

Basic Financial Statements

STATEMENT OF NET ASSETS
JUNE 30, 2005

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets:			
Cash and investments	\$ 199,698,835	\$ 57,578,110	\$ 257,276,945
Receivables:			
Accounts	17,908,739	7,821,677	25,730,416
Accrued interest	1,488,529	412,577	1,901,106
Taxes	5,503,661	-	5,503,661
Contract and notes	14,094,819	-	14,094,819
Internal balances	(4,874,439)	4,874,439	-
Prepaid costs	361,550	10,056	371,606
Inventories	353,154	2,424,568	2,777,722
Deferred charges	1,793,537	719,005	2,512,542
Deposits	1,447,904	-	1,447,904
Land held for resale	82,833,941	-	82,833,941
Investment in joint venture	-	27,773,829	27,773,829
Other investments	-	201,750	201,750
Restricted assets:			
Cash and investments	2,740,145	264,367	3,004,512
Cash with fiscal agent	25,411,733	31,457,850	56,869,583
Accrued interest	73,853	50,883	124,736
Capital assets not being depreciated	557,188,211	18,916,505	576,104,716
Capital assets, net of depreciation	99,262,600	82,279,030	181,541,630
Total Assets	1,005,286,772	234,784,646	1,240,071,418
Liabilities:			
Accounts payable	12,000,236	6,081,438	18,081,674
Accrued liabilities	7,570,107	561,420	8,131,527
Accrued interest	3,587,027	-	3,587,027
Unearned revenue	5,217,259	152,587	5,369,846
Deposits payable	5,421,137	3,362,813	8,783,950
Due to other governments	4,775,674	-	4,775,674
Accrued claims and judgments	7,955,508	-	7,955,508
Noncurrent liabilities:			
Due within one year	5,635,680	885,000	6,520,680
Due in more than one year	132,892,258	52,642,923	185,535,181
Total Liabilities	185,054,886	63,686,181	248,741,067
Net assets:			
Invested in capital assets, net of related debt	525,894,467	101,195,535	627,090,002
Restricted for:			
Public safety	92,907,768	-	92,907,768
Community development	17,664,158	-	17,664,158
Public works	28,949,646	-	28,949,646
Capital projects	64,438,958	28,225,246	92,664,204
Debt service	12,382,492	3,283,487	15,665,979
Unrestricted	77,994,397	38,394,197	116,388,594
Total Net Assets	\$ 820,231,886	\$ 171,098,465	\$ 991,330,351

See Notes to Financial Statements

CITY OF ONTARIO

**STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2005**

		Program Revenues		
		Charges for	Operating	Capital
	Expenses	Services	Contributions and Grants	Contributions and Grants
Functions/Programs				
Primary Government:				
Governmental Activities:				
General government	\$ 23,167,617	\$ 1,557,704	\$ 9,635,736	\$ -
Public safety	77,217,848	2,964,363	1,619,683	68,226
Community development	51,689,545	8,396,665	4,160,946	27,336,514
Library	2,689,240	111,249	132,128	-
Public works	12,598,967	-	71,773	942,100
Interest on long-term debt	14,192,152	-	-	-
Total Governmental Activities	181,555,369	13,029,981	15,620,266	28,346,840
Business-Type Activities:				
Water	23,169,266	29,704,425	-	-
Sewer	9,916,097	11,384,075	-	-
Waste	19,824,702	26,620,819	140,835	-
Total Business-Type Activities	52,910,065	67,709,319	140,835	-
Total Primary Government	\$ 234,465,434	\$ 80,739,300	\$ 15,761,101	\$ 28,346,840

General Revenues:

Taxes:

Property taxes, levied for general purpose

Transient occupancy taxes

Sales taxes

Franchise taxes

Business licenses taxes

Other taxes

Intergovernmental, unrestricted

Use of money and property

Other

Transfers

Total General Revenues and Transfers

Change in Net Assets

Net Assets at Beginning of Year

Restatement of Net Assets

Net Assets at End of Year

See Notes to Financial Statements

Exhibit B

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

Governmental Activities	Business-Type Activities	Total
\$ (11,974,177)	\$ -	\$ (11,974,177)
(72,565,576)	-	(72,565,576)
(11,795,420)	-	(11,795,420)
(2,445,863)	-	(2,445,863)
(11,585,094)	-	(11,585,094)
(14,192,152)	-	(14,192,152)
(124,558,282)	-	(124,558,282)
-	6,535,159	6,535,159
-	1,467,978	1,467,978
-	6,936,952	6,936,952
-	14,940,089	14,940,089
(124,558,282)	14,940,089	(109,618,193)
52,621,082	-	52,621,082
10,495,259	-	10,495,259
54,003,509	-	54,003,509
2,188,460	-	2,188,460
4,855,324	-	4,855,324
14,329,640	-	14,329,640
14,143,683	-	14,143,683
8,537,607	1,960,372	10,497,979
11,458,389	2,060,482	13,518,871
12,208,807	(12,208,807)	-
184,841,760	(8,187,953)	176,653,807
60,283,478	6,752,136	67,035,614
760,233,589	164,476,969	924,710,558
(285,181)	(130,640)	(415,821)
\$ 820,231,886	\$ 171,098,465	\$ 991,330,351

CITY OF ONTARIO
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2005

		Capital Projects Funds	
	General	Capital Projects	Combined Low/Moderate Housing
Assets:			
Cash and investments	\$ 61,660,354	\$ 24,346,047	\$ 9,384,974
Receivables:			
Accounts	13,472,276	188,670	27,890
Accrued interest	610,182	3,983	104,397
Taxes	4,769,354	-	174,019
Contracts and notes	52,000	-	7,319,412
Prepaid costs	62,521	-	1,762
Deposits	-	329,690	664,905
Due from other funds	1,902,426	-	255,306
Advances to other funds	9,564,202	25,101,653	4,409,457
Land held for resale	6,383,550	9,512,465	10,856,034
Restricted assets:			
Cash and investments	-	1,652,755	78,637
Cash and investments with fiscal agents	286,503	11,175,647	5,777,664
Accrued interest	10,522	23,126	11,435
Total Assets	\$ 98,773,890	\$ 72,334,036	\$ 39,065,892
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ 3,761,305	\$ 3,920,787	\$ 284,207
Accrued liabilities	4,619,280	2,669	38,670
Due to other funds	-	1,538,387	-
Unearned revenue	2,203,539	-	-
Deferred revenue	7,234,206	3,519,711	-
Advances from other funds	-	1,989,535	-
Deposits payable	4,889,948	-	107,958
Due to other governments	-	-	-
Total Liabilities	22,708,278	10,971,089	430,835
Fund Balances:			
Reserved:			
Reserved for encumbrances	1,753,485	8,563,372	292,428
Reserved for prepaid costs	62,521	-	1,762
Reserved for deposits	-	329,690	664,905
Reserved for advances to other funds	9,564,202	25,101,653	4,409,457
Reserved for land held for resale	6,383,550	9,512,465	10,856,034
Reserved for contracts and notes	52,000	-	7,319,412
Unreserved:			
Unreserved, reported in nonmajor:			
Special revenue funds	-	-	-
Capital projects funds	-	-	-
Debt service funds	-	-	-
Designated for future expenditures	34,346,266	-	-
Designated for capital improvement projects	-	337,980	15,091,059
Undesignated	23,903,588	17,517,787	-
Total Fund Balances	76,065,612	61,362,947	38,635,057
Total Liabilities and Fund Balances	\$ 98,773,890	\$ 72,334,036	\$ 39,065,892

See Notes to Financial Statements

Exhibit C

Debt Service Funds	Other Governmental Funds	Total Governmental Funds
Redevelopment Area #1		
\$ 19,087,552	\$ 54,721,388	\$ 169,200,315
-	4,027,679	17,716,515
232,454	449,066	1,400,082
337,703	222,585	5,503,661
-	6,723,407	14,094,819
-	34,864	99,147
-	453,309	1,447,904
-	2,286,073	4,443,805
-	2,673,093	41,748,405
-	56,081,892	82,833,941
-	728,443	2,459,835
1,333,682	6,838,237	25,411,733
11,109	17,661	73,853
\$ 21,002,500	\$ 135,257,697	\$ 366,434,015
\$ -	\$ 3,587,544	\$ 11,553,843
-	2,697,598	7,358,217
-	2,905,418	4,443,805
-	3,013,720	5,217,259
-	-	10,753,917
30,776,320	11,752,550	44,518,405
-	423,231	5,421,137
-	4,775,674	4,775,674
30,776,320	29,155,735	94,042,257
-	7,437,790	18,047,075
-	34,864	99,147
-	453,309	1,447,904
-	2,673,093	41,748,405
-	56,081,892	82,833,941
-	6,723,407	14,094,819
-	7,598,913	7,598,913
-	22,959,258	22,959,258
-	2,139,436	2,139,436
-	-	34,346,266
-	-	15,429,039
(9,773,820)	-	31,647,555
(9,773,820)	106,101,962	272,391,758
\$ 21,002,500	\$ 135,257,697	\$ 366,434,015

THIS PAGE INTENTIONALLY LEFT BLANK

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2005**

Fund balances of governmental funds	\$ 272,391,758
-------------------------------------	----------------

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

Capital assets net of depreciation have not been included as financial resources in the governmental funds.	645,104,944
---	-------------

Long-term debt and compensated absences have not been included in the governmental funds:

Long-term debt	(130,556,343)
Compensated absences	(7,592,017)

Deferred charges for debt issuance cost on long-term debt have not been reported in the governmental funds.	1,793,537
---	-----------

Accrued interest payable from the current portion of interest due on long-term debt has not been reported in the governmental funds.	(3,587,027)
--	-------------

Revenue in the statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds.	10,753,917
---	------------

Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The assets and liabilities of the internal service funds must be added to the statement of net assets.	31,923,117
---	------------

Net assets of governmental activities	<u>\$ 820,231,886</u>
--	------------------------------

CITY OF ONTARIO
STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2005

		Capital Projects Funds	
	General	Capital Projects	Combined Low/Moderate Housing
Revenues:			
Taxes	\$ 93,970,652	\$ -	\$ 6,898,555
Licenses and permits	3,150,121	-	-
Intergovernmental	12,601,100	-	-
Charges for services	7,662,762	-	360
Use of money and property	3,565,259	226,626	2,305,391
Fines and forfeitures	1,090,697	-	-
Miscellaneous	8,266,945	313,690	168,354
Total Revenues	130,307,536	540,316	9,372,660
Expenditures:			
Current:			
General government	13,260,743	-	2,794,984
Public safety	74,619,164	2,464,143	-
Community development	13,876,531	7,916,677	7,677,960
Library	2,781,161	6,678,556	-
Public works	12,106,505	671,524	-
Debt service:			
Principal retirement	890,000	-	275,602
Interest and fiscal charges	1,479,337	-	772,503
Pass-through agreement payments	-	-	-
Total Expenditures	119,013,441	17,730,900	11,521,049
Excess (Deficiency) of Revenues Over (Under) Expenditures	11,294,095	(17,190,584)	(2,148,389)
Other Financing Sources (Uses):			
Transfers in	14,980,458	29,919,255	-
Transfers out	(32,625,845)	(148,063)	(380,000)
Total Other Financing Sources (Uses)	(17,645,387)	29,771,192	(380,000)
Net Change in Fund Balances	\$ (6,351,292)	\$ 12,580,608	\$ (2,528,389)
Fund Balances:			
Beginning of Year, as originally reported	\$ 83,272,663	\$ 48,147,883	\$ 41,509,704
Restatements	(855,759)	634,456	(346,258)
Beginning of Year, as restated	82,416,904	48,782,339	41,163,446
Net Change in Fund Balances	(6,351,292)	12,580,608	(2,528,389)
Fund Balance, End of Year	\$ 76,065,612	\$ 61,362,947	\$ 38,635,057

See Notes to Financial Statements

Exhibit E

Debt Service Funds	Other Governmental Funds	Total Governmental Funds
Redevelopment Area #1		
\$ 22,197,315	\$ 6,471,388	\$ 129,537,910
-	-	3,150,121
-	24,746,867	37,347,967
-	16,407,788	24,070,910
320,100	2,138,578	8,555,954
-	8,360	1,099,057
-	7,203,405	15,952,394
22,517,415	56,976,386	219,714,313
1,718,821	5,456,049	23,230,597
-	516,712	77,600,019
-	24,970,752	54,441,920
-	201,493	9,661,210
-	7,448,420	20,226,449
3,623,900	605,000	5,394,502
9,184,603	397,275	11,833,718
1,861,668	1,063,000	2,924,668
16,388,992	40,658,701	205,313,083
6,128,423	16,317,685	14,401,230
323,114	6,068,456	51,291,283
-	(6,904,411)	(40,058,319)
323,114	(835,955)	11,232,964
\$ 6,451,537	\$ 15,481,730	\$ 25,634,194
\$ (3,270,037)	\$ 77,675,916	\$ 247,336,129
(12,955,320)	12,944,316	(578,565)
(16,225,357)	90,620,232	246,757,564
6,451,537	15,481,730	25,634,194
\$ (9,773,820)	\$ 106,101,962	\$ 272,391,758

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2005**

Net change in fund balances - total governmental funds \$ 25,634,194

Amounts reported for governmental activities in the statement of activities differ because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. 19,221,376

The issuance of long-term debt provides current financial resources to governmental funds, while repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Issuance of bond principal is another financing source and repayment of bond principal is an expenditure in governmental funds, but the issuance increases long-term liabilities and the repayment reduces long-term liabilities in the statement of net assets. 3,104,005

Debt issuance costs are expenditures in the governmental funds, but these costs are capitalized on the statement of net assets. (87,861)

Accrued interest for long-term debt payable. This is the net change in accrued interest for the current period. 19,924

Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (866,171)

The accrued interest on a co-operative agreement between the City and Redevelopment Agency were recorded as deferred revenue in the governmental funds. They are included as interest revenue in the governmental activities. 9,540,579

Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The net revenues (expenses) of the internal service funds is reported with governmental activities. 3,717,432

Change in net assets of governmental activities \$ 60,283,478

CITY OF ONTARIO

Exhibit G
Page 1 of 3BUDGETARY COMPARISON STATEMENT
GENERAL FUND
YEAR ENDED JUNE 30, 2005

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Budgetary Fund Balance, July 1 as restated	\$ 82,416,904	\$ 82,416,904	\$ 82,416,904	\$ -
Resources (Inflows):				
Taxes	83,861,300	83,481,400	93,970,652	10,489,252
Licenses and permits	1,907,000	2,207,000	3,150,121	943,121
Intergovernmental	4,622,097	16,518,053	12,601,100	(3,916,953)
Charges for services	5,542,956	7,450,808	7,662,762	211,954
Use of money and property	3,617,405	3,617,405	3,565,259	(52,146)
Fines and forfeitures	1,132,000	1,132,000	1,090,697	(41,303)
Miscellaneous	7,762,216	9,070,066	8,266,945	(803,121)
Transfers from other funds	15,613,858	15,645,600	14,980,458	(665,142)
Amounts Available for Appropriation	206,475,736	221,539,236	227,704,898	6,165,662
Charges to Appropriation (Outflow):				
General government:				
City council	242,200	242,356	229,546	12,810
Planning commissioners	33,510	33,510	19,924	13,586
City clerk administration	66,812	66,812	59,499	7,313
Records management	585,594	928,260	701,765	226,495
City attorney	925,000	1,113,000	1,054,360	58,640
City manager	757,166	757,183	664,181	93,002
General government	466,540	2,835,471	2,722,829	112,642
AS administration	683,244	781,694	659,286	122,408
Fiscal services	3,233,408	3,231,195	3,049,218	181,977
Billing and collection	2,274,084	2,403,384	2,082,896	320,488
Business license	352,455	358,355	325,171	33,184
Central services	358,757	389,273	292,204	97,069
Employee select and compliance	1,191,565	1,250,893	1,056,293	194,600
RDA administration	373,245	373,245	343,571	29,674
Public safety:				
Police administration	599,796	594,796	583,402	11,394
Command management	403,710	403,710	476,930	(73,220)
Traffic support services	1,586,321	1,591,270	1,628,250	(36,980)
Storefront - Vineyard	2,622,726	2,627,234	2,592,338	34,896
Storefront - Ontario Mills	2,447,636	2,447,636	2,412,692	34,944
Patrol and traffic	16,819,967	17,391,711	17,327,890	63,821
Extra duty - other	257,000	265,376	324,529	(59,153)
Canine	548,012	548,012	577,353	(29,341)
Air support unit	1,981,998	2,258,212	2,094,551	163,661
Crime analysis	236,495	238,660	211,006	27,654
Police services management	216,878	216,878	211,781	5,097
Personnel recruitment	501,770	505,430	519,722	(14,292)
Records processing	1,694,066	1,686,188	1,293,953	392,235
Communications	4,136,905	4,117,325	3,619,648	497,677
Crime prevention	439,139	440,147	419,659	20,488
Personnel training	846,408	876,392	811,418	64,974

See Notes to Financial Statements

CITY OF ONTARIO
BUDGETARY COMPARISON STATEMENT
GENERAL FUND
YEAR ENDED JUNE 30, 2005

Exhibit G
Page 2 of 3

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Public safety (Continued):				
Police investigation management	\$ 212,737	\$ 212,737	\$ 205,478	\$ 7,259
Detective division	4,867,427	4,881,427	5,226,665	(345,238)
Narcotics/gangs	3,184,079	3,185,446	3,263,791	(78,345)
ID/evidence	1,242,199	1,226,138	1,129,996	96,142
Fire administration	419,599	422,139	512,395	(90,256)
Fire prevention bureau	1,556,408	1,565,307	1,446,182	119,125
Emergency services	21,794,959	21,794,959	22,264,981	(470,022)
Personnel training and development	210,223	296,592	292,540	4,052
Community CPR training and first aid	209,732	209,732	208,483	1,249
Office of emergency management	88,027	118,057	90,525	27,532
Technical and support services	1,718,542	1,547,256	1,466,658	80,598
Code enforcement	1,106,246	1,100,767	1,040,422	60,345
Office of the police chief	970,481	942,481	980,661	(38,180)
Police projects	702,229	1,581,685	986,971	594,714
Fire projects	424,280	511,987	398,294	113,693
Community development:				
Community services administration	335,072	337,872	286,627	51,245
Recreation administration	398,960	401,360	324,038	77,322
Sports/aquatics	288,967	285,855	304,041	(18,186)
Cultural programs	281,401	237,261	233,257	4,004
Special events/facility rental	249,517	269,539	208,611	60,928
Community centers	510,806	510,043	585,342	(75,299)
Creekside Golf Course	24,380	24,794	31,232	(6,438)
Development administration	465,882	461,882	321,304	140,578
Planning administration	419,739	419,739	397,287	22,452
Planning - current	813,887	745,681	692,152	53,529
Advanced long-range	1,258,496	734,621	465,943	268,678
New model colony	53,700	1,218,149	719,928	498,221
Building administration	204,066	205,195	185,965	19,230
Building inspection	1,700,496	2,227,496	2,097,627	129,869
Engineering administration	259,110	257,385	396,795	(139,410)
Engineering services - land	436,318	474,160	401,718	72,442
Engineering projects	250,000	250,000	111,586	138,414
Traffic signal/street lighting	1,849,459	1,884,196	1,696,455	187,741
Traffic management (Prop 111)	129,017	129,017	120,075	8,942
Field services	221,140	240,990	192,072	48,918
Museum	334,629	339,843	298,291	41,552
Museum improvements south wing	30,943	32,593	18,193	14,400
Ontario History Gallery	9,904	9,904	327	9,577
Community outreach	2,660,073	2,660,073	2,488,471	171,602
Public facilities	350,970	357,121	339,779	17,342
Community services supervision	205,912	205,912	194,018	11,894
Senior services	237,232	237,232	241,058	(3,826)
Youth/teen services	544,016	553,660	320,627	233,033
Community events/program	121,591	174,091	188,712	(14,621)
Planning project	-	15,000	15,000	-

See Notes to Financial Statements

**BUDGETARY COMPARISON STATEMENT
GENERAL FUND
YEAR ENDED JUNE 30, 2005**

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Library:				
Library administration	\$ 372,017	\$ 376,613	\$ 342,982	\$ 33,631
Technical services	436,937	436,937	402,821	34,116
Main library	1,619,284	1,636,457	1,535,356	101,101
Branch library	428,626	429,637	406,535	23,102
Library projects	300,000	300,000	93,467	206,533
Public works:				
Public works administration	521,711	521,711	453,795	67,916
Roadway maintenance	1,422,038	1,446,593	949,613	496,980
Paint and striping	264,479	247,479	208,485	38,994
Sidewalk	1,507,771	1,586,771	1,507,297	79,474
Street light maintenance	390,236	389,714	234,540	155,174
Sign repair and construction	278,735	272,735	229,792	42,943
Parks and building supervision	653,321	694,681	648,938	45,743
Parks maintenance	2,029,144	2,063,570	1,896,272	167,298
Parkway tree trimming	668,963	720,102	704,134	15,968
Public grounds maintenance	1,818,418	1,818,418	1,738,633	79,785
Civic Center grounds maintenance	98,423	98,423	87,286	11,137
Westwind/Creekside	132,371	132,371	103,687	28,684
Civic Center building maintenance	1,410,649	1,398,982	1,204,299	194,683
Public works building maintenance	356,402	375,604	267,201	108,403
Park building maintenance	760,324	762,009	704,134	57,875
Building repair and maintenance	762,720	768,781	580,610	188,171
Community events	43,000	43,000	18,251	24,749
Graffiti	381,155	381,155	376,170	4,985
Public work projects	177,816	4,135,976	193,368	3,942,608
Debt service:				
Principal	890,000	890,000	890,000	-
Interest and fiscal charges	1,479,337	1,479,337	1,479,337	-
Transfers to other funds	24,283,734	32,636,338	32,625,845	10,493
Total Charges to Appropriations	143,722,869	162,514,376	151,639,286	10,875,090
Budgetary Fund Balance, June 30	\$ 62,752,867	\$ 59,024,860	\$ 76,065,612	\$ 17,040,752

CITY OF ONTARIO
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2005

	Business-Type Activities - Enterprise Funds	
	Water	Sewer
Assets:		
Current:		
Cash and investments	\$ 22,810,251	\$ 22,183,867
Receivables:		
Accounts	3,650,778	1,348,732
Accrued interest	202,540	128,740
Prepaid expenses	5,708	3,174
Inventories	2,424,568	-
Investment in joint venture	27,773,829	-
Other investments	201,750	-
Restricted assets:		
Cash and investments	264,367	-
Cash with fiscal agent	31,457,850	-
Accrued interest	50,883	-
Total Current Assets	88,842,524	23,664,513
Noncurrent:		
Advances to other funds	-	-
Deferred charges	719,005	-
Capital assets - net of accumulated depreciation	74,603,872	25,568,848
Total Noncurrent Assets	75,322,877	25,568,848
Total Assets	\$ 164,165,401	\$ 49,233,361
Liabilities and Net Assets:		
Liabilities:		
Current:		
Accounts payable	\$ 2,973,013	\$ 1,417,418
Accrued liabilities	166,605	98,755
Unearned revenue	-	-
Deposits payable	2,367,283	-
Claims and judgments payable	-	-
Certificate of participation	885,000	-
Total Current Liabilities	6,391,901	1,516,173
Non-Current:		
Compensated absences	250,208	121,655
Certificates of participation	51,934,681	-
Total Non-Current Liabilities	52,184,889	121,655
Total Liabilities	58,576,790	1,637,828
Net Assets:		
Invested in capital assets, net of related debt	74,603,872	25,568,848
Restricted for:		
Capital projects	28,225,246	-
Debt service	3,283,487	-
Unrestricted	(523,994)	22,026,685
Total Net Assets	105,588,611	47,595,533
Total Liabilities and Net Assets	\$ 164,165,401	\$ 49,233,361
Reconciliation of Net Assets to the Statement of Net Assets		
Net assets per Statement of Net Assets - Proprietary Funds		
Prior years' accumulated adjustment to reflect the consolidation		
of internal service funds activities related to enterprise funds		
Current year internal service funds activity adjustment		
Net Assets per Statements of Net Assets		

See Notes to Financial Statements

Exhibit H

Business-Type Activities - Enterprise Funds		Governmental Activities - Internal Service Funds
Solid Waste	Totals	
\$ 12,583,992	\$ 57,578,110	\$ 30,778,830
2,822,167	7,821,677	192,224
81,297	412,577	88,447
1,174	10,056	262,403
-	2,424,568	353,154
-	27,773,829	-
-	201,750	-
-	264,367	-
-	31,457,850	-
-	50,883	-
15,488,630	127,995,667	31,675,058
2,770,000	2,770,000	-
-	719,005	-
1,022,815	101,195,535	11,345,867
3,792,815	104,684,540	11,345,867
\$ 19,281,445	\$ 232,680,207	\$ 43,020,925
\$ 1,691,007	\$ 6,081,438	\$ 446,393
296,060	561,420	211,890
152,587	152,587	-
995,530	3,362,813	-
-	-	7,955,508
-	885,000	-
3,135,184	11,043,258	8,613,791
336,379	708,242	379,578
-	51,934,681	-
336,379	52,642,923	379,578
3,471,563	63,686,181	8,993,369
1,022,815	101,195,535	11,345,867
-	28,225,246	-
-	3,283,487	-
14,787,067	36,289,758	22,681,689
15,809,882	168,994,026	34,027,556
\$ 19,281,445	\$ 232,680,207	\$ 43,020,925
\$ 168,994,026		
1,369,561		
734,878		
\$ 171,098,465		

CITY OF ONTARIO

**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2005**

	Business-Type Activities - Enterprise Funds	
	Water	Sewer
Operating Revenues:		
Sales and service charges	\$ 28,884,826	\$ 11,352,828
Interdepartmental charges	819,599	31,247
Miscellaneous	1,302,894	394,163
Total Operating Revenues	31,007,319	11,778,238
Operating Expenses:		
Source of supply	9,727,502	-
Pumping	3,575,165	-
Transmission/collection	3,800,668	2,283,564
Treatment	-	5,402,271
Cost of sales and services	-	-
Claim expenses	-	-
Administration and general	2,401,118	1,644,480
Depreciation	2,211,403	638,451
Total Operating Expenses	21,715,856	9,968,766
Operating Income (Loss)	9,291,463	1,809,472
Nonoperating Revenues (Expenses):		
Interest revenue	986,602	631,385
Interest expense	(1,560,499)	-
Grant revenue	-	-
Gain (loss) on disposal of capital assets	-	-
Total Nonoperating Revenues (Expenses)	(573,897)	631,385
Income (Loss) Before Transfers	8,717,566	2,440,857
Transfers in	-	-
Transfers out	(5,266,840)	(2,399,202)
Changes in Net Assets	\$ 3,450,726	\$ 41,655
Net Assets:		
Beginning of fiscal year, as originally reported	\$ 102,179,165	\$ 47,579,006
Restatements	(41,280)	(25,128)
Beginning of fiscal year, as restated	102,137,885	47,553,878
Changes in net assets	3,450,726	41,655
End of Fiscal Year	\$ 105,588,611	\$ 47,595,533

Reconciliation of Changes in Net Assets to the Statement of Activities

Changes in Net Assets per the Statement of Revenues,
Expenses and Changes in Fund Net Assets - Proprietary Funds
Adjustment to reflect the consolidation of current fiscal year
internal service funds activities related to enterprise funds

Changes in Net Assets of Business-Type Activities per Statement of Activities

See Notes to Financial Statements

Exhibit I

Business-Type Activities - Enterprise Funds		Governmental Activities- Internal Service Funds
Solid Waste	Totals	
\$ 26,605,416	\$ 66,843,070	\$ 86,313
15,403	866,249	-
363,425	2,060,482	19,367,121
26,984,244	69,769,801	19,453,434
-	9,727,502	3,375,018
-	3,575,165	-
19,726,287	25,810,519	-
-	5,402,271	-
-	-	-
-	-	3,201,436
648,258	4,693,856	7,565,751
25,277	2,875,131	2,607,822
20,399,822	52,084,444	16,750,027
6,584,422	17,685,357	2,703,407
342,385	1,960,372	507,572
-	(1,560,499)	-
140,835	140,835	35,082
-	-	230,406
483,220	540,708	773,060
7,067,642	18,226,065	3,476,467
-	-	1,100,000
(4,542,765)	(12,208,807)	(124,157)
\$ 2,524,877	\$ 6,017,258	\$ 4,452,310
\$ 13,349,237	\$ 163,107,408	\$ 29,628,120
(64,232)	(130,640)	(52,874)
13,285,005	162,976,768	29,575,246
2,524,877	6,017,258	4,452,310
\$ 15,809,882	\$ 168,994,026	\$ 34,027,556

\$ 6,017,258

734,878

\$ 6,752,136

CITY OF ONTARIO

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2005

	Business-Type Activities - Enterprise Funds	
	Water	Sewer
Cash Flows from Operating Activities:		
Cash received from customers and users	\$ 30,106,060	\$ 11,342,219
Cash paid to supplies for good and services	(38,297,070)	(7,372,282)
Cash paid to employees for services	(2,341,786)	(1,627,119)
Net Cash Provided (Used) by Operating Activities	(10,532,796)	2,342,818
Cash Flows from Non-Capital Financing Activities:		
Financing Activities:		
Advances to other funds	-	-
Cash transfer to other funds	(5,266,840)	(2,399,202)
Cash transfer from other funds	-	-
Subsidy from grants	-	-
Net Cash Provided (Used) by Non-Capital Financing Activities	(5,266,840)	(2,399,202)
Cash Flows from Capital and Related Financing Activities:		
Related Financing Activities:		
Purchases of capital assets	(7,928,431)	(78,049)
Proceeds from capital debt	52,973,506	-
Principal paid on capital debt	(850,000)	-
Interest paid on capital debt	(1,583,329)	-
Proceeds from sales of capital assets	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	42,611,746	(78,049)
Cash Flows from Investing Activities:		
Interest received	885,189	579,303
Net Cash Provided (Used) by Investing Activities	885,189	579,303
Net Increase (Decrease) in Cash and Cash Equivalents	27,697,299	444,870
Cash and Cash Equivalents at Beginning of Year	26,835,169	21,738,997
Cash and Cash Equivalents at End of Year	\$ 54,532,468	\$ 22,183,867

See Notes to the Financial Statements

Business-Type Activities - Enterprise Funds		Governmental Activities -
Solid Waste	Totals	Internal Service Funds
\$ 25,389,104	\$ 66,837,383	\$ 19,414,002
(19,544,924)	(65,214,276)	(6,935,749)
(533,713)	(4,502,618)	(7,502,242)
5,310,467	(2,879,511)	4,976,011
-	-	6,565,220
(4,542,765)	(12,208,807)	(124,157)
-	-	1,100,000
95,553	95,553	35,082
(4,447,212)	(12,113,254)	7,576,145
(400,607)	(8,407,087)	(3,125,294)
-	52,973,506	-
-	(850,000)	-
-	(1,583,329)	-
-	-	230,406
(400,607)	42,133,090	(2,894,888)
312,408	1,776,900	460,061
312,408	1,776,900	460,061
775,056	28,917,225	10,117,329
11,808,936	60,383,102	20,661,501
\$ 12,583,992	\$ 89,300,327	\$ 30,778,830

CITY OF ONTARIO

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2005**

	Business-Type Activities - Enterprise Funds	
	Water	Sewer
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating income (loss)	\$ 9,291,463	\$ 1,809,472
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Fund balance restatement	(41,280)	(25,128)
Depreciation	2,211,403	638,451
(Increase) decrease in accounts receivable	(1,061,297)	(436,019)
(Increase) decrease in prepaid expense	(5,708)	(3,174)
(Increase) decrease in deposits	1,445,000	-
(Increase) decrease in inventories	(159,375)	-
(Increase) decrease in investment in joint venture	(22,210,395)	-
Increase (decrease) in accounts payable	(263,257)	316,727
Increase (decrease) in accrued liabilities	70,667	36,827
Increase (decrease) in deposits payable	160,038	-
Increase (decrease) in compensated absences	29,945	5,662
Increase (decrease) in claims and judgments payable	-	-
Total Adjustments	(19,824,259)	533,346
Net Cash Provided (Used) by Operating Activities	<u>\$(10,532,796)</u>	<u>\$ 2,342,818</u>

Non-Cash Investing, Capital, and Financing Activities:

There were no non-cash activities during the year.

See Notes to the Financial Statements

Business-Type Activities - Enterprise Funds		Governmental Activities - Internal Service Funds
Solid Waste	Totals	
<u>\$ 6,584,422</u>	<u>\$ 17,685,357</u>	<u>\$ 2,703,407</u>
(64,232)	(130,640)	(52,874)
25,277	2,875,131	2,607,822
(1,767,511)	(3,264,827)	(39,432)
(1,174)	(10,056)	19,531
-	1,445,000	-
-	(159,375)	11,972
-	(22,210,395)	
182,537	236,007	(684,609)
133,760	241,254	66,112
172,371	332,409	-
45,017	80,624	50,271
-	-	293,811
<u>(1,273,955)</u>	<u>(20,564,868)</u>	<u>2,272,604</u>
<u><u>\$ 5,310,467</u></u>	<u><u>\$ (2,879,511)</u></u>	<u><u>\$ 4,976,011</u></u>

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2005

Assets:

Cash and investments	\$ 18,698,050
Receivables:	
Accounts	1,903
Taxes	68,596
Accrued interest	177,439
Deposits	1,118
Other investments	195,220,172
Restricted assets:	
Cash with fiscal agent	11,767,163
Accrued interest	<u>16,270</u>
Total Assets	<u><u>\$ 225,950,711</u></u>

Liabilities:

Accounts payable	\$ 22,701
Accrued liabilities	5,285
Due to bondholders	18,141,167
Due to other governments	<u>207,781,558</u>
Total Liabilities	<u><u>\$ 225,950,711</u></u>

CITY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2005

I. SIGNIFICANT ACCOUNTING POLICIES

Note 1: Summary of Significant Accounting Policies

a. Description of Entity

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

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

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

Blended Component Units

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

The Industrial Development Authority was established August 18, 1981, pursuant to the California Industrial Development Financing Act (AB74). The law authorizes limited issuance of small-issue industrial development bonds to assist private industry. The sole function of the Authority is to review and approve the issuance of bonds to finance eligible projects.

City of Ontario
Notes to Financial Statements (Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

The Ontario Redevelopment Financing Authority was established November 5, 1991, pursuant to Article 1 (commencing with Section 6500) of Chapter 5, Division 7 of Title 1 of the California Government Code in order to jointly exercise powers of the Agency and the City, and to establish a vehicle to reduce local borrowing costs and promote greater use of existing and new financial instruments.

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

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

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

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

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

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

b. Government-Wide and Fund Financial Statements

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

Measurement focus is commonly used to describe the types of transactions and events that are reported in a fund's operating statement. Once it has been determined whether a fund is to measure changes in total economic resources or changes in current financial resources, the next issue to be addressed is the timing of the recognition of transactions and events. The technical term that describes the criteria governing the timing of the recognition of transactions and events is "basis of accounting".

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

The City reports the following major governmental funds:

The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Capital Projects Fund accounts for financial transactions of general capital improvements.

City of Ontario
Notes to Financial Statements (Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

The Ontario Redevelopment Agency Combined, Low and Moderate Housing Capital Projects Fund accounts for 20% of all taxes that are allocated to the Agency pursuant to Section 33670 of the State of California Health and Safety Code, which are required to be used for the purpose of available and affordable housing.

The Ontario Redevelopment Agency Project Area #1, Debt Service Fund, accounts for the accumulation of resources for payment of interest and principal on long-term debt of the Agency's Project Area #1.

The City reports the following major proprietary funds:

The Water Enterprise Fund accounts for the operation and maintenance of the City's water distribution system.

The Sewer Enterprise Fund accounts for the financial transactions of the City's waste water collection system.

The Solid Waste Enterprise Fund accounts for the collection and disposal of solid waste from industrial, commercial and residential users throughout the Ontario area.

Additionally, the City reports the following fund types:

Internal Service Funds account for financial transactions related to repair, replacement and maintenance of City-owned equipment, the City's self-insurance programs, and the City's general information systems and telecommunications hardware and software. These services are provided to other departments or agencies of the City on a cost reimbursement basis.

The Agency Funds are used to report resources held by the City in a purely custodial capacity, which involves only the receipt, temporary investment and remittance of fiduciary resources to individuals, private organizations or other governments.

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

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

d. Assets, Liabilities and Net Assets or Equity

Cash and Investments

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

Investments for the City, as well as for its component units, are reported at fair value, which is the quoted market price at June 30, 2005. The City's policy is generally to hold investments until maturity or until market values equal or exceed cost. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Receivables and Payables

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

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 uncollectibles.

Functional Classifications

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

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

Community Development includes those activities that involve the enhancing of the general quality of life.

Library includes those activities that involve the community library system.

Public Works includes those activities that involve the maintenance and improvement of City streets, roads and parks.

Debt Service includes those activities that account for the payment of long-term debt principal, interest and fiscal charges.

Inventories, Prepaid Items and Land Held for Resale

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories in the General Fund and the Internal Service Funds consist of expendable supplies held for consumption, whereas in the Enterprise Funds, it represents water stock in the water utility. Inventory costs are recorded as an expenditure when used. The General Fund inventory is accounted for on the consumption method.

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.

The fund balances in the governmental funds have been reserved for amounts equal to inventories, prepaid items and land held for resale in the fund-level statements since these amounts are not available for appropriation

Restricted Assets

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

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 governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 (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.

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

In accordance with GASB Statement No. 34, the City has elected the Modified Approach for reporting its governmental-activities infrastructure assets. In 1999, the City commissioned a physical condition assessment of the streets, which was completed and dated July 15, 1999. These streets, primarily asphalt concrete, were defined as all physical features associated with the operation of motorized vehicles that exist within the limits of right of way. This condition assessment will be performed every three years. Each street was assigned a physical condition on 17 potential defects. A Pavement Condition Index (PCI), a nationally recognized index, was assigned to each street and expressed in a continuous scale from 0 to 100, where 0 is assigned to the least acceptable physical condition and 100 is assigned the physical characteristics of a new street. The following conditions were defined: good condition was assigned to those segments with a rating between 80-100 and given a 1 rating within the management system, fair condition was assigned a rating between 65-79 and given a 2 rating within the assets management system, poor condition was assigned to those segments with a rating between 50-64 and given a 3 rating within the assets management system, and a substandard condition was assigned to those segments with a rating between 0-49 and given a 4 rating within the assets management system. The City's policy, relative to maintaining the street assets, is to achieve a minimum rating of 69 for all street segments. This rating allows minor cracking and raveling of the pavement along with minor roughness that could be noticeable to drivers traveling at the posted speeds.

The City's policy, relative to maintaining other governmental-activity infrastructure assets, is to achieve a minimum rating of 2 for all other infrastructure assets.

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

City of Ontario
Notes to Financial Statements (Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

<u>Assets</u>	<u>Years</u>
Structures and improvements	20 - 99
Furniture and equipment	5 - 25
Business-type activity infrastructure	20 - 99

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

Compensated Absences

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

Long-Term Obligations

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

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

Fund 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.

Property Tax Revenue

Property tax revenue is recognized on the basis of NCGA Interpretation No. 3, (adopted by GASB) that is, in the fiscal year for which the taxes have been levied providing they become available. Available means then due, or past due and receivable within the current period and collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The County of San Bernardino collects property taxes for the City.

City of Ontario
Notes to Financial Statements (Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

Tax liens attach annually as of 12:01 A.M. on the first day in January preceding the fiscal year for which the taxes are levied. The tax levy is made July 1 and covers the fiscal period July 1 to June 30. All secured personal property taxes and one-half of the taxes on real property are due November 1; the second installment is due February 1. All taxes are delinquent if unpaid on December 10 and April 10, respectively. Unsecured personal property taxes become due on the first of March each year and are delinquent if unpaid on August 31.

e. Reconciliation of Government-Wide and Fund Financial Statements

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

The governmental fund balance sheet includes reconciliation between fund balance of governmental funds and net assets of governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term debts and compensated absences have not been included in the governmental fund activity". The details of the \$130,556,343 long-term debt difference are as follows:

Long-term debt:	
Tax allocation bonds payable	\$ 62,336,980
Revenue bonds payable	51,712,408
Loans payable	14,737,719
Bond premiums to be amortized	<u>1,769,236</u>
Net adjustment to reduce fund balance of total governmental funds to arrive at net assets of governmental activities	<u>\$ 130,556,343</u>

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

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains, "Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this \$19,221,376 difference are as follows:

Capital outlay	\$ 23,385,658
Depreciation expense	<u>(4,164,282)</u>
Net adjustment to increase net changes in fund balances of total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 19,221,376</u>

Note 1: Summary of Significant Accounting Policies (Continued)

Another element of that reconciliation states that "the issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds". Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The details of this \$3,104,005 difference is as follows:

Debt issued or incurred:	
Increased value of capital appreciation bonds	\$ (2,390,502)
Principal repayments:	
Revenue bonds	4,818,900
Loans payable	575,602
Bond premium amortization	<u>100,005</u>
Net adjustment to decrease net changes in fund balance of total governmental funds to arrive at changes in net assets of governmental activities	<u><u>\$ 3,104,005</u></u>

II. STEWARDSHIP

Note 2: Stewardship, Compliance and Accountability

a. General Budget Policies

1. The annual budget adopted by the City Council provides for the general operation of the City. It includes proposed expenditures and the means of financing them.
2. The City Council approves total budgeted appropriations and any amendments to appropriations throughout the year. All amendments made during the year are included in the budgetary amounts reported herein. The "appropriated budget" covers all City expenditures, with the exception of debt service on bond issues and capital improvement projects carried forward from prior years, which expenditures constitute legally authorized "non-appropriated budget". Actual expenditures may not exceed budgeted appropriations at the fund level, which is the legal level of control.

The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council. Supplementary budgetary appropriations in the Governmental Funds for the year ended June 30, 2005 totaled \$50,046,640.

3. Formal budgetary integration is employed as a management control device during the year. Commitments for materials and services, such as purchase orders and contracts, are recorded as encumbrances to assist in controlling expenditures. Appropriations that are encumbered lapse at year-end and then are added to the following year's budgeted appropriations.
4. Budgets for the General, Special Revenue, Capital Projects and Debt Service Funds are adopted on a basis substantially consistent with generally accepted accounting principles (GAAP). Accordingly, actual revenues and expenditures can be compared with related budgeted amounts without any significant reconciling items.

City of Ontario
Notes to Financial Statements (Continued)

Note 2: Stewardship, Compliance and Accountability (Continued)

Budget comparisons are not presented for the Capital Projects Funds since these projects are long-term in nature and budget comparisons on an annual basis would not be meaningful. Budget comparisons are not presented for the Proprietary Funds, as the City is not legally required to adopt a budget for these type funds.

5. Capital projects are budgeted through the Capital Projects Fund. Appropriations for capital projects authorized, but not constructed or completed during the year, are carried forward as continuing appropriations into the following year's budget.
6. Under Article XIII-B of the California Constitution (the Gann Spending Limitation Initiative), the City is restricted as to the amount of annual appropriations from the proceeds of taxes, and if proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller or returned to the taxpayers through revised tax rates or revised fee schedules, or an excess in one year may be offset by a deficit in the following year. For the fiscal year ended June 30, 2005, based on calculations by City staff, proceeds of taxes did not exceed appropriations.

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

b. Deficit Fund Equity

The Ontario Redevelopment Agency Project Area #1 and Project Area #2 Debt Service Funds have fund balance deficits of \$9,773,820 and \$1,282,629, respectively. These deficits will be eliminated in future years by future tax increment revenues.

III. DETAILED NOTES ON ALL FUNDS

Note 3: Cash and Investments

As of June 30, 2005, cash and investments were reported in the accompanying financial statements as follows:

Governmental activities	\$ 227,850,713
Business-type activities	89,300,327
Fiduciary funds	<u>30,465,213</u>
Total Cash and Investments	<u>\$ 347,616,253</u>

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

Deposits

At June 30, 2005, the carrying amount of the City's deposits was \$2,685,389 and the bank balance was \$6,092,026. The \$3,406,637 difference represents outstanding checks and other reconciling items.

City of Ontario
Notes to Financial Statements (Continued)

Note 3: Cash and Investments (Continued)

The California Government Code requires California banks and savings and loan associations to secure a City's deposits by pledging government securities with a value of 110% of a City's deposits. California law also allows financial institutions to secure a City's deposits by pledging first trust deed mortgage notes having a value of 150% of a City's total deposits. The City Treasurer may waive the collateral requirement for deposits that are fully insured up to \$100,000 by the FDIC. The collateral for deposits in federal and state chartered banks is held in safekeeping by an authorized Agent of Depository recognized by the State of California Department of Banking. The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California as an Agent of Depository. These securities are physically held in an undivided pool for all California public agency depositors. Under Government Code Section 53655, the placement of securities by a bank or savings and loan association with an "Agent of Depository" has the effect of perfecting the security interest in the name of the local governmental agency. Accordingly, all collateral held by California Agents of Depository are considered to be held for, and in the name of, the local governmental agency.

Investments

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

- United States Treasury Bills, Notes and Bonds
- Obligations of the Federal Government
- Banker's Acceptances with a maturity not to exceed 180 days
- Commercial Paper issued by a domestic corporation having assets in excess of \$500 million and having an "A" or better rating on its long-term debentures as provided by Moody's and Standard & Poor's
- Negotiable Certificates of Deposits with a nationally or state chartered bank
- Repurchase Agreements with primary dealer of the Federal Reserve Bank of New York, which the City has entered into a master repurchase agreement
- Local Agency Investment Fund
- Time Deposits
- Medium-Term Notes of a maximum of five years maturity issued by corporations organized and operating within the United States with a minimum rating of "A" by both Moody's and Standard & Poor's and in excess of \$500 million in shareholder equity
- United States Government Agency's Mortgage pass-through security with a maximum five-year maturity and rated "AAA" by both Moody's and Standard and Poor's

Investment Authorized by Debt Agreements

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

City of Ontario
Notes to Financial Statements (Continued)

Note 3: Cash and Investments (Continued)

Investments in State Investment Pool

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

GASB Statement No. 31

The City adopted GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, as of July 1, 1997. GASB Statement No. 31 establishes fair value standards for investments in participating interest earning investment contracts, external investment pools, equity securities, option contracts, stock warrants and stock rights that have readily determinable fair values. Accordingly, the City reports its investments at fair value in the balance sheet. All investment income, including changes in the fair value of investments, is recognized as revenue in the operating statement.

Credit Risk

As of June 30, 2005, the City's investment in medium-term notes and commercial papers consisted of investments with various corporations and were rated "A" to "Aaa" by Moody's and by Standard & Poor's. All securities were investment grade and were legal under State and City law. Investments in U.S. Treasury and government securities are not considered to have credit risk; therefore, their credit quality is not disclosed. As of June 30, 2005, the City's investments in external investment pools and money market mutual funds are unrated.

Custodial Credit Risk

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

As of June 30, 2005, none of the City's deposits or investments was exposed to custodial credit risk.

Concentration of Credit Risk

The City is in compliance with restrictions imposed by its investment policy, which limits certain types of investments. As of June 30, 2005, in accordance with GASB Statement No. 40, if the City has invested more than 5% of its total investments in any one issuer then they are exposed to credit risk. The following investments are considered to expose to credit risk.

- Federal Home Loan Bank (FHLB)
- Federal Home Loan Mortgage Corporation (FHLMC)
- Federal National Mortgage Association (FNMA)

City of Ontario
Notes to Financial Statements (Continued)

Note 3: Cash and Investments (Continued)

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

Interest Rate Risk

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

As of June 30, 2005, the City had the following investments and original maturities:

	Remaining Investment Maturities				Fair Value
	6 months or less	6 months to 1 year	1 to 3 years	3 to 5 years	
Investments:					
US Treasury	\$ -	\$ -	\$ 19,640,625	\$ 14,700,005	\$ 34,340,630
Federal Government Agency	14,928,025	14,918,880	81,473,423	14,806,250	126,126,578
Medium-Term Corporate Notes	-	-	40,313,465	14,814,675	55,128,140
Mortgage Pass-Through	116,532	-	7,086,975	8,904,754	16,108,261
Asset Backed Security	-	2,395,278	9,938,200	4,914,050	17,247,528
Local Agency Investment Fund	28,292,480	-	-	-	28,292,480
Total Cash Investments	43,337,037	17,314,158	158,452,688	58,139,734	277,243,617
Investments with Fiscal Agents:					
Money Market Funds	64,095,177	-	-	-	64,095,177
Investment Agreement	-	1,628,945	-	-	1,628,945
Federal Government Agency	-	1,963,125	-	-	1,963,125
Total Investments with Fiscal Agent	64,095,177	3,592,070	-	-	67,687,247
Total Investments	<u>\$ 107,432,214</u>	<u>\$ 20,906,228</u>	<u>\$ 158,452,688</u>	<u>\$ 58,139,734</u>	<u>\$ 344,930,864</u>

Note 4: Contracts and Notes Receivable

Contracts and notes receivable as of June 30, 2005 totaled \$14,094,819 and were recorded as follows:

General Fund	\$ 52,000
Combined Low/Moderate Housing - Capital Project Fund	7,319,412
Nonmajor Governmental Funds	<u>6,723,407</u>
Total Contracts and Notes Receivable	<u>\$ 14,094,819</u>

The City provides loans to City police officers to assist them to acquire personal residence within the City or to reduce an existing loan on an officer's residence within the City. The loans are non-interest bearing until maturity and thereafter interest shall be 7% per annum. The outstanding balance at June 30, 2005 was:

\$ 52,000

City of Ontario
Notes to Financial Statements (Continued)

Note 4: Contracts and Notes Receivable (Continued)

On June 7, 1994, the Ontario Redevelopment Agency's Combined Low and Moderate Housing Fund loaned \$43,000 to a developer to finance the purchase of low and moderate income property located outside of redevelopment project areas. The note is non-interest bearing and was due in full on March 7, 1995. A new note was negotiated on November 11, 1996 and will mature on October 31, 2026. The receivable balance at June 30, 2005 was:

\$ 43,000

On June 7, 1994, the Ontario Redevelopment Agency's Combined Low and Moderate Housing Fund loaned \$39,000 to a developer to finance the purchase of low and moderate income property located outside of redevelopment project areas. The note is non-interest bearing and was due in full on March 7, 1995. A new note was negotiated on November 8, 1996 and will mature on October 31, 2026. The receivable balance at June 30, 2005 was:

39,000

On March 16, 1993, the Ontario Redevelopment Agency accepted a note receivable of \$112,000 from a developer as consideration for housing located outside of the redevelopment areas. The note is non-interest bearing and is due and payable upon the sale or transfer of property. The unpaid principal balance at June 30, 2005 was:

100,941

On October 4, 1994, the Redevelopment Agency loaned a developer, Chicon, \$135,030 to finance the cost of rehabilitation and construction of a low and moderate income residence located in the Center City Project Area. On December 5, 1995, the Agency loaned an additional \$4,647, bringing the total amount to \$139,677. During the fiscal year ended June 30, 2000, the Agency advanced an additional \$254. The note is a 25-year amortized loan and bears interest at 5% annually. The receivable balance at June 30, 2005 was:

106,289

On May 29, 1997, the Ontario Redevelopment Agency agreed to loan up to \$2,656,200 to Ontario Senior Housing, L.P. to finance development of residential improvements to the Ground Lease premises as defined in a disposition and development agreement dated March 19, 1996. The note bears interest at the rate of 3% per annum. The note is due and payable either: (a) on the first day of the first full calendar month following the date of the last disbursement of the agency loan proceeds, or (b) on the first day of the 15th full calendar month following the date of recordation of the Agency Loan Deed and Trust in the Official Records of the county. The receivable balance at June 30, 2005 was:

3,742,155

In order to assist those individuals and families who are the most in need, the Ontario Housing Department provides loans to low and moderate income residents for the acquisition and rehabilitation of single-family homes, condominiums or townhouses located within the Ontario HUD Revitalization Target Area. The balance at June 30, 2005 was:

3,726,485

City of Ontario
Notes to Financial Statements (Continued)

Note 4: Contracts and Notes Receivable (Continued)

Pursuant to the disposition and development agreement dated August 12, 2003 between the Ontario Redevelopment Agency and the Ontario Senior Housing, Inc., the Agency accepted a promissory note for the principal amount of \$950,000. This promissory note bears a rate of 0% per annum and is secured by a deed of trust. The receivable balance at June 30, 2005 was: \$ 950,000

The City uses Community Development Block Grant (CDBG) funds in a custodial capacity to provide housing rehabilitation loans and grants to eligible applicants. The City makes deferred loans to low and moderate income families based on income and residency guidelines. These loans have been secured by a note and deed of trust. The deferred loan is due and payable when the title of the property changes. The balance at June 30, 2005 was: 4,775,674

On October 19, 1993, the Ontario Redevelopment Agency accepted a note receivable of \$35,000 from a developer as part of a transaction involving the sale of property. The note bears interest at 0% annually and was due in full on June 20, 1995. A new note was negotiated on November 8, 1996 and will mature on October 31, 2026. The unpaid principal balance at June 30, 2005 was: 35,000

Pursuant to the owner participation agreement between the Ontario Redevelopment 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 receivable balance at June 30, 2005 was: 160,135

Pursuant to the disposition and development agreement between the Ontario Redevelopment Agency and Arteco Partners Enterprises, the Agency accepted on April 9, 2004 three promissory notes for a total principal amount of \$361,760. These promissory notes are for a three-year term, bear interest at 6% per annum and are secured by certain trust deeds. Accrued interests are due on the annual anniversary of the notes, and the entire unpaid principals with accrued interests are due on the third anniversary. The receivable balance at June 30, 2005 was: 364,140

Total Contracts and Notes \$ 14,094,819

Note 5: Capital Assets

In accordance with GASB Statement No. 34, the City has reported all capital assets including infrastructure in the government-wide financial statements. The City elected to use the "modified approach" as defined by GASB Statement No. 34 for its governmental activities infrastructure reporting. As a result, no accumulated depreciation or depreciation expense has been recorded for these assets. A more detailed discussion of the "modified approach" is presented in Note 1 of this report. All other capital assets were reported using the basic approach, whereby accumulated depreciation and depreciation expense has been recorded. The following table presents summary information on the governmental activity infrastructure assets for the fiscal year ending June 30, 2005:

City of Ontario
Notes to Financial Statements (Continued)

Note 5: Capital Assets (Continued)

	Net Cost at July 1, 2004	Additions	Net Cost at June 30, 2005
Governmental Activities:			
Modified Approach:			
Streets	\$ 267,663,180	\$ 1,862,026	\$ 269,525,206
Traffic signals	11,524,410	288,060	11,812,470
Bridges	93,200,000	-	93,200,000
Curbs	47,803,528	-	47,803,528
Gutter	14,830,980	1,076,811	15,907,791
Handicap ramps	1,367,247	-	1,367,247
Sidewalks	35,419,774	281,561	35,701,335
	<u>\$ 471,809,119</u>	<u>\$ 3,508,458</u>	<u>\$ 475,317,577</u>

Capital asset activity for the year ended June 30, 2005 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental Activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 25,977,663	\$ 3,125,000	\$ (397,912)	\$ 28,704,751
Infrastructure	471,809,119	3,508,458	-	475,317,577
Construction in progress	40,989,631	17,307,263	(5,131,011)	53,165,883
Total Capital Assets, Not Being Depreciated	<u>538,776,413</u>	<u>23,940,721</u>	<u>(5,528,923)</u>	<u>557,188,211</u>
Capital assets, being depreciated:				
Structures and improvements	122,261,619	6,624,546	(1,944,943)	126,941,222
Furniture and equipment	23,236,414	1,820,866	(89,792)	24,967,488
Total Capital Assets, Being Depreciated	<u>145,498,033</u>	<u>8,445,412</u>	<u>(2,034,735)</u>	<u>151,908,710</u>
Less accumulated depreciation:				
Structures and improvements	33,097,795	4,591,573	(1,944,943)	35,744,425
Furniture and equipment	14,810,946	2,180,531	(89,792)	16,901,685
Total Accumulated Depreciation	<u>47,908,741</u>	<u>6,772,104</u>	<u>(2,034,735)</u>	<u>52,646,110</u>
Total Capital Assets, Being Depreciated, Net	<u>97,589,292</u>	<u>1,673,308</u>	<u>-</u>	<u>99,262,600</u>
Governmental Activities Capital Assets, Net	<u>\$ 636,365,705</u>	<u>\$ 25,614,029</u>	<u>\$ (5,528,923)</u>	<u>\$ 656,450,811</u>

City of Ontario
Notes to Financial Statements (Continued)

Note 5: Capital Assets (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Business-Type Activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 3,071,870	\$ 3,700,002	\$ (8,223)	\$ 6,763,649
Construction-in-progress	9,931,239	3,914,380	(1,692,763)	12,152,856
 Total Capital Assets, Not Being Depreciated	 13,003,109	 7,614,382	 (1,700,986)	 18,916,505
Capital assets, being depreciated:				
Structures and improvements	1,346,753	-	-	1,346,753
Furniture and equipment	1,946,775	65,638	-	2,012,413
Infrastructure	128,482,326	2,428,053	(572)	130,909,807
 Total Capital Assets, Being Depreciated	 131,775,854	 2,493,691	 (572)	 134,268,973
Less accumulated depreciation:				
Structures and improvements	690,964	39,708	-	730,672
Furniture and equipment	1,250,304	125,448	-	1,375,752
Infrastructure	47,174,116	2,709,975	(572)	49,883,519
 Total Accumulated Depreciation	 49,115,384	 2,875,131	 (572)	 51,989,943
 Total Capital Assets, Being Depreciated, Net	 82,660,470	 (381,440)	 -	 82,279,030
 Business-Type Activities Capital Assets, Net	 \$ 95,663,579	 \$ 7,232,942	 \$ (1,700,986)	 \$ 101,195,535

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

<u>Governmental Activities:</u>	
General government	\$ 587,508
Public safety	2,102,667
Community development	764,997
Library	60,651
Public works	648,459
Equipment Services	2,207,261
Information System	400,561
	<u>\$ 6,772,104</u>
 <u>Business-Type Activities:</u>	
Water	\$ 2,211,403
Sewer	638,451
Solid waste	25,277
	<u>\$ 2,875,131</u>

City of Ontario
Notes to Financial Statements (Continued)

Note 6: Interfund Receivable, Payable and Transfers

The composition of interfund balances as of June 30, 2005 is as follows:

Due To/From Other Funds

Due From Other Funds:	Due To Other Funds		Total
	Capital Projects Fund	Nonmajor Governmental Funds	
General Fund	\$ 1,538,387	364,039	\$ 1,902,426
Combined Low/Moderate Housing	-	255,306	255,306
Nonmajor Governmental Funds	-	2,286,073	2,286,073
Total	<u>\$ 1,538,387</u>	<u>\$ 2,905,418</u>	<u>\$ 4,443,805</u>

The due to the General Fund of \$1,902,426 from the Capital Projects Fund and Nonmajor Governmental Funds was to cover temporary deficit cash balances in those funds.

The other interfund balances were the results of routine interfund transactions not cleared prior to year-end.

Advances To/From Other Funds

Advances To Other Funds:	Advances From Other Funds			Total
	Capital Projects Fund	Redevelopment Area #1 - Capital Projects Fund	Nonmajor Governmental Funds	
General Fund	\$ -	\$ 6,064,202	\$ 3,500,000	\$ 9,564,202
Capital Projects Fund	-	24,712,118	389,535	25,101,653
Combined Low/Moderate Housing Fund	-	-	4,409,457	4,409,457
Solid Waste	-	-	2,770,000	2,770,000
Nonmajor Governmental Funds	1,989,535	-	683,558	2,673,093
Total	<u>\$ 1,989,535</u>	<u>\$ 30,776,320</u>	<u>\$ 11,752,550</u>	<u>\$ 44,518,405</u>

During the current and previous fiscal years, the City of Ontario made \$30,776,320 loans to the Redevelopment Agency for capital improvement.

Interfund Transfers

Transfers In:	Transfers Out								Total
	General Fund	Capital Projects Fund	Combined Low/Moderate Housing - Capital Project Fund	Water	Sewer	Solid Waste	Internal Service Funds	Nonmajor Governmental Funds	
General	\$ -	\$ 148,063	\$ -	\$ 5,266,840	\$ 2,399,202	\$ 4,542,765	\$ 124,157	\$ 6,904,411	\$ 19,385,438
Capital Projects Fund	29,919,255	-	-	-	-	-	-	-	29,919,255
Redevelopment Area #1 - Debt Service Fund	323,114	-	-	-	-	-	-	-	323,114
Internal Service Funds	1,100,000	-	-	-	-	-	-	-	1,100,000
Nonmajor Governmental Fund	5,688,456	-	380,000	-	-	-	-	-	6,068,456
Total	<u>\$ 37,030,825</u>	<u>\$ 148,063</u>	<u>\$ 380,000</u>	<u>\$ 5,266,840</u>	<u>\$ 2,399,202</u>	<u>\$ 4,542,765</u>	<u>\$ 124,157</u>	<u>\$ 6,904,411</u>	<u>\$ 56,796,263</u>

City of Ontario
Notes to Financial Statements (Continued)

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

The General Fund transferred \$29,919,255 to the Capital Projects Fund to fund various capital projects.

During the year, certain funds made payments to the General Fund for administrative costs incurred. These transfers to the General Fund for the year amounted to \$19,385,438.

Note 7: Long-Term Debt

a. Long-Term Debt - Governmental Activities

The following is a summary of changes in long-term debt of the City for the year ended June 30, 2005:

	Balance July 1, 2004	Additions	Deletions	Balance June 30, 2005	Due Within One Year
Tax Allocation Bonds	\$ 61,587,946	\$ 749,034 *	\$ -	\$ 62,336,980	\$ -
Revenue Bonds	54,889,840	1,641,469 *	4,818,900	51,712,409	4,708,471
Loans Payable	15,313,321	-	575,602	14,737,719	590,209
Compensated Absences	7,055,153	\$ 1,214,981	\$ 298,539	7,971,595	337,000
Total	<u>\$ 138,846,260</u>	<u>\$ 3,605,484</u>	<u>\$ 5,693,041</u>	136,758,703	<u>\$ 5,635,680</u>
		Unamortized Bond Premium		<u>1,769,235</u>	
				<u>\$ 138,527,938</u>	

* Addition represents accreted interest on long-term debt.

There are a number of limitations and restrictions contained in the various bond indentures. The City is in compliance with all significant limitations and restrictions.

Tax Allocation Bonds

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 Revenue 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 these bonds has been removed from long-term debt. The balance at June 30, 2005 amounted to:

\$ 10,116,551

City of Ontario
Notes to Financial Statements (Continued)

Note 7: Long-Term Debt (Continued)

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 principle amount of the bonds plus a premium. The investment by the Authority in the bonds is held in an agency fund. The terms were negotiated in a prior year and reduced the outstanding principal balance by \$800. Additionally, the maturity date was extended two years to August 1, 2025. The interest is paid semi-annually at the stated rate of 12%. The balance at June 30, 2005 amounted to:

\$ 45,708,100

On August 15, 1995, the Ontario Redevelopment Agency issued \$4,041,700 in 1995 Tax Allocation Bonds. The bonds were sold to the Ontario Redevelopment Financing Authority at par plus premium. All proceeds of the 1995 Bonds will be used to finance redevelopment projects related to Project Area #1. The 1995 Bonds were issued on parity with the Agency's existing Project Area #1 1992 and 1993 Tax Allocation Bonds. The 1995 Bonds were issued with an interest rate of 12.00%, provided that the interest rate for the period from August 1, 1995 through July 1, 1996 shall be 10.55% per annum, the interest rate for the period from August 1, 1996 through July 31, 1997 shall be 11.70% per annum, and the interest for the period from August 1, 1997 through July 31, 1999 shall be 11.86% per annum. Interest is paid semi-annually each year and commenced February 1, 1996 until final maturity on August 1, 2025. The balance at June 30, 2005 amounted to:

4,041,700

Cimarron Project Area

The 1992 Tax Allocation Bonds were issued to defease the Agency's Tax Allocation Bonds of 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 Revenue 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 these bonds has been removed from long-term debt. The balance at June 30, 2005 amounted to:

902,454

City of Ontario
Notes to Financial Statements (Continued)

Note 7: Long-Term Debt (Continued)

Center City Project Area

The 1992 Tax Allocation Bonds were issued to defease the Agency's Tax Allocation Bonds of Issue of 1985 and 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 Revenue 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 these bonds has been removed from long-term debt. The balance at June 30, 2005 amounted to:

1,568,175

Total Tax Allocation Bonds

\$ 62,336,980

Revenue Bonds

In January 1992, the Ontario Redevelopment Financing Authority issued revenue bonds in order to advance refund the 1985 Certificates of Participation in the amount of \$2,735,000. The Certificates were originally sold to finance the construction of Police-Fire Facilities, which were leased by the Ontario Redevelopment Agency to the City of Ontario. In order to provide for the repayment of the bonds, the City has entered into a capital lease agreement with the authority. The total lease is for \$3,167,290, for a term of 20 years with variable, semi-annual payments. The balance at June 30, 2005 amounted to:

\$ 952,290

In August 2001, the Ontario Redevelopment Financing Authority issued revenue bonds in the amount of \$31,705,000 to provide funds to finance the cost of acquisition, construction, and installation of certain capital improvements, including public safety, City library, public recreation and redevelopment improvements, facilities and equipments. The bonds dated August 1, 2001 and issued at a premium of \$417,024 mature in 2029 and are payable from the rental payments to be made by the City of Ontario for the right to the use of certain property and facilities pursuant to a lease agreement dated November 1, 2001. The balance at June 30, 2005 including the unamortized bond premium of \$364,895 amounted to:

30,329,895

City of Ontario
Notes to Financial Statements (Continued)

Note 7: 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 are secured by a pledge and a lien on a portion of the taxes levied on all taxable property within the related project of the Agency. The bonds issued at a premium of \$1,702,231 mature in 2021, interest paid semi-annually. The balance at June 30, 2005 including the unamortized bond premium of \$1,404,340 amounted to:

\$ 22,199,459

Total Revenue Bonds

\$ 53,481,644

Loans Payable

Redevelopment Agency Loans

In November 1994, the Ontario Redevelopment Agency received loan proceeds from Toyota Motors Sales U.S.A. in the amount of \$3,500,000 to purchase 5.5 acres of property and provide funding assistance to the Ontario-Montclair School District for construction of the new middle school. The note is for a term of 15 years with annual payments of \$408,903. The interest is at the rate of 8% per annum and is due and payable in full on November 15, 2009. The loan was paid off during the current fiscal year.

During fiscal year 2001-2002, the Agency entered into an agreement with the Ontario Doubletree Hotel, whereby the Ontario Doubletree Hotel will build a 150 room expansion to the Red Lion Inn and will covenant to make those rooms, as well as approximately 100 rooms in the current hotel, available for the Ontario Convention Center to reserve at specified rates from 18 to 48 months in advance, for 30 years. The Agency agreed to pay \$2,500,000 for the covenant, \$1,000,000 to be paid at the close of escrow on the land, and \$300,000 per year for five years beginning after the new rooms are completed. At June 30, 2005, the Agency's obligation on this covenant amounted to:

\$ 300,000

Pursuant to a loan agreement dated February 1, 2002, the Ontario Redevelopment Agency issued the Ontario Redevelopment Project #1 2002 Housing Set-Aside Loan in the amount of \$15,145,000 to finance low and moderate income activities of the Agency within or of the benefit to the Ontario Redevelopment Agency Project Area #1. The loan matures in 2029 and is payable from Housing Tax Revenues allocated to the Agency. Interest is paid semi-annually at a rate of 5.30% per annum. The balance at June 30, 2005 amounted to:

14,437,719

Total Loans Payable

\$ 14,737,719

City of Ontario
Notes to Financial Statements (Continued)

Note 7: Long-Term Debt (Continued)

Compensated Absences

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

The following schedule illustrates the debt service requirements to maturity for governmental activity long-term debt outstanding as of June 30, 2005:

	Tax Allocation Bonds		Revenue Bonds	
	Principal	Interest	Principal	Interest
2005-2006	\$ -	\$ 5,969,976	\$ 4,708,471	\$ 1,823,650
2006-2007	2,932,186	5,963,664	1,627,511	1,939,469
2007-2008	2,888,272	5,948,737	1,560,424	1,919,654
2008-2009	2,641,588	5,930,562	1,504,002	1,899,716
2009-2010	2,514,762	5,910,408	1,456,547	1,876,368
2010-2015	3,457,272	29,153,185	13,110,144	7,867,257
2015-2020	13,295,800	25,989,648	10,065,310	5,613,385
2020-2025	31,001,500	12,119,203	8,460,000	3,392,906
2025-2030	3,605,600	216,336	9,220,000	1,243,840
Totals	<u>\$ 62,336,980</u>	<u>\$ 97,201,719</u>	<u>\$ 51,712,409</u>	<u>\$ 27,576,245</u>

	Loans Payable		Totals	
	Principal	Interest	Principal	Interest
2005-2006	\$ 590,209	\$ 757,509	\$ 5,298,680	\$ 8,551,135
2006-2007	305,590	741,720	4,865,287	8,644,853
2007-2008	321,787	725,094	4,770,483	8,593,485
2008-2009	338,841	707,588	4,484,431	8,537,866
2009-2010	356,800	689,153	4,328,109	8,475,929
2010-2015	2,088,514	3,133,182	18,655,930	40,153,624
2015-2020	2,703,830	2,501,561	26,064,940	34,104,594
2020-2025	3,500,429	1,683,852	42,961,929	17,195,961
2025-2030	4,531,719	625,232	17,357,319	2,085,408
Totals	<u>\$ 14,737,719</u>	<u>\$ 11,564,891</u>	<u>\$ 128,787,108</u>	<u>\$ 136,342,855</u>

City of Ontario
Notes to Financial Statements (Continued)

Note 7: Long-Term Debt (Continued)

b. Long-Term Debt - Business-Type Activities

The following is a summary of changes in Proprietary Fund long-term debt for the year ended June 30, 2005:

	Balance July 1, 2004	Additions	Deletions	Balance June 30, 2005	Due Within One Year
2004 COP - Water System Improvement Project	\$ -	\$ 52,320,000	\$ 850,000	\$ 51,470,000	\$ 885,000
Compensated Absences	627,618	86,226	5,602	708,242	-
Total	<u>\$ 627,618</u>	<u>\$ 52,406,226</u>	<u>\$ 855,602</u>	52,178,242	<u>\$ 885,000</u>
		Unamortized Bond Premium		<u>1,349,681</u>	
				<u>\$ 53,527,923</u>	

Certificates of Participation

In July 2004, the City issued certificates of participation, 2004 Water System Improvement Project, to finance and refinance certain water facilities of the City. The certificates dated July 15, 2005 were issued at a premium of \$1,394,670 and consist of \$30,285,000 serial certificates maturing in principal amount of \$850,000 to \$2,190,000 bearing interest ranging from 3.00% to 5.25% and \$22,035,000 term certificates bearing interest at 5%. Interest is paid semi-annually each year commencing January 1, 2005 until final maturity on July 1, 2034. The balance at June 30, 2005 including the unamortized bond premium of \$1,349,681 amounted to:

\$ 52,816,681

	2004 COP - Water System Improvement Project	
	Principal	Interest
2005-2006	\$ 885,000	\$ 2,523,513
2006-2007	915,000	2,496,962
2007-2008	940,000	2,469,513
2008-2009	980,000	2,431,912
2009-2010	1,015,000	2,392,713
2010-2015	5,760,000	11,285,262
2015-2020	7,320,000	9,728,487
2020-2025	9,430,000	7,619,513
2025-2030	12,140,000	4,907,475
2030-2035	<u>12,085,000</u>	<u>1,547,250</u>
Totals	<u>\$ 51,470,000</u>	<u>\$ 47,402,600</u>

City of Ontario
Notes to Financial Statements (Continued)

Note 7: Long-Term Debt (Continued)

Compensated Absences

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

c. Special Assessment Bonds

The City has entered into a number of Special Assessment Bond programs. The City of Ontario is not obligated in any manner for the Special Assessment Bonds as the bonds are secured by unpaid assessments against the property owners. Accordingly, the City is only acting as an agent for the property owners/bondholders in collecting and forwarding the special assessments. Special Assessment Bonds payable at June 30, 2005 totaled \$47,136,506. This amount is not reported in the City's financial statements.

The construction phase is reported in the Capital Projects Funds. Likewise, amounts recorded in the Agency Funds represent only debt service activities, i.e., collection from property owners and payment to bondholders.

d. Other Bond and Loan Programs

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

City of Ontario
Notes to Financial Statements (Continued)

Note 7: Long-Term Debt (Continued)

The Bond programs are as follows:

	Interest % Rate	Date Issued	Date Series Matures	Outstanding Balance
<u>Multi-Family Mortgage Revenue Bonds:</u>				
City of Ontario Multi-Family Mortgage Revenue Bonds, Park Center	Variable	1985	2007	\$ 23,500,000
Ontario Redevelopment Agency Multi-Family Housing Revenue Refunding Bonds, Raintree	4.30 - 5.40	1997	2027	6,165,000
Ontario Redevelopment Agency Multi-Family Mortgage Revenue Bonds, Seasons at Gateway Plaza 1996 Series A	5.60 - 6.50	1996	2026	1,475,000
Ontario Redevelopment Agency Multi-Family Mortgage Revenue Bonds Seasons at Gateway Plaza 1996 Series B	Variable	1996	2026	740,000
Total				<u>\$ 31,880,000</u>
<u>Single Family Mortgage Revenue Bonds:</u>				
Ontario Redevelopment Agency Single Family Mortgage Revenue Bonds, Project Area #2	9.40	1983	2016	\$ 100,000
Total				<u>\$ 100,000</u>
<u>Industrial Development Bonds:</u>				
Industrial Development Bonds, L.D. Brinkman & Company, West Coast Project	Variable	1985	2015	\$ 9,000,000
Industrial Development Bonds, Winsford Serta Mattress	Variable	1988	2008	1,200,000
Total				<u>\$ 10,200,000</u>

IV. OTHER INFORMATION

Note 8: City Employees Retirement Plan (Defined Benefit Pension Plan)

Plan Description

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

Funding Policy

Participants are required to contribute 7% (9% for safety employees) of their annual covered salary. The City makes the contributions required of City employees on their behalf and for their account. The City is required to contribute at an actuarially determined rate; the current rate is 5.755% for non-safety employees, 26.839% for police safety employees and 22.774% for fire safety employees, of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by PERS.

Annual Pension Cost

For 2005, the City's annual pension cost of \$12,193,664 for PERS was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2004 actuarial valuation using the entry age normal actuarial cost method.

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

Valuation Date	June 30, 2004
Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method	Level Percent of Payroll
Average Remaining Period	32 years as of the Valuation Date for the miscellaneous plan, 28 years as of the Valuation Date for the safety police plan, 32 years as of the Valuation Date for the safety fire plan.
Asset Valuation Method	15-Year Smoothed Market
Actuarial Assumptions:	
Investment Rate of Return	7.75% (net of administrative expenses)
Projected Salary Increases	3.25% to 14.45% depending on age, service, and type of employment
Inflation	3.00%
Payroll Growth	3.25%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation component of 3.50% and an annual production growth of 0.25%

City of Ontario
Notes to Financial Statements (Continued)

Note 8: City Employees Retirement Plan (Defined Benefit Pension Plan) (Continued)

Initial unfunded liabilities are amortized over a closed period that depends on the plan's date of entry into CalPERS. Subsequent plan amendments are amortized as a level percent of pay over a closed 20-year period. Gains and losses that occur in the operation of the plan are amortized over a rolling period, which results in an amortization of 10% of unamortized gains and losses each year. If the plan's accrued liability exceeds the actuarial value of plan assets, the amortization payment on the total unfunded liability may not be lower than the payment calculated over a 30-year amortization period.

Three-Year Trend Information for PERS
(Amounts in Thousands)

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/2003	\$ 5,737	100%	\$ -
6/30/2004	8,592	100%	-
6/30/2005	12,194	100%	-

Schedule of Funding Progress for PERS
(Amounts in Thousands)

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) Entry Age</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a % of Covered Payroll</u>
6/30/02:						
Miscellaneous	\$ 125,642	\$ 105,381	\$ 20,261	119.2 %	\$ 25,114	(80.7) %
Police	108,854	116,826	(7,972)	93.2	15,711	50.7
Fire	94,774	105,892	(11,118)	89.5	11,959	93.0
Total	<u>\$ 329,270</u>	<u>\$ 328,099</u>	<u>\$ 1,171</u>	100.4 %	<u>\$ 52,784</u>	(2.2) %
6/30/03:						
Miscellaneous	\$ 127,034	\$ 120,714	\$ 6,320	105.2 %	\$ 26,817	(23.6) %
Police	111,340	130,392	(19,052)	85.4	16,167	117.8
Fire	95,338	108,622	(13,284)	87.8	12,247	108.5
Total	<u>\$ 333,712</u>	<u>\$ 359,728</u>	<u>\$ (26,016)</u>	92.8 %	<u>\$ 55,231</u>	47.1 %
6/30/04:						
Miscellaneous	\$ 133,669	\$ 129,334	\$ 4,335	103.4 %	\$ 27,774	(15.6) %
Police	118,510	139,176	(20,666)	85.2	16,244	127.2
Fire	101,728	115,690	(13,962)	87.9	12,315	113.4
Total	<u>\$ 353,907</u>	<u>\$ 384,200</u>	<u>\$ (30,293)</u>	92.1 %	<u>\$ 56,333</u>	53.8 %

City of Ontario
Notes to Financial Statements (Continued)

Note 9: Other Post-Employment Employee Benefits

The City provides certain post-employment health care benefits. Specifically, the City provides health insurance for its retired employees according to the Personnel Rules and Regulations for each of the seven employee groups. The authority to do so is included annually in the Memorandum of Understanding between the City and each of its employee groups and ultimately passed by Council action. The expenditure is accounted for within the general government funds and is funded on a pay-as-you-go (cash) basis. The total post-employment health insurance expenditures for the fiscal year 2004-2005 were \$1,645,656. There are currently 366 participants receiving benefits.

Note 10: Self-Insurance Program

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

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

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

ACCEL is organized under a joint powers agreement pursuant to the California Government Code. The purpose of the Authority is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage.

ACCEL pools catastrophic general liability, automobile liability and public officials errors and omissions losses.

The City purchased \$19,500,000 coverage in excess of the \$500,000 pool effective July 1, 2001.

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

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

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

Claims payable, June 30, 2003	\$ 7,468,735
Payments/changes in estimates	<u>192,962</u>
Claims payable, June 30, 2004	7,661,697
Payments/changes in estimates	<u>293,811</u>
Claims payable, June 30, 2005	<u><u>\$ 7,955,508</u></u>

City of Ontario
Notes to Financial Statements (Continued)

Note 11: Contingencies

Grant

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

Other

Proposition 218, which was approved by the voters in November, 1996, will regulate the City's ability to impose, increase and extend taxes, assessments and fees. Any new, increased or extended taxes, assessments and fees subject to the provisions of Proposition 218 require voter approval before they can be implemented. Additionally, Proposition 218 provides that these taxes, assessments and fees are subject to the voter initiative process and may be rescinded in the future by the voters. Therefore, the City's ability to finance the services for which the taxes, assessments and fees were imposed may be significantly impaired. At this time, it is uncertain how Proposition 218 will affect the City's ability to maintain or increase the revenue it receives from taxes, assessments and fees.

Note 12: Joint Ventures

Water Facilities Authority

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

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

On September 30, 1997 the Authority issued \$24,455,000 in 1997 Refunding Certificates of Participation (COPs) to refund \$25,820,000 of then outstanding 1986 COPs. The 1997 Refunding COPs carry interest rates from 4.0% to 5.3% and will be repaid in various principal increments with the final payment due on October 1, 2015.

Each participant in the joint venture has pledged gross revenues from its respective Enterprise Fund and has agreed to restrictive covenants that establish rates and charges for each respective water enterprise fund at levels sufficient to maintain net revenues equal to at least 1.25 times the aggregate amount of each respective party's installment payments to the Authority as well as any parity debt that shall become due and payable within the succeeding twelve months. Each City has an ongoing financial responsibility as each has assumed a portion of the Authority's debt. The City of Ontario's percentage share of the installment payment is 41.51681% and the outstanding balance at June 30, 2005 for which the City is responsible is \$6,767,240. At June 30, 2005, the City's investment in the Authority, including its share of Authority's debt, was \$5,748,829.

City of Ontario
Notes to Financial Statements (Continued)

Note 12: Joint Ventures (Continued)

Audited financial information of the Authority for the fiscal year ended June 30, 2005 is summarized as follows:

Water Facilities Authority Net Assets:	
Total assets	\$ 41,120,003
Total liabilities	<u>22,532,716</u>
Total net assets	<u>\$ 18,587,287</u>
Water Facilities Authority Changes in Net Assets:	
Operating revenues	\$ 16,529,197
Operating expenses	<u>16,610,370</u>
Operating gain before depreciation and amortization	(81,173)
Depreciation and amortization	<u>1,026,010</u>
Operating revenue (loss)	<u>(1,107,183)</u>
Nonoperating revenues (expenses)	197,865
Contributions	<u>1,222,030</u>
Change in net assets	312,712
Beginning net assets	<u>18,274,575</u>
Ending net assets	<u>\$ 18,587,287</u>

The current participants and their financial contributions through June 30, 2005 were as follows:

	<u>Amount</u>	<u>Percent</u>
City of Chino	\$ 3,752,278	14.5%
City of Chino Hills	5,180,235	20.0%
City of Ontario	7,994,993	30.9%
City of Upland	4,765,390	18.5%
Monte Vista Water District	4,049,357	15.7%
Non-Participant	<u>107,399</u>	<u>0.4%</u>
Total	<u>\$ 25,849,652</u>	<u>100.0%</u>

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

City of Ontario
Notes to Financial Statements (Continued)

Note 12: Joint Ventures (Continued)

West End Communications Authority

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

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

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

The following is a summary of the West End Communications Authority financial information for the fiscal year ended June 30, 2005:

Statement of Net Assets

	Governmental Activities
Assets:	
Capital assets	\$ 1,525,124
Other assets	2,113,174
	<u>3,638,298</u>
Total Assets	<u>\$ 3,638,298</u>
Liabilities	<u>\$ 14,780</u>
Net Assets:	
Invested in capital assets	\$ 1,525,124
Restricted for public safety	2,098,394
	<u>2,098,394</u>
Total Net Assets	<u>\$ 3,623,518</u>

Statement of Activities

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	<u>Net Expenses and changes in Net Assets</u>
Public safety	<u>\$ 984,158</u>	<u>\$ 871,446</u>	<u>\$ (112,712)</u>
		General revenue	<u>57,803</u>
		Change in net assets	(54,909)
		Net assets at the beginning of the year	<u>3,678,427</u>
		Net assets at the end of the year	<u>\$ 3,623,518</u>

City of Ontario
Notes to Financial Statements (Continued)

Note 12: Joint Ventures (Continued)

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

West End Hazardous Materials Assistance Team Joint Powers Authority

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

Chino Basin Desalter Authority

On September 25, 2001 the Chino Basin Desalter Authority (the Authority) was created under a joint exercise of powers agreement between the City of Ontario and other neighboring government agencies. This agreement was formed to successfully manage the groundwater resources in the Chino Basin.

The governing Board of Director consists of one representative appointed from each participating agency and has the power and responsibility to adopt budgets, operating plans and finance activities to further the purpose of the Authority. As of June 30, 2005, the City's investment in the Authority was \$22,025,000.

Note 13: Contingent Liabilities

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

City of Ontario
Notes to Financial Statements (Continued)

Note 14: Fund Equity and Net Assets Restatements

Beginning fund equity has been restated as follows:

General Fund	
Accrued liabilities were under reported at June 30, 2004	\$ (907,730)
Prior year vehicle license fees were incorrectly recorded in the Gas Tax Fund	51,971
	<u>\$ (855,759)</u>
Capital Project	
Restatement of the cost of land held for resale	<u>\$ 634,456</u>
Combined Low/Moderate Housing	
Reclassification of land held for resale to capital assets	<u>\$ (346,258)</u>
Redevelopment Area #1 - Debt Service Fund:	
Reclassification of advances from other funds to the Redevelopment Area #1 - Capital Project Fund	<u>\$ (12,955,320)</u>
Water Fund	
Accrued liabilities were under reported at June 30, 2004	<u>\$ (41,280)</u>
Sewer Fund	
Accrued liabilities were under reported at June 30, 2004	<u>\$ (25,128)</u>
Solid Waste	
Accrued liabilities were under reported at June 30, 2004	<u>\$ (64,232)</u>
Nonmajor governmental funds	
Special Gas Tax	
Prior year vehicle license fees were incorrectly recorded in the Gas Tax Fund	<u>\$ (51,971)</u>
Special Assessment/Fee Districts	
Accrued liabilities were under reported at June 30, 2004	<u>\$ (1,011)</u>
Storm Drain Maintenance	
Accrued liabilities were under reported at June 30, 2004	<u>\$ (7,373)</u>
Redevelopment Area #1 - Capital Project	
Reclassification of advances from other funds from the Redevelopment Area #1 - Debt Service Fund	<u>\$ 12,955,320</u>
Redevelopment Area #2 - Capital Project	
Reclassification of land held for resale from the Redevelopment Area #2 - Debt Service Fund	<u>\$ (436,214)</u>
Center City - Capital Project Fund	
To correct prior year transaction for loans receivable	<u>\$ 49,351</u>
Redevelopment Area #2 - Debt Service	
Reclassification of land held for resale to the Redevelopment Area #2 - Capital Projects Fund	<u>\$ 436,214</u>
Internal Service Funds	
Accrued liabilities were under reported at June 30, 2004 as follows:	
Equipment Services Fund	\$ (24,514)
Self Insurance Fund	(3,344)
Information System Fund	<u>(25,016)</u>
	<u>\$ (52,874)</u>

City of Ontario
Notes to Financial Statements (Continued)

Note 14: Fund Equity and Net Assets Restatements (Continued)

Net assets have been restated as follows:

Governmental activities	
Accrued liabilities under reported at June 30, 2004	\$ (968,988)
To correct prior year cost of land held for resale	634,456
To correct prior year transaction for loans receivable	<u>49,351</u>
	<u>\$ (285,181)</u>
Business-type activities	
Accrued liabilities under reported at June 30, 2004	<u>\$ (130,640)</u>

Note 15: Other Investments

Other investments as of June 30, 2005 totaled \$18,899,800 and were recorded as follows:

Proprietary Funds	\$ 201,750
Fiduciary Funds	<u>195,220,172</u>
Total	<u>\$ 195,421,922</u>

The investments represent a security interest (at cost) in the San Antonio Water Company located in the Water Enterprise Fund for \$201,750 and an interest in bonds issued by the Agency located in the Ontario Financing Authority Agency Fund for \$195,220,172.

**CITY OF ONTARIO
JUNE 30, 2005**

REQUIRED SUPPLEMENTARY INFORMATION

MODIFIED APPROACH FOR CITY INFRASTRUCTURE CAPITAL ASSETS

In accordance with GASB Statement No. 34, the City is required to account for and report infrastructure capital assets. The City defines infrastructure as long-lived capital assets that normally can be preserved for a significant greater number of years than most capital assets (non-infrastructure assets). Infrastructure assets are normally stationary in nature and are of value only to the government entity. They are basic physical assets that allow the government entity to function. Examples include street systems, water purification and distribution systems, sewer collection and treatment systems, parks and recreation lands and improvement systems, storm water conveyance systems, bridges, tunnels, dams and buildings combined with the site amenities such as parking and landscaped areas used by the government entity in the conduct of its business.

Each major infrastructure system can be divided into subsystems. For example, the street system can be subdivided into concrete and asphalt pavements, concrete curb and gutters, sidewalks, medians, street lights, traffic control devices (signs, signals and pavement markings), landscaping and land. Subsystem detail is not presented in these basic financial statements; however, the City maintains detailed information on these subsystems.

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

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

In 1999, the City commissioned a physical condition assessment of the streets, which was completed and dated July 15, 1999. These streets, primarily asphalt and concrete, were defined as all physical features associated with the operation of motorized vehicles that exist within the limits of right of way. This condition assessment will be performed every three years. Each street was assigned a physical condition on 17 potential defects. A Pavement Condition Index (PCI), a nationally recognized index, was assigned to each street and expressed in a continuous scale from 0 to 100, where 0 is assigned to the least acceptable physical condition and 100 is assigned the physical characteristics of a new street. The following conditions were defined and associated to a rating within our Pavement Management System:

<u>Condition</u>	<u>Rating</u>	<u>Pavement Management System Rating</u>
Good	100 - 80	1
Fair	79 - 65	2
Poor	64 - 50	3
Substandard	9 - 0	4

City of Ontario
Modified Approach for City Infrastructure Capital Assets (Continued)

The City's Policy is to maintain the existing weighted average rating of 69 for all streets with the detailed condition as follows:

<u>Condition</u>	<u>% of Streets</u>	<u>Pavement Condition Index</u>
Excellent to Good	68%	57-100
Fair	13%	42-56
Poor to Failed	19%	0-41

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

<u>Report's Date</u>	<u>PCI Index</u>
February 28, 2002	71.0
April 11, 2005	64.5

As of June 30, 2005, the City had some of its streets rated below a "fair" rating. The City will require several years to rehabilitate these segments of the streets.

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

The City expended \$10.5 million on street maintenance for the fiscal year ended June 30, 2005. The City has estimated that the amount of annual expenditures required to maintain the City's streets at the PCI rating of 69 through 2006 is \$11.8 million per year (see schedule of Infrastructure Maintenance Estimated and Actual below). As of June 30, 2005, the City had 113,600,000 square feet (572 miles) of streets with a carrying amount of approximately \$264,682,904 and a replacement cost of approximately \$520,000,000.

The City is also continuously taking actions to arrest the deterioration of other infrastructure assets through short-term maintenance activities. The City expended \$3.7 million (sidewalks, traffic signals and catch basins/storm drains) on other infrastructure maintenance for the fiscal year ended June 30, 2005. These expenditures delayed deterioration and improved the overall condition through these maintenance expenditures. It is estimated that it will cost approximately \$4.2 million per year to maintain other infrastructure assets at their present level (see the following).

INFRASTRUCTURE MAINTENANCE

ESTIMATED AND ACTUAL EXPENDITURES FIVE YEARS (IN THOUSANDS)

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<u>Streets:</u>					
Estimated	\$ 7,966	\$ 4,249	\$ 8,042	\$13,284	\$11,793
Actual	3,438	3,904	7,190	10,483	
<u>Sidewalks:</u>					
Estimated	1,545	1,679	1,538	1,843	1,723
Actual	1,457	1,574	1,545	1,657	
<u>Storm Drain:</u>					
Estimated	139	153	194	217	221
Actual	96	149	189	213	
<u>Traffic Signal/Street Lights:</u>					
Estimated	1,970	2,070	2,032	2,054	2,260
Actual	1,814	1,872	1,687	1,846	

CITY OF ONTARIO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2005

	Special Revenue Funds		
	Special Gas Tax	Quiet Home Program	Measure I
Assets:			
Cash and investments	\$ 2,129,457	\$ 1,741,068	\$ 3,574,476
Receivables:			
Accounts	561,876	2,588,535	166,204
Accrued interest	18,504	-	40,519
Taxes	-	-	-
Contracts and notes	-	-	-
Prepaid costs	-	-	-
Deposits	-	-	143,309
Due from other funds	-	-	-
Advances to other funds	-	-	-
Land held for resale	-	19,176,804	-
Restricted assets:			
Cash and investments	-	-	-
Cash and investments with fiscal agents	-	-	-
Accrued interest	-	-	-
Total Assets	\$ 2,709,837	\$ 23,506,407	\$ 3,924,508
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ 427,722	\$ 1,320,510	\$ 391,512
Accrued liabilities	15,435	16,497	17,597
Due to other funds	-	-	-
Unearned revenue	-	3,013,720	-
Advances from other funds	-	-	-
Deposits payable	-	-	-
Due to other governments	-	-	-
Total Liabilities	443,157	4,350,727	409,109
Fund Balances:			
Reserved:			
Reserved for encumbrances	241,685	-	1,045,312
Reserved for prepaid costs	-	-	-
Reserved for deposits	-	-	143,309
Reserved for land held for resale	-	19,176,804	-
Reserved for advances to other funds	-	-	-
Reserved for contracts and notes	-	-	-
Unreserved:			
Designated for future expenditures	-	-	-
Designated for capital projects	-	-	-
Designated for debt service	-	-	-
Undesignated	2,024,995	(21,124)	2,326,778
Total Fund Balances	2,266,680	19,155,680	3,515,399
Total Liabilities and Fund Balances	\$ 2,709,837	\$ 23,506,407	\$ 3,924,508

Special Revenue Funds					
Park Development	Community Development	Asset Seizure	Mobile Source Air Pollution	Special Assessment/ Fee Districts	Dangerous Buildings
\$ 1,776,594	\$ -	\$ 1,130,320	\$ 314,741	\$ 3,756,302	\$ 144,070
-	550,463	1,558	55,769	-	-
38,176	-	33,280	7,299	48,148	5,490
-	-	-	-	8,405	1,383
-	6,164,132	-	-	-	-
-	-	-	26,143	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	1,208,993	-	-	-	-
-	655,178	73,265	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ 1,814,770	\$ 8,578,766	\$ 1,238,423	\$ 403,952	\$ 3,812,855	\$ 150,943
\$ 2,601	\$ 376,239	\$ 10,031	\$ -	\$ 69,472	\$ 28,186
-	31,835	553,551	-	1,993,654	-
-	282,486	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	731	-	-	-	-
-	4,775,674	-	-	-	-
2,601	5,466,965	563,582	-	2,063,126	28,186
105,946	-	11,475	-	-	43,429
-	-	-	26,143	-	-
-	-	-	-	-	-
-	1,208,993	-	-	-	-
-	-	-	-	-	-
-	6,164,132	-	-	-	-
-	-	133,064	-	-	-
-	-	-	-	934,729	-
-	-	-	-	-	-
1,706,223	(4,261,324)	530,302	377,809	815,000	79,328
1,812,169	3,111,801	674,841	403,952	1,749,729	122,757
\$ 1,814,770	\$ 8,578,766	\$ 1,238,423	\$ 403,952	\$ 3,812,855	\$ 150,943

CITY OF ONTARIO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2005

	Special Revenue Funds		
	Facility Maintenance	Storm Drain Maintenance	Ontario Housing Authority
Assets:			
Cash and investments	\$ 1,507,456	\$ 2,160,526	\$ -
Receivables:			
Accounts	-	95,344	2,430
Accrued interest	-	756	45,790
Taxes	-	-	-
Contracts and notes	-	-	-
Prepaid costs	-	-	-
Deposits	-	-	310,000
Due from other funds	-	-	-
Advances to other funds	-	-	-
Land held for resale	-	-	10,889,845
Restricted assets:			
Cash and investments	-	-	-
Cash and investments with fiscal agents	-	-	-
Accrued interest	-	-	-
Total Assets	\$ 1,507,456	\$ 2,256,626	\$ 11,248,065
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ 52,911	\$ 28,161	\$ 170,784
Accrued liabilities	101	28,747	500
Due to other funds	-	-	255,306
Unearned revenue	-	-	-
Advances from other funds	-	-	-
Deposits payable	-	-	-
Due to other governments	-	-	-
Total Liabilities	53,012	56,908	426,590
Fund Balances:			
Reserved:			
Reserved for encumbrances	36,424	41,743	244,492
Reserved for prepaid costs	-	-	-
Reserved for deposits	-	-	310,000
Reserved for land held for resale	-	-	10,889,845
Reserved for advances to other funds	-	-	-
Reserved for contracts and notes	-	-	-
Unreserved:			
Designated for future expenditures	-	-	-
Designated for capital projects	-	-	-
Designated for debt service	-	-	-
Undesignated	1,418,020	2,157,975	(622,862)
Total Fund Balances	1,454,444	2,199,718	10,821,475
Total Liabilities and Fund Balances	\$ 1,507,456	\$ 2,256,626	\$ 11,248,065

Capital Projects Funds

Assessment Districts	Redevelopment Administration	Redevelopment Area #1	Redevelopment Area #2	Redevelopment Cimarron
\$ 2,893,402	\$ 1,236,980	\$ 13,087,592	\$ 1,192,310	\$ -
-	1,200	-	4,300	-
10,306	4,552	74,880	48,245	35
-	-	-	-	-
-	-	-	-	-
-	8,721	-	-	-
-	-	-	-	-
-	294,961	-	-	-
-	-	1,600,000	-	1,073,093
-	-	13,309,826	2,048,990	-
-	-	-	-	-
171,955	-	3,639,622	-	81,283
348	-	7,829	-	175
\$ 3,076,011	\$ 1,546,414	\$ 31,719,749	\$ 3,293,845	\$ 1,154,586
\$ -	\$ 127,563	\$ 94,420	\$ 38,007	\$ -
-	33,099	3,291	1,356	-
-	-	-	-	81,220
-	-	-	-	-
-	-	-	389,535	-
-	-	-	22,500	-
-	-	-	-	-
-	160,662	97,711	451,398	81,220
-	211,129	228,829	99,442	-
-	8,721	-	-	-
-	-	-	-	-
-	-	13,309,826	2,048,990	-
-	-	1,600,000	-	1,073,093
-	-	-	-	-
-	-	-	-	-
-	1,165,902	16,483,383	694,015	273
-	-	-	-	-
3,076,011	-	-	-	-
3,076,011	1,385,752	31,622,038	2,842,447	1,073,366
\$ 3,076,011	\$ 1,546,414	\$ 31,719,749	\$ 3,293,845	\$ 1,154,586

CITY OF ONTARIO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2005

	Capital Projects Funds		
	Redevelopment Center City	Guasti Project Area	Impact Fees
Assets:			
Cash and investments	\$ -	\$ 18,698	\$ 11,248,811
Receivables:			
Accounts	-	-	-
Accrued interest	27,385	34	21,287
Taxes	-	-	-
Contracts and notes	559,275	-	-
Prepaid costs	-	-	-
Deposits	-	-	-
Due from other funds	-	-	-
Advances to other funds	-	-	-
Land held for resale	9,447,434	-	-
Restricted assets:			
Cash and investments	-	-	-
Cash and investments with fiscal agents	1,921,478	-	-
Accrued interest	4,134	-	-
Total Assets	\$ 11,959,706	\$ 18,732	\$ 11,270,098
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ 120,642	\$ -	\$ 217,154
Accrued liabilities	1,935	-	-
Due to other funds	1,909,892	-	81,553
Unearned revenue	-	-	-
Advances from other funds	1,073,093	-	2,770,000
Deposits payable	400,000	-	-
Due to other governments	-	-	-
Total Liabilities	3,505,562	-	3,068,707
Fund Balances:			
Reserved:			
Reserved for encumbrances	229,070	-	4,898,814
Reserved for prepaid costs	-	-	-
Reserved for deposits	-	-	-
Reserved for land held for resale	9,447,434	-	-
Reserved for advances to other funds	-	-	-
Reserved for contracts and notes	559,275	-	-
Unreserved:			
Designated for future expenditures	-	-	-
Designated for capital projects	-	18,732	3,302,577
Designated for debt service	-	-	-
Undesignated	(1,781,635)	-	-
Total Fund Balances	8,454,144	18,732	8,201,391
Total Liabilities and Fund Balances	\$ 11,959,706	\$ 18,732	\$ 11,270,098

Debt Service Funds					Total Governmental Funds
Redevelopment Area #2	Redevelopment Center City	Redevelopment Cimarron	Guasti Project Area		
\$ 5,676,507	\$ -	\$ 1,119,009	\$ 13,069	\$	54,721,388
-	-	-	-		4,027,679
14,707	9,269	404	-		449,066
82,795	83,878	44,037	2,087		222,585
-	-	-	-		6,723,407
-	-	-	-		34,864
-	-	-	-		453,309
-	1,909,892	81,220	-		2,286,073
-	-	-	-		2,673,093
-	-	-	-		56,081,892
-	-	-	-		728,443
-	732,400	291,499	-		6,838,237
-	1,013	4,162	-		17,661
\$ 5,774,009	\$ 2,736,452	\$ 1,540,331	\$ 15,156	\$	135,257,697
\$ 105,608	\$ -	\$ -	\$ 6,021	\$	3,587,544
-	-	-	-		2,697,598
-	294,961	-	-		2,905,418
-	-	-	-		3,013,720
6,951,030	-	568,892	-		11,752,550
-	-	-	-		423,231
-	-	-	-		4,775,674
7,056,638	294,961	568,892	6,021		29,155,735
-	-	-	-		7,437,790
-	-	-	-		34,864
-	-	-	-		453,309
-	-	-	-		56,081,892
-	-	-	-		2,673,093
-	-	-	-		6,723,407
-	-	-	-		133,064
-	-	-	-		22,599,611
-	2,441,491	971,439	9,135		3,422,065
(1,282,629)	-	-	-		6,542,867
(1,282,629)	2,441,491	971,439	9,135		106,101,962
\$ 5,774,009	\$ 2,736,452	\$ 1,540,331	\$ 15,156	\$	135,257,697

CITY OF ONTARIO

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2005**

	Special Revenue Funds		
	Special Gas Tax	Quiet Home Program	Measure I
Revenues:			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	3,112,026	9,592,797	2,461,207
Charges for services	-	2,055	-
Use of money and property	88,666	50,053	137,309
Fines and forfeitures	-	-	-
Miscellaneous	282,406	-	-
Total Revenues	3,483,098	9,644,905	2,598,516
Expenditures:			
Current:			
General government	-	-	-
Public safety	-	-	-
Community development	3,039,278	6,837,155	3,858,091
Library	-	-	-
Public works	-	-	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Pass-through agreement payments	-	-	-
Total Expenditures	3,039,278	6,837,155	3,858,091
Excess (Deficiency) of Revenues Over Expenditures	443,820	2,807,750	(1,259,575)
Other Financing Sources (Uses):			
Transfers in	800,000	-	-
Transfers out	(2,080,525)	(22,548)	(16,854)
Total Other Financing Sources (Uses)	(1,280,525)	(22,548)	(16,854)
Net Change in Fund Balances	\$ (836,705)	\$ 2,785,202	\$ (1,276,429)
Fund Balances:			
Beginning of year, as originally reported	\$ 3,155,356	\$ 16,370,478	\$ 4,791,828
Restatements	(51,971)	-	-
Beginning of year, as restated	3,103,385	16,370,478	4,791,828
Net Change in Fund Balances	(836,705)	2,785,202	(1,276,429)
Fund Balance, End of Year	\$ 2,266,680	\$ 19,155,680	\$ 3,515,399

Special Revenue Funds					
Park Development	Community Development	Asset Seizure	Mobile Source Air Pollution	Special Assessment/ Fee Districts	Dangerous Buildings
\$ 540,432	\$ -	\$ -	\$ -	\$ 534,051	\$ -
-	3,741,460	-	204,203	-	-
622,877	-	323,362	-	84,474	59,208
25,768	469,214	27,592	5,681	96,892	3,761
-	-	-	-	-	-
-	78,412	-	18,930	257,508	-
1,189,077	4,289,086	350,954	228,814	972,925	62,969
-	-	-	-	-	-
-	-	268,168	-	-	-
7,000	3,140,135	-	89,083	380,057	81,398
-	-	-	-	-	-
99,856	158,286	-	-	505,293	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
106,856	3,298,421	268,168	89,083	885,350	81,398
1,082,221	990,665	82,786	139,731	87,575	(18,429)
-	-	-	-	152,390	-
(5,428)	(246,158)	(13,623)	(4,347)	(48,400)	-
(5,428)	(246,158)	(13,623)	(4,347)	103,990	-
\$ 1,076,793	\$ 744,507	\$ 69,163	\$ 135,384	\$ 191,565	\$ (18,429)
\$ 735,376	\$ 2,367,294	\$ 605,678	\$ 268,568	\$ 1,559,175	\$ 141,186
-	-	-	-	(1,011)	-
735,376	2,367,294	605,678	268,568	1,558,164	141,186
1,076,793	744,507	69,163	135,384	191,565	(18,429)
\$ 1,812,169	\$ 3,111,801	\$ 674,841	\$ 403,952	\$ 1,749,729	\$ 122,757

CITY OF ONTARIO

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2005**

	Special Revenue Funds		
	Facility Maintenance	Storm Drain Maintenance	Ontario Housing Authority
Revenues:			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	-	1,202	5,633,972
Charges for services	-	1,022,514	-
Use of money and property	45,009	53,639	396,744
Fines and forfeitures	-	8,360	-
Miscellaneous	-	14,237	8,000
Total Revenues	45,009	1,099,952	6,038,716
Expenditures:			
Current:			
General government	-	-	-
Public safety	-	-	-
Community development	555,223	809,623	1,558,201
Library	-	-	-
Public works	-	-	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Pass-through agreement payments	-	-	-
Total Expenditures	555,223	809,623	1,558,201
Excess (Deficiency) of Revenues Over Expenditures	(510,214)	290,329	4,480,515
Other Financing Sources (Uses):			
Transfers in	775,200	-	-
Transfers out	-	(61,549)	-
Total Other Financing Sources (Uses):	775,200	(61,549)	-
Net Change in Fund Balances	\$ 264,986	\$ 228,780	\$ 4,480,515
Fund Balances:			
Beginning of year, as originally reported	\$ 1,189,458	\$ 1,978,311	\$ 6,340,960
Restatements	-	(7,373)	-
Beginning of year, as restated	1,189,458	1,970,938	6,340,960
Net Change in Fund Balances	264,986	228,780	4,480,515
Fund Balance, End of Year	\$ 1,454,444	\$ 2,199,718	\$ 10,821,475

Capital Projects Funds

Assessment Districts	Redevelopment Administration	Redevelopment Area #1	Redevelopment Area #2	Redevelopment Cimarron
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	145
80,250	41,021	158,666	86,472	433
-	-	-	-	-
-	-	5,963,715	371	-
80,250	41,021	6,122,381	86,843	578
-	1,051,285	-	423,579	71,964
-	-	-	-	-
7,998	1,518,810	2,900,876	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
7,998	2,570,095	2,900,876	423,579	71,964
72,252	(2,529,074)	3,221,505	(336,736)	(71,386)
-	2,654,232	-	-	50,000
-	-	(1,674,556)	(175,710)	(18,313)
-	2,654,232	(1,674,556)	(175,710)	31,687
\$ 72,252	\$ 125,158	\$ 1,546,949	\$ (512,446)	\$ (39,699)
\$ 3,003,759	\$ 1,260,594	\$ 17,119,769	\$ 3,791,107	\$ 1,113,065
-	-	12,955,320	(436,214)	-
3,003,759	1,260,594	30,075,089	3,354,893	1,113,065
72,252	125,158	1,546,949	(512,446)	(39,699)
\$ 3,076,011	\$ 1,385,752	\$ 31,622,038	\$ 2,842,447	\$ 1,073,366

CITY OF ONTARIO

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2005**

	Capital Projects Funds		
	Redevelopment Center City	Guasti Project Area	Impact Fees
Revenues:			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	-	-	-
Charges for services	-	-	14,293,103
Use of money and property	109,206	610	66,598
Fines and forfeitures	-	-	-
Miscellaneous	1,257	-	578,569
Total Revenues	110,463	610	14,938,270
Expenditures:			
Current:			
General government	803,443	-	-
Public safety	248,544	-	-
Community development	-	1,999	185,825
Library	201,493	-	-
Public works	-	-	6,684,985
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Pass-through agreement payments	-	-	-
Total Expenditures	1,253,480	1,999	6,870,810
Excess (Deficiency) of Revenues Over Expenditures	(1,143,017)	(1,389)	8,067,460
Other Financing Sources (Uses):			
Transfers in	1,200,000	19,167	-
Transfers out	(773,178)	(12,474)	(121,000)
Total Other Financing Sources (Uses)	426,822	6,693	(121,000)
Net Change in Fund Balances	\$ (716,195)	\$ 5,304	\$ 7,946,460
Fund Balances:			
Beginning of year, as originally reported	\$ 9,120,989	\$ 13,428	\$ 254,931
Restatements	49,350	-	-
Beginning of year, as restated	9,170,339	13,428	254,931
Net Change in Fund Balances	(716,195)	5,304	7,946,460
Fund Balance, End of Year	\$ 8,454,144	\$ 18,732	\$ 8,201,391

Debt Service Funds				Total Governmental Funds
Redevelopment Area #2	Redevelopment Center City	Redevelopment Cimarron	Guasti Project Area	
\$ 2,729,640	\$ 1,604,576	\$ 1,033,860	\$ 28,829	\$ 6,471,388
-	-	-	-	24,746,867
50	-	-	-	16,407,788
107,192	54,733	33,126	(57)	2,138,578
-	-	-	-	8,360
-	-	-	-	7,203,405
2,836,882	1,659,309	1,066,986	28,772	56,976,386
2,658,867	23,562	415,647	7,702	5,456,049
-	-	-	-	516,712
-	-	-	-	24,970,752
-	-	-	-	201,493
-	-	-	-	7,448,420
-	395,000	210,000	-	605,000
-	322,845	74,430	-	397,275
609,363	174,712	278,925	-	1,063,000
3,268,230	916,119	979,002	7,702	40,658,701
(431,348)	743,190	87,984	21,070	16,317,685
-	360,581	56,886	-	6,068,456
-	(1,200,000)	(410,581)	(19,167)	(6,904,411)
-	(839,419)	(353,695)	(19,167)	(835,955)
\$ (431,348)	\$ (96,229)	\$ (265,711)	\$ 1,903	\$ 15,481,730
\$ (1,287,496)	\$ 2,537,720	\$ 1,237,150	\$ 7,232	\$ 77,675,916
436,215	-	-	-	12,944,316
(851,281)	2,537,720	1,237,150	7,232	90,620,232
(431,348)	(96,229)	(265,711)	1,903	15,481,730
\$ (1,282,629)	\$ 2,441,491	\$ 971,439	\$ 9,135	\$ 106,101,962

CITY OF ONTARIO

Schedule 3A

**BUDGETARY COMPARISON SCHEDULE
SPECIAL GAS TAX
YEAR ENDED JUNE 30, 2005**

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1 as restated	\$ 3,103,385	\$ 3,103,385	\$ 3,103,385	\$ -
Resources (Inflows):				
Intergovernmental	3,192,300	3,192,300	3,112,026	(80,274)
Use of money and property	75,722	75,722	88,666	12,944
Miscellaneous	311,385	311,385	282,406	(28,979)
Transfers from other funds	800,000	800,000	800,000	-
Amounts Available for Appropriation	7,482,792	7,482,792	7,386,483	(96,309)
Charges to Appropriation (Outflow):				
Community development	4,894,234	4,521,020	3,039,278	1,481,742
Transfers to other funds	2,080,528	2,080,528	2,080,525	3
Total Charges to Appropriation	6,974,762	6,601,548	5,119,803	1,481,745
Budgetary Fund Balance, June 30	\$ 508,030	\$ 881,244	\$ 2,266,680	\$ 1,385,436

**BUDGETARY COMPARISON SCHEDULE
QUIET HOME PROGRAM
YEAR ENDED JUNE 30, 2005**

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 16,370,478	\$ 16,370,478	\$ 16,370,478	\$ -
Resources (Inflows):				
Intergovernmental	13,670,341	17,687,841	9,592,797	(8,095,044)
Charges for services	1,200	1,200	2,055	855
Use of money and property	18,300	18,300	50,053	31,753
Miscellaneous	24,697	24,697	-	(24,697)
Amounts Available for Appropriation	30,085,016	34,102,516	26,015,383	(8,087,133)
Charges to Appropriation (Outflow):				
Community development	13,691,990	17,709,490	6,837,155	10,872,335
Transfers to other funds	22,548	22,548	22,548	-
Total Charges to Appropriation	13,714,538	17,732,038	6,859,703	10,872,335
Budgetary Fund Balance, June 30	\$ 16,370,478	\$ 16,370,478	\$ 19,155,680	\$ 2,785,202

**BUDGETARY COMPARISON SCHEDULE
MEASURE I
YEAR ENDED JUNE 30, 2005**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 4,791,828	\$ 4,791,828	\$ 4,791,828	\$ -
Resources (Inflows):				
Intergovernmental	2,229,693	2,229,693	2,461,207	231,514
Use of money and property	119,737	119,737	137,309	17,572
Miscellaneous	92,566	92,566	-	(92,566)
Amounts Available for Appropriation	7,233,824	7,233,824	7,390,344	156,520
Charges to Appropriation (Outflow):				
Community development	6,913,871	5,215,636	3,858,091	1,357,545
Transfers to other funds	16,854	16,854	16,854	-
Total Charges to Appropriation	6,930,725	5,232,490	3,874,945	1,357,545
Budgetary Fund Balance, June 30	\$ 303,099	\$ 2,001,334	\$ 3,515,399	\$ 1,514,065

**BUDGETARY COMPARISON SCHEDULE
PARK DEVELOPMENT
YEAR ENDED JUNE 30, 2005**

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 735,376	\$ 735,376	\$ 735,376	\$ -
Resources (Inflows):				
Taxes	-	-	540,432	540,432
Charges for services	100,000	250,000	622,877	372,877
Use of money and property	12,417	12,417	25,768	13,351
Amounts Available for Appropriation	847,793	997,793	1,924,453	926,660
Charges to Appropriation (Outflow):				
Community development	-	7,000	7,000	-
Public works	575,860	736,254	99,856	636,398
Transfers to other funds	29,254	29,254	5,428	23,826
Total Charges to Appropriation	605,114	772,508	112,284	660,224
Budgetary Fund Balance, June 30	\$ 242,679	\$ 225,285	\$ 1,812,169	\$ 1,586,884

**BUDGETARY COMPARISON SCHEDULE
COMMUNITY DEVELOPMENT
YEAR ENDED JUNE 30, 2005**

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 2,367,294	\$ 2,367,294	\$ 2,367,294	\$ -
Resources (Inflows):				
Intergovernmental	9,476,906	9,821,312	3,741,460	(6,079,852)
Use of money and property	265,000	265,000	469,214	204,214
Miscellaneous	43,185	43,185	78,412	35,227
Amounts Available for Appropriation	12,152,385	12,496,791	6,656,380	(5,840,411)
Charges to Appropriation (Outflow):				
Community development	7,003,337	7,769,303	3,140,135	4,629,168
Public works	2,535,594	2,114,034	158,286	1,955,748
Transfers to other funds	246,160	246,160	246,158	2
Total Charges to Appropriation	9,785,091	10,129,497	3,544,579	6,584,918
Budgetary Fund Balance, June 30	\$ 2,367,294	\$ 2,367,294	\$ 3,111,801	\$ 744,507

CITY OF ONTARIO

Schedule 3F

**BUDGETARY COMPARISON SCHEDULE
ASSET SEIZURE
YEAR ENDED JUNE 30, 2005**

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 605,678	\$ 605,678	\$ 605,678	\$ -
Resources (Inflows):				
Charges for services	238,500	238,500	323,362	84,862
Use of money and property	18,510	18,510	27,592	9,082
Amounts Available for Appropriation	862,688	862,688	956,632	93,944
Charges to Appropriation (Outflow):				
Public safety	293,995	398,094	268,168	129,926
Transfers to other funds	14,935	14,935	13,623	1,312
Total Charges to Appropriation	308,930	413,029	281,791	131,238
Budgetary Fund Balance, June 30	\$ 553,758	\$ 449,659	\$ 674,841	\$ 225,182

**BUDGETARY COMPARISON SCHEDULE
MOBILE SOURCE AIR POLLUTION
YEAR ENDED JUNE 30, 2005**

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
Budgetary Fund Balance, July 1	\$ 268,568	\$ 268,568	\$ 268,568	\$ -
Resources (Inflows):				
Intergovernmental	187,000	187,000	204,203	17,203
Use of money and property	2,947	2,947	5,681	2,734
Miscellaneous	17,000	17,000	18,930	1,930
Amounts Available for Appropriation	475,515	475,515	497,382	21,867
Charges to Appropriation (Outflow):				
Community development	123,698	123,698	89,083	34,615
Transfers to other funds	6,284	6,284	4,347	1,937
Total Charges to Appropriation	129,982	129,982	93,430	36,552
Budgetary Fund Balance, June 30	\$ 345,533	\$ 345,533	\$ 403,952	\$ 58,419

**BUDGET COMPARISON SCHEDULE
SPECIAL ASSESSMENT/FEE DISTRICTS
YEAR ENDED JUNE 30, 2005**

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1 as restated	\$ 1,558,164	\$ 1,558,164	\$ 1,558,164	\$ -
Resources (Inflows):				
Taxes	553,626	553,626	534,051	(19,575)
Charges for services	100,000	100,000	84,474	(15,526)
Use of money and property	66,062	66,062	96,892	30,830
Miscellaneous	279,262	279,262	257,508	(21,754)
Transfers from other funds	220,000	162,883	152,390	(10,493)
Amounts Available for Appropriation	2,777,114	2,719,997	2,683,479	(36,518)
Charges to Appropriation (Outflow):				
Community development	545,008	548,397	380,057	168,340
Public works	585,670	588,570	505,293	83,277
Transfers to other funds	60,692	60,692	48,400	12,292
Total Charges to Appropriation	1,191,370	1,197,659	933,750	263,909
Budgetary Fund Balance, June 30	\$ 1,585,744	\$ 1,522,338	\$ 1,749,729	\$ 227,391

CITY OF ONTARIO

Schedule 3I

**BUDGETARY COMPARISON SCHEDULE
DANGEROUS BUILDINGS
YEAR ENDED JUNE 30, 2005**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 141,186	\$ 141,186	\$ 141,186	\$ -
Resources (Inflows):				
Charges for services	75,000	75,000	59,208	. (15,792)
Use of money and property	-	-	3,761	3,761
Amounts Available for Appropriation	216,186	216,186	204,155	(12,031)
Charges to Appropriation (Outflow):				
Community development	125,000	126,581	81,398	45,183
Total Charges to Appropriation	125,000	126,581	81,398	45,183
Budgetary Fund Balance, June 30	\$ 91,186	\$ 89,605	\$ 122,757	\$ 33,152

**BUDGETARY COMPARISON SCHEDULE
FACILITY MAINTENANCE
YEAR ENDED JUNE 30, 2005**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,189,458	\$ 1,189,458	\$ 1,189,458	\$ -
Resources (Inflows):				
Use of money and property	38,752	38,752	45,009	6,257
Transfers from other funds	369,700	775,200	775,200	-
Amounts Available for Appropriation	1,597,910	2,003,410	2,009,667	6,257
Charges to Appropriation (Outflow):				
Community development	712,620	835,228	555,223	280,005
Total Charges to Appropriation	712,620	835,228	555,223	280,005
Budgetary Fund Balance, June 30	\$ 885,290	\$ 1,168,182	\$ 1,454,444	\$ 286,262

**BUDGETARY COMPARISON SCHEDULE
STORM DRAIN MAINTENANCE
YEAR ENDED JUNE 30, 2005**

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1 as restated	\$ 1,970,938	\$ 1,970,938	\$ 1,970,938	\$ -
Resources (Inflows):				
Intergovernmental	-	-	1,202	1,202
Charges for services	926,000	926,000	1,022,514	96,514
Use of money and property	39,716	39,716	53,639	13,923
Fines and forfeitures	4,000	4,000	8,360	4,360
Miscellaneous	25,227	25,227	14,237	(10,990)
Amounts Available for Appropriation	2,965,881	2,965,881	3,070,890	105,009
Charges to Appropriation (Outflow):				
Community development	1,058,642	962,929	809,623	153,306
Transfers to other funds	73,273	73,273	61,549	11,724
Total Charges to Appropriation	1,131,915	1,036,202	871,172	165,030
Budgetary Fund Balance, June 30	\$ 1,833,966	\$ 1,929,679	\$ 2,199,718	\$ 270,039

CITY OF ONTARIO

Schedule 3L

**BUDGETARY COMPARISON SCHEDULE
ONTARIO HOUSING AUTHORITY
YEAR ENDED JUNE 30, 2005**

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 6,340,960	\$ 6,340,960	\$ 6,340,960	\$ -
Resources (Inflows):				
Intergovernmental	17,558,949	17,796,504	5,633,972	(12,162,532)
Use of money and property	-	-	396,744	396,744
Miscellaneous	-	-	8,000	8,000
Amounts Available for Appropriation	23,899,909	24,137,464	12,379,676	(11,757,788)
Charges to Appropriation (Outflow):				
Public services	17,558,949	17,796,504	1,558,201	16,238,303
Total Charges to Appropriation	17,558,949	17,796,504	1,558,201	16,238,303
Budgetary Fund Balance, June 30	\$ 6,340,960	\$ 6,340,960	\$ 10,821,475	\$ 4,480,515

**BUDGETARY COMPARISON SCHEDULE
REDEVELOPMENT AREA #1 - DEBT SERVICE
YEAR ENDED JUNE 30, 2005**

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
Budgetary Fund Balance, July 1 as restated	\$ (16,225,357)	\$ (16,225,357)	\$ (16,225,357)	\$ -
Resources (Inflows):				
Taxes	21,267,344	21,267,344	22,197,315	929,971
Use of money and property	304,883	304,883	320,100	15,217
Transfers from other funds	323,114	323,114	323,114	-
Amounts Available for Appropriation	5,669,984	5,669,984	6,615,172	945,188
Charges to Appropriation (Outflow):				
General government	4,511,052	2,188,657	1,718,821	469,836
Debt service:				
Principal	5,766,821	5,766,821	3,623,900	2,142,921
Interest and fiscal charges	7,660,155	7,660,155	9,184,603	(1,524,448)
Pass-through agreement payments	1,794,432	1,794,432	1,861,668	(67,236)
Total Charges to Appropriation	19,732,460	17,410,065	16,388,992	1,021,073
Budgetary Fund Balance, June 30	\$ (14,062,476)	\$ (11,740,081)	\$ (9,773,820)	\$ 1,966,261

**BUDGETARY COMPARISON SCHEDULE
REDEVELOPMENT AREA #2 - DEBT SERVICE
YEAR ENDED JUNE 30, 2005**

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1 as restated	\$ (851,281)	\$ (851,281)	\$ (851,281)	\$ -
Resources (Inflows):				
Taxes	2,241,132	2,241,132	2,729,640	488,508
Charges for services	-	-	50	50
Use of money and property	71,150	71,150	107,192	36,042
Transfers from other funds	-	2,607,406	-	(2,607,406)
Amounts Available for Appropriation	1,461,001	4,068,407	1,985,601	(2,082,806)
Charges to Appropriation (Outflow):				
General government	2,651,939	2,658,938	2,658,867	71
Debt service:				
Principal	270,652	79,421	-	79,421
Interest and fiscal charges	27,065	31,154	-	31,154
Pass-through agreement payments	378,191	609,391	609,363	28
Total Charges to Appropriation	3,327,847	3,378,904	3,268,230	110,674
Budgetary Fund Balance, June 30	\$ (1,866,846)	\$ 689,503	\$ (1,282,629)	\$ (1,972,132)

**BUDGETARY COMPARISON SCHEDULE
REDEVELOPMENT CENTER CITY - DEBT SERVICE
YEAR ENDED JUNE 30, 2005**

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 2,537,720	\$ 2,537,720	\$ 2,537,720	\$ -
Resources (Inflows):				
Taxes	1,442,323	1,442,323	1,604,576	162,253
Use of money and property	45,205	45,205	54,733	9,528
Transfers from other funds	360,581	360,581	360,581	-
Amounts Available for Appropriation	4,385,829	4,385,829	4,557,610	171,781
Charges to Appropriation (Outflow):				
General government	28,846	28,846	23,562	5,284
Debt service:				
Principal	1,300,788	1,300,788	395,000	905,788
Interest and fiscal charges	413,424	413,424	322,845	90,579
Pass-through agreement payments	157,754	157,754	174,712	(16,958)
Transfers to other funds	-	1,200,000	1,200,000	-
Total Charges to Appropriation	1,900,812	3,100,812	2,116,119	984,693
Budgetary Fund Balance, June 30	\$ 2,485,017	\$ 1,285,017	\$ 2,441,491	\$ 1,156,474

**BUDGETARY COMPARISON SCHEDULE
REDEVELOPMENT CIMARRON - DEBT SERVICE
YEAR ENDED JUNE 30, 2005**

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 1,237,150	\$ 1,237,150	\$ 1,237,150	\$ -
Resources (Inflows):				
Taxes	854,563	854,563	1,033,860	179,297
Use of money and property	31,408	31,408	33,126	1,718
Transfers from other funds	56,886	456,886	56,886	(400,000)
Amounts Available for Appropriation	2,180,007	2,580,007	2,361,022	(218,985)
Charges to Appropriation (Outflow):				
General government	417,091	419,091	415,647	3,444
Debt service:				
Principal	276,199	248,199	210,000	38,199
Interest and fiscal charges	81,050	81,050	74,430	6,620
Pass-through agreement payments	240,346	266,346	278,925	(12,579)
Transfers to other funds	360,581	410,581	410,581	-
Total Charges to Appropriation	1,375,267	1,425,267	1,389,583	35,684
Budgetary Fund Balance, June 30	\$ 804,740	\$ 1,154,740	\$ 971,439	\$ (183,301)

**BUDGETARY COMPARISON SCHEDULE
REDEVELOPMENT GUASTI PROJECT AREA - DEBT SERVICE
YEAR ENDED JUNE 30, 2005**

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
Budgetary Fund Balance, July 1	\$ 7,232	\$ 7,232	\$ 7,232	\$ -
Resources (Inflows):				
Taxes	52,726	52,726	28,829	(23,897)
Use of money and property	-	-	(57)	(57)
Amounts Available for Appropriation	59,958	59,958	36,004	(23,954)
Charges to Appropriation (Outflow):				
General government	35,320	35,320	7,702	27,618
Transfers to other funds	19,167	19,167	19,167	-
Total Charges to Appropriation	54,487	54,487	26,869	27,618
Budgetary Fund Balance, June 30	\$ 5,471	\$ 5,471	\$ 9,135	\$ 3,664

**COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
JUNE 30, 2005**

	<u>Equipment Services</u>	<u>Self Insurance</u>	<u>Information Technology</u>	<u>Totals</u>
Assets:				
Current:				
Cash and investments	\$ 16,296,401	\$ 10,113,919	\$ 4,368,510	\$ 30,778,830
Receivables:				
Accounts	47,456	109,241	35,527	192,224
Interest	62,364	-	26,083	88,447
Prepays expenses	-	93,042	169,361	262,403
Inventories	353,154	-	-	353,154
Total Current Assets	16,759,375	10,316,202	4,599,481	31,675,058
Noncurrent:				
Capital assets, net of accumulated depreciation	10,426,295	-	919,572	11,345,867
Total Noncurrent Assets	10,426,295	-	919,572	11,345,867
Total Assets	\$ 27,185,670	\$ 10,316,202	\$ 5,519,053	\$ 43,020,925
Liabilities and Net Assets:				
Liabilities:				
Current:				
Accounts payable	\$ 239,948	\$ 52,982	\$ 153,463	\$ 446,393
Accrued liabilities	96,362	15,891	99,637	211,890
Claims and judgments payable	-	7,955,508	-	7,955,508
Total Current Liabilities	336,310	8,024,381	253,100	8,613,791
Long-Term:				
Compensated absences	184,570	22,477	172,531	379,578
Total Liabilities	520,880	8,046,858	425,631	8,993,369
Net Assets:				
Invested in capital assets, net of related debts	10,426,295	-	919,572	11,345,867
Unrestricted	16,238,495	2,269,344	4,173,850	22,681,689
Total Net Assets	26,664,790	2,269,344	5,093,422	34,027,556
Total Liabilities and Net Assets	\$ 27,185,670	\$ 10,316,202	\$ 5,519,053	\$ 43,020,925

**COMBINING STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2005**

	Equipment Services	Self Insurance	Information Technology	Totals
Operating Revenues:				
Sales and service charges	\$ 83,484	\$ -	\$ 2,829	\$ 86,313
Miscellaneous	8,256,214	6,405,384	4,705,523	19,367,121
Total Operating Revenues	8,339,698	6,405,384	4,708,352	19,453,434
Operating Expenses:				
Materials and supplies	2,868,016	3,899	503,103	3,375,018
Claims expense	-	3,201,436	-	3,201,436
Administration and general	2,251,815	2,299,942	3,013,994	7,565,751
Depreciation	2,207,261	-	400,561	2,607,822
Total Operating Expenses	7,327,092	5,505,277	3,917,658	16,750,027
Operating Income (Loss)	1,012,606	900,107	790,694	2,703,407
Non-Operating Revenues (Expenses):				
Interest revenue	434,666	5,468	67,438	507,572
Grant revenue	35,082	-	-	35,082
Gain on disposition of assets	230,406	-	-	230,406
Total Non-Operating Revenues (Expenses)	700,154	5,468	67,438	773,060
Income Before Transfers	1,712,760	905,575	858,132	3,476,467
Transfers in	1,100,000	-	-	1,100,000
Transfers out	(41,001)	(6,632)	(76,524)	(124,157)
Change in Net Assets	<u>\$ 2,771,759</u>	<u>\$ 898,943</u>	<u>\$ 781,608</u>	<u>\$ 4,452,310</u>
Net Assets:				
Beginning of fiscal year, as originally reported	\$ 23,917,545	\$ 1,373,745	\$ 4,336,830	\$ 29,628,120
Restatements	(24,514)	(3,344)	(25,016)	(52,874)
Beginning of fiscal year, as restated	23,893,031	1,370,401	4,311,814	29,575,246
Change in Net Assets	<u>2,771,759</u>	<u>898,943</u>	<u>781,608</u>	<u>4,452,310</u>
End of Fiscal Year	<u>\$ 26,664,790</u>	<u>\$ 2,269,344</u>	<u>\$ 5,093,422</u>	<u>\$ 34,027,556</u>

THIS PAGE INTENTIONALLY LEFT BLANK

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
JUNE 30, 2005

	Equipment Services	Self Insurance	Information Technology	Totals
Cash Flows from Operating Activities:				
Cash received from customers and users	\$ 8,335,943	\$ 6,405,234	\$ 4,672,825	\$ 19,414,002
Cash payments to supplies for goods and services	(3,407,182)	(2,869,267)	(659,300)	(6,935,749)
Cash payments to employees for services	(2,232,649)	(2,291,285)	(2,978,308)	(7,502,242)
Net Cash Provided (Used) by Operating Activities	2,696,112	1,244,682	1,035,217	4,976,011
Cash Flows from Non-Capital Financing Activities:				
Advances to other funds	-	6,565,220	-	6,565,220
Cash transfer to other funds	(41,001)	(6,632)	(76,524)	(124,157)
Cash transfer from other funds	1,100,000	-	-	1,100,000
Subsidy from grants	35,082	-	-	35,082
Net Cash Provided (Used) by Non-Capital Financing Activities	1,094,081	6,558,588	(76,524)	7,576,145
Cash Flows from Capital and Related Financing Activities:				
Purchases of capital assets	(2,802,469)	-	(322,825)	(3,125,294)
Proceeds from sales of capital assets	230,406	-	-	230,406
Net Cash Provided (Used) by Capital and Related Financing Activities	(2,572,063)	-	(322,825)	(2,894,888)
Cash Flows from Investing Activities:				
Interest received	397,558	5,468	57,035	460,061
Net Cash Provided (Used) by Investing Activities	397,558	5,468	57,035	460,061
Net Increase (Decrease) in Cash and Cash equivalents	1,615,688	7,808,738	692,903	10,117,329
Cash and Cash Equivalents at Beginning of Year	14,680,713	2,305,181	3,675,607	20,661,501
Cash and Cash Equivalents at End of Year	\$16,296,401	\$10,113,919	\$ 4,368,510	\$ 30,778,830

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
JUNE 30, 2005

	Equipment Services	Self Insurance	Information Technology	Totals
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ 1,012,606	\$ 900,107	\$ 790,694	\$ 2,703,407
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Fund balance restatement	(24,514)	(3,344)	(25,016)	(52,874)
Depreciation	2,207,261	-	400,561	2,607,822
(Increase) decrease in accounts receivable	(3,755)	(150)	(35,527)	(39,432)
(Increase) decrease in prepaid expense	-	30,815	(11,284)	19,531
(Increase) decrease in inventories	11,972	-	-	11,972
Increase (decrease) in accounts payable	(551,138)	11,442	(144,913)	(684,609)
Increase (decrease) in accrued liabilities	31,566	4,915	29,631	66,112
Increase (decrease) in compensated absences payable	12,114	7,086	31,071	50,271
Increase (decrease) in claims and judgments payable	-	293,811	-	293,811
Total Adjustments	1,683,506	344,575	244,523	2,272,604
Net Cash Provided (Used) by Operating Activities	\$ 2,696,112	\$ 1,244,682	\$ 1,035,217	\$ 4,976,011

Non-Cash Investing, Capital, and Financing Activities:

There were no non-cash activities during the year.

CITY OF ONTARIO
COMBINING BALANCE SHEET
ALL AGENCY FUNDS
JUNE 30, 2005

	Redevelopment Financing Authority	West End Communications Authority	Ontario Redevelopment Agency Grove Avenue Apartments
Assets:			
Cash and investments	\$ 343,240	\$ 2,085,408	\$ 11,015
Receivables:			
Accounts	-	-	1,903
Taxes	-	-	-
Accrued interest	2,460	26,648	-
Deposits	-	1,118	-
Other investments	195,220,172	-	-
Restricted assets:			
Cash with fiscal agent	4,707,812	-	-
Accrued interest	6,158	-	-
Total Assets:	<u>\$ 200,279,842</u>	<u>\$ 2,113,174</u>	<u>\$ 12,918</u>
Liabilities:			
Accounts payable	\$ -	\$ 9,611	\$ 10,476
Accrued liabilities	-	5,169	-
Due to bondholders	-	-	-
Due to other governments	200,279,842	2,098,394	2,442
Total Liabilities	<u>\$ 200,279,842</u>	<u>\$ 2,113,174</u>	<u>\$ 12,918</u>

Assessment District 106 Bond Redemption	Sanitary Collection Treatment	Reassessment Bond Redemption	Assessment District 100A Bond Redemption	Assessment District 100C Bond Redemption
\$ 627,586	\$ 5,058,355	\$ 2,228,606	\$ 924,074	\$ 704,233
-	-	-	-	-
-	-	6,206	27,291	-
5,975	-	24,695	25,112	6,976
-	-	-	-	-
-	-	-	-	-
450,029	-	-	949,503	420,215
909	-	-	-	820
\$ 1,084,499	\$ 5,058,355	\$ 2,259,507	\$ 1,925,980	\$ 1,132,244
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
1,084,499	-	2,259,507	1,925,980	1,132,244
-	5,058,355	-	-	-
\$ 1,084,499	\$ 5,058,355	\$ 2,259,507	\$ 1,925,980	\$ 1,132,244

CITY OF ONTARIO
COMBINING BALANCE SHEET
ALL AGENCY FUNDS
JUNE 30, 2005

	Assessment District 103 Bond Redemption	Assessment District 104 Bond Redemption	Assessment District 108 Bond Redemption
Assets:			
Cash and investments	\$ 1,370,977	\$ 644,831	\$ 833,625
Receivables:			
Accounts	-	-	-
Taxes	13,834	-	4,297
Interest	19,435	5,277	20,106
Deposits	-	-	-
Other investments	-	-	-
Restricted assets:			
Cash with fiscal agent	1,268,494	315,814	1,167,705
Interest receivable	2,475	616	2,360
Total Assets:	\$ 2,675,215	\$ 966,538	\$ 2,028,093
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-
Due to bondholders	2,675,215	966,538	2,028,093
Due to other governments	-	-	-
Total Liabilities	\$ 2,675,215	\$ 966,538	\$ 2,028,093

Assessment District 107 Bond Redemption	West End Fire and Emergency Response Commission	Community Facilities District No.5 Debt Service	Totals
\$ 2,124,767	\$ 339,149	\$ 1,402,184	\$ 18,698,050
-	-	-	1,903
10,357	-	6,611	68,596
23,037	6,106	11,612	177,439
-	-	-	1,118
-	-	-	195,220,172
1,470,912	-	1,016,679	11,767,163
2,869	-	63	16,270
\$ 3,631,942	\$ 345,255	\$ 2,437,149	\$ 225,950,711
\$ -	\$ 2,614	\$ -	\$ 22,701
-	116	-	5,285
3,631,942	-	2,437,149	18,141,167
-	342,525	-	207,781,558
\$ 3,631,942	\$ 345,255	\$ 2,437,149	\$ 225,950,711

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
YEAR ENDED JUNE 30, 2005**

	<u>Balance July 1, 2004</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2005</u>
<u>Redevelopment Financing Authority</u>				
Assets:				
Cash and investments	\$ 334,288	\$ 7,195,366	\$ 7,186,414	\$ 343,240
Receivables:				
Accrued interest	1,645	2,460	1,645	2,460
Other investments	149,511,205	52,320,000	6,611,033	195,220,172
Restricted assets:				
Cash with fiscal agent	4,680,252	12,586,040	12,558,480	4,707,812
Accrued interest	1,326	6,158	1,326	6,158
Total Assets	\$ 154,528,716	\$ 72,110,024	\$ 26,358,898	\$ 200,279,842
Liabilities:				
Due to other governments	\$ 154,528,716	\$ 46,210,000	\$ 458,874	\$ 200,279,842
Total Liabilities	\$ 154,528,716	\$ 46,210,000	\$ 458,874	\$ 200,279,842
<u>West End Communications Authority</u>				
Assets:				
Cash and investments	\$ 1,807,012	\$ 948,426	\$ 670,030	\$ 2,085,408
Receivables:				
Accrued interest	21,479	26,648	21,479	26,648
Deposits	1,118	-	-	1,118
Total Assets	\$ 1,829,609	\$ 975,074	\$ 691,509	\$ 2,113,174
Liabilities:				
Accounts payable	\$ 3,426	\$ 9,611	\$ 3,426	\$ 9,611
Accrued liabilities	4,949	5,169	4,949	5,169
Due to other governments	1,821,234	277,160	-	2,098,394
Total Liabilities	\$ 1,829,609	\$ 291,940	\$ 8,375	\$ 2,113,174
<u>Ontario Redevelopment Agency - Grove Avenue Apartments</u>				
Assets:				
Cash and investments	\$ 10,241	\$ 771,732	\$ 770,958	\$ 11,015
Receivables:				
Accounts	-	1,903	-	1,903
Total Assets	\$ 10,241	\$ 773,635	\$ 770,958	\$ 12,918
Liabilities:				
Accounts payable	\$ 7,900	\$ 10,476	\$ 7,900	\$ 10,476
Due to other governments	2,341	101	-	2,442
Total Liabilities	\$ 10,241	\$ 10,577	\$ 7,900	\$ 12,918

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
YEAR ENDED JUNE 30, 2005**

	<u>Balance July 1, 2004</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2005</u>
Assessment District				
<u>No. 106 Bond Redemption</u>				
Assets:				
Cash and investments	\$ 604,258	\$ 471,292	\$ 447,964	\$ 627,586
Receivables:				
Accrued interest	5,001	5,975	5,001	5,975
Restricted assets:				
Cash with fiscal agent	447,576	434,913	432,460	450,029
Accrued interest	188	909	188	909
Total Assets	<u>\$ 1,057,023</u>	<u>\$ 913,089</u>	<u>\$ 885,613</u>	<u>\$ 1,084,499</u>
Liabilities:				
Due to bondholders	\$ 1,057,023	\$ 27,476	\$ -	\$ 1,084,499
Total Liabilities	<u>\$ 1,057,023</u>	<u>\$ 27,476</u>	<u>\$ -</u>	<u>\$ 1,084,499</u>
<u>Sanitary Collection Treatment</u>				
Assets:				
Cash and investments	\$ 5,132,842	\$ 5,103,042	\$ 5,177,529	\$ 5,058,355
Total Assets	<u>\$ 5,132,842</u>	<u>\$ 5,103,042</u>	<u>\$ 5,177,529</u>	<u>\$ 5,058,355</u>
Liabilities:				
Due to other governments	\$ 5,132,842	\$ -	\$ 74,487	\$ 5,058,355
Total Liabilities	<u>\$ 5,132,842</u>	<u>\$ -</u>	<u>\$ 74,487</u>	<u>\$ 5,058,355</u>
<u>Reassessment Bond Redemption</u>				
Assets:				
Cash and investments	\$ 2,152,847	\$ 2,296,796	\$ 2,221,037	\$ 2,228,606
Receivables:				
Taxes	9,390	6,206	9,390	6,206
Accrued interest	22,935	24,695	22,935	24,695
Total Assets	<u>\$ 2,185,172</u>	<u>\$ 2,327,697</u>	<u>\$ 2,253,362</u>	<u>\$ 2,259,507</u>
Liabilities:				
Due to bondholders	\$ 2,185,172	\$ 74,335	\$ -	\$ 2,259,507
Total Liabilities	<u>\$ 2,185,172</u>	<u>\$ 74,335</u>	<u>\$ -</u>	<u>\$ 2,259,507</u>

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
YEAR ENDED JUNE 30, 2005**

	<u>Balance July 1, 2004</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2005</u>
Assessment District				
<u>No. 100A Bond Redemption</u>				
Assets:				
Cash and investments	\$ 899,971	\$ 693,247	\$ 669,144	\$ 924,074
Receivables:				
Taxes	-	27,291	-	27,291
Accrued interest	21,892	25,112	21,892	25,112
Restricted assets:				
Cash with fiscal agent	949,501	658,955	658,953	949,503
Total Assets	<u>\$ 1,871,364</u>	<u>\$ 1,404,605</u>	<u>\$ 1,349,989</u>	<u>\$ 1,925,980</u>
Liabilities:				
Due to bondholders	\$ 1,871,364	\$ 54,616	\$ -	\$ 1,925,980
Total Liabilities	<u>\$ 1,871,364</u>	<u>\$ 54,616</u>	<u>\$ -</u>	<u>\$ 1,925,980</u>
Assessment District				
<u>No. 100C Bond Redemption</u>				
Assets:				
Cash and investments	\$ 705,067	\$ 428,379	\$ 429,213	\$ 704,233
Receivables:				
Accrued interest	5,892	6,976	5,892	6,976
Restricted assets:				
Cash with fiscal agent	417,934	410,845	408,564	420,215
Accrued interest	163	820	163	820
Total Assets	<u>\$ 1,129,056</u>	<u>\$ 847,020</u>	<u>\$ 843,832</u>	<u>\$ 1,132,244</u>
Liabilities:				
Due to bondholders	\$ 1,129,056	\$ 3,188	\$ -	\$ 1,132,244
Total Liabilities	<u>\$ 1,129,056</u>	<u>\$ 3,188</u>	<u>\$ -</u>	<u>\$ 1,132,244</u>
Assessment District				
<u>No. 103 Bond Redemption</u>				
Assets:				
Cash and investments	\$ 1,279,308	\$ 1,369,864	\$ 1,278,195	\$ 1,370,977
Receivables:				
Taxes	3,817	13,834	3,817	13,834
Accrued interest	18,395	19,435	18,395	19,435
Restricted assets:				
Cash with fiscal agent	1,261,586	1,283,097	1,276,189	1,268,494
Accrued interest	490	2,475	490	2,475
Total Assets	<u>\$ 2,563,596</u>	<u>\$ 2,688,705</u>	<u>\$ 2,577,086</u>	<u>\$ 2,675,215</u>

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
YEAR ENDED JUNE 30, 2005**

	Balance July 1, 2004	Additions	Deletions	Balance June 30, 2005
Liabilities:				
Due to bondholders	\$ 2,563,596	\$ 111,619	\$ -	\$ 2,675,215
Total Liabilities	\$ 2,563,596	\$ 111,619	\$ -	\$ 2,675,215
Assessment District No. 104 Bond Redemption				
Assets:				
Cash and investments	\$ 601,964	\$ 354,702	\$ 311,835	\$ 644,831
Receivables:				
Taxes	1,236	-	1,236	-
Accrued interest	4,145	5,277	4,145	5,277
Restricted assets:				
Cash with fiscal agent	314,102	304,357	302,645	315,814
Accrued interest	122	616	122	616
Total Assets	\$ 921,569	\$ 664,952	\$ 619,983	\$ 966,538
Liabilities:				
Due to bondholders	\$ 921,569	\$ 44,969	\$ -	\$ 966,538
Total Liabilities	\$ 921,569	\$ 44,969	\$ -	\$ 966,538
Assessment District No. 108 Bond Redemption				
Assets:				
Cash and investments	\$ 796,967	\$ 1,294,225	\$ 1,257,567	\$ 833,625
Receivables:				
Taxes	4,381	4,297	4,381	4,297
Accrued interest	19,666	20,106	19,666	20,106
Restricted assets:				
Cash with fiscal agent	1,151,203	1,249,440	1,232,938	1,167,705
Accrued interest	483	2,360	483	2,360
Total Assets	\$ 1,972,700	\$ 2,570,428	\$ 2,515,035	\$ 2,028,093
Liabilities:				
Due to bondholders	\$ 1,972,700	\$ 55,393	\$ -	\$ 2,028,093
Total Liabilities	\$ 1,972,700	\$ 55,393	\$ -	\$ 2,028,093
Assessment District No. 107 Bond Redemption				
Assets:				
Cash and investments	\$ 1,872,009	\$ 1,682,950	\$ 1,430,192	\$ 2,124,767
Receivables:				
Taxes	4,754	10,357	4,754	10,357
Accrued interest	20,635	23,037	20,635	23,037
Restricted assets:				
Cash with fiscal agent	1,463,203	1,438,018	1,430,309	1,470,912
Accrued interest	569	2,869	569	2,869
Total Assets	\$ 3,361,170	\$ 3,157,231	\$ 2,886,459	\$ 3,631,942

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
YEAR ENDED JUNE 30, 2005**

	<u>Balance July 1, 2004</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2005</u>
Liabilities:				
Due to bondholders	\$ 3,361,170	\$ 270,772	\$ -	\$ 3,631,942
Total Liabilities	\$ 3,361,170	\$ 270,772	\$ -	\$ 3,631,942
West End Fire and Emergency Response Commission				
Assets:				
Cash and investments	\$ 322,509	\$ 45,628	\$ 28,988	\$ 339,149
Receivables:				
Accrued interest	5,309	6,106	5,309	6,106
Total Assets	\$ 327,818	\$ 51,734	\$ 34,297	\$ 345,255
Liabilities:				
Accounts payable	\$ -	\$ 2,614	\$ -	\$ 2,614
Accrued liabilities	-	116	-	116
Due to other governments	327,818	14,707	-	342,525
Total Liabilities	\$ 327,818	\$ 17,437	\$ -	\$ 345,255
Community Facilities District No. 5 Debt Service				
Assets:				
Cash and investments	\$ 1,308,979	\$ 1,131,602	\$ 1,038,397	\$ 1,402,184
Receivables:				
Taxes	1,711	6,611	1,711	6,611
Accrued interest	9,824	11,612	9,824	11,612
Restricted assets				
Cash with fiscal agent	1,017,550	1,007,165	1,008,036	1,016,679
Accrued interest	13	63	13	63
Total Assets	\$ 2,338,077	\$ 2,157,053	\$ 2,057,981	\$ 2,437,149
Liabilities:				
Due to bondholders	\$ 2,338,077	\$ 99,072	\$ -	\$ 2,437,149
Total Liabilities	\$ 2,338,077	\$ 99,072	\$ -	\$ 2,437,149

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
YEAR ENDED JUNE 30, 2005**

	<u>Balance July 1, 2004</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2005</u>
<u>Totals - All Agency Funds</u>				
Assets:				
Cash and investments	\$ 17,828,262	\$ 23,787,251	\$ 22,917,463	\$ 18,698,050
Receivables:				
Accounts	-	1,903	-	1,903
Taxes	25,289	68,596	25,289	68,596
Accrued interest	156,818	177,439	156,818	177,439
Deposits	1,118	-	-	1,118
Other investments	149,511,205	52,320,000	6,611,033	195,220,172
Restricted assets:				
Cash with fiscal agent	11,702,907	19,372,830	19,308,574	11,767,163
Accrued interest	3,354	16,270	3,354	16,270
Total Assets	<u>\$ 179,228,953</u>	<u>\$ 95,744,289</u>	<u>\$ 49,022,531</u>	<u>\$ 225,950,711</u>
Liabilities:				
Accounts payable	\$ 11,326	\$ 22,701	\$ 11,326	\$ 22,701
Accrued liabilities	4,949	5,285	4,949	5,285
Due to bondholders	17,399,727	741,440	-	18,141,167
Due to other governments	161,812,951	46,501,968	533,361	207,781,558
Total Liabilities	<u>\$ 179,228,953</u>	<u>\$ 47,271,394</u>	<u>\$ 549,636</u>	<u>\$ 225,950,711</u>

This page intentionally left blank.