



**CITY OF RIALTO
CALIFORNIA**

**Fiscal Year Ended
June 30, 2018**

Comprehensive Annual Financial Report

CITY OF RIALTO, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
Year Ended June 30, 2018

PREPARED BY THE FINANCE DEPARTMENT

City of Rialto, California
Comprehensive Annual Financial Report
Year Ended June 30, 2018

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INTRODUCTORY SECTION



City of Rialto

California

September 24, 2019

Honorable Mayor, Mayor Pro Tem, Members of the City Council, and Citizens of Rialto:

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the City of Rialto, California (City) for the fiscal year ended June 30, 2018. Responsibility for the accuracy of this data, and the completeness and fairness of its presentation, including all disclosures, rests with the City. To the best of our knowledge, the enclosed data are accurate in all material respects and are reported in a manner which presents fairly the financial position and operational results of the City. All disclosures necessary to enable the reader to gain an understanding of the City's activities have been included.

The financial statements are prepared in accordance with the Generally Accepted Accounting Principles (GAAP) as promulgated by the Government Accounting Standards Board (GASB). This report consists of management's representations concerning the finances of the City of Rialto, California. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft and misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls have been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by Teaman, Ramirez & Smith, Inc., a public accounting firm fully licensed and qualified to perform audits of the State and local governments within the State of California. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Rialto, California, for the fiscal year ended June 30, 2018, are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and, evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, there was a reasonable basis for rendering an unmodified opinion that the City of Rialto, California's financial statements for the fiscal year ended June 30, 2018, and they are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the special needs of Federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair representation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of Federal awards. These reports will be available in the City's separately issued Single Audit Report.

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

THE REPORTING ENTITY AND ITS SERVICES

The financial reporting entity includes all the funds of the City, as well as all of its component units. The City is the primary government. The component units are the Rialto Public Financing Authority (the Financing Authority), the Rialto Utility Authority (the Utility Authority), the Rialto Nonprofit Public Building Authority (the Building Authority), and the Rialto Housing Authority (the Housing Authority).

The City was incorporated in 1911 as a general law city and operates under a Council-Manager form of government.

The Financing Authority was formed in 1988 to provide a financing mechanism for the public projects of the City and the Redevelopment Agency of the City of Rialto (Agency). The Agency is now dissolved, but the Authority still continues to exist.

The Rialto Utility Authority (Utility Authority) was created on May 1, 2001. The Utility Authority was formed to provide for the lease, ownership, operation, maintenance, construction and financing of the Water and Wastewater Utility systems and any other utility system or service.

The Rialto Nonprofit Public Building Authority (Building Authority) was established in 1988 to provide financial assistance to the City by financing, refinancing, acquiring, constructing, improving, leasing, selling or otherwise conveying property of any kind to the City.

The Rialto Housing Authority (Housing Authority) was created on November 4, 2003. The Housing Authority enables the City to engage in more aggressive housing market intervention, including the acquisition of property, rehabilitation and/or development of affordable housing.

SUCCESSOR AGENCY to the REDEVELOPMENT AGENCY of the CITY of RIALTO

The Agency was formed in 1977 with the objective of providing long-term financing of capital improvements designed to eliminate physical and economic blight in the designated project area. On December 29, 2011, the California Supreme Court upheld Assembly Bill x1 26 ("the Bill") that provides for the dissolution of all redevelopment agencies in the State of California. The Bill provides that upon dissolution of a redevelopment agency, the entity that established the redevelopment agency may elect to serve as the "Successor Agency". The Successor Agency holds the assets of the former redevelopment agency until they are distributed to other units of state and local government after the payment of enforceable obligations that were in effect as of the signing of the Bill. On September 27, 2011, the City elected to become the Successor Agency. On February 1, 2012, the Agency was dissolved and the Successor Agency to the Redevelopment Agency of the City of Rialto (Successor Agency) was created. The Successor Agency is included as a fiduciary fund (private purpose trust fund).

PROFILE OF THE CITY OF RIALTO

The City of Rialto provides a full range of services to its residents with a total regular full-time staff of approximately 344 and part-time staff of approximately 34.42 full time equivalent employees. Major services such as attorney, library, transit, street sweeping and landscape maintenance are provided through contractual⁹ arrangements. The City provides services such as fire, police, affordable housing, economic development, planning, code compliance, recreation programs, vector/animal control, park and facilities maintenance, street maintenance, city engineering, and administrative management services with city employees.

HISTORY OF THE CITY OF RIALTO

In 1851, the Mountain Family purchased part of the Lugo family's Rancho San Bernardino, and claimed several other portions of the bench which later became known as Rialto. This claim was later amended by the United States Government, permitting them a smaller fraction of the initial purchase.

In the fall of 1888, the first school was built and Brooke School District was formed. Records show that up until 1920, the Brooke School District was in continuous operation, except for a very short time in 1888. The prominent Rialto Trapp family bought the first school house in 1921, remodeled the building, and members of the family resided in it until it was destroyed by fire. The Rialto School District (today Rialto Unified School District), was formed in 1891. The staff consisted of two teachers and a principal with separate play areas for the boys and girls.

The Chamber of Commerce was established in 1907. The Chamber incorporated in the spring of 1911. By 1911 the population had grown to 1,500 with 40 businesses and a local newspaper. The election results on October 31 of the same year were 135 for the incorporation of the city and 72 against. The City was incorporated with a Council-Manager form of government. The Mayor is elected at large to serve a four-year term. The four Council Members are elected at large to serve staggered four-year terms. The City of Rialto is 4 miles (6.4 km) wide and 8.5 miles (13.7 km) long and is currently at a population of approximately 106,528 (source: California Department of Finance).

BUDGETARY CONTROL

The City prepares an annual budget consistent with Generally Accepted Accounting Principles (GAAP) for all governmental funds on a modified accrual basis where revenues are recognized when they become measurable and available to finance expenditures of the current period. Expenditures are recorded when the goods or services are received and the liabilities are incurred.

Department directors are responsible, not only to accomplish particular goals within each program, but also to monitor budget allocations consistent to the funding levels adopted by the City Council prior to July 1 of the budget year.

In addition, the City maintains budgetary control through the use of an encumbrance accounting system. As purchase orders are issued, corresponding amounts are encumbered for later payments to ensure that budget amounts are not over-spent.

INTERNAL CONTROLS

The City's management is responsible for developing and establishing an internal control structure to ensure that the assets of the government are protected from loss, theft, misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with GAAP. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: 1) the cost of a control should not exceed the benefits likely to be derived; and 2) the valuation of the costs and benefits requires estimates and judgments by management.

APPROPRIATION LIMIT

Article XIII B of the California Constitution (Proposition 4), commonly referred to as the "Gann Initiative" was approved by California voters in 1979, which placed limits on the amount of proceeds of taxes that State and Local agencies can appropriate and spend each fiscal year. In addition, voters approved Proposition 111 in 1990 to further increase the accountability of local government in adopting their limits by requiring the governing body to annually adopt, by resolution, an appropriation limit for the upcoming fiscal year. The appropriation limit and the City's appropriations subject to the limit for fiscal year 2017-18 amounted to \$74,558,838 and \$68,459,504 respectively.

CASH MANAGEMENT

The City Treasurer is responsible for investing cash temporarily idle during the year in accordance with the State Government Code and the Investment Policy adopted by the City Council. The City diversified its investment portfolio by utilizing several investment instruments. At fiscal year end June 30, 2018, approximately \$104.3 million was invested in Corporate Notes; \$86.6 million in various Agency Securities and Negotiable Certificates of Deposit; \$39.9 million in the State Treasurer's Local Agency Investment Fund (LAIF); and, \$15.8 million in the CalTrust Investment Pool.

The cash management system of the City is designed to monitor revenues and expenditures to ensure the investment of monies to the fullest extent possible. The criteria for selecting investments and the order of priority are (a) safety, (b) liquidity, and (c) yield. The underlying objective of the City's policy is to obtain the highest interest rate yields, and at the same time, ensure that money is available when needed and all deposits are insured by the Federal Deposit Insurance Corporation or collateralized.

CAPITAL ASSETS

In accordance with GASB Statement No. 34, the City has reported all capital assets including infrastructure in the Government-Wide Statement of Net Position. The City elected to use the basic approach for all infrastructures reporting, whereby depreciation expense and accumulated depreciation have been recorded. Capital assets for the fiscal year ended June 30, 2018 have a net ending balance of \$234.2 million.

LONG-TERM LIABILITIES/BONDED INDEBTEDNESS

As of June 30, 2018, the City has certificates of participation and other long-term liabilities in the amount of \$35.0 million. The \$35.0 million of long-term liabilities includes \$13.3 million for potential claims payable; \$7.5 million for employee compensated absences (accrued leave); \$8.4 million for the capital leases (Energy Efficiency Project and Clean Renewable Energy Bonds); \$3.6 million for a margin loan (Citywide Street Light Acquisition and Conversion Project), \$1.2 million for notes payable (financing for the Rialto Senior Center), and \$1.0 million for certificates of participation (2007 Refunding Certificates of Participation).

The City provides retirement benefits (pension) by contributing to the California Public Employees Retirement System (CalPERS). The City pays 100% of the Annual Required Contributions (ARC), as calculated by CalPERS and as of June 30, 2018, the plan is 70% funded.

The City provides postemployment health care benefits through the California Public Employees Retirement System (CalPERS) healthcare program entitled Public Employees' Medical and Welfare Trust Medical Plan (PEMHCA). The City has elected to join the Public Agency Retirement Systems OPEB Trust (the "Trust") in accordance with GASB No. 43, which provides a means to fund the Annual Required Contribution (ARC) OPEB obligations. The City accounts for this liability, per GASB 45, Other Post-Employment Benefits (OPEB). The actuarial valuation as of June 30, 2017, and shows the OPEB liability is 30% funded.

The Successor Agency has the 2018 Tax Allocation Revenue Refunding Bonds, 2015 Tax Allocation Refunding Bonds, 2014 Tax Allocation Revenue Refunding Bonds, and the 2008 Tax Allocation Bonds outstanding in the amounts of \$28.5 million, \$41.7 million, \$13.5 million, and \$44.0 million, respectively. The purpose of the 2018 Tax Allocation Revenue Refunding Bonds was to defease \$35.8 million of outstanding 2008 Tax Allocation Revenue Refunding Bonds Series A. The purpose of the 2015 Tax Allocation Refunding Bonds was to advance refund the Agency's previously issued 2005 Tax Allocation Bonds. The purpose of the 2014 Bonds was to advance refund the Agency's previously issued 2003 Tax Allocation Bonds. The purpose of the 2008 bonds were to finance a portion of the costs of implementing the Redevelopment Plan and fund redevelopment activities within the Agency project area.

RISK MANAGEMENT

The City retains the risk of loss for general liability and workers' compensation claims of up to \$350,000 and \$400,000, respectively, per person per occurrence. The City has established the General Liability and Workers' Compensation Internal Service Funds to account for and finance uninsured risks of loss related to general liabilities and workers' compensation claims, respectively.

The City is also a member of the Public Agency Risk Sharing Authority of California (PARSAC) for general liability, a public entity risk pool consisting of a consortium 36 cities in California. PARSAC was established to pool resources, share risks, purchase excess insurance and share costs for professional risk management and claims administration.

The City carries commercial insurance, as well, for all other risks of loss, including employee health, property, fire, water, boiler and machinery insurance.

AWARD

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended June 30, 2017. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. Our current comprehensive annual financial report meets the Certificate of Achievement Program's requirements however due to the delay incurred in producing the 2017-18 report as a result of staff turnover, we will once again pursue the GFOA certificate for 2019-20.

ACKNOWLEDGEMENT

We would like to express appreciation to all City staff that assisted and contributed to the preparation of this report, particularly to the members of the Finance Department. We would also like to extend our appreciation to the auditors, Teaman, Ramirez & Smith, Inc., Certified Public Accountants for their professional assistance. As in the past, the CAFR is available on the City's website at www.RialtoCa.gov.

Respectfully submitted,



Rod Foster
City Administrator



Jessica Brown
Finance Director

Directory of Officials



DEBORAH ROBERTSON
MAYOR



ED SCOTT
MAYOR PRO TEM



JOE BACA JR.
COUNCIL MEMBER



RAFAEL TRUJILLO
COUNCIL MEMBER



ANDY GARRIZALES
COUNCIL MEMBER



BARBARA A. MCGEE
CITY CLERK



EDWARD J. CARRILLO
CITY TREASURER

Organizational Chart

Citizens of Rialto

City Treasurer

Investments
Cash Receipting/Receivables
Animal Licensing, Cemetery (Records)

Mayor and City Council

City Administrator Administration

City Clerk

Record Keeping, Public Information, City Elections, Municipal Code/Ordinances, Agendas and Minutes, Commissions

City Attorney

Development Services Dept. / Assistant City Administrator 820-8017	Building Services Planning Services Code Enforcement Business Licensing Economic Development Housing Downtown Revitalization RDA Project Area
Public Works Department 421-7229	Engineering Maintenance: Facilities Fleet Parks Streets Traffic Safety Water & Wastewater Waste Management Cemetery (Maintenance) Capital Projects
Police Department 820-2550	Operations: Patrol, Dispatch, Animal Control, Crime Prevention Support: Investigations, Records, Property, Budget, Crime Analysis Community Outreach
Fire Department 820-2501	Suppression Prevention Disaster Preparation Paramedic Ambulance
Human Resources/Risk Management Dept. 820-2540	Classification/Compensation Recruitment/Selection Employee Development Labor Relations Benefits/Rideshare Risk Management
Administrative Services Dept. 820-2544	Budgeting Financial Reporting Payroll Accounts Payable Utility Users Tax CDBG ITS Purchasing
Community Services Dept. 820-2519	Child Development Neighborhood & Senior Citizen Services Classes, Excursions, Special Events, Sports Racquet/Fitness Ctr, Pool, Playhouse Community Center Cultural Arts Adult/Youth Sports
Management Services Dept. 820-2519	Rialto Network Passport Services Notary Services Healthy Rialto Claims Bid Openings (Construction)



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Rialto
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

The Honorable City Council
of the City of Rialto
Rialto, California

Report on Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Rialto, California, as of June 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principle

As described in Note 1E to the basic financial statements, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information on pages 4 through 15 and 98 through 105 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, supplementary schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary schedules is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 16, 2019, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of

our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Teaman Ramirez & Smith, Inc.

Riverside, California
September 16, 2019

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MANAGEMENT'S DISCUSSION & ANALYSIS

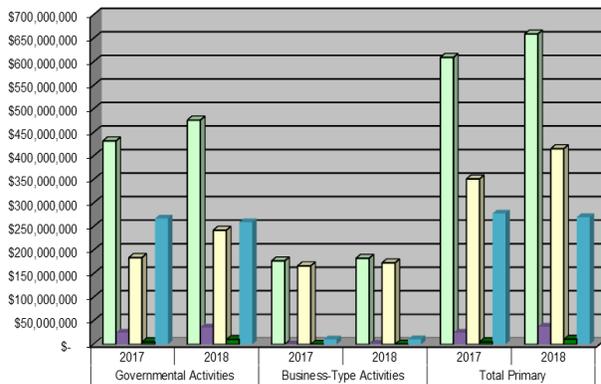
The management of the City of Rialto has prepared this narrative overview and analysis of the financial activities of the City for the Fiscal Year (FY) ended June 30, 2018. This discussion and analysis is intended to serve as an introduction to the City's basic financial statements and to provide financial comparisons with the previous year. Please read this information in conjunction with the City's financial statements, which follow this section.



FINANCIAL HIGHLIGHTS

- As of June 30, 2017, the City's net position was \$277.9 million. On June 30, 2018, the City's combined net position was \$270.3 million, which is a decrease of \$7.5 million (see Chart 1) from the prior year. The decrease is primarily due to a \$40.0 million dollar increase in Net OPEB Liability, and a \$11.9 million increase in Net Pension Liability. "Net position" represents the difference between the City's resources (total assets), deferred outflows of resources, its obligations (total liabilities) and deferred inflows of resources.
- The most significant change in total assets was a \$36.4 million increase in cash and investments. The increase in cash and investments is primarily a result of the City selling a significant portion of property held for resale. The cash and investments balance as of June 30, 2018 is \$225.7 million, which includes \$21.4 million in RUA cash and investments. The City is selling former airport land to increase its industrial and commercial footprint.
- Total Primary Government Assets increased by \$26.0 million which mainly resulted from a \$36.4 million increase in cash and investments.
- Total liabilities increased \$64.3 million predominantly due to a \$40.0 million increase in Net OPEB Liability and \$11.5 million dollar increase in Net Pension Liability
- The Statement of Revenues, Expenditures, and Changes in Fund Balances for Governmental Funds reported an increase in fund balance of \$12.9 million. The key contributing factors were an increase in "Other Financing Sources" due to \$6.1 million in proceeds from Capital Lease and a \$3.6 million in proceeds from Margin Loan. The City of Rialto updating to a more energy efficient infrastructure and financed the funds needed for the upgrades.
- Total General Fund revenues for the fiscal year 2018 totaled \$87.4 million, representing a \$2.2 million increase from the prior year. General Fund expenditures totaled \$82.9 million, coming in under budget by \$11.4 million. Approximately \$8.9 million capital related has been carried-forward to fiscal year 2019 budget.
- Tax Revenue of \$58.4 million, attributed mostly to sales tax, utility users tax (UUT), and property tax, increased by \$7 million from last year. This was primarily due to the rebounding economy and development in the City.
- As of June 30, 2018, the General Fund - fund balance totaled \$72.9 million, of which \$6.7 million is considered non-spendable, as it represents prepaid items, deposits, advances to other funds, and inventory. The total remaining fund balance after non-spendable fund balances is \$65.3 million of which \$23.0 million has been assigned per Council Action to be used for specific projects or purposes, including capital projects and encumbrances. Thus, \$41.5 million is available for contingencies. The City's General Fund reserve policy is to maintain a minimum balance of 50% of the next year's General Fund expenditure budget. As of June 30, 2018, the reserve policy was fulfilled with \$41.5 million in General Fund unassigned fund balance available for contingencies, representing 51% of the fiscal year 2018 amended General Fund expenditure budget.

CHART 1—NET POSITION



	2017	2018	2017	2018	2017	2018
TOTAL ASSETS	\$432,222,348	\$476,360,009	\$177,403,546	\$182,925,064	\$609,625,894	\$659,285,073
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$24,773,599	\$36,119,240	\$69,833	\$1,458,085	\$24,843,432	\$37,577,325
TOTAL LIABILITIES	\$184,474,822	\$242,453,488	\$166,868,537	\$173,231,002	\$351,343,359	\$415,684,490
TOTAL DEFERRED INFLOWS OF RESOURCES	\$5,257,414	\$10,415,682	\$-	\$420,712	\$5,257,414	\$10,836,394
TOTAL NET POSITION	\$267,263,711	\$259,610,079	\$10,604,942	\$10,731,435	\$277,868,553	\$270,341,514

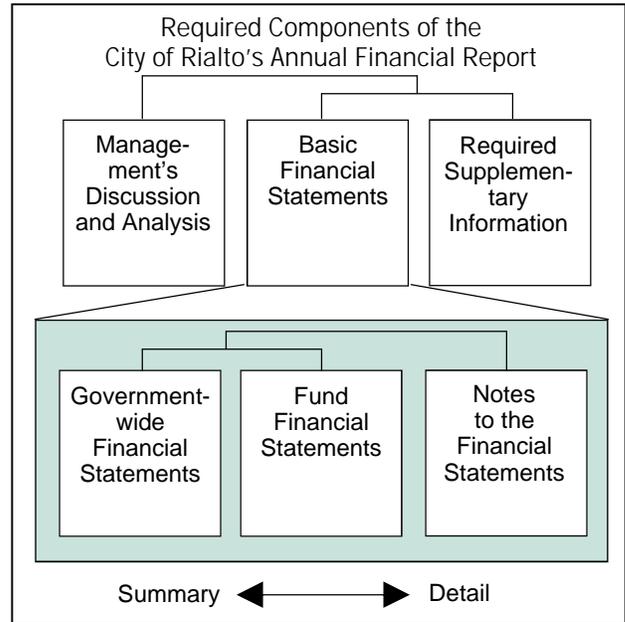
OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts: Management's Discussion and Analysis (this section), the basic financial statements, required supplementary information, and supplementary information that present combining statements for non-major governmental funds, non-major enterprise funds, and internal service funds and agency funds. The basic financial statements include two kinds of statements that present different views of the City.

- The government-wide financial statements provide both long-term and short-term information about the City's overall financial status in a manner similar to a private-sector business.
- The fund financial statements focus on individual parts of the City government and report the City's operations in a more detailed format than the government-wide statements.

The fund statements can be divided into three categories:

- *Governmental fund statements* tell how general government services such as police, fire, public works and special revenue funds were financed in the short-term, as well as what remains for future spending.
- *Proprietary fund statements* offer short-term and long-term financial information about the activities the City operates like businesses, such as utilities services, the airport, the cemetery and the recreation department.
- *Fiduciary fund statements* provide information about the financial relationships in which the City acts solely as a trustee or agent for the benefit of other governmental units, private organizations, or individuals to whom the resources belong.



The notes to the financial statements provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements. This report also presents certain required supplementary information including budgetary comparison schedules for governmental funds. The notes to the required supplementary information present information concerning the City's budget process.

In addition to these required elements, combining statements and schedules that provide details about non-major governmental funds, and non-major enterprise funds, internal service funds, and agency funds are also presented.



G OVERNMENT-WIDE FINANCIAL STATEMENTS

REPORTING THE CITY AS A WHOLE

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. The statement of activities reports all of the current year's revenues and expenses regardless of when cash is received or paid.

The two government-wide financial statements report the City's net position and how it has changed during the fiscal year. Over time, increases or decreases in the City's net position is an indicator of whether its financial position is improving.

The two government-wide financial statements of the City are divided as follows:

- *Governmental Activities*—Most of the City's basic services are included here, such as police, fire, public works, redevelopment, and general government. Governmental activities are financed by taxes, revenues

from other government agencies, state/federal grants, and charges for services.

- *Business-type Activities*—Certain services provided by the City are funded by customer fees. Among these are the City's water, wastewater, airport, recreation, and cemetery services.

Except for the Successor Agency, the government-wide financial statements include not only the City itself, but also legally separate component units such as: Rialto Non-profit Public Building Authority, the Rialto Public Financing Authority, Rialto Utility Authority and Rialto Housing Authority. These component units, while legally separate from the City, provide services entirely or almost exclusively for the benefit of the City. Therefore, these component units are blended with the City government because of their governance and their financial relationships with the City.

F UND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the City's most significant funds, not the City as a whole. A fund is an accounting entity with a self-balancing set of accounts that the City uses to keep track of resources that have been segregated for specific activities or objectives.

The City has three types of funds:

- *Governmental funds*—Most of the City's basic services are included in governmental funds, which are used to account for (1) short-term inflows and outflows of spendable resources, and (2) the remaining year-end balances available for spending. Due to the fact that this information does not encompass the additional long-term focus of the government-wide statements, a reconciliation that explains the relationship (or differences) between governmental funds and governmental activities follow each of the governmental funds statements.
- *Proprietary funds*—Services for which customer fees are intended to finance the costs of operations are generally reported in proprietary funds. Proprietary funds and financial statements, like the government-wide

statements, provide both long-term and short-term financial information.

- ◇ Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements.
- ◇ Internal service funds report activities that provide services for the City's other programs and activities, such as the City's Fleet Fund, Worker's Compensation, General Liability, Management Information System, and Engineering and Development Services.
- *Fiduciary funds*—Fiduciary funds are used to account for resources held for the benefit of parties outside of the City. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the City's fiduciary activities are reported in a separate Statement of Fiduciary Net Position. We exclude these activities from the City's government-wide financial statements because the City cannot use these assets to finance its operations.



FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS

The government-wide financial statements provide long-term and short-term information about the City's overall financial condition. This analysis addresses the financial statements of the City as a whole.

NET POSITION

Net position represents the difference between the City's resources and its obligations. Over time, net position may serve as an indication of a government's financial position. The City's combined net position as of June 30, 2018, as shown in Table 1, was \$270.0 million.

The City utilizes three classifications for net position: net investment in capital assets, restricted and unrestricted.

Net investment in capital assets: Of the total primary government net position, 15.0% represents net investment in capital assets (i.e., land, buildings, machinery, equipment, and infrastructure). The City uses capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Restricted: An additional portion of the City's net position, which equates to 49.2%, represents resources subject to external restrictions on how they may be used, such as, transportation, development, grants and debt service reserve requirements for the outstanding bonds.

Unrestricted: The remaining balance represents (\$173.5) million in unrestricted net position or (64.2%) of the total net position. This portion reflects the amount available to meet ongoing obligations to citizens and creditors. Unrestricted net position is (\$70.8) million and (\$102.6) million for governmental and business-type activities, respectively.

TABLE 1—SUMMARY OF NET POSITION

	SUMMARY OF NET POSITION AS OF JUNE 30, 2017 AND 2018						TOT % CHG
	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL PRIMARY GOVERNMENT		
	2017	2018	2017	2018	2017	2018	
CURRENT AND OTHER ASSETS	\$217,336,978	\$242,207,521	\$89,812,155	\$92,215,598	\$307,149,133	\$334,423,119	8.88%
CAPITAL ASSETS	214,885,370	224,152,488	87,591,391	90,709,466	302,476,761	324,861,954	7.40%
TOTAL ASSETS	\$432,222,348	\$476,360,009	\$177,403,546	\$182,925,064	\$609,625,894	\$659,285,073	8.15%
DEFERRED OUTFLOWS OF RESOURCES							
DEFERRED LOSS ON REFUNDING, NET OF ACCUMULATED AMORTIZATION	\$10,440	\$7,829			\$10,440	\$7,829	-25.01%
DEFERRED AMOUNT FROM PENSION/OPEB PLANS	23,937,314	36,111,411	69,833	1,458,085	24,007,147	37,569,496	56.49%
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$23,947,754	\$36,119,240	\$69,833	\$1,458,085	\$24,017,587	\$37,577,325	56.46%
CURRENT LIABILITIES	\$43,292,796	\$48,275,391	\$7,670,843	\$10,060,116	\$50,963,639	\$58,335,507	14.46%
NON-CURRENT LIABILITIES	(4,667,157)	33,795,620	(2,090,668)	(704,966)	(6,657,825)	33,090,655	-597.02%
TOTAL LIABILITIES	\$38,625,639	\$82,071,011	\$5,580,175	\$9,355,151	\$44,305,814	\$91,426,162	106.36%
DEFERRED INFLOWS OF RESOURCES							
DEFERRED AMOUNT FROM PENSION/OPEB PLANS	5,257,414	10,415,682	-	538,431	5,257,414	10,954,113	100.00%
TOTAL DEFERRED INFLOWS OF RESOURCES	\$5,257,414	\$10,415,682	\$0	\$538,431	\$5,257,414	\$10,954,113	100.00%
NET POSITION:							
NET INVESTMENT IN CAPITAL ASSETS	\$209,841,810	\$219,905,555	\$62,212,159	\$90,709,466	\$272,053,969	\$310,615,021	14.17%
RESTRICTED FOR:							
COMMUNITY DEVELOPMENT	87,530,406	98,612,074	-	-	87,530,406	98,612,074	12.66%
PUBLIC SAFETY	8,626,884	11,855,944	-	-	8,626,884	11,855,944	29.66%
DEBT SERVICE	715,966	712,582	-	-	715,966	712,582	-0.47%
WATER AND WASTEWATER	-	-	20,118,774	22,365,851	20,118,774	22,365,851	10.93%
OTHER	-	-	-	301,030	-	301,030	0.00%
UNRESTRICTED	(39,451,355)	(70,806,076)	(71,769,911)	(102,644,312)	(112,205,446)	(173,450,988)	55.96%
TOTAL NET POSITION	\$267,263,711	\$259,610,079	\$10,604,842	\$10,731,435	\$277,868,553	\$270,341,514	-2.7%

CHANGES IN NET POSITION

The combined net position of the primary government decreased this fiscal year from \$277.9 million, at June 30, 2017, to \$270.3 million at June 30, 2018. The governmental activities' total net position has decreased by \$7.7 million while business-type net position decreased by \$174 thousand over the prior year.

The most significant changes to the primary government's net position were a result of total assets increasing \$44.1

million, primarily resulting from a \$36.4 million increase in cash and investments and a \$22.4 million increase in capital assets.

The \$64.3 million increase in the primary government's total liabilities resulted predominantly due to a \$40.0 million increase in Net OPEB Liabilities and a 11.9 million increase in Net Pension Liability.

REVENUES

Revenues for fiscal year ended June 30, 2018 were approximately \$178.7 million. The largest source of revenue for fiscal year 2018 comes from charges for services at 42.5%. The second largest source are tax revenues, which include property taxes, sales taxes, utility users tax, and other taxes, account for 31.5% (see Chart 2) These two sources equal 74% of the City's revenue.

Compared to fiscal year 2017, total revenues decreased by \$10.6 million, or 5.6%. This resulted primarily from a \$17.0 million decrease in Charges for Services. The decrease in Charges for Services is primarily attributable to development agreements and developer impact fees which were very high last year do to the Renaissance Project. The City Table 2 provides information on the major revenue sources and comparisons between the current and prior fiscal year. Revenue sources that show significant changes are discussed in more detail below.

Charges for services represent program revenues from governmental activities, including public safety services, inspections, and permits, as well as from business-type activities, including water, wastewater, and recreation services. Total charges for services decreased \$17.0 million in fiscal year 2018, resulting in a 18.4% decrease over the prior fiscal year. Charges for services decrease primarily due to development agreements and development impact fees. The City has saw a significant surge in development in fiscal year 2017 as result of repurposing property previously used as an airport.

Property taxes increased by 13.0% due to an increase of \$2.9 million related to a \$1.0 million increase for in lieu property tax (Vehicles License Fees) and a \$1.4 million increase in the pass through of tax increment as result of the dissolution of the Rialto Redevelopment Agency.

Total grants contribution increased by \$9.2 million in fiscal year 2018, reflecting a \$7.5 million increase in operating grants and a \$1.7 million increase in capital grants.

CHART 2—SOURCES OF REVENUE

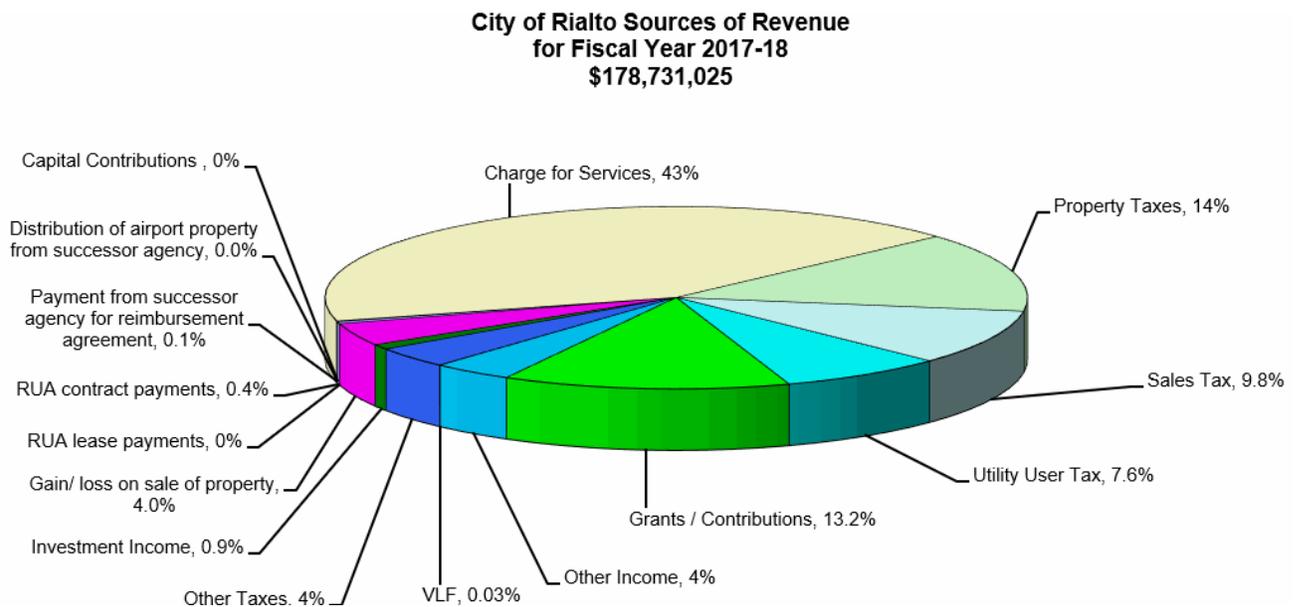


TABLE 2—SOURCES OF REVENUE

Revenues	20 17	20 18	Increase / (Decrease)	CHG %	% of Total Revenue
Charge for Services	\$92,922,994	\$75,892,729	(\$ 17,030,265)	-18.3%	43%
Property Taxes	22,307,476	25,201,214	2,893,738	13.0%	14%
Sales Tax	14,532,085	17,593,261	3,061,176	21.1%	10%
Utility User Tax	12,731,020	13,592,657	861,637	6.8%	7.6%
Grants / Contributions	14,313,717	23,505,665	9,191,948	64.2%	13%
Other Income	6,145,763	6,544,407	398,644	6.5%	3.7%
VLF	48,082	56,075	7,993	100.0%	0.03%
Other Taxes	5,983,924	6,616,297	632,373	10.6%	4%
Investment Income	353,882	1,592,895	1,239,013	350.1%	0.9%
Gain sale on property	18,212,865	7,206,526	(11,006,339)	-100.0%	4.0%
RUA contract payments	1,167,530	742,000	(425,530)	-36.4%	0.4%
Payment from successor agency for reimbursement agreement	574,314	187,299	(387,015)	-67.4%	0.1%
Capital Contributions	-	-	-	100.0%	0.0%
Total Revenue	\$ 189,293,652	\$ 178,731,025	(\$ 10,562,627)	-5.6%	100%

EXPENSES

Expenses for the City totaled \$143.6 million, a decrease of 4.2% from fiscal year 2017 (see Table 3).

Governmental Activities totaled \$102.7 million, or 72% of total expenses. Governmental activities are grouped by functional activity. General Government includes Administration, City Clerk, City Treasurer, Finance, Human Resources and Code Enforcement. Community Development includes Public Works and Special Revenue funds functions. Public Safety includes Police and Fire services. Government Other includes interest on long-term debt.

Business-type activities totaled \$40.9 million, or 28% of total expenses. Business-type activities are also grouped by functional activity. These typically represent activities performed in exchange for a fee. Wastewater and Water utility services are provided to over 20,000 customers. Recreation services are partially paid by those requesting participation in a certain program. About 77% of the recreation activities were subsidized by general revenues and not supported by charges for services. “Business Other” includes Cemetery services.

General Government expenses decreased by \$7.8 million primarily due to a \$5.7 million decrease in expenses related to pass-through development agreements and over a \$2 million decrease in legal fees in city’s workers liability and general liability funds.

Community Development expenses increased by \$0.9 million, due to a \$3.1 million increase in GASB 34 capital outlay allocated to the Community Development function of government.

Public safety had a minor expense increased of \$102 thousand. The City recorded the impact of the Flores decision in fiscal year 2017 in the amount of approximately \$2.7 million and continues to pay Flores overtime rates for classic employees.

CHART 3—FUNCTIONAL EXPENSES

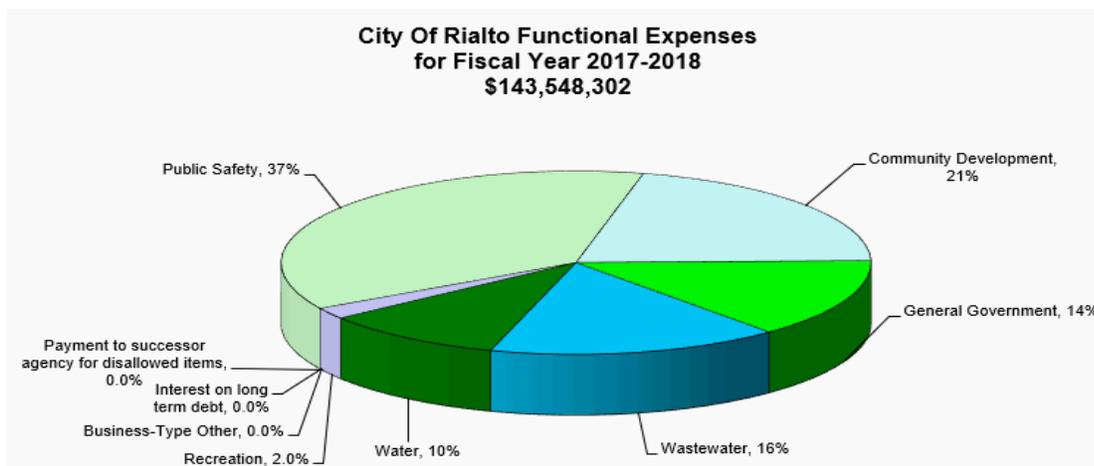


TABLE 3—FUNCTIONAL EXPENSES

Expenses	2017	2018	INCREASE / (DECREASE)	CHG %	% OF TOTAL EXPENSES
Governmental Activities					
General Government	\$27,670,283	\$19,885,751	(\$7,784,532)	-28.1%	14%
Community Development	28,506,818	29,404,226	897,408	3.1%	21%
Public Safety	52,952,706	53,055,098	102,392	0.2%	37%
Interest on long term debt	84,307	323,872	239,565	284.2%	0.00%
Government Sub Total	\$109,214,114	\$102,668,947	(\$6,545,167)	-6.0%	72%
Business-Type Activities					
Wastewater	\$24,200,053	\$23,397,142	(\$802,911)	-3.3%	16%
Water	12,740,471	13,832,547	1,092,076	8.6%	10%
Airport	10,929	127,653	116,724	1068.0%	0%
Recreation	3,572,043	3,456,616	(115,427)	-3.2%	2%
Business Other	80,900	65,397	(15,503)	-19.2%	0.00%
Business Sub Total	\$40,604,396	\$40,879,355	\$274,959	0.7%	28%
Total Expenses	\$149,818,510	\$143,548,302	(\$6,270,208)	-4.2%	100%

GOVERNMENTAL ACTIVITIES

Most of the City's basic services are classified as Governmental activities, such as police, fire, public works, community development, and general government. Governmental activities are financed by taxes, revenues from other government agencies, state/federal grants, and charges for services.

Chart 4 compares the total cost of each of the City's major functions. In Table 4A, the Governmental Activities net cost deficit of \$48.2 million is funded by general revenues. The significant change in Community Development is a result of a significant decrease in development. In Table 4B, the program revenues and major revenues show a decrease of 11% primarily related to a significant decrease in Charges for Services (also development related).

CHART 4—GOVERNMENTAL ACTIVITIES

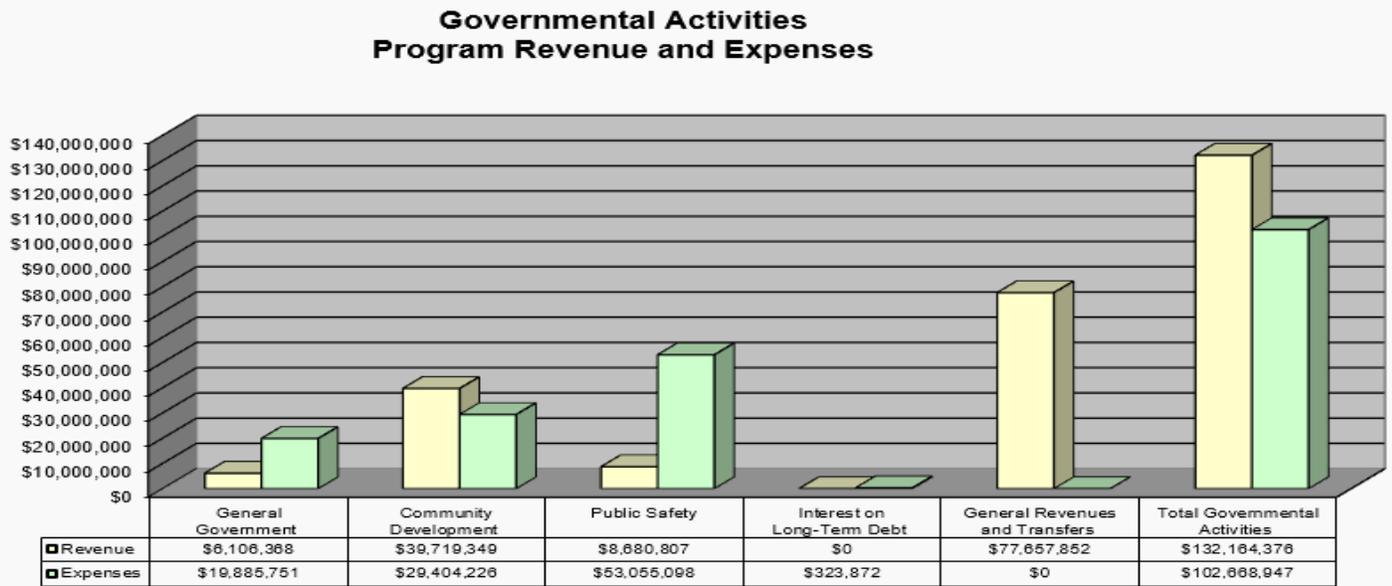


TABLE 4A—GOVERNMENTAL ACTIVITIES

Governmental Activities	Revenue			Expenses			Net Cost		
	2017	2018	% of Chg	2017	2018	% of Chg	2017	2018	% of Chg
General Government	\$3,515,680	\$6,106,368	73.7%	\$27,670,283	\$19,885,751	-28.1%	(\$24,154,603)	(\$13,779,383)	-43.0%
Community Development	57,563,542	39,719,349	-31.0%	28,506,818	29,404,226	3.1%	29,056,724	10,315,123	-64.5%
Public Safety	5,735,399	8,680,807	51.4%	52,952,706	53,055,098	0.2%	(47,217,307)	(44,374,291)	-6.0%
Interest on Long-Term Debt	-	-	-	84,307	323,872	284.2%	(84,307)	(323,872)	284.2%
Subtotal Governmental Activities	\$66,814,621	\$54,506,524	-18.4%	\$109,214,114	\$102,668,947	-6.0%	(\$42,399,493)	(\$48,162,423)	13.6%
General Revenues and Transfers	81,928,540	77,657,852	-5.2%	-	-	0.0%	81,928,540	77,657,852	-5.2%
Total Governmental Activities	\$148,743,161	\$132,164,376	-11.1%	\$109,214,114	\$102,668,947	-6.0%	\$39,529,047	\$29,495,429	-25.4%

TABLE 4B—GOVERNMENTAL ACTIVITIES-PROGRAM AND GENERAL REVENUES

Revenues	2017	2018	Increase / (Decrease)	CHG %	% of Total Revenue
Program revenues					
Charge for Services	\$52,854,374	\$31,132,755	(\$21,721,619)	-41.1%	24%
Operating Grants and Contributions	\$10,058,467	\$17,599,694	\$7,541,227	75.0%	13%
Capital Grants and Contributions	\$3,901,780	\$5,774,075	\$1,872,295	48.0%	4%
General revenues:					
Property Taxes	\$22,306,582	\$25,201,016	2,894,434	13.0%	19%
Utility User Tax	\$12,731,020	\$13,592,657	861,637	6.8%	10%
Sales Tax	\$14,532,085	\$17,593,261	3,061,176	21.1%	13%
Other Taxes	6,032,006	6,672,372	640,366	10.6%	5%
Other General Revenues	4,797,508	7,229,682	2,432,174	50.7%	5%
RUA Payments	3,167,530	2,742,000	(425,530)	-13.4%	2%
Transfers	\$17,784,644	\$3,963,598	(13,821,046)	77.7%	3%
Gain sale on property	\$2,851	\$475,967	473,116	16594.7%	0%
Payment from successor agency for reimbursement agreement	\$574,314	\$187,299	(387,015)	-67.4%	0%
Total Revenue	\$148,743,161	\$132,164,376	(\$16,578,785)	-11.1%	100%

BUSINESS-TYPE ACTIVITIES

Certain services provided by the City are funded by customer fees. Among these are the City's water, wastewater, airport, recreation, and cemetery services.

The increase in net position for business activities was approximately \$5.7 million. The increase is a result of total expenses of business activities of \$40.9 million coming in under program revenue of \$44.9 million and general revenues and transfers totaling \$1.7 million (discussed below).

The \$44.9 million received in program revenues consists of \$44.8 million in charge for services. This is an increase of \$4.8 million when compared to last year, which is primarily attributable to an increase of water and water service fees collected. These revenues are depicted in Chart 5.

Business-type general revenues and transfers reported a transfer of \$1.7 million. The \$1.6 million difference between fiscal year 2017 and 2018 was mainly due an increase in airport property sales recorded in the Airport and transferred to the General Fund in fiscal year 2018 as a result of the closure and no capital contributions in fiscal year 2018.

Wastewater revenues exceeded expenses by \$5.7 million, which, in comparison to last year's \$2.1 million, is a increase of \$3.6 million. The surplus is primarily a result of an increase in Sewer Collection Fee revenue and Sewer Treatment Fee revenue. The City is also currently analyzing its wastewater operations and has engaged a consultant to prepare a revenue requirement analysis to determine the amount of revenue needed to fully fund the cost of wastewater operations.

Water revenues exceeded expenses by \$1.0 million, which, in comparison to last year's \$0.3 million surplus, is a increase of \$0.7 million. The surplus was primarily a result of an increase in Water Sales revenue. The City is continuing to analyze its water operations and has engaged a consultant to prepare a revenue requirement analysis to determine the amount of revenue needed to continue to fully fund the cost of water operations.

CHART 5—BUSINESS-TYPE ACTIVITIES

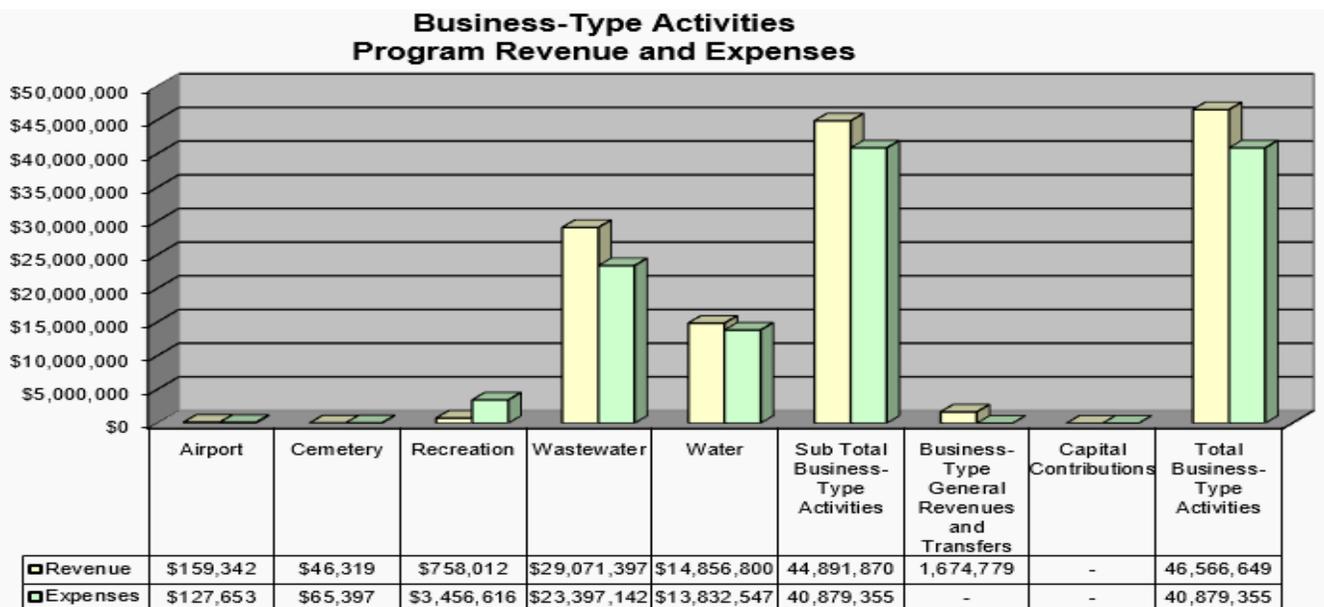


TABLE 5 –BUSINESS-TYPE ACTIVITIES

Business-Type Activities	Revenue			Expenses			Net Cost		
	2017	2018	% of Chg	2017	2018	% of Chg	2017	2018	% of Chg
Airport	\$32,979	\$159,342	383.2%	\$10,929	\$127,653	1068.0%	\$22,050	\$31,689	43.7%
Cemetery	65,867	46,319	-29.7%	80,900	65,397	-19.2%	(15,033)	(19,078)	-26.9%
Recreation	895,340	758,012	-15.3%	3,572,043	3,456,616	-3.2%	(2,676,703)	(2,698,604)	-0.8%
Wastewater	26,308,267	29,071,397	10.5%	24,200,053	23,397,142	-3.3%	2,108,214	5,674,255	-169.1%
Water	13,119,637	14,856,800	13.2%	12,740,471	13,832,547	8.6%	379,166	1,024,253	-170.1%
Sub Total Business-Type Activities	\$40,422,090	\$44,891,870	11.1%	\$40,604,396	\$40,879,355	0.7%	(\$182,306)	\$4,012,515	2301.0%
Business-Type General Revenues and Transfers	128,401	1,674,779	1204.3%	-	-	0.0%	128,401	1,674,779	1204.3%
Total Business-Type Activities	\$40,550,491	\$46,566,649	14.8%	\$40,604,396	\$40,879,355	0.7%	(\$53,905)	\$5,687,294	10650.6%

FINANCIAL ANALYSIS OF THE FUND STATEMENTS

The City uses fund accounting to assure and demonstrate compliance with finance-related legal requirements. The fund financial statements focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements. The types of Governmental funds reported by the City include the General Fund, Special Revenue Funds, Capital Project Funds, and Debt Service Funds. The fund statements provide information on near-term inflows, outflows and balances of spendable resources. These funds represent the reporting structure of the budget and interim council reports.

The City's governmental funds reported combined fund balances at June 30, 2018 of \$181.7 million, which is an increase of \$17.7 million from the previous fiscal year, consisting of a \$49.7 million increase in total assets and an \$64.3 million increase in total liabilities.

In accordance with the Governmental Accounting Standards Board (GASB) Statement No.54, Fund Balance Reporting and Governmental Fund Type Definitions, at June 30, 2018, the City's governmental funds' fund balances include the following classifications and balances based from the extent to which the City is bound to observe constraints imposed upon the use of resources reported in the governmental funds:

First, non-spendable fund balance is the portion of net resources that cannot be spent because of their form of being a non-cash asset or a receivable. Non-spendable fund balance totaled \$6.7 million, which represents 4% of total fund balance. This includes Prepaid items (\$143 thousand), Deposits (\$4.0 million), Advance to Other Funds (\$1.3 million), Inventory (\$52 thousand), and Property Held for Resale (\$1.2 million).

GENERAL FUND BUDGETARY HIGHLIGHTS

The City's Final Budget differs from the Adopted Budget in that it contains carry-forward appropriations and revenues for various programs or projects, supplemental revenues, carry-forward appropriations for open purchase orders from the previous year, and appropriations approved by Council throughout the fiscal year.

After taking into account all the adjustments, actual expenditures were \$11.4 million lower than the final budget amounts.

Capital outlay expenditures were less than the budgeted appropriations by \$8.9 million due to several capital projects/purchases that were not completed or purchased by the end of fiscal year 2018. These included Public Safety, Public Works, and General budget for vehicles and equipment, City maintenance projects for park improvements and City owned buildings which were all carried over to fiscal year 2019.

Second, restricted fund balance is the portion of net resources that has external enforceable limitations on use; restrictions may be changed or lifted only with the consent of resource providers. Restricted fund balance totaled approximately \$110.5 million, which accounts to 61% of total fund balance. Restrictions are in Debt Service (\$713 thousand), Public Safety (\$11.2 million) and Community Development (\$98.6 million).

Third, assigned fund balance is the portion of net resources that have limitations resulting from intended use by the City Council or officials to which the City Council has delegated authority to assign amounts to be used for specific purposes. Assigned fund balance \$23.0 million which comprises 13% of the total fund balance. Assigned fund balances are attributed to capital projects which require Council action to decrease or remove.

Lastly, the residual classification for the City's General Fund is unassigned fund balance, which includes all spendable amounts not contained in the other classifications. Unassigned fund balance totaled \$41.5 million, which accounts for 23% of total fund balance. The General Fund unassigned balance of \$43.7 million is available for contingencies, while the offsetting \$2.25 million deficit from non-major funds was attributed to grant reimbursements anticipated in the next fiscal year.

General Government expenditures were less than the budgeted appropriations by 1.2 million, the salary savings were offset by an increase in other expense. Additionally, the City entered a new sales tax sharing agreement in fiscal year 2017 and the sales out-performed the estimate resulting in a larger rebate (see Note 21 for more detailed information).

Public Safety expenditures were less than the budgeted appropriations by \$1.2 million. Salary savings were offset by the impact of the Flores decision.

Actual revenues received were less than budget by \$24 thousand. Taxes were \$2.3 million over appropriations, and Licenses and Permits were \$578 thousand over appropriations. This was offset by Charges for Services which received \$3.2 Million less than budget.

CAPITAL ASSET & DEBT ADMINISTRATION

CAPITAL ASSETS

As of June 30, 2018, the City had \$324.9 million in capital assets, including land and land improvements, construction in progress, buildings, vehicles, police and fire equipment, improvements, water and wastewater transmissions and distribution systems, and infrastructure.

Total Capital Assets increased by \$22.4 million. This increase included additions of distribution systems totaling \$4.8 million, infrastructure of \$18.3 million and an increase in "Other Improvements" of \$4.9 million. Construction in progress increased by \$3.1 million. The increase in capital assets was offset by a \$9.8 million increase in accumulated depreciation.

Some of the major capital projects from the Capital Improvement Plan that were completed in fiscal year 2018 were:

Street Related Projects

- Miro Way Extension
- Renaissance, Locust, Linden Improvements
- Traffic Signal Foothill and Home Depot

Non-Transportation related projects

- City Facilities ADA Improvements
- City Hall Electrical Upgrade

Some major capital projects under construction at the end of fiscal year 2018 and expected to be completed by the next fiscal year are:

- Jerry Eaves Parking Lot Expansion
- Riverside / San Bernardino Improvements
- Alder Widening

Other major projects that are in Design, Environmental and Right of Way Acquisition Phases are:

- Randall Ave Widening at Cactus/Riverside
- Valley Widening at Spruce/Cactus/Pomona
- Joe Sampson Park
- Frisbie Park
- Riverside & UPRR Bridge Widening

Additional information pertaining to the City's capital assets can be found in Note 7 in the Notes to the Basic Financial Statements.

TABLE 6 –CAPITAL ASSETS

	CITY OF RIALTO Capital Assets							
	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL PRIMARY GOVERNMENT		TOTAL % CHANGE	
	2017	2018	2017	2018	2017	2018		
LAND	\$69,159,428	\$69,194,205	\$1,767,770	\$1,767,770	\$70,927,198	\$70,961,975	0%	
LAND EASEMENTS	7,086,730	7,086,730	-	-	7,086,730	7,086,730	0%	
LAND IMPROVEMENTS	25,826	32,822	7,174,830	7,374,830	7,200,656	7,407,652	3%	
CONSTRUCTION IN PROGRESS	22,426,929	24,349,453	2,818,024	3,982,901	25,244,953	28,332,354	12%	
BUILDINGS	30,068,446	30,081,800	2,336,314	2,336,314	32,404,760	32,418,114	0%	
OTHER IMPROVEMENTS	43,197,045	48,127,792	-	-	43,197,045	48,127,792	11%	
DISTRIBUTION SYSTEMS	-	-	72,518,349	77,331,140	72,518,349	77,331,140	7%	
WASTEWATER TRMT PLANT	-	-	67,976,915	67,976,915	67,976,915	67,976,915	0%	
MACHINERY AND EQUIP.	3,098,203	3,478,024	-	-	3,098,203	3,478,024	12%	
INFRASTRUCTURE	182,468,498	200,782,264	-	-	182,468,498	200,782,264	10%	
VEHICLES	13,050,086	13,392,085	-	-	13,050,086	13,392,085	3%	
OFFICE FURN, COMPUTERS, EQUIP.	3,606,978	3,664,754	1,016,155	1,016,155	4,623,133	4,680,909	1%	
	\$374,188,169	\$400,189,929	\$155,608,357	\$161,786,025	\$529,796,526	\$561,975,954		
ACCUMULATED DEPRECIATION	(159,302,799)	(166,037,441)	(68,016,966)	(71,076,559)	(227,319,765)	(237,114,000)	4%	
TOTAL CAPITAL ASSETS	\$214,885,370	\$234,152,488	\$87,591,391	\$90,709,466	\$302,476,761	\$324,861,954	7%	

LONG TERM DEBT

At June 30, 2017 and 2018 respectively, the City had \$306.1 million and \$364.6 million in long-term debt outstanding. Net pension liability increased \$11.9 million in 2018. Net OPEB liability increased \$40.9 million in 2018 due to a change in GASB reporting standards. The City's long-term debt consists of debt with concessionaire, certificates of participation and other equipment financing, notes payable and advances, due to other governments, compensated absences, claims payable, other post-

employment benefits and net pension liability as shown below in Table 7.

Additional information pertaining to the City's long-term liabilities can be found in Note 9, 11 and 12 in the Notes to the Basic Financial Statements.

TABLE 7 –OUTSTANDING DEBT

CITY OF RIALTO OUTSTANDING DEBT							
	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL PRIMARY GOVERNMENT		TOTAL % CHANGE
	2017	2018	2017	2018	2017	2018	
DEBT WITH CONCESSIONAIRE	\$0	\$0	160,815,578	\$158,741,386	\$160,815,578	\$158,741,386	-1%
CERTIFICATES OF PARTICIPATION	1,245,000	1,015,000	-	-	1,245,000	1,015,000	-18%
CAPITAL LEASE	2,455,000	8,442,551	-	-	2,455,000	8,442,551	244%
NOTES PAYABLE /ADVANCES	1,354,000	1,162,000	-	-	1,354,000	1,162,000	-14%
DUE TO OTHER GOVERNMENTS	-	-	383,555	383,555	383,555	383,555	0%
MARGIN LOAN	-	3,627,382	-	-	-	3,627,382	0%
COMPENSATED ABSENCES	8,560,713	7,469,585	89,229	72,074	8,649,942	7,541,659	-13%
CLAIMS PAYABLE	13,633,000	13,289,207	-	-	13,633,000	13,289,207	-3%
OTHER POST-EMPLOYMENT BENEFIT:	(825,845)	38,425,899	(69,833)	1,551,520	(895,678)	39,977,419	-4563%
NET PENSION LIABILITY	118,501,470	125,376,752	-	5,062,391	118,501,470	130,439,143	10%
	\$144,923,338	\$198,808,376	\$161,218,529	\$165,810,926	\$306,141,867	\$364,619,302	19%

TABLE 8 –BOND RATINGS

Dated Date	Debt Issue Name	Issue Amount	Standard & Poors Ratings	Fitch
11/29/2012	Rialto Utility Authority - Rialto Water Services, LP, Water Collateralized Debt-Concessionaire Agreement 2012	\$38,249,443	Not Rated	Not Rated
11/29/2012	Rialto Utility Authority - Rialto Water Services, LP, Wastewater Collateralized Debt- Concessionaire Agreement 2012	\$130,472,604	Not Rated	Not Rated
12/19/2007	City of Rialto Refunding Certificates of Participation Series 2007	\$3,500,000	Not Rated	Not Rated
05/31/2017	City of Rialto Lease Purchase Agreement	\$2,455,000	Not Rated	Not Rated

ECONOMIC FACTORS & OUTLOOK FOR FUTURE YEARS

As the economy continues to rebound, the City is experiencing an increase (14.1%) in assessed valuations and a significant increase in sales tax base (9.8%). The City continues to only receive 13.6% of the property tax that would have ordinarily been received by the Redevelopment Agency. The City is continuing to revitalize its former airport property contributing to the growth in its industrial and commercial sectors driving the growth in the sales tax base.

Total Assets increased by \$49.7 million, while Total Liabilities increased by \$47.1 million. The net position for fiscal year 2018 is a decreased by \$7.7 million.

Fiscal Year 2018/2019 Budget—The budget was prepared conservatively with the participation of all City departments. Key services have been preserved. The revised budget for fiscal year 2018/19 in the General fund is a surplus of \$3.7 million. The strategies to ensure reasonable expenditures have included: removing funding related to vacant positions from the budget; moving capital expenditures to a capital project fund; replacing outsourced services (i.e. Information Technology Services) with in-house employees at a lower cost; obtaining discounts or price freezes from vendors; utilizing volunteers and grant funded staff and interns; and proposing new fees for cost recovery of certain City activities.

Despite moderate growth in the local economy, future economic challenges await such as:

- National & State Economies**—Certain revenue projections, such as, property taxes, investment income, development impact fees, and charges for services, are still rebounding in-line with the housing and financial markets.
- Measure U** —During fiscal year 2016 the citizens of Rialto voted in Measure U—a tax on the local tank farms. This item is in the courts and until such time as the courts make a final decision on the legality of the measure, all funds collected are held in a separate escrow account and the City is unable to use any of these funds. It is the intent of this measure to be able to fund regular capital spending. It is anticipated that Measure U will bring in approximate \$10 million a year in revenue.
- Sales Tax**—Sales tax is steadily rebounding from its lowest point at \$8.6 million in fiscal year 2011. Fiscal year 2018 showed significant growth increasing 9.8% to \$17.6 million. In fiscal year 2019, sales and use tax are expected to show minor growth, with a projected revenues at \$17.9 million. Recent reallocation of the point of sale of a distribution center businesses during fiscal year 2016-2017 have had a positive impact on recent growth in sales and use tax resulting from increased economic development.
- Increase in Public Retirement Costs**—CalPERS recently changed their actuarial assumptions. In 2017, CalPERS voted to reduce the discount rate from 7.5 percent to 7.0 percent by fiscal year 2021. The discount rate decrease will see the City's contribution increasing \$1.5 million until 2025 effectively doubling the City's current contribution. The City is exploring multiple revenue options to address growing expenditure.
- Deferred Maintenance and Capital Expenditures**—Capital projects are an essential and unavoidable cost of doing business. Over the past few years, the City has been able to use one-time revenue to fund ongoing capital replacement and maintenance projects. However, the ability to fund a regular capital replacement program is bleak. With the passage of Measure U, the intent is to be able to significantly improve regular capital spending. The fiscal year 2018-19 budget includes only budget carried forward from fiscal year 2018 to address deferred capital projects.
- Service**—As the fiscal implications of the economic outlook improves, pending the Utility Users Tax potential sunset, it is essential for the City to continue to seek innovative and cost effective measures to restore the functions and levels of service to the community.



CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have any questions about this report or need additional information, contact the Finance Department, 150 S. Palm Avenue, Rialto, California 92376; (909) 820-2544, or visit us online at yourrialto.com.

BASIC FINANCIAL STATEMENTS

City of Rialto, California
Statement of Net Position
June 30, 2018

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Investments	\$ 203,208,380	\$ 22,483,854	\$ 225,692,234
Accounts Receivable, Net	5,699,137	4,409,328	10,108,465
Interest Receivable	454,211	44,840	499,051
Unbilled Receivables	-	3,021,302	3,021,302
Prepaid Items	142,777	51,467	194,244
Loans and Notes Receivable	49,381,686	661,857	50,043,543
Allowance for Uncollectible Notes	(46,585,560)	-	(46,585,560)
Due from Other Governments	5,321,717	1,799	5,323,516
Due from Successor Agency	388,642	-	388,642
Internal Balances	1,851,209	(1,851,209)	-
Deposit	4,037,165	-	4,037,165
Inventory	89,105	6,558,073	6,647,178
Property Held for Resale	1,201,369	-	1,201,369
Concessionaire Receivable	-	34,468,436	34,468,436
Restricted Assets:			
Cash and Investments in Trust	-	22,365,851	22,365,851
Cash and Investments with Fiscal Agent	17,017,683	-	17,017,683
Capital Assets:			
Not Being Depreciated	100,630,388	5,750,671	106,381,059
Being Depreciated	133,522,100	84,958,795	218,480,895
 Total Assets	 <u>476,360,009</u>	 <u>182,925,064</u>	 <u>659,285,073</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension Related Items	32,977,775	1,331,558	34,309,333
OPEB Related Items	3,133,636	126,527	3,260,163
Deferred Loss on Refunding, Net of Accum. Amort.	7,829	-	7,829
 Total Deferred Outflows of Resources	 <u>36,119,240</u>	 <u>1,458,085</u>	 <u>37,577,325</u>

Continued

City of Rialto, California
Statement of Net Position - Continued
June 30, 2018

	Primary Government		
	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Accounts Payable and Accrued Liabilities	\$ 13,480,189	\$ 5,902,241	\$ 19,382,430
Due to Other Governments	2,635,936	383,555	3,019,491
Due to Successor Agency	13,446	-	13,446
Deposits	100,361	1,502,074	1,602,435
Unearned Revenue	27,390,708	15,761	27,406,469
Accrued Interest Payable	24,472	-	24,472
Long-term Liabilities:			
Due Within One Year	4,630,279	2,256,485	6,886,764
Due in More Than One Year:			
Long-term Liabilities	30,375,446	156,556,975	186,932,421
Net Pension Liability	125,376,752	5,062,391	130,439,143
Net OPEB Liability	38,425,899	1,551,520	39,977,419
Total Liabilities	242,453,488	173,231,002	415,684,490
DEFERRED INFLOWS OF RESOURCES			
Pension Related Items	6,583,780	265,836	6,849,616
OPEB Related Items	3,831,902	154,876	3,986,778
Total Deferred Inflows of Resources	10,415,682	420,712	10,836,394
NET POSITION			
Net Investment in Capital Assets	219,905,555	90,709,466	310,615,021
Restricted for:			
Community Development	98,612,074	-	98,612,074
Public Safety	11,185,944	-	11,185,944
Debt Service	712,582	-	712,582
Water and Wastewater Capital Projects	-	22,365,851	22,365,851
Other	-	301,030	301,030
Unrestricted	(70,806,076)	(102,644,912)	(173,450,988)
Total Net Position	\$ 259,610,079	\$ 10,731,435	\$ 270,341,514

The accompanying notes are an integral part of this statement.

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City of Rialto, California
Statement of Activities
Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	\$ 19,885,751	\$ 1,637,935	\$ 4,468,433	\$ -
Community Development	29,404,226	26,054,877	8,114,642	5,549,830
Public Safety	53,055,098	3,439,943	5,016,619	224,245
Interest on Long-term Debt	323,872	-	-	-
Total Governmental Activities	<u>102,668,947</u>	<u>31,132,755</u>	<u>17,599,694</u>	<u>5,774,075</u>
Business-type Activities:				
Water	13,832,547	14,856,800	-	-
Wastewater	23,397,142	28,939,501	-	131,896
Airport	127,653	159,342	-	-
Cemetery	65,397	46,319	-	-
Recreation and Community Service	3,456,616	758,012	-	-
Total Business-type Activities	<u>40,879,355</u>	<u>44,759,974</u>	<u>-</u>	<u>131,896</u>
Total Primary Government	<u>\$ 143,548,302</u>	<u>\$ 75,892,729</u>	<u>\$ 17,599,694</u>	<u>\$ 5,905,971</u>

General Revenues:
Taxes:
Property Taxes
Franchise Taxes
Utility Users Taxes
Business License Taxes
State Shared Revenue:
Sales and Use Tax
Vehicle License Fees
Income for Property and Investments
Other General Revenue
RUA Lease Payments
RUA Contract Payments
Transfers
Gain on Sale of Property
Payment from Successor Agency for
Reimbursement Agreement

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning of Year, As Previously Reported
Prior Period Adjustment
Net Position - Beginning of Year, As Restated
Net Position - End of Year

The accompanying notes are an integral part of this statement.

Net Revenues (Expense) and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (13,779,383)	\$ -	\$ (13,779,383)
10,315,123	-	10,315,123
(44,374,291)	-	(44,374,291)
<u>(323,872)</u>	<u>-</u>	<u>(323,872)</u>
<u>(48,162,423)</u>	<u>-</u>	<u>(48,162,423)</u>
-	1,024,253	1,024,253
-	5,674,255	5,674,255
-	31,689	31,689
-	(19,078)	(19,078)
<u>-</u>	<u>(2,698,604)</u>	<u>(2,698,604)</u>
<u>-</u>	<u>4,012,515</u>	<u>4,012,515</u>
<u>(48,162,423)</u>	<u>4,012,515</u>	<u>(44,149,908)</u>
\$ 25,201,016	\$ 198	\$ 25,201,214
3,955,968	-	3,955,968
13,592,657	-	13,592,657
2,660,329	-	2,660,329
17,593,261	-	17,593,261
56,075	-	56,075
1,228,983	363,912	1,592,895
6,000,699	543,708	6,544,407
2,000,000	(2,000,000)	-
742,000	-	742,000
3,963,598	(3,963,598)	-
475,967	6,730,559	7,206,526
<u>187,299</u>	<u>-</u>	<u>187,299</u>
<u>77,657,852</u>	<u>1,674,779</u>	<u>79,332,631</u>
<u>29,495,429</u>	<u>5,687,294</u>	<u>35,182,723</u>
267,263,711	10,604,842	277,868,553
<u>(37,149,061)</u>	<u>(5,560,701)</u>	<u>(42,709,762)</u>
<u>230,114,650</u>	<u>5,044,141</u>	<u>235,158,791</u>
<u>\$ 259,610,079</u>	<u>\$ 10,731,435</u>	<u>\$ 270,341,514</u>

The accompanying notes are an integral part of this statement.

City of Rialto, California
Balance Sheet
Governmental Funds
June 30, 2018

	General Fund	Capital Projects Fund Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 87,751,932	\$ 7,501,102	\$ 91,435,171	\$ 186,688,205
Accounts Receivable, Net	4,316,413	-	1,339,016	5,655,429
Interest Receivable	184,223	22,275	208,334	414,832
Prepaid Items	142,765	-	6	142,771
Deposits	4,037,165	-	-	4,037,165
Loans Receivable	-	-	3,571,901	3,571,901
Notes Receivable	-	-	45,809,785	45,809,785
Allowance for Uncollectible Loans and Notes	-	-	(46,585,560)	(46,585,560)
Due from Other Governments	4,303,422	-	969,501	5,272,923
Due from Other Funds	3,220,138	-	-	3,220,138
Due from Successor Agency	137,503	-	251,139	388,642
Advances to Other Funds	1,300,000	-	-	1,300,000
Inventory	52,184	-	-	52,184
Property Held for Resale	719,969	-	481,400	1,201,369
Restricted Assets:				
Cash and Investments	182,806	11,554,078	5,280,799	17,017,683
Total Assets	<u>\$ 106,348,520</u>	<u>\$ 19,077,455</u>	<u>\$ 102,761,492</u>	<u>\$ 228,187,467</u>
LIABILITIES				
Accounts Payable and Accrued Liabilities	\$ 5,570,262	\$ 319,988	\$ 7,286,098	\$ 13,176,348
Deposits	90,361	-	10,000	100,361
Due to Other Governments	-	-	2,635,936	2,635,936
Due to Successor Agency	-	-	13,446	13,446
Unearned Revenues	27,390,708	-	-	27,390,708
Due to Other Funds	269,435	-	2,399,474	2,668,909
Total Liabilities	<u>33,320,766</u>	<u>319,988</u>	<u>12,344,954</u>	<u>45,985,708</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue	46,967	-	431,280	478,247
Total Deferred Inflows of Resources	<u>46,967</u>	<u>-</u>	<u>431,280</u>	<u>478,247</u>
FUND BALANCES				
Nonspendable:				
Prepaid Items	142,765	-	6	142,771
Deposits	4,037,165	-	-	4,037,165
Advances to Other Funds	1,300,000	-	-	1,300,000
Inventory	52,184	-	-	52,184
Property Held for Resale	719,969	-	481,400	1,201,369
Restricted for:				
Debt Service	-	-	712,582	712,582
Public Safety	-	-	11,185,944	11,185,944
Community Development	-	18,757,467	79,854,607	98,612,074
Assigned for:				
Capital Projects	23,023,387	-	-	23,023,387
Unassigned	43,705,317	-	(2,249,281)	41,456,036
Total Fund Balances	<u>72,980,787</u>	<u>18,757,467</u>	<u>89,985,258</u>	<u>181,723,512</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 106,348,520</u>	<u>\$ 19,077,455</u>	<u>\$ 102,761,492</u>	<u>\$ 228,187,467</u>

The accompanying notes are an integral part of this statement.

City of Rialto, California
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2018

Fund Balances of Governmental Funds	\$ 181,723,512
Amounts reported for Governmental Activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet:	
Governmental Activities Capital Assets	400,189,929
Governmental Activities Accumulated Depreciation	(166,037,441)
Internal Service Funds Capital Assets Allocated to Governmental Activities	(302,044)
Internal service funds are used by management to account for goods and services provided by one City department to other City departments. Assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Activities:	
	1,691,134
Accrued interest is not due and payable in the current period and, therefore, is not reported in the governmental funds.	
	(24,472)
Certain revenues in the governmental funds are reported as deferred inflows of resources, unavailable revenues, because they are not collected within the prescribed time period after year-end. However, the revenues are included on the accrual basis used in the government-wide statements.	
	478,247
Deferred losses on refunding, net of accumulated amortization for long-term debt issuance has not been reported in the governmental funds.	
	7,829
Pension and OPEB related debt applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Deferred outflows of resources and deferred inflows of resources related to pensions and OPEB are only reported in the Statement of Net Position as the changes in these amount, effects only the government-wide statements for governmental activities:	
Deferred Outflows of Resources - Pension Related	32,623,747
Deferred Inflows of Resources - Pension Related	(6,513,101)
Net Pension Liability	(124,030,788)
Deferred Outflows of Resources - OPEB Related	3,099,996
Deferred Inflows of Resources - OPEB Related	(3,790,764)
Net OPEB Liability	(38,013,388)
Long-term liabilities applicable to the City governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities.	
Long-term Liabilities	(35,005,725)
Less: Internal Service Funds Long-term Liabilities reported above	13,513,408
Net Position of Governmental Activities	\$ 259,610,079

The accompanying notes are an integral part of this statement.

City of Rialto, California
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
Year Ended June 30, 2018

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 58,442,946	\$ -	\$ 1,984,712	\$ 60,427,658
Licenses and Permits	5,324,291	-	-	5,324,291
Fines and Forfeitures	690,784	-	-	690,784
Use of Money and Property	(368,577)	182,593	1,414,968	1,228,984
Revenue from Other Agencies	9,973,520	-	16,079,918	26,053,438
Charges for Services	8,750,006	683,014	1,033,089	10,466,109
Development Impact Fees	-	-	15,142,316	15,142,316
RUA Lease Payments	2,000,000	-	-	2,000,000
Reimbursement from Successor Agency for Expenditures	978,716	-	48,840	1,027,556
Other	1,589,197	-	1,158,486	2,747,683
Payment from Successor Agency of Bond Proceeds	-	-	187,299	187,299
Total Revenues	<u>87,380,883</u>	<u>865,607</u>	<u>37,049,628</u>	<u>125,296,118</u>
EXPENDITURES				
Current:				
General Government	16,549,072	-	1,152,451	17,701,523
Public Safety	53,280,014	-	499,600	53,779,614
Community Development	7,911,202	47	3,417,427	11,328,676
Capital Outlay	4,867,692	11,953,691	24,079,360	40,900,743
Debt Service:				
Principal Retirement	122,029	-	392,100	514,129
Interest and Fiscal Charges	195,524	-	139,848	335,372
Costs of Debt Issuance	-	38,165	-	38,165
Total Expenditures	<u>82,925,533</u>	<u>11,991,903</u>	<u>29,680,786</u>	<u>124,598,222</u>
Excess of Revenues Over (Under) Expenditures	<u>4,455,350</u>	<u>(11,126,296)</u>	<u>7,368,842</u>	<u>697,896</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Capital Assets	21,791	-	481,400	503,191
Proceeds from Capital Lease	-	6,109,580	-	6,109,580
Proceeds from Margin Loan	-	-	3,627,382	3,627,382
Transfers In	8,492,760	2,818,280	1,864,653	13,175,693
Transfers Out	(9,360,366)	-	(1,813,615)	(11,173,981)
Total Other Financing Sources (Uses)	<u>(845,815)</u>	<u>8,927,860</u>	<u>4,159,820</u>	<u>12,241,865</u>
Net Change in Fund Balance	<u>3,609,535</u>	<u>(2,198,436)</u>	<u>11,528,662</u>	<u>12,939,761</u>
Fund Balances, Beginning of Year, As Previously Reported	69,371,252	20,955,903	73,714,585	164,041,740
Prior Period Adjustment	-	-	4,742,011	4,742,011
Fund Balances, Beginning of Year, As Restated	<u>69,371,252</u>	<u>20,955,903</u>	<u>78,456,596</u>	<u>168,783,751</u>
Fund Balances, End of Year	<u>\$ 72,980,787</u>	<u>\$ 18,757,467</u>	<u>\$ 89,985,258</u>	<u>\$ 181,723,512</u>

The accompanying notes are an integral part of this statement.

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

Net Change in Fund Balances - Total Governmental Funds \$ 12,939,761

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense. This is the amount by which capital expense and capital contributions exceeded depreciation in the current period.

Capital Expenditures (excludes Internal Service Fund amount of \$6,996)	23,659,342
Contributed Capital	2,446,331
Depreciation expense (excludes internal service amount of \$86,492)	(6,731,835)
Loss on disposal of capital assets	(27,224)

The issuance of long-term debt provides current financial resources to governmental funds, while repayment of the principal consumes the current financial resources of the governmental funds. Issuance of bond principal is an other 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 Position.

Principal Payments	514,129
Capital Lease Proceeds	(6,109,580)
Margin Loan Proceeds	(3,627,382)

Deferred loss on refunding is an expenditure in the governmental funds, but these costs are reported as a deferred outflow of resources on the Statement of Net Position. This is the total amortization of the deferred loss on refunding in the current period. (2,611)

Pension and OPEB expenses reported in the governmental funds includes the annual required contributions. In the Statement of Activities, pension expense includes the change in the Net Pension Liability and Net OPEB Liability and related change in pension and OPEB amounts for deferred outflows of resources and deferred inflows of resources. 5,414,521

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

Change in Accrued Interest	14,111
Change in Compensated Absences of Governmental Activities	(1,066,831)

Revenues in the Statement of Activities that do not meet the "availability" criteria for revenue recognition are reported as deferred inflows of resources, unavailable revenues, in the governmental funds. This is the change in deferred inflows of resources, unavailable revenues, from the prior year. (495,885)

The net expense of activities of internal service funds is reported within governmental activities. 2,568,582

Change in Net Position of Governmental Activities \$ 29,495,429

City of Rialto, California
Statement of Net Position
Proprietary Funds
June 30, 2018

	Business-type Activities Enterprise Funds		
	Water	Wastewater	Airport
ASSETS			
Current Assets:			
Cash and Investments	\$ 4,572,520	\$ 16,847,497	\$ 438,663
Accounts Receivable, Net	1,192,020	3,193,663	16,076
Interest Receivable	17,932	26,908	-
Unbilled Receivables	904,776	2,116,526	-
Due from Other Governments	-	-	-
Prepaid Items	-	-	2
Due from Other Funds	43	269,787	-
Inventory	-	-	6,558,073
Restricted Assets:			
Cash and Investments in Trust	7,805,275	14,560,576	-
Total Current Assets	<u>14,492,566</u>	<u>37,014,957</u>	<u>7,012,814</u>
Noncurrent Assets:			
Advances to Other Funds	-	3,000,000	-
Notes Receivable	292,598	369,259	-
Concessionaire Receivable	8,903,164	25,565,272	-
Capital Assets:			
Not Being Depreciated	1,460,260	4,290,411	-
Being Depreciated (Net of Accumulated Depreciation)	21,336,323	63,614,704	-
Total Noncurrent Assets	<u>31,992,345</u>	<u>96,839,646</u>	<u>-</u>
Total Assets	<u>46,484,911</u>	<u>133,854,603</u>	<u>7,012,814</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension Related Items	168,333	214,243	-
OPEB Related Items	15,995	20,358	-
Total Deferred Outflows of Resources	<u>184,328</u>	<u>234,601</u>	<u>-</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	2,304,209	3,510,153	820
Deposits	843,184	657,890	1,000
Unearned Revenue	-	8,602	7,159
Due to Other Funds	205,335	615,704	-
Claims Payable, Current	-	-	-
Compensated Absences, Current	2,768	1,902	-
Other Long-term Liabilities, Current	694,993	1,548,183	-
Total Current Liabilities	<u>4,050,489</u>	<u>6,342,434</u>	<u>8,979</u>
Long-Term Liabilities:			
Due to Other Governments	-	383,555	-
Advances from Other Funds	4,300,000	-	-
Claims Payable	-	-	-
Compensated Absences	12,987	7,633	-
Net Pension Liability	639,979	814,519	-
Net OPEB Liability	196,141	249,633	-
Other Long-term Liabilities	34,342,034	122,156,176	-
Total Long-term Liabilities	<u>39,491,141</u>	<u>123,611,516</u>	<u>-</u>
Total Liabilities	<u>43,541,630</u>	<u>129,953,950</u>	<u>8,979</u>
DEFERRED INFLOWS OF RESOURCES			
Pension Related Items	33,607	42,772	-
OPEB Related Items	19,560	25,045	-
Total Deferred Inflows of Resources	<u>53,167</u>	<u>67,817</u>	<u>-</u>
NET POSITION			
Net Investment in Capital Assets	22,796,583	67,905,115	-
Restricted	7,805,275	14,560,576	-
Unrestricted	(27,527,416)	(78,398,254)	7,003,835
Total Net Position	<u>\$ 3,074,442</u>	<u>\$ 4,067,437</u>	<u>\$ 7,003,835</u>

The accompanying notes are an integral part of this statement.

Business-type Activities Enterprise Funds		Governmental Activities
Other Enterprise Funds	Totals	Internal Service Funds
\$ 625,174	\$ 22,483,854	\$ 16,520,175
7,569	4,409,328	43,708
-	44,840	39,379
-	3,021,302	-
1,799	1,799	48,794
51,465	51,467	6
-	269,830	-
-	6,558,073	36,921
-	22,365,851	-
<u>686,007</u>	<u>59,206,344</u>	<u>16,688,983</u>
-	3,000,000	-
-	661,857	-
-	34,468,436	-
-	5,750,671	-
<u>7,768</u>	<u>84,958,795</u>	<u>302,044</u>
<u>7,768</u>	<u>128,839,759</u>	<u>302,044</u>
<u>693,775</u>	<u>188,046,103</u>	<u>16,991,027</u>
948,982	1,331,558	354,028
<u>90,174</u>	<u>126,527</u>	<u>33,640</u>
<u>1,039,156</u>	<u>1,458,085</u>	<u>387,668</u>
87,059	5,902,241	303,841
-	1,502,074	-
-	15,761	-
-	821,039	20
-	-	2,392,057
8,639	13,309	17,035
-	2,243,176	27,300
<u>95,698</u>	<u>10,497,600</u>	<u>2,740,253</u>
-	383,555	-
-	4,300,000	-
-	-	10,897,150
38,145	58,765	75,216
3,607,893	5,062,391	1,345,964
1,105,746	1,551,520	412,511
-	156,498,210	104,650
<u>4,751,784</u>	<u>167,854,441</u>	<u>12,835,491</u>
<u>4,847,482</u>	<u>178,352,041</u>	<u>15,575,744</u>
189,457	265,836	70,679
<u>110,271</u>	<u>154,876</u>	<u>41,138</u>
<u>299,728</u>	<u>420,712</u>	<u>111,817</u>
7,768	90,709,466	302,044
301,030	22,666,881	-
<u>(3,723,077)</u>	<u>(102,644,912)</u>	<u>1,389,090</u>
<u>\$ (3,414,279)</u>	<u>\$ 10,731,435</u>	<u>\$ 1,691,134</u>

The accompanying notes are an integral part of this statement.

City of Rialto, California
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
Year Ended June 30, 2018

	Business-type Activities		
	Enterprise Funds		
	Water	Wastewater	Airport
OPERATING REVENUES			
Charges for Services	\$ 14,856,800	\$ 28,939,501	\$ 159,342
Total Operating Revenues	<u>14,856,800</u>	<u>28,939,501</u>	<u>159,342</u>
OPERATING EXPENSES			
Cost of Sales and Services	7,135,261	9,752,049	-
Administration	3,707,676	67,684	127,653
Depreciation and Amortization	<u>743,455</u>	<u>2,315,756</u>	<u>-</u>
Total Operating Expenses	<u>11,586,392</u>	<u>12,135,489</u>	<u>127,653</u>
Operating Income (Loss)	<u>3,270,408</u>	<u>16,804,012</u>	<u>31,689</u>
NONOPERATING REVENUES (EXPENSES)			
Investment Income	9,852	351,463	-
Interest Expense	(2,246,155)	(11,261,653)	-
RUA Lease Payments	(530,855)	(1,469,145)	-
Other Income (Expense)	468,071	134	-
Aircraft Property Taxes	-	-	198
Gain on Sale of Property	<u>-</u>	<u>-</u>	<u>6,730,559</u>
Total Nonoperating Revenues (Expenses)	<u>(2,299,087)</u>	<u>(12,379,201)</u>	<u>6,730,757</u>
Income (Loss) Before Capital Contributions and Transfers	971,321	4,424,811	6,762,446
Capital Contributions	-	131,896	-
Transfers In	-	-	-
Transfers Out	<u>-</u>	<u>-</u>	<u>(6,730,559)</u>
Change in Net Position	<u>971,321</u>	<u>4,556,707</u>	<u>31,887</u>
Total Net Position - Beginning of Year, As Previously Reported	2,606,784	615,508	6,971,948
Prior Period Adjustment	<u>(503,663)</u>	<u>(1,104,778)</u>	<u>-</u>
Total Net Position - Beginning of Year, Restated	<u>2,103,121</u>	<u>(489,270)</u>	<u>6,971,948</u>
Total Net Position - End of Year	<u>\$ 3,074,442</u>	<u>\$ 4,067,437</u>	<u>\$ 7,003,835</u>

The accompanying notes are an integral part of this statement.

Business-type Activities Enterprise Funds		Governmental Activities
Other Enterprise Funds	Totals	Internal Service Funds
\$ 804,331	\$ 44,759,974	\$ 7,884,987
804,331	44,759,974	7,884,987
1,988,869	18,876,179	7,393,733
1,532,762	5,435,775	-
382	3,059,593	86,493
3,522,013	27,371,547	7,480,226
(2,717,682)	17,388,427	404,761
2,597	363,912	210,564
-	(13,507,808)	(8,629)
-	(2,000,000)	-
75,503	543,708	-
-	198	-
-	6,730,559	-
78,100	(7,869,431)	201,935
(2,639,582)	9,518,996	606,696
-	131,896	-
2,772,726	2,772,726	1,961,886
(5,765)	(6,736,324)	-
127,379	5,687,294	2,568,582
410,602	10,604,842	631,580
(3,952,260)	(5,560,701)	(1,509,028)
(3,541,658)	5,044,141	(877,448)
\$ (3,414,279)	\$ 10,731,435	\$ 1,691,134

The accompanying notes are an integral part of this statement.

City of Rialto, California
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2018

	Business-type Activities	
	Enterprise Funds	
	Water	Wastewater
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers	\$ 17,562,150	\$ 29,632,088
Cash Payments to Suppliers for Services	(9,552,010)	(8,771,601)
Cash Payments to Employees for Services	213,164	(194,062)
	<u>8,223,304</u>	<u>20,666,425</u>
Net Cash Provided (Used) by Operating Activities		
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Cash Received from Other Funds	-	-
Cash Paid to Other Funds	(111,251)	(331,113)
Aircraft Property Taxes	-	-
RUA Lease Payment	(530,855)	(1,469,145)
	<u>(642,106)</u>	<u>(1,800,258)</u>
Net Cash Provided (Used) by Noncapital Financing Activities		
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of Capital Assets	(3,245,578)	(2,800,195)
Proceeds from Sale of Property	-	-
Principal Retired	(653,845)	(1,420,346)
Interest Paid	(2,246,155)	(11,261,653)
	<u>(6,145,578)</u>	<u>(15,482,194)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment Income	2,391	364,323
	<u>2,391</u>	<u>364,323</u>
Net Cash Provided (Used) by Investing Activities		
Net Increase (Decrease) in Cash and Cash Equivalents	1,438,011	3,748,296
Cash and Cash Equivalents - Beginning of the Year	10,939,784	27,659,777
Cash and Cash Equivalents - End of the Year	<u>\$ 12,377,795</u>	<u>\$ 31,408,073</u>

The accompanying notes are an integral part of this statement.

Business-type Activities			Governmental
Enterprise Funds			Activities
Airport	Other Enterprise Funds	Totals	Internal Service Fund
\$ 151,175	\$ 804,504	\$ 48,149,917	\$ 7,973,458
(127,395)	(3,475,882)	(21,926,888)	(7,810,273)
-	49,413	68,515	(1,560)
23,780	(2,621,965)	26,291,544	161,625
-	2,770,769	2,770,769	1,963,202
(6,730,559)	(5,765)	(7,178,688)	-
198	-	198	-
-	-	(2,000,000)	-
(6,730,361)	2,765,004	(6,407,721)	1,963,202
-	-	(6,045,773)	(6,996)
6,730,559	-	6,730,559	-
-	-	(2,074,191)	(29,900)
-	-	(13,507,808)	(8,630)
6,730,559	-	(14,897,213)	(45,526)
-	2,597	369,311	198,515
-	2,597	369,311	198,515
23,978	145,636	5,355,921	2,277,816
414,685	479,538	39,493,784	14,242,359
\$ 438,663	\$ 625,174	\$ 44,849,705	\$ 16,520,175

Continued

The accompanying notes are an integral part of this statement.

City of Rialto, California
Statement of Cash Flows - Continued
Proprietary Funds
Year Ended June 30, 2018

	Business-type Activities Enterprise Funds	
	Water	Wastewater
Reconciliation of Operating Income (Loss) to		
Net Cash Provided (Used) by Operating Activities:		
Operating Income (Loss)	\$ 3,270,408	\$ 16,804,012
Adjustments to Reconcile Operating Income (Loss) to net		
Cash Provided (Used) by Operating Activities:		
Depreciation Expense	743,455	2,315,756
Other Nonoperating Income (Expense)	468,071	134
Change in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	(23,534)	213,070
(Increase) Decrease in Prepaid Items	55	70
(Increase) Decrease in Unbilled Receivables	(50,842)	(59,358)
(Increase) Decrease in Due from Other Governments	-	-
(Increase) Decrease in Concessionaire Receivable	2,825,416	507,994
(Increase) Decrease in Inventory	-	-
(Increase) Decrease in Deferred Outflows of Resources-Pension Related	(168,333)	(214,243)
(Increase) Decrease in Deferred Outflows of Resources-OPEB Related	(92,695)	(358,834)
Increase (Decrease) in Accounts Payable and Accrued Liabilities	822,801	1,047,928
Increase (Decrease) in Deposits Payable	(45,690)	36,140
Increase (Decrease) in Unearned Revenue	-	(5,259)
Increase (Decrease) in Claims Payable	-	-
Increase (Decrease) in Compensated Absences	(2,469)	(3,150)
Increase (Decrease) in Net Pension Liability	639,979	814,519
Increase (Decrease) in Net OPEB Liability	(162,296)	(261,562)
Increase (Decrease) in Deferred Inflows of Resources-Pension Related	33,607	42,772
Increase (Decrease) in Deferred Inflows of Resources-OPEB Related	(34,629)	(213,564)
	<u>\$ 8,223,304</u>	<u>\$ 20,666,425</u>
Net Cash Provided (Used) by Operating Activities		
	<u>\$ 8,223,304</u>	<u>\$ 20,666,425</u>
NONCASH INVESTING, CAPITAL AND RELATED		
FINANCING ACTIVITIES:		
Capital Contributions	\$ -	\$ 131,896
	<u>\$ -</u>	<u>\$ 131,896</u>

The accompanying notes are an integral part of this statement.

Business-type Activities			Governmental
Enterprise Funds			Activities
Airport	Other Enterprise Funds	Totals	Internal Service Fund
\$ 31,689	\$ (2,717,682)	\$ 17,388,427	\$ 404,761
-	382	3,059,593	86,493
-	75,503	543,708	-
(8,205)	1,972	183,303	137,265
-	(13,439)	(13,314)	(1)
-	-	(110,200)	-
-	(1,799)	(1,799)	(48,794)
-	-	3,333,410	-
-	-	-	8,357
-	(948,982)	(1,331,558)	(354,028)
-	(160,614)	(612,143)	(63,590)
258	(16,315)	1,854,672	(81,103)
-	-	(9,550)	-
38	-	(5,221)	-
-	-	-	(343,793)
-	(11,536)	(17,155)	(24,297)
-	3,607,893	5,062,391	1,345,964
-	(1,291,082)	(1,714,940)	(3,452,822)
-	189,457	265,836	70,679
-	(1,335,723)	(1,583,916)	2,476,534
<u>\$ 23,780</u>	<u>\$ (2,621,965)</u>	<u>\$ 26,291,544</u>	<u>\$ 161,625</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 353,470</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

City of Rialto, California
Statement of Net Position
Fiduciary Funds
June 30, 2018

	Private-Purpose Trust Fund	Other Post-Employment Benefit (OPEB) Trust Fund	Agency Funds
ASSETS			
Current Assets:			
Cash and Investments	\$ 9,186,722	\$ -	\$ 3,056,833
Accounts Receivable, Net	8,350	-	-
Interest Receivable	-	-	2,403
Prepaid Items	268,833	-	-
Notes Receivable	7,358,573	-	174,247
Due from Other Governments	-	-	54,291
Property Held for Resale	20,475,210	-	-
Restricted Assets:			
Cash and Investments with Fiscal Agents	5,759,211	-	1,188,333
Cash and Investments Bond Proceeds	1,352,844	-	-
Cash and Investments Held by Trust	-	19,190,501	-
Total Current Assets	44,409,743	19,190,501	4,476,107
Noncurrent Assets:			
Capital Assets:			
Not Being Depreciated	290,347	-	-
Being Depreciated (Net of Accumulated Depreciation)	95,541	-	-
Total Noncurrent Assets	385,888	-	-
Total Assets	44,795,631	19,190,501	\$ 4,476,107
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Loss on Refunding, Net of Accumulated Amortization	787,864	-	
LIABILITIES			
Current Liabilities:			
Accrued Liabilities	4,711	-	2,496,593
Deposits	-	-	218,673
Unearned Revenue	316,184	-	458
Due to City	388,642	-	-
Due to Bondholders	-	-	1,760,383
Interest Payable	2,638,263	-	-
Current Portion of Long-term Liabilities	4,470,168	-	-
Total Current Liabilities	7,817,968	-	4,476,107
Long-term Liabilities:			
Noncurrent Portion of Long-term Liabilities	130,464,413	-	-
Total Long-term Liabilities	130,464,413	-	-
Total Liabilities	138,282,381	-	\$ 4,476,107
DEFERRED INFLOWS OF RESOURCES			
Deferred Gain on Refunding, Net of Accumulated Amortization	250,549	-	
NET POSITION			
Restricted for Private Purpose	(92,949,435)	-	
Restricted for Other Post-Employment Benefits	-	19,190,501	
Total Net Position	\$ (92,949,435)	\$ 19,190,501	

The accompanying notes are an integral part of this statement.

City of Rialto, California
Statement of Changes in Net Position
Fiduciary Funds
Year Ended June 30, 2018

	Private-Purpose Trust Fund	Other Post-Employment Benefit (OPEB) Trust Fund
	<u> </u>	<u> </u>
ADDITIONS		
Taxes	\$ 11,980,388	\$ -
Employer Contributions	-	2,690,673
Net Investment Income (Loss)	(40,486)	1,292,997
Gain on Sale of Land Held for Resale	7,246,935	-
Other	903,881	-
	<u> </u>	<u> </u>
Total Additions	<u>20,090,718</u>	<u>3,983,670</u>
DEDUCTIONS		
Administrative Expenses	477,701	-
Interest and Fiscal Charges	6,987,313	-
Capital Contribution to the City	1,300,618	-
Depreciation	13,600	-
Benefits	-	1,484,943
	<u> </u>	<u> </u>
Total Deductions	<u>8,779,232</u>	<u>1,484,943</u>
Change in Net Position	11,311,486	2,498,727
Net Position - Beginning of Year	<u>(104,260,921)</u>	<u>16,691,774</u>
Net Position - End of Year	<u>\$ (92,949,435)</u>	<u>\$ 19,190,501</u>

The accompanying notes are an integral part of this statement.

City of Rialto, California
Notes to Financial Statements
June 30, 2018

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A) Description of Reporting Entity

The City of Rialto (the City) was incorporated in 1911 under the General Laws of the State of California. The City operates under a Council-Administrator form of government and provides the following services: public safety (police and fire), highways and streets, parks and recreation, public improvements, planning and zoning, and general administrative services.

As required by accounting principles generally accepted in the United States of America, these financial statements include the financial activities of the City and its component units – the Rialto Public Financing Authority (the Financing Authority), the Rialto Utility Authority (the Utility Authority), the Rialto Nonprofit Public Building Authority (Building Authority), and the Rialto Housing Authority (Housing Authority) – for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City’s operations and, therefore, data of these units are combined with data of the City.

Blended Components Units

The Rialto Public Financing Authority (Financing Authority) was established in 1988 pursuant to California Government Code Section 6500. Although it is legally separate from the City, the Financing Authority is reported as if it were part of the City because its sole purpose is to finance the City’s and the former Redevelopment Agency’s public projects. The financial activity for this entity is blended with the governmental funds of the City in the 1997 COP Debt Service Fund.

The Rialto Utility Authority (Utility Authority) was created on May 1, 2001 pursuant to Joint Powers Law Articles 1 through 4 (commencing with Section 6500) of Chapter 5, Division 7, Title 1 of the California Government Code, and the Marks-Roos Local Bond Pooling Act of 1985. The Utility Authority was formed to provide for lease, ownership, operation, maintenance, construction, and financing of the Water and Wastewater Utility systems and any other utility system or service. The City Council acts as the governing board of the Utility Authority and there is a financial benefit/burden relationship between the City and the Utility Authority. The financial activity of the Utility Authority is blended with the City’s proprietary funds in the Water and Wastewater Proprietary Funds.

The Rialto Nonprofit Public Building Authority (Building Authority) was established in 1988. Although it is legally separate from the City, the Building Authority is reported as if it were part of the City because its sole purposes is to finance, refinance, acquire, construct, improve, lease, sell, or otherwise convey property of any kind to the City. The financial activity for this entity is blended with the governmental funds of the City in the 1997 COP Debt Service Fund.

The Rialto Housing Authority (Housing Authority) was created on November 4, 2003 in accordance with the Californian Law Health and Safety Code Sections 34200-34606. The Housing Authority enables the City to engage in more aggressive housing market intervention, including the acquisition of property, rehabilitation, and/or development of affordable housing. The Mayor and City Council act as the governing board of the Housing Authority and there is a financial benefit/burden relationship between the City and the Housing Authority. The financial activity for this entity is blended with the governmental funds of the City in the Housing Authority Special Revenue Fund.

City of Rialto, California
Notes to Financial Statements
June 30, 2018

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

A) Description of Reporting Entity - Continued

Blended Components Units - Continued

The Financing Authority, Utility Authority, Building Authority, and Housing Authority do not issue separate financial statements

B) Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the non-fiduciary activities of the City and its component units. The effect of interfund activity has been removed from these statements. Governmental activities, which are normally 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 segments are offset by program revenues. Direct expenses are those that are clearly identifiable to 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 requirement of a particular function or segment. Taxes and other items not properly classified as program revenues are reported as general revenues.

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

C) Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary funds, the private-purpose trust fund, and the other post-employment benefit trust fund financial statements. Under the *economic resources measurement focus*, all (both current and long-term) economic resources and obligations of the reporting government are reported in the government-wide financial statements. Under the *accrual basis of accounting*, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Property taxes are recognized in the fiscal year for which the taxes have been levied. The Agency funds, however, are unlike all other types of funds, reporting only assets and liabilities. Therefore, the Agency funds cannot be said to have a measurement focus. They do, however, use the *accrual basis of accounting* to recognize receivables and payables.

City of Rialto, California
Notes to Financial Statements
June 30, 2018

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C) Measurement Focus, Basis of Accounting, and Financial Statement Presentation - Continued

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under the *current financial resources measurement focus* only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources are generally included on their balance sheets. Under the *modified accrual basis of accounting*, revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 90 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.

Revenues that are accrued generally include taxes, interest, and state and federal grants and charges for services.

Real property taxes are levied for the period beginning on July 1 to June 30 against property owners of record on January 1. The taxes are due in two installments, on November 1 and February 1, and become delinquent after December 10 and April 10, respectively. Tax liens attach annually as of 12:01 a.m. on the first day of January in the fiscal year for which the taxes are levied. Property tax revenue is recognized in the fiscal year for which the taxes have been levied, provided it is collected within 90 days of the end of the fiscal year in the fund financial statements.

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 City's Water, Wastewater, Airport, and Other Enterprise Funds are charges to customers for sales and services. The Wastewater fund also recognizes as operating revenue the portion of connection fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise 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.

D) Fund Accounting:

The accounts of the City are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts, which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance/net position, revenues, and expenditures or expenses, as appropriate.

City of Rialto, California
Notes to Financial Statements
June 30, 2018

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D) Fund Accounting: - Continued

Governmental Funds:

Governmental funds are those funds through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of currently available financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used; current liabilities are assigned to the fund from which they are paid; and the difference between governmental fund assets, deferred outflows of resources, liabilities and deferred inflows of resources, the fund equity, is referred to as “fund balance”. The measurement focus is upon determination of changes in fund balance, rather than upon net income determination.

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 City, except those required to be accounted for in another fund.

The *Capital Projects Capital Projects Fund* is used to account for resources restricted or assigned for capital improvements.

The other governmental funds of the City are considered nonmajor.

Additionally, the City reports the following fund types:

The *Special Revenue Funds* are used to account for proceeds of specific revenue sources that are legally restricted or otherwise assigned for specific purposes.

The *Capital Projects Funds* are used to account for income received to fund expenditures related to City infrastructure and development improvements.

The *Debt Service Fund* is used to account for debt service activity for the 2007 Refunding Certificates of Participation.

Proprietary Funds:

Proprietary funds are used to account for a government’s ongoing organizations and activities which are similar to those often found in the private sector. The measurement focus is upon income determination, financial position, and cash flows. The City reports the following major proprietary funds:

The *Water Fund* accounts for the activities of the City’s water distribution operations.

The *Wastewater Fund* accounts for the activities of the City’s wastewater systems.

The *Airport Fund* accounts for the activities of the City’s airport operations.

City of Rialto, California
Notes to Financial Statements
June 30, 2018

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D) Fund Accounting: - Continued

Proprietary Funds: - Continued

The other proprietary funds of the City are considered nonmajor.

In addition to the major proprietary funds, the City reports internal service funds, which are proprietary funds types, whose purpose is to account for goods and services provided by one City department to other City departments or agencies, or to external organizations. Internal service funds are used to account for workers' compensation, fleet management, information system, generally liability, and building maintenance.

Fiduciary Funds:

Fiduciary funds are accounted for on the accrual basis of accounting as are the proprietary funds explained above. The City reports the following fiduciary funds, which are excluded from the government-wide financial statements:

Private-Purpose Trust Fund accounts for the custodial responsibilities that are assigned to the Successor Agency to the Rialto Redevelopment Agency pursuant to the Dissolution Act.

Other Post-Employments Benefit (OPEB) Trust Fund accounts for the activities of the City's plan for post-retirement medical benefits.

Agency Funds are used to account for assets held by the City as an agent for individuals, private organizations, or other governments. The Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City acts in an agency capacity for special deposit activity, confiscated funds due to public safety activities, Community Facilities District (CFD) 87-1 and CFD 2006-1 Elm Park.

E) New Accounting Pronouncements

Current Year Standards:

Governmental Accounting Standard Board Statement No. 75

In June of 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement was issued to improve accounting and financial reporting for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by governmental employers about financial support for OPEB that is provided by other entities. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. The provisions of this Statement are effective for fiscal years beginning after June 15, 2017. This Statement has been implemented in the City's financial statements.

City of Rialto, California
Notes to Financial Statements
June 30, 2018

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

E) New Accounting Pronouncements - Continued

Current Year Standards: - Continued

Governmental Accounting Standard Board Statement No. 81

In March of 2016, GASB issued Statement No. 81, *Irrevocable Split Interest Agreements*. This statement was issued to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. Split-interest agreements are a type of giving agreement used by donors to provide resources to two or more beneficiaries, including governments. Split-interest agreements can be created through trusts—or other legally enforceable agreements with characteristics that are equivalent to split-interest agreements—in which a donor transfers resources to an intermediary to hold and administer for the benefit of a government and at least one other beneficiary. This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2016. Currently, this statement has no effect on the City’s financial statements.

Governmental Accounting Standard Board Statement No. 82

In March of 2016, GASB issued Statement No. 82, *Pension Issues – An Amendment of GASB Statements No. 67, No. 68, and No. 73*. This statement was issued to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. Prior to the issuance of this Statement, Statements 67 and 68 required presentation of covered-employee payroll, which is the payroll of employees that are provided with pensions through the pension plan, and ratios that use that measure, in schedules of required supplementary information. This Statement amends Statements 67 and 68 to instead require the presentation of covered payroll, defined as the payroll on which contributions to a pension plan are based, and ratios that use that measure. This Statement also clarifies the term deviation used in Actuarial Standards of Practice and payments made by the employer to satisfy contribution requirements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer’s pension liability is measured as of a date other than the employer’s most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. The City has implemented GASB No. 82 which is reflected on the City’s financial statements.

City of Rialto, California
Notes to Financial Statements
June 30, 2018

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

E) New Accounting Pronouncements - Continued

Current Year Standards: - Continued

Governmental Accounting Standard Board Statement No. 85

In March of 2017, GASB issued Statement No. 85, *Omnibus 2017*. This Statement addresses practice issues that have risen from the implementation of certain GASB Statements; primarily pension and OPEB related measurement, recognition, timing, and reporting issues. Other issues include blending of component units for governments whose primary activity is business-type, goodwill reporting, classifying real estate held by insurance entities and measuring particular investments at amortized cost. This Statement is effective for reporting periods beginning after June 15, 2017. The City has implemented GASB No. 85 which is reflected on the City's financial statements.

Governmental Accounting Standard Board Statement No. 86

In May of 2017, GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*. This Statement expands upon GASB No. 7 *Advance Refundings Resulting in Defeasance of Debt* which defines debt defeased in substance and the criteria for the trusts used to extinguish debt. This Statement establishes essentially the same requirements for when a government places cash and other monetary assets acquired with only existing resources in an irrevocable trust to extinguish the debt. This Statement is effective for reporting periods beginning after June 15, 2017. Currently, this statement has no effect on the City's financial statements.

Pending Accounting Standards:

GASB has issued the following statements, which may impact the City's financial reporting requirements in the future:

- i. GASB 83 - "*Certain Asset Retirement Obligations*", effective for fiscal years beginning after June 15, 2018.
- ii. GASB 84 - "*Fiduciary Activities*", effective for fiscal years beginning after December 15, 2018.
- iii. GASB 87 - "*Leases*", effective for fiscal years beginning after December 15, 2019.
- iv. GASB 88 - "*Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*" effective for fiscal years beginning after June 15, 2018.
- v. GASB 89 - "*Accounting for Interest Cost Incurred before the End of a Construction Period*" effective for fiscal years beginning after December 15, 2019.
- vi. GASB 90 - "*Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*" effective for fiscal years beginning after December 15, 2018.
- vii. GASB 91 - "*Conduit Debt Obligations*" effective for fiscal years beginning after December 15, 2020.

F) Statement of Cash Flows

The City's enterprise and internal service funds participate in the pooling of City-wide cash and investments. As amounts are available to these funds on demand, all cash and investments, including restricted cash and investments, in these funds are considered to be cash and cash equivalents for statement of cash flow purposes. 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.

City of Rialto, California
Notes to Financial Statements
June 30, 2018

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

G) Cash, Investments and Other Investments

The City pools cash and investment resources of some of its funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements.

Investments are stated at fair value except for certain investments, which have a remaining life of less than one year when purchased and investment contracts, which are stated at amortized cost. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of the investments is generally based on published market prices and quotations from major investment firms. Investment earnings are allocated based on the source of funds.

H) Restricted Cash and Investments

Certain proceeds of governmental fund certificates of participation and enterprise fund long-term liabilities as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet and statement of net position because their use is limited by applicable bond or debt covenants.

I) Unbilled Receivables

Unbilled water and wastewater revenue of the enterprise funds is recognized as earned based on consumption or when service is rendered.

J) Prepaid Items

Payments to vendors that reflect costs applicable to future accounting periods are recorded as prepaid items in both government-wide and fund financial statements and are recorded as expenditures when consumed rather than when purchased.

K) Inventory

Inventory is valued at cost, which approximates fair value, on a first-in, first-out basis. Inventory in the proprietary funds consists of expendable supplies held for consumption. The costs of governmental fund type inventories are recorded as expenditure when consumed rather than when purchased.

L) 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 and in the fund financial statements of the proprietary funds and private-purpose trust fund.

Capital assets, other than infrastructure assets, are defined by the City as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. The amounts spent for the construction or acquisition of infrastructure assets are capitalized and reported in the government-wide financial statements with an individual cost of more than \$25,000.

City of Rialto, California
Notes to Financial Statements
June 30, 2018

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

L) Capital Assets - Continued

Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Interest incurred during the construction phase of capital assets of business-type activities is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds of tax-exempt debt over the same period. There was no interest capitalized by the City during the current fiscal year. Capital assets, other than land, land easements, and construction in progress, are depreciated using the straight-line method using the following lives:

Land Improvements	200 years
Buildings and Other Structures	25 - 50 years
Improvements Other than Buildings	20 years
Machinery and Equipment	5 - 7 years
Distribution Systems	20 - 50 years
Wastewater Treatment Plant	20 - 50 years
Vehicles	5 - 10 years
Office Furniture, Computers and Equipment	5 - 20 years
Infrastructure	20 - 60 years

M) Unearned Revenue

Unearned revenue in the General Fund of \$25,690,710, consists primarily of funds collected under Measure U, which is a new business license tax on wholesale liquid fuel storage facilities in an amount up to \$1 per year for each cubic foot of liquid fuel storage capacity. The City has escrowed these funds pending current litigation and has offset the amounts collected with unearned revenue.

N) Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that time. The City has the following items that qualify for reporting in this category:

- Deferred loss on refunding reported in the government-wide statement of net position and fiduciary funds statement of net position. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the life of the refunding debt.
- Deferred outflows related to pensions and OPEB equal to employer contributions made after the measurement date of the net pension liability.
- Deferred outflows related to pensions resulting from the difference in projected and actual earnings on investments of the pension plans fiduciary net position and changes in actuarially determined assumptions. These amounts are amortized over five years.

City of Rialto, California
Notes to Financial Statements
June 30, 2018

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

N) Deferred Outflows/Inflows of Resources - Continued

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

- Deferred inflows from unavailable revenues, which is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources, which are grants receivable and franchise fees collections. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
- Deferred inflows related to pensions for differences between expected and actual experiences. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the plans.
- Deferred inflows from pensions and OPEB resulting from the difference in projected and actual earnings on investments of the pension plans fiduciary net position changes in assumptions. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the plans.

O) Interfund Transactions

Interfund current receivables and payables are classified as either “due to/due from” (i.e., the current portion of interfund loans) or “advance to/from other funds” (i.e., the noncurrent portion of interfund loans). Residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”. Transactions, which constitute the transfer of resources from a fund receiving revenues to a fund through which the revenues are to be expended, are separately reported in the respective funds’ operating statements as a transfer.

P) Long-Term Obligations

In the government-wide financial statements, proprietary fund financial statements, and private-purpose trust fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, proprietary fund type statement of net position, or private-purpose trust fund statement of net position. Bond premiums, discounts, and deferred amounts on refunding are deferred and amortized over the life of the bonds using the effective interest method. Amortization of bond premium, discounts, and deferred amounts is included in interest expense. Bonds payable are reported net of the applicable bond premium or discount. The deferred amount on refunding is reported as a deferred outflow or inflow of resources. Bond issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

City of Rialto, California
Notes to Financial Statements
June 30, 2018

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

P) Long-Term Obligations - Continued

In the fund financial statements, governmental fund types recognize bond premiums, discounts, and 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 issuance are reported as other financing uses. Issuance costs, whether or not withheld the actual debt proceeds received, are reported as debt service expenditures.

Q) Compensated Absences

In the governmental funds, compensated absences are recorded as expenditures in the year in which the amount is due and payable due to resignations or retirements. As of year-end, the entire unpaid liability for the governmental funds is recorded as a long-term liability in the government-wide statement of net position. Compensated absences in the proprietary funds are recorded as liabilities in the applicable funds.

R) Net Position and Net Position Flow Assumptions

Net Position:

Net position is the excess of all the City's assets and deferred outflows of resources over all its liabilities and deferred inflows of resources. Net position is divided into three captions. These captions are described below and apply only to net position, which is applicable only to the government-wide statements, proprietary fund statements, private-purpose trust fund statements, and other post-employment benefit trust fund statements.

Net Investment in Capital Assets - describes the portion of net position which is represented by the current net book value of the City's capital assets, less the outstanding balance of any debt issued to finance these assets, unspent bond proceeds from debt, and the deferral on refunding.

Restricted - describes the portion of net position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the City cannot unilaterally alter.

Unrestricted - describes the portion of net position which is not restricted as to use.

Net Positions Flow Assumptions:

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

It is the City's practice to consider restricted - net position to have been depleted before unrestricted - net position is applied.

City of Rialto, California
Notes to Financial Statements
June 30, 2018

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

S) Fund Balances

The City's governmental funds' fund balances include the following classifications:

Nonspendable Fund Balance – includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance – includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restriction may effectively be changed or lifted only with the consent of resource providers.

Committed Fund Balance – includes amounts that can only be used for the specific purposes determined by a formal action (Ordinance) of the City's highest level of decision-making authority, the City Council. Commitments may be changed or lifted only by the City taking the same formal action that imposed the constraint originally.

Assigned Fund Balance – includes amounts intended to be used by the City for specific purposes that are neither restricted nor committed. Intent is expressed by (a) the City Council or (b) an official to which the City Council has delegated the authority to assign amounts to be used for specific purposes. The City Council approves assignments of fund balance.

Unassigned Fund Balance – is the residual classification and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. The unassigned fund balance classification is where to report negative amounts for all governmental funds, other than the general fund.

When expenditures are incurred, the City's applies the most restrictive funds first; and then the City would use the appropriate funds in the following order: committed, assigned, and lastly unassigned amounts.

The City established encumbrances to record the amount of purchase orders, contracts, and other obligations, which have not yet been fulfilled, cancelled, or discharged. Encumbrances outstanding at year-end are recorded as part of assigned fund balance.

T) Pensions

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

U) Other Post-Employment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's plan (OPEB Plan) and additions to/deductions

City of Rialto, California
Notes to Financial Statements
June 30, 2018

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

U) Other Post-Employment Benefits (OPEB) - Continued

from the OPEB Plan’s fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

V) Use of Estimates

The preparation of financial statements requires management to make certain estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, and disclosure of contingent assets and liabilities, at the date of the financial statements, as well as the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

2) CASH AND INVESTMENTS

Cash and Investments as of June 30, 2018 are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and Investments	\$ 225,692,234
Restricted Cash and Investments in Trust	22,365,851
Restricted Cash and Investments with Fiscal Agent	17,017,683
Statement of Fiduciary Net Position:	
Cash and Investments	12,243,555
Restricted Cash and Investments with Fiscal Agents	6,947,544
Restricted Cash and Investments Bond Proceeds	1,352,844
Restricted Cash and Investments Held by Trust	19,190,501
	<hr/>
Total Cash and Investments	\$ 304,810,212
	<hr/>

Cash and Investments held by the City at June 30, 2018 consist of the following:

Cash on Hand	\$ 33,750
Deposits with Financial Institutions	32,018,594
Cash and Investments with Public Agency Retirement Services (PARS) for Other Post-Employment Benefit (OPEB) Trust	19,190,501
Investments	253,567,367
	<hr/>
Total Cash and Investments	\$ 304,810,212
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City of Rialto, California
Notes to Financial Statements
June 30, 2018

2) CASH AND INVESTMENTS - Continued

Investments Authorized by the California Government Code and the City's Investment Policy

The City maintains a formal Investment Policy, which is adopted annually by the City Council. The Investment Policy states that "the investment of City funds is governed by the California Government Code Section 53600 et seq."

The table below identifies the investment types that are authorized for the City by the California Government Code and the City's investment policy. Also identified are certain provisions that address interest rate risk and concentration of credit risk. Not addressed below are investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the City, rather than the general provisions of the Government Code and Investment Policy and investments of the employer contributions to the other post-employment benefit (OPEB) trust that are governed by the trust agreement.

Authorized Investment Type	Authorized by Investment Policy	Maximum Maturity ⁽¹⁾	Maximum Percentage of Portfolio ⁽¹⁾	Maximum Investment In One Issuer ⁽¹⁾
U.S. Treasury Obligations	Yes	5 years	None	None
U.S. Government Sponsored Agency Securities	Yes	5 years	None	15%
Banker's Acceptances	Yes	180 days	40%	30%
Commercial Paper	Yes	270 days	15% ⁽²⁾	10% ⁽²⁾
Negotiable Certificates of Deposit	Yes	5 years	30%	None
Money Market Mutual Funds	Yes	5 years	None	None
Medium Term Notes	Yes	5 years	15%	30%
Repurchase Agreements	Yes	90 days	50% ⁽²⁾	None
Reverse Repurchase Agreements	Yes	90 days	20%	None
Local Agency Investment Fund (LAIF)	Yes	N/A	None	*
Joint Powers Authority Pools	Yes	N/A	None	None
Time Deposit	Yes	5 years	25%	None
Local Agency Investment Fund	Yes	5 years	30%	15%

⁽¹⁾ Based on state law requirements or investment policy requirements, whichever is more restrictive.

⁽²⁾ Excluding amounts held by bond trustee that are not subject to California Government Code Restrictions.

* \$195 million total between City, Utility Authority and Successor Agency.

NA - Not Applicable

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways the City manages its exposure to interest rates risk is by purchasing a combination of short and long-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

City of Rialto, California
Notes to Financial Statements
June 30, 2018

2) CASH AND INVESTMENTS - Continued

Disclosures Relating to Interest Rate Risk - Continued

Information about the sensitivity of the fair values of the City's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

Investment Type	Remaining Maturity (in Months)				Total
	12 Months Or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months	
Federal National Mortgage Association (FNMA)	\$ 3,970,040	\$ -	\$ -	\$ -	\$ 3,970,040
Federal Farm Credit Banks (FFCB)	4,947,900	6,885,410	-	-	11,833,310
Federal Home Loan Mortgage Corporation (FHLMC)	-	6,004,680	1,460,970	-	7,465,650
United States Treasury Obligations	36,586,105	996,980	-	-	37,583,085
Negotiable Certificates of Deposit	10,541,049	9,987,574	3,858,912	-	24,387,535
Money Market - CalTRUST					
Short-Term	15,755,412	-	-	-	15,755,412
Money Market Mutual Funds	1,320,487	-	-	-	1,320,487
Local Agency Investment Fund (LAIF)	39,925,075	-	-	-	39,925,075
Medium-Term Corporate Note	53,853,056	18,507,179	31,980,184	-	104,340,419
Held By Trust:					
PARS Pooled Trust (OPEB)	19,190,501	-	-	-	19,190,501
Held by Fiscal Agents:					
Money Market Funds	6,283,167	-	-	-	6,283,167
Investment Contracts	703,187	-	-	-	703,187
Total	\$ 193,075,979	\$ 42,381,823	\$ 37,300,066	\$ -	\$272,757,868

City of Rialto, California
Notes to Financial Statements
June 30, 2018

2) CASH AND INVESTMENTS - Continued

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the actual rating by Standard and Poor's, as of year end for each investment type.

	Total as of June 30, 2018	Rating as of Year End			
		AAA	AA+	Other	Not Rated
Federal National Mortgage Association (FNMA)	\$ 3,970,040	\$ -	\$ 3,970,040	\$ -	\$ -
Federal Farm Credit Banks (FFCB)	11,833,310	-	11,833,310	-	-
Federal Home Loan Mortgage Corporation (FHLMC)	7,465,650	-	7,465,650	-	-
United States Treasury Obligations	37,583,085	36,586,105	-	996,980	-
Negotiable Certificates of Deposit	24,387,535	-	-	-	24,387,535
Money Market - CalTRUST					
Short-Term	15,755,412	-	-	15,755,412	-
Money Market Mutual Funds	1,320,487	1,320,487	-	-	-
Local Agency Investment Fund (LAIF)	39,925,075	-	-	-	39,925,075
Medium-term Corporate Notes	104,340,419	-	-	104,340,419	-
Held By Bond Trust:					
PARS Pooled Trust (OPEB)	19,190,501	-	-	-	19,190,501
Held by Fiscal Agents:					
Money Market Fund	6,283,167	6,283,167	-	-	-
Investment Contracts	703,187	-	-	-	703,187
Total	\$ 272,757,868	\$ 44,189,759	\$ 23,269,000	\$ 121,092,811	\$ 84,206,298

The actual ratings for the "Other" category above are as follows:

	AA	AA-	A+	A	A-	Total
United States Treasury Obligations	\$ -	\$ 996,980	\$ -	\$ -	\$ -	\$ 996,980
Money Market - CalTRUST						
Short-Term	15,755,412	-	-	-	-	15,755,412
Medium-term Corporate Notes	3,892,347	19,624,423	44,262,644	18,338,902	18,222,103	104,340,419
Total	\$ 19,647,759	\$ 20,621,403	\$ 44,262,644	\$ 18,338,902	\$ 18,222,103	\$ 121,092,811

City of Rialto, California
Notes to Financial Statements
June 30, 2018

2) CASH AND INVESTMENTS - Continued

Concentration of Credit Risk

Concentration credit risk is the heightened risk of potential loss when investments are concentrated in one issuer.

As of June 30, 2018, the City had no investments concentrated in one issuer which exceeded 5% of total investments. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investments pool, and other pooled investments are excluded from this disclosure requirement.

Custodial Credit Risk

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 its 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 (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2018, none of the City's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts.

The City's Investment Policy requires a third-party bank trust department hold all investment securities owned by the City. The City's investments in certificates of deposit are held by banks. Accordingly, the certificates are covered by the same collateral requirements as the City's deposits.

For investments identified herein as held by bond trustee, the bond trustee selects the investment under the terms of the applicable trust agreement, acquires the investment, and holds the investment on behalf of the reporting government.

Investment in Local Agency Investment Fund

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro rata share of the fair values provided by LAIF for the entire LAIF portfolio. The balance available for withdrawal is based on the accounting records maintained by LAIF. LAIF is not rated.

Investment in CalTRUST Investment Pool

CalTRUST is a Joint Powers Agency Authority created by local public agencies to provide a convenient method for local public agencies to pool their assets for investment purposes. CalTRUST is governed by a Board of Trustees made up of experienced local agency treasurers and investment officers. The Board sets overall policies for the program and selects and supervises the activities of the investment manager and other agents. CalTRUST maintains and administers four

City of Rialto, California
Notes to Financial Statements
June 30, 2018

2) CASH AND INVESTMENTS - Continued

Investment in CalTRUST Investment Pool - Continued

pooled accounts within the program: Money Market, Short-Term, Medium-Term and Long-Term. The Money Market account permits daily transactions, with same-day liquidity (provided redemption requests are received by 1:00 p.m. Pacific time), with no limit on the amount of funds that may be invested. The Short-Term account permits an unlimited number of transactions per month (with prior day notice), with no limit on the amount of funds that may be invested. The Medium- and Long-Term accounts permit investments, withdrawals and transfers once per month, with five days advance notice. All CalTRUST accounts comply with the limits and restrictions placed on local agency investments by the California Government Code. CalTRUST imposes a \$250,000 minimum investment; however, there is no maximum limit. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's percentage interest of the fair value provided by CalTRUST for the CalTRUST accounts (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by CalTRUST.

Cash and Investments - OPEB Trust

The City established a trust account with Public Agency Retirement Services (PARS) to hold assets that are legally restricted for use in administering the City's OPEB health plan. The OPEB Trust's specific cash and investments are managed by a third-party portfolio manager under guidelines approved by the City.

Those guidelines are as follows:

Risk Tolerance:	Balanced High Mark Plus
Risk Management:	The portfolio is constructed to control risk through four layers of diversification - asset classes (cash, fixed income, equity), investment styles (large cap, small cap, international, value, growth), managers and securities. Disciplined mutual fund selection and monitoring process helps to drive return potential while reducing portfolio risk.
Investment Objective:	To provide growth of principal and income. It is expected that dividend and interest income are an important component of the objective's total return, it is expected that capital appreciation will comprise a larger portion of the total return.
Strategic Ranges:	0% - 20% Cash 30% - 50% Fixed Income 50% - 70% Equity

Cash and Investments with Fiscal Agents

Cash and investments maintained by fiscal agents are considered restricted and are pledged as collateral for payment of principal and interest on bonds.

Provisions of debt agreements, rather than the general provisions of the California Government Code or the City's Investment Policy, govern investments of debt proceeds held by bond fiscal agents. Permitted investments are specified in related trust agreements and include the following:

City of Rialto, California
Notes to Financial Statements
June 30, 2018

2) CASH AND INVESTMENTS - Continued

Cash and Investments with Fiscal Agents - Continued

- Securities of the U.S. Government and its sponsored agencies
- Bankers' Acceptances rated in the single highest classification
- Commercial Paper rated in the single highest classification
- Investments in money market funds rated in the single highest classification
- Municipal obligations rated *Aaa/AAA* or general obligations of states with ratings of at least *A21A* or higher by both Moody's and S&P
- Investment contracts

No maximum percentage of the related debt issue or maximum investment in one issuer is specified.

Cash and Investments Held in Trust

Cash and investments maintained in the trust are considered restricted for water and wastewater functions.

Fair Value Measurements

The City categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs.

The City has the following recurring fair value measurements as of June 30, 2018:

	Quoted Prices Level 1	Observable Inputs Level 2	Unobservable Inputs Level 3	Total
Federal National Mortgage Association (FNMA)	\$ -	\$ 3,970,040	\$ -	\$ 3,970,040
Federal Farm Credit Banks (FFCB)	-	11,833,310	-	11,833,310
Federal Home Loan Mortgage Corporation (FHLMC)	-	7,465,650	-	7,465,650
United States Treasury Obligation	-	37,583,085	-	37,583,085
Negotiable Certificates of Deposit	-	24,387,535	-	24,387,535
Money Market Mutual Funds	-	1,320,487	-	1,320,487
Medium-term Corporate Notes	-	104,340,419	-	104,340,419
Held by Fiscal Agents:				
Investments Contracts	-	-	703,187	703,187
	<u>\$ -</u>	<u>\$ 190,900,526</u>	<u>\$ 703,187</u>	
Total Leveled Investments				191,603,713
Money Market - CalTRUST Short-Term*				15,755,412
Local Agency Investment Fund (LAIF)*				39,925,075
Held by Trust:				
PARS Pooled Trust (OPEB)*				19,190,501
Held by Fiscal Agents:				
Money Market Funds*				<u>6,283,167</u>
				<u>\$ 272,757,868</u>

*Not subject to fair value measurements

City of Rialto, California
Notes to Financial Statements
June 30, 2018

3) ACCOUNTS RECEIVABLE

Accounts receivable as of year-end for the City's individual major funds, nonmajor funds, internal service funds, agency funds and private-purpose trust fund, including the applicable allowances for uncollectible accounts, are as follows:

	Accounts Receivable	Less Allowance for Uncollectible	Net Total Accounts Receivable
Governmental Funds:			
General Fund	\$ 8,912,746	\$ (4,596,333)	4,316,413
Other Governmental Funds	1,339,016	-	1,339,016
Proprietary Funds:			
Water	1,565,669	(373,649)	1,192,020
Wastewater	3,658,270	(464,607)	3,193,663
Airport	130,951	(114,875)	16,076
Other Enterprise Funds	7,569	-	7,569
Internal Service Funds	43,708	-	43,708
	<u> </u>	<u> </u>	<u> </u>
Total Primary Government	\$ 15,657,929	\$ (5,549,464)	\$ 10,108,465
	<u> </u>	<u> </u>	<u> </u>
Fiduciary Funds:			
Private-Purpose Trust Fund	\$ 11,100	\$ (2,750)	\$ 8,350
	<u> </u>	<u> </u>	<u> </u>
Agency Funds	\$ -	\$ -	\$ -
	<u> </u>	<u> </u>	<u> </u>

4) LOANS RECEIVABLE

Loans receivable of \$3,571,901, which is reflected in the City's other governmental Traffic Development Special Revenue Fund, Neighborhood Stabilization Program Special Revenue Fund, Neighborhood Stabilization Program - Program Income Special Revenue Fund, Cal Home Special Revenue Fund, and Housing Authority Special Revenue Fund, is comprised of the following as of June 30, 2018:

The City administers a housing rehabilitation loan program, which provides money to certain homeowners to rehabilitate their homes. There are certain criteria which the homeowner must meet prior to receiving approval of the loan, which are based on household income and the need for rehabilitation. The City enters into loan agreements with the homeowners that require the loans to be repaid only if title of the property changes. Therefore, the City has recorded the outstanding loans as loans receivable and due to other governments in the governmental funds. The amount of outstanding rehabilitation loans in the Cal Home Special Revenue Fund and Housing Authority Special Revenue Fund at June 30, 2018 is \$2,635,936.

City of Rialto, California
Notes to Financial Statements
June 30, 2018

4) LOANS RECEIVABLE - Continued

The City has provides down payment assistance under the Neighborhood Stabilization Program to eligible middle income households earning not less than eighty percent and not more than one hundred twenty percent of the area median income in San Bernardino County, California, as determined by the U.S. Department of Housing and Urban Development (HUD). If any of the events described in the loan agreement, like sale or rental of all or any interest in the property without City's prior written consent, has not occurred as of the fifteenth anniversary of the maturity date, then the entire loan amount is forgiven. The total outstanding balance in the Neighborhood Stabilization Program Special Revenue Fund and Neighborhood Stabilization Program - Program Income Special Revenue Fund as of June 30, 2018, was \$775,775 (offset by an allowance of \$775,775).

The City established a letter of credit for the beneficiary of the California Department of Fish and Game to obtain a permit for a capital project. Upon the completion of the project, the letter of credit totaling \$160,190 as reported in the Traffic Development Special Revenue Fund will be returned to the City.

5) NOTES RECEIVABLE

Notes receivable of \$45,809,785, which is reflected in the City's other governmental Housing Authority Special Revenue Fund (offset by allowance of \$45,809,785), the Water Enterprise Fund and the Wastewater Enterprise Fund is comprised of the following as of June 30, 2018:

The Housing Authority provided development funding to Inland Valley Housing Partners L.P. in accordance with an Affordable Housing Agreement by and between the Authority and Southern California Housing Development Corporation for Phase I of the Citrus Grove Project (Project). Pursuant to a promissory note and the Agreement, the advance funding is to be repaid from the residual receipts generated by the Project at 3% interest rate per annum. The residual receipts were defined as 50% of the net income after all operating expenses and superior debt service payments are made. Based upon a financial analysis of the Project performed by a financial consultant, the repayment is expected to be minimal relative to the total principal and accrued interest. The outstanding balance as of June 30, 2018, was \$19,152,756. An allowance of \$19,152,756 has been recorded in the financial statements because there is no estimate of timing of cash collections on the note. Revenue will be recognized on a cash basis.

The Housing Authority provided development funding to Citrus Grove Housing Partners L.P. in accordance with an Affordable Housing Agreement by and between the Authority and National Community Renaissance of California for Phase II of the Project. Pursuant to four separate promissory notes and the Agreement, the Authority has advanced funding at 0% interest rate. The principal and accrued interest is to be repaid from the residual receipts generated by the Project. The residual receipts were defined as 50% of the net income after all operating expenses and superior debt service payments are made. Based upon a financial analysis of the Project performed by a financial consultant, the repayment is expected to be minimal relative to the total principal and accrued interest. The total outstanding balance as of June 30, 2018, was \$8,626,713. An allowance of \$8,626,713 has been recorded in the financial statements because there is no estimate for timing of cash collections on the note. Revenue will be recognized on a cash basis.

City of Rialto, California
Notes to Financial Statements
June 30, 2018

5) NOTES RECEIVABLE - Continued

The Housing Authority provided development funding to TELACU in accordance with an Affordable Housing Agreement by and between the Authority and TELACU HOUSING-RIALTO, INC., in connection with the development of a 70-unit affordable senior housing rental complex project on a 2.3 acre site on the north side of Merrill Avenue, just westerly of Riverside, referred to TELACU I La Paz Community project. Pursuant to a promissory note and the Agreement, the advance funding in the amount of \$751,408 is to be repaid from the residual receipts generated by the Project as a 0% interest rate. The residual receipts were defined as 50% of the net income after all operating expenses and superior debt service payments are made. Based upon a financial analysis of the Project performed by a financial consultant, the repayment is expected to be minimal relative to the total principal and accrued interest. Provided the developer is in compliance with all of its obligations under the Affordable Housing Agreement, the Regulatory Agreement, and all other documents executed pursuant thereto, any remaining balance of the Housing Authority loan shall be forgiven upon the fifty-fifth (55th) anniversary of the date of the City's issuance of a certificate of occupancy. The outstanding balance as of June 30, 2018, was \$751,408. An allowance of \$751,408 has been recorded in the financial statements because there is no estimate for timing of cash collections on the note. Revenue will be recognized on a cash basis.

The Housing Authority provided development funding to TELACU in accordance with an Affordable Housing Agreement by and between the Authority and TELACU HOUSING-RIALTO II, INC., in connection with the development of a 75-unit affordable senior housing rental complex project on the south side of Foothill Boulevard and just west of Cactus Avenue ("TELACU 2") project. Pursuant to a promissory note and the Agreement, the advance funding in the amount of \$1,824,155 is to be repaid from the residual receipts generated by the Project at a 0% interest rate. The residual receipts were defined as 50% of the net income after all operating expenses and superior debt service payments are made. Based upon a financial analysis of the Project performed by a financial consultant, the repayment is expected to be minimal relative to the total principal and accrued interest. The outstanding balance as of June 30, 2018, was \$1,707,241. An allowance of \$1,707,241 has been recorded in the financial statements because there is no estimate for timing of cash collection on the note. Revenue will be recognized on a cash basis.

The Housing Authority provided development funding to TELACU in accordance with an Affordable Housing Agreement by and between the Authority and TELACU HOUSING-RIALTO III, INC., in connection with the development of an affordable housing complex project. Pursuant to a promissory note and the Agreement, the advance funding in the amount of \$3,805,000 is to be repaid from the residual receipts generated by the Project at a 0% interest rate. The residual receipts were defined as 50% of the net income after all operating expenses and superior debt service payments are made. Based upon a financial analysis of the Project performed by a financial consultant, the repayment is expected to be minimal relative to the total principal and accrued interest. The outstanding balance as of June 30, 2018, was \$3,060,010. An allowance of \$3,060,010 has been recorded in the financial statements because there is no estimate for timing of cash collection on the note. Revenue will be recognized on a cash basis.

City of Rialto, California
Notes to Financial Statements
June 30, 2018

5) NOTES RECEIVABLE - Continued

The Housing Authority provided development funding to RIALTO FAMILY HOUSING PARTNERS, L.P. in accordance with an Affordable Housing Agreement by and between the Authority and RIALTO FAMILY HOUSING PARTNERS L.P. in connection with the development of an affordable housing complex project. Pursuant to a promissory note and the Agreement, the advance funding in the amount of \$7,385,974 is to be repaid from the residual receipts generated by the Project. The residual receipts were defined as 50% of the net income after all operating expenses and superior debt service payments are made. Based upon a financial analysis of the Project performed by a financial consultant, the repayment is expected to be minimal relative to the total principal and accrued interest. The outstanding balance including unpaid accrued interest as of June 30, 2018, was \$8,835,793. An allowance of \$8,835,793 has been recorded in the financial statements because there is no estimate for timing of cash collection on the note. Revenue will be recognized on a cash basis.

The Housing Authority provided development funding to RIALTO FAMILY HOUSING PARTNERS II, L.P. in accordance with an Affordable Housing Agreement by and between the Authority and RIALTO FAMILY HOUSING PARTNERS L.P. in connection with the development of an affordable housing complex project. Pursuant to a promissory note and the Agreement, the advance funding in the amount of \$1,959,400 is to be repaid from the residual receipts generated by the Project. The residual receipts were defined as 50% of the net income after all operating expenses and superior debt service payments are made. Based upon a financial analysis of the Project performed by a financial consultant, the repayment is expected to be minimal relative to the total principal and accrued interest. The outstanding balance including unpaid accrued interest as of June 30, 2018, was \$2,344,586. An allowance of \$2,344,586 has been recorded in the financial statements because there is no estimate for timing of cash collection on the note. Revenue will be recognized on a cash basis.

The Housing Authority provided development funding to RIALTO FAMILY HOUSING PARTNERS II, L.P. in accordance with an Affordable Housing Agreement by and between the Authority and RIALTO FAMILY HOUSING PARTNERS L.P. in connection with the development of an affordable housing complex project. Pursuant to a promissory note and the Agreement, the advance funding in the amount of \$1,144,711 is to be repaid from the residual receipts generated by the Project. The residual receipts were defined as 50% of the net income after all operating expenses and superior debt service payments are made. Based upon a financial analysis of the Project performed by a financial consultant, the repayment is expected to be minimal relative to the total principal and accrued interest. The outstanding balance including unpaid accrued interest as of June 30, 2018, was \$1,331,278. An allowance of \$1,331,278 has been recorded in the financial statements because there is no estimate for timing of cash collection on the note. Revenue will be recognized on a cash basis.

The Rialto Utility Authority entered into a concessionaire agreement on March 27, 2012 with Rialto Water Services, L.P. (the Concessionaire) to provide services with respect to the Utility Facilities for a term of 30 years. As part of the agreement, the Rialto Utility Authority provided inventory and assets on hand to the Concessionaire for use in providing such utility services. At the end of the 30-year agreement, the Concessionaire must return assets in an equivalent amount of \$292,598 for water utilities and \$365,764 for wastewater utilities. See Note 13 for additional information.

The Rialto Utility Authority entered into an agreement in February 2014 with a business owner to allow the deferral of a development impact fee over a period of 5.5 years. Monthly payments will be \$150 consisting of principal and interest. The outstanding balance reported in the Wastewater Proprietary Fund as of June 30, 2018 was \$3,495.

City of Rialto, California
Notes to Financial Statements
June 30, 2018

6) INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivable and payable balances at June 30, 2018 were as follows:

Due From/To Other Funds

<u>Due to Funds (Receivable)</u>	<u>Due From Funds (Payable)</u>	<u>Amount</u>
Governmental Funds:		
General Fund	Other Governmental Funds	\$ 2,399,099
	Water Enterprise Fund	205,368
	Wastewater Enterprise Fund	615,671
Proprietary Funds:		
Water Enterprise Fund	General Fund	34
	Internal Service Funds	9
Wastewater Enterprise Fund	General Fund	269,401
	Other Governmental Funds	375
	Internal Service Funds	11
		<u>\$ 3,489,968</u>

These balances represent short-term borrowings resulting from expenditures incurred prior to receipt of the related revenue source.

Advances From/To Other Funds

The following table shows amounts advanced to and from funds within the City at June 30, 2018:

<u>Advances to Other Funds</u>	<u>Advances From Funds</u>	<u>Amount</u>
General Fund	Water Enterprise Fund	\$ 1,300,000
Wastewater Enterprise Fund	Water Enterprise Fund	<u>3,000,000</u>
		<u>\$ 4,300,000</u>

Advances to and from other funds, result primarily from long-term borrowings used to fund capital projects in advance of related financing/assessments.

The original loan of \$5,000,000 from the General Fund to the Water Enterprise Fund was made to cover Perchlorate lawsuit related costs with an interest rate of 5%. The City has waived charging interest on this advance. The Perchlorate lawsuit was settled in fiscal year 2012-13 and \$3,700,000 of the loan has been repaid as of June 30, 2018. Repayment of the remaining loan balance of \$1,300,000 will be paid through future revenues in the Water Enterprise Fund.

The original loan of \$4,000,000 from the Wastewater Enterprise Fund to the Water Enterprise Fund was made to cover Perchlorate litigation related costs. The City has waived charging interest on this advance. The Perchlorate lawsuit was settled in fiscal year 2012-2013 and \$1,000,000 of the loan has been repaid as of June 30, 2018. Repayment of the remaining loan balance of \$3,000,000 will be paid through future revenues in the Water Enterprise Fund.

City of Rialto, California
Notes to Financial Statements
June 30, 2018

6) INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS - Continued

Transfers From/To Other Funds

Interfund transfers in and out at June 30, 2018 were as follows:

Transfers In From Other Funds	Transfers Out to Other Funds	Amount
Governmental Funds:		
General Fund	Other Governmental Funds	\$ 1,762,201
	Airport Enterprise Fund	6,730,559
Capital Projects Fund	General Fund	2,818,280
Other Government Funds	General Fund	1,856,604
	Other Governmental Funds	2,284
	Other Enterprise Funds	5,765
Proprietary Funds:		
Other Enterprise Funds	General Fund	2,723,596
	Other Governmental Funds	49,130
Internal Service Funds	General Fund	1,961,886
		\$ 17,910,305

Transfers are either used to (1) move resources between funds based on Federal or State statute or City budget requirements, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, or (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in the funds in accordance with budgetary authorizations. Airport Enterprise Fund transfers include property sales during the year that were transferred to the General Fund.

City of Rialto, California
Notes to Financial Statements
June 30, 2018

7) CAPITAL ASSETS

A summary of changes in the Governmental Activities capital assets at June 30, 2018 is as follows:

	Balance at July 1, 2017	Additions	Deletions	Balance at June 30, 2018
Governmental Activities:				
Capital Assets, Not Depreciated:				
Land	\$ 69,159,428	\$ 34,777	\$ -	\$ 69,194,205
Land Easements	7,086,730	-	-	7,086,730
Construction in Progress	22,426,929	23,432,814	(21,510,290)	24,349,453
Total Capital Assets, Not Depreciated	<u>98,673,087</u>	<u>23,467,591</u>	<u>(21,510,290)</u>	<u>100,630,388</u>
Capital Assets, Being Depreciated:				
Land Improvements	25,826	6,996	-	32,822
Building and Other Structures	30,068,446	13,354	-	30,081,800
Improvements Other than Buildings	43,197,045	4,930,747	-	48,127,792
Machinery and Equipment	3,098,203	379,821	-	3,478,024
Vehicles	13,050,086	452,908	(110,909)	13,392,085
Office Furniture, Computers and Equipment	3,606,978	57,776	-	3,664,754
Infrastructure	182,468,498	18,313,766	-	200,782,264
Total Capital Assets, Being Depreciated	<u>275,515,082</u>	<u>24,155,368</u>	<u>(110,909)</u>	<u>299,559,541</u>
Less Accumulated Depreciation:				
Land Improvements	(22,944)	(378)	-	(23,322)
Building and Other Structures	(11,051,139)	(710,311)	-	(11,761,450)
Improvements Other than Buildings	(20,980,679)	(1,676,350)	-	(22,657,029)
Machinery and Equipment	(2,260,495)	(230,391)	-	(2,490,886)
Vehicles	(10,023,010)	(618,571)	83,685	(10,557,896)
Office Furniture, Computers and Equipment	(2,826,489)	(185,321)	-	(3,011,810)
Infrastructure	(112,138,043)	(3,397,005)	-	(115,535,048)
Total Accumulated Depreciation	<u>(159,302,799)</u>	<u>(6,818,327)</u>	<u>83,685</u>	<u>(166,037,441)</u>
Total Capital Assets Being Depreciated, Net	<u>116,212,283</u>	<u>17,337,041</u>	<u>(27,224)</u>	<u>133,522,100</u>
Total Governmental Activities Capital Assets, Net	<u>\$ 214,885,370</u>	<u>\$ 40,804,632</u>	<u>\$ (21,537,514)</u>	<u>\$ 234,152,488</u>

City of Rialto, California
Notes to Financial Statements
June 30, 2018

7) CAPITAL ASSETS - Continued

A summary of changes in Business-type Activities capital assets at June 30, 2018 is as follows:

	Balance at July 1, 2017	Additions	Deletions	Balance at June 30, 2018
Business-type Activities:				
Capital Assets, Not Depreciated:				
Land	\$ 1,767,770	\$ -	\$ -	\$ 1,767,770
Construction in Progress	2,818,024	5,023,644	(3,858,767)	3,982,901
Total Capital Assets, Not Depreciated	4,585,794	5,023,644	(3,858,767)	5,750,671
Capital Assets, Being Depreciated:				
Land Improvements	7,174,830	200,000	-	7,374,830
Buildings and Other Structures	2,336,314	-	-	2,336,314
Distribution Systems	72,518,349	4,812,791	-	77,331,140
Wastewater Treatment Plant	67,976,915	-	-	67,976,915
Office Furniture, Computers and Equipment	1,016,155	-	-	1,016,155
Total Capital Assets, Being Depreciated	151,022,563	5,012,791	-	156,035,354
Less Accumulated Depreciation:				
Land Improvements	(3,964,794)	(351,411)	-	(4,316,205)
Buildings and Other Structures	(1,943,626)	(30,044)	-	(1,973,670)
Distribution Systems	(35,204,445)	(1,343,824)	-	(36,548,269)
Wastewater Treatment Plan	(25,893,486)	(1,334,314)	-	(27,227,800)
Office Furniture, Computers and Equipment	(1,010,615)	-	-	(1,010,615)
Total Accumulated Depreciation	(68,016,966)	(3,059,593)	-	(71,076,559)
Total Capital Assets, Being Depreciated, Net	83,005,597	1,953,198	-	84,958,795
Total Business-type Activities Capital Assets, Net	\$ 87,591,391	\$ 6,976,842	\$ (3,858,767)	\$ 90,709,466

City of Rialto, California
Notes to Financial Statements
June 30, 2018

7) CAPITAL ASSETS - Continued

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

Governmental Activities:

General Government	\$ 4,486,332
Community Development	1,280,324
Public Safety	965,178
Internal Service Funds	<u>86,493</u>

Total Depreciation Expense - Governmental Activities	<u>\$ 6,818,327</u>
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Business-type Activities:

Water	\$ 743,455
Wastewater	2,315,756
Other Enterprise Funds	<u>382</u>

Total Depreciation Expense - Business-type Activities	<u>\$ 3,059,593</u>
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8) JOINT POWERS AUTHORITY

Agua Mansa Industrial Growth Association (AMIGA) Joint Powers Authority

On October 21, 1985, the Agua Mansa Industrial Growth Association Joint Powers Authority (the AMIGA Joint Powers Authority) was created under a joint exercise of powers agreement. It was formed to undertake projects to stimulate private investment in business and industrial growth in economically depressed areas within the boundaries of the association. The AMIGA Joint Powers Authority shall manage, coordinate, market and administer economic development programs and projects in the Agua Mansa area. The governing board consists of one member appointed from each participating Agency, which include the County of San Bernardino, the County of Riverside, the City of Colton, the City of Rialto and the City of Riverside. The approval of budgets and assumption of financial obligations must be approved by all members.

On February 27, 1992, the AMIGA Joint Powers Authority issued \$16,365,000 of special tax bonds, which is secured by a special tax lien on property in the District under the Community Facilities District No. 1992-1.

On July 10, 2003, the AMIGA Joint Powers Authority refunded the 1992 bonds with the 2003 Special Tax Bonds, which is secured by a special tax lien on property in the District under the Community Facilities District No. 2002-1.

The City has no equity interest in the AMIGA Joint Powers Authority and does not receive a share of operating results. Accordingly, neither assets nor liabilities of the AMIGA Joint Powers Authority are recorded in the City's financial statements.

Copies of the AMIGA Joint Powers Authority's audited financial statements can be obtained from the Agua Mansa Industrial Growth Association at 157 West Fifth Street, Second Floor, San Bernardino, California 92415.

City of Rialto, California
Notes to Financial Statements
June 30, 2018

9) LONG-TERM OBLIGATIONS

The following is a summary of long-term obligations for the year ended June 30, 2018:

Governmental Activities:

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018	Due Within One Year	Due in More Than One Year
Certificate of Participation	\$ 1,245,000	\$ -	\$ (230,000)	\$ 1,015,000	\$ 240,000	\$ 775,000
Capital Lease	2,455,000	6,109,580	(122,029)	8,442,551	133,413	8,309,138
Notes Payable	1,354,000	-	(192,000)	1,162,000	205,000	957,000
Margin Loan	-	3,627,382	-	3,627,382	223,781	3,403,601
Compensated Absences	8,560,713	478,791	(1,569,919)	7,469,585	1,379,302	6,090,283
Claims Payable (Note 17)	13,633,000	4,313,348	(4,657,141)	13,289,207	2,448,783	10,840,424
Total	\$ 27,247,713	\$ 14,529,101	\$ (6,771,089)	\$ 35,005,725	\$ 4,630,279	\$ 30,375,446

Business-type Activities:

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018	Due Within One Year	Due in More Than One Year
Debt with Concessionaire:						
Water	\$ 35,690,873	\$ -	\$ (653,845)	\$ 35,037,028	\$ 694,993	\$ 34,342,035
Wastewater	125,124,705	-	(1,420,347)	123,704,358	1,548,183	122,156,175
Subtotal	160,815,578	-	(2,074,192)	158,741,386	2,243,176	156,498,210
Due to Other Governments	383,555	-	-	383,555	-	383,555
0Compensated Absences	89,229	15,797	(32,952)	72,074	13,309	58,765
Total	\$161,288,362	\$ 15,797	\$ (2,107,144)	\$159,197,015	\$ 2,256,485	\$156,940,530

City of Rialto, California
Notes to Financial Statements
June 30, 2018

9) LONG-TERM OBLIGATIONS - Continued

Governmental Activities

Long-term debt of the governmental activities at June 30, 2018 is comprised of the following:

Certificates of Participation

2007 Refunding Certificates of Participation: On December 19, 2007, the City of Rialto issued \$3,500,000 serial and term certificates of participation bearing interest at a rate of 3.98%. The term certificates mature through January 20, 2022 in amounts ranging from \$185,000 to \$335,000. Proceeds of the certificates of participation were split between governmental funds (87%) and proprietary funds (13%). Each fund type's respective share of the liability is reflected in its long-term debt and is payable from those funds.

The refunding was undertaken to remove restrictive bond covenants associated with the 1997 Certificates of Participation and to reduce total future debt service payments. The reacquisition price exceeded the net carrying amount of the old debt by \$36,550. This amount is reported as a deferred outflow of resources and is amortized over the refunded debt's life, which is the same as the new debt. The balance of the deferral on refunding is \$7,829 as of June 30, 2018.

\$ 883,050

Reported with Internal Service Funds

2007 Refunding Certificates of Participation: On December 19, 2007, the City of Rialto issued \$3,500,000 serial and term certificates of participation bearing interest at a rate of 3.98%. The term certificates mature through January 20, 2022 in amounts ranging from \$185,000 to \$335,000. Proceeds of the certificates of participation were split between governmental funds (87%) and proprietary funds (13%). Each fund type's respective share of the liability is reflected in its long-term debt and is payable from those funds.

131,950

\$ 1,015,000

Capital Leases

On May 31, 2017, the City entered into an equipment lease-purchase agreement in the amount of \$2,455,000 to acquire energy efficient equipment including HVAC, lighting retrofits and controls to be repaid over 15 years. The lease bears interest at a rate of 3.6% multiplied by the margin rate factor provided that the resulting interest rate shall not exceed 4%. The margin rate factor is the greater of (i) 1.0 and (ii) one minus the maximum federal corporate tax rate newly in effect multiplied by (b) one divided by the sum of one minus the maximum federal corporate tax rates as of the commencement date. The effective date of any change in the margin rate factor shall be effective date of the decrease or increase in the maximum federal corporate tax rate resulting in such change. The obligation is secured by a first priority and perfected lien and security interest on the equipment.

\$ 2,333,702

City of Rialto, California
Notes to Financial Statements
June 30, 2018

9) LONG-TERM OBLIGATIONS - Continued

Governmental Activities - Continued

Capital Leases - Continued

On November 30, 2017, the City entered into an equipment lease-purchase agreement by issuance of Clean Renewable Energy Bonds (CREBS) in the amount of \$6,353,963 to acquire solar panels to be repaid over 20 years. The lease bears interest at a rate of 3.42% multiplied by the margin rate factor provided that the resulting interest rate shall not exceed 6.25%. The margin rate factor is the greater of (i) 1.0 and (ii) one minus the maximum federal corporate tax rate newly in effect multiplied by (b) one divided by the sum of one minus the maximum federal corporate tax rates as of the commencement date. The effective date of any change in the margin rate factor shall be effective date of the decrease or increase in the maximum federal corporate tax rate resulting in such change. The obligation is secured by a first priority and perfected lien and security interest on the equipment.

\$ 6,108,849

\$ 8,442,551

Notes Payable

On August 8, 2002, the City entered into a Section 108 loan agreement with U.S. Department of Housing and Urban Development in the amount of \$3,060,000, bearing 6.12% interest to finance the development of the Rialto Senior Center. In May 2015, the City refinanced this loan. The principal amount of the refinanced Section 108 loan was used to repay the entire loan balance of \$1,702,000. Annual principal payments through August 1, 2022, range from \$168,000 to \$257,000. Interest of 1.75% is paid semi-annually. Payments on the loan are made from interest earned on the restricted loan investments and from Community Development Block Grant funds.

\$ 1,162,000

Margin Loan

On February 28, 2018, the City entered into a Margin Loan financing arrangement for the purpose of the Citywide Street Light Acquisition and Conversion Project. The Margin Loan allows the City borrow funds using the City's existing cash and investment portfolio as security. Interest of 3.5% is paid semi-annually. Principal payments on the loan, ranging from \$168,204 to \$110,920 are paid semi-annually over a 13 year term through February 28, 2031.

\$ 3,627,382

The annual requirements to amortize outstanding long-term debt other than compensated absences are as follows:

Year Ending June 30,	Certificates of Participation		
	Principal	Interest	Total
2019	\$ 240,000	\$ 40,397	\$ 280,397
2020	250,000	30,845	280,845
2021	255,000	20,895	275,895
2022	270,000	10,746	280,746
Total	<u>\$ 1,015,000</u>	<u>\$ 102,883</u>	<u>\$ 1,117,883</u>

City of Rialto, California
Notes to Financial Statements
June 30, 2018

9) LONG-TERM OBLIGATIONS - Continued

Governmental Activities - Continued

Year Ending June 30,	Capital Lease		
	Principal	Interest	Total
2019	\$ 132,343	\$ 82,833	\$ 215,176
2020	144,022	77,964	221,986
2021	156,363	72,669	229,032
2022	169,398	66,924	236,322
2023	161,990	60,892	222,882
2024-2028	809,775	217,959	1,027,734
2029-2032	759,811	63,441	823,253
Total	\$ 2,333,702	\$ 642,682	\$ 2,976,385

Year Ending June 30,	Capital Lease (CREBS)		
	Principal	Interest	Total
2019	\$ 1,070	\$ 208,910	\$ 209,980
2020	1,001	208,880	209,881
2021	6,476	208,840	215,316
2022	19,279	208,530	227,809
2023	109,652	207,738	317,390
2024-2028	1,275,294	932,248	2,207,542
2029-2033	2,029,454	659,450	2,688,904
2034-2038	2,666,623	239,473	2,906,096
Total	\$ 6,108,849	\$ 2,874,069	\$ 8,982,918

Year Ending June 30,	Notes Payable		
	Principal	Interest	Total
2019	\$ 205,000	\$ 22,223	\$ 227,223
2020	218,000	18,811	236,811
2021	233,000	14,455	247,455
2022	249,000	9,222	258,222
2023	257,000	3,148	260,148
Total	\$ 1,162,000	\$ 67,859	\$ 1,229,859

Year Ending June 30,	Margin Loan		
	Principal	Interest	Total
2019	\$ 223,781	\$ 124,504	\$ 348,285
2020	231,682	116,603	348,285
2021	239,861	108,423	348,284
2022	248,330	99,954	348,284
2023	257,098	91,187	348,285
2024-2028	1,428,228	313,195	1,741,423
2029-2031	998,402	61,124	1,059,526
Total	\$ 3,627,382	\$ 914,990	\$ 4,542,372

City of Rialto, California
Notes to Financial Statements
June 30, 2018

9) LONG-TERM OBLIGATIONS - Continued

Business-type Activities

Long-term debt of the business-type activities at June 30, 2018 is comprised of the following:

Collateralized Debt - Concessionaire Agreement

The Rialto Utility Authority has entered into an agreement on March 27, 2012 with Rialto Water Services, LP (the Concessionaire) to provide services with respect to the Utility Facilities for a term of 30 years. As part of the agreement, the Concessionaire provided \$41,037,000 of funds restricted to water and wastewater utility capital projects, \$35,000,000 of back-due rent to the City General Fund and defeased the previous debt of the Utility Authority. The City contributed \$5,093,528 to the Concessionaire for the agreement. This resulted in a borrowing totaling \$38,249,443 in the Water Enterprise Fund and \$130,472,604 in the Wastewater Enterprise Fund with interest rates of 6.293% and 8.969%, respectively. Revenue earned in the Water and Wastewater Enterprise Funds is pledged to repay the collateralized debt with the Concessionaire. See Note 13 for further information regarding the agreement.

\$ 158,741,386

The City has pledged future water customer revenues, net of specified operating expenses, to repay \$38,249,443 in collateralized debt issued in November 2012. Proceeds from the collateralized debt provided financing as shown in the table on the next page. The bonds are payable solely from water customer net revenues and are payable through November 2042. The total principal and interest remaining to be paid on the bonds is \$67,900,388 as of June 30, 2018. Principal and interest paid for the current year and total customer net revenues (expenses) (operating income plus depreciation) available to pay the principal and interest were \$653,845 and \$2,246,155, respectively.

The City has pledged future wastewater customer revenues, net of specified operating expenses, to repay \$130,472,604 in wastewater collateralized debt issued in November 2012. Proceeds from the collateralized debt provided financing as shown in the table on the next page. The bonds are payable solely from wastewater customer net revenues and are payable through November 2042. The total principal and interest remaining to be paid on the bonds is \$309,616,939 as of June 30, 2018. Principal and interest paid for the current year and total customer net revenues (operating income less depreciation) available to pay the principal and interest were \$1,420,347 and \$11,261,653, respectively.

City of Rialto, California
Notes to Financial Statements
June 30, 2018

9) LONG-TERM OBLIGATIONS - Continued

Business-type Activities

Collateralized Debt - Concessionaire Agreement - Continued

As part of the concession agreement, the Concessionaire provided funds to the Authority for the following purposes:

Funds	Wastewater	Water	Application of Funds
Cost estimate for the Utility Facilities improvements	\$ 28,066,000 *	\$ 12,971,000 *	Construction account
Defeased obligations	23,648,443	2,893,669	Defease or repay existing obligations
Initial funding of rate stabilization accounts	22,962,201	8,952,242	Rate stabilization account
Initial working capital deposits to Authority expenses accounts	468,034	509,871	Provide operating funds for expenses
Initial funding of operating routine repair accounts	1,000,000	1,000,000	Provide funds for routine repairs
Initial funding of reserve accounts	5,503,530	2,971,001	Fund reserve accounts
Provide funding to repay General Fund	32,000,000	3,000,000	Pay General Fund lease payments
Cost for financing	<u>16,824,396</u>	<u>5,951,660</u>	
	<u>\$ 130,472,604</u>	<u>\$ 38,249,443</u>	

* - The City has received \$3,235,154 of these proceeds from the Concessionaire. The remaining funds are maintained in an investment account in the name of the Concessionaire for the benefit of the City and are recorded as a concessionaire receivable in the Wastewater and Water Enterprise Fund.

In addition, the City contributed \$5,093,528 in fiscal year 2012-2013 to the Concessionaire for the agreement.

The agreement allows the Concessionaire the right to pledge the user fees to obtain the financing. The Authority is to establish user fees in an amount sufficient to pay all expenses of the utility including the payments to the Concessionaire for services, reimbursements and capital charges.

City of Rialto, California
Notes to Financial Statements
June 30, 2018

9) LONG-TERM OBLIGATIONS - Continued

Business-type Activities

Collateralized Debt - Concessionaire Agreement - Continued

The capital charges to be paid by the Concessionaire are effectively debt service payments for providing the financing. The Authority received proceeds in exchange for pledging specific future revenues from the Utilities. The Authority maintains active involvement in the utilities as the Authority is responsible for setting user fees and will approve and oversee improvements to the facilities.

The annual requirements to amortize outstanding long-term debt other than compensated absences are as follows:

Year Ending June 30,	Water Debt with Concessionaire		Wastewater Debt with Concessionaire		Total
		Interest		Interest	
2019	\$ 694,993	\$ 2,205,007	\$ 1,548,183	\$ 11,133,817	\$ 15,582,000
2020	738,732	2,161,268	1,687,525	10,994,475	15,582,000
2021	785,223	2,114,777	1,839,407	10,842,593	15,582,000
2022	834,640	2,065,360	2,004,960	10,677,040	15,582,000
2023	887,167	2,012,833	2,185,414	10,496,586	15,582,000
2024-2028	5,346,999	9,153,001	14,256,328	49,153,672	77,910,000
2029-2033	7,255,057	7,244,943	21,935,474	41,474,526	77,910,000
2034-2038	9,843,998	4,656,002	33,750,977	29,659,023	77,910,000
2039-2043	8,650,219	1,250,169	44,496,090	11,480,849	65,877,327
Total	\$ 35,037,028	\$ 32,863,360	\$ 123,704,358	\$ 185,912,581	\$ 377,517,327

Due to Other Governments

County reimbursement agreement: Non-interest bearing agreement to reimburse the County of San Bernardino for certain construction costs for the Valley Boulevard wastewater line extension project, not to exceed \$500,000. Sewer connection fees and treatment plant expansion fees paid by property owners connecting to the sewer line will reimburse the County for the construction costs commencing January 31, 1998 and is expected to be repaid within 20 years.

\$ 383,555

City of Rialto, California
Notes to Financial Statements
June 30, 2018

9) LONG-TERM OBLIGATIONS - Continued

Compensated Absences

The City accounts for compensated absences (unpaid vacation, holiday, compensated time off, and sick leave) for all City employees in the governmental activities and business-type activities. The balance for accrued compensated absences at June 30, 2018 for the governmental activities is \$7,469,585, for the business-type activities is \$72,074, and for Successor Agency private-purpose trust fund is \$82,141. Funding for the liability is expensed to come primarily from the General Fund for governmental and business-type activities and from the Private-Purpose Trust Fund for the Successor Agency, respectively.

10) NO COMMITMENT DEBT

1996 Community Facilities District 87-1 Bonds: On October 1, 1996, the City issued Special Tax Refunding Bonds totaling \$8,880,000 to refund the 1988 Limited Tax Obligation Bonds issued pursuant to the Mello-Roos Community Facilities Act of 1982, as amended. Proceeds of the refunded bonds provided for the construction and acquisition of certain public facilities to serve property located within the Community Facilities District No. 87-1. The refunding bonds are limited obligations of the District, payable solely from the Special Taxes and certain funds described in the Bond Resolution. Neither the credit nor taxing power of the City is pledged to the payment of the bonds. The City accounts for collection of taxes and the payment of debt service in a fiduciary capacity in its Agency Funds. At June 30, 2018, the bonds outstanding totaled \$665,000.

2006 Community Facilities District 2006-1 Bonds: On August 8, 2006, the City issued Special Tax Bonds totaling \$5,035,000 pursuant to the Mello-Roos Community Facilities Act of 1982, as amended. Proceeds of the bonds provided for the construction and acquisition of certain public facilities to serve property located within the Community Facilities District No. 2006-1. On December 12, 2016, these bonds were advance refunded the 2016 Bonds with a principal amount totaling \$4,905,000. The 2016 Bond proceeds were used to fully repay the 2006-1 Bonds. The bonds are limited obligations of the District, payable solely from the Special Taxes and certain funds described in the Bond Resolution. Neither the credit nor taxing power of the City is pledged to the payment of the bonds. The City accounts for collection of the taxes and the payment of debt service in a fiduciary capacity in its Agency Funds. At June 30, 2018, bonds outstanding totaled \$4,740,000 and the unamortized bond premium is \$32,316.

City of Rialto, California
Notes to Financial Statements
June 30, 2018

11) PENSION PLANS

A. General Information about the Pension Plans

Plan Description - All qualified permanent and probationary employees are eligible to participate in the City's separate Safety (police and fire) and Miscellaneous (all other) Plans, agent multiple-employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided - CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of fulltime employment. Members with five years of total service are eligible to retire at age 50 to 62 with statutorily reduced benefits. For employees hired into a plan with the 1.5% at 65 formula, eligibility for service retirement is age 55 with at least 5 years of services. PEPRAs miscellaneous members become eligible for service retirement upon attainment of age 52 with at least 5 years of service. All members are eligible for non-duty disability benefits after 5 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. Safety members can receive a special death benefit if the member dies while actively employed and the death is job-related. Fire members may receive the alternate death benefit in lieu of the Basic Death Benefit or the 1957 Survivor Benefit if the member dies while actively employed and has at least 20 years of total CalPERS service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plans' provisions and benefits in effect at June 30, 2018, are summarized as follows:

	Miscellaneous		
	Prior to November 21, 2010	Prior to January 1, 2013	On or After January 1, 2013
Hire Date			
Benefit Formulas	2% at 55	2.7% at 55	2.0% at 62
Benefit Vesting Schedule	5 Years Service	5 Years Service	5 Years Service
Benefit Payments	Monthly for Life	Monthly for Life	Monthly for Life
Retirement Age	50 - 63	50 - 55	52 - 67
Monthly Benefits, as a % of Eligible Compensation	1.426% - 2.418%	2.0% - 2.7%	1.0% - 2.5%
Required Employee Contribution Rates	8%	8%	6.75%
Required Employer Contribution Rates	34.726%	34.726%	10.535%

City of Rialto, California
Notes to Financial Statements
June 30, 2018

11) PENSION PLANS - Continued

A. General Information about the Pension Plans - Continued

	Safety	
	Prior to January 1, 2013	On or After January 1, 2013
Hire Date		
Benefit Formulas	3.0% at 50	2.7% at 57
Benefit Vesting Schedule	5 Years Service	5 Years Service
Benefit Payments	Monthly for Life	Monthly for Life
Retirement Age	50	50 - 57
Monthly Benefits, as a % of Eligible Compensation	3.00%	2.0% - 2.7%
Required Employee Contribution Rates	9%	13%
Required Employer Contribution Rates	51.004%	13%

Employees Covered - At June 30, 2018, the following employees were covered by the benefit terms for each Plan:

	Miscellaneous	Safety
Inactive Employees or Beneficiaries		
Currently Receiving Benefits	524	336
Inactive Employees entitled to but not Yet Receiving Benefits	79	33
Active Employees	166	156
 Total	 769	 525

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

B. Net Pension Liability

The City's net pension liability for each Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2017, using an annual actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

City of Rialto, California
Notes to Financial Statements
June 30, 2018

11) PENSION PLANS - Continued

B. Net Pension Liability - Continued

Actuarial Assumptions - The total pension liabilities in the June 30, 2016 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous	Safety
Valuation Date	June 30, 2016	June 30, 2016
Measurement Date	June 30, 2017	June 30, 2017
Actuarial Cost Method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:		
Discount Rate	7.15%	7.15%
Inflation	2.75%	2.75%
Projected Salary Increase	(1)	(1)
Mortality Rate Table	(2)	(2)
Post Retirement Benefit Income	(3)	(3)

(1) Depending on age, service and type of employment

(2) The probabilities of mortality are derived using CalPERS' membership data for all funds. The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 Experience Study Report.

(3) Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter.

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

Change of Assumptions – The accounting discount rate reduced from 7.65% to 7.15%.

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

City of Rialto, California
Notes to Financial Statements
June 30, 2018

11) PENSION PLANS - Continued

B. Net Pension Liability - Continued

Discount Rate - Continued

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

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

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

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 ^(a)	Real Return Years 11+ ^(b)
Global Equity	47.0%	4.90%	5.38%
Global Fixed Income	19.0%	0.80%	2.27%
Inflation Sensitive	6.0%	0.60%	1.39%
Private Equity	12.0%	6.60%	6.63%
Real Estate	11.0%	2.80%	5.21%
Infrastructure and Forestland	3.0%	3.90%	5.36%
Liquidity	2.0%	(0.40)%	(0.90)%
Total	<u>100%</u>		

^(a) An expected inflation of 2.5% used for this period.

^(b) An expected inflation of 3.0% used for this period.

City of Rialto, California
Notes to Financial Statements
June 30, 2018

11) PENSION PLANS - Continued

B. Net Pension Liability - Continued

Subsequent Events

In December 2016, CalPERS' Board of Directors voted to lower the discount rate used in its actuarial valuations from 7.5% to 7.0% over the three fiscal years, beginning in fiscal year 2018. The change in the discount rate will affect the contribution rates for employers beginning in fiscal year 2019, and result in increases to employers' normal costs and unfunded actuarial liabilities.

C. Changes in the Net Pension Liability

The changes in the net pension liability for the Miscellaneous Plan, using the measurement date of June 30, 2017, are as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at June 30, 2016	\$ 118,268,368	\$ 81,737,185	\$ 36,531,183
Changes in the Year:			
Service Cost	\$ 1,962,464	\$ -	\$ 1,962,464
Interest on the Total Pension Liability	8,739,244	-	8,739,244
Changes in Benefit Terms	-	-	-
Changes in Assumptions	7,392,961	-	7,392,961
Differences between Expected and Actual Experience	(1,503,407)	-	(1,503,407)
Plan to Plan Resource Movement	-	-	-
Contribution - Employer	-	3,399,175	(3,399,175)
Contribution - Employee	-	924,474	(924,474)
Net Investment Income	-	8,989,575	(8,989,575)
Benefit Payments, Including Refunds of Employee Contributions	(5,823,917)	(5,823,917)	-
Administrative Expenses	-	(120,679)	120,679
Net Changes	10,767,345	7,368,628	3,398,717
Balance at June 30, 2017 (Measurement Date)	\$ 129,035,713	\$ 89,105,813	\$ 39,929,900

City of Rialto, California
Notes to Financial Statements
June 30, 2018

11) PENSION PLANS - Continued

C. Changes in the Net Pension Liability - Continued

The changes in the net pension liability for the Safety Plan, using the measurement date of June 30, 2017, are as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at June 30, 2016	\$ 253,851,177	\$ 171,880,890	\$ 81,970,287
Changes in the Year:			
Service Cost	\$ 5,334,644	\$ -	\$ 5,334,644
Interest on the Total Pension Liability	18,863,603	-	18,863,603
Changes in Benefit Terms	-	-	-
Changes in Assumptions	17,388,091	-	17,388,091
Differences between Expected and Actual Experience	(4,519,766)	-	(4,519,766)
Plan to Plan Resource Movement	-	-	-
Contribution - Employer	-	6,576,775	(6,576,775)
Contribution - Employee	-	3,084,249	(3,084,249)
Net Investment Income	-	19,120,363	(19,120,363)
Benefit Payments, Including Refunds of Employee Contributions	(11,120,451)	(11,120,451)	-
Administrative Expenses	-	(253,771)	253,771
 Net Changes	 25,946,121	 17,407,165	 8,538,956
Balance at June 30, 2017 (Measurement Date)	\$ 279,797,298	\$ 189,288,055	\$ 90,509,243

City of Rialto, California
Notes to Financial Statements
June 30, 2018

11) PENSION PLANS - Continued

C. Changes in the Net Pension Liability - Continued

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the City for each Plan, calculated using the discount rate for each Plan of 7.15%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.15%) or 1-percentage point higher (8.15%) than the current rate:

	<u>Miscellaneous</u>	<u>Safety</u>	<u>Total</u>
1% Decrease	6.15%	6.15%	6.15%
Net Pension Liability	\$ 57,869,919	\$ 133,518,476	\$ 191,388,395
Current Discount Rate	7.15%	7.15%	7.15%
Net Pension Liability	\$ 39,929,900	\$ 90,509,243	\$ 130,439,143
1% Increase	8.15%	8.15%	8.15%
Net Pension Liability	\$ 25,247,163	\$ 55,845,674	\$ 81,092,837

Pension Plan Fiduciary Net Position - Detailed information about the Pension Plan's fiduciary net position is available in the separately issued CalPERS financial reports.

D. Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended June 30, 2018, the City recognized pension expense of \$6,741,389 and \$10,356,324 for the Miscellaneous and Safety Plans, respectively. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources for each Plan:

	<u>Miscellaneous</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 4,025,277	\$ -
Difference between expected and actual experience	-	(787,499)
Change in Assumptions	3,872,503	-
Net differences between projected and actual earnings on Plan investments	1,244,199	-
Total	<u>\$ 9,141,979</u>	<u>\$ (787,499)</u>

City of Rialto, California
Notes to Financial Statements
June 30, 2018

11) PENSION PLANS - Continued

D. Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions - Continued

	Safety	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 9,921,278	\$ -
Difference between expected and actual experience	-	(4,872,066)
Change in Assumptions	12,688,607	(1,190,051)
Net differences between projected and actual earnings on Plan investments	2,557,469	-
Total	\$ 25,167,354	\$ (6,062,117)

\$4,025,277 and \$9,921,278 reported as deferred outflows of resources related to contributions subsequent to the measurement date for the Miscellaneous and Safety Plans, respectively, will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows/inflows of resources related to pensions will be recognized as pension expense for each Plan as follows:

Year Ending June 30,	Miscellaneous	Safety	Total
2019	\$ 2,778,264	\$ 1,175,198	\$ 3,953,462
2020	1,684,190	5,901,004	7,585,194
2021	515,964	3,494,500	4,010,464
2022	(649,215)	(1,386,743)	(2,035,958)
2023	-	-	-
Thereafter	-	-	-

E. Payable to the Pension Plans

At June 30, 2018, the City has no outstanding amount of contributions to the pension plans required for the year ended June 30, 2018.

12) OTHER POST EMPLOYMENT BENEFITS (OPEB)

Plan Description

The City provides postemployment healthcare benefits through the California Public Employees' Retirement System (CalPERS) healthcare program entitled Public Employees' Medical and Welfare Trust Medical Plan (PEMHCA) to eligible employees and any qualified family members under the authority of a Memorandum of Understanding with the employee bargaining units. The City contributes toward the health premium based on the Memorandum of Understanding. The City does not provide a retiree contribution for dental, vision, or life insurance benefits.

City of Rialto, California
Notes to Financial Statements
June 30, 2018

12) OTHER POST EMPLOYMENT BENEFITS (OPEB) - Continued

Plan Description - Continued

The City no longer administers the plan as single-employer. Effective May 28, 2009, the City adopted the Public Agencies Post-Retirement Health Care Plan Trust, for which Union Bank serves as Trustee of the plan. Public Agency Retirement Services (PARS) is now the third party Trust Administrator of the plan. The Trust is a multiple employer trust established to provide economies of scale and efficient administration to public agencies that adopt it to hold the assets used to fund its OPEB obligation. The Trust is divided into agency accounts to hold the assets of each employer.

The assets shall be held in trust for the exclusive purpose of providing post-employment health care and welfare benefits to the eligible employees of the employer. Copies of PARS' annual financial report may be obtained from its executive office at 4350 Von Karman Avenue, Suite 100, Newport Beach, California 92660.

Upon attainment of a minimum age of 50 (or age 52, if a new miscellaneous employee on or after January 1, 2013) and completion of a minimum State or public agency service requirement of five years, an employee may retire and remain covered at the City's expense for period depending on employment classification. The City is obligated to contribute toward the cost of retiree medical coverage for the retiree's lifetime or until coverage is discontinued. Benefits continue to dependents so long as they remain eligible for coverage. The City contributes 100% of medical premiums for the retiree and his or her covered dependents, but not more than the maximum monthly premiums as follows: \$279.25 for single, \$558.49 for two-party, and \$726.04 for family. In addition, the City will not contribute less than the PEMHCA minimum employer contribution of \$133 for 2018 and \$128 for 2017. Insurance provided by the City will be supplemental to Medicare upon the retiree reaching the age of 65.

Funding Policy

The City makes an annual contribution to the Trust and currently pays benefits either directly to retirees or through PEMHCA during the year as pay-as-you-go expenses. The plan does not issue a publicly available financial report. The plan and Trust are reported as a fiduciary fund other post-employment benefit trust.

Employees Covered

As of June 30, 2018 actuarial valuation, the following current and former employees were covered by the benefit terms under the Plan:

Active employees	305
Inactive employees or beneficiaries currently receiving benefits	119
Inactive employees entitled to, but not yet receiving benefits	114
Total	538

Contributions

The annual contribution is based on the actuarially determined contribution. For the fiscal year ended June 30, 2018, the City made contributions of \$2,721,650 and \$538,513 implied subsidy benefit payments.

City of Rialto, California
Notes to Financial Statements
June 30, 2018

12) OTHER POST EMPLOYMENT BENEFITS (OPEB) - Continued

Net OPEB Liability

The City's net OPEB liability was measured as of June 30, 2017 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2017 based on the following actuarial methods and assumptions:

Actuarial Assumptions

Discount Rate	3.59%
Inflation	2.75%
Salary Increases	3.25% plus merit
Investment Rate of Return	6.55%
Mortality Rate ⁽¹⁾	Derived using CalPERS Membership Data for all funds
Pre-Retirement Turnover ⁽²⁾	Derived using CalPERS Membership Data for all funds
Healthcare Trend Rate	7.5% (Non-Medicare) and 6.5% (Medicare)
	4.50% (PEMHCA)

Notes:

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

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

The long-term expected rate of return on OPEB plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global Equity	57.0%	4.82%
Fixed Income	27.0%	1.47%
TIPS	5.0%	1.29%
REITS	8.0%	3.76%
Commodities	3.0%	0.84%
Total	100%	

City of Rialto, California
Notes to Financial Statements
June 30, 2018

12) OTHER POST EMPLOYMENT BENEFITS (OPEB) - Continued

Discount Rate

The discount rate used to measure the total OPEB liability was 6.55 percent. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projects benefit payments to determine the total OPEB liability.

Changes in the OPEB Liability

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

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2017 <i>(Valuation Date June 30, 2017)</i>	\$ 58,618,155	\$ 13,999,208	\$ 44,618,947
Changes Recognized for the Measurement Period:			
Service Cost	2,083,035	-	2,083,035
Interest	1,874,471	-	1,874,471
Changes of Assumptions	(3,897,172)	-	(3,897,172)
Contributions - Employer	-	2,967,326	(2,967,326)
Net Investment Income	-	1,806,286	(1,806,286)
Benefit Payments	(2,009,296)	(2,009,296)	-
Administrative Expense		(71,750)	71,750
Net Changes	(1,948,962)	2,692,566	(4,641,528)
Balance at June 30, 2018 <i>(Measurement Date June 30, 2017)</i>	\$ 56,669,193	\$ 16,691,774	\$ 39,977,419

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

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

	1% Decrease (2.59%)	Current Discount Rate (3.59%)	1% Increase (4.59%)
Net OPEB Liability	\$ 49,220,633	\$ 39,977,419	\$ 32,589,782

City of Rialto, California
Notes to Financial Statements
June 30, 2018

12) OTHER POST EMPLOYMENT BENEFITS (OPEB) - Continued

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

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

	1% Decrease	Current Trend	1% Increase
Net OPEB Liability	\$ 32,117,104	\$ 39,977,419	\$ 51,505,662

OPEB Plan Fiduciary Net Position

CERBT issues a publicly available financial report that may be obtained from the California Public Employees Retirement System Executive Office, 400 P Street, Sacramento, California 95814.

Recognition of Deferred Outflows and Deferred Inflows of Resources

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time.

Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.

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

Net difference between projected and actual earnings on OPEB plan investments	5 years
All other amounts	Expected average remaining service lifetime (EARSLS)

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

For the fiscal year ended June 30, 2018, the City recognized OPEB expense of \$294,149. As of fiscal year ended June 30, 2018, the City reported deferred outflows and inflows of resources related to OPEB from the following services:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 3,260,163	\$ -
Changes in assumptions	-	(3,298,528)
Net differences between projected and actual earnings on OPEB plan investments	-	(688,250)
Total	\$ 3,260,163	\$ (3,986,778)

City of Rialto, California
Notes to Financial Statements
June 30, 2018

12) OTHER POST EMPLOYMENT BENEFITS (OPEB) - Continued

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

The \$3,260,163 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2017 measurement date as the valuation was for the same reporting period. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized as expense as follows:

Year Ended June 30,	Deferred Outflow/(Inflows) of Resources
2019	\$ (770,706)
2020	(770,706)
2021	(770,706)
2022	(770,708)
2023	(598,644)
Thereafter	(305,308)

13) CONCESSIONAIRE AGREEMENT

The City of Rialto (City) owns certain revenue producing water and wastewater enterprise facilities (Utility Facilities) which the City leases to the Rialto Utility Authority (Authority) for a term of 55 years ending in 2056. The Authority entered into an agreement dated March 27, 2012 with Rialto Water Services, LP (the Concessionaire) to provide services with respect to the Utility Facilities for a term of 30 years and the City approved such selection as set forth in City Resolution 6095 and Authority Resolution 05-12. The Concessionaire was formed for the sole purpose for arranging for the Authority to engineer, design, construct, operate and maintain the Utility Facilities, provide billing and collection services, and to provide financing for the Utility Facilities subject to the terms of the agreement.

Wastewater Facility

The City continues to own the Wastewater Facility and the Authority continues to hold the long-term facility lease under the agreement. The Concessionaire has been afforded long-term nonexclusive access and use of the facilities to perform the services required under the agreement. Section 5.1 of the agreement specifies the services to be performed by the Concessionaire which include operating and performing maintenance of the wastewater facility, wastewater facility improvements, staffing the wastewater facility, monitoring of the influent and effluent, preparing and certifying discharge monitoring reports required under the WDR permit, purchasing supplies for the facilities, billing and collection of fees and other services to operate the facility. The City on behalf of the Authority is responsible for selection of location and facilities for the off-site disposal of the sewage sludge delivered by the Concessionaire to a staging area located at the wastewater facility site. The Authority is responsible for the selection of facilities for the treatment or disposal of solid waste.

The Concessionaire is to bill and collect all user fees related to the Wastewater Facility which include (a) sewer service fees, charges and assessments, (b) wastewater connection charges, wastewater user connection deposits, assessments and fees, (c) wastewater treatment charges, assessments and fees and (d) other revenue or income derived from use and operation of the Wastewater Facility. All Wastewater Facility User Fees are to be deposited in a Lockbox Account in accordance with the trust agreement.

City of Rialto, California
Notes to Financial Statements
June 30, 2018

13) CONCESSIONAIRE AGREEMENT - Continued

Wastewater Facility - Continued

The Authority and the City are to establish all rates with respect to the Wastewater Facility User Fees in an amount sufficient to pay all compensation to the Concessionaire including capital charges (see Note 9) to pay for concessionaire financing and all other costs to operate and maintain the Wastewater Facility.

The Concessionaire is entitled to be reimbursed from an account that is not subject to the trust agreement with respect to the design and construction of the Wastewater Facility Improvements, in an amount that is equal to the actual costs incurred.

The Concessionaire is also to be paid Wastewater Service Fee which is the sum of (a) Wastewater Fixed Component (b) Wastewater Routine R&R Component (c) Wastewater Chemical Component and (d) Wastewater Labor Component. The Wastewater Fixed Component is to pay for the services of the Concessionaire to operate the Wastewater Facility (excluding, however, the services and compensation that are otherwise expressly provided elsewhere in the agreement) and the costs for maintenance consumables. The Wastewater Fixed Component is adjusted each contract year by a Wastewater Adjustment Escalator. The Wastewater Routine R&R Component is for services related to the routine repair and replacement of the Wastewater Facility which is also adjusted each contract year by a Wastewater Adjustment Escalator.

The Wastewater Chemical Component is to reimburse the Concessionaire for chemicals used in the operation of the Wastewater Facility. Following each contract year, the chemical component is subject to a reconciliation and adjustment process to reimburse the Concessionaire to pay only for actual costs. The Wastewater Labor Component is to pay the Concessionaire for labor costs. After the first year, this amount is adjusted by the Wastewater Labor Adjustment Escalator.

The amount paid in fiscal year 2017-18 for the Wastewater Fixed Fee, which is included in the cost of sales and services expense in the Wastewater Fund, totaled \$6,350,537 detailed as follows:

	Actual
Wastewater Fixed Component	\$ 2,180,252
Wastewater Routine R&R Component	223,832
Wastewater Chemical Component	729,932
Wastewater Labor Component	3,216,521
Total Wastewater Fixed Fee	\$ 6,350,537

The Wastewater Fixed Fee is required annually through November 2042 and will require the above payments annually through November 2018.

The Wastewater Fixed Fee from December 2018 through November 2042 will be based on the above amounts, but may be adjusted for unexpected utility activity and inflation.

City of Rialto, California
Notes to Financial Statements
June 30, 2018

13) CONCESSIONAIRE AGREEMENT - Continued

Wastewater Facility - Continued

The Concessionaire is entitled to a Wastewater Reimbursable Payment in an amount equal to the cost and expense incurred by the Concessionaire plus a mark up to operate the wastewater plant. The Wastewater Reimbursable Payment consists of (a) Wastewater Miscellaneous Expense Reimbursement (b) Wastewater Operating R&R Reimbursement and (c) Wastewater Excess Routine R&R Reimbursement. Section 8.3 of the concession agreement provides additional information of the various components of these reimbursable amounts. For the fiscal year ended June 30, 2018, the Concessionaire was reimbursed for \$1,011,995.

The Authority is required to pay a capital charge of \$12,682,000 annually for a period of 30 years to pay for the financing provided by the Concessionaire (see Note 9). The capital charges for the period are set for a specific amount through June 30, 2043. The capital charge is not adjusted by the Wastewater Adjustment Escalator. However, the capital charges related to the Wastewater Facility may be adjusted in accordance with Section 2.5 or increased as provided in Section 8.8 of the concession agreement.

The Concessionaire is also to be compensated for a specific amount for a specific period for providing services related to the construction of the Wastewater Facility Improvements. In fiscal year 2017-18, \$426,056 was paid for these services.

Water Facility

The City continues to own the Utility Facility and the Authority continues to hold the long-term facility lease under the agreement. The Concessionaire has been afforded long-term nonexclusive access and use of the facility to perform the services required under the agreement. Section 11.1 of the agreement specifies the services to be performed by the Concessionaire which include operating and performing maintenance of the water facility, water facility improvements, staffing the water facility, monitoring of the quality of the water, purchasing supplies for the facility, billing and collection fees and other services to operate the facility.

The Concessionaire is to bill and collect all user fees related to the Water Facility which include: (a) water service fees, charges and assessments, (b) water connection charges, water user connection deposits, and assessments and fees, (c) water delivery charges, assessments and fees and (d) other revenue or income derived from use and operation of the Water Facility. All Water Facility user fees are to be deposited in a Lockbox Account in accordance with the trust agreement.

The Authority and the City are to establish all rates with respect to the Water Facility User Fees in an amount sufficient to pay all compensation to the Concessionaire including capital charges to pay for Concessionaire financing and all other costs to operate and maintain the Water Facility.

The Concessionaire is entitled to be reimbursed from an account that is not subject to the trust agreement with respect to the design and construction of the Water Facility Improvements, in an amount that is equal to the actual costs incurred.

City of Rialto, California
Notes to Financial Statements
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13) CONCESSIONAIRE AGREEMENT - Continued

Water Facility - Continued

The Concessionaire is also to be paid a Water Service Fee which is the sum of (a) Water Fixed Component (b) Water Routine R&R Component (c) Water Chemical Component and (d) Water Labor Component. The Water Fixed Component is to pay for the services of the Concessionaire to operate the Water facility (excluding, however, the services and compensation that are otherwise expressly provided elsewhere in the agreement) and the costs for maintenance consumables. The Water Fixed Component is adjusted each contract year by a Water Adjustment Escalator. The Water Routine R&R Component is for services related to the routine repair and replacement of the Water Facility which is also adjusted each contract year by a Wastewater Adjustment Escalator. The Water Chemical Component is to reimburse the Concessionaire for chemicals used in the operation of the Water Facility. Following each contract year, the chemical component is subject to a reconciliation and adjustment process to reimburse the Concessionaire to pay only for actual costs. The Water Labor Component is to pay the Concessionaire for labor costs. After the first year, this amount is adjusted by the Water Labor Adjustment Escalator.

The amount paid in fiscal year 2017-18 for the Water Fixed Fee, which is included in the cost of sales and services expense in the Water Fund, totaled \$5,552,300 detailed as follows:

	Actual
Water Fixed Component	\$ 2,262,602
Water Routine R&R Component	223,832
Water Chemical Component	63,094
Water Labor Component	3,002,772
Total Water Fixed Fee	\$ 5,552,300

The Water Fixed Fee is required annually through November 2042 and will require the above payments annually through November 2018.

The Water Fixed Fee from December 2018 through November 2042 will be based on the above amounts, but may be adjusted for unexpected utility activity and inflation.

The Concessionaire is entitled to a Water Reimbursable Payment in an amount equal to the cost and expenses incurred by the Concessionaire plus a mark up to operate the Water Facility. The Water Reimbursable Payment consists of (a) Water Miscellaneous Expense Reimbursement (b) Water Operating R&R Reimbursement and (c) Water Excess Routine R&R Reimbursement. Section 4.3 of the concession agreement provides additional information of the various components of these reimbursable amounts. For the fiscal year ended June 30, 2018, the Concessionaire was reimbursed for \$817,790.

The Authority is required to pay a capital charge of \$2,900,000 annually for a period of 30 years to pay for the financing provided by the Concessionaire. The capital charges for the period are set for a specific amount through June 30, 2042. The capital charge is not adjusted by the Water Adjustment Escalator. However, the capital charges related to the Water Facility may be adjusted in accordance with Section 2.5 or increased as provided in Section 14.8 of the concession agreement.

The Concessionaire is also to be compensated for a specific amount for a specific period for providing services related to the construction of the Water Facility Improvements. In fiscal year 2017-18, \$599,464 was paid for these services.

City of Rialto, California
Notes to Financial Statements
June 30, 2018

14) OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

Accumulated Fund Deficits and Net Position

The following funds reported deficits in their respective fund balance and net position at June 30, 2018:

	Fund Deficit/ Net Position
Other Governmental Special Revenue Funds:	
Transportation Enhancement Activities	\$ (11,400)
Office of Traffic Safety	(115,626)
Police Grants	(21,786)
Community Service Grants	(36,516)
CDBG Housing	(2,063,953)
Other Enterprise Funds:	
Recreation and Community Service	(3,673,565)
Internal Service Funds:	
Workers' Compensation	(1,344,025)
Fleet Management	(1,153,772)

These deficits are expected to be relieved from future revenues or transfers from other funds with the exception of the CDBG Housing Other Government Special Revenue Fund, which will be relieved with a Section 108 loan from the Department of Housing and Urban Development expected to be finalized in fiscal year 2018-19.

15) RELATED PARTY AGREEMENTS

On May 1, 2001, the Utility Authority entered into an agreement with the City to lease the Waste and Wastewater Utilities. Payments are to be paid by the Utility Authority to the City from the Water and Wastewater Utility Fund funded by surplus utility revenues. All of the surplus revenues have been irrevocably pledged for these purposes. The annual lease payments are reflected as expenses and income among the respective funds.

On December 19, 2007, the former Redevelopment Agency entered into an agreement to reimburse the City \$2,345,000 for certain drainage and sewer improvements. The former Redevelopment Agency will reimburse the City annually in varying amounts ranging from \$123,950 to \$224,450 on January 20 of each year from 2008 to 2022. Interest is payable semiannually on January 20 at 3.98%. At June 30, 2018, the outstanding balance is \$680,050. The payments are reflected as principal and interest in the Successor Agency and other income in the governmental activities of the government-wide financial statements.

The annual requirements to repay the reimbursement agreement area as follows:

Year Ending June 30,	Principal	Interest	Total
2019	\$ 160,800	\$ 27,066	\$ 187,866
2020	167,500	20,666	188,166
2021	170,850	14,000	184,850
2022	180,900	7,199	188,099
Total	\$ 680,050	\$ 68,931	\$ 748,981

City of Rialto, California
Notes to Financial Statements
June 30, 2018

16) OTHER INFORMATION

Litigation

At June 30, 2018, the City was a defendant in a number of lawsuits arising in the ordinary course of operations, which allege liability on the part of the City in connection with workers' compensation and general liability matters. Management believes that potential losses related to these lawsuits will not materially affect the financial position of the City.

Contingent Sale

On April 1, 2008, the City entered into an Escrow Agreement with the Federal Aviation Administration (FAA), the San Bernardino International Airport Authority (SBIAA), and First American Title Insurance Company. On September 25, 2012, the City of Rialto approved the Amended and Restated Contract of Sale with Lewis-Hillwood Rialto LLC (LHR). On July 23, 2013 the City and LHR entered into the Protocol Agreement referring Contingent Liability. On February 4, 2014 the City entered into an Amended and Restated Agreement Regarding Transfer of Certain Aviation Assets with the San Bernardino International Airport Authority. On December 13, 2016, the City Council adopted Ordinance 1584 approving a Development Agreement with Lewis-Hillwood Rialto LLC, adopted Resolution No. 7050 approving the First Implementation Agreement referring the Second Amended and Restated Contract of Sale for Areas B, C and D, and adopted other related resolutions. These arrangements grant LHR an option to purchase the Airport Property subject to satisfaction of conditions, with the land sales proceeds distributed between the City, SBIAA, and LHR.

The City conveyed the Airport Property to the former Redevelopment Agency in June 2007. Upon dissolution of redevelopment by the state in 2012, the City rescinded the Purchase and Sale Agreement and demanded title back from the Agency. A quitclaim deed was recorded on September 12, 2012. The Department of Finance originally contested the transfer, but by letter dated October 18, 2013 concurred that the Airport Property could be retained by the City as a governmental use in accordance with Health and Safety Code Section 34181(a).

The Airport has received substantial support from the FAA in the form of grants and awards for land acquisition, runways and other capital improvements. Consequently, upon sale, the FAA and its designee, the San Bernardino International Airport Authority (SBIAA), will be entitled to a share of the proceeds, a closure obligation. The agreement entered into on February 4, 2014 between the City and SBIAA provides for a total release payment of up to \$34.8 million.

In June 2007, the City submitted its closure plan to the FAA and the state government officials notifying them of the pending closure and describing the orderly cessation of aviation operations. In 2014, the City relocated the aviation tenants and closed the Airport to fixed wing aviation activities on September 18, 2014. On April 1, 2015, the City filed Form 7480-1 with the FAA and closed the Airport to all general aviation activities. The Airport is closed, and the City is proceeding with demolition, remediation, and infrastructure improvements to facilitate the sale and development of Airport property

Finally, the City negotiated an early release of profit participation. In March 2017, the City and SBIAA each received a payment of \$3,000,000 from LHR as a portion of the Contingent Purchase Price.

Upon closure, the City will be required to repay the FAA for certain grants received that are not considered fully amortized. At June 30, 2018, all FAA grants have been fully amortized.

City of Rialto, California
Notes to Financial Statements
June 30, 2018

17) RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The City retains the risk of loss for general liability and workers' compensation claims of up to \$350,000 and \$400,000, respectively, per person per occurrence. The City has established the General Liability and Workers' Compensation Internal Service Funds to account for and finance uninsured risks of loss related to general liabilities and workers' compensation claims, respectively. Liabilities are accrued when incurred, whether or not reported.

The City is also a member of the Public Agency Risk Sharing Authority of California (PARSAC) for general liability, a public entity risk pool consisting of a consortium of 36 cities in California. PARSAC was established to pool resources, share risks, purchase excess insurance and share costs for professional risk management and claims administration. General Liability claims exceeding the self-insured retention (SIR) of \$350,000 are covered by PARSAC up to a maximum of \$1,000,000 on an annual aggregate basis. Claims in excess of the \$1,000,000 annual limit are covered by CSAC-EIA up to \$34,000,000 on an annual aggregate basis. The City is not a member of a pool for workers' compensation. Claims exceeding City's \$400,000 SIR are covered by CSAC-EIA up to \$5,000,000 on an annual aggregate basis.

The City continues to carry commercial insurance for all other risks of loss, including employee health, property, fire, water, boiler and machinery insurance. Settled claims resulting from these risks have not exceeded commercial insurance covered in any of the past three fiscal years. In addition, there has not been a significant reduction in insurance coverage during the year.

All Funds of the City participate in the risk management program and make payments to the respective Internal Service Fund based on estimates of the amounts needed to pay prior and current year claims and to establish a reserve for catastrophic losses. Claims liabilities are reported when it is probable that a loss has occurred and the amount can be reasonably estimated. Claims liabilities are calculated considering the effects of inflation and recent claim settlement awards, including the frequency and amount of payouts.

Changes in the Workers' Compensation and the General Liability Internal Service Funds' claims liability amounts in fiscal years 2018 and 2017 were as follows:

	Workers' Compensation		General Liability	
	Internal Service Fund		Internal Service Fund	
	2018	2017	2018	2017
Claims Payable, Beginning of Year	\$ 10,139,000	\$ 8,766,000	\$ 3,494,000	\$ 2,372,000
Current Year Claims and Changes in Estimates	3,221,398	4,402,476	1,091,950	3,468,024
Claim Payments	<u>(3,250,047)</u>	<u>(3,029,476)</u>	<u>(1,407,094)</u>	<u>(2,346,024)</u>
Claims Payable, End of Year	<u>\$ 10,110,351</u>	<u>\$ 10,139,000</u>	<u>\$ 3,178,856</u>	<u>\$ 3,494,000</u>

City of Rialto, California
Notes to Financial Statements
June 30, 2018

18) RECENT CHANGES IN LEGISLATION AFFECTING CALIFORNIA REDEVELOPMENT AGENCIES

On June 29, 2011, Assembly Bills x1 26 (the Dissolution Act) and x1 27 were enacted as part of the fiscal year 2011-12 State budget package.

On June 27, 2012, as part of the fiscal year 2012-13 State budget package, the Legislature passed and the Governor signed AB 1484, which made technical and substantive amendments to the Dissolution Act based on experience to date at the State and local level in implementing the Dissolution Act.

In September 2015, the Legislature passed and the Governor signed SB 107, which made additional changes to the Dissolution Act.

Under the Dissolution Act, each California redevelopment agency (each Dissolved RDA) was dissolved as of February 1, 2012, and the sponsoring community that formed the Dissolved RDA, together with other designated entities, have initiated the process under the Dissolution Act to unwind the affairs of the Dissolved RDA. A Successor Agency was created for each Dissolved RDA which is the sponsoring community of the Dissolved RDA unless it elected not to service as the Successor Agency. On September 27, 2011, the City elected to serve as the Successor Agency of the Rialto Redevelopment Agency.

The Dissolution Act also created oversight boards which monitor the activities of the Successor Agencies. The roles of the Successor Agencies and oversight boards is to administer the wind down of each Dissolved RDA which includes making payments due on enforceable obligations, disposing of the assets (other than housing assets) and remitting the unencumbered balances of the Dissolved RDAs to the County Auditor-Controller for distribution to the affected taxing entities.

The Dissolution Act allowed the sponsoring community that formed the Dissolved RDA to elect to assume the housing functions and take over the certain housing assets of the Dissolved RDA. If the sponsoring community does not elect to become the Successor Housing Agency and assume the Dissolved RDA's housing functions, such housing functions and all related housing assets will be transferred to the local housing authority in the jurisdiction. AB 1484 modified and provided some clarifications on the treatment of housing assets under the Dissolution Act. The Housing Authority elected on January 24, 2012 to serve as the Housing Successor Agency.

After the date of dissolution, the housing assets, obligations and activities of the Dissolved RDA have been transferred and are reported in the Housing Authority Special Revenue Fund in the financial statements of the City. All other assets, obligations, and activities of the Dissolved RDA have been transferred and are reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City.

In the current and future fiscal years, the Successor Agency will only be allocated revenue from the County of San Bernardino in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the Dissolved RDA until all enforceable obligations of the Dissolved RDA have been paid in full and all asses have liquidated.

City of Rialto, California
Notes to Financial Statements
June 30, 2018

19) SUCCESSOR AGENCY DISCLOSURES

The assets and liabilities of the former Redevelopment Agency (Agency), except for assets related to the low and moderate income housing fund, were transferred to the Successor Agency of the City of Rialto Redevelopment Agency on February 1, 2012 as a result of the dissolution of the former Redevelopment Agency. The City is acting in a fiduciary capacity for the assets and liabilities. Disclosure related to assets and liabilities are as follows:

Notes Receivable

Effective June 1, 2005, the Agency and the Rialto Unified School District (the District) entered into a Cooperative Agreement whereby the Agency made a portion of the proceeds of the 2005 Series A Tax Allocation Bonds available to the District to assist the District in financing a portion of the cost of the Rialto Unified School District Facilities. These proceeds totaled \$2,717,131. Under the Cooperative Agreement, the District will forego tax increment revenues that otherwise would have been transferred to it by the Agency pursuant to two pass-through agreements by and between the District and the Agency, and pursuant to the statutory requirements for payments to affected taxing agencies.

The amount of pass-through payments that was retained by the Agency were calculated to be sufficient to cover the portion of debt service on the 2005 Series A Tax Allocation Bonds allocated to the \$2,717,131 transferred to the District, plus a coverage factor. Upon the dissolution of the former redevelopment agency at February 1, 2002, the outstanding balance of the receivables was transferred to the Successor Agency Private-Purpose Trust Fund and the amount of pass-through amounts to be retained are administered by the County of San Bernardino. As of June 30, 2018, \$2,166,941 of this receivable remains outstanding, bearing interest at variable rates between 3.6% and 4.9%.

Effective March 1, 2008, the Agency and the Rialto Unified School District (the District) entered into a Cooperative Agreement whereby the Agency made a portion of the proceeds of the 2008 Series A Tax Allocation Bonds available to the District to assist the District in financing a portion of the cost of the Rialto Unified School District Facilities. These proceeds totaled \$3,390,000. Under the Cooperative Agreement, the District will forego tax increment revenues that otherwise would have been transferred to it by the Agency pursuant to two pass-through agreements by and between the District and the Agency, and pursuant to the statutory requirements for payments to affect taxing agencies.

The amount of pass-through payments that was retained by the Agency were calculated to be sufficient to cover the portion of debt service on the 2008 Series A Tax Allocation Bonds allocable to the \$3,390,000 transferred to the District, plus a coverage factor. Upon the dissolution of the former redevelopment agency at February 1, 2012, the outstanding balance of the receivables was transferred to the Successor Agency Private-Purpose Trust Fund and the amount of pass-through amounts to be retained are administered by the County of San Bernardino. As of June 30, 2018, \$2,720,000 of this receivable remains outstanding, bearing interest at variable rates between 3.6% and 4.9%.

Effective July 1, 1996, the Agency sold the Ramrod Mobile Home Park (the Park) to Ramrod Senior Housing, Inc., a California Nonprofit Benefit Corporation, for a 36-year note receivable in the amount \$3,318,875, bearing interest at approximately 6.19%. Upon the dissolution of the former redevelopment agency at February 1, 2012, the outstanding balance of the receivables was transferred to the Successor Agency Private-Purpose Trust Fund. The balance outstanding on the note receivable is \$2,155,448 at June 30, 2018.

City of Rialto, California
Notes to Financial Statements
June 30, 2018

19) SUCCESSOR AGENCY DISCLOSURES - Continued

Notes Receivable - Continued

The Agency administered a façade improvement loan program, which provided money to certain business owners at 0% interest to enhance the facade of their building. The Agency entered into loan agreements with the business owners that required the loans to be repaid only if the title of the property changes. Therefore, the Agency had recorded the outstanding loans as notes receivable and deferred revenue in the fund financial statements. Upon the dissolution of the former redevelopment agency at February 1, 2012, the outstanding balance of the receivables was transferred to the Successor Agency Private-Purpose Trust Fund. The amount of façade improvement loans at June 30, 2018 is \$316,184.

Property Held for Resale

Property held for resale was generally acquired in the normal course of the Agency activity and is recorded at the lower of acquisition cost or estimated net realizable value (i.e., estimated selling price less reasonably predicted costs of disposal). Upon the dissolution of the former redevelopment agency at February 1, 2012, the balance of the property held for resale was transferred to the Successor Agency Private-Purpose Trust Fund. As of June 30, 2018, the Successor Agency's property held for resale is valued as follows:

	\$ 26,629,469
Cost	(6,154,259)
Adjustment to Basis	\$ 20,475,210
Net Book Value	

Capital Assets

A summary of changes in the Successor Agency's capital assets at June 30, 2018 is as follows:

	Balance at July 1, 2017	Additions	Deletions	Balance at June 30, 2018
Capital Assets, Not Depreciated:				
Land	\$ 290,347	\$ -	\$ -	\$ 290,347
Total Capital Assets Not Depreciated	290,347	-	-	290,347
Capital Assets Being Depreciated:				
Buildings and Other Structures	97,647	-	-	97,647
Improvements Other than Buildings	285,647	-	-	285,647
Vehicles	25,646	-	-	25,646
Total Capital Assets Being Depreciated	408,940	-	-	408,940
Less Accumulated Depreciation for:				
Buildings and Other Structures	(27,386)	(1,956)	-	(29,342)
Improvements Other than Buildings	(246,767)	(11,644)	-	(258,411)
Vehicles	(25,646)	-	-	(25,646)
Total Accumulated Depreciation	(299,799)	(13,600)	-	(313,399)
Total Capital Assets Being Depreciated, Net	109,141	(13,600)	-	95,541
Capital Assets, Net	\$ 399,488	\$ (13,600)	\$ -	\$ 385,888

City of Rialto, California
Notes to Financial Statements
June 30, 2018

19) SUCCESSOR AGENCY DISCLOSURES - Continued

Long-Term Obligations

The following is a summary of the Successor Agency's long-term obligations for the year ended June 30, 2018:

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018	Due Within One Year	Due in More Than One Year
Tax Allocation Bonds	\$ 138,530,000	\$ 28,480,000	\$ (39,390,000)	\$127,620,000	\$ 4,455,000	\$123,165,000
Premiums	3,586,804	4,479,119	(612,427)	7,453,496	-	7,453,496
Discounts	(250,987)	-	29,930	(221,057)	-	(221,057)
Total Tax Allocation Bonds	141,865,817	32,959,119	(39,972,497)	134,852,439	4,455,000	130,397,439
Compensated Absences	74,669	7,473	-	82,141	15,168	66,974
 Total	 \$ 141,940,486	 \$ 32,966,592	 \$ (39,972,497)	 \$134,934,580	 \$ 4,470,168	 \$130,464,413

Tax Allocation Bonds

\$29,600,000 Rialto Redevelopment Agency Tax Allocation Housing Set-Aside Bonds Merged Project Area 2008 Series B, maturing in serial and term fashion through September 1, 2037. The term portion of the bond is subject to mandatory sinking fund payments beginning on September 1 in each year and commencing September 1, 2019. Annual principal payments on the bonds range from \$275,000 to \$2,920,000. Interest is paid semi-annually on March 1 and September 1 of each year at the rate of 7.50%. The reported amount outstanding includes the unamortized original issue premium of \$313,986 and is payable from redevelopment property tax trust fund revenues received by Successor Agency. \$ 25,085,000

\$21,965,000 Rialto Redevelopment Agency Tax Allocation Bonds Merged Project Area 2008 Series C, maturing in serial and term fashion through September 1, 2037. The term portion of the bond is subject to mandatory sinking fund payments beginning on September 1 in each year and commencing September 1, 2019. Annual principal payments on the bonds range from \$250,000 to \$1,725,000. Interest is paid semi-annually on March 1 and September 1 of each year at the rate of 7.50%. The reported amount outstanding includes the unamortized original issue premium of \$271,130 and is payable from redevelopment property tax trust fund revenues received by Successor Agency. 18,875,000

\$16,515,000 Successor Agency Tax Allocation Revenue Refunding Bonds 2014 Series A, maturing in serial fashion through September 1, 2027. The 2014 Series A Bonds were used to defease the outstanding Tax Allocation Revenue Refunding Bonds 2003 Series A. The principal amounts of the 2014 Series A Refunding Bonds of \$16,515,000 plus the premium of \$2,465,434 plus the 2003A refunded bonds available funds of \$2,247,219 were used to refund the bonds in the amount of \$20,805,499 and pay for the cost of issuance totaling \$422,154. Annual principal payments on the bonds range from \$985,000 to \$1,675,000. Interest is paid semi-annually on March 1 and September 1 of each year at the rate of 3% to 5%. The reported amount outstanding includes the unamortized original issue premium of \$1,443,957 and is payable from redevelopment property tax trust fund revenues received by Successor Agency. 13,525,000

City of Rialto, California
Notes to Financial Statements
June 30, 2018

19) SUCCESSOR AGENCY DISCLOSURES - Continued

Long-Term Obligations - Continued

Tax Allocation Bonds – Continued

On July 30, 2015, the Successor Agency issued \$20,640,000 in Tax Allocation Revenue Refunding Bonds, 2015 Series A for the purpose of defeasing \$23,885,000 of outstanding Tax Allocation Bonds 2005 Series A. The principal amount of the 2015 Series A refunding bonds of \$20,640,000 plus the original premium of \$1,113,852 plus the 2005 Series A refunded bonds available funds of \$3,178,113 will be used to refund the bonds in the amount of \$23,885,000, pay for the interest payment due as of September 1, 2015 of \$545,465, and pay for the cost of issuance totaling \$501,500. The advance refunding fully repaid the 2005 Series A bonds. Annual principal payments on the bonds range from \$2,065,000 to \$3,220,000. Interest is paid semi-annually on March 1 and September 1 of each year at the rate of 4% to 5%. The reported amount outstanding includes the unamortized original issue premium of \$945,304 and is payable from redevelopment property tax trust fund revenues received by the Successor Agency. \$ 20,640,000

On July 30, 2015, the Successor Agency issued \$15,290,000 in Tax Allocation Revenue Refunding Bonds, 2015 Series B for the purpose of defeasing \$16,635,000 of outstanding Tax Allocation Bonds 2005 Series C. The principal amount of the 2015 Series B refunding bonds of \$15,290,000 less the original discount of \$199,176 plus the 2005 Series C refunded bonds available funds of \$2,250,882 will be used to refund the bonds in the amount of \$16,635,000, pay for the interest payment due as of September 1, 2015 of \$420,680, and pay for the cost of issuance totaling \$286,026. The advance refunding fully repaid the 2005 Series C bonds. Annual principal payments on the bonds range from \$755,000 to \$1,420,000. Interest is paid semi-annually on March 1 and September 1 of each year at the rate of 1.484% to 4%. The reported amount outstanding includes the unamortized original issue discount of \$143,053 and is payable from redevelopment property tax trust fund revenues received by the Successor Agency. 13,525,000

On July 30, 2015, the Successor Agency issued \$8,205,000 in Tax Allocation Revenue Refunding Bonds, 2015 Series C for the purpose of defeasing \$9,045,000 of outstanding Tax Allocation Bonds 2005 Series B. The principal amount of the 2015 Series C refunding bonds of \$8,205,000 less the original discount of \$100,864 plus the 2005 Series B refunded bonds available funds of \$1,334,703 will be used to refund the bonds in the amount of \$9,045,000, pay for the interest payment due as of September 1, 2015 of \$227,774, and pay for the cost of issuance totaling \$166,065. The advance refunding fully repaid the 2005 Series B bonds. Annual principal payments on the bonds range from \$340,000 to \$670,000. Interest is paid semi-annually on March 1 and September 1 of each year at the rate of 1.484% to 4.724%. The reported amount outstanding includes the unamortized original issue discount of \$78,004 and is payable from redevelopment property tax trust fund revenues received by the Successor Agency. 7,490,000

City of Rialto, California
Notes to Financial Statements
June 30, 2018

19) SUCCESSOR AGENCY DISCLOSURES - Continued

Long-Term Obligations - Continued

Tax Allocation Bonds – Continued

On January 24, 2018, the Successor Agency issued \$28,480,000 in Tax Allocation Revenue Refunding Bonds, 2018 Series A for the purpose of defeasing \$35,810,000 of outstanding Tax Allocation Bonds 2008 Series A. The principal amount of the 2018 Series A refunding bonds of \$28,480,000 less the original premium of \$4,479,119 plus the 2008 Series A refunded bonds available funds of \$4,235,283 will be used to refund the bonds in the amount of \$38,810,000, pay for the interest payment due as of September 1, 2018 of \$1,076,454, and pay for the cost of issuance totaling \$451,661. The advance refunding fully repaid the 2008 Series A bonds. Annual principal payments on the bonds range from \$420,000 to \$5,055,000. Interest is paid semi-annually on March 1 and September 1 of each year at the rate of 1.570% to 3.200%. The reported amount outstanding includes the unamortized original issue premium of \$4,479,119 and is payable from redevelopment property tax trust fund revenues received by the Successor Agency.

\$ 28,480,000

Total Tax Allocation Bonds

\$ 127,620,000

Future Debt Service Payments

The annual requirements to amortize outstanding long-term debt other compensated absences are as follows:

Year Ending June 30,	Tax Allocation		
	Bonds	Interest	Total
2019	\$ 4,455,000	\$ 6,711,560	\$ 11,166,560
2020	3,890,000	6,885,113	10,775,113
2021	4,075,000	6,686,875	10,761,875
2022	4,295,000	6,473,905	10,768,905
2023	4,510,000	6,243,068	10,753,068
2024-2028	26,470,000	27,185,497	53,655,497
2029-2033	38,855,000	18,611,269	53,466,269
2034-2038	45,070,000	6,979,500	52,049,500
Total	<u>\$ 127,620,000</u>	<u>\$ 85,776,787</u>	<u>\$ 213,396,787</u>

Compensated Absences

Accrued vacation (\$82,141) represents total vested vacation benefits for Successor Agency Private-Purpose Trust Fund. See Note 9 for additional information.

City of Rialto, California
Notes to Financial Statements
June 30, 2018

19) SUCCESSOR AGENCY DISCLOSURES - Continued

Owner Participation Agreements

The Agency had entered into various Owner Participation Agreements, Disposition and Development Agreements, City Cooperation Agreements, and land acquisition agreements for the benefit of business/developers to further economic development and affordable housing within the City. These agreements require the Agency to contribute land and/or reimburse, subject to limitation, the businesses/developers for the cost of site improvements and other eligible costs. In addition, three agreements require the Agency to remit site-generated sales tax subject to an annual limit. As of June 30, 2018, all payment obligations under these agreements have been discharged.

Other Commitment

The Agency had entered into two Cooperative Agreements with the Rialto Unified School District (RUSD) under which the Agency advanced funds from the 2005 and 2008 tax allocation bond issues to pay for school improvements. The RUSD pledged its pass through payment entitlements under various agreements with the Agency to repay its share of the debt service on the tax allocation bonds. In accordance with the terms of the 2005 Cooperative Agreement, the Agency retained 120% of the upcoming bond year debt service (September 1, 2008 to August 31, 2009) as a debt service reserve and released the balance to the RUSD. Under the terms of the 2008 Cooperative Agreements, which took effect on March 1, 2008, the Agency will retain a lesser amount equaling the District's share of the September 1, 2008 and March 1, 2009 debt service payment on the 2005 and 2008 tax allocation bonds. In 2015, the Successor Agency refinanced the 2005 bonds reducing interest rate and payments. The refinance bonds are known as the 2015 bonds. At June 30, 2018, the amount committed under these agreements totaled \$335,216. The amount includes the 2008 and 2015 bonds. On February 1, 2012, the Successor Agency assumed all responsibilities under the agreements. Future payments, if any, will be requested through the semi-annual Redevelopment Property Tax Trust Fund (FPTTF) distribution process.

20) UNCERTANTIES

Water Expenditures

The City's Water expenditures have exceeded revenues for fiscal years 2012-2013, 2013-2014, 2014-2015, 2015-2016, and 2016-2017 by \$7,113,132, \$3,042,318, \$1,498,503, \$341,861, and \$85,908, respectively. In fiscal year 2017-2018 the Water Fund had a positive change in Net Position of \$971,321 overall resulting in a net position of \$3,074,442 at June 30, 2018. The City has taken the following actions:

In November 2012, the Rialto Utility Authority issued collateralized debt to provide financing for the operations and defease debt specific to the terms outlined by the Concession Agreement between the City of Rialto, the Rialto Utility Authority and Rialto Water Services, LLC. The City Council also approved a series of four rate increases to be triggered on January 1 of each year in 2013, 2014, 2015 and 2016. On December 9, 2015, the City Council adopted Resolution No. 005-15 and directed that the final water rate increase scheduled for January 1, 2016 be deferred until January 1, 2017, as a result of significant delays in the implementation of the Capital Projects under the Concession Agreement.

The approval to defer the increase was intended as a delay on the scheduled increase and not as any decision to forego the planning approved rate increase. The implementation of capital projects under the Concession Agreement, once completed, are projected to reduce operating costs due to efficiencies from improved technologies.

City of Rialto, California
Notes to Financial Statements
June 30, 2018

20) UNCERTANTIES - Continued

Water Expenditures - Continued

The City is in the process of reviewing its water rate structure. On September 22, 2015, the City Council accepted a grant funding contract with the Santa Ana Watershed Project Authority and adopted Resolution No. 6830, for investigation and possible implementation of an efficiency-based water rate structure. The investigation into an efficiency-based water rate structure will be compared to the current rate structure to address revenue requirements moving forward. In addition to reviewing the rate structure, the City is currently analyzing its water operations and has engaged a consultant to prepare a revenue requirement analysis to determine the amount of revenue needed to fully fund the cost of water operations. Results from both studies will be presented to the City Council within the next 12-24 months for further consideration.

The City is continuing its review of rates and the necessity of an increase in the rates.

As of June 30, 2018, the Water Enterprise cash balance, including restricted cash and investments totals \$12,377,795. The City finds that the Water Enterprise Fund is sufficiently liquid to continue operations.

Wastewater Expenditures

The City's Wastewater expenditures have exceeded revenues for fiscal years 2012-2013, 2013-2014, 2014-2015, and 2015-2016 by \$41,096,693, \$6,186,893, \$1,521,446, and \$2,851,767, respectively. The Wastewater revenues have exceeded expenditures by \$2,252,405 in fiscal year 2016-2017 and \$4,424,811 in fiscal year 2017-2018, resulting in a net position of \$4,067,437 at June 30, 2018. The City has taken the following actions:

The City Council also approved a series of four rate increases to be triggered on January 1 of each year in 2013, 2014, 2015 and 2016. On December 9, 2015, the City Council adopted Resolution No. 005-15 and directed that the final water rate increase scheduled for January 1, 2016 be deferred until January 1, 2017, as a result of significant delays in the implementation of the Capital Projects under the Concession Agreement. The approval to defer the increase was intended as a delay on the scheduled increase and not as any decision to forego the planned approved rate increase. The implementation of Capital Projects under the Concession Agreement, once completed, are projected to reduce operating costs due to efficiencies from improved technologies.

The City is also currently analyzing its wastewater operations and has engaged a consultant to prepare a revenue requirement analysis to determine the amount of revenue needed to fully fund the cost of wastewater operations. Results from this analysis will be presented to the City Council within the next 12-24 months for further consideration.

The City is continuing its review of rates and the necessity of an increase in the rates.

As of June 30, 2018, the Wastewater Enterprise cash balance, including restricted cash and investments totals \$31,408,073. The City finds that the Wastewater Enterprise Fund is sufficiently liquid to continue operations.

City of Rialto, California
Notes to Financial Statements
June 30, 2018

21) TAX ABATEMENT AGREEMENTS

The City of Rialto negotiates tax abatement agreements on an individual basis. The City of Rialto has tax abatement agreements with two entities as of June 30, 2018.

Purpose	Type of Tax Abated	Percentage of Taxes Abated During the Fiscal Year	Amount of Taxes Abated During the Fiscal Year
Hardware Store - Acquire land and construct retail center (1)	Property Tax Sales Tax	100% 50%	\$ 21,388 178,373
Distribution Center - Construct center and establish “point of sale” in Rialto (2)	Sales Tax	50%	1,076,694

- (1) The City entered into a twenty-year property and sales tax reimbursement agreement. The City will pay up to \$2,740,000 over twenty years. If the reimbursement is not complete after twenty years the Agency will stop the reimbursement.
- (2) The City entered into a twenty-year sales tax reimbursement agreement. There is no up to amount and the Distribution Center has the sole option to extend the agreement.

22) PRIOR PERIOD ADJUSTMENTS

The prior period adjustments of \$32,407,050 and \$5,560,701 relates to the implementation of GASB Statement 75 for postemployment benefits other than pensions. According to GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which was implemented by the City in the 2018 fiscal year, the City recognized liabilities, deferred outflows of resources, deferred inflows of resources, and expenses related to OPEB plan.

The City’s Fair Share Agreement Capital Projects Fund includes a prior period adjustment of \$4,742,011 relating to Fair Share Fees that were erroneously recorded as unearned revenues in previous fiscal year.

23) SUBSEQUENT EVENTS

In November 2016, the City Council approved the issuance of \$2,000,000 of Section 108 Government Guaranteed Certificates by the Rialto Public Financing Authority to finance improvements for the Bud Bender Park. The property serves as security for the note. Interest rates are priced at the three-month London Interbank Offered (LIBO) rate plus twenty basis points (0.20%). The maximum repayment period for a Section 108 loan is twenty years and, depending on the maturity selected of the City, a small additional basis point spread can be added to the yield to determine the actual rate of interest. As of the date this report has been issued, the Section 108 loan has not yet been approved by the U.S. Department of Housing and Urban Development and, therefore, a final interest rate and repayment schedule has not yet been approved.

Other events occurring after June 30, 2018 have been evaluated for possible adjustments to the financial statements or disclosure as of September 16, 2019, which is the date these financial statements were available to be issued.

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REQUIRED SUPPLEMENTARY INFORMATION

City of Rialto, California
Schedule of Changes in the Net Pension Liability and Related Ratios -
Miscellaneous Plan
Last Ten Years*
As of June 30, 2018

	2018	2017	2016	2015
TOTAL PENSION LIABILITY				
Service Cost	\$ 1,962,464	\$ 1,621,654	\$ 1,545,683	\$ 1,736,327
Interest on Total Pension Liability	8,739,244	8,545,451	8,242,200	8,043,800
Change in Benefit Terms	-	-	-	-
Changes in Assumptions	7,392,961	-	(2,069,469)	-
Difference Between Expected and Actual Experience	(1,503,961)	(403,816)	(1,901,232)	-
Benefit Payments	(5,823,917)	(5,586,314)	(5,329,662)	(5,117,502)
Net Change in Total Pension Liability	10,767,345	4,176,975	487,520	4,662,625
Total Pension Liability - Beginning	118,268,368	114,091,393	113,603,873	108,941,248
Total Pension Liability - Ending (a)	\$ 129,035,713	\$ 118,268,368	\$ 114,091,393	\$ 113,603,873
PLAN FIDUCIARY NET POSITION				
Plan to Plan Resource Management	\$ -	\$ 28,412	\$ 1,212	\$ -
Contributions - Employer	3,399,175	2,770,673	2,257,385	2,027,883
Contributions - Employee	924,474	864,570	832,233	730,622
Net Investment Income	8,989,575	369,043	1,734,077	12,528,234
Benefit Payments	(5,823,917)	(5,586,314)	(5,329,662)	(5,117,502)
Administrative Expense	(120,679)	-	-	-
Net Change in Fiduciary Net Position	7,368,628	(1,553,616)	(504,755)	10,169,237
Plan Fiduciary Net Position - Beginning	81,737,185	83,290,801	83,795,556	73,626,319
Plan Fiduciary Net Position - Ending (b)	\$ 89,105,813	\$ 81,737,185	\$ 83,290,801	\$ 83,795,556
Plan Net Pension Liability/(Asset) - Ending (a) - (b)	\$ 39,929,900	\$ 36,531,183	\$ 30,800,592	\$ 29,808,317
Plan Fiduciary Net Pension as a Percentage of the Total Pension Liability	69.06%	69.11%	73.00%	73.76%
Covered Payroll	\$ 9,966,210	\$ 9,138,652	\$ 8,408,677	\$ 9,062,246
Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll	400.65%	399.74%	366.30%	328.93%

Notes to Schedule:

Benefit Changes. In 2018, there was no benefit terms modified.

Changes in Assumptions. Fiscal year June 30, 2015 to June 30, 2016 - GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 2014 measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

In 2016 and 2017 there were no changes in assumptions.

In 2018, the accounting discount reduced from 7.65% to 7.15%.

*- Fiscal year 2015 was the 1st year of implementation, therefore only four years are shown.

City of Rialto, California
Schedule of Changes in the Net Pension Liability and Related Ratios -
Safety Plan
Last Ten Years*
As of June 30, 2018

	2018	2017	2016	2015
TOTAL PENSION LIABILITY				
Service Cost	\$ 5,334,444	\$ 4,790,840	\$ 4,576,388	\$ 4,515,927
Interest on Total Pension Liability	18,863,603	18,240,547	17,478,960	16,797,046
Change in Benefit Terms	-	-	-	-
Changes in Assumptions	17,388,091	-	(4,760,201)	-
Difference Between Expected and Actual Experience	(4,519,766)	(2,000,635)	(2,396,762)	-
Benefit Payments	(11,120,451)	(10,446,639)	(9,966,418)	(9,361,045)
Net Change in Total Pension Liability	25,946,121	10,584,113	4,931,967	11,951,928
Total Pension Liability - Beginning	253,851,177	243,267,064	238,335,097	226,383,169
Total Pension Liability - Ending (a)	\$ 279,797,298	\$ 253,851,177	\$ 243,267,064	\$ 238,335,097
PLAN FIDUCIARY NET POSITION				
Plan to Plan Resource Management	\$ -	\$ (28,412)	\$ (1,048)	\$ -
Contributions - Employer	6,576,775	6,139,735	6,116,568	6,284,137
Contributions - Employee	3,084,249	2,994,151	2,679,822	1,424,093
Net Investment Income	19,120,363	752,086	3,590,510	25,296,028
Benefit Payments	(11,120,363)	(10,446,639)	(9,966,418)	(9,361,045)
Administrative Expense	(253,771)	-	-	-
Net Change in Fiduciary Net Position	17,407,165	(589,079)	2,419,434	23,643,213
Plan Fiduciary Net Position - Beginning	171,880,890	172,469,969	170,050,535	146,407,322
Plan Fiduciary Net Position - Ending (b)	\$ 189,288,055	\$ 171,880,890	\$ 172,469,969	\$ 170,050,535
Plan Net Pension Liability/(Asset) - Ending (a) - (b)	\$ 90,509,243	\$ 81,970,287	\$ 70,797,095	\$ 68,284,562
Plan Fiduciary Net Pension as a Percentage of the Total Pension Liability	67.65%	67.71%	70.90%	71.35%
Covered Payroll	\$ 16,056,944	\$ 15,545,592	\$ 15,074,241	\$ 14,083,225
Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll	563.68%	527.29%	469.66%	484.86%

Notes to Schedule:

Benefit Changes. In 2018, there was no benefit terms modified.

Changes in Assumptions. Fiscal year June 30, 2015 to June 30, 2016 - GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 2014 measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

In 2016 and 2017 there were no changes in assumptions.

In 2018, the accounting discount rate reduced from 7.65% to 7.15%.

*- Fiscal year 2015 was the 1st year of implementation, therefore only four years are shown.

**City of Rialto, California
Schedule of Contributions
CalPERS Pension Plans
Last Ten Years*
As of June 30, 2018**

Miscellaneous

Fiscal Year	Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 2,252,080	\$ (2,252,080)	\$ -	\$ 8,408,677	26.78%
2016	\$ 2,241,922	\$ (2,241,922)	\$ -	\$ 9,138,652	24.53%
2017	\$ 3,388,812	\$ (3,388,812)	\$ -	\$ 9,966,210	34.00%
2018	\$ 4,025,277	\$ (4,025,277)	\$ -	\$ 10,035,098	40.11%

Safety

Fiscal Year	Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 6,119,336	\$ (6,119,336)	\$ -	\$ 15,074,241	40.59%
2016	\$ 6,693,398	\$ (6,693,398)	\$ -	\$ 15,545,592	43.06%
2017	\$ 6,593,836	\$ (6,593,836)	\$ -	\$ 16,056,944	41.07%
2018	\$ 9,921,278	\$ (9,921,278)	\$ -	\$ 15,522,578	63.92%

All Plans

Fiscal Year	Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 8,371,416	\$ (8,371,416)	\$ -	\$ 23,482,918	35.65%
2016	\$ 8,935,320	\$ (8,935,320)	\$ -	\$ 24,684,244	36.20%
2017	\$ 9,982,648	\$ (9,982,648)	\$ -	\$ 26,023,154	38.36%
2018	\$ 13,946,555	\$ (13,946,555)	\$ -	\$ 25,557,676	54.57%

City of Rialto, California
Schedule of Contributions
CalPERS Pension Plans - Continued
Last Ten Years*
As of June 30, 2018

Notes to Schedule:

Valuation Date: 6/30/2017

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal**
Amortization Method	Level Percentage of Payroll, Closed**
Asset Valuation Method	Market Value***
Inflation	2.75%
Salary Increases	Depending on age, service and type of employment**
Investment Rate of Return	7.50%, net of pension plan investment expense, including inflation**
Retirement Age	50 years (2% @55 and 2.7 @55) 52 years (2% @ 62)**
Mortality	Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board**

* Fiscal year 2015 was the 1st year of implementation, therefore only four years are shown.

** The valuation for June 30, 2012 and 2013 (applicable to fiscal year ended June 30, 2015 and 2016, respectively) included the same actuarial assumptions.

*** The valuation for June 30, 2012 (applicable to fiscal year ended June 30, 2015) valued assets using a 15-year Smooth Market method. The market value asset valuation method was utilized for the June 30, 2013 and 2014 valuations (applicable to fiscal years ended June 30, 2016 and 2017, respectively).

City of Rialto, California
Schedule of Changes in the Net OPEB Liability and Related Ratios for
Measurement Periods Ended June 30
As of June 30, 2018

	Measurement Period	2017
Total OPEB Liability		
Service Cost		\$ 2,083,035
Interest on the Total OPEB Liability		1,874,471
Changes in Assumptions		(3,897,172)
Changes in Benefit Terms		-
Benefit Payments		(2,009,296)
	Net Change in Total OPEB Liability	(1,948,962)
	Total OPEB Liability - Beginning	58,618,155
	Total OPEB Liability - Ending (a)	\$ 56,669,193
 Plan Fiduciary Net Position		
Contribution - Employer		\$ 2,967,326
Net Investment Income		1,806,286
Benefit Payments		(2,009,296)
Administrative Expense		(71,750)
	Net Change in Plan Fiduciary Net Position	2,692,566
	Plan Fiduciary Net Position - Beginning	13,999,208
	Plan Fiduciary Net Position - Ending (b)	\$ 16,691,774
	Net OPEB Liability - Ending (a)-(b)	\$ 39,977,419
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability		29.5%
Covered-employee Payroll		\$ 37,244,900
Net OPEB Liability as a Percentage of Covered-employee Payroll		107.34%

Notes to Schedule:

Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

City of Rialto, California
Schedule of Contributions - OPEB
Last Ten Fiscal Years*

Fiscal Year Ended June 30, 2018	2018
Actuarially Determined Contribution (ADC)	\$ 2,588,874
Contributions in Relation to the ADC	(3,260,163)
Contribution Deficiency (Excess)	\$ (671,289)
Covered-Employee Payroll	\$ 34,714,347
 Contributions as a percentage of covered-employee payroll	 9.39%

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2018 were from the June 30, 2018 actuarial valuation.

Methods and assumptions used to determine contributions:

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	Level percent of payroll over a closed rolling 15-year period
Asset Valuation Method	Market value
Inflation	2.75%
Salary Increases	3.25% plus merit
Investment Rate of Return	6.55% per annum
Healthcare Cost-trend Rates	7.5% (Non-Medicare) and 6.5% (Medicare)
	4.50% (PEMHCA)
Retirement Age	The probabilities of Retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.
Mortality	Pre-retirement mortality probability based on 2014 CalPERS 1997-2011 Experience Study covering CalPERS participants. Post-retirement mortality probability based on CalPERS Experience Study 2007-2011 covering participants in CalPERS.

* Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information become available.

City of Rialto, California
Budgetary Comparison Schedule
General Fund
June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 55,278,200	\$ 56,155,200	\$ 58,442,946	\$ 2,287,746
Licenses and Permits	4,186,050	4,746,593	5,324,291	577,698
Fines and Forfeitures	550,600	545,600	690,784	145,184
Use of Money and Property	698,800	698,800	(368,577)	(1,067,377)
Revenue from Other Agencies	4,870,420	9,779,076	9,973,520	194,444
Charges for Services	11,681,100	11,918,050	8,750,006	(3,168,044)
RUA Lease Payments	2,000,000	2,000,000	2,000,000	-
Reimbursement from Successor Agency for Expenditures	-	-	978,716	978,716
Other	1,468,640	1,561,163	1,589,197	28,034
Total Revenues	<u>80,733,810</u>	<u>87,404,482</u>	<u>87,380,883</u>	<u>(23,599)</u>
EXPENDITURES				
Current:				
General Government	17,654,600	17,712,297	16,549,072	1,163,225
Public Safety	48,488,232	54,493,192	53,280,014	1,213,178
Community Development	8,187,418	8,436,006	7,911,202	524,804
Capital Outlay	3,053,060	13,724,673	4,867,692	8,856,981
Debt Service:				
Principal Retirement	-	-	122,029	(122,029)
Interest and Fiscal Charges	-	-	195,524	(195,524)
Total Expenditures	<u>77,383,310</u>	<u>94,366,168</u>	<u>82,925,533</u>	<u>11,440,635</u>
Excess (Deficiency) of Revenues over Expenditures	<u>3,350,500</u>	<u>(6,961,686)</u>	<u>4,455,350</u>	<u>11,417,036</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Capital Assets	-	6,480	21,791	15,311
Transfers In	9,324,020	9,530,176	8,492,760	(1,037,416)
Transfers Out	(4,722,150)	(9,310,430)	(9,360,366)	(49,936)
Total Other Financing Sources (Uses)	<u>4,601,870</u>	<u>226,226</u>	<u>(845,815)</u>	<u>(1,072,041)</u>
Net Change in Fund Balance	7,952,370	(6,735,460)	3,609,535	10,344,995
Fund Balance - Beginning of Year	<u>69,371,252</u>	<u>69,371,252</u>	<u>69,371,252</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 77,323,622</u>	<u>\$ 62,635,792</u>	<u>\$ 72,980,787</u>	<u>\$ 10,344,995</u>

City of Rialto, California
Notes to Required Supplementary Information
Year Ended June 30, 2018

1. BUDGETARY DATA

The City establishes accounting control through formal adoption of an annual operating budget for all governmental funds. The City Council's policy is to adopt a formal operating budget by June 30 of each year. The budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America, except for the Capital Project Funds, which adopt project-length budgets. The legal level of budgetary control, that is, the level at which expenditures cannot exceed appropriations, is the fund level for all General, Special Revenue and Debt Service Funds, and by project in the Capital Project Funds. The City does not adopt a budget for the Traffic Safety Prop 1B Special Revenue Fund, the Brownfield Clean up Grant Special Revenue Fund, and the Street Medians Development Special Revenue Fund. Department heads are authorized to transfer budget amounts between accounts of a department, except for salaries and capital outlay, which require the approval of the City Administrator/Executive Director and Chief Financial Officer. The City Administrator/Executive Director, Chief Financial Officer and the department head approval are required to transfer appropriations from one department to another within the same fund. However, all increases at the overall fund level must be approved by the City Council. All unencumbered budget appropriations, except for capital projects budgets, lapse at the end of each fiscal year. Throughout the fiscal year, the budget is amended to add supplemental appropriations. All changes to the budget require Council approval and all increases in appropriations must be accompanied by a funding source.

SUPPLEMENTARY SCHEDULES

OTHER GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS:

Special revenues funds account for the proceeds of specific revenue sources that are legally restricted or otherwise assigned for specific purposes.

Gas Tax Fund - accounts for revenues and expenditures of money received from State Gas Tax allocation. These funds are used for maintenance and construction of City streets.

Local Transportation Development Fund - accounts for revenues and expenditures of money received from San Bernardino Associated Government (SANBAG) of a voter approved sales tax override allocated to cities within the County on a population basis. These funds are used for maintenance and construction of City streets.

Transportation Enhancement Activities Fund - accounts for monies received and expended in accordance with the Transportation Enhancement Grant.

Street Lighting and Landscape Maintenance Fund - accounts for the revenues and expenditures associated with the maintenance of City-owned street lights, parkways, and medians. Benefiting property owners are assessed their proportional share of costs for maintaining these facilities, parkways and medians.

Landscape and Lighting District No. 2 Fund - accounts for revenues and expenditures associated with the maintenance of City-owned street lights, parkways and medians. Benefiting property owners are assessed their proportional share of costs for maintaining these facilities, parkways and medians.

Traffic Development Fund - accounts for development fees collected and used for street and traffic control improvements.

Office of Traffic Safety Fund - accounts for revenues received under the office of traffic safety. The funds are used to reduce the number of fatal injury and DUI related collisions occurring in the community.

Retirement Tax Fund - accounts for a voter approved property tax levy used to pay the City's employee retirement costs. Council has set to 0% as of June 3, 2003. Revenues currently consist of delinquency collections.

Local Drainage Fund - accounts for development fees collected and used for the installation of storm drains and flood control facilities.

Open Space Development Fund - accounts for development fees collected and used for the acquisition of land and the turfing of new parks to provide open space for the City.

General Facilities Development Fund - accounts for development fees collected and used for general municipal buildings and equipment needed to serve new development within the City.

Library Facilities Development Fund - accounts for development fees collected and used for general library facilities and equipment needed to serve new development within the City.

Major Grant Funding Fund - accounts for monies received and expected by the City as a participate in Federal and State and other grants for City infrastructure and capital improvements.

Park Development Fund - accounts for development fees collected and used for the acquisition of parklands and the construction of new and expansions of park facilities.

SPECIAL REVENUES FUNDS - Continued

Police Development Fund - accounts for development fees collected and used for police equipment facilities and the hiring and training of new police officers needed to serve new development.

Fire Development Fund - accounts for development fees collected and used to acquire fire safety equipment and build new facilities.

Waste Management Fund - accounts for monies received and expended by the City to meet the State mandate to reduce solid waste generated within the City.

South Coast Air Quality Management District (SCAQMD) Fund - accounts for the revenues and expenditures associated with the City's employee trip reduction (ride share) plan and incentive program. The revenues source for this fund is a special allocation of motor vehicle registration fees in accordance with AB 2766.

Asset Forfeiture Fund - accounts for revenues and expenditures associated with law enforcement drug and gang prevention. Revenues for the fund are derived from the assets seized by law enforcement and determined to be forfeited by the courts.

Police Grants Fund - accounts for monies received and expended by the Police Department for various grants.

Community Services Grant Fund - accounts for monies received and expended by the City that are for specific community services activities.

Citizens Option for Public Safety Fund - accounts for revenues and expenditures associated with the City's front line municipal police services and to include juvenile justice programs. The revenue source for this fund is a special allocation of grant monies from the State of California in accordance with AB3229 and AB1913.

Local Law Enforcement Block Grant Fund - accounts for monies received and expended by the City as a participant in the Federal Local Law Enforcement Block Grant program.

CDBG Housing Fund - accounts for monies received and expended by the City as a participant in the Federal Community Development Block Grant Housing Program.

Traffic Safety Prop 1B Fund - accounts for revenues received under the Traffic Safety Proposition 1B. These funds are used for improvements to City streets.

Neighborhood Stabilization Program Fund - accounts for monies received and expended by the City as a participant in the Housing and Economic Recovery Act of 2008.

Neighborhood Stabilization Program - Program Income Fund - accounts for monies received and expended by the City as a participant in the Housing and Recovery Act of 2008.

Measure I Fund - accounts for revenues and expenditures of money received from San Bernardino Associated Government (SANBAG) of a voter approved sales tax override allocated to cities within the County on a population basis. These funds are used for maintenance and construction of City streets.

Brownfield Clean Up Grant Fund - is used to conduct environment cleanup of a portion of the WDJL site, which is located at 1485 S. Willow Street.

SPECIAL REVENUES FUNDS - Continued

Fire Grant Fund - accounts for monies received and expended by the Fire Department for various grants.

Fire Ground Emergency Transportation Fund - accounts for Ground Emergency Medical Transportation revenues and expenditures used to support the Fire Department Emergency Medical Services program capital needs.

Cal Home Fund - accounts for the City's housing improvement or ownership programs for low and moderate income households. The funds may include grants or funding resources received from other government agencies to implement such programs.

Housing Authority Fund - accounts for monies received and expended for rehabilitation and development of affordable housing. In addition, this fund also services as the Housing Successor fund to account for the receipts and expenditures relating to housing activities in accordance with the California Health and Safety Care.

Public, Educational, and Governmental (PEG) Fees Fund - accounts for Public, Educational, or Governmental access franchise fee activity.

Transportation Development Act (TDA) Fund - accounts for revenues received under the Transportation Development Act. These funds are used for improvements to City streets.

Street Medians Development Fund - accounts for development fees collected and used for street medians improvements.

CAPITAL PROJECTS FUNDS:

Fair Share Agreement Fund - accounts for income received to fund expenditures related to City infrastructure and development improvements.

2005 TABs Fund - accounts for the proceeds of the 2005 TABs and the expenditure of such funds for improvement, reconstruction and redevelopment projects within the specified boundaries of the Former Rialto Redevelopment Agency as a result of the Bond Proceeds Expenditure Agreement between the City and the Successor Agency.

2008 TABs Fund - accounts for the proceeds of the 2008 TABs and the expenditure of such funds for improvement, reconstruction and redevelopment projects within the specified boundaries of the Former Rialto Redevelopment Agency as a result of the Bond Proceeds Expenditure Agreement between the City and the Successor Agency.

DEBT SERVICE FUND:

1997 COP Fund - accounts for the accumulation of funds for the payment of principal and interest on the 1997 Refunding Certificates of Participation.

City of Rialto, California
Combining Balance Sheet
Other Governmental Funds
June 30, 2018

	Special Revenue			
	Gas Tax	Local Transportation Development	Transportation Enhancement Activities	Street Lighting and Landscape Maintenance
ASSETS				
Cash and Investments	\$ 393,155	\$ -	\$ -	\$ 1,331,945
Accounts Receivable, Net	-	-	208,599	79
Interest Receivable	740	-	-	3,291
Prepaid Items	-	-	-	-
Loans Receivable	-	-	-	-
Notes Receivable	-	-	-	-
Allowance for Uncollectible Loans and Notes	-	-	-	-
Due From Other Governments	225,785	-	-	8,731
Due From Successor Agency	-	-	-	-
Property Held for Resale	-	-	-	-
Restricted Assets:				
Cash and Investments	-	-	-	-
Total Assets	<u>\$ 619,680</u>	<u>\$ -</u>	<u>\$ 208,599</u>	<u>\$ 1,344,046</u>
LIABILITIES				
Accounts Payable and Accrued Liabilities	\$ 138,051	\$ -	\$ -	\$ 147,915
Deposits	-	-	-	-
Due to Other Governments	-	-	-	-
Due to Successor Agency	-	-	-	-
Unearned Revenue	-	-	-	-
Due to Other Funds	87,170	-	11,400	-
Total Liabilities	<u>225,221</u>	<u>-</u>	<u>11,400</u>	<u>147,915</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue	-	-	208,599	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>208,599</u>	<u>-</u>
FUND BALANCES				
Nonspendable:				
Prepaid Items	-	-	-	-
Property Held for Resale	-	-	-	-
Restricted for:				
Debt Service	-	-	-	-
Public Safety	-	-	-	-
Community Development	394,459	-	-	1,196,131
Unassigned	-	-	(11,400)	-
Total Fund Balances	<u>394,459</u>	<u>-</u>	<u>(11,400)</u>	<u>1,196,131</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 619,680</u>	<u>\$ -</u>	<u>\$ 208,599</u>	<u>\$ 1,344,046</u>

Special Revenue

Landscape and Lighting District No. 2	Traffic Development	Office of Traffic Safety	Retirement Tax	Local Drainage	Open Space Development
\$ 614,613	\$ 12,095,532	\$ -	\$ -	\$ 14,610,504	\$ 1,644,380
10,000	3,586	143,424	-	5,602	607
1,645	28,812	-	-	33,045	4,085
2	-	-	-	-	-
-	160,190	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
4,869	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	3,696,778	-	-	349,592	-
\$ 631,129	\$ 15,984,898	\$ 143,424	\$ -	\$ 14,998,743	\$ 1,649,072
\$ 108,525	\$ 3,392,480	\$ 24,243	\$ -	\$ 1,608,125	\$ 10,424
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	91,383	-	-	-
108,525	3,392,480	115,626	-	1,608,125	10,424
-	-	143,424	-	-	-
-	-	143,424	-	-	-
2	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
522,602	12,592,418	-	-	13,390,618	1,638,648
-	-	(115,626)	-	-	-
522,604	12,592,418	(115,626)	-	13,390,618	1,638,648
\$ 631,129	\$ 15,984,898	\$ 143,424	\$ -	\$ 14,998,743	\$ 1,649,072

Continued

City of Rialto, California
Combining Balance Sheet
Other Governmental Funds
June 30, 2018

	Special Revenue			
	General Facilities Development	Library Facilities Development	Major Grant Funding	Park Development
ASSETS				
Cash and Investments	\$ 2,050,589	\$ -	\$ 3,802,699	\$ 5,948,817
Accounts Receivable, Net	2,294	-	789,056	3,359
Interest Receivable	4,738	-	-	28,698
Prepaid Items	-	-	-	-
Loans Receivable	-	-	-	-
Notes Receivable	-	-	-	-
Allowance for Uncollectible Loans and Notes	-	-	-	-
Due From Other Governments	-	-	-	-
Due From Successor Agency	-	48,840	-	-
Property Held for Resale	-	-	-	-
Restricted Assets:				
Cash and Investments	-	-	-	-
Total Assets	\$ 2,057,621	\$ 48,840	\$ 4,591,755	\$ 5,980,874
LIABILITIES				
Accounts Payable and Accrued Liabilities	\$ -	\$ -	\$ 164,316	\$ 1,126,307
Deposits	-	-	-	-
Due to Other Governments	-	-	-	-
Due to Successor Agency	-	-	-	-
Unearned Revenue	-	-	-	-
Due to Other Funds	-	-	375	-
Total Liabilities	-	-	164,691	1,126,307
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
FUND BALANCES				
Nonspendable:				
Prepaid Items	-	-	-	-
Property Held for Resale	-	-	-	-
Restricted for:				
Debt Service	-	-	-	-
Public Safety	-	-	-	-
Community Development	2,057,621	48,840	4,427,064	4,854,567
Unassigned	-	-	-	-
Total Fund Balances	2,057,621	48,840	4,427,064	4,854,567
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 2,057,621	\$ 48,840	\$ 4,591,755	\$ 5,980,874

Special Revenue

Police Development	Fire Development	Waste Management	SCAQMD	Asset Forfeiture	Police Grants
\$ 1,150,114	\$ 2,508,333	\$ 6,067,856	\$ 381,252	\$ 2,615,887	\$ -
1,382	1,017	138,511	-	-	15,421
2,909	6,873	15,854	946	7,373	-
-	-	2	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	840	35,072	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 1,154,405</u>	<u>\$ 2,516,223</u>	<u>\$ 6,223,063</u>	<u>\$ 417,270</u>	<u>\$ 2,623,260</u>	<u>\$ 15,421</u>
\$ -	\$ 12,513	\$ 94,746	\$ 222	\$ -	\$ 1,433
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	35,774
-	12,513	94,746	222	-	37,207
-	-	-	-	-	-
-	-	-	-	-	-
-	-	2	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,154,405	2,503,710	-	-	2,623,260	-
-	-	6,128,315	417,048	-	-
-	-	-	-	-	(21,786)
<u>1,154,405</u>	<u>2,503,710</u>	<u>6,128,317</u>	<u>417,048</u>	<u>2,623,260</u>	<u>(21,786)</u>
<u>\$ 1,154,405</u>	<u>\$ 2,516,223</u>	<u>\$ 6,223,063</u>	<u>\$ 417,270</u>	<u>\$ 2,623,260</u>	<u>\$ 15,421</u>

Continued

City of Rialto, California
Combining Balance Sheet
Other Governmental Funds
June 30, 2018

	Special Revenue			
	Community Services Grant	Citizens Option for Public Safety	Local Law Enforcement Block Grant	CDBG Housing
ASSETS				
Cash and Investments	\$ 20,000	\$ 488,021	\$ 35,819	\$ 11,100
Accounts Receivable, Net	-	-	-	-
Interest Receivable	-	1,111	97	-
Prepaid Items	-	-	-	-
Loans Receivable	-	-	-	-
Notes Receivable	-	-	-	-
Allowance for Uncollectible Loans and Notes	-	-	-	-
Due From Other Governments	6,532	-	-	231,799
Due From Successor Agency	-	-	-	-
Property Held for Resale	-	-	-	-
Restricted Assets:				
Cash and Investments	-	-	-	-
Total Assets	\$ 26,532	\$ 489,132	\$ 35,916	\$ 242,899
LIABILITIES				
Accounts Payable and Accrued Liabilities	\$ 33,124	\$ 1,128	\$ -	\$ 84,147
Deposits	-	-	-	-
Due to Other Governments	-	-	-	-
Due to Successor Agency	-	-	-	-
Unearned Revenue	-	-	-	-
Due to Other Funds	29,924	-	-	2,143,448
Total Liabilities	63,048	1,128	-	2,227,595
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue	-	-	-	79,257
Total Deferred Inflows of Resources	-	-	-	79,257
FUND BALANCES				
Nonspendable:				
Prepaid Items	-	-	-	-
Property Held for Resale	-	-	-	-
Restricted for:				
Debt Service	-	-	-	-
Public Safety	-	488,004	35,916	-
Community Development	-	-	-	-
Unassigned	(36,516)	-	-	(2,063,953)
Total Fund Balances	(36,516)	488,004	35,916	(2,063,953)
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 26,532	\$ 489,132	\$ 35,916	\$ 242,899

Special Revenue

Traffic Safety Prop 1B	Neighborhood Stabilization Program	Neighborhood Stabilization Program - Program Income	Measure I	Brownfield Clean Up Grant	Fire Grant
\$ 401	\$ 982	\$ 679,267	\$ 5,690,353	\$ 17,296	\$ 169,403
-	-	-	-	-	-
-	-	1,709	15,408	-	-
-	-	-	-	-	-
-	327,750	448,025	-	-	-
-	-	-	-	-	-
-	(327,750)	(448,025)	-	-	-
-	-	-	455,873	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 401</u>	<u>\$ 982</u>	<u>\$ 680,976</u>	<u>\$ 6,161,634</u>	<u>\$ 17,296</u>	<u>\$ 169,403</u>
\$ -	\$ 630	\$ -	\$ 94,990	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	630	-	94,990	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
401	352	680,976	6,066,644	17,296	169,403
-	-	-	-	-	-
<u>401</u>	<u>352</u>	<u>680,976</u>	<u>6,066,644</u>	<u>17,296</u>	<u>169,403</u>
<u>\$ 401</u>	<u>\$ 982</u>	<u>\$ 680,976</u>	<u>\$ 6,161,634</u>	<u>\$ 17,296</u>	<u>\$ 169,403</u>

Continued

City of Rialto, California
Combining Balance Sheet - Continued
Other Governmental Funds
June 30, 2018

	Special Revenue			
	Fire Ground Emergency Transportation	Cal Home	Housing Authority	Public, Educational, and Governmental (PEG) Fees
ASSETS				
Cash and Investments	\$ 4,211,246	\$ 1,261,005	\$ 1,437,854	\$ 326,967
Accounts Receivable, Net	-	-	-	3,272
Interest Receivable	-	3,296	3,906	1,045
Prepaid Items	-	2	-	-
Loans Receivable	-	1,355,972	1,279,964	-
Notes Receivable	-	-	45,809,785	-
Allowance for Uncollectible Loans and Notes	-	-	(45,809,785)	-
Due from Other Governments	-	-	-	-
Due from Successor Agency	-	-	15,000	-
Property Held for Resale	-	-	481,400	-
Restricted Assets:				
Cash and Investments	-	-	-	-
Total Assets	<u>\$ 4,211,246</u>	<u>\$ 2,620,275</u>	<u>\$ 3,218,124</u>	<u>\$ 331,284</u>
LIABILITIES				
Accounts Payable and Accrued Liabilities	\$ -	\$ 4,177	\$ 6,424	\$ 4,178
Deposits	-	-	10,000	-
Due to Other Governments	-	1,355,972	1,279,964	-
Due to Successor Agency	-	-	-	-
Unearned Revenue	-	-	-	-
Due to Other Funds	-	-	-	-
Total Liabilities	<u>-</u>	<u>1,360,149</u>	<u>1,296,388</u>	<u>4,178</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenues	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable:				
Prepaid Items	-	2	-	-
Property Held for Resale	-	-	481,400	-
Restricted for:				
Debt Service	-	-	-	-
Public Safety	4,211,246	-	-	-
Community Development	-	1,260,124	1,440,336	327,106
Unassigned	-	-	-	-
Total Fund Balances	<u>4,211,246</u>	<u>1,260,126</u>	<u>1,921,736</u>	<u>327,106</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 4,211,246</u>	<u>\$ 2,620,275</u>	<u>\$ 3,218,124</u>	<u>\$ 331,284</u>

Special Revenue		Capital Projects Funds			Debt Service Service Funds		Total Other Governmental Funds
Transportation Development Act (TDA)	Street Medians Development	Fair Share Agreement	2005 TABS	2008 TABS	1997 COP		
\$ -	\$ 263,986	\$ 8,256,614	\$ 8,105,137	\$ 4,720,911	\$ 523,133	\$ 91,435,171	
-	-	-	-	12,807	-	1,339,016	
-	621	17,855	22,274	-	2,003	208,334	
-	-	-	-	-	-	6	
-	-	-	-	-	-	3,571,901	
-	-	-	-	-	-	45,809,785	
-	-	-	-	-	-	(46,585,560)	
-	-	-	-	-	-	969,501	
-	-	-	-	-	187,299	251,139	
-	-	-	-	-	-	481,400	
-	-	-	1,234,282	-	147	5,280,799	
<u>\$ -</u>	<u>\$ 264,607</u>	<u>\$ 8,274,469</u>	<u>\$ 9,361,693</u>	<u>\$ 4,733,718</u>	<u>\$ 712,582</u>	<u>\$ 102,761,492</u>	
\$ -	\$ -	\$ 228,000	\$ -	\$ -	\$ -	\$ 7,286,098	
-	-	-	-	-	-	10,000	
-	-	-	-	-	-	2,635,936	
-	-	-	13,446	-	-	13,446	
-	-	-	-	-	-	-	
-	-	-	-	-	-	2,399,474	
-	-	228,000	13,446	-	-	12,344,954	
-	-	-	-	-	-	431,280	
-	-	-	-	-	-	431,280	
-	-	-	-	-	-	6	
-	-	-	-	-	-	481,400	
-	-	-	-	-	712,582	712,582	
-	-	-	-	-	-	11,185,944	
-	264,607	8,046,469	9,348,247	4,733,718	-	79,854,607	
-	-	-	-	-	-	(2,249,281)	
-	264,607	8,046,469	9,348,247	4,733,718	712,582	89,985,258	
<u>\$ -</u>	<u>\$ 264,607</u>	<u>\$ 8,274,469</u>	<u>\$ 9,361,693</u>	<u>\$ 4,733,718</u>	<u>\$ 712,582</u>	<u>\$ 102,761,492</u>	

City of Rialto, California
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Other Governmental Funds
Year Ended June 30, 2018

	Special Revenue			
	Gas Tax	Local Transportation Development	Transportation Enhancement Activities	Street Lighting and Landscape Maintenance
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ 1,377,706
Use of Money and Property	5,420	-	-	18,450
Revenue from Other Agencies	2,681,930	-	95,888	-
Charges for Services	-	-	-	-
Development Impact Fees	-	-	-	-
Reimbursement from Successor Agency for Expenditures	-	-	-	-
Other	-	-	-	371,276
Payment from Successor Agency of Bond Proceeds	-	-	-	-
Total Revenues	2,687,350	-	95,888	1,767,432
EXPENDITURES				
Current:				
General Government	\$ -	\$ -	\$ -	\$ -
Public Safety	-	-	-	-
Community Development	12,643	-	-	1,611,261
Capital Outlay	1,234,764	-	-	3,052,081
Debt Service:				
Principal Retirement	-	-	-	-
Interest and Fiscal Charges	-	-	-	62,671
Total Expenditures	1,247,407	-	-	4,726,013
Excess (Deficiency) of Revenues Over Expenditures	1,439,943	-	95,888	(2,958,581)
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Capital Assets	-	-	-	-
Proceeds from Margin Loan	-	-	-	3,224,505
Transfers In	-	-	-	580,906
Transfers Out	(1,230,890)	-	-	-
Total Other Financing Sources (Uses)	(1,230,890)	-	-	3,805,411
Net Change in Fund Balances	209,053	-	95,888	846,830
Fund Balance - Beginning of Year, As Previously Reported	185,406	-	(107,288)	349,301
Prior Period Adjustment	-	-	-	-
Fund Balance - Beginning of Year, As Restated	185,406	-	(107,288)	349,301
Fund Balance - End of Year	<u>\$ 394,459</u>	<u>\$ -</u>	<u>\$ (11,400)</u>	<u>\$ 1,196,131</u>

Special Revenue

Landscape and Lighting District No. 2	Traffic Development	Office of Traffic Safety	Retirement Tax	Local Drainage	Open Space Development
\$ 551,480	\$ -	\$ -	\$ 447	\$ -	\$ -
8,906	214,672	-	-	222,317	21,804
-	-	34,243	-	-	-
-	-	12,690	-	-	-
-	6,341,397	-	-	4,789,059	290,537
-	-	-	-	-	-
45,000	-	-	-	-	-
-	-	-	-	-	-
<u>605,386</u>	<u>6,556,069</u>	<u>46,933</u>	<u>447</u>	<u>5,011,376</u>	<u>312,341</u>
\$ 423,528	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
120,350	-	157,797	-	208	-
386,123	4,557,636	85,224	-	2,349,766	25,674
-	-	-	-	-	-
7,830	-	-	-	-	-
<u>937,831</u>	<u>4,557,636</u>	<u>243,021</u>	<u>-</u>	<u>2,349,974</u>	<u>25,674</u>
<u>(332,445)</u>	<u>1,998,433</u>	<u>(196,088)</u>	<u>447</u>	<u>2,661,402</u>	<u>286,667</u>
-	-	-	-	-	-
402,877	-	-	-	-	-
5,547	-	-	-	-	-
(34,005)	(51,300)	-	(447)	-	-
<u>374,419</u>	<u>(51,300)</u>	<u>-</u>	<u>(447)</u>	<u>-</u>	<u>-</u>
<u>41,974</u>	<u>1,947,133</u>	<u>(196,088)</u>	<u>-</u>	<u>2,661,402</u>	<u>286,667</u>
480,630	10,645,285	80,462	-	10,729,216	1,351,981
-	-	-	-	-	-
<u>480,630</u>	<u>10,645,285</u>	<u>80,462</u>	<u>-</u>	<u>10,729,216</u>	<u>1,351,981</u>
<u>\$ 522,604</u>	<u>\$ 12,592,418</u>	<u>\$ (115,626)</u>	<u>\$ -</u>	<u>\$ 13,390,618</u>	<u>\$ 1,638,648</u>

Continued

City of Rialto, California
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Other Governmental Funds - Continued
Year Ended June 30, 2018

	Special Revenue			
	General Facilities Development	Library Facilities Development	Major Grant Funding	Park Development
	Development	Development	Funding	Development
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Use of Money and Property	25,125	-	-	156,079
Revenue from Other Agencies	-	-	2,750,365	-
Charges for Services	-	-	-	763,124
Development Impact Fees	1,019,934	-	-	-
Reimbursement from Successor Agency for Expenditures	-	48,840	-	-
Other	-	-	-	-
Payment from Successor Agency of Bond Proceeds	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>1,045,059</u>	<u>48,840</u>	<u>2,750,365</u>	<u>919,203</u>
EXPENDITURES				
Current:				
General Government	\$ -	\$ -	\$ -	\$ -
Public Safety	-	-	-	-
Community Development	-	-	498,625	-
Capital Outlay	199,938	-	1,009,413	7,442,610
Debt Service:				
Principal Retirement	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>199,938</u>	<u>-</u>	<u>1,508,038</u>	<u>7,442,610</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>845,121</u>	<u>48,840</u>	<u>1,242,327</u>	<u>(6,523,407)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Capital Assets	-	-	-	-
Proceeds from Margin Loan	-	-	-	-
Transfers In	-	-	1,200,000	-
Transfers Out	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>1,200,000</u>	<u>-</u>
Net Change in Fund Balances	<u>845,121</u>	<u>48,840</u>	<u>2,442,327</u>	<u>(6,523,407)</u>
Fund Balance - Beginning of Year, As Previously Reported	1,212,500	-	1,984,737	11,377,974
Prior Period Adjustment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - Beginning of Year, As Restated	<u>1,212,500</u>	<u>-</u>	<u>1,984,737</u>	<u>11,377,974</u>
Fund Balance - End of Year	<u>\$ 2,057,621</u>	<u>\$ 48,840</u>	<u>\$ 4,427,064</u>	<u>\$ 4,854,567</u>

Special Revenue

Police Development	Fire Development	Waste Management	SCAQMD	Asset Forfeiture	Police Grants
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
15,538	36,882	84,378	5,042	39,938	-
-	-	2,592,058	134,883	11,054	-
-	-	-	-	-	-
242,640	304,521	-	-	-	-
-	-	-	-	-	-
-	-	13,802	-	30,732	285,236
-	-	-	-	-	-
258,178	341,403	2,690,238	139,925	81,724	285,236
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	1,503	-	-	97,781	333,102
-	-	811,775	58,593	-	-
72,548	294,567	1,000,434	-	63,722	-
-	-	-	-	-	-
-	-	-	-	-	-
72,548	296,070	1,812,209	58,593	161,503	333,102
185,630	45,333	878,029	81,332	(79,779)	(47,866)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	(1,260)	(38,490)	(6,190)	-	-
-	(1,260)	(38,490)	(6,190)	-	-
185,630	44,073	839,539	75,142	(79,779)	(47,866)
968,775	2,459,637	5,288,778	341,906	2,703,039	26,080
-	-	-	-	-	-
968,775	2,459,637	5,288,778	341,906	2,703,039	26,080
\$ 1,154,405	\$ 2,503,710	\$ 6,128,317	\$ 417,048	\$ 2,623,260	\$ (21,786)

Continued

City of Rialto, California
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Other Governmental Funds - Continued
Year Ended June 30, 2018

	Special Revenue			
	Community Services Grant	Citizens Option for Public Safety	Local Law Enforcement Block Grant	CDBG Housing
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Use of Money and Property	-	5,920	526	-
Revenue from Other Agencies	17,563	213,191	-	962,702
Charges for Services	-	-	-	-
Development Impact Fees	-	-	-	-
Reimbursement from Successor Agency for Expenditures	-	-	-	-
Other	-	-	-	-
Payment from Successor Agency of Bond Proceeds	-	-	-	-
Total Revenues	<u>17,563</u>	<u>219,111</u>	<u>526</u>	<u>962,702</u>
EXPENDITURES				
Current:				
General Government	\$ -	\$ 41,342	\$ -	\$ 210,047
Public Safety	-	-	-	-
Community Development	74,079	-	-	-
Capital Outlay	-	57,355	-	459,173
Debt Service:				
Principal Retirement	-	-	-	192,000
Interest and Fiscal Charges	-	-	-	24,479
Total Expenditures	<u>74,079</u>	<u>98,697</u>	<u>-</u>	<u>885,699</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(56,516)</u>	<u>120,414</u>	<u>526</u>	<u>77,003</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Capital Assets	-	-	-	-
Proceeds from Margin Loan	-	-	-	-
Transfers In	20,000	-	-	-
Transfers Out	-	-	-	(101,206)
Total Other Financing Sources (Uses)	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>(101,206)</u>
Net Change in Fund Balances	<u>(36,516)</u>	<u>120,414</u>	<u>526</u>	<u>(24,203)</u>
Fund Balance - Beginning of Year, As Previously Reported	-	367,590	35,390	(2,039,750)
Prior Period Adjustment	-	-	-	-
Fund Balance - Beginning of Year, As Restated	<u>-</u>	<u>367,590</u>	<u>35,390</u>	<u>(2,039,750)</u>
Fund Balance - End of Year	<u>\$ (36,516)</u>	<u>\$ 488,004</u>	<u>\$ 35,916</u>	<u>\$ (2,063,953)</u>

Special Revenue

Traffic Safety Prop 1B	Neighborhood Stabilization Program	Neighborhood Stabilization Program - Program Income	Measure I	Brownfield Clean Up Grant	Fire Grant
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
199	-	9,100	82,493	-	-
-	-	-	1,887,824	-	9,037
-	-	-	-	-	-
-	-	-	-	-	-
-	-	130,065	-	-	-
-	-	-	-	-	-
<u>199</u>	<u>-</u>	<u>139,165</u>	<u>1,970,317</u>	<u>-</u>	<u>9,037</u>
\$ -	\$ 1,836	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	72,096	-	-
-	-	-	1,326,588	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>1,836</u>	<u>-</u>	<u>1,398,684</u>	<u>-</u>	<u>-</u>
<u>199</u>	<u>(1,836)</u>	<u>139,165</u>	<u>571,633</u>	<u>-</u>	<u>9,037</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	2,284	-	-	-	-
-	(447)	(11,770)	-	-	-
<u>-</u>	<u>1,837</u>	<u>(11,770)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>199</u>	<u>1</u>	<u>127,395</u>	<u>571,633</u>	<u>-</u>	<u>9,037</u>
202	351	553,581	5,495,011	17,296	160,366
-	-	-	-	-	-
<u>202</u>	<u>351</u>	<u>553,581</u>	<u>5,495,011</u>	<u>17,296</u>	<u>160,366</u>
<u>\$ 401</u>	<u>\$ 352</u>	<u>\$ 680,976</u>	<u>\$ 6,066,644</u>	<u>\$ 17,296</u>	<u>\$ 169,403</u>

Continued

City of Rialto, California
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Other Governmental Funds - Continued
Year Ended June 30, 2018

	Special Revenue			
	Fire Ground Emergency Transportation	Cal Home	Housing Authority	Public, Educational, and Governmental (PEG) Fees
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ 55,079
Use of Money and Property	-	17,561	22,546	5,608
Revenue from Other Agencies	2,946,800	227,443	-	-
Charges for Services	-	-	-	-
Development Impact Fees	-	-	-	-
Reimbursement from Successor Agency for Expenditures	-	-	-	-
Other	-	129,883	152,492	-
Payment from Successor Agency of Bond Proceeds	-	-	-	-
Total Revenues	2,946,800	374,887	175,038	60,687
EXPENDITURES				
Current:				
General Government	\$ -	\$ 225,995	\$ 108,806	\$ 140,589
Public Safety	67,214	-	-	-
Community Development	-	-	-	-
Capital Outlay	168,885	-	-	-
Debt Service:				
Principal Retirement	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
Total Expenditures	236,099	225,995	108,806	140,589
Excess (Deficiency) of Revenues Over Expenditures	2,710,701	148,892	66,232	(79,902)
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Capital Assets	-	-	481,400	-
Proceeds from Margin Loan	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	(325,000)	-	-	-
Total Other Financing Sources (Uses)	(325,000)	-	481,400	-
Net Change in Fund Balances	2,385,701	148,892	547,632	(79,902)
Fund Balance - Beginning of Year, As Previously Reported	1,825,545	1,111,234	1,374,104	407,008
Prior Period Adjustment	-	-	-	-
Fund Balance - Beginning of Year, As Restated	1,825,545	1,111,234	1,374,104	407,008
Fund Balance - End of Year	\$ 4,211,246	\$ 1,260,126	\$ 1,921,736	\$ 327,106

Special Revenue		Capital Project			Debt Service Fund		Total Other Governmental Funds
Transportation Development Act (TDA)	Streets Medians Development	Fair Share Agreement	2005 TABs	2008 TABs	1997 COP		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,984,712
-	3,267	94,727	119,873	187,618	10,979	-	1,414,968
-	-	-	1,514,937	-	-	-	16,079,918
-	257,275	-	-	-	-	-	1,033,089
-	-	2,154,228	-	-	-	-	15,142,316
-	-	-	-	-	-	-	48,840
-	-	-	-	-	-	-	1,158,486
-	-	-	-	-	-	187,299	187,299
-	260,542	2,248,955	1,634,810	187,618	198,278	-	37,049,628
\$ -	\$ -	\$ -	\$ 308	\$ -	\$ -	\$ -	\$ 1,152,451
-	-	-	-	-	-	-	499,600
-	-	-	-	-	-	-	3,417,427
-	-	228,000	63,171	1,688	-	-	24,079,360
-	-	-	-	-	200,100	-	392,100
-	-	-	-	-	44,868	-	139,848
-	-	228,000	63,479	1,688	244,968	-	29,680,786
-	260,542	2,020,955	1,571,331	185,930	(46,690)	-	7,368,842
-	-	-	-	-	-	-	481,400
-	-	-	-	-	-	-	3,627,382
-	-	-	-	-	55,916	-	1,864,653
-	-	-	-	-	(12,610)	-	(1,813,615)
-	-	-	-	-	43,306	-	4,159,820
-	260,542	2,020,955	1,571,331	185,930	(3,384)	-	11,528,662
-	4,065	1,283,503	7,776,916	4,547,788	715,966	-	73,714,585
-	-	4,742,011	-	-	-	-	4,742,011
-	4,065	6,025,514	7,776,916	4,547,788	715,966	-	78,456,596
\$ -	\$ 264,607	\$ 8,046,469	\$ 9,348,247	\$ 4,733,718	\$ 712,582	\$ -	\$ 89,985,258

City of Rialto, California
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Gas Tax Special Revenue Fund
Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Use of Money and Property	\$ 2,800	\$ 2,800	\$ 5,420	\$ 2,620
Revenue from Other Agencies	2,373,830	7,305,227	2,681,930	(4,623,297)
Total Revenues	2,376,630	7,308,027	2,687,350	(4,620,677)
EXPENDITURES				
Current:				
Community Development	30,000	30,000	12,643	17,357
Capital Outlay	705,015	7,450,074	1,234,764	6,215,310
Total Expenditures	735,015	7,480,074	1,247,407	6,232,667
Excess (Deficiency) of Revenues over Expenditures	1,641,615	(172,047)	1,439,943	1,611,990
OTHER FINANCING SOURCES (USES)				
Transfers Out	(1,570,815)	(1,570,815)	(1,230,890)	339,925
Total Other Financing Sources (Uses)	(1,570,815)	(1,570,815)	(1,230,890)	339,925
Net Change in Fund Balance	70,800	(1,742,862)	209,053	1,951,915
Fund Balance - Beginning of Year	185,406	185,406	185,406	-
Fund Balance - End of Year	<u>\$ 256,206</u>	<u>\$ (1,557,456)</u>	<u>\$ 394,459</u>	<u>\$ 1,951,915</u>

City of Rialto, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Local Transportation Development Special Revenue Fund
Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Use of Money and Property	\$ 4,200	\$ 4,200	\$ -	\$ (4,200)
Total Revenues	4,200	4,200	-	(4,200)
EXPENDITURES				
Capital Outlay	-	3,650	-	3,650
Total Expenditures	-	3,650	-	3,650
Excess (Deficiency) of Revenues over Expenditures	4,200	550	-	(550)
Fund Balance - Beginning of Year	-	-	-	-
Fund Balance - End of Year	\$ 4,200	\$ 550	\$ -	\$ (550)

City of Rialto, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Transportation Enhancement Activities Special Revenue Fund
Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from Other Agencies	\$ -	\$ 96,445	\$ 95,888	\$ (557)
Total Revenues	-	96,445	95,888	(557)
EXPENDITURES				
Capital Outlay	-	9,072	-	9,072
Total Expenditures	-	9,072	-	9,072
Excess (Deficiency) of Revenues over Expenditures	-	87,373	95,888	8,515
Fund Balance - Beginning of Year	(107,288)	(107,288)	(107,288)	-
Fund Balance - End of Year	<u>\$ (107,288)</u>	<u>\$ (19,915)</u>	<u>\$ (11,400)</u>	<u>\$ 8,515</u>

City of Rialto, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Street Lighting and Landscape Maintenance Special Revenue Fund
Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 1,403,325	\$ 1,403,325	\$ 1,377,706	\$ (25,619)
Use of Money and Property	5,210	5,210	18,450	13,240
Other	-	3,211,462	371,276	(2,840,186)
Total Revenues	<u>1,408,535</u>	<u>4,619,997</u>	<u>1,767,432</u>	<u>(2,852,565)</u>
EXPENDITURES				
Current:				
Community Development	1,943,944	1,939,384	1,611,261	328,123
Capital Outlay	-	3,126,662	3,052,081	74,581
Debt Service:				
Principal Retirement	-	247,036	-	247,036
Interest and Fiscal Charges	-	26,711	62,671	(35,960)
Total Expenditures	<u>1,943,944</u>	<u>5,339,793</u>	<u>4,726,013</u>	<u>613,780</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(535,409)</u>	<u>(719,796)</u>	<u>(2,958,581)</u>	<u>(2,238,785)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from Margin Loan	-	-	3,224,505	3,224,505
Transfers In	536,513	536,513	580,906	44,393
Total Other Financing Sources (Uses)	<u>536,513</u>	<u>536,513</u>	<u>3,805,411</u>	<u>3,268,898</u>
Net Change in Fund Balance	1,104	(183,283)	846,830	1,030,113
Fund Balance - Beginning of Year	<u>349,301</u>	<u>349,301</u>	<u>349,301</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 350,405</u>	<u>\$ 166,018</u>	<u>\$ 1,196,131</u>	<u>\$ 1,030,113</u>

City of Rialto, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Landscape and Lighting District No. 2 Special Revenue Fund
Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 573,635	\$ 573,635	\$ 551,480	\$ (22,155)
Use of Money and Property	6,300	6,300	8,906	(2,606)
Other	40,000	441,247	45,000	(396,247)
Total Revenues	619,935	1,021,182	605,386	(415,796)
EXPENDITURES				
Current:				
General Government	498,088	539,508	423,528	115,980
Community Development	120,793	115,573	120,350	(4,777)
Capital Outlay	-	499,997	386,123	113,874
Debt Service:				
Principal Retirement	-	30,865	-	30,865
Interest and Fiscal Charges	-	3,337	7,830	(4,493)
Total Expenditures	618,881	1,189,280	937,831	251,449
Excess (Deficiency) of Revenues over Expenditures	1,054	(168,098)	(332,445)	(164,347)
OTHER FINANCING SOURCES (USES)				
Proceeds from Margin Loan	-	-	402,877	402,877
Transfers In	-	-	5,547	5,547
Transfers Out	(34,005)	(34,005)	(34,005)	-
Total Other Financing Sources (Uses)	(34,005)	(34,005)	374,419	408,424
Net Change in Fund Balances	(32,951)	(202,103)	41,974	244,077
Fund Balance - Beginning of Year	480,630	480,630	480,630	-
Fund Balance - End of Year	<u>\$ 447,679</u>	<u>\$ 278,527</u>	<u>\$ 522,604</u>	<u>\$ 244,077</u>

City of Rialto, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Traffic Development Special Revenue Fund
Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Use of Money and Property	\$ 69,600	\$ 69,600	\$ 214,672	\$ 145,072
Development Impact Fees	5,454,000	5,454,000	6,341,397	887,397
Total Revenues	5,523,600	5,523,600	6,556,069	1,032,469
EXPENDITURES				
Current:				
General Government	-	86,394	-	86,394
Capital Outlay	2,633,000	19,612,414	4,557,636	15,054,778
Total Expenditures	2,633,000	19,698,808	4,557,636	15,141,172
Excess (Deficiency) of Revenues over Expenditures	2,890,600	(14,175,208)	1,998,433	16,173,641
OTHER FINANCING SOURCES (USES)				
Transfers Out	(51,300)	(51,300)	(51,300)	-
Total Other Financing Sources (Uses)	(51,300)	(51,300)	(51,300)	-
Net Change in Fund Balances	2,839,300	(14,226,508)	1,947,133	16,173,641
Fund Balance - Beginning of Year	10,645,285	10,645,285	10,645,285	-
Fund Balance - End of Year	<u>\$ 13,484,585</u>	<u>\$ (3,581,223)</u>	<u>\$ 12,592,418</u>	<u>\$ 16,173,641</u>

City of Rialto, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Office of Traffic Safety Special Revenue Fund
Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from Other Agencies	\$ -	\$ 218,757	\$ 34,243	\$ (184,514)
Charges for Services	-	157,345	12,690	(144,655)
Total Revenues	-	376,102	46,933	(329,169)
EXPENDITURES				
Current:				
Community Development	-	317,572	157,797	159,775
Capital Outlay	-	97,500	85,224	12,276
Total Expenditures	-	415,072	243,021	172,051
Excess (Deficiency) of Revenues over Expenditures	-	(38,970)	(196,088)	(157,118)
Fund Balance - Beginning of Year	80,462	80,462	80,462	-
Fund Balance - End of Year	<u>\$ 80,462</u>	<u>\$ 41,492</u>	<u>\$ (115,626)</u>	<u>\$ (157,118)</u>

City of Rialto, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Retirement Tax Special Revenue Fund
Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 200	\$ 200	\$ 447	\$ 247
Total Revenues	200	200	447	247
OTHER FINANCING SOURCES (USES)				
Transfers Out	200	200	(447)	(647)
Total Other Financing Sources (Uses)	200	200	(447)	(647)
Net Change in Fund Balance	400	400	-	(400)
Fund Balance - Beginning of Year	-	-	-	-
Fund Balance - End of Year	<u>\$ 400</u>	<u>\$ 400</u>	<u>\$ -</u>	<u>\$ (400)</u>

City of Rialto, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Local Drainage Special Revenue Fund
Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Use of Money and Property	\$ 94,200	\$ 94,200	\$ 222,317	\$ 128,117
Development Impact Fees	<u>3,476,000</u>	<u>3,476,000</u>	<u>4,789,059</u>	<u>1,313,059</u>
Total Revenues	<u>3,570,200</u>	<u>3,570,200</u>	<u>5,011,376</u>	<u>1,441,176</u>
EXPENDITURES				
Current:				
Community Development	220	220	208	12
Capital Outlay	<u>-</u>	<u>21,872,065</u>	<u>2,349,766</u>	<u>19,522,299</u>
Total Expenditures	<u>220</u>	<u>21,872,285</u>	<u>2,349,974</u>	<u>19,522,311</u>
Excess (Deficiency) of Revenues over Expenditures	3,569,980	(18,302,085)	2,661,402	20,963,487
Fund Balance - Beginning of Year	<u>10,729,216</u>	<u>10,729,216</u>	<u>10,729,216</u>	<u>-</u>
Fund Balance - End of Year	<u><u>\$ 14,299,196</u></u>	<u><u>\$ (7,572,869)</u></u>	<u><u>\$ 13,390,618</u></u>	<u><u>\$ 20,963,487</u></u>

City of Rialto, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Open Space Development Special Revenue Fund
Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Use of Money and Property	\$ 15,300	\$ 15,300	\$ 21,804	\$ 6,504
Development Impact Fees	269,000	269,000	290,537	21,537
Total Revenues	<u>284,300</u>	<u>284,300</u>	<u>312,341</u>	<u>28,041</u>
EXPENDITURES				
Capital Outlay	-	987,874	25,674	962,200
Total Expenditures	<u>-</u>	<u>987,874</u>	<u>25,674</u>	<u>962,200</u>
Excess (Deficiency) of Revenues over Expenditures	284,300	(703,574)	286,667	990,241
Fund Balance - Beginning of Year	<u>1,351,981</u>	<u>1,351,981</u>	<u>1,351,981</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 1,636,281</u>	<u>\$ 648,407</u>	<u>\$ 1,638,648</u>	<u>\$ 990,241</u>

City of Rialto, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General Facilities Development Special Revenue Fund
Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Use of Money and Property	\$ 987,874	\$ 13,900	\$ 25,125	\$ 11,225
Development Impact Fees	402,000	402,000	1,019,934	617,934
Total Revenues	<u>1,389,874</u>	<u>415,900</u>	<u>1,045,059</u>	<u>629,159</u>
EXPENDITURES				
Capital Outlay	-	874,544	199,938	674,606
Total Expenditures	<u>-</u>	<u>874,544</u>	<u>199,938</u>	<u>674,606</u>
Excess (Deficiency) of Revenues over Expenditures	1,389,874	(458,644)	845,121	1,303,765
Fund Balance - Beginning of Year	<u>1,212,500</u>	<u>1,212,500</u>	<u>1,212,500</u>	<u>-</u>
Fund Balance - End of Year	<u><u>\$ 2,602,374</u></u>	<u><u>\$ 753,856</u></u>	<u><u>\$ 2,057,621</u></u>	<u><u>\$ 1,303,765</u></u>

City of Rialto, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Library Facilities Development Special Revenue Fund
Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Development Impact Fees	\$ 49,000	\$ 49,000	\$ -	\$ (49,000)
Reimbursement from Successor Agency for Expenditures	-	48,840	48,840	-
Total Revenues	49,000	97,840	48,840	(49,000)
EXPENDITURES				
Capital Outlay	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues over Expenditures	49,000	97,840	48,840	(49,000)
Fund Balance - Beginning of Year	-	-	-	-
Fund Balance - End of Year	\$ 49,000	\$ 97,840	\$ 48,840	\$ (49,000)

City of Rialto, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Major Grant Funding Special Revenue Fund
Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from Other Agencies	\$ -	\$ 11,195,411	\$ 2,750,365	\$ (8,445,046)
Total Revenues	-	11,195,411	2,750,365	(8,445,046)
EXPENDITURES				
Current:				
Community Development	-	1,050,535	498,625	551,910
Capital Outlay	1,200,000	12,331,199	1,009,413	11,321,786
Total Expenditures	1,200,000	13,381,734	1,508,038	11,873,696
Excess (Deficiency) of Revenues over Expenditures	(1,200,000)	(2,186,323)	1,242,327	3,428,650
OTHER FINANCING SOURCES (USES)				
Transfers In	1,200,000	1,200,000	1,200,000	-
Total Other Financing Sources (Uses)	1,200,000	1,200,000	1,200,000	-
Net Change in Fund Balance	-	(986,323)	2,442,327	3,428,650
Fund Balance - Beginning of Year	1,984,737	1,984,737	1,984,737	-
Fund Balance - End of Year	<u>\$ 1,984,737</u>	<u>\$ 998,414</u>	<u>\$ 4,427,064</u>	<u>\$ 3,428,650</u>

City of Rialto, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Park Development Special Revenue Fund
Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Use of Money and Property	\$ 10,400	\$ 10,400	\$ 156,079	\$ 145,679
Charges for Services	582,000	582,000	763,124	181,124
Total Revenues	<u>592,400</u>	<u>592,400</u>	<u>919,203</u>	<u>326,803</u>
EXPENDITURES				
Capital Outlay	-	9,221,607	7,442,610	1,778,997
Total Expenditures	<u>-</u>	<u>9,221,607</u>	<u>7,442,610</u>	<u>1,778,997</u>
Excess (Deficiency) of Revenues over Expenditures	592,400	(8,629,207)	(6,523,407)	2,105,800
Fund Balance - Beginning of Year	<u>11,377,974</u>	<u>11,377,974</u>	<u>11,377,974</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 11,970,374</u>	<u>\$ 2,748,767</u>	<u>\$ 4,854,567</u>	<u>\$ 2,105,800</u>

City of Rialto, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Police Development Special Revenue Fund
Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Use of Money and Property	\$ 11,300	\$ 11,300	\$ 15,538	\$ 4,238
Development Impact Fees	289,000	289,000	242,640	(46,360)
Total Revenues	<u>300,300</u>	<u>300,300</u>	<u>258,178</u>	<u>(42,122)</u>
EXPENDITURES				
Capital Outlay	-	519,246	72,548	446,698
Total Expenditures	<u>-</u>	<u>519,246</u>	<u>72,548</u>	<u>446,698</u>
Excess (Deficiency) of Revenues over Expenditures	300,300	(218,946)	185,630	404,576
Fund Balance - Beginning of Year	<u>968,775</u>	<u>968,775</u>	<u>968,775</u>	<u>-</u>
Fund Balance - End of Year	<u><u>\$ 1,269,075</u></u>	<u><u>\$ 749,829</u></u>	<u><u>\$ 1,154,405</u></u>	<u><u>\$ 404,576</u></u>

City of Rialto, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Fire Development Special Revenue Fund
Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Use of Money and Property	\$ 7,000	\$ 7,000	\$ 36,882	\$ 29,882
Development Impact Fees	298,000	298,000	304,521	6,521
Total Revenues	<u>305,000</u>	<u>305,000</u>	<u>341,403</u>	<u>36,403</u>
EXPENDITURES				
Current:				
Public Safety	-	110,000	1,503	108,497
Capital Outlay	-	537,828	294,567	243,261
Total Expenditures	<u>-</u>	<u>647,828</u>	<u>296,070</u>	<u>351,758</u>
Excess (Deficiency) of Revenues over Expenditures	<u>305,000</u>	<u>(342,828)</u>	<u>45,333</u>	<u>388,161</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	<u>(1,260)</u>	<u>(1,260)</u>	<u>(1,260)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(1,260)</u>	<u>(1,260)</u>	<u>(1,260)</u>	<u>-</u>
Net Change in Fund Balances	303,740	(344,088)	44,073	388,161
Fund Balance - Beginning of Year	<u>2,459,637</u>	<u>2,459,637</u>	<u>2,459,637</u>	<u>-</u>
Fund Balance - End of Year	<u><u>\$ 2,763,377</u></u>	<u><u>\$ 2,115,549</u></u>	<u><u>\$ 2,503,710</u></u>	<u><u>\$ 388,161</u></u>

City of Rialto, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Waste Management Special Revenue Fund
Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Use of Money and Property	\$ 55,500	\$ 55,500	\$ 84,378	\$ 28,878
Revenue from Other Agencies	2,405,780	2,405,780	2,592,058	186,278
Other	13,610	13,610	13,802	192
Total Revenues	<u>2,474,890</u>	<u>2,474,890</u>	<u>2,690,238</u>	<u>215,348</u>
EXPENDITURES				
Current:				
Community Development	1,186,779	2,264,550	811,775	1,452,775
Capital Outlay	1,200,000	3,831,548	1,000,434	2,831,114
Total Expenditures	<u>2,386,779</u>	<u>6,096,098</u>	<u>1,812,209</u>	<u>4,283,889</u>
Excess (Deficiency) of Revenues over Expenditures	<u>88,111</u>	<u>(3,621,208)</u>	<u>878,029</u>	<u>4,499,237</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	<u>(38,490)</u>	<u>(38,490)</u>	<u>(38,490)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(38,490)</u>	<u>(38,490)</u>	<u>(38,490)</u>	<u>-</u>
Net Change in Fund Balances	49,621	(3,659,698)	839,539	4,499,237
Fund Balance - Beginning of Year	<u>5,288,778</u>	<u>5,288,778</u>	<u>5,288,778</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 5,338,399</u>	<u>\$ 1,629,080</u>	<u>\$ 6,128,317</u>	<u>\$ 4,499,237</u>

City of Rialto, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - SCAQMD Special Revenue Fund
Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Use of Money and Property	\$ 3,500	\$ 3,500	\$ 5,042	\$ 1,542
Revenue from Other Agencies	117,200	580,416	134,883	(445,533)
Total Revenues	<u>120,700</u>	<u>583,916</u>	<u>139,925</u>	<u>(443,991)</u>
EXPENDITURES				
Current:				
Community Development	71,080	70,280	58,593	11,687
Capital Outlay	-	792,558	-	792,558
Total Expenditures	<u>71,080</u>	<u>862,838</u>	<u>58,593</u>	<u>804,245</u>
Excess (Deficiency) of Revenues over Expenditures	<u>49,620</u>	<u>(278,922)</u>	<u>81,332</u>	<u>360,254</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	<u>(6,190)</u>	<u>(6,190)</u>	<u>(6,190)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(6,190)</u>	<u>(6,190)</u>	<u>(6,190)</u>	<u>-</u>
Net Change in Fund Balances	43,430	(285,112)	75,142	360,254
Fund Balance - Beginning of Year	<u>341,906</u>	<u>341,906</u>	<u>341,906</u>	<u>-</u>
Fund Balance - End of Year	<u><u>\$ 385,336</u></u>	<u><u>\$ 56,794</u></u>	<u><u>\$ 417,048</u></u>	<u><u>\$ 360,254</u></u>

City of Rialto, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Asset Forfeiture Special Revenue Fund
Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Use of Money and Property	\$ 40,390	\$ 40,390	\$ 39,938	\$ (452)
Revenue from Other Agencies	-	11,050	11,054	4
Other	-	-	30,732	30,732
	<hr/>		<hr/>	
Total Revenues	40,390	51,440	81,724	30,284
	<hr/>		<hr/>	
EXPENDITURES				
Current:				
Public Safety	215,000	344,692	97,781	246,911
Capital Outlay	-	929,805	63,722	866,083
	<hr/>		<hr/>	
Total Expenditures	215,000	1,274,497	161,503	1,112,994
	<hr/>		<hr/>	
Excess (Deficiency) of Revenues over Expenditures	(174,610)	(1,223,057)	(79,779)	1,143,278
Fund Balance - Beginning of Year	2,703,039	2,703,039	2,703,039	-
	<hr/>		<hr/>	
Fund Balance - End of Year	<u>\$ 2,528,429</u>	<u>\$ 1,479,982</u>	<u>\$ 2,623,260</u>	<u>\$ 1,143,278</u>

City of Rialto, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Business Improvement District Special Revenue Fund
Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 250	\$ 250	\$ -	\$ (250)
Total Revenues	<u>250</u>	<u>250</u>	<u>-</u>	<u>(250)</u>
EXPENDITURES				
Current:				
Community Development	<u>250</u>	<u>250</u>	<u>-</u>	<u>250</u>
Total Expenditures	<u>250</u>	<u>250</u>	<u>-</u>	<u>250</u>
Excess (Deficiency) of Revenues over Expenditures	-	-	-	-
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - End of Year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

City of Rialto, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Police Grants Special Revenue Fund
Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Other	\$ -	\$ 433,439	\$ 285,236	\$ (148,203)
Total Revenues	-	433,439	285,236	(148,203)
EXPENDITURES				
Current:				
Public Safety	-	500,235	333,102	167,133
Capital Outlay	-	20,000	-	20,000
Total Expenditures	-	520,235	333,102	187,133
Excess (Deficiency) of Revenues over Expenditures	-	(86,796)	(47,866)	38,930
Fund Balance - Beginning of Year	26,080	26,080	26,080	-
Fund Balance - End of Year	\$ 26,080	\$ (60,716)	\$ (21,786)	\$ 38,930

City of Rialto, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Community Services Grant Special Revenue Fund
Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from Other Agencies	\$ -	\$ 1,016,975	\$ 17,563	\$ (999,412)
Total Revenues	-	1,016,975	17,563	(999,412)
EXPENDITURES				
Current:				
Community Development	-	1,036,975	74,079	962,896
Total Expenditures	-	1,036,975	74,079	962,896
Excess (Deficiency) of Revenues over Expenditures	-	(20,000)	(56,516)	(36,516)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	20,000	20,000	-
Total Other Financing Sources (Uses)	-	20,000	20,000	-
Net Change in Fund Balance	-	-	(36,516)	(36,516)
Fund Balance - Beginning of Year	-	-	-	-
Fund Balance - End of Year	\$ -	\$ -	\$ (36,516)	\$ (36,516)

City of Rialto, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Citizens Option for Public Safety Special Revenue Fund
Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Use of Money and Property	\$ 2,800	\$ 2,800	\$ 5,920	\$ 3,120
Revenue from Other Agencies	-	228,141	213,191	(14,950)
Total Revenues	<u>2,800</u>	<u>230,941</u>	<u>219,111</u>	<u>(11,830)</u>
EXPENDITURES				
Current:				
General Government	-	294,723	41,342	253,381
Capital Outlay	-	300,000	57,355	242,645
Total Expenditures	<u>-</u>	<u>594,723</u>	<u>98,697</u>	<u>496,026</u>
Excess (Deficiency) of Revenues over Expenditures	2,800	(363,782)	120,414	484,196
Fund Balance - Beginning of Year	<u>367,590</u>	<u>367,590</u>	<u>367,590</u>	<u>-</u>
Fund Balance - End of Year	<u><u>\$ 370,390</u></u>	<u><u>\$ 3,808</u></u>	<u><u>\$ 488,004</u></u>	<u><u>\$ 484,196</u></u>

City of Rialto, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Local Law Enforcement Block Grant Special Revenue Fund
Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Use of Money and Property	\$ -	\$ -	\$ 526	\$ 526
Revenue from Other Agencies	-	28,773	-	(28,773)
Total Revenues	-	28,773	526	(28,247)
EXPENDITURES				
Current:				
Public Safety	-	28,773	-	28,773
Capital Outlay	-	32,213	-	32,213
Total Expenditures	-	60,986	-	60,986
Excess (Deficiency) of Revenues over Expenditures	-	(32,213)	526	32,739
Fund Balance - Beginning of Year	35,390	35,390	35,390	-
Fund Balance - End of Year	<u>\$ 35,390</u>	<u>\$ 3,177</u>	<u>\$ 35,916</u>	<u>\$ 32,739</u>

City of Rialto, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - CDBG Housing Special Revenue Fund
Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from Other Agencies	\$ 1,573,885	\$ 4,677,190	\$ 962,702	\$ (3,714,488)
Total Revenues	<u>1,573,885</u>	<u>4,677,190</u>	<u>962,702</u>	<u>(3,714,488)</u>
EXPENDITURES				
Current:				
General Government	219,400	222,950	210,047	12,903
Capital Outlay	764,685	1,878,564	459,173	1,419,391
Debt Service:				
Principal Retirement	403,440	403,440	192,000	211,440
Interest and Fiscal Charges	<u>24,680</u>	<u>24,680</u>	<u>24,479</u>	<u>201</u>
Total Expenditures	<u>1,412,205</u>	<u>2,529,634</u>	<u>885,699</u>	<u>1,643,935</u>
Excess (Deficiency) of Revenues over Expenditures	<u>161,680</u>	<u>2,147,556</u>	<u>77,003</u>	<u>(2,070,553)</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	<u>(161,680)</u>	<u>(183,383)</u>	<u>(101,206)</u>	<u>82,177</u>
Total Other Financing Sources (Uses)	<u>(161,680)</u>	<u>(183,383)</u>	<u>(101,206)</u>	<u>82,177</u>
Net Change in Fund Balances	-	1,964,173	(24,203)	(1,988,376)
Fund Balance - Beginning of Year	<u>(2,039,750)</u>	<u>(2,039,750)</u>	<u>(2,039,750)</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ (2,039,750)</u>	<u>\$ (75,577)</u>	<u>\$ (2,063,953)</u>	<u>\$ (1,988,376)</u>

City of Rialto, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Traffic Safety Prop 1B Special Revenue Fund
Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Use of Money and Property	\$ -	\$ -	\$ 199	\$ 199
Total Revenues	-	-	199	199
EXPENDITURES				
	-	-	-	-
Excess (Deficiency) of Revenues over Expenditures	-	-	199	199
Fund Balance - Beginning of Year	202	202	202	-
Fund Balance - End of Year	<u>\$ 202</u>	<u>\$ 202</u>	<u>\$ 401</u>	<u>\$ 199</u>

City of Rialto, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Neighborhood Stabilization Program Special Revenue Fund
Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from Other Agencies	\$ -	\$ 1,245,932	\$ -	\$ (1,245,932)
Total Revenues	-	1,245,932	-	(1,245,932)
EXPENDITURES				
Current:				
General Government	-	31,380	1,836	29,544
Capital Outlay	-	68,195	-	68,195
Total Expenditures	-	99,575	1,836	97,739
Excess (Deficiency) of Revenues over Expenditures	-	1,146,357	(1,836)	(1,148,193)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	2,284	2,284
Transfers Out	-	(58,851)	(447)	58,404
Total Other Financing Sources (Uses)	-	(58,851)	1,837	60,688
Net Change in Fund Balances	-	1,087,506	1	(1,087,505)
Fund Balance - Beginning of Year	351	351	351	-
Fund Balance - End of Year	\$ 351	\$ 1,087,857	\$ 352	\$ (1,087,505)

City of Rialto, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Neighborhood Stabilization Program - Program Income
Special Revenue Fund
Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Use of Money and Property	\$ 6,500	\$ 6,500	\$ 9,100	\$ 2,600
Revenue from Other Agencies	-	626,502	-	626,502
Other	-	738,796	130,065	(608,731)
	<u>6,500</u>	<u>1,371,798</u>	<u>139,165</u>	<u>(1,232,633)</u>
Total Revenues				
EXPENDITURES				
Current:				
General Government	-	33,957	-	33,957
Capital Outlay	-	343,993	-	343,993
	<u>-</u>	<u>377,950</u>	<u>-</u>	<u>377,950</u>
Total Expenditures				
Excess (Deficiency) of Revenues over Expenditures	<u>6,500</u>	<u>993,848</u>	<u>139,165</u>	<u>(854,683)</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	(150,805)	(11,770)	139,035
	<u>-</u>	<u>(150,805)</u>	<u>(11,770)</u>	<u>139,035</u>
Total Other Financing Sources (Uses)				
Net Change in Fund Balances	6,500	843,043	127,395	(715,648)
Fund Balance - Beginning of Year	<u>553,581</u>	<u>553,581</u>	<u>553,581</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 560,081</u>	<u>\$ 1,396,624</u>	<u>\$ 680,976</u>	<u>\$ (715,648)</u>

City of Rialto, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Measure I Special Revenue Fund
Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Use of Money and Property	\$ 63,000	\$ 63,000	\$ 82,493	\$ 19,493
Revenue from Other Agencies	1,860,000	1,890,000	1,887,824	(2,176)
Total Revenues	<u>1,923,000</u>	<u>1,953,000</u>	<u>1,970,317</u>	<u>17,317</u>
EXPENDITURES				
Current:				
Community Development	400,000	471,500	72,096	399,404
Capital Outlay	1,513,000	7,988,637	1,326,588	6,662,049
Total Expenditures	<u>1,913,000</u>	<u>8,460,137</u>	<u>1,398,684</u>	<u>7,061,453</u>
Excess (Deficiency) of Revenues over Expenditures	10,000	(6,507,137)	571,633	7,078,770
Fund Balance - Beginning of Year	<u>5,495,011</u>	<u>5,495,011</u>	<u>5,495,011</u>	<u>-</u>
Fund Balance - End of Year	<u><u>\$ 5,505,011</u></u>	<u><u>\$ (1,012,126)</u></u>	<u><u>\$ 6,066,644</u></u>	<u><u>\$ 7,078,770</u></u>

City of Rialto, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Fire Grant Special Revenue Fund
Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from Other Agencies	\$ -	\$ 86,815	\$ 9,037	\$ (77,778)
Total Revenues	-	86,815	9,037	(77,778)
EXPENDITURES				
Current:				
Public Safety	-	852	-	852
Capital Outlay	-	46,558	-	46,558
Total Expenditures	-	47,410	-	47,410
Excess (Deficiency) of Revenues over Expenditures	-	39,405	9,037	(30,368)
Fund Balance - Beginning of Year	160,366	160,366	160,366	-
Fund Balance - End of Year	\$ 160,366	\$ 199,771	\$ 169,403	\$ (30,368)

City of Rialto, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Fire Ground Emergency Transportation Special Revenue Fund
Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from Other Agencies	\$ 150,000	\$ 1,533,644	\$ 2,946,800	\$ 1,413,156
Total Revenues	150,000	1,533,644	2,946,800	1,413,156
EXPENDITURES				
Current:				
Public Safety	-	66,685	67,214	(529)
Capital Outlay	-	446,877	168,885	277,992
Total Expenditures	-	513,562	236,099	277,463
Excess (Deficiency) of Revenues over Expenditures	150,000	1,020,082	2,710,701	1,690,619
OTHER FINANCING SOURCES (USES)				
Transfers Out	(325,000)	(325,000)	(325,000)	-
Total Other Financing Sources (Uses)	(325,000)	(325,000)	(325,000)	-
Net Change in Fund Balance	(175,000)	695,082	2,385,701	1,690,619
Fund Balance - Beginning of Year	1,825,545	1,825,545	1,825,545	-
Fund Balance - End of Year	<u>\$ 1,650,545</u>	<u>\$ 2,520,627</u>	<u>\$ 4,211,246</u>	<u>\$ 1,690,619</u>

City of Rialto, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Cal Home Special Revenue Fund
Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Use of Money and Property	\$ 12,000	\$ 12,000	\$ 17,561	\$ 5,561
Revenue from Other Agencies	-	249,999	227,443	(22,556)
Other	100,000	100,000	129,883	29,883
Total Revenues	<u>112,000</u>	<u>361,999</u>	<u>374,887</u>	<u>12,888</u>
EXPENDITURES				
Current:				
General Government	65,922	622,494	225,995	396,499
Capital Outlay	-	5,174	-	5,174
Total Expenditures	<u>65,922</u>	<u>627,668</u>	<u>225,995</u>	<u>401,673</u>
Excess (Deficiency) of Revenues over Expenditures	46,078	(265,669)	148,892	414,561
Fund Balance - Beginning of Year	<u>1,111,234</u>	<u>1,111,234</u>	<u>1,111,234</u>	<u>-</u>
Fund Balance - End of Year	<u><u>\$ 1,157,312</u></u>	<u><u>\$ 845,565</u></u>	<u><u>\$ 1,260,126</u></u>	<u><u>\$ 414,561</u></u>

City of Rialto, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Housing Authority Special Revenue Fund
Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Use of Money and Property	\$ 22,800	\$ 22,800	\$ 22,546	\$ (254)
Other	100,000	100,000	152,492	52,492
Total Revenues	<u>122,800</u>	<u>122,800</u>	<u>175,038</u>	<u>52,238</u>
EXPENDITURES				
Current:				
General Government	107,631	181,351	108,806	72,545
Total Expenditures	<u>107,631</u>	<u>181,351</u>	<u>108,806</u>	<u>72,545</u>
Excess (Deficiency) of Revenues over Expenditures	<u>15,169</u>	<u>(58,551)</u>	<u>66,232</u>	<u>124,783</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Capital Assets	-	-	481,400	481,400
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>481,400</u>	<u>481,400</u>
Net Change in Fund Balance	15,169	(58,551)	547,632	606,183
Fund Balance - Beginning of Year	<u>1,374,104</u>	<u>1,374,104</u>	<u>1,374,104</u>	<u>-</u>
Fund Balance - End of Year	<u><u>\$ 1,389,273</u></u>	<u><u>\$ 1,315,553</u></u>	<u><u>\$ 1,921,736</u></u>	<u><u>\$ 606,183</u></u>

City of Rialto, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Public, Educational, and Governmental (PEG) Fees Special Revenue Fund
Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 100,000	\$ 100,000	\$ 55,079	\$ (44,921)
Use of Money and Property	5,200	5,200	5,608	408
Total Revenues	<u>105,200</u>	<u>105,200</u>	<u>60,687</u>	<u>(44,513)</u>
EXPENDITURES				
Current:				
General Government	<u>170,400</u>	<u>328,494</u>	<u>140,589</u>	<u>187,905</u>
Total Expenditures	<u>170,400</u>	<u>328,494</u>	<u>140,589</u>	<u>187,905</u>
Excess (Deficiency) of Revenues over Expenditures	(65,200)	(223,294)	(79,902)	143,392
Fund Balance - Beginning of Year	<u>407,008</u>	<u>407,008</u>	<u>407,008</u>	<u>-</u>
Fund Balance - End of Year	<u><u>\$ 341,808</u></u>	<u><u>\$ 183,714</u></u>	<u><u>\$ 327,106</u></u>	<u><u>\$ 143,392</u></u>

City of Rialto, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Transportation Development Act (TDA) Special Revenue Fund
Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from Other Agencies	\$ -	\$ 386,021	\$ -	\$ (386,021)
Total Revenues	-	386,021	-	(386,021)
EXPENDITURES				
Capital Outlay	-	386,021	-	386,021
Total Expenditures	-	386,021	-	386,021
Excess (Deficiency) of Revenues over Expenditures	-	-	-	-
Fund Balance - Beginning of Year	-	-	-	-
Fund Balance - End of Year	\$ -	\$ -	\$ -	\$ -

City of Rialto, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Streets Medians Development Special Revenue Fund
Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Use of Money and Property	\$ -	\$ -	\$ 3,267	\$ 3,267
Charges for Services	-	-	257,275	257,275
Total Revenues	-	-	260,542	260,542
EXPENDITURES				
Current:				
Community Development	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues over Expenditures	-	-	260,542	260,542
Fund Balance - Beginning of Year	4,065	4,065	4,065	-
Fund Balance - End of Year	\$ 4,065	\$ 4,065	\$ 264,607	\$ 260,542

City of Rialto, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Fair Share Agreement Capital Project Fund
Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Use of Money and Property	\$ 13,300	\$ 13,300	\$ 94,727	\$ 81,427
Development Impact Fees	<u>1,756,000</u>	<u>1,756,000</u>	<u>2,154,228</u>	<u>398,228</u>
Total Revenues	<u>1,769,300</u>	<u>1,769,300</u>	<u>2,248,955</u>	<u>479,655</u>
EXPENDITURES				
Capital Outlay	<u>-</u>	<u>275,000</u>	<u>228,000</u>	<u>47,000</u>
Total Expenditures	<u>-</u>	<u>275,000</u>	<u>228,000</u>	<u>47,000</u>
Excess (Deficiency) of Revenues over Expenditures	<u>1,769,300</u>	<u>1,494,300</u>	<u>2,020,955</u>	<u>526,655</u>
Fund Balance - Beginning of Year, As Previously Reported	1,283,503	1,283,503	1,283,503	-
Prior Period Adjustment	<u>-</u>	<u>-</u>	<u>4,742,011</u>	<u>4,742,011</u>
Fund Balance - Beginning of Year, As Restated	<u>1,283,503</u>	<u>1,283,503</u>	<u>6,025,514</u>	<u>4,742,011</u>
Fund Balance - End of Year	<u>\$ 3,052,803</u>	<u>\$ 2,777,803</u>	<u>\$ 8,046,469</u>	<u>\$ 5,268,666</u>

City of Rialto, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - 2005 TABs Capital Project Fund
Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Use of Money and Property	\$ 180,100	\$ 180,100	\$ 119,873	\$ (60,227)
Revenues from Other Agencies	-	1,514,937	1,514,937	-
Total Revenues	<u>180,100</u>	<u>1,695,037</u>	<u>1,634,810</u>	<u>(60,227)</u>
EXPENDITURES				
Current:				
General Government	-	-	308	(308)
Capital Outlay	-	7,530,923	63,171	7,467,752
Total Expenditures	<u>-</u>	<u>7,530,923</u>	<u>63,479</u>	<u>7,467,444</u>
Excess (Deficiency) of Revenues over Expenditures	180,100	(5,835,886)	1,571,331	7,407,217
Fund Balance - Beginning of Year	<u>7,776,916</u>	<u>7,776,916</u>	<u>7,776,916</u>	<u>-</u>
Fund Balance - End of Year	<u><u>\$ 7,957,016</u></u>	<u><u>\$ 1,941,030</u></u>	<u><u>\$ 9,348,247</u></u>	<u><u>\$ 7,407,217</u></u>

City of Rialto, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - 2008 TABs Capital Project Fund
Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Use of Money and Property	\$ 62,200	\$ 62,200	\$ 187,618	\$ 125,418
Total Revenues	62,200	62,200	187,618	125,418
EXPENDITURES				
Capital Outlay	-	4,439,189	1,688	4,437,501
Total Expenditures	-	4,439,189	1,688	4,437,501
Excess (Deficiency) of Revenues over Expenditures	62,200	(4,376,989)	185,930	4,562,919
Fund Balance - Beginning of Year	4,547,788	4,547,788	4,547,788	-
Fund Balance - End of Year	<u>\$ 4,609,988</u>	<u>\$ 170,799</u>	<u>\$ 4,733,718</u>	<u>\$ 4,562,919</u>

City of Rialto, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - 1997 COP Debt Service Fund
Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Use of Money and Property	\$ 7,200	\$ 7,200	\$ 10,979	\$ 3,779
Payment from Successor Agency of Bond Proceeds	187,300	187,300	187,299	(1)
Total Revenues	194,500	194,500	198,278	3,778
EXPENDITURES				
Debt Service:				
Principal Retirement	200,100	200,100	200,100	-
Interest and Fiscal Charges	47,460	47,460	44,868	2,592
Total Expenditures	247,560	247,560	244,968	2,592
Excess (Deficiency) of Revenues over Expenditures	(53,060)	(53,060)	(46,690)	6,370
OTHER FINANCING SOURCES (USES)				
Transfers In	267,806	55,916	55,916	-
Transfers Out	(12,610)	(12,610)	(12,610)	-
Total Other Financing Sources (Uses)	255,196	43,306	43,306	-
Net Change in Fund Balances	202,136	(9,754)	(3,384)	6,370
Fund Balance - Beginning of Year	715,966	715,966	715,966	-
Fund Balance - End of Year	\$ 918,102	\$ 706,212	\$ 712,582	\$ 6,370

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OTHER ENTERPRISE FUNDS

Proprietary funds are used to account for a government's ongoing organizations and activities which are similar to those often found in the private sector. The measurement focus is upon income determination, financial position, and cash flows.

Cemetery Fund - accounts for all activities necessary to provide for the operations and maintenance of the City's cemetery; including administration, operations, maintenance, capital improvements and depreciation.

Recreation and Community Service Fund - accounts for all activities necessary to provide for the operations of the sports center, swimming pool, fitness center, senior center and other recreation facilities and programs; including neighborhood services, child development programs, administration, operations, maintenance, capital improvements and depreciation.

City of Rialto, California
Combining Statement of Net Position
Other Enterprise Funds
June 30, 2018

	Cemetery	Recreation and Community Service	Total
ASSETS			
Current Assets:			
Cash and Investments	\$ 301,971	\$ 323,203	\$ 625,174
Accounts Receivable, Net	-	7,569	7,569
Due from Other Governments	-	1,799	1,799
Prepaid Items	2	51,463	51,465
Total Current Assets	<u>301,973</u>	<u>384,034</u>	<u>686,007</u>
Noncurrent Assets:			
Capital Assets:			
Being Depreciated (Net of Accumulated Depreciation)	2,228	5,540	7,768
Total Noncurrent Assets	<u>2,228</u>	<u>5,540</u>	<u>7,768</u>
Total Assets	<u>304,201</u>	<u>389,574</u>	<u>693,775</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension Related Items	9,331	939,651	948,982
OPEB Related Items	886	89,288	90,174
Total Deferred Outflows of Resources	<u>10,217</u>	<u>1,028,939</u>	<u>1,039,156</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	5,136	81,923	87,059
Compensated Absences, Current	131	8,508	8,639
Total Current Liabilities	<u>5,267</u>	<u>90,431</u>	<u>95,698</u>
Long-term Liabilities:			
Compensated Absences	578	37,567	38,145
Net Pension Liability	35,475	3,572,418	3,607,893
Net OPEB Liability	10,866	1,094,880	1,105,746
Total Long-term Liabilities	<u>46,919</u>	<u>4,704,865</u>	<u>4,751,784</u>
Total Liabilities	<u>52,186</u>	<u>4,795,296</u>	<u>4,847,482</u>
DEFERRED INFLOWS OF RESOURCES			
Pension Related Items	1,863	187,594	189,457
OPEB Related Items	1,083	109,188	110,271
Total Deferred Inflows of Resources	<u>2,946</u>	<u>296,782</u>	<u>299,728</u>
NET POSITION			
Investment in Capital Assets	2,228	5,540	7,768
Restricted	301,030	-	301,030
Unrestricted	<u>(43,972)</u>	<u>(3,679,105)</u>	<u>(3,723,077)</u>
Total Net Position	<u>\$ 259,286</u>	<u>\$ (3,673,565)</u>	<u>\$ (3,414,279)</u>

City of Rialto, California
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Other Enterprise Funds
Year Ended June 30, 2018

	Cemetery	Recreation and Community Service	Enterprise Total
OPERATING REVENUES			
Charges for Services	\$ 46,319	\$ 758,012	\$ 804,331
Total Operating Revenues	<u>46,319</u>	<u>758,012</u>	<u>804,331</u>
OPERATING EXPENSES			
Cost of Sales and Services	65,015	1,923,854	1,988,869
Administration	-	1,532,762	1,532,762
Depreciation	382	-	382
Total Operating Expenses	<u>65,397</u>	<u>3,456,616</u>	<u>3,522,013</u>
Operating Loss	<u>(19,078)</u>	<u>(2,698,604)</u>	<u>(2,717,682)</u>
NONOPERATING REVENUES (EXPENSES)			
Investment Income	2,597	-	2,597
Other Income (Expense)	-	75,503	75,503
Total Nonoperating Revenues (Expenses)	<u>2,597</u>	<u>75,503</u>	<u>78,100</u>
Loss Before Transfers	(16,481)	(2,623,101)	(2,639,582)
Transfers In	50,487	2,722,239	2,772,726
Transfers Out	-	(5,765)	(5,765)
Change in Net Position	<u>34,006</u>	<u>93,373</u>	<u>127,379</u>
Total Net Position - Beginning of Year, As Previously Reported	264,340	146,262	410,602
Prior Period Adjustment	<u>(39,060)</u>	<u>(3,913,200)</u>	<u>(3,952,260)</u>
Total Net Position - Beginning of Year, Restated	<u>225,280</u>	<u>(3,766,938)</u>	<u>(3,541,658)</u>
Total Net Position - End of Year	<u>\$ 259,286</u>	<u>\$ (3,673,565)</u>	<u>\$ (3,414,279)</u>

City of Rialto, California
Combining Statement of Cash Flows
Other Enterprise Funds
Year Ended June 30, 2018

	Cemetery	Recreation and Community Service	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers	\$ 46,319	\$ 758,185	\$ 804,504
Cash Payments to Suppliers for Services	(65,529)	(3,410,353)	(3,475,882)
Cash Payments to Employees for Services	(13,974)	63,387	49,413
Net Cash Used by Operating Activities	<u>(33,184)</u>	<u>(2,588,781)</u>	<u>(2,621,965)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Cash Received from Other Funds	48,530	2,722,239	2,770,769
Cash Paid to Other Funds	-	(5,765)	(5,765)
Net Cash Provided by Noncapital Financing Activities	<u>48,530</u>	<u>2,716,474</u>	<u>2,765,004</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment Income	2,597	-	2,597
Net Cash Provided by Investing Activities	<u>2,597</u>	<u>-</u>	<u>2,597</u>
Net Increase (Decrease) in Cash and Cash Equivalents	17,943	127,693	145,636
Cash and Cash Equivalents - Beginning of Year	<u>284,028</u>	<u>195,510</u>	<u>479,538</u>
Cash and Cash Equivalents - End of Year	<u><u>\$ 301,971</u></u>	<u><u>\$ 323,203</u></u>	<u><u>\$ 625,174</u></u>
Reconciliation of Operating Loss to Net Cash Used by Operating Activities			
Operating Loss	\$ (19,078)	\$ (2,698,604)	\$ (2,717,682)
Adjustments to reconcile operating loss to net cash used by operating activities:			
Depreciation	382	-	382
Other Nonoperating Expense	-	75,503	75,503
Change in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	-	1,972	1,972
(Increase) Decrease in Prepaid Items	-	(13,439)	(13,439)
(Increase) Decrease in Due from Other Governments	-	(1,799)	(1,799)
(Increase) Decrease in Deferred Outflows of Resources-Pension	(9,331)	(939,651)	(948,982)
(Increase) Decrease in Deferred Outflows of Resources-OPEB	(1,526)	(159,088)	(160,614)
Increase (Decrease) on Accounts Payable and Accrued Liabilities	(514)	(15,801)	(16,315)
Increase (Decrease) in Compensated Absences	(14,573)	3,037	(11,536)
Increase (Decrease) in Net Pension Liability	35,475	3,572,418	3,607,893
Increase (Decrease) in Net OPEB Liability	(10,676)	(1,280,406)	(1,291,082)
Increase (Decrease) in Deferred Inflows of Resources-Pension	1,863	187,594	189,457
Increase (Decrease) in Deferred Inflows of Resources-OPEB	(15,206)	(1,320,517)	(1,335,723)
Net Cash Used by Operating Activities	<u><u>\$ (33,184)</u></u>	<u><u>\$ (2,588,781)</u></u>	<u><u>\$ (2,621,965)</u></u>

INTERNAL SERVICE FUNDS

Internal Service Funds finance and account for goods and services provided by one City department to other City departments, or to other governments, on a cost-reimbursement basis, including depreciation. The City used the following Internal Service Funds:

Workers' Compensation Fund - accounts for the City's self-insured workers' compensation claims program.

Fleet Management Fund - accounts for the maintenance of the vehicular fleet and equipment utilized by all departments within the City.

Management Information System Fund - accounts for the City's information technology including hardware, software and related infrastructure within the City.

General Liability Fund - accounts for the City's self-insured general liability program.

Building Maintenance Fund - accounts for general maintenance for City owned buildings including historical landmarks, while maintaining the telephone and voice mail systems of these buildings and specialty lights located in the downtown area.

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City of Rialto, California
Combining Statement of Net Position
Internal Service Funds
June 30, 2018

	Workers' Compensation	Fleet Management	Management Information System	General Liability	Building Maintenance	Total
ASSETS						
Current Assets:						
Cash and Investments	\$ 8,718,697	\$ 262,978	\$ 1,344,912	\$ 4,155,992	\$ 2,037,596	\$ 16,520,175
Accounts Receivable, Net	532	-	-	39,556	3,620	43,708
Interest Receivable	21,876	580	3,505	9,382	4,036	39,379
Due from Other Governments	48,794	-	-	-	-	48,794
Prepaid Items	-	6	-	-	-	6
Inventory	-	36,921	-	-	-	36,921
Total Current Assets	8,789,899	300,485	1,348,417	4,204,930	2,045,252	16,688,983
Noncurrent Assets:						
Capital Assets:						
Being Depreciated (Net of Accumulated Depreciation)	-	75,932	226,112	-	-	302,044
Total Noncurrent Assets	-	75,932	226,112	-	-	302,044
Total Assets	8,789,899	376,417	1,574,529	4,204,930	2,045,252	16,991,027
DEFERRED OUTFLOWS OF RESOURCES						
Pension Related Items	-	354,028	-	-	-	354,028
OPEB Related Items	-	33,640	-	-	-	33,640
Total Deferred Outflows of Resources	-	387,668	-	-	-	387,668
LIABILITIES						
Current Liabilities:						
Accounts Payable and Accrued Liabilities	18,866	8,701	44,312	127,800	104,162	303,841
Due to Other Funds	-	20	-	-	-	20
Claims Payable, Current	1,819,863	-	-	572,194	-	2,392,057
Compensated Absences, Current	869	4,155	6,294	869	4,848	17,035
Other Long-term Liabilities, Current	-	3,384	23,916	-	-	27,300
Total Current Liabilities	1,839,598	16,260	74,522	700,863	109,010	2,740,253
Long-term Liabilities:						
Claims Payable	8,290,488	-	-	2,606,662	-	10,897,150
Compensated Absences	3,838	18,345	27,790	3,838	21,405	75,216
Net Pension Liability	-	1,345,964	-	-	-	1,345,964
Net OPEB Liability	-	412,511	-	-	-	412,511
Other Long-term Liabilities	-	12,960	91,690	-	-	104,650
Total Long-term Liabilities	8,294,326	1,789,780	119,480	2,610,500	21,405	12,835,491
Total Liabilities	10,133,924	1,806,040	194,002	3,311,363	130,415	15,575,744
DEFERRED INFLOWS OF RESOURCES						
Pension Related Items	-	70,679	-	-	-	70,679
OPEB Related Items	-	41,138	-	-	-	41,138
Total Deferred Inflows of Resources	-	111,817	-	-	-	111,817
NET POSITION						
Net Investment in Capital Assets	-	75,932	226,112	-	-	302,044
Unrestricted	(1,344,025)	(1,229,704)	1,154,415	893,567	1,914,837	1,389,090
Total Net Position	\$ (1,344,025)	\$ (1,153,772)	\$ 1,380,527	\$ 893,567	\$ 1,914,837	\$ 1,691,134

City of Rialto, California
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Internal Service Funds
Year Ended June 30, 2018

	<u>Workers'</u> <u>Compensation</u>	<u>Fleet</u> <u>Management</u>	<u>Management</u> <u>Information</u> <u>System</u>
OPERATING REVENUES			
Charges for Services	\$ 1,214,237	\$ 580,032	\$ 946,560
Total Operating Revenues	<u>1,214,237</u>	<u>580,032</u>	<u>946,560</u>
OPERATING EXPENSES			
Cost of Sales and Services	2,172,694	585,988	957,012
Depreciation	-	10,377	76,116
Total Operating Expenses	<u>2,172,694</u>	<u>596,365</u>	<u>1,033,128</u>
Operating Income (Loss)	<u>(958,457)</u>	<u>(16,333)</u>	<u>(86,568)</u>
NONOPERATING REVENUES (EXPENSES)			
Investment Income	117,712	2,936	18,721
Interest Expense	-	(1,137)	(7,492)
Total Nonoperating Revenues (Expenses)	<u>117,712</u>	<u>1,799</u>	<u>11,229</u>
Income (Loss) Before Transfers	<u>(840,745)</u>	<u>(14,534)</u>	<u>(75,339)</u>
TRANSFERS			
Transfers In	<u>1,000,000</u>	<u>-</u>	<u>-</u>
Total Transfers	<u>1,000,000</u>	<u>-</u>	<u>-</u>
Change in Net Position	<u>159,255</u>	<u>(14,534)</u>	<u>(75,339)</u>
Total Net Position - Beginning of Year, As Previously Reported	(1,503,280)	369,790	1,455,866
Prior Period Adjustment	<u>-</u>	<u>(1,509,028)</u>	<u>-</u>
Total Net Position - Beginning of Year, Restated	<u>(1,503,280)</u>	<u>(1,139,238)</u>	<u>1,455,866</u>
Total Net Position - End of Year	<u>\$ (1,344,025)</u>	<u>\$ (1,153,772)</u>	<u>\$ 1,380,527</u>

General Liability	Building Maintenance	Total
\$ 3,363,830	\$ 1,780,328	\$ 7,884,987
<u>3,363,830</u>	<u>1,780,328</u>	<u>7,884,987</u>
1,739,969	1,938,070	7,393,733
-	-	86,493
<u>1,739,969</u>	<u>1,938,070</u>	<u>7,480,226</u>
<u>1,623,861</u>	<u>(157,742)</u>	<u>404,761</u>
49,730	21,465	210,564
-	-	(8,629)
<u>49,730</u>	<u>21,465</u>	<u>201,935</u>
<u>1,673,591</u>	<u>(136,277)</u>	<u>606,696</u>
-	961,886	1,961,886
-	961,886	1,961,886
<u>1,673,591</u>	<u>825,609</u>	<u>2,568,582</u>
(780,024)	1,089,228	631,580
-	-	(1,509,028)
<u>(780,024)</u>	<u>1,089,228</u>	<u>(877,448)</u>
<u>\$ 893,567</u>	<u>\$ 1,914,837</u>	<u>\$ 1,691,134</u>

City of Rialto, California
Combining Statement of Cash Flows
Internal Service Funds
Year Ended June 30, 2018

	<u>Workers'</u> <u>Compensation</u>	<u>Fleet</u> <u>Management</u>	<u>Management</u> <u>Information</u> <u>System</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers	\$ 1,344,738	\$ 580,032	\$ 946,560
Cash Payments to Suppliers for Services	(2,203,115)	(580,874)	(966,714)
Cash Payments to Employees for Services	2,217	16,306	84
	<u>(856,160)</u>	<u>15,464</u>	<u>(20,070)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Cash Received from Other Funds	1,000,000	1,316	-
Cash Paid to Other Funds	-	-	-
	<u>1,000,000</u>	<u>1,316</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of Capital Assets	-	(6,996)	-
Principal Retired	-	(3,699)	(26,201)
Interest Paid	-	(1,137)	(7,493)
	<u>-</u>	<u>(11,832)</u>	<u>(33,694)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment Income	112,145	2,745	17,849
	<u>112,145</u>	<u>2,745</u>	<u>17,849</u>
Net Increase (Decrease) in Cash and Cash Equivalents	255,985	7,693	(35,915)
Cash and Cash Equivalents - Beginning of Year	8,462,712	255,285	1,380,827
Cash and Cash Equivalents - End of Year	<u>\$ 8,718,697</u>	<u>\$ 262,978</u>	<u>\$ 1,344,912</u>

<u>General Liability</u>	<u>Building Maintenance</u>	<u>Total</u>
\$ 3,325,420	\$ 1,776,708	\$ 7,973,458
(2,172,254)	(1,887,316)	(7,810,273)
2,217	(22,384)	(1,560)
1,155,383	(132,992)	161,625
-	961,886	1,963,202
-	-	-
-	961,886	1,963,202
-	-	(6,996)
-	-	(29,900)
-	-	(8,630)
-	-	(45,526)
46,249	19,527	198,515
46,249	19,527	198,515
1,201,632	848,421	2,277,816
2,954,360	1,189,175	14,242,359
\$ 4,155,992	\$ 2,037,596	\$ 16,520,175

Continued

City of Rialto, California
Combining Statement of Cash Flows
Internal Service Funds - Continued
Year Ended June 30, 2018

	<u>Workers'</u> <u>Compensation</u>	<u>Fleet</u> <u>Management</u>	<u>Management</u> <u>Information</u> <u>System</u>
Reconciliation of Operating (Income) Loss to Net			
Cash Provided (Used) by Operating Activities			
Operating Income (Loss)	\$ (958,457)	\$ (16,333)	\$ (86,568)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	-	10,377	76,116
Other Nonoperating Expense	-	-	-
Change in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	179,295	-	-
(Increase) Decrease in Prepaid Items	-	(1)	-
(Increase) Decrease in Due from Other Governments	(48,794)	-	-
(Increase) Decrease in Inventory	-	8,357	-
(Increase) Decrease in Deferred Outflows of Resources-Pension	-	(354,028)	-
(Increase) Decrease in Deferred Outflows of Resources-OPEB	-	(63,590)	-
Increase (Decrease) in Accounts Payable and Accrued Liabilities	(1,772)	(3,242)	(9,702)
Increase (Decrease) in Claims Payable	(28,649)	-	-
Increase (Decrease) in Compensated Absences	2,217	(6,431)	84
Increase (Decrease) in Net Pension Liability	-	1,345,964	-
Increase (Decrease) in Net OPEB Liability	-	(3,452,822)	-
Increase (Decrease) in Deferred Inflows of Resources-Pension	-	70,679	-
Increase (Decrease) in Deferred Inflows of Resources-OPEB	-	2,476,534	-
	<u> </u>	<u> </u>	<u> </u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (856,160)</u>	<u>\$ 15,464</u>	<u>\$ (20,070)</u>

<u>General Liability</u>	<u>Building Maintenance</u>	<u>Total</u>
\$ 1,623,861	\$ (157,742)	\$ 404,761
-	-	86,493
-	-	-
(38,410)	(3,620)	137,265
-	-	(1)
-	-	(48,794)
-	-	8,357
-	-	(354,028)
-	-	(63,590)
-	-	-
(117,141)	50,754	(81,103)
(315,144)	-	(343,793)
2,217	(22,384)	(24,297)
-	-	1,345,964
-	-	(3,452,822)
-	-	70,679
-	-	2,476,534
<u>\$ 1,155,383</u>	<u>\$ (132,992)</u>	<u>\$ 161,625</u>

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AGENCY FUNDS

Agency Funds are used to account for assets held by the City as an agent for individuals, private organizations, or other governments. The Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Special Deposits Fund - accounts for all special deposits held by the City in its fiduciary capacity.

Confiscated Funds Fund - accounts for seized assets obtained by the Police Department in conjunction with the prosecution of alleged criminal activity that are awaiting dispensation by the court system.

Community Facilities District (CFD) 87-1 Fund - accounts for the City's fiduciary capacity as custodian for the collection of special taxes for the CFD 87-1 and the retirement of limited tax obligation bonds.

Community Facilities District (CFD) 2006-1 Elm Park Fund - The City acts as a custodian for collection of special taxes for the CFD 2006-1. The special tax is used for retirement of limited obligation bonds. The City acts in a fiduciary capacity as custodian for any monies available in this fund.

City of Rialto
Combining Statement of Assets and Liabilities
All Agency Funds
June 30, 2018

	Special Deposits	Confiscated Funds	Community Facilities District 87-1	Community Facilities District 2006-1 Elm Park	Total
ASSETS					
Cash and Investments	\$ 1,528,535	\$ 963,026	\$ 49,579	\$ 515,693	\$ 3,056,833
Restricted Cash and Investments with Fiscal Agents	-	-	731,456	456,877	1,188,333
Accounts Receivable, Net	-	-	-	-	-
Interest Receivable	-	1,030	147	1,226	2,403
Notes Receivable	174,247	-	-	-	174,247
Due from Other Governments	48,886	-	2,111	3,294	54,291
Total Assets	<u>\$ 1,751,668</u>	<u>\$ 964,056</u>	<u>\$ 783,293</u>	<u>\$ 977,090</u>	<u>\$ 4,476,107</u>
LIABILITIES					
Accrued Liabilities	\$ 1,532,537	\$ 964,056	\$ -	\$ -	\$ 2,496,593
Deposits	218,673	-	-	-	218,673
Unearned Revenue	458	-	-	-	458
Due to Bondholders	-	-	783,293	977,090	1,760,383
Total Liabilities	<u>\$ 1,751,668</u>	<u>\$ 964,056</u>	<u>\$ 783,293</u>	<u>\$ 977,090</u>	<u>\$ 4,476,107</u>

City of Rialto
Statement of Changes in Assets and Liabilities
All Agency Funds
For the Year Ended June 30, 2018

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
SPECIAL DEPOSITS				
ASSETS				
Cash and Investments	\$ 363,489	\$7,109,525	\$ 5,944,479	\$ 1,528,535
Accounts Receivable, Net	1,015	5,582	6,597	-
Notes Receivable	24,781	174,247	24,781	174,247
Due from Other Governments	8,392	48,886	8,392	48,886
Total Assets	<u>\$ 397,677</u>	<u>\$7,338,240</u>	<u>\$ 5,984,249</u>	<u>\$ 1,751,668</u>
LIABILITIES				
Accrued Liabilities	\$ 199,964	\$7,507,087	\$ 6,174,514	\$ 1,532,537
Deposits	197,645	37,605	16,577	218,673
Unearned Revenue	68	458	68	458
Total Liabilities	<u>\$ 397,677</u>	<u>\$7,545,150</u>	<u>\$ 6,191,159</u>	<u>\$ 1,751,668</u>
CONFISCATED FUNDS				
ASSETS				
Cash and Investments	\$ 242,348	\$ 802,109	\$ 81,431	\$ 963,026
Interest Receivable	950	1,030	950	1,030
Total Assets	<u>\$ 243,298</u>	<u>\$ 803,139</u>	<u>\$ 82,381</u>	<u>\$ 964,056</u>
LIABILITIES				
Accrued Liabilities	\$ 243,298	\$ 801,215	\$ 80,457	\$ 964,056
Total Liabilities	<u>\$ 243,298</u>	<u>\$ 801,215</u>	<u>\$ 80,457</u>	<u>\$ 964,056</u>
COMMUNITY FACILITIES DISTRICT 87-1				
ASSETS				
Cash and Investments	\$ 684,766	\$ 184,244	\$ 819,431	\$ 49,579
Restricted Cash and Investments with Fiscal Agents	749,663	47,035	65,242	731,456
Interest Receivable	1,319	147	1,319	147
Due from Other Governments	1,823	2,111	1,823	2,111
Total Assets	<u>\$ 1,437,571</u>	<u>\$ 233,537</u>	<u>\$ 887,815</u>	<u>\$ 783,293</u>
LIABILITIES				
Accrued Liabilities	\$ 682	\$ 828,201	\$ 828,883	\$ -
Due to Bondholders	1,436,889	650,452	1,304,048	783,293
Total Liabilities	<u>\$ 1,437,571</u>	<u>\$1,478,653</u>	<u>\$ 2,132,931</u>	<u>\$ 783,293</u>

Continued

City of Rialto
Statement of Changes in Assets and Liabilities
All Agency Funds - Continued
For the Year Ended June 30, 2018

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
COMMUNITY FACILITIES DISTRICT				
2006-1 ELM PARK				
ASSETS				
Cash and Investments	\$ 533,409	\$ 474,636	\$ 492,352	\$ 515,693
Restricted Cash and Investments with Fiscal Agents	477,480	3,190	23,793	456,877
Interest Receivable	798	1,226	798	1,226
Due from Other Governments	1,766	3,294	1,766	3,294
Total Assets	\$ 1,013,453	\$ 482,346	\$ 518,709	\$ 977,090
LIABILITIES				
Accrued Liabilities	\$ 36	\$ 292,531	\$ 292,567	\$ -
Due to Bondholders	1,013,417	1,951,498	1,987,825	977,090
Total Liabilities	\$ 1,013,453	\$ 2,244,029	\$ 2,280,392	\$ 977,090
TOTAL - ALL AGENCY FUNDS				
ASSETS				
Cash and Investments	\$ 1,824,012	\$ 8,570,514	\$ 7,337,693	\$ 3,056,833
Restricted Cash and Investments with Fiscal Agents	1,227,143	50,225	89,035	1,188,333
Accounts Receivable, Net	1,015	5,582	6,597	-
Interest Receivable	3,067	2,403	3,067	2,403
Notes Receivable	24,781	174,247	24,781	174,247
Due from Other Governments	11,981	54,291	11,981	54,291
Total Assets	\$ 3,091,999	\$ 8,857,262	\$ 7,473,154	\$ 4,476,107
LIABILITIES				
Accrued Liabilities	\$ 443,980	\$ 9,429,034	\$ 7,376,421	\$ 2,496,593
Deposits	197,645	37,605	16,577	218,673
Unearned Revenue	68	458	68	458
Due to Bondholders	2,450,306	2,601,950	3,291,873	1,760,383
Total Liabilities	\$ 3,091,999	\$12,069,047	\$ 10,684,939	\$ 4,476,107

STATISTICAL SECTION

Financial Trends

These schedules contain trend information to help readers understand how the City's financial performance and well-being have changed over time.

City of Rialto
Schedule: 1
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2009	2010	2011	2012	2013
Governmental activities					
Net investment in capital assets	\$ 133,491,235	\$ 140,559,035	\$ 148,690,370	\$ 163,723,392	\$ 168,193,443
Restricted	85,036,321	82,006,331	61,601,597	39,832,021	72,472,077
Unrestricted	(24,669,614)	(45,379,858)	(31,625,220)	39,481,946	44,622,614
Total governmental activities net position	<u>193,857,942</u>	<u>177,185,508</u>	<u>178,666,747</u>	<u>243,037,359</u>	<u>285,288,134</u>
Business-type activities					
Net investment in capital assets	73,006,908	73,535,837	75,171,230	80,648,318	65,682,237
Restricted	5,064,454	4,464,331	4,451,690	-	-
Unrestricted	31,147,857	36,035,392	20,699,745	16,056,356	(17,512,844)
Total business-type activities net position	<u>109,219,219</u>	<u>114,035,560</u>	<u>100,322,665</u>	<u>96,704,674</u>	<u>48,169,393</u>
Primary government					
Net investment in capital assets	206,498,143	214,094,872	223,861,600	244,371,710	233,875,680
Restricted	90,100,775	86,470,662	66,053,287	39,832,021	72,472,077
Unrestricted	6,478,243	(9,344,466)	(10,925,475)	55,538,302	27,109,770
Total primary government net position	<u>\$ 303,077,161</u>	<u>\$ 291,221,068</u>	<u>\$ 278,989,412</u>	<u>\$ 339,742,033</u>	<u>\$ 333,457,527</u>

Source: City of Rialto Comprehensive Annual Reports

City of Rialto
Schedule: 1
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2014	2015	2016	2017	2018
Governmental activities					
Net investment in capital assets	\$ 174,199,279	\$ 182,925,420	\$ 203,745,887	\$ 209,841,810	\$ 219,905,555
Restricted	68,118,579	73,952,529	75,922,532	96,873,256	110,510,600
Unrestricted	47,463,243	(54,942,162)	(51,933,755)	(39,451,355)	(70,806,076)
Total governmental activities net position	<u>289,781,101</u>	<u>201,935,787</u>	<u>227,734,664</u>	<u>267,263,711</u>	<u>259,610,079</u>
Business-type activities					
Net investment in capital assets	63,007,943	61,880,161	62,092,586	62,212,159	90,709,466
Restricted	-	23,103,406	23,762,159	20,161,874	22,666,881
Unrestricted	(46,850,667)	(71,217,677)	(75,195,998)	(71,769,191)	(102,644,912)
Total business-type activities net position	<u>16,157,276</u>	<u>13,765,890</u>	<u>10,658,747</u>	<u>10,604,842</u>	<u>10,731,435</u>
Primary government					
Net investment in capital assets	237,207,222	244,805,581	265,838,473	272,053,969	310,615,021
Restricted	68,118,579	97,055,935	99,684,691	117,035,130	133,177,481
Unrestricted	612,576	(126,159,839)	(127,129,753)	(111,220,546)	(173,450,988)
Total primary government net position	<u>\$305,938,377</u>	<u>\$215,701,677</u>	<u>\$238,393,411</u>	<u>\$277,868,553</u>	<u>\$ 270,341,514</u>

Source: City of Rialto Comprehensive Annual Reports

City of Rialto
Schedule: 2
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2009	2010	2011	2012	2013
Expenses					
Governmental Activities					
General government	\$ 24,896,926	\$ 16,018,176	\$ 14,861,332	\$ 18,320,228	\$ 11,385,776
Community development	35,254,266	52,083,959	36,471,039	16,311,195	7,815,876
Public safety	38,590,548	36,649,311	40,089,330	39,141,965	39,248,802
Payment to successor agency	-	-	-	-	921,450
Interest on long term debt	10,547,998	10,863,243	9,863,803	2,065,971	249,424
Total governmental activities expenses	109,289,738	115,614,689	101,285,504	75,839,359	59,621,328
Business-type activities					
Water	7,429,087	7,663,647	7,807,397	12,141,122	15,596,613
Wastewater	9,178,995	8,806,799	9,618,767	9,076,667	21,111,279
Airport	1,170,386	308,245	216,107	254,176	451,183
Cemetery	44,057	41,099	46,258	36,559	46,086
Recreation & community service	3,426,031	3,146,916	2,960,934	2,634,024	2,586,330
Total business-type activities expenses	21,248,556	19,966,706	20,649,463	24,142,548	39,791,491
Total primary government expenses	\$ 130,538,294	\$ 135,581,395	\$ 121,934,967	\$ 99,981,907	\$ 99,412,819
Program revenues					
Governmental activities					
Charges for services					
General government	\$ 1,381,933	\$ 2,081,112	\$ 1,104,974	\$ 891,137	\$ 1,882,740
Community development	1,721,241	1,257,868	835,509	2,583,136	1,914,371
Public safety	3,391,088	2,713,842	2,876,500	2,795,262	4,005,618
Operating grants and contributions	4,580,616	4,584,744	4,360,905	17,890,543	4,587,822
Capital grants and contributions	39,233,955	7,772,081	9,059,443	5,565,842	5,926,508
Total governmental activities program revenues	50,308,833	18,409,647	18,237,331	29,725,920	18,317,059
Business-type activities					
Charges for services					
Water	9,323,021	8,579,227	8,426,108	8,399,411	8,840,946
Wastewater	10,960,411	10,954,088	11,030,430	11,197,115	12,811,692
Airport	185,456	133,063	105,509	182,456	522,259
Cemetery	22,288	24,379	27,136	36,978	35,334
Recreation & community service	1,070,466	1,000,816	914,450	956,929	901,593
Capital grants and contributions	-	-	-	-	-
Total Business-type Activities program revenues	21,561,642	20,691,573	20,503,633	20,772,889	23,111,824
Total primary government program revenues	\$ 71,870,475	\$ 39,101,220	\$ 38,740,964	\$ 50,498,809	\$ 41,428,883

City of Rialto
Schedule: 2
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2014	2015	2016	2017	2018
Expenses					
Governmental Activities					
General government	\$ 16,831,207	\$ 22,194,069	\$ 12,838,348	\$ 27,670,283	\$ 19,885,751
Community development	14,622,817	18,152,493	20,547,780	28,506,818	29,404,226
Public safety	39,676,536	40,057,540	45,270,584	52,952,706	53,055,098
Payment to successor agency	-	1,270,167	1,295,583	-	-
Interest on long term debt	154,834	169,166	96,659	84,307	323,872
Total governmental activities expenses	<u>71,285,394</u>	<u>81,843,435</u>	<u>80,048,954</u>	<u>109,214,114</u>	<u>102,668,947</u>
Business-type activities					
Water	12,750,105	12,999,577	12,069,588	12,740,471	13,832,547
Wastewater	23,015,470	23,463,015	24,350,919	24,200,053	23,397,142
Airport	388,963	4,373,243	207,934	10,929	127,653
Cemetery	49,255	52,738	51,758	80,900	65,397
Recreation & community service	2,335,258	2,640,280	3,234,840	3,572,043	3,456,616
Total business-type activities expenses	<u>38,539,051</u>	<u>43,528,853</u>	<u>39,915,039</u>	<u>40,604,396</u>	<u>40,879,355</u>
Total primary government expenses	<u>\$ 109,824,445</u>	<u>\$ 125,372,288</u>	<u>\$ 119,963,993</u>	<u>\$ 149,818,510</u>	<u>\$ 143,548,302</u>
Program revenues					
Governmental activities					
Charges for services					
General government	\$ 811,456	\$ 804,526	\$ 1,606,496	\$ 1,122,310	\$ 1,637,935
Community development	12,026,114	14,560,867	10,906,447	48,620,952	26,054,877
Public safety	2,854,087	3,006,101	3,023,995	3,111,112	3,439,943
Operating grants and contributions	7,032,129	10,480,851	9,222,678	10,058,467	17,599,694
Capital grants and contributions	4,939,898	4,504,424	4,548,560	3,901,780	5,774,075
Total governmental activities program revenues	<u>27,663,684</u>	<u>33,356,769</u>	<u>29,308,176</u>	<u>66,814,621</u>	<u>54,506,524</u>
Business-type activities					
Charges for services					
Water	9,970,145	12,082,146	12,225,769	13,119,637	14,856,800
Wastewater	17,281,060	22,492,901	22,482,683	25,954,797	28,939,501
Airport	485,785	128,387	58,785	32,979	159,342
Cemetery	23,710	32,419	39,624	65,867	46,319
Recreation & community service	898,633	883,489	838,665	895,340	758,012
Capital grants and contributions	-	-	-	353,470	131,896
Total Business-type Activities program revenues	<u>28,659,333</u>	<u>35,619,342</u>	<u>35,645,526</u>	<u>40,422,090</u>	<u>44,891,870</u>
Total primary government program revenues	<u>\$ 56,323,017</u>	<u>\$ 68,976,111</u>	<u>\$ 64,953,702</u>	<u>\$ 107,236,711</u>	<u>\$ 99,398,394</u>

City of Rialto
Schedule: 2
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2009	2010	2011	2012	2013
General revenues and other changes in net position					
Governmental Activities					
Taxes					
Property taxes	\$ 46,714,850	\$ 43,861,053	\$ 40,189,401	\$ 25,514,250	\$ 18,808,829
Franchise taxes	2,604,861	2,986,501	3,049,661	3,235,911	3,113,227
Utility users taxes	11,733,708	11,205,005	11,204,683	11,082,948	11,253,197
Business license taxes	1,664,222	1,420,874	1,610,311	1,436,800	1,532,412
Sales & use tax	10,375,776	9,515,319	9,072,262	10,736,135	10,310,901
Vehicle license fees	339,217	293,540	458,055	101,174	42,966
Income for property and investments	6,154,974	1,906,451	1,554,315	591,646	(255,146)
Other general revenue	1,310,808	4,006,619	3,001,775	2,701,950	3,780,116
RUA lease payments	-	-	-	-	34,000,000
RUA contract payments	-	-	-	-	-
Transfers	(51,286)	487,064	14,388,949	631,463	2,551,344
Gain on sale of property	-	-	-	3,975	208,784
Payment from successor agency	-	-	-	(2,212,501)	-
Extra-ordinary gain	-	-	-	56,660,300	-
Capital contribution	-	-	-	-	-
Total governmental activities program revenues	<u>80,847,130</u>	<u>75,682,426</u>	<u>84,529,412</u>	<u>110,484,051</u>	<u>85,346,630</u>
Business-type activities:					
Property taxes	49,834	20,517	26,385	16,472	13,361
Income for property and investments	882,653	422,156	338,883	270,502	(403,262)
Other general revenue	184,562	4,135,865	455,850	96,157	727,209
RUA lease payments	-	-	-	-	(34,000,000)
Transfers	51,286	(487,064)	(14,388,949)	(631,463)	(2,551,344)
Gain on sale of property	798,000	-	766	-	538,870
Distribution of airport property from successor agency	-	-	-	-	13,764,414
Capital contribution	-	-	-	-	-
Total business-type activities	<u>1,966,335</u>	<u>4,091,474</u>	<u>(13,567,065)</u>	<u>(248,332)</u>	<u>(21,910,752)</u>
Total primary government	<u>\$ 82,813,465</u>	<u>\$ 79,773,900</u>	<u>\$ 70,962,347</u>	<u>\$ 110,235,719</u>	<u>\$ 63,435,878</u>
Net revenue (expense)					
Governmental activities	\$ (58,980,905)	\$ (97,205,042)	\$ (83,048,173)	\$ (46,113,439)	\$ (41,304,269)
Business-type activities	313,086	724,867	(145,830)	(3,369,659)	(16,679,667)
Total primary government	<u>\$ (58,667,819)</u>	<u>\$ (96,480,175)</u>	<u>\$ (83,194,003)</u>	<u>\$ (49,483,098)</u>	<u>\$ (57,983,936)</u>
Change in net position					
Governmental activities	\$ 21,866,225	(21,522,616)	1,481,239	64,370,612	44,042,361
Business-type activities	2,279,421	4,816,341	(13,712,895)	(3,617,991)	(38,590,419)
Total primary government	<u>\$ 24,145,646</u>	<u>(16,706,275)</u>	<u>(12,231,656)</u>	<u>60,752,621</u>	<u>5,451,942</u>

Source: City of Rialto Comprehensive Annual Reports

City of Rialto
Schedule: 2
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2014	2015	2016	2017	2018
General revenues and other changes in net position					
Governmental Activities					
Taxes					
Property taxes	\$ 17,251,658	\$ 19,568,841	\$ 20,895,499	\$ 22,306,582	\$ 25,201,016
Franchise taxes	2,368,377	3,659,305	3,750,460	3,640,100	3,955,968
Utility users taxes	12,191,859	12,634,013	12,670,892	12,731,020	13,592,657
Business license taxes	2,196,779	2,131,574	2,237,639	2,343,824	2,660,329
Sales & use tax	11,523,017	12,023,147	11,893,381	14,532,085	17,593,261
Vehicle license fees	-	41,566	41,192	48,082	56,075
Income for property and investments	965,960	504,777	1,362,960	267,929	1,228,983
Other general revenue	4,698,926	5,260,920	4,204,699	4,529,579	6,000,699
RUA lease payments	2,000,000	2,568,030	2,000,000	2,000,000	2,000,000
RUA contract payments	824,032	1,230,626	1,167,530	1,167,530	742,000
Transfers	(1,182,645)	3,407,429	(2,140,364)	17,784,644	3,963,598
Gain on sale of property	-	-	-	2,851	475,967
Payment from successor agency	185,982	572,154	185,366	574,314	187,299
Extra-ordinary gain	-	-	14,289,617	-	-
Capital contribution	-	3,344,082	4,296,048	-	-
Total governmental activities program revenues	<u>53,023,945</u>	<u>66,946,464</u>	<u>76,854,919</u>	<u>81,928,540</u>	<u>77,657,852</u>
Business-type activities:					
Property taxes	11,593	45,210	1,478	894	198
Income for property and investments	746,964	88,329	184,391	85,953	363,912
Other general revenue	608,509	117,870	104,060	1,616,184	543,708
RUA lease payments	(2,000,000)	(2,568,030)	(2,000,000)	(2,000,000)	(2,000,000)
Transfers	1,182,645	(3,407,429)	2,140,364	(17,784,644)	(3,963,598)
Gain on sale of property	-	9,854,563	345,213	18,210,014	6,730,559
Distribution of airport property from successor agency	-	-	-	-	-
Capital contribution	-	1,387,612	386,864	-	-
Total business-type activities	<u>549,711</u>	<u>5,518,125</u>	<u>775,506</u>	<u>128,401</u>	<u>1,674,779</u>
Total primary government	<u>\$ 53,573,656</u>	<u>\$ 72,464,589</u>	<u>\$ 775,506</u>	<u>\$ 131,252</u>	<u>\$ 2,150,746</u>
Net revenue (expense)					
Governmental activities	\$ (43,621,710)	\$ (48,486,666)	\$ (50,740,778)	\$ (42,399,493)	\$ (48,162,423)
Business-type activities	(9,879,718)	(7,909,511)	(4,269,513)	(182,306)	4,012,515
Total primary government	<u>\$ (53,501,428)</u>	<u>\$ (56,396,177)</u>	<u>\$ (55,010,291)</u>	<u>\$ (42,581,799)</u>	<u>\$ (44,149,908)</u>
Change in net position					
Governmental activities	9,402,235	18,459,798	26,114,141	39,529,047	29,495,429
Business-type activities	(9,330,007)	(2,391,386)	(3,494,007)	(53,905)	5,687,294
Total primary government	<u>72,228</u>	<u>16,068,412</u>	<u>22,620,134</u>	<u>39,475,142</u>	<u>35,182,723</u>

Source: City of Rialto Comprehensive Annual Reports

City of Rialto
Schedule: 3
Fund Balances - Governmental Funds
Last Ten Fiscal Years
(Modified accrual basis of accounting)

	Fiscal Year				
	2009	2010	2011	2012	2013
General fund					
Nonspendable	\$ -	\$ -	\$ 5,060,331	\$ 5,185,796	\$ 7,907,132
Restricted	-	-	-	-	-
Assigned	-	-	26,306,403	1,372,061	4,066,479
Unassigned	-	-	9,156,472	30,994,690	36,564,055
Reserved	9,608,736	9,141,648	-	-	-
Unreserved	38,752,137	36,316,796	-	-	-
Total general fund	<u>48,360,873</u>	<u>45,458,444</u>	<u>40,523,206</u>	<u>37,552,547</u>	<u>48,537,666</u>
All other governmental funds					
Nonspendable	-	-	38,094,549	-	160,190
Restricted	-	-	61,601,597	38,942,322	67,517,079
Assigned	-	-	37,719,982	268,290	-
Unassigned	-	-	13,326,942	(807,897)	(110,759)
Reserved	64,835,554	59,508,330	-	-	-
Unreserved	114,335,552	97,716,931	-	-	-
Total all other governmental fund	<u>179,171,106</u>	<u>157,225,261</u>	<u>150,743,070</u>	<u>38,402,715</u>	<u>67,566,510</u>
Total governmental funds	<u>\$ 227,531,979</u>	<u>\$ 202,683,705</u>	<u>\$ 191,266,276</u>	<u>\$ 75,955,262</u>	<u>\$ 116,104,176</u>

Source: City of Rialto Comprehensive Annual Reports

City of Rialto
Schedule: 3
Fund Balances - Governmental Funds
Last Ten Fiscal Years
(Modified accrual basis of accounting)

	Fiscal Year				
	2014	2015	2016	2017	2018
General fund					
Nonspendable	\$ 6,511,485	\$ 1,964,366	\$ 1,964,563	\$ 3,527,188	\$ 6,252,083
Restricted	-	-	-	-	-
Assigned	5,082,685	3,285,133	4,377,737	5,132,711	23,023,387
Unassigned	43,778,202	53,786,818	50,372,278	60,711,353	43,705,317
Reserved	-	-	-	-	-
Unreserved	-	-	-	-	-
Total general fund	<u>55,372,372</u>	<u>59,036,317</u>	<u>56,714,578</u>	<u>69,371,252</u>	<u>72,980,787</u>
All other governmental funds					
Nonspendable	-	-	-	1,313	481,406
Restricted	68,096,181	73,660,309	73,272,530	96,816,213	110,510,600
Assigned	-	-	-	-	-
Unassigned	(227,868)	(1,847,051)	(554,749)	(2,147,038)	(2,249,281)
Reserved	-	-	-	-	-
Unreserved	-	-	-	-	-
Total all other governmental fund	<u>67,868,313</u>	<u>71,813,258</u>	<u>72,717,781</u>	<u>94,670,488</u>	<u>108,742,725</u>
Total governmental funds	<u># \$ 123,240,685</u>	<u>\$ 130,849,575</u>	<u>\$ 129,432,359</u>	<u>\$ 164,041,740</u>	<u>\$ 181,723,512</u>

Source: City of Rialto Comprehensive Annual Reports

City of Rialto
Schedule: 4
Changes in Fund Balances - Governmental Funds
Last Ten Fiscal Years
(Modified accrual basis of accounting)

	Fiscal Year				
	2009	2010	2011	2012	2013
Revenues:					
Taxes	\$ 69,922,949	\$ 67,853,120	\$ 63,510,171	\$ 50,570,048	\$ 43,675,907
License and permits	2,219,777	1,890,486	2,094,146	1,907,240	1,983,341
Fines and forfeitures	505,564	610,514	426,336	394,716	573,951
Use of money and property	6,154,972	1,906,449	1,125,598	591,644	(258,630)
Revenue from other agencies	12,836,549	13,207,623	13,506,909	24,833,462	12,364,007
Charges for services	2,726,547	3,745,895	3,124,211	2,779,356	2,840,395
Development impact fees	799,191	1,177,901	872,999	1,904,945	1,783,001
RUA lease payments	-	-	-	-	34,000,000
Reimbursement from successor agency for expenditures	-	-	-	-	441,300
Other	2,659,222	3,660,573	3,680,566	2,204,652	3,670,379
Payment from successor agency of bond proceeds	-	-	-	-	-
Total revenues	97,824,771	94,052,561	88,340,936	85,186,063	101,073,651
Expenditures:					
General government	20,173,214	12,567,564	11,576,464	12,840,658	8,949,820
Public safety	36,906,438	35,323,320	38,634,297	36,883,364	36,761,021
Community Development	21,846,213	40,951,880	17,122,555	7,707,566	6,505,080
Payment to successor agency for disallowed items	-	-	-	-	921,450
Capital outlay	16,896,562	16,650,466	31,868,292	21,287,927	11,305,081
Debt service:					
Principal Retirement	6,153,336	3,049,826	3,038,716	3,237,594	410,493
Interest and fiscal charges	10,096,582	10,453,735	10,342,524	5,275,758	222,329
Bond issuance cost	-	-	-	-	-
Total Expenditures	112,072,345	118,996,791	112,582,848	87,232,867	65,075,274
Other financing sources/ (uses):					
Proceeds from sale of capital assets	79,188	48,302	7,495	3,975	26,283
Proceeds from Margin Loan	-	-	-	-	-
Payment to refunded note payable escrow agent	-	-	-	-	-
Capital lease	42,461	-	-	438,327	-
Transfers in	21,362,564	18,900,481	33,914,483	23,360,038	38,153,746
Transfers out	(21,561,854)	(19,239,701)	(20,710,621)	(25,297,731)	(34,029,492)
Contributed capital	4,519,230	-	-	-	-
Transfers to private-purpose trust fund	-	-	-	(2,212,501)	-
Proceeds from note payable issuance	-	-	-	-	-
Total other financing	4,441,589	(290,918)	13,211,357	(3,707,892)	4,150,537
Extraordinary gain (loss)	-	-	-	(109,556,318)	-
Net change in fund balance	\$ (9,805,985)	\$ (25,235,148)	\$ (11,030,555)	\$ (115,311,014)	\$ 40,148,914
Debt service as a percentage of noncapital expenditures	15.09%	12.02%	13.43%	11.60%	1.18%

Source: City of Rialto Comprehensive Annual Reports

City of Rialto
Schedule: 4
Changes in Fund Balances - Governmental Funds
Last Ten Fiscal Years
(Modified accrual basis of accounting)

	Fiscal Year				
	2014	2015	2016	2017	2018
Revenues:					
Taxes	\$ 44,289,183	\$ 47,969,828	\$ 49,351,847	\$ 53,355,191	\$ 60,427,658
License and permits	3,486,675	3,824,815	3,808,922	4,024,422	5,324,291
Fines and forfeitures	733,014	616,694	545,896	555,621	690,784
Use of money and property	961,747	467,654	1,357,158	263,039	1,228,984
Revenue from other agencies	14,957,790	17,521,724	17,481,364	18,783,546	26,053,438
Charges for services	5,455,564	6,464,406	7,577,603	30,707,457	10,466,109
Development impact fees	7,526,709	8,448,681	4,087,903	17,997,408	15,142,316
RUA lease payments	2,000,000	2,568,030	2,000,000	2,000,000	2,000,000
Reimbursement from successor agency for expenditures	185,981	792,153	185,367	186,465	1,027,556
Other	3,237,598	2,874,680	4,081,234	2,908,148	2,747,683
Payment from successor agency of bond proceeds	-	-	-	387,848	187,299
Total revenues	<u>82,834,261</u>	<u>91,548,665</u>	<u>90,477,294</u>	<u>131,169,145</u>	<u>125,296,118</u>
Expenditures:					
General government	13,807,651	16,572,095	15,388,037	21,733,446	17,701,523
Public safety	38,954,995	40,702,413	44,662,648	51,846,210	53,779,614
Community Development	6,870,797	14,659,256	11,317,119	12,518,908	11,328,676
Payment to successor agency for disallowed items	-	1,270,167	1,295,583	-	-
Capital outlay	17,520,528	12,266,733	29,951,173	28,242,499	40,900,743
Debt service:					
Principal Retirement	427,965	449,876	350,700	371,400	514,129
Interest and fiscal charges	191,701	173,530	128,156	78,602	335,372
Bond issuance cost	-	-	-	35,000	38,165
Total Expenditures	<u>77,773,637</u>	<u>86,094,070</u>	<u>103,093,416</u>	<u>114,826,065</u>	<u>124,598,222</u>
Other financing sources/ (uses):					
Proceeds from sale of capital assets	8,652	9,163	33,147	38,047	503,191
Proceeds from Margin Loan	-	-	-	-	3,627,382
Payment to refunded note payable escrow agent	-	(1,702,000)	-	-	-
Capital lease	-	-	-	2,455,000	6,109,580
Transfers in	5,740,301	14,513,703	13,431,644	27,002,864	13,175,693
Transfers out	(3,673,068)	(12,572,830)	(16,240,238)	(11,229,610)	(11,173,981)
Contributed capital	-	-	-	-	-
Transfers to private-purpose trust fund	-	-	-	-	-
Proceeds from note payable issuance	-	1,702,000	-	-	-
Total other financing	<u>2,075,885</u>	<u>1,950,036</u>	<u>(2,775,447)</u>	<u>18,266,301</u>	<u>12,241,865</u>
Extraordinary gain (loss)	-	-	14,289,617	-	-
Net change in fund balance	<u>\$ 7,136,509</u>	<u>\$ 7,404,631</u>	<u>\$ (1,101,952)</u>	<u>\$ 34,609,381</u>	<u>\$ 12,939,761</u>
Debt service as a percentage of noncapital expenditures	0.93%	0.82%	0.46%	0.39%	0.68%

Source: City of Rialto Comprehensive Annual Reports

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Revenue Capacity

These schedules contain information to help readers assess the City's most significant local revenue source.

City of Rialto
Schedule: 5
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

	Fiscal Year				
	2009	2010	2011	2012	2013
Residential property	\$ 4,055,646,112	\$ 3,354,381,017	\$ 3,162,107,777	\$ 3,195,189,715	\$ 3,255,372,602
Industrial property	995,941,704	1,150,842,386	1,151,101,897	1,126,462,532	1,115,863,666
Unsecured	491,619,293	500,170,416	484,337,069	422,947,049	529,395,064
Commercial property	396,187,271	407,678,215	417,633,125	408,012,403	402,250,052
Vacant land	511,394,815	407,323,714	371,996,335	316,971,340	312,032,595
Other property	42,316,957	41,514,663	32,099,280	76,446,218	83,542,480
Less: Tax-exempt property	-	-	-	-	-
Total taxable assessed value	\$ 6,493,106,152	\$ 5,861,910,411	\$ 5,619,275,483	\$ 5,546,029,257	\$ 5,698,456,459
Total direct tax rate	1%	1%	1%	1%	1%
Estimated actual taxable value	\$ 6,493,106,152	\$ 5,861,910,411	\$ 5,619,275,483	\$ 5,546,029,257	\$ 5,698,456,459

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

NOTE 2: Other property includes recreational, institutional, government owned, SBE nonunitary, irrigated, dry farm and miscellaneous property

Sources: HdL Coren & Cone (San Bernardino County Assessor)

Fiscal Year				
2014	2015	2016	2017	2018
\$ 3,460,403,021	\$ 3,706,976,516	\$ 3,916,404,105	\$ 4,071,652,098	\$ 4,271,585,009
1,101,972,851	1,316,782,787	1,469,439,116	1,709,081,286	1,774,160,516
517,585,920	578,031,980	646,168,256	659,303,329	801,999,612
418,964,698	430,855,054	441,266,751	461,815,727	499,561,220
362,960,175	370,078,941	400,090,232	355,270,288	482,573,026
56,873,342	61,257,108	64,591,692	80,484,157	77,873,664
-	-	-	-	-
\$ 5,918,760,007	\$ 6,463,982,386	\$ 6,937,960,152	\$ 7,337,606,885	\$ 7,907,753,047
1%	1%	1%	1%	1%
\$ 5,918,760,007	\$ 6,463,982,386	\$ 6,937,960,152	\$ 7,337,606,885	\$ 7,907,753,047

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

NOTE 2: Other property includes recreational, institutional, government owned, SBE nonunitary, irrigated, dry farm and miscellaneous property

Sources: HdL Coren & Cone (San Bernardino County Assessor)

City of Rialto
Schedule: 6
Property Tax Rates
Direct & Overlapping Governments
Last Ten Fiscal Years
(rate per \$100 of assessed value)

	Fiscal Year				
	2009	2010	2011	2012	2013
Basic Levy					
City of Rialto	0.13642	0.13642	0.13642	0.13642	0.13642
County Free Library	0.01441	0.01441	0.01441	0.01441	0.01441
County General Fund	0.14883	0.14883	0.14883	0.14883	0.14883
County Superintendent of Schools	0.01013	0.01013	0.01013	0.01013	0.01013
Education Revenue Augmentation Fund	0.22536	0.22536	0.22536	0.22536	0.22536
Flood Control Admin 1 & 2	0.00186	0.00186	0.00186	0.00186	0.00186
Flood Control Zone 2	0.02642	0.02642	0.02642	0.02642	0.02642
Inland Empire Joint Resource Cons District	0.00053	0.00053	0.00053	0.00053	0.00053
Rialto Unified	0.32757	0.32757	0.32757	0.32757	0.32757
San Bernardino Community College	0.05230	0.05230	0.05230	0.05230	0.05230
San Bernardino Valley Municipal Water	0.02692	0.02692	0.02692	0.02692	0.02692
West San Bernardino Co Water District	0.02925	0.02925	0.02925	0.02925	0.02925
Total direct tax rate	1.00000	1.00000	1.00000	1.00000	1.00000
Overlapping rates:					
Rialto Unified School District	0.05870	0.06590	0.07880	0.08560	0.07360
San Bernardino College Board	0.03930	0.02800	0.04670	0.03730	0.04590
San Bernardino Valley Water	0.16500	0.16500	0.16500	0.16500	0.16250
Total Direct & Overlapping Tax Rates	1.26300	# 1.25890	# 1.29050	# 1.28790	# 1.28200

Sources:

San Bernardino County Auditor-Controller/Treasurer/Tax Collector

<http://www.sbcounty.gov/ATC/Services/Documents?expandID=10#xpand-10>

HdL Coren & Cone (San Bernardino County Assessor)

Fiscal Year				
2014	2015	2016	2017	2018
0.13642	0.13642	0.13642	0.13642	0.13642
0.01441	0.01441	0.01441	0.01441	0.01441
0.14883	0.14883	0.14883	0.14883	0.14883
0.01013	0.01013	0.01013	0.01013	0.01013
0.22536	0.22536	0.22536	0.22536	0.22536
0.00186	0.00186	0.00186	0.00186	0.00186
0.02642	0.02642	0.02642	0.02642	0.02642
0.00053	0.00053	0.00053	0.00053	0.00053
0.32757	0.32757	0.32757	0.32757	0.32757
0.05230	0.05230	0.05230	0.05230	0.05230
0.02692	0.02692	0.02692	0.02692	0.02692
0.02925	0.02925	0.02925	0.02925	0.02925
1.00000	1.00000	1.00000	1.00000	1.00000
0.07040	0.06550	0.11940	0.09920	0.09570
0.04190	0.03930	0.04030	0.03500	0.03790
0.16250	0.16250	0.16250	0.16250	0.15250
# 1.27480	# 1.26730	# 1.32220	# 1.29670	# 1.28610

City of Rialto
Schedule: 7
Principal Property Tax Payers
Current Year and Ten Years Ago

Tax Payer	2018			2008		
	Assessed Value	Rank	Percentage of Total City Assessed Value	Assessed Value	Rank	Percentage of Total City Assessed Value
Target Corporation 1 Target Corporation	\$ 411,071,514	1	5.20%	\$ 1,688,593	1	5.91%
Prologis-Macquarie U S LLC 2 Prologis-Macquarie U S LLC	285,436,036	2	3.61%	1,293,637	2	4.53%
Teachers Insurance And Annuity Assoc 3 Teachers Insurance And Annuity Assoc	184,344,323	3	2.33%	-		
Fedex Ground Package System Inc 4 Fedex Ground Package System Inc.	102,961,352	4	1.30%	1,078,550	3	3.78%
Medline Industries Inc	99,040,220	5	1.25%	-		
Niagara Bottling LLC	63,412,775	6	0.80%	-		
Toys "R" Us-Delaware Inc 5 Toys "R" Us-Delaware Inc.	62,025,253	7	0.78%	-		
DCT Renaissance Rialto LLC 6 Oakmont El Rivino LLC	61,763,851	8	0.78%	-		
Scannell Properties #150 LLC 7 Scannell Properties #150 LLC	58,939,366	9	0.75%	-		
Oakmont El Rivino LLC 8 Staples The Office Superstore Inc.	53,243,330	10	0.67%	-		
Giraffe Properties LLC	-			666,443	4	2.33%
Rialto II Realty Holding Company Inc	-			501,521	5	1.76%
Staples The Office Superstore Inc 9 Sfpp LP	-			364,537	6	1.28%
Enterprise Distribution Center LLC	-			364,141	7	1.28%
HHE Properties LLC	-			346,476	8	1.21%
Burlingame Industries Inc.	-			344,306	9	1.21%
Enterprise Dist. Center LLC	-			266,674	10	0.93%
Total	<u>1,382,238,020</u>		<u>17.47%</u>	<u>6,914,878</u>		<u>24.22%</u>

Sources: HdL Coren & Cone

City of Rialto
Schedule: 8
Principal Sales Tax Payers
Current Year and Nine Years Ago

2018	2008
American Building Supply	Amerigas Eagle Propane
Angelus Block	Angelus Block
Arco AM PM	Arco
Boral Roofing	Arco AM PM
Cal Duct	Chevron
Ennis Paint	Enterprises Rent A Car
Enterprise Rent A Car	FedEx
Food 4 Less	Home Depot
Goodfellow Crushers	I-10 Truck Stop
Herrmann Equipment	Jack in the Box
Holliday Rock	Krauss Maffei
Home Depot	Matich
Jack in the Box	Merit Oil
Living Spaces Distribution Center	Mobile Mini
Medline Industries	Pacific Chevron
Merit Oil	Poma Automated Fueling
Orange County Lumber	Poma Distributing
Rialto Travel Center	Rebar Facility
Robertsons Ready Mix	Revchem Plastics
Stater Bros	State Pipe & Supply
T Mobile	Stater Bros
Tesoro Refining & Marketing	Terry Equipment
Thompson Pipe Group Los Angeles	Thompson Pipe Group Los Angeles
Walgreens	Walmart Neighborhood Market
Walmart Neighborhood Market	Yardley Orgill

NOTE: Firms listed alphabetically.

Sources: The HdL Companies; State Board of Equalization

City of Rialto
Schedule: 9
Property Tax Levies and Collections
Last Ten Years

Fiscal Year Ended June 30	Taxes Levied for the Fiscal year	Collected with the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2009	\$ 21,406,976	\$ 21,068,172	98.42%	\$ 338,804	\$ 21,406,976	100.00%
2010	17,768,147	17,524,252	98.63%	243,895	17,768,147	100.00%
2011	17,611,622	17,470,784	99.20%	140,838	17,611,622	100.00%
2012	19,467,112	18,698,687	96.05%	768,425	19,467,112	100.00%
2013	22,604,425	22,503,375	99.55%	101,049	22,604,425	100.00%
2014	21,095,830	20,913,162	99.13%	182,668	21,095,830	100.00%
2015	24,231,424	24,045,621	99.23%	185,803	24,231,424	100.00%
2016	23,902,218	23,750,424	99.36%	151,765	23,902,189	100.00%
2017	23,719,160	23,608,043	99.53%	110,730	23,718,773	100.00%
2018	31,445,680	31,292,569	99.51%	152,743	31,445,312	100.00%

NOTE: Amounts exclude debt service levies and former Redevelopment property tax increments.

Source: County of San Bernardino Auditor-Controller; City of Rialto Finance

Debt Capacity

These schedules present information to help readers assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

City of Rialto
Schedule: 10
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Governmental Activities						
Fiscal Year	Tax Allocation Bonds	Certificate of Participation	Capital Lease	Notes Payable	Other	Total Governmental Activities
2009	\$ 173,024,715	\$ 2,873,672	\$ 100,117	\$ 11,707,638	\$ 821,631	\$188,527,773
2010	170,350,722	2,611,283	20,923	13,890,186	780,549	187,653,663
2011	167,557,629	2,428,894	-	13,828,186	739,467	184,554,176
2012	- ¹	2,241,504	331,033	2,146,000	-	4,718,538
2013	- ¹	2,054,115	223,840	2,008,000	-	4,285,956
2014	- ¹	1,880,000	113,526	1,860,000	-	3,853,526
2015	- ¹	1,675,000	-	1,702,000	-	3,377,000
2016	- ¹	1,465,000	-	1,534,000	-	2,999,000
2017	- ¹	1,245,000	2,455,000	1,354,000	-	5,054,000
2018	- ¹	1,015,000	8,442,551	1,162,000	3,627,382	14,246,933

Business-type Activities								
Fiscal Year	Revenue Bonds	Installment Agreement Payable	Notes Payable	Other	Total Business-type Activities	Total Primary Government	Percentage of Personal Income ²	Debt per Capita ²
2009	\$ -	\$ 4,308,286	\$ 29,814,834	\$ 455,029	\$ 34,578,149	\$223,105,922	14.63%	\$ 2,275.89
2010	-	3,971,231	28,201,119	455,029	32,627,379	220,281,042	14.48%	2,231.87
2011	-	3,613,684	26,535,032	455,029	30,603,745	215,157,921	14.74%	2,169.56
2012	-	3,241,394	24,814,706	455,029	28,511,129	33,229,667	2.34%	329.74
2013	167,706,120	-	-	455,029	168,161,149	172,447,105	10.92%	1,697.03
2014	166,082,170	-	-	455,029	166,537,199	170,390,725	10.83%	1,670.14
2015	164,507,959	-	-	455,029	164,962,988	168,339,988	10.12%	1,640.50
2016	162,733,776	-	-	383,555	163,117,331	166,116,331	9.42%	1,600.50
2017	160,815,578	-	-	383,555	161,199,133	166,253,133	9.25%	1,581.75
2018	158,741,386	-	-	383,555	159,124,941	173,371,874	9.07%	1,638.29

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

¹No longer reported under governmental activities as the result of the dissolution of the former City of Rialto Redevelopment Agency as of February 1, 2012.

² See the Demographic and Economic Statistics Schedule (schedule 15) for personal income and population data.

³ Percentage of personal income and debt per capita for fiscal year 2017, were calculated using income and population for the prior calendar year.

Source: City of Rialto

City of Rialto
Schedule: 11
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Bonded Debt Outstanding			Total General Bonded Debt	Percentage of Assessed Value of Property ¹	Per Capita ²
	Tax Allocation Bonds	Certificate of Participation	Revenue Bonds			
2009	\$ 173,024,715	\$ 2,905,000	\$ -	\$ 175,929,715	2.71%	\$ 1,794.65
2010	170,350,722	2,640,000	-	172,990,722	2.95%	1,752.73
2011	167,557,629	2,455,000	-	170,012,629	3.03%	1,714.34
2012	- ⁴	2,241,504	-	2,241,504	0.04%	22.24
2013	- ⁴	2,054,115	167,706,120	169,760,235	2.98%	1,670.59
2014	- ⁴	1,880,000	166,082,170	167,962,170	2.84%	1,646.33
2015	- ⁴	1,675,000	164,507,959	166,182,959	2.57%	1,619.48
2016	- ⁴	1,465,000	162,733,776	164,198,776	2.37%	1,600.14 ³
2017	- ⁴	1,245,000	160,815,578	162,060,578	2.21%	1,564.87 ³
2018	- ⁴	1,015,000	158,741,386	159,756,386	2.02%	1,505.22 ³

NOTES: Details regarding the City's outstanding debt can be found in the notes to the financial statements. General bonded debt is debt

¹ See the assessed value and estimated actual value of taxable property schedule (schedule 5) for property value data. Assessed Value has been used because the actual value of taxable property is not readily available in the State of California.

² See the Demographic and Economic Statistics Schedule (schedule 15) for population data.

³ Debt per capita for fiscal year 2017 was calculated using population for the prior calendar year.

⁴ No longer considered general bonded debt as the result of the dissolution of the former City of Rialto Redevelopment Agency as of February 1, 2012.

Source: City of Rialto

City of Rialto
Schedule: 12
Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year				
	2009	2010	2011	2012	2013
Assessed value	\$ 6,493,106,152	\$ 5,861,910,411	\$ 5,619,275,483	\$ 5,546,029,257	\$ 5,698,456,459
Conversion percentage	25%	25%	25%	25%	25%
Adjusted assessed valuation	1,623,276,538	1,465,477,603	1,404,818,871	1,386,507,314	1,424,614,115
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit	243,491,481	219,821,640	210,722,831	207,976,097	213,692,117
Total net debt applicable to limit:					
Certificate of Participation	2,873,672	2,611,283	2,428,894	2,241,504	2,054,115
Legal debt margin	<u>\$ 243,491,481</u>	<u>\$ 219,821,640</u>	<u>\$ 210,722,831</u>	<u>\$ 207,976,097</u>	<u>\$ 213,692,117</u>
Total net debt applicable to the limit as a percentage of debt limit	1.18%	1.19%	1.15%	1.08%	0.96%

NOTES: Under State Finance Law, the City's outstanding general obligation debt should not exceed 15 percent of the total assessed property value. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). from the current full valuation perspective to the 25% level that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the state.

Source: City of Rialto

Fiscal Year				
2014	2015	2016	2017	2018
\$5,918,760,007	\$ 6,463,982,386	\$ 6,937,960,152	\$ 7,337,606,885	\$ 7,907,753,047
25%	25%	25%	25%	25%
<u>1,479,690,002</u>	<u>1,615,995,597</u>	<u>1,734,490,038</u>	<u>1,834,401,721</u>	<u>1,976,938,262</u>
15%	15%	15%	15%	15%
221,953,500	242,399,339	260,173,506	275,160,258	296,540,739
1,880,000	1,675,000	1,465,000	1,245,000	1,015,000
<u>\$ 221,953,500</u>	<u>\$ 242,399,339</u>	# <u>\$ 260,173,506</u>	<u>\$ 275,160,258</u>	<u>\$ 296,540,739</u>
0.85%	0.69%	0.56%	0.45%	0.34%

City of Rialto
Schedule: 13
Direct & Overlapping Debt
As of June 30, 2018

2017-18 Assessed Valuation: \$7,907,753,047

<u>OVERLAPPING TAX AND ASSESSMENT DEBT</u>	Total Debt 6/30/2018	% Applicable ⁽¹⁾	City's Share of Debt 6/30/18
Metropolitan Water District	\$60,600,000	0.042%	\$25,452
Chaffey Community College District	138,940,000	0.751	1,043,439
San Bernardino Community College District	440,458,530	10.807	47,600,353
Colton Joint Unified School District	193,577,465	13.646	26,415,581
Fontana Unified School District	189,557,259	5.510	10,444,605
Rialto Unified School District	89,537,396	74.356	66,576,426
San Bernardino City Unified School District	249,489,446	0.023	57,383
City of Rialto Community Facilities District No. 87-1	665,000	100	665,000
City of Rialto Community Facilities District No. 2006-1	4,740,000	100	4,740,000
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$157,568,239
 <u>DIRECT AND OVERLAPPING GENERAL FUND DEBT</u>			
San Bernardino County General Fund Obligations	\$368,015,000	3.815%	\$14,039,772
San Bernardino County Pension Obligation Bonds	336,106,248	3.815	12,822,453
San Bernardino County Flood Control District General Fund Obligations	68,325,000	3.815	2,606,599
Chaffey Community College District Certificates of Participation	31,725,000	0.751	238,255
Fontana Unified School District Certificates of Participation	31,370,000	5.510	1,728,487
Rialto Unified School District Certificates of Participation	15,028,677	74.356	11,174,723
San Bernardino City Unified School District Certificates of Participation	47,750,000	0.023	10,983
City of Rialto General Fund Obligations	7,123,849	100	7,123,849
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$49,745,121
 <u>OVERLAPPING TAX INCREMENT DEBT (Successor Agency)</u>	 127,620,000	 100.00%	 \$127,620,000
TOTAL DIRECT DEBT			\$7,123,849
TOTAL OVERLAPPING DEBT			\$328,049,497
 COMBINED TOTAL DEBT			 \$335,173,346 ⁽²⁾

⁽¹⁾ The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value..

⁽²⁾ Excludes tax and revenue anticipation notes, revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2016-17 Assessed Valuation:

Total Overlapping Tax and Assessment Debt	1.990%
Total Direct Debt (\$1,245,000)	0.090%
Combined Total Debt	4.240%

Ratios to Redevelopment Successor Agency Incremental Valuation (\$3,439,158,825):

Total Overlapping Tax Increment Debt	3.710%
--------------------------------------	--------

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

Source: California Municipal Statistics, Inc.

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City of Rialto
Schedule: 14
Pledged Revenue Coverage
Last Ten Fiscal Years

Water Revenue Bonds							
Fiscal Year	Pledged Revenue	Less: Operating Expenses	Net Available Revenue	Debt Service		Total	Coverage
				Principal	Interest		
2009	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
2010	-	-	-	-	-	-	-
2011	-	-	-	-	-	-	-
2012	-	-	-	-	-	-	-
2013	1,291,943	2,879,139	(1,587,196)	308,067	1,391,545	1,699,612	(0.93)
2014	6,076,082	5,704,078	372,004	512,211	2,387,789	2,900,000	0.13
2015	7,723,650	5,569,541	2,154,109	544,448	2,355,552	2,900,000	0.74
2016	8,869,300	5,676,547	3,192,753	578,712	2,321,288	2,900,000	1.10
2017	9,275,027	5,874,523	3,400,504	615,132	2,284,868	2,900,000	1.17
2018	8,616,245	6,370,090	2,246,155	653,845	2,246,155	2,900,000	0.77

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

Source: City of Rialto

Wastewater Revenue Bonds

Pledged Revenue	Less: Operating Expenses	Net Available Revenue	Debt Service			Coverage
			Principal	Interest	Total	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
7,394,654	3,347,402	4,047,252	707,860	6,764,572	7,472,432	0.54
14,660,988	6,460,799	8,200,189	1,111,739	11,638,261	12,750,000	0.64
19,356,543	6,437,198	12,919,345	1,029,763	11,585,242	12,615,005	1.02
18,468,543	6,543,990	11,924,553	1,195,470	11,486,530	12,682,000	0.94
22,156,987	6,721,045	15,435,942	1,303,066	11,378,934	12,682,000	1.22
18,624,185	7,362,532	11,261,653	1,420,347	11,261,653	12,682,000	0.89

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

Source: City of Rialto

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Demographic and Economic Information

These schedules offer demographic and economic indications to help readers understand the environment within which the City's financial activities take place.

City of Rialto
Schedule: 15
Demographic and Economic Statistics
Last Ten Years

Calendar Year	(1) Population	Personal Income	(2) Per Capita Income	(3) Unemployment Rate
2008	98,030	\$ 1,525,052,710	\$ 15,557	11.20%
2009	98,698	1,521,034,878	15,411	17.20%
2010	99,171	1,459,697,949	14,719	16.60%
2011	100,774	1,421,518,044	14,106	16.10%
2012	101,617	1,578,924,946	15,538	14.50%
2013	102,022	1,573,791,372	15,426	12.40%
2014	102,615	1,662,978,690	16,206	10.40%
2015	103,790	1,763,392,100	16,990	8.40%
2016	105,107	1,796,488,844	17,092	7.50%
2017	105,825	1,912,469,400	18,072	6.40%

Sources:

1. State of California, Department of Finance; U.S. Census Bureau, American Fact Finder
2. U.S. Census Bureau, American Fact Finder
3. Bureau of Labor Statistics of the U.S. Department of Labor

**City of Rialto
Schedule: 16
Principal Employers
Current Year**

2018

Employer	Number of Employees	Percent of Total Employment
Rialto Unified School District	2500 to 2999	5.81 - 6.97 %
Chuze Fitness	500 to 999	1.16 - 2.32 %
Rialto City Mayor	250 to 499	.58 - 1.16 %
Walmart Supercenter	250 to 499	.58 - 1.16 %
Walmart	250 to 499	.58 - 1.16 %
Amazon.Com Inc	250 to 499	.58 - 1.16 %
Vista Cove Care Ctr At Rialto	100 to 249	.23 - .58 %
Stater Bros Markets	100 to 249	.23 - .58 %
Sierra Lathing Co Inc	100 to 249	.23 - .58 %
Mesa Counseling Svc	100 to 249	.23 - .58 %
Forest River Inc	100 to 249	.23 - .58 %
Martinez & Turek Inc	100 to 249	.23 - .58 %
Eagle Roofing Products	100 to 249	.23 - .58 %
Columbia Steel Inc	100 to 249	.23 - .58 %
Maintenance Center	100 to 249	.23 - .58 %
Burlingame Industries	100 to 249	.23 - .58 %
Mc Donald's	100 to 249	.23 - .58 %
Home Depot	100 to 249	.23 - .58 %
Superior Grocers	100 to 249	.23 - .58 %
El Super	100 to 249	.23 - .58 %
Tree Top	100 to 249	.23 - .58 %
Coit Carpet & Drapery Cleaners	100 to 249	.23 - .58 %

NOTE: "Total Employment" as used above represents the total employment of all employers located within City limits
Information was presented as a range as specific employer and percentage totals are not available.

Sources: State Employment Development Department

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Operating Information

These schedules contain service and infrastructure data to help readers understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

City of Rialto
Schedule: 17
Authorized Full-time and Part-time Employees by Function
Last Ten Fiscal Years

Function/ Program	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government										
City Administrator	3.00	1.50	2.00	1.50	2.00	3.00	3.00	3.00	3.00	3.00
City Clerk	8.00	8.00	7.00	6.00	6.00	3.00	3.00	3.00	3.00	3.00
City Council	6.00	5.50	5.00	5.50	5.00	5.00	5.00	5.00	5.00	5.00
City Treasurer	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Finance	29.35	30.35	19.00	20.33	12.83	12.33	13.33	17.67	17.00	15.00
Information Technology Services	-	-	-	-	-	-	-	-	-	-
Management Services	-	-	-	-	-	3.00	4.00	4.00	5.00	5.00
Human Resources	6.00	7.00	4.00	3.33	3.33	3.33	4.33	3.73	4.40	4.40
Public Safety										
Fire	82.00	82.00	63.00	69.00	76.00	76.00	70.00	78.00	81.00	80.00
Police	167.50	168.00	135.50	156.50	140.50	142.50	145.50	145.50	146.00	142.00
Community Development										
Development Services	32.00	29.50	21.60	15.75	19.66	18.06	18.10	19.15	21.00	20.00
Redevelopment/ Successor Agency of the Former RDA	10.15	10.15	9.00	7.50	1.44	1.44	1.40	1.35	0.60	0.60
Public Works	90.00	93.00	60.90	57.25	48.90	40.00	43.00	43.60	44.00	41.00
Recreation & Community Services	19.00	19.00	12.00	10.34	9.34	9.34	9.34	10.00	10.00	10.00
Grand Total	<u>457.00</u>	<u>458.00</u>	<u>343.00</u>	<u>357.00</u>	<u>329.00</u>	<u>321.00</u>	<u>324.00</u>	<u>338.00</u>	<u>344.00</u>	<u>333.00</u>

Source: City of Rialto

City of Rialto
Schedule: 18
Operating Indicators by Function/Program
Last Ten Years

Function/Program	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Police										
Arrests	3,787	4,040	3,721	3,526	3,898	4,124	3,990	3,919	3,851	3,684
Fire										
Emergency unit responses	18,229	18,403	18,098	17,672	18,556	19,830	21,153	22,141	21,567	22,814
Community Development										
Number of certificates of occupancy issued	228	190	294	242	128	109	131	59	77	53
Recreation & Community Services										
Number of recreation classes	55	38	64	72	72	86	77	96	94	94
Public Works										
Street resurfacing (miles)	-	25	-	20	19	25	17	34	37	3
Water										
Average daily consumption (millions of gallons)	4.63	5.27	4.17	5.29	4.63	4.40	3.82	3.17	3.44	3.78
Sewer										
Average daily sewage treatment (millions of gallons)	7.01	7.71	7.44	7.22	7.26	7.01	6.69	7.58	6.77	6.82

Source: Various City of Rialto departments.

City of Rialto
Schedule 19
Capital Asset Statistics by Function/Program
Last Ten Years

Function/Program	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Police										
Police stations	1	1	1	1	1	1	1	1	1	1
Fire										
Fire stations	4	3	3	3	4	4	4	4	4	4
Public Works										
Estimated street miles	268	268	268	268	268	268	270	270	270	272
Traffic Signals	602	604	605	606	609	614	614	620	621	627
City-owned street lights	79	79	79	79	87	87	120	250	328	4,144
Recreation & Community Services										
Parks	10	10	10	10	10	9	9	10	10	10
Community Centers	2	2	1	1	1	1	1	1	2	2
Water										
Water mains (miles)	*	*	*	187	187	187	187	187	187	187
Sewer										
Sanitary sewer (miles)	*	*	*	263	263	263	263	263	263	263

NOTE: * data not available.

Source: Various City departments.