



**ONTARIO REDEVELOPMENT AGENCY  
ONTARIO, CALIFORNIA**

**FINANCIAL STATEMENTS**

**JUNE 30, 2009**

**Lance Soll & Lunghard, LLP**

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## INDEPENDENT AUDITORS' REPORT

To the Honorable Chair and Members of the Governing Board  
Ontario Redevelopment Agency, California

We have audited the accompanying financial statements of the governmental activities and each major fund of the Ontario Redevelopment Agency (the Agency), a component unit of the City of Ontario, California, as of and for the year ended June 30, 2009, which collectively comprise the Agency's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Ontario Redevelopment Agency's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States, we have also issued our report dated December 11, 2009, on our consideration of the Ontario Redevelopment Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In our opinion, the financial statements referred to above present fairly in all material respects, the respective financial position of the governmental activities and each major fund of the Ontario Redevelopment Agency as of June 30, 2009, and the respective changes in financial position thereof for the year, then ended in conformity with accounting principles generally accepted in the United States of America.



To the Honorable Chair and Members of the Governing Board  
Ontario Redevelopment Agency, California

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The combining project area statements and computation of low and moderate income housing funds excess/surplus are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Lance, Solt & Luythard, LLP*

December 11, 2009

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS*

To the Honorable Chair and Members of the Governing Board  
Ontario Redevelopment Agency, California

We have audited the financial statements of the governmental activities and each major fund of the Ontario Redevelopment Agency as of and for the year ended June 30, 2009, which collectively comprise the Ontario Redevelopment Agency's basic financial statements and have issued our report thereon dated December 11, 2009. 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Ontario Redevelopment Agency's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Ontario Redevelopment Agency's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Agency's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Agency's financial statements that is more than inconsequential will not be prevented or detected by the Agency's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Agency's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.



To the Honorable Chair and Members of the Governing Board  
Ontario Redevelopment Agency, California

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the financial statements of the Ontario Redevelopment Agency are free of material misstatements, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. Such provisions included those provisions of laws and regulations identified in the Guidelines for Compliance Audits of California Redevelopment Agencies, issued by the State Controller and as interpreted in the Suggested Auditing Procedures for Accomplishing Compliance Audits of California Redevelopment Agencies, issued by the Governmental Accounting and Auditing Committee of the California Society of Certified Public Accountants. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instance of noncompliance that is required to be reported under *Government Auditing Standards* issued by the Comptroller General of the United States and under the Guidelines for Compliance Audits of California Redevelopment Agencies, issued by the State Controller.

This report is intended for the information of the Audit committee, management and the State Controller. However, this report is a matter of public record and its distribution is not limited.

*Lance, Soll & Loughard, LLP*

December 11, 2009

## **Management's Discussion and Analysis**

The following Management Discussion and Analysis (MD&A) of the City of Ontario Redevelopment Agency's (the Agency) financial performance provides an introduction and overview to the financial activities of the Agency for the fiscal year ended June 30, 2009. This narrative discussion and analysis focuses on the current year's activities, resulting changes and currently known facts; therefore, the information presented here should be considered in conjunction with additional information furnished in the accompanying basic financial statements.

### **Financial Highlights**

Assets of the Agency exceeded its liabilities in governmental activities at the close of fiscal year 2008-09 by \$16,150,846 (net gain). Of this amount, \$11,576,817 represents investment in capital assets, net of related debt, and \$74,025,452 represents resources restricted either for capital projects or debt service payment. The remaining negative amount of \$69,451,423 represents deficit at the close of fiscal year 2008-09.

Total revenue in the governmental activities decreased overall by \$1,524,699 or 3.0% from last year. This reduction of revenue is attributable to declines in both tax increment revenue by \$697,027 or 1.5% and use of money and property revenue sources (i.e., investment income) of \$827,672 or 19.6%.

Total expenses in governmental activities were \$20,731,033 less than the \$49,270,503 total revenues generated during the current year (change in net assets). Compared from last year, total expenses in governmental activities decreased by \$15,123,847 or 34.6%. Contributing to this descent of expenses is a reduction of \$8,239,565 in community development expenses as a result of the completion of several capital projects in the previous year. Plus, other expenses declined by \$5,108,544 as the previous year included expenditures from several new reimbursement agreements the Agency entered into. In addition, expenses for general government decreased by \$2,033,996 due to lower administrative expenses.

At the close of the current fiscal year, the Agency's governmental funds reported combined ending fund balances of \$123,099,987, an increase of \$17,843,884 in comparison with the prior year. Of the combined fund balance, \$74,960,593 or 60.9% is available for redevelopment projects at the discretion of the Agency Board (Council).



## Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Agency's basic financial statements. The Agency's basic financial statements comprise three components:

- 1) Government-wide financial statements;
- 2) Fund financial statements; and
- 3) Notes to the basic financial statements.

This report also contains other supplementary information in addition to the basic financial statements themselves.

### Government-wide Financial Statements

The *Government-wide Financial Statements* are designed to provide readers with a broad overview of the Agency's finances, in a manner similar to a private-sector business.

The *Statement of Net Assets* reports all financial and capital resources of the Agency. The Agency presents the statement in a format that displays assets less liabilities equal net assets/(deficit). Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Agency is improving or deteriorating.

The *Statement of Activities* presents information showing how the Agency's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods such as revenues pertaining to uncollected taxes and earned but unused vacation and sick leave.

The *governmental activities* of the Agency include general government, economic development, housing, and debt service. The government-wide financial statement can be found on the accompanying reports.

### Fund Financial Statements

*Fund Financial Statements* are designed to report information about groupings (*funds*) of related accounts, which are used to maintain control over resources that have been segregated for specific activities or objectives. The Agency, like other state and local governments, uses *fund accounting* to ensure and demonstrate finance-related legal compliance. All *funds* of the Agency are categorized as *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 *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 determining what financial resources are available in the near future to finance the Agency's redevelopment programs.

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 government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate the comparison between *governmental funds* and *governmental activities*.

The Agency maintains several individual governmental funds created according to their purpose. The individual fund information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for all the Agency's governmental funds.

#### Notes to the Financial Statements

Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

#### Other Information

In addition to the basic financial statements and accompanying notes, this report also presents supplemental information concerning the Agency's combining project area balance sheet and statement of revenues, expenditures and changes in fund balances.

### **Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as useful indicator of a government's financial position. In the case of the Agency, it is also an important determinant of its ability to finance current and future redevelopment projects.

At the close of fiscal year 2008-09, the Agency has a net gain of \$16,150,846. Of this amount, \$11,576,817 is invested in capital assets, \$28,327,531 is restricted for community development projects, and \$45,697,921 is restricted for debt service. The remaining balance of \$69,451,423 represents a deficit, which will be covered from collection of Agency's future tax increment and other revenues. The largest portion of the Agency's deficit is caused by the outstanding long-term debt of \$116,554,840. Traditionally, the Agency carries a deficit to collect tax increment. This is primarily due to the nature of tax increment financing method allowed under California law whereby a redevelopment agency issues bonds or incurs long-term debt to finance its redevelopment projects by pledging future tax increment revenues.

The Agency uses the debt proceeds to finance its redevelopment projects which include land, commercial and retail properties, housing, public parking, street improvements, park improvements, transportation improvements, cultural facilities and community centers. Once redevelopment projects that are public facilities are completed by the Agency, the responsibilities for their continued maintenance and operations are transferred to the City of Ontario (the City) including the capitalized redevelopment project costs. In addition, completed projects with private developers are also transferred to the developers in accordance with the Development and Disposition Agreement. Although completed public facilities and joint projects with private developers are transferred to the City and developers respectively, the related debt remains with the Agency.

Shown below is a comparative schedule that summarized the Agency's net asset (net deficit):

Agency's Net Assets (Deficit)  
Governmental Activities  
(In thousands)

	2009	2008
Current and other assets	\$ 89,974	\$ 76,512
Advances to the City of Ontario	2,565	1,847
Deferred charges	907	969
Land held for resale	31,611	31,611
Restricted assets	4,644	4,609
Capital assets	11,577	6,140
Total Assets	<u>141,278</u>	<u>121,688</u>
Long-term liabilities	116,555	113,988
Other liabilities	8,572	12,280
Total Liabilities	<u>125,127</u>	<u>126,268</u>
Net Assets:		
Invested in capital assets	11,577	6,140
Restricted net assets	74,025	59,822
Unrestricted net assets (deficit)	<u>(69,451)</u>	<u>(70,542)</u>
Total Net Assets	<u>\$ 16,151</u>	<u>\$ (4,580)</u>

***Governmental Activities***

The overall Agency's financial position increased from the prior year. Under the governmental activities, the Agency's net gain of \$16,150,846 increased by \$20,731,033 from the previous fiscal year net deficit of \$4,580,187.

Total general revenues for the current fiscal year of \$49,270,503 experienced a slight decline from the previous fiscal year by \$1,524,699 or 3.0%. Tax increment, which represents approximately 93% of total Agency revenues, slightly decreased from last year by \$697,027 or 1.5%. This is mainly due to additional supplement tax increment received in the prior year from previous years assessed value increases. Use of money and property revenue source experienced a significant decrease of \$827,672 or 19.6% from the prior fiscal year, due to investment income declines as a result of unstable market conditions.

Total governmental activities expenses were \$28,539,470 for the current fiscal year, which represents a significant decrease of \$15,123,847 or 34.6% from the prior year. A major contributing factor to this downturn was the decrease of \$8,239,565 or 63.7% in community development expenditures as a result of the completion of several capital projects in the prior year. Also, the category of other expenses experienced a reduction of \$5,108,544 or 50.1% due to the inclusion of several reimbursement agreement expenditures in the previous year. General government expenses decreased by \$2,033,996 or 20.6%. This is mainly attributable to lower administrative expenses allocated as a result of reduced capital project expenditures.

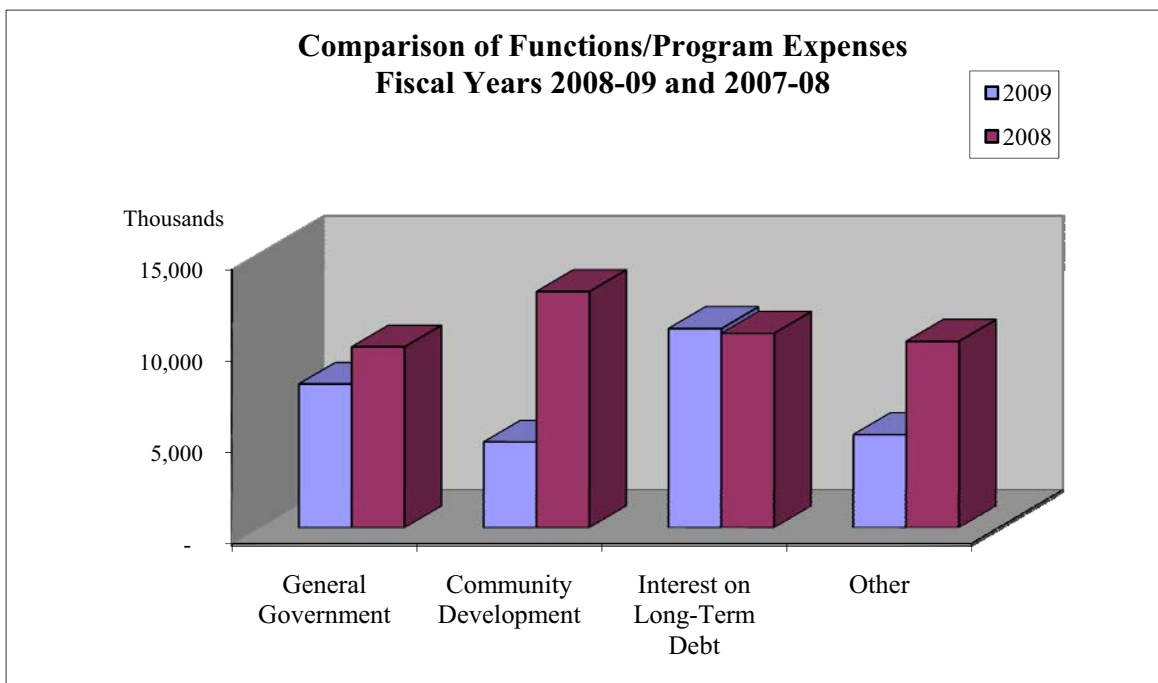
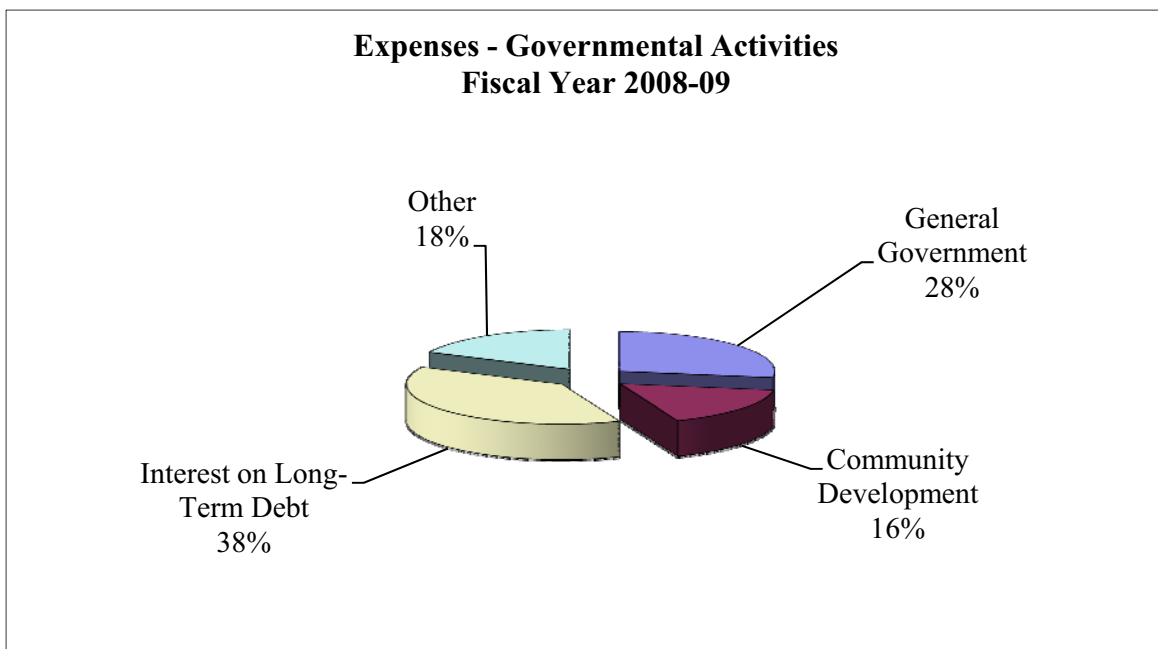
For the fiscal year ended June 30, 2009, total net assets increased by \$20,731,033, due to a favorable variance of revenues over expenses.

Key elements of the governmental activities are presented below:

Agency's Changes in Net Assets (Deficit)  
Governmental Activities  
(In thousands)

	<u>2009</u>	<u>2008</u>
Revenues:		
Program revenues	\$ -	\$ -
General revenues:		
Tax increment	45,877	46,574
Use of money and property	3,393	4,221
Total Revenues	<u>49,270</u>	<u>50,795</u>
Expenses:		
General government	7,861	9,894
Community development	4,686	12,926
Interest on long-term debt	10,899	10,641
Other	5,093	10,202
Total Expenses	<u>28,539</u>	<u>43,663</u>
Change in net assets	20,731	7,132
Net assets/(deficit) - beginning of year	(4,580)	(11,712)
Net Assets/(Deficit) - end of year	<u><u>\$ 16,151</u></u>	<u><u>\$ (4,580)</u></u>

The graph below presents expenses by governmental activities.



## Financial Analysis of the Agency's Funds

**Governmental funds.** The focus of the Agency's *governmental funds* is to provide information on near-term inflows, outflows, and balances of resources that are available for spending. Such information is useful in assessing the Agency's financial requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Individual fund information of governmental funds reported by the Agency includes capital projects fund (includes general agency fund and low and moderate housing fund) and debt service funds.

At the end of the current fiscal year, the Agency's governmental funds reported *combined fund balances* of \$123,099,987, an increase of \$17,843,884 in comparison with the prior year. Of this total amount, \$74,960,593 constitutes *unreserved fund balance*, which is available for redevelopment spending at the discretion of the Agency Board. The remainder \$48,139,394 of the fund balance is reserved to indicate that it is not available for new spending because it has been committed:

- 1) Assets held for resale (\$31,611,284);
- 2) To reflect the amount of assets that comprises advances to other City and Redevelopment Agency funds (\$7,658,239);
- 3) To reflect the amount of assets that is long-term in nature and, thus, do not represent available spendable resources (\$6,658,591);
- 4) To reflect the amount of assets that is short-term in nature (\$1,978,222); and
- 5) To liquidate contractual commitments of the period (\$233,058).

**Debt service funds.** The fund balance in the Agency's debt service funds had a net increase of \$10,130,438 from last fiscal year as a result of a \$12,221,008 gain in cash and investments and a decline of \$1,166,418 in receivables, netted against an overall reduction in accounts payable of \$924,152.

**Capital projects funds.** The fund balance in the Agency's capital projects funds had a net increase of \$7,713,446 from last fiscal year as a result of a \$4,207,270 gain in cash and investments and a \$1,234,090 reduction in deposits with others, netted against an overall decrease in liabilities of \$4,553,270, mainly consisting of a \$3,722,379 decline in accounts payable and accrued liabilities, and a decrease of \$860,000 in deposits from others.

## Capital Assets and Debt Administration

### *Capital Assets*

The Agency's investment in capital assets was \$11,576,817, net of accumulated depreciation as of fiscal year end June 30, 2009. This investment in capital assets includes land, structures and improvements, and furniture and equipment, as shown below:

Land	\$ 2,174,667
Structures and improvements	4,821,089
Construction in progress	4,535,592
Furniture and equipment	45,469
Total Capital Assets	<u>\$ 11,576,817</u>

The Agency has elected to use the "Modified Approach" as defined by GASB Statement No. 34.

### *Long-Term Debt*

At June 30, 2009, the Agency had long-term bonds and notes outstanding aggregating to \$116,554,840. The following is a breakdown of these long-term debts.

Revenue bonds (including refunding bond)	\$ 19,277,276
Tax allocation bonds	55,138,854
Housing set-aside loan	13,181,292
City loans/notes	27,893,526
Unamortized bond premium	1,063,892
Total Long-Term Debt	<u>\$ 116,554,840</u>

### Contacting the Agency's Financial Management

This financial report is designed to provide our taxpayers, customers, investors and creditors with a general overview of the Agency's finances and to show the Agency's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Administrative Services/Finance Director, City of Ontario, 303 East "B" Street, Ontario, California, 91764.



ONTARIO REDEVELOPMENT AGENCY

STATEMENT OF NET ASSETS  
JUNE 30, 2009

	<b>Governmental Activities</b>
<b>Assets:</b>	
Cash and investments	\$ 80,102,943
Receivables:	
Tax increment	\$ 721,991
Interest receivable	482,519
Loans	6,687,700
Total Receivables	7,892,210
Due from other governments	2,565,224
Deposits with others	1,950,526
Land held for resale (net)	31,611,284
Deferred charges	907,187
Other assets	27,696
Restricted assets:	
Cash and investments with trustees	4,644,049
Total Restricted Assets	4,644,049
Capital assets (Net of Depreciation):	
Equipment	45,469
Land and improvements	11,531,348
Total Capital Assets	11,576,817
<b>Total Assets</b>	<b>141,277,936</b>
<b>Liabilities:</b>	
Accounts payable and accrued expenses	8,274,090
Deposits from others	230,395
Other current liabilities	67,765
Long-term liabilities:	
Due within one year	9,882,586
Due in more than one year	106,672,254
Total Long-Term Liabilities	116,554,840
<b>Total Liabilities</b>	<b>125,127,090</b>
<b>Net Assets:</b>	
Invested in capital assets, net of related debt	11,576,817
Restricted for:	
Community development	28,327,531
Debt service	45,697,921
Unrestricted	(69,451,423)
<b>Total Net Assets</b>	<b>\$ 16,150,846</b>

ONTARIO REDEVELOPMENT AGENCY

STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

		Program Revenues			Net (Expense) Revenues and Changes in Net Assets
			Operating	Capital	
	Expenses	Charges for Services	Contributions and Grants	Contributions and Grants	Governmental Activities
<b>Functions/Programs</b>					
<b>Governmental Activities:</b>					
General government	\$ 7,860,527	\$ -	\$ -	\$ -	\$ (7,860,527)
Community development	4,686,521	-	-	-	(4,686,521)
Interest on long-term debt	10,899,375	-	-	-	(10,899,375)
Other	5,093,047	-	-	-	(5,093,047)
<b>Total Governmental Activities</b>	<b>\$ 28,539,470</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(28,539,470)</b>
<b>General Revenues:</b>					
Taxes (net of pass-through payments)					45,877,180
Use of money and property					3,393,323
<b>Total General Revenues</b>					<b>49,270,503</b>
Change in Net Assets					20,731,033
Net Assets at Beginning of Year					(4,580,187)
<b>Net Assets at End of Year</b>					<b>\$ 16,150,846</b>

ONTARIO REDEVELOPMENT AGENCY

**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2009**

	Capital Projects	Capital Projects	Capital Projects	Debt Service
	Combined Low and Moderate Housing	Project Area #1	Center City	Project Area #1
<b>Assets:</b>				
Cash and investments	\$ 15,184,246	\$ 2,630,532	\$ 4,457,167	\$ 38,402,617
Cash and investments with trustee	942,347	397,296	693,857	1,503,058
Receivables:				
Tax increment	152,691	-	-	382,530
Interest	96,407	20,952	27,051	224,763
Contracts and notes	6,620,673	-	67,027	-
Advances to Capital Projects funds	-	-	-	-
Advances to Debt Service funds	4,019,922	-	-	-
Due from City	965,224	1,600,000	-	-
Deposits with others	-	66,161	1,884,365	-
Land held for resale	1,496,568	18,251,473	9,292,434	-
Prepaid costs	1,695	-	-	-
<b>Total Assets</b>	<b>\$ 29,479,773</b>	<b>\$ 22,966,414</b>	<b>\$ 16,421,901</b>	<b>\$ 40,512,968</b>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 108,584	\$ 246,522	\$ 21,338	\$ 3,716,202
Accrued liabilities	29,307	7,648	1,597	-
Deposits from others	42,895	150,000	-	-
Advances from Capital Projects funds	-	-	1,073,093	-
Deferred revenue	29,109	-	-	-
Advances from Low and Moderate Housing Funds	-	-	-	-
<b>Total Liabilities</b>	<b>209,895</b>	<b>404,170</b>	<b>1,096,028</b>	<b>3,716,202</b>
<b>Fund Balances:</b>				
Reserved:				
Encumbrances	29,650	94,659	-	-
Land held for resale	1,496,568	18,251,473	9,292,434	-
Long-term loans receivable	6,591,564	-	67,027	-
Deposits and prepaid costs	1,695	66,161	1,884,365	-
Advances to other funds	4,985,146	1,600,000	-	-
Unreserved:				
Designated:				
Debt service	-	-	-	36,796,766
Continuing projects	16,165,255	2,549,951	4,082,047	-
<b>Total Fund Balances</b>	<b>29,269,878</b>	<b>22,562,244</b>	<b>15,325,873</b>	<b>36,796,766</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 29,479,773</b>	<b>\$ 22,966,414</b>	<b>\$ 16,421,901</b>	<b>\$ 40,512,968</b>

ONTARIO REDEVELOPMENT AGENCY

**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2009**

	Debt Service	Debt Service	Other Governmental Funds	Total Governmental Funds
	Project Area #2	Cimarron		
<b>Assets:</b>				
Cash and investments	\$ 5,964,768	\$ 3,502,381	\$ 9,961,232	\$ 80,102,943
Cash and investments with trustee	-	289,664	817,827	4,644,049
Receivables:				
Tax increment	24,612	-	162,158	721,991
Interest	35,186	19,792	58,368	482,519
Contracts and notes	-	-	-	6,687,700
Advances to Capital Projects funds	-	-	1,073,093	1,073,093
Advances to Debt Service funds	-	-	-	4,019,922
Due from City	-	-	-	2,565,224
Deposits with others	-	-	-	1,950,526
Land held for resale	-	-	2,570,809	31,611,284
Prepaid costs	-	-	26,001	27,696
<b>Total Assets</b>	<b>\$ 6,024,566</b>	<b>\$ 3,811,837</b>	<b>\$ 14,669,488</b>	<b>\$ 133,886,947</b>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 670,263	\$ 83,126	\$ 520,641	\$ 5,366,676
Accrued liabilities	-	-	29,213	67,765
Deposits from others	-	-	37,500	230,395
Advances from Capital Projects funds	-	-	-	1,073,093
Deferred revenue	-	-	-	29,109
Advances from Low and Moderate Housing Funds	1,500,000	2,019,922	500,000	4,019,922
<b>Total Liabilities</b>	<b>2,170,263</b>	<b>2,103,048</b>	<b>1,087,354</b>	<b>10,786,960</b>
<b>Fund Balances:</b>				
Reserved:				
Encumbrances	-	-	108,749	233,058
Land held for resale	-	-	2,570,809	31,611,284
Long-term loans receivable	-	-	-	6,658,591
Deposits and prepaid costs	-	-	26,001	1,978,222
Advances to other funds	-	-	1,073,093	7,658,239
Unreserved:				
Designated:				
Debt service	3,854,303	1,708,789	3,338,063	45,697,921
Continuing projects	-	-	6,465,419	29,262,672
<b>Total Fund Balances</b>	<b>3,854,303</b>	<b>1,708,789</b>	<b>13,582,134</b>	<b>123,099,987</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 6,024,566</b>	<b>\$ 3,811,837</b>	<b>\$ 14,669,488</b>	<b>\$ 133,886,947</b>

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ONTARIO REDEVELOPMENT AGENCY

GOVERNMENTAL FUNDS

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS

TO THE STATEMENT OF NET ASSETS

JUNE 30, 2009

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**Fund balances of governmental funds** **\$ 123,099,987**

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 11,576,817

Deferred revenue is present in governmental fund financial statements to indicate that receivables are not available currently; however, in the Statement of Net Assets these deferrals are eliminated. 29,109

Bond issuance costs is an expenditure in the governmental funds, but it is deferred charges in the statement of net assets:

Unamortized debt issuance costs - amortized over life of new bonds 907,187

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds payable (74,416,130)

Loans from City (27,893,526)

Other debt (13,181,292)

Unamortized net original issue discounts and (premiums) (1,063,892)

Accrued interest payable for the current portion of interest due on Tax Allocation Bonds has not been reported in the governmental funds.

(2,907,414)

**Net assets of governmental activities** **\$ 16,150,846**

ONTARIO REDEVELOPMENT AGENCY

STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Capital Projects	Capital Projects	Capital Projects	Debt Service
	Combined Low and Moderate Housing	Project Area #1	Center City	Project Area #1
<b>Revenues:</b>				
Taxes and assessments	\$ 10,282,081	\$ -	\$ -	\$ 32,633,498
Use of money and property	844,465	118,944	261,377	1,279,436
Other revenue	156,790	6,554	7,186	-
<b>Total Revenues</b>	<b>11,283,336</b>	<b>125,498</b>	<b>268,563</b>	<b>33,912,934</b>
<b>Expenditures:</b>				
Current:				
General government	2,114,076	1,728,223	489,991	490,046
Community development	3,389,026	-	-	-
Capital outlay	264,777	3,640,001	2,546,745	-
Debt service	1,046,429	-	-	13,731,266
Other expenditures	-	1,807,357	-	3,459,070
<b>Total Expenditures</b>	<b>6,814,308</b>	<b>7,175,581</b>	<b>3,036,736</b>	<b>17,680,382</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>4,469,028</b>	<b>(7,050,083)</b>	<b>(2,768,173)</b>	<b>16,232,552</b>
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	7,585,850	3,200,000	325,551
Transfers out	(382,382)	(2,054,058)	(748,761)	(7,585,850)
Long-term debt issued	-	3,084,375	948,773	2,975,418
Pass-through agreement payments	-	-	-	(3,358,941)
<b>Total Other Financing Sources (Uses):</b>	<b>(382,382)</b>	<b>8,616,167</b>	<b>3,400,012</b>	<b>(7,643,822)</b>
<b>Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>	<b>4,086,646</b>	<b>1,566,084</b>	<b>631,839</b>	<b>8,588,730</b>
<b>Fund Balances:</b>				
Beginning of Year	25,183,232	20,996,160	14,694,034	28,208,036
<b>End of Year</b>	<b>\$ 29,269,878</b>	<b>\$ 22,562,244</b>	<b>\$ 15,325,873</b>	<b>\$ 36,796,766</b>

ONTARIO REDEVELOPMENT AGENCY

STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Debt Service	Debt Service	Other Governmental Funds	Total Governmental Funds
	Project Area #2	Cimarron		
<b>Revenues:</b>				
Taxes and assessments	\$ 4,368,157	\$ 1,493,144	\$ 2,633,528	\$ 51,410,408
Use of money and property	228,841	176,378	454,773	3,364,214
Other revenue	-	-	2,850	173,380
<b>Total Revenues</b>	<b>4,596,998</b>	<b>1,669,522</b>	<b>3,091,151</b>	<b>54,948,002</b>
<b>Expenditures:</b>				
Current:				
General government	65,966	20,049	2,888,597	7,796,948
Community development	-	-	-	3,389,026
Capital outlay	-	-	346,857	6,798,380
Debt service	91,365	331,457	865,104	16,065,621
Other expenditures	-	-	-	5,266,427
<b>Total Expenditures</b>	<b>157,331</b>	<b>351,506</b>	<b>4,100,558</b>	<b>39,316,402</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>4,439,667</b>	<b>1,318,016</b>	<b>(1,009,407)</b>	<b>15,631,600</b>
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	56,831	4,745,930	15,914,162
Transfers out	(1,339,320)	-	(3,803,791)	(15,914,162)
Long-term debt issued	-	25,965	710,981	7,745,512
Pass-through agreement payments	(1,313,701)	(379,366)	(481,220)	(5,533,228)
<b>Total Other Financing Sources (Uses):</b>	<b>(2,653,021)</b>	<b>(296,570)</b>	<b>1,171,900</b>	<b>2,212,284</b>
<b>Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>	<b>1,786,646</b>	<b>1,021,446</b>	<b>162,493</b>	<b>17,843,884</b>
<b>Fund Balances:</b>				
Beginning of Year	2,067,657	687,343	13,419,641	105,256,103
<b>End of Year</b>	<b>\$ 3,854,303</b>	<b>\$ 1,708,789</b>	<b>\$ 13,582,134</b>	<b>\$ 123,099,987</b>



## ONTARIO REDEVELOPMENT AGENCY

### GOVERNMENTAL FUNDS

#### RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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<b>Net change in fund balances - total governmental funds</b>	<b>\$ 17,843,884</b>
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Amounts reported for governmental activities in the statement of activities differs from the amounts reported in the statement of activities because:

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	5,093,159
--	-----------

Bond issuance costs is an expenditure in the governmental funds, but it is deferred charges in the statement of net assets:

Amortization for current fiscal year	(61,770)
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Unamortized premium or discounts on bonds issued are revenue or expenditures in the governmental funds, but these are spread to future periods over the life of the new bonds:

Amortization for current fiscal year	85,112
--------------------------------------	--------

Collections on receivables and loan transactions offset by deferred revenue are reported as revenue and expenditures in governmental funds; however, they do not provide revenue or expenses in the statement of activities.

29,109
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Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is capitalized and allocated over their estimated useful lives through depreciation expense:

Capital outlay expenditures removed	5,500,885
Depreciation	(63,579)

Proceeds of debt is revenue in the governmental funds, but these are additions to the statement of net assets.

(7,745,512)
-------------

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:

Current accrual of interest due on bonds	(2,907,414)
Prior year accrual of interest due on bonds	2,957,159

<b>Change in net assets of governmental activities</b>	<b><u>\$ 20,731,033</u></b>
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**ONTARIO REDEVELOPMENT AGENCY**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2009**

**I. SIGNIFICANT ACCOUNTING POLICIES**

**Note 1: Organization and Summary of Significant Accounting Policies**

**a. Description of the Reporting Entity**

The Ontario Redevelopment Agency is a component unit of a reporting entity that consists of the following primary government and component units:

Reporting Entity:

Primary Government:

City of Ontario

Component Units:

Ontario Redevelopment Agency  
Ontario Housing Authority  
Ontario Redevelopment Financing Authority  
Industrial Development Authority

The attached basic financial statements contain information relative only to the Ontario Redevelopment Agency, as one component unit that is an integral part of the total reporting entity. They do not contain financial data relating to the other component units.

The Ontario Redevelopment Agency (the Agency) was activated on November 1, 1971, pursuant to the State of California Health and Safety Code, Section 33000 et seq., entitled Community Redevelopment Law. As such, the Agency acts as a legal entity, separate and distinct from the City of Ontario (the City), even though members of the City Council of the City also serve as members of the Agency's governing board. Financial activity of the Agency commenced in November 1977.

Although the Ontario Redevelopment Agency is a distinct and separate legal entity, the Agency's Combined Financial Statements also represent a component unit of the Comprehensive Annual Financial Report of the City of Ontario for accounting purposes.

The actions of the Agency are binding, and business, including incurred long-term debt, is routinely transacted in the Agency's name by its authorized representatives. The Agency is broadly empowered to engage in the general economic revitalization and redevelopment of the City through acquisition and redevelopment of blighted property.

The Agency has no employees and all Agency duties and functions are performed by employees of the City. The City is reimbursed for the cost of these and other services.

**Ontario Redevelopment Agency  
Notes to Financial Statements (Continued)**

**Note 1: Organization and Summary of Significant Accounting Policies (Continued)**

The Agency currently administers redevelopment activities in the following redevelopment project areas:

Project Area No. 1

Project Area No. 1 was established as the Agency's first project area on July 18, 1978, and has been amended four times to include additional areas. The Project Area is located in the eastern portion of the City and encompasses approximately 3,800 acres of commercial and industrial property. Notable features include the Ontario Auto Center, Ontario Mills Mall; a super-regional retail outlet shopping and entertainment complex, The Ontario Center; a large upscale office, retail and hospitality district intended to fulfill the community's need for an urban lifestyle, and Citizens Business Bank Arena. Project Area No. 1 also includes a substantial number of warehouse and distribution facilities.

Project Area No. 2

Project Area No. 2 was established on October 5, 1982 and is comprised of 17 non-contiguous areas zoned primarily for residential use. Project Area No. 2 has been amended once to add commercial properties. Key redevelopment projects that have taken place within Project Area No. 2 include Mountain Village; a vibrant, pedestrian-oriented, mixed-use area, Edwards Cinema Center which includes entertainment and retail uses served by a multi-level parking structure, and Gateway at Mountain Village which includes a mix of restaurant, retail and neighborhood serving office uses. Residential developments include Elderberry Park; 42-single family houses, and Mountain View Apartments; an 86-unit senior housing project. One of the Agency's most successful redevelopment projects is The Ontario Plaza/Seasons at Gateway which comprises a revitalized commercial project anchored by an Albertson's Grocery Store and an 80 unit senior residential project. Project Area No. 2 currently contains approximately 525 acres of land.

Cimarron Project Area

The Cimarron Project Area was established on October 7, 1980 and is made up of non-contiguous primarily residential areas. Though a majority of the parcels within the Cimarron Project Area are zoned for residential use, there is also a considerable amount of land utilized for industrial uses as well as a limited amount of commercially zoned property. A majority of the non-residential properties were included in order to address the need to develop land-uses that will be compatible with the growth that has risen as a result of the neighboring LA/Ontario International Airport. The Project Area was amended in 2007 increasing the Project Area to approximately 680 acres.

Center City Project Area

Center City Project Area was established on November 1, 1983 and, as amended, encompasses Ontario's Central Business District and East Holt Boulevard. Though some residential properties are located along Holt Boulevard, the Project Area is predominantly occupied by commercial uses. It includes approximately 595 acres of land and contains Ontario's Civic Center, Main Library, the Museum of History and Art, Ontario Town Square, and the Law School of the University of La Verne. In addition to serving as home to a number of cultural and municipal amenities, the Center City Project Area also serves as the gateway to LA/Ontario International Airport and the Ontario Convention Center.

**Note 1: Organization and Summary of Significant Accounting Policies (Continued)**

Guasti Redevelopment Project Area

The Guasti Redevelopment Project Area was established on July 17, 2001. The Project Area totals approximately 180 acres in size and is sparsely developed with commercial and residential properties. The vision for the Project Area incorporates a new compact district that will include a mix of preserved structures associated with the historic Guasti winery and retail, hospitality, entertainment, and possibly residential uses in a walkable community setting. The largest development planned within the Guasti Redevelopment Project Area is the Ontario Airport Towers project. The three phase project includes a 150,000 square foot office building (completed in 2009), two six-story and one five-story office buildings and a retail building.

**b. Government-Wide and Fund Financial Statements**

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

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 and fiduciary funds, even though the latter is excluded from the government-wide financial statements. Major individual governmental 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. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. 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.

**Note 1: Organization and Summary of Significant Accounting Policies (Continued)**

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

The Agency reports the following major governmental funds:

Debt Service Funds are used to account for property tax increment revenues, tax increment pass-through obligations, bond proceeds required to be set-aside for future debt service and related interest income. The funds are expended primarily for the repayment of principal and interest on long-term bonded indebtedness of the Agency.

Capital Projects Funds are used to account for bond proceeds available for project improvements, loan proceeds, advances from the City of Ontario, tax increment revenues set-aside for low and moderate income housing, interest income on invested funds and certain miscellaneous income. The funds are expended primarily for redevelopment project costs and administrative expenses.

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

**d. Assets, Liabilities and Net Assets or Equity**

**1. Cash and Investments**

The Agency'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 Agency are reported at fair value. 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.

The Agency pools its cash and investments with the City.

**2. Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

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

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

**Ontario Redevelopment Agency  
Notes to Financial Statements (Continued)**

**Note 1: Organization and Summary of Significant Accounting Policies (Continued)**

Property tax revenue is recognized in the fiscal year for which the taxes have been levied providing they become available. Available means then due or past due and receivable within the current period and collected within the current period or expected to be collected soon enough thereafter (not to exceed 60 days), to be used to pay liabilities of the current period. The County of San Bernardino collects property taxes for the Agency. Tax liens attach annually as of 12:01 A.M. on the first day in January preceding the fiscal year for which the taxes are levied. The tax levy covers the fiscal period July 1 to June 30. All secured personal property taxes and one-half of the taxes on real property are due November 1; the second installment is due February 1. All taxes are delinquent, if unpaid, on December 10 and April 10, respectively. Unsecured personal property taxes become due on the first of March each year and are delinquent on August 31.

**3. Inventories, Prepaid Items and Land Held for Resale**

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

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

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

**4. Restricted Assets**

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

**5. Capital Assets**

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

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

Property, plant and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Structures and Improvements	20 - 99
Furniture and Equipment	5 - 25

**Note 1: Organization and Summary of Significant Accounting Policies (Continued)**

**6. Long-Term Obligations**

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

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

**7. Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**II. STEWARDSHIP**

**Note 2: Stewardship, Compliance and Accountability**

**Budgetary Data**

**General Budget Policies**

The Governing Board approves each year's budget submitted by the Executive Director prior to the beginning of the new fiscal year. The Board conducts public meetings prior to its adoption. The budget is prepared by fund, function and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year. Supplemental appropriations, when required during the period, are also approved by the Board. Intradepartmental budget changes are approved by the Executive Director. In most cases, expenditures may not exceed appropriations at the departmental level. At fiscal year-end, all operating budget appropriations lapse. During the year, several supplementary appropriations were necessary.

**Encumbrances**

Encumbrances are estimations of costs related to unperformed contracts for goods and services. These commitments are recorded for budgetary control purposes in the governmental funds. Encumbrances outstanding at year-end are reported as a reservation of fund balance. They represent the estimated amount of the expenditure ultimately to result if unperformed contracts in-process at year-end are completed. They do not constitute expenditures or estimated liabilities.

**Budget Basis of Accounting**

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

### **III. DETAILED NOTES ON FUNDS**

#### **Note 3: Cash and Investments**

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

Cash and investments pooled with the City	\$ 80,102,943
Restricted cash and investments with trustees	<u>4,644,049</u>
	<u><u>\$ 84,746,992</u></u>

The Agency's funds are pooled with the City of Ontario's cash and investments in order to generate optimum interest income. The City has implemented GASB Statement No. 40, *Deposit and Investment Risk Disclosures*. This pronouncement is an amendment to GASB Statement No. 3. GASB No. 40 establishes and modifies disclosure requirements related to deposit and investment risks. The information required by GASB Statement No. 40 related to authorized investments, credit risk, etc., is available in the annual report of the City.

#### **Note 4: Contracts and Notes Receivable**

Contracts and notes receivable as of June 30, 2009, totaled \$6,687,700, offset by a Reserve for Loans Receivable of \$6,658,591 and Deferred Revenue of \$29,109, and were recorded as follows:

##### **Capital Projects Funds**

On October 19, 1993, the Agency loaned \$35,000 to a developer, Pomona Valley Habitat for Humanity, as part of a transaction involving the sale of property. The note is non-interest bearing and was due in full on June 20, 1995. A new note was recorded on November 8, 1996, and will mature on October 31, 2026. The unpaid principal balance at June 30, 2009, was \$35,000.

Pursuant to the owner participation agreement between the Agency and Rubel Enterprises dated March 17, 1998, the Agency accepted a promissory note for the principal amount of \$178,500. This promissory note shall be for a ten-year term and bears interest at 5% per annum. Payment shall commence on the sixth anniversary of this promissory note. The balance at June 30, 2009, was \$32,027.

Total loans receivable recorded in capital projects funds was \$67,027.

##### **Low and Moderate Income Housing Fund**

On October 4, 1994, the Agency's Combined Low and Moderate Income Housing Fund loaned a developer, Cichon, \$135,000 to finance the cost of rehabilitation and construction of a low and moderate income residence located in the Center City Project Area. On December 5, 1995, the Agency loaned an additional \$4,647, bringing the total amount to \$139,677. During fiscal year ended June 30, 2000, the Agency advanced an additional \$254. During fiscal year ended June 30, 2009, the Agency recorded an increase to the loan and an increase to Deferred Revenue of \$30,038 relating to deferred interest. The note is a 25-year amortized loan and bears interest at 5% per annum. The balance at June 30, 2009, including deferred interest of \$27,836, was \$114,315.

On March 16, 1993, the Agency's Combined Low and Moderate Income Housing Fund loaned \$112,000 to a developer as consideration for housing located outside of the redevelopment areas. The note is non-interest bearing and is due and payable upon sale or transfer of property. The balance at June 30, 2009, was \$94,931.



**Ontario Redevelopment Agency  
Notes to Financial Statements (Continued)**

**Note 4: Contracts and Notes Receivable (Continued)**

On June 7, 1994, the Agency's Combined Low and Moderate Income Housing Fund loaned \$43,000 to a developer to finance the purchase of low and moderate income property located outside of the redevelopment project areas. The note is non-interest bearing and was due in full on March 7, 1995. A new note was recorded on November 12, 1996, and will mature on October 31, 2026. The balance at June 30, 2009, was \$43,000.

On June 7, 1994, the Agency's Combined Low and Moderate Income Housing Fund loaned \$39,000 to a developer to finance the purchase of low and moderate income property located outside of the redevelopment project areas. The note is non-interest bearing and was due in full on March 7, 1995. A new note was recorded on November 12, 1996, and will mature on October 31, 2026. The balance at June 30, 2009, was \$39,000.

On May 29, 1997, the Agency's On June 7, 1994, the Agency's Combined Low and Moderate Income Housing Fund agreed to loan \$2,656,200 to finance development of residential improvements to the Ground Lease premises as defined in a disposition and development agreement (DDA) dated March 19, 1996. The note bears interest at the rate of 3% per annum. The note is due and payable either: a) on the first day of the first full calendar month following the date of the last disbursement of the agency loan proceeds, or b) the first day of the fifteenth (15<sup>th</sup>) full calendar month following the date of recordation of the Agency Loan Deed and Trust in the official records of the County. The balance, including accrued interest of \$856,625, at June 30, 2009, was \$3,512,825.

In order to assist those individuals and families who are the most in need, the Ontario Housing Department provides loans to low and moderate income level residents for the acquisition and rehabilitation of single-family homes, condominiums or townhouses. The total balance at June 30, 2009, was \$2,816,602.

Total loans receivable in the Combined Low and Moderate Income Fund was \$6,620,673.

**Ontario Redevelopment Agency**  
**Notes to Financial Statements (Continued)**

**Note 5: Capital Assets**

Capital assets activity for the year ended June 30, 2009, is as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 1,601,652	\$ 573,015	\$ -	\$ -	\$ 2,174,667
Construction in progress	3,364,192	2,716,496	-	(1,545,096)	4,535,592
Total capital assets not being depreciated	4,965,844	3,289,511	-	(1,545,096)	6,710,259
Capital assets, being depreciated:					
Structures and improvements	1,261,005	2,198,512	-	1,545,096	5,004,613
Furniture and equipment	127,755	12,862	-	-	140,617
Total capital assets being depreciated	1,388,760	2,211,374	-	1,545,096	5,145,230
Less accumulated depreciation:					
Structures and improvements	133,793	49,731	-	-	183,524
Furniture and equipment	81,300	13,848	-	-	95,148
Total accumulated depreciation	215,093	63,579	-	-	278,672
Total capital assets being depreciated, net	1,173,667	2,147,795	-	1,545,096	4,866,558
Governmental activities capital assets, net	<u>\$ 6,139,511</u>	<u>\$ 5,437,306</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,576,817</u>

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

Governmental Activities:	
General government	<u>\$ 63,579</u>

**Ontario Redevelopment Agency  
Notes to Financial Statements (Continued)**

**Note 6: Long-Term Debt**

- a. A description of long-term debt outstanding of the Agency as of June 30, 2009, follows:

**Bonds Payable**

Project Area 1

The 1992 Tax Allocation Bonds were issued to defease the Tax Allocation Bond Issues of 1985 and 1987. In February 2002, the Ontario Redevelopment Financing Authority issued the 2002 revenue bonds to refund a portion of the 1992 Tax Allocation Bonds. As a result, except for the 1992 Tax Allocation Bonds capital appreciation bonds, the 1992 Tax Allocation Bonds are considered to be defeased and the liability of those bonds has been removed from long-term debt. The balance as of June 30, 2009, was:

\$ 4,652,801

The 1993 Tax Allocation Bonds in the amount of \$45,708,900 were issued on June 11, 1993, to finance redevelopment activities related to Project Area 1. The Agency sold the bonds to the Financing Authority at a purchase price equal to the principal amount of the bonds plus a premium. The investment by the Authority in the bonds is held in an agency fund. The terms were renegotiated in the prior year and reduced the outstanding principal balance by \$800. Additionally, the maturity date was extended two years to August 1, 2025. The interest is paid semi-annually at the stated rate of 12%. The balance as of June 30, 2009, was:

45,333,154

On August 15, 1995, the Ontario Redevelopment Agency issued \$4,041,700 in 1995 Tax Allocation Bonds. The bonds were sold to the Ontario Redevelopment Financing Authority at par plus a premium. All proceeds of the 1995 Bonds will be used to finance redevelopment projects related to Project Area 1. The 1995 bonds were issued on parity with the Agency's existing Project Area 1 1992 and 1993 Tax Allocation Bonds. The 1995 bonds were issued with an interest rate of 12%, provided that the interest rate for the period from August 1, 1995 through July 1, 1996, shall be 10.55% per annum. The interest rate for the period from August 1, 1996 through July 31, 1997, shall be 11.70% per annum, the interest rate for the period from August 1, 1997 through July 31, 1999, shall be 11.86% per annum. Interest is paid semi-annually each year and commenced February 1, 1996, until a final maturity on August 1, 2025. The balance as of June 30, 2009, was:

4,008,546

**Ontario Redevelopment Agency  
Notes to Financial Statements (Continued)**

**Note 6: Long-Term Debt (Continued)**

In February 2002, the Ontario Redevelopment Financing Authority issued revenue bonds in the amount of \$35,290,000, to provide funds to concurrently refund on a current basis a portion of the Authority's 1992 revenue bonds, and certain outstanding Tax Allocation Bonds of the Agency and to finance redevelopment activities within the Agency's Project Area 1, Center City and Cimarron redevelopment projects. The bonds, issued at a net premium of \$1,702,231, mature in 2017 with interest paid semi-annually. Interest rates vary from 3.000% to 4.625% per annum. The balance at June 30, 2009, was:

\$ 11,982,276

Cimarron Project Area

The 1992 Tax Allocation Bonds were issued to defease the Agency's Tax Allocation Bond Issue of 1985. In February 2002, the Ontario Redevelopment Financing Authority issued the 2002 revenue bonds to refund a portion of the 1992 Tax Allocation Bonds. As a result, except for the 1992 Tax Allocation Bonds capital appreciation bonds, the 1992 Tax Allocation Bonds is considered to be defeased and the liability of those bonds have been removed from long-term debt. The balance at June 30, 2009, was:

420,172

In February 2002, the Ontario Redevelopment Financing Authority issued revenue bonds in the amount of \$35,290,000 to provide funds to concurrently refund on a current basis a portion of the Authority's 1992 revenue bonds and certain outstanding tax allocation bonds of the Agency and to finance redevelopment activities within the Agency's Project Area 1, Center City and Cimarron redevelopment projects. The bonds, issued at a net premium of \$1,702,231, mature in 2016, with interest paid semi-annually. Interest rates vary from 3.000% to 4.625% per annum. The balance at June 30, 2009, was:

1,230,000

Center City Project Area

The 1992 Tax Allocation Bonds were issued to defease the Agency's Tax Allocation Bonds of 1985 and to finance public improvement projects in the Center City Project Area. In February 2002, the Ontario Redevelopment Financing Authority issued the 2002 revenue bonds to refund a portion of the 1992 Tax Allocation Bonds. As a result, except for the 1992 Tax Allocation Bonds capital appreciation bonds, the 1992 Tax Allocation Bonds is considered to be defeased and the liability of those bonds have been removed from long-term debt. The balance at June 30, 2009, was:

724,181

**Ontario Redevelopment Agency  
Notes to Financial Statements (Continued)**

**Note 6: Long-Term Debt (Continued)**

In February 2002, the Ontario Redevelopment Financing Authority issued revenue bonds in the amount of \$35,290,000, to provide funds to concurrently refund on a current basis a portion of the Authority's 1992 revenue bonds and certain outstanding Tax Allocation Bonds of the Agency, and to finance redevelopment activities within the Agency's Project Area 1, Center City and Cimarron redevelopment projects. The bonds, issued at a net premium of \$1,702,231, mature in 2021 with interest paid semi-annually. Interest rates vary from 3.000% to 4.625% per annum. The balance at June 30, 2009, was:

\$ 6,065,000

Total Bonds Payable

\$ 74,416,130

There are a number of limitations and restrictions contained in the various bond indentures. The Agency is in compliance with all significant limitations and restrictions. The bonds described above are secured by a pledge of, and lien on a portion of the taxes levied upon all taxable property within the related project of the Agency.

**Loans Payable**

Pursuant to a loan agreement dated February 1, 2002, the Ontario Redevelopment Agency issued the Ontario Redevelopment Project No. 1, 2002 Housing Set-Aside Loan in the amount of \$15,145,000, to finance low and moderate income activities of the Agency within or of the benefit to the Agency's Ontario Redevelopment Project No. 1. The loan matures in 2029 and is payable from Housing Tax Revenues allocated to the Agency. Interest is paid semi-annually at a rate of 5.30% per annum. The balance at June 30, 2009, was:

\$ 13,181,292

Total Loans Payable

\$ 13,181,292

**Advances from City**

Project Area 1

On September 2, 2003, the City loaned \$2,128,902 to the Agency to pay off the Toyota loan for the purchase of 5.5 acres of property and to provide funding assistance to the Ontario-Montclair School District for construction of a middle school. The terms of the advance are the same as the terms of the Toyota loan. The advance has a remaining term maturing on November 15, 2009, with annual payments of \$408,903. Interest is calculated at 8% per annum. The balance of this loan at June 30, 2009, was:

\$ 378,614

On January 20, 1998, the City loaned \$3,500,000 to the Agency Project Area 1 for the Baxter Healthcare project. Interest accrues on the unpaid principal balance at 10% per annum (\$350,000) and is paid annually. The principal is due and payable on the last date set forth in the Redevelopment Plan for Project Area 1 for the Agency to repay indebtedness pursuant to the Plan. The balance of this loan at June 30, 2009, was:

3,500,000

**Ontario Redevelopment Agency  
Notes to Financial Statements (Continued)**

**Note 6: Long-Term Debt (Continued)**

On November 9, 1999, the City loaned \$1,500,000 to the Agency Project Area 1 in order for the Agency to prepay a promissory note with the County of San Bernardino for the purchase of land. Interest accrues at 10% per annum on the unpaid principal balance and is paid annually with a principal repayment. Annual payments of interest and principal amount to \$245,745. The balance of this loan at June 30, 2009, was: \$ 223,405

On March 1, 2001, the Agency issued \$6,895,000 in a subordinated taxable tax allocation bond, purchased by the City, for the purpose of purchasing 40 acres of land within Project Area 1 from the City. Interest is compounded semi-annually at 10% per annum and is added to the principal balance until maturity of the bond December 1, 2034. Interest accrued as of June 30, 2009, amounted to \$8,498,748. The balance of this loan, including accrued interest, at June 30, 2009, was: 15,393,748

On April 1, 2008, the Agency entered into a Cooperation Agreement with the City for the advancement of the Agency's administrative costs. If the advance is not repaid by the end of the fiscal year, it will accrue interest at 10% per annum. Interest is paid annually. The balance of this advance at June 30, 2009, was: 3,084,375

Project Area 2

On November 30, 1994, the City loaned \$3,500,000 to the Agency to acquire approximately five acres of land and to provide financial assistance for the construction of the Oaks North of Phillips Middle School located in Project Area 2. Interest is compounded annually at 10% per annum on the principal balance and is due and payable with the principal on the last date set forth in the Redevelopment Plan Project Area 2, if not paid in full prior to that date. Interest accrued as of June 30, 2009, amounts to \$4,753,301, however the interest is not capitalized because the repayment date is indeterminable. The balance of this loan, excluding accrued interest, at June 30, 2009, was: 3,500,000

On December 16, 2003, the City loaned \$486,983 to the Agency to facilitate financing of certain public library improvements. Interest accrues at 4.25% per annum, with principal and interest payments paid each January 1, beginning January 1, 2004, and continuing for 10 years through January 1, 2013. The balance of this loan at June 30, 2009, was: 198,401

**Ontario Redevelopment Agency**  
**Notes to Financial Statements (Continued)**

**Note 6: Long-Term Debt (Continued)**

On April 1, 2008, the Agency entered into a Cooperation Agreement with the City for the advancement of the Agency's administrative costs. If the advance is not repaid by the end of the fiscal year, it will accrue interest at 10% per annum. Interest is paid annually. The balance of this advance at June 30, 2009, was:

\$ 405,976

Center City

On April 1, 2008, the Agency entered into a Cooperation Agreement with the City for the advancement of the Agency's administrative costs. If the advance is not repaid by the end of the fiscal year, it will accrue interest at 10% per annum. Interest is paid annually. The balance of this advance at June 30, 2009 was:

948,773

Cimarron

On April 1, 2008, the Agency entered into a Cooperation Agreement with the City for the advancement of the Agency's administrative costs. If the advance is not repaid by the end of the fiscal year, it will accrue interest at 10% per annum. Interest is paid annually. The balance of this advance at June 30, 2009 was:

213,376

Guasti

On April 1, 2008, the Agency entered into a Cooperation Agreement with the City for the advancement of the Agency's administrative costs. If the advance is not repaid by the end of the fiscal year, it will accrue interest at 10% per annum. Interest is paid annually. The balance of this advance at June 30, 2009 was:

46,858

Total Advances from City

\$ 27,893,526

**Ontario Redevelopment Agency**  
**Notes to Financial Statements (Continued)**

**Note 6: Long-Term Debt (Continued)**

- b. The following is a schedule by project area of changes in long-term debt of the Agency for the fiscal year ended June 30, 2009:

	Balance July 1, 2008	Additions	Repayments	Balance June 30, 2009	Due Within One Year
<u>Project Area #1</u>					
City Loans - Principal	\$ 18,618,266	\$ 4,515,540	\$ 553,664	\$ 22,580,142	\$ 3,686,394
Bonds - 1992 Revenue	6,880,938	181,863	2,410,000	4,652,801	2,410,000
Bonds - 1993 Tax Allocation	45,479,512	-	146,358	45,333,154	162,253
Bonds - 1995 Tax Allocation	4,021,488	-	12,942	4,008,546	14,347
Bonds - 2002 Refunding Revenue	11,562,786	1,362,390	942,900	11,982,276	943,900
Total	86,562,990	6,059,793	4,065,864	88,556,919	7,216,894
<u>Project Area #2</u>					
City Loans - Principal	3,746,855	405,976	48,454	4,104,377	454,885
Total	3,746,855	405,976	48,454	4,104,377	454,885
<u>Center City</u>					
City Loans - Principal	-	948,773	-	948,773	948,773
Bonds - 1992 Revenue	1,054,410	44,771	375,000	724,181	375,000
Bonds - 2002 Refunding Revenue	6,110,000	-	45,000	6,065,000	45,000
Total	7,164,410	993,544	420,000	7,737,954	1,368,773
<u>Cimarron</u>					
City Loans - Principal	-	213,376	-	213,376	213,376
Bonds - 1992 Revenue	609,207	25,965	215,000	420,172	220,000
Bonds - 2002 Refunding Revenue	1,235,000	-	5,000	1,230,000	5,000
Total	1,844,207	239,341	220,000	1,863,548	438,376
<u>Guasti</u>					
City Loans - Principal	-	46,858	-	46,858	46,858
Total	-	46,858	-	46,858	46,858
<u>Combined Low and Moderate Housing</u>					
Loans - 2002 FNMA Housing Set-aside	13,520,133	-	338,841	13,181,292	356,800
Total	13,520,133	-	338,841	13,181,292	356,800
<u>Total - All Project Areas</u>					
City Loans - Principal	22,365,121	6,130,523	602,118	27,893,526	5,350,286
Loans - Other Governments	13,520,133	-	338,841	13,181,292	356,800
Bonds Payable	76,953,341	1,614,989	4,152,200	74,416,130	4,175,500
Total	\$ 112,838,595	\$ 7,745,512	\$ 5,093,159	115,490,948	\$ 9,882,586
Unamortized net original issue (discount) or premium				1,063,892	
Net Long-term Debt				<u>\$ 116,554,840</u>	



**Ontario Redevelopment Agency**  
**Notes to Financial Statements (Continued)**

**Note 6: Long-Term Debt (Continued)**

- c. The following schedule illustrates the debt service requirements to maturity for long-term debt outstanding as of June 30, 2009. For advances from City, only those with fixed amortization schedules have been included in this presentation:

	2002 Refunding Revenue Bonds		1993 Tax Allocation Bonds		1995 Tax Allocation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2009 - 2010	\$ 50,000	\$ 363,238	\$ 162,253	\$ 5,430,243	\$ 14,347	\$ 480,165
2010 - 2011	55,000	361,366	183,752	5,409,483	16,248	478,329
2011 - 2012	645,000	344,244	206,905	5,386,044	18,295	476,256
2012 - 2013	675,000	310,063	226,842	5,360,019	20,058	473,955
2013 - 2014	710,000	273,367	258,907	5,330,874	22,893	471,378
2014 - 2019	3,245,000	828,391	8,344,270	25,111,828	737,830	2,220,494
2019 - 2024	1,915,000	138,581	25,887,793	14,396,869	2,289,107	1,273,037
2024 - 2029	-	-	10,062,432	1,001,267	889,768	88,537
Totals	<u>\$ 7,295,000</u>	<u>\$ 2,619,250</u>	<u>\$ 45,333,154</u>	<u>\$ 67,426,627</u>	<u>\$ 4,008,546</u>	<u>\$ 5,962,151</u>

	2002 FNMA Housing Set-Aside Loan		Advances from City - Prepayment of Toyota Loan		2002 Refunding Revenue Capital Appreciation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2009 - 2010	\$ 356,800	\$ 689,153	\$ 378,614	\$ 30,289	\$ 1,060,664	\$ -
2010 - 2011	375,710	669,742	-	-	766,245	-
2011 - 2012	395,623	649,301	-	-	2,367,694	-
2012 - 2013	416,591	627,778	-	-	2,101,404	-
2013 - 2014	438,670	605,113	-	-	1,867,881	-
2014 - 2019	2,567,740	2,641,257	-	-	3,818,387	-
2019 - 2024	3,324,244	1,864,706	-	-	-	-
2024 - 2029	4,303,627	859,368	-	-	-	-
2029 - 2034	1,002,287	26,561	-	-	-	-
Totals	<u>\$ 13,181,292</u>	<u>\$ 8,632,979</u>	<u>\$ 378,614</u>	<u>\$ 30,289</u>	<u>\$ 11,982,275</u>	<u>\$ -</u>

	1992 Capital Appreciation Bonds		Advances from City - 320 D Street		Advances from City - Library Site Clearance Costs	
	Principal	Interest	Principal	Interest	Principal	Interest
2009 - 2010	\$ 2,990,067	\$ -	\$ 223,404	\$ 22,341	\$ 48,909	\$ 1,861
2010 - 2011	2,807,087	-	-	-	49,367	1,401
2011 - 2012	-	-	-	-	49,829	938
2012 - 2013	-	-	-	-	50,297	471
Totals	<u>\$ 5,797,154</u>	<u>\$ -</u>	<u>\$ 223,404</u>	<u>\$ 22,341</u>	<u>\$ 198,402</u>	<u>\$ 4,671</u>

**Ontario Redevelopment Agency  
Notes to Financial Statements (Continued)**

**Note 6: Long-Term Debt (Continued)**

	Total	
	Principal	Interest
2009 - 2010	\$ 5,285,058	\$ 7,017,289
2010 - 2011	4,253,409	6,920,321
2011 - 2012	3,683,346	6,856,783
2012 - 2013	3,490,192	6,772,286
2013 - 2014	3,298,351	6,680,732
2014 - 2019	18,713,227	30,801,970
2019 - 2024	33,416,144	17,673,193
2024 - 2029	15,255,827	1,949,172
2029 - 2034	1,002,287	26,561
Totals	<u>\$ 88,397,841</u>	<u>\$ 84,698,307</u>

**d. Debt Service Requirements**

As previously discussed, the Agency has pledged, as security for bonds it has issued, either directly or through the Financing Authority, a portion of the tax increment revenue (including Low and Moderate Income Housing set-aside) that it receives. These bonds were to provide financing for various capital projects, accomplish Low and Moderate Income Housing projects and to defease previously issued bonds. The Agency has committed to appropriate each year, from these resources amounts sufficient to cover the principal and interest requirements on the debt. Total principal and interest remaining on the debt is \$172,238,428 with annual debt service requirements as indicated above. For the current year, the total tax increment revenue, net of pass through payments, recognized by the Agency was \$45,877,180 and the debt service obligation on the bonds was \$11,494,116.

**e. Other Bond and Loan Programs**

The Agency has entered into a number of bond programs to provide low-interest financing for various residential and industrial developments within the City. Although the Agency has arranged these financing programs, these debts are not payable from any revenues or assets of the Agency. Neither the faith or credit nor the taxing power of the City, or any political subdivision of the City is pledged to repay the indebtedness. Generally, the bondholders may look only to assets held by trustees for security on the indebtedness. Accordingly, since these debts do not constitute an obligation of the Agency, they are not reflected in the long-term liabilities in the accompanying financial statements.

**Ontario Redevelopment Agency**  
**Notes to Financial Statements (Continued)**

**Note 6: Long-Term Debt (Continued)**

The Bond programs are as follows:

	Interest % Rate	Date Issued	Date Series Matures	Outstanding Balance at June 30, 2009
<u>Multi-Family Mortgage Revenue Bonds:</u>				
Ontario Redevelopment Agency Multi-Family Mortgage Revenue Bonds, Seasons at Gateway Plaza 1996 Series A	5.60 - 6.50	1996	2026	\$ 1,330,000
Ontario Redevelopment Agency Multi-Family Mortgage Revenue Bonds, Seasons at Gateway Plaza 1996 Series B	Variable	1996	2026	740,000
Ontario Redevelopment Agency Multi-Family Mortgage Revenue Bonds, Woodside Senior III Apts 2004 Series A	6.25	2004	2034	2,448,000
Ontario Redevelopment Agency Multi-Family Mortgage Revenue Bonds, Waverly Place Apts 2004 Series B	6.25	2004	2034	7,047,000
Ontario Redevelopment Agency Multi-Family Mortgage Revenue Bonds, Waterford Court Apts 2005 Series A	6.25	2005	2035	6,165,000
Ontario Redevelopment Agency Multi-Family Mortgage Revenue Bonds, Woodside Senior II Apts 2004 Series C	6.25	2004	2034	1,513,000
Ontario Redevelopment Agency Multi-Family Mortgage Revenue Bonds, Cambridge Square Apts 2004 Series D	6.25	2004	2034	6,087,000
Ontario Redevelopment Agency Multi-Family Mortgage Revenue Bonds, Park Center Project 2005 Refunding	Variable	2005	2035	23,500,000
Ontario Redevelopment Agency Multi-Family Mortgage Revenue Bonds, Park Vista 2006 Series B	Variable	2006	2040	6,960,000
Ontario Redevelopment Agency Multi-Family Mortgage Revenue Bonds, Terrace View 2006 Series A	Variable	2006	2040	6,240,000
Total				<u>\$ 62,030,000</u>
<u>Single Family Mortgage Revenue Bonds:</u>				
Ontario Redevelopment Agency Single family Mortgage Revenue Bonds, Project Area No. 2	9.4	1983	2016	<u>\$ 100,000</u>

#### IV. OTHER DISCLOSURES

##### **Note 7: Interfund Receivables, Payables and Transfers**

The composition of interfund balances as of June 30, 2009, is as follows:

##### **Advances To/From Other Funds**

Advances to/from other funds consist of the following at June 30, 2009:

Advances to other funds (receivable)	Advances from other funds (payable)				Total
	Capital Projects	Debt Service		Nonmajor funds	
	Center City	Project Area 2	Cimarron		
Capital Projects:					
Combined Low and Moderate Housing	\$ -	\$ 1,500,000	\$ 2,019,922	\$ 500,000	\$ 4,019,922
Non-major funds	1,073,093	-	-	-	1,073,093
Total	\$ 1,073,093	\$ 1,500,000	\$ 2,019,922	\$ 500,000	\$ 5,093,015

In prior years, the Cimarron Project Area advanced \$1,073,093 to the Center City Project Area to fund capital projects and the Combined Low and Moderate Housing Fund advanced \$4,019,922 for the ERAF obligation.

##### **Interfund Transfers**

Interfund transfers consisted of the following at June 30, 2009:

	Transfers Out						Total
	Capital Projects			Debt Service		Nonmajor Funds	
	Combined Low and Moderate Housing	Project Area 1	Center City	Project Area 1	Project Area 2		
Transfers In:							
Capital Projects:							
Project Area 1	\$ -	\$ -	\$ -	\$ 7,585,850	\$ -	\$ -	\$ 7,585,850
Center City	-	-	-	-	-	3,200,000	3,200,000
Debt Service:							
Project Area 1	325,551	-	-	-	-	-	325,551
Cimarron	56,831	-	-	-	-	-	56,831
Nonmajor funds	-	2,054,058	748,761	-	1,339,320	603,791	4,745,930
Total	\$ 382,382	\$ 2,054,058	\$ 748,761	\$ 7,585,850	\$ 1,339,320	\$ 3,803,791	\$ 15,914,162

Transfers were made to allocate administrative expenses, to fund capital projects, to provide funds for set-aside obligations, and to provide funds for debt service payments.

##### **Note 8: Due from the City**

The \$965,224 due from the City in the Combined Low and Moderate Housing Fund includes \$198,401 as the balance owed on exchanged parcels of land and a loan to the Ontario Housing Authority of \$766,823

The \$1,600,000 due from City in the Capital Projects – Project Area 1 is a loan bearing no interest and is payable upon demand.

**Ontario Redevelopment Agency  
Notes to Financial Statements (Continued)**

**Note 9: Insurance Coverage**

Insurance coverage has been obtained by the City of Ontario for the City and all authorities under its control. Information related to the Agency's insurance coverage can be obtained by contacting the City.

**Note 10: Contingent Liabilities**

**Disposition and Development Agreement**

The City of Ontario and the Agency have entered into a development incentive and assistance agreement in which the City will reimburse a private corporation 50% of any sales tax actually received by the City, and the Agency will reimburse a portion of the property tax increment generated by the development. Both reimbursements are subject to certain conditions. Reimbursements shall be made so long as monies are available and will continue to the sooner of the following: 1) the expiration of 25 years after the commencement of operation of any part of the development; and 2) the time at which sales taxes received by the City fall below \$500,000 in any given calendar year after December 31, 1992 and 1993, or the time at which the total amount reimbursed pursuant to the agreement reaches \$53,000,000.

**Note 11: 2007 Owner Participation Agreement**

On September 4, 2007, the Agency entered into an Owner Participation Agreement with Ontario Airport Center, LLC for the Ontario Airport Towers (Guasti project area) to provide annual tax increment payments towards the principal and interest and other costs pursuant to Community Facility District (CFD) No. 10. The maximum yearly tax increment payments would be as follows:

1. Payments of \$748,000 in the 1<sup>st</sup> through 14<sup>th</sup> fiscal year;
2. Payments of \$644,000 in the 15<sup>th</sup> through 18<sup>th</sup> fiscal year,
3. Payments of \$540,000 in the 19<sup>th</sup> through 22<sup>nd</sup> fiscal year,
4. Payments of \$436,000 in the 23<sup>rd</sup> through 26<sup>th</sup> fiscal year, and
5. Payments of \$337,000 or less as follows, in the 27<sup>th</sup> and all following fiscal years through the end of the Eligibility Period, inclusive, the lesser of (A) the amount of CFD Special Taxes imposed against the Property and paid by the Owner in the immediately preceding fiscal year, and (B) \$337,000.

**Note 12: Subsequent Events**

**a. Subsequent Event – SERAF Tax Increment Revenue Shift**

On July 23, 2009, the California Legislature passed SB 26, requiring a shift in tax increment revenues during fiscal years 2009-2010 and 2010-2011 to be deposited into the county "Supplemental" Educational Revenue Augmentation Fund (SERAF) to be distributed to meet the State's Prop 98 obligations to schools. It is estimated that the Agency's share of the SERAF shift for fiscal year 2009-2010 and 2010-2011 will amount to approximately \$16,394,862 and \$3,372,147, respectively. In October 2009, the California Redevelopment Association and its member agencies filed a legal action in an attempt to stop these amounts from having to be paid. As of the date of this report, no legal determination has been made by the courts on that action.

**Ontario Redevelopment Agency  
Notes to Financial Statements (Continued)**

**Note 12: Subsequent Events (Continued)**

**b. Significant Commitment with Staples**

On July 21, 2009, the Agency entered into an Operating Covenant and Facility Upgrade Loan with Staples Contract & Commercial, Inc. The annual amount provided under the Operating Covenant to Staples Contract would not exceed \$900,000. The interest-free equipment loan would not exceed \$3,000,000 or 50% of the cost of the equipment upgrade project, and would be paid out over the course of the construction. The loan will be repaid with the growth in sales tax revenues over the 2009 base calendar year. If Staples leaves the City of Ontario before 2015, the remaining balance on the loan shall be due. Any remaining balance on the loan will be forgiven if Staples remains in Ontario through January 1, 2017.

ONTARIO REDEVELOPMENT AGENCY

COMBINING PROJECT AREA BALANCE SHEET  
ALL GOVERNMENTAL FUNDS  
JUNE 30, 2009

	Capital Projects General Agency Fund	Capital Projects Combined Housing Fund	Project Area #1	
			Debt Service	Capital Projects
			Tax Increment	Project
<b>ASSETS</b>				
Cash and investments	\$ 2,282,754	\$ 15,184,246	\$ 38,402,617	\$ 2,630,532
Cash and investments with trustee	-	942,347	1,503,058	397,296
Receivables:				
Tax increment	-	152,691	382,530	-
Interest	13,037	96,407	224,763	20,952
Contracts and notes	-	6,620,673	-	-
Advances to capital project fund	-	-	-	-
Advances to debt service funds	-	4,019,922	-	-
Due from City	-	965,224	-	1,600,000
Deposits with others	-	-	-	66,161
Land held for resale	-	1,496,568	-	18,251,473
Prepaid costs	26,001	1,695	-	-
<b>Total Assets</b>	<b>\$ 2,321,792</b>	<b>\$ 29,479,773</b>	<b>\$ 40,512,968</b>	<b>\$ 22,966,414</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 89,017	\$ 108,584	\$ 3,716,202	\$ 246,522
Interest payable	-	-	-	-
Accrued liabilities	29,213	29,307	-	7,648
Deposits from others	-	42,895	-	150,000
Advances from Capital Projects Funds	-	-	-	-
Deferred revenue	-	29,109	-	-
Advances from Low and Moderate Housing Funds	-	-	-	-
<b>Total Liabilities</b>	<b>118,230</b>	<b>209,895</b>	<b>3,716,202</b>	<b>404,170</b>
<b>Fund Balances:</b>				
Reserved:				
Encumbrances	98,399	29,650	-	94,659
Land held for resale	-	1,496,568	-	18,251,473
Long-term loans receivable	-	6,591,564	-	-
Deposits and prepaid costs	26,001	1,695	-	66,161
Advances to other funds	-	4,985,146	-	1,600,000
Unreserved:				
Designated:				
Debt service	-	-	36,796,766	-
Continuing projects	2,079,162	16,165,255	-	2,549,951
<b>Total Fund Balances</b>	<b>2,203,562</b>	<b>29,269,878</b>	<b>36,796,766</b>	<b>22,562,244</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 2,321,792</b>	<b>\$ 29,479,773</b>	<b>\$ 40,512,968</b>	<b>\$ 22,966,414</b>

ONTARIO REDEVELOPMENT AGENCY

COMBINING PROJECT AREA BALANCE SHEET  
ALL GOVERNMENTAL FUNDS  
JUNE 30, 2009

(Continued)

	Project Area #2	
	Debt Service	Capital Projects
	Tax Increment	Project
<b>ASSETS</b>		
Cash and investments	\$ 5,964,768	\$ 4,047,702
Cash and investments with trustee	-	-
Receivables:		
Tax increment	24,612	-
Interest	35,186	23,613
Contracts and notes	-	-
Advances to capital project fund	-	-
Advances to debt service funds	-	-
Due from City	-	-
Deposits with others	-	-
Land held for resale	-	2,570,809
Prepaid costs	-	-
<b>Total Assets</b>	<b>\$ 6,024,566</b>	<b>\$ 6,642,124</b>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 670,263	\$ 24,520
Interest payable	-	-
Accrued liabilities	-	-
Deposits from others	-	37,500
Advances from Capital Projects Funds	-	-
Deferred revenue	-	-
Advances from Low and Moderate Housing Funds	1,500,000	-
<b>Total Liabilities</b>	<b>2,170,263</b>	<b>62,020</b>
<b>Fund Balances:</b>		
Reserved:		
Encumbrances	-	10,350
Land held for resale	-	2,570,809
Long-term loans receivable	-	-
Deposits and prepaid costs	-	-
Advances to other funds	-	-
Unreserved:		
Designated:		
Debt service	3,854,303	-
Continuing projects	-	3,998,945
<b>Total Fund Balances</b>	<b>3,854,303</b>	<b>6,580,104</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 6,024,566</b>	<b>\$ 6,642,124</b>



ONTARIO REDEVELOPMENT AGENCY

COMBINING PROJECT AREA BALANCE SHEET  
ALL GOVERNMENTAL FUNDS  
JUNE 30, 2009

	Center City		Cimarron	
	Debt Service	Capital Projects	Debt Service	Capital Projects
	Tax Increment	Project	Tax Increment	Project
<b>ASSETS</b>				
Cash and investments	\$ 1,737,439	\$ 4,457,167	\$ 3,502,381	\$ 196,300
Cash and investments with trustee	724,856	693,857	289,664	92,971
Receivables:				
Tax increment	162,158	-	-	-
Interest	10,508	27,051	19,792	1,199
Contracts and notes	-	67,027	-	-
Advances to capital project fund	-	-	-	1,073,093
Advances to debt service funds	-	-	-	-
Due from City	-	-	-	-
Deposits with others	-	1,884,365	-	-
Land held for resale	-	9,292,434	-	-
Prepaid costs	-	-	-	-
<b>Total Assets</b>	<b>\$ 2,634,961</b>	<b>\$ 16,421,901</b>	<b>\$ 3,811,837</b>	<b>\$ 1,363,563</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 257,446	\$ 21,338	\$ 83,126	\$ 34,555
Interest payable	-	-	-	-
Accrued liabilities	-	1,597	-	-
Deposits from others	-	-	-	-
Advances from Capital Projects Funds	-	1,073,093	-	-
Deferred revenue	-	-	-	-
Advances from Low and Moderate Housing Funds	-	-	2,019,922	-
<b>Total Liabilities</b>	<b>257,446</b>	<b>1,096,028</b>	<b>2,103,048</b>	<b>34,555</b>
<b>Fund Balances:</b>				
Reserved:				
Encumbrances	-	-	-	-
Land held for resale	-	9,292,434	-	-
Long-term loans receivable	-	67,027	-	-
Deposits and prepaid costs	-	1,884,365	-	-
Advances to other funds	-	-	-	1,073,093
Unreserved:				
Designated:				
Debt service	2,377,515	-	1,708,789	-
Continuing projects	-	4,082,047	-	255,915
<b>Total Fund Balances</b>	<b>2,377,515</b>	<b>15,325,873</b>	<b>1,708,789</b>	<b>1,329,008</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 2,634,961</b>	<b>\$ 16,421,901</b>	<b>\$ 3,811,837</b>	<b>\$ 1,363,563</b>

ONTARIO REDEVELOPMENT AGENCY

COMBINING PROJECT AREA BALANCE SHEET  
ALL GOVERNMENTAL FUNDS  
JUNE 30, 2009

	Guasti		T O T A L S	
	Debt Service	Capital Projects	Debt Service Funds	Capital Projects Funds
	Tax Increment	Project		
<b>ASSETS</b>				
Cash and investments	\$ 1,566,383	\$ 130,654	\$ 51,173,588	\$ 28,929,355
Cash and investments with trustee	-	-	2,517,578	2,126,471
Receivables:				
Tax increment	-	-	569,300	152,691
Interest	9,268	743	299,517	183,002
Contracts and notes	-	-	-	6,687,700
Advances to capital project fund	-	-	-	1,073,093
Advances to debt service funds	-	-	-	4,019,922
Due from City	-	-	-	2,565,224
Deposits with others	-	-	-	1,950,526
Land held for resale	-	-	-	31,611,284
Prepaid costs	-	-	-	27,696
<b>Total Assets</b>	<b>\$ 1,575,651</b>	<b>\$ 131,397</b>	<b>\$ 54,559,983</b>	<b>\$ 79,326,964</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 115,103	\$ -	\$ 4,842,140	\$ 524,536
Interest payable	-	-	-	-
Accrued liabilities	-	-	-	67,765
Deposits from others	-	-	-	230,395
Advances from Capital Projects Funds	-	-	-	1,073,093
Deferred revenue	-	-	-	29,109
Advances from Low and Moderate Housing Funds	500,000	-	4,019,922	-
<b>Total Liabilities</b>	<b>615,103</b>	<b>-</b>	<b>8,862,062</b>	<b>1,924,898</b>
<b>Fund Balances:</b>				
Reserved:				
Encumbrances	-	-	-	233,058
Land held for resale	-	-	-	31,611,284
Long-term loans receivable	-	-	-	6,658,591
Deposits and prepaid costs	-	-	-	1,978,222
Advances to other funds	-	-	-	7,658,239
Unreserved:				
Designated:				
Debt service	960,548	-	45,697,921	-
Continuing projects	-	131,397	-	29,262,672
<b>Total Fund Balances</b>	<b>960,548</b>	<b>131,397</b>	<b>45,697,921</b>	<b>77,402,066</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,575,651</b>	<b>\$ 131,397</b>	<b>\$ 54,559,983</b>	<b>\$ 79,326,964</b>

ONTARIO REDEVELOPMENT AGENCY

COMBINING PROJECT AREA STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Project Area #1			
	Capital Projects General Agency Fund	Capital Projects Combined Housing Fund	Debt Service  Tax Increment	Capital Projects  Project
<b>Revenues:</b>				
Taxes and Assessments:				
Tax increment	\$ -	\$ 10,282,081	\$ 32,633,498	\$ -
Use of Money and Property:				
Interest income	106,721	726,539	1,279,436	118,944
Rental income	-	117,926	-	-
Other revenue:				
Overhead and reimbursements	2,850	132,852	-	6,554
Loan proceeds	-	23,938	-	-
<b>Total Revenues</b>	<b>109,571</b>	<b>11,283,336</b>	<b>33,912,934</b>	<b>125,498</b>
<b>Expenditures:</b>				
Current:				
General Government:				
Administrative costs	2,349,576	1,963,349	490,046	1,622,252
Professional services	356,289	150,727	-	105,971
Community Development:				
Operation of acquired property	-	87,441	-	-
Relocation payments	-	17,000	-	-
Site clearance costs	-	6,141	-	-
Rehabilitation grants	-	920,238	-	-
Capital Outlay:				
Project improvement costs	148,897	2,358,206	-	2,256,952
Acquisition of fixed assets	-	264,777	-	1,383,049
Debt Service:				
Interest expense	-	707,588	9,665,402	-
Long-term debt repayments	-	338,841	4,065,864	-
Other Expenditures:				
Reimbursement agreements	-	-	3,459,070	1,807,357
<b>Total Expenditures</b>	<b>2,854,762</b>	<b>6,814,308</b>	<b>17,680,382</b>	<b>7,175,581</b>
<b>Excess of Revenues over (under) Expenditures</b>	<b>(2,745,191)</b>	<b>4,469,028</b>	<b>16,232,552</b>	<b>(7,050,083)</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	3,361,610	-	325,551	7,585,850
Transfers out	-	(382,382)	(7,585,850)	(2,054,058)
Long-term debt issued	-	-	2,975,418	3,084,375
Pass through agreement payments	-	-	(3,358,941)	-
<b>Total Other Financing Sources (Uses)</b>	<b>3,361,610</b>	<b>(382,382)</b>	<b>(7,643,822)</b>	<b>8,616,167</b>
<b>Excess of Revenues and Other Sources over (under) Expenditures and Other Uses</b>	<b>616,419</b>	<b>4,086,646</b>	<b>8,588,730</b>	<b>1,566,084</b>
<b>Fund Balances</b>				
Beginning of Year	1,587,143	25,183,232	28,208,036	20,996,160
<b>End of Year</b>	<b>\$ 2,203,562</b>	<b>\$ 29,269,878</b>	<b>\$ 36,796,766</b>	<b>\$ 22,562,244</b>

ONTARIO REDEVELOPMENT AGENCY

COMBINING PROJECT AREA STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

(Continued)

	Project Area #2	
	Debt Service	Capital Projects
	Tax Increment	Project
<b>Revenues:</b>		
Taxes and Assessments:		
Tax increment	\$ 4,368,157	\$ -
Use of Money and Property:		
Interest income	228,841	173,007
Rental income	-	-
Other revenue:		
Overhead and reimbursements	-	-
Loan proceeds	-	-
<b>Total Revenues</b>	<b>4,596,998</b>	<b>173,007</b>
<b>Expenditures:</b>		
Current:		
General Government:		
Administrative costs	65,966	37,617
Professional services	-	392
Community Development:		
Operation of acquired property	-	-
Relocation payments	-	-
Site clearance costs	-	-
Rehabilitation grants	-	-
Capital Outlay:		
Project improvement costs	-	125,960
Acquisition of fixed assets	-	-
Debt Service:		
Interest expense	42,911	-
Long-term debt repayments	48,454	-
Other Expenditures:		
Reimbursement agreements	-	-
<b>Total Expenditures</b>	<b>157,331</b>	<b>163,969</b>
<b>Excess of Revenues over (under) Expenditures</b>	<b>4,439,667</b>	<b>9,038</b>
<b>Other Financing Sources (Uses)</b>		
Transfers in	-	800,000
Transfers out	(1,339,320)	(335,332)
Long-term debt issued	-	405,976
Pass through agreement payments	(1,313,701)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(2,653,021)</b>	<b>870,644</b>
<b>Excess of Revenues and Other Sources over (under) Expenditures and Other Uses</b>	<b>1,786,646</b>	<b>879,682</b>
<b>Fund Balances</b>		
Beginning of Year	2,067,657	5,700,422
<b>End of Year</b>	<b>\$ 3,854,303</b>	<b>\$ 6,580,104</b>

ONTARIO REDEVELOPMENT AGENCY

COMBINING PROJECT AREA STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Center City		Cimarron	
	Debt Service	Capital Projects	Debt Service	Capital Projects
	Tax Increment	Project	Tax Increment	Project
<b>Revenues:</b>				
Taxes and Assessments:				
Tax increment	\$ 2,183,444	\$ -	\$ 1,493,144	\$ -
Use of Money and Property:				
Interest income	71,818	261,377	176,378	11,872
Rental income	-	-	-	-
Other revenue:				
Overhead and reimbursements	-	7,186	-	-
Loan proceeds	-	-	-	-
<b>Total Revenues</b>	<b>2,255,262</b>	<b>268,563</b>	<b>1,669,522</b>	<b>11,872</b>
<b>Expenditures:</b>				
Current:				
General Government:				
Administrative costs	37,173	463,838	20,049	28,293
Professional services	-	26,153	-	57,376
Community Development:				
Operation of acquired property	-	-	-	-
Relocation payments	-	-	-	-
Site clearance costs	-	-	-	-
Rehabilitation grants	-	-	-	-
Capital Outlay:				
Project improvement costs	-	2,546,745	-	72,000
Acquisition of fixed assets	-	-	-	-
Debt Service:				
Interest expense	440,418	-	111,457	-
Long-term debt repayments	420,000	-	220,000	-
Other Expenditures:				
Reimbursement agreements	-	-	-	-
<b>Total Expenditures</b>	<b>897,591</b>	<b>3,036,736</b>	<b>351,506</b>	<b>157,669</b>
<b>Excess of Revenues over (under) Expenditures</b>	<b>1,357,671</b>	<b>(2,768,173)</b>	<b>1,318,016</b>	<b>(145,797)</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	539,320	3,200,000	56,831	-
Transfers out	(3,200,000)	(748,761)	-	(183,505)
Long-term debt issued	44,771	948,773	25,965	213,376
Pass through agreement payments	(368,969)	-	(379,366)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(2,984,878)</b>	<b>3,400,012</b>	<b>(296,570)</b>	<b>29,871</b>
<b>Excess of Revenues and Other Sources over (under) Expenditures and Other Uses</b>	<b>(1,627,207)</b>	<b>631,839</b>	<b>1,021,446</b>	<b>(115,926)</b>
<b>Fund Balances</b>				
Beginning of Year	4,004,722	14,694,034	687,343	1,444,934
<b>End of Year</b>	<b>\$ 2,377,515</b>	<b>\$ 15,325,873</b>	<b>\$ 1,708,789</b>	<b>\$ 1,329,008</b>

ONTARIO REDEVELOPMENT AGENCY

COMBINING PROJECT AREA STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Guasti		T O T A L S	
	Debt Service	Capital Projects	Debt Service Funds	Capital Projects Funds
	Tax Increment	Project		
<b>Revenues:</b>				
Taxes and Assessments:				
Tax increment	\$ 450,084	\$ -	\$ 41,128,327	\$ 10,282,081
Use of Money and Property:				
Interest income	84,565	6,790	1,841,038	1,405,250
Rental income	-	-	-	117,926
Other revenue:				
Overhead and reimbursements	-	-	-	149,442
Loan proceeds	-	-	-	23,938
<b>Total Revenues</b>	<b>534,649</b>	<b>6,790</b>	<b>42,969,365</b>	<b>11,978,637</b>
<b>Expenditures:</b>				
Current:				
General Government:				
Administrative costs	11,889	492	625,123	6,465,417
Professional services	-	9,500	-	706,408
Community Development:				
Operation of acquired property	-	-	-	87,441
Relocation payments	-	-	-	17,000
Site clearance costs	-	-	-	6,141
Rehabilitation grants	-	-	-	920,238
Capital Outlay:				
Project improvement costs	-	-	-	7,508,760
Acquisition of fixed assets	-	-	-	1,647,826
Debt Service:				
Interest expense	4,686	-	10,264,874	707,588
Long-term debt repayments	-	-	4,754,318	338,841
Other Expenditures:				
Reimbursement agreements	-	-	3,459,070	1,807,357
<b>Total Expenditures</b>	<b>16,575</b>	<b>9,992</b>	<b>19,103,385</b>	<b>20,213,017</b>
<b>Excess of Revenues over (under) Expenditures</b>	<b>518,074</b>	<b>(3,202)</b>	<b>23,865,980</b>	<b>(8,234,380)</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	45,000	921,702	14,992,460
Transfers out	(45,000)	(39,954)	(12,170,170)	(3,743,992)
Long-term debt issued	-	46,858	3,046,154	4,699,358
Pass through agreement payments	(112,251)	-	(5,533,228)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(157,251)</b>	<b>51,904</b>	<b>(13,735,542)</b>	<b>15,947,826</b>
<b>Excess of Revenues and Other Sources over (under) Expenditures and Other Uses</b>	<b>360,823</b>	<b>48,702</b>	<b>10,130,438</b>	<b>7,713,446</b>
<b>Fund Balances</b>				
Beginning of Year	599,725	82,695	35,567,483	69,688,620
<b>End of Year</b>	<b>\$ 960,548</b>	<b>\$ 131,397</b>	<b>\$ 45,697,921</b>	<b>\$ 77,402,066</b>

ONTARIO REDEVELOPMENT AGENCY

COMPUTATION OF LOW AND MODERATE  
INCOME HOUSING FUNDS  
EXCESS/SURPLUS

	Low and Moderate Housing Funds - All Project Areas July 1, 2008	Low and Moderate Housing Funds - All Project Areas July 1, 2009
Opening Fund Balance	\$ 25,183,232	\$ 29,269,878
Less Unavailable Amounts:		
Land held for resale	\$ (1,496,568)	\$ (1,496,568)
ERAF and City long-term loans	(4,985,146)	(4,985,146)
Encumbrances/Contract Amount (Section 33334.12 (g)(2)) <sup>1</sup>	(186,686)	9,672,251
Unspent debt proceeds (Section 33334.12 (g)(3)(B))	(928,543)	(942,347)
Rehabilitation loans and unavailable receivables	(7,917,537)	(6,593,259)
	(15,514,480)	(4,345,069)
Available Low and Moderate Income Housing Funds	9,668,752	24,924,809
Limitation (greater of \$1,000,000 or four years set-aside)		
Set-Aside for last four years:		
2008 - 2009	-	10,282,081
2007 - 2008	10,352,001	10,352,001
2006 - 2007	8,575,378	8,575,378
2005 - 2006	7,864,608	7,864,608
2004 - 2005	6,898,555	-
<b>Total</b>	<b>\$ 33,690,542</b>	<b>\$ 37,074,068</b>
<b>Base Limitation</b>	<b>\$ 1,000,000</b>	<b>\$ 1,000,000</b>
Greater amount	33,690,542	37,074,068
<b>Computed Excess/Surplus</b>	<b>None</b>	<b>None</b>

<sup>1</sup> The amount of encumbrances reported represents the Agency's obligation for projects in-process under signed contractual agreements. This is in accordance with the Department of Housing and Community Development's definition. This amount differs from the amount shown in the financial statements because these projects have not met the accounting definition for encumbrances which occurs when the project is complete enough to fix the Agency's obligation under the agreement.