



CITY OF FONTANA

Comprehensive Annual Financial Report
Fiscal Year Ending June 30, 2016

Fontana, California

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

City of Fontana California

Acquanetta Warren, Mayor

Lydia S. Wibert, Mayor Pro Tem

John B. Roberts, Council Member

Jesus "Jesse" Sandoval, Council Member

Michael Tahan, 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.

CITY OF FONTANA
COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended June 30, 2016

TABLE OF CONTENTS

Page
Number

INTRODUCTORY SECTION

Letter of Transmittal	i
List of Principal Officials	ix
Certificate of Achievement for Excellence in Financial Reporting (GFOA)	x
Organizational Chart	xi

FINANCIAL SECTION

Independent Auditors' Report	1
Management's Discussion and Analysis	5
Basic Financial Statements	
Government-Wide Financial Statements	
Exhibit A - Statement of Net Position	19
Exhibit B - Statement of Activities	20

CITY OF FONTANA
COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended June 30, 2016

TABLE OF CONTENTS

Page
Number

FINANCIAL SECTION (continued)

Basic Financial Statements (continued)

Fund Financial Statements

Exhibit C - Balance Sheet – Governmental Funds	21
Exhibit D - Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	22
Exhibit E - Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	23
Exhibit F - Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	24
Exhibit G - Statements of Revenues, Expenditures, and Changes in Fund Balances -- Budget and Actual	
General Fund	25
Fire Protection District - Special Revenue Fund	26
Housing Authority Low/Mod Housing - Special Revenue Fund	27
Exhibit H - Statement of Net Position – Proprietary Funds	28

CITY OF FONTANA
COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended June 30, 2016

TABLE OF CONTENTS

Page
Number

FINANCIAL SECTION (continued)

Basic Financial Statements (continued)

Exhibit I - Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds	29
Exhibit J - Statement of Cash Flows - Proprietary Funds	30
Exhibit K - Statement of Fiduciary Net Position	31
Exhibit L – Statement of Changes in Fiduciary Net Position	32

Notes to the Financial Statements

Note 1: Organization and Summary of Significant Accounting Policies	33
Note 2: Stewardship, Compliance and Accountability	43
Note 3: Cash and Investments	45
Note 4: Receivables	50
Note 5: Capital Assets	51
Note 6: Interfund Receivables, Payables and Transfers	53
Note 7: Long-Term Debt	56
Note 8: Risk Management	59
Note 9: Litigation	60
Note 10: Jointly Governed Organization	60

CITY OF FONTANA
COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended June 30, 2016

TABLE OF CONTENTS

Page
Number

FINANCIAL SECTION (continued)

Basic Financial Statements (continued)

Notes to the Financial Statements (continued)

Note 11: Other Post-Employment Benefits	61
Note 12: Pensions	63
Note 13: Public Agency Retirement Services	71
Note 14: Classification of Fund Balances	71
Note 15: Fund Equity and Net Position Restatements	73
Note 16: Fontana Fire Protection District	75
Note 17: Successor Agency Trust for Assets of Former Redevelopment Agency	78
Note 18: Subsequent Events	88

Required Supplementary Information

Schedule of Changes in Net Pension Liability and Related Ratios during the Measurement Period - Safety Plan	89
Schedule of Changes in Net Pension Liability and Related Ratios during the Measurement Period - Miscellaneous Plan	90
Schedule of Plan Contributions – Safety Plan	91
Schedule of Plan Contributions – Miscellaneous Plan	92

Combining and Individual Fund Statements and Schedules

Schedule 1 - Combining Balance Sheet – Non-Major Governmental Funds	97
---	----

CITY OF FONTANA
COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended June 30, 2016

TABLE OF CONTENTS

Page
Number

FINANCIAL SECTION (continued)

Basic Financial Statements (continued)

Combining and Individual Fund Statements and Schedules (continued)

Schedule 2 - Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-Major Governmental Funds	102
Schedule 3 - Budgetary Comparison Schedules - Governmental Funds	107
Schedule 4 - Combining State of Net Position – All Agency Funds	131
Schedule 5 - Combining Statement of Changes in Assets and Liabilities – All Agency Funds	132

STATISTICAL SECTION

Net Position by Component – Last Ten Fiscal Years	139
Changes in Net Position– Last Ten Fiscal Years	140
Fund Balances – Governmental Funds – Last Ten Fiscal Years	142
Changes in Fund Balances of Governmental Funds – Last Ten Fiscal Years	143

CITY OF FONTANA
COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended June 30, 2016

TABLE OF CONTENTS

	<u>Page Number</u>
STATISTICAL SECTION (continued)	
Assessed Value and Estimated Actual Value of Taxable Property – Last Ten Fiscal Years	145
Direct and Overlapping Property Tax Rates - Last Ten Fiscal Years	146
Principal Property Taxpayers – Current Year and Nine Years Ago	147
Property Tax Levies and Collections – Last Ten Fiscal Years	148
Ratio of Outstanding Debt by Type – Last Ten Fiscal Years	149
Ratio of General Bonded Debt Outstanding – Last Ten Fiscal Years	150
Direct and Overlapping Bonded Debt	151
Legal Debt Margin Information – Last Ten Fiscal Years	152
Demographic and Economic Statistics – Last Ten Fiscal Years	153
Principal Employers – Current Year and Nine Years Ago	154
Full-time City Government Employees by Function – Last Ten Fiscal Years	155
Operating Indicators by Function/Program – Last Ten Fiscal Years	156

CITY OF FONTANA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
Year Ended June 30, 2016

TABLE OF CONTENTS

	<u>Page Number</u>
STATISTICAL SECTION (continued)	
Capital Asset Statistics by Function/Program – Last Ten Fiscal Years	157
Miscellaneous Statistical Information	158

Introductory Section



City of Fontana

CALIFORNIA

November 30, 2016

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, 2016.

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, 2016, 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, 2016, 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 a population of 209,895. 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 563 full-time employees. Services provided include police protection; contracts 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, and 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.

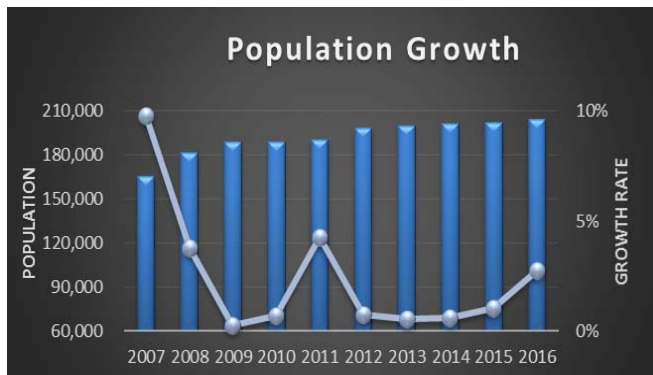
Local economy. The Inland Empire continues the recovery and expansion that has been underway from 2011 to 2016. The Inland Empire's housing markets are strengthening, new home builders are finally reentering the market, job growth is strong and consumer spending is increasing.

Strong Jobs, Balanced Growth. The Inland Empire has experienced five straight years of job gains; from June 2011 to 2016, the Inland Empire added approximately 237,448 new jobs. The loss from the Great Recession was 140,650, meaning the area has added 96,798 more jobs than were lost. Unemployment was down slightly from 6.7% in June 2015 to 6.6% in 2016, 1.7% above the U.S. rate of 4.9%. The sectors with the largest job growth were logistics (24 percent) and construction (13 percent). The regions 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.

Retail Sales Are Increasing. Taxable sales are a major city revenue source that is now recovering from a steep downturn. Taxable retail sales were up 7.0 percent over the last year within the City, which was well above California's growth of 3.2 percent. The City of Fontana is ranked fourth in taxable retail sales in the Inland Empire with sales of \$3.083 billion.

Housing Market: Prices Continue to Rise. Affordability is an ongoing issue for home buyers, particularly in the region's coastal counties where just 22-30% of families can now afford their county's median priced homes; this is driving buyers inland. While the Inland Empire's housing markets, as a whole, remain stuck in a narrow band of home sales that has gone on six years; the City of Fontana homes sales are surging. 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.

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 5.2 percent to \$16.8 billion. Existing home sales showed an increase in volume of 1.7 percent and new home sales showed a significant increase of 70 percent.



The center of San Bernardino County's growth is moving west into Fontana. The population has grown 15.6% over the past ten years and, at 209,895 Fontana is the second largest city in San Bernardino County, the third largest in the Inland Empire, and twentieth in the State. It is likely that Fontana's population will exceed 225,000 by the year 2025.

The 10% growth in year 2007 reflects the completion of the "Island" annexation program that added 4.12 square miles to the City's area and 11,840 citizens to its population.

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 2015-16

- **2016 United States Conference of Mayors' Childhood Obesity Prevention Awards Program:** Awarded first place for a mid-sized city for the *Healthy Kids for a Healthy Fontana* program and received a \$120,000 grant to support both new and existing programs to address the childhood obesity epidemic.
- **Fontana Forward!:** In conjunction with updating Fontana's state-required General Plan, established an interactive informational website as a planning project to create a vision for the future and shape growth to achieve the vision over the next twenty years.
- **I-15 Duncan Canyon interchange project:** This \$35.8 million project will accommodate projected growth and development in this area. Partially funded by City Development Impact Fees (DIF), County Funds, Measure I Funds, \$1,972,000 in State Local Partnership Program funds and \$12,000,000 in Corridor Mobility Improvements Act (CMIA)/Prop 1B funds, construction began in October 2012 and was completed in October 2015.
- **Duncan Canyon Storm Drain project:** This \$4.2 million project will provide the necessary flood control and drainage to facilitate the future development of the northern area of Fontana. Construction of this segment of storm drain was a cooperative effort between the City of Fontana and the State. Awarded and administered by the California Department of Transportation (Caltrans), construction was started in November 2015 and completed in May 2016.





- **Fire Station No. 73:** This \$6.1 million project is strategically located on the southeast corner of Foothill Boulevard and Banana Avenue to optimize response times to its service area which includes the City of Fontana, unincorporated areas of the County of San Bernardino and the California Speedway. Construction began in October 2014 and the grand opening was held in March 2016.
- **I-15/Baseline Road Interchange:** This project involved the construction of a new south bound loop ramp and improved existing on and off ramps, with intersection improvements at Baseline Avenue and East Avenue which will greatly improve traffic circulation in the area. SANBAG was the lead on this project; the City's share of this project was approximately \$6.0 million.

- **Siena Apartments:** The Housing Authority executed an agreement to develop a 54-unit affordable apartment community located on Juniper Avenue just west of and adjacent to the Toscana Apartments. Palm Communities was awarded TCAC for funding necessary to construct the Siena Apartments. Construction commenced in December 2014 and was completed in April 2016.
- **Minerva Manor Senior Apartments:** The Housing Authority executed an agreement with Elderly Housing Development & Operations Corporation (EHDOC) to develop a 62-unit affordable apartment community located on Juniper Avenue directly across the street from the John Piazza Senior Apartments. Construction commenced in August 2014 and was completed in January 2016 with the grand opening held in February 2016.
- **Valley Kia:** Staff successfully negotiated an Operating Covenant Agreement with Valley KIA to assist with their expansion and relocation to the Fontana Auto Center. The KIA Dealership facility in the Fontana Auto Center opened for business in May 2016.
- **Low-Cost Vaccine Clinics:** In conjunction with the County of Riverside Department of Animal Services, sponsored a number of clinics to license, microchip and vaccinate both dogs and cats at City Hall throughout the year.



- **San Sevaire Trail:** Awarded approximately \$3 million, 78% of the funding needed, from the State of California Department of Parks and Recreation and the Mobile Source Air Pollution Review Committee for the completion of the trail which will enhance the quality of life for several jurisdictions and provide an alternative mode of transportation for the community.
- **Special Olympics:** The Special Olympics World Games Los Angeles 2015 "Flame of Hope" made its way through Fontana on July 19, 2015, before completing its journey at the historic Los Angeles Memorial Coliseum, marking the beginning of the 2015 Special Olympics Games.

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. Additional information is available in the Budget Summary section beginning on page 47.

- **DOF Denial of OPA Agreement as Enforceable Obligation on ROPS 15-16A.** The City's General Fund faces a revenue loss of approximately \$2 million annually beginning in Fiscal Year 2016-17. The issue is scheduled for trial on July 29, 2016.
- **State Budget.** The State continues to spend beyond its means. While the state's revenues have lagged expectations, the Governor and the Legislature continue to make major new spending commitments. Without the voters' approval in November to extend the Proposition 30 "temporary" income tax rates for another 12 years, the annual shortfall between spending and revenues is forecast to be over \$4 billion by Fiscal Year 2019-20.
- **California Public Employees Retirement System (CalPERS).** PERS rates continue to rise each year. The City's PERS Rate Stability Reserve is currently funded at \$2.8 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 \$3.7 million for each of the next two years. 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 is below the 2% level at 1.525% (cap), although properties that have enjoyed Prop 8 valuation reductions are not subject to this limit. True economic recovery for the City of Fontana rests on strong and continuing growth of base values.
- **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 \$6 million from various funds has been allocated in the FY 2016-17 Operating Budget to this critical area.
- **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).

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 15, 2016, the City Council adopted the fiscal year 2016-2017 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 2016, and totaled \$414.0 million for the seven-year fiscal period ending June 30, 2023. 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, 2016, 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, 2016, the City has \$41.8 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 \$2,397 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, 2015. This is the twenty-third 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, 2016.

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, 2016. This is the sixteenth 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, Fe Gugol, Genivive Schwarzkopf, Jeff Moriarty, 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,

A handwritten signature in blue ink, appearing to read 'Lisa A. Strong', with a long horizontal flourish extending to the right.

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
Lydia S. Wibert, Mayor Pro Tem
John B. Roberts, Council Member
Michael Tahan, Council Member
Jesus "Jesse" Sandoval, 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
Robert W. Ramsey	Police Chief
Jeffrey Birchfield	Fire Chief
Ramon Ebert	Information Technology Director
Charles E. Hays	Public Works Director
Annette Henckel	Human Resources Director
Cecilia Lopez-Henderson	Deputy City Clerk
Garth W. Nelson	Community Services Director
Ricardo Sandoval	City Engineering
Lisa A. Strong	Management Services Director
Vacant	Community Development Director

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.



Government Finance Officers Association

**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, 2015

Executive Director/CEO

Citizens of Fontana

Elected Officials

Mayor
City Council
City Treasurer
City Clerk

City Attorney

City Manager

Kenneth R. Hunt

2016/2017 Organizational Chart

City-wide

Effective 7/1/2016
Budgeted 566 FTE City
Budgeted 488 Part-Time
Budgeted 6 Intern Positions
122 FTE Fire

Administrative Services

David R. Edgar
Deputy City Manager

Office of the City Clerk
Cecilia Lopez-Henderson

Community Services
Garth W. Nelson

Information Technology
Ramon Ebert

Management Services
Lisa A. Strong

Human Resources
Annette Henckel

Police

Department
Robert W. Ramsey
Police Chief

Fire Protection

District
Jeffrey Birchfield
Fire Chief

Development Services

Debbie Brazill
Deputy City Manager

Community Development
Vacant

Engineering
Ricardo Sandoval

Public Works
Charles E. Hayes



Financial Section



Davis Farr LLP
2301 Dupont Drive | Suite 200 | Irvine, CA 92612
Main: 949.474.2020 | Fax: 949.263.5520

City Council
City of Fontana
Fontana, California

Independent Auditor's 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, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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, 2016, 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

The financial statements for the year ended June 30, 2016 reflect certain prior period adjustments as described further in Note 15 to the financial statements. Our opinion is not modified with respect to this matter.

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City 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 November 18, 2016 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.

David Lee LP

Irvine, California
November 22, 2016



MANAGEMENT'S DISCUSSION AND ANALYSIS

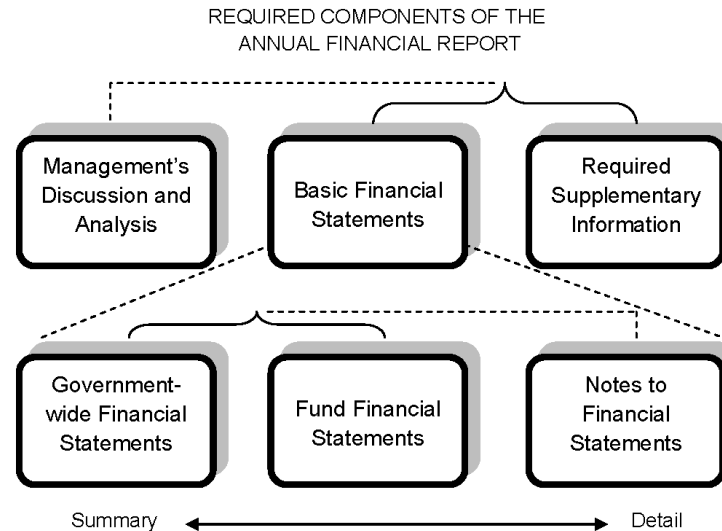
This narrative overview and analysis of the City of Fontana's financial activities for the fiscal year ended June 30, 2016 is presented by the management of the City of Fontana to readers of the City's financial statements. Management encourages readers to consider the information presented here in conjunction 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 \$1,071.1 million as of June 30, 2016 ("current fiscal year"). Of this amount, \$226.4 million represents the portion for restricted uses as specified by entities outside of the City government, \$26.4 million signifies the amount for unrestricted uses in accordance with finance-related legal requirements as reflected in the City's fund structure, and \$818.3 million accounts for investments in capital assets in excess of related debt.
- The City's total net position increased \$99.8 million during the current fiscal year.
- As of the fiscal year end, the City's Governmental Funds ending fund balances were \$363.7 million, an increase of approximately \$37.8 million or 11.6% from the prior fiscal year. Of this balance, \$194.4 million is either nonspendable or restricted for use set by various legal requirements, \$4.7 million is committed by the City Council for various uses and \$164.6 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 \$87.3 million, an increase of approximately \$6.7 million or 8.4% from the previous year. This General Fund's fund balance consists of \$1.5 million in nonspendable and restricted fund balance, \$4.7 million committed for the purposes of expenditure control budgeting (ECB) savings (\$2.0 million) and for PERS rate fluctuations (\$2.7 million), and \$81.1 million in assigned and unassigned fund balances. See page 13 for further discussion.
- The City's business-type activities yielded operating revenues of \$0.4 million less than the recorded operating expenses of \$18.7 million.
- General Fund revenues were \$1.7 million more than budget, while expenditures were \$5.1 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 18 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 46 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, the Sewer Expansion Capital Project Fund and the Traffic Mitigation Capital Project Fund, which are considered to be major funds. Data for the other 39 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.

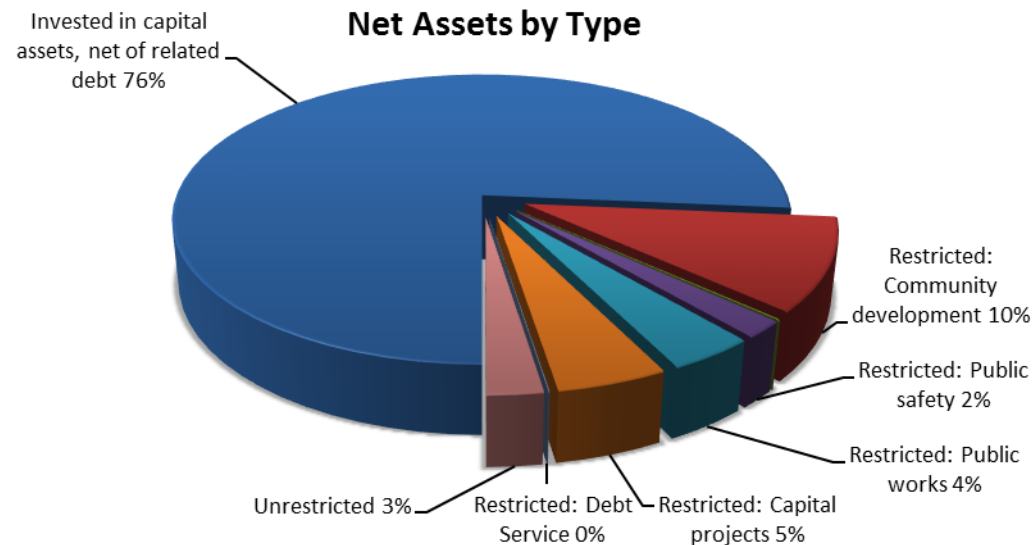
Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements can be found on pages 28-30 of this report.

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 33-88 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, 2016, assets exceeded liabilities by \$1,071.1 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 \$818.3 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 (\$226.4 million) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$26.4 million) may be used to meet the government's ongoing obligations to citizens and creditors.

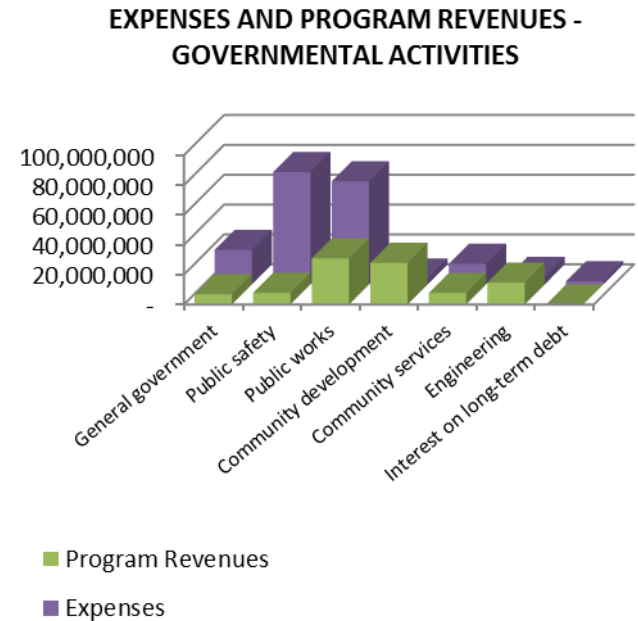
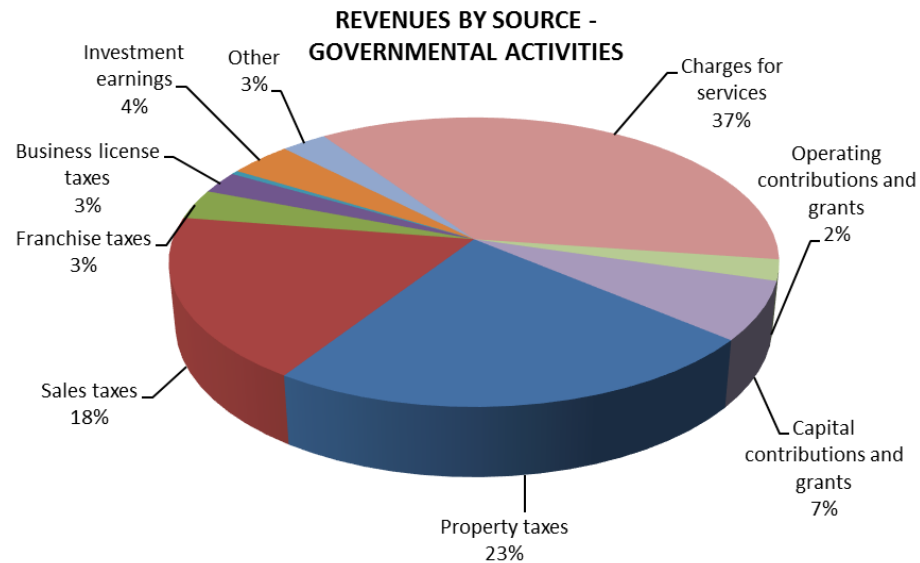
Net Position
(000 omitted)

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 403,205	\$ 364,963	\$ 29,787	\$ 29,672	\$ 432,992	\$ 394,635
Capital assets	804,008	741,194	73,726	76,487	877,734	817,681
Total assets	<u>1,207,213</u>	<u>1,106,157</u>	<u>103,513</u>	<u>106,159</u>	<u>1,310,726</u>	<u>1,212,316</u>
Deferred outflows of resources	<u>11,345</u>	<u>10,308</u>	<u>368</u>	<u>299</u>	<u>11,713</u>	<u>10,607</u>
Long-term liabilities outstanding	191,654	184,524	14,150	14,359	205,804	198,883
Other liabilities	34,226	32,034	3,046	3,310	37,272	35,344
Total liabilities	<u>225,880</u>	<u>216,558</u>	<u>17,196</u>	<u>17,669</u>	<u>243,076</u>	<u>234,227</u>
Deferred inflows of resources	<u>7,923</u>	<u>16,768</u>	<u>338</u>	<u>654</u>	<u>8,261</u>	<u>17,422</u>
Net position:						
Net investment in capital assets	755,221	691,627	63,050	65,035	818,271	756,662
Restricted	226,421	204,759	-	-	226,421	204,759
Unrestricted	3,113	(13,247)	23,297	23,100	26,410	9,853
Total net position	<u>\$ 984,755</u>	<u>\$ 883,139</u>	<u>\$ 86,347</u>	<u>\$ 88,135</u>	<u>\$ 1,071,102</u>	<u>\$ 971,274</u>

Changes in Net Position
(000 omitted)

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program Revenues:						
Charges for services	\$ 77,293	\$ 60,744	\$ 18,249	\$ 17,132	\$ 95,542	\$ 77,876
Operating grants and contributions	4,921	5,388	-	-	4,921	5,388
Capital grants and contributions	13,764	17,232	652	3,487	14,416	20,719
General Revenues:						
Property taxes	48,537	47,772	-	-	48,537	47,772
Sales tax	38,442	34,220	-	-	38,442	34,220
Franchise taxes	7,043	7,428	-	-	7,043	7,428
Business license taxes	5,216	4,983	-	-	5,216	4,983
Transient occupancy taxes	962	716	-	-	962	716
Motor vehicle in lieu	82	83	-	-	82	83
Investment earnings	8,152	7,363	309	250	8,461	7,613
Other	3,719	5,578	-	-	3,719	5,578
Total revenues	<u>208,131</u>	<u>191,507</u>	<u>19,210</u>	<u>20,869</u>	<u>227,341</u>	<u>212,376</u>
Expenses:						
General Government	23,111	24,737	-	-	23,111	24,737
Public Safety	75,273	76,501	-	-	75,273	76,501
Public Works	69,078	69,997	-	-	69,078	69,997
Community Development	3,942	3,883	-	-	3,942	3,883
Engineering	5,040	13,475	-	-	5,040	13,475
Community Services	13,813	14,859	-	-	13,813	14,859
Interest on long-term debt	2,153	3,105	-	-	2,153	3,105
Sewer	-	-	18,838	18,011	18,838	18,011
Water	-	-	44	54	44	54
Total expenses	<u>192,410</u>	<u>206,557</u>	<u>18,882</u>	<u>18,065</u>	<u>211,292</u>	<u>224,622</u>
Change in net position before transfers	15,721	(15,050)	328	2,804	16,049	(12,246)
Transfers	2,110	1,816	(2,110)	(1,816)	-	-
Change in net position	17,831	(13,234)	(1,782)	988	16,049	(12,246)
Net Position - beginning of year as restated	966,924	896,373	88,129	87,147	1,055,053	983,520
Net Position - end of year	<u>\$ 984,755</u>	<u>\$ 883,139</u>	<u>\$ 86,347</u>	<u>\$ 88,135</u>	<u>\$ 1,071,102</u>	<u>\$ 971,274</u>

Governmental activities



The most significant revenues of the governmental activities are general taxes (48%), which include property taxes (23%), sales and use taxes (18%), and various other taxes and revenues (7%), and investment earnings (4%). Program revenues are 46% of the total revenues of the governmental activities, which include charges for services (37%), operating grants and contributions (2%), and capital grants and contributions (7%).

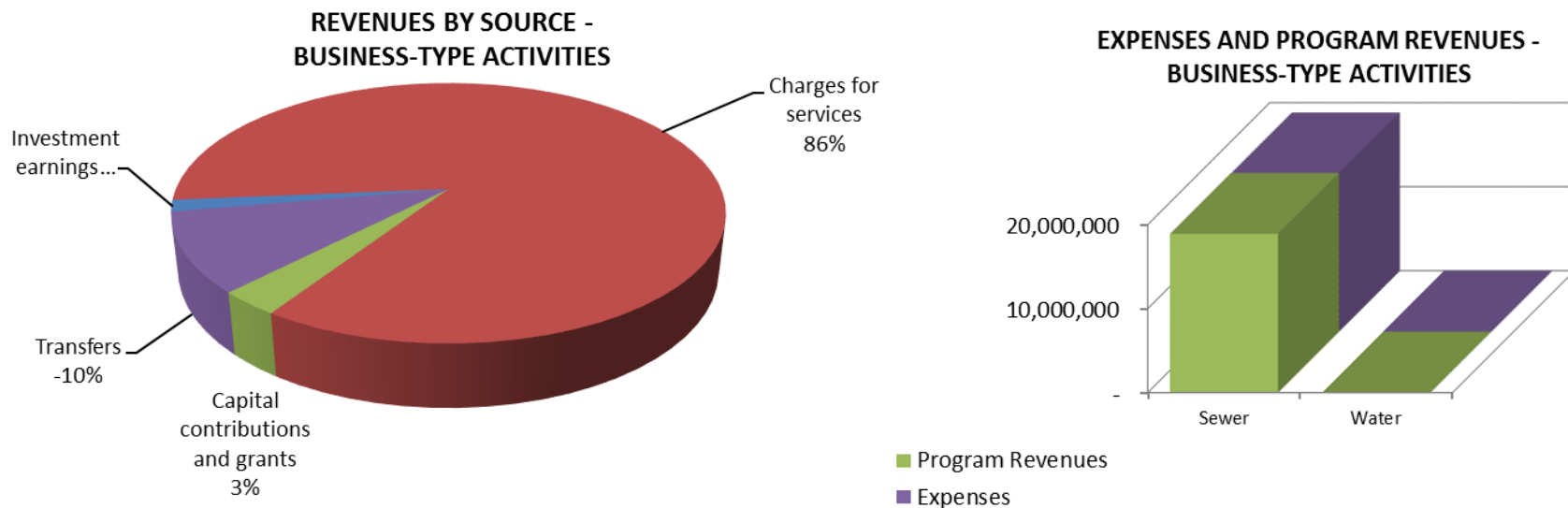
Public safety (police and fire) is the most significant (39%) of all governmental activities expenses, followed by public works (36%), general government (12%), community services (7%), interest on long-term debt (1%), and various other programs (5%). Included in these amounts is depreciation expense, which is 18% of the total expenses for governmental activities.

Governmental activities revenues increased by \$16.9 million (8.8%) in the current fiscal year. General tax revenues increased by \$5.1 million (5.3%) which is primarily due to economic recovery and increased consumer confidence and spending resulting in increased sales tax revenues of \$4.2 million and increased property tax revenues of \$0.8 million; general revenues (not including general taxes) decreased by \$0.9 million (6.1%), a result of lower residual income receipts related to the Jurupa Hills Owners Participation Agreement and the related pending litigation with the State of California Department of Finance. Charges for services increased by \$16.5 million (27%) mostly attributed to 1) an increase in development/permit fees of \$20.0 million due to increased development activity in the current year, 2) an decrease in police revenues of \$3.4 million related to the receipt of less FBI Multi-Agency Task Force reimbursement revenues from other agencies in the current year than the prior

year and 3) a decrease in police revenues of \$0.3 million related to asset seizures and reimbursements for services provided to other law enforcement agencies. Operating contributions and grants decreased by \$0.5 million (8.7%) primarily due to various reductions of grant related revenues. Capital contributions and grants decreased by \$3.5 million (20.1%) primarily due to less Prop 1B revenues received in the current year than in prior year (\$3.2 million).

Governmental activities expenses decreased by \$14.1 million (6.9%) in the current fiscal year. The most significant changes in governmental expenses was 1) a decrease in engineering expenses of \$9.8 million (66.1%) as a result of the completion of various capital projects including the Foothill: Cherry to Hemlock Landscaping project and the Citrus, Cherry and Duncan Canyon Interchange projects that recorded the majority of expenditures in prior years, 2) a decrease in public safety expenses of \$1.2 million (1.6%) as a result of the completion and capitalization of the new construction of Fire Station #73 and 3) a decrease in general government expenses of \$1.6 million (6.6%) primarily attributed to a developer contribution made in the prior year for low/moderate income apartment project, Siena Apartments. There were no other programs with significant or unusual changes.

Business-type activities



Business-type activities net position decreased by \$1.6 million (1.8%).

Business-type activities revenues decreased by \$1.7 million (8.3%) in the current fiscal year. Charges for services increased by \$1.1 million primarily due to an increase 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 \$2.8 million (81.3%) primarily due to a decrease in development activity resulting in infrastructure assets donated to the City by developers.

Total expenses increased \$0.8 million (4.5%) 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 \$363.7 million, an increase of \$37.8 million from the previous year. Of this total amount, \$164.6 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 (\$5.8 million), restricted (\$188.6 million) or committed (\$4.7 million) and is not available for new spending. Nonspendable fund balance consists of 1) inventories held (\$0.4 million) and 2) land held for resale (\$4.5 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 15 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 \$34.5 million, while total fund balance reached \$87.3 million, which was \$6.7 million or 8.4% 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 \$4.7 for purposes of 1) PERS rate fluctuations (\$2.78 million) and 2) \$2.0 million for expenditure control budgeting incentives.

The fund balance of the City's general fund increased by \$6.7 million during the current fiscal year. The General fund revenues increased \$4.1 million (4.3%) from the previous fiscal year; this increase is primarily due to economic recovery and increased consumer confidence and spending resulting in increased sales tax revenues of \$4.2 million. General fund expenditures increased \$1.5 million (1.6%) from the previous fiscal year, the increased costs were primarily due to increased personnel costs across all departments.

The Fire Protection District special revenue fund has a fund balance of \$11.4 million. The Fire Protection District accounts for all of the operating activities of the Fire District. The fund balance increased \$0.1 million during the current fiscal year; the increase is primarily due to current year revenues and transfer in (\$29.1 million) exceeding current year expenditures and transfers out (\$29.0 million). Revenues increased \$0.1 million (0.5%) as a result of property tax allocations and expenditures increased \$0.9 million (3.6%) 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 \$90.1 million. The fund balance increased by \$0.8 million during the fiscal year; the increase is primarily due to the establishment of a loan receivable (\$0.7 million) that was recorded as an expenditure in the previous fiscal year.

The Capital Reinvestment fund has a total fund balance of \$14.5 million. The fund balance increased during the current fiscal year by \$7.3 million. The increase was caused by 1) correction of Land Held for Resale, in the amount of \$4.5 million, that was incorrectly recorded in the Successor Agency, 2) a contribution from the County in the amount of \$1.4 million for street maintenance, and 3) an increase of \$1.3 million for the annual contribution from the General fund for various projects including street maintenance.

The Future Capital Projects fund has a total fund balance of \$52.5 million. The fund balance increased during the current fiscal year by \$0.8 million primarily due to a correction of prior year expenditures that were recorded in the fund in error.

The Sewer Expansion capital project fund has a total fund balance of \$1.4 million. The fund balance increased during the fiscal year by \$0.1 million. The increase was primarily due to an increase in investment income.

The Traffic Mitigation capital project fund has a total deficit fund balance of (\$23.4) million. The fund balance increased during the current fiscal year by \$5.6 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 \$22.9 million. The total decline in net position was \$1.6 million; the decrease is primarily due to a decrease in capital contributions, infrastructure donated to the City by developers, in the amount of \$2.8 million, however the decrease was partially offset by revenue increases of \$1.1 million due to increased 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.

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 \$0.6 million. The increase is primarily due to the increase in property tax projections (\$0.3 million) and development related revenue projections (\$0.2 million).

General Fund revenues of \$99.5 million were more than budgeted revenues of \$97.8 million by \$1.7 million. The positive variance was primarily due to higher than expected sales tax (\$2.5 million) revenues and offset by lower than expected property tax revenues (\$0.4 million).

Expenditures:

During the year the original budget was amended to increase appropriations by \$3.9 million, the increase in appropriations was due to various requests throughout the fiscal year; such as, \$1.0 million for technology upgrades and software maintenance, \$0.4 million for increases in health care costs, \$0.3 million related to purchase order obligations from the previous fiscal year, \$0.2 million for increase legal costs, \$0.2 million for increased self-insurance costs, \$0.1 million for inspection and plan check services and \$0.1 million for increased costs related to the helicopter program.

General Fund expenditures were less than budgeted. Of the total appropriations of \$102.6 million, approximately 5.0%, or \$5.1 million were unspent. There were no significant variances.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for governmental and business-type activities as of June 30, 2016, amounts to \$877.7 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 increase in the City's investment in capital assets for the current fiscal year was 7.3%. Major capital asset events during the current fiscal year included the following:

Completed construction on the 1-15/Duncan Canyon Interchange,
Completed construction of the new Fire Station No. 73, and
Completed landscaping at Foothill: Cherry and Hemlock.

Capital Assets (Net of depreciation) (000 omitted)

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 195,756	\$ 161,658	\$ -	\$ -	\$ 195,756	\$ 161,658
Building and improvements	197,628	189,220	1,383	1,429	199,011	190,649
Furniture and equipment	4,191	4,633	90	88	4,281	4,721
Vehicles	8,230	7,294	-	-	8,230	7,294
Infrastructure	389,435	368,915	72,076	74,896	461,511	443,811
Intangibles	748	750	4	8	752	758
Construction in progress	8,020	8,724	173	66	8,193	8,790
Total	<u>\$ 804,008</u>	<u>\$ 741,194</u>	<u>\$ 73,726</u>	<u>\$ 76,487</u>	<u>\$ 877,734</u>	<u>\$ 817,681</u>

Additional information on the City's capital assets can be found in Note 5 on pages 51-52 of this report.

Long-term debt. At the end of the current fiscal year, the City's total long-term debt outstanding is \$205.8 million. This amount is comprised of \$107.3 net pension liability, \$41.8 million of lease revenue bonds which are secured by future revenue sources from the lease of City property and \$56.7 million of various other loans and obligations payable.

Outstanding Debt

(000 omitted)

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Lease revenue bonds	\$ 41,755	\$ 43,780	\$ -	\$ -	\$ 41,755	\$ 43,780
Net pension liability	104,131	96,567	3,210	2,691	107,341	99,258
Claims and judgments	10,063	10,520	-	-	10,063	10,520
Compensated absences	7,475	7,073	264	216	7,739	7,289
Special assessment debt				-	-	-
Other post employment benefits	21,198	19,441	-	-	21,198	19,441
Other debt	7,032	7,144	10,676	11,452	17,708	18,596
Total outstanding debt	<u>\$ 191,654</u>	<u>\$ 184,525</u>	<u>\$ 14,150</u>	<u>\$ 14,359</u>	<u>\$ 205,804</u>	<u>\$ 198,884</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 2016-17, 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 2016-17 is financially balanced and includes:

General Fund designation of fund balance for contingencies of 15% of recurring appropriations.

An decrease in budgeted revenues of \$0.5 million (or 0.05%) in the General Fund is primarily attributed to the following;

- an increase in sales tax revenue of \$1.4 million reflecting the positive economic trends seen statewide
- an increase in property tax revenue of \$0.81 million reflecting a 3% projected increase in city-wide assessed valuation, offset by one-time tax increment residual revenue received in the current fiscal year
- an increase in franchise fees, business and development-related revenues of \$1.1 million reflecting slowly improving economic conditions

- a decrease of \$3.36 million in other revenues reflecting a one-time revenues received in the prior year from the sale of the Park and Ride property.

An increase in budgeted expenditures of \$1.3 million or (1.53%) as compared to the Fiscal Year 2015-16 primarily attributed to the following;
Increases

- \$1.14 million contractual obligations related to City staff
- \$0.09 million for three new positions, one eliminated
- \$0.16 million of salaries that were previously funded through grants
- \$0.36 million fleet maintenance cost increases
- \$0.39 million recurring and one-time departmental requests
- \$0.20 million for computer hardware replacement
- \$0.15 million to increase reserves in the Self-Insurance fund.

Decreases

- \$0.66 million for savings from bond refinancing
- \$0.80 million for saving from Retiree Medical contribution

An allocation of \$5.53 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, 2016

Exhibit A

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and investments	\$ 251,337,325	\$ 21,063,460	\$ 272,400,785
Receivables:			
Accounts	4,399,436	979,736	5,379,172
Assessments	421,789	-	421,789
Interest	2,390,565	54,165	2,444,730
Loans	75,525,816	6,960,332	82,486,148
Loans to Successor Agency	44,962,968	3,305,829	48,268,797
Allowance for doubtful accounts	(379,738)	(3,311,470)	(3,691,208)
Internal balances	(667,053)	667,053	-
Due from other governments	15,552,683	13,132	15,565,815
Inventories	1,471,183	54,500	1,525,683
Deposits	78,342	-	78,342
Land held for resale	7,034,743	-	7,034,743
Restricted assets:			
Cash with fiscal agent	1,077,310	-	1,077,310
Capital assets not being depreciated	203,775,753	173,318	203,949,071
Capital assets, net of depreciation	600,231,807	73,553,307	673,785,114
Total assets	<u>1,207,212,929</u>	<u>103,513,362</u>	<u>1,310,726,291</u>
Deferred Outflows of Resources:			
Deferred outflows of resources - pension related	<u>11,344,250</u>	<u>368,476</u>	<u>11,712,726</u>
Liabilities:			
Accounts payable	21,612,122	2,258,451	23,870,573
Deposits payable	644,182	721,657	1,365,839
Interest payable	704,596	52,256	756,852
Due to other governments	7,038,844	-	7,038,844
Unearned revenue	4,034,151	-	4,034,151
Retentions payable	192,192	13,678	205,870
Noncurrent liabilities:			
Net pension liability	104,131,214	3,209,639	107,340,853
Due within one year	11,790,093	1,053,649	12,843,742
Due in more than one year	75,732,780	9,886,898	85,619,678
Total liabilities	<u>225,880,174</u>	<u>17,196,228</u>	<u>243,076,402</u>
Deferred Inflows of Resources:			
Deferred inflows of resources - pension related	<u>7,922,572</u>	<u>338,311</u>	<u>8,260,883</u>
Net Position:			
Net investment in capital assets	755,220,959	63,050,134	818,271,093
Restricted for:			
Community development	110,325,021	-	110,325,021
Public safety	20,215,089	-	20,215,089
Public works	41,804,238	-	41,804,238
Debt service	524,498	-	524,498
Government-access channel	1,087,820	-	1,087,820
Capital projects	52,463,897	-	52,463,897
Unrestricted	3,112,911	23,297,165	26,410,076
Total net position	<u>\$ 984,754,433</u>	<u>\$ 86,347,299</u>	<u>\$ 1,071,101,732</u>

See accompanying notes to financial statements

CITY OF FONTANA
Statement of Activities
For the Year Ended June 30, 2016

Exhibit B

Functions/Programs	Expenses	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
		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	\$ 283,493	\$ -	\$ -	\$ -	\$ -	\$ (283,493)	\$ -	\$ (283,493)
City administration	7,522,573	-	-	-	-	(7,522,573)	-	(7,522,573)
Management services	6,939,657	1,941,695	-	43,125	1,984,820	(4,954,837)	-	(4,954,837)
Information technology	5,304,260	-	-	-	-	(5,304,260)	-	(5,304,260)
Human resources	9,286,775	4,922,430	-	-	4,922,430	(4,364,345)	-	(4,364,345)
Public safety:								
Police	51,996,756	6,314,166	1,549,690	-	7,863,856	(44,132,900)	-	(44,132,900)
Fire	25,931,315	-	-	-	-	(25,931,315)	-	(25,931,315)
Public works	37,524,666	19,504,058	1,411,371	9,987,229	30,902,658	(6,622,008)	-	(6,622,008)
Community development	9,037,714	25,591,414	1,959,827	386,590	27,937,831	18,900,117	-	18,900,117
Community services	14,762,425	7,679,413	-	-	7,679,413	(7,083,012)	-	(7,083,012)
Engineering	21,667,220	11,340,644	-	3,346,656	14,687,300	(6,979,920)	-	(6,979,920)
Interest on long-term debt	2,153,414	-	-	-	-	(2,153,414)	-	(2,153,414)
Total governmental activities	<u>192,410,268</u>	<u>77,293,820</u>	<u>4,920,888</u>	<u>13,763,600</u>	<u>95,978,308</u>	<u>(96,431,960)</u>	<u>-</u>	<u>(96,431,960)</u>
Business-type activities:								
Sewer	18,837,548	18,248,953	-	651,860	18,900,813	-	63,265	63,265
Water	44,104	-	-	-	-	-	(44,104)	(44,104)
Total business-type activities	<u>18,881,652</u>	<u>18,248,953</u>	<u>-</u>	<u>651,860</u>	<u>18,900,813</u>	<u>-</u>	<u>19,161</u>	<u>19,161</u>
Total functions/programs	<u>\$ 211,291,920</u>	<u>\$ 95,542,773</u>	<u>\$ 4,920,888</u>	<u>\$ 14,415,460</u>	<u>\$ 114,879,121</u>	<u>(96,431,960)</u>	<u>19,161</u>	<u>(96,412,799)</u>

General revenues:

Taxes:

Property taxes, levied for general purpose	48,537,350	-	48,537,350
Sales taxes	38,442,282	-	38,442,282
Franchise taxes	7,042,887	-	7,042,887
Business license taxes	5,215,605	-	5,215,605
Transient occupancy taxes	962,089	-	962,089
Total taxes	<u>100,200,213</u>	<u>-</u>	<u>100,200,213</u>

Intergovernmental, unrestricted:

Motor vehicle in lieu	82,436	-	82,436
Investment earnings	8,151,890	309,412	8,461,302
Other	3,718,814	-	3,718,814

Transfers

Transfers	2,109,800	(2,109,800)	-
Total general revenues and transfers	<u>114,263,153</u>	<u>(1,800,388)</u>	<u>112,462,765</u>
Change in net position	17,831,193	(1,781,227)	16,049,966
Net position at beginning of year	883,138,666	88,134,945	971,273,611
Restatement of net position	83,784,574	(6,419)	83,778,155
Net position at end of year	<u>\$ 984,754,433</u>	<u>\$ 86,347,299</u>	<u>\$ 1,071,101,732</u>

See accompanying notes to financial statements

CITY OF FONTANA

Balance Sheet Governmental Funds June 30, 2016

Exhibit C

		Special Revenue		Capital Project				Other	Total
	General	Fire Protection District	Housing Authority	Capital Reinvestment	Future Capital Projects	Sewer Expansion	Traffic Mitigation	Governmental Funds	Governmental Funds
Assets:									
Cash and investments	\$ 48,470,510	\$ 11,242,921	\$ 11,548,235	\$ 7,707,280	\$ 9,862,396	\$ 10,844,072	\$ 19,958,943	\$ 128,713,400	\$ 248,347,757
Receivables:									
Accounts	2,164,635	-	7,699	-	-	-	-	2,218,224	4,390,558
Assessments	-	-	-	-	-	-	-	421,789	421,789
Interest	126,693	20,016	1,660,700	-	6,735	-	59,440	509,643	2,383,227
Loans	-	-	64,035,351	-	-	-	-	11,490,465	75,525,816
Loans to Successor Agency	30,645,664	-	14,317,304	-	-	-	-	-	44,962,968
Allowance for doubtful accounts	(197,776)	-	-	-	-	-	-	(181,962)	(379,738)
Due from other funds	1,543,031	-	-	-	-	-	-	-	1,543,031
Due from other governments	11,477,345	169,588	-	-	-	-	-	3,905,701	15,552,634
Inventories	357,181	-	-	-	-	-	-	891,339	1,248,520
Deposits	71,842	-	-	2,500	-	-	-	4,000	78,342
Land held for resale	-	-	-	4,502,879	-	-	-	2,531,864	7,034,743
Advances to other funds	-	-	-	3,167,132	42,594,766	-	-	-	45,761,898
Restricted assets:									
Cash with fiscal agent	376,900	-	58,081	-	-	-	115,655	526,674	1,077,310
Total assets	<u>\$ 95,036,025</u>	<u>\$ 11,432,525</u>	<u>\$ 91,627,370</u>	<u>\$ 15,379,791</u>	<u>\$ 52,463,897</u>	<u>\$ 10,844,072</u>	<u>\$ 20,134,038</u>	<u>\$ 151,031,137</u>	<u>\$ 447,948,855</u>
Liabilities, Deferred Inflows and Fund Balances:									
Liabilities:									
Accounts payable	\$ 6,439,735	\$ 911	\$ 2,194	\$ 816,152	\$ -	\$ 9,488,546	\$ 269,579	\$ 4,343,268	\$ 21,360,385
Deposits payable	302,783	-	4,700	-	-	-	229,709	106,990	644,182
Retentions payable	-	-	-	18,838	-	-	115,655	57,699	192,192
Due to other funds	-	-	-	-	-	-	-	1,543,031	1,543,031
Due to other governments	9,769	-	-	-	-	-	-	7,029,075	7,038,844
Unearned revenue	-	-	-	-	-	-	-	4,034,151	4,034,151
Advances from other funds	-	-	-	-	-	-	42,908,474	2,853,424	45,761,898
Total liabilities	<u>6,752,287</u>	<u>911</u>	<u>6,894</u>	<u>834,990</u>	<u>-</u>	<u>9,488,546</u>	<u>43,523,417</u>	<u>19,967,638</u>	<u>80,574,683</u>
Deferred inflows of resources:									
Unavailable revenues	<u>966,992</u>	<u>-</u>	<u>1,489,517</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,174,711</u>	<u>3,631,220</u>
Fund balances:									
Nonspendable	429,023	-	-	4,505,379	-	-	-	894,339	5,828,741
Restricted	1,087,820	11,431,614	90,130,959	-	-	-	-	85,933,695	188,584,088
Committed	4,726,998	-	-	-	-	-	-	-	4,726,998
Assigned	34,514,464	-	-	10,039,422	52,463,897	1,355,526	-	43,676,986	142,050,295
Unassigned	46,558,441	-	-	-	-	-	(23,389,379)	(616,232)	22,552,830
Total fund balances	<u>87,316,746</u>	<u>11,431,614</u>	<u>90,130,959</u>	<u>14,544,801</u>	<u>52,463,897</u>	<u>1,355,526</u>	<u>(23,389,379)</u>	<u>129,888,788</u>	<u>363,742,952</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 95,036,025</u>	<u>\$ 11,432,525</u>	<u>\$ 91,627,370</u>	<u>\$ 15,379,791</u>	<u>\$ 52,463,897</u>	<u>\$ 10,844,072</u>	<u>\$ 20,134,038</u>	<u>\$ 151,031,137</u>	<u>\$ 447,948,855</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, 2016

Exhibit D

Fund balances of governmental funds	\$ 363,742,952
-------------------------------------	----------------

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.	800,775,207
---	-------------

Deferred outflows are not an available resources and, therefore, are not reported in the funds.	11,344,250
---	------------

Long-term liabilities, including net pension liability, are not due and payable in the current period and, therefore, is not recognized in the funds.	(191,654,087)
---	---------------

Accrued interest payable from the current portion of interest due on long-term debt has not been reported in the governmental funds.	(704,596)
--	-----------

Deferred inflows represent an acquisition of net position that applies to a future period so it will not be recognized until that time.	(7,922,572)
---	-------------

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.	5,542,059
---	-----------

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	3,631,220
--	-----------

Net position of governmental activities	<u>\$ 984,754,433</u>
---	-----------------------

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, 2016

Exhibit E

		Special Revenue		Capital Projects				Other Governmental Funds	Totals
	General	Fire Protection District	Housing Authority	Capital Reinvestment	Future Capital Projects	Sewer Expanson	Traffic Mitigation		
Revenues:									
Taxes	\$ 72,558,693	\$ 27,341,649	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 299,871	\$ 100,200,213
Licenses and permits	4,026,494	645,932	-	-	-	1,430,327	-	12,523,503	18,626,256
Intergovernmental	2,278,078	-	-	1,361,718	-	-	-	16,688,577	20,328,373
Charges for services	7,223,185	15,064	-	-	-	63,029	10,833,104	8,649,595	26,783,977
Fines and forfeitures	658,952	-	-	-	-	-	-	3,813,838	4,472,790
Special assessments	-	-	-	-	-	-	-	16,040,403	16,040,403
Investment earnings	4,794,457	133,836	526,879	108,768	62,451	152,017	321,207	2,011,253	8,110,868
Other revenue	7,978,413	-	109,473	-	-	-	-	440,834	8,528,720
Total revenues	99,518,272	28,136,481	636,352	1,470,486	62,451	1,645,373	11,154,311	60,467,874	203,091,600
Expenditures:									
Current:									
General government:									
City council and commissions	283,493	-	-	-	-	-	-	-	283,493
City administration	4,171,119	-	318,117	-	-	-	-	1,223,717	5,712,953
Management services	2,873,091	-	-	-	-	-	-	4,720	2,877,811
Information technology	5,107,791	-	-	-	-	-	-	-	5,107,791
Human resources	8,045,263	-	-	-	-	-	-	13,016	8,058,279
Public safety:									
Police	48,416,594	-	-	-	-	-	-	4,127,321	52,543,915
Fire	-	24,454,505	-	-	-	-	-	544,126	24,998,631
Public works	10,874,717	-	-	-	-	1,436,188	-	16,925,161	29,236,066
Community development	3,824,162	-	-	-	-	-	-	224,535	4,048,697
Community services	10,927,285	-	-	-	-	-	-	3,263,223	14,190,508
Engineering	2,652,466	-	-	392,222	-	-	566,846	1,569,028	5,180,562
Capital Outlay	322,308	-	-	3,097,444	19,463	-	3,618,918	11,714,594	18,772,727
Debt Service:									
Principal	-	-	-	-	-	-	-	2,025,000	2,025,000
Interest	-	-	-	-	-	-	-	2,687,661	2,687,661
Total expenditures	97,498,289	24,454,505	318,117	3,489,666	19,463	1,436,188	4,185,764	44,322,102	175,724,094
Excess (deficiency) of revenues over (under) expenditures	2,019,983	3,681,976	318,235	(2,019,180)	42,988	209,185	6,968,547	16,145,772	27,367,506
Other Financing Sources (Uses):									
Transfers in	12,094,019	1,006,100	-	5,859,000	-	-	-	7,838,419	26,797,538
Transfers out	(10,546,304)	(4,604,320)	(186,700)	(170,824)	(11,400)	(96,495)	(570,800)	(8,598,900)	(24,785,743)
Sale of capital assets	3,184,220	-	-	-	-	-	-	-	3,184,220
Total other financing sources (uses)	4,731,935	(3,598,220)	(186,700)	5,688,176	(11,400)	(96,495)	(570,800)	(760,481)	5,196,015
Net change in fund balances	6,751,918	83,756	131,535	3,668,996	31,588	112,690	6,397,747	15,385,291	32,563,521
Fund Balances:									
Beginning of fiscal year, as originally stated	80,564,828	11,347,858	89,344,640	7,237,691	51,662,335	1,242,836	(29,017,152)	113,551,931	325,934,967
Restatements	-	-	654,784	3,638,114	769,974	-	(769,974)	951,566	5,244,464
Beginning of fiscal year, as restated	80,564,828	11,347,858	89,999,424	10,875,805	52,432,309	1,242,836	(29,787,126)	114,503,497	331,179,431
Net change in fund balances	6,751,918	83,756	131,535	3,668,996	31,588	112,690	6,397,747	15,385,291	32,563,521
End of fiscal year	\$ 87,316,746	\$ 11,431,614	\$ 90,130,959	\$ 14,544,801	\$ 52,463,897	\$ 1,355,526	\$ (23,389,379)	\$ 129,888,788	\$ 363,742,952

See accompanying notes to financial statements

CITY OF FONTANA

Exhibit F

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, 2016

Net change in fund balances - total governmental funds	\$ 32,563,521
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.	19,169,771
In the Statement of Activities, only the <i>gain/loss</i> 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.	(3,232,029)
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.	7,577,921
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.	(39,480,440)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as unavailable revenues in the funds.	(3,088,449)
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.	2,025,000
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.	701,735
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.	1,034,832
Governmental funds report all contributions in relation to the Annual Required Contribution (ARC) for OPEB as expenditures, however in the Statement of Activities only the ARC is an expense.	(1,758,063)
Adjustments made to the Net Pension Liability do not use current financial resources and, therefore, are not recognized in the funds.	
Reclassify current year pension contributions	1,036,148
Adjust current year actuarial value	8,845,109
Adjust the net pension liability	(7,563,863)
Change in net position of governmental activities	<u>\$ 17,831,193</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, 2016

Exhibit G

Page 1 of 3

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
Revenues:				
Taxes	\$ 69,660,000	\$ 69,998,600	\$ 72,558,693	\$ 2,560,093
Licenses and permits	3,431,250	3,538,185	4,026,494	488,309
Intergovernmental	2,080,160	1,992,252	2,278,078	285,826
Charges for services	6,747,760	6,917,760	7,223,185	305,425
Fines and forfeitures	595,000	595,000	658,952	63,952
Investment earnings	4,659,300	4,659,300	4,794,457	135,157
Other revenue	10,008,820	10,089,205	7,978,413	(2,110,792)
Total revenues	97,182,290	97,790,302	99,518,272	1,727,970
Expenditures:				
Current:				
General government:				
City council and commissions	284,710	274,660	283,493	(8,833)
City administration	4,058,200	4,103,182	4,171,119	(67,937)
Management services	2,873,450	2,867,430	2,873,091	(5,661)
Information technology	5,022,350	6,005,512	5,107,791	897,721
Human resources	7,425,790	7,965,600	8,045,263	(79,663)
Public safety:				
Police	48,983,450	50,179,808	48,416,594	1,763,214
Public works	11,546,780	11,770,096	10,874,717	895,379
Community development	3,787,730	3,975,580	3,824,162	151,418
Community services	11,468,080	11,587,511	10,927,285	660,226
Engineering	2,400,420	2,772,054	2,652,466	119,588
Capital outlay	817,470	1,089,468	322,308	767,160
Total expenditures	98,668,430	102,590,901	97,498,289	5,092,612
Excess (deficit) of revenues over expenditures	(1,486,140)	(4,800,599)	2,019,983	6,820,582
Other Financing Sources (Uses):				
Transfers in	25,366,330	25,487,113	12,094,019	(13,393,094)
Transfers out	(24,372,890)	(24,139,776)	(10,546,304)	13,593,472
Sale of capital assets	3,001,000	3,001,000	3,184,220	183,220
Total other financing sources (uses)	3,994,440	4,348,337	4,731,935	383,598
Net change in fund balances	2,508,300	(452,262)	6,751,918	7,204,180
Fund balances - beginning	80,564,828	80,564,828	80,564,828	-
Fund balances - ending	\$ 83,073,128	\$ 80,112,566	\$ 87,316,746	\$ 7,204,180

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, 2016

Exhibit G
 Page 2 of 3

	Budget Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 28,175,000	\$ 28,175,000	\$ 27,341,649	\$ (833,351)
Licenses and permits	485,000	485,000	645,932	160,932
Charges for services	10,000	10,000	15,064	5,064
Investment earnings	95,000	95,000	133,836	38,836
Total revenues	<u>28,765,000</u>	<u>28,765,000</u>	<u>28,136,481</u>	<u>(628,519)</u>
Expenditures:				
Current:				
Public safety:				
Fire	<u>23,934,800</u>	<u>24,476,825</u>	<u>24,454,505</u>	<u>22,320</u>
Total expenditures	<u>23,934,800</u>	<u>24,476,825</u>	<u>24,454,505</u>	<u>22,320</u>
Excess (deficit) of revenues over expenditures	<u>4,830,200</u>	<u>4,288,175</u>	<u>3,681,976</u>	<u>(606,199)</u>
Other Financing Sources (Uses):				
Transfers in	1,006,100	1,006,100	1,006,100	-
Transfers out	<u>(4,604,320)</u>	<u>(4,604,320)</u>	<u>(4,604,320)</u>	<u>-</u>
Total other financing sources (uses)	<u>(3,598,220)</u>	<u>(3,598,220)</u>	<u>(3,598,220)</u>	<u>-</u>
Net change in fund balances	1,231,980	689,955	83,756	(606,199)
Fund balances - beginning	11,347,858	11,347,858	11,347,858	-
Fund balances - ending	<u>\$ 12,579,838</u>	<u>\$ 12,037,813</u>	<u>\$ 11,431,614</u>	<u>\$ (606,199)</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, 2016

Exhibit G
Page 3 of 3

	Budget Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Investment earnings	\$ 200,000	\$ 550,000	\$ 526,879	\$ (23,121)
Other revenue	500	10,500	109,473	98,973
Total revenues	<u>200,500</u>	<u>560,500</u>	<u>636,352</u>	<u>75,852</u>
Expenditures:				
Current:				
General government:				
City administration	3,410,130	5,160,412	318,117	4,842,295
Capital outlay	-	3,175	-	3,175
Total expenditures	<u>3,410,130</u>	<u>5,163,587</u>	<u>318,117</u>	<u>4,845,470</u>
Excess (deficit) of revenues over expenditures	<u>(3,209,630)</u>	<u>(4,603,087)</u>	<u>318,235</u>	<u>4,921,322</u>
Other Financing Sources (Uses):				
Transfers out	(186,700)	(186,700)	(186,700)	-
Total other financing sources (uses)	<u>(186,700)</u>	<u>(186,700)</u>	<u>(186,700)</u>	<u>-</u>
Net change in fund balances	(3,396,330)	(4,789,787)	131,535	4,921,322
Fund balances - beginning, as restated	89,999,424	89,999,424	89,999,424	-
Fund balances - ending	<u>\$ 86,603,094</u>	<u>\$ 85,209,637</u>	<u>\$ 90,130,959</u>	<u>\$ 4,921,322</u>

See accompanying notes to financial statements

CITY OF FONTANA
Statement of Net Position
Proprietary Funds
June 30, 2016

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	\$ 20,789,916	\$ 273,544	\$ 21,063,460	\$ 2,989,568
Accounts receivables	979,736	-	979,736	8,878
Interest receivable	53,511	654	54,165	7,338
Loans receivable	5,297,922	1,662,410	6,960,332	-
Loans to Successor Agency	3,305,829	-	3,305,829	-
Allowance for doubtful accounts	(3,311,470)	-	(3,311,470)	-
Due from other governments	13,132	-	13,132	49
Inventories	54,500	-	54,500	222,663
Total current assets	27,183,076	1,936,608	29,119,684	3,228,496
Noncurrent Assets:				
Capital assets, not being depreciated	173,318	-	173,318	-
Capital assets, net of depreciation	73,553,307	-	73,553,307	3,232,353
Total noncurrent assets	73,726,625	-	73,726,625	3,232,353
Total assets	\$ 100,909,701	\$ 1,936,608	\$ 102,846,309	\$ 6,460,849
Deferred Outflows of Resources:				
Deferred outflows of resources - pension related	368,476	-	368,476	-
Liabilities:				
Current Liabilities:				
Accounts payable	\$ 2,257,368	\$ 1,083	\$ 2,258,451	\$ 251,738
Deposits payable	721,657	-	721,657	-
Interest payable	52,256	-	52,256	-
Retentions payable	13,678	-	13,678	-
Compensated absences payable - current	264,056	-	264,056	-
Loans payable - current	789,593	-	789,593	-
Total current liabilities	4,098,608	1,083	4,099,691	251,738
Noncurrent Liabilities:				
Loans payable	9,886,898	-	9,886,898	-
Net pension liability	3,209,639	-	3,209,639	-
Total noncurrent liabilities	13,096,537	-	13,096,537	-
Total liabilities	17,195,145	1,083	17,196,228	251,738
Deferred Inflows of Resources:				
Deferred inflows of resources - pension related	338,311	-	338,311	-
Net Position:				
Net investment in capital assets	63,050,134	-	63,050,134	3,232,353
Unrestricted	20,694,587	1,935,525	22,630,112	2,976,758
Total net position	\$ 83,744,721	\$ 1,935,525	\$ 85,680,246	\$ 6,209,111
Reconciliation of Net Position to the Statement of Net Position				
Net Position per Statement of Net Position - Proprietary Funds			85,680,246	
Prior years' accumulated adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			667,053	
Net position per Statement of Net Position			<u>\$ 86,347,299</u>	

See accompanying notes to financial statements

CITY OF FONTANA

Exhibit I

Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2016

	Business-type Activities Enterprise Funds			Governmental Activities Internal Service Fund - Fleet Operations
	Sewer Operations	Non-Major Enterprise Fund - Water Operations	Totals	
Operating Revenues:				
Charges for services	\$ 18,110,360	\$ -	\$ 18,110,360	\$ 4,463,970
Other revenue	138,593	-	138,593	54,988
Total revenues	<u>18,248,953</u>	<u>-</u>	<u>18,248,953</u>	<u>4,518,958</u>
Operating Expenses:				
Personnel costs	2,844,715	-	2,844,715	664,811
Operating costs	813,075	-	813,075	1,381,588
Contractual	12,174,951	44,104	12,219,055	437,177
Depreciation	3,023,087	-	3,023,087	1,003,116
Total operating expenses	<u>18,855,828</u>	<u>44,104</u>	<u>18,899,932</u>	<u>3,486,692</u>
Operating income (loss)	<u>(606,875)</u>	<u>(44,104)</u>	<u>(650,979)</u>	<u>1,032,266</u>
Non-Operating Revenues (Expenses):				
Investment earnings	305,701	3,711	309,412	41,022
Interest payments	(142,697)	-	(142,697)	-
Gain (loss) on sale of capital assets	-	-	-	24,516
Total non-operating revenues (expenses)	<u>163,004</u>	<u>3,711</u>	<u>166,715</u>	<u>65,538</u>
Income (loss) before contributions and transfers	<u>(443,871)</u>	<u>(40,393)</u>	<u>(484,264)</u>	<u>1,097,804</u>
Capital contributions - connection fees	651,860	-	651,860	-
Transfers in	-	50,000	50,000	98,005
Transfers out	<u>(2,159,800)</u>	<u>-</u>	<u>(2,159,800)</u>	<u>-</u>
Change in net position	<u>(1,951,811)</u>	<u>9,607</u>	<u>(1,942,204)</u>	<u>1,195,809</u>
Net Position:				
Beginning of fiscal year	85,702,951	1,925,918	87,628,869	5,013,302
Restatements	<u>(6,419)</u>	<u>-</u>	<u>(6,419)</u>	<u>-</u>
Beginning of fiscal year, as restated	<u>85,696,532</u>	<u>1,925,918</u>	<u>87,622,450</u>	<u>5,013,302</u>
Net position at end of year	<u>\$ 83,744,721</u>	<u>\$ 1,935,525</u>	<u>\$ 85,680,246</u>	<u>\$ 6,209,111</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			(1,942,204)	
Adjustment to reflect the consolidation of internal service activities related to enterprise funds			<u>160,977</u>	
Changes in Net Position of Business-Type Activities per Statement of Activities			<u><u>\$ (1,781,227)</u></u>	

See accompanying notes to financial statements

CITY OF FONTANA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2016

Exhibit J

	Business-type Activities Enterprise Funds			Governmental Activities
	Non-Major Enterprise Fund -			Internal Service
	Sewer Operations	Water Operations	Totals	Fund - Fleet Operations
Cash Flow from Operating Activities:				
Cash received from customers	\$ 18,092,165	\$ -	\$ 18,092,165	\$ 4,560,950
Cash payments to suppliers of goods and services	(13,237,086)	(45,366)	(13,282,452)	(1,830,288)
Cash payments to employees for services	(2,663,382)	-	(2,663,382)	(664,811)
Net cash provided by (used for) operating activities	2,191,697	(45,366)	2,146,331	2,065,851
Cash Flows from Noncapital Financing Activities:				
Transfers received	-	50,000	50,000	98,005
Transfers paid	(2,159,800)	-	(2,159,800)	-
Net cash provided by (used for) noncapital financing activities	(2,159,800)	50,000	(2,109,800)	98,005
Cash Flows from Capital and Related Financing Activities:				
Payments for debt service - principal payments	(775,652)	-	(775,652)	-
Payments for debt service - interest payments	(209,167)	-	(209,167)	-
Capital contributions	651,860	-	651,860	-
Acquisition and construction of capital assets	(268,800)	-	(268,800)	(1,253,802)
Proceeds from sale of capital assets	-	-	-	37,251
Net cash provided by (used for) capital and related financing activities	(601,759)	-	(601,759)	(1,216,551)
Cash Flows from Investing Activities:				
Investment earnings	921,768	75,293	997,061	39,157
Net cash provided by investing activities	921,768	75,293	997,061	39,157
Net increase (decrease) in cash and cash equivalents	351,906	79,927	431,833	986,462
Cash and cash equivalents - beginning of year	20,438,010	193,617	20,631,627	2,003,106
Cash and cash equivalents - end of year	\$ 20,789,916	\$ 273,544	\$ 21,063,460	\$ 2,989,568
Reconciliation of Operating Income to Net Cash Provided by (Used for) Operating Activities:				
Operating Income (Loss)	\$ (606,875)	\$ (44,104)	\$ (650,979)	\$ 1,032,266
Adjustments to Reconcile Operating Income (Loss) to Net Cash				
Provided (Used) by Operating Activities:				
Depreciation	3,023,087	-	3,023,087	1,003,116
Changes in Assets and Liabilities:				
Accounts receivable	(240,023)	-	(240,023)	42,041
Due from other governments	(1,074)	-	(1,074)	(49)
Inventories	30,834	-	30,834	(2,548)
Deferred outflows - contributions	(69,501)	-	(69,501)	-
Accounts payable	(279,894)	(1,262)	(281,156)	(8,975)
Deposits payable	84,309	-	84,309	-
Accrued compensated absences	47,891	-	47,891	-
Deferred inflows - actuarial	(315,691)	-	(315,691)	-
Net pension liability	518,634	-	518,634	-
Net cash provided by (used for) operating activities	\$ 2,191,697	\$ (45,366)	\$ 2,146,331	\$ 2,065,851
Schedule of Noncash Investing and Capital and Noncapital Financing Activities				
Noncash Investing Activities - Changes in fair value of investments	\$ 79,102	\$ 1,041	\$ 80,143	\$ -

See accompanying notes to financial statements

CITY OF FONTANA
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2016

Exhibit K

	Agency Funds	Private Purpose Trust Fund Successor Agency of the Former RDA
Assets:		
Cash and investments	\$ 4,814,935	\$ 23,510,602
Receivables (net):		
Assessments	292,506	-
Interest	-	1,226,356
Loans receivable	-	3,619,257
Allowance for doubtful accounts	-	(1,971,279)
Deposits	-	75,714
Restricted assets:		
Cash and investments	21,901,701	9,707,560
Total assets	<u>\$ 27,009,142</u>	<u>\$ 36,168,210</u>
Liabilities:		
Accounts payable	\$ -	\$ 13,208
Deposits payable	4,533,267	1,778
Interest payable	-	4,733,434
Due to bondholders	22,475,875	-
Long-term liabilities:		
Due in one year	-	14,943,375
Due in more than one year	-	563,697,870
Total liabilities	<u>\$ 27,009,142</u>	<u>583,389,665</u>
Net Position:		
Held in trust for other purposes		(547,221,455)
Total Net Position		<u>\$ (547,221,455)</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, 2016

Exhibit L

	Private Purpose Trust Fund Successor Agency of the Former RDA
Additions:	
Contributions from other governments	\$ 39,730,007
Interest and change in fair value of investments	376,265
Other revenue	<u>1,404,924</u>
Total additions	<u>41,511,196</u>
Deductions:	
Administrative expenses	71,744
Interest expense	21,268,842
Contractual services	2,201,140
Contributions to other governments	1,750,239
Loss on sale of capital assets	<u>2,626,701</u>
Total deductions	<u>27,918,666</u>
Changes in net position	13,592,530
Net Position - Beginning of the Year	(479,523,297)
Restatements	<u>(81,290,688)</u>
Beginning of fiscal year, as restated	<u>(560,813,985)</u>
Net Position - End of the Year	<u><u>\$ (547,221,455)</u></u>

See accompanying notes to 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 financial 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 financial 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 financial 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 Associated Governments (SANBAG) that is used for general infrastructure improvements throughout the City.

The Sewer Expansion Capital Projects Fund accounts for the receipt developer impact fees used by the Inland Empire Utilities Agency for the expansion and construction of sewer treatment facilities.

CITY OF FONTANA
Notes to the Financial Statements

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.

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.

CITY OF FONTANA
Notes to the Financial Statements

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.

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.

CITY OF FONTANA
Notes to the Financial Statements

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.

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.

CITY OF FONTANA
Notes to the Financial Statements

Inventories, Prepaids 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.

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 estimated fair market 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:

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

CITY OF FONTANA
Notes to the Financial Statements

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 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.

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. 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

CITY OF FONTANA
Notes to the Financial Statements

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.

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, 2014
Measurement Date (MD)	June 30, 2015
Measurement Period (MP)	June 30, 2014 to June 30, 2015

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.

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 \$191,654,087 long-term liabilities difference is as follows:

CITY OF FONTANA
Notes to the Financial Statements

Lease revenue bonds payable	\$ 41,755,000
Loan payables	3,873,854
Claims and judgments	10,063,360
Compensated absences	7,474,744
Other post employment benefits	21,198,155
Net pension liability	104,131,214
Bond premium to be amortized	<u>3,157,760</u>
Net adjustment to reduce <i>fund balances of governmental funds</i> to arrive at <i>net position of governmental activities</i>	<u>\$ 191,654,087</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 details of this \$2,025,000 difference are as follows:

Principal repayments:	
Lease revenue bonds	<u>\$ 2,025,000</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>\$ 2,025,000</u>

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 \$701,735 are as follows:

Claims and judgments	\$ 457,025
Compensated absences	(402,060)
Accrued Interest	534,247
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>\$ 701,735</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, 2016. 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 \$105,830,805. 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.

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:

	<u>Expenditures</u>	<u>Appropriations</u>	<u>Excess</u>
General Fund			
General Government			
City council and commissions	\$ 283,493	\$ 274,660	\$ 8,833
City administration	4,171,119	4,103,182	67,937
Management services	2,873,091	2,867,430	5,661
Human resources	8,045,263	7,965,600	79,663

CITY OF FONTANA
Notes to the Financial Statements

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. There were no Special Revenue funds with an excess of expenditures over appropriations at the fund level for the fiscal year ending June 30, 2016.

A budgetary comparison is 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, 2016, the following funds had deficit fund balances:

Special Revenue Funds:

Grants	\$ (604,337)
Federal Law Enforcement Block Grant	(11,895)

Capital Project Funds:

Traffic Mitigation	(23,389,379)
--------------------	--------------

These deficit fund balances will be addressed through future year revenues and transfers.

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.

	Cash and Investments	Restricted Assets Cash with Fiscal Agent	Total
Governmental activities	\$ 251,337,325	\$ 1,077,310	\$ 252,414,635
Business-type activities	21,063,460	-	21,063,460
Fiduciary funds	28,325,537	31,609,261	59,934,798
	<u>\$ 300,726,322</u>	<u>\$ 32,686,571</u>	<u>\$ 333,412,893</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)
Corporate Obligations (medium-term notes and bonds)
U.S. Government Securities
Mutual Funds
Bankers' Acceptances

Mortgage Pass-Through Securities (FHLMC or FNMA only)
Commercial Paper
Certificates of Deposit
Negotiable Certificates of Deposit
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, 2016 and during the fiscal year conform to the City's investment policy.

The City's idle cash in the following bond accounts is invested in investment agreements. The type of securities held under the investment agreements comply with the Government Code and the City's investment policy.

The bond reserve account of \$914,120 from the 2000 Downtown Tax Allocation Refunding Bonds is invested in an investment agreement with an annual rate of 5.47% through the year 2021.

The bond reserve account of \$1,439,902 from the 2003 Southwest Industrial Park Subordinate Tax Allocation Bonds is invested in an investment agreement with an annual rate of 4.36% through the year 2033.

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, 2016, the carrying amount of the City's deposits was \$49,850,578 and the bank balance was \$50,478,626. The \$628,048 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

CITY OF FONTANA
Notes to the Financial Statements

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.

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, 2016, the City's investment in medium term notes, federal securities and money market funds consisted of the following:

<u>Federal Securities</u>	<u>Moody's Rating</u>	<u>Money Market Funds</u>	<u>Moody's Rating</u>
Federal Home Loan Bank Note	Aaa	BNY Hamilton Treasury	Aaa
Federal Home Loan Mortgage Corporation	Aaa	Fidelity	Aaa
Federal National Mortgage Association	Aaa	First American Treasury	Aaa
Federal Farm Credit Banks	Aaa	Wells Fargo Treasury Plus	Aaa
		<u>Medium Term Notes</u>	<u>Moody's Rating</u>
		General Electric Capital Corp	A1
		JP Morgan Chase & Co	A3

As of June 30, 2016, the City's investment in external investment pools and investment agreements 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.

As of June 30, 2016, none of the City's deposits or investments were exposed to custodial credit risk.

CITY OF FONTANA
Notes to the Financial Statements

Concentration of Credit Risk

The City's investment policy imposes restrictions for certain types of investments with any one issuer. With respect to concentration risk, as of June 30, 2016, the City has not invested more than 15% of its total investments in any one issuer.

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, 2016, the City has investments with the following issuers which exceed 5% of the total investment value:

Federal National Mortgage Association (FNMA)	\$ 76,850,350	27.102%
Federal Home Loan Bank Note (FHLB)	44,537,210	15.706%
Federal Home Loan Mortgage Corp. (FHLMC)	30,084,150	10.609%

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, 2016, 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	More than 5 years	
U.S Government Securities	\$ -	\$ -	\$ 76,147,450	\$ 75,324,260	\$ -	\$ 151,471,710
Corporate Obligations	-	5,049,900	10,090,500	-	-	15,140,400
State Investment Pool	49,115,217	-	-	-	-	49,115,217
Mutual Funds	65,480,966	-	-	-	-	65,480,966
Investment Contracts	-	-	-	-	2,354,022	2,354,022
	<u>\$ 114,596,183</u>	<u>\$ 5,049,900</u>	<u>\$ 86,237,950</u>	<u>\$ 75,324,260</u>	<u>\$ 2,354,022</u>	<u>\$ 283,562,315</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, 2016:

Investments Measured at Fair Value

	<u>Fair Value Hierarchy</u>				
	Level 1		Level 2	Level 3	Total Fair Value
Federal Agency securities	\$ -	\$	151,471,710	\$ -	\$ 151,471,710
Corporate Obligations	-		15,140,400	-	15,140,400
State Investment Pool (LAIF)	-		49,115,217	-	49,115,217
Total investments measured at fair value	\$ -	\$	215,727,327	\$ -	\$ 215,727,327

Investments Measured at Net Asset Value

	<u>Net Asset Value</u>
Mutual Funds	\$ 65,480,966
Guarenteed Investment Contracts	2,354,022
Total investments measured at fair value	\$ 67,834,988
Total investments held	\$ 283,562,315

CITY OF FONTANA
Notes to the Financial Statements

Note 4. Receivables

Receivables as of June 30, 2016, 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	\$ 2,164,635	\$ -	\$ 7,699	\$ -	\$ -	\$ 2,218,224
Assessments	-	-	-	-	-	421,789
Interest	126,693	20,016	1,660,700	6,735	59,440	509,643
Loans	-	-	64,035,351	-	-	11,490,465
Loans to Successor Agency	30,645,664	-	14,317,304	-	-	-
	<u>\$ 32,936,992</u>	<u>\$ 20,016</u>	<u>\$ 80,021,054</u>	<u>\$ 6,735</u>	<u>\$ 59,440</u>	<u>\$ 14,640,121</u>
Less allowance for doubtful accounts	197,776	-	-	-	-	181,962
	<u>\$ 32,739,216</u>	<u>\$ 20,016</u>	<u>\$ 80,021,054</u>	<u>\$ 6,735</u>	<u>\$ 59,440</u>	<u>\$ 14,458,159</u>

	Sewer Operations	Nonmajor Proprietary Funds	Internal Service Funds	Fiduciary Funds	Total
Accounts	\$ 979,736	\$ -	\$ 8,878	\$ -	\$ 5,379,172
Assessments	-	-	-	292,506	714,295
Interest	53,511	654	7,338	1,226,356	3,671,086
Loans	5,297,922	1,662,410	-	3,619,257	86,105,405
Loans to Successor Agency	3,305,829	-	-	-	48,268,797
	<u>\$ 9,636,998</u>	<u>\$ 1,663,064</u>	<u>\$ 16,216</u>	<u>\$ 5,138,119</u>	<u>\$ 144,138,755</u>
Less allowance for doubtful accounts	3,311,470	-	-	1,971,279	5,662,487
	<u>\$ 6,325,528</u>	<u>\$ 1,663,064</u>	<u>\$ 16,216</u>	<u>\$ 3,166,840</u>	<u>\$ 138,476,268</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, 2016.

Due to the uncollectibility of the loans to the Successor Agency, an allowance for doubtful accounts has been recorded at June 30, 2016 for the loans that are pending approval by the State Department of Finance as enforceable obligations. An allowance has been recorded for these loans

CITY OF FONTANA
Notes to the Financial Statements

in the amount \$3,305,829 in Sewer Operations funds. This allowance will remain in place until the State Department of Finance makes further 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 \$29,857,826 and \$14,317,304 in the General and Housing Authority funds, respectively.

Note 5. Capital Assets

Capital asset activity for the year ended June 30, 2016, was as follows:

	Balance June 30, 2015 as Previously Reported	Adjustments*	Adjusted Beginning Balance June 30, 2015	Transfers	Increases	Decreases	Balance June 30, 2016
Governmental activities:							
Capital assets, not being depreciated							
Land	\$ 161,657,860	\$ 31,045,362	\$ 192,703,222	\$ -	\$ 6,284,326	\$ (3,232,030)	\$ 195,755,518
Construction in progress	8,724,156	(329,892)	8,394,264	(5,434,442)	5,060,413	-	8,020,235
Total capital assets, not being depreciated	<u>170,382,016</u>	<u>30,715,470</u>	<u>201,097,486</u>	<u>(5,434,442)</u>	<u>11,344,739</u>	<u>(3,232,030)</u>	<u>203,775,753</u>
Capital assets, being depreciated							
Buildings and improvements	254,459,702	19,466,774	273,926,476	4,878,311	2,256,165	-	281,060,952
Machinery and equipment	26,549,214	(142,714)	26,406,500	16,000	902,279	-	27,324,779
Vehicles	23,107,496	444,211	23,551,707	(16,000)	2,589,634	(702,793)	25,422,548
Infrastructure	734,073,527	51,926,692	786,000,219	556,131	10,771,228	-	797,327,578
Intangibles	2,431,315	-	2,431,315	-	137,449	-	2,568,764
	<u>1,040,621,254</u>	<u>71,694,963</u>	<u>1,112,316,217</u>	<u>5,434,442</u>	<u>16,656,755</u>	<u>(702,793)</u>	<u>1,133,704,621</u>
Less accumulated depreciation for:							
Buildings and improvements	(65,239,555)	(6,998,365)	(72,237,920)	-	(11,195,163)	-	(83,433,083)
Machinery and equipment	(21,916,341)	149,100	(21,767,241)	(16,000)	(1,350,900)	-	(23,134,141)
Vehicles	(15,813,496)	(451,001)	(16,264,497)	16,000	(1,634,232)	690,059	(17,192,670)
Infrastructure	(365,158,306)	(16,570,057)	(381,728,363)	-	(26,164,283)	-	(407,892,646)
Intangibles	(1,681,296)	-	(1,681,296)	-	(138,978)	-	(1,820,274)
	<u>(469,808,994)</u>	<u>(23,870,323)</u>	<u>(493,679,317)</u>	<u>-</u>	<u>(40,483,556)</u>	<u>690,059</u>	<u>(533,472,814)</u>
Total capital assets, being depreciated, net	<u>570,812,260</u>	<u>47,824,640</u>	<u>618,636,900</u>	<u>5,434,442</u>	<u>(23,826,801)</u>	<u>(12,734)</u>	<u>600,231,807</u>
Governmental activities capital assets, net	<u>\$ 741,194,276</u>	<u>\$ 78,540,110</u>	<u>\$ 819,734,386</u>	<u>\$ -</u>	<u>\$ (12,482,062)</u>	<u>\$ (3,244,764)</u>	<u>\$ 804,007,560</u>

*Refer to Note 15 regarding capital asset restatements.

CITY OF FONTANA
Notes to the Financial Statements

	Balance June 30, 2015 as Previously Reported	Adjustments*	Adjusted Beginning Balance June 30, 2015	Increases	Decreases	Balance June 30, 2016
Business-type activities:						
Capital assets, not being depreciated						
Construction in progress	\$ 66,000	\$ -	\$ 66,000	\$ 107,318	\$ -	\$ 173,318
Total capital assets, not being depreciated	66,000	-	66,000	107,318	-	173,318
Capital assets, being depreciated						
Buildings and improvements	1,798,150	-	1,798,150	-	-	1,798,150
Machinery and equipment	782,558	(137,059)	645,499	37,215	-	682,714
Vehicles	150,226	-	150,226	-	-	150,226
Infrastructure	113,230,351	-	113,230,351	124,268	-	113,354,619
Intangibles	64,698	-	64,698	-	-	64,698
	116,025,983	(137,059)	115,888,924	161,483	-	116,050,407
Less accumulated depreciation for:						
Buildings and improvements	(368,851)	-	(368,851)	(46,107)	-	(414,958)
Machinery and equipment	(694,665)	130,640	(564,025)	(29,012)	-	(593,037)
Vehicles	(150,226)	-	(150,226)	-	-	(150,226)
Infrastructure	(38,334,235)	-	(38,334,235)	(2,944,538)	-	(41,278,773)
Intangibles	(56,676)	-	(56,676)	(3,430)	-	(60,106)
	(39,604,653)	130,640	(39,474,013)	(3,023,087)	-	(42,497,100)
Total capital assets, being depreciated, net	76,421,330	(6,419)	76,414,911	(2,861,604)	-	73,553,307
Business-type activities capital assets, net	\$ 76,487,330	\$ (6,419)	\$ 76,480,911	\$ (2,754,286)	\$ -	\$ 73,726,625

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

Governmental activities:		Business-type activities:	
General government	\$ 6,225,371	Sewer Operations	\$ 3,023,087
Public safety	2,655,316		
Public works	7,926,774		
Community development	5,095,946		
Community services	949,795		
Engineering	16,627,238		

CITY OF FONTANA
Notes to the Financial Statements

The following material construction commitments existed at June 30, 2016:

Project Name	Contract Amount	Expenditures to date as of June 30, 2016	Remaining Commitments
Duncan Canyon RCB	\$ 2,479,166	\$ 362,049	\$ 2,117,117
Pavement Rehabilitation	1,210,812	-	1,210,812
Sierra: Foothill to Baseline	941,765	72,360	869,405
Sierra @ Metrolink Crossing	500,000	43,707	456,293
I-10 Citrus Landscaping	515,655	83,248	432,407

Note 6. Interfund Receivables, Payables and Transfers

The composition of interfund balances as of June 30, 2016, is as follows:

Due to/from other funds:

Due To/From:

Receivable Fund	Payable Fund	Amount
General Fund	Non-major governmental Funds	
	Traffic Congestion Relief	\$ 429,602
	Housing and Community Development Block Grant	86,885
	Federal Law Enforcement Block Grant	16,513
	Community Services Reimbursements	1,009,731
	Community Facilities Districts	300
	Total	<u>\$ 1,543,031</u>

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

CITY OF FONTANA
Notes to the Financial Statements

Advances to/from other funds:

Receivable Fund	Payable Fund	Amount
Future Capital Projects	Traffic Congestion Relief	\$ 2,853,424
	Traffic Mitigation	39,741,342
Capital Reimbursement	Traffic Mitigation	<u>3,167,132</u>
	Total	<u>\$ 45,761,898</u>

The advances from Future Capital Projects and Capital Reinvestment to the Traffic Congestion Relief and the Traffic Mitigation funds 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 Circulation 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:						Total
	General	Fire Protection District	Capital Reinvestment	Nonmajor Governmental Funds	Nonmajor Enterprise Funds	Internal Service Fund	
Transfer out:							
General	\$ -	\$ -	\$ 5,859,000	\$ 4,587,024	\$ 50,000	\$ 50,280	\$ 10,546,304
Fire Protection District	2,844,500			1,759,820			4,604,320
Housing Authority	20,700			166,000			186,700
Capital Reinvestment	170,824						170,824
Future Capital Projects	11,400						11,400
Sewer Expansion	96,495						96,495
Traffic Mitigation	570,800						570,800
Nonmajor governmental funds	6,219,500	1,006,100		1,325,575		47,725	8,598,900
Sewer Operations	2,159,800						2,159,800
	<u>\$ 12,094,019</u>	<u>\$ 1,006,100</u>	<u>\$ 5,859,000</u>	<u>\$ 7,838,419</u>	<u>\$ 50,000</u>	<u>\$ 98,005</u>	<u>\$ 26,945,543</u>

CITY OF FONTANA
Notes to the Financial Statements

Note 7. Long-Term Debt

Long-term debt activity for the year ended June 30, 2016, was as follows:

	Balance June 30, 2015 As Previously Reported	Additions	Retirements	Balance June 30, 2016	Amounts Due Within One Year
Governmental Activities:					
Lease Revenue Bonds	\$ 43,780,000	\$ -	\$ 2,025,000	\$ 41,755,000	\$ 1,015,000
Claims and judgments	10,520,385	4,312,787	4,769,812	10,063,360	4,562,602
Compensated absences	7,072,684	6,012,473	5,610,413	7,474,744	6,212,491
Other post employment benefits	19,440,092	4,335,094	2,577,031	21,198,155	-
Net Pension Liability	96,567,351	17,871,965	10,308,102	104,131,214	-
Loan payable - SANBAG	3,873,854	-	-	3,873,854	-
Total Long-Term Debt - City	<u>\$ 181,254,366</u>	<u>\$ 32,532,319</u>	<u>\$ 25,290,358</u>	<u>\$ 188,496,327</u>	<u>\$ 11,790,093</u>
Total Governmental Activity Long-Term Debt	<u>\$ 181,254,366</u>	<u>\$ 32,532,319</u>	<u>\$ 25,290,358</u>	<u>\$ 188,496,327</u>	<u>\$ 11,790,093</u>
		Unamortized bond premium		3,157,760	
				<u>\$ 191,654,087</u>	
Business-Type Activities:					
Compensated absences	\$ 216,165	\$ 265,718	\$ 217,827	\$ 264,056	\$ 264,056
Net Pension Liability	2,691,005	817,609	298,975	3,209,639	-
Loans Payable	11,452,143	-	775,652	10,676,491	789,593
Total Business-Type Activity Long-Term Debt	<u>\$ 14,359,313</u>	<u>\$ 1,083,327</u>	<u>\$ 1,292,454</u>	<u>\$ 14,150,186</u>	<u>\$ 1,053,649</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
2016 - 2017	\$ 40,000	\$ 440,943	480,943
2017 - 2018	45,000	438,204	483,204
2018 - 2019	55,000	434,661	489,661
2019 - 2020	60,000	430,586	490,586
2020 - 2021	70,000	425,979	495,979
2021 - 2026	490,000	2,029,563	2,519,563
2026 - 2031	790,000	1,769,661	2,559,661
2031 - 2036	1,195,000	1,359,751	2,554,751
2036 - 2041	1,730,000	750,019	2,480,019
2041 - 2046	870,000	74,455	944,455
Totals	<u>\$ 5,345,000</u>	<u>\$ 8,153,822</u>	<u>13,498,822</u>

2014 Lease Revenue Bonds

	Principal	Interest	Total
2016 - 2017	\$ 975,000	\$ 1,652,200	2,627,200
2017 - 2018	1,010,000	1,612,500	2,622,500
2018 - 2019	1,050,000	1,566,050	2,616,050
2019 - 2020	1,105,000	1,512,175	2,617,175
2020 - 2021	1,160,000	1,455,550	2,615,550
2021 - 2026	6,735,000	6,323,375	13,058,375
2026 - 2031	8,565,000	4,446,500	13,011,500
2031 - 2036	10,825,000	2,158,400	12,983,400
2036 - 2041	4,985,000	201,300	5,186,300
Totals	<u>\$ 36,410,000</u>	<u>\$ 20,928,050</u>	<u>57,338,050</u>

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 Ending	Trunk Sewer Phase		Lift Station Phase		Force Main Phase		Combined Loans		
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Total
2017	\$ 403,762	\$ 98,479	\$ 168,683	\$ 44,493	\$ 217,148	\$ 52,253	\$ 789,593	\$ 195,225	\$ 984,818
2018	411,173	91,068	171,527	41,649	221,085	48,316	803,785	181,033	984,818
2019	418,719	83,522	174,420	38,757	225,094	44,307	818,233	166,586	984,819
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 - 2026	2,293,671	217,532	948,413	117,471	1,231,663	115,343	4,473,747	450,346	4,924,093
2027 - 2028	977,487	26,992	608,297	31,233	524,495	14,307	2,110,279	72,532	2,182,811
Totals	<u>\$ 5,365,448</u>	<u>\$ 661,439</u>	<u>\$ 2,429,053</u>	<u>\$ 342,244</u>	<u>\$ 2,881,990</u>	<u>\$ 350,823</u>	<u>\$ 10,676,491</u>	<u>\$ 1,354,506</u>	<u>\$ 12,030,997</u>

Mello-Roos Community Facilities Districts

Between 1988 and 2014, ten 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.

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, 2016.

CITY OF FONTANA
Notes to the Financial Statements

Special Tax Bonds	Date of Issue	Original Issue Amount	Outstanding Amount at June 30, 2016
CFD # 2 (Heritage)	August 1998	\$ 48,215,000	\$ 8,185,000
CFD # 7 (County Club Estates)	July 2005	3,985,000	2,660,000
CFD # 11 (Heritage West End)	November 2011	8,800,000	7,055,000
CFD # 12 (Sierra Lakes)	July 2005	26,920,000	19,135,000
CFD # 22 (Sierra Hills South)	June 2014	37,365,000	30,540,000
CFD # 31 (Citrus Heights North)	December 2006	26,815,000	21,820,000
CFD # 37 (Montelago)	September 2005	4,590,000	3,695,000
CFD # 70 (Avellino)	July 2013	2,750,000	2,650,000
Total Special Tax Bonds		<u>\$ 159,440,000</u>	<u>\$ 95,740,000</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.

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

CITY OF FONTANA
Notes to the Financial Statements

Claims payable, June 30, 2014	<u>\$ 11,816,584</u>
Claims incurred (including IBNRs)	5,428,277
Claims paid/dismissed	<u>(6,724,476)</u>
Claims payable, June 30, 2015	<u>\$ 10,520,385</u>
Claims incurred (including IBNRs)	4,312,787
Claims paid/dismissed	<u>(4,769,812)</u>
Claims payable, June 30, 2016	<u>\$ 10,063,360</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.

Note 11. Other Post-Employment Benefits

Plan Description

In addition to the pension benefits described in Note 12, the City provides post-retirement health care benefits 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. 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.

Funding Policy

The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2015-2016, the City contributed \$2,577,031 to the plan in the form of current premiums, which is funded through the General fund. The purpose of the contributions was to cover the required contribution rate of 8.57% of annual covered payroll (annual payroll of active employees covered by the plan).

Annual OPEB Cost and Net OPEB Obligation

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

Annual OPEB Obligation and Annual OPEB Cost (Amounts in Thousands)	
	Fiscal Year Ended 6/30/2016
Annual required contribution	\$ 4,330
Interest on OPEB obligation	778
Adjustment to annual required contribution	(773)
Annual OPEB cost	4,335
Contributions made	2,577
Increase in net OPEB obligation	1,758
Net OPEB obligation - beginning of year	19,440
Net OPEB obligation - end of year	\$ 21,198

CITY OF FONTANA
Notes to the Financial Statements

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016 and the two preceding years were as follows:

Schedule of Employer Contributions (Amounts in Thousands)					
Fiscal Year Ended	Annual OPEB Cost	Annual OPEB Cost Contributed	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation	
6/30/2014	\$ 4,476	\$ 2,338	52%	\$ 17,232	
6/30/2015	4,680	2,472	53%	19,440	
6/30/2016	4,335	2,577	59%	21,198	

Funded Status and Funding Progress

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

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

Schedule of Funding Progress (Amounts in Thousands)									
Type of Valuation	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	UAAL as a Percent of Covered Payroll	Interest Rate	Salary Scale
Actual	7/1/2011	\$ -	\$ 99,706	\$ 99,706	0%	\$ 38,365	259.9%	4.0%	3.25%
Actual	7/1/2013	\$ -	\$ 80,811	\$ 80,811	0%	\$ 51,677	156.4%	4.0%	3.00%
Actual	7/1/2015	\$ -	\$ 73,450	\$ 73,450	0%	\$ 50,548	145.3%	4.0%	3.00%

Actuarial Methods and Assumptions

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

In the July 1, 2015, actuarial valuation, the Entry Age Normal actuarial cost method was used. The actuarial assumptions included a 4.0% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, an average annual healthcare cost trend rate of approximately 7.5% per year, a payroll increase rate of 3%, and an inflation rate of 2.8%. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2016, was 30 years. The number of active plan participants is 205.

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, agent multiple-employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and Local Government resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the 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, 2016, 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	50 and above	50 and above
Monthly benefit basis	Benefit factor, years of service and final compensation	Benefit factor, years of service and final compensation	Benefit factor, years of service and final compensation	Benefit factor, years of service and final compensation	Benefit factor, years of service and final compensation
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	35.696%	35.696%	35.696%	16.621%	16.621%

Employees Covered

As of June 30, 2014, the following employees were covered by the benefit terms for each Plan:

	Safety	Miscellaneous
Inactive employees or beneficiaries currently receiving benefits	138	368
Inactive employees entitled to but not yet receiving benefits	57	689
Active employees	178	551
Total	373	1,608

CITY OF FONTANA
Notes to the Financial Statements

Contribution Description

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the 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. For the measurement period ending June 30, 2015 (the measurement date), the average active employee contribution rate for the safety plan is 9.000 percent of annual pay, and the average employer's contribution rate is 33.835 percent of annual payroll. For the measurement period ending June 30, 2015 (the measurement date), the average active employee contribution rate for the miscellaneous plan is 7.874 percent of annual pay, and the average employer's contribution rate is 14.794 percent of annual payroll. It is the responsibility of the employer and its auditor to make necessary accounting adjustments to reflect the impact due to any Employer Paid Member Contributions (EPMC) or cost sharing whether by contract amendment or by resolution of the governing board.

Actuarial Methods and Assumptions used to determine Total Pension Liability

For the measurement period ending June 30, 2015 (the measurement date), the total pension liability was determined using the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Asset Valuation Method	Market Value of Assets
Actuarial Assumptions	
Discount Rate	7.65%
Inflation	2.75%
Payroll Growth	Varies by Entry Age and Service
Investment Rate of Return	7.50% Net of Pension Plan Investment and Administrative Expenses: includes Inflation

All other actuarial assumptions used in the June 30, 2014 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 can be obtained at the CalPERS website under Forms and Publications.

Discount Rate

The discount rate used to measure the total pension liability was 7.65 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing of the plans, the tests revealed the assets would not run out. Therefore, the current 7.65 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 7.65 percent is applied to all plans in the Public Employees Retirement Fund. 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 best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

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

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 - 10¹	Real Return Years 11+²
Global Equity	51.0%	5.25%	5.71%
Global Fixed Income	19.0	0.99	2.43
Inflation Sensitive	6.0	0.45	3.36
Private Equity	10.0	6.83	6.95
Real Estate	10.0	4.50	5.13
Infrastructure and	2.0	4.50	5.09
Liquidity	2.0	(0.55)	(1.05)

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.

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: 6/30/2014 (VD)	\$197,274,427	\$132,722,824	\$64,551,603
Changes Recognized for the Measurement Period:			
Service Cost	5,255,619		5,255,619
Interest on the Total Pension Liability	14,718,880		14,718,880
Changes of Benefit Terms	-		-
Differences between Expected and Actual Experience	(3,940,129)		(3,940,129)
Changes of Assumptions	463,048		463,048
Contributions from the Employer		6,756,772	(6,756,772)
Contributions from Employees		2,177,122	(2,177,122)
Net Investment Income		2,956,715	(2,956,715)
Benefit Payments, including Refunds of Employee Contributions	(8,043,006)	(8,043,006)	-
Administrative Expense		(153,538)	153,538
Net Changes during 2014-15	\$8,454,412	\$3,694,065	\$4,760,347
Balance at: 6/30/2015 (MD)	\$205,728,839	\$136,416,889	\$69,311,950

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: 6/30/2014 (VD)	\$158,783,146	\$124,076,393	\$34,706,753
Changes Recognized for the Measurement Period:			
Service Cost	4,254,965		4,254,965
Interest on the Total Pension Liability	11,767,900		11,767,900
Changes of Benefit Terms	-		-
Differences between Expected and Actual Experience	(1,027,499)		(1,027,499)
Changes of Assumptions	(3,097,256)		(3,097,256)
Contributions from the Employer		3,868,104	(3,868,104)
Contributions from Employees		2,068,784	(2,068,784)
Net Investment Income		2,781,662	(2,781,662)
Benefit Payments, including Refunds of Employee Contributions	(5,914,227)	(5,914,227)	-
Administrative Expense		(142,590)	142,590
Net Changes during 2014-15	\$5,983,883	\$126,738,126	\$3,322,150
Balance at: 6/30/2015 (MD)	\$164,767,029	\$126,738,126	\$38,028,903

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 7.65 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 (6.65 percent) or 1 percentage-point higher (8.65 percent) than the current rate:

CITY OF FONTANA
Notes to the Financial Statements

	Discount Rate – 1% (6.65%)	Current Discount Rate (7.65%)	Discount Rate + 1% (8.65%)
Plan's Net Pension Liability - Safety	\$99,833,495	\$69,311,950	\$44,446,567
Plan's Net Pension Liability – Misc.	\$62,068,293	\$38,028,903	\$18,374,912

Subsequent Events

There were no subsequent events that would materially affect the results presented in this disclosure.

Recognition of Gains and Losses

Under GASB 68, deferred inflows and deferred outflows of resources related to pensions 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 2014-15 measurement period was 6.0 years, which was obtained by dividing the total service years of 2,238 (the sum of remaining service lifetimes of the active employees) by 373 (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.

The EARSL for the Miscellaneous Plan for the 2014-15 measurement period was 3.8 years, which was obtained by dividing the total service years of 6,058 (the sum of remaining service lifetimes of the active employees) by 1,608 (the total number of participants). Note that inactive employees

CITY OF FONTANA
Notes to the Financial Statements

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, 2015 (the measurement date), the City of Fontana recognized a pension expense of \$9,160,700 for the Plan.

As of June 30, 2015, the City of Fontana reports other amounts for the 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	\$ 11,326,853	\$ -
Differences between Expected and Actual Experience	385,873	(757,105)
Changes of Assumptions	-	(5,565,630)
Net Difference between Projected and Actual Earnings on Pension Plan	-	(1,938,148)
Total	\$ 11,712,726	\$ (8,260,883)

\$11,326,853 reported as deferred outflows of resources related to employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. 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
2016	\$ (3,238,366)
2017	(3,238,366)
2018	(3,021,276)
2019	2,202,514
2020	(579,516)
Thereafter	-

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.

The details of the fund balances as of June 30, 2016 are presented below:

CITY OF FONTANA
Notes to the Financial Statements

	Special Revenue			Capital Project				Other Governmental Funds	Totals
	General	Fire Protection District	Housing Authority	Capital Reinvestment	Future Capital Projects	Sewer Expansion	Traffic Mitigation		
Fund balances:									
Nonspendable									
Deposits	\$ 71,842	\$ -	\$ -	\$ 2,500	\$ -	\$ -	\$ -	\$ 3,000	\$ 77,342
Inventories	357,181	-	-	-	-	-	-	891,339	1,248,520
Land held for resale	-	-	-	4,502,879	-	-	-	-	4,502,879
Restricted									
Community facilities districts	-	-	-	-	-	-	-	26,801,489	26,801,489
Community services	-	-	-	-	-	-	-	248,231	248,231
Debt service reserve	-	-	-	-	-	-	-	524,501	524,501
Government-access channel	1,087,820	-	-	-	-	-	-	-	1,087,820
Housing & community development	-	-	90,130,959	-	-	-	-	2,548,976	92,679,935
Lighting and landscaping	-	-	-	-	-	-	-	6,024,453	6,024,453
Municipal Services Impact	-	-	-	-	-	-	-	18,282,197	18,282,197
Public safety	-	11,431,614	-	-	-	-	-	9,825,174	21,256,788
Transportation	-	-	-	-	-	-	-	18,103,628	18,103,628
Solid waste mitigation	-	-	-	-	-	-	-	3,575,046	3,575,046
Committed									
Expenditure control budget reserve	1,967,740	-	-	-	-	-	-	-	1,967,740
PERS reserve	2,759,258	-	-	-	-	-	-	-	2,759,258
Assigned									
Capital projects	258,861	-	-	10,039,422	52,463,897	1,355,526	-	39,217,285	103,334,991
Debt service	-	-	-	-	-	-	-	186,468	186,468
Equipment replacement	1,297,728	-	-	-	-	-	-	4,273,233	5,570,961
Retiree benefits	21,172,843	-	-	-	-	-	-	-	21,172,843
Risk liability	6,688,551	-	-	-	-	-	-	-	6,688,551
Workers' compensation	5,096,481	-	-	-	-	-	-	-	5,096,481
Unassigned	46,558,441	-	-	-	-	-	(23,389,379)	(616,232)	22,552,830
Total fund balances	<u>\$ 87,316,746</u>	<u>\$ 11,431,614</u>	<u>\$ 90,130,959</u>	<u>\$ 14,544,801</u>	<u>\$ 52,463,897</u>	<u>\$ 1,355,526</u>	<u>\$ (23,389,379)</u>	<u>\$ 129,888,788</u>	<u>\$ 363,742,952</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, 2016, is \$6,122,887 and is included in the unassigned fund balance in the General Fund.

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 \$ 654,784

Capital Reinvestment - Capital Projects

Land Held for Resale understated in prior years 4,502,879

Expenditures understated in prior years (864,765)

3,638,114

Future Capital Projects - Capital Projects

Expenditures overstated in prior years 769,974

Traffic Mitigation - Capital Projects

Expenditures understated in prior years (769,974)

Non-major governmental funds:

Grants Fund

Expenditures overstated in prior years 951,566

Total Governmental funds

\$ 5,244,464

Major proprietary funds:

Sewer Operations

Net capital assets overstated in prior years \$ (6,419)

Total Proprietary funds

\$ (6,419)

Fiduciary activities:

Deposits overstated in prior years \$ (52,614)

Land Held for Resale overstated in prior years (4,502,879)

Net capital assets overestimated in prior years (76,735,195)

Total Fiduciary activities

\$ (81,290,688)

CITY OF FONTANA
Notes to the Financial Statements

Net assets have been restated as follows:

Governmental activities:

Receivables understated in prior years	\$ 654,784
Land Held for Resale understated in prior years	4,502,879
Net capital assets understated in prior years	78,540,110
Expenditures overstated in prior years	<u>86,801</u>
Total Governmental activities	<u>\$ 83,784,574</u>

Business-type activities:

Net capital assets overstated in prior years	<u>\$ (6,419)</u>
Total Business-type activities	<u>\$ (6,419)</u>

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, 2016, the District reported \$18,523,497 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, 2016, follows:

	Balance June 30, 2015 as Previously Reported	Adjustments	Adjusted Balance June 30, 2015	Increases	Decreases	Balance June 30, 2016
Capital assets, not being depreciated						
Land	\$ 1,122,000	\$ -	\$ 1,122,000	\$ -	\$ -	\$ 1,122,000
Total capital assets, not being depreciated	1,122,000	-	1,122,000	-	-	1,122,000
Capital assets, being depreciated						
Buildings and improvements	9,369,307	1,409,010	10,778,317	5,571,496	-	16,349,813
Machinery and equipment	1,013,522	-	1,013,522	112,116	-	1,125,638
Vehicles	8,479,356	-	8,479,356	1,019,760	-	9,499,116
Infrastructure	679,702	-	679,702	332,716	-	1,012,418
	19,541,887	1,409,010	20,950,897	7,036,088	-	27,986,985
Less accumulated depreciation for:						
Buildings and improvements	(749,210)	(833,035)	(1,582,245)	(306,838)	-	(1,889,083)
Machinery and equipment	(421,676)	-	(421,676)	(119,129)	-	(540,805)
Vehicles	(4,968,858)	-	(4,968,858)	(484,795)	-	(5,453,653)
Infrastructure	(45,314)	-	(45,314)	(24,505)	-	(69,819)
	(6,185,058)	(833,035)	(7,018,093)	(935,267)	-	(7,953,360)
Total capital assets, being depreciated, net	13,356,829	575,975	13,932,804	6,100,821	-	20,033,625
Total Capital assets, net	\$ 14,478,829	\$ 575,975	\$ 15,054,804	\$ 6,100,821	\$ -	\$ 21,155,625

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

Governmental Activities:	
Public safety – fire protection	\$ 935,267

CITY OF FONTANA
Notes to the Financial Statements

c. Long-Term Debt

The District does not have any outstanding debt as of June 30, 2016.

d. Fund Balance

The district reports fund balances in accordance with the classifications consistent with the City, see Note 15 for more information on the types and descriptions of the fund balance classifications. The details of the fund balances as of June 30, 2016 are presented below:

	<u>Special Revenue</u>		<u>Capital Project</u>	
	<u>Fire Protection District</u>	<u>Fire Protection District CFD</u>	<u>Fire Protection District</u>	<u>Totals</u>
Fund balances:				
Restricted				
Debt service reserve	\$ -	\$ -	\$ -	\$ -
Public safety	11,431,614	3,026,072	-	14,457,686
Assigned				
Equipment replacement	-	-	4,273,233	4,273,233
Total fund balances	<u>\$ 11,431,614</u>	<u>\$ 3,026,072</u>	<u>\$ 4,273,233</u>	<u>\$ 18,730,919</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 \$24,560,199 to the County for these services during the fiscal year ending June 30, 2016. 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, 2016 are as follows:

CITY OF FONTANA
Notes to the Financial Statements

Salaries and benefits	\$ 20,588,686
Services and supplies	1,331,230
Station expenses	1,384,018
Fire Prevention services	102,996
County contract management fee	<u>1,153,269</u>
Total contract expenses	<u>\$ 24,560,199</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 provides 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.

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.

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.

CITY OF FONTANA
Notes to the Financial Statements

As of June 30, 2016, 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.

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.

As part of the dissolution of the redevelopment agency, the Successor Agency to prepare a Long Range Property Management Plan "LRPMP" that governs the disposition and use of property held by the former redevelopment agency. The LRPMP was approved by the State Department of Finance on May 23, 2014. The successor has completed the process of disposing each of the 113 properties in accordance with the approved plan.

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	\$ 23,510,602
Cash and investments with fiscal agent	<u>9,707,560</u>
	<u><u>\$ 33,218,162</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 at the loan at June 30, 2016 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, 2016 was \$200,000.

CITY OF FONTANA
Notes to the Financial Statements

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, 2016 was \$2,460,000. 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, 2016 was \$108,828. 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.

c. Capital Assets

An analysis of capital assets as of June 30, 2016, follows:

	Balance June 30, 2015 as Previously Reported	Adjustments*	Adjusted Balance June 30, 2015	Increases	Decreases	Balance June 30, 2016
Capital assets, not being depreciated						
Land	\$ 29,943,427	\$(28,827,888)	\$ 1,115,539	\$ -	\$ (1,115,539)	\$ -
Total capital assets, not being depreciated	29,943,427	(28,827,888)	1,115,539	-	(1,115,539)	-
Capital assets, being depreciated						
Buildings and improvements	19,202,092	(19,202,092)	-	-	-	-
Machinery and equipment	19,453	(19,453)	-	-	-	-
Vehicles	435,969	(435,969)	-	-	-	-
Infrastructure	51,926,693	(51,926,693)	-	-	-	-
	71,584,207	(71,584,207)	-	-	-	-
Less accumulated depreciation for:						
Buildings and improvements	(6,651,419)	6,651,419	-	-	-	-
Machinery and equipment	(19,453)	19,453	-	-	-	-
Vehicles	(435,969)	435,969	-	-	-	-
Infrastructure	(16,570,059)	16,570,059	-	-	-	-
	(23,676,900)	23,676,900	-	-	-	-
Total capital assets, being depreciated, net	47,907,307	(47,907,307)	-	-	-	-
Total Capital assets, net	\$ 77,850,734	\$(76,735,195)	\$ 1,115,539	\$ -	\$ (1,115,539)	\$ -

*Adjustments to capital asset balance is related to assets that were incorrectly booked, in prior years, as the former Redevelopment (Successor Agency) assets. All assets have been properly recorded in the City's capital assets (or related component unit) in which legally owns the asset.

CITY OF FONTANA
Notes to the Financial Statements

d. Long-Term Debt

A description of long-term debt outstanding (excluding defeased debt) of the Successor Agency as of June 30, 2016, follows:

	Balance June 30, 2015 As Previously Reported	Additions	Retirements	Balance June 30, 2016	Amounts Due Within One Year
Fiduciary Activities:					
<u>Tax Allocation Bonds and Notes:</u>					
North Fontana Project Area	\$ 184,505,000	\$ -	\$ 6,965,000	\$ 177,540,000	\$ 7,285,000
Jurupa Hills Project Area	54,635,000	-	2,985,000	51,650,000	3,150,000
Southwest Industrial Park Project Area	42,570,000	-	1,785,000	40,785,000	1,870,000
Sierra Corridor	46,355,000	-	1,205,000	45,150,000	1,260,000
Downtown Project Area	5,275,000	-	650,000	4,625,000	680,000
 <u>Other Redevelopment Agency:</u>					
Advances from City	53,985,438	-	5,716,642	48,268,796	698,375
Owner participation agreements	202,992,845	2,112,840	-	205,105,685	-
Total Redevelopment Agency	<u>\$ 590,318,283</u>	<u>\$ 2,112,840</u>	<u>\$ 19,306,642</u>	<u>\$ 573,124,481</u>	<u>\$ 14,943,375</u>
		Unamortized bond premium		5,516,764	
				<u>\$ 578,641,245</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)		1997 Series A Refunding Bonds (Jurupa Hills)		
		Principal	Interest	Total
\$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.	2017	\$ 945,000	\$ 2,214,713	3,159,713
	2018	995,000	2,161,363	3,156,363
	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
	2022-2026	20,830,000	5,743,375	26,573,375
	2027-2028	10,025,000	558,663	10,583,663
	Totals	<u>\$ 40,740,000</u>	<u>\$ 16,561,327</u>	<u>57,301,327</u>

CITY OF FONTANA
Notes to the Financial Statements

1998 Tax Allocation Bonds (SWIP)			
	Principal	Interest	Total
2017	\$ 1,370,000	\$ 1,288,540	2,658,540
2018	1,435,000	1,218,415	2,653,415
2019	1,510,000	1,144,790	2,654,790
2020	1,585,000	1,067,415	2,652,415
2021	1,665,000	986,165	2,651,165
2022-2026	9,615,000	3,587,744	13,202,744
2027-2031	9,400,000	1,106,799	10,506,799
Totals	<u>\$ 26,580,000</u>	<u>\$ 10,399,868</u>	<u>36,979,868</u>

1998 Tax Allocation Bonds (Southwest Industrial Park)

\$42,470,000 of *Southwest Industrial Park Project Tax Allocation Bonds*, 1998, were issued in September 1998. The proceeds were used to advance refund all of the Former Redevelopment Agency's 1993 Southwest Industrial Park Project Tax Allocation Bonds, in the amount of \$26,805,000 and to current refund those certain 1990 Taxable Variable Rate Certificates of Participation (City of Fontana Property Acquisition Program), in the amount of \$14,400,000. The bonds pay interest semi-annually, starting March 1, 1999, at rates ranging from 4% to 5.2% and mature from September 1999 through September 2030.

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.

1999 Series A Refunding Bonds (Jurupa Hills)			
	Principal	Interest	Total
2017	\$ 2,205,000	\$ 545,788	2,750,788
2018	2,330,000	421,075	2,751,075
2019	2,450,000	288,400	2,738,400
2020	350,000	210,000	560,000
2021	365,000	189,980	554,980
2022-2026	2,165,000	609,140	2,774,140
2027-2028	1,045,000	59,500	1,104,500
Totals	<u>\$ 10,910,000</u>	<u>\$ 2,323,883</u>	<u>13,233,883</u>

CITY OF FONTANA
Notes to the Financial Statements

2000 Tax Allocation Refunding Bonds (Downtown)

	Principal	Interest	Total
2017	\$ 680,000	\$ 214,250	894,250
2018	715,000	179,375	894,375
2019	750,000	142,750	892,750
2020	785,000	104,375	889,375
2021	825,000	64,125	889,125
2022	870,000	21,750	891,750
Totals	<u>\$ 4,625,000</u>	<u>\$ 726,625</u>	<u>5,351,625</u>

2000 Tax Allocation Refunding Bonds (Downtown)

\$11,975,000 of *Downtown Project Tax Allocation Refunding Bonds, 2000*, were issued in December 2000. The proceeds were used to advance refund all of the Public Financing Authority 1991 Tax Allocation Revenue Bonds (Downtown Redevelopment Project), in the amount of \$10,895,000. The bonds pay interest semi-annually, starting March 1, 2001, at rates ranging from 4% to 5.25% and mature from September 2001 through September 2021.

2001 Series A Tax Allocation Bonds (North Fontana)

\$59,215,000 of *Tax Allocation Revenue Bonds, 2001 Series A*, were issued in March 2001. The proceeds were used by the Agency to refinance \$42,505,000 of outstanding Public Financing Authority 1990 Series A Tax Allocation Revenue Bonds and \$7,170,000 of outstanding Public Financing Authority 1993 Series B Subordinate Lien Tax Allocation Revenue Bonds. The bonds pay interest semi-annually at rates ranging from 4 to 5.5% and mature from September 2001 through September 2023.

2001 Series A Tax Allocation Bonds (North Fontana)

	Principal	Interest	Total
2017	\$ 3,550,000	\$ 1,016,325	4,566,325
2018	3,730,000	829,663	4,559,663
2019	3,925,000	628,719	4,553,719
2020	4,130,000	417,275	4,547,275
2021	4,345,000	194,806	4,539,806
2022-2024	1,615,000	123,875	1,738,875
Totals	<u>\$ 21,295,000</u>	<u>\$ 3,210,663</u>	<u>24,505,663</u>

CITY OF FONTANA
Notes to the Financial Statements

**PFA 2003 Series A and B Tax Allocation Bonds
(North Fontana)**

	Principal	Interest	Total
2017	\$ 610,000	\$ 2,697,811	3,307,811
2018	635,000	2,667,608	3,302,608
2019	670,000	2,635,432	3,305,432
2020	700,000	2,601,139	3,301,139
2021	740,000	2,564,510	3,304,510
2022-2026	8,570,000	11,949,336	20,519,336
2027-2031	25,165,000	7,083,263	32,248,263
2032-2033	12,145,000	691,494	12,836,494
Totals	<u>\$ 49,235,000</u>	<u>\$ 32,890,593</u>	<u>82,125,593</u>

2003 Series A and B Tax Allocation Bonds (North Fontana)

\$54,640,000 of *Tax Allocation Revenue Bonds* were issued in October 2003. The proceeds from the Series A Bonds (\$45,000,000) were used by the Former Redevelopment Agency to finance certain improvements in or benefiting the North Fontana Redevelopment Project. The bonds pay interest semi-annually at rates ranging from 2.5% to 4.98% and mature from September 2005 through September 2032. The proceeds from the Series B Bonds (\$9,640,000) were used by the Agency to refinance \$9,107,150 of outstanding RDA Tax Allocation Notes. The bonds pay interest semi-annually at rates ranging from 4.02% to 6.42% and mature from September 2008 through September 2032.

**2003 Series A and Series B (Taxable) Tax Allocation Bonds
(Southwest Industrial Park Project)**

\$19,015,000 of *Subordinate Tax Allocation Bonds, 2003 Series A and Series B (Taxable)*, were issued in November 2003. The proceeds were used by the Former Redevelopment Agency to finance certain improvements in the Southwest Industrial Park Project. The Series A bonds pay interest semi-annually at rates ranging from 2.0% to 4.95% and mature from October 2004 through October 2033. The Series B bonds pay interest semi-annually at rates ranging from 1.68% to 5.25% and mature from October 2004 through October 2014.

2003 Tax Allocation Bonds (SWIP)

	Principal	Interest	Total
2017	\$ 500,000	\$ 669,358	1,169,358
2018	525,000	648,217	1,173,217
2019	540,000	625,914	1,165,914
2020	565,000	602,079	1,167,079
2021	590,000	576,445	1,166,445
2022-2026	3,420,000	2,424,720	5,844,720
2027-2031	3,505,000	1,526,030	5,031,030
2032-2034	4,560,000	346,005	4,906,005
Totals	<u>\$ 14,205,000</u>	<u>\$ 7,418,768</u>	<u>21,623,768</u>

CITY OF FONTANA
Notes to the Financial Statements

	2004 Tax Allocation Bonds (Sierra Corridor)		
	Principal	Interest	Total
2017	\$ 345,000	\$ 568,070	913,070
2018	360,000	550,970	910,970
2019	380,000	532,650	912,650
2020	400,000	512,950	912,950
2021	420,000	492,040	912,040
2022	2,450,000	2,098,276	4,548,276
2027-2031	3,180,000	1,343,016	4,523,016
2032-2035	3,235,000	367,813	3,602,813
Totals	<u>\$ 10,770,000</u>	<u>\$ 6,465,785</u>	<u>17,235,785</u>

2004 Tax Allocation Bonds (Sierra Corridor)

\$13,685,000 of *Sierra Corridor Commercial Redevelopment Project Tax Allocation Bonds* were issued in July 2004. The proceeds will be used to finance certain Improvements in or benefiting the Sierra Corridor Project area. The Bonds pay Interest semi-annually at rates ranging from 3.5% to 5.5% and mature from September 2005 through September 2034.

PFA 2005 Series A Tax Allocation Bonds (North Fontana)

\$134,965,000 of Subordinate Lien Tax Allocation Revenue Bonds were issued in February 2005. The proceeds were used in part to refund all of the PFA 1993 Series A Tax Allocation Revenue Bonds (North Fontana), in the amount of \$35,070,000. The remaining proceeds will be used to finance improvements, property acquisition and landscaping within or benefiting the Project Area (North Fontana). The bonds pay interest semi-annually at rates ranging from 3% to 5% and mature from October 2005 through October 2032.

	2005 Series A Subordinate Lien Tax Allocation Bonds (North Fontana)		
	Principal	Interest	Total
2017	\$ 3,125,000	\$ 5,200,350	8,325,350
2018	3,250,000	5,067,850	8,317,850
2019	3,390,000	4,930,050	8,320,050
2020	3,525,000	4,774,125	8,299,125
2021	3,700,000	4,593,500	8,293,500
2022-2026	37,265,000	17,803,125	55,068,125
2027-2031	35,805,000	8,887,375	44,692,375
2032-2033	16,950,000	857,750	17,807,750
Totals	<u>\$107,010,000</u>	<u>\$ 52,114,125</u>	<u>159,124,125</u>

CITY OF FONTANA
Notes to the Financial Statements

	2007 Tax Allocation Bonds (Sierra Corridor)		
	Principal	Interest	Total
2017	\$ 915,000	\$ 1,637,238	2,552,238
2018	965,000	1,590,238	2,555,238
2019	1,010,000	1,540,863	2,550,863
2020	1,060,000	1,489,113	2,549,113
2021	1,115,000	1,434,738	2,549,738
2022-2026	6,465,000	6,258,188	12,723,188
2027-2031	8,240,000	4,444,263	12,684,263
2032-2036	11,270,000	2,262,206	13,532,206
2037	3,340,000	79,325	3,419,325
Totals	<u>\$ 34,380,000</u>	<u>\$ 20,736,172</u>	<u>55,116,172</u>

RDA 2007 Tax Allocation Refunding Bonds (Sierra Corridor)

\$41,000,000 of *Sierra Corridor Commercial Redevelopment Project Tax Allocation Bonds, 2007*, were issued in March 2007. The proceeds were used to finance certain improvement in or benefiting the Sierra Corridor Project area. The bonds pay interest semi-annually, starting September 1, 2007, at rates ranging from 4% to 5% and mature from September 2007 through September 2036.

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, 2016 was \$29,857,826.
2. Advances between the City and the Agency for administrative and other costs. The principal balance of the advances at June 30, 2016 was \$4,093,667. Repayments on this loan are pending the approval of the State Department of Finance.
3. The former Low/Mod Income Housing fund advanced a portion of the multiple years of ERAF and SERAF obligations to the Agency. The principal balance of the advances at June 30, 2016 was \$14,317,304. As a result of the dissolution, this obligation is now owed to the Fontana Housing Authority.

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.

CITY OF FONTANA
Notes to the Financial Statements

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.

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, 2016 does not include \$616,923,204 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 \$205,105,685. 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 \$502,915,698 with annual debt service requirements as

CITY OF FONTANA
Notes to the Financial Statements

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 \$39,730,007 and the debt service obligation on the bonds was \$33,569,540.

e. 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.

f. Commitments and Contingencies

At June 30, 2016, 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. Subsequent Events

Community Facilities District No. 71 (Sierra Crest) Special Tax Bonds, Series 2016

On July 20, 2016, the Community Facilities District No. 71 (Sierra Crest) of the City of Fontana issued \$5,915,000 of 2016 Special Tax Bonds. The current interest bonds mature September 1, 2046, with interest yields of 2.00 to 4.00 percent. Proceeds from the bonds will be used to finance the acquisition and construction of certain public facilities in the District, pay the cost of issuance and fund capitalized interest and a debt service reserve for the bonds.

Required Supplementary Information

CITY OF FONTANA

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

	2015	2014
Measurement Period		
TOTAL PENSION LIABILITY		
Service Cost	\$ 5,255,619	\$ 5,261,265
Interest	14,718,880	13,833,230
Changes of Benefit Terms	-	-
Difference between Expected and Actual Experience	463,048	-
Changes of Assumptions	(3,940,129)	-
Benefit Payments, Including Refunds of Employee Contributions	(8,043,006)	(7,265,033)
Net Change in Total Pension Liability	8,454,412	11,829,462
Total Pension Liability – Beginning	197,274,427	185,444,965
Total Pension Liability – Ending (a)	\$ 205,728,839	\$ 197,274,427
PLAN FIDUCIARY NET POSITION		
Contributions – Employer	6,756,772	6,213,039
Contributions – Employee	2,177,122	1,764,545
Net Investment Income	2,956,715	19,674,310
Benefit Payments, Including Refunds of Employee Contributions	(8,043,006)	(7,265,033)
Other Changes in Net Fiduciary Position	(153,538)	-
Net Change in Fiduciary Net Position	3,694,065	20,386,861
Plan Fiduciary Net Position – Beginning	132,722,824	112,335,963
Plan Fiduciary Net Position – Ending (b)	136,416,889	132,722,824
Plan Net Pension Liability – Ending (a) - (b)	\$ 69,311,950	\$ 64,551,603
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.31%	67.28%
Covered-Employee Payroll	20,121,052	19,360,681
Plan Net Pension Liability as a Percentage of Covered-Employee Payroll	344.47%	333.42%

Notes to Schedule:

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

Changes of Assumptions: The discount rate was changed from 7.5 percent (net of administrative expenses) to 7.65 percent.

GASB 68 was implemented in FY 2014-15, therefore only two 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	2015	2014
TOTAL PENSION LIABILITY		
Service Cost	\$ 4,254,965	\$ 4,004,767
Interest	11,767,900	11,147,316
Changes of Benefit Terms	-	-
Difference between Expected and Actual Experience	(1,027,499)	-
Changes of Assumptions	(3,097,256)	-
Benefit Payments, Including Refunds of Employee Contributions	(5,914,227)	(5,994,855)
Net Change in Total Pension Liability	5,983,883	9,157,228
Total Pension Liability – Beginning	158,783,146	149,625,918
Total Pension Liability – Ending (a)	\$ 164,767,029	\$ 158,783,146
PLAN FIDUCIARY NET POSITION		
Contributions – Employer	3,868,104	3,657,678
Contributions – Employee	2,068,784	2,016,250
Net Investment Income	2,781,662	18,466,862
Benefit Payments, Including Refunds of Employee Contributions	(5,914,227)	(5,994,855)
Other Changes in Net Fiduciary Position	(142,590)	-
Net Change in Fiduciary Net Position	2,661,733	18,145,935
Plan Fiduciary Net Position – Beginning	124,076,393	105,930,458
Plan Fiduciary Net Position – Ending (b)	126,738,126	124,076,393
Plan Net Pension Liability – Ending (a) - (b)	\$ 38,028,903	\$ 34,706,753
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.92%	78.14%
Covered-Employee Payroll	28,221,562	25,050,147
Plan Net Pension Liability as a Percentage of Covered-Employee Payroll	134.75%	138.55%

Notes to Schedule:

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

Changes of Assumptions: The discount rate was changed from 7.5 percent (net of administrative expenses) to 7.65 percent.

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

CITY OF FONTANA
Schedule of Plan Contributions
Safety Plan

	Fiscal Year		
	2015-16	2014-15	2013-14
Actuarially Determined Contribution	\$ 6,961,021	\$ 6,756,772	\$ 6,213,039
Contributions in Relation to the Actuarially Determined Contribution	(6,961,021)	(6,756,772)	(6,213,039)
Contribution Deficiency (Excess)	-	-	-
Covered-Employee Payroll	\$ 20,539,747	\$ 20,121,052	\$ 19,360,681
Contributions as a Percentage of Covered-Employee Payroll	35.70%	33.58%	32.09%

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2015-16 were from the June 30, 2013 public agency valuations.

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

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	For details, see June 30, 2013 Funding Valuation Report
Asset Valuation Method	Actuarial Value of Assets. For details, see June 30, 2012 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		
	2015-16	2014-15	2013-14
Actuarially Determined Contribution	\$ 4,365,832	\$ 3,868,104	\$ 3,657,678
Contributions in Relation to the			
Actuarially Determined Contribution	(4,365,832)	(3,868,104)	(3,657,678)
Contribution Deficiency (Excess)	<u>-</u>	<u>-</u>	<u>-</u>
Covered-Employee Payroll	\$ 26,575,701	\$ 28,221,562	\$ 25,050,147
Contributions as a Percentage of			
Covered-Employee Payroll	16.62%	13.71%	14.60%

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2015-16 were from the June 30, 2013 public agency valuations.

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

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	For details, see June 30, 2013 Funding Valuation Report
Asset Valuation Method	Actuarial Value of Assets. For details, see June 30, 2012 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.

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.

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.

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

Non-Major Governmental Funds

Special Revenue Funds (continued)

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.

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.

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, 2016

Schedule 1
Page 1 of 5

	Special Revenue							
	Gas Tax	Traffic Congestion Relief	Traffic Safety	Prop 1B	Municipal Services Fiscal Impact	Solid Waste Mitigation	Home Program	Crime Prevention Seizure
Assets:								
Cash and investments	\$ 1,968,130	\$ 14,953,140	\$ 1,183,276	\$ 37,754	\$ 18,233,548	\$ 4,048,721	\$ 69,844	\$ 53,751
Receivables:								
Accounts	-	581,236	14,548	91,792	-	-	47,497	-
Assessments	-	-	-	-	-	-	-	-
Interest	6,454	39,310	3,927	-	48,649	8,815	154,230	153
Loans	-	2,853,424	-	-	-	-	6,033,160	-
Allowance for doubtful accounts	-	-	-	-	-	-	-	-
Due from other governments	314,889	677,885	54,791	-	-	-	3,432	2,986
Inventories	106,019	-	785,320	-	-	-	-	-
Deposits	-	1,000	-	-	-	-	-	-
Land held for resale	-	-	-	-	-	-	-	-
Restricted assets:								
Cash with fiscal agent	-	-	-	-	-	-	-	-
Total Assets	<u>\$ 2,395,492</u>	<u>\$ 19,105,995</u>	<u>\$ 2,041,862</u>	<u>\$ 129,546</u>	<u>\$ 18,282,197</u>	<u>\$ 4,057,536</u>	<u>\$ 6,308,163</u>	<u>\$ 56,890</u>
Liabilities, Deferred Inflows and Fund Balances:								
Liabilities:								
Accounts payable	\$ 229,074	\$ 609,598	\$ 68,463	\$ -	\$ -	\$ 481,860	\$ 72	\$ 30
Deposits payable	-	-	-	-	-	-	-	-
Retentions payable	-	39,835	-	-	-	630	-	-
Due to other funds	-	429,602	-	-	-	-	-	-
Due to other governments	-	-	-	-	-	-	6,187,390	-
Unearned revenue	-	-	-	-	-	-	-	-
Advances from other funds	-	2,853,424	-	-	-	-	-	-
Total Liabilities	<u>229,074</u>	<u>3,932,459</u>	<u>68,463</u>	<u>-</u>	<u>-</u>	<u>482,490</u>	<u>6,187,462</u>	<u>30</u>
Deferred inflows of resources:								
Unavailable revenues	<u>-</u>	<u>133,636</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:								
Nonspendable	106,019	-	785,320	-	-	-	-	-
Restricted	2,060,399	15,039,900	1,188,079	129,546	18,282,197	3,575,046	120,701	56,860
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
Total fund balances	<u>2,166,418</u>	<u>15,039,900</u>	<u>1,973,399</u>	<u>129,546</u>	<u>18,282,197</u>	<u>3,575,046</u>	<u>120,701</u>	<u>56,860</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,395,492</u>	<u>\$ 19,105,995</u>	<u>\$ 2,041,862</u>	<u>\$ 129,546</u>	<u>\$ 18,282,197</u>	<u>\$ 4,057,536</u>	<u>\$ 6,308,163</u>	<u>\$ 56,890</u>

CITY OF FONTANA
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2016

Schedule 1
Page 2 of 5

	Special Revenue							
	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	Air Quality Management District
Assets:								
Cash and investments	\$ 176,612	\$ 3,765,906	\$ 3,586,152	\$ -	\$ -	\$ 272,477	\$ 180,793	\$ 809,162
Receivables:								
Accounts	-	-	860	-	-	-	109,629	-
Assessments	-	-	-	-	-	-	-	-
Interest	340	10,519	-	-	-	332	404	2,455
Loans	-	-	-	360,586	-	-	-	-
Allowance for doubtful accounts	-	-	-	-	-	-	-	-
Due from other governments	16,921	1,371,430	621,875	493,252	91,955	-	68,548	69,904
Inventories	-	-	-	-	-	-	-	-
Deposits	-	-	-	-	-	-	-	-
Land held for resale	-	-	-	2,531,864	-	-	-	-
Restricted assets:								
Cash with fiscal agent	-	-	-	-	-	-	-	-
Total Assets	\$ 193,873	\$ 5,147,855	\$ 4,208,887	\$ 3,385,702	\$ 91,955	\$ 272,809	\$ 359,374	\$ 881,521
Liabilities, Deferred Inflows and Fund Balances:								
Liabilities:								
Accounts payable	\$ 2,024	\$ 144,822	\$ 308,165	\$ 237,670	\$ 75,562	\$ 8,884	\$ 36,470	\$ 7,738
Deposits payable	-	-	-	-	-	-	-	-
Retentions payable	-	-	6,209	-	-	-	-	-
Due to other funds	-	-	-	86,885	16,513	-	-	-
Due to other governments	-	-	-	360,586	-	-	-	-
Unearned revenue	-	-	3,876,324	-	-	157,827	-	-
Advances from other funds	-	-	-	-	-	-	-	-
Total Liabilities	2,024	144,822	4,190,698	685,141	92,075	166,711	36,470	7,738
Deferred inflows of resources:								
Unavailable revenues	-	-	622,526	286,985	11,775	1,173	68,548	-
Fund balances:								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	191,849	5,003,033	-	2,413,576	-	104,925	254,356	873,783
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	(604,337)	-	(11,895)	-	-	-
Total fund balances	191,849	5,003,033	(604,337)	2,413,576	(11,895)	104,925	254,356	873,783
Total liabilities, deferred inflows of resources and fund balances	\$ 193,873	\$ 5,147,855	\$ 4,208,887	\$ 3,385,702	\$ 91,955	\$ 272,809	\$ 359,374	\$ 881,521

CITY OF FONTANA
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2016

Schedule 1
Page 3 of 5

	Special Revenue							Debt Service
	Down Payment Assistance	Community Services Reimbursements	Fontana Community Foundation	Fire Protection District CFD	Landscape Maintenance Districts	Lighting District #3 Hunter's Ridge	Community Facilities Districts	General Debt Service
Assets:								
Cash and investments	\$ -	\$ -	\$ 129,060	\$ 3,018,255	\$ 6,310,189	\$ 38,739	\$ 27,351,806	\$ 93,762
Receivables:								
Accounts	-	1,228,224	-	-	-	-	-	-
Assessments	-	-	-	-	117,580	457	303,752	-
Interest	-	-	357	7,817	15,084	103	70,262	-
Loans	14,699	-	-	-	-	-	-	-
Allowance for doubtful accounts	-	-	-	-	(40,453)	(173)	(141,336)	-
Due from other governments	-	-	-	-	-	-	9,051	92,706
Inventories	-	-	-	-	-	-	-	-
Deposits	-	-	-	-	-	-	-	-
Land held for resale	-	-	-	-	-	-	-	-
Restricted assets:								
Cash with fiscal agent	-	-	-	-	-	-	-	524,498
Total Assets	\$ 14,699	\$ 1,228,224	\$ 129,417	\$ 3,026,072	\$ 6,402,400	\$ 39,126	\$ 27,593,535	\$ 710,966
Liabilities, Deferred Inflows and Fund Balances:								
Liabilities:								
Accounts payable	\$ -	\$ 99,679	\$ -	\$ -	\$ 417,073	\$ -	\$ 791,746	\$ -
Deposits payable	-	-	-	-	-	-	-	-
Retentions payable	-	-	-	-	-	-	-	-
Due to other funds	-	1,009,731	-	-	-	-	300	-
Due to other governments	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-
Advances from other funds	-	-	-	-	-	-	-	-
Total Liabilities	-	1,109,410	-	-	417,073	-	792,046	-
Deferred inflows of resources:								
Unavailable revenues	-	-	-	-	-	-	-	-
Fund balances:								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	14,699	118,814	129,417	3,026,072	5,985,327	39,126	26,801,489	524,498
Assigned	-	-	-	-	-	-	-	186,468
Unassigned	-	-	-	-	-	-	-	-
Total fund balances	14,699	118,814	129,417	3,026,072	5,985,327	39,126	26,801,489	710,966
Total liabilities, deferred inflows of resources and fund balances	\$ 14,699	\$ 1,228,224	\$ 129,417	\$ 3,026,072	\$ 6,402,400	\$ 39,126	\$ 27,593,535	\$ 710,966

CITY OF FONTANA
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2016

Schedule 1
Page 4 of 5

	Capital Projects							
	Storm Drain	San Sevaine Flood Control	Upper Etiwanda Flood Control Development	Park Development	Landscape Improvements	Library Capital Improvement	Police Facility	General Government Improvement
Assets:								
Cash and investments	\$ 16,901,722	\$ 885,665	\$ 43,819	\$ 5,897,040	\$ 2,172,835	\$ 1,081,068	\$ 1,282,442	\$ 4,759,444
Receivables:								
Accounts	-	-	-	-	-	-	-	-
Assessments	-	-	-	-	-	-	-	-
Interest	43,051	1,863	121	13,062	4,220	2,397	2,464	10,434
Loans	-	-	-	-	-	-	-	-
Allowance for doubtful accounts	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-
Deposits	-	-	-	-	-	-	-	-
Land held for resale	-	-	-	-	-	-	-	-
Restricted assets:								
Cash with fiscal agent	2,173	-	-	-	-	-	-	-
Total Assets	\$ 16,946,946	\$ 887,528	\$ 43,940	\$ 5,910,102	\$ 2,177,055	\$ 1,083,465	\$ 1,284,906	\$ 4,769,878
Liabilities, Deferred Inflows and Fund Balances:								
Liabilities:								
Accounts payable	\$ 772,146	\$ 2,543	\$ -	\$ 14,360	\$ 632	\$ -	\$ -	\$ -
Deposits payable	-	-	-	-	-	-	-	-
Retentions payable	2,173	-	-	8,799	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-
Due to other governments	-	481,099	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-
Advances from other funds	-	-	-	-	-	-	-	-
Total Liabilities	774,319	483,642	-	23,159	632	-	-	-
Deferred inflows of resources:								
Unavailable revenues	-	-	-	-	-	-	-	-
Fund balances:								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-
Assigned	16,172,627	403,886	43,940	5,886,943	2,176,423	1,083,465	1,284,906	4,769,878
Unassigned	-	-	-	-	-	-	-	-
Total fund balances	16,172,627	403,886	43,940	5,886,943	2,176,423	1,083,465	1,284,906	4,769,878
Total liabilities, deferred inflows of resources and fund balances	\$ 16,946,946	\$ 887,528	\$ 43,940	\$ 5,910,102	\$ 2,177,055	\$ 1,083,465	\$ 1,284,906	\$ 4,769,878

CITY OF FONTANA
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2016

Schedule 1
Page 5 of 5

	Capital Projects							Total Other Governmental Funds
	Capital Improvements	Underground Utilities	Fire Assessment	Affordable Housing Trust	Fire Protection District	Fontana Housing Authority	Community Facilities Districts	
Assets:								
Cash and investments	\$ 65,731	\$ 59,980	\$ 715,539	\$ 1,831,653	\$ 4,262,351	\$ 2,341,043	\$ 131,991	\$ 128,713,400
Receivables:								
Accounts	22,738	43,740	-	-	-	77,960	-	2,218,224
Assessments	-	-	-	-	-	-	-	421,789
Interest	438	168	1,433	3,929	16,253	40,229	370	509,643
Loans	-	-	-	-	-	2,228,596	-	11,490,465
Allowance for doubtful accounts	-	-	-	-	-	-	-	(181,962)
Due from other governments	16,076	-	-	-	-	-	-	3,905,701
Inventories	-	-	-	-	-	-	-	891,339
Deposits	3,000	-	-	-	-	-	-	4,000
Land held for resale	-	-	-	-	-	-	-	2,531,864
Restricted assets:								
Cash with fiscal agent	-	-	-	-	-	-	3	526,674
Total Assets	\$ 107,983	\$ 103,888	\$ 716,972	\$ 1,835,582	\$ 4,278,604	\$ 4,687,828	\$ 132,364	\$ 151,031,137
Liabilities, Deferred Inflows and Fund Balances:								
Liabilities:								
Accounts payable	\$ 12,758	\$ -	\$ -	\$ -	\$ 5,318	\$ 16,581	\$ -	\$ 4,343,268
Deposits payable	-	-	-	-	-	-	106,990	106,990
Retentions payable	-	-	-	-	53	-	-	57,699
Due to other funds	-	-	-	-	-	-	-	1,543,031
Due to other governments	-	-	-	-	-	-	-	7,029,075
Unearned revenue	-	-	-	-	-	-	-	4,034,151
Advances from other funds	-	-	-	-	-	-	-	2,853,424
Total Liabilities	12,758	-	-	-	5,371	16,581	106,990	19,967,638
Deferred inflows of resources:								
Unavailable revenues	16,076	-	-	-	-	33,992	-	1,174,711
Fund balances:								
Nonspendable	3,000	-	-	-	-	-	-	894,339
Restricted	-	-	-	-	-	-	3	85,933,695
Assigned	76,149	103,888	716,972	1,835,582	4,273,233	4,637,255	25,371	43,676,986
Unassigned	-	-	-	-	-	-	-	(616,232)
Total fund balances	79,149	103,888	716,972	1,835,582	4,273,233	4,637,255	25,374	129,888,788
Total liabilities, deferred inflows of resources and fund balances	\$ 107,983	\$ 103,888	\$ 716,972	\$ 1,835,582	\$ 4,278,604	\$ 4,687,828	\$ 132,364	\$ 151,031,137

CITY OF FONTANA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2016

Schedule 2
Page 1 of 5

	Special Revenue							
	Gas Tax	Traffic Congestion Relief	Traffic Safety	Prop 1B	Municipal Services Fiscal Impact	Solid Waste Mitigation	Home Program	Crime Prevention Seizure
Revenues:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	4,196,630	3,733,246	-	650,546	-	-	244,560	-
Charges for services	-	-	-	-	1,375,990	3,360,822	-	-
Fines and forfeitures	-	-	453,548	-	-	-	-	18,248
Special assessments	-	-	-	-	-	-	-	-
Investment earnings	35,567	220,193	21,360	143	273,273	51,589	-	981
Other revenue	-	60,059	18,118	-	-	177	-	-
Total revenues	4,232,197	4,013,498	493,026	650,689	1,649,263	3,412,588	244,560	19,229
Expenditures:								
Current:								
General government:								
City Administration	-	-	-	-	-	-	181,082	-
Management services	-	-	-	-	-	-	-	-
Human resources	-	-	-	-	-	-	-	-
Public safety:								
Police	-	-	-	-	-	-	-	25,402
Fire	-	-	-	-	-	-	-	-
Public works	4,626,148	-	-	-	-	1,922,061	-	-
Community development	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	31,461	-	-
Engineering	-	144,845	961,648	-	-	-	-	-
Capital outlay	-	2,057,053	10,120	-	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Total expenditures	4,626,148	2,201,898	971,768	-	-	1,953,522	181,082	25,402
Excess (deficiency) of revenues over (under) expenditures	(393,951)	1,811,600	(478,742)	650,689	1,649,263	1,459,066	63,478	(6,173)
Other Financing Sources (Uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	(610,725)	(56,400)	-	-	(815,000)	(267,500)	-	-
Total other financing sources (uses)	(610,725)	(56,400)	-	-	(815,000)	(267,500)	-	-
Net change in fund balances	(1,004,676)	1,755,200	(478,742)	650,689	834,263	1,191,566	63,478	(6,173)
Fund Balances:								
Beginning of fiscal year, as originally stated	3,171,094	13,284,700	2,452,141	(521,143)	17,447,934	2,383,480	57,223	63,033
Restatements	-	-	-	-	-	-	-	-
Beginning of fiscal year - as restated	3,171,094	13,284,700	2,452,141	(521,143)	17,447,934	2,383,480	57,223	63,033
Net change in fund balances	(1,004,676)	1,755,200	(478,742)	650,689	834,263	1,191,566	63,478	(6,173)
End of fiscal year	\$ 2,166,418	\$ 15,039,900	\$ 1,973,399	\$ 129,546	\$ 18,282,197	\$ 3,575,046	\$ 120,701	\$ 56,860

CITY OF FONTANA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2016

Schedule 2
Page 2 of 5

	Special Revenue						
	State Seizure	Federal Seizure	Grants	Housing and Community Development Block Grant	Federal Law Enforcement Block Grant	AB 3229 State COPS Program	Air Quality Management District
Revenues:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	1,045,859	2,152,073	223,202	293,551	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeitures	105,125	3,236,917	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-
Investment earnings	2,674	56,423	-	-	-	1,180	13,524
Other revenue	-	42,449	7,343	-	-	-	260,315
Total revenues	107,799	3,335,789	1,053,202	2,152,073	223,202	294,731	273,839
Expenditures:							
Current:							
General government:							
City Administration	-	-	-	1,041,110	-	-	1,500
Management services	-	-	-	-	-	-	-
Human resources	-	-	-	-	-	-	13,016
Public safety:							
Police	38,490	1,413,617	51,960	233,000	1,690,024	294,299	-
Fire	-	-	-	-	-	-	-
Public works	-	-	287,372	-	-	-	-
Community development	-	-	-	-	-	-	-
Community services	-	-	189,043	52,513	-	-	-
Engineering	-	-	78,097	61,059	-	-	191,314
Capital outlay	-	494,776	646,832	657,807	-	-	116,314
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Total expenditures	38,490	1,908,393	1,253,304	2,045,489	1,690,024	294,299	322,144
Excess (deficiency) of revenues over (under) expenditures	69,309	1,427,396	(200,102)	106,584	(1,466,822)	432	(48,305)
Other Financing Sources (Uses):							
Transfers in	-	-	-	-	1,115,070	-	-
Transfers out	-	-	-	(91,800)	-	-	(1,400)
Total other financing sources (uses)	-	-	-	(91,800)	1,115,070	-	(1,400)
Net change in fund balances	69,309	1,427,396	(200,102)	14,784	(351,752)	432	(49,705)
Fund Balances:							
Beginning of fiscal year, as originally stated	122,540	3,575,637	(1,355,801)	2,398,792	339,857	104,493	923,488
Restatements	-	-	951,566	-	-	-	-
Beginning of fiscal year - as restated	122,540	3,575,637	(404,235)	2,398,792	339,857	104,493	923,488
Net change in fund balances	69,309	1,427,396	(200,102)	14,784	(351,752)	432	(49,705)
End of fiscal year	\$ 191,849	\$ 5,003,033	\$ (604,337)	\$ 2,413,576	\$ (11,895)	\$ 104,925	\$ 873,783

CITY OF FONTANA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2016

Schedule 2
Page 3 of 5

	Special Revenue							Debt Service
	Down Payment Assistance	Community Services Reimbursements	Fontana Community Foundation	Fire Protection District CFD	Landscape Maintenance Districts	Lighting District #3 Hunter's Ridge	Community Facilities Districts	General Debt Service
Revenues:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	3,704,781	-	-	-	-	-	185,411
Charges for services	-	-	-	-	-	-	17,123	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Special assessments	-	-	-	270,931	3,971,931	32,108	11,765,433	-
Investment earnings	-	-	1,985	44,083	87,793	590	400,147	20,744
Other revenue	-	-	5	-	-	-	10,906	-
Total revenues	-	3,704,781	1,990	315,014	4,059,724	32,698	12,193,609	206,155
Expenditures:								
Current:								
General government:								
City Administration	-	-	20	-	-	-	-	-
Management services	-	-	-	-	-	-	-	4,720
Human resources	-	-	-	-	-	-	-	-
Public safety:								
Police	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-
Public works	-	-	-	-	3,425,995	33,268	6,456,736	-
Community development	-	-	-	-	-	-	-	-
Community services	-	2,990,206	-	-	-	-	-	-
Engineering	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	2,025,000
Interest	-	-	-	-	-	-	-	2,687,661
Total expenditures	-	2,990,206	20	-	3,425,995	33,268	6,456,736	4,717,381
Excess (deficiency) of revenues over (under) expenditures	-	714,575	1,970	315,014	633,729	(570)	5,736,873	(4,511,226)
Other Financing Sources (Uses):								
Transfers in	-	-	-	-	356,300	-	679,200	3,762,029
Transfers out	-	-	-	-	(453,200)	(3,700)	(5,187,000)	-
Total other financing sources (uses)	-	-	-	-	(96,900)	(3,700)	(4,507,800)	3,762,029
Net change in fund balances	-	714,575	1,970	315,014	536,829	(4,270)	1,229,073	(749,197)
Fund Balances:								
Beginning of fiscal year, as originally stated	14,699	(595,761)	127,447	2,711,058	5,448,498	43,396	25,572,416	1,460,163
Restatements	-	-	-	-	-	-	-	-
Beginning of fiscal year - as restated	14,699	(595,761)	127,447	2,711,058	5,448,498	43,396	25,572,416	1,460,163
Net change in fund balances	-	714,575	1,970	315,014	536,829	(4,270)	1,229,073	(749,197)
End of fiscal year	\$ 14,699	\$ 118,814	\$ 129,417	\$ 3,026,072	\$ 5,985,327	\$ 39,126	\$ 26,801,489	\$ 710,966

CITY OF FONTANA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2016

Schedule 2
Page 4 of 5

	Capital Projects							
	Storm Drain	San Sevaine Flood Control	Upper Etiwanda Flood Control Development	Park Development	Landscape Improvements	Library Capital Improvement	Police Facility	General Government Improvement
Revenues:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	6,594,553	84,900	-	2,843,000	-	476,455	955,029	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	1,658,276	-	-	2,213,319
Fines and forfeitures	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Investment earnings	241,956	11,590	674	74,668	24,233	13,698	14,358	59,648
Other revenue	-	-	-	-	-	-	-	-
Total revenues	6,836,509	96,490	674	2,917,668	1,682,509	490,153	969,387	2,272,967
Expenditures:								
Current:								
General government:								
City Administration	-	-	-	-	-	-	-	-
Management services	-	-	-	-	-	-	-	-
Human resources	-	-	-	-	-	-	-	-
Public safety:								
Police	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-
Public works	-	-	-	173,581	-	-	-	-
Community development	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-
Engineering	-	96,843	-	22,824	3,776	-	-	-
Capital outlay	4,283,585	-	-	32,274	12,216	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Total expenditures	4,283,585	96,843	-	228,679	15,992	-	-	-
Excess (deficiency) of revenues over (under) expenditures	2,552,924	(353)	674	2,688,989	1,666,517	490,153	969,387	2,272,967
Other Financing Sources (Uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	(216,800)	(16,700)	-	(53,100)	(33,000)	(6,100)	(68,100)	(10,700)
Total other financing sources (uses)	(216,800)	(16,700)	-	(53,100)	(33,000)	(6,100)	(68,100)	(10,700)
Net change in fund balances	2,336,124	(17,053)	674	2,635,889	1,633,517	484,053	901,287	2,262,267
Fund Balances:								
Beginning of fiscal year, as originally stated	13,836,503	420,939	43,266	3,251,054	542,906	599,412	383,619	2,507,611
Restatements	-	-	-	-	-	-	-	-
Beginning of fiscal year - as restated	13,836,503	420,939	43,266	3,251,054	542,906	599,412	383,619	2,507,611
Net change in fund balances	2,336,124	(17,053)	674	2,635,889	1,633,517	484,053	901,287	2,262,267
End of fiscal year	\$ 16,172,627	\$ 403,886	\$ 43,940	\$ 5,886,943	\$ 2,176,423	\$ 1,083,465	\$ 1,284,906	\$ 4,769,878

CITY OF FONTANA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2016

Schedule 2
Page 5 of 5

	Capital Projects						Total Other Governmental Funds
	Capital Improvements	Underground Utilities	Fire Assessment	Affordable Housing Trust	Fire Protection District	Fontana Housing Authority	Community Facilities District
Revenues:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 299,871
Licenses and permits	-	-	610,563	959,003	-	-	12,523,503
Intergovernmental	-	-	-	-	-	-	16,688,577
Charges for services	-	24,065	-	-	-	-	8,649,595
Fines and forfeitures	-	-	-	-	-	-	3,813,838
Special assessments	-	-	-	-	-	-	16,040,403
Investment earnings	2,240	933	8,513	22,454	86,453	213,270	2,011,253
Other revenue	22,738	-	-	-	-	18,724	440,834
Total revenues	24,978	24,998	619,076	981,457	86,453	231,994	60,467,874
Expenditures:							
Current:							
General government:							
City Administration	-	-	-	5	-	-	1,223,717
Management services	-	-	-	-	-	-	4,720
Human resources	-	-	-	-	-	-	13,016
Public safety:							
Police	-	-	-	-	-	-	4,127,321
Fire	-	-	-	-	544,126	-	544,126
Public works	-	-	-	-	-	-	16,925,161
Community development	-	-	-	-	-	224,535	224,535
Community services	-	-	-	-	-	-	3,263,223
Engineering	-	-	-	-	203	-	1,569,028
Capital outlay	47,643	-	-	-	3,339,316	16,658	11,714,594
Debt service:							
Principal	-	-	-	-	-	-	2,025,000
Interest	-	-	-	-	-	-	2,687,661
Total expenditures	47,643	-	-	5	3,883,645	241,193	44,322,102
Excess (deficiency) of revenues over (under) expenditures	(22,665)	24,998	619,076	981,452	(3,797,192)	(9,199)	16,145,772
Other Financing Sources (Uses):							
Transfers in	-	-	-	-	1,759,820	166,000	7,838,419
Transfers out	(144,800)	(1,700)	(294,075)	(2,300)	(187,000)	(37,800)	(8,598,900)
Total other financing sources (uses)	(144,800)	(1,700)	(294,075)	(2,300)	1,572,820	128,200	(760,481)
Net change in fund balances	(167,465)	23,298	325,001	979,152	(2,224,372)	119,001	15,385,291
Fund Balances:							
Beginning of fiscal year, as originally stated	246,614	80,590	391,971	856,430	6,497,605	4,518,254	113,551,931
Restatements	-	-	-	-	-	-	951,566
Beginning of fiscal year - as restated	246,614	80,590	391,971	856,430	6,497,605	4,518,254	114,503,497
Net change in fund balances	(167,465)	23,298	325,001	979,152	(2,224,372)	119,001	15,385,291
End of fiscal year	\$ 79,149	\$ 103,888	\$ 716,972	\$ 1,835,582	\$ 4,273,233	\$ 4,637,255	\$ 129,888,788

CITY OF FONTANA
 Budgetary Comparison Schedules
 Governmental Funds
 For the Year Ended June 30, 2016

Schedule 3
 Page 1 of 21

	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	5,417,920	4,417,920	4,196,630	(221,290)	4,314,830	9,722,653	3,733,246	(5,989,407)
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Investment earnings	17,000	17,000	35,567	18,567	120,000	120,000	220,193	100,193
Other revenue	-	-	-	-	-	60,059	60,059	-
Total revenues	<u>5,434,920</u>	<u>4,434,920</u>	<u>4,232,197</u>	<u>(202,723)</u>	<u>4,434,830</u>	<u>9,902,712</u>	<u>4,013,498</u>	<u>(5,889,214)</u>
Expenditures:								
Current:								
General government:								
City Administration	-	-	-	-	-	-	-	-
Management services	-	-	-	-	-	-	-	-
Human resources	-	-	-	-	-	-	-	-
Public safety:								
Police	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-
Public works	4,149,790	5,337,464	4,626,148	711,316	-	-	-	-
Community development	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-
Engineering	-	-	-	-	937,660	3,547,971	144,845	3,403,126
Capital outlay	-	-	-	-	-	10,366,698	2,057,053	8,309,645
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	-
Debt issuance costs	-	-	-	-	-	-	-	-
Total expenditures	<u>4,149,790</u>	<u>5,337,464</u>	<u>4,626,148</u>	<u>711,316</u>	<u>937,660</u>	<u>13,914,669</u>	<u>2,201,898</u>	<u>11,712,771</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,285,130</u>	<u>(902,544)</u>	<u>(393,951)</u>	<u>508,593</u>	<u>3,497,170</u>	<u>(4,011,957)</u>	<u>1,811,600</u>	<u>5,823,557</u>
Other Financing Sources (Uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	(604,500)	(610,725)	(610,725)	-	(56,400)	(56,400)	(56,400)	-
Long-term debt issued	-	-	-	-	-	-	-	-
Discount on bonds issued	-	-	-	-	-	-	-	-
Payment to refund bond escrow agent	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>(604,500)</u>	<u>(610,725)</u>	<u>(610,725)</u>	<u>-</u>	<u>(56,400)</u>	<u>(56,400)</u>	<u>(56,400)</u>	<u>-</u>
Net change in fund balances	<u>680,630</u>	<u>(1,513,269)</u>	<u>(1,004,676)</u>	<u>508,593</u>	<u>3,440,770</u>	<u>(4,068,357)</u>	<u>1,755,200</u>	<u>5,823,557</u>
Fund balances - beginning, as restated	<u>3,171,094</u>	<u>3,171,094</u>	<u>3,171,094</u>	<u>-</u>	<u>13,284,700</u>	<u>13,284,700</u>	<u>13,284,700</u>	<u>-</u>
Fund balances - ending	<u>\$ 3,851,724</u>	<u>\$ 1,657,825</u>	<u>\$ 2,166,418</u>	<u>\$ 508,593</u>	<u>\$ 16,725,470</u>	<u>\$ 9,216,343</u>	<u>\$ 15,039,900</u>	<u>\$ 5,823,557</u>

CITY OF FONTANA
 Budgetary Comparison Schedules
 Governmental Funds
 For the Year Ended June 30, 2016

Schedule 3
 Page 2 of 21

	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	-	-	-	-	-	650,546	650,546	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeitures	550,000	550,000	453,548	(96,452)	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Investment earnings	17,000	17,000	21,360	4,360	-	-	143	143
Other revenue	5,000	5,000	18,118	13,118	-	-	-	-
Total revenues	572,000	572,000	493,026	(78,974)	-	650,546	650,689	143
Expenditures:								
Current:								
General government:								
City Administration	-	-	-	-	-	-	-	-
Management services	-	-	-	-	-	-	-	-
Human resources	-	-	-	-	-	-	-	-
Public safety:								
Police	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-
Engineering	1,109,630	1,219,179	961,648	257,531	-	-	-	-
Capital outlay	-	205,000	10,120	194,880	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	-
Debt issuance costs	-	-	-	-	-	-	-	-
Total expenditures	1,109,630	1,424,179	971,768	452,411	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	(537,630)	(852,179)	(478,742)	373,437	-	650,546	650,689	143
Other Financing Sources (Uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Long-term debt issued	-	-	-	-	-	-	-	-
Discount on bonds issued	-	-	-	-	-	-	-	-
Payment to refund bond escrow agent	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Net change in fund balances	(537,630)	(852,179)	(478,742)	373,437	-	650,546	650,689	143
Fund balances - beginning, as restated	2,452,141	2,452,141	2,452,141	-	(521,143)	(521,143)	(521,143)	-
Fund balances - ending	\$ 1,914,511	\$ 1,599,962	\$ 1,973,399	\$ 373,437	\$ (521,143)	\$ 129,403	\$ 129,546	\$ 143

CITY OF FONTANA
 Budgetary Comparison Schedules
 Governmental Funds
 For the Year Ended June 30, 2016

Schedule 3
 Page 3 of 21

	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	723,250	723,250	1,375,990	652,740	3,000,000	3,000,000	3,360,822	360,822
Fines and forfeitures	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Investment earnings	170,000	170,000	273,273	103,273	28,000	28,000	51,589	23,589
Other revenue	-	-	-	-	-	-	177	177
Total revenues	<u>893,250</u>	<u>893,250</u>	<u>1,649,263</u>	<u>756,013</u>	<u>3,028,000</u>	<u>3,028,000</u>	<u>3,412,588</u>	<u>384,588</u>
Expenditures:								
Current:								
General government:								
City Administration	-	-	-	-	-	-	-	-
Management services	-	-	-	-	-	-	-	-
Human resources	-	-	-	-	-	-	-	-
Public safety:								
Police	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-
Public works	-	-	-	-	2,638,640	1,794,424	1,922,061	(127,637)
Community development	-	-	-	-	-	-	-	-
Community services	-	-	-	-	45,820	45,820	31,461	14,359
Engineering	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	1,719,629	-	1,719,629
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	-
Debt issuance costs	-	-	-	-	-	-	-	-
Total expenditures	-	-	-	-	2,684,460	3,559,873	1,953,522	1,606,351
Excess (deficiency) of revenues over (under) expenditures	<u>893,250</u>	<u>893,250</u>	<u>1,649,263</u>	<u>756,013</u>	<u>343,540</u>	<u>(531,873)</u>	<u>1,459,066</u>	<u>1,990,939</u>
Other Financing Sources (Uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	(815,000)	(815,000)	(815,000)	-	(266,000)	(267,500)	(267,500)	-
Long-term debt issued	-	-	-	-	-	-	-	-
Discount on bonds issued	-	-	-	-	-	-	-	-
Payment to refund bond escrow agent	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>(815,000)</u>	<u>(815,000)</u>	<u>(815,000)</u>	<u>-</u>	<u>(266,000)</u>	<u>(267,500)</u>	<u>(267,500)</u>	<u>-</u>
Net change in fund balances	78,250	78,250	834,263	756,013	77,540	(799,373)	1,191,566	1,990,939
Fund balances - beginning, as restated	17,447,934	17,447,934	17,447,934	-	2,383,480	2,383,480	2,383,480	-
Fund balances - ending	<u>\$ 17,526,184</u>	<u>\$ 17,526,184</u>	<u>\$ 18,282,197</u>	<u>\$ 756,013</u>	<u>\$ 2,461,020</u>	<u>\$ 1,584,107</u>	<u>\$ 3,575,046</u>	<u>\$ 1,990,939</u>

CITY OF FONTANA
 Budgetary Comparison Schedules
 Governmental Funds
 For the Year Ended June 30, 2016

Schedule 3
 Page 4 of 21

	Special Revenue							
	Home Program				Crime Prevention 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	589,340	697,779	244,560	(453,219)	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	3,500	15,000	18,248	3,248
Special assessments	-	-	-	-	-	-	-	-
Investment earnings	-	-	-	-	600	600	981	381
Other revenue	-	-	-	-	-	-	-	-
Total revenues	589,340	697,779	244,560	(453,219)	4,100	15,600	19,229	3,629
Expenditures:								
Current:								
General government:								
City Administration	405,440	641,898	181,082	460,816	-	-	-	-
Management services	-	-	-	-	-	-	-	-
Human resources	-	-	-	-	-	-	-	-
Public safety:								
Police	-	-	-	-	38,300	38,300	25,402	12,898
Fire	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-
Engineering	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	-
Debt issuance costs	-	-	-	-	-	-	-	-
Total expenditures	405,440	641,898	181,082	460,816	38,300	38,300	25,402	12,898
Excess (deficiency) of revenues over (under) expenditures	183,900	55,881	63,478	7,597	(34,200)	(22,700)	(6,173)	16,527
Other Financing Sources (Uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Long-term debt issued	-	-	-	-	-	-	-	-
Discount on bonds issued	-	-	-	-	-	-	-	-
Payment to refund bond escrow agent	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Net change in fund balances	183,900	55,881	63,478	7,597	(34,200)	(22,700)	(6,173)	16,527
Fund balances - beginning, as restated	57,223	57,223	57,223	-	63,033	63,033	63,033	-
Fund balances - ending	\$ 241,123	\$ 113,104	\$ 120,701	\$ 7,597	\$ 28,833	\$ 40,333	\$ 56,860	\$ 16,527

CITY OF FONTANA
 Budgetary Comparison Schedules
 Governmental Funds
 For the Year Ended June 30, 2016

Schedule 3
 Page 5 of 21

	Special Revenue							
	State Seizure				Federal 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	22,500	87,500	105,125	17,625	1,000,000	1,650,000	3,236,917	1,586,917
Special assessments	-	-	-	-	-	-	-	-
Investment earnings	1,000	1,000	2,674	1,674	20,000	20,000	56,423	36,423
Other revenue	-	-	-	-	-	45,800	42,449	(3,351)
Total revenues	23,500	88,500	107,799	19,299	1,020,000	1,715,800	3,335,789	1,619,989
Expenditures:								
Current:								
General government:								
City Administration	-	-	-	-	-	-	-	-
Management services	-	-	-	-	-	-	-	-
Human resources	-	-	-	-	-	-	-	-
Public safety:								
Police	38,570	38,570	38,490	80	1,046,300	1,987,584	1,413,617	573,967
Fire	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-
Engineering	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	10,000	269,540	494,776	(225,236)
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	-
Debt issuance costs	-	-	-	-	-	-	-	-
Total expenditures	38,570	38,570	38,490	80	1,056,300	2,257,124	1,908,393	348,731
Excess (deficiency) of revenues over (under) expenditures	(15,070)	49,930	69,309	19,379	(36,300)	(541,324)	1,427,396	1,968,720
Other Financing Sources (Uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Long-term debt issued	-	-	-	-	-	-	-	-
Discount on bonds issued	-	-	-	-	-	-	-	-
Payment to refund bond escrow agent	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Net change in fund balances	(15,070)	49,930	69,309	19,379	(36,300)	(541,324)	1,427,396	1,968,720
Fund balances - beginning, as restated	122,540	122,540	122,540	-	3,575,637	3,575,637	3,575,637	-
Fund balances - ending	\$ 107,470	\$ 172,470	\$ 191,849	\$ 19,379	\$ 3,539,337	\$ 3,034,313	\$ 5,003,033	\$ 1,968,720

CITY OF FONTANA
 Budgetary Comparison Schedules
 Governmental Funds
 For the Year Ended June 30, 2016

Schedule 3
 Page 6 of 21

	Special Revenue							
	Grants				Housing and Community Development 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	334,280	18,528,041	1,045,859	(17,482,182)	4,084,440	5,629,133	2,152,073	(3,477,060)
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Investment earnings	-	-	-	-	-	-	-	-
Other revenue	-	4,001,186	7,343	(3,993,843)	-	-	-	-
Total revenues	334,280	22,529,227	1,053,202	(21,476,025)	4,084,440	5,629,133	2,152,073	(3,477,060)
Expenditures:								
Current:								
General government:								
City Administration	-	-	-	-	1,641,900	423,427	1,041,110	(617,683)
Management services	-	-	-	-	-	-	-	-
Human resources	-	-	-	-	-	-	-	-
Public safety:								
Police	-	42,844	51,960	(9,116)	693,460	233,000	233,000	-
Fire	-	-	-	-	-	-	-	-
Public works	108,560	1,774,506	287,372	1,487,134	-	-	-	-
Community development	-	-	-	-	-	-	-	-
Community services	225,720	471,522	189,043	282,479	52,510	52,513	52,513	-
Engineering	-	1,086,717	78,097	1,008,620	-	24,274	61,059	(36,785)
Capital outlay	-	18,726,347	646,832	18,079,515	1,015,220	4,268,583	657,807	3,610,776
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	-
Debt issuance costs	-	-	-	-	-	-	-	-
Total expenditures	334,280	22,101,936	1,253,304	20,848,632	3,403,090	5,001,797	2,045,489	2,956,308
Excess (deficiency) of revenues over (under) expenditures	-	427,291	(200,102)	(627,393)	681,350	627,336	106,584	(520,752)
Other Financing Sources (Uses):								
Transfers in	-	-	-	-	460,460	-	-	-
Transfers out	-	-	-	-	(91,800)	(91,800)	(91,800)	-
Long-term debt issued	-	-	-	-	-	-	-	-
Discount on bonds issued	-	-	-	-	-	-	-	-
Payment to refund bond escrow agent	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	368,660	(91,800)	(91,800)	-
Net change in fund balances	-	427,291	(200,102)	(627,393)	1,050,010	535,536	14,784	(520,752)
Fund balances - beginning, as restated	(404,235)	(404,235)	(404,235)	-	2,398,792	2,398,792	2,398,792	-
Fund balances - ending	\$ (404,235)	\$ 23,056	\$ (604,337)	\$ (627,393)	\$ 3,448,802	\$ 2,934,328	\$ 2,413,576	\$ (520,752)

CITY OF FONTANA
 Budgetary Comparison Schedules
 Governmental Funds
 For the Year Ended June 30, 2016

Schedule 3
 Page 7 of 21

	Special Revenue							
	Federal Law Enforcement Block Grant				AB 3229 State COPS 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	60,000	305,750	223,202	(82,548)	365,000	365,000	293,551	(71,449)
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Investment earnings	-	-	-	-	400	400	1,180	780
Other revenue	-	-	-	-	-	-	-	-
Total revenues	60,000	305,750	223,202	(82,548)	365,400	365,400	294,731	(70,669)
Expenditures:								
Current:								
General government:								
City Administration	-	-	-	-	-	-	-	-
Management services	-	-	-	-	-	-	-	-
Human resources	-	-	-	-	-	-	-	-
Public safety:								
Police	1,548,800	2,129,700	1,690,024	439,676	364,590	341,090	294,299	46,791
Fire	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-
Engineering	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	-
Debt issuance costs	-	-	-	-	-	-	-	-
Total expenditures	1,548,800	2,129,700	1,690,024	439,676	364,590	341,090	294,299	46,791
Excess (deficiency) of revenues over (under) expenditures	(1,488,800)	(1,823,950)	(1,466,822)	357,128	810	24,310	432	(23,878)
Other Financing Sources (Uses):								
Transfers in	1,488,800	1,495,083	1,115,070	(380,013)	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Long-term debt issued	-	-	-	-	-	-	-	-
Discount on bonds issued	-	-	-	-	-	-	-	-
Payment to refund bond escrow agent	-	-	-	-	-	-	-	-
Total other financing sources (uses)	1,488,800	1,495,083	1,115,070	(380,013)	-	-	-	-
Net change in fund balances	-	(328,867)	(351,752)	(22,885)	810	24,310	432	(23,878)
Fund balances - beginning, as restated	339,857	339,857	339,857	-	104,493	104,493	104,493	-
Fund balances - ending	\$ 339,857	\$ 10,990	\$ (11,895)	\$ (22,885)	\$ 105,303	\$ 128,803	\$ 104,925	\$ (23,878)

CITY OF FONTANA
 Budgetary Comparison Schedules
 Governmental Funds
 For the Year Ended June 30, 2016

Schedule 3
 Page 8 of 21

	Special Revenue							
	Office of Traffic Safety				Air Quality Management 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	\$ 180,000	\$ 180,000	\$ 299,871	\$ 119,871	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	357,460	275,933	258,718	(17,215)	200,000	200,000	260,315	60,315
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Investment earnings	-	-	2,244	2,244	10,000	10,000	13,524	3,524
Other revenue	-	-	-	-	-	-	-	-
Total revenues	537,460	455,933	560,833	104,900	210,000	210,000	273,839	63,839
Expenditures:								
Current:								
General government:								
City Administration	-	-	-	-	-	21,000	1,500	19,500
Management services	-	-	-	-	-	-	-	-
Human resources	-	-	-	-	16,000	16,000	13,016	2,984
Public safety:								
Police	497,460	445,823	380,529	65,294	-	-	-	-
Fire	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-
Engineering	-	-	-	-	179,000	142,765	191,314	(48,549)
Capital outlay	40,000	40,000	-	40,000	-	825,113	116,314	708,799
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	-
Debt issuance costs	-	-	-	-	-	-	-	-
Total expenditures	537,460	485,823	380,529	105,294	195,000	1,004,878	322,144	682,734
Excess (deficiency) of revenues over (under) expenditures	-	(29,890)	180,304	210,194	15,000	(794,878)	(48,305)	746,573
Other Financing Sources (Uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	(40,000)	(40,000)	-	(1,400)	(1,400)	(1,400)	-
Long-term debt issued	-	-	-	-	-	-	-	-
Discount on bonds issued	-	-	-	-	-	-	-	-
Payment to refund bond escrow agent	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	(40,000)	(40,000)	-	(1,400)	(1,400)	(1,400)	-
Net change in fund balances	-	(69,890)	140,304	210,194	13,600	(796,278)	(49,705)	746,573
Fund balances - beginning, as restated	114,052	114,052	114,052	-	923,488	923,488	923,488	-
Fund balances - ending	\$ 114,052	\$ 44,162	\$ 254,356	\$ 210,194	\$ 937,088	\$ 127,210	\$ 873,783	\$ 746,573

CITY OF FONTANA
 Budgetary Comparison Schedules
 Governmental Funds
 For the Year Ended June 30, 2016

Schedule 3
 Page 9 of 21

	Special Revenue							
	Community Services Reimbursements				Fontana Community Foundation			
	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	3,288,950	3,279,450	3,704,781	425,331	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Investment earnings	-	-	-	-	1,200	1,200	1,985	785
Other revenue	-	-	-	-	-	-	5	5
Total revenues	<u>3,288,950</u>	<u>3,279,450</u>	<u>3,704,781</u>	<u>425,331</u>	<u>1,200</u>	<u>1,200</u>	<u>1,990</u>	<u>790</u>
Expenditures:								
Current:								
General government:								
City Administration	-	-	-	-	20,000	20,000	20	19,980
Management services	-	-	-	-	-	-	-	-
Human resources	-	-	-	-	-	-	-	-
Public safety:								
Police	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-	-
Community services	3,288,950	3,279,450	2,990,206	289,244	-	-	-	-
Engineering	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	-
Debt issuance costs	-	-	-	-	-	-	-	-
Total expenditures	<u>3,288,950</u>	<u>3,279,450</u>	<u>2,990,206</u>	<u>289,244</u>	<u>20,000</u>	<u>20,000</u>	<u>20</u>	<u>19,980</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>714,575</u>	<u>714,575</u>	<u>(18,800)</u>	<u>(18,800)</u>	<u>1,970</u>	<u>20,770</u>
Other Financing Sources (Uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Long-term debt issued	-	-	-	-	-	-	-	-
Discount on bonds issued	-	-	-	-	-	-	-	-
Payment to refund bond escrow agent	-	-	-	-	-	-	-	-
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	-	-	714,575	714,575	(18,800)	(18,800)	1,970	20,770
Fund balances - beginning, as restated	<u>(595,761)</u>	<u>(595,761)</u>	<u>(595,761)</u>	<u>-</u>	<u>127,447</u>	<u>127,447</u>	<u>127,447</u>	<u>-</u>
Fund balances - ending	<u>\$ (595,761)</u>	<u>\$ (595,761)</u>	<u>\$ 118,814</u>	<u>\$ 714,575</u>	<u>\$ 108,647</u>	<u>\$ 108,647</u>	<u>\$ 129,417</u>	<u>\$ 20,770</u>

CITY OF FONTANA
 Budgetary Comparison Schedules
 Governmental Funds
 For the Year Ended June 30, 2016

Schedule 3
 Page 10 of 21

	Special Revenue							
	Fire Protection District CFD				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	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Special assessments	275,000	275,000	270,931	(4,069)	3,965,400	3,965,400	3,971,931	6,531
Investment earnings	25,000	25,000	44,083	19,083	51,700	51,700	87,793	36,093
Other revenue	-	-	-	-	-	-	-	-
Total revenues	300,000	300,000	315,014	15,014	4,017,100	4,017,100	4,059,724	42,624
Expenditures:								
Current:								
General government:								
City Administration	-	-	-	-	-	-	-	-
Management services	-	-	-	-	-	-	-	-
Human resources	-	-	-	-	-	-	-	-
Public safety:								
Police	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-
Public works	-	-	-	-	4,102,660	4,366,610	3,425,995	940,615
Community development	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-
Engineering	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	-
Debt issuance costs	-	-	-	-	-	-	-	-
Total expenditures	-	-	-	-	4,102,660	4,366,610	3,425,995	940,615
Excess (deficiency) of revenues over (under) expenditures	300,000	300,000	315,014	15,014	(85,560)	(349,510)	633,729	983,239
Other Financing Sources (Uses):								
Transfers in	-	-	-	-	356,300	356,300	356,300	-
Transfers out	-	-	-	-	(453,200)	(453,200)	(453,200)	-
Long-term debt issued	-	-	-	-	-	-	-	-
Discount on bonds issued	-	-	-	-	-	-	-	-
Payment to refund bond escrow agent	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	(96,900)	(96,900)	(96,900)	-
Net change in fund balances	300,000	300,000	315,014	15,014	(182,460)	(446,410)	536,829	983,239
Fund balances - beginning, as restated	2,711,058	2,711,058	2,711,058	-	5,448,498	5,448,498	5,448,498	-
Fund balances - ending	\$ 3,011,058	\$ 3,011,058	\$ 3,026,072	\$ 15,014	\$ 5,266,038	\$ 5,002,088	\$ 5,985,327	\$ 983,239

CITY OF FONTANA
 Budgetary Comparison Schedules
 Governmental Funds
 For the Year Ended June 30, 2016

Schedule 3
 Page 11 of 21

	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	17,123	7,123
Fines and forfeitures	-	-	-	-	-	-	-	-
Special assessments	31,800	31,800	32,108	308	11,649,970	11,776,310	11,765,433	(10,877)
Investment earnings	400	400	590	190	247,230	247,230	400,147	152,917
Other revenue	-	-	-	-	-	10,906	10,906	-
Total revenues	<u>32,200</u>	<u>32,200</u>	<u>32,698</u>	<u>498</u>	<u>11,907,200</u>	<u>12,044,446</u>	<u>12,193,609</u>	<u>149,163</u>
Expenditures:								
Current:								
General government:								
City Administration	-	-	-	-	-	-	-	-
Management services	-	-	-	-	-	-	-	-
Human resources	-	-	-	-	-	-	-	-
Public safety:								
Police	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-
Public works	32,000	33,360	33,268	92	7,159,720	8,607,480	6,456,736	2,150,744
Community development	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-
Engineering	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	-
Debt issuance costs	-	-	-	-	-	-	-	-
Total expenditures	<u>32,000</u>	<u>33,360</u>	<u>33,268</u>	<u>92</u>	<u>7,159,720</u>	<u>8,607,480</u>	<u>6,456,736</u>	<u>2,150,744</u>
Excess (deficiency) of revenues over (under) expenditures	<u>200</u>	<u>(1,160)</u>	<u>(570)</u>	<u>590</u>	<u>4,747,480</u>	<u>3,436,966</u>	<u>5,736,873</u>	<u>2,299,907</u>
Other Financing Sources (Uses):								
Transfers in	-	-	-	-	679,200	679,200	679,200	-
Transfers out	(3,700)	(3,700)	(3,700)	-	(5,187,000)	(5,187,000)	(5,187,000)	-
Long-term debt issued	-	-	-	-	-	-	-	-
Discount on bonds issued	-	-	-	-	-	-	-	-
Payment to refund bond escrow agent	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>(3,700)</u>	<u>(3,700)</u>	<u>(3,700)</u>	<u>-</u>	<u>(4,507,800)</u>	<u>(4,507,800)</u>	<u>(4,507,800)</u>	<u>-</u>
Net change in fund balances	<u>(3,500)</u>	<u>(4,860)</u>	<u>(4,270)</u>	<u>590</u>	<u>239,680</u>	<u>(1,070,834)</u>	<u>1,229,073</u>	<u>2,299,907</u>
Fund balances - beginning, as restated	<u>43,396</u>	<u>43,396</u>	<u>43,396</u>	<u>-</u>	<u>25,572,416</u>	<u>25,572,416</u>	<u>25,572,416</u>	<u>-</u>
Fund balances - ending	<u>\$ 39,896</u>	<u>\$ 38,536</u>	<u>\$ 39,126</u>	<u>\$ 590</u>	<u>\$ 25,812,096</u>	<u>\$ 24,501,582</u>	<u>\$ 26,801,489</u>	<u>\$ 2,299,907</u>

CITY OF FONTANA
 Budgetary Comparison Schedules
 Governmental Funds
 For the Year Ended June 30, 2016

Schedule 3
 Page 12 of 21

	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	199,330	199,330	185,411	(13,919)	-	1,766,178	1,361,718	(404,460)
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Investment earnings	30,000	30,000	20,744	(9,256)	100,000	100,000	108,768	8,768
Other revenue	-	-	-	-	-	378,161	-	(378,161)
Total revenues	229,330	229,330	206,155	(23,175)	100,000	2,244,339	1,470,486	(773,853)
Expenditures:								
Current:								
General government:								
City Administration	-	-	-	-	1,500,000	2,750,034	-	2,750,034
Management services	22,750	22,750	4,720	18,030	-	-	-	-
Human resources	-	-	-	-	-	-	-	-
Public safety:								
Police	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	1,118,909	-	1,118,909
Community development	-	-	-	-	764,040	1,672,318	-	1,672,318
Community services	-	-	-	-	-	-	-	-
Engineering	-	-	-	-	-	167,339	392,222	(224,883)
Capital outlay	-	-	-	-	3,594,960	6,803,977	3,097,444	3,706,533
Debt service:								
Principal	2,025,000	2,025,000	2,025,000	-	-	-	-	-
Interest	2,687,670	2,687,670	2,687,661	9	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	-
Debt issuance costs	-	-	-	-	-	-	-	-
Total expenditures	4,735,420	4,735,420	4,717,381	18,039	5,859,000	12,512,577	3,489,666	9,022,911
Excess (deficiency) of revenues over (under) expenditures	(4,506,090)	(4,506,090)	(4,511,226)	(5,136)	(5,759,000)	(10,268,238)	(2,019,180)	8,249,058
Other Financing Sources (Uses):								
Transfers in	4,339,650	4,339,650	3,762,029	(577,621)	5,859,000	5,859,000	5,859,000	-
Transfers out	-	-	-	-	(200,000)	(200,000)	(170,824)	(29,176)
Long-term debt issued	-	-	-	-	-	-	-	-
Discount on bonds issued	-	-	-	-	-	-	-	-
Payment to refund bond escrow agent	-	-	-	-	-	-	-	-
Total other financing sources (uses)	4,339,650	4,339,650	3,762,029	(577,621)	5,659,000	5,659,000	5,688,176	(29,176)
Net change in fund balances	(166,440)	(166,440)	(749,197)	(582,757)	(100,000)	(4,609,238)	3,668,996	8,219,882
Fund balances - beginning, as restated	1,460,163	1,460,163	1,460,163	-	10,875,805	10,875,805	10,875,805	-
Fund balances - ending	\$ 1,293,723	\$ 1,293,723	\$ 710,966	\$ (582,757)	\$ 10,775,805	\$ 6,266,567	\$ 14,544,801	\$ 8,219,882

CITY OF FONTANA
 Budgetary Comparison Schedules
 Governmental Funds
 For the Year Ended June 30, 2016

Schedule 3
 Page 13 of 21

	Capital Projects				Traffic Mitigation			
	Future Capital Projects							
	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	-	-	-	-	1,940,000	9,025,000	10,833,104	1,808,104
Fines and forfeitures	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Investment earnings	20,000	20,000	62,451	42,451	150,000	150,000	321,207	171,207
Other revenue	-	-	-	-	-	-	-	-
Total revenues	20,000	20,000	62,451	42,451	2,090,000	9,175,000	11,154,311	1,979,311
Expenditures:								
Current:								
General government:								
City Administration	-	-	-	-	-	-	-	-
Management services	-	-	-	-	-	-	-	-
Human resources	-	-	-	-	-	-	-	-
Public safety:								
Police	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-
Engineering	-	11,696	-	11,696	281,840	1,406,770	566,846	839,924
Capital outlay	-	7,767	19,463	(11,696)	-	18,529,591	3,618,918	14,910,673
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Debt issuance costs	-	-	-	-	-	-	-	-
Total expenditures	-	19,463	19,463	-	281,840	19,936,361	4,185,764	15,750,597
Excess (deficiency) of revenues over (under) expenditures	20,000	537	42,988	42,451	1,808,160	(10,761,361)	6,968,547	17,729,908
Other Financing Sources (Uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	(11,400)	(11,400)	(11,400)	-	(570,800)	(570,800)	(570,800)	-
Long-term debt issued	-	-	-	-	-	-	-	-
Discount on bonds issued	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(11,400)	(11,400)	(11,400)	-	(570,800)	(570,800)	(570,800)	-
Net change in fund balances	8,600	(10,863)	31,588	42,451	1,237,360	(11,332,161)	6,397,747	17,729,908
Fund balances - beginning, as restated	52,432,309	52,432,309	52,432,309	-	(29,787,126)	(29,787,126)	(29,787,126)	-
Fund balances - ending	\$ 52,440,909	\$ 52,421,446	\$ 52,463,897	\$ 42,451	\$ (28,549,766)	\$ (41,119,287)	\$ (23,389,379)	\$ 17,729,908

CITY OF FONTANA
 Budgetary Comparison Schedules
 Governmental Funds
 For the Year Ended June 30, 2016

Schedule 3
 Page 14 of 21

	Capital Projects							
	Storm Drain				San Sevaire 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	736,250	3,063,940	6,594,553	3,530,613	350,000	350,000	84,900	(265,100)
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Investment earnings	140,000	140,000	241,956	101,956	6,000	6,000	11,590	5,590
Other revenue	-	-	-	-	-	-	-	-
Total revenues	876,250	3,203,940	6,836,509	3,632,569	356,000	356,000	96,490	(259,510)
Expenditures:								
Current:								
General government:								
City Administration	-	-	-	-	-	-	-	-
Management services	-	-	-	-	-	-	-	-
Human resources	-	-	-	-	-	-	-	-
Public safety:								
Police	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-
Engineering	125,990	1,378,306	-	1,378,306	85,530	85,530	96,843	(11,313)
Capital outlay	-	8,837,735	4,283,585	4,554,150	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Debt issuance costs	-	-	-	-	-	-	-	-
Total expenditures	125,990	10,216,041	4,283,585	5,932,456	85,530	85,530	96,843	(11,313)
Excess (deficiency) of revenues over (under) expenditures	750,260	(7,012,101)	2,552,924	9,565,025	270,470	270,470	(353)	(270,823)
Other Financing Sources (Uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	(216,800)	(216,800)	(216,800)	-	(16,700)	(16,700)	(16,700)	-
Long-term debt issued	-	-	-	-	-	-	-	-
Discount on bonds issued	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(216,800)	(216,800)	(216,800)	-	(16,700)	(16,700)	(16,700)	-
Net change in fund balances	533,460	(7,228,901)	2,336,124	9,565,025	253,770	253,770	(17,053)	(270,823)
Fund balances - beginning, as restated	13,836,503	13,836,503	13,836,503	-	420,939	420,939	420,939	-
Fund balances - ending	\$ 14,369,963	\$ 6,607,602	\$ 16,172,627	\$ 9,565,025	\$ 674,709	\$ 674,709	\$ 403,886	\$ (270,823)

CITY OF FONTANA
 Budgetary Comparison Schedules
 Governmental Funds
 For the Year Ended June 30, 2016

Schedule 3
 Page 15 of 21

	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	-	-	-	-	900,000	2,250,000	2,843,000	593,000
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Investment earnings	400	400	674	274	26,000	26,000	74,668	48,668
Other revenue	-	-	-	-	-	-	-	-
Total revenues	400	400	674	274	926,000	2,276,000	2,917,668	641,668
Expenditures:								
Current:								
General government:								
City Administration	-	-	-	-	-	-	-	-
Management services	-	-	-	-	-	-	-	-
Human resources	-	-	-	-	-	-	-	-
Public safety:								
Police	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-
Public works	-	-	-	-	240,300	319,765	173,581	146,184
Community development	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-
Engineering	-	-	-	-	6,620	6,620	22,824	(16,204)
Capital outlay	-	-	-	-	-	500,000	32,274	467,726
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Debt issuance costs	-	-	-	-	-	-	-	-
Total expenditures	-	-	-	-	246,920	826,385	228,679	597,706
Excess (deficiency) of revenues over (under) expenditures	400	400	674	274	679,080	1,449,615	2,688,989	1,239,374
Other Financing Sources (Uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	(53,100)	(53,100)	(53,100)	-
Long-term debt issued	-	-	-	-	-	-	-	-
Discount on bonds issued	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	(53,100)	(53,100)	(53,100)	-
Net change in fund balances	400	400	674	274	625,980	1,396,515	2,635,889	1,239,374
Fund balances - beginning, as restated	43,266	43,266	43,266	-	3,251,054	3,251,054	3,251,054	-
Fund balances - ending	\$ 43,666	\$ 43,666	\$ 43,940	\$ 274	\$ 3,877,034	\$ 4,647,569	\$ 5,886,943	\$ 1,239,374

CITY OF FONTANA
 Budgetary Comparison Schedules
 Governmental Funds
 For the Year Ended June 30, 2016

Schedule 3
 Page 16 of 21

	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	-	-	-	-	120,000	350,000	476,455	126,455
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	275,000	1,200,000	1,658,276	458,276	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Investment earnings	800	800	24,233	23,433	4,000	4,000	13,698	9,698
Other revenue	-	-	-	-	-	-	-	-
Total revenues	275,800	1,200,800	1,682,509	481,709	124,000	354,000	490,153	136,153
Expenditures:								
Current:								
General government:								
City Administration	-	-	-	-	-	-	-	-
Management services	-	-	-	-	-	-	-	-
Human resources	-	-	-	-	-	-	-	-
Public safety:								
Police	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-
Engineering	26,480	26,480	3,776	22,704	-	-	-	-
Capital outlay	-	-	12,216	(12,216)	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Debt issuance costs	-	-	-	-	-	-	-	-
Total expenditures	26,480	26,480	15,992	10,488	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	249,320	1,174,320	1,666,517	492,197	124,000	354,000	490,153	136,153
Other Financing Sources (Uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	(33,000)	(33,000)	(33,000)	-	(6,100)	(6,100)	(6,100)	-
Long-term debt issued	-	-	-	-	-	-	-	-
Discount on bonds issued	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(33,000)	(33,000)	(33,000)	-	(6,100)	(6,100)	(6,100)	-
Net change in fund balances	216,320	1,141,320	1,633,517	492,197	117,900	347,900	484,053	136,153
Fund balances - beginning, as restated	542,906	542,906	542,906	-	599,412	599,412	599,412	-
Fund balances - ending	\$ 759,226	\$ 1,684,226	\$ 2,176,423	\$ 492,197	\$ 717,312	\$ 947,312	\$ 1,083,465	\$ 136,153

CITY OF FONTANA
 Budgetary Comparison Schedules
 Governmental Funds
 For the Year Ended June 30, 2016

Schedule 3
 Page 17 of 21

	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	662,000	955,029	293,029	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	250,000	1,450,000	2,213,319	763,319
Fines and forfeitures	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Investment earnings	3,000	3,000	14,358	11,358	20,000	20,000	59,648	39,648
Other revenue	-	-	-	-	-	-	-	-
Total revenues	203,000	665,000	969,387	304,387	270,000	1,470,000	2,272,967	802,967
Expenditures:								
Current:								
General government:								
City Administration	-	-	-	-	-	-	-	-
Management services	-	-	-	-	-	-	-	-
Human resources	-	-	-	-	-	-	-	-
Public safety:								
Police	-	20,000	-	20,000	-	-	-	-
Fire	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-
Engineering	-	-	-	-	-	-	-	-
Capital outlay	250,000	250,000	-	250,000	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	1,017,764	-	1,017,764
Debt issuance costs	-	-	-	-	-	-	-	-
Total expenditures	250,000	270,000	-	270,000	-	1,017,764	-	1,017,764
Excess (deficiency) of revenues over (under) expenditures	(47,000)	395,000	969,387	574,387	270,000	452,236	2,272,967	1,820,731
Other Financing Sources (Uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	(68,100)	(68,100)	(68,100)	-	(10,700)	(10,700)	(10,700)	-
Long-term debt issued	-	-	-	-	-	-	-	-
Discount on bonds issued	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(68,100)	(68,100)	(68,100)	-	(10,700)	(10,700)	(10,700)	-
Net change in fund balances	(115,100)	326,900	901,287	574,387	259,300	441,536	2,262,267	1,820,731
Fund balances - beginning, as restated	383,619	383,619	383,619	-	2,507,611	2,507,611	2,507,611	-
Fund balances - ending	\$ 268,519	\$ 710,519	\$ 1,284,906	\$ 574,387	\$ 2,766,911	\$ 2,949,147	\$ 4,769,878	\$ 1,820,731

CITY OF FONTANA
 Budgetary Comparison Schedules
 Governmental Funds
 For the Year Ended June 30, 2016

Schedule 3
 Page 18 of 21

	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	24,065	9,065
Fines and forfeitures	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Investment earnings	2,400	2,400	2,240	(160)	1,500	1,500	933	(567)
Other revenue	-	696,100	22,738	(673,362)	-	-	-	-
Total revenues	2,400	698,500	24,978	(673,522)	16,500	16,500	24,998	8,498
Expenditures:								
Current:								
General government:								
City Administration	-	-	-	-	-	-	-	-
Management services	-	-	-	-	-	-	-	-
Human resources	-	-	-	-	-	-	-	-
Public safety:								
Police	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-
Engineering	-	189,279	-	189,279	-	-	-	-
Capital outlay	-	516,600	47,643	468,957	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Debt issuance costs	-	-	-	-	-	-	-	-
Total expenditures	-	705,879	47,643	658,236	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	2,400	(7,379)	(22,665)	(15,286)	16,500	16,500	24,998	8,498
Other Financing Sources (Uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	(144,800)	(144,800)	(144,800)	-	(1,700)	(1,700)	(1,700)	-
Long-term debt issued	-	-	-	-	-	-	-	-
Discount on bonds issued	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(144,800)	(144,800)	(144,800)	-	(1,700)	(1,700)	(1,700)	-
Net change in fund balances	(142,400)	(152,179)	(167,465)	(15,286)	14,800	14,800	23,298	8,498
Fund balances - beginning, as restated	246,614	246,614	246,614	-	80,590	80,590	80,590	-
Fund balances - ending	\$ 104,214	\$ 94,435	\$ 79,149	\$ (15,286)	\$ 95,390	\$ 95,390	\$ 103,888	\$ 8,498

CITY OF FONTANA
 Budgetary Comparison Schedules
 Governmental Funds
 For the Year Ended June 30, 2016

Schedule 3
 Page 19 of 21

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	1,300,000	1,300,000	1,430,327	130,327	90,000	370,000	610,563	240,563
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	175,000	175,000	63,029	(111,971)	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Investment earnings	75,000	75,000	152,017	77,017	4,000	4,000	8,513	4,513
Other revenue	-	-	-	-	-	-	-	-
Total revenues	1,550,000	1,550,000	1,645,373	95,373	94,000	374,000	619,076	245,076
Expenditures:								
Current:								
General government:								
City Administration	-	-	-	-	-	-	-	-
Management services	-	-	-	-	-	-	-	-
Human resources	-	-	-	-	-	-	-	-
Public safety:								
Police	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-
Public works	1,575,000	1,575,000	1,436,188	138,812	-	-	-	-
Community development	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-
Engineering	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	340,328	-	340,328
Debt issuance costs	-	-	-	-	-	-	-	-
Total expenditures	1,575,000	1,575,000	1,436,188	138,812	-	340,328	-	340,328
Excess (deficiency) of revenues over (under) expenditures	(25,000)	(25,000)	209,185	234,185	94,000	33,672	619,076	585,404
Other Financing Sources (Uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	(75,000)	(75,000)	(96,495)	(21,495)	(280,120)	(280,120)	(294,075)	(13,955)
Long-term debt issued	-	-	-	-	-	-	-	-
Discount on bonds issued	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(75,000)	(75,000)	(96,495)	(21,495)	(280,120)	(280,120)	(294,075)	(13,955)
Net change in fund balances	(100,000)	(100,000)	112,690	212,690	(186,120)	(246,448)	325,001	571,449
Fund balances - beginning, as restated	1,242,836	1,242,836	1,242,836	-	391,971	391,971	391,971	-
Fund balances - ending	\$ 1,142,836	\$ 1,142,836	\$ 1,355,526	\$ 212,690	\$ 205,851	\$ 145,523	\$ 716,972	\$ 571,449

CITY OF FONTANA
 Budgetary Comparison Schedules
 Governmental Funds
 For the Year Ended June 30, 2016

Schedule 3
 Page 20 of 21

	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	470,000	1,010,000	959,003	(50,997)	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Investment earnings	6,000	6,000	22,454	16,454	80,000	80,000	86,453	6,453
Other revenue	-	-	-	-	-	-	-	-
Total revenues	476,000	1,016,000	981,457	(34,543)	80,000	80,000	86,453	6,453
Expenditures:								
Current:								
General government:								
City Administration	500	500	5	495	-	-	-	-
Management services	-	-	-	-	-	-	-	-
Human resources	-	-	-	-	-	-	-	-
Public safety:								
Police	-	-	-	-	-	-	-	-
Fire	-	-	-	-	339,916	339,916	544,126	(204,210)
Public works	-	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-
Engineering	-	-	-	-	-	203	203	-
Capital outlay	-	-	-	-	2,074,404	6,063,457	3,339,316	2,724,141
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Debt issuance costs	-	-	-	-	-	-	-	-
Total expenditures	500	500	5	495	2,414,320	6,403,576	3,883,645	2,519,931
Excess (deficiency) of revenues over (under) expenditures	475,500	1,015,500	981,452	(34,048)	(2,334,320)	(6,323,576)	(3,797,192)	2,526,384
Other Financing Sources (Uses):								
Transfers in	-	-	-	-	1,759,820	1,759,820	1,759,820	-
Transfers out	(2,300)	(2,300)	(2,300)	-	(187,000)	(187,000)	(187,000)	-
Long-term debt issued	-	-	-	-	-	-	-	-
Discount on bonds issued	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(2,300)	(2,300)	(2,300)	-	1,572,820	1,572,820	1,572,820	-
Net change in fund balances	473,200	1,013,200	979,152	(34,048)	(761,500)	(4,750,756)	(2,224,372)	2,526,384
Fund balances - beginning, as restated	856,430	856,430	856,430	-	6,497,605	6,497,605	6,497,605	-
Fund balances - ending	\$ 1,329,630	\$ 1,869,630	\$ 1,835,582	\$ (34,048)	\$ 5,736,105	\$ 1,746,849	\$ 4,273,233	\$ 2,526,384

CITY OF FONTANA
 Budgetary Comparison Schedules
 Governmental Funds
 For the Year Ended June 30, 2016

Schedule 3
 Page 21 of 21

	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	217,080	217,080	213,270	(3,810)	1,400	1,400	2,072	672
Other revenue	84,950	94,950	18,724	(76,226)	-	-	-	-
Total revenues	302,030	312,030	231,994	(80,036)	1,400	1,400	2,072	672
Expenditures:								
Current:								
General government:								
City Administration	-	-	-	-	-	-	-	-
Management services	-	-	-	-	-	-	-	-
Human resources	-	-	-	-	-	-	-	-
Public safety:								
Police	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Community development	314,380	335,980	224,535	111,445	-	-	-	-
Community services	-	-	-	-	-	-	-	-
Engineering	-	-	-	-	-	8,402	8,419	(17)
Capital outlay	385,000	385,000	16,658	368,342	-	7,867	-	7,867
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Debt issuance costs	-	-	-	-	-	-	-	-
Total expenditures	699,380	720,980	241,193	479,787	-	16,269	8,419	7,850
Excess (deficiency) of revenues over (under) expenditures	(397,350)	(408,950)	(9,199)	399,751	1,400	(14,869)	(6,347)	8,522
Other Financing Sources (Uses):								
Transfers in	166,000	166,000	166,000	-	-	-	-	-
Transfers out	(37,800)	(37,800)	(37,800)	-	-	-	-	-
Long-term debt issued	-	-	-	-	-	-	-	-
Discount on bonds issued	-	-	-	-	-	-	-	-
Total other financing sources (uses)	128,200	128,200	128,200	-	-	-	-	-
Net change in fund balances	(269,150)	(280,750)	119,001	399,751	1,400	(14,869)	(6,347)	8,522
Fund balances - beginning, as restated	4,518,254	4,518,254	4,518,254	-	31,721	31,721	31,721	-
Fund balances - ending	\$ 4,249,104	\$ 4,237,504	\$ 4,637,255	\$ 399,751	\$ 33,121	\$ 16,852	\$ 25,374	\$ 8,522



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)

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, 2016

Schedule 4

	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 End	Community Facilities District #12 Sierra Lakes	Community Facilities District #22 Sierra Hills South
Assets:							
Cash and investments	\$ -	\$ 184,100	\$ -	\$ -	\$ -	\$ -	\$ -
Receivables (net):							
Assessments	171,713	5,909	393	6,427	13,953	29,628	20,328
Restricted assets:							
Cash and investments	4,984,673	-	-	665,980	1,849,369	4,929,447	4,641,109
Total Assets	<u>\$ 5,156,386</u>	<u>\$ 190,009</u>	<u>\$ 393</u>	<u>\$ 672,407</u>	<u>\$ 1,863,322</u>	<u>\$ 4,959,075</u>	<u>\$ 4,661,437</u>
Liabilities:							
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deposits payable	-	-	-	-	-	-	-
Due to bondholders	5,156,386	190,009	393	672,407	1,863,322	4,959,075	4,661,437
Total Liabilities	<u>\$ 5,156,386</u>	<u>\$ 190,009</u>	<u>\$ 393</u>	<u>\$ 672,407</u>	<u>\$ 1,863,322</u>	<u>\$ 4,959,075</u>	<u>\$ 4,661,437</u>
	Community Facilities District #31 Citrus Heights	Community Facilities District #37 Montelago	Community Facilities District #70 Avellino	Community Facilities District #71 Sierra Crest	Trust Deposits		Totals
Assets:							
Cash and investments	\$ -	\$ -	\$ -	\$ 97,568	\$ 4,533,267		\$ 4,814,935
Receivables (net):							
Assessments	34,262	8,872	1,021	-	-		292,506
Restricted assets:							
Cash and investments	3,306,799	1,147,682	376,642	-	-		21,901,701
Total Assets	<u>\$ 3,341,061</u>	<u>\$ 1,156,554</u>	<u>\$ 377,663</u>	<u>\$ 97,568</u>	<u>\$ 4,533,267</u>		<u>\$ 27,009,142</u>
Liabilities:							
Deposits payable	\$ -	\$ -	\$ -	\$ -	\$ 4,533,267		\$ 4,533,267
Due to bondholders	3,341,061	1,156,554	377,663	97,568	-		22,475,875
Total Liabilities	<u>\$ 3,341,061</u>	<u>\$ 1,156,554</u>	<u>\$ 377,663</u>	<u>\$ 97,568</u>	<u>\$ 4,533,267</u>		<u>\$ 27,009,142</u>

CITY OF FONTANA
Combining Statement of Changes in Assets and Liabilities
All Agency Funds
For the Year Ended June 30, 2016

Schedule 5
Page 1 of 5

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
<u>Community Facilities District #2 - Heritage</u>				
Assets:				
Receivables (net):				
Assessments	\$ 175,798	\$ 4,160,014	\$ 4,164,099	\$ 171,713
Restricted assets:				
Cash and investments	5,126,329	4,392,684	4,534,340	4,984,673
Total Assets	<u>\$ 5,302,127</u>	<u>\$ 8,552,698</u>	<u>\$ 8,698,439</u>	<u>\$ 5,156,386</u>
Liabilities:				
Due to bondholders	\$ 5,302,127	\$ 8,552,698	\$ 8,698,439	\$ 5,156,386
Total Liabilities	<u>\$ 5,302,127</u>	<u>\$ 8,552,698</u>	<u>\$ 8,698,439</u>	<u>\$ 5,156,386</u>
<u>Community Facilities District #3 - Hunter's Ridge</u>				
Assets:				
Cash and investments	\$ -	\$ 266,987	\$ 82,887	\$ 184,100
Receivables (net):				
Assessments	\$ 20,262	\$ -	\$ 14,353	\$ 5,909
Restricted assets:				
Cash and investments	2,479,560	1,058,838	3,538,398	-
Total Assets	<u>\$ 2,499,822</u>	<u>\$ 1,325,825</u>	<u>\$ 3,635,638</u>	<u>\$ 190,009</u>
Liabilities:				
Due to bondholders	\$ 2,499,822	\$ 1,325,825	\$ 3,635,638	\$ 190,009
Total Liabilities	<u>\$ 2,499,822</u>	<u>\$ 1,325,825</u>	<u>\$ 3,635,638</u>	<u>\$ 190,009</u>
<u>Community Facilities District #4 - Walnut Village</u>				
Assets:				
Receivables (net):				
Assessments	\$ 393	\$ -	\$ -	\$ 393
Restricted assets:				
Cash and investments	48,397	95,175	143,572	-
Total Assets	<u>\$ 48,790</u>	<u>\$ 95,175</u>	<u>\$ 143,572</u>	<u>\$ 393</u>
Liabilities:				
Due to bondholders	\$ 48,790	\$ 95,175	\$ 143,572	\$ 393
Total Liabilities	<u>\$ 48,790</u>	<u>\$ 95,175</u>	<u>\$ 143,572</u>	<u>\$ 393</u>

CITY OF FONTANA
Combining Statement of Changes in Assets and Liabilities
All Agency Funds
For the Year Ended June 30, 2016

Schedule 5
Page 2 of 5

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
<u>Community Facilities District #7 - Country Club</u>				
Assets:				
Receivables (net):				
Assessments	\$ 8,092	\$ 285,805	\$ 287,470	\$ 6,427
Restricted assets:				
Cash and investments	669,041	\$ 290,112	293,173	665,980
Total Assets	<u>\$ 677,133</u>	<u>\$ 575,917</u>	<u>\$ 580,643</u>	<u>\$ 672,407</u>
Liabilities:				
Due to bondholders	\$ 677,133	\$ 575,917	\$ 580,643	\$ 672,407
Total Liabilities	<u>\$ 677,133</u>	<u>\$ 575,917</u>	<u>\$ 580,643</u>	<u>\$ 672,407</u>
<u>Community Facilities District #11 - Heritage West End</u>				
Assets:				
Receivables (net):				
Assessments	\$ 13,068	\$ 884,454	\$ 883,569	\$ 13,953
Restricted assets:				
Cash and investments	1,743,425	1,056,409	950,465	1,849,369
Total Assets	<u>\$ 1,756,493</u>	<u>\$ 1,940,863</u>	<u>\$ 1,834,034</u>	<u>\$ 1,863,322</u>
Liabilities:				
Due to bondholders	\$ 1,756,493	\$ 1,940,863	\$ 1,834,034	\$ 1,863,322
Total Liabilities	<u>\$ 1,756,493</u>	<u>\$ 1,940,863</u>	<u>\$ 1,834,034</u>	<u>\$ 1,863,322</u>
<u>Community Facilities District #12 - Sierra Lakes</u>				
Assets:				
Receivables (net):				
Assessments	\$ 28,845	\$ 1,928,541	\$ 1,927,758	\$ 29,628
Restricted assets:				
Cash and investments	4,863,600	2,210,985	2,145,138	4,929,447
Total Assets	<u>\$ 4,892,445</u>	<u>\$ 4,139,526</u>	<u>\$ 4,072,896</u>	<u>\$ 4,959,075</u>
Liabilities:				
Due to bondholders	\$ 4,892,445	\$ 4,139,526	\$ 4,072,896	\$ 4,959,075
Total Liabilities	<u>\$ 4,892,445</u>	<u>\$ 4,139,526</u>	<u>\$ 4,072,896</u>	<u>\$ 4,959,075</u>

CITY OF FONTANA
Combining Statement of Changes in Assets and Liabilities
All Agency Funds
For the Year Ended June 30, 2016

Schedule 5
Page 3 of 5

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
<u>Community Facilities District #22 - Sierra Hills South</u>				
Assets:				
Receivables (net):				
Assessments	\$ 19,864	\$ 2,695,875	\$ 2,695,411	\$ 20,328
Restricted assets:				
Cash and investments	4,226,516	4,162,435	3,747,842	4,641,109
Total Assets	<u>\$ 4,246,380</u>	<u>\$ 6,858,310</u>	<u>\$ 6,443,253</u>	<u>\$ 4,661,437</u>
Liabilities:				
Due to bondholders	\$ 4,246,380	\$ 6,858,310	\$ 6,443,253	\$ 4,661,437
Total Liabilities	<u>\$ 4,246,380</u>	<u>\$ 6,858,310</u>	<u>\$ 6,443,253</u>	<u>\$ 4,661,437</u>
<u>Community Facilities District #31 - Citrus Heights North</u>				
Assets:				
Receivables (net):				
Assessments	\$ 41,281	\$ 1,726,289	\$ 1,733,308	\$ 34,262
Restricted assets:				
Cash and investments	3,313,856	2,894,829	2,901,886	3,306,799
Total Assets	<u>\$ 3,355,137</u>	<u>\$ 4,621,118</u>	<u>\$ 4,635,194</u>	<u>\$ 3,341,061</u>
Liabilities:				
Due to bondholders	\$ 3,355,137	\$ 4,621,118	\$ 4,635,194	\$ 3,341,061
Total Liabilities	<u>\$ 3,355,137</u>	<u>\$ 4,621,118</u>	<u>\$ 4,635,194</u>	<u>\$ 3,341,061</u>
<u>Community Facilities District #37 - Montelago</u>				
Assets:				
Receivables (net):				
Assessments	\$ 3,814	\$ 372,732	\$ 367,674	\$ 8,872
Restricted assets:				
Cash and investments	1,111,730	578,256	542,304	1,147,682
Total Assets	<u>\$ 1,115,544</u>	<u>\$ 950,988</u>	<u>\$ 909,978</u>	<u>\$ 1,156,554</u>
Liabilities:				
Due to bondholders	\$ 1,115,544	\$ 950,988	\$ 909,978	\$ 1,156,554
Total Liabilities	<u>\$ 1,115,544</u>	<u>\$ 950,988</u>	<u>\$ 909,978</u>	<u>\$ 1,156,554</u>

CITY OF FONTANA
Combining Statement of Changes in Assets and Liabilities
All Agency Funds
For the Year Ended June 30, 2016

Schedule 5
Page 4 of 5

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
<u>Community Facilities District #70 - Avellino</u>				
Assets:				
Receivables (net):				
Assessments	\$ 656	\$ 241,384	\$ 241,019	\$ 1,021
Restricted assets:				
Cash and investments	355,123	361,962	340,443	376,642
Total Assets	<u>\$ 355,779</u>	<u>\$ 603,346</u>	<u>\$ 581,462</u>	<u>\$ 377,663</u>
Liabilities:				
Due to bondholders	\$ 355,779	\$ 603,346	\$ 581,462	\$ 377,663
Total Liabilities	<u>\$ 355,779</u>	<u>\$ 603,346</u>	<u>\$ 581,462</u>	<u>\$ 377,663</u>
<u>Community Facilities District #71 - Sierra Crest</u>				
Assets:				
Cash and investments	\$ 17,303	\$ 105,361	\$ 25,096	\$ 97,568
Receivables (net):				
Assessments	-	105,234	105,234	-
Total Assets	<u>\$ 17,303</u>	<u>\$ 210,595</u>	<u>\$ 130,330</u>	<u>\$ 97,568</u>
Liabilities:				
Due to bondholders	\$ 17,303	\$ 210,595	\$ 130,330	\$ 97,568
Total Liabilities	<u>\$ 17,303</u>	<u>\$ 210,595</u>	<u>\$ 130,330</u>	<u>\$ 97,568</u>
<u>Trust Deposits</u>				
Assets:				
Cash and investments	\$ 3,193,502	\$ 12,303,035	\$ 10,963,270	\$ 4,533,267
Total Assets	<u>\$ 3,193,502</u>	<u>\$ 12,303,035</u>	<u>\$ 10,963,270</u>	<u>\$ 4,533,267</u>
Liabilities:				
Deposits payable	3,193,502	12,303,035	10,963,270	4,533,267
Total Liabilities	<u>\$ 3,193,502</u>	<u>\$ 12,303,035</u>	<u>\$ 10,963,270</u>	<u>\$ 4,533,267</u>

CITY OF FONTANA
Combining Statement of Changes in Assets and Liabilities
All Agency Funds
CITY OF FONTANA

Schedule 5
Page 5 of 5

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
<u>Totals - All Agency Funds</u>				
Assets:				
Cash and investments	\$ 3,210,805	\$ 12,675,383	\$ 11,071,253	4,814,935
Receivables (net):				
Assessments	312,073	12,400,328	12,419,895	292,506
Restricted assets:				
Cash and investments	23,937,577	17,101,685	19,137,561	21,901,701
Total Assets	<u>\$ 27,460,455</u>	<u>\$ 42,177,396</u>	<u>\$ 42,628,709</u>	<u>\$ 27,009,142</u>
Liabilities:				
Deposits payable	\$ 3,193,502	\$ 12,303,035	\$ 10,963,270	\$ 4,533,267
Due to bondholders	24,266,953	29,874,361	31,665,439	22,475,875
Total Liabilities	<u>\$ 27,460,455</u>	<u>\$ 42,177,396</u>	<u>\$ 42,628,709</u>	<u>\$ 27,009,142</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.	139
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.	146
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				
	2016	2015	2014	2013	2012
Governmental Activities					
Net investment in capital assets	\$ 755,220,959	\$ 691,627,257	\$ 703,125,448	\$ 676,166,540	\$ 672,341,983
Restricted	226,420,563	204,759,026	196,764,945	201,817,790	195,161,021
Unrestricted	3,112,911	(13,247,617)	93,002,321	71,378,200	101,455,109
Total governmental activities net position	<u>984,754,433</u>	<u>883,138,666</u>	<u>992,892,714</u>	<u>949,362,530</u>	<u>968,958,113</u>
Business-type activities					
Net investment in capital assets	\$ 63,050,134	\$ 65,035,187	\$ 62,610,261	\$ 63,626,343	\$ 65,695,817
Unrestricted	23,297,165	23,099,758	27,641,399	28,233,609	29,652,481
Total business-type activities net position	<u>86,347,299</u>	<u>88,134,945</u>	<u>90,251,660</u>	<u>91,859,952</u>	<u>95,348,298</u>
Primary Government					
Net investment in capital assets	818,271,093	756,662,444	765,735,709	739,792,883	738,037,800
Restricted	226,420,563	204,759,026	196,764,945	201,817,790	195,161,021
Unrestricted	26,410,076	9,852,141	120,643,720	99,611,809	131,107,590
Total primary government net position	<u>1,071,101,732</u>	<u>971,273,611</u>	<u>1,083,144,374</u>	<u>1,041,222,482</u>	<u>1,064,306,411</u>
	Fiscal Year				
	2011	2010	2009	2008	2007
Governmental Activities					
Net investment in capital assets	\$ 223,511,085	\$ 210,467,754	\$ 231,561,402	\$ 226,848,487	\$ 133,484,955
Restricted	150,478,343	310,331,309	221,238,043	143,173,855	139,865,801
Unrestricted	185,447,345	30,252,479	94,739,284	152,738,630	136,999,775
Total governmental activities net position	<u>559,436,773</u>	<u>551,051,542</u>	<u>547,538,729</u>	<u>522,760,972</u>	<u>410,350,531</u>
Business-type activities					
Net investment in capital assets	\$ 65,645,477	\$ 65,566,041	\$ 66,461,827	\$ 67,157,200	\$ 53,229,570
Unrestricted	38,838,065	37,796,093	35,851,412	27,566,708	32,135,112
Total business-type activities net position	<u>104,483,542</u>	<u>103,362,134</u>	<u>102,313,239</u>	<u>94,723,908</u>	<u>85,364,682</u>
Primary Government					
Net investment in capital assets	289,156,562	276,033,795	298,023,229	294,005,687	186,714,525
Restricted	150,478,343	310,331,309	221,238,043	143,173,855	139,865,801
Unrestricted	224,285,410	68,048,572	130,590,696	180,305,338	169,134,887
Total primary government net position	<u>663,920,315</u>	<u>654,413,676</u>	<u>649,851,968</u>	<u>617,484,880</u>	<u>495,715,213</u>

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

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Expenses										
Governmental activities:										
General government	\$ 29,336,758	\$ 24,737,274	\$ 23,587,937	\$ 22,932,400	\$ 22,587,697	\$ 22,161,297	\$ 20,438,205	\$ 21,468,410	\$ 21,123,524	\$ 20,023,089
Public safety	77,928,071	76,501,195	70,609,139	65,336,580	65,101,512	64,755,767	66,543,166	66,265,077	45,162,498	39,177,833
Public services	37,524,666	69,996,558	71,174,441	72,603,025	72,025,175	63,180,797	70,750,081	57,090,691	46,747,544	52,324,751
Building & safety	-	-	-	-	-	2,146,444	2,172,818	2,676,376	2,878,998	3,098,713
Community development	9,037,714	3,882,448	3,724,782	27,999,771	25,914,815	36,682,509	74,348,012	34,918,957	40,068,102	32,652,033
Community services	14,762,425	13,474,939	12,928,629	13,072,787	12,897,105	12,458,069	11,566,479	11,053,864	8,367,128	5,717,579
Engineering	21,667,220	14,859,417	20,006,242	5,815,197	6,164,023	8,335,217	15,314,176	12,280,081	9,357,831	14,498,744
Interest on long-term debt	2,153,414	3,105,404	2,866,029	2,974,691	11,724,101	32,678,422	37,910,762	40,582,735	37,400,389	28,070,740
Total governmental activities expenses	<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>	<u>211,106,013</u>	<u>195,563,482</u>
Business-type activities:										
Sewer	18,837,548	18,010,757	16,987,089	15,577,783	14,878,804	15,096,815	14,423,195	13,903,171	12,518,890	11,289,762
Water	44,104	54,805	134,351	550,544	336,943	99,463	123,359	363,901	347,997	130,775
Total business-type activities	<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>	<u>12,866,887</u>	<u>11,420,537</u>
Total primary government expenses	<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>	<u>\$ 223,972,900</u>	<u>\$ 206,984,019</u>
Program Revenues										
Governmental activities:										
Charges for Services:										
General government	6,864,125	7,801,644	7,304,751	6,176,107	7,924,030	2,683,979	3,856,477	4,165,677	4,368,391	1,420,234
Public safety	6,314,166	9,987,259	4,916,477	12,868,006	4,334,408	5,029,644	3,577,408	9,428,484	3,078,650	4,133,533
Public services	19,504,058	18,706,068	16,194,872	20,454,574	16,543,066	15,338,389	17,878,349	21,070,382	21,596,714	19,627,172
Building & safety	-	-	-	-	-	2,183,905	2,221,676	2,146,926	3,282,486	5,509,179
Community development	25,591,414	12,694,452	7,586,953	8,805,067	6,861,863	3,055,406	5,510,881	2,631,731	5,811,401	5,187,266
Community services	7,679,413	6,401,350	5,988,585	7,351,146	6,535,671	5,627,995	4,722,820	4,655,056	4,297,903	1,770,335
Engineering	11,340,644	5,153,433	2,726,083	3,950,637	2,841,546	1,960,933	4,286,993	3,253,334	5,505,366	7,678,326
Operating contributions and grants	4,920,888	5,388,077	13,246,859	23,263,276	27,572,672	17,768,014	19,853,544	11,294,127	29,544,822	11,887,882
Capital contributions and grants	13,763,600	17,231,877	61,605,282	795,729	8,331,145	3,112,947	63,237,670	21,616,243	40,155,626	73,192,764
Total governmental activities program revenues	<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>	<u>117,641,359</u>	<u>130,406,691</u>
Business-type activities:										
Charges for Services:										
Sewer	18,248,953	17,131,593	15,548,412	14,805,929	14,146,207	14,187,533	14,192,122	15,067,205	11,959,402	11,230,343
Water	-	-	-	-	-	264,136	102,648	119,873	4,942	86,141
Capital contributions and grants	651,860	3,486,994	1,069,865	448,472	2,317,114	1,649,550	4,113,563	4,282,504	10,875,624	3,230,902
Total business-type activities program revenues	<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>	<u>22,839,968</u>	<u>14,547,386</u>
Total primary government program revenues	<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>	<u>\$ 140,481,327</u>	<u>\$ 144,954,077</u>
Net (expense)/revenue:										
Governmental activities	(96,431,960)	(123,193,075)	(85,327,337)	(127,069,909)	(135,470,027)	(185,637,310)	(173,897,881)	(166,074,231)	(93,464,654)	(65,156,791)
Business-type activities	19,161	2,553,025	(503,163)	(873,926)	1,247,574	904,941	3,861,779	5,202,510	9,973,081	3,126,849
Total primary government net expense	<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>	<u>\$ (83,491,573)</u>	<u>\$ (62,029,942)</u>

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

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes:										
Property taxes	48,537,350	47,772,343	46,049,227	48,062,073	86,359,792	130,233,578	136,867,880	153,614,330	129,525,447	111,385,617
Sales taxes	38,442,282	34,219,832	31,440,752	29,160,503	27,052,669	23,139,684	20,796,628	23,747,567	25,874,635	25,496,190
Utility users taxes	-	-	-	-	-	2,331	269,243	4,423,024	4,508,933	4,629,332
Franchise taxes	7,042,887	7,428,364	6,276,563	5,882,003	6,519,006	6,040,983	5,922,729	5,697,798	6,210,517	5,251,517
Business license taxes	5,215,605	4,982,546	4,642,711	4,808,167	4,873,281	4,451,626	4,172,294	4,419,498	4,894,650	4,392,647
Transient occupancy taxes	962,089	715,570	704,132	587,452	558,097	573,676	466,951	395,801	459,592	427,651
Motor vehicle in-lieu	82,436	82,854	85,263	102,472	-	960,865	1,263,150	1,475,234	1,678,179	1,707,557
Investment earnings	8,151,890	7,362,672	8,368,054	3,169,063	6,917,905	11,908,258	21,255,521	6,169,763	24,147,847	19,834,880
Other	3,718,814	6,136,697	5,739,599	8,791,729	7,963,170	5,562,597	10,667,644	7,835,120	8,376,554	10,875,592
Gain/(Loss) on sale of capital assets	-	(557,702)	-	(836,248)	-	1,629,150	12,554	113,084	653,842	-
Extraordinary gain/(loss) on dissolution of redevelopment agency	-	-	-	-	404,538,559	-	-	-	-	-
Transfers	2,109,800	1,815,690	1,723,160	2,309,000	2,341,500	276,931	1,794,800	(953,004)	889,026	1,453,100
Total governmental activities	<u>114,263,153</u>	<u>109,958,866</u>	<u>105,029,461</u>	<u>102,036,214</u>	<u>547,123,979</u>	<u>184,779,679</u>	<u>203,489,394</u>	<u>206,938,215</u>	<u>207,219,222</u>	<u>185,454,083</u>
Business-type activities:										
Investment earnings	309,412	250,299	452,288	(305,420)	454,884	493,398	850,016	214,159	1,179,653	1,613,376
Loss on sale of capital assets	-	-	-	-	-	-	(254,590)	-	-	-
Extraordinary gain/(loss) on dissolution of redevelopment agency	-	-	-	-	(8,543,752)	-	-	-	-	-
Transfers	(2,109,800)	(1,815,690)	(1,723,160)	(2,309,000)	(2,341,500)	(276,931)	(1,794,800)	953,004	(889,026)	(1,453,100)
Total business-type activities	<u>(1,800,388)</u>	<u>(1,565,391)</u>	<u>(1,270,872)</u>	<u>(2,614,420)</u>	<u>(10,430,368)</u>	<u>216,467</u>	<u>(1,199,374)</u>	<u>1,167,163</u>	<u>290,627</u>	<u>160,276</u>
Total primary government	<u>\$ 112,462,765</u>	<u>\$ 108,393,475</u>	<u>\$ 103,758,589</u>	<u>\$ 99,421,794</u>	<u>\$ 536,693,611</u>	<u>\$ 184,996,146</u>	<u>\$ 202,290,020</u>	<u>\$ 208,105,378</u>	<u>\$ 207,509,849</u>	<u>\$ 185,614,359</u>
Change in Net Position										
Governmental activities	17,831,193	(13,234,209)	19,702,124	(25,033,695)	411,653,952	(857,631)	29,591,513	40,863,984	113,754,568	120,297,292
Business-type activities	(1,781,227)	987,634	(1,774,035)	(3,488,346)	(9,182,794)	1,121,408	2,662,405	6,369,673	10,263,708	3,287,125
Total primary government	<u>\$ 16,049,966</u>	<u>\$ (12,246,575)</u>	<u>\$ 17,928,089</u>	<u>\$ (28,522,041)</u>	<u>\$ 402,471,158</u>	<u>\$ 263,777</u>	<u>\$ 32,253,918</u>	<u>\$ 47,233,657</u>	<u>\$ 124,018,276</u>	<u>\$ 123,584,417</u>

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

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Fund:										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 43,111,652	\$ 44,124,783	\$ 47,192,564	\$ 7,922,238
Unreserved	-	-	-	-	-	-	40,381,375	44,848,649	52,409,189	54,848,924
Nonspendable	429,023	386,436	203,890	219,415	222,634	39,434,420	-	-	-	-
Restricted	1,087,820	1,158,751	890,753	3,309,252	3,056,765	2,887,380	-	-	-	-
Committed	4,726,998	2,669,111	3,190,424	3,823,671	4,556,330	5,801,236	-	-	-	-
Assigned	34,514,464	21,789,340	19,511,605	17,544,997	17,182,387	18,230,021	-	-	-	-
Unassigned	46,558,441	54,561,190	55,180,619	21,000,677	16,255,088	13,563,171	-	-	-	-
Total	<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>	<u>\$ 99,601,753</u>	<u>\$ 62,771,162</u>
Other Governmental Funds:										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 139,110,955	\$ 126,263,190	\$ 143,775,053	\$ 109,878,366
Unreserved, reported in:										
Special Revenue Funds	-	-	-	-	-	-	65,077,913	86,737,163	73,854,274	63,356,156
Debt Service Funds	-	-	-	-	-	-	(16,222,427)	6,565,715	(3,716,862)	(4,873,837)
Capital Projects Funds	-	-	-	-	-	-	56,643,005	57,324,707	68,340,850	184,080,035
Nonspendable	5,399,718	106,500	55,263,626	144,832,484	131,816,564	192,762,973	-	-	-	-
Restricted	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	107,535,831	94,339,773	35,217,888	41,817,140	47,048,071	52,969,386	-	-	-	-
Unassigned	(24,005,611)	(31,658,357)	(28,160,897)	(36,250,997)	(32,303,611)	(116,991,588)	-	-	-	-
Total Other Governmental Funds	<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>	<u>\$ 282,253,315</u>	<u>\$ 352,440,720</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									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Revenues:										
Taxes	\$ 100,200,213	\$ 95,118,655	\$ 89,113,385	\$ 88,500,198	\$ 125,362,845	\$ 164,441,878	\$ 168,496,012	\$ 192,298,017	\$ 171,473,774	\$ 151,582,954
Licenses and permits	18,626,256	9,457,615	4,014,081	6,312,758	3,935,025	3,039,383	8,034,910	6,637,895	10,019,553	15,607,255
Intergovernmental	20,328,373	26,033,423	31,222,032	43,049,724	37,640,669	23,946,521	28,262,022	27,567,543	19,557,949	27,330,995
Charges for services	26,783,977	16,345,500	10,622,985	10,880,185	10,793,456	7,594,928	9,853,713	6,341,703	11,022,934	11,447,754
Fines and forfeitures	4,472,790	4,780,288	3,114,133	3,989,423	2,351,616	2,547,706	2,200,035	1,754,188	1,588,398	1,894,790
Special assessments	16,040,403	15,760,431	15,531,166	15,324,914	15,229,242	15,170,618	15,329,574	15,345,142	14,327,205	14,122,030
Investment earnings	8,110,868	7,351,178	8,292,701	3,212,107	12,792,165	12,511,646	18,254,434	9,806,464	22,079,166	24,743,406
Contribution from developer	-	-	2,308,611	-	-	-	-	-	3,500,000	-
Contribution from property owners	-	-	-	-	-	-	-	-	-	24,287,613
Other revenue	8,528,720	10,034,327	10,125,947	12,486,725	11,703,354	7,653,560	13,545,165	11,493,041	11,806,474	10,282,127
Total Revenues	203,091,600	184,881,417	174,345,041	183,756,034	219,808,372	236,906,240	263,975,865	271,243,993	265,375,453	281,298,924
Expenditures:										
General government	22,040,327	23,930,630	20,404,087	18,767,425	18,821,954	19,064,060	18,846,220	17,384,887	18,370,173	16,886,024
Public safety	77,542,546	76,649,056	69,930,455	64,854,844	64,442,561	63,809,019	65,080,064	65,150,689	43,948,980	37,842,417
Public works	29,236,066	33,682,886	32,721,384	30,082,698	32,328,157	29,054,582	38,801,759	29,513,590	23,949,285	32,169,122
Building & safety	-	-	-	-	-	2,160,273	2,172,740	2,696,739	2,886,885	3,081,851
Community development	4,048,697	3,928,595	3,720,967	5,748,414	25,874,574	36,404,204	74,055,306	34,659,517	39,787,568	32,345,431
Community services	14,190,508	13,619,422	12,915,801	13,115,209	12,925,751	12,472,879	11,516,416	11,088,558	8,358,502	5,664,005
Engineering	5,180,562	14,928,557	20,009,693	5,838,832	6,186,315	8,361,272	15,311,942	12,314,618	9,373,619	14,481,575
Capital outlay	18,772,727	14,692,362	9,802,816	33,636,349	30,177,022	29,433,396	24,461,501	65,894,357	143,530,646	120,628,859
Debt service:										
Principal	2,025,000	2,450,000	2,335,000	2,215,000	13,470,000	12,870,000	12,375,000	11,985,000	16,232,467	10,979,635
Interest	2,687,661	1,670,241	2,902,744	3,009,441	17,345,629	32,704,008	38,045,485	40,742,969	36,953,579	31,790,516
Payments on refunded bonds - prior	-	3,924,816	-	-	-	-	-	-	-	-
Debt issuance cost	-	624,562	-	-	-	149,118	-	-	985,072	851,734
Total Expenditures	175,724,094	190,101,127	174,742,947	177,268,212	221,571,963	246,482,811	300,666,433	291,430,924	344,376,776	306,721,169
Excess of revenues over (under) expenditures	27,367,506	(5,219,710)	(397,906)	6,487,822	(1,763,591)	(9,576,571)	(36,690,568)	(20,186,931)	(79,001,323)	(25,422,245)

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

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Other financing sources (uses)										
Transfers in	26,797,538	26,579,617	23,890,997	18,754,401	35,008,096	44,581,991	37,978,756	52,094,542	92,457,151	54,604,010
Transfers out	(24,785,743)	(24,919,027)	(22,304,337)	(16,445,401)	(33,044,386)	(44,384,060)	(36,396,641)	(53,047,546)	(92,184,725)	(53,540,610)
Long-term debt issued	-	37,675,000	3,873,854	-	832,213	8,198,714	4,227,578	3,546,250	57,317,884	43,342,889
Premium on bonds issued	-	3,429,057	-	-	-	(53,367)	-	-	801,076	1,769,459
Sale of capital assets	3,184,220	7,011	11,458	4,277	7,708	1,629,150	12,554	113,221	653,842	268,381
Payment to refunded bond escrow agent	-	(40,526,666)	-	-	-	-	-	-	(12,558,563)	-
Total other financing sources (uses)	5,196,015	2,244,992	5,471,972	2,313,277	2,803,631	9,972,428	5,822,247	2,706,467	46,486,665	46,444,129
Extraordinary gain/(loss) on dissolution of redevelopment agency	-	-	-	-	(61,337,045)	-	-	-	-	-
Net change in fund balances	32,563,521	(2,974,718)	5,074,066	8,801,099	(60,297,005)	395,857	(30,868,321)	(17,480,464)	(32,514,658)	21,021,884
Debt service as a percentage of noncapital expenditures	3.0%	2.3%	3.2%	3.6%	16.1%	21.0%	18.3%	23.4%	26.5%	23.0%

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
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%
2008	10,671,276	988,975	1,576,306	1,883,703	467,134	14,653,126	0.7312%
2007	8,644,619	804,785	1,129,222	1,714,396	443,199	11,849,823	0.7554%

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									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
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	0.185	0.185
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	0.171	0.171	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	-	-	-
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	0.0113	0.0109	0.0157	0.0111	0.0153	0.0091	0.0122	0.0209	0.0192	0.0167
Chaffey Union High School	0.0409	0.0294	0.0371	0.0101	0.0194	0.0192	0.0168	0.0162	0.0169	0.0193
Colton Unified School	0.1169	0.0973	0.1187	0.1488	0.1403	0.1304	0.0985	0.0688	0.0806	0.0753
Fontana Unified School District	0.1145	0.1384	0.1516	0.1501	0.1460	0.1375	0.1135	0.1071	0.1054	0.1094
Metropolitan Water Agency - Original	0.0035	0.0035	0.0035	0.0035	0.0037	0.0037	0.0043	0.0043	0.0045	0.0047
Rialto Unified	0.1194	0.0655	0.0704	0.0736	0.0856	0.0788	0.0659	0.0587	0.0536	0.0674
San Bernardino Community College	0.0403	0.0393	0.0419	0.0459	0.0373	0.0467	0.0280	0.0393	0.0127	0.0195
San Bernardino Valley Muni Water	0.1625	0.1625	0.1625	0.1625	0.1650	0.1650	0.1650	0.1650	0.1650	0.1550
Total Tax Rate	1.6093	1.5468	1.6014	1.6056	1.6126	1.5904	1.5042	1.4803	1.4579	1.4673
City Share of 1% levy per Prop 13 ⁽³⁾	0.21785	0.21785	0.21785	0.21785	0.21785	0.21785	0.21785	0.32400	0.03240	0.03240
Redevelopment Rate ⁽⁴⁾	-	-	-	-	1.0037	1.0037	1.0043	1.0043	1.0045	1.0047
Total Direct Rate ⁽⁵⁾	0.2231	0.2231	0.2230	0.7072	0.7072	0.7107	0.7122	0.7110	0.7312	0.7554

(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 2006/07 - 2015/16 Tax Rate Table

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

	2016			2007		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Tax Payer						
San Gabriel Valley Water Company	\$ 153,866,116	1	0.96%	\$ 67,483,674	3	0.57%
Vintage Park East LLC	121,980,229	2	0.76%	-	-	-
Target Corporation	88,195,302	3	0.55%	88,909,647	2	0.75%
Francisco Street LP	84,722,871	4	0.53%	-	-	-
Intex Properties Inland Empire Corp	81,286,443	5	0.51%	43,497,924	10	0.37%
BRE DDR Crocodile Falcon	70,692,309	6	0.44%	-	-	-
North Fontana Investment Company LLC	67,726,969	7	0.42%	66,815,235	4	0.56%
John Hancock Life Insurance Company	58,003,213	8	0.36%	-	-	0.00%
JH Research USA LLC	56,940,809	9	0.36%	-	-	-
10681 Production Avenue LLC	54,732,671	10	0.34%	-	-	-
Operating Engineers Funds Inc.	-	-	-	111,450,857	1	0.94%
Regency Realty Group Inc.	-	-	-	56,010,615	5	0.47%
KB Home Greater Los Angeles	-	-	-	55,272,990	6	0.47%
James Hardie Building Products Inc.	-	-	-	51,335,308	7	0.43%
SC Fontana Development	-	-	-	51,274,156	8	0.43%
Principal Life Insurance Company	-	-	-	45,542,575	9	0.38%
	<u>\$ 838,146,932</u>		5.24%	<u>\$ 637,592,981</u>		5.38%

Source: San Bernardino County Assessor 2015/16 & 2006/07 Combined Tax Rolls

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

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years⁽¹⁾	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
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%
2008	109,322,941	99,812,030	91.30%	N/A	99,812,030	91.30%
2007	90,021,720	86,786,824	96.41%	N/A	86,786,824	96.41%

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	Population ⁽¹⁾	Personal Income ⁽²⁾	General Bonded Debt				Term Loan	Total Primary Government	Percentage of Personal Income	Per Capita
			General Obligation Bonds	Tax Allocation Bonds ⁽³⁾	Limited Obligation Bonds	Total Net General Bonded Debt				
2016	209,895	\$ -	\$ 44,912,760	\$ -	\$ -	\$ 44,912,760	\$ 14,550,345	\$ 59,463,105	-	214
2015	204,312	3,963,623,000	47,050,283	-	-	47,050,283	15,325,997	62,376,280	1.57%	230
2014	202,013	3,834,409,000	53,062,593	-	-	53,062,593	12,214,101	65,276,694	1.70%	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
2008	187,237	3,453,764,000	60,492,177	454,011,088	-	514,503,265	5,280,986	519,784,251	15.05%	2,748
2007	180,720	3,300,967,000	20,392,489	463,948,613	1,470,000	485,811,102	-	485,811,102	14.72%	2,688

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
2016 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⁾	Outstanding General Bonded Debt		Total Net General Bonded Debt	Ratio of Net Bonded Debt to Assessed Valuation	Net Bonded Debt per Capita
			Certificates of Participation	Lease Revenue Bonds			
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
2008	187,237	4,513,150,799	-	60,492,177	60,492,177	1.34%	323
2007	180,720	3,335,536,689	14,665,000	20,392,489	35,057,489	1.05%	194

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, 2016

City Assessed Valuation \$ 15,982,106,642

	Percentage Applicable ⁽¹⁾	Total Debt 6/30/16	Net Bonded Debt
<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>			
Metropolitan Water District	0.536%	\$ 92,865,000	\$ 497,756
Chaffey Community College District	14.787%	149,080,324	22,044,508
San Bernardino Community College District	3.389%	463,914,004	15,722,046
Chaffey Joint Union High School District	8.027%	309,906,255	24,876,175
Colton Joint Unified School District	19.830%	177,191,609	35,137,096
Fontana Unified School District	77.032%	206,850,234	159,340,872
Rialto Unified School District	4.036%	99,471,263	4,014,660
Colton Joint Unified School District Community Facilities District #3	100.000%	5,490,000	5,490,000
Etiwanda School District Community Facilities District #4	100.000%	4,225,000	4,225,000
Etiwanda School District Community Facilities District #7	71.582%	12,280,000	8,790,270
Etiwanda School District Community Facilities District #8	33.021%	6,470,000	2,136,459
Etiwanda School District Community Facilities District #9	20.795%	8,015,000	1,666,719
Etiwanda School District Community Facilities District #2001-1	100.000%	4,150,000	4,150,000
Etiwanda School District Community Facilities District #2004-1	100.000%	19,500,000	19,500,000
City of Fontana Community Facilities Districts	100.000%	95,740,000	95,740,000
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		\$ 1,655,148,689	\$ 403,331,561
<u>DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:</u>			
San Bernardino County General Fund Obligations	8.516%	435,550,000	37,091,438
San Bernardino County Pension Obligations	8.516%	419,370,824	35,713,619
San Bernardino County Flood Control District General Fund Obligat	8.516%	78,165,000	6,656,531
Chaffey Community College District General Fund Obligations	14.787%	11,155,666	1,649,588
Colton Joint Unified School District Certificates of Participation	19.830%	2,853,528	565,855
Fontana Unified School District Certificates of Participation	77.032%	36,045,000	27,766,184
Rialto Unified School District Certificates of Participation	4.036%	5,640,000	227,630
Cucomonga School District Certificates of Participation	4.772%	7,710,000	367,921
City of Fontana Lease Revenue Bonds	100.000%	41,755,000	41,755,000
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		\$ 1,038,245,018	\$ 151,793,768
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT			151,793,768
TOTAL OVERLAPPING DEBT		\$ 2,693,393,707	555,125,328
CITY DIRECT DEBT			44,912,760
TOTAL DIRECT AND OVERLAPPING DEBT			\$ 614,588,433

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				
	2016	2015	2014	2013	2012
Total assessed value of all real and personal property	\$ 15,982,106,642 ⁽²⁾	\$ 15,224,465,093 ⁽²⁾	\$ 13,988,600,102 ⁽²⁾	\$ 13,596,277,647 ⁽²⁾	\$ 4,449,513,025
Debt limit percentage ⁽¹⁾	15%	15%	15%	15%	15%
Total debt limit	2,397,315,996	2,283,669,764	2,098,290,015	2,039,441,647	667,426,954
Amount of debt applicable to debt limit	41,755,000	43,780,000	52,490,000	54,825,000	57,040,000
Legal debt margin	<u>2,355,560,996</u>	<u>2,239,889,764</u>	<u>2,045,800,015</u>	<u>1,984,616,647</u>	<u>610,386,954</u>
Total net debt applicable to the limit as a percentage of debt limit	1.74%	1.92%	2.50%	2.69%	8.55%

	Fiscal Year				
	2011	2010	2009	2008	2007
Total assessed value of all real and personal property	\$ 3,839,710,431	\$ 3,948,026,892	\$ 4,455,821,219	\$ 3,930,547,913	\$ 3,335,536,689
Debt limit percentage ⁽¹⁾	15%	15%	15%	15%	15%
Total debt limit	575,956,565	592,204,034	668,373,183	589,582,187	500,330,503
Amount of debt applicable to debt limit	59,160,000	55,770,000	57,725,000	59,685,000	20,355,000
Legal debt margin	<u>516,796,565</u>	<u>536,434,034</u>	<u>610,648,183</u>	<u>529,897,187</u>	<u>479,975,503</u>
Total net debt applicable to the limit as a percentage of debt limit	10.27%	9.42%	8.64%	9.67%	4.07%

⁽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⁾
2016	209,895	\$ -	\$ -	6.4%
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%
2008	187,237	3,453,764	18,446	8.3%
2007	180,720	3,300,967	18,266	5.8%

Note: 2016 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 Society
⁽³⁾ State of California Employment Development Department

CITY OF FONTANA
PRINCIPAL EMPLOYERS
Current Year and Nine Years Ago

Employer	2016			2007		
	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
Kaiser Hospital & Med. Group	5,430	1	5.63%	6,000	1	9.08%
Fontana Unified School District	5,000	2	5.19%	4,584	2	6.93%
City of Fontana (includes part-time employees)	1,030	3	1.07%	629	3	0.95%
Target Stores (Dayton/Hudson)	621	4	0.64%	-	-	-
Costco Wholesale	333	5	0.35%	-	-	-
U S F Reddaway	320	6	0.33%	-	-	-
Estes West	317	7	0.33%	-	-	-
Sierra Aluminum Company	312	8	0.32%	254	10	0.38%
Crown Technical Systems	297	9	0.31%	-	-	-
Walmart Store #1756	290	10	0.30%	-	-	-
Schneider National Carriers, Inc.	-	-	-	493	4	0.75%
Celestica Corporation	-	-	-	400	5	0.61%
United Natural Foods West, Inc.	-	-	-	349	6	0.53%
Walmart Stores	-	-	-	282	7	0.43%
American Security Products, Inc.	-	-	-	272	8	0.41%
Ameron Steel Fabrication Division	-	-	-	256	9	0.39%
						0.00%
	<u>13,950</u>		<u>14.47%</u>	<u>13,519</u>		<u>20.45%</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>	<u>Full-time Equivalent Employees as of June 30,</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>	<u>2008</u>	<u>2007</u>
General Government										
Administrative Services	5	5	5	5	5	6	6	7	9	9
City Council	7	7	7	7	7	7	7	7	7	7
City Administration	8	8	8	6	8	8	8	8	9	9
Human Resources	8	8	7	6	6	7	7	8	8	8
Information Services	23	23	23	23	22	23	23	23	25	25
Management Services	23	23	23	21	22	23	23	26	28	28
Police										
Officers	194	190	195	197	183	185	187	197	202	200
Civilians	94	93	93	94	90	91	92	94	99	97
Development Services	4	5	4	4	4	5	6	7	8	8
Building and Safety	0	0	0	0	0	20	20	20	28	28
Community Development	29	29	29	29	29	18	17	17	20	20
Engineering	29	29	31	32	32	38	38	41	46	45
Public Works	93	93	93	93	93	91	91	93	98	98
Community Services	46	44	44	43	43	43	44	43	43	40
Redevelopment Agency	0	0	0	0	0	1	1	2	6	7
Total	563	557	562	560	544	566	570	593	636	629

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>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
General Government										
Completed recruitment for full time position	48	37	48	48	20	12	16	21	65	60
New maintenance CFD's/ Annexations formed	1	7	3	1	1	1	0	14	19	19
Police										
Arrests per sworn position	50	54	48	38	38	45	52	62	48	56
Computer Aided Dispatch Entries per Dispatcher	5,353	4,933	4,798	4,798	4,434	4,899	4,944	4,883	4,036	4,540
Number of traffic collision reports processed	3,184	2,576	2,458	2,458	2,349	2,353	2,055	2,508	2,873	2,975
Building and Code Compliance										
Building permits issued	3,400	2,800	2,800	2,500	2,900	2,200	2,600	2,500	4,000	6,436
Building inspections performed	25,000	18,000	18,000	15,000	15,000	15,000	24,000	33,500	47,500	76,304
Public Works										
Miles of pavement rehabilitation	25	15	25	25	38	15	16	14	14	24.5
Graffiti Hotline calls completed	4,400	4,040	3,746	6,716	9,161	9,207	8,836	9,640	9,546	5,519
Potholes filled	17,000	11,000	17,000	17,000	18,312	16,800	16,800	16,800	16,800	6,900
Community Services										
Total Number of Recreation Program Participants	1,764,532	1,729,933	1,647,555	1,863,031	1,059,435	890,091	523,313	532,190	300,137	274,502

Sources: Various City departments
2016/17 Budget Books

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

<u>Function/Program</u>	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Contact stations	2	2	2	2	2	2	2	3	3	3
Engineering										
Traffic signals	189	186	180	173	163	160	147	142	140	140
Public Works										
Lane miles of streets	1,532	1,512	1,525	1,481	1,445	1,405	1,405	1,405	1,308	1,308
Sanitary sewers (miles)	424	422	422	422	414	402	402	402	402	384
Community Services										
Parks	46	44	43	41	41	41	41	41	40	39
Playgrounds	46	44	43	41	39	39	39	39	39	38
Recreation Centers	9	9	9	9	9	9	9	9	9	9

Sources: Various City departments

CITY OF FONTANA

MISCELLANEOUS STATISTICAL INFORMATION

June 30, 2016

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:	529	Highways:	
Sanitary sewers:	424 miles	Interstate	10
Storm drains:	158 miles	Interstate	15
Streetscapes:	547 acres	Interstate	210
Parks:	399 acres	State Highway	60
Bicycle trails:	10 miles	State Highway	66
Police protection:		Rail:	
City of Fontana		Metrolink (Commuter)	
Number of stations	3	Burlington Northern/Santa Fe	
Number of personnel:		Union Pacific	
Sworn	194	Water service:	
Non-sworn	94	Cucamonga County Water District	
City employees (full time):	563	San Gabriel Valley Water Co.	
Fire protection:		West San Bernardino County Water District	
County of San Bernardino		Sewer service:	
Number of stations	7	Inland Empire Utilities Agency	
Number of personnel	105	City of Fontana	
		City of Rialto	
		Education:	
		Elementary Schools	30
		Middle Schools	7
		High Schools	5
		Continuation High Schools	3
		Adult School	1
Source:	City of Fontana Departments 2016/17 Budget Book		