

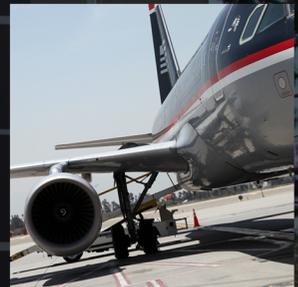
THINKING AHEAD

We Think Transportation We Think Lifestyle

We Think Business We Think Community

CITY HALL

CITY OF
ONTARIO
CALIFORNIA



**COMPREHENSIVE ANNUAL FINANCIAL
REPORT FOR FISCAL YEAR
ENDED JUNE 30, 2011**



City of Ontario, California

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

For Fiscal Year Ending June 30, 2011

**Prepared By:
Fiscal Services Department**



CITY OF ONTARIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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Introductory Section





PAUL S. LEON
MAYOR

CHRIS HUGHES
CITY MANAGER

DEBRA DORST-PORADA
MAYOR PRO TEM

December 15, 2011

MARY E. WIRTES, MMC
CITY CLERK

ALAN D. WAPNER
SHEILA MAUTZ
JIM W. BOWMAN
COUNCIL MEMBERS

JAMES R. MILHISER
TREASURER

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, 2011. This report provides a broad view of the City's financial activities for the 2010-11 Fiscal Year and its financial position as of June 30, 2011. Although addressed to the elected officials and the citizens of the City, this report has a number of other users. Foremost among these other users are bondholders of the City, financial institutions, credit rating agencies, educational institutions, and other governmental entities. In producing a CAFR, the City of Ontario has chosen to provide financial information that is significantly greater than that which is required under state law.

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

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

The City of Ontario's financial statements have been audited by Lance Soll & Lunghard, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Ontario for the fiscal year ended June 30, 2011, are free of material misstatement. The independent audit involved examining, on a test basis, evidence

supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Ontario's financial statements for the fiscal year ended June 30, 2011, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

Profile of the Government

Founded as a "Model Colony" in 1881 and one of California's first planned communities, the City of Ontario was incorporated in 1891. Located in western San Bernardino County at the base of the San Gabriel Mountains, the City of Ontario is approximately 35 miles inland from downtown Los Angeles and encompasses nearly 50 square miles. Strategically situated in the heart of Southern California and within the hub of Los Angeles, Orange, San Bernardino and Riverside Counties, Ontario is widely recognized as the "center of it all" and is home to an estimated 163,924 people and approximately 8,000 businesses. Ontario is advantageously positioned with unique, convenient access to the major I-10, I-210, I-15 and Route 60 freeway systems as well as the Ontario International Airport (ONT).

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

The City of Ontario is a full-service city with approximately 1,060 full-time employees. Services provided include police and fire protection; development including the construction and maintenance of streets, parks, water and sewer lines, traffic signals and other infrastructure; water, waste water and sanitation services; recreation and community services; and cultural and social programs. In addition to general government activities, the City Council also serves as the Board of Directors of the Ontario Redevelopment Agency, the Ontario Industrial Development Authority, the Ontario Redevelopment Financing Authority and the Ontario Housing Authority. Therefore, these activities have been included as an integral part of the City of Ontario's financial statements. Additional information on these entities can be found in Note 1 in the notes to the financial statements.

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

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

The City's budget policy is that all appropriations lapse at fiscal year end. Outstanding encumbrance balances at fiscal year end require re-approval by the City Council at the First Quarter Budget Report. The City Council may amend the budget at any time during the fiscal year. Budget reports are presented to the City Council and the public on a quarterly basis. They include appropriations adjustments and revised revenue projections as needed. The City Manager may authorize budget transfers between line items, programs and Agencies as long as the total budget has not exceeded the amount approved by City Council. Budgetary changes between funds require City Council approval. The level of budgetary controls is set at the Agency level by fund to ensure compliance with the budget as approved by the City Council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. Additional information regarding the City's general budget policies can be found in Note 2 in the notes to the financial statements.

Economic Condition and Outlook

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

In the southern part of the City, development of an upscale community has begun in an 8,200-acre former agricultural preserve now known as the New Model Colony. This significant area has been purposefully designed to advance the economic dynamics of the City, and at build-out, will add approximately 31,000 homes and 120,000 new residents to Ontario. Among the numerous features of this master-planned community will be an extensive system of pathways, over 500 acres of parklands, conveniently situated retail centers, health facilities, a high technology business park and improvements are completed, neighborhoods are beginning to be developed.

Ontario also provides companies with strategic global access with the Ontario International Airport (ONT). The airport is currently home to UPS' Western Regional hub and its third party logistics operation, and Federal Express' Inland Empire operations. ONT served over 4 million people in 2010.

The success of the airport translates to economic benefits for the Inland Empire through directly related airport business and generates far reaching economic impacts for the region.

Steady growth and rapid development adjacent to the airport, along freeway corridors and throughout Ontario reflect the City's distinctive advantages. Due to Ontario's prime location and transportation infrastructure, the City garners national presence as a first class logistics, distribution and cargo center. Trucking and integrated carriers, a rapidly developing network of national and international freight forwarders, and the Union Pacific Railway all service Ontario. With exceptional convenience to major regional, national and international markets, and modern facilities, Ontario has become the place to be for manufacturing, warehousing and distribution. City records show that Ontario is home to nearly 8,000 businesses which account for approximately 108,000 jobs.

Aside from the decrease in the unemployment rate and the second quarter gain in sales tax revenue, all other economic indicators are showing negative signs. The Consumer Confidence Index has endured a significant decrease from 72.0 in February 2011 to 39.8 percent in October 2011. The Gross Domestic Product (GDP) increased at an annual rate of 1.3 percent in the second quarter of 2011 from the first quarter, but this was less than the increase in the first quarter. The Federal Reserve also downgraded its forecast of 2011 GDP from 2.80 percent to 1.65 percent, due to ongoing concerns about the fiscal issues relating to Europe which are placing additional strains on the global financial markets. On the positive side, unemployment rate for the City of Ontario has decreased from 15.1 percent in 2010 to 13.7 percent in September 2011. The private sector added 110,000 jobs in October, after adding 116,000 in September. However, for the Inland Empire, construction related jobs continue to be low at 60,500; this number is comparable to the number of jobs back in 1997 and 1998. The Ontario International Airport's passenger and freight traffic for the first eight months in 2011 averaged 393,000 passengers and 31,000 tons. This is a continued decrease from 2010 lows of 400,000 passengers and 32,000 tons, and a one-third reduction in passenger traffic from the highs of 2007.

The real estate market continues to decline, as the homebuyer tax credit has expired and more foreclosed homes are released to the market. The Inland Empire region had the fourth-highest foreclosure rate among U.S. metro areas with a filing for every 155 homes. The median price of existing single-family homes for September 2011 was \$170,650, which was 1.7 percent lower than the prior month, and 6.1 percent lower than the prior year. Home prices are expected to further decline over the next year. Although the market for industrial property remains strong, the commercial real estate market for retail and office space continues to be soft with vacancy rates at higher than desired levels. Consequently, significant new construction activities for office and retail commercial properties are not expected for several years.

Although the current economic data indicates that the economy is growing at a slow rate, the economy faces serious headwinds and challenges ahead. Due to inflationary pressures, weak job growth, reduced government stimulus and spending, and the ongoing fiscal crisis in Europe, the economic recovery over the past year may be unsustainable and stall in the forthcoming months. The continuation of the economic recovery will be dependent upon increased jobs in the private sector and higher wages.

The California State Public Employees Retirement System (CalPERS) is considerably underfunded, primarily due to unrealistic projected earning rates combined with significant investment losses. All of this has contributed to dramatic increases to the City's CalPERS contribution rates. Currently, CalPERS is estimating rates for Safety Police, Safety Fire, and Miscellaneous Plans in increase to 33.3, 27.4, and 13.9 percent respectively by Fiscal Year 2016-17. Although these rates are less than what was estimated last year by CalPERS, these rates are dependent upon CalPERS earning 7.75 percent return on their investments in the future.

To address increasing retirement costs, Governor Brown recently proposed a 12-point pension reform plan that will apply to all California state, local, school, and other public entities. If approved, the plan will result in reduced benefits and require employees to pay a greater share of their pension benefits.

The passing of AB x1 26 and AB x1 27 resulted in the City's obligation to pay \$18.23 million to the State in order to continue the existence and operation of the Ontario Redevelopment Agency. The California Redevelopment Association and the League of California Cities have filed a lawsuit against the State in regards to the validity of AB x1 26 and AB x1 27. The court has indicated that a decision will be made before January 15, 2011 when the first obligation payment is due. If the court decides in favor of the State, the City will be making a ransom payment of an estimated \$4.3 million annually to the State, in addition to the \$18.23 million for Fiscal Year 2011-12.

While the City is experiencing some stabilization and slow recovery in the economy, serious challenges still remain. The economy will struggle over the next few years due to a continued weak job market, expiration of the Federal stimulus program, and increased energy and commodity prices. In addition, strains in the global financial markets have placed concerns regarding the economic recovery.

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

The City continues to reflect the City council's commitment to foster steady, controlled growth and to provide the highest level of service to the community within the City's fiscal constraints. With the City Council's leadership and their prudent fiscal policies, the City's longer-term fiscal health will further solidify its standing as the economic leader in the Inland Empire and a formidable player in California and the nation.

Making the most of Ontario's resources for the benefit of the entire community is at the heart of the Mayor and City Council's commitment to business and economic development. This is evident in the continuing investment and reinvestment in necessary infrastructure and amenities to attract higher paying employers such as high-technology and engineering firms. The City's business and economic development strategies are successfully yielding a return on investment to be funneled back into new community facilities, programs and neighborhood improvements that enable Ontario to retain the charm and warmth of a small town while providing big city resources and services. True to the vision of its founding fathers to create and sustain a broadly diverse and balanced city, Ontario is prepared to face its opportunities and challenges with pride, purpose, conviction and commitment as it builds itself as the next urban center.

Long-Term Financial Plan

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

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

- \$10,441,000 in street improvements
- \$ 2,255,000 in water system improvements
- \$ 935,000 in public facilities improvements
- \$ 350,000 in traffic improvements
- \$ 212,000 in park and landscape improvements, and
- \$ 100,000 in sewer improvements

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

During the next few years, the City of Ontario will continue to be faced with exciting new developments as well as formidable economic challenges. Through the combined leadership of the City Council and the implementation of its prudent fiscal policies, the City has been able to enhance service levels to the community, invest in capital project to enhance public facilities and infrastructure, and continue programs to promote its standing as the economic leader in the Inland Empire and a formidable player in California and the nation. The development of the New Model Colony, completion of the soccer complex and a community events center as well as projects currently underway in the Civic Center and The Ontario Center, will provide a mixed retail-housing component as well as enhanced cultural opportunities for residents, and contribute to Ontario's reputation as the place to live, work, and play.

Relevant Financial Policies

Fund Balance Policy

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

Included in the Fund Balance Policy is the 18 Percent Stabilization Plan. This is the goal of the City Council to achieve a minimum of 18 percent of the annual general fund appropriations, as Assigned Fund Balance in the general fund. This is intended to be used for specific and defined emergency events, such as an earthquake, to address immediate needs in resources without impacting City services and to minimize the potential for disruption of municipal services to its citizens. As of June 30, 2011, the City's General Fund had an assigned fund balance of \$32.1 million, which is approximately 20 percent of the General Fund operating budget for Fiscal Year 2011-12.

This 18 percent of the General Fund is separate from the General Fund Contingency also established in the Fund Balance Policy. The City's General Fund Contingency consists of amounts formally set aside and/or arrangements to maintain amounts for working capital needs, contingencies and contractual obligations. Committed amounts under General Fund Contingency include: Economic Uncertainties,

Compensated Absences, Contractual Obligations, Public Safety Equipment, Communications/Computer Dispatch, City Facilities, and Events Center Capital Equipment.

Five-Year Budget Action Plan

The Five-Year Budget Action Plan was approved by City Council in the Mid-Year Budget Report for Fiscal Year 2008-09. Based on recent analysis of revenues and expenditures indicated that the City's cumulative General Fund budget deficit will be approximately \$85.5 million over a five year period. To address this deficit and to achieve the City's primary goal: *Develop strategies and take actions to minimize the negative impacts of the global financial downturn on Ontario's Economy and the City's fiscal health*, the City developed a Five-Year Budget Action Plan, which consists of the following:

- New Revenue Sources (\$2.3 million)
- Reduce transfer to Internal Services Fund (\$10.6 million)
- Reduce Overall Expenditures (\$42.5 million)
- Use of Economic Uncertainties Reserve (\$24.6 million)
- Transfer of Ontario Redevelopment Agency Interest Income (\$5.5 million)

To date, the City has utilized approximately \$2.5 million of the original \$24.6 million Economic Uncertainties Reserve to balance the General Fund budget. Although the City is currently on schedule with its Five-Year Budget Action Plan, there still remains a General Fund structural deficit. This deficit is expected to continue to grow into the next fiscal year due to higher pension costs, lower property tax revenues, and slower economic recovery than originally anticipated. The City will continue to maintain its conservative fiscal approach with the budget and consider the need to take further actions in the future to reduce costs should economic growth slow or decline beyond current expectations.

Major Initiatives

Complete Community

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

Ontario's Urban Lifestyle Projects include:

- Piemonte – the new Lifestyle Center at 4th street, between Haven and Milliken Avenues – Piemonte will include Class A office space, urban residential, luxury retail and upscale dining choices, a 200-plus room full service hotel, plus – Ontario's new Citizens Business Bank Arena – which features concerts, sporting events, family shows and more.
- Historic Guasti District – developed by Oliver McMillian on the stie of the historic Guasti winery, this entertainment district will incorporate prime retail, Class A office space, residential and two upscale hotels.
- Ontario Town Square – the \$200 million project will feature a high quality, pedestrian-oriented development with nearly 800 housing units and 72,000 square feet of ground floor retail, a community park and restaurants – right at the heart of Ontario's Downtown.
- New Model Colony – the 8,200 acre master planned development where new homes and commercial space are artfully woven into unique communities where families can gather at clubhouses, parks and retail centers.

Service to the Community

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

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

Ontario International Airport

In order to address the decline of air traffic at Ontario International Airport, the City commissioned a study and initiated discussions with the City of Los Angeles regarding the transfer of operational control of Ontario International Airport to a Local airport authority, including the City of Ontario. Support for air traffic regionalization and Ontario’s efforts have been received from various Southern California cities, San Bernardino County and transportation authorities, as well as bi-partisan State and Federal legislators. An interactive website was created to keep the public informed of the status of these negotiations and the progress made.

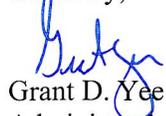
Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Ontario for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2010. This was the twenty-fourth consecutive year that the City has received this prestigious award. In order to be awarded the annual certificate for excellence, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, the contents of which conform to program standards. Such reports must also satisfy both generally acceptable accounting principles and applicable legal requirements. We believe our current comprehensive annual financial report conforms to the GFOA Certificate of Achievement Program and are submitting it for review and consideration.

In addition, the City of Ontario received distinguished budget awards from the GFOA and the CSMFO for its Fiscal Year 2010-11 Adopted Operating Budget. This is the twelfth consecutive year in which the City has been bestowed these prestigious awards. To receive these awards, the City’s budget document met program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

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

Sincerely,



Grant D. Yee

Administrative Services/Finance Director

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

City of Ontario
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

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



Linda C. Danison

President

Jeffrey R. Enos

Executive Director

City of Ontario

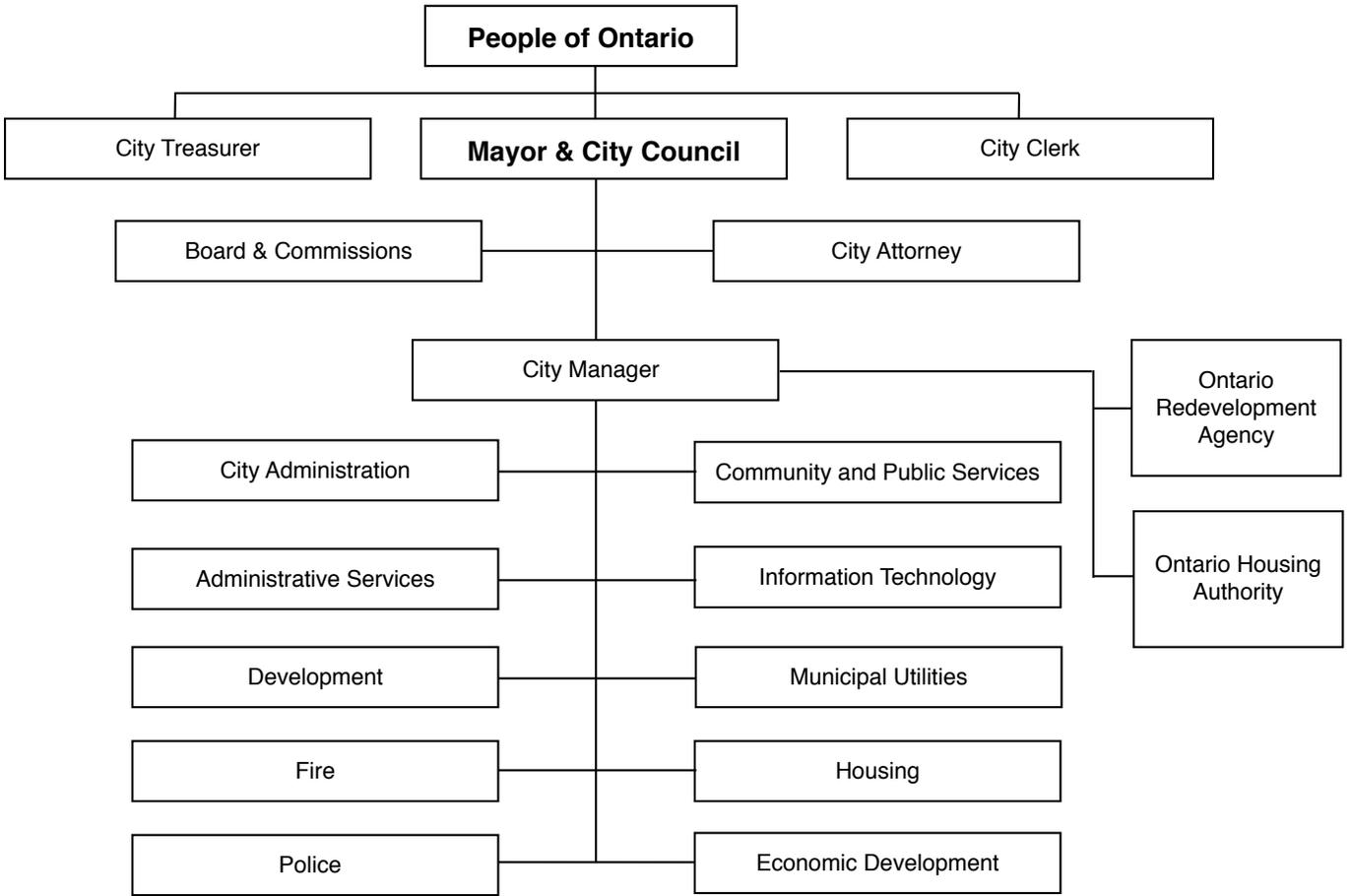
Elected Officials

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

Administration and Executive Management

City Manager/Executive Director of the Redevelopment Agency/ Executive Director of the Housing Authority.....	Chris Hughes
Deputy City Manager	Al C. Boling
City Attorney	John E. Brown
Administrative Services/Finance Director	Grant D. Yee
Information Technology Director.....	Elliott Ellsworth
Development Director	Otto Kroutil
Fire Chief.....	David A. Carrier
Police Chief.....	Eric V. Hopley
Community & Public Services Director.....	Mark Chase
Utilities General Manager.....	Mohamed El-Amamy
Housing and Neighborhood Revitalization Director	Brent D. Schultz
Economic Development Director.....	John P. Andrews

City of Ontario



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Financial Section





CERTIFIED PUBLIC ACCOUNTANTS

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Ontario, California, as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Ontario's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Ontario as of June 30, 2011, and the respective changes in financial position and cash flows where applicable thereof, and the respective budgetary comparison for the General Fund and the Quiet Home Program Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

We would like to draw the reader's attention to Note 16 – "California Redevelopment Agency Uncertainty". The note provides information on two bills passed, AB1X26 and 27 which dissolve redevelopment agencies effective October 1, 2011 and provide an option to avoid dissolution by making certain defined payments.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2011, on our consideration of the City of Ontario's internal control over financial reporting and our tests of its compliance with certain laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



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

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying introductory section, the combining and individual fund statements, schedules, statistical tables and AB 1600 Development Impact Fee annual report are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections and AB 1600 Development Impact Fee annual report have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Lance, Soll & Lughard, LLP

Brea, California
December 15, 2011

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, 2011. This narrative discussion and analysis focuses on the current year's activities, resulting changes and currently known facts; therefore, the information presented here should be considered in conjunction with additional information furnished in the Letter of Transmittal and the accompanying basic financial statements.

FINANCIAL HIGHLIGHTS

Government-Wide

- Total assets of the City were \$1.73 billion and total liabilities were \$306.65 million at June 30, 2011. The assets exceeded liabilities by \$1.43 billion (net assets). Of this amount, \$337.67 million (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors.
- For the year ended June 30, 2011, total net assets increased by \$35.16 million before a (\$8.72) million restatement. This increase results from a favorable variance of revenues over expenses. Total revenues from all sources were \$340.88 million and total expenses for all functions/programs were \$305.71 million.
- Of total revenues, program revenues were \$154.04 million and general revenues were \$186.84 million. Program revenues are broken into three categories: Charges for Services, \$113.24 million; Operating Contributions and Grants, \$21.94 million; and Capital Contributions and Grants, \$18.85 million.

Fund Based

- For the fiscal year ended June 30, 2011, the assigned/unassigned fund balance of the General Fund was \$33.06 million. The assigned portion of \$25.25 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 \$252.80 million, which was less than the final budget of \$262.26 million by \$9.45 million. Actual charges (outflows) of \$162.20 million were \$25.28 million less than the final budget of \$187.48 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

The **Statement of Net Assets** presents information on all of the City’s assets and liabilities, with the difference between the two reported as *net assets*. This is one way to measure the City’s financial health, or financial position. Over time, increases or decreases in the City’s net assets may serve as an indicator of whether or not its financial health is improving or deteriorating.

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

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

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

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

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

Fund Financial Statements

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

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

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

The City maintains thirty-one individual governmental funds. These funds report financial transactions using the modified accrual accounting method. Information for five out of the thirty-one funds is presented separately in the Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances. These five funds are considered to be major funds. They are the General Fund, the Quiet Home Program Fund, the Capital Projects Fund, the Impact Fees Fund, and the Redevelopment Project Area No. 1 Debt Service Fund. Data for other governmental funds (non-major) are combined into a single presentation as part of the required supplementary information. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements that follow the notes to the financial statements.

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

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

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

Notes to the Financial Statements

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

Other information

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

GOVERNMENT - WIDE FINANCIAL ANALYSIS

This analysis will focus on the City's net assets (Table 1) and changes in net assets (Table 2) of the governmental and business-type activities for the fiscal year ending June 30, 2011. Management has included comparative data from fiscal year ending June 30, 2010 in its analysis.

Net Assets (Table 1)
(in millions)

	Governmental Activities		Business-Type Activities		Government-Wide Totals	
	2011	2010	2011	2010	2011	2010
Current and Other Assets	\$ 474.22	\$ 475.84	\$ 216.55	\$ 191.25	\$ 690.78	\$ 667.09
Capital Assets	858.21	845.39	183.37	181.79	1,041.58	1,027.18
Total Assets	1,332.43	1,321.23	399.92	373.04	1,732.35	1,694.27
Long-term Debt Outstanding	200.25	193.34	47.79	48.90	248.04	242.24
Other Liabilities	49.20	41.19	9.41	11.58	58.61	52.77
Total Liabilities	249.45	234.53	57.20	60.48	306.65	295.01
Net Assets:						
Invested in Capital Assets,						
Net of Debt	704.22	705.17	136.61	133.93	840.83	839.11
Restricted	243.02	260.69	4.19	4.00	247.20	264.69
Unrestricted	135.74	120.83	201.92	174.63	337.66	295.46
Total Net Assets	\$ 1,082.98	\$ 1,086.70	\$ 342.72	\$ 312.56	\$ 1,425.70	\$ 1,399.26

The City's Government-wide total net assets were \$1.43 billion, with assets of \$1.73 billion and liabilities of \$306.65 million. The net investment in capital assets of \$840.83 million represents 59.0 percent of the City's total net assets. This is an increase of \$1.72 million from the previous year. Investment in capital assets (e.g., infrastructure, land, structures and improvements, furniture and equipment) for this purpose is reduced by any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are **not** available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other resources, since the capital assets themselves can not be used to liquidate these liabilities.

Another portion of the City's net assets of \$247.20 million (17.3 percent of the total net assets) represents resources that are subject to external restrictions in how they may be used. The remaining balance of \$337.67 million or 23.7 percent of the total net assets (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors within the programs areas.

Overall Financial Activities

Overall the City's financial position increased from the prior year by 2.5 percent or \$35.16 million (increase in net assets) before the restatement of (\$8.72) million of prior fiscal year's net assets (see Table 2 on the following page). This gain is attributable to the favorable variance of total revenues over total expenditures, especially for business-type activities – a growth in net assets of \$30.16 million or 9.6 percent.

The overall cost of all governmental and business-type activities this year was \$305.71 million and was an overall net increase of \$11.37 million or 3.9 percent compared to the prior year. This is primarily the result of rising employee pension and health-care costs, and commodity price increases on various materials and supplies.

Total revenue of all governmental and business-type activities was \$340.88 million for this fiscal year; a minor reduction of \$2.32 million or less than one percent. Program revenues were \$154.04 million and general revenues were \$186.84 million, funding the net difference between program revenues and expenses. The largest single revenue category was Charges for Services, at \$113.24 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 \$5.04 million or 4.7 percent, mainly due to an increase of \$5.28 million or 5.6 percent in business-type activities (Water, Sewer and Solid Waste) as a result of a utility rate increase in the water services. Property Taxes, which are considered *general revenues*, were the second largest revenue at \$88.03 million. This revenue category experienced a moderate decrease from the prior year of \$7.02 million or 7.4 percent as a result of an overall combined assessed valuation decline in the City and redevelopment project areas of approximately 2.5 percent. The third largest revenue source was Sales Taxes, another *general revenue* source, at \$56.39 million. Sales Tax revenue slightly increased 1.66 million or 3.0 percent than the prior year as a result of commodity price increases and small gains experienced in consumer spending compared to the prior year. The revenue category of Use of Money and Property was the fourth largest revenue category at \$12.88. Use of Money and Property decreased by \$7.30 million or 36.2 percent compared to the prior year amount of \$20.18 million due to lower investment earnings and interest rates as a result of the continued fall-out of the ongoing severe economic conditions.

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

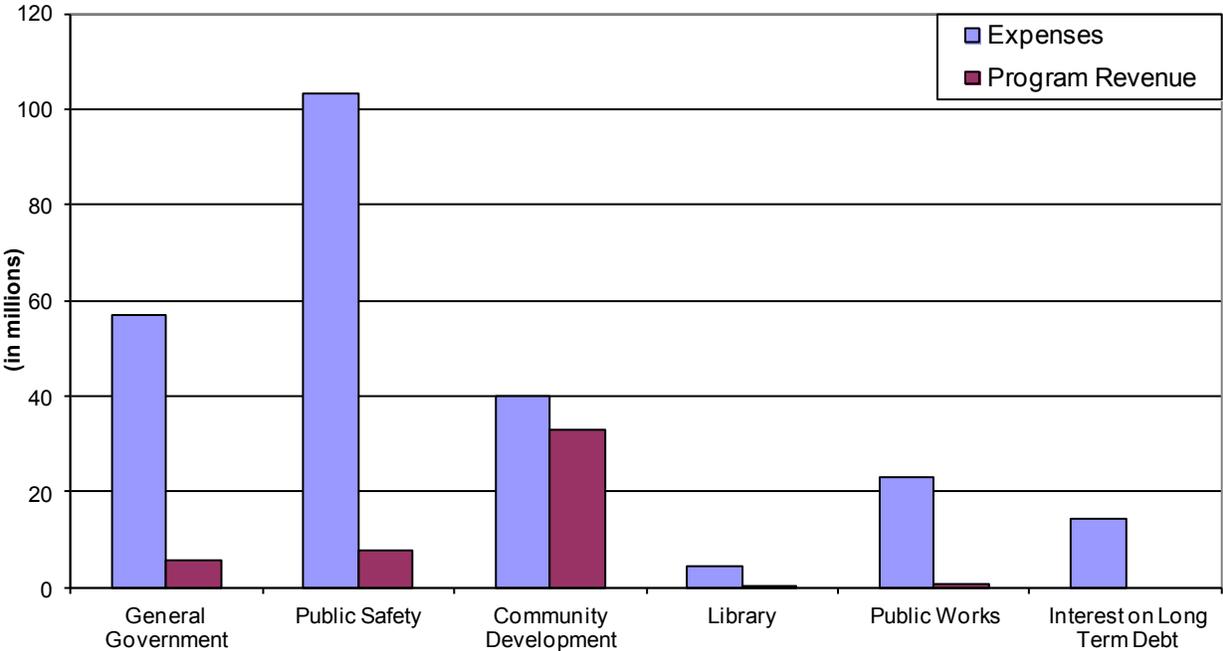
	Governmental Activities		Business-Type Activities		Government-Wide Totals	
	2011	2010	2011	2010	2011	2010
Revenues						
Program Revenues:						
Charges for Services	\$ 13.02	\$ 13.25	\$ 100.23	\$ 94.95	\$ 113.24	\$ 108.20
Operating Contributions and Grants	15.61	15.11	6.34	0.12	21.94	15.23
Capital Contributions and Grants	18.85	19.91	-	-	18.85	19.91
Sub-total Program Revenues	47.47	48.27	106.57	95.07	154.04	143.34
General Revenues:						
Property Taxes	88.03	95.05	-	-	88.03	95.05
Sales Taxes	56.39	54.73	-	-	56.39	54.73
Business Licenses Taxes	5.50	5.17	-	-	5.50	5.17
Franchise Taxes	2.88	2.74	-	-	2.88	2.74
Transient Occupancy Taxes	8.79	8.40	-	-	8.79	8.40
Other Taxes	4.07	4.01	-	-	4.07	4.01
Motor Vehicle In-Lieu	0.88	0.51	-	-	0.88	0.51
Use of Money and Property	10.27	16.66	2.61	3.52	12.88	20.18
Other	7.40	9.07	0.01	-	7.41	9.07
Sub-total General Revenues	184.22	196.34	2.62	3.52	186.84	199.86
Total Revenues	\$ 231.69	\$ 244.61	\$ 109.19	\$ 98.59	\$ 340.88	\$ 343.20
Expenses						
General government	\$ 56.95	\$ 52.79	\$ -	\$ -	\$ 56.95	\$ 52.79
Public safety	103.47	100.02	-	-	103.47	100.02
Community development	39.89	52.55	-	-	39.89	52.55
Library	4.36	4.41	-	-	4.36	4.41
Public works	23.17	13.89	-	-	23.17	13.89
Interest on long-term debt	14.51	14.62	-	-	14.51	14.62
Water	-	-	31.05	24.62	31.05	24.62
Sewer	-	-	11.01	10.88	11.01	10.88
Solid Waste	-	-	21.30	20.56	21.30	20.56
Total Expenses	\$ 242.36	\$ 238.28	\$ 63.36	\$ 56.06	\$ 305.71	\$ 294.34
Increase/(Decrease) in Net Assets Before Transfers	\$ (10.67)	\$ 6.33	\$ 45.83	\$ 42.53	\$ 35.16	\$ 48.86
Transfers	15.67	8.22	(15.67)	(8.22)	-	-
Increase/(Decrease) in Net Assets	\$ 5.01	\$ 14.55	\$ 30.16	\$ 34.31	\$ 35.16	\$ 48.86

Governmental Activities

Under the governmental activities, the City’s *net assets* increased by \$5.01 million. The cost of all governmental activities this year was \$242.36 million or 79.3 percent of the government-wide total expenses and was an increase of \$4.07 million or 1.7 percent from the prior year primarily the result of increases in governmental activities overall as explained earlier.

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

Expenses and Program Revenues – Governmental Activities (Graph 1)



Expenses in *General Government* were \$56.95 million or 23.5 percent of total Governmental Activities expenses. Of this amount, \$5.74 million was funded by program revenues, while the remaining \$51.21 million was funded by general revenues. General Government expenditures increased \$4.16 million or 7.9 percent as a result of increased employee pension and retiree health care costs, and additional expenditures incurred for developer incentive reimbursement agreements funded by Redevelopment.

Public Safety expenditures were \$103.47 million or 42.7 percent of the total Governmental Activities expenses. Of this amount, \$7.73 million was funded by program revenues while the remaining \$95.74 million was funded by general revenues. Public safety expenses increased \$3.45 million or 3.4 percent compared to the previous year due to rising employee pension

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

Expenses in *Community Development* were \$39.89 million or 16.5 percent of the total Governmental Activities expenditures. These expenses decreased by \$12.66 million or 24.1 percent compared to the prior year. This reduction in expenditures is due to decline in capital improvement related expenses. Program revenues relating to the funding of community development activities amounted to \$33.07 million, with the remaining funding of \$6.82 million from general revenues. The majority of program revenues resulted from capital contributions and grants (\$18.85 million) for future development in the City.

The *Library* had expenses of \$4.36 million or 1.8 percent of the total Governmental Activities expenses. Of this amount \$0.22 million was funded by program revenues, while the remaining \$4.14 was funded by general revenues. Expenditures for Library remained primarily stagnant, with only a minimal decrease of less than \$0.05 million.

Public Works expenditures were \$23.17 million or 9.6 percent of the total Governmental Activities expenses. Of this amount, \$0.71 million was funded by program revenues, while the remaining \$22.46 million was funded by general revenues. The growth in Public Works expenditures of \$9.27 million is due to the completion of major capital projects, including the Ontario Soccer Complex and the Veterans' Memorial Park, and rising costs for materials.

Interest on long-term debt had expenditures of \$14.51 million or 6.0 percent of Governmental Activities and is funded entirely by general revenues.

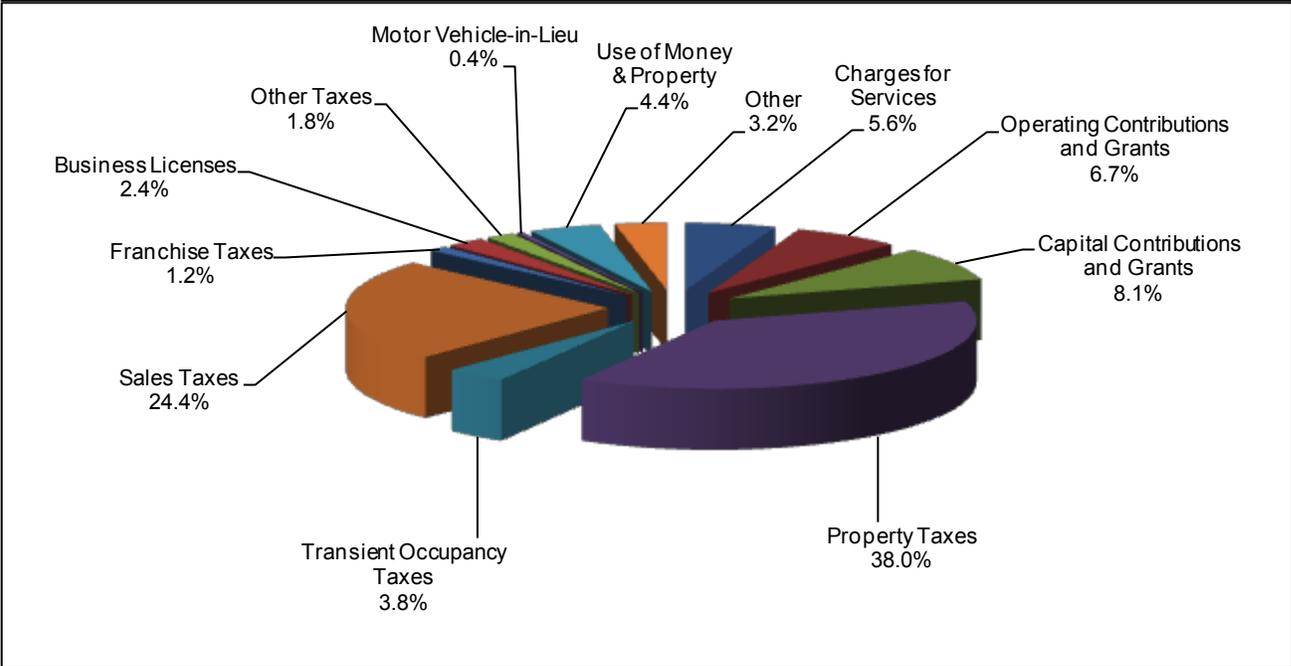
Graph 2 on the following page presents governmental activities revenue by source. Total revenue (before transfers) for governmental activities was \$231.69 million; a decrease of \$12.92 million or 5.3 percent. The three largest revenue sources under Governmental Activities were the categories of Property Taxes, Sales Taxes, and Capital Contributions and Grants.

Property Tax revenue (general revenue) was \$88.03 million or 38 percent of total governmental activities revenue. A decrease of \$7.02 million or 7.4 percent compared to the previous year as a result of an overall assessed valuation decline of 2.5 percent. Sales Tax revenue (general revenue) was \$56.39 million or 24.3 percent of total governmental activities revenue. Sales Tax revenue slightly increased by \$1.66 million or 3.0 percent compared to the prior year as a result of commodity price increases in items such as fuel and goods. In addition, slight gains have been experienced in the last three quarters compared to the same quarters in the prior year as a result of increased consumer spending. The third largest revenue source was Capital Contributions and Grants (program revenue) at \$18.85 million or 8.1 percent of total governmental activities revenue. A decrease of \$1.06 million or 5.3 percent from the prior year due to reduction in governmental related grants and/or contributions received and/or recognized, including those in the funds Gas Tax and Measure I.

Other General Revenues totaled \$39.80 million and represents 17.2 percent of the total revenues from governmental activities. The remaining Program Revenues include: Charges for Services of \$13.02 million and Operating Contributions and Grants of \$15.61 million. Together they represent 12.4 percent of the total governmental activities revenue.

Graph 2 below presents revenues by source for Governmental Activities.

Revenues by Source – Governmental Activities (Graph 2)



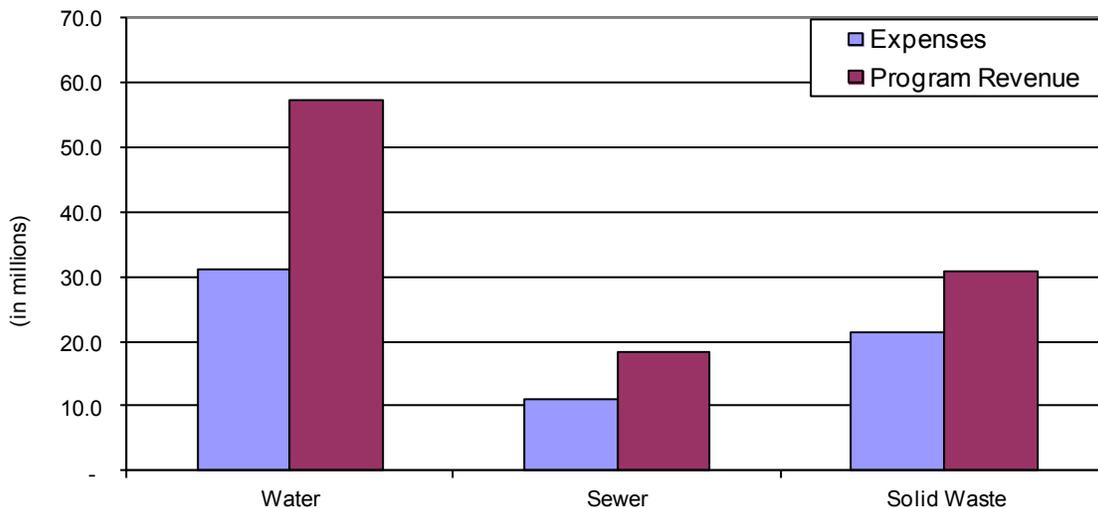
Business-type Activities

Net assets for business-type activities at June 30, 2011 were \$342.72 million, with assets of \$399.92 million and liabilities of \$57.20 million. Unrestricted net assets of \$201.92 million represented 58.9 percent of total business-type activities net assets; this amount may be used to meet the government's ongoing obligations. Investment in capital assets of \$136.61 million represented 39.9 percent of the total net assets from business-type activities. The remaining \$4.19 million was restricted for debt service. Compared to the prior year, the City's net assets from business-type activities increased by \$30.16 million or 9.6 percent.

Total revenues (excluding transfers) for the City's business-type activities were \$109.19 million, which represented a \$10.59 million or 10.7 percent increase from the prior year. Program revenues amounted to \$106.57 million or 97.6 percent of total business-type related revenue. Program revenues grew \$11.49 million or 12.1 percent as a result of user rate increases. General revenues for business-type activities were \$2.92 million (Use of Money and Property of \$2.61 million). This was a reduction of \$0.90 million or 25.6 percent primarily due to the lower investment yields as a result of the continued dismal economic conditions. Business-type activities incurred \$63.36 million of expenditures for the year. This is an increase of \$7.30 million or 11.5 percent compared to the previous year due to rising water costs, increased employee pension and health care expenses, and completion of capital improvement projects.

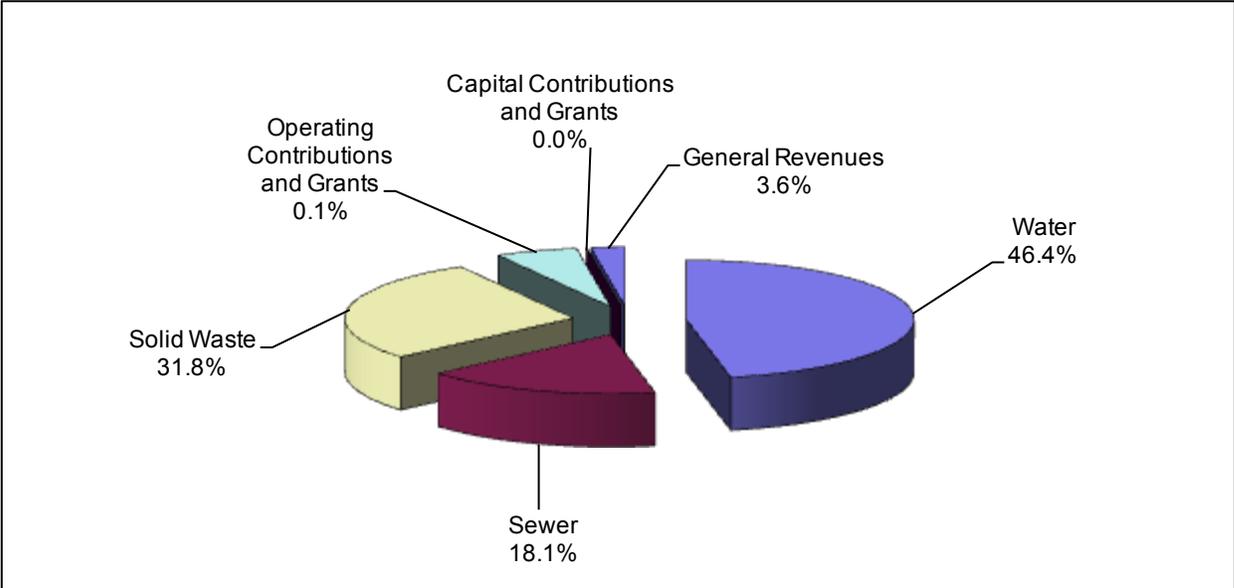
Graph 3 presents the costs of each of the City's business activities and the associated program revenue. Since business-type activities are primarily used when the City charges customers for the services it provides, program revenues (charges for services) should be similar to the costs of these programs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

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



Graph 4 presents revenues by source for business-type activities. *Charges for services account* for \$100.23 million or 91.8 percent of total business-type activities revenues (before transfers), while the remaining 8.2 percent is from *operating contributions and grants* (\$6.34 million) and *general revenues* (\$2.62 million). Revenue from Water services is the largest revenue source with \$51.17 million or 46.9 percent of the total revenues from business-type activities; it increased \$5.41 million or 11.8 percent compared to the prior year as a result of water service rate increases and growth in water consumption. The second largest revenue source was revenue from Solid Waste services at \$30.78 million or 28.2 percent of total business-type activities revenues. Solid Waste services revenue decreased \$0.59 million or 1.9 percent from the previous year due to reduction in commercial refuse activity – an outcome from the continued economic downturn.

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



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental Funds

The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unreserved 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 five major governmental funds: General Fund, Quiet Home Program Fund, Capital Projects Fund, and the Redevelopment Agency's Project Area No. 1 Capital Projects Fund and Debt Service Fund. The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The General Fund is discussed in depth later in the MD&A. The special revenue fund for the Quiet Home Program accounts for revenues received primarily from federal sources and the Los Angeles World Airports which are designated for specified airport noise mitigation programs, especially property acquisition, land use conversion and the noise insulation of residences. The City's Capital Project Fund accounts for the financial transactions of general capital improvements. The Ontario Redevelopment Agency Project Area No. 1 Capital Projects Fund accounts for the financing, construction and administrative activities of the Project Area No. 1. The Ontario Redevelopment Agency Project Area No. 1 Debt Service Fund accounts for the accumulation of resources for payment of interest and principal on long-term debt of the Agency's Project Area No. 1. 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 \$334.76 million. Approximately 7.4 percent or \$24.78 million of this total amount constitutes assigned/unassigned fund balance. The remainder fund balance of \$309.98 million is nonspendable (\$135.85 million), restricted (\$84.02 million), and committed (\$90.12 million).

Comprising the nonspendable reserves are: 1) Inventory, prepaid costs, and deposits (\$0.40 million); 2) Reserved for land that was purchased and held for resale (\$91.39 million); 3) Reserved for contracts and notes (\$10.39 million); and 4) Advances to other funds (\$33.66 million). For the restricted designations (external enforceable limitations on usage), they are the following: 1) endowment and trusts (\$0.40 million); 2) community development, redevelopment and bond improvement projects (\$28.52 million); 3) public safety (\$2.70 million); 4) public works and services (\$13.22 million); 5) air quality control activities (\$0.87 million); 6) low and moderate income housing activities (\$20.99 million); and 7) debt service (\$17.33 million). Items included in the committed categories (self-imposed limitations on usage) are as follows: 1) City facilities, infrastructure and capital replacement (\$51.80 million); 2) economic uncertainties (\$22.10

million); 3) compensated absences (\$12.55 million); 4) for capital projects (\$1.86 million); 5) affordable housing (\$1.25 million); and 6) future obligations (\$0.55 million).

Governmental Revenues

Revenues of governmental funds for Fiscal Year 2010-11 were \$229.11 million, with a minimal decrease of \$3.84 million or 1.6 percent compared to the previous fiscal year. This decline in government revenue is primarily attributable to the decreases in the following categories of revenues: Property Tax (\$7.02 million or 7.4 percent), as a result of a decline in assessed property values of 2.5 percent; Miscellaneous (\$1.74 million or 16.6 percent), due to a prior year one time receipt of \$0.88 million revenue in the Assessment District fund; Charges for Services (\$1.49 million or 12.9 percent), from declining development related revenues; and Contributions (\$1.41 million or 81.7 percent) due to the prior year capital contribution from the Community Facilities District (CFD) Agency fund. These revenue decreases were offset by revenue gains in Sales Tax (\$5.46 million or 10.7 percent), resulting from commodity price increases and gains in consumer spending compared to the previous year, and Intergovernmental (\$2.38 million or 7.8 percent), due to an increase in federal government grants, including America Recovery and Reinvestment Act funding.

Table 3 below presents a summary of governmental fund revenues for the fiscal year ended June 30, 2011, with comparative amounts from the prior year.

Comparison of Major Governmental Revenues (Table 3)
Fiscal Years 2010-11 and 2009-10

	Amount FY 10-11	% of Total Revenues	Amount FY 09-10	% of Total Revenues	\$ Increase / (Decrease)	% Increase / (Decrease)
Property Tax	\$ 88,030,394	38.42%	\$ 95,049,840	40.80%	\$ (7,019,446)	-7.39%
Sales Tax	56,390,363	24.61%	50,932,011	21.86%	5,458,352	10.72%
Transient Occupancy Tax	8,790,219	3.84%	8,398,053	3.61%	392,166	4.67%
Parking Tax	3,479,707	1.52%	3,613,498	1.55%	(133,791)	-3.70%
Business Licenses Tax	5,496,576	2.40%	5,170,173	2.22%	326,403	6.31%
Other Taxes	3,484,408	1.52%	3,772,140	1.62%	(287,732)	-7.63%
Licenses & Permits	1,563,722	0.68%	1,455,692	0.62%	108,030	7.42%
Intergovernmental	32,763,572	14.30%	30,382,263	13.04%	2,381,309	7.84%
Charges for Services	10,123,695	4.42%	11,618,059	4.99%	(1,494,364)	-12.86%
Use of Money & Property	8,614,113	3.76%	9,038,266	3.88%	(424,153)	-4.69%
Fines and Forfeitures	1,318,369	0.58%	1,312,115	0.56%	6,254	0.48%
Contributions	314,000	0.14%	1,719,084	0.74%	(1,405,084)	-81.73%
Miscellaneous	8,741,044	3.82%	10,484,584	4.50%	(1,743,540)	-16.63%
TOTAL	\$ 229,110,182	100.00%	\$ 232,945,778	100.00%	\$ (3,835,596)	-1.65%

Governmental Expenditures

Operating expenditures for Fiscal Year 2010-11 were \$253.22 million, an increase of \$17.33 million or 7.3 percent over the prior fiscal year. Included in this increase are: General Government (\$7.49 million or 29.1 percent), due to increased expenditures from Redevelopment funded developer incentive reimbursement agreements, and rising employee pension and health care costs; Community Development of \$7.43 million or 11.6 percent as a result of increased expenditures from the Quiet Home Program (mitigation of airport noise from the Ontario International Airport) and the completion of the renovation of City Hall; and Public Safety of \$1.56 million or 1.5 percent due rising employee pension and health care costs.

Table 4 below presents a summary of governmental fund expenditures for the Fiscal Year ended June 30, 2011 with comparative amounts from the prior year.

**Comparison of Major Governmental Expenditures (Table 4)
Fiscal Years 2010-11 and 2009-10**

	<u>FY 10-11</u>	<u>Expenditures</u>	<u>FY 09-10</u>	<u>Expenditures</u>	<u>(Decrease)</u>	<u>(Decrease)</u>
General Government	\$ 33,220,115	13.12%	\$ 25,731,003	10.91%	\$ 7,489,112	29.11%
Public Safety	103,296,429	40.79%	101,743,831	43.13%	1,552,598	1.53%
Community Development	71,571,514	28.26%	64,139,983	27.19%	7,431,531	11.59%
Library	3,974,567	1.57%	4,084,426	1.73%	(109,859)	-2.69%
Public Works	16,164,629	6.38%	15,547,113	6.59%	617,516	3.97%
Total Operating Expenditures	228,227,254	90.13%	211,246,356	89.55%	16,980,898	8.04%
Debt Service	24,988,874	9.87%	24,642,229	10.45%	346,645	1.41%
TOTAL	\$ 253,216,128	100.00%	\$ 235,888,585	100.0%	\$ 17,327,543	7.35%

Proprietary Funds

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

Operating revenues for Enterprise Funds include charges for service, interdepartmental charges and miscellaneous revenue. Total operating revenues for all Enterprise Funds for Fiscal Year 2010-11 were \$100.24 million, while non-operating revenues were \$8.95 million. Operating expenses for fiscal year 2010-11 were \$62.79 million while non-operating expenses were \$2.49 million (debt service interest expense). During the fiscal year, the net amount transferred out to the City’s Governmental Funds was \$15.67 million to support for the various governmental activities.

The City also has three internal service funds to allocate costs of the City’s information systems, equipment services and risk management operations to the various departments. The interdepartmental charges for service (revenues) in fiscal year 2010-11 were \$28.74 million.

Fiduciary Funds

As mentioned earlier, the City uses Fiduciary Funds to account for resources held for the benefit of parties outside the City, in which the City is acting as trustee. The *Statement of Fiduciary Net Assets* reports fourteen activities for which the City has a fiduciary responsibility. These include: the Redevelopment Financing Authority, a JPA formed between the City and the Agency to establish a vehicle to reduce local borrowing costs and promote greater use of new and existing financial instruments; West End Communications Authority, a seven-member JPA that operates and maintains a consolidated 800MHZ communication system designed to serve public safety agencies; the Sanitary Collection Treatment Fund which collects sewer capital assessment fees on behalf of the Inland Empire Utilities Agency; the Other Post Employment Benefits supports the reporting requirements of GASB Statement 43 to separately identify the costs and activities related to employee post-employment benefits other than pensions; and 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. The remaining ten are assessment/special assessment bond redemption funds used to collect assessments and administer the debt service of the districts.

GENERAL FUND – FUND BALANCE ANALYSIS

The General Fund is the primary operating fund of the City. The fund balance of \$90.60 million as of June 30, 2011 had a slight decrease of \$0.41 million or less than one percent compared to the prior year. This was primarily due to the combination of reductions in the committed designations in Public Safety Equipment of \$1.59 million, and City Facilities of \$1.17 million, and an increase in the assigned Continuing Appropriations of \$4.87 million. As a measure of the General Fund's liquidity, it may be useful to compare both assigned/unassigned fund balance and total fund balance to total fund operating expenditures. Assigned/unassigned fund balance represents 21.1 percent of total General Fund operating expenditures, while the total nonspendable, restricted, and committed fund balance amounts to 36.6 percent of the same amount.

Total fund balance of the General Fund consists of 4 components: (1) Nonspendable fund balance of \$12.71 million, which represents \$12.5 million in advances to other funds, \$0.13 million in inventory, and \$0.08 in prepaid and notes and loans; (2) Restricted fund balance of \$0.40, which represents endowment and trust; (3) Committed fund balance of \$44.43 million which represents City facilities, economic uncertainties of \$22.1 million, compensated absences of \$12.55 million, infrastructure and capital replacement of \$9.23 million, and future obligations of \$0.55 million; and (4) Assigned fund balance of \$33.06 million, which represents stability arrangement of \$25.25 million, continuing appropriations of \$5.85 million and maintenance trust and equipment replacement of \$1.96 million.

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

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

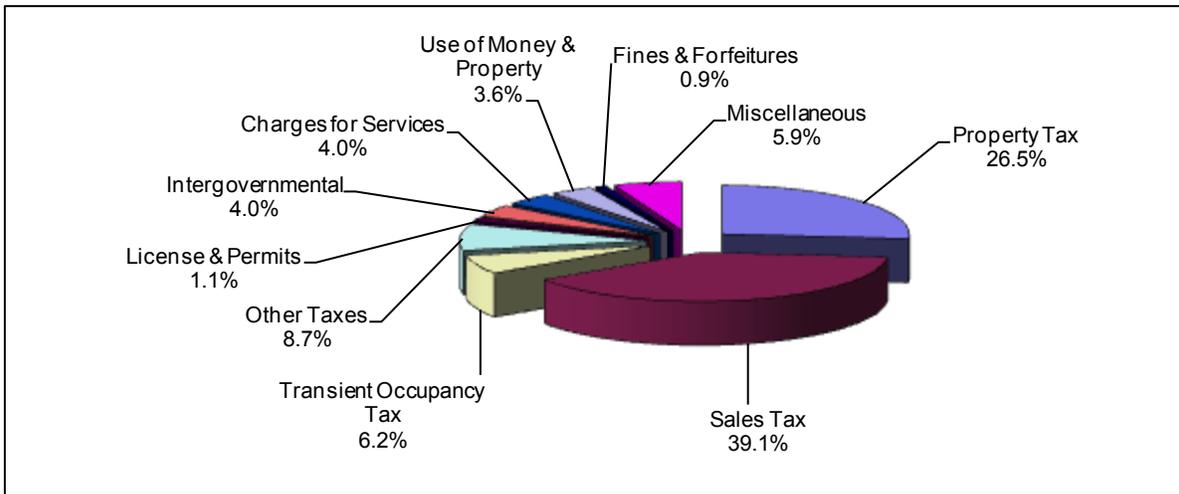
For Fiscal Year 2010-11, General Fund revenues were \$142.48 million, a growth of \$5.08 million or 3.7 percent. This is primarily due to growth in revenues of: Sales Tax (\$4.82 million) resulting from commodity price increases and slight gains in consumer spending compared to prior year; Intergovernmental (\$3.09 million) due to increased number of federal government grants, such as American Recovery and Reinvestment Act monies. The gains to revenue were offset by revenue declines in: Contributions (\$1.72 million) due to prior year contribution from the Community Facilities District; Miscellaneous (\$1.62 million) resulting from one time revenue sources received in the prior year; and Property Tax (\$1.30 million) from a decline in City's assessed valuations of 3.1 percent.

General Fund Revenues (Table 5)
Fiscal Years 2008-09, 2009-10 and 2010-11

	<u>FY 08-09</u>	<u>FY 09-10</u>	<u>FY 10-11</u>	<u>% of Total</u>	<u>\$ Increase / (Decrease) to Last Year</u>	<u>% of Increase (Decrease)</u>
Property Tax	\$ 39,868,167	\$ 39,002,655	\$ 37,706,348	26.5%	\$ (1,296,307)	-3.3%
Sales Tax	52,577,241	50,932,011	55,755,932	39.1%	4,823,921	9.5%
Transient Occupancy Tax	9,367,537	8,398,053	8,790,219	6.2%	392,166	4.7%
Other Taxes	13,130,900	11,924,916	12,449,266	8.7%	524,350	4.4%
License & Permits	1,344,689	1,455,692	1,563,722	1.1%	108,030	7.4%
Intergovernmental	5,093,261	2,662,954	5,748,067	4.0%	3,085,113	115.9%
Charges for Services	6,332,707	5,798,164	5,685,188	4.0%	(112,976)	-1.9%
Use of Money & Property	4,497,562	4,197,393	5,081,092	3.5%	883,699	21.1%
Fines & Forfeitures	1,675,666	1,301,515	1,313,612	0.9%	12,097	0.9%
Contributions	-	1,719,084	-	0.0%	(1,719,084)	-100.0%
Miscellaneous	9,128,164	10,006,316	8,382,003	5.9%	(1,624,313)	-16.2%
Totals	<u>\$ 143,015,894</u>	<u>\$ 137,398,753</u>	<u>\$ 142,475,449</u>	<u>100.0%</u>	<u>\$ 5,076,696</u>	<u>3.7%</u>

Graph 5 below illustrates General Fund revenue by source.

General Fund Revenues – Fiscal Year 2010-11 (Graph 5)



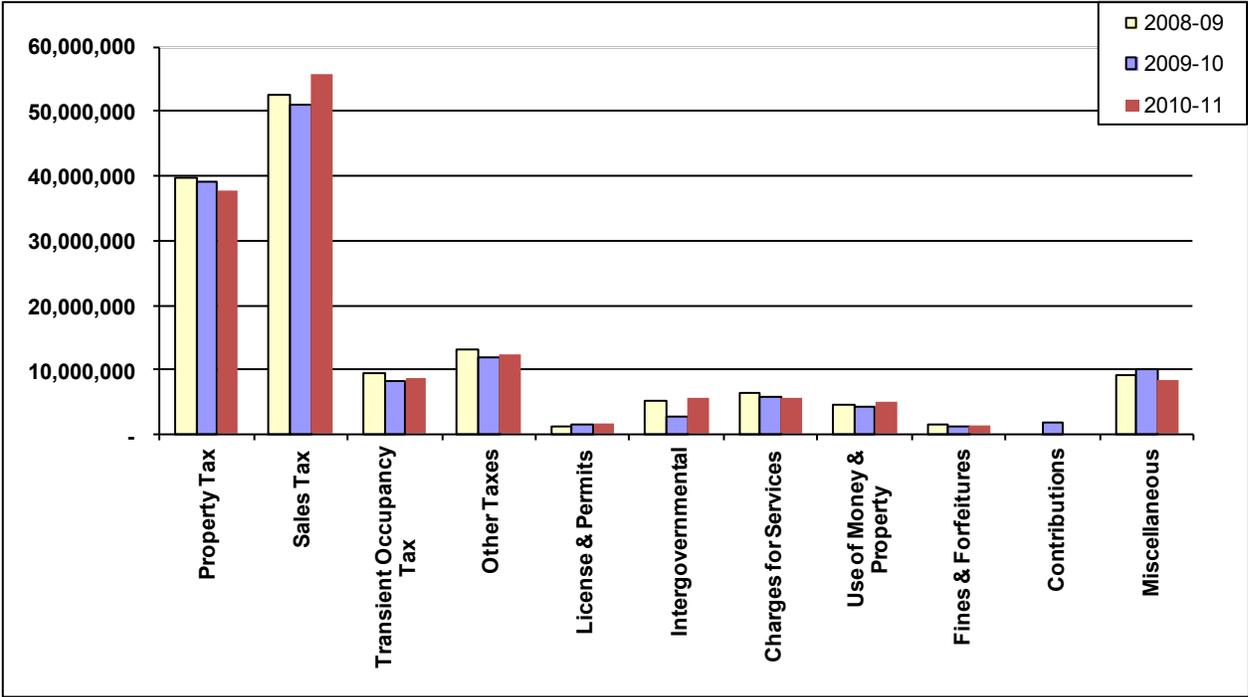
Following is an in-depth analysis of each of the revenue sources.

- Property Tax revenues decreased \$1.3 million or 3.3 percent, comprising 26.5 percent of total General Fund revenue. This was due to a 2.5% decrease in the City’s assessed property valuation as a result of the continued sluggish real estate market.
- Sales Tax revenues experienced an increase of \$4.82 million or 9.5 percent from the prior year. Of the total General Fund revenue, 39.1 percent comes from sales taxes. This gain revenue is due to increase in consumer and business spending compared to prior year.
- Transient Occupancy taxes (TOT) also increased by \$0.39 million or 4.7 percent; it comprises 6.2 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 8.7 percent of the City’s total General Fund revenue. This revenue category reflected an increase by \$0.52 million or 4.4 percent. Contributing to this gain are increases in Business License Tax revenue of \$0.33 million and Property Transfer tax of \$0.19 million.
- License and Permit revenues experienced a slight increase of \$0.11 million or 7.4 percent from the prior year. This is still a decline in revenue from previous years (a decline of \$1.18 million or 43.1 percent from FY 2007-08) as a result of all time lows of development activity that has continued with the current economic recession.
- Intergovernmental revenues increased by \$3.09 million or 115.9 percent compared to the previous year, due to increased governmental grant revenue received during the year, particularly from Federal ARRA (American Recovery and Reinvestment Act) grants.

- Charges for Services decreased by \$0.11 million or 1.9 percent from the previous year. This is due to the decline in construction related fees associated with the severe curtail of development as a result of the continued economic recession. Charges for Services comprise 4 percent of the City’s total General Fund revenues.
- Revenues from the Use of Money and Property represent 3.5 percent of total General Fund revenue and experienced an increase of \$0.88 million or 21.2 percent from the prior year. This increase is attributed to payment of additional interest on Redevelopment Agency loans with the City.
- Miscellaneous revenue, including Fines and Forfeiture and Contribution from Other Agency, decreased 115.3 percent (\$3.33 million) and represents 6.8 percent of total General Fund revenues. This is mainly attributable to last fiscal year’s contribution from the Ontario Redevelopment Financing Authority (\$1.72 million) for capital funding of City facilities improvements, and additional administrative overhead charged by the City to the Ontario Redevelopment Agency and the Ontario Housing Authority City to recover expenses incurred in the General Fund for administration.

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

Comparison of General Fund Revenues (Graph 6)
Fiscal Years 2008-09, 2009-10 and 2010-11



Expenditures

For Fiscal Year 2010-11, total General Fund expenditures were \$157.03 million, an increase of \$6.51 million or 4.3 percent compared to the previous year, mainly attributable to rising employee pension and health-care costs. Following are key points of General Fund expenditures.

- General Government expenditures were \$12.81 million, an increase of \$2.80 million or 28.3 percent from the prior fiscal year. This increase is the result of the rise in pension and health-care costs
- Public Safety expenditures were \$102.66 million, an increase of \$2.07 million or 2.1 percent compared to the previous year. This increase is due to higher employee pension and health-care costs.
- Community Development expenditures of \$18.57 million were higher by \$1.65 million or 9.8 percent compared to the previous year. This is due the construction of Veteran’s Memorial Park.
- Library expenditures were \$3.97 million, a decrease of \$0.11 or 2.7 percent from last fiscal year. This is due to cost savings in vacant positions in the Library.
- Public Works expenditures were \$14.55 million, a minor increase of \$0.05 or less than one percent compared to the previous fiscal year.
- Debt Service expenditures were \$4.48 million, relatively no change from prior fiscal year.

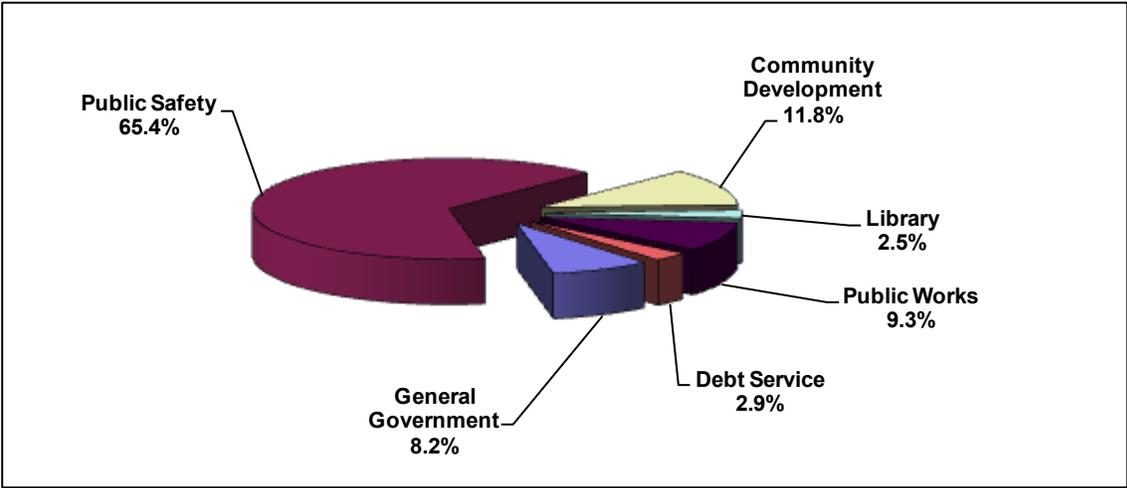
Table 6 below presents General Fund expenditures by category for the past three consecutive fiscal years.

**General Fund Expenditures (Table 6)
Fiscal Years 2008-09, 2009-10 and 2010-11**

	<u>FY 08-09</u>	<u>FY 09-10</u>	<u>FY 10-11</u>	<u>% of Total</u>	<u>\$ Increase / (Decrease) to Last Year</u>	<u>% of Increase (Decrease)</u>
General Government	\$ 10,183,786	\$ 9,990,282	\$ 12,812,965	8.2%	\$ 2,822,683	28.3%
Public Safety	101,021,285	100,588,380	102,656,330	65.4%	2,067,950	2.1%
Community Development	19,497,804	16,915,964	18,565,618	11.8%	1,649,654	9.8%
Library	4,063,682	4,084,426	3,974,567	2.5%	(109,859)	-2.7%
Public Works	16,399,937	14,468,632	14,548,161	9.3%	79,529	0.5%
Debt Service	4,684,889	4,479,017	4,479,576	2.9%	559	0.0%
Totals	<u>\$ 155,851,383</u>	<u>\$ 150,526,701</u>	<u>\$ 157,037,217</u>	<u>100.0%</u>	<u>\$ 6,510,516</u>	<u>4.3%</u>

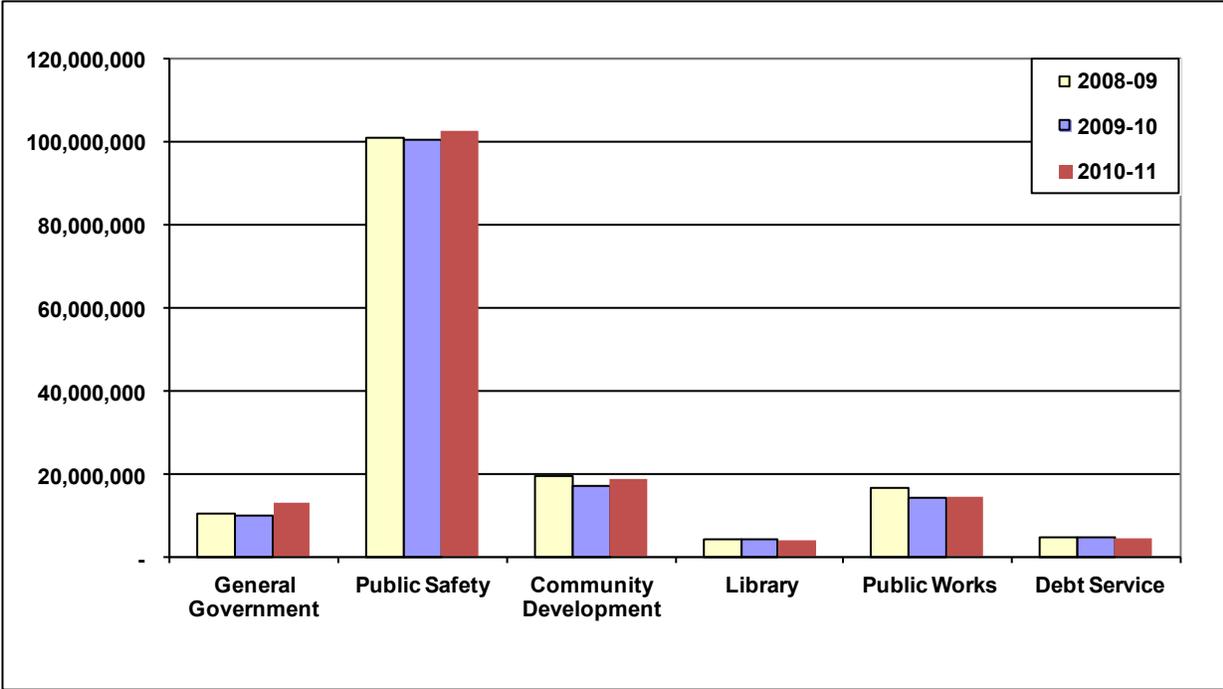
Graph 7 below presents General Fund expenditures by category.

General Fund Expenditures – Fiscal Year 2010-11 (Graph 7)



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

**Comparison of General Fund Expenditures (Graph 8)
Fiscal Years 2008-09, 2009-10 and 2010-11**



QUIET HOME PROGRAM FUND – FUND BALANCE ANALYSIS

The Quiet Home Program Fund accounts for revenues received primarily from federal sources and the Los Angeles World Airports which are designated for specified airport noise mitigation programs, especially property acquisition, land use conversion and the noise insulation of residences. It is one of the five major funds included in the City's Comprehensive Annual Financial Report for June 30, 2011. The fund balance of \$54.29 million as of June 30, 2011 had a gain of \$1.69 million or 3.2 percent compared to the prior year. Total Assets of \$57.37 million experienced an increase of \$3.14 million or 5.8 percent due to increases in Cash by \$1.4 million and Land Held for Resale by \$1.69 million. Total Liabilities of \$3.07 increased by \$1.45 million, this is due to increase in Unearned Revenue of \$1.1 million from prior year. In addition, the accounts payable liability was increased by \$0.31 million.

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

For Fiscal Year 2010-11, total Quiet Home Program Fund revenues were \$5.98 million, an increase of \$1.45 million. This is primarily due to the increase in Intergovernmental revenues of \$1.45 million as a result of increased grant revenue from federal sources and Los Angeles World Airports.

Expenditures

For Fiscal Year 2010-11, total Quiet Home Program Fund expenditures were \$4.29 million, an increase of \$1.43 million compared to the prior year. This is primarily the result of increased activity in noise insulation projects and property acquisition due to additional grant funding.

CAPITAL PROJECTS FUND – FUND BALANCE ANALYSIS

The Capital Projects Fund accounts for financial transactions of general capital improvements. It is one of the five major funds included in the City's Comprehensive Annual Financial Report for June 30, 2011. The fund balance of \$17.50 million as of June 30, 2011 had a significant decrease of \$14.58 million or 45.4 percent compared to the prior year. Total Assets were \$30.43 million, a decline of \$13.12 million or 30.1 percent. Cash and Investments increased \$2.62 million over the previous year, which is attributable to the capital funding transfers for various capital projects, including the City Hall renovation project. Cash and Investments with Fiscal Agents decreased \$15.17 million or 78.1 percent, as a result of the progress on bond funded projects, including City Hall improvements and such other public facilities as may from time to time be designated by the City. Total Liabilities of \$12.92 million, reflected an increase of \$1.46 million or 12.7 percent, primarily the combination of increases in Accounts Payable of \$0.63 million and Due to Other Funds of \$0.62 million, and an increase in Deferred Revenues of \$0.26 million.

CAPITAL PROJECTS FUND – REVENUE AND EXPENDITURE ANALYSIS

Revenues

For Fiscal Year 2010-11, total Capital Projects Fund revenues were \$2.64 million or \$3.12 less compared to prior year at \$5.76 million. This is primarily due to Traffic Congestion Relief revenue received from prior fiscal year.

Expenditures

For Fiscal Year 2010-11, total Capital Projects Fund expenditures were \$21.29 million, a significant increase of \$11.16 million or 110.2 percent compared to the prior year. This increase was mainly attributable to the completion of the City Hall Renovation project.

REDEVELOPMENT AREA #1 - CAPITAL PROJECTS FUND – FUND BALANCE ANALYSIS

The Redevelopment Area #1-Debt Service Fund is an Ontario Redevelopment Agency fund that accounts for the financing, construction and administrative activities of the Redevelopment Project Area #1. It is one of the five major funds included in the City's Comprehensive Annual Financial Report for June 30, 2011. The fund balance of \$11.85 million as of June 30, 2011 had a reduction of \$9.21 million or 43.7 percent compared to the prior year. Total Assets were \$27.69 million; an increase of \$3.29 million or 13.5 percent. This is primarily the result of combination of an increase in Restricted Assets (\$14.42 million), and reductions in Land Held for Resale (\$9.06 million) and Cash and Investments (\$2.05 million). Total Liabilities of \$15.84 million increased \$12.50 million; mainly attributable to the increases in Due to Other Funds (\$11.17 million) and Accounts Payable (\$1.33 million).

REDEVELOPMENT AREA #1 - CAPITAL PROJECTS FUND – REVENUE AND EXPENDITURE ANALYSIS**Revenues**

For Fiscal Year 2010-11, total Redevelopment Area #1 – Capital Projects Fund revenues were a negative \$0.03 million; a reduction of \$0.22 million or 114.6 percent compared to the prior year. This is attributable to reduction in Use of Money and Property of resulting from lower investment earnings due to the continued economic recession and reduced balances in Cash and Investments.

Expenditures

For Fiscal Year 2010-11, total Redevelopment Area #1 – Capital Projects Fund expenditures were \$6.68 million, a slight decline of \$0.24 million or 3.5 percent compared to the prior year. This is primarily the result of a reduction in Community Development expenditures of \$0.30 million due to completion of capital improvement projects.

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

The Redevelopment Area #1-Debt Service Fund is an Ontario Redevelopment Agency fund that receives the tax increment for the Redevelopment Project Area #1 that is used to pay bond and other project area debts. It is one of the five major funds included in the City’s Comprehensive Annual Financial Report for June 30, 2011. The fund balance of \$7.89 million as of June 30, 2011 reflected an increase of \$0.61 million or 8.4 percent compared to the prior year. Total Assets were \$32.65 million; a gain of \$0.66 million from the previous year which is attributable to the reductions in Cash and Investments (\$8.87 million) and Receivables-Taxes (\$1.61 million), and an increase in Due from Other Funds (\$11.17 million). Total Liabilities of \$24.75 million slightly increased \$0.05 million primarily due to the growth in Advances from Other Funds (\$0.14 million). This was the result of additional interest accrued on various City notes but not paid. In addition, Accounts Payable decreased by \$0.09 million.

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

Revenues

For Fiscal Year 2010-11, total Redevelopment Area #1-Debt Service Fund revenues were \$31.55 million; a decline of \$4.40 million compared to the prior year. This decrease is mainly attributable to the reduction in tax increment revenue of \$4.21 million or 11.9 percent as a result of the decline in property assessed valuations in the Redevelopment Project Area #1 of 6.94 percent. Also contributing to the overall revenue decline is the reduction of \$0.19 million or 33.5 percent in Use of Money and Property due to the lower investment returns and all time low interest rates resulting from the continued economic crisis.

Expenditures

For Fiscal Year 2010-11, total Redevelopment Area #1-Debt Service Fund expenditures were \$23.84 million, an increase of \$4.14 million or 21.0 percent over the previous year. This is primarily the result of an increase of \$3.77 million in General Government due to expenditures of \$4.31 million relating to various developer incentive reimbursement agreements.

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 \$12.30 million between the original budget of \$158.94 million and the final amended budget of \$171.24 million. The increase was due in part to budget adjustments for Intergovernmental (\$4.97 million), Transfers from Other Funds (\$3.0 million), and Taxes (\$2.25 million). With these adjustments, actual revenues understated the final amended budget by \$9.45 million.

Charges to Appropriations (Outflows)

The difference between the original budget and the final budget was an increase of \$16.30 million in appropriations. Public Safety appropriations were increased by \$6.76 million primarily as a result of anticipated grant related expenditures (\$3.0 million) and purchase of police helicopter (\$3.59 million). Community Development appropriations were increased by \$3.48 million primarily for carryover of appropriations from the prior year and contractual services related to the development related projects. Transfers to Other Funds were increased by \$5.30 million to provide additional funding for capital improvement projects including the Citywide major street and asphalt repairs that were required as a result of the damaged suffered during the December 2010 winter storms.

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

Budgetary Comparison for General Fund (Table 7)
Fiscal Year 2010-11
(in millions)

	Budget Amounts			Actuals	Final Budget Variance Favorable / (Unfavorable)
	Original	Final	Variance		
Resources (Inflows):					
Taxes	\$ 104.51	\$ 106.76	\$ (2.25)	\$ 114.70	\$ 7.95
Licenses and Permits	0.89	1.59	(0.71)	1.56	(0.03)
Intergovernmental	6.56	11.53	(4.97)	5.75	(5.79)
Charges for Services	3.66	4.47	(0.81)	5.69	1.21
Use of Money and Property	4.00	3.55	0.45	5.08	1.53
Fines and Forfeitures	1.01	1.01	-	1.31	0.30
Miscellaneous	8.63	9.64	(1.01)	8.38	(1.26)
Transfers from Other Funds	29.69	32.68	(3.00)	19.31	(13.37)
Total Resources	\$ 158.94	\$ 171.24	\$ (12.30)	\$ 161.79	\$ (9.45)
Charges to Appropriations (Outflows):					
General Government	\$ 10.71	\$ 11.30	\$ (0.59)	\$ 12.81	\$ (1.51)
Public Safety	104.88	111.64	(6.76)	102.66	8.99
Community Development	22.06	25.54	(3.48)	18.57	6.98
Library	4.22	4.27	(0.05)	3.97	0.29
Public Works	16.60	16.71	(0.11)	14.55	2.16
Debt Service	4.48	4.48	-	4.48	-
Transfers to Other Funds	8.24	13.54	(5.30)	5.16	8.38
Total Charges to Appropriations	\$ 171.18	\$ 187.48	\$ (16.30)	\$ 162.20	\$ 25.28

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets (Table 9) for its governmental and business-type activities as of June 30, 2011, is \$1,041.58 million (net of accumulated depreciation). This investment in capital assets includes land, structures and improvements, furniture and equipment, infrastructure and construction in progress. For more information, please refer to Note 5 in the Notes to the Basic Financial Statements. The Capital Assets of the City are those assets which are used in the performance of the City's functions including infrastructure assets. Depreciation on capital assets is recognized in the Government-wide financial statements.

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

	Governmental Activities		Business-Type Activities		Government-Wide Totals	
	2011	2010	2011	2010	2011	2010
Land	\$ 40.05	\$ 37.05	\$ 14.59	\$ 15.09	\$ 54.64	\$ 52.14
Structures and Improvements	279.04	285.27	7.80	6.00	286.83	291.27
Furniture and Equipment	5.49	6.06	0.22	0.35	5.71	6.41
Infrastructure	481.68	486.48	126.05	120.30	607.73	606.78
Construction in Progress	51.95	30.53	34.72	40.05	86.67	70.58
Total Net Assets	\$ 858.21	\$ 845.39	\$ 183.37	\$ 181.79	\$ 1,041.58	\$ 1,027.18

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

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

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

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

The City expended \$6.87 million on street maintenance for the fiscal year ended June 30, 2011 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 2011 is a minimum of \$5.81 million per year. As of June 30, 2011, the City had approximately 117 million square feet of streets with a carrying amount of approximately \$296.01 million and a replacement cost of approximately \$330.81 million.

The City is also continuously taking actions to arrest the deterioration of other infrastructure assets through short-term maintenance activities. The City expended \$5.70 million on other infrastructure (sidewalks, traffic signals/street lights and catch basins/storm drains) maintenance for the fiscal year ended June 30, 2011. These expenditures delayed deterioration and improved the overall condition through these maintenance efforts. It is estimated that it will cost approximately \$6.20 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 \$200.25 million in outstanding long-term debt for Governmental Activities. This debt consisted of tax allocation bonds, revenue bonds, loans, post employment benefits obligation, compensated absences, claims and judgments, and unamortized bond premiums. Long-term debt increased \$6.91 million compared to the prior year total of \$193.34 million, primarily due to the increase of \$9.05 million for the Other Post Employment Benefits (future retiree medical costs) obligation.

More detail information is provided on long-term debt activity in the *Notes to the Financial Statements, Note 7*.

Table 9 below is a summary of the City's long-term debt for the year ended June 30, 2011.

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

	Governmental Activities			
	2011	2010	Amount Increase / (Decrease)	Percentage Increase (Decrease)
Tax Allocation Bonds	\$ 48.97	\$ 52.15	\$ (3.18)	-6.1%
Revenue Bonds	82.16	82.97	(0.81)	-1.0%
Loans	12.45	12.82	(0.37)	-2.9%
Other Post Employment Benefits	29.67	20.62	9.05	43.9%
Claims and Judgments	15.72	13.44	2.28	16.9%
Compensated Absences	9.74	9.67	0.07	0.7%
Unamortized Bond Premium	1.55	1.67	(0.12)	-7.1%
	\$ 200.25	\$ 193.34	\$ 6.91	3.6%

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

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Basic Financial Statements

CITY OF ONTARIO

STATEMENT OF NET ASSETS
JUNE 30, 2011

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and investments	\$ 319,541,034	\$ 130,738,970	\$ 450,280,004
Receivables:			
Accounts	29,196,781	14,348,269	43,545,050
Taxes	932,178	-	932,178
Notes and loans	18,755,950	-	18,755,950
Accrued interest	1,536,971	374,835	1,911,806
Internal balances	(16,836,526)	16,836,526	-
Prepaid costs	108,049	7,321	115,370
Deposits	168,674	-	168,674
Inventories	574,126	12,877,892	13,452,018
Deferred charges	2,009,310	575,159	2,584,469
Land held for resale	91,394,588	-	91,394,588
Other investments	-	201,750	201,750
Investment in joint venture	-	36,237,311	36,237,311
Restricted assets:			
Cash and investments	16,400,928	169,230	16,570,158
Cash with fiscal agent	10,382,829	4,185,535	14,568,364
Interest receivable	58,169	11	58,180
Capital assets not being depreciated	388,013,490	49,305,659	437,319,149
Capital assets, net of depreciation	470,193,592	134,063,858	604,257,450
Total Assets	1,332,430,143	399,922,326	1,732,352,469
Liabilities:			
Accounts payable	17,938,034	4,877,007	22,815,041
Accrued liabilities	6,032,102	491,024	6,523,126
Accrued interest	4,076,678	-	4,076,678
Unearned revenue	3,627,918	53,538	3,681,456
Deposits payable	13,739,248	3,991,780	17,731,028
Due to other governments	3,786,045	-	3,786,045
Noncurrent liabilities:			
Due within one year	11,515,641	1,183,000	12,698,641
Due in more than one year	188,733,628	46,606,753	235,340,381
Total Liabilities	249,449,294	57,203,102	306,652,396
Net Assets:			
Invested in capital assets, net of related debt	704,218,787	136,609,773	840,828,560
Restricted for:			
Community development projects	18,084,625	-	18,084,625
Public safety	111,272,441	-	111,272,441
Public works	78,981,252	-	78,981,252
Capital projects	17,349,545	-	17,349,545
Debt service	17,330,026	4,185,546	21,515,572
Unrestricted	135,744,173	201,923,905	337,668,078
Total Net Assets	\$ 1,082,980,849	\$ 342,719,224	\$ 1,425,700,073

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2011

	Expenses	Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
Functions/Programs				
Primary Government:				
Governmental Activities:				
General government	\$ 56,951,330	\$ 269,874	\$ 5,469,508	\$ -
Public safety	103,472,190	4,554,954	3,043,113	131,011
Community development	39,888,900	8,043,168	6,955,282	18,074,488
Library	4,363,701	147,610	73,949	-
Public works	23,165,874	-	64,848	645,855
Interest on long-term debt	14,514,729	-	-	-
Total Governmental Activities	242,356,724	13,015,606	15,606,700	18,851,354
Business-Type Activities:				
Water	31,052,190	51,174,737	6,221,336	-
Sewer	11,008,579	18,274,955	-	-
Solid Waste	21,296,114	30,777,779	116,792	-
Total Business-Type Activities	63,356,883	100,227,471	6,338,128	-
Total Primary Government	\$ 305,713,607	\$ 113,243,077	\$ 21,944,828	\$ 18,851,354

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 Assets

Net Assets at Beginning of Year

Restatement of Net Assets

Net Assets at End of Year

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

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ (51,211,948)	\$ -	\$ (51,211,948)
(95,743,112)	-	(95,743,112)
(6,815,962)	-	(6,815,962)
(4,142,142)	-	(4,142,142)
(22,455,171)	-	(22,455,171)
(14,514,729)	-	(14,514,729)
(194,883,064)	-	(194,883,064)
-	26,343,883	26,343,883
-	7,266,376	7,266,376
-	9,598,457	9,598,457
-	43,208,716	43,208,716
(194,883,064)	43,208,716	(151,674,348)
88,030,394	-	88,030,394
8,790,219	-	8,790,219
56,390,363	-	56,390,363
2,879,831	-	2,879,831
5,496,576	-	5,496,576
4,072,860	-	4,072,860
883,460	-	883,460
10,267,816	2,611,942	12,879,758
7,404,868	7,768	7,412,636
15,672,612	(15,672,612)	-
199,888,999	(13,052,902)	186,836,097
5,005,935	30,155,814	35,161,749
1,086,696,989	312,563,410	1,399,260,399
(8,722,075)	-	(8,722,075)
\$ 1,082,980,849	\$ 342,719,224	\$ 1,425,700,073

CITY OF ONTARIO

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011

	General	Special Revenue Funds	Capital Projects Funds	
		Quiet Home Program	Capital Projects	Redevelopment Area #1
Assets:				
Cash and investments	\$ 79,920,914	\$ 2,552,581	\$ 6,825,752	\$ -
Receivables:				
Accounts	22,990,511	822,987	336,140	-
Accrued interest	912,001	-	3,569	-
Taxes	422,358	-	-	-
Contracts and notes	16,000	-	-	-
Prepaid costs	63,300	-	-	-
Deposits with others	-	-	168,674	-
Due from other funds	3,922,876	-	-	-
Advances to other funds	12,497,025	-	17,213,165	1,600,000
Inventories	136,373	-	-	-
Land held for resale	-	53,989,530	293,007	11,195,005
Restricted assets:				
Cash and investments	-	-	1,267,063	12,511,150
Cash and investments with fiscal agents	275,938	-	4,261,352	2,387,500
Interest receivables	-	-	58,169	-
Total Assets	\$ 121,157,296	\$ 57,365,098	\$ 30,426,891	\$ 27,693,655
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 3,316,693	\$ 478,566	\$ 2,224,796	\$ 1,588,556
Accrued liabilities	4,428,130	19,023	3,334	1,399
Deferred revenues	8,463,967	-	7,780,938	-
Unearned revenues	1,050,645	2,577,273	-	-
Deposits payable	13,295,082	-	-	150,000
Due to other governments	-	-	-	-
Due to other funds	-	-	1,213,825	11,166,477
Advances from other funds	-	-	1,700,126	2,933,882
Total Liabilities	30,554,517	3,074,862	12,923,019	15,840,314
Fund Balances:				
Nonspendable	12,712,698	53,989,530	10,012,232	12,795,005
Restricted	398,047	300,706	2,819,788	-
Committed	44,429,493	-	3,113,364	-
Assigned	33,062,541	-	1,558,488	-
Unassigned	-	-	-	(941,664)
Total Fund Balances	90,602,779	54,290,236	17,503,872	11,853,341
Total Liabilities and Fund Balances	\$ 121,157,296	\$ 57,365,098	\$ 30,426,891	\$ 27,693,655

CITY OF ONTARIO

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011**

	Debt Service Funds		
	Redevelopment Area #1	Other Governmental Funds	Total Governmental Funds
Assets:			
Cash and investments	\$ 19,543,859	\$ 127,761,506	\$ 236,604,612
Receivables:			
Accounts	-	4,790,084	28,939,722
Accrued interest	84,957	367,376	1,367,903
Taxes	350,159	159,661	932,178
Contracts and notes	-	18,739,950	18,755,950
Prepaid costs	-	31,375	94,675
Deposits with others	-	-	168,674
Due from other funds	11,166,477	2,198,486	17,287,839
Advances to other funds	-	10,012,029	41,322,219
Inventories	-	-	136,373
Land held for resale	-	25,917,046	91,394,588
Restricted assets:			
Cash and investments	-	2,622,715	16,400,928
Cash and investments with fiscal agents	1,500,285	1,957,754	10,382,829
Interest receivables	-	-	58,169
Total Assets	\$ 32,645,737	\$ 194,557,982	\$ 463,846,659
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ 4,140,804	\$ 4,367,813	\$ 16,117,228
Accrued liabilities	-	1,381,050	5,832,936
Deferred revenues	-	8,362,163	24,607,068
Unearned revenues	-	-	3,627,918
Deposits payable	-	294,166	13,739,248
Due to other governments	-	3,786,045	3,786,045
Due to other funds	-	4,907,537	17,287,839
Advances from other funds	20,613,039	18,845,172	44,092,219
Total Liabilities	24,753,843	41,943,946	129,090,501
Fund Balances:			
Nonspendable	-	46,338,237	135,847,702
Restricted	7,891,894	72,605,469	84,015,904
Committed	-	42,573,785	90,116,642
Assigned	-	-	34,621,029
Unassigned	-	(8,903,455)	(9,845,119)
Total Fund Balances	7,891,894	152,614,036	334,756,158
Total Liabilities and Fund Balances	\$ 32,645,737	\$ 194,557,982	\$ 463,846,659

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CITY OF ONTARIO

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2011**

Fund balances of governmental funds	\$ 334,756,158
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets net of depreciation have not been included as financial resources in governmental fund activity	841,046,030
Long-term debt and compensated absences have not been included in the governmental fund activity:	
Long-term liabilities	(145,125,470)
Compensated absences	(9,291,257)
Bond issuance cost is an expenditure in the governmental funds, but it is a deferred charge in the statement of net assets	2,009,310
Governmental funds report all OPEB contributions as expenditures, however in the Statement of Net Assets any excesses or deficiencies in contributions in relation to the Annual Required Contribution (ARC) are recorded as a asset or liability.	(29,668,812)
Accrued interest payable for the current portion of interest due on Bonds has not been reported in the governmental funds	(4,076,678)
Revenues reported as deferred revenue in the governmental funds and recognized in the Statement of Activities. These are included in the intergovernmental revenues in the governmental fund activity.	24,607,068
Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The assets and liabilities of the internal service funds must be added to the statement of net assets	68,724,500
Net assets of governmental activities	<u><u>\$ 1,082,980,849</u></u>

CITY OF ONTARIO

**STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES,
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011**

	General	Special Revenue Funds	Capital Projects Funds	
		Quiet Home Program	Capital Projects	Redevelopment Area #1
Revenues:				
Taxes	\$ 114,701,765	\$ -	\$ -	\$ -
Licenses and permits	1,563,722	-	-	-
Intergovernmental	5,748,067	5,979,155	2,050,288	-
Charges for services	5,685,188	-	145,523	-
Use of money and property	5,081,092	-	279,165	(27,611)
Fines and forfeitures	1,313,612	-	-	-
Contributions	-	-	-	-
Miscellaneous	8,382,003	-	167,890	-
Total Revenues	142,475,449	5,979,155	2,642,866	(27,611)
Expenditures:				
Current:				
General government	12,812,965	-	-	6,614,295
Public safety	102,656,330	-	-	-
Community development	18,565,618	4,292,685	21,285,693	69,341
Library	3,974,567	-	-	-
Public works	14,548,161	-	-	-
Debt service:				
Principal retirement	1,274,573	-	-	-
Interest and fiscal charges	3,205,003	-	-	-
Pass-through agreement payments	-	-	-	-
Total Expenditures	157,037,217	4,292,685	21,285,693	6,683,636
Excess (Deficiency) of Revenues Over (Under) Expenditures	(14,561,768)	1,686,470	(18,642,827)	(6,711,247)
Other Financing Sources (Uses):				
Transfers in	19,311,908	-	4,059,820	7,429,611
Transfers out	(5,162,986)	-	-	(1,529,200)
Total Other Financing Sources (Uses)	14,148,922	-	4,059,820	5,900,411
Net Change in Fund Balances	\$ (412,846)	\$ 1,686,470	\$ (14,583,007)	\$ (810,836)
Fund Balance:				
Beginning of year, as originally reported	\$ 91,015,625	\$ 52,603,766	\$ 32,086,879	\$ 21,061,355
Restatements	-	-	-	(8,397,178)
Beginning of year, as restated	91,015,625	52,603,766	32,086,879	12,664,177
Net Change in Fund Balances	(412,846)	1,686,470	(14,583,007)	(810,836)
Fund Balances, End of Year	\$ 90,602,779	\$ 54,290,236	\$ 17,503,872	\$ 11,853,341

CITY OF ONTARIO

**STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES,
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011**

	Debt Service Funds	Other Governmental Funds	Total Governmental Funds
	Redevelopment Area #1		
Revenues:			
Taxes	\$ 31,170,566	\$ 19,799,336	\$ 165,671,667
Licenses and permits	-	-	1,563,722
Intergovernmental	-	18,986,062	32,763,572
Charges for services	-	4,292,984	10,123,695
Use of money and property	379,922	2,901,545	8,614,113
Fines and forfeitures	-	4,757	1,318,369
Contributions	-	314,000	314,000
Miscellaneous	-	191,151	8,741,044
Total Revenues	31,550,488	46,489,835	229,110,182
Expenditures:			
Current:			
General government	8,194,622	5,598,233	33,220,115
Public safety	-	640,099	103,296,429
Community development	-	27,358,177	71,571,514
Library	-	-	3,974,567
Public works	-	1,616,468	16,164,629
Debt service:			
Principal retirement	3,554,502	1,020,710	5,849,785
Interest and fiscal charges	8,383,932	1,638,823	13,227,758
Pass-through agreement payments	3,704,012	2,207,319	5,911,331
Total Expenditures	23,837,068	40,079,829	253,216,128
Excess (Deficiency) of Revenues Over (Under) Expenditures	7,713,420	6,410,006	(24,105,946)
Other Financing Sources (Uses):			
Transfers in	325,707	8,295,112	39,422,158
Transfers out	(7,429,611)	(9,423,813)	(23,545,610)
Total Other Financing Sources (Uses)	(7,103,904)	(1,128,701)	15,876,548
Net Change in Fund Balances	\$ 609,516	\$ 5,281,305	\$ (8,229,398)
Fund Balance:			
Beginning of year, as originally reported	\$ 7,282,378	\$ 147,657,628	\$ 351,707,631
Restatements	-	(324,897)	(8,722,075)
Beginning of year, as restated	7,282,378	147,332,731	342,985,556
Net Change in Fund Balances	609,516	5,281,305	(8,229,398)
Fund Balances, End of Year	\$ 7,891,894	\$ 152,614,036	\$ 334,756,158

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, 2011**

Net change in fund balances - total governmental funds \$ (8,229,398)

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 13,160,624

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas the amounts are deferred and amortized in the statements of activities. 4,480,626

Debt issuance costs are expenditures in governmental funds, but these costs are capitalized on the statement of net assets (116,437)

Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period. 198,625

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 (49,347)

Governmental funds report all contributions in relation to the annual required contribution (ARC) for Other Post Employment Benefits (OPEB) as expenditures, however, in the Statement of Activities only the ARC is an expense. (9,045,465)

Revenues reported as deferred revenue in the governmental funds and recognized in the Statement of Activities. These are included in the intergovernmental revenues in the governmental fund activity. 1,469,207

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. 3,137,500

Change in net assets of governmental activities \$ 5,005,935

CITY OF ONTARIO

**BUDGETARY COMPARISON STATEMENT
GENERAL FUND
YEAR ENDED JUNE 30, 2011**

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Budgetary Fund Balance, July 1	\$ 91,015,625	\$ 91,015,625	\$ 91,015,625	\$ -
Resources (Inflows):				
Taxes	104,505,570	106,755,570	114,701,765	7,946,195
Licenses and permits	886,000	1,592,471	1,563,722	(28,749)
Intergovernmental	6,559,806	11,533,832	5,748,067	(5,785,765)
Charges for services	3,661,643	4,472,717	5,685,188	1,212,471
Use of money and property	4,000,000	3,551,450	5,081,092	1,529,642
Fines and forfeitures	1,011,100	1,011,100	1,313,612	302,512
Miscellaneous	8,632,324	9,641,224	8,382,003	(1,259,221)
Transfers in	29,685,104	32,681,891	19,311,908	(13,369,983)
Amounts Available for Appropriation	249,957,172	262,255,880	252,802,982	(9,452,898)
Charges to Appropriation (Outflow):				
General government				
City council	332,123	332,123	306,030	26,093
Planning commissioners	30,905	30,905	23,307	7,598
City treasurer/city clerk	87,184	87,184	73,714	13,470
Records management	874,219	832,219	740,274	91,945
City attorney	389,900	440,517	218,832	221,685
City manager	474,184	474,184	467,894	6,290
General government	551,142	889,408	3,534,272	(2,644,864)
AS administration	602,435	606,282	545,322	60,960
Fiscal services	1,172,427	1,180,944	1,147,244	33,700
Management services	1,143,436	1,126,086	946,611	179,475
Billing and collection	2,501,654	2,740,554	2,668,479	72,075
Business license	357,433	357,433	245,237	112,196
Central services	427,583	397,583	260,286	137,297
Employee select. and compliance	1,282,098	1,282,098	1,151,953	130,145
Benefits administration	232,214	274,214	263,256	10,958
City administration	209,358	209,358	218,400	(9,042)
RDA administration	43,775	43,775	1,854	41,921
Public safety				
Police administration	995,306	1,058,704	916,027	142,677
Command management	366,360	366,360	361,711	4,649
Traffic support services	3,185,167	3,185,167	3,294,682	(109,515)
COPS/Multi enforcement team	4,849,393	4,854,090	4,348,057	506,033
Storefront - Ontario Mills	2,124,879	2,124,879	2,407,411	(282,532)
Patrol	24,277,679	24,277,679	24,701,912	(424,233)
Extra duty - other	380,000	380,000	332,032	47,968
Special Operations Bureau Management	278,350	278,350	254,431	23,919
Canine	758,108	758,108	880,027	(121,919)
Air support	2,522,383	6,111,133	2,345,053	3,766,080
Crime analysis	287,936	287,936	273,239	14,697
Personnel recruitment	586,682	586,682	466,380	120,302
Record processing	1,561,134	1,561,134	1,293,089	268,045
Communications	5,486,540	5,544,145	4,600,305	943,840
Crime prevention	413,577	416,062	383,957	32,105
Personnel training	1,041,910	1,059,734	998,970	60,764
Police investigation management	290,855	290,855	285,523	5,332
Detective division	6,068,280	6,059,280	6,359,943	(300,663)
Narcotics	3,957,206	3,957,206	3,887,222	69,984
ID/evidence	1,481,711	1,481,711	1,421,575	60,136

CITY OF ONTARIO

**BUDGETARY COMPARISON STATEMENT
 GENERAL FUND
 YEAR ENDED JUNE 30, 2011**

(Continued)

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Public safety (continued)				
Fire administration	595,407	595,457	606,640	(11,183)
Fire prevention bureau	2,102,530	2,102,530	2,014,605	87,925
Emergency services	29,137,809	29,137,809	30,348,909	(1,211,100)
Personnel training and development	939,364	947,364	663,589	283,775
E.M.S technical services	766,390	780,390	704,910	75,480
Disaster management	488,447	488,447	444,229	44,218
Operations support services	1,943,804	1,978,350	1,808,725	169,625
Code enforcement	2,130,418	2,150,418	2,454,917	(304,499)
SWAT	297,678	297,678	293,587	4,091
Office of the police chief	1,384,638	1,327,033	1,312,198	14,835
Police projects	2,501,309	4,258,576	1,856,269	2,402,307
Fire projects	1,678,082	2,940,465	336,206	2,604,259
Community development				
Community and public services admin.	808,978	760,062	749,459	10,603
Sports/fitness	412,357	407,357	402,471	4,886
Special events/facility rental	316,952	340,052	284,390	55,662
Community programs	1,189,460	1,254,034	1,225,331	28,703
Development administration	786,394	836,394	767,985	68,409
Planning administration	472,006	472,006	447,921	24,085
Planning - current	914,830	1,000,959	966,944	34,015
Advance long range planning	749,336	993,728	825,492	168,236
New model colony	508,084	584,069	422,506	161,563
Building administration	371,851	371,851	353,030	18,821
Building inspection	1,868,773	1,868,773	1,813,092	55,681
Engineering administration	240,246	228,246	222,747	5,499
Land development	1,393,501	1,527,801	1,331,156	196,645
Traffic signal/street lighting	1,770,961	1,870,530	1,719,880	150,650
Traffic management	120,530	120,990	97,257	23,733
Field services	211,470	223,470	209,239	14,231
Museum	442,095	442,095	412,378	29,717
Community outreach	1,621,085	1,796,085	1,715,540	80,545
Public facilities	164,411	164,411	150,880	13,531
Senior services	437,988	445,006	428,033	16,973
Youth/teen services	734,378	744,029	714,535	29,494
Museum projects	-	71,504	14,533	56,971
CIP design administration	20,555	20,555	4,667	15,888
Debt management/special district admin.	4,780,546	4,784,670	298,831	4,485,839
Planning projects	1,724,406	1,961,650	819,705	1,141,945
Community & public services projects	-	1,645,016	1,617,283	27,733
Traffic	-	607,727	550,333	57,394
Library				
Library administration	628,630	632,630	600,569	32,061
Library support services	618,465	614,465	586,844	27,621
Main library	2,398,301	2,398,301	2,253,290	145,011
Branch library	507,601	507,601	473,448	34,153
Library projects	64,850	115,014	60,416	54,598
Public works				
Municipal utilities admin.	600,923	594,272	433,354	160,918
Roadway maintenance	1,475,174	1,475,174	983,197	491,977
Paint and striping	401,036	401,036	353,936	47,100
Sidewalk	1,394,602	1,394,602	1,333,209	61,393

CITY OF ONTARIO

**BUDGETARY COMPARISON STATEMENT
 GENERAL FUND
 YEAR ENDED JUNE 30, 2011**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Public works (continued)				
Street lighting maintenance	440,382	498,479	488,099	10,380
Sign repair and construction	357,139	357,139	341,354	15,785
Parks and maintenance supervision	713,853	751,703	727,519	24,184
Park maintenance	2,975,986	2,992,486	2,517,124	475,362
Parkway tree trimming	835,872	840,072	836,928	3,144
Public ground maintenance	2,126,039	2,076,239	1,799,672	276,567
Civic center ground maintenance	113,441	113,441	97,472	15,969
Civic center building maintenance	1,729,591	1,712,477	1,448,692	263,785
Public works building maintenance	534,905	539,995	518,790	21,205
Park building maintenance	949,749	952,535	918,671	33,864
Police facility building maintenance	978,029	981,433	896,615	84,818
Community events	38,646	38,646	28,223	10,423
Graffiti	445,230	445,230	436,214	9,016
Municipal utilities	-	1,211	-	1,211
Facility maintenance	485,800	540,400	389,092	151,308
Debt service:				
Principal retirement	1,274,573	1,274,573	1,274,573	-
Interest and fiscal charges	3,205,003	3,205,003	3,205,003	-
Transfers out	8,237,925	13,538,085	5,162,986	8,375,099
Total Charges to Appropriations	171,184,340	187,483,911	162,200,203	25,283,708
Budgetary Fund Balance, June 30	\$ 78,772,832	\$ 74,771,969	\$ 90,602,779	\$ 15,830,810

CITY OF ONTARIO

**BUDGETARY COMPARISON STATEMENT
QUIET HOME PROGRAM
YEAR ENDED JUNE 30, 2011**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 52,603,766	\$ 52,603,766	\$ 52,603,766	\$ -
Resources (Inflows):				
Intergovernmental	18,489,662	18,994,122	5,979,155	(13,014,967)
Use of money and property	10,000	10,000	-	(10,000)
Amounts Available for Appropriation	71,103,428	71,607,888	58,582,921	(13,024,967)
Charges to Appropriation (Outflow):				
Community development	18,499,662	19,004,122	4,292,685	14,711,437
Total Charges to Appropriations	18,499,662	19,004,122	4,292,685	14,711,437
Budgetary Fund Balance, June 30	\$ 52,603,766	\$ 52,603,766	\$ 54,290,236	\$ 1,686,470

CITY OF ONTARIO

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2011

	Business-Type Activities - Enterprise Funds				Governmental Activities- Internal Service Funds
	Water	Sewer	Solid Waste	Total	
Assets:					
Current:					
Cash and investments	\$ 69,507,584	\$ 27,302,549	\$ 33,928,837	\$ 130,738,970	\$ 82,936,422
Receivables:					
Accounts	8,587,404	2,137,740	3,623,125	14,348,269	257,059
Accrued interest	204,066	77,615	93,154	374,835	169,068
Prepaid costs	5,181	1,042	1,098	7,321	13,374
Inventories	12,752,323	125,569	-	12,877,892	437,753
Restricted:					
Cash and investments	-	169,230	-	169,230	-
Cash with fiscal agent	4,185,535	-	-	4,185,535	-
Interest receivables	11	-	-	11	-
Total Current Assets	95,242,104	29,813,745	37,646,214	162,702,063	83,813,676
Noncurrent:					
Advances to other funds	-	-	2,770,000	2,770,000	-
Deferred Charges	575,159	-	-	575,159	-
Investment in joint venture	36,237,311	-	-	36,237,311	-
Other investments	201,750	-	-	201,750	-
Capital assets - net of accumulated depreciation	141,085,323	36,949,577	5,334,617	183,369,517	17,161,052
Total Noncurrent Assets	178,099,543	36,949,577	8,104,617	223,153,737	17,161,052
Total Assets	\$ 273,341,647	\$ 66,763,322	\$ 45,750,831	\$ 385,855,800	\$ 100,974,728
Liabilities and Net Assets:					
Liabilities:					
Current:					
Accounts payable	\$ 2,239,047	\$ 1,351,458	\$ 1,286,502	\$ 4,877,007	\$ 1,820,806
Accrued liabilities	172,785	69,250	248,989	491,024	199,166
Unearned revenues	-	-	53,538	53,538	-
Deposits payable	3,092,014	-	899,766	3,991,780	-
Accrued compensated absences	32,000	14,000	37,000	83,000	35,000
Accrued claims and judgments	-	-	-	-	5,673,000
Bonds, notes, and capital leases	1,100,000	-	-	1,100,000	-
Total Current Liabilities	6,635,846	1,434,708	2,525,795	10,596,349	7,727,972
Noncurrent:					
Accrued compensated absences	363,484	159,386	424,139	947,009	411,730
Accrued claims and judgments	-	-	-	-	10,044,000
Bonds, notes, and capital leases	45,659,744	-	-	45,659,744	-
Total Noncurrent Liabilities	46,023,228	159,386	424,139	46,606,753	10,455,730
Total Liabilities	52,659,074	1,594,094	2,949,934	57,203,102	18,183,702
Net Assets:					
Invested in capital assets	-	36,949,577	5,334,617	42,284,194	17,161,052
Invested in capital assets, net of related debt	94,325,579	-	-	94,325,579	-
Restricted for debt service	4,185,546	-	-	4,185,546	-
Unrestricted	122,171,448	28,219,651	37,466,280	187,857,379	65,629,974
Total Net Assets	220,682,573	65,169,228	42,800,897	328,652,698	82,791,026
Total Liabilities and Net Assets	\$ 273,341,647	\$ 66,763,322	\$ 45,750,831	\$ 385,855,800	\$ 100,974,728
Reconciliation of Net Assets to the Statement of Net Assets					
Net Assets per Statement of Net Assets - Proprietary Funds				\$ 328,652,698	
Prior years' accumulated adjustment to reflect the consolidation of internal service funds activities related to the enterprise funds				12,159,232	
Current years' adjustments to reflect the consolidation of internal service activities related to enterprise funds				1,907,294	
Net Assets per Statement of Net Assets				\$ 342,719,224	

CITY OF ONTARIO

**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2011**

	Business-Type Activities - Enterprise Funds				Governmental Activities- Internal Service Funds
	Water	Sewer	Solid Waste	Total	
Operating Revenues:					
Sales and service charges	\$ 47,212,081	\$ 17,876,383	\$ 29,773,983	\$ 94,862,447	\$ 28,528,964
Interdepartmental charges	1,112,211	59,838	523,172	1,695,221	-
Miscellaneous	2,857,413	339,534	480,624	3,677,571	213,342
Total Operating Revenues	51,181,705	18,275,755	30,777,779	100,235,239	28,742,306
Operating Expenses:					
Administration and general	3,315,807	1,242,749	463,291	5,021,847	8,102,819
Source of supply	12,990,735	-	-	12,990,735	5,148,037
Pumping	4,112,923	-	-	4,112,923	-
Transmission/collection	4,601,673	1,677,226	22,296,263	28,575,162	-
Treatment	-	7,296,201	-	7,296,201	-
Claims expense	-	-	-	-	7,279,556
Depreciation expense	3,737,865	860,632	182,659	4,781,156	3,527,758
Total Operating Expenses	28,759,003	11,076,808	22,942,213	62,778,024	24,058,170
Operating Income (Loss)	22,422,702	7,198,947	7,835,566	37,457,215	4,684,136
Nonoperating Revenues (Expenses):					
Interest revenue	1,507,974	483,594	620,374	2,611,942	1,110,658
Interest expense	(2,486,153)	-	-	(2,486,153)	-
Grant revenue	6,221,336	-	116,792	6,338,128	-
Total Nonoperating Revenues (Expenses)	5,243,157	483,594	737,166	6,463,917	1,110,658
Income (Loss) Before Transfers	27,665,859	7,682,541	8,572,732	43,921,132	5,794,794
Transfers in	-	-	-	-	90,000
Transfers out	(7,761,851)	(3,400,452)	(4,510,309)	(15,672,612)	(840,000)
Changes in Net Assets	19,904,008	4,282,089	4,062,423	28,248,520	5,044,794
Net Assets:					
Beginning of year	200,778,565	60,887,139	38,738,474	300,404,178	77,746,232
End of Fiscal Year	\$ 220,682,573	\$ 65,169,228	\$ 42,800,897	\$ 328,652,698	\$ 82,791,026

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

Changes in Net Assets, per the Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds	\$ 28,248,520
Adjustment to reflect the consolidation of current fiscal year internal service funds activities related to enterprise funds	1,907,294
Changes in Net Assets of Business-Type Activities per Statement of Activities	\$ 30,155,814

CITY OF ONTARIO

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2011

	Business-Type Activities - Enterprise Funds				Governmental Activities- Internal Service Funds
	Water	Sewer	Solid Waste	Total	
Cash Flows from Operating Activities:					
Cash received from customers and users	\$ 49,179,064	\$ 18,080,608	\$ 30,529,174	\$ 97,788,846	\$ 29,039,065
Cash paid to suppliers for goods and services	(26,360,884)	(9,314,542)	(22,333,407)	(58,008,833)	(9,028,588)
Cash paid to employees for services	(3,305,746)	(1,247,481)	(417,210)	(4,970,437)	(8,049,828)
Net Cash Provided (Used) by Operating Activities	19,512,434	7,518,585	7,778,557	34,809,576	11,960,649
Cash Flows from Non-Capital Financing Activities:					
Cash transfers in	-	-	-	-	90,000
Cash transfers out	(7,761,851)	(3,400,452)	(4,510,309)	(15,672,612)	(840,000)
Grant subsidy	6,221,336	-	135,601	6,356,937	-
Net Cash Provided (Used) by Non-Capital Financing Activities	(1,540,515)	(3,400,452)	(4,374,708)	(9,315,675)	(750,000)
Cash Flows from Capital and Related Financing Activities:					
Acquisition and construction of capital assets	(3,229,221)	(3,473,374)	343,501	(6,359,094)	(3,185,131)
Principal paid on capital debt	(1,055,000)	-	-	(1,055,000)	-
Interest paid on capital debt	(2,507,177)	-	-	(2,507,177)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(6,791,398)	(3,473,374)	343,501	(9,921,271)	(3,185,131)
Cash Flows from Investing Activities:					
Interest received	1,521,276	507,448	635,600	2,664,324	1,132,175
Net Cash Provided (Used) by Investing Activities	1,521,276	507,448	635,600	2,664,324	1,132,175
Net Increase (Decrease) in Cash and Cash Equivalents	12,701,797	1,152,207	4,382,950	18,236,954	9,157,693
Cash and Cash Equivalents at Beginning of Year	60,991,322	26,319,572	29,545,887	116,856,781	73,778,729
Cash and Cash Equivalents at End of Year	\$ 73,693,119	\$ 27,471,779	\$ 33,928,837	\$ 135,093,735	\$ 82,936,422
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:					
Operating income (loss)	\$ 22,422,702	\$ 7,198,947	\$ 7,835,566	\$ 37,457,215	\$ 4,684,136
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:					
Depreciation	3,737,865	860,632	182,659	4,781,156	3,527,758
(Increase) decrease in accounts receivable	(2,275,388)	(195,147)	(290,848)	(2,761,383)	296,759
(Increase) decrease in prepaid expense	2,366	(197)	(1,098)	1,071	43,716
(Increase) decrease in inventories	(2,903,452)	6,794	-	(2,896,658)	(36,248)
(Increase) decrease in investment in joint venture	422,791	-	-	422,791	-
Increase (decrease) in accounts payable	(2,177,258)	(347,712)	(36,046)	(2,561,016)	1,110,623
Increase (decrease) in accrued liabilities	18,934	11,909	34,754	65,597	38,460
Increase (decrease) in deposits payable	272,747	-	42,243	314,990	-
Increase (decrease) in claims and judgments	-	-	-	-	2,280,914
Increase (decrease) in compensated absences	(8,873)	(16,641)	11,327	(14,187)	14,531
Total Adjustments	(2,910,268)	319,638	(57,009)	(2,647,639)	7,276,513
Net Cash Provided (Used) by Operating Activities	\$ 19,512,434	\$ 7,518,585	\$ 7,778,557	\$ 34,809,576	\$ 11,960,649
Non-Cash Investing, Capital, and Financing Activities:					
Amortization of deferred cost	\$ (23,965)	\$ -	\$ -	\$ (23,965)	\$ -
Amortization of bond premium	44,989	-	-	44,989	-

CITY OF ONTARIO

STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 JUNE 30, 2011

	<u>Agency Funds</u>
Assets:	
Cash and investments	\$ 42,161,677
Receivables:	
Taxes	11,104
Accrued interest	101,262
Deposits	20,419
Other investments	264,082,263
Restricted assets:	
Cash and investments	12,024
Cash and investments with fiscal agents	<u>4,408,651</u>
Total Assets	<u><u>\$ 310,797,400</u></u>
Liabilities:	
Accounts payable	\$ 560
Due to other governments	247,189,375
Due to bondholders	8,500,305
Available for other post employment benefits	<u>55,107,160</u>
Total Liabilities	<u><u>\$ 310,797,400</u></u>

I. SIGNIFICANT ACCOUNTING POLICIES

Note 1: Summary of Significant Accounting Policies

a. Description of Entity

The reporting entity is a municipal corporation governed by an elected mayor and a four-member council. As required by accounting principles generally accepted in the United States of America, these financial statements present the City of Ontario, California (the City) and its component units, entities for which the City is considered financially accountable. Blended component units, although legally separate entities are, in substance, part of the Government's operation, so data from these units are combined herein. The following criteria were used in the determination of blended units:

1. The members of the City Council also act as the governing body of the Ontario Redevelopment Agency, the Industrial Development Authority, the Ontario Redevelopment Financing Authority and the Ontario Housing Authority.
2. The City, Agency and Authorities are financially interdependent. The City makes loans to the Agency for use on redevelopment projects. Property tax revenues of the Agency are used to repay loans from the City.
3. The Agency and Authorities are managed by employees of the City. A portion of the City's salary and overhead expenses are billed to the Agency and the Ontario Housing Authority each year.

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

Blended Component Units

The Ontario Redevelopment Agency (the Agency) was activated November 1, 1977, pursuant to the State of California Health and Safety Code, Section 33000 entitled "Community Development Law." The primary purpose of the Agency is to encourage private redevelopment of property and to rehabilitate areas suffering from economic disuse arising from poor and inadequate planning, inadequate street layout and street access, lack of open space, landscaping and other improvements and facilities necessary to establish and maintain the economic growth of the City.

The 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.

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.

CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

Note 1: Summary of Significant Accounting Policies (Continued)

The Ontario Housing Authority was established on December 2, 1997. The primary purpose of the Authority is to assist property owners in rejuvenating and improving substandard housing conditions within the City.

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

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

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

State of California	County of San Bernardino
Metropolitan Water District	Inland Empire Utilities Agency
Ontario-Upland Treatment Plant Authority	Riverside City Community College District
Chino Valley Unified School District	Jurupa Unified School District
Chaffey Joint Union High School District	Cucamonga School District
Upland School District	Monte Vista County Water District
Cucamonga Valley Water District	

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

b. Government-Wide and Fund Financial Statements

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

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

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.

Note 1: Summary of Significant Accounting Policies (Continued)

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 City's fiduciary fund financial statements report agency funds. Agency funds are used to account for situations where the government's role is purely custodial. All assets reported in an agency fund are offset by a liability to the party on whose behalf they are held. Agency funds have no measurement focus.

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.

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.

The City reports the following major governmental funds:

- The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The Quiet Home Program Fund accounts for the Federal Aviation Administration grant funds used for residential sound insulation of dwellings located in the airport noise impact area.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

Note 1: Summary of Significant Accounting Policies (Continued)

- The Capital Projects Fund accounts for financial transactions of general capital improvements.
- The Ontario Redevelopment Agency Project Area #1, Capital Projects Fund, account for the accumulation of resources for payment of redevelopment project costs and administrative expenses of the Agency's Project Area #1.
- The Ontario Redevelopment Agency Project Area #1, Debt Service Fund, accounts for the accumulation of resources for payment of interest and principal on long-term debt of the Agency's Project Area #1.

The City reports the following major proprietary funds:

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

Additionally, the City reports the following fund types:

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

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

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

d. Assets, Liabilities and Net Assets or Equity

Cash and Investments

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

Investments are reported at fair value, which is the quoted market price at June 30, 2011. The City's policy is generally to hold investments until maturity or until market values equal or exceed cost. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Receivables and Payables

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

Note 1: Summary of Significant Accounting Policies (Continued)

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

Functional Classifications

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

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

Inventories, Prepaid Items and Land Held for Resale

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

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.

Note 1: Summary of Significant Accounting Policies (Continued)

Capital Assets

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

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

The Governmental Accounting Standards Board (GASB) issued Statement No. 34, which requires the inclusion of infrastructure capital assets in local government's basic financial statements. The City defines infrastructure as long-lived capital assets that normally can be preserved for a significant greater number of years than most capital assets (non-infrastructure assets). Infrastructure assets are normally stationary in nature and are of value only to the government entity. They are basic physical assets that allow the government entity to function. Examples include street systems, water purification and distribution systems, sewer collection and treatment systems, parks and recreation lands and improvement systems, storm water conveyance systems, bridges, tunnels, dams and buildings combined with the site amenities such as parking and landscaped areas used by the government entity in the conduct of its business. Each major infrastructure system can be divided into subsystems. For example, the street system can be subdivided into concrete and asphalt pavements, concrete curb and gutters, sidewalks, medians, street lights, traffic control devices (signs, signals and pavement markings), landscaping and land. Subsystem detail is not presented in these basic financial statements; however, the City maintains detailed information on these subsystems.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

Note 1: Summary of Significant Accounting Policies (Continued)

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

The City's policy, relative to maintaining the street assets, is to maintain the existing weighted average rate of "Good", which is a PCI index range between 56 and 70. This rating allows minor cracking and raveling of the pavement along with minor roughness that could be noticeable to drivers traveling at the posted speeds.

A detailed description of the modified approach for the City's infrastructure capital assets can be found in the Required Supplementary Information section.

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

<u>Assets</u>	<u>Years</u>
Structures and improvements	20 - 99
Furniture and equipment	5 - 25
Intangible assets – software	5
Infrastructure	20 - 99

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

Compensated Absences

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

Long-Term Obligations

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

Note 1: Summary of Significant Accounting Policies (Continued)

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

Fund Balance

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

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

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

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. 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 the annual financial statements.

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

Property Tax Revenue

Property tax revenue is recognized on the basis of the National Council of Government Accounting (NCGA) Interpretation No. 3, (adopted by GASB) that is, in the fiscal year for which the taxes have been levied providing they become available. Available means then due, or past due and receivable within the current period and collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The County of San Bernardino collects property taxes for the City. Tax liens attach annually as of 12:01 A.M. on the first day in January preceding the fiscal year for which the taxes are levied. The tax levy is made July 1, and covers the fiscal period July 1 to June 30.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

Note 1: Summary of Significant Accounting Policies (Continued)

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.

e. Reconciliation of Government-Wide and Fund Financial Statements

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets:

The governmental fund balance sheet includes reconciliation between fund balance of governmental funds and net assets of governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term debts and compensated absences have not been included in the governmental fund activity." The detail of the \$145,125,470 long-term debt difference is as follows:

Long-term debt:	
Tax allocation bonds payable	\$ 48,965,100
Revenue bonds payable	82,160,522
Loans payable	12,448,782
Bond premiums to be amortized	<u>1,551,066</u>
Net adjustment to reduce fund balance of total governmental funds to arrive at net assets of governmental activities	<u>\$ 145,125,470</u>

Explanation of certain differences between the governmental fund statement of revenues, expenditures and changes in fund balances and the government-wide statement of activities:

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains, "Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The detail of this \$13,160,624 difference is as follows:

Capital outlay	\$ 28,242,375
Depreciation expense	<u>(15,081,751)</u>
Net adjustment to increase net changes in fund balances of total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 13,160,624</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

Note 1: Summary of Significant Accounting Policies (Continued)

Another element of that reconciliation states that “the issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The detail of this (\$4,480,626) difference is as follows:

Debt issued or incurred:		
Increased value of capital appreciation bonds	\$	1,483,853
Principal repayments:		
Tax allocation bonds		(3,200,000)
Revenue bonds		(2,274,073)
Loans payable		(375,710)
Bond premium amortization		<u>(114,696)</u>
Net adjustment to decrease net changes in fund balance of total governmental funds to arrive at changes in net assets of governmental activities	\$	<u><u>(4,480,626)</u></u>

II. STEWARDSHIP

Note 2: Stewardship, Compliance and Accountability

a. General Budget Policies

1. The annual budget adopted by the City Council provides for the general operation of the City. It includes proposed expenditures and the means of financing them.
2. The City Council approves total budgeted appropriations and any amendments to appropriations throughout the year. All amendments made during the year are included in the budgetary amounts reported herein. The "appropriated budget" covers all City expenditures, including capital improvement projects carried forward 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

Note 2: Stewardship, Compliance and Accountability (Continued)

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, 2011, based on calculations by City staff, proceeds of taxes did not exceed appropriations.

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

III. DETAILED NOTES ON ALL FUNDS

Note 3: Cash and Investments

As of June 30, 2011, cash and investments were reported in the accompanying financial statements as follows:

Governmental activities	\$ 346,324,791
Business-type activities	135,093,735
Fiduciary funds	<u>46,582,352</u>
Total Cash and Investments	<u><u>\$ 528,000,878</u></u>

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

Deposits

At June 30, 2011, the carrying amount of the City's deposits was \$1,454,351 and the bank balance was \$3,226,429. The \$1,772,078 difference represents outstanding checks and other reconciling items.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

Note 3: Cash and Investments (Continued)

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

Investments

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

- United States Treasury Bills, Notes and Bonds
- Banker's Acceptances with a maturity not to exceed 180 days
- Commercial paper issued by entities organized within the United States as a special purpose corporation, trust, or limited liability company, and has a program-wide credit enhancements including, but not limited to, over-collateralization, letters of credit, or surety bond, with commercial paper that is rated "A-1" or higher, or the equivalent, by a nationally recognized statistical-rating organization
- Negotiable Certificates of Deposits with a nationally or state chartered bank
- Repurchase Agreements with primary dealer of the Federal Reserve Bank of New York, which the City has entered into a master repurchase agreement
- Local Agency Investment Fund
- Time Deposits
- Medium-Term Notes of a maximum of five years maturity issued by corporations organized and operating within the United States with a minimum rating of "A" by both Moody's and Standard & Poor's and in excess of \$500 million in shareholder equity
- United States Government Agency's Mortgage pass-through security with a maximum five-year maturity and rated "AAA" by both Moody's and Standard and Poor's
- Obligations issued by various agencies of the Federal Government including, but not limited to, the Federal Farm Credit Bank System, the Federal Home Loan Bank System, the Federal Home Loan Bank, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Student Loan Marketing Association as well as such agencies or enterprises which may be created. There is no percentage limitation on the dollar amount which can be invested in Agency issues in total, no more than 20% of the cost value of the portfolio may be invested in the securities of any one issuer.

CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2011

Note 3: Cash and Investments (Continued)

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

Investment Authorized by Debt Agreements

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

Investments in State Investment Pool

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

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, 2011, the City's investment in medium-term notes and commercial papers consisted of investments with various corporations and were rated "A2" to "Aaa" by Moody's and "A-" to "AAA" by Standard & Poor's. Investment in government agencies issued by the Federal National Mortgage Association, the Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation and the Federal Farm Credit Banks were rated "Aaa" by Moody's and "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, 2011, the City's investments in external investment pools and money market mutual funds are unrated.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

Note 3: Cash and Investments (Continued)

On Aug. 5, 2011, Standard & Poor's Ratings Services lowered its long-term sovereign credit rating on the United States of America to AA+ from AAA. As a result, on Aug. 8, 2011, Standard & Poor's Ratings Services lowered its issuer credit ratings and related issue ratings on various Federal Home Loan Bank, Federal Farm Credit Bank, Fannie Mae and Freddie Mac to AA+ from AAA. In addition, the ratings on 126 Federal Deposit Insurance Corp.-guaranteed debt issues from 30 financial institutions under the Temporary Liquidity Guarantee Program (TLGP), and four National Credit Union Association-guaranteed debt issues from two corporate credit unions under the Temporary Corporate Credit Union Guarantee Program (TCCUGP) have also been downgraded to AA+ from AAA. The City also invests in LAIF which invests in various underlying securities, including the federal agency securities listed above. While LAIF is not rated, the federal agency securities are, and these have been affected by this rating change as well.

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, 2011, 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. As of June 30, 2011, in accordance with GASB Statement No. 40, if the City has invested more than 5% of its investments in any one issuer, then they are exposed to credit risk. Investments in Federal National Mortgage Association (FNMA) represented 10% of the City cash and investment at June 30, 2011, and are considered exposed to credit risk.

Investments guaranteed by the U.S. government and investments in mutual funds and external investment pools are excluded from this requirement.

Interest Rate Risk

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

CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

Note 3: Cash and Investments (Continued)

As of June 30, 2011, the City had the following investments and original maturities:

	Remaining Investment Maturities					Fair Value
	6 months or less	6 months to 1 year	1 to 3 years	3 to 5 years	More than 5 years	
Investments:						
US Treasury	\$ 45,571,870	\$ 65,509,235	\$ 166,457,380	\$ 41,421,871	\$ -	\$ 318,960,356
Federal Government Agency	6,086,881	1,260,784	67,745,301	-	-	75,092,966
Medium-Term Corporate Notes	5,006,900	1,905,185	42,115,000	9,988,710	-	59,015,795
Money Market Funds	21,381,216	-	-	-	-	21,381,216
Local Agency Investment Fund	37,527,830	-	-	-	-	37,527,830
Total Cash Investments	<u>115,574,697</u>	<u>68,675,204</u>	<u>276,317,681</u>	<u>51,410,581</u>	<u>-</u>	<u>511,978,163</u>
Investments with Fiscal Agents:						
Money Market Funds	8,019,190	-	-	-	-	8,019,190
Medium-Term Corporate Notes	-	-	-	-	985,610	985,610
Investment Agreement	-	-	-	-	5,563,564	5,563,564
Total Investments with Fiscal Agent	<u>8,019,190</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,549,174</u>	<u>14,568,364</u>
Total Investments	<u>\$123,593,887</u>	<u>\$ 68,675,204</u>	<u>\$276,317,681</u>	<u>\$ 51,410,581</u>	<u>\$ 6,549,174</u>	<u>\$ 526,546,527</u>

Note 4: Contracts and Notes Receivable

Contracts and notes receivable as of June 30, 2011, totaled \$18,755,950 and were recorded as follows:

General Fund	\$ 16,000
Nonmajor Governmental Funds	<u>18,739,950</u>
Total Contracts and Notes Receivable	<u>\$ 18,755,950</u>

The City provides loans to City police officers to assist them to acquire personal residence within the City or to reduce an existing loan on an officer's residence within the City. The loans are non-interest bearing until maturity and thereafter interest shall be 7% per annum. The outstanding balance at June 30, 2011 was:

\$ 16,000

On June 7, 1994, the Ontario Redevelopment Agency's Combined Low and Moderate Housing Fund loaned \$43,000 to a developer to finance the purchase of low and moderate income property located outside of redevelopment project areas. The note is non-interest bearing and was due in full on March 7, 1995. A new note was negotiated on November 11, 1996, and will mature on October 31, 2026. The receivable balance at June 30, 2011 was:

43,000

CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

Note 4: Contracts and Notes Receivable (Continued)

On June 7, 1994, the Ontario Redevelopment Agency's Combined Low and Moderate Housing Fund loaned \$39,000 to a developer to finance the purchase of low and moderate income property located outside of redevelopment project areas. The note is non-interest bearing and was due in full on March 7, 1995. A new note was negotiated on November 8, 1996, and will mature on October 31, 2026. The receivable balance at June 30, 2011 was:

\$39,000

On March 16, 1993, the Ontario Redevelopment Agency accepted a note receivable of \$112,000 from a developer as consideration for housing located outside of the redevelopment areas. The note is non-interest bearing and is due and payable upon the sale or transfer of property. The unpaid principal balance at June 30, 2011 was:

91,545

On October 4, 1994, the Redevelopment Agency loaned a developer, Cichon, \$135,030 to finance the cost of rehabilitation and construction of a low and moderate income residence located in the Center City Project Area. On December 5, 1995, the Agency loaned an additional \$4,647, bringing the total amount to \$139,677. During the fiscal year ended June 30, 2000, the Agency advanced an additional \$254. The note is a 25-year amortized loan and bears interest at 5% annually. The receivable balance at June 30, 2011 was:

93,902

On May 29, 1997, the Ontario Redevelopment Agency agreed to loan up to \$2,656,200 to Ontario Housing Investors, L.P. to finance development of residential improvements to the Ground Lease premises as defined in a disposition and development agreement dated March 19, 1996. The note bears interest at the rate of 3% per annum. The note is due and payable either: (a) on the first day of the first full calendar month following the date of the last disbursement of the agency loan proceeds, or (b) on the first day of the 15th full calendar month following the date of recordation of the Agency Loan Deed and Trust in the Official Records of the county. The receivable balance at June 30, 2011 was:

4,588,098

In order to assist those individuals and families who are the most in need, the Ontario Housing Department provides loans to low and moderate income residents for the acquisition and rehabilitation of single-family homes, condominiums or townhouses located within the Ontario HUD Revitalization Target Area. The balance at June 30, 2011 was:

2,598,573

Pursuant to the disposition and development agreement dated August 12, 2003, between the Ontario Redevelopment Agency and the Ontario Senior Housing, Inc., the Agency accepted a promissory note for the principal amount of \$950,000. This promissory note bears a rate of 0% per annum and is secured by a deed of trust. The receivable balance at June 30, 2011 was:

950,000

CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

Note 4: Contracts and Notes Receivable (Continued)

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, 2011 was: \$3,786,046

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, 2011 was: 35,000

Pursuant to the disposition and development agreement between the Ontario Redevelopment Agency and D Street Senior Housing, Inc., the Agency approved a gap loan in the amount of \$1,276,909 to provide new housing development opportunities to address regional needs. The Agency gap loan is a zero percent residual receipts note that will be paid from available cash flow over the term of the affordable covenant period of the project. The receivable balance at June 30, 2011 was: 1,200,909

Pursuant to the disposition and development agreement between the Ontario Housing Authority and Ontario Senior Housing Partners, LP, the Agency approved a gap loan in the amount of \$5,155,500 to provide new housing development opportunities to address regional needs. The Agency gap loan will have a 55 year term with an interest rate of 1% simple interest. The loan will be paid back utilizing 85% of the residual cash flow. Any remaining balance at the end of the 55 year term is due and payable. The receivable balance at June 30, 2011 was: 5,259,357

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

On May 23 2011, the Ontario Redevelopment Agency loaned \$14,340 under the OPEN House Loan Program. The note is non-interest bearing and is due and payable upon the sale or transfer of property. The unpaid principal balance at June 30, 2011 was: 14,340

Total Contracts and Notes \$18,755,950

CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2011

Note 5: Capital Assets

In accordance with GASB Statement No. 34, the City has reported all capital assets including infrastructure in the government-wide financial statements. The City elected to use the “modified approach” as defined by GASB Statement No. 34 for its infrastructure street pavement system. As a result, no accumulated depreciation or depreciation expense has been recorded for this system. A more detailed discussion of the “modified approach” is presented in the Required Supplementary Information section of this report. All other capital assets including other infrastructure systems were reported using the basic approach, whereby accumulated depreciation and depreciation expense has been recorded. The following table presents summary information on the governmental activity infrastructure assets for the fiscal year ending June 30, 2011:

	Infrastructure		
	Historical Cost	Accumulated Depreciation	Net Cost at June 30, 2011
Governmental Activities:			
Modified Approach:			
Streets pavement system	\$ 296,013,615	\$ -	\$ 296,013,615
Basic Approach:			
Curbs	47,803,523	9,660,296	38,143,227
Storm drains and gutters	25,690,965	4,882,022	20,808,943
Sidewalks and handicap ramps	38,300,860	7,535,621	30,765,239
Bridges	104,267,889	19,965,482	84,302,407
Traffic signals/street lighting	14,279,923	2,634,403	11,645,520
	<u>\$ 526,356,775</u>	<u>\$ 44,677,824</u>	<u>\$ 481,678,951</u>

CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

Note 5: Capital Assets (Continued)

Capital asset activity for the year ended June 30, 2011 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	\$ 37,045,489	\$ -	\$ 37,045,489	\$ 2,959,413	\$ (463,364)	\$ 504,240	\$ 40,045,778
Infrastructure - pavement system	295,352,386	-	295,352,386	661,229	-	-	296,013,615
Construction in progress	30,534,873	-	30,534,873	24,199,697	-	(2,780,473)	51,954,097
Total Capital Assets, Not Being Depreciated	<u>362,932,748</u>	<u>-</u>	<u>362,932,748</u>	<u>27,820,339</u>	<u>(463,364)</u>	<u>(2,276,233)</u>	<u>388,013,490</u>
Capital assets, being depreciated:							
Infrastructure - other systems	230,044,395	-	230,044,395	100,000	-	198,765	230,343,160
Structures and improvements	348,660,287	(5,294,255)	343,366,032	2,689,210	(23,602)	2,313,308	348,344,948
Furniture and equipment	25,048,008	-	25,048,008	1,045,481	-	-	26,093,489
Total Capital Assets, Being Depreciated	<u>603,752,690</u>	<u>(5,294,255)</u>	<u>598,458,435</u>	<u>3,834,691</u>	<u>(23,602)</u>	<u>2,512,073</u>	<u>604,781,597</u>
Less accumulated depreciation:							
Infrastructure - other systems	38,917,045	-	38,917,045	5,760,779	-	-	44,677,824
Structures and improvements	63,393,855	(5,294,255)	58,099,600	11,229,463	(23,602)	-	69,305,461
Furniture and equipment	18,985,453	-	18,985,453	1,619,267	-	-	20,604,720
Total Accumulated Depreciation	<u>121,296,353</u>	<u>(5,294,255)</u>	<u>116,002,098</u>	<u>18,609,509</u>	<u>(23,602)</u>	<u>-</u>	<u>134,588,005</u>
Total Capital Assets, Being Depreciated, Net	<u>482,456,337</u>	<u>-</u>	<u>482,456,337</u>	<u>(14,774,818)</u>	<u>-</u>	<u>2,512,073</u>	<u>470,193,592</u>
Governmental Activities Capital Assets, Net	<u>\$ 845,389,085</u>	<u>\$ -</u>	<u>\$ 845,389,085</u>	<u>\$ 13,045,521</u>	<u>\$ (463,364)</u>	<u>\$ 235,840</u>	<u>\$ 858,207,082</u>

CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

Note 5: Capital Assets (Continued)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<u>Business-Type Activities:</u>					
Capital assets, not being depreciated:					
Land	\$ 15,094,228	\$ -	\$ -	\$ (504,240)	\$ 14,589,988
Construction-in-progress	40,046,046	6,587,602	-	(11,917,977)	34,715,671
Total Capital Assets, Not Being Depreciated	55,140,274	6,587,602	-	(12,422,217)	49,305,659
Capital assets, being depreciated:					
Structures and improvements	7,160,369	-	-	2,081,570	9,241,939
Furniture and equipment	2,243,616	7,332	-	-	2,250,948
Infrastructure	186,472,089	-	-	10,104,807	196,576,896
Total Capital Assets, Being Depreciated	195,876,074	7,332	-	12,186,377	208,069,783
Less accumulated depreciation:					
Structures and improvements	1,158,558	287,994	-	-	1,446,552
Furniture and equipment	1,895,157	136,229	-	-	2,031,386
Infrastructure	66,171,054	4,356,933	-	-	70,527,987
Total Accumulated Depreciation	69,224,769	4,781,156	-	-	74,005,925
Total Capital Assets, Being Depreciated, Net	126,651,305	(4,773,824)	-	12,186,377	134,063,858
Business-Type Activities Capital Assets, Net	<u>\$ 181,791,579</u>	<u>\$ 1,813,778</u>	<u>\$ -</u>	<u>\$ (235,840)</u>	<u>\$ 183,369,517</u>

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

Governmental Activities:	
General government	\$ 652,700
Public safety	2,596,610
Community development	4,040,147
Library	471,522
Public works	7,320,772
Equipment Services	3,124,262
Information Technology	403,496
	<u>\$ 18,609,509</u>
Business-Type Activities:	
Water	\$ 3,737,865
Sewer	860,632
Solid waste	182,659
	<u>\$ 4,781,156</u>

CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

Note 6: Interfund Receivable, Payable and Transfers

The composition of interfund balances as of June 30, 2011 is as follows:

Due To/From Other Funds

Due from Other Funds	Due to Other Funds			Total
	Capital Projects Fund	Redevelopment Area #1 - Capital Projects Fund	Nonmajor Governmental Funds	
General Fund	\$ 1,213,825	\$ -	\$ 2,709,051	\$ 3,922,876
Redevelopment Area #1 - Debt Service Fund	-	11,166,477	-	11,166,477
Nonmajor Governmental Funds	-	-	2,198,486	2,198,486
Total	\$ 1,213,825	\$ 11,166,477	\$ 4,907,537	\$ 17,287,839

The interfund balances at June 30, 2011 were the results of routine interfund transactions not cleared prior to the end of the fiscal year.

Advances To/From Other Funds

Advances to Other Funds	Advances from Other Funds				Total
	Capital Projects Fund	Redevelopment Area #1 - Capital Projects Fund	Redevelopment Area #1 - Debt Service Fund	Nonmajor Governmental Funds	
General Fund	\$ -	\$ -	\$ 3,500,000	\$ 8,997,025	\$ 12,497,025
Capital Projects Fund	-	-	17,113,039	100,126	17,213,165
Redevelopment Area #1 - Capital Projects	1,600,000	-	-	-	1,600,000
Nonmajor Governmental Funds	100,126	2,933,882	-	6,978,021	10,012,029
Solid Waste	-	-	-	2,770,000	2,770,000
Total	\$ 1,700,126	\$ 2,933,882	\$ 20,613,039	\$ 18,845,172	\$ 44,092,219

During the current and previous fiscal years, the General Fund and the Capital Projects Fund made \$3,500,000 and \$17,113,039 loans respectively to the Redevelopment Agency for capital improvements. The Redevelopment Area #1 – Capital Projects loaned \$1,600,000 to the Capital Project Fund for project improvements and the Solid Waste fund loaned \$2,770,000 to the Impact Fees fund for the OPD facility construction.

CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

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

Interfund Transfers

Transfers In:	Transfers Out								Total
	General Fund	Redevelopment Area #1 - Capital Projects Fund	Redevelopment Area #1 - Debt Service Fund	Water	Sewer	Solid Waste	Internal Service Funds	Nonmajor Governmental Funds	
General Fund	\$ -	\$ -	\$ -	\$ 7,195,787	\$ 2,950,559	\$ 4,460,309	\$ -	\$ 4,705,253	\$ 19,311,908
Capital Projects Fund	-	-	-	-	-	-	-	4,059,820	4,059,820
Redevelopment Area #1 - Capital Projects Fund	-	-	7,429,611	-	-	-	-	-	7,429,611
Redevelopment Area #1 - Debt Service Fund	-	-	-	-	-	-	-	325,707	325,707
Internal Service Funds	-	-	-	20,000	20,000	50,000	-	-	90,000
Nonmajor Governmental Fund	5,162,986	1,529,200	-	-	429,893	-	840,000	333,033	8,295,112
Government-wide: Governmental Activities	-	-	-	546,064	-	-	-	-	546,064
Total	\$ 5,162,986	\$ 1,529,200	\$ 7,429,611	\$ 7,761,851	\$ 3,400,452	\$ 4,510,309	\$ 840,000	\$ 9,423,813	\$ 40,058,222

The General Fund transferred \$5,162,986 to Nonmajor Governmental Funds to fund the City's pavement management program, the City Hall Renovation Project, as well as to fund the needed repair work on various streets throughout the City which were damaged during the December 2010 winter storm.

The Redevelopment Area #1 – Capital Projects Fund transferred \$1,529,200 to Nonmajor Governmental Funds for the cost of the departmental overhead.

The Redevelopment Area #1 – Debt Service Fund transferred \$7,429,611 to Redevelopment Area #1 – Capital Projects Fund for the Ontario Mills Improvement and to cover administrative costs.

The Water, Sewer and Solid Waste Funds transferred \$7,195,787, \$2,950,559 and \$4,460,309, respectively to the General Fund to cover the cost of operations. In addition, the Water, Sewer and Solid Waste Funds transferred a combined total of \$90,000 to the Internal Service Funds to cover computer replacement and upgrades.

In addition to the transfers reflected above, the Water Fund transferred land in the amount of \$546,064 to the general government capital assets.

CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

Note 7: Long-Term Debt

a. Long-Term Debt - Governmental Activities

The following is a summary of changes in long-term debt of the City for the year ended June 30, 2011:

	Balance July 1, 2010	Accreted Interest	Additions	Deletions	Balance June 30, 2011	Due Within One Year
Tax Allocation Bonds	\$ 52,150,191	\$ 14,909	\$ -	\$ 3,200,000	\$ 48,965,100	\$ 225,200
Revenue Bonds	82,965,651	1,468,944	-	2,274,073	82,160,522	4,791,818
Loans Payable	12,824,492	-	-	375,710	12,448,782	395,623
Other Post Employment Benefits Obligation	20,623,347	-	9,045,465	-	29,668,812	-
Claims and Judgments	13,436,086	-	7,130,401	4,849,487	15,717,000	5,673,000
Compensated Absences	9,674,109	-	475,131	411,253	9,737,987	430,000
Total	\$ 191,673,876	\$ 1,483,853	\$ 16,650,997	\$ 11,110,523	198,698,203	\$ 11,515,641
				Unamortized Bond Premium	1,551,066	
					\$ 200,249,269	

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.

Tax Allocation Bonds

1992 Tax Allocation Bonds

The 1992 Tax Allocation Bonds were issued to defease the Tax Allocation Bond issues of 1985 and 1987. In February 2002, the Ontario Redevelopment Financing Authority issued the 2002 Revenue Bonds to refund a portion of the 1992 Tax Allocation Revenue Bonds. As a result, except for the 1992 Tax Allocation Capital Appreciation Bonds, the 1992 Tax Allocation Bonds are considered to be defeased and the liability of these bonds has been removed from long-term debt. The balance at June 30, 2011 was paid in full.

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, 2011, amounted to \$44,987,149. The annual requirements to amortize the outstanding bond indebtedness as of June 30, including interest, are as follows:

CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2011

Note 7: Long-Term Debt (Continued)

	1993 Tax Allocation Bonds	
	Principal	Interest
2011-2012	\$ 206,905	\$ 5,386,044
2012-2013	226,842	5,360,019
2013-2014	258,907	5,330,874
2014-2015	283,254	5,298,344
2015-2016	322,301	5,262,011
2016-2021	16,541,814	22,152,785
2021-2026	<u>27,147,126</u>	<u>7,796,824</u>
Total	<u>\$ 44,987,149</u>	<u>\$ 56,586,901</u>

1995 Tax Allocation Bonds

On August 15, 1995, the Ontario Redevelopment Agency issued \$4,041,700 in 1995 Tax Allocation Bonds. The bonds were sold to the Ontario Redevelopment Financing Authority at par plus premium. All proceeds of the 1995 Bonds will be used to finance redevelopment projects related to Project Area #1. The 1995 Bonds were issued on parity with the Agency's existing Project Area #1 1992 and 1993 Tax Allocation Bonds. The 1995 Bonds were issued with an interest rate of 12.00%, provided that the interest rate for the period from August 1, 1995 through July 1, 1996, shall be 10.55% per annum, the interest rate for the period from August 1, 1996 through July 31, 1997, shall be 11.70% per annum, and the interest for the period from August 1, 1997 through July 31, 1999, shall be 11.86% per annum. Interest is paid semi-annually each year and commenced February 1, 1996, until final maturity on August 1, 2025. The balance at June 30, 2011, amounted to \$3,977,951. The annual requirements to amortize the outstanding bond indebtedness as of June 30, including interest, are as follows:

	1995 Tax Allocation Bonds	
	Principal	Interest
2011-2012	\$ 18,295	\$ 476,256
2012-2013	20,058	473,955
2013-2014	22,893	471,378
2014-2015	25,046	468,502
2015-2016	28,499	465,289
2016-2021	1,462,686	1,958,845
2021-2026	<u>2,400,474</u>	<u>689,432</u>
Total	<u>\$ 3,977,951</u>	<u>\$ 5,003,657</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011
Note 7: Long-Term Debt (Continued)**Revenue Bonds****1992 Revenue Bonds**

In January 1992, the Ontario Redevelopment Financing Authority issued revenue bonds in order to advance refund the 1985 Certificates of Participation in the amount of \$2,735,000. The Certificates were originally sold to finance the construction of the Police-Fire Facilities, which were leased by the Ontario Redevelopment Agency to the City of Ontario. In order to provide for the repayment of the bonds, the City has entered into a capital lease agreement with the authority. The total lease is for \$3,167,290, for a term of 20 years with variable, semi-annual payments. The balance at June 30, 2011, amounted to \$255,000. The annual requirements to amortize the outstanding bond indebtedness as of June 30, including interest, are as follows:

	Lease Agreement - Police / Fire Leased Facility	
	Principal	Interest
2011-2012	\$ 255,000	\$ 7,969
Totals	\$ 255,000	\$ 7,969

2001 Lease Revenue Bonds

In August 2001, the Ontario Redevelopment Financing Authority issued revenue bonds in the amount of \$31,705,000 to provide funds to finance the cost of acquisition, construction, and installation of certain capital improvements, including public safety, City library, public recreation and redevelopment improvements, facilities and equipment. The bonds dated August 1, 2001, and issued at a premium of \$417,024 mature in 2029, and are payable from the rental payments to be made by the City of Ontario for the right to the use of certain property and facilities pursuant to a lease agreement dated November 1, 2001. The balance at June 30, 2011, including the unamortized bond premium of \$275,533, amounted to \$25,805,533. The annual requirements to amortize the outstanding bond indebtedness as of June 30, including interest, are as follows:

	2001 Lease Revenue Bonds	
	Principal	Interest
2011-2012	\$ 835,000	\$ 1,266,005
2012-2013	870,000	1,231,470
2013-2014	910,000	1,194,525
2014-2015	950,000	1,154,040
2015-2016	1,000,000	1,105,165
2016-2021	5,865,000	4,644,688
2021-2026	7,545,000	2,960,660
2026-2031	7,555,000	807,690
Total	\$ 25,530,000	\$ 14,364,243

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

Note 7: Long-Term Debt (Continued)**2002 Refunding Revenue Bonds**

In February 2002, the Ontario Redevelopment Financing Authority issued revenue bonds in the amount of \$35,290,000 to provide funds to concurrently refund on a current basis a portion of the Authority's 1992 Revenue Bonds and certain outstanding tax allocation bonds of the Agency and to finance redevelopment activities within the Agency's Project Area #1, Center City and Cimarron redevelopment projects. The bonds issued at a premium of \$1,702,231, consist of \$17,472,433 capital appreciation bonds maturing annually through 2017 and \$9,795,000 interest bonds with interest payable semiannually on February 1 and August 1 of each year and maturing in 2021. The bonds are secured by a pledge and a lien on a portion of the taxes levied on all taxable property within the related project of the Agency. The outstanding balance at June 30, 2011, amounted to \$20,165,522 and was made up of \$11,275,707 original issue and \$8,889,815 accreted interest. The unamortized bond premium was \$893,668. The annual requirements to amortize the outstanding bond indebtedness as of June 30, including interest, are as follows:

	<u>2002 Refunding Revenue Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2011-2012	\$ 3,851,665	\$ 344,244
2012-2013	3,311,001	310,063
2013-2014	3,053,070	273,369
2014-2015	2,835,034	235,044
2015-2016	2,625,939	195,013
2016-2021	3,813,813	520,884
2021-2026	<u>675,000</u>	<u>16,031</u>
Total	<u>\$ 20,165,522</u>	<u>\$ 1,894,648</u>

2007 Lease Revenue Bonds

In August 2007, the Ontario Redevelopment Financing Authority issued revenue bonds in the amount of \$37,535,000 to provide funds to finance the cost of acquisition, construction, and installation of certain capital improvements, including a soccer/sports complex, City Hall Improvements and such other public facilities as may from time to time be designated by the City. The bonds dated August 1, 2007, and issued at a premium of \$440,617 mature in 2036, and are payable semiannually on February 1 and August 1 of each year, commencing February 2008, from certain rental payments to be made by the City for the right to the use of properties and facilities pursuant to the 2001 Lease Agreement and First Amendment to the Lease Agreement, dated September 1, 2007. The balance at June 30, 2011, including the unamortized bond premium of \$381,865, amounted to \$36,591,865. The annual requirements to amortize the outstanding bond indebtedness as of June 30, including interest, are as follows:

CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2011

Note 7: Long-Term Debt (Continued)

	2007 Lease Revenue Bonds	
	Principal	Interest
2011-2012	\$ 405,000	\$ 1,699,940
2012-2013	420,000	1,683,440
2013-2014	440,000	1,665,140
2014-2015	460,000	1,644,890
2015-2016	480,000	1,623,740
2016-2021	2,755,000	7,743,819
2021-2026	3,520,000	6,957,911
2026-2031	6,460,000	5,970,945
2031-2036	17,320,000	2,942,088
2031-2037	3,950,000	88,875
Total	<u>\$ 36,210,000</u>	<u>\$ 32,020,788</u>

Loans Payable

Pursuant to a loan agreement dated February 1, 2002, the Ontario Redevelopment Agency issued the Ontario Redevelopment Project #1 2002 Housing Set-Aside Loan in the amount of \$15,145,000 to finance low and moderate income activities of the Agency within or of the benefit to the Ontario Redevelopment Agency Project Area #1. The loan matures in 2029 and is payable from Housing Tax Revenues allocated to the Agency. Interest is paid semi-annually at a rate of 5.30% per annum. The balance at June 30, 2011, amounted to \$12,448,782.

At June 30, 2011, the annual requirements to repay the outstanding indebtedness were as follows:

	2002 FNMA Housing Set-Aside Loan	
	Principal	Interest
2011-2012	\$ 395,623	\$ 649,301
2012-2013	416,591	627,778
2013-2014	438,670	605,113
2014-2015	461,920	581,248
2015-2016	486,402	556,117
2016-2021	2,847,133	2,354,460
2021-2026	3,685,951	1,493,413
2026-2030	3,716,492	406,654
Total	<u>\$ 12,448,782</u>	<u>\$ 7,274,084</u>

Other Post Employment Benefits Obligation

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011
Note 7: Long-Term Debt (Continued)**Compensated Absences**

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

Claims and Judgments

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

Debt Service Requirements

As previously discussed, the City has pledged, as security for bonds and loans it has issued, either directly or through the Financing Authority, a portion of the tax increment revenue (including Low and Moderate Income Housing set-aside) that it receives. These bonds and loans were to provide financing for various capital projects, accomplish Low and Moderate Income Housing projects and to defease previously issued bonds. The Agency has committed to appropriate each year, from these resources amounts sufficient to cover the principal and interest requirements on the debt. Total principal and interest remaining on the debt is \$157,398,072 with annual debt service requirements as indicated on the previous page. For the current year, the total tax increment revenue, net of pass through payments, recognized by the City was \$43,755,579 and the debt service obligation on the bonds was \$11,549,130.

b. Long-Term Debt - Business-Type Activities

The following is a summary of changes in Proprietary Fund long-term debt for the year ended June 30, 2011:

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011	Due Within One Year
2004 COP - Water System Improvement Project	\$ 46,735,000	\$ -	\$ 1,055,000	\$ 45,680,000	\$ 1,100,000
Compensated Absences	1,044,196	11,327	25,514	1,030,009	83,000
Total	<u>\$ 47,779,196</u>	<u>\$ 11,327</u>	<u>\$ 1,080,514</u>	46,710,009	<u>\$ 1,183,000</u>
			Unamortized Bond Premium	1,079,744	
				<u>\$ 47,789,753</u>	

Certificates of Participation**2004 Certificates of Participation**

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011
Note 7: Long-Term Debt (Continued)

The certificates represent proportionate undivided interests in certain installment payments and interest thereon, to be made by the City pursuant to an installment sale agreement dated July 1, 2004. The payment of installment payments and interest thereon are secured by a pledge of net revenues of the City's water system. Total principal and interest remaining on the debt is \$78,415,878 with annual debt service requirements as indicated below. For the current year, the pledge revenue from the City's water system was \$47,190,149 and the debt service obligation on the bonds was \$3,407,113. The balance at June 30, 2011, including the unamortized bond premium of \$1,079,744, amounted to \$46,759,744. The annual principal requirements to amortize the 2004 COP outstanding as of June 30, 2011, are as follows:

	2004 COP - Water System Improvement Project	
	Principal	Interest
2011-2012	\$ 1,100,000	\$ 2,309,913
2012-2013	1,145,000	2,265,913
2013-2014	1,200,000	2,208,663
2014-2015	1,260,000	2,148,663
2015-2016	1,325,000	2,085,663
2017-2021	7,695,000	9,354,625
2022-2026	9,920,000	7,124,438
2027-2031	12,755,000	4,295,000
2032-2036	9,280,000	943,000
Total	<u>\$ 45,680,000</u>	<u>\$ 32,735,878</u>

Compensated Absences

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

c. Special Assessment Bonds

The City has entered into a number of Special Assessment Bond programs. The City of Ontario is not obligated in any manner for the Special Assessment Bonds as the bonds are secured by unpaid assessments against the property owners. Accordingly, the City is only acting as an agent for the property owners/bondholders in collecting and forwarding the special assessments. Special Assessment Bonds payable at June 30, 2011, totaled \$21,920,000. This amount is not reported in the City's financial statements. The construction phase is reported in the Capital Projects Funds. Likewise, amounts recorded in the Agency Funds represent only debt service activities, i.e., collection from property owners and payment to bondholders.

d. Other Bond and Loan Programs

The City has entered into a number of bond programs to provide low-interest financing for various residential and industrial developments within the City. Although the City has

CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2011

Note 7: Long-Term Debt (Continued)

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, 2011
<u>Multi-Family Mortgage Revenue Bonds:</u>				
Ontario Redevelopment Agency Multi-Family Mortgage Revenue Bonds, Seasons at Gateway Plaza 1996 Series A	5.60 - 6.50	1996	2026	\$ 1,245,000
Ontario Redevelopment Agency Multi-Family Mortgage Revenue Bonds, Seasons at Gateway Plaza 1996 Series B	Variable	1996	2026	740,000
Ontario Redevelopment Agency Multi-Family Mortgage Revenue Bonds, Woodside Senior III Apts 2004 Series A	6.25	2004	2034	2,448,000
Ontario Redevelopment Agency Multi-Family Mortgage Revenue Bonds, Waverly Place Apts 2004 Series B	6.25	2004	2034	7,047,000
Ontario Redevelopment Agency Multi-Family Mortgage Revenue Bonds, Waterford Court Apts 2005 Series A	6.25	2005	2035	6,165,000
Ontario Redevelopment Agency Multi-Family Mortgage Revenue Bonds, Woodside Senior II Apts 2004 Series C	6.25	2004	2034	1,513,000
Ontario Redevelopment Agency Multi-Family Mortgage Revenue Bonds, Cambridge Square Apts 2004 Series D	6.25	2004	2034	6,087,000
Ontario Redevelopment Agency Multi-Family Mortgage Revenue Bonds, Park Center Project 2005 Refunding	Variable	2005	2035	<u>23,500,000</u>
Total				<u>\$ 48,745,000</u>

CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

IV. OTHER INFORMATION

Note 8: Fund Balances

a. Governmental Fund Balance Classifications

Fund balances in governmental funds at June 30, 2011 have been classified as follows:

	Governmental Funds					Other Governmental Funds
	General	Quiet Home Program	Capital Projects	Capital Projects Redevelopment Area #1	Debt Service Redevelopment Area #1	
Fund Balances:						
Nonspendable						
Inventory	\$ 136,373	\$ -	\$ -	\$ -	\$ -	\$ -
Prepaid costs	63,300	-	-	-	-	31,375
Deposits	-	-	168,674	-	-	-
Land held for resale	-	53,989,530	293,007	11,195,005	-	25,917,046
Notes and loans	16,000	-	-	-	-	10,377,787
Advances to other funds	12,497,025	-	9,550,551	1,600,000	-	10,012,029
Total Nonspendable	12,712,698	53,989,530	10,012,232	12,795,005	-	46,338,237
Restricted						
Endowment/Trust	398,047	-	-	-	-	-
Community development projects	-	300,706	-	-	-	14,569,791
Public safety	-	-	-	-	-	435,000
Public works	-	-	-	-	-	9,961,847
Police narcotics	-	-	-	-	-	2,260,886
AQMD activities	-	-	-	-	-	872,034
Community redevelopment projects	-	-	-	-	-	10,824,859
Low and moderate activities	-	-	-	-	-	20,989,083
Public services	-	-	-	-	-	3,253,837
Bond improvement projects	-	-	2,819,788	-	-	-
Debt service	-	-	-	-	7,891,894	9,438,132
Total Restricted	398,047	300,706	2,819,788	-	7,891,894	72,605,469
Committed						
Museum board	65,000	-	-	-	-	-
Affordable housing	-	-	1,249,333	-	-	-
City facilities project	6,120,111	-	-	-	-	-
Public safety equipment	934,235	-	-	-	-	-
Communications/computer dispatch	1,775,897	-	-	-	-	-
Compensated absences	12,545,207	-	-	-	-	-
Capital Projects	-	-	1,864,031	-	-	-
Contractual obligations	179,302	-	-	-	-	-
Economic uncertainties	22,102,940	-	-	-	-	-
City infrastructure	-	-	-	-	-	42,573,785
Events center capital equipment	400,000	-	-	-	-	-
Ontario motor speedway	306,801	-	-	-	-	-
Total Committed	44,429,493	-	3,113,364	-	-	42,573,785
Assigned						
Equipment replacement	434,374	-	-	-	-	-
Continuing appropriations	5,854,820	-	1,558,488	-	-	-
Stability arrangement	25,253,067	-	-	-	-	-
Maintenance trust	1,520,280	-	-	-	-	-
Total Assigned	33,062,541	-	1,558,488	-	-	-
Unassigned	-	-	-	(941,664)	-	(8,903,455)
Total Fund Balances	\$ 90,602,779	\$ 54,290,236	\$ 17,503,872	\$ 11,853,341	\$ 7,891,894	\$152,614,036

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

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

Plan Description

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

Funding Policy

Participants are required to contribute 8% (9% for safety employees) of their annual covered salary. The City makes the contributions required of City employees on their behalf and for their account. The City is required to contribute at an actuarially determined rate; the current rate is 9.252% for non-safety employees, 25.323% for police safety employees and 23.364% for fire safety employees, of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by PERS.

Annual Pension Cost

For 2011, the City's annual pension cost of \$18,133,389 for PERS was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2010, actuarial valuation using the entry age normal actuarial cost method.

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

Valuation Date	June 30, 2010
Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method	Level Percent of Payroll
Average Remaining Period	20 years as of the Valuation Date for the miscellaneous plan, 27 years as of the Valuation Date for the safety police plan, and 30 years as of the Valuation Date for the safety fire plan.
Asset Valuation Method	15-Year Smoothed Market
Actuarial Assumptions:	
Investment Rate of Return	7.75% (net of administrative expenses)
Projected Salary Increases	3.55% to 14.45% depending on age, service, and type of employment
Inflation	3.00%
Payroll Growth	3.25%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation component of 3.00% and an annual production growth of 0.25%

CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

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

Initial unfunded liabilities are amortized over a closed period that depends on the plan's date of entry into CalPERS. Subsequent plan amendments are amortized as a level percent of pay over a closed 20-year period. Gains and losses that occur in the operation of the plan are amortized over a 30 year rolling period, which results in an amortization of about 6% of unamortized gains and losses each year. If the plan's accrued liability exceeds the actuarial value of plan assets, the amortization payment on the total unfunded liability may not be lower than the payment calculated over a 30-year amortization period.

Fiscal Year	Three-Year Trend Information for PERS		
	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
Miscellaneous			
6/30/2009	\$ 6,684,573	100%	\$ -
6/30/2010	6,317,896	100%	-
6/30/2011	6,289,356	100%	-
Police			
6/30/2009	6,799,477	100%	-
6/30/2010	6,650,547	100%	-
6/30/2011	6,964,821	100%	-
Fire			
6/30/2009	4,899,996	100%	-
6/30/2010	4,870,231	100%	-
6/30/2011	4,879,212	100%	-

Schedule of Funding Progress for PERS
(Amounts in Thousands)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
6/30/08:						
Miscellaneous	\$ 177,064	\$ 180,033	\$ (2,969)	98.4 %	\$ 38,886	7.6 %
Police	164,288	189,484	(25,196)	86.7	19,042	132.3
Fire	137,008	154,068	(17,060)	88.9	14,818	115.1
Total	<u>\$ 478,360</u>	<u>\$ 523,585</u>	<u>\$ (45,225)</u>	91.4 %	<u>\$ 72,746</u>	62.2 %
6/30/09:						
Miscellaneous	\$ 186,323	\$ 204,418	\$ (18,095)	91.1 %	\$ 38,565	46.9 %
Police	172,801	210,276	(37,475)	82.2	19,905	188.3
Fire	143,894	167,257	(23,363)	86.0	15,633	149.4
Total	<u>\$ 503,018</u>	<u>\$ 581,951</u>	<u>\$ (78,933)</u>	86.4 %	<u>\$ 74,103</u>	106.5 %
6/30/10:						
Miscellaneous	\$ 195,659	\$ 215,173	\$ (19,514)	90.9 %	\$ 37,313	52.3 %
Police	181,238	221,709	(40,471)	81.7	19,799	204.4
Fire	151,578	175,337	(23,759)	86.4	15,474	153.5
Total	<u>\$ 528,475</u>	<u>\$ 612,219</u>	<u>\$ (83,744)</u>	86.3 %	<u>\$ 72,586</u>	115.4 %

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

Note 10: Other Post Employment Benefits**Plan Description**

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

Funding Policy

The City funds retiree health benefits on a pay as you go basis, paying for retiree benefits from the City's Other Post Employment Benefits agency fund. For fiscal year 2010-2011, the City paid a total of \$2,759,230 for retiree health insurance.

The required contribution is based on projected pay-as-you-go financing requirements with additional amount to prefund benefits as determined annually by the City under an actuarial valuation. The City has elected not to transfer assets into an irrevocable trust fund, but set aside the actuarial required contribution in its Other Post Employment Benefits agency fund. For fiscal year 2010-2011, the City contributed \$11,539,000 to its agency fund.

Annual OPEB Cost and Net OPEB Obligation

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

	Fiscal Year Ended 6/30/2011
Annual required contribution	\$ 12,172,000
Interest on OPEB obligation	979,609
Adjustment to annual required contribution	<u>(1,346,914)</u>
Annual OPEB cost	11,804,695
Contributions made	<u>2,759,230</u>
Increase (decrease) in net OPEB obligation	9,045,465
Net OPEB obligation - beginning of year	<u>20,623,347</u>
Net OPEB obligation - end of year	<u><u>\$ 29,668,812</u></u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011
Note 10: Other Post Employment Benefits (Continued)

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010-11 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB cost	Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2009	\$ 8,387,322	29.0%	\$ 11,730,911
6/30/2010	11,433,475	22.2%	20,623,347
6/30/2011	11,804,695	23.4%	29,668,812

Funded Status and Funding Progress

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

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

Schedule of Funding Progress for OPEB
(Amounts in Thousands)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
6/30/2006	\$ -	\$ 81,916	\$ (81,916)	- %	\$ 59,450	137.8 %
6/30/2008	-	122,120	(122,120)	-	71,845	170.0 %
6/30/2010	-	135,371	(135,371)	-	68,602	197.3 %

Actuarial Methods and Assumptions

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

The actuarial valuation as of June 30, 2010 used the Entry Age Normal actuarial cost method. The actuarial assumptions included a 4.75% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

Note 10: Other Post Employment Benefits (Continued)

returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and a general inflation rate of 3.0%. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability (UAAL) is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2011, was twenty seven years. As of the actuarial valuation date, the City had 1,064 active participants and 451 retirees receiving benefits.

Note 11: Self-Insurance Program

On December 22, 1974, the City initiated a program of self-insurance for workers' compensation liability claims. The City will pay all claims up to \$500,000 per claim; amounts in excess of \$500,000 are covered through an outside insurance carrier.

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

On April 6, 1979, the City initiated a program of self-insurance for general liability claims. At present, the City will pay all claims up to \$500,000 per claim arising from general liability claim actions brought against the City. Amounts in excess of \$500,000 per claim are covered by the Authority for California Cities Excess Liability (ACCEL).

ACCEL is organized under a joint powers agreement pursuant to the California Government Code. The purpose of the Authority is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage. ACCEL pools catastrophic general liability, automobile liability and public officials errors and omissions losses. The City purchased \$19,500,000 coverage in excess of the \$500,000 pool effective July 1, 2001.

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

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

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

Fiscal Year	Beginning Balance	Changes in Estimates	Claim Payments	Ending Balance
2009-2010	\$ 11,554,149	\$ 5,534,034	\$ 3,652,097	\$ 13,436,086
2010-2011	13,436,086	7,130,401	4,849,487	15,717,000

Note 12: Contingencies

Grant

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

Other

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

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

Note 13: Joint Ventures

Water Facilities Authority

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

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

On September 30, 1997, the Authority issued \$24,455,000 in 1997 Refunding Certificates of Participation (COPs) to refund \$25,820,000 of then outstanding 1986 COPs. The 1997 Refunding COPs carry interest rates from 4.0% to 5.3% and will be repaid in various principal increments with the final payment due on October 1, 2015. Each participant in the joint venture has pledged gross revenues from its respective Enterprise Fund and has agreed to restrictive covenants that establish rates and charges for each respective water enterprise fund at levels sufficient to maintain net revenues equal to at least 1.25 times the aggregate amount of each respective party's installment payments to the Authority as well as any parity debt that shall become due and payable within the succeeding twelve months. Each City has an ongoing financial responsibility as each has assumed a portion of the Authority's debt. The City of Ontario's percentage share of the installment payment is 41.51681% and the outstanding balance at June 30, 2011, for which the City is responsible is \$3,134,519. At June 30, 2011, the City's investment in the Authority, including its share of Authority's debt, was \$7,827,647.

CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2011

Note 13: Joint Ventures (Continued)

Audited financial information of the Authority for the fiscal year ended June 30, 2011, is summarized as follows:

Water Facilities Authority Net Assets:	
Total assets	\$ 35,664,356
Total liabilities	<u>12,317,483</u>
Total net assets	<u>\$ 23,346,873</u>
Water Facilities Authority Changes in Net Assets:	
Operating revenues	\$ 16,988,678
Operating expenses	<u>16,976,846</u>
Operating gain before depreciation and amortization	11,832
Depreciation and amortization	<u>1,050,831</u>
Operating revenue (loss)	<u>(1,038,999)</u>
Nonoperating revenues (expenses)	340,273
Contributions	<u>1,642,470</u>
Change in net assets	943,744
Beginning net assets	<u>22,403,129</u>
Ending net assets	<u>\$ 23,346,873</u>

The current participants and their financial contributions through June 30, 2011, were as follows:

	<u>Amount</u>	<u>Percent</u>
City of Chino	\$ 5,488,430	15.4%
City of Chino Hills	5,354,632	15.0%
City of Ontario	5,751,272	16.1%
City of Upland	11,939,841	33.5%
Monte Vista Water District	6,970,401	19.7%
Non-Participant	<u>107,399</u>	<u>0.3%</u>
Total	<u>\$ 35,611,975</u>	<u>100.0%</u>

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

CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2011

Note 13: Joint Ventures (Continued)

West End Communications Authority

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

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

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

The following is a summary of the West End Communications Authority financial information for the fiscal year ended June 30, 2011:

Statements of Net Assets

Assets:	
Cash and investments	\$ 971,883
Capital assets	234,875
Other assets	2,862
Total Assets	<u>\$ 1,209,620</u>
Net Assets	
Invested in capital assets	\$ 234,875
Restricted for public safety	974,745
Total Net Assets	<u>\$ 1,209,620</u>

Statement of Activities

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	<u>Net Expenses and Changes in Net Assets</u>
Public Safety	<u>\$ 167,947</u>	<u>\$ 9,305</u>	\$ (158,642)
		General revenues	<u>17,929</u>
		Changes in net assets	(140,713)
		Net assets at the beginning of the year	<u>1,350,333</u>
		Net assets at the end of the year	<u>\$ 1,209,620</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

Note 13: Joint Ventures (Continued)

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

West End Fire and Emergency Response Commission

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

The following is a summary of the West End Fire and Emergency Response Commission financial information for the fiscal year ended June 30, 2011:

Statements of Net Assets

Assets:			
Cash and investments	\$	286,260	
Capital assets		396,743	
Other assets		19,221	
			<hr/>
Total Assets		702,224	
Liabilities			
Accounts payable		560	
			<hr/>
Total Liabilities		560	
Net Assets			
Invested in capital assets		396,743	
Restricted for public safety		304,921	
			<hr/>
Total Net Assets	\$	701,664	

Statement of Activities

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	<u>Net Expenses and Changes in Net Assets</u>
Public Safety	\$ 105,057	\$ -	\$ (105,057)
		General revenues	4,855
		Changes in net assets	(100,202)
		Net assets at the beginning of the year	801,866
		Net assets at the end of the year	\$ 701,664

CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

Note 13: Joint Ventures (Continued)

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

Chino Basin Desalter Authority

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

The governing Board of Director consists of one representative appointed from each participating agency and has the power and responsibility to adopt budgets, operating plans and finance activities to further the purpose of the Authority. As of June 30, 2011, the City's investment in the Authority was \$28,409,664.

The financial information of the Authority for the fiscal year ended June 30, 2011, is summarized as follows:

Chino Basin Desalter Authority Net Assets:	
Total assets	\$ 145,307,722
Total liabilities	90,270,155
Total net assets	<u>\$ 55,037,567</u>
Chino Basin Desalter Authority Changes in Net Assets:	
Operating revenues	\$ 32,272,194
Operating expenses	<u>31,803,000</u>
Operating gain before depreciation and amortization	469,194
Depreciation and amortization	<u>4,390,000</u>
Operating revenue (loss)	(3,920,806)
Nonoperating revenues (expenses)	1,496,563
Transfers and capital contributions	<u>22,487</u>
Change in net assets	(2,401,756)
Beginning net assets	<u>57,439,323</u>
Ending net assets	<u>\$ 55,037,567</u>

The current participants and their financial contributions through June 30, 2011, were as follows:

	<u>Amount</u>	<u>Percent</u>
Jurupa Community Services District	\$ 7,039,394	35.05%
City of Chino Hills	3,732,857	18.59%
City of Chino	4,443,541	22.12%
City of Norco	888,758	4.43%
City of Ontario	2,913,641	14.51%
Santa Ana River Co.	<u>1,066,553</u>	<u>5.30%</u>
Total	<u>\$ 20,084,744</u>	<u>100.00%</u>

CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

Note 13: Joint Ventures (Continued)

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

Note 14: Contingent Liabilities

Numerous claims and suits have been filed against the City in the normal course of business. Based upon information received from the City Attorney and the self-insurance administrator, the estimated liability under such claims would be adequately covered by self-insurance designations and insurance coverage. Additionally, the City and the Agency have entered into a development incentive and assistance agreement in which the City will reimburse a private corporation 50% of any sales tax actually received by the City, and the Agency will reimburse a portion of the property tax increment generated by the development. Both reimbursements are subject to certain conditions. Reimbursements shall be made so long as monies are available and will continue to the sooner of the following: 1) the expiration of 25 years after the commencement of operation of any part of the development; 2) the time at which sales taxes received by the City fall below \$500,000 in any given calendar year after December 31, 1992; or 3) the time at which the total amount reimbursed pursuant to the agreement reaches \$53,000,000.

Note 15: SERAF Shift for Fiscal Year 2010-2011

On July 23, 2009, the State adopted legislation, requiring a shift of monies during fiscal years 2009-2010 and 2010-2011 to be deposited into the County "Supplemental" Educational Revenue Augmentation Fund (SERAF). These monies were to be distributed to meet the State's Prop 98 obligations to schools. The California Redevelopment Association (CRA) and its member agencies filed a legal action in an attempt to stop these amounts from having to be paid; however, in May 2010 the Sacramento Superior Court upheld the legislation.

The payment of the SERAF was due on May 10, 2011, for fiscal year 2010-2011 and made in the amount of \$3,375,413 using available resources.

Note 16: California Redevelopment Agency Uncertainty

On July 18, 2011, the California Redevelopment Association ("CRA") and the League of California Cities ("League") filed a petition for writ of mandate with the California Supreme Court, requesting the Court to declare unconstitutional two bills that were passed as part of the 2011-12 State Budget, AB1X 26 and 27. AB1X 26 dissolves redevelopment agencies effective October 1, 2011. AB1X 27, gives redevelopment agencies an option to avoid dissolution if it commits to making defined payments for the benefit of the State, school districts and certain special districts. In 2011-12, these payments amount to a state-wide total of \$1.7 billion. In 2012-13 and subsequent years, the payments total \$400 million, annually. Each city or county's share of these payments is determined based on its proportionate share of state-wide tax increment.

CRA and the League contend that AB1X 26 and 27 are unconstitutional because they violate Proposition 22 which was passed by the voters in November, 2010. The effect of the legislation is to achieve a possible unconstitutional result, the use of redevelopment agencies' tax increment funds to benefit the State and other units of local government, by way of threatening of the dissolution of redevelopment agencies.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

Note 16: California Redevelopment Agency Uncertainty (Continued)

Therefore, the CRA and the League have requested that the Court issue a stay, suspending the effectiveness of AB1X 26 and 27 until the Court can rule on its constitutionality. CRA and the League also asked the Court to expedite the briefing and hearing of the case so that a decision can be rendered by the Court before January 15, 2012, when the first payments are due. On August 11th, the California Supreme Court agreed to hear the case and granted a partial stay which was subsequently clarified.

As of the time of the issuance of this report, the outcome of AB1X 26 and 27 upon the Agency is unknown and consequently the status and even future existence of the Agency is uncertain as such. In accordance with AB1X 27, the Agency has passed a resolution of intent to continue and will be required to make a payment to the State in the amount of \$18,230,606, due in equal installments by January 15, 2012 and May 15, 2012, to avoid dissolution.

Note 17: Fund Equity and Net Assets Restatements

Beginning fund balance and beginning net assets have been restated as follows:

Major governmental funds:

Redevelopment Area #1 - Capital Projects Fund	
To adjust land held for resale that was sold in previous fiscal years	\$ (8,397,178)

Nonmajor governmental funds:

Redevelopment Center City Fund	
To adjust land held for resale that was sold in previous fiscal years	<u>(324,897)</u>
Total Fund Balance Restatements	<u><u>\$ (8,722,075)</u></u>

Note 18: Other Investments

Other investments as of June 30, 2011, totaled \$264,284,013 and were recorded as follows:

Proprietary Funds	\$ 201,750
Fiduciary Funds	<u>264,082,263</u>
Total	<u><u>\$ 264,284,013</u></u>

For the proprietary funds, the other investments represent a security interest (at cost) in the San Antonio Water Company for \$201,750. For the fiduciary funds, \$243,367,067 is interest in bonds issued by the Ontario Financing Authority and \$20,715,196 represents water rights/stored water, air quality credits and land purchased by the Other Post Employment Benefits agency fund as an investment to generate a long-term revenue stream to fund future post employment benefits.

CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

Note 19: Other Commitments

On July 1, 2009, the Agency entered into an Operating Covenant and Facility Upgrade Loan with Staples Contract and Commercial, Inc. The operating covenant payment is capped at \$900,000 per year, but may be adjusted downward if the sales tax generated falls below the 2009 calendar year base amount. The interest free loan for equipment shall not exceed \$3,000,000 or 50% of the cost of the project. The Agency is to disburse the loan after Staples has spent the lesser of \$3,000,000 or 50% of the cost of acquiring the equipment to complete the Ontario facility upgrade. If Staples leaves the City of Ontario before 2015, the remaining balance on the loan shall be due. Any remaining balance on the loan will be forgiven if Staples remains in Ontario through January 1, 2017. As of June 30, 2011, the Agency had not made any payments to Staples except for the yearly operating covenant payment of \$900,000.

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REQUIRED SUPPLEMENTARY INFORMATION

Modified Approach for City Infrastructure Capital Assets

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Modified Approach for City Infrastructure Capital Assets

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

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

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

In March 2010, the City has completed a study to update the physical condition assessment of the streets. The prior assessment study was completed in February 2008. An updated study assessing the existing conditions is expected to be complete in the first quarter of 2012. The streets, primarily surfaced with asphalt and concrete, were defined as all physical features associated with the operation of motorized vehicles that exist within the limits of right of way. City owned streets are classified based on land use, access and traffic utilization into the following four classifications: arterial, collector local, and alley. Currently, 50% of the City’s arterial and collectors and 25% of the local streets and alleys are being assessed each year. Each street and its related subsystems were assigned a physical condition based on 17 potential defects. A Pavement Condition Index (PCI), a nationally recognized index, was assigned and expressed in a continuous scale from 0 to 100, where 0 is assigned to the least acceptable physical condition and 100 is assigned the physical characteristics of a new street. The following conditions were defined:

<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

REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
JUNE 30, 2011

Modified Approach for City Infrastructure Capital Assets (Continued)

The City's policy is to maintain the existing weighted average rating of "Good". This rating allows for minor cracking and raveling of the pavement along with minor roughness that could be noticeable to drivers traveling at the posted speeds. As of June 30, 2011, the City's average street and its related subsystem's PCI rating was 69.3, with the detail condition as follows:

<u>Condition</u>	<u>% of Streets</u>
Excellent to Good	66%
Fair	23%
Poor to Failed	11%

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

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

As of June 30, 2011, the City had some of its streets rated below a "fair" rating. The City will require several years to rehabilitate these segments of the streets.

The City's streets are constantly deteriorating resulting from the following four factors: (1) traffic using the streets, (2) the sun's ultra-violet rays drying out and breaking down the top layer of pavement, (3) utility company/private development interests trenching operations, and (4) water damage from natural precipitation and other urban runoff. The City is continuously taking actions to arrest the deterioration through short-term maintenance activities such as pothole patching, street sweeping, and street paving. The City expended \$6.87 million on street maintenance for the fiscal year ended June 30, 2011. 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 2011 is a minimum of \$5.81 million per year. A schedule of estimated annual amount required to maintain and preserve the City's streets at the current level compared to actual expenditures for street maintenance for the last five years is presented below.

As of June 30, 2011, the City had approximately 116,975,341 square feet (565 centerline miles) of streets with a carrying amount of \$296,013,616 and a replacement cost of approximately \$330,805,376.

The City is also continuously taking actions to arrest the deterioration of other infrastructure assets through short-term maintenance activities. For the fiscal year ended June 30, 2011, the City expended \$5.7 million on infrastructure maintenance for sidewalks, catch basin/storm drains, and traffic signal/street lightings. These expenditures delayed deterioration and improved the overall condition of these infrastructures. It is estimated that it will cost approximately \$6.2 per year to maintain these other infrastructure assets at their present level as shown on the schedule presented below.

REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
 JUNE 30, 2011

INFRASTRUCTURE MAINTENANCE
 ESTIMATED AND ACTUAL EXPENDITURES
 FIVE YEARS (IN THOUSANDS)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<u>Streets:</u>					
Estimated	\$ 12,067	\$ 17,926	\$ 8,166	\$ 10,290	\$ 15,916
Actual	12,079	11,338	8,244	6,874	
<u>Sidewalks:</u>					
Estimated	2,265	2,854	1,740	1,495	1,393
Actual	2,047	2,158	1,596	1,433	
<u>Storm Drain:</u>					
Estimated	1,463	1,584	1,325	1,590	1,607
Actual	1,338	1,292	1,209	1,281	
<u>Traffic Signal/Street Lights:</u>					
Estimated	2,741	3,386	2,532	4,159	3,215
Actual	2,695	2,580	2,419	3,035	

CITY OF ONTARIO

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011

	Special Revenue Funds			
	Special Gas Tax	Measure I	Park Impact / Quimby	Community Development
Assets:				
Cash and investments	\$ 4,556,248	\$ 4,007,877	\$ 9,954,082	\$ -
Receivables:				
Accounts	506,874	765,028	-	2,689,945
Accrued interest	12,493	10,629	28,781	-
Taxes	-	-	-	-
Contracts and notes	-	-	-	8,777,370
Prepaid costs	-	-	-	-
Due from other funds	-	-	-	-
Advances to other funds	-	-	-	4,216,285
Land held for resale	-	-	-	51,050
Restricted assets:				
Cash and investments	-	-	-	49,184
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 5,075,615	\$ 4,783,534	\$ 9,982,863	\$ 15,783,834
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 338,600	\$ 913,076	\$ 21,016	\$ 326,768
Accrued liabilities	21,490	-	-	57,653
Deferred revenues	-	-	-	4,991,325
Deposits payable	-	-	-	-
Due to other governments	-	-	-	3,786,045
Due to other funds	-	352,265	-	2,027,450
Advances from other funds	-	-	-	-
Total Liabilities	360,090	1,265,341	21,016	11,189,241
Fund Balances:				
Nonspendable:				
Prepaid costs	-	-	-	-
Notes and loans	-	-	-	3,786,045
Advances to other funds	-	-	-	4,216,285
Land held for resale	-	-	-	51,050
Restricted for:				
Community development projects	4,715,525	3,518,193	-	-
Public safety	-	-	-	-
Public works	-	-	9,961,847	-
Police narcotics	-	-	-	-
AQMD activities	-	-	-	-
Redevelopment projects	-	-	-	-
Low and moderate housing activities	-	-	-	-
Public services	-	-	-	-
Debt service	-	-	-	-
Committed to:				
City infrastructure	-	-	-	-
Unassigned	-	-	-	(3,458,787)
Total Fund Balances	4,715,525	3,518,193	9,961,847	4,594,593
Total Liabilities and Fund Balances	\$ 5,075,615	\$ 4,783,534	\$ 9,982,863	\$ 15,783,834

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011**

(Continued)

	Special Revenue Funds			
	Asset Seizure	Mobile Source Air Pollution	Special Assessment/Fee Districts	Building Safety
Assets:				
Cash and investments	\$ 2,871,804	\$ 827,612	\$ 4,069,550	\$ 1,218,007
Receivables:				
Accounts	132	42,330	-	-
Accrued interest	8,080	2,278	8,734	-
Taxes	-	-	5,687	236
Contracts and notes	-	-	-	-
Prepaid costs	7,019	-	-	-
Due from other funds	-	-	-	-
Advances to other funds	-	-	-	-
Land held for resale	-	-	-	-
Restricted assets:				
Cash and investments	-	-	-	-
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 2,887,035	\$ 872,220	\$ 4,083,971	\$ 1,218,243
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 5,435	\$ -	\$ 39,888	\$ 16,373
Accrued liabilities	66,479	186	1,117,155	15,121
Deferred revenues	-	-	-	-
Deposits payable	112,216	-	-	-
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
Advances from other funds	-	-	-	-
Total Liabilities	184,130	186	1,157,043	31,494
Fund Balances:				
Nonspendable:				
Prepaid costs	7,019	-	-	-
Notes and loans	-	-	-	-
Advances to other funds	-	-	-	-
Land held for resale	-	-	-	-
Restricted for:				
Community development projects	-	-	2,926,928	1,186,749
Public safety	435,000	-	-	-
Public works	-	-	-	-
Police narcotics	2,260,886	-	-	-
AQMD activities	-	872,034	-	-
Redevelopment projects	-	-	-	-
Low and moderate housing activities	-	-	-	-
Public services	-	-	-	-
Debt service	-	-	-	-
Committed to:				
City infrastructure	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	2,702,905	872,034	2,926,928	1,186,749
Total Liabilities and Fund Balances	\$ 2,887,035	\$ 872,220	\$ 4,083,971	\$ 1,218,243

CITY OF ONTARIO

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011

	Special Revenue Funds			
	Storm Drain Maintenance	Ontario Housing Authority	Historic Preservation	NMC Public Services
Assets:				
Cash and investments	\$ 1,870,740	\$ 181,664	\$ 311,556	\$ 3,244,316
Receivables:				
Accounts	121,334	2,741	-	-
Accrued interest	5,428	-	917	9,521
Taxes	-	-	-	-
Contracts and notes	-	3,349,183	-	-
Prepaid costs	-	-	-	-
Due from other funds	-	-	-	-
Advances to other funds	-	-	-	-
Land held for resale	-	14,968,040	-	-
Restricted assets:				
Cash and investments	-	-	-	-
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 1,997,502	\$ 18,501,628	\$ 312,473	\$ 3,253,837
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 65,448	\$ 810,015	\$ -	\$ -
Accrued liabilities	26,538	-	-	-
Deferred revenues	-	3,349,183	-	-
Deposits payable	4,658	-	-	-
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
Advances from other funds	-	4,818,891	-	-
Total Liabilities	96,644	8,978,089	-	-
Fund Balances:				
Nonspendable:				
Prepaid costs	-	-	-	-
Notes and loans	-	-	-	-
Advances to other funds	-	-	-	-
Land held for resale	-	14,968,040	-	-
Restricted for:				
Community development projects	1,900,858	-	312,473	-
Public safety	-	-	-	-
Public works	-	-	-	-
Police narcotics	-	-	-	-
AQMD activities	-	-	-	-
Redevelopment projects	-	-	-	-
Low and moderate housing activities	-	-	-	-
Public services	-	-	-	3,253,837
Debt service	-	-	-	-
Committed to:				
City infrastructure	-	-	-	-
Unassigned	-	(5,444,501)	-	-
Total Fund Balances	1,900,858	9,523,539	312,473	3,253,837
Total Liabilities and Fund Balances	\$ 1,997,502	\$ 18,501,628	\$ 312,473	\$ 3,253,837

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011

(Continued)

	Special Revenue Funds		Capital Projects Funds	
	CFD No. 10 - Public Services	NMC CFD	Redevelopment Administration	Redevelopment Area #2
Assets:				
Cash and investments	\$ -	\$ 21	\$ 3,559,955	\$ 3,681,132
Receivables:				
Accounts	-	43	-	-
Accrued interest	-	5	10,153	10,694
Taxes	-	2,256	-	-
Contracts and notes	-	-	-	-
Prepaid costs	-	-	22,085	-
Due from other funds	-	-	-	-
Advances to other funds	-	-	-	-
Land held for resale	-	-	-	2,570,809
Restricted assets:				
Cash and investments	-	-	-	-
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ -	\$ 2,325	\$ 3,592,193	\$ 6,262,635
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 97,169	\$ 8,450
Accrued liabilities	-	-	32,063	-
Deferred revenues	-	-	-	-
Deposits payable	-	-	-	22,500
Due to other governments	-	-	-	-
Due to other funds	167	2,325	-	-
Advances from other funds	-	-	-	373,837
Total Liabilities	167	2,325	129,232	404,787
Fund Balances:				
Nonspendable:				
Prepaid costs	-	-	22,085	-
Notes and loans	-	-	-	-
Advances to other funds	-	-	-	-
Land held for resale	-	-	-	2,570,809
Restricted for:				
Community development projects	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Police narcotics	-	-	-	-
AQMD activities	-	-	-	-
Redevelopment projects	-	-	3,440,876	3,287,039
Low and moderate housing activities	-	-	-	-
Public services	-	-	-	-
Debt service	-	-	-	-
Committed to:				
City infrastructure	-	-	-	-
Unassigned	(167)	-	-	-
Total Fund Balances	(167)	-	3,462,961	5,857,848
Total Liabilities and Fund Balances	\$ -	\$ 2,325	\$ 3,592,193	\$ 6,262,635

CITY OF ONTARIO

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011

	Capital Projects Funds			
	Redevelopment Center City	Redevelopment Cimarron	Redevelopment Guasti	Combined Low/Moderate Housing
Assets:				
Cash and investments	\$ 5,061,690	\$ 1,934,295	\$ -	\$ 20,009,022
Receivables:				
Accounts	-	-	-	40,180
Accrued interest	14,628	5,386	-	60,688
Taxes	-	-	-	102,149
Contracts and notes	35,000	-	-	6,578,397
Prepaid costs	-	-	-	2,271
Due from other funds	-	-	-	-
Advances to other funds	-	1,073,093	-	4,722,651
Land held for resale	7,242,210	-	-	1,084,937
Restricted assets:				
Cash and investments	150,000	-	2,403,553	-
Cash and investments with fiscal agents	-	-	-	936,333
Total Assets	\$ 12,503,528	\$ 3,012,774	\$ 2,403,553	\$ 33,536,628
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 10,327	\$ -	\$ -	\$ 113,428
Accrued liabilities	1,399	-	-	42,966
Deferred revenues	-	-	-	21,655
Deposits payable	-	-	-	2,895
Due to other governments	-	-	-	-
Due to other funds	-	-	2,198,486	-
Advances from other funds	2,596,724	607,194	58,478	-
Total Liabilities	2,608,450	607,194	2,256,964	180,944
Fund Balances:				
Nonspendable:				
Prepaid costs	-	-	-	2,271
Notes and loans	35,000	-	-	6,556,742
Advances to other funds	-	1,073,093	-	4,722,651
Land held for resale	7,242,210	-	-	1,084,937
Restricted for:				
Community development projects	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Police narcotics	-	-	-	-
AQMD activities	-	-	-	-
Redevelopment projects	2,617,868	1,332,487	146,589	-
Low and moderate housing activities	-	-	-	20,989,083
Public services	-	-	-	-
Debt service	-	-	-	-
Committed to:				
City infrastructure	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	9,895,078	2,405,580	146,589	33,355,684
Total Liabilities and Fund Balances	\$ 12,503,528	\$ 3,012,774	\$ 2,403,553	\$ 33,536,628

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011**

(Continued)

	Capital Projects Funds		Debt Service Funds	
	Impact Fees	CFDs	Redevelopment Area #2	Redevelopment Center City
Assets:				
Cash and investments	\$ 45,209,213	\$ 151,747	\$ 8,626,079	\$ 3,593,093
Receivables:				
Accounts	621,477	-	-	-
Accrued interest	133,166	-	26,655	10,752
Taxes	-	-	31,737	8,750
Contracts and notes	-	-	-	-
Prepaid costs	-	-	-	-
Due from other funds	-	-	-	-
Advances to other funds	-	-	-	-
Land held for resale	-	-	-	-
Restricted assets:				
Cash and investments	19,978	-	-	-
Cash and investments with fiscal agents	-	9,215	-	723,481
Total Assets	\$ 45,983,834	\$ 160,962	\$ 8,684,471	\$ 4,336,076
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 313,205	\$ -	\$ 589,037	\$ 377,783
Accrued liabilities	-	-	-	-
Deferred revenues	-	-	-	-
Deposits payable	-	151,897	-	-
Due to other governments	-	-	-	-
Due to other funds	326,844	-	-	-
Advances from other funds	2,770,000	-	5,100,126	-
Total Liabilities	3,410,049	151,897	5,689,163	377,783
Fund Balances:				
Nonspendable:				
Prepaid costs	-	-	-	-
Notes and loans	-	-	-	-
Advances to other funds	-	-	-	-
Land held for resale	-	-	-	-
Restricted for:				
Community development projects	-	9,065	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Police narcotics	-	-	-	-
AQMD activities	-	-	-	-
Redevelopment projects	-	-	-	-
Low and moderate housing activities	-	-	-	-
Public services	-	-	-	-
Debt service	-	-	2,995,308	3,958,293
Committed to:				
City infrastructure	42,573,785	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	42,573,785	9,065	2,995,308	3,958,293
Total Liabilities and Fund Balances	\$ 45,983,834	\$ 160,962	\$ 8,684,471	\$ 4,336,076

CITY OF ONTARIO

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011**

	Debt Service Funds		Total Nonmajor Governmental Funds
	Redevelopment Cimarron	Redevelopment Guasti	
Assets:			
Cash and investments	\$ 2,499,205	\$ 322,598	\$ 127,761,506
Receivables:			
Accounts	-	-	4,790,084
Accrued interest	7,383	1,005	367,376
Taxes	-	8,846	159,661
Contracts and notes	-	-	18,739,950
Prepaid costs	-	-	31,375
Due from other funds	-	2,198,486	2,198,486
Advances to other funds	-	-	10,012,029
Land held for resale	-	-	25,917,046
Restricted assets:			
Cash and investments	-	-	2,622,715
Cash and investments with fiscal agents	288,725	-	1,957,754
Total Assets	\$ 2,795,313	\$ 2,530,935	\$ 194,557,982
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ 179,058	\$ 142,737	\$ 4,367,813
Accrued liabilities	-	-	1,381,050
Deferred revenues	-	-	8,362,163
Deposits payable	-	-	294,166
Due to other governments	-	-	3,786,045
Due to other funds	-	-	4,907,537
Advances from other funds	2,019,922	500,000	18,845,172
Total Liabilities	2,198,980	642,737	41,943,946
Fund Balances:			
Nonspendable:			
Prepaid costs	-	-	31,375
Notes and loans	-	-	10,377,787
Advances to other funds	-	-	10,012,029
Land held for resale	-	-	25,917,046
Restricted for:			
Community development projects	-	-	14,569,791
Public safety	-	-	435,000
Public works	-	-	9,961,847
Police narcotics	-	-	2,260,886
AQMD activities	-	-	872,034
Redevelopment projects	-	-	10,824,859
Low and moderate housing activities	-	-	20,989,083
Public services	-	-	3,253,837
Debt service	596,333	1,888,198	9,438,132
Committed to:			
City infrastructure	-	-	42,573,785
Unassigned	-	-	(8,903,455)
Total Fund Balances	596,333	1,888,198	152,614,036
Total Liabilities and Fund Balances	\$ 2,795,313	\$ 2,530,935	\$ 194,557,982

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CITY OF ONTARIO

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011**

	Special Revenue Funds			
	Special Gas Tax	Measure I	Park Impact / Quimby	Community Development
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	4,309,527	4,243,123	-	5,316,126
Charges for services	-	-	391,917	-
Use of money and property	69,974	46,933	186,671	314,941
Fines and forfeitures	-	-	-	-
Contributions	-	-	-	-
Miscellaneous	-	-	-	28,296
Total Revenues	4,379,501	4,290,056	578,588	5,659,363
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	223,917
Community development	3,001,368	5,008,803	-	3,960,486
Public works	-	-	71,407	553,518
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Pass-through agreement payments	-	-	-	-
Total Expenditures	3,001,368	5,008,803	71,407	4,737,921
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,378,133	(718,747)	507,181	921,442
Other Financing Sources (Uses):				
Transfers in	1,092,273	-	-	-
Transfers out	(2,369,928)	-	-	(212,147)
Total Other Financing Sources (Uses)	(1,277,655)	-	-	(212,147)
Net Change in Fund Balances	\$ 100,478	\$ (718,747)	\$ 507,181	\$ 709,295
Fund Balances:				
Beginning of year, as originally reported	\$ 4,615,047	\$ 4,236,940	\$ 9,454,666	\$ 3,885,298
Restatements	-	-	-	-
Beginning of year, as restated	4,615,047	4,236,940	9,454,666	3,885,298
Net Change in Fund Balances	100,478	(718,747)	507,181	709,295
Fund Balances, End of Year	\$ 4,715,525	\$ 3,518,193	\$ 9,961,847	\$ 4,594,593

CITY OF ONTARIO

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011**

(Continued)

	Special Revenue Funds			
	Asset Seizure	Mobile Source Air Pollution	Special Assessment/Fee Districts	Building Safety
Revenues:				
Taxes	\$ -	\$ -	\$ 997,098	\$ -
Intergovernmental	815,784	192,096	-	-
Charges for services	-	-	-	1,405,184
Use of money and property	48,507	12,457	52,266	-
Fines and forfeitures	-	-	-	-
Contributions	-	-	-	-
Miscellaneous	11,850	-	60,330	-
Total Revenues	876,141	204,553	1,109,694	1,405,184
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	363,133	-	-	-
Community development	-	21,386	315,532	539,996
Public works	-	-	568,774	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Pass-through agreement payments	-	-	-	-
Total Expenditures	363,133	21,386	884,306	539,996
Excess (Deficiency) of Revenues Over (Under) Expenditures	513,008	183,167	225,388	865,188
Other Financing Sources (Uses):				
Transfers in	-	-	165,220	-
Transfers out	-	(4,773)	(181,367)	(111,125)
Total Other Financing Sources (Uses)	-	(4,773)	(16,147)	(111,125)
Net Change in Fund Balances	\$ 513,008	\$ 178,394	\$ 209,241	\$ 754,063
Fund Balances:				
Beginning of year, as originally reported	\$ 2,189,897	\$ 693,640	\$ 2,717,687	\$ 432,686
Restatements	-	-	-	-
Beginning of year, as restated	2,189,897	693,640	2,717,687	432,686
Net Change in Fund Balances	513,008	178,394	209,241	754,063
Fund Balances, End of Year	\$ 2,702,905	\$ 872,034	\$ 2,926,928	\$ 1,186,749

CITY OF ONTARIO

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011**

	Special Revenue Funds			
	Storm Drain Maintenance	Ontario Housing Authority	Historic Preservation	NMC Public Services
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	6,258	4,062,968	-	-
Charges for services	1,221,982	-	1,890	29,750
Use of money and property	31,056	121,924	6,203	59,549
Fines and forfeitures	4,757	-	-	-
Contributions	-	314,000	-	-
Miscellaneous	15,276	-	-	-
Total Revenues	<u>1,279,329</u>	<u>4,498,892</u>	<u>8,093</u>	<u>89,299</u>
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community development	862,547	3,554,535	-	-
Public works	317,360	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Pass-through agreement payments	-	-	-	-
Total Expenditures	<u>1,179,907</u>	<u>3,554,535</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>99,422</u>	<u>944,357</u>	<u>8,093</u>	<u>89,299</u>
Other Financing Sources (Uses):				
Transfers in	-	165,545	-	-
Transfers out	(256,663)	-	-	-
Total Other Financing Sources (Uses)	<u>(256,663)</u>	<u>165,545</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ (157,241)</u>	<u>\$ 1,109,902</u>	<u>\$ 8,093</u>	<u>\$ 89,299</u>
Fund Balances:				
Beginning of year, as originally reported	\$ 2,058,099	\$ 8,413,637	\$ 304,380	\$ 3,164,538
Restatements	-	-	-	-
Beginning of year, as restated	2,058,099	8,413,637	304,380	3,164,538
Net Change in Fund Balances	<u>(157,241)</u>	<u>1,109,902</u>	<u>8,093</u>	<u>89,299</u>
Fund Balances, End of Year	<u>\$ 1,900,858</u>	<u>\$ 9,523,539</u>	<u>\$ 312,473</u>	<u>\$ 3,253,837</u>

CITY OF ONTARIO

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011**

(Continued)

	Special Revenue Funds		Capital Projects Funds	
	CFD No. 10 - Public Services	NMC CFD	Redevelopment Administration	Redevelopment Area #2
Revenues:				
Taxes	\$ 9,761	\$ 296,133	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Use of money and property	(152)	30	67,463	66,521
Fines and forfeitures	-	-	-	-
Contributions	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	9,609	296,163	67,463	66,521
Expenditures:				
Current:				
General government	14	6,567	692,825	108,132
Public safety	-	-	-	37,880
Community development	-	-	1,881,672	-
Public works	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Pass-through agreement payments	-	-	-	-
Total Expenditures	14	6,567	2,574,497	146,012
Excess (Deficiency) of Revenues Over (Under) Expenditures	9,595	289,596	(2,507,034)	(79,491)
Other Financing Sources (Uses):				
Transfers in	-	-	3,301,440	468,574
Transfers out	(9,762)	(289,596)	-	(247,047)
Total Other Financing Sources (Uses)	(9,762)	(289,596)	3,301,440	221,527
Net Change in Fund Balances	\$ (167)	\$ -	\$ 794,406	\$ 142,036
Fund Balances:				
Beginning of year, as originally reported	\$ -	\$ -	\$ 2,668,555	\$ 5,715,812
Restatements	-	-	-	-
Beginning of year, as restated	-	-	2,668,555	5,715,812
Net Change in Fund Balances	(167)	-	794,406	142,036
Fund Balances, End of Year	\$ (167)	\$ -	\$ 3,462,961	\$ 5,857,848

CITY OF ONTARIO

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011**

	Capital Projects Funds			
	Redevelopment Center City	Redevelopment Cimarron	Redevelopment Guasti	Combined Low/Moderate Housing
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ 9,933,382
Intergovernmental	-	-	-	40,180
Charges for services	-	-	-	-
Use of money and property	98,643	60,537	4,382	624,175
Fines and forfeitures	-	-	-	-
Contributions	-	-	-	-
Miscellaneous	1	-	-	75,398
Total Revenues	98,644	60,537	4,382	10,673,135
Expenditures:				
Current:				
General government	2,186,516	107,078	8,104	2,337,347
Public safety	-	15,169	-	-
Community development	136,069	196,407	-	5,833,187
Public works	-	-	-	-
Debt service:				
Principal retirement	-	-	-	375,710
Interest and fiscal charges	-	-	-	669,742
Pass-through agreement payments	-	-	-	-
Total Expenditures	2,322,585	318,654	8,104	9,215,986
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,223,941)	(258,117)	(3,722)	1,457,149
Other Financing Sources (Uses):				
Transfers in	1,352,103	1,107,715	80,041	-
Transfers out	(1,422,244)	(381,223)	(41,598)	(382,918)
Total Other Financing Sources (Uses)	(70,141)	726,492	38,443	(382,918)
Net Change in Fund Balances	\$ (2,294,082)	\$ 468,375	\$ 34,721	\$ 1,074,231
Fund Balances:				
Beginning of year, as originally reported	\$ 12,514,057	\$ 1,937,205	\$ 111,868	\$ 32,281,453
Restatements	(324,897)	-	-	-
Beginning of year, as restated	12,189,160	1,937,205	111,868	32,281,453
Net Change in Fund Balances	(2,294,082)	468,375	34,721	1,074,231
Fund Balances, End of Year	\$ 9,895,078	\$ 2,405,580	\$ 146,589	\$ 33,355,684

CITY OF ONTARIO

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011**

(Continued)

	Capital Projects Funds		Debt Service Funds	
	Impact Fees	CFDs	Redevelopment Area #2	Redevelopment Center City
Revenues:				
Taxes	\$ -	\$ -	\$ 3,729,059	\$ 2,801,204
Intergovernmental	-	-	-	-
Charges for services	1,242,261	-	-	-
Use of money and property	805,456	-	138,499	51,294
Fines and forfeitures	-	-	-	-
Contributions	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	2,047,717	-	3,867,558	2,852,498
Expenditures:				
Current:				
General government	-	-	51,575	62,283
Public safety	-	-	-	-
Community development	2,046,189	-	-	-
Public works	105,409	-	-	-
Debt service:				
Principal retirement	-	-	-	425,000
Interest and fiscal charges	-	-	388,785	449,921
Pass-through agreement payments	-	-	1,162,518	502,193
Total Expenditures	2,151,598	-	1,602,878	1,439,397
Excess (Deficiency) of Revenues Over (Under) Expenditures	(103,881)	-	2,264,680	1,413,101
Other Financing Sources (Uses):				
Transfers in	-	-	-	504,989
Transfers out	-	-	(973,563)	(1,352,103)
Total Other Financing Sources (Uses)	-	-	(973,563)	(847,114)
Net Change in Fund Balances	\$ (103,881)	\$ -	\$ 1,291,117	\$ 565,987
Fund Balances:				
Beginning of year, as originally reported	\$ 42,677,666	\$ 9,065	\$ 1,704,191	\$ 3,392,306
Restatements	-	-	-	-
Beginning of year, as restated	42,677,666	9,065	1,704,191	3,392,306
Net Change in Fund Balances	(103,881)	-	1,291,117	565,987
Fund Balances, End of Year	\$ 42,573,785	\$ 9,065	\$ 2,995,308	\$ 3,958,293

CITY OF ONTARIO

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011**

	<u>Debt Service Funds</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>Redevelopment Cimarron</u>	<u>Redevelopment Guasti</u>	
Revenues:			
Taxes	\$ 1,374,651	\$ 658,048	\$ 19,799,336
Intergovernmental	-	-	18,986,062
Charges for services	-	-	4,292,984
Use of money and property	34,691	(475)	2,901,545
Fines and forfeitures	-	-	4,757
Contributions	-	-	314,000
Miscellaneous	-	-	191,151
Total Revenues	<u>1,409,342</u>	<u>657,573</u>	<u>46,489,835</u>
Expenditures:			
Current:			
General government	28,920	8,872	5,598,233
Public safety	-	-	640,099
Community development	-	-	27,358,177
Public works	-	-	1,616,468
Debt service:			
Principal retirement	220,000	-	1,020,710
Interest and fiscal charges	124,527	5,848	1,638,823
Pass-through agreement payments	378,096	164,512	2,207,319
Total Expenditures	<u>751,543</u>	<u>179,232</u>	<u>40,079,829</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>657,799</u>	<u>478,341</u>	<u>6,410,006</u>
Other Financing Sources (Uses):			
Transfers in	57,212	-	8,295,112
Transfers out	(1,107,715)	(80,041)	(9,423,813)
Total Other Financing Sources (Uses)	<u>(1,050,503)</u>	<u>(80,041)</u>	<u>(1,128,701)</u>
Net Change in Fund Balances	<u>\$ (392,704)</u>	<u>\$ 398,300</u>	<u>\$ 5,281,305</u>
Fund Balances:			
Beginning of year, as originally reported	\$ 989,037	\$ 1,489,898	\$ 147,657,628
Restatements	-	-	(324,897)
Beginning of year, as restated	989,037	1,489,898	147,332,731
Net Change in Fund Balances	<u>(392,704)</u>	<u>398,300</u>	<u>5,281,305</u>
Fund Balances, End of Year	<u>\$ 596,333</u>	<u>\$ 1,888,198</u>	<u>\$ 152,614,036</u>

CITY OF ONTARIO

**BUDGETARY COMPARISON SCHEDULE
SPECIAL GAS TAX
YEAR ENDED JUNE 30, 2011**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 4,615,047	\$ 4,615,047	\$ 4,615,047	\$ -
Resources (Inflows):				
Intergovernmental	2,730,270	4,477,101	4,309,527	(167,574)
Use of money and property	70,000	70,000	69,974	(26)
Transfers in	1,700,000	1,092,273	1,092,273	-
Amounts Available for Appropriation	9,115,317	10,254,421	10,086,821	(167,600)
Charges to Appropriation (Outflow):				
Community development	2,562,713	4,045,443	3,001,368	1,044,075
Transfers out	2,353,879	2,353,879	2,369,928	(16,049)
Total Charges to Appropriations	4,916,592	6,399,322	5,371,296	1,028,026
Budgetary Fund Balance, June 30	\$ 4,198,725	\$ 3,855,099	\$ 4,715,525	\$ 860,426

CITY OF ONTARIO

**BUDGETARY COMPARISON SCHEDULE
MEASURE I
YEAR ENDED JUNE 30, 2011**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 4,236,940	\$ 4,236,940	\$ 4,236,940	\$ -
Resources (Inflows):				
Intergovernmental	4,302,177	10,946,090	4,243,123	(6,702,967)
Use of money and property	80,000	80,000	46,933	(33,067)
Amounts Available for Appropriation	8,619,117	15,263,030	8,526,996	(6,736,034)
Charges to Appropriation (Outflow):				
Community development	5,088,477	14,242,977	5,008,803	9,234,174
Total Charges to Appropriations	5,088,477	14,242,977	5,008,803	9,234,174
Budgetary Fund Balance, June 30	\$ 3,530,640	\$ 1,020,053	\$ 3,518,193	\$ 2,498,140

CITY OF ONTARIO

**BUDGETARY COMPARISON SCHEDULE
 PARK IMPACT / QUIMBY
 YEAR ENDED JUNE 30, 2011**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 9,454,666	\$ 9,454,666	\$ 9,454,666	\$ -
Resources (Inflows):				
Charges for services	-	-	391,917	391,917
Use of money and property	170,000	170,000	186,671	16,671
Amounts Available for Appropriation	9,624,666	9,624,666	10,033,254	408,588
Charges to Appropriation (Outflow):				
Community development	-	993,100	-	993,100
Public works	-	6,242,761	71,407	6,171,354
Transfers out	245,487	245,487	-	245,487
Total Charges to Appropriations	245,487	7,481,348	71,407	7,409,941
Budgetary Fund Balance, June 30	\$ 9,379,179	\$ 2,143,318	\$ 9,961,847	\$ 7,818,529

CITY OF ONTARIO

**BUDGETARY COMPARISON SCHEDULE
 COMMUNITY DEVELOPMENT
 YEAR ENDED JUNE 30, 2011**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 3,885,298	\$ 3,885,298	\$ 3,885,298	\$ -
Resources (Inflows):				
Intergovernmental	9,232,889	11,418,984	5,316,126	(6,102,858)
Use of money and property	75,000	75,000	314,941	239,941
Miscellaneous	-	-	28,296	28,296
Amounts Available for Appropriation	13,193,187	15,379,282	9,544,661	(5,834,621)
Charges to Appropriation (Outflow):				
Public safety	223,982	223,982	223,917	65
Community development	6,539,235	9,020,688	3,960,486	5,060,202
Public works	959,094	663,736	553,518	110,218
Transfers out	212,147	212,147	212,147	-
Total Charges to Appropriations	7,934,458	10,120,553	4,950,068	5,170,485
Budgetary Fund Balance, June 30	\$ 5,258,729	\$ 5,258,729	\$ 4,594,593	\$ (664,136)

CITY OF ONTARIO

**BUDGETARY COMPARISON SCHEDULE
ASSET SEIZURE
YEAR ENDED JUNE 30, 2011**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,189,897	\$ 2,189,897	\$ 2,189,897	\$ -
Resources (Inflows):				
Intergovernmental	-	-	815,784	815,784
Use of money and property	-	-	48,507	48,507
Miscellaneous	-	-	11,850	11,850
Amounts Available for Appropriation	2,189,897	2,189,897	3,066,038	876,141
Charges to Appropriation (Outflow):				
Public safety	426,013	466,212	363,133	103,079
Total Charges to Appropriations	426,013	466,212	363,133	103,079
Budgetary Fund Balance, June 30	\$ 1,763,884	\$ 1,723,685	\$ 2,702,905	\$ 979,220

CITY OF ONTARIO

**BUDGETARY COMPARISON SCHEDULE
MOBILE SOURCE AIR POLLUTION
YEAR ENDED JUNE 30, 2011**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 693,640	\$ 693,640	\$ 693,640	\$ -
Resources (Inflows):				
Intergovernmental	200,000	200,000	192,096	(7,904)
Use of money and property	15,000	15,000	12,457	(2,543)
Amounts Available for Appropriation	908,640	908,640	898,193	(10,447)
Charges to Appropriation (Outflow):				
Community development	597,923	597,923	21,386	576,537
Transfers out	8,922	8,922	4,773	4,149
Total Charges to Appropriations	606,845	606,845	26,159	580,686
Budgetary Fund Balance, June 30	\$ 301,795	\$ 301,795	\$ 872,034	\$ 570,239

CITY OF ONTARIO

**BUDGETARY COMPARISON SCHEDULE
SPECIAL ASSESSMENT/FEE DISTRICTS
YEAR ENDED JUNE 30, 2011**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,717,687	\$ 2,717,687	\$ 2,717,687	\$ -
Resources (Inflows):				
Taxes	1,000,767	1,000,767	997,098	(3,669)
Charges for services	40,000	40,000	-	(40,000)
Use of money and property	61,200	61,200	52,266	(8,934)
Miscellaneous	60,000	60,000	60,330	330
Transfers in	223,651	223,651	165,220	(58,431)
Amounts Available for Appropriation	4,103,305	4,103,305	3,992,601	(110,704)
Charges to Appropriation (Outflow):				
Community development	525,982	528,947	315,532	213,415
Public works	640,274	640,274	568,774	71,500
Transfers out	214,005	214,005	181,367	32,638
Total Charges to Appropriations	1,380,261	1,383,226	1,065,673	317,553
Budgetary Fund Balance, June 30	\$ 2,723,044	\$ 2,720,079	\$ 2,926,928	\$ 206,849

CITY OF ONTARIO

**BUDGETARY COMPARISON SCHEDULE
 BUILDING SAFETY
 YEAR ENDED JUNE 30, 2011**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 432,686	\$ 432,686	\$ 432,686	\$ -
Resources (Inflows):				
Charges for services	860,000	910,000	1,405,184	495,184
Use of money and property	7,000	7,000	-	(7,000)
Miscellaneous	275,000	275,000	-	(275,000)
Amounts Available for Appropriation	1,574,686	1,624,686	1,837,870	213,184
Charges to Appropriation (Outflow):				
Community development	1,086,979	1,136,979	539,996	596,983
Transfers out	78,503	78,503	111,125	(32,622)
Total Charges to Appropriations	1,165,482	1,215,482	651,121	564,361
Budgetary Fund Balance, June 30	\$ 409,204	\$ 409,204	\$ 1,186,749	\$ 777,545

CITY OF ONTARIO

**BUDGETARY COMPARISON SCHEDULE
STORM DRAIN MAINTENANCE
YEAR ENDED JUNE 30, 2011**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,058,099	\$ 2,058,099	\$ 2,058,099	\$ -
Resources (Inflows):				
Intergovernmental	-	-	6,258	6,258
Charges for services	1,210,000	1,210,000	1,221,982	11,982
Use of money and property	39,000	39,000	31,056	(7,944)
Fines and forfeitures	1,500	1,500	4,757	3,257
Miscellaneous	-	-	15,276	15,276
Amounts Available for Appropriation	3,308,599	3,308,599	3,337,428	28,829
Charges to Appropriation (Outflow):				
Community development	976,046	1,014,046	862,547	151,499
Public works	430,910	438,989	317,360	121,629
Transfers out	291,423	291,423	256,663	34,760
Total Charges to Appropriations	1,698,379	1,744,458	1,436,570	307,888
Budgetary Fund Balance, June 30	\$ 1,610,220	\$ 1,564,141	\$ 1,900,858	\$ 336,717

CITY OF ONTARIO

**BUDGETARY COMPARISON SCHEDULE
ONTARIO HOUSING AUTHORITY
YEAR ENDED JUNE 30, 2011**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 8,413,637	\$ 8,413,637	\$ 8,413,637	\$ -
Resources (Inflows):				
Intergovernmental	4,917,916	5,857,939	4,062,968	(1,794,971)
Use of money and property	-	-	121,924	121,924
Contributions	-	-	314,000	314,000
Other debts issued	732,840	4,375,560	-	(4,375,560)
Transfers in	-	-	165,545	165,545
Amounts Available for Appropriation	14,064,393	18,647,136	13,078,074	(5,569,062)
Charges to Appropriation (Outflow):				
Community development	5,650,756	10,233,499	3,554,535	6,678,964
Total Charges to Appropriations	5,650,756	10,233,499	3,554,535	6,678,964
Budgetary Fund Balance, June 30	\$ 8,413,637	\$ 8,413,637	\$ 9,523,539	\$ 1,109,902

CITY OF ONTARIO

**BUDGETARY COMPARISON SCHEDULE
HISTORIC PRESERVATION
YEAR ENDED JUNE 30, 2011**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 304,380	\$ 304,380	\$ 304,380	\$ -
Resources (Inflows):				
Charges for services	-	-	1,890	1,890
Use of money and property	5,000	5,000	6,203	1,203
Amounts Available for Appropriation	309,380	309,380	312,473	3,093
Budgetary Fund Balance, June 30	\$ 309,380	\$ 309,380	\$ 312,473	\$ 3,093

CITY OF ONTARIO

**BUDGETARY COMPARISON SCHEDULE
NMC PUBLIC SERVICES
YEAR ENDED JUNE 30, 2011**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 3,164,538	\$ 3,164,538	\$ 3,164,538	\$ -
Resources (Inflows):				
Charges for services	-	-	29,750	29,750
Use of money and property	61,000	61,000	59,549	(1,451)
Amounts Available for Appropriation	3,225,538	3,225,538	3,253,837	28,299
Budgetary Fund Balance, June 30	\$ 3,225,538	\$ 3,225,538	\$ 3,253,837	\$ 28,299

CITY OF ONTARIO

**BUDGETARY COMPARISON SCHEDULE
CFD NO. 10 - PUBLIC SERVICES
YEAR ENDED JUNE 30, 2011**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Taxes	9,762	9,762	9,761	(1)
Use of money and property	-	-	(152)	(152)
Amounts Available for Appropriation	9,762	9,762	9,609	(153)
Charges to Appropriation (Outflow):				
General government	-	-	14	(14)
Transfers out	9,762	9,762	9,762	-
Total Charges to Appropriations	9,762	9,762	9,776	(14)
Budgetary Fund Balance, June 30	\$ -	\$ -	\$ (167)	\$ (167)

CITY OF ONTARIO

**BUDGETARY COMPARISON SCHEDULE
NMC CFD
YEAR ENDED JUNE 30, 2011**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Taxes	294,290	294,290	296,133	1,843
Use of money and property	-	-	30	30
Amounts Available for Appropriation	294,290	294,290	296,163	1,873
Charges to Appropriation (Outflow):				
General government	8,701	8,701	6,567	2,134
Transfers out	285,589	285,589	289,596	(4,007)
Total Charges to Appropriations	294,290	294,290	296,163	(1,873)
Budgetary Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -

CITY OF ONTARIO

**BUDGETARY COMPARISON SCHEDULE
 CAPITAL PROJECTS
 YEAR ENDED JUNE 30, 2011**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 32,086,879	\$ 32,086,879	\$ 32,086,879	\$ -
Resources (Inflows):				
Intergovernmental	-	5,613,786	2,050,288	(3,563,498)
Charges for services	-	-	145,523	145,523
Use of money and property	19,000	19,000	279,165	260,165
Miscellaneous	-	450,000	167,890	(282,110)
Transfers in	785,494	3,905,494	4,059,820	154,326
Amounts Available for Appropriation	32,891,373	42,075,159	38,789,565	(3,285,594)
Charges to Appropriation (Outflow):				
Public safety	140,494	140,494	-	140,494
Community development	927,162	29,521,283	21,285,693	8,235,590
Public works	30,000	30,000	-	30,000
Total Charges to Appropriations	1,097,656	29,691,777	21,285,693	8,406,084
Budgetary Fund Balance, June 30	\$ 31,793,717	\$ 12,383,382	\$ 17,503,872	\$ 5,120,490

CITY OF ONTARIO

**BUDGETARY COMPARISON SCHEDULE
REDEVELOPMENT ADMINISTRATION
YEAR ENDED JUNE 30, 2011**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,668,555	\$ 2,668,555	\$ 2,668,555	\$ -
Resources (Inflows):				
Use of money and property	60,000	60,000	67,463	7,463
Transfers in	3,301,442	3,301,442	3,301,440	(2)
Amounts Available for Appropriation	6,029,997	6,029,997	6,037,458	7,461
Charges to Appropriation (Outflow):				
General government	1,025,607	1,076,065	692,825	383,240
Community development	2,103,930	2,111,930	1,881,672	230,258
Total Charges to Appropriations	3,129,537	3,187,995	2,574,497	613,498
Budgetary Fund Balance, June 30	\$ 2,900,460	\$ 2,842,002	\$ 3,462,961	\$ 620,959

CITY OF ONTARIO

**BUDGETARY COMPARISON SCHEDULE
REDEVELOPMENT AREA #1 - CAPITAL PROJECTS
YEAR ENDED JUNE 30, 2011**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1, as restated	\$ 12,664,177	\$ 12,664,177	\$ 12,664,177	\$ -
Resources (Inflows):				
Use of money and property	100,000	100,000	(27,611)	(127,611)
Transfers in	-	4,500,000	7,429,611	2,929,611
Amounts Available for Appropriation	12,764,177	17,264,177	20,066,177	2,802,000
Charges to Appropriation (Outflow):				
General government	2,795,067	7,702,972	6,614,295	1,088,677
Community development	-	84,286	69,341	14,945
Transfers out	1,529,200	1,529,200	1,529,200	-
Total Charges to Appropriations	4,324,267	9,316,458	8,212,836	1,103,622
Budgetary Fund Balance, June 30	\$ 8,439,910	\$ 7,947,719	\$ 11,853,341	\$ 3,905,622

CITY OF ONTARIO

**BUDGETARY COMPARISON SCHEDULE
REDEVELOPMENT AREA #2 - CAPITAL PROJECTS
YEAR ENDED JUNE 30, 2011**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 5,715,812	\$ 5,715,812	\$ 5,715,812	\$ -
Resources (Inflows):				
Use of money and property	70,000	70,000	66,521	(3,479)
Transfers in	-	-	468,574	468,574
Amounts Available for Appropriation	5,785,812	5,785,812	6,250,907	465,095
Charges to Appropriation (Outflow):				
General government	454,966	454,966	108,132	346,834
Public safety	-	100,918	37,880	63,038
Transfers out	247,048	247,048	247,047	1
Total Charges to Appropriations	702,014	802,932	393,059	409,873
Budgetary Fund Balance, June 30	\$ 5,083,798	\$ 4,982,880	\$ 5,857,848	\$ 874,968

CITY OF ONTARIO

**BUDGETARY COMPARISON SCHEDULE
REDEVELOPMENT CENTER CITY - CAPITAL PROJECTS
YEAR ENDED JUNE 30, 2011**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1, as restated	\$ 12,189,160	\$ 12,189,160	\$ 12,189,160	\$ -
Resources (Inflows):				
Use of money and property	99,000	99,000	98,643	(357)
Miscellaneous	-	-	1	1
Transfers in	-	-	1,352,103	1,352,103
Amounts Available for Appropriation	12,288,160	12,288,160	13,639,907	1,351,747
Charges to Appropriation (Outflow):				
General government	652,852	1,939,946	2,186,516	(246,570)
Community development	844,141	844,141	136,069	708,072
Transfers out	1,102,373	1,102,373	1,422,244	(319,871)
Total Charges to Appropriations	2,599,366	3,886,460	3,744,829	141,631
Budgetary Fund Balance, June 30	\$ 9,688,794	\$ 8,401,700	\$ 9,895,078	\$ 1,493,378

CITY OF ONTARIO

**BUDGETARY COMPARISON SCHEDULE
REDEVELOPMENT CIMARRON - CAPITAL PROJECTS
YEAR ENDED JUNE 30, 2011**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,937,205	\$ 1,937,205	\$ 1,937,205	\$ -
Resources (Inflows):				
Use of money and property	7,000	7,000	60,537	53,537
Transfers in	1,040,000	907,410	1,107,715	200,305
Amounts Available for Appropriation	2,984,205	2,851,615	3,105,457	253,842
Charges to Appropriation (Outflow):				
General government	260,000	485,971	107,078	378,893
Public safety	411,000	411,000	15,169	395,831
Community development	400,000	397,641	196,407	201,234
Transfers out	381,223	381,223	381,223	-
Total Charges to Appropriations	1,452,223	1,675,835	699,877	975,958
Budgetary Fund Balance, June 30	\$ 1,531,982	\$ 1,175,780	\$ 2,405,580	\$ 1,229,800

CITY OF ONTARIO

**BUDGETARY COMPARISON SCHEDULE
REDEVELOPMENT GUASTI - CAPITAL PROJECTS
YEAR ENDED JUNE 30, 2011**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 111,868	\$ 111,868	\$ 111,868	\$ -
Resources (Inflows):				
Use of money and property	3,000	3,000	4,382	1,382
Transfers in	-	-	80,041	80,041
Amounts Available for Appropriation	114,868	114,868	196,291	81,423
Charges to Appropriation (Outflow):				
General government	65,000	81,880	8,104	73,776
Transfers out	41,598	41,598	41,598	-
Total Charges to Appropriations	106,598	123,478	49,702	73,776
Budgetary Fund Balance, June 30	\$ 8,270	\$ (8,610)	\$ 146,589	\$ 155,199

CITY OF ONTARIO

**BUDGETARY COMPARISON SCHEDULE
COMBINED LOW/MODERATE HOUSING
YEAR ENDED JUNE 30, 2011**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 32,281,453	\$ 32,281,453	\$ 32,281,453	\$ -
Resources (Inflows):				
Taxes	8,424,106	8,719,778	9,933,382	1,213,604
Intergovernmental	-	-	40,180	40,180
Use of money and property	455,000	455,000	624,175	169,175
Miscellaneous	-	-	75,398	75,398
Amounts Available for Appropriation	41,160,559	41,456,231	42,954,588	1,498,357
Charges to Appropriation (Outflow):				
General government	3,232,462	3,276,944	2,337,347	939,597
Community development	15,167,016	17,647,458	5,833,187	11,814,271
Debt service:				
Principal retirement	375,710	375,710	375,710	-
Interest and fiscal charges	669,742	669,742	669,742	-
Transfers out	382,919	382,919	382,918	1
Total Charges to Appropriations	19,827,849	22,352,773	9,598,904	12,753,869
Budgetary Fund Balance, June 30	\$ 21,332,710	\$ 19,103,458	\$ 33,355,684	\$ 14,252,226

CITY OF ONTARIO

**BUDGETARY COMPARISON SCHEDULE
IMPACT FEES
YEAR ENDED JUNE 30, 2011**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 42,677,666	\$ 42,677,666	\$ 42,677,666	\$ -
Resources (Inflows):				
Charges for services	-	-	1,242,261	1,242,261
Use of money and property	998,000	998,000	805,456	(192,544)
Amounts Available for Appropriation	43,675,666	43,675,666	44,725,383	1,049,717
Charges to Appropriation (Outflow):				
Community development	-	21,684,320	2,046,189	19,638,131
Public works	6,575,000	6,575,000	105,409	6,469,591
Total Charges to Appropriations	6,575,000	28,259,320	2,151,598	26,107,722
Budgetary Fund Balance, June 30	\$ 37,100,666	\$ 15,416,346	\$ 42,573,785	\$ 27,157,439

CITY OF ONTARIO

**BUDGETARY COMPARISON SCHEDULE
 REDEVELOPMENT AREA #1 - DEBT SERVICE
 YEAR ENDED JUNE 30, 2011**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 7,282,378	\$ 7,282,378	\$ 7,282,378	\$ -
Resources (Inflows):				
Taxes	26,496,401	27,679,088	31,170,566	3,491,478
Use of money and property	665,000	665,000	379,922	(285,078)
Transfers in	325,707	325,707	325,707	-
Amounts Available for Appropriation	34,769,486	35,952,173	39,158,573	3,206,400
Charges to Appropriation (Outflow):				
General government	7,396,970	8,500,497	8,194,622	305,875
Debt service:				
Principal retirement	4,238,835	4,238,835	3,554,502	684,333
Interest and fiscal charges	10,332,339	10,491,378	8,383,932	2,107,446
Pass-through agreement payments	2,235,634	3,290,207	3,704,012	(413,805)
Transfers out	-	4,500,000	7,429,611	(2,929,611)
Total Charges to Appropriations	24,203,778	31,020,917	31,266,679	(245,762)
Budgetary Fund Balance, June 30	\$ 10,565,708	\$ 4,931,256	\$ 7,891,894	\$ 2,960,638

CITY OF ONTARIO

**BUDGETARY COMPARISON SCHEDULE
REDEVELOPMENT AREA #2 - DEBT SERVICE
YEAR ENDED JUNE 30, 2011**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,704,191	\$ 1,704,191	\$ 1,704,191	\$ -
Resources (Inflows):				
Taxes	3,612,311	3,612,311	3,729,059	116,748
Use of money and property	120,000	120,000	138,499	18,499
Amounts Available for Appropriation	5,436,502	5,436,502	5,571,749	135,247
Charges to Appropriation (Outflow):				
General government	72,246	73,770	51,575	22,195
Debt service:				
Principal retirement	423,204	423,204	-	423,204
Interest and fiscal charges	388,786	388,786	388,785	1
Pass-through agreement payments	903,078	1,106,561	1,162,518	(55,957)
Transfers out	504,989	504,989	973,563	(468,574)
Total Charges to Appropriations	2,292,303	2,497,310	2,576,441	(79,131)
Budgetary Fund Balance, June 30	\$ 3,144,199	\$ 2,939,192	\$ 2,995,308	\$ 56,116

CITY OF ONTARIO

**BUDGETARY COMPARISON SCHEDULE
REDEVELOPMENT CENTER CITY - DEBT SERVICE
YEAR ENDED JUNE 30, 2011**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 3,392,306	\$ 3,392,306	\$ 3,392,306	\$ -
Resources (Inflows):				
Taxes	2,019,958	2,019,958	2,801,204	781,246
Use of money and property	38,000	38,000	51,294	13,294
Transfers in	504,989	504,989	504,989	-
Amounts Available for Appropriation	5,955,253	5,955,253	6,749,793	794,540
Charges to Appropriation (Outflow):				
General government	40,399	56,228	62,283	(6,055)
Debt service:				
Principal retirement	1,690,651	1,690,651	425,000	1,265,651
Interest and fiscal charges	707,902	707,902	449,921	257,981
Pass-through agreement payments	220,933	477,940	502,193	(24,253)
Transfers out	-	-	1,352,103	(1,352,103)
Total Charges to Appropriations	2,659,885	2,932,721	2,791,500	141,221
Budgetary Fund Balance, June 30	\$ 3,295,368	\$ 3,022,532	\$ 3,958,293	\$ 935,761

CITY OF ONTARIO

**BUDGETARY COMPARISON SCHEDULE
REDEVELOPMENT CIMARRON - DEBT SERVICE
YEAR ENDED JUNE 30, 2011**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 989,037	\$ 989,037	\$ 989,037	\$ -
Resources (Inflows):				
Taxes	1,192,726	1,192,726	1,374,651	181,925
Use of money and property	55,000	55,000	34,691	(20,309)
Transfers in	57,212	57,212	57,212	-
Amounts Available for Appropriation	2,293,975	2,293,975	2,455,591	161,616
Charges to Appropriation (Outflow):				
General government	23,854	27,409	28,920	(1,511)
Debt service:				
Principal retirement	679,285	679,285	220,000	459,285
Interest and fiscal charges	272,437	272,437	124,527	147,910
Pass-through agreement payments	335,454	368,302	378,096	(9,794)
Transfers out	1,040,000	907,410	1,107,715	(200,305)
Total Charges to Appropriations	2,351,030	2,254,843	1,859,258	395,585
Budgetary Fund Balance, June 30	\$ (57,055)	\$ 39,132	\$ 596,333	\$ 557,201

CITY OF ONTARIO

**BUDGETARY COMPARISON SCHEDULE
 REDEVELOPMENT GUASTI - DEBT SERVICE
 YEAR ENDED JUNE 30, 2011**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,489,898	\$ 1,489,898	\$ 1,489,898	\$ -
Resources (Inflows):				
Taxes	375,030	375,030	658,048	283,018
Use of money and property	37,000	37,000	(475)	(37,475)
Amounts Available for Appropriation	1,901,928	1,901,928	2,147,471	245,543
Charges to Appropriation (Outflow):				
General government	227,501	235,412	8,872	226,540
Debt service:				
Principal retirement	58,478	58,478	-	58,478
Interest and fiscal charges	5,848	5,848	5,848	-
Pass-through agreement payments	117,197	192,652	164,512	28,140
Transfers out	-	-	80,041	(80,041)
Total Charges to Appropriations	409,024	492,390	259,273	233,117
Budgetary Fund Balance, June 30	\$ 1,492,904	\$ 1,409,538	\$ 1,888,198	\$ 478,660

CITY OF ONTARIO

**COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
JUNE 30, 2011**

	Equipment Services	Self Insurance	Information Technology	Total
Assets:				
Current:				
Cash and investments	\$ 32,910,354	\$ 25,231,397	\$ 24,794,671	\$ 82,936,422
Receivables:				
Accounts	257,059	-	-	257,059
Accrued interest	95,930	-	73,138	169,068
Prepaid costs	-	-	13,374	13,374
Inventories	437,753	-	-	437,753
Total Current Assets	33,701,096	25,231,397	24,881,183	83,813,676
Noncurrent:				
Capital assets - net of accumulated depreciation	15,775,540	-	1,385,512	17,161,052
Total Noncurrent Assets	15,775,540	-	1,385,512	17,161,052
Total Assets	\$ 49,476,636	\$ 25,231,397	\$ 26,266,695	\$ 100,974,728
Liabilities and Net Assets:				
Liabilities:				
Current:				
Accounts payable	\$ 398,492	\$ 1,132,900	\$ 289,414	\$ 1,820,806
Accrued liabilities	83,102	10,733	105,331	199,166
Accrued compensated absences	12,000	3,000	20,000	35,000
Accrued claims and judgments	-	5,673,000	-	5,673,000
Total Current Liabilities	493,594	6,819,633	414,745	7,727,972
Noncurrent:				
Accrued compensated absences	141,532	35,684	234,514	411,730
Accrued claims and judgments	-	10,044,000	-	10,044,000
Total Noncurrent Liabilities	141,532	10,079,684	234,514	10,455,730
Total Liabilities	635,126	16,899,317	649,259	18,183,702
Net Assets:				
Invested in capital assets	15,775,540	-	1,385,512	17,161,052
Unrestricted	33,065,970	8,332,080	24,231,924	65,629,974
Total Net Assets	48,841,510	8,332,080	25,617,436	82,791,026
Total Liabilities and Net Assets	\$ 49,476,636	\$ 25,231,397	\$ 26,266,695	\$ 100,974,728

CITY OF ONTARIO

**COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2011**

	<u>Equipment Services</u>	<u>Self Insurance</u>	<u>Information Technology</u>	<u>Total</u>
Operating Revenues:				
Sales and service charges	\$ 11,346,297	\$ 8,534,810	\$ 8,647,857	\$ 28,528,964
Miscellaneous	213,308	-	34	213,342
Total Operating Revenues	11,559,605	8,534,810	8,647,891	28,742,306
Operating Expenses:				
Administration and general	2,574,238	2,172,797	3,355,784	8,102,819
Source of supply	2,647,824	-	2,500,213	5,148,037
Claims expense	-	7,279,556	-	7,279,556
Depreciation expense	3,124,262	-	403,496	3,527,758
Total Operating Expenses	8,346,324	9,452,353	6,259,493	24,058,170
Operating Income (Loss)	3,213,281	(917,543)	2,388,398	4,684,136
Nonoperating Revenues (Expenses):				
Interest revenue	641,476	-	469,182	1,110,658
Total Nonoperating Revenues (Expenses)	641,476	-	469,182	1,110,658
Income (Loss) Before Transfers	3,854,757	(917,543)	2,857,580	5,794,794
Transfers in	-	-	90,000	90,000
Transfers out	-	-	(840,000)	(840,000)
Changes in Net Assets	3,854,757	(917,543)	2,107,580	5,044,794
Net Assets:				
Beginning of Year	44,986,753	9,249,623	23,509,856	77,746,232
End of Fiscal Year	\$ 48,841,510	\$ 8,332,080	\$ 25,617,436	\$ 82,791,026

CITY OF ONTARIO

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2011**

	Equipment Services	Self Insurance	Information Technology	Total
Cash Flows from Operating Activities:				
Cash received from customers and users	\$ 11,856,282	\$ 8,534,810	\$ 8,647,973	\$ 29,039,065
Cash paid to suppliers for goods and services	(2,612,846)	(4,099,452)	(2,316,290)	(9,028,588)
Cash paid to employees for services	(2,532,124)	(2,163,124)	(3,354,580)	(8,049,828)
Net Cash Provided (Used) by Operating Activities	6,711,312	2,272,234	2,977,103	11,960,649
Cash Flows from Non-Capital Financing Activities:				
Cash transfers in	-	-	90,000	90,000
Cash transfers out	-	-	(840,000)	(840,000)
Net Cash Provided (Used) by Non-Capital Financing Activities	-	-	(750,000)	(750,000)
Cash Flows from Capital and Related Financing Activities:				
Acquisition and construction of capital assets	(2,423,609)	-	(761,522)	(3,185,131)
Net Cash Provided (Used) by Capital and Related Financing Activities	(2,423,609)	-	(761,522)	(3,185,131)
Cash Flows from Investing Activities:				
Interest received	650,496	-	481,679	1,132,175
Net Cash Provided (Used) by Investing Activities	650,496	-	481,679	1,132,175
Net Increase (Decrease) in Cash and Cash Equivalents	4,938,199	2,272,234	1,947,260	9,157,693
Cash and Cash Equivalents at Beginning of Year	27,972,155	22,959,163	22,847,411	73,778,729
Cash and Cash Equivalents at End of Year	\$ 32,910,354	\$ 25,231,397	\$ 24,794,671	\$ 82,936,422
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ 3,213,281	\$ (917,543)	\$ 2,388,398	\$ 4,684,136
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:				
Depreciation	3,124,262	-	403,496	3,527,758
(Increase) decrease in accounts receivable	296,677	-	82	296,759
(Increase) decrease in prepaid expense	295	-	43,421	43,716
(Increase) decrease in inventories	(36,248)	-	-	(36,248)
Increase (decrease) in accounts payable	70,931	899,190	140,502	1,110,623
Increase (decrease) in accrued liabilities	17,572	1,435	19,453	38,460
Increase (decrease) in claims and judgments	-	2,280,914	-	2,280,914
Increase (decrease) in compensated absences	24,542	8,238	(18,249)	14,531
Total Adjustments	3,498,031	3,189,777	588,705	7,276,513
Net Cash Provided (Used) by Operating Activities	\$ 6,711,312	\$ 2,272,234	\$ 2,977,103	\$ 11,960,649

Non-Cash Investing, Capital, and Financing Activities:

During fiscal year 2010-2011, there was no noncash investing, capital or financing activities.

CITY OF ONTARIO

COMBINING BALANCE SHEET
ALL AGENCY FUNDS
JUNE 30, 2011

	Redevelopment Financing Authority	West End Communications Authority	Assessment District 106 Bond Redemption	Sanitary Collection Treatment
Assets:				
Cash and investments	\$ 7,412	\$ 971,883	\$ 879,067	\$ 1,670,094
Receivables:				
Taxes	-	-	2,777	-
Accrued interest	22	2,862	2,638	-
Deposits	-	-	-	-
Other investments	243,367,067	-	-	-
Restricted assets:				
Cash and investments	-	-	-	-
Cash and investments with fiscal agents	865,114	-	446,864	-
Total Assets	\$ 244,239,615	\$ 974,745	\$ 1,331,346	\$ 1,670,094
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other governments	244,239,615	974,745	-	1,670,094
Due to bondholders	-	-	1,331,346	-
Available for other post employment benefits	-	-	-	-
Total Liabilities	\$ 244,239,615	\$ 974,745	\$ 1,331,346	\$ 1,670,094

CITY OF ONTARIO

COMBINING BALANCE SHEET
ALL AGENCY FUNDS
JUNE 30, 2011

(Continued)

	<u>Reassessment Bond Redemption</u>	<u>Assessment District 100C Bond Redemption</u>	<u>Assessment District 103 Bond Redemption</u>	<u>Assessment District 104 Bond Redemption</u>
Assets:				
Cash and investments	\$ 556,219	\$ 40,237	\$ 174,607	\$ 40,488
Receivables:				
Taxes	-	-	-	-
Accrued interest	1,638	118	514	140
Deposits	-	-	-	-
Other investments	-	-	-	-
Restricted assets:				
Cash and investments	-	-	-	-
Cash and investments with fiscal agents	-	401,434	-	-
Total Assets	<u>\$ 557,857</u>	<u>\$ 441,789</u>	<u>\$ 175,121</u>	<u>\$ 40,628</u>
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other governments	-	-	-	-
Due to bondholders	557,857	441,789	175,121	40,628
Available for other post employment benefits	-	-	-	-
Total Liabilities	<u>\$ 557,857</u>	<u>\$ 441,789</u>	<u>\$ 175,121</u>	<u>\$ 40,628</u>

CITY OF ONTARIO

COMBINING BALANCE SHEET
ALL AGENCY FUNDS
JUNE 30, 2011

	Assessment District 108 Bond Redemption	Assessment District 107 Bond Redemption	West End Fire and Emergency Response Commission	Community Facility District No.5 Debt Service
Assets:				
Cash and investments	\$ 915,422	\$ 127,989	\$ 286,260	\$ 1,841,283
Receivables:				
Taxes	4,296	-	-	4,031
Accrued interest	2,746	377	892	5,479
Deposits	-	-	18,329	-
Other investments	-	-	-	-
Restricted assets:				
Cash and investments	-	-	-	-
Cash and investments with fiscal agents	1,368,161	-	-	985,610
Total Assets	<u>\$ 2,290,625</u>	<u>\$ 128,366</u>	<u>\$ 305,481</u>	<u>\$ 2,836,403</u>
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 560	\$ -
Due to other governments	-	-	304,921	-
Due to bondholders	2,290,625	128,366	-	2,836,403
Available for other post employment benefits	-	-	-	-
Total Liabilities	<u>\$ 2,290,625</u>	<u>\$ 128,366</u>	<u>\$ 305,481</u>	<u>\$ 2,836,403</u>

CITY OF ONTARIO

COMBINING BALANCE SHEET
ALL AGENCY FUNDS
JUNE 30, 2011

	Community Facility District No. 13 Debt Service	Other Post Employment Benefits	Total
Assets:			
Cash and investments	\$ 355,655	\$ 34,295,061	\$ 42,161,677
Receivables:			
Taxes	-	-	11,104
Accrued interest	1,047	82,789	101,262
Deposits	-	2,090	20,419
Other investments	-	20,715,196	264,082,263
Restricted assets:			
Cash and investments	-	12,024	12,024
Cash and investments with fiscal agents	341,468	-	4,408,651
Total Assets	\$ 698,170	\$ 55,107,160	\$ 310,797,400
Liabilities:			
Accounts payable	\$ -	\$ -	\$ 560
Due to other governments	-	-	247,189,375
Due to bondholders	698,170	-	8,500,305
Available for other post employment benefits	-	55,107,160	55,107,160
Total Liabilities	\$ 698,170	\$ 55,107,160	\$ 310,797,400

CITY OF ONTARIO

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 YEAR ENDED JUNE 30, 2011**

	Balance 7/1/2010	Additions	Deductions	Balance 6/30/2011
<u>Redevelopment Financing Authority</u>				
Assets:				
Cash and investments	\$ 7,271	\$ 28,114,590	\$ 28,114,449	\$ 7,412
Receivables:				
Accrued interest	28	44	50	22
Other investments	249,691,522	1,683,851	8,008,306	243,367,067
Restricted assets:				
Cash and investments with fiscal agents	835,128	7,448,696	7,418,710	865,114
Total Assets	\$ 250,533,949	\$ 37,247,181	\$ 43,541,515	\$ 244,239,615
Liabilities:				
Due to other governments	\$ 250,533,949	\$ 3,363,105	\$ 9,657,439	\$ 244,239,615
Total Liabilities	\$ 250,533,949	\$ 3,363,105	\$ 9,657,439	\$ 244,239,615
<u>West End Communications Authority</u>				
Assets:				
Cash and investments	\$ 951,599	\$ 64,558	\$ 44,274	\$ 971,883
Receivables:				
Accrued interest	3,673	5,724	6,535	2,862
Total Assets	\$ 955,272	\$ 70,282	\$ 50,809	\$ 974,745
Liabilities:				
Due to other governments	\$ 955,272	\$ 19,473	\$ -	\$ 974,745
Total Liabilities	\$ 955,272	\$ 19,473	\$ -	\$ 974,745
<u>Assessment District 106 Bond Redemption</u>				
Assets:				
Cash and investments	\$ 855,877	\$ 491,729	\$ 468,539	\$ 879,067
Receivables:				
Taxes	-	2,777	-	2,777
Accrued interest	3,362	2,638	3,362	2,638
Restricted assets:				
Cash and investments with fiscal agents	446,864	-	-	446,864
Total Assets	\$ 1,306,103	\$ 497,144	\$ 471,901	\$ 1,331,346
Liabilities:				
Due to bondholders	\$ 1,306,103	\$ 25,243	\$ -	\$ 1,331,346
Total Liabilities	\$ 1,306,103	\$ 25,243	\$ -	\$ 1,331,346
<u>Sanitary Collection Treatment</u>				
Assets:				
Cash and investments	\$ 1,854,789	\$ 842,005	\$ 1,026,700	\$ 1,670,094
Total Assets	\$ 1,854,789	\$ 842,005	\$ 1,026,700	\$ 1,670,094
Liabilities:				
Accounts payable	\$ 1,011,554	\$ -	\$ 1,011,554	\$ -
Due to other governments	843,235	826,859	-	1,670,094
Total Liabilities	\$ 1,854,789	\$ 826,859	\$ 1,011,554	\$ 1,670,094

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 YEAR ENDED JUNE 30, 2011

(Continued)

	Balance 7/1/2010	Additions	Deductions	Balance 6/30/2011
<u>Reassessment Bond Redemption</u>				
Assets:				
Cash and investments	\$ 545,564	\$ 26,240	\$ 15,585	\$ 556,219
Receivables:				
Accrued interest	2,107	1,638	2,107	1,638
Total Assets	\$ 547,671	\$ 27,878	\$ 17,692	\$ 557,857
Liabilities:				
Due to bondholders	\$ 547,671	\$ 10,186	\$ -	\$ 557,857
Total Liabilities	\$ 547,671	\$ 10,186	\$ -	\$ 557,857
<u>Assessment District 100C Bond Redemption</u>				
Assets:				
Cash and investments	\$ 427,383	\$ 4,597	\$ 391,743	\$ 40,237
Receivables:				
Accrued interest	1,651	118	1,651	118
Restricted assets:				
Cash and investments with fiscal agents	416,823	11	15,400	401,434
Total Assets	\$ 845,857	\$ 4,726	\$ 408,794	\$ 441,789
Liabilities:				
Due to bondholders	\$ 845,857	\$ -	\$ 404,068	\$ 441,789
Total Liabilities	\$ 845,857	\$ -	\$ 404,068	\$ 441,789
<u>Assessment District 103 Bond Redemption</u>				
Assets:				
Cash and investments	\$ 171,263	\$ 8,237	\$ 4,893	\$ 174,607
Receivables:				
Accrued interest	661	514	661	514
Total Assets	\$ 171,924	\$ 8,751	\$ 5,554	\$ 175,121
Liabilities:				
Due to bondholders	\$ 171,924	\$ 3,197	\$ -	\$ 175,121
Total Liabilities	\$ 171,924	\$ 3,197	\$ -	\$ 175,121
<u>Assessment District 104 Bond Redemption</u>				
Assets:				
Cash and investments	\$ 46,766	\$ 8,725	\$ 15,003	\$ 40,488
Receivables:				
Accrued interest	208	140	208	140
Total Assets	\$ 46,974	\$ 8,865	\$ 15,211	\$ 40,628
Liabilities:				
Due to bondholders	\$ 46,974	\$ -	\$ 6,346	\$ 40,628
Total Liabilities	\$ 46,974	\$ -	\$ 6,346	\$ 40,628

CITY OF ONTARIO

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 YEAR ENDED JUNE 30, 2011**

	Balance 7/1/2010	Additions	Deductions	Balance 6/30/2011
<u>Assessment District 108 Bond Redemption</u>				
Assets:				
Cash and investments	\$ 914,953	\$ 1,260,942	\$ 1,260,473	\$ 915,422
Receivables:				
Taxes	-	4,296	-	4,296
Accrued interest	3,592	2,746	3,592	2,746
Restricted assets:				
Cash and investments with fiscal agents	1,368,161	-	-	1,368,161
Total Assets	\$ 2,286,706	\$ 1,267,984	\$ 1,264,065	\$ 2,290,625
Liabilities:				
Due to bondholders	\$ 2,286,706	\$ 3,919	\$ -	\$ 2,290,625
Total Liabilities	\$ 2,286,706	\$ 3,919	\$ -	\$ 2,290,625
<u>Assessment District 107 Bond Redemption</u>				
Assets:				
Cash and investments	\$ 125,538	\$ 157,793	\$ 155,342	\$ 127,989
Receivables:				
Accrued interest	485	377	485	377
Restricted assets:				
Cash and investments with fiscal agents	1,326,752	32	1,326,784	-
Total Assets	\$ 1,452,775	\$ 158,202	\$ 1,482,611	\$ 128,366
Liabilities:				
Due to bondholders	\$ 1,452,775	\$ -	\$ 1,324,409	\$ 128,366
Total Liabilities	\$ 1,452,775	\$ -	\$ 1,324,409	\$ 128,366
<u>West End Fire and Emergency Response Commission</u>				
Assets:				
Cash and investments	\$ 348,122	\$ 15,237	\$ 77,099	\$ 286,260
Receivables:				
Accrued interest	1,406	892	1,406	892
Deposits	18,331	18,329	18,331	18,329
Total Assets	\$ 367,859	\$ 34,458	\$ 96,836	\$ 305,481
Liabilities:				
Accounts payable	\$ 18,964	\$ 38,669	\$ 57,073	\$ 560
Due to other governments	348,895	1,322,656	1,366,630	304,921
Total Liabilities	\$ 367,859	\$ 1,361,325	\$ 1,423,703	\$ 305,481
<u>Community Facility District No.5 Debt Service</u>				
Assets:				
Cash and investments	\$ 1,897,557	\$ 2,699,076	\$ 2,755,350	\$ 1,841,283
Receivables:				
Taxes	7,724	4,031	7,724	4,031
Accrued interest	7,425	5,479	7,425	5,479
Restricted assets:				
Cash and investments with fiscal agents	985,610	-	-	985,610
Total Assets	\$ 2,898,316	\$ 2,708,586	\$ 2,770,499	\$ 2,836,403
Liabilities:				
Due to bondholders	\$ 2,898,316	\$ 1,036,525	\$ 1,098,438	\$ 2,836,403
Total Liabilities	\$ 2,898,316	\$ 1,036,525	\$ 1,098,438	\$ 2,836,403

CITY OF ONTARIO

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 YEAR ENDED JUNE 30, 2011**

	Balance 7/1/2010	Additions	Deductions	Balance 6/30/2011
<u>Community Facility District No. 13 Debt Service</u>				
Assets:				
Cash and investments	\$ 309,408	\$ 396,699	\$ 350,452	\$ 355,655
Receivables:				
Accrued interest	1,195	1,047	1,195	1,047
Restricted assets:				
Cash and investments with fiscal agents	341,468	-	-	341,468
Total Assets	\$ 652,071	\$ 397,746	\$ 351,647	\$ 698,170
Liabilities:				
Due to bondholders	\$ 652,071	\$ 386,439	\$ 340,340	\$ 698,170
Total Liabilities	\$ 652,071	\$ 386,439	\$ 340,340	\$ 698,170
<u>Other Post Employment Benefits</u>				
Assets:				
Cash and investments	\$ 25,754,900	\$ 17,201,156	\$ 8,660,995	\$ 34,295,061
Receivables:				
Accounts	691,086	-	691,086	-
Accrued interest	93,456	82,789	93,456	82,789
Deposits	2,010,852	4,748	2,013,510	2,090
Other investments	16,313,300	27,344,804	22,942,908	20,715,196
Restricted assets:				
Cash and investments	-	12,024	-	12,024
Total Assets	\$ 44,863,594	\$ 44,645,521	\$ 34,401,955	\$ 55,107,160
Liabilities:				
Accounts payable	\$ 5,427	\$ 7,723,371	\$ 7,728,798	\$ -
Available for other post employment benefits	44,858,167	10,248,993	-	55,107,160
Total Liabilities	\$ 44,863,594	\$ 17,972,364	\$ 7,728,798	\$ 55,107,160
<u>Totals - All Agency Funds</u>				
Assets:				
Cash and investments	\$ 34,210,990	\$ 51,291,584	\$ 43,340,897	\$ 42,161,677
Receivables:				
Accounts	691,086	-	691,086	-
Taxes	7,724	11,104	7,724	11,104
Accrued interest	119,249	104,146	122,133	101,262
Deposits	2,029,183	23,077	2,031,841	20,419
Other investments	266,004,822	29,028,655	30,951,214	264,082,263
Restricted assets:				
Cash and investments	-	12,024	-	12,024
Cash and investments with fiscal agents	5,720,806	7,448,739	8,760,894	4,408,651
Total Assets	\$ 308,783,860	\$ 87,919,329	\$ 85,905,789	\$ 310,797,400
Liabilities:				
Accounts payable	\$ 1,035,945	\$ 7,762,040	\$ 8,797,425	\$ 560
Due to other governments	252,681,351	5,532,093	11,024,069	247,189,375
Due to bondholders	10,208,397	1,465,509	3,173,601	8,500,305
Available for other post employment benefits	44,858,167	10,248,993	-	55,107,160
Total Liabilities	\$ 308,783,860	\$ 25,008,635	\$ 22,995,095	\$ 310,797,400

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Statistical Section



Statistical Section

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

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

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental activities										
Invested in capital assets, net of related debt	\$ (24,768,913)	\$ 461,161,635	\$ 502,705,357	\$ 525,894,467	\$ 555,454,727	\$ 582,408,788	\$ 646,348,259	\$ 697,130,716	\$ 705,173,228	\$ 704,218,787
Restricted	149,613,075	161,315,543	166,895,446	216,343,022	235,407,092	324,612,962	294,221,349	270,086,388	260,692,006	243,017,889
Unrestricted	77,475,772	90,250,905	90,632,786	77,994,397	100,365,953	100,909,316	82,652,762	104,930,518	120,831,755	135,744,173
Total governmental activities net assets	\$ 202,319,934	\$ 712,728,083	\$ 760,233,589	\$ 820,231,886	\$ 891,227,772	\$ 1,007,931,066	\$ 1,023,222,370	\$ 1,072,147,622	\$ 1,086,696,989	\$ 1,082,980,849
Business-type activities										
Invested in capital assets, net of related debt	\$ 89,473,896	\$ 91,031,468	\$ 95,663,579	\$ 101,195,535	\$ 100,001,461	\$ 76,791,514	\$ 94,728,569	\$ 132,549,162	\$ 133,931,846	\$ 136,609,773
Restricted	-	-	-	31,508,733	25,352,801	21,040,157	8,375,108	12,035,268	4,000,553	4,185,546
Unrestricted	64,277,371	68,232,999	68,813,390	38,394,197	42,630,813	95,502,060	127,928,871	131,682,493	174,631,011	201,923,905
Total business-type activities net assets	\$ 153,751,267	\$ 159,264,467	\$ 164,476,969	\$ 171,098,465	\$ 167,985,075	\$ 193,333,731	\$ 231,032,548	\$ 276,266,923	\$ 312,563,410	\$ 342,719,224
Primary government										
Invested in capital assets, net of related debt	\$ 64,704,983	\$ 552,193,103	\$ 598,368,936	\$ 627,090,002	\$ 655,456,188	\$ 659,200,302	\$ 741,076,828	\$ 829,679,878	\$ 839,105,074	\$ 840,828,560
Restricted	149,613,075	161,315,543	166,895,446	247,851,755	260,759,893	345,653,119	302,596,457	282,121,656	264,692,559	247,203,435
Unrestricted	141,753,143	158,483,904	159,446,176	116,388,594	142,996,766	196,411,376	210,581,633	236,613,011	295,462,766	337,668,078
Total primary government net assets	\$ 356,071,201	\$ 871,992,550	\$ 924,710,558	\$ 991,330,351	\$ 1,059,212,847	\$ 1,201,264,797	\$ 1,254,254,918	\$ 1,348,414,545	\$ 1,399,260,399	\$ 1,425,700,073

Note: The City implemented GASB Statement No. 34 in fiscal year ended June 30, 2002. Information prior to the implementation of GASB 34 is not available.

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

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Expenses										
Governmental activities:										
General government	\$ 15,286,357	\$ 20,816,577	\$ 22,491,222	\$ 23,167,617	\$ 46,891,843	\$ 36,573,422	\$ 41,866,159	\$ 36,950,147	\$ 52,786,433	\$ 56,951,330
Public safety	70,809,462	70,411,906	67,817,542	77,217,848	81,691,441	83,998,192	93,857,650	99,580,479	100,024,583	103,472,190
Community development	27,044,504	26,647,678	42,750,172	51,689,545	49,137,773	49,070,134	65,645,808	54,580,626	52,553,241	39,888,900
Library	4,671,657	4,338,731	4,498,038	2,689,240	4,422,800	2,795,396	4,377,237	4,219,081	4,408,926	4,363,701
Public works	13,228,471	12,628,368	11,470,405	12,598,967	11,530,391	33,550,596	34,089,222	8,688,268	13,892,857	23,165,874
Interest on long-term debt	13,529,196	10,833,248	11,596,326	14,192,152	13,955,705	12,402,162	13,592,070	14,146,879	14,619,649	14,514,729
Total governmental activities expenses	<u>144,569,647</u>	<u>145,676,508</u>	<u>160,623,705</u>	<u>181,555,369</u>	<u>207,629,953</u>	<u>218,389,902</u>	<u>253,428,146</u>	<u>218,165,480</u>	<u>238,285,689</u>	<u>242,356,724</u>
Business-type activities:										
Water	16,386,868	16,048,602	18,309,603	23,169,266	29,936,424	31,434,855	29,546,787	27,854,314	24,622,694	31,052,190
Sewer	8,341,420	7,420,726	7,822,323	9,916,097	12,779,813	8,906,357	10,583,454	10,270,538	10,883,888	11,008,579
Waste	15,106,531	17,313,881	18,706,598	19,824,702	22,723,516	22,417,370	22,381,564	21,791,770	20,554,087	21,296,114
Golf course	9,895	-	-	-	-	-	-	-	-	-
Convention Center	4,070,307	4,250,741	-	-	-	-	-	-	-	-
Total business-type activities expenses	<u>43,915,021</u>	<u>45,033,950</u>	<u>44,838,524</u>	<u>52,910,065</u>	<u>65,439,753</u>	<u>62,758,582</u>	<u>62,511,805</u>	<u>59,916,622</u>	<u>56,060,669</u>	<u>63,356,883</u>
Total primary government expenses	<u>\$ 188,484,668</u>	<u>\$ 190,710,458</u>	<u>\$ 205,462,229</u>	<u>\$ 234,465,434</u>	<u>\$ 273,069,706</u>	<u>\$ 281,148,484</u>	<u>\$ 315,939,951</u>	<u>\$ 278,082,102</u>	<u>\$ 294,346,358</u>	<u>\$ 305,713,607</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 842,117	\$ 1,262,376	\$ 1,137,552	\$ 1,557,704	\$ 2,167,719	\$ 2,405,392	\$ 3,178,919	\$ 1,542,584	\$ 296,079	\$ 269,874
Public safety	3,013,611	3,135,490	3,440,264	2,964,363	3,052,620	3,982,037	2,889,309	4,008,540	4,407,085	4,554,954
Community development	4,871,542	5,390,332	6,133,449	8,396,665	10,955,059	17,075,558	27,303,604	8,184,489	8,389,198	8,043,168
Library	149,363	130,233	128,528	111,249	113,472	122,699	139,762	259,285	160,853	147,610
Public works	997,485	-	-	-	-	-	-	-	-	-
Operating grants and contributions	15,911,658	18,113,792	18,562,460	15,620,266	24,790,731	14,359,349	15,603,655	14,629,676	15,103,061	15,606,700
Capital grants and contributions	3,671,381	12,316,066	27,203,240	28,346,840	31,066,474	76,508,279	25,854,354	26,218,115	19,910,072	18,851,354
Total governmental activities program revenues	<u>29,457,157</u>	<u>40,348,289</u>	<u>56,605,493</u>	<u>56,997,087</u>	<u>72,146,075</u>	<u>114,453,314</u>	<u>74,969,603</u>	<u>54,842,689</u>	<u>48,266,348</u>	<u>47,473,660</u>
Business-type activities:										
Charges for services:										
Water	26,916,262	26,606,178	26,733,970	29,704,425	31,061,134	36,415,703	40,742,157	46,201,981	45,766,917	51,174,737
Sewer	10,119,307	10,069,023	9,904,183	11,384,075	11,787,568	13,803,439	15,638,977	16,914,590	17,816,960	18,274,955
Waste	21,430,115	21,314,771	21,882,087	26,620,819	27,679,931	31,442,422	32,802,198	32,647,449	31,366,983	30,777,779
Golf course	478,713	-	-	-	-	-	-	-	-	-
Convention Center	2,357,842	2,609,861	-	-	-	-	-	-	-	-
Operating grants and contributions	-	-	109,412	140,835	162,497	110,719	258,545	52,324	122,409	6,338,128
Capital grants and contributions	-	-	-	-	-	-	17,849,846	-	-	-
Total business-type activities program revenues	<u>61,302,239</u>	<u>60,599,833</u>	<u>58,629,652</u>	<u>67,850,154</u>	<u>70,691,130</u>	<u>81,772,283</u>	<u>107,291,723</u>	<u>95,816,344</u>	<u>95,073,269</u>	<u>106,565,599</u>
Total primary government program revenues	<u>\$ 90,759,396</u>	<u>\$ 100,948,122</u>	<u>\$ 115,235,145</u>	<u>\$ 124,847,241</u>	<u>\$ 142,837,205</u>	<u>\$ 196,225,597</u>	<u>\$ 182,261,326</u>	<u>\$ 150,659,033</u>	<u>\$ 143,339,617</u>	<u>\$ 154,039,259</u>

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

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Net (Expense)/Revenue										
Governmental activities	\$ (115,112,490)	\$ (105,328,219)	\$ (104,018,212)	\$ (124,558,282)	\$ (135,483,878)	\$ (103,936,588)	\$ (178,458,543)	\$ (163,322,791)	\$ (190,019,341)	\$ (194,883,064)
Business-type activities	17,387,218	15,565,883	13,791,128	14,940,089	5,251,377	19,013,701	44,779,918	35,899,722	39,012,600	43,208,716
Total primary government net expense	<u>\$ (97,725,272)</u>	<u>\$ (89,762,336)</u>	<u>\$ (90,227,084)</u>	<u>\$ (109,618,193)</u>	<u>\$ (130,232,501)</u>	<u>\$ (84,922,887)</u>	<u>\$ (133,678,625)</u>	<u>\$ (127,423,069)</u>	<u>\$ (151,006,741)</u>	<u>\$ (151,674,348)</u>
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Taxes:										
Property taxes - general purpose	\$ 42,039,825	\$ 46,251,688	\$ 49,382,236	\$ 52,621,082	\$ 70,964,804	\$ 77,084,582	\$ 88,994,013	\$ 91,075,881	\$ 95,049,840	\$ 88,030,394
Transient occupancy taxes	8,092,523	8,710,404	9,417,101	10,495,259	11,068,749	11,013,014	11,025,406	9,367,537	8,398,053	8,790,219
Sales taxes	39,722,815	39,829,603	46,018,272	54,003,509	63,445,795	61,385,360	65,468,807	48,921,819	54,729,792	56,390,363
Franchise taxes	2,019,481	1,880,977	2,136,494	2,188,460	2,337,806	2,561,379	2,696,335	3,162,639	2,741,116	2,879,831
Business licenses taxes	3,818,216	3,652,800	4,561,542	4,855,324	5,206,797	5,595,149	5,767,540	5,550,779	5,170,173	5,496,576
Other taxes	10,394,188	11,665,315	12,823,552	14,329,640	14,838,058	14,485,983	8,253,930	4,794,681	4,013,628	4,072,860
Intergovernmental, unrestricted:										
Motor vehicle in lieu	8,226,217	9,569,525	7,346,663	14,143,683	577,775	1,016,916	765,679	590,224	510,057	883,460
Use of money and property	9,540,766	8,886,483	4,136,564	8,537,607	8,949,418	18,691,740	25,240,383	16,869,840	16,662,291	10,267,816
Other	884,438	226,408	4,164,614	11,458,389	13,266,178	33,299,211	7,464,170	10,012,883	9,071,587	7,404,868
Transfers	11,417,406	11,255,895	11,544,945	12,208,807	13,891,361	12,381,811	12,269,273	(4,651,984)	8,222,171	15,672,612
Total governmental activities	<u>136,155,875</u>	<u>141,929,098</u>	<u>151,531,983</u>	<u>184,841,760</u>	<u>204,546,741</u>	<u>237,515,145</u>	<u>227,945,536</u>	<u>185,694,299</u>	<u>204,568,708</u>	<u>199,888,999</u>
Business-type activities:										
Use of money and property	2,675,387	2,820,847	371,832	1,960,372	2,551,362	4,692,482	5,248,880	4,682,669	3,520,038	2,611,942
Other	(1,007,358)	1,376,113	2,835,697	2,060,482	2,940,955	4,360,322	-	-	-	7,768
Transfers	(11,417,406)	(11,255,895)	(11,544,945)	(12,208,807)	(13,891,361)	(12,381,811)	(12,329,981)	4,651,984	(8,222,171)	(15,672,612)
Total business-type activities	<u>(9,749,377)</u>	<u>(7,058,935)</u>	<u>(8,337,416)</u>	<u>(8,187,953)</u>	<u>(8,399,044)</u>	<u>(3,329,007)</u>	<u>(7,081,101)</u>	<u>9,334,653</u>	<u>(4,702,133)</u>	<u>(13,052,902)</u>
Total primary government	<u>\$ 126,406,498</u>	<u>\$ 134,870,163</u>	<u>\$ 143,194,567</u>	<u>\$ 176,653,807</u>	<u>\$ 196,147,697</u>	<u>\$ 234,186,138</u>	<u>\$ 220,864,435</u>	<u>\$ 195,028,952</u>	<u>\$ 199,866,575</u>	<u>\$ 186,836,097</u>
Change in Net Assets										
Governmental activities	\$ 21,043,385	\$ 36,600,879	\$ 47,513,771	\$ 60,283,478	\$ 69,062,863	\$ 133,578,557	\$ 227,945,536	\$ 185,694,299	\$ 204,568,708	\$ 199,888,999
Business-type activities	7,637,841	8,506,948	5,453,712	6,752,136	(3,147,667)	15,676,500	(7,081,101)	9,334,653	(4,702,133)	(13,052,902)
Total primary government program revenues	<u>\$ 28,681,226</u>	<u>\$ 45,107,827</u>	<u>\$ 52,967,483</u>	<u>\$ 67,035,614</u>	<u>\$ 65,915,196</u>	<u>\$ 149,255,057</u>	<u>\$ 220,864,435</u>	<u>\$ 195,028,952</u>	<u>\$ 199,866,575</u>	<u>\$ 186,836,097</u>

Note: The City implemented GASB Statement No. 34 in fiscal year ended June 30, 2002. Information prior to the implementation of GASB 34 is not available.

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

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues										
Taxes	\$ 101,656,029	\$ 107,468,055	\$ 119,452,954	\$ 129,537,910	\$ 160,212,875	\$ 168,045,333	\$ 180,125,455	\$ 167,152,205	\$ 166,935,715	\$ 165,671,667
Licenses and permits	2,008,771	1,944,438	2,251,562	3,150,121	2,802,140	3,077,713	2,745,841	1,344,689	1,455,692	1,563,722
Intergovernmental	26,975,284	34,820,835	36,011,184	37,347,967	39,149,116	38,815,828	38,237,360	33,475,335	30,382,203	32,763,572
Charges for services	6,336,408	7,171,586	11,045,360	24,070,910	32,161,431	70,405,497	30,901,234	10,850,659	11,618,059	10,123,695
Use of money and property	9,953,817	10,684,052	5,930,672	8,555,954	7,459,982	21,361,232	22,094,462	12,406,158	9,038,266	8,614,113
Fines and forfeitures	1,213,887	1,272,480	1,320,994	1,099,057	1,243,200	1,628,664	1,555,938	1,679,130	1,312,115	1,318,369
Contributions from property owners	-	-	-	-	-	-	-	3,887,060	1,719,084	314,000
Miscellaneous	8,040,835	10,530,343	9,609,247	15,952,394	17,701,314	38,854,280	8,910,669	11,499,201	10,484,644	8,741,044
Total Revenues	156,185,031	173,891,789	185,621,973	219,714,313	260,730,058	342,188,547	284,570,959	242,294,437	232,945,778	229,110,182
Expenditures										
Current:										
General government	20,928,474	22,876,851	19,548,804	23,230,597	46,664,029	32,363,072	34,054,015	25,940,539	25,731,003	33,220,115
Public safety	72,302,733	73,814,220	82,159,396	77,600,019	80,070,884	87,796,439	99,449,853	101,562,349	101,743,831	103,296,429
Community development	28,470,179	29,499,351	47,871,264	54,441,920	61,499,015	82,665,039	140,914,334	113,840,713	64,139,983	71,571,514
Library	4,661,474	5,680,003	5,125,528	9,661,210	4,050,405	4,096,171	4,072,044	4,063,682	4,084,426	3,974,567
Public works	13,525,233	22,662,294	14,391,663	20,226,449	23,804,817	34,282,333	37,353,238	19,227,003	15,547,113	16,164,629
Debt service:										
Principal retirement	3,103,385	5,196,558	8,459,675	5,394,502	5,450,309	5,226,752	5,288,739	5,891,298	5,767,047	5,849,785
Interest and fiscal charges	10,394,171	11,018,012	11,748,818	11,833,718	11,671,330	10,481,955	10,967,002	12,642,105	13,042,482	13,227,758
Bond issuance costs	-	-	-	-	-	-	857,247	-	-	-
Pass-through agreement payments	2,236,631	2,260,460	2,511,114	2,924,668	3,360,364	4,455,381	7,737,612	5,533,228	5,832,700	5,911,331
Total Expenditures	155,622,280	173,007,749	191,816,262	205,313,083	236,571,153	261,367,142	340,694,084	288,700,917	235,888,585	253,216,128
Excess (deficiency) of revenues over (under) expenditures	562,751	884,040	(6,194,289)	14,401,230	24,158,905	80,821,405	(56,123,125)	(46,406,480)	(2,942,807)	(24,105,946)

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

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Other Financing Sources (Uses)										
Transfers in	51,489,441	32,220,587	42,436,046	51,291,283	56,891,273	72,178,081	58,742,988	42,761,972	46,401,468	39,422,158
Transfers out	(42,389,044)	(21,379,587)	(32,624,767)	(40,058,319)	(42,946,642)	(59,904,099)	(46,856,913)	(30,049,115)	(31,938,128)	(23,545,610)
Long-term debt issued	82,140,000	2,281,909	2,526,204	-	-	-	37,535,000	-	-	-
Gain (loss) on sale of assets	-	(1,342,434)	9,368,835	-	-	-	440,617	-	-	-
Payment to Educational Revenue Augmentation Fund	-	-	-	-	-	-	-	-	(16,394,862)	-
Payment to refunded bond escrow	(33,179,127)	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>58,061,270</u>	<u>11,780,475</u>	<u>21,706,318</u>	<u>11,232,964</u>	<u>13,944,631</u>	<u>12,273,982</u>	<u>49,861,692</u>	<u>12,712,857</u>	<u>(1,931,522)</u>	<u>15,876,548</u>
Net change in fund balances	<u>\$ 58,624,021</u>	<u>\$ 12,664,515</u>	<u>\$ 15,512,029</u>	<u>\$ 25,634,194</u>	<u>\$ 38,103,536</u>	<u>\$ 93,095,387</u>	<u>\$ (6,261,433)</u>	<u>\$ (33,693,623)</u>	<u>\$ (4,874,329)</u>	<u>\$ (8,229,398)</u>
Total Current Expenditures	\$ 155,622,280	\$ 173,007,749	\$ 191,816,262	\$ 205,313,083	\$ 236,571,153	\$ 261,367,142	\$ 340,694,084	\$ 288,700,917	\$ 235,888,585	\$ 253,216,128
Less: Capital outlay	(3,981,290)	(22,155,772)	(26,078,170)	(23,385,658)	(28,687,456)	(44,713,839)	(94,401,317)	(64,193,377)	(25,380,201)	(28,242,375)
Total Non-Capital Expenditures	<u>\$ 151,640,990</u>	<u>\$ 150,851,977</u>	<u>\$ 165,738,092</u>	<u>\$ 181,927,425</u>	<u>\$ 207,883,697</u>	<u>\$ 216,653,303</u>	<u>\$ 246,292,767</u>	<u>\$ 224,507,540</u>	<u>\$ 210,508,384</u>	<u>\$ 224,973,753</u>
Total Debt Service Expenditures	<u>\$ 13,497,556</u>	<u>\$ 16,214,570</u>	<u>\$ 20,208,493</u>	<u>\$ 17,228,220</u>	<u>\$ 17,121,639</u>	<u>\$ 15,708,707</u>	<u>\$ 16,255,741</u>	<u>\$ 18,533,403</u>	<u>\$ 18,809,529</u>	<u>\$ 19,077,543</u>
Debt service as a percentage of non-capital expenditures	8.9%	10.7%	12.2%	9.5%	8.2%	7.3%	6.6%	8.3%	8.9%	8.5%

Note: The City implemented GASB Stement No. 34 in fiscal year ended June 30, 2002. Information prior to the implementation of GASB 34 is not available.

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

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	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Fund										
Reserved	\$ 13,804,470	\$ 8,858,104	\$ 18,569,213	\$ 17,815,758	\$ 22,255,872	\$ 19,375,419	\$ 13,625,169	\$ 15,576,453	\$ 14,268,790	\$ -
Unreserved	48,081,052	59,646,214	64,703,450	58,249,854	68,713,905	70,563,181	78,056,275	70,919,119	76,746,835	-
Nonspendable										12,712,698
Restricted										398,047
Committed										44,429,493
Assigned										33,062,541
Unassigned										-
Total General Fund	\$ 61,885,522	\$ 68,504,318	\$ 83,272,663	\$ 76,065,612	\$ 90,969,777	\$ 89,938,600	\$ 91,681,444	\$ 86,495,572	\$ 91,015,625	\$ 90,602,779
All Other Governmental Funds										
Reserved	\$ 74,070,775	\$ 70,159,174	\$ 133,394,841	\$ 140,455,533	\$ 150,812,635	\$ 222,774,135	\$ 209,906,550	\$ 134,952,208	\$ 154,980,840	\$ -
Unreserved, reported in:										
Special revenue funds	14,869,500	13,741,229	8,950,039	7,598,913	8,779,811	18,540,822	19,523,748	25,069,564	16,293,863	-
Capital project funds	49,012,523	59,583,169	22,494,017	55,906,084	62,643,481	62,201,510	57,460,304	87,314,009	74,559,493	-
Debt service funds	15,964,044	19,844,475	(775,431)	(7,634,384)	(777,387)	11,740,681	13,449,217	22,750,607	14,857,810	-
Nonspendable										123,135,004
Restricted										83,617,857
Committed										45,687,149
Assigned										1,558,488
Unassigned										(9,845,119)
Total All Other Governmental Funds	\$ 153,916,842	\$ 163,328,047	\$ 164,063,466	\$ 196,326,146	\$ 221,458,540	\$ 315,257,148	\$ 300,339,819	\$ 270,086,388	\$ 260,692,006	\$ 244,153,379
Grand Total Governmental Funds	\$ 215,802,364	\$ 231,832,365	\$ 247,336,129	\$ 272,391,758	\$ 312,428,317	\$ 405,195,748	\$ 392,021,263	\$ 356,581,960	\$ 351,707,631	\$ 334,756,158

Note: The City implemented GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions in fiscal year 2010-2011. The City chose not to restate prior fiscal years to the new categories.

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

Fiscal Year Ended	City				Redevelopment Agency			Total Direct Tax Rate ^a
	Secured	Unsecured	Less: Exemptions	Taxable Assessed Value	Secured	Unsecured	Taxable Assessed Value	
2002	6,646,259	1,333,726	(112,357)	7,867,628	2,002,183	648,677	2,650,860	1.0085
2003	7,387,329	1,303,833	(113,652)	8,577,510	2,218,900	664,672	2,883,571	1.0068
2004	7,958,470	1,361,315	(117,157)	9,202,628	2,369,395	730,649	3,100,044	1.0065
2005	8,571,566	1,372,657	(116,924)	9,827,299	2,529,595	689,338	3,218,934	1.0062
2006	9,452,251	1,494,847	(115,154)	10,831,944	2,827,674	727,732	3,555,406	1.0056
2007	10,576,169	1,410,250	(115,154)	11,871,265	3,217,432	729,945	3,947,377	1.0050
2008	11,750,445	1,663,422	(113,948)	13,299,919	3,716,427	923,354	4,639,781	1.0048
2009	12,374,781	1,906,125	(114,675)	14,166,231	4,063,383	878,794	4,942,177	1.0046
2010	12,109,876	1,914,746	(114,806)	13,909,816	4,211,063	936,974	5,148,037	1.0046
2011	11,736,550	1,854,606	(114,659)	13,476,497	4,260,662	834,052	5,094,714	1.0037

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

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

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

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

Fiscal Year Ended June 30	City Direct Rates			Overlapping Rates		
	Basic Rate	Redevelopment Debt Service	Total Direct Tax Rate	County	School Districts	Metropolitan Water District
2002	-	1.0085	1.0085	1.0000	0.0138	0.0089
2003	-	1.0068	1.0068	1.0000	0.1112	0.0067
2004	-	1.0065	1.0065	1.0000	0.0761	0.0061
2005	-	1.0062	1.0062	1.0000	0.0712	0.0058
2006	-	1.0056	1.0056	1.0000	0.0874	0.0052
2007	-	1.0050	1.0050	1.0000	0.0675	0.0047
2008	-	1.0048	1.0048	1.0000	0.0640	0.0045
2009	-	1.0046	1.0046	1.0000	0.0648	0.0043
2010	-	1.0046	1.0046	1.0000	0.0577	0.0043
2011	-	1.0037	1.0037	1.0000	0.0619	0.0037

Source: San Bernardino County Valuations - Tax Rates Code Area Tax Rates 2010-11; Bonded Indebtedness June 30, 2010

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

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Taxpayer	2011		2001	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Ontario Mills Limited Partnership	\$ 352,287,548	2.20%	\$ 386,452,720	5.99%
Pro Logis California I LLC	184,666,690	1.15%	87,916,694	1.36%
Catellus Operating LP / Catellus Finance I LLC	165,496,428	1.03%	52,342,596	0.81%
Majestic CCC IV, Partners	120,707,804	0.75%	54,417,000	0.84%
Landmark PR I Ontario LLC	113,691,790	0.71%	-	-
UPS Worldwide Forwarding Inc.	112,755,011	0.71%	-	-
ML Casa III LP	84,416,251	0.53%	-	-
Tishman Speyer Archstone-Smith Terra	80,120,000	0.50%	-	-
PCCP Sterling Center LLC	79,035,096	0.49%	-	-
Teachers Insurance & Annuity Association of America	71,590,769	0.45%	-	-
United Parcel Service Company	-	-	204,209,254	3.16%
Southwest Airlines Company Inc.	-	-	111,313,731	1.72%
Inland Paperboard & Packaging Inc.	-	-	103,668,964	1.61%
Toyota Motor Sales USA Inc	-	-	77,195,098	1.20%
Great Spring Waters of America	-	-	65,567,133	1.02%
Coca Cola Company	-	-	60,895,940	0.94%
	<u>\$ 1,364,767,387</u>	<u>8.52%</u>	<u>\$ 1,203,979,130</u>	<u>18.66%</u>

Source: Current year - California Municipal Statistics, Inc.

Ten years ago - calculated base on earliest possible info form 2001 from HdL Core & Cone.

**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
2002	13,150,467	12,697,276	96.55%	n/a	12,697,276	96.55%
2003	14,816,615	14,473,076	97.68%	n/a	14,473,076	97.68%
2004	15,992,023	15,986,773	99.97%	n/a	15,986,773	99.97%
2005	16,998,903	16,751,852	98.55%	n/a	16,751,852	98.55%
2006	18,767,438	18,663,312	99.45%	n/a	18,663,312	99.45%
2007	20,731,782	20,496,709	98.87%	n/a	20,496,709	98.87%
2008	23,191,120	22,533,906	97.17%	n/a	22,533,906	97.17%
2009	24,751,328	23,056,214	93.15%	n/a	23,056,214	93.15%
2010	24,264,694	22,720,878	93.64%	n/a	22,720,878	93.64%
2011	23,607,260	21,801,016	92.35%	n/a	21,801,016	92.35%

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 GF Revenue Statement a/o June 30th.

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

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

Category	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Office equipment	\$ 427,900	\$ 331,343	\$ 383,278	\$ 459,038	\$ 555,888	\$ 653,295	\$ 675,124	\$ 685,757	\$ 692,228	\$ 764,021
Auto sales	736,089	843,367	936,398	1,060,064	1,152,326	1,062,907	885,919	582,338	622,759	732,112
Service stations/energy sales	286,055	370,178	390,351	468,741	600,597	625,312	723,602	615,277	588,807	685,861
Light/heavy industry	273,965	272,823	318,116	360,791	520,129	567,628	542,308	541,230	511,619	564,152
General merchandise	416,203	444,434	467,675	477,094	499,733	498,494	482,982	422,406	411,433	458,344
Building materials	389,191	462,397	601,303	714,862	844,874	774,074	577,804	465,555	368,744	388,292
Health & Government	237,127	236,314	235,797	230,897	246,350	261,265	282,235	315,470	322,201	309,879
Apparel stores	187,124	202,235	219,892	228,432	256,918	274,116	287,888	269,466	309,438	358,461
Restaurants	241,644	265,837	291,257	310,926	319,894	343,646	342,979	313,985	285,495	300,089
Furniture/appliances	221,884	440,143	436,962	439,645	383,806	302,670	336,952	226,668	205,183	188,634
Leasing	213,640	179,267	172,098	166,773	188,391	180,738	167,990	138,673	134,176	125,627
Other	26,633	93,168	136,115	184,314	230,555	242,658	341,157	295,532	291,504	179,590
Total	\$ 3,657,456	\$ 4,141,506	\$ 4,589,242	\$ 5,101,578	\$ 5,799,462	\$ 5,786,804	\$ 5,646,939	\$ 4,872,355	\$ 4,743,587	\$ 5,055,062
City direct sales tax rate	-	-	-	-	-	-	-	-	-	-

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

Source: MuniServices, LLC

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

Fiscal Year Ended June 30	City Direct Rate	County Transportation Authority Rate	San Bernardino County Rate	State Rate	
2002	-	0.50%	1.25%	6.00%	7.75%
2003	-	0.50%	1.25%	6.00%	7.75%
2004	-	0.50%	1.25%	6.00%	7.75%
2005	-	0.50%	1.00%	6.25%	7.75%
2006	-	0.50%	1.00%	6.25%	7.75%
2007	-	0.50%	1.00%	6.25%	7.75%
2008	-	0.50%	1.00%	6.25%	7.75%
2009	-	0.50%	1.00%	7.25%	8.75%
2010	-	0.50%	1.00%	7.25%	8.75%
2011	-	0.50%	1.00%	7.25%	8.75%

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

Note: The Bradley-Burns Uniform Local Sales and Use Tax Law was enacted in 1955. The law authorizes 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 have been 1.00% since July 1, 2004.

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

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

Economic Category	Fiscal Year 2011				Fiscal Year 2002			
	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
General retail	1,564	38.90%	\$ 8,830	17.47%	1,243	32.68%	\$ 7,432	19.98%
Food products	535	13.31%	4,023	7.96%	516	13.56%	3,441	9.25%
Transportation	442	10.99%	13,122	25.96%	467	12.28%	9,038	24.29%
Construction	219	5.45%	3,883	7.68%	169	4.44%	3,812	10.25%
Business to business	947	23.55%	17,506	34.63%	978	25.71%	10,833	29.12%
Miscellaneous	314	7.81%	3,187	6.30%	431	11.33%	2,648	7.12%
	<u>4,021</u>	<u>100.00%</u>	<u>\$ 50,551</u>	<u>100.00%</u>	<u>3,804</u>	<u>100.00%</u>	<u>\$ 37,203</u>	<u>100.00%</u>

Notes: 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.

Source: MuniServices, LLC

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 ^b
	General Obligation Bonds	Tax Allocation Bonds	Revenue Bonds	Loans	Capital Leases	Total Governmental Activities	Term Loan	Certificates of Participation	Total Business-type Activities			
2002	33,717	55,119	34,880	18,695	1,149	143,560	822	-	822	144,382	5.69%	884
2003	33,057	60,883	24,775	18,004	1,005	137,725	747	-	747	138,472	5.20%	833
2004	32,187	61,588	22,703	15,313	-	131,791	-	-	-	131,791	5.19%	783
2005 ^a	31,282	62,337	20,430	14,738	-	128,787	-	51,470	51,470	180,257	6.42%	1,060
2006	29,997	63,133	18,295	14,148	-	125,573	-	50,585	50,585	176,158	5.96%	1,033
2007	29,191	60,681	18,582	13,842	-	122,296	-	49,670	49,670	171,966	5.87%	1,001
2008	65,905	58,046	18,908	13,520	-	156,378	-	48,730	48,730	205,108	6.27%	1,189
2009	64,504	55,139	19,277	13,181	-	152,102	-	47,750	47,750	199,852	5.79%	1,156
2010	63,270	52,150	19,696	12,824	-	147,940	-	46,735	46,735	194,675	8.11%	1,115
2011	61,995	48,965	20,166	12,449	-	143,575	-	45,680	45,680	189,255	7.87%	1,155

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Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

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

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

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

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

Fiscal Year Ended June 30	General Bonded Debt Outstanding				Percentage of	
	General Obligation Bonds	Redevelopment Bonds		Total	Assessed Value ^a of Property	Per Capita ^b
		Tax Allocation Bonds	Revenue Bonds			
2002	33,717	55,119	34,880	123,716	1.18%	757.86
2003	33,057	60,883	24,775	118,715	1.04%	714.56
2004	32,187	61,588	22,703	116,478	0.95%	692.15
2005	31,282	62,337	20,430	114,049	0.87%	670.60
2006	29,997	63,133	18,295	111,425	0.77%	653.41
2007	29,191	60,681	18,582	108,454	0.69%	631.18
2008	65,905	58,046	18,908	142,859	0.80%	828.02
2009	64,504	55,139	19,277	138,920	0.73%	803.44
2010	63,270	52,150	19,696	135,116	0.71%	774.14
2011	61,995	48,965	20,166	131,126	0.71%	799.92

Note: General bonded debt is debt payable with governmental fund resources and general obligation bonds recorded in 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 in the State of California. See Schedule 5 for assessed property value data.*

^b *See Schedule 17 for personal income and population data. These ratios are calculated using personal income and population for the 10 prior calendar years.*

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

City Assessed Valuation	\$ 13,591,156
Redevelopment Agency Incremental Valuation	5,094,714
Total Assessed Valuation	<u>\$ 18,685,870 *</u>

**Does not include deduction of the homeowner's exception of \$115k*

	Outstanding Debt 06/30/2011	Percentage Applicable ^a	Est. Share of Overlapping Debt 06/30/2011
Overlapping Debt Repaid with Property Taxes:			
Metropolitan Water District	\$ 227,670	0.762%	\$ 1,735
Chaffey Community College District	150,209	25.116%	37,726
Chino Valley Unified School District	141,330	4.950%	6,996
Chaffey Union High School District	93,260	49.135%	45,823
Mountain View School District	410	99.962%	410
Ontario-Montclair School District	52,600	79.106%	41,610
Mountain View School District School Facilities Improvement District No. 1	14,309	99.957%	14,303
Mountain View School District CFD No. 1	2,550	100.000%	2,550
Mountain View School District CFD No. 1997-1	1,000	100.000%	1,000
Ontario Community Facilities District No. 5	5,425	100.000%	5,425
Ontario Community Facilities District No. 13	4,500	100.000%	4,500
City of Ontario 1915 Act Bonds	11,995	100.000%	11,995
Total overlapping debt repaid with property taxes	<u>705,258</u>		<u>174,073</u>
Overlapping General Fund Debt:			
San Bernardino County General Fund Obligations	649,325	11.929%	77,458
San Bernardino County Pension Obligations	601,766	11.929%	71,785
San Bernardino County Flood Control District GF Obligation	111,555	11.929%	13,307
Chaffey Community College District Certificates of Participation	12,441	25.116%	3,125
Chino Valley Unified School District Certificates of Participation	31,515	4.950%	1,560
Cucamonga School District Certificate of Participation	11,270	66.232%	7,464
West Valley Vector Control District Certificate of Participation	3,450	32.477%	1,120
Total overlapping general fund debt	<u>1,421,322</u>		<u>175,820</u>
Total overlapping debt	<u>\$ 2,126,580</u>		349,892
City direct debt			147,940
Total direct and overlapping debt			<u>\$ 497,833</u>

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

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

*Source: California Municipal Statistics, Inc.
City direct debt can be obtained from
Schedule 12*

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

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Assessed valuation ^a	\$ 7,867,628	\$ 8,577,510	\$ 9,202,628	\$ 9,827,299	\$ 10,831,944	\$ 11,871,265	\$ 13,299,919	\$ 14,051,556	\$ 13,909,816	\$ 13,476,497
Conversion percentage ^b	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Adjusted assessed valuation	1,966,907	2,144,378	2,300,657	2,456,825	2,707,986	2,967,816	3,324,980	3,512,889	3,477,454	3,369,124
Debt limit percentage ^c	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Debt limit	295,036	321,657	345,099	368,524	406,198	445,172	498,747	526,933	521,618	505,369
Total net debt applicable to limit:										
General obligation bonds	33,717	33,057	32,187	31,282	29,997	29,191	65,905	64,504	63,270	61,995
Legal debt margin	<u>\$ 261,319</u>	<u>\$ 288,600</u>	<u>\$ 312,912</u>	<u>\$ 337,242</u>	<u>\$ 376,201</u>	<u>\$ 415,981</u>	<u>\$ 432,842</u>	<u>\$ 462,429</u>	<u>\$ 458,348</u>	<u>\$ 443,374</u>
Total debt applicable to the limit as a percentage of debt limit	12.90%	11.45%	10.29%	9.28%	7.97%	7.02%	15.23%	13.95%	13.80%	13.98%

Notes: ^a Assessed valuation includes the City portion only.

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

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

Source: City of Ontario, Administrative Services Agency.

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		
		Principal	Interest					Principal	Interest	Coverage
2002	28,399	9,276 ^a	1,148	2.72	-	-	-	-	-	-
2003	31,237	3,555	1,181	6.60	-	-	-	-	-	-
2004	32,770	3,393	1,580	6.59	-	-	-	-	-	-
2005	34,493	3,104	1,912	6.88	31,007	19,504	11,503	-	1,090	10.55
2006	39,323	2,842	2,211	7.78	33,506	23,856	9,649	850	2,536	2.85
2007	42,880	4,971	7,903	3.33	39,944	29,049	10,895	915	2,497	3.19
2008	51,760	5,143	7,877	3.98	40,742	27,261	13,481	940	2,470	3.95
2009	51,410	5,638	9,580	3.38	46,202	25,643	20,559	980	2,432	6.03
2010	55,505	5,512	9,518	3.69	45,767	22,432	23,335	1,015	2,393	6.85
2011	49,667	5,592	9,454	3.30	51,182	28,759	22,423	1,055	2,352	6.58

Notes: 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 *In Fiscal Year 2001-02, new revenue bonds were issued to defease the existing tax allocation bonds.*

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

Calendar Year	Population (1)	Personal Income (in thousands) (2)	Per Capita Personal Income	Unemployment Rate (3)
2001	159,438	2,536,097	15,906	5.1%
2002	163,244	2,661,524	16,304	6.0%
2003	166,137	2,540,000	15,289	6.3%
2004	168,285	2,806,549	16,677	5.8%
2005	170,069	2,954,897	17,285	5.2%
2006	170,529	2,929,000	17,176	4.8%
2007	171,828	3,270,000	17,857	5.6%
2008	172,530	3,453,541	20,008	7.9%
2009	172,908	2,400,178	16,255	13.5%
2010	163,924	2,403,359	17,947	14.1%

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

(2) - John Husing Quarterly report from johnhusing.com

(3) - California Labor Market Info, EDD. <http://www.labormarketinfo.edd.ca.gov>

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

Employer ^(a)	2011		2006 ^(c)	
	Number of Employees ^(b)	Percentage of Total City Employment	Number of Employees	Percentage of Total City Employment
Barrett Business Services, Inc.				
Cardinal Health, Inc.				
Dairy-Fresh/Ever-Fresh				
Fedex				
Kmart				
Mag Instrument, Inc.			1,000	1.25%
Niagara Bottling LLC				
Time Warner Cable				
Toyota Motor Sales, Inc.			530	0.66%
United Parcel Service (UPS)			3,500	4.39%
Bums International Security Services			650	0.82%
City of Ontario			1,106	1.39%
LA-ONT Airport				
Marriott International Hotel			624	0.78%
Securities Security Service USA, Inc				
Skechers USA			500	0.63%
Superior Building Products			500	0.63%
US Merchants Financial Group, Inc.			500	0.63%
Verizon			679	0.85%
Total	-	-	9,589	12.03%

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

Notes: ^(a) List of top 10 business employers in alphabetical order.

^(b) Per EDD, employment numbers are confidential therefore, data for the number of employees are not available.

^(c) The City opted to provide data for 2006 as 2001 is not available.

Source: 2006 Largest Employers - City's Economic Development Department
Number of employees by sector - Husing's Ontario Economic Profile

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Government	84	87	99	108	111	110	108	100	100	103
Public Safety	485	482	484	492	501	504	494	493	492	492
Community Development	129	130	131	146	156	158	145	133	131	132
Library ^a	65	-	-	-	-	-	-	-	-	-
Public Works	248	309	315	329	338	355	354	342	340	333
Total	1,011	1,008	1,029	1,075	1,106	1,127	1,101	1,068	1,063	1,060

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

^a *Library department was merged into Public works/Community services agency in Fiscal Year 2002-03.*

Source: City of Ontario, Administrative Services Agency.

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

Function/Program	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General government										
Building permits issued	3,750	4,452	4,789	5,057	4,945	3,999	2,933	2,339	2,594	3,244
Police										
Physical arrests	10,287	10,022	10,264	10,134	9,561	11,207	11,001	10,945	9,979	7,877
Citations	12,950	16,647	15,558	14,293	16,155	20,762	20,436	19,710	16,031	14,636
Fire										
Emergency response	21,785	21,375	20,146	21,989	22,151	22,832	16,227 ^b	15,157	14,877	15,487
Fire inspections	1,622	1,574	1,589	1,760	1,635	1,987	1,967	2,358	1,228	1,210
Public works										
Street resurfacing (miles)	32	24	24	19	13	10	11.5	9.2	9.6	9.1
Parks and recreation										
Number of recreation classes	90	95	100	1,245 ^a	1,350	1,358	1,340	1,353	1,371	1,286
Number of facility rentals	595	590	605	625	644	788	772	1,071	3,285	3,231
Library										
Total volumes of books borrowed	570,423	458,594	443,490	418,100	380,016	403,964	423,011	436,576	470,567	467,185
Total volumes of audio/visual items borrowed	204,004	157,825	163,804	184,928	187,853	147,190	174,635	176,665	173,444	169,827
Water										
Number of recycled water connections	4	4	4	4	5	4	70	113	164	205
Number of potable connections	32,198	32,251	32,281	32,714	33,964	33,872	32,553	32,752	33,384	32,907
Average daily potable consumption (MGD)	39	40	39	38	38	39	39	36	33	31
Solid waste										
Refuse collected (tons per day)	524	535	550	582	569	552	754	599	584	573
Recyclables collected (tons per day)	32	35	39	41	44	41	56	52	53	45
Recyclables recovered (tons per day)	21	23	24	25	28	25	39	34	34	37

Note: ^a Method of recording contract classes changed with Fiscal Year 2004-05 budget. Prior method reflected number of annual class titles, starting Fiscal Year 2004-05, the numbers reflect individual class sessions.

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

Source: City of Ontario, various departments

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

Function/Program	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Police										
Police stations	3	3	2	2	2	2	2	2	2	2
Fire										
Fire stations	8	8	8	8	8	8	8	8	8	8
Public works										
Streets (miles)	430	520	572	572	572	579	579	587	587	587
Traffic signals	123	144	150	150	152	157 ^a	161 ^a	184 ^a	184 ^a	191
Parks and recreation										
Parks	17	18	18	18	18	18	18	18	18	21
Community centers	6	6	6	6	6	6	6	6	6	7
Library										
Buildings	1	1	2	2	2	2	2	2	2	2
Water										
Number of wells	29	26	23	22	22	18	20	24	24	24
Water lines (miles)	596	541	541	536	538	556	553	556	556	556
Storage capacity (millions of gallons)	60	60	60	60	60	76	76	76	76	76
Sewer										
Sewer lines (miles)	398	370	371	375	378	386	396	386	386	386
Storm drainage										
Storm drainage (miles) ^b	60	60	60	61	61	61	63	67	68	68

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

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

Source: City of Ontario, various departments

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AB 1600 DEVELOPMENT IMPACT FEE ANNUAL REPORT

CITY OF ONTARIO

AB 1600 DEVELOPMENT IMPACT FEE ANNUAL REPORT JUNE 30, 2011

On July 1, 2003, the City Council adopted Ordinance Nos. 2779 and 2780 approving the collection of Development Impact Fees in the City of Ontario to mitigate the impacts of future development. In accordance with the provisions of Ordinance Nos. 2779 and 2780, the City began collecting Development Impact Fees on September 1, 2003. Pursuant to Ordinance 2779, the impact fees have been updated periodically since that time by resolution of the City Council. The last Development Impact Fee update was authorized by the City Council on March 15, 2011 by Resolution 2011-011. An updated General Plan for the City of Ontario was adopted by the City Council on January 27, 2010. The City is currently in the process of updating its Master Plan documents to address the revised land use assumptions underlying the new General Plan. Upon approval of the new Master Plan, the City anticipates performing a comprehensive update of its Development Impact Fees to incorporate the changes included in the City's revised General and Master Plans.

California Government Code § 66001 and § 66006 require annual public reporting of Development Impact Fee information. The City accomplishes this through the following two schedules and the *Development Impact Fee Calculation and Nexus Schedules for the City of Ontario, California December, 2010 Update* report as noted below.

The following two schedules report Development Impact Fee information for the fiscal year ended June 30, 2011. The first schedule reports each Development Impact Fee's beginning and ending fund balance, revenue and earnings, and expenditures. The second schedule reports expenditures by individual public improvement project.

The *Development Impact Fee Calculation and Nexus Schedules for the City of Ontario, California December, 2010 Update* report contains the amount and purpose of each Development Impact Fee, the public improvements the fees will fund, and the reasonable relationship between the fee and the purpose for which it is charged.

City of Ontario
AB 1600 Development Impact Fee Annual Report
Pursuant to Government Code Section 66006

Fund	Development Impact Fee	Fund Balance July 1, 2010	Revenues				Projects Expenditures	Fund Balance June 30, 2011
			DIF Fees	Interest	Gains/Losses	Other		
007	Parkland Acquisition and Facilities Development	\$ 9,454,666.62	\$ 391,917.00	\$ 175,546.85	\$ 11,123.24	\$(50,000.00) ⁽¹⁾	\$ 21,407.24	\$ 9,961,846.47
101	Law Enforcement Facilities, Vehicles and Equipment	(2,751,732.77)	51,188.88	773.31	500.96	-	-	(2,699,269.62)
102	Fire Facilities, Vehicles and Equipment	5,077.50	72,168.53	405.87	394.99	-	-	78,046.89
103	OMC Circulation (Streets, Bridges and Signals) System	17,092,945.70	332,285.10	288,360.39	(16,985.56)	-	2,046,187.31	15,650,418.32
104	OMC Water System Source, Storage and Distribution	6,860,374.77	113,013.83	124,774.49	3,783.07	-	-	7,101,946.16
105	OMC Sewer Collection System	2,652,749.36	45,716.04	48,291.17	1,533.12	-	-	2,748,289.69
106	Solid Waste Collection Equipment	638,779.15	35,027.75	11,877.95	652.19	-	-	686,337.04
107	General Facilities, Vehicles and Equipment	32,507.15	78,491.55	1,244.94	868.89	-	-	113,112.53
108	Library Facilities and Collection	16,216.04	29,119.00	646.60	334.92	-	-	46,316.56
109	Public Use Facilities	702,755.80	31,668.00	13,127.78	681.41	-	-	748,232.99
110	Aquatics Centers	91,879.51	3,977.00	1,714.39	87.27	-	-	97,658.17
111	OMC Storm Drainage System	15,644,768.89	70,824.18	280,305.06	(3,592.16)	-	105,408.96	15,886,897.01
112	NMC Open Space Land Acquisition	200,815.53	-	3,641.88	93.18	-	-	204,550.59
113	Fiber Optic Communication System	10,469.50	2,637.18	220.11	200.35	-	-	13,527.14
115	NMC Circulation (Streets, Bridges and Signals) System	769,775.66	221,002.98	15,703.34	2,718.72	-	-	1,009,200.70
116	NMC Water System Source, Storage and Distribution	(326,843.79)	-	-	-	-	-	(326,843.79)
117	NMC Sewer Collection System	115,330.74	23,583.07	2,684.38	121.98	-	-	141,720.17
118	NMC Storm Drainage System	921,799.63	131,559.98	18,192.57	2,090.22	-	-	1,073,642.40
		<u>\$ 52,132,334.99</u>	<u>\$ 1,634,180.07</u>	<u>\$ 987,511.08</u>	<u>\$ 4,606.79</u>	<u>\$(50,000.00)</u>	<u>\$ 2,173,003.51</u>	<u>\$ 52,535,629.42</u>

⁽¹⁾: This adjustment is to correct a deposit of non-development impact fees that was made to this fund on October 27, 2008.

**City of Ontario
Development Impact Fee Project Expenditures
Year Ended June 30, 2011**

City Project ID	Description	Expenditures		% Funded by DIF
		DIF	Other Sources	
PA0205	OMC Park Planning, Acq. & Dev.	\$ 1,220.00	\$ -	100.00%
PA0701	Downtown Plaza Design	20,187.24	-	100.00%
	Fund 007 Subtotal	\$ 21,407.24	\$ -	
ST0104	N. Milliken Grade Separation	1,018,541.35	1,393,952.36	42.22%
ST0302	Grove/I10 Interchange-Corridor	20,057.28	82,425.83	19.57%
ST0308	S. Milliken Grade Separation	271,896.03	1,082,029.47	20.08%
ST0710	S. Archibald Ave Grade Separat	1,015.75	4,063.00	20.00%
ST0711	N. Vineyard Ave Grade Separati	202,046.78	808,187.22	20.00%
ST0908	I-10/Archibald Ave Interchange	251,501.71	1,006,113.93	20.00%
ST9905	Mission Blvd Widening/Reconstr	70,088.71	613,646.41	10.25%
TR0402	Etiwanda/Airport Intersection	67,367.77	-	100.00%
TR0702	T/S Lighting & EVP: Vineyard	31,981.91	293,529.99	9.83%
TR0703	T/S Install Grove/Princeton	35,992.48	140,429.42	20.40%
TR9902	T/S Modification Grove/6th St	75,697.54	273,737.51	21.66%
	Fund 103 Subtotal	\$ 2,046,187.31	\$ 5,698,115.14	
SD-75	Storm Drain Master Plan Update	100,612.44	-	100.00%
SM1001	5th Street Storm Drain	4,037.99	-	100.00%
SM1002	6th Street Storm Drain	758.53	-	100.00%
	Fund 111 Subtotal	\$ 105,408.96	\$ -	
		\$ 2,173,003.51	\$ 5,698,115.14	

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ONTARIO



MAYOR
Paul S. Leon

MAYOR PRO TEM
Debra Dorst-Porada

COUNCIL MEMBERS
Alan D. Wapner
Sheila Mautz
Jim W. Bowman

CITY TREASURER
James R. Milhiser

CITY CLERK
Mary E. Wirtes

CITY MANAGER
Chris Hughes

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

