liabilities	187,834	80,854	266,101	534,789	224,055
Unearned revenues	-	-	136,403	136,403	-
Deposits payable	3,386,247	-	910,326	4,296,573	-
Accrued compensated absences	32,000	15,000	34,000	81,000	36,000
Accrued claims and judgments	-	-	-	-	2,512,000
Bonds, notes, and capital leases	1,145,000	-	-	1,145,000	-
Total Current Liabilities	7,331,229	1,658,987	2,579,441	11,569,657	3,503,164
Noncurrent:					
Accrued compensated absences	365,119	170,402	393,031	928,552	414,190
Accrued claims and judgments	-	-	-	-	13,205,000
Bonds, notes, and capital leases	44,469,755	-	-	44,469,755	-
Total Noncurrent Liabilities	44,834,874	170,402	393,031	45,398,307	13,619,190
Total Liabilities	52,166,103	1,829,389	2,972,472	56,967,964	17,122,354
Net Assets:					
Invested in capital assets	-	36,333,812	5,396,463	41,730,275	16,707,445
Invested in capital assets, net of related debt	98,277,645	-	-	98,277,645	-
Restricted for debt service	4,267,828	-	-	4,267,828	-
Unrestricted	134,178,861	33,668,842	40,487,105	208,334,808	71,841,596
Total Net Assets	236,724,334	70,002,654	45,883,568	352,610,556	88,549,041
Total Liabilities and Net Assets	\$288,890,437	\$ 71,832,043	\$ 48,856,040	\$ 409,578,520	\$ 105,671,395
Reconciliation of Net Assets to the Statement of Net Assets					
Net Assets per Statement of Net Assets - Proprietary Funds				\$ 352,610,556	
Prior years' accumulated adjustment to reflect the consolidation of internal service funds activities related to the enterprise funds				14,066,526	
Current years' adjustments to reflect the consolidation of internal service activities related to enterprise funds				1,342,122	
Net Assets per Statement of Net Assets				\$ 368,019,204	

CITY OF ONTARIO

**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2012**

	Business-Type Activities - Enterprise Funds				Governmental Activities- Internal Service Funds
	Water	Sewer	Solid Waste	Total	
Operating Revenues:					
Sales and service charges	\$ 51,875,704	\$ 18,790,698	\$ 28,922,493	\$ 99,588,895	\$ 28,421,706
Interdepartmental charges	1,293,606	56,402	409,808	1,759,816	-
Miscellaneous	2,312,701	1,571,543	493,690	4,377,934	78,842
Total Operating Revenues	55,482,011	20,418,643	29,825,991	105,726,645	28,500,548
Operating Expenses:					
Administration and general	3,272,824	1,335,530	659,857	5,268,211	8,776,089
Source of supply	8,786,573	-	-	8,786,573	6,666,762
Pumping	4,055,606	-	-	4,055,606	-
Transmission/collection	6,608,377	1,895,261	21,481,429	29,985,067	-
Treatment	-	7,771,242	-	7,771,242	-
Claims expense	-	-	-	-	3,955,538
Depreciation expense	4,091,095	882,648	127,822	5,101,565	3,428,739
Total Operating Expenses	26,814,475	11,884,681	22,269,108	60,968,264	22,827,128
Operating Income (Loss)	28,667,536	8,533,962	7,556,883	44,758,381	5,673,420
Nonoperating Revenues (Expenses):					
Interest revenue	2,473,084	486,465	514,719	3,474,268	834,595
Interest expense	(2,436,905)	-	-	(2,436,905)	-
Grant revenue	-	-	290,724	290,724	-
Loss on joint venture	(4,047,284)	-	-	(4,047,284)	-
Total Nonoperating Revenues (Expenses)	(4,011,105)	486,465	805,443	(2,719,197)	834,595
Income (Loss) Before Transfers	24,656,431	9,020,427	8,362,326	42,039,184	6,508,015
Transfers in	-	-	-	-	90,000
Transfers out	(8,614,670)	(4,187,001)	(5,279,655)	(18,081,326)	(840,000)
Changes in Net Assets	16,041,761	4,833,426	3,082,671	23,957,858	5,758,015
Net Assets:					
Beginning of year	220,682,573	65,169,228	42,800,897	328,652,698	82,791,026
End of Fiscal Year	\$ 236,724,334	\$ 70,002,654	\$ 45,883,568	\$ 352,610,556	\$ 88,549,041

Reconciliation of Changes in Net Assets to the Statement of Activities:

Changes in Net Assets, per the Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds	\$ 23,957,858
Adjustment to reflect the consolidation of current fiscal year internal service funds activities related to enterprise funds	1,342,122
Changes in Net Assets of Business-Type Activities per Statement of Activities	\$ 25,299,980

CITY OF ONTARIO

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2012

	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	\$ 57,105,989	\$ 20,529,643	\$ 30,403,802	\$ 108,039,434	\$ 28,678,604
Cash paid to suppliers for goods and services	(21,285,294)	(9,454,762)	(21,536,375)	(52,276,431)	(11,795,586)
Cash paid to employees for services	(3,256,140)	(1,311,910)	(676,853)	(5,244,903)	(8,747,740)
Net Cash Provided (Used) by Operating Activities	32,564,555	9,762,971	8,190,574	50,518,100	8,135,278
Cash Flows from Non-Capital Financing Activities:					
Cash transfers in	-	-	-	-	90,000
Cash transfers out	(8,614,670)	(4,187,001)	(5,279,655)	(18,081,326)	(840,000)
Grant subsidy	-	-	373,589	373,589	-
Net Cash Provided (Used) by Non-Capital Financing Activities	(8,614,670)	(4,187,001)	(4,906,066)	(17,707,737)	(750,000)
Cash Flows from Capital and Related Financing Activities:					
Acquisition and construction of capital assets	(6,898,172)	(266,883)	(189,668)	(7,354,723)	(2,975,132)
Principal paid on capital debt	(1,100,000)	-	-	(1,100,000)	-
Interest paid on capital debt	(2,457,929)	-	-	(2,457,929)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(10,456,101)	(266,883)	(189,668)	(10,912,652)	(2,975,132)
Cash Flows from Investing Activities:					
Interest received	2,483,565	482,441	519,872	3,485,878	-
Investment on joint ventures	(4,047,284)	-	-	(4,047,284)	852,797
Net Cash Provided (Used) by Investing Activities	(1,563,719)	482,441	519,872	(561,406)	852,797
Net Increase (Decrease) in Cash and Cash Equivalents	11,930,065	5,791,528	3,614,712	21,336,305	5,262,943
Cash and Cash Equivalents at Beginning of Year	73,693,119	27,471,779	33,928,837	135,093,735	82,936,422
Cash and Cash Equivalents at End of Year	\$ 85,623,184	\$ 33,263,307	\$ 37,543,549	\$ 156,430,040	\$ 88,199,365
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:					
Operating income (loss)	\$ 28,667,536	\$ 8,533,962	\$ 7,556,883	\$ 44,758,381	\$ 5,673,420
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:					
Depreciation	4,091,095	882,648	127,822	5,101,565	3,428,739
(Increase) decrease in accounts receivable	1,329,745	111,000	567,251	2,007,996	178,056
(Increase) decrease in prepaid expense	387	504	(1,055)	(164)	(23,953)
(Increase) decrease in inventories	(6,223,511)	(438)	-	(6,223,949)	(59,636)
(Increase) decrease in investment in joint venture	4,047,285	-	-	4,047,285	-
Increase (decrease) in accounts payable	341,101	211,675	(53,891)	498,885	(1,089,697)
Increase (decrease) in accrued liabilities	15,049	11,604	17,112	43,765	24,889
Increase (decrease) in deposits payable	294,233	-	10,560	304,793	-
Increase (decrease) in compensated absences	1,635	12,016	(34,108)	(20,457)	3,460
Total Adjustments	3,897,019	1,229,009	633,691	5,759,719	2,461,858
Net Cash Provided (Used) by Operating Activities	\$ 32,564,555	\$ 9,762,971	\$ 8,190,574	\$ 50,518,100	\$ 8,135,278
Non-Cash Investing, Capital, and Financing Activities:					
Amortization of deferred cost	\$ (23,965)	\$ -	\$ -	\$ (23,965)	\$ -
Amortization of bond premium	44,989	-	-	44,989	-

CITY OF ONTARIO

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2012

	Agency Funds	Private- Purpose Trust Fund Successor Agency of the Former RDA
Assets:		
Cash and investments	\$ 60,836,421	\$ 11,485,044
Receivables:		
Accounts	9,183	390
Taxes	8,649	-
Notes and loans	-	35,000
Accrued interest	116,251	11,491
Prepaid costs	17,449	11,219
Deposits	5,332	-
Advances to City	-	1,600,000
Land held for resale	-	302,124
Deferred charges	-	721,877
Other investments	237,554,767	-
Restricted assets:		
Cash and investments	-	2,414,563
Cash and investments with fiscal agents	4,038,801	3,279,644
Total Assets	\$ 302,586,853	19,861,352
Liabilities:		
Accounts payable	\$ 587,165	\$ 5,067,332
Accrued liabilities	-	34,818
Accrued interest	-	2,839,885
Deposits payable	-	172,500
Due to other governments	222,407,232	-
Advances from City	-	3,500,000
Due to bondholders	8,254,060	-
Available for other post employment benefits	71,338,396	-
Long-term liabilities:		
Due in one year	-	4,515,632
Due in more than one year	-	74,796,924
Total Liabilities	\$ 302,586,853	90,927,091
Net Assets:		
Held in trust for other purposes		(71,065,739)
Total Net Assets		\$ (71,065,739)

CITY OF ONTARIO

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 YEAR ENDED JUNE 30, 2012

	<u>Private- Purpose Trust Fund Successor Agency of the Former RDA</u>
Additions:	
Taxes	\$ 13,796,564
Interest and change in fair value of investments	<u>1,345</u>
Total Additions	<u>13,797,909</u>
Deductions:	
Administrative expenses	3,140,003
Contractual services	5,518,941
Interest expense	<u>3,442,503</u>
Total Deductions	<u>12,101,447</u>
Extraordinary gain/(loss) on dissolution of redevelopment agency (Note 18)	<u>(72,762,201)</u>
Changes in Net Assets	(71,065,739)
Net Assets - Beginning of the Year	<u>-</u>
Net Assets - End of the Year	<u>\$ (71,065,739)</u>

I. SIGNIFICANT ACCOUNTING POLICIES

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. 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 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 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 is 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 Redevelopment Agency was dissolved as of January 31, 2012 through the Supreme Court decision on Assembly Bill 1X 26. See Note 18 for more information on the dissolution.

The Industrial Development Authority was established August 18, 1981, pursuant to the California Industrial Development Financing Act (AB74). The law authorizes limited issuance of small-issue industrial development bonds to assist private industry. The sole function of the Authority is to review and approve the issuance of bonds to finance eligible projects.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

Note 1: Summary of Significant Accounting Policies (Continued)

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.

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.

Since the governing body of the Agency and the Authorities are the same, their data has been blended into that of the financial reporting entity. Complete financial statements for the Authorities can be obtained by writing to:

City of Ontario
Fiscal Services Department
303 East "B" Street
Ontario, CA 91764

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
Ontario-Upland Treatment Plant Authority	Riverside City Community College District
Chino Valley Unified School District	Jurupa Unified School District
Chaffey Joint Union High School District	Cucamonga School District
Upland School District	Monte Vista County Water District
Cucamonga Valley Water 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 assets 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

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 grant funds used for residential sound insulation of dwellings located in the airport noise impact area.
- 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 low and moderate housing set aside funds to implement various programs and projects to assist in affordable housing.
- The Impact Fees Fund accounts for revenues from developer-paid impact fees for infrastructure construction.
- The Ontario Redevelopment Agency Project Area #1, Debt Service Fund, accounts for the accumulation of resources for payment of interest and principal on long-term debt of the Agency's Project Area #1. The 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.

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

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 accounts 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.

Private-sector standards of accounting and financial reporting issued prior to December 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

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 Enterprises 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.

Note 1: Summary of Significant Accounting Policies (Continued)

d. Assets, Liabilities and Net Assets or Equity

Cash and Investments

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

Investments are reported at fair value, which is the quoted market price at June 30, 2012. 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.

Note 1: Summary of Significant Accounting Policies (Continued)

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 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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

Note 1: Summary of Significant Accounting Policies (Continued)

amenities such as parking and landscaped areas used by the government entity in the conduct of its business. Each major infrastructure system can be divided into subsystems. For example, the street system can be subdivided into concrete and asphalt pavements, concrete curb and gutters, sidewalks, medians, street lights, traffic control devices (signs, signals and pavement markings), landscaping and land. Subsystem detail is not presented in these basic financial statements; however, the City maintains detailed information on these subsystems.

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.

Note 1: Summary of Significant Accounting Policies (Continued)

Compensated Absences

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

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, 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. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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 and liabilities reported in a governmental fund. There are five separate components of fund balance, each of which identifies the extent to which the City is bound to honor constraints on the specific purposes for which amounts can be spent.

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

The City Council, as the City's highest level of decision-making authority, may commit fund balance for specific purposes pursuant to constraints imposed by formal actions taken, such as adoption of an ordinance or 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.

Note 1: Summary of Significant Accounting Policies (Continued)

Amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed, should be reported as assigned fund balance. Pursuant to the City's fund balance policy established by the City Council by resolution, it 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.

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.

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.

II. STEWARDSHIP

Note 2: Stewardship, Compliance and Accountability

a. 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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

Note 2: Stewardship, Compliance and Accountability (Continued)

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, 2012, 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.

III. DETAILED NOTES ON ALL FUNDS

Note 3: Cash and Investments

As of June 30, 2012, cash and investments were reported in the accompanying financial statements as follows:

Governmental activities	\$ 320,581,726
Business-type activities	156,430,040
Fiduciary funds	82,054,473
	<hr/>
Total Cash and Investments	<u>\$ 559,066,239</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

Note 3: Cash and Investments (Continued)

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

Deposits

At June 30, 2012, the carrying amount of the City's deposits was \$4,950,995 and the bank balance was \$4,174,295. The \$776,700 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 insured 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.

A provision of the Dodd-Frank Wall Street Reform and Consumer Protection Act provides temporary unlimited deposit insurance coverage for noninterest-bearing transaction account at all FDIC-insured institutions. This provision was effective from December 31, 2010 and will remain effective until December 31, 2012. Noninterest-bearing transaction accounts is defined as an account (1) with respect to which interest is neither accrued nor paid; (2) on which the depositor or account holder is permitted to make withdrawals by negotiable or transferable instrument, payment orders of withdrawal, telephone or other electronic media transfers, or other similar items for the purpose of making payments or transfers to third parties or others; and (3) on which the FDIC-insured depository institutions does not reserve the right to require advance notice of an intended withdrawal. As of June 30, 2012, the City maintains cash deposits that are temporary covered by this provision.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

Note 3: Cash and Investments (Continued)

- 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 with a maximum five-year maturity and rated “AAA” by both Moody’s and Standard and Poor’s
- 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.

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

Note 3: Cash and Investments (Continued)

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, 2012, 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 "AA" by Standard & Poor's. Investment in government agencies issued by the Federal National Mortgage Association, the Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation and the Federal Farm Credit Banks were rated "Aaa" by Moody's and "AA+" 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, 2012, 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, 2012, 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, then a separate disclosure is needed. Investments in Federal National Mortgage Association (FNMA) and Federal Farm Credit Bank represented 16% and 9%, respectively of the City cash and investment at June 30, 2012, 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.

CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

Note 3: Cash and Investments (Continued)

Interest Rate Risk

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

As of June 30, 2012, 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	More than 5 years	
Investments:						
US Treasury	\$ 10,003,910	\$ 35,086,535	\$ 152,745,994	\$ 61,194,540	\$ -	\$ 259,030,979
Federal Government Agency	23,044,143	20,466,870	105,519,675	3,031,860	-	152,062,548
Medium-Term Corporate Notes	10,108,570	10,351,135	30,864,195	17,569,132	-	68,893,032
Money Market Funds	10,986,462	-	-	-	-	10,986,462
Local Agency Investment Fund	46,560,869	-	-	-	-	46,560,869
Total Cash Investments	<u>100,703,954</u>	<u>65,904,540</u>	<u>289,129,864</u>	<u>81,795,532</u>	<u>-</u>	<u>537,533,890</u>
Investments with Fiscal Agents:						
Money Market Funds	15,595,744	-	-	-	-	15,595,744
Medium-Term Corporate Notes	-	-	-	-	985,610	985,610
Total Investments with Fiscal Agent	<u>15,595,744</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>985,610</u>	<u>16,581,354</u>
Total Investments	<u>\$ 116,299,698</u>	<u>\$ 65,904,540</u>	<u>\$ 289,129,864</u>	<u>\$ 81,795,532</u>	<u>\$ 985,610</u>	<u>\$ 554,115,244</u>

Note 4: Contracts and Notes Receivable

Contracts and notes receivable as of June 30, 2012, totaled \$18,607,994 and were recorded as follows:

General Fund	\$ 12,279
Community Development	8,527,170
Ontario Housing Authority	<u>10,068,545</u>
Total Contracts and Notes Receivable	<u>\$ 18,607,994</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, 2012 was:

\$ 12,279

In order to assist those individuals and families who are the most in need, the Ontario Housing Department provides 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. The balance at June 30, 2012 was:

2,561,762

CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

Note 4: Contracts and Notes Receivable (Continued)

On June 7, 1994, the 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. The receivable balance at June 30, 2012 was:

\$43,000 *

On June 7, 1994, the 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. The receivable balance at June 30, 2012 was:

39,000 *

On March 16, 1993, the 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. The unpaid principal balance at June 30, 2012 was:

89,005 *

On October 4, 1994, the 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. The receivable balance at June 30, 2012 was:

84,920 *

On May 29, 1997, the 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. The receivable balance at June 30, 2012 was:

4,682,022 *

On May 23 2011, the Ontario Redevelopment Agency loaned \$20,940 under the OPEN House Loan Program. The note is non-interest bearing and is due and payable upon the sale or transfer of property. The unpaid principal balance at June 30, 2012 was:

20,940 *

* As a result of the dissolution of the Redevelopment Agency, the note receivable was transferred from the former Redevelopment Agency to the Ontario Housing Authority.

CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

Note 4: Contracts and Notes Receivable (Continued)

Pursuant to the disposition and development agreement dated August 12, 2003, between the Ontario Redevelopment Agency and the Ontario Senior Housing, Inc., the Agency 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, 2012 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, 2012 was:

3,605,265

Pursuant to the disposition and development agreement between the Ontario Redevelopment Agency and D Street Senior Housing, Inc., the Agency 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, 2012 was:

1,200,909 *

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, 2012 was:

5,017,383

On June 23, 2011, the Ontario Redevelopment Agency's Combined Low and Moderate Housing Fund loaned \$40,180 to assist first time homebuyers. During the current year, the Agency loaned an additional \$259,477. The note bears interest at the rate of 1% per annum. The note is due and payable either: (a) thirty (30) years from the Date of Recordation; (b) upon sale, transfer, lease, or encumbrance of all or any interest in the Property without Lender's prior written consent, except for a transfer permitted under written circumstances; (c) the maturity date, or full repayment, of any debt that is secured by a lien on the Property that is a senior to the lien of the Deed of Trust; or (d) upon Borrower's failure to occupy the Property as Borrower's principal place of residence during the first five (5) years after the Date of Recordation. The receivable balance at June 30, 2012 was:

301,509 *

Total Contracts and Notes

\$18,607,994

* As a result of the dissolution of the Redevelopment Agency, the note receivable was transferred from the former Redevelopment Agency to the Ontario Housing Authority.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012
Note 5: 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. The following table presents summary information on the governmental activity infrastructure assets for the fiscal year ending June 30, 2012:

	Infrastructure		
	Historical Cost	Accumulated Depreciation	Net Cost at June 30, 2012
Governmental Activities:			
Modified Approach:			
Streets pavement system	\$ 297,018,892	\$ -	\$ 297,018,892
Basic Approach:			
Curbs	47,803,528	10,855,385	36,948,143
Storm drains and gutters	25,960,596	5,532,698	20,427,898
Sidewalks and handicap ramps	38,300,860	8,493,338	29,807,522
Bridges	104,800,705	22,574,758	82,225,947
Traffic signals/street lighting	15,205,229	2,993,328	12,211,901
	<u>\$ 529,089,810</u>	<u>\$ 50,449,507</u>	<u>\$ 478,640,303</u>

CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

Note 5: Capital Assets (Continued)

Capital asset activity for the year ended June 30, 2012 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 40,045,778	\$ 2,829,560	\$ -	\$ -	\$ 42,875,338
Infrastructure - pavement system	296,013,615	-	-	1,005,277	297,018,892
Construction in progress	51,954,097	11,327,335	-	(9,046,000)	54,235,432
Total Capital Assets, Not Being Depreciated	<u>388,013,490</u>	<u>14,156,895</u>	<u>-</u>	<u>(8,040,723)</u>	<u>394,129,662</u>
Capital assets, being depreciated:					
Infrastructure - other systems	230,343,160	-	-	1,727,758	232,070,918
Structures and improvements	348,344,948	7,522,874	(1,471,518)	6,312,965	360,709,269
Furniture and equipment	26,093,489	1,941,711	(206,474)	-	27,828,726
Total Capital Assets, Being Depreciated	<u>604,781,597</u>	<u>9,464,585</u>	<u>(1,677,992)</u>	<u>8,040,723</u>	<u>620,608,913</u>
Less accumulated depreciation:					
Infrastructure - other systems	44,677,824	5,771,683	-	-	50,449,507
Structures and improvements	69,305,461	11,168,041	(1,465,126)	-	79,008,376
Furniture and equipment	20,604,720	1,504,264	(196,188)	-	21,912,796
Total Accumulated Depreciation	<u>134,588,005</u>	<u>18,443,988</u>	<u>(1,661,314)</u>	<u>-</u>	<u>151,370,679</u>
Total Capital Assets, Being Depreciated, Net	<u>470,193,592</u>	<u>(8,979,403)</u>	<u>(16,678)</u>	<u>8,040,723</u>	<u>469,238,234</u>
Governmental Activities Capital Assets, Net	<u>\$ 858,207,082</u>	<u>\$ 5,177,492</u>	<u>\$ (16,678)</u>	<u>\$ -</u>	<u>\$ 863,367,896</u>

CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

Note 5: Capital Assets (Continued)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-Type Activities:					
Capital assets, not being depreciated:					
Land	\$ 14,589,988	\$ -	\$ -	\$ -	\$ 14,589,988
Construction-in-progress	34,715,671	7,011,539	-	(20,261,678)	21,465,532
Total Capital Assets, Not Being Depreciated	49,305,659	7,011,539	-	(20,261,678)	36,055,520
Capital assets, being depreciated:					
Structures and improvements	9,241,939	-	-	-	9,241,939
Furniture and equipment	2,250,948	-	(16,367)	-	2,234,581
Infrastructure	196,576,896	343,184	-	20,261,678	217,181,758
Total Capital Assets, Being Depreciated	208,069,783	343,184	(16,367)	20,261,678	228,658,278
Less accumulated depreciation:					
Structures and improvements	1,446,552	296,760	-	-	1,743,312
Furniture and equipment	2,031,386	86,902	(16,367)	-	2,101,921
Infrastructure	70,527,987	4,717,903	-	-	75,245,890
Total Accumulated Depreciation	74,005,925	5,101,565	(16,367)	-	79,091,123
Total Capital Assets, Being Depreciated, Net	134,063,858	(4,758,381)	-	20,261,678	149,567,155
Business-Type Activities Capital Assets, Net	<u>\$ 183,369,517</u>	<u>\$ 2,253,158</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 185,622,675</u>

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

Governmental Activities:	
General government	\$ 968,991
Public safety	1,417,358
Community development	7,191,118
Library	302,758
Public works	5,135,024
Equipment Services	3,045,034
Information Technology	383,705
	<u>\$ 18,443,988</u>
Business-Type Activities:	
Water	\$ 4,091,095
Sewer	882,648
Solid waste	127,822
	<u>\$ 5,101,565</u>

CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

Note 6: Interfund Receivable, Payable and Transfers

The composition of interfund balances as of June 30, 2012 is as follows:

Due To/From Other Funds

Due from Other Funds	Due to Other Funds			Total
	Community Development Fund	Impact Fees Fund	Nonmajor Governmental Funds	
General Fund	\$ 1,665,180	\$ 302,792	\$ 1,246,895	\$ 3,214,867
Total	\$ 1,665,180	\$ 302,792	\$ 1,246,895	\$ 3,214,867

The interfund balances at June 30, 2012 were the results of routine interfund transactions not cleared prior to the end of the fiscal year.

Advances To/From Other Funds

Advances to Other Funds	Advances from Other Funds		Total
	Ontario Housing Authority Fund	Impact Fees Fund	
Community Development Fund	\$ 6,122,938	\$ -	\$ 6,122,938
Solid Waste	-	2,770,000	2,770,000
Total	\$ 6,122,938	\$ 2,770,000	\$ 8,892,938

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 \$6,122,938 to the Ontario Housing Authority for the acquisition, relocation and rehabilitation of various properties.

Interfund Transfers

Transfers In:	Transfers Out									Total
	General Fund	Community Development	Ontario Housing Authority	Redevelopment Area #1 - Debt Service Fund	Water	Sewer	Solid Waste	Internal Service Funds	Nonmajor Governmental Funds	
General Fund	\$ -	\$ 153,451	\$ -	\$ -	\$ 8,594,670	\$ 4,167,001	\$ 5,229,655	\$ 840,000	\$ 3,459,423	\$ 22,444,200
Ontario Housing Authority	-	-	-	-	-	-	-	-	2,386,489	2,386,489
Redevelopment Area #1 - Debt Service Fund	-	-	-	-	-	-	-	-	4,430,814	4,430,814
Internal Service Funds	-	-	-	-	20,000	20,000	50,000	-	-	90,000
Nonmajor Governmental Funds	2,726,634	-	435,815	11,953,804	-	-	-	-	24,115,420	39,231,673
Total	\$ 2,726,634	\$ 153,451	\$ 435,815	\$ 11,953,804	\$ 8,614,670	\$ 4,187,001	\$ 5,279,655	\$ 840,000	\$ 34,392,146	\$ 68,583,176

CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

Note 6: Interfund Receivable, Payable and Transfers (Continued)

The General Fund transferred \$2,726,634 to Nonmajor Governmental Funds to fund the City's pavement management program and various parks and public facility capital improvement projects.

The Community Development Fund transferred \$153,451 to the General Fund for the cost of departmental overhead.

The Ontario Housing Authority transferred land held for resale in the amount of \$435,815 to the Capital Projects Fund.

The Redevelopment Area #1 – Debt Service Fund transferred a total of \$11,953,804 to Nonmajor Governmental Funds, of which \$5,000,000 was for capital project funding, \$4,019,804 for payment of the ERAF loan and \$2,934,000 for the payment of advances.

The Water, Sewer and Solid Waste Funds transferred \$8,594,670, \$4,167,001 and \$5,229,655, 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 7: Long-Term Debt

a. Long-Term Debt - Governmental Activities

The following is a summary of changes in long-term debt of the City for the year ended June 30, 2012:

	Balance July 1, 2011	Accreted Interest	Additions	Deletions	Transfers to Successor Agency *	Balance June 30, 2012	Due Within One Year
Tax Allocation Bonds	\$ 48,965,100	\$ -	\$ -	\$ 225,200	\$ 48,739,900	\$ -	\$ -
Revenue Bonds	82,160,522	857,277	-	24,634,200	17,098,599	41,285,000	1,290,000
Loans Payable	12,448,782	-	-	395,623	12,053,159	-	-
Other Post Employment Benefits Obligation	29,668,812	-	13,960,458	2,967,790	-	40,661,480	-
Claims and Judgments	15,717,000	-	2,511,840	2,511,840	-	15,717,000	2,512,000
Compensated Absences	9,737,987	-	248,982	100,644	-	9,886,325	132,000
Total	\$ 198,698,203	\$ 857,277	\$ 16,721,280	\$ 30,835,297	\$ 77,891,658	107,549,805	\$ 3,934,000
					Unamortized Bond Premium	450,560	
						\$ 108,000,365	

* As a result of the dissolution of the Redevelopment Agency, indebtedness of the former Redevelopment Agency was transferred to the Successor Agency. See Note 20 for disclosure of indebtedness.

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

Note 7: Long-Term Debt (Continued)**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.

On April 2012, The City partially redeemed its bonds in the amount of \$19,215,000 plus 1% premium in the amount of \$192,150. The bonds will mature in August 2018. The balance at June 30, 2012, including the unamortized bond premium of \$83,383, amounted to \$5,563,383.

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

	<u>2001 Lease Revenue Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2012-2013	\$ 870,000	\$ 248,318
2013-2014	910,000	211,373
2014-2015	950,000	170,888
2015-2016	1,000,000	122,013
2016-2017	1,055,000	65,500
2017-2018	695,000	54,731
Total	<u>\$ 5,480,000</u>	<u>\$ 872,823</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, 2012, including the unamortized bond premium of \$367,177, amounted to \$36,172,177. The annual requirements to amortize the outstanding bond indebtedness as of June 30, including interest, are as follows:

CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

Note 7: Long-Term Debt (Continued)

	2007 Lease Revenue Bonds	
	Principal	Interest
2012 - 2013	\$ 420,000	\$ 1,683,440
2013 - 2014	440,000	1,665,140
2014 - 2015	460,000	1,644,890
2015 - 2016	480,000	1,623,740
2016 - 2017	500,000	1,601,690
2017 - 2022	2,890,000	7,601,638
2022 - 2027	3,690,000	6,785,663
2027 - 2032	8,800,000	5,594,435
2032 - 2037	18,125,000	2,120,213
Total	<u>\$ 35,805,000</u>	<u>\$ 30,320,849</u>

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.

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, 2012:

	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012	Due Within One Year
2004 COP - Water System Improvement Project	\$ 45,680,000	\$ -	\$ 1,100,000	\$ 44,580,000	\$ 1,145,000
Compensated Absences	1,030,009	13,651	34,108	1,009,552	81,000
Total	<u>\$ 46,710,009</u>	<u>\$ 13,651</u>	<u>\$ 1,134,108</u>	45,589,552	<u>\$ 1,226,000</u>
			Unamortized Bond Premium	1,034,755	
				<u>\$ 46,624,307</u>	

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

Note 7: Long-Term Debt (Continued)**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.

The certificates represent proportionate undivided interests in certain installment payments and interest thereon, to be made by the City pursuant to an installment sale agreement dated July 1, 2004. The installment payments and interest thereon are secured by a pledge of net revenues of the City's water system. Total principal and interest remaining on the debt is \$75,005,966 with annual debt service requirements as indicated below. For the current year, the pledge revenue from the City's water system was \$51,755,917 and the debt service obligation on the bonds was \$3,409,913. The balance at June 30, 2012, including the unamortized bond premium of \$1,034,755, amounted to \$45,614,755. The annual principal requirements to amortize the 2004 COP outstanding as of June 30, 2012, are as follows:

	2004 COP - Water System Improvement Project	
	Principal	Interest
2012 - 2013	\$ 1,145,000	\$ 2,265,913
2013 - 2014	1,200,000	2,208,663
2014 - 2015	1,260,000	2,148,663
2015 - 2016	1,325,000	2,085,663
2016 - 2017	1,390,000	2,019,413
2017 - 2022	8,090,000	8,957,763
2022 - 2027	10,445,000	6,603,638
2027 - 2032	13,390,000	3,657,250
2032 - 2037	6,335,000	479,000
Total	<u>\$ 44,580,000</u>	<u>\$ 30,425,966</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.

Note 7: Long-Term Debt (Continued)

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, 2012, totaled \$19,990,000. This amount is not reported in the City's financial statements. The construction phase is reported in the Capital Projects Funds. Likewise, amounts recorded in the Agency Funds represent only debt service activities, i.e., collection from property owners and payment to bondholders.

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.

CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2012

Note 7: Long-Term Debt (Continued)

The Bond programs are as follows:

	Interest % Rate	Date Issued	Date Series Matures	Outstanding Balance at June 30, 2012
<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	\$ 1,200,000
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	6,087,000
Ontario Redevelopment Agency Multi-Family Mortgage Revenue Bonds, Park Center Project 2005 Refunding	Variable	2005	2035	<u>23,500,000</u>
Total				<u><u>\$ 48,700,000</u></u>

CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

IV. OTHER INFORMATION

Note 8: Fund Balances

a. Governmental Fund Balance Classifications

Fund balances in governmental funds at June 30, 2012 have been classified as follows:

	Governmental Funds					
	General	Quiet Home Program	Community Development	Ontario Housing Authority	Impact Fees	Other Governmental Funds
Fund Balances:						
Nonspendable						
Inventory	\$ 129,656	\$ -	\$ -	\$ -	\$ -	\$ -
Prepaid costs	88,410	-	-	1,696	-	7,257
Deposits	-	-	5,000	-	-	168,674
Land held for resale	-	55,146,898	51,050	18,000,551	-	19,004,301
Notes and loans	12,279	-	-	6,853,478	-	-
Advances to other funds	3,500,000	-	6,122,938	-	-	-
Total Nonspendable	3,730,345	55,146,898	6,178,988	24,855,725	-	19,180,232
Restricted						
Endowment/Trust	403,914	-	-	-	-	-
Community development projects	-	1,777,808	284,098	-	-	24,430,890
Public safety	-	-	-	-	-	284,248
Police narcotics	-	-	-	-	-	2,320,495
AQMD activities	-	-	-	-	-	958,967
Low and moderate activities	-	-	-	18,073,129	-	-
Public services	-	-	-	-	-	3,319,589
Bond improvement projects	-	-	-	-	-	1,738,677
Total Restricted	403,914	1,777,808	284,098	18,073,129	-	33,052,866
Committed						
Museum board	65,000	-	-	-	-	-
Affordable housing	-	-	-	-	-	1,421,885
City facilities project	4,599,076	-	-	-	-	-
Public safety equipment	1,934,235	-	-	-	-	-
Communications/computer dispatch	1,925,897	-	-	-	-	-
Compensated absences	12,845,207	-	-	-	-	-
Capital Projects	-	-	-	-	-	8,460,103
Contractual obligations	179,302	-	-	-	-	-
Economic uncertainties	19,103,582	-	-	-	-	-
City infrastructure	-	-	-	-	44,404,474	-
Events center capital equipment	650,000	-	-	-	-	-
Ontario motor speedway	311,581	-	-	-	-	-
Total Committed	41,613,880	-	-	-	44,404,474	9,881,988
Assigned						
Equipment replacement	434,374	-	-	-	-	-
Continuing appropriations	2,391,784	-	-	-	-	2,664,225
Stability arrangement	35,111,918	-	-	-	-	-
Contractual obligations	18,968,036	-	-	-	-	-
Maintenance trust	1,520,280	-	-	-	-	-
Total Assigned	58,426,392	-	-	-	-	2,664,225
Unassigned	-	-	-	-	-	(219)
Total Fund Balances	\$104,174,531	\$ 56,924,706	\$ 6,463,086	\$ 42,928,854	\$ 44,404,474	\$ 64,779,092

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

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 makes the contributions required of City employees on their behalf and for their account. The City is required to contribute at an actuarially determined rate; the current rate is 12.432% for non-safety employees, 30.963% for police safety employees and 25.883% 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 2012, the City's contribution of \$21,560,743 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	22 years as of the Valuation Date for the miscellaneous plan, 29 years as of the Valuation Date for the safety police plan, and 32 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, 2012

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 percent 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 rolling period, which results in an amortization of about 6% of unamortized gains and losses each year. If the plan's accrued liability exceeds the actuarial value of plan assets, the amortization payment on the total unfunded liability may not be lower than the payment calculated over a 30-year amortization period.

Fiscal Year	Three-Year Trend Information for PERS		
	Required Contribution	Percentage of APC Contributed	Net Pension Obligation
Miscellaneous			
6/30/2010	\$ 6,317,896	100%	\$ -
6/30/2011	6,289,356	100%	-
6/30/2012	7,761,451	100%	-
Police			
6/30/2010	6,650,547	100%	-
6/30/2011	6,964,821	100%	-
6/30/2012	8,426,590	100%	-
Fire			
6/30/2010	4,870,231	100%	-
6/30/2011	4,879,212	100%	-
6/30/2012	5,372,702	100%	-

Schedule of Funding Progress for PERS
(Amounts in Thousands)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
6/30/09:						
Miscellaneous	\$ 186,323	\$ 204,418	\$ (18,095)	91.1 %	\$ 38,565	46.9 %
Police	172,801	210,276	(37,475)	82.2	19,905	188.3
Fire	143,894	167,257	(23,363)	86.0	15,633	149.4
Total	\$ 503,018	\$ 581,951	\$ (78,933)	86.4 %	\$ 74,103	106.5 %
6/30/10:						
Miscellaneous	\$ 195,659	\$ 215,173	\$ (19,514)	90.9 %	\$ 37,313	52.3 %
Police	181,238	221,709	(40,471)	81.7	19,799	204.4
Fire	151,578	175,337	(23,759)	86.4	15,474	153.5
Total	\$ 528,475	\$ 612,219	\$ (83,744)	86.3 %	\$ 72,586	115.4 %
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 %

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

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 2011-2012, the City paid a total of \$2,967,790 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 2011-2012, the City transferred \$17,504,198 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 6/30/2012
Annual required contribution	\$ 14,524,000
Interest on OPEB obligation	1,409,269
Adjustment to annual required contribution	<u>(1,972,811)</u>
Annual OPEB cost	13,960,458
Contributions made	<u>2,967,790</u>
Increase (decrease) in net OPEB obligation	10,992,668
Net OPEB obligation - beginning of year	<u>29,668,812</u>
Net OPEB obligation - end of year	<u><u>\$ 40,661,480</u></u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012
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 2011-12 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB cost	Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2010	\$ 11,433,475	22.2%	\$ 20,623,347
6/30/2011	11,804,695	23.4%	29,668,812
6/30/2012	13,960,458	21.3%	40,661,480

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)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
6/30/2008	\$ -	\$ 122,120	\$ (122,120)	- %	\$ 71,845	170.0 %
6/30/2010	-	135,371	(135,371)	- %	68,602	197.3 %
6/30/2012	-	157,012	(157,012)	- %	70,513	222.7 %

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, 2012

Note 10: Other Post Employment Benefits (Continued)

The actuarial valuation as of June 30, 2012 used the Entry Age Normal actuarial cost method. The actuarial assumptions included a 4.25% 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%. 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, 2012, was twenty six years. As of the actuarial valuation date, the City had 989 active participants and 458 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 \$500,000 per claim; amounts in excess of \$500,000 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 \$500,000 per claim arising from general liability claim actions brought against the City. Amounts in excess of \$500,000 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 \$19,500,000 coverage in excess of the \$500,000 pool effective July 1, 2001.

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
2010-2011	\$ 13,436,086	\$ 7,130,401	\$ 4,849,487	\$ 15,717,000
2011-2012	15,717,000	2,511,840	2,511,840	15,717,000

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

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, 2012, for which the City is responsible is \$2,418,354. At June 30, 2012, the City's investment in the Authority, including its share of Authority's debt, was \$8,207,720.

Audited financial information of the Authority for the fiscal year ended June 30, 2012, is summarized as follows:

Water Facilities Authority Net Assets:	
Total assets	\$ 35,989,058
Total liabilities	11,772,955
Total net assets	<u>\$ 24,216,103</u>
Water Facilities Authority Changes in Net Assets:	
Operating revenues	\$ 17,890,880
Operating expenses	17,959,140
Operating gain before depreciation and amortization	(68,260)
Depreciation and amortization	1,061,277
Operating revenue (loss)	<u>(1,129,537)</u>
Nonoperating revenues (expenses)	288,767
Contributions	1,710,000
Change in net assets	869,230
Beginning net assets	<u>23,346,873</u>
Ending net assets	<u>\$ 24,216,103</u>

CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2012

Note 12: Joint Ventures (Continued)

The current participants and their financial contributions through June 30, 2012, were as follows:

	<u>Amount</u>	<u>Percent</u>
City of Chino	\$ 5,819,102	15.6%
City of Chino Hills	5,354,632	14.3%
City of Ontario	12,649,778	33.9%
City of Upland	7,355,796	19.7%
Monte Vista Water District	6,035,268	16.2%
Non-Participant	107,399	0.3%
Total	<u>\$ 37,321,975</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.

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, 2012:

<u>Statements of Net Assets</u>	
Assets:	
Cash and investments	\$ 985,477
Accrued Interest	2,423
Capital Assets, net of depreciation	<u>117,231</u>
Total Assets	<u>\$ 1,105,131</u>
Net Assets	
Invested in capital assets	\$ 117,231
Restricted for public safety	<u>987,900</u>
Total Net Assets	<u>\$ 1,105,131</u>

CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2012

Note 12: Joint Ventures (Continued)

<u>Statement of Activities</u>			
<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	<u>Net Expenses and Changes in Net Assets</u>
Public Safety	<u>\$ 117,645</u>	<u>\$ -</u>	\$ (117,645)
		General revenues	<u>13,155</u>
		Changes in net assets	(104,490)
		Net assets at the beginning of the year	<u>1,209,621</u>
		Net assets at the end of the year	<u>\$ 1,105,131</u>

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, 2012:

<u>Statements of Net Assets</u>	
Assets:	
Cash and investments	\$ 294,084
Capital assets	342,295
Other assets	<u>18,211</u>
Total Assets	<u>654,590</u>
Liabilities	
Accounts payable	<u>1,805</u>
Total Liabilities	<u>1,805</u>
Net Assets	
Invested in capital assets	342,295
Restricted for public safety	<u>310,490</u>
Total Net Assets	<u>\$ 652,785</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012
Note 12: Joint Ventures (Continued)

<u>Functions/Programs</u>	<u>Statement of Activities</u>		<u>Net Expenses and Changes in Net Assets</u>
	<u>Expenses</u>	<u>Program Revenues</u>	
Public Safety	<u>\$ 103,350</u>	<u>\$ 50,002</u>	\$ (53,348)
		General revenues	<u>4,469</u>
		Changes in net assets	(48,879)
		Net assets at the beginning of the year	<u>701,664</u>
		Net assets at the end of the year	<u>\$ 652,785</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.

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, 2012, the City's investment in the Authority was \$23,982,306.

The financial information of the Authority for the fiscal year ended June 30, 2012, is summarized as follows:

Chino Basin Desalter Authority Net Assets:	
Total assets	\$ 176,283,194
Total liabilities	<u>97,180,586</u>
Total net assets	<u>\$ 79,102,608</u>
Chino Basin Desalter Authority Changes in Net Assets:	
Operating revenues	\$ 31,643,709
Operating expenses	<u>29,091,359</u>
Operating gain before depreciation and amortization	2,552,350
Depreciation and amortization	<u>4,165,536</u>
Operating revenue (loss)	(1,613,186)
Nonoperating revenues (expenses)	2,775,639
Transfers and capital contributions	<u>22,902,588</u>
Change in net assets	24,065,041
Beginning net assets	<u>55,037,567</u>
Ending net assets	<u>\$ 79,102,608</u>

CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

Note 12: Joint Ventures (Continued)

The current participants and their financial contributions through June 30, 2012, were as follows:

	<u>Amount</u>	<u>Percent</u>
Jurupa Community Services District	\$ 7,447,343	35.0%
City of Chino Hills	3,921,115	18.5%
City of Chino	4,669,807	22.0%
City of Norco	935,030	4.4%
City of Ontario	3,132,783	14.8%
Santa Ana River Co.	1,121,061	5.3%
Total	<u>\$ 21,227,139</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.

Note 13: 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.

Other

Proposition 218, which was approved by the voters in November, 1996, will regulate the City's ability to impose, increase and extend taxes, assessments and fees. Any new, increased or extended taxes, assessments and fees subject to the provisions of Proposition 218 require voter approval before they can be implemented. Additionally, Proposition 218 provides that these taxes, assessments and fees are subject to the voter initiative process and may be rescinded in the future by the voters.

Therefore, the City's ability to finance the services for which the taxes, assessments and fees were imposed may be significantly impaired. At this time, it is uncertain how Proposition 218 will affect the City's ability to maintain or increase the revenue it receives from taxes, assessments and fees.

CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2012

Note 14: Commitments

Construction Commitments

The following material construction commitments existed at June 30, 2012:

Project Name	Contract Amount	Expenditures to date as of June 30, 2012	Remaining Commitments
Milliken Avenue Grade Separation	\$ 3,302,871	\$ 3,130,935	\$ 171,936
2012 Pavement Rehabilitation	3,650,769	974,735	2,676,034

Note 15: Fund Balance Restatements

Beginning fund balance has been restated by \$2,555,425 in the General Fund and \$(2,555,425) in the Capital Project Fund for prior year interest income incorrectly recorded in the Capital Project fund instead of the General Fund.

Note 16: Other Investments

Other investments as of June 30, 2012, totaled \$237,756,517 and were recorded as follows:

Proprietary Funds	\$ 201,750
Fiduciary Funds	<u>237,554,767</u>
Total	<u><u>\$ 237,756,517</u></u>

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, \$217,598,051 is interest in bonds issued by the Ontario Financing Authority and \$19,956,716 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 17: California Redevelopment Agency Dissolution

On July 18, 2011, the California Redevelopment Association (“CRA”) and the League of California Cities (“League”) filed a petition for writ of mandate with the California Supreme Court, requesting the Court to declare unconstitutional two bills that were passed as part of the 2011-12 State Budget, AB 1X 26 and 27 (*California Redevelopment Association v. Matosantos*). AB 1X 26 dissolves redevelopment agencies effective October 1, 2011. AB 1X 27 gave redevelopment agencies an option to avoid dissolution if it commits to making defined payments for the benefit of the State, school districts and certain special districts. In 2011-12, these payments amounted to a state-wide total of \$1.7 billion. In 2012-13 and subsequent years, the payments totaled \$400 million, annually. Each city or county’s share of these payments was determined based on its proportionate share of state-wide tax increment.

On August 17, 2011 the Supreme Court issued a stay of the implementation of AB 1X 26 and 27 which allowed a redevelopment agency to continue if it adopted an AB 1X 27 ordinance. However, because of the effect of the stay order, the authority for the Redevelopment Agency to engage in most activities was suspended.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

Note 17: California Redevelopment Agency Dissolution (Continued)

The Supreme Court heard oral arguments on November 10, 2011 and on December 29, 2011 announced its decision in *California Redevelopment Association v. Matosantos*. The court upheld AB 1X 26 which dissolves redevelopment agencies, but invalidated in its entirety AB 1X 27 which allowed redevelopment agencies to continue as long as they made the required payments. AB 1X 26 established deadlines for the process of Redevelopment Agency dissolution and the handling of existing obligations. The full text of AB 1X 26 may be obtained from the California legislative information website maintained by the Legislative Counsel of the State of California at: <http://www.leginfo.ca.gov/bilinfo.html>.

As of January 31, 2012 the Redevelopment Agency has been dissolved and the City of Ontario has elected to become the Successor Agency. In conjunction, the Ontario Housing Authority was designated to receive the transfer of all housing assets, obligations and housing functions previously performed by the Agency. The Successor Agency will be responsible for winding down the remaining activities of the dissolved Redevelopment Agency.

Note 18: Successor Trust For Assets of Former Redevelopment Agency

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

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

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).

In future fiscal years, successor agencies will only be allocated 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

CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2012

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

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.

Prior to that date, the final seven months of the activity of the redevelopment agency continued to be reported in the governmental funds of the City. After the date of dissolution, the assets and activities of the dissolved redevelopment agency are reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City.

The transfer of the assets and liabilities of the former redevelopment agency as of February 1, 2012 (effectively the same date as January 31, 2012) from governmental funds of the City to fiduciary funds was reported in the governmental funds as an extraordinary loss (or gain) in the governmental fund financial statements. The receipt of these assets and liabilities as of January 31, 2012 was reported in the private-purpose trust fund as an extraordinary gain (or loss).

Because of the different measurement focus of the governmental funds (*current financial resources measurement focus*) and the measurement focus of the trust funds (*economic resources measurement focus*), the extraordinary loss (gain) recognized in the governmental funds was not the same amount as the extraordinary gain (loss) that was recognized in the fiduciary fund financial statements.

The difference between the extraordinary loss recognized in the fund financial statements and the extraordinary gain recognized in the fiduciary fund financial statements is reconciled as follows:

Total extraordinary loss reported in the governmental funds - increase to net assets of the Succesory Agency Trust Fund	\$ (5,225,859)
Long-term debt reported in the government-wide financial statements - decrease to net assets of the Successor Agency Trust Fund	<u>77,988,060</u>
Net decrease to net assets of the Successor Agency Trust Fund as a result of initial transfers (equal to amount of extraordinary gain reported in the government-wide financial statements of the City)	<u><u>\$ 72,762,201</u></u>

a. Cash and investments

As of June 30, 2012, cash and investments were reported in the accompanying financial statements as follows:

Cash and investments	\$ 11,485,044
Cash and investments, restricted	2,414,563
Cash and investments with fiscal agent	<u>3,279,644</u>
Total Cash and Investments	<u><u>\$ 17,179,251</u></u>

CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

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

b. Notes Receivable

On October 19, 1993, the Ontario Redevelopment Agency accepted a note receivable of \$35,000 from a developer as part of a transaction involving the sale of property. The note bears interest at 0% annually and was due in full on June 20, 1995. A new note was negotiated on November 8, 1996, and will mature on October 31, 2026. The unpaid principal balance at June 30, 2012 was \$35,000.

c. Advances to/from City

During previous fiscal year, the General Fund made a loan in the amount of \$3,500,000 to the Successor Agency of the Former RDA for capital improvements and the Successor of the Former RDA loaned \$1,600,000 to the Capital Project Fund for project improvements.

d. Long-Term Debt

The following debts were transferred from the Redevelopment Agency to the Successor Agency as of February 1, 2012 as a result of the dissolution:

	Balance July 1, 2011	Transfers from City	Additions	Deletions	Balance June 30, 2012	Due Within One Year
Fiduciary Activities						
Successor Agency of the Former RDA						
Tax Allocation Bonds						
1993 TABs	\$ -	\$ 44,780,244	\$ -	\$ -	\$ 44,780,244	\$ 226,842
1995 TABs	-	3,959,656	-	-	3,959,656	20,058
2002 Refunding Revenue Bonds	-	17,098,599	612,340 *	-	17,710,939	3,852,141
Loans Payable	-	12,053,159	-	-	12,053,159	416,591
Total	\$ -	\$ 77,891,658	\$ 612,340	\$ -	78,503,998	\$ 4,515,632
			Unamortized Bond Premium		808,558	
					\$ 79,312,556	

* Additions of \$612,340 relates to Refunding Revenue Bonds accretion of interest.

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, 2012, amounted to \$44,780,244.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012
Note 18: 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:

	1993 Tax Allocation Bonds	
	Principal	Interest
2012 - 2013	\$ 226,842	\$ 5,360,019
2013 - 2014	258,907	5,330,874
2014 - 2015	283,254	5,298,344
2015 - 2016	322,301	5,262,011
2016 - 2017	1,901,649	5,128,574
2017 - 2022	19,853,850	19,969,046
2022 - 2027	21,933,441	4,851,990
Total	<u>\$ 44,780,244</u>	<u>\$ 51,200,858</u>

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, 2012, amounted to \$3,959,656.

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

	1995 Tax Allocation Bonds	
	Principal	Interest
2012 - 2013	\$ 20,058	\$ 473,955
2013 - 2014	22,893	471,378
2014 - 2015	25,046	468,502
2015 - 2016	28,499	465,289
2016 - 2017	168,151	453,490
2017 - 2022	1,755,550	1,765,751
2022 - 2027	1,939,459	429,036
Total	<u>\$ 3,959,656</u>	<u>\$ 4,527,401</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

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

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, 2012, amounted to \$17,710,939 and was made up of \$7,351,507 original issue and \$10,359,432 accreted interest. The unamortized bond premium was \$808,558.

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

	2002 Refunding Revenue Bonds	
	Principal	Interest
2012 - 2013	\$ 3,852,141	\$ 310,063
2013 - 2014	3,334,239	273,369
2014 - 2015	3,085,238	235,044
2015 - 2016	2,848,052	195,013
2016 - 2017	1,462,554	160,363
2017 - 2022	3,128,715	376,553
Total	<u>\$ 17,710,939</u>	<u>\$ 1,550,405</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, 2012, amounted to \$12,053,159.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012
Note 18: Successor Trust For Assets of Former Redevelopment Agency (Continued)

At June 30, 2012, the annual requirements to repay the outstanding indebtedness were as follows:

	2002 FNMA Housing Set-Aside Loan	
	Principal	Interest
2012 - 2013	\$ 416,591	\$ 627,778
2013 - 2014	438,670	605,113
2014 - 2015	461,920	581,248
2015 - 2016	486,402	556,117
2016 - 2017	512,181	529,655
2017 - 2022	2,998,031	2,199,563
2022 - 2027	3,881,306	1,292,881
2027 - 3032	2,858,058	232,429
Total	<u>\$ 12,053,159</u>	<u>\$ 6,624,784</u>

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 \$142,407,446 with annual debt service requirements as indicated above. For the current year, the total property tax revenue recognized by the City and Successor Agency for the payment of indebtedness incurred by the dissolved redevelopment agency was \$42,463,334 and the debt service obligation on the bonds was \$11,228,333.

e. 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, 2012, the Agency had not made any payments to Staples except for the yearly operating covenant payment of \$1,800,000.

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

The City and the Agency have entered into a development incentive and assistance agreement in which the City will reimburse a private corporation 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.

f. Subsequent Events

Assembly Bill 1484 Due Diligence Review

Assembly Bill 1484 requires the successor agency to remit to the County auditor-controller three payments as determined by the auditor-controller which consist of a payment to be made in July 2012 for taxing entities' share of the December 2011 property tax distribution to redevelopment agency/successor agency, a payment to be made in November 2012 related to Low-Moderate Income Housing Fund Due Diligence Review for unencumbered cash, and a payment to be made in April 2013 related to the other Redevelopment Funds Due Diligence Review for unencumbered cash. As of the date of the report, the payment in July 2012 resulted in no amount due, the Low-Moderate Income Housing Due Diligence Review and the other Redevelopment Funds Due Diligence Review currently resulted in no amount due to the County which has not been confirmed by the Department of Finance.

REQUIRED SUPPLEMENTARY INFORMATION

Modified Approach for City Infrastructure Capital Assets

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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 May, 2012, the City completed a study to update the physical condition assessment of the streets. The prior assessment study was completed in March, 2010. A further updated study assessing the existing conditions is expected to be completed in the second quarter of 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. As of June 30, 2012, the City’s average street and its related subsystem’s PCI rating was 71.1, with the detail condition as follows:

REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
JUNE 30, 2012

Modified Approach for City Infrastructure Capital Assets (Continued)

<u>Condition</u>	<u>% of Streets</u>
Excellent to Very Good	67%
Good to Fair	26%
Poor to Failed	7%

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

<u>Report's Date</u>	<u>PCI Index</u>
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 June 30, 2012 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 \$9.18 million on street maintenance for the fiscal year ended June 30, 2012. 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 2012 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, 2012, the City had approximately 114,267,064 square feet (543.5 centerline miles) of streets with a carrying amount of \$297,018,892 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, 2012, the City expended \$5.3 million on infrastructure maintenance for sidewalks, catch basin/storm drains, and traffic signal/street lightings. These expenditures delayed deterioration and improved the overall condition of these infrastructures. It is estimated that it will cost approximately \$5.9 million per year to maintain these other infrastructure assets at their present level as shown on the schedule presented below.

Modified Approach for City Infrastructure Capital Assets (Continued)

INFRASTRUCTURE MAINTENANCE

ESTIMATED AND ACTUAL EXPENDITURES
FIVE YEARS (IN THOUSANDS)

		2009	2010	2011	2012	2013
<u>Streets:</u>						
	Estimated	\$ 17,926	\$ 8,166	\$ 10,290	\$ 12,228	\$ 11,048
	Actual	11,338	8,244	6,874	9,181	
<u>Sidewalks:</u>						
	Estimated	2,854	1,740	1,495	1,495	1,414
	Actual	2,158	2,158	1,433	1,284	
<u>Storm Drain:</u>						
	Estimated	1,584	1,325	1,590	1,590	1,556
	Actual	1,292	1,209	1,281	1,428	
<u>Traffic Signal/Street Lights:</u>						
	Estimated	3,386	2,532	4,159	2,985	2,882
	Actual	2,250	2,419	3,035	2,558	

CITY OF ONTARIO

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012**

	Special Revenue Funds			
	Special Gas Tax	Measure I	Park Impact / Quimby	Asset Seizure
Assets:				
Cash and investments	\$ 5,878,258	\$ 5,240,368	\$ 7,816,587	\$ 3,351,490
Receivables:				
Accounts	478,589	1,226,027	4,350	10
Accrued interest	14,801	11,828	19,267	8,060
Taxes	-	-	-	-
Prepaid costs	-	-	-	7,257
Deposits with others	-	-	-	-
Land held for resale	-	-	-	-
Restricted assets:				
Cash and investments	-	-	-	-
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 6,371,648	\$ 6,478,223	\$ 7,840,204	\$ 3,366,817
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 637,160	\$ 1,174,273	\$ 128,376	\$ 143,430
Accrued liabilities	24,440	-	-	42,236
Deferred revenues	-	-	-	-
Deposits payable	-	-	-	170,213
Due to other funds	-	435,575	-	-
Advances from Successor Agency	-	-	-	-
Total Liabilities	661,600	1,609,848	128,376	355,879
Fund Balances:				
Nonspendable:				
Prepaid costs	-	-	-	7,257
Deposits	-	-	-	-
Land held for resale	-	-	-	-
Restricted for:				
Community development projects	5,710,048	4,868,375	7,711,828	-
Public safety	-	-	-	284,248
Police narcotics	-	-	-	2,320,495
AQMD activities	-	-	-	-
Public services	-	-	-	-
Bond improvement projects	-	-	-	-
Committed to:				
Affordable Housing	-	-	-	-
Capital Projects	-	-	-	-
Assigned to:				
Continuing appropriations	-	-	-	398,938
Unassigned	-	-	-	-
Total Fund Balances	5,710,048	4,868,375	7,711,828	3,010,938
Total Liabilities and Fund Balances	\$ 6,371,648	\$ 6,478,223	\$ 7,840,204	\$ 3,366,817

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012**

(Continued)

	Special Revenue Funds			
	Mobile Source Air Pollution	Special Assessment/Fee Districts	Building Safety	Storm Drain Maintenance
Assets:				
Cash and investments	\$ 930,480	\$ 4,345,187	\$ 1,174,972	\$ 1,422,353
Receivables:				
Accounts	51,213	-	-	103,406
Accrued interest	2,339	7,219	-	3,518
Taxes	-	9,936	2,990	-
Prepaid costs	-	-	-	-
Deposits with others	-	-	-	-
Land held for resale	-	-	-	-
Restricted assets:				
Cash and investments	-	-	-	-
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 984,032	\$ 4,362,342	\$ 1,177,962	\$ 1,529,277
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 24,858	\$ 57,852	\$ 18,596	\$ 10,303
Accrued liabilities	207	1,107,341	20,098	30,770
Deferred revenues	-	-	-	-
Deposits payable	-	-	-	7,455
Due to other funds	-	-	-	-
Advances from Successor Agency	-	-	-	-
Total Liabilities	25,065	1,165,193	38,694	48,528
Fund Balances:				
Nonspendable:				
Prepaid costs	-	-	-	-
Deposits	-	-	-	-
Land held for resale	-	-	-	-
Restricted for:				
Community development projects	-	3,197,149	1,139,268	1,480,749
Public safety	-	-	-	-
Police narcotics	-	-	-	-
AQMD activities	958,967	-	-	-
Public services	-	-	-	-
Bond improvement projects	-	-	-	-
Committed to:				
Affordable Housing	-	-	-	-
Capital Projects	-	-	-	-
Assigned to:				
Continuing appropriations	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	958,967	3,197,149	1,139,268	1,480,749
Total Liabilities and Fund Balances	\$ 984,032	\$ 4,362,342	\$ 1,177,962	\$ 1,529,277

CITY OF ONTARIO

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012

	Special Revenue Funds			
	Historic Preservation	NMC Public Services	CFD No. 10 - Public Services	NMC CFD
Assets:				
Cash and investments	\$ 313,637	\$ 3,311,448	\$ -	\$ 73
Receivables:				
Accounts	-	-	-	-
Accrued interest	771	8,141	-	26
Taxes	-	-	-	1,290
Prepaid costs	-	-	-	-
Deposits with others	-	-	-	-
Land held for resale	-	-	-	-
Restricted assets:				
Cash and investments	-	-	-	-
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 314,408	\$ 3,319,589	\$ -	\$ 1,389
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 63
Accrued liabilities	-	-	-	-
Deferred revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	-	-	167	1,378
Advances from Successor Agency	-	-	-	-
Total Liabilities	-	-	167	1,441
Fund Balances:				
Nonspendable:				
Prepaid costs	-	-	-	-
Deposits	-	-	-	-
Land held for resale	-	-	-	-
Restricted for:				
Community development projects	314,408	-	-	-
Public safety	-	-	-	-
Police narcotics	-	-	-	-
AQMD activities	-	-	-	-
Public services	-	3,319,589	-	-
Bond improvement projects	-	-	-	-
Committed to:				
Affordable Housing	-	-	-	-
Capital Projects	-	-	-	-
Assigned to:				
Continuing appropriations	-	-	-	-
Unassigned	-	-	(167)	(52)
Total Fund Balances	314,408	3,319,589	(167)	(52)
Total Liabilities and Fund Balances	\$ 314,408	\$ 3,319,589	\$ -	\$ 1,389

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012

(Continued)

	Capital Projects Funds			
	Capital Projects	Redevelopment Administration	Redevelopment Area #1	Redevelopment Area #2
Assets:				
Cash and investments	\$ 6,979,884	\$ -	\$ -	\$ -
Receivables:				
Accounts	-	-	-	-
Accrued interest	3,487	-	-	-
Taxes	-	-	-	-
Prepaid costs	-	-	-	-
Deposits with others	168,674	-	-	-
Land held for resale	19,004,301	-	-	-
Restricted assets:				
Cash and investments	5,299,682	-	-	-
Cash and investments with fiscal agents	4,985,866	-	-	-
Total Assets	\$ 36,441,894	\$ -	\$ -	\$ -
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 806,808	\$ -	\$ -	\$ -
Accrued liabilities	126	-	-	-
Deferred revenues	166,258	-	-	-
Deposits payable	-	-	-	-
Due to other funds	809,775	-	-	-
Advances from Successor Agency	1,600,000	-	-	-
Total Liabilities	3,382,967	-	-	-
Fund Balances:				
Nonspendable:				
Prepaid costs	-	-	-	-
Deposits	168,674	-	-	-
Land held for resale	19,004,301	-	-	-
Restricted for:				
Community development projects	-	-	-	-
Public safety	-	-	-	-
Police narcotics	-	-	-	-
AQMD activities	-	-	-	-
Public services	-	-	-	-
Bond improvement projects	1,738,677	-	-	-
Committed to:				
Affordable Housing	1,421,885	-	-	-
Capital Projects	8,460,103	-	-	-
Assigned to:				
Continuing appropriations	2,265,287	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	33,058,927	-	-	-
Total Liabilities and Fund Balances	\$ 36,441,894	\$ -	\$ -	\$ -

CITY OF ONTARIO

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012

	Capital Projects Funds			
	Redevelopment Center City	Redevelopment Cimarron	Redevelopment Guasti	Combined Low/Moderate Housing
Assets:				
Cash and investments	\$ -	\$ -	\$ -	\$ -
Receivables:				
Accounts	-	-	-	-
Accrued interest	-	-	-	-
Taxes	-	-	-	-
Prepaid costs	-	-	-	-
Deposits with others	-	-	-	-
Land held for resale	-	-	-	-
Restricted assets:				
Cash and investments	-	-	-	-
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ -	\$ -	\$ -	\$ -
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-
Deferred revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	-	-	-	-
Advances from Successor Agency	-	-	-	-
Total Liabilities	-	-	-	-
Fund Balances:				
Nonspendable:				
Prepaid costs	-	-	-	-
Deposits	-	-	-	-
Land held for resale	-	-	-	-
Restricted for:				
Community development projects	-	-	-	-
Public safety	-	-	-	-
Police narcotics	-	-	-	-
AQMD activities	-	-	-	-
Public services	-	-	-	-
Bond improvement projects	-	-	-	-
Committed to:				
Affordable Housing	-	-	-	-
Capital Projects	-	-	-	-
Assigned to:				
Continuing appropriations	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	-	-	-	-
Total Liabilities and Fund Balances	\$ -	\$ -	\$ -	\$ -

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012

(Continued)

	Capital			
	Projects Fund	Debt Service Funds		
	CFDs	Redevelopment Area #2	Redevelopment Center City	Redevelopment Cimarron
Assets:				
Cash and investments	\$ 151,747	\$ -	\$ -	\$ -
Receivables:				
Accounts	-	-	-	-
Accrued interest	-	-	-	-
Taxes	-	-	-	-
Prepaid costs	-	-	-	-
Deposits with others	-	-	-	-
Land held for resale	-	-	-	-
Restricted assets:				
Cash and investments	-	-	-	-
Cash and investments with fiscal agents	9,215	-	-	-
Total Assets	\$ 160,962	\$ -	\$ -	\$ -
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-
Deferred revenues	-	-	-	-
Deposits payable	151,897	-	-	-
Due to other funds	-	-	-	-
Advances from Successor Agency	-	-	-	-
Total Liabilities	151,897	-	-	-
Fund Balances:				
Nonspendable:				
Prepaid costs	-	-	-	-
Deposits	-	-	-	-
Land held for resale	-	-	-	-
Restricted for:				
Community development projects	9,065	-	-	-
Public safety	-	-	-	-
Police narcotics	-	-	-	-
AQMD activities	-	-	-	-
Public services	-	-	-	-
Bond improvement projects	-	-	-	-
Committed to:				
Affordable Housing	-	-	-	-
Capital Projects	-	-	-	-
Assigned to:				
Continuing appropriations	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	9,065	-	-	-
Total Liabilities and Fund Balances	\$ 160,962	\$ -	\$ -	\$ -

CITY OF ONTARIO

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012

	Debt Service Fund	Total Nonmajor Governmental Funds
	Redevelopment Guasti	
Assets:		
Cash and investments	\$ -	\$ 40,916,484
Receivables:		
Accounts	-	1,863,595
Accrued interest	-	79,457
Taxes	-	14,216
Prepaid costs	-	7,257
Deposits with others	-	168,674
Land held for resale	-	19,004,301
Restricted assets:		
Cash and investments	-	5,299,682
Cash and investments with fiscal agents	-	4,995,081
Total Assets	\$ -	\$ 72,348,747
Liabilities and Fund Balances:		
Liabilities:		
Accounts payable	\$ -	\$ 3,001,719
Accrued liabilities	-	1,225,218
Deferred revenues	-	166,258
Deposits payable	-	329,565
Due to other funds	-	1,246,895
Advances from Successor Agency	-	1,600,000
Total Liabilities	-	7,569,655
Fund Balances:		
Nonspendable:		
Prepaid costs	-	7,257
Deposits	-	168,674
Land held for resale	-	19,004,301
Restricted for:		
Community development projects	-	24,430,890
Public safety	-	284,248
Police narcotics	-	2,320,495
AQMD activities	-	958,967
Public services	-	3,319,589
Bond improvement projects	-	1,738,677
Committed to:		
Affordable Housing	-	1,421,885
Capital Projects	-	8,460,103
Assigned to:		
Continuing appropriations	-	2,664,225
Unassigned	-	(219)
Total Fund Balances	-	64,779,092
Total Liabilities and Fund Balances	\$ -	\$ 72,348,747

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CITY OF ONTARIO

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2012**

	Special Revenue Funds			
	Special Gas Tax	Measure I	Park Impact / Quimby	Asset Seizure
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	4,832,150	7,450,133	-	789,093
Charges for services	-	-	331,074	-
Use of money and property	96,055	67,091	131,814	32,092
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	-	33
Total Revenues	4,928,205	7,517,224	462,888	821,218
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	513,185
Community development	2,493,795	6,167,042	2,712,907	-
Public works	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Pass-through agreement payments	-	-	-	-
Total Expenditures	2,493,795	6,167,042	2,712,907	513,185
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,434,410	1,350,182	(2,250,019)	308,033
Other Financing Sources (Uses):				
Transfers out	(2,339,887)	-	-	-
Transfers in	900,000	-	-	-
Total Other Financing Sources (Uses)	(1,439,887)	-	-	-
Extraordinary gain/(loss) on dissolution of redevelopment agency (Note 18)	-	-	-	-
Net Change in Fund Balances	\$ 994,523	\$ 1,350,182	\$ (2,250,019)	\$ 308,033
Fund Balance:				
Beginning of year, as originally reported	\$ 4,715,525	\$ 3,518,193	\$ 9,961,847	\$ 2,702,905
Restatements	-	-	-	-
Beginning of year, as restated	4,715,525	3,518,193	9,961,847	2,702,905
Net Change in Fund Balances	994,523	1,350,182	(2,250,019)	308,033
End of year	\$ 5,710,048	\$ 4,868,375	\$ 7,711,828	\$ 3,010,938

CITY OF ONTARIO

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2012**

(Continued)

	Special Revenue Funds			
	Mobile Source Air Pollution	Special Assessment/ Fee Districts	Building Safety	Storm Drain Maintenance
Revenues:				
Taxes	\$ -	\$ 1,013,488	\$ -	\$ -
Intergovernmental	207,464	-	-	6,179
Charges for services	-	-	866,129	1,219,936
Use of money and property	13,508	37,709	-	16,744
Fines and forfeitures	-	-	-	3,900
Miscellaneous	-	60,000	-	28,728
Total Revenues	220,972	1,111,197	866,129	1,275,487
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community development	107,344	247,156	727,444	968,645
Public works	-	615,845	-	384,532
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Pass-through agreement payments	-	-	-	-
Total Expenditures	107,344	863,001	727,444	1,353,177
Excess (Deficiency) of Revenues Over (Under) Expenditures	113,628	248,196	138,685	(77,690)
Other Financing Sources (Uses):				
Transfers out	(26,695)	(222,610)	(186,166)	(342,419)
Transfers in	-	244,635	-	-
Total Other Financing Sources (Uses)	(26,695)	22,025	(186,166)	(342,419)
Extraordinary gain/(loss) on dissolution of redevelopment agency (Note 18)	-	-	-	-
Net Change in Fund Balances	\$ 86,933	\$ 270,221	\$ (47,481)	\$ (420,109)
Fund Balance:				
Beginning of year, as originally reported	\$ 872,034	\$ 2,926,928	\$ 1,186,749	\$ 1,900,858
Restatements	-	-	-	-
Beginning of year, as restated	872,034	2,926,928	1,186,749	1,900,858
Net Change in Fund Balances	86,933	270,221	(47,481)	(420,109)
End of year	\$ 958,967	\$ 3,197,149	\$ 1,139,268	\$ 1,480,749

CITY OF ONTARIO

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2012**

	Special Revenue Funds			
	Historic Preservation	NMC Public Services	CFD No. 10 - Public Services	NMC CFD
Revenues:				
Taxes	\$ -	\$ -	\$ 9,957	\$ 339,421
Intergovernmental	-	-	-	-
Charges for services	-	21,250	-	-
Use of money and property	4,185	44,502	-	92
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	4,185	65,752	9,957	339,513
Expenditures:				
Current:				
General government	-	-	-	7,875
Public safety	-	-	-	-
Community development	2,250	-	-	-
Public works	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Pass-through agreement payments	-	-	-	-
Total Expenditures	2,250	-	-	7,875
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,935	65,752	9,957	331,638
Other Financing Sources (Uses):				
Transfers out	-	-	(9,957)	(331,690)
Transfers in	-	-	-	-
Total Other Financing Sources (Uses)	-	-	(9,957)	(331,690)
Extraordinary gain/(loss) on dissolution of redevelopment agency (Note 18)	-	-	-	-
Net Change in Fund Balances	\$ 1,935	\$ 65,752	\$ -	\$ (52)
Fund Balance:				
Beginning of year, as originally reported	\$ 312,473	\$ 3,253,837	\$ (167)	\$ -
Restatements	-	-	-	-
Beginning of year, as restated	312,473	3,253,837	(167)	-
Net Change in Fund Balances	1,935	65,752	-	(52)
End of year	\$ 314,408	\$ 3,319,589	\$ (167)	\$ (52)

CITY OF ONTARIO

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2012**

(Continued)

	Capital Projects Funds			
	Capital Projects	Redevelopment Administration	Redevelopment Area #1	Redevelopment Area #2
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	482,566	-	-	-
Charges for services	152,260	-	-	-
Use of money and property	757,106	(5,533)	17,600	(14,176)
Fines and forfeitures	-	-	-	-
Miscellaneous	947,899	-	-	-
Total Revenues	2,339,831	(5,533)	17,600	(14,176)
Expenditures:				
Current:				
General government	-	458,742	3,859,191	96,121
Public safety	372,963	-	-	-
Community development	4,024,280	872,787	-	-
Public works	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	1,350,208
Pass-through agreement payments	-	-	-	-
Total Expenditures	4,397,243	1,331,529	3,859,191	1,446,329
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,057,412)	(1,337,062)	(3,841,591)	(1,460,505)
Other Financing Sources (Uses):				
Transfers out	-	-	(11,882,069)	(3,802,709)
Transfers in	20,167,892	1,550,740	7,933,882	373,837
Total Other Financing Sources (Uses)	20,167,892	1,550,740	(3,948,187)	(3,428,872)
Extraordinary gain/(loss) on dissolution of redevelopment agency (Note 18)	-	(3,676,639)	(4,063,563)	(968,471)
Net Change in Fund Balances	\$ 18,110,480	\$ (3,462,961)	\$ (11,853,341)	\$ (5,857,848)
Fund Balance:				
Beginning of year, as originally reported	\$ 17,503,872	\$ 3,462,961	\$ 11,853,341	\$ 5,857,848
Restatements	(2,555,425)	-	-	-
Beginning of year, as restated	14,948,447	3,462,961	11,853,341	5,857,848
Net Change in Fund Balances	18,110,480	(3,462,961)	(11,853,341)	(5,857,848)
End of year	\$ 33,058,927	\$ -	\$ -	\$ -

CITY OF ONTARIO

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2012**

	Capital Projects Funds			Combined Low/Moderate Housing
	Redevelopment Center City	Redevelopment Cimarron	Redevelopment Guasti	
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ 5,733,353
Intergovernmental	-	-	-	139,904
Charges for services	-	-	-	-
Use of money and property	(11,121)	(4,370)	6,583	314,521
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	-	40,038
Total Revenues	(11,121)	(4,370)	6,583	6,227,816
Expenditures:				
Current:				
General government	410,554	416,936	38,148	1,495,732
Public safety	-	-	-	-
Community development	-	-	-	5,268,610
Public works	-	-	-	-
Debt service:				
Principal retirement	-	-	-	395,623
Interest and fiscal charges	-	-	-	649,302
Pass-through agreement payments	-	-	-	-
Total Expenditures	410,554	416,936	38,148	7,809,267
Excess (Deficiency) of Revenues Over (Under) Expenditures	(421,675)	(421,306)	(31,565)	(1,581,451)
Other Financing Sources (Uses):				
Transfers out	(7,450,701)	(1,466,533)	(15,053)	(378,813)
Transfers in	1,523,631	607,194	58,478	-
Total Other Financing Sources (Uses)	(5,927,070)	(859,339)	43,425	(378,813)
Extraordinary gain/(loss) on dissolution of redevelopment agency (Note 18)	(3,546,333)	(1,124,935)	(158,449)	(31,395,420)
Net Change in Fund Balances	\$ (9,895,078)	\$ (2,405,580)	\$ (146,589)	\$ (33,355,684)
Fund Balance:				
Beginning of year, as originally reported	\$ 9,895,078	\$ 2,405,580	\$ 146,589	\$ 33,355,684
Restatements	-	-	-	-
Beginning of year, as restated	9,895,078	2,405,580	146,589	33,355,684
Net Change in Fund Balances	(9,895,078)	(2,405,580)	(146,589)	(33,355,684)
End of year	\$ -	\$ -	\$ -	\$ -

CITY OF ONTARIO

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2012**

(Continued)

	Capital	Debt Service Funds		
	Projects Fund	Redevelopment Area #2	Redevelopment Center City	Redevelopment Cimarron
	CFDs			
Revenues:				
Taxes	\$ -	\$ 1,869,362	\$ 1,628,722	\$ 685,046
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Use of money and property	-	(63,865)	(31,412)	(22,302)
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	-	1,805,497	1,597,310	662,744
Expenditures:				
Current:				
General government	-	170,405	6,823,574	504,270
Public safety	-	-	-	-
Community development	-	-	-	-
Public works	-	-	-	-
Debt service:				
Principal retirement	-	-	420,000	225,000
Interest and fiscal charges	-	5,105,105	286,151	58,093
Pass-through agreement payments	-	401,309	221,980	66,383
Total Expenditures	-	5,676,819	7,751,705	853,746
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(3,871,322)	(6,154,395)	(191,002)
Other Financing Sources (Uses):				
Transfers out	-	(1,525,315)	(2,234,211)	(1,767,754)
Transfers in	-	2,626,538	668,305	2,076,541
Total Other Financing Sources (Uses)	-	1,101,223	(1,565,906)	308,787
Extraordinary gain/(loss) on dissolution of redevelopment agency (Note 18)	-	(225,209)	3,762,008	(714,118)
Net Change in Fund Balances	\$ -	\$ (2,995,308)	\$ (3,958,293)	\$ (596,333)
Fund Balance:				
Beginning of year, as originally reported	\$ 9,065	\$ 2,995,308	\$ 3,958,293	\$ 596,333
Restatements	-	-	-	-
Beginning of year, as restated	9,065	2,995,308	3,958,293	596,333
Net Change in Fund Balances	-	(2,995,308)	(3,958,293)	(596,333)
End of year	\$ 9,065	\$ -	\$ -	\$ -

CITY OF ONTARIO

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2012**

	Debt Service Fund	Total Nonmajor Governmental Funds
	Redevelopment Guasti	
Revenues:		
Taxes	\$ 259,202	\$ 11,538,551
Intergovernmental	-	13,907,489
Charges for services	-	2,590,649
Use of money and property	15,987	1,402,810
Fines and forfeitures	-	3,900
Miscellaneous	-	1,076,698
Total Revenues	275,189	30,520,097
Expenditures:		
Current:		
General government	617	14,282,165
Public safety	-	886,148
Community development	-	23,592,260
Public works	-	1,000,377
Debt service:		
Principal retirement	-	1,040,623
Interest and fiscal charges	-	7,448,859
Pass-through agreement payments	64,834	754,506
Total Expenditures	65,451	49,004,938
Excess (Deficiency) of Revenues Over (Under) Expenditures	209,738	(18,484,841)
Other Financing Sources (Uses):		
Transfers out	(409,564)	(34,392,146)
Transfers in	500,000	39,231,673
Total Other Financing Sources (Uses)	90,436	4,839,527
Extraordinary gain/(loss) on dissolution of redevelopment agency (Note 18)	(2,188,372)	(44,299,501)
Net Change in Fund Balances	\$ (1,888,198)	\$ (57,944,815)
Fund Balance:		
Beginning of year, as originally reported	\$ 1,888,198	\$ 125,279,332
Restatements	-	(2,555,425)
Beginning of year, as restated	1,888,198	122,723,907
Net Change in Fund Balances	(1,888,198)	(57,944,815)
End of year	\$ -	\$ 64,779,092

CITY OF ONTARIO

**BUDGETARY COMPARISON SCHEDULE
SPECIAL GAS TAX
YEAR ENDED JUNE 30, 2012**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 4,715,525	\$ 4,715,525	\$ 4,715,525	\$ -
Resources (Inflows):				
Intergovernmental	4,663,566	4,663,566	4,832,150	168,584
Use of money and property	35,000	35,000	96,055	61,055
Transfers in	900,000	900,000	900,000	-
Amounts Available for Appropriation	10,314,091	10,314,091	10,543,730	229,639
Charges to Appropriation (Outflow):				
Community development	5,175,778	6,069,264	2,493,795	3,575,469
Transfers out	2,339,887	2,339,887	2,339,887	-
Total Charges to Appropriation	7,515,665	8,409,151	4,833,682	3,575,469
Budgetary Fund Balance, June 30	\$ 2,798,426	\$ 1,904,940	\$ 5,710,048	\$ 3,805,108

CITY OF ONTARIO

BUDGETARY COMPARISON SCHEDULE

MEASURE I

YEAR ENDED JUNE 30, 2012

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 3,518,193	\$ 3,518,193	\$ 3,518,193	\$ -
Resources (Inflows):				
Intergovernmental	6,165,528	12,954,992	7,450,133	(5,504,859)
Use of money and property	40,000	40,000	67,091	27,091
Amounts Available for Appropriation	9,723,721	16,513,185	11,035,417	(5,477,768)
Charges to Appropriation (Outflow):				
Community development	6,996,800	16,066,780	6,167,042	9,899,738
Total Charges to Appropriation	6,996,800	16,066,780	6,167,042	9,899,738
Budgetary Fund Balance, June 30	\$ 2,726,921	\$ 446,405	\$ 4,868,375	\$ 4,421,970

CITY OF ONTARIO

**BUDGETARY COMPARISON SCHEDULE
PARK IMPACT / QUIMBY
YEAR ENDED JUNE 30, 2012**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 9,961,847	\$ 9,961,847	\$ 9,961,847	\$ -
Resources (Inflows):				
Charges for services	-	-	331,074	331,074
Use of money and property	115,000	115,000	131,814	16,814
Amounts Available for Appropriation	10,076,847	10,076,847	10,424,735	347,888
Charges to Appropriation (Outflow):				
Community development	-	8,422,294	2,712,907	5,709,387
Total Charges to Appropriation	-	8,422,294	2,712,907	5,709,387
Budgetary Fund Balance, June 30	\$ 10,076,847	\$ 1,654,553	\$ 7,711,828	\$ 6,057,275

CITY OF ONTARIO

**BUDGETARY COMPARISON SCHEDULE
ASSET SEIZURE
YEAR ENDED JUNE 30, 2012**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,702,905	\$ 2,702,905	\$ 2,702,905	\$ -
Resources (Inflows):				
Intergovernmental	-	-	789,093	789,093
Use of money and property	-	-	32,092	32,092
Miscellaneous	-	-	33	33
Amounts Available for Appropriation	2,702,905	2,702,905	3,524,123	821,218
Charges to Appropriation (Outflow):				
Public safety	425,587	866,756	513,185	353,571
Total Charges to Appropriation	425,587	866,756	513,185	353,571
Budgetary Fund Balance, June 30	\$ 2,277,318	\$ 1,836,149	\$ 3,010,938	\$ 1,174,789

CITY OF ONTARIO

**BUDGETARY COMPARISON SCHEDULE
MOBILE SOURCE AIR POLLUTION
YEAR ENDED JUNE 30, 2012**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 872,034	\$ 872,034	\$ 872,034	\$ -
Resources (Inflows):				
Intergovernmental	200,000	200,000	207,464	7,464
Use of money and property	9,000	9,000	13,508	4,508
Amounts Available for Appropriation	1,081,034	1,081,034	1,093,006	11,972
Charges to Appropriation (Outflow):				
Community development	73,262	638,850	107,344	531,506
Transfers out	7,236	7,236	26,695	(19,459)
Total Charges to Appropriation	80,498	646,086	134,039	512,047
Budgetary Fund Balance, June 30	\$ 1,000,536	\$ 434,948	\$ 958,967	\$ 524,019

CITY OF ONTARIO

**BUDGETARY COMPARISON SCHEDULE
 SPECIAL ASSESSMENT/FEE DISTRICTS
 YEAR ENDED JUNE 30, 2012**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,926,928	\$ 2,926,928	\$ 2,926,928	\$ -
Resources (Inflows):				
Taxes	1,031,307	1,031,307	1,013,488	(17,819)
Charges for services	40,000	40,000	-	(40,000)
Use of money and property	38,500	38,500	37,709	(791)
Miscellaneous	60,000	60,000	60,000	-
Transfers in	244,635	244,635	244,635	-
Amounts Available for Appropriation	4,341,370	4,341,370	4,282,760	(58,610)
Charges to Appropriation (Outflow):				
Community development	535,616	535,616	247,156	288,460
Public works	667,887	667,887	615,845	52,042
Transfers out	246,822	246,822	222,610	24,212
Total Charges to Appropriation	1,450,325	1,450,325	1,085,611	364,714
Budgetary Fund Balance, June 30	\$ 2,891,045	\$ 2,891,045	\$ 3,197,149	\$ 306,104

CITY OF ONTARIO

**BUDGETARY COMPARISON SCHEDULE
BUILDING SAFETY
YEAR ENDED JUNE 30, 2012**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,186,749	\$ 1,186,749	\$ 1,186,749	\$ -
Resources (Inflows):				
Charges for services	1,260,000	860,000	866,129	6,129
Use of money and property	7,000	7,000	-	(7,000)
Miscellaneous	100,000	100,000	-	(100,000)
Amounts Available for Appropriation	2,553,749	2,153,749	2,052,878	(100,871)
Charges to Appropriation (Outflow):				
Community development	1,170,731	1,170,731	727,444	443,287
Transfers out	26,647	26,647	186,166	(159,519)
Total Charges to Appropriation	1,197,378	1,197,378	913,610	283,768
Budgetary Fund Balance, June 30	\$ 1,356,371	\$ 956,371	\$ 1,139,268	\$ 182,897

CITY OF ONTARIO

**BUDGETARY COMPARISON SCHEDULE
STORM DRAIN MAINTENANCE
YEAR ENDED JUNE 30, 2012**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,900,858	\$ 1,900,858	\$ 1,900,858	\$ -
Resources (Inflows):				
Intergovernmental	-	-	6,179	6,179
Charges for services	1,156,000	1,156,000	1,219,936	63,936
Use of money and property	20,000	20,000	16,744	(3,256)
Fines and forfeitures	2,000	2,000	3,900	1,900
Miscellaneous	-	-	28,728	28,728
Amounts Available for Appropriation	3,078,858	3,078,858	3,176,345	97,487
Charges to Appropriation (Outflow):				
Community development	1,020,167	1,126,166	968,645	157,521
Public works	440,711	443,611	384,532	59,079
Transfers out	318,429	318,429	342,419	(23,990)
Total Charges to Appropriation	1,779,307	1,888,206	1,695,596	192,610
Budgetary Fund Balance, June 30	\$ 1,299,551	\$ 1,190,652	\$ 1,480,749	\$ 290,097

CITY OF ONTARIO

**BUDGETARY COMPARISON SCHEDULE
HISTORIC PRESERVATION
YEAR ENDED JUNE 30, 2012**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 312,473	\$ 312,473	\$ 312,473	\$ -
Resources (Inflows):				
Use of money and property	3,000	3,000	4,185	1,185
Amounts Available for Appropriation	315,473	315,473	316,658	1,185
Charges to Appropriation (Outflow):				
Community development	-	-	2,250	(2,250)
Total Charges to Appropriation	-	-	2,250	(2,250)
Budgetary Fund Balance, June 30	\$ 315,473	\$ 315,473	\$ 314,408	\$ (1,065)

CITY OF ONTARIO

**BUDGETARY COMPARISON SCHEDULE
NMC PUBLIC SERVICES
YEAR ENDED JUNE 30, 2012**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 3,253,837	\$ 3,253,837	\$ 3,253,837	\$ -
Resources (Inflows):				
Charges for services	-	-	21,250	21,250
Use of money and property	30,000	30,000	44,502	14,502
Amounts Available for Appropriation	3,283,837	3,283,837	3,319,589	35,752
Budgetary Fund Balance, June 30	\$ 3,283,837	\$ 3,283,837	\$ 3,319,589	\$ 35,752

CITY OF ONTARIO

**BUDGETARY COMPARISON SCHEDULE
CFD NO. 10 - PUBLIC SERVICES
YEAR ENDED JUNE 30, 2012**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (167)	\$ (167)	\$ (167)	\$ -
Resources (Inflows):				
Taxes	9,957	9,957	9,957	-
Amounts Available for Appropriation	9,790	9,790	9,790	-
Charges to Appropriation (Outflow):				
Transfers out	9,957	9,957	9,957	-
Total Charges to Appropriation	9,957	9,957	9,957	-
Budgetary Fund Balance, June 30	\$ (167)	\$ (167)	\$ (167)	\$ -

CITY OF ONTARIO

BUDGETARY COMPARISON SCHEDULE

NMC CFD

YEAR ENDED JUNE 30, 2012

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Taxes	339,561	339,561	339,421	(140)
Use of money and property	-	-	92	92
Amounts Available for Appropriation	339,561	339,561	339,513	(48)
Charges to Appropriation (Outflow):				
General government	19,577	19,577	7,875	11,702
Transfers out	319,984	319,984	331,690	(11,706)
Total Charges to Appropriation	339,561	339,561	339,565	(4)
Budgetary Fund Balance, June 30	\$ -	\$ -	\$ (52)	\$ (52)

CITY OF ONTARIO

**BUDGETARY COMPARISON SCHEDULE
 CAPITAL PROJECTS
 YEAR ENDED JUNE 30, 2012**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1, as restated	\$ 14,948,447	\$ 14,948,447	\$ 14,948,447	\$ -
Resources (Inflows):				
Intergovernmental	-	3,814,438	482,566	(3,331,872)
Charges for services	-	-	152,260	152,260
Use of money and property	10,000	10,000	757,106	747,106
Miscellaneous	-	1,300,000	947,899	(352,101)
Transfers in	1,147,000	1,582,000	20,167,892	18,585,892
Amounts Available for Appropriation	16,105,447	21,654,885	37,456,170	15,801,285
Charges to Appropriation (Outflow):				
Public safety	120,000	588,819	372,963	215,856
Community development	1,027,000	11,885,567	4,024,280	7,861,287
Public works	30,000	30,000	-	30,000
Total Charges to Appropriation	1,177,000	12,504,386	4,397,243	8,107,143
Budgetary Fund Balance, June 30	\$ 14,928,447	\$ 9,150,499	\$ 33,058,927	\$ 23,908,428

CITY OF ONTARIO

**BUDGETARY COMPARISON SCHEDULE
REDEVELOPMENT ADMINISTRATION
YEAR ENDED JUNE 30, 2012**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 3,462,961	\$ 3,462,961	\$ 3,462,961	\$ -
Resources (Inflows):				
Use of money and property	50,000	50,000	(5,533)	(55,533)
Transfers in	3,101,481	3,101,481	1,550,740	(1,550,741)
Amounts Available for Appropriation	6,614,442	6,614,442	5,008,168	(1,606,274)
Charges to Appropriation (Outflow):				
General government	894,050	908,729	458,742	449,987
Community development	2,207,432	2,216,877	872,787	1,344,090
Extraordinary loss on dissolution of redevelopment agency	-	-	3,676,639	(3,676,639)
Total Charges to Appropriations	3,101,482	3,125,606	5,008,168	(1,882,562)
Budgetary Fund Balance, June 30	\$ 3,512,960	\$ 3,488,836	\$ -	\$ (3,488,836)

CITY OF ONTARIO

**BUDGETARY COMPARISON SCHEDULE
 REDEVELOPMENT AREA #1 - CAPITAL PROJECTS
 YEAR ENDED JUNE 30, 2012**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 11,853,341	\$ 11,853,341	\$ 11,853,341	\$ -
Resources (Inflows):				
Use of money and property	20,000	20,000	17,600	(2,400)
Other debts issued	4,376,933	4,376,933	-	(4,376,933)
Transfers in	5,000,000	5,000,000	7,933,882	2,933,882
Amounts Available for Appropriation	21,250,274	21,250,274	19,804,823	(1,445,451)
Charges to Appropriation (Outflow):				
General government	3,748,778	6,956,326	3,859,191	3,097,135
Transfers out	2,323,245	2,323,245	11,882,069	(9,558,824)
Extraordinary loss on dissolution of redevelopment agency	-	-	4,063,563	(4,063,563)
Total Charges to Appropriations	6,072,023	9,279,571	19,804,823	(10,525,252)
Budgetary Fund Balance, June 30	\$ 15,178,251	\$ 11,970,703	\$ -	\$ (11,970,703)

CITY OF ONTARIO

**BUDGETARY COMPARISON SCHEDULE
 REDEVELOPMENT AREA #2 - CAPITAL PROJECTS
 YEAR ENDED JUNE 30, 2012**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 5,857,848	\$ 5,857,848	\$ 5,857,848	\$ -
Resources (Inflows):				
Use of money and property	35,000	35,000	(14,176)	(49,176)
Other debts issued	328,178	328,178	-	(328,178)
Transfers in	-	-	373,837	373,837
Amounts Available for Appropriation	6,221,026	6,221,026	6,217,509	(3,517)
Charges to Appropriation (Outflow):				
General government	414,953	414,953	96,121	318,832
Community development	-	40,225	-	40,225
Debt service:				
Interest and fiscal charges	-	-	1,350,208	(1,350,208)
Transfers out	210,725	210,725	3,802,709	(3,591,984)
Extraordinary loss on dissolution of redevelopment agency	-	-	968,471	(968,471)
Total Charges to Appropriations	625,678	665,903	6,217,509	(5,551,606)
Budgetary Fund Balance, June 30	\$ 5,595,348	\$ 5,555,123	\$ -	\$ (5,555,123)

CITY OF ONTARIO

**BUDGETARY COMPARISON SCHEDULE
REDEVELOPMENT CENTER CITY - CAPITAL PROJECTS
YEAR ENDED JUNE 30, 2012**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 9,895,078	\$ 9,895,078	\$ 9,895,078	\$ -
Resources (Inflows):				
Use of money and property	307,500	307,500	(11,121)	(318,621)
Other debts issued	813,918	813,918	-	(813,918)
Transfers in	-	-	1,523,631	1,523,631
Amounts Available for Appropriation	11,016,496	11,016,496	11,407,588	391,092
Charges to Appropriation (Outflow):				
General government	1,297,557	1,297,557	410,554	887,003
Community development	410,000	410,000	-	410,000
Transfers out	416,982	416,982	7,450,701	(7,033,719)
Extraordinary loss on dissolution of redevelopment agency	-	-	3,546,333	(3,546,333)
Total Charges to Appropriations	2,124,539	2,124,539	11,407,588	(9,283,049)
Budgetary Fund Balance, June 30	\$ 8,891,957	\$ 8,891,957	\$ -	\$ (8,891,957)

CITY OF ONTARIO

**BUDGETARY COMPARISON SCHEDULE
REDEVELOPMENT CIMARRON - CAPITAL PROJECTS
YEAR ENDED JUNE 30, 2012**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,405,580	\$ 2,405,580	\$ 2,405,580	\$ -
Resources (Inflows):				
Use of money and property	14,000	14,000	(4,370)	(18,370)
Other debts issued	184,410	184,410	-	(184,410)
Transfers in	-	-	607,194	607,194
Amounts Available for Appropriation	2,603,990	2,603,990	3,008,404	404,414
Charges to Appropriation (Outflow):				
General government	323,987	323,987	416,936	(92,949)
Public safety	-	395,829	-	395,829
Community development	-	50,000	-	50,000
Transfers out	120,423	120,423	1,466,533	(1,346,110)
Extraordinary loss on dissolution of redevelopment agency	-	-	1,124,935	(1,124,935)
Total Charges to Appropriations	444,410	890,239	3,008,404	(2,118,165)
Budgetary Fund Balance, June 30	\$ 2,159,580	\$ 1,713,751	\$ -	\$ (1,713,751)

CITY OF ONTARIO

**BUDGETARY COMPARISON SCHEDULE
REDEVELOPMENT GUASTI - CAPITAL PROJECTS
YEAR ENDED JUNE 30, 2012**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 146,589	\$ 146,589	\$ 146,589	\$ -
Resources (Inflows):				
Use of money and property	1,500	1,500	6,583	5,083
Other debts issued	96,482	96,482	-	(96,482)
Transfers in	-	-	58,478	58,478
Amounts Available for Appropriation	244,571	244,571	211,650	(32,921)
Charges to Appropriation (Outflow):				
General government	131,376	131,376	38,148	93,228
Transfers out	30,106	30,106	15,053	15,053
Extraordinary loss on dissolution of redevelopment agency	-	-	158,449	(158,449)
Total Charges to Appropriations	161,482	161,482	211,650	(50,168)
Budgetary Fund Balance, June 30	\$ 83,089	\$ 83,089	\$ -	\$ (83,089)

CITY OF ONTARIO

**BUDGETARY COMPARISON SCHEDULE
 COMBINED LOW/MODERATE HOUSING
 YEAR ENDED JUNE 30, 2012**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 33,355,684	\$ 33,355,684	\$ 33,355,684	\$ -
Resources (Inflows):				
Taxes	9,830,470	9,830,470	5,733,353	(4,097,117)
Intergovernmental	-	-	139,904	139,904
Use of money and property	344,000	344,000	314,521	(29,479)
Miscellaneous	-	-	40,038	40,038
Amounts Available for Appropriation	43,530,154	43,530,154	39,583,500	(3,946,654)
Charges to Appropriation (Outflow):				
General government	3,085,741	3,085,741	1,495,732	1,590,009
Community development	25,967,342	25,658,343	5,268,610	20,389,733
Debt service:				
Principal retirement	395,623	395,623	395,623	-
Interest and fiscal charges	649,302	649,302	649,302	-
Transfers out	-	-	378,813	(378,813)
Extraordinary loss on dissolution of redevelopment agency	-	-	31,395,420	(31,395,420)
Total Charges to Appropriations	30,098,008	29,789,009	39,583,500	(9,794,491)
Budgetary Fund Balance, June 30	\$ 13,432,146	\$ 13,741,145	\$ -	\$ (13,741,145)

CITY OF ONTARIO

**BUDGETARY COMPARISON SCHEDULE
IMPACT FEES
YEAR ENDED JUNE 30, 2012**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 42,573,785	\$ 42,573,785	\$ 42,573,785	\$ -
Resources (Inflows):				
Charges for services	-	-	6,634,941	6,634,941
Use of money and property	453,300	453,300	616,210	162,910
Amounts Available for Appropriation	43,027,085	43,027,085	49,824,936	6,797,851
Charges to Appropriation (Outflow):				
Community development	1,044,200	18,869,915	935,139	17,934,776
Public works	30,000	7,064,091	4,485,323	2,578,768
Total Charges to Appropriation	1,074,200	25,934,006	5,420,462	20,513,544
Budgetary Fund Balance, June 30	\$ 41,952,885	\$ 17,093,079	\$ 44,404,474	\$ 27,311,395

CITY OF ONTARIO

**BUDGETARY COMPARISON SCHEDULE
 REDEVELOPMENT AREA #1 - DEBT SERVICE
 YEAR ENDED JUNE 30, 2012**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 7,891,894	\$ 7,891,894	\$ 7,891,894	\$ -
Resources (Inflows):				
Taxes	31,256,960	31,256,960	18,491,085	(12,765,875)
Use of money and property	300,000	300,000	(302,724)	(602,724)
Transfers in	-	-	4,430,814	4,430,814
Extraordinary gain on dissolution of redevelopment agency	-	-	9,695,931	9,695,931
Amounts Available for Appropriation	39,448,854	39,448,854	40,207,000	758,146
Charges to Appropriation (Outflow):				
General government	5,235,458	23,466,064	17,006,845	6,459,219
Debt service:				
Principal retirement	5,692,632	5,692,632	3,504,400	2,188,232
Interest and fiscal charges	10,549,327	10,549,327	5,862,300	4,687,027
Pass-through agreement payments	3,125,700	3,125,700	1,879,651	1,246,049
Transfers out	5,000,000	5,000,000	11,953,804	(6,953,804)
Total Charges to Appropriation	29,603,117	47,833,723	40,207,000	7,626,723
Budgetary Fund Balance, June 30	\$ 9,845,737	\$ (8,384,869)	\$ -	\$ 8,384,869

CITY OF ONTARIO

**BUDGETARY COMPARISON SCHEDULE
 REDEVELOPMENT AREA #2 - DEBT SERVICE
 YEAR ENDED JUNE 30, 2012**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,995,308	\$ 2,995,308	\$ 2,995,308	\$ -
Resources (Inflows):				
Taxes	3,504,110	3,504,110	1,869,362	(1,634,748)
Use of money and property	90,000	90,000	(63,865)	(153,865)
Transfers in	-	-	2,626,538	2,626,538
Amounts Available for Appropriation	6,589,418	6,589,418	7,427,343	837,925
Charges to Appropriation (Outflow):				
General government	70,080	70,080	170,405	(100,325)
Debt service:				
Principal retirement	378,008	378,008	-	378,008
Interest and fiscal charges	383,757	383,757	5,105,105	(4,721,348)
Pass-through agreement payments	1,051,235	1,051,235	401,309	649,926
Transfers out	668,305	668,305	1,525,315	(857,010)
Extraordinary loss on dissolution of redevelopment agency	-	-	225,209	(225,209)
Total Charges to Appropriation	2,551,385	2,551,385	7,427,343	(4,875,958)
Budgetary Fund Balance, June 30	\$ 4,038,033	\$ 4,038,033	\$ -	\$ (4,038,033)

CITY OF ONTARIO

**BUDGETARY COMPARISON SCHEDULE
REDEVELOPMENT CENTER CITY - DEBT SERVICE
YEAR ENDED JUNE 30, 2012**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 3,958,293	\$ 3,958,293	\$ 3,958,293	\$ -
Resources (Inflows):				
Taxes	2,673,230	2,673,230	1,628,722	(1,044,508)
Use of money and property	30,000	30,000	(31,412)	(61,412)
Transfers in	668,305	668,305	668,305	-
Extraordinary gain on dissolution of redevelopment agency	-	-	3,762,008	3,762,008
Amounts Available for Appropriation	7,329,828	7,329,828	9,985,916	2,656,088
Charges to Appropriation (Outflow):				
General government	53,465	53,465	6,823,574	(6,770,109)
Debt service:				
Principal retirement	1,233,918	1,233,918	420,000	813,918
Interest and fiscal charges	367,544	367,544	286,151	81,393
Pass-through agreement payments	454,450	454,450	221,980	232,470
Transfers out	-	-	2,234,211	(2,234,211)
Total Charges to Appropriation	2,109,377	2,109,377	9,985,916	(7,876,539)
Budgetary Fund Balance, June 30	\$ 5,220,451	\$ 5,220,451	\$ -	\$ (5,220,451)

CITY OF ONTARIO

**BUDGETARY COMPARISON SCHEDULE
REDEVELOPMENT CIMARRON - DEBT SERVICE
YEAR ENDED JUNE 30, 2012**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 596,333	\$ 596,333	\$ 596,333	\$ -
Resources (Inflows):				
Taxes	1,301,910	1,301,910	685,046	(616,864)
Use of money and property	20,000	20,000	(22,302)	(42,302)
Transfers in	-	-	2,076,541	2,076,541
Amounts Available for Appropriation	1,918,243	1,918,243	3,335,618	1,417,375
Charges to Appropriation (Outflow):				
General government	26,040	26,040	504,270	(478,230)
Debt service:				
Principal retirement	409,410	409,410	225,000	184,410
Interest and fiscal charges	76,534	76,534	58,093	18,441
Pass-through agreement payments	349,890	349,890	66,383	283,507
Transfers out	-	-	1,767,754	(1,767,754)
Extraordinary loss on dissolution of redevelopment agency	-	-	714,118	(714,118)
Total Charges to Appropriation	861,874	861,874	3,335,618	(2,473,744)
Budgetary Fund Balance, June 30	\$ 1,056,369	\$ 1,056,369	\$ -	\$ (1,056,369)

CITY OF ONTARIO

**BUDGETARY COMPARISON SCHEDULE
 REDEVELOPMENT GUASTI - DEBT SERVICE
 YEAR ENDED JUNE 30, 2012**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,888,198	\$ 1,888,198	\$ 1,888,198	\$ -
Resources (Inflows):				
Taxes	585,665	585,665	259,202	(326,463)
Use of money and property	20,000	20,000	15,987	(4,013)
Transfers in	-	-	500,000	500,000
Amounts Available for Appropriation	2,493,863	2,493,863	2,663,387	169,524
Charges to Appropriation (Outflow):				
General government	231,715	231,715	617	231,098
Debt service:				
Principal retirement	96,482	96,482	-	96,482
Interest and fiscal charges	9,649	9,649	-	9,649
Pass-through agreement payments	146,415	146,415	64,834	81,581
Transfers out	-	-	409,564	(409,564)
Extraordinary loss on dissolution of redevelopment agency	-	-	2,188,372	(2,188,372)
Total Charges to Appropriation	484,261	484,261	2,663,387	(2,179,126)
Budgetary Fund Balance, June 30	\$ 2,009,602	\$ 2,009,602	\$ -	\$ (2,009,602)

CITY OF ONTARIO

**COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
JUNE 30, 2012**

	<u>Equipment Services</u>	<u>Self Insurance</u>	<u>Information Technology</u>	<u>Total</u>
Assets:				
Current:				
Cash and investments	\$ 35,337,350	\$ 26,557,598	\$ 26,304,417	\$ 88,199,365
Receivables:				
Accounts	25,938	850	52,215	79,003
Accrued interest	86,311	-	64,555	150,866
Prepaid costs	-	-	37,327	37,327
Inventories	497,389	-	-	497,389
Total Current Assets	<u>35,946,988</u>	<u>26,558,448</u>	<u>26,458,514</u>	<u>88,963,950</u>
Noncurrent:				
Capital assets - net of accumulated depreciation	15,049,469	-	1,657,976	16,707,445
Total Noncurrent Assets	<u>15,049,469</u>	<u>-</u>	<u>1,657,976</u>	<u>16,707,445</u>
Total Assets	<u>\$ 50,996,457</u>	<u>\$ 26,558,448</u>	<u>\$ 28,116,490</u>	<u>\$ 105,671,395</u>
Liabilities and Net Assets:				
Liabilities:				
Current:				
Accounts payable	\$ 279,272	\$ 80,381	\$ 371,456	\$ 731,109
Accrued liabilities	85,079	16,217	122,759	224,055
Accrued compensated absences	12,000	3,000	21,000	36,000
Accrued claims and judgments	-	2,512,000	-	2,512,000
Total Current Liabilities	<u>376,351</u>	<u>2,611,598</u>	<u>515,215</u>	<u>3,503,164</u>
Noncurrent:				
Accrued compensated absences	135,698	35,787	242,705	414,190
Accrued claims and judgments	-	13,205,000	-	13,205,000
Total Noncurrent Liabilities	<u>135,698</u>	<u>13,240,787</u>	<u>242,705</u>	<u>13,619,190</u>
Total Liabilities	<u>512,049</u>	<u>15,852,385</u>	<u>757,920</u>	<u>17,122,354</u>
Net Assets:				
Invested in capital assets	15,049,469	-	1,657,976	16,707,445
Unrestricted	35,434,939	10,706,063	25,700,594	71,841,596
Total Net Assets	<u>50,484,408</u>	<u>10,706,063</u>	<u>27,358,570</u>	<u>88,549,041</u>
Total Liabilities and Net Assets	<u>\$ 50,996,457</u>	<u>\$ 26,558,448</u>	<u>\$ 28,116,490</u>	<u>\$ 105,671,395</u>

CITY OF ONTARIO

**COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2012**

	Equipment Services	Self Insurance	Information Technology	Total
Operating Revenues:				
Sales and service charges	\$ 11,139,405	\$ 8,703,788	\$ 8,578,513	\$ 28,421,706
Miscellaneous	78,842	-	-	78,842
Total Operating Revenues	11,218,247	8,703,788	8,578,513	28,500,548
Operating Expenses:				
Administration and general	2,877,297	2,374,267	3,524,525	8,776,089
Source of supply	4,139,857	-	2,526,905	6,666,762
Claims expense	-	3,955,538	-	3,955,538
Depreciation expense	3,045,034	-	383,705	3,428,739
Total Operating Expenses	10,062,188	6,329,805	6,435,135	22,827,128
Operating Income (Loss)	1,156,059	2,373,983	2,143,378	5,673,420
Nonoperating Revenues (Expenses):				
Interest revenue	486,839	-	347,756	834,595
Total Nonoperating Revenues (Expenses)	486,839	-	347,756	834,595
Income (Loss) Before Transfers	1,642,898	2,373,983	2,491,134	6,508,015
Transfers in	-	-	90,000	90,000
Transfers out	-	-	(840,000)	(840,000)
Changes in Net Assets	1,642,898	2,373,983	1,741,134	5,758,015
Net Assets:				
Beginning of Year	48,841,510	8,332,080	25,617,436	82,791,026
End of Fiscal Year	\$ 50,484,408	\$ 10,706,063	\$ 27,358,570	\$ 88,549,041

CITY OF ONTARIO

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2012**

	Equipment Services	Self Insurance	Information Technology	Total
Cash Flows from Operating Activities:				
Cash received from customers and users	\$11,449,368	\$ 8,702,938	\$ 8,526,298	\$ 28,678,604
Cash paid to suppliers for goods and services	(4,318,713)	(5,008,057)	(2,468,816)	(11,795,586)
Cash paid to employees for services	(2,881,154)	(2,368,680)	(3,497,906)	(8,747,740)
Net Cash Provided (Used) by Operating Activities	4,249,501	1,326,201	2,559,576	8,135,278
Cash Flows from Non-Capital Financing Activities:				
Cash transfers in	-	-	90,000	90,000
Cash transfers out	-	-	(840,000)	(840,000)
Net Cash Provided (Used) by Non-Capital Financing Activities	-	-	(750,000)	(750,000)
Cash Flows from Capital and Related Financing Activities:				
Acquisition and construction of capital assets	(2,318,963)	-	(656,169)	(2,975,132)
Net Cash Provided (Used) by Capital and Related Financing Activities	(2,318,963)	-	(656,169)	(2,975,132)
Cash Flows from Investing Activities:				
Interest received	496,458	-	356,339	852,797
Net Cash Provided (Used) by Investing Activities	496,458	-	356,339	852,797
Net Increase (Decrease) in Cash and Cash Equivalents	2,426,996	1,326,201	1,509,746	5,262,943
Cash and Cash Equivalents at Beginning of Year	32,910,354	25,231,397	24,794,671	82,936,422
Cash and Cash Equivalents at End of Year	\$35,337,350	\$ 26,557,598	\$ 26,304,417	\$ 88,199,365
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ 1,156,059	\$ 2,373,983	\$ 2,143,378	\$ 5,673,420
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:				
Depreciation	3,045,034	-	383,705	3,428,739
(Increase) decrease in accounts receivable	231,121	(850)	(52,215)	178,056
(Increase) decrease in prepaid expense	-	-	(23,953)	(23,953)
(Increase) decrease in inventories	(59,636)	-	-	(59,636)
Increase (decrease) in accounts payable	(119,220)	(1,052,519)	82,042	(1,089,697)
Increase (decrease) in accrued liabilities	1,977	5,484	17,428	24,889
Increase (decrease) in compensated absences	(5,834)	103	9,191	3,460
Total Adjustments	3,093,442	(1,047,782)	416,198	2,461,858
Net Cash Provided (Used) by Operating Activities	\$ 4,249,501	\$ 1,326,201	\$ 2,559,576	\$ 8,135,278

Non-Cash Investing, Capital, and Financing Activities:

During fiscal year 2011-2012, there was no noncash investing, capital or financing activities.

CITY OF ONTARIO

COMBINING BALANCE SHEET
ALL AGENCY FUNDS
JUNE 30, 2012

	Redevelopment Financing Authority	West End Communications Authority	Assessment District 106 Bond Redemption	Sanitary Collection Treatment
Assets:				
Cash and investments	\$ 47,174	\$ 985,477	\$ 897,814	\$ 3,151,337
Receivables:				
Accounts	-	-	-	-
Taxes	-	-	3,027	-
Accrued interest	116	2,423	2,233	-
Prepaid costs	-	-	-	-
Deposits	-	-	-	-
Other investments	217,598,051	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	896,872	-	446,864	-
Total Assets	\$ 218,542,213	\$ 987,900	\$ 1,349,938	\$ 3,151,337
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 584,708
Due to other governments	218,542,213	987,900	-	2,566,629
Due to bondholders	-	-	1,349,938	-
Available for other post employment benefits	-	-	-	-
Total Liabilities	\$ 218,542,213	\$ 987,900	\$ 1,349,938	\$ 3,151,337

CITY OF ONTARIO

**COMBINING BALANCE SHEET
ALL AGENCY FUNDS
JUNE 30, 2012**

(Continued)

	Reassessment Bond Redemption	Assessment District 100C Bond	Assessment District 103 Bond Redemption	Assessment District 104 Bond Redemption
Assets:				
Cash and investments	\$ 564,000	\$ 41,856	\$ 177,050	\$ 51,272
Receivables:				
Accounts	-	-	-	-
Taxes	-	-	-	-
Accrued interest	1,387	103	435	126
Prepaid costs	-	-	-	-
Deposits	-	-	-	-
Other investments	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 565,387	\$ 41,959	\$ 177,485	\$ 51,398
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other governments	-	-	-	-
Due to bondholders	565,387	41,959	177,485	51,398
Available for other post employment benefits	-	-	-	-
Total Liabilities	\$ 565,387	\$ 41,959	\$ 177,485	\$ 51,398

CITY OF ONTARIO

COMBINING BALANCE SHEET
ALL AGENCY FUNDS
JUNE 30, 2012

	<u>Assessment District 108 Bond</u>	<u>Assessment District 107 Bond</u>	<u>West End Fire and Emergency Response</u>	<u>Community Facility District No.5 Debt</u>
Assets:				
Cash and investments	\$ 1,039,643	\$ 129,780	\$ 294,084	\$ 1,786,178
Receivables:				
Accounts	-	-	2	-
Taxes	3,884	-	-	1,738
Accrued interest	2,628	319	760	4,270
Prepaid costs	-	-	17,449	-
Deposits	-	-	-	-
Other investments	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	1,368,161	-	-	985,436
Total Assets	<u>\$ 2,414,316</u>	<u>\$ 130,099</u>	<u>\$ 312,295</u>	<u>\$ 2,777,622</u>
Liabilities:				
Accounts payable	\$ 63	\$ -	\$ 1,805	\$ 63
Due to other governments	-	-	310,490	-
Due to bondholders	2,414,253	130,099	-	2,777,559
Available for other post employment benefits	-	-	-	-
Total Liabilities	<u>\$ 2,414,316</u>	<u>\$ 130,099</u>	<u>\$ 312,295</u>	<u>\$ 2,777,622</u>

CITY OF ONTARIO

COMBINING BALANCE SHEET
ALL AGENCY FUNDS
JUNE 30, 2012

	Community Facility District No. 13 Debt	Other Post Employment Benefits	Total
Assets:			
Cash and investments	\$ 403,578	\$ 51,267,178	\$ 60,836,421
Receivables:			
Accounts	-	9,181	9,183
Taxes	-	-	8,649
Accrued interest	999	100,452	116,251
Prepaid costs	-	-	17,449
Deposits	-	5,332	5,332
Other investments	-	19,956,716	237,554,767
Restricted assets:			
Cash and investments with fiscal agents	341,468	-	4,038,801
Total Assets	\$ 746,045	\$ 71,338,859	\$ 302,586,853
Liabilities:			
Accounts payable	\$ 63	\$ 463	\$ 587,165
Due to other governments	-	-	222,407,232
Due to bondholders	745,982	-	8,254,060
Available for other post employment benefits	-	71,338,396	71,338,396
Total Liabilities	\$ 746,045	\$ 71,338,859	\$ 302,586,853

CITY OF ONTARIO

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 YEAR ENDED JUNE 30, 2012**

	<u>Balance 7/1/2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/2012</u>
<u>Redevelopment Financing Authority</u>				
Assets:				
Cash and investments	\$ 7,412	\$ 53,607,114	\$ 53,567,352	\$ 47,174
Receivables:				
Accrued interest	22	116	22	116
Other investments	243,367,067	3,194,234	28,963,250	217,598,051
Restricted assets:				
Cash and investments with fiscal agents	865,114	10,355,944	10,324,186	896,872
Total Assets	<u>\$ 244,239,615</u>	<u>\$ 67,157,408</u>	<u>\$ 92,854,810</u>	<u>\$ 218,542,213</u>
Liabilities:				
Due to other governments	\$ 244,239,615	\$ 90,715,543	\$ 116,412,945	\$ 218,542,213
Total Liabilities	<u>\$ 244,239,615</u>	<u>\$ 90,715,543</u>	<u>\$ 116,412,945</u>	<u>\$ 218,542,213</u>
<u>West End Communications Authority</u>				
Assets:				
Cash and investments	\$ 971,883	\$ 49,580	\$ 35,986	\$ 985,477
Receivables:				
Accrued interest	2,862	2,423	2,862	2,423
Total Assets	<u>\$ 974,745</u>	<u>\$ 52,003</u>	<u>\$ 38,848</u>	<u>\$ 987,900</u>
Liabilities:				
Due to other governments	\$ 974,745	\$ 13,155	\$ -	\$ 987,900
Total Liabilities	<u>\$ 974,745</u>	<u>\$ 13,155</u>	<u>\$ -</u>	<u>\$ 987,900</u>
<u>Assessment District 106 Bond Redemption</u>				
Assets:				
Cash and investments	\$ 879,067	\$ 489,580	\$ 470,833	\$ 897,814
Receivables:				
Taxes	2,777	3,027	2,777	3,027
Accrued interest	2,638	2,233	2,638	2,233
Restricted assets:				
Cash and investments with fiscal agents	446,864	-	-	446,864
Total Assets	<u>\$ 1,331,346</u>	<u>\$ 494,840</u>	<u>\$ 476,248</u>	<u>\$ 1,349,938</u>
Liabilities:				
Due to bondholders	\$ 1,331,346	\$ 18,592	\$ -	\$ 1,349,938
Total Liabilities	<u>\$ 1,331,346</u>	<u>\$ 18,592</u>	<u>\$ -</u>	<u>\$ 1,349,938</u>

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 YEAR ENDED JUNE 30, 2012

(Continued)

	Balance 7/1/2011	Additions	Deductions	Balance 6/30/2012
<u>Sanitary Collection Treatment</u>				
Assets:				
Cash and investments	\$ 1,670,094	\$ 1,886,723	\$ 405,480	\$ 3,151,337
Total Assets	\$ 1,670,094	\$ 1,886,723	\$ 405,480	\$ 3,151,337
Liabilities:				
Accounts payable	\$ -	\$ 584,708	\$ -	\$ 584,708
Due to other governments	1,670,094	896,535	-	2,566,629
Total Liabilities	\$ 1,670,094	\$ 1,481,243	\$ -	\$ 3,151,337
<u>Reassessment Bond Redemption</u>				
Assets:				
Cash and investments	\$ 556,219	\$ 28,376	\$ 20,595	\$ 564,000
Receivables:				
Accrued interest	1,638	1,387	1,638	1,387
Total Assets	\$ 557,857	\$ 29,763	\$ 22,233	\$ 565,387
Liabilities:				
Due to bondholders	\$ 557,857	\$ 7,530	\$ -	\$ 565,387
Total Liabilities	\$ 557,857	\$ 7,530	\$ -	\$ 565,387
<u>Assessment District 100C Bond Redemption</u>				
Assets:				
Cash and investments	\$ 40,237	\$ 3,123	\$ 1,504	\$ 41,856
Receivables:				
Accrued interest	118	103	118	103
Restricted assets:				
Cash and investments with fiscal agents	401,434	-	401,434	-
Total Assets	\$ 441,789	\$ 3,226	\$ 403,056	\$ 41,959
Liabilities:				
Due to bondholders	\$ 441,789	\$ -	\$ 399,830	\$ 41,959
Total Liabilities	\$ 441,789	\$ -	\$ 399,830	\$ 41,959
<u>Assessment District 103 Bond Redemption</u>				
Assets:				
Cash and investments	\$ 174,607	\$ 8,908	\$ 6,465	\$ 177,050
Receivables:				
Accrued interest	514	949	1,028	435
Total Assets	\$ 175,121	\$ 9,857	\$ 7,493	\$ 177,485
Liabilities:				
Due to bondholders	\$ 175,121	\$ 2,364	\$ -	\$ 177,485
Total Liabilities	\$ 175,121	\$ 2,364	\$ -	\$ 177,485

CITY OF ONTARIO

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 YEAR ENDED JUNE 30, 2012**

	<u>Balance 7/1/2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/2012</u>
<u>Assessment District 104 Bond Redemption</u>				
Assets:				
Cash and investments	\$ 40,488	\$ 19,996	\$ 9,212	\$ 51,272
Receivables:				
Accrued interest	140	126	140	126
Total Assets	\$ 40,628	\$ 20,122	\$ 9,352	\$ 51,398
Liabilities:				
Due to bondholders	\$ 40,628	\$ 10,770	\$ -	\$ 51,398
Total Liabilities	\$ 40,628	\$ 10,770	\$ -	\$ 51,398
<u>Assessment District 108 Bond Redemption</u>				
Assets:				
Cash and investments	\$ 915,422	\$ 1,411,807	\$ 1,287,586	\$ 1,039,643
Receivables:				
Taxes	4,296	3,884	4,296	3,884
Accrued interest	2,746	2,628	2,746	2,628
Restricted assets:				
Cash and investments with fiscal agents	1,368,161	-	-	1,368,161
Total Assets	\$ 2,290,625	\$ 1,418,319	\$ 1,294,628	\$ 2,414,316
Liabilities:				
Accounts payable	\$ -	\$ 63	\$ -	\$ 63
Due to bondholders	2,290,625	123,628	-	2,414,253
Total Liabilities	\$ 2,290,625	\$ 123,691	\$ -	\$ 2,414,316
<u>Assessment District 107 Bond Redemption</u>				
Assets:				
Cash and investments	\$ 127,989	\$ 156,723	\$ 154,932	\$ 129,780
Receivables:				
Accrued interest	377	319	377	319
Total Assets	\$ 128,366	\$ 157,042	\$ 155,309	\$ 130,099
Liabilities:				
Due to bondholders	\$ 128,366	\$ 1,733	\$ -	\$ 130,099
Total Liabilities	\$ 128,366	\$ 1,733	\$ -	\$ 130,099
<u>West End Fire and Emergency Response Commission</u>				
Assets:				
Cash and investments	\$ 286,260	\$ 66,382	\$ 58,558	\$ 294,084
Receivables:				
Accounts	-	2	-	2
Accrued interest	892	760	892	760
Prepaid costs	18,329	17,449	18,329	17,449
Total Assets	\$ 305,481	\$ 84,593	\$ 77,779	\$ 312,295
Liabilities:				
Accounts payable	\$ 560	\$ 38,321	\$ 37,076	\$ 1,805
Due to other governments	304,921	5,569	-	310,490
Total Liabilities	\$ 305,481	\$ 43,890	\$ 37,076	\$ 312,295

CITY OF ONTARIO

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 YEAR ENDED JUNE 30, 2012**

(Continued)

	<u>Balance 7/1/2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/2012</u>
<u>Community Facility District No.5 Debt Service</u>				
Assets:				
Cash and investments	\$ 1,841,283	\$ 1,129,123	\$ 1,184,228	\$ 1,786,178
Receivables:				
Taxes	4,031	1,738	4,031	1,738
Accrued interest	5,479	4,270	5,479	4,270
Restricted assets:				
Cash and investments with fiscal agents	985,610	62,685	62,859	985,436
Total Assets	<u>\$ 2,836,403</u>	<u>\$ 1,197,816</u>	<u>\$ 1,256,597</u>	<u>\$ 2,777,622</u>
Liabilities:				
Accounts payable	\$ -	\$ 1,036,946	\$ 1,036,883	\$ 63
Due to bondholders	2,836,403	-	58,844	2,777,559
Total Liabilities	<u>\$ 2,836,403</u>	<u>\$ 1,036,946</u>	<u>\$ 1,095,727</u>	<u>\$ 2,777,622</u>
<u>Community Facility District No. 13 Debt Service</u>				
Assets:				
Cash and investments	\$ 355,655	\$ 389,571	\$ 341,648	\$ 403,578
Receivables:				
Accrued interest	1,047	999	1,047	999
Restricted assets:				
Cash and investments with fiscal agents	341,468	-	-	341,468
Total Assets	<u>\$ 698,170</u>	<u>\$ 390,570</u>	<u>\$ 342,695</u>	<u>\$ 746,045</u>
Liabilities:				
Accounts payable	\$ -	\$ 63	\$ -	\$ 63
Due to bondholders	698,170	47,812	-	745,982
Total Liabilities	<u>\$ 698,170</u>	<u>\$ 47,875</u>	<u>\$ -</u>	<u>\$ 746,045</u>
<u>Other Post Employment Benefits</u>				
Assets:				
Cash and investments	\$ 34,295,061	\$ 22,541,365	\$ 5,569,248	\$ 51,267,178
Receivables:				
Accounts	-	9,181	-	9,181
Accrued interest	82,789	183,240	165,577	100,452
Deposits	2,090	5,332	2,090	5,332
Other investments	20,715,196	-	758,480	19,956,716
Restricted assets:				
Cash and investments	12,024	-	12,024	-
Total Assets	<u>\$ 55,107,160</u>	<u>\$ 22,739,118</u>	<u>\$ 6,507,419</u>	<u>\$ 71,338,859</u>
Liabilities:				
Accounts payable	\$ -	\$ 3,003,033	\$ 3,002,570	\$ 463
Available for other post employment benefits	55,107,160	16,231,236	-	71,338,396
Total Liabilities	<u>\$ 55,107,160</u>	<u>\$ 19,234,269</u>	<u>\$ 3,002,570</u>	<u>\$ 71,338,859</u>

CITY OF ONTARIO

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 YEAR ENDED JUNE 30, 2012**

	<u>Balance 7/1/2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/2012</u>
<u>Totals - All Agency Funds</u>				
Assets:				
Cash and investments	\$ 42,161,677	\$ 81,788,371	\$ 63,113,627	\$ 60,836,421
Receivables:				
Accounts	-	9,183	-	9,183
Taxes	11,104	8,649	11,104	8,649
Accrued interest	101,262	199,553	184,564	116,251
Prepaid costs	18,329	17,449	18,329	17,449
Deposits	2,090	5,332	2,090	5,332
Other investments	264,082,263	3,194,234	29,721,730	237,554,767
Restricted assets:				
Cash and investments	12,024	-	12,024	-
Cash and investments with fiscal agents	4,408,651	10,418,629	10,788,479	4,038,801
Total Assets	<u>\$ 310,797,400</u>	<u>\$ 95,641,400</u>	<u>\$ 103,851,947</u>	<u>\$ 302,586,853</u>
Liabilities:				
Accounts payable	\$ 560	\$ 4,663,134	\$ 4,076,529	\$ 587,165
Due to other governments	247,189,375	91,630,802	116,412,945	222,407,232
Due to bondholders	8,500,305	212,429	458,674	8,254,060
Available for other post employment benefits	55,107,160	16,231,236	-	71,338,396
Total Liabilities	<u>\$ 310,797,400</u>	<u>\$ 112,737,601</u>	<u>\$ 120,948,148</u>	<u>\$ 302,586,853</u>

Statistical Section



Statistical Section

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

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities										
Invested in capital assets,										
net of related debt	\$ 461,161,635	\$ 502,705,357	\$ 525,894,467	\$ 555,454,727	\$ 582,408,788	\$ 646,348,259	\$ 697,130,716	\$ 705,173,228	\$ 704,218,787	\$ 821,632,336
Restricted	161,315,543	166,895,446	216,343,022	235,407,092	324,612,962	294,221,349	270,086,388	260,692,006	243,017,889	216,270,766
Unrestricted	90,250,905	90,632,786	77,994,397	100,365,953	100,909,316	82,652,762	104,930,518	120,831,755	135,744,173	127,864,653
Total governmental activities net assets	\$ 712,728,083	\$ 760,233,589	\$ 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
Business-type activities										
Invested in capital assets,										
net of related debt	\$ 91,031,468	\$ 95,663,579	\$ 101,195,535	\$ 100,001,461	\$ 76,791,514	\$ 94,728,569	\$ 132,549,162	\$ 133,931,846	\$ 136,609,773	\$ 140,007,920
Restricted	-	-	31,508,733	25,352,801	21,040,157	8,375,108	12,035,268	4,000,553	4,185,546	4,267,828
Unrestricted	68,232,999	68,813,390	38,394,197	42,630,813	95,502,060	127,928,871	131,682,493	174,631,011	201,923,905	223,743,456
Total business-type activities net assets	\$ 159,264,467	\$ 164,476,969	\$ 171,098,465	\$ 167,985,075	\$ 193,333,731	\$ 231,032,548	\$ 276,266,923	\$ 312,563,410	\$ 342,719,224	\$ 368,019,204
Primary government										
Invested in capital assets,										
net of related debt	\$ 552,193,103	\$ 598,368,936	\$ 627,090,002	\$ 655,456,188	\$ 659,200,302	\$ 741,076,828	\$ 829,679,878	\$ 839,105,074	\$ 840,828,560	\$ 961,640,256
Restricted	161,315,543	166,895,446	247,851,755	260,759,893	345,653,119	302,596,457	282,121,656	264,692,559	247,203,435	220,538,594
Unrestricted	158,483,904	159,446,176	116,388,594	142,996,766	196,411,376	210,581,633	236,613,011	295,462,766	337,668,078	351,608,109
Total primary government net assets	\$ 871,992,550	\$ 924,710,558	\$ 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	\$ 1,553,786,959

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses										
Governmental activities:										
General government	\$ 20,816,577	\$ 22,491,222	\$ 23,167,617	\$ 46,891,843	\$ 36,573,422	\$ 41,866,159	\$ 36,950,147	\$ 52,786,433	\$ 56,951,330	\$ 64,330,936
Public safety	70,411,906	67,817,542	77,217,848	81,691,441	83,998,192	93,857,650	99,580,479	100,024,583	103,472,190	107,848,353
Community development	26,647,678	42,750,172	51,689,545	49,137,773	49,070,134	65,645,808	54,580,626	52,553,241	39,888,900	47,088,876
Library	4,338,731	4,498,038	2,689,240	4,422,800	2,795,396	4,377,237	4,219,081	4,408,926	4,363,701	3,764,564
Public works	12,628,368	11,470,405	12,598,967	11,530,391	33,550,596	34,089,222	8,688,268	13,892,857	23,165,874	21,371,492
Interest on long-term debt	10,833,248	11,596,326	14,192,152	13,955,705	12,402,162	13,592,070	14,146,879	14,619,649	14,514,729	13,740,250
Total governmental activities expenses	145,676,508	160,623,705	181,555,369	207,629,953	218,389,902	253,428,146	218,165,480	238,285,689	242,356,724	258,144,471
Business-type activities:										
Water	16,048,602	18,309,603	23,169,266	29,936,424	31,434,855	29,546,787	27,854,314	24,622,694	31,052,190	28,986,963
Sewer	7,420,726	7,822,323	9,916,097	12,779,813	8,906,357	10,583,454	10,270,538	10,883,888	11,008,579	11,766,599
Waste	17,313,881	18,706,598	19,824,702	22,723,516	22,417,370	22,381,564	21,791,770	20,554,087	21,296,114	21,309,485
Convention Center	4,250,741	-	-	-	-	-	-	-	-	-
Total business-type activities expenses	45,033,950	44,838,524	52,910,065	65,439,753	62,758,582	62,511,805	59,916,622	56,060,669	63,356,883	62,063,047
Total primary government expenses	\$ 190,710,458	\$ 205,462,229	\$ 234,465,434	\$ 273,069,706	\$ 281,148,484	\$ 315,939,951	\$ 278,082,102	\$ 294,346,358	\$ 305,713,607	\$ 320,207,518
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 1,262,376	\$ 1,137,552	\$ 1,557,704	\$ 2,167,719	\$ 2,405,392	\$ 3,178,919	\$ 1,542,584	\$ 296,079	\$ 269,874	\$ 294,873
Public safety	3,135,490	3,440,264	2,964,363	3,052,620	3,982,037	2,889,309	4,008,540	4,407,085	4,554,954	4,077,684
Community development	5,390,332	6,133,449	8,396,665	10,955,059	17,075,558	27,303,604	8,184,489	8,389,198	8,043,168	16,231,379
Library	130,233	128,528	111,249	113,472	122,699	139,762	259,285	160,853	147,610	143,055
Public works	-	-	-	-	-	-	-	-	-	47,931
Operating grants and contributions	18,113,792	18,562,460	15,620,266	24,790,731	14,359,349	15,603,655	14,629,676	15,103,061	15,606,700	15,311,536
Capital grants and contributions	12,316,066	27,203,240	28,346,840	31,066,474	76,508,279	25,854,354	26,218,115	19,910,072	18,851,354	47,080,485
Total governmental activities program revenues	40,348,289	56,605,493	56,997,087	72,146,075	114,453,314	74,969,603	54,842,689	48,266,348	47,473,660	83,186,943
Business-type activities:										
Charges for services:										
Water	26,606,178	26,733,970	29,704,425	31,061,134	36,415,703	40,742,157	46,201,981	45,766,917	51,174,737	51,434,727
Sewer	10,069,023	9,904,183	11,384,075	11,787,568	13,803,439	15,638,977	16,914,590	17,816,960	18,274,955	20,410,854
Waste	21,314,771	21,882,087	26,620,819	27,679,931	31,442,422	32,802,198	32,647,449	31,366,983	30,777,779	29,825,989
Convention Center	2,609,861	-	-	-	-	-	-	-	-	-
Operating grants and contributions	-	109,412	140,835	162,497	110,719	258,545	52,324	122,409	6,338,128	290,724
Capital grants and contributions	-	-	-	-	-	17,849,846	-	-	-	-
Total business-type activities program revenues	60,599,833	58,629,652	67,850,154	70,691,130	81,772,283	107,291,723	95,816,344	95,073,269	106,565,599	101,962,294
Total primary government program revenues	\$ 100,948,122	\$ 115,235,145	\$ 124,847,241	\$ 142,837,205	\$ 196,225,597	\$ 182,261,326	\$ 150,659,033	\$ 143,339,617	\$ 154,039,259	\$ 185,149,237

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Net (Expense)/Revenue										
Governmental activities	\$ (105,328,219)	\$ (104,018,212)	\$ (124,558,282)	\$ (135,483,878)	\$ (103,936,588)	\$ (178,458,543)	\$ (163,322,791)	\$ (190,019,341)	\$ (194,883,064)	\$ (174,957,528)
Business-type activities	15,565,883	13,791,128	14,940,089	5,251,377	19,013,701	44,779,918	35,899,722	39,012,600	43,208,716	39,899,247
Total primary government net expense	\$ (89,762,336)	\$ (90,227,084)	\$ (109,618,193)	\$ (130,232,501)	\$ (84,922,887)	\$ (133,678,625)	\$ (127,423,069)	\$ (151,006,741)	\$ (151,674,348)	\$ (135,058,281)
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Taxes:										
Property taxes - general purpose	\$ 46,251,688	\$ 49,382,236	\$ 52,621,082	\$ 70,964,804	\$ 77,084,582	\$ 88,994,013	\$ 91,075,881	\$ 95,049,840	\$ 88,030,394	\$ 66,733,840
Transient occupancy taxes	8,710,404	9,417,101	10,495,259	11,068,749	11,013,014	11,025,406	9,367,537	8,398,053	8,790,219	9,148,976
Sales taxes	39,829,603	46,018,272	54,003,509	63,445,795	61,385,360	65,468,807	48,921,819	54,729,792	56,390,363	61,362,958
Franchise taxes	1,880,977	2,136,494	2,188,460	2,337,977	2,561,797	2,696,335	3,162,639	2,741,116	2,879,831	2,897,780
Business licenses taxes	3,652,800	4,561,542	4,855,324	5,206,797	5,951,149	5,767,540	5,350,779	5,170,173	5,496,576	5,610,738
Other taxes	11,665,315	12,823,552	14,329,640	14,838,058	14,485,983	8,253,930	4,794,681	4,013,628	4,072,860	4,566,791
Intergovernmental, unrestricted:										
Motor vehicle in lieu	9,569,525	7,346,663	14,143,683	577,775	1,016,916	765,679	590,224	510,057	883,460	89,471
Use of money and property	8,886,483	4,136,564	8,537,607	8,949,418	18,691,740	25,240,383	16,869,840	16,662,291	10,267,816	10,082,524
Other	226,408	4,164,614	11,458,389	13,266,178	33,299,211	7,464,170	10,012,883	9,071,587	7,404,868	6,407,829
Extraordinary gain on dissolution of RDA										
Transfers	11,255,895	11,544,945	12,208,807	13,891,361	12,381,811	12,269,273	(4,651,984)	8,222,171	15,672,612	72,762,201
Total governmental activities	141,929,098	151,531,983	184,841,760	204,546,741	237,515,145	227,945,536	185,694,299	204,568,708	199,888,999	257,744,434
Business-type activities:										
Use of money and property	2,820,847	371,832	1,960,372	2,551,362	4,692,482	5,248,880	4,682,669	3,520,038	2,611,942	3,474,268
Other	1,376,113	2,835,697	2,060,482	2,940,955	4,360,322	-	-	-	7,768	7,791
Transfers	(11,255,895)	(11,544,945)	(12,208,807)	(13,891,361)	(12,381,811)	(12,329,981)	4,651,984	(8,222,171)	(15,672,612)	(18,081,326)
Total business-type activities	(7,058,935)	(8,337,410)	(8,187,953)	(8,399,044)	(3,329,007)	(7,081,101)	9,334,653	(4,702,133)	(13,057,902)	(14,599,267)
Total primary government	\$ 134,870,163	\$ 143,194,573	\$ 176,653,807	\$ 196,147,697	\$ 234,186,138	\$ 220,864,435	\$ 195,028,952	\$ 199,866,575	\$ 186,836,097	\$ 243,145,167
Change in Net Assets										
Governmental activities	\$ 36,600,879	\$ 47,513,771	\$ 60,283,478	\$ 69,062,863	\$ 133,578,557	\$ 227,945,536	\$ 185,694,299	\$ 204,568,708	\$ 199,888,999	\$ 257,744,434
Business-type activities	8,306,948	5,453,712	6,752,136	(3,147,667)	15,676,500	(7,081,101)	9,334,653	(4,702,133)	(13,052,902)	(14,599,267)
Total primary government program revenues	\$ 45,107,827	\$ 52,967,483	\$ 67,035,614	\$ 65,915,196	\$ 149,255,057	\$ 220,864,435	\$ 195,028,952	\$ 199,866,575	\$ 186,836,097	\$ 243,145,167

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues										
Taxes	\$ 107,468,055	\$ 119,452,954	\$ 129,537,910	\$ 160,212,875	\$ 168,045,333	\$ 180,125,455	\$ 167,152,205	\$ 166,935,715	\$ 165,671,667	\$ 150,044,804
Licenses and permits	1,944,438	2,251,562	3,150,121	2,802,140	3,077,713	2,745,841	1,344,689	1,455,692	1,563,722	1,639,061
Intergovernmental	34,820,835	36,011,184	37,347,967	39,149,116	38,815,828	38,237,360	33,475,335	30,382,203	32,763,572	37,725,923
Changes for services	7,171,586	11,045,360	24,070,910	32,161,431	70,405,497	30,901,234	10,850,659	11,618,059	10,123,695	17,697,037
Use of money and property	10,684,052	5,930,672	8,555,954	7,459,982	21,361,232	22,094,462	12,406,158	9,038,266	8,614,113	17,707,695
Fines and forfeitures	1,272,480	1,320,994	1,099,057	1,243,200	1,628,664	1,555,938	1,679,130	1,312,115	1,318,369	1,202,716
Contributions from property owners	-	-	-	-	-	-	3,887,060	1,719,084	314,000	-
Miscellaneous	10,530,343	9,609,247	15,952,394	17,701,314	38,854,280	8,910,669	11,499,201	10,484,644	8,741,044	30,081,850
Total Revenues	173,891,789	185,621,973	219,714,313	260,730,058	342,188,547	284,570,959	242,294,437	232,945,778	229,110,182	256,099,086
Expenditures										
Current:										
General government	22,876,851	19,548,804	23,230,597	46,664,029	32,363,072	34,054,015	25,940,539	25,731,003	33,220,115	51,424,202
Public safety	73,814,220	82,159,396	77,600,019	80,070,884	87,796,439	99,449,853	101,562,349	101,743,831	103,296,429	110,958,962
Community development	29,499,351	47,871,264	54,441,920	61,499,015	82,665,039	140,914,334	113,840,713	64,139,983	71,571,514	53,503,162
Library	5,680,003	5,125,528	9,661,210	4,050,405	4,096,171	4,072,044	4,063,682	4,084,426	3,974,567	4,049,363
Public works	22,662,294	14,391,663	20,226,449	23,804,817	34,282,333	37,353,238	19,227,003	15,547,113	16,164,629	20,642,548
Debt service:										
Principal retirement	5,196,558	8,459,675	5,394,502	5,450,309	5,226,752	5,288,739	5,891,298	5,767,047	5,849,785	25,255,023
Interest and fiscal charges	11,018,012	11,748,818	11,833,718	11,671,330	10,481,955	10,967,002	12,642,105	13,042,482	13,227,758	16,318,551
Bond issuance costs	-	-	-	-	-	857,247	-	-	-	-
Pass-through agreement payments	2,260,460	2,511,114	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	173,007,749	191,816,262	205,313,083	236,571,153	261,367,142	340,694,084	288,700,917	235,888,585	233,216,128	284,785,968
Excess (deficiency) of revenues over (under) expenditures	884,040	(6,194,289)	14,401,230	24,158,905	80,821,405	(56,123,125)	(46,406,480)	(2,942,807)	(24,105,946)	(28,686,882)

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Other Financing Sources (Uses)										
Transfers in	32,220,587	42,436,046	51,291,283	56,891,273	72,178,081	58,742,988	42,761,972	46,401,468	39,422,158	68,493,176
Transfers out	(21,379,587)	(32,624,767)	(40,058,319)	(42,946,642)	(59,904,099)	(46,856,913)	(30,049,115)	(31,938,128)	(23,545,610)	(49,661,850)
Long-term debt issued	2,281,909	2,526,204	-	-	-	37,535,000	-	-	-	-
Gain (loss) on sale of assets	(1,342,434)	9,368,835	-	-	-	440,617	-	-	-	-
Payment to Educational Revenue Augmentation Fund	-	-	-	-	-	-	-	(16,394,862)	-	-
Total Other Financing Sources (Uses)	11,780,475	21,706,318	11,232,964	13,944,631	12,273,982	49,861,692	12,712,857	(1,931,522)	15,876,548	18,831,326
Extraordinary gain/(loss) on dissolution of redevelopment agency	-	-	-	-	-	-	-	-	-	(5,225,859)
Net change in fund balances	\$ 12,664,515	\$ 15,512,029	\$ 25,634,194	\$ 38,103,536	\$ 93,095,387	\$ (6,261,433)	\$ (33,693,623)	\$ (4,874,329)	\$ (8,229,398)	\$ (15,081,415)
Total Current Expenditures	\$ 173,007,749	\$ 191,816,262	\$ 205,313,083	\$ 236,571,153	\$ 261,367,142	\$ 340,694,084	\$ 288,700,917	\$ 235,888,585	\$ 253,216,128	\$ 284,785,968
Less: Capital outlay	(22,155,772)	(26,078,170)	(23,385,658)	(28,687,456)	(44,713,839)	(94,401,317)	(64,193,377)	(25,380,201)	(28,242,375)	(20,629,670)
Total Non-Capital Expenditures	\$ 150,851,977	\$ 165,738,092	\$ 181,927,425	\$ 207,883,697	\$ 216,653,303	\$ 246,292,767	\$ 224,507,540	\$ 210,508,384	\$ 224,973,753	\$ 264,156,298
Total Debt Service Expenditures	\$ 16,214,570	\$ 20,208,493	\$ 17,228,220	\$ 17,121,639	\$ 15,708,707	\$ 16,255,741	\$ 18,533,403	\$ 18,809,529	\$ 19,077,543	\$ 41,573,574
Debt service as a percentage of non-capital expenditures	10.7%	12.2%	9.5%	8.2%	7.3%	6.6%	8.3%	8.9%	8.5%	15.7%

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund										
Reserved	\$ 8,858,104	\$ 18,569,213	\$ 17,815,758	\$ 22,255,872	\$ 19,375,419	\$ 13,625,169	\$ 15,576,453	\$ 14,268,790	\$ -	\$ -
Unreserved	59,646,214	64,703,450	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
Restricted									398,047	403,914
Committed									44,429,493	41,613,880
Assigned									33,062,541	58,426,392
Unassigned									-	-
Total General Fund	\$ 68,504,318	\$ 83,272,663	\$ 76,065,612	\$ 90,969,777	\$ 89,938,600	\$ 91,681,444	\$ 86,495,572	\$ 91,015,625	\$ 90,602,779	\$ 104,174,531
All Other Governmental Funds										
Reserved	\$ 70,159,174	\$ 133,394,841	\$ 140,455,533	\$ 150,812,635	\$ 222,774,135	\$ 209,906,550	\$ 134,952,208	\$ 154,980,840	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	13,741,229	8,950,039	7,598,913	8,779,811	18,540,822	19,523,748	25,069,564	16,293,863	-	-
Capital project funds	59,583,169	22,494,017	55,906,084	62,643,481	62,201,510	57,460,304	87,314,009	74,559,493	-	-
Debt service funds	19,844,475	(775,431)	(7,634,384)	(777,387)	11,740,681	13,449,217	22,750,607	14,857,810	-	-
Nonspendable										
Restricted									123,135,004	105,361,843
Committed									83,617,857	53,187,901
Assigned									45,687,149	54,286,462
Unassigned									1,558,488	2,664,225
Total All Other Governmental Funds	\$ 163,328,047	\$ 164,063,466	\$ 196,326,146	\$ 221,458,540	\$ 315,257,148	\$ 300,339,819	\$ 270,086,388	\$ 260,692,006	\$ 244,153,379	\$ 215,500,212
Grand Total Governmental Funds	\$ 231,832,365	\$ 247,336,129	\$ 272,391,758	\$ 312,428,317	\$ 405,195,748	\$ 392,021,263	\$ 356,581,960	\$ 351,707,631	\$ 334,756,158	\$ 319,674,743

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
(in thousands of dollars)

Fiscal Year Ended June 30	City			Redevelopment Agency			Total Direct Tax Rate ^a
	Secured	Unsecured	Less: Exemptions	Taxable Assessed Value	Secured	Unsecured	
2003	7,387,329	1,303,833	(113,652)	8,577,510	2,218,900	664,672	2,883,571
2004	7,958,470	1,361,315	(117,157)	9,202,628	2,369,395	730,649	3,100,044
2005	8,571,566	1,372,657	(116,924)	9,827,299	2,529,595	689,338	3,218,934
2006	9,452,251	1,494,847	(115,154)	10,831,944	2,827,674	727,732	3,555,406
2007	10,576,169	1,410,250	(115,154)	11,871,265	3,217,432	729,945	3,947,377
2008	11,750,445	1,663,422	(113,948)	13,299,919	3,716,427	923,354	4,639,781
2009	12,374,781	1,906,125	(114,675)	14,166,231	4,063,383	878,794	4,942,177
2010	12,109,876	1,914,746	(114,806)	13,909,816	4,211,063	936,974	5,148,037
2011	11,736,550	1,854,606	(114,659)	13,476,497	4,260,662	834,052	5,094,714
2012	11,883,548	1,792,402	(113,832)	13,562,118	4,021,158	763,987	4,785,145

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		Total Direct Tax Rate	County	School Districts	Metropolitan Water District	
		Debt Service						
2003	-	1.0068		1.0068	1.0000	0.1112		0.0067
2004	-	1.0065		1.0065	1.0000	0.0761		0.0061
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

Source: San Bernardino County Valuations - Tax Rates Code Area Tax Rates 2011-12; Bonded Indebtedness June 30, 2011

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

	2012		2002		Percent of Total City Taxable Assessed Value
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	
Pro Logis California I LLC	265,167,329	1.67%	104,733,837	0.99%	
Ontario Mills Limited Partnership	257,867,806	1.62%	\$ 206,365,849	1.95%	
Catellus Operating LP / Catellus Finance I LLC	256,126,726	1.61%	-	0.00%	
Majestic CCC IV, Partners	121,616,735	0.76%	120,796,881	1.14%	
UPS Worldwide Forwarding Inc.	113,466,828	0.71%	67,393,174	0.64%	
Landmark PR I Ontario LLC	87,631,000	0.55%	-	0.00%	
Craig Development Corp.	87,729,209	0.55%	-	0.00%	
ML Casa III LP	85,051,895	0.53%	-	0.00%	
Tishman Speyer Archstone-Smith Terra	80,120,000	0.50%	-	0.00%	
Teachers Insurance & Annuity Association of America	71,960,423	0.45%	-	0.00%	
United Parcel Service Company	-		213,922,218	2.02%	
Southwest Airlines Company Inc.	-		132,765,902	1.25%	
MRT Technology, Inc.	-		110,831,630	1.05%	
Inland Paperboard & Packaging Inc.	-		83,450,471	0.79%	
Great Spring Waters of America	-		70,793,985	0.67%	
Coca Cola Company	-		68,286,319	0.64%	
	<u>\$ 1,426,737,951</u>	<u>8.95%</u>	<u>\$ 1,179,340,266</u>	<u>11.14%</u>	

Source: Current year - California Municipal Statistics, Inc.

Ten years ago - 2002 from 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
2003	14,816,615	14,473,076	97.68%	n/a	14,473,076	97.68%
2004	15,992,023	15,986,773	99.97%	n/a	15,986,773	99.97%
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%

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
(in thousands of dollars)

Category	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Office equipment	\$ 331,343	\$ 383,278	\$ 459,038	\$ 555,888	\$ 653,295	\$ 675,124	\$ 685,757	\$ 692,228	\$ 764,021	\$ 790,406
Auto sales	843,367	936,398	1,060,064	1,152,326	1,062,907	885,919	582,338	622,759	732,112	882,210
Service stations/energy sales	370,178	390,351	468,741	600,597	625,312	723,602	615,277	588,807	685,861	658,672
Light/heavy industry	272,823	318,116	360,791	520,129	567,628	542,308	541,230	511,619	564,152	603,125
General merchandise	444,434	467,675	477,094	499,733	498,494	482,982	422,406	411,433	458,344	420,131
Building materials	462,397	601,303	714,862	844,874	774,074	577,804	465,555	368,744	388,292	422,640
Health & Government	236,314	235,797	230,897	246,350	261,265	282,235	315,470	322,201	309,879	362,715
Apparel stores	202,235	219,892	228,432	256,918	274,116	287,888	269,466	309,438	358,461	378,550
Restaurants	265,837	291,257	310,926	319,894	343,646	342,979	313,985	285,495	300,089	315,645
Furniture/appliances	440,143	436,962	439,645	383,806	302,670	336,952	226,668	205,183	188,634	131,780
Leasing	179,267	172,098	166,773	188,391	180,738	167,990	138,673	134,176	125,627	136,115
Other	93,168	136,115	184,314	230,555	242,658	341,157	295,532	291,504	179,590	431,190
Total	\$ 4,141,506	\$ 4,589,242	\$ 5,101,578	\$ 5,799,462	\$ 5,786,804	\$ 5,646,939	\$ 4,872,355	\$ 4,743,587	\$ 5,055,062	\$ 5,533,179

City direct sales tax rate

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.

Source: MuniServices, LLC

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

Ended June 30	City	County	San Bernardino	State
	Direct Rate	Transportation Authority Rate	County Rate	Rate
2003	-	0.50%	1.25%	6.00%
2004	-	0.50%	1.25%	6.00%
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%

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
(in thousands of dollars)

Economic Category	Fiscal Year 2012			Fiscal Year 2002		
	Number of Filers	Percentage of Total	Tax Liability	Number of Filers	Percentage of Total	Tax Liability
General retail	1,024	33.07%	\$ 9,305	1,385	35.30%	\$ 6,131
Food products	547	17.67%	4,335	539	13.74%	3,639
Transportation	399	12.89%	15,583	472	12.03%	10,097
Construction	177	5.72%	4,226	180	4.59%	3,893
Business to business	775	25.03%	18,177	993	25.31%	10,579
Miscellaneous	174	5.62%	3,705	354	9.02%	2,242
	<u>3,096</u>	<u>100.00%</u>	<u>\$ 55,332</u>	<u>3,923</u>	<u>100.00%</u>	<u>\$ 36,581</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 ^d	Personal Income ('000)
	*Tax			Total			Term Loan	Certificates of Participation	Business-type Activities	Total				
	General Obligation Bonds	Allocation Bonds	*Revenue Bonds	Loans	Capital Leases	Governmental Activities								
2001	1,797	91,749	-	4,054	1,283	98,884	857	-	857	99,741	3.20%	626	3,114,139	
2002	33,717	55,119	34,880	18,695	1,149	143,560	822	-	822	144,382	5.69%	884	2,536,097	
2003	33,057	60,883	24,775	18,004	1,005	137,725	747	-	747	138,472	5.20%	833	2,661,524	
2004	32,187	61,588	22,703	15,313	-	131,791	-	-	-	131,791	5.19%	783	2,540,000	
2005 ^a	31,282	62,337	20,430	14,738	-	128,787	-	51,470	51,470	180,257	6.42%	1,060	2,806,549	
2006	29,997	63,133	18,295	14,148	-	125,573	-	50,585	50,585	176,158	5.96%	1,033	2,955,000	
2007	29,191	60,681	18,582	13,842	-	122,296	-	49,670	49,670	171,966	5.87%	1,001	2,929,000	
2008	65,905	58,046	18,908	13,520	-	156,378	-	48,730	48,730	205,108	6.27%	1,189	3,270,000	
2009	64,504	55,139	19,277	13,181	-	152,102	-	47,750	47,750	199,852	5.79%	1,156	3,453,541	
2010	63,270	52,150	19,696	12,824	-	147,940	-	46,735	46,735	194,675	8.11%	1,115	2,400,178	
2011	61,995	48,965	20,166	12,449	-	143,575	-	45,680	45,680	189,255	7.87%	1,155	2,403,359	
2012 ^c	41,285	-	-	-	-	41,285	-	45,680	44,580	85,865	3.71%	517	2,315,184	

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.

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

Fiscal Year Ended June 30	General Bonded Debt Outstanding				Percentage of Assessed Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Redevelopment Bonds		Total		
		Tax Allocation Bonds	Revenue Bonds			
2002	33,717	55,119	34,880	123,716	1.18%	757.86
2003	33,057	60,883	24,775	118,715	1.04%	714.56
2004	32,187	61,588	22,703	116,478	0.95%	692.15
2005	31,282	62,337	20,430	114,049	0.87%	670.60
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 ^c	41,285	-	-	41,285	0.22%	248.50

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.
- b See Schedule 5 for assessed property value data.
- c See Schedule 17 for personal income and population data. These ratios are calculated using personal income and population for the 10 prior calendar years.
- 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 \$115k

City Assessed Valuation	\$ 13,675,950			
Redevelopment Agency Incremental Valuation	4,785,144			
Total Assessed Valuation	<u>\$ 18,461,094</u>	*		
Overlapping Debt Repaid with Property Taxes:				
Metropolitan Water District	\$ 196,545	0.758%	\$ 1,490	
Chaffey Community College District	145,843	25.082%	36,580	
Chino Valley Unified School District	139,375	4.996%	6,963	
Chaffey Union High School District	86,055	48.847%	42,035	
Mountain View School District	330	99.961%	330	
Ontario-Montclair School District	51,805	79.037%	40,945	
Mountain View School District School Facilities Improvement District No. 1	14,119	99.956%	14,113	
Mountain View School District CFD No. 1	1,525	100.000%	1,525	
Mountain View School District CFD No. 1997-1	965	100.000%	965	
Ontario Community Facilities District No. 5	4,780	100.000%	4,780	
Ontario Community Facilities District No. 13	4,430	100.000%	4,430	
City of Ontario 1915 Act Bonds	10,780	100.000%	10,780	
Total overlapping debt repaid with property taxes	<u>656,552</u>		<u>164,937</u>	
Overlapping General Fund Debt:				
San Bernardino County General Fund Obligations	613,235	12.015%	73,680	
San Bernardino County Pension Obligations	547,886	12.015%	65,828	
San Bernardino County Flood Control District GF Obligation	108,210	12.015%	13,001	
Chaffey Community College District Certificates of Participation	12,276	25.082%	3,079	
Chino Valley Unified School District Certificates of Participation	23,295	4.996%	1,164	
Cucamonga School District Certificates of Participation	10,805	67.229%	7,264	
West Valley Vector Control District Certificate of Participation	3,375	32.440%	1,095	
Total overlapping general fund debt	<u>1,319,081</u>		<u>165,112</u>	
Total overlapping debt	<u>\$ 1,975,633</u>		<u>330,049</u>	
City direct debt			41,285	
Total direct and overlapping debt			<u>\$ 371,334</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									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Assessed valuation ^a	\$ 8,577,510	\$ 9,202,628	\$ 9,827,299	\$ 10,831,944	\$ 11,871,265	\$ 13,299,919	\$ 14,051,556	\$ 13,909,816	\$ 13,476,497	\$ 13,562,118
Conversion percentage ^b	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Adjusted assessed valuation	2,144,378	2,300,657	2,456,825	2,707,986	2,967,816	3,324,980	3,512,889	3,477,454	3,369,124	3,390,530
Debt limit percentage ^c	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Debt limit	321,657	345,099	368,524	406,198	445,172	498,747	526,933	521,618	505,369	508,579
Total net debt applicable to limit:										
General obligation bonds	33,057	32,187	31,282	29,997	29,191	65,905	64,504	63,270	61,995	41,285
Legal debt margin	\$ 288,600	\$ 312,912	\$ 337,242	\$ 376,201	\$ 415,981	\$ 432,842	\$ 462,429	\$ 458,348	\$ 443,374	\$ 467,294
Total debt applicable to the limit as a percentage of debt limit	11.45%	10.29%	9.28%	7.97%	7.02%	15.23%	13.95%	13.80%	13.98%	8.83%

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 reflect a conversion of assessed valuation data for each fiscal year from the current full valuation perspective to the 25% level that was in effect at the time that legal margin debt was enacted by the State of California for local governments within the State.

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

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

Fiscal Year Ended June 30	Tax Allocation/Tax Increment Revenue Bonds				Water Certificates of Participation					
	Tax Increment	Debt Service		Coverage	Water Revenue	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
		Principal	Interest					Principal	Interest	
2003	31,237	3,555	1,181	6.60	-	-	-	-	-	-
2004	32,770	3,393	1,580	6.59	-	-	-	-	-	-
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 ^a	10,176	1,240	2,966	2.42	55,482	26,814	28,668	1,100	2,310	8.41

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	Unemployment Rate (3)
2001	159,438	2,536,097	15,906	5.1%
2002	163,244	2,661,524	16,304	6.0%
2003	166,137	2,540,000	15,289	6.3%
2004	168,285	2,806,549	16,677	5.8%
2005	170,069	2,954,897	17,285	5.2%
2006	170,529	2,929,000	17,176	4.8%
2007	171,828	3,270,000	17,857	5.6%
2008	172,530	3,453,541	20,008	7.9%
2009	172,908	2,400,178	16,255	13.5%
2010	163,924	2,403,359	17,947	14.1%
2011	164,836	2,315,184	17,625	14.7%

Source: (1) - State of California Department of Finance Demographic Research Unit web site.

(2) - U.S. Census Bureau, American Factfinder. <http://factfinder2.census.gov/faces/nav/jsf/pages/index.xhtml>

(3) - California Labor Market Info, EDD. <http://www.labormarketinfo.edd.ca.gov/cgi/dataanalysis/areaselection.asp?tablename=labforce>

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

Employer ^(a)	2011		2006 ^(c)	
	Number of Employees	Percentage of Total City Employment ^(b)	Number of Employees	Percentage of Total City Employment
Ontario Intl Airport-Ont	5,000 to 9,999			
City of Ontario	1,000 to 4999		1,106	1.39%
Safariland Llc	500 to 999			
Securitas Security Svc USA	500 to 999		500	0.63%
Barrett Business Svc Inc	250 to 499			
Bbb Industries	250 to 499			
Cardinal Health	250 to 499			
Care Fusion	250 to 499			
Classic Containers Inc	250 to 499			
Crown Toyota	250 to 499			
Dave & Buster's	250 to 499			
Dhe-Dependable Highway Express	250 to 499			
Doubletree-Ontario	250 to 499			
Gold Star Foods	250 to 499			
Guard Systems Inc	250 to 499			
Las Vegas L.A Express Inc	250 to 499			
Mark Christopher Auto Ctr	250 to 499			
New Breed Logistics Inc	250 to 499			
Nordstrom	250 to 499			
Oakwood Interiors	250 to 499			
Radisson	250 to 499			
Savage Bmw	250 to 499			
Solar Link Intl Inc	250 to 499			
Superior Windows & Doors	250 to 499			
Mag Instrument, Inc.	250 to 499			
Toyota Motor Sales, Inc.	250 to 499		1,000	1.25%
United Parcel Service (UPS)	250 to 499		530	0.66%
Verizon	250 to 499		3,500	4.39%
Burns International Security Services	250 to 499		679	0.85%
Marriott International Hotel	250 to 499		650	0.82%
Skechers USA	250 to 499		624	0.78%
Superior Building Products	250 to 499		500	0.63%
US Merchants Financial Group, Inc.	250 to 499		500	0.63%
Total	-	-	10,089	12.66%

Left intentionally blank ^(b)

Notes: ^(a) List of top 26 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 2001 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	2011		2001	
	Number of Employees	Percentage of Total City Employment	Number of Employees	Percentage of Total City Employment
Distribution	23,194	25.69%	15,613	20.09%
Retail Trade	14,768	16.36%	15,005	19.31%
Manufacturing	11,970	13.26%	15,798	20.33%
Help Agency	10,575	11.71%	4,825	6.21%
Construction	2,984	3.31%	3,387	4.36%
Education	4,993	5.53%	5,429	6.99%
Other Services	4,156	4.60%	2,651	3.41%
Business Services	3,534	3.91%	2,804	3.61%
Engineering and Management	2,468	2.73%	1,395	1.80%
Financial Institution/Insurance/Real Estate	3,066	3.40%	2,085	2.68%
Hotels and Entertainment	2,604	2.88%	2,305	2.97%
Agriculture	1,074	1.19%	1,490	1.92%
Health Services	2,375	2.63%	1,726	2.22%
Utilities	781	0.87%	1,183	1.52%
Government Agencies	1,202	1.33%	1,018	1.31%
Aerospace	533	0.59%	993	1.28%
Total	90,277	100.00%	77,707	100.00%

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

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Government	87	99	108	111	110	108	100	100	103	103
Public Safety	482	484	492	501	504	494	493	492	492	492
Community Development	130	131	146	156	158	145	133	131	132	118
Public Works	309	315	329	338	355	354	342	340	333	331
Total	1,008	1,029	1,075	1,106	1,127	1,101	1,068	1,063	1,060	1,044

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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	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General government										
Building permits issued	4,452	4,789	5,057	4,945	3,999	2,933	2,339	2,594	3,244	3,300
Police										
Physical arrests	10,022	10,264	10,134	9,561	11,207	11,001	10,945	9,979	7,877	8,839
Citations	16,647	15,558	14,293	16,155	20,762	20,436	19,710	16,031	14,636	12,006
Fire										
Emergency response	21,375	20,146	21,989	22,151	22,832	16,227 ^b	15,157	14,877	15,487	15,889
Fire inspections	1,574	1,589	1,760	1,635	1,987	1,967	2,358	1,228	1,210	3,537
Public works										
Street resurfacing (miles)	24	24	19	13	10	11.5	9.2	9.6	9.1	9.3
Parks and recreation										
Number of recreation classes	95	100	1,245 ^a	1,350	1,358	1,340	1,353	1,371	1,286	140
Number of facility rentals	590	605	625	644	788	772	1,071	3,285	3,231	3,780
Library										
Total volumes of books borrowed	458,594	443,490	418,100	380,016	403,964	423,011	436,576	470,567	467,185	472,384
Total volumes of audio/visual items borrowed	157,825	163,804	184,928	187,853	147,190	174,635	176,665	173,444	169,827	155,855
Water										
Number of recycled water connections	4	4	4	5	4	70	113	164	205	218
Number of potable connections	32,251	32,281	32,714	33,964	33,872	32,553	32,752	33,384	32,907	32,904
Average daily potable consumption (MGD)	40	39	38	38	39	39	36	33	31	31
Solid waste										
Refuse collected (tons per day)	535	550	582	569	552	754	599	584	573	535
Recyclables collected (tons per day)	35	39	41	44	41	56	52	53	45	49
Recyclables recovered (tons per day)	23	24	25	28	25	39	34	34	37	34

^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	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Police										
Police stations	3	2	2	2	2	2	2	2	2	2
Fire										
Fire stations	8	8	8	8	8	8	8	8	8	8
Public works										
Streets (miles) ^c	520	572	572	572	579	579	544	544	544	544
Traffic signals	144	150	150	152	157 ^a	161 ^a	184 ^a	184 ^a	191 ^a	191
Parks and recreation										
Parks	18	18	18	18	18	18	18	18	21	22
Community centers	6	6	6	6	6	6	6	6	7	7
Library										
Buildings	1	2	2	2	2	2	2	2	2	2
Water										
Number of wells	26	23	22	22	18	20	24	24	24	24
Water lines (miles)	541	541	536	538	556	553	556	556	556	556
Storage capacity (millions of gallons)	60	60	60	60	76	76	76	76	76	75
Sewer										
Sewer lines (miles)	370	371	375	378	386	396	386	386	386	386
Storm drainage										
Storm drainage (miles) ^b	60	60	61	61	61	63	67	68	68	68

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

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, 2012

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 March 15, 2011 by Resolution 2011-011. An updated General Plan for the City of Ontario was adopted by the City Council on January 27, 2010. The City is currently in the process of finalizing updates to its Master Plan documents to address the revised land use assumptions underlying the new General Plan. In conjunction with the new Master Plan updates, the City is in the process of completing a comprehensive update of its Development Impact Fees to incorporate the changes included in the City's revised General and Master Plans.

California Government Code sections §66001 and §66006 require making available to the public various 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, 2012. The first schedule reports each Development Impact Fee category's beginning and ending fund balance, revenue and earnings, and expenditures. 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 Schedules for the City of Ontario, California, December 2010* - contains the amount and purpose of each Development Impact Fee, the public improvements the fees will fund, and the reasonable relationship between the fee and the purpose for which it is charged.

CITY OF ONTARIO
AB 1600 DEVELOPMENT IMPACT FEE ANNUAL REPORT
PURSUANT TO GOVERNMENT CODE SECTION 66006
FOR FISCAL YEAR ENDED JUNE 30, 2012

Fund	Development Impact Fee	Fund Balance		Revenues			Projects Expenditures	Fund Balance June 30, 2012
		July 1, 2011	Interest	DIF Fees	Gains/Losses	June 30, 2012		
007	Parkland Acquisition and Facilities Development	\$ 9,961,846.47	\$ 132,964.38	\$ 331,074.00	\$ (31,151.26)	\$ 7,681,826.81		
101	Law Enforcement Facilities, Vehicles and Equipment	(2,699,269.62)	1,690.46	88,226.75	492.55	(2,608,859.86)		
102	Fire Facilities, Vehicles and Equipment	78,046.89	2,175.19	128,395.93	1,029.73	209,647.74		
103	OMC Circulation (Streets, Bridges and Signals) System	15,650,418.32	222,862.62	3,934,843.38	(31,749.30)	14,834,780.88	4,941,594.14	
104	OMC Water System Source, Storage and Distribution	7,101,946.16	109,073.15	482,988.94	(8,705.32)	7,685,302.93		
105	OMC Sewer Collection System	2,748,289.69	42,305.78	230,259.02	(3,302.71)	3,017,551.78		
106	Solid Waste Collection Equipment	686,337.04	10,942.84	124,749.38	(501.63)	821,527.63		
107	General Facilities, Vehicles and Equipment	113,112.53	3,472.63	382,062.95	1,360.19	500,008.30		
108	Library Facilities and Collection	46,316.56	1,052.90	29,479.00	250.92	77,099.38		
109	Public Use Facilities	748,232.99	11,624.82	30,157.00	(827.91)	789,186.90		
110	Aquatics Centers	97,658.17	1,518.29	4,054.00	(107.39)	103,123.07		
111	OMC Storm Drainage System	15,886,897.01	237,377.94	766,547.39	(28,516.48)	16,383,437.87	478,867.99	
112	NMC Open Space Land Acquisition	204,550.59	-	3,078.81	(317.91)	207,311.49		
113	Fiber Optic Communication System	13,527.14	231.74	1,951.14	0.10	15,710.12		
115	NMC Circulation (Streets, Bridges and Signals) System	1,009,200.70	19,645.29	335,480.20	1,978.31	1,366,304.50		
116	NMC Water System Source, Storage and Distribution	(326,843.79)	-	24,051.73	-	(302,792.06)		
117	NMC Sewer Collection System	141,720.17	2,634.93	23,446.29	(15.98)	167,785.41		
118	NMC Storm Drainage System	1,073,642.40	16,644.54	48,250.00	(1,191.12)	1,137,345.82		
		\$ 52,535,629.42	\$ 819,296.31	\$ 6,966,017.10	\$ (101,275.21)	\$ 52,086,298.71	\$ 8,133,368.91	

CITY OF ONTARIO

DEVELOPMENT IMPACT FEE PROJECTS WORKED ON

FISCAL YEAR ENDED JUNE 30, 2012

City Project ID	Description	Annual Expenditure
<u>Parkland Acquisition and Facilities Development (Fund 007)</u>		
PA0205	OMC Park Planning, Acq. & Dev.	\$ 5,300.00
PA0402	NMC Park Planning	2,197,891.88
PA0701	Downtown Plaza Design	509,714.90
	Fund 007 Subtotal	\$ 2,712,906.78
<u>OMC Circulation (Streets, Bridges and Signals) System (Fund 103)</u>		
ST0104	N. Milliken Grade Separation	\$ 4,195,407.46
ST0302	Grove/10 Interchange-Corridor	458.60
ST0308	S. Milliken Grade Separation	491,632.52
ST0711	N. Vineyard Ave Grade Separation	193,916.80
ST0908	I-10/Archibald Ave Interchange	29,486.63
TR0703	T/S Install Grove/Princeton	10,999.10
TR9902	T/S Modification Grove/6th St	19,693.03
	Fund 103 Subtotal	\$ 4,941,594.14
<u>OMC Storm Drainage System (Fund 111)</u>		
SD-75	Storm Drain Master Plan Update	\$ 70,685.00
SM1001	5th Street Storm Drain	406,120.48
SM1002	6th Street Storm Drain	2,062.51
	Fund 111 Subtotal	\$ 478,867.99
		\$ 8,133,368.91

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MAYOR
Paul S. Leon

MAYOR PRO TEM
Jim W. Bowman

COUNCIL MEMBERS
Alan D. Wapner
Debra Dorst-Porada
Paul Vincent Avila

CITY TREASURER
James R. Milhiser

CITY CLERK
Mary E. Wirtes

CITY MANAGER
Chris Hughes

ADMINISTRATIVE SERVICES/
FINANCE DIRECTOR
Grant D. Yee

