

Made in



Ontario

Comprehensive Annual Financial Report For Fiscal Year  
Ended June 30, 2015



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**City of Ontario, California**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**For Fiscal Year Ending June 30, 2015**

**Prepared By:  
Fiscal Services Department**



**CITY OF ONTARIO**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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*Introductory Section*







PAUL S. LEON  
MAYOR

DEBRA DORST-PORADA  
MAYOR PRO TEM

ALAN D. WAPNER  
JIM W. BOWMAN  
PAUL VINCENT AVILA  
COUNCIL MEMBERS

AL C. BOLING  
CITY MANAGER

MARY E. WIRTES, MMC  
CITY CLERK

JAMES R. MILHISER  
TREASURER

December 22, 2015

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, 2015. This report provides a broad view of the City's financial activities for the 2014-15 Fiscal Year and its financial position as of June 30, 2015. 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, 2015, are free from material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Ontario's financial statements for the fiscal year ended June 30, 2015, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

### **Profile of the Government**

Founded as a "Model Colony" in 1881 and one of California's first planned communities, the City of Ontario was incorporated in 1891. Located in western San Bernardino County at the base of the San Gabriel Mountains, the City of Ontario is approximately 35 miles inland from downtown Los Angeles and encompasses nearly 50 square miles. Strategically situated in the heart of Southern California and within the hub of Los Angeles, Orange, San Bernardino and Riverside Counties, Ontario is widely recognized as the "center of it all" and is home to an estimated 167,382 people and over 11,000 businesses. Ontario is advantageously positioned with unique, convenient access to the major I-10, I-210, I-15 and Route 60 freeway systems as well as the Ontario International Airport (ONT).

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

The City of Ontario is a full-service city with approximately 1,089 full-time employees. Services provided include police and fire protection; development including the construction and maintenance of streets, parks, water and sewer lines, traffic signals and other infrastructure; water, waste water and sanitation services; recreation and community services; and cultural and social programs. In addition to general government activities, the City Council also serves as the Board of Directors for

the Ontario Industrial Development Authority, the Ontario Redevelopment Financing Authority, Ontario Public Financing Authority and the Ontario Housing Authority. These activities have therefore been included as an integral part of the City of Ontario's financial statements. Additional information on these entities can be found in Note 1 in the notes to the financial statements.

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

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

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

### **Economic Condition and Outlook**

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 Ontario Ranch. This significant area has been purposefully designed to advance the economic dynamics of the City, and at build-out, will add

approximately 31,000 homes and 120,000 new residents to Ontario. Among the numerous features of this master-planned community will be an extensive system of pathways, over 500 acres of parklands, conveniently situated retail centers, health facilities, a high technology business park and improvements are completed, neighborhoods are beginning to be developed.

Ontario also provides companies with strategic global access with the Ontario International Airport (ONT). The airport is currently home to UPS' Western Regional hub and its third party logistics operation, as well as Federal Express' Inland Empire operations. ONT served 4.1 million people in 2014. The success of the airport translates to economic benefits for the Inland Empire through directly related airport business and generates far reaching economic impacts for the region.

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

The local economy is continuing to show signs of improvement, with continued growth in retail and motor vehicle sales and employment, as well as strong gains in the housing market. Sales tax revenue for the second quarter 2015 grew approximately 9.5% compared to same quarter a year ago, with office equipment and new auto sales continuing to be the highest producing sectors. Ontario's unemployment rate declined to 5.8% in September 2015 from 8.2% a year ago. Continued job gains over the last several months continue to drive unemployment down. Home values are strengthening as demonstrated by the 8.0% increase compared to the prior year in the median sale price of single-family homes in San Bernardino County for September 2015. Home sales also increased by 9.2% as a result of home buyers being pushed out of the Los Angeles and Orange County housing market due to higher home prices reflected in those regions. However, the Consumer Confidence Index continues to be at pre-recession levels with a reported 97.6 for October 2015, a decline from the previous month reading of 102.6. This is a result of consumers becoming less optimistic about the long-term growth in the economy.

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

The California State Public Employees Retirement System (CalPERS) is considerably underfunded, primarily due to lower than projected earning rates combined with significant investment losses incurred during the Great Recession. All of this has contributed to dramatic increases to the City's CalPERS contribution rates. With the recent adoption of amortization and smoothing policy changes by the CalPERS Board to address the severity of the underfunding, significant employer contribution rate increases have begun in the 2014-15 fiscal year. CalPERS' proposed rates will increase by approximately 50% by Fiscal Year 2019-20. These rates are dependent upon CalPERS earning a 7.5% return on their investments in the future.



While the City is experiencing improvement during the economic recovery, challenges still remain. The economy is projected to grow slowly over the next couple of years due to continued stagnant wage growth, the potential negative impact to the economy resulting from the federal deficit, and the Federal Reserve's current actions to taper back its bond purchases (quantitative easing) which has kept borrowing costs low. The City still needs to be attentive during this economic recovery stage to ensure that the City of Ontario is positioned to take advantage of opportunities in the next economic growth cycle.

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

### **Long-Term Financial Plan**

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

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

- \$ 22,600,000 in water improvements, and
- \$ 15,246,200 in street and traffic improvements, and
- \$ 3,950,000 in public facilities and parks improvements

The City of Ontario has, through prudent long-range policy decisions and sound fiscal management, maintained its position as an economic leader in Southern California. It is hoped that Ontario's well-balanced economic base will allow the City to ride out the on-going financial crisis with the least possible impacts to service levels. The City will continue to monitor key economic indicators, sources of revenues, and spending levels as part of its sound conservative fiscal approach.

During the next few years, the City of Ontario will continue to be faced with exciting new developments as well as formidable economic challenges. Through the combined leadership of City

Council and the implementation of its prudent fiscal policies, the City has been able to enhance service levels to the community, invest in capital project to enhance public facilities and infrastructure, and continue programs that promote its standing as the economic leader in the Inland Empire and a formidable player in California and the nation. The development of the Ontario Ranch, completion of the soccer complex and a community events center as well as projects currently underway in the Civic Center and The Ontario Center, will provide a mixed retail-housing component as well as enhanced cultural opportunities for residents, while contributing to Ontario's reputation as the place to live, work, and play.

## **Relevant Financial Policies**

### **Fund Balance Policy**

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

Included in the Fund Balance Policy is the 18 Percent Stabilization Plan. This is the goal of City Council to achieve a minimum of 18 percent of the annual general fund appropriations, as Assigned Fund Balance in the general fund. This is intended to be used for specific and defined emergency events, such as an earthquake, to address immediate needs in resources without impacting City services and to minimize the potential for disruption of municipal services to its citizens. As of June 30, 2015, the City's General Fund had an assigned fund balance for the stability arrangement of \$49.6 million, which is approximately 25 percent of the General Fund Adopted Budget for Fiscal Year 2015-16.

This 25 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 Ontario Ranch – the 8,200 acre master planned development where new homes and commercial space are artfully woven into unique communities where families can gather at clubhouses, parks and retail centers.

**Service to the Community**

The City Manager continues to emphasize the importance of service to the community by implementing “We Think Ontario,” an employee orientation program that lays out the City’s business strategy and approach to serving the community. In addition, the “Approach to Public Service” is currently being implemented citywide through each City agency. This “Approach to Public Service” emphasizes that City employees “*choose public service to make a positive impact on the community*”. The three principles behind this approach are the following:

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

**Ontario International Airport**

In order to address the decline of air traffic at Ontario International Airport (ONT), the Ontario International Airport Authority (OIAA) was formed in August 2012 by a Joint Powers Agreement between the City of Ontario and the County of San Bernardino with the goal of acquiring the airport from the City of Los Angeles. OIAA is to provide overall direction for the management, operations, development and marketing of ONT for the benefit of the Southern California economy and the residents of the airport’s four-county catchment area. 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. Last August 2015, a settlement agreement term sheet was signed which will lead to the transfer of ownership of the airport to the OIAA subject to approvals by the Los Angeles Board of Airport Commissioners, Los Angeles City Council, Ontario City Council, the OIAA and the Federal Aviation Administration. An interactive website was created to keep the public informed of the status of the transfer 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, 2014. This was the twenty-eight 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 2014-15 Adopted Operating Budget. This was the sixteenth consecutive year in which the City has been bestowed these prestigious awards. To receive these awards, the

Administrative Assistant who assisted and contributed to the preparation of this report. Credit also must be given to the Mayor, City Council and the City Manager for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Ontario's finances.

Sincerely,



Grant D. Yee

Administrative Services/Finance Director





Government Finance Officers Association

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

Presented to

**City of Ontario  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2014**

Executive Director/CEO

City of Ontario

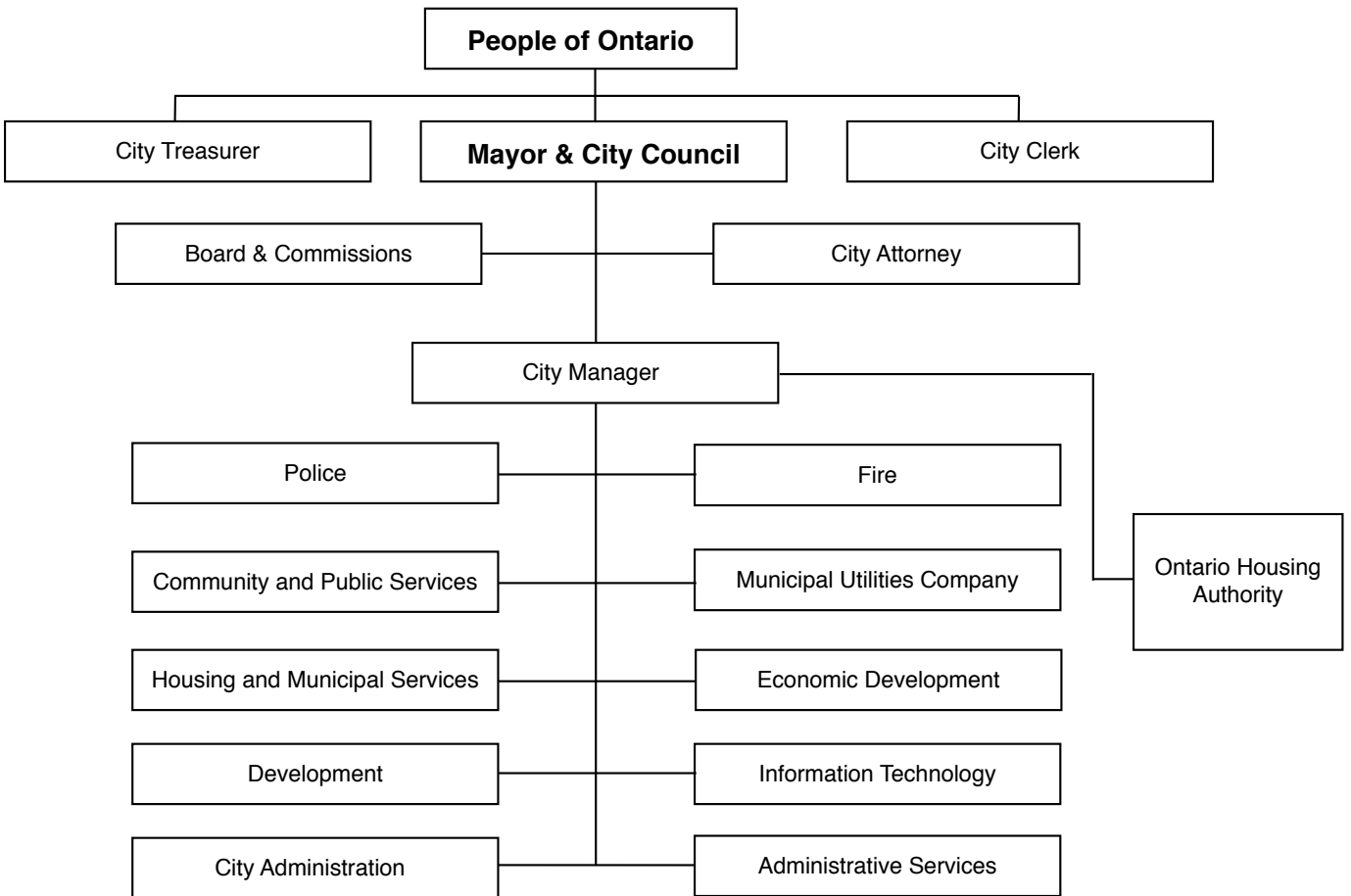
Elected Officials

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

Administration and Executive Management

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

# City of Ontario



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*Financial Section*



## INDEPENDENT AUDITORS' REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Ontario, California, (the City) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.





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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Ontario, California, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Change in Accounting Principle**

As discussed in Note 1 to the financial statements, in 2015 the City adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27* as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

### **Other Matters**

#### *Required Supplementary Information*

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

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, AB 1600 Development Impact Fee Annual Report, the Development Impact Fee Projects Expenditures, the Five-Year Revenue Test Using First in First out Method, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules, the AB 1600 Development Impact Fee annual Report, the Development Impact Fee Projects Expenditures, and the Five-Year Revenue Test Using First in First out Method are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic



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

financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedules, and the AB 1600 Development Impact Fee Annual Report are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2015 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Brea California  
December 18, 2015



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## MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management Discussion and Analysis (MD&A) of the City of Ontario's (City) financial performance provides an introduction and overview to the financial activities of the City for the fiscal year ended June 30, 2015. This narrative discussion and analysis focuses on the current year's activities, resulting changes and currently known facts; therefore, the information presented here should be considered in conjunction with additional information furnished in the Letter of Transmittal and the accompanying basic financial statements.

### FINANCIAL HIGHLIGHTS

#### Government-Wide

- Total assets and deferred outflows of the City exceeded liabilities and deferred inflows by \$1.42 billion (net position). Of this amount, \$199.43 million (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- For the year ended June 30, 2015, total net position decreased by \$13.71 million before a (\$193.52) million restatement. Total revenues from all sources were \$378.70 million and total expenses for all functions/programs were \$392.41 million.
- Of total revenues, program revenues were \$216.49 million and general revenues were \$162.21 million. Program revenues are broken into three categories: Charges for Services, \$162.40 million; Operating Contributions and Grants, \$15.56 million; and Capital Contributions and Grants, \$38.54 million.

#### Fund Based

- For the fiscal year ended June 30, 2015, the assigned fund balance of the General Fund was \$56.80 million. The assigned portion of \$49.63 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 \$344.08 million, which was more than the final budget of \$329.08 million by \$15.00 million. Actual charges (outflows) of \$240.65 million were \$38.46 million more than the final budget of \$202.19 million.

## OVERVIEW OF THE FINANCIAL STATEMENTS

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

### Government-Wide Financial Statements

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

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

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

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

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

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

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

### **Fund Financial Statements**

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

***Governmental Funds*** – *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the *government-wide financial statements*. However, unlike the *government-wide financial statements*, *governmental fund financial statements* focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the *government-wide financial statements*, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the *government-wide financial statements*. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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

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

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

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

### **Notes to the Financial Statements**

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

### **Other information**

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

**GOVERNMENT - WIDE FINANCIAL ANALYSIS**

This analysis will focus on the City's net position (Table 1) and changes in net position (Table 2) of the governmental and business-type activities for the fiscal year ending June 30, 2015. Management has included comparative data from fiscal year ending June 30, 2014 in its analysis.

**Net Position (Table 1)**  
**(in millions)**

	Governmental Activities		Business-Type Activities		Government-Wide Totals	
	2015	2014	2015	2014	2015	2014
Current and Other Assets	\$ 567.56	\$ 533.13	\$ 303.73	\$ 298.38	\$ 871.29	\$ 831.51
Capital Assets	909.13	884.94	213.28	217.24	1,122.41	1,102.18
<b>Total Assets</b>	<b>1,476.69</b>	<b>1,418.07</b>	<b>517.01</b>	<b>515.62</b>	<b>1,993.70</b>	<b>1,933.69</b>
Deferred Charges on Refunding	-	-	1.08	1.14	1.08	1.14
Deferred Pension Related Items	17.32	-	1.43	-	18.75	-
<b>Total Deferred Outflows</b>	<b>17.32</b>	<b>-</b>	<b>2.51</b>	<b>1.14</b>	<b>19.83</b>	<b>1.14</b>
Long-term Debt Outstanding	332.96	165.94	85.62	75.84	418.58	241.78
Other Liabilities	114.39	47.56	12.43	13.69	126.82	61.25
<b>Total Liabilities</b>	<b>447.35</b>	<b>213.50</b>	<b>98.05</b>	<b>89.53</b>	<b>545.40</b>	<b>303.03</b>
Deferred Pension Related Items	39.66	-	3.90	-	43.56	-
<b>Total Deferred Inflows of Resources</b>	<b>39.66</b>	<b>-</b>	<b>3.90</b>	<b>-</b>	<b>43.56</b>	<b>-</b>
Net Position:						
Net Investment in Capital Asset	838.48	812.87	140.88	143.57	979.36	956.44
Restricted	240.49	254.11	5.29	10.59	245.78	264.70
Unrestricted	(71.96)	137.59	271.40	273.07	199.44	410.66
<b>Total Net Position</b>	<b>\$ 1,007.00</b>	<b>\$ 1,204.57</b>	<b>\$ 417.57</b>	<b>\$ 427.23</b>	<b>\$ 1,424.57</b>	<b>\$ 1,631.80</b>

The City's Government-wide total net position was \$1.42 billion, with assets of \$1.99 billion, deferred outflows of \$19.83 million, liabilities of \$545.41million and deferred inflows of \$43.56 million. The net investment in capital assets of \$979.36 million represents 68 percent of the City's total net position. This is a decrease of \$197.57 million from the previous year. The net investment in capital assets (e.g., infrastructure, land, structures and improvements, furniture and equipment) component of net position consists of capital assets, net of accumulated depreciation, reduced by any related outstanding debt used to acquire, construct, or improve those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are **not** available for future spending. Although the City's investment in its capital

assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other resources, since the capital assets themselves cannot be used to liquidate these liabilities.

Another portion of the City's net position of \$240.48 million (17 percent of the total net position) represents resources that are subject to external restrictions in how they may be used. The remaining balance of \$199.43 million or 14 percent of the total net position (unrestricted position) may be used to meet the government's ongoing obligations to citizens and creditors within the programs areas.

### **Overall Financial Activities**

Overall the City's financial position decreased from the prior year by \$207.23 million (see Table 2 on the following page). This decrease is attributable mainly to the implementation of GASB Statement No. 68 – Accounting and Financial Reporting for Pensions, and accrual of Due Diligence Review (DDR) payment to the California Department of Finance (DOF).

The overall cost of all governmental and business-type activities this year was \$392.41 million and was an overall net increase of \$108.11 million or 38 percent compared to the prior year. This is primarily due to increased expenses in general government and community development attributed to the DDR payment, public safety and water.

Total revenue of all governmental and business-type activities was \$384.01 million for this fiscal year; an increase of \$39 million or 12 percent. Program revenues were \$216.49 million and general revenues were \$167.52 million. The largest single revenue category was Charges for Services, at \$162.39 million, which is *program revenue*. This revenue goes directly against the expenses in recovering the costs of providing those services. Charges for Services revenue increased by \$17.74 million or 13 percent, mainly due to an increase of \$11.68 million or 40 percent in governmental activities. Sales Taxes, which are considered *general revenues*, were the second largest revenue at \$84.29 million. This revenue category experienced an increase from the prior year of \$16.78 million. The third largest revenue source was Property Taxes, another *general revenue* source, at \$48.70 million. Property Tax revenue increased \$3.56 million or 8 percent compared to the prior fiscal year. The revenue category of Capital Contributions and Grants was the fourth largest revenue category at \$38.54 million. Capital Contributions and Grants decreased by \$1.94 million or 5 percent from the prior fiscal year.



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

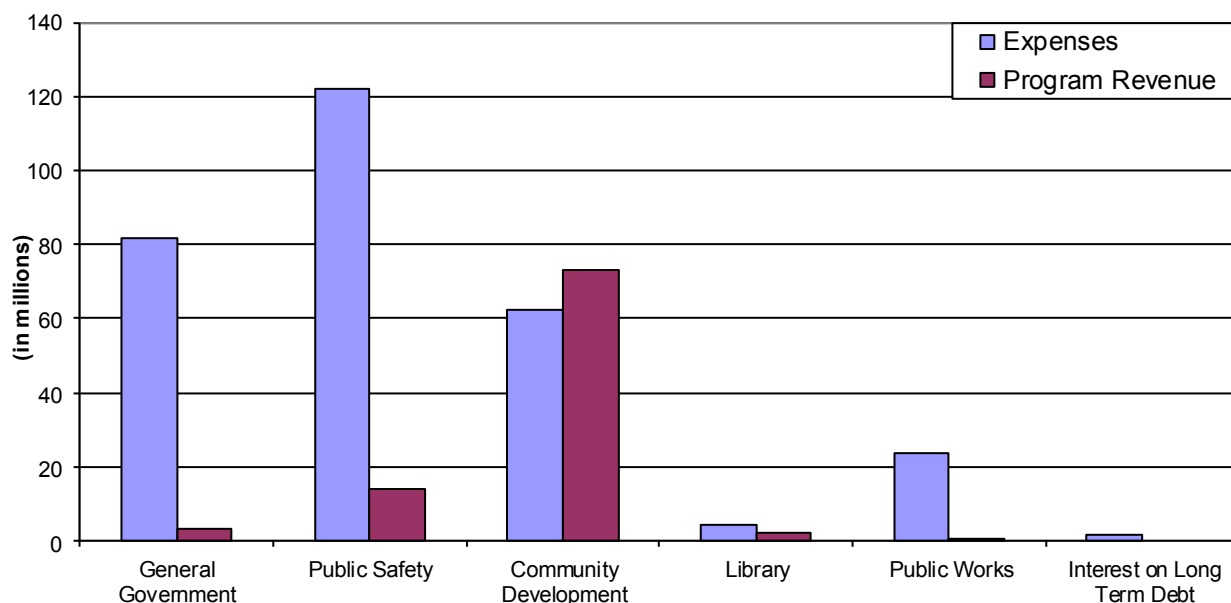
	Governmental Activities		Business-Type Activities		Government-Wide Totals	
	2015	2014	2015	2014	2015	2014
<b>Revenues</b>						
Program Revenues:						
Charges for Services	\$ 41.32	\$ 29.64	\$ 121.07	\$ 115.01	\$ 162.39	\$ 144.65
Operating Contributions and Grants	15.02	12.08	0.54	0.15	15.56	12.23
Capital Contributions and Grants	37.21	33.84	1.33	6.64	38.54	40.48
Sub-total Program Revenues	93.55	75.56	122.94	121.80	216.49	197.36
General Revenues:						
Property Taxes	48.70	45.14	-	-	48.70	45.14
Sales Taxes	78.97	67.51	-	-	78.97	67.51
Business Licenses Taxes	6.83	6.41	-	-	6.83	6.41
Franchise Taxes	3.48	3.25	-	-	3.48	3.25
Transient Occupancy Taxes	12.06	10.61	-	-	12.06	10.61
Other Taxes	4.07	3.70	-	-	4.07	3.70
Motor Vehicle In-Lieu	0.07	-	-	-	0.07	-
Use of Money and Property	3.76	5.17	1.43	1.60	5.19	6.77
Gain on Sale of Capital Asset	0.09	-	-	-	0.09	-
Other	2.65	4.41	0.10	0.02	2.75	4.43
Sub-total General Revenues	160.68	146.20	1.53	1.62	162.21	147.82
<b>Total Revenues</b>	<b>\$ 254.23</b>	<b>\$ 221.76</b>	<b>\$ 124.47</b>	<b>\$ 123.42</b>	<b>\$ 378.70</b>	<b>\$ 345.18</b>
<b>Expenses</b>						
General government	\$ 81.86	\$ 28.98	\$ -	\$ -	\$ 81.86	\$ 28.98
Public safety	121.98	110.98	-	-	121.98	110.98
Community development	62.62	41.52	-	-	62.62	41.52
Library	4.54	4.60	-	-	4.54	4.60
Public works	23.85	25.09	-	-	23.85	25.09
Interest on long-term debt	1.79	3.02	-	-	1.79	3.02
Water	-	-	54.84	30.81	54.84	30.81
Sewer	-	-	17.04	16.14	17.04	16.14
Solid Waste	-	-	23.88	23.16	23.88	23.16
<b>Total Expenses</b>	<b>\$ 296.64</b>	<b>\$ 214.19</b>	<b>\$ 95.76</b>	<b>\$ 70.11</b>	<b>\$ 392.40</b>	<b>\$ 284.30</b>
<b>Increase / (Decrease) in Net Position Before Transfers</b>	<b>\$ (42.41)</b>	<b>\$ 7.57</b>	<b>\$ 28.71</b>	<b>\$ 53.31</b>	<b>\$ (13.70)</b>	<b>\$ 60.88</b>
Transfers	22.76	21.93	(22.76)	(21.93)	-	-
Restatement of Net Position	(177.91)	-	(15.61)	(1.28)	(193.52)	(1.28)
<b>Increase/(Decrease) in Net Position</b>	<b>\$ (197.56)</b>	<b>\$ 29.50</b>	<b>\$ (9.66)</b>	<b>\$ 30.10</b>	<b>\$ (207.22)</b>	<b>\$ 59.60</b>

**Governmental Activities**

Under the governmental activities, the City’s *net position* decreased by \$192.24 million after a net difference between revenue and expense, transfers of \$22.76 million, and restatement of net position of (\$177.91) The cost of all governmental activities this year was \$296.64 million or 76 percent of the government-wide total expenses and was an increase of \$82.45 million or 39 percent, which is attributed to the DDR payment to DOF and new public safety capital projects.

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

**Expenses and Program Revenues – Governmental Activities (Graph 1)**



Expenses in *General Government* were \$81.86 million or 28 percent of total Governmental Activities expenses. Of this amount, \$3.20 million was funded by program revenues, while the remaining \$78.66 million was funded by general revenues. General Government expenses increased by \$52.88 million or 183 percent due to payment of Other Funds DDR to DOF and full funding of the Other Post Employment Benefit Fund annual required contribution.

*Public Safety* expenses were \$121.98 million or 41 percent of the total Governmental Activities expenses. Of this amount, \$14.19 million was funded by program revenues while the remaining \$107.79 million was funded by general revenues. Public safety expenses increased \$11 million or 10 percent compared to the previous year due to increase in public safety capital projects.

Expenses in *Community Development* were \$62.62 million or 21 percent of the total Governmental Activities expenditures. These expenses increased by \$21.1 million or 51 percent compared to the prior year due to the Low/Moderate Income Housing DDR payment to DOF. Program revenues relating to the funding of community development activities amounted to \$73.30 million. The majority of program revenues resulted from charges for services of \$35.77 million and capital contributions and grants of \$35.58 million.

The *Library* had expenses of \$4.54 million or 2 percent of the total Governmental Activities expenses. Of this amount \$2.11 million was funded by program revenues, while the remaining \$2.43 million was funded by general revenues.

*Public Works* expenses were \$23.85 million or 8 percent of the total Governmental Activities expenses. Of this amount, \$0.74 million was funded by program revenues, while the remaining \$23.11 million was funded by general revenues. Public Works expenses decreased by \$1.24 million from the prior fiscal year.

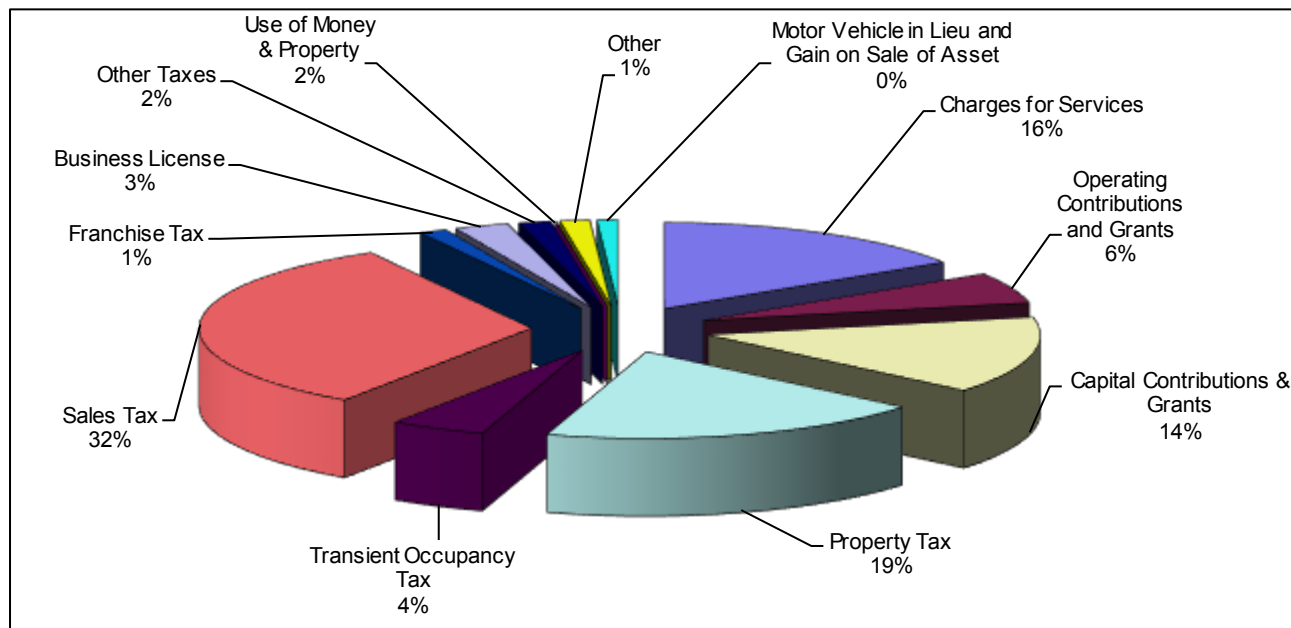
*Interest on long-term debt* had expenses of \$1.79 million or 1 percent of Governmental Activities and is funded entirely by general revenues. These expenses decreased by \$1.23 million from the prior fiscal year.

Graph 2 on the following page presents governmental activities revenue by source. Total revenue for governmental activities was \$259.55 million; an increase of \$37.79 million or 17 percent. The three largest revenue sources under Governmental Activities were the categories of Sales Taxes, Property Taxes, and Capital Contributions and Grants.

Sales Tax revenue (general revenue) was \$84.29 million or 33 percent of total governmental activities revenue. An increase of \$16.78 million 25 percent compared to the previous year. Property Tax revenue (general revenue) was \$48.70 million or 19 percent of total governmental activities revenue. Property Tax revenue increased by \$3.55 million or 8 percent compared to the prior year. The third largest revenue source was Charges for Services (program revenue) at \$41.32 million or 16 percent of total governmental activities revenue – an increase of \$11.68 million or 40 percent due to reimbursements increased developments in the City. Other Governmental Activities Revenues totaled \$85.23 million and represents 33 percent of the total revenues from governmental activities. The remaining Program Revenues include: Capital Contributions and Grants of \$37.21 million and Operating Contributions and Grants of \$15.02 million. Together they represent 22 percent of the total governmental activities revenue.

Graph 2 below presents revenues by source for Governmental Activities.

### **Revenues by Source – Governmental Activities (Graph 2)**



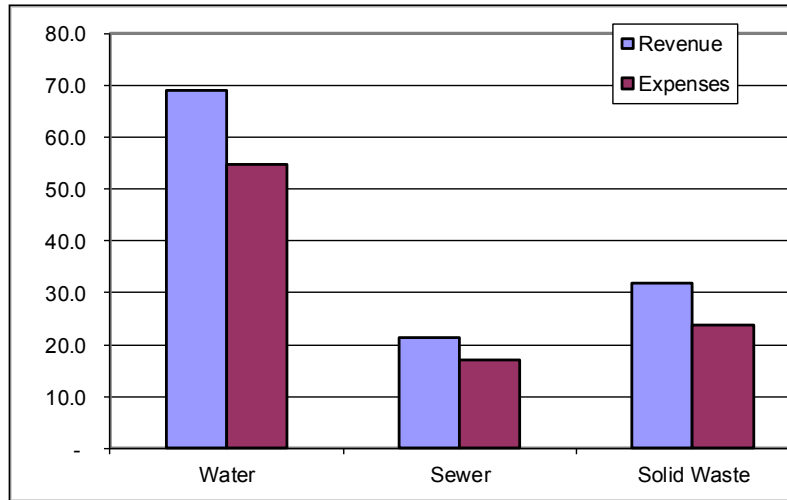
### **Business-type Activities**

*Net position* for business-type activities at June 30, 2015 were \$417.57 million, with assets of \$517.01 million, deferred outflows of resources of \$2.51 million, liabilities of \$98.05 million and deferred inflows of resources of \$3.90 million. Unrestricted net position of \$271.40 million represented 65 percent of total business-type activities net position; this amount may be used to meet the government's ongoing obligations. Net investment in capital assets of \$140.88 million represented 34 percent of the total net position from business-type activities. The remaining \$5.29 million was restricted for debt service. Compared to the prior year, the City's net position from business-type activities after the restatement of (\$15.61) million from the prior year decreased by \$9.66 million.

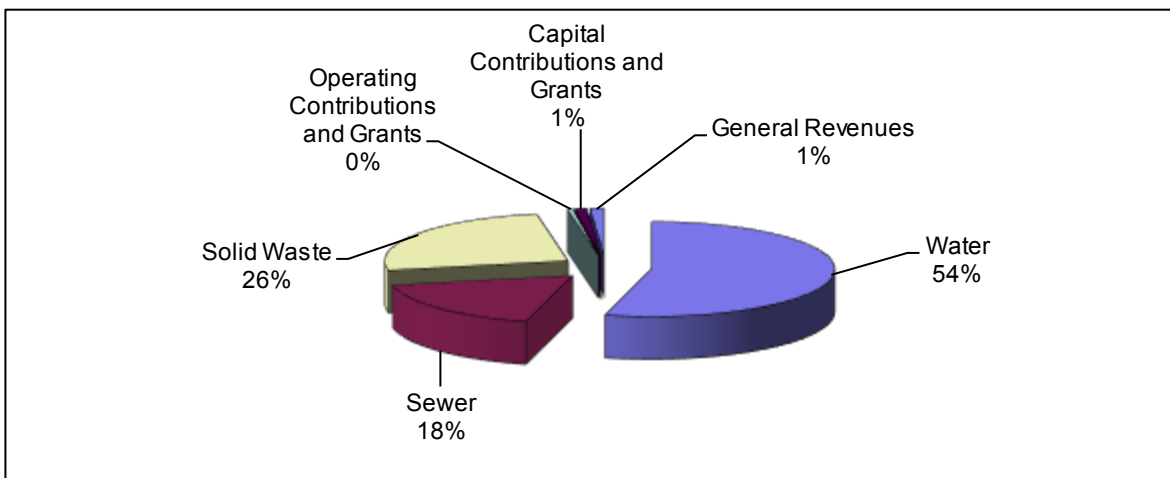
Total revenues (excluding transfers) for the City's business-type activities were \$124.47 million, which represented \$1.05 million or 1.05 percent increase from the prior year. Program revenues amounted to \$122.94 million or 99 percent of total business-type related revenue. Program revenues increased by \$1.14 million or 1 percent. General revenues for business-type activities were \$1.53 million (Use of Money and Property of \$1.43 million). This was a decrease of \$0.09 million from the prior fiscal year. Business-type activities incurred \$95.76 million of expenditures for the year. This is a growth of \$25.65 million or 37 percent due to increased Water capital projects.

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

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



Graph 4 presents revenues by source for business-type activities. *Charges for services account* for \$121.07 million or 98 percent of total business-type activities revenues (before transfers), while the remaining 2 percent is from *capital contributions and grants* (\$1.33 million), *operating contributions and grants* (\$0.54 million) and *general revenues* (\$1.53 million). Revenue from Water services is the largest revenue source with \$67.34 million or 54 percent of the total revenues from business-type activities; it had an increase of \$4.15 million or 7 percent compared to the prior year due to a gain in joint venture. The second largest revenue source was revenue from Solid Waste services at \$31.74 million or 26 percent of total business-type activities revenues. Solid Waste services revenue had an increase of \$1.41 million or 5 percent from the previous year due to increased developments in the City.

**Revenues by Source – Business-Type Activities (Graph 4)****FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

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

**Governmental Funds**

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

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

account for the financial transactions as prescribed by the Federal Housing and Urban Development. The special revenue fund for the Ontario Housing Authority Fund accounts for low and moderate housing set aside funds to implement various programs and projects to assist in affordable housing. The Capital Projects Fund accounts for financial transactions of general capital improvements. The capital projects fund for the Impact Fees Fund accounts for developer-paid impact fees for infrastructure construction. Each major fund is discussed in the *Notes to the Financial Statements*.

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$347.73 million. Approximately 18 percent or \$59.83 million of this total amount constitutes assigned/unassigned fund balance. The remainder fund balance of \$287.90 million is nonspendable (\$112.22 million), restricted (\$31.01 million), and committed (\$144.67 million).

Comprising the nonspendable fund balance are: 1) Inventory, prepaid costs, and deposits (\$1.64 million); 2) Land that was purchased and held for resale (\$94.18 million); 3) Notes and loans (\$6.94 million); and 4) Advances to other funds (\$9.46 million). For the restricted fund balance (external enforceable limitations on usage), they are as follows: 1) endowment and trusts (\$0.41 million); 2) community development, affordable housing, and bond improvement projects (\$22.48 million); 3) public safety (\$3.51 million); 4) public services (\$3.74 million); and 5) air quality control activities (\$0.87 million). Included in the committed fund balance (self-imposed limitations on usage) are as follows: 1) City facilities, infrastructure and capital replacement (\$85.99 million); 2) economic uncertainties (\$19.10 million); 3) compensated absences (\$13.75 million); 4) for capital projects (\$25.65 million); and 5) future obligations (\$0.18 million).

### **Governmental Revenues**

Revenues of governmental funds for Fiscal Year 2014-15 were \$256 million, with an increase of \$41.68 million or 19 percent compared to the previous fiscal year. This increase in government revenue is primarily attributable to the increases in the following categories of revenues: Charges for Services (\$14.47 million or 56 percent), as a result of increased impact fees received due to new developments in the City; Sales Tax (\$16.78 million or 25 percent), as due to the economy picking up; Intergovernmental (\$4.69 million or 12 percent), resulting from Measure I Valley Major Project reimbursements on South Milliken and Vineyard Grade Separation projects.



Table 3 below presents a summary of governmental fund revenues for the fiscal year ended June 30, 2015, with comparative amounts from the prior year.

**Comparison of Major Governmental Revenues (Table 3)**  
**Fiscal Years 2014-15 and 2013-14**

	<u>Amount</u> <u>FY 14-15</u>	<u>% of Total</u> <u>Revenues</u>	<u>Amount</u> <u>FY 13-14</u>	<u>% of Total</u> <u>Revenues</u>	<u>\$ Increase /</u> <u>(Decrease)</u>	<u>% Increase /</u> <u>(Decrease)</u>
Property Tax	\$ 48,695,469	19.02%	\$ 45,144,867	21.06%	\$ 3,550,602	7.86%
Sales Tax	84,294,827	32.93%	67,509,611	31.50%	16,785,216	24.86%
Transient Occupancy Tax	12,057,576	4.71%	10,614,156	4.95%	1,443,420	13.60%
Parking Tax	3,126,753	1.22%	2,988,135	1.39%	138,618	4.64%
Business Licenses Tax	6,825,185	2.67%	6,405,595	2.99%	419,590	6.55%
Other Taxes	3,622,427	1.42%	1,761,317	0.82%	1,861,110	105.67%
Licenses & Permits	3,283,593	1.28%	2,199,674	1.03%	1,083,919	49.28%
Intergovernmental	44,390,558	17.34%	39,695,371	18.52%	4,695,187	11.83%
Charges for Services	40,368,010	15.77%	25,895,011	12.08%	14,472,999	55.89%
Use of Money & Property	3,507,845	1.37%	3,906,235	1.82%	(398,390)	-10.20%
Fines and Forfeitures	1,267,994	0.50%	1,134,395	0.53%	133,599	11.78%
Miscellaneous	4,556,170	1.77%	7,062,253	3.31%	(2,506,083)	-35.49%
TOTAL	<u>\$ 255,996,407</u>	<u>100.00%</u>	<u>\$ 214,316,620</u>	<u>100.00%</u>	<u>\$ 41,679,787</u>	<u>19.45%</u>

### **Governmental Expenditures**

Total expenditures for Fiscal Year 2014-15 were \$312.01 million, an increase of \$96.73 million or 45 percent from the prior fiscal year. Included in this increase are: General Government (\$50.38 million or 304 percent), this is due to the Other Funds DDR payment to DOF as well as and full funding of the Other Post Employment Benefit Fund annual required contribution; Community Development (\$39.42 million or 67 percent), due to the Low/Moderate Income Housing Fund DDR payment to DOF as well as the South Milliken and Vineyard Grade Separation projects; Public Safety (\$6.18 million or 5 percent), attributed to increased public safety capital projects.

Table 4 presents a summary of governmental fund expenditures for the Fiscal Year ended June 30, 2015 with comparative amounts from the prior year.

**Comparison of Major Governmental Expenditures (Table 4)**  
**Fiscal Years 2014-15 and 2013-14**

	<u>Amount</u> <u>FY 14-15</u>	<u>% of Total</u> <u>Expenditures</u>	<u>Amount</u> <u>FY 13-14</u>	<u>% of Total</u> <u>Expenditures</u>	<u>\$ Increase /</u> <u>(Decrease)</u>	<u>% Increase /</u> <u>(Decrease)</u>
General Government	\$ 66,943,163	21.46%	\$ 16,565,106	7.69%	\$ 50,378,057	304.12%
Public Safety	120,286,742	38.55%	114,109,242	53.00%	6,177,500	5.41%
Community Development	98,405,497	31.54%	58,988,089	27.41%	39,417,408	66.82%
Library	4,368,241	1.40%	4,196,204	1.95%	172,037	4.10%
Public Works	18,784,827	6.02%	17,231,048	8.00%	1,553,779	9.02%
Total Operating Expenditures	308,788,470	98.97%	211,089,689	98.05%	97,698,781	46.28%
Debt Service	3,225,778	1.03%	4,191,703	1.95%	(965,925)	-23.04%
TOTAL	<u>\$ 312,014,248</u>	<u>100.00%</u>	<u>\$ 215,281,392</u>	<u>100.0%</u>	<u>\$ 96,732,856</u>	<u>44.93%</u>

### **Proprietary Funds**

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

Operating revenues for Enterprise Funds include sales and service charges, interdepartmental charges and miscellaneous. Total operating revenues for all Enterprise Funds for Fiscal Year 2014-15 were \$113.94 million, while non-operating revenues were \$10.54 million. Operating expenses for Fiscal Year 2014-15 were \$87.22 million while non-operating expenses were \$9.29 million. During the fiscal year, the net amount transferred out to the City's Governmental Funds was \$22.76 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 2014-15 were \$28.83 million.

### **Fiduciary Funds**

As mentioned earlier, the City uses Fiduciary Funds to account for resources held for the benefit of parties outside the City, in which the City is acting as trustee. The *Statement of Fiduciary Net Position* reports fifteen activities for which the City has a fiduciary responsibility. These include: the Redevelopment Financing Authority, a JPA formed between the City and the Agency to establish a vehicle to reduce local borrowing costs and promote greater use of new and existing financial instruments; West End Communications Authority, a seven-member JPA that operates and maintains a consolidated 800MHZ communication system designed to serve public safety agencies; the Sanitary Collection Treatment Fund which collects sewer capital assessment fees on behalf of the Inland Empire Utilities Agency; the Other Post Employment Benefits supports the reporting requirements of GASB Statement 43 to separately identify the costs and activities related to employee post-employment benefits other than pensions; the West End Fire and Emergency Response Commission, a JPA of five local fire departments to establish a hazardous materials response team, an urban search and rescue team and the servicing of joint authority breathing apparatus equipment used for emergency purposes; and the Private Purpose Trust Fund for the Successor Agency of the Former Redevelopment Agency, which was formed upon dissolution of the Ontario Redevelopment Agency. The successor agency is subject to the control of newly established oversight board and can only pay enforceable obligations in existence at the date of dissolution. Furthermore, it will hold the remaining assets of the former Redevelopment Agency until they are distributed to other units of state and local government. The remaining ten are assessment/special assessment bond redemption funds used to collect assessments and administer the debt service of the districts.

**GENERAL FUND – FUND BALANCE ANALYSIS**

The General Fund is the primary operating fund of the City. The fund balance of \$103.44 million as of June 30, 2015 had a decrease of \$23.33 million or 19 percent compared to the prior year. Major factor contributing to the decrease is the Other Funds DDR payment to DOF. 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 55 percent of total General Fund operating expenditures, while the total nonspendable, restricted, and committed fund balance amounts to 45 percent of the same amount.

Total fund balance of the General Fund consists of 4 components: (1) Nonspendable fund balance of \$3.79 million, which represents \$3.5 million in advances to other funds, \$0.12 million in prepaid, \$0.12 in inventory, and \$0.04 notes and loans; (2) Restricted fund balance of \$0.41, which represents endowment and trust; (3) Committed fund balance of \$42.44 million which represents economic uncertainties of \$19.10 million, compensated absences of \$13.75 million, infrastructure, city facilities and capital replacement of \$9.77 million, and future obligations of \$0.18 million; and (4) Assigned fund balance of \$56.8 million, which represents stability arrangement of \$49.63 million, contractual obligations of \$2.72 million, continuing appropriations of \$2.49 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 7 in the Notes to the Basic Financial Statements.

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

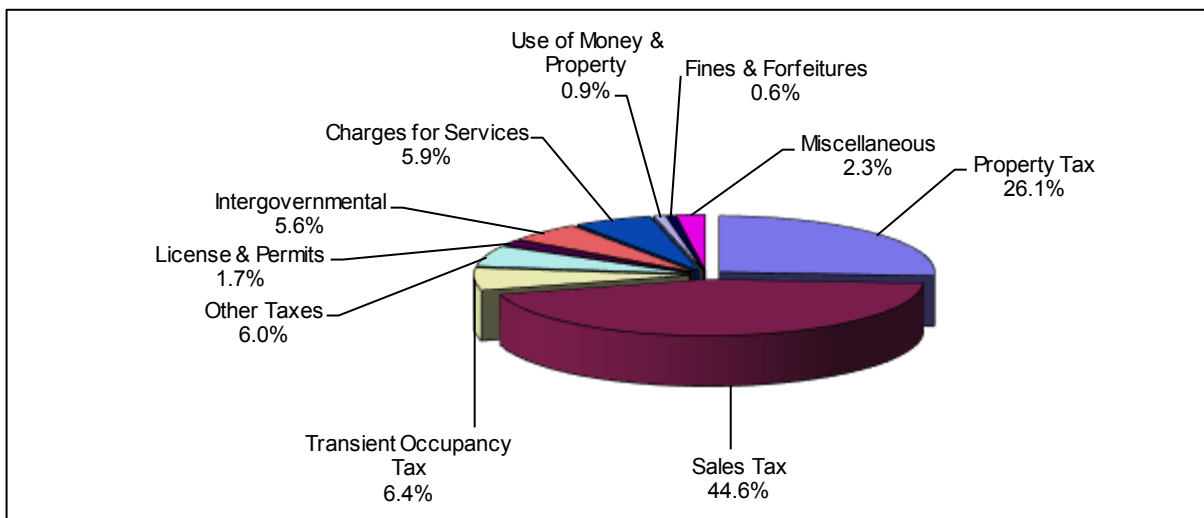
For Fiscal Year 2014-15, General Fund revenues were \$189.12 million, a growth of \$33.45 million or 21 percent from the prior fiscal year. Sales tax grew by \$16.79 million compared to the prior year due to increased consumer spending as well as recognition of prior year sales tax withheld by the California State Board of Equalization; property tax increased \$7.87 million or 19 percent due to increased home sales; intergovernmental increase from prior year of \$6.42 million or 153 percent due to additional grants received during the fiscal year.

**General Fund Revenues (Table 5)  
Fiscal Years 2012-13, 2013-14 and 2014-15**

	FY 12-13	FY 13-14	FY 14-15	% of Total	\$ Increase / (Decrease) to Last Year	% of Increase (Decrease)
Property Tax	\$ 44,659,704	\$ 41,427,775	\$ 49,298,558	26.1%	\$ 7,870,783	19.0%
Sales Tax	67,150,866	67,509,611	84,294,827	44.6%	16,785,216	24.9%
Transient Occupancy Tax	9,731,382	10,614,156	12,057,576	6.4%	1,443,420	13.6%
Other Taxes	13,087,456	13,357,252	11,337,041	6.0%	(2,020,211)	-15.1%
License & Permits	1,805,849	2,199,674	3,283,593	1.7%	1,083,919	49.3%
Intergovernmental	4,041,856	4,199,620	10,614,755	5.6%	6,415,135	152.8%
Charges for Services	8,277,266	9,717,832	11,200,618	5.9%	1,482,786	15.3%
Use of Money & Property	486,693	1,802,996	1,608,547	0.9%	(194,449)	-10.8%
Fines & Forfeitures	1,292,955	1,125,715	1,199,258	0.6%	73,543	6.5%
Miscellaneous	4,534,686	3,715,305	4,229,670	2.3%	514,365	13.8%
<b>Totals</b>	<b>\$ 155,068,713</b>	<b>\$ 155,669,936</b>	<b>\$ 189,124,443</b>	<b>100.0%</b>	<b>\$ 33,454,507</b>	<b>21.5%</b>

Graph 5 below illustrates General Fund revenue by source.

**General Fund Revenues – Fiscal Year 2014-15 (Graph 5)**

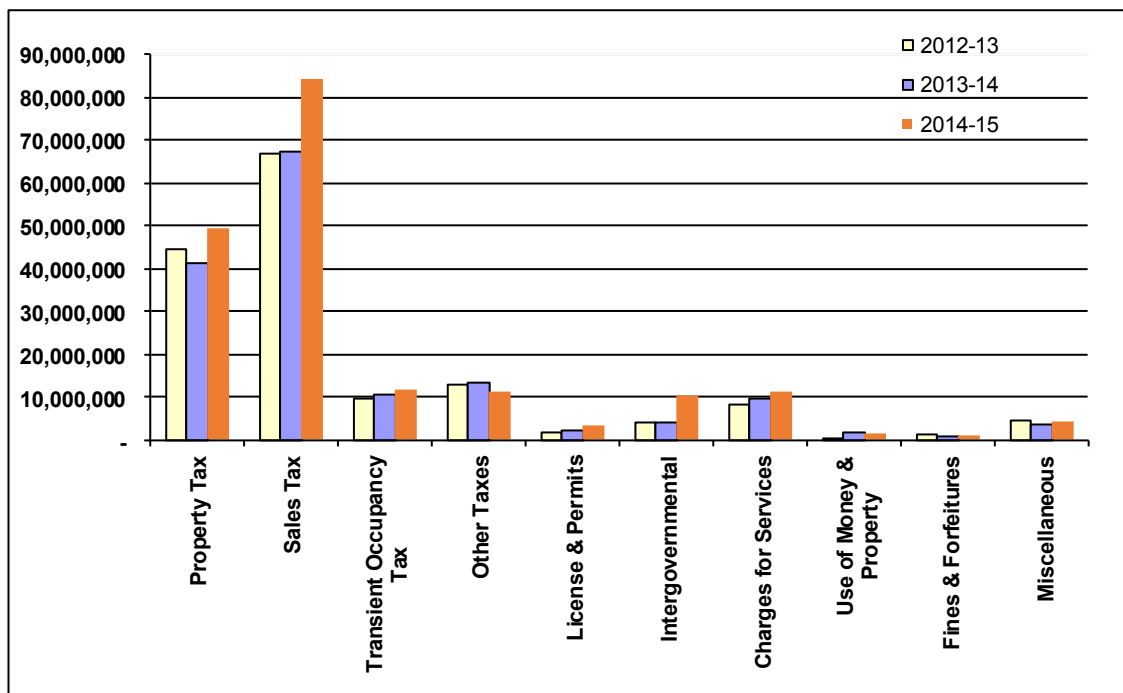


Following is an in-depth analysis of each of the revenue sources.

- Property Tax revenues increased \$7.87 million or 19 percent, comprising 26 percent of total General Fund revenue. This was due to increased home sales.
- Sales Tax revenues experienced an increase of \$16.79 million or 25 percent from the prior year. Of the total General Fund revenue, 45 percent comes from sales taxes. This gain revenue is due to increase in consumer and business spending compared to prior year and recognition of prior year sales tax withheld by the California State Board of Equalization.
- Transient Occupancy taxes (TOT) also increased by \$1.44 million or 14 percent; it comprises 6 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 percent of the City's total General Fund revenue. This revenue category reflected a decrease of \$2.02 million or 15 percent.
- License and Permit revenues experienced an increase of \$1.08 million or 49 percent from the prior year due to increased development and therefore increase licenses and permits in the City.
- Intergovernmental revenues increased by \$6.42 million or 153 percent compared to the previous year due to increased grants in the fiscal year; it comprises 6 percent of the City's total General Fund revenue base.
- Charges for Services increased by \$1.48 million or 15 percent from the previous year due to increase in inspection and plan check fees.
- Revenues from the Use of Money and Property represent 1 percent of total General Fund revenue and experienced a decrease of \$0.19 million from the prior year.
- Fines and Forfeiture increased 6.5 percent (\$.07 million) and represents less than 1 percent of total General Fund revenues.
- Miscellaneous revenue increased 14 percent (\$0.51 million).

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

**Comparison of General Fund Revenues (Graph 6)**  
**Fiscal Years 2012-13, 2013-14 and 2014-15**



**Expenditures**

For Fiscal Year 2014-15, total General Fund expenditures were \$233.86 million, an increase of \$67.66 million or 41 percent compared to the previous year. Following are key points of General Fund expenditures.

- General Government expenditures were \$66.91 million, an increase of \$50.38 million or 305 percent from the prior fiscal year. This increase is due to the payment of the Other Fund DDR to DOF and the full funding of the annual required contribution for the Other Post Employment Benefit Fund in the prior fiscal year.
- Public Safety expenditures were \$114.39 million, an increase of \$7.14 million or 7 percent compared to the previous year. This increase is due to new public safety capital projects.
- Community Development expenditures of \$28.74 million or \$9.65 million higher as a result of the Mill Creek Wetlands project.
- Library expenditures were \$4.37 million, an increase of \$0.17 or 4 percent.



- Public Works expenditures were \$16.22 million, an increase of \$0.32 or 2 percent compared to the previous fiscal year.
- Debt Service expenditures were \$3.23 million, a very slight decrease of less than 1 percent.

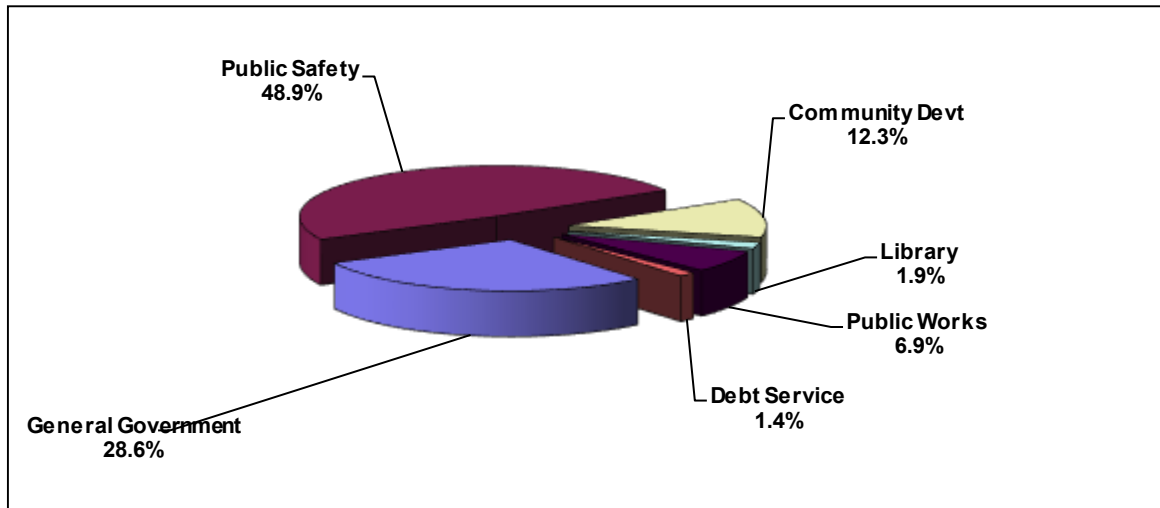
Table 6 below presents General Fund expenditures by category for the past three consecutive fiscal years.

**General Fund Expenditures (Table 6)  
Fiscal Years 2012-13, 2013-14 and 2014-15**

	<u>FY 12-13</u>	<u>FY 13-14</u>	<u>FY 14-15</u>	<u>% of Total</u>	<u>\$ Increase / (Decrease) to Last Year</u>	<u>% of Increase (Decrease)</u>
<b>General Government</b>	\$ 22,919,400	\$ 16,529,346	\$ 66,907,233	28.6%	\$ 50,377,887	304.8%
<b>Public Safety</b>	105,218,087	107,250,420	114,392,311	48.9%	7,141,891	6.7%
<b>Community Development</b>	17,096,201	19,090,340	28,739,497	12.3%	9,649,157	50.5%
<b>Library</b>	4,077,037	4,196,204	4,368,241	1.9%	172,037	4.1%
<b>Public Works</b>	15,572,650	15,902,851	16,224,783	6.9%	321,932	2.0%
<b>Debt Service</b>	3,221,758	3,226,513	3,225,778	1.4%	(735)	0.0%
<b>Totals</b>	<u>\$ 168,105,133</u>	<u>\$ 166,195,674</u>	<u>\$ 233,857,843</u>	<u>100.0%</u>	<u>\$ 67,662,169</u>	<u>40.7%</u>

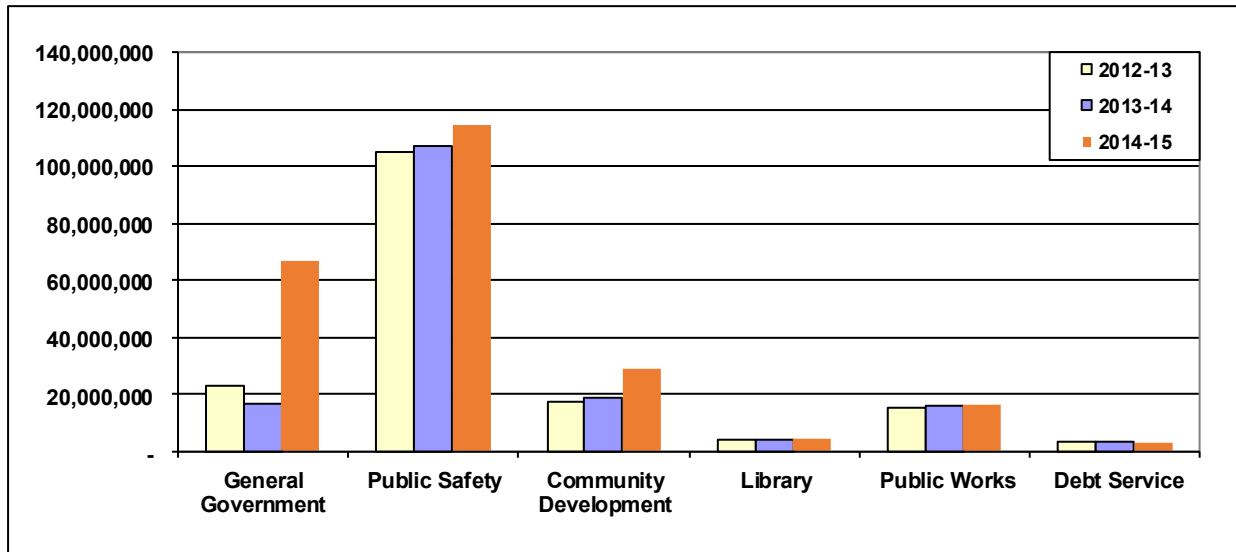
Graph 7 below presents General Fund expenditures by category.

**General Fund Expenditures – Fiscal Year 2014-15 (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 2012-13, 2013-14 and 2014-15**



**QUIET HOME PROGRAM FUND – FUND BALANCE ANALYSIS**

The Quiet Home Program Fund accounts for revenues received primarily from federal sources and the Los Angeles World Airports which are designated for specified airport noise mitigation programs, property acquisition, land use conversion and the noise insulation of residences. It is one of the seven major funds included in the City's Comprehensive Annual Financial Report. As of June 30, 2015, the fund balance was \$57.74 million after a gain of \$0.45 million. Total Assets of \$61.36 million experienced an increase of \$2.22 million or 4 percent due to increase in cash and investments of \$1.02 million, and increase in accounts receivable of \$0.75. Total Liabilities of \$3.62 million increased by \$1.77 million, this is due to increase in accounts payable Unearned Revenue of \$0.56 million.

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

For Fiscal Year 2014-15, total Quiet Home Program Fund revenues were \$4.4 million, a decrease of \$1.93 million. This is primarily the result of decreased reimbursement activity in noise insulation projects and property acquisition as the funding for the projects are going away.

**Expenditures**

For Fiscal Year 2014-15, total Quiet Home Program Fund expenditures were \$3.95 million, a decrease of \$0.56 million compared to the prior year. This is primarily the result of decreased activity in noise insulation projects and property acquisition as funding for the projects are going away.

## **MEASURE I FUND – FUND BALANCE ANALYSIS**

The Measure I Fund accounts for revenues from a one-half percent sales tax on all retail transactions within the County. The proceeds are to be used for transportation improvements, railroad grade separation projects, and traffic management programs. It is one of the seven major funds included in the City's Comprehensive Annual Financial Report for June 30, 2015. The fund balance of \$2.01 million as of June 30, 2015 had a decrease of \$2.11 million compared to the prior year. Total Assets were \$27.04 million, a growth of \$5.31 million or 25 percent. This is primarily the result of increase in restricted cash and investments for \$1 million. Total Liabilities of \$25.02 million, reflected an increase of \$7.41 million resulted from an increase in due to other funds of \$7.02 million.

## **MEASURE I FUND – REVENUE AND EXPENDITURE ANALYSIS**

### **Revenues**

For Fiscal Year 2014-15, total Measure I Fund revenues were \$21.89 million or \$3.4 million more compared to prior year at \$18.5 million. This is primarily due to increased reimbursements from SanBag for Measure I funded projects.

### **Expenditures**

For Fiscal Year 2014-15, total Measure I Fund expenditures were \$24 million, an increase of \$11.82 million or 97 percent compared to the prior year. The growth was due to increased construction activity on the South Milliken and North Vineyard Grade Separation projects.

### **COMMUNITY DEVELOPMENT FUND – FUND BALANCE ANALYSIS**

The Community Development Fund accounts for the Community Development Block Grant and HOME Grant. These grants account for the financial transactions as prescribed by the Federal Housing and Urban Development. It is one of the seven major funds included in the City's Comprehensive Annual Financial Report for June 30, 2015. Ending fund balance was \$6.3 million, \$0.14 less than the prior fiscal year. Total Assets were \$16.54 million, a decrease of \$0.05 million or 1 percent.

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

#### **Revenues**

For Fiscal Year 2014-15, total Community Development Fund revenues were \$1.91 million; a decrease of \$2.12 million compared to prior year. This is due to decrease in HOME grant revenues.

#### **Expenditures**

For Fiscal Year 2014-15, total Community Development Fund expenditures were \$2.06 million; a decrease of \$1.99 million or 50 percent compared to the prior year. This is due to decreased HOME funding.

## **ONTARIO HOUSING AUTHORITY FUND – FUND BALANCE ANALYSIS**

The Ontario Housing Authority Fund accounts for financial transactions for the Ontario Housing Authority. It is one of the seven major funds included in the City's Comprehensive Annual Financial Report for June 30, 2015. The fund balance of \$22.3 million as of June 30, 2015 had a decrease of \$21.23 million or 49 percent compared to the prior year. Total Assets were \$53.30 million, an increase of \$0.86 million. This is primarily the result of increase in Cash and Investments. Total Liabilities of \$27.68 million, reflected an increase of \$21.28 million attributed to the payment for Low/Moderate Income Housing Fund DDR to DOF.

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

### **Revenues**

For Fiscal Year 2014-15, total Ontario Housing Authority Fund revenues were \$0.95 million; a decrease of \$0.99 million or 51 percent compared to the prior year. This is a result of a sale of property to Mercy House in the prior fiscal year.

### **Expenditures**

For Fiscal Year 2014-15, total Ontario Housing Authority Fund expenditures were \$22.18, an increase of \$21.12 million attributed to the payment for Low/Moderate Income Housing Fund DDR to DOF.

**CAPITAL PROJECTS FUND – FUND BALANCE ANALYSIS**

The Capital Projects Fund accounts for financial transactions of general capital improvements. It is one of the seven major funds included in the City's Comprehensive Annual Financial Report for June 30, 2015. The fund balance of \$60.92 million as of June 30, 2015 reflected a decrease of \$1.35 million or 3 percent compared to the prior year. Total Assets were \$63.09 million; a decrease of \$1.63 million from the previous year, mainly attributable to the decrease in cash with fiscal agent in the amount of \$6.47 million due to bond proceeds on 2013 Lease Revenue Bond. Total Liabilities of \$2.18 million decreased by \$0.26 million. This was due to decreases in Accounts Payable by \$0.27 million.

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

For Fiscal Year 2014-15, total Capital Projects Fund revenues were \$2.02 million; a decline of \$0.72 million compared to the prior year. This is mainly attributable to the reimbursement from Union Pacific Railroad in the prior fiscal year.

**Expenditures**

For Fiscal Year 2014-15, total Capital Projects Fund expenditures were \$9.17 million; a decrease of \$2.15 million due to these prior fiscal year projects: Emergency Operations Center, Office Facility, Police Facility Solar Roof and Ontario Convention Center Solar Roof.

## **IMPACT FEES FUND – FUND BALANCE ANALYSIS**

The Impact Fees Fund accounts for revenues from developer-paid impact fees for infrastructure or construction. It is one of the seven major funds included in the City's Comprehensive Annual Financial Report for June 30, 2015. The fund balance of \$68.33 million as of June 30, 2015 reflected an increase of \$14.05 million or 32 percent compared to the prior year. Total Assets were \$73.29 million; an increase of \$14.99 million from the previous year which is mainly attributable to the increase in Cash and Investments of \$14.94 million. Total Liabilities of \$4.97 million increased \$0.94 million or 24 percent due to increase in Accounts Payable.

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

### **Revenues**

For Fiscal Year 2014-15, total Impact Fees Fund revenues were \$21.86 million; an increase of \$8.61 million compared to the prior year due to increased receipt in developer fees.

### **Expenditures**

For Fiscal Year 2014-15, total Impact Fees Fund expenditures were \$7.81 million compared to prior year of \$3.82 million, an increase of \$3.99 compared to the prior year as a result of expenditures relating to the South Milliken and North Vineyard Grade Separation Project.



**GENERAL FUND BUDGETARY HIGHLIGHTS**

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

**Resources (Inflows)**

The budgeted amount for *revenues* (resources available for appropriation) had an increase of \$20 million between the original budget of \$182.30 million and the final amended budget of \$202.30 million. The increase was mainly due to budget adjustments for Intergovernmental (\$15.04 million). Actual revenues were \$15 million more than the final amended budget.

**Charges to Appropriations (Outflows)**

The difference between the original budget and the final budget was an increase of \$20.18 million in appropriations. Public Safety and Community Development appropriations were increased by \$5.19 and \$9.24 million respectively, due to new grant funded projects. Transfers out also increased by \$5.08 million due to transfers to the internal service and capital project funds.

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

**Budgetary Comparison for General Fund (Table 7)**  
**Fiscal Year 2014-15**  
(in millions)

	Budget Amounts			Actuals	Final Budget
	Original	Final	Variance		Variance
					Favorable / (Unfavorable)
<b>Resources (Inflows):</b>					
Taxes	\$ 130.45	\$ 133.55	\$ (3.10)	\$ 156.99	\$ 23.44
Licenses and Permits	2.07	2.07	-	3.28	1.21
Intergovernmental	0.60	15.65	(15.05)	10.61	(5.04)
Charges for Services	9.68	11.10	(1.42)	11.20	0.10
Use of Money and Property	1.66	1.66	-	1.61	(0.05)
Fines and Forfeitures	1.17	1.17	-	1.20	0.03
Miscellaneous	2.61	2.91	(0.30)	4.23	1.32
Proceeds from Sale of Capital Assets	-	-		0.09	0.09
Transfers from Other Funds	34.05	34.19	(0.14)	28.10	(6.09)
<b>Total Resources</b>	<b>\$ 182.29</b>	<b>\$ 202.30</b>	<b>\$ (20.01)</b>	<b>\$ 217.31</b>	<b>\$ 15.01</b>
<b>Charges to Appropriations (Outflows):</b>					
General Government	\$ 20.74	\$ 19.96	\$ 0.78	\$ 66.91	\$ (46.95)
Public Safety	112.83	117.49	(4.66)	114.41	3.08
Community Development	21.83	32.85	(11.02)	28.74	4.11
Library	4.45	4.50	(0.05)	4.37	0.13
Public Works	18.16	18.31	(0.15)	16.22	2.09
Debt Service	-	-	-	3.23	(3.23)
Transfers to Other Funds	4.00	9.08	(5.08)	6.77	2.31
<b>Total Charges to Appropriations</b>	<b>\$ 182.01</b>	<b>\$ 202.19</b>	<b>\$ (20.18)</b>	<b>\$ 240.65</b>	<b>\$ (38.46)</b>

## 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, 2015, is \$909.13 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 4 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	
	2015	2014	2015	2014	2015	2014
Land	\$ 48.55	\$ 47.22	\$ 21.93	\$ 21.80	\$ 70.48	\$ 69.02
Structures and Improvements	268.50	268.76	6.63	6.93	275.13	275.69
Furniture and Equipment	5.20	6.60	1.10	0.12	6.30	6.72
Infrastructure	476.60	471.10	126.49	133.58	603.09	604.68
Construction in Progress	110.29	91.26	57.13	54.82	167.42	146.08
<b>Total Net Position</b>	<b>\$ 909.14</b>	<b>\$ 884.94</b>	<b>\$ 213.28</b>	<b>\$ 217.25</b>	<b>\$ 1,122.42</b>	<b>\$ 1,102.19</b>

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

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

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

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

The City expended \$7.0 million on street maintenance for the fiscal year ended June 30, 2015 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 2016 is a minimum of \$12.4 million per year. As of June 30, 2015, the City had approximately 114 million square feet of streets with a carrying amount of approximately \$310.34 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 \$5.9 million on other infrastructure (sidewalks, traffic signals/street lights and catch basins/storm drains) maintenance for the fiscal year ended June 30, 2015. These expenditures delayed deterioration and improved the overall condition through these maintenance efforts. It is estimated that it will cost approximately \$6.1 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 \$101.81 million in outstanding long-term debt for Governmental Activities. This debt consisted of revenue bonds, advances from Successor Agency, compensated absences, claims and judgments, and unamortized bond premiums. For additional details of the City's long-term debt, please refer to Note 6 in the Notes to the Basic Financial Statements.

Table 9 below is a summary of the City's long-term debt for the year ended June 30, 2015.

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

	<b>Governmental Activities</b>			
	<b>2015</b>	<b>2014</b>	<b>Amount Increase / (Decrease)</b>	<b>Percentage Increase (Decrease)</b>
<b>Revenue Bonds</b>	70.63	72.04	(1.41)	-2.0%
<b>Advances from Successor Agency</b>	1.60	1.60	-	100%
<b>Claims and Judgments</b>	18.47	16.87	1.60	9.5%
<b>Compensated Absences</b>	11.10	10.09	1.01	10.0%
<b>Unamortized Bond Premium</b>	0.02	0.03	(0.01)	-33.3%
	<u>\$ 101.82</u>	<u>\$ 100.63</u>	<u>\$ 1.19</u>	1.2%

**CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Administrative Services/Finance Director, City of Ontario, 303 East "B" Street, Ontario, California 91762.

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## *Basic Financial Statements*

## CITY OF ONTARIO

STATEMENT OF NET POSITION  
JUNE 30, 2015

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Assets:</b>			
Cash and investments	\$ 378,548,204	\$ 184,919,698	\$ 563,467,902
Receivables:			
Accounts	55,245,272	12,931,945	68,177,217
Taxes	507,176	-	507,176
Notes and loans	20,019,568	-	20,019,568
Accrued interest	752,301	355,286	1,107,587
Internal balances	(20,998,529)	20,998,529	-
Prepaid costs	691,168	4,974	696,142
Deposits	1,512,140	-	1,512,140
Due from other government	7,258,256	-	7,258,256
Inventories	736,586	35,455,028	36,191,614
Advances to Successor Agency	3,500,000	-	3,500,000
Land held for resale	94,182,911	-	94,182,911
Other investments	-	201,750	201,750
Investment in joint venture	-	43,399,272	43,399,272
Restricted assets:			
Cash and investments	1,742,866	169,230	1,912,096
Cash with fiscal agent	23,861,928	5,289,769	29,151,697
Capital assets not being depreciated	469,183,277	79,057,441	548,240,718
Capital assets, net of depreciation	439,948,500	134,224,630	574,173,130
<b>Total Assets</b>	<b>1,476,691,624</b>	<b>517,007,552</b>	<b>1,993,699,176</b>
<b>Deferred Outflows of Resources:</b>			
Deferred charges on refunding	-	1,079,961	1,079,961
Deferred pension related items	17,321,723	1,430,491	18,752,214
<b>Total Deferred Outflows of Resources</b>	<b>17,321,723</b>	<b>2,510,452</b>	<b>19,832,175</b>
<b>Liabilities:</b>			
Accounts payable	80,780,097	6,178,768	86,958,865
Accrued liabilities	8,598,729	746,504	9,345,233
Accrued interest	1,139,727	-	1,139,727
Unearned revenue	5,602,797	126,030	5,728,827
Deposits payable	14,922,501	5,380,840	20,303,341
Due to other governments	3,345,119	-	3,345,119
Noncurrent liabilities:			
Due within one year	7,060,000	1,356,000	8,416,000
Due in more than one year	94,748,970	73,208,620	167,957,590
OPEB obligations	78,963,331	-	78,963,331
Net Pension Liabilities	152,191,338	11,059,502	163,250,840
<b>Total Liabilities</b>	<b>447,352,609</b>	<b>98,056,264</b>	<b>545,408,873</b>
<b>Deferred Inflows of Resources:</b>			
Deferred pension related items	39,660,462	3,901,107	43,561,569
<b>Total Deferred Inflows of Resources</b>	<b>39,660,462</b>	<b>3,901,107</b>	<b>43,561,569</b>
<b>Net Position:</b>			
Net investment in capital assets	838,484,374	140,873,539	979,357,913
Restricted for:			
Community development projects	55,150,208	-	55,150,208
Public safety	65,932,823	-	65,932,823
Public works	58,512,197	-	58,512,197
Capital projects	60,885,222	-	60,885,222
Debt service	-	5,289,769	5,289,769
Unrestricted	(71,964,548)	271,397,325	199,432,777
<b>Total Net Position</b>	<b>\$ 1,007,000,276</b>	<b>\$ 417,560,633</b>	<b>\$ 1,424,560,909</b>



CITY OF ONTARIO

STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2015

	Program Revenues			
	Expenses	Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
<b>Functions/Programs</b>				
<b>Primary Government:</b>				
Governmental Activities:				
General government	\$ 81,855,829	\$ 1,641,300	\$ 1,561,357	\$ -
Public safety	121,981,375	3,757,586	9,478,373	954,899
Community development	62,623,670	35,769,080	1,952,368	35,582,881
Library	4,542,196	155,962	1,959,141	-
Public works	23,852,377	-	64,544	672,902
Interest on long-term debt	1,786,957	-	-	-
<b>Total Governmental Activities</b>	<b>296,642,404</b>	<b>41,323,928</b>	<b>15,015,783</b>	<b>37,210,682</b>
Business-Type Activities:				
Water	54,841,770	67,342,593	290,437	1,329,404
Sewer	17,047,306	21,986,463	-	-
Solid Waste	23,877,028	31,742,051	249,082	-
<b>Total Business-Type Activities</b>	<b>95,766,104</b>	<b>121,071,107</b>	<b>539,519</b>	<b>1,329,404</b>
<b>Total Primary Government</b>	<b>\$ 392,408,508</b>	<b>\$ 162,395,035</b>	<b>\$ 15,555,302</b>	<b>\$ 38,540,086</b>

**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

Gain on sale of capital asset

**Transfers**

**Total General Revenues and Transfers**

Change in Net Position

Net Position at Beginning of Year

Restatement of Net Position

**Net Position at End of Year**

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

<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
\$ (78,653,172)	\$ -	\$ (78,653,172)
(107,790,517)	-	(107,790,517)
10,680,659	-	10,680,659
(2,427,093)	-	(2,427,093)
(23,114,931)	-	(23,114,931)
(1,786,957)	-	(1,786,957)
<b>(203,092,011)</b>	<b>-</b>	<b>(203,092,011)</b>
-	14,120,664	14,120,664
-	4,939,157	4,939,157
-	8,114,105	8,114,105
<b>-</b>	<b>27,173,926</b>	<b>27,173,926</b>
<b>(203,092,011)</b>	<b>27,173,926</b>	<b>(175,918,085)</b>
48,695,469	-	48,695,469
12,057,576	-	12,057,576
78,969,699	-	78,969,699
3,476,151	-	3,476,151
6,825,185	-	6,825,185
4,073,788	-	4,073,788
71,526	-	71,526
3,755,010	1,435,511	5,190,521
2,656,703	105,193	2,761,896
87,267	-	87,267
22,762,488	(22,762,488)	-
<b>183,430,862</b>	<b>(21,221,784)</b>	<b>162,209,078</b>
(19,661,149)	5,952,142	(13,709,007)
1,204,568,972	427,222,924	1,631,791,896
(177,907,547)	(15,614,433)	(193,521,980)
<b>\$ 1,007,000,276</b>	<b>\$ 417,560,633</b>	<b>\$ 1,424,560,909</b>

## CITY OF ONTARIO

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2015

## Special Revenue Funds

	General	Quiet Home Program	Measure I	Community Development
<b>Assets:</b>				
Cash and investments	\$ 123,327,942	\$ 1,173,026	\$ 5,669,219	\$ 170,821
Receivables:				
Accounts	31,687,452	2,672,198	19,224,930	473,907
Taxes	484,962	-	-	-
Notes and Loans	40,000	-	-	9,805,062
Accrued interest	361,486	-	10,461	-
Prepaid costs	121,356	-	-	-
Deposits	-	-	1,075,200	-
Due from other governments	7,258,256	-	-	-
Due from other funds	14,098,254	-	-	-
Advances to other funds	-	-	-	5,961,399
Advances to Successor Agency	3,500,000	-	-	-
Inventories	123,798	-	-	-
Land held for resale	-	57,515,871	-	51,050
Restricted assets:				
Cash and investments	-	-	1,056,628	75,318
Cash and investments with fiscal agents	-	-	-	-
<b>Total Assets</b>	<b>\$ 181,003,506</b>	<b>\$ 61,361,095</b>	<b>\$ 27,036,438</b>	<b>\$ 16,537,557</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 47,338,666	\$ 1,736,487	\$ 3,728,212	\$ 160,316
Accrued liabilities	6,983,018	28,831	-	-
Unearned revenues	3,747,785	1,855,012	-	-
Deposits payable	5,775,590	-	7,755,000	-
Due to other governments	-	-	-	3,345,119
Due to other funds	-	-	13,538,315	270,634
Advances from other funds	-	-	-	-
<b>Total Liabilities</b>	<b>63,845,059</b>	<b>3,620,330</b>	<b>25,021,527</b>	<b>3,776,069</b>
<b>Deferred Inflows of Resources:</b>				
Unavailable revenues	13,722,994	-	-	6,459,943
<b>Total Deferred Inflows of Resources</b>	<b>13,722,994</b>	<b>-</b>	<b>-</b>	<b>6,459,943</b>
<b>Fund Balances:</b>				
Nonspendable	3,785,154	57,515,871	1,075,200	6,012,449
Restricted	415,723	224,894	939,711	289,096
Committed	42,436,574	-	-	-
Assigned	56,798,002	-	-	-
Unassigned	-	-	-	-
<b>Total Fund Balances</b>	<b>103,435,453</b>	<b>57,740,765</b>	<b>2,014,911</b>	<b>6,301,545</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 181,003,506</b>	<b>\$ 61,361,095</b>	<b>\$ 27,036,438</b>	<b>\$ 16,537,557</b>

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

(Continued)

	<b>Special Revenue Fund</b>	<b>Capital Projects Funds</b>		<b>Other Governmental Funds</b>
	<b>Ontario Housing Authority</b>	<b>Capital Projects</b>	<b>Impact Fees</b>	
<b>Assets:</b>				
Cash and investments	\$ 25,037,723	\$ 19,934,958	\$ 72,618,000	\$ 28,590,418
Receivables:				
Accounts	-	625,918	-	170,155
Taxes	-	-	-	22,214
Notes and Loans	10,174,506	-	-	-
Accrued interest	48,166	22,384	124,548	47,275
Prepaid costs	-	-	-	8,983
Deposits	126,941	41,199	268,800	-
Due from other governments	-	-	-	-
Due from other funds	-	-	-	-
Advances to other funds	-	-	-	-
Advances to Successor Agency	-	-	-	-
Inventories	-	-	-	-
Land held for resale	18,000,551	18,615,439	-	-
Restricted assets:				
Cash and investments	-	-	283,094	-
Cash and investments with fiscal agents	-	23,852,713	-	9,215
<b>Total Assets</b>	<b>\$ 53,387,887</b>	<b>\$ 63,092,611</b>	<b>\$ 73,294,442</b>	<b>\$ 28,848,260</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 21,687,198	\$ 1,311,504	\$ 1,936,709	\$ 350,475
Accrued liabilities	24,273	-	-	1,252,198
Unearned revenues	-	-	-	-
Deposits payable	6,395	866,100	-	519,416
Due to other governments	-	-	-	-
Due to other funds	-	-	259,622	29,683
Advances from other funds	5,961,399	-	2,770,000	-
<b>Total Liabilities</b>	<b>27,679,265</b>	<b>2,177,604</b>	<b>4,966,331</b>	<b>2,151,772</b>
<b>Deferred Inflows of Resources:</b>				
Unavailable revenues	3,410,027	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>3,410,027</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>				
Nonspendable	24,899,030	18,656,638	268,800	8,983
Restricted	-	11,717,279	-	17,426,719
Committed	-	25,651,013	68,059,311	8,523,062
Assigned	-	4,890,077	-	763,525
Unassigned	(2,600,435)	-	-	(25,801)
<b>Total Fund Balances</b>	<b>22,298,595</b>	<b>60,915,007</b>	<b>68,328,111</b>	<b>26,696,488</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 53,387,887</b>	<b>\$ 63,092,611</b>	<b>\$ 73,294,442</b>	<b>\$ 28,848,260</b>

CITY OF ONTARIO

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

	<b>Total Governmental Funds</b>
<b>Assets:</b>	
Cash and investments	\$ 276,522,107
Receivables:	
Accounts	54,854,560
Taxes	507,176
Notes and Loans	20,019,568
Accrued interest	614,320
Prepaid costs	130,339
Deposits	1,512,140
Due from other governments	7,258,256
Due from other funds	14,098,254
Advances to other funds	5,961,399
Advances to Successor Agency	3,500,000
Inventories	123,798
Land held for resale	94,182,911
Restricted assets:	
Cash and investments	1,415,040
Cash and investments with fiscal agents	23,861,928
	<hr/>
<b>Total Assets</b>	<b>\$ 504,561,796</b>
	<hr/>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>	
<b>Liabilities:</b>	
Accounts payable	\$ 78,249,567
Accrued liabilities	8,288,320
Unearned revenues	5,602,797
Deposits payable	14,922,501
Due to other governments	3,345,119
Due to other funds	14,098,254
Advances from other funds	8,731,399
	<hr/>
<b>Total Liabilities</b>	<b>133,237,957</b>
	<hr/>
<b>Deferred Inflows of Resources:</b>	
Unavailable revenues	23,592,964
	<hr/>
<b>Total Deferred Inflows of Resources</b>	<b>23,592,964</b>
	<hr/>
<b>Fund Balances:</b>	
Nonspendable	112,222,125
Restricted	31,013,422
Committed	144,669,960
Assigned	62,451,604
Unassigned	(2,626,236)
	<hr/>
<b>Total Fund Balances</b>	<b>347,730,875</b>
	<hr/>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 504,561,796</b>
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CITY OF ONTARIO

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

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Fund balances of governmental funds	\$ 347,730,875
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets net of depreciation have not been included as financial resources in governmental fund activity:	
Capital assets	\$ 1,054,353,105
Accumulated depreciation	<u>(164,442,070)</u>
	889,911,035
Governmental funds report all pension contributions as expenditures. However, the net pension liability has a measurement date of June 30, 2014, and pension contributions subsequent to the measurement date are reclassified as deferred pension contributions.	16,691,101
Long-term debt and compensated absences have not been included in the governmental fund activity:	
Revenue bonds	(70,625,000)
Advance from Successor Agency	(1,600,000)
Unamortized bond discount and premium	(22,403)
Compensated absences	(10,594,083)
Bond insurance premium is an expenditure in the governmental funds, but it is a deferred charge in the statement of net position.	189,909
Accrued interest payable for the current portion of interest due on Bonds has not been reported in the governmental funds.	(1,139,727)
Governmental funds report all OPEB contributions as expenditures, however in the statement of net position any excesses or deficiencies in contributions in relation to the Annual Required Contribution (ARC) are recorded as a asset or liability.	(78,963,331)
Governmental funds report all pension contributions as expenditures, however, in the statement of net position, the excess of the plan proportionate share of the total pension liability over the proportionate share of the plan fiduciary net position is reported as a net pension liability.	(147,315,836)
The difference between the proportionate share of the projected and actual earnings on the pension plan investments is reported as deferred inflows of resources and amortized over the remaining service life.	(37,940,687)
Revenues reported as unavailable revenue in the governmental funds and recognized in the Statement of Activities. These are included in the intergovernmental revenues in the governmental fund activity.	23,592,964
Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The assets and liabilities of the internal service funds must be added to the statement of net position.	<u>77,085,459</u>
<b>Net Position of governmental activities</b>	<b><u><u>\$ 1,007,000,276</u></u></b>

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## CITY OF ONTARIO

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

	<b>Special Revenue Funds</b>			
	<b>General</b>	<b>Quiet Home Program</b>	<b>Measure I</b>	<b>Community Development</b>
<b>Revenues:</b>				
Taxes	\$ 156,988,002	\$ -	\$ -	\$ -
Licenses and permits	3,283,593	-	-	-
Intergovernmental	10,614,755	4,397,906	21,852,807	1,736,284
Charges for services	11,200,618	-	-	-
Use of money and property	1,608,547	3,121	41,465	175,884
Fines and forfeitures	1,199,258	-	-	-
Miscellaneous	4,229,670	-	-	-
<b>Total Revenues</b>	<b>189,124,443</b>	<b>4,401,027</b>	<b>21,894,272</b>	<b>1,912,168</b>
<b>Expenditures:</b>				
Current:				
General government	66,907,233	-	-	-
Public safety	114,392,311	-	-	177,171
Community development	28,739,497	3,954,679	23,999,897	1,386,509
Library	4,368,241	-	-	-
Public works	16,224,783	-	-	493,172
Debt service:				
Principal retirement	1,410,000	-	-	-
Interest and fiscal charges	1,815,778	-	-	-
<b>Total Expenditures</b>	<b>233,857,843</b>	<b>3,954,679</b>	<b>23,999,897</b>	<b>2,056,852</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(44,733,400)	446,348	(2,105,625)	(144,684)
<b>Other Financing Sources (Uses):</b>				
Transfers in	28,101,171	-	-	-
Transfers out	(6,789,668)	-	-	-
Proceeds from sale of capital asset	87,267	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>21,398,770</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balances	(23,334,630)	446,348	(2,105,625)	(144,684)
<b>Fund Balances:</b>				
Beginning of year	126,770,083	57,294,417	4,120,536	6,446,229
<b>End of year</b>	<b>\$ 103,435,453</b>	<b>\$ 57,740,765</b>	<b>\$ 2,014,911</b>	<b>\$ 6,301,545</b>

## CITY OF ONTARIO

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

(Continued)

	Special Revenue Fund	Capital Projects Funds		Other Governmental Funds
	Ontario Housing Authority	Capital Projects	Impact Fees	
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ -	\$ 1,634,568
Licenses and permits	-	-	-	-
Intergovernmental	-	514,413	-	5,274,060
Charges for services	-	1,264,009	21,355,556	6,547,827
Use of money and property	896,446	90,837	509,280	182,265
Fines and forfeitures	-	-	-	68,736
Miscellaneous	54,862	150,364	-	121,274
<b>Total Revenues</b>	<b>951,308</b>	<b>2,019,623</b>	<b>21,864,836</b>	<b>13,828,730</b>
<b>Expenditures:</b>				
Current:				
General government	-	-	-	35,930
Public safety	-	4,994,439	228,005	494,816
Community development	22,180,895	4,173,042	6,520,423	7,450,555
Library	-	-	-	-
Public works	-	-	1,064,009	1,002,863
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<b>22,180,895</b>	<b>9,167,481</b>	<b>7,812,437</b>	<b>8,984,164</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(21,229,587)	(7,147,858)	14,052,399	4,844,566
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	5,796,338	-	959,330
Transfers out	-	-	-	(2,775,277)
Proceeds from sale of capital asset	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>5,796,338</b>	<b>-</b>	<b>(1,815,947)</b>
Net Change in Fund Balances	(21,229,587)	(1,351,520)	14,052,399	3,028,619
<b>Fund Balances:</b>				
Beginning of year	43,528,182	62,266,527	54,275,712	23,667,869
<b>End of year</b>	<b>\$ 22,298,595</b>	<b>\$ 60,915,007</b>	<b>\$ 68,328,111</b>	<b>\$ 26,696,488</b>

CITY OF ONTARIO

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

	<b>Total Governmental Funds</b>
<b>Revenues:</b>	
Taxes	\$ 158,622,570
Licenses and permits	3,283,593
Intergovernmental	44,390,225
Charges for services	40,368,010
Use of money and property	3,507,845
Fines and forfeitures	1,267,994
Miscellaneous	4,556,170
	<hr/>
<b>Total Revenues</b>	<b>255,996,407</b>
	<hr/>
<b>Expenditures:</b>	
Current:	
General government	66,943,163
Public safety	120,286,742
Community development	98,405,497
Library	4,368,241
Public works	18,784,827
Debt service:	
Principal retirement	1,410,000
Interest and fiscal charges	1,815,778
	<hr/>
<b>Total Expenditures</b>	<b>312,014,248</b>
	<hr/>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(56,017,841)
	<hr/>
<b>Other Financing Sources (Uses):</b>	
Transfers in	34,856,839
Transfers out	(9,564,945)
Proceeds from sale of capital asset	87,267
	<hr/>
<b>Total Other Financing Sources (Uses)</b>	<b>25,379,161</b>
	<hr/>
Net Change in Fund Balances	(30,638,680)
	<hr/>
<b>Fund Balances:</b>	
Beginning of year	378,369,555
	<hr/>
End of year	<b>\$ 347,730,875</b>
	<hr/> <hr/>

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, 2015**

Net change in fund balances - total governmental funds \$ (30,638,680)

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	\$ 41,745,591	
Depreciation	(16,137,074)	
Disposition of capital assets	<u>(897,660)</u>	24,710,857

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

Long-term debt repayments:		
Lease Revenue Bonds	1,410,000	
Bond Premium Amortization	28,395	
Bond Discount Amortization	<u>(18,938)</u>	1,419,457

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

Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period. 26,146

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. (933,120)

Governmental funds report Other Post employment Benefits (OPEB) contributions as expenditures. However, in the statement of activities, the Actuarial Required Contribution (ARC) is an expense. (13,649,076)

Pension obligation expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. 2,120,104

Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are included in intergovernmental revenues in the governmental fund activity. (2,428,733)

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. (281,322)

**Change in net position of governmental activities \$ (19,661,149)**

## CITY OF ONTARIO

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2015

	Business-Type Activities - Enterprise Funds				Governmental
	Water	Sewer	Solid Waste	Total	Activities- Internal Service Funds
<b>Assets:</b>					
Current:					
Cash and investments	\$ 110,631,597	\$ 40,808,659	\$ 33,479,442	\$ 184,919,698	\$ 102,026,097
Receivables:					
Accounts	6,696,650	2,431,165	3,804,130	12,931,945	390,712
Accrued interest	213,525	78,397	63,364	355,286	137,981
Prepaid costs	784	2,675	1,515	4,974	370,920
Inventories	35,198,223	256,805	-	35,455,028	612,788
Restricted:					
Cash and investments	-	169,230	-	169,230	327,826
Cash with fiscal agent	5,289,769	-	-	5,289,769	-
<b>Total Current Assets</b>	<b>158,030,548</b>	<b>43,746,931</b>	<b>37,348,451</b>	<b>239,125,930</b>	<b>103,866,324</b>
Noncurrent:					
Advances to other funds	-	-	2,770,000	2,770,000	-
Investment in joint venture	43,399,272	-	-	43,399,272	-
Other investments	201,750	-	-	201,750	-
Capital assets - net of accumulated depreciation	176,301,279	30,882,083	6,098,709	213,282,071	19,220,742
<b>Total Noncurrent Assets</b>	<b>219,902,301</b>	<b>30,882,083</b>	<b>8,868,709</b>	<b>259,653,093</b>	<b>19,220,742</b>
<b>Total Assets</b>	<b>377,932,849</b>	<b>74,629,014</b>	<b>46,217,160</b>	<b>498,779,023</b>	<b>123,087,066</b>
<b>Deferred Outflows of Resources:</b>					
Deferred charge on refunding	1,079,961	-	-	1,079,961	630,622
Deferred pension related items	732,634	120,560	577,297	1,430,491	-
<b>Total Deferred Outflows of Resources</b>	<b>1,812,595</b>	<b>120,560</b>	<b>577,297</b>	<b>2,510,452</b>	<b>630,622</b>
<b>Total Assets &amp; Deferred Outflows of Resources</b>	<b>\$ 379,745,444</b>	<b>\$ 74,749,574</b>	<b>\$ 46,794,457</b>	<b>\$ 501,289,475</b>	<b>\$ 123,717,688</b>
<b>Liabilities:</b>					
Current:					
Accounts payable	\$ 3,134,495	\$ 2,042,223	\$ 1,002,050	\$ 6,178,768	\$ 2,530,530
Accrued liabilities	264,581	109,136	372,787	746,504	310,409
Unearned revenues	-	-	126,030	126,030	-
Deposits payable	4,336,648	-	1,044,192	5,380,840	-
Accrued compensated absences	31,000	17,000	38,000	86,000	40,000
Accrued claims and judgments	-	-	-	-	5,258,000
Bonds, notes, and capital leases	1,270,000	-	-	1,270,000	-
<b>Total Current Liabilities</b>	<b>9,036,724</b>	<b>2,168,359</b>	<b>2,583,059</b>	<b>13,788,142</b>	<b>8,138,939</b>
Noncurrent:					
Accrued compensated absences	358,888	189,992	441,247	990,127	462,264
Accrued claims and judgments	-	-	-	-	13,207,220
Net pension liability	5,664,185	932,082	4,463,235	11,059,502	4,875,502
Bonds, notes, and capital leases	72,218,493	-	-	72,218,493	-
<b>Total Noncurrent Liabilities</b>	<b>78,241,566</b>	<b>1,122,074</b>	<b>4,904,482</b>	<b>84,268,122</b>	<b>18,544,986</b>
<b>Total Liabilities</b>	<b>87,278,290</b>	<b>3,290,433</b>	<b>7,487,541</b>	<b>98,056,264</b>	<b>26,683,925</b>
<b>Deferred Inflows of Resources:</b>					
Deferred pension related items	1,997,974	328,780	1,574,353	3,901,107	1,719,775
<b>Total Deferred Inflows of Resources</b>	<b>1,997,974</b>	<b>328,780</b>	<b>1,574,353</b>	<b>3,901,107</b>	<b>1,719,775</b>
<b>Net Position:</b>					
Net investment in capital assets	103,892,747	30,882,083	6,098,709	140,873,539	19,220,742
Restricted for debt service	5,289,769	-	-	5,289,769	-
Unrestricted	181,286,664	40,248,278	31,633,854	253,168,796	76,093,246
<b>Total Net Position</b>	<b>290,469,180</b>	<b>71,130,361</b>	<b>37,732,563</b>	<b>399,332,104</b>	<b>95,313,988</b>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<b>\$ 379,745,444</b>	<b>\$ 74,749,574</b>	<b>\$ 46,794,457</b>	<b>\$ 501,289,475</b>	<b>\$ 123,717,688</b>
<b>Reconciliation of Net Position to the Government-Wide Statement of Net Position:</b>					
Net Position per Statement of Net Position - Proprietary Funds				\$ 399,332,104	
Prior years' accumulated adjustment to reflect the consolidation of internal service funds activities related to the enterprise funds				17,487,235	
Current years' adjustments to reflect the consolidation of internal service activities related to enterprise funds				741,294	
<b>Net Position per Government-Wide Statement of Net Position</b>				<b>\$ 417,560,633</b>	

## CITY OF ONTARIO

**STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2015**

	<b>Business-Type Activities - Enterprise Funds</b>				<b>Governmental Activities- Internal Service Funds</b>
	<b>Water</b>	<b>Sewer</b>	<b>Solid Waste</b>	<b>Total</b>	
<b>Operating Revenues:</b>					
Sales and service charges	\$ 56,670,360	\$ 21,604,441	\$ 30,733,904	\$ 109,008,705	\$ 28,828,794
Interdepartmental charges	1,325,453	45,011	540,365	1,910,829	-
Miscellaneous	2,180,574	367,927	467,782	3,016,283	294,046
<b>Total Operating Revenues</b>	<b>60,176,387</b>	<b>22,017,379</b>	<b>31,742,051</b>	<b>113,935,817</b>	<b>29,122,840</b>
<b>Operating Expenses:</b>					
Administration and general	2,918,486	1,294,052	617,745	4,830,283	9,620,565
Source of supply	18,522,040	-	-	18,522,040	7,966,077
Pumping	3,975,272	-	-	3,975,272	-
Transmission/collection	14,478,177	2,629,543	23,699,193	40,806,913	-
Treatment	-	10,166,283	-	10,166,283	-
Claims expense	-	-	-	-	4,981,344
Depreciation expense	5,785,178	3,003,013	126,330	8,914,521	4,129,302
<b>Total Operating Expenses</b>	<b>45,679,153</b>	<b>17,092,891</b>	<b>24,443,268</b>	<b>87,215,312</b>	<b>26,697,288</b>
Operating Income (Loss)	14,497,234	4,924,488	7,298,783	26,720,505	2,425,552
<b>Nonoperating Revenues (Expenses):</b>					
Grant revenue	290,437	-	249,082	539,519	-
Reimbursement agreement	1,329,404	-	-	1,329,404	-
Interest revenue	858,210	317,681	259,620	1,435,511	563,826
Interest expense	(3,554,711)	-	-	(3,554,711)	-
Loss on value of stored water inventory	(5,737,375)	-	-	(5,737,375)	-
Gain on joint venture	7,240,483	-	-	7,240,483	-
<b>Total Nonoperating Revenues (Expenses)</b>	<b>426,448</b>	<b>317,681</b>	<b>508,702</b>	<b>1,252,831</b>	<b>563,826</b>
Income (Loss) Before Transfers	14,923,682	5,242,169	7,807,485	27,973,336	2,989,378
Transfers in	-	-	-	-	124,000
Transfers out	(11,186,239)	(5,056,819)	(6,519,430)	(22,762,488)	(2,653,406)
Changes in Net Position	\$ 3,737,443	\$ 185,350	\$ 1,288,055	\$ 5,210,848	\$ 459,972
<b>Net Position:</b>					
Beginning of year	\$ 294,727,395	\$ 72,962,658	\$ 42,045,636	\$ 409,735,689	\$ 101,225,172
Restatements	(7,995,658)	(2,017,647)	(5,601,128)	(15,614,433)	(6,371,156)
Beginning of year, as restated	286,731,737	70,945,011	36,444,508	394,121,256	94,854,016
Changes in net position	3,737,443	185,350	1,288,055	5,210,848	459,972
<b>End of Fiscal Year</b>	<b>\$ 290,469,180</b>	<b>\$ 71,130,361</b>	<b>\$ 37,732,563</b>	<b>\$ 399,332,104</b>	<b>\$ 95,313,988</b>
<b>Reconciliation of Changes in Net Position to the Statement of Activities:</b>					
Changes in Net Position, per the Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds				\$ 5,210,848	
Adjustment to reflect the consolidation of current fiscal year internal service funds activities related to enterprise funds				741,294	
<b>Changes in Net Position of Business-Type Activities per Statement of Activities</b>				<b>\$ 5,952,142</b>	

## CITY OF ONTARIO

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2015

	Business-Type Activities - Enterprise Funds				Governmental Activities- Internal Service Funds
	Water	Sewer	Solid Waste	Total	
<b>Cash Flows from Operating Activities:</b>					
Cash received from customers and users	\$ 63,840,632	\$ 21,911,301	\$ 31,256,311	\$ 117,008,244	\$ 28,789,423
Cash paid to suppliers for goods and services	(37,935,710)	(13,692,435)	(24,119,040)	(75,747,185)	(10,970,656)
Cash paid to employees for services	(3,969,167)	(2,127,626)	(679,839)	(6,776,632)	(9,637,803)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>21,935,755</b>	<b>6,091,240</b>	<b>6,457,432</b>	<b>34,484,427</b>	<b>8,180,964</b>
<b>Cash Flows from Non-Capital Financing Activities:</b>					
Cash transfers in	-	-	-	-	124,000
Cash transfers out	(3,190,581)	(3,039,172)	(6,519,430)	(12,749,183)	(2,653,406)
Grant subsidy	290,437	-	292,859	583,296	-
Reimbursement agreement	1,329,404	-	-	1,329,404	-
<b>Net Cash Provided (Used) by Non-Capital Financing Activities</b>	<b>(1,570,740)</b>	<b>(3,039,172)</b>	<b>(6,226,571)</b>	<b>(10,836,483)</b>	<b>(2,529,406)</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>					
Acquisition and construction of capital assets	(13,709,468)	(1,204,466)	(49,915)	(14,963,849)	(4,712,146)
Principal paid on capital debt	(1,220,000)	-	-	(1,220,000)	-
Interest paid on capital debt	(3,597,348)	-	-	(3,597,348)	-
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(18,526,816)</b>	<b>(1,204,466)</b>	<b>(49,915)</b>	<b>(19,781,197)</b>	<b>(4,712,146)</b>
<b>Cash Flows from Investing Activities:</b>					
Interest received	851,153	314,685	259,478	1,425,316	567,706
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>851,153</b>	<b>314,685</b>	<b>259,478</b>	<b>1,425,316</b>	<b>567,706</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>2,689,352</b>	<b>2,162,287</b>	<b>440,424</b>	<b>5,292,063</b>	<b>1,507,118</b>
Cash and Cash Equivalents at Beginning of Year	113,232,014	38,815,602	33,039,018	185,086,634	100,846,805
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 115,921,366</b>	<b>\$ 40,977,889</b>	<b>\$ 33,479,442</b>	<b>\$ 190,378,697</b>	<b>\$ 102,353,923</b>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>					
Operating income (loss)	\$ 14,497,234	\$ 4,924,488	\$ 7,298,783	\$ 26,720,505	\$ 2,425,552
<b>Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:</b>					
Depreciation	5,785,178	3,003,013	126,330	8,914,521	4,129,302
(Increase) decrease in accounts receivable	3,356,297	(106,078)	(552,390)	2,697,829	(333,417)
(Increase) decrease in prepaid expense	(368)	(2,570)	(1,198)	(4,136)	(248,810)
(Increase) decrease in inventories	(394,983)	(98,745)	-	(493,728)	7,075
Increase (decrease) in accounts payable	(564,870)	(795,294)	(418,649)	(1,778,813)	622,211
Increase (decrease) in accrued liabilities	27,840	18,566	52,092	98,498	61,280
Increase (decrease) in deposits payable	307,948	-	66,650	374,598	-
Increase (decrease) in claims and judgments	-	-	-	-	1,596,289
Increase (decrease) in compensated absences	(12,388)	25,205	26,651	39,468	75,328
Increase (decrease) in net pension liability	(1,066,133)	(877,345)	(140,837)	(2,084,315)	(153,846)
<b>Total Adjustments</b>	<b>7,438,521</b>	<b>1,166,752</b>	<b>(841,351)</b>	<b>7,763,922</b>	<b>5,755,412</b>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 21,935,755</b>	<b>\$ 6,091,240</b>	<b>\$ 6,457,432</b>	<b>\$ 34,484,427</b>	<b>\$ 8,180,964</b>
<b>Non-Cash Investing, Capital, and Financing Activities:</b>					
Gain on value of stored water inventory	\$ (5,737,375)	\$ -	\$ -	\$ (5,737,375)	\$ -
Gain/(Loss) on Investment in Joint Venture	7,240,483	-	-	7,240,483	-
Amortization of deferred cost	56,840	-	-	56,840	-
Amortization of bond premium	99,477	-	-	99,477	-

CITY OF ONTARIO

STATEMENT OF FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 JUNE 30, 2015

	<u>Agency Funds</u>	<u>Private- Purpose Trust Fund Successor Agency of the Former RDA</u>
<b>Assets:</b>		
Cash and investments	\$ 93,020,143	\$ 7,288,098
Receivables:		
Accounts	318,999	40,981,208
Taxes	11,490	-
Notes and loans	-	35,000
Accrued interest	151,761	43
Prepaid costs	195,167	-
Advances to City	-	1,600,000
Land held for resale	-	302,124
Other investments	182,288,194	-
Restricted assets:		
Cash and investments with fiscal agents	4,211,871	3,204,389
<b>Total Assets</b>	<b><u>\$ 280,197,625</u></b>	<b><u>53,410,862</u></b>
<b>Liabilities:</b>		
Accounts payable	\$ 11,221	43,148,042
Accrued interest	-	2,721,963
Deposits payable	-	305,887
Due to other governments	165,937,573	-
Due to external parties/other agencies	8,181,389	-
Payable for other post employment benefits	106,067,442	-
Long-term liabilities:		
Due in one year	-	4,869,502
Due in more than one year	-	66,374,841
<b>Total Liabilities</b>	<b><u>\$ 280,197,625</u></b>	<b><u>117,420,235</u></b>
<b>Net Position:</b>		
Held in trust for other purposes		(64,009,373)
<b>Total Net Position</b>		<b><u>\$ (64,009,373)</u></b>



CITY OF ONTARIO

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 YEAR ENDED JUNE 30, 2015

	<u>Private- Purpose Trust Fund Successor Agency of the Former RDA</u>
<b>Additions:</b>	
Contributions:	
Taxes	\$ 11,622,166
Intergovernmental	40,981,208
Interest and change in fair value of investments	540
Contributions from City	-
Miscellaneous	<u>244,989</u>
<b>Total Additions</b>	<b><u>52,848,903</u></b>
<b>Deductions:</b>	
Administrative expenses	561,457
Contractual services	46,602,978
Interest expense	<u>7,120,932</u>
<b>Total Deductions</b>	<b><u>54,285,367</u></b>
<b>Changes in Net Position</b>	<b>(1,436,464)</b>
<b>Net Position:</b>	
Beginning of year	<u>(62,572,909)</u>
<b>End of the Year</b>	<b><u>\$ (64,009,373)</u></b>

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

**a. Description of Entity**

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

1. The members of the City Council also act as the governing body of the Industrial Development Authority, the Ontario Redevelopment Financing Authority, the Ontario Public Financing Authority and the Ontario Housing Authority.
2. The Authorities are managed by employees of the City. A portion of the City's salary and overhead expenses are billed to the Ontario Housing Authority each year.

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

**Blended Component Units**

The former Ontario Redevelopment Agency (the Agency) was activated November 1, 1977, pursuant to the State of California Health and Safety Code, Section 33000 entitled "Community Development Law." The primary purpose of the Agency was to encourage private redevelopment of property and to rehabilitate areas suffering from economic disuse arising from poor and inadequate planning, inadequate street layout and street access, lack of open space, landscaping and other improvements and facilities necessary to establish and maintain the economic growth of the City. The former Redevelopment Agency was dissolved as of January 31, 2012, through the Supreme Court decision on Assembly Bill 1X 26. See Note 16 for more information on the dissolution.

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015

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

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

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

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

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

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

Financial data for joint ventures that do not meet the criteria for inclusion within the reporting entity have been reported in the footnotes (see Note 12).

**b. Government-Wide and Fund Financial Statements**

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

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

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

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

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015

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

The City reports the following major governmental funds:

- The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The Quiet Home Program Fund accounts for the Federal Aviation Administration and Los Angeles World Airport grant funds used for residential sound insulation and property acquisition of dwellings located in the airport contour.
- The Measure I Fund accounts for revenues from a one-half percent sales tax on all retail transactions within the County. The proceeds are to be used for transportation improvements, railroad grade separation projects, and traffic management programs.
- The Community Development Fund accounts for the Community Development Block Grant, HOME Grant, and Neighborhood Stabilization Program. These grants accounts for the financial transactions as prescribed by the Federal Housing and Urban Development.
- The Ontario Housing Authority Fund accounts for the financial transactions of the Ontario Housing Authority. Revenue sources for the Authority include rent proceeds from properties, housing loan repayments and agency fees.
- The Capital Projects Fund accounts for financial transactions of general capital improvements.
- The Impact Fees Fund accounts for revenues from developer-paid impact fees for infrastructure construction.

The City reports the following major proprietary funds:

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

Additionally, the City reports the following fund types:

- Internal Service Funds account for financial transactions related to repair, replacement and maintenance of City-owned equipment, the City's self-insurance programs, and the City's general information systems and telecommunications hardware and software. These services are provided to other departments or agencies of the City on a cost reimbursement basis.

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

- Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Agency Funds account for assets held for specific uses that are not part of the City's operating activities; specifically, monies held by the City as an agent for property owners with special assessments and monies collected from individuals, private organization or other government who have made special deposits with the City for various purposes.
- Private-purpose trust funds are used to account for the assets and liabilities of the former redevelopment agency and the allocated revenue to pay estimated installment payments of enforceable obligations until the obligations of the former redevelopment agency are paid in full and assets have been liquidated.

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

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

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

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

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

**Cash and Investments**

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

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

Investments are reported at fair value, which is the quoted market price at June 30, 2015. The City's policy is generally to hold investments until maturity or until market values equal or exceed cost. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Receivables and Payables

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

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

Functional Classifications

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

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

Inventories, Prepaid Items and Land Held for Resale

All inventories are valued at cost using the first-in/first-out (FIFO) method, except for water stock inventory which is valued at market value at the end of the fiscal year. Inventories in the Internal Service Funds consist of expendable supplies held for consumption, whereas in the Enterprise Funds, it represents water stock in the water



NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015

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

utility fund and expendable supplies held for consumption in both water utility and sewer utility funds. Inventory costs are recorded as expenditure when used.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements using the purchases method.

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

**Restricted Assets**

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

**Capital Assets**

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

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

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



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

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

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

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

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

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

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

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

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

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

Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the balance sheet or statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two types of items. The item, unavailable revenue, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: sales tax and deferred loans. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The other item is deferred pension related items reported in the government-wide statement of net position and the proprietary funds statement of net position. This amount is the result of the net difference between projected and actual earnings on pension plan investments and are being amortized over a five year period on a straight-line basis.

Net Pension Liability

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

Compensated Absences

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

Long-Term Obligations

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

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

Fund Balance

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

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

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

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

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

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

**Fund Balance Flow Assumptions**

In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. The City consider restricted fund balance to have been spent first when expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. Similarly, when expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the City considers committed amounts to be reduced first, followed by assigned amounts and then unassigned amounts.

**Net Position**

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

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

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

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

**Net Position Flow Assumption**

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

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

Property Tax Revenue

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

Effect of New Accounting Standards

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

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

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

CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015

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**Note 2: Cash and Investments**

As of June 30, 2015, cash and investments were reported in the accompanying financial statements as follows:

Governmental activities	\$ 404,152,998
Business-type activities	190,378,697
Fiduciary funds	<u>107,724,501</u>
Total Cash and Investments	<u>\$ 702,256,196</u>

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

Deposits

At June 30, 2015, the carrying amount of the City's deposits was \$6,056,543 and the bank balance was \$9,866,508. The \$3,809,965 difference represents outstanding checks and other reconciling items.

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

Investments

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015

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

- Repurchase Agreements with primary dealers of the Federal Reserve Bank of New York, with which the City has entered into a master repurchase agreement
- Local Agency Investment Fund
- Time Deposits
- Medium-Term Notes of a maximum of five years maturity issued by corporations organized and operating within the United States with a minimum rating of "A" by both Moody's and Standard & Poor's and in excess of \$500 million in shareholder equity.
- United States Government Agency's Mortgage pass-through security, collateralized mortgage obligations, mortgage-backed or other pay-through bond, equipment lease-back certificate, or consumer receivable-backed bond of a maximum five years maturity. Securities eligible for investment under this section shall be issued by an issuer having an "A" or higher rating for the issuer's unsecured debt, as provided by a nationally recognized rating service. The Securities must be rated "AAA" by both Moody's and Standard and Poor's.
- Obligations issued by various agencies of the Federal Government including, but not limited to, the Federal Farm Credit Bank System, the Federal Home Loan Bank System, the Federal Home Loan Bank, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Student Loan Marketing Association as well as such agencies or enterprises which may be created. There is no percentage limitation on the dollar amount which can be invested in Agency issues in total, no more than 20% of the cost value of the portfolio may be invested in the securities of any one issuer.
- The City's policy reflects California State Government Code very closely while being even more restrictive in terms of allocations and maturities. For example, State Code allows a 30% allocation to corporate medium-term notes and puts no limitation on individual allocation. Ontario's policy requires that no more than 3% of the fund be invested in any one corporate name and that no more than half of the 30% allocation be invested in securities with rating lower than AA.
- Bonds, notes, warrants, or other evidences of indebtedness of any local agency within the State.

Investment Authorized by Debt Agreements

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

Investments in State Investment Pool

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



**Note 2: 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, 2015, the City's investment in medium-term notes consisted of investments with various corporations and were rated "A2" to "Aaa" by Moody's and "A" to "AAA" by Standard & Poor's. Investment in government agencies issued by the Federal National Mortgage Association, the Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation and the Federal Farm Credit Banks were rated "Aaa" by Moody's and "AA+" by Standard & Poor's. Asset-Backed Securities were rated "Aaa" by Moody's and "AAA" by Standard & Poor's.

All securities were investment grade and were legal under State and City law. Investments in U.S. Treasury securities are not considered to have credit risk; therefore, their credit quality is not disclosed. As of June 30, 2015, 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, 2015, 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 the disclosure requirement of GASB Statement No. 40, the City has invested more than 5% of its investments in any one issuer, it is exposed to credit risk. Investments in Federal Farm Credit, Federal Home Loan Bank, and Federal Home Loan Mortgage Corporation represented 10.0%, 13.0%, and 7.0%, respectively of the City cash and investments at June 30, 2015 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, 2015

**Note 2: 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, 2015, the City had the following investments and original maturities:

	Remaining Investment Maturities				Fair Value
	6 months or less	6 months to 1 year	1 to 3 years	3 to 5 years	
Investments:					
US Treasury	\$ -	\$ 25,013,750	\$ 165,176,900	\$ 55,357,756	\$ 245,548,406
Federal Government Agency	50,013,300	40,031,000	149,197,466	-	239,241,766
Medium-Term Corporate Notes	15,022,550	20,369,801	68,223,700	15,023,950	118,640,001
Asset-Backed Securities	-	-	9,779,714	5,510,280	15,289,994
Municipal Bonds	-	-	-	5,066,700	5,066,700
Local Agency Investment Fund	35,844,829	-	-	-	35,844,829
<b>Total Cash Investments</b>	<b>100,880,679</b>	<b>85,414,551</b>	<b>392,377,780</b>	<b>80,958,686</b>	<b>659,631,696</b>
Investments with Fiscal Agents:					
Money Market Funds	35,582,347	-	-	-	35,582,347
Medium-Term Corporate Notes	-	-	985,610	-	985,610
<b>Total Investments with Fiscal Agent</b>	<b>35,582,347</b>	<b>-</b>	<b>985,610</b>	<b>-</b>	<b>36,567,957</b>
<b>Total Investments</b>	<b>\$ 136,463,026</b>	<b>\$ 85,414,551</b>	<b>\$ 393,363,390</b>	<b>\$ 80,958,686</b>	<b>\$ 696,199,653</b>

**Note 3: Contracts and Notes Receivable**

Contracts and notes receivable as of June 30, 2015 totaled \$20,019,568 and were recorded as follows:

General Fund	\$ 40,000
Community Development	9,805,062
Ontario Housing Authority	10,174,506
<b>Total Contracts and Notes Receivable</b>	<b>\$ 20,019,568</b>

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, 2015, was:

\$15,000

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


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**Note 3: Contracts and Notes Receivable (Continued)**

The City loaned \$25,000 to the Ontario Chamber of Commerce for the installation of military personnel banners along Euclid Avenue. The loan is a zero interest loan with no deadline for repayment. The receivable balance at June 30, 2015, was:

25,000

In order to assist those individuals and families who are the most in need, the former Ontario Redevelopment Agency's Combined Low and Moderate Housing Fund provided down payment assistance and deferred repayment loans to low and moderate income residents for the acquisition and rehabilitation of single-family homes, condominiums or townhouses located within the Ontario HUD Revitalization Target Area. Upon dissolution of the Ontario Redevelopment Agency, the note receivable was transferred to the Ontario Housing Authority. The receivable balance at June 30, 2015 was:

2,457,309

On June 7, 1994, the former Ontario Redevelopment Agency's Combined Low and Moderate Housing Fund loaned \$43,000 to a developer to finance the purchase of low and moderate income property located outside of redevelopment project areas. The note is non-interest bearing and was due in full on March 7, 1995. A new note was negotiated on November 11, 1996, and will mature on October 31, 2026. Upon dissolution of the Ontario Redevelopment Agency, the note receivable was transferred to the Ontario Housing Authority. The receivable balance at June 30, 2015, was:

43,000

On June 7, 1994, the former Ontario Redevelopment Agency's Combined Low and Moderate Housing Fund loaned \$39,000 to a developer to finance the purchase of low and moderate income property located outside of redevelopment project areas. The note is non-interest bearing and was due in full on March 7, 1995. A new note was negotiated on November 8, 1996, and will mature on October 31, 2026. Upon dissolution of the Ontario Redevelopment Agency, the note receivable was transferred to the Ontario Housing Authority. The receivable balance at June 30, 2015, was:

39,000

On March 16, 1993, the former Ontario Redevelopment Agency accepted a note receivable of \$112,000 from a developer as consideration for housing located outside of the redevelopment areas. The note is non-interest bearing and is due and payable upon the sale or transfer of property. Upon dissolution of the Ontario Redevelopment Agency, the note receivable was transferred to the Ontario Housing Authority. The unpaid principal balance at June 30, 2015, was:

77,000

On October 4, 1994, the former Redevelopment Agency loaned a developer, Cichon, \$135,030 to finance the cost of rehabilitation and construction of a low and moderate income residence located in the Center City Project Area. On December 5, 1995, the Agency loaned an additional \$4,647, bringing the total amount to \$139,677. During the

CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015

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**Note 3: Contracts and Notes Receivable (Continued)**

fiscal year ended June 30, 2000, the Agency advanced an additional \$254. The note is a 25-year amortized loan and bears interest at 5% annually. Upon dissolution of the Ontario Redevelopment Agency, the note receivable was transferred to the Ontario Housing Authority. The receivable balance at June 30, 2015, was:

54,708

On May 29, 1997, the former Ontario Redevelopment Agency agreed to loan up to \$2,656,200 to Ontario Housing Investors, L.P. to finance development of residential improvements to the Ground Lease premises as defined in a disposition and development agreement dated March 19, 1996. The note bears interest at the rate of 3% per annum. The note is due and payable either: (a) on the first day of the first full calendar month following the date of the last disbursement of the agency loan proceeds, or (b) on the first day of the 15th full calendar month following the date of recordation of the Agency Loan Deed and Trust in the Official Records of the County. Upon dissolution of the Ontario Redevelopment Agency, the note receivable was transferred to the Ontario Housing Authority. The receivable balance at June 30, 2015, was:

3,990,941

On September 11, 2003, the former Ontario Redevelopment Agency and Ontario Housing Investors entered into a Residual Receipts promissory note in the amount of \$487,408. The loan bears interest of 7% per annum and requires principal and interest payments from residual receipts. On May 1, 2007, the Authority agreed to provide a gap loan in the amount of \$168,469. The loan has a 40-year term and a 6% simple interest per annum. The receivable balance at June 30, 2015, was:

954,236

On February 15, 2005, the City Council approved the Ontario OPEN (Ownership Program Enhancing Neighborhoods) House Program to assist low income first time homebuyers. This program was funded with American Dream Down Payment Initiative (ADDI) funds from HUD. As of June 30, 2015, 4 households have been assisted with these funds. The receivable at June 30, 2015, was:

41,640

Pursuant to the disposition and development agreement dated August 12, 2003, between the Ontario Housing Authority and the Ontario Senior Housing, Inc., the Authority accepted a promissory note for the principal amount of \$950,000. This promissory note bears a rate of 0% per annum and is secured by a deed of trust. The receivable balance at June 30, 2015, 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, 2015, was:

3,345,119

CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015

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**Note 3: Contracts and Notes Receivable (Continued)**

Pursuant to the disposition and development agreement between the Ontario Housing Authority and D Street Senior Housing, Inc., the Authority approved a gap loan in the amount of \$1,276,909 to provide new housing development opportunities to address regional needs. The Agency gap loan is a zero percent residual receipts note that will be paid from available cash flow over the term of the affordable covenant period of the project. The receivable balance at June 30, 2015, 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, 2015, was: 5,140,644

The Ontario Housing Authority was approved a maximum of \$1,590,300 BEGIN (Building Equity and Growth In Neighborhoods) funds provided by the California Department of Housing and Community Development. BEGIN funds are used for down payment assistance loans to moderate households in the form of a deferred payment loan with a 30-year term and a 3% deferred simple interest per annum, the receivable balance at June 30, 2015, was: 236,522

On February 21, 2014, the Ontario Housing Authority entered into a HOME loan agreement with Mercy House Living Centers. The loan was made in the amount of \$1,000,000 to be used to finance the purchase price of property and up to \$523,858 in rehabilitation costs. The rehabilitation costs balance of \$523,858 was placed in a bank account where Mercy House is allowed to draw monies, as needed, to rehabilitate the property. As these monies are drawn from the bank, the amount is added to the loans receivable balance. As of June 30, 2015, Mercy House drew monies in the amount of \$167,895. The receivable balance at June 30, 2015, was: 1,448,540

Total Contracts and Notes \$20,019,568

**Note 4: Capital Assets**

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

CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015

**Note 4: Capital Assets (Continued)**

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

	<u>Beginning Balance</u>	<u>Adjustments *</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
<b><u>Governmental Activities:</u></b>							
Capital assets, not being depreciated:							
Land	\$ 47,218,899	\$ -	\$ 47,218,899	\$ 1,334,190	\$ -	\$ -	\$ 48,553,089
Infrastructure - pavement system	298,943,783	(31,408)	298,912,375	-	-	11,431,280	310,343,655
Construction in progress	91,259,143	(1,072,276)	90,186,867	40,443,477	-	(20,343,811)	110,286,533
Total Capital Assets, Not Being Depreciated	<u>437,421,825</u>	<u>(1,103,684)</u>	<u>436,318,141</u>	<u>41,777,667</u>	<u>-</u>	<u>(8,912,531)</u>	<u>469,183,277</u>
Capital assets, being depreciated:							
Infrastructure - other systems	234,254,941	(120,874)	234,134,067	-	-	-	234,134,067
Structures and improvements	366,522,059	(1,317,643)	365,204,416	3,400,251	(1,056,405)	8,603,232	376,151,494
Furniture and equipment	31,355,338	(5,922,090)	25,433,248	356,341	(37,119)	309,299	26,061,769
Total Capital Assets, Being Depreciated	<u>632,132,338</u>	<u>(7,360,607)</u>	<u>624,771,731</u>	<u>3,756,592</u>	<u>(1,093,524)</u>	<u>8,912,531</u>	<u>636,347,330</u>
Less accumulated depreciation:							
Infrastructure - other systems	62,100,453	(193,487)	61,906,966	5,971,405	-	-	67,878,371
Structures and improvements	97,760,355	(1,317,643)	96,442,712	12,269,808	(1,056,405)	-	107,656,115
Furniture and equipment	24,751,759	(5,875,459)	18,876,300	2,025,163	(37,119)	-	20,864,344
Total Accumulated Depreciation	<u>184,612,567</u>	<u>(7,386,589)</u>	<u>177,225,978</u>	<u>20,266,376</u>	<u>(1,093,524)</u>	<u>-</u>	<u>196,398,830</u>
Total Capital Assets, Being Depreciated, Net	<u>447,519,771</u>	<u>25,982</u>	<u>447,545,753</u>	<u>(16,509,784)</u>	<u>-</u>	<u>8,912,531</u>	<u>439,948,500</u>
Governmental Activities Capital Assets, Net	<u>\$ 884,941,596</u>	<u>\$ (1,077,702)</u>	<u>\$ 883,863,894</u>	<u>\$ 25,267,883</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 909,131,777</u>

\* Adjustments are the result of an increase in the City's capitalization threshold.

CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015

Note 4: Capital Assets (Continued)

	Beginning Balance	Adjustments *	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<b>Business-Type Activities:</b>							
Capital assets, not being depreciated:							
Land	\$ 21,800,255	\$ -	\$ 21,800,255	\$ 127,925	\$ -	\$ -	\$ 21,928,180
Construction-in-progress	54,818,024	-	54,818,024	6,525,523	-	(4,214,286)	57,129,261
Total Capital Assets, Not Being Depreciated	76,618,279	-	76,618,279	6,653,448	-	(4,214,286)	79,057,441
Capital assets, being depreciated:							
Structures and improvements	9,219,105	(13,063)	9,206,042	-	-	-	9,206,042
Furniture and equipment	2,223,444	(161,468)	2,061,976	32,429	(7,431)	-	2,086,974
Infrastructure	219,637,153	(8,352,616)	211,284,537	-	-	4,214,286	215,498,823
Total Capital Assets, Being Depreciated	231,079,702	(8,527,147)	222,552,555	32,429	(7,431)	4,214,286	226,791,839
Less accumulated depreciation:							
Structures and improvements	2,292,289	(13,063)	2,279,226	296,762	-	-	2,575,988
Furniture and equipment	2,105,256	(1,136,205)	969,051	25,470	(7,431)	-	987,090
Infrastructure	86,054,388	(5,642,546)	80,411,842	8,592,289	-	-	89,004,131
Total Accumulated Depreciation	90,451,933	(6,791,814)	83,660,119	8,914,521	(7,431)	-	92,567,209
Total Capital Assets, Being Depreciated, Net	140,627,769	(1,735,333)	138,892,436	(8,882,092)	-	4,214,286	134,224,630
Business-Type Activities Capital Assets, Net	\$ 217,246,048	\$ (1,735,333)	\$ 215,510,715	\$ (2,228,644)	\$ -	\$ -	\$ 213,282,071

\* Adjustments are the result of an increase in the City's capitalization threshold.

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

Governmental Activities:	
General government	\$ 1,396,920
Public safety	3,497,321
Community development	5,459,063
Library	286,527
Public works	5,497,243
Equipment Services	3,332,674
Information Technology	796,628
	<u>\$ 20,266,376</u>
Business-Type Activities:	
Water	\$ 5,785,178
Sewer	3,003,013
Solid waste	126,330
	<u>\$ 8,914,521</u>

CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015

**Note 5: Interfund Receivable, Payable and Transfers**

The composition of interfund balances as of June 30, 2015, is as follows:

**Due To/From Other Funds**

Due from Other Funds	Due to Other Funds				Total
	Measure I	Community Development	Impact Fees	Nonmajor Governmental Funds	
General Fund	\$13,538,315	\$ 270,634	\$ 259,622	\$ 29,683	\$ 14,098,254

The interfund balances at June 30, 2015 were the results of routine interfund transactions not cleared prior to the end of the fiscal year.

**Advances To/From Other Funds**

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

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 \$5,961,399 to the Ontario Housing Authority for the acquisition, relocation and rehabilitation of various properties.

**Interfund Transfers**

Transfers In	Transfers Out						Total
	General Fund	Water	Sewer	Solid Waste	Internal Service Funds	Nonmajor Governmental Funds	
General Fund	\$ -	\$ 11,166,239	\$5,036,819	\$ 6,469,430	\$2,653,406	\$ 2,775,277	\$28,101,171
Capital Projects Fund	5,796,338	-	-	-	-	-	5,796,338
Internal Service Funds	34,000	20,000	20,000	50,000	-	-	124,000
Nonmajor Governmental Funds	959,330	-	-	-	-	-	959,330
Total	\$ 6,789,668	\$ 11,186,239	\$5,056,819	\$ 6,519,430	\$2,653,406	\$ 2,775,277	\$34,980,839



CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015

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

The General Fund transferred \$5,796,338 to the Capital Project Fund to fund various public facility improvement projects. The Water, Sewer and Solid Waste Funds transferred \$11,166,239, \$5,036,819 and \$6,469,430, 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.

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

**Note 6: Long-Term Debt**

**a. Long-Term Debt - Governmental Activities**

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

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015	Due Within One Year
Revenue Bonds	\$ 72,035,000	\$ -	\$ 1,410,000	\$ 70,625,000	\$ 1,480,000
Advances from					
Successor Agency	1,600,000	-	-	1,600,000	-
Claims and Judgments	16,868,931	6,399,739	4,803,450	18,465,220	5,258,000
Compensated Absences	10,087,899	1,010,034	1,586	11,096,347	322,000
Total	<u>\$ 100,591,830</u>	<u>\$ 7,409,773</u>	<u>\$ 6,215,036</u>	101,786,567	<u>\$ 7,060,000</u>
			Unamortized bond premium and discount	22,403	
				<u>\$ 101,808,970</u>	

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

**Revenue Bonds**

**2001 Lease Revenue Bonds**

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

In April 2012, the City redeemed \$19,215,000 of the outstanding balance at a premium of 1%. The remaining bonds will mature in annual installments up to August 2018. The balance at June 30, 2015, including the unamortized bond premium of \$42,262 amounted to \$2,792,262.



**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2015**
**Note 6: Long-Term Debt (Continued)**

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

	2001 Lease Revenue Bonds	
	Principal	Interest
2015-2016	\$ 1,000,000	\$ 122,013
2016-2017	1,055,000	65,500
2017-2018	-	36,488
2018-2019	695,000	18,244
Total	<u>\$ 2,750,000</u>	<u>\$ 242,245</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, 2015, including the unamortized bond premium of \$323,113, amounted to \$34,808,113. The annual requirements to amortize the outstanding bond indebtedness as of June 30, including interest, are as follows:

	2007 Lease Revenue Bonds	
	Principal	Interest
2015 - 2016	\$ 480,000	\$ 1,623,740
2016 - 2017	500,000	1,601,690
2017 - 2018	525,000	1,577,315
2018 - 2019	550,000	1,550,440
2019 - 2020	575,000	1,522,315
2020 - 2025	3,355,000	7,126,485
2025 - 2030	4,235,000	6,230,180
2030 - 2035	16,530,000	3,743,425
2035 - 2036	7,735,000	351,788
Total	<u>\$ 34,485,000</u>	<u>\$ 25,327,378</u>

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


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**Note 6: Long-Term Debt (Continued)****2013 Lease Revenue Bonds**

In August 2013, the Ontario Public Financing Authority issued revenue bonds in the amount of \$33,390,000 to finance construction of City public facilities. The bonds dated August 20, 2013, and issued at a discount of \$380,848 mature in 2043, and are payable semiannually on April 1 and October 1 of each year, commencing April 2014, from base rental payments to be made by the City for the right to the use certain real property and improvements of the City pursuant to a Lease Agreement, dated September 1, 2013. The balance at June 30, 2015, including the unamortized bond discount of \$(342,972) amounted to \$33,047,028. The annual requirements to amortize the outstanding bond indebtedness as of June 30, including interest, are as follows:

	<u>2013 Lease Revenue Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2015 - 2016	\$ -	\$ 1,648,806
2016 - 2017	-	1,648,806
2017 - 2018	-	1,648,806
2018 - 2019	-	1,648,806
2019 - 2020	525,000	1,640,931
2020 - 2025	3,465,000	7,885,019
2025 - 2030	5,165,000	6,992,050
2030 - 2035	6,765,000	5,547,572
2035 - 2040	8,690,000	3,564,719
2040 - 2043	8,780,000	974,756
Total	<u>\$ 33,390,000</u>	<u>\$ 33,200,271</u>

**Advances from the Successor Agency**

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

**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.

CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015

Note 6: Long-Term Debt (Continued)

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, 2015:

	Balance July 1, 2014	Defeased	Additions	Deletions	Balance June 30, 2015	Due Within One Year
2013 Water Revenue Bonds	\$ 72,520,000	\$ -	\$ -	\$ 1,220,000	\$ 71,300,000	\$ 1,270,000
Compensated Absences	1,036,659	-	51,856	12,388	1,076,127	86,000
Total	<u>\$ 73,556,659</u>	<u>\$ -</u>	<u>\$ 51,856</u>	<u>\$ 1,232,388</u>	72,376,127	<u>\$ 1,356,000</u>
			Unamortized Bond Premium		2,188,493	
					<u>\$ 74,564,620</u>	

Revenue Bonds

2013 Water Revenue Bonds

In September 2013, the Ontario Public Financing Authority issued revenue bonds in the amount of \$74,545,000 to finance the acquisition and construction of certain improvements to the water enterprise of the City of Ontario, and refinance an installment payment obligation of the City and the related City of Ontario Certificates of Participation (2004 Water System Improvement Project). The bonds dated September 10, 2013, and issued at a premium of \$2,362,578 mature in 2043, and are payable semiannually on January 1 and July 1 of each year, commencing January 2014, from certain revenues consisting primarily of installment payments to be made by the City to the Ontario Public Financing Authority under an Installment Purchase Agreement dated September 1, 2013 between the City and the Authority. The balance at June 30, 2015, including the unamortized bond premium of \$2,188,493 amounted to \$73,488,493.

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

	2013 Water Revenue Bonds	
	Principal	Interest
2015 - 2016	\$ 1,270,000	\$ 3,527,013
2016 - 2017	1,320,000	3,476,213
2017 - 2018	1,375,000	3,423,413
2018 - 2019	1,430,000	3,368,413
2019 - 2020	1,485,000	3,311,213
2020 - 2025	8,525,000	15,447,813
2025 - 2030	10,875,000	13,107,938
2030 - 2035	14,015,000	10,112,075
2035 - 2040	17,940,000	7,633,000
2040 - 2043	13,065,000	3,115,500
Total	<u>\$ 71,300,000</u>	<u>\$ 66,522,591</u>

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2015**
**Note 6: Long-Term Debt (Continued)****Compensated Absences**

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

**c. Special Assessment Bonds**

The City has entered into a number of Special Assessment Bond programs. The City of Ontario is not obligated in any manner for the Special Assessment Bonds as the bonds are secured by unpaid assessments against the property owners. Accordingly, the City is only acting as an agent for the property owners/bondholders in collecting and forwarding the special assessments. Special Assessment Bonds payable at June 30, 2015, totaled \$14,725,000. 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. The bond programs are as follows:

	Interest % Rate	Date Issued	Date Series Matures	Outstanding Balance at June 30, 2015
<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	\$ 1,040,000
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, 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, Cambridge Square Apts 2004 Series D	6.25	2004	2034	6,087,000
Total				<u>\$ 21,079,000</u>

CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015

Note 7: Fund Balances

a. Governmental Fund Balance Classifications

Fund balances in governmental funds at June 30, 2015 have been classified as follows:

	Governmental Funds							Other Governmental Funds
	General	Quiet Home Program	Measure I	Community Development	Ontario Housing Authority	Capital Projects	Impact Fees	
<b>Fund Balances:</b>								
Nonspendable								
Inventory	\$ 123,798	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Prepaid costs	121,356	-	-	-	-	-	-	8,983
Deposits	-	-	1,075,200	-	-	41,199	268,800	-
Land held for resale	-	57,515,871	-	51,050	18,000,551	18,615,439	-	-
Notes and loans	40,000	-	-	-	6,898,479	-	-	-
Advances to other funds	3,500,000	-	-	5,961,399	-	-	-	-
Total Nonspendable	3,785,154	57,515,871	1,075,200	6,012,449	24,899,030	18,656,638	268,800	8,983
Restricted								
Endowment/Trust	415,723	-	-	-	-	-	-	-
Community development projects	-	224,894	939,711	289,096	-	-	-	9,305,314
Public safety	-	-	-	-	-	-	-	156,236
Police narcotics	-	-	-	-	-	-	-	3,356,113
Affordable housing	-	-	-	-	-	1,777,106	-	-
AQMD activities	-	-	-	-	-	-	-	868,725
Public services	-	-	-	-	-	-	-	3,740,331
Bond improvement projects	-	-	-	-	-	9,940,173	-	-
Total Restricted	415,723	224,894	939,711	289,096	-	11,717,279	-	17,426,719
Committed								
Museum board	65,000	-	-	-	-	-	-	-
Whispering Lakes Golf Course	32,765	-	-	-	-	-	-	-
City facilities project	928,087	-	-	-	-	-	-	-
Public safety equipment	3,934,235	-	-	-	-	-	-	-
Communications/computer dispatch	3,040,197	-	-	-	-	-	-	-
Compensated absences	13,745,207	-	-	-	-	-	-	-
Capital Projects	-	-	-	-	-	25,651,013	-	-
Contractual obligations	179,302	-	-	-	-	-	-	-
Economic uncertainties	19,103,582	-	-	-	-	-	-	-
City infrastructure	-	-	-	-	-	-	68,059,311	8,523,062
Events center capital equipment	1,087,000	-	-	-	-	-	-	-
Ontario motor speedway	321,199	-	-	-	-	-	-	-
Total Committed	42,436,574	-	-	-	-	25,651,013	68,059,311	8,523,062
Assigned								
Equipment replacement	434,374	-	-	-	-	-	-	-
Continuing appropriations	2,494,484	-	-	-	-	4,890,077	-	763,525
Stability arrangement	49,628,398	-	-	-	-	-	-	-
Contractual obligations	2,720,466	-	-	-	-	-	-	-
State sales tax	-	-	-	-	-	-	-	-
Maintenance trust	1,520,280	-	-	-	-	-	-	-
Total Assigned	56,798,002	-	-	-	-	4,890,077	-	763,525
Unassigned	-	-	-	-	(2,600,435)	-	-	(25,801)
<b>Total Fund Balances</b>	<b>\$ 103,435,453</b>	<b>\$ 57,740,765</b>	<b>\$ 2,014,911</b>	<b>\$ 6,301,545</b>	<b>\$ 22,298,595</b>	<b>\$ 60,915,007</b>	<b>\$ 68,328,111</b>	<b>\$ 26,696,488</b>

b. Deficit Fund Balances

The following funds have deficit fund balances:

NMC CFD \$25,801

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


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**Note 8: Net Position Restatement**

## Governmental Activities:

To implementation of GASB Statement No. 68, <i>Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27</i>	\$ (176,444,027)
To remove capital assets below the new capitalization threshold amount	<u>(1,463,520)</u>
	<u>\$ (177,907,547)</u>

## Business-Type Activities

To implementation of GASB Statement No. 68, <i>Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27</i>	\$ (13,879,100)
To remove capital assets below the new capitalization threshold amount	<u>(1,735,333)</u>
	<u>\$ (15,614,433)</u>

## Proprietary funds:

## Water Fund

To implementation of GASB Statement No. 68, <i>Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27</i>	\$ (7,108,259)
To remove capital assets below the new capitalization threshold amount	<u>(887,399)</u>
	<u>\$ (7,995,658)</u>

## Sewer Fund

To implementation of GASB Statement No. 68, <i>Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27</i>	\$ (1,169,713)
To remove capital assets below the new capitalization threshold amount	<u>(847,934)</u>
	<u>\$ (2,017,647)</u>

## Solid Waste Fund

To implementation of GASB Statement No. 68, <i>Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27</i>	\$ (5,601,128)
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## Internal Service Funds

To implementation of GASB Statement No. 68, <i>Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27</i>	\$ (6,118,501)
To remove capital assets below the new capitalization threshold amount	<u>(252,655)</u>
	<u>\$ (6,371,156)</u>

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

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**Note 9: Pension Plan****Defined Benefit Pension Plan****General Information about the Pension Plans****Plan Description**

The City of Ontario contributes to the California Public Employees Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and City ordinance. Copies of PERS' annual financial report may be obtained from its executive office: 400 P Street, Sacramento, California 95814.

**Benefits Provided**

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

	<b>Miscellaneous Plan</b>	
	Tier 1	PEPRA (Tier 2)
Hire date	Prior to January 1, 2013	January 1, 2013 and after
Benefit formula	2.5% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	minimum 50 yrs	minimum 52 yrs
Monthly benefits, as a % of eligible compensation	2.000% - 2.500%, 50 yrs - 55+ yrs, respectively	1.000% - 2.500%, 52 yrs - 67+ yrs, respectively
Required employee contribution rates	8.000% (a)	6.250%
Required employer contribution rates	14.529%	14.529%

(a) City contributed 4.0% to employee contribution rate of 8.0%

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2015**
**Note 9: Pension Plan (Continued)**

	<b>Safety Police Plan</b>		
	Tier 1	Tier 2	PEPRA (Tier 3)
Hire date	Prior to July 1, 2012	On July 1, 2012 and prior to January 1, 2013	January 1, 2013 and after
Benefit formula	3.0% @ 50	3.0% @ 55	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	minimum 50 yrs	minimum 50 yrs	minimum 50 yrs
Monthly benefits, as a % of eligible compensation	3.000% 50 yrs - 55+ yrs, respectively	2.400% - 3.000%, 50 yrs - 55+ yrs, respectively	2.000 - 2.700%, 50 yrs - 57+ yrs, respectively
Required employee contribution rates	9.000% (b)	9.000% (b)	12.750%
Required employer contribution rates	35.825%	35.825%	35.825%

(b) City contributed 7.0% to employee contribution rate of 9.0%

	<b>Safety Fire Plan</b>		
	Tier 1	Tier 2	PEPRA (Tier 3)
Hire date	Prior to July 1, 2012	On July 1, 2012 and prior to January 1, 2013	January 1, 2013 and after
Benefit formula	3.0% @ 50	3.0% @ 55	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	minimum 50 yrs	minimum 50 yrs	minimum 50 yrs
Monthly benefits, as a % of eligible compensation	3.000% 50 yrs - 55+ yrs, respectively	2.400% - 3.000%, 50 yrs - 55+ yrs, respectively	2.000 - 2.700%, 50 yrs - 57+ yrs, respectively
Required employee contribution rates	9.000% (c)	9.000% (c)	11.250%
Required employer contribution rates	31.108%	31.108%	31.108%

(c) City contributed 7.0% to employee contribution rate of 9.0%

**Employees Covered**

At June 30, 2015, the following employees were covered by the benefit terms of the Plan:

<b>Description</b>	<b>Number of members</b>		
	<b>Miscellaneous Plan</b>	<b>Safety Police Plan</b>	<b>Safety Fire Plan</b>
Active members	\$ 624	\$ 219	\$ 132
Transferred members	321	24	13
Terminated members	242	19	6
Retired members and beneficiaries	722	219	130
<b>Total</b>	<b>\$ 1,909</b>	<b>\$ 481</b>	<b>\$ 281</b>



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


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**Note 9: Pension Plan (Continued)****Contributions**

Section 20814(c) of the California Public Employees' Retirement Law (PERSL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2015, the employer contributions recognized as part of pension expense for all the Miscellaneous Plan, the Safety Police Plan and the Safety Fire Plan were \$5,932,946 , \$7,869,101 and \$4,950,167 respectively.

**Net Pension Liability**

The City's net pension liability is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2014 using an annual actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

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

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

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions	
Discount Rate	7.50%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation
Mortality Rate Table (1)	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

(1) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more

All other actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011,

**Note 9: Pension Plan (Continued)**

including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

**Discount Rate**

The discount rate used to measure the total pension liability was 7.50% for each plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.50% will be applied to all plans in the Public Employees Retirement Fund.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65%. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

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

**Note 9: Pension Plan (Continued)**

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

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

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

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

**Changes in the Net Pension Liability**

The changes in Net Pension Liability for each Plan follows:

Miscellaneous Plan	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
<b>Balance at: 6/30/2014 (Valuation Date of 6/30/13)</b>	<b>\$ 265,506,030</b>	<b>\$ 203,040,903</b>	<b>\$ 62,465,127</b>
<b>Changes recognized for the Measurement Period:</b>			
Service Cost	6,439,440	-	6,439,440
Interest on TPL	19,741,927	-	19,741,927
Changes in benefit terms	-	-	-
Differences between expected and actual experience	-	-	-
Changes in assumptions	-	-	-
Contributions from the employer	-	4,901,729	(4,901,729)
Contributions from the employees	-	2,619,805	(2,619,805)
Net investment income	-	35,255,810	(35,255,810)
Benefit payments, including refunds of employee contributions	(11,000,119)	(11,000,119)	-
<b>Net changes during 2013-14</b>	<b>15,181,248</b>	<b>31,777,225</b>	<b>(16,595,977)</b>
<b>Balance at: 6/30/15 (Measurement Date of 6/30/14)</b>	<b>\$ 280,687,278</b>	<b>\$ 234,818,128</b>	<b>\$ 45,869,150</b>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015

Note 9: Pension Plan (Continued)

Safety Police Plan	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
<b>Balance at: 6/30/2014 (Valuation Date of 6/30/13)</b>	<b>\$ 274,638,342</b>	<b>\$ 187,809,183</b>	<b>\$ 86,829,159</b>
<b>Changes recognized for the Measurement Period:</b>			
Service Cost	6,239,776	-	6,239,776
Interest on TPL	20,403,337	-	20,403,337
Changes in benefit terms	-	-	-
Differences between expected and actual experience	-	-	-
Changes in assumptions	-	-	-
Contributions from the employer	-	6,579,735	(6,579,735)
Contributions from the employees	-	1,562,761	(1,562,761)
Net investment income	-	32,668,031	(32,668,031)
Benefit payments, including refunds of employee contributions	(11,427,473)	(11,427,473)	-
<b>Net changes during 2013-14</b>	<b>15,215,640</b>	<b>29,383,054</b>	<b>(14,167,414)</b>
<b>Balance at: 6/30/15 (Measurement Date of 6/30/14)</b>	<b>\$ 289,853,982</b>	<b>\$ 217,192,237</b>	<b>\$ 72,661,745</b>

Safety Fire Plan	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
<b>Balance at: 6/30/2014 (Valuation Date of 6/30/13)</b>	<b>\$ 212,149,220</b>	<b>\$ 155,181,255</b>	<b>\$ 56,967,965</b>
<b>Changes recognized for the Measurement Period:</b>			
Service Cost	4,207,185	-	4,207,185
Interest on TPL	15,722,984	-	15,722,984
Changes in benefit terms	-	-	-
Differences between expected and actual experience	-	-	-
Changes in assumptions	-	-	-
Contributions from the employer	-	4,097,660	(4,097,660)
Contributions from the employees	-	1,181,692	(1,181,692)
Net investment income	-	26,898,837	(26,898,837)
Benefit payments, including refunds of employee contributions	(9,226,093)	(9,226,093)	-
<b>Net changes during 2013-14</b>	<b>10,704,076</b>	<b>22,952,096</b>	<b>(12,248,020)</b>
<b>Balance at: 6/30/15 (Measurement Date of 6/30/14)</b>	<b>\$ 222,853,296</b>	<b>\$ 178,133,351</b>	<b>\$ 44,719,945</b>

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

The following presents the net pension liability of each Plan, calculated using the discount rate of 7.50%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1% point lower (6.50%) or 1% point higher (8.50%) than the current rate:

CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015

Note 9: Pension Plan (Continued)

	Discount Rate - 1% (6.50%)	Current Discount Rate (7.5%)	Discount Rate +1% (8.5%)
Miscellaneous Plan's Net Pension Liability	\$ 83,287,845	\$ 45,869,150	\$ 15,707,196
Safety Police Plan's Net Pension Liability	113,585,963	72,661,745	40,822,517
Safety Fire Plan's Net Pension Liability	74,915,621	44,719,945	21,694,006
Total Net Pension Liability	\$ 271,789,429	\$ 163,250,840	\$ 78,223,719

**Pension Plan Fiduciary Net Position**

The Plan's fiduciary net position may differ from the plan assets reported in the actuarial valuation due to several reasons. First, for the accounting valuations CalPERS must keep items such as deficiency reserves, fiduciary self-insurance and OPEB expense includes as assets. These amounts are excluded for rate setting purposed in the actuarial valuation. In addition, difference may result from early closing and final reconciled reserves.

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

As of the start of the measurement period (July 1, 2013), the combined net pension liability for the Miscellaneous Plan, the Safety Police Plan and the Safety Fire Plan was \$206,262,251. For the measurement period ending June 30, 2014 (the measurement date), the City of Ontario incurred an aggregate pension expense of \$16,129,282 for the plans. Note that no adjustments have been made for contributions subsequent to the measurement date. As of June 30, 2014, the City of Ontario has deferred outflows and deferred inflows of resources related to pensions as follows:

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2015

Note 9: Pension Plan (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
<b>Miscellaneous Plan</b>		
Contributions made after the measurement date	\$ 5,932,946	\$ -
Net difference between projected and actual earnings on pension plan investments	-	(16,179,794)
<b>Miscellaneous Plan Total</b>	<b>5,932,946</b>	<b>(16,179,794)</b>
<b>Safety Police Plan</b>		
Contributions made after the measurement date	7,869,101	-
Net difference between projected and actual earnings on pension plan investments	-	(15,010,186)
<b>Safety Police Plan Total</b>	<b>7,869,101</b>	<b>(15,010,186)</b>
<b>Safety Fire Plan</b>		
Contributions made after the measurement date	4,950,167	-
Net difference between projected and actual earnings on pension plan investments	-	(12,371,589)
<b>Safety Fire Plan Total</b>	<b>4,950,167</b>	<b>(12,371,589)</b>
<b>Total</b>	<b>\$ 18,752,214</b>	<b>\$ (43,561,569)</b>

\$18,752,214 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows or deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement Period Ended June 30,	Deferred Outflows/(Inflows) or Resources
2015	\$ (10,890,392)
2016	(10,890,392)
2017	(10,890,393)
2018	(10,890,392)
	<u>\$ (43,561,569)</u>

**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 2014-2015, the City paid a total of \$3,632,414 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 2014-2015, the City contributed \$12,988,000 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.

CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2015

**Note 10: Other Post Employment Benefits (Continued)**

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 6/30/2015
Annual required contribution	\$ 18,798,000
Interest on OPEB obligation	3,102,427
Adjustment to annual required contribution	(4,618,937)
Annual OPEB cost	17,281,490
Contributions made	3,632,414
Increase (decrease) in net OPEB obligation	13,649,076
Net OPEB obligation - beginning of year	65,314,255
Net OPEB obligation - end of year	<u>\$ 78,963,331</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014-2015 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2013	\$ 15,061,307	20.7%	\$ 52,599,651
6/30/2014	16,083,370	20.9%	65,314,255
6/30/2015	17,281,490	21.0%	78,963,331

**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.



**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2015**
**Note 10: Other Post Employment Benefits (Continued)**

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
6/30/2010	\$ -	\$ 135,371	\$ (135,371)	- %	\$ 68,602	197.3 %
6/30/2012	-	157,012	(157,012)	- %	70,513	222.7 %
6/30/2014	-	173,250	(173,250)	- %	68,509	252.9 %

**Actuarial Methods and Assumptions**

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

The actuarial valuation as of June 30, 2015, used the Entry Age Normal actuarial cost method. The actuarial assumptions included a 4.00% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and a general inflation rate of 3.0%. Annual healthcare cost trend 8.5% to 8.9%, reduced by decrements of 0.5% per year to an ultimate rate of 5% after 2021. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability (UAAL) is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2015, was twenty three years. As of the actuarial valuation date, the City had 984 active participants and 500 retirees receiving benefits.

**Note 11: Self-Insurance Program**

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

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

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


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**Note 11: Self-Insurance Program (Continued)**

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

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

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

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

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

Fiscal Year	Beginning Balance	Changes in Estimates	Claim Payments	Ending Balance
2013-2014	\$ 14,907,020	\$ 9,483,374	\$ 7,521,463	\$ 16,868,931
2014-2015	16,868,931	6,399,739	4,803,450	18,465,220

**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

CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015

**Note 12: Joint Ventures (Continued)**

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, 2015, for which the City is responsible is \$853,170. At June 30, 2015, the City's investment in the Authority, including its share of Authority's debt, was \$8,871,874.

Audited financial information of the Authority for the fiscal year ended June 30, 2015 is summarized as follows:

<b>Water Facilities Authority Net Position:</b>	
Total assets	\$ 31,347,596
Total deferred outflows	113,716
Total liabilities	5,632,170
Total deferred inflows	<u>226,958</u>
Total net position	<u>\$ 25,602,184</u>
<b>Water Facilities Authority Changes in Net Position:</b>	
Operating revenues	\$ 20,741,073
Operating expenses	<u>20,916,240</u>
Operating gain (loss) before depreciation and amortization	(175,167)
Depreciation and amortization	<u>1,077,478</u>
Operating revenue (loss)	(1,252,645)
Nonoperating revenues (expenses)	683,523
Contributions	<u>503,741</u>
Change in net position	(65,381)
Beginning net position	<u>25,667,565</u>
Ending net position	<u>\$ 25,602,184</u>

The current participants and their financial contributions through June 30, 2015, were as follows:

	<u>Amount</u>	<u>Percent</u>
City of Chino	\$ 6,634,191	16.0%
City of Chino Hills	5,361,731	12.9%
City of Ontario	14,408,203	34.7%
City of Upland	8,313,063	20.0%
Monte Vista Water District	6,743,863	16.1%
Non-Participant	<u>117,703</u>	<u>0.3%</u>
Total	<u>\$ 41,578,754</u>	<u>100%</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.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2015**
**Note 12: Joint Ventures (Continued)****Chino Basin Desalter Authority**

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

The governing Board of Director consists of one representative appointed from each participating agency and has the power and responsibility to adopt budgets, operating plans and finance activities to further the purpose of the Authority. As of June 30, 2015, the City's investment in the Authority was \$34,527,398.

The financial information of the Authority for the fiscal year ended June 30, 2015 is summarized as follows:

**Chino Basin Desalter Authority Net Position:**

Total assets	\$ 277,123,361
Total liabilities	117,536,232
Total net position	<u>\$ 159,587,129</u>

**Chino Basin Desalter Authority Changes in Net Position:**

Operating revenues	\$ 35,918,867
Operating expenses	34,630,861
Operating gain before depreciation and amortization	1,288,006
Depreciation and amortization	3,963,376
Operating revenue (loss)	(2,675,370)
Nonoperating revenues (expenses)	1,429,594
Transfers and capital contributions	57,293,918
Change in net position	56,048,142
Beginning net position	103,538,985
Ending net position	<u>\$ 159,587,127</u>

The current participants and their financial contributions through June 30, 2015, were as follows:

	<u>Amount</u>	<u>Percent</u>
Jurupa Community Services District	\$ 7,357,262	35.6%
City of Chino Hills	3,802,367	18.4%
City of Chino	4,524,752	21.9%
City of Norco	906,083	4.4%
City of Ontario	3,000,091	14.5%
Santa Ana River Co.	1,084,120	5.2%
Total	<u>\$ 20,674,675</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.

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


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**Note 12: Joint Ventures (Continued)****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, 2015:

**West End Communication Authority Net Position:**

Total assets	\$ 969,833
Total liabilities	<u>-</u>
Total net position	<u>\$ 969,833</u>

**West End Communication Authority Changes in Net Position:**

Operating revenues	\$ -
Operating expenses	<u>35,430</u>
Operating revenue (loss)	(35,430)
General revenue	<u>7,571</u>
Change in net position	(27,859)
Beginning net position	<u>997,692</u>
Ending net position	<u>\$ 969,833</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.

CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015

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**Note 12: Joint Ventures (Continued)**

The following is a summary of the West End Fire and Emergency Response Commission financial information for the fiscal year ended June 30, 2015:

**West End Fire and emergency Response Commission Net Position:**

Total assets	\$ 535,522
Total liabilities	<u>10,450</u>
Total net position	<u>\$ 525,072</u>

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

Operating revenues	\$ 50,000
Operating expenses	<u>82,773</u>
Operating revenue (loss)	(32,773)
General revenue	<u>2,801</u>
Change in net position	(29,972)
Beginning net position	<u>555,044</u>
Ending net position	<u>\$ 525,072</u>

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

**Note 13: Other Investments**

Other investments as of June 30, 2015, totaled \$182,489,944 and were recorded as follows:

Proprietary Funds	\$ 201,750
Fiduciary Funds	<u>182,288,194</u>
Total	<u>\$ 182,489,944</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, \$155,360,205 is interest in bonds issued by the Ontario Financing Authority and \$26,927,989 represents water rights/stored water, air quality credits and land purchased by the Other Post-Employment Benefits agency fund to generate a revenue stream to fund post-employment benefits.

**Note 14: Contingencies**

Liabilities

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

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


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**Note 14: Contingencies (Continued)**

## Grant

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

## Proposition 218

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

**Note 15: Commitments**

## Construction Commitments

The following material construction commitments existed at June 30, 2015:

Project Name	Contract Amount	Expenditures to date as of June 30, 2015	Remaining Commitments
T.E. Roberts, Inc.	\$ 3,445,610	\$ 2,451,494	\$ 994,116
Zusser Company, Inc.	3,861,984	2,484,537	1,377,447

**Note 16: Successor Trust for Assets of Former Redevelopment Agency**

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

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

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).



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


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

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

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

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

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

**a. Cash and Investments**

As of June 30, 2015, cash and investments were reported in the accompanying financial statements as follows:

Cash and investments	\$ 7,288,098
Cash and investments with fiscal agent	<u>3,204,389</u>
Total Cash and Investments	<u>\$ 10,492,487</u>

**b. Notes Receivable**

On October 19, 1993, the Ontario Redevelopment Agency accepted a note receivable of \$35,000 from a developer as part of a transaction involving the sale of property. The note bears interest at 0% annually and was due in full on June 20, 1995. A new note was negotiated on November 8, 1996, and will mature on October 31, 2026. The unpaid principal balance at June 30, 2015, was \$35,000.

**c. Advances to City**

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



CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015

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

**d. Long-Term Debt**

The following is a summary of changes in long-term debt of the Successor Agency as of June 30, 2015:

	Balance July 1, 2014	Accrued Interest	Additions	Deletions	Balance June 30, 2015	Due Within One Year
1993 Tax Allocation Bonds	\$ 44,294,495	\$ -	\$ -	\$ 283,254	\$ 44,011,241	\$ 322,301
1995 Tax Allocation Bonds	3,916,705	-	-	25,046	3,891,659	28,499
2002 Refunding Revenue Bonds	12,053,281	740,111	-	4,015,600	8,777,792	4,032,300
Loans Payable	11,197,898	-	-	461,920	10,735,978	486,402
Advance from City	3,500,000	-	-	-	3,500,000	-
<b>Total</b>	<b>\$ 74,962,379</b>	<b>\$ 740,111</b>	<b>\$ -</b>	<b>\$ 4,785,820</b>	<b>70,916,670</b>	<b>\$ 4,869,502</b>
				Unamortized Bond Premium	327,673	
					<b>\$ 71,244,343</b>	

**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, 2015, amounted to \$44,011,241.

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

	1993 Tax Allocation Bonds	
	Principal	Interest
2015 - 2016	\$ 322,301	\$ 5,242,296
2016 - 2017	1,901,649	5,097,060
2017 - 2018	2,131,891	4,833,648
2018 - 2019	3,705,175	4,452,456
2019 - 2020	4,154,633	4,064,749
2020 - 2025	28,482,915	11,134,627
2025 - 2026	3,312,677	198,761
<b>Total</b>	<b>\$ 44,011,241</b>	<b>\$ 35,023,597</b>

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

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

**1995 Tax Allocation Bonds**

On August 15, 1995, the Ontario Redevelopment Agency issued \$4,041,700 in 1995 Tax Allocation Bonds. The bonds were sold to the Ontario Redevelopment Financing Authority at par plus premium. All proceeds of the 1995 Bonds will be used to finance redevelopment projects related to Project Area #1. The 1995 Bonds were issued on parity with the Agency's existing Project Area #1 1992 and 1993 Tax Allocation Bonds. The 1995 Bonds were issued with an interest rate of 12.00%, provided that the interest rate for the period from August 1, 1995 through July 1, 1996, shall be 10.55% per annum, the interest rate for the period from August 1, 1996 through July 31, 1997, shall be 11.70% per annum, and the interest for the period from August 1, 1997 through July 31, 1999, shall be 11.86% per annum. Interest is paid semi-annually each year and commenced February 1, 1996, until final maturity on August 1, 2025. The balance at June 30, 2015, amounted to \$3,891,659.

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

	1995 Tax Allocation Bonds	
	Principal	Interest
2015 - 2016	\$ 28,499	\$ 485,004
2016 - 2017	168,151	485,004
2017 - 2018	188,509	485,004
2018 - 2019	327,625	485,004
2019 - 2020	367,367	485,004
2020 - 2025	2,518,585	2,425,020
2025 - 2026	292,923	242,502
Total	<u>\$ 3,891,659</u>	<u>\$ 5,092,542</u>

**2002 Refunding Revenue Bonds**

In February 2002, the Ontario Redevelopment Financing Authority issued revenue bonds in the amount of \$35,290,000 to provide funds to concurrently refund on a current basis a portion of the Authority's 1992 Revenue Bonds and certain outstanding tax allocation bonds of the Agency and to finance redevelopment activities within the Agency's Project Area #1, Center City and Cimarron redevelopment projects. The bonds issued at a premium of \$1,702,231, consist of \$17,472,433 capital appreciation bonds maturing annually through 2017 and \$9,795,000 interest bonds with interest payable semiannually on February 1 and August 1, of each year and maturing in 2021. The bonds are secured by a pledge and a lien on a portion of the taxes levied on all taxable property within the related project of the Agency. The outstanding balance at June 30, 2015, amounted to \$8,777,792 and was made up of \$5,403,094 original issue and \$3,374,698 accreted interest. The unamortized bond premium was \$327,673.

CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2015

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

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

	2002 Refunding Revenue Bonds	
	Principal	Interest
2015 - 2016	\$ 3,799,303	\$ 195,013
2016 - 2017	1,834,097	160,363
2017 - 2018	629,392	132,759
2018 - 2019	600,000	105,213
2019 - 2020	630,000	76,000
2019 - 2022	1,285,000	62,581
Total	<u>\$ 8,777,792</u>	<u>\$ 731,929</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, 2015, amounted to \$10,735,978.

At June 30, 2015, the annual requirements to repay the outstanding indebtedness were as follows:

	2002 FNMA Housing Set-Aside Loan	
	Principal	Interest
2015 - 2016	\$ 486,402	\$ 556,117
2016 - 2017	512,181	529,655
2017 - 2018	539,326	501,790
2018 - 2019	567,911	472,448
2019 - 2020	598,010	441,551
2020 - 2025	3,500,429	1,683,852
2025 - 2030	4,531,719	625,232
Total	<u>\$ 10,735,978</u>	<u>\$ 4,810,645</u>

**Advance from City**

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

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

**Debt Service Requirements**

The City pledged, as security for bonds issued, either directly or through the Financing Authority, a portion of tax increment revenue (including Low and Moderate Income Housing set-aside and pass through allocations) that it receives. The bonds issued were to provide financing for various capital projects, accomplish Low and Moderate Income Housing projects and to defease previously issued bonds. Assembly Bill 1X 26 provided that upon dissolution of the Redevelopment Agency, property taxes allocated to redevelopment agencies no longer are deemed tax increment but rather property tax revenues and will be allocated first to successor agencies to make payments on the indebtedness incurred by the dissolved redevelopment agency. Total principal and interest remaining on the debt is \$113,075,383 with annual debt service requirements as indicated on the previous pages. For the current year, the total property tax revenue recognized by the Successor Agency for the payment of obligations incurred by the dissolved redevelopment agency was \$11,622,166 and the debt service obligation on the bonds was \$11,196,658.

**e. Commitments and Contingencies**

On July 1, 2009, the Ontario Redevelopment Agency entered into an Operating Covenant 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. As of June 30, 2015, the Successor Agency had made payments to Staples for the yearly operating covenant payment totaling \$4,500,000.

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

**Note 17: Subsequent Events**

On July 30, 2015, pursuant to a settlement agreement in the context of ongoing court sponsored settlement conferences related to the lawsuit entitled City of Ontario v. City of Los Angeles, et al., the Ontario International Airport Authority ("OIAA"), the City of Los Angeles ("Los Angeles"), including its Board of Airport Commissioners ("BOAC") and Los Angeles World Airports ("LAWA"), and the City of Ontario ("Ontario") agree to cooperate fully to effectuate the transfer of ONT (the "Ontario Airport") to the OIAA and obtain approval from the Federal Aviation Administration (FAA).

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015

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**Note 17: Subsequent Events (Continued)**

The passage of SB107 mandates successor agencies that have an outstanding payments due under a Due Diligence Review (DDR), to pay the balance in full or enter into a payment plan with Department of Finance (DOF) no later than December 31, 2015. Failure to pay the balance in full or enter into a payment plan by this deadline will prohibit a successor agency from ever receiving a finding of completion. Without finding of completion, a successor agency cannot adopt a Long-Range Property Management Plan (LRPMP) for the disposal of properties or take advantage of the abbreviated property disposition process in the new law. Without a finding of completion, a successor agency will never be able to re-enter into loan agreements between the former redevelopment agency and the City. As such, the Ontario Successor Agency and the Housing Successor Agency entered into a stipulation to: (1) pay in protest the amount of \$62,658,432 and still continue the lawsuit with DOF with regards to the DDR transfers, and (2) provide that the Successor Agency is no longer to hold the \$8 million sales and use tax upon payment of the DDR amount. This payment has been accrued as a liability at June 30, 2015.

# **REQUIRED SUPPLEMENTARY INFORMATION**

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### Budgetary Comparison Information

#### General Budget Policies

1. The annual budget adopted by the City Council provides for the general operation of the City. It includes proposed expenditures and the means of financing them.
2. The City Council approves total budgeted appropriations and any amendments to appropriations throughout the year. All amendments made during the year are included in the budgetary amounts reported herein. The "appropriated budget" covers all City expenditures, including capital improvement projects carried forward from the prior year, which is re-appropriated each year. Actual expenditures may not exceed budgeted appropriations at the fund level, which is the legal level of control. The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council.
3. Formal budgetary integration is employed as a management control device during the year. Commitments for materials and services, such as purchase orders and contracts, are recorded as encumbrances to assist in controlling expenditures. Appropriations that are encumbered lapse at year-end and then are added to the following year budgeted appropriations.
4. Budgets for the General, Special Revenue, Capital Projects and Debt Service Funds are adopted on a basis substantially consistent with generally accepted accounting principles (GAAP). Accordingly, actual revenues and expenditures can be compared with related budgeted amounts without any significant reconciling items. Budget comparisons are not presented for the Proprietary Funds, as the City is not legally required to adopt a budget for these type funds.
5. Capital projects are budgeted through the Capital Projects Fund. Appropriations for capital projects authorized, but not constructed or completed during the year, are re-appropriated in the following year's budget.
6. Under Article XIII-B of the California Constitution (the Gann Spending Limitation Initiative), the City is restricted as to the amount of annual appropriations from the proceeds of taxes, and if proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller or returned to the taxpayers through revised tax rates or revised fee schedules, or an excess in one year may be offset by a deficit in the following year. For the fiscal year ended June 30, 2015, based on calculations by City staff, proceeds of taxes did not exceed appropriations.

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



## CITY OF ONTARIO

**BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 YEAR ENDED JUNE 30, 2015**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 126,770,083	\$ 126,770,083	\$ 126,770,083	\$ -
<b>Resources (Inflows):</b>				
Taxes	130,450,000	133,550,000	156,988,002	23,438,002
Licenses and permits	2,070,000	2,070,000	3,283,593	1,213,593
Intergovernmental	601,500	15,646,488	10,614,755	(5,031,733)
Charges for services	9,680,050	11,101,622	11,200,618	98,996
Use of money and property	1,660,690	1,660,690	1,608,547	(52,143)
Fines and forfeitures	1,172,800	1,172,800	1,199,258	26,458
Miscellaneous	2,613,800	2,912,924	4,229,670	1,316,746
Proceeds from sale of capital assets	-	-	87,267	87,267
Transfers in	34,053,536	34,191,002	28,101,171	(6,089,831)
<b>Amounts Available for Appropriations</b>	<b>309,072,459</b>	<b>329,075,609</b>	<b>344,082,964</b>	<b>15,007,355</b>
<b>Charges to Appropriations (Outflow):</b>				
General government				
Mayor and City council	360,373	360,373	322,618	37,755
Planning commissioners	31,240	31,240	20,926	10,314
City treasurer/City clerk	98,152	98,152	83,613	14,539
Records management	914,046	918,771	834,175	84,596
City attorney	889,900	434,900	381,926	52,974
Office of the City manager	1,212,757	1,215,679	1,141,795	73,884
General government	1,083,305	554,822	5,501,374	(4,946,552)
AS administration	1,140,747	1,053,768	771,343	282,425
Fiscal services	1,724,372	1,724,372	1,693,485	30,887
Management services	6,268,578	6,292,367	49,236,696	(42,944,329)
Billing and collection	3,102,003	3,127,038	3,122,529	4,509
Business license	307,067	309,544	304,482	5,062
Central services	321,210	307,940	233,555	74,385
Human Resources	1,654,869	1,740,180	1,740,001	179
Economic development	1,628,061	1,791,157	1,518,715	272,442
Public safety				
Police administration	1,099,058	1,180,058	1,081,444	98,614
Traffic support services	3,489,835	3,489,835	3,470,419	19,416
COPS/Multi enforcement team	5,860,044	5,682,726	5,652,533	30,193
Patrol	29,505,806	29,134,806	29,038,959	95,847
Extra duty - other	477,000	677,713	677,713	-
Canine	1,041,958	1,082,484	1,082,484	-
Air support	2,710,769	3,203,830	3,197,849	5,981
Crime analysis and prevention	771,818	676,379	627,204	49,175
Communications/records	7,612,517	6,302,063	5,853,846	448,217
Personnel recruit & training	1,897,640	2,092,755	2,092,755	-
Detective division	7,388,189	7,388,189	7,357,954	30,235
Narcotics	4,274,201	4,466,576	4,466,576	-
ID/evidence	1,656,995	1,657,115	1,597,113	60,002
Fire administration	786,691	796,691	782,887	13,804
Fire prevention bureau	2,406,332	2,431,332	2,101,810	329,522
Emergency services	32,110,424	32,110,424	32,803,156	(692,732)
Personnel training and development	911,042	911,042	865,084	45,958
E.M.S technical services	1,182,898	1,184,898	1,050,861	134,037
Emergency management	208,125	213,125	195,399	17,726
Operations support services	1,807,650	1,870,964	1,847,017	23,947
Code enforcement admin.	3,337,434	3,195,198	2,721,523	473,675
SWAT	297,678	282,972	270,975	11,997
Office of the police chief	1,992,648	2,268,640	2,268,640	-
Police projects	-	2,617,308	1,408,329	1,208,979
Fire projects	-	1,894,049	1,402,697	491,352
Fire communications	-	676,666	477,084	199,582

## CITY OF ONTARIO

BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED JUNE 30, 2015

(CONTINUED)

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Community development				
Community and public services admin.	\$ 846,742	\$ 846,742	\$ 848,966	\$ (2,224)
Sports/fitness	449,312	429,095	399,998	29,097
Special events/facility rental	313,391	390,248	344,603	45,645
Community programs	1,513,776	1,552,128	1,590,226	(38,098)
Development administration	995,022	995,022	825,531	169,491
Planning administration	608,978	608,978	547,447	61,531
Planning land development	1,837,619	2,586,902	2,079,360	507,542
Advanced long range planning	1,130,080	1,084,560	961,854	122,706
Building	2,854,952	2,866,765	2,800,184	66,581
Engineering administration	289,289	393,018	393,018	-
Engineering land development	1,931,879	2,531,879	2,405,118	126,761
Traffic signal/street lighting	1,898,810	1,991,752	1,990,752	1,000
Traffic	787,026	809,334	809,334	-
Traffic management	130,867	136,187	136,187	-
Field services	628,233	572,395	461,245	111,150
Museum	550,477	555,850	456,505	99,345
Community outreach	1,861,345	1,861,345	1,927,874	(66,529)
Senior services	481,418	492,861	485,096	7,765
Youth/teen services	822,971	821,104	786,965	34,139
Museum projects	-	959	-	959
CIP design administration	20,555	20,555	14,660	5,895
Successor project management	1,282,099	1,209,664	913,670	295,994
Planning projects	300,000	584,318	386,543	197,775
Temp Homeless Services Area	-	-	1,027	(1,027)
Municipal Utility projects	-	75,000	75,000	-
Community & public services projects	-	4,166,031	1,875,660	2,290,371
Engineering projects	-	5,000,000	5,000,000	-
Town Square Park	292,090	266,800	222,674	44,126
Library				
Library administration	744,430	748,230	732,433	15,797
Ovitt Family Community Library	3,118,708	3,135,708	3,066,104	69,604
Branch library	562,002	586,084	547,533	38,551
Library projects	24,000	32,500	22,171	10,329
Public works				
Roadway maintenance	1,376,624	1,376,624	995,867	380,757
Paint striping and sign maintenance	894,783	894,783	705,148	189,635
Sidewalk	1,559,621	1,569,621	1,526,672	42,949
Street lighting maintenance	472,719	472,719	404,713	68,006
Parks and maintenance supervision	592,077	592,077	563,708	28,369
Park maintenance	3,461,759	3,455,880	3,220,090	235,790
Parkway tree trimming	860,377	861,377	855,178	6,199
Public grounds maintenance	2,431,525	2,556,664	2,076,045	480,619
Civic center grounds maintenance	174,538	174,538	164,875	9,663
Municipal services admin.	474,016	474,016	413,781	60,235
Public facilities building maintenance	4,390,635	4,390,635	4,211,523	179,112
Community events	44,740	45,625	38,373	7,252
Graffiti	412,169	412,169	386,443	25,726
Facility maintenance	1,015,790	1,032,790	662,367	370,423
Debt service:				
Principal retirement	-	-	1,410,000	(1,410,000)
Interest and fiscal charges	-	-	1,815,778	(1,815,778)
Transfers out	4,002,500	9,077,628	6,789,668	2,287,960
<b>Total Charges to Appropriations</b>	<b>182,003,376</b>	<b>202,187,301</b>	<b>240,647,511</b>	<b>(38,460,210)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 127,069,083</b>	<b>\$ 126,888,308</b>	<b>\$ 103,435,453</b>	<b>\$ (23,452,855)</b>

CITY OF ONTARIO

BUDGETARY COMPARISON SCHEDULE  
 QUIET HOME PROGRAM  
 YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 57,294,417	\$ 57,294,417	\$ 57,294,417	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	7,568,223	7,568,223	4,397,906	(3,170,317)
Use of money and property	1,000	1,000	3,121	2,121
<b>Amounts Available for Appropriations</b>	<b>64,863,640</b>	<b>64,863,640</b>	<b>61,695,444</b>	<b>(3,168,196)</b>
<b>Charges to Appropriations (Outflow):</b>				
Community development	7,569,223	7,569,223	3,954,679	3,614,544
<b>Total Charges to Appropriations</b>	<b>7,569,223</b>	<b>7,569,223</b>	<b>3,954,679</b>	<b>3,614,544</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 57,294,417</b>	<b>\$ 57,294,417</b>	<b>\$ 57,740,765</b>	<b>\$ 446,348</b>

CITY OF ONTARIO

**BUDGETARY COMPARISON SCHEDULE  
MEASURE I  
YEAR ENDED JUNE 30, 2015**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 4,120,536	\$ 4,120,536	\$ 4,120,536	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	4,544,211	87,125,040	21,852,807	(65,272,233)
Use of money and property	26,000	26,000	41,465	15,465
<b>Amounts Available for Appropriations</b>	<b>8,690,747</b>	<b>91,271,576</b>	<b>26,014,808</b>	<b>(65,256,768)</b>
<b>Charges to Appropriations (Outflow):</b>				
Community development	5,207,305	90,394,425	23,999,897	66,394,528
<b>Total Charges to Appropriations</b>	<b>5,207,305</b>	<b>90,394,425</b>	<b>23,999,897</b>	<b>66,394,528</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 3,483,442</b>	<b>\$ 877,151</b>	<b>\$ 2,014,911</b>	<b>\$ 1,137,760</b>

CITY OF ONTARIO

**BUDGETARY COMPARISON SCHEDULE  
COMMUNITY DEVELOPMENT  
YEAR ENDED JUNE 30, 2015**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 6,446,229	\$ 6,446,229	\$ 6,446,229	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	2,426,498	4,348,048	1,736,284	(2,611,764)
Use of money and property	-	-	175,884	175,884
<b>Amounts Available for Appropriations</b>	<b>8,872,727</b>	<b>10,794,277</b>	<b>8,358,397</b>	<b>(2,435,880)</b>
<b>Charges to Appropriations (Outflow):</b>				
Public safety	177,171	177,171	177,171	-
Community development	1,521,172	2,912,989	1,386,509	1,526,480
Public works	728,155	1,257,888	493,172	764,716
<b>Total Charges to Appropriations</b>	<b>2,426,498</b>	<b>4,348,048</b>	<b>2,056,852</b>	<b>2,291,196</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 6,446,229</b>	<b>\$ 6,446,229</b>	<b>\$ 6,301,545</b>	<b>\$ (144,684)</b>

CITY OF ONTARIO

**BUDGETARY COMPARISON SCHEDULE  
ONTARIO HOUSING AUTHORITY  
YEAR ENDED JUNE 30, 2015**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 43,528,182	\$ 43,528,182	\$ 43,528,182	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	250,000	250,000	-	(250,000)
Use of money and property	699,930	699,930	896,446	196,516
Miscellaneous	-	-	54,862	54,862
<b>Amounts Available for Appropriations</b>	<b>44,478,112</b>	<b>44,478,112</b>	<b>44,479,490</b>	<b>1,378</b>
<b>Charges to Appropriations (Outflow):</b>				
Community development	18,493,429	18,612,784	22,180,895	(3,568,111)
<b>Total Charges to Appropriations</b>	<b>18,493,429</b>	<b>18,612,784</b>	<b>22,180,895</b>	<b>(3,568,111)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 25,984,683</b>	<b>\$ 25,865,328</b>	<b>\$ 22,298,595</b>	<b>\$ (3,566,733)</b>

**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 March, 2015, the City completed a study to update the physical condition assessment of the streets. The prior assessment study was completed in January, 2013. The streets, primarily surfaced with asphalt and concrete, were defined as all physical features associated with the operation of motorized vehicles that exist within the limits of right of way. City owned streets are classified based on land use, access and traffic utilization into the following four classifications: arterial, collector local, and alley. Currently, 50% of the City’s arterial and collectors and 25% of the local streets and alleys are being assessed each year. Each street and its related subsystems were assigned a physical condition based on 17 potential defects. A Pavement Condition Index (PCI), a nationally recognized index, was assigned and expressed in a continuous scale from 0 to 100, where 0 is assigned to the least acceptable physical condition and 100 is assigned the physical characteristics of a new street. The following conditions were defined in the 2010 study:

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

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

**REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)**  
**JUNE 30, 2015**


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**Modified Approach for City Infrastructure Capital Assets (Continued)**

As of March 2015, the City's average street and its related subsystem's PCI rating was 74.7, with the detail condition as follows:

<u>Condition</u>	<u>% of Streets</u>
Excellent to Very Good	75.9%
Good to Fair	22.6%
Poor to Failed	2.5%

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

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

As of March 2015, 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 \$7.0 million on street maintenance for the fiscal year ended June 30, 2015. 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 2016 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, 2015, the City had approximately 114,267,821 square feet (542.6 centerline miles) of streets with a carrying amount of \$310,343,655 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, 2015, the City expended \$5.9 million on infrastructure maintenance for sidewalks, catch basin/storm drains, and traffic signal/street lightings. These expenditures delayed deterioration and improved the overall condition of these infrastructures. It is estimated that it will cost approximately \$6.1 million per year to maintain these other infrastructure assets at their present level as shown on the schedule presented on the next page.



REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)  
 JUNE 30, 2015

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## Modified Approach for City Infrastructure Capital Assets (Continued)

## INFRASTRUCTURE MAINTENANCE

ESTIMATED AND ACTUAL EXPENDITURES  
FIVE YEARS (IN THOUSANDS)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b><u>Streets</u></b>					
Estimated	\$ 12,228	\$ 13,267	\$ 6,195	\$ 11,184	\$ 12,435
Actual	9,181	8,291	6,171	7,049	-
<b><u>Sidewalks</u></b>					
Estimated	1,393	1,414	1,410	1,559	1,600
Actual	1,284	1,346	1,410	1,527	-
<b><u>Storm Drain</u></b>					
Estimated	1,607	1,526	1,310	1,746	1,646
Actual	1,428	1,420	1,428	1,436	-
<b><u>Traffic Signal/Street Lights</u></b>					
Estimated	2,985	2,885	2,308	2,813	2,831
Actual	2,558	2,318	2,280	2,911	-

CITY OF ONTARIO

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

MEASUREMENT PERIOD	<u>2015</u>
<b>TOTAL PENSION LIABILITY</b>	
Service Cost	\$ 6,439,440
Interest	19,741,927
Benefit Payments, Including Refunds of employee Contributions	<u>(11,000,119)</u>
<b>Net Change in Total Pension Liability</b>	<b>15,181,248</b>
<b>Total Pension Liability - Beginning</b>	<b><u>265,506,030</u></b>
<b>Total Pension Liability - Ending (a)</b>	<b><u>\$ 280,687,278</u></b>
<b>PLAN FIDUCIARY NET POSITION</b>	
Contribution - Employer	\$ 4,901,729
Contribution - Employee	2,619,805
Net Investment Income	35,255,810
Benefit Payments, Including Refunds of Employee Contributions	<u>(11,000,119)</u>
<b>Net Change in Fiduciary Net Position</b>	<b>31,777,225</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b><u>203,040,903</u></b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b><u>\$ 234,818,128</u></b>
<b>Plan Net Pension Liability/(Assets) - Ending (a) - (b)</b>	<b><u>\$ 45,869,150</u></b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>83.66%</b>
<b>Covered-Employee Payroll</b>	<b>\$ 38,282,148</b>
<b>Plan Net Pension Liability/(Asset) as a Percentage of Covered-Employee Payroll</b>	<b>119.82%</b>

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

(2) Net of administrative expenses.

**Notes to Schedule:**

Benefit Changes: There were no changes in benefits.

Changes of Assumptions: There were no changes in assumptions.

CITY OF ONTARIO

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

<b>MEASUREMENT PERIOD</b>	<b>2015</b>
<b>TOTAL PENSION LIABILITY</b>	
Service Cost	\$ 6,239,776
Interest	20,403,337
Benefit Payments, Including Refunds of employee Contributions	<u>(11,427,473)</u>
<b>Net Change in Total Pension Liability</b>	<b>15,215,640</b>
<b>Total Pension Liability - Beginning</b>	<b>274,638,342</b>
<b>Total Pension Liability - Ending (a)</b>	<b><u>\$ 289,853,982</u></b>
<b>PLAN FIDUCIARY NET POSITION</b>	
Contribution - Employer	\$ 6,579,735
Contribution - Employee	1,562,761
Net Investment Income	32,668,031
Benefit Payments, Including Refunds of Employee Contributions	<u>(11,427,473)</u>
<b>Net Change in Fiduciary Net Position</b>	<b>29,383,054</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>187,809,183</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b><u>\$ 217,192,237</u></b>
<b>Plan Net Pension Liability/(Assets) - Ending (a) - (b)</b>	<b><u>\$ 72,661,745</u></b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>74.93%</b>
<b>Covered-Employee Payroll</b>	<b>\$ 21,107,423</b>
<b>Plan Net Pension Liability/(Asset) as a Percentage of Covered-Employee Payroll</b>	<b>344.25%</b>

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

(2) Net of administrative expenses.

**Notes to Schedule:**

Benefit Changes: There were no changes in benefits.

Changes of Assumptions: There were no changes in assumptions.

CITY OF ONTARIO

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

<b>MEASUREMENT PERIOD</b>	<b>2015</b>
<b>TOTAL PENSION LIABILITY</b>	
Service Cost	\$ 4,207,185
Interest	15,722,984
Benefit Payments, Including Refunds of employee Contributions	(9,226,093)
<b>Net Change in Total Pension Liability</b>	<b>10,704,076</b>
<b>Total Pension Liability - Beginning</b>	<b>212,149,220</b>
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 222,853,296</b>
<b>PLAN FIDUCIARY NET POSITION</b>	
Contribution - Employer	\$ 4,097,660
Contribution - Employee	1,181,692
Net Investment Income	26,898,837
Benefit Payments, Including Refunds of Employee Contributions	(9,226,093)
<b>Net Change in Fiduciary Net Position</b>	<b>22,952,096</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>155,181,255</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ 178,133,351</b>
<b>Plan Net Pension Liability/(Assets) - Ending (a) - (b)</b>	<b>\$ 44,719,945</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>79.93%</b>
<b>Covered-Employee Payroll</b>	<b>\$ 15,672,135</b>
<b>Plan Net Pension Liability/(Asset) as a Percentage of Covered-Employee Payroll</b>	<b>285.35%</b>

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

(2) Net of administrative expenses.

**Notes to Schedule:**

Benefit Changes: There were no changes in benefits.

Changes of Assumptions: There were no changes in assumptions.

CITY OF ONTARIO

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

	<u>2015</u>
<b><u>Miscellaneous Plan</u></b>	
Actuarially Determined Contribution	\$ 5,932,946
Contribution in Relation to the Actuarially Determined Contribution	(5,932,946)
Contribution Deficiency (Excess)	<u>\$ -</u>
Covered-Employee Payroll (3) (4)	\$ 32,282,148
Contributions as a Percentage of Covered-Employee Payroll (3)	18.38%
<b><u>Safety Police Plan</u></b>	
Actuarially Determined Contribution	\$ 7,869,101
Contribution in Relation to the Actuarially Determined Contribution	(7,869,101)
Contribution Deficiency (Excess)	<u>\$ -</u>
Covered-Employee Payroll (3) (4)	\$ 21,107,423
Contributions as a Percentage of Covered-Employee Payroll (3)	37.28%
<b><u>Safety Fire Plan</u></b>	
Actuarially Determined Contribution	\$ 4,950,167
Contribution in Relation to the Actuarially Determined Contribution	(4,950,167)
Contribution Deficiency (Excess)	<u>\$ -</u>
Covered-Employee Payroll (3) (4)	\$ 15,672,135
Contributions as a Percentage of Covered-Employee Payroll (3)	31.59%

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

**Note to Schedule:**

Valuation Date:	June 30, 2012
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Assets valuation method	Actuarial value of assets
Inflation	2.75%
Salary increases	Varies by entry age and service
Payroll growth	3.00%
Investment rate of return	7.50% net of pension investment and administrative expenses, including inflation.
Retirement age	The probabilities of retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

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## CITY OF ONTARIO

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2015**

	<b>Special Revenue Funds</b>			
	<b>Special Gas Tax</b>	<b>Park Impact / Quimby</b>	<b>Asset Seizure</b>	<b>Mobile Source Air Pollution</b>
<b>Assets:</b>				
Cash and investments	\$ 4,617,567	\$ 8,507,282	\$ 3,884,096	\$ 858,522
Receivables:				
Accounts	-	-	-	54,493
Accrued interest	7,119	15,780	7,411	1,658
Taxes	-	-	-	-
Prepaid costs	49	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
<b>Total Assets</b>	<b>\$ 4,624,735</b>	<b>\$ 8,523,062</b>	<b>\$ 3,891,507</b>	<b>\$ 914,673</b>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 171,630	\$ -	\$ 8,016	\$ 35,680
Accrued liabilities	25,569	-	35,928	268
Deposits payable	-	-	138,029	-
Due to other funds	-	-	-	-
<b>Total Liabilities</b>	<b>197,199</b>	<b>-</b>	<b>181,973</b>	<b>35,948</b>
<b>Fund Balances:</b>				
<b>Nonspendable:</b>				
Prepaid costs	49	-	-	-
<b>Restricted for:</b>				
Community development projects	3,871,147	-	-	-
Public safety	-	-	156,236	-
Police narcotics	-	-	3,356,113	-
AQMD activities	-	-	-	868,725
Public services	-	-	-	-
<b>Committed to:</b>				
City infrastructure	-	8,523,062	-	-
<b>Assigned to:</b>				
Continuing appropriations	556,340	-	197,185	10,000
<b>Unassigned</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Fund Balances</b>	<b>4,427,536</b>	<b>8,523,062</b>	<b>3,709,534</b>	<b>878,725</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 4,624,735</b>	<b>\$ 8,523,062</b>	<b>\$ 3,891,507</b>	<b>\$ 914,673</b>

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2015

(CONTINUED)

	Special Revenue Funds			
	Special Assessment/Fee Districts	Building Safety	Storm Drain Maintenance	Historic Preservation
<b>Assets:</b>				
Cash and investments	\$ 5,004,870	\$ 327,176	\$ 1,050,061	\$ 194,796
Receivables:				
Accounts	551	-	115,111	-
Accrued interest	5,873	-	1,939	376
Taxes	5,646	11,645	-	-
Prepaid costs	8,901	-	33	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
<b>Total Assets</b>	<b>\$ 5,025,841</b>	<b>\$ 338,821</b>	<b>\$ 1,167,144</b>	<b>\$ 195,172</b>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 80,883	\$ 5,864	\$ 36	\$ -
Accrued liabilities	1,112,799	41,525	36,109	-
Deposits payable	-	-	15,876	-
Due to other funds	-	-	-	-
<b>Total Liabilities</b>	<b>1,193,682</b>	<b>47,389</b>	<b>52,021</b>	<b>-</b>
<b>Fund Balances:</b>				
<b>Nonspendable:</b>				
Prepaid costs	8,901	-	33	-
<b>Restricted for:</b>				
Community development projects	3,823,258	291,432	1,115,090	195,172
Public safety	-	-	-	-
Police narcotics	-	-	-	-
AQMD activities	-	-	-	-
Public services	-	-	-	-
<b>Committed to:</b>				
City infrastructure	-	-	-	-
<b>Assigned to:</b>				
Continuing appropriations	-	-	-	-
<b>Unassigned</b>	-	-	-	-
<b>Total Fund Balances</b>	<b>3,832,159</b>	<b>291,432</b>	<b>1,115,123</b>	<b>195,172</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 5,025,841</b>	<b>\$ 338,821</b>	<b>\$ 1,167,144</b>	<b>\$ 195,172</b>



CITY OF ONTARIO

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2015

	Special Revenue Funds			Capital Projects Fund
	NMC Public Services	NMC CFD	OMC CFD	NMC CFD
<b>Assets:</b>				
Cash and investments	\$ 3,681,422	\$ 7	\$ 51,991	\$ 288,339
Receivables:				
Accounts	-	-	-	-
Accrued interest	6,978	32	109	-
Taxes	-	4,495	428	-
Prepaid costs	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
<b>Total Assets</b>	<b>\$ 3,688,400</b>	<b>\$ 4,534</b>	<b>\$ 52,528</b>	<b>\$ 288,339</b>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ 2,072	\$ -	\$ 46,294
Accrued liabilities	-	-	-	-
Deposits payable	-	-	-	241,222
Due to other funds	-	28,263	597	823
<b>Total Liabilities</b>	<b>-</b>	<b>30,335</b>	<b>597</b>	<b>288,339</b>
<b>Fund Balances:</b>				
<b>Nonspendable:</b>				
Prepaid costs	-	-	-	-
<b>Restricted for:</b>				
Community development projects	-	-	-	-
Public safety	-	-	-	-
Police narcotics	-	-	-	-
AQMD activities	-	-	-	-
Public services	3,688,400	-	51,931	-
<b>Committed to:</b>				
City infrastructure	-	-	-	-
<b>Assigned to:</b>				
Continuing appropriations	-	-	-	-
<b>Unassigned</b>	<b>-</b>	<b>(25,801)</b>	<b>-</b>	<b>-</b>
<b>Total Fund Balances</b>	<b>3,688,400</b>	<b>(25,801)</b>	<b>51,931</b>	<b>-</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 3,688,400</b>	<b>\$ 4,534</b>	<b>\$ 52,528</b>	<b>\$ 288,339</b>

CITY OF ONTARIO

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2015

	<u>Capital Projects Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>OMC CFD</u>	
<b>Assets:</b>		
Cash and investments	\$ 124,289	\$ 28,590,418
Receivables:		
Accounts	-	170,155
Accrued interest	-	47,275
Taxes	-	22,214
Prepaid costs	-	8,983
Restricted assets:		
Cash and investments with fiscal agents	9,215	9,215
<b>Total Assets</b>	<b><u>\$ 133,504</u></b>	<b><u>\$ 28,848,260</u></b>
<b>Liabilities and Fund Balances:</b>		
<b>Liabilities:</b>		
Accounts payable	\$ -	\$ 350,475
Accrued liabilities	-	1,252,198
Deposits payable	124,289	519,416
Due to other funds	-	29,683
<b>Total Liabilities</b>	<b><u>124,289</u></b>	<b><u>2,151,772</u></b>
<b>Fund Balances:</b>		
<b>Nonspendable:</b>		
Prepaid costs	-	8,983
<b>Restricted for:</b>		
Community development projects	9,215	9,305,314
Public safety	-	156,236
Police narcotics	-	3,356,113
AQMD activities	-	868,725
Public services	-	3,740,331
<b>Committed to:</b>		
City infrastructure	-	8,523,062
<b>Assigned to:</b>		
Continuing appropriations	-	763,525
<b>Unassigned</b>	<b><u>-</u></b>	<b><u>(25,801)</u></b>
<b>Total Fund Balances</b>	<b><u>9,215</u></b>	<b><u>26,696,488</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 133,504</u></b>	<b><u>\$ 28,848,260</u></b>

## CITY OF ONTARIO

**COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2015**
**Special Revenue Funds**

	<b>Special Gas Tax</b>	<b>Park Impact / Quimby</b>	<b>Asset Seizure</b>	<b>Mobile Source Air Pollution</b>
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	4,390,379	-	669,915	207,673
Charges for services	-	4,348,690	-	-
Use of money and property	32,407	55,299	27,851	6,252
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total Revenues</b>	<b>4,422,786</b>	<b>4,403,989</b>	<b>697,766</b>	<b>213,925</b>
<b>Expenditures:</b>				
Current:				
General government	-	-	-	-
Public safety	-	-	494,816	-
Community development	3,933,551	1,019,144	-	158,947
Public works	-	-	-	-
<b>Total Expenditures</b>	<b>3,933,551</b>	<b>1,019,144</b>	<b>494,816</b>	<b>158,947</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	489,235	3,384,845	202,950	54,978
<b>Other Financing Sources (Uses):</b>				
Transfers out	(1,837,202)	-	-	(13,072)
Transfers in	707,500	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(1,129,702)</b>	<b>-</b>	<b>-</b>	<b>(13,072)</b>
Net Change in Fund Balances	(640,467)	3,384,845	202,950	41,906
Fund Balances, Beginning of Year	5,068,003	5,138,217	3,506,584	836,819
<b>Fund Balances, End of Year</b>	<b>\$ 4,427,536</b>	<b>\$ 8,523,062</b>	<b>\$ 3,709,534</b>	<b>\$ 878,725</b>

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

(CONTINUED)

	<b>Special Revenue Funds</b>			
	<b>Special Assessment/ Fee Districts</b>	<b>Building Safety</b>	<b>Storm Drain Maintenance</b>	<b>Historic Preservation</b>
<b>Revenues:</b>				
Taxes	\$ 1,065,520	\$ -	\$ -	\$ -
Intergovernmental	-	-	6,093	-
Charges for services	-	690,582	1,279,607	-
Use of money and property	23,376	-	7,717	1,350
Fines and forfeitures	-	67,636	1,100	-
Miscellaneous	105,704	-	15,570	-
<b>Total Revenues</b>	<b>1,194,600</b>	<b>758,218</b>	<b>1,310,087</b>	<b>1,350</b>
<b>Expenditures:</b>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community development	351,703	948,946	1,038,264	-
Public works	615,140	-	387,723	-
<b>Total Expenditures</b>	<b>966,843</b>	<b>948,946</b>	<b>1,425,987</b>	<b>-</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	227,757	(190,728)	(115,900)	1,350
<b>Other Financing Sources (Uses):</b>				
Transfers out	(244,987)	(60,828)	-	(125,000)
Transfers in	238,620	-	13,210	-
<b>Total Other Financing Sources (Uses)</b>	<b>(6,367)</b>	<b>(60,828)</b>	<b>13,210</b>	<b>(125,000)</b>
Net Change in Fund Balances	221,390	(251,556)	(102,690)	(123,650)
Fund Balances, Beginning of Year	3,610,769	542,988	1,217,813	318,822
<b>Fund Balances, End of Year</b>	<b>\$ 3,832,159</b>	<b>\$ 291,432</b>	<b>\$ 1,115,123</b>	<b>\$ 195,172</b>

CITY OF ONTARIO

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

	Special Revenue Funds			Capital Projects Fund
	NMC Public Services	NMC CFD	OMC CFD	NMC CFD
<b>Revenues:</b>				
Taxes	\$ -	\$ 503,981	\$ 65,067	\$ -
Intergovernmental	-	-	-	-
Charges for services	228,948	-	-	-
Use of money and property	27,838	(31)	206	-
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total Revenues</b>	<b>256,786</b>	<b>503,950</b>	<b>65,273</b>	<b>-</b>
<b>Expenditures:</b>				
Current:				
General government	-	33,430	2,500	-
Public safety	-	-	-	-
Community development	-	-	-	-
Public works	-	-	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>33,430</b>	<b>2,500</b>	<b>-</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	256,786	470,520	62,773	-
<b>Other Financing Sources (Uses):</b>				
Transfers out	-	(483,608)	(10,580)	-
Transfers in	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>(483,608)</b>	<b>(10,580)</b>	<b>-</b>
Net Change in Fund Balances	256,786	(13,088)	52,193	-
Fund Balances, Beginning of Year	3,431,614	(12,713)	(262)	-
<b>Fund Balances, End of Year</b>	<b>\$ 3,688,400</b>	<b>\$ (25,801)</b>	<b>\$ 51,931</b>	<b>\$ -</b>

CITY OF ONTARIO

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

	<b>Capital Projects Fund</b>	
	<b>OMC CFD</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Revenues:</b>		
Taxes	\$ -	\$ 1,634,568
Intergovernmental	-	5,274,060
Charges for services	-	6,547,827
Use of money and property	-	182,265
Fines and forfeitures	-	68,736
Miscellaneous	-	121,274
<b>Total Revenues</b>	<b>-</b>	<b>13,828,730</b>
<b>Expenditures:</b>		
Current:		
General government	-	35,930
Public safety	-	494,816
Community development	-	7,450,555
Public works	-	1,002,863
<b>Total Expenditures</b>	<b>-</b>	<b>8,984,164</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	4,844,566
<b>Other Financing Sources (Uses):</b>		
Transfers out	-	(2,775,277)
Transfers in	-	959,330
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>(1,815,947)</b>
Net Change in Fund Balances	-	3,028,619
Fund Balances, Beginning of Year	9,215	23,667,869
<b>Fund Balances, End of Year</b>	<b>\$ 9,215</b>	<b>\$ 26,696,488</b>

CITY OF ONTARIO

**BUDGETARY COMPARISON SCHEDULE  
SPECIAL GAS TAX  
YEAR ENDED JUNE 30, 2015**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 5,068,003	\$ 5,068,003	\$ 5,068,003	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	4,269,465	4,666,460	4,390,379	(276,081)
Use of money and property	21,000	21,000	32,407	11,407
Transfers in	707,500	707,500	707,500	-
<b>Amounts Available for Appropriations</b>	<b>10,065,968</b>	<b>10,462,963</b>	<b>10,198,289</b>	<b>(264,674)</b>
<b>Charges to Appropriations (Outflow):</b>				
Community development	3,368,215	6,423,776	3,933,551	2,490,225
Transfers out	2,402,274	2,402,274	1,837,202	565,072
<b>Total Charges to Appropriations</b>	<b>5,770,489</b>	<b>8,826,050</b>	<b>5,770,753</b>	<b>3,055,297</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 4,295,479</b>	<b>\$ 1,636,913</b>	<b>\$ 4,427,536</b>	<b>\$ 2,790,623</b>

CITY OF ONTARIO

**BUDGETARY COMPARISON SCHEDULE  
PARK IMPACT / QUIMBY  
YEAR ENDED JUNE 30, 2015**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 5,138,217	\$ 5,138,217	\$ 5,138,217	\$ -
<b>Resources (Inflows):</b>				
Charges for services	-	-	4,348,690	4,348,690
Use of money and property	50,000	50,000	55,299	5,299
<b>Amounts Available for Appropriations</b>	<b>5,188,217</b>	<b>5,188,217</b>	<b>9,542,206</b>	<b>4,353,989</b>
<b>Charges to Appropriations (Outflow):</b>				
Community development	5,230	1,069,326	1,019,144	50,182
<b>Total Charges to Appropriations</b>	<b>5,230</b>	<b>1,069,326</b>	<b>1,019,144</b>	<b>50,182</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 5,182,987</b>	<b>\$ 4,118,891</b>	<b>\$ 8,523,062</b>	<b>\$ 4,404,171</b>



CITY OF ONTARIO

BUDGETARY COMPARISON SCHEDULE  
 ASSET SEIZURE  
 YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 3,506,584	\$ 3,506,584	\$ 3,506,584	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	-	-	669,915	669,915
Use of money and property	-	-	27,851	27,851
<b>Amounts Available for Appropriations</b>	<b>3,506,584</b>	<b>3,506,584</b>	<b>4,204,350</b>	<b>697,766</b>
<b>Charges to Appropriations (Outflow):</b>				
Public safety	563,287	897,980	494,816	403,164
<b>Total Charges to Appropriations</b>	<b>563,287</b>	<b>897,980</b>	<b>494,816</b>	<b>403,164</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 2,943,297</b>	<b>\$ 2,608,604</b>	<b>\$ 3,709,534</b>	<b>\$ 1,100,930</b>

CITY OF ONTARIO

**BUDGETARY COMPARISON SCHEDULE  
MOBILE SOURCE AIR POLLUTION  
YEAR ENDED JUNE 30, 2015**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 836,819	\$ 836,819	\$ 836,819	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	200,000	200,000	207,673	7,673
Use of money and property	6,000	6,000	6,252	252
<b>Amounts Available for Appropriations</b>	<b>1,042,819</b>	<b>1,042,819</b>	<b>1,050,744</b>	<b>7,925</b>
<b>Charges to Appropriations (Outflow):</b>				
Community development	133,659	401,034	158,947	242,087
Transfers out	12,690	12,690	13,072	(382)
<b>Total Charges to Appropriations</b>	<b>146,349</b>	<b>413,724</b>	<b>172,019</b>	<b>241,705</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 896,470</b>	<b>\$ 629,095</b>	<b>\$ 878,725</b>	<b>\$ 249,630</b>

CITY OF ONTARIO

**BUDGETARY COMPARISON SCHEDULE  
SPECIAL ASSESSMENT/FEE DISTRICTS  
YEAR ENDED JUNE 30, 2015**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 3,610,769	\$ 3,610,769	\$ 3,610,769	\$ -
<b>Resources (Inflows):</b>				
Taxes	1,042,455	1,042,455	1,065,520	23,065
Use of money and property	31,500	31,500	23,376	(8,124)
Miscellaneous	-	-	105,704	105,704
Transfers in	149,000	286,662	238,620	(48,042)
<b>Amounts Available for Appropriations</b>	<b>4,833,724</b>	<b>4,971,386</b>	<b>5,043,989</b>	<b>72,603</b>
<b>Charges to Appropriations (Outflow):</b>				
Community development	552,469	552,469	351,703	200,766
Public works	682,982	682,982	615,140	67,842
Transfers out	249,020	249,020	244,987	4,033
<b>Total Charges to Appropriations</b>	<b>1,484,471</b>	<b>1,484,471</b>	<b>1,211,830</b>	<b>272,641</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 3,349,253</b>	<b>\$ 3,486,915</b>	<b>\$ 3,832,159</b>	<b>\$ 345,244</b>

CITY OF ONTARIO

**BUDGETARY COMPARISON SCHEDULE  
BUILDING SAFETY  
YEAR ENDED JUNE 30, 2015**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 542,988	\$ 542,988	\$ 542,988	\$ -
<b>Resources (Inflows):</b>				
Charges for services	860,000	860,000	690,582	(169,418)
Fines and forfeitures	2,500	2,500	67,636	65,136
<b>Amounts Available for Appropriations</b>	<b>1,405,488</b>	<b>1,405,488</b>	<b>1,301,206</b>	<b>(104,282)</b>
<b>Charges to Appropriations (Outflow):</b>				
Community development	1,167,827	1,170,047	948,946	221,101
Transfers out	58,390	58,390	60,828	(2,438)
<b>Total Charges to Appropriations</b>	<b>1,226,217</b>	<b>1,228,437</b>	<b>1,009,774</b>	<b>218,663</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 179,271</b>	<b>\$ 177,051</b>	<b>\$ 291,432</b>	<b>\$ 114,381</b>

CITY OF ONTARIO

**BUDGETARY COMPARISON SCHEDULE  
STORM DRAIN MAINTENANCE  
YEAR ENDED JUNE 30, 2015**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,217,813	\$ 1,217,813	\$ 1,217,813	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	-	-	6,093	6,093
Charges for services	1,180,000	1,180,000	1,279,607	99,607
Use of money and property	8,000	8,000	7,717	(283)
Fines and forfeitures	-	-	1,100	1,100
Miscellaneous	-	-	15,570	15,570
Transfers in	13,210	13,210	13,210	-
<b>Amounts Available for Appropriations</b>	<b>2,419,023</b>	<b>2,419,023</b>	<b>2,541,110</b>	<b>122,087</b>
<b>Charges to Appropriations (Outflow):</b>				
Community development	1,204,770	1,204,770	1,038,264	166,506
Public works	511,697	511,697	387,723	123,974
<b>Total Charges to Appropriations</b>	<b>1,716,467</b>	<b>1,716,467</b>	<b>1,425,987</b>	<b>290,480</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 702,556</b>	<b>\$ 702,556</b>	<b>\$ 1,115,123</b>	<b>\$ 412,567</b>

CITY OF ONTARIO

BUDGETARY COMPARISON SCHEDULE  
 HISTORIC PRESERVATION  
 YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 318,822	\$ 318,822	\$ 318,822	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	2,370	2,370	1,350	(1,020)
<b>Amounts Available for Appropriations</b>	<b>321,192</b>	<b>321,192</b>	<b>320,172</b>	<b>(1,020)</b>
<b>Charges to Appropriations (Outflow):</b>				
Transfers out	125,000	125,000	125,000	-
<b>Total Charges to Appropriations</b>	<b>125,000</b>	<b>125,000</b>	<b>125,000</b>	<b>-</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 196,192</b>	<b>\$ 196,192</b>	<b>\$ 195,172</b>	<b>\$ (1,020)</b>

CITY OF ONTARIO

**BUDGETARY COMPARISON SCHEDULE  
NMC PUBLIC SERVICES  
YEAR ENDED JUNE 30, 2015**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 3,431,614	\$ 3,431,614	\$ 3,431,614	\$ -
<b>Resources (Inflows):</b>				
Charges for services	-	-	228,948	228,948
Use of money and property	25,610	25,610	27,838	2,228
<b>Amounts Available for Appropriations</b>	<b>3,457,224</b>	<b>3,457,224</b>	<b>3,688,400</b>	<b>231,176</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 3,457,224</b>	<b>\$ 3,457,224</b>	<b>\$ 3,688,400</b>	<b>\$ 231,176</b>

CITY OF ONTARIO

BUDGETARY COMPARISON SCHEDULE  
 NMC CFD  
 YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (12,713)	\$ (12,713)	\$ (12,713)	\$ -
<b>Resources (Inflows):</b>				
Taxes	500,245	500,245	503,981	3,736
Use of money and property	-	-	(31)	(31)
<b>Amounts Available for Appropriations</b>	<b>487,532</b>	<b>487,532</b>	<b>491,237</b>	<b>3,705</b>
<b>Charges to Appropriations (Outflow):</b>				
General government	46,610	46,610	33,430	13,180
Transfers out	453,635	453,635	483,608	(29,973)
<b>Total Charges to Appropriations</b>	<b>500,245</b>	<b>500,245</b>	<b>517,038</b>	<b>(16,793)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ (12,713)</b>	<b>\$ (12,713)</b>	<b>\$ (25,801)</b>	<b>\$ (13,088)</b>



CITY OF ONTARIO

BUDGETARY COMPARISON SCHEDULE  
 OMC CFD  
 YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (262)	\$ (262)	\$ (262)	\$ -
<b>Resources (Inflows):</b>				
Taxes	10,580	10,580	65,067	54,487
Use of money and property	-	-	206	206
<b>Amounts Available for Appropriations</b>	<b>10,318</b>	<b>10,318</b>	<b>65,011</b>	<b>54,693</b>
<b>Charges to Appropriations (Outflow):</b>				
General government	-	-	2,500	(2,500)
Transfers out	10,580	10,580	10,580	-
<b>Total Charges to Appropriations</b>	<b>10,580</b>	<b>10,580</b>	<b>13,080</b>	<b>(2,500)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ (262)</b>	<b>\$ (262)</b>	<b>\$ 51,931</b>	<b>\$ 52,193</b>

## CITY OF ONTARIO

**BUDGETARY COMPARISON SCHEDULE  
 CAPITAL PROJECTS  
 YEAR ENDED JUNE 30, 2015**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 62,266,527	\$ 62,266,527	\$ 62,266,527	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	-	4,135,886	514,413	(3,621,473)
Charges for services	-	-	1,264,009	1,264,009
Use of money and property	13,260	13,260	90,837	77,577
Miscellaneous	-	-	150,364	150,364
Transfers in	633,000	5,433,000	5,796,338	363,338
<b>Amounts Available for Appropriations</b>	<b>62,912,787</b>	<b>71,848,673</b>	<b>70,082,488</b>	<b>(1,766,185)</b>
<b>Charges to Appropriations (Outflow):</b>				
Public safety	507,000	8,985,263	4,994,439	3,990,824
Community development	633,000	19,917,307	4,173,042	15,744,265
<b>Total Charges to Appropriations</b>	<b>1,140,000</b>	<b>28,902,570</b>	<b>9,167,481</b>	<b>19,735,089</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 61,772,787</b>	<b>\$ 42,946,103</b>	<b>\$ 60,915,007</b>	<b>\$ 17,968,904</b>

## CITY OF ONTARIO

**BUDGETARY COMPARISON SCHEDULE  
 IMPACT FEES  
 YEAR ENDED JUNE 30, 2015**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1,	\$ 54,275,712	\$ 54,275,712	\$ 54,275,712	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	-	325,200	-	(325,200)
Charges for services	-	-	21,355,556	21,355,556
Use of money and property	438,315	438,315	509,280	70,965
<b>Amounts Available for Appropriations</b>	<b>54,714,027</b>	<b>55,039,227</b>	<b>76,140,548</b>	<b>21,101,321</b>
<b>Charges to Appropriations (Outflow):</b>				
Public safety	101,000	2,821,459	228,005	2,593,454
Community development	399,248	22,006,883	6,520,423	15,486,460
Public works	12,073,432	22,939,075	1,064,009	21,875,066
<b>Total Charges to Appropriations</b>	<b>12,573,680</b>	<b>47,767,417</b>	<b>7,812,437</b>	<b>39,954,980</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 42,140,347</b>	<b>\$ 7,271,810</b>	<b>\$ 68,328,111</b>	<b>\$ 61,056,301</b>

## CITY OF ONTARIO

**COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS  
JUNE 30, 2015**

	<u>Equipment Services</u>	<u>Self Insurance</u>	<u>Information Technology</u>	<u>Total</u>
<b>Assets:</b>				
Current:				
Cash and investments	\$ 39,570,944	\$ 31,446,391	\$ 31,008,762	\$ 102,026,097
Receivables:				
Accounts	169,363	221,349	-	390,712
Accrued interest	77,519	-	60,462	137,981
Prepaid costs	191	19,121	351,608	370,920
Inventories	612,788	-	-	612,788
Restricted:				
Cash and investments	-	327,826	-	327,826
<b>Total Current Assets</b>	<b>40,430,805</b>	<b>32,014,687</b>	<b>31,420,832</b>	<b>103,866,324</b>
Noncurrent:				
Capital assets - net of accumulated depreciation	16,977,872	-	2,242,870	19,220,742
<b>Total Noncurrent Assets</b>	<b>16,977,872</b>	<b>-</b>	<b>2,242,870</b>	<b>19,220,742</b>
<b>Total Assets</b>	<b>57,408,677</b>	<b>32,014,687</b>	<b>33,663,702</b>	<b>123,087,066</b>
<b>Deferred Outflows of Resources:</b>				
Deferred charge on refunding	248,076	41,732	340,814	630,622
<b>Total Deferred Outflows of Resources</b>	<b>248,076</b>	<b>41,732</b>	<b>340,814</b>	<b>630,622</b>
<b>Total Assets &amp; Deferred     Outflows of Resources</b>	<b>\$ 57,656,753</b>	<b>\$ 32,056,419</b>	<b>\$ 34,004,516</b>	<b>\$ 123,717,688</b>
<b>Liabilities:</b>				
Current:				
Accounts payable	\$ 1,441,467	\$ 254,761	\$ 834,302	\$ 2,530,530
Accrued liabilities	117,583	22,393	170,433	310,409
Accrued compensated absences	11,000	3,000	26,000	40,000
Accrued claims and judgments	-	5,258,000	-	5,258,000
<b>Total Current Liabilities</b>	<b>1,570,050</b>	<b>5,538,154</b>	<b>1,030,735</b>	<b>8,138,939</b>
Noncurrent:				
Accrued compensated absences	123,757	35,173	303,334	462,264
Accrued claims and judgments	-	13,207,220	-	13,207,220
Net pension liability	1,917,936	322,644	2,634,922	4,875,502
<b>Total Noncurrent Liabilities</b>	<b>2,041,693</b>	<b>13,565,037</b>	<b>2,938,256</b>	<b>18,544,986</b>
<b>Total Liabilities</b>	<b>3,611,743</b>	<b>19,103,191</b>	<b>3,968,991</b>	<b>26,683,925</b>
<b>Deferred Inflows of Resources:</b>				
Deferred pension related items	676,529	113,809	929,437	1,719,775
<b>Total Deferred Inflows of Resources</b>	<b>676,529</b>	<b>113,809</b>	<b>929,437</b>	<b>1,719,775</b>
<b>Net Position:</b>				
Investment in capital assets	16,977,872	-	2,242,870	19,220,742
Unrestricted	36,390,609	12,839,419	26,863,218	76,093,246
<b>Total Net Position</b>	<b>53,368,481</b>	<b>12,839,419</b>	<b>29,106,088</b>	<b>95,313,988</b>
<b>Total Liabilities, Deferred Inflows     of Resources and Net Position</b>	<b>\$ 57,656,753</b>	<b>\$ 32,056,419</b>	<b>\$ 34,004,516</b>	<b>\$ 123,717,688</b>

## CITY OF ONTARIO

**COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET POSITION  
INTERNAL SERVICE FUNDS  
YEAR ENDED JUNE 30, 2015**

	<u>Equipment Services</u>	<u>Self Insurance</u>	<u>Information Technology</u>	<u>Total</u>
<b>Operating Revenues:</b>				
Sales and service charges	\$ 11,112,169	\$ 9,263,353	\$ 8,453,272	\$ 28,828,794
Miscellaneous	294,046	-	-	294,046
<b>Total Operating Revenues</b>	<b>11,406,215</b>	<b>9,263,353</b>	<b>8,453,272</b>	<b>29,122,840</b>
<b>Operating Expenses:</b>				
Administration and general	3,207,337	2,370,489	4,042,739	9,620,565
Source of supply	4,116,156	-	3,849,921	7,966,077
Claims expense	-	4,981,344	-	4,981,344
Depreciation expense	3,332,674	-	796,628	4,129,302
<b>Total Operating Expenses</b>	<b>10,656,167</b>	<b>7,351,833</b>	<b>8,689,288</b>	<b>26,697,288</b>
Operating Income (Loss)	750,048	1,911,520	(236,016)	2,425,552
<b>Nonoperating Revenues (Expenses):</b>				
Interest revenue	310,975	7,842	245,009	563,826
<b>Total Nonoperating Revenues (Expenses)</b>	<b>310,975</b>	<b>7,842</b>	<b>245,009</b>	<b>563,826</b>
Income (Loss) Before Transfers	1,061,023	1,919,362	8,993	2,989,378
Transfers in	-	-	124,000	124,000
Transfers out	-	(1,813,406)	(840,000)	(2,653,406)
Changes in Net Position	<u>\$ 1,061,023</u>	<u>\$ 105,956</u>	<u>\$ (707,007)</u>	<u>\$ 459,972</u>
<b>Net Position:</b>				
Beginning of year, as originally reported	\$ 54,920,392	\$ 13,138,364	\$ 33,166,416	\$ 101,225,172
Restatements	(2,612,934)	(404,901)	(3,353,321)	(6,371,156)
Beginning of fiscal year, as restated	52,307,458	12,733,463	29,813,095	94,854,016
Changes in net position	1,061,023	105,956	(707,007)	459,972
<b>End of Fiscal Year</b>	<b><u>\$ 53,368,481</u></b>	<b><u>\$ 12,839,419</u></b>	<b><u>\$ 29,106,088</u></b>	<b><u>\$ 95,313,988</u></b>

## CITY OF ONTARIO

**COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
YEAR ENDED JUNE 30, 2015**

	<b>Equipment Services</b>	<b>Self Insurance</b>	<b>Information Technology</b>	<b>Total</b>
<b>Cash Flows from Operating Activities:</b>				
Cash received from customers and users	\$ 11,294,147	\$ 9,042,004	\$ 8,453,272	\$ 28,789,423
Cash paid to suppliers for goods and services	(3,155,921)	(3,896,899)	(3,917,836)	(10,970,656)
Cash paid to employees for services	(3,233,725)	(2,377,021)	(4,027,057)	(9,637,803)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>4,904,501</b>	<b>2,768,084</b>	<b>508,379</b>	<b>8,180,964</b>
<b>Cash Flows from Non-Capital Financing Activities:</b>				
Cash transfers in	-	-	124,000	124,000
Cash transfers out	-	(1,813,406)	(840,000)	(2,653,406)
<b>Net Cash Provided (Used) by Non-Capital Financing Activities</b>	<b>-</b>	<b>(1,813,406)</b>	<b>(716,000)</b>	<b>(2,529,406)</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Acquisition and construction of capital assets	(3,544,301)	-	(1,167,845)	(4,712,146)
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(3,544,301)</b>	<b>-</b>	<b>(1,167,845)</b>	<b>(4,712,146)</b>
<b>Cash Flows from Investing Activities:</b>				
Interest received	310,455	7,842	249,409	567,706
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>310,455</b>	<b>7,842</b>	<b>249,409</b>	<b>567,706</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>1,670,655</b>	<b>962,520</b>	<b>(1,126,057)</b>	<b>1,507,118</b>
Cash and Cash Equivalents at Beginning of Year	37,900,289	30,811,697	32,134,819	100,846,805
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 39,570,944</b>	<b>\$ 31,774,217</b>	<b>\$ 31,008,762</b>	<b>\$ 102,353,923</b>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>				
Operating income (loss)	\$ 750,048	\$ 1,911,520	\$ (236,016)	\$ 2,425,552
<b>Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:</b>				
Depreciation	3,332,674	-	796,628	4,129,302
(Increase) decrease in accounts receivable	(112,068)	(221,349)	-	(333,417)
(Increase) decrease in prepaid expense	(87)	(17,684)	(231,039)	(248,810)
(Increase) decrease in inventories	7,075	-	-	7,075
Increase (decrease) in accounts payable	953,247	(494,160)	163,124	622,211
Increase (decrease) in accrued liabilities	17,348	5,234	38,698	61,280
Increase (decrease) in claims and judgments	-	1,596,289	-	1,596,289
Increase (decrease) in compensated absences	16,785	(1,586)	60,129	75,328
Increase (decrease) in net pension liability	(60,521)	(10,180)	(83,145)	(153,846)
<b>Total Adjustments</b>	<b>4,154,453</b>	<b>856,564</b>	<b>744,395</b>	<b>5,755,412</b>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 4,904,501</b>	<b>\$ 2,768,084</b>	<b>\$ 508,379</b>	<b>\$ 8,180,964</b>

**Non-Cash Investing, Capital, and Financing Activities:**

During fiscal year 2014-2015, there was no noncash investing, capital or financing activities.

CITY OF ONTARIO

COMBINING STATEMENT OF NET POSITION  
 ALL AGENCY FUNDS  
 JUNE 30, 2015

	Redevelopment Financing Authority	West End Communications Authority	Assessment District 106 Bond Redemption	Sanitary Collection Treatment
<b>Assets:</b>				
Cash and investments	\$ 48,161	\$ 967,967	\$ 925,329	\$ 8,196,255
Receivables:				
Accounts	-	-	-	15,455
Taxes	-	-	-	-
Accrued interest	106	1,866	1,842	-
Prepaid costs	-	-	-	-
Other investments	155,360,205	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	1,008,002	-	446,881	-
<b>Total Assets</b>	<b><u>\$ 156,416,474</u></b>	<b><u>\$ 969,833</u></b>	<b><u>\$ 1,374,052</u></b>	<b><u>\$ 8,211,710</u></b>
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other governments	156,416,474	969,833	-	8,211,710
Due to external parties/other agencies	-	-	1,374,052	-
Available for other post employment benefits	-	-	-	-
<b>Total Liabilities</b>	<b><u>\$ 156,416,474</u></b>	<b><u>\$ 969,833</u></b>	<b><u>\$ 1,374,052</u></b>	<b><u>\$ 8,211,710</u></b>

COMBINING STATEMENT OF NET POSITION  
 ALL AGENCY FUNDS  
 JUNE 30, 2015

(CONTINUED)

	Reassessment Bond Redemption	Assessment District 100C Bond Redemption	Assessment District 103 Bond Redemption	Assessment District 104 Bond Redemption
<b>Assets:</b>				
Cash and investments	\$ 575,965	\$ 42,732	\$ 181,731	\$ 52,647
Receivables:				
Accounts	-	-	-	-
Taxes	-	-	-	-
Accrued interest	1,110	82	350	101
Prepaid costs	-	-	-	-
Other investments	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
<b>Total Assets</b>	<b>\$ 577,075</b>	<b>\$ 42,814</b>	<b>\$ 182,081</b>	<b>\$ 52,748</b>
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other governments	-	-	-	-
Due to external parties/other agencies	577,075	42,814	182,081	52,748
Available for other post employment benefits	-	-	-	-
<b>Total Liabilities</b>	<b>\$ 577,075</b>	<b>\$ 42,814</b>	<b>\$ 182,081</b>	<b>\$ 52,748</b>



## CITY OF ONTARIO

**COMBINING STATEMENT OF NET POSITION  
 ALL AGENCY FUNDS  
 JUNE 30, 2015**

	<b>Assessment District 108 Bond Redemption</b>	<b>Assessment District 107 Bond Redemption</b>	<b>West End Fire and Emergency Response Commission</b>	<b>Community Facility District No.5 Debt Service</b>
<b>Assets:</b>				
Cash and investments	\$ 1,167,993	\$ 135,232	\$ 349,312	\$ 1,292,034
Receivables:				
Accounts	-	-	-	-
Taxes	5,651	-	-	5,839
Accrued interest	2,323	261	694	2,532
Prepaid costs	-	-	-	-
Other investments	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	1,368,214	-	-	1,048,123
<b>Total Assets</b>	<b>\$ 2,544,181</b>	<b>\$ 135,493</b>	<b>\$ 350,006</b>	<b>\$ 2,348,528</b>
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ -	\$ 10,450	\$ 68
Due to other governments	-	-	339,556	-
Due to external parties/other agencies	2,544,181	135,493	-	2,348,460
Available for other post employment benefits	-	-	-	-
<b>Total Liabilities</b>	<b>\$ 2,544,181</b>	<b>\$ 135,493</b>	<b>\$ 350,006</b>	<b>\$ 2,348,528</b>

CITY OF ONTARIO

COMBINING STATEMENT OF NET POSITION  
ALL AGENCY FUNDS  
JUNE 30, 2015

	Community Facility District No. 13 Debt Service	Other Post Employment Benefits	Total
<b>Assets:</b>			
Cash and investments	\$ 582,689	\$ 78,502,096	\$ 93,020,143
Receivables:			
Accounts	-	303,544	318,999
Taxes	-	-	11,490
Accrued interest	1,145	139,349	151,761
Prepaid costs	-	195,167	195,167
Other investments	-	26,927,989	182,288,194
Restricted assets:			
Cash and investments with fiscal agents	340,651	-	4,211,871
<b>Total Assets</b>	<b>\$ 924,485</b>	<b>\$ 106,068,145</b>	<b>\$ 280,197,625</b>
<b>Liabilities:</b>			
Accounts payable	\$ -	\$ 703	\$ 11,221
Due to other governments	-	-	165,937,573
Due to external parties/other agencies	924,485	-	8,181,389
Available for other post employment benefits	-	106,067,442	106,067,442
<b>Total Liabilities</b>	<b>\$ 924,485</b>	<b>\$ 106,068,145</b>	<b>\$ 280,197,625</b>

## CITY OF ONTARIO

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 ALL AGENCY FUNDS  
 YEAR ENDED JUNE 30, 2015**

	<u>Balance 7/1/2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/2015</u>
<b><u>Redevelopment Financing Authority</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 47,780	\$ 32,412,086	\$ 32,411,705	\$ 48,161
Receivables:				
Accrued interest	111	106	111	106
Other investments	161,633,227	970,111	7,243,133	155,360,205
Restricted assets:				
Cash and investments with fiscal agents	968,983	10,326,136	10,287,117	1,008,002
<b>Total Assets</b>	<b><u>\$ 162,650,101</u></b>	<b><u>\$ 43,708,439</u></b>	<b><u>\$ 49,942,066</u></b>	<b><u>\$ 156,416,474</u></b>
<b>Liabilities:</b>				
Due to other governments	\$ 162,650,101	\$ 80,936,001	\$ 87,169,628	\$ 156,416,474
<b>Total Liabilities</b>	<b><u>\$ 162,650,101</u></b>	<b><u>\$ 80,936,001</u></b>	<b><u>\$ 87,169,628</u></b>	<b><u>\$ 156,416,474</u></b>
<b><u>West End Communications Authority</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 970,447	\$ 8,995	\$ 11,475	\$ 967,967
Receivables:				
Accrued interest	1,980	1,866	1,980	1,866
<b>Total Assets</b>	<b><u>\$ 972,427</u></b>	<b><u>\$ 10,861</u></b>	<b><u>\$ 13,455</u></b>	<b><u>\$ 969,833</u></b>
<b>Liabilities:</b>				
Due to other governments	\$ 972,427	\$ 30,199	\$ 32,793	\$ 969,833
Available for other post employment benefits	-	-	-	-
<b>Total Liabilities</b>	<b><u>\$ 972,427</u></b>	<b><u>\$ 30,199</u></b>	<b><u>\$ 32,793</u></b>	<b><u>\$ 969,833</u></b>
<b><u>Assessment District 106 Bond Redemption</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 932,732	\$ 444,540	\$ 451,943	\$ 925,329
Receivables:				
Accrued interest	1,931	1,842	1,931	1,842
Restricted assets:				
Cash and investments with fiscal agents	446,864	17	-	446,881
<b>Total Assets</b>	<b><u>\$ 1,381,527</u></b>	<b><u>\$ 446,399</u></b>	<b><u>\$ 453,874</u></b>	<b><u>\$ 1,374,052</u></b>
<b>Liabilities:</b>				
Due to external parties/other agencies	\$ 1,381,527	\$ 871,216	\$ 878,691	\$ 1,374,052
<b>Total Liabilities</b>	<b><u>\$ 1,381,527</u></b>	<b><u>\$ 871,216</u></b>	<b><u>\$ 878,691</u></b>	<b><u>\$ 1,374,052</u></b>
<b><u>Sanitary Collection Treatment</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 4,996,278	\$ 4,857,688	\$ 1,657,711	\$ 8,196,255
Receivables:				
Accounts	15,455	15,455	15,455	15,455
<b>Total Assets</b>	<b><u>\$ 5,011,733</u></b>	<b><u>\$ 4,873,143</u></b>	<b><u>\$ 1,673,166</u></b>	<b><u>\$ 8,211,710</u></b>
<b>Liabilities:</b>				
Accounts payable	\$ 1,075,788	\$ 1,638,057	\$ 2,713,845	\$ -
Due to other governments	3,935,945	5,948,931	1,673,166	8,211,710
<b>Total Liabilities</b>	<b><u>\$ 5,011,733</u></b>	<b><u>\$ 7,586,988</u></b>	<b><u>\$ 4,387,011</u></b>	<b><u>\$ 8,211,710</u></b>

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 ALL AGENCY FUNDS  
 YEAR ENDED JUNE 30, 2015

(Continued)

	Balance 7/1/2014	Additions	Deductions	Balance 6/30/2015
<b><u>Reassessment Bond Redemption</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 571,414	\$ 5,329	\$ 778	\$ 575,965
Receivables:				
Accrued interest	1,165	1,110	1,165	1,110
<b>Total Assets</b>	<b>\$ 572,579</b>	<b>\$ 6,439</b>	<b>\$ 1,943</b>	<b>\$ 577,075</b>
<b>Liabilities:</b>				
Due to external parties/other agencies	\$ 572,579	\$ 8,165	\$ 3,669	\$ 577,075
<b>Total Liabilities</b>	<b>\$ 572,579</b>	<b>\$ 8,165</b>	<b>\$ 3,669</b>	<b>\$ 577,075</b>
<b><u>Assessment District 100C Bond Redemption</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 42,394	\$ 395	\$ 57	\$ 42,732
Receivables:				
Accrued interest	86	82	86	82
<b>Total Assets</b>	<b>\$ 42,480</b>	<b>\$ 477</b>	<b>\$ 143</b>	<b>\$ 42,814</b>
<b>Liabilities:</b>				
Due to external parties/other agencies	\$ 42,480	\$ 606	\$ 272	\$ 42,814
<b>Total Liabilities</b>	<b>\$ 42,480</b>	<b>\$ 606</b>	<b>\$ 272</b>	<b>\$ 42,814</b>
<b><u>Assessment District 103 Bond Redemption</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 180,295	\$ 1,681	\$ 245	\$ 181,731
Receivables:				
Accrued interest	369	350	369	350
<b>Total Assets</b>	<b>\$ 180,664</b>	<b>\$ 2,031</b>	<b>\$ 614</b>	<b>\$ 182,081</b>
<b>Liabilities:</b>				
Due to external parties/other agencies	\$ 180,664	\$ 2,576	\$ 1,159	\$ 182,081
<b>Total Liabilities</b>	<b>\$ 180,664</b>	<b>\$ 2,576</b>	<b>\$ 1,159</b>	<b>\$ 182,081</b>
<b><u>Assessment District 104 Bond Redemption</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 52,232	\$ 487	\$ 72	\$ 52,647
Receivables:				
Accrued interest	105	101	105	101
<b>Total Assets</b>	<b>\$ 52,337</b>	<b>\$ 588</b>	<b>\$ 177</b>	<b>\$ 52,748</b>
<b>Liabilities:</b>				
Due to external parties/other agencies	\$ 52,337	\$ 746	\$ 335	\$ 52,748
<b>Total Liabilities</b>	<b>\$ 52,337</b>	<b>\$ 746</b>	<b>\$ 335</b>	<b>\$ 52,748</b>

## CITY OF ONTARIO

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 ALL AGENCY FUNDS  
 YEAR ENDED JUNE 30, 2015**

	<u>Balance 7/1/2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/2015</u>
<b><u>Assessment District 108 Bond Redemption</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 1,160,134	\$ 1,262,675	\$ 1,254,816	\$ 1,167,993
Receivables:				
Taxes	1,723	5,651	1,723	5,651
Accrued interest	2,425	2,324	2,426	2,323
Restricted assets:				
Cash and investments with fiscal agents	1,368,161	53	-	1,368,214
<b>Total Assets</b>	<b><u>\$ 2,532,443</u></b>	<b><u>\$ 1,270,703</u></b>	<b><u>\$ 1,258,965</u></b>	<b><u>\$ 2,544,181</u></b>
<b>Liabilities:</b>				
Due to external parties/other agencies	\$ 2,532,443	\$ 1,271,638	\$ 1,259,900	\$ 2,544,181
<b>Total Liabilities</b>	<b><u>\$ 2,532,443</u></b>	<b><u>\$ 1,271,638</u></b>	<b><u>\$ 1,259,900</u></b>	<b><u>\$ 2,544,181</u></b>
<b><u>Assessment District 107 Bond Redemption</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 134,164	\$ 1,251	\$ 183	\$ 135,232
Receivables:				
Accrued interest	274	261	274	261
<b>Total Assets</b>	<b><u>\$ 134,438</u></b>	<b><u>\$ 1,512</u></b>	<b><u>\$ 457</u></b>	<b><u>\$ 135,493</u></b>
<b>Liabilities:</b>				
Due to external parties/other agencies	\$ 134,438	\$ 1,916	\$ 861	\$ 135,493
<b>Total Liabilities</b>	<b><u>\$ 134,438</u></b>	<b><u>\$ 1,916</u></b>	<b><u>\$ 861</u></b>	<b><u>\$ 135,493</u></b>
<b><u>West End Fire and Emergency Response Commission</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 319,457	\$ 53,274	\$ 23,419	\$ 349,312
Accrued interest	685	694	685	694
Prepaid costs	5,858	-	5,858	-
<b>Total Assets</b>	<b><u>\$ 326,000</u></b>	<b><u>\$ 53,968</u></b>	<b><u>\$ 29,962</u></b>	<b><u>\$ 350,006</u></b>
<b>Liabilities:</b>				
Accounts payable	\$ 5,081	\$ 17,806	\$ 12,437	\$ 10,450
Due to other governments	320,919	61,778	43,141	339,556
<b>Total Liabilities</b>	<b><u>\$ 326,000</u></b>	<b><u>\$ 79,584</u></b>	<b><u>\$ 55,578</u></b>	<b><u>\$ 350,006</u></b>

## CITY OF ONTARIO

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 ALL AGENCY FUNDS  
 YEAR ENDED JUNE 30, 2015**

(Continued)

	<u>Balance 7/1/2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/2015</u>
<b><u>Community Facility District No.5 Debt Service</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 1,499,842	\$ 778,596	\$ 986,404	\$ 1,292,034
Receivables:				
Taxes	401	5,839	401	5,839
Accrued interest	3,097	2,532	3,097	2,532
Restricted assets:				
Cash and investments with fiscal agents	1,048,295	62,513	62,685	1,048,123
<b>Total Assets</b>	<b><u>\$ 2,551,635</u></b>	<b><u>\$ 849,480</u></b>	<b><u>\$ 1,052,587</u></b>	<b><u>\$ 2,348,528</u></b>
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ 1,026,213	\$ 1,026,145	\$ 68
Due to external parties/other agencies	2,551,635	1,849,046	2,052,221	2,348,460
<b>Total Liabilities</b>	<b><u>\$ 2,551,635</u></b>	<b><u>\$ 2,875,259</u></b>	<b><u>\$ 3,078,366</u></b>	<b><u>\$ 2,348,528</u></b>
<b><u>Community Facility District No. 13 Debt Service</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 542,240	\$ 387,291	\$ 346,842	\$ 582,689
Receivables:				
Accrued interest	1,126	1,145	1,126	1,145
Restricted assets:				
Cash and investments with fiscal agents	340,638	13	-	340,651
<b>Total Assets</b>	<b><u>\$ 884,004</u></b>	<b><u>\$ 388,449</u></b>	<b><u>\$ 347,968</u></b>	<b><u>\$ 924,485</u></b>
<b>Liabilities:</b>				
Due to external parties/other agencies	\$ 884,004	\$ 390,000	\$ 349,519	\$ 924,485
<b>Total Liabilities</b>	<b><u>\$ 884,004</u></b>	<b><u>\$ 390,000</u></b>	<b><u>\$ 349,519</u></b>	<b><u>\$ 924,485</u></b>
<b><u>Other Post Employment Benefits</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 67,592,291	\$ 15,442,048	\$ 4,532,243	\$ 78,502,096
Receivables:				
Accounts	71,461	348,744	116,661	303,544
Accrued interest	131,195	139,350	131,196	139,349
Prepaid costs	282,820	195,167	282,820	195,167
Other investments	26,927,989			26,927,989
<b>Total Assets</b>	<b><u>\$ 95,005,756</u></b>	<b><u>\$ 16,125,309</u></b>	<b><u>\$ 5,062,920</u></b>	<b><u>\$ 106,068,145</u></b>
<b>Liabilities:</b>				
Accounts payable	\$ 1,291	\$ 4,137,553	\$ 4,138,141	\$ 703
Available for other post employment benefits	95,004,465	15,703,326	4,640,349	106,067,442
<b>Total Liabilities</b>	<b><u>\$ 95,005,756</u></b>	<b><u>\$ 19,840,879</u></b>	<b><u>\$ 8,778,490</u></b>	<b><u>\$ 106,068,145</u></b>

## CITY OF ONTARIO

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 ALL AGENCY FUNDS  
 YEAR ENDED JUNE 30, 2015**

	<b>Balance 7/1/2014</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance 6/30/2015</b>
<b>Totals - All Agency Funds</b>				
<b>Assets:</b>				
Cash and investments	\$ 79,041,700	\$ 55,656,336	\$ 41,677,893	\$ 93,020,143
Receivables:				
Accounts	86,916	364,199	132,116	318,999
Taxes	2,124	11,490	2,124	11,490
Accrued interest	144,549	151,763	144,551	151,761
Prepaid costs	288,678	195,167	288,678	195,167
Other investments	188,561,216	970,111	7,243,133	182,288,194
Restricted assets:				
Cash and investments with fiscal agents	4,172,941	10,388,732	10,349,802	4,211,871
<b>Total Assets</b>	<b>\$ 272,298,124</b>	<b>\$ 67,737,798</b>	<b>\$ 59,838,297</b>	<b>\$ 280,197,625</b>
<b>Liabilities:</b>				
Accounts payable	\$ 1,082,160	\$ 6,819,629	\$ 7,890,568	\$ 11,221
Due to other governments	167,879,392	86,976,909	88,918,728	165,937,573
Due to external parties/other agencies	8,332,107	4,395,909	4,546,627	8,181,389
Available for other post employment benefits	95,004,465	15,703,326	4,640,349	106,067,442
<b>Total Liabilities</b>	<b>\$ 272,298,124</b>	<b>\$ 113,895,773</b>	<b>\$ 105,996,272</b>	<b>\$ 280,197,625</b>

*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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**Demographic and Economic Information**

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

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities										
Net investment in capital assets	\$ 555,454,727	\$ 582,408,788	\$ 646,348,259	\$ 697,130,716	\$ 705,173,228	\$ 704,218,787	\$ 821,632,336	\$ 830,764,191	\$ 812,874,736	\$ 838,484,374
Restricted	235,407,092	324,612,962	294,221,349	270,086,388	260,692,006	243,017,889	216,270,766	216,149,880	254,103,989	240,480,450
Unrestricted	100,365,953	100,909,316	82,652,762	104,930,518	120,831,755	135,744,173	127,864,653	128,154,505	137,590,247	(71,964,548)
Total governmental activities net position	<u>\$ 891,227,772</u>	<u>\$ 1,007,931,066</u>	<u>\$ 1,023,222,370</u>	<u>\$ 1,072,147,622</u>	<u>\$ 1,086,696,989</u>	<u>\$ 1,082,980,849</u>	<u>\$ 1,165,767,755</u>	<u>\$ 1,175,068,576</u>	<u>\$ 1,204,568,972</u>	<u>\$ 1,007,000,276</u>
Business-type activities										
Net investment in capital assets	\$ 100,001,461	\$ 76,791,514	\$ 94,728,569	\$ 132,549,162	\$ 133,931,846	\$ 136,609,773	\$ 140,007,920	\$ 152,493,698	\$ 143,574,879	\$ 140,873,539
Restricted	25,352,801	21,040,157	8,375,108	12,035,268	4,000,553	4,185,546	4,267,828	4,270,391	10,578,881	5,289,769
Unrestricted	42,630,813	95,502,060	127,928,871	131,682,493	174,631,011	201,923,905	223,743,456	240,354,654	273,069,164	271,397,325
Total business-type activities net position	<u>\$ 167,985,075</u>	<u>\$ 193,333,731</u>	<u>\$ 231,032,548</u>	<u>\$ 276,266,923</u>	<u>\$ 312,563,410</u>	<u>\$ 342,719,224</u>	<u>\$ 368,019,204</u>	<u>\$ 397,118,743</u>	<u>\$ 427,222,924</u>	<u>\$ 417,560,633</u>
Primary government										
Net investment in capital assets	\$ 655,456,188	\$ 659,200,302	\$ 741,076,828	\$ 829,679,878	\$ 839,105,074	\$ 840,828,560	\$ 961,640,256	\$ 983,257,889	\$ 956,449,615	\$ 979,357,913
Restricted	260,759,893	345,653,119	302,596,457	282,121,656	264,692,559	247,203,435	220,538,594	220,420,271	264,682,870	245,770,219
Unrestricted	142,996,766	196,411,376	210,581,633	236,613,011	295,462,766	337,668,078	351,608,109	368,509,159	410,659,411	199,432,777
Total primary government net position	<u>\$ 1,059,212,847</u>	<u>\$ 1,201,264,797</u>	<u>\$ 1,254,254,918</u>	<u>\$ 1,348,414,545</u>	<u>\$ 1,399,260,399</u>	<u>\$ 1,425,700,073</u>	<u>\$ 1,533,786,959</u>	<u>\$ 1,572,187,319</u>	<u>\$ 1,631,791,896</u>	<u>\$ 1,424,560,909</u>

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Expenses</b>										
Governmental activities:										
General government	\$ 46,891,843	\$ 36,573,422	\$ 41,866,159	\$ 36,950,147	\$ 52,786,433	\$ 56,951,330	\$ 64,330,936	\$ 34,081,969	\$ 28,982,239	\$ 81,855,829
Public safety	81,691,441	83,998,192	93,857,650	99,580,479	100,024,583	103,472,190	107,848,353	103,814,741	110,981,159	121,981,375
Community development	49,137,773	49,070,134	65,645,808	54,580,626	52,553,241	39,888,900	47,088,876	45,485,896	41,524,328	62,623,670
Library	4,422,800	2,795,396	4,377,237	4,219,081	4,408,926	4,363,701	3,764,564	3,745,405	4,602,190	4,542,196
Public works	11,530,391	33,550,596	34,089,222	8,688,268	13,892,857	23,165,874	21,371,492	18,519,391	25,092,721	23,852,377
Interest on long-term debt	13,955,705	12,402,162	13,592,070	14,146,879	14,619,649	14,514,729	13,740,250	1,880,787	3,017,116	1,786,957
Total governmental activities expenses	207,629,953	218,389,902	253,428,146	218,165,480	238,285,689	242,356,724	258,144,471	207,528,189	214,199,753	296,642,404
Business-type activities:										
Water	29,936,424	31,434,855	29,546,787	27,854,314	24,622,694	31,052,190	28,986,963	21,485,576	30,814,880	54,841,770
Sewer	12,779,813	8,906,357	10,583,454	10,270,538	10,883,888	11,008,579	11,766,599	13,167,026	16,136,421	17,047,306
Waste	22,723,516	22,417,370	22,381,564	21,791,770	20,554,087	21,296,114	21,309,485	21,664,001	23,164,916	23,877,028
Total business-type activities expenses	65,439,753	62,758,582	62,511,805	59,916,622	56,060,669	63,356,883	62,063,047	56,316,603	70,116,217	95,766,104
Total primary government expenses	\$ 273,069,706	\$ 281,148,484	\$ 315,939,951	\$ 278,082,102	\$ 294,346,358	\$ 305,713,607	\$ 320,207,518	\$ 263,844,792	\$ 284,315,970	\$ 392,408,508
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 2,167,719	\$ 2,405,392	\$ 3,178,919	\$ 1,542,584	\$ 296,079	\$ 269,874	\$ 294,873	\$ 379,325	\$ 445,079	\$ 1,641,300
Public safety	3,052,620	3,982,037	2,889,309	4,008,540	4,407,085	4,554,954	4,077,684	4,166,801	3,824,528	3,757,586
Community development	10,955,059	17,075,558	27,303,604	8,184,489	8,389,198	8,043,168	16,231,379	14,780,312	25,244,830	35,769,080
Library	113,472	122,699	139,762	259,285	160,853	147,610	143,055	124,581	121,043	155,962
Public works	-	-	-	-	-	-	-	47,931	-	-
Operating contributions and grants	24,790,731	14,359,349	15,603,655	14,629,676	15,103,061	15,606,700	15,311,536	7,859,746	12,081,691	15,015,783
Capital contributions and grants	31,066,474	76,508,279	25,854,354	26,218,115	19,910,072	18,851,354	47,080,485	23,737,443	33,842,540	37,210,682
Total governmental activities program revenues	72,146,075	114,453,314	74,969,603	54,842,689	48,266,348	47,473,660	83,186,943	51,048,208	75,559,711	93,550,393
Business-type activities:										
Charges for services:										
Water	31,061,134	36,415,703	40,742,157	46,201,981	45,766,917	51,174,737	51,434,727	58,276,359	63,193,036	67,342,593
Sewer	11,787,568	13,803,439	15,638,977	16,914,590	17,816,960	18,274,955	20,410,854	20,479,875	21,484,811	21,986,463
Waste	27,679,931	31,442,422	32,802,198	32,647,449	31,366,983	30,777,779	29,825,989	29,905,739	30,332,538	31,742,051
Operating grants and contributions	162,497	110,719	258,545	52,324	122,409	6,338,128	290,724	100,546	145,881	539,519
Capital grants and contributions	-	-	17,849,846	-	-	-	-	2,405,396	6,642,816	1,329,404
Total business-type activities program revenues	70,691,130	81,772,283	107,291,723	95,816,344	95,073,269	106,565,599	101,962,294	111,167,915	121,799,082	122,940,030
Total primary government program revenues	\$ 142,837,205	\$ 196,225,597	\$ 182,261,326	\$ 150,659,033	\$ 143,339,617	\$ 154,039,259	\$ 185,149,237	\$ 162,216,123	\$ 197,358,793	\$ 216,490,423
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (135,483,878)	\$ (103,936,588)	\$ (178,458,543)	\$ (163,322,791)	\$ (190,019,341)	\$ (194,883,064)	\$ (174,957,528)	\$ (156,479,981)	\$ (138,640,042)	\$ (203,092,011)
Business-type activities	5,251,377	19,013,701	44,779,918	35,899,722	39,012,600	43,208,716	39,899,247	54,851,312	51,682,865	27,173,926
Total primary government net expense	\$ (130,232,501)	\$ (84,922,887)	\$ (133,678,625)	\$ (127,423,069)	\$ (151,006,741)	\$ (151,674,348)	\$ (135,058,281)	\$ (101,628,669)	\$ (86,957,177)	\$ (175,918,085)

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes:										
Property taxes - general purpose	\$ 70,964,804	\$ 77,084,582	\$ 88,994,013	\$ 91,075,881	\$ 95,049,840	\$ 88,030,394	\$ 66,733,840	\$ 45,700,153	\$ 45,144,867	\$ 48,695,469
Transient occupancy taxes	11,068,749	11,013,014	11,025,406	9,367,537	8,398,053	8,790,219	9,148,976	9,731,382	10,614,156	12,057,576
Sales taxes	63,445,795	61,385,360	65,468,807	48,921,819	54,729,792	56,390,363	61,362,958	67,150,866	67,509,611	78,969,699
Franchise taxes	2,337,806	2,561,379	2,696,335	3,162,639	2,741,116	2,879,831	2,897,780	3,047,369	3,251,592	3,476,151
Business licenses taxes	5,206,797	5,595,149	5,767,540	5,550,779	5,170,173	5,496,576	5,610,738	6,078,094	6,405,595	6,825,185
Other taxes	14,838,058	14,485,983	8,253,930	4,794,681	4,013,628	4,072,860	4,566,791	5,274,601	3,700,067	4,073,788
Intergovernmental, unrestricted:										
Motor vehicle in lieu	577,775	1,016,916	765,679	590,224	510,057	883,460	89,471	74,047	-	71,526
Use of money and property	8,949,418	18,691,740	25,240,383	16,869,840	16,662,291	10,267,816	10,082,524	979,899	5,174,360	3,755,010
Other	13,266,178	33,299,211	7,464,170	10,012,883	9,071,587	7,404,868	6,407,829	3,866,279	4,414,323	2,656,703
Gain on sale of capital asset	-	-	-	-	-	-	-	1,000,000	-	87,267
Extraordinary gain on dissolution of RDA	-	-	-	-	-	-	72,762,201	-	-	-
Transfers	13,891,361	12,381,811	12,269,273	(4,651,984)	8,222,171	15,672,612	18,081,326	25,526,208	21,925,867	22,762,488
Total governmental activities	204,546,741	237,515,145	227,945,536	185,694,299	204,568,708	199,888,999	257,744,434	168,428,898	168,140,438	183,430,862
Business-type activities:										
Use of money and property	2,551,362	4,692,482	5,248,880	4,682,669	3,520,038	2,611,942	3,474,268	308,392	1,604,534	1,435,511
Other	2,940,955	4,360,322	-	-	-	7,768	7,791	17,237	23,416	105,193
Transfers	(13,891,361)	(12,381,811)	(12,329,981)	4,651,984	(8,222,171)	(15,672,612)	(18,081,326)	(25,526,208)	(21,925,867)	(22,762,488)
Total business-type activities	(8,399,044)	(3,329,007)	(7,081,101)	9,334,653	(4,702,133)	(13,052,902)	(14,599,267)	(25,200,579)	(20,297,917)	(21,221,784)
Total primary government	\$ 196,147,697	\$ 234,186,138	\$ 220,864,435	\$ 195,028,952	\$ 199,866,575	\$ 186,836,097	\$ 243,145,167	\$ 143,228,319	\$ 147,842,521	\$ 162,209,078
<b>Change in Net Position</b>										
Governmental activities	\$ 69,062,863	\$ 133,578,557	\$ 49,486,993	\$ 22,371,508	\$ 14,549,367	\$ 5,005,935	\$ 82,786,906	\$ 11,948,917	\$ 29,500,396	\$ (19,661,149)
Business-type activities	(3,147,667)	15,684,694	37,698,817	45,234,375	34,310,467	30,155,814	25,299,980	29,650,733	31,384,948	5,952,142
Total primary government	\$ 65,915,196	\$ 149,263,251	\$ 87,185,810	\$ 67,605,883	\$ 48,859,834	\$ 35,161,749	\$ 108,086,886	\$ 41,599,650	\$ 60,885,344	\$ (13,709,007)

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Revenues</b>										
Taxes	\$ 160,212,875	\$ 168,045,333	\$ 180,125,455	\$ 167,152,205	\$ 166,935,715	\$ 165,671,667	\$ 150,044,804	\$ 136,108,925	\$ 134,423,681	\$ 158,622,570
Licenses and permits	2,802,140	3,077,713	2,745,841	1,344,689	1,455,692	1,563,722	1,639,061	1,805,849	2,199,674	3,283,593
Intergovernmental	39,149,116	38,815,828	38,237,360	33,475,335	30,382,203	32,763,572	37,725,923	27,864,489	39,695,371	44,390,225
Charges for services	32,161,431	70,405,497	30,901,234	10,850,659	11,618,059	10,123,695	17,697,037	16,108,550	25,895,011	40,368,010
Use of money and property	7,459,982	21,361,232	22,094,462	12,406,158	9,038,266	8,614,113	17,707,695	1,533,296	3,906,235	3,507,845
Fines and forfeitures	1,243,200	1,628,664	1,555,938	1,679,130	1,312,115	1,318,369	1,202,716	1,298,235	1,134,395	1,267,994
Contributions from property owners	-	-	-	3,887,060	1,719,084	314,000	-	-	-	-
Miscellaneous	17,701,314	38,854,280	8,910,669	11,499,201	10,484,644	8,741,044	30,081,850	6,408,027	7,062,253	4,556,170
<b>Total Revenues</b>	<b>260,730,058</b>	<b>342,188,547</b>	<b>284,570,959</b>	<b>242,294,437</b>	<b>232,945,778</b>	<b>229,110,182</b>	<b>256,099,086</b>	<b>191,127,371</b>	<b>214,316,620</b>	<b>255,996,407</b>
<b>Expenditures</b>										
Current:										
General government	46,664,029	32,363,072	34,054,015	25,940,539	25,731,003	33,220,115	51,424,202	22,926,658	16,565,106	66,943,163
Public safety	80,070,884	87,796,439	99,449,853	101,562,349	101,743,831	103,296,429	110,958,962	106,934,164	114,109,242	120,286,742
Community development	61,499,015	82,665,039	140,914,334	113,840,713	64,139,983	71,571,514	53,503,162	52,081,393	58,988,089	98,405,497
Library	4,050,405	4,096,171	4,072,044	4,063,682	4,084,426	3,974,567	4,049,363	4,077,037	4,196,204	4,368,241
Public works	23,804,817	34,282,333	37,353,238	19,227,003	15,547,113	16,164,629	20,642,548	18,851,564	17,231,048	18,784,827
Debt service:										
Principal retirement	5,450,309	5,226,752	5,288,739	5,891,298	5,767,047	5,849,785	25,255,023	1,290,000	1,350,000	1,410,000
Interest and fiscal charges	11,671,330	10,481,955	10,967,002	12,642,105	13,042,482	13,227,758	16,318,551	1,931,758	1,876,513	1,815,778
Bond issuance costs	-	-	857,247	-	-	-	-	-	965,190	-
Pass-through agreement payments	3,360,364	4,455,381	7,737,612	5,533,228	5,832,700	5,911,331	2,634,157	-	-	-
<b>Total Expenditures</b>	<b>236,571,153</b>	<b>261,367,142</b>	<b>340,694,084</b>	<b>288,700,917</b>	<b>235,888,585</b>	<b>253,216,128</b>	<b>284,785,968</b>	<b>208,092,574</b>	<b>215,281,392</b>	<b>312,014,248</b>
Excess (deficiency) of revenues over (under) expenditures	24,158,905	80,821,405	(56,123,125)	(46,406,480)	(2,942,807)	(24,105,946)	(28,686,882)	(16,965,203)	(964,772)	(56,017,841)

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Other Financing Sources (Uses)</b>										
Transfers in	56,891,273	72,178,081	58,742,988	42,761,972	46,401,468	39,422,158	68,493,176	37,357,867	34,628,235	34,856,839
Transfers out	(42,946,642)	(59,904,099)	(46,856,913)	(30,049,115)	(31,938,128)	(23,545,610)	(49,661,850)	(12,209,848)	(17,288,068)	(9,564,945)
Long-term debt issued	-	-	37,535,000	-	-	-	-	-	33,390,000	-
Bond Discount	-	-	-	-	-	-	-	-	(380,848)	-
Gain (loss) on sale of assets	-	-	440,617	-	-	-	-	-	4,551	87,267
Proceeds from sale of capital equipment	-	-	-	-	-	-	-	1,000,000	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>13,944,631</b>	<b>12,273,982</b>	<b>49,861,692</b>	<b>12,712,857</b>	<b>(1,931,522)</b>	<b>15,876,548</b>	<b>18,831,326</b>	<b>26,148,019</b>	<b>50,353,870</b>	<b>25,379,161</b>
Extraordinary gain/(loss) on dissolution of redevelopment agency	-	-	-	-	-	-	(5,225,859)	-	-	-
<b>Net change in fund balances</b>	<b>\$ 38,103,536</b>	<b>\$ 93,095,387</b>	<b>\$ (6,261,433)</b>	<b>\$ (33,693,623)</b>	<b>\$ (4,874,329)</b>	<b>\$ (8,229,398)</b>	<b>\$ (15,081,415)</b>	<b>\$ 9,182,816</b>	<b>\$ 49,389,098</b>	<b>\$ (30,638,680)</b>
<b>Total Current Expenditures</b>	<b>\$ 236,571,153</b>	<b>\$ 261,367,142</b>	<b>\$ 340,694,084</b>	<b>\$ 288,700,917</b>	<b>\$ 235,888,585</b>	<b>\$ 253,216,128</b>	<b>\$ 284,785,968</b>	<b>\$ 208,092,574</b>	<b>\$ 215,281,392</b>	<b>\$ 312,014,248</b>
Less: Capital outlay	(28,687,456)	(44,713,839)	(94,401,317)	(64,193,377)	(25,380,201)	(28,242,375)	(20,629,670)	(22,072,081)	(29,585,954)	(41,745,591)
<b>Total Non-Capital Expenditures</b>	<b>\$ 207,883,697</b>	<b>\$ 216,653,303</b>	<b>\$ 246,292,767</b>	<b>\$ 224,507,540</b>	<b>\$ 210,508,384</b>	<b>\$ 224,973,753</b>	<b>\$ 264,156,298</b>	<b>\$ 186,020,493</b>	<b>\$ 185,695,438</b>	<b>\$ 270,268,657</b>
<b>Total Debt Service Expenditures</b>	<b>\$ 17,121,639</b>	<b>\$ 15,708,707</b>	<b>\$ 16,255,741</b>	<b>\$ 18,533,403</b>	<b>\$ 18,809,529</b>	<b>\$ 19,077,543</b>	<b>\$ 41,573,574</b>	<b>\$ 3,221,758</b>	<b>\$ 3,226,513</b>	<b>\$ 3,225,778</b>
Debt service as a percentage of non-capital expenditures	8.2%	7.3%	6.6%	8.3%	8.9%	8.5%	15.7%	1.7%	1.7%	1.2%

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Reserved	\$ 22,255,872	\$ 19,375,419	\$ 13,625,169	\$ 15,576,453	\$ 14,268,790	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	68,713,905	70,563,181	78,056,275	70,919,119	76,746,835	-	-	-	-	-
Nonspendable	-	-	-	-	-	12,712,698	3,730,345	3,869,157	4,911,968	3,785,154
Restricted	-	-	-	-	-	398,047	403,914	408,576	412,411	415,723
Committed	-	-	-	-	-	44,429,493	41,613,880	42,685,082	43,817,117	42,436,574
Assigned	-	-	-	-	-	33,062,541	58,426,392	64,892,830	77,628,587	56,798,002
Unassigned	-	-	-	-	-	-	-	-	-	-
Total General Fund	<u>\$ 90,969,777</u>	<u>\$ 89,938,600</u>	<u>\$ 91,681,444</u>	<u>\$ 86,495,572</u>	<u>\$ 91,015,625</u>	<u>\$ 90,602,779</u>	<u>\$ 104,174,531</u>	<u>\$ 111,855,645</u>	<u>\$ 126,770,083</u>	<u>\$ 103,435,453</u>
All Other Governmental Funds										
Reserved	\$ 150,812,635	\$ 222,774,135	\$ 209,906,550	\$ 134,952,208	\$ 154,980,840	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	8,779,811	18,540,822	19,523,748	25,069,564	16,293,863	-	-	-	-	-
Capital project funds	62,643,481	62,201,510	57,460,304	87,314,009	74,559,493	-	-	-	-	-
Debt service funds	(777,387)	11,740,681	13,449,217	22,750,607	14,857,810	-	-	-	-	-
Nonspendable	-	-	-	-	-	123,135,004	105,361,843	107,297,677	108,638,002	108,436,971
Restricted	-	-	-	-	-	83,617,857	53,187,901	46,333,050	46,603,397	30,597,699
Committed	-	-	-	-	-	45,687,149	54,286,462	64,646,487	82,201,933	102,233,386
Assigned	-	-	-	-	-	1,558,488	2,664,225	3,462,343	14,169,115	5,653,602
Unassigned	-	-	-	-	-	(9,845,119)	(219)	(4,614,745)	(12,975)	(2,626,236)
Total All Other Governmental Funds	<u>\$ 221,458,540</u>	<u>\$ 315,257,148</u>	<u>\$ 300,339,819</u>	<u>\$ 270,086,388</u>	<u>\$ 260,692,006</u>	<u>\$ 244,153,379</u>	<u>\$ 215,500,212</u>	<u>\$ 217,124,812</u>	<u>\$ 251,599,472</u>	<u>\$ 244,295,422</u>
Grand Total Governmental Funds	<u>\$ 312,428,317</u>	<u>\$ 405,195,748</u>	<u>\$ 392,021,263</u>	<u>\$ 356,581,960</u>	<u>\$ 351,707,631</u>	<u>\$ 334,756,158</u>	<u>\$ 319,674,743</u>	<u>\$ 328,980,457</u>	<u>\$ 378,369,555</u>	<u>\$ 347,730,875</u>

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



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

Fiscal Year Ended June 30	City			Taxable Assessed Value	Redevelopment Agency		Taxable Assessed Value	Total Direct Tax Rate <sup>a</sup>
	Secured	Unsecured	Less: Exemptions		Secured	Unsecured		
2006	9,452,251	1,494,847	(115,154)	10,831,944	2,827,674	727,732	3,555,406	1.0056
2007	10,691,323	1,410,250	(115,154)	11,986,419	3,217,342	729,945	3,947,287	1.0050
2008	11,864,394	1,663,422	(113,948)	13,413,868	3,716,428	923,354	4,639,782	1.0048
2009	12,487,975	1,906,125	(114,675)	14,279,425	4,064,864	878,794	4,943,658	1.0046
2010	12,224,682	1,914,746	(114,806)	14,024,622	4,211,063	936,974	5,148,037	1.0046
2011	11,851,209	1,854,606	(114,659)	13,591,156	4,260,662	834,052	5,094,714	1.0037
2012	11,997,380	1,792,402	(113,832)	13,675,950	4,021,157	763,987	4,785,144	1.0041
2013	12,065,269	1,788,106	(112,198)	13,741,177	3,999,768	737,016	4,736,784	1.0039
2014	12,465,751	1,758,596	(110,182)	14,114,165	4,137,730	774,208	4,911,938	1.0035
2015	12,413,859	2,552,384	(108,252)	14,857,991	4,295,948	786,273	5,082,221	1.0035

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.

<sup>a</sup> See Schedule 6 for Total Direct Tax Rate information.

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

Fiscal Year Ended June 30	City Direct Rates			Overlapping Rates		
	Basic Rate	Redevelopment Debt Service	Total Direct Tax Rate	County	School Districts	Metropolitan Water District
2006	-	1.0056	1.0056	1.0000	0.0874	0.0052
2007	-	1.0050	1.0050	1.0000	0.0675	0.0047
2008	-	1.0048	1.0048	1.0000	0.0640	0.0045
2009	-	1.0046	1.0046	1.0000	0.0648	0.0043
2010	-	1.0046	1.0046	1.0000	0.0577	0.0043
2011	-	1.0037	1.0037	1.0000	0.0619	0.0037
2012	-	1.0041	1.0041	1.0000	0.0704	0.0037
2013	-	1.0039	1.0039	1.0000	0.0635	0.0035
2014	-	1.0035	1.0035	1.0000	0.0641	0.0035
2015	-	1.0035	1.0035	1.0000	0.0822	0.0035

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

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

Taxpayer	2015		2005	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Ontario Mills Limited Partnership	\$ 370,956,391	2.13%	\$ 203,198,273	1.56%
Pro Logis California I LLC	231,404,208	1.33%	136,573,432	1.05%
Catellus Operating LP / Catellus Finance I LLC	216,766,955	1.25%	57,669,266	0.44%
Comref So Ca Industrial Sub A&F LLC	132,830,535	0.76%		
Majestic CCC IV, Partners	127,104,500	0.73%	111,780,272	0.86%
UPS Worldwide Forwarding Inc.	122,806,173	0.71%	269,892,407	2.07%
Vogel Properties Inc.	94,464,155	0.54%		
Camden Landmark LLC	90,296,393	0.52%		
ML Casa III LP	88,770,140	0.51%		
Teachers Insurance & Annuity Association of America	80,214,747	0.46%		
EJC Ontario Gateway West LLC	72,319,820	0.42%	63,527,126	0.49%
SVF Safari LLC	65,566,300	0.38%		
Craig Development Corporation	64,735,863	0.37%		
Majestic -Airport Partners	63,592,351	0.37%		
Marlboro Land Company Inc.	60,000,101	0.35%		
Shea Center Ontario	59,849,734	0.34%		
KTR IE Two LLC	59,177,035	0.34%		
GRE Empire Towers LP	58,805,276	0.34%		
Toyota Motor Sales USA Inc.	55,770,000	0.32%		
Brookcal Ontario LLC	53,835,367	0.31%		
Southwest Airlines Company, Inc			101,381,461	0.78%
Kaiser Foundation Hospitals			79,587,432	0.61%
Great Springs Water of America			79,208,922	0.61%
Inland Paperboard Packaging			60,982,723	0.47%
	<u>\$ 2,169,266,044</u>	<u>12.48%</u>	<u>\$ 1,163,801,314</u>	<u>8.94%</u>

Source: California Municipal Statistics, Inc.

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

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent Years <sup>a</sup>	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2006	\$ 18,767,438	\$ 18,663,312	99.45%	n/a	\$ 18,663,312	99.45%
2007	20,731,782	20,496,709	98.87%	n/a	20,496,709	98.87%
2008	23,191,120	22,533,906	97.17%	n/a	22,533,906	97.17%
2009	24,751,328	23,056,214	93.15%	n/a	23,056,214	93.15%
2010	24,264,694	22,720,878	93.64%	n/a	22,720,878	93.64%
2011	23,607,260	21,801,016	92.35%	n/a	21,801,016	92.35%
2012	23,917,413	21,383,058	89.40%	n/a	21,383,058	89.40%
2013	24,076,262	23,273,372	96.67%	n/a	23,273,372	96.67%
2014	24,858,740	24,110,333	96.99%	n/a	24,110,333	96.99%
2015	25,868,724	25,576,407	98.87%	n/a	25,576,407	98.87%

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.

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

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

Category	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Office equipment	\$ 555,888	\$ 653,295	\$ 675,124	\$ 685,757	\$ 692,228	\$ 764,021	\$ 790,406	\$ 848,863	\$ 916,406	\$ 1,118,614
Auto sales	1,152,326	1,062,907	885,919	582,338	622,759	732,112	882,210	978,188	1,132,510	1,214,873
Service stations/energy sales	600,597	625,312	723,602	615,277	588,807	685,861	658,672	812,603	816,695	709,271
Light/heavy industry	520,129	567,628	542,308	541,230	511,619	564,152	603,125	693,342	824,853	907,426
General merchandise	499,733	498,494	482,982	422,406	411,433	458,344	420,131	491,763	560,303	614,627
Building materials	844,874	774,074	577,804	465,555	368,744	388,292	422,640	459,970	496,844	507,281
Health & Government	246,350	261,265	282,235	315,470	322,201	309,879	362,715	330,244	163,782	168,820
Apparel stores	256,918	274,116	287,888	269,466	309,438	358,461	378,550	429,524	471,204	503,062
Restaurants	319,894	343,646	342,979	313,985	285,495	300,089	315,645	319,415	347,526	380,213
Furniture/appliances	383,806	302,670	336,952	226,668	205,183	188,634	131,780	251,330	251,352	274,580
Leasing	188,391	180,738	167,990	138,673	134,176	125,627	136,115	139,515	160,475	177,686
Other	230,555	242,658	341,157	295,532	291,504	179,590	431,190	158,115	161,810	175,403
<b>Total</b>	<b>\$ 5,799,462</b>	<b>\$ 5,786,804</b>	<b>\$ 5,646,939</b>	<b>\$ 4,872,355</b>	<b>\$ 4,743,587</b>	<b>\$ 5,055,062</b>	<b>\$ 5,533,179</b>	<b>\$ 5,912,872</b>	<b>\$ 6,303,760</b>	<b>\$ 6,751,856</b>
City direct sales tax rate	-	-	-	-	-	-	-	-	-	-

Source: MuniServices, LLC

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

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

Ended June 30	City Direct Rate	County Transportation Authority Rate	San Bernardino County Rate	State Rate
2005	-	0.50%	1.00%	6.25%
2006	-	0.50%	1.00%	6.25%
2007	-	0.50%	1.00%	6.25%
2008	-	0.50%	1.00%	6.25%
2009	-	0.50%	1.00%	7.25%
2010	-	0.50%	1.00%	7.25%
2011	-	0.50%	1.00%	7.25%
2012	-	0.50%	1.00%	6.25%
2013	-	0.50%	1.00%	6.50%
2014	-	0.50%	1.00%	6.50%
2015	-	0.50%	1.00%	6.50%

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

Note: The Bradley-Burns Uniform Local Sales and Use Tax Law was enacted in 1955. The law authorized counties to impose sales and use tax. Effective January 1, 1962, all counties within the State of California have adopted ordinances for the Board of Equalization to collect the local tax. Local tax rate for the San Bernardino County has been 1.00% since July 1, 2004.

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

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

Economic Category	Fiscal Year 2015				Fiscal Year 2005			
	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
General retail	2,101	41.04%	\$ 11,980	17.38%	2,368	43.18%	\$ 8,363	16.39%
Food products	676	13.21%	5,090	7.38%	699	12.75%	4,566	8.95%
Transportation	564	11.02%	20,256	29.39%	601	10.96%	15,140	29.67%
Construction	235	4.59%	5,073	7.36%	245	4.47%	7,150	14.01%
Business to business	1,175	22.95%	24,774	35.94%	1,231	22.45%	13,543	26.54%
Miscellaneous	368	7.19%	1,754	2.55%	340	6.20%	2,262	4.43%
	<u>5,119</u>	<u>100.00%</u>	<u>\$ 68,927</u>	<u>100.00%</u>	<u>5,484</u>	<u>100.00%</u>	<u>\$ 51,024</u>	<u>100.00%</u>

Source: MuniServices, LLC

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

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

Fiscal Year Ended June 30	Governmental Activities						Business-type Activities			Total Primary Government	Percentage of Personal Income <sup>d</sup>	Per Capita
	General Obligation Bonds	Tax Allocation Bonds	Revenue Bonds	Loans	Capital Leases	Total Governmental Activities	Term Loan	Certificates of Participation	Total Business-type Activities			
2006	31,667	63,133	18,295	14,148	-	127,242	-	51,890	51,890	179,132	6.38%	1,050
2007	30,760	60,681	18,582	13,842	-	123,865	-	50,930	50,930	174,795	5.92%	1,017
2008 <sup>b</sup>	67,800	58,046	18,908	13,520	-	158,273	-	49,945	49,945	208,218	7.11%	1,207
2009	66,285	55,139	19,277	13,181	-	153,882	-	48,920	48,920	202,802	6.20%	1,173
2010	64,935	52,150	19,696	12,824	-	149,606	-	47,860	47,860	197,466	5.72%	1,205
2011	63,546	48,965	20,166	12,449	-	145,126	-	46,760	46,760	191,886	7.99%	1,164
2012 <sup>c</sup>	41,736	-	-	-	-	41,736	-	45,615	45,615	87,350	3.63%	527
2013	40,417	-	-	-	-	40,417	-	44,425	44,425	84,842	3.66%	508
2014 <sup>e</sup>	72,067	-	-	-	-	72,067	-	74,808	74,808	146,875	4.82%	877
2015	70,647	-	-	-	-	70,647	-	73,488	73,488	144,136	4.73%	852

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

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

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

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

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

e The City issued \$74.545 million in Water Revenue Bonds



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

Fiscal Year Ended June 30	General Bonded Debt Outstanding				Percentage of Assessed Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Redevelopment Bonds		Total		
		Tax Allocation Bonds	Revenue Bonds			
2006	31,667	63,133	18,295	113,095	0.79%	663.20
2007	30,760	60,681	18,582	110,023	0.75%	640.31
2008	67,800	58,046	18,908	144,754	0.88%	839.00
2009	66,285	55,139	19,277	140,701	0.81%	813.73
2010	64,935	52,150	19,696	136,782	0.79%	783.69
2011	63,546	48,965	20,166	132,677	0.78%	804.90
2012	<sup>c</sup> 41,736	-	-	41,736	0.25%	251.74
2013	40,417	-	-	40,417	0.24%	242.21
2014	72,067	-	-	72,067	0.41%	430.55
2015	70,647	-	-	70,647	0.40%	417.81

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

a Assessed value has been used because the actual value of taxable property is not readily available.

See Schedule 5 for assessed property value data.

b See Schedule 17 for population data.

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

**City of Ontario**  
**Direct and Overlapping Governmental Activities Debt**  
**As of June 30, 2011**  
*(dollars in thousands)*

City Assessed Valuation	\$ 19,940,211,880
Redevelopment Agency Incremental Valuation	5,082,220,863
Total Assessed Valuation	<u>\$ 25,022,432,743</u> *

\*Does not include deduction of the homeowner's exception of \$108,252

	Outstanding Debt 06/30/2014	Percentage Applicable <sup>a</sup>	Est. Share of Overlapping Debt 06/30/2014
Overlapping Debt Repaid with Property Taxes:			
Metropolitan Water District	\$ 110,420,000	0.861%	\$ 950,716
Chaffey Community College District	153,151,539	22.183%	33,973,606
Chino Valley Unified School District	128,418,434	5.236%	6,723,989
Chaffey Union High School District	318,851,255	38.921%	124,100,097
Mountain View School District	54,970	99.962%	54,949
Ontario-Montclair School District	49,013,187	70.395%	34,502,833
Mountain View School District School Facilities Improvement District No. 1	12,755,675	99.958%	12,750,318
Mountain View School District CFD No. 1997-1	829,000	100.000%	829,000
Ontario Community Facilities District No. 5	2,610,000	100.000%	2,610,000
Ontario Community Facilities District No. 13	4,195,000	100.000%	4,195,000
City of Ontario 1915 Act Bonds	7,920,000	100.000%	7,920,000
Total overlapping debt repaid with property taxes	<u>788,219,060</u>		<u>228,610,508</u>
Overlapping General Fund Debt:			
San Bernardino County General Fund Obligations	470,135,000	11.164%	52,485,871
San Bernardino County Pension Obligations	445,796,704	11.164%	49,768,744
San Bernardino County Flood Control District GF Obligation	97,230,000	11.164%	10,854,757
Chaffey Community College District Certificates of Participation	11,515,666	22.183%	2,554,520
Chino Valley Unified School District Certificates of Participation	16,600,000	5.236%	869,176
Cucamonga School District Certificate of Participation	9,270,000	51.547%	4,778,407
City of Ontario General Fund Obligations	70,647,000	100.000%	70,647,000
West Valley Vector Control District Certificate of Participation	3,130,000	30.565%	956,685
Total overlapping general fund debt	<u>1,124,324,370</u>		<u>192,915,160</u>
Overlapping Tax Increment Debt (Successor Agency):	\$ 53,305,994	100.00%	\$ 53,305,993
Total overlapping debt	<u>\$ 1,912,543,430</u>		421,525,668
City direct debt			70,647,000
Total direct and overlapping debt			<u>\$492,172,668</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.*

<sup>a</sup> *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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Assessed valuation <sup>a</sup>	\$ 10,831,944	\$ 11,871,265	\$ 13,299,919	\$ 14,051,556	\$ 13,909,816	\$ 13,476,497	\$ 13,562,118	\$ 13,741,177	\$ 14,114,165	\$ 14,857,991
Conversion percentage <sup>b</sup>	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Adjusted assessed valuation	2,707,986	2,967,816	3,324,980	3,512,889	3,477,454	3,369,124	3,390,530	3,435,294	3,528,541	3,714,498
Debt limit percentage <sup>c</sup>	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Debt limit	406,198	445,172	498,747	526,933	521,618	505,369	508,579	515,294	529,281	557,175
Total net debt applicable to limit: General obligation bonds	29,997	29,191	65,905	64,504	63,270	61,995	41,285	39,995	72,035	70,625
Legal debt margin	<u>\$ 376,201</u>	<u>\$ 415,981</u>	<u>\$ 432,842</u>	<u>\$ 462,429</u>	<u>\$ 458,348</u>	<u>\$ 443,374</u>	<u>\$ 467,294</u>	<u>\$ 475,299</u>	<u>\$ 457,246</u>	<u>\$ 486,550</u>
Total debt applicable to the limit as a percentage of debt limit	7.97%	7.02%	15.23%	13.95%	13.80%	13.98%	8.83%	8.41%	15.75%	14.52%

Source: City of Ontario, Administrative Services Agency

a Assessed valuation includes the City portion only.

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

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

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

Fiscal Year Ended June 30	Tax Allocation/Tax Increment Revenue Bonds				Water Certificates of Participation					
	Tax Increment	Debt Service		Coverage	Water Revenue	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
		Principal	Interest					Principal	Interest	
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 <sup>a</sup>	10,176	1,240	2,966	2.42	55,482	26,814	28,668	1,100	2,310	8.41
2013	-	-	-	-	57,433	31,039	26,394	1,145	2,266	7.74
2014	-	-	-	-	60,108	37,795	22,313	2,025	3,576	3.98
2015	-	-	-	-	60,176	45,679	14,497	1,220	3,576	3.98

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

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

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

Calendar Year	Population (1)	Personal Income (in thousands) (2)	Per Capita Personal Income (2)	Unemployment Rate (3)
2006	170,529	2,954,897	17,285	5.2%
2007	171,828	2,929,000	17,046	4.8%
2008	172,530	3,270,000	17,857	5.6%
2009	172,908	3,453,541	20,008	7.9%
2010	163,924	2,400,178	16,255	13.5%
2011	164,836	2,403,359	17,947	14.1%
2012	165,790	2,315,184	18,229	14.7%
2013	166,866	3,047,233	18,522	10.7%
2014	167,382	3,100,249	18,774	8.2%
2015	169,089	3,224,189	19,068	5.8%

Source: (1) - State of California Department of Finance Demographic Research Unit Report E-1.

(2) - Ontario (City) QuickFacts from the US Census Bureau

(3) - California Labor Market Info, EDD.

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

Employer <sup>(a)</sup>	2015		2006 <sup>(c)</sup>	
	Number of Employees <sup>(b)</sup>	Percentage of Total City Employment	Number of Employees	Percentage of Total City Employment
Ontario Intl Airport-Ont	5,000 to 9,999			
Safariland Llc	500 to 999		1,106	1.39%
Sam's Club Distribution Ctr	500 to 999			
Securitas Security Svc USA	500 to 999		500	0.63%
Target Distribution Ctr	500 to 999			
Ups Regional Air Hub	500 to 999			
Argosy University-Inland Empr	250 to 499			
Autozone Distribution Ctr	250 to 499			
Barrett Business Svc Inc	250 to 499			
Bmw of Ontario	250 to 499			
Cardinal Health	250 to 499			
Care Fusion	250 to 499			
Classic Containers Inc	250 to 499			
Crown Toyota	250 to 499			
Dhe-Dependable Highway Express	250 to 499	Left intentionally blank <sup>(b)</sup>	Left intentionally blank <sup>(b)</sup>	
Doubletree	250 to 499			
Electrolux Home Products	250 to 499			
Fin-West Group	250 to 499			
Gold Star Foods	250 to 499			
Guard Systems Inc	250 to 499			
Las Vegas LA Express Inc	250 to 499			
Mag Instrument Inc	250 to 499			
Mark Christopher Auto Ctr	250 to 499			
Mathis Brothers Furniture CO	250 to 499		1,000	1.25%
Mbm Distribution	250 to 499		530	0.66%
Namm California	250 to 499		3,500	4.39%
Napa Auto Parts	250 to 499		679	0.85%
New Breed Logistics Inc	250 to 499		650	0.82%
Nordstrom	250 to 499		624	0.78%
Nordstrom	250 to 499		500	0.63%
Nordstrom Distribution Ctr	250 to 499		500	0.63%
Ontario Police Dept	250 to 499		500	0.63%
Total	-	-	10,089	12.66%

Notes: <sup>(a)</sup> List of top 33 business employers.

<sup>(b)</sup> Per EDD, employment numbers are confidential therefore, only the data for the range of the number of employees are available.

<sup>(c)</sup> The City opted to provide data for 2006 as 2005 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	2015		2005	
	Number of Employees	Percentage of Total City Employment	Number of Employees	Percentage of Total City Employment
Distribution	23,194	25.70%	21,456	22.42%
Retail Trade	14,768	16.36%	15,513	17.38%
Manufacturing	11,970	13.26%	15,149	16.95%
Help Agency	10,575	11.71%	9,081	10.12%
Construction	2,984	3.31%	4,838	5.00%
Education	4,993	5.53%	5,212	5.74%
Other Services	4,156	4.60%	3,277	3.68%
Business Services	3,534	3.91%	3,582	3.68%
Engineering and Management	2,468	2.73%	1,772	2.24%
Financial Institution/Insurance/Real Estate	3,066	3.40%	2,721	2.94%
Hotels and Entertainment	2,604	2.88%	2,125	2.66%
Agriculture	1,074	1.19%	1,327	1.69%
Health Services	2,375	2.63%	1,920	2.13%
Utilities	781	0.87%	1,062	1.25%
Government Agencies	1,202	1.33%	1,090	1.23%
Aerospace	533	0.59%	775	0.89%
<b>Total</b>	<b>90,277</b>	<b>100.00%</b>	<b>90,900</b>	<b>100.00%</b>

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

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government	111	110	108	100	100	103	103	103	148	137
Public Safety	501	504	494	493	492	492	492	492	495	499
Community Development	156	158	145	133	131	132	132	118	145	157
Public Works	338	355	354	342	340	333	332	331	285	289
<b>Total</b>	<b>1,106</b>	<b>1,127</b>	<b>1,101</b>	<b>1,068</b>	<b>1,063</b>	<b>1,060</b>	<b>1,059</b>	<b>1,044</b>	<b>1,073</b>	<b>1,082</b>

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	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General government										
Building permits issued	4,945	3,999	2,933	2,339	2,594	3,244	3,300	3,550	3,724	3,987
Police										
Physical arrests	9,561	11,207	11,001	10,945	9,979	7,877	8,839	8,959	8,546	8,280
Citations	16,155	20,762	20,436	19,710	16,031	14,636	12,006	13,161	9,377	8,469
Fire										
Emergency response	22,151	22,832	16,227 <sup>b</sup>	15,157	14,877	15,487	15,889	15,783	16,736	16,794
Fire inspections	1,635	1,987	1,967	2,358	1,228	1,210	3,537	4,227	4,168	4,650
Public works										
Street resurfacing (miles)	13	10	11.5	9.2	9.6	9.1	9.3	16.1	18.5	15
Parks and recreation										
Number of recreation classes	1,350	1,358	1,340	1,353	1,371	1,286	1,401	1,402	1,299	1,265
Number of facility rentals	644	788	772	1,071	3,285	3,231	3,780	4,337	6,118	6,259
Library										
Total volumes of books borrowed	380,016	403,964	423,011	436,576	470,567	467,185	472,384	387,092	393,308	390,740
Total volumes of audio/visual items borrowed	187,853	147,190	174,635	176,665	173,444	169,827	155,855	129,435	133,041	121,908
Water										
Number of recycled water connections	5	4	70	113	164	205	218	221	220	244
Number of potable connections	33,964	33,872	32,553	32,752	33,384	32,907	32,904	33,304	33,134	33,504
Average daily potable consumption (MGD)	38	39	39	36	33	31	31	32	34	29
Solid waste										
Refuse collected (tons per day)	798	766	718	627	566	565	535	545	564	592
Recyclables collected (tons per day)	61	58	56	52	49	48	49	49	49	48
Recyclables recovered (tons per day)	40	36	39	34	30	33	34	33	38	38

<sup>a</sup> 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.

<sup>b</sup> 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	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Police											
Police stations	2	2	2	2	2	2	2	2	2	2	2
Fire											
Fire stations	8	8	8	8	8	8	8	8	8	8	8
Public works											
Streets (miles) <sup>c</sup>	572	572	579	579	544	544	544	544	552	552	543
Traffic signals <sup>a</sup>	150	152	157	161	184	184	191	191	191	191	191
Parks and recreation											
Parks	18	18	18	18	18	18	21	22	22	22	23
Community centers	6	6	6	6	6	6	7	7	7	7	7
Library											
Buildings	2	2	2	2	2	2	2	2	2	2	2
Water											
Number of wells	22	22	18	20	24	24	24	24	24	24	22
Water lines (miles) <sup>d</sup>	536	538	556	560	563	567	568	569	569	564	605
Storage capacity (millions of gallons)	60	60	76	76	76	76	76	75	75	75	75
Sewer											
Sewer lines (miles)	375	378	386	396	386	386	386	386	386	385	393
Storm drainage											
Storm drainage (miles) <sup>b</sup>	61	61	61	63	67	68	68	68	68	153	137

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

<sup>b</sup> Number of miles reflect only the storm drains with 36-inch diameter or larger.

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

<sup>d</sup> Water Lines (miles) include recycled and potable .

<sup>e</sup> Used FY2013 numbers as FY14 numbers were not available as of CAFR publication date.

Source: City of Ontario, various departments

# **AB 1600 DEVELOPMENT IMPACT FEE ANNUAL REPORT**

**AB 1600 DEVELOPMENT IMPACT FEE ANNUAL REPORT  
JUNE 30, 2015**

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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 February 3, 2015 by Resolution No. 2015-008. This update, as well as the previous update, incorporates the results of the City's 2012 Water, Sewer, Storm Drain and Circulation Master Plan updates, along with the land use assumptions underlying the City's most recently updated General Plan, adopted by the City Council in 2010.

California Government Code sections §66001 and §66006 require making available to the public certain Development Impact Fee information. The City of Ontario addresses these reporting requirements through annual issuance of the following three schedules, along with the release of periodic updates to the City's Development Impact Fee calculation and nexus schedules. The following three schedules include Development Impact Fee information for the fiscal year ended June 30, 2015. The first schedule reports each Development Impact Fee category's beginning and ending fund balances, its annual revenue and earnings, and its expenditures for the fiscal year. The second schedule provides a summary listing of the Development Impact Fee expenditure amounts by individual public improvement project. The third schedule provides the five-year findings in regards to unexpended funds, whether committed or uncommitted, from FY 2010-2011 through FY 2014-2015. Currently all unexpended funds are committed to future projects which are detailed in the 2014 *Master Facilities Plan*. The most recently adopted update of the City's Development Impact Fee calculation and nexus schedules - *Development Impact Fee Calculation and Nexus Report (November 2014)* contains the amount and purpose of each Development Impact Fee, the public improvements the fees will fund, and the reasonable relationship between the fees and the purposes for which they are being assessed.

CITY OF ONTARIO

AB 1600 DEVELOPMENT IMPACT FEE ANNUAL REPORT (CONTINUED)  
 PURSUANT TO GOVERNMENT CODE SECTION 66006  
 FOR FISCAL YEAR ENDED JUNE 30, 2015

Fund	Development Impact Fee Purpose	Fund Balance		Revenues		Gains/Losses	Projects		Fund Balance
		July 1, 2014	June 30, 2015	DIF Fees	Interest		Expenditures	June 30, 2015	
007	Parkland Acquisition and Facilities Development	\$ 5,138,217	\$ 8,523,062	\$ 4,348,690	\$ 55,327	\$ (28)	\$ 1,019,144	\$ 8,523,062	
101	Law Enforcement Facilities, Vehicles and Equipment	(2,232,103)	(1,900,116)	325,799	6,179	9	-	(1,900,116)	
102	Fire Facilities, Vehicles and Equipment	351,998	125,455	-	1,676	(214)	228,005	125,455	
103	OMC Circulation (Streets, Bridges and Signals) System	11,488,821	5,028,067	3,396	59,801	(3,527)	6,520,424	5,028,067	
104	OMC Water System Source, Storage and Distribution System	7,969,092	8,038,144	6,460	64,137	(1,545)	-	8,038,144	
105	OMC Sewer Collection System	3,144,196	3,170,620	1,732	25,302	(610)	-	3,170,620	
106	Solid Waste Collection Equipment	1,322,514	1,710,526	438,857	12,786	(143)	63,488	1,710,526	
107	General Facilities, Vehicles and Equipment	1,214,578	1,541,572	315,697	11,470	(173)	-	1,541,572	
108	Library Facilities and Collection	309,260	960,213	644,854	5,934	165	-	960,213	
109	Public Use Facilities	1,049,786	1,842,010	779,636	12,518	70	-	1,842,010	
110	Aquatics Centers	124,315	179,916	54,320	1,286	(5)	-	179,916	
111	OMC Storm Drainage System	14,806,453	14,822,140	-	118,499	(2,929)	99,883	14,822,140	
112	NMC Open Space Land Acquisition	1,347,212	1,377,095	17,582	12,443	(142)	-	1,377,095	
113	Fiber Optic Communication System	6,338	6,388	-	51	(1)	-	6,388	
115	NMC Circulation (Streets, Bridges and Signals) System	1,342,346	444,793	(2,221)	5,713	(408)	900,637	444,793	
116	NMC Water System Source, Storage and Distribution System	(259,622)	(259,622)	-	-	-	-	(259,622)	
117	NMC Sewer Collection System	212,018	213,682	-	1,706	(42)	-	213,682	
118	NMC Storm Drainage System	1,436,755	1,448,034	-	11,558	(279)	-	1,448,034	
170	OMC Regional Streets	3,149,280	4,996,941	1,810,751	37,226	(316)	-	4,996,941	
171	OMC Local Adjacent Streets	1,348,996	2,200,336	835,365	16,124	(149)	-	2,200,336	
172	OMC Regional Storm Drains	172,419	269,653	95,311	1,935	(12)	-	269,653	
173	OMC Local Adjacent Storm Drains	3,272,811	5,121,048	1,811,710	36,745	(218)	-	5,121,048	
174	OMC Regional Water	1,192,003	3,077,141	1,864,539	20,266	333	-	3,077,141	
175	OMC Local Adjacent Water	298,963	770,725	466,601	5,078	83	-	770,725	
176	OMC Regional Sewer	176,553	455,453	275,767	3,075	58	-	455,453	
177	OMC Local Adjacent Sewer	263,988	681,792	413,115	4,602	87	-	681,792	
178	OMC Fire Facilities, Vehicles and Equipment	-	181,823	180,864	888	71	-	181,823	
180	NMC Regional Streets	122,645	491,752	366,601	2,458	48	-	491,752	

CITY OF ONTARIO

AB 1600 DEVELOPMENT IMPACT FEE ANNUAL REPORT (CONTINUED)  
 PURSUANT TO GOVERNMENT CODE SECTION 66006  
 FOR FISCAL YEAR ENDED JUNE 30, 2015

Fund	Development Impact Fee Purpose	Fund Balance		Revenues		Gains/Losses	Projects Expenditures	Fund Balance June 30, 2015
		July 1, 2014		DIF Fees	Interest			
181	NMC Local Adjacent Streets	\$ 100,341	\$ 1,664,790	\$ 8,555	\$ 594	\$ -	\$ 1,774,280	
182	NMC Regional Storm Drains	73,837	177,136	1,586	50	-	252,609	
183	NMC Local Adjacent Storm Drains	137,173	683,205	4,521	231	-	825,130	
184	NMC Regional Water	214,668	205,838	3,040	(43)	-	423,503	
185	NMC Local Adjacent Water	91,992	446,763	2,672	96	-	541,523	
186	NMC Regional Sewer	5,822	27,982	287	12	-	34,103	
187	NMC Local Adjacent Sewer	8,734	42,016	431	18	-	51,199	
188	NMC Regional Fiber	3,456	9,026	80	(1)	-	12,561	
189	NMC Local Adjacent Fiber	8,074	93,063	470	21	-	101,628	
190	NMC Fire Facilities, Vehicles and Equipment	-	7,299,001	15,115	1,878	-	7,315,994	
		<u>\$ 59,413,929</u>	<u>\$ 25,704,246</u>	<u>\$ 571,540</u>	<u>\$ (6,961)</u>	<u>\$ 8,831,581</u>	<u>\$ 76,851,173</u>	

**CITY OF ONTARIO**  
**DEVELOPMENT IMPACT FEE PROJECTS EXPENDITURES**  
**FISCAL YEAR ENDED JUNE 30, 2015**

City Project ID	Description	Annual Expenditure
<u>Parkland Facilities Development (Fund 007)</u>		
PA0701	Downtown Plaza Design/Construction	\$ 1,019,144
	Fund 007 Subtotal	<u>1,019,144</u>
<u>Fire Protection Facilities (Fund 102)</u>		
PF1101	Fire Training Center Expansion	120,581
PF0506	Fire Station 9	107,424
	Fund 102 Subtotal	<u>228,005</u>
<u>OMC Streets, Signals and Bridges (Fund 103)</u>		
ST0104	N. Miiliken Grade Separation	138,680
ST0302	Grove/110 Interchange-Corridor	80,111
ST0308	S. Miiliken Grade Separation	2,181,627
ST0711	N. Vineyard Ave Grade Separation	4,120,006
	Fund 103 Subtotal	<u>6,520,424</u>
<u>Solid Waste Collection Equipment (Fund 106)</u>		
N/A	Refuse Containers	63,487
	Fund 106 Subtotal	<u>63,487</u>
<u>OMC Storm Drainage Facilities (Fund 111)</u>		
SM1002	6th Street Storm Drain	49,516
SM9902	Francis Storm Drain & Ely Basins	50,367
	Fund 111 Subtotal	<u>99,883</u>
<u>NMC Streets, Signals and Bridges (Fund 115)</u>		
ST0308	S. Miiliken Grade Separation	874,791
ST1411	SR60 @ Archibald Interchange	25,847
	Fund 115 Subtotal	<u>900,638</u>
	<b>Total</b>	<b>\$ 8,831,581</b>

CITY OF ONTARIO

FIVE-YEAR REVENUE TEST USING FIRST IN FIRST OUT METHOD  
FISCAL YEAR ENDED JUNE 30, 2015

Fund	Development Impact Fee Purpose	Fund Balance		Project Expenditures					Total	Unexpended Funds*	Note
		June 30, 2010	2011	2012	2013	2014	2015				
007	Parkland Acquisition and Facilities Development	\$ 9,454,666	\$ 21,407	\$ 2,712,907	\$ 160,275	\$ 4,251,227	\$ 1,019,144	\$ 8,164,960	\$ 1,289,706	1	
101	Law Enforcement Facilities, Vehicles and Equipment	(2,751,732)	-	-	-	-	-	-	-	-	
102	Fire Facilities, Vehicles and Equipment	5,077	-	-	-	199,658	228,005	427,663	-	-	
103	OMC Circulation (Streets, Bridges and Signals) System	17,092,945	2,046,187	4,941,594	2,922,993	3,528,371	6,520,424	19,959,569	-	-	
104	OMC Water System Source, Storage and Distribution System	6,860,375	-	-	-	-	-	-	6,860,375	2	
105	OMC Sewer Collection System	2,652,749	-	-	-	-	-	-	2,652,749	3	
106	Solid Waste Collection Equipment	638,779	-	-	-	-	63,487	63,487	575,292	4	
107	General Facilities, Vehicles and Equipment	32,506	-	-	-	-	-	-	32,506	5	
108	Library Facilities and Collection	16,216	-	-	-	-	-	-	16,216	6	
109	Public Use Facilities	702,756	-	-	-	-	-	-	702,756	7	
110	Aquatics Centers	91,879	107	-	-	-	-	107	91,772	8	
111	OMC Storm Drainage System	15,644,769	105,409	478,868	1,730,750	186,112	99,883	2,601,022	13,043,747	9	
112	NMC Open Space Land Acquisition	200,815	-	-	-	-	-	-	200,815	10	
113	Fiber Optic Communication System	10,469	-	-	-	-	-	-	10,469	11	
115	NMC Circulation (Streets, Bridges and Signals) System	769,776	-	-	135,710	277,527	900,638	1,313,875	-	-	
116	NMC Water System Source, Storage and Distribution System	(326,843)	-	-	-	-	-	-	-	-	
117	NMC Sewer Collection System	115,331	-	-	-	-	-	-	-	-	
118	NMC Storm Drainage System	921,799	-	-	-	-	-	-	921,799	12	
170	OMC Regional Streets	-	-	-	-	-	-	-	-	-	
171	OMC Local Adjacent Streets	-	-	-	-	-	-	-	-	-	
172	OMC Regional Storm Drains	-	-	-	-	-	-	-	-	-	
173	OMC Local Adjacent Storm Drains	-	-	-	-	-	-	-	-	-	
174	OMC Regional Water	-	-	-	-	-	-	-	-	-	
175	OMC Local Adjacent Water	-	-	-	-	-	-	-	-	-	
176	OMC Regional Sewer	-	-	-	-	-	-	-	115,331	12	
177	OMC Local Adjacent Sewer	-	-	-	-	-	-	-	921,799	13	
178	OMC Fire Facilities, Vehicles and Equipment	-	-	-	-	-	-	-	-	-	
180	NMC Regional Streets	-	-	-	-	-	-	-	-	-	
181	NMC Local Adjacent Streets	-	-	-	-	-	-	-	-	-	
182	NMC Regional Storm Drains	-	-	-	-	-	-	-	-	-	
183	NMC Local Adjacent Storm Drains	-	-	-	-	-	-	-	-	-	
184	NMC Regional Water	-	-	-	-	-	-	-	-	-	
185	NMC Local Adjacent Water	-	-	-	-	-	-	-	-	-	
186	NMC Regional Sewer	-	-	-	-	-	-	-	-	-	
187	NMC Local Adjacent Sewer	-	-	-	-	-	-	-	-	-	
188	NMC Regional Fiber	-	-	-	-	-	-	-	-	-	
189	NMC Local Adjacent Fiber	-	-	-	-	-	-	-	-	-	
190	NMC Fire Facilities, Vehicles and Equipment	-	-	-	-	-	-	-	-	-	

\* All unexpended funds indicate the amount being held beyond the five year limit as described by AB1600.

Notes:

- The unexpended Parkland Acquisition and Facilities Development funds will be expended on the Parkland projects detailed in the 2014 Master Facilities Plan on pages 427-429.
- The unexpended OMC Water System Source, Storage and Distribution System funds will be expended on the OMC Water projects detailed in the 2014 Master Facilities Plan on pages 308-345.
- The unexpended OMC Sewer Collection System funds will be expended on the OMC Sewer projects detailed in the 2014 Master Facilities Plan on pages 350-398.
- The unexpended Solid Waste Collection Equipment funds will be expended on the Solid Waste projects detailed in the 2014 Master Facilities Plan on pages 401-407.
- The unexpended General Facilities funds will be expended on the General Facilities projects detailed in the 2014 Master Facilities Plan on pages 410-414.
- The unexpended Library Facilities and Collection funds will be expended on the Library projects detailed in the 2014 Master Facilities Plan on pages 417-418.
- The unexpended Public Use Facilities funds will be expended on the Public Use Facilities projects detailed in the 2014 Master Facilities Plan on page 421.
- The unexpended Aquatics Centers funds will be expended on the Aquatics Centers projects detailed in the 2014 Master Facilities Plan on page 424.
- The unexpended OMC Storm Drainage System funds will be expended on the OMC Storm Drainage projects detailed in the 2014 Master Facilities Plan on pages 200-303.
- The NMC Open Space Land Acquisition is not a Development Impact Fee, it is a settlement applied to development within the New Model Colony. The unexpended funds will be expended on one of the seven scenarios that have been examined to determine the amount needed to collect to meet the settlement agreement. These scenarios are outlined in the 2014 Development Impact Fee calculation and Nexus Report on pages 171-172.
- The unexpended Fiber Optic Communication System funds will be expended on the Fiber Optic projects detailed in the 2014 Master Facilities Plan on pages 432-436.
- The unexpended OMC Sewer Collection System funds will be expended on the OMC Sewer projects detailed in the 2014 Master Facilities Plan on pages 350-398.
- The unexpended NMC Storm Drainage System funds will be expended on the NMC Storm Drainage projects detailed in the 2014 Master Facilities Plan on pages 200-303.



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MADE IN  
**ONTARIO**  
CALIFORNIA, USA

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