

CITY OF FONTANA



COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDING JUNE 30, 2017

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

City of Fontana California

Acquanetta Warren, Mayor

Jesus "Jesse" Sandoval, Mayor Pro Tem

John B. Roberts, Council Member

Michael Tahan, Council Member

Jesse Armendarez, Council Member

(At Date of Issuance)

Kenneth R. Hunt, City Manager

PREPARED BY CITY OF FONTANA MANAGEMENT SERVICES DEPARTMENT

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

Dawn Brooks, Accounting Manager

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

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City of Fontana

CALIFORNIA

November 29, 2017

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, 2017.

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, 2017, 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, 2017, 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 212,786. 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 568 full-time employees. Services provided include police protection; contract for fire services; the construction and maintenance of highways, streets, and other infrastructure; waste water and sanitation services; and recreational activities and cultural events. In addition to general government activities, the City Council also serves as the

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

The annual budget serves as the foundation for the City of Fontana's financial planning and control. Each year the City Council reviews budget development guidelines for use in preparing the next year's budget. These guidelines are structured to reflect the City Council's goals and objectives and to provide the framework in which the Operating Budget is prepared. The Management Services Department is responsible for compiling the estimated revenues and appropriations for the City Manager. Prior to the beginning of the new fiscal year, the City Council adopts the annual Operating Budget at a public meeting.

The City's budget policy is that all appropriations lapse at fiscal year-end. Outstanding encumbrance balances at fiscal year-end require re-approval by the City Council at the First Quarterly Budget Review. The City Council may amend the budget at any time during the fiscal year. Budget reports are presented to the City Council and the public on a quarterly basis. They include appropriation adjustments and revised revenue projections as needed. The legal level of budgetary control is set at the department level. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriate annual budget has been adopted.

Factors Affecting Financial Condition

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

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

Strong Jobs, Balanced Growth. The Inland Empire has experienced six straight years of job gains; from June 2011 to 2017, the Inland Empire added approximately 247,725 new jobs and forecasts to add another 46,600 jobs by the end of 2017. That is 155,675 (11.9%) more jobs than the pre-recession high in 2007. Unemployment was down slightly from 5.9% in June 2016 to 5.3% in 2017, 0.6% above the U.S. rate of 4.7%. The sectors with the largest job growth were logistics (17.8%) and construction (14.3%). The region's job growth is expected to continue partly due to the area's advantage for blue collar sectors, underdeveloped land, modestly priced labor, and growing population as well as continued growth in health care, and a small addition of jobs in higher paying sectors.

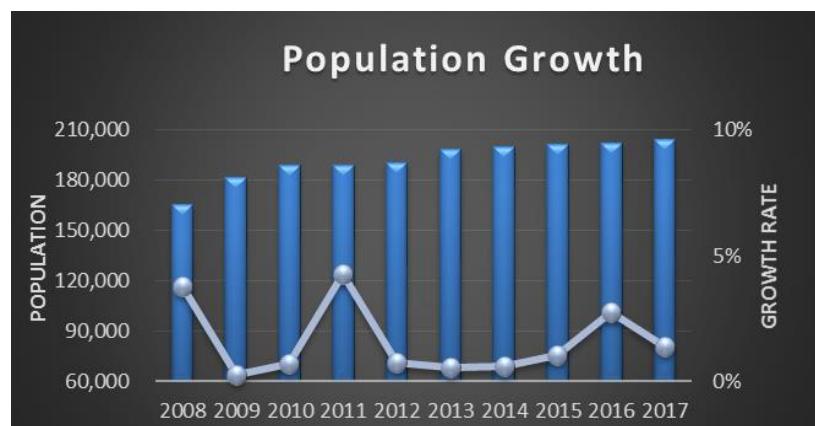
Retail Sales Are Increasing. Taxable sales are a major city revenue source for cities that are in recovery from a steep downturn. Taxable retail sales were up 1.9 percent over the last year within the City, which fell below California's growth of 2.5 percent. The City of Fontana is ranked fifth in taxable retail sales in the Inland Empire with sales of \$3.142 billion.

Housing Market Headed Towards "Normal". The Inland Empire's housing markets, as a whole, remain stuck in a narrow band of home sales that has gone on seven years. Lack of supply is propelling prices which continue to rise sharply in the face of demand that is increasing with the general rise of Southern California's economy and consumer confidence. Affordability is finally returning in the Inland Empire where 51 percent of home buyers can afford the median priced home; however, affordability is still an ongoing issue in the coastal communities where only 21-28 percent of homebuyers can afford a median priced home. This affordability factor is driving buyers inland.

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 5.4 percent to \$17.72 billion. Existing home sales are slow due to a lack of inventory with an increase in volume of only 2.7 percent and new home sales showed a significant increase of 58.4 percent.

Fontana has competitive advantages related to its neighbors in the Inland Empire as it continues to be the westernmost city with available space to accommodate both residential and industrial development. It offers new residents housing cost advantages and companies locating here can benefit from lower labor costs. Fontana has experienced increases in new housing permits for the last 3 years and expect those increases to continue over the next decade.

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



The center of San Bernardino County's growth is moving west into Fontana. The population has grown 17.7 percent over the past ten years and, at 212,786 Fontana is the second largest city in San Bernardino County, the third largest in the Inland Empire, and twentieth in the State. With the constant addition of new residential units in the City, it is expected that the City's population will continue to increase as well and is estimated to exceed 225,000 by the year 2025.

The steep drop in year 2008 is a result of a 10 percent growth in year 2007 after 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 2016-17

- **Financial Strength:** The City of Fontana was rated by "The Fiscal Times" as one of the financially strongest cities in America, finishing second in a field of 116 cities over 200,000 in population.
- **I-15/Baseline Road Interchange:** Celebrated the completion of the new I-15/Baseline Interchange project which 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.
- **Valley Kia:** Successfully negotiated the relocation of Valley Kia to the Auto Center on South Highland.
- **Healthy Fontana Program:** Recognized by the National League of Cities for the Healthy Fontana Program and its work to enhance the goals of the *Let's Move! Cities, Towns and Counties Campaign*.



- **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.
- **Election Districts:** Began process to transition to City Council Election Districts beginning with general election in November 2018.
- **New Fire Apparatus:** The Fontana Fire Protection District added two tiller trucks with 100' ladders to its fleet. These new trucks are assigned to Fire Station No. 71 and Fire Station No. 77

Challenges Ahead

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

- **DOF Denial of OPA Agreement as Enforceable Obligation on ROPS.** The City's General Fund faces a revenue loss of approximately \$2 million annually which began in Fiscal Year 2015-16. The City was successful at trial, but the Department of Finance has filed an appeal. No date has been set.
- **State Budget.** As the state's economy has recovered from the Great Recession, the past four State budgets have significantly expanded government spending. With state revenues lagging expectations, the budget is considerably more constrained than in any year since 2012. Actions being contemplated by the federal government could send the state budget into turmoil. By the time the budget is enacted in June, the economy will have finished its eighth year of expansion, only two years shorter than the longest recovery since World War II. A recession at some point is inevitable.
- **California Public Employees Retirement System (CalPERS).** PERS rates continue to rise each year. The recent reduction of the discount rate assumption from 7.5% to 7.0% will result in a sharper increase in rates beginning with Fiscal Year 2018-19. The City's PERS Rate Stability Reserve is currently funded at \$3.4 million to help smooth out rate spikes.
- **Unfunded Liability.** The annual required contribution to fund the City's retiree health program for both current and future retirees has been calculated to be \$2.5 million (excludes implicit subsidy amount) for the next year. The program has been closed to new hires since 1990.
- **Property Value Reassessments.** The annual Consumer Price Index (CPI) adjustment which provides the basis for changes in assessed valuations state-wide has returned to the 2% level, although properties that have enjoyed Prop 8 valuation reductions are not subject to this limit.
- **Capital Reinvestment Program.** Since 1996/1997, the City Council has been investing a portion of the annual General Fund Budget back into the community in the form of capital projects (streets, parks and facilities), with a goal 10%. A total of \$6.85 million from various funds has been allocated in the FY 2017-18 Operating Budget to this critical area.
- **Proposition 218.** On November 5, 1996, the California electorate approved Proposition 218 affecting a change to the California State Constitution by making numerous changes to local government finance law. This measure impacts the generation and use of many fundamental revenue sources including fees, charges, assessments, and taxes. This proposition also changes the methods by which certain assessments and taxes are challenged by the electorate. The FY 2017-18 Operating Budget fully complies with the provisions of Proposition 218.

- **Services and Growth.** The City of Fontana has experienced significant growth over the past several years. With this growth comes the need to service a growing community. The funding sources for these additional services are revenue growth and the Municipal Services Fiscal Impact Fee Program (MSFIF).
- **The Economy.** While the economy is recovering from the Great Recession, it is a much slower recovery than experienced in the past. The average post-war expansion period is five years, and we are already three years past that which means that another economic downturn could come at any time.

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 27, 2017, the City Council adopted the fiscal year 2017-2018 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 2017, and totaled \$416.2 million for the seven-year fiscal period ending June 30, 2024. 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, 2017, 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, 2017, the City has \$40.7 million in authorized, outstanding tax supported general obligation bonds with no authorized but unissued general obligation bonds. This level of general obligation debt is well below the legal limit of \$2,523 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, 2016. This is the twenty-fourth 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, 2017.

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 black ink, appearing to read "Lisa A. Strong".

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

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

ADMINISTRATIVE STAFF

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



Government Finance Officers Association

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

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

Certificate of Achievement for Excellence in Financial Reporting

Presented to

**City of Fontana
California**

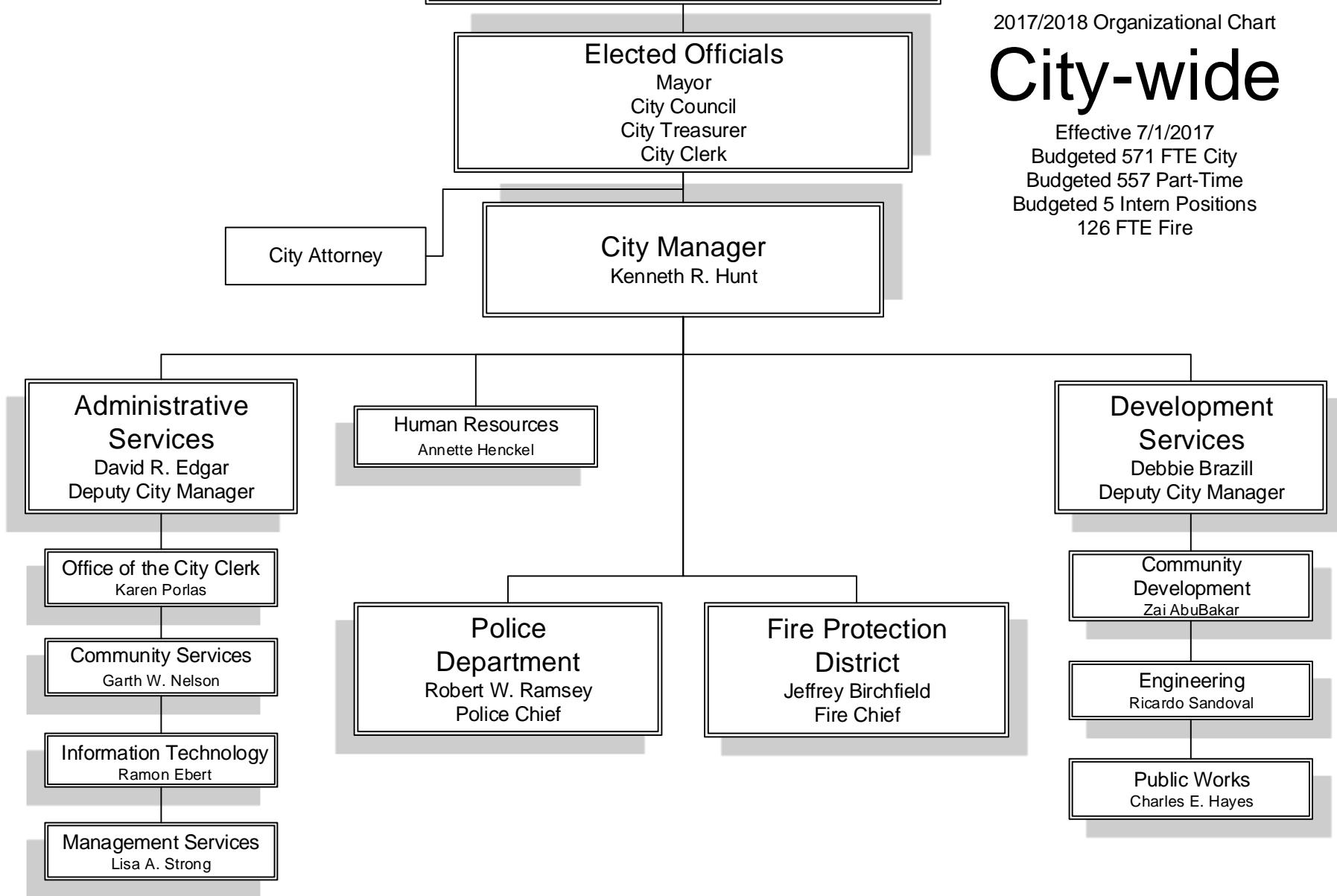
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

A handwritten signature in black ink that reads "Jeffrey P. Evans".

Executive Director/CEO

Citizens of Fontana



City Council
City of Fontana
Fontana, California

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

Independent Auditors' Report

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Fontana, California, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Fontana, California, as of June 30, 2017, 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.

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 29, 2017 on our consideration of the City of Fontana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Fontana's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Davis Fair CPA". The signature is fluid and cursive, with "Davis" and "Fair" being the most prominent parts, and "CPA" appearing at the end.

Irvine, California
November 29, 2017



MANAGEMENT'S DISCUSSION AND ANALYSIS

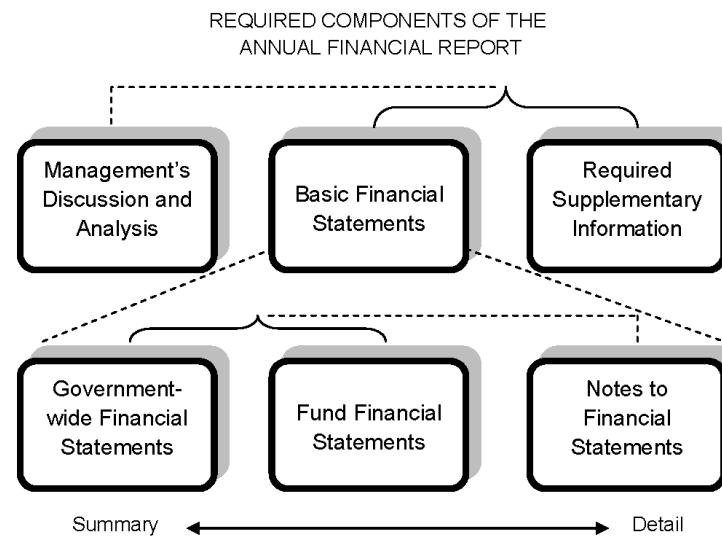
This narrative overview and analysis of the City of Fontana's financial activities for the fiscal year ended June 30, 2017 is presented by the management of the City of Fontana to readers of the City's financial statements. Management encourages readers to consider the information presented here in conjunction 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 \$1,056.4 million as of June 30, 2017 ("current fiscal year"). Of this amount, \$227.1 million represents the portion for restricted uses as specified by entities outside of the City government, \$31.7 million signifies the amount for unrestricted uses in accordance with finance-related legal requirements as reflected in the City's fund structure, and \$797.6 million accounts for investments in capital assets in excess of related debt.
- The City's total net position decreased \$14.7 million during the current fiscal year.
- As of the fiscal year end, the City's Governmental Funds ending fund balances were \$382.2 million, an increase of approximately \$18.4 million or 5.1% from the prior fiscal year. Of this balance, \$195.4 million is either nonspendable or restricted for use set by various legal requirements, \$5.4 million is committed by the City Council for various uses and \$181.4 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 \$85.5 million, a decrease of approximately \$1.9 million or 2.1% from the previous year. This General Fund's fund balance consists of \$1.5 million in nonspendable and restricted fund balance, \$5.4 million committed for the purposes of expenditure control budgeting (ECB) savings (\$2.0 million) and for PERS rate fluctuations (\$3.4 million), and \$78.6 million in assigned and unassigned fund balances. See page 13 for further discussion.
- The City's business-type activities yielded operating revenues of \$1.3 million less than the recorded operating expenses of \$20.8 million.
- General Fund revenues were \$3.5 million less than budget, and expenditures were \$5.4 million less than budget.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

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



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

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

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

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

Component units are included in the basic financial statements and consist of legally separate entities for which the City is financially accountable and that have the same governing board as the City. The blended component units include the Successor Agency of the Former Fontana Redevelopment Agency, the Fontana Public Financing Authority, the Fontana Public Facilities Financing Authority, the Fontana Housing Authority, the Fontana Industrial Development Authority, the Fontana Community Foundation and the Fontana Fire Protection District. The redevelopment agency was dissolved as of January 31, 2012 through the California Supreme Court decision on Assembly Bill 1X26. See Note 16 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, and the Traffic Mitigation Capital Project Fund, which are considered to be major funds. Data for the other 40 governmental funds are combined in a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the non-major funds supplementary section of this report.

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

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

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

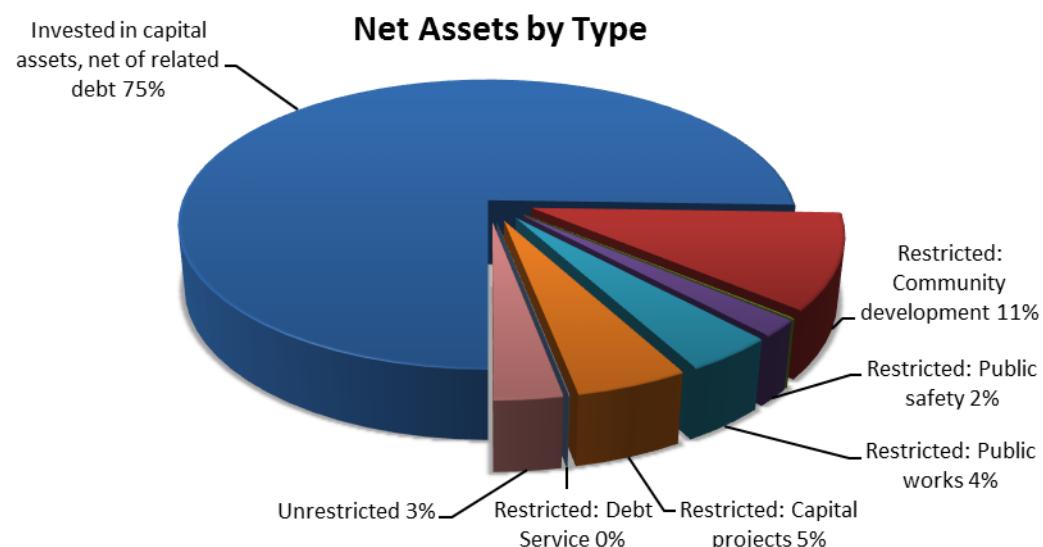
Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements can be found on pages 28-30 of this report.

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

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

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

Government-wide Financial Analysis



As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's net position are comprised of Net Investment in Capital Assets; Restricted Net Position; and Unrestricted Net Position. As of June 30, 2017, assets exceeded liabilities by \$1,056.4 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 \$797.6 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 (\$227.1 million) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$31.7 million) may be used to meet the government's ongoing obligations to citizens and creditors.

Net Position
(000 omitted)

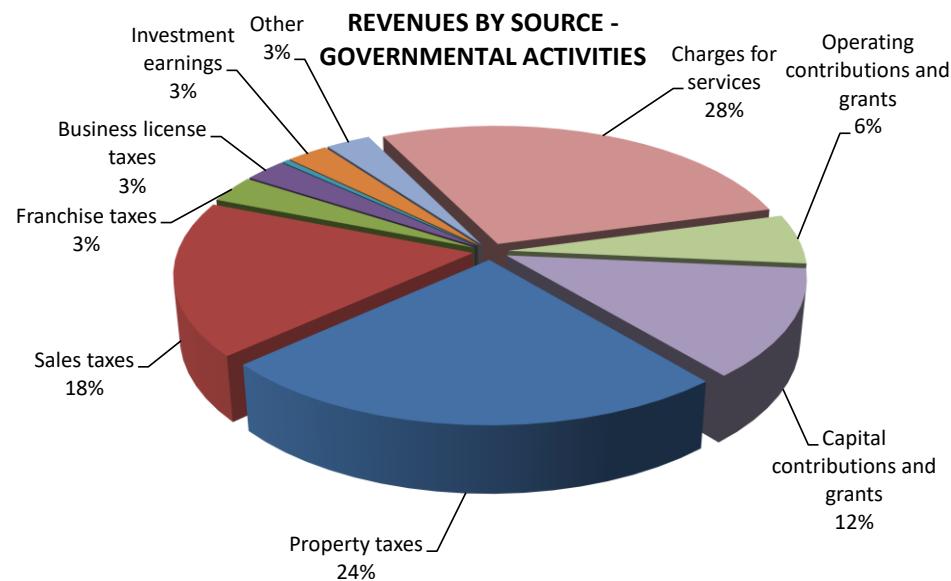
	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 416,922	\$ 403,205	\$ 29,177	\$ 29,787	\$ 446,099	\$ 432,992
Capital assets	782,925	804,008	71,685	73,726	854,610	877,734
Total assets	<u>1,199,847</u>	<u>1,207,213</u>	<u>100,862</u>	<u>103,513</u>	<u>1,300,709</u>	<u>1,310,726</u>
Deferred outflows of resources	27,004	11,345	1,079	368	28,083	11,713
Long-term liabilities outstanding	220,391	191,654	14,190	14,150	234,581	205,804
Other liabilities	28,551	34,226	3,385	3,046	31,936	37,272
Total liabilities	<u>248,942</u>	<u>225,880</u>	<u>17,575</u>	<u>17,196</u>	<u>266,517</u>	<u>243,076</u>
Deferred inflows of resources	5,613	7,923	276	338	5,889	8,261
Net position:						
Net investment in capital assets	735,790	755,221	61,798	63,050	797,588	818,271
Restricted	227,128	226,421	-	-	227,128	226,421
Unrestricted	9,378	3,113	22,292	23,297	31,670	26,410
Total net position	<u>\$ 972,296</u>	<u>\$ 984,755</u>	<u>\$ 84,090</u>	<u>\$ 86,347</u>	<u>\$ 1,056,386</u>	<u>\$ 1,071,102</u>

Changes in Net Position

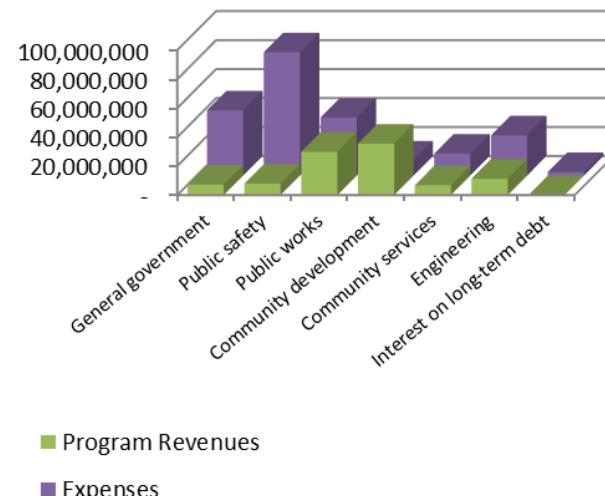
(000 omitted)

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program Revenues:						
Charges for services	\$ 59,748	\$ 77,293	\$ 19,540	\$ 18,249	\$ 79,288	\$ 95,542
Operating grants and contributions	12,213	4,921	-	-	12,213	4,921
Capital grants and contributions	26,540	13,764	1,166	652	27,706	14,416
General Revenues:						
Property taxes	52,097	48,537	-	-	52,097	48,537
Sales tax	37,844	38,442	-	-	37,844	38,442
Franchise taxes	6,680	7,043	-	-	6,680	7,043
Business license taxes	5,714	5,216	-	-	5,714	5,216
Transient occupancy taxes	961	962	-	-	961	962
Motor vehicle in lieu	94	82	-	-	94	82
Investment earnings	5,645	8,152	92	309	5,737	8,461
Other	3,671	3,719	-	-	3,671	3,719
Total revenues	<u>211,207</u>	<u>208,131</u>	<u>20,798</u>	<u>19,210</u>	<u>232,005</u>	<u>227,341</u>
Expenses:						
General Government	45,000	29,337	-	-	45,000	29,337
Public Safety	85,083	77,928	-	-	85,083	77,928
Public Works	40,138	37,525	-	-	40,138	37,525
Community Development	10,382	9,038	-	-	10,382	9,038
Engineering	27,779	21,667	-	-	27,779	21,667
Community Services	15,155	14,762	-	-	15,155	14,762
Interest on long-term debt	2,392	2,153	-	-	2,392	2,153
Sewer	-	-	20,786	18,838	20,786	18,838
Water	-	-	6	44	6	44
Total expenses	<u>225,929</u>	<u>192,410</u>	<u>20,792</u>	<u>18,882</u>	<u>246,721</u>	<u>211,292</u>
Change in net position before transfers	(14,722)	15,721	6	328	(14,716)	16,049
Transfers	2,263	2,110	(2,263)	(2,110)	-	-
Change in net position	(12,459)	17,831	(2,257)	(1,782)	(14,716)	16,049
Net Position - beginning of year as restated	<u>984,755</u>	<u>966,924</u>	<u>86,347</u>	<u>88,129</u>	<u>1,071,102</u>	<u>1,055,053</u>
Net Position - end of year	<u>\$ 972,296</u>	<u>\$ 984,755</u>	<u>\$ 84,090</u>	<u>\$ 86,347</u>	<u>\$ 1,056,386</u>	<u>\$ 1,071,102</u>

Governmental activities



EXPENSES AND PROGRAM REVENUES - GOVERNMENTAL ACTIVITIES



The most significant revenues of the governmental activities are general taxes (48%), which include property taxes (24%), sales and use taxes (18%), and various other taxes and revenues (6%), and investment earnings (3%). Program revenues are 46% of the total revenues of the governmental activities, which include charges for services (28%), operating grants and contributions (6%), and capital grants and contributions (12%).

Public safety (police and fire) is the most significant (38%) of all governmental activities expenses, followed by general government (20%), public works (18%), engineering (12%), community services (7%), community development (4%) and interest on long-term debt (1%). Included in these amounts is depreciation expense, which is 18% of the total expenses for governmental activities.

Governmental activities revenues increased by \$3.2 million (1.5%) in the current fiscal year. The changes in revenues are a result of the following:

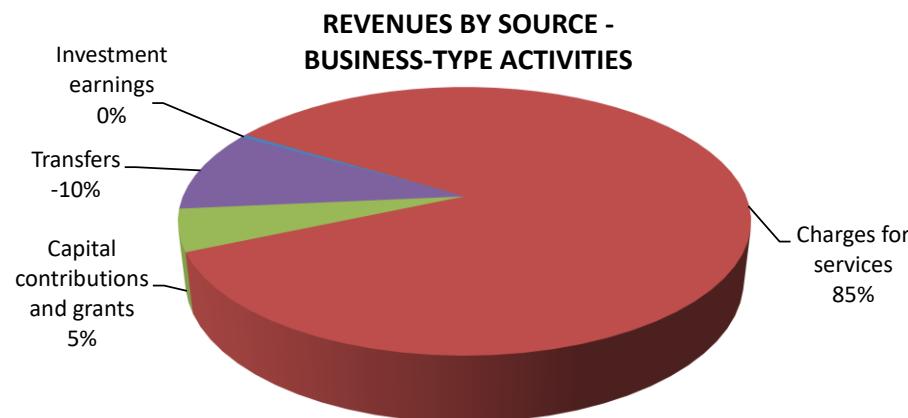
- **General tax revenues** increased by \$3.1 million (3.1%) which is primarily due to economic recovery and increased consumer confidence and spending. Sales tax revenues increased \$3.7 million over prior year, but is off-set by the reduction of the one-time repayment of the Triple-Flip received from the State in the prior year of \$4.2 million, resulting in a total decrease in sales tax revenue of (\$0.5) million. Property tax revenues increased by \$3.6 million as a result of increased property sale transactions and increased assessed valuation.
- **General revenues (not including general taxes)** decreased by \$2.4 million (17%), a result of the unrealized loss recorded at fiscal year-end to recognize the change in the fair value of investments (GASB 31 adjustment).

- **Charges for services** decreased by \$17.5 million (23%) mostly attributed to 1) a decrease in development/permit fees of \$13.0 million due to decreased development activity primarily in the commercial and industrial sectors in the current year, and 2) a decrease in community services revenues of \$3.7 million due to the reclassification of revenue to Operating contributions and grants.
- **Operating contributions and grants** increased by \$7.3 million (148%) primarily due to 1) an increase in community services revenues of \$3.7 million due to the reclassification of revenue from charges for services, 2) decreases in various grant related revenues such as Community Development Block Grant \$1.5 million, Prop 42 Replacement \$0.9 million and Prop 30 Public Safety Fund \$0.2 million.
- **Capital contributions and grants** increased by \$12.8 million (93%) primarily due to the receipt of one time revenues in the current year; \$9.0 million in-lieu payment received from a developer as part of a developer agreement and \$5.7 million in contributions from developer in the form of bond proceeds from Community Facilities District #71 – Sierra Crest. These revenues were off-set by decreases in other revenues such as donated capital (infrastructure) from developers in the amount of \$1.7 million.

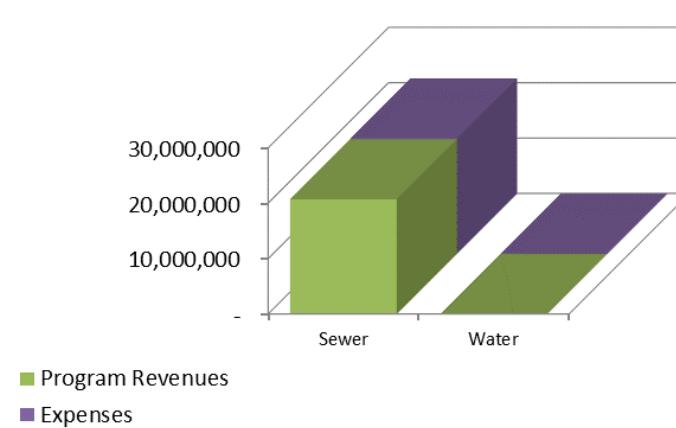
Governmental activities expenses increased by \$33.5 million (17%) in the current fiscal year. The most significant changes in governmental expenses was:

- **General government expenses** increased \$15.7 million (53%); this increase is primarily attributable Human Resources risk expenditures/claims and judgement; the addition of \$12.0 million in claims and judgement expenses in the current year and an additional \$3.8 million in claims and related expenses paid out during the fiscal year.
- **Public safety expenses** increased \$7.2 million (9%); Police expense include increases of \$1.7 million for salaries and benefits, \$2.4 million for net pension obligations. Fire expenses includes an increase of \$1.4 million for the fire services contract with San Bernardino County Fire.
- **Engineering expenses** increased \$6.1 million (28%) as a result of reimbursements in the amount of \$3.6 million made to developers in the form of bond proceeds from a Community Facilities District #71 – Sierra Crest and an increase in non-capital expenses related to traffic congestion relief \$1.3 million and storm drain projects \$1.2 million.

Business-type activities



EXPENSES AND PROGRAM REVENUES - BUSINESS-TYPE ACTIVITIES



Business-type activities net position decreased by \$2.3 million (2.6%).

Business-type activities revenues increased by \$1.6 million (8.3%) in the current fiscal year.

- **Investment earnings** decreased by \$0.2 million (70%), a result of the unrealized loss recorded at fiscal year-end to recognize the change in the fair value of investments (GASB 31 adjustment).
- **Charges for services** increased by \$1.3 million primarily due to an increase in rates charged by other entities such as IEUA and City of Rialto that are collected by the city and passed through to the proper entities.
- **Capital contributions** increased by \$0.5 million (78.9%) primarily due to development activity resulting in infrastructure assets donated to the City by developers.

Total expenses increased \$1.9 million (10%) 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 \$382.2 million, an increase of \$18.4 million (5%) from the previous year. Of this total amount, \$181.4 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 (\$6.1 million), restricted (\$189.3 million) or committed (\$5.4 million) and is not available for new spending. Nonspendable fund balance consists of 1) deposits on account (\$0.1 million) 2) inventories held (\$1.5 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 14 in the Notes to the Basic Financial Statements.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, the assigned fund balance of the general fund was \$24.5 million, while total fund balance reached \$85.5 million, which was \$1.9 million or 2.1% lower than the prior year. The City's management assigns fund balance to a particular function, project or activity and may also be assigned for purposes beyond the current year. However, assigned fund balance is available for appropriation at any time. The General Fund has committed fund balance of \$5.4 for purposes of 1) PERS rate fluctuations (\$3.4 million) and 2) \$2.0 million for expenditure control budgeting incentives.

The fund balance of the City's general fund decreased by \$1.9 million during the current fiscal year. The **General fund revenues** decreased \$1.4 million (1.4%) from the previous fiscal year; this decrease is primarily due to:

- a decrease in development/permit fees of \$0.3 million due to decreased development activity primarily in the commercial and industrial sectors in the current year,
- a decrease in investment earnings of \$0.5 as a result of the unrealized loss recorded at fiscal year-end to recognize the change in the fair value of investments (GASB 31 adjustment), and
- a decrease in other revenue of \$0.5 million related to the Ten-Ninety residual tax increment being sequestered by the State Department of Finance.

General fund expenditures increased \$8.3 million (8.6%) from the previous fiscal year, the increased costs were primarily due to:

- increased personnel costs of \$3.0 million across all departments, and
- additional \$3.8 million in claims and related expenditures paid out during the fiscal year.

The Fire Protection District special revenue fund has a fund balance of \$8.8 million. The Fire Protection District accounts for all of the operating activities of the Fire District. The fund balance decreased \$2.6 million during the current fiscal year; current year expenditures and transfers out (\$34.5 million) exceeded current year revenues and transfer in (\$31.9 million). The decrease is primarily due to an increase in the transfer (\$4.2 million) made to the Fire Capital fund for future equipment replacement. Revenues increased \$2.9 million (10%) as a result of property tax allocations and expenditures increased \$1.4 million (5.6%) 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 \$90.0 million. The fund balance decreased by \$0.1 million during the fiscal year; the decrease is primarily due to the administration of loans and the operations of housing properties.

The Capital Reinvestment fund has a total fund balance of \$12.6 million. The fund balance decreased during the current fiscal year by \$2.0 million. The decrease was caused by completion of projects carried over from the previous fiscal year as well as the completion of the current year projects.

The Future Capital Projects fund has a total fund balance of \$52.3 million. The fund balance decreased during the current fiscal year by \$0.2 million due to the central services costs (cost allocation) paid to the General fund.

The Traffic Mitigation capital project fund has a total deficit fund balance of **(\$17.7)** million. The fund balance increased during the current fiscal year by \$5.7 million as a result of increased development impact fees collected.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the Sewer and Water Operations at the end of the year amounted to \$21.4 million. The total decline in net position was \$2.5 million; the decrease is primarily due to an increase in costs (\$1.8 million) for wastewater handling charges paid to local water districts and a decrease in investment earnings (\$0.2 million) due to lower average monthly cash balances earning interest and the lower interest rates.

General Fund Budgetary Highlights

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

Revenues:

During the year the original budget was amended to increase revenues by \$0.9 million. The increase is primarily due:

- an increase in business license tax revenue (\$0.2 million),
- an increased administrative allowance (\$0.2 million) for the Successor Agency transactions from the State Department of Finance,
- increased fines (\$0.2 million) related to weed abatement and code enforcement violations, and
- increased reimbursements (\$0.3 million) from various customers and agencies for costs incurred.

General Fund revenues of \$98.1 million were less than budgeted revenues of \$101.6 million by \$3.5 million. The negative variance was primarily due to:

- lower than expected property tax revenue (\$0.6 million) revenues,
- lower than expected franchise fees (\$0.6 million)
- lower than expected investment earnings (\$0.3 million), and
- expected revenue related to the Ten-Ninety residual tax increment (\$1.9 million) being sequestered by the State Department of Finance.

Expenditures:

During the year the original budget was amended to increase appropriations by \$8.3 million, the increase in appropriations was due to various requests throughout the fiscal year; such as:

- additional claims settlements and related costs of \$3.4 million,
- increased personnel costs of \$2.3 million across all departments
- \$1.2 million for professional services such as; inspection, plan check services and landscaping services,
- \$1.1 million related to carry over projects and purchase order obligations from the previous fiscal year, and
- \$0.2 million related to a new operating covenant agreement requiring quarterly payments to a local business.

General Fund expenditures were less than budgeted. Of the total appropriations of \$111.3 million, approximately 5.0%, or \$5.4 million were unspent. The majority of the savings (\$3.1 million) was related to personnel costs, due to attrition and under filling of positions and \$1.0 million will be carried over to the next fiscal year for projects and purchase order obligations.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for governmental and business-type activities as of June 30, 2017, amounts to \$854.6 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, vehicles and infrastructure (roads, highways, sewer and storm drain systems). The total decrease in the City's investment in capital assets for the current fiscal year was \$23.1 million (2.6%). Major capital asset events during the current fiscal year included the following:

- Added 9 new vehicles and replaced an additional 25 vehicles in the City's fleet,
- Added 2 new 100' Tiller trucks to the Fire Protection District fleet,
- Upgraded the lighting at the Ralph M. Lewis Sports Park,
- Completed the Catawba Storm Drain Improvement, and
- Completed the Slover Avenue Pavement Rehabilitation.

Capital Assets
(Net of depreciation)
(000 omitted)

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 196,228	\$ 195,756	\$ -	\$ -	\$ 196,228	\$ 195,756
Building and improvements	186,621	197,628	1,337	1,383	187,958	199,011
Machinery and equipment	4,578	4,191	70	90	4,648	4,281
Vehicles	10,930	8,230	-	-	10,930	8,230
Infrastructure	374,067	389,435	69,765	72,076	443,832	461,511
Intangibles	1,490	748	2	4	1,492	752
Construction in progress	9,011	8,020	511	173	9,522	8,193
Total	\$ 782,925	\$ 804,008	\$ 71,685	\$ 73,726	\$ 854,610	\$ 877,734

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 \$234.6 million. This amount is comprised of \$126.7 net pension liability, \$40.7 million of lease revenue bonds which are secured by future revenue sources from the lease of City property and \$67.2 million of various other loans and obligations payable.

Outstanding Debt
(000 omitted)

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Lease revenue bonds	\$ 40,740	\$ 41,755	\$ -	\$ -	\$ 40,740	\$ 41,755
Net pension liability	122,722	104,131	4,026	3,210	126,748	107,341
Claims and judgments	19,092	10,063	-	-	19,092	10,063
Compensated absences	7,988	7,475	277	264	8,265	7,739
Other post employment benefits	22,930	21,198	-	-	22,930	21,198
Other debt	6,919	7,032	9,887	10,676	16,806	17,708
Total outstanding debt	<u>\$ 220,391</u>	<u>\$ 191,654</u>	<u>\$ 14,190</u>	<u>\$ 14,150</u>	<u>\$ 234,581</u>	<u>\$ 205,804</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 2017-18, 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 2017-18 is financially balanced and includes:

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

An increase in budgeted revenues of \$7.5 million (or 7.6%) in the General Fund is primarily attributed to the following:

- an increase in sales tax revenue of \$1.2 million reflecting the positive economic trends seen statewide,
- an increase in property tax revenue of \$1.3 million reflecting a 5% projected increase in city-wide assessed valuation,
- an increase in franchise fees, business and development-related revenues of \$0.6 million reflecting slowly improving economic conditions,
- an increase in other revenues of \$4.6 million of which \$4.5 million is non-recurring
- an increase in contributions from other agencies of \$0.2 million, and
- offset by reductions in reimbursables of \$0.3 million and a reduction to interest of \$0.1 million.

An increase in budgeted expenditures of \$0.4 million or (0.5%) as compared to the Fiscal Year 2016-17 primarily attributed to the following;
Increases

- \$2.2 million contractual obligations related to City staff,
- \$0.2 million for three new positions,
- \$0.5 million of salaries that were previously funded through grants,
- \$0.3 million fleet maintenance cost increases
- \$0.6 million recurring and one-time departmental requests

Decreases

- \$3.4 million for prior year one-time expenditures

An allocation of \$27.2 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, 2017

Exhibit A

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and investments	\$ 275,629,375	\$ 20,851,472	\$ 296,480,847
Receivables:			
Accounts	3,992,266	644,730	4,636,996
Assessments	407,781	-	407,781
Interest	2,674,323	59,706	2,734,029
Loans	77,929,785	6,695,011	84,624,796
Loans to Successor Agency	35,290,995	3,305,829	38,596,824
Allowance for doubtful accounts	(385,949)	(3,310,292)	(3,696,241)
Internal balances	(866,868)	866,868	-
Due from other governments	12,167,074	4,230	12,171,304
Inventories	1,733,131	59,145	1,792,276
Deposits	74,327	-	74,327
Land held for resale	6,405,516	-	6,405,516
Restricted assets:			
Cash with fiscal agent	1,870,610	-	1,870,610
Capital assets not being depreciated	205,239,210	511,279	205,750,489
Capital assets, net of depreciation	577,685,408	71,173,662	648,859,070
Total assets	1,199,846,984	100,861,640	1,300,708,624
Deferred Outflows of Resources:			
Deferred outflows of resources - pension related	27,003,966	1,079,490	28,083,456
Total deferred outflows of resources	27,003,966	1,079,490	28,083,456
Liabilities:			
Accounts payable	10,701,483	2,563,487	13,264,970
Deposits payable	853,017	730,150	1,583,167
Interest payable	690,833	57,475	748,308
Due to other governments	12,550,755	-	12,550,755
Unearned revenue	3,537,939	-	3,537,939
Retentions payable	216,958	34,496	251,454
Noncurrent liabilities:			
Net pension liability	122,721,890	4,025,449	126,747,339
Due within one year	14,846,345	1,059,495	15,905,840
Due in more than one year	82,822,844	9,104,591	91,927,435
Total liabilities	248,942,064	17,575,143	266,517,207
Deferred Inflows of Resources:			
Deferred inflows of resources - pension related	5,612,730	276,172	5,888,902
Net Position:			
Net investment in capital assets	735,790,188	61,798,043	797,588,231
Restricted for:			
Community development	111,707,375	-	111,707,375
Public safety	19,298,486	-	19,298,486
Public works	42,270,700	-	42,270,700
Debt service	524,661	-	524,661
Government-access channel	1,071,523	-	1,071,523
Capital projects	52,255,507	-	52,255,507
Unrestricted	9,377,716	22,291,772	31,669,488
Total net position	\$ 972,296,156	\$ 84,089,815	\$ 1,056,385,971

See accompanying notes to financial statements

CITY OF FONTANA
 Statement of Activities
 For the Year Ended June 30, 2017

Exhibit B

Functions/Programs	Program Revenues					Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	Total	Governmental Activities	Business-type Activities	Total
Governmental activities:								
General government:								
City council and commissions	\$ 313,962	\$ -	\$ -	\$ -	\$ -	\$ (313,962)	\$ -	\$ (313,962)
City administration	9,307,981	-	-	-	-	(9,307,981)	-	(9,307,981)
Management services	6,957,929	2,135,460	-	43,125	2,178,585	(4,779,344)	-	(4,779,344)
Information technology	5,895,024	-	-	-	-	(5,895,024)	-	(5,895,024)
Human resources	22,525,175	5,003,930	-	-	5,003,930	(17,521,245)	-	(17,521,245)
Public safety:								
Police	57,179,943	6,534,229	1,713,757	-	8,247,986	(48,931,957)	-	(48,931,957)
Fire	27,903,130	662,656	-	-	662,656	(27,240,474)	-	(27,240,474)
Public works	40,138,228	18,250,944	3,574,899	7,055,449	28,881,292	(11,256,936)	-	(11,256,936)
Community development	10,381,815	16,883,104	3,466,127	15,157,411	35,506,642	25,124,827	-	25,124,827
Community services	15,155,260	3,265,356	3,458,667	-	6,724,023	(8,431,237)	-	(8,431,237)
Engineering	27,778,614	7,012,662	-	4,283,746	11,296,408	(16,482,206)	-	(16,482,206)
Interest on long-term debt	2,392,153	-	-	-	-	(2,392,153)	-	(2,392,153)
Total governmental activities	<u>225,929,214</u>	<u>59,748,341</u>	<u>12,213,450</u>	<u>26,539,731</u>	<u>98,501,522</u>	<u>(127,427,692)</u>	<u>-</u>	<u>(127,427,692)</u>
Business-type activities:								
Sewer	20,786,533	19,539,503	-	1,166,163	20,705,666	-	(80,867)	(80,867)
Water	6,032	-	-	-	-	-	(6,032)	(6,032)
Total business-type activities	<u>20,792,565</u>	<u>19,539,503</u>	<u>-</u>	<u>1,166,163</u>	<u>20,705,666</u>	<u>-</u>	<u>(86,899)</u>	<u>(86,899)</u>
Total functions/programs	<u><u>\$ 246,721,779</u></u>	<u><u>\$ 79,287,844</u></u>	<u><u>\$ 12,213,450</u></u>	<u><u>\$ 27,705,894</u></u>	<u><u>\$ 119,207,188</u></u>	<u><u>(127,427,692)</u></u>	<u><u>(86,899)</u></u>	<u><u>(127,514,591)</u></u>

General revenues:

Taxes:				
Property taxes, levied for general purpose	52,097,345	-	-	52,097,345
Sales taxes	37,844,293	-	-	37,844,293
Franchise taxes	6,680,065	-	-	6,680,065
Business license taxes	5,714,262	-	-	5,714,262
Transient occupancy taxes	961,122	-	-	961,122
Total taxes	103,297,087	-	-	103,297,087
Intergovernmental, unrestricted:				
Motor vehicle in lieu	94,030	-	-	94,030
Investment earnings	5,645,106	91,915	-	5,737,021
Other	3,670,692	-	-	3,670,692
Transfers	2,262,500	(2,262,500)	-	-
Total general revenues and transfers	114,969,415	(2,170,585)	-	112,798,830
Change in net position	(12,458,277)	(2,257,484)	-	(14,715,761)
Net position at beginning of year	984,754,433	86,347,299	-	1,071,101,732
Net position at end of year	<u>\$ 972,296,156</u>	<u>\$ 84,089,815</u>	<u>\$ 1,056,385,971</u>	

See accompanying notes to financial statements

CITY OF FONTANA
 Balance Sheet
 Governmental Funds
 June 30, 2017

Exhibit C

	Special Revenue						Capital Project			Other Governmental Funds	Total Governmental Funds	
	General		Fire Protection District		Housing Authority		Capital Reinvestment		Future Capital Projects			
Assets:												
Cash and investments	\$ 52,222,070	\$ 8,703,959	\$ 15,594,245	\$ 5,028,325	\$ 11,651,299	\$ 26,474,848	\$ 151,867,544	\$ 271,542,290				
Receivables:												
Accounts	2,161,379	1,500	-	-	-	-	1,826,565	3,989,444				
Assessments	-	-	-	-	-	-	407,781	407,781				
Interest	139,212	18,248	1,806,731	-	30,177	69,603	598,890	2,662,861				
Loans	-	-	68,968,363	-	-	-	8,961,422	77,929,785				
Loans to Successor Agency	29,947,288	-	5,343,707	-	-	-	-	35,290,995				
Allowance for doubtful accounts	(189,651)	-	-	-	-	-	(196,298)	(385,949)				
Due from other funds	419,387	-	-	-	-	-	-	-	419,387			
Due from other governments	7,831,411	155,518	-	-	-	-	-	4,180,003	12,166,932			
Inventories	321,580	-	-	-	-	-	-	1,212,309	1,533,889			
Deposits	74,327	-	-	-	-	-	-	-	74,327			
Land held for resale	-	-	-	4,502,879	-	-	-	1,902,637	6,405,516			
Advances to other funds	-	-	-	3,167,132	40,574,031	-	-	-	43,741,163			
Restricted assets:												
Cash with fiscal agent	376,900	-	76,942	-	-	115,655	1,301,113	1,870,610				
Total assets	<u>\$ 93,303,903</u>	<u>\$ 8,879,225</u>	<u>\$ 91,789,988</u>	<u>\$ 12,698,336</u>	<u>\$ 52,255,507</u>	<u>\$ 26,660,106</u>	<u>\$ 172,061,966</u>	<u>\$ 457,649,031</u>				
Liabilities, Deferred Inflows and Fund Balances:												
Liabilities:												
Accounts payable	\$ 6,350,732	\$ 35,049	\$ 11,376	\$ 111,453	\$ -	\$ 83,222	\$ 3,938,855	\$ 10,530,687				
Deposits payable	308,938	-	4,700	-	-	423,143	116,236	853,017				
Retentions payable	-	-	-	17,213	-	-	115,655	84,090	216,958			
Due to other funds	-	-	-	-	-	-	-	419,387	419,387			
Due to other governments	9,768	-	-	-	-	-	-	12,540,987	12,550,755			
Unearned revenue	-	-	-	-	-	-	-	3,537,939	3,537,939			
Advances from other funds	-	-	-	-	-	43,741,163	-	-	43,741,163			
Total liabilities	<u>6,669,438</u>	<u>35,049</u>	<u>16,076</u>	<u>128,666</u>	<u>-</u>	<u>44,363,183</u>	<u>20,637,494</u>	<u>71,849,906</u>				
Deferred inflows of resources:												
Unavailable revenues	<u>1,184,281</u>	<u>-</u>	<u>1,760,304</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>670,146</u>	<u>3,614,731</u>				
Fund balances:												
Nonspendable	395,907	-	-	4,502,879	-	-	-	1,212,309	6,111,095			
Restricted	1,071,523	8,844,176	90,013,608	-	-	-	-	89,339,544	189,268,851			
Committed	5,414,716	-	-	-	-	-	-	-	5,414,716			
Assigned	24,446,674	-	-	8,066,791	52,255,507	-	-	60,391,325	145,160,297			
Unassigned	54,121,364	-	-	-	-	(17,703,077)	(188,852)	(188,852)	36,229,435			
Total fund balances	<u>85,450,184</u>	<u>8,844,176</u>	<u>90,013,608</u>	<u>12,569,670</u>	<u>52,255,507</u>	<u>(17,703,077)</u>	<u>150,754,326</u>	<u>382,184,394</u>				
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 93,303,903</u>	<u>\$ 8,879,225</u>	<u>\$ 91,789,988</u>	<u>\$ 12,698,336</u>	<u>\$ 52,255,507</u>	<u>\$ 26,660,106</u>	<u>\$ 172,061,966</u>	<u>\$ 457,649,031</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, 2017

Exhibit D

Fund balances of governmental funds	\$ 382,184,394
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets, net of depreciation, have not been included as financial resources in governmental fund activity.	778,864,725
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Deferred outflows are not an available resources and, therefore, are not reported in the funds.	27,003,966
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Long-term liabilities, including net pension liability, are not due and payable in the current period and, therefore, is not recognized in the funds.	(220,391,079)
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Accrued interest payable from the current portion of interest due on long-term debt has not been reported in the governmental funds.	(690,833)
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Deferred inflows represent an acquisition of net position that applies to a future period so it will not be recognized until that time.	(5,612,730)
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An Internal Service Fund is used by management to charge the costs of fleet management to individual funds. The assets and liabilities of the Internal Service Fund must be added to the Statement of Net Position.	7,322,982
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Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	3,614,731
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Net position of governmental activities	<u>\$ 972,296,156</u>
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See accompanying notes to financial statements

CITY OF FONTANA
 Statement of Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds
 For the Year Ended June 30, 2017

Exhibit E

	Special Revenue						Capital Projects			Other Governmental Funds	Totals
	General		Fire Protection District	Housing Authority	Capital Reinvestment	Future Capital Projects	Traffic Mitigation				
	General	Fire Protection District	Housing Authority	Capital Reinvestment	Future Capital Projects	Traffic Mitigation					
Revenues:											
Taxes	\$ 72,723,920	\$ 30,243,520	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 329,647	\$ 103,297,087		
Licenses and permits	4,007,440	638,555	-	-	-	-	-	8,165,486	12,811,481		
Intergovernmental	1,969,909	-	-	-	-	-	-	18,138,667	20,108,576		
Charges for services	6,923,786	24,101	-	-	-	-	6,944,438	5,767,557	19,659,882		
Fines and forfeitures	772,580	-	-	-	-	-	-	3,249,292	4,021,872		
Special assessments	-	-	-	-	-	-	-	16,270,692	16,270,692		
Investment earnings	4,287,795	4,722	309,305	30,717	47,010	119,909	-	824,176	5,623,634		
Contribution from property owners	-	-	-	-	-	-	-	14,728,436	14,728,436		
Other revenue	7,417,977	-	106,550	-	-	-	-	756,307	8,280,834		
Total revenues	<u>98,103,407</u>	<u>30,910,898</u>	<u>415,855</u>	<u>30,717</u>	<u>47,010</u>	<u>7,064,347</u>	<u>68,230,260</u>		<u>204,802,494</u>		
Expenditures:											
Current:											
General government:											
City council and commissions	313,962	-	-	-	-	-	-	-	313,962		
City administration	4,486,366	-	194,006	-	-	-	-	2,778,568	7,458,940		
Management services	2,816,458	-	-	-	-	-	-	4,700	2,821,158		
Information technology	5,664,826	-	-	-	-	-	-	1,044	5,665,870		
Human resources	11,777,980	-	-	-	-	-	-	10,371	11,788,351		
Public safety:											
Police	51,733,654	-	-	-	-	-	-	3,639,329	55,372,983		
Fire	-	25,832,746	-	-	-	-	-	1,078,578	26,911,324		
Public works	11,000,397	-	-	2,697,441	-	-	-	18,226,755	31,924,593		
Community development	3,454,273	-	-	1,815,598	-	-	-	120,625	5,390,496		
Community services	11,252,294	-	-	-	-	-	-	3,190,874	14,443,168		
Engineering	2,662,868	-	-	19,738	-	611,003	7,318,568	10,612,177			
Capital Outlay	678,838	-	-	599,870	-	115,028	10,596,759	11,990,495			
Debt Service:											
Principal	-	-	-	-	-	-	-	1,015,000	1,015,000		
Interest	-	-	-	-	-	-	-	2,405,916	2,405,916		
Total expenditures	<u>105,841,916</u>	<u>25,832,746</u>	<u>194,006</u>	<u>5,132,647</u>	<u>-</u>	<u>726,031</u>	<u>50,387,087</u>		<u>188,114,433</u>		
Excess (deficiency) of revenues over (under) expenditures	<u>(7,738,509)</u>	<u>5,078,152</u>	<u>221,849</u>	<u>(5,101,930)</u>	<u>47,010</u>	<u>6,338,316</u>	<u>17,843,173</u>		<u>16,688,061</u>		
Other Financing Sources (Uses):											
Transfers in	12,942,747	1,006,100	-	3,300,000	-	274,086	11,591,044	29,113,977			
Transfers out	(7,084,035)	(8,671,690)	(339,200)	(173,201)	(255,400)	(926,100)	(9,924,205)	(27,373,831)			
Sale of capital assets	13,235	-	-	-	-	-	-	13,235			
Total other financing sources (uses)	<u>5,871,947</u>	<u>(7,665,590)</u>	<u>(339,200)</u>	<u>3,126,799</u>	<u>(255,400)</u>	<u>(652,014)</u>	<u>1,666,839</u>		<u>1,753,381</u>		
Net change in fund balances	<u>(1,866,562)</u>	<u>(2,587,438)</u>	<u>(117,351)</u>	<u>(1,975,131)</u>	<u>(208,390)</u>	<u>5,686,302</u>	<u>19,510,012</u>		<u>18,441,442</u>		
Fund Balances:											
Beginning of fiscal year	<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>(23,389,379)</u>	<u>131,244,314</u>		<u>363,742,952</u>		
End of fiscal year	<u>\$ 85,450,184</u>	<u>\$ 8,844,176</u>	<u>\$ 90,013,608</u>	<u>\$ 12,569,670</u>	<u>\$ 52,255,507</u>	<u>\$ (17,703,077)</u>	<u>\$ 150,754,326</u>		<u>\$ 382,184,394</u>		

See accompanying notes to financial statements

CITY OF FONTANA

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended June 30, 2017

Exhibit F

Net change in fund balances - total governmental funds	\$ 18,441,442
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.	12,696,224
In the Statement of Activities, only the gain/loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold.	(15,294)
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.	5,569,474
Depreciation expense on capital assets is reported in the Statement of Activities, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in governmental funds.	(40,160,886)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as unavailable revenues in the funds.	(16,489)
The issuance of long-term debt provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	1,015,000
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.	(9,415,978)
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.	1,780,924
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.	(1,731,577)
Adjustments made to the Net Pension Liability do not use current financial resources and, therefore, are not recognized in the funds.	(621,117)
Change in net position of governmental activities	<u>\$ (12,458,277)</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, 2017

Exhibit G
 Page 1 of 3

	Budget Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 72,920,000	\$ 73,201,830	\$ 72,723,920	\$ (477,910)
Licenses and permits	4,095,350	4,095,850	4,007,440	(88,410)
Intergovernmental	1,945,730	2,127,142	1,969,909	(157,233)
Charges for services	6,876,800	6,889,580	6,923,786	34,206
Fines and forfeitures	590,000	768,600	772,580	3,980
Investment earnings	4,384,440	4,384,440	4,287,795	(96,645)
Other revenue	9,881,660	10,112,441	7,417,977	(2,694,464)
Total revenues	<u>100,693,980</u>	<u>101,579,883</u>	<u>98,103,407</u>	<u>(3,476,476)</u>
Expenditures:				
Current:				
General government:				
City council and commissions	264,010	271,310	313,962	(42,652)
City administration	4,368,020	4,693,389	4,486,366	207,023
Management services	2,772,730	2,810,000	2,816,458	(6,458)
Information technology	6,074,340	6,434,106	5,664,826	769,280
Human resources	7,878,590	11,288,055	11,777,980	(489,925)
Public safety:				
Police	51,914,310	53,872,139	51,733,654	2,138,485
Public works	11,613,050	12,067,495	11,000,397	1,067,098
Community development	3,614,590	4,032,835	3,454,273	578,562
Community services	11,524,250	11,542,680	11,252,294	290,386
Engineering	2,506,490	2,857,621	2,662,868	194,753
Capital outlay	391,950	1,388,567	678,838	709,729
Total expenditures	<u>102,922,330</u>	<u>111,258,197</u>	<u>105,841,916</u>	<u>5,416,281</u>
Excess (deficit) of revenues over expenditures	<u>(2,228,350)</u>	<u>(9,678,314)</u>	<u>(7,738,509)</u>	<u>1,939,805</u>
Other Financing Sources (Uses):				
Transfers in	25,756,990	27,273,790	12,942,747	(14,331,043)
Transfers out	(20,154,970)	(21,651,487)	(7,084,035)	14,567,452
Sale of capital assets	500	2,500	13,235	10,735
Total other financing sources (uses)	<u>5,602,520</u>	<u>5,624,803</u>	<u>5,871,947</u>	<u>247,144</u>
Net change in fund balances	3,374,170	(4,053,511)	(1,866,562)	2,186,949
Fund balances - beginning	<u>87,316,746</u>	<u>87,316,746</u>	<u>87,316,746</u>	-
Fund balances - ending	<u>\$ 90,690,916</u>	<u>\$ 83,263,235</u>	<u>\$ 85,450,184</u>	<u>\$ 2,186,949</u>

See accompanying notes to financial statements

CITY OF FONTANA
 Fire Protection District - Special Revenue
 Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended June 30, 2017

Exhibit G
 Page 2 of 3

	Budget Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 28,675,000	\$ 29,175,000	\$ 30,243,520	\$ 1,068,520
Licenses and permits	535,000	535,000	638,555	103,555
Charges for services	12,000	12,000	24,101	12,101
Investment earnings	25,000	25,000	4,722	(20,278)
Total revenues	<u>29,247,000</u>	<u>29,747,000</u>	<u>30,910,898</u>	<u>1,163,898</u>
Expenditures:				
Current:				
Public safety:				
Fire	25,813,370	25,844,382	25,832,746	11,636
Total expenditures	<u>25,813,370</u>	<u>25,844,382</u>	<u>25,832,746</u>	<u>11,636</u>
Excess (deficit) of revenues over expenditures	<u>3,433,630</u>	<u>3,902,618</u>	<u>5,078,152</u>	<u>1,175,534</u>
Other Financing Sources (Uses):				
Transfers in	1,006,100	1,006,100	1,006,100	-
Transfers out	(5,171,690)	(8,671,690)	(8,671,690)	-
Total other financing sources (uses)	<u>(4,165,590)</u>	<u>(7,665,590)</u>	<u>(7,665,590)</u>	<u>-</u>
Net change in fund balances	<u>(731,960)</u>	<u>(3,762,972)</u>	<u>(2,587,438)</u>	<u>1,175,534</u>
Fund balances - beginning	11,431,614	11,431,614	11,431,614	-
Fund balances - ending	<u>\$ 10,699,654</u>	<u>\$ 7,668,642</u>	<u>\$ 8,844,176</u>	<u>\$ 1,175,534</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, 2017

Exhibit G

Page 3 of 3

	Budget Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Investment earnings	\$ 255,000	\$ 355,000	\$ 309,305	\$ (45,695)
Other revenue	6,000	6,000	106,550	100,550
Total revenues	<u>261,000</u>	<u>361,000</u>	<u>415,855</u>	<u>54,855</u>
Expenditures:				
Current:				
General government:				
City administration	272,790	16,150,778	194,006	15,956,772
Capital outlay	-	10,407	-	10,407
Total expenditures	<u>272,790</u>	<u>16,161,185</u>	<u>194,006</u>	<u>15,967,179</u>
Excess (deficit) of revenues over expenditures	<u>(11,790)</u>	<u>(15,800,185)</u>	<u>221,849</u>	<u>16,022,034</u>
Other Financing Sources (Uses):				
Transfers out	(339,200)	(339,200)	(339,200)	-
Total other financing sources (uses)	<u>(339,200)</u>	<u>(339,200)</u>	<u>(339,200)</u>	<u>-</u>
Net change in fund balances	<u>(350,990)</u>	<u>(16,139,385)</u>	<u>(117,351)</u>	<u>16,022,034</u>
Fund balances - beginning	90,130,959	90,130,959	90,130,959	-
Fund balances - ending	<u>\$ 89,779,969</u>	<u>\$ 73,991,574</u>	<u>\$ 90,013,608</u>	<u>\$ 16,022,034</u>

See accompanying notes to financial statements

CITY OF FONTANA
 Statement of Net Position
 Proprietary Funds
 June 30, 2017

Exhibit H

	Business-type Activities			Governmental Activities	
	Enterprise Funds			Internal Service Fund -	
	Sewer Operations	Non-Major Enterprise Fund - Water Operations	Totals	Fleet Operations	
Assets:					
Current Assets:					
Cash and investments	\$ 20,511,882	\$ 339,590	\$ 20,851,472	\$ 4,087,085	
Accounts receivables	644,730	-	644,730	2,822	
Interest receivable	58,709	997	59,706	11,462	
Loans receivable	5,104,226	1,590,785	6,695,011	-	
Loans to Successor Agency	3,305,829	-	3,305,829	-	
Allowance for doubtful accounts	(3,310,292)	-	(3,310,292)	-	
Due from other governments	4,230	-	4,230	142	
Inventories	59,145	-	59,145	199,242	
Total current assets	<u>26,378,459</u>	<u>1,931,372</u>	<u>28,309,831</u>	<u>4,300,753</u>	
Noncurrent Assets:					
Capital assets, not being depreciated	511,279	-	511,279	-	
Capital assets, net of depreciation	71,173,662	-	71,173,662	4,059,893	
Total noncurrent assets	<u>71,684,941</u>	<u>-</u>	<u>71,684,941</u>	<u>4,059,893</u>	
Total assets	<u>\$ 98,063,400</u>	<u>\$ 1,931,372</u>	<u>\$ 99,994,772</u>	<u>\$ 8,360,646</u>	
Deferred Outflows of Resources:					
Deferred outflows of resources - pension related	<u>1,079,490</u>	<u>-</u>	<u>1,079,490</u>	<u>-</u>	
Liabilities:					
Current Liabilities:					
Accounts payable	\$ 2,563,459	\$ 28	\$ 2,563,487	\$ 170,796	
Deposits payable	730,150	-	730,150	-	
Interest payable	57,475	-	57,475	-	
Retentions payable	34,496	-	34,496	-	
Compensated absences payable - current	255,709	-	255,709	-	
Loans payable - current	803,786	-	803,786	-	
Total current liabilities	<u>4,445,075</u>	<u>28</u>	<u>4,445,103</u>	<u>170,796</u>	
Noncurrent Liabilities:					
Compensated absences payable	21,479	-	21,479	-	
Loans payable	9,083,112	-	9,083,112	-	
Net pension liability	4,025,449	-	4,025,449	-	
Total noncurrent liabilities	<u>13,130,040</u>	<u>-</u>	<u>13,130,040</u>	<u>-</u>	
Total liabilities	<u>17,575,115</u>	<u>28</u>	<u>17,575,143</u>	<u>170,796</u>	
Deferred Inflows of Resources:					
Deferred inflows of resources - pension related	<u>276,172</u>	<u>-</u>	<u>276,172</u>	<u>-</u>	
Net Position:					
Net investment in capital assets	61,798,043	-	61,798,043	4,059,893	
Unrestricted	<u>19,493,560</u>	<u>1,931,344</u>	<u>21,424,904</u>	<u>4,129,957</u>	
Total net position	<u>\$ 81,291,603</u>	<u>\$ 1,931,344</u>	<u>\$ 83,222,947</u>	<u>\$ 8,189,850</u>	
Reconciliation of Net Position to the Statement of Net Position					
Net Position per Statement of Net Position - Proprietary Funds			83,222,947		
Accumulated adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			<u>866,868</u>		
Net position per Statement of Net Position			<u>\$ 84,089,815</u>		

See accompanying notes to financial statements

CITY OF FONTANA
 Statement of Revenues, Expenses and Changes in Fund Net Position
 Proprietary Funds
 For the Year Ended June 30, 2017

Exhibit I

	Business-type Activities Enterprise Funds			Governmental Activities
	Non-Major Enterprise Fund -		Internal Service Fund - Fleet Operations	
	Sewer Operations	Water Operations		
Operating Revenues:				
Charges for services	\$ 19,448,028	\$ -	\$ 19,448,028	\$ 5,161,637
Other revenue	91,475	-	91,475	135,568
Total revenues	<u>19,539,503</u>	<u>-</u>	<u>19,539,503</u>	<u>5,297,205</u>
Operating Expenses:				
Personnel costs	2,840,900	-	2,840,900	748,880
Operating costs	923,937	-	923,937	1,372,013
Contractual	14,023,305	6,032	14,029,337	512,986
Depreciation	2,997,762	-	2,997,762	1,185,807
Total operating expenses	<u>20,785,904</u>	<u>6,032</u>	<u>20,791,936</u>	<u>3,819,686</u>
Operating income (loss)	<u>(1,246,401)</u>	<u>(6,032)</u>	<u>(1,252,433)</u>	<u>1,477,519</u>
Non-Operating Revenues (Expenses):				
Investment earnings	90,064	1,851	91,915	21,472
Interest payments	(200,444)	-	(200,444)	-
Gain (loss) on sale of capital assets	-	-	-	(40,606)
Total non-operating revenues (expenses)	<u>(110,380)</u>	<u>1,851</u>	<u>(108,529)</u>	<u>(19,134)</u>
Income (loss) before contributions and transfers	<u>(1,356,781)</u>	<u>(4,181)</u>	<u>(1,360,962)</u>	<u>1,458,385</u>
Capital contributions - connection fees	1,166,163	-	1,166,163	-
Transfers in	-	-	-	522,354
Transfers out	<u>(2,262,500)</u>	<u>-</u>	<u>(2,262,500)</u>	<u>-</u>
Change in net position	<u>(2,453,118)</u>	<u>(4,181)</u>	<u>(2,457,299)</u>	<u>1,980,739</u>
Net Position:				
Beginning of fiscal year	<u>83,744,721</u>	<u>1,935,525</u>	<u>85,680,246</u>	<u>6,209,111</u>
Net position at end of year	<u>\$ 81,291,603</u>	<u>\$ 1,931,344</u>	<u>\$ 83,222,947</u>	<u>\$ 8,189,850</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			(2,457,299)	
Adjustment to reflect the consolidation of internal service activities related to enterprise funds			199,815	
Changes in Net Position of Business-Type Activities per Statement of Activities			<u>\$ (2,257,484)</u>	

See accompanying notes to financial statements

CITY OF FONTANA
 Statement of Cash Flows
 Proprietary Funds
 For the Year Ended June 30, 2017

Exhibit J

	Business-type Activities			Governmental Activities	
	Enterprise Funds			Internal Service	
	Sewer Operations	Non-Major Enterprise Fund - Water Operations	Totals	Fund - Fleet Operations	Operations
Cash Flow from Operating Activities:					
Cash received from customers	\$ 19,891,904	\$ -	\$ 19,891,904	\$ 5,303,168	
Cash payments to suppliers of goods and services	(14,624,978)	(7,087)	(14,632,065)	(1,942,520)	
Cash payments to employees for services	(2,785,111)	-	(2,785,111)	(748,880)	
Net cash provided by (used for) operating activities	2,481,815	(7,087)	2,474,728	2,611,768	
Cash Flows from Noncapital Financing Activities:					
Transfers received	-	-	-	522,354	
Transfers paid	(2,262,500)	-	(2,262,500)	-	
Net cash provided by (used for) noncapital financing activities	(2,262,500)	-	(2,262,500)	522,354	
Cash Flows from Capital and Related Financing Activities:					
Payments for debt service - principal payments	(789,593)	-	(789,593)	-	
Payments for debt service - interest payments	(195,225)	-	(195,225)	-	
Capital contributions	1,166,163	-	1,166,163	-	
Acquisition and construction of capital assets	(956,078)	-	(956,078)	(2,053,953)	
Net cash provided by (used for) capital and related financing activities	(774,733)	-	(774,733)	(2,053,953)	
Cash Flows from Investing Activities:					
Investment earnings	277,384	73,133	350,517	17,348	
Net cash provided by investing activities	277,384	73,133	350,517	17,348	
Net increase (decrease) in cash and cash equivalents	(278,034)	66,046	(211,988)	1,097,517	
Cash and cash equivalents - beginning of year	20,789,916	273,544	21,063,460	2,989,568	
Cash and cash equivalents - end of year	\$ 20,511,882	\$ 339,590	\$ 20,851,472	\$ 4,087,085	
Reconciliation of Operating Income to Net Cash Provided by (Used for) Operating Activities:					
Operating Income (Loss)	\$ (1,246,401)	\$ (6,032)	\$ (1,252,433)	\$ 1,477,519	
Adjustments to Reconcile Operating Income (Loss) to Net Cash					
Provided (Used) by Operating Activities:					
Depreciation	2,997,762	-	2,997,762	1,185,807	
Changes in Assets and Liabilities:					
Accounts receivable	335,006	-	335,006	6,056	
Due from other governments	8,902	-	8,902	(93)	
Inventories	(4,645)	-	(4,645)	23,421	
Deferred outflows - pension related	(711,014)	-	(711,014)	-	
Accounts payable	306,091	(1,055)	305,036	(80,942)	
Deposits payable	8,493	-	8,493	-	
Accrued compensated absences	13,132	-	13,132	-	
Due to other governments	-	-	-	-	
Unearned revenue	-	-	-	-	
Retentions payable	20,818	-	20,818	-	
Deferred inflows - pension related	(62,139)	-	(62,139)	-	
Net pension liability	815,810	-	815,810	-	
Net cash provided by (used for) operating activities	\$ 2,481,815	\$ (7,087)	\$ 2,474,728	\$ 2,611,768	
Schedule of Noncash Investing and Capital and Noncapital Financing Activities					
Noncash Investing Activities - Changes in fair value of investments	\$ (44,776)	\$ (742)	\$ (45,518)	\$ -	

See accompanying notes to financial statements

CITY OF FONTANA
 Statement of Fiduciary Net Position
 Fiduciary Funds
 June 30, 2017

Exhibit K

	Agency Funds	Private Purpose Trust Fund	
		Successor Agency of the Former RDA	
Assets:			
Cash and investments	\$ 6,165,203	\$ 22,750,482	
Receivables (net):			
Assessments	245,971		-
Interest	-	1,215,537	
Loans receivable	-	3,400,988	
Allowance for doubtful accounts	-	(1,971,279)	
Restricted assets:			
Cash and investments	22,394,174	9,828,724	
Total assets	<u>\$ 28,805,348</u>	<u>\$ 35,224,452</u>	
Liabilities:			
Accounts payable	\$ -	\$ 717	
Deposits payable	5,751,673	1,779	
Interest payable	-	4,529,694	
Due to bondholders	23,053,675		-
Long-term liabilities:			
Due in one year	-	15,722,180	
Due in more than one year	-	539,180,907	
Total liabilities	<u>\$ 28,805,348</u>	<u>559,435,277</u>	
Net Position:			
Held in trust for other purposes		(524,210,825)	
Total Net Position		<u>\$ (524,210,825)</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, 2017

Exhibit L

	Private Purpose Trust Fund
	<u>Successor Agency of the Former RDA</u>
Additions:	
Contributions from other governments	\$ 56,476,389
Interest and change in fair value of investments	80,403
Other revenue	<u>147,816</u>
Total additions	<u>56,704,608</u>
Deductions:	
Administrative expenses	29,009
Interest expense	31,489,851
Contractual services	649,599
Contributions to other governments	<u>1,525,519</u>
Total deductions	<u>33,693,978</u>
Changes in net position	23,010,630
Net Position - Beginning of the Year	<u>(547,221,455)</u>
Net Position - End of the Year	<u>\$ (524,210,825)</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 financials statements are not available for the Authority.

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

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

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

b. Government-Wide and Fund Financial Statements

The government-wide financial statements include a statement of net position and a statement of activities. These statements present summaries of governmental and business-type activities for the City accompanied by a total column. Fiduciary activities of the City are not included in these statements. For the most part, the effect of interfund activities has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

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

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

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

CITY OF FONTANA
Notes to the Financial Statements

regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

The City's fiduciary funds consist of agency funds and a private purpose trust fund. Agency funds are used to account for situations where the government's role is purely custodial. All assets reported in an agency fund are offset by a liability to the part on whose behalf they are held. Agency funds have no measurement focus. Private purpose trust funds are accounted for using the *economic resources measurement focus* and the *accrual basis of accounting*. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

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

The City reports the following major governmental funds:

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

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

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

The Capital Reinvestment Fund accounts for discretionary infrastructure projects.

The Future Capital Projects Fund accounts for capital improvement reimbursements from the San Bernardino Associated Governments (SANBAG) that is used for general infrastructure improvements throughout the City.

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

CITY OF FONTANA
Notes to the Financial Statements

The City reports the following major proprietary fund:

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

Additionally, the City reports the following fund types:

Governmental Fund Types

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

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

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

Proprietary Fund Types

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

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

Fiduciary Fund Types

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

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

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

CITY OF FONTANA
Notes to the Financial Statements

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

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

d. Assets, Liabilities and Net Position or Fund Balance

Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments for the City are reported at fair value. The City's policy is generally to hold investments until maturity or until fair value equal or exceed cost. The State Treasurer's Investment Pool operates in accordance with appropriate State laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Fair Value Measurements

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

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

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

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

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

CITY OF FONTANA
Notes to the Financial Statements

Receivables and Payables

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

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

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

Functional Classifications

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

General Government includes legislative activities which have a primary objective of providing legal and policy guidelines for the City. Also included in this classification are those activities which provide management or support services across more than one functional area.

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

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

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

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

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

Inventories, Prepays and Land Held for Resale

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

CITY OF FONTANA
Notes to the Financial Statements

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

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

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

Restricted Assets

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

Capital Assets

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

In accordance with GASB 34, the City has reported general infrastructure assets acquired in prior and current years. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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

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

Deferred Outflows/Inflows of Resources

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

CITY OF FONTANA
Notes to the Financial Statements

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

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

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

Compensated Absences

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

Long-Term Obligations

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

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

Pensions

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

CITY OF FONTANA
Notes to the Financial Statements

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

Valuation Date (VD)	June 30, 2015
Measurement Date (MD)	June 30, 2016
Measurement Period (MP)	June 30, 2015 to June 30, 2016

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 \$220,391,079 long-term liabilities difference is as follows:

CITY OF FONTANA
Notes to the Financial Statements

Lease revenue bonds payable	\$ 40,740,000
Loan payables	3,873,854
Claims and judgments	19,091,925
Compensated absences	7,988,442
Other post employment benefits	22,929,731
Net pension liability	122,721,890
Bond premium to be amortized	<u>3,045,237</u>
Net adjustment to reduce <i>fund balances of governmental funds</i> to arrive at <i>net position of governmental activities</i>	<u>\$ 220,391,079</u>

Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation states that “the issuance of long-term debt provides current financial resources to governmental funds, but the issuing debt increases long-term liabilities in the statement of net position.” Repayment of bond principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position.” The detail of this \$1,015,000 difference are as follows:

Principal repayments:	
Lease revenue bonds	<u>\$ 1,015,000</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>\$ 1,015,000</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 \$9,415,977 are as follows:

Claims and judgments	\$ (9,028,565)
Compensated absences	(513,698)
Accrued Interest	13,763
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>\$ (9,415,977)</u>

CITY OF FONTANA
Notes to the Financial Statements

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, 2017. 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 \$110,939,944. 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	\$ 313,962	\$ 271,310	\$ 42,652
Management services	2,816,458	2,810,000	6,458
Human resources	11,777,980	11,288,055	489,925

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, 2017.

Budgetary comparison schedules not presented for the Down Payment Assistance special revenue fund and Prop 1B special revenue fund as they did not have a legally adopted annual budgets. 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, 2017, the following funds had deficit fund balances:

Special Revenue Funds:	
Grants	\$ (188,391)
Federal Law Enforcement Block Grant	(461)
Capital Project Funds:	
Traffic Mitigation	(17,703,077)

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

CITY OF FONTANA
Notes to the Financial Statements

III. DETAILED NOTES ON ALL FUNDS

Note 3. Cash and Investments

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

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

	<u>Restricted Assets</u>				
	<u>Cash and Investments</u>	<u>Cash with</u>			
		<u>Fiscal Agent</u>	<u>Total</u>		
Governmental activities	\$ 275,629,375	\$ 1,870,610	\$ 277,499,985		
Business-type activities	20,851,472	-	20,851,472		
Fiduciary funds	<u>28,915,685</u>	<u>32,222,898</u>	<u>61,138,583</u>		
	<u>\$ 325,396,532</u>	<u>\$ 34,093,508</u>	<u>\$ 359,490,040</u>		

Investments and Interest Receivable – Restricted

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

CITY OF FONTANA
Notes to the Financial Statements

Authorized Investments

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

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

It is the City's policy not to invest in Small Business Administration Obligations (SBAs), Repurchase Agreements, Reverse Repurchase Agreements, Financial Futures and Financial Option Contracts, or California State and Local Agency Obligations even though such investments are authorized under the California Government Code. All investments present at June 30, 2017 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, 2017, the carrying amount of the City's deposits was \$35,113,727 and the bank balance was \$38,289,934. The \$3,176,207 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, 2017, the City's investment in medium term notes, federal securities and money market funds consisted of the following:

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

As of June 30, 2017, 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, 2017, 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.

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

With respect to concentration risk, as of June 30, 2017, the City is in compliance with the restrictions of the investment policy.

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, 2017, the City has investments with the following issuers which exceed 5% of the total investment value:

Federal National Mortgage Association (FNMA)	\$ 105,646,360	32.569%
Federal Home Loan Bank Note (FHLB)	44,035,580	13.575%
Federal Home Loan Mortgage Corp. (FHLMC)	29,825,700	9.195%

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, 2017, the City had the following investments and maturities:

CITY OF FONTANA
Notes to the Financial Statements

	Investment Maturities						
	6 months or less	6 months to 1 year	1 to 3 years	3 to 5 years	More than 5 years		Fair Value
U.S Government Securities	\$ -	\$ 45,916,210	\$ 58,555,580	\$ 75,035,850	\$ -		\$ 179,507,640
Corporate Obligations	-	10,006,750	-	-	-		10,006,750
State Investment Pool	65,367,529	-	-	-	-		65,367,529
Mutual Funds	67,140,373	-	-	-	-		67,140,373
Investment Contracts	-	-	-	914,120	1,439,902		2,354,022
	<u>\$ 132,507,902</u>	<u>\$ 55,922,960</u>	<u>\$ 58,555,580</u>	<u>\$ 75,949,970</u>	<u>\$ 1,439,902</u>		<u>\$ 324,376,314</u>

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, 2017:

Investments Measured at Fair Value

	Fair Value Hierarchy			
	Level 1	Level 2	Level 3	Total Fair Value
U.S Government Securities	\$ -	\$ 179,507,640	\$ -	\$ 179,507,640
Corporate Obligations	-	10,006,750	-	10,006,750
Total investments measured at fair value	\$ -	\$ 189,514,390	\$ -	\$ 189,514,390

Investments Not Reported in Fair Value Hierarchy

	Net Asset Value
Mutual Funds	\$ 67,140,373
Guarenteed Investment Contracts	2,354,022
State Investment Pool (LAIF)	<u>65,367,529</u>
Total investments not reported in fair value hierarchy	\$ 134,861,924

Total investments held

\$ 324,376,314

CITY OF FONTANA
Notes to the Financial Statements

Note 4. Receivables

Receivables as of June 30, 2017, 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	\$ 2,161,379	\$ 1,500	\$ -	\$ -	\$ -	\$ 1,826,565
Assessments	-	-	-	-	-	407,781
Interest	139,212	18,248	1,806,731	30,177	69,603	598,890
Loans	-	-	68,968,363	-	-	8,961,422
Loans to Successor Agency	29,947,288	-	5,343,707	-	-	-
	<u>\$ 32,247,879</u>	<u>\$ 19,748</u>	<u>\$ 76,118,801</u>	<u>\$ 30,177</u>	<u>\$ 69,603</u>	<u>\$ 11,794,658</u>
Less allowance for doubtful accounts	189,651	-	-	-	-	196,298
	<u>\$ 32,058,228</u>	<u>\$ 19,748</u>	<u>\$ 76,118,801</u>	<u>\$ 30,177</u>	<u>\$ 69,603</u>	<u>\$ 11,598,360</u>
	Nonmajor		Internal		Fiduciary	
	Sewer Operations	Proprietary Funds	Service Funds	Funds	Total	
Accounts	\$ 644,730	\$ -	\$ 2,822	\$ -	\$ 4,636,996	
Assessments	-	-	-	245,971	653,752	
Interest	58,709	997	11,462	1,215,537	3,949,566	
Loans	5,104,226	1,590,785	-	3,400,988	88,025,784	
Loans to Successor Agency	3,305,829	-	-	-	38,596,824	
	<u>\$ 9,113,494</u>	<u>\$ 1,591,782</u>	<u>\$ 14,284</u>	<u>\$ 4,862,496</u>	<u>\$ 135,862,922</u>	
Less allowance for doubtful accounts	3,310,292	-	-	1,971,279	5,667,520	
	<u>\$ 5,803,202</u>	<u>\$ 1,591,782</u>	<u>\$ 14,284</u>	<u>\$ 2,891,217</u>	<u>\$ 130,195,402</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, 2017.

Due to the uncollectibility of the loans to the Successor Agency, an allowance for doubtful accounts has been recorded at June 30, 2017 for the loans that are pending approval by the State Department of Finance as enforceable obligations. An allowance has been recorded for these loans in the amount \$3,305,829 in Sewer Operations funds. This allowance will remain in place until the State Department of Finance makes further

CITY OF FONTANA
Notes to the Financial Statements

determinations regarding the probability of collection on the loan balances. Several loans have been approved by the State Department of Finance, thus an allowance has not been recorded for the loans in the amounts of \$29,159,450 and \$5,343,707 in the General and Housing Authority funds, respectively.

Note 5. Capital Assets

Capital asset activity for the year ended June 30, 2017, was as follows:

	Balance June 30, 2016 as Previously Reported	Transfers	Increases	Decreases	Balance June 30, 2017
Governmental activities:					
Capital assets, not being depreciated					
Land	\$ 195,755,518	\$ -	\$ 472,327	\$ -	\$ 196,227,845
Construction in progress	8,020,235	(3,360,522)	4,351,652	-	9,011,365
Total capital assets, not being depreciated	<u>203,775,753</u>	<u>(3,360,522)</u>	<u>4,823,979</u>	<u>-</u>	<u>205,239,210</u>
Capital assets, being depreciated					
Buildings and improvements	281,060,952	348,442	40,029	-	281,449,423
Machinery and equipment	27,324,779	95,000	1,613,234	(65,012)	28,968,001
Vehicles	25,422,548	(95,000)	4,678,752	(1,278,549)	28,727,751
Infrastructure	797,327,578	3,012,080	8,273,022	-	808,612,680
Intangibles	2,568,764	-	890,635	-	3,459,399
	<u>1,133,704,621</u>	<u>3,360,522</u>	<u>15,495,672</u>	<u>(1,343,561)</u>	<u>1,151,217,254</u>
Less accumulated depreciation for:					
Buildings and improvements	(83,433,083)	-	(11,395,512)	-	(94,828,595)
Machinery and equipment	(23,134,141)	(47,000)	(1,258,302)	49,718	(24,389,725)
Vehicles	(17,192,670)	47,000	(1,889,974)	1,237,943	(17,797,701)
Infrastructure	(407,892,646)	-	(26,653,524)	-	(434,546,170)
Intangibles	(1,820,274)	-	(149,381)	-	(1,969,655)
	<u>(533,472,814)</u>	<u>-</u>	<u>(41,346,693)</u>	<u>1,287,661</u>	<u>(573,531,846)</u>
Total capital assets, being depreciated, net	<u>600,231,807</u>	<u>3,360,522</u>	<u>(25,851,021)</u>	<u>(55,900)</u>	<u>577,685,408</u>
Governmental activities capital assets, net	<u>\$ 804,007,560</u>	<u>\$ -</u>	<u>\$ (21,027,042)</u>	<u>\$ (55,900)</u>	<u>\$ 782,924,618</u>

CITY OF FONTANA
Notes to the Financial Statements

	Balance June 30, 2016 as Previously Reported	Transfers	Increases	Decreases	Balance June 30, 2017
Business-type activities:					
Capital assets, not being depreciated					
Construction in progress	\$ 173,318	\$ -	\$ 337,961	\$ -	\$ 511,279
Total capital assets, not being depreciated	<u>173,318</u>	<u>-</u>	<u>337,961</u>	<u>-</u>	<u>511,279</u>
Capital assets, being depreciated					
Buildings and improvements	1,798,150	-	-	-	1,798,150
Machinery and equipment	682,714	-	9,132	-	691,846
Vehicles	150,226	-	-	-	150,226
Infrastructure	113,354,619	-	608,985	-	113,963,604
Intangibles	64,698	-	-	-	64,698
	<u>116,050,407</u>	<u>-</u>	<u>618,117</u>	<u>-</u>	<u>116,668,524</u>
Less accumulated depreciation for:					
Buildings and improvements	(414,958)	-	(46,106)	-	(461,064)
Machinery and equipment	(593,037)	-	(28,424)	-	(621,461)
Vehicles	(150,226)	-	-	-	(150,226)
Infrastructure	(41,278,773)	-	(2,920,369)	-	(44,199,142)
Intangibles	(60,106)	-	(2,863)	-	(62,969)
	<u>(42,497,100)</u>	<u>-</u>	<u>(2,997,762)</u>	<u>-</u>	<u>(45,494,862)</u>
Total capital assets, being depreciated, net	<u>73,553,307</u>	<u>-</u>	<u>(2,379,645)</u>	<u>-</u>	<u>71,173,662</u>
Business-type activities capital assets, net	<u>\$ 73,726,625</u>	<u>\$ -</u>	<u>\$ (2,041,684)</u>	<u>\$ -</u>	<u>\$ 71,684,941</u>

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

Governmental activities:		Business-type activities:	
General government	\$ 6,292,954	Sewer Operations	\$ 2,997,762
Public safety	2,995,338		
Public works	7,618,427		
Community development	5,054,785		
Community services	936,322		
Engineering	17,263,060		
Total Depreciation charged to functions	<u>40,160,886</u>		
Charged to Internal Service Fund	1,185,807		
Total Governmental Activities	<u>\$ 41,346,693</u>		

CITY OF FONTANA
Notes to the Financial Statements

The following material construction commitments existed at June 30, 2017:

Project Name	Contract Amount	Expenditures to date as of June 30, 2017	Remaining Commitments
West Fontana Channel	\$ 9,886,200	\$ -	\$ 9,886,200
Miller Park Amphitheater	3,823,897	830,049	2,993,848
Banana Ave Storm Drain and Sewer Improvement	3,462,278	724,429	2,737,849
Pavement Rehabilitation	2,735,946	-	2,735,946
Emergency Operations Center/Police Lobby Remodel	1,373,000	138,500	1,234,500
Sierra @ Metrolink Crossing	754,476	-	754,476

Note 6. Interfund Receivables, Payables and Transfers

The composition of interfund balances as of June 30, 2017, is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Non-major governmental Funds	
	Traffic Congestion Relief	\$ 41,639
	Community Services Reimbursements	377,448
	Community Facilities Districts	<u>300</u>
	Total	<u>\$ 419,387</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:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Future Capital Projects	Traffic Mitigation	40,574,031
Capital Reinvestment	Traffic Mitigation	<u>3,167,132</u>
	Total	<u>\$ 43,741,163</u>

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

CITY OF FONTANA
Notes to the Financial Statements

Interfund transfers:

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

	Transfers In:						
	Fire		Nonmajor		Internal	Service Fund	Total
	Protection	Capital	Traffic	Governmental			
	General	District	Reinvestment	Mitigation	Funds		
Transfer out:							
General	\$ -	\$ -	\$ 3,300,000	\$ -	\$ 3,394,065	\$ 389,970	\$ 7,084,035
Fire Protection District	2,711,690	-	-	-	5,960,000	-	8,671,690
Housing Authority	173,200	-	-	-	166,000	-	339,200
Capital Reinvestment	173,201	-	-	-	-	-	173,201
Future Capital Projects	255,400	-	-	-	-	-	255,400
Traffic Mitigation	926,100	-	-	-	-	-	926,100
Nonmajor governmental funds	6,440,656	1,006,100	-	274,086	2,070,979	132,384	9,924,205
Sewer Operations	2,262,500	-	-	-	-	-	2,262,500
	<u>\$ 12,942,747</u>	<u>\$ 1,006,100</u>	<u>\$ 3,300,000</u>	<u>\$ 274,086</u>	<u>\$ 11,591,044</u>	<u>\$ 522,354</u>	<u>\$ 29,636,331</u>

CITY OF FONTANA
Notes to the Financial Statements

Note 7. Long-Term Debt

Long-term debt activity for the year ended June 30, 2017, was as follows:

	Balance June 30, 2016			Balance June 30, 2017	Amounts Due Within One Year	Amounts Due in More Than One Year
	As Previously Reported	Additions	Retirements			
Governmental Activities:						
Lease Revenue Bonds	\$ 41,755,000	\$ -	\$ 1,015,000	\$ 40,740,000	\$ 1,055,000	39,685,000
Claims and judgments	10,063,360	12,875,981	3,847,416	19,091,925	7,299,210	11,792,715
Compensated absences	7,474,744	6,588,355	6,074,657	7,988,442	6,492,135	1,496,307
Other post employment benefits	21,198,155	4,518,651	2,787,075	22,929,731	-	22,929,731
Net Pension Liability	104,131,214	29,549,053	10,958,377	122,721,890	-	122,721,890
Loan payable - SANBAG	3,873,854	-	-	3,873,854	-	3,873,854
Total Governmental Activity Long-Term Debt	<u>\$ 188,496,327</u>	<u>\$ 53,532,040</u>	<u>\$ 24,682,525</u>	<u>\$ 217,345,842</u>	<u>\$ 14,846,345</u>	<u>\$ 202,499,497</u>
		Unamortized bond premium		<u>3,045,237</u>		<u>3,045,237</u>
				<u>\$ 220,391,079</u>		<u>\$ 205,544,734</u>
Business-Type Activities:						
Compensated absences	\$ 264,056	\$ 256,727	\$ 243,595	\$ 277,188	\$ 255,710	\$ 21,478
Net Pension Liability	3,209,639	1,184,286	368,476	4,025,449	-	4,025,449
Loans Payable	10,676,491	-	789,593	9,886,898	803,785	9,083,113
Total Business-Type Activity Long-Term Debt	<u>\$ 14,150,186</u>	<u>\$ 1,441,013</u>	<u>\$ 1,401,664</u>	<u>\$ 14,189,535</u>	<u>\$ 1,059,495</u>	<u>\$ 13,130,040</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
2018	\$ 45,000	\$ 438,204	\$ 483,204
2019	55,000	434,661	489,661
2020	60,000	430,586	490,586
2021	70,000	425,979	495,979
2022	80,000	420,664	500,664
2023 - 2027	540,000	1,987,717	2,527,717
2028 - 2032	865,000	1,701,494	2,566,494
2033 - 2037	1,290,000	1,255,219	2,545,219
2038 - 2042	1,850,000	599,426	2,449,426
2043	450,000	18,929	468,929
Totals	<u>\$ 5,305,000</u>	<u>\$ 7,712,879</u>	<u>\$ 13,017,879</u>

2014 Lease Revenue Bonds

	Principal	Interest	Total
2018	\$ 1,010,000	\$ 1,612,500	\$ 2,622,500
2019	1,050,000	1,566,050	2,616,050
2020	1,105,000	1,512,175	2,617,175
2021	1,160,000	1,455,550	2,615,550
2022	1,220,000	1,396,050	2,616,050
2023 - 2027	7,070,000	5,978,250	13,048,250
2028 - 2032	8,980,000	4,019,125	12,999,125
2033 - 2037	11,300,000	1,685,350	12,985,350
2038	2,540,000	50,800	2,590,800
Totals	<u>\$ 35,435,000</u>	<u>\$ 19,275,850</u>	<u>\$ 54,710,850</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.

Fiscal Year Ending	San Bernardino Trunk Sewer - State Revolving Fund Loans									
	Trunk Sewer Phase		Lift Station Phase		Force Main Phase		Combined Loans			
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Total	
2018	\$ 411,173	\$ 91,068	\$ 171,527	\$ 41,649	\$ 221,085	\$ 48,316	\$ 803,785	\$ 181,033	\$ 984,818	
2019	418,719	83,521	174,420	38,757	225,094	44,307	818,233	166,585	984,818	
2020	426,405	75,836	177,361	35,816	229,175	40,226	832,941	151,878	984,819	
2021	434,231	68,010	180,352	32,825	233,330	36,071	847,913	136,906	984,819	
2022	442,201	60,040	183,393	29,784	237,561	31,841	863,155	121,665	984,820	
2023 - 2027	2,335,770	175,433	1,167,151	111,909	1,253,994	93,012	4,756,915	380,354	5,137,269	
2028	493,187	9,052	206,166	7,011	264,603	4,797	963,956	20,860	984,816	
Totals	<u>\$ 4,961,686</u>	<u>\$ 562,960</u>	<u>\$ 2,260,370</u>	<u>\$ 297,751</u>	<u>\$ 2,664,842</u>	<u>\$ 298,570</u>	<u>\$ 9,886,898</u>	<u>\$ 1,159,281</u>	<u>\$ 11,046,179</u>	

Mello-Roos Community Facilities Districts

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

CITY OF FONTANA
Notes to the Financial Statements

The transactions occurring as a result of the City acting in an agent capacity are being accounted for in an agency fund. As the bonds are financing the construction and installation of certain public improvements, the transactions relating to the construction of the improvements are being accounted for in capital project funds. The bonds are not reflected as an indebtedness of the City at June 30, 2017.

Special Tax Bonds	Date of Issue	Outstanding	
		Original Issue Amount	Amount at June 30, 2017
CFD # 2 (Heritage)	August 1998	\$ 48,215,000	\$ 4,240,000
CFD # 7 (County Club Estates)	July 2005	3,985,000	2,500,000
CFD # 11 (Heritage West End)	November 2011	8,800,000	6,640,000
CFD # 12 (Sierra Lakes)	July 2005	26,920,000	18,195,000
CFD # 22 (Sierra Hills South)	June 2014	37,365,000	29,440,000
CFD # 31 (Citrus Heights North)	December 2006	26,815,000	21,195,000
CFD # 37 (Montelago)	September 2005	4,590,000	3,575,000
CFD # 70 (Avellino)	July 2013	2,750,000	2,595,000
CFD # 71 (Sierra Crest)	July 2016	5,915,000	5,915,000
Total Special Tax Bonds		<u>\$ 165,355,000</u>	<u>\$ 94,295,000</u>

IV. OTHER INFORMATION

Note 8. Risk Management

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

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

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

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

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

CITY OF FONTANA
Notes to the Financial Statements

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

Claims payable, June 30, 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>
Claims incurred (including IBNRs)	12,875,981
Claims paid/dismissed	<u>(3,847,416)</u>
Claims payable, June 30, 2017	<u>\$ 19,091,925</u>

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

Note 9. Litigation

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

Note 10. Jointly Governed Organization

I.R.N.E.T.

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

CITY OF FONTANA
Notes to the Financial Statements

Note 11. Other Post-Employment Benefits

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. The post-retirement health care benefits are provided to eligible retirees by the City, as a single-employer plan. Additional requirements are set forth in the individual contracts for executive positions or in the Memorandum of Understanding (MOUs) for the five bargaining units operating within the City. The amount the City provides on the behalf of retirees is dictated in the contracts or MOUs.

Funding Policy

The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2016-2017, the City contributed \$2,787,075 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 <u>6/30/2017</u>
Annual required contribution	\$ 4,460
Interest on OPEB obligation	855
Adjustment to annual required contribution	<u>(796)</u>
Annual OPEB cost	<u>4,519</u>
Contributions made	2,787
Increase in net OPEB obligation	1,732
Net OPEB obligation - beginning of year	<u>21,198</u>
Net OPEB obligation - end of year	<u>\$ 22,930</u>

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 2017 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		
6/30/2015	\$ 4,680	\$ 2,472	53%	\$	19,440	
6/30/2016	4,335	2,577	59%		21,198	
6/30/2017	4,519	2,787	62%		22,930	

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%

CITY OF FONTANA
Notes to the Financial Statements

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, 2017, was 29 years. The number of active plan participants is 227.

Note 12. Pensions

Plan Description

All qualified permanent and probationary employees are eligible to participate in the Local Government's separate Safety (police and fire) and Miscellaneous (all other) Plans, an agent multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). A full description of the pension plan regarding number of employees covered, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in the Plan's June 30, 2015 Annual Actuarial Valuation Report (funding valuation). Details of the benefits provided can be obtained in Appendix B of the actuarial valuation report. This report and CalPERS' audited financial statements are publicly available reports that can be obtained at CalPERS' website.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. The Plans' provisions and benefits in effect at June 30, 2017, are summarized as follows:

CITY OF FONTANA
Notes to the Financial Statements

	Safety			Miscellaneous	
	Tier I Prior to July 1, 2011	Tier II On or after July 1, 2011	Tier III After January 1, 2013	Prior to July 1, 2011	On or after July 1, 2011
Hire Date					
Benefit formula	3% @ 50	3% @ 55	2.7% @ 57	2.5% @ 55	2% @ 55
Final Average Compensation Period	Highest 1-year salary	Final 3-year average	Final 3-year average	Highest 1-year salary	Final 3-year average
Benefit vesting schedule	5 yrs credited service	5 yrs credited service	5 yrs credited service	5 yrs credited service	5 yrs credited service
Benefit payments	Monthly	Monthly	Monthly	Monthly	Monthly
Retirement age	50 and above	50 and above	50 and above	55 and above	55 and above
Monthly benefit basis	Benefit factor, years of	Benefit factor, years of	Benefit factor, years of	Benefit factor, years of	Benefit factor, years of
Required employee contribution rates	9%	9%	50% of Normal Costs	8%	8%
To be paid by employee	-	9%		3%	8%
To be paid by the City	9%	-		5%	-
Required employer contribution rates	38.438%	38.438%	35.696%	16.57%	16.57%

Employees Covered

As of June 30, 2015, the following employees were covered by the benefit terms for each Plan:

	Safety	Miscellaneous
Inactive employees or beneficiaries currently receiving benefits	145	379
Inactive employees entitled to but not yet receiving benefits	58	756
Active employees	182	563
Total	385	1,698

Contribution Description

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

CITY OF FONTANA
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are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions; payments made by the employer are paid from the General Fund of the City.

Actuarial Methods and Assumptions used to determine Total Pension Liability

The June 30, 2015 valuation was rolled forward to determine the June 30, 2016 total pension liability, based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions	
Discount Rate	7.65%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table ¹	Derived using CalPERS' Membership Data for all funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter.

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

All other actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report may be accessed on the CalPERS website at www.calpers.ca.gov under Forms and Publications.

Change of Assumptions

There were no changes of assumptions.

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 the discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. The tests revealed the assets would not run out. Therefore, the current 7.65 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 (PERF). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS website under the GASB 68 section.

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Notes to the Financial Statements

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

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

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the Board effective on July 1, 2015.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 ¹	Real Return Years 11+ ²
Global Equity	51.0%	5.25%	5.71%
Global Fixed Income	20.0	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	1.0	(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
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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: 6/30/2015 (VD)	\$205,728,839	\$136,416,889	\$69,311,950
Changes Recognized for the Measurement Period:			
Service Cost	5,464,647		5,464,647
Interest on the Total Pension Liability	15,674,983		15,674,983
Changes of Benefit Terms	-		-
Differences between Expected and Actual Experience	773,988		773,988
Changes of Assumptions	-		-
Contributions from the Employer		6,985,270	(6,985,270)
Contributions from Employees		2,505,888	(2,505,888)
Net Investment Income		710,225	(710,225)
Benefit Payments, including Refunds of Employee Contributions	(8,666,808)	(8,666,808)	-
Administrative Expense		(83,139)	83,139
Net Changes during 2015-16	\$13,246,810	\$1,451,436	\$11,795,374
Balance at: 6/30/2016 (MD)	\$218,975,649	\$137,868,325	\$81,107,324

CITY OF FONTANA
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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: 6/30/2015 (VD)	\$164,767,029	\$126,738,126	\$38,028,903
Changes Recognized for the Measurement Period:			
Service Cost	4,194,877		4,194,877
Interest on the Total Pension Liability	12,382,291		12,382,291
Changes of Benefit Terms	-		-
Differences between Expected and Actual Experience	(1,811,514)		(1,811,514)
Changes of Assumptions	-		-
Contributions from the Employer		4,452,429	(4,452,429)
Contributions from Employees		2,157,198	(2,157,198)
Net Investment Income		622,155	(622,155)
Benefit Payments, including Refunds of Employee Contributions	(6,385,882)	(6,385,882)	-
Administrative Expense		(77,240)	77,240
Net Changes during 2015-16	\$8,379,772	768,660	\$7,611,112
Balance at: 6/30/2016 (MD)	\$173,146,801	\$127,506,786	\$45,640,015

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	\$113,258,227	\$81,107,324	\$54,869,316
Plan's Net Pension Liability – Misc.	\$70,724,866	\$45,640,015	\$25,127,997

Subsequent Events

On December 21, 2016, the CalPERS Board of Administration lowered the discount rate assumption, the long-term rate of return, from 7.50 percent to 7.00 percent using a three year phase-in beginning with the June 30, 2016 actuarial valuation. This will increase public agency employer contribution costs beginning in Fiscal Year 2018-19. The phase in of the discount rate change approved by the Board for the next three Fiscal Years is as follows:

Valuation Date	Fiscal Year for Required Contribution	Discount Rate
June 30, 2016	2019	7.38%
June 30, 2017	2020	7.25%
June 30, 2018	2021	7.00%

Amortization of Deferred Outflows and Deferred Inflows of Resources

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).

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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 2015-16 measurement period was 6.0 years, which was obtained by dividing the total service years of 2,326 (the sum of remaining service lifetimes of the active employees) by 385 (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 2015-16 measurement period was 3.6 years, which was obtained by dividing the total service years of 6,113 (the sum of remaining service lifetimes of the active employees) by 1,698 (the total number of participants). Note that inactive employees and retirees have remaining service lifetimes equal to 0. Also note that total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

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

For the measurement period ending June 30, 2016 (the measurement date), the City of Fontana recognized a pension expense of \$13,218,552 for the Plan.

As of June 30, 2016, 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	\$ 12,443,931	\$ -
Differences between Expected and Actual Experience	953,688	(1,795,027)
Changes of Assumptions	-	(4,093,875)
Net Difference between Projected and Actual Earnings on Pension Plan	14,685,837	-
Total	\$ 28,083,456	\$ (5,888,902)

\$12,443,931 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:

CITY OF FONTANA
Notes to the Financial Statements

Measurement period Ended June 30:	Deferred Outflows/(Inflows) of Resources
2017	\$ 150,083
2018	367,172
2019	5,792,240
2020	3,312,131
2021	128,998
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 or 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.

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

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

CITY OF FONTANA
Notes to the Financial Statements

The details of the fund balances as of June 30, 2017 are presented below:

Fund balances:	Special Revenue				Capital Project			Other Governmental Funds	Totals
	Fire Protection		Housing Authority	Capital Reinvestment	Future Capital Projects	Traffic Mitigation			
	General	District							
Nonspendable									
Deposits	\$ 74,327	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 74,327
Inventories	321,580	-	-	-	-	-	-	1,212,309	1,533,889
Land held for resale	-	-	-	4,502,879	-	-	-	-	4,502,879
Restricted									
Community facilities districts	-	-	-	-	-	-	-	27,858,127	27,858,127
Community services	-	-	-	-	-	-	-	576,210	576,210
Debt service reserve	-	-	-	-	-	-	-	524,664	524,664
Government-access channel	1,071,523	-	-	-	-	-	-	-	1,071,523
Housing & community development	-	-	90,013,608	-	-	-	-	2,705,175	92,718,783
Lighting and landscaping	-	-	-	-	-	-	-	6,549,281	6,549,281
Municipal Services Impact	-	-	-	-	-	-	-	18,471,252	18,471,252
Public safety	-	8,844,176	-	-	-	-	-	11,063,965	19,908,141
Transportation	-	-	-	-	-	-	-	19,430,991	19,430,991
Solid waste mitigation	-	-	-	-	-	-	-	2,159,879	2,159,879
Committed									
Expenditure control budget reserve	1,968,353	-	-	-	-	-	-	-	1,968,353
PERS reserve	3,446,363	-	-	-	-	-	-	-	3,446,363
Assigned									
Capital projects	103,992	-	-	8,066,791	52,255,507	-	-	54,037,370	114,463,660
Debt service	-	-	-	-	-	-	-	92,127	92,127
Equipment replacement	1,247,377	-	-	-	-	-	-	6,261,828	7,509,205
Retiree benefits	23,095,305	-	-	-	-	-	-	-	23,095,305
Unassigned	54,121,364	-	-	-	-	-	(17,703,077)	(188,852)	36,229,435
Total fund balances	\$ 85,450,184	\$ 8,844,176	\$ 90,013,608	\$ 12,569,670	\$ 52,255,507	\$ (17,703,077)	\$ 150,754,326	\$ 382,184,394	

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, 2017, is \$6,795,437 and is included in the unassigned fund balance in the General Fund.

CITY OF FONTANA
Notes to the Financial Statements

Note 15. 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, 2017, the District reported \$18,566,564 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, 2017, follows:

	Balance June 30, 2016 as Previously Reported			Balance June 30, 2017		
	Increases	Decreases				
Capital assets, not being depreciated						
Land	\$ 1,122,000	\$ -	\$ -	\$ -	\$ 1,122,000	
Total capital assets, not being depreciated	1,122,000	-	-	-	1,122,000	
Capital assets, being depreciated						
Buildings and improvements	16,349,813	-	-	-	16,349,813	
Machinery and equipment	1,125,638	533,296	-	-	1,658,934	
Vehicles	9,499,116	2,543,518	(242,299)	-	11,800,335	
Infrastructure	1,012,418	-	-	-	1,012,418	
	27,986,985	3,076,814	(242,299)	-	30,821,500	
Less accumulated depreciation for:						
Buildings and improvements	(1,889,083)	(463,300)	-	-	(2,352,383)	
Machinery and equipment	(540,805)	(162,494)	-	-	(703,299)	
Vehicles	(5,453,653)	(495,854)	147,298	-	(5,802,209)	
Infrastructure	(69,819)	(33,747)	-	-	(103,566)	
	(7,953,360)	(1,155,395)	147,298	-	(8,961,457)	
Total capital assets, being depreciated, net	20,033,625	1,921,419	(95,001)	-	21,860,043	
Total Capital assets, net	\$ 21,155,625	\$ 1,921,419	\$ (95,001)	\$ 22,982,043		

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

CITY OF FONTANA
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c. Long-Term Debt

The District does not have any outstanding debt as of June 30, 2017.

d. Fund Balance

The district reports fund balances in accordance with the classifications consistent with the City, see Note 14 for more information on the types and descriptions of the fund balance classifications. The details of the fund balances as of June 30, 2017 are presented below:

Fund balances:	Special Revenue		Capital Project		Totals
	Fire Protection	Fire Protection	Fire Protection		
	District	District CFD	District		
Restricted					
Public safety	\$ 8,844,176	\$ 3,310,110	\$ -	\$ 12,154,286	
Assigned					
Equipment replacement	-	-	6,261,828	6,261,828	
Total fund balances	\$ 8,844,176	\$ 3,310,110	\$ 6,261,828	\$ 18,416,114	

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 \$25,787,873 to the County for these services during the fiscal year ending June 30, 2017. 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, 2017 are as follows:

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Salaries and benefits	\$ 20,809,449
Services and supplies	2,391,893
Station expenses	1,193,110
Fire Prevention services	195,466
County contract management fee	<u>1,197,955</u>
 Total contract expenses	 <u>\$ 25,787,873</u>

Note 16. Successor Agency Trust for Assets of Former Redevelopment Agency

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

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

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

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

The Bill directs the State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by the Bill. This review was completed October 2014 and identified \$7,124,646 in unallowable transfers. The City has contended all unallowable transfers however the State Controller upholds its initial finding and has instructed the City to return the assets to the Successor Agency in a timely manner. As of June 30, 2017, the assets have not yet been returned to the State Controller.

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

As of June 30, 2017, there is one obligation that has been denied by the State Department of Finance that is currently being contested through the California court system. The Jurupa Hills Owner Participation Agreement (OPA) has been disallowed due to insufficient documentation to support the outstanding obligation, inability to ever repay the entire debt and the opinion that the agreement appears contrary to public policy. In July 2016, the Courts ruled in favor of the Successor Agency; the State Department of Finance has filed an appeal to the ruling.

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

a. Cash and investments

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

Cash and investments pooled with the City	\$ 22,750,482
Cash and investments with fiscal agent	<u>9,828,724</u>
	<u><u>\$ 32,579,206</u></u>

b. Loans Receivable

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

1. A loan was issued for the Oleander Storm Drain on March 2003 in the amount of \$850,429. The balance of the loan at June 30, 2017 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, 2017 was \$130,000.
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, 2017 was \$2,320,000. 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, 2017 was \$100,559. The loan represents the reimbursement of costs incurred by the Agency for construction of water infrastructure. This loan is scheduled to be repaid over a 40 year period.

CITY OF FONTANA
Notes to the Financial Statements

c. Long-Term Debt

A description of long-term debt outstanding (excluding defeased debt) of the Successor Agency as of June 30, 2017, follows:

Fiduciary Activities:	Balance June 30, 2016			Amounts Due Within One Year	
	As Previously Reported				
	Additions	Retirements	Balance June 30, 2017		
Tax Allocation Bonds and Notes:					
North Fontana Project Area	\$ 177,540,000	\$ -	\$ 7,285,000	\$ 170,255,000	
Jurupa Hills Project Area	51,650,000	-	3,150,000	48,500,000	
Southwest Industrial Park Project Area	40,785,000	-	1,870,000	38,915,000	
Sierra Corridor	45,150,000	-	1,260,000	43,890,000	
Downtown Project Area	4,625,000	-	680,000	3,945,000	
				715,000	
Other Redevelopment Agency:					
Advances from City	48,268,796	-	9,671,972	38,596,824	
Owner participation agreements	205,105,685	506,338	-	205,612,023	
Total Redevelopment Agency	<u>\$ 573,124,481</u>	<u>\$ 506,338</u>	<u>\$ 23,916,972</u>	<u>\$ 15,722,180</u>	
		Unamortized bond premium			
			5,189,240		
			<u>\$ 554,903,087</u>		

Tax Allocation Bonds

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

1997 Series A Refunding Bonds (Jurupa Hills)

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

1997 Series A Refunding Bonds (Jurupa Hills)

	Principal	Interest	Total
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	3,735,000	1,594,313	5,329,313
2023-2027	21,975,000	4,566,238	26,541,238
2028	5,145,000	141,487	5,286,487
Totals	<u>\$ 39,795,000</u>	<u>\$ 14,346,614</u>	<u>\$ 54,141,614</u>

CITY OF FONTANA
Notes to the Financial Statements

1998 Tax Allocation Bonds (SWIP)

	Principal	Interest	Total
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	1,745,000	900,915	2,645,915
2023-2027	10,075,000	3,113,338	13,188,338
2028-2031	<u>7,195,000</u>	<u>680,290</u>	<u>7,875,290</u>
Totals	<u>\$ 25,210,000</u>	<u>\$ 9,111,328</u>	<u>\$ 34,321,328</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
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	385,000	168,980	553,980
2023-2027	2,285,000	484,540	2,769,540
2028	<u>540,000</u>	<u>15,120</u>	<u>555,120</u>
Totals	<u>\$ 8,705,000</u>	<u>\$ 1,778,095</u>	<u>\$ 10,483,095</u>

CITY OF FONTANA
Notes to the Financial Statements

2000 Tax Allocation Refunding Bonds (Downtown)			
	Principal	Interest	Total
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>\$ 3,945,000</u>	<u>\$ 512,375</u>	<u>\$ 4,457,375</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
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	510,000	68,000	578,000
2023-2024	<u>1,105,000</u>	<u>55,875</u>	<u>1,160,875</u>
Totals	<u>\$ 17,745,000</u>	<u>\$ 2,194,338</u>	<u>\$ 19,939,338</u>

CITY OF FONTANA
Notes to the Financial Statements

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

	Principal	Interest	Total
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	925,000	2,520,943	3,445,943
2023-2027	12,160,000	11,386,353	23,546,353
2028-2032	26,555,000	5,641,563	32,196,563
2033	6,240,000	175,234	6,415,234
Totals	\$ 48,625,000	\$ 30,192,782	\$ 78,817,782

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
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	620,000	549,220	1,169,220
2023-2027	3,590,000	2,254,215	5,844,215
2028-2032	4,160,000	1,337,271	5,497,271
2033-2034	3,115,000	156,049	3,271,049
Totals	\$ 13,705,000	\$ 6,749,410	\$ 20,454,410

CITY OF FONTANA
Notes to the Financial Statements

2004 Tax Allocation Bonds (Sierra Corridor)			
	Principal	Interest	Total
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	440,000	469,890	909,890
2023-2027	2,580,000	1,964,441	4,544,441
2028-2032	3,355,000	1,164,399	4,519,399
2033-2035	<u>2,490,000</u>	<u>210,375</u>	<u>2,700,375</u>
Totals	<u>\$ 10,425,000</u>	<u>\$ 5,897,715</u>	<u>\$ 16,322,715</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
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	7,145,000	4,322,375	11,467,375
2023-2027	36,600,000	15,956,500	52,556,500
2028-2032	37,595,000	7,052,375	44,647,375
2033	<u>8,680,000</u>	<u>217,000</u>	<u>8,897,000</u>
Totals	<u>\$103,885,000</u>	<u>\$ 46,913,775</u>	<u>\$150,798,775</u>

CITY OF FONTANA
Notes to the Financial Statements

2007 Tax Allocation Bonds (Sierra Corridor)			
	Principal	Interest	Total
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	1,170,000	1,377,613	2,547,613
2023-2027	6,790,000	5,926,813	12,716,813
2028-2032	8,630,000	4,044,875	12,674,875
2033-2037	<u>12,725,000</u>	<u>1,694,681</u>	<u>14,419,681</u>
Totals	<u>\$ 33,465,000</u>	<u>\$ 19,098,934</u>	<u>\$ 52,563,934</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, 2017 was \$29,159,450.
2. Advances between the City and the Agency for administrative and other costs. The principal balance of the advances at June 30, 2017 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, 2017 was \$5,343,707. 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.

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

CITY OF FONTANA
Notes to the Financial Statements

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, 2017 does not include \$636,465,712 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 \$205,612,023. 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 \$471,459,816 with annual debt service requirements as indicated above. For the current year, the total property tax revenue recognized by the Successor Agency for the payment of indebtedness incurred by the dissolved redevelopment agency was \$56,476,389 and the debt service obligation on the bonds was \$37,886,568.

CITY OF FONTANA
Notes to the Financial Statements

d. Insurance

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

e. Commitments and Contingencies

At June 30, 2017, 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 17. Tax Abatement

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

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

Note 18. Subsequent Events

Community Facilities District No. 80 (Bella Strada) Special Tax Bonds, Series 2017

On August 30, 2017, the Community Facilities District No. 80 (Bella Strada) of the City of Fontana issued \$11,125,000 of 2017 Special Tax Bonds. The bonds mature September 1, 2037, with interest yields of 2.00 to 5.00 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

	2016	2015	2014
Measurement Period			
TOTAL PENSION LIABILITY			
Service Cost	\$ 5,464,647	\$ 5,255,619	\$ 5,261,265
Interest	15,674,983	14,718,880	13,833,230
Changes of Benefit Terms	-	-	-
Difference between Expected and Actual Experience	773,988	463,048	-
Changes of Assumptions	-	(3,940,129)	-
Benefit Payments, Including Refunds of Employee Contributions	(8,666,808)	(8,043,006)	(7,265,033)
Net Change in Total Pension Liability	13,246,810	8,454,412	11,829,462
Total Pension Liability – Beginning	205,728,839	197,274,427	185,444,965
Total Pension Liability – Ending (a)	\$ 218,975,649	\$ 205,728,839	\$ 197,274,427
PLAN FIDUCIARY NET POSITION			
Contributions – Employer	6,985,270	6,756,772	6,213,039
Contributions – Employee	2,505,888	2,177,122	1,764,545
Net Investment Income	710,225	2,956,715	19,674,310
Benefit Payments, Including Refunds of Employee Contributions	(8,666,808)	(8,043,006)	(7,265,033)
Other Changes in Net Fiduciary Position	(83,139)	(153,538)	-
Net Change in Fiduciary Net Position	1,451,436	3,694,065	20,386,861
Plan Fiduciary Net Position – Beginning	136,416,889	132,722,824	112,335,963
Plan Fiduciary Net Position – Ending (b)	137,868,325	136,416,889	132,722,824
Plan Net Pension Liability – Ending (a) - (b)	\$ 81,107,324	\$ 69,311,950	\$ 64,551,603
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.96%	66.31%	67.28%
Covered-Employee Payroll	20,539,747	20,121,052	19,360,681
Plan Net Pension Liability as a Percentage of Covered-Employee Payroll	394.88%	344.47%	333.42%

Notes to Schedule:

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

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

GASB 68 was implemented in FY 2014-15, therefore only three 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

	2016	2015	2014
Measurement Period			
TOTAL PENSION LIABILITY			
Service Cost	\$ 4,194,877	\$ 4,254,965	\$ 4,004,767
Interest	12,382,291	11,767,900	11,147,316
Changes of Benefit Terms	-	-	-
Difference between Expected and Actual Experience	(1,811,514)	(1,027,499)	-
Changes of Assumptions	-	(3,097,256)	-
Benefit Payments, Including Refunds of Employee Contributions	(6,385,882)	(5,914,227)	(5,994,855)
Net Change in Total Pension Liability	8,379,772	5,983,883	9,157,228
Total Pension Liability – Beginning	164,767,029	158,783,146	149,625,918
Total Pension Liability – Ending (a)	\$ 173,146,801	\$ 164,767,029	\$ 158,783,146
PLAN FIDUCIARY NET POSITION			
Contributions – Employer	4,452,429	3,868,104	3,657,678
Contributions – Employee	2,157,198	2,068,784	2,016,250
Net Investment Income	622,155	2,781,662	18,466,862
Benefit Payments, Including Refunds of Employee Contributions	(6,385,882)	(5,914,227)	(5,994,855)
Other Changes in Net Fiduciary Position	(77,240)	(142,590)	-
Net Change in Fiduciary Net Position	768,660	2,661,733	18,145,935
Plan Fiduciary Net Position – Beginning	126,738,126	124,076,393	105,930,458
Plan Fiduciary Net Position – Ending (b)	127,506,786	126,738,126	124,076,393
Plan Net Pension Liability – Ending (a) - (b)	\$ 45,640,015	\$ 38,028,903	\$ 34,706,753
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.64%	76.92%	78.14%
Covered-Employee Payroll	26,575,701	28,221,562	25,050,147
Plan Net Pension Liability as a Percentage of Covered-Employee Payroll	171.74%	134.75%	138.55%

Notes to Schedule:

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

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

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

CITY OF FONTANA
Schedule of Plan Contributions
Safety Plan

	Fiscal Year			
	2016-17	2015-16	2014-15	2013-14
Actuarially Determined Contribution	\$ 6,985,270	\$ 6,961,021	\$ 6,756,772	\$ 6,213,039
Contributions in Relation to the Actuarially Determined Contribution	(6,985,270)	(6,961,021)	(6,756,772)	(6,213,039)
Contribution Deficiency (Excess)	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
Covered-Employee Payroll	\$ 29,990,638	\$ 20,539,747	\$ 20,121,052	\$ 19,360,681
Contributions as a Percentage of Covered-Employee Payroll	32.99%	35.70%	33.58%	32.09%

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2016-17 were from the June 30, 2014 public agency valuations.

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

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	For details, see June 30, 2014 Funding Valuation Report
Asset Valuation Method	Actuarial Value of Assets. For details, see June 30, 2014 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			
	2016-17	2015-16	2014-15	2013-14
Actuarially Determined Contribution Contributions in Relation to the Actuarially Determined Contribution Contribution Deficiency (Excess)	\$ 4,452,429 (4,452,429) <hr/> -	\$ 4,365,832 (4,365,832) <hr/> -	\$ 3,868,104 (3,868,104) <hr/> -	\$ 3,657,678 (3,657,678) <hr/> -
Covered-Employee Payroll	\$ 27,331,958	\$ 26,575,701	\$ 28,221,562	\$ 25,050,147
Contributions as a Percentage of Covered-Employee Payroll	15.71%	16.62%	13.71%	14.60%

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2016-17 were from the June 30, 2014 public agency valuations.

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

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	For details, see June 30, 2014 Funding Valuation Report
Asset Valuation Method	Actuarial Value of Assets. For details, see June 30, 2014 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.

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

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

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

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

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

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

CITY OF FONTANA
 Combining Balance Sheet
 Non-Major Governmental Funds
 June 30, 2017

Schedule 1
 Page 1 of 5

	Special Revenue									
	Gas Tax		Traffic Congestion Relief		Traffic Safety		Prop 1B		Municipal Services Fiscal Impact	
Assets:										
Cash and investments	\$ 2,240,605	\$ 16,018,313	\$ 723,126	\$ 130,170	\$ 18,416,681	\$ 2,284,533	\$ 10,229	\$ 50,064		
Receivables:										
Accounts		52,646								
Assessments		-								
Interest	5,635	47,318	2,719	398	54,571	6,541	215,080	160		
Loans	-	-	-	-	-	-	6,419,936	-		
Allowance for doubtful accounts										
Due from other governments	360,267	793,660	59,763	-	-	18,617	9,059	1,459		
Inventories	116,513	-	1,095,796	-	-	-	-	-		
Land held for resale	-	-	-	-	-	-	-	-		
Restricted assets:										
Cash with fiscal agent										
Total Assets	<u>\$ 2,723,020</u>	<u>\$ 16,911,937</u>	<u>\$ 1,881,404</u>	<u>\$ 130,568</u>	<u>\$ 18,471,252</u>	<u>\$ 2,309,691</u>	<u>\$ 6,654,304</u>	<u>\$ 51,683</u>		
Liabilities, Deferred Inflows and Fund Balances:										
Liabilities:										
Accounts payable	\$ 217,738	\$ 481,110	\$ 18,139	\$ -	\$ -	\$ 149,182	\$ 1,145	\$ 12		
Deposits payable	-	14,355	-	-	-	-	-	-		
Retention payable	-	68,506	-	-	-	630	-	-		
Due to other funds	-	41,639	-	-	-	-	-	-		
Due to other governments	-	-	-	-	-	-	6,635,016	-		
Unearned revenue	-	-	-	-	-	-	-	-		
Total Liabilities	<u>217,738</u>	<u>605,610</u>	<u>18,139</u>	<u>-</u>	<u>-</u>	<u>149,812</u>	<u>6,636,161</u>	<u>12</u>		
Deferred inflows of resources:										
Unavailable revenues		<u>228,733</u>								
Fund balances:										
Nonspendable	116,513	-	1,095,796	-	-	-	-	-		
Restricted	2,388,769	16,077,594	767,469	130,568	18,471,252	2,159,879	18,143	51,671		
Assigned	-	-	-	-	-	-	-	-		
Unassigned	-	-	-	-	-	-	-	-		
Total fund balances	<u>2,505,282</u>	<u>16,077,594</u>	<u>1,863,265</u>	<u>130,568</u>	<u>18,471,252</u>	<u>2,159,879</u>	<u>18,143</u>	<u>51,671</u>		
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,723,020</u>	<u>\$ 16,911,937</u>	<u>\$ 1,881,404</u>	<u>\$ 130,568</u>	<u>\$ 18,471,252</u>	<u>\$ 2,309,691</u>	<u>\$ 6,654,304</u>	<u>\$ 51,683</u>		

CITY OF FONTANA
 Combining Balance Sheet
 Non-Major Governmental Funds
 June 30, 2017

Schedule 1
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	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	\$ 220,233	\$ 5,591,222	\$ 2,795,584	\$ 202,120	\$ 5,062	\$ 382,227	\$ 463,013	\$ 787,911
Receivables:								
Accounts	-	5,872	-	312,424	-	-	30,771	-
Assessments	-	-	-	-	-	-	-	-
Interest	598	16,688	-	-	-	-	961	2,473
Loans	-	-	-	548,226	-	-	-	-
Allowance for doubtful accounts	-	-	-	-	-	-	-	-
Due from other governments	8,268	572,833	572,872	625,968	-	4,135	114,234	68,134
Inventories	-	-	-	-	-	-	-	-
Land held for resale	-	-	-	1,902,637	-	-	-	-
Restricted assets:								
Cash with fiscal agent	-	-	-	31,492	-	-	-	-
Total Assets	\$ 229,099	\$ 6,186,615	\$ 3,368,456	\$ 3,622,867	\$ 5,062	\$ 386,362	\$ 608,979	\$ 858,518
Liabilities, Deferred Inflows and Fund Balances:								
Liabilities:								
Accounts payable	\$ 719	\$ 67,584	\$ 85,247	\$ 351,603	\$ 5,073	\$ 32,811	\$ 12,364	\$ 24,458
Deposits payable	-	-	-	-	-	-	-	-
Retentions payable	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-
Due to other governments	-	-	-	548,226	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-
Total Liabilities	719	67,584	3,374,558	899,829	5,073	281,439	12,364	24,458
Deferred inflows of resources:								
Unavailable revenues	-	-	182,289	50,705	450	-	114,234	-
Fund balances:								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	228,380	6,119,031	-	2,672,333	-	104,923	482,381	834,060
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	(188,391)	-	(461)	-	-	-
Total fund balances	228,380	6,119,031	(188,391)	2,672,333	(461)	104,923	482,381	834,060
Total liabilities, deferred inflows of resources and fund balances	\$ 229,099	\$ 6,186,615	\$ 3,368,456	\$ 3,622,867	\$ 5,062	\$ 386,362	\$ 608,979	\$ 858,518

CITY OF FONTANA
 Combining Balance Sheet
 Non-Major Governmental Funds
 June 30, 2017

Schedule 1
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	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	
Assets:								
Cash and investments	\$ -	\$ -	\$ 129,612	\$ 3,300,632	\$ 6,754,218	\$ 35,335	\$ 28,284,782	\$ -
Receivables:								
Accounts	-	267,207	-	-	191	-	95,352	-
Assessments	-	-	-	-	94,124	634	313,023	-
Interest	-	-	396	9,478	18,468	104	81,575	-
Loans	14,699	-	-	-	-	-	-	-
Allowance for doubtful accounts	-	-	-	-	(55,933)	(244)	(140,121)	-
Due from other governments	-	600,486	-	-	1,007	-	2,822	92,127
Inventories	-	-	-	-	-	-	-	-
Land held for resale	-	-	-	-	-	-	-	-
Restricted assets:								
Cash with fiscal agent	-	-	-	-	-	-	-	524,661
Total Assets	\$ 14,699	\$ 867,693	\$ 130,008	\$ 3,310,110	\$ 6,812,075	\$ 35,829	\$ 28,637,433	\$ 616,788
Liabilities, Deferred Inflows and Fund Balances:								
Liabilities:								
Accounts payable	\$ -	\$ 44,043	\$ -	\$ -	\$ 298,623	\$ -	\$ 779,006	\$ -
Deposits payable	-	-	-	-	-	-	-	-
Retentions payable	-	-	-	-	-	-	-	-
Due to other funds	-	377,448	-	-	-	-	300	-
Due to other governments	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-
Total Liabilities	\$ -	\$ 421,491	\$ -	\$ -	\$ 298,623	\$ -	\$ 779,306	\$ -
Deferred inflows of resources:								
Unavailable revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund balances:								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	14,699	446,202	130,008	3,310,110	6,513,452	35,829	27,858,127	524,661
Assigned	-	-	-	-	-	-	-	92,127
Unassigned	-	-	-	-	-	-	-	-
Total fund balances	\$ 14,699	\$ 446,202	\$ 130,008	\$ 3,310,110	\$ 6,513,452	\$ 35,829	\$ 27,858,127	\$ 616,788
Total liabilities, deferred inflows of resources and fund balances	\$ 14,699	\$ 867,693	\$ 130,008	\$ 3,310,110	\$ 6,812,075	\$ 35,829	\$ 28,637,433	\$ 616,788

CITY OF FONTANA
 Combining Balance Sheet
 Non-Major Governmental Funds
 June 30, 2017

Schedule 1
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	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	\$ 15,590,365	\$ 1,081,030	\$ 44,033	\$ 7,570,004	\$ 3,011,464	\$ 1,345,690	\$ 1,685,158	\$ 5,843,702
Receivables:								
Accounts	-	-	-	-	-	-	-	-
Assessments	-	-	-	-	-	-	-	-
Interest	49,404	2,424	135	20,138	7,723	3,653	4,406	15,892
Loans	-	-	-	-	-	-	-	-
Allowance for doubtful accounts	-	-	-	-	-	-	-	-
Due from other governments	182,591	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-
Land held for resale	-	-	-	-	-	-	-	-
Restricted assets:								
Cash with fiscal agent	5,068	-	-	-	-	-	-	-
Total Assets	\$ 15,827,428	\$ 1,083,454	\$ 44,168	\$ 7,590,142	\$ 3,019,187	\$ 1,349,343	\$ 1,689,564	\$ 5,859,594
Liabilities, Deferred Inflows and Fund Balances:								
Liabilities:								
Accounts payable	\$ 836,494	\$ 1,325	\$ -	\$ 88,765	\$ 309	\$ -	\$ 5,208	\$ -
Deposits payable	101,881	-	-	-	-	-	-	-
Retentions payable	5,159	-	-	8,799	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-
Due to other governments	-	654,290	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-
Total Liabilities	943,534	655,615	-	97,564	309	-	5,208	-
Deferred inflows of resources:								
Unavailable revenues	-	-	-	-	-	-	-	-
Fund balances:								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-
Assigned	14,883,894	427,839	44,168	7,492,578	3,018,878	1,349,343	1,684,356	5,859,594
Unassigned	-	-	-	-	-	-	-	-
Total fund balances	14,883,894	427,839	44,168	7,492,578	3,018,878	1,349,343	1,684,356	5,859,594
Total liabilities, deferred inflows of resources and fund balances	\$ 15,827,428	\$ 1,083,454	\$ 44,168	\$ 7,590,142	\$ 3,019,187	\$ 1,349,343	\$ 1,689,564	\$ 5,859,594

CITY OF FONTANA
 Combining Balance Sheet
 Non-Major Governmental Funds
 June 30, 2017

Schedule 1
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	Capital Projects								Total Other Governmental Funds
	Capital Improvements	Underground Utilities	Sewer Expansion	Fire Assessment	Affordable Housing Trust	Fire Protection District	Fontana Housing Authority	Community Facilities Districts	
Assets:									
Cash and investments	\$ 8,081,998	\$ 43,238	\$ 6,067,565	\$ 679,704	\$ 2,483,467	\$ 6,561,973	\$ 2,934,530	\$ 17,951	\$ 151,867,544
Receivables:									
Accounts	1,000,000	61,725	-	-	-	-	377	-	1,826,565
Assessments	-	-	-	-	-	-	-	-	407,781
Interest	200	156	-	1,873	6,355	12,705	10,296	367	598,890
Loans	-	-	-	-	-	-	1,978,561	-	8,961,422
Allowance for doubtful accounts	-	-	-	-	-	-	-	-	(196,298)
Due from other governments	91,701	-	-	-	-	-	-	-	4,180,003
Inventories	-	-	-	-	-	-	-	-	1,212,309
Land held for resale	-	-	-	-	-	-	-	-	1,902,637
Restricted assets:									
Cash with fiscal agent	865	-	-	-	-	-	-	739,027	1,301,113
Total Assets	<u>\$ 9,174,764</u>	<u>\$ 105,119</u>	<u>\$ 6,067,565</u>	<u>\$ 681,577</u>	<u>\$ 2,489,822</u>	<u>\$ 6,574,678</u>	<u>\$ 4,923,764</u>	<u>\$ 757,345</u>	<u>\$ 172,061,966</u>
Liabilities, Deferred Inflows and Fund Balances:									
Liabilities:									
Accounts payable	\$ 75,982	\$ -	\$ -	\$ -	\$ -	\$ 312,549	\$ 49,366	\$ -	\$ 3,938,855
Deposits payable	-	-	-	-	-	-	-	-	116,236
Retentions payable	695	-	-	-	-	301	-	-	84,090
Due to other funds	-	-	-	-	-	-	-	-	419,387
Due to other governments	-	-	4,703,455	-	-	-	-	-	12,540,987
Unearned revenue	-	-	-	-	-	-	-	-	3,537,939
Total Liabilities	<u>76,677</u>	<u>-</u>	<u>4,703,455</u>	<u>-</u>	<u>-</u>	<u>312,850</u>	<u>49,366</u>	<u>-</u>	<u>20,637,494</u>
Deferred inflows of resources:									
Unavailable revenues	<u>91,701</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,034</u>	<u>-</u>	<u>670,146</u>
Fund balances:									
Nonspendable	-	-	-	-	-	-	-	-	1,212,309
Restricted	-	-	-	-	-	-	-	3	89,339,544
Assigned	9,006,386	105,119	1,364,110	681,577	2,489,822	6,261,828	4,872,364	757,342	60,391,325
Unassigned	-	-	-	-	-	-	-	-	(188,852)
Total fund balances	<u>9,006,386</u>	<u>105,119</u>	<u>1,364,110</u>	<u>681,577</u>	<u>2,489,822</u>	<u>6,261,828</u>	<u>4,872,364</u>	<u>757,345</u>	<u>150,754,326</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 9,174,764</u>	<u>\$ 105,119</u>	<u>\$ 6,067,565</u>	<u>\$ 681,577</u>	<u>\$ 2,489,822</u>	<u>\$ 6,574,678</u>	<u>\$ 4,923,764</u>	<u>\$ 757,345</u>	<u>\$ 172,061,966</u>

CITY OF FONTANA
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Non-Major Governmental Funds
 For the Year Ended June 30, 2017

Schedule 2
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	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	4,013,805	3,721,837	-	-	-	-	326,458	-
Charges for services	-	-	-	-	923,770	3,101,349	-	-
Fines and forfeitures	-	-	250,772	-	-	-	-	13,321
Special assessments	-	-	-	-	-	-	-	-
Investment earnings	8,155	80,571	3,826	1,022	89,285	3,446	-	384
Contribution from property owners	-	-	-	-	-	-	-	-
Other revenue	-	719	86,333	-	-	-	-	-
Total revenues	<u>4,021,960</u>	<u>3,803,127</u>	<u>340,931</u>	<u>1,022</u>	<u>1,013,055</u>	<u>3,104,795</u>	<u>326,458</u>	<u>13,705</u>
Expenditures:								
Current:								
General government:								
City Administration	-	-	-	-	-	-	429,016	-
Management services	-	-	-	-	-	-	-	-
Information technology	-	-	-	-	-	-	-	-
Human resources	-	-	-	-	-	-	-	-
Public safety:								
Police	-	-	-	-	-	-	-	18,894
Fire	-	-	-	-	-	-	-	-
Public works	2,358,163	-	-	-	-	3,256,230	-	-
Community development	-	-	-	-	-	-	-	-
Community services	-	-	-	-	41,862	-	-	-
Engineering	-	1,451,498	407,623	-	-	-	-	-
Capital outlay	857,033	1,213,935	43,442	-	-	862,270	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Total expenditures	<u>3,215,196</u>	<u>2,665,433</u>	<u>451,065</u>	<u>-</u>	<u>-</u>	<u>4,160,362</u>	<u>429,016</u>	<u>18,894</u>
Excess (deficiency) of revenues over (under) expenditures	<u>806,764</u>	<u>1,137,694</u>	<u>(110,134)</u>	<u>1,022</u>	<u>1,013,055</u>	<u>(1,055,567)</u>	<u>(102,558)</u>	<u>(5,189)</u>
Other Financing Sources (Uses):								
Transfers in							-	-
Transfers out	<u>(467,900)</u>	<u>(100,000)</u>	<u>-</u>	<u>-</u>	<u>(824,000)</u>	<u>(359,600)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(467,900)</u>	<u>(100,000)</u>	<u>-</u>	<u>-</u>	<u>(824,000)</u>	<u>(359,600)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>338,864</u>	<u>1,037,694</u>	<u>(110,134)</u>	<u>1,022</u>	<u>189,055</u>	<u>(1,415,167)</u>	<u>(102,558)</u>	<u>(5,189)</u>
Fund Balances:								
Beginning of fiscal year	2,166,418	15,039,900	1,973,399	129,546	18,282,197	3,575,046	120,701	56,860
Net change in fund balances	<u>338,864</u>	<u>1,037,694</u>	<u>(110,134)</u>	<u>1,022</u>	<u>189,055</u>	<u>(1,415,167)</u>	<u>(102,558)</u>	<u>(5,189)</u>
End of fiscal year	<u><u>\$ 2,505,282</u></u>	<u><u>\$ 16,077,594</u></u>	<u><u>\$ 1,863,265</u></u>	<u><u>\$ 130,568</u></u>	<u><u>\$ 18,471,252</u></u>	<u><u>\$ 2,159,879</u></u>	<u><u>\$ 18,143</u></u>	<u><u>\$ 51,671</u></u>

CITY OF FONTANA
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Non-Major Governmental Funds
 For the Year Ended June 30, 2017

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	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
Revenues:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 329,647	\$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	1,529,556	4,022,497	140,459	329,656	240,600	268,035
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeitures	74,353	2,910,846	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Investment earnings	1,776	34,280	-	-	-	-	1,801	4,212
Contribution from property owners	-	-	-	-	-	-	-	-
Other revenue	-	66,674	585,538	-	-	-	-	-
Total revenues	<u>76,129</u>	<u>3,011,800</u>	<u>2,115,094</u>	<u>4,022,497</u>	<u>140,459</u>	<u>329,656</u>	<u>572,048</u>	<u>272,247</u>
Expenditures:								
Current:								
General government:								
City Administration	-	-	-	2,347,468	-	-	-	2,000
Management services	-	-	-	-	-	-	-	-
Information technology	-	-	-	-	-	-	-	-
Human resources	-	-	-	-	-	-	-	10,371
Public safety:								
Police	39,598	1,562,058	53,479	230,584	987,114	329,658	344,023	-
Fire	-	-	-	-	-	-	-	-
Public works	-	-	951,819	-	-	-	-	-
Community development	-	-	-	-	-	-	-	-
Community services	-	-	62,377	52,513	-	-	-	-
Engineering	-	-	236,092	10,440	-	-	-	201,657
Capital outlay	-	201,360	395,381	1,030,935	-	-	-	85,442
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Total expenditures	39,598	1,763,418	1,699,148	3,671,940	987,114	329,658	344,023	299,470
Excess (deficiency) of revenues over (under) expenditures	<u>36,531</u>	<u>1,248,382</u>	<u>415,946</u>	<u>350,557</u>	<u>(846,655)</u>	<u>(2)</u>	<u>228,025</u>	<u>(27,223)</u>
Other Financing Sources (Uses):								
Transfers in	-	-	-	-	858,089	-	-	-
Transfers out	-	<u>(132,384)</u>	-	<u>(91,800)</u>	-	-	-	<u>(12,500)</u>
Total other financing sources (uses)	<u>-</u>	<u>(132,384)</u>	<u>-</u>	<u>(91,800)</u>	<u>858,089</u>	<u>-</u>	<u>-</u>	<u>(12,500)</u>
Net change in fund balances	<u>36,531</u>	<u>1,115,998</u>	<u>415,946</u>	<u>258,757</u>	<u>11,434</u>	<u>(2)</u>	<u>228,025</u>	<u>(39,723)</u>
Fund Balances:								
Beginning of fiscal year	191,849	5,003,033	<u>(604,337)</u>	2,413,576	<u>(11,895)</u>	104,925	254,356	873,783
Net change in fund balances	<u>36,531</u>	<u>1,115,998</u>	<u>415,946</u>	<u>258,757</u>	<u>11,434</u>	<u>(2)</u>	<u>228,025</u>	<u>(39,723)</u>
End of fiscal year	<u><u>\$ 228,380</u></u>	<u><u>\$ 6,119,031</u></u>	<u><u>\$ (188,391)</u></u>	<u><u>\$ 2,672,333</u></u>	<u><u>\$ (461)</u></u>	<u><u>\$ 104,923</u></u>	<u><u>\$ 482,381</u></u>	<u><u>\$ 834,060</u></u>

CITY OF FONTANA
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Non-Major Governmental Funds
 For the Year Ended June 30, 2017

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	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	
Revenues:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	3,361,510	-	-	-	-	-	184,254
Charges for services	-	-	-	-	-	-	21,882	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Special assessments	-	-	-	268,187	4,016,568	35,033	11,950,904	-
Investment earnings	-	-	669	15,851	28,547	156	131,457	349
Contribution from property owners	-	-	-	-	-	-	-	-
Other revenue	-	-	6	-	-	-	-	-
Total revenues	<u>-</u>	<u>3,361,510</u>	<u>675</u>	<u>284,038</u>	<u>4,045,115</u>	<u>35,189</u>	<u>12,104,243</u>	<u>184,603</u>
Expenditures:								
Current:								
General government:								
City Administration	-	-	84	-	-	-	-	-
Management services	-	-	-	-	-	-	-	4,700
Information technology	-	-	-	-	-	-	-	-
Human resources	-	-	-	-	-	-	-	-
Public safety:								
Police	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-
Public works	-	-	-	-	3,436,223	34,686	6,387,205	-
Community development	-	-	-	-	-	-	-	-
Community services	-	3,034,122	-	-	-	-	-	-
Engineering	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	2,767	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	1,015,000
Interest	-	-	-	-	-	-	-	2,093,143
Total expenditures	<u>-</u>	<u>3,034,122</u>	<u>84</u>	<u>-</u>	<u>3,438,990</u>	<u>34,686</u>	<u>6,387,205</u>	<u>3,112,843</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>327,388</u>	<u>591</u>	<u>284,038</u>	<u>606,125</u>	<u>503</u>	<u>5,717,038</u>	<u>(2,928,240)</u>
Other Financing Sources (Uses):								
Transfers in	-	-	-	-	356,300	-	679,200	2,834,062
Transfers out	-	-	-	-	(434,300)	(3,800)	(5,339,600)	-
Total other financing sources (uses)	<u>-</u>	<u>327,388</u>	<u>591</u>	<u>284,038</u>	<u>(78,000)</u>	<u>(3,800)</u>	<u>(4,660,400)</u>	<u>2,834,062</u>
Net change in fund balances	-	327,388	591	284,038	528,125	(3,297)	1,056,638	(94,178)
Fund Balances:								
Beginning of fiscal year	14,699	118,814	129,417	3,026,072	5,985,327	39,126	26,801,489	710,966
Net change in fund balances	-	327,388	591	284,038	528,125	(3,297)	1,056,638	(94,178)
End of fiscal year	<u>\$ 14,699</u>	<u>\$ 446,202</u>	<u>\$ 130,008</u>	<u>\$ 3,310,110</u>	<u>\$ 6,513,452</u>	<u>\$ 35,829</u>	<u>\$ 27,858,127</u>	<u>\$ 616,788</u>

CITY OF FONTANA
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Non-Major Governmental Funds
 For the Year Ended June 30, 2017

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	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	2,720,980	115,463	-	2,549,859	-	194,616	400,214	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	746,868	-	-	913,867
Fines and forfeitures	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Investment earnings	81,694	3,104	228	34,423	13,301	6,261	7,498	27,048
Contribution from property owners	-	-	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-	-	-
Total revenues	2,802,674	118,567	228	2,584,282	760,169	200,877	407,712	940,915
Expenditures:								
Current:								
General government:								
City Administration	-	-	-	-	-	-	-	-
Management services	-	-	-	-	-	-	-	-
Information technology	1,044	-	-	-	-	-	-	-
Human resources	-	-	-	-	-	-	-	-
Public safety:								
Police	-	-	-	-	-	-	73,921	-
Fire	-	-	-	-	-	-	-	-
Public works	-	-	-	207,055	-	-	-	-
Community development	-	-	-	-	-	34,726	-	-
Community services	-	-	-	-	-	-	-	-
Engineering	1,216,693	78,614	-	21,211	15,902	-	-	-
Capital outlay	2,664,270	-	-	713,981	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Total expenditures	3,882,007	78,614	-	942,247	15,902	34,726	73,921	-
Excess (deficiency) of revenues over (under) expenditures	(1,079,333)	39,953	228	1,642,035	744,267	166,151	333,791	940,915
Other Financing Sources (Uses):								
Transfers in	-	-	-	-	107,188	99,727	98,459	148,901
Transfers out	(209,400)	(16,000)	-	(36,400)	(9,000)	-	(32,800)	(100)
Total other financing sources (uses)	(209,400)	(16,000)	-	(36,400)	98,188	99,727	65,659	148,801
Net change in fund balances	(1,288,733)	23,953	228	1,605,635	842,455	265,878	399,450	1,089,716
Fund Balances:								
Beginning 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
Net change in fund balances	(1,288,733)	23,953	228	1,605,635	842,455	265,878	399,450	1,089,716
End of fiscal year	\$ 14,883,894	\$ 427,839	\$ 44,168	\$ 7,492,578	\$ 3,018,878	\$ 1,349,343	\$ 1,684,356	\$ 5,859,594

CITY OF FONTANA
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Non-Major Governmental Funds
 For the Year Ended June 30, 2017

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	Capital Projects								Total Other Governmental Funds
	Capital Improvements	Underground Utilities	Sewer Expansion	Fire Assessment	Affordable Housing Trust	Fire Protection District	Fontana Housing Authority	Community Facilities District	
Revenues:									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 329,647
Licenses and permits	-	-	1,558,227	235,105	391,022	-	-	-	8,165,486
Intergovernmental	-	-	-	-	-	-	-	-	18,138,667
Charges for services	-	17,985	41,836	-	-	-	-	-	5,767,557
Fines and forfeitures	-	-	-	-	-	-	-	-	3,249,292
Special assessments	-	-	-	-	-	-	-	-	16,270,692
Investment earnings	299	246	12,050	2,618	10,768	15,758	201,161	1,932	824,176
Contribution from property owners	9,053,290	-	-	-	-	-	-	5,675,146	14,728,436
Other revenue	-	-	-	-	-	-	17,037	-	756,307
Total revenues	<u>9,053,589</u>	<u>18,231</u>	<u>1,612,113</u>	<u>237,723</u>	<u>401,790</u>	<u>15,758</u>	<u>218,198</u>	<u>5,677,078</u>	<u>68,230,260</u>
Expenditures:									
Current:									
General government:									
City Administration	-	-	-	-	-	-	-	-	2,778,568
Management services	-	-	-	-	-	-	-	-	4,700
Information technology	-	-	-	-	-	-	-	-	1,044
Human resources	-	-	-	-	-	-	-	-	10,371
Public safety:									
Police	-	-	-	-	-	-	-	-	3,639,329
Fire	-	-	-	-	-	1,078,578	-	-	1,078,578
Public works	-	-	1,536,973	-	-	58,401	-	-	18,226,755
Community development	-	-	-	-	-	-	85,899	-	120,625
Community services	-	-	-	-	-	-	-	-	3,190,874
Engineering	3,000	-	-	-	-	54,983	-	3,620,855	7,318,568
Capital outlay	<u>119,352</u>	-	-	-	-	<u>2,389,401</u>	<u>17,190</u>	-	<u>10,596,759</u>
Debt service:									
Principal	-	-	-	-	-	-	-	-	1,015,000
Interest	-	-	-	-	-	-	-	<u>312,773</u>	<u>2,405,916</u>
Total expenditures	<u>122,352</u>	-	<u>1,536,973</u>	-	-	<u>3,581,363</u>	<u>103,089</u>	<u>3,933,628</u>	<u>50,387,087</u>
Excess (deficiency) of revenues over (under) expenditures	<u>8,931,237</u>	<u>18,231</u>	<u>75,140</u>	<u>237,723</u>	<u>401,790</u>	<u>(3,565,605)</u>	<u>115,109</u>	<u>1,743,450</u>	<u>17,843,173</u>
Other Financing Sources (Uses):									
Transfers in	-	-	-	-	-	-	-	-	11,591,044
Transfers out	<u>(4,000)</u>	<u>(17,000)</u>	<u>(66,556)</u>	<u>(303,786)</u>	-	<u>(405,800)</u>	<u>(46,000)</u>	<u>(1,011,479)</u>	<u>(9,924,205)</u>
Total other financing sources (uses)	<u>(4,000)</u>	<u>(17,000)</u>	<u>(66,556)</u>	<u>(273,118)</u>	<u>252,450</u>	<u>5,554,200</u>	<u>120,000</u>	<u>(1,011,479)</u>	<u>1,666,839</u>
Net change in fund balances	<u>8,927,237</u>	<u>1,231</u>	<u>8,584</u>	<u>(35,395)</u>	<u>654,240</u>	<u>1,988,595</u>	<u>235,109</u>	<u>731,971</u>	<u>19,510,012</u>
Fund Balances:									
Beginning of fiscal year	<u>79,149</u>	<u>103,888</u>	<u>1,355,526</u>	<u>716,972</u>	<u>1,835,582</u>	<u>4,273,233</u>	<u>4,637,255</u>	<u>25,374</u>	<u>131,244,314</u>
Net change in fund balances	<u>8,927,237</u>	<u>1,231</u>	<u>8,584</u>	<u>(35,395)</u>	<u>654,240</u>	<u>1,988,595</u>	<u>235,109</u>	<u>731,971</u>	<u>19,510,012</u>
End of fiscal year	<u>\$ 9,006,386</u>	<u>\$ 105,119</u>	<u>\$ 1,364,110</u>	<u>\$ 681,577</u>	<u>\$ 2,489,822</u>	<u>\$ 6,261,828</u>	<u>\$ 4,872,364</u>	<u>\$ 757,345</u>	<u>\$ 150,754,326</u>

CITY OF FONTANA
 Budgetary Comparison Schedules
 Governmental Funds
 For the Year Ended June 30, 2017

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	Special Revenue							
	Gas Tax				Traffic Congestion Relief			
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	4,167,630	4,167,630	4,013,805	(153,825)	7,074,000	9,426,628	3,721,837	(5,704,791)
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Investment earnings	11,200	11,200	8,155	(3,045)	65,000	65,000	80,571	15,571
Other revenue	-	-	-	-	-	-	719	719
Total revenues	<u>4,178,830</u>	<u>4,178,830</u>	<u>4,021,960</u>	<u>(156,870)</u>	<u>7,139,000</u>	<u>9,491,628</u>	<u>3,803,127</u>	<u>(5,688,501)</u>
Expenditures:								
Current:								
General government:								
City Administration	-	-	-	-	-	-	-	-
Management services	-	-	-	-	-	-	-	-
Information technology	-	-	-	-	-	-	-	-
Human resources	-	-	-	-	-	-	-	-
Public safety:								
Police	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-
Public works	3,194,840	3,591,042	2,358,163	1,232,879	-	-	-	-
Community development	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-
Engineering	-	216,000	-	216,000	2,075,100	5,419,381	1,451,498	3,967,883
Capital outlay	1,000,000	1,604,260	857,033	747,227	5,023,450	14,064,999	1,213,935	12,851,064
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Debt issuance costs	-	-	-	-	-	-	-	-
Total expenditures	<u>4,194,840</u>	<u>5,411,302</u>	<u>3,215,196</u>	<u>2,196,106</u>	<u>7,098,550</u>	<u>19,484,380</u>	<u>2,665,433</u>	<u>16,818,947</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(16,010)</u>	<u>(1,232,472)</u>	<u>806,764</u>	<u>2,039,236</u>	<u>40,450</u>	<u>(9,992,752)</u>	<u>1,137,694</u>	<u>11,130,446</u>
Other Financing Sources (Uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	<u>(467,900)</u>	<u>(467,900)</u>	<u>(467,900)</u>	<u>-</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(467,900)</u>	<u>(467,900)</u>	<u>(467,900)</u>	<u>-</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>
Net change in fund balances	<u>(483,910)</u>	<u>(1,700,372)</u>	<u>338,864</u>	<u>2,039,236</u>	<u>(59,550)</u>	<u>(10,092,752)</u>	<u>1,037,694</u>	<u>11,130,446</u>
Fund balances - beginning	<u>2,166,418</u>	<u>2,166,418</u>	<u>2,166,418</u>	<u>-</u>	<u>15,039,900</u>	<u>15,039,900</u>	<u>15,039,900</u>	<u>-</u>
Fund balances - ending	<u>\$ 1,682,508</u>	<u>\$ 466,046</u>	<u>\$ 2,505,282</u>	<u>\$ 2,039,236</u>	<u>\$ 14,980,350</u>	<u>\$ 4,947,148</u>	<u>\$ 16,077,594</u>	<u>\$ 11,130,446</u>

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	Special Revenue							
	Traffic Safety				Municipal Services Fiscal Impact			
	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	-	-	-	-	854,750	854,750	923,770	69,020
Fines and forfeitures	550,000	250,000	250,772	772	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Investment earnings	8,000	8,000	3,826	(4,174)	80,000	80,000	89,285	9,285
Other revenue	1,000	1,000	86,333	85,333	-	-	-	-
Total revenues	559,000	259,000	340,931	81,931	934,750	934,750	1,013,055	78,305
Expenditures:								
Current:								
General government:								
City Administration	-	-	-	-	-	-	-	-
Management services	-	-	-	-	-	-	-	-
Information technology	-	-	-	-	-	-	-	-
Human resources	-	-	-	-	-	-	-	-
Public safety:								
Police	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-
Engineering	609,240	747,477	407,623	339,854	-	-	-	-
Capital outlay	-	32,000	43,442	(11,442)	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Debt issuance costs	-	-	-	-	-	-	-	-
Total expenditures	609,240	779,477	451,065	328,412	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	(50,240)	(520,477)	(110,134)	410,343	934,750	934,750	1,013,055	78,305
Other Financing Sources (Uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	(824,000)	(824,000)	(824,000)	-
Total other financing sources (uses)	-	-	-	-	(824,000)	(824,000)	(824,000)	-
Net change in fund balances	(50,240)	(520,477)	(110,134)	410,343	110,750	110,750	189,055	78,305
Fund balances - beginning	1,973,399	1,973,399	1,973,399	-	18,282,197	18,282,197	18,282,197	-
Fund balances - ending	\$ 1,923,159	\$ 1,452,922	\$ 1,863,265	\$ 410,343	\$ 18,392,947	\$ 18,392,947	\$ 18,471,252	\$ 78,305

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	Special Revenue							
	Solid Waste Mitigation				Home Program			
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	628,390	1,021,562	326,458	(695,104)
Charges for services	3,400,000	3,400,000	3,101,349	(298,651)	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Investment earnings	12,000	12,000	3,446	(8,554)	-	-	-	-
Other revenue	-	-	-	-	-	-	-	-
Total revenues	3,412,000	3,412,000	3,104,795	(307,205)	628,390	1,021,562	326,458	(695,104)
Expenditures:								
Current:								
General government:								
City Administration	-	-	-	-	443,040	960,014	429,016	530,998
Management services	-	-	-	-	-	-	-	-
Information technology	-	-	-	-	-	-	-	-
Human resources	-	-	-	-	-	-	-	-
Public safety:								
Police	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-
Public works	1,684,220	1,801,465	3,256,230	(1,454,765)	-	-	-	-
Community development	-	-	-	-	-	-	-	-
Community services	46,160	46,160	41,862	4,298	-	-	-	-
Engineering	-	-	-	-	-	-	-	-
Capital outlay	2,000,000	3,370,251	862,270	2,507,981	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Debt issuance costs	-	-	-	-	-	-	-	-
Total expenditures	3,730,380	5,217,876	4,160,362	1,057,514	443,040	960,014	429,016	530,998
Excess (deficiency) of revenues over (under) expenditures	(318,380)	(1,805,876)	(1,055,567)	750,309	185,350	61,548	(102,558)	(164,106)
Other Financing Sources (Uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	(359,600)	(359,600)	(359,600)	-	-	-	-	-
Total other financing sources (uses)	(359,600)	(359,600)	(359,600)					
Net change in fund balances	(677,980)	(2,165,476)	(1,415,167)	750,309	185,350	61,548	(102,558)	(164,106)
Fund balances - beginning	3,575,046	3,575,046	3,575,046	-	120,701	120,701	120,701	-
Fund balances - ending	\$ 2,897,066	\$ 1,409,570	\$ 2,159,879	\$ 750,309	\$ 306,051	\$ 182,249	\$ 18,143	\$ (164,106)

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	Special Revenue							
	Crime Prevention Seizure				State Seizure			
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeitures	3,500	15,000	13,321	(1,679)	22,500	80,500	74,353	(6,147)
Special assessments	-	-	-	-	-	-	-	-
Investment earnings	400	400	384	(16)	1,200	1,200	1,776	576
Other revenue	-	-	-	-	-	-	-	-
Total revenues	3,900	15,400	13,705	(1,695)	23,700	81,700	76,129	(5,571)
Expenditures:								
Current:								
General government:								
City Administration	-	-	-	-	-	-	-	-
Management services	-	-	-	-	-	-	-	-
Information technology	-	-	-	-	-	-	-	-
Human resources	-	-	-	-	-	-	-	-
Public safety:								
Police	39,500	39,500	18,894	20,606	39,380	169,380	39,598	129,782
Fire	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-
Engineering	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Debt issuance costs	-	-	-	-	-	-	-	-
Total expenditures	39,500	39,500	18,894	20,606	39,380	169,380	39,598	129,782
Excess (deficiency) of revenues over (under) expenditures	(35,600)	(24,100)	(5,189)	18,911	(15,680)	(87,680)	36,531	124,211
Other Financing Sources (Uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Net change in fund balances	(35,600)	(24,100)	(5,189)	18,911	(15,680)	(87,680)	36,531	124,211
Fund balances - beginning	56,860	56,860	56,860	-	191,849	191,849	191,849	-
Fund balances - ending	\$ 21,260	\$ 32,760	\$ 51,671	\$ 18,911	\$ 176,169	\$ 104,169	\$ 228,380	\$ 124,211

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	Special Revenue							
	Federal Seizure				Grants			
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	289,380	18,698,406	1,529,556	(17,168,850)
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeitures	1,200,000	2,125,000	2,910,846	785,846	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Investment earnings	15,000	15,000	34,280	19,280	-	-	-	-
Other revenue	-	52,753	66,674	13,921	-	1,931,708	585,538	(1,346,170)
Total revenues	1,215,000	2,192,753	3,011,800	819,047	289,380	20,630,114	2,115,094	(18,515,020)
Expenditures:								
Current:								
General government:								
City Administration	-	-	-	-	-	-	-	-
Management services	-	-	-	-	-	-	-	-
Information technology	-	-	-	-	-	-	-	-
Human resources	-	-	-	-	-	-	-	-
Public safety:								
Police	961,790	2,329,059	1,562,058	767,001	-	372,301	53,479	318,822
Fire	-	-	-	-	-	-	-	-
Public works	-	-	-	-	109,380	393,846	951,819	(557,973)
Community development	-	-	-	-	-	-	-	-
Community services	-	-	-	-	180,000	323,960	62,377	261,583
Engineering	-	-	-	-	-	1,885,267	236,092	1,649,175
Capital outlay	-	1,818,768	201,360	1,617,408	-	17,036,833	395,381	16,641,452
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Debt issuance costs	-	-	-	-	-	-	-	-
Total expenditures	961,790	4,147,827	1,763,418	2,384,409	289,380	20,012,207	1,699,148	18,313,059
Excess (deficiency) of revenues over (under) expenditures	253,210	(1,955,074)	1,248,382	3,203,456	-	617,907	415,946	(201,961)
Other Financing Sources (Uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	(132,384)	(132,384)	-	-	-	-	-
Total other financing sources (uses)	-	(132,384)	(132,384)	-	-	-	-	-
Net change in fund balances	253,210	(2,087,458)	1,115,998	3,203,456	-	617,907	415,946	(201,961)
Fund balances - beginning	5,003,033	5,003,033	5,003,033	-	(604,337)	(604,337)	(604,337)	-
Fund balances - ending	\$ 5,256,243	\$ 2,915,575	\$ 6,119,031	\$ 3,203,456	\$ (604,337)	\$ 13,570	\$ (188,391)	\$ (201,961)

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	Special Revenue							
	Housing and Community Development Block Grant				Federal Law Enforcement Block Grant			
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	3,408,670	5,981,533	4,022,497	(1,959,036)	50,000	140,458	140,459	1
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Investment earnings	-	-	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-	-	-
Total revenues	3,408,670	5,981,533	4,022,497	(1,959,036)	50,000	140,458	140,459	1
Expenditures:								
Current:								
General government:								
City Administration	795,850	2,474,929	2,347,468	127,461	-	-	-	-
Management services	-	-	-	-	-	-	-	-
Information technology	-	-	-	-	-	-	-	-
Human resources	-	-	-	-	-	-	-	-
Public safety:								
Police	-	230,584	230,584	-	738,060	1,157,661	987,114	170,547
Fire	-	-	-	-	-	-	-	-
Public works	-	373,791	-	373,791	-	-	-	-
Community development	-	-	-	-	-	-	-	-
Community services	52,510	52,513	52,513	-	-	-	-	-
Engineering	-	10,440	10,440	-	-	-	-	-
Capital outlay	1,600,330	2,829,515	1,030,935	1,798,580	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Debt issuance costs	-	-	-	-	-	-	-	-
Total expenditures	2,448,690	5,971,772	3,671,940	2,299,832	738,060	1,157,661	987,114	170,547
Excess (deficiency) of revenues over (under) expenditures	959,980	9,761	350,557	340,796	(688,060)	(1,017,203)	(846,655)	170,548
Other Financing Sources (Uses):								
Transfers in	489,740	-	-	-	688,060	1,028,517	858,089	(170,428)
Transfers out	(91,800)	(91,800)	(91,800)	-	-	-	-	-
Total other financing sources (uses)	397,940	(91,800)	(91,800)	-	688,060	1,028,517	858,089	(170,428)
Net change in fund balances	1,357,920	(82,039)	258,757	340,796	-	11,314	11,434	120
Fund balances - beginning	2,413,576	2,413,576	2,413,576	-	(11,895)	(11,895)	(11,895)	-
Fund balances - ending	\$ 3,771,496	\$ 2,331,537	\$ 2,672,333	\$ 340,796	\$ (11,895)	\$ (581)	\$ (461)	\$ 120

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	Special Revenue							
	AB 3229 State COPS Program				Office of Traffic Safety			
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 170,000	\$ 210,000	\$ 329,647	\$ 119,647
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	360,000	416,940	329,656	(87,284)	280,000	392,815	240,600	(152,215)
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Investment earnings	600	600	-	(600)	-	-	1,801	1,801
Other revenue	-	-	-	-	-	-	-	-
Total revenues	360,600	417,540	329,656	(87,884)	450,000	602,815	572,048	(30,767)
Expenditures:								
Current:								
General government:								
City Administration	-	-	-	-	-	-	-	-
Management services	-	-	-	-	-	-	-	-
Information technology	-	-	-	-	-	-	-	-
Human resources	-	-	-	-	-	-	-	-
Public safety:								
Police	385,880	604,330	329,658	274,672	410,000	458,422	344,023	114,399
Fire	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-
Engineering	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	40,000	40,000	-	40,000
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Debt issuance costs	-	-	-	-	-	-	-	-
Total expenditures	385,880	604,330	329,658	274,672	450,000	498,422	344,023	154,399
Excess (deficiency) of revenues over (under) expenditures	(25,280)	(186,790)	(2)	186,788	-	104,393	228,025	123,632
Other Financing Sources (Uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Net change in fund balances	(25,280)	(186,790)	(2)	186,788	-	104,393	228,025	123,632
Fund balances - beginning	104,925	104,925	104,925	-	254,356	254,356	254,356	-
Fund balances - ending	\$ 79,645	\$ (81,865)	\$ 104,923	\$ 186,788	\$ 254,356	\$ 358,749	\$ 482,381	\$ 123,632

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	Special Revenue							
	Air Quality Management District				Community Services Reimbursements			
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	252,100	252,100	268,035	15,935	3,279,450	3,447,605	3,361,510	(86,095)
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Investment earnings	5,000	5,000	4,212	(788)	-	-	-	-
Other revenue	-	-	-	-	-	-	-	-
Total revenues	257,100	257,100	272,247	15,147	3,279,450	3,447,605	3,361,510	(86,095)
Expenditures:								
Current:								
General government:								
City Administration	-	19,500	2,000	17,500	-	-	-	-
Management services	-	-	-	-	-	-	-	-
Information technology	-	-	-	-	-	-	-	-
Human resources	16,000	16,000	10,371	5,629	-	-	-	-
Public safety:								
Police	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-	-
Community services	-	-	-	-	3,279,450	3,447,605	3,034,122	413,483
Engineering	-	-	201,657	(201,657)	-	-	-	-
Capital outlay	-	568,839	85,442	483,397	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Debt issuance costs	-	-	-	-	-	-	-	-
Total expenditures	16,000	604,339	299,470	304,869	3,279,450	3,447,605	3,034,122	413,483
Excess (deficiency) of revenues over (under) expenditures	241,100	(347,239)	(27,223)	320,016			327,388	327,388
Other Financing Sources (Uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	(12,500)	(12,500)	(12,500)	-	-	-	-	-
Total other financing sources (uses)	(12,500)	(12,500)	(12,500)					
Net change in fund balances	228,600	(359,739)	(39,723)	320,016	-	-	327,388	327,388
Fund balances - beginning	873,783	873,783	873,783	-	118,814	118,814	118,814	-
Fund balances - ending	\$ 1,102,383	\$ 514,044	\$ 834,060	\$ 320,016	\$ 118,814	\$ 118,814	\$ 446,202	\$ 327,388

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	Special Revenue							
	Fontana Community Foundation				Fire Protection District CFD			
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	275,000	275,000	268,187	(6,813)
Investment earnings	600	600	669	69	12,500	12,500	15,851	3,351
Other revenue	500	500	6	(494)	-	-	-	-
Total revenues	1,100	1,100	675	(425)	287,500	287,500	284,038	(3,462)
Expenditures:								
Current:								
General government:								
City Administration	500	500	84	416	-	-	-	-
Management services	-	-	-	-	-	-	-	-
Information technology	-	-	-	-	-	-	-	-
Human resources	-	-	-	-	-	-	-	-
Public safety:								
Police	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-
Engineering	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Debt issuance costs	-	-	-	-	-	-	-	-
Total expenditures	500	500	84	416	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	600	600	591	(9)	287,500	287,500	284,038	(3,462)
Other Financing Sources (Uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Net change in fund balances	600	600	591	(9)	287,500	287,500	284,038	(3,462)
Fund balances - beginning	129,417	129,417	129,417	-	3,026,072	3,026,072	3,026,072	-
Fund balances - ending	\$ 130,017	\$ 130,017	\$ 130,008	\$ (9)	\$ 3,313,572	\$ 3,313,572	\$ 3,310,110	\$ (3,462)

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	Special Revenue							
	Landscape Maintenance Districts				Lighting District #3 Hunter's Ridge			
	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	4,012,200	4,012,200	4,016,568	4,368	32,000	32,000	35,033	3,033
Investment earnings	22,200	22,200	28,547	6,347	160	160	156	(4)
Other revenue	-	-	-	-	-	-	-	-
Total revenues	<u>4,034,400</u>	<u>4,034,400</u>	<u>4,045,115</u>	<u>10,715</u>	<u>32,160</u>	<u>32,160</u>	<u>35,189</u>	<u>3,029</u>
Expenditures:								
Current:								
General government:								
City Administration	-	-	-	-	-	-	-	-
Management services	-	-	-	-	-	-	-	-
Information technology	-	-	-	-	-	-	-	-
Human resources	-	-	-	-	-	-	-	-
Public safety:								
Police	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-
Public works	4,131,590	4,200,934	3,436,223	764,711	32,000	35,000	34,686	314
Community development	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-
Engineering	-	-	-	-	-	-	-	-
Capital outlay	-	2,775	2,767	8	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Debt issuance costs	-	-	-	-	-	-	-	-
Total expenditures	<u>4,131,590</u>	<u>4,203,709</u>	<u>3,438,990</u>	<u>764,719</u>	<u>32,000</u>	<u>35,000</u>	<u>34,686</u>	<u>314</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(97,190)</u>	<u>(169,309)</u>	<u>606,125</u>	<u>775,434</u>	<u>160</u>	<u>(2,840)</u>	<u>503</u>	<u>3,343</u>
Other Financing Sources (Uses):								
Transfers in	356,300	356,300	356,300	-	-	-	-	-
Transfers out	(434,300)	(434,300)	(434,300)	-	(3,800)	(3,800)	(3,800)	-
Total other financing sources (uses)	<u>(78,000)</u>	<u>(78,000)</u>	<u>(78,000)</u>	-	<u>(3,800)</u>	<u>(3,800)</u>	<u>(3,800)</u>	-
Net change in fund balances	<u>(175,190)</u>	<u>(247,309)</u>	<u>528,125</u>	<u>775,434</u>	<u>(3,640)</u>	<u>(6,640)</u>	<u>(3,297)</u>	<u>3,343</u>
Fund balances - beginning	5,985,327	5,985,327	5,985,327	-	39,126	39,126	39,126	-
Fund balances - ending	<u>\$ 5,810,137</u>	<u>\$ 5,738,018</u>	<u>\$ 6,513,452</u>	<u>\$ 775,434</u>	<u>\$ 35,486</u>	<u>\$ 32,486</u>	<u>\$ 35,829</u>	<u>\$ 3,343</u>

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	Special Revenue				Debt Service			
	Community Facilities Districts				General Debt Service			
	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	-	-	-	-	198,430	198,430	184,254	(14,176)
Charges for services	10,000	10,000	21,882	11,882	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Special assessments	11,816,070	11,816,070	11,950,904	134,834	-	-	-	-
Investment earnings	105,020	105,020	131,457	26,437	3,000	3,000	349	(2,651)
Other revenue	-	-	-	-	-	-	-	-
Total revenues	11,931,090	11,931,090	12,104,243	173,153	201,430	201,430	184,603	(16,827)
Expenditures:								
Current:								
General government:								
City Administration	-	-	-	-	-	-	-	-
Management services	-	-	-	-	20,000	20,000	4,700	15,300
Information technology	-	-	-	-	-	-	-	-
Human resources	-	-	-	-	-	-	-	-
Public safety:								
Police	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-
Public works	7,394,250	8,046,956	6,387,205	1,659,751	-	-	-	-
Community development	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-
Engineering	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Debt service:								
Principal	-	-	-	-	1,015,000	1,015,000	1,015,000	-
Interest	-	-	-	-	2,096,150	2,096,150	2,093,143	3,007
Debt issuance costs	-	-	-	-	-	-	-	-
Total expenditures	7,394,250	8,046,956	6,387,205	1,659,751	3,131,150	3,131,150	3,112,843	18,307
Excess (deficiency) of revenues over (under) expenditures	4,536,840	3,884,134	5,717,038	1,832,904	(2,929,720)	(2,929,720)	(2,928,240)	1,480
Other Financing Sources (Uses):								
Transfers in	679,200	679,200	679,200	-	2,929,720	2,929,720	2,834,062	(95,658)
Transfers out	(5,339,600)	(5,339,600)	(5,339,600)	-	-	-	-	-
Total other financing sources (uses)	(4,660,400)	(4,660,400)	(4,660,400)	-	2,929,720	2,929,720	2,834,062	(95,658)
Net change in fund balances	(123,560)	(776,266)	1,056,638	1,832,904	-	-	(94,178)	(94,178)
Fund balances - beginning	26,801,489	26,801,489	26,801,489	-	710,966	710,966	710,966	-
Fund balances - ending	\$ 26,677,929	\$ 26,025,223	\$ 27,858,127	\$ 1,832,904	\$ 710,966	\$ 710,966	\$ 616,788	\$ (94,178)

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	Capital Projects							
	Capital Reinvestment				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	-	404,460	-	(404,460)	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Investment earnings	100,000	100,000	30,717	(69,283)	5,000	5,000	47,010	42,010
Other revenue	-	378,161	-	(378,161)	-	-	-	-
Total revenues	<u>100,000</u>	<u>882,621</u>	<u>30,717</u>	<u>(851,904)</u>	<u>5,000</u>	<u>5,000</u>	<u>47,010</u>	<u>42,010</u>
Expenditures:								
Current:								
General government:								
City Administration	-	-	-	-	-	-	-	-
Management services	-	-	-	-	-	-	-	-
Information technology	-	-	-	-	-	-	-	-
Human resources	-	-	-	-	-	-	-	-
Public safety:								
Police	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-
Public works	-	1,177,067	2,697,441	(1,520,374)	-	-	-	-
Community development	-	3,575,193	1,815,598	1,759,595	-	-	-	-
Community services	-	-	-	-	-	-	-	-
Engineering	14,840	146,961	19,738	127,223	-	-	-	-
Capital outlay	<u>3,985,160</u>	<u>6,858,927</u>	<u>599,870</u>	<u>6,259,057</u>	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Total expenditures	<u>4,000,000</u>	<u>11,758,148</u>	<u>5,132,647</u>	<u>6,625,501</u>	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	<u>(3,900,000)</u>	<u>(10,875,527)</u>	<u>(5,101,930)</u>	<u>5,773,597</u>	<u>5,000</u>	<u>5,000</u>	<u>47,010</u>	<u>42,010</u>
Other Financing Sources (Uses):								
Transfers in	3,300,000	3,300,000	3,300,000	-	-	-	-	-
Transfers out	(200,000)	(200,000)	(173,201)	(26,799)	(255,400)	(255,400)	(255,400)	-
Total other financing sources (uses)	<u>3,100,000</u>	<u>3,100,000</u>	<u>3,126,799</u>	<u>(26,799)</u>	<u>(255,400)</u>	<u>(255,400)</u>	<u>(255,400)</u>	-
Net change in fund balances	<u>(800,000)</u>	<u>(7,775,527)</u>	<u>(1,975,131)</u>	<u>5,746,798</u>	<u>(250,400)</u>	<u>(250,400)</u>	<u>(208,390)</u>	<u>42,010</u>
Fund balances - beginning	<u>14,544,801</u>	<u>14,544,801</u>	<u>14,544,801</u>	-	<u>52,463,897</u>	<u>52,463,897</u>	<u>52,463,897</u>	-
Fund balances - ending	<u>\$ 13,744,801</u>	<u>\$ 6,769,274</u>	<u>\$ 12,569,670</u>	<u>\$ 5,746,798</u>	<u>\$ 52,213,497</u>	<u>\$ 52,213,497</u>	<u>\$ 52,255,507</u>	<u>\$ 42,010</u>

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	Capital Projects							
	Traffic Mitigation				Storm Drain			
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	2,340,000	2,340,000	2,720,980	380,980
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	6,750,000	6,475,915	6,944,438	468,523	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Investment earnings	100,000	100,000	119,909	19,909	64,000	64,000	81,694	17,694
Other revenue	-	-	-	-	-	-	-	-
Total revenues	6,850,000	6,575,915	7,064,347	488,432	2,404,000	2,404,000	2,802,674	398,674
Expenditures:								
Current:								
General government:								
City Administration	-	-	-	-	-	-	-	-
Management services	-	3,873,854	-	3,873,854	-	-	-	-
Information technology	-	-	-	-	-	805	1,044	(239)
Human resources	-	-	-	-	-	-	-	-
Public safety:								
Police	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-
Engineering	53,230	1,482,411	611,003	871,408	178,760	969,433	1,216,693	(247,260)
Capital outlay	1,885,550	11,568,596	115,028	11,453,568	-	7,193,449	2,664,270	4,529,179
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Total expenditures	1,938,780	16,924,861	726,031	16,198,830	178,760	8,163,687	3,882,007	4,281,680
Excess (deficiency) of revenues over (under) expenditures	4,911,220	(10,348,946)	6,338,316	16,687,262	2,225,240	(5,759,687)	(1,079,333)	4,680,354
Other Financing Sources (Uses):								
Transfers in	-	274,085	274,086	1	-	-	-	-
Transfers out	(926,100)	(926,100)	(926,100)	-	(209,400)	(209,400)	(209,400)	-
Total other financing sources (uses)	(926,100)	(652,015)	(652,014)	1	(209,400)	(209,400)	(209,400)	-
Net change in fund balances	3,985,120	(11,000,961)	5,686,302	16,687,263	2,015,840	(5,969,087)	(1,288,733)	4,680,354
Fund balances - beginning	(23,389,379)	(23,389,379)	(23,389,379)	-	16,172,627	16,172,627	16,172,627	-
Fund balances - ending	\$ (19,404,259)	\$ (34,390,340)	\$ (17,703,077)	\$ 16,687,263	\$ 18,188,467	\$ 10,203,540	\$ 14,883,894	\$ 4,680,354

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	Capital Projects							
	San Sevaine Flood Control				Upper Etiwanda 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	385,000	385,000	115,463	(269,537)	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Investment earnings	3,500	3,500	3,104	(396)	200	200	228	28
Other revenue	-	-	-	-	-	-	-	-
Total revenues	<u>388,500</u>	<u>388,500</u>	<u>118,567</u>	<u>(269,933)</u>	<u>200</u>	<u>200</u>	<u>228</u>	<u>28</u>
Expenditures:								
Current:								
General government:								
City Administration	-	-	-	-	-	-	-	-
Management services	-	-	-	-	-	-	-	-
Information technology	-	-	-	-	-	-	-	-
Human resources	-	-	-	-	-	-	-	-
Public safety:								
Police	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-
Engineering	94,480	134,480	78,614	55,866	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Total expenditures	<u>94,480</u>	<u>134,480</u>	<u>78,614</u>	<u>55,866</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>294,020</u>	<u>254,020</u>	<u>39,953</u>	<u>(214,067)</u>	<u>200</u>	<u>200</u>	<u>228</u>	<u>28</u>
Other Financing Sources (Uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	(16,000)	(16,000)	(16,000)	-	-	-	-	-
Total other financing sources (uses)	<u>(16,000)</u>	<u>(16,000)</u>	<u>(16,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	278,020	238,020	23,953	(214,067)	200	200	228	28
Fund balances - beginning	403,886	403,886	403,886	-	43,940	43,940	43,940	-
Fund balances - ending	<u>\$ 681,906</u>	<u>\$ 641,906</u>	<u>\$ 427,839</u>	<u>\$ (214,067)</u>	<u>\$ 44,140</u>	<u>\$ 44,140</u>	<u>\$ 44,168</u>	<u>\$ 28</u>

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Capital Projects								
	Park Development				Landscape Improvements			
	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	1,500,000	1,500,000	2,549,859	1,049,859	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	325,000	442,812	746,868	304,056
Fines and forfeitures	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Investment earnings	16,800	16,800	34,423	17,623	4,800	4,800	13,301	8,501
Other revenue	-	-	-	-	-	-	-	-
Total revenues	<u>1,516,800</u>	<u>1,516,800</u>	<u>2,584,282</u>	<u>1,067,482</u>	<u>329,800</u>	<u>447,612</u>	<u>760,169</u>	<u>312,557</u>
Expenditures:								
Current:								
General government:								
City Administration	-	-	-	-	-	-	-	-
Management services	-	-	-	-	-	-	-	-
Information technology	-	-	-	-	-	-	-	-
Human resources	-	-	-	-	-	-	-	-
Public safety:								
Police	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-
Public works	743,360	1,386,151	207,055	1,179,096	-	-	-	-
Community development	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-
Engineering	6,730	6,730	21,211	(14,481)	26,880	26,880	15,902	10,978
Capital outlay	<u>4,200,000</u>	<u>4,279,500</u>	<u>713,981</u>	<u>3,565,519</u>	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Total expenditures	<u>4,950,090</u>	<u>5,672,381</u>	<u>942,247</u>	<u>4,730,134</u>	<u>26,880</u>	<u>26,880</u>	<u>15,902</u>	<u>10,978</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,433,290)</u>	<u>(4,155,581)</u>	<u>1,642,035</u>	<u>5,797,616</u>	<u>302,920</u>	<u>420,732</u>	<u>744,267</u>	<u>323,535</u>
Other Financing Sources (Uses):								
Transfers in	-	-	-	-	-	107,188	107,188	-
Transfers out	<u>(36,400)</u>	<u>(36,400)</u>	<u>(36,400)</u>	<u>-</u>	<u>(9,000)</u>	<u>(9,000)</u>	<u>(9,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(36,400)</u>	<u>(36,400)</u>	<u>(36,400)</u>	<u>-</u>	<u>(9,000)</u>	<u>98,188</u>	<u>98,188</u>	<u>-</u>
Net change in fund balances	<u>(3,469,690)</u>	<u>(4,191,981)</u>	<u>1,605,635</u>	<u>5,797,616</u>	<u>293,920</u>	<u>518,920</u>	<u>842,455</u>	<u>323,535</u>
Fund balances - beginning	<u>5,886,943</u>	<u>5,886,943</u>	<u>5,886,943</u>	<u>-</u>	<u>2,176,423</u>	<u>2,176,423</u>	<u>2,176,423</u>	<u>-</u>
Fund balances - ending	<u>\$ 2,417,253</u>	<u>\$ 1,694,962</u>	<u>\$ 7,492,578</u>	<u>\$ 5,797,616</u>	<u>\$ 2,470,343</u>	<u>\$ 2,695,343</u>	<u>\$ 3,018,878</u>	<u>\$ 323,535</u>

CITY OF FONTANA
 Budgetary Comparison Schedules
 Governmental Funds
 For the Year Ended June 30, 2017

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	Capital Projects							
	Library Capital Improvement				Police Facility			
	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	\$ 20,273	\$ 194,616	\$ 174,343	\$ 200,000	\$ 101,541	\$ 400,214	\$ 298,673
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Investment earnings	3,500	3,500	6,261	2,761	3,000	3,000	7,498	4,498
Other revenue	-	-	-	-	-	-	-	-
Total revenues	123,500	23,773	200,877	177,104	203,000	104,541	407,712	303,171
Expenditures:								
Current:								
General government:								
City Administration	-	-	-	-	-	-	-	-
Management services	-	-	-	-	-	-	-	-
Information technology	-	-	-	-	-	-	-	-
Human resources	-	-	-	-	-	-	-	-
Public safety:								
Police	-	-	-	-	-	102,432	73,921	28,511
Fire	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Community development	-	36,860	34,726	2,134	-	-	-	-
Community services	-	-	-	-	-	-	-	-
Engineering	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	499,978	-	499,978
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Total expenditures	-	36,860	34,726	2,134	-	602,410	73,921	528,489
Excess (deficiency) of revenues over (under) expenditures	123,500	(13,087)	166,151	179,238	203,000	(497,869)	333,791	831,660
Other Financing Sources (Uses):								
Transfers in	-	99,727	99,727	-	-	98,459	98,459	-
Transfers out	-	-	-	-	(32,800)	(32,800)	(32,800)	-
Total other financing sources (uses)	-	99,727	99,727	-	(32,800)	65,659	65,659	-
Net change in fund balances	123,500	86,640	265,878	179,238	170,200	(432,210)	399,450	831,660
Fund balances - beginning	1,083,465	1,083,465	1,083,465	-	1,284,906	1,284,906	1,284,906	-
Fund balances - ending	\$ 1,206,965	\$ 1,170,105	\$ 1,349,343	\$ 179,238	\$ 1,455,106	\$ 852,696	\$ 1,684,356	\$ 831,660

CITY OF FONTANA
 Budgetary Comparison Schedules
 Governmental Funds
 For the Year Ended June 30, 2017

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	Capital Projects							
	General Government Improvement				Capital Improvements			
	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	400,000	251,099	913,867	662,768	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Investment earnings	15,000	15,000	27,048	12,048	1,000	1,000	299	(701)
Other revenue	-	-	-	-	-	778,889	-	(778,889)
Total revenues	415,000	266,099	940,915	674,816	1,000	779,889	299	(779,590)
Expenditures:								
Current:								
General government:								
City Administration	-	-	-	-	-	-	-	-
Management services	-	-	-	-	-	-	-	-
Information technology	-	-	-	-	-	-	-	-
Human resources	-	-	-	-	-	-	-	-
Public safety:								
Police	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-
Engineering	-	-	-	-	-	181,936	3,000	178,936
Capital outlay	-	-	-	-	-	581,827	119,352	462,475
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	1,017,764	-	1,017,764	-	-	-	-
Total expenditures	-	1,017,764	-	1,017,764	-	763,763	122,352	641,411
Excess (deficiency) of revenues over (under) expenditures	415,000	(751,665)	940,915	1,692,580	1,000	16,126	(122,053)	(138,179)
Other Financing Sources (Uses):								
Transfers in	-	148,901	148,901	-	-	-	-	-
Transfers out	(100)	(100)	(100)	-	(4,000)	(4,000)	(4,000)	-
Total other financing sources (uses)	(100)	148,801	148,801	-	(4,000)	(4,000)	(4,000)	-
Net change in fund balances	414,900	(602,864)	1,089,716	1,692,580	(3,000)	12,126	(126,053)	(138,179)
Fund balances - beginning	4,769,878	4,769,878	4,769,878	-	79,149	79,149	79,149	-
Fund balances - ending	\$ 5,184,778	\$ 4,167,014	\$ 5,859,594	\$ 1,692,580	\$ 76,149	\$ 91,275	\$ (46,904)	\$ (138,179)

CITY OF FONTANA
 Budgetary Comparison Schedules
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 For the Year Ended June 30, 2017

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	Capital Projects							
	Underground Utilities				Sewer Expansion			
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	2,230,700	2,230,700	1,558,227	(672,473)
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	15,000	15,000	17,985	2,985	175,000	175,000	41,836	(133,164)
Fines and forfeitures	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Investment earnings	300	300	246	(54)	40,000	40,000	12,050	(27,950)
Other revenue	-	-	-	-	-	-	-	-
Total revenues	<u>15,300</u>	<u>15,300</u>	<u>18,231</u>	<u>2,931</u>	<u>2,445,700</u>	<u>2,445,700</u>	<u>1,612,113</u>	<u>(833,587)</u>
Expenditures:								
Current:								
General government:								
City Administration	-	-	-	-	-	-	-	-
Management services	-	-	-	-	-	-	-	-
Information technology	-	-	-	-	-	-	-	-
Human resources	-	-	-	-	-	-	-	-
Public safety:								
Police	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-
Public works	-	-	-	-	1,575,000	1,575,000	1,536,973	38,027
Community development	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-
Engineering	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,575,000</u>	<u>1,575,000</u>	<u>1,536,973</u>	<u>38,027</u>
Excess (deficiency) of revenues over (under) expenditures	<u>15,300</u>	<u>15,300</u>	<u>18,231</u>	<u>2,931</u>	<u>870,700</u>	<u>870,700</u>	<u>75,140</u>	<u>(795,560)</u>
Other Financing Sources (Uses):								
Transfers in	-	-	-	-	-	-	\$ (66,556)	(66,556)
Transfers out	(17,000)	(17,000)	(17,000)	-	(75,000)	(75,000)	-	75,000
Total other financing sources (uses)	<u>(17,000)</u>	<u>(17,000)</u>	<u>(17,000)</u>	<u>-</u>	<u>(75,000)</u>	<u>(75,000)</u>	<u>(66,556)</u>	<u>8,444</u>
Net change in fund balances	(1,700)	(1,700)	1,231	2,931	795,700	795,700	8,584	(787,116)
Fund balances - beginning	103,888	103,888	103,888	-	1,355,526	1,355,526	1,355,526	-
Fund balances - ending	<u>\$ 102,188</u>	<u>\$ 102,188</u>	<u>\$ 105,119</u>	<u>\$ 2,931</u>	<u>\$ 2,151,226</u>	<u>\$ 2,151,226</u>	<u>\$ 1,364,110</u>	<u>\$ (787,116)</u>

CITY OF FONTANA
 Budgetary Comparison Schedules
 Governmental Funds
 For the Year Ended June 30, 2017

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	Capital Projects							
	Fire Assessment				Affordable Housing Trust			
	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	\$ 150,000	\$ 119,332	\$ 235,105	\$ 115,773	\$ 640,000	\$ 407,550	\$ 391,022	\$ (16,528)
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Investment earnings	2,000	2,000	2,618	618	4,800	4,800	10,768	5,968
Other revenue	-	-	-	-	-	-	-	-
Total revenues	152,000	121,332	237,723	116,391	644,800	412,350	401,790	(10,560)
Expenditures:								
Current:								
General government:								
City Administration	-	-	-	-	500	500	-	500
Management services	-	-	-	-	-	-	-	-
Information technology	-	-	-	-	-	-	-	-
Human resources	-	-	-	-	-	-	-	-
Public safety:								
Police	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-
Engineering	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	425,519	-	425,519	-	-	-	-
Total expenditures	-	425,519	-	425,519	500	500	-	500
Excess (deficiency) of revenues over (under) expenditures	152,000	(304,187)	237,723	541,910	644,300	411,850	401,790	(10,060)
Other Financing Sources (Uses):								
Transfers in	-	30,668	30,668	-	-	252,450	252,450	-
Transfers out	(298,220)	(298,220)	(303,786)	(5,566)	-	-	-	-
Total other financing sources (uses)	(298,220)	(267,552)	(273,118)	(5,566)	-	252,450	252,450	-
Net change in fund balances	(146,220)	(571,739)	(35,395)	536,344	644,300	664,300	654,240	(10,060)
Fund balances - beginning	716,972	716,972	716,972	-	1,835,582	1,835,582	1,835,582	-
Fund balances - ending	\$ 570,752	\$ 145,233	\$ 681,577	\$ 536,344	\$ 2,479,882	\$ 2,499,882	\$ 2,489,822	\$ (10,060)

CITY OF FONTANA
 Budgetary Comparison Schedules
 Governmental Funds
 For the Year Ended June 30, 2017

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	Capital Projects							
	Fire Protection District				Fontana Housing Authority			
	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	35,000	35,000	15,758	(19,242)	222,640	222,640	201,161	(21,479)
Other revenue	-	-	-	-	15,050	15,050	17,037	1,987
Total revenues	35,000	35,000	15,758	(19,242)	237,690	237,690	218,198	(19,492)
Expenditures:								
Current:								
General government:								
City Administration	-	-	-	-	-	-	-	-
Management services	-	-	-	-	-	-	-	-
Information technology	-	-	-	-	-	-	-	-
Human resources	-	-	-	-	-	-	-	-
Public safety:								
Police	-	-	-	-	-	-	-	-
Fire	250,000	486,908	1,078,578	(591,670)	-	-	-	-
Public works	-	98,410	58,401	40,009	-	-	-	-
Community development	-	-	-	-	161,520	341,020	85,899	255,121
Community services	-	-	-	-	-	-	-	-
Engineering	-	28,181	54,983	(26,802)	-	-	-	-
Capital outlay	2,291,500	5,229,316	2,389,401	2,839,915	-	215,500	17,190	198,310
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Total expenditures	2,541,500	5,842,815	3,581,363	2,261,452	161,520	556,520	103,089	453,431
Excess (deficiency) of revenues over (under) expenditures	(2,506,500)	(5,807,815)	(3,565,605)	2,242,210	76,170	(318,830)	115,109	433,939
Other Financing Sources (Uses):								
Transfers in	2,460,000	5,960,000	5,960,000	-	166,000	166,000	166,000	-
Transfers out	(405,800)	(405,800)	(405,800)	-	(46,000)	(46,000)	(46,000)	-
Total other financing sources (uses)	2,054,200	5,554,200	5,554,200	-	120,000	120,000	120,000	-
Net change in fund balances	(452,300)	(253,615)	1,988,595	2,242,210	196,170	(198,830)	235,109	433,939
Fund balances - beginning	4,273,233	4,273,233	4,273,233	-	4,637,255	4,637,255	4,637,255	-
Fund balances - ending	\$ 3,820,933	\$ 4,019,618	\$ 6,261,828	\$ 2,242,210	\$ 4,833,425	\$ 4,438,425	\$ 4,872,364	\$ 433,939

CITY OF FONTANA
 Budgetary Comparison Schedules
 Governmental Funds
 For the Year Ended June 30, 2017

Schedule 3
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	Capital Projects			
	Community Facilities Districts			
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	- -	- -	- -	- -
Intergovernmental	- -	- -	- -	- -
Charges for services	- -	- -	- -	- -
Fines and forfeitures	- -	- -	- -	- -
Special assessments	- -	- -	- -	- -
Investment earnings	720	720	1,932	1,212
Other revenue	- -	5,675,146	5,675,146	- -
Total revenues	<u>720</u>	<u>5,675,866</u>	<u>5,677,078</u>	<u>1,212</u>
Expenditures:				
Current:				
General government:				
City Administration	- -	- -	- -	- -
Management services	- -	- -	- -	- -
Information technology	- -	- -	- -	- -
Human resources	- -	- -	- -	- -
Public safety:				
Police	- -	- -	- -	- -
Fire	- -	- -	- -	- -
Public works	- -	- -	- -	- -
Community development	- -	- -	- -	- -
Community services	- -	- -	- -	- -
Engineering	- -	3,620,855	3,620,855	- -
Capital outlay	- -	- -	- -	- -
Debt service:				
Principal	- -	- -	- -	- -
Interest	- -	291,955	312,773	(20,818)
Total expenditures	<u>-</u>	<u>3,912,810</u>	<u>3,933,628</u>	<u>(20,818)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>720</u>	<u>1,763,056</u>	<u>1,743,450</u>	<u>(19,606)</u>
Other Financing Sources (Uses):				
Transfers in	- -	- -	- -	- -
Transfers out	- -	(1,011,479)	(1,011,479)	- -
Total other financing sources (uses)	<u>-</u>	<u>(1,037,077)</u>	<u>(1,011,479)</u>	<u>25,598</u>
Net change in fund balances	720	725,979	731,971	5,992
Fund balances - beginning	25,374	25,374	25,374	- -
Fund balances - ending	<u>\$ 26,094</u>	<u>\$ 751,353</u>	<u>\$ 757,345</u>	<u>\$ 5,992</u>



Fiduciary Fund Types

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

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

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

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

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

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

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

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

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

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

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

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

Fiduciary Fund Types

Fiduciary Funds (continued)

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

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, 2017

	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	\$ -	\$ 183,699	\$ -	\$ -	\$ -	\$ -	\$ -
Receivables (net):							
Assessments	104,995	5,909	393	6,416	4,042	30,660	21,478
Restricted assets:							
Cash and investments	4,822,968	-	-	661,172	1,967,533	4,842,528	4,707,006
Total Assets	<u>\$ 4,927,963</u>	<u>\$ 189,608</u>	<u>\$ 393</u>	<u>\$ 667,588</u>	<u>\$ 1,971,575</u>	<u>\$ 4,873,188</u>	<u>\$ 4,728,484</u>
Liabilities:							
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deposits payable	-	-	-	-	-	-	-
Due to bondholders	4,927,963	189,608	393	667,588	1,971,575	4,873,188	4,728,484
Total Liabilities	<u>\$ 4,927,963</u>	<u>\$ 189,608</u>	<u>\$ 393</u>	<u>\$ 667,588</u>	<u>\$ 1,971,575</u>	<u>\$ 4,873,188</u>	<u>\$ 4,728,484</u>
	Community Facilities District #31 Citrus Heights	Community Facilities District #37 Montelago	Community Facilities District #70 Avellino	Community Facilities District #71 Sierra Crest	Community Facilities District #80 Bella Strada	Trust Deposits	Totals
Assets:							
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ 229,831	\$ 5,751,673	\$ 6,165,203
Receivables (net):							
Assessments	55,730	6,821	4,402	3,809	1,316	-	245,971
Restricted assets:							
Cash and investments	3,273,637	1,154,411	396,167	568,752	-	-	22,394,174
Total Assets	<u>\$ 3,329,367</u>	<u>\$ 1,161,232</u>	<u>\$ 400,569</u>	<u>\$ 572,561</u>	<u>\$ 231,147</u>	<u>\$ 5,751,673</u>	<u>\$ 28,805,348</u>
Liabilities:							
Deposits payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,751,673	\$ 5,751,673
Due to bondholders	3,329,367	1,161,232	400,569	572,561	231,147	-	23,053,675
Total Liabilities	<u>\$ 3,329,367</u>	<u>\$ 1,161,232</u>	<u>\$ 400,569</u>	<u>\$ 572,561</u>	<u>\$ 231,147</u>	<u>\$ 5,751,673</u>	<u>\$ 28,805,348</u>

CITY OF FONTANA
 Combining Statement of Changes in Assets and Liabilities
 All Agency Funds
 For the Year Ended June 30, 2017

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	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2017</u>
<u>Community Facilities District #2 - Heritage</u>				
Assets:				
Receivables (net):				
Assessments	\$ 171,713	\$ 4,161,453	\$ 4,228,171	\$ 104,995
Restricted assets:				
Cash and investments	<u>4,984,673</u>	<u>8,511,258</u>	<u>8,672,963</u>	<u>4,822,968</u>
Total Assets	<u><u>\$ 5,156,386</u></u>	<u><u>\$ 12,672,711</u></u>	<u><u>\$ 12,901,134</u></u>	<u><u>\$ 4,927,963</u></u>
Liabilities:				
Due to bondholders	\$ 5,156,386	\$ 12,672,711	\$ 12,901,134	\$ 4,927,963
Total Liabilities	<u><u>\$ 5,156,386</u></u>	<u><u>\$ 12,672,711</u></u>	<u><u>\$ 12,901,134</u></u>	<u><u>\$ 4,927,963</u></u>
<u>Community Facilities District #3 - Hunter's Ridge</u>				
Assets:				
Cash and investments	\$ 184,100	\$ -	\$ 401	\$ 183,699
Receivables (net):				
Assessments	<u>\$ 5,909</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,909</u>
Total Assets	<u><u>\$ 5,909</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 401</u></u>	<u><u>\$ 189,608</u></u>
Liabilities:				
Due to bondholders	\$ 190,009	\$ -	\$ 401	\$ 189,608
Total Liabilities	<u><u>\$ 190,009</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 401</u></u>	<u><u>\$ 189,608</u></u>
<u>Community Facilities District #4 - Walnut Village</u>				
Assets:				
Receivables (net):				
Assessments	\$ 393	\$ -	\$ -	\$ 393
Total Assets	<u><u>\$ 393</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 393</u></u>
Liabilities:				
Due to bondholders	\$ 393	\$ -	\$ -	\$ 393
Total Liabilities	<u><u>\$ 393</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 393</u></u>

CITY OF FONTANA
 Combining Statement of Changes in Assets and Liabilities
 All Agency Funds
 For the Year Ended June 30, 2017

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	<u>Balance July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2017</u>
<u>Community Facilities District #7 - Country Club</u>				
Assets:				
Receivables (net):				
Assessments	\$ 6,427	\$ 295,804	\$ 295,815	\$ 6,416
Restricted assets:				
Cash and investments	<u>665,980</u>	<u>287,574</u>	<u>292,382</u>	<u>661,172</u>
Total Assets	<u>\$ 672,407</u>	<u>\$ 583,378</u>	<u>\$ 588,197</u>	<u>\$ 667,588</u>
Liabilities:				
Due to bondholders	<u>\$ 672,407</u>	<u>\$ 583,378</u>	<u>\$ 588,197</u>	<u>\$ 667,588</u>
Total Liabilities	<u>\$ 672,407</u>	<u>\$ 583,378</u>	<u>\$ 588,197</u>	<u>\$ 667,588</u>
<u>Community Facilities District #11 - Heritage West End</u>				
Assets:				
Receivables (net):				
Assessments	\$ 13,953	\$ 889,723	\$ 899,634	\$ 4,042
Restricted assets:				
Cash and investments	<u>1,849,369</u>	<u>1,648,300</u>	<u>1,530,136</u>	<u>1,967,533</u>
Total Assets	<u>\$ 1,863,322</u>	<u>\$ 2,538,023</u>	<u>\$ 2,429,770</u>	<u>\$ 1,971,575</u>
Liabilities:				
Due to bondholders	<u>\$ 1,863,322</u>	<u>\$ 2,538,023</u>	<u>\$ 2,429,770</u>	<u>\$ 1,971,575</u>
Total Liabilities	<u>\$ 1,863,322</u>	<u>\$ 2,538,023</u>	<u>\$ 2,429,770</u>	<u>\$ 1,971,575</u>
<u>Community Facilities District #12 - Sierra Lakes</u>				
Assets:				
Receivables (net):				
Assessments	\$ 29,628	\$ 1,932,628	\$ 1,931,596	\$ 30,660
Restricted assets:				
Cash and investments	<u>4,929,447</u>	<u>1,782,312</u>	<u>1,869,231</u>	<u>4,842,528</u>
Total Assets	<u>\$ 4,959,075</u>	<u>\$ 3,714,940</u>	<u>\$ 3,800,827</u>	<u>\$ 4,873,188</u>
Liabilities:				
Due to bondholders	<u>\$ 4,959,075</u>	<u>\$ 3,714,940</u>	<u>\$ 3,800,827</u>	<u>\$ 4,873,188</u>
Total Liabilities	<u>\$ 4,959,075</u>	<u>\$ 3,714,940</u>	<u>\$ 3,800,827</u>	<u>\$ 4,873,188</u>

CITY OF FONTANA
 Combining Statement of Changes in Assets and Liabilities
 All Agency Funds
 For the Year Ended June 30, 2017

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	<u>Balance July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2017</u>
<u>Community Facilities District #22 - Sierra Hills South</u>				
Assets:				
Receivables (net):				
Assessments	\$ 20,328	\$ 2,695,875	\$ 2,694,725	\$ 21,478
Restricted assets:				
Cash and investments	<u>4,641,109</u>	<u>2,701,795</u>	<u>2,635,898</u>	<u>4,707,006</u>
Total Assets	<u>\$ 4,661,437</u>	<u>\$ 5,397,670</u>	<u>\$ 5,330,623</u>	<u>\$ 4,728,484</u>
Liabilities:				
Due to bondholders	<u>\$ 4,661,437</u>	<u>\$ 5,397,670</u>	<u>\$ 5,330,623</u>	<u>\$ 4,728,484</u>
Total Liabilities	<u>\$ 4,661,437</u>	<u>\$ 5,397,670</u>	<u>\$ 5,330,623</u>	<u>\$ 4,728,484</u>
<u>Community Facilities District #31 - Citrus Heights North</u>				
Assets:				
Receivables (net):				
Assessments	\$ 34,262	\$ 1,769,169	\$ 1,747,701	\$ 55,730
Restricted assets:				
Cash and investments	<u>3,306,799</u>	<u>1,712,783</u>	<u>1,745,945</u>	<u>3,273,637</u>
Total Assets	<u>\$ 3,341,061</u>	<u>\$ 3,481,952</u>	<u>\$ 3,493,646</u>	<u>\$ 3,329,367</u>
Liabilities:				
Due to bondholders	<u>\$ 3,341,061</u>	<u>\$ 3,481,952</u>	<u>\$ 3,493,646</u>	<u>\$ 3,329,367</u>
Total Liabilities	<u>\$ 3,341,061</u>	<u>\$ 3,481,952</u>	<u>\$ 3,493,646</u>	<u>\$ 3,329,367</u>
<u>Community Facilities District #37 - Montelago</u>				
Assets:				
Receivables (net):				
Assessments	\$ 8,872	\$ 354,809	\$ 356,860	\$ 6,821
Restricted assets:				
Cash and investments	<u>1,147,682</u>	<u>339,285</u>	<u>332,556</u>	<u>1,154,411</u>
Total Assets	<u>\$ 1,156,554</u>	<u>\$ 694,094</u>	<u>\$ 689,416</u>	<u>\$ 1,161,232</u>
Liabilities:				
Due to bondholders	<u>\$ 1,156,554</u>	<u>\$ 694,094</u>	<u>\$ 689,416</u>	<u>\$ 1,161,232</u>
Total Liabilities	<u>\$ 1,156,554</u>	<u>\$ 694,094</u>	<u>\$ 689,416</u>	<u>\$ 1,161,232</u>

CITY OF FONTANA
 Combining Statement of Changes in Assets and Liabilities
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 For the Year Ended June 30, 2017

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	<u>Balance July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2017</u>
<u>Community Facilities District #70 - Avellino</u>				
Assets:				
Receivables (net):				
Assessments	\$ 1,021	\$ 251,722	\$ 248,341	\$ 4,402
Restricted assets:				
Cash and investments	<u>376,642</u>	<u>239,044</u>	<u>219,519</u>	<u>396,167</u>
Total Assets	<u>\$ 377,663</u>	<u>\$ 490,766</u>	<u>\$ 467,860</u>	<u>\$ 400,569</u>
Liabilities:				
Due to bondholders	<u>\$ 377,663</u>	<u>\$ 490,766</u>	<u>\$ 467,860</u>	<u>\$ 400,569</u>
Total Liabilities	<u>\$ 377,663</u>	<u>\$ 490,766</u>	<u>\$ 467,860</u>	<u>\$ 400,569</u>
<u>Community Facilities District #71 - Sierra Crest</u>				
Assets:				
Cash and investments	\$ 97,568	\$ 355,169	\$ 452,737	\$ -
Receivables (net):				
Assessments	-	348,140	344,331	3,809
Restricted assets:				
Cash and investments	-	<u>788,169</u>	<u>219,417</u>	<u>568,752</u>
Total Assets	<u>\$ 97,568</u>	<u>\$ 1,491,478</u>	<u>\$ 1,016,485</u>	<u>\$ 572,561</u>
Liabilities:				
Due to bondholders	<u>\$ 97,568</u>	<u>\$ 1,491,478</u>	<u>\$ 1,016,485</u>	<u>\$ 572,561</u>
Total Liabilities	<u>\$ 97,568</u>	<u>\$ 1,491,478</u>	<u>\$ 1,016,485</u>	<u>\$ 572,561</u>
<u>Community Facilities District #80 - Bella Strada</u>				
Assets:				
Cash and investments	\$ -	\$ 271,180	\$ 41,349	\$ 229,831
Receivables (net):				
Assessments	-	<u>276,165</u>	<u>274,849</u>	<u>1,316</u>
Total Assets	<u>\$ -</u>	<u>\$ 547,345</u>	<u>\$ 316,198</u>	<u>\$ 231,147</u>
Liabilities:				
Due to bondholders	<u>\$ -</u>	<u>\$ 547,345</u>	<u>\$ 316,198</u>	<u>\$ 231,147</u>
Total Liabilities	<u>\$ -</u>	<u>\$ 547,345</u>	<u>\$ 316,198</u>	<u>\$ 231,147</u>

CITY OF FONTANA
 Combining Statement of Changes in Assets and Liabilities
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	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2017</u>
<u>Trust Deposits</u>				
Assets:				
Cash and investments	\$ 4,533,267	\$ 23,225,776	\$ 22,007,370	\$ 5,751,673
Total Assets	<u>\$ 4,533,267</u>	<u>\$ 23,225,776</u>	<u>\$ 22,007,370</u>	<u>\$ 5,751,673</u>
Liabilities:				
Deposits payable	4,533,267	23,225,776	22,007,370	5,751,673
Total Liabilities	<u>\$ 4,533,267</u>	<u>\$ 23,225,776</u>	<u>\$ 22,007,370</u>	<u>\$ 5,751,673</u>
<u>Totals - All Agency Funds</u>				
Assets:				
Cash and investments	\$ 4,814,935	\$ 23,852,125	\$ 22,501,857	6,165,203
Receivables (net):				
Assessments	292,506	12,975,488	13,022,023	245,971
Restricted assets:				
Cash and investments	21,901,701	18,010,520	17,518,047	22,394,174
Total Assets	<u>\$ 27,009,142</u>	<u>\$ 54,838,133</u>	<u>\$ 53,041,927</u>	<u>\$ 28,805,348</u>
Liabilities:				
Deposits payable	\$ 4,533,267	\$ 23,225,776	\$ 22,007,370	\$ 5,751,673
Due to bondholders	22,475,875	31,612,357	31,034,557	23,053,675
Total Liabilities	<u>\$ 27,009,142</u>	<u>\$ 54,838,133</u>	<u>\$ 53,041,927</u>	<u>\$ 28,805,348</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.	137
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.	143
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.	147
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.	151
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.	153

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				
	2017	2016	2015	2014	2013
Governmental Activities					
Net investment in capital assets	\$ 735,790,188	\$ 755,220,959	\$ 691,627,257	\$ 703,125,448	\$ 676,166,540
Restricted	227,128,252	226,420,563	204,759,026	196,764,945	201,817,790
Unrestricted	9,377,716	2,951,934	(13,247,617)	93,002,321	71,378,200
Total governmental activities net position	<u>972,296,156</u>	<u>984,593,456</u>	<u>883,138,666</u>	<u>992,892,714</u>	<u>949,362,530</u>
Business-type activities					
Net investment in capital assets	\$ 61,798,043	\$ 63,050,134	\$ 65,035,187	\$ 62,610,261	\$ 63,626,343
Unrestricted	22,291,772	23,458,142	23,099,758	27,641,399	28,233,609
Total business-type activities net position	<u>84,089,815</u>	<u>86,508,276</u>	<u>88,134,945</u>	<u>90,251,660</u>	<u>91,859,952</u>
Primary Government					
Net investment in capital assets	797,588,231	818,271,093	756,662,444	765,735,709	739,792,883
Restricted	227,128,252	226,420,563	204,759,026	196,764,945	201,817,790
Unrestricted	31,669,488	26,410,076	9,852,141	120,643,720	99,611,809
Total primary government net position	<u>1,056,385,971</u>	<u>1,071,101,732</u>	<u>971,273,611</u>	<u>1,083,144,374</u>	<u>1,041,222,482</u>
	Fiscal Year				
	2012	2011	2010	2009	2008
Governmental Activities					
Net investment in capital assets	\$ 672,341,983	\$ 223,511,085	\$ 210,467,754	\$ 231,561,402	\$ 226,848,487
Restricted	195,161,021	150,478,343	310,331,309	221,238,043	143,173,855
Unrestricted	101,455,109	185,447,345	30,252,479	94,739,284	152,738,630
Total governmental activities net position	<u>968,958,113</u>	<u>559,436,773</u>	<u>551,051,542</u>	<u>547,538,729</u>	<u>522,760,972</u>
Business-type activities					
Net investment in capital assets	\$ 65,695,817	\$ 65,645,477	\$ 65,566,041	\$ 66,461,827	\$ 67,157,200
Unrestricted	29,652,481	38,838,065	37,796,093	35,851,412	27,566,708
Total business-type activities net position	<u>95,348,298</u>	<u>104,483,542</u>	<u>103,362,134</u>	<u>102,313,239</u>	<u>94,723,908</u>
Primary Government					
Net investment in capital assets	738,037,800	289,156,562	276,033,795	298,023,229	294,005,687
Restricted	195,161,021	150,478,343	310,331,309	221,238,043	143,173,855
Unrestricted	131,107,590	224,285,410	68,048,572	130,590,696	180,305,338
Total primary government net position	<u>1,064,306,411</u>	<u>663,920,315</u>	<u>654,413,676</u>	<u>649,851,968</u>	<u>617,484,880</u>

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

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Expenses										
Governmental activities:										
General government	\$ 45,000,071	\$ 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
Public safety	85,083,073	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
Public works	40,138,228	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
Building & safety	-	-	-	-	-	-	2,146,444	2,172,818	2,676,376	2,878,998
Community development	10,381,815	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
Community services	15,155,260	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
Engineering	27,778,614	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
Interest on long-term debt	2,392,153	2,153,414	3,105,404	2,866,029	2,974,691	11,724,101	32,678,422	37,910,762	40,582,735	37,400,389
Total governmental activities expenses	<u>225,929,214</u>	<u>192,410,268</u>	<u>206,557,235</u>	<u>204,897,199</u>	<u>210,734,451</u>	<u>216,414,428</u>	<u>242,398,522</u>	<u>299,043,699</u>	<u>246,336,191</u>	<u>211,106,013</u>
Business-type activities:										
Sewer	20,786,533	18,837,548	18,010,757	16,987,089	15,577,783	14,878,804	15,096,815	14,423,195	13,903,171	12,518,890
Water	6,032	44,104	54,805	134,351	550,544	336,943	99,463	123,359	363,901	347,997
Total business-type activities	<u>20,792,565</u>	<u>18,881,652</u>	<u>18,065,562</u>	<u>17,121,440</u>	<u>16,128,327</u>	<u>15,215,747</u>	<u>15,196,278</u>	<u>14,546,554</u>	<u>14,267,072</u>	<u>12,866,887</u>
Total primary government expenses	<u>\$ 246,721,779</u>	<u>\$ 211,291,920</u>	<u>\$ 224,622,797</u>	<u>\$ 222,018,639</u>	<u>\$ 226,862,778</u>	<u>\$ 231,630,175</u>	<u>\$ 257,594,800</u>	<u>\$ 313,590,253</u>	<u>\$ 260,603,263</u>	<u>\$ 223,972,900</u>
Program Revenues										
Governmental activities:										
Charges for Services:										
General government	7,139,390	6,864,125	7,801,644	7,304,751	6,176,107	7,924,030	2,683,979	3,856,477	4,165,677	4,368,391
Public safety	6,190,785	6,314,166	9,987,259	4,916,477	12,868,006	4,334,408	5,029,644	3,577,408	9,428,484	3,078,650
Public works	19,257,044	19,504,058	18,706,068	16,194,872	20,454,574	16,543,066	15,338,389	17,878,349	21,070,382	21,596,714
Building & safety	-	-	-	-	-	-	2,183,905	2,221,676	2,146,926	3,282,486
Community development	16,883,104	25,591,414	12,694,452	7,586,953	8,805,067	6,861,863	3,055,406	5,510,881	2,631,731	5,811,401
Community services	3,265,356	7,679,413	6,401,350	5,988,585	7,351,146	6,535,671	5,627,995	4,722,820	4,655,056	4,297,903
Engineering	7,012,662	11,340,644	5,153,433	2,726,083	3,950,637	2,841,546	1,960,933	4,286,993	3,253,334	5,505,366
Operating contributions and grants	12,213,450	4,920,888	5,388,077	13,246,859	23,263,276	27,572,672	17,768,014	19,853,544	11,294,127	29,544,822
Capital contributions and grants	<u>26,539,731</u>	<u>13,763,600</u>	<u>17,231,877</u>	<u>61,605,282</u>	<u>795,729</u>	<u>8,331,145</u>	<u>3,112,947</u>	<u>63,237,670</u>	<u>21,616,243</u>	<u>40,155,626</u>
Total governmental activities program revenues	<u>98,501,522</u>	<u>95,978,308</u>	<u>83,364,160</u>	<u>119,569,862</u>	<u>83,664,542</u>	<u>80,944,401</u>	<u>56,761,212</u>	<u>125,145,818</u>	<u>80,261,960</u>	<u>117,641,359</u>
Business-type activities:										
Charges for Services:										
Sewer	19,539,503	18,248,953	17,131,593	15,548,412	14,805,929	14,146,207	14,187,533	14,192,122	15,067,205	11,959,402
Water	-	-	-	-	-	-	264,136	102,648	119,873	4,942
Capital contributions and grants	<u>1,166,163</u>	<u>651,860</u>	<u>3,486,994</u>	<u>1,069,865</u>	<u>448,472</u>	<u>2,317,114</u>	<u>1,649,550</u>	<u>4,113,563</u>	<u>4,282,504</u>	<u>10,875,624</u>
Total business-type activities program revenues	<u>20,705,666</u>	<u>18,900,813</u>	<u>20,618,587</u>	<u>16,618,277</u>	<u>15,254,401</u>	<u>16,463,321</u>	<u>16,101,219</u>	<u>18,408,333</u>	<u>19,469,582</u>	<u>22,839,968</u>
Total primary government program revenues	<u>\$ 119,207,188</u>	<u>\$ 114,879,121</u>	<u>\$ 103,982,747</u>	<u>\$ 136,188,139</u>	<u>\$ 98,918,943</u>	<u>\$ 97,407,722</u>	<u>\$ 72,862,431</u>	<u>\$ 143,554,151</u>	<u>\$ 99,731,542</u>	<u>\$ 140,481,327</u>
Net (expense)/revenue:										
Govermental activities	(127,427,692)	(96,431,960)	(123,193,075)	(85,327,337)	(127,069,909)	(135,470,027)	(185,637,310)	(173,897,881)	(166,074,231)	(93,464,654)
Business-type activities	(86,899)	19,161	2,553,025	(503,163)	(873,926)	1,247,574	904,941	3,861,779	5,202,510	9,973,081
Total primary government net expense	<u>\$ (127,514,591)</u>	<u>\$ (96,412,799)</u>	<u>\$ (120,640,050)</u>	<u>\$ (85,830,500)</u>	<u>\$ (127,943,835)</u>	<u>\$ (134,222,453)</u>	<u>\$ (184,732,369)</u>	<u>\$ (170,036,102)</u>	<u>\$ (160,871,721)</u>	<u>\$ (83,491,573)</u>

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

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes:										
Property taxes	52,097,345	48,537,350	47,772,343	46,049,227	48,062,073	86,359,792	130,233,578	136,867,880	153,614,330	129,525,447
Sales taxes	37,844,293	38,442,282	34,219,832	31,440,752	29,160,503	27,052,669	23,139,684	20,796,628	23,747,567	25,874,635
Utility users taxes	-	-	-	-	-	-	2,331	269,243	4,423,024	4,508,933
Franchise taxes	6,680,065	7,042,887	7,428,364	6,276,563	5,882,003	6,519,006	6,040,983	5,922,729	5,697,798	6,210,517
Business license taxes	5,714,262	5,215,605	4,982,546	4,642,711	4,808,167	4,873,281	4,451,626	4,172,294	4,419,498	4,894,650
Transient occupancy taxes	961,122	962,089	715,570	704,132	587,452	558,097	573,676	466,951	395,801	459,592
Motor vehicle in-lieu	94,030	82,436	82,854	85,263	102,472	-	960,865	1,263,150	1,475,234	1,678,179
Investment earnings	5,645,106	8,151,890	7,362,672	8,368,054	3,169,063	6,917,905	11,908,258	21,255,521	6,169,763	24,147,847
Other	3,670,692	3,718,814	6,136,697	5,739,599	8,791,729	7,963,170	5,562,597	10,667,644	7,835,120	8,376,554
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	2,262,500	2,109,800	1,815,690	1,723,160	2,309,000	2,341,500	276,931	1,794,800	(953,004)	889,026
Total governmental activities	<u>114,969,415</u>	<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>
Business-type activities:										
Investment earnings	91,915	309,412	250,299	452,288	(305,420)	454,884	493,398	850,016	214,159	1,179,653
Loss on sale of capital assets	-	-	-	-	-	-	-	(254,590)	-	-
Extraordinary gain/(loss) on dissolution of redevelopment agency	-	-	-	-	-	(8,543,752)	-	-	-	-
Transfers	(2,262,500)	(2,109,800)	(1,815,690)	(1,723,160)	(2,309,000)	(2,341,500)	(276,931)	(1,794,800)	953,004	(889,026)
Total business-type activities	<u>(2,170,585)</u>	<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>
Total primary government	<u>\$112,798,830</u>	<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>
Change in Net Position										
Governmental activities	(12,458,277)	17,831,193	(13,234,209)	19,702,124	(25,033,695)	411,653,952	(857,631)	29,591,513	40,863,984	113,754,568
Business-type activities	(2,257,484)	(1,781,227)	987,634	(1,774,035)	(3,488,346)	(9,182,794)	1,121,408	2,662,405	6,369,673	10,263,708
Total primary government	<u>\$(14,715,761)</u>	<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>

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

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Fund:										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 43,111,652	\$ 44,124,783	\$ 47,192,564
Unreserved	-	-	-	-	-	-	-	40,381,375	44,848,649	52,409,189
Nonspendable	395,907	429,023	386,436	203,890	219,415	222,634	39,434,420	-	-	-
Restricted	1,071,523	1,087,820	1,158,751	890,753	3,309,252	3,056,765	2,887,380	-	-	-
Committed	5,414,716	4,726,998	2,669,111	3,190,424	3,823,671	4,556,330	5,801,236	-	-	-
Assigned	24,446,674	34,514,464	21,789,340	19,511,605	17,544,997	17,182,387	18,230,021	-	-	-
Unassigned	54,121,364	46,558,441	54,561,190	55,180,619	21,000,677	16,255,088	13,563,171	-	-	-
Total	<u>\$ 85,450,184</u>	<u>\$ 87,316,746</u>	<u>\$ 80,564,828</u>	<u>\$ 78,977,291</u>	<u>\$ 45,898,012</u>	<u>\$ 41,273,204</u>	<u>\$ 79,916,228</u>	<u>\$ 83,493,027</u>	<u>\$ 88,973,432</u>	<u>\$ 99,601,753</u>
Other Governmental Funds:										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 139,110,955	\$ 126,263,190	\$ 143,775,053
Unreserved, reported in:										
Special Revenue Funds	-	-	-	-	-	-	-	65,077,913	86,737,163	73,854,274
Debt Service Funds	-	-	-	-	-	-	-	(16,222,427)	6,565,715	(3,716,862)
Capital Projects Funds	-	-	-	-	-	-	-	56,643,005	57,324,707	68,340,850
Nonspendable	5,715,188	5,399,718	106,500	55,263,626	144,832,484	131,816,564	192,762,973	-	-	-
Restricted	188,197,328	187,496,268	182,582,223	179,623,689	62,146,373	62,091,651	101,819,503	-	-	-
Committed	-	-	-	-	17,507,842	17,973,535	17,708,288	-	-	-
Assigned	120,713,623	107,535,831	94,339,773	35,217,888	41,817,140	47,048,071	52,969,386	-	-	-
Unassigned	(17,891,929)	(24,005,611)	(31,658,357)	(28,160,897)	(36,250,997)	(32,303,611)	(116,991,588)	-	-	-
Total Other Governmental Funds	<u>\$ 296,734,210</u>	<u>\$ 276,426,206</u>	<u>\$ 245,370,139</u>	<u>\$ 241,944,306</u>	<u>\$ 230,052,842</u>	<u>\$ 226,626,210</u>	<u>\$ 248,268,562</u>	<u>\$ 244,609,446</u>	<u>\$ 276,890,775</u>	<u>\$ 282,253,315</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									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Revenues:										
Taxes	\$ 103,297,087	\$ 100,200,213	\$ 95,118,655	\$ 89,113,385	\$ 88,500,198	\$ 125,362,845	\$ 164,441,878	\$ 168,496,012	\$ 192,298,017	\$ 171,473,774
Licenses and permits	12,811,481	18,626,256	9,457,615	4,014,081	6,312,758	3,935,025	3,039,383	8,034,910	6,637,895	10,019,553
Intergovernmental	20,108,576	20,328,373	26,033,423	31,222,032	43,049,724	37,640,669	23,946,521	28,262,022	27,567,543	19,557,949
Charges for services	19,659,882	26,783,977	16,345,500	10,622,985	10,880,185	10,793,456	7,594,928	9,853,713	6,341,703	11,022,934
Fines and forfeitures	4,021,872	4,472,790	4,780,288	3,114,133	3,989,423	2,351,616	2,547,706	2,200,035	1,754,188	1,588,398
Special assessments	16,270,692	16,040,403	15,760,431	15,531,166	15,324,914	15,229,242	15,170,618	15,329,574	15,345,142	14,327,205
Investment earnings	5,623,634	8,110,868	7,351,178	8,292,701	3,212,107	12,792,165	12,511,646	18,254,434	9,806,464	22,079,166
Contribution from developer	-	-	-	-	-	-	-	-	-	3,500,000
Contribution from property owners	14,728,436	-	-	2,308,611	-	-	-	-	-	-
Other revenue	8,280,834	8,528,720	10,034,327	10,125,947	12,486,725	11,703,354	7,653,560	13,545,165	11,493,041	11,806,474
Total Revenues	204,802,494	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
Expenditures:										
General government	28,048,281	22,040,327	23,930,630	20,404,087	18,767,425	18,821,954	19,064,060	18,846,220	17,384,887	18,370,173
Public safety	82,284,307	77,542,546	76,649,056	69,930,455	64,854,844	64,442,561	63,809,019	65,080,064	65,150,689	43,948,980
Public works	31,924,593	29,236,066	33,682,886	32,721,384	30,082,698	32,328,157	29,054,582	38,801,759	29,513,590	23,949,285
Building & safety	-	-	-	-	-	-	2,160,273	2,172,740	2,696,739	2,886,885
Community development	5,390,496	4,048,697	3,928,595	3,720,967	5,748,414	25,874,574	36,404,204	74,055,306	34,659,517	39,787,568
Community services	14,443,168	14,190,508	13,619,422	12,915,801	13,115,209	12,925,751	12,472,879	11,516,416	11,088,558	8,358,502
Engineering	10,612,177	5,180,562	14,928,557	20,009,693	5,838,832	6,186,315	8,361,272	15,311,942	12,314,618	9,373,619
Capital outlay	11,990,495	18,772,727	14,692,362	9,802,816	33,636,349	30,177,022	29,433,396	24,461,501	65,894,357	143,530,646
Debt service:										
Principal	1,015,000	2,025,000	2,450,000	2,335,000	2,215,000	13,470,000	12,870,000	12,375,000	11,985,000	16,232,467
Interest	2,405,916	2,687,661	1,670,241	2,902,744	3,009,441	17,345,629	32,704,008	38,045,485	40,742,969	36,953,579
Payments on refunded bonds - prior	-	-	3,924,816	-	-	-	-	-	-	-
Debt issuance cost	-	-	624,562	-	-	-	149,118	-	-	985,072
Total Expenditures	188,114,433	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
Excess of revenues over (under) expenditures	16,688,061	27,367,506	(5,219,710)	(397,906)	6,487,822	(1,763,591)	(9,576,571)	(36,690,568)	(20,186,931)	(79,001,323)

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Other financing sources (uses)										
Transfers in	29,113,977	26,797,538	26,579,617	23,890,997	18,754,401	35,008,096	44,581,991	37,978,756	52,094,542	92,457,151
Transfers out	(27,373,831)	(24,785,743)	(24,919,027)	(22,304,337)	(16,445,401)	(33,044,386)	(44,384,060)	(36,396,641)	(53,047,546)	(92,184,725)
Long-term debt issued	-	-	37,675,000	3,873,854	-	832,213	8,198,714	4,227,578	3,546,250	57,317,884
Premium on bonds issued	-	-	3,429,057	-	-	-	(53,367)	-	-	801,076
Sale of capital assets	13,235	3,184,220	7,011	11,458	4,277	7,708	1,629,150	12,554	113,221	653,842
Payment to refunded bond escrow agent	-	-	(40,526,666)	-	-	-	-	-	-	(12,558,563)
Total other financing sources (uses)	<u>1,753,381</u>	<u>5,196,015</u>	<u>2,244,992</u>	<u>5,471,972</u>	<u>2,313,277</u>	<u>2,803,631</u>	<u>9,972,428</u>	<u>5,822,247</u>	<u>2,706,467</u>	<u>46,486,665</u>
Extraordinary gain/(loss) on dissolution of redevelopment agency	-	-	-	-	-	-	(61,337,045)	-	-	-
Net change in fund balances	18,441,442	32,563,521	(2,974,718)	5,074,066	8,801,099	(60,297,005)	395,857	(30,868,321)	(17,480,464)	(32,514,658)
Debt service as a percentage of noncapital expenditures	1.9%	3.0%	2.3%	3.2%	3.6%	16.1%	21.0%	18.3%	23.4%	26.5%

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
2017	11,467,647	1,367,110	2,337,790	2,728,389	1,081,775	\$ 16,819,161	0.2222%
2016	10,881,178	1,330,490	2,154,179	2,682,921	1,066,662	15,982,106	0.2231%
2015	10,323,555	1,293,464	2,065,027	2,588,295	1,045,876	15,224,465	0.2231%
2014	9,438,839	1,246,930	1,832,288	2,094,367	623,824	13,988,600	0.2230%
2013	9,014,234	1,231,169	1,805,027	2,112,519	566,672	13,596,277	0.7072%
2012	8,853,377	1,255,754	1,775,188	2,074,513	530,738	13,428,094	0.7072%
2011	8,749,473	1,308,064	1,822,764	2,188,548	520,566	13,548,283	0.7107%
2010	8,963,429	1,270,549	1,821,553	2,343,195	475,600	13,923,126	0.7122%
2009	10,640,605	1,203,754	1,807,206	2,189,070	453,810	15,386,825	0.7110%
2008	10,671,276	988,975	1,576,306	1,883,703	467,134	14,653,126	0.7312%

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									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
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
Chaffey Community College	0.043	0.043	0.043	0.043	0.043	0.043	0.043	0.043	0.043	0.043
Inland Empire Utilities Agency- 1969 Annex	0.046	0.046	0.046	0.046	0.046	0.046	0.046	0.046	0.046	0.046
County of San Bernardino	0.170	0.170	0.170	0.170	0.170	0.170	0.170	0.170	0.171	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	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	0.0116	0.0113	0.0109	0.0157	0.0111	0.0153	0.0091	0.0122	0.0209	0.0192
Chaffey High School	0.0319	0.0409	0.0294	0.0371	0.0101	0.0194	0.0192	0.0168	0.0162	0.0169
Colton Unified School	0.1454	0.1169	0.0973	0.1187	0.1488	0.1403	0.1304	0.0985	0.0688	0.0806
Fontana Unified School District	0.1117	0.1145	0.1384	0.1516	0.1501	0.1460	0.1375	0.1135	0.1071	0.1054
Metropolitan Water Agency - Original	0.0035	0.0035	0.0035	0.0035	0.0035	0.0037	0.0037	0.0043	0.0043	0.0045
Rialto Unified School	0.0992	0.1194	0.0655	0.0704	0.0736	0.0856	0.0788	0.0659	0.0587	0.0536
San Bernardino Community College	0.0350	0.0403	0.0393	0.0419	0.0459	0.0373	0.0467	0.0280	0.0393	0.0127
San Bernardino Valley Muni Water	0.1625	0.1625	0.1625	0.1625	0.1625	0.1650	0.1650	0.1650	0.1650	0.1650
Total Tax Rate	<u>1.6008</u>	<u>1.6093</u>	<u>1.5468</u>	<u>1.6014</u>	<u>1.6056</u>	<u>1.6126</u>	<u>1.5904</u>	<u>1.5042</u>	<u>1.4803</u>	<u>1.4579</u>
City Share of 1% levy per Prop 13 (3)	0.21785	0.21785	0.21785	0.21785	0.21785	0.21785	0.21785	0.21785	0.32400	0.03240
Redevelopment Rate (4)	-	-	-	-	-	-	1.0037	1.0037	1.0043	1.0045
Total Direct Rate (5)	0.2222	0.2231	0.2231	0.2230	0.7072	0.7072	0.7107	0.7122	0.7110	0.7312

(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 2007/08 - 2016/17 Tax Rate Table

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

Tax Payer	2017			2008		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
San Gabriel Valley Water Company	\$ 148,389,748	1	0.88%	\$ 91,664,459	3	0.63%
Vintage Park East LLC	123,840,427	2	0.74%	-	-	-
Target Corporation	95,744,138	3	0.57%	93,047,360	2	0.63%
Prologis Uslv Newca 1 LLC	86,333,831	4	0.51%	-	-	-
Francisco Street LP	86,014,894	5	0.51%	76,000,000	4	0.52%
Intex Properties Inland Empire Corp	82,526,060	6	0.49%	-	-	-
North Fontana Investment Company LLC	69,896,917	7	0.42%	55,417,042	7	0.38%
BRE DDR Crocodile Falcon Rdg Twn Center	63,830,799	8	0.38%	-	-	-
Hancock Reit Commerce Way LLC	58,887,762	9	0.35%	-	-	-
10681 Production Avenue LLC	55,567,344	10	0.33%	-	-	-
Operating Engineers Funds Inc	-	-	-	113,679,868	1	0.78%
Sierra Business Park Partners LLC	-	-	-	76,000,000	5	0.52%
RRP Falcon Ridge Town Center LP	-	-	-	57,128,036	6	0.39%
James Hardie Building Products Inc	-	-	-	54,437,163	8	0.37%
Granite Sierra Park LP	-	-	-	49,107,000	9	0.34%
Sierra Lakes Village LLC	-	-	-	46,664,958	10	0.32%
	\$ 871,031,920		5.18%	\$ 713,145,886		4.87%

Source: San Bernardino County Assessor 2016/17 & 2007/08 Combined Tax Rolls

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

Fiscal Year Ended June 30	Taxes Leved for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years⁽¹⁾	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2017	\$ 117,360,061	\$ 52,046,433	44.35% ⁽²⁾	N/A	\$ 52,046,433	44.35%
2016	111,826,003	48,471,707	43.35% ⁽²⁾	N/A	48,471,707	43.35%
2015	106,226,054	47,694,338	44.90% ⁽²⁾	N/A	143	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	146	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	150	0.00%
2008	109,322,941	99,812,030	91.30%	N/A	99,812,030	91.30%

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

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

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

Source: San Bernardino Auditor-Controller's Office

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

Fiscal Year	General Bonded Debt						Governmental Activities Term Loan	Business-type Activities Term Loan	Total Primary Government	Percentage of Personal Income	Per Capita
	Population ⁽¹⁾	Personal Income ⁽²⁾	General Obligation Bonds	Tax Allocation Bonds ⁽³⁾	Total Net General Bonded Debt						
2017	212,786	\$ -	\$ 43,260,576	\$ -	\$ 43,260,576		\$ 3,873,854	\$ 9,886,898	\$ 57,021,328	-	203
2016	209,895	4,013,591,000	44,912,760	-	44,912,760		3,873,854	10,676,491	59,463,105	1.48%	214
2015	204,312	3,963,623,000	47,050,283	-	47,050,426		3,873,854	11,452,143	62,376,423	1.57%	230
2014	202,013	3,834,409,000	53,062,593	-	53,062,593		3,873,854	12,214,101	69,150,548	1.80%	263
2013	202,177	3,766,153,000	55,427,203	-	55,427,203		-	12,962,605	68,389,808	1.82%	274
2012	200,974	3,720,029,000	57,671,813	-	57,671,959		-	13,697,898	71,369,857	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	502,159,502		-	13,289,508	515,449,010	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

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

2017 Personal Income amounts are not available at the issuance of this report.

⁽¹⁾ Source: California State Department of Finance

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

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

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

Fiscal Year	Population ⁽¹⁾	Total Assessed Valuation ⁽²⁾	General Bonded Debt		Total Net General Bonded Debt	Ratio of Net Bonded Debt to Assessed Valuation	Net Bonded Debt per Capita
			Lease Revenue Bonds	Bonds			
2017	212,786	\$ 16,819,161,359	(3)	\$ 43,260,576	\$ 43,260,576	0.26%	\$ 203
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

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, 2017

City Assessed Valuation	\$ 16,819,161,359		
	Percentage Applicable ⁽¹⁾	Total Debt 6/30/17	Net Bonded Debt
<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>			
Metropolitan Water District	0.536%	\$ 74,905,000	\$ 401,491
Chaffey Community College District	14.951%	144,865,000	21,658,766
San Bernardino Community College District	3.354%	453,884,720	15,223,294
Chaffey Joint Union High School District	8.108%	398,097,765	32,277,767
Colton Joint Unified School District	19.465%	198,769,828	38,690,547
Fontana Unified School District	78.195%	198,269,059	155,036,491
Rialto Unified School District	4.495%	94,854,319	4,263,702
Etiwanda School District	30.551%	45,995,326	14,052,032
Colton Joint Unified School District Community Facilities District #3	100.000%	5,445,000	5,445,000
Etiwanda School District Community Facilities District #4	100.000%	3,870,000	3,870,000
Etiwanda School District Community Facilities District #7	71.582%	11,885,000	8,507,521
Etiwanda School District Community Facilities District #8	33.021%	6,290,000	2,077,021
Etiwanda School District Community Facilities District #9	20.795%	7,850,000	1,632,408
Etiwanda School District Community Facilities District #2001-1	100.000%	4,030,000	4,030,000
Etiwanda School District Community Facilities District #2004-1	100.000%	19,730,000	19,730,000
City of Fontana Community Facilities Districts	100.000%	<u>88,380,000</u>	<u>88,380,000</u>
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		\$ 1,757,121,017	\$ 415,276,040
<u>DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:</u>			
San Bernardino County General Fund Obligations	8.602%	399,400,000	34,356,388
San Bernardino County Pension Obligations	8.602%	379,612,328	32,654,252
San Bernardino County Flood Control District General Fund Obligation	8.602%	73,680,000	6,337,954
Chaffey Community College District General Fund Obligations	14.951%	10,725,666	1,603,594
Colton Joint Unified School District Certificates of Participation	19.465%	2,313,566	450,336
Fontana Unified School District Certificates of Participation	78.195%	34,200,000	26,742,690
Rialto Unified School District Certificates of Participation	4.495%	4,995,000	224,525
Cucamonga School District Certificates of Participation	5.248%	7,060,000	370,509
City of Fontana Lease Revenue Bonds	100.000%	<u>40,740,000</u>	<u>40,740,000</u>
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		\$ 952,726,560	\$ 143,480,248
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT			143,480,248
TOTAL OVERLAPPING DEBT		<u>\$ 2,709,847,577</u>	<u>558,756,288</u>
CITY DIRECT DEBT			<u>47,134,430</u>
TOTAL DIRECT AND OVERLAPPING DEBT			<u>\$ 605,890,718</u>

Notes:

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

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

Source: California Municipal Statistics, Inc.

CITY OF FONTANA
LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years

	Fiscal Year				
	2017	2016	2015	2014	2013
Total assessed value of all real and personal property	\$ 16,819,161,359 ⁽²⁾	\$ 15,982,106,642 ⁽²⁾	\$ 15,224,465,093 ⁽²⁾	\$ 13,988,600,102 ⁽²⁾	\$ 13,596,277,647
Debt limit percentage ⁽¹⁾	15%	15%	15%	15%	15%
Total debt limit	<u>2,522,874,204</u>	<u>2,397,315,996</u>	<u>2,283,669,764</u>	<u>2,098,290,015</u>	<u>2,039,441,647</u>
Amount of debt applicable to debt limit	<u>40,740,000</u>	<u>41,755,000</u>	<u>43,780,000</u>	<u>52,490,000</u>	<u>54,825,000</u>
Legal debt margin	<u>2,482,134,204</u>	<u>2,355,560,996</u>	<u>2,239,889,764</u>	<u>2,045,800,015</u>	<u>1,984,616,647</u>
Total net debt applicable to the limit as a percentage of debt limit	1.61%	1.74%	1.92%	2.50%	2.69%
	Fiscal Year				
	2012	2011	2010	2009	2008
Total assessed value of all real and personal property	\$ 4,449,513,025	\$ 3,839,710,431	\$ 3,948,026,892	\$ 4,455,821,219	\$ 3,930,547,913
Debt limit percentage ⁽¹⁾	15%	15%	15%	15%	15%
Total debt limit	<u>667,426,954</u>	<u>575,956,565</u>	<u>592,204,034</u>	<u>668,373,183</u>	<u>589,582,187</u>
Amount of debt applicable to debt limit	<u>57,040,000</u>	<u>59,160,000</u>	<u>55,770,000</u>	<u>57,725,000</u>	<u>59,685,000</u>
Legal debt margin	<u>610,386,954</u>	<u>516,796,565</u>	<u>536,434,034</u>	<u>610,648,183</u>	<u>529,897,187</u>
Total net debt applicable to the limit as a percentage of debt limit	8.55%	10.27%	9.42%	8.64%	9.67%

⁽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⁾
2017	212,786	\$ -	\$ -	5.5%
2016	209,895	4,013,591	19,122	6.2%
2015	204,312	3,963,623	19,400	7.0%
2014	202,013	3,834,409	18,981	8.7%
2013	202,177	3,766,153	18,628	8.7%
2012	200,974	3,720,029	18,510	10.0%
2011	199,898	3,651,137	18,265	13.7%
2010	190,356	3,489,035	18,329	14.8%
2009	188,712	3,374,296	17,881	13.6%
2008	187,237	3,453,764	18,446	8.3%

Note: 2017 Personal Income amounts are not available at the issuance of this report.

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

CITY OF FONTANA
PRINCIPAL EMPLOYERS
 Current Year and Nine Years Ago

Employer	2017			2008		
	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
Kaiser Hospital & Med. Group	5,745	1	5.87%	6,000	1	9.22%
Fontana Unified School District	4,560	2	4.66%	4,584	2	7.04%
City of Fontana (includes part-time employees)	1,086	3	1.11%	636	4	0.98%
Clark Pacific	765	4	0.78%	-	-	-
Target Stores T 553	648	5	0.66%	-	-	-
Coronado Stones Products	390	6	0.40%	-	-	-
Sierra Aluminum Company	362	7	0.37%	-	-	-
Costco Wholesale	349	8	0.36%	-	-	-
Estes West	341	9	0.35%	-	-	-
U S F Reddaway	320	10	0.33%	-	-	-
Radgowski Marketing Enterprises	-	-	-	2,000	3	3.07%
Celestica Corporation	-	-	-	525	5	0.81%
Schneider National Carriers, Inc.	-	-	-	342	6	0.53%
Ameron Steel Fabrication Division	-	-	-	330	7	0.51%
Battery Systems Inc.	-	-	-	308	8	0.47%
Walmart Stores	-	-	-	290	9	0.45%
American Security Products, Inc.	-	-	-	262	10	0.40%
	<u>14,566</u>		<u>14.89%</u>	<u>15,277</u>		<u>23.47%</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>									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Government										
Administrative Services	5	5	5	5	5	5	6	6	7	9
City Council	7	7	7	7	7	7	7	7	7	7
City Administration	9	8	8	8	6	8	8	8	8	9
Human Resources	8	8	8	7	6	6	7	7	8	8
Information Services	24	23	23	23	23	22	23	23	23	25
Management Services	22	23	23	23	21	22	23	23	26	28
Police										
Officers	194	194	190	195	197	183	185	187	197	202
Civilians	96	94	93	93	94	90	91	92	94	99
Development Services	5	4	5	4	4	4	5	6	7	8
Building and Safety	0	0	0	0	0	0	20	20	20	28
Community Development	29	29	29	29	29	29	18	17	17	20
Engineering	29	29	29	31	32	32	38	38	41	46
Public Works	94	93	93	93	93	93	91	91	93	98
Community Services	46	46	44	44	43	43	43	44	43	43
Redevelopment Agency	0	0	0	0	0	0	1	1	2	6
Total	568	563	557	562	560	544	566	570	593	636

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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
General Government										
Completed recruitment for full time position	40	41	37	48	48	20	12	16	21	65
New maintenance CFD's/ Annexations formed	1	7	7	3	1	1	1	0	14	19
Police										
Arrests per sworn position	48	50	54	48	38	38	45	52	62	48
Computer Aided Dispatch Entries per Dispatcher	5,281	5,157	4,933	4,798	4,798	4,434	4,899	4,944	4,883	4,036
Number of traffic collision reports processed	3,518	3,191	2,576	2,458	2,458	2,349	2,353	2,055	2,508	2,873
Building and Code Compliance										
Building permits issued	5,100	3,400	2,800	2,800	2,500	2,900	2,200	2,600	2,500	4,000
Building inspections performed	33,000	25,000	18,000	18,000	15,000	15,000	15,000	24,000	33,500	47,500
Public Works										
Miles of pavement rehabilitation	33	25	15	25	25	38	15	16	14	14
Graffiti Hotline calls completed	4,273	5,297	4,040	3,746	6,716	9,161	9,207	8,836	9,640	9,546
Potholes filled	11,000	17,000	11,000	17,000	17,000	18,312	16,800	16,800	16,800	16,800
Community Services										
Total Number of Recreation Program Participants	1,799,532	1,764,532	1,729,933	1,647,555	1,863,031	1,059,435	890,091	523,313	532,190	300,137

Sources: Various City departments
 2017/18 Budget Books

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

<u>Function/Program</u>	<u>Fiscal Year</u>									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Contact stations	2	2	2	2	2	2	2	2	3	3
Engineering										
Traffic signals	191	189	186	180	173	163	160	147	142	140
Public Works										
Lane miles of streets	1,751	1,532	1,512	1,525	1,481	1,445	1,405	1,405	1,405	1,308
Sanitary sewers (miles)	425	424	422	422	422	414	402	402	402	402
Community Services										
Parks	46	46	44	43	41	41	41	41	41	40
Playgrounds	46	46	44	43	41	39	39	39	39	39
Recreation Centers	10	9	9	9	9	9	9	9	9	9

Sources: Various City departments

CITY OF FONTANA

MISCELLANEOUS STATISTICAL INFORMATION

June 30, 2017

Year of incorporation:	1952	Transportation:
Form of Government:	Council - Manager	Air: Ontario International Airport
Area in square miles:	42.4	Bus: Omnitrans County Bus Service
Miles of streets:	604	Highways:
Sanitary sewers:	425 miles	Interstate 10 Interstate 15 Interstate 210 State Highway 60 State Highway 66
Storm drains:	158 miles	
Streetscapes:	560 acres	Rail:
Parks:	406 acres	Metrolink (Commuter) Burlington Northern/Santa Fe Union Pacific
Bicycle trails:	10 miles	Water service:
Police protection:		Cucamonga County Water District San Gabriel Valley Water Co. West San Bernardino County Water District
City of Fontana		
Number of stations	3	
Number of personnel:		
Sworn	194	Sewer service:
Non-sworn	96	Inland Empire Utilities Agency City of Fontana City of Rialto
City employees (full time):	568	
Fire protection:		Education:
County of San Bernardino		Elementary Schools 30
Number of stations	7	Middle Schools 7
Number of personnel	108	High Schools 5
		Continuation High Schools 2
		Adult School 1

Source: City of Fontana Departments
2017/18 Budget Book



FONTANA
CALIFORNIA

CITY OF FONTANA

MANAGEMENT SERVICES DEPARTMENT
8353 SIERRA AVE
FONTANA, CA 92335
WWW.FONTANA.ORG