



Comprehensive Annual Financial Report

Fiscal Year

Ended June 30, 2019





City of Ontario, California

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

For Fiscal Year Ending June 30, 2019

**Prepared By:
Fiscal Services Department
Of the Financial Services Agency**



CITY OF ONTARIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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Introductory Section



CITY OF

303 EAST "B" STREET, CIVIC CENTER

ONTARIO



ONTARIO

CALIFORNIA 91764-4105

(909) 395-2000
FAX (909) 395-2070

PAUL S. LEON
MAYOR

RUBEN VALENCIA
MAYOR PRO TEM

ALAN D. WAPNER
JIM W. BOWMAN
DEBRA DORST-PORADA
COUNCIL MEMBERS

SCOTT OCHOA
CITY MANAGER

SHEILA MAUTZ
CITY CLERK

JAMES R. MILHISER
TREASURER

December 17, 2019

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, 2019. This report provides a broad view of the City's financial activities for the 2018-19 Fiscal Year and its financial position as of June 30, 2019. Although addressed to the elected officials and the citizens of the City, this report has a number of other users. Foremost among these other users are bondholders of the City, financial institutions, credit rating agencies, educational institutions, and other governmental entities. In producing a CAFR, the City of Ontario has chosen to provide financial information that is significantly greater than that which is required under state law.

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

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

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

The City of Ontario's financial statements have been audited by Lance, Soll & Lunghard, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Ontario for the fiscal year ended June 30, 2019, 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, 2019, 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 5 to obtain the most complete assessment of the City's current financial status and its future prospects.

Profile of the Government

The City of Ontario was founded as a "Model Colony" and incorporated on December 10, 1891. Ontario is located approximately 35 miles east of downtown Los Angeles and encompasses nearly 50 square miles. Ontario is one of the 150 largest cities in the United States and is home to approximately 12,000 businesses, 119,000 jobs and a population of 181,107.

Ontario is ideally situated as a gateway to Southern California and beyond, with direct access to the I-10, I-210, and I-15 freeways, State Routes 60 and 83, and two major railways. Ontario International Airport (ONT) was recently ranked as both the fastest growing airport in the United States and the largest outbound cargo gateway. Today, ONT offers nonstop commercial jet service to 18 major airports in the U.S., Mexico and Taiwan, including the only transpacific services from a Southern California airport other than LAX.

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 agencies. 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 1,301 full-time employees. Services provided include police and fire protection; development including the construction and maintenance of streets, parks, water and sewer lines, traffic signals and other infrastructure; water, sewer and integrated waste services; recreation and community services; and arts, cultural, and social programs. In addition to general government activities, the City Council also serves as the Board of Directors for the Ontario Industrial Development Authority, the Ontario Redevelopment Financing Authority, Ontario Public Financing Authority and the Ontario Housing Authority. These activities have therefore been included as an integral part of the City of Ontario's financial statements. Additional information on these entities can be found in Note 1 in the notes to the financial statements.

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

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

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

Economic Condition and Outlook

Economic growth continues to be steady with job gains, consistent consumer spending, and improvement in the housing market. However, the U.S. trade dispute with China, political uncertainty, and inflationary risks are factors that can slowdown the economy. The following economic indicators are the most recent measures of economic activity:

- Gross Domestic Product (GDP): the broadest measure of economic output, increased at an annual rate of 1.9 percent in the third quarter of 2019 (advance estimate).
- Unemployment Rate: the national rate for October ticked up to 3.6 percent from 3.5 in September. California's preliminary unemployment rate for September declined to 4.0 percent from 4.1 percent in August. Locally, preliminary September estimates show a decrease in unemployment to 3.6 percent from 4.4 in the prior month. The labor market continues to support economic growth and be the strongest driver in the economy.
- Employment: California's labor force has reversed a six-month contraction, growing slightly in September. California's nonfarm payroll grew by approximately 21,300 in September, with thirty percent of that growth or approximately 6,300, realized in the local economy.
- Consumer Confidence Index (CCI): has decreased for a second month in October to 125.9, down from September's index of 126.3. While consumer confidence increased with respect to the current business environment and the job market, confidence in the job market and business environment in the upcoming six months declined.
- Purchasing Manager's Index (PMI): for October increased by 0.5 percentage points to 48.3 percent from the September reading of 47.8 percent, nationally. The local region's PMI also dropped slightly from 50.0 percent in August to 49.7 percent in September. Both are due to weakening activity in the manufacturing sector.
- Housing Market: home sales are falling, price growth is slowing, and buyer demand is softening. Nationally, existing single-family home sales dropped 2.2 percent in the month of September with each of the four major regions showing sales declines, although sales are up 3.9 percent from September 2018. Statewide home sales as of September are down 3.1 percent for calendar year 2019. Furthermore, existing single-family home sales dropped a half percent in September from August, although sales are 5.8 percent higher than they were a year earlier. The same can be said for median home prices, which dipped 1.9 percent from August to September, but are 4.7 percent higher than September 2018. San Bernardino County's median home price year-over-year gain was the second largest in Southern California at 5.0 percent, just behind Riverside County's 5.8 percent.
- Sales Tax Revenue: for Fiscal Year 2018-19 the sales tax revenues grew 6.4 percent compared to the prior fiscal year, primarily due to the growth in business to business and new auto sales sectors. New business attraction are steadily increasing as the City continues its dynamic economic development strategies to bring new business and jobs to Ontario.

The California State Public Employees Retirement System (CalPERS) is considerably underfunded, primarily due to the lower than projected earning rates combined with significant investment losses incurred during the Great Recession. Over the last several years, CalPERS has made significant changes to the assumptions used in the calculations of local agencies' pension liabilities. These changes have resulted in (1) an increased overall unfunded pension liability as the discount rate has been reduced from 7.5 percent to 7.0 percent, and (2) sharp increase in annual payments to CalPERS in earlier years followed by declining payments in later years due to the method of amortizing the Unfunded Accrued Liability (UAL) payments. CalPERS' proposed rates will increase by nearly 45 percent by Fiscal Year 2024-25 and more than 80 percent by Fiscal Year 2029-30.

As of June 30, 2018, which is the most current CalPERS financial information available, the City's UAL for all citywide employees and retirees has increased 21 percent to approximately \$323 million. The City's UAL is expected to be \$337 million by June 30, 2020. Approximately 70 percent of the UAL is related to public safety (police and fire) employees and 30 percent to non-safety (miscellaneous) employees.

To address the difficulty of paying these large amounts to CalPERS over the next 10 to 15 years, City Council approved a resolution on October 1, 2019, to begin the process of issuing pension obligation bonds for the refinancing of certain pension obligations of the City of Ontario, which will allow the City to prepay up to 100 percent of its three CalPERS plans' (police, fire and miscellaneous) projected UAL, based on the June 30, 2018 actuarial valuation report released by CalPERS.

Other major challenges ahead are the overall increase in labor costs and rising cost of medical benefits. Additionally, it is crucial that recurring operating expenditures are strategically contained and are not outpacing recurring revenues. In addition, funding of the Internal Service Allocations for Equipment Services, Information Technology Services, and Risk Liability/Safety have not increased to levels that ensure the sustainability of these services.

In summary, while the economy remains relatively stable, economic indicators suggest slightly softer growth in the next couple of years. As a result, Ontario needs to be cognizant of a modest growth in sales tax revenues for calendar year 2020. The City will also be experiencing rapidly increasing pension expenses that will far-out-pace the growth in revenue in the forthcoming fiscal years. Other major challenges the City continues to contend with locally are the rapidly rising cost of medical benefits for active employees and the unfunded liabilities for CalPERS. For the City to successfully manage these significant budget issues, it is recommended that Ontario practice fiscal discipline and establish proactive measures to safely navigate these upcoming fiscal challenges.

Long-Term Financial Plan

In addition to managing the City's money in a manner that ensures Ontario is financially stable, the long-term goals, efforts and actions reflect the City Council's continued commitment to support high quality public safety and municipal services, provides for the maintenance and expansion needs of the City's infrastructure and facilities, profiles an aggressive economic development strategy, and assures the investment and reinvestment of City resources into the

community – all in the name of affording Ontario residents and businesses an exceptional quality of life.

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

- \$ 7,272,500 in parks and public facility improvement projects;
- \$ 25,811,275 in street and traffic improvements;
- \$ 13,760,000 in water and sewer projects; and
- \$ 550,000 in other miscellaneous 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. The City will continue to monitor key economic indicators, sources of revenues, and spending levels as part of its sound conservative fiscal approach. In order to maintain this structural balance, however, the City will have to proceed with caution. Balancing fiscal discipline and long-term vision, Ontario is well-positioned to address its obligations while capitalizing on opportunities.

Through the combined leadership of City Council and the implementation of its prudent fiscal policies, the City has been able to enhance service levels to the community, invest in capital projects to enhance public facilities and infrastructure, and continue programs that promote its standing as the economic leader in the Inland Empire, and a formidable player in California and the nation.

Relevant Financial Policies

Fund Balance Policy

The City's Fund Balance Policy, which was approved on June 22, 2011, established the procedures for reporting unrestricted fund balance in the General Fund financial statements. Certain commitments and assignments of the fund balance will help ensure that there will be adequate financial resources to protect the City against unforeseen circumstances and events such as revenue shortfalls and unanticipated expenditures. The policy also authorizes and directs the Financial Services Agency/Fiscal Services Department in preparing financial reports that accurately categorize fund balance as per Governmental Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions.

Included in the Fund Balance Policy is the 18 Percent Stabilization Plan – 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. Based on the current year general fund appropriations, the amount assigned to the 18 percent Stabilization Plan will either increase or decrease accordingly. This assigned balance 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, 2019, the City's General Fund had an assigned fund balance for the stability arrangement of \$56.68 million, which achieves the goal of 18 percent of the General Fund Adopted Budget for Fiscal Year 2019-20.

This 18 percent of the General Fund is separate from the General Fund Contingency, also established in the Fund Balance Policy. The City's General Fund Contingency consists of amounts formally set aside and/or arrangements to maintain amounts for working capital needs, contingencies and contractual obligations. Assigned amounts under General Fund Contingency include: Compensated Absences, Public Safety Equipment, Communications/Computer Dispatch, City Facilities, and Events Center Capital Equipment.

Cash and Investments

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 fund based on monthly cash and investment balances. Interest income from cash and investments with fiscal agents is credited directly to the related fund. As of June 30, 2019, the City of Ontario's cash and investments were \$892,514,681.

Major Initiatives

Complete Community

Ontario is committed in building a "Complete Community" by investing in the growth and evolution of the area's economy while providing a balance of jobs, housing, and educational and recreational opportunities for our residents in a safe, well-maintained community. 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. The Ontario Ranch will add approximately 47,000 homes and 165,000 new residents to Ontario.

The Ontario Plan

The Ontario Plan is the City's forward-thinking General Plan update – a dynamic framework for sustained, comprehensive leadership in building our community. It integrates components of city governance that are typically disconnected. The Plan states community direction at a point in time (2009) and integrates it into a single guidance system that will shape the Ontario community 20 years or more into the future. The Ontario Plan provides for lasting policies to accommodate change.

Our job is to create, maintain and grow economic value and we do our job by providing infrastructure and services. The better we do our job, the more investment we will attract and the more revenue it will generate for investment, creating a self-sustaining cycle.

*Adopted by City Council, January 27, 2010
Governance Principles, The Ontario Plan*

Fiber Optic Master Plan

Currently, Ontario is developing a Fiber Optic Master Plan to guide the design, construction, and operation of a fiber optic backbone infrastructure. The City Fiber Optic network – OntarioNet – will result in cost effective, secure, fast, and reliable communications capabilities. OntarioNet high speed internet services continue to be extended and are available in the Ontario Ranch community, at the Ontario International Airport (ONT), the Toyota Arena, Ontario Convention Center, and many local business, as well as at several City facilities and over sixty traffic cabinets.

Service to the Community

The “Approach to Public Service” is the underlying principal for each Agency citywide. This “Approach to Public Service” emphasizes that City employees “*choose public service to make a positive impact on the community*”. The three principles behind this approach are the following:

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

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Ontario for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2018. This was the thirtieth consecutive year that the City has received this prestigious award. In order to be awarded the annual certificate for excellence, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, the contents of which conform to program standards. Such reports must also satisfy both generally acceptable accounting principles and applicable legal requirements. We believe our current comprehensive annual financial report conforms to the GFOA Certificate of Achievement Program and are submitting it for review and consideration.

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

Sincerely,


Armen Harkalyan
Executive Director of Finance



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Ontario
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morill

Executive Director/CEO

City of Ontario

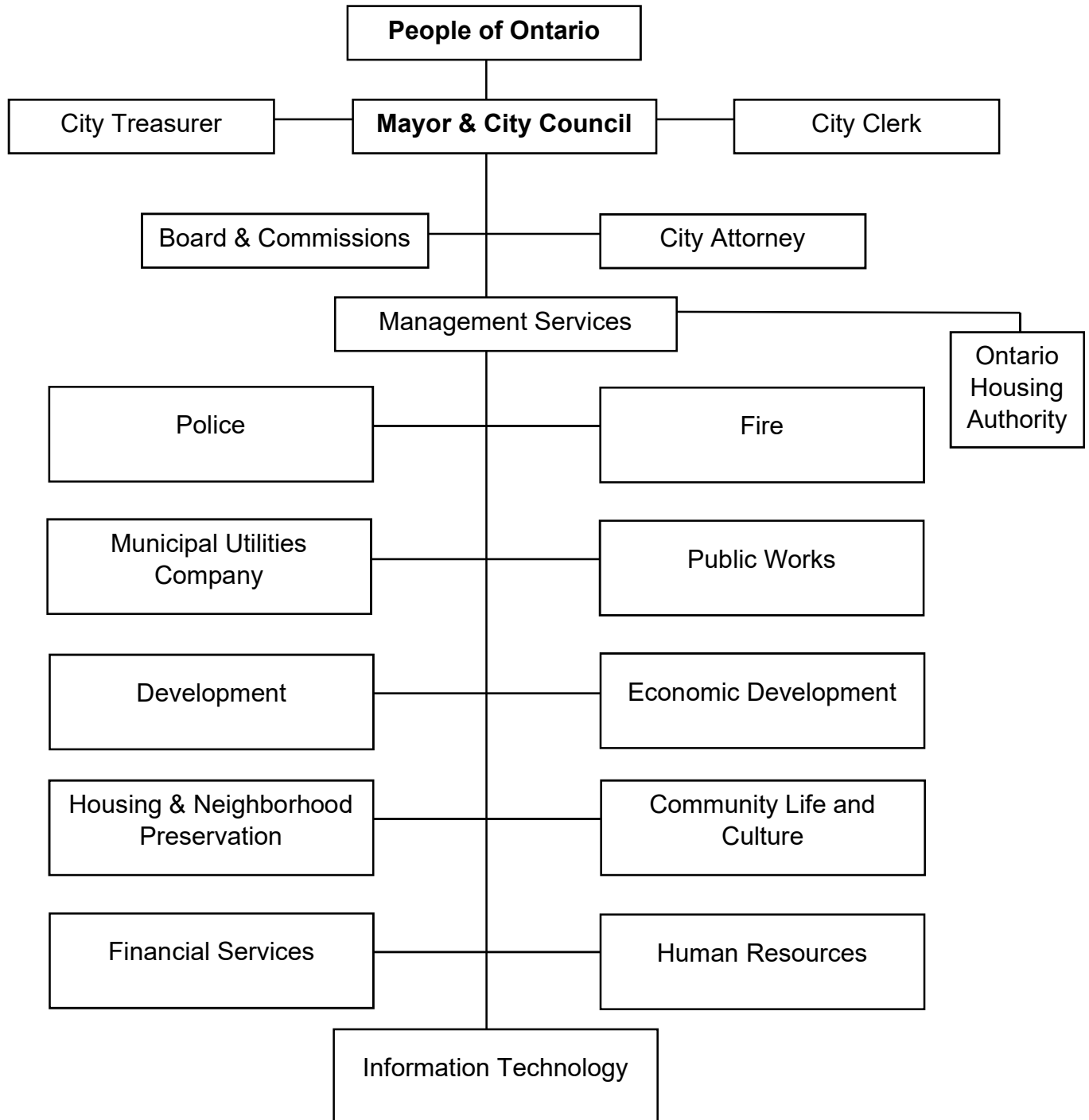
Elected Officials

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

Administration and Executive Management

City Manager/Executive Director of the Housing Authority	Scott Ochoa
Assistant City Manager	Al C. Boling
Deputy City Manager	David Sheasby
Interim City Attorney	Scott Huber
Police Chief	Derek Williams
Fire Chief	Ray Gayk
Utilities General Manager	Scott Burton
Executive Director Public Works	Tito Haes
Executive Director Development	Scott Murphy
Executive Director Economic Development	John P. Andrews
Executive Director Housing and Neighborhood Preservation	Julie Bjork
Executive Director Community Life and Culture	Helen McAlary
Executive Director of Finance	Armen Harkalyan
Executive Director Human Resources	Angela Lopez
Executive Director Information Technology	Colin Fernandes
Chief Innovation Officer	Elliott Ellsworth

City of Ontario





Financial Section





INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Ontario, California, (the City) as of and for the year ended June 30, 2019, 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, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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



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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2019 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Lance, Solt & Luyhard, LLP

Brea, California
November 27, 2019

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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, 2019. 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 \$1.74 billion (net position). Of this amount, \$395.83 million (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- For the fiscal year ended June 30, 2019, total net position increased by \$87.34 million before a \$9.73 million restatement. Total revenues from all sources were \$538.59 million and total expenses for all functions/programs were \$451.25 million.
- Of total revenues, program revenues were \$308.33 million and general revenues were \$230.26 million. Program revenues are broken into three categories: Charges for Services, \$236.07 million; Operating Contributions and Grants, \$8.97 million; and Capital Contributions and Grants, \$63.29 million.

Fund Based

- For the fiscal year ended June 30, 2019, the assigned fund balance of the General Fund was \$84.06 million. The assigned portion of \$56.68 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 \$389.84 million, which was less than the final budget of \$425.72 million by \$35.88 million. Actual charges (outflows) of \$258.45 million were \$48.41 million less than the final budget of \$306.85 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 (i.e., uncollected taxes or earned but unused vacation leaves).

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

Governmental activities – Most of the City's basic services are reported here, including *General Government* (City Council, Office of the City Manager, Records Management, Financial Services and Human Resources), Public Safety, Community Development, 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, integrated waste, and Information Technology (IT) fiber operations are reported in this category.

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

Fund Financial Statements

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

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

The City maintains twenty individual governmental funds. These funds report financial transactions using the modified accrual accounting method. Information for six 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 six funds are major funds: General 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, Information Technology and Other Post Employment Benefit funds. Since these activities predominantly benefit governmental rather than business-type functions, they are included within the governmental activities in the *government-wide financial statements*.

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

Notes to the Financial Statements

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

Other information

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

GOVERNMENT - WIDE FINANCIAL ANALYSIS

This analysis will focus on the City's net position (Table 1) and changes in net position (Table 2) of the governmental and business-type activities for the fiscal year ended June 30, 2019. Management has included comparative data from fiscal year ended June 30, 2018 in its analysis.

Net Position (Table 1)
(in millions)

	Governmental Activities		Business-Type Activities		Government-Wide Totals	
	2019	2018	2019	2018	2019	2018
Current and Other Assets	\$ 841.93	\$ 747.45	\$ 387.07	\$ 379.82	\$ 1,229.00	\$ 1,127.27
Capital Assets	1,023.72	1,014.79	251.40	230.11	1,275.12	1,244.90
Total Assets	1,865.65	1,762.24	638.47	609.93	2,504.12	2,372.17
Deferred Charges on Refunding	-	-	0.85	0.91	0.85	0.91
Deferred Pension Related Items	65.72	72.85	5.46	8.35	71.18	81.20
Deferred OPEB Related Items	5.13	5.40	0.98	-	6.11	5.40
Total Deferred Outflows of Resources	70.85	78.25	7.29	9.26	78.14	87.51
Long-term Debt Outstanding	579.72	615.64	136.99	93.56	716.71	709.20
Other Liabilities	51.18	41.93	18.91	17.85	70.09	59.78
Total Liabilities	630.90	657.57	155.90	111.41	786.80	768.98
Deferred Charges on Refunding	1.06	1.12	-	-	1.06	1.12
Deferred Pension Related Items	8.94	8.92	0.64	0.06	9.58	8.98
Deferred OPEB Related Items	33.77	33.05	6.43	-	40.21	33.05
Total Deferred Inflows of Resources	43.77	43.09	7.07	0.06	50.84	43.16
Net Position:						
Net Investment in Capital Assets	959.78	950.42	184.56	161.79	1,144.34	1,112.21
Restricted	204.45	173.16	-	-	204.45	173.16
Unrestricted	97.60	16.25	298.23	345.93	395.83	362.18
Total Net Position	\$ 1,261.83	\$ 1,139.83	\$ 482.79	\$ 507.72	\$ 1,744.62	\$ 1,647.55

The City's Government-wide total net position was \$1.74 billion, with assets of \$2.50 billion, deferred outflows of \$78.14 million, liabilities of \$786.80 million and deferred inflows of \$50.84 million. The net investment in capital assets of \$1.14 billion represents 65.6 percent of the City's total net position. This is an increase of \$34.25 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 \$204.45 million (11.7 percent of the total net position) represents resources that are subject to external restrictions in how they may be used. The remaining balance of \$395.83 million or 22.7 percent of the total net position (unrestricted position) may be used to meet the government's ongoing obligations to citizens and creditors within the program areas.

Overall Financial Activities

Overall the City's financial position increased from the prior year by \$87.34 million (see Table 2 on the following page).

The overall cost of all governmental and business-type activities this year was \$451.25 million and was an overall net increase of \$55.35 million or 14.0 percent compared to the prior year. This is primarily due to increased expenditures in General Government and Community Development, as well as for Water, Sewer and Integrated Waste functions.

Total revenue of all governmental and business-type activities was \$538.59 million for this fiscal year; an increase of \$56.83 million or 11.8 percent. Program revenues were \$308.33 million and general revenues were \$230.26 million. The largest single revenue category was Charges for Services, at \$236.07 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 \$25.06 million or 11.9 percent. Sales Taxes, which are considered *general revenues*, were the second largest revenue at \$94.49 million. The third largest revenue source was Capital Contributions and Grants, another *program revenue* source, at \$63.29 million. Property Taxes (*general revenue*) at \$63.16 million was the fourth largest revenue category.

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

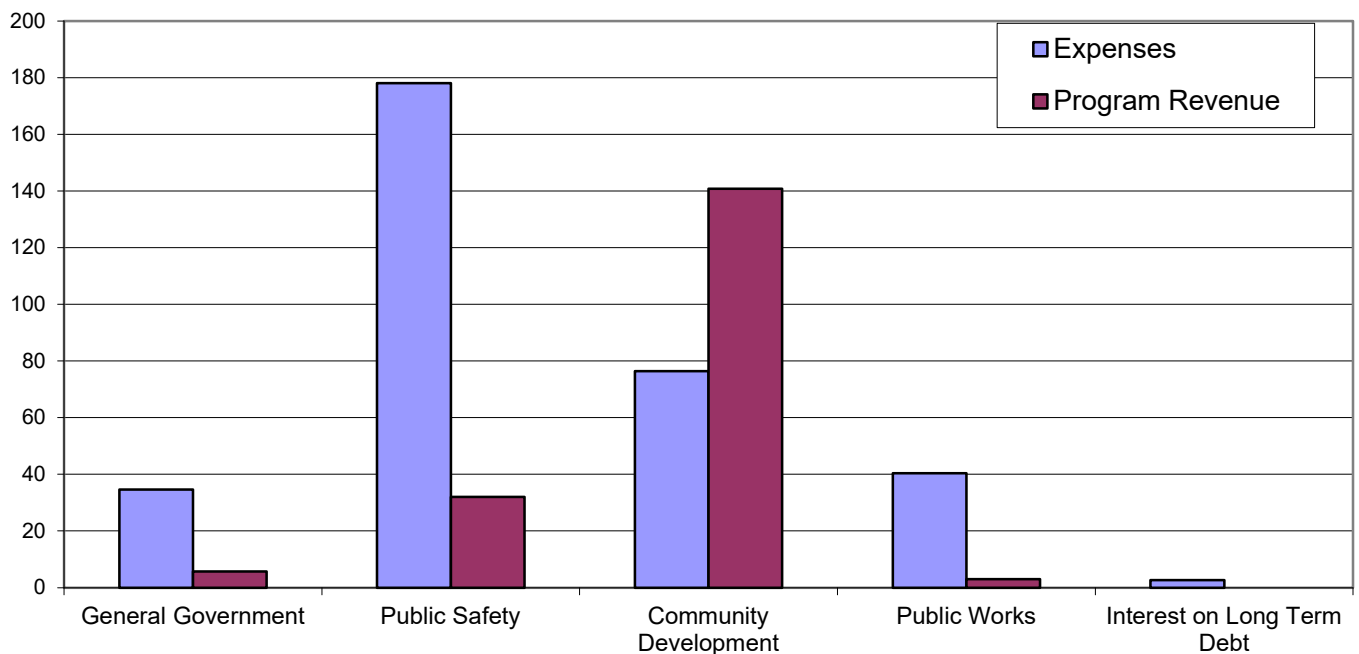
	Governmental Activities		Business-Type Activities		Government-Wide Totals	
	2019	2018	2019	2018	2019	2018
Revenues						
Program Revenues:						
Charges for Services	\$ 113.71	\$ 77.24	\$ 122.36	\$ 134.16	\$ 236.07	\$ 211.40
Operating Contributions and Grants	8.85	12.54	0.12	0.13	8.97	12.67
Capital Contributions and Grants	58.83	56.74	4.46	11.26	63.29	68.00
Sub-total Program Revenues	181.39	146.52	126.94	145.55	308.33	292.07
General Revenues:						
Property Taxes	63.16	56.20	-	-	63.16	56.20
Sales Taxes	94.49	87.91	-	-	94.49	87.91
Business Licenses Taxes	7.79	7.48	-	-	7.79	7.48
Franchise Taxes	3.42	3.35	-	-	3.42	3.35
Transient Occupancy Taxes	14.94	14.59	-	-	14.94	14.59
Other Taxes	4.50	4.64	-	-	4.50	4.64
Motor Vehicle In-Lieu	0.08	0.09	-	-	0.08	0.09
Use of Money and Property	32.11	10.83	7.87	2.19	39.98	13.02
Other	1.65	2.39	0.25	0.03	1.90	2.42
Sub-total General Revenues	222.14	187.48	8.12	2.22	230.26	189.69
Total Revenues	\$ 403.53	\$ 334.00	\$ 135.06	\$ 147.77	\$ 538.59	\$ 481.76
Expenses						
General government	\$ 34.59	\$ 27.55	\$ -	\$ -	\$ 34.59	\$ 27.55
Public safety	178.04	178.84	-	-	178.04	178.84
Community development	76.42	42.62	-	-	76.42	42.62
Library	-	5.94	-	-	-	5.94
Public works	40.40	42.31	-	-	40.40	42.31
Interest on long-term debt	2.66	3.92	-	-	2.66	3.92
Water	-	-	52.90	41.34	52.90	41.34
Sewer	-	-	24.73	20.27	24.73	20.27
Integrated Waste	-	-	39.48	31.34	39.48	31.34
I.T. Fiber	-	-	2.03	1.77	2.03	1.77
Total Expenses	\$ 332.11	\$ 301.18	\$ 119.14	\$ 94.72	\$ 451.25	\$ 395.90
Change in Net Position before Transfers	\$ 71.42	\$ 32.82	\$ 15.92	\$ 53.05	\$ 87.34	\$ 85.86
Transfers	4.65	18.45	(4.65)	(18.45)	-	-
Change in Net Position	\$ 76.07	\$ 51.27	\$ 11.27	\$ 34.60	\$ 87.34	\$ 85.86
Restatement of Net Position	45.93	(200.41)	(36.20)	0.43	9.73	(199.99)
Net Position at Beginning of Year	1,139.83	1,288.97	507.72	472.71	1,647.55	1,761.67
Net Position at End of Year	\$ 1,261.83	\$ 1,139.83	\$ 482.79	\$ 507.72	\$ 1,744.62	\$ 1,647.55

Governmental Activities

Under the governmental activities, the City's *net position* at the end of the year increased to \$1.26 billion after a \$71.42 million net difference between revenue and expense, transfers of \$4.65 million and restatement of \$45.93 million. The cost of all governmental activities this year was \$332.11 million or 73.6 percent of the government-wide total expenses and was an increase of \$30.93 million or 10.3 percent from last fiscal year.

Graph 1 below presents the costs of each of the City's five governmental functions – general government, public safety, community development, public works, 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)
(in millions)



Expenses in *General Government* were \$34.59 million or 10.4 percent of total Governmental Activities expenses. Of this amount, \$5.65 million was funded by program revenues, while the remaining \$28.94 million was funded by general revenues. General Government expenses increased by \$7.04 million or 25.6 percent, primarily due to increases in personnel costs and administrative expenses related to development in Ontario Ranch.

Public Safety expenses were \$178.04 million or 53.6 percent of the total Governmental Activities expenses. Of this amount, \$32.02 million was funded by program revenues while the remaining \$146.02 million was funded by general revenues. Public safety expenses remained slightly unchanged, with a minimal decrease of less than one percent.

Expenses in *Community Development* were \$76.42 million or 23.0 percent of the total Governmental Activities expenditures. These expenses increased by \$33.80 million due to infrastructure improvements in the Ontario Ranch area and affordable housing development in the downtown area, as well as the transfer of the Library activities to the Community Development category. Program revenues relating to the funding of community development activities amounted to \$140.76 million, which were primarily from charges for services of \$80.91 million and capital contributions and grants of \$55.79 million.

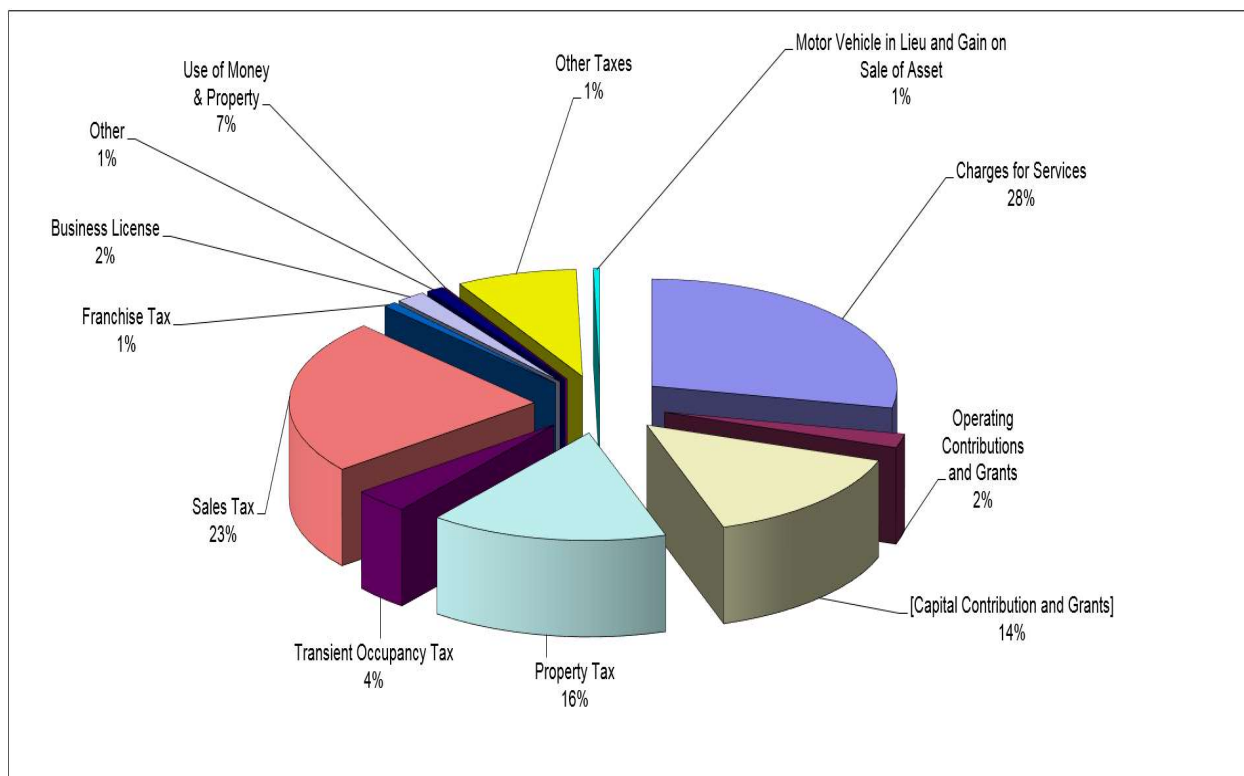
Public Works expenses were \$40.40 million or 12.2 percent of the total Governmental Activities expenses. Of this amount, \$2.95 million was funded by program revenues, while the remaining \$37.45 million was funded by general revenues. Public Works expenses decreased by \$1.91 million or 4.5 percent due to the completion of City facilities capital improvement projects in the prior fiscal year.

Interest on long-term debt had expenses of \$2.66 million or less than one percent of total Governmental Activities and is funded entirely by general revenues.

Graph 2 below presents governmental activities revenue by source. Total revenue for governmental activities was \$403.53 million (before transfers); an increase of \$69.53 million or 20.8 percent compared to the previous fiscal year. The four largest revenue sources under governmental activities were the categories of *Charges for Services*, *Sales Taxes*, *Property Taxes*, and *Capital Contributions and Grants*.

Charges for Services (program revenue) was \$113.71 million or 28.2 percent of total governmental activities revenue. Compared to the prior year, charges for services revenue increased \$36.47 million or 47.2 percent. This gain in revenue is attributable to increases in development related activities citywide – mainly in Ontario Ranch and downtown. *Sales Taxes* (general revenue) was \$94.49 million or 23.4 percent of total governmental activities revenue. It had an increase of \$6.58 million or 7.5 percent compared to the previous fiscal year – primarily from growth in consumer spending and new businesses. *Property Taxes* (general revenue) was \$63.16 million or 15.7 percent of total governmental activities revenue. Growth in assessed valuations and new development are primarily the reason for this increase in revenue. *Capital Contributions and Grants* (program revenue) was \$58.83 million or 14.6 percent of the total governmental activities revenue. This program revenue experienced an increase of \$2.09 million or 3.7 percent over the prior year – mainly due to continued high levels of developmental activity in Ontario Ranch and new affordable housing projects in downtown.

Revenues by Source – Governmental Activities (Graph 2)



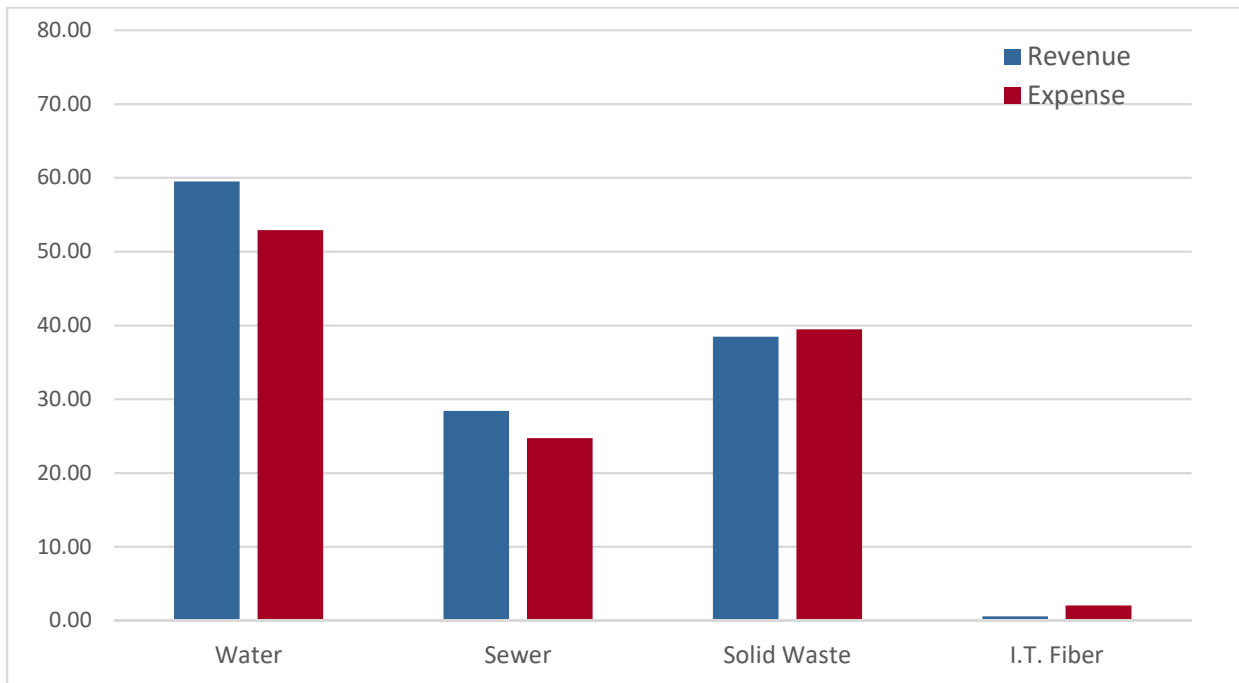
Business-type Activities

Net position for business-type activities was \$482.79 million at June 30, 2019, with assets of \$638.47 million, deferred outflows of resources of \$7.29 million, liabilities of \$155.90 million and deferred inflows of resources of \$7.07 million. Unrestricted net position of \$298.23 million represented 61.8 percent of total business-type activities net position; this amount may be used to meet the government's on-going obligations. Net investment in capital assets of \$184.56 million represented 38.2 percent of the total net position from business-type activities. Compared to the prior year, the City's net position from business-type activities from the prior year decreased by \$24.93 million or 4.9 percent; primarily due to an increase in liabilities (\$44.49 million), with an offsetting increase in assets (\$28.54 million).

Total revenue (excluding transfers) for the City's business-type activities was \$135.06 million, which represented a decrease of \$12.71 million or 8.6 percent from the prior year. Program revenues amounted to \$126.94 million or 94.0 percent of total business-type related revenue. Program revenues decreased \$18.61 million or 12.8 percent. General revenue for business-type activities was \$8.12 million. Business-type activities incurred \$119.14 million of expenditures for the year. This is an increase of \$24.42 million or 25.8 percent compared to the prior year.

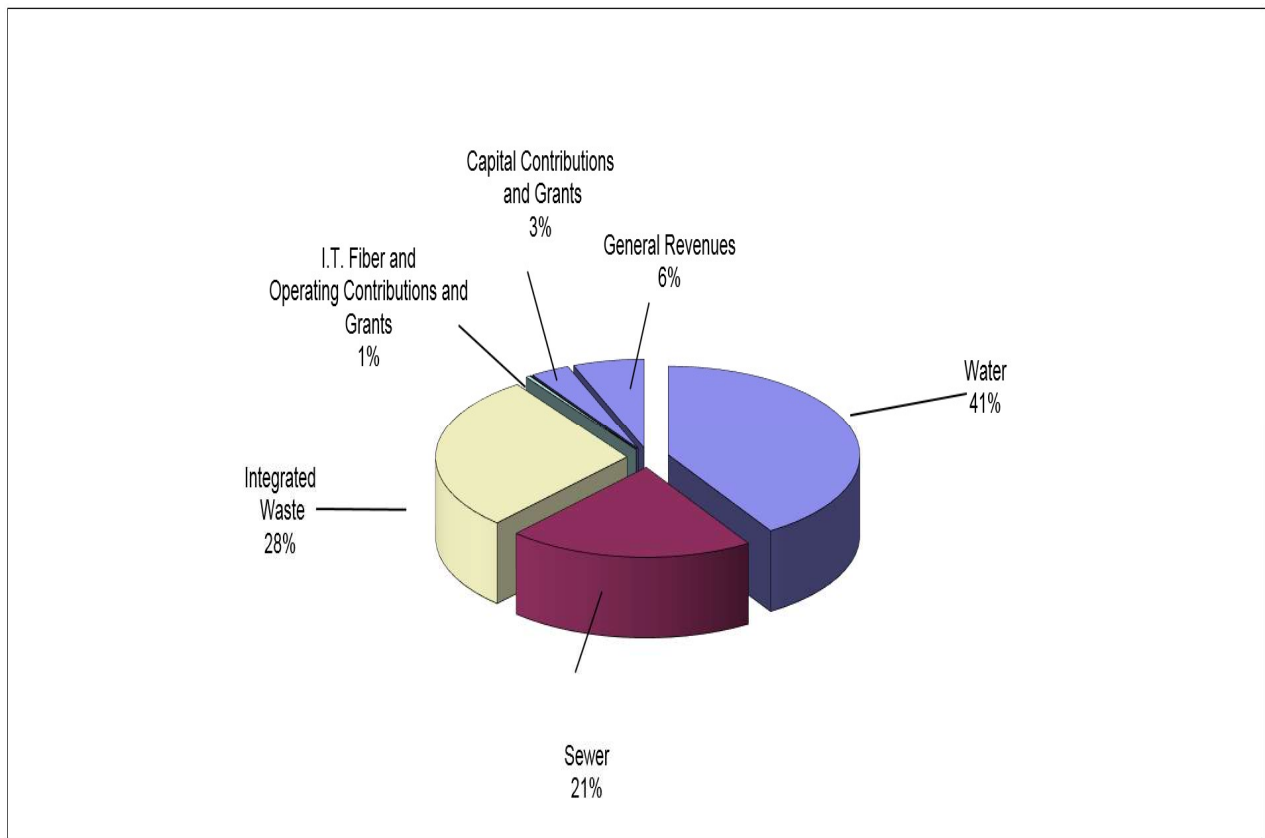
Graph 3 presents the costs of each of the City's business activities and the associated program revenue. Since business-type activities are primarily used when the City charges customers for the services it provides, program revenues (charges for services) should be comparable to the costs of these programs 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. Total revenue for business-type activities was \$135.06 million (before transfers); a decrease of \$12.71 million or 8.6 percent over the prior year. Charges for Services (program revenue) amounted to \$122.36 million or 90.6 percent of total business-type activities revenues. The remaining revenues by source of 9.4 percent is from Capital Contributions and Grants (\$4.46 million), General Revenues (\$8.12 million) and Operating Contributions and Grants (\$0.12 million). Revenue from Water Services is the largest revenue source at \$55.45 million or 41.1 percent of the total revenues from business-type activities. It had a decrease of \$13.49 million or 19.6 percent compared to the previous fiscal year as a result of decreased water consumption as the state of California was no longer experiencing drought conditions statewide. The second largest revenue source was revenue from Integrated Waste services at \$38.36 million or 28.4 percent of total business-type activities revenues. Integrated Waste services revenue had an increase of \$1.37 million or 3.7 percent.

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



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental Funds

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

During the current fiscal year, the City had six major governmental funds: General Fund, Measure I Fund, Community Development Fund, Ontario Housing Authority, 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 Measure I Fund accounts for revenues from a one-half percent sales tax on all retail transactions within the County. The proceeds are to be used for transportation improvements, railroad grade separation projects, and traffic management programs. The special revenue fund for the Community Development Fund accounts for the Community Development Block Grant, Emergency Shelter Grant and HOME Grant. These grants account for the financial transactions as prescribed by the Federal Housing and Urban Development. The special revenue fund for the Ontario Housing Authority Fund accounts for low and moderate housing 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 \$470.66 million. Approximately 20.7 percent or \$97.41 million of this total amount constitutes assigned/unassigned fund balance. The remaining fund balance of \$373.25 million is comprised of the following: Nonspendable (\$46.47 million), Restricted (\$204.45 million), and Committed (\$122.33 million). Included in the Nonspendable fund balance are as follows: Notes and loans (\$42.42 million); Advances to other funds (\$3.50 million); and Prepaid costs and Inventories (\$0.55 million). For the Restricted fund balance (external enforceable limitations on usage), they are comprised as follows: Community and park development projects (\$95.11 million); Affordable housing and bond improvement projects (\$21.30 million); Capital Projects (\$45.50); Transportation improvement projects (\$3.50 million); Impact Fees (\$0.23 million); Endowment and trusts (\$0.44 million) and Other Governmental Fund (\$126.07 million). Included in the Committed fund balance (self-imposed limitations on usage) are as follows: City facilities, infrastructure and capital replacement (\$118.56 million); and Capital projects (\$3.77 million).

Governmental Revenues

Revenues of governmental funds for Fiscal Year 2018-19 were \$388.31 million, with an increase of \$59.12 million or 18.0 percent compared to the previous fiscal year. This increase in governmental revenue is primarily attributable to increased revenues in Charges for Services related to new development in Ontario Ranch and affordable housing in downtown.

Table 3 below presents a summary of governmental fund revenues for the fiscal year ended June 30, 2019, with comparative amounts from the prior year.

Comparison of Major Governmental Revenues (Table 3)
Fiscal Years 2018-19 and 2017-18

	<u>Amount</u> <u>FY 18-19</u>	<u>% of Total</u> <u>Revenues</u>	<u>Amount</u> <u>FY 17-18</u>	<u>% of Total</u> <u>Revenues</u>	<u>\$ Increase /</u> <u>(Decrease)</u>	<u>% Increase /</u> <u>(Decrease)</u>
Property Tax	\$ 63,156,933	16.26%	\$ 56,199,666	17.07%	\$ 6,957,267	12.4%
Sales Tax	94,486,731	24.33%	87,910,014	26.71%	6,576,717	7.5%
Transient Occupancy Tax	14,945,483	3.85%	14,586,233	4.43%	359,250	2.5%
Parking Tax	3,235,108	0.83%	3,216,403	0.98%	18,705	0.6%
Business Licenses Tax	7,786,821	2.01%	7,478,153	2.27%	308,668	4.1%
Other Taxes	8,287,241	2.13%	4,214,951	1.28%	4,072,290	96.6%
Licenses & Permits	5,067,374	1.30%	4,887,991	1.48%	179,383	3.7%
Intergovernmental	21,912,280	5.64%	24,359,686	7.40%	(2,447,406)	-10.0%
Contribution from Property Owners and Impact Fees	35,587,107	9.16%	28,493,804	8.66%	7,093,303	100.0%
Charges for Services	109,518,406	28.20%	80,404,296	24.43%	29,114,110	36.2%
Use of Money & Property	14,861,752	3.83%	4,004,514	1.22%	10,857,238	271.1%
Fines and Forfeitures	1,185,128	0.31%	1,042,090	0.32%	143,038	13.7%
Miscellaneous	<u>8,275,990</u>	<u>2.13%</u>	<u>12,389,218</u>	<u>3.76%</u>	<u>(4,113,228)</u>	<u>-33.2%</u>
TOTAL	<u>\$ 388,306,354</u>	<u>100.00%</u>	<u>\$ 329,187,019</u>	<u>100.00%</u>	<u>\$ 59,119,335</u>	<u>18.0%</u>

Governmental Expenditures

Total expenditures for Fiscal Year 2018-19 were \$323.31 million, an increase of \$35.55 million or 12.4 percent compared to the prior year. This is primarily due to an increase of \$34.47 million in Community Development from development related projects at Ontario Ranch and new affordable housing projects in downtown, as well as the inclusion of the Library function in the Community Development function category.

Table 4 presents a summary of governmental fund expenditures for the Fiscal Year ended June 30, 2019 with comparative amounts from the prior year.

**Comparison of Major Governmental Expenditures (Table 4)
Fiscal Years 2018-19 and 2017-18**

	<u>Amount FY 18-19</u>	<u>% of Total Expenditures</u>	<u>Amount FY 17-18</u>	<u>% of Total Expenditures</u>	<u>\$ Increase / (Decrease)</u>	<u>% Increase/ (Decrease)</u>
General Government	\$ 33,100,934	10.24%	\$ 23,830,837	8.28%	\$ 9,270,097	38.90%
Public Safety	160,884,992	49.76%	160,838,334	55.89%	46,658	0.03%
Community Development	102,279,086	31.63%	67,805,408	23.56%	34,473,678	50.84%
Library	-	0.00%	4,768,627	1.66%	(4,768,627)	-100.00%
Public Works	<u>24,047,574</u>	<u>7.43%</u>	<u>21,279,011</u>	<u>7.39%</u>	<u>2,768,563</u>	<u>13.01%</u>
Total Operating Expenditures	320,312,586	99.07%	278,522,217	96.79%	41,790,369	15.00%
Debt Service	<u>2,999,049</u>	<u>0.93%</u>	<u>9,239,361</u>	<u>3.21%</u>	<u>(6,240,312)</u>	<u>-67.54%</u>
TOTAL	<u>\$ 323,311,635</u>	<u>100.00%</u>	<u>\$ 287,761,578</u>	<u>100.0%</u>	<u>\$ 35,550,057</u>	<u>12.35%</u>

Proprietary Funds

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

Operating revenues for Enterprise Funds include sales and service charges, interdepartmental charges and miscellaneous. Total operating revenues for all Enterprise Funds for Fiscal Year 2018-19 were \$126.84 million, while non-operating revenues were \$7.71 million. Operating expenses for Fiscal Year 2018-19 were \$111.62 million, while non-operating expenses were \$11.60 million. During the fiscal year, the net amount transferred out to the City's Governmental Funds was \$4.65 million to support for the various governmental activities.

The City also has four Internal Service funds to allocate costs of the City's information systems, equipment services, risk management, and other post-employment benefits operations to the various departments. The interdepartmental charges for service (revenues) in Fiscal Year 2018-19 were \$41.17 million.

Fiduciary Funds

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

GENERAL FUND – FUND BALANCE ANALYSIS

The General Fund is the primary operating fund of the City. The fund balance of \$131.39 million as of June 30, 2019 had an increase of \$16.57 million. As a measure of the General Fund's liquidity, it may be useful to compare both Assigned and Unassigned fund balance and total fund balance to total fund operating expenditures. Assigned and Unassigned fund balance represents 35.1 percent of total General Fund operating expenditures, while the total Nonspendable, Restricted, and Committed fund balance amounts to 19.7 percent of the same amount.

Total fund balance of the General Fund consists of four components: 1) Nonspendable fund balance of \$46.47 million – represents \$42.42 million loan to the Ontario International Airport Authority (OIAA), \$3.50 million in advances to other funds, and \$0.55 million in prepaid and inventory; 2) Restricted fund balance of \$0.44 million – consists of endowment and trust funds; 3) Committed fund balance of \$0.42 million – represents Whispering Lakes Golf Course capital replacement (\$75,828) and Ontario Motor Speedway (\$340,056 – to be used for community activities, facilities, and projects); and 4) Assigned fund balance of \$84.06 million – consists of the stability arrangement of \$56.68 million, compensated absences of \$14.93 million, City facilities and capital replacement of \$7.57 million, and continuing appropriations of \$4.88 million.

For additional details of the City's General Fund Balance, please refer to Note 13 in the Notes to the Basic Financial Statements.

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

For Fiscal Year 2018-19, General Fund revenues were \$245.83 million, a growth of \$21.82 million or 9.7 percent from the prior fiscal year. Charges for services were \$38.78 million, an increase of \$8.01 million from the prior fiscal year mainly due to increased development activity citywide. Property tax was \$63.16 million, an increase of \$7.52 million from the prior year as a result of increased property assessed valuations. Sales tax increased by \$6.58 million over the previous fiscal year to \$94.49 million. Use of money and property was \$7.07 million, an increase of \$5.31 million compared to the prior year due to investment portfolio valuation gains.

General Fund Revenues (Table 5)
Fiscal Years 2016-17, 2017-18, and 2018-19

	<u>FY 16-17</u>	<u>FY 17-18</u>	<u>FY 18-19</u>	<u>% of Total</u>	<u>\$ Increase / (Decrease) to Last Year</u>	<u>% of Increase (Decrease)</u>
Property Tax	\$ 52,975,647	\$ 55,636,371	\$ 63,156,933	25.7%	\$ 7,520,562	13.5%
Sales Tax	86,168,797	87,910,014	94,486,731	38.4%	6,576,717	7.5%
Transient Occupancy Tax	13,886,637	14,586,233	14,945,483	6.1%	359,250	2.5%
Other Taxes	14,235,877	15,472,802	14,005,502	5.7%	(1,467,300)	-9.5%
License & Permits	4,384,727	4,887,991	5,067,374	2.1%	179,383	3.7%
Intergovernmental	5,170,893	4,540,398	3,132,474	1.3%	(1,407,924)	-31.0%
Charges for Services	9,960,386	30,768,155	38,777,697	15.8%	8,009,542	26.0%
Use of Money & Property	1,063,385	1,758,523	7,072,112	2.9%	5,313,589	302.2%
Fines & Forfeitures	1,136,159	1,007,271	1,185,028	0.5%	177,757	17.6%
Miscellaneous	5,776,786	7,445,883	4,002,652	1.6%	(3,443,231)	-46.2%
Totals	<u>\$ 194,759,294</u>	<u>\$ 224,013,641</u>	<u>\$ 245,831,986</u>	<u>100.0%</u>	<u>\$ 21,818,345</u>	<u>9.7%</u>

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

- Property Tax revenues increased \$7.52 million or 13.5 percent, comprising 25.7 percent of total General Fund revenue. This gain was the result of increased property assessed valuations.
- Sales Tax revenues experienced an increase of \$6.58 million or 7.5 percent from the prior year. Of the total General Fund revenue, 38.4 percent comes from sales taxes. This growth in revenue is due to higher consumer spending and new businesses.
- Transient Occupancy Tax (TOT) increased by \$0.36 million or 2.5 percent; it comprises 6.1 percent of the City's total General Fund revenue base.
- Other tax revenues include Franchise Fee, Business License Tax, Property Transfer Tax and Parking Tax, comprising 5.7 percent of the City's total General Fund revenue. This revenue category reflected a decrease of \$1.47 million or 9.5 percent.
- License and Permit revenues experienced an increase of \$179,383 or 3.7 percent from the prior year due to continued steady development related activity.
- Intergovernmental revenues decreased by \$1.41 million or 31.0 percent compared to the previous year due to reduction of grant revenue in the fiscal year; it comprises only 1.3 percent of the City's total General Fund revenue base.
- Charges for Services revenues were \$38.78 million; an increase of \$8.01 million from the previous year as a result of increased development activity citywide, as well as for City public safety services provided to Ontario International Airport Authority. Of the total General Fund revenue, 15.8 percent comes from charges for services.
- Revenues of \$7.07 million for the Use of Money and Property category represent 2.9 percent of the City's total General Fund revenue base and experienced an increase of \$5.31 million from the prior year due to investment portfolio valuation gains.
- Fines and Forfeiture revenue of \$1.19 million increased \$0.18 million compared to the previous fiscal year and represents less than 1 percent of total General Fund revenues.
- Miscellaneous revenues of \$4.0 million, represent 1.6 percent of the total General Fund revenue and decreased \$3.44 million from the prior year primarily due to a one-time receipt of miscellaneous revenue received in the previous fiscal year.

Expenditures

For Fiscal Year 2018-19, total General Fund expenditures were \$239.83 million, and increased \$5.76 million or 2.5 percent compared to the previous year.

General Fund Expenditures (Table 6)
Fiscal Years 2016-17, 2017-18, and 2018-19

	<u>FY 16-17</u>	<u>FY 17-18</u>	<u>FY 18-19</u>	<u>% of Total</u>	<u>\$ Increase / (Decrease) to Last Year</u>	<u>% of Increase (Decrease)</u>
General Government	\$ 24,500,521	\$ 23,517,450	\$ 27,251,880	11.4%	\$ 3,734,430	15.9%
Public Safety	134,053,016	156,245,698	157,310,539	65.6%	1,064,841	0.7%
Community Development	24,285,744	25,914,561	31,597,820	13.2%	5,683,259	21.9%
Library	4,654,465	4,768,627	-	0.1%	(4,768,627)	-100.0%
Public Works	18,105,811	19,337,803	20,679,198	8.6%	1,341,395	6.9%
Debt Service	3,222,190	4,289,158	2,989,049	1.2%	(1,300,109)	-30.3%
Totals	<u>\$ 208,821,747</u>	<u>\$ 234,073,297</u>	<u>\$ 239,828,486</u>	<u>100.0%</u>	<u>\$ 5,755,189</u>	<u>2.5%</u>

- General Government expenditures were \$27.25 million, an increase of \$3.73 million or 15.9 percent from the prior fiscal year. This was primarily due to increased reimbursements to local businesses that have sales tax abatement agreements with the City.
- Public Safety expenditures were \$157.31 million, an increase of \$1.06 million or less than one percent compared to the previous year.
- Community Development expenditures were \$31.60 million, an increase of \$5.68 million compared to the prior fiscal year. This was the result of a combination of increased community development activities and the move of the Library function activities to the Community Development category for Fiscal Year 2018-19.
- Public Works expenditures were \$20.68 million, an increase of \$1.34 million or 6.9 percent compared to the previous fiscal year. This is primarily due to completion of City facilities projects.
- Debt Service expenditures were \$2.99 million, a decrease of \$1.30 million or 30.3 percent. This is the result of declining debt service payments.

MEASURE I FUND – FUND BALANCE ANALYSIS

The Measure I Fund accounts for revenues from a one-half percent sales tax on all retail transactions within the County. The proceeds are to be used for transportation improvements, railroad grade separation projects, and traffic management programs. It is one of the six major funds included in the City's Comprehensive Annual Financial Report for June 30, 2019. The fund balance of \$4.04 million as of June 30, 2019 had an increase of \$3.16 million compared to the prior year. Total Assets were \$18.60 million, a decrease of \$0.16 million from the prior fiscal year. This is primarily due to an increase in Cash and Investments (including Restricted Cash and Investments) of \$1.97 million, with an offsetting decrease in Accounts Receivable of \$2.13 million. Total Liabilities of \$4.21 million, reflected a slight increase of \$0.19 million primarily from Accounts Payable.

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

For Fiscal Year 2018-19, total Measure I Fund revenues were \$7.70 million or \$1.16 million less compared to the prior year. This is due to the completion of the South Milliken and North Vineyard Grade Separation projects, which decreased the reimbursement revenue amounts for Measure I funded projects.

Expenditures

For Fiscal Year 2018-19, total Measure I Fund expenditures were \$4.54 million, a decrease of \$1.44 million compared to the prior year. The decline was due to the completion of the South Milliken and North Vineyard Grade Separation projects.

COMMUNITY DEVELOPMENT FUND – FUND BALANCE ANALYSIS

The Community Development Fund accounts for the Community Development Block Grant, Emergency Shelter Grant and HOME Grant. These grants account for the financial transactions as prescribed the Federal Housing and Urban Development. It is one of the six major funds included in the City's Comprehensive Annual Financial Report for June 30, 2019. The fund balance of \$7.36 million as of June 30, 2019 had an increase of \$0.23 million compared to the prior year. Total Assets were \$18.46 million; a small decrease of \$0.28 million. Total Liabilities were \$3.28 million; a decrease of \$0.55 million compared to the prior fiscal year.

COMMUNITY DEVELOPMENT FUND – REVENUE AND EXPENDITURE ANALYSIS

Revenues

For Fiscal Year 2018-19, total Community Development Fund revenues were \$3.13 million; a decrease of \$0.48 million compared to the prior year. This is due to the reduction of Federal grant monies from the Housing Urban Development (HUD).

Expenditures

For Fiscal Year 2018-19, total Community Development Fund expenditures were \$2.89 million, which is a small decrease of approximately \$92,000 compared to the prior fiscal year, as the number of funded projects declined slightly.

ONTARIO HOUSING AUTHORITY – FUND BALANCE ANALYSIS

The Ontario Housing Authority Fund accounts for financial transactions for the Ontario Housing Authority. It is one of the six major funds included in the City's Comprehensive Annual Financial Report for June 30, 2019. The fund balance of \$21.30 million as of June 30, 2019, which is a decrease of \$3.27 million over the prior year. Total Assets were \$48.74 million; an increase of \$14.61 million. This is primarily due to a major increase in Notes and Loans of \$17.94 million, with an offsetting decrease in Cash and Investments of \$2.35 million. Total Liabilities were \$6.00 million – relatively unchanged compared to the previous fiscal year.

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

For Fiscal Year 2018-19, total Ontario Housing Authority Fund revenues were \$16.13 million; a substantial increase of \$13.82 million compared to the prior year. This increase is mainly due to contributions from property owners of \$12.46 million received to partly fund affordable multi-family housing projects located in downtown Ontario.

Expenditures

For Fiscal Year 2018-19, total Ontario Housing Authority Fund expenditures were \$19.39 million. This significant increase of \$18.74 million over the previous fiscal year was primarily the result of the development of affordable multi-family housing projects located in downtown Ontario (a total of \$18.62 million).

CAPITAL PROJECTS FUND – FUND BALANCE ANALYSIS

The Capital Projects Fund accounts for financial transactions of general capital improvements. It is one of the six major funds included in the City's Comprehensive Annual Financial Report for June 30, 2019. The fund balance of \$58.15 million as of June 30, 2019 reflected a slight decrease of \$0.39 million compared to the prior year. Total Assets were \$63.18 million; an increase of \$1.54 million from the previous year. This is mainly attributable to increases in Accounts Receivables of \$2.86 million and Deposits of \$1.38 million, with an offsetting decrease in Cash and Investments of \$2.69 million. Total Liabilities of \$3.15 million increased by less than \$200,000 from the prior fiscal year.

CAPITAL PROJECTS FUND – REVENUE AND EXPENDITURE ANALYSIS

Revenues

For Fiscal Year 2018-19, total Capital Projects Fund revenues were \$7.18 million; a decrease of \$4.18 million compared to the prior year.

Expenditures

For Fiscal Year 2018-19, total Capital Projects Fund expenditures were \$17.99 million. This was an increase of \$3.70 million over the previous fiscal year due to the growth of capital improvement projects that were completed in fiscal year 2018-19.

IMPACT FEES FUND – FUND BALANCE ANALYSIS

The Impact Fees Fund accounts for revenues from developer-paid impact fees for infrastructure or construction. It is one of the six major funds included in the City's Comprehensive Annual Financial Report for June 30, 2019. The fund balance of \$122.79 million as of June 30, 2019 reflected an increase of \$21.74 million. Total Assets were \$129.19 million; an increase of \$11.70 million from the previous year which is mainly attributable to the increase in Cash and Investments of \$10.91 million. Total Liabilities of \$6.40 million decreased by \$10.04 million as a result of the elimination of Due to Other Funds amount of \$11.57 million included in the previous fiscal year.

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

For Fiscal Year 2018-19, total Impact Fees Fund revenues were \$53.13 million; a major gain of \$24.58 million compared to the prior year due to the substantial increase in development activity in the Ontario Ranch planned community.

Expenditures

For Fiscal Year 2018-19, total Impact Fees Fund expenditures were \$19.87 million. This was an increase of \$7.08 million over the prior year as a result of an upswing of development activity in the Ontario Ranch planned community.

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 \$23.97 million between the original budget of \$286.92 million and the final amended budget of \$310.89 million. The increase was mainly due to budget adjustments for Taxes (\$10.13 million), Intergovernmental (\$5.89 million), Charges for Services (\$3.61 million) and Miscellaneous (\$3.42 million). Actual revenues were \$35.88 million less than the final amended budget, primarily the result of timing differences on recognizing a substantial state grant of \$33.25 million.

Charges to Appropriations (Outflows)

The difference between the original budget and the final budget was an increase of \$19.14 million in appropriations. This increase was primarily the result of increases to Transfers to Other Funds (\$11.92 million) to fund various capital improvement projects and Community Development (\$5.02 million) to fund increased development related activities.

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

Budgetary Comparison for General Fund (Table 7)
Fiscal Year 2018-19
(in millions)

	Budget Amounts			Actuals	Favorable / (Unfavorable)
	Original	Final	Variance		
Resources (Inflows):					
Taxes	\$ 176.90	\$ 187.03	\$ (10.13)	\$ 186.59	\$ (0.43)
Licenses and Permits	3.30	4.32	(1.02)	5.07	0.75
Intergovernmental	34.15	40.04	(5.89)	3.13	(36.91)
Charges for Services	32.18	35.79	(3.61)	38.78	2.99
Use of Money and Property	3.85	3.81	0.04	7.07	3.26
Fines and Forfeitures	0.95	1.07	(0.12)	1.19	0.12
Miscellaneous	2.41	5.83	(3.42)	4.00	(1.83)
Transfers from Other Funds	33.18	33.01	0.17	29.18	(3.83)
Total Resources	\$ 286.92	\$ 310.89	\$ (23.97)	\$ 275.01	\$ (35.88)
Charges to Appropriations (Outflows):					
General Government	\$ 29.02	\$ 30.91	\$ (1.89)	\$ 27.25	\$ 3.66
Public Safety	161.21	161.34	(0.13)	157.31	4.02
Community Development	67.17	72.19	(5.02)	31.60	40.59
Public Works	22.18	22.36	(0.18)	20.68	1.68
Debt Service	2.99	2.99	-	2.99	(0.00)
Transfers to Other Funds	5.15	17.07	(11.92)	18.62	(1.54)
Total Charges to Appropriations	\$ 287.71	\$ 306.85	\$ (19.14)	\$ 258.45	\$ 48.41

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, 2019, is \$1.28 billion (net of accumulated depreciation). This investment in capital assets includes land, structures and improvements, furniture and equipment, infrastructure and construction in progress. For more information, please refer to Note 6 in the Notes to the Basic Financial Statements. The Capital Assets of the City are those assets which are used in the performance of the City's functions including infrastructure assets. Depreciation on capital assets is recognized in the Government-wide financial statements.

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

	Governmental Activities		Business-Type Activities		Government-Wide Totals	
	2019	2018	2019	2018	2019	2018
Land	\$ 91.56	\$ 87.45	\$ 16.03	\$ 17.77	\$ 107.59	\$ 105.22
Structures and Improvements	268.84	268.17	7.63	6.20	276.47	274.37
Furniture and Equipment	13.88	5.87	0.60	1.46	14.48	7.33
Infrastructure	600.47	462.69	161.07	126.67	761.54	589.35
Construction in Progress	48.97	190.62	66.08	78.01	115.05	268.63
Total Capital Assets	\$ 1,023.72	\$ 1,014.79	\$ 251.41	\$ 230.11	\$ 1,275.13	\$ 1,244.90

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

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

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

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

The City expended \$11.90 million on street maintenance for the fiscal year ended June 30, 2019 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 2020 is a minimum of \$5.70 million per year. As of June 30, 2019, the City had approximately 106 million square feet of streets with a carrying amount of approximately \$304.51 million and a replacement cost of approximately \$1.03 billion.

The City is also continuously taking actions to arrest the deterioration of other infrastructure assets through short-term maintenance activities. The City expended \$4.0 million on other infrastructure (sidewalks, traffic signals/streetlights and catch basins/storm drains) maintenance for the fiscal year ended June 30, 2019. These expenditures delayed deterioration and improved the overall condition through these maintenance efforts. It is estimated that it will cost approximately \$4.0 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 \$174.58 million in outstanding long-term debt. This debt consisted of revenue bonds, loans payable, advances from Successor Agency, compensated absences, claims and judgments, and unamortized bond premiums. For additional details of the City's long-term debt, please refer to Note 7 in the Notes to the Basic Financial Statements.

Table 9 below is a summary of the City's long-term debt for the year ended June 30, 2019.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Government-wide Totals</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenue Bonds	\$ 60.04	\$ 60.20	\$ 65.90	\$ 67.34	\$ 125.94	\$ 127.54
Loan Payable	0.13	0.14	-	-	0.13	0.14
Advances from Successor Agency	1.60	1.60	-	-	1.60	1.60
Claims and Judgments	24.62	21.78	-	-	24.62	21.78
Compensated Absences	16.22	15.13	1.43	1.43	17.65	16.56
Unamortized Bond Premium	2.85	2.95	1.79	1.89	4.64	4.84
	<u>\$ 105.46</u>	<u>\$ 101.80</u>	<u>\$ 69.12</u>	<u>\$ 70.66</u>	<u>\$ 174.58</u>	<u>\$ 172.46</u>

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Executive Director of Finance
City of Ontario
303 East "B" Street
Ontario, California 91764

Basic Financial Statements

CITY OF ONTARIO

STATEMENT OF NET POSITION
JUNE 30, 2019

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and investments	\$ 555,861,159	\$ 237,269,008	\$ 793,130,167
Receivables:			
Accounts	55,150,566	14,669,355	69,819,921
Taxes	152,607	-	152,607
Notes and loans	81,561,942	-	81,561,942
Accrued interest	2,366,074	928,941	3,295,015
Internal balances	(19,448,494)	19,448,494	-
Prepaid costs	1,579,073	58,518	1,637,591
Deposits	2,190,586	-	2,190,586
Inventories	1,058,100	51,662,110	52,720,210
Advances to Successor Agency	3,500,000	-	3,500,000
Land held for resale	77,152,964	-	77,152,964
Other investments	38,138,112	-	38,138,112
Investment in joint venture	-	62,860,660	62,860,660
Restricted assets:			
Cash and investments	1,346,380	168,531	1,514,911
Cash with fiscal agent	41,321,010	378	41,321,388
Capital assets not being depreciated	439,386,553	82,109,548	521,496,101
Capital assets, net of depreciation	584,336,727	169,295,997	753,632,724
Total Assets	1,865,653,359	638,471,540	2,504,124,899
Deferred Outflows of Resources:			
Deferred charges on refunding	-	852,605	852,605
Deferred pension related items	65,716,356	5,459,111	71,175,467
Deferred OPEB related items	5,131,275	977,386	6,108,661
Total Deferred Outflows of Resources	70,847,631	7,289,102	78,136,733
Liabilities:			
Accounts payable	19,847,271	11,368,759	31,216,030
Accrued liabilities	6,373,581	387,978	6,761,559
Accrued interest	596,190	-	596,190
Unearned revenue	8,037,382	151,071	8,188,453
Deposits payable	13,465,034	7,005,280	20,470,314
Due to other governments	2,866,258	-	2,866,258
Noncurrent liabilities:			
Due within one year			
Long-term debt	1,062,000	1,485,000	2,547,000
Compensated absences	7,760,000	760,000	8,520,000
Claims and judgments	8,697,000	-	8,697,000
Due in more than one year			
Long-term debt	63,546,064	66,210,585	129,756,649
Compensated absences	8,464,220	665,106	9,129,326
Claims and judgments	15,926,000	-	15,926,000
OPEB liability	226,425,472	43,128,661	269,554,133
Net pension liabilities	247,837,396	24,736,987	272,574,383
Total Liabilities	630,903,868	155,899,427	786,803,295
Deferred Inflows of Resources:			
Deferred charges on refunding	1,060,190	-	1,060,190
Deferred pension related items	8,935,201	641,008	9,576,209
Deferred OPEB related items	33,774,022	6,433,148	40,207,170
Total Deferred Inflows of Resources	43,769,413	7,074,156	50,843,569
Net Position:			
Net investment in capital assets	959,781,592	184,562,565	1,144,344,157
Restricted for:			
Community development projects	139,104,963	-	139,104,963
Public safety	2,376,614	-	2,376,614
Capital projects	26,175,647	-	26,175,647
Debt service	-	378	378
Affordable housing	36,351,439	-	36,351,439
Other purposes	438,872	-	438,872
Unrestricted	97,598,582	298,224,116	395,822,698
Total Net Position	\$ 1,261,827,709	\$ 482,787,059	\$ 1,744,614,768

See Notes to Financial Statements

CITY OF ONTARIO

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019

	Program Revenues			
	Expenses	Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
Functions/Programs				
Primary Government:				
Governmental Activities:				
General government	\$ 34,587,604	\$ 5,507,407	\$ 146,684	\$ -
Public safety	178,045,825	27,292,493	4,578,062	152,166
Community development	76,420,858	80,911,897	4,059,862	55,790,460
Public works	40,398,759	-	70,424	2,882,855
Interest on long-term debt	2,661,754	-	-	-
Total Governmental Activities	332,114,800	113,711,797	8,855,032	58,825,481
Business-Type Activities:				
Water	52,901,637	55,447,675	-	4,045,918
Sewer	24,733,369	28,080,727	-	309,974
Integrated Waste	39,475,286	38,361,984	119,686	-
I.T. Fiber	2,027,814	466,522	-	104,358
Total Business-Type Activities	119,138,106	122,356,908	119,686	4,460,250
Total Primary Government	\$ 451,252,906	\$ 236,068,705	\$ 8,974,718	\$ 63,285,731

General Revenues:

Taxes:

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

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

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position at Beginning of Year

Restatement of Net Position

Net Position at End of Year

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

Governmental Activities	Business-Type Activities	Total
\$ (28,933,513)	\$ -	\$ (28,933,513)
(146,023,104)	-	(146,023,104)
64,341,361	-	64,341,361
(37,445,480)	-	(37,445,480)
(2,661,754)	-	(2,661,754)
(150,722,490)	-	(150,722,490)
-	6,591,956	6,591,956
-	3,657,332	3,657,332
-	(993,616)	(993,616)
-	(1,456,934)	(1,456,934)
-	7,798,738	7,798,738
(150,722,490)	7,798,738	(142,923,752)
63,156,933	-	63,156,933
14,945,483	-	14,945,483
94,486,731	-	94,486,731
3,420,656	-	3,420,656
7,786,821	-	7,786,821
4,506,129	-	4,506,129
85,244	-	85,244
32,107,405	7,873,778	39,981,183
1,647,848	245,676	1,893,524
4,647,613	(4,647,613)	-
226,790,863	3,471,841	230,262,704
76,068,373	11,270,579	87,338,952
1,139,830,481	507,718,850	1,647,549,331
45,928,855	(36,202,370)	9,726,485
\$ 1,261,827,709	\$ 482,787,059	\$ 1,744,614,768

CITY OF ONTARIO

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

	Special Revenue Funds			
	General	Measure I	Community Development	Ontario Housing Authority
Assets:				
Cash and investments	\$ 76,720,178	\$ 6,443,927	\$ 401,456	\$ 3,605,455
Receivables:				
Accounts	35,262,054	11,654,610	1,310,565	-
Taxes	121,303	-	-	-
Notes and loans	42,418,148	-	10,690,146	28,453,648
Accrued interest	915,735	9,005	-	16,811
Prepaid costs	280,083	-	-	2,247
Deposits	-	287,230	-	190,188
Due from other funds	717,325	-	-	-
Advances to other funds	-	-	5,961,399	-
Advances to Successor Agency	3,500,000	-	-	-
Inventories	274,571	-	-	-
Land held for resale	-	-	51,050	16,476,284
Restricted assets:				
Cash and investments	-	209,619	44,429	-
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 160,209,397	\$ 18,604,391	\$ 18,459,045	\$ 48,744,633
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ 6,214,226	\$ 212,634	\$ 211,960	\$ 22,875
Accrued liabilities	4,996,221	-	25	10,244
Unearned revenues	3,138,187	4,000,000	35,775	-
Deposits payable	11,726,555	-	-	8,395
Due to other governments	-	-	2,866,258	-
Due to other funds	-	-	162,470	-
Advances from other funds	-	-	-	5,961,399
Total Liabilities	26,075,189	4,212,634	3,276,488	6,002,913
Deferred Inflows of Resources:				
Unavailable revenues	2,743,432	10,351,842	7,823,888	21,445,204
Total Deferred Inflows of Resources	2,743,432	10,351,842	7,823,888	21,445,204
Fund Balances:				
Nonspendable	46,472,802	-	-	-
Restricted	438,872	3,505,957	7,358,669	21,296,516
Committed	415,884	-	-	-
Assigned	84,063,218	533,958	-	-
Unassigned	-	-	-	-
Total Fund Balances	131,390,776	4,039,915	7,358,669	21,296,516
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 160,209,397	\$ 18,604,391	\$ 18,459,045	\$ 48,744,633

CITY OF ONTARIO

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

	Capital Projects Funds		Other Governmental Funds	Total Governmental Funds
	Capital Projects	Impact Fees		
Assets:				
Cash and investments	\$ 36,896,192	\$ 127,588,871	\$ 48,659,237	\$ 300,315,316
Receivables:				
Accounts	3,545,612	865,020	2,070,775	54,708,636
Taxes	-	-	31,304	152,607
Notes and loans	-	-	-	81,561,942
Accrued interest	100,551	501,711	189,041	1,732,854
Prepaid costs	-	-	15,519	297,849
Deposits	1,483,798	229,370	-	2,190,586
Due from other funds	-	-	-	717,325
Advances to other funds	-	-	-	5,961,399
Advances to Successor Agency	-	-	-	3,500,000
Inventories	-	-	-	274,571
Land held for resale	2,826,155	-	57,799,475	77,152,964
Restricted assets:				
Cash and investments	50,722	7,363	46,010	358,143
Cash and investments with fiscal agents	18,273,167	-	23,047,843	41,321,010
Total Assets	\$ 63,176,197	\$ 129,192,335	\$ 131,859,204	\$ 570,245,202
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ 2,145,626	\$ 6,399,731	\$ 2,872,780	\$ 18,079,832
Accrued liabilities	347	-	1,204,321	6,211,158
Unearned revenues	-	-	863,420	8,037,382
Deposits payable	1,002,287	-	727,797	13,465,034
Due to other governments	-	-	-	2,866,258
Due to other funds	-	-	554,855	717,325
Advances from other funds	-	-	-	5,961,399
Total Liabilities	3,148,260	6,399,731	6,223,173	55,338,388
Deferred Inflows of Resources:				
Unavailable revenues	1,879,410	-	-	44,243,776
Total Deferred Inflows of Resources	1,879,410	-	-	44,243,776
Fund Balances:				
Nonspendable	-	-	-	46,472,802
Restricted	45,540,523	229,370	126,077,628	204,447,535
Committed	3,773,234	118,140,133	-	122,329,251
Assigned	8,834,770	4,423,101	80,330	97,935,377
Unassigned	-	-	(521,927)	(521,927)
Total Fund Balances	58,148,527	122,792,604	125,636,031	470,663,038
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 63,176,197	\$ 129,192,335	\$ 131,859,204	\$ 570,245,202

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CITY OF ONTARIO

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2019**

Fund balances of governmental funds		\$ 470,663,038
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	\$ 1,221,309,310	
Accumulated depreciation	<u>(229,165,358)</u>	992,143,952
Governmental funds report all pension contributions as expenditures. However, the net pension liability has a measurement date of June 30, 2018, and pension contributions subsequent to the measurement date are reclassified as deferred pension contributions.		
		26,814,209
Deferred outflows of resources reported for the pension plan for government-wide statements:		
Differences between expected and actual experiences	9,492,107	
Change in assumptions	25,177,833	
Net difference between projected and actual earnings on pension plan investments	<u>2,007,101</u>	36,677,042
Long-term debt and compensated absences have not been included in the governmental fund activity:		
Revenue bonds		(60,035,000)
Loan payable		(126,566)
Advance from Successor Agency		(1,600,000)
Unamortized bond discount and premium		(2,846,498)
Unamortized deferred charges on refunding		(1,060,190)
Compensated absences		(15,475,446)
Bond insurance premium is an expenditure in the governmental funds, but it is a prepaid item on the statement of net position.		
		162,780
Accrued interest payable for the current portion of interest due on bonds has not been reported in the governmental funds.		
		(596,190)
Governmental funds report all pension contributions as expenditures, however, in the statement of net position, the excess of the total pension liability over the plan fiduciary net position is reported as a net pension liability.		
		(237,754,725)
Deferred inflows of resources reported for the pension plan for government-wide statements:		
Differences between expected and actual experiences	(3,335,666)	
Changes in assumptions	<u>(5,338,264)</u>	(8,673,930)
Revenues are reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity.		
		44,243,776
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>19,291,457</u>
Net Position of Governmental Activities		<u>\$ 1,261,827,709</u>

CITY OF ONTARIO

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019**

	Special Revenue Funds			
	General	Measure I	Community Development	Ontario Housing Authority
Revenues:				
Taxes	\$ 186,594,649	\$ -	\$ -	\$ -
Special assessment taxes	-	-	-	-
Licenses and permits	5,067,374	-	-	-
Intergovernmental	3,132,474	7,113,853	2,831,483	-
Contribution from property owners	-	-	-	12,458,583
Charges for services	38,777,697	-	-	-
Use of money and property	7,072,112	96,895	297,503	806,145
Fines and forfeitures	1,185,028	-	-	-
Miscellaneous	4,002,652	485,000	-	2,861,332
Total Revenues	245,831,986	7,695,748	3,128,986	16,126,060
Expenditures:				
Current:				
General government	27,251,880	-	-	-
Public safety	157,310,539	-	187,651	-
Community development	31,597,820	4,539,945	2,529,337	19,379,317
Public works	20,679,198	-	174,509	-
Debt service:				
Principal retirement	165,000	-	-	10,000
Interest and fiscal charges	2,824,049	-	-	-
Total Expenditures	239,828,486	4,539,945	2,891,497	19,389,317
Excess (Deficiency) of Revenues Over (Under) Expenditures	6,003,500	3,155,803	237,489	(3,263,257)
Other Financing Sources (Uses):				
Transfers in	29,182,877	-	-	-
Transfers out	(18,618,087)	-	(8,806)	(9,900)
Total Other Financing Sources (Uses)	10,564,790	-	(8,806)	(9,900)
Net Change in Fund Balances	\$ 16,568,290	\$ 3,155,803	\$ 228,683	\$ (3,273,157)
Fund Balances:				
Beginning of year, as originally reported	\$ 114,822,486	\$ 884,112	\$ 7,129,986	\$ 24,569,673
Restatements	-	-	-	-
Beginning of year, as restated	114,822,486	884,112	7,129,986	24,569,673
Net change in fund balances	16,568,290	3,155,803	228,683	(3,273,157)
End of year	\$ 131,390,776	\$ 4,039,915	\$ 7,358,669	\$ 21,296,516

CITY OF ONTARIO

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019**

	<u>Capital Projects Funds</u>		<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>Capital Projects</u>	<u>Impact Fees</u>		
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ 186,594,649
Special assessment taxes	-	-	5,303,668	5,303,668
Licenses and permits	-	-	-	5,067,374
Intergovernmental	1,080,410	-	7,754,060	21,912,280
Contribution from property owners	-	-	23,128,524	35,587,107
Charges for services	5,022,675	49,110,479	16,607,555	109,518,406
Use of money and property	1,037,198	4,018,525	1,533,374	14,861,752
Fines and forfeitures	-	-	100	1,185,128
Miscellaneous	42,940	-	884,066	8,275,990
Total Revenues	7,183,223	53,129,004	55,211,347	388,306,354
Expenditures:				
Current:				
General government	-	5,311,342	537,712	33,100,934
Public safety	1,299,672	1,455,654	631,476	160,884,992
Community development	16,688,469	11,065,285	16,478,913	102,279,086
Public works	-	2,032,813	1,161,054	24,047,574
Debt service:				
Principal retirement	-	-	-	175,000
Interest and fiscal charges	-	-	-	2,824,049
Total Expenditures	17,988,141	19,865,094	18,809,155	323,311,635
Excess (Deficiency) of Revenues Over (Under) Expenditures	(10,804,918)	33,263,910	36,402,192	64,994,719
Other Financing Sources (Uses):				
Transfers in	10,612,937	-	4,076,183	43,871,997
Transfers out	-	(11,524,568)	(15,284,418)	(45,445,779)
Total Other Financing Sources (Uses)	10,612,937	(11,524,568)	(11,208,235)	(1,573,782)
Net Change in Fund Balances	\$ (191,981)	\$ 21,739,342	\$ 25,193,957	\$ 63,420,937
Fund Balances:				
Beginning of year, as originally reported	\$ 58,543,270	\$ 101,053,262	\$ 100,442,074	\$ 407,444,863
Restatements	(202,762)	-	-	(202,762)
Beginning of year, as restated	58,340,508	101,053,262	100,442,074	407,242,101
Net change in fund balances	(191,981)	21,739,342	25,193,957	63,420,937
End of year	\$ 58,148,527	\$ 122,792,604	\$ 125,636,031	\$ 470,663,038

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CITY OF ONTARIO

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019**

Net change in fund balances - total governmental funds \$ 63,420,937

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	\$ 26,388,451	
Depreciation	(17,989,402)	
Disposition of capital assets	<u>(1,119,763)</u>	7,279,286

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	165,000	
Loan Payable	10,000	
Bond Premium Amortization	125,418	
Bond Discount Amortization	(18,938)	
Deferred Charges Amortization	<u>62,060</u>	343,540

Bond insurance premium are expenditures in governmental funds, but these costs are capitalized on the statement of net position. (6,783)

Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period. 538

Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (1,006,051)

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. (7,816,795)

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. 15,153,232

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. (1,299,531)

Change in Net Position of Governmental Activities \$ 76,068,373

CITY OF ONTARIO

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2019

	Business-Type Activities - Enterprise Funds				Totals	Governmental Activities- Internal Service Funds
	Water	Sewer	Integrated Waste	Nonmajor Enterprise Fund I.T. Fiber		
Assets:						
Current:						
Cash and investments	\$ 143,073,185	\$ 55,729,921	\$ 33,705,641	\$ 4,760,261	\$ 237,269,008	\$ 255,545,843
Receivables:						
Accounts	7,125,685	3,137,383	4,251,536	154,751	14,669,355	441,930
Accrued interest	566,640	216,421	136,419	9,461	928,941	633,220
Prepaid costs	6,574	44,731	-	7,213	58,518	1,118,444
Inventories	49,882,356	178,403	-	1,601,351	51,662,110	783,529
Other investments	-	-	-	-	-	38,138,112
Restricted:						
Cash and investments	168,531	-	-	-	168,531	988,237
Cash with fiscal agent	378	-	-	-	378	-
Total Current Assets	200,823,349	59,306,859	38,093,596	6,533,037	304,756,841	297,649,315
Noncurrent:						
Investment in joint venture	62,860,660	-	-	-	62,860,660	-
Capital assets - net of accumulated depreciation	197,360,855	29,111,639	6,207,102	18,725,949	251,405,545	31,579,328
Total Noncurrent Assets	260,221,515	29,111,639	6,207,102	18,725,949	314,266,205	31,579,328
Total Assets	461,044,864	88,418,498	44,300,698	25,258,986	619,023,046	329,228,643
Deferred Outflows of Resources:						
Deferred charges on refunding	852,605	-	-	-	852,605	-
Deferred pension related items	2,045,439	732,489	2,549,888	131,295	5,459,111	2,225,105
Deferred OPEB related items	-	-	-	-	-	6,108,661
Total Deferred Outflows of Resources	2,898,044	732,489	2,549,888	131,295	6,311,716	8,333,766
Total Assets & Deferred Outflow of Resources	\$ 463,942,908	\$ 89,150,987	\$ 46,850,586	\$ 25,390,281	\$ 625,334,762	\$ 337,562,409
Liabilities, Deferred Inflows and Net Position						
Liabilities:						
Current:						
Accounts payable	\$ 3,960,994	\$ 4,367,095	\$ 2,624,649	\$ 416,021	\$ 11,368,759	\$ 1,767,439
Accrued liabilities	145,290	62,000	171,187	9,501	387,978	162,423
Unearned revenues	-	-	151,071	-	151,071	-
Deposits payable	5,594,188	-	1,411,092	-	7,005,280	-
Accrued compensated absences	212,000	82,000	454,000	12,000	760,000	392,000
Accrued claims and judgments	-	-	-	-	-	8,697,000
Long-term debt	1,485,000	-	-	-	1,485,000	-
Total Current Liabilities	11,397,472	4,511,095	4,811,999	437,522	21,158,088	11,018,862
Noncurrent:						
Accrued compensated absences	303,070	188,759	136,447	36,830	665,106	356,774
Accrued claims and judgments	-	-	-	-	-	15,926,000
Net pension liability	9,268,542	3,319,140	11,554,365	594,940	24,736,987	10,082,671
OPEB liability	-	-	-	-	-	269,554,133
Long-term debt	66,210,585	-	-	-	66,210,585	-
Total Noncurrent Liabilities	75,782,197	3,507,899	11,690,812	631,770	91,612,678	295,919,578
Total Liabilities	87,179,669	8,018,994	16,502,811	1,069,292	112,770,766	306,938,440
Deferred Inflows of Resources:						
Deferred pension related items	240,175	86,009	299,407	15,417	641,008	261,271
Deferred OPEB related items	-	-	-	-	-	40,207,170
Total Deferred Inflows of Resources	240,175	86,009	299,407	15,417	641,008	40,468,441

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 JUNE 30, 2019

	Business-Type Activities - Enterprise Funds				Totals	Governmental Activities- Internal Service Funds
	Water	Sewer	Integrated Waste	Nonmajor Enterprise Fund I.T. Fiber		
Net Position:						
Net investment in capital assets	130,517,875	29,111,639	6,207,102	18,725,949	184,562,565	31,579,328
Restricted for debt service	378	-	-	-	378	-
Unrestricted	246,004,811	51,934,345	23,841,266	5,579,623	327,360,045	(41,423,800)
Total Net Position	376,523,064	81,045,984	30,048,368	24,305,572	511,922,988	(9,844,472)
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 463,942,908	\$ 89,150,987	\$ 46,850,586	\$ 25,390,281	\$ 625,334,762	\$ 337,562,409

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

Net Position per Statement of Net Position - Proprietary Funds	\$ 511,922,988
Prior years' accumulated adjustment to reflect the consolidation of internal service funds activities related to the enterprise funds	18,096,360
Current year's adjustments to reflect the consolidation of internal service activities related to enterprise funds	1,352,134
Prior year's adjustment to record OPEB liability and deferred OPEB related items allocated to Business-Type Activities	(47,353,449)
Current year's adjustment to OPEB liability and deferred OPEB related items allocated to Business-Type Activities	(1,230,974)
Net Position per Government-Wide Statement of Net Position	\$ 482,787,059

CITY OF ONTARIO

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2019

	Business-Type Activities - Enterprise Funds				Totals	Governmental Activities- Internal Service Funds
	Water	Sewer	Integrated Waste	Nonmajor Enterprise Fund I.T. Fiber		
Operating Revenues:						
Sales and service charges	\$ 56,822,571	\$ 27,646,524	\$ 37,278,861	\$ 466,522	\$ 122,214,478	\$ -
Interdepartmental charges	1,434,150	48,598	545,203	-	2,027,951	41,174,375
Miscellaneous	1,631,382	419,698	548,920	-	2,600,000	2,769,986
Total Operating Revenues	59,888,103	28,114,820	38,372,984	466,522	126,842,429	43,944,361
Operating Expenses:						
Administration and general	3,858,978	3,318,463	4,164,702	1,803,278	13,145,421	25,980,831
Source of supply	22,325,544	-	-	-	22,325,544	9,750,779
Pumping	4,792,893	-	-	-	4,792,893	-
Transmission/collection	9,600,617	4,981,996	35,964,675	-	50,547,288	-
Treatment	-	15,133,747	-	-	15,133,747	-
Cost of sales and services	-	-	-	60,773	60,773	-
Claims expense	-	-	-	-	-	8,236,113
Depreciation expense	4,197,678	1,150,338	104,617	163,763	5,616,396	7,452,378
Total Operating Expenses	44,775,710	24,584,544	40,233,994	2,027,814	111,622,062	51,420,101
Operating Income (Loss)	15,112,393	3,530,276	(1,861,010)	(1,561,292)	15,220,367	(7,475,740)
Nonoperating Revenues (Expenses):						
Grant revenue	-	-	119,686	-	119,686	-
Interest revenue	4,683,847	1,791,336	1,076,244	40,722	7,592,149	75,974
Interest expense	(3,325,776)	-	-	-	(3,325,776)	-
Loss on value of stored water inventory	(4,311,428)	-	-	-	(4,311,428)	-
Loss on joint venture	(3,958,216)	-	-	-	(3,958,216)	-
Total Nonoperating Revenues (Expenses)	(6,911,573)	1,791,336	1,195,930	40,722	(3,883,585)	75,974
Income (Loss) Before Transfers and Capital Contributions	8,200,820	5,321,612	(665,080)	(1,520,570)	11,336,782	(7,399,766)
Capital grants and contributions	4,045,918	309,974	-	104,358	4,460,250	-
Transfers in	7,246,536	-	-	8,090,371	15,336,907	8,644,396
Transfers out	(9,053,488)	(4,236,465)	(6,675,671)	(18,896)	(19,984,520)	(2,423,001)
Changes in Net Position	\$ 10,439,786	\$ 1,395,121	\$ (7,340,751)	\$ 6,655,263	\$ 11,149,419	\$ (1,178,371)
Net Position:						
Beginning of Year, as originally reported	\$ 362,983,098	\$ 79,650,863	\$ 37,389,119	\$ 9,599,410	\$ 489,622,490	\$ (4,909,619)
Restatements	3,100,180	-	-	8,050,899	11,151,079	(3,756,482)
Beginning of Fiscal Year, as restated	366,083,278	79,650,863	37,389,119	17,650,309	500,773,569	(8,666,101)
Changes in Net Position	10,439,786	1,395,121	(7,340,751)	6,655,263	11,149,419	(1,178,371)
End of Fiscal Year	\$ 376,523,064	\$ 81,045,984	\$ 30,048,368	\$ 24,305,572	\$ 511,922,988	\$ (9,844,472)
Reconciliation of Changes in Net Position to the Statement of Activities:						
Changes in Net Position, per the Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds					\$ 11,149,419	
Adjustment to reflect the consolidation of current fiscal year internal service funds activities related to enterprise funds					1,352,134	
Adjustment to reflect current year OPEB expenses allocated to Business-Type Activities Enterprise Funds					(1,230,974)	
Changes in Net Position of Business-Type Activities per Statement of Activities					\$ 11,270,579	

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2019**

	Business-Type Activities - Enterprise Funds				Totals	Governmental Activities- Internal Service Funds
	Water	Sewer	Integrated Waste	Nonmajor Enterprise Fund I.T. Fiber		
Cash Flows from Operating Activities:						
Cash received from customers and users	\$ 60,244,500	\$ 27,833,614	\$ 37,937,424	\$ 81,833	\$ 126,097,371	\$ -
Cash received from/(paid to) interfund service provided	-	-	-	-	-	43,770,935
Cash paid to suppliers for goods and services	(37,452,833)	(19,742,426)	(35,090,952)	(67,986)	(92,354,197)	(17,887,451)
Cash paid to employees for services	(3,758,044)	(1,812,234)	(843,469)	(1,422,860)	(7,836,607)	(16,547,719)
Operating Activities	19,033,623	6,278,954	2,003,003	(1,409,013)	25,906,567	9,335,765
Cash Flows from Non-Capital Financing Activities:						
Cash transfers in	7,246,536	-	-	8,090,371	15,336,907	8,644,396
Cash transfers out	(9,053,488)	(4,236,465)	(6,675,671)	(18,896)	(19,984,520)	(2,423,001)
Repayment made to other funds	-	-	-	-	-	412,252
Repayment received from other funds	-	-	-	(412,252)	(412,252)	-
Advance to other funds	-	-	2,770,000	-	2,770,000	-
Grant subsidy	-	-	119,686	-	119,686	-
Net Cash Provided (Used) by Non-Capital Financing Activities	(1,806,952)	(4,236,465)	(3,785,985)	7,659,223	(2,170,179)	6,633,647
Cash Flows from Capital and Related Financing Activities:						
Acquisition and construction of capital assets	(15,245,404)	(393,070)	743,543	(1,521,406)	(16,416,337)	(10,329,199)
Principal paid on capital debt	(1,430,000)	-	-	-	(1,430,000)	-
Interest paid on capital debt	(3,367,925)	-	-	-	(3,367,925)	-
Reimbursement agreement	3,511,246	-	-	-	3,511,246	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(16,532,083)	(393,070)	743,543	(1,521,406)	(17,703,016)	(10,329,199)
Cash Flows from Investing Activities:						
Change in investments	-	-	-	-	-	5,181,204
Interest received	4,634,364	1,761,533	1,057,241	31,457	7,484,595	(20,410)
Net Cash Provided (Used) by Investing Activities	4,634,364	1,761,533	1,057,241	31,457	7,484,595	5,160,794
Net Increase (Decrease) in Cash and Cash Equivalents	5,328,952	3,410,952	17,802	4,760,261	13,517,967	10,801,007
Cash and Cash Equivalents at Beginning of Year	137,913,142	52,318,969	33,687,839	-	223,919,950	245,733,073
Cash and Cash Equivalents at End of Year	\$ 143,242,094	\$ 55,729,921	\$ 33,705,641	\$ 4,760,261	\$ 237,437,917	\$ 256,534,080
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:						
Operating income (loss)	\$ 15,112,393	\$ 3,530,276	\$ (1,861,010)	\$ (1,561,292)	\$ 15,220,367	\$ (7,475,740)
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:						
Depreciation	4,197,678	1,150,338	104,617	163,763	5,616,396	7,452,378
(Increase) decrease in accounts receivable	121,833	(281,206)	(517,329)	(154,751)	(831,453)	(173,426)
(Increase) decrease in prepaid expense	435	(44,731)	-	(7,213)	(51,509)	(65,883)
(Increase) decrease in inventories	(325,887)	(81,472)	-	-	(407,359)	(151,748)
Increase (decrease) in accounts payable	(408,327)	499,520	873,723	(229,938)	734,978	(2,521,928)
Increase (decrease) in accrued liabilities	4,873	13,468	3,885	(8,246)	13,980	9,659
Increase (decrease) in unearned revenues	(2,000)	-	25,878	-	23,878	-
Increase (decrease) in deposits payable	236,564	-	55,891	-	292,455	-
Increase (decrease) in claims and judgments	-	-	-	-	-	2,839,000
Increase (decrease) in compensated absences	(49,957)	7,949	34,827	(1,798)	(8,979)	86,460
Increase (decrease) in net pension liability	146,018	1,484,812	3,282,521	390,462	5,303,813	1,643,410
Increase (decrease) in OPEB liability	-	-	-	-	-	7,693,583
Total Adjustments	3,921,230	2,748,678	3,864,013	152,279	10,686,200	16,811,505
Net Cash Provided (Used) by Operating Activities	\$ 19,033,623	\$ 6,278,954	\$ 2,003,003	\$ (1,409,013)	\$ 25,906,567	\$ 9,335,765
Non-Cash Investing, Capital, and Financing Activities:						
Gain on investment in joint venture	\$ (3,958,216)	\$ -	\$ -	\$ -	\$ (3,958,216)	\$ -
Gain on value of store water inventory	(4,311,428)	-	-	-	(4,311,428)	-
Amortization of deferred cost	57,328	-	-	-	57,328	-
Amortization of bond premium	99,477	-	-	-	99,477	-
Capital contributions	534,672	309,974	-	104,358	949,004	-

CITY OF ONTARIO

STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 JUNE 30, 2019

	<u>Agency Funds</u>	<u>Private- Purpose Trust Fund Successor Agency of the Former RDA</u>
Assets:		
Cash and investments	\$ 30,253,235	\$ 15,028,715
Receivables:		
Taxes	42,505	-
Notes and leases	223,311,681	35,000
Accrued interest	51,900	4,907
Prepaid costs	2,391	-
Advances to City	-	1,600,000
Land held for resale	-	10,904,181
Restricted assets:		
Cash and investments with fiscal agents	8,433,583	2,832,682
Total Assets	<u>\$ 262,095,295</u>	<u>30,405,485</u>
Liabilities:		
Accounts payable	\$ 8,334	900,000
Accrued interest	-	2,184,939
Deposits payable	-	305,887
Due to other governments	247,225,771	-
Due to external parties/other agencies	14,861,190	-
Long-term liabilities:		
Due in one year		
Long-term debt	-	5,750,010
Due in more than one year		
Long-term debt	-	47,434,907
Total Liabilities	<u>\$ 262,095,295</u>	<u>56,575,743</u>
Net Position:		
Held in trust for other purposes		<u>(26,170,258)</u>
Total Net Position		<u>\$ (26,170,258)</u>

CITY OF ONTARIO

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 YEAR ENDED JUNE 30, 2019

	<u>Private- Purpose Trust Fund Successor Agency of the Former RDA</u>
Additions:	
Taxes	\$ 13,708,189
Interest and change in fair value of investments	<u>57,374</u>
Total Additions	<u>13,765,563</u>
Deductions:	
Administrative expenses	458,292
Contractual services	1,208,296
Interest expense	5,279,226
Loss on sale of land held for resale	<u>1,843,261</u>
Total Deductions	<u>8,789,075</u>
Changes in Net Position	<u>4,976,488</u>
Net Position:	
Beginning of year	(31,349,508)
Restatements	<u>202,762</u>
Beginning of year, as restated	<u>(31,146,746)</u>
End of the Year	<u>\$ (26,170,258)</u>

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NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

Note 1: Summary of Significant Accounting Policies

a. Description of Entity

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

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

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

Blended Component Units

The former Ontario Redevelopment Agency (the Agency) was activated November 1, 1977, pursuant to the State of California Health and Safety Code, Section 33000 entitled "Community Development Law." The primary purpose of the Agency was to encourage private redevelopment of property and to rehabilitate areas suffering from economic disuse arising from poor and inadequate planning, inadequate street layout and street access, lack of open space, landscaping and other improvements and facilities necessary to establish and maintain the economic growth of the City. The former Redevelopment Agency was dissolved as of January 31, 2012, through the Supreme Court decision on Assembly Bill 1X 26. See Note 20 for more information on the dissolution.

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

Financial data for joint ventures that do not meet the criteria for inclusion within the reporting entity have been reported in the footnotes (see Note 15).

b. Government-Wide and Fund Financial Statements

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

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 Measure I Fund accounts for revenues from a one-half percent sales tax on all retail transactions within the County. The proceeds are to be used for transportation improvements, railroad grade separation projects, and traffic management programs.
- The Community Development Fund accounts for the grants received from the Department of Housing and Urban Development (HUD) and expenditures for the block grant programs.
- The 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 wastewater collection system.
- The Integrated Waste Enterprise Fund accounts for the collection and disposal of solid waste from industrial, commercial and residential users throughout the Ontario area.

Additionally, the City reports the following fund types:

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

Cash and Investments

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

Investments are reported at fair value, which is the quoted market price at June 30, 2019. The City's policy is generally to hold investments until maturity or until market values equal or exceed cost. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 1: Summary of Significant Accounting Policies (Continued)

Receivables and Payables

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

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

Functional Classifications

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

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

Inventories, Prepaid Items and Land Held for Resale

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 1: Summary of Significant Accounting Policies (Continued)

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

Restricted Assets

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

Capital Assets

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

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 1: Summary of Significant Accounting Policies (Continued)

Deferred Outflows/Inflows of Resources

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

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

Gains and losses related to changes in total pension or OPEB liability and their related fiduciary net position are recognized in pension or OPEB expense, respectively, systematically over time. Amounts are first recognized in pension or OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pension or OPEB and are recognized in future pension and OPEB expense, respectively.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 1: Summary of Significant Accounting Policies (Continued)

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

Net difference between projected and actual earning on pension or OPEB plan investments	5 years	All plans
All other amounts are amortized over the expected average remaining service lifetime (EARSL) of the respective plan. As of June 30, 2018, EARLS were:	6.68 years	OPEB plan
	3.4 years	Pension Miscellaneous -Agent Multiple Employer Plan
	5.5 years	Pension Safety Police – Agent Multiple Employer Plan
	6.3 years	Pension Safety Fire – Agent Multiple Employer Plan

Net Pension Liability

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

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

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Measurement Period	July 1, 2017 to June 30, 2018

Other Post-Employment Benefits Liability

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

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

Valuation Date:	June 30, 2017
Measurement Date:	June 30, 2018
Measurement Period:	July 1, 2017 to June 30, 2018

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 1: Summary of Significant Accounting Policies (Continued)

Compensated Absences

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

Long-Term Obligations

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

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

Fund Balance

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

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 on June 22, 2011 by resolution, (#2011-041), 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.

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 annual General Fund appropriations, as assigned fund balance in the General Fund. Based on the current year General Fund appropriations, the amount assigned to the 18 percent stabilization plan will either increase or decrease accordingly. This assigned balance is intended to be used for specific and defined emergency services and to minimize the potential for disruption of municipal services to its citizens. As of June 30, 2019, the City's General Fund has an assigned fund balance for the stability arrangement of \$56.68 million, which achieves the goal of 18 percent of the General Fund adopted budget for fiscal year 2019-20.

The General Fund is the only City fund that is able to report a positive unassigned fund balance.

Fund Balance Flow Assumptions

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

Net Position

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

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 1: Summary of Significant Accounting Policies (Continued)

Net Position Flow Assumption

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

Property Tax Revenue

Property tax revenue is recognized on the 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, 2019, the City implemented the following Governmental Accounting Standards Board (GASB) standard:

GASB Statement No. 88 – *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt.

Changes in Presentation

Beginning fiscal year 2018-19, the City is reporting the Building Safety Fund with the General Fund.

CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 2: Stewardship, Compliance and Accountability

a. Deficit Fund Balances or Net Position

At June 30, 2019, the NMC CFD Special Revenue Fund had deficit fund balance of \$(521,927), the Successor Agency of the Former RDA had a deficit net position amount of \$(26,170,258) and the Other Post-Employment Benefits Fund had a deficit net position of \$(100,913,517).

b. Budget

Budget schedules are not presented for the Quiet Home Program Fund, Cable Access Fund, NMC CFD Capital Project Fund, and the OMC CFD Capital Project Fund.

Note 3: Cash and Investments

As of June 30, 2019, cash and investments were reported in the accompanying financial statements as follows:

Governmental activities	\$	598,528,549
Business-type activities		237,437,917
Fiduciary funds		56,548,215
Total Cash and Investments	\$	<u>892,514,681</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, 2019, the carrying amount of the City's deposits was \$5,161,900 and the bank balance was \$8,699,439. The \$3,537,539 difference represents outstanding checks and other reconciling items. The City's restricted cash and investments consist of deposits and cash in escrow in the amount of \$1,514,911.

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 3: Cash and Investments (Continued)

Investments

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

- United States Treasury Bills, Notes and Bonds
- Banker's Acceptances with a maturity not to exceed 180 days
- Commercial paper rated "A1" by Standard and Poor's and "P1" by Moody's Investor Services, and issued by a domestic corporation having assets in excess of \$500 million and having an "A" or better rating on its long-term debentures as provided by Moody's or Standard and Poor's.
- Negotiable Certificates of Deposits with a nationally or State chartered bank
- Repurchase Agreements with primary dealers of the Federal Reserve Bank of New York, with which the City has entered into a master repurchase agreement.
- The Local Agency Investment Fund of the State of California
- Time Deposits
- Medium-Term Notes of a maximum of five years maturity issued by corporations organized and operating within the United States with a minimum rating of "A" by both Moody's and Standard & Poor's and in excess of \$500 million in shareholder equity. Purchase of medium-term notes may not exceed 30% of the cost value of the fund with no more than 15% of the cost value of the fund rated below "AA" by both Standard & Poor's and Moody's. No more than 3% of the fund (at time of purchase) may be invested in any one corporate name, including the parent corporation or subsidiaries.
- Obligations issued by various agencies of the Federal Government including, but not limited to, the Federal Farm Credit Bank System, the Federal Home Loan Bank System, the Federal Home Loan Bank, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Student Loan Marketing Association as well as such agencies or enterprises which may be created. There is no percentage limitation on the dollar amount which can be invested in Agency issues in total, no more than 20% of the cost value of the portfolio may be invested in the securities of any one issuer.
- Any U.S. Government Agency's Mortgage pass-through security, collateralized mortgage obligations, mortgage backed or other pay-through bond, equipment lease-backed certificate, or consumer receivable-backed bond of a maximum of five years maturity. Securities eligible for investment under this section shall be issued by an issuer having an "A" or higher rating for the issuer's unsecured debt, as provided by a nationally recognized rating service. The Securities must be rated "AAA" by both Moody's and Standard and Poor's. Purchase of securities authorized by this subdivision may not exceed 20% of the cost value of the fund.
- United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank, with a maximum remaining maturity of five years or less, and eligible for purchase and sale within the United States. Investments under this subdivision shall be rated "AA" or better by an NRSRO and shall not exceed 9% of the agency's moneys that may be invested pursuant to this section. Investment in these issues is further limited to a 3% allocation in anyone name.
- Registered state warrants or treasury notes or bonds of this state, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled or operated by the state or by a department, board, agency or authority of the state.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 3: Cash and Investments (Continued)

- 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 City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawals is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. LAIF does not impose limits or restrictions on participant withdrawals, and the entire balance of the City's investment in the portfolio is available for withdrawal at any time. LAIF is not registered with the Securities and Exchange Commission and is not rated. Deposits and withdrawals in LAIF are made on the basis of \$1 and not fair value. Accordingly, the City's investment in this pool is measured on uncategorized inputs not defined as Level 1, 2, or 3.

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, 2019, the City's investment in medium-term notes consisted of investments with various corporations and were rated "A2" to "Aaa" by Moody's and "A" to "AA+" by Standard & Poor's. Investment in government agencies issued by the Federal National Mortgage Association, the Federal Home Loan Banks, and the Federal Home Loan Mortgage Corporation were rated "Aaa" by Moody's and "AA+" by Standard & Poor's. Asset-Backed Securities were rated "Aaa" by Moody's and "AAA" by Standard & Poor's.

All securities were investment grade and were legal under State and City law. Investments in U.S. Treasury securities are not considered to have credit risk; therefore, their credit quality is not disclosed. As of June 30, 2019, the City's investments in external investment pools and money market mutual funds are unrated.

CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 3: Cash and Investments (Continued)

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, 2019, 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, if the City has invested more than 5% of its investments in any one issuer, it is 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. During the fiscal year ended June 30, 2019, the City did not hold any investments in any one issuer (other than mutual funds and external investment pools) that represents 5% or more of total City's investments.

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, 2019, 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	\$ 109,755,140	\$ 49,779,300	\$ 237,053,510	\$ 111,659,750	\$ 508,247,700
Federal Government Agency	16,972,070	35,039,415	19,932,000	-	71,943,485
Medium-Term Corporate Notes	38,948,763	25,394,930	80,108,976	-	144,452,669
Asset-Backed Securities	-	798,341	28,337,188	16,239,104	45,374,633
Collateral Mortgage Obligations	617,484	-	-	-	617,484
Supranational	9,981,090	-	-	-	9,981,090
Local Agency Investment Fund	54,147,290	-	-	-	54,147,290
Total Cash Investments	230,421,837	111,011,986	365,431,674	127,898,854	834,764,351
Investments with Fiscal Agents:					
Money Market Funds	52,588,430	-	-	-	52,588,430
Total Investments with Fiscal Agent	52,588,430	-	-	-	52,588,430
Total Investments	\$ 283,010,267	\$ 111,011,986	\$ 365,431,674	\$ 127,898,854	\$ 887,352,781

CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 3: Cash and Investments (Continued)

Fair Value Measurement and Application

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are quoted prices for similar assets in active markets; Level 3 inputs are significant unobservable inputs. The City has the following recurring fair value measurements as of June 30, 2019:

Investment Type	June 30, 2019	Investments not Measured at Fair Value	Level		Uncategorized
			1	2	
U.S. Treasury Securities	\$ 508,247,700	\$ -	\$ -	\$ 508,247,700	\$ -
Federal Government Agency	71,943,485	-	-	71,943,485	-
Medium-Term Corporate Notes	144,452,669	-	-	144,452,669	-
Asset-Backed Securities	45,374,633	-	-	45,374,633	-
Collateral Mortgage Obligations	617,484	-	-	617,484	-
Supranational	9,981,090	-	-	9,981,090	-
Local Agency Investment Fund (LAIF)	54,147,290	-	-	-	54,147,290
Investments with Fiscal Agent:					
Money Market Funds	52,588,430	52,588,430	-	-	-
Total Investments	\$ 887,352,781	\$ 52,588,430	\$ -	\$ 780,617,061	\$ 54,147,290

Note 4: Notes and Loans Receivable

Notes and loans receivable as of June 30, 2019, totaled \$81,561,942 and were recorded as follows:

General Fund	\$ 42,418,148
Community Development	10,690,146
Ontario Housing Authority	28,453,648
Total Notes and Loans Receivable	\$ 81,561,942

On March 20, 2014, the City entered into a Memorandum of Understanding (MOU) with the Ontario International Airport Authority (OIAA) to document the understanding and responsibilities with respect to costs associated with the "Set ONTario Free" campaign and the services associated with the transfer of Ontario International Airport (ONT). There are no set terms for repayment of the balance. The receivable balance at June 30, 2019, was:

\$ 42,373,148

The City provides loans to City police officers to assist them in acquiring personal residence within the City or reducing an existing loan on an officer's residence within the City. The loans are non-interest bearing until maturity, and thereafter interest shall be 7% per annum. The outstanding balance at June 30, 2019, as:

45,000

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 4: Notes and Loans Receivable (Continued)

In order to assist those individuals and families who are the most in need, the former Ontario Redevelopment Agency's Combined Low and Moderate Housing Fund provided down payment assistance and deferred repayment loans to low and moderate income residents for the acquisition and rehabilitation of single-family homes, condominiums or townhouses located within the Ontario HUD Revitalization Target Area. Upon dissolution of the Ontario Redevelopment Agency, the note receivable was transferred to the Ontario Housing Authority. The receivable balance at June 30, 2019, was:

2,330,946

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, 2019, 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, 2019, 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, 2019, was:

77,000

On October 4, 1994, the former Redevelopment Agency loaned a developer, Cichon, \$135,030 to finance the cost of rehabilitation and construction of a low and moderate income residence located in the Center City Project Area. On December 5, 1995, the Agency loaned an additional \$4,647, bringing the total amount to \$139,677. During the fiscal year ended June 30, 2000, the Agency advanced an additional \$254. The note is a 25-year amortized loan and bears interest at 5% annually. Upon dissolution of the Ontario Redevelopment Agency, the note receivable was transferred to the Ontario Housing Authority. The receivable balance at June 30, 2019, was:

15,514

CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 4: Notes and Loans Receivable (Continued)

On May 29, 1997, the former Ontario Redevelopment Agency agreed to loan up to \$2,656,200 to Ontario Housing Investors, L.P. to finance development of residential improvements to the Ground Lease premises as defined in a disposition and development agreement dated March 19, 1996. The note bears interest at the rate of 3% per annum. The note is due and payable either: (a) on the first day of the first full calendar month following the date of the last disbursement of the agency loan proceeds, or (b) on the first day of the 15th full calendar month following the date of recordation of the Agency Loan Deed and Trust in the Official Records of the County. Upon dissolution of the Ontario Redevelopment Agency, the note receivable was transferred to the Ontario Housing Authority. The receivable balance at June 30, 2019, was:

4,381,441

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, 2019, was:

1,031,789

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, 2019, 4 households have been assisted with these funds. The receivable at June 30, 2019, was:

35,040

Pursuant to the disposition and development agreement dated August 12, 2003, between the Ontario Housing Authority and the Ontario Senior Housing, Inc., the Authority accepted a promissory note for the principal amount of \$950,000. This promissory note bears a rate of 0% per annum and is secured by a deed of trust. The receivable balance at June 30, 2019, 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, 2019, was:

2,866,258

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, 2019, was:

1,200,909

CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 4: Notes and Loans Receivable (Continued)

Pursuant to the disposition and development agreement between the Ontario Housing Authority and Ontario Senior Housing Partners, LP, the Authority approved a gap loan in the amount of \$5,155,500 to provide new housing development opportunities to address regional needs. The Authority's 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, 2019, was:

5,341,005

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, 2019, was:

263,017

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, 2019, Mercy House drew monies in the amount of \$167,895. The receivable balance at June 30, 2019, was:

1,523,858

On January 22, 2018, the Ontario Housing Authority entered into a HOME loan agreement with Mercy House CHDO, Inc. in the amount of \$1,145,000 to finance the acquisition, rehabilitation and operation of a multi-family property located at 411 North Parkside Avenue. The loan is an interest-free residual receipts note with a 30-year term. The receivable balance at June 30, 2019, was:

1,145,000

The Ontario Housing Authority entered into two CalHome Mortgage Assistance Program totaling \$108,200 to assist in the purchase of single family residences. The loans have simple interest at the rate of 1% with repayment occurring either 30 years from the date of recordation, upon sale or transfer of the property, or if they fail to occupy the home as a primary residence. The receivable balance at June 30, 2019, was:

119,679

On November 15, 2018, pursuant to the disposition and development agreement between the Ontario Housing Authority and Ontario Emporia Housing Partners, L.P., the Authority approved a gap loan in the amount of \$15,700,000 for the development of a 75-unit affordable housing development. The Authority's gap loan is a residual receipt note that will be paid back over a 65-year term. The land purchase price of the loan is \$3,400,000 with a 20-year term and a 3.31% interest rate. The remaining portion of the loan, \$12,300,000, bears a rate of 0% per annum. At June 30, 2019 the outstanding principal balance was \$15,700,000 with accrued interest of \$70,338, totaling:

15,770,338

CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 4: Notes and Loans Receivable (Continued)

Pursuant to the disposition and development agreement between the Ontario Housing Authority and the National Community Renaissance of California, the Authority approved a gap loan in the amount of \$2,000,000 to finance the cash portion of the purchase price and other project costs that will provide affordable multifamily rental housing. The loan is due and payable on the 55th anniversary of the Recordation Date bearing a simple interest rate of 3.00% per annum. At June 30, 2019 the outstanding principal balance was \$2,000,000 with accrued interest of \$10,000, totaling: 2,010,000

Total Notes and Loans \$81,561,942

Notes and leases receivable in the Redevelopment Financing Authority agency fund in the amount of \$97,371,681 represents receivable made to the City and the Former Redevelopment Agency from the proceeds of debt issued to reduce local borrowing costs and promote greater use of existing and new financial instruments.

Notes and leases receivable in the Ontario Public Financing Authority agency fund in the amount of \$125,940,000 represents receivable made to the City from the proceeds of debt issued to reduce local borrowing costs and promote greater use of existing and new financial instruments.

Note 5: Interfund Receivable, Payable and Transfers

The composition of interfund balances as of June 30, 2019, is as follows:

Due To/From Other Funds

Due from Other Funds	Due to Other Funds		Total
	Community Development	Nonmajor Governmental Funds	
General Fund	\$ 162,470	\$ 554,855	\$ 717,325
Total	\$ 162,470	\$ 554,855	\$ 717,325

The interfund balances at June 30, 2019, were the results of routine interfund transactions not cleared prior to the end of the fiscal year.

Advances To/From Other Funds

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

CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

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

Interfund Transfers

Transfers Out	Transfers In						Total
	General Fund	Capital Projects	Nonmajor Governmental Funds	Water	Nonmajor Enterprise Funds	Internal Service Funds	
General Fund	\$ -	\$ 10,612,937	\$ 4,076,183	\$ -	\$ 120,199	\$ 3,808,768	\$ 18,618,087
Community Development	-	-	-	-	-	8,806	8,806
Ontario Housing Authority	-	-	-	-	-	9,900	9,900
Impact Fees	-	-	-	-	7,970,172	3,554,396	11,524,568
Nonmajor							
Governmental Funds	7,977,978	-	-	7,246,536	-	59,904	15,284,418
Water Fund	8,758,923	-	-	-	-	294,565	9,053,488
Sewer Fund	4,107,055	-	-	-	-	129,410	4,236,465
Integrated Waste Fund	6,203,335	-	-	-	-	472,336	6,675,671
Nonmajor							
Enterprise Funds	-	-	-	-	-	18,896	18,896
Internal Service Funds	2,135,586	-	-	-	-	287,415	2,423,001
Total	<u>\$ 29,182,877</u>	<u>\$ 10,612,937</u>	<u>\$ 4,076,183</u>	<u>\$ 7,246,536</u>	<u>\$ 8,090,371</u>	<u>\$ 8,644,396</u>	<u>\$ 67,853,300</u>

The General Fund transferred \$10,612,937 to the Capital Projects Fund to fund various public facility improvement projects. The General Fund transferred \$3,808,768 to the OPEB Fund to fund the annual required contribution. In addition, the Water, Sewer and Integrated Waste Funds transferred a combined total of \$90,000 to the OPEB Fund to fund the annual required contribution.

The Water Fund, Sewer Fund and Integrated Waste Fund transferred \$8,758,923, \$4,107,055 and \$6,203,335, respectively, to the General Fund to cover the cost of operations.

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

Transfers from the Nonmajor Governmental Funds to the Water Fund are to cover for the costs of capital improvement projects for water and sewer. The Impact Fees interfund transfers to the Nonmajor Governmental Funds and the Internal Service Funds were made to allocate development impact fees for the I.T. Fiber project.

CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 6: Capital Assets

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

Capital asset activity for the year ended June 30, 2019, was as follows:

	<u>Beginning Balance</u>	<u>Adjustments *</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers **</u>	<u>Ending Balance</u>
Governmental Activities:							
Capital assets, not being depreciated:							
Land	\$ 87,445,823	\$ -	\$ 87,445,823	\$ 4,111,913	\$ -	\$ -	\$ 91,557,736
Infrastructure - pavement system	298,863,240	-	298,863,240	-	-	-	298,863,240
Construction in progress	190,615,880	(1,221,832)	189,394,048	16,324,885	(1,119,763)	(155,633,593)	48,965,577
Total Capital Assets, Not Being Depreciated	576,924,943	(1,221,832)	575,703,111	20,436,798	(1,119,763)	(155,633,593)	439,386,553
Capital assets, being depreciated:							
Infrastructure - other systems	250,239,072	-	250,239,072	2,210,073	-	142,092,117	394,541,262
Structures and improvements	405,663,641	-	405,663,641	12,918,700	(2,232,038)	5,290,070	421,640,373
Furniture and equipment	30,580,588	-	30,580,588	1,112,007	(293,378)	8,291,478	39,690,695
Total Capital Assets, Being Depreciated	686,483,301	-	686,483,301	16,240,780	(2,525,416)	155,673,665	855,872,330
Less accumulated depreciation:							
Infrastructure - other systems	86,414,962	-	86,414,962	6,451,313	-	55,737	92,922,012
Structures and improvements	137,489,066	-	137,489,066	17,547,531	(2,232,038)	-	152,804,559
Furniture and equipment	24,715,211	-	24,715,211	1,442,936	(293,378)	(55,737)	25,809,032
Total Accumulated Depreciation	248,619,239	-	248,619,239	25,441,780	(2,525,416)	-	271,535,603
Total Capital Assets, Being Depreciated, Net	437,864,062	-	437,864,062	(9,201,000)	-	155,673,665	584,336,727
Governmental Activities Capital Assets, Net	\$ 1,014,789,005	\$ (1,221,832)	\$ 1,013,567,173	\$ 11,235,798	\$ (1,119,763)	\$ 40,072	\$ 1,023,723,280

* Adjustment in the amount of \$(7,971,748) was made to transfer completed CIP projects to Business-Type Activities.

Adjustment in the amount of \$6,749,916 was made to record prior year expenditures incurred for CIP projects.

** A transfer of CIP in the amount of \$40,072 was made from the Business-Type Activities.

CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 6: Capital Assets (Continued)

	Beginning Balance	Adjustments *	Beginning Balance	Increases	Decreases	Transfers **	Ending Balance
Business-Type Activities:							
Capital assets, not being depreciated:							
Land	\$ 17,771,467	\$ -	\$ 17,771,467	\$ 10,852	\$ -	\$ (1,755,782)	\$ 16,026,537
Construction in progress	78,010,725	(10,150,234)	67,860,491	8,004,992	(1,675,322)	(8,107,150)	66,083,011
Total Capital Assets, Not Being Depreciated	95,782,192	(10,150,234)	85,631,958	8,015,844	(1,675,322)	(9,862,932)	82,109,548
Capital assets, being depreciated:							
Structures and improvements	9,206,042	-	9,206,042	-	-	1,755,782	10,961,824
Furniture and equipment	2,552,501	-	2,552,501	94,252	-	131,520	2,778,273
Infrastructure	231,320,318	21,307,371	252,627,689	10,970,639	-	7,935,558	271,533,886
Total Capital Assets, Being Depreciated	243,078,861	21,307,371	264,386,232	11,064,891	-	9,822,860	285,273,983
Less accumulated depreciation:							
Structures and improvements	3,054,303	-	3,054,303	278,707	-	-	3,333,010
Furniture and equipment	2,064,452	-	2,064,452	116,744	-	-	2,181,196
Infrastructure	103,635,426	1,607,409	105,242,835	5,220,945	-	-	110,463,780
Total Accumulated Depreciation	108,754,181	1,607,409	110,361,590	5,616,396	-	-	115,977,986
Total Capital Assets, Being Depreciated, Net	134,324,680	19,699,962	154,024,642	5,448,495	-	9,822,860	169,295,997
Business-Type Activities Capital Assets, Net	\$ 230,106,872	\$ 9,549,728	\$ 239,656,600	\$ 13,464,339	\$ (1,675,322)	\$ (40,072)	\$ 251,405,545

* Adjustment of \$(10,150,234) includes \$(10,235,443) for CIP projects completed in prior years transferred to infrastructure and an adjustment of \$85,209 to capitalize prior years expenditures incurred for CIP projects.
Adjustment in the amount of \$7,971,748 was made for prior year completed CIP projects transferred from Governmental Activities to infrastructure.
Adjustment in the amount of \$3,100,180 was made to capitalize prior year infrastructure.
** A transfer of CIP to Governmental Activities was made in the amount of \$40,072.

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

Governmental Activities:	
General Government	\$ 551,027
Public Safety	3,261,219
Community Development	10,071,173
Library	446,565
Public Works	3,659,418
Equipment Services	7,186,349
Information Technology	266,029
	<u>\$ 25,441,780</u>
Business-Type Activities:	
Water	\$ 4,197,678
Sewer	1,150,338
Integrated Waste	104,617
IT Fiber	163,763
	<u>\$ 5,616,396</u>

CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 7: Long-Term Debt

a. Governmental Activities

The following is a summary of changes in long-term debt of the City for the year ended June 30, 2019:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019	Due Within One Year
Public Offerings:					
Revenue Bonds	\$ 60,200,000	\$ -	\$ 165,000	\$ 60,035,000	\$ 1,050,000
Direct Borrowings:					
Loan Payable	136,566	-	10,000	126,566	12,000
Advances from the Successor Agency	1,600,000	-	-	1,600,000	-
Total	<u>\$ 61,936,566</u>	<u>\$ -</u>	<u>\$ 175,000</u>	61,761,566	<u>\$ 1,062,000</u>
			Unamortized Bond Discount	(267,220)	
			Unamortized Bond Premium	3,113,718	
				<u>\$ 64,608,064</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

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, 2019, including the unamortized bond discount of \$(267,220) amounted to \$33,122,780.

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

	2013 Lease Revenue Bonds	
	Principal	Interest
2019 - 2020	\$ 525,000	\$ 1,640,931
2020 - 2021	580,000	1,624,356
2021 - 2022	630,000	1,605,419
2022 - 2023	690,000	1,581,381
2023 - 2024	750,000	1,552,581
2024 - 2029	4,810,000	7,212,788
2029 - 2034	6,445,000	5,879,059
2034 - 2039	8,260,000	4,010,250
2039 - 2044	10,700,000	1,498,281
Total	<u>\$ 33,390,000</u>	<u>\$ 26,605,046</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019
Note 7: Long-Term Debt (Continued)

The outstanding bonds contain a provision that if any event of default should occur, the Trustee, as assignee of the Authority under the Lease Agreement, may terminate the Lease Agreement and recover certain damages from the City, or may retain the Lease Agreement and hold the City liable for all Base Rental Payments thereunder on an annual basis.

2017 Lease Refunding Revenue Bonds

In July 2017, the Ontario Public Financing Authority issued lease revenue bonds in the amount of \$26,810,000 to provide funds to refinance the City's remaining lease payment obligations under the City's 2001 Lease Revenue Bonds and to fully refund the 2007 Lease Revenue Bonds. The bonds dated July 1, 2018, and issued at a premium of \$3,260,875, are payable semiannually on November 1 and May 1 of each year, commencing May 1, 2019, and mature in 2042. The bonds are payable from base rental payments to be made by the City for the right to the use certain real property and improvements of the City pursuant to a Lease Agreement, dated July 1, 2018. The balance at June 30, 2019, including the unamortized bond premium of \$3,113,718 amounted to \$29,758,718.

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

	2017 Lease Revenue Refunding Bonds	
	Principal	Interest
2019 - 2020	\$ 525,000	\$ 1,162,006
2020 - 2021	540,000	1,143,331
2021 - 2022	560,000	1,121,331
2022 - 2023	585,000	1,095,506
2023 - 2024	780,000	1,061,381
2024 - 2029	4,540,000	4,664,156
2029 - 2034	5,720,000	3,487,106
2034 - 2039	5,325,000	2,435,566
2039 - 2044	8,070,000	963,000
Total	<u>\$ 26,645,000</u>	<u>\$ 17,133,383</u>

On the date of issuance of the 2017 lease revenue bonds, a portion of the proceeds of the bonds was transferred to escrow funds in an amount sufficient to refinance the 2007 lease revenue bonds at a price equal to 100% of the aggregate principal amount and simultaneously refinance and redeem the 2001 lease revenue bonds. As a result, the City in effect reduced its aggregate debt service payments by \$3.6 million over the remaining maturity period of the 2018 lease revenue bonds and realized an economic gain of \$5.3 million (difference between the present values of the debt service payments on the old and new debt).

The outstanding bonds contain a provision that if any event of default should occur, the Trustee, as assignee of the Authority under the Lease Agreement, may terminate the Lease Agreement and recover certain damages from the City, or may retain the Lease Agreement and hold the City liable for all Base Rental Payments thereunder on an annual basis.

CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 7: Long-Term Debt (Continued)

Loan Payable

On May 19, 2015, the Ontario Housing Authority (Authority) negotiated the purchase of the Vesta property and assumed a promissory note and deed from Housing Opportunities Group Inc. (HOGI). HOGI entered into a promissory note secured by a subordinated deed of trust with the Inland Fair Housing and Mediation Board (Board) and agreed to assign the Authority such property and promissory note with a balance of \$158,566, effective September 11, 2015. Monthly payments in the amount of \$1,000, shall commence one year after the effective date. The loan is payable within 20 years from the effective date at zero interest. The outstanding balance at June 30, 2019 amounted to \$126,566.

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

	Loan Payable	
	Principal	Interest
2019 - 2020	\$ 12,000	\$ -
2020 - 2021	12,000	-
2021 - 2022	12,000	-
2022 - 2023	12,000	-
2023 - 2024	12,000	-
2024 - 2029	60,000	-
2029 - 2033	6,566	-
Total	\$ 126,566	\$ -

Advances from the Successor Agency

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

b. Business-Type Activities

The following is a summary of changes in Proprietary Fund long-term debt for the year ended June 30, 2019:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019	Due Within One Year
Public Offerings:					
Revenue Bonds	\$ 67,335,000	\$ -	\$ 1,430,000	\$ 65,905,000	\$ 1,485,000
Total	\$ 67,335,000	\$ -	\$ 1,430,000	65,905,000	\$ 1,485,000
		Unamortized Bond Premium		1,790,585	
				\$ 67,695,585	

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 7: Long-Term Debt (Continued)**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, 2019, including the unamortized bond premium of \$1,790,585 amounted to \$67,695,585.

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

	2013 Water Revenue Bonds	
	Principal	Interest
2019 - 2020	\$ 1,485,000	\$ 3,311,213
2020 - 2021	1,545,000	3,251,813
2021 - 2022	1,620,000	3,174,563
2022 - 2023	1,700,000	3,093,563
2023 - 2024	1,785,000	3,008,563
2024 - 2029	10,350,000	13,630,300
2029 - 2034	13,325,000	10,657,025
2034 - 2039	17,085,000	8,446,500
2039 - 2043	17,010,000	4,154,000
Total	<u>\$ 65,905,000</u>	<u>\$ 52,727,540</u>

The outstanding bonds are secured by a pledge of revenues of the Water System and payable solely from net revenues of the Water System. The bonds contain a provision that if any event of default should occur by the City, it will not result in the loss of the Water System or water rights held by or on behalf of the City or the Water System. Furthermore, any remedies available upon the occurrence of an event of default under the Indenture are in many respects dependent upon judicial actions.

CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 8: Non-City Obligations

a. 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, 2019, totaled \$82,200,000. 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.

b. 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, 2019
<u>Multi-Family Mortgage Revenue Bonds</u>				
City of Ontario Multi-Family Housing Revenue Bonds, Seasons at Ontario, Series 2017A	Variable	2017	2036	\$ 2,642,274
City of Ontario Multi-Family Housing Revenue Bonds, Vista Verde Apts, Series 2017A	Variable	2019	2051	272,269
Total				<u>\$ 2,914,543</u>

Note 9: Compensated Absences

As described in Note 1, it is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay is accrued when incurred in the government-wide financial statements and in the proprietary fund financial statements. For the governmental activities, the liability will be paid in future years by the General Fund and for business-type activities by the Proprietary Funds. The following is a summary of changes in compensated absences for the year ended June 30, 2019:

	July 1, 2018	Additions	Deletions	June 30, 2019	One Year
Governmental Activities	\$ 15,131,709	\$ 8,330,380	\$ 7,237,869	\$ 16,224,220	\$ 7,760,000
Business-Type Activities	1,434,085	742,630	751,609	1,425,106	760,000
Total	<u>\$ 16,565,794</u>	<u>\$ 9,073,010</u>	<u>\$ 7,989,478</u>	<u>\$ 17,649,326</u>	<u>\$ 8,520,000</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 10: 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.

The plans' provisions and benefits in effect at June 30, 2019, are summarized as follow:

	Miscellaneous Plan	
	Tier 1 *	PEPRA (Tier 2)
Hire date	Prior to January 1, 2013	January 1, 2013 and after
Benefit formula	2.5% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	minimum 50 yrs	minimum 52 yrs
Monthly benefits, as a % of eligible compensation	2.000% - 2.500%, 50 yrs - 55+ yrs, respectively	1.000% - 2.500%, 52 yrs - 67+ yrs, respectively
Required employee contribution rates	8.000% (a)	6.250%
Required employer contribution rates	19.114%	19.114%

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

*Closed to new entrants

CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 10: Pension Plan (Continued)

	Safety Police Plan		
	Tier 1 *	Tier 2	PEPRA (Tier 3)
Hire date	Prior to July 1, 2012	On July 1, 2012 and prior to January 1, 2013	January 1, 2013 and after
Benefit formula	3.0% @ 50	3.0% @ 55	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	minimum 50 yrs	minimum 50 yrs	minimum 50 yrs
Monthly benefits, as a % of eligible	3.000%	2.400% - 3.000%, 50 yrs - 55+ yrs, respectively	2.000 - 2.700%, 50 yrs - 57+ yrs, respectively
Required employee contribution rates	9.000% (b)	9.000% (b)	12.000%
Required employer contribution rates	45.583%	45.583%	45.583%

(b) City contributed 1.0% to employee contribution rate of 9.0% for 2019. In fiscal year 2020, the City will contribute 0%.

	Safety Fire Plan		
	Tier 1 *	Tier 2	PEPRA (Tier 3)
Hire date	Prior to July 1, 2012	On July 1, 2012 and prior to January 1, 2013	January 1, 2013 and after
Benefit formula	3.0% @ 50	3.0% @ 55	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	minimum 50 yrs	minimum 50 yrs	minimum 50 yrs
Monthly benefits, as a % of eligible	3.000%	2.400% - 3.000%, 50 yrs - 55+ yrs, respectively	2.000 - 2.700%, 50 yrs - 57+ yrs, respectively
Required employee contribution rates	9.000% (c)	9.000% (c)	10.500%
Required employer contribution rates	40.182%	40.182%	40.182%

(c) City contributed 2.0% to employee contribution rate of 9.0% for 2019. In fiscal year 2020, the City will contribute 0%.

* Closed to new entrants.

Employees Covered

As of the June 30, 2018 measurement date, the following employees were covered by the benefit terms of the plans:

Description	Number of members		
	Miscellaneous Plan	Safety Police Plan	Safety Fire Plan
Active members	696	274	153
Transferred members	338	25	12
Terminated members	260	20	13
Retired members and beneficiaries	847	252	154
Total	2,141	571	332

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 10: 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 are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the City to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions.

For the year ended June 30, 2019, the contributions that were recognized as a reduction to the net pension liability were \$8,220,412, \$11,243,370, and \$6,744,221 for the Miscellaneous Plan, the Safety Police Plan and the Safety Fire Plan, respectively.

Net Pension Liability

The City's net pension liability is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2018 using an annual actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 using standard updated 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

The June 30, 2017 valuation was rolled forward to determine the June 30, 2018 total pension liability, based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB 68
Actuarial Assumptions	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table (1)	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

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

All other actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report may be accessed on the CalPERS website at www.calpers.ca.gov under Forms and Publications.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 10: Pension Plan (Continued)

Change of Assumptions

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

Discount Rate

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 10: 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. The target allocation shown was adopted by the Board effective on July 1, 2014.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (1)	Real Return Years 11+ (2)
Global Equity	50.00%	4.80%	5.98%
Global Fixed Income	28.00%	1.00%	2.62%
Inflation Sensitive	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Estate	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
	<u>100.00%</u>		

(1) An expected inflation of 2.00% used for this period.

(2) An expected inflation of 2.92% used for this period.

Changes in the Net Pension Liability

The changes in Net Pension Liability for each Plan follows:

Miscellaneous Plan	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at: 6/30/2017	\$ 345,926,002	\$ 259,082,945	\$ 86,843,057
Changes recognized for the Measurement Period:			
Service Cost	8,293,305	-	8,293,305
Interest on Total Pension Liability	24,357,078	-	24,357,078
Changes of Assumptions	(3,104,763)	-	(3,104,763)
Differences between Expected and Actual Experience	833,264	-	833,264
Net Plan to Plan Resource Movement	-	(1,183)	1,183
Contributions - Employer	-	8,220,412	(8,220,412)
Contributions - Employees	-	4,098,899	(4,098,899)
Net Investment Income	-	21,684,987	(21,684,987)
Benefit Payments, Including Refunds of Employee Contributions	(14,285,430)	(14,285,430)	-
Administrative Expense	-	(402,453)	402,453
Other Miscellaneous Income/(Expense)	-	(954,165)	954,165
Net changes during 2017-18	16,093,454	18,361,067	(2,267,613)
Balance at: 6/30/18 (Measurement Date)	\$ 362,019,456	\$ 277,444,012	\$ 84,575,444

CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 10: Pension Plan (Continued)

Safety Police Plan	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at: 6/30/2017	\$ 352,592,919	\$ 241,836,185	\$ 110,756,734
Changes recognized for the Measurement Period:			
Service Cost	8,903,620	-	8,903,620
Interest on Total Pension Liability	25,115,253	-	25,115,253
Changes of Assumptions	(1,542,087)	-	(1,542,087)
Differences between Expected and Actual Experience	3,330,790	-	3,330,790
Net Plan to Plan Resource Movement	-	(60)	60
Contributions - Employer	-	11,243,370	(11,243,370)
Contributions - Employees	-	3,082,481	(3,082,481)
Net Investment Income	-	20,500,833	(20,500,833)
Benefit Payments, Including Refunds of Employee Contributions	(15,142,297)	(15,142,297)	-
Administrative Expense	-	(375,070)	375,070
Other Miscellaneous Income/(Expense)	-	(505,795)	505,795
Net changes during 2017-18	20,665,279	18,803,462	1,861,817
Balance at: 6/30/18 (Measurement Date)	\$ 373,258,198	\$ 260,639,647	\$ 112,618,551

Safety Fire Plan	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at: 6/30/2017	\$ 261,306,052	\$ 190,474,817	\$ 70,831,235
Changes recognized for the Measurement Period:			
Service Cost	5,450,102	-	5,450,102
Interest on Total Pension Liability	18,731,153	-	18,731,153
Changes of Assumptions	(1,280,641)	-	(1,280,641)
Differences between Expected and Actual Experience	5,431,927	-	5,431,927
Net Plan to Plan Resource Movement	-	(468)	468
Contributions - Employer	-	6,744,221	(6,744,221)
Contributions - Employees	-	1,996,292	(1,996,292)
Net Investment Income	-	15,891,350	(15,891,350)
Benefit Payments, Including Refunds of Employee Contributions	(12,416,436)	(12,416,436)	-
Administrative Expense	-	(295,680)	295,680
Other Miscellaneous Income/(Expense)	-	(552,327)	552,327
Net changes during 2017-18	15,916,105	11,366,952	4,549,153
Balance at: 6/30/18 (Measurement Date)	\$ 277,222,157	\$ 201,841,769	\$ 75,380,388
Total Plans:	\$ 1,012,499,811	\$ 739,925,428	\$ 272,574,383

The net pension liabilities for the City's pension plans have been liquidated by funding from Governmental Funds and Proprietary Funds.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019
Note 10: Pension Plan (Continued)***Sensitivity of the Net Pension Liability to Changes in the Discount Rate***

The following presents the net pension liability of each Plan, calculated using the discount rate of 7.15%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1% point lower (6.15%) or 1% point higher (8.15%) than the current rate:

	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate +1% (8.15%)
Miscellaneous Plan's Net Pension Liability	\$ 134,079,118	\$ 84,575,444	\$ 43,658,013
Safety Police Plan's Net Pension Liability	165,102,945	112,618,551	69,682,139
Safety Fire Plan's Net Pension Liability	112,296,724	75,380,388	44,912,942
Total Net Pension Liability	<u>\$ 411,478,787</u>	<u>\$ 272,574,383</u>	<u>\$ 158,253,094</u>

Pension Plan Fiduciary Net Position

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

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

As of the start of the measurement period (July 1, 2017), the combined net pension liability for the Miscellaneous Plan, the Safety Police Plan and the Safety Fire Plan was \$268,431,026. For the measurement period ending June 30, 2018, (the measurement date), the City recognized pension expense of \$17,557,288, \$16,869,733, and \$11,164,777 for the Miscellaneous Plan, the Safety Police Plan, and the Safety Fire Plan, respectively. Note that no adjustments have been made for contributions subsequent to the measurement date.

CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 10: Pension Plan (Continued)

As of June 30, 2019, the City of Ontario has deferred outflows and deferred inflows of resources related to pensions as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<u>Miscellaneous Plan</u>		
Contributions made after the measurement date	\$ 9,748,790	\$ -
Change in assumptions	1,103,655	-
Difference between expected and actual experience	6,945,338	(2,191,597)
Net difference between projected and actual earnings on pension plan investments	866,846	-
Miscellaneous Plan Total	18,664,629	(2,191,597)
<u>Safety Police Plan</u>		
Contributions made after the measurement date	13,281,877	-
Change in assumptions	12,109,578	(2,073,176)
Difference between expected and actual experience	3,425,053	(2,043,647)
Net difference between projected and actual earnings on pension plan investments	663,438	-
Safety Police Plan Total	29,479,946	(4,116,823)
<u>Safety Fire Plan</u>		
Contributions made after the measurement date	7,797,113	-
Change in assumptions	8,982,313	(1,975,770)
Difference between expected and actual experience	5,417,774	(1,292,019)
Net difference between projected and actual earnings on pension plan investments	833,692	-
Safety Fire Plan Total	23,030,892	(3,267,789)
Total	\$ 71,175,467	\$ (9,576,209)

The amounts of \$9,748,790, \$13,281,877, and \$7,797,113 reported as deferred outflows of resources represents contributions made after the measurement date of the net pension liability but before the end of the City's reporting period and will be recognized as a reduction of the net pension liability in the subsequent fiscal period rather than in the current fiscal period.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019
Note 10: Pension Plan (Continued)

Other amounts reported as deferred outflows or deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year ended June 30:	Miscellaneous	Safety - Police	Safety - Fire
	Deferred Outflows/(Inflows) of Resources	Deferred Outflows/(Inflows) of Resources	Deferred Outflows/(Inflows) of Resources
2020	\$ 9,419,087	\$ 6,363,716	\$ 4,649,465
2021	788,519	4,834,268	4,135,867
2022	(2,814,382)	1,058,960	1,604,855
2023	(668,982)	(338,306)	719,192
2024	-	162,608	658,935
Thereafter	-	-	197,676
Total	\$ 6,724,242	\$ 12,081,246	\$ 11,965,990

Note 11: Other Post-Employment Benefits***Plan Description***

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

Employees Covered

At June 30, 2018, the measurement date, the following numbers of participants were covered by the benefit terms:

	Number of Covered Participants
Inactives currently receiving benefits	584
Inactives entitled to but not yet receiving benefits	-
Active employees	1,058
Total	1,642

Contributions

The City funds retiree health benefits on a pay as you go basis, paying for retiree benefits from the City's Other Post-Employment Benefits internal service fund. The City has not set up a trust for purposes of funding the required retiree medical payments and is evaluating various options for funding its post-employment benefits liability. For fiscal year 2018-2019, the City paid a total of \$4,758,932 for retiree health insurance.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019
Note 11: Other Post-Employment Benefits (Continued)***Total OPEB Liability***

The City's total OPEB liability was measured as of June 30, 2018 for the measurement period July 1, 2017 through June 30, 2018. The total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation dated June 30, 2018, based on the following actuarial assumptions:

Actuarial Assumptions:

Discount rate	3.87% at June 30, 2018 (Bond Buyer 20-bond Index)
Inflation	2.75% per annum
Salary Increases	Aggregate - 3.00%
Investment rate of return	Merit - Tables from CalPERS 1997-2015 Experience Study
Mortality rate	N/A
Retirement, Disability, Termination	CalPERS 1997-2011 Experience Study
Medical Trend	CalPERS 1997-2015 Experience Study
Contribution policy	Non-medicare - 7.5% for 2019, decreasing to an ultimate rate of 4.0% in 2076 and later years
Mortality improvement	Medicare - 6.5% for 2019, decreasing to an ultimate rate of 4.0% in 2076 and later years
Cap increases	No pre-funding
	Post-retirement mortality projected fully generational with Scale MP-2017
	Miscellaneous \$ Caps: 0%
	Safety Tier 1 Premium Caps: Medical Trend

Discount Rate

The discount rate used to measure the total OPEB liability was 3.87%. The discount rate is based on the bond buyer 20-bond index.

Changes in the Total OPEB Liability.

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

	<u>Total OPEB Liability</u> <u>Measurement Period</u> <u>2017-18</u>
Total OPEB Liability - June 30, 2017	\$ 268,308,897
Changes in Total OPEB Liability	
Service Cost	10,440,905
Interest	9,882,614
Actual vs. expected experience	-
Assumption changes	(13,680,004)
Benefits payments	(5,398,279)
Changes of benefit terms	-
Net Changes	<u>1,245,236</u>
Total OPEB Liability - June 30, 2018	<u>\$ 269,554,133</u>

CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 11: Other Post-Employment Benefits (Continued)

The total OPEB liability for the City's plan has been liquidated by funding from Governmental Funds and Proprietary Funds.

Sensitivity of the Total OPEB Liability to Changes in the discount rate

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one percentage point higher or one percentage point lower than the current discount rate, for the measurement period June 30, 2018:

	Discount Rate		
	1% Decrease (2.87%)	Current Rate (3.87%)	1% Increase (4.87%)
Total OPEB Liability	\$ 321,377,363	\$ 269,554,133	\$ 229,255,799

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point higher or one percentage point lower than the current healthcare cost trend rates:

	Healthcare Trend Rate		
	1% Decrease	Current Rate	1% Increase
Total OPEB Liability	\$ 224,656,742	\$ 269,554,133	\$ 328,849,995

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

For the fiscal year ended June 30, 2019, the City recognized OPEB expense of \$13,802,244. At June 30, 2019, the City's deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	June 30, 2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Change in assumptions	-	40,207,170
Employer contributions made subsequent to measurement date	6,108,661 *	-
Total	<u>\$ 6,108,661</u>	<u>\$ 40,207,170</u>

* Includes \$4,744,869 cash benefit payments plus \$1,350,000 implied subsidy payment in 2018-19, and administrative expenses of \$13,792.

The \$6,108,661 reported as deferred outflows of resources represents contributions made after the measurement date of the OPEB liability but before the end of the City's reporting period and will be recognized as a reduction of the OPEB liability in the subsequent fiscal period rather than in the current fiscal period.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019
Note 11: Other Post-Employment Benefits (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ended June 30	Deferred Outflows/(Inflows) of Resources
2020	\$ (6,521,275)
2021	(6,521,275)
2022	(6,521,275)
2023	(6,521,275)
2024	(6,521,275)
Thereafter	(7,600,795)
Total	<u>\$ (40,207,170)</u>

Note 12: Self-Insurance Program

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

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

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

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

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

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

Fiscal Year	Beginning Balance	Changes in Estimates	Claim Payments	Ending Balance
2017-2018	\$ 21,784,000	\$ 8,336,360	\$ 8,336,360	\$ 21,784,000
2018-2019	21,784,000	10,533,441	7,694,441	24,623,000

CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 12: Self-Insurance Program (Continued)

Of the total liabilities, \$8,697,000 is due within one year or less. The liability will be paid in future years from the Self Insurance Fund.

Note 13: Fund Balances

a. Governmental Fund Balance Classifications

Fund balances in governmental funds at June 30, 2019, have been classified as follows:

	Governmental Funds						Other Governmental Funds
	General	Measure I	Community Development	Ontario Housing Authority	Capital Projects	Impact Fees	
Fund Balances:							
Nonspendable							
Inventory	\$ 274,571	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Prepaid costs	280,083	-	-	-	-	-	-
Notes and loans	42,418,148	-	-	-	-	-	-
Advances to other funds	3,500,000	-	-	-	-	-	-
Total Nonspendable	<u>46,472,802</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Restricted							
Endowment/Trust	438,872	-	-	-	-	-	-
Community development projects	-	-	7,358,669	-	4,309,953	229,370	68,847,430
Public safety	-	-	-	-	-	-	156,235
Park development	-	-	-	-	-	-	14,365,829
Transportation improvement	-	3,505,957	-	-	-	-	-
Police narcotics	-	-	-	-	-	-	2,220,379
Affordable housing	-	-	-	21,296,516	15,054,923	-	-
AQMD activities	-	-	-	-	-	-	1,340,807
Public services	-	-	-	-	-	-	39,146,948
Bond improvement projects	-	-	-	-	26,175,647	-	-
Total Restricted	<u>438,872</u>	<u>3,505,957</u>	<u>7,358,669</u>	<u>21,296,516</u>	<u>45,540,523</u>	<u>229,370</u>	<u>126,077,628</u>
Committed							
Whispering Lakes Golf Course	75,828	-	-	-	-	-	-
Capital Projects	-	-	-	-	3,773,234	-	-
City infrastructure	-	-	-	-	-	118,140,133	-
Ontario motor speedway	340,056	-	-	-	-	-	-
Total Committed	<u>415,884</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,773,234</u>	<u>118,140,133</u>	<u>-</u>
Assigned							
Museum board	65,000	-	-	-	-	-	-
City facilities project	1,358,792	-	-	-	-	-	-
Public safety equipment	3,033,460	-	-	-	-	-	-
Communications/computer dispatch	3,117,724	-	-	-	-	-	-
Compensated absences	14,930,207	-	-	-	-	-	-
Continuing appropriations	4,879,123	533,958	-	-	8,834,770	4,423,101	80,330
Stability arrangement	56,678,912	-	-	-	-	-	-
Maintenance trust	-	-	-	-	-	-	-
Total Assigned	<u>84,063,218</u>	<u>533,958</u>	<u>-</u>	<u>-</u>	<u>8,834,770</u>	<u>4,423,101</u>	<u>80,330</u>
Unassigned	-	-	-	-	-	-	(521,927)
Total Fund Balances	\$ 131,390,776	\$ 4,039,915	\$ 7,358,669	\$ 21,296,516	\$ 58,148,527	\$ 122,792,604	\$ 125,636,031

CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 14: Fund Balance and Net Position Restatements

a. Restatement of Fund Balance

Capital Projects Fund:

To transfer land held for resale to the Successor Agency which was improperly transferred to the City during the dissolution of the former Redevelopment Agency.	<u>\$ (202,762)</u>
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b. Restatement of Net Position

Proprietary Funds:

Water Fund	
To capitalize capital assets acquired in priory years	<u>\$ 3,100,180</u>
I.T. Fiber Fund	
To capitalize capital assets acquired in priory years	4,300,475
To record construction in progress completed in prior years and transferred from the Information Technology Fund	3,756,482
To correct prior years accumulated depreciation	(1,607,409)
To record inventory expended in prior year	<u>1,601,351</u>
Total I.T. Fiber Fund	<u>8,050,899</u>
Total Proprietary Funds	<u>\$ 11,151,079</u>

Internal Service Funds:

Information Technology	
To transfer construction in progress completed in prior years to the I.T. Fiber Fund	<u>\$ (3,756,482)</u>

Private Purpose Trust Fund:

Successor Agency of the Former RDA	
To transfer land held for resale improperly transferred to the City during the dissolution of the former Redevelopment Agency	<u>\$ 202,762</u>

Government-wide Statements:

Governmental Activities:	
To allocate OPEB liability to the Business-type Activities at the beginning of the fiscal year	\$ 47,353,449
To transfer construction in progress completed in prior years to Business-type Activites	(7,971,748)
To correct prior years construction in progress balance	6,749,916
To transfer land held for resale improperly transferred to the City during the dissolution of the former Redevelopment Agency	<u>(202,762)</u>
Total Governmental Activities	<u>\$ 45,928,855</u>

CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 14: Fund Balance and Net Position Restatements (Continued)

Business-Type Activities:

To capitalize capital assets acquired in prior fiscal years	\$ 11,157,137
To correct prior years accumulated depreciation	(1,607,409)
To record prior years inventory	1,601,351
To allocate OPEB liability to the Business-type Activities at the beginning of the fiscal year	<u>(47,353,449)</u>
Total Business-Type Activities	<u>\$ (36,202,370)</u>

Note 15: Joint Ventures

Water Facilities Authority

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

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

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

At June 30, 2019, the City's investment in the Authority, including its share of Authority's debt, was \$8,768,590.

CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 15: Joint Ventures (Continued)

Audited financial information of the Authority for the fiscal year ended June 30, 2019, is summarized as follows:

Water Facilities Authority Net Position:	
Total assets	\$ 29,525,841
Total deferred outflows	314,179
Total liabilities	(4,471,207)
Total deferred inflows	(40,707)
Total net position	<u>\$ 25,328,106</u>
Water Facilities Authority Changes in Net Position:	
Operating revenues	\$ 24,089,799
Operating expenses	<u>23,963,346</u>
Operating gain (loss) before depreciation and amortization	126,453
Depreciation and amortization	<u>1,141,192</u>
Operating revenue (loss)	(1,014,739)
Nonoperating revenues (expenses)	2,193,805
Capital contributions	<u>20,896</u>
Change in net position	1,199,962
Beginning net position	<u>24,128,144</u>
Ending net position	<u>\$ 25,328,106</u>

The current participants and their financial contributions through June 30, 2019, were as follows:

	<u>Amount</u>	<u>Percent</u>
City of Chino	\$ 6,662,528	15.80%
City of Chino Hills	5,437,135	12.90%
Monte Vista Water District	6,859,132	16.30%
Ontario	14,559,011	34.60%
Upland	8,423,528	20.00%
Non-Participant	<u>117,703</u>	<u>0.30%</u>
Total	<u>\$ 42,059,037</u>	<u>100%</u>

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 15: 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, 2019, the City's investment in the Authority was \$54,092,070.

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

The financial information of the Authority for the fiscal year ended June 30, 2019, is summarized as follows:

Chino Basin Desalter Authority Net Position:

Total assets	\$ 282,779,581
Deferred outflows of resources	4,067,114
Total liabilities	<u>85,436,571</u>
Total net position	<u>\$ 201,410,124</u>

Chino Basin Desalter Authority Changes in Net Position:

Operating revenues	\$ 46,717,748
Operating expenses	<u>44,435,442</u>
Operating gain before depreciation and amortization	2,282,306
Depreciation and amortization	<u>4,148,650</u>
Operating revenue (loss)	(1,866,344)
Nonoperating revenues (expenses)	<u>(98,058)</u>
Income (loss) before contributions	(1,964,402)
Contributions	<u>3,475,995</u>
Change in net position	1,511,593
Beginning net position	<u>199,898,531</u>
Ending net position	<u>\$ 201,410,124</u>

CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 15: Joint Ventures (Continued)

The current participants and their financial contributions through June 30, 2019, were as follows:

	<u>Amount</u>	<u>Percent</u>
Jurupa Community Services District	\$ 10,183,441	34.8%
City of Chino Hills	3,961,803	13.5%
City of Chino	4,716,396	16.1%
City of Norco	943,181	3.2%
City of Ontario	5,913,934	20.2%
Santa Ana River Co.	1,131,769	3.9%
Western Municipal Water District	2,449,400	8.3%
Total	<u>\$ 29,299,924</u>	<u>100.0%</u>

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

West End Communications Authority

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

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

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

The following is a summary of the West End Communications Authority financial information for the fiscal year ended June 30, 2019:

West End Communication Authority Net Position:

Total assets	\$ 1,371,078
Total liabilities	4,191
Total net position	<u>\$ 1,366,887</u>

West End Communication Authority Changes in Net Position:

Operating revenues	\$ -
Operating expenses	12,160
Operating revenue (loss)	(12,160)
General revenue	43,970
Change in net position	31,810
Beginning net position	1,335,077
Ending net position	<u>\$ 1,366,887</u>

CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 15: Joint Ventures (Continued)

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

West End Fire and Emergency Response Commission

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

The following is a summary of the West End Fire and Emergency Response Commission financial information for the fiscal year ended June 30, 2019:

West End Fire and Emergency Response Commission Net Position:	
Total assets	\$ 514,712
Total liabilities	-
Total net position	<u>\$ 514,712</u>
West End Fire and Emergency response Commission Changes in Net Position:	
Operating revenues	\$ 90,001
Operating expenses	<u>68,301</u>
Operating revenue (loss)	21,700
General revenue	<u>16,760</u>
Change in net position	38,460
Beginning net position	<u>476,252</u>
Ending net position	<u>\$ 514,712</u>

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

CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 16: Other Investments

Other investments of \$38,138,112 at June 30, 2019 in the Other Post-Employment Benefits internal service fund represents water rights/stored water, air quality credits and land/land rights purchased to generate a revenue stream to fund post-employment benefits.

Fair Value Measurement and Application

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City has the following recurring fair value measurements as of June 30, 2019:

Investment Type	Totals	Level		
		1	2	3
Water Rights	\$ 31,128,395	\$ -	\$ -	\$ 31,128,395
Air Quality Credits	263,295	-	-	263,295
Stored Water	6,637,032	-	-	6,637,032
Land & Land Rights	109,390	-	-	109,390
Total Investments	\$ 38,138,112	\$ -	\$ -	\$ 38,138,112

Note 17: Contingencies

Liabilities

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

Grant

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

Proposition 218

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

CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 18: Commitments

Construction Commitments

The following material construction commitments existed at June 30, 2019:

<u>Project Name</u>	<u>Contract Amount</u>	<u>Expenditures to date as of June 30, 2019</u>	<u>Remaining Commitments</u>	<u>Capital Projects</u>	<u>Impact Fees</u>
Fire Training Facility Project	\$ 9,110,871	\$ 2,294,898	\$ 6,815,973	\$ 1,907,767	\$ 387,131
Francis Street Storm Drain Construction Project	9,550,045	8,971,999	578,046	7,589,962	1,382,037

<u>Project Name</u>	<u>Contract Amount</u>	<u>Expenditures to date as of June 30, 2019</u>	<u>Remaining Commitments</u>	<u>Integrated Waste</u>	<u>Water</u>
Pavement Rehabilitation	\$ 3,046,719	\$ 2,646,651	\$ 400,068	\$2,646,651	-
Recycled Water Improvements	3,809,053	3,461,356	347,697	-	3,461,356
Construction of Well 41	3,861,984	3,420,805	441,180	-	3,420,805

Note 19: Tax Abatements

The City entered into various tax abatement agreements with local businesses. The abatements may be granted to any business located within or promising to relocate to the City. For the fiscal year ended June 30, 2019, the City abated taxes totaling \$6,462,045 under this program. The City has the following tax abatement agreements:

- A sales tax abatement with a retail and internet services company to operate within the City and generate additional local sales tax revenues, property taxes, employment benefits, and other tangible and intangible benefits. The City agreed to rebate quarterly 50% of local sales tax revenues received for 15 years. In fiscal year 2018-19, the abatement amounted to \$280,417.
- A Professional Agreement with a consultant to assist the City in sales tax consulting services related to Operating Covenant Agreements. The consultant will invoice the City on a quarterly basis and will receive a 5% fee each year on the first \$5,000,000 of local sales and use tax received by the City. Payments will continue for a 20 year term of the Operating Covenant Agreement the City entered into with the retailer of equipment and merchandise of health care products and services. In fiscal year 2018-19, the abatement amounted to \$246,090.
- An Operating Covenant Agreement with a retailer of equipment and merchandise of health care products and services to establish its only regional sales office in California within the City for not less than 20 years. The establishment of such retailer will generate local sales tax revenue, create high paying/management jobs and provide opportunity for additional job growth. The City agreed to rebate quarterly 50% of sales tax revenues attributable to taxable sales. In fiscal year 2018-19, the abatement amounted to \$1,806,172.
- An Operating Covenant Agreement with an automotive dealership which agreed to operate the entirety of its dealership facilities within the City for a period of 26 years. The dealership will generate substantial tax revenue, create potential for additional job growth and stimulate the economy. The City agreed to rebate 50% of sales tax revenues in excess of \$700,000 during the period April 1, 2018 through March 31, 2028. In fiscal year 2018-19, the abatement amounted to \$295,797.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 19: Tax Abatements (Continued)

- The City entered into a Professional Agreement with a consultant to provide sales tax audit and information services to the City. The audit services will detect and correct taxpayer reporting errors and generate new revenue without causing additional tax liability to businesses. The City agreed to pay quarterly 20% of new sales and use tax revenues received as a result of corrections identified by the consultant. In fiscal year 2018-19, the amount paid was \$408,576.
- Operating Covenant Agreement with a retailer of consumer products to establish its warehouse and distribution center in the City and remain in the City for no less than 41 years. The establishment of such retailer in the City will generate substantial revenue, create new jobs, revitalize the City, and result in community and public improvements. The City agreed to refund quarterly, 55% of sales tax revenues attributable to annual taxable sales up to \$500 million and 60% of sales tax revenues over \$500 million of annual taxable sales. In fiscal year 2018-19, the abatement amounted to \$902,349.
- Operating Covenant Agreement with a retailer of consumer products to ensure that it maintains its existing warehouse and distribution center in the City and expands its operations within the City. This will generate substantial revenue for the City, possibly create job growth, continue to stimulate the economy and result in community and public improvements. For the period January 1, 2016 through December 31, 2019, provided the City receives not less than \$1.2 million of sales tax revenue from the retailer, the City agreed to make annual payments in the amount of \$600,000 payable within 120 days following the end of each calendar year. In fiscal year 2018-19, the abatement amounted to \$600,000.
- Operating Covenant Agreement with an auto dealership to develop and operate a facility in the City for its Inland Empire sales territory. The City will receive additional local sales tax revenues, property taxes, employment benefits, and other tangible and intangible benefits arising from the operation of the Dealership within the City. The eligibility period of this agreement is from July 1, 2009 until June 30, 2034. The City agreed to make quarterly payments equal to 50% of local sales tax revenues in excess of \$50,000 not to exceed \$200,000 for any computation year or \$500,000 in the aggregate during the entire eligibility period. In fiscal year 2018-19, the abatement amounted to \$60,278.
- Operating Covenant Agreement with a global retailer of healthcare services and products to retain and operate its two facilities in the City for transacting sales. The City will receive additional sales tax revenues, maintain and create jobs and stimulate the economic recovery of the Inland Empire. The eligibility period of this agreement commenced on April 1, 2018 and will continue until terminated by either party. The City agreed to make quarterly payments equal to 50% of sales tax revenues. In fiscal year 2018-19, the abatement amounted to \$1,826,617.
- Operating Covenant Agreement with a sanitary supplies distributor to retain existing jobs, allow for the potential increase in job opportunities, foster a business and civic environment that may attract additional businesses and investments and create additional job opportunities in the City. The eligibility period of this agreement began on July 1, 2017. The City agreed to make quarterly payments equal to 25% of sales tax revenues in excess of \$201,000 during the quarter up to \$500,000. In fiscal year 2018-19, the abatement amounted to \$35,749.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 19: Tax Abatements (Continued)

- Operating Covenant Agreement with retailer of consumer products to establish a business location that participates in the sales process within the City, expands its operations within the City as appropriate and remains in the City for not less than 40 years. The establishment of such retailer will generate substantial revenue for the City, create new jobs, revitalize the City, and result in community and public improvements. The City agreed to refund quarterly, 50% of sales tax revenues attributable to annual taxable sales and 50% of sales tax revenue attributable to the retailer's self-accrual of use tax which is directly allocated to the City. In fiscal year 2018-19, no abatement payments were made.

Note 20: 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).

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.

CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 20: Successor Trust for Assets of Former Redevelopment Agency (Continued)

a. Cash and Investments

As of June 30, 2019, cash and investments were reported in the accompanying financial statements as follows:

Cash and investments	\$ 15,028,715
Cash and investments with fiscal agent	<u>2,832,682</u>
Total Cash and Investments	<u>\$ 17,861,397</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, 2019, 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.

d. Long-Term Debt

The following is a summary of changes in long-term debt of the Successor Agency as of June 30, 2019:

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019	Due Within One Year
Public Offerings:					
1993 Tax Allocation Bonds	\$ 39,655,400	\$ -	\$ 3,705,175	\$ 35,950,225	\$ 4,154,633
1995 Tax Allocation Bonds	3,506,500	-	327,625	3,178,875	367,367
2002 Refunding Revenue Bonds	2,515,000	-	600,000	1,915,000	630,000
Direct Borrowings:					
Loans Payable	9,198,069	-	567,911	8,630,158	598,010
Advance from City	<u>3,500,000</u>	-	-	<u>3,500,000</u>	-
Total	<u>\$ 58,374,969</u>	<u>\$ -</u>	<u>\$ 5,200,711</u>	53,174,258	<u>\$ 5,750,010</u>
			Unamortized Bond Premium	<u>10,659</u>	
				<u>\$ 53,184,917</u>	

1993 Tax Allocation Bond

The 1993 Tax Allocation Bonds in the amount of \$45,708,900 were issued on June 11, 1993, to finance redevelopment activities related to Project Area #1. The Agency sold the bonds to the Financing Authority at a purchase price equal to the principal amount of the bonds plus a premium. The investment by the Authority in the bonds is held in an agency fund. The terms were negotiated in a prior year and reduced the outstanding principal balance by \$800. Additionally, the maturity date was extended two years to August 1, 2025. The interest is paid semi-annually at the stated rate of 12%. The balance at June 30, 2019, amounted to \$35,950,225.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 20: Successor Trust for Assets of Former Redevelopment Agency (Continued)

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

	1993 Tax Allocation Bonds	
	Principal	Interest
2019 - 2020	\$ 4,154,633	\$ 4,064,749
2020 - 2021	4,648,466	3,536,563
2021 - 2022	5,213,685	2,944,834
2022 - 2023	5,842,021	2,281,492
2023 - 2024	6,028,988	1,569,231
2024 - 2026	10,062,432	1,001,267
Total	<u>\$ 35,950,225</u>	<u>\$ 15,398,136</u>

The outstanding bonds contain a provision that if any event of default should occur, the Trustee shall at the written direction of the Owner of a majority in aggregate principal amount outstanding, declare the principal of all the bonds then outstanding, and the interest accrued thereon, to be due and payable immediately.

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, 2019, amounted to \$3,178,875.

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

	1995 Tax Allocation Bonds	
	Principal	Interest
2019 - 2020	\$ 367,367	\$ 485,004
2020 - 2021	411,034	485,004
2021 - 2022	461,015	485,004
2022 - 2023	516,579	485,004
2023 - 2024	533,112	485,004
2024 - 2026	889,768	727,506
Total	<u>\$ 3,178,875</u>	<u>\$ 3,152,526</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 20: Successor Trust for Assets of Former Redevelopment Agency (Continued)

The outstanding bonds contain a provision that if any event of default should occur, the Trustee shall at the written direction of the Owner of a majority in aggregate principal amount outstanding, declare the principal of all the bonds then outstanding, and the interest accrued thereon, to be due and payable immediately.

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 2018 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, 2019, amounted to \$1,915,000. The unamortized bond premium was \$10,659.

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

	2002 Refunding Revenue Bonds	
	Principal	Interest
2019 - 2020	\$ 630,000	\$ 76,000
2020 - 2021	610,000	46,550
2021 - 2022	675,000	16,031
Total	<u>\$ 1,915,000</u>	<u>\$ 138,581</u>

The outstanding bonds contain a provision that if any event of default should occur, the Trustee shall at the written direction of the Owner of a majority in aggregate principal amount outstanding, declare the principal of all the bonds then outstanding, and the interest accrued thereon, to be due and payable immediately.

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, 2019, amounted to \$8,630,158.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 20: Successor Trust for Assets of Former Redevelopment Agency (Continued)

At June 30, 2019, the annual requirements to repay the outstanding indebtedness were as follows:

	2002 FNMA Housing Set-Aside Loan	
	Principal	Interest
2019 - 2020	\$ 598,010	\$ 441,551
2020 - 2021	629,705	409,017
2021 - 2022	663,079	374,758
2022 - 2023	698,222	338,683
2023 - 2024	735,228	300,697
2024 - 2029	4,303,627	859,368
2029 - 2030	1,002,287	26,561
Total	<u>\$ 8,630,158</u>	<u>\$ 2,750,635</u>

The remedies available upon the occurrence of an event of default under the loan agreement are in many respects dependent upon regulatory and judicial actions.

Advance from City

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

Debt Service Requirements

The City pledged, as security for bonds issued, either directly or through the Financing Authority, a portion of tax increment revenue (including Low and Moderate-Income Housing set-aside and pass through allocations) that it receives. The bonds issued were to provide financing for various capital projects, accomplish Low and Moderate Income Housing projects and to defease previously issued bonds. Assembly Bill 1X 26 provided that upon dissolution of the Redevelopment Agency, property taxes allocated to redevelopment agencies no longer are deemed tax increment but rather property tax revenues and will be allocated first to successor agencies to make payments on the indebtedness incurred by the dissolved redevelopment agency. Total principal and interest remaining on the debt is \$71,114,136 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 \$13,708,189 and the debt service obligation on the bonds was \$10,799,715.

Note 21: Subsequent Events

On July 16, 2019, the City entered into an agreement and election to pre-fund its Other Post-Employment Benefits (OPEB) obligation through the California Employers' Retiree Benefit Trust (CERBT) fund administered through the California Public Employees' Retirement System (CalPERS). Over the course of 12 months, the City will gradually transfer the amount of \$140 million in its OPEB fund to the CERBT irrevocable trust fund.

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REQUIRED SUPPLEMENTARY INFORMATION

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Budgetary Comparison Information

General Budget Policies

1. The annual budget adopted by the City Council provides for the general operation of the City. It includes proposed expenditures and the means of financing them.
2. The City Council approves total budgeted appropriations and any amendments to appropriations throughout the year. All amendments made during the year are included in the budgetary amounts reported herein. The "appropriated budget" covers all City expenditures, including capital improvement projects carried forward from the prior year, which is re-appropriated each year. Actual expenditures may not exceed budgeted appropriations at the fund level, which is the legal level of control. The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council.
3. Formal budgetary integration is employed as a management control device during the year. Commitments for materials and services, such as purchase orders and contracts, are recorded as encumbrances to assist in controlling expenditures. Appropriations that are encumbered lapse at year-end and then are added to the following year budgeted appropriations.
4. Budgets for the General, Special Revenue, Capital Projects and Debt Service Funds are adopted on a basis substantially consistent with generally accepted accounting principles (GAAP). Accordingly, actual revenues and expenditures can be compared with related budgeted amounts without any significant reconciling items. Budget comparisons are not presented for the Proprietary Funds, as the City is not legally required to adopt a budget for these type funds.
5. Capital projects are budgeted through the Capital Projects Fund. Appropriations for capital projects authorized, but not constructed or completed during the year, are re-appropriated in the following year's budget.
6. Under Article XIII-B of the California Constitution (the Gann Spending Limitation Initiative), the City is restricted as to the amount of annual appropriations from the proceeds of taxes, and if proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller or returned to the taxpayers through revised tax rates or revised fee schedules, or an excess in one year may be offset by a deficit in the following year. For the fiscal year ended June 30, 2019, 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, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 114,822,486	\$ 114,822,486	\$ 114,822,486	\$ -
Resources (Inflows):				
Taxes	176,900,000	187,027,477	186,594,649	(432,828)
Licenses and permits	3,295,000	4,317,000	5,067,374	750,374
Intergovernmental	34,150,887	40,040,585	3,132,474	(36,908,111)
Charges for services	32,177,958	35,786,199	38,777,697	2,991,498
Use of money and property	3,852,920	3,814,070	7,072,112	3,258,042
Fines and forfeitures	953,800	1,069,047	1,185,028	115,981
Miscellaneous	2,409,430	5,830,085	4,002,652	(1,827,433)
Transfers in	33,182,530	33,008,494	29,182,877	(3,825,617)
Amounts Available for Appropriations	401,745,011	425,715,443	389,837,349	(35,878,094)
Charges to Appropriations (Outflow):				
General government				
Mayor and City council	444,220	444,220	395,790	48,430
Planning commissioners	43,945	43,945	28,215	15,730
City treasurer/City clerk	113,712	113,712	89,500	24,212
Records management	1,063,052	1,046,632	945,884	100,748
City attorney	389,900	389,900	450,528	(60,628)
Office of the City manager	1,281,906	1,225,797	1,292,147	(66,350)
General government	703,465	856,455	751,515	104,940
Financial services administration	1,322,973	1,411,933	927,561	484,372
Fiscal services	2,832,011	2,835,222	2,670,928	164,294
General services	1,189,691	1,173,015	1,042,213	130,802
Billing and collection	4,181,767	4,116,566	3,496,278	620,288
Business license	378,120	369,620	661,545	(291,925)
Central services	356,459	354,299	274,541	79,758
Human Resources	2,941,707	3,085,447	2,901,316	184,131
Economic development	9,860,578	11,384,016	9,739,619	1,644,397
Airport HR & Risk Management Services	281,511	331,145	258,556	72,589
Management services	1,632,647	1,729,835	1,325,744	404,091
Public safety				
Police administration	1,426,039	1,530,271	1,349,887	180,384
Traffic support services	4,094,532	3,760,689	4,215,702	(455,013)
COPS/Multi enforcement team	7,471,497	7,292,796	6,785,725	507,071
Patrol	36,010,731	34,531,752	33,691,831	839,921
Extra duty - other	482,500	482,500	586,873	(104,373)
Canine	1,795,387	1,676,466	1,783,004	(106,538)
Air support	4,227,825	5,223,931	4,702,871	521,060
Crime analysis and prevention	897,934	878,760	810,307	68,453
Communications/records	6,216,819	6,210,272	5,191,673	1,018,599
Personnel recruit & training	2,720,478	2,607,554	2,741,987	(134,433)
Airport operations bureau	14,463,155	13,519,257	12,981,188	538,069
Detective division	9,134,373	8,464,159	9,950,070	(1,485,911)
Career criminal division	4,488,480	4,157,253	3,837,122	320,131
ID/evidence	2,093,465	2,093,756	1,727,365	366,391
Office of the Fire Chief	1,096,882	1,062,290	1,171,213	(108,923)
Fire prevention bureau	2,841,894	2,764,543	2,637,180	127,363
Emergency services	38,353,273	37,924,384	37,379,583	544,801
Personnel training and development	960,511	954,661	1,108,188	(153,527)
E.M.S technical services	1,069,168	1,042,996	1,170,412	(127,416)
Emergency management	474,512	461,235	433,372	27,863
Operations support services	2,696,727	2,680,743	3,259,787	(579,044)
Community improvement	4,152,814	4,075,553	3,448,295	627,258
SWAT	480,675	488,175	510,804	(22,629)
Office of the police chief	2,809,205	2,694,965	2,970,723	(275,758)
Police projects	-	2,550,487	1,656,976	893,511
Fire projects	-	962,406	537,845	424,561
Municipal services project	-	19,565	-	19,565
Fire communications	2,616,339	2,535,584	2,307,812	227,772
Airport fire operations	8,131,412	7,724,387	7,932,151	(207,764)
Fire station No. 9	-	963,773	430,593	533,180

CITY OF ONTARIO

**BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Community development				
Community life and culture admin.	1,006,700	1,086,165	972,932	113,233
Recreation administration	837,804	818,718	713,898	104,820
Sports/fitness	475,336	471,001	457,666	13,335
Special events/facility rental	319,579	364,389	315,866	48,523
Community programs	1,869,837	1,841,607	2,287,786	(446,179)
Development administration	953,990	992,041	836,212	155,829
Planning administration	627,683	614,228	573,506	40,722
Planning land development	2,096,446	3,042,857	2,245,112	797,745
Advanced long range planning	1,342,607	2,168,186	1,135,951	1,032,235
Building	3,984,260	3,937,365	3,855,902	81,463
Engineering administration	929,314	983,096	785,576	197,520
Engineering land development	2,496,667	3,104,461	2,430,341	674,120
Transportation	534,159	518,916	522,622	(3,706)
Traffic engineer and signal operation	3,161,702	3,375,249	2,952,511	422,738
Traffic management	145,188	141,324	157,833	(16,509)
Field services	456,014	445,602	446,089	(487)
Museum	917,251	937,942	891,354	46,588
Community outreach	1,467,912	1,502,912	1,318,114	184,798
Senior services	581,275	623,496	622,828	668
Youth/teen services	878,643	868,441	532,039	336,402
CIP design administration	35,855	35,855	7,556	28,299
Museum projects	-	183,278	-	183,278
Building safety	1,461,104	1,437,341	1,045,939	391,402
Successor project management	1,221,612	1,238,894	998,243	240,651
Planning projects	-	314,277	313,618	659
Community & public services projects	233,387	233,387	-	233,387
Engineering projects	400,000	2,114,789	216,416	1,898,373
Town Square Park	286,365	298,355	181,132	117,223
Transformative climate communities	33,250,000	33,242,819	40,666	33,202,153
Library administration	695,359	679,237	645,277	33,960
Ovitt Family Community Library	3,841,949	3,781,924	3,496,063	285,861
Branch library	663,127	654,320	562,648	91,672
Library projects	-	136,327	36,124	100,203
Public works				
Roadway maintenance	1,580,944	1,548,765	1,157,742	391,023
Paint striping and sign maintenance	1,069,222	1,060,175	979,862	80,313
Sidewalk	1,759,742	1,740,476	1,552,146	188,330
Street lighting maintenance	688,005	710,325	697,009	13,316
Parks and maintenance supervision	968,346	982,329	691,348	290,981
Park maintenance	3,841,860	3,877,303	3,925,011	(47,708)
Parkway tree trimming	1,298,712	1,300,863	1,198,150	102,713
Public grounds maintenance	3,417,430	3,385,279	3,124,921	260,358
Civic center grounds maintenance	207,175	162,405	142,965	19,440
Public works admin.	763,872	782,507	743,501	39,006
Public facilities building maintenance	4,925,843	4,981,625	4,748,402	233,223
Community events	45,132	45,132	53,823	(8,691)
Graffiti	612,003	610,392	583,346	27,046
Facility maintenance	1,000,000	1,172,173	1,080,972	91,201
Debt service:				
Principal retirement	165,000	165,000	165,000	-
Interest and fiscal charges	2,820,337	2,820,337	2,824,049	(3,712)
Transfers out	5,154,000	17,073,277	18,618,087	(1,544,810)
Total Charges to Appropriations	287,713,039	306,854,084	258,446,573	48,407,511
Budgetary Fund Balance, June 30	\$ 114,031,972	\$ 118,861,359	\$ 131,390,776	\$ 12,529,417

CITY OF ONTARIO

**BUDGETARY COMPARISON SCHEDULE
MEASURE I
YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 884,112	\$ 884,112	\$ 884,112	\$ -
Resources (Inflows):				
Intergovernmental	3,053,527	30,703,163	7,113,853	(23,589,310)
Use of money and property	58,745	58,745	96,895	38,150
Miscellaneous	-	-	485,000	485,000
Amounts Available for Appropriations	3,996,384	31,646,020	8,579,860	(23,066,160)
Charges to Appropriations (Outflow):				
Community development	4,475,000	32,582,072	4,539,945	28,042,127
Total Charges to Appropriations	4,475,000	32,582,072	4,539,945	28,042,127
Budgetary Fund Balance, June 30	\$ (478,616)	\$ (936,052)	\$ 4,039,915	\$ 4,975,967

CITY OF ONTARIO

**BUDGETARY COMPARISON SCHEDULE
COMMUNITY DEVELOPMENT
YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 7,129,986	\$ 7,129,986	\$ 7,129,986	\$ -
Resources (Inflows):				
Intergovernmental	4,541,067	5,350,784	2,831,483	(2,519,301)
Use of money and property	-	-	297,503	297,503
Amounts Available for Appropriations	11,671,053	12,480,770	10,258,972	(2,221,798)
Charges to Appropriations (Outflow):				
Public safety	188,312	197,973	187,651	10,322
Community development	4,177,755	4,968,627	2,529,337	2,439,290
Public works	175,000	175,000	174,509	491
Transfers out	-	9,184	8,806	378
Total Charges to Appropriations	4,541,067	5,350,784	2,900,303	2,450,481
Budgetary Fund Balance, June 30	\$ 7,129,986	\$ 7,129,986	\$ 7,358,669	\$ 228,683

CITY OF ONTARIO

**BUDGETARY COMPARISON SCHEDULE
ONTARIO HOUSING AUTHORITY
YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 24,569,673	\$ 24,569,673	\$ 24,569,673	\$ -
Resources (Inflows):				
Contribution from property owners	-	-	11,529,708	11,529,708
Use of money and property	424,685	480,935	806,145	325,210
Contributions	-	-	928,875	928,875
Miscellaneous	3,402,000	3,672,000	2,861,332	(810,668)
Amounts Available for Appropriations	28,396,358	28,722,608	40,695,733	11,973,125
Charges to Appropriations (Outflow):				
Community development	5,100,253	5,137,115	19,379,317	(14,242,202)
Debt service:				
Principal retirement	-	-	10,000	(10,000)
Transfers out	-	9,900	9,900	-
Total Charges to Appropriations	5,100,253	5,147,015	19,399,217	(14,252,202)
Budgetary Fund Balance, June 30	\$ 23,296,105	\$ 23,575,593	\$ 21,296,516	\$ (2,279,077)

REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
YEAR ENDED JUNE 30, 2019

Modified Approach for City Infrastructure Capital Assets

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

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

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

In January 2019, the City completed a study to update the physical condition assessment of the streets. The prior assessment study was completed in February 2018. The streets, primarily surfaced with asphalt and concrete, were defined as all physical features associated with the operation of motorized vehicles that exist within the limits of right of way. City owned streets are classified based on land use, access and traffic utilization into the following four classifications: arterial, collector local, and alley. Currently, 50% of the City’s arterial and collectors and 25% of the local streets and alleys are being assessed each year. Each street and its related subsystems were assigned a physical condition based on 17 potential defects. A Pavement Condition Index (PCI), a nationally recognized index, was assigned and expressed in a continuous scale from 0 to 100, where 0 is assigned to the least acceptable physical condition and 100 is assigned the physical characteristics of a new street. The following conditions were defined in the 2010 study:

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

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

REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
YEAR ENDED JUNE 30, 2019

Modified Approach for City Infrastructure Capital Assets (Continued)

As of January 2019, the City's average street and its related subsystem's PCI rating was 82.7, with the detail condition as follows:

<u>Condition</u>	<u>% of Streets</u>
Excellent to Very Good	84.0%
Good to Fair	14.4%
Poor to Failed	3.6%

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

<u>Report's Date</u>	<u>PCI Index</u>
January 2019	82.7
February 2018	82.0
April 2017	78.3
May, 2016	76.3
March, 2015	74.7
January, 2013	70.6
May 14, 2012	71.1
March 18, 2010	69
February 18, 2008	65
January 11, 2007	67
February 21, 2006	68
April 11, 2005	65
February 28, 2002	71
July 15, 1999	69

As of January 2019, 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 \$11.9 million on street maintenance for the fiscal year ended June 30, 2019. 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 2020 is a minimum of \$5.7 million per year. A schedule of estimated annual amount required to maintain and preserve the City's streets at the current level compared to actual expenditures for street maintenance for the last five years is presented below.

As of June 30, 2019, the City had approximately 106,411,360 square feet (508.0 centerline miles) of streets with a carrying amount of \$304,506,208 and a replacement cost of approximately \$1,030,000,000.

The City is also continuously taking actions to arrest the deterioration of other infrastructure assets through short-term maintenance activities. For the fiscal year ended June 30, 2019, the City expended \$4.0 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 \$4.0 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)
 YEAR ENDED JUNE 30, 2019

Modified Approach for City Infrastructure Capital Assets (Continued)

INFRASTRUCTURE MAINTENANCE

ESTIMATED AND ACTUAL EXPENDITURES
FIVE YEARS (IN THOUSANDS)

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<u>Streets</u>					
Estimated	\$ 10,205	\$ 11,747	\$ 10,702	\$ 16,674	\$ 12,034
Actual	8,082	9,862	10,928	11,868	-
<u>Sidewalks</u>					
Estimated	1,599	1,669	1,489	1,760	1,693
Actual	1,506	1,580	1,489	1,552	-
<u>Storm Drain</u>					
Estimated	1,122	1,830	2,932	3,024	1,873
Actual	1,646	1,661	2,649	1,378	-
<u>Traffic Signal/Street Lights</u>					
Estimated	3,001	1,022	641	1,306	410
Actual	2,846	816	641	1,044	-

CITY OF ONTARIO

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
TOTAL PENSION LIABILITY					
Service Cost	\$ 6,439,440	\$ 6,295,399	\$ 6,785,157	\$ 8,020,608	\$ 8,293,305
Interest	19,741,927	20,680,719	22,042,754	23,255,948	24,357,078
Difference Between Expected and Actual Experience	-	(2,539,125)	2,960,090	1,183,589	833,264
Changes in Assumptions	-	(5,069,730)	-	19,573,224	(3,104,763)
Benefit Payments, Including Refunds of employee Contributions	(11,000,119)	(11,779,873)	(12,973,536)	(13,196,500)	(14,285,430)
Net Change in Total Pension Liability	15,181,248	7,587,390	18,814,465	38,836,869	16,093,454
Total Pension Liability - Beginning	265,506,030	280,687,278	288,274,668	307,089,133	345,926,002
Total Pension Liability - Ending (a)	\$ 280,687,278	\$ 288,274,668	\$ 307,089,133	\$ 345,926,002	\$ 362,019,456
PLAN FIDUCIARY NET POSITION					
Contribution - Employer	\$ 4,901,729	\$ 5,932,946	\$ 6,655,129	\$ 7,726,588	\$ 8,220,412
Contribution - Employee	2,619,805	3,288,408	3,496,228	3,300,315	4,098,899
Net Investment Income	35,255,810	5,225,720	1,288,913	26,063,000	21,684,987
Benefit Payments, Including Refunds of Employee Contributions	(11,000,119)	(11,779,873)	(12,973,536)	(13,196,500)	(14,285,430)
Plan to Plan Resource Movement	-	(670)	221	-	(1,183)
Administrative Expense	-	(270,392)	(144,267)	(347,413)	(402,453)
Other Miscellaneous Income/(Expense)	-	-	-	-	(954,165)
Net Change in Fiduciary Net Position	31,777,225	2,396,139	(1,677,312)	23,545,990	18,361,067
Plan Fiduciary Net Position - Beginning	203,040,903	234,818,128	237,214,267	235,536,955	259,082,945
Plan Fiduciary Net Position - Ending (b)	\$ 234,818,128	\$ 237,214,267	\$ 235,536,955	\$ 259,082,945	\$ 277,444,012
Plan Net Pension Liability/(Assets) - Ending (a) - (b)	\$ 45,869,150	\$ 51,060,401	\$ 71,552,178	\$ 86,843,057	\$ 84,575,444
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.66%	82.29%	76.70%	74.90%	76.64%
Covered Payroll	\$ 38,282,148	\$ 39,204,131	\$ 43,085,834	\$ 46,593,469	\$ 50,001,261
Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll	119.82%	130.24%	166.07%	186.38%	169.15%

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

(2) Net of administrative expenses.

Notes to Schedule:

Benefit Changes: There were no changes in benefits.

Changes of Assumptions:

In fiscal year 2016-17, the discount rate was changed from 7.65 percent (net of administrative expense) to 7.15 percent.

In fiscal year 2017-18, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate.

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)**

	2014	2015	2016	2017	2018
TOTAL PENSION LIABILITY					
Service Cost	\$ 6,239,776	\$ 6,095,464	\$ 6,630,087	\$ 7,755,445	\$ 8,903,620
Interest	20,403,337	21,492,971	22,805,001	23,727,296	25,115,253
Difference Between expected and Actual Experience	-	(435,228)	1,866,294	(3,343,535)	3,330,790
Changes in Assumptions	-	(5,448,420)	-	20,461,012	(1,542,087)
Benefit Payments, Including Refunds of employee Contributions	(11,427,473)	(12,128,407)	(13,014,228)	(13,724,815)	(15,142,297)
Net Change in Total Pension Liability	15,215,640	9,576,380	18,287,154	34,875,403	20,665,279
Total Pension Liability - Beginning	274,638,342	289,853,982	299,430,362	317,717,516	352,592,919
Total Pension Liability - Ending (a)	\$ 289,853,982	\$ 299,430,362	\$ 317,717,516	\$ 352,592,919	\$ 373,258,198
PLAN FIDUCIARY NET POSITION					
Contribution - Employer	\$ 6,579,735	\$ 7,869,101	\$ 8,627,418	\$ 11,021,424	\$ 11,243,370
Contribution - Employee	1,562,761	2,077,172	2,185,576	2,309,239	3,082,481
Net Investment Income	32,668,031	4,795,601	1,073,635	24,253,009	20,500,833
Benefit Payments, Including Refunds of Employee Contributions	(11,427,473)	(12,128,407)	(13,014,228)	(13,724,815)	(15,142,297)
Plan to Plan Resource Movement	-	607	-	-	(60)
Administrative Expense	-	(246,269)	(133,344)	(321,771)	(375,070)
Other Miscellaneous Income/(Expense)	-	-	-	-	(505,795)
Net Change in Fiduciary Net Position	29,383,054	2,367,805	(1,260,943)	23,537,086	18,803,462
Plan Fiduciary Net Position - Beginning	187,809,183	217,192,237	219,560,042	218,299,099	241,836,185
Plan Fiduciary Net Position - Ending (b)	\$ 217,192,237	\$ 219,560,042	\$ 218,299,099	\$ 241,836,185	\$ 260,639,647
Plan Net Pension Liability/(Assets) - Ending (a) - (b)	\$ 72,661,745	\$ 79,870,320	\$ 99,418,417	\$ 110,756,734	\$ 112,618,551
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.93%	73.33%	68.71%	68.59%	69.83%
Covered Payroll	\$ 21,107,423	\$ 21,416,900	\$ 23,375,007	\$ 26,602,363	\$ 30,395,138
Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll	344.25%	372.93%	425.32%	416.34%	370.52%

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

(2) Net of administrative expenses.

Notes to Schedule:

Benefit Changes: There were no changes in benefits.

Changes of Assumptions:

In fiscal year 2016-17, the discount rate was changed from 7.65 percent (net of administrative expense) to 7.15 percent.

In fiscal year 2017-18, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate.

CITY OF ONTARIO

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

	2014	2015	2016	2017	2018
TOTAL PENSION LIABILITY					
Service Cost	\$ 4,207,185	\$ 3,826,254	\$ 4,011,720	\$ 4,694,688	\$ 5,450,102
Interest	15,722,984	16,115,504	17,007,366	17,663,790	18,731,153
Difference Between expected and Actual Experience	-	(5,049,828)	2,059,569	(205,847)	5,431,927
Changes in Assumptions	-	(3,893,081)	-	14,596,257	(1,280,641)
Benefit Payments, Including Refunds of employee Contributions	(9,226,093)	(10,326,665)	(10,544,779)	(11,502,192)	(12,416,436)
Net Change in Total Pension Liability	10,704,076	672,184	12,533,876	25,246,696	15,916,105
Total Pension Liability - Beginning	212,149,220	222,853,296	223,525,480	236,059,356	261,306,052
Total Pension Liability - Ending (a)	\$ 222,853,296	\$ 223,525,480	\$ 236,059,356	\$ 261,306,052	\$ 277,222,157
PLAN FIDUCIARY NET POSITION					
Contribution - Employer	\$ 4,097,660	\$ 4,950,167	\$ 5,300,820	\$ 6,271,125	\$ 6,744,221
Contribution - Employee	1,181,692	1,673,250	1,513,475	1,535,337	1,996,292
Net Investment Income	26,898,837	3,958,046	890,970	19,188,945	15,891,350
Benefit Payments, Including Refunds of Employee Contributions	(9,226,093)	(10,326,665)	(10,544,779)	(11,502,192)	(12,416,436)
Plan to Plan Resource Movement	-	-	(221)	-	(468)
Administrative Expense	-	(200,094)	(108,343)	(258,375)	(295,680)
Other Miscellaneous Income/(Expense)	-	-	-	-	(552,327)
Net Change in Fiduciary Net Position	22,952,096	54,704	(2,948,078)	15,234,840	11,366,952
Plan Fiduciary Net Position - Beginning	155,181,255	178,133,351	178,188,055	175,239,977	190,474,817
Plan Fiduciary Net Position - Ending (b)	\$ 178,133,351	\$ 178,188,055	\$ 175,239,977	\$ 190,474,817	\$ 201,841,769
Plan Net Pension Liability/(Assets) - Ending (a) - (b)	\$ 44,719,945	\$ 45,337,425	\$ 60,819,379	\$ 70,831,235	\$ 75,380,388
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	79.93%	79.72%	74.24%	72.89%	72.81%
Covered Payroll	\$ 15,672,135	\$ 14,881,781	\$ 15,700,218	\$ 17,573,194	\$ 20,851,973
Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll	285.35%	304.65%	387.38%	403.06%	361.50%

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

(2) Net of administrative expenses.

Notes to Schedule:

Benefit Changes: There were no changes in benefits.

Changes of Assumptions:

In fiscal year 2016-17, the discount rate was changed from 7.65 percent (net of administrative expense) to 7.15 percent.

In fiscal year 2017-18, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate.

CITY OF ONTARIO

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

	2014	2015	2016	2017	2018	2019
Miscellaneous Plan						
Actuarially Determined Contribution	\$ 4,901,729	\$ 5,932,946	\$ 6,655,129	\$ 7,726,588	\$ 8,220,412	\$ 9,748,790
Contribution in Relation to the Actuarially Determined Contribution	(4,901,729)	(5,932,946)	(6,655,129)	(7,726,588)	(8,220,412)	(9,748,790)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 38,282,148	\$ 39,204,131	\$ 43,085,834	\$ 46,593,469	\$ 50,001,261	\$ 53,309,357
Contributions as a Percentage of Covered Payroll	12.80%	15.13%	15.45%	16.58%	16.44%	18.29%
Safety Police Plan						
Actuarially Determined Contribution	\$ 6,579,735	\$ 7,869,101	\$ 8,627,418	\$ 11,021,424	\$ 11,243,370	\$ 13,281,877
Contribution in Relation to the Actuarially Determined Contribution	(6,579,735)	(7,869,101)	(8,627,418)	(11,021,424)	(11,243,370)	(13,281,877)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 21,107,423	\$ 21,416,900	\$ 23,375,007	\$ 26,602,363	\$ 30,395,138	\$ 32,697,789
Contributions as a Percentage of Covered Payroll	31.17%	36.74%	36.91%	41.43%	36.99%	40.62%
Safety Fire Plan						
Actuarially Determined Contribution	\$ 4,097,660	\$ 4,950,167	\$ 5,300,820	\$ 6,271,125	\$ 6,744,221	\$ 7,797,113
Contribution in Relation to the Actuarially Determined Contribution	(4,097,660)	(4,950,167)	(5,300,820)	(6,271,125)	(6,744,221)	(7,797,113)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 15,672,135	\$ 14,881,781	\$ 15,700,218	\$ 17,573,194	\$ 20,851,973	\$ 22,164,166
Contributions as a Percentage of Covered Payroll	26.15%	33.26%	33.76%	35.69%	32.34%	35.18%

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

Note to Schedule:

Valuation Date: June 30, 2016

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Assets valuation method	Market value
Inflation	2.75%
Salary increases	Varies by category, entry age and service
Payroll growth	3.00%
Investment rate of return	7.00% 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. Post-retirement mortality rates include 20 years of projected on-going mortality improvement using Scale BB published by the Society of Actuaries.

CITY OF ONTARIO

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

	<u>2017</u>	<u>2018</u>
Total OPEB Liability		
Service cost	\$ 12,423,938	\$ 10,440,905
Interest on the total OPEB liability	8,541,783	9,882,614
Actual and expected experience difference	-	-
Changes in assumptions	(37,838,070)	(13,680,004)
Changes in benefit terms	-	-
Benefit payments	<u>(4,213,032)</u>	<u>(5,398,279)</u>
Net change in total OPEB liability	(21,085,381)	1,245,236
Total OPEB liability - beginning	<u>289,394,278</u>	<u>268,308,897</u>
Total OPEB liability - ending (a)	<u>\$ 268,308,897</u>	<u>\$ 269,554,133</u>
Covered-employee payroll	\$ 111,311,408	\$ 127,657,357
Total OPEB liability as a percentage of covered-employee payroll	241.04%	211.15%

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

Notes to Schedule:

Changes in assumptions: The discount rate was changed from 3.58 percent to 3.87 percent for the measurement period ended June 30, 2018.

CITY OF ONTARIO

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

	<u>2018</u>	<u>2019</u>
Actuarially Determined Contribution	\$ 26,527,000	\$ 28,414,000
Contribution in Relation to the Actuarially Determined Contributions	<u>(5,398,279)</u>	<u>(6,108,661)</u>
Contribution Deficiency (Excess)	<u>\$ 21,128,721</u>	<u>\$ 22,305,339</u>
Covered-employee payroll	\$ 127,657,357	\$ 135,622,457
Contributions as a percentage of covered-employee payroll	20.78%	20.95%

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

Notes to Schedule: None

*Actuarial methods and assumptions used to set the actuarially determined contribution for Fiscal Year 2019 were from the June 30, 2017 actuarial valuation.

Methods and assumptions used to determine contributions:

Actuarial Cost Method	Entry Age Normal
Amortization Valuation Method/Period	Level percent of payroll; 17-year fixed period
Asset Valuation Method	Market value
Inflation	2.75% per annum
Salary Increases	3.00% per annum, in aggregate
Discount Rate	3.75%
Medical Trend	Non-Medicare - 7.5% for 2020, decreasing to an ultimate rate of 4.0% in 2076 Medicare - 6.5% for 2020, decreasing to an ultimate rate of 4.0% in 2076
Mortality	CalPERS 1997-2011 Experience Study
Mortality Improvement	Post-retirement mortality projected fully generational with Scale MP-2017

CITY OF ONTARIO

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019

	Special Revenue Funds			
	Special Gas Tax	Quiet Home Program	Park Impact / Quimby	Asset Seizure
Assets:				
Cash and investments	\$ 5,194,672	\$ 1,072,765	\$ 14,313,016	\$ 2,742,768
Receivables:				
Accounts	762,574	-	-	-
Accrued interest	17,164	-	52,813	10,804
Taxes	-	-	-	-
Prepaid costs	-	-	-	4,775
Land held for resale	-	57,799,475	-	-
Restricted assets:				
Cash and investments	46,010	-	-	-
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 6,020,420	\$ 58,872,240	\$ 14,365,829	\$ 2,758,347
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 2,568,441	\$ -	\$ -	\$ 93,139
Accrued liabilities	11,685	-	-	61,024
Unearned revenues	-	863,420	-	-
Deposits payable	-	-	-	227,570
Due to other funds	-	-	-	-
Total Liabilities	2,580,126	863,420	-	381,733
Fund Balances:				
Restricted for:				
Community development projects	3,440,294	58,008,820	-	-
Public safety	-	-	-	156,235
Park development	-	-	14,365,829	-
Police narcotics	-	-	-	2,220,379
AQMD activities	-	-	-	-
Public services	-	-	-	-
Assigned to:				
Continuing appropriations	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	3,440,294	58,008,820	14,365,829	2,376,614
Total Liabilities and Fund Balances	\$ 6,020,420	\$ 58,872,240	\$ 14,365,829	\$ 2,758,347

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019

(CONTINUED)

	Special Revenue Funds			
	Mobile Source Air Pollution	Special Assessment/Fee Districts	Cable Access	Storm Drain Maintenance
Assets:				
Cash and investments	\$ 1,303,428	\$ 7,838,187	\$ 1,369,231	\$ 388,227
Receivables:				
Accounts	112,679	559	42,111	124,746
Accrued interest	5,176	11,748	857	1,471
Taxes	-	2,645	-	-
Prepaid costs	-	-	-	10,744
Land held for resale	-	-	-	-
Restricted assets:				
Cash and investments	-	-	-	-
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 1,421,283	\$ 7,853,139	\$ 1,412,199	\$ 525,188
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ 98,230	\$ -	\$ 24,737
Accrued liabilities	146	1,116,593	-	14,873
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	27,192
Due to other funds	-	-	-	-
Total Liabilities	146	1,214,823	-	66,802
Fund Balances:				
Restricted for:				
Community development projects	-	6,638,316	-	458,386
Public safety	-	-	-	-
Park development	-	-	-	-
Police narcotics	-	-	-	-
AQMD activities	1,340,807	-	-	-
Public services	-	-	1,412,199	-
Assigned to:				
Continuing appropriations	80,330	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	1,421,137	6,638,316	1,412,199	458,386
Total Liabilities and Fund Balances	\$ 1,421,283	\$ 7,853,139	\$ 1,412,199	\$ 525,188

CITY OF ONTARIO

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019

	Special Revenue Funds			
	Historic Preservation	NMC Public Services	NMC CFD	OMC CFD
Assets:				
Cash and investments	\$ 275,649	\$ 13,555,666	\$ 60	\$ 40,372
Receivables:				
Accounts	-	1,028,106	-	-
Accrued interest	1,071	50,001	-	-
Taxes	-	-	28,184	475
Prepaid costs	-	-	-	-
Land held for resale	-	-	-	-
Restricted assets:				
Cash and investments	-	-	-	-
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 276,720	\$ 14,633,773	\$ 28,244	\$ 40,847
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 515	\$ 309
Accrued liabilities	-	-	-	-
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	-	-	549,656	166
Total Liabilities	-	-	550,171	475
Fund Balances:				
Restricted for:				
Community development projects	276,720	-	-	-
Public safety	-	-	-	-
Park development	-	-	-	-
Police narcotics	-	-	-	-
AQMD activities	-	-	-	-
Public services	-	14,633,773	-	40,372
Assigned to:				
Continuing appropriations	-	-	-	-
Unassigned	-	-	(521,927)	-
Total Fund Balances	276,720	14,633,773	(521,927)	40,372
Total Liabilities and Fund Balances	\$ 276,720	\$ 14,633,773	\$ 28,244	\$ 40,847

CITY OF ONTARIO

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019

	<u>Capital Projects Funds</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>NMC CFD</u>	<u>OMC CFD</u>	
Assets:			
Cash and investments	\$ 515,970	\$ 49,226	\$ 48,659,237
Receivables:			
Accounts	-	-	2,070,775
Accrued interest	37,895	41	189,041
Taxes	-	-	31,304
Prepaid costs	-	-	15,519
Land held for resale	-	-	57,799,475
Restricted assets:			
Cash and investments	-	-	46,010
Cash and investments with fiscal agents	23,022,990	24,853	23,047,843
Total Assets	<u>\$ 23,576,855</u>	<u>\$ 74,120</u>	<u>\$ 131,859,204</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ 87,409	\$ -	\$ 2,872,780
Accrued liabilities	-	-	1,204,321
Unearned revenues	-	-	863,420
Deposits payable	423,809	49,226	727,797
Due to other funds	5,033	-	554,855
Total Liabilities	<u>516,251</u>	<u>49,226</u>	<u>6,223,173</u>
Fund Balances:			
Restricted for:			
Community development projects	-	24,894	68,847,430
Public safety	-	-	156,235
Park development	-	-	14,365,829
Police narcotics	-	-	2,220,379
AQMD activities	-	-	1,340,807
Public services	23,060,604	-	39,146,948
Assigned to:			
Continuing appropriations	-	-	80,330
Unassigned	<u>-</u>	<u>-</u>	<u>(521,927)</u>
Total Fund Balances	<u>23,060,604</u>	<u>24,894</u>	<u>125,636,031</u>
Total Liabilities and Fund Balances	<u>\$ 23,576,855</u>	<u>\$ 74,120</u>	<u>\$ 131,859,204</u>

CITY OF ONTARIO

**COMBINING STATEMENTS OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019**

	Special Revenue Funds			
	Special Gas Tax	Quiet Home Program	Park Impact / Quimby	Asset Seizure
Revenues:				
Special assessment taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	7,174,115	-	-	358,162
Contribution from property owners	-	-	-	-
Charges for services	-	-	9,061,682	-
Use of money and property	135,565	-	392,160	88,579
Fines and forfeitures	-	-	-	-
Miscellaneous	296,143	-	-	16,314
Total Revenues	7,605,823	-	9,453,842	463,055
Expenditures:				
Current:				
General government	-	-	522,750	-
Public safety	-	-	-	607,606
Community development	6,063,550	-	-	-
Public works	-	-	-	-
Total Expenditures	6,063,550	-	522,750	607,606
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,542,273	-	8,931,092	(144,551)
Other Financing Sources (Uses):				
Transfers out	(2,195,007)	-	-	(7,540)
Transfers in	900,000	-	-	-
Total Other Financing Sources (Uses)	(1,295,007)	-	-	(7,540)
Net Change in Fund Balances	247,266	-	8,931,092	(152,091)
Fund Balances:				
Beginning of year	3,193,028	58,008,820	5,434,737	2,528,705
End of year	\$ 3,440,294	\$ 58,008,820	\$ 14,365,829	\$ 2,376,614

CITY OF ONTARIO

**COMBINING STATEMENTS OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019**

(CONTINUED)

	Special Revenue Funds			
	Mobile Source Air Pollution	Special Assessment/ Fee Districts	Cable Access	Storm Drain Maintenance
Revenues:				
Special assessment taxes	\$ -	\$ 1,106,686	\$ 259,116	\$ -
Intergovernmental	215,390	-	-	6,393
Contribution from property owners	-	-	-	-
Charges for services	-	-	-	1,351,999
Use of money and property	41,933	100,984	4,322	12,166
Fines and forfeitures	-	-	-	100
Miscellaneous	-	556,239	-	15,370
Total Revenues	257,323	1,763,909	263,438	1,386,028
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	23,870	-	-	-
Community development	34,557	673,588	-	957,458
Public works	-	740,543	-	420,511
Total Expenditures	58,427	1,414,131	-	1,377,969
Excess (Deficiency) of Revenues Over (Under) Expenditures	198,896	349,778	263,438	8,059
Other Financing Sources (Uses):				
Transfers out	(10,147)	(324,504)	-	(29,101)
Transfers in	-	2,027,422	1,148,761	-
Total Other Financing Sources (Uses)	(10,147)	1,702,918	1,148,761	(29,101)
Net Change in Fund Balances	188,749	2,052,696	1,412,199	(21,042)
Fund Balances:				
Beginning of year	1,232,388	4,585,620	-	479,428
End of year	\$ 1,421,137	\$ 6,638,316	\$ 1,412,199	\$ 458,386

CITY OF ONTARIO

**COMBINING STATEMENTS OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019**

	Special Revenue Funds			
	Historic Preservation	NMC Public Services	NMC CFD	OMC CFD
Revenues:				
Special assessment taxes	\$ -	\$ -	\$ 3,833,949	\$ 103,917
Intergovernmental	-	-	-	-
Contribution from property owners	-	-	-	-
Charges for services	47,400	6,146,474	-	-
Use of money and property	8,310	364,474	2,407	1,424
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	55,710	6,510,948	3,836,356	105,341
Expenditures:				
Current:				
General government	-	-	14,962	-
Public safety	-	-	-	-
Community development	-	-	321,906	7,016
Public works	-	-	-	-
Total Expenditures	-	-	336,868	7,016
Excess (Deficiency) of Revenues Over (Under) Expenditures	55,710	6,510,948	3,499,488	98,325
Other Financing Sources (Uses):				
Transfers out	-	(469,377)	(4,790,320)	(211,886)
Transfers in	-	-	-	-
Total Other Financing Sources (Uses)	-	(469,377)	(4,790,320)	(211,886)
Net Change in Fund Balances	55,710	6,041,571	(1,290,832)	(113,561)
Fund Balances:				
Beginning of year	221,010	8,592,202	768,905	153,933
End of year	\$ 276,720	\$ 14,633,773	\$ (521,927)	\$ 40,372

CITY OF ONTARIO

**COMBINING STATEMENTS OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019**

	<u>Capital Projects Funds</u>		Total Nonmajor Governmental Funds
	<u>NMC CFD</u>	<u>OMC CFD</u>	
Revenues:			
Special assessment taxes	\$ -	\$ -	\$ 5,303,668
Intergovernmental	-	-	7,754,060
Contribution from property owners	14,954,406	8,174,118	23,128,524
Charges for services	-	-	16,607,555
Use of money and property	365,471	15,579	1,533,374
Fines and forfeitures	-	-	100
Miscellaneous	-	-	884,066
Total Revenues	15,319,877	8,189,697	55,211,347
Expenditures:			
Current:			
General government	-	-	537,712
Public safety	-	-	631,476
Community development	246,720	8,174,118	16,478,913
Public works	-	-	1,161,054
Total Expenditures	246,720	8,174,118	18,809,155
Excess (Deficiency) of Revenues Over (Under) Expenditures	15,073,157	15,579	36,402,192
Other Financing Sources (Uses):			
Transfers out	(7,246,536)	-	(15,284,418)
Transfers in	-	-	4,076,183
Total Other Financing Sources (Uses)	(7,246,536)	-	(11,208,235)
Net Change in Fund Balances	7,826,621	15,579	25,193,957
Fund Balances:			
Beginning of year	15,233,983	9,315	100,442,074
End of year	\$ 23,060,604	\$ 24,894	\$ 125,636,031

CITY OF ONTARIO

**BUDGETARY COMPARISON SCHEDULE
SPECIAL GAS TAX
YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 3,193,028	\$ 3,193,028	\$ 3,193,028	\$ -
Resources (Inflows):				
Intergovernmental	7,086,751	6,576,504	7,174,115	597,611
Use of money and property	41,310	41,310	135,565	94,255
Miscellaneous	198,130	501,652	296,143	(205,509)
Transfers in	900,000	900,000	900,000	-
Amounts Available for Appropriations	11,419,219	11,212,494	11,698,851	486,357
Charges to Appropriations (Outflow):				
Community development	5,605,619	8,277,344	6,063,550	2,213,794
Transfers out	2,940,550	2,805,289	2,195,007	610,282
Total Charges to Appropriations	8,546,169	11,082,633	8,258,557	2,824,076
Budgetary Fund Balance, June 30	\$ 2,873,050	\$ 129,861	\$ 3,440,294	\$ 3,310,433

CITY OF ONTARIO

**BUDGETARY COMPARISON SCHEDULE
PARK IMPACT / QUIMBY
YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 5,434,737	\$ 5,434,737	\$ 5,434,737	\$ -
Resources (Inflows):				
Charges for services	-	-	9,061,682	9,061,682
Use of money and property	12,150	12,150	392,160	380,010
Amounts Available for Appropriations	5,446,887	5,446,887	14,888,579	9,441,692
Charges to Appropriations (Outflow):				
General government	-	-	522,750	(522,750)
Total Charges to Appropriations	-	-	522,750	(522,750)
Budgetary Fund Balance, June 30	\$ 5,446,887	\$ 5,446,887	\$ 14,365,829	\$ 8,918,942

CITY OF ONTARIO

**BUDGETARY COMPARISON SCHEDULE
ASSET SEIZURE
YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,528,705	\$ 2,528,705	\$ 2,528,705	\$ -
Resources (Inflows):				
Intergovernmental	-	-	358,162	358,162
Use of money and property	-	-	88,579	88,579
Miscellaneous	-	-	16,314	16,314
Amounts Available for Appropriations	2,528,705	2,528,705	2,991,760	463,055
Charges to Appropriations (Outflow):				
Public safety	617,534	793,179	607,606	185,573
Transfers out	-	-	7,540	(7,540)
Total Charges to Appropriations	617,534	793,179	615,146	178,033
Budgetary Fund Balance, June 30	\$ 1,911,171	\$ 1,735,526	\$ 2,376,614	\$ 641,088

CITY OF ONTARIO

**BUDGETARY COMPARISON SCHEDULE
MOBILE SOURCE AIR POLLUTION
YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,232,388	\$ 1,232,388	\$ 1,232,388	\$ -
Resources (Inflows):				
Intergovernmental	200,000	200,000	215,390	15,390
Use of money and property	21,300	21,300	41,933	20,633
Amounts Available for Appropriations	1,453,688	1,453,688	1,489,711	36,023
Charges to Appropriations (Outflow):				
Public safety	-	279,179	23,870	255,309
Community development	39,963	135,316	34,557	100,759
Transfers out	10,000	10,151	10,147	4
Total Charges to Appropriations	49,963	424,646	68,574	356,072
Budgetary Fund Balance, June 30	\$ 1,403,725	\$ 1,029,042	\$ 1,421,137	\$ 392,095

CITY OF ONTARIO

**BUDGETARY COMPARISON SCHEDULE
SPECIAL ASSESSMENT/FEE DISTRICTS
YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 4,585,620	\$ 4,585,620	\$ 4,585,620	\$ -
Resources (Inflows):				
Taxes	1,093,000	1,093,000	1,106,686	13,686
Use of money and property	54,830	54,830	100,984	46,154
Miscellaneous	-	-	556,239	556,239
Transfers in	370,000	370,000	2,027,422	1,657,422
Amounts Available for Appropriations	6,103,450	6,103,450	8,376,951	2,273,501
Charges to Appropriations (Outflow):				
Community development	867,921	851,952	673,588	178,364
Public works	853,046	851,435	740,543	110,892
Transfers out	308,603	324,515	324,504	11
Total Charges to Appropriations	2,029,570	2,027,902	1,738,635	289,267
Budgetary Fund Balance, June 30	\$ 4,073,880	\$ 4,075,548	\$ 6,638,316	\$ 2,562,768

CITY OF ONTARIO

**BUDGETARY COMPARISON SCHEDULE
STORM DRAIN MAINTENANCE
YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 479,428	\$ 479,428	\$ 479,428	\$ -
Resources (Inflows):				
Intergovernmental	-	-	6,393	6,393
Charges for services	1,230,000	1,230,000	1,351,999	121,999
Use of money and property	10,020	10,020	12,166	2,146
Fines and forfeitures	-	-	100	100
Miscellaneous	-	-	15,370	15,370
Amounts Available for Appropriations	1,719,448	1,719,448	1,865,456	146,008
Charges to Appropriations (Outflow):				
Community development	1,254,442	1,230,592	957,458	273,134
Public works	554,976	564,942	420,511	144,431
Transfers out	-	29,101	29,101	-
Total Charges to Appropriations	1,809,418	1,824,635	1,407,070	417,565
Budgetary Fund Balance, June 30	\$ (89,970)	\$ (105,187)	\$ 458,386	\$ 563,573

CITY OF ONTARIO

**BUDGETARY COMPARISON SCHEDULE
HISTORIC PRESERVATION
YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 221,010	\$ 221,010	\$ 221,010	\$ -
Resources (Inflows):				
Charges for services	-	-	47,400	47,400
Use of money and property	4,410	4,410	8,310	3,900
Amounts Available for Appropriations	225,420	225,420	276,720	51,300
Budgetary Fund Balance, June 30	\$ 225,420	\$ 225,420	\$ 276,720	\$ 51,300

CITY OF ONTARIO

**BUDGETARY COMPARISON SCHEDULE
NMC PUBLIC SERVICES
YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 8,592,202	\$ 8,592,202	\$ 8,592,202	\$ -
Resources (Inflows):				
Charges for services	-	-	6,146,474	6,146,474
Use of money and property	130,910	130,910	364,474	233,564
Amounts Available for Appropriations	8,723,112	8,723,112	15,103,150	6,380,038
Charges to Appropriations (Outflow):				
Transfers out	-	1,021,253	469,377	551,876
Total Charges to Appropriations	-	1,021,253	469,377	551,876
Budgetary Fund Balance, June 30	\$ 8,723,112	\$ 7,701,859	\$ 14,633,773	\$ 6,931,914

CITY OF ONTARIO

**BUDGETARY COMPARISON SCHEDULE
 NMC CFD
 YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 768,905	\$ 768,905	\$ 768,905	\$ -
Resources (Inflows):				
Taxes	2,166,000	3,839,536	3,833,949	(5,587)
Use of money and property	11,230	11,230	2,407	(8,823)
Amounts Available for Appropriations	2,946,135	4,619,671	4,605,261	(14,410)
Charges to Appropriations (Outflow):				
General government	-	-	14,962	(14,962)
Community development	59,000	59,000	321,906	(262,906)
Debt service:				
Principal retirement	-	90,000	-	90,000
Interest and fiscal charges	-	212,293	-	212,293
Transfers out	2,107,000	3,780,536	4,790,320	(1,009,784)
Total Charges to Appropriations	2,166,000	4,141,829	5,127,188	(985,359)
Budgetary Fund Balance, June 30	\$ 780,135	\$ 477,842	\$ (521,927)	\$ (999,769)

CITY OF ONTARIO

BUDGETARY COMPARISON SCHEDULE
 OMC CFD
 YEAR ENDED JUNE 30, 2019

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 153,933	\$ 153,933	\$ 153,933	\$ -
Resources (Inflows):				
Taxes	98,000	98,000	103,917	5,917
Use of money and property	2,485	2,485	1,424	(1,061)
Amounts Available for Appropriations	254,418	254,418	259,274	4,856
Charges to Appropriations (Outflow):				
Community development	41,000	41,000	7,016	33,984
Transfers out	57,000	57,000	211,886	(154,886)
Total Charges to Appropriations	98,000	98,000	218,902	(120,902)
Budgetary Fund Balance, June 30	\$ 156,418	\$ 156,418	\$ 40,372	\$ (116,046)

CITY OF ONTARIO

**BUDGETARY COMPARISON SCHEDULE
 CAPITAL PROJECTS
 YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1, as restated	\$ 58,340,508	\$ 58,340,508	\$ 58,340,508	\$ -
Resources (Inflows):				
Intergovernmental	-	3,534,215	1,080,410	(2,453,805)
Charges for services	-	-	5,022,675	5,022,675
Use of money and property	429,180	429,180	1,037,198	608,018
Miscellaneous	-	-	42,940	42,940
Transfers in	3,884,000	11,788,333	10,612,937	(1,175,396)
Amounts Available for Appropriations	62,653,688	74,092,236	76,136,668	2,044,432
Charges to Appropriations (Outflow):				
Public safety	12,088,079	19,218,722	1,299,672	17,919,050
Community development	5,193,448	30,248,179	16,688,469	13,559,710
Total Charges to Appropriations	17,281,527	49,466,901	17,988,141	31,478,760
Budgetary Fund Balance, June 30	\$ 45,372,161	\$ 24,625,335	\$ 58,148,527	\$ 33,523,192

CITY OF ONTARIO

**BUDGETARY COMPARISON SCHEDULE
 IMPACT FEES
 YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 101,053,262	\$ 101,053,262	\$ 101,053,262	\$ -
Resources (Inflows):				
Charges for services	647,000	647,000	49,110,479	48,463,479
Use of money and property	2,292,430	2,292,430	4,018,525	1,726,095
Amounts Available for Appropriations	103,992,692	103,992,692	154,182,266	50,189,574
Charges to Appropriations (Outflow):				
General government	-	-	5,311,342	(5,311,342)
Public safety	1,675,000	16,042,887	1,455,654	14,587,233
Community development	353,000	37,611,186	11,065,285	26,545,901
Public works	200,000	1,736,118	2,032,813	(296,695)
Transfers out	-	-	11,524,568	(11,524,568)
Total Charges to Appropriations	2,228,000	55,390,191	31,389,662	24,000,529
Budgetary Fund Balance, June 30	\$ 101,764,692	\$ 48,602,501	\$ 122,792,604	\$ 74,190,103

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CITY OF ONTARIO

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2019

	Equipment Services	Self Insurance	Information Technology	Other Post Employment Benefits	Totals
Assets:					
Current:					
Cash and investments	\$ 37,079,619	\$ 37,116,592	\$ 17,662,383	\$ 163,687,249	\$ 255,545,843
Receivables:					
Accounts	174,723	-	265,207	2,000	441,930
Accrued interest	-	-	-	633,220	633,220
Prepaid costs	9,263	-	829,360	279,821	1,118,444
Inventories	783,529	-	-	-	783,529
Other investments	-	-	-	38,138,112	38,138,112
Restricted:					
Cash and investments	-	988,237	-	-	988,237
Total Current Assets	38,047,134	38,104,829	18,756,950	202,740,402	297,649,315
Noncurrent:					
Capital assets - net of accumulated depreciation	24,806,018	-	6,773,310	-	31,579,328
Total Noncurrent Assets	24,806,018	-	6,773,310	-	31,579,328
Total Assets	62,853,152	38,104,829	25,530,260	202,740,402	329,228,643
Deferred Outflows of Resources:					
Deferred pension related items	877,603	124,385	1,223,117	-	2,225,105
Deferred OPEB related items	-	-	-	6,108,661	6,108,661
Total Deferred Outflows of Resources	877,603	124,385	1,223,117	6,108,661	8,333,766
Total Assets & Deferred Outflow of Resources	\$ 63,730,755	\$ 38,229,214	\$ 26,753,377	\$ 208,849,063	\$ 337,562,409
Liabilities, Deferred Inflows and Net Position					
Liabilities:					
Current:					
Accounts payable	\$ 816,153	\$ 300,043	\$ 649,966	\$ 1,277	\$ 1,767,439
Accrued liabilities	65,478	8,621	88,324	-	162,423
Accrued compensated absences	155,000	21,000	216,000	-	392,000
Accrued claims and judgments	-	8,697,000	-	-	8,697,000
Total Current Liabilities	1,036,631	9,026,664	954,290	1,277	11,018,862
Noncurrent:					
Accrued compensated absences	48,932	17,848	289,994	-	356,774
Accrued claims and judgments	-	15,926,000	-	-	15,926,000
Net pension liability	3,976,705	563,628	5,542,338	-	10,082,671
OPEB liability	-	-	-	269,554,133	269,554,133
Total Noncurrent Liabilities	4,025,637	16,507,476	5,832,332	269,554,133	295,919,578
Total Liabilities	5,062,268	25,534,140	6,786,622	269,555,410	306,938,440
Deferred Inflows of Resources:					
Deferred pension related items	103,048	14,605	143,618	-	261,271
Deferred OPEB related items	-	-	-	40,207,170	40,207,170
Total Deferred Inflows of Resources	103,048	14,605	143,618	40,207,170	40,468,441
Net Position:					
Net investment in capital assets	24,806,018	-	6,773,310	-	31,579,328
Unrestricted	33,759,421	12,680,469	13,049,827	(100,913,517)	(41,423,800)
Total Net Position	58,565,439	12,680,469	19,823,137	(100,913,517)	(9,844,472)
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 63,730,755	\$ 38,229,214	\$ 26,753,377	\$ 208,849,063	\$ 337,562,409

CITY OF ONTARIO

**COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2019**

	Equipment Services	Self Insurance	Information Technology	Other Post Employment Benefits	Totals
Operating Revenues:					
Interdepartmental charges	\$ 17,017,131	\$ 12,259,548	\$ 10,721,734	\$ 1,175,962	\$ 41,174,375
Miscellaneous	523,655	2,222,374	-	23,957	2,769,986
Total Operating Revenues	17,540,786	14,481,922	10,721,734	1,199,919	43,944,361
Operating Expenses:					
Administration and general	4,324,560	3,503,768	5,699,988	12,452,515	25,980,831
Source of supply	3,048,065	-	6,702,714	-	9,750,779
Claims expense	-	8,236,113	-	-	8,236,113
Depreciation expense	7,186,349	-	266,029	-	7,452,378
Total Operating Expenses	14,558,974	11,739,881	12,668,731	12,452,515	51,420,101
Operating Income (Loss)	2,981,812	2,742,041	(1,946,997)	(11,252,596)	(7,475,740)
Nonoperating Revenues (Expenses):					
Interest revenue	-	-	-	75,974	75,974
Total Nonoperating Revenues (Expenses)	-	-	-	75,974	75,974
Income (Loss) Before Transfers	2,981,812	2,742,041	(1,946,997)	(11,176,622)	(7,399,766)
Transfers in	-	-	3,644,396	5,000,000	8,644,396
Transfers out	(130,952)	(1,312,215)	(979,834)	-	(2,423,001)
Changes in Net Position	<u>\$ 2,850,860</u>	<u>\$ 1,429,826</u>	<u>\$ 717,565</u>	<u>\$ (6,176,622)</u>	<u>\$ (1,178,371)</u>
Net Position:					
Beginning of Year, as originally reported	\$ 55,714,579	\$ 11,250,643	\$ 22,862,054	\$ (94,736,895)	\$ (4,909,619)
Restatements	-	-	(3,756,482)	-	(3,756,482)
Beginning of Fiscal Year, as restated	55,714,579	11,250,643	19,105,572	(94,736,895)	(8,666,101)
Changes in Net Position	2,850,860	1,429,826	717,565	(6,176,622)	(1,178,371)
End of Fiscal Year	<u>\$ 58,565,439</u>	<u>\$ 12,680,469</u>	<u>\$ 19,823,137</u>	<u>\$(100,913,517)</u>	<u>\$ (9,844,472)</u>

CITY OF ONTARIO

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2019**

	Equipment Services	Self Insurance	Information Technology	Other Post Employment Benefits	Totals
Cash Flows from Operating Activities:					
Cash received from/(paid to) interfund service provided	\$ 17,383,766	\$ 14,560,804	\$ 10,626,446	\$ 1,199,919	\$ 43,770,935
Cash paid to suppliers for goods and services	(3,271,262)	(7,995,636)	(6,607,823)	(12,730)	(17,887,451)
Cash paid to employees for services	(3,671,967)	(3,465,787)	(4,651,033)	(4,758,932)	(16,547,719)
Net Cash Provided (Used) by Operating Activities	10,440,537	3,099,381	(632,410)	(3,571,743)	9,335,765
Cash Flows from Non-Capital Financing Activities:					
Cash transfers in	-	-	3,644,396	5,000,000	8,644,396
Cash transfers out	(130,952)	(1,312,215)	(979,834)	-	(2,423,001)
Repayment received from other funds	-	-	412,252	-	412,252
Net Cash Provided (Used) by Non-Capital Financing Activities	(130,952)	(1,312,215)	3,076,814	5,000,000	6,633,647
Cash Flows from Capital and Related Financing Activities:					
Acquisition and construction of capital assets	(9,830,008)	-	(499,191)	-	(10,329,199)
Net Cash Provided (Used) by Capital and Related Financing Activities	(9,830,008)	-	(499,191)	-	(10,329,199)
Cash Flows from Investing Activities:					
Change in investments	-	-	-	5,181,204	5,181,204
Interest received	-	-	-	(20,410)	(20,410)
Net Cash Provided (Used) by Investing Activities	-	-	-	5,160,794	5,160,794
Net Increase (Decrease) in Cash and Cash Equivalents	479,577	1,787,166	1,945,213	6,589,051	10,801,007
Cash and Cash Equivalents at Beginning of Year	36,600,042	36,317,663	15,717,170	157,098,198	245,733,073
Cash and Cash Equivalents at End of Year	\$ 37,079,619	\$ 38,104,829	\$ 17,662,383	\$ 163,687,249	\$ 256,534,080
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:					
Operating income (loss)	\$ 2,981,812	\$ 2,742,041	\$ (1,946,997)	\$ (11,252,596)	\$ (7,475,740)
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:					
Depreciation	7,186,349	-	266,029	-	7,452,378
(Increase) decrease in accounts receivable	(157,020)	78,882	(95,288)	-	(173,426)
(Increase) decrease in prepaid expense	(9,263)	57,869	(101,664)	(12,825)	(65,883)
(Increase) decrease in inventories	(151,748)	-	-	-	(151,748)
Increase (decrease) in accounts payable	(62,186)	(2,656,392)	196,555	95	(2,521,928)
Increase (decrease) in accrued liabilities	4,850	648	4,161	-	9,659
Increase (decrease) in claims and judgments	-	2,839,000	-	-	2,839,000
Increase (decrease) in compensated absences	17,020	3,798	65,642	-	86,460
Increase (decrease) in net pension liability	630,723	33,535	979,152	-	1,643,410
Increase (decrease) in OPEB liability	-	-	-	7,693,583	7,693,583
Total Adjustments	7,458,725	357,340	1,314,587	7,680,853	16,811,505
Net Cash Provided (Used) by Operating Activities	\$ 10,440,537	\$ 3,099,381	\$ (632,410)	\$ (3,571,743)	\$ 9,335,765

Non-Cash Investing, Capital, and Financing Activities:

There were no non-cash activities in Fiscal Year 2018-19.

CITY OF ONTARIO

COMBINING STATEMENT OF NET POSITION
ALL AGENCY FUNDS
JUNE 30, 2019

	Redevelopment Financing Authority	West End Communications Authority	Assessment District 106 Bond Redemption	Sanitary Collection Treatment
Assets:				
Cash and investments	\$ 51,000	\$ 1,365,771	\$ 552,294	\$ 20,933,499
Receivables:				
Taxes	-	-	-	-
Notes and leases	97,371,681	-	-	-
Accrued interest	2,010	5,307	2,970	-
Prepaid costs	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	1,045,982	-	459,568	-
Total Assets	\$ 98,470,673	\$ 1,371,078	\$ 1,014,832	\$ 20,933,499
Liabilities:				
Accounts payable	\$ -	\$ 4,191	\$ 103	\$ -
Due to other governments	98,470,673	1,366,887	-	20,933,499
Due to external parties/other agencies	-	-	1,014,729	-
Total Liabilities	\$ 98,470,673	\$ 1,371,078	\$ 1,014,832	\$ 20,933,499

COMBINING STATEMENT OF NET POSITION
 ALL AGENCY FUNDS
 JUNE 30, 2019

(CONTINUED)

	Reassessment Bond Redemption	Assessment District 100C Bond Redemption	Assessment District 103 Bond Redemption	Assessment District 104 Bond Redemption
Assets:				
Cash and investments	\$ 609,923	\$ 104,932	\$ 192,445	\$ 55,751
Receivables:				
Taxes	-	-	-	-
Notes and leases	-	-	-	-
Accrued interest	2,371	408	748	217
Prepaid costs	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 612,294	\$ 105,340	\$ 193,193	\$ 55,968
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other governments	-	-	-	-
Due to external parties/other agencies	612,294	105,340	193,193	55,968
Total Liabilities	\$ 612,294	\$ 105,340	\$ 193,193	\$ 55,968

CITY OF ONTARIO

COMBINING STATEMENT OF NET POSITION
ALL AGENCY FUNDS
JUNE 30, 2019

	Assessment District 108 Bond Redemption	Assessment District 107 Bond Redemption	West End Fire and Emergency Response Commission	Ontario Public Financing Authority
Assets:				
Cash and investments	\$ 1,137,442	\$ 143,205	\$ 510,295	\$ -
Receivables:				
Taxes	-	-	-	-
Notes and leases	-	-	-	125,940,000
Accrued interest	6,879	557	2,026	-
Prepaid costs	-	-	2,391	-
Restricted assets:				
Cash and investments with fiscal agents	1,407,059	-	-	-
Total Assets	\$ 2,551,380	\$ 143,762	\$ 514,712	\$ 125,940,000
Liabilities:				
Accounts payable	\$ 103	\$ -	\$ -	\$ -
Due to other governments	-	-	514,712	125,940,000
Due to external parties/other agencies	2,551,277	143,762	-	-
Total Liabilities	\$ 2,551,380	\$ 143,762	\$ 514,712	\$ 125,940,000

CITY OF ONTARIO

COMBINING STATEMENT OF NET POSITION
ALL AGENCY FUNDS
JUNE 30, 2019

(CONTINUED)

	CFD #28	CFD #30	CFD #34	CFD #24
Assets:				
Cash and investments	\$ 563,623	\$ 635,784	\$ 431,756	\$ 896,373
Receivables:				
Taxes	4,959	5,746	4,936	1,441
Notes and leases	-	-	-	-
Accrued interest	3,394	4,116	2,566	5,547
Prepaid costs	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	583,645	895,124	471,397	1,010,955
Total Assets	\$ 1,155,621	\$ 1,540,770	\$ 910,655	\$ 1,914,316
Liabilities:				
Accounts payable	\$ 394	\$ -	\$ -	\$ 103
Due to other governments	-	-	-	-
Due to external parties/other agencies	1,155,227	1,540,770	910,655	1,914,213
Total Liabilities	\$ 1,155,621	\$ 1,540,770	\$ 910,655	\$ 1,914,316

CITY OF ONTARIO

COMBINING STATEMENT OF NET POSITION
 ALL AGENCY FUNDS
 JUNE 30, 2019

	<u>CFD #25</u>	<u>CFD #26</u>	<u>CFD #31</u>	<u>CFD #39</u>
Assets:				
Cash and investments	\$ 318,961	\$ 206,037	\$ 521,806	\$ 85,610
Receivables:				
Taxes	11,214	4,190	-	-
Notes and leases	-	-	-	-
Accrued interest	2,268	851	2,687	1,132
Prepaid costs	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	574,651	-	311,343	445,132
Total Assets	<u>\$ 907,094</u>	<u>\$ 211,078</u>	<u>\$ 835,836</u>	<u>\$ 531,874</u>
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other governments	-	-	-	-
Due to external parties/other agencies	907,094	211,078	835,836	531,874
Total Liabilities	<u>\$ 907,094</u>	<u>\$ 211,078</u>	<u>\$ 835,836</u>	<u>\$ 531,874</u>

CITY OF ONTARIO

COMBINING STATEMENT OF NET POSITION
 ALL AGENCY FUNDS
 JUNE 30, 2019

	<u>CFD #5</u>	<u>CFD #13</u>	<u>CFD #38</u>	<u>Total</u>
Assets:				
Cash and investments	\$ 36,450	\$ 747,807	\$ 152,471	\$ 30,253,235
Receivables:				
Taxes	-	-	10,019	42,505
Notes and leases	-	-	-	223,311,681
Accrued interest	142	3,555	2,149	51,900
Prepaid costs	-	-	-	2,391
Restricted assets:				
Cash and investments with fiscal agents	-	350,320	878,407	8,433,583
Total Assets	<u>\$ 36,592</u>	<u>\$ 1,101,682</u>	<u>\$ 1,043,046</u>	<u>\$ 262,095,295</u>
Liabilities:				
Accounts payable	\$ -	\$ 103	\$ -	\$ 4,997
Due to other governments	-	-	-	247,225,771
Due to external parties/other agencies	36,592	1,101,579	1,043,046	14,864,527
Total Liabilities	<u>\$ 36,592</u>	<u>\$ 1,101,682</u>	<u>\$ 1,043,046</u>	<u>\$ 262,095,295</u>

CITY OF ONTARIO

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 YEAR ENDED JUNE 30, 2019**

	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2019</u>
<u>Redevelopment Financing Authority</u>				
Assets:				
Cash and investments	\$ 49,361	\$ 30,114,608	\$ 30,112,969	\$ 51,000
Receivables:				
Notes and leases	103,283,714		5,912,033	97,371,681
Accrued interest	1,643	2,010	1,643	2,010
Restricted assets:				
Cash and investments with fiscal agents	1,062,320	9,698,665	9,715,003	1,045,982
Total Assets	<u>\$ 104,397,038</u>	<u>\$ 39,815,283</u>	<u>\$ 45,741,648</u>	<u>\$ 98,470,673</u>
Liabilities:				
Due to other governments	\$ 104,397,038	\$ 15,172,595	\$ 21,098,960	\$ 98,470,673
Total Liabilities	<u>\$ 104,397,038</u>	<u>\$ 15,172,595</u>	<u>\$ 21,098,960</u>	<u>\$ 98,470,673</u>
<u>West End Communications Authority</u>				
Assets:				
Cash and investments	\$ 1,331,761	\$ 43,811	\$ 9,801	\$ 1,365,771
Receivables:				
Accrued interest	3,316	5,307	3,316	5,307
Total Assets	<u>\$ 1,335,077</u>	<u>\$ 49,118</u>	<u>\$ 13,117</u>	<u>\$ 1,371,078</u>
Liabilities:				
Accounts payable	\$ -	\$ 12,161	\$ 7,970	\$ 4,191
Due to other governments	1,335,077	51,518	19,708	1,366,887
Total Liabilities	<u>\$ 1,335,077</u>	<u>\$ 63,679</u>	<u>\$ 27,678</u>	<u>\$ 1,371,078</u>
<u>Assessment District 106 Bond Redemption</u>				
Assets:				
Cash and investments	\$ 954,580	\$ 42,547	\$ 444,833	\$ 552,294
Receivables:				
Taxes	682		682	-
Accrued interest	4,127	2,970	4,127	2,970
Restricted assets:				
Cash and investments with fiscal agents	451,257	8,337	26	459,568
Total Assets	<u>\$ 1,410,646</u>	<u>\$ 53,854</u>	<u>\$ 449,668</u>	<u>\$ 1,014,832</u>
Liabilities:				
Accounts payable	\$ -	\$ 422,636	\$ 422,533	\$ 103
Due to external parties/other agencies	1,410,646	54,474	450,391	1,014,729
Total Liabilities	<u>\$ 1,410,646</u>	<u>\$ 477,110</u>	<u>\$ 872,924</u>	<u>\$ 1,014,832</u>
<u>Sanitary Collection Treatment</u>				
Assets:				
Cash and investments	\$ 16,603,065	\$ 8,080,266	\$ 3,749,832	\$ 20,933,499
Total Assets	<u>\$ 16,603,065</u>	<u>\$ 8,080,266</u>	<u>\$ 3,749,832</u>	<u>\$ 20,933,499</u>
Liabilities:				
Due to other governments	\$ 16,603,065	\$ 14,440,845	\$ 10,110,411	\$ 20,933,499
Total Liabilities	<u>\$ 16,603,065</u>	<u>\$ 14,440,845</u>	<u>\$ 10,110,411</u>	<u>\$ 20,933,499</u>

CITY OF ONTARIO

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
YEAR ENDED JUNE 30, 2019

(CONTINUED)

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
<u>Reassessment Bond Redemption</u>				
Assets:				
Cash and investments	\$ 590,305	\$ 20,633	\$ 1,015	\$ 609,923
Receivables:				
Accrued interest	2,195	2,371	2,195	2,371
Total Assets	\$ 592,500	\$ 23,004	\$ 3,210	\$ 612,294
Liabilities:				
Due to external parties/other agencies	\$ 592,500	\$ 24,072	\$ 4,278	\$ 612,294
Total Liabilities	\$ 592,500	\$ 24,072	\$ 4,278	\$ 612,294
<u>Assessment District 100C Bond Redemption</u>				
Assets:				
Cash and investments	\$ 101,560	\$ 3,546	\$ 174	\$ 104,932
Receivables:				
Accrued interest	375	408	375	408
Total Assets	\$ 101,935	\$ 3,954	\$ 549	\$ 105,340
Liabilities:				
Due to external parties/other agencies	101,935	4,138	733	105,340
Total Liabilities	\$ 101,935	\$ 4,138	\$ 733	\$ 105,340
<u>Assessment District 103 Bond Redemption</u>				
Assets:				
Cash and investments	\$ 186,260	\$ 6,504	\$ 319	\$ 192,445
Receivables:				
Accrued interest	688	748	688	748
Total Assets	\$ 186,948	\$ 7,252	\$ 1,007	\$ 193,193
Liabilities:				
Due to external parties/other agencies	\$ 186,948	\$ 7,589	\$ 1,344	\$ 193,193
Total Liabilities	\$ 186,948	\$ 7,589	\$ 1,344	\$ 193,193
<u>Assessment District 104 Bond Redemption</u>				
Assets:				
Cash and investments	\$ 53,959	\$ 1,884	\$ 92	\$ 55,751
Receivables:				
Accrued interest	199	217	199	217
Total Assets	\$ 54,158	\$ 2,101	\$ 291	\$ 55,968
Liabilities:				
Due to external parties/other agencies	\$ 54,158	\$ 2,199	\$ 389	\$ 55,968
Total Liabilities	\$ 54,158	\$ 2,199	\$ 389	\$ 55,968

CITY OF ONTARIO

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 YEAR ENDED JUNE 30, 2019**

	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2019</u>
<u>Assessment District 108 Bond Redemption</u>				
Assets:				
Cash and investments	\$ 1,200,191	\$ 1,258,642	\$ 1,321,391	\$ 1,137,442
Receivables:				
Taxes	6,008	-	6,008	-
Notes and loans	-	-	-	-
Accrued interest	6,214	6,879	6,214	6,879
Cash and investments with fiscal agents	1,381,533	25,526	-	1,407,059
Total Assets	\$ 2,593,946	\$ 1,291,047	\$ 1,333,613	\$ 2,551,380
Liabilities:				
Accounts payable	\$ -	\$ 1,206,353	\$ 1,206,250	\$ 103
Due to external parties/other agencies	2,593,946	1,291,951	1,334,620	2,551,277
Total Liabilities	\$ 2,593,946	\$ 2,498,304	\$ 2,540,870	\$ 2,551,380
<u>Assessment District 107 Bond Redemption</u>				
Assets:				
Cash and investments	\$ 138,604	\$ 4,839	\$ 238	\$ 143,205
Receivables:				
Accrued interest	512	557	512	557
Total Assets	\$ 139,116	\$ 5,396	\$ 750	\$ 143,762
Liabilities:				
Due to external parties/other agencies	\$ 139,116	5,646	1,000	\$ 143,762
Total Liabilities	\$ 139,116	\$ 5,646	\$ 1,000	\$ 143,762
<u>West End Fire and Emergency Response Commission</u>				
Assets:				
Cash and investments	\$ 435,371	\$ 107,531	\$ 32,607	\$ 510,295
Receivables:				
Accounts	-	140,000	140,000	-
Accrued interest	1,648	2,026	1,648	2,026
Prepaid costs	-	2,391	-	2,391
Total Assets	\$ 437,019	\$ 251,948	\$ 174,255	\$ 514,712
Liabilities:				
Accounts payable	\$ 4,330	\$ 16,986	\$ 21,316	\$ -
Due to other governments	432,689	141,405	59,382	514,712
Total Liabilities	\$ 437,019	\$ 158,391	\$ 80,698	\$ 514,712
<u>Ontario Public Financing Authority</u>				
Assets:				
Notes and loans	\$ 127,535,000	\$ -	\$ 1,595,000	\$ 125,940,000
Total Assets	\$ 127,535,000	\$ -	\$ 1,595,000	\$ 125,940,000
Liabilities:				
Due to other governments	\$ 127,535,000	\$ 12,970,422	\$ 14,565,422	\$ 125,940,000
Total Liabilities	\$ 127,535,000	\$ 12,970,422	\$ 14,565,422	\$ 125,940,000

CITY OF ONTARIO

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 YEAR ENDED JUNE 30, 2019**

(CONTINUED)

	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2019</u>
CFD #28				
Assets:				
Cash and investments	\$ 514,228	\$ 682,098	\$ 632,703	\$ 563,623
Receivables:				
Taxes	909	4,959	909	4,959
Accrued interest	2,785	3,394	2,785	3,394
Restricted assets:				
Cash and investments with fiscal agents	583,216	12,143	11,714	583,645
Total Assets	<u>\$ 1,101,138</u>	<u>\$ 702,594</u>	<u>\$ 648,111</u>	<u>\$ 1,155,621</u>
Liabilities:				
Accounts payable	\$ -	\$ 566,032	\$ 565,638	\$ 394
Due to external parties/other agencies	1,101,138	702,344	648,255	1,155,227
Total Liabilities	<u>\$ 1,101,138</u>	<u>\$ 1,268,376</u>	<u>\$ 1,213,893</u>	<u>\$ 1,155,621</u>
CFD #30				
Assets:				
Cash and investments	\$ 317,353	\$ 941,844	\$ 623,413	\$ 635,784
Receivables:				
Taxes	4,457	7,341	6,052	5,746
Accrued interest	2,291	4,116	2,291	4,116
Restricted assets:				
Cash and investments with fiscal agents	892,385	23,390	20,651	895,124
Total Assets	<u>\$ 1,216,486</u>	<u>\$ 976,691</u>	<u>\$ 652,407</u>	<u>\$ 1,540,770</u>
Liabilities:				
Due to external parties/other agencies	1,216,486	958,466	634,182	1,540,770
Total Liabilities	<u>\$ 1,216,486</u>	<u>\$ 958,466</u>	<u>\$ 634,182</u>	<u>\$ 1,540,770</u>
CFD #34				
Assets:				
Cash and investments	\$ 182,990	\$ 624,672	\$ 375,906	\$ 431,756
Receivables:				
Taxes	-	4,936	-	4,936
Accrued interest	1,325	2,566	1,325	2,566
Restricted assets:				
Cash and investments with fiscal agents	522,308	9,312	60,223	471,397
Total Assets	<u>\$ 706,623</u>	<u>\$ 641,486</u>	<u>\$ 437,454</u>	<u>\$ 910,655</u>
Liabilities:				
Accounts payable	\$ -	\$ 379,107	\$ 379,107	\$ -
Due to external parties/other agencies	706,623	581,539	377,507	910,655
Total Liabilities	<u>\$ 706,623</u>	<u>\$ 960,646</u>	<u>\$ 756,614</u>	<u>\$ 910,655</u>

CITY OF ONTARIO

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 YEAR ENDED JUNE 30, 2019**

	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2019</u>
<u>CFD #24</u>				
Assets:				
Cash and investments	\$ 859,189	\$ 1,141,744	\$ 1,104,560	\$ 896,373
Receivables:				
Taxes	-	1,441	-	1,441
Accrued interest	5,420	5,547	5,420	5,547
Restricted assets:				
Cash and investments with fiscal agents	1,010,637	21,038	20,720	1,010,955
Total Assets	<u>\$ 1,875,246</u>	<u>\$ 1,169,770</u>	<u>\$ 1,130,700</u>	<u>\$ 1,914,316</u>
Liabilities:				
Accounts payable	\$ -	\$ 999,189	\$ 999,086	\$ 103
Due to external parties/other agencies	1,875,246	1,170,838	1,131,871	1,914,213
Total Liabilities	<u>\$ 1,875,246</u>	<u>\$ 2,170,027</u>	<u>\$ 2,130,957</u>	<u>\$ 1,914,316</u>
<u>CFD #25</u>				
Assets:				
Cash and investments	\$ 102,987	\$ 372,226	\$ 156,252	\$ 318,961
Receivables:				
Taxes	-	11,214	-	11,214
Accrued interest	390	1,878	-	2,268
Restricted assets:				
Cash and investments with fiscal agents	-	870,930	296,279	574,651
Total Assets	<u>\$ 103,377</u>	<u>\$ 1,256,248</u>	<u>\$ 452,531</u>	<u>\$ 907,094</u>
Liabilities:				
Due to external parties/other agencies	103,377	9,396,881	8,593,164	907,094
Total Liabilities	<u>\$ 103,377</u>	<u>\$ 9,396,881</u>	<u>\$ 8,593,164</u>	<u>\$ 907,094</u>
<u>CFD #26</u>				
Assets:				
Cash and investments	\$ -	\$ 232,069	\$ 26,032	\$ 206,037
Receivables:				
Taxes	-	4,190	-	4,190
Accrued interest	-	851	-	851
Total Assets	<u>\$ -</u>	<u>\$ 237,110</u>	<u>\$ 26,032</u>	<u>\$ 211,078</u>
Liabilities:				
Due to external parties/other agencies	\$ -	\$ 237,156	\$ 26,078	\$ 211,078
Total Liabilities	<u>\$ -</u>	<u>\$ 237,156</u>	<u>\$ 26,078</u>	<u>\$ 211,078</u>

CITY OF ONTARIO

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
YEAR ENDED JUNE 30, 2019

(CONTINUED)

	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2019</u>
CFD #31				
Assets:				
Cash and investments	\$ 308,731	\$ 877,049	\$ 663,974	\$ 521,806
Receivables:				
Accrued interest	1,639	1,048	-	2,687
Restricted assets:				
Cash and investments with fiscal agents	311,343	1,194	1,194	311,343
Total Assets	\$ 621,713	\$ 879,291	\$ 665,168	\$ 835,836
Liabilities:				
Due to external parties/other agencies	\$ 621,713	\$ 568,075	\$ 353,952	\$ 835,836
Total Liabilities	\$ 621,713	\$ 568,075	\$ 353,952	\$ 835,836
CFD #39				
Assets:				
Cash and investments	\$ -	\$ 219,160	\$ 133,550	\$ 85,610
Receivables:				
Accrued interest	-	1,132	-	1,132
Restricted assets:				
Cash and investments with fiscal agents	-	764,955	319,823	445,132
Total Assets	\$ -	\$ 985,247	\$ 453,373	\$ 531,874
Liabilities:				
Due to external parties/other agencies	\$ -	\$ 5,350,876	\$ 4,819,002	\$ 531,874
Total Liabilities	\$ -	\$ 5,350,876	\$ 4,819,002	\$ 531,874
CFD #5				
Assets:				
Cash and investments	\$ 34,701	\$ 2,033	\$ 284	\$ 36,450
Receivables:				
Accrued interest	138	142	138	142
Total Assets	\$ 34,839	\$ 2,175	\$ 422	\$ 36,592
Liabilities:				
Due to external parties/other agencies	34,839	2,919	1,166	36,592
Total Liabilities	\$ 34,839	\$ 2,919	\$ 1,166	\$ 36,592

CITY OF ONTARIO

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 YEAR ENDED JUNE 30, 2019**

	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2019</u>
<u>CFD #13</u>				
Assets:				
Cash and investments	\$ 697,995	\$ 425,933	\$ 376,121	\$ 747,807
Receivables:				
Accrued interest	3,041	3,555	3,041	3,555
Restricted assets:				
Cash and investments with fiscal agents	343,967	6,353	-	350,320
Total Assets	<u>\$ 1,045,003</u>	<u>\$ 435,841</u>	<u>\$ 379,162</u>	<u>\$ 1,101,682</u>
Liabilities:				
Accounts payable	\$ -	\$ 335,842	\$ 335,739	\$ 103
Due to external parties/other agencies	1,045,003	436,936	380,360	1,101,579
Total Liabilities	<u>\$ 1,045,003</u>	<u>\$ 772,778</u>	<u>\$ 716,099</u>	<u>\$ 1,101,682</u>
<u>CFD #38</u>				
Assets:				
Cash and investments	\$ -	\$ 537,562	\$ 385,091	\$ 152,471
Receivables:				
Taxes	-	11,360,131	11,350,112	10,019
Accrued interest	-	2,149	-	2,149
Restricted assets:				
Cash and investments with fiscal agents	-	1,251,144	372,737	878,407
Total Assets	<u>\$ -</u>	<u>\$ 13,150,986</u>	<u>\$ 12,107,940</u>	<u>\$ 1,043,046</u>
Liabilities:				
Due to external parties/other agencies	\$ -	\$ 11,902,506	\$ 10,859,460	\$ 1,043,046
Total Liabilities	<u>\$ -</u>	<u>\$ 11,902,506</u>	<u>\$ 10,859,460</u>	<u>\$ 1,043,046</u>
<u>Totals - All Agency Funds</u>				
Assets:				
Cash and investments	\$ 24,663,191	\$ 45,741,201	\$ 40,151,157	\$ 30,253,235
Receivables:				
Accounts	-	140,000	140,000	-
Taxes	12,056	11,394,212	11,363,763	42,505
Notes and leases	230,818,714	-	7,507,033	223,311,681
Accrued interest	37,946	49,871	35,917	51,900
Prepaid costs	-	2,391	-	2,391
Restricted assets:				
Cash and investments with fiscal agents	6,558,966	12,692,987	10,818,370	8,433,583
Total Assets	<u>\$ 262,090,873</u>	<u>\$ 70,020,662</u>	<u>\$ 70,016,240</u>	<u>\$ 262,095,295</u>
Liabilities:				
Accounts payable	\$ 4,330	\$ 3,938,306	\$ 3,937,639	\$ 4,997
Due to other governments	250,302,869	42,776,785	45,853,883	247,225,771
Due to external parties/other agencies	11,783,674	32,698,605	29,617,752	14,864,527
Total Liabilities	<u>\$ 262,090,873</u>	<u>\$ 79,413,696</u>	<u>\$ 79,409,274</u>	<u>\$ 262,095,295</u>

Statistical Section



Statistical Section

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

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities										
Net investment in capital assets	\$ 705,173,228	\$ 704,218,787	\$ 821,632,336	\$ 830,764,191	\$ 812,874,736	\$ 838,484,374	\$ 908,309,555	\$ 940,354,455	\$ 950,420,687	\$ 959,781,592
Restricted	260,692,006	243,017,889	216,270,766	216,149,880	254,103,989	240,480,450	156,425,046	168,765,518	173,159,152	204,447,535
Unrestricted	120,831,755	135,744,173	127,864,653	128,154,505	137,590,247	(66,639,420)	(1,666,599)	179,846,318	16,250,642	97,598,582
Total governmental activities net position	\$ 1,086,696,989	\$ 1,082,980,849	\$ 1,165,767,755	\$ 1,175,068,576	\$ 1,204,568,972	\$ 1,012,325,404	\$ 1,063,068,002	\$ 1,288,966,291	\$ 1,139,830,481	\$ 1,261,827,709
Business-type activities										
Net investment in capital assets	\$ 133,931,846	\$ 136,609,773	\$ 140,007,920	\$ 152,493,698	\$ 143,574,879	\$ 140,873,539	\$ 136,336,952	\$ 143,660,797	\$ 161,791,743	\$ 184,562,565
Restricted	4,000,553	4,185,546	4,267,828	4,270,391	10,578,881	5,289,769	1,528,395	369	373	378
Unrestricted	174,631,011	201,923,905	223,743,456	240,354,654	273,069,164	271,397,325	299,336,371	329,045,082	345,926,734	298,224,116
Total business-type activities net position	\$ 312,563,410	\$ 342,719,224	\$ 368,019,204	\$ 397,118,743	\$ 427,222,924	\$ 417,560,633	\$ 437,201,718	\$ 472,706,248	\$ 507,718,850	\$ 482,787,059
Primary government										
Net investment in capital assets	\$ 839,105,074	\$ 840,828,560	\$ 961,640,256	\$ 983,257,889	\$ 956,449,615	\$ 979,357,913	\$ 1,044,646,507	\$ 1,084,015,252	\$ 1,112,212,430	\$ 1,144,344,157
Restricted	264,692,559	247,203,435	220,538,594	220,420,271	264,682,870	245,770,219	157,953,441	168,765,887	173,159,525	204,447,913
Unrestricted	295,462,766	337,668,078	351,608,109	368,509,159	410,659,411	204,757,905	297,669,772	508,891,400	362,177,376	395,822,698
Total primary government net position	\$ 1,399,260,399	\$ 1,425,700,073	\$ 1,533,786,959	\$ 1,572,187,319	\$ 1,631,791,896	\$ 1,429,886,037	\$ 1,500,269,720	\$ 1,761,672,539	\$ 1,647,549,331	\$ 1,744,614,768

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental activities:										
General government	\$ 52,786,433	\$ 56,951,330	\$ 64,330,936	\$ 34,081,969	\$ 28,982,239	\$ 81,855,829	\$ 40,011,028	\$ 36,656,658	\$ 27,554,284	\$ 34,587,604
Public safety	100,024,583	103,472,190	107,848,353	103,814,741	110,981,159	121,981,375	125,884,228	136,032,820	178,835,586	178,045,825
Community development	52,553,241	39,888,900	47,088,876	45,485,896	41,524,328	62,623,670	19,114,534	38,552,339	42,623,892	76,420,858
Library	4,408,926	4,363,701	3,764,564	3,745,405	4,602,190	4,542,196	4,850,620	5,026,299	5,938,560	-
Public works	13,892,857	23,165,874	21,371,492	18,519,391	25,092,721	23,852,377	38,104,811	50,703,275	42,308,931	40,398,759
Interest on long-term debt	14,619,649	14,514,729	13,740,250	1,880,787	3,017,116	1,786,957	1,712,433	1,630,517	3,921,536	2,661,754
Total governmental activities expenses	\$ 238,285,689	\$ 242,356,724	\$ 258,144,471	\$ 207,528,189	\$ 214,199,753	\$ 296,642,404	\$ 229,677,654	\$ 268,601,908	\$ 301,182,789	\$ 332,114,800
Business-type activities:										
Water	\$ 24,622,694	\$ 31,052,190	\$ 28,986,963	\$ 21,485,576	\$ 30,814,880	\$ 54,841,770	\$ 42,639,260	\$ 41,413,255	\$ 41,340,763	\$ 52,901,637
Sewer	10,883,888	11,008,579	11,766,599	13,167,026	16,136,421	17,047,306	15,971,504	17,211,364	20,270,716	24,733,369
Integrated Waste	20,554,087	21,296,114	21,309,485	21,664,001	23,164,916	23,877,028	24,970,912	26,663,301	31,337,795	39,475,286
I.T. Fiber	-	-	-	-	-	-	-	993,456	1,770,591	2,027,814
Total business-type activities expenses	\$ 56,060,669	\$ 63,356,883	\$ 62,063,047	\$ 56,316,603	\$ 70,116,217	\$ 95,766,104	\$ 83,581,676	\$ 86,281,376	\$ 94,719,865	\$ 119,138,106
Total primary government expenses	\$ 294,346,358	\$ 305,713,607	\$ 320,207,518	\$ 263,844,792	\$ 284,315,970	\$ 392,408,508	\$ 313,259,330	\$ 354,883,284	\$ 395,902,654	\$ 451,252,906
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 296,079	\$ 269,874	\$ 294,873	\$ 379,325	\$ 445,079	\$ 1,641,300	\$ 2,622,684	\$ 4,141,068	\$ 6,149,697	\$ 5,507,407
Public safety	4,407,085	4,554,954	4,077,684	4,166,801	3,824,528	3,757,586	3,883,304	7,311,246	20,271,669	27,292,493
Community development	8,389,198	8,043,168	16,231,379	14,780,312	25,244,830	35,769,080	36,046,159	42,262,153	50,699,117	80,911,897
Library	160,853	147,610	143,055	124,581	121,043	155,962	131,407	137,689	122,329	-
Public works	-	-	47,931	-	-	-	-	-	-	-
Operating contributions and grants	15,103,061	15,606,700	15,311,536	7,859,746	12,081,691	15,015,783	8,710,100	10,220,710	12,542,758	8,855,032
Capital contributions and grants	19,910,072	18,851,354	47,080,485	23,737,443	33,842,540	37,210,682	35,628,037	78,825,884	56,737,883	58,825,481
Total governmental activities program revenues	\$ 48,266,348	\$ 47,473,660	\$ 83,186,943	\$ 51,048,208	\$ 75,559,711	\$ 93,550,393	\$ 87,021,691	\$ 142,898,750	\$ 146,523,453	\$ 181,392,310
Business-type activities:										
Charges for services:										
Water	\$ 45,766,917	\$ 51,174,737	\$ 51,434,727	\$ 58,276,359	\$ 63,193,036	\$ 67,342,593	\$ 65,653,131	\$ 64,533,049	\$ 68,933,067	\$ 55,447,675
Sewer	17,816,960	18,274,955	20,410,854	20,479,875	21,484,811	21,986,463	23,136,811	25,780,456	27,952,825	28,080,727
Integrated Waste	31,366,983	30,777,779	29,825,989	29,905,739	30,332,538	31,742,051	33,024,400	34,937,033	36,995,472	38,361,984
I.T. Fiber	-	-	-	-	-	-	4,126	38,954	276,033	466,522
Operating grants and contributions	122,409	6,338,128	290,724	100,546	145,881	539,519	174,073	133,279	126,452	119,686
Capital grants and contributions	-	-	-	2,405,396	6,642,816	1,329,404	3,505,475	11,223,634	11,256,557	4,460,250
Total business-type activities program revenues	\$ 95,073,269	\$ 106,565,599	\$ 101,962,294	\$ 111,167,915	\$ 121,799,082	\$ 122,940,030	\$ 125,498,016	\$ 136,646,405	\$ 145,540,406	\$ 126,936,844
Total primary government program revenues	\$ 143,339,617	\$ 154,039,259	\$ 185,149,237	\$ 162,216,123	\$ 197,358,793	\$ 216,490,423	\$ 212,519,707	\$ 279,545,155	\$ 292,063,859	\$ 308,329,154
Net (Expense)/Revenue										
Governmental activities	\$ (190,019,341)	\$ (194,883,064)	\$ (174,957,528)	\$ (156,479,981)	\$ (138,640,042)	\$ (203,092,011)	\$ (142,655,963)	\$ (125,703,158)	\$ (154,659,336)	\$ (150,722,490)
Business-type activities	39,012,600	43,208,716	39,899,247	54,851,312	51,682,865	27,173,926	41,916,340	50,365,029	50,820,541	7,798,738
Total primary government net expense	\$ (151,006,741)	\$ (151,674,348)	\$ (135,058,281)	\$ (101,628,669)	\$ (86,957,177)	\$ (175,918,085)	\$ (100,739,623)	\$ (75,338,129)	\$ (103,838,795)	\$ (142,923,752)

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

		Fiscal Year									
		2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Revenues and Other Changes in Net Position											
Governmental activities:											
Taxes:											
	Property taxes - general purpose	\$ 95,049,840	\$ 88,030,394	\$ 66,733,840	\$ 45,700,153	\$ 45,144,867	\$ 48,695,469	\$ 60,338,698	\$ 53,414,598	\$ 56,199,666	\$ 63,156,933
	Transient occupancy taxes	8,398,053	8,790,219	9,148,976	9,731,382	10,614,156	12,057,576	13,090,992	13,886,637	14,586,233	14,945,483
	Sales taxes	54,729,792	56,390,363	61,362,958	67,150,866	67,509,611	84,294,827	78,533,022	86,168,797	87,910,014	94,486,731
	Franchise taxes	2,741,116	2,879,831	2,897,780	3,047,369	3,251,592	3,476,151	3,413,854	3,020,829	3,352,120	3,420,656
	Business licenses taxes	5,170,173	5,496,576	5,610,738	6,078,094	6,405,595	6,825,185	6,954,932	7,167,613	7,478,153	7,786,821
	Other taxes	4,013,628	4,072,860	4,566,791	5,274,601	3,700,067	4,073,788	4,107,065	4,047,435	4,642,529	4,506,129
	Intergovernmental, unrestricted:										
	Motor vehicle in lieu	510,057	883,460	89,471	74,047	-	71,526	68,099	76,099	91,740	85,244
	Use of money and property	16,662,291	10,267,816	10,082,524	979,899	5,174,360	3,755,010	5,422,398	2,617,545	10,834,185	32,107,405
	Other	9,071,587	7,404,868	6,407,829	3,866,279	4,414,323	2,656,703	2,000,930	3,414,919	2,394,865	1,647,848
	Gain on sale of capital asset	-	-	-	1,000,000	-	87,267	-	1,953,200	-	-
	Extraordinary gain on dissolution of RDA	-	-	72,762,201	-	-	-	-	-	-	-
	Transfers	8,222,171	15,672,612	18,081,326	25,526,208	21,925,867	22,762,488	24,793,699	15,961,453	18,448,756	4,647,613
	Total governmental activities	\$ 204,568,708	\$ 199,888,999	\$ 257,744,434	\$ 168,428,898	\$ 168,140,438	\$ 188,755,990	\$ 198,723,689	\$ 191,729,125	\$ 205,938,261	\$ 226,790,863
	Business-type activities:										
	Use of money and property	\$ 3,520,038	\$ 2,611,942	\$ 3,474,268	\$ 308,392	\$ 1,604,534	\$ 1,435,511	\$ 2,509,989	\$ 1,087,037	\$ 2,187,574	\$ 7,873,778
	Other	-	7,768	7,791	17,237	23,416	105,193	8,455	13,917	24,988	245,676
	Transfers	(8,222,171)	(15,672,612)	(18,081,326)	(25,526,208)	(21,925,867)	(22,762,488)	(24,793,699)	(15,961,453)	(18,448,756)	(4,647,613)
	Total business-type activities	\$ (4,702,133)	\$ (13,052,902)	\$ (14,599,267)	\$ (25,200,579)	\$ (20,297,917)	\$ (21,221,784)	\$ (22,275,255)	\$ (14,860,499)	\$ (16,236,194)	\$ 3,471,841
	Total primary government	\$ 199,866,575	\$ 186,836,097	\$ 243,145,167	\$ 143,228,319	\$ 147,842,521	\$ 167,534,206	\$ 176,448,434	\$ 176,868,626	\$ 189,702,067	\$ 230,262,704
Change in Net Position											
	Governmental activities	\$ 14,549,367	\$ 5,005,935	\$ 82,786,906	\$ 11,948,917	\$ 29,500,396	\$ (14,336,021)	\$ 56,067,726	\$ 66,025,967	\$ 51,278,925	\$ 76,068,373
	Business-type activities	34,310,467	30,155,814	25,299,980	29,650,733	31,384,948	5,952,142	19,641,085	35,504,530	34,584,347	11,270,579
	Total primary government	\$ 48,859,834	\$ 35,161,749	\$ 108,086,886	\$ 41,599,650	\$ 60,885,344	\$ (8,383,879)	\$ 75,708,811	\$ 101,530,497	\$ 85,863,272	\$ 87,338,952

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Taxes	\$ 165,762,399	\$ 164,368,674	\$ 148,681,943	\$ 134,629,408	\$ 132,908,792	\$ 156,988,002	\$ 176,088,421	\$ 167,601,178	\$ 173,605,420	\$ 186,594,649
Special assessment taxes	1,173,316	1,302,993	1,362,861	1,479,517	1,514,889	1,634,568	2,180,091	3,301,654	3,143,892	5,303,668
Licenses and permits	1,455,692	1,563,722	1,639,061	1,805,849	2,199,674	3,283,593	3,845,404	4,384,727	4,887,991	5,067,374
Intergovernmental	30,382,203	32,763,572	37,725,923	27,864,489	39,695,371	44,390,225	37,492,730	35,412,862	24,359,686	21,912,280
Charges for services	11,618,059	10,123,695	17,697,037	16,108,550	25,895,011	40,368,010	39,628,058	54,446,655	80,404,296	109,518,406
Use of money and property	9,038,266	8,614,113	17,707,695	1,533,296	3,906,235	3,507,845	5,339,722	2,576,499	4,004,514	14,861,752
Fines and forfeitures	1,312,115	1,318,369	1,202,716	1,298,235	1,134,395	1,267,994	1,125,237	1,189,956	1,042,090	1,185,128
Contributions from property owners	1,719,084	314,000	-	-	-	-	-	24,682,518	25,349,912	35,587,107
Miscellaneous	10,484,644	8,741,044	30,081,850	6,408,027	7,062,253	4,556,170	4,534,158	6,017,657	12,389,218	8,275,990
Contributions	-	-	-	-	-	-	-	-	-	-
Total Revenues	\$ 232,945,778	\$ 229,110,182	\$ 256,099,086	\$ 191,127,371	\$ 214,316,620	\$ 255,996,407	\$ 270,233,821	\$ 299,613,706	\$ 329,187,019	\$ 388,306,354
Expenditures										
Current:										
General government	\$ 25,731,003	\$ 33,220,115	\$ 51,424,202	\$ 22,926,658	\$ 16,565,106	\$ 66,943,163	\$ 28,292,531	\$ 24,500,521	\$ 23,830,837	\$ 33,100,934
Public safety	101,743,831	103,296,429	110,958,962	106,934,164	114,109,242	120,286,742	127,942,682	136,721,141	160,838,334	160,884,992
Community development	64,139,983	71,571,514	53,503,162	52,081,393	58,988,089	98,405,497	104,688,312	95,398,612	67,805,408	102,279,086
Library	4,084,426	3,974,567	4,049,363	4,077,037	4,196,204	4,368,241	4,568,202	4,654,465	4,768,627	-
Public works	15,547,113	16,164,629	20,642,548	18,851,564	17,231,048	18,784,827	21,003,964	23,834,203	21,279,011	24,047,574
Debt service:										
Principal retirement	5,767,047	5,849,785	25,255,023	1,290,000	1,350,000	1,410,000	1,480,000	1,565,000	12,000	175,000
Interest and fiscal charges	13,042,482	13,227,758	16,318,551	1,931,758	1,876,513	1,815,778	1,745,753	1,667,190	3,930,914	2,824,049
Bond issuance costs	-	-	-	-	965,190	-	-	-	526,390	-
Pass-through agreement payments	5,832,700	5,911,331	2,634,157	-	-	-	-	-	4,770,057	-
Total Expenditures	\$ 235,888,585	\$ 253,216,128	\$ 284,785,968	\$ 208,092,574	\$ 215,281,392	\$ 312,014,248	\$ 289,721,444	\$ 288,341,132	\$ 287,761,578	\$ 323,311,635
Excess (deficiency) of revenues over (under) expenditures	\$ (2,942,807)	\$ (24,105,946)	\$ (28,686,882)	\$ (16,965,203)	\$ (964,772)	\$ (56,017,841)	\$ (19,487,623)	\$ 11,272,574	\$ 41,425,441	\$ 64,994,719

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Other Financing Sources (Uses)										
Transfers in	\$ 46,401,468	\$ 39,422,158	\$ 68,493,176	\$ 37,357,867	\$ 34,628,235	\$ 34,856,839	\$ 34,615,190	\$ 36,101,144	\$ 58,065,111	\$ 43,871,997
Transfers out	(31,938,128)	(23,545,610)	(49,661,850)	(12,209,848)	(17,288,068)	(9,564,945)	(8,310,991)	(29,588,174)	(49,353,662)	(45,445,779)
Long-term debt issued	-	-	-	-	33,390,000	-	-	-	26,810,000	-
Bond Discount	-	-	-	-	(380,848)	-	-	-	3,260,875	-
Pass-through agreement payments	-	-	-	-	-	-	-	-	(28,554,885)	-
Gain (loss) on sale of assets	-	-	-	-	4,551	87,267	-	-	-	-
Proceeds from sale of capital equipment	-	-	-	1,000,000	-	-	-	-	-	-
Total Other Financing Sources (Uses)	\$ (1,931,522)	\$ 15,876,548	\$ 18,831,326	\$ 26,148,019	\$ 50,353,870	\$ 25,379,161	\$ 26,304,199	\$ 6,512,970	\$ 10,227,439	\$ (1,573,782)
Extraordinary gain/(loss) on dissolution of redevelopment agency	-	-	(5,225,859)	-	-	-	-	-	-	-
Net change in fund balances	\$ (4,874,329)	\$ (8,229,398)	\$ (15,081,415)	\$ 9,182,816	\$ 49,389,098	\$ (30,638,680)	\$ 6,816,576	\$ 17,785,544	\$ 51,652,880	\$ 63,420,937
Total Current Expenditures	\$ 235,888,585	\$ 253,216,128	\$ 284,785,968	\$ 208,092,574	\$ 215,281,392	\$ 312,014,248	\$ 289,721,444	\$ 288,341,132	\$ 287,761,578	\$ 323,311,635
Less: Capital outlay	(25,380,201)	(28,242,375)	(20,629,670)	(22,072,081)	(29,585,954)	(41,745,591)	(79,957,813)	(45,292,825)	(24,876,172)	(26,388,451)
Total Non-Capital Expenditures	\$ 210,508,384	\$ 224,973,753	\$ 264,156,298	\$ 186,020,493	\$ 185,695,438	\$ 270,268,657	\$ 209,763,631	\$ 243,048,307	\$ 262,885,406	\$ 296,923,184
Total Debt Service Expenditures	\$ 18,809,529	\$ 19,077,543	\$ 41,573,574	\$ 3,221,758	\$ 3,226,513	\$ 3,225,778	\$ 3,225,753	\$ 3,232,190	\$ 3,942,914	\$ 2,999,049
Debt service as a percentage of non-capital expenditures	8.9%	8.5%	15.7%	1.7%	1.7%	1.2%	1.5%	1.3%	1.5%	1.0%

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Reserved	\$ 14,268,790	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	76,746,835	-	-	-	-	-	-	-	-	-
Nonspendable	-	12,712,698	3,730,345	3,869,157	4,911,968	3,785,154	20,002,802	33,893,841	46,318,442	46,472,802
Restricted	-	398,047	403,914	408,576	412,411	415,723	419,644	424,497	430,484	438,872
Committed	-	44,429,493	41,613,880	42,685,082	43,817,117	42,436,574	23,195,527	28,877,191	21,066,012	415,884
Assigned	-	33,062,541	58,426,392	64,892,830	77,628,587	56,798,002	80,398,228	52,081,697	47,410,303	84,063,218
Unassigned	-	-	-	-	-	-	-	-	-	-
Total General Fund	\$ 91,015,625	\$ 90,602,779	\$ 104,174,531	\$ 111,855,645	\$ 126,770,083	\$ 103,435,453	\$ 124,016,201	\$ 115,277,226	\$ 115,225,241	\$ 131,390,776
All Other Governmental Funds										
Reserved	\$ 154,980,840	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	16,293,863	-	-	-	-	-	-	-	-	-
Capital project funds	74,559,493	-	-	-	-	-	-	-	-	-
Debt service funds	14,857,810	-	-	-	-	-	-	-	-	-
Nonspendable	-	123,135,004	105,361,843	107,297,677	108,638,002	108,436,971	-	-	-	-
Restricted	-	83,617,857	53,187,901	46,333,050	46,603,397	30,597,699	156,005,402	168,341,021	172,728,668	204,008,663
Committed	-	45,687,149	54,286,462	64,646,487	82,201,933	102,233,386	75,173,595	91,585,019	113,795,063	121,913,367
Assigned	-	1,558,488	2,664,225	3,462,343	14,169,115	5,653,602	22,785,386	14,197,954	6,098,646	13,872,159
Unassigned	-	(9,845,119)	(219)	(4,614,745)	(12,975)	(2,626,236)	(23,149,529)	(16,784,621)	(402,755)	(521,927)
Total All Other Governmental Funds	\$ 260,692,006	\$ 244,153,379	\$ 215,500,212	\$ 217,124,812	\$ 251,599,472	\$ 244,295,422	\$ 230,814,854	\$ 257,339,373	\$ 292,219,622	\$ 339,272,262
Grand Total Governmental Funds	\$ 351,707,631	\$ 334,756,158	\$ 319,674,743	\$ 328,980,457	\$ 378,369,555	\$ 347,730,875	\$ 354,831,055	\$ 372,616,599	\$ 407,444,863	\$ 470,663,038

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

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

Fiscal Year Ended June 30	City			Taxable Assessed Value	Redevelopment Agency		Taxable Assessed Value	Total Direct Tax Rate ^(a)
	Secured	Unsecured	Less: Exemptions		Secured	Unsecured		
2010	12,224,682	1,914,746	(114,806)	14,024,622	4,211,063	936,974	5,148,037	1.0046
2011	11,851,209	1,854,606	(114,659)	13,591,156	4,260,662	834,052	5,094,714	1.0037
2012	11,997,380	1,792,402	(113,832)	13,675,950	4,021,157	763,987	4,785,144	1.0041
2013	12,065,269	1,788,106	(112,198)	13,741,177	3,999,768	737,016	4,736,784	1.0039
2014	12,465,751	1,758,596	(110,182)	14,114,165	4,137,730	774,208	4,911,938	1.0035
2015	12,413,859	2,552,384	(108,252)	14,857,991	4,295,948	786,273	5,082,221	1.0035
2016	13,124,582	2,611,079	(105,864)	15,629,797	4,494,605	786,273	5,280,877	1.0035
2017	13,781,901	2,543,614	(109,080)	16,216,435	4,697,741	781,204	5,478,946	1.0035
2018	14,844,332	2,624,317	(108,915)	17,359,734	5,060,484	781,204	5,841,689	1.0035
2019	16,575,762	2,814,842	(108,701)	19,281,903	5,458,072	781,204	6,239,276	1.0035

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

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

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

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

Fiscal Year Ended June 30	City Direct Rates			Overlapping Rates		
	Basic Rate	Redevelopment	Total	County	School	Metropolitan
		Debt Service	Direct Tax Rate		Districts	Water District
2010	-	1.0046	1.0046	1.0000	0.0577	0.0043
2011	-	1.0037	1.0037	1.0000	0.0619	0.0037
2012	-	1.0041	1.0041	1.0000	0.0704	0.0037
2013	-	1.0039	1.0039	1.0000	0.0635	0.0035
2014	-	1.0035	1.0035	1.0000	0.0641	0.0035
2015	-	1.0035	1.0035	1.0000	0.0822	0.0035
2016	-	1.0035	1.0035	1.0000	0.0836	0.0035
2017	-	1.0035	1.0035	1.0000	0.0690	0.0035
2018	-	1.0035	1.0035	1.0000	0.0630	0.0035
2019	-	1.0035	1.0035	1.0000	0.0630	0.0035

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

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

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Taxpayer	2019		2010	
	Taxable Value (\$)	Percent of Total City Taxable Value (%)	Taxable Value (\$)	Percent of Total City Taxable Value (%)
Prologis California I Llc	521,657,300	2.05%	343,609,252	1.81%
United Parcel Service Co	435,855,842	1.72%	307,933,147	1.62%
Ontario Mills Lp	401,553,473	1.58%	237,502,167	1.25%
Vineyard Industrial I Llc	281,897,684	1.11%		
Southwest Airlines Cargo	248,386,503	0.98%	127,068,613	0.67%
Catellus Finance 1 Llc	244,201,654	0.96%	225,705,569	1.19%
Rexford Industrial Safari Llc	232,279,892	0.91%		
Majestic Ccc Iv Partners	205,451,119	0.81%	120,994,560	0.64%
Western A West Ca Llc	167,626,127	0.66%		
Watson Land Company	156,400,899	0.62%		
Roc Iii Ca Terracina Llc	147,948,219	0.58%		
Comref So Ca Industrial Sub A	143,807,548	0.57%		
Panecal	128,655,706	0.51%		
Ontario Two	126,960,987	0.50%		
Mgr Holdings	117,066,213	0.46%		
Toyota Motor Sales Usa Inc.	104,240,173	0.41%	68,342,652	0.36%
Camden Landmark Llc	97,783,324	0.38%		
Vogel Properties Inc.	97,181,635	0.38%	88,418,256	0.47%
Ontario Innovation Center I Ll	90,109,897	0.35%		
Teachers Insurance Annuity Ass	85,263,947	0.34%		
Federal Express Corp	84,266,552	0.33%		
Niagra Bottling Llc	80,793,168	0.32%	67,661,813	0.36%
Sjc Ii Fourth Haven Llc	79,750,650	0.31%		
Ejc Ontario Gateway West Llc	77,915,226	0.31%	68,763,803	0.36%
New Indy Containerboard	75,407,950	0.30%		
Ups Worldwide Forwarding Inc.			117,158,109	0.62%
Landmark Pr I Ontario Llc			113,691,790	0.60%
Lba Realty			99,742,244	0.53%
Great Spring Waters Of America			88,272,264	0.47%
Inland Container Corp			88,094,853	0.46%
Ml Casa Iii Lp			84,860,165	0.45%
Gre Empire Towers Lp			75,085,338	0.40%
Ajestic Realty			74,471,823	0.39%
Coca Cola Co			74,222,105	0.39%
Pccp Sterling Center Llc			73,419,906	0.39%
Svf Safari Llc			70,872,246	0.37%
Piemonte Business Park Llc			68,415,633	0.36%
Mag Instrument Inc.			67,982,731	0.36%
Rar2 Inland Empire Offices Ca			67,784,140	0.36%
Ventura Foods Llc			64,662,517	0.34%
Total Top 25 Taxpayers	4,432,461,688	17.44%	2,884,735,696	15.20%
Total Taxable Value	25,411,762,997	100.00%	18,972,415,604	100.00%

Source: MuniServices, LLC / an Avenu Insights & Analytics Company

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

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent Years ^a	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2010	24,264,694	20,348,019	83.86%	n/a	20,348,019	83.86%
2011	23,607,260	20,048,724	84.93%	n/a	20,048,724	84.93%
2012	23,917,413	20,168,891	84.33%	n/a	20,168,891	84.33%
2013	24,076,262	23,033,033	95.67%	n/a	23,033,033	95.67%
2014	24,858,740	23,097,376	92.91%	n/a	23,097,376	92.91%
2015	25,868,724	25,508,603	98.61%	n/a	25,508,603	98.61%
2016	27,397,660	24,516,896	89.49%	n/a	24,516,896	89.49%
2017	28,598,396	25,726,406	89.96%	n/a	25,726,406	89.96%
2018	30,476,605	27,905,152	91.56%	n/a	27,905,152	91.56%
2019	33,855,137	31,104,215	91.87%	n/a	31,104,215	91.87%

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.

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

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

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Category	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Office equipment	\$ 6,922,278	\$ 7,640,210	\$ 7,904,060	\$ 8,488,630	\$ 9,164,060	\$ 11,186,139	\$ 12,647,597	\$ 12,242,885	\$ 6,391,434	\$ 4,501,683
Auto sales	6,227,590	7,321,120	8,822,100	9,781,880	11,325,100	12,148,725	13,199,228	13,914,694	13,450,234	13,809,754
Service stations/energy sales	5,888,075	6,858,610	6,586,720	8,126,030	8,166,950	7,092,706	4,933,726	5,383,423	6,307,067	6,943,784
Light/heavy industry	5,116,194	5,641,520	6,031,250	6,933,420	8,248,530	9,074,259	9,977,010	8,335,142	9,333,939	13,665,638
General merchandise	4,114,327	4,583,440	4,201,310	4,917,630	5,603,030	1,115,654	6,143,625	9,711,525	8,921,944	7,634,507
Building materials	3,687,443	3,882,920	4,226,400	4,599,700	4,968,440	5,072,811	5,547,679	5,570,950	5,340,675	5,252,016
Health & Government	3,222,012	3,098,790	3,627,150	3,302,440	1,637,820	1,688,204	1,741,938	3,178,549	3,543,141	220,060
Apparel stores	3,094,380	3,584,610	3,785,500	4,295,240	4,712,040	5,030,620	5,367,609	5,961,700	5,623,498	5,443,386
Restaurants	2,854,952	3,000,890	3,156,450	3,194,150	3,475,260	3,802,133	4,013,129	4,268,377	4,538,666	4,761,664
Furniture/appliances	2,051,832	1,886,340	1,317,800	2,513,300	2,513,520	2,467,111	2,618,394	2,807,147	2,593,238	2,600,183
Leasing	1,341,755	1,256,270	1,361,150	1,395,150	1,604,750	1,776,856	1,995,507	2,343,558	8,121,151	2,878,862
Other	2,915,036	1,795,900	4,311,900	1,581,150	1,618,100	1,754,032	6,210,540	5,467,202	3,500,895	11,919,561
Total	\$ 47,435,873	\$ 50,550,620	\$ 55,331,790	\$ 59,128,720	\$ 63,037,600	\$ 62,209,250	\$ 74,395,982	\$ 79,185,152	\$ 77,665,882	\$ 79,631,098
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
2010	-	0.50%	1.00%	7.25%
2011	-	0.50%	1.00%	7.25%
2012	-	0.50%	1.00%	6.25%
2013	-	0.50%	1.00%	6.50%
2014	-	0.50%	1.00%	6.50%
2015	-	0.50%	1.00%	6.50%
2016	-	0.50%	1.25%	6.25%
2017	-	0.50%	1.25%	6.00%
2018	-	0.50%	1.25%	6.00%
2019	-	0.50%	1.25%	6.00%

Source: California Department of Tax and Fee Administration.

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

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

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

Economic Category	Fiscal Year 2019				Fiscal Year 2009			
	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
General retail	2,983	37.09%	\$ 13,876	17.43%	2,339	41.09%	\$ 7,779	15.89%
Food products	1,090	13.55%	6,182	7.76%	681	11.96%	4,291	8.77%
Transportation	919	11.43%	20,685	25.98%	585	10.28%	11,545	23.59%
Construction	322	4.00%	5,252	6.60%	294	5.17%	4,669	9.54%
Business to business	2,377	29.56%	25,604	32.15%	1,356	23.82%	17,554	35.86%
Miscellaneous	351	4.37%	8,033	10.08%	437	7.68%	3,109	6.35%
	<u>8,042</u>	<u>100.00%</u>	<u>\$ 79,631</u>	<u>100.00%</u>	<u>5,692</u>	<u>100.00%</u>	<u>\$ 48,947</u>	<u>100.00%</u>

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Source: MuniServices, LLC

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

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

Fiscal Year Ended June 30	Governmental Activities						Business-type Activities			Total Primary Government	Percentage of Personal Income ^b	Per Capita
	General Obligation Bonds	Tax Allocation Bonds	Revenue Bonds	Loans	Capital Leases	Total Governmental Activities	Term Loan	Certificates of Participation	Total Business-type Activities			
2010	64,935	52,150	19,696	12,824	-	149,606	-	47,860	47,860	197,466	5.72%	1,205
2011	63,546	48,965	20,166	12,449	-	145,126	-	46,760	46,760	191,886	7.99%	1,164
2012 ^a	41,736	-	-	-	-	41,736	-	45,615	45,615	87,350	3.63%	527
2013	40,417	-	-	-	-	40,417	-	44,425	44,425	84,842	3.66%	508
2014 ^c	72,067	-	-	-	-	72,067	-	74,808	74,808	146,875	4.82%	877
2015	70,647	-	-	-	-	70,647	-	73,488	73,488	144,136	4.65%	852
2016	69,158	-	-	-	-	69,158	-	72,119	72,119	141,277	4.38%	832
2017 ^d	67,593	-	-	149	-	67,742	-	70,700	70,700	138,442	4.38%	794
2018	63,153	-	-	137	-	63,290	-	69,225	69,225	132,515	3.85%	754
2019	62,881	-	-	127	-	63,008	-	67,696	67,696	130,704	3.76%	722

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

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

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

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

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

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

Fiscal Year Ended June 30	General Bonded Debt Outstanding				Percentage of Assessed Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Tax Allocation Bonds	Revenue Bonds	Total		
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	^c 41,736	-	-	41,736	0.25%	251.74
2013	40,417	-	-	40,417	0.24%	242.21
2014	72,067	-	-	72,067	0.41%	430.55
2015	70,647	-	-	70,647	0.40%	417.81
2016	69,158	-	-	69,158	0.38%	407.13
2017	67,593	-	-	67,593	0.31%	387.83
2018	63,153	-	-	63,153	0.27%	359.15
2019	62,881	-	-	62,881	0.25%	347.20

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

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

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

City Assessed Valuation
 Redevelopment Agency Incremental Valuation
 Total Assessed Valuation

\$ 25,521,179,276
6,239,276,373
\$ 31,760,455,649 *

**Does not include deduction of the homeowner's exception of \$108,701*

	Outstanding Debt 06/30/2019	Percentage Applicable ^a	Est. Share of Overlapping Debt 06/30/2019
Overlapping Debt Repaid with Property Taxes:			
Metropolitan Water District	\$ 48,050,000	0.875%	\$ 420,438
Chaffey Community College District	132,540,000	22.478%	29,792,341
Chino Valley Unified School District	318,985,000	5.569%	17,764,275
Chaffey Union High School District	479,265,904	40.028%	191,840,556
Ontario-Montclair School District	119,694,737	69.764%	83,503,836
Mountain View School District School Facilities Improvement District No. 1	11,044,551	99.758%	11,017,823
Mountain View School District CFD No. 1997-1	616,000	100.000%	616,000
Ontario Community Facilities District No. 5		100.000%	-
Ontario Community Facilities District No. 13	3,825,000	100.000%	3,825,000
Ontario Community Facilities District No. 24	15,565,000	100.000%	15,565,000
Ontario Community Facilities District No. 25	8,615,000	100.000%	8,615,000
Ontario Community Facilities District No. 28	8,845,000	100.000%	8,845,000
Ontario Community Facilities District No. 30	14,000,000	100.000%	14,000,000
Ontario Community Facilities District No. 31	4,985,000	100.000%	4,985,000
Ontario Community Facilities District No. 34	7,770,000	100.000%	7,770,000
Ontario Community Facilities District No. 38	10,450,000	100.000%	10,450,000
Ontario Community Facilities District No. 39	5,115,000	100.000%	5,115,000
City of Ontario 1915 Act Bonds	3,030,000	100.000%	3,030,000
Total overlapping debt repaid with property taxes	<u>1,192,396,192</u>		<u>417,155,269</u>
Overlapping General Fund Debt:			
San Bernardino County General Fund Obligations	335,155,000	11.473%	38,452,333
San Bernardino County Pension Obligation Bonds	288,826,268	11.473%	33,137,038
San Bernardino County Flood Control District GF Obligation	62,820,000	11.473%	7,207,339
Chaffey Community College District Certificates of Participation	30,890,000	22.478%	6,943,454
Chino Valley Unified School District Certificates of Participation	7,705,000	5.569%	429,091
Cucamonga School District Certificate of Participation	5,686,000	52.581%	2,989,756
City of Ontario General Fund Obligations	60,035,000	100.000%	60,035,000
City of Ontario General Fund Obligations-Unamortized Bond Premium and Discount	2,846,498		2,952,978
Loans Payable	126,566		136,566
West Valley Vector Control District Certificate of Participation	2,391,448	31.040%	742,305
Total overlapping general fund debt	<u>796,481,780</u>		<u>161,373,873</u>
Overlapping Tax Increment Debt (Successor Agency):	\$ 41,044,100	100.00%	41,044,100
Total overlapping debt			<u>556,448,698</u>
City direct debt			63,124,544
Total direct and overlapping debt			<u>\$ 619,573,242</u>

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

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

*Source: *California Municipal Statistics, Inc.*

**City direct debt can be obtained from Schedule 12.*

**City bond premium and discount can be obtained from Note 7 in notes to financial statements.*

**City Loans Payable can be obtained from Note 7 in notes to financial statements.*

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Assessed valuation ^a	\$ 13,909,816	\$ 13,476,497	\$ 13,562,118	\$ 13,741,177	\$ 14,114,165	\$ 14,857,991	\$ 15,629,797	\$ 16,216,435	\$ 17,359,734	\$ 19,281,903
Conversion percentage ^b	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Adjusted assessed valuation	\$ 3,477,454	\$ 3,369,124	\$ 3,390,530	\$ 3,435,294	\$ 3,528,541	\$ 3,714,498	\$ 3,907,449	\$ 4,054,109	\$ 4,339,934	\$ 4,820,476
Debt limit percentage ^c	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Debt limit	\$ 521,618	\$ 505,369	\$ 508,579	\$ 515,294	\$ 529,281	\$ 557,175	\$ 586,117	\$ 608,116	\$ 650,990	\$ 723,071
Total net debt applicable to limit: General obligation bonds	63,270	61,995	41,285	39,995	72,035	70,625	69,145	67,590	60,200	60,035
Legal debt margin	<u>\$ 458,348</u>	<u>\$ 443,374</u>	<u>\$ 467,294</u>	<u>\$ 475,299</u>	<u>\$ 457,246</u>	<u>\$ 486,550</u>	<u>\$ 516,972</u>	<u>\$ 540,526</u>	<u>\$ 590,790</u>	<u>\$ 663,036</u>
Total debt applicable to the limit as a percentage of debt limit	13.80%	13.98%	8.83%	8.41%	15.75%	14.52%	13.37%	12.50%	10.19%	9.05%

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	
2010	55,505	5,512	9,518	3.69	45,767	22,432	23,335	1,015	2,393	6.85
2011	49,667	5,592	9,454	3.30	51,182	28,759	22,423	1,055	2,352	6.58
2012 ^a	10,176	1,240	2,966	2.42	55,482	26,814	28,668	1,100	2,310	8.41
2013	-	-	-	-	57,433	31,039	26,394	1,145	2,266	7.74
2014	-	-	-	-	60,108	37,795	22,313	2,025	3,576	3.98
2015	-	-	-	-	60,176	45,679	14,497	1,220	3,576	3.98
2016	-	-	-	-	55,649	43,923	11,726	1,270	3,527	2.44
2017	-	-	-	-	59,459	40,855	18,604	1,320	3,476	3.88
2018	-	-	-	-	61,126	46,793	14,333	1,375	3,423	2.99
2019	-	-	-	-	59,888	44,776	15,112	1,430	3,368	3.15

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)
2010	163,924	2,400,178	16,255	13.5%
2011	164,836	2,403,359	17,947	14.1%
2012	165,790	2,315,184	18,229	14.7%
2013	166,866	3,047,233	18,522	10.7%
2014	167,382	3,100,249	18,774	8.2%
2015	169,089	3,224,189	19,068	5.8%
2016	169,869	3,159,733	18,601	6.5%
2017	174,283	3,444,006	19,761	5.5%
2018	175,841	3,474,794	19,761	3.4%
2019	181,107	3,826,610	21,129	3.0%

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

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

Employer	2019		2010	
	Number of Employees	Percentage of Total City Employment ^(a)	Number of Employees	Percentage of Total City Employment
Ontario Intl Airport-Ont	5,000 - 9,999			
Niagara Bottling LLC	1,000-4,999			
Ontario Montclair School District	1,000-4,999			
QVC Ontario LLC	500 - 999			
Sam's Club	500 - 999			
Target	500 - 999			
The Safariland Group	500 - 999			
Securitas	500 - 999			
United Parcel Service (UPS)	500 - 999			
1st Choices Staffing	250 - 499			
Sedgwick Claims Management Services, Inc	250 - 499	^(a) Left	^(a) Left	^(a) Left
Ajinomoto Foods North America, LLC	100 - 250	intentionally	intentionally	intentionally
AMREP Manufacturing Company LLC	100 - 250	blank	blank	blank
Big Al's	100 - 250			
Cardenas Markets, LLC	100 - 250			
Triton Global Services	100 - 250			
Total	-	-	-	0.00%

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

Source: EDD
City of Ontario Business License Dept
Ontario Thinks Business.com

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

Employment Sector	2019		2010	
	Number of Employees ^(a)	Percentage of Total City Employment	Number of Employees	Percentage of Total City Employment
Distribution	7,167	9.06%	25,384	23.31%
Retail/Wholesale Trade	13,566	17.15%	17,483	16.05%
Manufacturing	9,830	12.42%	15,966	14.66%
Help Agency	5,279	6.67%	17,328	15.91%
Construction	5,983	7.56%	5,007	4.60%
Education	5,791	7.32%	5,084	4.67%
Other Services	3,888	4.91%	3,198	2.94%
Business Services	4,536	5.73%	4,246	3.90%
Engineering and Management	76	0.10%	2,518	2.31%
Financial Institution/Insurance/Real Estate	3,429	4.33%	4,036	3.71%
Hotels and Entertainment	6,717	8.49%	1,978	1.82%
Agriculture	665	0.84%	1,574	1.45%
Health Services	8,315	10.51%	2,249	2.06%
Utilities	497	0.63%	857	0.79%
Public Administration	3,376	4.28%	1,294	1.19%
Aerospace	-	0.00%	716	0.63%
Total	79,115	100.00%	108,918	100.00%

Source: Number of employees by sector - Data USA

^(a) most current number of employees as of 2017

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Government	100	103	103	103	148	137	147	122	126	144
Public Safety	492	492	492	492	495	499	506	596	600	624
Community Development	131	132	132	118	145	157	156	183	131	133
Public Works	340	333	332	331	285	289	289	296	355	376
Total	1,063	1,060	1,059	1,044	1,073	1,082	1,098	1,197	1,212	1,277

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

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

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

Function/Program	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General government										
Building permits issued	2,594	3,244	3,300	3,550	3,724	3,987	4,353	4,231	5,130	4,652
Police										
Physical arrests	9,979	7,877	8,839	8,959	8,546	8,280	8,916	10,433	10,024	7,955
Citations	16,031	14,636	12,006	13,161	9,377	8,469	7,957	6,733	7,058	9,415
Fire										
Emergency response	14,877	15,487	15,889	15,783	16,736	16,794	18,326	19,418	20,223	20,258
Fire inspections	1,228	1,210	3,537	4,227	4,168	4,650	6,986	3,269	2,843	2,938
Public works										
Street resurfacing (miles)	9.60	9.10	9.30	16.10	18.50	15.20	11.26	8.97	11.00	13.50
Parks and recreation										
Number of recreation classes	1,371	1,286	1,401	1,402	1,299	1,265	1,233	1,202	1,106	1,125
Number of facility rentals	3,285	3,231	3,780	4,337	6,118	6,259	5,761	6,754	6,468	5,472
Library										
Total volumes of books borrowed	470,567	467,185	472,384	387,092	393,308	390,740	466,189	433,527	407,395	419,646
Total volumes of audio/visual items borrowed	173,444	169,827	155,855	129,435	133,041	121,908	127,989	120,066	100,901	100,333
Water										
Number of recycled water connections	164	205	218	221	220	244	290	333	339	417
Number of potable connections	33,384	32,907	32,904	33,304	33,134	33,504	34,000	34,468	35,308	36,235
Average daily potable consumption (MGD)	33	31	31	32	34	29	30	26	30	27
Solid waste										
Refuse collected (tons per day)	566	565	535	545	564	592	598	655	683	678
Recyclables collected (tons per day)	49	48	49	49	49	48	50	54	55	61
Recyclables recovered (tons per day)	30	33	34	33	38	38	39	37	40	41

Source: City of Ontario, various departments

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

Function/Program	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Police										
Police stations	2	2	2	2	2	2	2	2	2	2
Fire										
Fire stations	8	8	8	8	8	8	8	8	9	9
Public works										
Streets (miles) ^a	544	544	544	552	552	543	503	503	486	508
Streetlights										
Traffic signals	184	191	191	191	191	191	191	207	207	209

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

Source: City of Ontario, various departments

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MAYOR

PAUL S. LEON

MAYOR PRO TEM

RUBEN VALENCIA

COUNCIL MEMBERS

ALAN D. WAPNER

JIM W. BOWMAN

DEBRA DORST-PORADA

CITY TREASURER

JAMES R. MILHISER

CITY CLERK

SHEILA MAUTZ

CITY MANAGER

SCOTT OCHOA

EXECUTIVE DIRECTOR OF FINANCE

ARMEN HARKALYAN

