



CITY OF FONTANA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDING JUNE 30, 2018



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

City of Fontana California

Acquanetta Warren, Mayor

John B. Roberts, Mayor Pro Tem

Michael Tahan, Council Member

Jesus "Jesse" Sandoval, Council Member

Jesse Armendarez, Council Member

(At Date of Issuance)

Kenneth R. Hunt, City Manager

PREPARED BY CITY OF FONTANA MANAGEMENT SERVICES DEPARTMENT

Lisa A. Strong, Management Services Director/Deputy City Treasurer

Dawn Brooks, Accounting Manager

For information about the City of Fontana please visit our website at www.fontana.org.

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COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended June 30, 2018

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Introductory Section



City of Fontana

CALIFORNIA

November 30, 2018

The Honorable Mayor and City Council

State law requires that all general-purpose local governments publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Fontana for the fiscal year ended June 30, 2018.

This report consists of management's representations concerning the finances of the City of Fontana. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Fontana has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft or misuse, and to compile sufficient reliable information for the preparation of the City of Fontana's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Fontana's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. 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 Fontana's financial statements have been audited by Davis Farr LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Fontana for the fiscal year ended June 30, 2018, 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 unmodified opinion that the City of Fontana's financial statements for the fiscal year ended June 30, 2018, 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 Fontana 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 Fontana's separately issued Single Audit Report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Fontana's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The City of Fontana is located about 50 miles east of Los Angeles. The City spans approximately 42.4 square miles and has an estimated population of 212,000. The City was first developed as an organized rural community through the vision of Mr. A. B. Miller. Although self-sufficient, the farming community was abruptly reshaped to accommodate the industrial revolution in 1942 with the transformation of Mr. Miller's farm into a steel mill by Henry J. Kaiser. The area became Southern California's leading producer of steel and steel-related products. The steel industry dominated the City's economy until 1984 when the steel mill closed. Today, Fontana has emerged as an affordable suburb, attracting both residents and businesses.

The City was incorporated on June 25, 1952, under the laws of the State of California and enjoys all the rights and privileges applicable to a general law city. The City is governed by a five member City Council 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 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 governing council is responsible for, among other things, passing ordinances, adopting the budget, appointing committees, and hiring both the City Manager and City 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 City of Fontana employs approximately 591 full-time employees. Services provided include police protection; contract for fire services; the construction and maintenance of highways, streets, and other infrastructure; waste water and sanitation services; and recreational activities and cultural events. In addition to general government activities, the City Council also serves as the

Board of Directors of the Fontana Industrial Development Authority, the Fontana Public Financing Authority, the Fontana Public Facilities Financing Authority, the Fontana Housing Authority, the Fontana Community Foundation, the Fontana Fire Protection District as well as the Successor Agency for the Former Fontana Redevelopment Agency. Therefore, these activities have been included as an integral part of the City of Fontana's financial statements. Additional information on these entities can be found in Note 1 in the notes to the financial statements.

The annual budget serves as the foundation for the City of Fontana's financial planning and control. Each year the City Council reviews budget development guidelines for use in preparing the next year's budget. These guidelines are structured to reflect the City Council's goals and objectives and to provide the framework in which the Operating Budget is prepared. The Management Services Department 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 meeting.

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 Quarterly Budget Review. 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 appropriation adjustments and revised revenue projections as needed. The legal level of budgetary control is set at the department level. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriate annual budget has been adopted.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Fontana operates.

Local economy. The Inland Empire continues the recovery and expansion that has been underway since 2011. The Inland Empire's housing markets are strengthening, new home builders are finally reentering the market, job growth is strong and consumer spending is increasing.

Strong Jobs, Balanced Growth. The Inland Empire has experienced seven straight years of job gains; from June 2011 to 2018, the Inland Empire added approximately 300,325 new jobs and forecasts to add another 45,000 jobs by the end of 2018. That is 204,675 (15.7%) more jobs than the pre-recession high in 2007. Unemployment was down slightly from 5.1% in June 2017 to 4.7% in 2018, 0.6% above the U.S. rate of 4.1%. The sectors with the largest job growth were logistics (28.4%) and construction (10.3%). The region's job growth is expected to continue partly due to the area's advantage for blue collar sectors, underdeveloped land, modestly priced labor, and growing population as well as continued growth in health care, and a small addition of jobs in higher paying sectors.

Retail Sales Are Increasing. Taxable sales are a major city revenue source for cities that are in recovery from a steep downturn. Taxable retail sales were up 7.0 percent over the last year within the City, which was above that of California's growth of 3.4 percent. The City of Fontana is ranked fourth in taxable retail sales in the Inland Empire with sales of \$3.363 billion.

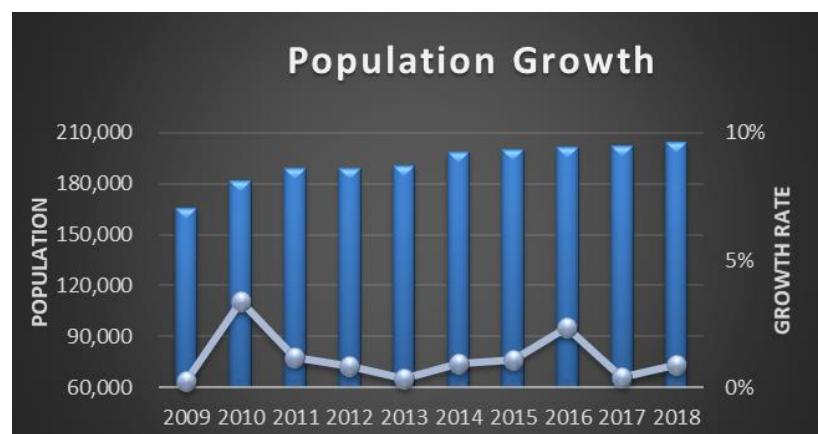
Housing Market Soaring Prices, Modest Sales. The Inland Empire's housing markets, as a whole, remain stuck in a narrow band of home sales that has gone on eight years. Lack of supply is propelling prices which continue to rise sharply in the face of demand that is increasing with the general rise of Southern California's economy and consumer confidence. Affordability is high in the Inland Empire where 49% percent of home buyers can afford the median priced home; however, affordability is still an ongoing issue in the coastal communities where only 20-28 percent of homebuyers can afford a median priced home. This affordability factor is driving buyers inland, but so far lack of supply has prevented this.

The median home prices for the City of Fontana are up for both new and existing homes, as well as assessed valuations for the city increased 11 percent to \$19.666 billion. Existing home sales are slow due to a lack of inventory with an increase in volume of only 1.4 percent and new home sales showed an increase of 8.9 percent.

Fontana has competitive advantages related to its neighbors in the Inland Empire as it continues to be the westernmost city with available space to accommodate both residential and industrial development. It offers new residents housing cost advantages and companies locating here can benefit from lower labor costs. Fontana has experienced increases in new housing permits for the last 4 years and expect those increases to continue over the next decade.

The Arboretum Specific Plan is coming to fruition, this specific plan is envisioned as a master-planned community located on over 500 acres in the northern portion of the City that will add approximately 3,500 residential units, 2 school sites, private and public recreation facilities and an activity center to the city. Phase 1, of this 4-phase master-planned community, will commence in the coming year, with an expected 583 residential units.

The center of San Bernardino County's growth is moving west into Fontana. The population has grown 8.7 percent over the past ten years and, at 212,000 Fontana is the second largest city in San Bernardino County, the third largest in the Inland Empire, and twentieth in the State. With the constant addition of new residential units in the City, it is expected that the City's population will continue to increase as well and is estimated to exceed 225,000 by the year 2025.



The City of Fontana continued to see a number of significant events during the past year despite the slowly recovering economy and resulting budget constraints.

Significant Events of FY 2017-18

- **Miller Park Amphitheater:** Completed construction of a \$7.8 million amphitheater and stage in the northwest corner of Miller Park. A portion of the construction included the removal of the existing hill and reconfiguration of the area. The grand opening was held in May 2018.
- **Jack Bulik Community Center Improvement Project:** Completed tenant improvements to the Jack Bulik Community Center to improve ADA accessibility and to better accommodate recreational programming offered at the site. Improvements included remodeling the existing food serving / warming kitchen, adding an enclosed office space within the existing open office area, providing ADA improvements throughout the building including restrooms, repainting interior and replacing flooring.
- **East Annex - Fire Administration Project:** Completed tenant improvements to the City Hall East Annex to accommodate Fire Administration staff including office space, new lighting, interior painting and new flooring. The project was completed in September of 2017.
- **Electric Vehicle Charging Stations:** The Charge Ready Program is a CPUC funded program offered through the San Bernardino Regional Energy Partnership. SCE provides funds for the infrastructure installation costs, and offers rebates from 50% to 100% of the charging station costs. Eight (8) level 2 charging stations were installed at the Public Works North Yard parking lot and six (6) level 2 charging stations were installed at the Fontana Senior Center.
- **Pavement Rehabilitation Program:** The program targeted various areas of the City and completed 16 lane miles of street segments with various treatments from minor overlays to complete reconstruction for a total expenditure of \$2,875,262 since July 1, 2017. In addition, 210 pedestrian curb access ramps were reconstructed to meet current ADA compliance standards.
- **Police Building Sewer Lift Station Project:** Construction of the existing pump station improvements was completed in December 2017. The project provided the needed upgrades and modifications to meet the current sanitary sewer service demands for the Police Department facility including construction of a new well, installation of new pumps, pipe works and new electronic control components.



- **Emergency Operations Center/Lobby Project:** Improvements to the Police Department Building include an Emergency Operations Center, improved ADA accessibility, enhanced building security and updated appearance and functionality of the main lobby.



- **Police Facilities Upgrade:** The Police Department continues to refresh and improve the upper level of the building to match other previously remodeled areas of the building. Recently completed was the conversion of 4 storage areas to offices for the Administration Sergeant and Crime Analysts. The Dispatch Communications Center is currently being refurbished in phases which include plumbing repairs, new storage area/breakroom, restroom upgrades, carpet, paint, wall treatments, new HVAC units and lighting improvements to the main dispatch area and Communications Supervisor's office. The remodel process for the front lobby and ancillary offices off the front lobby were combined with the Emergency Operations Center (EOC) project. The EOC within the building will be expanded by enclosing the existing atrium area. The communications systems is being modernized to make the center more functional and reliable in the event of an emergency incident or major disaster, thus allowing a more efficient response.

Challenges Ahead

While positioned to take advantage of the continuing economic recovery, the following is a summary of a number of challenges that remain on the horizon.

- **DOF Denial of OPA Agreement as Enforceable Obligation on ROPS.** The City's General Fund faces a revenue loss of approximately \$2 million annually which began in Fiscal Year 2015-16. The City was successful at trial, but the Department of Finance has filed an appeal. No trial date has been set.
- **State Budget.** With the state collecting billions more in revenue than projected, the governor's newly revised budget seeks to divide it between short-term spending and long-term savings by putting it into government reserves. The \$199 billion spending plan includes the expansion of programs to counteract the effects of poverty, combat homelessness and invest in infrastructure, support students, fight climate change, and save for uncertain times.
- **California Public Employees Retirement System (CalPERS).** PERS rates continue to rise each year. The recent reduction of the discount rate assumption from 7.5% to 7.0% has resulted in sharper rate increases that began with the Fiscal Year 2018-19. The City's PERS Rate Stability Reserve is currently funded at \$3.4 million to help smooth out rate spikes.

- **Unfunded Liability.** The annual required contribution to fund the City's retiree health program for both current and future retirees has been calculated to be \$2.5 million (excludes implicit subsidy amount) for the next year. The program has been closed to new hires since 1990.
- **Property Value Reassessments.** The annual Consumer Price Index (CPI) adjustment which provides the basis for changes in assessed valuations state-wide continues at the 2% level, although properties that have enjoyed Prop 8 valuation reductions are not subject to this limit.
- **Capital Reinvestment Program.** Since 1996/1997, the City Council has been investing a portion of the annual General Fund Budget back into the community in the form of capital projects (streets, parks and facilities), with a goal 10%. A total of \$8.23 million from various funds has been allocated in the FY 2018-19 Operating Budget to this critical area.
- **Proposition 218.** On November 5, 1996, the California electorate approved Proposition 218 affecting a change to the California State Constitution by making numerous changes to local government finance law. This measure impacts the generation and use of many fundamental revenue sources including fees, charges, assessments, and taxes. This proposition also changes the methods by which certain assessments and taxes are challenged by the electorate. The FY 2018-19 Operating Budget fully complies with the provisions of Proposition 218.
- **Services and Growth.** The City of Fontana has experienced significant growth over the past several years. With this growth comes the need to service a growing community. The funding sources for these additional services are revenue growth and the Municipal Services Fiscal Impact Fee Program (MSFIF).
- **The Economy.** A tightening labor market accompanied by rising inflation and higher interest rates will cause growth to slow in 2019 and 2020. Although house prices have more than recovered from their previous peaks over a decade ago, housing activity has not.

Financial Information. Management of the City is responsible for establishing and maintaining internal control designed to ensure that the assets of the government are protected from loss, theft, or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with U.S. generally accepted accounting principles. Internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurances recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

This report consists of management's representations concerning the finances of the City. As a result, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. Management asserts that, to the best of their knowledge and belief, this financial report is complete and reliable in all material respects.

Budgetary controls. The City maintains budgetary controls, the objective of which is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Activities of the General Fund, special revenue funds,

debt service funds, capital project funds, and all the proprietary funds are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the department level. The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbrances generally are re-appropriated as part of the following year's budget.

Regarding long-term financial planning, as of June 26, 2018, the City Council adopted the fiscal year 2018-2019 budget. Additionally, as a companion to approving the budget plan, a seven-year Capital Improvement Plan was presented to the City Council. The seven-year plan links anticipated expenditures for infrastructure development with community needs and desires and provides a citywide perspective of recommended projects and proposed funding sources. The Capital Improvement Plan was finalized in June 2018, and totaled \$442.5 million for the seven-year fiscal period ending June 30, 2025. The seven-year Capital Improvement Plan has been submitted and annually updated, in its present form, since 1991, for effective long-range planning purposes. It is City Management's belief that these two plans give City Council members an expanded opportunity to set policy and provide direction for implementation, resulting in improved management efficiency and improved financial results.

Debt administration. At June 30, 2018, the City had a number of debt issues outstanding, as shown in detail in the notes to the financial statements.

The City's ratios of net bonded debt to assessed valuation and the amount of net general bonded debt per capita are useful indicators of our debt position to management, citizens, and investors.

At June 30, 2018, the City has \$39.7 million in authorized, outstanding tax supported general obligation bonds with no authorized but unissued general obligation bonds. This level of general obligation debt is well below the legal limit of \$2,658 million, or 15% assessed valuation.

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 for the fiscal year ended June 30, 2017. This is the twenty-fifth consecutive year that the City has received this award. The Certificate of Achievement is the highest form of recognition in governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government unit and its management. In order to be awarded this certificate, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, with contents that conform to program standards. These reports must satisfy both generally accepted accounting principles and applicable legal requirements. We believe our current Comprehensive Annual Financial Report conforms to the Certificate of Achievement program requirements, and are submitting it to the GFOA to determine its eligibility for a certificate for the fiscal year ended June 30, 2018.

The Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to the City for its Popular Annual Financial Report for the fiscal year ended June 30, 2017. This is the seventeenth consecutive year the City has received this award. This is a prestigious national award

recognizing conformance with the highest standards for preparation of state and local government popular reports. The Award is for a period of one year only. The City will continue to participate in the program.

The City of Fontana has received the League of California Cities Helen Putnam Award for Excellence in Financial Management in recognition of the following innovative and business-like products:

- 2001 - **Financial Highlights**, a "Readers' Digest" version of the City's annual financial report;
- 1998 - **Financial Performance Reporting Program**, a "user-friendly" monthly report of the City's financial condition with focus on the General Fund;
- 1997 - **User Fee Program**, a comprehensive and accurate fee schedule supporting all of the City's fees, charges and rates; and
- 1996 - **Municipal Services Fiscal Impact Fee Program**, a process of estimating and reporting the fiscal impacts of residential and industrial construction projects on the cost of recurring City services and implementing a cost/benefit approach to funding new development as an alternative to using General Fund sources.

The City's Statement of Investment Policy was awarded a Certification of Excellence Award by the Association of Public Treasurers of the United States and Canada (APT US&C) in 2000, 2003 and 2006. The award is issued in recognition of written investment policies which meet specific criteria set forth by the Association such as selection of suitable investment instruments, custody and safekeeping, internal controls, and reporting.

Preparation of this comprehensive annual financial report could not have been accomplished on a timely basis without the support and cooperation of all City of Fontana staff. These dedicated members assisted and contributed to its preparation. Special recognition is given to the Management Services staff, and specifically to Dawn Brooks, Genivive Schwarzkopf, Lisa Conlon, and Lynn Rogers. Their efforts made it possible to improve the quality of the information being reported to the citizens, the City Council, and other users on a timely basis. Appreciation is also expressed to the Mayor, the City Council, the City Treasurer and the City Manager for their interest and support in planning and conducting the financial activities of the City in a responsible and responsive manner.

Sincerely,



Lisa A. Strong
Management Services Director/Deputy City Treasurer

CITY OF FONTANA

LIST OF PRINCIPAL OFFICIALS

(At Date of Issuance)

ELECTED OFFICIALS

Acquanetta Warren, Mayor
John B. Roberts, Mayor Pro Tem
Michael Tahan, Council Member
Jesus "Jesse" Sandoval, Council Member
Jesse Armendarez, Council Member

Janet Koehler-Brooks, City Treasurer
Tonia Lewis, City Clerk

ADMINISTRATIVE STAFF

Kenneth R. Hunt	City Manager
Debbie Brazill	Deputy City Manager / Development Services
David R. Edgar	Deputy City Manager / Administrative Services
Zai AbuBakar	Community Development Director
Jeffrey Birchfield	Fire Chief
Ramon Ebert	Information Technology Director
Charles E. Hays	Public Works Director
Annette Henckel	Human Resources Director
Garth W. Nelson	Community Services Director
Karen Porlas	Deputy City Clerk
William P. Green	Police Chief
Ricardo Sandoval	Engineering Director
Lisa A. Strong	Management Services Director



Government Finance Officers Association

The Certificate of Achievement for Excellence in Financial Reporting (Certificate of Achievement) is recognized as the highest award in government financial reporting. The Government Finance Officers Association (GFOA) established the Certificate of Achievement Program in 1945 to encourage government units to publish excellent comprehensive annual financial reports (CAFRs) and to provide peer recognition and educational assistance to the *officials* preparing CAFRs. Units choosing to participate in the program submit copies of their CAFRs for review by an impartial Special Review Committee (SRC) of qualified judges. Reports meeting program standards are awarded Certificates of Achievement.

The Certificate of Achievement is the highest form of recognition in governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government unit and its management.

Certificate of Achievement for Excellence in Financial Reporting

Presented to
City of Fontana
California

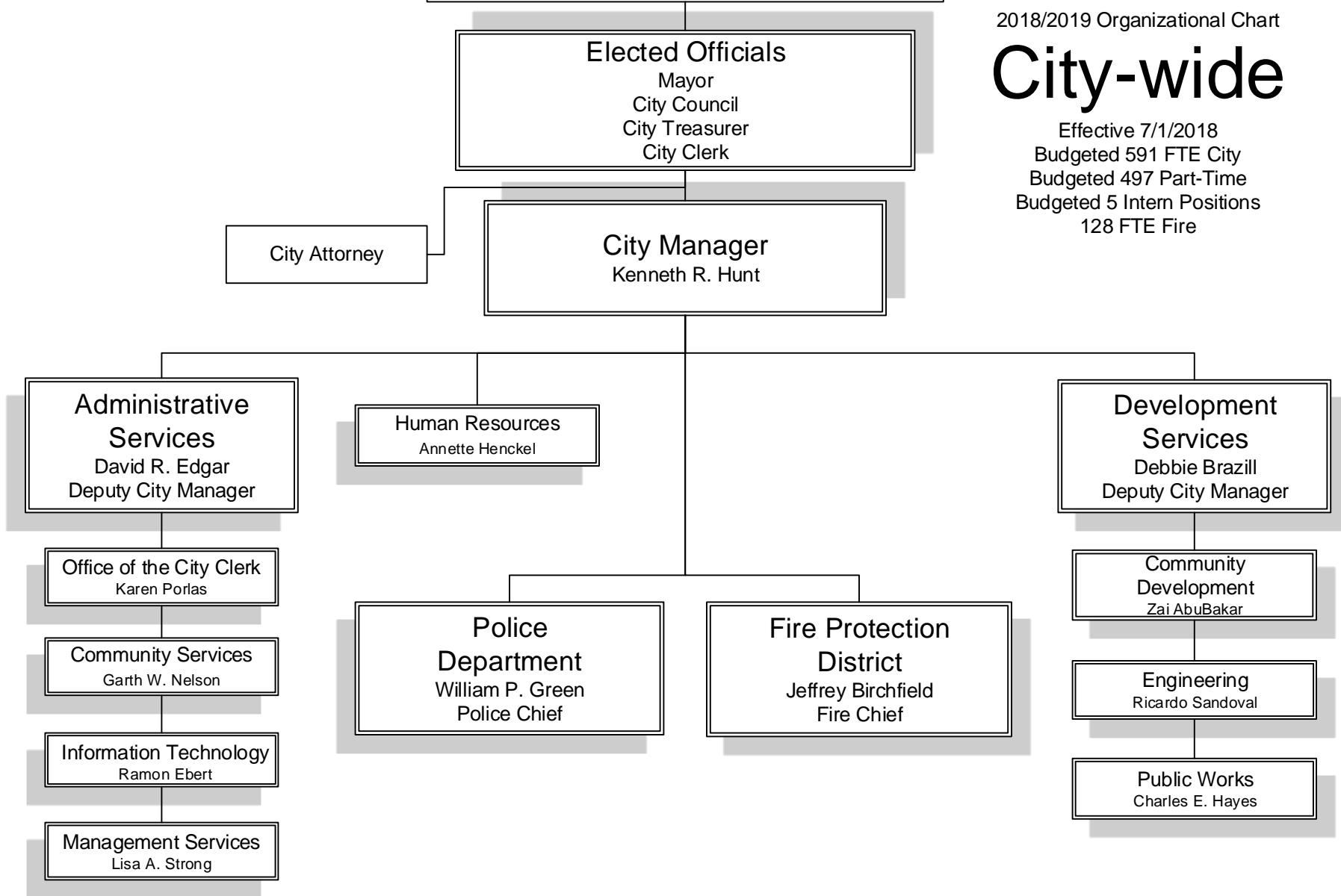
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morrell

Executive Director/CEO

Citizens of Fontana



2018/2019 Organizational Chart

City-wide

Effective 7/1/2018
Budgeted 591 FTE City
Budgeted 497 Part-Time
Budgeted 5 Intern Positions
128 FTE Fire

Financial Section

City Council
City of Fontana
Fontana, California

Independent Auditors' Report

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Fontana, California, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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 Fontana, California, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows and the statement of revenues, expenditures and changes in fund balance - budget to actual of the general fund and major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described further in note 15 to the financial statements, during the year ended June 30, 2018, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. The financial statements for the year ended June 30, 2018 reflect certain prior period adjustments as described further in note 15 to the financial statements. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Fontana's basic financial statements. The *combining and individual nonmajor fund financial statements and schedules*, the *introductory section* and the *statistical section* are presented for purposes of additional analysis and are not a required part of the basic financial statements. The *combining and individual nonmajor fund financial statements and schedules* are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the *combining and individual nonmajor fund financial statements and schedules* are fairly stated, in all material respects, in relation to the basic financial statements as a whole. The *introductory section* and the *statistical section* 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 it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2018 on our consideration of the City of Fontana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Fontana's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Davis Lan CPA". The signature is fluid and cursive, with "Davis Lan" on the top line and "CPA" on the bottom line.

Irvine, California
December 3, 2018



MANAGEMENT'S DISCUSSION AND ANALYSIS

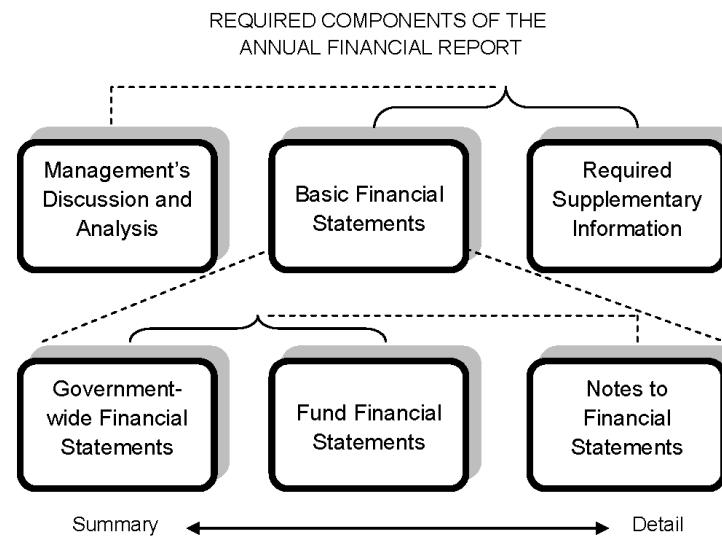
This narrative overview and analysis of the City of Fontana's financial activities for the fiscal year ended June 30, 2018 is presented by the management of the City of Fontana to readers of the City's financial statements. Management encourages readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report and the City's basic financial statements in the financial section of this report.

FINANCIAL HIGHLIGHTS

- The City's governmental and business-type activities resulted in total assets exceeding its liabilities by \$1,009.2 million as of June 30, 2018 ("current fiscal year"). Of this amount, \$232.8 million represents the portion for restricted uses as specified by entities outside of the City government, the amount for unrestricted uses in accordance with finance-related legal requirements as reflected in the City's fund structure is in a deficit position at (**\$4.8 million**), and \$781.2 million accounts for investments in capital assets in excess of related debt.
- The City's total net position decreased \$47.2 million during the current fiscal year. The decrease is primarily due to the implementation of GASB No. 75 (Accounting and Financial Reporting by Employers of Postemployment Benefits Other Than Pensions), which resulted in a restatement of net position of \$46.2 million to account for the additional OPEB obligation.
- As of the fiscal year end, the City's Governmental Funds ending fund balances were \$394.5 million, an increase of approximately \$12.4 million or 3.2% from the prior fiscal year. Of this balance, \$197.3 million is either nonspendable or restricted for use set by various legal requirements, \$5.2 million is committed by the City Council for various uses and \$192.0 million is either assigned or unassigned based on the nature of the funding source.
- The General Fund's fund balance at the close of the current fiscal year was \$87.0 million, an increase of approximately \$1.6 million or 1.9% from the previous year. This General Fund's fund balance consists of \$1.6 million in nonspendable and restricted fund balance, \$5.2 million committed for the purposes of expenditure control budgeting (ECB) savings (\$1.8 million) and for PERS rate fluctuations (\$3.4 million), and \$80.2 million in assigned and unassigned fund balances. See page 14 for further discussion.
- The City's business-type activities yielded operating revenues of \$0.7 million less than the recorded operating expenses of \$22.3 million.
- General Fund revenues were \$2.1 million less than budget, and expenditures were \$6.4 million less than budget.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

Management's Discussion and Analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements include three components: government-wide financial statements; fund financial statements; and notes to the basic financial statements.



Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, community development, community services and engineering. The business-type activities of the City include sewer and water operations.

Component units are included in the basic financial statements and consist of legally separate entities for which the City is financially accountable and that have the same governing board as the City. The blended component units include the Successor Agency of the Former Fontana Redevelopment Agency, the Fontana Public Financing Authority, the Fontana Public Facilities Financing Authority, the Fontana Housing Authority, the Fontana Industrial Development Authority, the Fontana Community Foundation and the Fontana Fire Protection District. The redevelopment agency was dissolved as of January 31, 2012 through the California Supreme Court decision on Assembly Bill 1X26. See Note 17 of the notes to the financial statements for more information on the dissolution.

The government-wide financial statements can be found on pages 19 and 20 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is 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 the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

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 the City'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 balance provide a reconciliation to the government-wide financial statements in order to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains 48 individual governmental funds for financial reporting purposes. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the General Fund, the Fire Protection District Special Revenue Fund, the Housing Authority Special Revenue Fund, the Capital Reinvestment Fund, the Future Capital Projects Fund, and the Traffic Mitigation Capital Project Fund, which are considered to be major funds. Data for the other 42 governmental funds are combined in a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the non-major funds supplementary section of this report.

The City adopts an annual appropriated budget for its general fund, special revenue funds, debt service funds, and capital project funds. A budgetary comparison statement has been provided for the General Fund, the Fire Protection District Special Revenue Fund and the Housing Authority Low/Mod Housing Special Revenue Fund in the basic financial statements and for the remaining special revenue funds, the debt service funds, and the capital project funds in the supplementary information.

The governmental fund financial statements can be found on pages 21-27 of this report.

Proprietary funds. The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its Sewer and Water Operations. *Internal Service Funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses an internal service fund to account for its fleet of vehicles; because this service predominantly benefits governmental rather than business-type functions, it has been included with *governmental activities* in the government-wide financial statements.

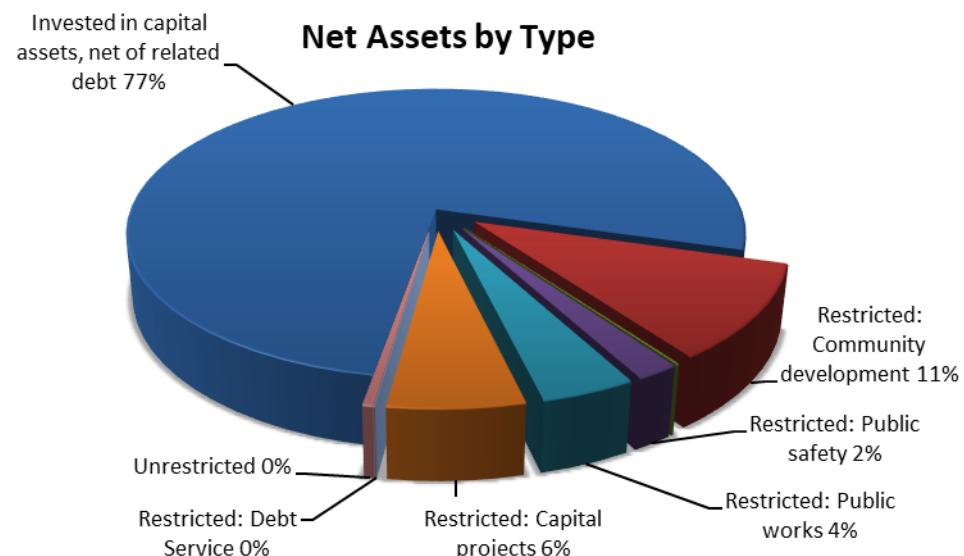
Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements can be found on pages 28-30 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on page 31-32 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 33-86 of this report.

Government-wide Financial Analysis



As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's net position are comprised of Net Investment in Capital Assets; Restricted Net Position; and Unrestricted Net Position. As of June 30, 2018, assets exceeded liabilities by \$1,009.2 million.

The City's net investment in capital assets (land, buildings, infrastructure, machinery, equipment, and vehicles), less any related debt used to acquire those assets that is still outstanding, is \$781.2 million. 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 sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the City's net position (\$232.8 million) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (**\$4.8 million**) may be used to meet the government's ongoing obligations to citizens and creditors, unrestricted net position is in a deficit position at the end of the fiscal year.

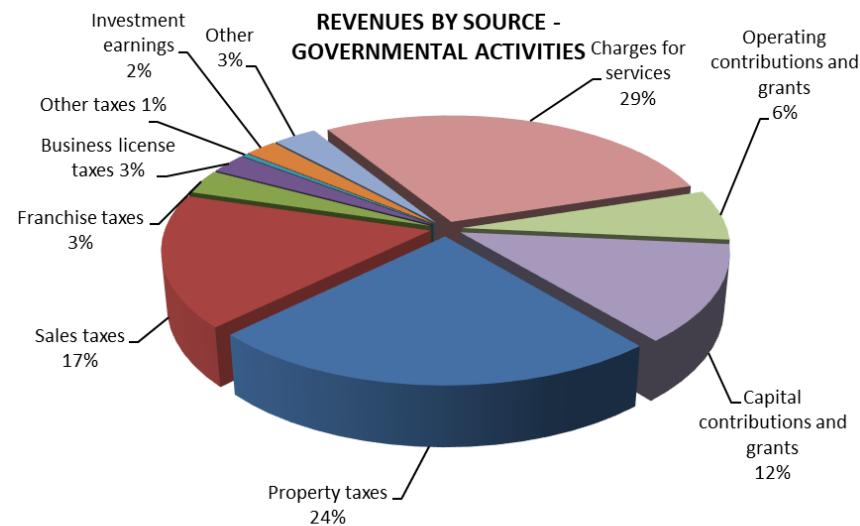
Net Position (000 omitted)						
	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 434,632	\$ 416,922	\$ 28,593	\$ 29,177	\$ 463,225	\$ 446,099
Capital assets	766,035	782,925	70,160	71,685	836,195	854,610
Total assets	1,200,667	1,199,847	98,753	100,862	1,299,420	1,300,709
Deferred outflows of resources	39,882	27,004	1,420	1,079	41,302	28,083
Long-term liabilities outstanding	279,114	220,391	14,284	14,190	293,398	234,581
Other liabilities	29,880	28,551	3,334	3,385	33,214	31,936
Total liabilities	308,994	248,942	17,618	17,575	326,612	266,517
Deferred inflows of resources	4,801	5,613	131	276	4,932	5,889
Net position:						
Net investment in capital assets	720,069	735,790	61,077	61,798	781,146	797,588
Restricted	232,841	227,128	-	-	232,841	227,128
Unrestricted	(26,156)	9,378	21,347	22,292	(4,809)	31,670
Total net position	\$ 926,754	\$ 972,296	\$ 82,424	\$ 84,090	\$ 1,009,178	\$ 1,056,386

Changes in Net Position

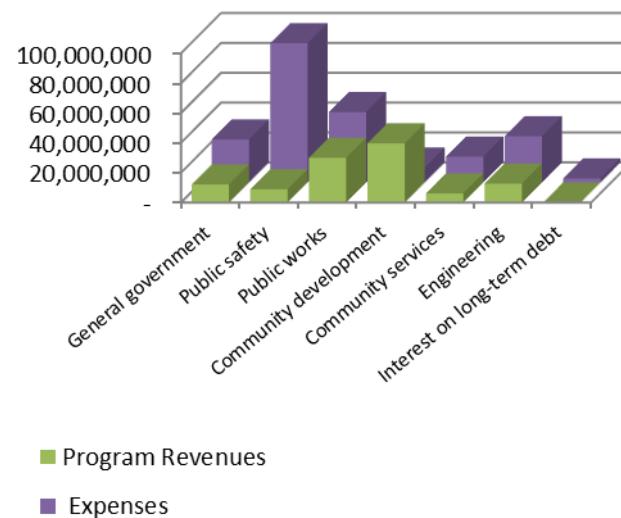
(000 omitted)

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program Revenues:						
Charges for services	\$ 66,119	\$ 59,748	\$ 21,704	\$ 19,540	\$ 87,823	\$ 79,288
Operating grants and contributions	14,721	12,213	-	-	14,721	12,213
Capital grants and contributions	28,415	26,540	724	1,166	29,139	27,706
General Revenues:						
Property taxes	54,647	52,097	-	-	54,647	52,097
Sales tax	38,664	37,844	-	-	38,664	37,844
Franchise taxes	7,191	6,680	-	-	7,191	6,680
Business license taxes	5,898	5,714	-	-	5,898	5,714
Transient occupancy taxes	1,010	961	-	-	1,010	961
Motor vehicle in lieu	112	94	-	-	112	94
Investment earnings	5,209	5,645	60	92	5,269	5,737
Other	5,046	3,671	-	-	5,046	3,671
Total revenues	<u>227,032</u>	<u>211,207</u>	<u>22,488</u>	<u>20,798</u>	<u>249,520</u>	<u>232,005</u>
Expenses:						
General Government	28,741	45,000	-	-	28,741	45,000
Public Safety	93,262	85,083	-	-	93,262	85,083
Public Works	47,118	40,138	-	-	47,118	40,138
Community Development	9,933	10,382	-	-	9,933	10,382
Engineering	30,951	27,779	-	-	30,951	27,779
Community Services	17,272	15,155	-	-	17,272	15,155
Interest on long-term debt	2,608	2,392	-	-	2,608	2,392
Sewer	-	-	22,261	20,786	22,261	20,786
Water	-	-	2	6	2	6
Total expenses	<u>229,885</u>	<u>225,929</u>	<u>22,263</u>	<u>20,792</u>	<u>252,148</u>	<u>246,721</u>
Change in net position before transfers	(2,853)	(14,722)	225	6	(2,628)	(14,716)
Transfers	1,891	2,263	(1,891)	(2,263)	-	-
Change in net position	(962)	(12,459)	(1,666)	(2,257)	(2,628)	(14,716)
Net Position - beginning of year as restated	927,716	984,755	84,090	86,347	1,011,806	1,071,102
Net Position - end of year	\$ 926,754	\$ 972,296	\$ 82,424	\$ 84,090	\$ 1,009,178	\$ 1,056,386

Governmental activities



EXPENSES AND PROGRAM REVENUES - GOVERNMENTAL ACTIVITIES



The most significant revenues of the governmental activities are general taxes (47%), which include property taxes (24%), sales and use taxes (17%), and various other taxes and revenues (6%), and investment earnings (2%). Program revenues are 48% of the total revenues of the governmental activities, which include charges for services (29%), operating grants and contributions (6%), and capital grants and contributions (12%).

Public safety (police and fire) is the most significant (41%) of all governmental activities expenses, followed by public works (21%), engineering (13%), general government (12%), community services (8%), community development (4%) and interest on long-term debt (1%). Included in these amounts is depreciation expense, which is 18% of the total expenses for governmental activities.

Governmental activities revenues increased by \$15.5 million (7.2%) in the current fiscal year. The changes in revenues are a result of the following:

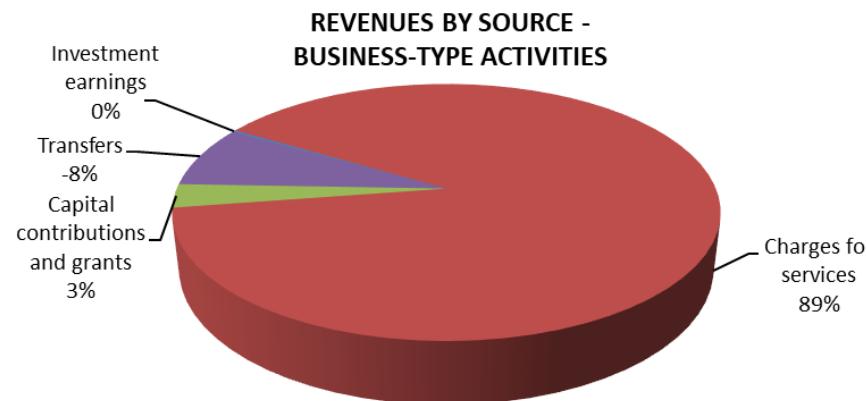
- **General tax revenues** increased by \$4.1 million (4.0%) which is primarily due to economic recovery and increased consumer confidence and spending. Sales tax revenues increased \$0.8 million over prior year. Property tax revenues increased by \$2.6 million as a result of increased property sale transactions and increased assessed valuation. Other taxes increased by \$0.7 million.
- **General revenues (not including general taxes)** increased by \$0.6 million (5%), primarily a result of an increase in various reimbursements received in the amount of \$1.3 million and offset by reduced interest income in the amount of \$0.4 million.

- **Charges for services** increased by \$6.4 million (10.7%) mostly attributed to 1) an increase of \$5.0 million due to the reclassification of motorpool and workers compensation charges that were recorded as other income in previous years. 2) an increase in development/permit fees of \$1.0 million due to increased development activity primarily in the commercial and industrial sectors in the current year.
- **Operating contributions and grants** increased by \$2.5 million (20.5%) primarily due to an increase in grant related revenues related to Community Services, Engineering and Public Works.
- **Capital contributions and grants** increased by \$1.9 million (7.1%) primarily due to the receipt of one-time contributions in the current year from developers as part of developer agreements and issuance of bonds for newly formed Community Facilities Districts.

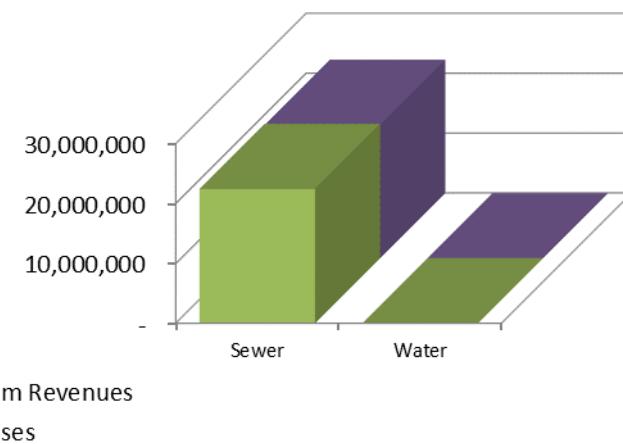
Governmental activities expenses increased by \$4.0 million (1.75%) in the current fiscal year. The most significant changes in governmental expenses was:

- **General government expenses** decreased \$16.3 million (36.1%); this decrease is primarily attributable to a reduction in expenses in Human Resources risk expenditures/claims and judgments; prior year results included \$12.0 million in claims and judgement expenses and \$3.8 million in claims and related expenses paid out during the fiscal year.
- **Public safety expenses** increased \$8.0 million (9.6%); Police expenses includes an increase of \$3.4 million for salaries and benefits, \$4.0 million for net pension and OPEB obligations. Fire expenses includes an increase of \$2.1 million for the fire services contract with San Bernardino County Fire.
- **Public works expenses** increased \$6.9 million (17%); Public works expenses include an increase of \$2.5 million for pavement rehabilitation, an increase of \$1.7 million related to utility costs, an increase of \$1.5 million for salaries and benefits, \$0.5 million for net pension and OPEB obligations, and an increase of \$0.6 million for landscape maintenance charges.
- **Community services expenses** increased \$2.1 million (13.9%); Community services expenses include an increase of \$0.3 million for salaries and benefits, \$0.9 million for net pension obligations, and an increase of \$0.7 million in operating costs for the after-school program.
- **Engineering expenses** increased \$3.2 million (11%); engineering expenses include an increase of \$0.3 million for salaries and benefits, \$0.3 million for net pension and OPEB obligations, and an increase in non-capital expenses related to traffic congestion relief \$0.7 million and storm drain projects \$0.7 million.

Business-type activities



EXPENSES AND PROGRAM REVENUES - BUSINESS-TYPE ACTIVITIES



Business-type activities net position decreased by \$1.7 million (0.4%).

Business-type activities revenues increased by \$2.0 million (8.3%) in the current fiscal year.

- **Investment earnings** decreased by \$0.03 million (34.9%), a result of the unrealized loss recorded at fiscal year-end to recognize the change in the fair value of investments (GASB 31 adjustment).
- **Charges for services** increased by \$2.2 million primarily due to an increase in rates charged by other entities such as IEUA and City of Rialto that are collected by the city and passed through to the proper entities.
- **Capital contributions** decreased by \$0.4 million (37.9%) primarily due to reduction of infrastructure assets donated to the City by developers in comparison to the previous year.

Total expenses increased \$1.5 million (7%) in the current fiscal year; primarily due to an increase in wastewater handling charges paid to local water districts.

Financial Analysis of the City's Funds

The City of Fontana employs 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, *assigned and unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$394.6 million, an increase of \$12.4 million (3.2%) from the previous year. Of this total amount, \$192.0 million constitutes *assigned or unassigned fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is either nonspendable (\$1.4 million), restricted (\$196.0 million) or committed (\$5.2 million) and is not available for new spending. Nonspendable fund balance consists of 1) deposits on account (\$0.2 million) and 2) inventories held (\$1.3 million). Restricted fund balance includes amounts that are constrained on the use of the resources by outside parties and committed fund balance includes amounts that are constrained on the use of the resources pursuant to City Council formal action. For additional details of the City's fund balances, please refer to Note 14 in the Notes to the Basic Financial Statements.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, the assigned fund balance of the general fund was \$25.1 million, while total fund balance reached \$87.0 million, which was \$1.9 million or 1.9% higher than the prior year. The City's management assigns fund balance to a particular function, project or activity and may also be assigned for purposes beyond the current year. However, assigned fund balance is available for appropriation at any time. The General Fund has committed fund balance of \$5.2 million for purposes of 1) PERS rate fluctuations (\$3.4 million) and 2) \$1.8 million for expenditure control budgeting incentives. The fund balance of the City's general fund increased by \$1.6 million during the current fiscal year.

General fund revenues increased \$10.9 million (11.1%) from the previous fiscal year; this increase is primarily due to:

- An increase in taxes of \$3.3 million which is primarily due to economic recovery and increased consumer confidence and spending. Sales tax revenue increased \$0.8 million, property tax revenue increased \$1.9 million, and franchise taxes increased \$0.4 million.
- An increase in charges for services of \$5.0 million due to the reclassification of motorpool and workers compensation charges that were recorded as other income in previous years.
- An increase in other revenue of \$2.6 million which is primarily an insurance reimbursement received for a litigation claim paid in the previous year.

General fund expenditures increased \$7.2 million (6.8%) from the previous fiscal year, the increased costs were primarily due to:

- increased personnel costs of \$5.4 million across all departments,
- increased utility costs of \$0.5 million, and
- additional \$1.3 million in claims and related expenditures paid out during the fiscal year.

The Fire Protection District special revenue fund has a fund balance of \$8.7 million. The Fire Protection District accounts for all of the operating activities of the Fire District. The fund balance decreased \$0.2 million during the current fiscal year; current year expenditures and transfers out (\$32.7 million) exceeded current year revenues and transfer in (\$32.5 million). Revenues increased \$0.6 million (1.9%) as a result of property tax allocations and expenditures increased \$2.1 million (8.3%) as a result in increased contract costs with the San Bernardino County Fire for fire protection services.

The Housing Authority special revenue fund has a fund balance of \$87.7 million. The fund balance decreased by \$2.3 million during the fiscal year. The decrease is primarily due to the purchase of land for the development of a new low income, multi-family community.

The Capital Reinvestment fund has a total fund balance of \$13.2 million. The fund balance increased during the current fiscal year by \$0.6 million. The increase was caused from several capital projects not being completed during the fiscal year and being carried over to the next fiscal year.

The Future Capital Projects fund has a total fund balance of \$52.2 million. The fund balance decreased during the current fiscal year by \$0.1 million due to the central services costs (cost allocation) paid to the General fund.

The Traffic Mitigation capital project fund has a total deficit fund balance of **(\$10.3)** million. The fund balance increased during the current fiscal year by \$7.4 million as a result of increased development impact fees collected.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the Sewer and Water Operations at the end of the year amounted to \$21.3 million. The total decline in net position was \$1.7 million; the decrease is primarily due to an increase in costs (\$1.1 million) for wastewater handling charges paid to local water districts and a decline in connection fees (\$0.4 million) due to lower average monthly cash balances earning interest and the lower interest rates.

General Fund Budgetary Highlights

Over the course of the year, the City Council revised the City's budget on a quarterly basis. The Council approves supplemental appropriations throughout the year based on individual items that are brought forward by various departments. The General Fund budgetary comparison statement can be found on page 25 of this report.

Revenues:

During the year the original budget was amended to increase revenues by \$2.3 million. The increase is primarily due to:

- an increase in sales tax revenue (\$0.3 million)
- an increase in development related fees and permit revenue (\$0.4 million), and
- increased reimbursements (\$1.5 million) from various customers and agencies for costs incurred.

General Fund revenues of \$108.5 million were less than budgeted revenues of \$110.6 million by \$2.1 million. The negative variance was primarily due to:

- lower than expected license and permit (\$0.5 million) revenues,
- lower than expected development related fees (\$0.4 million)
- lower than expected investment earnings (\$0.2 million),
- lower than expected reimbursements (\$0.5 million), and
- expected real property disposal postponed to the next fiscal year (\$0.5 million).

Expenditures:

During the year the original budget was amended to increase appropriations by \$10.3 million, the increase in appropriations was due to various requests throughout the fiscal year; such as:

- additional claims settlements and related costs of \$4.8 million,
- increased personnel costs of \$2.2 million across all departments,
- \$0.7 million for implementation of new ERP system,
- \$1.0 million for professional services such as; inspection, plan check services and landscaping services, and
- \$0.7 million related to carry over projects and purchase order obligations from the previous fiscal year.

General Fund expenditures were less than budgeted. Of the total appropriations of \$119.4 million, approximately 5.0%, or \$6.4 million were unspent. The majority of the savings (\$1.4 million) was related to claims expense being less than projected, an additional \$2.0 million of savings was related to personnel costs, due to attrition and under filling of positions, and \$0.9 million will be carried over to the next fiscal year for projects and purchase order obligations.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for governmental and business-type activities as of June 30, 2018, amounts to \$836.2 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, vehicles and infrastructure (roads, highways, sewer and storm drain systems). The total decrease in the City's investment in capital assets for the current fiscal year was \$18.4 million (2.2%). Major capital asset events during the current fiscal year included the following:

- Added 7 new vehicles and replaced an additional 31 vehicles in the City's fleet,
- Purchased land for the Ramona Ave Multi-Family Housing development,
- Completed the Miller Park Amphitheater,
- Completed the Emergency Operations Center, and
- Completed the Banana Ave Storm Drain and the Duncan Canyon Storm Drain projects.

Capital Assets
 (Net of depreciation)
 (000 omitted)

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 200,873	\$ 196,228	\$ -	\$ -	\$ 200,873	\$ 196,228
Building and improvements	183,461	186,621	1,291	1,337	184,752	187,958
Machinery and equipment	4,900	4,578	55	70	4,955	4,648
Vehicles	10,424	10,930	-	-	10,424	10,930
Infrastructure	358,245	374,067	68,714	69,765	426,959	443,832
Intangibles	3,561	1,490	-	2	3,561	1,492
Construction in progress	4,571	9,011	100	511	4,671	9,522
 Total	 \$ 766,035	 \$ 782,925	 \$ 70,160	 \$ 71,685	 \$ 836,195	 \$ 854,610

Additional information on the City's capital assets can be found in Note 5 on pages 51-53 of this report.

Long-term debt. At the end of the current fiscal year, the City's total long-term debt outstanding is \$293.4 million. This amount is comprised of \$146.2 million net pension liability, \$70.1 million other post-employment benefits liability, \$39.7 million of lease revenue bonds which are secured by future revenue sources from the lease of City property and \$37.4 million of various other loans and obligations payable.

Outstanding Debt

(000 omitted)

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Lease revenue bonds	\$ 39,685	\$ 40,740	\$ -	\$ -	\$ 39,685	\$ 40,740
Net pension liability	141,272	122,722	4,909	4,026	146,181	126,748
Claims and judgments	12,471	19,092	-	-	12,471	19,092
Compensated absences	8,772	7,988	292	277	9,064	8,265
Other post employment benefits liability	70,108	22,930	-	-	70,108	22,930
Other debt	6,807	6,919	9,083	9,887	15,890	16,806
Total outstanding debt	<u>\$ 279,115</u>	<u>\$ 220,391</u>	<u>\$ 14,284</u>	<u>\$ 14,190</u>	<u>\$ 293,399</u>	<u>\$ 234,581</u>

Additional information on the City's long-term debt can be found in Note 7 on pages 56-59 of this report.

Economic Factors and Next Year's Budget and Rates

In preparing the budget for Fiscal Year 2018-19, management's goal was to produce an operating budget that adhered to City Council goals and objectives with an emphasis on cost containment. Expansion of the City's economic base continues to be a City Council priority.

The Operating Budget for Fiscal Year 2018-19 is financially balanced and includes:

- General Fund designation of fund balance for contingencies of 15% of recurring appropriations.
- An increase in budgeted revenues of \$8.1 million (or 7.9%) in the General Fund is primarily attributed to the following:
 - an increase in sales tax revenue of \$2.4 million reflecting the positive economic trends seen statewide,
 - an increase in property tax revenue of \$2.1 million reflecting a 5% projected increase in city-wide assessed valuation,
 - an increase in business-related revenues of \$0.5 million reflecting slowly improving economic conditions,
 - an increase in recreation revenues of \$0.2 million reflecting slowly improving economic conditions.
 - an increase in motor vehicle in-lieu fees of \$0.9 million,
 - an increase in other revenues of \$2.1 million (\$2.6 million of other revenue is non-recurring),
 - an increase in contributions from other agencies of \$0.1 million, and
 - offset by small reductions in interest and rentals, development-related and reimbursables of \$0.2 million.
- An increase in budgeted expenditures of \$4.2 million or (4.5%) as compared to the Fiscal Year 2017-18 primarily attributed to the following:
 - \$3.4 million contractual obligations related to City staff,
 - \$1.2 million for sixteen new positions (partially offset by attrition increase),
 - \$0.2 million fleet maintenance costs,
 - \$0.3 million risk liability cost increases,
 - \$0.5 million recurrent departmental requests, and
 - \$0.3 million one-time department requests.
 - the above increases are partially offset by the reduction of \$1.7 million in one-time expenditures from prior year.

An allocation of \$13.16 million of funding for new and ongoing projects across all funds.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City of Fontana'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 information should be addressed to the City's Management Services Department at the City of Fontana, 8353 Sierra Avenue, Fontana, CA 92335.

Basic Financial Statements

CITY OF FONTANA
 Statement of Net Position
 June 30, 2018

Exhibit A

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and investments	\$ 288,450,241	\$ 20,437,546	\$ 308,887,787
Receivables:			
Accounts	3,761,412	676,415	4,437,827
Assessments	342,823	-	342,823
Interest	3,192,192	80,684	3,272,876
Loans	78,853,057	6,212,862	85,065,919
Loans to Successor Agency	29,165,108	3,305,829	32,470,937
Allowance for doubtful accounts	(398,803)	(3,310,478)	(3,709,281)
Internal balances	(1,107,064)	1,107,064	-
Due from other governments	14,950,367	6,929	14,957,296
Inventories	1,531,465	68,855	1,600,320
Deposits	156,138	-	156,138
Land held for resale	5,060,074	-	5,060,074
Restricted assets:			
Cash with fiscal agent	10,675,121	7,971	10,683,092
Capital assets not being depreciated	205,444,459	99,968	205,544,427
Capital assets, net of depreciation	560,590,455	70,059,908	630,650,363
Total assets	<u>1,200,667,045</u>	<u>98,753,553</u>	<u>1,299,420,598</u>
Deferred Outflows of Resources:			
Deferred outflows of resources - pension related	37,069,795	1,420,126	38,489,921
Deferred outflows of resources - opeb related	2,812,136	-	2,812,136
Total deferred outflows of resources	<u>39,881,931</u>	<u>1,420,126</u>	<u>41,302,057</u>
Liabilities:			
Accounts payable	11,509,835	2,529,909	14,039,744
Deposits payable	838,192	742,565	1,580,757
Interest payable	676,304	53,178	729,482
Due to other governments	12,989,304	-	12,989,304
Unearned revenue	3,280,707	-	3,280,707
Retentions payable	585,504	7,971	593,475
Noncurrent liabilities:			
Net pension liability	141,271,768	4,908,738	146,180,506
OPEB liability	70,107,961	-	70,107,961
Due within one year	15,351,506	1,107,357	16,458,863
Due in more than one year	52,383,232	8,268,143	60,651,375
Total liabilities	<u>308,994,313</u>	<u>17,617,861</u>	<u>326,612,174</u>
Deferred Inflows of Resources:			
Deferred inflows of resources - pension related	4,800,600	131,460	4,932,060
Net Position:			
Net investment in capital assets	720,068,559	61,076,764	781,145,323
Restricted for:			
Community development	107,537,784	-	107,537,784
Public safety	19,531,184	-	19,531,184
Public works	42,739,820	-	42,739,820
Debt service	525,213	-	525,213
Government-access channel	1,151,682	-	1,151,682
Capital projects	61,355,645	-	61,355,645
Unrestricted	(26,155,824)	21,347,594	(4,808,230)
Total net position	<u>\$ 926,754,063</u>	<u>\$ 82,424,358</u>	<u>\$ 1,009,178,421</u>

See accompanying notes to financial statements

CITY OF FONTANA
 Statement of Activities
 For the Year Ended June 30, 2018

Exhibit B

Functions/Programs	Program Revenues					Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	Total	Governmental Activities	Business-type Activities	Total
Governmental activities:								
General government:								
City council and commissions	\$ 308,043	\$ -	\$ -	\$ -	\$ -	\$ (308,043)	\$ -	\$ (308,043)
City administration	9,210,666	-	-	-	-	(9,210,666)	-	(9,210,666)
Management services	7,454,699	2,725,970	-	54,625	2,780,595	(4,674,104)	-	(4,674,104)
Information technology	7,300,998	-	-	-	-	(7,300,998)	-	(7,300,998)
Human resources	4,465,277	9,296,809	-	-	9,296,809	4,831,532	-	4,831,532
Public safety:								
Police	64,053,156	5,649,368	2,614,488	-	8,263,856	(55,789,300)	-	(55,789,300)
Fire	29,209,143	630,677	-	-	630,677	(28,578,466)	-	(28,578,466)
Public works	47,117,801	19,351,719	6,035,482	4,526,309	29,913,510	(17,204,291)	-	(17,204,291)
Community development	9,933,299	17,949,656	2,993,629	18,695,684	39,638,969	29,705,670	-	29,705,670
Community services	17,272,167	3,282,570	2,803,863	-	6,086,433	(11,185,734)	-	(11,185,734)
Engineering	30,951,213	7,231,866	273,409	5,138,940	12,644,215	(18,306,998)	-	(18,306,998)
Interest on long-term debt	2,608,411	-	-	-	-	(2,608,411)	-	(2,608,411)
Total governmental activities	<u>229,884,873</u>	<u>66,118,635</u>	<u>14,720,871</u>	<u>28,415,558</u>	<u>109,255,064</u>	<u>(120,629,809)</u>	<u>-</u>	<u>(120,629,809)</u>
Business-type activities:								
Sewer	22,261,294	21,703,872	-	724,564	22,428,436	-	167,142	167,142
Water	1,390	-	-	-	-	-	(1,390)	(1,390)
Total business-type activities	<u>22,262,684</u>	<u>21,703,872</u>	<u>-</u>	<u>724,564</u>	<u>22,428,436</u>	<u>-</u>	<u>165,752</u>	<u>165,752</u>
Total functions/programs	<u><u>\$ 252,147,557</u></u>	<u><u>\$ 87,822,507</u></u>	<u><u>\$ 14,720,871</u></u>	<u><u>\$ 29,140,122</u></u>	<u><u>\$ 131,683,500</u></u>	<u><u>(120,629,809)</u></u>	<u><u>165,752</u></u>	<u><u>(120,464,057)</u></u>

General revenues:			
Taxes:			
Property taxes, levied for general purpose	54,647,011	-	54,647,011
Sales taxes	38,663,576	-	38,663,576
Franchise taxes	7,190,939	-	7,190,939
Business license taxes	5,898,298	-	5,898,298
Transient occupancy taxes	1,009,734	-	1,009,734
Total taxes	107,409,558	-	107,409,558
Intergovernmental, unrestricted:			
Motor vehicle in lieu	112,007	-	112,007
Investment earnings	5,209,144	59,813	5,268,957
Other	5,045,968	-	5,045,968
Transfers	1,891,022	(1,891,022)	-
Total general revenues and transfers	119,667,699	(1,831,209)	117,836,490
Change in net position	(962,110)	(1,665,457)	(2,627,567)
Net position at beginning of year	972,296,156	84,089,815	1,056,385,971
Restatement of net position	(44,579,983)	-	(44,579,983)
Net position at end of year	<u>\$ 926,754,063</u>	<u>\$ 82,424,358</u>	<u>\$ 1,009,178,421</u>

See accompanying notes to financial statements

CITY OF FONTANA
 Balance Sheet
 Governmental Funds
 June 30, 2018

	Special Revenue										Capital Project			Other Governmental Funds	Total Governmental Funds
	General		Fire Protection District		Housing Authority		Capital Reinvestment		Future Capital Projects		Traffic Mitigation				
Assets:															
Cash and investments	\$ 50,395,831	\$ 8,412,388	\$ 16,541,735	\$ 7,336,134	\$ 24,396,288	\$ 21,026,573	\$ 154,598,852	\$ 282,707,801							
Receivables:															
Accounts	3,467,019	4,100	-	-	-	-	753	272,700	3,744,572						
Assessments	-	-	-	-	-	-	-	342,823	342,823						
Interest	201,296	24,898	1,920,563	-	-	71,580	110,968	842,208	3,171,513						
Loans	-	-	71,034,430	-	-	-	-	7,818,627	78,853,057						
Loans to Successor Agency	29,165,108	-	-	-	-	-	-	-	29,165,108						
Allowance for doubtful accounts	(249,352)	-	-	-	-	-	-	(149,451)	(398,803)						
Due from other funds	2,823,652	36,904	-	-	-	-	-	-	2,860,556						
Due from other governments	6,702,265	182,950	4,981	-	-	-	-	8,059,860	14,950,056						
Inventories	349,801	-	-	-	-	-	-	907,001	1,256,802						
Deposits	115,038	-	-	-	-	-	-	41,100	156,138						
Land held for resale	-	-	-	4,502,879	-	-	-	557,195	5,060,074						
Advances to other funds	-	-	-	3,167,132	27,740,247	-	-	-	30,907,379						
Restricted assets:															
Cash with fiscal agent	376,900	-	79,013	-	-	-	115,655	10,103,553	10,675,121						
Total assets	<u>\$ 93,347,558</u>	<u>\$ 8,661,240</u>	<u>\$ 89,580,722</u>	<u>\$ 15,006,145</u>	<u>\$ 52,208,115</u>	<u>\$ 21,253,949</u>	<u>\$ 183,394,468</u>	<u>\$ 463,452,197</u>							
Liabilities, Deferred Inflows and Fund Balances:															
Liabilities:															
Accounts payable	\$ 4,856,010	\$ 5,787	\$ 10,521	\$ 1,815,243	\$ -	\$ 89,007	\$ 4,484,518	\$ 11,261,086							
Deposits payable	302,741	-	4,447	-	-	423,143	107,861	838,192							
Retentions payable	-	-	-	-	-	-	115,655	469,849	585,504						
Due to other funds	-	-	-	-	-	-	-	2,860,556	2,860,556						
Due to other governments	9,769	-	-	-	-	-	-	12,979,535	12,989,304						
Unearned revenue	-	-	-	-	-	-	-	3,280,707	3,280,707						
Advances from other funds	-	-	-	-	-	30,907,379	-	-	30,907,379						
Total liabilities	<u>5,168,520</u>	<u>5,787</u>	<u>14,968</u>	<u>1,815,243</u>	<u>-</u>	<u>31,535,184</u>	<u>24,183,026</u>	<u>62,722,728</u>							
Deferred inflows of resources:															
Unavailable revenues	1,132,744	-	1,847,739	-	-	-	-	3,198,576	6,179,059						
Fund balances:															
Nonspendable	464,839	-	-	-	-	-	-	948,101	1,412,940						
Restricted	1,151,682	8,655,453	87,718,015	-	-	-	-	98,395,661	195,920,811						
Committed	5,207,240	-	-	-	-	-	-	-	5,207,240						
Assigned	25,141,842	-	-	13,190,902	52,208,115	-	-	59,633,297	150,174,156						
Unassigned	55,080,691	-	-	-	-	(10,281,235)	(2,964,193)	-	41,835,263						
Total fund balances	<u>87,046,294</u>	<u>8,655,453</u>	<u>87,718,015</u>	<u>13,190,902</u>	<u>52,208,115</u>	<u>(10,281,235)</u>	<u>(10,281,235)</u>	<u>156,012,866</u>	<u>394,550,410</u>						
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 93,347,558</u>	<u>\$ 8,661,240</u>	<u>\$ 89,580,722</u>	<u>\$ 15,006,145</u>	<u>\$ 52,208,115</u>	<u>\$ 21,253,949</u>	<u>\$ 183,394,468</u>	<u>\$ 463,452,197</u>							

See accompanying notes to financial statements

CITY OF FONTANA
 Reconciliation of the Balance Sheet of Governmental Funds
 to the Statement of Net Position
 June 30, 2018

Exhibit D

Fund balances of governmental funds	\$ 394,550,410
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets, net of depreciation, have not been included as financial resources in governmental fund activity.	761,730,587
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Deferred outflows are not an available resources and, therefore, are not reported in the funds.	39,881,931
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Long-term liabilities, including net pension liability, are not due and payable in the current period and, therefore, is not recognized in the funds.	(279,114,467)
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Accrued interest payable from the current portion of interest due on long-term debt has not been reported in the governmental funds.	(676,304)
--	-----------

Deferred inflows represent an acquisition of net position that applies to a future period so it will not be recognized until that time.	(4,800,600)
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An Internal Service Fund is used by management to charge the costs of fleet management to individual funds. The assets and liabilities of the Internal Service Fund must be added to the Statement of Net Position.	9,003,447
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Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	6,179,059
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Net position of governmental activities	<u>\$ 926,754,063</u>
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See accompanying notes to financial statements

CITY OF FONTANA
 Statement of Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds
 For the Year Ended June 30, 2018

	Special Revenue			Capital Projects			Other Governmental Funds	Totals
	General	Fire Protection District	Housing Authority	Capital Reinvestment	Future Capital Projects	Traffic Mitigation		
Revenues:								
Taxes	\$ 76,088,845	\$ 30,844,381	\$ -	\$ -	\$ -	\$ -	\$ 476,332	\$ 107,409,558
Licenses and permits	4,010,138	630,677	-	-	-	-	6,072,340	10,713,155
Intergovernmental	1,885,070	-	-	-	-	-	17,999,380	19,884,450
Charges for services	11,881,758	25,068	-	-	-	7,917,628	7,622,556	27,447,010
Fines and forfeitures	909,056	-	-	-	-	-	2,606,654	3,515,710
Special assessments	-	-	-	-	-	-	16,758,987	16,758,987
Investment earnings (loss)	4,154,182	(4,558)	340,415	8,859	(45,092)	171,515	577,936	5,203,257
Contribution from property owners	-	-	-	-	-	-	18,695,684	18,695,684
Other revenue	10,041,783	-	98,849	-	-	-	886,416	11,027,048
Total revenues	<u>108,970,832</u>	<u>31,495,568</u>	<u>439,264</u>	<u>8,859</u>	<u>(45,092)</u>	<u>8,089,143</u>	<u>71,696,285</u>	<u>220,654,859</u>
Expenditures:								
Current:								
General government:								
City council and commissions	308,043	-	-	-	-	-	-	308,043
City administration	4,401,270	-	1,115,194	-	-	-	1,465,525	6,981,989
Management services	3,007,511	-	-	-	-	-	4,700	3,012,211
Information technology	6,637,647	-	-	108,383	-	-	6,791	6,752,821
Human resources	12,574,255	-	-	-	-	-	13,914	12,588,169
Public safety:								
Police	55,522,413	-	-	-	-	-	3,669,172	59,191,585
Fire	-	27,964,541	-	-	-	-	136,738	28,101,279
Public works	11,693,206	-	-	2,914,706	-	-	23,191,288	37,799,200
Community development	4,033,337	-	-	233,315	-	-	330,640	4,597,292
Community services	11,629,283	-	-	-	-	-	3,810,126	15,439,409
Engineering	2,938,713	-	-	104,574	-	2,075,668	8,010,531	13,129,486
Capital Outlay	267,635	-	3,061,096	81,959	-	533,720	16,695,754	20,640,164
Debt Service:								
Principal	-	-	-	-	-	-	1,055,000	1,055,000
Interest	-	-	-	-	-	-	2,622,940	2,622,940
Total expenditures	<u>113,013,313</u>	<u>27,964,541</u>	<u>4,176,290</u>	<u>3,442,937</u>	<u>-</u>	<u>2,609,388</u>	<u>61,013,119</u>	<u>212,219,588</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,042,481)</u>	<u>3,531,027</u>	<u>(3,737,026)</u>	<u>(3,434,078)</u>	<u>(45,092)</u>	<u>5,479,755</u>	<u>10,683,166</u>	<u>8,435,271</u>
Other Financing Sources (Uses):								
Transfers in	12,956,086	1,006,100	-	4,248,450	-	2,428,687	11,009,050	31,648,373
Transfers out	(7,321,350)	(4,725,850)	(50,400)	(193,140)	(2,300)	(486,600)	(17,183,676)	(29,963,316)
Sale of capital assets	3,855	-	-	-	-	-	-	3,855
Total other financing sources (uses)	<u>5,638,591</u>	<u>(3,719,750)</u>	<u>(50,400)</u>	<u>4,055,310</u>	<u>(2,300)</u>	<u>1,942,087</u>	<u>(6,174,626)</u>	<u>1,688,912</u>
Net change in fund balances	1,596,110	(188,723)	(3,787,426)	621,232	(47,392)	7,421,842	4,508,540	10,124,183
Fund Balances:								
Beginning of fiscal year	85,450,184	8,844,176	90,013,608	12,569,670	52,255,507	(17,703,077)	150,754,326	382,184,394
Restatements	-	-	1,491,833	-	-	-	750,000	2,241,833
Beginning of fiscal year, as restated	85,450,184	8,844,176	91,505,441	12,569,670	52,255,507	(17,703,077)	151,504,326	384,426,227
Net change in fund balances	1,596,110	(188,723)	(3,787,426)	621,232	(47,392)	7,421,842	4,508,540	10,124,183
End of fiscal year	<u>\$ 87,046,294</u>	<u>\$ 8,655,453</u>	<u>\$ 87,718,015</u>	<u>\$ 13,190,902</u>	<u>\$ 52,208,115</u>	<u>\$ (10,281,235)</u>	<u>\$ 156,012,866</u>	<u>\$ 394,550,410</u>

See accompanying notes to financial statements

CITY OF FONTANA

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2018

Exhibit F

Net change in fund balances - total governmental funds	\$ 10,124,183
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.	20,709,406
In the Statement of Activities, only the gain/loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold.	(307,736)
Donations of capital assets increase net position in the Statement of Activities, but do not appear in the governmental funds because they are not financial resources.	3,624,898
Depreciation expense on capital assets is reported in the Statement of Activities, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in governmental funds.	(40,565,739)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as unavailable revenues in the funds.	2,564,328
The issuance of long-term debt provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	1,055,000
Some 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.	5,964,249
The Internal Service Fund is used by management to charge the costs of fleet management to individual funds. The net gain of the Internal Service Fund is reported with governmental activities.	1,680,465
Adjustments made to the OPEB liability do not use current financial resources and, therefore, are not recognized in the funds.	1,860,755
Adjustments made to the Net Pension Liability do not use current financial resources and, therefore, are not recognized in the funds.	(7,671,919)
Change in net position of governmental activities	<u>\$ (962,110)</u>

See accompanying notes to financial statements

CITY OF FONTANA
 General Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended June 30, 2018

Exhibit G
 Page 1 of 3

	Budget Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 75,704,420	\$ 76,052,596	\$ 76,088,845	\$ 36,249
Licenses and permits	4,160,100	4,538,080	4,010,138	(527,942)
Intergovernmental	2,114,380	2,114,380	1,885,070	(229,310)
Charges for services	7,111,160	7,211,160	11,881,758	4,670,598
Fines and forfeitures	893,000	896,960	909,056	12,096
Investment earnings	4,350,640	4,350,640	4,154,182	(196,458)
Other revenue	13,919,010	15,437,773	10,041,783	(5,395,990)
Total revenues	<u>108,252,710</u>	<u>110,601,589</u>	<u>108,970,832</u>	<u>(1,630,757)</u>
Expenditures:				
Current:				
General government:				
City council and commissions	282,930	308,191	308,043	148
City administration	4,495,830	4,679,028	4,401,270	277,758
Management services	2,839,220	2,954,097	3,007,511	(53,414)
Information technology	5,998,630	7,284,824	6,637,647	647,177
Human resources	9,032,740	14,039,107	12,574,255	1,464,852
Public safety:				
Police	55,464,360	56,691,589	55,522,413	1,169,176
Public works	12,108,730	12,610,910	11,693,206	917,704
Community development	3,908,340	4,467,572	4,033,337	434,235
Community services	11,889,430	12,099,438	11,629,283	470,155
Engineering	2,515,550	2,977,300	2,938,713	38,587
Capital outlay	579,700	1,288,277	267,635	1,020,642
Total expenditures	<u>109,115,460</u>	<u>119,400,333</u>	<u>113,013,313</u>	<u>6,387,020</u>
Excess (deficit) of revenues over expenditures	<u>(862,750)</u>	<u>(8,798,744)</u>	<u>(4,042,481)</u>	<u>4,756,263</u>
Other Financing Sources (Uses):				
Transfers in	29,411,730	12,796,100	12,956,086	159,986
Transfers out	(24,694,350)	(7,981,380)	(7,321,350)	660,030
Sale of capital assets	501,000	1,000	3,855	2,855
Total other financing sources (uses)	<u>5,218,380</u>	<u>4,815,720</u>	<u>5,638,591</u>	<u>822,871</u>
Net change in fund balances	4,355,630	(3,983,024)	1,596,110	5,579,134
Fund balances - beginning	<u>85,450,184</u>	<u>85,450,184</u>	<u>85,450,184</u>	<u>-</u>
Fund balances - ending	<u>\$ 89,805,814</u>	<u>\$ 81,467,160</u>	<u>\$ 87,046,294</u>	<u>\$ 5,579,134</u>

See accompanying notes to financial statements

CITY OF FONTANA
 Fire Protection District - Special Revenue
 Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended June 30, 2018

Exhibit G
 Page 2 of 3

	Budget Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 29,500,000	\$ 29,500,000	\$ 30,844,381	\$ 1,344,381
Licenses and permits	565,000	565,000	630,677	65,677
Charges for services	20,000	20,000	25,068	5,068
Investment earnings	20,000	20,000	(4,558)	(24,558)
Total revenues	<u>30,105,000</u>	<u>30,105,000</u>	<u>31,495,568</u>	<u>1,390,568</u>
Expenditures:				
Current:				
Public safety:				
Fire	28,120,950	28,120,950	27,964,541	156,409
Total expenditures	<u>28,120,950</u>	<u>28,120,950</u>	<u>27,964,541</u>	<u>156,409</u>
Excess (deficit) of revenues over expenditures	<u>1,984,050</u>	<u>1,984,050</u>	<u>3,531,027</u>	<u>1,546,977</u>
Other Financing Sources (Uses):				
Transfers in	1,006,100	1,006,100	1,006,100	-
Transfers out	(4,725,850)	(4,725,850)	(4,725,850)	-
Total other financing sources (uses)	<u>(3,719,750)</u>	<u>(3,719,750)</u>	<u>(3,719,750)</u>	<u>-</u>
Net change in fund balances	<u>(1,735,700)</u>	<u>(1,735,700)</u>	<u>(188,723)</u>	<u>1,546,977</u>
Fund balances - beginning	8,844,176	8,844,176	8,844,176	-
Fund balances - ending	<u>\$ 7,108,476</u>	<u>\$ 7,108,476</u>	<u>\$ 8,655,453</u>	<u>\$ 1,546,977</u>

See accompanying notes to financial statements

CITY OF FONTANA
 Housing Authority Low/Mod Housing Fund - Special Revenue
 Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended June 30, 2018

Exhibit G

Page 3 of 3

	Budget Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Investment earnings	\$ 360,000	\$ 360,000	\$ 340,415	\$ (19,585)
Other revenue	6,000	111,000	98,849	(12,151)
Total revenues	<u>366,000</u>	<u>471,000</u>	<u>439,264</u>	<u>(31,736)</u>
Expenditures:				
Current:				
General government:				
City administration	368,310	4,356,633	1,115,194	3,241,439
Capital outlay	-	3,113,141	3,061,096	52,045
Total expenditures	<u>368,310</u>	<u>7,469,774</u>	<u>4,176,290</u>	<u>3,293,484</u>
Excess (deficit) of revenues over expenditures	<u>(2,310)</u>	<u>(6,998,774)</u>	<u>(3,737,026)</u>	<u>3,261,748</u>
Other Financing Sources (Uses):				
Transfers out	(50,400)	(50,400)	(50,400)	-
Total other financing sources (uses)	<u>(50,400)</u>	<u>(50,400)</u>	<u>(50,400)</u>	<u>-</u>
Net change in fund balances	<u>(52,710)</u>	<u>(7,049,174)</u>	<u>(3,787,426)</u>	<u>3,261,748</u>
Fund balances - beginning	91,505,441	91,505,441	91,505,441	-
Fund balances - ending	<u>\$ 91,452,731</u>	<u>\$ 84,456,267</u>	<u>\$ 87,718,015</u>	<u>\$ 3,261,748</u>

See accompanying notes to financial statements

CITY OF FONTANA
 Statement of Net Position
 Proprietary Funds
 June 30, 2018

Exhibit H

	Business-type Activities			Governmental Activities	
	Enterprise Funds			Internal Service Fund - Fleet Operations	
	Sewer Operations	Non-Major Enterprise Fund - Water Operations	Totals		
Assets:					
Current Assets:					
Cash and investments	\$ 20,027,042	\$ 410,504	\$ 20,437,546	\$ 5,742,440	
Accounts receivables	676,415	-	676,415	16,840	
Interest receivable	79,005	1,679	80,684		20,679
Loans receivable	4,693,702	1,519,160	6,212,862		
Loans to Successor Agency	3,305,829	-	3,305,829		
Allowance for doubtful accounts	(3,310,478)	-	(3,310,478)		
Due from other governments	6,929	-	6,929	311	
Inventories	68,855	-	68,855		274,663
Restricted assets:					
Cash with fiscal agent	7,971	-	7,971		
Total current assets	<u>25,555,270</u>	<u>1,931,343</u>	<u>27,486,613</u>		<u>6,054,933</u>
Noncurrent Assets:					
Capital assets, not being depreciated	99,968	-	99,968		
Capital assets, net of depreciation	70,059,908	-	70,059,908	4,304,327	
Total noncurrent assets	<u>70,159,876</u>	<u>-</u>	<u>70,159,876</u>		<u>4,304,327</u>
Total assets	<u>\$ 95,715,146</u>	<u>\$ 1,931,343</u>	<u>\$ 97,646,489</u>	<u>\$ 10,359,260</u>	
Deferred Outflows of Resources:					
Deferred outflows of resources - pension related	<u>1,420,126</u>	<u>-</u>	<u>1,420,126</u>		<u>-</u>
Liabilities:					
Current Liabilities:					
Accounts payable	\$ 2,529,754	\$ 155	\$ 2,529,909	\$ 248,749	
Deposits payable	742,565	-	742,565		
Interest payable	53,178	-	53,178		
Retention payable	7,971	-	7,971		
Compensated absences payable - current	289,124	-	289,124		
Loans payable - current	818,233	-	818,233		
Total current liabilities	<u>4,440,825</u>	<u>155</u>	<u>4,440,980</u>		<u>248,749</u>
Noncurrent Liabilities:					
Compensated absences payable	3,264	-	3,264		
Loans payable	8,264,879	-	8,264,879		
Net pension liability	4,908,738	-	4,908,738		
Total noncurrent liabilities	<u>13,176,881</u>	<u>-</u>	<u>13,176,881</u>		<u>-</u>
Total liabilities	<u>17,617,706</u>	<u>155</u>	<u>17,617,861</u>		<u>248,749</u>
Deferred Inflows of Resources:					
Deferred inflows of resources - pension related	<u>131,460</u>	<u>-</u>	<u>131,460</u>		<u>-</u>
Net Position:					
Net investment in capital assets	61,076,764	-	61,076,764	4,304,327	
Unrestricted	<u>18,309,342</u>	<u>1,931,188</u>	<u>20,240,530</u>		<u>5,806,184</u>
Total net position	<u>\$ 79,386,106</u>	<u>\$ 1,931,188</u>	<u>\$ 81,317,294</u>	<u>\$ 10,110,511</u>	
Reconciliation of Net Position to the Statement of Net Position					
Net Position per Statement of Net Position - Proprietary Funds			81,317,294		
Accumulated adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			1,107,064		
Net position per Statement of Net Position			<u>\$ 82,424,358</u>		

See accompanying notes to financial statements

CITY OF FONTANA
 Statement of Revenues, Expenses and Changes in Fund Net Position
 Proprietary Funds
 For the Year Ended June 30, 2018

Exhibit I

	Business-type Activities Enterprise Funds			Governmental Activities
	Non-Major Enterprise Fund -		Internal Service Fund - Fleet Operations	
	Sewer Operations	Water Operations		
Operating Revenues:				
Charges for services	\$ 21,601,268	\$ -	\$ 21,601,268	\$ 5,624,210
Other revenue	102,604	-	102,604	185,003
Total revenues	<u>21,703,872</u>	<u>-</u>	<u>21,703,872</u>	<u>5,809,213</u>
Operating Expenses:				
Personnel costs	3,374,214	-	3,374,214	815,182
Operating costs	941,847	-	941,847	1,398,554
Contractual	15,113,905	1,390	15,115,295	555,554
Depreciation	2,894,788	-	2,894,788	1,331,116
Total operating expenses	<u>22,324,754</u>	<u>1,390</u>	<u>22,326,144</u>	<u>4,100,406</u>
Operating income (loss)	<u>(620,882)</u>	<u>(1,390)</u>	<u>(622,272)</u>	<u>1,708,807</u>
Non-Operating Revenues (Expenses):				
Investment earnings	58,579	1,234	59,813	5,889
Interest payments	<u>(176,736)</u>	<u>-</u>	<u>(176,736)</u>	<u>-</u>
Total non-operating revenues (expenses)	<u>(118,157)</u>	<u>1,234</u>	<u>(116,923)</u>	<u>5,889</u>
Income (loss) before contributions and transfers	<u>(739,039)</u>	<u>(156)</u>	<u>(739,195)</u>	<u>1,714,696</u>
Capital contributions - connection fees	724,564	-	724,564	-
Transfers in	322,588	-	322,588	205,965
Transfers out	<u>(2,213,610)</u>	<u>-</u>	<u>(2,213,610)</u>	<u>-</u>
Change in net position	<u>(1,905,497)</u>	<u>(156)</u>	<u>(1,905,653)</u>	<u>1,920,661</u>
Net Position:				
Beginning of fiscal year	<u>81,291,603</u>	<u>1,931,344</u>	<u>83,222,947</u>	<u>8,189,850</u>
Net position at end of year	<u>\$ 79,386,106</u>	<u>\$ 1,931,188</u>	<u>\$ 81,317,294</u>	<u>\$ 10,110,511</u>
Reconciliation of Changes in Net Position to the Statement of Activities:				
Changes in Net Position, per the Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds			<u>(1,905,653)</u>	
Adjustment to reflect the consolidation of internal service activities related to enterprise funds			<u>240,196</u>	
Changes in Net Position of Business-Type Activities per Statement of Activities			<u>\$ (1,665,457)</u>	

See accompanying notes to financial statements

CITY OF FONTANA
 Statement of Cash Flows
 Proprietary Funds
 For the Year Ended June 30, 2018

Exhibit J

	Business-type Activities			Governmental Activities	
	Enterprise Funds		Internal Service Fund - Fleet Operations		
	Sewer Operations	Non-Major Enterprise Fund - Water Operations		Totals	
Cash Flow from Operating Activities:					
Cash received from customers	\$ 21,681,903	\$ -	\$ 21,681,903	\$ 5,795,026	
Cash payments to suppliers of goods and services	(16,125,692)	(1,263)	(16,126,955)	(1,921,856)	
Cash payments to employees for services	(2,961,073)	-	(2,961,073)	(844,902)	
Net cash provided by (used for) operating activities	2,595,138	(1,263)	2,593,875	3,028,268	
Cash Flows from Noncapital Financing Activities:					
Transfers received	322,588	-	322,588	205,965	
Transfers paid	(2,213,610)	-	(2,213,610)	-	
Net cash provided by (used for) noncapital financing activities	(1,891,022)	-	(1,891,022)	205,965	
Cash Flows from Capital and Related Financing Activities:					
Payments for debt service - principal payments	(803,786)	-	(803,786)	-	
Payments for debt service - interest payments	(181,033)	-	(181,033)	-	
Capital contributions	724,564	-	724,564	-	
Acquisition and construction of capital assets	(1,369,722)	-	(1,369,722)	(1,575,550)	
Net cash provided by (used for) capital and related financing activities	(1,629,977)	-	(1,629,977)	(1,575,550)	
Cash Flows from Investing Activities:					
Investment earnings	448,992	72,177	521,169	(3,328)	
Net cash provided by investing activities	448,992	72,177	521,169	(3,328)	
Net increase (decrease) in cash and cash equivalents	(476,869)	70,914	(405,955)	1,655,355	
Cash and cash equivalents - beginning of year	20,511,882	339,590	20,851,472	4,087,085	
Cash and cash equivalents - end of year	\$ 20,035,013	\$ 410,504	\$ 20,445,517	\$ 5,742,440	
Reconciliation of Operating Income to Net Cash Provided by (Used for) Operating Activities:					
Operating Income (Loss)	\$ (620,882)	\$ (1,390)	\$ (622,272)	\$ 1,708,807	
Adjustments to Reconcile Operating Income (Loss) to Net Cash					
Provided (Used) by Operating Activities:					
Depreciation	2,894,788	-	2,894,788	1,331,116	
Changes in Assets and Liabilities:					
Accounts receivable	(31,685)	-	(31,685)	(14,018)	
Due from other governments	(2,699)	-	(2,699)	(169)	
Inventories	(9,710)	-	(9,710)	(75,421)	
Deferred outflows - pension related	(340,636)	-	(340,636)	-	
Accounts payable	(33,705)	127	(33,578)	107,673	
Deposits payable	12,415	-	12,415	-	
Accrued compensated absences	15,200	-	15,200	(29,720)	
Retentions payable	(26,525)	-	(26,525)	-	
Deferred inflows - pension related	(144,712)	-	(144,712)	-	
Net pension liability	883,289	-	883,289	-	
Net cash provided by (used for) operating activities	\$ 2,595,138	\$ (1,263)	\$ 2,593,875	\$ 3,028,268	

See accompanying notes to financial statements

CITY OF FONTANA
 Statement of Fiduciary Net Position
 Fiduciary Funds
 June 30, 2018

Exhibit K

	Agency Funds	Private Purpose Trust Fund	Successor Agency of the Former RDA
Assets:			
Cash and investments	\$ 6,139,047	\$ 289,312	
Receivables (net):			
Assessments	444,217	-	
Interest	-	1,157,597	
Loans receivable	-	3,201,740	
Allowance for doubtful accounts	-	(1,971,279)	
Restricted assets:			
Cash and investments	19,318,859	28,335,929	
Total assets	<u>\$ 25,902,123</u>	<u>\$ 31,013,299</u>	
Liabilities:			
Deposits payable	\$ 5,793,903	\$ 1,816	
Interest payable	-	3,051,503	
Due to bondholders	20,108,220	-	
Long-term liabilities:			
Due in one year	-	17,016,042	
Due in more than one year	-	510,949,293	
Total liabilities	<u>\$ 25,902,123</u>	<u>\$ 531,018,654</u>	
Net Position:			
Held in trust for other purposes		(500,005,355)	
Total Net Position		<u>\$ (500,005,355)</u>	

See accompanying notes to financial statements

CITY OF FONTANA
 Statement of Changes in Fiduciary Net Position
 Fiduciary Funds
 For the Year Ended June 30, 2018

Exhibit L

	Private Purpose Trust Fund
	<u>Successor Agency of the Former RDA</u>
Additions:	
Contributions from other governments	\$ 43,425,868
Interest and change in fair value of investments	301,603
Other revenue	<u>915,246</u>
Total additions	<u>44,642,717</u>
Deductions:	
Administrative expenses	63,316
Interest expense	18,575,661
Contractual services	483,510
Contributions to other governments	<u>1,314,760</u>
Total deductions	<u>20,437,247</u>
Changes in net position	24,205,470
Net Position - Beginning of the Year	<u>(524,210,825)</u>
Net Position - End of the Year	<u>\$ (500,005,355)</u>

See accompanying notes to financial statements

CITY OF FONTANA
Notes to the Financial Statements

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Note 1. Organization and Summary of Significant Accounting Policies

a. Description of the Reporting Entity

The City of Fontana was incorporated on June 25, 1952, under the laws of the State of California and enjoys all the rights and privileges applicable to a General Law City. It is governed by an elected five-member board. As required by generally accepted accounting principles, these financial statements present the City of Fontana (the primary government) and its component units. The City operates under a Council-Manager form of government, and currently provides a wide variety of services to its citizens, including police, public services, community development, general administrative and other services.

The inclusion of an organization within the scope of the reporting entity of the City of Fontana is based on the provisions of GASB Statement No. 14 and amended with GASB Statement No. 61. The blended component units discussed below, although legally separate entities, are in substance part of the government operation and so data from these component units has been combined herein. The following criteria were used in the determination of the blended component unit:

1. The members of the City Council also act as the governing body of the Fontana Industrial Development Authority, the Fontana Public Financing Authority, the Fontana Housing Authority (Housing Authority), the Fontana Community Foundation, the Fontana Fire Protection District (Fire District) and the Fontana Public Facilities Financing Authority.
2. The Fontana Industrial Development Authority, the Fontana Public Financing Authority, the Fontana Housing Authority, the Fontana Community Foundation, the Fontana Fire Protection District and the Fontana Public Facilities Financing Authority are managed by employees of the City. A portion of the City's general overhead costs is allocated to the Fire District and the Housing Authority.
3. The City, the Fontana Industrial Development Authority, the Fontana Public Financing Authority, the Housing Authority, the Fontana Community Foundation, the Fire District and the Fontana Public Facilities Financing Authority are financially interdependent. They provide financial benefit/burden to the City.

Blended Component Units:

The Fontana Industrial Development Authority was established February 3, 1981, pursuant to Government Code Section 91500 of the State of California for the purpose of encouraging and financing industrial development within areas of the City of Fontana. There was no activity for the year being reported therefore the Fontana Industrial Development Authority is not presented in this report.

The Fontana Public Financing Authority was established on May 2, 1989, pursuant to Government Code Section 6500 of the State of California (Joint Exercise of Powers). Its purpose is to assist in the financing of capital improvements and working capital requirements of the City, the Former Redevelopment Agency and any other eligible local agencies. Separate financial statements are not available for the Authority.

CITY OF FONTANA
Notes to the Financial Statements

The Fontana Housing Authority was established May 3, 1994, pursuant to Government Code Section 34240 of the State of California for the purpose of rehabilitating and increasing the low- and moderate-income housing stock in the City of Fontana. Separate financials statements are not available for the Authority.

The Fontana Community Foundation was established on April 27, 2005, pursuant to Section 501(c)(3) of the Internal Revenue Code of 1986 for the purpose of aiding and assisting in the implementation, improvement and maintenance of public services that preserve and promote the health and welfare and education of local citizenry of the City of Fontana. Separate financials statements are not available for the Foundation.

The Fontana Fire Protection District was established on July 1, 2008 pursuant to the State of California Health and Safety Code Section 13800 for the purpose of providing fire suppression, emergency medical, fire prevention and education services within the city limits and the unincorporated area within the District's Sphere of Influence. Separate financials statements are not available for the District.

The Fontana Public Facilities Financing Authority was established on September 9, 2014, pursuant to Government Code Section 6500 of the State of California (Joint Exercise of Powers). Its purpose is to assist in the financing of capital improvements and working capital requirements of the City, the Fontana Fire Protection District and any other eligible local agencies. Separate financial statements are not available for the Authority.

b. Government-Wide and Fund Financial Statements

The government-wide financial statements include a statement of net position and a statement of activities. These statements present summaries of governmental and business-type activities for the City accompanied by a total column. Fiduciary activities of the City are not included in these statements. For the most part, the effect of interfund activities 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. Taxes 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.

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred,

CITY OF FONTANA
Notes to the Financial Statements

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 City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period or 180 days for certain intergovernmental revenues. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The City's fiduciary funds consist of agency funds and a private purpose trust fund. Agency funds are 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 part on whose behalf they are held. Agency funds have no measurement focus. Private purpose trust funds are accounted for using the *economic resources measurement focus* and the *accrual basis of accounting*. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue 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 City.

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

The Fire Protection District Special Revenue Fund accounts for revenues received as part of property taxes, permits, and fees, that are to be used for fire suppression, emergency medical, fire prevention and education services incurred by the District within the City's Sphere of Influence.

The Housing Authority Special Revenue Fund accounts for the assets and activities transferred from the Former Fontana Redevelopment Agency that will be monies to be used to increase and improve the community's supply of low and moderate income housing.

The Capital Reinvestment Fund accounts for discretionary infrastructure projects.

The Future Capital Projects Fund accounts for capital improvement reimbursements from the San Bernardino County Transportation Authority (SBCTA) that is used for general infrastructure improvements throughout the City.

The Traffic Mitigation Capital Project Fund accounts for the revenues received from development impact fees which, in turn, are expended for traffic studies, planning and construction of traffic flow improvements.

CITY OF FONTANA
Notes to the Financial Statements

The City reports the following major proprietary fund:

The Sewer Operations Fund is used to account for the operation of the City's sewer utility system, a self-supporting activity which renders services on a user charge basis to residences and businesses located in the City.

Additionally, the City reports the following fund types:

Governmental Fund Types

Special Revenue Funds – to account for the proceeds of specific revenue resources (other than major capital projects) that are legally restricted to expenditures for specific purposes.

Debt Service Funds – to account for the accumulation of resources for, and the payment of, long-term debt obligation principal, interest and related costs.

Capital Project Funds – to account for financial resources to be used for the acquisition or construction of major capital facilities.

Proprietary Fund Types

Enterprise Funds – to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the City Council is that the costs (including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges.

Internal Service Fund – to account for financial transactions related to replacement of City-owned vehicles and equipment. These services are provided to other departments or agencies of the City, on a cost reimbursement basis.

Fiduciary Fund Types

Agency Funds – to account for assets held by the City in a custodial capacity as a trustee or as an agent. These assets include deposits placed with the City by developers, individuals and groups to obtain future services; and special taxes and assessments used to pay principal and interest on related bonds with no direct City liability. These deposits are reduced by payments and/or refunds to individuals or entities at some future time. Agency funds are custodial in nature and do not involve measurement of results of operations.

Private Purpose Trust Fund - accounts for the assets and liabilities of the former redevelopment agency and is allocated revenue to pay estimated installment payments of enforceable obligations until obligations of the former redevelopment agency are paid in full and assets have been liquidated.

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

CITY OF FONTANA
Notes to the Financial Statements

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* 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 the internal service fund are charges to customers for sales and services. Operating expenses for enterprise funds and internal service fund include the costs of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

d. Assets, Liabilities and Net Position or Fund Balance

Deposits 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.

Investments for the City are reported at fair value. The City's policy is generally to hold investments until maturity or until fair value 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.

Fair Value Measurements

Certain assets and liabilities are required to be reported at fair value. The fair value framework provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of fair value hierarchy are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly and fair value is determined through the use of models or other valuation methodologies including:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in markets that are inactive;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement. These unobservable input reflect the City's own assumptions about the inputs market participants would use in pricing the asset or liability (including assumptions about risk). These unobservable inputs are developed based on the best information available in the circumstances and may include the City's own data.

CITY OF FONTANA
Notes to the Financial Statements

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" (current portion of interfund loans) or "advances to/from other funds" (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."

Advances between funds, as reported in the fund financial statements, are offset by a non-spendable fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

The City has elected, by ordinance, that the duties of assessing and collecting property taxes be performed by the San Bernardino County Assessor and Tax Collector, respectively. Tax levies cover the period from July 1 to June 30 of each year. All tax liens attach annually on January 1 preceding the fiscal year for which the taxes are levied. Taxes are levied on both real and personal property as of January 1. Secured property taxes are levied against real property and are due and payable in two equal installments. The first installment is due on November 1 and becomes delinquent if not paid by December 10. The second installment is due on February 1 and becomes delinquent if not paid by April 10. Unsecured personal property taxes are due on July 1 each year and become delinquent if not paid by August 31.

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 which provide management or support services across more than one functional area.

Public Safety includes those activities which involve the protection of people and property.

Public Works includes those activities which involve the maintenance and improvement of City streets, roads and park department development and maintenance.

Community Development includes those activities which enhance the general quality of life and for protective inspections except those related to fire.

Community Services includes those activities which provide all cultural and recreational programs and facilities.

Engineering includes those activities which provide specialized skills and knowledge in support of the operation of government.

Inventories, Prepays and Land Held for Resale

All inventories are valued at cost using the first-in, first-out (FIFO) method. Inventories consist of expendable supplies held for consumption. Inventory costs are recorded as expenditures when used.

CITY OF FONTANA
Notes to the Financial Statements

The General Fund inventory is accounted for using the consumption method and is offset by a reservation of fund balance in the fund-level statements, which indicates that it does not constitute "available spendable resources."

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

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

Restricted Assets

Restricted assets represent unexpended bond proceeds, interest earnings thereon and reserve amounts of certificates of participation, tax allocation bonds, and special assessment bonds. Under the related resolutions and indentures, the remaining proceeds are restricted for the use of future construction of improvements to the respective projects, for debt service or for reserve requirements. The majority of these assets are held by trustees and fiscal agents.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 (\$50,000 for intangibles and \$100,000 for infrastructure) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

In accordance with GASB 34, the City has reported general infrastructure assets acquired in prior and current years. 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. 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.

Property, plant and equipment of the primary government is depreciated using the straight-line method over the following estimated useful lives:

Asset	Years
Buildings and improvements	40-55 years
Machinery and equipment	3-20 years
Vehicles	5-20 years
Infrastructure	20-30 years

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will

CITY OF FONTANA
Notes to the Financial Statements

not be recognized as an outflow of resources (expense/expenditure) until then. The government reports deferred outflows of resources related to pensions arising from certain changes in the collective net pension liability and opeb liability.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has several items that qualify for reporting in this category:

1. Unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues for revenues that are measurable but are not collected within 60 days of the end of the current fiscal period or 180 days for certain intergovernmental revenues. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
2. Pension related deferred inflows, is reported only on the Statement of Net Position. The government reports deferred inflows of resources related to pensions arising from certain changes in the collective net pension liability.

Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused personal leave which includes both vacation and sick pay benefits. All personal leave is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. The General Fund and the Sewer Operations Fund are typically used to liquidate these obligations. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-Term Obligations

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

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 financial 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.

Pensions

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

CITY OF FONTANA
Notes to the Financial Statements

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date (VD)	June 30, 2016
Measurement Date (MD)	June 30, 2017
Measurement Period (MP)	June 30, 2016 to June 30, 2017

Other Postemployment Benefits (OPEB)

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the OPEB plan (OPEB Plan), and additions to/deductions from the OPEB Plan have been determined by an independent actuary. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms.

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

Valuation Date (VD)	June 30, 2016
Measurement Date (MD)	June 30, 2017
Measurement Period (MP)	July 1, 2016 to June 30, 2017

Net position flow assumption

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

Fund balance flow assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

CITY OF FONTANA
Notes to the Financial Statements

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 Position

The governmental fund balance sheet includes a reconciliation between *fund balance of governmental funds* and *net position of governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities, including net pension liability, are not due and payable in the current period and, therefore, is not recognized in the funds.” The detail of this \$279,114,467 long-term liabilities difference is as follows:

Lease revenue bonds payable	\$ 39,685,000
Loan payables	3,873,854
Claims and judgments	12,470,719
Compensated absences	8,772,451
Other post employment benefits liability	70,107,961
Net pension liability	141,271,768
Bond premium to be amortized	<u>2,932,714</u>
Net adjustment to reduce <i>fund balances of governmental funds</i> to arrive at <i>net position of governmental activities</i>	<u>\$ 279,114,467</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 position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation states that “the issuance of long-term debt provides current financial resources to governmental funds, but the issuing debt increases long-term liabilities in the statement of net position.” Repayment of bond principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position.” The detail of this \$1,055,000 difference are as follows:

Principal repayments:	
Lease revenue bonds	\$ 1,055,000
Net adjustment to increase net changes in <i>fund balances of governmental funds</i> to arrive at changes in <i>net position of governmental activities</i>	<u>\$ 1,055,000</u>

CITY OF FONTANA
Notes to the Financial Statements

Another element of that reconciliation states that “some 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.” The details of this \$5,964,249 are as follows:

Claims and judgments	\$ 6,621,206
Compensated absences	(784,009)
Accrued Interest	14,529
Amortization of bond premiums/discounts	<u>112,523</u>
Net adjustment to increase net changes in <i>fund balances of governmental funds</i> to arrive at changes in <i>net position of governmental activities</i>	<u>\$ 5,964,249</u>

II. STEWARDSHIP

Note 2. Stewardship, Compliance and Accountability

Budgetary Information

Annual budgets for governmental funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

The City uses the following procedures in establishing the budgetary data reflected in the financial statements. After January 1, department heads prepare estimates for required appropriations for the fiscal year commencing the following July 1. The proposed budget includes estimated expenditures and forecasted revenues for the fiscal year. The data is presented to the City Manager for review. Prior to June 1, the City Manager submits to the City Council a proposed operating budget for the upcoming fiscal year. The operating budget includes a summary of the proposed expenditures and financial resources of the City, as well as historical data for the preceding five fiscal periods. Public meetings are conducted at the civic center to obtain taxpayer comments. The City Council adopts the budget by June 30 through passage of an adopting resolution. Budgets were legally adopted for the general, special revenue, debt service and all capital project funds during the fiscal year ended June 30, 2018. This appropriated budget covers substantially all City expenditures. All appropriated amounts shown are as originally adopted or as amended by the City Council. During the year, supplementary appropriations in the Governmental Funds were approved in the amount of \$134,116,301. Additionally, amounts representing projects that were not completed were unappropriated at the end of the year, and reappropriated in the following year. Unexpended appropriations lapse at the year end.

The legal level of control is at the department level. Department heads are authorized to transfer budgeted amounts within their departments, within the same funds, with the approval of the City Manager. Transfers of appropriations between departments and between funds may be made only by authority of the City Council. Formal budgetary integration is employed as a management control device during the fiscal year for all governmental funds.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

CITY OF FONTANA
Notes to the Financial Statements

There were excess expenditures over appropriations in certain funds at the department level. However, this did not result in a negative fund balance of the individual funds because of expenditure savings from other departments in the fund and/or adequate revenues or sources in the fund to offset expenditures. Excess of expenditures over appropriations in the individual major funds at the department level are as follows:

General Fund	Expenditures	Appropriations	Excess
General Government			
Management services	\$ 3,007,511	\$ 2,954,097	\$ 53,414

All funds with expenditures exceeding appropriations are reviewed by the City as part of its regular quarterly budget report to ensure that adequate revenues and/or other sources are available to cover these expenditures. In the event that revenues and other sources are not sufficient to fund the following year's planned expenditures, the budget for the following fiscal year may be adjusted to ensure that there are no fund balance deficits in any funds. Excess of expenditures over appropriations at the fund level for the fiscal year ending June 30, 2018 are as follows:

Special Revenue Funds	Expenditures	Appropriations	Excess
Traffic Safety	\$ 970,027	\$ 691,563	\$ 278,464
Lighting District #3 Hunter's Ridge	32,330	32,000	330
Capital Project Funds			
San Sevaine Flood Control	217,154	89,166	127,988
Affordabel Housing Trust	363,779	500	363,279

A budgetary comparison schedule not presented for the Down Payment Assistance special revenue fund as it did not have a legally adopted annual budget. Budgetary schedules for all other governmental funds are presented in the fund financial statements or the combining and individual fund statements and schedules.

Deficit Fund Balance

As of June 30, 2018, the following funds had deficit fund balances:

Special Revenue Funds:

Grants	\$ (1,754,651)
Federal Law Enforcement Block Grant	(461)
Community Service Reimbursements	(1,209,081)

Capital Project Funds:

Traffic Mitigation	(10,281,235)
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These deficit fund balances will be addressed through future year revenues and transfers.

CITY OF FONTANA
Notes to the Financial Statements

III. DETAILED NOTES ON ALL FUNDS

Note 3. Cash and Investments

The City follows the practice of pooling cash and investments of all funds except for restricted funds generally held by outside custodians and funds in its employees' deferred compensation plans. Each fund's portion of total cash and investments is summarized by fund type in the combined balance sheet as equity in pooled cash and investments. Amounts in the City's deferred compensation plan are no longer reported on the City's balance sheet as they are held in trust.

Interest income earned on pooled cash and investments is allocated to those funds which are required by law, local ordinance, administrative action or agreements to receive interest. Such allocation is made annually, at a minimum, based on the weighted average cash balances in each fund receiving interest. Interest income from cash and investments, which are restricted, is credited directly to the related fund.

	<u>Restricted Assets</u>				
	<u>Cash and Investments</u>	<u>Cash with</u>			
		<u>Fiscal Agent</u>	<u>Total</u>		
Governmental activities	\$ 288,450,241	\$ 10,675,121	\$ 299,125,362		
Business-type activities	20,437,546	7,971	20,445,517		
Fiduciary funds	<u>6,428,359</u>	<u>47,654,788</u>	<u>54,083,147</u>		
	<u>\$ 315,316,146</u>	<u>\$ 58,337,880</u>	<u>\$ 373,654,026</u>		

Investments and Interest Receivable – Restricted

Restricted assets represent unexpended financing proceeds, interest earnings thereon and reserved amounts of certificates of participation, tax allocation bonds, and special assessment bonds. Under the related resolutions and indentures, the remaining proceeds are restricted for the use of future construction or improvement to the respective projects, for debt service or for reserve requirements. The majority of these assets are held by trustees and fiscal agents.

CITY OF FONTANA
Notes to the Financial Statements

Authorized Investments

Under the provisions of the City's investment policy and in accordance with Section 53601 of the California Government Code, the City may invest in the following types of investments:

State Treasurer's Local Agency Investment Fund (LAIF)	Mortgage Pass-Through Securities (FHLMC or FNMA only)
Corporate Obligations (medium-term notes and bonds)	Commercial Paper
U.S. Government Securities	Certificates of Deposit
Mutual Funds	Negotiable Certificates of Deposit
Bankers' Acceptances	Investment Contracts

It is the City's policy not to invest in Small Business Administration Obligations (SBAs), Repurchase Agreements, Reverse Repurchase Agreements, Financial Futures and Financial Option Contracts, or California State and Local Agency Obligations even though such investments are authorized under the California Government Code. All investments present at June 30, 2018 and during the fiscal year conform to the City's investment policy.

Local Agency Investment Fund (LAIF)

The LAIF is a special fund of the California State Treasury, secured by the full faith and credit of the State of California, through which local governments may pool investments. Each city may invest up to \$50,000,000 in LAIF for each entity. Investments in LAIF are highly liquid as deposits can be converted to cash within twenty-four (24) hours without loss of interest earned to such date.

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 State pool is the same as the value of the pool shares.

Deposits

At June 30, 2018, the carrying amount of the City's deposits was \$6,984,091 and the bank balance was \$7,891,417. The \$907,326 difference represents outstanding checks and other reconciling items.

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

CITY OF FONTANA
Notes to the Financial Statements

Credit Risk

The City's investment policy limits investments in medium term notes (MTNs) and federal securities to those in a rating category of "A" or its equivalent or better by Moody's or Standard and Poor's rating service. As of June 30, 2018, the City's investment in medium term notes, federal securities and money market funds consisted of the following:

Federal Securities	Moody's Rating	Money Market Funds	Moody's Rating
Federal Home Loan Bank Note	Aaa	BNY Hamilton Treasury	Aaa
Federal Home Loan Mortgage Corporation	Aaa	First American Treasury	Aaa
Federal National Mortgage Association	Aaa	Wells Fargo Treasury Plus	Aaa

As of June 30, 2018, the City's investment in external investment pools are unrated.

Custodial Credit Risk

The custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City does not have a policy for custodial credit risk associated with deposits or investments.

Concentration of Credit Risk

The City's investment policy imposes restrictions for certain types of investments with any one issuer.

Investment Type	Percentage of Pool Allowed
State Investment Pool (LAIF)	\$65 million /account
U.S. Government Securities	100%
Bankers Acceptances	40%
Commercial Paper	15%
Negotiable Certificates of Deposit	30%
Corporate Obligations	30%
Mutual Funds	15%
Mortgage Pass-Through Securities	20%
Certificates of Deposits	100%

With respect to concentration risk, as of June 30, 2018, the City is in compliance with the restrictions of the investment policy.

CITY OF FONTANA
Notes to the Financial Statements

In addition, GASB 40 requires a separate disclosure if any single issuer comprises more than 5% of the total investment value. As of June 30, 2018, the City has investments with the following issuers which exceed 5% of the total investment value:

Federal National Mortgage Association (FNMA)	\$ 88,534,200	24.145%
Federal Home Loan Bank Note (FHLB)	72,591,090	19.797%
Federal Home Loan Mortgage Corp. (FHLMC)	58,879,800	16.058%

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 maturity as a means of managing its exposure to fair value losses arising from increasing interest rates. The City's investment policy states that at least 10% of the City's portfolio shall mature in one year or less. The only exception to this maturity limit shall be the investment of the gross proceeds of tax-exempt bonds. The City has elected to use the segmented time distribution method of disclosure for its interest rate risk.

As of June 30, 2018, the City had the following investments and maturities:

	Investment Maturities					Fair Value
	6 months or less	6 months to 1 year	1 to 3 years	3 to 5 years		
U.S Government Securities	\$ -	\$ -	\$ 146,372,640	\$ 73,632,450	\$ 220,005,090	
State Investment Pool	60,983,747	-	-	-	60,983,747	
Mutual Funds	85,681,098	-	-	-	85,681,098	
	<u>\$ 146,664,845</u>	<u>\$ -</u>	<u>\$ 146,372,640</u>	<u>\$ 73,632,450</u>	<u>\$ 366,669,935</u>	

CITY OF FONTANA
Notes to the Financial Statements

Fair Value Measurement

The City categorizes its fair value investments within the fair value hierarchy established by generally accepted accounting principles. The City has the following recurring fair value measurements as of June 30, 2018:

Investments Measured at Fair Value

	<u>Fair Value Hierarchy</u>				
	Level 1	Level 2	Level 3		Total Fair Value
U.S Government Securities	\$ -	\$ 220,005,090	\$ -	\$ -	\$ 220,005,090
Total investments measured at fair value	\$ -	\$ 220,005,090	\$ -	\$ -	\$ 220,005,090

Investments Not Reported in Fair Value Hierarchy

	<u>Net Asset Value</u>
Mutual Funds	\$ 85,681,098
State Investment Pool (LAIF)	<u>60,983,747</u>
Total investments not reported in fair value hierarchy	\$ 146,664,845
Total investments held	<u>\$ 366,669,935</u>

CITY OF FONTANA
Notes to the Financial Statements

Note 4. Receivables

Receivables as of June 30, 2018, for the City's individual major funds and non-major, proprietary major and non-major, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Special Revenue		Capital Project		Nonmajor	
	General	Fire Protection District	Housing Authority	Future Capital Projects	Traffic Mitigation	Governmental Funds
Accounts	\$ 3,467,019	\$ 4,100	\$ -	\$ -	\$ 753	\$ 272,700
Assessments	-	-	-	-	-	342,823
Interest	201,296	24,898	1,920,563	71,580	110,968	842,208
Loans	-	-	71,034,430	-	-	7,818,627
Loans to Successor Agency	29,165,108	-	-	-	-	-
	<u>\$ 32,833,423</u>	<u>\$ 28,998</u>	<u>\$ 72,954,993</u>	<u>\$ 71,580</u>	<u>\$ 111,721</u>	<u>\$ 9,276,358</u>
Less allowance for doubtful accounts	249,352	-	-	-	-	149,451
	<u>\$ 32,584,071</u>	<u>\$ 28,998</u>	<u>\$ 72,954,993</u>	<u>\$ 71,580</u>	<u>\$ 111,721</u>	<u>\$ 9,126,907</u>
	Nonmajor		Internal		Fiduciary	
	Sewer Operations	Proprietary Funds	Service Funds	Funds	Total	
Accounts	\$ 676,415	\$ -	\$ 16,840	\$ -	\$ 4,437,827	
Assessments	-	-	-	444,217	787,040	
Interest	79,005	1,679	20,679	1,157,597	4,430,473	
Loans	4,693,702	1,519,160	-	3,201,740	88,267,659	
Loans to Successor Agency	3,305,829	-	-	32,470,937		
	<u>\$ 8,754,951</u>	<u>\$ 1,520,839</u>	<u>\$ 37,519</u>	<u>\$ 4,803,554</u>	<u>\$ 130,393,936</u>	
Less allowance for doubtful accounts	3,310,478	-	-	1,971,279	5,680,560	
	<u>\$ 5,444,473</u>	<u>\$ 1,520,839</u>	<u>\$ 37,519</u>	<u>\$ 2,832,275</u>	<u>\$ 124,713,376</u>	

Note: The allowance for doubtful accounts for non-major governmental funds is equal to 100% of the delinquent special assessments receivable at June 30, 2018.

Due to the uncollectability of the loans to the Successor Agency, an allowance for doubtful accounts has been recorded at June 30, 2018 for the loans that are pending approval by the State Department of Finance as enforceable obligations. An allowance has been recorded for these loans in the amount \$3,305,829 in Sewer Operations funds. This allowance will remain in place until the State Department of Finance makes further

CITY OF FONTANA
Notes to the Financial Statements

determinations regarding the probability of collection on the loan balances. Several loans have been approved by the State Department of Finance, thus an allowance has not been recorded for the loans in the amounts of \$29,165,108 in the General fund.

Note 5. Capital Assets

Capital asset activity for the year ended June 30, 2018, was as follows:

	Balance June 30, 2017 as Previously Reported	Adjusted Beginning Balance						Balance June 30, 2018
	Adjustments	June 30, 2017	Transfers	Increases	Decreases			
Governmental activities:								
Capital assets, not being depreciated								
Land	\$ 196,227,845	\$ (3,153)	\$ 196,224,692	\$ (1,264,154)	\$ 5,912,981	\$ -	\$ 200,873,519	
Construction in progress	9,011,365	-	9,011,365	(7,227,646)	2,886,604	(99,383)	4,570,940	
Total capital assets, not being depreciated	205,239,210	(3,153)	205,236,057	(8,491,800)	8,799,585	(99,383)	205,444,459	
Capital assets, being depreciated								
Buildings and improvements	281,449,423	(18,919)	281,430,504	3,094,272	5,766,922	-	290,291,698	
Machinery and equipment	28,968,001	26,750	28,994,751	55,187	1,555,280	(39,743)	30,565,475	
Vehicles	28,727,751	(186,026)	28,541,725	-	1,832,281	(1,588,338)	28,785,668	
Infrastructure	808,612,680	-	808,612,680	5,342,341	5,731,452	-	819,686,473	
Intangibles	3,459,399	-	3,459,399	-	2,224,335	-	5,683,734	
	1,151,217,254	(178,195)	1,151,039,059	8,491,800	17,110,270	(1,628,081)	1,175,013,048	
Less accumulated depreciation for:								
Buildings and improvements	(94,828,595)	(568,942)	(95,397,537)	-	(11,432,670)	-	(106,830,207)	
Machinery and equipment	(24,389,725)	(30,704)	(24,420,429)	-	(1,285,165)	39,744	(25,665,850)	
Vehicles	(17,797,701)	186,026	(17,611,675)	-	(2,130,407)	1,379,984	(18,362,098)	
Infrastructure	(434,546,170)	-	(434,546,170)	-	(26,895,444)	-	(461,441,614)	
Intangibles	(1,969,655)	-	(1,969,655)	-	(153,169)	-	(2,122,824)	
	(573,531,846)	(413,620)	(573,945,466)	-	(41,896,855)	1,419,728	(614,422,593)	
Total capital assets, being depreciated, net	577,685,408	(591,815)	577,093,593	8,491,800	(24,786,585)	(208,353)	560,590,455	
Governmental activities capital assets, net	\$ 782,924,618	\$ (594,968)	\$ 782,329,650	\$ -	\$ (15,987,000)	\$ (307,736)	\$ 766,034,914	

CITY OF FONTANA
Notes to the Financial Statements

	Balance June 30, 2017 as Previously Reported	Transfers	Increases	Decreases	Balance June 30, 2018
Business-type activities:					
Capital assets, not being depreciated					
Construction in progress	\$ 511,279	\$ (511,279)	\$ 99,968	\$ -	\$ 99,968
Total capital assets, not being depreciated	<u>511,279</u>	<u>(511,279)</u>	<u>99,968</u>	<u>-</u>	<u>99,968</u>
Capital assets, being depreciated					
Buildings and improvements	1,798,150	-	-	-	1,798,150
Machinery and equipment	691,846	-	10,555	(80,000)	622,401
Vehicles	150,226	-	-	(150,226)	-
Infrastructure	113,963,604	511,279	1,259,200	-	115,734,083
Intangibles	64,698	-	-	-	64,698
	<u>116,668,524</u>	<u>511,279</u>	<u>1,269,755</u>	<u>(230,226)</u>	<u>118,219,332</u>
Less accumulated depreciation for:					
Buildings and improvements	(461,064)	-	(46,106)	-	(507,170)
Machinery and equipment	(621,461)	-	(25,537)	80,000	(566,998)
Vehicles	(150,226)	-	-	150,226	-
Infrastructure	(44,199,142)	-	(2,821,416)	-	(47,020,558)
Intangibles	(62,969)	-	(1,729)	-	(64,698)
	<u>(45,494,862)</u>	<u>-</u>	<u>(2,894,788)</u>	<u>230,226</u>	<u>(48,159,424)</u>
Total capital assets, being depreciated, net	<u>71,173,662</u>	<u>511,279</u>	<u>(1,625,033)</u>	<u>-</u>	<u>70,059,908</u>
Business-type activities capital assets, net	<u>\$ 71,684,941</u>	<u>\$ -</u>	<u>\$ (1,525,065)</u>	<u>\$ -</u>	<u>\$ 70,159,876</u>

CITY OF FONTANA
Notes to the Financial Statements

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

Governmental activities:

General government	\$ 6,355,302	Business-type activities:	
Public safety	3,013,574	Sewer Operations	2,894,788
Public works	7,701,338		
Community development	5,053,524		
Community services	957,490		
Engineering	<u>17,484,511</u>		
Total Depreciation charged to functions	40,565,739		
Charged to Internal Service Fund	<u>1,331,116</u>		
Total Governmental Activities	<u>\$ 41,896,855</u>		

The following material construction commitments existed at June 30, 2018:

Project Name	Contract Amount	Expenditures to date as of June 30, 2018	Remaining Commitments
Sierra Ave - Foothill to Baseline Improvement	\$ 941,765	\$ 622,658	\$ 319,107
San Sevaine Trail Phase 1 Segment 2	588,751	315,379	273,372
Cypress Avenue Storm Drain	344,275	76,927	267,348
Sierra Adaptive Traffic Management System	382,342	198,199	184,143
Fire Station #72 Remodel	270,500	141,375	129,125

CITY OF FONTANA
Notes to the Financial Statements

Note 6. Interfund Receivables, Payables and Transfers

The composition of interfund balances as of June 30, 2018, is as follows:

Due to/from other funds:

Due To/From:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Non-major governmental Funds	
	Traffic Congestion Relief	\$ 1,282,904
	Road Maintenance and Rehabilitation	416,901
	Community Services Reimbursements	1,123,847
Fire Protection District	Fire District Grants	36,904
	Total	\$ 2,860,556

The amounts due to the General Fund are the result of negative cash balances at the end of the year.

Advances to/from other funds:

Advances to/from:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Future Capital Projects	Traffic Mitigation	27,740,247
Capital Reinvestment	Traffic Mitigation	3,167,132
	Total	\$ 30,907,379

The advances from Future Capital Projects and Capital Reinvestment to the Traffic Mitigation fund are representative of cooperative agreements entered into with San Bernardino Associated Governments (SANBAG) for various transportation projects throughout the City. SANBAG will repay the amounts owed to the Measure I 2010-2040 fund over a thirty year period, as Measure I funds are collected. As part of the cooperative agreement, the City was required to fund a certain percentage of each project with Development Impact Fees (DIF) collected in the Traffic Mitigation fund. In order to complete these projects now rather than over a 30 year period, various funds advanced the SANBAG share and DIF share of each project. There is no repayment schedule for these advances as the amounts will be repaid as collections are received.

CITY OF FONTANA
Notes to the Financial Statements

Interfund transfers:

Interfund transfers primarily consist of allocation of administrative costs, transfer of funding to capital project funds, and transfer of funding to general debt service fund.

	Transfers In:							
	Fire Protection		Capital Reinvestment		Traffic Mitigation		Nonmajor Governmental Funds	
	General	District					Sewer Operations	Internal Service Fund
Transfer out:								
General			\$ 4,248,450			\$ 2,998,175		\$ 74,725 \$ 7,321,350
Fire Protection District	2,894,600					1,831,250		4,725,850
Housing Authority	50,400							50,400
Capital Reinvestment	193,140							193,140
Future Capital Projects	2,300							2,300
Traffic Mitigation	486,600							486,600
Nonmajor governmental funds	7,173,646	1,006,100		2,428,687	6,179,625	322,588	73,030	17,183,676
Sewer Operations	2,155,400						58,210	2,213,610
	<u>\$ 12,956,086</u>	<u>\$ 1,006,100</u>	<u>\$ 4,248,450</u>	<u>\$ 2,428,687</u>	<u>\$ 11,009,050</u>	<u>\$ 322,588</u>	<u>\$ 205,965</u>	<u>\$ 32,176,926</u>

CITY OF FONTANA
Notes to the Financial Statements

Note 7. Long-Term Debt

Long-term debt activity for the year ended June 30, 2018, was as follows:

	Balance		Adjusted			Balance	Amounts Due Within One Year	Amounts Due in More Than One Year			
	June 30, 2017		Beginning Balance								
	As Previously Reported	Adjustments	June 30, 2017	Additions	Retirements						
Governmental Activities:											
Lease Revenue Bonds	\$ 40,740,000	-	40,740,000	\$ -	\$ 1,055,000	\$ 39,685,000	\$ 1,105,000	38,580,000			
Claims and judgments	19,091,925	-	19,091,925	1,071,853	7,693,059	12,470,719	7,299,210	5,171,509			
Compensated absences	7,988,442	-	7,988,442	7,110,413	6,326,404	8,772,451	6,947,296	1,825,155			
Other post employment benefits liability	22,929,731	46,226,849	69,156,580	3,419,171	2,467,790	70,107,961	-	70,107,961			
Net Pension Liability	122,721,890		122,721,890	30,587,491	12,037,613	141,271,768	-	141,271,768			
Loan payable - SANBAG	3,873,854	-	3,873,854	-	-	3,873,854	-	3,873,854			
Total Long-Term Debt - City	<u>\$ 217,345,842</u>	<u>\$ 46,226,849</u>	<u>\$ 263,572,691</u>	<u>\$ 42,188,928</u>	<u>\$ 29,579,866</u>	<u>\$ 276,181,753</u>	<u>\$ 15,351,506</u>	<u>\$ 260,830,247</u>			
Total Governmental Activity Long-Term Debt	<u>\$ 217,345,842</u>	<u>\$ 46,226,849</u>	<u>\$ 263,572,691</u>	<u>\$ 42,188,928</u>	<u>\$ 29,579,866</u>	<u>\$ 276,181,753</u>	<u>\$ 15,351,506</u>	<u>\$ 260,830,247</u>			
				Unamortized bond premium			2,932,714	2,932,714			
							<u>\$ 279,114,467</u>	<u>\$ 263,762,961</u>			
Business-Type Activities:											
Compensated absences	\$ 277,188	\$ -	\$ 277,188	\$ 289,294	\$ 274,094	\$ 292,388	\$ 289,124	\$ 3,264			
Net Pension Liability	4,025,449	-	4,025,449	1,289,608	406,319	4,908,738	-	4,908,738			
Loans Payable	9,886,898	-	9,886,898	-	803,786	9,083,112	818,233	8,264,879			
Total Business-Type Activity Long-Term Debt	<u>\$ 14,189,535</u>	<u>\$ -</u>	<u>\$ 14,189,535</u>	<u>\$ 1,578,902</u>	<u>\$ 1,484,199</u>	<u>\$ 14,284,238</u>	<u>\$ 1,107,357</u>	<u>\$ 13,176,881</u>			

CITY OF FONTANA
Notes to the Financial Statements

Lease Revenue Bonds

2010 Lease Revenue Bonds

In December 2010, the Fontana Public Financing Authority issued \$5,420,000 of Lease Revenue Bonds. The proceeds of the issue were used to finance the reconstruction of Fire Station # 71. The bonds pay interest semi-annually at rates ranging from 5.72% to 8.41% and mature from September 2013 through September 2042. Principal and interest payments are made from the lease income for certain real property and the improvements thereon.

2010 Lease Revenue Bonds			
	Principal	Interest	Total
2019	\$ 55,000	\$ 434,661	\$ 489,661
2020	60,000	430,586	490,586
2021	70,000	425,979	495,979
2022	80,000	420,664	500,664
2023	85,000	414,339	499,339
2024 - 2028	600,000	1,940,902	2,540,902
2029 - 2033	940,000	1,626,741	2,566,741
2034 - 2038	1,390,000	1,142,485	2,532,485
2039 - 2043	1,980,000	438,317	2,418,317
Totals	\$ 5,260,000	\$ 7,274,674	\$ 12,534,674

2014 Lease Revenue Bonds

	Principal	Interest	Total
2019	\$ 1,050,000	\$ 1,566,050	\$ 2,616,050
2020	1,105,000	1,512,175	2,617,175
2021	1,160,000	1,455,550	2,615,550
2022	1,220,000	1,396,050	2,616,050
2023	1,280,000	1,333,550	2,613,550
2024 - 2028	7,420,000	5,616,000	13,036,000
2029 - 2033	9,420,000	3,570,375	12,990,375
2034 - 2038	11,770,000	1,213,600	12,983,600
Totals	\$ 34,425,000	\$ 17,663,350	\$ 52,088,350

2014 Lease Revenue Bonds

In November 2014, the Fontana Public Facilities Financing Authority issued \$37,675,000 of Lease Revenue Bonds. The proceeds of the issue were used to refinance 2007 Lease Revenue Bonds with an outstanding balance of \$43,935,000. The bonds pay interest semi-annually at rates ranging from 3.875% to 5.00% and mature from September 2015 through September 2037. Principal and interest payments are made from the lease income for certain real property and the improvements thereon.

CITY OF FONTANA
Notes to the Financial Statements

SANBAG Loan Payable

The City entered into an agreement with San Bernardino Associated Governments “SANBAG” for the I-15 Duncan Canyon Interchange Project. Under the agreements, SANBAG contributed \$12.0 million of State Proposition 1B Corridor Mobility Improvement funds to the project. A portion of the SANBAG funding to the project is the “public share” contribution; the balance of approximately \$3.9 million will be reimbursed by the City. As of the date of this report, a repayment schedule has not been finalized.

San Bernardino Trunk Sewer Loans

In March 2007, the City received approval from the State of California Water Resources Control Board for the San Bernardino Trunk Sewer Project. The Project was being funded by the State Revolving Fund on a reimbursement basis for construction costs incurred in relation to the project. The project was done in three phases, with each of the three phases being funded by a separate loan from the State Revolving Fund. The loans will be repaid in twenty annual installments, payments commenced in the fiscal year ended June 30, 2009.

San Bernardino Trunk Sewer - State Revolving Fund Loans

Fiscal Year	Trunk Sewer Phase		Lift Station Phase		Force Main Phase		Combined Loans		
	Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 418,719	\$ 83,521	\$ 174,420	\$ 38,757	\$ 225,094	\$ 44,307	\$ 818,233	\$ 166,585	\$ 984,818
2020	426,405	75,836	177,361	35,816	229,175	40,226	832,941	151,878	984,819
2021	434,231	68,010	180,352	32,825	233,330	36,071	847,913	136,906	984,819
2022	442,201	60,040	183,393	29,784	237,561	31,841	863,155	121,665	984,820
2023	450,317	51,923	186,485	26,692	241,868	27,533	878,670	106,148	984,818
2024 - 2028	2,378,640	132,562	980,666	85,217	1,276,729	70,277	4,636,035	288,056	4,924,091
2029	-	-	206,165	7,011	-	-	206,165	7,011	213,176
Totals	\$ 4,550,513	\$ 471,892	\$ 2,088,842	\$ 256,102	\$ 2,443,757	\$ 250,255	\$ 9,083,112	\$ 978,249	\$ 10,061,361

Mello-Roos Community Facilities Districts

Between 1988 and 2017, eleven Community Facilities Districts have issued Special Tax Bonds. The bonds are authorized pursuant to the Mello-Roos Community Facilities Act of 1982 and are secured by and payable solely from the revenues of an annual special assessment tax levied against land within the Districts. The bonds are not backed by the full faith and credit or taxing power of the City and do not constitute indebtedness of the City. The City is not liable for the bonds, but acts as an agent for the bondholders in collecting the assessments from property owners, forwarding the collections to bondholders and initiating foreclosure proceedings if necessary.

CITY OF FONTANA
Notes to the Financial Statements

The transactions occurring as a result of the City acting in an agent capacity are being accounted for in an agency fund. As the bonds are financing the construction and installation of certain public improvements, the transactions relating to the construction of the improvements are being accounted for in capital project funds. The bonds are not reflected as an indebtedness of the City at June 30, 2018.

Special Tax Bonds	Date of Issue	Original Issue Amount	Outstanding Amount at June 30, 2018
CFD # 7 (County Club Estates)	July 2005	3,985,000	2,335,000
CFD # 11 (Heritage West End)	November 2011	8,800,000	6,210,000
CFD # 12 (Sierra Lakes)	July 2005	26,920,000	17,215,000
CFD # 22 (Sierra Hills South)	June 2014	37,365,000	28,295,000
CFD # 31 (Citrus Heights North)	December 2006	26,815,000	20,540,000
CFD # 37 (Montelago)	September 2005	4,590,000	3,455,000
CFD # 70 (Avellino)	July 2013	2,750,000	2,540,000
CFD # 71 (Sierra Crest)	July 2016	5,915,000	5,770,000
CFD # 80 (Bella Strada)	August 2017	11,125,000	11,125,000
CFD # 81 (Gabriella)	March 2018	7,180,000	7,180,000
Total Special Tax Bonds		<u>\$ 135,445,000</u>	<u>\$ 104,665,000</u>

IV. OTHER INFORMATION

Note 8. Risk Management

The City established risk management programs for workers' compensation in 1978-79 and for general liability in 1983-84, which are accounted for in the City's General Fund. The programs are supported by contributions from the other principal City funds and intra-fund transfers.

Effective with an excess coverage insurance policy on July 1, 1992, the workers' compensation program provides for self-insurance up to a maximum of \$1,000,000 per incident. The claims which exceed the limit are insured up to a maximum per incident of \$25,000,000.

Under the City's excess insurance policy for general liability, all claims incurred after October 1, 1992, are self-insured up to a maximum of \$250,000 per incident. The claims which exceed the limit are insured up to maximum per incident of \$10,000,000. The City is self-insured for general liability claims incurred prior to October 1, 1992.

There have been no significant changes in insurance coverage in the last three years. The amount of settlements has not exceeded the amount of insurance coverage for each of the past three fiscal years.

Liabilities under the City's self-insurance programs are accrued and charged to expenses when claims are reasonably determinable and when the existence of the City's liability is probable. The accrued liabilities for general liability includes an estimate of incurred but not reported claims.

CITY OF FONTANA
Notes to the Financial Statements

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

Claims payable, June 30, 2016	<u>\$ 10,063,360</u>
Claims incurred (including IBNRs)	12,875,981
Claims paid/dismissed	<u>(3,847,416)</u>
Claims payable, June 30, 2017	<u>\$ 19,091,925</u>
Claims incurred (including IBNRs)	1,071,853
Claims paid/dismissed	<u>(7,693,059)</u>
Claims payable, June 30, 2018	<u>\$ 12,470,719</u>

There are several other legal actions pending against the City which management considers incidental to normal operations. These actions are not covered by insurance. All liabilities to be accrued are included in the claims and judgments amount stated above.

Note 9. Litigation

The City of Fontana has been named as a defendant in numerous lawsuits and claims arising in the course of operations. In the aggregate, these claims seek monetary damages in significant amounts. To the extent the outcome of such litigation has been determined to result in probable financial loss to the City, such loss has been accrued in the accompanying financial statements.

Note 10. Jointly Governed Organization

I.R.N.E.T.

The City of Fontana is a member of Inland Regional Narcotics Enforcement Team (I.R.N.E.T.), a joint powers authority of the police departments of 10 cities in San Bernardino and Riverside Counties, and participating county, federal and state law enforcement agencies. The organization was formed September 18, 1989, with the mission to promote coordinated law enforcement efforts and to address emerging criminal justice issues, mainly in the areas of drug trafficking and money laundering. The executive council consists of police chiefs of the cities and resident agents in charge of the federal and state law enforcement agencies. All financial decisions were made by the executive council. The members received monetary distributions from the asset seizures based on their respective contribution to the effort. Financial information for I.R.N.E.T. is not available.

CITY OF FONTANA
Notes to the Financial Statements

Note 11. Other Post-Employment Benefits Liability

Plan Description

In addition to the pension benefits described in Note 12, the City provides post-retirement health care benefits (OPEB Plan) in accordance with City Council approval to all employees who retire from the City on or after reaching age 50 or over with at least five years of PERS-credited service. The post-retirement health care benefits are provided to eligible retirees by the City, as a single-employer plan. Additional requirements are set forth in the individual contracts for executive positions or in the Memorandum of Understanding (MOUs) for the five bargaining units operating within the City. The amount the City provides on the behalf of retirees is dictated in the contracts or MOUs.

Employees Covered

As of the June 30, 2017 measurement date, the following current and former employees were covered by the benefit terms under the OPEB Plan:

Active employees	534
Inactive employees or beneficiaries currently receiving benefits	230
Inactive employees entitled to, but not yet receiving benefits	0
Total	<u>764</u>

Contributions

The required contribution is based on projected pay-as-you-go financing requirements. For the fiscal year ending June 30, 2018, the City's cash contributions were \$2,332,073 in the form of current premiums, which is funded through the General fund, and the estimated implied subsidy was \$480,063 resulting in total payments of \$2,812,136.

OPEB Liability

The City's OPEB liability was measured as of June 30, 2017 and was determined by an actuarial valuation dated June 30, 2016 that was rolled forward to determine the June 30, 2017 OPEB liability, based on the following actuarial methods and assumptions:

CITY OF FONTANA
Notes to the Financial Statements

Actuarial Cost Method:	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	3.40%
Inflation	2.75%
Salary Increases	3.0% per annum, in aggregate
Mortality Rate ⁽¹⁾	Derived using CalPERS' Membership Data for all funds
Pre-Retirement Turnover ⁽²⁾	Derived using CalPERS' Membership Data for all funds
Healthcare Trend Rate	Based on recent premium experience assuming 5%-6.5% increase due to market trends then reduced to a rate reflecting medical price inflation

Notes:

⁽¹⁾ Pre-retirement mortality information was derived from data collected during 1997 to 2011 CalPERS Experience Study dated January 2014 and post-retirement mortality information was derived from the 2007 to 2011 CalPERS Experience Study. The Experience Study Reports may be accessed on the CalPERS website www.calpers.ca.gov under Forms and Publications.

⁽²⁾ The pre-retirement turnover information was developed based on CalPERS' specific data. For more details, please refer to the 2007 to 2011 Experience Study Report. The Experience Study Report may be accessed on the CalPERS website www.calpers.ca.gov under Forms and Publications.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.40 percent. The discount rate is the average, rounded to 5 basis points, of the range of 3-20 year municipal bond rate indices: S&P Municipal Bond 20 Year High Grade Rate Index, Bond Buyer 20-Bond GO index, Fidelity GO AA 20 Year Bond Index. Sensitivity analysis showing a 1% increase and decrease in the discount rate is also provided.

CITY OF FONTANA
Notes to the Financial Statements

Changes in the OPEB Liability

The changes in the OPEB liability for the OPEB Plan are as follows:

	<u>Increase (Decrease)</u>
	<u>Total OPEB Liability</u>
Balance at June 30, 2017	
(<i>Valuation Date June 30, 2016</i>)	<u>\$ 69,156,580</u>
Changes recognized for the measurement period:	
Service cost	1,073,307
Interest	2,345,864
Benefit payments	<u>(2,467,790)</u>
Net Changes	<u>951,381</u>
Balance at June 30, 2018	
(<i>Measurement Date June 30, 2017</i>)	<u>\$ 70,107,961</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the OPEB liability of the City if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2017:

	Current		
	1% Decrease (2.40%)	Discount Rate (3.40%)	1% Increase (4.40%)
OPEB Liability	\$81,708,310	\$70,107,961	\$60,856,419

Sensitivity of the Total OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the net OPEB liability of the City if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2017:

	Current Healthcare		
	1% Decrease (5.50%HMO/5.50%PPO) decreasing to 4.00%HMO/4.00%PPO)	Cost Trend Rates (6.5%HMO/6.50%PPO) decreasing to 5.00%HMO/5.00%PPO)	1% Increase (7.5%HMO/7.5%PPO) decreasing to 6.00%HMO/6.00%PPO)
OPEB Liability	\$60,581,351	\$70,107,961	\$81,994,142

CITY OF FONTANA
Notes to the Financial Statements

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

For the fiscal year ended June 30, 2018, the City recognized OPEB expense of \$2,467,790. As of fiscal year ended June 30, 2018, the City reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 2,812,136	\$ -
Total	\$ 2,812,136	\$ -

The \$2,812,136 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2017 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2019.

Note 12. Pensions

Plan Description

All qualified permanent and probationary employees are eligible to participate in the Local Government's separate Safety (police and fire) and Miscellaneous (all other) Plans, an agent multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). A full description of the pension plan regarding number of employees covered, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in the Plan's June 30, 2016 Annual Actuarial Valuation Report (funding valuation). Details of the benefits provided can be obtained in Appendix B of the actuarial valuation report. This report and CalPERS' audited financial statements are publicly available reports that can be obtained at CalPERS' website.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. The Plans' provisions and benefits in effect at June 30, 2018, are summarized as follows:

CITY OF FONTANA
Notes to the Financial Statements

	Safety			Miscellaneous	
	Tier I Prior to July 1, 2011	Tier II On or after July 1, 2011	Tier III After January 1, 2013	Prior to July 1, 2011	On or after July 1, 2011
Hire Date					
Benefit formula	3% @ 50	3% @ 55	2.7% @ 57	2.5% @ 55	2% @ 55
Final Average Compensation Period	Highest 1-year salary	Final 3-year average	Final 3-year average	Highest 1-year salary	Final 3-year average
Benefit vesting schedule	5 yrs credited service	5 yrs credited service	5 yrs credited service	5 yrs credited service	5 yrs credited service
Benefit payments	Monthly	Monthly	Monthly	Monthly	Monthly
Retirement age	50 and above	50 and above	50 and above	55 and above	55 and above
Monthly benefit basis	Benefit factor, years of	Benefit factor, years of	Benefit factor, years of	Benefit factor, years of	Benefit factor, years of
Required employee contribution rates	9%	9%		8%	8%
To be paid by employee	-	9%	50% of Normal Costs	3%	8%
To be paid by the City	9%	-		5%	-
Required employer contribution rates	17.581%	17.581%	17.581%	7.80%	7.80%

Employees Covered

As of the June 30, 2017 measurement date, the following employees were covered by the benefit terms for each Plan:

	Safety	Miscellaneous
Inactive employees or beneficiaries currently receiving benefits	152	399
Inactive employees entitled to but not yet receiving benefits	61	798
Active employees	181	546
Total	394	1,743

Contribution Description

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

CITY OF FONTANA
Notes to the Financial Statements

Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions; payments made by the employer are paid from the General Fund of the City.

Actuarial Methods and Assumptions used to determine Total Pension Liability

The June 30, 2016 valuation was rolled forward to determine the June 30, 2017 total pension liability, based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions	
Discount Rate	7.15%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table ¹	Derived using CalPERS' Membership Data for all funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter.

¹ The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

All other actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report may be accessed on the CalPERS website at www.calpers.ca.gov under Forms and Publications.

Change of Assumptions

In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent.

Discount Rate

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

CITY OF FONTANA
Notes to the Financial Statements

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

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

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the Board effective on July 1, 2014.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 ¹	Real Return Years 11+ ²
Global Equity	47.0%	4.9%	5.38%
Global Fixed Income	19.0	0.80	2.27
Inflation Sensitive	6.0	0.60	1.39
Private Equity	12.0	6.60	6.63
Real Estate	11.0	2.80	5.21
Infrastructure and	3.0	3.90	5.36
Liquidity	2.0	(0.40)	(0.90)

¹An expected inflation of 2.5% used for this period

²An expected inflation of 3.0% used for this period

Pension Plan Fiduciary Net Position

The plan fiduciary net position (assets) disclosed in the GASB report may differ from the plan assets reported in the actuarial valuation report due to several reasons. First, CalPERS must keep Reserves for Deficiencies and Fiduciary Self Insurance. These amounts are excluded for rate setting purposes in your actuarial valuation report while required to be included for GASB reporting purposes. In addition, differences may result from early CAFR closing and final reconciled reserves. Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports. See CalPERS website for additional information at <https://www.calpers.ca.gov/page/investments/about-investment-office/investment-financial-reports>.

CITY OF FONTANA
Notes to the Financial Statements

Liability, Expense and Deferred Outflows/Inflows

The components of the net pension liability at June 30, 2018 are as follows:

Total Pension Liability	\$441,862,319
Plan's Fiduciary Net Position	<u>(295,681,813)</u>
Net Pension Liability	<u>\$737,544,132</u>

Plan Fiduciary Net Position as a
Percentage of Total Pension Liability 66.92%

Pension expense

At June 30, 2018, the City recognized pension expense for CalPERS of \$13,144,413

Deferred Outflows/Inflows

At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 13,144,413	\$ -
Differences between Expected and Actual Experience	747,515	(2,309,938)
Changes of Assumptions	20,741,430	(2,622,120)
Net Difference between Projected and Actual Earnings on Pension Plan Investments	3,856,563	-
Total	\$ 38,489,921	\$ (4,932,058)

CITY OF FONTANA
Notes to the Financial Statements

Changes in Net Pension Liability

The following table shows the changes in net pension liability recognized over the measurement period for the Safety plan:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (c) = (a) - (b)
Balance at: 6/30/2016 (VD)	\$218,975,649	\$137,868,325	\$81,107,324
Changes Recognized for the Measurement Period:			
Service Cost	6,181,410		6,181,410
Interest on the Total Pension Liability	16,583,112		16,583,112
Changes of Benefit Terms	-		-
Differences between Expected and Actual Experience	(544,846)		(544,846)
Changes of Assumptions	15,075,525		15,075,525
Contributions from the Employer		7,706,792	(7,706,792)
Contributions from Employees		2,509,352	(2,509,352)
Net Investment Income		15,449,532	(15,449,532)
Benefit Payments, including Refunds of Employee Contributions	(9,330,793)	(9,330,793)	-
Administrative Expense		(203,553)	203,553
Net Changes during 2016-17	\$27,964,408	\$16,131,330	\$11,833,078
Balance at: 6/30/2017 (MD)	\$246,940,057	\$153,999,655	\$92,940,402

CITY OF FONTANA
Notes to the Financial Statements

The following table shows the changes in net pension liability recognized over the measurement period for the Miscellaneous plan:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (c) = (a) - (b)
Balance at: 6/30/2016 (VD)	\$173,146,801	\$127,506,786	\$45,640,015
Changes Recognized for the Measurement Period:			
Service Cost	4,788,249		4,788,249
Interest on the Total Pension Liability	13,067,481		13,067,481
Changes of Benefit Terms	-		-
Differences between Expected and Actual Experience	(1,186,594)		(1,186,594)
Changes of Assumptions	11,708,939		11,708,939
Net Plan to Plan Resource Movement		13,206	(13,206)
Contributions from the Employer		4,478,806	(4,478,806)
Contributions from Employees		2,148,688	(2,148,688)
Net Investment Income		14,325,541	(14,325,541)
Benefit Payments, including Refunds of Employee Contributions	(6,602,614)	(6,602,614)	-
Administrative Expense		(188,255)	188,255
Net Changes during 2016-17	\$21,775,461	14,175,372	\$7,600,089
Balance at: 6/30/2017 (MD)	\$194,922,262	\$141,682,158	\$53,240,104

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

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

CITY OF FONTANA
Notes to the Financial Statements

	Discount Rate – 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
Plan's Net Pension Liability - Safety	\$130,288,452	\$92,940,402	\$62,587,150
Plan's Net Pension Liability – Misc.	\$82,283,836	\$53,240,104	\$29,569,508

Subsequent Events

On February 13, 2018, the CalPERS Board of Administration acted to adopt change to the amortization policy. The change shortened the amortization period from 30 years to 20 years over which actuarial gains and losses are amortized for new pension liabilities. The new policy will become effective as of the June 30, 2019 actuarial valuations.

Amortization of Deferred Outflows and Deferred Inflows of Resources

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred inflows and deferred outflows to be recognized in future pension expense.

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

Difference between projected and actual earnings 5 year straight-line amortization

All other amounts Straight-line amortization over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired as of the beginning of the measurement period).

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired).

The EARSL for the Safety Plan for the 2016-17 measurement period was 5.8 years, which was obtained by dividing the total service years of 2,295 (the sum of remaining service lifetimes of the active employees) by 394 (the total number of participants). Note that inactive employees and retirees have remaining service lifetimes equal to 0. Also note that total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

CITY OF FONTANA
Notes to the Financial Statements

The EARSL for the Miscellaneous Plan for the 2016-17 measurement period was 3.4 years, which was obtained by dividing the total service years of 5,936(the sum of remaining service lifetimes of the active employees) by 1,743 (the total number of participants). Note that inactive employees and retirees have remaining service lifetimes equal to 0. Also note that total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

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

For the measurement period ending June 30, 2017 (the measurement date), the City of Fontana recognized a pension expense of \$7,837,135 for the Safety Plan.

As of June 30, 2018, the City of Fontana reports other amounts for the Safety Plan as deferred outflow and deferred inflow of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 8,083,193	\$ -
Differences between Expected and Actual Experience	747,515	(450,907)
Changes of Assumptions	12,476,297	(1,970,065)
Net Difference between Projected and Actual Earnings on Pension Plan	2,026,764	-
Total	\$ 23,333,769	\$ (2,420,972)

Employer contributions of \$8,083,193, were made after the measurement date of the net pension liability but before the end of the fiscal year; these contributions are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement period Ended June 30:	Deferred Outflows/(Inflows) of Resources
2018	\$ 2,085,090
2019	4,331,790
2020	2,889,016
2021	1,519,474
2022	2,004,234
Thereafter	-

CITY OF FONTANA
Notes to the Financial Statements

For the measurement period ending June 30, 2017 (the measurement date), the City of Fontana recognized a pension expense of \$4,606,797 for the Miscellaneous Plan.

As of June 30, 2018, the City of Fontana reports other amounts for the Miscellaneous Plan as deferred outflow and deferred inflow of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 5,061,220	\$ -
Differences between Expected and Actual Experience	-	(1,859,031)
Changes of Assumptions	8,265,133	(652,055)
Net Difference between Projected and Actual Earnings on Pension Plan	1,829,799	-
Total	\$ 15,156,152	\$ (2,511,086)

Employer contributions of \$5,061,220, were made after the measurement date of the net pension liability but before the end of the fiscal year; these contributions are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement period Ended June 30:	Deferred Outflows/(Inflows) of Resources
2018	\$ 1,722,174
2019	4,900,542
2020	2,006,320
2021	(1,045,190)
2022	-
Thereafter	-

CITY OF FONTANA
Notes to the Financial Statements

Note 13. Public Agency Retirement Services

For some City employees (regular-part-time employees) that do not qualify for inclusion in the CalPERS pension plans administered by the City, the City offers an alternative plan, the Public Agency Retirement Services Alternate Retirement System Plan (PARS ARS). Employees are enrolled, on a voluntary basis, in this defined contribution plan; the plan requires a minimum contribution of 7.5% of the employee wages and are paid by the employees only. There is no annual expense to the City for this benefit.

Note 14. Classification of Fund Balances

In the fund financial statements, government funds report the following fund balance classification:

Nonspendable include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted include amounts that are constrained on the use of resources by either (a) external creditors, grantors, contributors, or laws of regulations of other governments or (b) by law through constitutional provisions or enabling legislation.

Committed include amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest authority, City Council. The formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is resolution.

Assigned include amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The Management Services Director is authorized to assign amounts to a specific purpose, which was established by the governing body in Administrative Policy # 20-32.

Unassigned include the residual amounts that have not been restricted, committed, or assigned to specific purposes.

The General Fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it is not appropriate to report a positive unassigned fund balance amount. In governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

An individual governmental fund could include nonspendable resources and amounts that are restricted or unrestricted (committed, assigned, or unassigned) or any combination of those classifications. Restricted amounts are to be considered spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available and committed, assigned, then unassigned amounts are considered to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

CITY OF FONTANA
Notes to the Financial Statements

The details of the fund balances as of June 30, 2018 are presented below:

	Special Revenue				Capital Project			Other Governmental Funds	Totals
	Fire Protection		Housing Authority	Capital Reinvestment	Future Capital Projects	Traffic			
	General	District			Mitigation				
Fund balances:									
Nonspendable									
Deposits	\$ 115,038	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 41,100	\$ 156,138	
Inventories	349,801	-	-	-	-	-	907,001	1,256,802	
Restricted									
Community facilities districts	-	-	-	-	-	-	28,883,142	28,883,142	
Community services	-	-	-	-	-	-	130,447	130,447	
Debt service reserve	-	-	-	-	-	-	9,380,971	9,380,971	
Government-access channel	1,151,682	-	-	-	-	-	-	1,151,682	
Housing & community development	-	-	87,718,015	-	-	-	1,944,992	89,663,007	
Lighting and landscaping	-	-	-	-	-	-	6,764,719	6,764,719	
Municipal Services Impact	-	-	-	-	-	-	18,277,715	18,277,715	
Public safety	-	8,655,453	-	-	-	-	10,963,183	19,618,636	
Transportation	-	-	-	-	-	-	18,938,273	18,938,273	
Solid waste mitigation	-	-	-	-	-	-	3,161,220	3,161,220	
Committed									
Expenditure control budget reserve	1,760,877	-	-	-	-	-	-	1,760,877	
PERS reserve	3,446,363	-	-	-	-	-	-	3,446,363	
Assigned									
Capital projects	83,214	-	-	13,190,902	52,208,115	-	54,291,287	119,773,518	
Debt service	-	-	-	-	-	-	91,754	91,754	
Equipment replacement	1,267,999	-	-	-	-	-	5,201,255	6,469,254	
Retiree benefits	23,790,629	-	-	-	-	-	-	23,790,629	
Unassigned	55,080,691	-	-	-	-	(10,281,235)	(2,964,193)	41,835,263	
Total fund balances	<u>\$ 87,046,294</u>	<u>\$ 8,655,453</u>	<u>\$ 87,718,015</u>	<u>\$ 13,190,902</u>	<u>\$ 52,208,115</u>	<u>\$ (10,281,235)</u>	<u>\$ 156,012,866</u>	<u>\$ 394,550,410</u>	

Adequate reserve levels are a necessary component of the City's overall financial management strategy and to provide for the orderly provision of services to the citizens of the City of Fontana. Those necessary components are as follows:

- Economic uncertainties, local disasters and other hardships or downturns in the local economy
- Contingencies for unforeseen operating or capital needs

The balance of these components as of June 30, 2018, is \$6,919,867 and is included in the unassigned fund balance in the General Fund.

CITY OF FONTANA
Notes to the Financial Statements

Note 15. Fund Equity and Net Position Restatements

Beginning fund equity has been restated as follows:

Major governmental funds:

Housing Authority - Special Revenue
Receivables understated in prior years

1,491,833

Non-major governmental funds:

Home
Liabilities overstated in prior years

750,000

Total Governmental funds

\$ 2,241,833

Net Position has been restated as follows:

Governmental activities:

Receivables understated in prior years	\$ 1,491,833
Net capital assets overstated in prior years	(594,967)
Liabilities overstated in prior years	750,000
Implementation of GASB 75 - OPEB liabilities	<u>(46,226,849)</u>
Total Governmental activities	<u>\$ (44,579,983)</u>

CITY OF FONTANA
Notes to the Financial Statements

Note 16: Fontana Fire Protection District

The Fontana Fire Protection District (the District) was formed on July 1, 2008 pursuant to the State of California Health and Safety Code commencing with Section 13800, for the purpose of providing fire protection services. The District is a component unit of the City of Fontana; the City of Fontana has oversight responsibility of the District determined by criteria such as financial interdependency, selection of governing authority and designation of management, budget control, ability to significantly influence operations, etc.

The accounts of the District have been included within the scope of the basic financial statement of the City because the City Council has financial accountability over the operations of the District. The following information is relative only to the District as a component unit, which is an integral part of the total reporting entity.

The District reports the following governmental funds:

The Fire Protection District Special Revenue Fund accounts for the cost of fire suppression, emergency medical, fire prevention and education services incurred by the District within the City's Sphere of Influence.

The Fire Protection District CFD Special Revenue Fund accounts for the special taxes levied on property developed after January 2, 2001 to finance fire protection and suppression services within the Community Facilities District.

The Fire Protection District Capital Project Fund accounts for the money expended on capital improvements and equipment replacement for the District.

a. Cash and investments

As of June 30, 2018, the District reported \$17,507,682 as cash and investments.

The District's funds are pooled with the City of Fontana's cash and investments in order to generate optimum interest income. Each fund's share of the pooled cash account is separately accounted for, and investment income is allocated to all participating funds based on the relationship of their average daily cash balances to the total of the pooled cash and investments. Information regarding the authorized types of deposits and investments, the type of risks (i.e. credit, interest rate, custodial, etc.) and other disclosures associated with the City's pooled cash and investment is included in Note 3.

CITY OF FONTANA

Notes to the Financial Statements

b. Capital Assets

An analysis of capital assets as of June 30, 2018, follows:

	Balance June 30, 2017 as Previously Reported			Increases	Decreases	Balance June 30, 2018
Capital assets, not being depreciated						
Land	\$ 1,122,000	\$ -	\$ -			\$ 1,122,000
Total capital assets, not being depreciated	1,122,000	-	-			1,122,000
Capital assets, being depreciated						
Buildings and improvements	16,349,813	55,090	-			16,404,903
Machinery and equipment	1,658,934	172,867	-			1,831,801
Vehicles	11,800,335	-	(303,210)			11,497,125
Infrastructure	1,012,418	-	-			1,012,418
	30,821,500	227,957	(303,210)			30,746,247
Less accumulated depreciation for:						
Buildings and improvements	(2,352,383)	(466,054)	-			(2,818,437)
Machinery and equipment	(703,299)	(152,769)	-			(856,068)
Vehicles	(5,802,209)	(657,133)	297,515			(6,161,827)
Infrastructure	(103,566)	(33,747)	-			(137,313)
	(8,961,457)	(1,309,703)	297,515			(9,973,645)
Total capital assets, being depreciated, net	21,860,043	(1,081,746)	(5,695)			20,772,602
Total Capital assets, net	\$ 22,982,043	\$ (1,081,746)	\$ (5,695)			\$ 21,894,602

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

CITY OF FONTANA
Notes to the Financial Statements

c. Long-Term Debt

The District does not have any outstanding debt as of June 30, 2018.

d. Fund Balance

The district reports fund balances in accordance with the classifications consistent with the City, see Note 14 for more information on the types and descriptions of the fund balance classifications. The details of the fund balances as of June 30, 2018 are presented below:

	Special Revenue		Capital Project		
	Fire Protection District	Fire Protection District CFD	Fire Protection District	Totals	
Fund balances:					
Nonspendable					
Deposits	\$ -	\$ -	\$ 41,100	\$ 41,100	
Restricted					
Public safety	8,655,453	3,617,109	-	12,272,562	
Assigned					
Equipment replacement	-	-	5,250,256	5,250,256	
Total fund balances	<u>\$ 8,655,453</u>	<u>\$ 3,617,109</u>	<u>\$ 5,291,356</u>	<u>\$ 17,563,918</u>	

e. Fire Protection Services Agreement

The District entered into a fire protection services agreement with the San Bernardino County Fire Protection District (County) effective July 1, 2008 for a period of ten (10) years. The agreement calls for the County to provide to the District fire prevention, fire investigation, fire suppression, advance life support services, ambulance transportation service, hazardous materials, and rescue services. The District paid \$27,921,624 to the County for these services during the fiscal year ending June 30, 2018. The County also provides various administrative duties including billing and collecting of advanced life support and ambulance transportation fees for the District. The District leased its real property, furniture and fixtures, and fire apparatus and equipment to the County for one dollar for the life of the contract. The agreement calls for the County to maintain insurance for workers compensation, comprehensive general and automobile.

The details of the contract expenses for the fiscal year ending June 30, 2018 are as follows:

CITY OF FONTANA
Notes to the Financial Statements

Salaries and benefits	\$ 21,865,040
Services and supplies	3,532,638
Station expenses	1,016,121
Fire Prevention services	198,285
County contract management fee	<u>1,309,540</u>
 Total contract expenses	 <u>\$ 27,921,624</u>

Note 17. Successor Agency Trust for Assets of Former Redevelopment Agency

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 (“the Bill”) that provided for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of Fontana that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit. In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012.

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

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

In future fiscal years, successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

The Bill directs the State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by the Bill. This review was completed October 2014 and identified \$7,124,646 in unallowable transfers. The City has contended all unallowable transfers however the State Controller upholds its initial finding and has instructed the City to return the assets to the Successor Agency in a timely manner. As of June 30, 2018, the assets have not yet been returned to the State Controller.

CITY OF FONTANA
Notes to the Financial Statements

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

As of June 30, 2018, there is one obligation that has been denied by the State Department of Finance that is currently being contested through the California court system. The Jurupa Hills Owner Participation Agreement (OPA) has been disallowed due to insufficient documentation to support the outstanding obligation, inability to ever repay the entire debt and the opinion that the agreement appears contrary to public policy. In July 2016, the Courts ruled in favor of the Successor Agency; the State Department of Finance has filed an appeal to the ruling.

After the date of dissolution, the assets and activities of the dissolved redevelopment agency are reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City.

a. Cash and investments

Cash and investments reported in the accompanying financial statements consisted of the following:

Cash and investments pooled with the City	\$ 289,312
Cash and investments with fiscal agent	<u>28,335,929</u>
	<u><u>\$28,625,241</u></u>

b. Loans Receivable

Loans receivable reported in the accompanying financial statements consist of the following:

1. A loan was issued for the Oleander Storm Drain on March 2003 in the amount of \$850,429. The balance of the loan at June 30, 2018 was \$850,429. The purpose of the loan was to assist the developer with infrastructure improvements. There is no set repayment schedule for this loan.
2. Various first time home buyer assistance program loans were issued between the period of August 2004 and January 2009 for a total amount of \$350,000. Payments on these loans are deferred until their due date, 10 years after issuance, at which time 20% of the loan will become forgivable. The balance of the loans at June 30, 2018 was \$79,021.
3. A loan was issued for the Chaffey College in February 2005 in the amount of \$4,000,000. The balance of the loan at June 30, 2018 was \$2,180,000. The purpose of the loan was to assist with the costs of expanding the campus located within the City of Fontana. This loan is scheduled to be repaid over a term of 30 years.
4. Various loans were issued for the San Gabriel Valley Water Company in 1988-1989 in the amount of \$330,756. The balance at the loan at June 30, 2018 was \$92,290. The loan represents the reimbursement of costs incurred by the Agency for construction of water infrastructure. This loan is scheduled to be repaid over a 40 year period.

CITY OF FONTANA
Notes to the Financial Statements

c. Long-Term Debt

A description of long-term debt outstanding (excluding defeased debt) of the Successor Agency as of June 30, 2018, follows:

Fiduciary Activities:	Balance		Balance June 30, 2018	Amounts Due Within One Year	Amounts Due in More Than One Year
	June 30, 2017	As Previously Reported			
Tax Allocation Bonds and Notes:					
North Fontana Project Area	\$ 170,255,000	\$ -	\$ 170,255,000	\$ -	\$ -
Jurupa Hills Project Area	48,500,000	-	3,325,000	45,175,000	3,505,000
Southwest Industrial Park Project Area	38,915,000	-	38,915,000	-	-
Sierra Corridor	43,890,000	-	43,890,000	-	-
Downtown Project Area	3,945,000	-	3,945,000	-	-
2017 Tax Allocation Refunding Bonds	-	208,125,000	-	208,125,000	12,635,000
Other Redevelopment Agency:					
Advances from City	38,596,824	-	6,125,887	32,470,937	876,042
Owner participation agreements	205,612,023	477,484	-	206,089,507	-
Total Redevelopment Agency	<u>\$ 549,713,847</u>	<u>\$ 208,602,484</u>	<u>\$ 266,455,887</u>	<u>\$ 491,860,444</u>	<u>\$ 17,016,042</u>
			Unamortized bond premium	36,104,891	36,104,891
				<u>\$ 527,965,335</u>	<u>\$ 510,949,293</u>

Tax Allocation Bonds

The Former Fontana Redevelopment Agency has issued the following Tax Allocation Bonds which are special obligations of the Successor Agency secured by pledged property tax revenues. The bonds are not a debt of the City and are not payable out of any funds or properties other than those of the Successor Agency:

1997 Series A Refunding Bonds (Jurupa Hills)

\$52,170,000 of *Jurupa Hills Redevelopment Project Tax Allocation Refunding Bonds, 1997 Series A*, were issued in December 1997. The proceeds were used to current refund all of the Agency's Jurupa Hills Redevelopment Project Tax Allocation Bond Anticipation Notes, 1994, in the amount of \$10,300,000, and to advance refund all of the Agency's Jurupa Hills Redevelopment Project Refunding Tax Allocation Bonds, 1992 Series A, in the amount of \$36,790,000. The bonds pay interest semi-annually at rates ranging from 4.0% to 5.5% and mature from October 1998 through October 2027.

1997 Series A Refunding Bonds (Jurupa Hills)

	Principal	Interest	Total
2019	\$ 1,055,000	\$ 2,104,988	\$ 3,159,988
2020	3,350,000	1,983,850	5,333,850
2021	3,540,000	1,794,375	5,334,375
2022	3,735,000	1,594,313	5,329,313
2023	3,935,000	1,383,388	5,318,388
2024-2028	<u>23,185,000</u>	<u>3,324,338</u>	<u>26,509,338</u>
Totals	<u>\$ 38,800,000</u>	<u>\$ 12,185,252</u>	<u>\$ 50,985,252</u>

CITY OF FONTANA
Notes to the Financial Statements

1999 Series A Refunding Bonds (Jurupa Hills)			
	Principal	Interest	Total
2019	\$ 2,450,000	\$ 288,400	\$ 2,738,400
2020	350,000	210,000	560,000
2021	365,000	189,980	554,980
2022	385,000	168,980	553,980
2023	410,000	146,720	556,720
2024-2028	2,415,000	352,940	2,767,940
Totals	\$ 6,375,000	\$ 1,357,020	\$ 7,732,020

1999 Series A Refunding Bonds (Jurupa Hills)

\$33,985,000 of *Jurupa Hills Redevelopment Project Tax Allocation Refunding Bonds, 1999 Series A*, were issued in June 1999. The proceeds were used to advance refund the Jurupa Hills Redevelopment Project Tax Allocation Refunding Bonds, 1994 Series A, in the amount of \$23,915,000 and to advance refund the Former Redevelopment Agency's Jurupa Hills Redevelopment Project Subordinate Tax Allocation Refunding Bonds, 1994 Series B, in the amount of \$5,560,000. The bonds pay interest semi-annually at rates ranging from 4.25% to 5.6% and mature from October 2000 through October 2027.

2017 Tax Allocation Refunding Bonds

\$208,125,00 of *2017 Tax Allocation Refunding Bonds* were issued in November 2017. The bonds pay interest semi-annually at rates ranging from 1.50% to 3.00% and mature from October 2018 to October 2036. The proceeds were used to refinance various tax allocation bonds previously issued by the Former Redevelopment Agency of the City of Fontana. The details of those issues are as follows:

\$ 23,775,000	1998 Tax Allocation Bonds (Southwest Industrial Park)
3,230,000	2000 Tax Allocation Bonds (Downtown)
14,015,000	2001 Series A Tax Allocation Bonds (North Fontana)
47,990,000	2003 Series A and B Tax Allocation Bonds (North Fontana)
13,180,000	2003 Series A and B Tax Allocation Bonds (Southwest Industrial Park Project)
10,065,000	2004 Tax Allocation Bonds (Sierra Corridor)
100,635,000	PFA 2005 Series A Tax Allocation Bonds (North Fontana)
<u>32,500,000</u>	RDA 2007 Tax Allocation Refunding Bonds (Sierra Corridor)
 <u>\$ 245,390,000</u>	

The Successor Agency completed the refinancing to reduce its total debt service payments over the next 19 years by \$62.8 million and to obtain an economic gain (difference between the present value of the old and new debt service payments of \$49.8 million.

CITY OF FONTANA
Notes to the Financial Statements

2017 Tax Allocation Refunding Bonds			
	Principal	Interest	Total
2019	\$ 12,635,000	\$ 9,530,212	\$ 22,165,212
2020	11,255,000	9,127,438	20,382,438
2021	11,695,000	8,627,000	20,322,000
2022	11,300,000	8,073,962	19,373,962
2023	11,240,000	7,533,525	18,773,525
2024 - 2028	64,210,000	28,821,819	93,031,819
2029 - 2033	73,980,000	11,729,125	85,709,125
2034 - 2037	<u>11,810,000</u>	<u>792,750</u>	<u>12,602,750</u>
Totals	<u>\$ 208,125,000</u>	<u>\$ 84,235,831</u>	<u>\$ 292,360,831</u>

Long-Term Payables to the City of Fontana

The advances between the City and the Former Redevelopment Agency include the following:

1. A loan between the Agency and the City which resulted from the amendment to the 1991 Junior Lien Tax Allocation Bonds. The principal balance of the advances at June 30, 2018 was \$28,377,270.
2. Advances between the City and the Agency for administrative and other costs. The principal balance of the advances at June 30, 2018 was \$4,093,667. Repayments on this loan are pending the approval of the State Department of Finance.

Payable Under Jurupa Hills Owner Participation Agreement

The Agency has entered into an owner participation agreement (OPA) with Ten-Ninety, Ltd., a private land development partnership (the Participating Owner), relating to the Jurupa Hills Project Area. The OPA requires, among other things, the reimbursement by the Agency to the Participating Owner of costs incurred for certain infrastructure and other improvements. Costs advanced, which accrue interest at 15.5%, are reimbursed from, and limited to: (i) the tax increment revenue generated in the Southridge Village portion of the Jurupa Hills Project Area and (ii) certain fees and assessments collected from benefited property owners.

In January 1992, the City, Agency and Participating Owner entered into two agreements in further implementation of the development of Southridge Village; a Facilitation Agreement and an Amendment No. 3 to OPA and Composite OPA. On March 31, 1992, a judgment was entered by the San Bernardino County Superior Court validating the provisions of these two agreements and declaring them to be legally binding upon the parties.

CITY OF FONTANA
Notes to the Financial Statements

The Facilitation Agreement provides for specific allocations of costs and responsibilities between the City and Participating Owner with respect to certain public works items and for the discharge of the Participating Owner's obligations and responsibilities with respect to the infrastructure items for Phase I, II and III of Southridge Village.

Amendment No. 3 to OPA includes acknowledgment that the Participating Owner has completed its infrastructure obligations relating to the development of Southridge Village, and provides for certain payments by the Participating Owner to the Agency and City, in order to mitigate certain negative fiscal impacts imposed by the development and continued existence of Southridge Village. As described in the agreements, the payments to the City and Agency will be in amounts equal to 35% of the residual tax increments and 50% of the assessments and other reimbursements to be paid to the Participating Owner as reimbursement for public infrastructure improvements installed by the Participating Owner.

The balance at June 30, 2018 does not include \$661,504,708 of accumulated unpaid interest that is subject to the same limitations of reimbursement from tax increment revenue, fees and assessments as is the case for costs of construction advanced. The total reimbursement costs of the project are \$206,089,507. This obligation has been disallowed by the State Department of Finance due to insufficient documentation to support the outstanding obligation, inability to ever repay the entire debt and the opinion that the agreement appears contrary to public policy. This determination is currently being challenged in the California court system by the Successor Agency. A hearing was held in July 2016, in which the courts ruled in favor of the Successor Agency however, the State Department of Finance has since appealed that ruling.

In October 1988, the Agency issued \$28,700,000 of Refunding Tax Allocation Bonds, 1988 Series A, and in June 1992, the Agency issued \$37,765,000 of Refunding Tax Allocation Bonds, 1992 Series A, both issues relating to the Jurupa Hills Project Area. In October 1994, the Agency issued \$26,350,000 of Refunding Tax Allocation Bonds, 1994 Series A, and \$5,930,000 of Refunding Tax Allocation Bonds, 1994 Series B. Both of these issues were used to defease the 1988 Series A Refunding Tax Allocation Bonds and to refund a portion of the principal obligation due to the participating owner. In December 1997, the Agency issued \$52,170,000 of Tax Allocation Refunding Bonds, 1997 Series A. The proceeds were used to refund the 1994 Tax Allocation Bond Anticipation Notes and to defease the 1992 Series A Refunding Tax Allocation Bonds. In June 1999, the Agency issued \$33,985,000 of Tax Allocation Refunding Bonds, 1999 Series A. The proceeds were used to defease the 1994 Series A and 1994 Series B Tax Allocation Refunding Bonds. The payable under the OPA is subordinate to these bond issues.

Pledged Revenue

The Successor Agency pledged, as security for bonds issued, either directly or through the Financing Authority, a portion of tax increment revenue (including Low and Moderate Income Housing set-aside and pass through allocations) that it receives. The bonds issued were to provide financing for various capital projects, accomplish Low and Moderate Income Housing projects and to defease previously issued bonds. Assembly Bill 1X 26 provided that upon dissolution of the Redevelopment Agency, property taxes allocated to redevelopment agencies no longer are deemed tax increment but rather property tax revenues and will be allocated first to successor agencies to make payments on the indebtedness incurred by the dissolved redevelopment agency. Total principal and interest remaining on the debt is \$383,549,040 with annual debt service requirements as indicated above. For the current year, the total property tax revenue recognized by the Successor Agency for the payment of indebtedness incurred by the dissolved redevelopment agency was \$43,425,868 and the debt service obligation on the bonds was \$39,641,548.

CITY OF FONTANA
Notes to the Financial Statements

d. Insurance

The Successor Agency is covered under the City of Fontana's insurance policies. Therefore, the limitation and self-insured retentions applicable to the City also apply to the Successor Agency. Additional information as to coverage and self-insured retentions can be found in Note 8.

e. Commitments and Contingencies

At June 30, 2018, the Successor Agency was involved as a defendant in several lawsuits arising out of the ordinary conduct of its affairs. It is the opinion of management that settlements of these lawsuits, including losses for claims that are incurred but not reported, if any, will not have a material effect on the financial position of the Successor Agency.

Note 18. Tax Abatement

The City occasionally enters into Operating Covenant Agreements (OCA) with local businesses as a mechanism to promote economic development in the City, retain business and create jobs. The City currently has one OCA in which the City is granting a portion of sales tax revenues generated back to the retailer as an incentive to continue operating their business in the City.

The OCA was entered into in December 2015 and has an initial term of 20 years. The City has agreed to share (50%-50%) the sales tax generated each quarter that exceeds the agreed upon base amount.

Note 19. Subsequent Events

Community Facilities District No. 31 (Citrus Heights North) Special Tax Refunding Bonds, Series 2018

On July 11, 2018, the Community Facilities District No. 31 (Citrus Heights North) of the City of Fontana issued \$18,485,000 of Special Tax Refunding Bonds. The bonds mature September 1, 2036, with interest yields of 2.00 to 5.00 percent. Proceeds from the bonds will be used to refinance the bonds previously issued by the Community Facilities District. The refinancing resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$2.1 million. The District completed the refinancing to reduce its total debt service payments over the next 18 years by \$3.3 million and to obtain an economic gain (difference between the present value of the old and new debt service payments of \$2.2 million.

2018 Tax Allocation Refunding Bonds, Jurupa Hills

On July 18, 2018, the Successor Agency to the Former Redevelopment Agency of the City of Fontana issued \$31,580,000 of 2018 Tax Allocation Refunding Bonds. The bonds mature October 1, 2027, with an interest yield of 5.00 percent. Proceeds from the bonds will be used to refinance various tax allocation bonds previously issued by the Former Redevelopment Agency of the City of Fontana for the Jurupa Hills Project Area. The refinancing resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$13.6 million. The Successor Agency completed the refinancing to reduce its total debt service payments over the next 10 years by \$14.0 million and to obtain an economic gain (difference between the present value of the old and new debt service payments of \$6.5 million.

Required Supplementary Information

CITY OF FONTANA

Schedule of Changes in Net Pension Liability and Related Ratios During the Measurement Period

Safety Plan

	2017	2016	2015	2014
Measurement Period				
TOTAL PENSION LIABILITY				
Service Cost	\$ 6,181,410	\$ 5,464,647	\$ 5,255,619	\$ 5,261,265
Interest	16,583,112	15,674,983	14,718,880	13,833,230
Changes of Benefit Terms	-	-	-	-
Difference between Expected and Actual Experience	(544,846)	773,988	463,048	-
Changes of Assumptions	15,075,525	-	(3,940,129)	-
Benefit Payments, Including Refunds of Employee Contributions	(9,330,793)	(8,666,808)	(8,043,006)	(7,265,033)
Net Change in Total Pension Liability	27,964,408	13,246,810	8,454,412	11,829,462
Total Pension Liability – Beginning	218,975,649	205,728,839	197,274,427	185,444,965
Total Pension Liability – Ending (a)	\$ 246,940,057	\$ 218,975,649	\$ 205,728,839	\$ 197,274,427
PLAN FIDUCIARY NET POSITION				
Contributions – Employer	7,706,792	6,985,270	6,756,772	6,213,039
Contributions – Employee	2,509,352	2,505,888	2,177,122	1,764,545
Net Investment Income	15,449,532	710,225	2,956,715	19,674,310
Benefit Payments, Including Refunds of Employee Contributions	(9,330,793)	(8,666,808)	(8,043,006)	(7,265,033)
Other Changes in Net Fiduciary Position	(203,553)	(83,139)	(153,538)	-
Net Change in Fiduciary Net Position	16,131,330	1,451,436	3,694,065	20,386,861
Plan Fiduciary Net Position – Beginning	137,868,325	136,416,889	132,722,824	112,335,963
Plan Fiduciary Net Position – Ending (b)	\$ 153,999,655	\$ 137,868,325	\$ 136,416,889	\$ 132,722,824
Plan Net Pension Liability – Ending (a) - (b)	\$ 92,940,402	\$ 81,107,324	\$ 69,311,950	\$ 64,551,603
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.36%	62.96%	66.31%	67.28%
Covered Payroll	21,411,929	21,176,697	20,121,052	19,360,681
Plan Net Pension Liability as a Percentage of Covered Payroll	434.06%	383.00%	344.47%	333.42%

Notes to Schedule:

Benefit Changes: There were no changes to benefit terms specific to the plan

Changes of Assumptions: In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5 percent discount rate.

GASB 68 was implemented in FY 2014-15, therefore only four years of information is being presented.

CITY OF FONTANA

Schedule of Changes in Net Pension Liability and Related Ratios During the Measurement Period

Miscellaneous Plan

Measurement Period	2017	2016	2015	2014
TOTAL PENSION LIABILITY				
Service Cost	\$ 4,788,249	\$ 4,194,877	\$ 4,254,965	\$ 4,004,767
Interest	13,067,481	12,382,291	11,767,900	11,147,316
Changes of Benefit Terms	-	-	-	-
Difference between Expected and Actual Experience	(1,186,594)	(1,811,514)	(1,027,499)	-
Changes of Assumptions	11,708,939	-	(3,097,256)	-
Benefit Payments, Including Refunds of Employee Contributions	(6,602,614)	(6,385,882)	(5,914,227)	(5,994,855)
Net Change in Total Pension Liability	21,775,461	8,379,772	5,983,883	9,157,228
Total Pension Liability – Beginning	173,146,801	164,767,029	158,783,146	149,625,918
Total Pension Liability – Ending (a)	\$ 194,922,262	\$ 173,146,801	\$ 164,767,029	\$ 158,783,146
PLAN FIDUCIARY NET POSITION				
Net Plan to Plan Resource Movement	13,206	-	-	-
Contributions – Employer	4,478,806	4,452,429	3,868,104	3,657,678
Contributions – Employee	2,148,688	2,157,198	2,068,784	2,016,250
Net Investment Income	14,325,541	622,155	2,781,662	18,466,862
Benefit Payments, Including Refunds of Employee Contributions	(6,602,614)	(6,385,882)	(5,914,227)	(5,994,855)
Other Changes in Net Fiduciary Position	(188,255)	(77,240)	(142,590)	-
Net Change in Fiduciary Net Position	14,175,372	768,660	2,661,733	18,145,935
Plan Fiduciary Net Position – Beginning	127,506,786	126,738,126	124,076,393	105,930,458
Plan Fiduciary Net Position – Ending (b)	\$ 141,682,158	\$ 127,506,786	\$ 126,738,126	\$ 124,076,393
Plan Net Pension Liability – Ending (a) - (b)	\$ 53,240,104	\$ 45,640,015	\$ 38,028,903	\$ 34,706,753
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.69%	73.64%	76.92%	78.14%
Covered Payroll	28,947,762	28,347,600	28,221,562	25,050,147
Plan Net Pension Liability as a Percentage of Covered Payroll	183.92%	161.00%	134.75%	138.55%

Notes to Schedule:

Benefit Changes: There were no changes to benefit terms specific to the plan

Changes of Assumptions: In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5 percent discount rate.

GASB 68 was implemented in FY 2014-15, therefore only four years of information is being presented.

CITY OF FONTANA
Schedule of Plan Contributions
Safety Plan

	Fiscal Year				
	2017-18	2016-17	2015-16	2014-15	2013-14
Actuarially Determined Contribution Contributions in Relation to the Actuarially Determined Contribution Contribution Deficiency (Excess)	\$ 8,083,193 <u>(8,083,193)</u> <u>\$ -</u>	\$ 6,985,270 <u>(6,985,270)</u> <u>\$ -</u>	\$ 6,961,021 <u>(6,961,021)</u> <u>\$ -</u>	\$ 6,756,772 <u>(6,756,772)</u> <u>\$ -</u>	\$ 6,213,039 <u>(6,213,039)</u> <u>\$ -</u>
Covered Payroll	\$ 22,054,287	\$ 21,411,929	\$ 21,176,697	\$ 20,121,052	\$ 19,360,681
Contributions as a Percentage of Covered Payroll	36.65%	32.62%	32.87%	33.58%	32.09%

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2017-18 were from the June 30, 2015 public agency valuations.

GASB 68 was implemented in FY 2014-15, therefore only the five most recent years of information is being presented.

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	For details, see June 30, 2015 Funding Valuation Report
Asset Valuation Method	Actuarial Value of Assets. For details, see June 30, 2015 Funding Valuation Report.
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	3.00%
Investment Rate of Return	7.50% Net of Pension Plan Investment Expenses, including Inflation.
Retirement Age	The probabilities of Retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

CITY OF FONTANA
Schedule of Plan Contributions
Miscellaneous Plan

	Fiscal Year				
	2017-18	2016-17	2015-16	2014-15	2013-14
Actuarially Determined Contribution Contributions in Relation to the Actuarially Determined Contribution Contribution Deficiency (Excess)	\$ 5,061,220 (5,061,220)	\$ 4,452,429 (4,452,429)	\$ 4,365,832 (4,365,832)	\$ 3,868,104 (3,868,104)	\$ 3,657,678 (3,657,678)
Covered Payroll	\$ 29,816,195	\$ 28,947,762	\$ 28,347,600	\$ 28,221,562	\$ 25,050,147
Contributions as a Percentage of Covered Payroll	16.97%	15.38%	15.40%	13.71%	14.60%

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2017-18 were from the June 30, 2015 public agency valuations.

GASB 68 was implemented in FY 2014-15, therefore only the five most recent years of information is being presented.

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	For details, see June 30, 2015 Funding Valuation Report
Asset Valuation Method	Actuarial Value of Assets. For details, see June 30, 2015 Funding Valuation Report.
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	3.00%
Investment Rate of Return	7.50% Net of Pension Plan Investment Expenses, including Inflation.
Retirement Age	The probabilities of Retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

CITY OF FONTANA
Schedule of Changes in Total OPEB Liability and Related Ratios
for the Measurement Periods Ended June 30,

Measurement Period	<u>2017</u>
TOTAL OPEB LIABILITY	
Service cost	\$ 1,073,307
Interest on the total OPEB liability	2,345,864
Actual and expected experience difference	-
Changes in assumptions	-
Changes in benefit terms	-
Benefit payments	<u>(2,467,790)</u>
Net change in total OPEB liability	951,381
Total OPEB liability - beginning	<u>69,156,580</u>
Total OPEB liability - ending (a)	<u>\$ 70,107,961</u>
Covered-employee payroll	\$ 50,359,691
Net OPEB liability as a percentage of covered-employee payroll	139.21%

Notes to Schedule:

Historical information is required only for measurement periods for which GASB 75 is applicable.

Future years' information will be displayed up to 10 years as information becomes available.



Combining and Individual Fund Statements and Schedules

Non-Major Governmental Funds

Special Revenue Funds

Special Revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Gas Tax - To account for receipts and expenditures of money apportioned by the State and Highway Code §'s 2103, 2105, 2106, 2107 and 2107.5. Gas Tax moneys can only be used to construct and maintain streets and highways.

Traffic Congestion Relief – To account for the receipt of voter-approved (Measure I) tax revenue relating to the relief of traffic congestion through maintenance and upkeep of streets and highways.

Traffic Safety - To account for fines collected on vehicle code infractions and the use of expenditures for traffic safety purposes.

Prop 1B – To account for the receipts and expenditures of money allocated by the Highway Safety, Traffic Reduction, Air Quality and Port Security Bond Act of 2006, Local Street and Roads Improvement Allocation. Prop 1B moneys can only be used on street improvement projects.

Municipal Services Fiscal Impact - To account for moneys paid by developers of new development projects to mitigate their negative impact on the City's services and General Fund.

Solid Waste Mitigation - To account for moneys paid by the County of San Bernardino to mitigate the use of city infrastructure for refuse disposed at the landfill just outside of city limits.

Road Maintenance and Rehabilitation – the account for receipts and expenditures of money apportioned by the State under the Road Repair and Accountability Act of 2017 for road maintenance and rehabilitation projects for cities and counties.

Home Program - To account for the activity of improving the supply of high-quality multifamily properties which are also available to low income households at affordable rent levels.

Crime Prevention Seizure - To account for the receipt of 1% of Federal seizures from illegal narcotic activities, and the expenditure of such assets to fund crime prevention programs such as DARE.

State Seizure - To account for the receipt of seized assets from illegal narcotic activities obtained through cooperation with State agencies and the expenditure of such assets for local law enforcement purposes.

Federal Seizure - To account for the receipt of seized assets from illegal narcotic activities obtained through cooperation with Federal agencies and the expenditure of such assets for local law enforcement purposes.

Non-Major Governmental Funds

Special Revenue Funds (continued)

Grants - To account for miscellaneous Federal, State and County grants requiring segregated fund accounting.

Housing and Community Development Block Grant - To account for the receipts and expenditures of the City's entitlements under Federal Community Development Block Grant (CDBG) programs of the US Department of Housing and Urban Development (HUD).

Federal Law Enforcement Block Grant - To account for Federal block grant funds used to enhance policing services.

AB 3229 State COPS Program - To account for State grant funds used to enhance policing services.

Office of Traffic Safety - To account for a State grant, matched with local funding, to augment abandoned vehicle towing.

Air Quality Management District - To account for receipts from the South Coast Air Quality Management District used for the purpose of reducing air pollution from motor vehicles.

Down Payment Assistance – To track receipts and expenditures for the HUD first time homebuyer assistance program.

Community Services Reimbursements - To account for after school programs funded through Proposition 49.

Fontana Community Foundation- To account for costs associated with the Fontana Community Foundation, a separate legal entity governed by Section 501(c)(3) of the Internal Revenue Code of 1986 for the purpose of aiding and assisting in the implementation, improvement and maintenance of public services that preserve and promote the health and welfare and education of local citizenry of the City of Fontana.

Fire Protection District CFD- To account for special taxes levied on property developed after January 2, 2001 to finance fire protection and suppression services within the Community Facilities District.

Fire Protection District Grants - to account for Federal, State, and County grants requiring segregated fund accounting.

Landscape Maintenance Districts - To account for special benefit assessments levied on property owners for landscape maintenance in various zones throughout the City.

Lighting District #3 - Hunter's Ridge - To account for special assessments imposed on property owners in the Hunter's Ridge area to pay for street lighting.

Community Facilities Districts - To account for special taxes levied on property owners in the development for landscape maintenance, parks and street lighting in the City's numerous special assessments districts.

Non-Major Governmental Funds

Debt Service Funds

Debt Service funds are used to account for the accumulation of resources and the payment of general obligation bond principal and interest from governmental resources, and special assessment bond principal and interest from special assessment levies, when the government is obligated in some manner for the payment.

General Debt Service – To account for debt service payments on general City obligations.

Capital Project Funds

The Capital Project funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

Storm Drain - To account for receipts from drainage fees imposed on developers, for the construction of storm drainage facilities within the City limits.

San Sevaine Flood Control - To account for flood control fees collected for the construction of flood control improvements in the San Sevaine Area.

Upper Etiwanda Flood Control- To account for flood control fees collected for the construction of flood control improvements.

Park Development- To account for receipts and expenditures from park development fees for new parks and renovation of existing parks.

Landscape Improvements - To account for landscaping improvement fees used to improve landscaping Citywide.

Library Capital Improvement - To account for developer impact fees used for the construction of library facilities.

Police Facility- To account for development impact fees to fund capital improvements of police facilities and equipment.

General Government Improvement - To account for developer impact fees used for the capital construction of City facilities.

Capital Improvements- To account for moneys expended on miscellaneous capital improvements.

Non-Major Governmental Funds

Capital Project Funds (continued)

Underground Utilities - To account for developer fees used for offsetting the cost of relocating electrical and cable lines underground to enhance the appearance and the safety of the community.

Sewer Expansion – To account for the receipt of developer impact fees used by the Inland Empire Utilities Agency for the expansion and construction of sewer treatment facilities.

Fire Assessment - To account for revenues from special tax assessments and for expenditures relating to fire prevention and protection.

Affordable Housing Trust - to account inclusionary housing and affordable housing developer impact fees to be used to construct, rehabilitate or subsidize affordable housing that complies with the Affordable Housing Trust Fund regulations.

Fire Protection District - To account for moneys expended on capital improvements and equipment replacement for the Fontana Fire Protection District.

Fontana Housing Authority- To account for costs associated with the Housing Authority, a separate legal entity governed by California State Housing Authority law. The Housing Authority uses funds from the Fontana Redevelopment Agency's Low and Moderate Income Housing Fund and Federal Department of Housing and Urban Development Program Grants to actively improve and develop quality neighborhoods and housing opportunities throughout the City of Fontana.

Community Facilities Districts - To account for bond proceeds used to finance infrastructure improvements in the City's various capital project districts.

CITY OF FONTANA
 Combining Balance Sheet
 Non-Major Governmental Funds
 June 30, 2018

Schedule 1
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	Special Revenue							
	Traffic		Municipal		Solid		Road	
	Gas Tax	Congestion Relief	Traffic Safety	Prop 1B	Services Fiscal Impact	Waste Mitigation	Maintenance And Rehabilitation	Home Program
Assets:								
Cash and investments	\$ 502,271	\$ 16,950,487	\$ 234,187	\$ 130,524	\$ 18,199,915	\$ 2,936,962	\$ -	\$ 822,721
Accounts	-	117,021	140	-	-	-	-	-
Assessments	-	-	-	-	-	-	-	-
Interest	3,251	71,059	2,030	553	77,800	8,785	324	218,661
Loans	-	-	-	-	-	-	-	5,143,202
Allowance for doubtful accounts	-	-	-	-	-	-	-	-
Due from other governments	330,560	2,108,046	58,311	-	-	925,819	450,997	-
Inventories	108,097	-	798,904	-	-	-	-	-
Deposits	-	-	-	-	-	-	-	-
Land held for resale	-	-	-	-	-	-	-	-
Restricted assets:								
Cash with fiscal agent	-	-	-	-	-	-	-	-
Total Assets	\$ 944,179	\$ 19,246,613	\$ 1,093,572	\$ 131,077	\$ 18,277,715	\$ 3,871,566	\$ 451,321	\$ 6,184,584
Liabilities, Deferred Inflows and Fund Balances:								
Liabilities:								
Accounts payable	\$ 227,541	\$ 535,952	\$ 14,982	\$ -	\$ -	\$ 710,346	\$ -	\$ 443
Deposits payable	-	5,980	-	-	-	-	-	-
Retentions payable	-	53,479	-	-	-	-	-	-
Due to other funds	-	1,282,904	-	-	-	-	416,901	-
Due to other governments	-	-	-	-	-	-	-	5,361,863
Unearned revenue	-	-	-	-	-	-	-	-
Total Liabilities	227,541	1,878,315	14,982	-	-	710,346	416,901	5,362,306
Deferred inflows of resources:								
Unavailable revenues	-	53,584	-	-	-	-	-	-
Fund balances:								
Nonspendable	108,097	-	798,904	-	-	-	-	-
Restricted	608,541	17,314,714	279,686	131,077	18,277,715	3,161,220	34,420	822,278
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
Total fund balances	716,638	17,314,714	1,078,590	131,077	18,277,715	3,161,220	34,420	822,278
Total liabilities, deferred inflows of resources and fund balances	\$ 944,179	\$ 19,246,613	\$ 1,093,572	\$ 131,077	\$ 18,277,715	\$ 3,871,566	\$ 451,321	\$ 6,184,584

CITY OF FONTANA
 Combining Balance Sheet
 Non-Major Governmental Funds
 June 30, 2018

Schedule 1
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	Special Revenue									
	Crime Prevention Seizure		State Seizure		Federal Seizure		Grants		Housing and Community Development Block Grant	
Assets:										
Cash and investments	\$ 44,636	\$ 258,088	\$ 5,565,411	\$ 1,581,473	\$ 578,170	\$ 6,245	\$ 331,505	\$ 856,689		
Accounts	-	-	2,899	-	-	-	-	-	72,930	
Assessments	-	-	-	-	-	-	-	-	-	
Interest	190	933	20,831	-	-	-	-	-	-	2,533
Loans	-	-	-	-	722,785	-	-	-	-	-
Allowance for doubtful accounts	-	-	-	-	-	-	-	-	-	-
Due from other governments	-	-	253,683	2,007,687	222,606	-	-	-	-	88,070
Inventories	-	-	-	-	-	-	-	-	-	-
Deposits	-	-	-	-	-	-	-	-	-	-
Land held for resale	-	-	-	-	557,195	-	-	-	-	-
Restricted assets:										
Cash with fiscal agent	-	-	19,615	-	95,965	-	-	-	-	-
Total Assets	\$ 44,826	\$ 259,021	\$ 5,862,439	\$ 3,589,160	\$ 2,176,721	\$ 6,245	\$ 331,505	\$ 1,020,222		
Liabilities, Deferred Inflows and Fund Balances:										
Liabilities:										
Accounts payable	\$ -	\$ 830	\$ 188,269	\$ 453,748	\$ 190,599	\$ 6,328	\$ 37,889	\$ 16,310		
Deposits payable	-	-	-	-	-	-	-	-	-	-
Retentions payable	-	-	19,615	64,403	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-	-	-
Due to other governments	-	-	-	-	722,785	-	-	-	-	-
Unearned revenue	-	-	-	3,092,014	-	-	188,693	-	-	-
Total Liabilities	-	830	207,884	3,610,165	913,384	6,328	226,582	16,310		
Deferred inflows of resources:										
Unavailable revenues	-	-	-	1,733,646	155,322	378	-	-	19	
Fund balances:										
Nonspendable										
Restricted	44,826	258,191	5,654,555	-	1,108,015	-	104,923	1,003,893		
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	(1,754,651)	-	(461)	-	-	-	-
Total fund balances	44,826	258,191	5,654,555	(1,754,651)	1,108,015	(461)	104,923	1,003,893		
Total liabilities, deferred inflows of resources and fund balances	\$ 44,826	\$ 259,021	\$ 5,862,439	\$ 3,589,160	\$ 2,176,721	\$ 6,245	\$ 331,505	\$ 1,020,222		

CITY OF FONTANA
 Combining Balance Sheet
 Non-Major Governmental Funds
 June 30, 2018

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	Special Revenue							
	Air Quality Management District	Down Payment Assistance	Community Services Reimbursements	Fontana Community Foundation	Fire Protection District CFD	Fire Protection District Grants	Landscape Maintenance Districts	Lighting District #3 Hunter's Ridge
Assets:								
Cash and investments	\$ 776,474	\$ -	\$ -	\$ 129,896	\$ 3,602,708	\$ -	\$ 7,028,221	\$ 34,556
Accounts	-	-	-	-	-	-	-	-
Assessments	-	-	-	-	-	-	86,503	401
Interest	3,447	-	-	551	14,401	-	27,251	132
Loans	-	14,699	-	-	-	-	-	-
Allowance for doubtful accounts	-	-	-	-	-	-	(50,420)	(144)
Due from other governments	70,055	-	1,209,082	-	-	36,904	594	-
Inventories	-	-	-	-	-	-	-	-
Deposits	-	-	-	-	-	-	-	-
Land held for resale	-	-	-	-	-	-	-	-
Restricted assets:								
Cash with fiscal agent	-	-	-	-	-	-	-	-
Total Assets	\$ 849,976	\$ 14,699	\$ 1,209,082	\$ 130,447	\$ 3,617,109	\$ 36,904	\$ 7,092,149	\$ 34,945
Liabilities, Deferred Inflows and Fund Balances:								
Liabilities:								
Accounts payable	\$ 455	\$ -	\$ 85,234	\$ -	\$ -	\$ -	\$ 362,375	\$ -
Deposits payable	-	-	-	-	-	-	-	-
Retentions payable	-	-	-	-	-	-	-	-
Due to other funds	-	-	1,123,847	-	-	36,904	-	-
Due to other governments	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-
Total Liabilities	455	-	1,209,081	-	-	36,904	362,375	-
Deferred inflows of resources:								
Unavailable revenues	-	-	1,209,082	-	-	-	-	-
Fund balances:								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	849,521	14,699	-	130,447	3,617,109	-	6,729,774	34,945
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	(1,209,081)	-	-	-	-	-
Total fund balances	849,521	14,699	(1,209,081)	130,447	3,617,109	-	6,729,774	34,945
Total liabilities, deferred inflows of resources and fund balances	\$ 849,976	\$ 14,699	\$ 1,209,082	\$ 130,447	\$ 3,617,109	\$ 36,904	\$ 7,092,149	\$ 34,945

CITY OF FONTANA
 Combining Balance Sheet
 Non-Major Governmental Funds
 June 30, 2018

Schedule 1
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	Special Revenue	Debt Service	Capital Projects						
			Community Facilities Districts	General Debt Service	Storm Drain	San Sevaine Flood Control	Upper Etiwanda Flood Control Development	Park Development	Landscape Improvements
Assets:									
Cash and investments	\$ 29,369,807	\$ -	\$ 14,083,355	\$ 571,861	\$ 44,153	\$ 6,004,484	\$ 4,247,500	\$ 1,609,605	\$ -
Accounts	-	-	-	-	-	-	-	-	-
Assessments	255,919	-	-	-	-	-	-	-	-
Interest	116,489	-	62,544	2,862	187	28,403	16,289	6,432	-
Loans	-	-	-	-	-	-	-	-	-
Allowance for doubtful accounts	(98,887)	-	-	-	-	-	-	-	-
Due from other governments	3,965	91,754	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-
Deposits	-	-	-	-	-	-	-	-	-
Land held for resale	-	-	-	-	-	-	-	-	-
Restricted assets:									
Cash with fiscal agent	-	525,213	144,835	-	-	105,669	-	-	-
Total Assets	<u>\$ 29,647,293</u>	<u>\$ 616,967</u>	<u>\$ 14,290,734</u>	<u>\$ 574,723</u>	<u>\$ 44,340</u>	<u>\$ 6,138,556</u>	<u>\$ 4,263,789</u>	<u>\$ 1,616,037</u>	
Liabilities, Deferred Inflows and Fund Balances:									
Liabilities:									
Accounts payable	\$ 764,151	\$ -	\$ 47,786	\$ 1,662	\$ -	\$ 362,723	\$ 600	\$ 75,908	\$ -
Deposits payable	-	-	101,881	-	-	-	-	-	-
Retentions payable	-	-	144,835	-	-	109,174	-	-	-
Due to other funds	-	-	-	-	-	-	-	-	-
Due to other governments	-	-	-	206,018	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-	-
Total Liabilities	<u>764,151</u>	<u>-</u>	<u>294,502</u>	<u>207,680</u>	<u>-</u>	<u>471,897</u>	<u>600</u>	<u>75,908</u>	
Deferred inflows of resources:									
Unavailable revenues									
Fund balances:									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted	28,883,142	525,213	-	-	-	-	-	-	-
Assigned	-	91,754	13,996,232	367,043	44,340	5,560,990	4,263,189	1,540,129	
Unassigned	-	-	-	-	-	-	-	-	-
Total fund balances	<u>28,883,142</u>	<u>616,967</u>	<u>13,996,232</u>	<u>367,043</u>	<u>44,340</u>	<u>5,666,659</u>	<u>4,263,189</u>	<u>1,540,129</u>	
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 29,647,293</u>	<u>\$ 616,967</u>	<u>\$ 14,290,734</u>	<u>\$ 574,723</u>	<u>\$ 44,340</u>	<u>\$ 6,138,556</u>	<u>\$ 4,263,789</u>	<u>\$ 1,616,037</u>	

CITY OF FONTANA
 Combining Balance Sheet
 Non-Major Governmental Funds
 June 30, 2018

Schedule 1
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Capital Projects									
	Police Facility	General Government Improvement	Capital Improvements	Underground Utilities	Sewer Expansion	Fire Assessment	Affordable Housing Trust	Fire Protection District	
Assets:									
Cash and investments	\$ 2,041,031	\$ 7,306,517	\$ 8,856,500	\$ 43,379 79,710	\$ 7,775,805	\$ 754,428	\$ 3,208,731	\$ 5,492,586	
Accounts	-	-	-	-	-	-	-	-	
Assessments	-	-	-	-	-	-	-	-	
Interest	8,306	28,961	34,134	184	-	3,045	12,552	24,711	
Loans	-	-	-	-	-	-	-	-	
Allowance for doubtful accounts	-	-	-	-	-	-	-	-	
Due from other governments	-	-	201,727	-	-	-	-	-	
Inventories	-	-	-	-	-	-	-	-	
Deposits	-	-	-	-	-	-	-	41,100	
Land held for resale	-	-	-	-	-	-	-	-	
Restricted assets:									
Cash with fiscal agent	5,268	-	28,844	-	-	-	-	49,001	
Total Assets	\$ 2,054,605	\$ 7,335,478	\$ 9,121,205	\$ 123,273	\$ 7,775,805	\$ 757,473	\$ 3,221,283	\$ 5,607,398	
Liabilities, Deferred Inflows and Fund Balances:									
Liabilities:									
Accounts payable	\$ 124,932	\$ -	\$ 8,912	\$ -	\$ -	\$ -	\$ -	\$ 266,543	
Deposits payable	-	-	-	-	-	-	-	-	
Retentions payable	-	-	28,844	-	-	-	-	49,499	
Due to other funds	-	-	-	-	-	-	-	-	
Due to other governments	-	-	-	-	6,688,869	-	-	-	
Unearned revenue	-	-	-	-	-	-	-	-	
Total Liabilities	124,932	-	37,756	-	6,688,869	-	-	316,042	
Deferred inflows of resources:									
Unavailable revenues	-	-	13,834	-	-	-	-	-	
Fund balances:									
Nonspendable	-	-	-	-	-	-	-	-	
Restricted	5,268	-	-	-	-	-	-	41,100	
Assigned	1,924,405	7,335,478	9,069,615	123,273	1,086,936	757,473	3,221,283	5,250,256	
Unassigned	-	-	-	-	-	-	-	-	
Total fund balances	1,929,673	7,335,478	9,069,615	123,273	1,086,936	757,473	3,221,283	5,291,356	
Total liabilities, deferred inflows of resources and fund balances	\$ 2,054,605	\$ 7,335,478	\$ 9,121,205	\$ 123,273	\$ 7,775,805	\$ 757,473	\$ 3,221,283	\$ 5,607,398	

CITY OF FONTANA
 Combining Balance Sheet
 Non-Major Governmental Funds
 June 30, 2018

Schedule 1
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Capital Projects			Total Other Governmental Funds
	Fontana Housing Authority	Community Facilities Districts	
Assets:			
Cash and investments	\$ 2,599,661	\$ 18,310	\$ 154,598,852
Accounts	-	-	272,700
Assessments	-	-	342,823
Interest	44,300	77	842,208
Loans	1,937,941	-	7,818,627
Allowance for doubtful accounts	-	-	(149,451)
Due from other governments	-	-	8,059,860
Inventories	-	-	907,001
Deposits	-	-	41,100
Land held for resale	-	-	557,195
Restricted assets:			
Cash with fiscal agent	-	9,129,143	10,103,553
Total Assets	<u>\$ 4,581,902</u>	<u>\$ 9,147,530</u>	<u>\$ 183,394,468</u>
Liabilities, Deferred Inflows and Fund Balances:			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ 4,484,518
Deposits payable	-	-	107,861
Retentions payable	-	-	469,849
Due to other funds	-	-	2,860,556
Due to other governments	-	-	12,979,535
Unearned revenue	-	-	3,280,707
Total Liabilities	<u>-</u>	<u>-</u>	<u>24,183,026</u>
Deferred inflows of resources:			
Unavailable revenues	32,711	-	3,198,576
Fund balances:			
Nonspendable	-	-	948,101
Restricted	-	8,695,820	98,395,661
Assigned	4,549,191	451,710	59,633,297
Unassigned	-	-	(2,964,193)
Total fund balances	<u>4,549,191</u>	<u>9,147,530</u>	<u>156,012,866</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 4,581,902</u>	<u>\$ 9,147,530</u>	<u>\$ 183,394,468</u>

CITY OF FONTANA
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances
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 For the Year Ended June 30, 2018

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	Special Revenue							
	Gas Tax	Traffic Congestion Relief	Traffic Safety	Prop 1B	Municipal Services Fiscal Impact	Solid Waste Mitigation	Road Maintenance And Rehabilitation	Home Program
	\$	\$	\$	\$	\$	\$	\$	\$
Revenues:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	4,436,404	4,953,954	-	-	-	-	1,246,831	94,135
Charges for services	-	-	-	-	578,960	4,249,483	-	-
Fines and forfeitures	-	-	155,329	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Investment earnings	9,733	61,489	5,661	509	74,003	(2,910)	1,148	-
Contribution from property owners	-	-	-	-	-	-	-	-
Other revenue	392	-	24,362	-	-	-	-	-
Total revenues	<u>4,446,529</u>	<u>5,015,443</u>	<u>185,352</u>	<u>509</u>	<u>652,963</u>	<u>4,246,573</u>	<u>1,247,979</u>	<u>94,135</u>
Expenditures:								
Current:								
General government:								
City Administration	-	-	-	-	-	-	-	40,000
Management services	-	-	-	-	-	-	-	-
Information technology	-	-	-	-	-	-	-	-
Human resources	-	-	-	-	-	-	-	-
Public safety:								
Police	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-
Public works	5,426,032	-	-	-	-	2,945,755	1,213,559	-
Community development	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	30,622	-	-
Engineering	213,391	1,515,394	970,027	-	-	-	-	-
Capital outlay	-	2,163,029	-	-	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Total expenditures	<u>5,639,423</u>	<u>3,678,423</u>	<u>970,027</u>	<u>-</u>	<u>-</u>	<u>2,976,377</u>	<u>1,213,559</u>	<u>40,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,192,894)</u>	<u>1,337,020</u>	<u>(784,675)</u>	<u>509</u>	<u>652,963</u>	<u>1,270,196</u>	<u>34,420</u>	<u>54,135</u>
Other Financing Sources (Uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	<u>(595,750)</u>	<u>(99,900)</u>	-	-	<u>(846,500)</u>	<u>(268,855)</u>	-	-
Total other financing sources (uses)	<u>(595,750)</u>	<u>(99,900)</u>	-	-	<u>(846,500)</u>	<u>(268,855)</u>	-	-
Net change in fund balances	<u>(1,788,644)</u>	1,237,120	<u>(784,675)</u>	509	<u>(193,537)</u>	1,001,341	34,420	54,135
Fund Balances:								
Beginning of fiscal year	2,505,282	16,077,594	1,863,265	130,568	18,471,252	2,159,879	-	18,143
Restatements	-	-	-	-	-	-	-	750,000
Beginning of fiscal year - as restated	2,505,282	16,077,594	1,863,265	130,568	18,471,252	2,159,879	-	768,143
Net change in fund balances	<u>(1,788,644)</u>	1,237,120	<u>(784,675)</u>	509	<u>(193,537)</u>	1,001,341	34,420	54,135
End of fiscal year	<u>\$ 716,638</u>	<u>\$ 17,314,714</u>	<u>\$ 1,078,590</u>	<u>\$ 131,077</u>	<u>\$ 18,277,715</u>	<u>\$ 3,161,220</u>	<u>\$ 34,420</u>	<u>\$ 822,278</u>

CITY OF FONTANA
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances
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	Special Revenue							
	Crime Prevention Seizure	State Seizure	Federal Seizure	Grants	Housing and Community Development Block Grant	Federal Law Enforcement Block Grant	AB 3229 State COPS Program	Office of Traffic Safety
Revenues:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 476,332
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	1,044,631	2,589,905	-	513,336	345,183
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeitures	15,072	85,411	2,350,842	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Investment earnings	331	1,379	12,061	-	-	-	-	(1,398)
Contribution from property owners	-	-	-	-	-	-	-	-
Other revenue	-	-	382,338	197,040	-	-	5,000	-
Total revenues	<u>15,403</u>	<u>86,790</u>	<u>2,745,241</u>	<u>1,241,671</u>	<u>2,589,905</u>	<u>-</u>	<u>518,336</u>	<u>820,117</u>
Expenditures:								
Current:								
General government:								
City Administration	-	-	-	-	1,059,676	-	-	-
Management services	-	-	-	-	-	-	-	-
Information technology	-	-	-	-	-	-	-	-
Human resources	-	-	-	-	-	-	-	-
Public safety:								
Police	22,248	56,979	1,636,591	443,049	225,373	210,015	518,336	298,605
Fire	-	-	-	-	-	-	-	-
Public works	-	-	-	309,794	-	-	-	-
Community development	-	-	-	-	-	-	-	-
Community services	-	-	-	35,747	52,000	-	-	-
Engineering	-	-	-	232,102	-	-	-	-
Capital outlay	-	-	1,524,601	1,787,239	2,725,374	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Total expenditures	<u>22,248</u>	<u>56,979</u>	<u>3,161,192</u>	<u>2,807,931</u>	<u>4,062,423</u>	<u>210,015</u>	<u>518,336</u>	<u>298,605</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,845)</u>	<u>29,811</u>	<u>(415,951)</u>	<u>(1,566,260)</u>	<u>(1,472,518)</u>	<u>(210,015)</u>	<u>-</u>	<u>521,512</u>
Other Financing Sources (Uses):								
Transfers in	-	-	-	-	-	210,015	-	-
Transfers out	-	-	<u>(48,525)</u>	-	<u>(91,800)</u>	-	-	-
Total other financing sources (uses)	-	-	<u>(48,525)</u>	-	<u>(91,800)</u>	<u>210,015</u>	-	-
Net change in fund balances	<u>(6,845)</u>	<u>29,811</u>	<u>(464,476)</u>	<u>(1,566,260)</u>	<u>(1,564,318)</u>	-	-	<u>521,512</u>
Fund Balances:								
Beginning of fiscal year	51,671	228,380	6,119,031	(188,391)	2,672,333	(461)	104,923	482,381
Restatements	-	-	-	-	-	-	-	-
Beginning of fiscal year - as restated	51,671	228,380	6,119,031	(188,391)	2,672,333	(461)	104,923	482,381
Net change in fund balances	<u>(6,845)</u>	<u>29,811</u>	<u>(464,476)</u>	<u>(1,566,260)</u>	<u>(1,564,318)</u>	-	-	<u>521,512</u>
End of fiscal year	<u>\$ 44,826</u>	<u>\$ 258,191</u>	<u>\$ 5,654,555</u>	<u>\$ (1,754,651)</u>	<u>\$ 1,108,015</u>	<u>\$ (461)</u>	<u>\$ 104,923</u>	<u>\$ 1,003,893</u>

CITY OF FONTANA
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances
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 For the Year Ended June 30, 2018

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	Special Revenue							
	Air Quality Management District	Down Payment Assistance	Community Services Reimbursements	Fontana Community Foundation	Fire Protection District CFD	Fire Protection District Grants	Landscape Maintenance Districts	Lighting District #3 Hunter's Ridge
Revenues:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	2,524,590	-	-	66,904	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	296,642	-	4,078,274	35,259
Investment earnings	3,616	-	-	509	10,357	-	17,905	87
Contribution from property owners	-	-	-	-	-	-	-	-
Other revenue	273,409	-	-	-	-	-	-	-
Total revenues	<u>277,025</u>	<u>-</u>	<u>2,524,590</u>	<u>509</u>	<u>306,999</u>	<u>66,904</u>	<u>4,096,179</u>	<u>35,346</u>
Expenditures:								
Current:								
General government:								
City Administration	2,000	-	-	70	-	-	-	-
Management services	-	-	-	-	-	-	-	-
Information technology	-	-	-	-	-	-	-	-
Human resources	13,914	-	-	-	-	-	-	-
Public safety:								
Police	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	2,904	-	-
Public works	-	-	-	-	-	-	3,974,457	32,330
Community development	-	-	-	-	-	-	-	-
Community services	-	-	3,691,757	-	-	-	-	-
Engineering	120,717	-	-	-	-	-	-	-
Capital outlay	111,933	-	-	-	-	64,000	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Total expenditures	<u>248,564</u>	<u>-</u>	<u>3,691,757</u>	<u>70</u>	<u>-</u>	<u>66,904</u>	<u>3,974,457</u>	<u>32,330</u>
Excess (deficiency) of revenues over (under) expenditures	<u>28,461</u>	<u>-</u>	<u>(1,167,167)</u>	<u>439</u>	<u>306,999</u>	<u>-</u>	<u>121,722</u>	<u>3,016</u>
Other Financing Sources (Uses):								
Transfers in	-	-	-	-	-	-	519,800	-
Transfers out	<u>(13,000)</u>	<u>-</u>	<u>(488,116)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(425,200)</u>	<u>(3,900)</u>
Total other financing sources (uses)	<u>(13,000)</u>	<u>-</u>	<u>(488,116)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>94,600</u>	<u>(3,900)</u>
Net change in fund balances	<u>15,461</u>	<u>-</u>	<u>(1,655,283)</u>	<u>439</u>	<u>306,999</u>	<u>-</u>	<u>216,322</u>	<u>(884)</u>
Fund Balances:								
Beginning of fiscal year	834,060	14,699	446,202	130,008	3,310,110	-	6,513,452	35,829
Restatements	-	-	-	-	-	-	-	-
Beginning of fiscal year - as restated	834,060	14,699	446,202	130,008	3,310,110	-	6,513,452	35,829
Net change in fund balances	15,461	-	(1,655,283)	439	306,999	-	216,322	(884)
End of fiscal year	<u>\$ 849,521</u>	<u>\$ 14,699</u>	<u>\$ (1,209,081)</u>	<u>\$ 130,447</u>	<u>\$ 3,617,109</u>	<u>\$ -</u>	<u>\$ 6,729,774</u>	<u>\$ 34,945</u>

CITY OF FONTANA
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances
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 For the Year Ended June 30, 2018

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	Capital Projects							
	Community Facilities Districts	Special Revenue		Debt Service		Capital Projects		
		General Debt Service	Storm Drain	San Sevaine Flood Control	Upper Etwanda Flood Control Development	Park Development	Landscape Improvements	Library Capital Improvement
Revenues:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	3,303,907	11,723	-	1,085,875	-	111,280
Intergovernmental	-	183,507	-	-	-	-	-	-
Charges for services	22,444	-	-	-	-	-	1,225,957	125,859
Fines and forfeitures	-	-	-	-	-	-	-	-
Special assessments	12,348,812	-	-	-	-	-	-	-
Investment earnings	84,665	1,144	68,479	4,902	172	37,364	7,845	4,337
Contribution from property owners	-	-	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-	-	-
Total revenues	12,455,921	184,651	3,372,386	16,625	172	1,123,239	1,233,802	241,476
Expenditures:								
Current:								
General government:								
City Administration	-	-	-	-	-	-	-	-
Management services	-	4,700	-	-	-	-	-	-
Information technology	-	-	6,791	-	-	-	-	-
Human resources	-	-	-	-	-	-	-	-
Public safety:	-							
Police	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-
Public works	6,872,006	-	-	-	-	2,166,144	-	251,211
Community development	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-
Engineering	-	-	2,456,829	217,154	-	26,594	202,214	-
Capital outlay	-	-	2,109,195	-	-	3,168,320	-	-
Debt service:								
Principal	-	1,055,000	-	-	-	-	-	-
Interest	-	2,050,704	-	-	-	-	-	-
Total expenditures	6,872,006	3,110,404	4,572,815	217,154	-	5,361,058	202,214	251,211
Excess (deficiency) of revenues over (under) expenditures	5,583,915	(2,925,753)	(1,200,429)	(200,529)	172	(4,237,819)	1,031,588	(9,735)
Other Financing Sources (Uses):								
Transfers in	678,600	2,925,932	812,867	153,233	-	2,444,000	215,523	200,521
Transfers out	(5,237,500)	-	(500,100)	(13,500)	-	(32,100)	(2,800)	-
Total other financing sources (uses)	(4,558,900)	2,925,932	312,767	139,733	-	2,411,900	212,723	200,521
Net change in fund balances	1,025,015	179	(887,662)	(60,796)	172	(1,825,919)	1,244,311	190,786
Fund Balances:								
Beginning of fiscal year	27,858,127	616,788	14,883,894	427,839	44,168	7,492,578	3,018,878	1,349,343
Restatements	-	-	-	-	-	-	-	-
Beginning of fiscal year - as restated	27,858,127	616,788	14,883,894	427,839	44,168	7,492,578	3,018,878	1,349,343
Net change in fund balances	1,025,015	179	(887,662)	(60,796)	172	(1,825,919)	1,244,311	190,786
End of fiscal year	\$ 28,883,142	\$ 616,967	\$ 13,996,232	\$ 367,043	\$ 44,340	\$ 5,666,659	\$ 4,263,189	\$ 1,540,129

CITY OF FONTANA
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances
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	Capital Projects							
	Police Facility	General Government Improvement	Capital Improvements	Underground Utilities	Sewer Expansion	Fire Assessment	Affordable Housing Trust	Fire Protection District
Revenues:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	566,407	-	-	-	-	363,442	629,706	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	1,401,868	-	17,985	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Investment earnings	5,985	18,278	3,434	169	25,796	2,247	7,255	28,889
Contribution from property owners	-	-	783,782	-	-	-	-	-
Other revenue	-	-	-	-	-	-	-	-
Total revenues	572,392	1,420,146	787,216	18,154	25,796	365,689	636,961	28,889
Expenditures:								
Current:								
General government:								
City Administration	-	-	-	-	-	-	363,779	-
Management services	-	-	-	-	-	-	-	-
Information technology	-	-	-	-	-	-	-	-
Human resources	-	-	-	-	-	-	-	-
Public safety:								
Police	257,976	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	133,834
Public works	-	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-
Engineering	-	243,656	189,815	-	187,140	50,184	-	20,045
Capital outlay	267,071	-	528,372	-	-	-	-	2,226,532
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Total expenditures	525,047	243,656	718,187	-	187,140	50,184	363,779	2,380,411
Excess (deficiency) of revenues over (under) expenditures	47,345	1,176,490	69,029	18,154	(161,344)	315,505	273,182	(2,351,522)
Other Financing Sources (Uses):								
Transfers in	197,972	299,394	-	-	-	61,664	458,279	1,831,250
Transfers out	-	-	(5,800)	-	(115,830)	(301,273)	-	(450,200)
Total other financing sources (uses)	197,972	299,394	(5,800)	-	(115,830)	(239,609)	458,279	1,381,050
Net change in fund balances	245,317	1,475,884	63,229	18,154	(277,174)	75,896	731,461	(970,472)
Fund Balances:								
Beginning of fiscal year	1,684,356	5,859,594	9,006,386	105,119	1,364,110	681,577	2,489,822	6,261,828
Restatements	-	-	-	-	-	-	-	-
Beginning of fiscal year - as restated	1,684,356	5,859,594	9,006,386	105,119	1,364,110	681,577	2,489,822	6,261,828
Net change in fund balances	245,317	1,475,884	63,229	18,154	(277,174)	75,896	731,461	(970,472)
End of fiscal year	\$ 1,929,673	\$ 7,335,478	\$ 9,069,615	\$ 123,273	\$ 1,086,936	\$ 757,473	\$ 3,221,283	\$ 5,291,356

CITY OF FONTANA
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Non-Major Governmental Funds
 For the Year Ended June 30, 2018

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	Capital Projects		Total Other Governmental Funds
	Fontana Housing Authority	Community Facilities District	
Revenues:			
Taxes	\$ -	\$ -	\$ 476,332
Licenses and permits	- -	- -	6,072,340
Intergovernmental	- -	- -	17,999,380
Charges for services	- -	- -	7,622,556
Fines and forfeitures	- -	- -	2,606,654
Special assessments	- -	- -	16,758,987
Investment earnings	71,980	10,515	577,936
Contribution from property owners	- 17,911,902	- 17,911,902	18,695,684
Other revenue	3,875 -	3,875 -	886,416
Total revenues	<u>75,855</u>	<u>17,922,417</u>	<u>71,696,285</u>
Expenditures:			
Current:			
General government:			
City Administration	- -	- -	1,465,525
Management services	- -	- -	4,700
Information technology	- -	- -	6,791
Human resources	- -	- -	13,914
Public safety:			
Police	- -	- -	3,669,172
Fire	- -	- -	136,738
Public works	- -	- -	23,191,288
Community development	330,640 -	330,640 -	330,640
Community services	- -	- -	3,810,126
Engineering	- 1,365,269	1,365,269	8,010,531
Capital outlay	20,088 -	20,088 -	16,695,754
Debt service:			
Principal	- -	- -	1,055,000
Interest	- 572,236	572,236	2,622,940
Total expenditures	<u>350,728</u>	<u>1,937,505</u>	<u>61,013,119</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(274,873)</u>	<u>15,984,912</u>	<u>10,683,166</u>
Other Financing Sources (Uses):			
Transfers in	- -	- -	11,009,050
Transfers out	<u>(48,300)</u>	<u>(7,594,727)</u>	<u>(17,183,676)</u>
Total other financing sources (uses)	<u>(48,300)</u>	<u>(7,594,727)</u>	<u>(6,174,626)</u>
Net change in fund balances	<u>(323,173)</u>	<u>8,390,185</u>	<u>4,508,540</u>
Fund Balances:			
Beginning of fiscal year	4,872,364	757,345	150,754,326
Restatements	- -	- -	750,000
Beginning of fiscal year - as restated	<u>4,872,364</u>	<u>757,345</u>	<u>151,504,326</u>
Net change in fund balances	<u>(323,173)</u>	<u>8,390,185</u>	<u>4,508,540</u>
End of fiscal year	<u>\$ 4,549,191</u>	<u>\$ 9,147,530</u>	<u>\$ 156,012,866</u>

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	Special Revenue							
	Gas Tax				Traffic Congestion Relief			
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	5,838,530	4,628,120	4,436,404	(191,716)	6,636,400	12,528,762	4,953,954	(7,574,808)
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Investment earnings	10,000	10,000	9,733	(267)	80,500	80,500	61,489	(19,011)
Contribution from developer	-	-	-	-	-	-	-	-
Other revenue	-	-	392	392	-	-	-	-
Total revenues	<u>5,848,530</u>	<u>4,638,120</u>	<u>4,446,529</u>	<u>(191,591)</u>	<u>6,716,900</u>	<u>12,609,262</u>	<u>5,015,443</u>	<u>(7,593,819)</u>
Expenditures:								
Current:								
General government:								
City Administration	-	-	-	-	-	-	-	-
Management services	-	-	-	-	-	-	-	-
Information technology	-	-	-	-	-	-	-	-
Human resources	-	-	-	-	-	-	-	-
Public safety:								
Police	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-
Public works	3,285,650	3,502,225	5,426,032	(1,923,807)	-	-	-	-
Community development	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-
Engineering	-	216,000	213,391	2,609	1,385,310	4,862,901	1,515,394	3,347,507
Capital outlay	2,210,410	2,380,732	-	2,380,732	3,063,910	18,379,467	2,163,029	16,216,438
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Debt issuance costs	-	-	-	-	-	-	-	-
Total expenditures	<u>5,496,060</u>	<u>6,098,957</u>	<u>5,639,423</u>	<u>459,534</u>	<u>4,449,220</u>	<u>23,242,368</u>	<u>3,678,423</u>	<u>19,563,945</u>
Excess (deficiency) of revenues over (under) expenditures	<u>352,470</u>	<u>(1,460,837)</u>	<u>(1,192,894)</u>	<u>267,943</u>	<u>2,267,680</u>	<u>(10,633,106)</u>	<u>1,337,020</u>	<u>11,970,126</u>
Other Financing Sources (Uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	<u>(587,900)</u>	<u>(595,750)</u>	<u>(595,750)</u>	<u>-</u>	<u>(99,900)</u>	<u>(99,900)</u>	<u>(99,900)</u>	<u>-</u>
Total other financing sources (uses)	<u>(587,900)</u>	<u>(595,750)</u>	<u>(595,750)</u>	<u>-</u>	<u>(99,900)</u>	<u>(99,900)</u>	<u>(99,900)</u>	<u>-</u>
Net change in fund balances	<u>(235,430)</u>	<u>(2,056,587)</u>	<u>(1,788,644)</u>	<u>267,943</u>	<u>2,167,780</u>	<u>(10,733,006)</u>	<u>1,237,120</u>	<u>11,970,126</u>
Fund balances - beginning	<u>2,505,282</u>	<u>2,505,282</u>	<u>2,505,282</u>	<u>-</u>	<u>16,077,594</u>	<u>16,077,594</u>	<u>16,077,594</u>	<u>-</u>
Fund balances - ending	<u>\$ 2,269,852</u>	<u>\$ 448,695</u>	<u>\$ 716,638</u>	<u>\$ 267,943</u>	<u>\$ 18,245,374</u>	<u>\$ 5,344,588</u>	<u>\$ 17,314,714</u>	<u>\$ 11,970,126</u>

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	Special Revenue							
	Traffic Safety				Prop 1B			
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeitures	350,000	160,000	155,329	(4,671)	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Investment earnings	5,800	5,800	5,661	(139)	750	750	509	(241)
Contribution from developer	-	-	-	-	-	-	-	-
Other revenue	40,000	40,000	24,362	(15,638)	-	-	-	-
Total revenues	<u>395,800</u>	<u>205,800</u>	<u>185,352</u>	<u>(20,448)</u>	<u>750</u>	<u>750</u>	<u>509</u>	<u>(241)</u>
Expenditures:								
Current:								
General government:								
City Administration	-	-	-	-	-	-	-	-
Management services	-	-	-	-	-	-	-	-
Information technology	-	-	-	-	-	-	-	-
Human resources	-	-	-	-	-	-	-	-
Public safety:								
Police	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-
Engineering	628,700	659,563	970,027	(310,464)	-	-	-	-
Capital outlay	-	32,000	-	32,000	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Debt issuance costs	-	-	-	-	-	-	-	-
Total expenditures	<u>628,700</u>	<u>691,563</u>	<u>970,027</u>	<u>(278,464)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(232,900)</u>	<u>(485,763)</u>	<u>(784,675)</u>	<u>(298,912)</u>	<u>750</u>	<u>750</u>	<u>509</u>	<u>(241)</u>
Other Financing Sources (Uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Net change in fund balances	<u>(232,900)</u>	<u>(485,763)</u>	<u>(784,675)</u>	<u>(298,912)</u>	<u>750</u>	<u>750</u>	<u>509</u>	<u>(241)</u>
Fund balances - beginning	<u>1,863,265</u>	<u>1,863,265</u>	<u>1,863,265</u>	<u>-</u>	<u>130,568</u>	<u>130,568</u>	<u>130,568</u>	<u>-</u>
Fund balances - ending	<u>\$ 1,630,365</u>	<u>\$ 1,377,502</u>	<u>\$ 1,078,590</u>	<u>\$ (298,912)</u>	<u>\$ 131,318</u>	<u>\$ 131,318</u>	<u>\$ 131,077</u>	<u>\$ (241)</u>

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	Special Revenue							
	Municipal Services Fiscal Impact				Solid Waste Mitigation			
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	1,207,170	1,207,170	578,960	(628,210)	3,000,000	3,000,000	4,249,483	1,249,483
Fines and forfeitures	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Investment earnings	100,000	100,000	74,003	(25,997)	14,000	24,000	(2,910)	(26,910)
Contribution from developer	-	-	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-	-	-
Total revenues	<u>1,307,170</u>	<u>1,307,170</u>	<u>652,963</u>	<u>(654,207)</u>	<u>3,014,000</u>	<u>3,024,000</u>	<u>4,246,573</u>	<u>1,222,573</u>
Expenditures:								
Current:								
General government:								
City Administration	-	-	-	-	-	-	-	-
Management services	-	-	-	-	-	-	-	-
Information technology	-	-	-	-	-	-	-	-
Human resources	-	-	-	-	-	-	-	-
Public safety:								
Police	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-
Public works	-	-	-	-	1,771,320	1,780,601	2,945,755	(1,165,154)
Community development	-	-	-	-	-	-	-	-
Community services	-	-	-	-	46,510	46,510	30,622	15,888
Engineering	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	2,140,160	3,054,077	-	3,054,077
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Debt issuance costs	-	-	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,957,990</u>	<u>4,881,188</u>	<u>2,976,377</u>	<u>1,904,811</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,307,170</u>	<u>1,307,170</u>	<u>652,963</u>	<u>(654,207)</u>	<u>(943,990)</u>	<u>(1,857,188)</u>	<u>1,270,196</u>	<u>3,127,384</u>
Other Financing Sources (Uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	(846,500)	(846,500)	(846,500)	-	(252,200)	(268,855)	(268,855)	-
Total other financing sources (uses)	<u>(846,500)</u>	<u>(846,500)</u>	<u>(846,500)</u>	<u>-</u>	<u>(252,200)</u>	<u>(268,855)</u>	<u>(268,855)</u>	<u>-</u>
Net change in fund balances	460,670	460,670	(193,537)	(654,207)	(1,196,190)	(2,126,043)	1,001,341	3,127,384
Fund balances - beginning	18,471,252	18,471,252	18,471,252	-	2,159,879	2,159,879	2,159,879	-
Fund balances - ending	<u>\$ 18,931,922</u>	<u>\$ 18,931,922</u>	<u>\$ 18,277,715</u>	<u>\$ (654,207)</u>	<u>\$ 963,689</u>	<u>\$ 33,836</u>	<u>\$ 3,161,220</u>	<u>\$ 3,127,384</u>

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	Special Revenue							
	Road Maintenance & Rehabilitation				Home Program			
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	1,213,559	1,246,831	33,272	625,900	1,126,703	94,135	(1,032,568)
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Investment earnings	-	-	1,148	1,148	-	-	-	-
Contribution from developer	-	-	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-	-	-
Total revenues	-	1,213,559	1,247,979	34,420	625,900	1,126,703	94,135	(1,032,568)
Expenditures:								
Current:								
General government:								
City Administration	-	-	-	-	447,400	1,024,199	40,000	984,199
Management services	-	-	-	-	-	-	-	-
Information technology	-	-	-	-	-	-	-	-
Human resources	-	-	-	-	-	-	-	-
Public safety:								
Police	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-
Public works	-	1,213,559	1,213,559	-	-	-	-	-
Community development	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-
Engineering	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Debt issuance costs	-	-	-	-	-	-	-	-
Total expenditures	-	1,213,559	1,213,559	-	447,400	1,024,199	40,000	984,199
Excess (deficiency) of revenues over (under) expenditures	-	-	34,420	34,420	178,500	102,504	54,135	(48,369)
Other Financing Sources (Uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Net change in fund balances	-	-	34,420	34,420	178,500	102,504	54,135	(48,369)
Fund balances - beginning	-	-	-	-	768,143	768,143	768,143	-
Fund balances - ending	\$ -	\$ -	\$ 34,420	\$ 34,420	\$ 946,643	\$ 870,647	\$ 822,278	\$ (48,369)

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	Special Revenue							
	Crime Prevention Seizure				State Seizure			
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeitures	7,500	7,500	15,072	7,572	35,000	35,000	85,411	50,411
Special assessments	-	-	-	-	-	-	-	-
Investment earnings	500	500	331	(169)	2,000	2,000	1,379	(621)
Contribution from developer	-	-	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-	-	-
Total revenues	<u>8,000</u>	<u>8,000</u>	<u>15,403</u>	<u>7,403</u>	<u>37,000</u>	<u>37,000</u>	<u>86,790</u>	<u>49,790</u>
Expenditures:								
Current:								
General government:								
City Administration	-	-	-	-	-	-	-	-
Management services	-	-	-	-	-	-	-	-
Information technology	-	-	-	-	-	-	-	-
Human resources	-	-	-	-	-	-	-	-
Public safety:								
Police	33,550	33,550	22,248	11,302	40,260	172,725	56,979	115,746
Fire	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-
Engineering	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Debt issuance costs	-	-	-	-	-	-	-	-
Total expenditures	<u>33,550</u>	<u>33,550</u>	<u>22,248</u>	<u>11,302</u>	<u>40,260</u>	<u>172,725</u>	<u>56,979</u>	<u>115,746</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(25,550)</u>	<u>(25,550)</u>	<u>(6,845)</u>	<u>18,705</u>	<u>(3,260)</u>	<u>(135,725)</u>	<u>29,811</u>	<u>165,536</u>
Other Financing Sources (Uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(25,550)</u>	<u>(25,550)</u>	<u>(6,845)</u>	<u>18,705</u>	<u>(3,260)</u>	<u>(135,725)</u>	<u>29,811</u>	<u>165,536</u>
Fund balances - beginning	<u>51,671</u>	<u>51,671</u>	<u>51,671</u>	<u>-</u>	<u>228,380</u>	<u>228,380</u>	<u>228,380</u>	<u>-</u>
Fund balances - ending	<u>\$ 26,121</u>	<u>\$ 26,121</u>	<u>\$ 44,826</u>	<u>\$ 18,705</u>	<u>\$ 225,120</u>	<u>\$ 92,655</u>	<u>\$ 258,191</u>	<u>\$ 165,536</u>

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	Special Revenue							
	Federal Seizure				Grants			
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	493,950	18,774,908	1,044,631	(17,730,277)
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeitures	2,000,000	500,000	2,350,842	1,850,842	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Investment earnings	29,000	29,000	12,061	(16,939)	-	-	-	-
Contribution from developer	-	-	-	-	-	-	-	-
Other revenue	45,800	45,800	382,338	336,538	-	1,501,920	197,040	(1,304,880)
Total revenues	2,074,800	574,800	2,745,241	2,170,441	493,950	20,276,828	1,241,671	(19,035,157)
Expenditures:								
Current:								
General government:								
City Administration	-	-	-	-	-	-	-	-
Management services	-	-	-	-	-	-	-	-
Information technology	-	-	-	-	-	-	-	-
Human resources	-	-	-	-	-	-	-	-
Public safety:								
Police	1,438,310	2,665,611	1,636,591	1,029,020	157,330	544,075	443,049	101,026
Fire	-	-	-	-	-	-	-	-
Public works	-	-	-	-	109,000	361,774	309,794	51,980
Community development	-	-	-	-	-	-	-	-
Community services	-	-	-	-	227,620	239,838	35,747	204,091
Engineering	-	-	-	-	-	1,393,426	232,102	1,161,324
Capital outlay	-	1,949,246	1,524,601	424,645	-	17,540,298	1,787,239	15,753,059
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Debt issuance costs	-	-	-	-	-	-	-	-
Total expenditures	1,438,310	4,614,857	3,161,192	1,453,665	493,950	20,079,411	2,807,931	17,271,480
Excess (deficiency) of revenues over (under) expenditures	636,490	(4,040,057)	(415,951)	3,624,106	-	197,417	(1,566,260)	(1,763,677)
Other Financing Sources (Uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	(48,525)	(48,525)	-	-	-	-	-
Total other financing sources (uses)	-	(48,525)	(48,525)	-	-	-	-	-
Net change in fund balances	636,490	(4,088,582)	(464,476)	3,624,106	-	197,417	(1,566,260)	(1,763,677)
Fund balances - beginning	6,119,031	6,119,031	6,119,031	-	(188,391)	(188,391)	(188,391)	-
Fund balances - ending	\$ 6,755,521	\$ 2,030,449	\$ 5,654,555	\$ 3,624,106	\$ (188,391)	\$ 9,026	\$ (1,754,651)	\$ (1,763,677)

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	Special Revenue							
	Housing and Community Development Block Grant				Federal Law Enforcement Block Grant			
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	2,958,670	4,778,239	2,589,905	(2,188,334)	53,000	54,365	-	(54,365)
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Investment earnings	-	-	-	-	-	-	-	-
Contribution from developer	-	-	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-	-	-
Total revenues	2,958,670	4,778,239	2,589,905	(2,188,334)	53,000	54,365	-	(54,365)
Expenditures:								
Current:								
General government:								
City Administration	802,520	4,059,438	1,059,676	2,999,762	-	-	-	-
Management services	-	-	-	-	-	-	-	-
Information technology	-	-	-	-	-	-	-	-
Human resources	-	-	-	-	-	-	-	-
Public safety:								
Police	230,500	225,373	225,373	-	285,620	362,945	210,015	152,930
Fire	-	-	-	-	-	-	-	-
Public works	-	68,998	-	68,998	-	-	-	-
Community development	-	-	-	-	-	-	-	-
Community services	52,600	52,000	52,000	-	-	-	-	-
Engineering	-	-	-	-	-	-	-	-
Capital outlay	881,250	1,616,288	2,725,374	(1,109,086)	-	54,125	-	54,125
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Debt issuance costs	-	-	-	-	-	-	-	-
Total expenditures	1,966,870	6,022,097	4,062,423	1,959,674	285,620	417,070	210,015	207,055
Excess (deficiency) of revenues over (under) expenditures	991,800	(1,243,858)	(1,472,518)	(228,660)	(232,620)	(362,705)	(210,015)	152,690
Other Financing Sources (Uses):								
Transfers in	-	-	-	-	232,620	362,705	210,015	(152,690)
Transfers out	(91,800)	(91,800)	(91,800)	-	-	-	-	-
Total other financing sources (uses)	(91,800)	(91,800)	(91,800)	-	232,620	362,705	210,015	(152,690)
Net change in fund balances	900,000	(1,335,658)	(1,564,318)	(228,660)	-	-	-	-
Fund balances - beginning	2,672,333	2,672,333	2,672,333	-	(461)	(461)	(461)	-
Fund balances - ending	\$ 3,572,333	\$ 1,336,675	\$ 1,108,015	\$ (228,660)	\$ (461)	\$ (461)	\$ (461)	\$ -

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	Special Revenue							
	AB 3229 State COPS Program				Office of Traffic Safety			
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 175,000	\$ 176,000	\$ 476,332	\$ 300,332
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	325,000	325,000	513,336	188,336	270,000	490,818	345,183	(145,635)
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Investment earnings	-	-	-	-	1,200	1,200	(1,398)	(2,598)
Contribution from developer	-	-	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-	-	-
Total revenues	<u>325,000</u>	<u>330,000</u>	<u>518,336</u>	<u>188,336</u>	<u>446,200</u>	<u>668,018</u>	<u>820,117</u>	<u>152,099</u>
Expenditures:								
Current:								
General government:								
City Administration	-	-	-	-	-	-	-	-
Management services	-	-	-	-	-	-	-	-
Information technology	-	-	-	-	-	-	-	-
Human resources	-	-	-	-	-	-	-	-
Public safety:								
Police	342,950	588,793	518,336	70,457	636,920	622,039	298,605	323,434
Fire	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-
Engineering	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Debt issuance costs	-	-	-	-	-	-	-	-
Total expenditures	<u>342,950</u>	<u>588,793</u>	<u>518,336</u>	<u>70,457</u>	<u>636,920</u>	<u>622,039</u>	<u>298,605</u>	<u>323,434</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(17,950)</u>	<u>(258,793)</u>	<u>-</u>	<u>258,793</u>	<u>(190,720)</u>	<u>45,979</u>	<u>521,512</u>	<u>475,533</u>
Other Financing Sources (Uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(17,950)</u>	<u>(258,793)</u>	<u>-</u>	<u>258,793</u>	<u>(190,720)</u>	<u>45,979</u>	<u>521,512</u>	<u>475,533</u>
Fund balances - beginning	<u>104,923</u>	<u>104,923</u>	<u>104,923</u>	<u>-</u>	<u>482,381</u>	<u>482,381</u>	<u>482,381</u>	<u>-</u>
Fund balances - ending	<u>\$ 86,973</u>	<u>\$ (153,870)</u>	<u>\$ 104,923</u>	<u>\$ 258,793</u>	<u>\$ 291,661</u>	<u>\$ 528,360</u>	<u>\$ 1,003,893</u>	<u>\$ 475,533</u>

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	Special Revenue							
	Air Quality Management District				Community Services Reimbursements			
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	250,000	250,000	273,409	23,409	3,419,250	3,733,700	2,524,590	(1,209,110)
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Investment earnings	5,000	5,000	3,616	(1,384)	-	-	-	-
Contribution from developer	-	-	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-	-	-
Total revenues	255,000	255,000	277,025	22,025	3,419,250	3,733,700	2,524,590	(1,209,110)
Expenditures:								
Current:								
General government:								
City Administration	-	17,500	2,000	15,500	-	-	-	-
Management services	-	-	-	-	-	-	-	-
Information technology	-	-	-	-	-	-	-	-
Human resources	16,000	16,000	13,914	2,086	-	-	-	-
Public safety:								
Police	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-	-
Community services	-	-	-	-	3,419,250	3,373,600	3,245,555	128,045
Engineering	100,000	16,177	120,717	(104,540)	-	-	-	-
Capital outlay	-	373,308	111,933	261,375	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Debt issuance costs	-	-	-	-	-	-	-	-
Total expenditures	116,000	422,985	248,564	174,421	3,419,250	3,373,600	3,245,555	128,045
Excess (deficiency) of revenues over (under) expenditures	139,000	(167,985)	28,461	196,446	-	360,100	(720,965)	(1,081,065)
Other Financing Sources (Uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	(13,000)	(13,000)	(13,000)	-	(360,100)	(488,116)	(128,016)	
Total other financing sources (uses)	(13,000)	(13,000)	(13,000)	-	(360,100)	(488,116)	(128,016)	
Net change in fund balances	126,000	(180,985)	15,461	196,446	-	-	(1,209,081)	(1,209,081)
Fund balances - beginning	834,060	834,060	834,060	-	-	-	-	-
Fund balances - ending	\$ 960,060	\$ 653,075	\$ 849,521	\$ 196,446	\$ -	\$ -	\$ (1,209,081)	\$ (1,209,081)

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	Special Revenue							
	Fontana Community Foundation				Fire Protection District CFD			
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	275,000	275,000	296,642	21,642
Investment earnings	750	750	509	(241)	17,500	17,500	10,357	(7,143)
Contribution from developer	-	-	-	-	-	-	-	-
Other revenue	500	500	-	(500)	-	-	-	-
Total revenues	<u>1,250</u>	<u>1,250</u>	<u>509</u>	<u>(741)</u>	<u>292,500</u>	<u>292,500</u>	<u>306,999</u>	<u>14,499</u>
Expenditures:								
Current:								
General government:								
City Administration	500	500	70	430	-	-	-	-
Management services	-	-	-	-	-	-	-	-
Information technology	-	-	-	-	-	-	-	-
Human resources	-	-	-	-	-	-	-	-
Public safety:								
Police	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-
Engineering	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Debt issuance costs	-	-	-	-	-	-	-	-
Total expenditures	<u>500</u>	<u>500</u>	<u>70</u>	<u>430</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>750</u>	<u>750</u>	<u>439</u>	<u>(311)</u>	<u>292,500</u>	<u>292,500</u>	<u>306,999</u>	<u>14,499</u>
Other Financing Sources (Uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>750</u>	<u>750</u>	<u>439</u>	<u>(311)</u>	<u>292,500</u>	<u>292,500</u>	<u>306,999</u>	<u>14,499</u>
Fund balances - beginning	<u>130,008</u>	<u>130,008</u>	<u>130,008</u>	<u>-</u>	<u>3,310,110</u>	<u>3,310,110</u>	<u>3,310,110</u>	<u>-</u>
Fund balances - ending	<u>\$ 130,758</u>	<u>\$ 130,758</u>	<u>\$ 130,447</u>	<u>\$ (311)</u>	<u>\$ 3,602,610</u>	<u>\$ 3,602,610</u>	<u>\$ 3,617,109</u>	<u>\$ 14,499</u>

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	Special Revenue							
	Fire District Grants				Landscape Maintenance Districts			
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:								
Taxes	\$ -	\$ -	-	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	102,146	66,904	(35,242)	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	4,005,500	4,005,500	4,078,274	72,774
Investment earnings	-	-	-	-	29,800	29,800	17,905	(11,895)
Contribution from developer	-	-	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-	-	-
Total revenues	-	102,146	66,904	(35,242)	4,035,300	4,035,300	4,096,179	60,879
Expenditures:								
Current:								
General government:								
City Administration	-	-	-	-	-	-	-	-
Management services	-	-	-	-	-	-	-	-
Information technology	-	-	-	-	-	-	-	-
Human resources	-	-	-	-	-	-	-	-
Public safety:								
Police	-	-	-	-	-	-	-	-
Fire	-	38,146	2,904	35,242	-	-	-	-
Public works	-	-	-	-	4,359,520	4,437,094	3,974,457	462,637
Community development	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-
Engineering	-	-	-	-	-	-	-	-
Capital outlay	-	64,000	64,000	-	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Debt issuance costs	-	-	-	-	-	-	-	-
Total expenditures	-	102,146	66,904	35,242	4,359,520	4,437,094	3,974,457	462,637
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-	(324,220)	(401,794)	121,722	523,516
Other Financing Sources (Uses):								
Transfers in	-	-	-	-	510,300	519,800	519,800	-
Transfers out	-	-	-	-	(425,200)	(425,200)	(425,200)	-
Total other financing sources (uses)	-	-	-	-	85,100	94,600	94,600	-
Net change in fund balances	-	-	-	-	(239,120)	(307,194)	216,322	523,516
Fund balances - beginning	-	-	-	-	6,513,452	6,513,452	6,513,452	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -	\$ 6,274,332	\$ 6,206,258	\$ 6,729,774	\$ 523,516

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	Special Revenue							
	Lighting District #3 Hunter's Ridge				Community Facilities Districts			
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	10,000	10,000	27,565	17,565
Fines and forfeitures	-	-	-	-	-	-	-	-
Special assessments	31,900	31,900	35,259	3,359	12,193,210	12,212,710	12,348,812	136,102
Investment earnings	170	170	87	(83)	141,450	141,450	84,665	(56,785)
Contribution from developer	-	-	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-	-	-
Total revenues	<u>32,070</u>	<u>32,070</u>	<u>35,346</u>	<u>3,276</u>	<u>12,344,660</u>	<u>12,364,160</u>	<u>12,461,042</u>	<u>96,882</u>
Expenditures:								
Current:								
General government:								
City Administration	-	-	-	-	-	-	-	-
Management services	-	-	-	-	-	-	-	-
Information technology	-	-	-	-	-	-	-	-
Human resources	-	-	-	-	-	-	-	-
Public safety:								
Police	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-
Public works	32,000	32,000	32,330	(330)	7,831,380	8,399,426	6,872,006	1,527,420
Community development	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-
Engineering	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Debt issuance costs	-	-	-	-	-	-	-	-
Total expenditures	<u>32,000</u>	<u>32,000</u>	<u>32,330</u>	<u>(330)</u>	<u>7,831,380</u>	<u>8,399,426</u>	<u>6,872,006</u>	<u>1,527,420</u>
Excess (deficiency) of revenues over (under) expenditures	<u>70</u>	<u>70</u>	<u>3,016</u>	<u>2,946</u>	<u>4,513,280</u>	<u>3,964,734</u>	<u>5,589,036</u>	<u>1,624,302</u>
Other Financing Sources (Uses):								
Transfers in	-	-	-	-	720,000	720,000	678,600	(41,400)
Transfers out	(3,900)	(3,900)	(3,900)	-	(5,280,900)	(5,280,900)	(5,237,500)	43,400
Total other financing sources (uses)	<u>(3,900)</u>	<u>(3,900)</u>	<u>(3,900)</u>	<u>-</u>	<u>(4,560,900)</u>	<u>(4,560,900)</u>	<u>(4,558,900)</u>	<u>2,000</u>
Net change in fund balances	(3,830)	(3,830)	(884)	2,946	(47,620)	(596,166)	1,030,136	1,626,302
Fund balances - beginning	35,829	35,829	35,829	-	27,858,127	27,858,127	27,858,127	-
Fund balances - ending	<u>\$ 31,999</u>	<u>\$ 31,999</u>	<u>\$ 34,945</u>	<u>\$ 2,946</u>	<u>\$ 27,810,507</u>	<u>\$ 27,261,961</u>	<u>\$ 28,888,263</u>	<u>\$ 1,626,302</u>

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	Debt Service				Capital Projects			
	General Debt Service				Capital Reinvestment			
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	197,200	197,200	183,507	(13,693)	-	404,460	-	(404,460)
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Investment earnings	500	500	1,144	644	100,000	100,000	8,859	(91,141)
Contribution from developer	-	-	-	-	-	-	-	-
Other revenue	-	-	-	-	-	378,161	-	(378,161)
Total revenues	<u>197,700</u>	<u>197,700</u>	<u>184,651</u>	<u>(13,049)</u>	<u>100,000</u>	<u>882,621</u>	<u>8,859</u>	<u>(873,762)</u>
Expenditures:								
Current:								
General government:								
City Administration	-	-	-	-	-	-	-	-
Management services	20,000	20,000	4,700	15,300	-	-	-	-
Information technology	-	-	-	-	-	374,050	-	374,050
Human resources	-	-	-	-	-	-	-	-
Public safety:								
Police	-	-	-	-	300,000	-	-	-
Fire	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	1,579,742	2,914,706	(1,334,964)
Community development	-	-	-	-	-	1,922,702	233,315	1,689,387
Community services	-	-	-	-	-	-	-	-
Engineering	-	-	-	-	39,570	116,830	104,574	12,256
Capital outlay	-	-	-	-	4,710,430	7,633,126	81,959	7,551,167
Debt service:								
Principal	1,055,000	1,055,000	1,055,000	-	-	-	-	-
Interest	2,050,710	2,050,710	2,050,704	6	-	-	-	-
Debt issuance costs	-	-	-	-	-	-	-	-
Total expenditures	<u>3,125,710</u>	<u>3,125,710</u>	<u>3,110,404</u>	<u>15,306</u>	<u>5,050,000</u>	<u>11,626,450</u>	<u>3,334,554</u>	<u>8,291,896</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,928,010)</u>	<u>(2,928,010)</u>	<u>(2,925,753)</u>	<u>2,257</u>	<u>(4,950,000)</u>	<u>(10,743,829)</u>	<u>(3,325,695)</u>	<u>7,418,134</u>
Other Financing Sources (Uses):								
Transfers in	2,928,010	2,928,010	2,925,932	(2,078)	4,700,000	4,748,450	4,248,450	500,000
Transfers out	-	-	-	-	(200,000)	(200,000)	(193,140)	(6,860)
Total other financing sources (uses)	<u>2,928,010</u>	<u>2,928,010</u>	<u>2,925,932</u>	<u>(2,078)</u>	<u>4,500,000</u>	<u>4,548,450</u>	<u>4,055,310</u>	<u>493,140</u>
Net change in fund balances	-	-	179	179	(450,000)	(6,195,379)	729,615	7,911,274
Fund balances - beginning	616,788	616,788	616,788	-	12,569,670	12,569,670	12,569,670	-
Fund balances - ending	<u>\$ 616,788</u>	<u>\$ 616,788</u>	<u>\$ 616,967</u>	<u>\$ 179</u>	<u>\$ 12,119,670</u>	<u>\$ 6,374,291</u>	<u>\$ 13,299,285</u>	<u>\$ 7,911,274</u>

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	Capital Projects							
	Future Capital Projects				Traffic Mitigation			
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	7,200,000	7,200,000	7,917,628	717,628
Fines and forfeitures	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Investment earnings	50,000	50,000	(45,092)	(95,092)	120,000	120,000	171,515	51,515
Contribution from developer	-	-	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-	-	-
Total revenues	<u>50,000</u>	<u>50,000</u>	<u>(45,092)</u>	<u>(95,092)</u>	<u>7,320,000</u>	<u>7,320,000</u>	<u>8,089,143</u>	<u>769,143</u>
Expenditures:								
Current:								
General government:								
City Administration	-	-	-	-	-	-	-	-
Management services	-	-	-	-	-	-	-	-
Information technology	-	-	-	-	-	-	-	-
Human resources	-	-	-	-	-	-	-	-
Public safety:								
Police	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Community development	-	-	-	-	-	486,600	-	486,600
Community services	-	-	-	-	-	-	-	-
Engineering	-	-	-	-	61,260	1,359,921	2,075,668	(715,747)
Capital outlay	-	-	-	-	1,512,860	16,401,029	533,720	15,867,309
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Total expenditures	-	-	-	-	1,574,120	18,247,550	2,609,388	15,638,162
Excess (deficiency) of revenues over (under) expenditures	<u>50,000</u>	<u>50,000</u>	<u>(45,092)</u>	<u>(95,092)</u>	<u>5,745,880</u>	<u>(10,927,550)</u>	<u>5,479,755</u>	<u>16,407,305</u>
Other Financing Sources (Uses):								
Transfers in	-	-	-	-	-	2,428,687	2,428,687	-
Transfers out	(2,300)	(2,300)	(2,300)	-	(486,600)	-	(486,600)	(486,600)
Total other financing sources (uses)	<u>(2,300)</u>	<u>(2,300)</u>	<u>(2,300)</u>	<u>-</u>	<u>(486,600)</u>	<u>2,428,687</u>	<u>1,942,087</u>	<u>(486,600)</u>
Net change in fund balances	47,700	47,700	(47,392)	(95,092)	5,259,280	(8,498,863)	7,421,842	15,920,705
Fund balances - beginning	<u>52,255,507</u>	<u>52,255,507</u>	<u>52,255,507</u>	<u>-</u>	<u>(17,703,077)</u>	<u>(17,703,077)</u>	<u>(17,703,077)</u>	<u>-</u>
Fund balances - ending	<u>\$ 52,303,207</u>	<u>\$ 52,303,207</u>	<u>\$ 52,208,115</u>	<u>\$ (95,092)</u>	<u>\$ (12,443,797)</u>	<u>\$ (26,201,940)</u>	<u>\$ (10,281,235)</u>	<u>\$ 15,920,705</u>

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	Capital Projects							
	Storm Drain				San Sevaine Flood Control			
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	2,577,000	2,999,896	3,303,907	304,011	475,000	475,000	11,723	(463,277)
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Investment earnings	90,000	90,000	68,479	(21,521)	4,500	4,500	4,902	402
Contribution from developer	-	-	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-	-	-
Total revenues	2,667,000	3,089,896	3,372,386	282,490	479,500	479,500	16,625	(462,875)
Expenditures:								
Current:								
General government:								
City Administration	-	-	-	-	-	-	-	-
Management services	-	-	-	-	-	-	-	-
Information technology	-	6,530	6,791	(261)	-	-	-	-
Human resources	-	-	-	-	-	-	-	-
Public safety:								
Police	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-
Engineering	698,510	1,336,197	2,456,829	(1,120,632)	84,270	89,166	217,154	(127,988)
Capital outlay	7,413,320	11,901,935	2,109,195	9,792,740	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Total expenditures	8,111,830	13,244,662	4,572,815	8,671,847	84,270	89,166	217,154	(127,988)
Excess (deficiency) of revenues over (under) expenditures	(5,444,830)	(10,154,766)	(1,200,429)	8,954,337	395,230	390,334	(200,529)	(590,863)
Other Financing Sources (Uses):								
Transfers in	-	761,169	812,867	51,698	-	157,098	153,233	(3,865)
Transfers out	(500,100)	(500,100)	(500,100)	-	(13,500)	(13,500)	(13,500)	-
Total other financing sources (uses)	(500,100)	261,069	312,767	-	(13,500)	143,598	139,733	(3,865)
Net change in fund balances	(5,944,930)	(9,893,697)	(887,662)	8,954,337	381,730	533,932	(60,796)	(594,728)
Fund balances - beginning	14,883,894	14,883,894	14,883,894	-	427,839	427,839	427,839	-
Fund balances - ending	\$ 8,938,964	\$ 4,990,197	\$ 13,996,232	\$ 8,954,337	\$ 809,569	\$ 961,771	\$ 367,043	\$ (594,728)

CITY OF FONTANA
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 For the Year Ended June 30, 2018

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	Capital Projects							
	Upper Etiwanda Flood Control				Park Development			
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	1,750,000	-	1,085,875	1,085,875
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Investment earnings	200	200	172	(28)	35,000	35,000	37,364	2,364
Contribution from developer	-	-	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-	-	-
Total revenues	200	200	172	(28)	1,785,000	35,000	1,123,239	1,088,239
Expenditures:								
Current:								
General government:								
City Administration	-	-	-	-	-	-	-	-
Management services	-	-	-	-	-	-	-	-
Information technology	-	-	-	-	-	-	-	-
Human resources	-	-	-	-	-	-	-	-
Public safety:								
Police	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-
Public works	-	-	-	-	246,540	941,229	2,166,144	(1,224,915)
Community development	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-
Engineering	-	-	-	-	6,790	81,658	26,594	55,064
Capital outlay	-	-	-	-	-	7,925,102	3,168,320	4,756,782
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Total expenditures	-	-	-	-	253,330	8,947,989	5,361,058	3,586,931
Excess (deficiency) of revenues over (under) expenditures	200	200	172	(28)	1,531,670	(8,912,989)	(4,237,819)	4,675,170
Other Financing Sources (Uses):								
Transfers in	-	-	-	-	-	2,444,000	2,444,000	-
Transfers out	-	-	-	-	(32,100)	(32,100)	(32,100)	-
Total other financing sources (uses)	-	-	-	-	(32,100)	2,411,900	2,411,900	-
Net change in fund balances	200	200	172	(28)	1,499,570	(6,501,089)	(1,825,919)	4,675,170
Fund balances - beginning	44,168	44,168	44,168	-	7,492,578	7,492,578	7,492,578	-
Fund balances - ending	\$ 44,368	\$ 44,368	\$ 44,340	\$ (28)	\$ 8,992,148	\$ 991,489	\$ 5,666,659	\$ 4,675,170

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	Capital Projects							
	Landscape Improvements				Library Capital Improvement			
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	100,000	100,000	111,280	11,280
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	500,000	500,000	1,225,957	725,957	-	-	125,859	125,859
Fines and forfeitures	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Investment earnings	13,000	13,000	7,845	(5,155)	6,500	6,500	4,337	(2,163)
Contribution from developer	-	-	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-	-	-
Total revenues	<u>513,000</u>	<u>513,000</u>	<u>1,233,802</u>	<u>720,802</u>	<u>106,500</u>	<u>106,500</u>	<u>241,476</u>	<u>134,976</u>
Expenditures:								
Current:								
General government:								
City Administration	-	-	-	-	-	-	-	-
Management services	-	-	-	-	-	-	-	-
Information technology	-	-	-	-	-	-	-	-
Human resources	-	-	-	-	-	-	-	-
Public safety:								
Police	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-
Public works	-	-	-	-	111,500	207,200	251,211	(44,011)
Community development	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-
Engineering	27,090	28,724	202,214	(173,490)	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Total expenditures	<u>27,090</u>	<u>28,724</u>	<u>202,214</u>	<u>(173,490)</u>	<u>111,500</u>	<u>207,200</u>	<u>251,211</u>	<u>(44,011)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>485,910</u>	<u>484,276</u>	<u>1,031,588</u>	<u>547,312</u>	<u>(5,000)</u>	<u>(100,700)</u>	<u>(9,735)</u>	<u>90,965</u>
Other Financing Sources (Uses):								
Transfers in	-	215,523	215,523	-	-	200,521	200,521	-
Transfers out	(2,800)	(2,800)	(2,800)	-	-	-	-	-
Total other financing sources (uses)	<u>(2,800)</u>	<u>212,723</u>	<u>212,723</u>	<u>-</u>	<u>-</u>	<u>200,521</u>	<u>200,521</u>	<u>-</u>
Net change in fund balances	483,110	696,999	1,244,311	547,312	(5,000)	99,821	190,786	90,965
Fund balances - beginning	<u>3,018,878</u>	<u>3,018,878</u>	<u>3,018,878</u>	<u>-</u>	<u>1,349,343</u>	<u>1,349,343</u>	<u>1,349,343</u>	<u>-</u>
Fund balances - ending	<u>\$ 3,501,988</u>	<u>\$ 3,715,877</u>	<u>\$ 4,263,189</u>	<u>\$ 547,312</u>	<u>\$ 1,344,343</u>	<u>\$ 1,449,164</u>	<u>\$ 1,540,129</u>	<u>\$ 90,965</u>

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	Capital Projects							
	Police Facility				General Government Improvement			
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	\$ 200,000	\$ 200,000	\$ 566,407	\$ 366,407	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	400,000	400,000	1,401,868	1,001,868
Fines and forfeitures	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Investment earnings	7,700	7,700	5,985	(1,715)	28,000	28,000	18,278	(9,722)
Contribution from developer	-	-	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-	-	-
Total revenues	<u>207,700</u>	<u>207,700</u>	<u>572,392</u>	<u>364,692</u>	<u>428,000</u>	<u>428,000</u>	<u>1,420,146</u>	<u>992,146</u>
Expenditures:								
Current:								
General government:								
City Administration	-	-	-	-	-	-	-	-
Management services	-	-	-	-	-	-	-	-
Information technology	-	-	-	-	-	-	-	-
Human resources	-	-	-	-	-	-	-	-
Public safety:								
Police	-	131,707	257,976	(126,269)	-	-	-	-
Fire	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-
Engineering	-	-	-	-	-	-	243,656	(243,656)
Capital outlay	-	416,782	267,071	149,711	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	1,017,764	-	1,017,764
Total expenditures	-	548,489	525,047	23,442	-	1,017,764	243,656	774,108
Excess (deficiency) of revenues over (under) expenditures	<u>207,700</u>	<u>(340,789)</u>	<u>47,345</u>	<u>388,134</u>	<u>428,000</u>	<u>(589,764)</u>	<u>1,176,490</u>	<u>1,766,254</u>
Other Financing Sources (Uses):								
Transfers in	-	197,972	197,972	-	-	299,394	299,394	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	197,972	197,972	-	-	299,394	299,394	-
Net change in fund balances	207,700	(142,817)	245,317	388,134	428,000	(290,370)	1,475,884	1,766,254
Fund balances - beginning	1,684,356	1,684,356	1,684,356	-	5,859,594	5,859,594	5,859,594	-
Fund balances - ending	<u>\$ 1,892,056</u>	<u>\$ 1,541,539</u>	<u>\$ 1,929,673</u>	<u>\$ 388,134</u>	<u>\$ 6,287,594</u>	<u>\$ 5,569,224</u>	<u>\$ 7,335,478</u>	<u>\$ 1,766,254</u>

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	Capital Projects							
	Capital Improvements				Underground Utilities			
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	15,000	15,000	17,985	2,985
Fines and forfeitures	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Investment earnings	400	400	3,434	3,034	300	300	169	(131)
Contribution from developer	-	926,401	783,782	(142,619)	-	-	-	-
Other revenue	-	-	-	-	-	-	-	-
Total revenues	400	926,801	787,216	(139,585)	15,300	15,300	18,154	2,854
Expenditures:								
Current:								
General government:								
City Administration	-	-	-	-	-	-	-	-
Management services	-	-	-	-	-	-	-	-
Information technology	-	-	-	-	-	-	-	-
Human resources	-	-	-	-	-	-	-	-
Public safety:								
Police	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-
Public works	-	600,000	-	600,000	-	-	-	-
Community development	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-
Engineering	17,920	218,278	189,815	28,463	-	-	-	-
Capital outlay	2,496,090	11,540,945	528,372	11,012,573	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Total expenditures	2,514,010	12,359,223	718,187	11,641,036	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	(2,513,610)	(11,432,422)	69,029	11,501,451	15,300	15,300	18,154	2,854
Other Financing Sources (Uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	(5,800)	(5,800)	(5,800)	-	-	-	-	-
Total other financing sources (uses)	(5,800)	(5,800)	(5,800)	-	-	-	-	-
Net change in fund balances	(2,519,410)	(11,438,222)	63,229	11,501,451	15,300	15,300	18,154	2,854
Fund balances - beginning	9,006,386	9,006,386	9,006,386	-	105,119	105,119	105,119	-
Fund balances - ending	\$ 6,486,976	\$ (2,431,836)	\$ 9,069,615	\$ 11,501,451	\$ 120,419	\$ 120,419	\$ 123,273	\$ 2,854

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	Capital Projects							
	Sewer Expansion				Fire Assessment			
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:								
Taxes	\$ -	\$ -	\$ -	\$ (2,300,000)	\$ -	\$ -	\$ -	\$ -
Licenses and permits	\$ 2,300,000	\$ 2,300,000	\$ -	\$ (2,300,000)	\$ 150,000	\$ 150,000	\$ 363,442	\$ 213,442
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	100,000	100,000	-	(100,000)	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Investment earnings	50,000	50,000	25,796	(24,204)	3,500	3,500	2,247	(1,253)
Contribution from developer	-	-	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-	-	-
Total revenues	<u>2,450,000</u>	<u>2,450,000</u>	<u>25,796</u>	<u>(2,424,204)</u>	<u>153,500</u>	<u>153,500</u>	<u>365,689</u>	<u>212,189</u>
Expenditures:								
Current:								
General government:								
City Administration	-	-	-	-	-	-	-	-
Management services	-	-	-	-	-	-	-	-
Information technology	-	-	-	-	-	-	-	-
Human resources	-	-	-	-	-	-	-	-
Public safety:								
Police	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-
Engineering	-	-	187,140	(187,140)	-	-	50,184	(50,184)
Capital outlay	1,575,000	1,575,000	-	1,575,000	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	553,145	-	553,145
Total expenditures	<u>1,575,000</u>	<u>1,575,000</u>	<u>187,140</u>	<u>1,387,860</u>	<u>-</u>	<u>553,145</u>	<u>50,184</u>	<u>502,961</u>
Excess (deficiency) of revenues over (under) expenditures	<u>875,000</u>	<u>875,000</u>	<u>(161,344)</u>	<u>(1,036,344)</u>	<u>153,500</u>	<u>(399,645)</u>	<u>315,505</u>	<u>715,150</u>
Other Financing Sources (Uses):								
Transfers in	-	-	\$ (115,830)	(115,830)	-	61,664	61,664	-
Transfers out	(75,000)	(75,000)	-	75,000	(296,010)	(296,010)	(301,273)	(5,263)
Total other financing sources (uses)	<u>(75,000)</u>	<u>(75,000)</u>	<u>(115,830)</u>	<u>(40,830)</u>	<u>(296,010)</u>	<u>(234,346)</u>	<u>(239,609)</u>	<u>(5,263)</u>
Net change in fund balances	800,000	800,000	(277,174)	(1,077,174)	(142,510)	(633,991)	75,896	709,887
Fund balances - beginning	1,364,110	1,364,110	1,364,110	-	681,577	681,577	681,577	-
Fund balances - ending	<u>\$ 2,164,110</u>	<u>\$ 2,164,110</u>	<u>\$ 1,086,936</u>	<u>\$ (1,077,174)</u>	<u>\$ 539,067</u>	<u>\$ 47,586</u>	<u>\$ 757,473</u>	<u>\$ 709,887</u>

CITY OF FONTANA
 Budgetary Comparison Schedules
 Governmental Funds
 For the Year Ended June 30, 2018

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	Capital Projects							
	Affordable Housing Trust				Fire Protection District			
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	\$ 595,000	\$ 483,221	\$ 629,706	\$ 146,485	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Investment earnings	11,000	11,000	7,255	(3,745)	24,000	24,000	28,889	4,889
Contribution from developer	-	-	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-	-	-
Total revenues	606,000	494,221	636,961	142,740	24,000	24,000	28,889	4,889
Expenditures:								
Current:								
General government:								
City Administration	500	500	363,779	(363,279)	-	-	-	-
Management services	-	-	-	-	-	-	-	-
Information technology	-	-	-	-	-	-	-	-
Human resources	-	-	-	-	-	-	-	-
Public safety:								
Police	-	-	-	-	-	-	-	-
Fire	-	-	-	-	75,000	663,268	133,834	529,434
Public works	-	-	-	-	-	66,483	-	66,483
Community development	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-
Engineering	-	-	-	-	-	6,399	20,045	(13,646)
Capital outlay	-	-	-	-	1,075,800	2,859,457	2,226,532	632,925
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Total expenditures	500	500	363,779	(363,279)	1,150,800	3,595,607	2,380,411	1,215,196
Excess (deficiency) of revenues over (under) expenditures	605,500	493,721	273,182	(220,539)	(1,126,800)	(3,571,607)	(2,351,522)	1,220,085
Other Financing Sources (Uses):								
Transfers in	-	363,779	458,279	94,500	1,831,250	1,831,250	1,831,250	-
Transfers out	-	-	-	-	(450,200)	(450,200)	(450,200)	-
Total other financing sources (uses)	-	363,779	458,279	94,500	1,381,050	1,381,050	1,381,050	-
Net change in fund balances	605,500	857,500	731,461	(126,039)	254,250	(2,190,557)	(970,472)	1,220,085
Fund balances - beginning	2,489,822	2,489,822	2,489,822	-	6,261,828	6,261,828	6,261,828	-
Fund balances - ending	\$ 3,095,322	\$ 3,347,322	\$ 3,221,283	\$ (126,039)	\$ 6,516,078	\$ 4,071,271	\$ 5,291,356	\$ 1,220,085

CITY OF FONTANA
 Budgetary Comparison Schedules
 Governmental Funds
 For the Year Ended June 30, 2018

Schedule 3
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	Capital Projects							
	Fontana Housing Authority				Community Facilities Districts			
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Investment earnings	264,310	264,310	71,980	(192,330)	1,150	1,150	10,515	9,365
Contribution from developer	-	-	-	-	-	18,038,567	17,911,902	(126,665)
Other revenue	15,050	15,050	3,875	(11,175)	-	-	-	-
Total revenues	279,360	279,360	75,855	(203,505)	1,150	18,039,717	17,922,417	(117,300)
Expenditures:								
Current:								
General government:								
City Administration	-	-	-	-	-	-	-	-
Management services	-	-	-	-	-	-	-	-
Information technology	-	-	-	-	-	-	-	-
Human resources	-	-	-	-	-	-	-	-
Public safety:								
Police	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Community development	161,220	-	330,640	(330,640)	-	-	-	-
Community services	-	-	-	-	-	-	-	-
Engineering	-	-	-	-	-	-	1,365,269	(1,365,269)
Capital outlay	30,000	517,204	20,088	497,116	-	9,367,502	-	9,367,502
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	578,765	572,236	6,529
Total expenditures	191,220	517,204	350,728	166,476	-	9,946,267	1,937,505	8,008,762
Excess (deficiency) of revenues over (under) expenditures	88,140	(237,844)	(274,873)	(37,029)	1,150	8,093,450	15,984,912	7,891,462
Other Financing Sources (Uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	(48,300)	(48,300)	(48,300)	-	-	(7,459,412)	(7,594,727)	(135,315)
Total other financing sources (uses)	(48,300)	(48,300)	(48,300)	-	-	9,807,278	(7,594,727)	(17,402,005)
Net change in fund balances	39,840	(286,144)	(323,173)	(37,029)	1,150	17,900,728	8,390,185	(9,510,543)
Fund balances - beginning	4,872,364	4,872,364	4,872,364	-	757,345	757,345	757,345	-
Fund balances - ending	\$ 4,912,204	\$ 4,586,220	\$ 4,549,191	\$ (37,029)	\$ 758,495	\$ 18,658,073	\$ 9,147,530	\$ (9,510,543)

Fiduciary Fund Types

Fiduciary Fund types include trust and agency funds. Agency funds are used to account for assets held by the government as an agent for individuals, private organizations, other governments and/or other funds.

Community Facilities District #2 - Heritage- To account for the Village of Heritage CFD special taxes received and the payment of debt service related to bonds issued.

Community Facilities District #3 - Hunter's Ridge- To account for the Hunter's Ridge CFD special taxes received and the payment of debt service related to bonds issued.

Community Facilities District #4 - Walnut Village - To account for the Walnut Village CFD special taxes received and the payment of debt service related to bonds issued.

Community Facilities District #7 - Country Club - To account for the Country Club Estates CFD special taxes received and the payment of debt service related to bonds issued.

Community Facilities District #11 - Heritage West End - To account for the Heritage West End CFD special taxes received and the payment of debt service related to bonds issued.

Community Facilities District #12 – Sierra Lakes - To account for the Sierra Lakes CFD special taxes received and the payment of debt service related to bonds issued.

Community Facilities District #22 – Sierra Hills South – To account for the Sierra Hills South CFD special taxes received and the payment of debt related to bonds issued.

Community Facilities District #31 – Citrus Heights – To account for the Citrus Heights North CFD special taxes received and the payment of debt related to bonds issued.

Community Facilities District #37 – Montelago – To account for the Montelago CFD special taxes received and the payment of debt related to bonds issued.

Community Facilities District #70 - Avellino – To account for the Avellino CFD special taxes received and the payment of debt related to bonds issued.

Community Facilities District #71 – Sierra Crest – To account for the Sierra Crest CFD special taxes received and the payment of debt related to bonds issued.

Fiduciary Fund Types

Fiduciary Funds (continued)

Community Facilities District #80 – Bella Strada – To account for the Bella Strada CFD special taxes received and the payment of debt related to bonds issued.

Community Facilities District #81 – Gabriella – To account for the Gabriella CFD special taxes received and the payment of debt related to bonds issued.

Trust Deposits - To account for various deposits that are held by the City as collateral, guarantee of work to be done, or for code compliance. The moneys in this fund are returned to the depositor upon completion of projects and/or fulfillment of purpose.

CITY OF FONTANA
 Combining Statement of Net Position
 All Agency Funds
 June 30, 2018

	Community Facilities District #2 Heritage	Community Facilities District #3 Hunter's Ridge	Community Facilities District #4 Walnut Village	Community Facilities District #7 Country Club	Community Facilities District #11 Heritage West	Community Facilities District #12 Sierra Lakes	Community Facilities District #22 Sierra Hills South	Community Facilities District #31 Citrus Heights
Assets:								
Cash and investments	\$ 158,849	\$ 186,295	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receivables (net):								
Assessments	79,928	3,054	393	6,481	10,521	17,489	256,215	44,967
Restricted assets:								
Cash and investments	-	-	-	660,616	2,079,577	4,685,171	4,538,803	3,290,955
Total Assets	\$ 238,777	\$ 189,349	\$ 393	\$ 667,097	\$ 2,090,098	\$ 4,702,660	\$ 4,795,018	\$ 3,335,922
Liabilities:								
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deposits payable	-	-	-	-	-	-	-	-
Due to bondholders	238,777	189,349	393	667,097	2,090,098	4,702,660	4,795,018	3,335,922
Total Liabilities	\$ 238,777	\$ 189,349	\$ 393	\$ 667,097	\$ 2,090,098	\$ 4,702,660	\$ 4,795,018	\$ 3,335,922
	Community Facilities District #37 Montelago	Community Facilities District #70 Avellino	Community Facilities District #71 Sierra Crest	Community Facilities District #80 Bella Strada	Community Facilities District #81 Gabriella	Trust Deposits	Totals	
Assets:								
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,793,903		\$ 6,139,047
Receivables (net):								
Assessments	4,822	1,945	4,122	3,489	10,791	-		444,217
Restricted assets:								
Cash and investments	1,146,693	422,642	589,526	1,232,430	672,446	-		19,318,859
Total Assets	\$ 1,151,515	\$ 424,587	\$ 593,648	\$ 1,235,919	\$ 683,237	\$ 5,793,903		\$ 25,902,123
Liabilities:								
Deposits payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,793,903		\$ 5,793,903
Due to bondholders	1,151,515	424,587	593,648	1,235,919	683,237	-		20,108,220
Total Liabilities	\$ 1,151,515	\$ 424,587	\$ 593,648	\$ 1,235,919	\$ 683,237	\$ 5,793,903		\$ 25,902,123

CITY OF FONTANA
 Combining Statement of Changes in Assets and Liabilities
 All Agency Funds
 For the Year Ended June 30, 2018

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	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2018</u>
<u>Community Facilities District #2 - Heritage</u>				
Assets:				
Cash and investments	\$ -	\$ 592,699	\$ 433,850	\$ 158,849
Receivables (net):				
Assessments	104,995	73,847	98,914	79,928
Restricted assets:				
Cash and investments	4,822,968	4,370,108	9,193,076	-
Total Assets	<u>\$ 4,927,963</u>	<u>\$ 5,036,654</u>	<u>\$ 9,725,840</u>	<u>\$ 238,777</u>
Liabilities:				
Due to bondholders	\$ 4,927,963	\$ 5,036,654	\$ 9,725,840	\$ 238,777
Total Liabilities	<u>\$ 4,927,963</u>	<u>\$ 5,036,654</u>	<u>\$ 9,725,840</u>	<u>\$ 238,777</u>
<u>Community Facilities District #3 - Hunter's Ridge</u>				
Assets:				
Cash and investments	\$ 183,699	\$ 5,070	\$ 2,474	\$ 186,295
Receivables (net):				
Assessments	5,909	-	2,855	3,054
Total Assets	<u>\$ 5,909</u>	<u>\$ 5,070</u>	<u>\$ 5,329</u>	<u>\$ 189,349</u>
Liabilities:				
Due to bondholders	\$ 189,608	\$ 5,070	\$ 5,329	\$ 189,349
Total Liabilities	<u>\$ 189,608</u>	<u>\$ 5,070</u>	<u>\$ 5,329</u>	<u>\$ 189,349</u>
<u>Community Facilities District #4 - Walnut Village</u>				
Assets:				
Receivables (net):				
Assessments	\$ 393	\$ -	\$ -	\$ 393
Total Assets	<u>\$ 393</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 393</u>
Liabilities:				
Due to bondholders	\$ 393	\$ -	\$ -	\$ 393
Total Liabilities	<u>\$ 393</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 393</u>

CITY OF FONTANA
 Combining Statement of Changes in Assets and Liabilities
 All Agency Funds
 For the Year Ended June 30, 2018

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	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2018</u>
<u>Community Facilities District #7 - Country Club</u>				
Assets:				
Receivables (net):				
Assessments	\$ 6,416	\$ 285,805	\$ 285,740	\$ 6,481
Restricted assets:				
Cash and investments	<u>661,172</u>	<u>529,971</u>	<u>530,527</u>	<u>660,616</u>
Total Assets	<u>\$ 667,588</u>	<u>\$ 815,776</u>	<u>\$ 816,267</u>	<u>\$ 667,097</u>
Liabilities:				
Due to bondholders	<u>\$ 667,588</u>	<u>\$ 815,776</u>	<u>\$ 816,267</u>	<u>\$ 667,097</u>
Total Liabilities	<u>\$ 667,588</u>	<u>\$ 815,776</u>	<u>\$ 816,267</u>	<u>\$ 667,097</u>
<u>Community Facilities District #11 - Heritage West End</u>				
Assets:				
Receivables (net):				
Assessments	\$ 4,042	\$ 889,723	\$ 883,244	\$ 10,521
Restricted assets:				
Cash and investments	<u>1,967,533</u>	<u>1,677,610</u>	<u>1,565,566</u>	<u>2,079,577</u>
Total Assets	<u>\$ 1,971,575</u>	<u>\$ 2,567,333</u>	<u>\$ 2,448,810</u>	<u>\$ 2,090,098</u>
Liabilities:				
Due to bondholders	<u>\$ 1,971,575</u>	<u>\$ 2,567,333</u>	<u>\$ 2,448,810</u>	<u>\$ 2,090,098</u>
Total Liabilities	<u>\$ 1,971,575</u>	<u>\$ 2,567,333</u>	<u>\$ 2,448,810</u>	<u>\$ 2,090,098</u>
<u>Community Facilities District #12 - Sierra Lakes</u>				
Assets:				
Receivables (net):				
Assessments	\$ 30,660	\$ 1,661,809	\$ 1,674,980	\$ 17,489
Restricted assets:				
Cash and investments	<u>4,842,528</u>	<u>3,203,029</u>	<u>3,360,386</u>	<u>4,685,171</u>
Total Assets	<u>\$ 4,873,188</u>	<u>\$ 4,864,838</u>	<u>\$ 5,035,366</u>	<u>\$ 4,702,660</u>
Liabilities:				
Due to bondholders	<u>\$ 4,873,188</u>	<u>\$ 4,864,838</u>	<u>\$ 5,035,366</u>	<u>\$ 4,702,660</u>
Total Liabilities	<u>\$ 4,873,188</u>	<u>\$ 4,864,838</u>	<u>\$ 5,035,366</u>	<u>\$ 4,702,660</u>

CITY OF FONTANA
 Combining Statement of Changes in Assets and Liabilities
 All Agency Funds
 For the Year Ended June 30, 2018

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	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2018</u>
<u>Community Facilities District #22 - Sierra Hills South</u>				
Assets:				
Receivables (net):				
Assessments	\$ 21,478	\$ 2,695,875	\$ 2,461,138	\$ 256,215
Restricted assets:				
Cash and investments	<u>4,707,006</u>	<u>4,410,132</u>	<u>4,578,335</u>	<u>4,538,803</u>
Total Assets	<u>\$ 4,728,484</u>	<u>\$ 7,106,007</u>	<u>\$ 7,039,473</u>	<u>\$ 4,795,018</u>
Liabilities:				
Due to bondholders	<u>\$ 4,728,484</u>	<u>\$ 7,106,007</u>	<u>\$ 7,039,473</u>	<u>\$ 4,795,018</u>
Total Liabilities	<u>\$ 4,728,484</u>	<u>\$ 7,106,007</u>	<u>\$ 7,039,473</u>	<u>\$ 4,795,018</u>
<u>Community Facilities District #31 - Citrus Heights North</u>				
Assets:				
Receivables (net):				
Assessments	\$ 55,730	\$ 1,726,289	\$ 1,737,052	\$ 44,967
Restricted assets:				
Cash and investments	<u>3,273,637</u>	<u>3,504,163</u>	<u>3,486,845</u>	<u>3,290,955</u>
Total Assets	<u>\$ 3,329,367</u>	<u>\$ 5,230,452</u>	<u>\$ 5,223,897</u>	<u>\$ 3,335,922</u>
Liabilities:				
Due to bondholders	<u>\$ 3,329,367</u>	<u>\$ 5,230,452</u>	<u>\$ 5,223,897</u>	<u>\$ 3,335,922</u>
Total Liabilities	<u>\$ 3,329,367</u>	<u>\$ 5,230,452</u>	<u>\$ 5,223,897</u>	<u>\$ 3,335,922</u>
<u>Community Facilities District #37 - Montelago</u>				
Assets:				
Receivables (net):				
Assessments	\$ 6,821	\$ 308,615	\$ 310,614	\$ 4,822
Restricted assets:				
Cash and investments	<u>1,154,411</u>	<u>560,536</u>	<u>568,254</u>	<u>1,146,693</u>
Total Assets	<u>\$ 1,161,232</u>	<u>\$ 869,151</u>	<u>\$ 878,868</u>	<u>\$ 1,151,515</u>
Liabilities:				
Due to bondholders	<u>\$ 1,161,232</u>	<u>\$ 869,151</u>	<u>\$ 878,868</u>	<u>\$ 1,151,515</u>
Total Liabilities	<u>\$ 1,161,232</u>	<u>\$ 869,151</u>	<u>\$ 878,868</u>	<u>\$ 1,151,515</u>

CITY OF FONTANA
 Combining Statement of Changes in Assets and Liabilities
 All Agency Funds
 For the Year Ended June 30, 2018

Schedule 5
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	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2018</u>
<u>Community Facilities District #70 - Avellino</u>				
Assets:				
Receivables (net):				
Assessments	\$ 4,402	\$ 241,384	\$ 243,841	\$ 1,945
Restricted assets:				
Cash and investments	<u>396,167</u>	<u>395,765</u>	<u>369,290</u>	<u>422,642</u>
Total Assets	<u>\$ 400,569</u>	<u>\$ 637,149</u>	<u>\$ 613,131</u>	<u>\$ 424,587</u>
Liabilities:				
Due to bondholders	<u>\$ 400,569</u>	<u>\$ 637,149</u>	<u>\$ 613,131</u>	<u>\$ 424,587</u>
Total Liabilities	<u>\$ 400,569</u>	<u>\$ 637,149</u>	<u>\$ 613,131</u>	<u>\$ 424,587</u>
<u>Community Facilities District #71 - Sierra Crest</u>				
Assets:				
Receivables (net):				
Assessments	\$ 3,809	\$ 373,503	\$ 373,190	\$ 4,122
Restricted assets:				
Cash and investments	<u>568,752</u>	<u>614,950</u>	<u>594,176</u>	<u>589,526</u>
Total Assets	<u>\$ 572,561</u>	<u>\$ 988,453</u>	<u>\$ 967,366</u>	<u>\$ 593,648</u>
Liabilities:				
Due to bondholders	<u>\$ 572,561</u>	<u>\$ 988,453</u>	<u>\$ 967,366</u>	<u>\$ 593,648</u>
Total Liabilities	<u>\$ 572,561</u>	<u>\$ 988,453</u>	<u>\$ 967,366</u>	<u>\$ 593,648</u>
<u>Community Facilities District #80 - Bella Strada</u>				
Assets:				
Cash and investments	\$ 229,831	\$ 610,686	\$ 840,517	\$ -
Receivables (net):				
Assessments	1,316	612,357	610,184	3,489
Restricted assets:				
Cash and investments	<u>-</u>	<u>1,587,311</u>	<u>354,881</u>	<u>1,232,430</u>
Total Assets	<u>\$ 231,147</u>	<u>\$ 2,810,354</u>	<u>\$ 1,805,582</u>	<u>\$ 1,235,919</u>
Liabilities:				
Due to bondholders	<u>\$ 231,147</u>	<u>\$ 2,810,354</u>	<u>\$ 1,805,582</u>	<u>\$ 1,235,919</u>
Total Liabilities	<u>\$ 231,147</u>	<u>\$ 2,810,354</u>	<u>\$ 1,805,582</u>	<u>\$ 1,235,919</u>

CITY OF FONTANA
 Combining Statement of Changes in Assets and Liabilities
 All Agency Funds
 For the Year Ended June 30, 2018

Schedule 5
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	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2018</u>
Community Facilities District #81 - Gabriella				
Assets:				
Receivables (net):				
Assessments	\$ -	\$ 261,451	\$ 250,660	\$ 10,791
Restricted assets:				
Cash and investments	\$ -	\$ 712,446	\$ 40,000	\$ 672,446
Total Assets	<u>\$ -</u>	<u>\$ 973,897</u>	<u>\$ 290,660</u>	<u>\$ 683,237</u>
Liabilities:				
Due to bondholders	\$ -	\$ 973,897	\$ 290,660	\$ 683,237
Total Liabilities	<u>\$ -</u>	<u>\$ 973,897</u>	<u>\$ 290,660</u>	<u>\$ 683,237</u>
Trust Deposits				
Assets:				
Cash and investments	\$ 5,751,673	\$ 13,327,403	\$ 13,285,173	\$ 5,793,903
Total Assets	<u>\$ 5,751,673</u>	<u>\$ 13,327,403</u>	<u>\$ 13,285,173</u>	<u>\$ 5,793,903</u>
Liabilities:				
Deposits payable	\$ 5,751,673	\$ 13,327,403	\$ 13,285,173	\$ 5,793,903
Total Liabilities	<u>\$ 5,751,673</u>	<u>\$ 13,327,403</u>	<u>\$ 13,285,173</u>	<u>\$ 5,793,903</u>
Totals - All Agency Funds				
Assets:				
Cash and investments	\$ 6,165,203	\$ 14,535,858	\$ 14,562,014	\$ 6,139,047
Receivables (net):				
Assessments	\$ 245,971	\$ 9,130,658	\$ 8,932,412	\$ 444,217
Restricted assets:				
Cash and investments	\$ 22,394,174	\$ 21,566,021	\$ 24,641,336	\$ 19,318,859
Total Assets	<u>\$ 28,805,348</u>	<u>\$ 45,232,537</u>	<u>\$ 48,135,762</u>	<u>\$ 25,902,123</u>
Liabilities:				
Deposits payable	\$ 5,751,673	\$ 13,327,403	\$ 13,285,173	\$ 5,793,903
Due to bondholders	\$ 23,053,675	\$ 31,905,134	\$ 34,850,589	\$ 20,108,220
Total Liabilities	<u>\$ 28,805,348</u>	<u>\$ 45,232,537</u>	<u>\$ 48,135,762</u>	<u>\$ 25,902,123</u>

Statistical Section

CITY OF FONTANA

STATISTICAL SECTION

This part of the City of Fontana'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 financial trends, revenue capacity, debt capacity, demographics, and operating information.

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	141
Revenue Capacity These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales tax.	145
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future.	149
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.	153
Operating Information These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	155

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.



CITY OF FONTANA
NET POSITION BY COMPONENT
Last Ten Fiscal Years
 (accrual basis of accounting)

	Fiscal Year				
	2018	2017	2016	2015	2014
Governmental Activities					
Net investment in capital assets	\$ 720,068,559	\$ 735,790,188	\$ 755,220,959	\$ 691,627,257	\$ 703,125,448
Restricted	232,841,328	227,128,252	226,420,563	204,759,026	196,764,945
Unrestricted	(26,155,824)	9,377,716	2,951,934	(13,247,617)	93,002,321
Total governmental activities net position	<u>926,754,063</u>	<u>972,296,156</u>	<u>984,593,456</u>	<u>883,138,666</u>	<u>992,892,714</u>
Business-type activities					
Net investment in capital assets	\$ 61,076,764	\$ 61,798,043	\$ 63,050,134	\$ 65,035,187	\$ 62,610,261
Unrestricted	21,347,594	22,291,772	23,458,142	23,099,758	27,641,399
Total business-type activities net position	<u>82,424,358</u>	<u>84,089,815</u>	<u>86,508,276</u>	<u>88,134,945</u>	<u>90,251,660</u>
Primary Government					
Net investment in capital assets	781,145,323	797,588,231	818,271,093	756,662,444	765,735,709
Restricted	232,841,328	227,128,252	226,420,563	204,759,026	196,764,945
Unrestricted	(4,808,230)	31,669,488	26,410,076	9,852,141	120,643,720
Total primary government net position	<u>1,009,178,421</u>	<u>1,056,385,971</u>	<u>1,071,101,732</u>	<u>971,273,611</u>	<u>1,083,144,374</u>
	Fiscal Year				
	2013	2012	2011	2010	2009
Governmental Activities					
Net investment in capital assets	\$ 676,166,540	\$ 672,341,983	\$ 223,511,085	\$ 210,467,754	\$ 231,561,402
Restricted	201,817,790	195,161,021	150,478,343	310,331,309	221,238,043
Unrestricted	71,378,200	101,455,109	185,447,345	30,252,479	94,739,284
Total governmental activities net position	<u>949,362,530</u>	<u>968,958,113</u>	<u>559,436,773</u>	<u>551,051,542</u>	<u>547,538,729</u>
Business-type activities					
Net investment in capital assets	\$ 63,626,343	\$ 65,695,817	\$ 65,645,477	\$ 65,566,041	\$ 66,461,827
Unrestricted	28,233,609	29,652,481	38,838,065	37,796,093	35,851,412
Total business-type activities net position	<u>91,859,952</u>	<u>95,348,298</u>	<u>104,483,542</u>	<u>103,362,134</u>	<u>102,313,239</u>
Primary Government					
Net investment in capital assets	739,792,883	738,037,800	289,156,562	276,033,795	298,023,229
Restricted	201,817,790	195,161,021	150,478,343	310,331,309	221,238,043
Unrestricted	99,611,809	131,107,590	224,285,410	68,048,572	130,590,696
Total primary government net position	<u>1,041,222,482</u>	<u>1,064,306,411</u>	<u>663,920,315</u>	<u>654,413,676</u>	<u>649,851,968</u>

CITY OF FONTANA
CHANGES IN NET POSITION
Last Ten Fiscal Years
 (accrual basis of accounting)

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Expenses										
Governmental activities:										
General government	\$ 28,739,683	\$ 45,299,507	\$ 29,336,758	\$ 24,737,274	\$ 23,587,937	\$ 22,932,400	\$ 22,587,697	\$ 22,161,297	\$ 20,438,205	\$ 21,468,410
Public safety	93,262,299	84,299,901	77,928,071	76,501,195	70,609,139	65,336,580	65,101,512	64,755,767	66,543,166	66,265,077
Public works	47,117,801	40,234,605	37,524,666	69,996,558	71,174,441	72,603,025	72,025,175	63,180,797	70,750,081	57,090,691
Building & safety	-	-	-	-	-	-	-	2,146,444	2,172,818	2,676,376
Community development	9,933,299	10,454,373	9,037,714	3,882,448	3,724,782	27,999,771	25,914,815	36,682,509	74,348,012	34,918,957
Community services	17,272,167	15,370,237	14,762,425	13,474,939	12,928,629	13,072,787	12,897,105	12,458,069	11,566,479	11,053,864
Engineering	30,951,213	27,878,438	21,667,220	14,859,417	20,006,242	5,815,197	6,164,023	8,335,217	15,314,176	12,280,081
Interest on long-term debt	2,608,411	2,392,153	2,153,414	3,105,404	2,866,029	2,974,691	11,724,101	32,678,422	37,910,762	40,582,735
Total governmental activities expenses	<u>229,884,873</u>	<u>225,929,214</u>	<u>192,410,268</u>	<u>206,557,235</u>	<u>204,897,199</u>	<u>210,734,451</u>	<u>216,414,428</u>	<u>242,398,522</u>	<u>299,043,699</u>	<u>246,336,191</u>
Business-type activities:										
Sewer	22,261,294	20,786,533	18,837,548	18,010,757	16,987,089	15,577,783	14,878,804	15,096,815	14,423,195	13,903,171
Water	1,390	6,032	44,104	54,805	134,351	550,544	336,943	99,463	123,359	363,901
Total business-type activities	<u>22,262,684</u>	<u>20,792,565</u>	<u>18,881,652</u>	<u>18,065,562</u>	<u>17,121,440</u>	<u>16,128,327</u>	<u>15,215,747</u>	<u>15,196,278</u>	<u>14,546,554</u>	<u>14,267,072</u>
Total primary government expenses	<u>\$ 252,147,557</u>	<u>\$ 246,721,779</u>	<u>\$ 211,291,920</u>	<u>\$ 224,622,797</u>	<u>\$ 222,018,639</u>	<u>\$ 226,862,778</u>	<u>\$ 231,630,175</u>	<u>\$ 257,594,800</u>	<u>\$ 313,590,253</u>	<u>\$ 260,603,263</u>
Program Revenues										
Governmental activities:										
Charges for Services:										
General government	12,022,779	7,139,390	6,864,125	7,801,644	7,304,751	6,176,107	7,924,030	2,683,979	3,856,477	4,165,677
Public safety	6,280,045	6,190,785	6,314,166	9,987,259	4,916,477	12,868,006	4,334,408	5,029,644	3,577,408	9,428,484
Public works	19,351,719	19,257,044	19,504,058	18,706,068	16,194,872	20,454,574	16,543,066	15,338,389	17,878,349	21,070,382
Building & safety	-	-	-	-	-	-	-	2,183,905	2,221,676	2,146,926
Community development	17,949,656	16,883,104	25,591,414	12,694,452	7,586,953	8,805,067	6,861,863	3,055,406	5,510,881	2,631,731
Community services	3,282,570	3,265,356	7,679,413	6,401,350	5,988,585	7,351,146	6,535,671	5,627,995	4,722,820	4,655,056
Engineering	7,231,866	7,012,662	11,340,644	5,153,433	2,726,083	3,950,637	2,841,546	1,960,933	4,286,993	3,253,334
Operating contributions and grants	14,720,871	12,213,450	4,920,888	5,388,077	13,246,859	23,263,276	27,572,672	17,768,014	19,853,544	11,294,127
Capital contributions and grants	<u>28,415,558</u>	<u>26,539,731</u>	<u>13,763,600</u>	<u>17,231,877</u>	<u>61,605,282</u>	<u>795,729</u>	<u>8,331,145</u>	<u>3,112,947</u>	<u>63,237,670</u>	<u>21,616,243</u>
Total governmental activities program revenues	<u>109,255,064</u>	<u>98,501,522</u>	<u>95,978,308</u>	<u>83,364,160</u>	<u>119,569,862</u>	<u>83,664,542</u>	<u>80,944,401</u>	<u>56,761,212</u>	<u>125,145,818</u>	<u>80,261,960</u>
Business-type activities:										
Charges for Services:										
Sewer	21,703,872	19,539,503	18,248,953	17,131,593	15,548,412	14,805,929	14,146,207	14,187,533	14,192,122	15,067,205
Water	-	-	-	-	-	-	-	264,136	102,648	119,873
Capital contributions and grants	<u>724,564</u>	<u>1,166,163</u>	<u>651,860</u>	<u>3,486,994</u>	<u>1,069,865</u>	<u>448,472</u>	<u>2,317,114</u>	<u>1,649,550</u>	<u>4,113,563</u>	<u>4,282,504</u>
Total business-type activities program revenues	<u>22,428,436</u>	<u>20,705,666</u>	<u>18,900,813</u>	<u>20,618,587</u>	<u>16,618,277</u>	<u>15,254,401</u>	<u>16,463,321</u>	<u>16,101,219</u>	<u>18,408,333</u>	<u>19,469,582</u>
Total primary government program revenues	<u>\$ 131,683,500</u>	<u>\$ 119,207,188</u>	<u>\$ 114,879,121</u>	<u>\$ 103,982,747</u>	<u>\$ 136,188,139</u>	<u>\$ 98,918,943</u>	<u>\$ 97,407,722</u>	<u>\$ 72,862,431</u>	<u>\$ 143,554,151</u>	<u>\$ 99,731,542</u>
Net (expense)/revenue:										
Governmental activities	(120,629,809)	(127,427,692)	(96,431,960)	(123,193,075)	(85,327,337)	(127,069,909)	(135,470,027)	(185,637,310)	(173,897,881)	(166,074,231)
Business-type activities	165,752	(86,899)	19,161	2,553,025	(503,163)	(873,926)	1,247,574	904,941	3,861,779	5,202,510
Total primary government net expense	<u>\$(120,464,057)</u>	<u>\$(127,514,591)</u>	<u>\$ (96,412,799)</u>	<u>\$ (120,640,050)</u>	<u>\$ (85,830,500)</u>	<u>\$ (127,943,835)</u>	<u>\$ (134,222,453)</u>	<u>\$ (184,732,369)</u>	<u>\$ (170,036,102)</u>	<u>\$ (160,871,721)</u>

CITY OF FONTANA
CHANGES IN NET POSITION
Last Ten Fiscal Years
 (accrual basis of accounting)

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes:										
Property taxes	54,647,011	52,097,345	48,537,350	47,772,343	46,049,227	48,062,073	86,359,792	130,233,578	136,867,880	153,614,330
Sales taxes	38,663,576	37,844,293	38,442,282	34,219,832	31,440,752	29,160,503	27,052,669	23,139,684	20,796,628	23,747,567
Utility users taxes	-	-	-	-	-	-	-	2,331	269,243	4,423,024
Franchise taxes	7,190,939	6,680,065	7,042,887	7,428,364	6,276,563	5,882,003	6,519,006	6,040,983	5,922,729	5,697,798
Business license taxes	5,898,298	5,714,262	5,215,605	4,982,546	4,642,711	4,808,167	4,873,281	4,451,626	4,172,294	4,419,498
Transient occupancy taxes	1,009,734	961,122	962,089	715,570	704,132	587,452	558,097	573,676	466,951	395,801
Motor vehicle in-lieu	112,007	94,030	82,436	82,854	85,263	102,472	-	960,865	1,263,150	1,475,234
Investment earnings	5,209,144	5,645,106	8,151,890	7,362,672	8,368,054	3,169,063	6,917,905	11,908,258	21,255,521	6,169,763
Other	5,045,968	3,670,692	3,718,814	6,136,697	5,739,599	8,791,729	7,963,170	5,562,597	10,667,644	7,835,120
Gain/(Loss) on sale of capital assets	-	-	-	(557,702)	-	(836,248)	-	1,629,150	12,554	113,084
Extraordinary gain/(loss) on dissolution of redevelopment agency	-	-	-	-	-	404,538,559	-	-	-	-
Transfers	1,891,022	2,262,500	2,109,800	1,815,690	1,723,160	2,309,000	2,341,500	276,931	1,794,800	(953,004)
Total governmental activities	119,667,699	114,969,415	114,263,153	109,958,866	105,029,461	102,036,214	547,123,979	184,779,679	203,489,394	206,938,215
Business-type activities:										
Investment earnings	59,813	91,915	309,412	250,299	452,288	(305,420)	454,884	493,398	850,016	214,159
Loss on sale of capital assets	-	-	-	-	-	-	-	-	(254,590)	-
Extraordinary gain/(loss) on dissolution of redevelopment agency	-	-	-	-	-	-	(8,543,752)	-	-	-
Transfers	(1,891,022)	(2,262,500)	(2,109,800)	(1,815,690)	(1,723,160)	(2,309,000)	(2,341,500)	(276,931)	(1,794,800)	953,004
Total business-type activities	(1,831,209)	(2,170,585)	(1,800,388)	(1,565,391)	(1,270,872)	(2,614,420)	(10,430,368)	216,467	(1,199,374)	1,167,163
Total primary government	\$117,836,490	\$112,798,830	\$112,462,765	\$108,393,475	\$103,758,589	\$ 99,421,794	\$536,693,611	\$184,996,146	\$202,290,020	\$208,105,378
Change in Net Position										
Governmental activities	(962,110)	(12,458,277)	17,831,193	(13,234,209)	19,702,124	(25,033,695)	411,653,952	(857,631)	29,591,513	40,863,984
Business-type activities	(1,665,457)	(2,257,484)	(1,781,227)	987,634	(1,774,035)	(3,488,346)	(9,182,794)	1,121,408	2,662,405	6,369,673
Total primary government	\$ (2,627,567)	\$ (14,715,761)	\$ 16,049,966	\$ (12,246,575)	\$ 17,928,089	\$ (28,522,041)	\$ 402,471,158	\$ 263,777	\$ 32,253,918	\$ 47,233,657

CITY OF FONTANA
FUND BALANCES - GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Fund:										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 43,111,652	\$ 44,124,783
Unreserved									40,381,375	44,848,649
Nonspendable	464,839	395,907	429,023	386,436	203,890	219,415	222,634	39,434,420	-	-
Restricted	1,151,682	1,071,523	1,087,820	1,158,751	890,753	3,309,252	3,056,765	2,887,380	-	-
Committed	5,207,240	5,414,716	4,726,998	2,669,111	3,190,424	3,823,671	4,556,330	5,801,236	-	-
Assigned	25,141,842	24,446,674	34,514,464	21,789,340	19,511,605	17,544,997	17,182,387	18,230,021	-	-
Unassigned	55,080,691	54,121,364	46,558,441	54,561,190	55,180,619	21,000,677	16,255,088	13,563,171	-	-
Total	<u>\$ 87,046,294</u>	<u>\$ 85,450,184</u>	<u>\$ 87,316,746</u>	<u>\$ 80,564,828</u>	<u>\$ 78,977,291</u>	<u>\$ 45,898,012</u>	<u>\$ 41,273,204</u>	<u>\$ 79,916,228</u>	<u>\$ 83,493,027</u>	<u>\$ 88,973,432</u>
Other Governmental Funds:										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 139,110,955	\$ 126,263,190
Unreserved, reported in:										
Special Revenue Funds	-	-	-	-	-	-	-	-	65,077,913	86,737,163
Debt Service Funds	-	-	-	-	-	-	-	-	(16,222,427)	6,565,715
Capital Projects Funds	-	-	-	-	-	-	-	-	56,643,005	57,324,707
Nonspendable	948,101	5,715,188	5,399,718	106,500	55,263,626	144,832,484	131,816,564	192,762,973	-	-
Restricted	194,769,129	188,197,328	187,496,268	182,582,223	179,623,689	62,146,373	62,091,651	101,819,503	-	-
Committed	-	-	-	-	-	17,507,842	17,973,535	17,708,288	-	-
Assigned	125,032,314	120,713,623	107,535,831	94,339,773	35,217,888	41,817,140	47,048,071	52,969,386	-	-
Unassigned	(13,245,428)	(17,891,929)	(24,005,611)	(31,658,357)	(28,160,897)	(36,250,997)	(32,303,611)	(116,991,588)	-	-
Total Other Governmental Funds	<u>\$ 307,504,116</u>	<u>\$ 296,734,210</u>	<u>\$ 276,426,206</u>	<u>\$ 245,370,139</u>	<u>\$ 241,944,306</u>	<u>\$ 230,052,842</u>	<u>\$ 226,626,210</u>	<u>\$ 248,268,562</u>	<u>\$ 244,609,446</u>	<u>\$ 276,890,775</u>

In fiscal year 2011, the City implemented GASB Statement No. 54, Fund Balance Reporting and Government Fund Type Definitions. The classifications have been changed to accommodate the implementation of this statement.

CITY OF FONTANA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Revenues:										
Taxes	\$ 107,409,558	\$ 103,297,087	\$ 100,200,213	\$ 95,118,655	\$ 89,113,385	\$ 88,500,198	\$ 125,362,845	\$ 164,441,878	\$ 168,496,012	\$ 192,298,017
Licenses and permits	10,713,155	12,811,481	18,626,256	9,457,615	4,014,081	6,312,758	3,935,025	3,039,383	8,034,910	6,637,895
Intergovernmental	19,884,450	20,108,576	20,328,373	26,033,423	31,222,032	43,049,724	37,640,669	23,946,521	28,262,022	27,567,543
Charges for services	27,447,010	19,659,882	26,783,977	16,345,500	10,622,985	10,880,185	10,793,456	7,594,928	9,853,713	6,341,703
Fines and forfeitures	3,515,710	4,021,872	4,472,790	4,780,288	3,114,133	3,989,423	2,351,616	2,547,706	2,200,035	1,754,188
Special assessments	16,758,987	16,270,692	16,040,403	15,760,431	15,531,166	15,324,914	15,229,242	15,170,618	15,329,574	15,345,142
Investment earnings	5,203,257	5,623,634	8,110,868	7,351,178	8,292,701	3,212,107	12,792,165	12,511,646	18,254,434	9,806,464
Contribution from developer	-	-	-	-	-	-	-	-	-	-
Contribution from property owners	18,695,684	14,728,436	-	-	2,308,611	-	-	-	-	-
Other revenue	11,027,048	8,280,834	8,528,720	10,034,327	10,125,947	12,486,725	11,703,354	7,653,560	13,545,165	11,493,041
Total Revenues	<u>220,654,859</u>	<u>204,802,494</u>	<u>203,091,600</u>	<u>184,881,417</u>	<u>174,345,041</u>	<u>183,756,034</u>	<u>219,808,372</u>	<u>236,906,240</u>	<u>263,975,865</u>	<u>271,243,993</u>
Expenditures:										
General government	29,643,233	28,048,281	22,040,327	23,930,630	20,404,087	18,767,425	18,821,954	19,064,060	18,846,220	17,384,887
Public safety	87,292,864	82,284,307	77,542,546	76,649,056	69,930,455	64,854,844	64,442,561	63,809,019	65,080,064	65,150,689
Public works	37,799,200	31,924,593	29,236,066	33,682,886	32,721,384	30,082,698	32,328,157	29,054,582	38,801,759	29,513,590
Building & safety	-	-	-	-	-	-	-	2,160,273	2,172,740	2,696,739
Community development	4,597,292	5,390,496	4,048,697	3,928,595	3,720,967	5,748,414	25,874,574	36,404,204	74,055,306	34,659,517
Community services	15,439,409	14,443,168	14,190,508	13,619,422	12,915,801	13,115,209	12,925,751	12,472,879	11,516,416	11,088,558
Engineering	13,129,486	10,612,177	5,180,562	14,928,557	20,009,693	5,838,832	6,186,315	8,361,272	15,311,942	12,314,618
Capital outlay	20,640,164	11,990,495	18,772,727	14,692,362	9,802,816	33,636,349	30,177,022	29,433,396	24,461,501	65,894,357
Debt service:										
Principal	1,055,000	1,015,000	2,025,000	2,450,000	2,335,000	2,215,000	13,470,000	12,870,000	12,375,000	11,985,000
Interest	2,622,940	2,405,916	2,687,661	1,670,241	2,902,744	3,009,441	17,345,629	32,704,008	38,045,485	40,742,969
Payments on refunded bonds - prior	-	-	-	3,924,816	-	-	-	-	-	-
Debt issuance cost	-	-	-	624,562	-	-	-	149,118	-	-
Total Expenditures	<u>212,219,588</u>	<u>188,114,433</u>	<u>175,724,094</u>	<u>190,101,127</u>	<u>174,742,947</u>	<u>177,268,212</u>	<u>221,571,963</u>	<u>246,482,811</u>	<u>300,666,433</u>	<u>291,430,924</u>
Excess of revenues over (under) expenditures	8,435,271	16,688,061	27,367,506	(5,219,710)	(397,906)	6,487,822	(1,763,591)	(9,576,571)	(36,690,568)	(20,186,931)

CITY OF FONTANA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Other financing sources (uses)										
Transfers in	31,648,373	29,113,977	26,797,538	26,579,617	23,890,997	18,754,401	35,008,096	44,581,991	37,978,756	52,094,542
Transfers out	(29,963,316)	(27,373,831)	(24,785,743)	(24,919,027)	(22,304,337)	(16,445,401)	(33,044,386)	(44,384,060)	(36,396,641)	(53,047,546)
Long-term debt issued	-	-	-	37,675,000	3,873,854	-	832,213	8,198,714	4,227,578	3,546,250
Premium on bonds issued	-	-	-	3,429,057	-	-	-	(53,367)	-	-
Sale of capital assets	3,855	13,235	3,184,220	7,011	11,458	4,277	7,708	1,629,150	12,554	113,221
Payment to refunded bond escrow agent	-	-	-	(40,526,666)	-	-	-	-	-	-
Total other financing sources (uses)	1,688,912	1,753,381	5,196,015	2,244,992	5,471,972	2,313,277	2,803,631	9,972,428	5,822,247	2,706,467
Extraordinary gain/(loss) on dissolution of redevelopment agency	-	-	-	-	-	-	-	(61,337,045)	-	-
Net change in fund balances	10,124,183	18,441,442	32,563,521	(2,974,718)	5,074,066	8,801,099	(60,297,005)	395,857	(30,868,321)	(17,480,464)
Debt service as a percentage of noncapital expenditures	1.9%	1.9%	3.0%	2.3%	3.2%	3.6%	16.1%	21.0%	18.3%	23.4%

CITY OF FONTANA
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years
(in thousands of dollars)

Fiscal Year	Residential Property	Commercial Property	Industrial Property	Other	Less: Exemptions	Total Taxable Assessed Value	Total Direct Tax Rate
2018	\$12,119,011	\$ 1,424,642	\$ 2,495,301	\$ 2,790,019	\$ 1,107,737	\$ 17,721,236	0.2225%
2017	11,467,647	1,367,110	2,337,790	2,728,389	1,081,775	16,819,161	0.2222%
2016	10,881,178	1,330,490	2,154,179	2,682,921	1,066,662	15,982,106	0.2231%
2015	10,323,555	1,293,464	2,065,027	2,588,295	1,045,876	15,224,465	0.2231%
2014	9,438,839	1,246,930	1,832,288	2,094,367	623,824	13,988,600	0.2230%
2013	9,014,234	1,231,169	1,805,027	2,112,519	566,672	13,596,277	0.7072%
2012	8,853,377	1,255,754	1,775,188	2,074,513	530,738	13,428,094	0.7072%
2011	8,749,473	1,308,064	1,822,764	2,188,548	520,566	13,548,283	0.7107%
2010	8,963,429	1,270,549	1,821,553	2,343,195	475,600	13,923,126	0.7122%
2009	10,640,605	1,203,754	1,807,206	2,189,070	453,810	15,386,825	0.7110%

Notes: In 1978, the voters of the State of California passed Proposition 13 which limited taxes to a total maximum rate of 1%, based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum of 2%). With few exceptions, property is only reassessed as a result of new construction activity or at the time it is sold to a new owner. At that point, the property is reassessed based upon the added value of the construction or at the purchase price (market value) or economic value of the property. 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 above.

Source: San Bernardino County Auditor/Controller

CITY OF FONTANA
DIRECT AND OVERLAPPING PROPERTY TAX RATES
(Rate per \$100 of assessed value)
Last Ten Fiscal Years

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Direct Rates:										
City basic rate	\$0.032	\$0.032	\$0.032	\$0.032	\$0.032	\$0.032	\$0.032	\$0.032	\$0.032	\$0.032
Central Valley Fire District	-	-	-	-	-	-	-	-	-	0.186
Chaffey Community College	0.043	0.043	0.043	0.043	0.043	0.043	0.043	0.043	0.043	0.043
Inland Empire Utilities Agency- 1969 Annex	0.046	0.046	0.046	0.046	0.046	0.046	0.046	0.046	0.046	0.046
County of San Bernardino	0.170	0.170	0.170	0.170	0.170	0.170	0.170	0.170	0.170	0.171
Education Revenue Augmentation Fund	0.222	0.222	0.222	0.222	0.222	0.222	0.222	0.222	0.222	0.222
Flood Control	0.028	0.028	0.028	0.028	0.028	0.028	0.028	0.028	0.028	0.028
Fontana Fire Protection District	0.186	0.186	0.186	0.186	0.186	0.186	0.186	0.186	0.186	-
Fontana Unified School District	0.273	0.273	0.273	0.273	0.273	0.273	0.273	0.273	0.273	0.273
Basic Levy ⁽¹⁾	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Overlapping Rates ⁽²⁾										
Chaffey Community College	0.0088	0.0116	0.0113	0.0109	0.0157	0.0111	0.0153	0.0091	0.0122	0.0209
Chaffey High School	0.0279	0.0319	0.0409	0.0294	0.0371	0.0101	0.0194	0.0192	0.0168	0.0162
Colton Unified School	0.0939	0.1454	0.1169	0.0973	0.1187	0.1488	0.1403	0.1304	0.0985	0.0688
Etiwanda Elementary Bond	0.0169	-	-	-	-	-	-	-	-	-
Fontana Unified School District	0.1113	0.1117	0.1145	0.1384	0.1516	0.1501	0.1460	0.1375	0.1135	0.1071
Metropolitan Water Agency - Original	0.0035	0.0035	0.0035	0.0035	0.0035	0.0035	0.0037	0.0037	0.0043	0.0043
Rialto Unified School	0.0957	0.0992	0.1194	0.0655	0.0704	0.0736	0.0856	0.0788	0.0659	0.0587
San Bernardino Community College	0.0376	0.0350	0.0403	0.0393	0.0419	0.0459	0.0373	0.0467	0.0280	0.0393
San Bernardino Valley Muni Water	0.1525	0.1625	0.1625	0.1625	0.1625	0.1625	0.1650	0.1650	0.1650	0.1650
Total Tax Rate	<u>1.5481</u>	<u>1.6008</u>	<u>1.6093</u>	<u>1.5468</u>	<u>1.6014</u>	<u>1.6056</u>	<u>1.6126</u>	<u>1.5904</u>	<u>1.5042</u>	<u>1.4803</u>
City Share of 1% levy per Prop 13 ⁽³⁾	0.21785	0.21785	0.21785	0.21785	0.21785	0.21785	0.21785	0.21785	0.21785	0.32400
Redevelopment Rate ⁽⁴⁾	-	-	-	-	-	-	-	1.0037	1.0037	1.0043
Total Direct Rate ⁽⁵⁾	0.2225	0.2222	0.2231	0.2231	0.2230	0.7072	0.7072	0.7107	0.7122	0.7110

(1) In 1978, California voters passed Proposition 13 which set the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds.

(2) Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all city property owners.

(3) City's share of 1% Levy is based on the City's share of the general fund tax rate area with the largest net taxable value within the city.

(4) RDA rate is based on the largest RDA tax rate area (TRA) and includes only rates from indebtedness adopted prior to 1989 per California State statute. RDA direct and overlapping rates are applied only to the incremental property values.

(5) Total Direct Rate is the weighted average of all individual direct rates for the City of Fontana.

Source: San Bernardino County Assessor 2008/09 - 2017/18 Tax Rate Table

CITY OF FONTANA
PRINCIPAL PROPERTY TAXPAYERS
 Current Year and Nine Years Ago

Tax Payer	2018			2009		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
San Gabriel Valley Water Company	\$ 136,954,541	1	0.77%	\$ 105,539,514	1	0.69%
Vintage Park East LLC	126,317,235	2	0.71%	94,074,687	2	0.61%
Target Corporation	94,118,501	3	0.53%	88,462,961	3	0.57%
Prologis Uslv Newca 1 LLC	88,060,508	4	0.50%	-	-	-
Francisco Street LP	87,735,192	5	0.50%	-	-	-
Intex Properties Inland Empire Corp	84,071,074	6	0.47%	-	-	-
North Fontana Investment Company LLC	71,294,854	7	0.40%	62,993,865	10	0.41%
BRE DDR Crocodile Falcon Rdg Twn Center	65,107,412	8	0.37%	-	-	-
Hancock Reit Commerce Way LLC	60,065,518	9	0.34%	-	-	-
10681 Production Avenue LLC	56,678,691	10	0.32%	-	-	-
UST-CB Partners LP	-	-	-	81,077,835	4	0.53%
EAG Properties LLC	-	-	-	81,000,000	5	0.53%
Sierra Center S Fontana LLC	-	-	-	77,520,000	6	0.50%
RRP Falcon Ridge Town Center LP	-	-	-	76,438,290	7	0.50%
HULCO LLC	-	-	-	72,579,580	8	0.47%
California Auto Dealers Exchange LLC	-	-	-	71,982,026	9	0.47%
	\$ 870,403,526		4.91%	\$ 811,668,758		5.27%

Source: San Bernardino County Assessor 2017/18 & 2008/09 Combined Tax Rolls

CITY OF FONTANA
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years

Fiscal Year Ended June 30	Taxes Leved for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years⁽¹⁾	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2018	\$ 124,570,785	\$ 54,606,892	43.84% (2)	N/A	\$ 54,606,892	43.84%
2017	117,360,061	52,046,433	44.35% (2)	N/A	52,046,433	44.35%
2016	111,826,003	48,471,707	43.35% (2)	N/A	48,471,707	43.35%
2015	106,226,054	47,694,338	44.90% (2)	N/A	47,694,338	44.90%
2014	97,023,057	45,980,226	47.39% (2)	N/A	45,980,226	47.39%
2013	94,528,426	47,985,784	50.76% (2)	N/A	47,985,784	50.76%
2012	93,330,383	34,465,021	36.93% (2)	N/A	34,465,021	36.93%
2011	94,513,468	91,393,702	96.70%	N/A	91,393,702	96.70%
2010	99,162,718	96,581,878	97.40%	N/A	96,581,878	97.40%
2009	110,865,852	101,175,681	91.26%	N/A	101,175,681	91.26%

Notes: The amounts presented include City property taxes and Redevelopment Agency tax increment. This schedule also includes amounts collected by the City and Redevelopment Agency that were passed-through to other agencies.

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

(2) Due to the dissolution of the former redevelopment agency, the property taxes collected in the former project areas is no longer remitted to the agencies. Assembly Bill 1X26 provides that revenues will only be allocated to make payments on the indebtedness; all remaining collections will be distributed to the other taxing entities based on the tax sharing formula.

Source: San Bernardino Auditor-Controller's Office

CITY OF FONTANA
RATIO OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years

Fiscal Year	General Bonded Debt						Governmental Activities Term Loan	Business-type Activities Term Loan	Total Primary Government	Percentage of Personal Income	Per Capita
	Population⁽¹⁾	Personal Income⁽²⁾	General Obligation Bonds	Tax Allocation Bonds⁽³⁾	Total Net General Bonded Debt	Governmental Activities Term Loan					
2018	212,000	\$ -	\$ 42,617,714	\$ -	\$ 42,617,714	\$ 3,873,854	\$ 9,083,112	\$ 55,574,680	-	201	
2017	212,786	4,159,001,000	43,785,237	-	43,785,237	3,873,854	9,886,898	57,545,989	1.38%	206	
2016	209,895	4,013,591,000	44,912,760	-	44,912,760	3,873,854	10,676,491	59,463,105	1.48%	214	
2015	204,312	3,963,623,000	47,050,283	-	47,050,283	3,873,854	11,452,143	62,376,280	1.57%	230	
2014	202,013	3,834,409,000	53,062,593	-	53,062,593	3,873,854	12,214,101	69,150,548	1.80%	263	
2013	202,177	3,766,153,000	55,427,203	-	55,427,203	-	12,962,605	68,389,808	1.82%	274	
2012	200,974	3,720,029,000	57,671,813	-	57,671,813	-	13,697,898	71,369,711	1.92%	287	
2011	199,898	3,651,137,000	59,821,423	421,743,515	481,564,938	-	14,419,966	495,984,904	13.58%	2,409	
2010	190,356	3,489,035,000	56,514,399	432,911,040	489,425,439	-	15,143,716	504,569,155	14.46%	3,285	
2009	188,712	3,374,296,000	58,500,788	443,658,564	502,159,352	-	13,289,508	515,448,860	15.28%	2,661	

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

2018 Personal Income amounts are not available at the issuance of this report.

⁽¹⁾ Source: California State Department of Finance

⁽²⁾ Source: US Census Bureau, most recent American Community Survey

⁽³⁾ Due to the dissolution of the redevelopment agency on January 31, 2012, all indebtedness related to the former activities of the redevelopment agency has been removed.

CITY OF FONTANA
RATIO OF GENERAL BONDED DEBT OUTSTANDING
Last Ten Fiscal Years

Fiscal Year	Population ⁽¹⁾	Total Assessed Valuation ⁽²⁾	General Bonded Debt		Total Net General Bonded Debt	Ratio of Net Bonded Debt to Assessed Valuation	Net Bonded Debt per Capita
			Lease Revenue Bonds	Bonds			
2018	212,000	\$ 17,721,235,967	(3)	\$ 42,617,714	\$ 42,617,714	0.24%	\$ 201
2017	212,786	16,819,161,359	(3)	43,785,237	43,785,237	0.26%	206
2016	209,895	15,982,106,642	(3)	44,912,760	44,912,760	0.28%	214
2015	204,312	15,224,465,093	(3)	47,050,283	47,050,283	0.31%	230
2014	202,013	13,988,600,102	(3)	53,062,593	53,062,593	0.38%	263
2013	202,177	13,596,277,647	(3)	55,427,203	55,427,203	0.41%	274
2012	200,974	4,449,513,025		57,671,813	57,671,813	1.30%	287
2011	199,898	4,439,875,114		59,821,423	59,821,423	1.35%	299
2010	190,356	4,548,702,154		56,514,399	56,514,399	1.23%	293
2009	188,712	5,060,047,199		58,500,788	58,500,788	1.16%	310

Note: General bonded debt is debt payable with governmental fund resources and general obligation bonds recorded in enterprise funds.

(1) Source: State Department of Finance

(2) Assessed value has been used because the actual value of taxable property is not readily available in the State of California.

(3) Due to the dissolution of the redevelopment agency on January 31, 2012, total assessed value for the City is no longer reduced by the incremental value of the redevelopment project areas.

CITY OF FONTANA
DIRECT AND OVERLAPPING BONDED DEBT
June 30, 2018

City Assessed Valuation	\$ 17,721,235,967		
	Percentage Applicable ⁽¹⁾	Total Debt 6/30/18	Net Bonded Debt
OVERLAPPING TAX AND ASSESSMENT DEBT:			
Metropolitan Water District	0.531%	\$ 60,600,000	\$ 321,786
Chaffey Community College District	14.765%	138,940,000	20,514,491
San Bernardino Community College District	3.384%	440,458,530	14,905,117
Chaffey Joint Union High School District	7.880%	389,572,765	30,698,334
Colton Joint Unified School District	19.204%	193,577,465	37,174,616
Fontana Unified School District	77.555%	189,557,259	147,011,132
Rialto Unified School District	5.037%	89,537,396	4,509,999
Etiwanda School District	29.672%	45,995,326	13,647,733
Colton Joint Unified School District Community Facilities District #3	100.000%	5,395,000	5,395,000
Etiwanda School District Community Facilities District #4	100.000%	2,275,000	2,275,000
Etiwanda School District Community Facilities District #7	71.582%	8,320,000	5,955,622
Etiwanda School District Community Facilities District #8	33.021%	4,525,000	1,494,200
Etiwanda School District Community Facilities District #9	20.795%	7,670,000	1,594,977
Etiwanda School District Community Facilities District #2001-1	100.000%	2,890,000	2,890,000
Etiwanda School District Community Facilities District #2004-1	100.000%	19,280,000	19,280,000
City of Fontana Community Facilities Districts	100.000%	<u>104,665,000</u>	<u>104,665,000</u>
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		<u>\$ 1,703,258,741</u>	<u>\$ 412,333,007</u>
DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:			
San Bernardino County General Fund Obligations	8.549%	368,015,000	31,461,602
San Bernardino County Pension Obligations	8.549%	336,106,248	28,733,723
San Bernardino County Flood Control District General Fund Obligation	8.549%	68,325,000	5,841,104
Chaffey Community College District General Fund Obligations	14.765%	31,725,000	4,684,196
Colton Joint Unified School District Certificates of Participation	19.204%	1,758,652	337,732
Fontana Unified School District Certificates of Participation	77.555%	31,370,000	24,329,004
Rialto Unified School District Certificates of Participation	5.037%	15,028,677	756,994
Cucamonga School District Certificates of Participation	5.126%	6,385,000	327,295
City of Fontana General Fund Obligations	100.000%	<u>39,685,000</u>	<u>39,685,000</u>
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT¹		<u>\$ 898,398,577</u>	<u>\$ 136,156,650</u>
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		<u>136,156,650</u>	
TOTAL OVERLAPPING DEBT		<u>\$ 2,601,657,318</u>	<u>548,489,657</u>
CITY DIRECT DEBT		<u>42,617,714</u>	
TOTAL DIRECT AND OVERLAPPING DEBT		<u>\$ 591,107,371</u>	

Notes:

⁽¹⁾ 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.

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.

Source: California Municipal Statistics, Inc.

CITY OF FONTANA
LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years

	Fiscal Year				
	2018	2017	2016	2015	2014
Total assessed value of all real and personal property	\$ 17,721,235,967 ⁽²⁾	\$ 16,819,161,359 ⁽²⁾	\$ 15,982,106,642 ⁽²⁾	\$ 15,224,465,093 ⁽²⁾	\$ 13,988,600,102
Debt limit percentage ⁽¹⁾	15%	15%	15%	15%	15%
Total debt limit	<u>2,658,185,395</u>	<u>2,522,874,204</u>	<u>2,397,315,996</u>	<u>2,283,669,764</u>	<u>2,098,290,015</u>
Amount of debt applicable to debt limit	39,685,000	40,740,000	41,755,000	43,780,000	52,490,000
Legal debt margin	<u>2,618,500,395</u>	<u>2,482,134,204</u>	<u>2,355,560,996</u>	<u>2,239,889,764</u>	<u>2,045,800,015</u>
Total net debt applicable to the limit as a percentage of debt limit	1.49%	1.61%	1.74%	1.92%	2.50%
	Fiscal Year				
	2013	2012	2011	2010	2009
Total assessed value of all real and personal property	\$ 13,596,277,647	\$ 4,449,513,025	\$ 3,839,710,431	\$ 3,948,026,892	\$ 4,455,821,219
Debt limit percentage ⁽¹⁾	15%	15%	15%	15%	15%
Total debt limit	<u>2,039,441,647</u>	<u>667,426,954</u>	<u>575,956,565</u>	<u>592,204,034</u>	<u>668,373,183</u>
Amount of debt applicable to debt limit	54,825,000	57,040,000	59,160,000	55,770,000	57,725,000
Legal debt margin	<u>1,984,616,647</u>	<u>610,386,954</u>	<u>516,796,565</u>	<u>536,434,034</u>	<u>610,648,183</u>
Total net debt applicable to the limit as a percentage of debt limit	2.69%	8.55%	10.27%	9.42%	8.64%

⁽¹⁾ - State of California Government Code §43605.

⁽²⁾ Due to the dissolution of the redevelopment agency on January 31, 2012, total assessed value for the City is no longer reduced by the incremental value of the redevelopment project areas.

Source: San Bernardino County Tax Assessor's Office

CITY OF FONTANA
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 Last Ten Fiscal Years

Fiscal Year	Population ⁽¹⁾	Personal Income (thousands of dollars) ⁽²⁾	Per Capita Personal Income	Unemployment Rate ⁽³⁾
2018	212,000	\$ -	\$ -	3.6%
2017	212,786	4,159,001	19,545	5.5%
2016	209,895	4,013,591	19,122	6.2%
2015	204,312	3,963,623	19,400	7.0%
2014	202,013	3,834,409	18,981	8.7%
2013	202,177	3,766,153	18,628	8.7%
2012	200,974	3,720,029	18,510	10.0%
2011	199,898	3,651,137	18,265	13.7%
2010	190,356	3,489,035	18,329	14.8%
2009	188,712	3,374,296	17,881	13.6%

Note: 2018 Personal Income amounts are not available at the issuance of this report.

Sources: ⁽¹⁾ State Department of Finance
⁽²⁾ US Census Bureau, most recent American Community Survey
⁽³⁾ State of California Employment Development Department

CITY OF FONTANA
PRINCIPAL EMPLOYERS
 Current Year and Nine Years Ago

Employer	2018			2009		
	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
Fontana Unified School District	4,010	1	4.05%	4,584	2	7.18%
Kaiser Foundation Hospitals	2,243	2	2.26%	6,000	1	9.40%
City of Fontana (includes part-time employees)	1,016	3	1.03%	1,037	3	1.63%
Target Stores T 553	760	4	0.77%	0	-	-
Clark Pacific	756	5	0.76%	0	-	-
Estes West	347	6	0.35%	0	-	-
Sierra Aluminum Company	303	7	0.31%	0	-	-
Saia Motor Freight Line LLC	288	8	0.29%	0	-	-
Schlosser Forge Company	287	9	0.29%	0	-	-
Walmart Stores	282	10	0.28%	285	8	0.45%
Celestica Corporation	-	-	-	500	4	0.78%
U S F Reddaway	-	-	-	327	5	0.51%
Ameron Steel Fabrication Division	-	-	-	300	6	0.47%
Schneider National Carriers, Inc.	-	-	-	292	7	0.46%
Lexxiom Incorporated	-	-	-	280	9	0.44%
Universal Truss, Inc.	-	-	-	250	10	0.38%
	<u>10,292</u>		<u>10.39%</u>	<u>13,855</u>		<u>21.71%</u>

Note: "Total Employment" as used above represents the total employment of all employers located within City limits.

Source: City of Fontana, Business License.

CITY OF FONTANA
FULL-TIME CITY GOVERNMENT EMPLOYEES BY FUNCTION
Last Ten Fiscal Years

<u>Function/Program</u>	Full-time Equivalent Employees as of June 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Government										
Administrative Services	5	5	5	5	5	5	5	6	6	7
City Council	7	7	7	7	7	7	7	7	7	7
City Administration	9	9	8	8	8	6	8	8	8	8
Human Resources	9	8	8	8	7	6	6	7	7	8
Information Services	24	24	23	23	23	23	22	23	23	23
Management Services	22	22	23	23	23	21	22	23	23	26
Police										
Officers	194	194	194	190	195	197	183	185	187	197
Civilians	99	96	94	93	93	94	90	91	92	94
Development Services	5	5	4	5	4	4	4	5	6	7
Building and Safety		0	0	0	0	0	0	20	20	20
Community Development	31	29	29	29	29	29	29	18	17	17
Engineering	30	29	29	29	31	32	32	38	38	41
Public Works	94	94	93	93	93	93	93	91	91	93
Community Services	46	46	46	44	44	43	43	43	44	43
Redevelopment Agency	0	0	0	0	0	0	0	1	1	2
Total	575	568	563	557	562	560	544	566	570	593

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

Source: City of Fontana, Office of Management & Budget

CITY OF FONTANA
 OPERATING INDICATORS BY FUNCTION/PROGRAM
 Last Ten Fiscal Years

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
General Government										
Completed recruitment for full time position	35	55	41	37	48	48	20	12	16	21
New maintenance CFD's/ Annexations formed	2	5	7	7	3	1	1	1	0	14
Police										
Arrests per sworn position	44	48	50	54	48	38	38	45	52	62
Computer Aided Dispatch Entries per Dispatcher	5,286	5,172	5,157	4,933	4,798	4,798	4,434	4,899	4,944	4,883
Number of traffic collision reports processed	3,472	3,403	3,191	2,576	2,458	2,458	2,349	2,353	2,055	2,508
Building and Code Compliance										
Building permits issued	5,565	5,100	3,400	2,800	2,800	2,500	2,900	2,200	2,600	2,500
Building inspections performed	28,560	33,000	25,000	18,000	18,000	15,000	15,000	15,000	24,000	33,500
Public Works										
Miles of pavement rehabilitation	30	33	25	15	25	25	38	15	16	14
Graffiti Hotline calls completed	2,546	4,268	5,297	4,040	3,746	6,716	9,161	9,207	8,836	9,640
Potholes filled	7,000	8,122	17,000	11,000	17,000	17,000	18,312	16,800	16,800	16,800
Community Services										
Total Number of Recreation Program Participants	1,734,000	1,799,532	1,764,532	1,729,933	1,647,555	1,863,031	1,059,435	890,091	523,313	532,190

Sources: Various City departments
 2018/19 Budget Books

CITY OF FONTANA
 CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
 Last Ten Fiscal Years

<u>Function/Program</u>	<u>Fiscal Year</u>									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Contact stations	2	2	2	2	2	2	2	2	2	3
Engineering										
Traffic signals	195	191	189	186	180	173	163	160	147	142
Public Works										
Lane miles of streets	1,751	1,751	1,532	1,512	1,525	1,481	1,445	1,405	1,405	1,405
Sanitary sewers (miles)	425	425	424	422	422	422	414	402	402	402
Community Services										
Parks	46	46	46	44	43	41	41	41	41	41
Playgrounds	46	46	46	44	43	41	39	39	39	39
Recreation Centers	10	10	9	9	9	9	9	9	9	9

Sources: Various City departments

CITY OF FONTANA
MISCELLANEOUS STATISTICAL INFORMATION
June 30, 2018

Year of incorporation:	1952	Transportation:
Form of Government:	Council - Manager	Air: Ontario International Airport
Area in square miles:	42.4	Bus: Omnitrans County Bus Service
Miles of streets:	604	Highways:
Sanitary sewers:	425 miles	Interstate 10 Interstate 15 Interstate 210 State Highway 60 State Highway 66
Storm drains:	158 miles	
Streetscapes:	560 acres	Rail:
Parks:	406 acres	Metrolink (Commuter) Burlington Northern/Santa Fe Union Pacific
Bicycle trails:	10 miles	Water service:
Police protection:		Cucamonga County Water District San Gabriel Valley Water Co. West San Bernardino County Water District
City of Fontana		
Number of stations	3	
Number of personnel:		
Sworn	194	Sewer service:
Non-sworn	99	Inland Empire Utilities Agency City of Fontana City of Rialto
City employees (full time):	575	
Fire protection:		Education:
County of San Bernardino		Elementary Schools
Number of stations	7	30
Number of personnel	108	Middle Schools
		7
		High Schools
		5
		Continuation High Schools
		2
		Adult School
		1

Source: City of Fontana Departments
2018/19 Budget Book



CITY OF FONTANA

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