



Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2016

Chino Hills, California



CITY OF CHINO HILLS, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2016

Prepared by: Department of Finance



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CITY OF CHINO HILLS
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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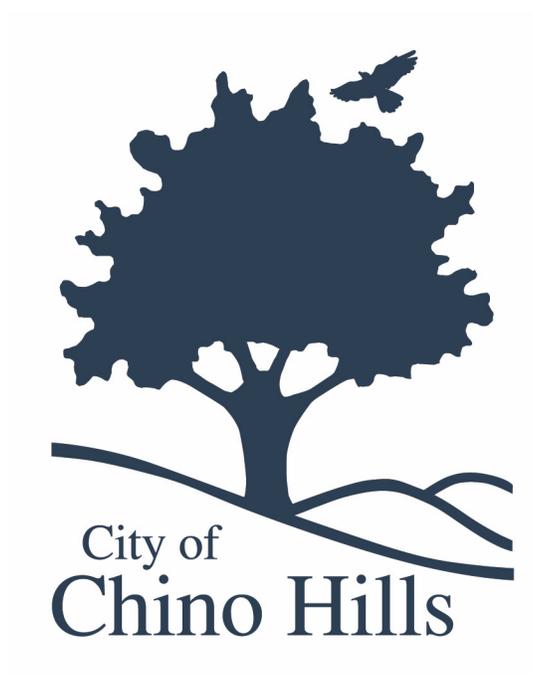
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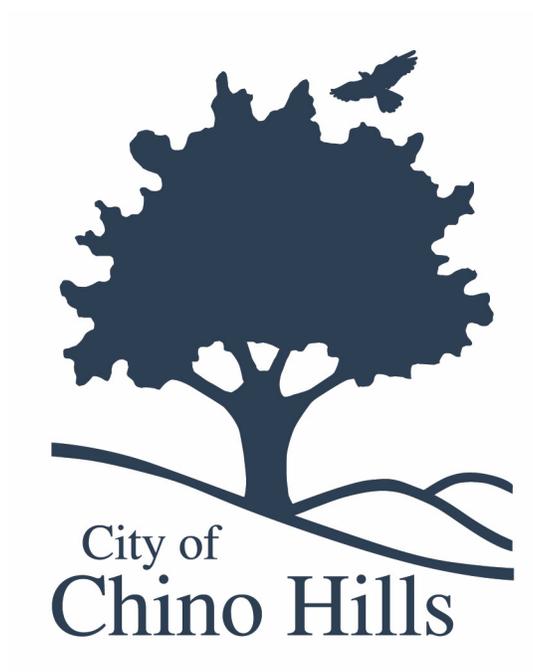
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Introductory Section



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City of Chino Hills



November 23, 2016

14000 City Center Drive
Chino Hills, CA 91709
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www.chinohills.org

The Honorable Mayor and City Council
City of Chino Hills, California

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report (CAFR) for the City of Chino Hills for the fiscal year ended June 30, 2016.

This report consists of management's representations concerning the finances of the City of Chino Hills. Consequently, management assumes full responsibility for the completeness and reliability of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Chino Hills has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Chino Hills' 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 has been designed to provide reasonable rather than absolute assurance that the financial statements are 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.

Lance, Soll, & Lunghard, LLP, a firm of licensed certified public accountants, has issued an unmodified ("clean") opinion of the City of Chino Hills' financial statements for the year ended June 30, 2016. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. This letter of transmittal complements the MD&A and the financial statements, and it should be read from that perspective and in conjunction with all other sections of the CAFR.

City of Chino Hills Profile

The City of Chino Hills was incorporated in December 1991 as a general law City and operates under the Council-Manager form of government. Chino Hills is located in southwestern San Bernardino County and is well known for its beautiful rural atmosphere and high quality of life.

A non-partisan five-member council, elected to serve staggered four-year terms, governs the City. Elections are consolidated with the statewide general election held in November of even numbered years. The City Council appoints the City Manager, City Clerk, and City Attorney as well as members of various commissions and citizen advisory groups ensuring a broad base of citizen input into the City's decision-making process.

Chino Hills is a family-friendly community with a diverse population that has climbed to nearly 78,866 people. Residents appreciate the City's ranking as one of the safest cities in the United States. In 2016, Chino Hills was ranked 9th "Safest Place in California" by Value Penguin Data Research (60,000+ population) and 47th Safest City in California by SafeWise.

Residents enjoy a nice balance of quality development and open space, excellent schools, a strong commitment to family values, and access to an active lifestyle. The community is home to 43 parks, 39 miles of trails, and 3,000 acres of community-owned open space. Residents take advantage of the beautiful environment while walking, hiking, and biking throughout the City. The rural atmosphere has been preserved in the rolling hills and canyons throughout the community after years of careful planning. The City's equestrian heritage continues today and is concentrated in the English Road area.

Recreation is a priority in Chino Hills and Big League Dreams Chino Hills Sports Park is a destination for recreation. This 33-acre, multi-use sports facility provides adult softball and youth baseball players with an opportunity to play in a "Major League" replica stadium complete with lifelike fans in the bleachers. Chino Hills Community Park is the flagship park in the City. The park features six ball fields for baseball or softball and five overlay soccer fields. A grand opening was held for Vila Borba Park in December of 2015. The park includes the City's first dog park.

The City has a variety of venues that enhance the lifestyle that residents treasure. The craftsman style, 17,000-square-foot Chino Hills Community Center is very popular for large banquets and weddings. Recreation classes take advantage of the state-of-the-art dance room and exercise room. Art shows, free concerts, and various community presentations are also offered. Next door, the beautiful 20-acre McCoy Equestrian & Recreation Center includes two lighted arenas, covered bleachers, a gazebo, a community building, and trail connections. These places play a role in the strong sense of community that residents enjoy. They provide a place for people to gather and connect with one another at various City-sponsored events including Concerts and Movies in the Park, and the Independence Day celebration.

Chino Hills ranks high in the United States with an average household income of \$103,464 according to 2016 data from the Environmental Systems Research Institute (ESRI). Income levels are often linked to educational levels and the 2016 data indicates that 45% of residents over age 25 have bachelor's degrees or higher, including 15.1% with graduate degrees.

Many families are attracted to Chino Hills by high-performing schools with Academic Performance Index (API) scores in the 800's and 900's. Chino Valley Unified School District schools lead the County in API results. The City, the School District, youth sports organizations, the faith community, youth organizations, parents, volunteers, and others all work together to provide a great environment for kids.

The City of Chino Hills provides a full range of services including: police protection (via contract with the San Bernardino County Sheriff's Department), solid waste disposal services (via contract with Republic Waste Services of So. California dba-Chino Hills Disposal), the construction and maintenance of streets and infrastructure, economic development, recreational activities, and cultural events. The Chino Valley Fire District, governed by its own independently-elected board of directors, provides fire protection and emergency medical services. The Fire District receives a share of the property tax and secures additional funding through contractual charges and other fees.

The City's budget process includes the preparation of a five-year capital improvement plan (CIP). The CIP identifies major construction and equipment needs that are on the horizon. While the five-year CIP is a planning tool that is subject to change, it allows the City to prepare for and plan to fund all necessary infrastructure required for new residential and commercial development. Available funding for the installation of parks, infrastructure, and government facilities, and the maintenance of the City's open space, parks, and landscaped areas, comes from special assessment districts and development fees.

The City's budget policy provides for an orderly process that allows for the adoption of the annual budget by June 30 of each year. The City maintains a budget control system to ensure compliance with legal

provisions embodied in the annual appropriated budget approved by the City Council. Activities of the General Fund, Special Revenue Funds, and Capital Project Funds are included in the annual appropriated budget. See Note 1 of the Notes to Required Supplementary information for additional information on budget procedures.

Relevant Financial Policies

For fiscal year 2015-16, the City of Chino Hills has committed \$1.1 million of the General Fund balance for the Liability Insurance Rate Stabilization. The City's general liability insurance costs are expected to have significant swings due to changes in the cost allocation formula to members of the insurance pool. The City Council has set aside \$1.1 million of General Fund reserves in anticipation of the volatility of the costs going forward.

Local Economy

The economic condition of the area in which the City is located (in southwestern San Bernardino County) points to future growth for the City of Chino Hills. However, in November 1999, the residents of Chino Hills voted in favor of Proposition "U" that essentially states any new development proposed for a higher density than is allowed per the General Plan requires voter approval. This does not affect projects with densities equal to or lower than allowed per the General Plan or projects that already have approved tract maps.

Chino Hills is one of the most desirable cities in the County of San Bernardino. The demand for residential construction will continue due to good schools, low crime, and the City's strong, positive reputation. In the 2015-16 fiscal year, 520 residential units were built as compared to 51 in 2014-15. For fiscal year 2016-17, the projection for new residential is 582 units. The City is reaching build-out, and the remaining residential properties are infill, smaller and/or have physical constraints that make them more challenging to build.

The City's population continues to grow steadily, rising from 42,691 in 1991 to 78,866 in 2016. The projected population is 84,800 at the end of the current five-year operating plan. Chino Hills' future is projected to maintain continued growth given future development of the vacant land that remains under the General Plan, projects currently under consideration, and the attractiveness of the Chino Hills marketplace.

Economic development efforts over the past several years have proven successful in the strengthening of the City's revenue base. "The Shoppes at Chino Hills" Phase I and "The Commons at Chino Hills" projects have continued to add new restaurant and retail tenants and have made a significant impact on the City's sales tax revenues since opening in fiscal year 2008-09. "The Shoppes at Chino Hills" is a lifestyle center that is now the center of the community. The 375,000 square foot open-air lifestyle retail center is part of a 50-acre development. Phase I includes a combination of upscale retail stores, restaurants, and eateries. Major tenants include Barnes & Noble, Trader Joe's, Banana Republic, The Loft, White House Black Market, H&M, XXI Forever, Victoria's Secret, Wood Ranch BBQ & Grill, California Pizza Kitchen, Chipotle Mexican Grill, Panera Bread, Yard House Restaurant, Smash Burger, and Bruxie. Recent successful additions to The Shoppes include Old Navy and J.Crew Mercantile. "The Commons at Chino Hills" is a 530,000 square foot freeway-oriented development on a 50-acre site. Major tenants include Lowe's Home Improvement Center, Toys R' Us/Babies R' Us, The Ayers Hotel, Lucille's BBQ, B.J.'s Brewhouse, and Souplantation. Recent additions to The Commons include Hobby Lobby, and an Orange Theory fitness facility and Farou Food Egyptian restaurant which is currently under construction. Also recently completed is the Kaiser Regional Laboratory, a major redevelopment of the existing vacant 133,000-square foot building, which was previously constructed and operated as the Great Indoors, into a regional laboratory of approximately 88,238 square feet (and 40,120 square feet of shelled future expansion space).

Development projects under construction are the (i) Avalon Bay (aka Overton Moore); a 331-unit apartment project and 16-acre public park; (ii) Vila Borba; a 183 single family residential development that includes the recently completed 5-acre community park that includes a one-acre dog park; (iii) Canyon Hills; a hillside development with 76 luxury single family homes; (iv) Jade Tree; a 65 unit townhome development; (v) Santa Barbara; a mixed-use development consisting of 324 luxury apartments and 15,000 square feet of retail/restaurants; and (v) Turner Business Park; consisting of 300,000 square feet of light industrial space. The City also contracts with CBRE, a commercial broker, to assist with staff efforts to bring in successful new retail and restaurant tenants and to monitor upcoming vacancies.

Short-Term Outlook

The City is experiencing improvement during the economic recovery, although challenges still remain. The economy is projected to grow slowly over the next couple of years. The City needs to be attentive during the economic recovery stage to ensure that the City of Chino Hills is positioned to take advantage of opportunities in the next economic growth cycle. Although the City of Chino Hills has been and continues to be strong financially, the potential fiscal impact of a recession could have an adverse impact on Chino Hills in the form of the state of California revenue reductions to local governments.

The City of Chino Hills has maintained its strong financial position through prudent, long-range policy decisions, and sound fiscal management. The City will continue to monitor key economic indicators, sources of revenues, and spending levels as part of its sound conservative fiscal approach.

Long-Term Goals, Efforts, and Actions

The challenges presented by the demands of providing essential municipal services during an economic downturn continue to be a principal challenge for Chino Hills. The development, clarification, and refinement of processes are vital to sustain the organization over the long term.

Both the Operating and Capital Improvement budgets reflect the continued focus on maintenance of the City's existing infrastructure. This maintenance effort is critical, on a proactive basis, to minimize our costs over the long term.

Major Initiatives

The City of Chino Hills prepares a five-year financial projection of its Capital Improvement Program (CIP). The City continues an aggressive CIP effort utilizing staff and consultant resources to implement projects in a timely and cost effective manner. A coordinated approach to the CIP is critical to meet the facility and infrastructure needs of our current residents and businesses as well as the infrastructure needs that the growth in Chino Hills will require. The management and implementation of our CIP merits and will continue to receive the attention of the entire organization.

The City's Five Year CIP of \$22,455,400 demonstrates its commitment to infrastructure improvements and consists of projects in the following categories:

Streets	\$ 10,654,500
Public Facilities	\$ 114,500
Parks/Open Space	\$ 3,662,300
Water	\$ 4,854,800
Recycled Water	\$ 2,473,700
Sewer/Storm Drain	\$ 695,600

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) of the United States and Canada 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, 2015.

To be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, the contents of which conform to program standards. Such report must also satisfy both U.S. generally accepted accounting principles (GAAP) and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report conforms to the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The dedication of the Finance Department staff made it possible to prepare this report in a timely manner. We wish to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the Mayor and the City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Chino Hills' finances.

Respectfully submitted,



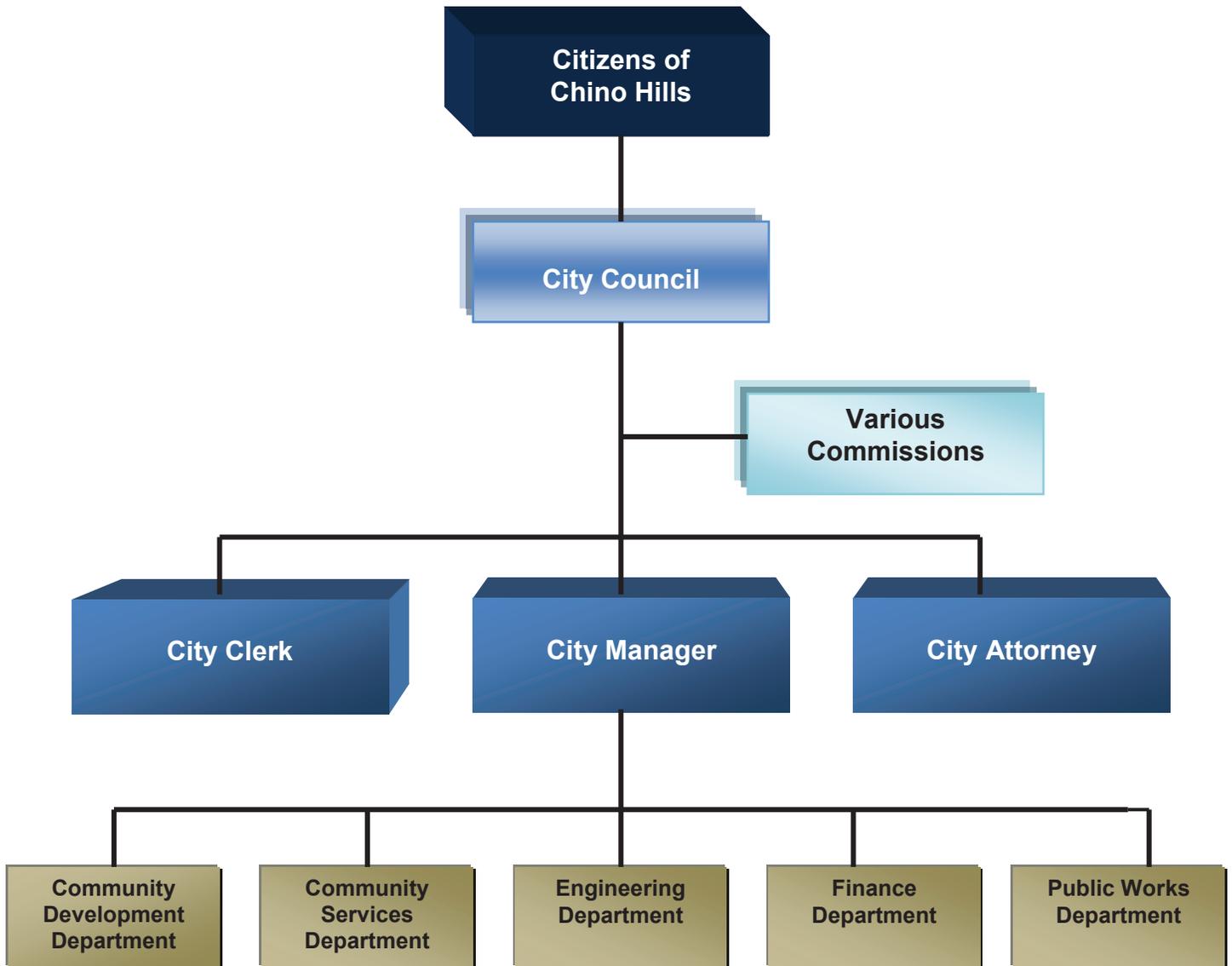
Konradt Bartlam
City Manager



Judy R. Lancaster
Finance Director

THE CITY OF CHINO HILLS

ORGANIZATION OF CITY GOVERNMENT OPERATING SUMMARY



City Council



Art Bennett
Mayor



Ray Marquez
Vice Mayor



Ed Graham
Council Member



Cynthia Moran
Council Member



Peter Rogers
Council Member

Administrative Personnel

City Manager

City Attorney

City Clerk

Finance Director

Community Development Director

Public Works Director

Community Services Director

Konradt Bartlam

Mark D. Hensley

Cheryl Balz

Judy R. Lancaster

Joann Lombardo

Nadeem Majaj

Jonathan Marshall



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Chino Hills
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

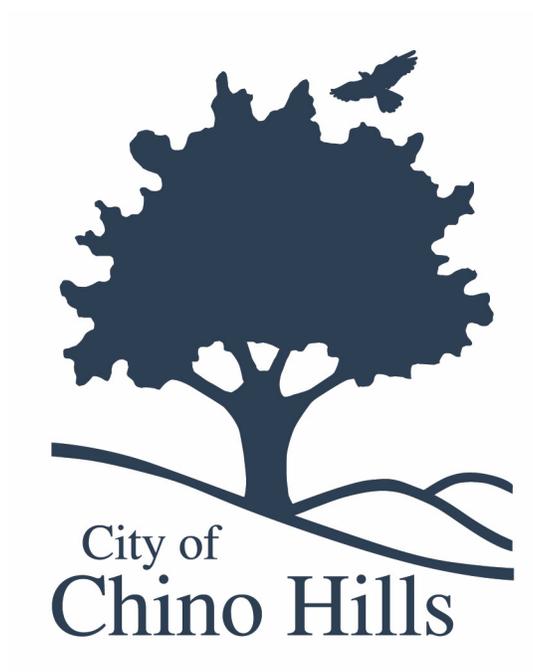
June 30, 2015

A handwritten signature in black ink, reading "Jeffrey R. Emer".

Executive Director/CEO



Financial Section



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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Council
City of Chino Hills, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Chino Hills, California, (the City) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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



To the Honorable Mayor and Members of the City Council
City of Chino Hills, California

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 Chino Hills, California, as of June 30, 2016, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedules for the General Fund and Existing Infrastructure Fees Fund, Schedule of Proportionate Share of the Net Pension Liability, and Schedule of Plan Contributions, as listed in the table of contents, 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, combining and individual nonmajor fund financial statements and schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The introductory 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.



CPAs AND ADVISORS

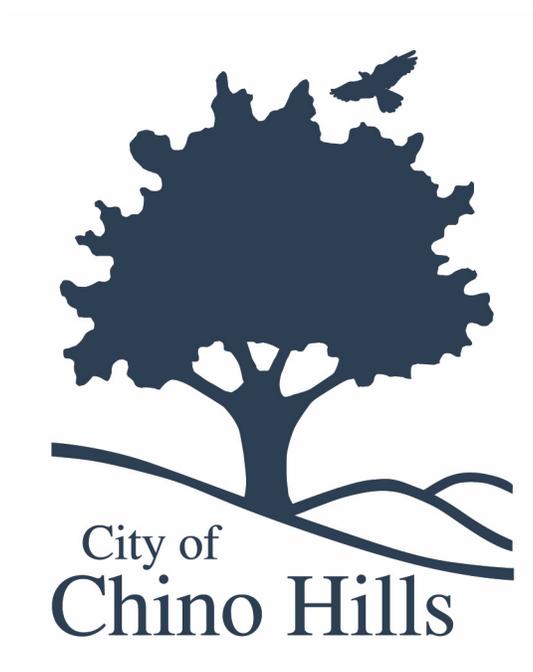
To the Honorable Mayor and Members of the City Council
City of Chino Hills, California

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2016 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.

Lance, Soll & Lughard, LLP

Brea, California
November 22, 2016



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Management's Discussion & Analysis



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MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management Discussion and Analysis (MD&A) of the City of Chino Hills' financial performance provides an introduction and overview to the financial activities of the City for the fiscal year ended June 30, 2016. This narrative discussion and analysis focuses on the current year's activities, resulting changes and currently known facts; therefore, the information presented here should be considered in conjunction with additional information furnished in the letter of transmittal and the accompanying basic financial statements.

FINANCIAL HIGHLIGHTS

- Total assets of the City exceeded its liabilities at June 30, 2016 by \$508.9 million (*net position*).
- The City's net position increased by \$28.6 million from \$480.3 million to \$508.9 million in fiscal year 2015-16 which was primarily attributable to the reduction of \$19.8 million in long term debt, a \$3.8 million gain on the City's investment in the Chino Basin Desalter Authority Joint Venture, and a reduction of \$3.8 million in deferred pension related items.
- The City's governmental funds combined ending fund balances increased \$10.0 million from \$51.1 million to \$61.1 million at June 30, 2016 largely due to increases in operating revenues, increases in one time revenues received related to development activity, and a reduction of developer related debt. Of this \$61.1 million, \$0.7 million was non-spendable, \$42.9 million was restricted, \$22.4 million was committed, \$1.7 million was assigned and (\$6.6) million was unrestricted.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and Statement of Activities provide information about the activities of the City as a whole, and present a long-term view of the City's finances. Fund financial statements are next. For governmental activities, these fund statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operation in more detail than the government-wide statements by providing information about the City's most significant funds and other funds. The remaining fiduciary (Agency) fund statement provides financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

REPORTING THE CITY AS A WHOLE

The Statement of Net Position and the Statement of Activities:

The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities. These statements include all assets and liabilities of the City using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net position and changes. Net Position is the difference between assets and liabilities, which is one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net position is an indication of whether its financial health is improving or deteriorating. However, other non-financial factors such as changes in the economy due to external factors that will cause a decrease in consumer spending also needs to be taken into consideration.

In the Statement of Net Position and the Statement of Activities, the City's activities are separated as follows:

Governmental activities – Most of the City's basic services are reported in this category, including the general government (city manager, city clerk, and finance), public safety (police protection), public works, community development, community services, and interest on long-term debt. Property taxes, sales tax, motor vehicle in-lieu fees, interest income, franchise fees, state and federal grants, contributions from other agencies, and other revenues finance these activities.

Business-type activities – The City charges a fee to customers to cover all or most of the cost of certain services it provides. The City's water and sewer utilities are reported in this category.

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements:

The fund financial statements provide detailed information about the most significant funds and other funds; not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, management established many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other resources. The City's two types of funds are governmental and proprietary.

Governmental funds – Most of the City's basic services are reported in governmental funds, which focus on how money flows in and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial* assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The differences of results in the Governmental Fund financial statements to those in the Government-Wide financial statements are explained in a reconciliation following each Governmental Fund financial statement.

Proprietary funds – When the City charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's proprietary funds are the same as the business-type activities that are reported in the government-wide statements but provide more detail and additional information such as a statement of cash flows. The City uses internal service funds (the other component of proprietary funds) to report activities that provide supplies and services for the City's other programs and activities – such as the City's Equipment Maintenance and Information Technology Funds. The internal service funds are reported with governmental activities in the government-wide financial statements. The proprietary fund financial statements can be found in the Basic Financial Statements section of this report.

THE CITY AS TRUSTEE

Reporting the City's Fiduciary Responsibilities:

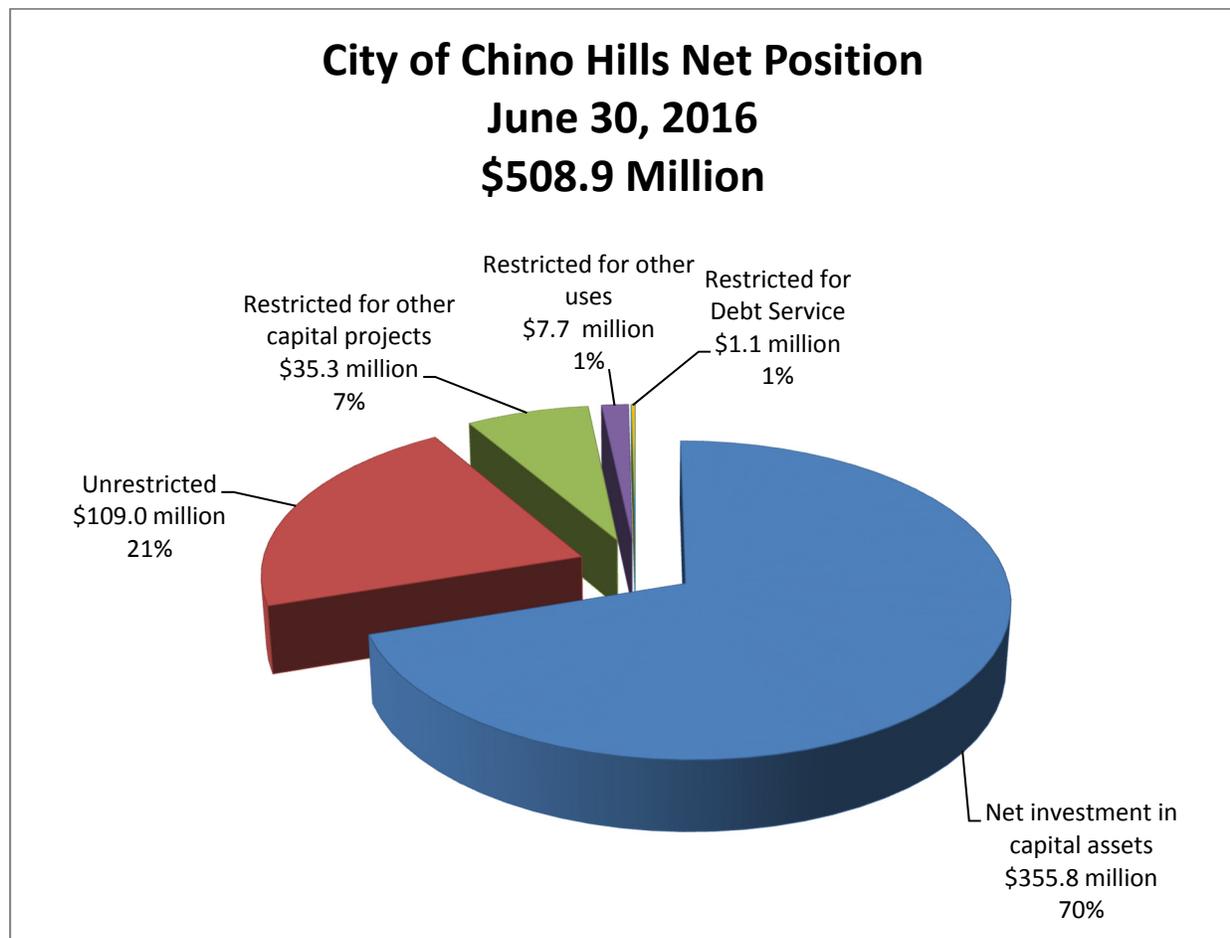
The City is the trustee, or *fiduciary*, for certain funds held on behalf of those entities outside of the government. The City's fiduciary activities are reported in a separate Statement of Fiduciary Net Position. These activities are excluded from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

THE CITY AS A WHOLE

This analysis focuses on the City's net position and changes in net position of the governmental and business-type activities for the fiscal year ended June 30, 2016. As noted earlier, the City's net position increased by \$28.6 million from \$480.3 million at June 30, 2015 to \$508.9 million at June 30, 2016.

The largest portion \$355.8 million, or 70% of the City's net position reflects the net investment in capital assets such as land, buildings, machinery and equipment, less any related debt used to acquire those assets that were still outstanding. These are not liquid assets; therefore, they are not available for future spending. An additional portion of \$44.1 million or 9% of the City's net position represents various resources subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$109.0 million, or 21% may be used to meet the City's ongoing obligations to citizens and creditors. This is the only "discretionary" portion of the City's total net position amount.

The following graph demonstrates the components of the City's net position at fiscal year ended June 30, 2016.



The following is an analysis that summarizes the City's net position (Exhibit A) at fiscal year ended June 30, 2016, and 2015, respectively:

Exhibit A
Net Position (Summarized)
As of June 30, 2016 and 2015
(in thousands)

	Governmental Activities		Business-Type Activities		Totals		Change
	2016	2015	2016	2015	2016	2015	
Current and other assets	\$ 70,696	\$ 62,921	\$ 114,319	\$ 107,156	\$ 185,015	\$ 170,077	\$ 14,938
Capital & intangible assets	277,797	285,334	113,115	117,026	390,912	402,360	(11,448)
Total Assets	\$ 348,493	\$ 348,255	\$ 227,434	\$ 224,182	\$ 575,927	\$ 572,437	\$ 3,490
Deferred from debt refunding	\$ -	\$ -	\$ 407	\$ 549	\$ 407	\$ 549	\$ (142)
Deferred pension related items	11,283	10,874	-	-	11,283	10,874	409
Total deferred outflows	\$ 11,283	\$ 10,874	\$ 407	\$ 549	\$ 11,690	\$ 11,423	\$ 267
Other liabilities	\$ 4,069	\$ 6,383	\$ 4,194	\$ 3,744	\$ 8,263	\$ 10,127	\$ (1,864)
Long-term liabilities outstanding	47,496	64,848	15,499	17,310	62,995	82,158	(19,163)
Total Liabilities	\$ 51,565	\$ 71,231	\$ 19,693	\$ 21,054	\$ 71,258	\$ 92,285	\$ (21,027)
Deferred pension related items	\$ 7,478	\$ 11,280	\$ -	\$ -	\$ 7,478	\$ 11,280	\$ (3,802)
Total deferred inflows	\$ 7,478	\$ 11,280	\$ -	\$ -	\$ 7,478	\$ 11,280	\$ (3,802)
Net Position:							
Net investment in capital assets	\$ 257,467	\$ 249,002	\$ 98,353	\$ 100,579	\$ 355,820	\$ 349,581	\$ 6,239
Restricted	42,939	40,314	1,120	3,455	44,059	43,769	290
Unrestricted	327	(12,698)	108,676	99,643	109,003	86,945	22,058
Total net position	\$ 300,733	\$ 276,618	\$ 208,149	\$ 203,677	\$ 508,882	\$ 480,295	\$ 28,587

During the fiscal year 2015-16, current and other assets increased by \$15.0 million. This was primarily the result of an \$8.1 million increase in current and other assets provided by net operating activities in the governmental funds related to increases in development related revenues and an increase in taxes received, a \$3.9 million gain on investment in the Water Utility Fund related to the Chino Basin Desalter Authority joint venture and a \$2.2 million increase in cash provided by net operating activities in the Water Utility Fund. Capital and intangible assets decreased by \$11.5 million. This can be attributed to the increase in accumulated depreciation of capital assets for fiscal year 2015-16. The overall result was an increase of \$3.5 million in total assets from \$572.4 million to \$575.9 million in the fiscal year 2015-16. Total deferred outflows increased by \$0.3 million due to the net effect of a \$0.1 million decrease in deferred charges related to Water Utility Fund long term debt and a \$0.4 million increase in deferred pension related items associated with the annual pension reconciliation adjustments for changes in assumptions as well as adjustments for actual verses proportionate share of contributions.

Total liabilities decreased by \$21.0 million in fiscal year 2015-16 primarily due to the reduction of long-term liabilities related to the defeasance of the 2007 Certificates of Participation (\$14.7 million), a General Obligation Bond, and a reduction of \$4.4 million in developer fee program obligations. Additionally, deferred pension related items decreased \$3.8 million as a result of the fiscal year 2015-16 pension liability adjustments. This net decrease in liabilities combined with the overall increase in total assets resulted in an overall increase in net position of \$28.6 million from \$480.3 million to \$508.9 million in the fiscal year 2015-16.

The City's programs for governmental activities include general government, public safety, public works, community development, and community services. The programs for the business-type activities include the water and sewer services.

The following is a summary of Statements of Activities that records the Changes in Net Position (Exhibit B) for the programs listed above:

Exhibit B
Changes in Net Position
As of June 30, 2016 and 2015
(in thousands)

	Governmental Activities		Business-Type Activities		Totals		Change
	2016	2015	2016	2015	2016	2015	
Revenues:							
Program Revenues:							
Charges for services	\$ 29,766	\$ 27,060	\$ 31,007	\$ 33,731	\$ 60,773	\$ 60,791	\$ (18)
Operating contributions and grants	3,237	3,725	-	-	3,237	3,725	(488)
Capital contributions and grants	34,293	8,993	77	11	34,370	9,004	25,366
General Revenues:							
Property taxes	12,029	11,584	-	-	12,029	11,584	445
Sales taxes	7,073	7,530	-	-	7,073	7,530	(457)
Franchise taxes	2,364	2,381	-	-	2,364	2,381	(17)
Other taxes	1,734	1,366	-	-	1,734	1,366	368
Intergovernmental, unrestricted	31	32	-	-	31	32	(1)
Use of money and property	2,245	1,542	1,418	774	3,663	2,316	1,347
Other revenues	449	13	2,242	2,225	2,691	2,238	453
Total Revenues	93,221	64,226	34,744	36,741	127,965	100,967	26,998
Expenses:							
General government	7,369	7,457	-	-	7,369	7,457	(88)
Public safety	12,729	11,759	-	-	12,729	11,759	970
Public works	37,789	36,612	-	-	37,789	36,612	1,177
Community development	4,794	4,211	-	-	4,794	4,211	583
Community services	7,267	6,658	-	-	7,267	6,658	609
Interest on long-term debt	501	972	-	-	501	972	(471)
Water Utility	-	-	20,648	10,932	20,648	10,932	9,716
Sewer Utility	-	-	8,281	7,812	8,281	7,812	469
Total Expenses	70,449	67,669	28,929	18,744	99,378	86,413	12,965
Increase (decrease) in net position before transfers	22,772	(3,443)	5,815	17,997	28,587	14,554	14,033
Transfers	1,343	1,489	(1,343)	(1,489)	-	-	-
Increase (decrease) in net position	\$ 24,115	\$ (1,954)	\$ 4,472	\$ 16,508	\$ 28,587	\$ 14,554	\$ 14,033
Net position, beginning of year	\$ 276,618	\$ 303,864	\$ 203,677	\$ 187,169	\$ 480,295	\$ 491,033	\$ (10,738)
Restatement	-	(25,292)	-	-	-	(25,292)	25,292
Net position, end of year	\$ 300,733	\$ 276,618	\$ 208,149	\$ 203,677	\$ 508,882	\$ 480,295	\$ 28,587

In fiscal year 2015-16, there was a net increase in total revenues of \$27.0 million as compared to fiscal year 2014-15. An increase of \$25.4 million in Capital contributions and grants accounts for 94% of the change. This increase was the result of two primary factors. First, the defeasance of the 2007 Certificates of Participation resulted in a one-time \$13.0 million increase due to the contributions made by Community Facilities Districts No.'s 2, 5 and 8 for the debt payoff. These districts transferred funds to the General fund to facilitate the payment. Second, capital contributions and grants increased by \$12.1 million due to an increase in development impact fees contributed by several large development projects in fiscal year 2015-16.

Total expenses in fiscal year 2015-16 increased by \$13.0 million as compared to the prior fiscal year. Public safety costs increased by \$1.0 million due to an increase in personnel costs passed through to the City by the San Bernardino County Sheriff's department. Public works expenditures increased by \$1.2 million due to the recognition of developer credits for several large development projects. Lastly, Water utility expenses increased by \$9.7 million over the prior year primarily due to a smaller gain on investment with the Chino Basin Desalter Authority in the fiscal year 2015-16.

The net effect of the changes in revenues and expenses resulted in an overall increase of \$28.6 million for the fiscal year 2015-16.

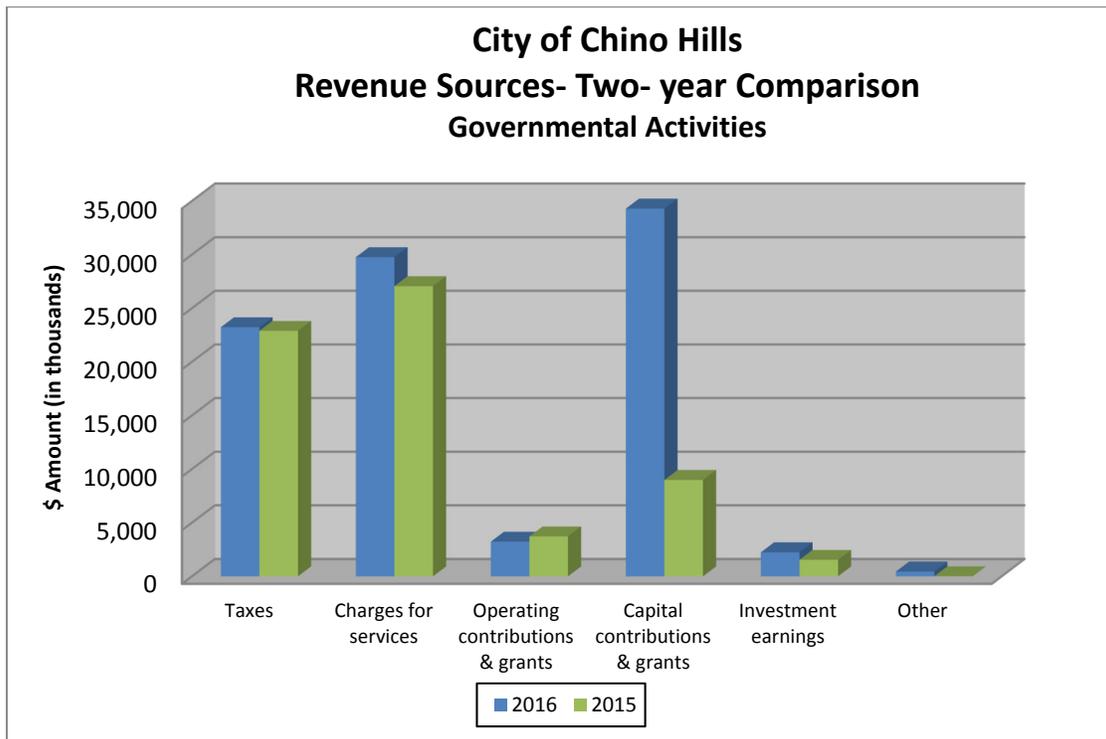
Governmental Activities

The following presents the cost of each of the City's six largest programs – general government, public safety, community development, community services, public works and interest on long-term debt – as well as each program's *net* cost (total cost less revenues generated by the activities). The net cost shows the financial impact by each of these functions.

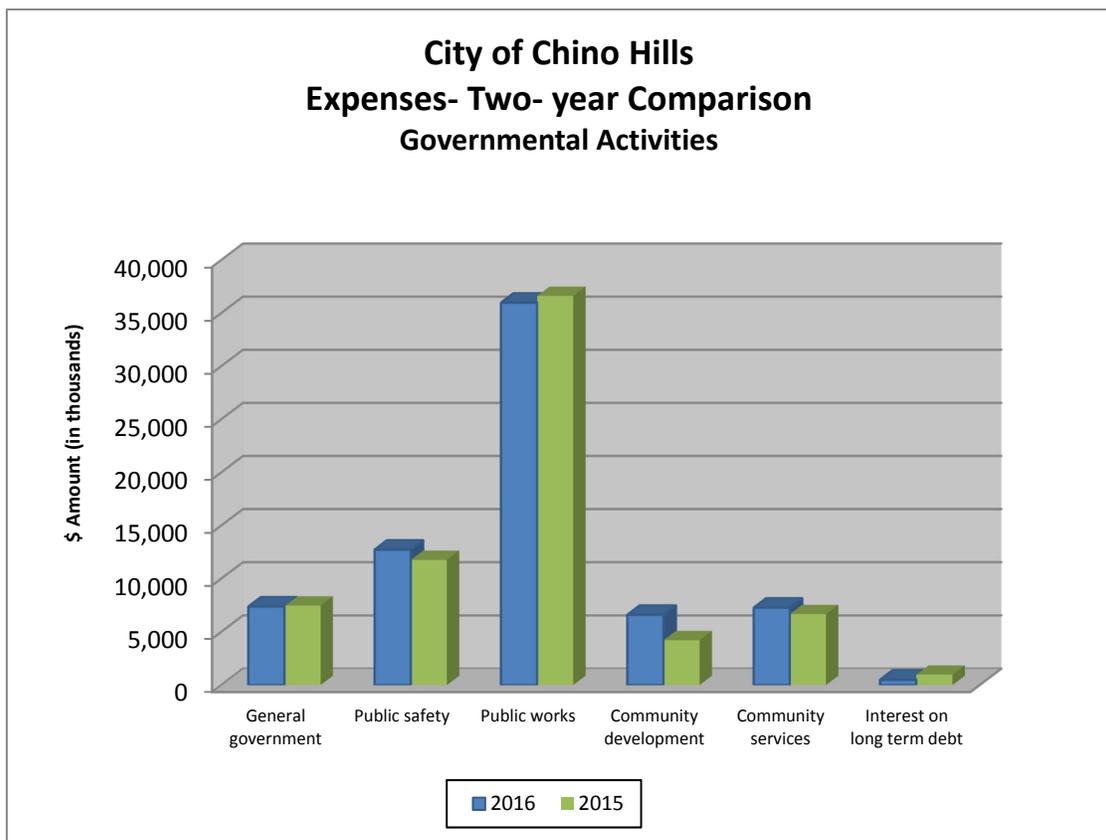
Exhibit C
Governmental Activities
As of June 30, 2016 and 2015
(in thousands)

	<u>2016</u>	<u>2015</u>	<u>Change</u>
<u>Total Cost of Services</u>			
General government	\$ 7,369	\$ 7,457	\$ (88)
Public safety	12,729	11,759	970
Public works	37,789	36,612	1,177
Community development	4,794	4,211	583
Community services	7,267	6,658	609
Interest on long-term debt	501	972	(471)
Total	<u>\$ 70,449</u>	<u>\$ 67,669</u>	<u>\$ 2,780</u>
<u>Net Cost of Services</u>			
General government	\$ 17,174	\$ 4,053	\$ 13,121
Public safety	(12,040)	(11,049)	(991)
Public works	(1,913)	(13,336)	11,423
Community development	(472)	(1,488)	1,016
Community services	(5,401)	(5,100)	(301)
Interest on long-term debt	(501)	(972)	471
Total	<u>\$ (3,153)</u>	<u>\$ (27,892)</u>	<u>\$ 24,739</u>

The chart below illustrates the total revenues of the governmental activities for the fiscal year ended June 30, 2016 and 2015 respectively.



The chart below illustrates the total expenses of the governmental activities for the fiscal year ended June 30, 2016 and 2015 respectively.



THE CITY'S FUNDS

The total fund balance of the governmental funds at June 30, 2016 was \$61.1 million. The fund balance includes the General Fund, Major Special Revenue Funds and non-major Other Governmental Funds which accounts for the remainder of governmental fund balances. The General Fund, which has the largest fund balance of the governmental funds at \$27.0 million, increased by \$4.8 million compared to fiscal year 2014-15. The increase can be primarily attributed to an overall increase in operating revenues in taxes, licenses and permits and charges for services as compared to the related expenditures. The Major Special Revenue Funds accounting for (\$5.9) million of the governmental fund balance increased by \$1.5 million compared to fiscal year 2014-15. The increase in the Special revenue fund balances can be primarily attributed to the reduction of long term developer obligations paid by the Existing Infrastructure Fee fund. The non-major Other Governmental Funds account for the remainder of governmental fund balances of \$40.1 million. The aggregate increase in these funds is \$3.7 million which is mainly attributed to development impact fee revenues.

The total net position of the Proprietary Funds was \$208.2 million. This represents a \$4.6 million increase from fiscal year 2014-15. The Proprietary Funds include the Water Utility Fund and the Sewer Utility Fund. The increase in net position is mainly attributable to a \$3.9 million gain on investment in the Water utility fund related to the Chino Basin Desalter Authority joint venture and an overall increase in operating activities in the Water Utility Fund.

General Fund Budgetary Highlights

During the year, the City Council reviewed and revised the City budget as recommended by the City staff. Adjustments were made on a quarterly basis as the City's staff requested additional appropriations to cover the cost of projects that either had change orders for additional work, or the estimated cost at the beginning of the project was underestimated. Adjustments were also made as department heads requested increases or decreases to their budgets to maintain their current level of services.

The City Manager has authority to increase or decrease appropriations up to \$25,000 per departmental request. Additionally, the City Manager is authorized to transfer appropriations within a department within a fund or between departments within a fund without limitation. All amendments in excess of \$25,000 are approved by the City Council.

The following discussion highlights the outcome of the General Fund budget.

General Fund revenues ended the year \$0.9 million lower than anticipated; General Fund expenditures were \$7.0 million less than the adjusted operating budget. These amounts resulted in an overall increase in the fund balance to \$27.0 million.

Key factors of the differences in budget-to-actual included the following:

- Taxes received were \$0.7 million higher than expected primarily due to the final State of California triple-flip reconciliation received in the amount of \$1.0 million. This amount represents the final "true-up" and signaled the end of the triple flip funding program.
- Licenses and Permits were lower than expected, resulting in \$0.8 million less revenue. This was the result of less development activity than originally anticipated due to routine delays on currently approved development projects.
- Charges for services came in \$1.0 million less than budgeted due to lower than expected administrative overhead charges received from development impact fee funds. Adopted estimates were based on projected development activity. Lower than expected development activity due to routine delays resulted in lower than expected amounts.

- Principal retirement expenses came in \$1.2 million under budget as the General Fund interfund loan repayments are not recorded as expenditures, but rather are recorded as transactions on the balance sheet.
- Transfers out ended the year \$2.5 million less than budgeted primarily due to less reimbursements for capital projects activity. Specifically, the Bird Farm Park project funded by the general fund only recorded minimal activity as the project is still in the planning and design phase.

Together, the above mentioned items resulted in a net \$7.0 million positive variance to final budget amounts.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City of Chino Hills had \$390.9 million invested in the capital assets, as compared to \$402.3 million in the prior year. Net decrease in the capital assets is approximately \$11.4 million. The decrease was primarily due to the increase in Accumulated Depreciation of Capital Assets recorded in fiscal year 2015-16. For more detailed information, see Note 5 to the financial statements.

Exhibit D
Capital Assets at Year-End
(Net of Depreciation)
For the Year Ended June 30, 2016 and 2015
(in thousands)

	Governmental		Business-Type		Totals		Change
	Activities		Activities				
	2016	2015	2016	2015	2016	2015	
Land and easements	\$ 26,693	\$ 26,693	\$ 3,933	\$ 3,933	\$ 30,626	\$ 30,626	\$ -
Construction-in-progress	13,850	8,110	4,311	2,931	18,161	11,041	7,120
Structures and improvements	102,057	105,311	562	602	102,619	105,913	(3,294)
Utility plant in service	-	-	18,804	19,765	18,804	19,765	(961)
Meters	-	-	3,497	3,877	3,497	3,877	(380)
Pipeline in service	154	159	71,841	75,252	71,995	75,411	(3,416)
Equipment	1,907	2,124	258	322	2,165	2,446	(281)
Vehicles	863	1,064	-	-	863	1,064	(201)
Infrastructure	132,273	141,873	-	-	132,273	141,873	(9,600)
Water and capacity rights	-	-	9,909	10,344	9,909	10,344	(435)
Total	<u>\$ 277,797</u>	<u>\$ 285,334</u>	<u>\$ 113,115</u>	<u>\$ 117,026</u>	<u>\$ 390,912</u>	<u>\$ 402,360</u>	<u>\$ (11,448)</u>

Debt

At year-end, the City's governmental activities had \$47.5 million in long-term debts including net pension liability, development fee related obligations, capital lease obligations, other post-employment benefits obligation, and compensated absences, as compared to \$64.8 million in the prior year, a net decrease of \$17.3 million during the fiscal year. This decrease is primarily due to the defeasance of the 2007 Certificates of Participation which reduced the Governmental Activities long term liabilities by \$14.7 million. Please refer to Note 6 for further details on the City's long-term liabilities.

Exhibit E
Outstanding Debt at Year-End
For Fiscal Year Ended June 30, 2016 and 2015
(in thousands)

	Governmental Activities		Business-Type Activities		Total		Change
	2016	2015	2016	2015	2016	2015	
Compensated absences	\$ 921	\$ 879	\$ 330	\$ 313	\$ 1,251	\$ 1,192	\$ 59
Advances from developers	2,046	2,045	-	-	2,046	2,045	1
Development fee program obligations	18,275	22,720	-	-	18,275	22,720	(4,445)
Capital lease obligations	9	21	-	-	9	21	(12)
Other post employment benefits obligation	907	814	-	-	907	814	93
Net pension liability	23,926	22,704	-	-	23,926	22,704	1,222
Certificates of participation	-	14,730	-	-	-	14,730	(14,730)
Revenue Bond			13,695	15,430	13,695	15,430	(1,735)
CJPIA General liability retrospective deposit payable	1,261	889	-	-	1,261	889	372
CJPIA Worker's comp retrospective deposit payable	151	20	-	-	151	20	131
Bond premium/discount	-	26	1,474	1,566	1,474	1,592	(118)
Total	\$ 47,496	\$ 64,848	\$ 15,499	\$ 17,309	\$ 62,995	\$ 82,157	\$ (19,162)

The majority of the obligations under the governmental activities were either pension obligations (\$23.9 million) or development related (\$18.3 million). The development obligations are owed to developers who had previously installed major infrastructure throughout the City.

For the obligations under the business-type activities, the City had \$13.7 million in long-term bonded debts which were recorded in the Water utility fund.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Although the focus of this Annual Report is the economic condition of the City in the fiscal year ended June 30, 2016, in preparing the budget for fiscal year 2016-17, management considered the possible impact that the State of California and the national economies will have on the City's budget. Recent economic data reflects a generally favorable outlook for the U.S. economy.

In recent years, the federal government has taken extraordinary steps to stabilize financial markets, encourage economic growth, and keep interest rates low. Inflationary pressures appear contained for now which coupled with continuing strong trends in the labor market may leave the door open for the Federal Reserve to continue normalizing monetary policy in the near future.

The State continues to show signs of slow, but improved economic growth, and it is anticipated that this may continue for an extended period of time. In January 2016, the Governor presented his 2016-17 budget proposal stressing fiscal prudence and proper planning for future recessions. Furthermore, the Governor warned that California must not be lulled into a false sense of security by economic recovery.

Development activity within the region continues to show signs of improvement and staff expects to see a significant increase in the City development during the next few years. This increase in development will provide for increases in revenue, however, these revenue sources will not be recurring to the General Fund.

The overall approach in the development of the fiscal year 2016-17 budget was to maintain expenses while continuing to provide Chino Hills' high level of community safety and customer service. The fiscal year 2016-17 Budget was adopted with an estimated General Fund surplus of \$1,879,800.

The City of Chino Hills has maintained its strong financial position through prudent, long-range policy decisions and sound fiscal management. The City will continue to monitor key economic indicators, sources of revenues, and spending levels as part of its sound conservative fiscal approach. The success of our City's program and project efforts during the next five years will shape the five-year viability and future of our community.

Questions or requests for information regarding the City of Chino Hills' 2016-17 budget should be sent to the Finance Department at the address below. The budget may also be downloaded at the following link: <http://www.chinohills.org/DocumentCenter/View/11464>.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

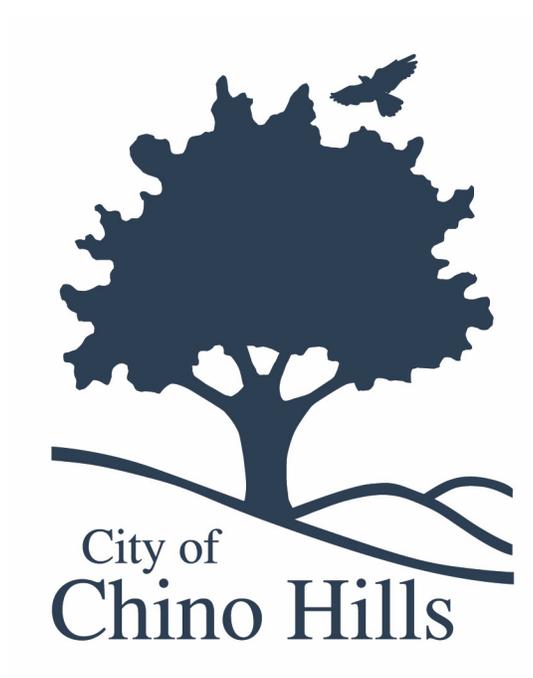
This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City of Chino Hills' finances and to show the City's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City's Finance Department, at the City of Chino Hills, 14000 City Center Drive, Chino Hills, CA 91709.



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Basic Financial Statements



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CITY OF CHINO HILLS

STATEMENT OF NET POSITION
JUNE 30, 2016

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and investments	\$ 79,680,346	\$ 55,961,277	\$ 135,641,623
Receivables:			
Accounts	660,438	3,671,293	4,331,731
Taxes	2,518,232	-	2,518,232
Long-term receivables	13,553	-	13,553
Accrued interest	11,902	15,193	27,095
Special assessments	69,528	-	69,528
Internal balances	(16,603,279)	16,603,279	-
Due from other agencies	267,736	-	267,736
Due from other governments	2,071,421	-	2,071,421
Contribution due from property owners	1,611,346	901,584	2,512,930
Investment in joint venture	-	34,540,041	34,540,041
Restricted assets:			
Cash with fiscal agent	394,772	2,626,821	3,021,593
Capital assets not being depreciated	40,543,470	8,244,150	48,787,620
Capital assets, net of depreciation	237,253,834	104,870,859	342,124,693
Total Assets	348,493,299	227,434,497	575,927,796
Deferred Outflows of Resources:			
Deferred charge on refunding	-	406,948	406,948
Deferred pension related items	11,283,089	-	11,283,089
Total Deferred Outflows of Resources	11,283,089	406,948	11,690,037
Liabilities:			
Accounts payable	2,795,149	2,128,850	4,923,999
Accrued liabilities	1,061,251	226,814	1,288,065
Accrued interest	-	37,563	37,563
Retentions payable	85,098	-	85,098
Due to developers	-	-	-
Unearned revenue	76,471	-	76,471
Deposits payable	51,280	1,800,444	1,851,724
Noncurrent liabilities:			
Net pension liability	23,926,493	-	23,926,493
Net OPEB obligation	907,230	-	907,230
Due within one year	504,214	1,796,500	2,300,714
Due in more than one year	22,158,531	13,702,571	35,861,102
Total Liabilities	51,565,717	19,692,742	71,258,459
Deferred Inflows of Resources:			
Deferred pension related items	7,477,756	-	7,477,756
Total Deferred Inflows of Resources	7,477,756	-	7,477,756
Net Position:			
Net investment in capital assets	257,467,380	98,352,645	355,820,025
Restricted for:			
Community development projects	1,340,598	-	1,340,598
Public safety	38,599	-	38,599
Public works	5,850,669	-	5,850,669
Capital projects	35,252,858	-	35,252,858
Debt service	-	1,120,375	1,120,375
Line of credit	456,218	-	456,218
Unrestricted	326,593	108,675,683	109,002,276
Total Net Position	\$ 300,732,915	\$ 208,148,703	\$ 508,881,618

CITY OF CHINO HILLS

**STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2016**

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Contributions and Grants</u>	<u>Capital Contributions and Grants</u>
Functions/Programs				
Primary Government:				
Governmental Activities:				
General government	\$ 7,369,304	\$ 10,280,428	\$ 27,529	\$ 14,235,192
Public safety	12,728,967	497,023	192,009	-
Public works	37,789,276	13,245,578	2,572,427	20,058,240
Community development	4,794,309	4,322,080	-	-
Community services	7,266,899	1,420,515	445,444	-
Interest on long-term debt	500,900	-	-	-
Total Governmental Activities	<u>70,449,655</u>	<u>29,765,624</u>	<u>3,237,409</u>	<u>34,293,432</u>
Business-Type Activities:				
Water Utility	20,647,992	24,113,123	-	46,059
Sewer Utility	8,281,415	6,894,275	-	30,940
Total Business-Type Activities	<u>28,929,407</u>	<u>31,007,398</u>	<u>-</u>	<u>76,999</u>
Total Primary Government	<u>\$ 99,379,062</u>	<u>\$ 60,773,022</u>	<u>\$ 3,237,409</u>	<u>\$ 34,370,431</u>

General Revenues:

Taxes:

Property taxes, levied for general purpose

Sales taxes

Franchise taxes

Other taxes

Intergovernmental, unrestricted:

Motor vehicle in lieu - unrestricted

Use of money and property

Other

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position at Beginning of Year

Net Position at End of Year

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

Governmental Activities	Business-Type Activities	Total
\$ 17,173,845	\$ -	\$ 17,173,845
(12,039,935)	-	(12,039,935)
(1,913,031)	-	(1,913,031)
(472,229)	-	(472,229)
(5,400,940)	-	(5,400,940)
(500,900)	-	(500,900)
(3,153,190)	-	(3,153,190)
-	3,511,190	3,511,190
-	(1,356,200)	(1,356,200)
-	2,154,990	2,154,990
(3,153,190)	2,154,990	(998,200)
12,028,812	-	12,028,812
7,072,833	-	7,072,833
2,363,758	-	2,363,758
1,734,224	-	1,734,224
31,309	-	31,309
2,244,674	1,418,149	3,662,823
449,255	2,241,768	2,691,023
1,343,147	(1,343,147)	-
27,268,012	2,316,770	29,584,782
24,114,822	4,471,760	28,586,582
276,618,093	203,676,943	480,295,036
\$ 300,732,915	\$ 208,148,703	\$ 508,881,618

CITY OF CHINO HILLS

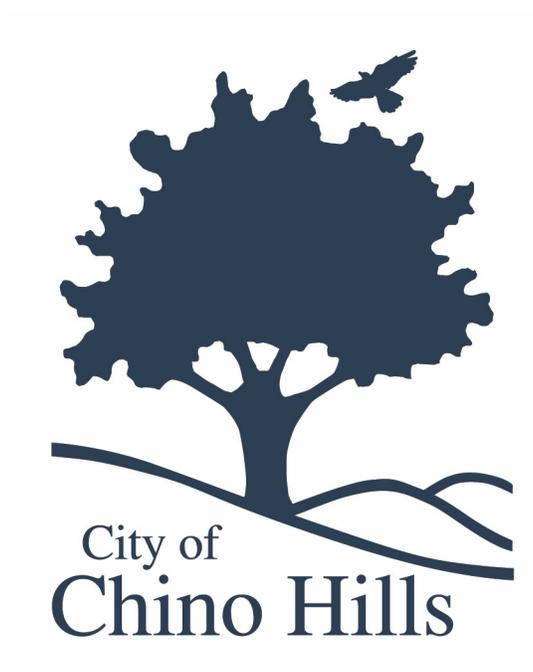
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016

	General	Special Revenue	Capital
		Funds	Projects Funds
		Existing	Capital
		Infrastructure	Improvement
		Fees	
Assets:			
Cash and investments	\$ 36,283,249	\$ 1,308,302	\$ 752,207
Receivables:			
Accounts	93,485	-	-
Taxes	2,320,410	-	-
Long-term receivables	13,553	-	-
Accrued interest	6,159	409	-
Special assessments	-	-	-
Due from other agencies	267,736	-	-
Due from other governments	69,548	-	-
Due from developers	618,843	992,503	-
Due from other funds	1,263,704	-	-
Advances to other funds	752,651	-	-
Restricted assets:			
Cash and investments with fiscal agents	-	-	-
Total Assets	\$ 41,689,338	\$ 2,301,214	\$ 752,207
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable	\$ 496,684	\$ -	\$ 679,777
Accrued liabilities	904,889	-	-
Retentions payable	2,381	-	72,430
Due to other funds	3,162	53,128	-
Due to developers	-	-	-
Unearned revenues	2,520	-	-
Deposits payable	48,181	-	-
Advances from other funds	12,629,417	8,165,220	-
Total Liabilities	14,087,234	8,218,348	752,207
Deferred Inflows of Resources:			
Unavailable revenues	646,608	-	-
Total Deferred Inflows of Resources	646,608	-	-
Fund Balances:			
Nonspendable	766,204	-	-
Restricted	2,075,168	-	-
Committed	22,399,767	-	-
Assigned	1,714,357	-	-
Unassigned	-	(5,917,134)	-
Total Fund Balances	26,955,496	(5,917,134)	-
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 41,689,338	\$ 2,301,214	\$ 752,207

CITY OF CHINO HILLS

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016**

	Other Governmental Funds	Total Governmental Funds
Assets:		
Cash and investments	\$ 37,133,584	\$ 75,477,342
Receivables:		
Accounts	566,953	660,438
Taxes	197,822	2,518,232
Long-term receivables	-	13,553
Accrued interest	4,761	11,329
Special assessments	69,528	69,528
Due from other agencies	-	267,736
Due from other governments	2,001,873	2,071,421
Due from developers	-	1,611,346
Due from other funds	53,128	1,316,832
Advances to other funds	7,043,278	7,795,929
Restricted assets:		
Cash and investments with fiscal agents	394,772	394,772
Total Assets	\$ 47,465,699	\$ 92,208,458
Liabilities, Deferred Inflows of Resources, and Fund Balances:		
Liabilities:		
Accounts payable	\$ 1,496,744	\$ 2,673,205
Accrued liabilities	97,911	1,002,800
Retentions payable	10,287	85,098
Due to other funds	1,290,723	1,347,013
Due to developers	-	-
Unearned revenues	73,951	76,471
Deposits payable	3,099	51,280
Advances from other funds	3,620,753	24,415,390
Total Liabilities	6,593,468	29,651,257
Deferred Inflows of Resources:		
Unavailable revenues	761,108	1,407,716
Total Deferred Inflows of Resources	761,108	1,407,716
Fund Balances:		
Nonspendable	-	766,204
Restricted	40,863,774	42,938,942
Committed	-	22,399,767
Assigned	-	1,714,357
Unassigned	(752,651)	(6,669,785)
Total Fund Balances	40,111,123	61,149,485
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 47,465,699	\$ 92,208,458



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CITY OF CHINO HILLS

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2016**

Fund balances of governmental funds		\$ 61,149,485
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets net of depreciation have not been included as financial resources in governmental fund activity.		
Capital Assets	\$ 491,231,740	
Accumulated Depreciation	<u>(215,161,822)</u>	276,069,918
Governmental funds report all pension contributions as expenditures. However, the net pension liability has a measurement date of June 30, 2015, and pension contributions subsequent to the measurement date are reclassified as deferred pension contributions.		
		5,528,874
Deferred outflows of resources reported are:		
Adjustment due to the changes in the proportions	\$ 2,055,678	
Changes in actuarial assumptions	2,748,928	
Differences between proportionate share and actual contributions	<u>949,609</u>	5,754,215
Governmental funds report all OPEB contributions as expenditures, however in the statement of net position any excesses or deficiencies in contributions in relation to the Annual Required Contribution (ARC) are recorded as an asset or liability.		
		(907,230)
Long-term debt and compensated absences that have not been included in the governmental fund activity:		
Long-term liabilities		
Advances from developers	(2,045,626)	
Development fee program obligation	(18,275,018)	
Equestrian center lease	(6)	
CJPIA General liability retrospective payable	(1,260,533)	
CJPIA Workers' comp liability retrospective payable	<u>(151,069)</u>	(21,732,252)
Compensated absences		(883,755)
Certain receivables are not available to pay for current period expenditures and therefore, are reported as unavailable revenues in the governmental funds. However, revenues are recorded in the governmental activities.		
		1,407,716
Governmental funds report all pension contributions as expenditures, however, in the statement of net position, the excess of the plan proportionate share of the total pension liability over the proportionate share of the plan fiduciary net position is reported as a net pension liability.		
		(23,926,493)
Deferred inflows of resources reported are:		
Difference between expected and actual experience	3,975,790	
Net difference between the proportionate share of the projected and actual earnings on pension plan investments	1,402,598	
Changes in proportion and difference between employer contributions and proportionate share of contributions	<u>2,099,368</u>	(7,477,756)
Internal service funds are used by management to charge the costs of certain activities, such as equipment management and information technology, to individual funds. The assets and liabilities of the internal service funds must be added to the statement of net position.		
		<u>5,750,193</u>
Net Position of Governmental Activities		<u>\$ 300,732,915</u>

CITY OF CHINO HILLS

**STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2016**

	General	Special	Capital
		Revenue Funds	Projects Funds
		Existing	Capital
		Infrastructure	Improvement
		Fees	
Revenues:			
Taxes	\$ 24,194,441	\$ -	\$ -
Special assessments	-	-	-
Licenses and permits	2,658,148	-	-
Intergovernmental	42,832	-	-
Charges for services	14,539,730	-	-
Developer fees	-	6,229,478	-
Contribution from property owners	-	-	919,048
Fines and forfeitures	481,301	-	-
Contributions	936,614	-	-
Use of money and property	1,312,835	60,576	-
Contribution from other agencies	13,041,538	-	-
Miscellaneous	1,014,254	324,237	-
Total Revenues	58,221,693	6,614,291	919,048
Expenditures:			
Current:			
General government	8,412,559	-	-
Public safety	12,297,005	-	-
Public works	6,311,479	467,278	3,916,381
Community development	4,666,594	131,800	-
Community services	5,500,089	-	-
Capital outlay	98,477	-	5,872,963
Debt service:			
Principal retirement	14,760,832	5,036,825	-
Interest and fiscal charges	702,970	67,966	-
Total Expenditures	52,750,005	5,703,869	9,789,344
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,471,688	910,422	(8,870,296)
Other Financing Sources (Uses):			
Transfers in	72,112	-	8,870,296
Transfers out	(699,667)	-	-
Long-term debt issued	-	622,481	-
Total Other Financing Sources (Uses)	(627,555)	622,481	8,870,296
Net Change in Fund Balances	4,844,133	1,532,903	-
Fund Balances, Beginning of Year	22,111,363	(7,450,037)	-
Fund Balances, End of Year	\$ 26,955,496	\$ (5,917,134)	\$ -

CITY OF CHINO HILLS

**STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2016**

	Other Governmental Funds	Total Governmental Funds
Revenues:		
Taxes	\$ -	\$ 24,194,441
Special assessments	8,868,555	8,868,555
Licenses and permits	-	2,658,148
Intergovernmental	7,850,308	7,893,140
Charges for services	6,342,570	20,882,300
Developer fees	3,899,497	10,128,975
Contribution from property owners	170,427	1,089,475
Fines and forfeitures	7,810	489,111
Contributions	-	936,614
Use of money and property	778,763	2,152,174
Contribution from other agencies	-	13,041,538
Miscellaneous	108,045	1,446,536
Total Revenues	28,025,975	93,781,007
Expenditures:		
Current:		
General government	-	8,412,559
Public safety	165,658	12,462,663
Public works	16,770,990	27,466,128
Community development	2,527	4,800,921
Community services	106,780	5,606,869
Capital outlay	379,804	6,351,244
Debt service:		
Principal retirement	-	19,797,657
Interest and fiscal charges	30,840	801,776
Total Expenditures	17,456,599	85,699,817
Excess (Deficiency) of Revenues Over (Under) Expenditures	10,569,376	8,081,190
Other Financing Sources (Uses):		
Transfers in	769,355	9,711,763
Transfers out	(7,668,949)	(8,368,616)
Long-term debt issued	-	622,481
Total Other Financing Sources (Uses)	(6,899,594)	1,965,628
Net Change in Fund Balances	3,669,782	10,046,818
Fund Balances, Beginning of Year	36,441,341	51,102,667
Fund Balances, End of Year	\$ 40,111,123	\$ 61,149,485

CITY OF CHINO HILLS

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2016**

Net change in fund balances - total governmental funds \$ 10,046,818

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 costs of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Capital outlay	\$ 6,176,244	
Disposition of capital assets	(70,238)	
Depreciation	<u>(13,302,296)</u>	(7,196,290)

The issuance of long-term debt provides current financial resources to governmental funds, while repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Debt issued or incurred:

Development fee program obligations	(622,481)	
CJPIA General liability retrospective payable	(791,651)	
CJPIA Workers' comp liability retrospective payable	(151,069)	

Principal repayments:

Certificates of participation	14,730,000	
Equestrian center lease	1	
Development fee program obligations	5,067,656	
CJPIA General liability retrospective payable	419,696	
CJPIA Workers' comp liability retrospective payable	19,580	
Bond premium amortization	<u>25,854</u>	18,697,586

Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period. 275,959

Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (41,506)

Pension obligation expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. 2,989,014

Governmental funds report all contributions in relation to the annual required contribution (ARC) for OPEB as expenditures, however in the statement of activities only the annual OPEB cost is an expense. (93,058)

Some revenues recognized in governmental funds in current year were already recognized in governmental activities in prior year. (717,882)

Internal service funds are used by management to charge the costs of certain activities, such as equipment management and information technology, to individual funds. The net revenues (expenses) of the internal service funds is reported with governmental activities. 154,181

Change in Net Position of Governmental Activities \$ 24,114,822

CITY OF CHINO HILLS

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2016

	Business-Type Activities - Enterprise Funds			Governmental Activities- Internal Service Funds
	Water Utility	Sewer Utility	Totals	
Assets:				
Current:				
Cash and investments	\$ 44,039,641	\$ 11,921,636	\$ 55,961,277	\$ 4,203,004
Receivables:				
Accounts	2,936,075	735,218	3,671,293	-
Accrued interest	5,925	9,268	15,193	573
Contribution due from property owners	901,584	-	901,584	-
Due from other funds	27,989	2,264	30,253	-
Restricted:				
Cash with fiscal agent	2,626,821	-	2,626,821	-
Total Current Assets	50,538,035	12,668,386	63,206,421	4,203,577
Noncurrent:				
Advances to other funds	-	16,619,461	16,619,461	-
Investment in joint venture	34,540,041	-	34,540,041	-
Capital assets not being depreciated	8,041,835	202,315	8,244,150	-
Capital assets - net of accumulated depreciation	85,198,812	19,672,047	104,870,859	1,727,386
Total Noncurrent Assets	127,780,688	36,493,823	164,274,511	1,727,386
Total Assets	178,318,723	49,162,209	227,480,932	5,930,963
Deferred Outflows of Resources:				
Deferred charge on refunding	406,948	-	406,948	-
Total Deferred Outflows of Resources	406,948	-	406,948	-
Total Assets and Deferred Outflows of Resources	\$ 178,725,671	\$ 49,162,209	\$ 227,887,880	\$ 5,930,963
Liabilities and Net Position:				
Liabilities:				
Current:				
Accounts payable	\$ 1,270,683	\$ 858,167	\$ 2,128,850	\$ 121,944
Accrued liabilities	163,473	63,341	226,814	58,451
Accrued interest	37,563	-	37,563	-
Deposits payable	1,395,823	404,621	1,800,444	-
Due to other funds	-	72	72	-
Compensated absences	5,000	1,500	6,500	2,596
Capital leases	-	-	-	9,274
Water revenue bonds	1,790,000	-	1,790,000	-
Total Current Liabilities	4,662,542	1,327,701	5,990,243	192,265
Noncurrent:				
Compensated absences	215,859	107,400	323,259	34,868
Water revenue bonds	13,379,312	-	13,379,312	-
Total Noncurrent Liabilities	13,595,171	107,400	13,702,571	34,868
Total Liabilities	18,257,713	1,435,101	19,692,814	227,133
Net Position:				
Net investment in capital assets	78,478,283	19,874,362	98,352,645	1,718,112
Restricted for debt service	1,120,375	-	1,120,375	-
Unrestricted	80,869,300	27,852,746	108,722,046	3,985,718
Total Net Position	160,467,958	47,727,108	208,195,066	5,703,830
Total Liabilities and Net Position	\$ 178,725,671	\$ 49,162,209	\$ 227,887,880	\$ 5,930,963
Reconciliation of Net Position to the Statement of Net Position				
Net Position per Statement of Net Position - Proprietary Funds			\$ 208,195,066	
Prior years' accumulated adjustment to reflect the consolidation of internal service funds activities related to the enterprise funds			106,002	
Current years' adjustments to reflect the consolidation of internal service activities related to enterprise funds			(152,365)	
Net Position per Statement of Net Position			\$ 208,148,703	

CITY OF CHINO HILLS

**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2016**

	<u>Business-Type Activities - Enterprise Funds</u>			<u>Governmental</u>
	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Totals</u>	<u>Activities- Internal Service Funds</u>
Operating Revenues:				
Charges for services	\$ 24,113,123	\$ 6,894,275	\$ 31,007,398	\$ 2,534,806
Meter installation and fees	106,162	-	106,162	-
Other	2,117,634	28,006	2,145,640	7,968
Total Operating Revenues	26,336,919	6,922,281	33,259,200	2,542,774
Operating Expenses:				
Salaries and benefits	3,063,238	1,150,236	4,213,474	761,283
Professional and contractual services	469,635	4,621,297	5,090,932	507,204
Purchased water	10,659,692	-	10,659,692	-
Repair and maintenance	819,092	404,424	1,223,516	284,745
Service and supplies	256,942	80,432	337,374	189,011
Administrative and general expenses	3,402,582	857,923	4,260,505	339,524
Utilities	683,147	53,329	736,476	2,962
Depreciation and amortization	4,346,486	1,058,328	5,404,814	613,497
Total Operating Expenses	23,700,814	8,225,969	31,926,783	2,698,226
Operating Income (Loss)	2,636,105	(1,303,688)	1,332,417	(155,452)
Nonoperating Revenues (Expenses):				
Interest revenue	961,728	456,421	1,418,149	92,500
Interest expense	(532,410)	-	(532,410)	(937)
Gain (loss) on joint venture	3,682,151	-	3,682,151	-
Gain (loss) on disposal of capital assets	(10,034)	-	(10,034)	-
Total Nonoperating Revenues (Expenses)	4,101,435	456,421	4,557,856	91,563
Income (Loss) Before Transfers and Contributions	6,737,540	(847,267)	5,890,273	(63,889)
Capital contributions	46,059	30,940	76,999	65,705
Transfers out	(1,307,494)	(35,653)	(1,343,147)	-
Changes in Net Position	5,476,105	(851,980)	4,624,125	1,816
Net Position:				
Beginning of Year	154,991,853	48,579,088	203,570,941	5,702,014
End of Fiscal Year	\$ 160,467,958	\$ 47,727,108	\$ 208,195,066	\$ 5,703,830
Reconciliation of Changes in Net Position to the Statement of Activities:				
Changes in Net Position, per the Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds			\$ 4,624,125	
Adjustment to reflect the consolidation of current fiscal year internal service funds activities related to enterprise funds			(152,365)	
Changes in Net Position of Business-Type Activities per Statement of Activities			\$ 4,471,760	

CITY OF CHINO HILLS

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2016

	<u>Business-Type Activities - Enterprise Funds</u>			<u>Governmental</u>
	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Totals</u>	<u>Activities- Internal Service Funds</u>
Cash Flows from Operating Activities:				
Cash received from customers and users	\$ 26,236,451	\$ 6,836,588	\$ 33,073,039	\$ 2,567,210
Cash paid to suppliers for goods and services	(12,510,506)	(5,075,256)	(17,585,762)	(1,332,189)
Cash paid to employees for services	(6,438,637)	(1,989,984)	(8,428,621)	(1,074,756)
Net Cash Provided (Used) by Operating Activities	7,287,308	(228,652)	7,058,656	160,265
Cash Flows from Non-Capital Financing Activities:				
Cash transfers out	(1,307,494)	(35,653)	(1,343,147)	-
Cash borrowed due to other funds	-	(45)	(45)	-
Cash repayment received due from other funds	1,636	4	1,640	-
Advance from other funds	-	2,049,285	2,049,285	-
Net Cash Provided (Used) by Non-Capital Financing Activities	(1,305,858)	2,013,591	707,733	-
Cash Flows from Capital and Related Financing Activities:				
Proceeds from capital asset disposals	4,464	-	4,464	-
Capital contributions	46,059	30,940	76,999	65,705
Acquisition and construction of capital assets	(1,421,918)	(86,050)	(1,507,968)	(272,930)
Principal paid on capital debt	(1,735,000)	-	(1,735,000)	(11,429)
Interest paid on capital debt	(485,449)	-	(485,449)	(937)
Net Cash Provided (Used) by Capital and Related Financing Activities	(3,591,844)	(55,110)	(3,646,954)	(219,591)
Cash Flows from Investing Activities:				
Interest received	963,180	452,424	1,415,604	92,662
Net Cash Provided (Used) by Investing Activities	963,180	452,424	1,415,604	92,662
Net Increase (Decrease) in Cash and Cash Equivalents	3,352,786	2,182,253	5,535,039	33,336
Cash and Cash Equivalents at Beginning of Year	43,313,676	9,739,383	53,053,059	4,169,668
Cash and Cash Equivalents at End of Year	\$ 46,666,462	\$ 11,921,636	\$ 58,588,098	\$ 4,203,004
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ 2,636,105	\$ (1,303,688)	\$ 1,332,417	\$ (155,452)
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:				
Depreciation	4,346,486	1,058,328	5,404,814	613,497
(Increase) decrease in accounts receivable	(133,110)	(54,832)	(187,942)	408
(Increase) decrease in due from other agencies	40,406	-	40,406	24,028
Increase (decrease) in accounts payable	378,002	(30,861)	347,141	(348,267)
Increase (decrease) in accrued liabilities	28,718	17,750	46,468	25,439
Increase (decrease) in deposits payable	(7,764)	66,476	58,712	-
Increase (decrease) in compensated absences	(1,535)	18,175	16,640	612
Total Adjustments	4,651,203	1,075,036	5,726,239	315,717
Net Cash Provided (Used) by Operating Activities	\$ 7,287,308	\$ (228,652)	\$ 7,058,656	\$ 160,265
Non-Cash Investing, Capital, and Financing Activities:				
Gain/(loss) on joint venture	\$ 3,682,151	\$ -	\$ 3,682,151	\$ -
Amortization of bond premium	(92,145)	-	(92,145)	-
Amortization of deferred amount on refunding	141,997	-	141,997	-

CITY OF CHINO HILLS

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2016**

	Agency Funds
Assets:	
Pooled cash and investments	\$ 30,726,935
Receivables:	
Accounts	150
Accrued interest	2,818
Special assessments	96,829
Restricted assets:	
Cash and investments with fiscal agents	<u>6,947,157</u>
Total Assets	<u><u>\$ 37,773,889</u></u>
Liabilities:	
Accounts payable	\$ 971,050
Deposits payable	3,381,742
Funds held for others	29,035,701
Due to Inland Empire Utility Agency	<u>4,385,396</u>
Total Liabilities	<u><u>\$ 37,773,889</u></u>



Notes to the Financial Statements



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CITY OF CHINO HILLS

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Note 1: Organization and Summary of Significant Accounting Policies

a. Description of the Reporting Entity

The City of Chino Hills (the "City") was incorporated December 1, 1991, under the General Laws of the State of California. The City operates under a Council-Manager form of government and provides the following services: contracted police, lighting and landscaping, public improvements, water, sanitation, planning and zoning, general administrative services, contracted animal control, building and safety, community services, and street and highway maintenance. As required by accounting principles generally accepted in the United States of America, these financial statements present the City of Chino Hills and its component units, entities for which the City is considered financially accountable.

The inclusion of an organization within the scope of the reporting entity of the City of Chino Hills is based on the provision of GASB Statements No. 14, 39 and 61. The blended component units discussed below, although legally separate entities, are in substance part of the government operation and data from these component units has been combined herein.

The City of Chino Hills Financing Authority

The Chino Hills Financing Authority (Authority) is a joint exercise of powers authority organized and existing under and by virtue of the Joint Exercise of Powers Act, constituting Articles 1 through 4 (commencing with Section 6500) of Chapter 5, Division 7, Title 1 of the Government Code of the State of California. The City pursuant to Resolution No. 04R-16 adopted on January 13, 2004, and the former Chino Hills Redevelopment Agency (Agency) pursuant to Resolution No. CHRA 04-05 adopted on January 13, 2004, formed the Authority by the execution of a joint exercise of powers agreement (Joint Powers Agreement). The Authority is governed by a five-member Board which consists of all members of the City Council.

Pursuant to the Marks-Roos Local Bond Pooling Act of 1985, as amended, constituting Article 4 (commencing with Section 6584), of Chapter 5, Division 7, Title 1 of the Government Code of the State, the Authority is authorized, among other things, to issue revenue bonds to provide funds to finance public capital facilities. The Authority's primary source of income will be installment sale, loan and lease payments received from the City which will be used to meet the debt service requirements on debt issues. The Authority does not have taxing power. Separate financial statements for the Authority are not prepared.

The Agency was activated by the City Council in 2003. In 2011, the State of California Legislature approved a bill, AB X1 26, pursuant to which all California redevelopment agencies, including the Agency, were dissolved as of February 1, 2012, and certain of the Agency's rights and obligations were transferred to the City acting as the successor agency to the Agency on that date. As a result of the dissolution of the Redevelopment Agency, the City Council formed the Parking Authority to replace the Redevelopment Agency as the other member of the Financing Authority and the other party to the Joint Powers Agreement to ensure the continued existence of the Financing Authority. This action ensures the continued existence of the Financing Authority.

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

The Parking Authority

The Parking Authority was created on August 11, 2015 to replace the Redevelopment Agency as the other member of the Financing Authority and the other party to the Joint Powers Agreement to ensure the continued existence of the Financing Authority. The Parking Authority has the power to transfer, lease, manage or improve property, issue bonds and receive and expend revenues. The City Council will serve as the governing board of the Parking Authority. There was no financial activity during the fiscal year 2015-2016.

The City of Chino Hills Capital Improvement Corporation

The Chino Hills Capital Improvement Corporation, a California non-profit benefit corporation, was established on May 19, 1992 to facilitate the financing of capital improvements on behalf of the City of Chino Hills. There was no financial activity during the fiscal year 2015-2016.

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 of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business–type activities, which rely to a significant extent on fees and charges for support.

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

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

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

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

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

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

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

The City reports the following major governmental funds:

- The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The Existing Infrastructure Fee Special Revenue Fund accounts for receipts and expenditures of money in the facilities' development programs, which provides for the reimbursement of expenditures to property owners who constructed the facilities in the program.
- The Capital Improvement Capital Project Fund accounts for the expenditures of construction of various capital improvements projects throughout the City.

The City reports the following major proprietary funds:

- The Water Utility Fund accounts for the revenues and expenses for the operation, maintenance, and facilities' improvements of the City's water production, transmission and distribution system.
- The Sewer Utility Fund accounts for the revenues and expenses for the collection and treatment (via contract) of the liquid waste generated within the City.

Additionally, the City reports the following fund types:

- Internal Service Funds account for the financial transactions related to repair, replacement and maintenance of City-owned equipment and City's general information technology systems and telecommunications hardware and software.
- Agency Funds used to account for money and property held by the City as trustee or custodian. They are also used to account for various assessment districts and community facilities districts for which the City acts as an agent for debt service activity.

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

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Enterprise Funds and of the Internal Service Funds are charges to customers for sales and services. 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 non-operating revenues and expenses.

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

d. Assets, Liabilities and Net Position or Equity

Cash and Investments

All cash and investments, except those that are held by fiscal agents, are held in a City pool. These pooled funds are available upon demand, and therefore are considered cash and cash equivalents for purposes of the statement of cash flows. Investments held by fiscal agents with an original maturity of three months or less are also considered cash equivalents.

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

Receivables and Payables

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

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

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

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

Property tax revenue is recognized on the modified accrual basis, that is, in the fiscal year for which the taxes have been levied providing they become available. Available means then due, or past due and receivable within the current period and collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The County of San Bernardino collects property taxes for the City. Tax liens attach annually as of 12:01 A.M. on the first day in January proceeding the fiscal year for which the taxes are levied. Taxes are levied on both real and personal property as it exists on that date. The tax levy covers the fiscal period July 1 to June 30. All secured personal property taxes and one-half of the taxes on real property are due November 1; the second installment is due February 1. All taxes are delinquent if unpaid on December 10 and April 10, respectively. Unsecured personal property taxes become due on the first of March each year and are delinquent if unpaid on August 31.

Net Position Flow Assumption

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 government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Functional Classifications

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

- General Government includes legislative activities that have a primary objective of providing legal and policy guidelines for the City. Also included in this classification are those activities that provide management or support services across more than one functional area.
- Public Safety includes those activities that involve the protection of people and property.
- Public Works includes those activities that involve the maintenance and improvement of City streets, roads and park development and maintenance.
- Community Development includes those activities that involve the enhancing of the general quality of life.
- Community Services includes those activities that involve recreation.

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

- Capital Outlay includes those activities that involve the acquisition of capital assets.
- Debt Service includes those activities that account for the payment of long-term debt principal, interest and fiscal charges.

Inventories

Inventories consist of water pipe, valves, tools and miscellaneous items used in installing, monitoring and repairing these items. Inventories are accounted under the purchases method since the City does not maintain significant amounts of inventories.

Restricted Assets

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

Capital Assets

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

In accordance with GASB Statement No. 34, the City has reported its general infrastructure assets which include streets, sidewalks, storm drains, curbs and gutters, handicap ramps, trails and equestrian fencings with a cost of more than \$50,000 per location. The City has assigned no value to its rights of way.

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016

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

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

<u>Assets</u>	<u>Years</u>
Equipment	3-12
Vehicles	4-10
Utility Plant in Service	5-100
Meters	15
Pipeline in Service	30-50
Infrastructure	20-60

Intangible Assets

Intangible assets are capitalized at cost, while contributed assets are recorded at fair market value at the time received. Amortization has been provided on a straight-line basis over their estimated useful lives as follows:

<u>Assets</u>	<u>Years</u>
Water Rights	40

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and balance sheet 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 or fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The City has two types of items that qualify for reporting in this category. The item, deferred charge on refunding, is reported in the government-wide statement of net position. A deferred charge 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 shorter of the life of the refunded or refunding debt. The other item is deferred pension related items.

In addition to liabilities, the statement of financial position and 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 or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two types of items. The item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: taxes and intergovernmental revenues. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The other item is deferred pension related items reported in the government-wide statement of net position.

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

Compensated Absences

In accordance with GASB Code Section C60, the City of Chino Hills records a liability for vacation and compensatory leave that is earned and unused at year-end. Sick leave liability recorded has been estimated using the "vesting method," which is calculated "based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination payments as well as other employees who are expected to become eligible in the future to receive such payments." Vacation, sick, and compensatory leave liabilities relating to governmental funds that have matured at June 30, 2016, have been recorded in the General Fund as compensated absences payable. The liability for governmental activity that has not matured at June 30, 2016, is reported on the statement of net position under non-current liabilities. Liabilities relating to proprietary funds are recorded within those respective funds.

Net Pension Liabilities

For purposes of measuring the net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense related to pensions, information about the fiduciary net position of the San Bernardino County Employees' Retirement Association (SBCERA) and additions to/deductions from SBCERA's fiduciary net position have been determined on the same basis as they are reported by SBCERA. For this purpose, employer and employee contributions are recognized in the period the related salaries are earned and become measurable pursuant to formal commitments, statutory or contractual requirements, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms, and investments are reported at fair value.

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

Valuation Date (VD) June 30, 2014

Measurement Date (MD) June 30, 2015

Measurement Period (MP) July 1, 2014 to June 30, 2015

Long-Term Obligations

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

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

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

Fund Equity

The City Council adopted Resolution No. 11R-21 in conformity with Governmental Accounting Auditing Standards Board (GASB) Statement 54. In the fund financial statements, governmental funds report the following fund balance classifications:

Nonspendable include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted include amounts that are constrained on the use of resources by either (a) external creditors, grantors, contributors, or laws of regulations of other governments or (b) by law through constitutional provisions or enabling legislation.

Committed include amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest authority, City Council. The formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is a resolution.

Assigned include amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The City Manager and/or Finance Director is authorized to assign amounts to a specific purpose, which was established by the governing body in resolution.

Unassigned include the residual amounts that have not been restricted, committed, or assigned to specific purposes. The General Fund is the only fund that reports a positive unassigned fund balance amount.

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

Stabilization Arrangements

A stabilization arrangement has been established through Resolution No. 11R-21. The stabilization agreement is to be used specifically for expenses associated with the declaration of a state or federal state of emergency or local emergency as defined in City of Chino Hills municipal code section 2.44.020.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016

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

Effect of New Accounting Standards

During the fiscal year ended June 30, 2016, the City implemented the following Governmental Accounting Standards Board (GASB) standards:

GASB Statement No. 72 – Fair Value Measurement and Application. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of 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. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The requirements of this Statement are effective for financial statement for reporting periods beginning after June 15, 2015.

II. STEWARDSHIP**Note 2: Stewardship, Compliance and Accountability****a. Encumbrances**

Encumbrance accounting is employed as an extension of formal budgetary integration in governmental funds. Encumbrances such as purchase orders, contracts and other commitments for the expenditure of monies, are reported as assignments of fund balances. Outstanding encumbrances at year-end are reappropriated in the following year.

b. Deficit Fund Balance

At June 30, 2016, the Miscellaneous Grants Fund had a deficit fund balance of \$752,651. This deficit will be eliminated with future revenue.

c. Budget

Budget schedules are not presented for the Tree Mitigation Fund and CFD #10 Fairfield Ranch Fund.

III. DETAILED NOTES ON ALL FUNDS**Note 3: Cash and Investments**

At June 30, 2016, cash and investments were reported in the accompanying financial statements as follows:

	Governmental Activities	Business-type Activities	Fiduciary Funds	Total
Cash and Investments	\$ 79,680,346	\$ 55,961,277	\$ 30,726,935	\$ 166,368,558
Restricted assets:				
Cash with fiscal agent	394,772	2,626,821	6,947,157	9,968,750
Total Cash and Investments	<u>\$ 80,075,118</u>	<u>\$ 58,588,098</u>	<u>\$ 37,674,092</u>	<u>\$ 176,337,308</u>

CITY OF CHINO HILLS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016

Note 3: Cash and Investments (Continued)

Cash and investments as of June 30, 2016, consist of the following:

Cash on hand	\$	3,200
Deposits with financial institutions		2,841,548
Investments		<u>173,492,560</u>
Total Cash and Investments	\$	<u>176,337,308</u>

The City of Chino Hills maintains a cash and investment pool that is available for use for all funds. Each fund type's position in the pool is reported on the combined balance sheet as cash and investments. The City has adopted an investment policy which authorizes it to invest in various investments.

Deposits

At June 30, 2016, the carrying amount of the City's deposits was \$2,844,748 and the bank balance was \$2,953,557. The \$108,809 difference represents outstanding checks and other reconciling items.

The California Government Code requires California banks and savings and loan associations to secure an Agency's deposits by pledging government securities with a value of 110% of an Agency's deposits. California law also allows financial institutions to secure Agency deposits by pledging first trust deed mortgage notes having a value of 150% of an Agency's total deposits. The City Treasurer may waive the collateral requirement for deposits that are fully insured up to \$250,000 by the FDIC. The collateral for deposits in federal and state chartered banks is held in safekeeping by an authorized Agent of Depository recognized by the State of California Department of Banking. The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California as an Agent of Depository.

These securities are physically held in an undivided pool for all California public agency depositors. Under Government Code Section 53655, the placement of securities by a bank or savings and loan association with an "Agent of Depository" has the effect of perfecting the security interest in the name of the local governmental agency. Accordingly, all collateral held by California Agents of Depository is considered to be held for, and in the name of, the local governmental agency.

Authorized Investments

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

- Bonds issued by the City
- Repurchase Agreements
- Registered state warrants or treasury notes or bonds of this State
- Bonds, notes or warrants of any local agency within this State
- United States treasury notes, bonds, bills or certificates of indebtedness
- Obligations of a federal agency or United States government sponsored agency
- Negotiable certificates of deposit
- Mutual Funds
- State and County Investment Pools

Note 3: Cash and Investments (Continued)

Investment Pool Oversight

State of California Local Agency Investment Fund (LAIF)

LAIF is overseen by the Local Agency Investment Advisory Board, which consists of five members, in accordance with State statute. The State Treasurer's office audits the fund annually.

Los Angeles County Investment Pool

The investment section of the County Treasurer's office monitors the pool daily for compliance with the government code and investment guidelines. The Auditor-Controller's Office audits it quarterly for compliance. The Board of Supervisors receives an investment report monthly.

The County's Treasury Oversight Committee, which was established by the Board of Supervisors pursuant to the government code, reviews the annual investment policy and investment reports and oversees the portfolio's annual audit.

Investment Authorized by Debt Agreements

The City has monies held by trustees or fiscal agents pledged to the payment or security of certain bonds and certificates of participation. The California Government Code provides that these monies, in the absence of specific statutory provisions governing the issuance of bonds or certificates, may be invested in accordance with the ordinance, resolutions or indentures specifying the types of investments its trustee or fiscal agents may make. Included in the monies held by trustees or fiscal agents are deposits with various institutions for the payment of long-term debt.

GASB Statement No. 31

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

Credit Risk

The City's investment policy limits investments in medium-term notes (MTN's) to those rated "A" or higher by Standard and Poor's (S&P) or by Moody's. As of June 30, 2016, the City has \$46,069,492 of investment in medium-term notes. Investments in U.S. government securities are not considered to have credit risk; therefore, their credit quality is not disclosed. As of June 30, 2016, the City's investments in external investment pools and money market mutual funds are unrated. The US Treasury Notes, FHLB, FHLMC, FFCB, and FNMA are Aaa and AA+ and the US Corporate Notes are A3 to Aaa and A- to AAA, rated by Moody's and S&P, respectively.

Note 3: Cash and Investments (Continued)

Custodial Credit Risk

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

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

Concentration of Credit Risk

The City's investment policy imposes restrictions for certain types of investments with any one issuer. In accordance with GASB Statement No. 40, if the City has invested more than 5% of its investments in any one issuer, it is exposed to credit risk. Investments guaranteed by the U.S. government and investments in mutual funds and external investment pools are excluded from this requirement. Investments in any one issuer that represents 5% or more of the City's total investments as of June 30, 2016 are as follows:

Issuer	Investment Type	Reported Amount	Percent of Investments
Federal National Mortgage Association	Federal Agency Securities	\$ 23,290,056	13%
Federal Home Loan Bank	Federal Agency Securities	11,933,958	7%
Federal Home Loan Mortgage Corp	Federal Agency Securities	17,656,870	10%

Interest Rate Risk

The City's investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The City's investment policy states that purchases of investments will be restricted to securities with a final stated maturity not to exceed five years. The City has elected to use the segmented time distribution method of disclosure for its interest rate risk.

CITY OF CHINO HILLS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2016

Note 3: Cash and Investments (Continued)

As of June 30, 2016, the City had the following investments and original maturities:

	Investment Maturities (in Years)				Fair Value
	6 months or less	6 months to 1 year	1 year to 3 years	3 year to 5 years	
Investments:					
Los Angeles County Investment Pool	\$ 28,592,119	\$ -	\$ -	\$ -	\$ 28,592,119
California Local Agency Investment Fund	1,064,782	-	-	-	1,064,782
Money Market Mutual Funds	18,746	-	-	-	18,746
Certificate of Deposit	-	456,218	-	-	456,218
US Corporate Notes	1,401,610	2,151,652	28,467,476	14,048,754	46,069,492
Tennessee Valley Authority	-	-	2,613,094	-	2,613,094
US Treasury Notes	-	-	13,690,561	15,945,121	29,635,682
FHLB	-	2,258,798	4,847,284	4,827,876	11,933,958
FHLMC	-	2,262,938	8,023,477	7,370,455	17,656,870
FFCB	1,857,548	335,245	-	-	2,192,793
FNMA	-	3,490,550	8,719,049	11,080,457	23,290,056
Investment with Fiscal Agents:					
Money Market Mutual Funds	9,968,750	-	-	-	9,968,750
	<u>\$ 42,903,555</u>	<u>\$ 10,955,401</u>	<u>\$ 66,360,941</u>	<u>\$ 53,272,663</u>	<u>\$ 173,492,560</u>

Fair Value Measurement and Application

The City categorizes its fair value measurements 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 asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.”

The City has the following recurring fair value measurements as of June 30, 2016:

	June 30, 2016	Investments That Are Not Measured at Fair Value	Level	
			1	2
Investments:				
US Treasury	\$ 29,635,711	\$ -	\$ -	\$ 29,635,711
Federal Government Agency	57,686,731	-	-	57,686,731
Medium-Term Corporate Notes	37,025,789	-	-	37,025,789
Asset-Backed Securities	9,043,714	-	-	9,043,714
Certificate of Deposit	456,218	-	-	456,218
Money Market Funds	18,746	18,746	-	-
LA County Investment Pool	28,592,119	-	-	28,592,119
Local Agency Investment Fund	1,064,782	-	-	1,064,782
Total Cash Investments	<u>163,523,810</u>	<u>18,746</u>	<u>-</u>	<u>163,505,064</u>
Investments with Fiscal Agents:				
Money Market Funds	9,968,750	-	-	9,968,750
Total Investments with Fiscal Agent	<u>9,968,750</u>	<u>-</u>	<u>-</u>	<u>9,968,750</u>
Total Investments	<u>\$ 173,492,560</u>	<u>\$ 18,746</u>	<u>\$ -</u>	<u>\$ 173,473,814</u>

CITY OF CHINO HILLS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2016

Note 4: Interfund Receivable, Payable and Transfers

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

Due To/From Other Funds

Due To Other Funds	Due From Other Funds				Total
	Governmental Funds		Proprietary Funds		
	General Fund	Nonmajor Governmental Funds	Water Utility	Sewer Utility	
<u>Governmental Funds</u>					
General Fund	\$ -	\$ -	\$ 3,162	\$ -	\$ 3,162
Existing Infrastructure Fees	-	53,128	-	-	53,128
Nonmajor Governmental Funds	1,263,704	-	24,755	2,264	1,290,723
<u>Proprietary Funds</u>					
Sewer Utility	-	-	72	-	72
Total	<u>\$ 1,263,704</u>	<u>\$ 53,128</u>	<u>\$ 27,989</u>	<u>\$ 2,264</u>	<u>\$ 1,347,085</u>

Current interfund balances arise in the normal course of business and are cleared shortly after the end of the fiscal year.

Advances To/From Other Funds

Advances From Other Funds	Advances To Other Funds			Total
	Governmental Funds		Proprietary Funds	
	General Fund	Other Governmental Funds	Sewer Utility	
<u>Governmental Funds</u>				
General Fund	\$ -	\$ -	\$ 12,629,417	\$ 12,629,417
Existing Infrastructure Fees	-	7,043,278	1,121,942	8,165,220
Other Governmental Funds	752,651	-	2,868,102	3,620,753
Total	<u>\$ 752,651</u>	<u>\$ 7,043,278</u>	<u>\$ 16,619,461</u>	<u>\$ 24,415,390</u>

The General Fund advanced Miscellaneous Grants Fund \$752,651 to temporarily eliminate a deficit cash balance resulting from grant reimbursement timing differences. Other Governmental Funds advanced the Existing Infrastructure Fees Fund \$7,043,278 pertaining to developer agreements. The Sewer Utility Fund advanced \$12,629,417 to the General Fund for the Kline/Maloof properties, the Lennar sales tax reimbursement and the reimbursement of the Existing Infrastructure Fee administrative overhead. In addition, the Sewer Utility Fund advanced \$1,121,942 to the Existing Infrastructure Fees Fund for developer related obligations. Lastly, the Sewer Utility Fund advanced various funds a total of \$2,868,102 related to the Chino Hills Community Park and the new loans for the Peyton Drive and English Channel improvement projects to the Gas Tax (7360) fund.

CITY OF CHINO HILLS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2016

Note 4: Interfund Receivable, Payable and Transfers (Continued)

Interfund Transfers

Transfers In	Transfers Out				Total
	Governmental Funds		Proprietary Funds		
	General Fund	Nonmajor Governmental	Water Utility Fund	Sewer Utility Fund	
<u>Governmental Funds</u>					
General Fund	\$ -	\$ 72,112	\$ -	\$ -	\$ 72,112
Capital Improvement	92,517	7,434,632	1,307,494	35,653	8,870,296
Nonmajor Governmental Funds	607,150	162,205	-	-	769,355
Total	\$ 699,667	\$ 7,668,949	\$ 1,307,494	\$ 35,653	\$ 9,711,763

The transfers to the General Fund of \$72,712 is a transfer from the Miscellaneous Grants Fund for various grant related programs. Transfers totaling \$7,527,149 to the Capital Improvement Fund were related to various capital improvement projects. The transfer out of the General Fund totaling \$607,150 can be attributed to a transfer to the Landscape and Lighting District, to pay for General Fund obligations and subsidies to cover operations in various Landscape and Lighting Districts. Lastly, the transfer of \$162,205 from the Nonmajor Governmental Funds (Miscellaneous Grants Fund) to Nonmajor Governmental Funds (Traffic Facilities Fees Fund) was to reimburse the Traffic Facilities Fees fund for San Bernardino Associated Governments' expenditures.

Transfers totaling \$1,343,147 to the Capital Improvement Fund, from the Water and Sewer Utility funds were related to various capital improvement projects.

CITY OF CHINO HILLS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2016

Note 5: Capital Assets

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

	Beginning Balance	Transfers	Increases	Decreases	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 26,693,498	\$ -	\$ -	\$ -	\$ 26,693,498
Construction-in-progress	8,109,837	(175,000)	5,915,135	-	13,849,972
Total capital assets, not being depreciated	34,803,335	(175,000)	5,915,135	-	40,543,470
Capital assets, being depreciated:					
Buildings	105,248,490	-	150,908	2,401,403	102,997,995
Structures other than buildings	31,943,220	-	37,800	-	31,981,020
Equipment	5,109,258	-	245,923	-	5,355,181
Vehicles	5,227,192	-	99,408	-	5,326,600
Pipeline in service	217,375	-	-	-	217,375
Infrastructure	312,735,101	175,000	-	-	312,910,101
Total capital assets, being depreciated	460,480,636	175,000	534,039	2,401,403	458,788,272
Less accumulated depreciation:					
Buildings	18,903,732	-	2,255,380	2,331,165	18,827,947
Structures other than buildings	12,976,845	-	1,116,705	-	14,093,550
Equipment	2,985,025	-	463,961	-	3,448,986
Vehicles	4,163,327	-	300,975	-	4,464,302
Pipeline in service	58,691	-	4,348	-	63,039
Infrastructure	170,862,190	-	9,774,424	-	180,636,614
Total accumulated depreciation	209,949,810	-	13,915,793	2,331,165	221,534,438
Total capital assets, being depreciated, net	250,530,826	175,000	(13,381,754)	70,238	237,253,834
Governmental activities capital assets, net	\$ 285,334,161	\$ -	\$ (7,466,619)	\$ 70,238	\$ 277,797,304

CITY OF CHINO HILLS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2016

Note 5: Capital Assets (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 3,395,256	\$ -	\$ -	\$ 3,395,256
Easements	537,940	-	-	537,940
Construction-in-progress	2,930,841	1,380,113	-	4,310,954
Total capital assets, not being depreciated	6,864,037	1,380,113	-	8,244,150
Capital assets, being depreciated:				
Buildings and improvements	1,042,550	-	-	1,042,550
Structure other than building	290,234	-	-	290,234
Utility plant in service	36,026,336	-	-	36,026,336
Pipeline in service	138,592,103	35,155	-	138,627,258
Meters	7,037,988	82,915	124,158	6,996,745
Equipment	700,444	9,785	-	710,229
Intangible assets - utility rights	17,410,863	-	-	17,410,863
Total capital assets, being depreciated	201,100,518	127,855	124,158	201,104,215
Less accumulated depreciation:				
Buildings and improvements	594,388	30,409	-	624,797
Structure other than building	137,072	10,067	-	147,139
Utility plant in service	16,261,558	960,253	-	17,221,811
Pipeline in service	63,339,783	3,445,872	-	66,785,655
Meters	3,161,256	448,132	109,660	3,499,728
Equipment	377,640	74,808	-	452,448
Intangible assets - utility rights	7,066,505	435,273	-	7,501,778
Total accumulated depreciation	90,938,202	5,404,814	109,660	96,233,356
Total capital assets, being depreciated, net	110,162,316	(5,276,959)	14,498	104,870,859
Business-type activities capital assets, net	\$ 117,026,353	\$ (3,896,846)	\$ 14,498	\$ 113,115,009

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

Governmental Activities	
General government	\$ 1,327,251
Community services	1,671,086
Community development	1,982
Public safety	266,895
Public works	10,035,082
Equipment maintenance	520,980
Information technology	92,517
	<u>\$ 13,915,793</u>
Business-Type Activities:	
Water utility	\$ 4,346,486
Sewer utility	1,058,328
	<u>\$ 5,404,814</u>

CITY OF CHINO HILLS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2016

Note 6: Long-Term Debt

a. Governmental Activities

The following is a summary of changes in Long-Term Debt for the year ended June 30, 2016:

	Balance at July 1, 2015	Additions	Deletions	Balance at June 30, 2016	Due Within One Year
Civic Center COP	\$ 14,730,000	\$ -	\$ 14,730,000	\$ -	\$ -
Advances from developers	2,045,626	-	-	2,045,626	-
Development fee program obligations	22,720,193	622,481	5,067,656	18,275,018	-
Capital Lease obligations	20,703	-	11,429	9,274	9,274
Equestrian Center lease	7	-	1	6	1
Other post employment benefits obligations	814,172	106,231	13,173	907,230	-
CJPIA General liability retrospective deposit payable	888,578	791,651	419,696	1,260,533	315,592
CJPIA Workers' comp retrospective deposit payable	19,580	151,069	19,580	151,069	-
Net pension liability	22,704,424	4,818,507	3,596,438	23,926,493	-
Compensated absences	879,101	44,496	2,378	921,219	179,347
Total	64,822,384	\$ 6,534,435	\$ 23,860,351	47,496,468	\$ 504,214
Unamortized Bond Premium	25,854	\$ -	\$ 25,854	-	-
Total Long-Term Debt	\$ 64,848,238			\$ 47,496,468	

Long-term debt repayments per governmental funds financial statements	\$ 19,797,657
Other post employment benefits obligations payments	13,173
Net pension liability	3,596,438
CJPIA general liability restrospective deposit payable	419,696
CJPIA worker's compensation retrospective deposit payable	19,580
Compensated absences payouts	2,378
Capital lease obligations reported in the internal service funds	11,429
Total Deletions per Changes in Long-Term Debt Schedule	\$ 23,860,351

Note 6: Long-Term Debt (Continued)

Certificates of Participation

In June 2007, the City issued \$22,040,000 in Certificates of Participation. The certificates consist of \$5,005,000 serial certificates maturing in principal amounts of \$85,000 to \$670,000 beginning September 2008 through September 2017 with interest rates ranging from 3.600% to 4.125%, term certificates of \$7,240,000 due September 1, 2026, with an interest rate of 5.000%, and term certificates of \$9,795,000 due September 1, 2036, with an interest rate of 5.000%. The Certificates were issued to provide funds to finance a portion of the costs of the construction and installation of a new Civic Center, including a new City Hall complex, a new sheriff substation, a new fire administration facility, a new library, the widening of Peyton Drive and the inlet/outlet English Channel transition at Peyton Drive and related infrastructure. On May 10, 2011, the City Council approved a prepayment of the English Channel portion of this bond. \$1,965,000 was paid in full to reduce total debt service payments over the next 25 years by \$7,979,887. On January 28, 2014 the City Council approved a principal prepayment in the amount of \$2,435,000 related to the Peyton Drive portion of the bond. By prepaying this portion of the Certificates the City will save over \$1.6 million in interest costs over the remaining life of the original financing, which matures in 2036.

On October 6, 2015 the Certificates were prepaid with the 2015 Community Facilities District Bond Program, Series C and defeased the Certificates of Participation in its entirety.

Advances From Developers

Advances from developers for the Chino Hills Parkway Phasing Plan represent monies owed to developers for development fees collected in advance. Future development fees will be used to reimburse developers for their cost. There is no fixed repayment schedule.

\$ 2,045,626

Development Fee Program Obligations

The City has executed many agreements/programs with outside developers requiring developers to provide funding up-front for the costs of backbone infrastructure (major thoroughfares, water and sewer mains, etc.) concurrent with the development of their residential and commercial projects. These agreements/programs include Facilities Development Fee Program, Facilities Benefit Assessment Program, Existing Infrastructure Fee Reimbursement Agreements, and Assessment District Credit agreements. This up-front funding is generally in the form of the developer constructing the backbone infrastructure. Future development fees will be used to reimburse the developers (either as credits against fees owed or cash reimbursements if not fully credited) for their costs. A liability has been recorded for the project costs incurred to date. There is no fixed repayment schedule.

\$ 18,275,018

CITY OF CHINO HILLS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2016

Note 6: Long-Term Debt (Continued)

Capital Lease Obligations

The City entered into a five year lease purchase agreement in fiscal year 2011-2012 for copiers. The assets acquired and the related obligation are reported in the Information Technology internal service fund.

\$ 9,274

	Governmental Activities
Equipment	\$ 53,187
Less: accumulated depreciation	47,868
	\$ 101,055

The future minimum lease obligations and the net present value of these minimum lease payments are as follows:

Year Ending June 30,	Governmental Activities
2017	\$ 9,516
Total minimum lease payments	9,516
Less: amount representing interest	(242)
Present value of minimum lease payment	\$ 9,274

Equestrian Center Lease

On December 30, 1996, the City entered into a lease with the McCoy Equestrian Center trust to provide property for the equestrian center. The lease is for a period of 25 years for \$1 per year with options to renew on an annual basis.

\$ 6

Other Post Employment Benefits Obligations

The City's other post employment benefits obligations are described in Note 8 of the Notes to Financial Statements. This liability will be paid in future years from the General Fund.

\$ 907,230

California Joint Powers Insurance Authority General Liability and Workers' Comp Retrospective Deposit Payable

The City of Chino Hills is a member of the California Joint Powers Insurance Authority (CJPIA). The purpose of CJPIA is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other lines of coverage. Retrospective deposits and refunds are cost allocation adjustments to prior coverage

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2016

Note 6: Long-Term Debt (Continued)

periods. Some claims take many years to resolve and over time their estimated value changes. The retrospective adjustments are calculated annually and take into consideration all the changes in claim values that occurred during the most recent year. The formula is designed to adequately cover the cost of claims brought against members and to ensure the overall financial strength and security of the Authority. The formula was developed to be as equitable as possible by taking into consideration both risk exposure and claims experience of individual members. The City is currently paying the Liability program retrospective deposit due in installments over a 6 year period. In fiscal year 2015-16 the City paid the third installment in the amount of \$345,150.

Retrospective Balances will Change Annually

Retrospective balances will change with each annual computation during the payment deferral period. Member balances may increase or decrease as a result of the most recent year's claim development.

More information on the CJPIA retrospective balances can be found on the CJPIA website at CJPIA.org.

The balance due for the general liability retrospective deposit payable was	<u>\$ 1,260,533</u>
The balance due for the workers' compensation retrospective deposit payable was	<u>\$ 151,069</u>

Net Pension Liability

The City's policies relating to net pension liability are described in Note 7 of the Notes to Financial Statements. The balance as of June 30, 2016 was

\$ 23,926,493

Compensated Absences

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

\$ 921,219

CITY OF CHINO HILLS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2016

Note 6: Long-Term Debt (Continued)

b. Business Type Activities

The following is a summary of changes in Proprietary Funds debt for the year ended June 30, 2016:

	Balance at July 1, 2015	Additions	Deletions	Balance at June 30, 2016	Due Within One Year
Revenue bonds	\$ 15,430,000	\$ -	\$ 1,735,000	\$ 13,695,000	\$ 1,790,000
Compensated absences	313,119	18,175	1,535	329,759	6,500
Total	15,743,119	\$ 18,175	\$ 1,736,535	14,024,759	\$ 1,796,500
Unamortized bond premium	1,566,457	\$ -	\$ 92,145	1,474,312	
Total Long-Term Debt	\$ 17,309,576			\$ 15,499,071	

Water Revenue Bond

On December 18, 2012, the City issued \$19,975,000 in Water Revenue Bonds to advance refund the \$9,205,000 of outstanding 2002 Certificates of Participation and \$8,190,000 of 2003 Certificates of Participation and for acquisition of certain water improvements. The bonds consist of serial bonds maturing in principal amounts ranging from \$555,000 to \$1,860,000 beginning June 2013 through June 2030, with interest rates ranging from 1.50% to 4.00%. The bonds also include term bonds due June 1, 2032 of \$1,430,000 and an interest rate of 3.00%. Proceeds of \$17,635,146 were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1984 Series bonds. As a result, the 2002 and 2003 Certificates of Participation are considered to be defeased and the liability for those bonds has been removed from the government-wide statement of net position.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$958,631. This difference, reported in the accompanying financial statements as a deferred charge on refunding, is being charged to operations through the year 2032. The City completed the advance refunding to reduce its total debt service payments over the next 20 years by \$4,060,363 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$3,436,837.

\$ 13,695,000

CITY OF CHINO HILLS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2016

Note 6: Long-Term Debt (Continued)

The annual requirements to amortize the Water Revenue Bond outstanding as of June 30, 2016 were as follows:

Year ending June 30,	Principal	Interest
2017	\$1,790,000	\$450,750
2018	1,860,000	379,150
2019	905,000	304,750
2020	915,000	291,175
2021	940,000	277,450
2021 - 2026	3,260,000	931,750
2026 - 2031	3,300,000	412,050
2031 - 2032	725,000	21,750
Totals	<u>\$ 13,695,000</u>	<u>\$ 3,068,825</u>

Pledged Revenues

The City has pledged income derived from the fees and charges to users of the enterprise operation of the water system, net of operating expenses, to pay debt service on revenue bonds. The City pledged \$19,975,000 in utility revenues through the term of the commitment which concludes on June 1, 2032. The percent of the revenue pledged is 100%. The 2015-16 principal and interest for the revenue bonds was \$2,220,450 and the pledged revenues recognized for at June 30, 2016 was \$2,220,450.

The outstanding principal and interest amounts of the revenue bonds at June 30, 2016 was \$13,695,000 and \$3,068,825, respectively. A reserve fund in the amount of a \$1,120,375 was established with a fiscal agent for benefit of the City and as security for the bond owners. Since the City is not at-risk for the installment sale payments and the bonds are to be repaid from resources generated by the Water Enterprise Fund, the bonds are recorded as long-term debt in the Water Enterprise Fund.

Standard & Poor's Bond Rating Change

On June 6, 2016 Standard & Poor's upgraded the rating on the Water Revenue Bonds from AA- to AA+.

Compensated Absences

The City's policies relating to compensated absences are described in Note 1 of the Notes to Financial Statements. This liability will be paid in future years by the Water Utility Fund and the Sewer Utility Fund.

\$ 329,759

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016

Note 6: Long-Term Debt (Continued)**c. Assessment District and Community Facilities District Bond Issues**

Excluded from the liabilities are special assessment and special tax bonds related to various special assessment districts and community facilities districts included within the City. The City acts as an agent for the property owners benefited by the projects financed from the bond proceeds in collecting the assessments and taxes, forwarding the collections to bond holders, and initiating foreclosure proceedings, if appropriate. Neither the faith and credit nor the taxing power of the City is pledged to the payment of the bonds, and the City is not legally obligated for payment of the bonds. Total non-obligation debt at June 30, 2016, is \$48,115,000.

The debt outstanding at June 30, 2016, consists of the following individual issues:

2006 \$49,660,000 Community Facilities District Bond Program to finance the Community Facilities share of the Government Center. Serial Series B bonds due in annual installments of \$1,050,000 to \$4,680,000 through September 1, 2026; interest ranging from 3.625% to 4.375% additionally, \$1,295,000 term bonds due September 1, 2030; interest rates varying from 4.400% to 4.5000%.	<u><u>\$ 21,875,000</u></u>
2010 \$12,390,000 Community Facilities District No. 10, (Fairfield Ranch) Special Tax Refunding Bonds refunded the 2000 \$13,040,000 Community Facilities District No. 10, Special Tax Bonds. The 2010 refunding bonds include serial bonds due in annual installments of \$335,000 to \$935,000 through September 1, 2030; interest ranging from 2.00% to 5.00%.	<u><u>\$ 10,385,000</u></u>
2011 \$4,915,000 Community Facilities District No. 9 (Rincon Village Area) Special Tax Refunding Bonds, refunded the 1998 \$14,860,000 Community Facilities District No. 9, Special Tax Bonds. The 2011 refunding bonds include serial bonds due in annual installments of \$70,000 to \$615,000 through September 2021; interest ranging from 1.250% to 5.125%.	<u><u>\$ 2,785,000</u></u>
Reassessment District No. 10-1; The City issued bonds for \$3,505,000 on August 5, 2010 for the refinance of Reassessment District 1995. The serial bonds are due in annual installments of \$265,000 to \$390,000 through September 21, 2021, with an interest rate of 2.00% to 5.32%.	<u><u>\$ 1,875,000</u></u>
2015 \$11,195,000 Community Facilities District Bond Program, Series C prepaid the City's 2007 Civic Center Certificates of Participation. The serial bonds are due in annual installments of \$465,000 to \$750,000 through September 1, 2030; interest ranging 2.00% to 5.00% additionally, \$1,375,000 term bonds due September 1, 2028, \$1,260,000 term bonds due September 1, 2032, and \$895,000 term bonds due September 1, 2034, with interest rates rate of 5.00%.	<u><u>\$ 11,195,000</u></u>

Note 7: Pension Plan

Defined Benefit Pension Plans

a. San Bernardino County Employees' Retirement Association

Plan Description

The City participates in the San Bernardino County Employees' Retirement Association (SBCERA) pension plan - a cost-sharing multiple-employer defined benefit pension plan (the Plan). SBCERA administers the Plan which provides benefits for two membership classifications, General and Safety, and those benefits are tiered based upon date of SBCERA membership. The City of Chino Hills members are classified as General members. Generally, those who become members prior to January 1, 2013 are Tier 1 members. All other members are Tier 2. An employee who is appointed to a regular position, whose service is greater than fifty percent of the full standard of hours required are members of SBCERA, and are provided with pension benefits pursuant to Plan requirements. Tier 1 is closed to new entrants.

The Plan operates under the provisions of the California County Employees' Retirement Law of 1937 (CERL), the California Public Employees' Pension Reform Act of 2013 (PEPRA), and the regulations, procedures and policies adopted by SBCERA's Board of Retirement (Board). The Plan's authority to establish and amend the benefit terms are set by the CERL and PEPRA, and may be amended by the California state legislature and in some cases require approval by the County of San Bernardino Board of Supervisors and/or the SBCERA Board. SBCERA is a tax qualified plan under Section 401 (a) of the Internal Revenue Code.

SBCERA is a legally separate entity from the City, not a component unit, and there is no financial interdependency with the County of San Bernardino. For these reasons, the City's comprehensive annual financial report excludes the SBCERA pension plan as of June 30, 2016. SBCERA publishes its own comprehensive annual financial report that includes its financial statements and required supplementary information, that can be obtained by writing SBCERA at, 348 W. Hospitality Lane, Third Floor, San Bernardino, CA 92415-0014 or visiting the website at: www.SBCERA.org.

Benefits Provided

SBCERA provides retirement, disability, death and survivor benefits. The CERL and PEPRA establish benefit terms. Retirement benefits are calculated on the basis of age, average final compensation and service credit as follows:

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2016

Note 7: Pension Plan (Continued)

	General - Tier 1	General - Tier 2
Final Average Compensation	Highest 12 months	Highest 12 months
Normal Retirement Age	Age 55	Age 55
Early Retirement: Years of service required and/or age eligible for	Age 70 any years 10 years age 50 30 years any age	Age 70 any years 5 years age 52 N/A
Benefit percent per year of service for normal retirement age	2.0% per year of final average compensation for every year of service credit	3.0% per year of final average compensation for every year of service credit
Benefit adjustments	Reduced before age 55, increased after 55 up to age 65	Reduce before age 67
Final Average Compensation Limitation	Internal Revenue Code section 401(a)(17)	Government Code 7522.10
Required employee contribution rates	7.07% - 13.52%	6.37% - 7.88%
Required employer contribution rates	33.31%	29.77%

An automatic cost of living adjustment is provided to benefit recipients based on changes in the local region Consumer Price Index (CPI) up to a maximum of 2% per year. Any increase greater than 2% is banked and may be used in years where the CPI is less than 2%. There is a one-time 7% increase at retirement for members hired before August 19, 1975. The Plan also provides disability and death benefits to eligible members and their beneficiaries, respectively. For retired members, the death benefit is determined by the retirement benefit option chosen. For all other members, the beneficiary is entitled to benefits based on the members years of service or if the death was caused by employment. General members are also eligible for survivor benefits which are payable upon a member's death.

Contributions

The City and active members are required by statute to contribute a percentage of covered salary to the Plan. This requirement is pursuant to Government Code sections 31453.5 and 31454, for participating employers and Government Code sections 31621.6, 31639.25 and 7522.30 for active members. The contribution requirements are established and may be amended by the SBCERA Board pursuant to Article 1 of the CERL, which is consistent with the Plan's actuarial funding policy. The contribution rates are adopted yearly, based on an annual actuarial valuation, conducted by an independent actuary, that requires actuarial assumptions with regard to mortality, expected future service (including age at entry into the Plan, if applicable and tier), and compensation increases of the members and beneficiaries. The combined active member and employer contribution rates are expected to

Note 7: Pension Plan (Continued)

finance the costs of benefits for employees that are allocated during the year, with an additional amount to finance any unfunded accrued liability. The City may pay a portion of the active members' contributions through negotiations and bargaining agreements.

The required employer contributions and the amount paid to SBCERA by the City for the year ended June 30, 2016 were \$4,546,047. The City's employer contributions were equal to the required employer contributions for the year ended June 30, 2016.

Pension Liability

At June 30, 2016, City reported a net pension liability of \$23,926,493 for its proportionate share of the SBCERA's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015. The SBCERA's publicly available financial report provides details on the change in the net pension liability.

The City's proportion of the net pension liability was based on the City's contributions received by SBCERA during the measurement period for employer payroll paid dates from July 1, 2014 through June 30, 2015, relative to the total employer contributions received from all of SBCERA's participating employers. At June 30, 2015, the City's proportion was 1.232%.

Pension Expense and Deferred Outflows/Inflows of Resources

For the year ended June 30, 2016, the City recognized pension expense of \$2,539,860 for its proportionate share of SBCERA's pension expense. At June 30, 2016, the City reported its proportionate share of deferred outflows of resources and deferred inflows of resources related to pensions, from the following sources:

CITY OF CHINO HILLS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2016

Note 7: Pension Plan (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actuarial experience	\$ -	\$ 3,975,790
Changes actuarial assumptions	2,748,928	-
Net difference between projected and actual earning on pension plan investments	-	1,402,598
Changes in proportion	2,055,678	2,099,368
Difference between proportionate share and actual contributions	949,609	-
Employer contributions paid to SBCERA subsequent to the measurement date	5,528,874	-
Total	<u>\$ 11,283,089</u>	<u>\$ 7,477,756</u>

The \$5,528,874 reported as deferred outflows of resources related to pensions resulting from City contributions to SBCERA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to SBCERA pensions will be recognized in pension expense as follows:

<u>Year ended June 30</u>	
2017	\$ (1,032,559)
2018	(1,032,559)
2019	34,307
2020	648,224
2021	(354,339)
Thereafter	13,385

Note 7: Pension Plan (Continued)

Actuarial assumptions and methods

The significant actuarial assumptions and methods used to measure the total pension liability are as follows:

Actuarial valuation date	June 30, 2015
Actuarial cost method	Entry age normal
Amortization method	Level percent of payroll (3.75% payroll growth assumed)
Investment rate of return	7.5%
Inflation	3.25%
Projected salary increases	General: 4.60% to 13.75%; Safety: 4.55% to 13.75%
Administrative expenses	0.60% of payroll

For General and Safety employees post-retirement mortality is based on the RP-2000 Combined Healthy Mortality Tables projected with Scale BB to 2020.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the three year period of July 1, 2010 – June 30, 2013.

The June 30, 2015 actuarial valuation reflected new assumptions compared to the June 30, 2014 actuarial valuation, based on the June 30, 2015 experience study.

The long-term expected rate of return on pension plan investments is 7.50%. SBCERA's actuary prepares an analysis of the long-term expected rate of return on a triennial basis using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These returns 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 by adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocations (approved by the SBCERA Board) and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before deducting investment expenses, used in the derivation of the long term expected investment rate of return assumptions are summarized in the following table:

Note 7: Pension Plan (Continued)

SBCERA's Long-Term Expected Real Rate of Return

Asset Class	As of June 30, 2015 Valuation Date	
	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Large Cap U.S. Equity	5.00%	5.94%
Small Cap U.S. Equity	2.00%	6.50%
Developed International Equity	6.00%	6.87%
Emerging Market Equity	6.00%	8.06%
U.S. Core Fixed Income	2.00%	0.69%
High Yield/Credit Strategies	13.00%	3.10%
Global Core Fixed Income	1.00%	0.30%
Emerging Market Debt	6.00%	4.16%
Real Estate	9.00%	4.96%
Cash & Equivalents	2.00%	-0.30%
International Credit	10.00%	6.76%
Absolute Return	13.00%	2.88%
Real Assets	6.00%	6.85%
Long/Short Equity	3.00%	4.86%
Private Equity	16.00%	9.64%
Total	100.00%	

Discount rate

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made based on the actuarially determined rates based on the SBCERA Board's funding policy, which establishes the contractually required rate based on statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

For the actuarial valuation date of June 30, 2015, the discount rate used to measure the total pension liability as of the year ended June 30, 2015 was 7.5%.

Sensitivity of the City's proportionate share of the SBCERA net pension liability to changes in the discount rate.

The following table presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

Note 7: Pension Plan (Continued)

Sensitivity of Net Pension Liability to Changes in the Discount Rate

June 30, 2016	1.00% Decrease 6.50%	Current Discount Rate 7.50%	1.00% Increase 8.50%
City's proportionate share of net pension liability	\$ 35,224,082	\$ 23,926,493	\$ 14,576,748

Pension Plan Fiduciary Net Position

Detailed information about the SBCERA's fiduciary net position is available in a separately issued SBCERA comprehensive annual financial report. That report may be obtained on the Internet at www.SBCERA.org; by writing to SBCERA at 348 W. Hospitality Lane, Third Floor, San Bernardino, CA 92415; or by calling (909) 885-7980 or (877) 722-3721.

Note 8: Other Post-Employment Employee Benefits

Plan Description

The City has established the City of Chino Hills Retiree Healthcare Plan, a single-employer defined benefit healthcare plan. The plan provides postretirement healthcare benefits to eligible employees who retire from the City under the San Bernardino County Employee's Retirement Association (SBCERA) and who elect a CalPERS Health Plan (PEMHCA). The City pays the PEMHCA minimum employer contribution using the unequal method of \$101.15 per month for the months in 2015 and \$109.80 per month for the months in 2016. The retiree pays the remainder of the PEMHCA premium. The City does not provide contributions for retiree dental, vision, or life insurance benefits.

Funding Policy

Currently, the City funds retiree healthcare benefits on a pay-as-you-go basis, paying for retiree benefits from the City's General Fund, the Water Utility Fund and the Equipment Maintenance Fund as they are due with no pre-funding for future years. For fiscal year 2015-2016, the City paid \$13,173 for benefits of 11 retired employees.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016

Note 8: Other Post-Employment Employee Benefits (Continued)**Annual OPEB Cost and Net OPEB Obligation**

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

	Retiree Healthcare Plan
Annual required contribution (ARC)	\$ 163,587
Interest on net OPEB obligation	12,213
Adjustment to ARC	<u>(69,569)</u>
Annual OPEB cost (expense)	106,231
Contribution made	<u>13,173</u>
Increase in net OPEB obligation	93,058
Net OPEB obligation - July 1, 2015	<u>814,172</u>
Net OPEB obligation - June 30, 2016	<u><u>\$ 907,230</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the 2015-2016 fiscal year and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
06/30/14	\$ 94,821	13.64%	\$ 695,315
06/30/15	123,842	15.21%	814,172
06/30/16	106,231	11.71%	907,230

Funded Status and Funding Progress

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress below represents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities or benefits.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016

Note 8: Other Post-Employment Employee Benefits (Continued)

Schedule of Funding Progress for OPEB
(Amount in Thousands)

Actuarial Valuation date	Actuarial Valuation of Assets	Actuarial Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
01/01/2009	\$ -	\$ 919	\$ 919	0.0%	\$ 9,175	10.0%
06/15/2012	-	1,160	1,160	0.0%	10,595	10.9%
05/01/2015	-	1,498	1,498	0.0%	11,999	12.5%

Actuarial Methods and Assumptions

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

The actuarial valuation dated May 1, 2015, used the Entry Age Normal actuarial cost method, a discount rate of 4.50% which is the long-term expected rate of return on the City's investment fund, an annual general inflation rate of 2.75%, and an annual aggregate payroll increase of 2.75%. The unfunded accrued actuarial liability (UAAL) is being amortized over a fixed 30-year period as a level percentage of payroll beginning with the 2008-2009 fiscal year. The initial UAAL was amortized over a closed 30 years and residual UAAL is amortized over an open 20 years. The PEMHCA medical plans are considered community rated plans for the City. Therefore, no implied subsidy was determined for this valuation. The Plan is assumed to be on going for cost purposes. This does not imply that an obligation to continue the Plan exists. As of the actuarial valuation date, the City had 149 active participants and six retiree receiving benefits.

Note 9: Liability, Property and Workers' Compensation Protection**a. Description of Self-Insurance Pool Pursuant to Joint Powers Agreement**

The City of Chino Hills is a member of the CALIFORNIA JOINT POWERS INSURANCE AUTHORITY (Authority). The Authority is composed of 116 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other lines of coverage. The California JPIA began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine-member Executive Committee.

Note 9: Liability, Property and Workers' Compensation Protection (Continued)

b. Self-Insurance Programs of the Authority

Each member pays an annual contribution at the beginning of the coverage period. A retrospective adjustment is then conducted annually thereafter, for coverage years 2012-13 and prior. Retrospective adjustments are scheduled to continue indefinitely on coverage years 2012-13 and prior, until all claims incurred during those coverage years are closed, on a pool-wide basis. This subsequent cost re-allocation among members, based on actual claim development, can result in adjustments of either refunds or additional deposits required. Coverage years 2013-14 and forward are not subject to routine annual retrospective adjustment.

The total funding requirement for self-insurance programs is estimated using actuarial models and pre-funded through the annual contribution. Costs are allocated to individual agencies based on exposure (payroll) and experience (claims) relative to other members of the risk-sharing pool. Additional information regarding the cost allocation methodology is provided below.

Liability

In the liability program claims are pooled separately between police and general government exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$30,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$30,000 to \$750,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from \$750,000 to \$50 million, are distributed based on the outcome of cost allocation within the first and second loss layers.

For 2015-16 the Authority's pooled retention is \$2 million per occurrence, with reinsurance to \$20 million, and excess insurance to \$50 million. The Authority's reinsurance contracts are subject to the following additional pooled retentions: (a) \$2.5 million annual aggregate deductible in the \$3 million x/s \$2 million layer, and (b) \$3 million annual aggregate deductible in the \$5 million x/s \$10 million layer. There is a third annual aggregate deductible in the amount of \$2.5 million in the \$5 million x/s \$5 million layer, however it is fully covered under a separate policy and therefore not retained by the Authority.

The overall coverage limit for each member, including all layers of coverage, is \$50 million per occurrence. Costs of covered claims for subsidence losses have a sub-limit of \$30 million per occurrence.

Note 9: Liability, Property and Workers' Compensation Protection (Continued)

Workers' Compensation

In the workers' compensation program claims are pooled separately between public safety (police and fire) and general government exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$50,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$50,000 to \$100,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from \$100,000 to statutory limits are distributed based on the outcome of cost allocation within the first and second loss layers.

For 2015-16 the Authority's pooled retention is \$2 million per occurrence, with reinsurance to statutory limits under California Workers' Compensation Law.

Employer's Liability losses are pooled among members to \$2 million. Coverage from \$2 million to \$5 million is purchased as part of a reinsurance policy, and Employer's Liability losses from \$5 million to \$10 million are pooled among members.

c. Purchased Insurance

Pollution Legal Liability Insurance

The City of Chino Hills participates in the pollution legal liability insurance program which is available through the Authority. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the City of Chino Hills. Coverage is on a claims-made basis. There is a \$50,000 deductible. The Authority has a limit of \$50 million for the 3-year period from July 1, 2014 through July 1, 2017. Each member of the Authority has a \$10 million sub-limit during the 3-year term of the policy.

Property Insurance

The City of Chino Hills participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. City of Chino Hills property is currently insured according to a schedule of covered property submitted by the City of Chino Hills to the Authority. City of Chino Hills property currently has all-risk property insurance protection in the amount of \$120,962,949. There is a \$5,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$1,000 deductible. Premiums for the coverage are paid annually and are not subject to retrospective adjustments.

Earthquake and Flood Insurance

The City of Chino Hills purchases earthquake and flood insurance on a portion of its property. The earthquake insurance is part of the property protection insurance program of the Authority. City of Chino Hills property currently has earthquake protection in the amount of \$81,313,669. There is a deductible of 5% per unit of value with a minimum deductible of \$100,000. Premiums for the coverage are paid annually and are not subject to retrospective adjustments.

Note 9: Liability, Property and Workers' Compensation Protection (Continued)

Crime Insurance

The City of Chino Hills purchases crime insurance coverage in the amount of \$1,000,000 with a \$2,500 deductible. The fidelity coverage is provided through the Authority. Premiums are paid annually and are not subject to retrospective adjustments.

d. Adequacy of Protection

During the past three fiscal years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in 2015-16.

Note 10: Contingencies

a. Litigation

The City is involved in several pending lawsuits of a nature common to many similar jurisdictions. City management estimates that potential claims against the City not covered by insurance, will not have a material adverse effect on the financial statements of the City.

b. Voter Initiatives

1. Proposition 218, which was approved by the voters in November 1996, will regulate the City's ability to impose, increase and extend taxes, assessments and fees. Any new, increased or extended taxes, assessments and fees subject to the provisions of Proposition 218 require voter approval before they can be implemented. Additionally, Proposition 218 provides that these taxes, assessments and fees are subject to the voter initiative process and may be rescinded in the future by the voters. Therefore, the City's ability to finance the services for which the taxes, assessments and fees were imposed may be significantly impaired. The taxes, fees and assessments that are subject to the provisions of Proposition 218 that the City currently imposes for its own benefit or as an agent for a special district, or receives from other governmental agencies, potentially include the County of San Bernardino Measure I taxes, business license fees, community facilities districts, special taxes, landscape and lighting district assessments, street sweeping assessments, water utility fees, sewer utility fees and refuse disposal fees. Certain language in the initiative is unclear as to the scope and impact of the proposition. Future court rulings or state legislation may clarify these issues. At this time it is uncertain how Proposition 218 will affect the City's ability to maintain or increase the revenue it receives from taxes, assessments and fees.
2. A general plan initiative was passed by City residents in November 1999, which removed the City Council's ability to increase residential density zoning except under specific circumstances. An increase in residential zoning density would require a majority voter approval.

Current zoning on certain developable residential parcels in the City is of a lower density of units per acre than the density desired by residential developers. This change could slow down development in the City due to the voter approval requirement.

Note 11: Joint Venture

a. Water Facility Authority

On February 19, 1980, the Water Facilities Authority (the Authority) was created under a joint exercise of powers agreement between the CSA 70 Zone CH (now part of the City of Chino Hills) and other local entities. It was formed for the acquisition and construction of facilities directly benefiting the participants by supplying water to the inhabitants within the boundaries of its members. Thus, each participant has an ongoing financial interest in the Authority.

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

On September 30, 1997, the Authority issued \$24,455,000 in 1997 Refunding Certificates of Participation (COPs) for the purpose of refunding \$25,820,000 of the outstanding 1986 COPs. The 1997 Refunding COPs carry interest rates from 4.00% to 5.30% and will be repaid in various principal increments with the final payment due on October 1, 2015. Each participant in the joint venture has pledged gross revenues from its respective Enterprise Fund and has agreed to restrictive covenants that establish rates and charges for each respective water enterprise fund at levels sufficient to maintain net revenues equal to at least 1.25 times the aggregate amount of each respective party's installment payments to the Authority as well as any parity debt that shall become due and payable within the succeeding 12 months. On March 21, 1996, the Board of Directors of Authority approved the prepayment by the City of Chino Hills of its installment payment obligation pursuant to the 1986 Installment Purchase Agreement between the Authority and its participants. As a result of such prepayment and redemption of such 1986 Certificates, the City of Chino Hills has no further obligation for the payment of installment payments to the Authority. The value of the City's investment in the Authority at June 30, 2016 was \$3,191,526.

CITY OF CHINO HILLS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2016

Note 11: Joint Venture (Continued)

Audited financial information of the Authority for the fiscal year ended June 30, 2016 was summarized as follows:

Water Facilities Authority Net Position:	
Total assets	\$ 29,009,950
Deferred outflow of resources	192,097
Total liabilities	(4,326,949)
Deferred inflow of resources	<u>(127,269)</u>
Total Net Position	<u>\$ 24,747,829</u>
Water Facilities Authority Changes in Net Position:	
Operating revenues	\$ 14,846,762
Operating expenses	<u>(14,973,599)</u>
Operating loss before depreciation and amortization	(126,837)
Depreciation and amortization	<u>(1,160,509)</u>
Operating revenue (loss)	<u>(1,287,346)</u>
Nonoperating revenues (expenses)	420,747
Contributions	<u>12,244</u>
Change in Net Position	(854,355)
Beginning Net Position, as restated	<u>25,602,184</u>
Ending Net Position	<u>\$ 24,747,829</u>

The participants and their audited financial contributions through June 30, 2016 were as follows:

	<u>Amount</u>	<u>Percent</u>
City of Chino Hills	\$ 5,363,653	12.90%
Monte Vista Water District	6,746,802	16.23%
City of Chino	6,634,914	15.95%
City of Ontario	14,412,047	34.65%
City of Upland	8,315,879	19.99%
Non-Participants	<u>117,703</u>	<u>0.28%</u>
Total	<u>\$ 41,590,998</u>	<u>100.00%</u>

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

b. Chino Basin Desalter Authority

On January 15, 2002, the Chino Basin Desalter Authority (the Authority) was created under a joint exercise of powers agreement between the City of Chino Hills and other neighboring government agencies. This agreement was formed to successfully manage the groundwater resources in the Chino Basin.

The governing Board of Directors consists of one representative appointed from each participating agency and has the power and responsibility to adopt budgets, operating plans and finance activities to further the purpose of the Authority. The City's investment

CITY OF CHINO HILLS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2016

Note 11: Joint Venture (Continued)

in the Authority has been recorded under the equity method of accounting and is shown as an investment in joint venture in the Chino Basin Desalter Authority. At June 30, 2016, the value of the City's investment in the Authority was \$31,348,515.

On June 22, 2016, the Chino Basin Desalter Authority issued the Desalter Revenue Refunding Bonds, Series 2016A in the amount of \$67,105,000 to refund the Desalter Revenue Refunding Bonds, Series 2008A. The new revenue refunding bond has various debt payment schedules tailored to each CDA member agency, based on their respective election. This provision affords each member the ability to prepay their share of debt service.

Unaudited Financial information of the Authority for the fiscal year ended June 30, 2016 is summarized as follows:

Chino Basin Desalter Authority Net Position:	
Total assets	\$ 284,250,902
Total liabilities	<u>(97,763,486)</u>
Total Net Position	<u>\$ 186,487,416</u>
Chino Basin Desalter Authority Changes in Net Position:	
Operating revenues	\$ 39,082,935
Operating expenses	<u>(35,019,426)</u>
Operating gain before depreciation and amortization	4,063,509
Depreciation and amortization	<u>(3,984,054)</u>
Operating revenue (loss)	79,455
Nonoperating revenues (expenses)	<u>2,408,663</u>
Income (loss) before transfers and contributions	2,488,118
Contributions	19,643,423
Capital grants	4,768,747
Distribution of excess reserves	<u>-</u>
Change in Net Position	26,900,288
Beginning Net Position	<u>159,587,128</u>
Ending Net Position	<u>\$ 186,487,416</u>

CITY OF CHINO HILLS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2016

Note 11: Joint Venture (Continued)

The participants' contributions through June 30, 2016 were as follows:

	<u>Amount</u>	<u>Percent</u>
JCSD	\$ 9,826,442	35.10%
City of Chino Hills	4,245,918	15.17%
City of Chino	5,056,413	18.06%
City of Norco	1,012,711	3.62%
City of Ontario	5,084,599	18.16%
Santa Ana River Co.	1,209,916	4.32%
Western Municipal Water District	1,556,694	5.57%
Total	<u>\$ 27,992,693</u>	<u>100.00%</u>

Financial statements of the Authority can be obtained from the CDA Treasurer's office located at 2151 Haven Avenue, Suite 202, Ontario, CA 91761.

Note 12: Other Commitments

The City has active construction projects as of June 30, 2016. The projects include streets facilities and water lines and mains. At fiscal year end, the City's encumbrances with contractors were as follows:

	<u>Spent-to-date</u>	<u>Remaining Commitment</u>
Capital Improvements Fund:		
Improvements Other than Buildings	\$ 6,749	\$ 243,251
Office Furniture and Equipment	27,400	55,478
Streets Facilities	152,761	100,429
Traffic Signals	-	11,869
Sanitary Sewer Lines & Facilities	19,445	297,024
Storm Sewer Lines	650,463	237,157
Water Supply Facilities	88,351	68,849
Total	<u>\$ 945,169</u>	<u>\$ 1,014,057</u>

CITY OF CHINO HILLS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2016

Note 13: Fund Balances

Fund Balance Classifications

At June 30, 2016, the City reports the following fund balance classifications:

	General	Existing Infrastructure Fees	Other Governmental Funds	Total Governmental Funds
Fund Balances:				
Nonspendable				
Long-term receivables	\$ 13,553	\$ -	\$ -	\$ 13,553
Advances to other funds	752,651	-	-	752,651
Restricted				
Community development projects	-	-	1,340,598	1,340,598
Public safety	-	-	38,599	38,599
Public works	-	-	221,920	221,920
Landscape & lighting projects & related administrative costs	-	-	3,576,087	3,576,087
General facilities projects & related administrative costs	-	-	2,670,579	2,670,579
Parkland projects & related administrative costs	-	-	426,432	426,432
Sewer facilities projects & related administrative costs	-	-	4,304,416	4,304,416
Storm drain projects & related administrative costs	-	-	5,836,961	5,836,961
Traffic facilities projects & related administrative costs	-	-	2,614,180	2,614,180
Water facilities projects & related administrative costs	-	-	10,484,534	10,484,534
Capital projects	1,618,950	-	9,349,468	10,968,418
Line of credit	456,218	-	-	456,218
Committed				
Emergencies and contingencies	15,299,767	-	-	15,299,767
Cash flow contingency	5,900,000	-	-	5,900,000
Stabilization Fund	1,100,000	-	-	1,100,000
Operational contingency	100,000	-	-	100,000
Assigned				
General government	284,414	-	-	284,414
CIP special projects	1,429,943	-	-	1,429,943
Unassigned	-	(5,917,134)	(752,651)	(6,669,785)
Total Fund Balances	\$ 26,955,496	\$ (5,917,134)	\$ 40,111,123	\$ 61,149,485

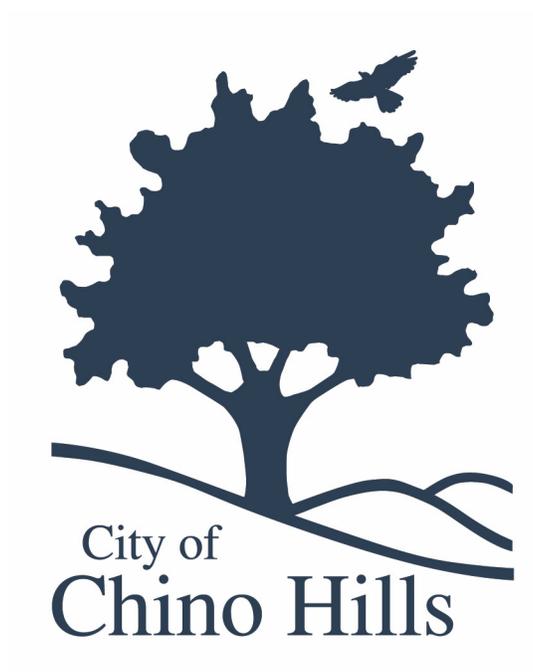
Note 14: Subsequent Events

Sale of Land

On July 14, 2016, the City sold land from the Founders Site to Trumark Homes in the amount of \$11,600,000. The proceeds from the sale of the property will be used to retire General Fund debt.



Required Supplementary Information



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CITY OF CHINO HILLS

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2016**

Note 1: Budget Procedures

All financial activities of the General Fund, Special Revenue Funds and Capital Projects Funds are part of the appropriated budget. Appropriated amounts are as originally adopted or as amended by the City Council throughout the year. The following general procedures are followed in establishing the annual budget:

1. The annual budget adopted by the City Council provides for the general operation of the City. It includes proposed expenditures and estimated revenues.
2. The City Manager is authorized to appropriate from reserves for each expenditure line item or capital improvement project, not exceeding \$25,000 per transaction. The total of appropriations by the City Manager from General Fund reserves may not exceed \$100,000 in a fiscal year. Any appropriations from reserves for each expenditure line item or capital improvement project exceeding \$25,000 per transaction must be approved by the City Council. The City Manager is authorized to transfer appropriations within a department within a fund or between departments within a fund without limitation. All appropriations from reserves and all appropriation transfers are subject to funding eligibility requirements.
3. The budget is formally integrated into the accounting system and employed as a management control device during the year for all funds.
4. The budget is adopted on an annual basis.
5. The budget is adopted on a basis which differs from accounting principles generally accepted in the United States of America in that encumbrances are included as expenditures. The modified accrual basis of accounting is employed in the preparation of the budget.
6. At fiscal year–end, operating budget appropriations lapse; however, incomplete capital improvement project appropriations within Capital Projects Funds, and authorized non–capital appropriations are budgeted in the following fiscal year.

CITY OF CHINO HILLS

**BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 YEAR ENDED JUNE 30, 2016**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$22,111,363	\$ 22,111,363	\$22,111,363	\$ -
Resources (Inflows):				
Taxes	23,410,400	23,511,200	24,194,441	683,241
Licenses and permits	3,841,400	3,433,400	2,658,148	(775,252)
Intergovernmental	31,300	31,300	42,832	11,532
Charges for services	15,461,700	15,560,500	14,539,730	(1,020,770)
Use of money and property	865,600	865,600	1,312,835	447,235
Fines and forfeitures	464,100	464,100	481,301	17,201
Contributions	1,271,400	1,285,400	936,614	(348,786)
Miscellaneous	327,400	872,400	1,014,254	141,854
Transfers in	117,700	117,700	72,112	(45,588)
Contributions from other agencies	-	13,041,600	13,041,538	(62)
Amounts Available for Appropriations	67,902,363	81,294,563	80,405,168	(889,395)
Charges to Appropriation (Outflow):				
General government				
City council	257,600	272,300	272,420	(120)
City manager	1,697,500	1,809,500	1,686,774	122,726
City clerk	1,128,100	1,223,100	1,156,219	66,881
City attorney	350,000	350,000	261,901	88,099
Finance	2,441,000	2,584,100	2,352,583	231,517
Risk management	1,408,300	1,441,100	1,424,663	16,437
Human resources	404,800	426,600	399,438	27,162
Non-departmental	60,300	60,300	53,863	6,437
Emergency preparedness	246,400	251,200	227,879	23,321
Code enforcement	544,000	598,000	576,819	21,181
Public safety				
Law enforcement	12,058,800	12,297,100	12,297,005	95
Public works				
Public works operations	3,092,900	3,579,500	3,534,896	44,604
Engineering	1,926,200	2,091,500	1,847,426	244,074
Public works administration	1,043,600	1,102,400	1,047,069	55,331
Community development				
Community development administration	1,765,700	1,841,800	1,601,165	240,635
Building and safety	1,351,900	1,418,100	1,349,563	68,537
Development services	1,562,900	2,349,700	1,572,971	776,729
Economic development	114,700	169,700	170,094	(394)
Community services				
Recreation	5,632,000	5,858,200	5,540,203	317,997
Capital outlay	352,700	555,200	(86,748)	641,948
Debt service:				
Principal retirement	1,806,300	15,981,300	14,760,832	1,220,468
Interest and fiscal charges	870,600	1,014,600	702,970	311,630
Transfers out	3,096,600	3,200,300	699,667	2,500,633
Total Charges to Appropriations	43,212,900	60,475,600	53,449,672	7,025,928
Budgetary Fund Balance, June 30	\$24,689,463	\$ 20,818,963	\$26,955,496	\$ 6,136,533

CITY OF CHINO HILLS

**BUDGETARY COMPARISON SCHEDULE
 EXISTING INFRASTRUCTURE FEES
 YEAR ENDED JUNE 30, 2016**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (7,450,037)	\$ (7,450,037)	\$ (7,450,037)	\$ -
Resources (Inflows):				
Developer fees	12,611,100	12,611,100	6,229,478	(6,381,622)
Use of money and property	14,200	14,200	60,576	46,376
Miscellaneous	-	-	324,237	324,237
Long-term debt issued	10,000	1,088,400	622,481	(465,919)
Amounts Available for Appropriations	5,185,263	6,263,663	(213,265)	(6,476,928)
Charges to Appropriation (Outflow):				
Public works	945,800	945,800	467,278	478,522
Community development	-	-	131,800	(131,800)
Debt service:				
Principal retirement	3,431,200	5,705,900	5,036,825	669,075
Interest and fiscal charges	56,100	56,100	67,966	(11,866)
Total Charges to Appropriations	4,433,100	6,707,800	5,703,869	1,003,931
Budgetary Fund Balance, June 30	\$ 752,163	\$ (444,137)	\$ (5,917,134)	\$ (5,472,997)

CITY OF CHINO HILLS

**SBCERA PENSION PLAN
A COST-SHARING, MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AS OF JUNE 30, 2016 FOR THE LAST TEN FISCAL YEARS (2)**

	<u>2015</u>	<u>2016</u>
Proportion of the Net Pension Liability	1.336%	1.232%
Proportionate Share of the Net Pension Liability	\$ 22,704,424	\$ 23,926,493
Covered-Employee Payroll	\$ 11,984,203	\$ 11,338,934
Proportionate Share of the Net Pension Liability as Percentage of Covered-Employee Payroll	189.45%	211.01%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.97%	71.75%

Notes to Schedule:

Benefit Changes: All members with membership dates on or after January 1, 2013 enter the new tiers created by the California Public Employees' Pension Reform Act of 2013 (PEPRA). The addition of a new tier of benefits did not result in a change in the net pension liability of participating employers due to changes in benefit terms as of June 30, 2014 and 2013.

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only two years are shown.

CITY OF CHINO HILLS

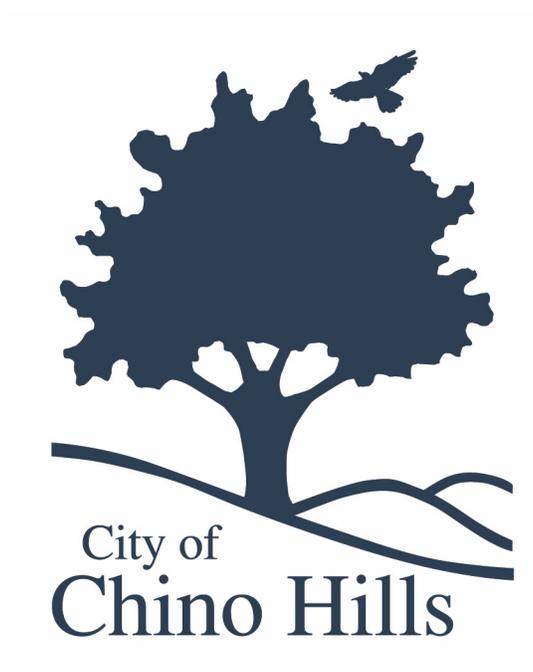
**SBCERA PENSION PLAN
A COST-SHARING, MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN
SCHEDULE OF PLAN CONTRIBUTIONS
AS OF JUNE 30, 2016 FOR THE LAST TEN FISCAL YEARS (2)**

	<u>2015</u>	<u>2016</u>
Actuarially Determined Contribution	\$ 4,546,047	\$ 5,528,874
Actuarial Contributions	(4,546,047)	(5,528,874)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-Employee Payroll	\$ 11,999,151	\$ 12,556,972
Contributions as a Percentage of Covered-Employee Payroll	-37.89%	-44.03%

Note to Schedule:

Valuation Date:	June 30, 2015
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry age normal
Amortization method	Level percent of payroll (3.75% payroll growth assumed)
Remaining amortization period	15 years
Assets valuation method	Market value of assets less unrecognized returns from each of the last five years.
Inflation	3.25%
Projected salary increases	General: 4.6% to 13.75 and Safety: 4.55% to 13.75%, including inflation of 3.25%
Investment rate of return	7.5% net of pension plan investment expenses, including inflation
Retirement age	
Mortality	58 years for General members; 52 years for Safety members RP-2000 Combined Healthy Mortality Table

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only two years are shown.



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NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Landscape and Lighting District – To account for receipts and expenditures of money in the benefit assessment district zones for operating expenditures, maintenance and capital outlay for street lighting, landscaping and parks located within the district.

Sleepy Hollow Road Improvement – To account for receipts and expenditures of money for landscape and other maintenance in the area of the City formerly designated as County Service Area No. 19.

General Facilities Fee – To account for receipts and expenditures of money in the facilities development program for civic facilities such as a civic center, fire stations and community centers.

Traffic Facilities Fee – To account for receipts and expenditures of money in the facilities development program for traffic facilities such as streets, sidewalks, curbs and gutters.

Storm Drain Facilities Fee – To account for receipts and expenditures of money in the facilities development program for storm drain facilities.

Parkland Fee – To account for receipts and expenditures of money in parks & recreation facilities fee and quimby in-lieu fee programs which provide funds for the acquisition of land and construction of parks within the City and is financed from fees collected from the development of residential and commercial properties.

Traffic Signal Fee – To account for receipts and expenditures of money in the traffic signal fee program which provides funds for the installation of traffic signals within the City.

Gas Tax – To account for receipts and expenditures of money apportioned under the State of California Streets and Highways Code Sections 2103, 2105, 2106, and 2107.

Air Quality – To account for receipts and expenditures of money in the State and Federally mandated program to improve air quality within the South Coast Air Quality Management District.

Federal Grants – To account for receipts and expenditures of money for certain federal grants received by the City.

Measure I – To account for receipts and expenditures of money in providing qualifying street maintenance activities in conformance with provisions of the voter approved Measure I two cent sales tax levy.

Solid Waste – To account for receipts and expenditures of money for the collection, transportation, and disposal, via contract, of solid waste materials.

Street Sweeping – To account for receipts and expenditures of money in providing street sweeping services as financed through assessment fees collected from residential and commercial property owners.

Frontline Policing – To account for the receipts and expenditures of money for the Frontline Policing Grant received from the State of California for qualifying police activities.

Miscellaneous Grants – To account for receipts and expenditures of money for various grants received from Local, State, and Federal agencies.

NONMAJOR GOVERNMENTAL FUNDS (Continued)

Affordable Housing Program – To account for receipts and expenditures of money in development of affordable housing in the City as financed through affordable housing in-lieu fees collected from new residential development projects.

Water Facilities Fee – To account for receipts and expenditures of money in the facilities development program for water facilities.

Sewer Facilities Fee – To account for receipts and expenditures of money in the facilities development program for sewer facilities.

Tree Mitigation Fund – To account for the receipts and expenditures of money for the replacement of protected trees within the City.

Public Safety Programs Fund - To account for the receipts and expenditures of money for programs which enhance public safety and law enforcement.

Capital Projects Funds

The following Capital Projects Funds are used to account for resources that are restricted, committed or assigned for the acquisition of capital facilities and other capital assets:

CFD #9 Rincon Village – To account for capital projects in the Community Facilities District No. 9 (Rincon Village Area) financed by the issuance of Mello-Roos Community Facilities Bonds as required by the Mello-Roos Community Facilities Act of 1982.

CFD #10 Fairfield Ranch – To account for capital projects in the Community Facilities District No. 10 (Fairfield Ranch) financed by the issuance of Mello-Roos Community Facilities Bonds as required by the Mello-Roos Community Facilities Act of 1982.



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CITY OF CHINO HILLS

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016**

	Special Revenue Funds			
	Landscape and Lighting District	Sleepy Hollow Road Improvement	General Facilities Fees	Traffic Facilities Fees
Assets:				
Cash and investments	\$ 3,954,888	\$ 50,132	\$ 2,670,329	\$ 2,219,509
Receivables:				
Accounts	48,372	-	-	-
Taxes	-	-	-	-
Accrued interest	591	7	250	252
Special assessment	66,600	420	-	-
Due from other governments	-	-	-	-
Due from other funds	-	-	-	-
Advances to other funds	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 4,070,451	\$ 50,559	\$ 2,670,579	\$ 2,219,761
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ 400,818	\$ -	\$ -	\$ -
Accrued liabilities	63,417	-	-	-
Retentions payable	3,710	-	-	-
Due to other funds	17,962	-	-	-
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Advances from other funds	-	-	-	-
Total Liabilities	485,907	-	-	-
Deferred Inflows of Resources:				
Unavailable revenues	8,457	-	-	-
Total Deferred Inflows of Resources	8,457	-	-	-
Fund Balances:				
Restricted	3,576,087	50,559	2,670,579	2,219,761
Unassigned	-	-	-	-
Total Fund Balances	3,576,087	50,559	2,670,579	2,219,761
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 4,070,451	\$ 50,559	\$ 2,670,579	\$ 2,219,761

CITY OF CHINO HILLS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016

(CONTINUED)

	Special Revenue Funds			
	Storm Drain Facilities Fees	Parkland Fees	Traffic Signal Fees	Gas Tax
Assets:				
Cash and investments	\$ 5,823,566	\$ 1,813,498	\$ 394,366	\$ 4,528,177
Receivables:				
Accounts	-	-	-	12,954
Taxes	-	-	-	-
Accrued interest	676	243	53	591
Special assessment	-	-	-	-
Due from other governments	-	-	-	143
Due from other funds	12,719	-	-	-
Advances to other funds	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 5,836,961	\$ 1,813,741	\$ 394,419	\$ 4,541,865
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 64,070
Accrued liabilities	-	1,559	-	32,534
Retentions payable	-	-	-	-
Due to other funds	-	-	-	-
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Advances from other funds	-	1,385,750	-	1,482,352
Total Liabilities	-	1,387,309	-	1,578,956
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances:				
Restricted	5,836,961	426,432	394,419	2,962,909
Unassigned	-	-	-	-
Total Fund Balances	5,836,961	426,432	394,419	2,962,909
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 5,836,961	\$ 1,813,741	\$ 394,419	\$ 4,541,865

CITY OF CHINO HILLS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016

	Special Revenue Funds			
	<u>Air Quality</u>	<u>Federal Grants</u>	<u>Measure I</u>	<u>Solid Waste</u>
Assets:				
Cash and investments	\$ 291,507	\$ -	\$ 920,649	\$ 516,267
Receivables:				
Accounts	-	-	-	505,627
Taxes	-	-	197,822	-
Accrued interest	38	-	123	-
Special assessment	-	-	-	-
Due from other governments	26,549	44,058	-	-
Due from other funds	-	-	-	-
Advances to other funds	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	<u>\$ 318,094</u>	<u>\$ 44,058</u>	<u>\$ 1,118,594</u>	<u>\$ 1,021,894</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ 24,242	\$ -	\$ 940,434
Accrued liabilities	-	401	-	-
Retentions payable	-	6,577	-	-
Due to other funds	-	12,838	-	81,460
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Advances from other funds	-	-	-	-
Total Liabilities	<u>-</u>	<u>44,058</u>	<u>-</u>	<u>1,021,894</u>
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Restricted	318,094	-	1,118,594	-
Unassigned	-	-	-	-
Total Fund Balances	<u>318,094</u>	<u>-</u>	<u>1,118,594</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 318,094</u>	<u>\$ 44,058</u>	<u>\$ 1,118,594</u>	<u>\$ 1,021,894</u>

CITY OF CHINO HILLS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016

(CONTINUED)

	Special Revenue Funds			
	Street Sweeping	Frontline Policing	Miscellaneous Grants	Affordable Housing Program
Assets:				
Cash and investments	\$ 189,328	\$ 47,481	\$ 73,951	\$ 1,340,425
Receivables:				
Accounts	-	-	-	-
Taxes	-	-	-	-
Accrued interest	28	6	-	173
Special assessment	2,508	-	-	-
Due from other governments	-	-	1,931,114	-
Due from other funds	-	-	-	-
Advances to other funds	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 191,864	\$ 47,487	\$ 2,005,065	\$ 1,340,598
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ 24,765	\$ 41,300	\$ -	\$ -
Accrued liabilities	-	-	-	-
Retentions payable	-	-	-	-
Due to other funds	-	-	1,178,463	-
Unearned revenues	-	-	73,951	-
Deposits payable	-	-	-	-
Advances from other funds	-	-	752,651	-
Total Liabilities	24,765	41,300	2,005,065	-
Deferred Inflows of Resources:				
Unavailable revenues	-	-	752,651	-
Total Deferred Inflows of Resources	-	-	752,651	-
Fund Balances:				
Restricted	167,099	6,187	-	1,340,598
Unassigned	-	-	(752,651)	-
Total Fund Balances	167,099	6,187	(752,651)	1,340,598
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 191,864	\$ 47,487	\$ 2,005,065	\$ 1,340,598

CITY OF CHINO HILLS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016

	Special Revenue Funds			
	Water Facilities Fee	Sewer Facilities Fee	Tree Mitigation Fund	Public Safety Programs Fund
Assets:				
Cash and investments	\$ 6,888,186	\$ 820,164	\$ 4,262	\$ 32,399
Receivables:				
Accounts	-	-	-	-
Taxes	-	-	-	-
Accrued interest	1,041	86	-	4
Special assessment	-	-	-	-
Due from other governments	-	-	-	9
Due from other funds	38,544	1,865	-	-
Advances to other funds	3,560,977	3,482,301	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 10,488,748	\$ 4,304,416	\$ 4,262	\$ 32,412
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ 1,115	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-
Retentions payable	-	-	-	-
Due to other funds	-	-	-	-
Unearned revenues	-	-	-	-
Deposits payable	3,099	-	-	-
Advances from other funds	-	-	-	-
Total Liabilities	4,214	-	-	-
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances:				
Restricted	10,484,534	4,304,416	4,262	32,412
Unassigned	-	-	-	-
Total Fund Balances	10,484,534	4,304,416	4,262	32,412
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 10,488,748	\$ 4,304,416	\$ 4,262	\$ 32,412

CITY OF CHINO HILLS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016

	Capital Project Funds		Total Governmental Funds
	CFD # 9 Rincon Village	CFD # 10 Fairfield Ranch	
Assets:			
Cash and investments	\$ 4,554,500	\$ -	\$ 37,133,584
Receivables:			
Accounts	-	-	566,953
Taxes	-	-	197,822
Accrued interest	599	-	4,761
Special assessment	-	-	69,528
Due from other governments	-	-	2,001,873
Due from other funds	-	-	53,128
Advances to other funds	-	-	7,043,278
Restricted assets:			
Cash and investments with fiscal agents	-	394,772	394,772
Total Assets	\$ 4,555,099	\$ 394,772	\$ 47,465,699
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ 1,496,744
Accrued liabilities	-	-	97,911
Retentions payable	-	-	10,287
Due to other funds	-	-	1,290,723
Unearned revenues	-	-	73,951
Deposits payable	-	-	3,099
Advances from other funds	-	-	3,620,753
Total Liabilities	-	-	6,593,468
Deferred Inflows of Resources:			
Unavailable revenues	-	-	761,108
Total Deferred Inflows of Resources	-	-	761,108
Fund Balances:			
Restricted	4,555,099	394,772	40,863,774
Unassigned	-	-	(752,651)
Total Fund Balances	4,555,099	394,772	40,111,123
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 4,555,099	\$ 394,772	\$ 47,465,699

CITY OF CHINO HILLS

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2016**

	Special Revenue Funds			
	Landscape and Lighting District	Sleepy Hollow Road Improvement	General Facilities Fees	Traffic Facilities Fees
Revenues:				
Special assessments	\$ 5,408,399	\$ 10,192	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for services	1,498,987	-	-	-
Developer fees	-	-	831,910	104,864
Fines and forfeitures	-	-	-	-
Contributions from property owners	-	-	-	-
Use of money and property	89,102	1,034	32,030	40,833
Miscellaneous	68,207	-	-	-
Total Revenues	7,064,695	11,226	863,940	145,697
Expenditures:				
Current:				
Public safety	-	-	-	-
Public works	8,151,493	419	62,393	7,865
Community development	-	-	-	-
Community services	-	-	-	-
Capital outlay	46,631	-	-	-
Debt service:				
Interest and fiscal charges	-	-	-	-
Total Expenditures	8,198,124	419	62,393	7,865
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,133,429)	10,807	801,547	137,832
Other Financing Sources (Uses):				
Transfers in	607,150	-	-	162,205
Transfers out	(6,670)	-	-	-
Total Other Financing Sources (Uses)	600,480	-	-	162,205
Net Change in Fund Balances	(532,949)	10,807	801,547	300,037
Fund Balances, Beginning of Year	4,109,036	39,752	1,869,032	1,919,724
Fund Balances, End of Year	\$ 3,576,087	\$ 50,559	\$ 2,670,579	\$ 2,219,761

CITY OF CHINO HILLS

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2016

(CONTINUED)

	Special Revenue Funds			
	Storm Drain Facilities Fees	Parkland Fees	Traffic Signal Fees	Gas Tax
Revenues:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	1,678,263
Charges for services	-	-	-	-
Developer fees	841,761	1,460,163	-	-
Fines and forfeitures	-	-	-	-
Contributions from property owners	-	-	-	-
Use of money and property	99,717	40,122	9,034	99,445
Miscellaneous	-	-	-	39,838
Total Revenues	941,478	1,500,285	9,034	1,817,546
Expenditures:				
Current:				
Public safety	-	-	-	-
Public works	63,132	1,454,547	-	1,566,930
Community development	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Interest and fiscal charges	-	17,982	-	-
Total Expenditures	63,132	1,472,529	-	1,566,930
Excess (Deficiency) of Revenues Over (Under) Expenditures	878,346	27,756	9,034	250,616
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	(16,062)	(399,769)
Total Other Financing Sources (Uses)	-	-	(16,062)	(399,769)
Net Change in Fund Balances	878,346	27,756	(7,028)	(149,153)
Fund Balances, Beginning of Year	4,958,615	398,676	401,447	3,112,062
Fund Balances, End of Year	\$ 5,836,961	\$ 426,432	\$ 394,419	\$ 2,962,909

CITY OF CHINO HILLS

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2016**

	Special Revenue Funds			
	Air Quality	Federal Grants	Measure I	Solid Waste
Revenues:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Intergovernmental	98,730	418,816	1,262,153	-
Charges for services	-	-	-	4,843,583
Developer fees	-	-	-	-
Fines and forfeitures	-	-	-	-
Contributions from property owners	-	-	-	-
Use of money and property	5,746	-	31,516	-
Miscellaneous	-	-	-	-
Total Revenues	104,476	418,816	1,293,669	4,843,583
Expenditures:				
Current:				
Public safety	-	-	-	-
Public works	25,570	-	38,900	4,843,583
Community development	-	-	-	-
Community services	-	106,780	-	-
Capital outlay	37,800	295,373	-	-
Debt service:				
Interest and fiscal charges	-	-	-	-
Total Expenditures	63,370	402,153	38,900	4,843,583
Excess (Deficiency) of Revenues Over (Under) Expenditures	41,106	16,663	1,254,769	-
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	(2,667,436)	-
Total Other Financing Sources (Uses)	-	-	(2,667,436)	-
Net Change in Fund Balances	41,106	16,663	(1,412,667)	-
Fund Balances, Beginning of Year	276,988	(16,663)	2,531,261	-
Fund Balances, End of Year	\$ 318,094	\$ -	\$ 1,118,594	\$ -

CITY OF CHINO HILLS

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2016**

(CONTINUED)

	Special Revenue Funds			
	Street Sweeping	Frontline Policing	Miscellaneous Grants	Affordable Housing Program
Revenues:				
Special assessments	\$ 197,424	\$ -	\$ -	\$ -
Intergovernmental	-	138,898	4,253,448	-
Charges for services	-	-	-	-
Developer fees	-	-	-	660,799
Fines and forfeitures	-	-	-	-
Contributions from property owners	-	-	-	-
Use of money and property	4,986	1,171	-	21,248
Miscellaneous	-	-	-	-
Total Revenues	202,410	140,069	4,253,448	682,047
Expenditures:				
Current:				
Public safety	-	160,509	-	-
Public works	315,343	-	-	-
Community development	-	-	-	2,527
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Interest and fiscal charges	-	-	-	-
Total Expenditures	315,343	160,509	-	2,527
Excess (Deficiency) of Revenues Over (Under) Expenditures	(112,933)	(20,440)	4,253,448	679,520
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	(4,502,013)	-
Total Other Financing Sources (Uses)	-	-	(4,502,013)	-
Net Change in Fund Balances	(112,933)	(20,440)	(248,565)	679,520
Fund Balances, Beginning of Year	280,032	26,627	(504,086)	661,078
Fund Balances, End of Year	\$ 167,099	\$ 6,187	\$ (752,651)	\$ 1,340,598

CITY OF CHINO HILLS

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2016**

	Special Revenue Funds			
	Water Facilities Fee	Sewer Facilities Fee	Tree Mitigation Fund	Public Safety Programs Fund
Revenues:				
Special assessments	\$ 3,001,174	\$ 251,363	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Developer fees	-	-	-	-
Fines and forfeitures	-	-	-	7,810
Contributions from property owners	-	-	-	-
Use of money and property	147,650	55,209	35	715
Miscellaneous	-	-	-	-
Total Revenues	3,148,824	306,572	35	8,525
Expenditures:				
Current:				
Public safety	-	-	-	5,149
Public works	224,833	15,982	-	-
Community development	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Interest and fiscal charges	12,858	-	-	-
Total Expenditures	237,691	15,982	-	5,149
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,911,133	290,590	35	3,376
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	(46,059)	(30,940)	-	-
Total Other Financing Sources (Uses)	(46,059)	(30,940)	-	-
Net Change in Fund Balances	2,865,074	259,650	35	3,376
Fund Balances, Beginning of Year	7,619,460	4,044,766	4,227	29,036
Fund Balances, End of Year	\$ 10,484,534	\$ 4,304,416	\$ 4,262	\$ 32,412

CITY OF CHINO HILLS

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2016**

	<u>Capital Projects Funds</u>		
	<u>CFD # 9 Rincon Village</u>	<u>CFD # 10 Fairfield Ranch</u>	<u>Total Governmental Funds</u>
Revenues:			
Special assessments	\$ -	\$ 3	\$ 8,868,555
Intergovernmental	-	-	7,850,308
Charges for services	-	-	6,342,570
Developer fees	-	-	3,899,497
Fines and forfeitures	-	-	7,810
Contributions from property owners	170,427	-	170,427
Use of money and property	99,168	2	778,763
Miscellaneous	-	-	108,045
Total Revenues	269,595	5	28,025,975
Expenditures:			
Current:			
Public safety	-	-	165,658
Public works	-	-	16,770,990
Community development	-	-	2,527
Community services	-	-	106,780
Capital outlay	-	-	379,804
Debt service:			
Interest and fiscal charges	-	-	30,840
Total Expenditures	-	-	17,456,599
Excess (Deficiency) of Revenues Over (Under) Expenditures	269,595	5	10,569,376
Other Financing Sources (Uses):			
Transfers in	-	-	769,355
Transfers out	-	-	(7,668,949)
Total Other Financing Sources (Uses)	-	-	(6,899,594)
Net Change in Fund Balances	269,595	5	3,669,782
Fund Balances, Beginning of Year	4,285,504	394,767	36,441,341
Fund Balances, End of Year	\$ 4,555,099	\$ 394,772	\$ 40,111,123

CITY OF CHINO HILLS

**BUDGETARY COMPARISON SCHEDULE
LANDSCAPE AND LIGHTING DISTRICT
YEAR ENDED JUNE 30, 2016**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 4,109,036	\$ 4,109,036	\$ 4,109,036	\$ -
Resources (Inflows):				
Special assessments	5,370,100	5,370,100	5,408,399	38,299
Charges for services	1,511,200	1,511,200	1,498,987	(12,213)
Use of money and property	48,300	48,300	89,102	40,802
Miscellaneous	-	13,600	68,207	54,607
Transfers in	780,400	874,400	607,150	(267,250)
Amounts Available for Appropriations	11,819,036	11,926,636	11,780,881	(145,755)
Charges to Appropriation (Outflow):				
Public works	8,890,300	9,058,300	8,151,493	906,807
Capital outlay	440,300	554,700	46,631	508,069
Transfers out	26,900	26,900	6,670	20,230
Total Charges to Appropriations	9,357,500	9,639,900	8,204,794	1,435,106
Budgetary Fund Balance, June 30	\$ 2,461,536	\$ 2,286,736	\$ 3,576,087	\$ 1,289,351

CITY OF CHINO HILLS

**BUDGETARY COMPARISON SCHEDULE
SLEEPY HOLLOW ROAD IMPROVEMENT
YEAR ENDED JUNE 30, 2016**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 39,752	\$ 39,752	\$ 39,752	\$ -
Resources (Inflows):				
Special assessments	10,400	10,400	10,192	(208)
Use of money and property	600	600	1,034	434
Amounts Available for Appropriations	50,752	50,752	50,978	226
Charges to Appropriation (Outflow):				
Public works	500	500	419	81
Total Charges to Appropriations	500	500	419	81
Budgetary Fund Balance, June 30	\$ 50,252	\$ 50,252	\$ 50,559	\$ 307

CITY OF CHINO HILLS

**BUDGETARY COMPARISON SCHEDULE
GENERAL FACILITIES FEES
YEAR ENDED JUNE 30, 2016**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 1,869,032	\$ 1,869,032	\$ 1,869,032	\$ -
Resources (Inflows):				
Developer fees	1,798,200	1,798,200	831,910	(966,290)
Use of money and property	8,900	8,900	32,030	23,130
Amounts Available for Appropriations	<u>3,676,132</u>	<u>3,676,132</u>	<u>2,732,972</u>	<u>(943,160)</u>
Charges to Appropriation (Outflow):				
Public works	134,900	134,900	62,393	72,507
Total Charges to Appropriations	<u>134,900</u>	<u>134,900</u>	<u>62,393</u>	<u>72,507</u>
Budgetary Fund Balance, June 30	<u>\$ 3,541,232</u>	<u>\$ 3,541,232</u>	<u>\$ 2,670,579</u>	<u>\$ (870,653)</u>

CITY OF CHINO HILLS

**BUDGETARY COMPARISON SCHEDULE
TRAFFIC FACILITIES FEES
YEAR ENDED JUNE 30, 2016**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,919,724	\$ 1,919,724	\$ 1,919,724	\$ -
Resources (Inflows):				
Developer fees	221,900	221,900	104,864	(117,036)
Use of money and property	11,400	11,400	40,833	29,433
Transfers in	-	-	162,205	162,205
Amounts Available for Appropriations	2,153,024	2,153,024	2,227,626	74,602
Charges to Appropriation (Outflow):				
Public works	16,600	16,600	7,865	8,735
Total Charges to Appropriations	16,600	16,600	7,865	8,735
Budgetary Fund Balance, June 30	\$ 2,136,424	\$ 2,136,424	\$ 2,219,761	\$ 83,337

CITY OF CHINO HILLS

**BUDGETARY COMPARISON SCHEDULE
STORM DRAIN FACILITIES FEES
YEAR ENDED JUNE 30, 2016**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 4,958,615	\$ 4,958,615	\$ 4,958,615	\$ -
Resources (Inflows):				
Developer fees	1,564,400	1,564,400	841,761	(722,639)
Use of money and property	17,600	17,600	99,717	82,117
Amounts Available for Appropriations	<u>6,540,615</u>	<u>6,540,615</u>	<u>5,900,093</u>	<u>(640,522)</u>
Charges to Appropriation (Outflow):				
Public works	117,300	117,300	63,132	54,168
Total Charges to Appropriations	<u>117,300</u>	<u>117,300</u>	<u>63,132</u>	<u>54,168</u>
Budgetary Fund Balance, June 30	<u>\$ 6,423,315</u>	<u>\$ 6,423,315</u>	<u>\$ 5,836,961</u>	<u>\$ (586,354)</u>

CITY OF CHINO HILLS

**BUDGETARY COMPARISON SCHEDULE
 PARKLAND FEES
 YEAR ENDED JUNE 30, 2016**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 398,676	\$ 398,676	\$ 398,676	\$ -
Resources (Inflows):				
Developer fees	3,302,200	4,643,900	1,460,163	(3,183,737)
Use of money and property	13,500	13,500	40,122	26,622
Amounts Available for Appropriations	3,714,376	5,056,076	1,898,961	(3,157,115)
Charges to Appropriation (Outflow):				
Public works	247,700	1,589,400	1,454,547	134,853
Debt service:				
Principal retirement	1,385,800	1,385,800	-	1,385,800
Interest and fiscal charges	8,700	8,700	17,982	(9,282)
Total Charges to Appropriations	1,642,200	2,983,900	1,472,529	1,511,371
Budgetary Fund Balance, June 30	\$ 2,072,176	\$ 2,072,176	\$ 426,432	\$ (1,645,744)

CITY OF CHINO HILLS

**BUDGETARY COMPARISON SCHEDULE
TRAFFIC SIGNAL FEES
YEAR ENDED JUNE 30, 2016**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 401,447	\$ 401,447	\$ 401,447	\$ -
Resources (Inflows):				
Use of money and property	3,400	3,400	9,034	5,634
Amounts Available for Appropriations	404,847	404,847	410,481	5,634
Charges to Appropriation (Outflow):				
Transfers out	-	97,000	16,062	80,938
Total Charges to Appropriations	-	97,000	16,062	80,938
Budgetary Fund Balance, June 30	\$ 404,847	\$ 307,847	\$ 394,419	\$ 86,572

CITY OF CHINO HILLS

**BUDGETARY COMPARISON SCHEDULE
 GAS TAX
 YEAR ENDED JUNE 30, 2016**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 3,112,062	\$ 3,112,062	\$ 3,112,062	\$ -
Resources (Inflows):				
Intergovernmental	2,122,900	1,664,500	1,678,263	13,763
Use of money and property	37,000	37,000	99,445	62,445
Miscellaneous	-	-	39,838	39,838
Transfers in	123,000	123,000	-	(123,000)
Amounts Available for Appropriations	5,394,962	4,936,562	4,929,608	(6,954)
Charges to Appropriation (Outflow):				
Public works	1,588,100	1,652,200	1,566,930	85,270
Capital outlay	30,500	39,300	-	39,300
Transfers out	1,423,600	399,800	399,769	31
Total Charges to Appropriations	3,042,200	2,091,300	1,966,699	124,601
Budgetary Fund Balance, June 30	\$ 2,352,762	\$ 2,845,262	\$ 2,962,909	\$ 117,647

CITY OF CHINO HILLS

**BUDGETARY COMPARISON SCHEDULE
 AIR QUALITY
 YEAR ENDED JUNE 30, 2016**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 276,988	\$ 276,988	\$ 276,988	\$ -
Resources (Inflows):				
Intergovernmental	98,100	98,100	98,730	630
Use of money and property	1,600	1,600	5,746	4,146
Amounts Available for Appropriations	376,688	376,688	381,464	4,776
Charges to Appropriation (Outflow):				
Public works	500	500	25,570	(25,070)
Capital outlay	-	73,700	37,800	35,900
Total Charges to Appropriations	500	74,200	63,370	10,830
Budgetary Fund Balance, June 30	\$ 376,188	\$ 302,488	\$ 318,094	\$ 15,606

CITY OF CHINO HILLS

**BUDGETARY COMPARISON SCHEDULE
FEDERAL GRANTS
YEAR ENDED JUNE 30, 2016**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ (16,663)	\$ (16,663)	\$ (16,663)	\$ -
Resources (Inflows):				
Intergovernmental	658,000	658,000	418,816	(239,184)
Amounts Available for Appropriations	641,337	641,337	402,153	(239,184)
Charges to Appropriation (Outflow):				
Community services	169,300	169,300	106,780	62,520
Capital outlay	488,700	473,600	295,373	178,227
Total Charges to Appropriations	658,000	642,900	402,153	240,747
Budgetary Fund Balance, June 30	\$ (16,663)	\$ (1,563)	\$ -	\$ 1,563

CITY OF CHINO HILLS

BUDGETARY COMPARISON SCHEDULE
 MEASURE I
 YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,531,261	\$ 2,531,261	\$ 2,531,261	\$ -
Resources (Inflows):				
Intergovernmental	1,238,400	1,238,400	1,262,153	23,753
Use of money and property	20,800	20,800	31,516	10,716
Amounts Available for Appropriations	3,790,461	3,790,461	3,824,930	34,469
Charges to Appropriation (Outflow):				
Public works	38,900	38,900	38,900	-
Transfers out	2,340,700	2,913,800	2,667,436	246,364
Total Charges to Appropriations	2,379,600	2,952,700	2,706,336	246,364
Budgetary Fund Balance, June 30	\$ 1,410,861	\$ 837,761	\$ 1,118,594	\$ 280,833

CITY OF CHINO HILLS

**BUDGETARY COMPARISON SCHEDULE
SOLID WASTE
YEAR ENDED JUNE 30, 2016**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Charges for services	4,814,600	4,814,600	4,843,583	28,983
Amounts Available for Appropriations	4,814,600	4,814,600	4,843,583	28,983
Charges to Appropriation (Outflow):				
Public works	4,814,600	4,814,600	4,843,583	(28,983)
Total Charges to Appropriations	4,814,600	4,814,600	4,843,583	(28,983)
Budgetary Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -

CITY OF CHINO HILLS

**BUDGETARY COMPARISON SCHEDULE
STREET SWEEPING
YEAR ENDED JUNE 30, 2016**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 280,032	\$ 280,032	\$ 280,032	\$ -
Resources (Inflows):				
Special assessments	204,400	204,400	197,424	(6,976)
Use of money and property	4,400	4,400	4,986	586
Amounts Available for Appropriations	488,832	488,832	482,442	(6,390)
Charges to Appropriation (Outflow):				
Public works	323,500	348,400	315,343	33,057
Total Charges to Appropriations	323,500	348,400	315,343	33,057
Budgetary Fund Balance, June 30	\$ 165,332	\$ 140,432	\$ 167,099	\$ 26,667

CITY OF CHINO HILLS

BUDGETARY COMPARISON SCHEDULE
 FRONTLINE POLICING
 YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 26,627	\$ 26,627	\$ 26,627	\$ -
Resources (Inflows):				
Intergovernmental	99,500	138,900	138,898	(2)
Use of money and property	500	500	1,171	671
Amounts Available for Appropriations	126,627	166,027	166,696	669
Charges to Appropriation (Outflow):				
Public safety	100,000	160,600	160,509	91
Total Charges to Appropriations	100,000	160,600	160,509	91
Budgetary Fund Balance, June 30	\$ 26,627	\$ 5,427	\$ 6,187	\$ 760

CITY OF CHINO HILLS

**BUDGETARY COMPARISON SCHEDULE
MISCELLANEOUS GRANTS
YEAR ENDED JUNE 30, 2016**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ (504,086)	\$ (504,086)	\$ (504,086)	\$ -
Resources (Inflows):				
Intergovernmental	9,420,400	11,152,400	4,253,448	(6,898,952)
Amounts Available for Appropriations	8,916,314	10,648,314	3,749,362	(6,898,952)
Charges to Appropriation (Outflow):				
Transfers out	9,420,400	8,183,400	4,502,013	3,681,387
Total Charges to Appropriations	9,420,400	8,183,400	4,502,013	3,681,387
Budgetary Fund Balance, June 30	\$ (504,086)	\$ 2,464,914	\$ (752,651)	\$ (3,217,565)

CITY OF CHINO HILLS

**BUDGETARY COMPARISON SCHEDULE
AFFORDABLE HOUSING PROGRAM
YEAR ENDED JUNE 30, 2016**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 661,078	\$ 661,078	\$ 661,078	\$ -
Resources (Inflows):				
Developer fees	1,421,500	1,421,500	660,799	(760,701)
Use of money and property	4,800	4,800	21,248	16,448
Amounts Available for Appropriations	<u>2,087,378</u>	<u>2,087,378</u>	<u>1,343,125</u>	<u>(744,253)</u>
Charges to Appropriation (Outflow):				
Community development	-	-	2,527	(2,527)
Total Charges to Appropriations	<u>-</u>	<u>-</u>	<u>2,527</u>	<u>(2,527)</u>
Budgetary Fund Balance, June 30	<u>\$ 2,087,378</u>	<u>\$ 2,087,378</u>	<u>\$ 1,340,598</u>	<u>\$ (746,780)</u>

CITY OF CHINO HILLS

**BUDGETARY COMPARISON SCHEDULE
WATER FACILITIES FEE
YEAR ENDED JUNE 30, 2016**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 7,619,460	\$ 7,619,460	\$ 7,619,460	\$ -
Resources (Inflows):				
Special assessments	4,669,800	4,669,800	3,001,174	(1,668,626)
Use of money and property	33,600	33,600	147,650	114,050
Amounts Available for Appropriations	12,322,860	12,322,860	10,768,284	(1,554,576)
Charges to Appropriation (Outflow):				
Public works	349,900	349,900	224,833	125,067
Debt service:				
Principal retirement	990,900	990,900	-	990,900
Interest and fiscal charges	7,200	7,200	12,858	(5,658)
Transfers out	506,600	501,500	46,059	455,441
Total Charges to Appropriations	1,854,600	1,849,500	283,750	1,565,750
Budgetary Fund Balance, June 30	\$ 10,468,260	\$ 10,473,360	\$ 10,484,534	\$ 11,174

CITY OF CHINO HILLS

**BUDGETARY COMPARISON SCHEDULE
 SEWER FACILITIES FEE
 YEAR ENDED JUNE 30, 2016**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$4,044,766	\$ 4,044,766	\$ 4,044,766	\$ -
Resources (Inflows):				
Special assessments	447,800	447,800	251,363	(196,437)
Use of money and property	37,500	37,500	55,209	17,709
Amounts Available for Appropriations	4,530,066	4,530,066	4,351,338	(178,728)
Charges to Appropriation (Outflow):				
Public works	33,600	33,600	15,982	17,618
Transfers out	178,800	178,500	30,940	147,560
Total Charges to Appropriations	212,400	212,100	46,922	165,178
Budgetary Fund Balance, June 30	\$4,317,666	\$ 4,317,966	\$ 4,304,416	\$ (13,550)

CITY OF CHINO HILLS

**BUDGETARY COMPARISON SCHEDULE
PUBLIC SAFETY PROGRAMS
YEAR ENDED JUNE 30, 2016**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 29,036	\$ 29,036	\$ 29,036	\$ -
Resources (Inflows):				
Fines and forfeitures	5,800	5,800	7,810	2,010
Use of money and property	200	200	715	515
Amounts Available for Appropriations	35,036	35,036	37,561	2,525
Charges to Appropriation (Outflow):				
Public safety	-	-	5,149	(5,149)
Total Charges to Appropriations	-	-	5,149	(5,149)
Budgetary Fund Balance, June 30	\$ 35,036	\$ 35,036	\$ 32,412	\$ (2,624)

CITY OF CHINO HILLS

**BUDGETARY COMPARISON SCHEDULE
 CAPITAL IMPROVEMENT
 YEAR ENDED JUNE 30, 2016**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Contributions from property owners	2,021,100	1,712,900	919,048	(793,852)
Transfers in	23,006,700	21,088,400	8,870,296	(12,218,104)
Amounts Available for Appropriations	25,027,800	22,801,300	9,789,344	(13,011,956)
Charges to Appropriation (Outflow):				
Public works	3,916,381	3,916,381	3,916,381	-
Capital outlay	21,111,419	18,884,919	5,872,963	13,011,956
Total Charges to Appropriations	25,027,800	22,801,300	9,789,344	13,011,956
Budgetary Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -

CITY OF CHINO HILLS

**BUDGETARY COMPARISON SCHEDULE
CFD #9 RINCON VILLAGE
YEAR ENDED JUNE 30, 2016**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$4,285,504	\$ 4,285,504	\$ 4,285,504	\$ -
Resources (Inflows):				
Contributions	188,500	188,500	170,427	(18,073)
Use of money and property	34,800	34,800	99,168	64,368
Amounts Available for Appropriations	<u>4,508,804</u>	<u>4,508,804</u>	<u>4,555,099</u>	<u>46,295</u>
Budgetary Fund Balance, June 30	<u>\$4,508,804</u>	<u>\$ 4,508,804</u>	<u>\$ 4,555,099</u>	<u>\$ 46,295</u>

INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for the financing of services provided by one department of a government to another. Internal Service Funds include the followings:

Equipment Maintenance Fund – To account for repair, replacement and maintenance of City-owned vehicles and equipment.

Information Technology Fund – To account for repair, replacement and maintenance of City-owned information technology systems and telecommunications hardware and software.

CITY OF CHINO HILLS

**COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2016**

	Governmental Activities - Internal Service Funds		
	Equipment Maintenance	Information Technology	Totals
Assets:			
Current:			
Cash and investments	\$ 4,002,693	\$ 200,311	\$ 4,203,004
Receivables:			
Accrued interest	526	47	573
Total Current Assets	4,003,219	200,358	4,203,577
Noncurrent:			
Capital assets - net of accumulated depreciation	1,391,643	335,743	1,727,386
Total Noncurrent Assets	1,391,643	335,743	1,727,386
Total Assets	\$ 5,394,862	\$ 536,101	\$ 5,930,963
Liabilities and Net Position:			
Liabilities:			
Current:			
Accounts payable	\$ 52,661	\$ 69,283	\$ 121,944
Accrued liabilities	18,677	39,774	58,451
Compensated absences	500	2,096	2,596
Capital leases	-	9,274	9,274
Total Current Liabilities	71,838	120,427	192,265
Noncurrent:			
Compensated absences	19,302	15,566	34,868
Total Noncurrent Liabilities	19,302	15,566	34,868
Total Liabilities	91,140	135,993	227,133
Net Position:			
Net investment in capital assets	1,391,643	326,469	1,718,112
Unrestricted	3,912,079	73,639	3,985,718
Total Net Position	5,303,722	400,108	5,703,830
Total Liabilities and Net Position	\$ 5,394,862	\$ 536,101	\$ 5,930,963

CITY OF CHINO HILLS

**COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2016**

	Governmental Activities - Internal Service Funds		
	Equipment Maintenance	Information Technology	Totals
Operating Revenues:			
Charges for services	\$ 1,147,438	\$ 1,387,368	\$ 2,534,806
Other	7,968	-	7,968
Total Operating Revenues	1,155,406	1,387,368	2,542,774
Operating Expenses:			
Salaries and benefits	343,266	418,017	761,283
Professional and contractual services	1,656	505,548	507,204
Repairs and maintenance	195,527	89,218	284,745
Service and supplies	169,765	19,246	189,011
Administrative and general expenses	156,068	183,456	339,524
Utility services	1,373	1,589	2,962
Depreciation and amortization	520,980	92,517	613,497
Total Operating Expenses	1,388,635	1,309,591	2,698,226
Operating Income (Loss)	(233,229)	77,777	(155,452)
Nonoperating Revenues (Expenses):			
Interest revenue	86,180	6,320	92,500
Interest expense	-	(937)	(937)
Total Nonoperating Revenues (Expenses)	86,180	5,383	91,563
Income (Loss) Before Contributions	(147,049)	83,160	(63,889)
Capital contributions	65,705	-	65,705
Changes in Net Position	(81,344)	83,160	1,816
Net Position:			
Beginning of Year	5,385,066	316,948	5,702,014
End of Fiscal Year	\$ 5,303,722	\$ 400,108	\$ 5,703,830

CITY OF CHINO HILLS

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2016**

	Governmental Activities - Internal Service Funds		
	Equipment Maintenance	Information Technology	Totals
Cash Flows from Operating Activities:			
Cash received from customers and users	\$ 1,155,814	\$ 1,411,396	\$ 2,567,210
Cash paid to suppliers for goods and services	(670,866)	(661,323)	(1,332,189)
Cash paid to employees for services	(492,085)	(582,671)	(1,074,756)
Net Cash Provided (Used) by Operating Activities	(7,137)	167,402	160,265
Cash Flows from Capital and Related Financing Activities:			
Capital contributions	65,705	-	65,705
Acquisition and construction of capital assets	(99,408)	(173,522)	(272,930)
Principal paid on capital debt	-	(11,429)	(11,429)
Interest paid on capital lease	-	(937)	(937)
Net Cash Provided (Used) by Capital and Related Financing Activities	(33,703)	(185,888)	(219,591)
Cash Flows from Investing Activities:			
Interest received	86,371	6,291	92,662
Net Cash Provided (Used) by Investing Activities	86,371	6,291	92,662
Net Increase (Decrease) in Cash and Cash Equivalents	45,531	(12,195)	33,336
Cash and Cash Equivalents at Beginning of Year	3,957,162	212,506	4,169,668
Cash and Cash Equivalents at End of Year	\$ 4,002,693	\$ 200,311	\$ 4,203,004
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ (233,229)	\$ 77,777	\$ (155,452)
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:			
Depreciation	520,980	92,517	613,497
(Increase) decrease in accounts receivable	408	-	408
(Increase) decrease in due from other agencies	-	24,028	24,028
Increase (decrease) in accounts payable	(302,545)	(45,722)	(348,267)
Increase (decrease) in accrued liabilities	4,259	21,180	25,439
Increase (decrease) in compensated absences	2,990	(2,378)	612
Total Adjustments	226,092	89,625	315,717
Net Cash Provided (Used) by Operating Activities	\$ (7,137)	\$ 167,402	\$ 160,265
Non-Cash Investing, Capital, and Financing Activities:			
There was no noncash investing, capital, or financing activities.			

AGENCY FUNDS

Agency Funds are used to account for assets held by the City as an agent for individuals, private organizations, other governments and/or funds. Agency Funds include the followings:

AD #1994 – To account for the collection of assessments from owners of property within the Assessment District 1994, and for the remittance of such assessments to the bondholders as required by the California 1915 Improvements Act.

CFD #1 Rolling Ridge – To account for the collection of assessments from owners of property within the Community Facilities District No. 1 (Rolling Ridge), and for the remittance of such assessments to the bondholders as required by the Mello-Roos Community facilities Act of 1982.

CFD #2 Los Ranchos – To account for the collection of assessments from owners of property within the Community Facilities District No. 2 (Los Ranchos), and for the remittance of such assessments to the bondholders as required by the Mello-Roos Community facilities Act of 1982.

CFD #4 The Oaks – To account for the collection of assessments from owners of property within the Community Facilities District No. 4 (The Oaks), and for the remittance of such assessments to the bondholders as required by the Mello-Roos Community facilities Act of 1982.

CFD #5 Rincon Village – To account for the collection of assessments from owners of property within the Community Facilities District No. 5 (Rincon Village), and for the remittance of such assessments to the bondholders as required by the Mello-Roos Community facilities Act of 1982.

CFD #6 Carbon Canyon – To account for the collection of assessments from owners of property within the Community Facilities District No. 6 (Carbon Canyon), and for the remittance of such assessments to the bondholders as required by the Mello-Roos Community facilities Act of 1982.

CFD #8 Butterfield – To account for the collection of assessments from owners of property within the Community Facilities District No. 8 (Butterfield), and for the remittance of such assessments to the bondholders as required by the Mello-Roos Community facilities Act of 1982.

CFD #9 Rincon Village – To account for the collection of assessments from owners of property within the Community Facilities District No. 9 (Rincon Village), and for the remittance of such assessments to the bondholders as required by the Mello-Roos Community facilities Act of 1982.

CFD #10 Fairfield Ranch – To account for the collection of assessments from owners of property within the Community Facilities District No. 10 (Fairfield Ranch), and for the remittance of such assessments to the bondholders as required by the Mello-Roos Community facilities Act of 1982.

General Agency Fund – To account for the collection of various fees/deposits from developers for community development projects, and for the remittance of such fees/deposits to the City as costs associated to the projects incurred.

RAD 10-1 – To account for the collection of assessments from owners of property within the Reassessment District No. 10-1, and for the remittance of such assessments to the bondholders as required by the California 1915 Improvements Act.

CFD Vila Borba – To account for the collection of assessments from owners of property within the Vila Borba development for the maintenance of parks and facilities within the district.

CITY OF CHINO HILLS

**COMBINING STATEMENT OF ASSETS AND LIABILITIES
ALL AGENCY FUNDS
JUNE 30, 2016**

	<u>AD # 1994</u>	<u>CFD # 1 Rolling Ridge</u>	<u>CFD # 2 Los Ranchos</u>
Assets:			
Pooled cash and investments	\$ 326,973	\$ 430,461	\$ 3,950,682
Receivables:			
Accounts	-	-	-
Accrued interest	43	57	526
Special assessments	-	10,908	22,286
Restricted assets:			
Cash and investments with fiscal agents	-	721,305	1,680,037
Total Assets	<u>\$ 327,016</u>	<u>\$ 1,162,731</u>	<u>\$ 5,653,531</u>
Liabilities:			
Accounts payable	\$ -	\$ 31	\$ 226
Deposits payable	-	-	-
Funds held for others	327,016	1,162,700	5,653,305
Due to Inland Empire Utility Agency	-	-	-
Total Liabilities	<u>\$ 327,016</u>	<u>\$ 1,162,731</u>	<u>\$ 5,653,531</u>

CITY OF CHINO HILLS

COMBINING STATEMENT OF ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 JUNE 30, 2016

(CONTINUED)

	CFD # 4 The Oaks	CFD # 5 Rincon Village	CFD # 6 Carbon Canyon
Assets:			
Pooled cash and investments	\$ 9,963,884	\$ 2,922,526	\$ 1,293,858
Receivables:			
Accounts	-	-	-
Accrued interest	1,312	385	170
Special assessments	283	34,693	5,651
Restricted assets:			
Cash and investments with fiscal agents	416,665	1,999,526	201,982
Total Assets	<u>\$ 10,382,144</u>	<u>\$ 4,957,130</u>	<u>\$ 1,501,661</u>
Liabilities:			
Accounts payable	\$ 5	\$ 719	\$ 43
Deposits payable	-	-	-
Funds held for others	10,382,139	4,956,411	1,501,618
Due to Inland Empire Utility Agency	-	-	-
Total Liabilities	<u>\$ 10,382,144</u>	<u>\$ 4,957,130</u>	<u>\$ 1,501,661</u>

CITY OF CHINO HILLS

COMBINING STATEMENT OF ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 JUNE 30, 2016

	CFD # 8 Butterfield	CFD # 9 Rincon Village	CFD # 10 Fairfield Ranch
Assets:			
Pooled cash and investments	\$ 229,601	\$ 801,877	\$ 895,848
Receivables:			
Accounts	-	-	-
Accrued interest	29	106	118
Special assessments	565	11,211	8,969
Restricted assets:			
Cash and investments with fiscal agents	103,891	491,500	981,750
Total Assets	\$ 334,086	\$ 1,304,694	\$ 1,886,685
Liabilities:			
Accounts payable	\$ 1	\$ 662	\$ 500
Deposits payable	-	-	-
Funds held for others	334,085	1,304,032	1,886,185
Due to Inland Empire Utility Agency	-	-	-
Total Liabilities	\$ 334,086	\$ 1,304,694	\$ 1,886,685

CITY OF CHINO HILLS

**COMBINING STATEMENT OF ASSETS AND LIABILITIES
ALL AGENCY FUNDS
JUNE 30, 2016**

	General Agency Fund	RAD 10-1	CFD Vila Borba	Totals
Assets:				
Pooled cash and investments	\$ 8,770,554	\$ 550,946	\$ 589,725	\$ 30,726,935
Receivables:				
Accounts	150	-	-	150
Accrued interest	-	72	-	2,818
Special assessments	-	2,263	-	96,829
Restricted assets:				
Cash and investments with fiscal agents	-	350,501	-	6,947,157
Total Assets	\$ 8,770,704	\$ 903,782	\$ 589,725	\$ 37,773,889
Liabilities:				
Accounts payable	\$ 962,346	\$ 820	\$ 5,697	\$ 971,050
Deposits payable	3,381,742	-	-	3,381,742
Funds held for others	41,220	902,962	584,028	29,035,701
Due to Inland Empire Utility Agency	4,385,396	-	-	4,385,396
Total Liabilities	\$ 8,770,704	\$ 903,782	\$ 589,725	\$ 37,773,889

CITY OF CHINO HILLS

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 YEAR ENDED JUNE 30, 2016**

	<u>Balance 7/1/2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/2016</u>
<u>AD # 1994</u>				
Assets:				
Pooled cash and investments	\$ 319,701	\$ 7,760	\$ 488	\$ 326,973
Receivables:				
Accrued interest	126	43	126	43
Total Assets	<u>\$ 319,827</u>	<u>\$ 7,803</u>	<u>\$ 614</u>	<u>\$ 327,016</u>
Liabilities:				
Accounts payable	\$ 45	\$ 19	\$ 64	\$ -
Funds held for others	319,782	7,784	550	327,016
Total Liabilities	<u>\$ 319,827</u>	<u>\$ 7,803</u>	<u>\$ 614</u>	<u>\$ 327,016</u>
<u>CFD # 1 Rolling Ridge</u>				
Assets:				
Pooled cash and investments	\$ 360,131	\$ 417,290	\$ 346,960	\$ 430,461
Receivables:				
Accrued interest	68	57	68	57
Special assessments	2,216	10,908	2,216	10,908
Restricted assets:				
Cash and investments with fiscal agents	721,303	214,980	214,978	721,305
Total Assets	<u>\$ 1,083,718</u>	<u>\$ 643,235</u>	<u>\$ 564,222</u>	<u>\$ 1,162,731</u>
Liabilities:				
Accounts payable	\$ 24	\$ 8,284	\$ 8,277	\$ 31
Funds held for others	1,083,694	634,950	555,944	1,162,700
Total Liabilities	<u>\$ 1,083,718</u>	<u>\$ 643,234</u>	<u>\$ 564,221</u>	<u>\$ 1,162,731</u>
<u>CFD # 2 Los Ranchos</u>				
Assets:				
Pooled cash and investments	\$ 5,157,600	\$ 2,184,792	\$ 3,391,710	\$ 3,950,682
Receivables:				
Accrued interest	984	526	984	526
Special assessments	19,031	22,286	19,031	22,286
Restricted assets:				
Cash and investments with fiscal agents	1,676,080	2,158,076	2,154,119	1,680,037
Total Assets	<u>\$ 6,853,695</u>	<u>\$ 4,365,680</u>	<u>\$ 5,565,844</u>	<u>\$ 5,653,531</u>
Liabilities:				
Accounts payable	\$ 356	\$ 30,823	\$ 30,953	\$ 226
Funds held for others	6,853,339	4,334,857	5,534,891	5,653,305
Total Liabilities	<u>\$ 6,853,695</u>	<u>\$ 4,365,680</u>	<u>\$ 5,565,844</u>	<u>\$ 5,653,531</u>

CITY OF CHINO HILLS

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 YEAR ENDED JUNE 30, 2016**

(CONTINUED)

	<u>Balance 7/1/2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/2016</u>
<u>CFD # 4 The Oaks</u>				
Assets:				
Pooled cash and investments	\$ 9,892,766	\$ 310,935	\$ 239,817	\$ 9,963,884
Receivables:				
Accrued interest	1,816	1,312	1,816	1,312
Special assessments	277	283	277	283
Restricted assets:				
Cash and investments with fiscal agents	421,614	183,234	188,183	416,665
Total Assets	<u>\$ 10,316,473</u>	<u>\$ 495,764</u>	<u>\$ 430,093</u>	<u>\$ 10,382,144</u>
Liabilities:				
Accounts payable	\$ 656	\$ 6,659	\$ 7,310	\$ 5
Funds held for others	10,315,817	489,104	422,782	10,382,139
Total Liabilities	<u>\$ 10,316,473</u>	<u>\$ 495,763</u>	<u>\$ 430,092</u>	<u>\$ 10,382,144</u>
<u>CFD # 5 Rincon Village</u>				
Assets:				
Pooled cash and investments	\$ 2,708,436	\$ 2,612,625	\$ 2,398,535	\$ 2,922,526
Receivables:				
Accrued interest	498	385	498	385
Special assessments	16,931	34,693	16,931	34,693
Restricted assets:				
Cash and investments with fiscal agents	1,502,976	2,409,306	1,912,756	1,999,526
Total Assets	<u>\$ 4,228,841</u>	<u>\$ 5,057,009</u>	<u>\$ 4,328,720</u>	<u>\$ 4,957,130</u>
Liabilities:				
Accounts payable	\$ 180	\$ 13,825	\$ 13,286	\$ 719
Funds held for others	4,228,661	5,043,185	4,315,435	4,956,411
Total Liabilities	<u>\$ 4,228,841</u>	<u>\$ 5,057,010</u>	<u>\$ 4,328,721</u>	<u>\$ 4,957,130</u>
<u>CFD # 6 Carbon Canyon</u>				
Assets:				
Pooled cash and investments	\$ 1,241,107	\$ 329,404	\$ 276,653	\$ 1,293,858
Receivables:				
Accrued interest	228	170	228	170
Special assessments	4,432	5,651	4,432	5,651
Restricted assets:				
Cash and investments with fiscal agents	201,981	196,694	196,693	201,982
Total Assets	<u>\$ 1,447,748</u>	<u>\$ 531,919</u>	<u>\$ 478,006</u>	<u>\$ 1,501,661</u>
Liabilities:				
Accounts payable	\$ 82	\$ 17,122	\$ 17,161	\$ 43
Funds held for others	1,447,666	514,797	460,845	1,501,618
Total Liabilities	<u>\$ 1,447,748</u>	<u>\$ 531,919</u>	<u>\$ 478,006</u>	<u>\$ 1,501,661</u>

CITY OF CHINO HILLS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 YEAR ENDED JUNE 30, 2016

	Balance 7/1/2015	Additions	Deductions	Balance 6/30/2016
<u>CFD # 8 Butterfield</u>				
Assets:				
Pooled cash and investments	\$ 2,092,392	\$ 180,449	\$ 2,043,240	\$ 229,601
Receivables:				
Accrued interest	385	29	385	29
Special assessments	3,878	565	3,878	565
Restricted assets:				
Cash and investments with fiscal agents	187,961	1,954,428	2,038,498	103,891
Total Assets	<u>\$ 2,284,616</u>	<u>\$ 2,135,471</u>	<u>\$ 4,086,001</u>	<u>\$ 334,086</u>
Liabilities:				
Accounts payable	\$ 139	\$ 6,084	\$ 6,222	\$ 1
Funds held for others	2,284,477	2,129,387	4,079,779	334,085
Total Liabilities	<u>\$ 2,284,616</u>	<u>\$ 2,135,471</u>	<u>\$ 4,086,001</u>	<u>\$ 334,086</u>
<u>CFD # 9 Rincon Village</u>				
Assets:				
Pooled cash and investments	\$ 716,068	\$ 874,076	\$ 788,267	\$ 801,877
Receivables:				
Accrued interest	132	106	132	106
Special assessments	17,673	11,211	17,673	11,211
Restricted assets:				
Cash and investments with fiscal agents	491,500	574,041	574,041	491,500
Total Assets	<u>\$ 1,225,373</u>	<u>\$ 1,459,434</u>	<u>\$ 1,380,113</u>	<u>\$ 1,304,694</u>
Liabilities:				
Accounts payable	\$ 57	\$ 10,054	\$ 9,449	\$ 662
Funds held for others	1,225,316	1,449,381	1,370,665	1,304,032
Total Liabilities	<u>\$ 1,225,373</u>	<u>\$ 1,459,435</u>	<u>\$ 1,380,114</u>	<u>\$ 1,304,694</u>
<u>CFD # 10 Fairfield Ranch</u>				
Assets:				
Pooled cash and investments	\$ 859,263	\$ 996,129	\$ 959,544	\$ 895,848
Receivables:				
Accrued interest	158	118	158	118
Special assessments	5,127	8,969	5,127	8,969
Restricted assets:				
Cash and investments with fiscal agents	981,750	1,894,278	1,894,278	981,750
Total Assets	<u>\$ 1,846,298</u>	<u>\$ 2,899,494</u>	<u>\$ 2,859,107</u>	<u>\$ 1,886,685</u>
Liabilities:				
Accounts payable	\$ 57	\$ 6,709	\$ 6,266	\$ 500
Funds held for others	1,846,241	2,892,785	2,852,841	1,886,185
Total Liabilities	<u>\$ 1,846,298</u>	<u>\$ 2,899,494</u>	<u>\$ 2,859,107</u>	<u>\$ 1,886,685</u>

CITY OF CHINO HILLS

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 YEAR ENDED JUNE 30, 2016**

(CONTINUED)

	<u>Balance 7/1/2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/2016</u>
<u>General Agency Fund</u>				
Assets:				
Pooled cash and investments	\$ 6,503,187	\$ 7,809,326	\$ 5,541,959	\$ 8,770,554
Receivables:				
Accounts	-	150	-	150
Total Assets	<u>\$ 6,503,187</u>	<u>\$ 7,809,476</u>	<u>\$ 5,541,959</u>	<u>\$ 8,770,704</u>
Liabilities:				
Accounts payable	\$ 78,473	\$ 4,026,098	\$ 3,142,225	\$ 962,346
Deposits payable	3,319,533	2,578,629	2,516,420	3,381,742
Funds held for others	110,204	2,255,023	2,324,007	41,220
Due to Inland Empire Utility Agency	2,994,977	3,051,385	1,660,966	4,385,396
Total Liabilities	<u>\$ 6,503,187</u>	<u>\$ 11,911,135</u>	<u>\$ 9,643,618</u>	<u>\$ 8,770,704</u>
<u>RAD 10-1</u>				
Assets:				
Pooled cash and investments	\$ 427,110	\$ 548,490	\$ 424,654	\$ 550,946
Receivables:				
Accrued interest	78	72	78	72
Special assessments	3,406	2,263	3,406	2,263
Restricted assets:				
Cash and investments with fiscal agents	350,500	386,648	386,647	350,501
Total Assets	<u>\$ 781,094</u>	<u>\$ 937,473</u>	<u>\$ 814,785</u>	<u>\$ 903,782</u>
Liabilities:				
Accounts payable	\$ 38	\$ 18,953	\$ 18,171	\$ 820
Funds held for others	781,056	918,519	796,613	902,962
Total Liabilities	<u>\$ 781,094</u>	<u>\$ 937,472</u>	<u>\$ 814,784</u>	<u>\$ 903,782</u>
<u>CFD Vila Borba</u>				
Assets:				
Pooled cash and investments	\$ -	\$ 650,600	\$ 60,875	\$ 589,725
Total Assets	<u>\$ -</u>	<u>\$ 650,600</u>	<u>\$ 60,875</u>	<u>\$ 589,725</u>
Liabilities:				
Accounts payable	\$ -	\$ 16,234	\$ 10,537	\$ 5,697
Funds held for others	-	634,366	50,338	584,028
Total Liabilities	<u>\$ -</u>	<u>\$ 650,600</u>	<u>\$ 60,875</u>	<u>\$ 589,725</u>

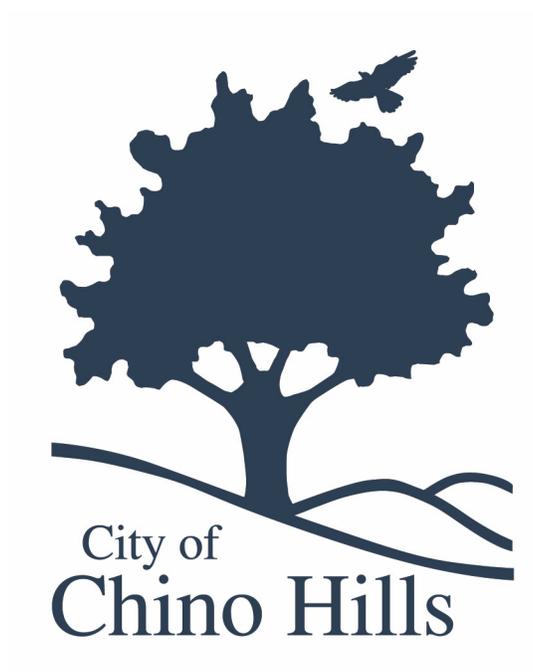
CITY OF CHINO HILLS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 YEAR ENDED JUNE 30, 2016

	<u>Balance 7/1/2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/2016</u>
<u>Totals - All Agency Funds</u>				
Assets:				
Pooled cash and investments	\$ 30,277,761	\$ 16,921,876	\$16,472,702	\$ 30,726,935
Receivables:				
Accounts	-	150	-	150
Accrued interest	4,473	2,818	4,473	2,818
Special assessments	72,971	96,829	72,971	96,829
Restricted assets:				
Cash and investments with fiscal agents	6,535,665	9,971,685	9,560,193	6,947,157
Total Assets	<u>\$ 36,890,870</u>	<u>\$ 26,993,358</u>	<u>\$ 26,110,339</u>	<u>\$ 37,773,889</u>
Liabilities:				
Accounts payable	\$ 80,107	\$ 4,160,864	\$ 3,269,921	\$ 971,050
Deposits payable	3,319,533	2,578,629	2,516,420	3,381,742
Funds held for others	30,496,253	21,304,138	22,764,690	29,035,701
Due to Inland Empire Utility Agency	2,994,977	3,051,385	1,660,966	4,385,396
Total Liabilities	<u>\$ 36,890,870</u>	<u>\$ 31,095,016</u>	<u>\$ 30,211,997</u>	<u>\$ 37,773,889</u>



Statistical Section



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Statistical Section

This part of the City of Chino Hills' comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

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Financial Trends - These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

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Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

Financial Trends

Schedule 1

City of Chino Hills
 Net Position By Component
 Last Ten Fiscal Years
 (accrual basis of accounting)

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Government activities										
Net investment in capital assets	\$ 244,840,301	\$ 276,239,662	\$ 281,960,122	\$ 269,350,904	\$ 260,831,157	\$ 261,743,969	\$ 255,042,440	\$ 258,323,150	\$ 249,001,625	\$ 257,467,380
Restricted	71,509,169	32,100,028	25,515,988	29,238,969	28,772,733	29,588,207	26,842,013	39,055,709	40,314,648	42,938,942
Unrestricted	24,688,669	45,419,424	25,998,601	22,734,986	27,033,352	20,099,061	16,580,294	6,485,403	(12,698,180)	326,593
Total governmental activities net position	\$ 341,038,139	\$ 353,759,114	\$ 333,474,711	\$ 321,324,859	\$ 316,637,242	\$ 311,431,237	\$ 298,164,747	\$ 303,864,262	\$ 276,618,093	\$ 300,732,915
Business-type activities										
Net investment in capital assets	\$ 104,474,205	\$ 111,270,111	\$ 115,321,588	\$ 112,236,094	\$ 112,137,003	\$ 110,459,489	\$ 105,233,109	\$ 107,786,808	\$ 100,578,841	\$ 98,352,645
Restricted	902,855	895,629	891,908	891,788	891,788	891,788	4,677,531	4,677,531	3,455,102	1,120,375
Unrestricted	61,284,270	76,600,187	75,891,932	77,050,459	61,421,913	65,305,916	70,842,686	74,704,941	99,643,000	108,675,663
Total business-type activities net position	\$ 166,661,330	\$ 188,765,927	\$ 192,105,428	\$ 190,178,341	\$ 174,450,704	\$ 176,657,193	\$ 180,753,326	\$ 187,169,280	\$ 203,676,943	\$ 208,148,703
Primary government										
Net investment in capital assets	\$ 349,314,506	\$ 387,509,773	\$ 397,281,710	\$ 381,586,998	\$ 372,968,160	\$ 372,203,458	\$ 360,275,549	\$ 366,109,958	\$ 349,580,466	\$ 355,820,025
Restricted	72,412,024	32,995,657	26,407,896	30,130,757	29,664,521	30,479,995	31,219,544	43,733,240	41,435,023	44,059,317
Unrestricted	85,972,939	122,019,611	101,890,533	99,785,445	88,455,265	85,404,977	87,422,980	81,190,344	89,279,547	109,002,276
Total primary government activities net position	\$ 507,699,469	\$ 542,525,041	\$ 525,580,139	\$ 511,503,200	\$ 491,087,946	\$ 488,088,430	\$ 478,918,073	\$ 491,033,542	\$ 480,295,036	\$ 508,881,618

Schedule 2

City of Chino Hills
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental Activities:										
General government	\$ 6,030,186	\$ 7,361,372	\$ 10,579,750	\$ 9,614,408	\$ 8,966,318	\$ 10,796,216	\$ 12,681,538	\$ 10,724,167	\$ 7,456,698	\$ 7,369,304
Public safety	9,066,406	10,182,888	11,555,310	11,676,798	11,455,829	11,776,645	12,433,463	11,232,499	11,759,297	12,728,967
Public works	31,061,116	29,007,194	34,757,045	28,555,064	40,156,027	30,528,964	31,123,891	32,569,871	36,612,361	37,789,276
Community development	4,233,528	2,818,026	10,683,874	4,211,927	5,057,949	2,097,640	3,241,108	3,235,758	4,211,200	4,794,309
Community services	3,714,175	4,347,447	4,812,362	4,796,904	4,651,993	4,702,555	4,741,588	4,996,597	6,658,170	7,266,899
Interest on long-term debt	1,567,850	2,264,125	1,928,581	1,329,331	1,272,852	1,090,459	1,080,370	1,077,310	971,995	500,900
Total Governmental Activities expenses	55,673,261	55,981,052	74,316,922	60,184,432	71,560,968	60,992,479	65,301,958	63,836,202	67,669,621	70,449,655
Business-Type Activities:										
Water utility	16,050,154	17,942,005	20,469,370	23,239,765	20,834,162	21,540,857	22,337,387	21,634,599	10,932,290	20,647,992
Sewer utility	4,564,235	4,968,864	5,797,290	5,867,079	6,209,880	6,398,875	6,746,884	7,136,383	7,812,499	8,281,415
Total Business-Type Activities Expenses	20,614,389	22,910,869	26,266,660	29,106,844	27,044,042	27,939,732	29,084,271	28,770,982	18,744,789	28,929,407
Total Primary Government Expenses	\$ 76,287,650	\$ 78,891,921	\$ 100,583,582	\$ 89,291,276	\$ 98,605,010	\$ 88,932,211	\$ 94,386,229	\$ 92,607,184	\$ 86,414,410	\$ 99,379,062
Program Revenues										
Governmental Activities:										
Charges for services:										
General government	\$ 5,613,725	\$ 5,776,175	\$ 5,881,060	\$ 5,962,565	\$ 4,487,857	\$ 4,657,938	\$ 5,427,630	\$ 6,256,739	\$ 9,328,173	\$ 10,280,428
Public safety	947,446	672,677	631,906	637,055	600,952	562,197	497,527	504,866	542,578	497,023
Public works	4,718,496	4,892,044	4,836,932	4,876,544	6,824,803	6,932,375	7,226,137	13,224,578	13,051,322	13,245,578
Community development	1,946,325	2,058,372	1,071,103	704,708	778,031	619,127	749,902	1,301,891	2,723,488	4,322,080
Community services	1,071,833	1,125,427	1,204,544	1,079,171	1,191,777	1,163,550	1,216,579	1,314,795	1,414,666	1,420,515
Operating Contributions and Grants	1,656,858	5,607,412	6,508,561	6,599,618	4,706,518	6,283,871	4,460,740	3,167,809	3,724,886	3,237,409
Capital Contributions and Grants	83,790,316	26,719,831	9,217,276	10,147,915	9,252,562	12,766,924	9,032,012	17,006,372	8,992,594	34,293,432
Total Governmental Activities Program Revenues	99,744,999	46,851,938	29,351,382	30,007,576	27,842,500	32,985,982	28,610,527	42,777,050	39,777,707	67,296,465
Business-Type Activities:										
Charges for services:										
Water utility	17,568,215	18,170,451	18,865,858	18,155,780	18,068,634	20,922,012	23,942,745	26,896,617	27,208,741	24,113,123
Sewer utility	4,688,511	4,838,131	5,311,713	5,483,049	5,490,532	5,553,029	5,870,168	6,241,264	6,522,726	6,894,275
Capital Contributions and Grants	5,122,942	11,031,613	5,609,994	267,792	-	323,789	27,756	-	10,770	76,999
Total Business-Type Activities Program Revenues	27,379,668	34,040,195	29,787,565	23,906,621	23,559,166	26,798,830	29,840,669	33,137,881	33,742,237	31,084,397
Total Primary Government Program Revenues	\$ 127,124,667	\$ 80,892,133	\$ 59,138,947	\$ 53,914,197	\$ 51,401,666	\$ 59,784,812	\$ 58,451,196	\$ 75,914,931	\$ 73,519,944	\$ 98,380,862

	Fiscal Year										
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	
Net (Expense)/Revenue											
Governmental Activities	\$ 44,071,738	\$ (9,129,114)	\$ (44,965,540)	\$ (30,176,856)	\$ (43,718,466)	\$ (28,006,497)	\$ (36,691,431)	\$ (21,059,152)	\$ (27,891,914)	\$ (3,153,190)	
Business-Type Activities	6,765,279	11,129,326	3,520,905	(5,200,223)	(3,484,876)	(1,140,902)	756,398	4,366,899	14,997,448	2,154,990	
Total Primary Government Net Expense	<u>\$ 50,837,017</u>	<u>\$ 2,000,212</u>	<u>\$ (41,444,635)</u>	<u>\$ (35,377,079)</u>	<u>\$ (47,203,344)</u>	<u>\$ (29,147,399)</u>	<u>\$ (35,935,033)</u>	<u>\$ (16,692,253)</u>	<u>\$ (12,894,466)</u>	<u>\$ (998,200)</u>	
General Revenues and Other Charges in Net Position											
Governmental Activities:											
Taxes:											
Property taxes, levied for general purpose	\$ 9,059,550	\$ 9,854,421	\$ 10,314,989	\$ 10,026,487	\$ 10,192,744	\$ 10,236,250	\$ 10,512,688	\$ 11,009,485	\$ 11,583,735	\$ 12,028,812	
Sales taxes	5,396,890	5,458,545	5,984,767	5,907,670	6,422,617	6,670,479	6,875,704	7,002,758	7,530,159	7,072,833	
Franchise taxes	2,174,127	2,133,061	2,447,581	2,410,866	2,039,246	2,127,570	2,233,274	2,312,330	2,381,049	2,363,758	
Other taxes	949,894	878,910	720,461	920,207	925,663	966,260	1,092,271	1,301,656	1,366,301	1,734,224	
Intergovernmental, unrestricted:											
Motor Vehicle In Lieu - unrestricted	421,191	348,740	268,308	231,590	361,339	39,069	40,482	33,503	32,363	31,309	
Use of money and property	6,722,699	6,929,444	2,753,401	1,598,863	1,454,225	1,324,713	638,787	1,377,025	1,542,399	2,244,674	
Gain (loss) on sale of capital assets	15,421	(4,172,567)	-	-	5,645	381,015	-	220	3,923	-	
Other revenues and transfers	411,950	419,535	2,191,630	936,547	1,064,712	-	1,916,363	2,484,754	1,498,097	1,792,402	
Total Governmental Activities	<u>25,151,712</u>	<u>21,850,089</u>	<u>24,681,137</u>	<u>22,032,220</u>	<u>22,466,191</u>	<u>21,745,356</u>	<u>23,308,969</u>	<u>25,521,731</u>	<u>25,938,026</u>	<u>27,268,012</u>	
Business-Type Activities:											
Use of money and property	2,598,146	2,636,760	1,510,927	929,857	372,899	311,535	94,366	688,980	774,420	1,418,149	
Gain on sale of assets	7,010	-	-	-	-	-	-	-	-	-	
Other revenues and transfers	47	-	(1,692,331)	2,343,279	3,949,000	4,026,926	3,589,823	1,360,075	735,795	898,621	
Total Business-Type Activities	<u>2,605,203</u>	<u>2,636,760</u>	<u>(181,404)</u>	<u>3,273,136</u>	<u>4,321,899</u>	<u>4,338,461</u>	<u>3,684,189</u>	<u>2,049,055</u>	<u>1,510,215</u>	<u>2,316,770</u>	
Total Primary Government	<u>\$ 27,756,915</u>	<u>\$ 24,486,849</u>	<u>\$ 24,499,733</u>	<u>\$ 25,305,356</u>	<u>\$ 26,788,090</u>	<u>\$ 26,083,817</u>	<u>\$ 26,993,158</u>	<u>\$ 27,570,786</u>	<u>\$ 27,448,241</u>	<u>\$ 29,584,782</u>	
Changes in Net Position											
Governmental Activities	\$ 69,223,450	\$ 12,720,975	\$ (20,284,403)	\$ (8,144,636)	\$ (21,252,277)	\$ (6,261,141)	\$ (13,382,462)	\$ 4,462,579	\$ (1,953,888)	\$ 24,114,822	
Business-Type Activities	9,370,482	13,766,086	3,339,501	(1,927,087)	837,023	3,197,559	4,440,587	6,415,954	16,507,663	4,471,760	
Total Primary Government	<u>\$ 78,593,932</u>	<u>\$ 26,487,061</u>	<u>\$ (16,944,902)</u>	<u>\$ (10,071,723)</u>	<u>\$ (20,415,254)</u>	<u>\$ (3,063,582)</u>	<u>\$ (8,941,875)</u>	<u>\$ 10,878,533</u>	<u>\$ 14,553,775</u>	<u>\$ 28,586,582</u>	

Schedule 3

City of Chino Hills
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Reserved	\$ 825,811	\$ 764,706	\$ 6,349,837	\$ 17,831,272	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	40,400,164	40,886,532	14,803,786	2,345,226	-	-	-	-	-	-
Nonspendable	-	-	-	-	-	28,262	216,615	87,933	518,432	766,204
Restricted	-	-	-	-	4,998,291	4,996,060	5,452,279	5,269,593	3,352,558	2,075,168
Committed	-	-	-	-	16,050,340	14,424,090	12,932,490	14,164,391	16,292,529	22,399,767
Assigned	-	-	-	-	843,616	1,644,313	1,719,090	1,617,555	1,947,844	1,714,357
Total General Fund	\$ 41,225,975	\$ 41,651,238	\$ 21,153,623	\$ 20,176,498	\$ 21,892,247	\$ 21,092,725	\$ 20,320,474	\$ 21,139,472	\$ 22,111,363	\$ 26,955,496
All other governmental funds										
Reserved	\$ 70,162,019	\$ 30,945,202	\$ 9,248,464	\$ 15,727,160	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special Revenue Funds	16,470,009	15,685,432	16,629,699	13,297,242	-	-	-	-	-	-
Capital Project Fund	(15,861,558)	(15,420,655)	(1,245,728)	(926,552)	-	-	-	-	-	-
Nonspendable	-	-	-	-	10,219,315	9,646,249	8,715,323	-	-	-
Restricted	-	-	-	-	23,774,442	24,592,147	21,089,734	33,786,116	36,962,090	40,863,774
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	(3,811,871)	(9,227,775)	(8,265,078)	(7,494,821)	(7,970,786)	(6,669,785)
Total all other governmental funds	\$ 70,770,470	\$ 31,209,979	\$ 24,632,435	\$ 28,097,850	\$ 30,181,886	\$ 25,010,621	\$ 21,539,979	\$ 26,291,295	\$ 28,991,304	\$ 34,193,989

Note: The City implemented GASB Statement No. 54 in fiscal year ended June 30, 2011. Information prior to the implementation of GASB 54 is not presented.

Schedule 4
City of Chino Hills
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues:										
Taxes	\$ 16,974,524	\$ 17,908,191	\$ 18,751,902	\$ 18,888,204	\$ 19,487,208	\$ 19,964,017	\$ 20,730,381	\$ 21,686,794	\$ 22,624,279	\$ 24,194,441
Special Assessments	5,468,821	5,460,976	5,542,087	5,633,526	5,583,774	5,607,189	5,610,517	5,624,722	6,464,550	8,868,555
Licenses and permits	2,136,301	2,058,372	1,071,103	704,708	775,396	616,552	748,552	1,301,564	1,528,812	2,668,148
Intergovernmental	5,799,254	5,708,213	5,180,627	9,200,512	5,139,364	6,278,950	5,433,206	7,918,110	6,585,706	7,893,140
Charges for services	11,411,177	11,680,879	12,074,131	12,089,281	8,045,333	8,025,562	13,235,670	14,778,998	18,899,986	20,882,300
Development fees	5,085,905	3,625,482	1,128,996	490,784	399,643	370,241	387,930	7,018,831	930,066	10,128,975
Contribution from property owners	67,104,258	10,119,918	2,484,988	1,090,164	5,323,963	5,526,955	2,039,554	4,901,472	484,996	1,089,475
Fines and forfeiture	567,143	660,764	620,764	626,154	590,108	553,343	487,636	497,059	533,483	489,111
Contributions					176,417	198,192	416,186	163,876	2,234,046	13,978,152
Use of money and property	6,527,986	6,725,920	2,629,808	1,533,085	1,967,098	5,597,565	642,015	1,329,709	1,492,634	2,152,174
Miscellaneous	1,955,234	1,738,161	1,350,624	2,033,235	1,849,580	999,636	2,001,482	2,084,928	1,517,224	1,446,536
Total revenues	123,030,603	65,686,876	50,835,030	52,289,653	49,337,884	53,738,202	51,733,129	67,306,063	63,295,782	93,781,007
Expenditures:										
Current:										
General government	5,485,568	6,818,907	7,915,221	7,923,217	7,312,478	8,040,290	9,814,578	9,213,715	9,484,876	8,412,559
Public safety	9,058,797	10,172,046	11,413,644	11,402,849	11,181,880	11,507,388	12,168,998	10,967,517	11,494,913	12,462,663
Public works	16,553,751	20,083,124	18,396,664	17,941,401	21,170,100	11,837,707	20,676,443	22,585,727	26,457,085	27,466,128
Community development	4,308,912	5,999,367	16,772,629	4,356,509	10,966,003	11,307,897	3,258,637	3,463,005	4,277,307	4,800,921
Community services	2,918,972	3,235,419	3,381,221	3,317,984	3,151,003	3,390,905	3,262,428	3,586,690	5,148,498	5,606,869
Capital outlay	42,155,326	56,654,818	31,655,842	4,949,091	3,164,855	4,084,866	6,375,854	6,081,977	2,128,126	6,351,244
Debt service:										
Principal retirement	2,292,970	679,693	679,272	482,925	5,035,722	9,610,034	859,738	6,154,570	1,094,853	19,797,657 ⁽¹⁾
Interest and fiscal charges	1,494,572	2,257,998	1,635,520	1,314,620	1,260,856	1,118,605	1,082,786	1,088,276	979,592	801,776
Debt issuance cost	231,058	-	-	-	-	-	-	-	-	-
Total expenses	84,499,926	105,901,362	91,850,013	51,688,596	63,242,897	60,897,692	57,499,462	63,141,477	61,065,250	85,699,817
Excess (deficiency) of revenues over (under) expenditures	38,530,677	(40,214,486)	(41,014,983)	601,057	(13,905,013)	(7,159,490)	(5,766,333)	4,164,586	2,230,532	8,081,190
Other financing sources (uses):										
Transfers in	16,005,428	11,059,192	22,815,140	7,474,593	10,792,870	10,179,224	6,335,040	7,251,636	10,339,681	9,711,763
Transfers out	(16,010,989)	(11,059,192)	(21,036,742)	(5,895,823)	(9,719,760)	(9,107,954)	(5,142,344)	(5,883,060)	(8,920,080)	(8,368,616)
Long term debt issued	22,411,164	1,079,258	12,161,426	308,463	61,383	117,433	24,952	18,361	13,022	622,481
Other debt issued	-	-	-	-	-	-	-	-	-	-
Bond premium	45,765	-	-	-	-	-	-	-	-	-
Proceeds from sale of capital asset	-	-	-	-	5,645	-	-	18,791	8,745	-
Total other financing sources (uses)	22,451,368	1,079,258	13,939,824	1,887,233	1,140,138	1,188,703	1,217,648	1,405,728	1,441,368	1,965,628
Net change in fund balances / net position	\$60,982,045	\$(39,135,228)	\$(27,075,159)	\$ 2,488,290	\$(12,764,875)	\$(5,970,787)	\$(4,548,685)	\$ 5,570,314	\$ 3,671,900	\$ 10,046,818
Debt service as a percentage of noncapital expenditures	8.3%	6.3%	3.3%	3.8%	10.5%	18.8%	3.8%	12.7%	3.5%	26.0%

(1) The outstanding balance of \$14,175,000 for the 2007 Certificates of Participation for the Civic Center Interim Financing Project was fully refunded in FY 15/16.

Revenue Capacity

Schedule 5

City of Chino Hills
 Water Revenue - Charges for Services
 Last Ten Fiscal Years

Fiscal Year	Residential Service Charge	Commercial Service Charge	Government Service Charge	Other Charges	Total
2007	\$ 11,908,728	\$ 3,194,550	\$ 1,163,001	\$ 220,258	\$ 16,486,537
2008	11,757,737	3,236,899	1,171,397	1,619,744	17,785,777
2009	11,989,919	3,434,330	1,165,995	314,977	16,905,221
2010	12,721,619	3,312,889	1,380,924	240,358	17,655,790
2011	13,380,074	3,120,412	1,342,925	225,224	18,068,634
2012	15,008,633	3,759,938	1,921,614	231,829	20,922,013
2013	17,010,320	4,384,772	2,290,266	257,387	23,942,745
2014	18,805,819	5,116,387	2,717,016	257,395	26,896,617
2015	19,070,284	5,374,286	2,525,850	238,321	27,208,741
2016	17,313,747	4,658,550	1,885,061	255,766	24,113,124

Source: City Finance Department.

Note (1): From FY 2007 - FY 2010 Water Revenue- Charges for Services totals include revenue figures from the Water Facilities Fee Fund. Beginning in FY 2011, the Water Facilities Fee Fund activity was excluded and reported separately as a non-major government fund.

Schedule 6

**City of Chino Hills
Assessed Value and Estimated Actual Value of Taxable Property,
Last Ten Fiscal Years
(in thousands of dollars)**

Fiscal Year	Residential Property	Commercial Property	Other Property	Exemption	Total Taxable Assessed Value	Total Direct Tax Rate
2007	\$ 7,083,545	\$ 340,267	\$ 140,436	\$ 92,336	\$ 7,656,584	1.00
2008	7,810,970	444,779	212,883	91,761	8,560,393	1.00
2009	8,110,237	589,787	239,628	92,559	9,032,211	1.00
2010	7,674,088	729,587	366,581	93,399	8,863,656	1.00
2011	7,700,232	734,768	334,286	94,057	8,863,343	1.00
2012	7,807,774	697,721	326,272	93,738	8,925,505	1.00
2013	7,967,288	657,551	326,670	92,393	9,043,902	1.00
2014	8,305,516	646,364	300,299	90,798	9,342,977	1.00
2015	8,911,568	653,794	302,185	88,716	9,956,263	1.00
2016	9,325,710	718,928	246,582	86,819	10,378,039	1.00

Source: HDL Coren & Cone and San Bernardino County Assessor.

Schedule 7

City of Chino Hills
 Direct and Overlapping Property Tax Rates,
 Last Ten Fiscal Years
 (rate per \$100 of assessed value)

Fiscal Year	City Direct Rates	Overlapping Rates		
	General Tax Levy	School District	Metropolitan Water District	San Bernardino County
2007	1.0000	0.0517	0.0047	-
2008	1.0000	0.0497	0.0045	-
2009	1.0000	0.0523	0.0043	-
2010	1.0000	0.0454	0.0043	-
2011	1.0000	0.0486	0.0037	-
2012	1.0000	0.0499	0.0037	-
2013	1.0000	0.0468	0.0035	-
2014	1.0000	0.0515	0.0035	-
2015	1.0000	0.0440	0.0035	-
2016	1.0000	0.0444	0.0035	-

Source: County of San Bernardino Assessor.

Schedule 8

City of Chino Hills
Principal Property Tax Payers,
Current Year and Nine Years Ago

Taxpayer	2015/16			2006/07		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Chino Dunhill LLC	\$ 101,495,880	1	0.98%	-	-	-
NF Chino Hills Associates LP	82,250,000	2	0.79%	-	-	-
FHF I The Heights LLC	81,598,400	3	0.79%	-	-	-
CRGH LLC	63,448,473	4	0.61%	-	-	-
Missions at Chino Hills	50,409,500	5	0.49%	-	-	-
Standard Pacific Corporation	48,156,395	6	0.46%	-	-	-
Weingarten Nostat Inc	44,752,157	7	0.43%	-	-	-
YAH Investments LLC	42,536,920	8	0.41%	-	-	-
JSP Creekside LP	38,365,677	9	0.37%	-	-	-
Chino Hills Corporate Park	32,863,765	10	0.32%	-	-	-
SAF Woodview LLC	-	-	-	67,080,272	1	0.88%
Chino Crossroads One LLC	-	-	-	63,991,614	2	0.84%
CAFI Chino Hills LLC	-	-	-	37,707,564	3	0.49%
Village Oaks Inc.	-	-	-	33,120,533	4	0.43%
WRI Chino Hills LLC	-	-	-	31,370,799	5	0.41%
Sears Roebuck and Company	-	-	-	23,630,682	6	0.31%
Chino Hills Land West LLC	-	-	-	20,659,350	7	0.27%
ERP Operating LP	-	-	-	20,641,251	8	0.27%
Lo Land Assets LP	-	-	-	20,555,000	9	0.27%
Pan Pacific Retail Properties Inc	-	-	-	19,731,808	10	0.26%
Total	\$ 585,877,167		5.65%	\$ 338,488,873		4.42%

Source: HDL Coren & Cone

Schedule 9

City of Chino Hills
Property Tax Levies and Collections,
Last Ten Fiscal Years

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year (1)		Collected within the Fiscal Year of the Levy		Collections in Subsequent Years (2)	Total Collections to Date	
	Amount	Percentage of Levy	Amount	Percentage of Levy		Amount	Percentage of Levy
2007	\$ 3,030,270		\$ 2,687,944	88.7%	\$ 89,871	\$ 2,777,815	91.7%
2008	3,390,298		2,980,778	87.9%	133,985	3,114,763	91.9%
2009	3,571,077		3,194,990	89.5%	223,347	3,418,337	95.7%
2010	3,482,579		3,142,101	90.2%	206,641	3,348,742	96.2%
2011	3,491,579		3,201,176	91.7%	131,954	3,333,130	95.5%
2012	3,517,145		3,233,202	91.9%	116,818	3,350,020	95.2%
2013	3,565,821		3,411,021	95.7%	110,845	3,521,866	98.8%
2014	3,691,033		3,582,627	97.1%	163,919	3,746,546	101.5%
2015	3,932,280		3,794,122	96.5%	82,773	3,876,895	98.6%
2016	4,101,732		4,000,104	97.5%	78,381	4,078,485	99.4%

Sources: County of San Bernardino Auditor/Controller-Recorder.

Note (1): The figures presented are specific to General Fund taxes only. These amounts do not include Community Facilities District Special Taxes or Assessment District assessments.

Note (2) : Delinquent collections were modified in FY 15-16 to be presented in the year they were actually collected. Since these collections may include more than one delinquent years, the total collections to date could be more than 100 percent of the taxes levied for that fiscal year.

Debt Capacity

Schedule 10

City of Chino Hills
 Ratios of Outstanding Debt by Type,
 Last Ten Fiscal Years
 (dollars in thousands, except per capita)

Fiscal Year	Governmental Activities		Business-type Activities		Total Primary Government	Percentage of Personal Income ^a	Per Capita ^a
	Certificates of Participation	Capital Leases	Certificates of Participation/Revenue Bonds				
2007	\$ 22,086	3	\$ 22,138	\$	44,227	1.72%	565
2008	22,084	-	21,108		43,192	1.59%	550
2009	21,997	391	20,048		42,436	1.54%	539
2010	21,906	307	18,963		41,176	1.54%	521
2011	21,484	219	17,839		39,542	1.56%	525
2012	18,954	128	16,673		35,755	1.36%	473
2013	18,368	74	19,663		38,105	1.45%	501
2014	15,322	31	18,068		33,421	1.28%	439
2015	14,756	21	16,447		31,224	1.18%	411
2016	-	9	13,695		13,704	0.51%	174

Source: City Finance Department

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

^a See Demographic and Economic Statistics schedule (schedule 15) for personal income and population data.

Schedule 11

City of Chino Hills
 Ratios of General Bonded Debt Outstanding,
 Last Ten Fiscal Years
 (dollars in thousands, except per capita)

Fiscal Year	General Bonded Debt Outstanding		Percentage of Assessed Value of Property ^a	Per Capita ^b
	Certificates of Participation			
2007	\$ 22,086		0.29%	282
2008	22,084		0.26%	281
2009	21,997		0.24%	279
2010	21,906		0.25%	277
2011	21,484		0.24%	285
2012	18,954		0.21%	251
2013	18,368		0.20%	242
2014	15,322		0.16%	201
2015	14,756		0.15%	194
2016	- ^c		0.00%	-

Source: City Finance Department

Notes: General bonded debt is debt payable with governmental fund resources. Details regarding the city's outstanding debt can be found in the notes to the financial statements.
^a Assessed value has been used because the actual value of taxable property is not readily available. See Schedule 6 for assessed property value data.
^b See Demographic and Economic Statistics schedule (schedule 15) for personal income and population data.
^c The outstanding balance of \$14,175,000 for the 2007 Certificates of Participation for the Civic Center Interim Financing Project was fully refunded in FY 15/16.

Schedule 12

City of Chino Hills
Direct and Overlapping Governmental Activities Debt
As of June 30, 2016

Fiscal Year 2015-16 Assessed Valuation : \$10,378,039,272

<u>Overlapping Tax and Assessment Debt:</u>	<u>Debt Outstanding</u>	<u>% Applicable (1)</u>	<u>City's Share of Debt 6/30/16</u>
Metropolitan Water District	\$ 92,865,000	0.423%	392,819
Chaffey Community College District	149,080,324	10.979%	16,367,529
Chino Valley Unified School District	125,701,735	45.708%	57,455,749
City of Chino Hills 1915 Act Bonds	1,875,000	100.000%	1,875,000
City of Chino Hills - Community Facilities District No. 1	1,375,000	100.000%	1,375,000
City of Chino Hills - Community Facilities District No. 2	8,240,000	100.000%	8,240,000
City of Chino Hills - Community Facilities District No. 4	235,000	100.000%	235,000
City of Chino Hills - Community Facilities District No. 5	22,240,000	100.000%	22,240,000
City of Chino Hills - Community Facilities District No. 6	955,000	100.000%	955,000
City of Chino Hills - Community Facilities District No. 8	25,000	100.000%	25,000
City of Chino Hills - Community Facilities District No. 9	2,785,000	100.000%	2,785,000
City of Chino Hills - Community Facilities District No. 10	10,385,000	100.000%	10,385,000
Total overlapping taxes and assessment debt			<u>122,331,097</u>
 <u>Overlapping General Fund Obligation Debt:</u>			
San Bernardino County General Fund Obligations	435,550,000	5.530%	24,085,915
San Bernardino County Pension Obligations	419,370,824	5.530%	23,191,207
San Bernardino County Flood Control District	78,165,000	5.530%	4,322,525
Chaffey Community College District General Fund Obligations	11,155,666	10.979%	1,224,781
Chino Valley Unified School District Certificates of Participation	14,500,000	45.708%	6,627,660
West Valley Vector Control District Certificates of Participation	3,040,000	15.216%	462,566
Total overlapping general fund debt			<u>59,914,654</u>
Subtotal, overlapping debt			182,245,751
City of Chino Hills Direct Debt			<u>20,329,924 (2)</u>
Total Direct and Overlapping Debt			<u>\$ 202,575,675 (3)</u>

Source: California Municipal Statistics, Inc. and the City Finance Department

Note:

- (1) Percentage of overlapping agency's assessed valuation located within boundaries of the city.
- (2) Details regarding the City's direct debt can be found in the notes to the financial statements.
- (3) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Schedule 13

City of Chino Hills
 Legal Debt Margin Information,
 Last Ten Fiscal Years
 (dollars in thousands)

Legal Debt Margin Calculation for Fiscal Year 2016

Assessed value	\$ 10,378,039
Debt limit (15% of assessed value)	1,556,706
Debt applicable to limit:	
General obligation bonds	-
Less: Amount set aside for repayment of general obligation debt	-
Total net debt applicable to limit	\$ 1,556,706
Legal debt margin	

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt Limit	\$ 1,148,488	\$ 1,284,059	\$ 1,354,832	\$ 1,329,548	\$ 1,329,501	\$ 1,338,826	\$ 1,356,585	\$ 1,401,447	\$ 1,493,439	\$ 1,556,706
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	\$ 1,148,488	\$ 1,284,059	\$ 1,354,832	\$ 1,329,548	\$ 1,329,501	\$ 1,338,826	\$ 1,356,585	\$ 1,401,447	\$ 1,493,439	\$ 1,556,706

Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
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Schedule 14

City of Chino Hills
 Pledged-Revenue Coverage,
 Last Ten Fiscal Years
 (dollars in thousands)

Fiscal Year	Water Certificate of Participation/Revenue Bonds				Special Assessment Bonds			
	Utility Service Charges	Less: Operating Expenses (1)	Net Available Revenue	Coverage	Special Assessment Collections	Debt Service (2) Principal	Debt Service (2) Interest	Coverage
2006	\$ 17,075	\$ 9,909	\$ 7,166	3.38	\$ 11,627	\$ 4,963	\$ 2,647	1.53
2007	20,379	13,087	7,292	3.44	13,826	4,019	3,327	1.88
2008	21,262	14,445	6,817	3.22	11,591	4,339	4,051	1.38
2009	18,531	15,982	2,549	1.20	11,192	6,799	3,846	1.05
2010	20,931	16,207	4,724	2.23	11,801	4,734	3,579	1.42
2011	19,048	15,364	3,684	1.74	11,348	8,691	3,391	0.94 (3)
2012	22,878	16,588	6,290	2.97	11,570	5,535	2,421	1.45
2013	25,537	17,275	8,262	4.34	11,026	5,700	2,234	1.39 (4)
2014	28,558	18,180	10,378	4.65	10,335	6,334	2,040	1.23
2015	28,413	19,646	8,767	3.95	8,957	6,293	1,841	1.10
2016	26,000	19,354	6,646	2.99	8,592	4,660	1,802	1.33

Source: City Finance Department

- Notes:
- (1) Operating expenses do not include interest, depreciation, or amortization expenses.
 - (2) Details regarding the city's outstanding debt can be found in the notes to the financial statements.
 - (3) In FY 2011 the refunding of bonds related to Assessment Districts for \$19.7 million has been excluded from this presentation.
 - (4) In FY 2013 the 2002 and 2003 Certificates of Participation were refunded and replaced by the 2012 Water Revenue Bonds.

Demographic and Economic Information

Schedule 15

City of Chino Hills
Demographic and Economic Statistics,
Last Ten Calendar Years

Calendar Year	Population (1)	Personal Income (2) <i>(thousands of dollars)</i>	Per Capita Personal Income (2)	Unemployment Rate (3)
2007	78,307	\$ 2,572,676	\$ 33,110	2.3%
2008	78,465	2,714,954	34,688	2.7%
2009	78,725	2,749,103	35,053	3.9%
2010	78,971	2,665,244	33,910	6.6%
2011	75,345	2,535,996	32,113	7.3%
2012	75,655	2,633,551	34,810	6.7%
2013	76,033	2,628,461	34,570	4.8%
2014	76,131	2,620,277	34,418	4.1%
2015	76,055	2,640,858	34,723	5.9%
2016	78,866	2,706,859	34,322	4.7%

Sources: (1) Population - State of California/Department of Finance/Demographic Research Unit
(2) HDL Coren & Cone
(3) HDL Coren & Cone

Schedule 16

City of Chino Hills
Principal Employers,
Current Year and Nine Years Ago

<u>Employer</u>	2016			2007		
	(1) Number of Employees	Rank	(2) Percentage of Total City Employment	(3) Number of Employees	Rank	Percentage of Total City Employment
Chino Valley Unified School District	1,560	1	3.94%	1,383	n/a	n/a
Costco	299	2	0.76%	260	n/a	n/a
City of Chino Hills	288	3	0.73%	207	n/a	n/a
Boys Republic	221	4	0.56%	179	n/a	n/a
Lowe's Home Improvement	200	5	0.51%	170	n/a	n/a
Albertson's	178	6	0.45%	204	n/a	n/a
BJ's Brewery	146	7	0.37%	n/a	n/a	n/a
Chino Valley Independent Fire District	134	8	0.34%	85	n/a	n/a
Harkins Theatres	129	9	0.33%	90	n/a	n/a
Lucille's Smokehouse BBQ	111	10	0.28%	n/a	n/a	n/a
Total	3,266		8.25%	n/a		n/a

Source: Finance Department, and California Labor Market.

Note: (1) Includes full-time and part-time employees.
(2) Total city employment 39,600, provided by California Labor Market.
(3) Data for FY 2007 is partially available.



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Operating Information

Schedule 17

**City of Chino Hills
Full-Time-Equivalent City Government Employees by Function/Program,**

<u>Function/Program</u>	Full-time Equivalent Employees as of June 30										
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	
General government											
Legislative	6	6	7	7	7	7	7	7	8	7	
City Manager	10	11	11	11	11	10	10	8	10	9	
Finance	13	16	19	21	21	19	19	18	19	18	
Code Enforcement	-	-	-	-	-	-	-	3 ^a	4	4	
Neighborhood Services	-	-	-	-	-	-	-	6 ^a	-	- ^b	
Emergency Preparedness	-	-	-	-	-	-	-	1 ^a	1	1	
Public Safety	8	9	9	9	8	7	8	- ^a	-	-	
Public Works	40	42	42	42	42	43	42	45	41	42	
Community Development	20	21	23	19	17	16	16	15	16	16	
Community Services	40	45	48	53	47	50	52	52 ^a	53	53	
Water Utility	24	23	26	24	24	26	26	27	26	24	
Sewer Utility	7	7	7	7	7	7	7	7	7	8	
Total	168	180	192	193	184	185	187	189	185	182	

Source: City Finance Department.

Notes: A full-time employee is scheduled to work 2,080 hours per year (including vacation and sick leave). Full-time-equivalent employment is calculated by dividing total labor hours by 2,080.

Full-Time-Equivalent City Government Employees by Function/Program was not calculated prior to 2006.

^a In fiscal year 2013-2014, Code Enforcement and Neighborhood Services divisions were reclassified from Public Safety to General Government, and the Emergency Preparedness division was reclassified from Community Services to General Government to be consistent with financial statement presentation.

^b In fiscal year 2014-15, the Neighborhood Services division was eliminated and the employees were moved to other divisions within the City.

Schedule 18

City of Chino Hills
 Operating Indicators by Function/Program,
 Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General government										
Building permits issued	1,868	1,559	1,047	947	1,097	1,068	1,077	1,483	1,656	1,877
Building inspections conducted	10,001	8,713	6,252	5,081	4,516	3,363	3,240	4,012	5,154	6,661
Refuse collection										
Refuse collected (tons per day)	248	186	172	170	171	179	162	140	149	184 ⁽¹⁾
Recyclables collected (tons per day)	66	75	75	72	50	52	61	64	59	35 ⁽¹⁾
Other public works										
Street resurfacing (lane miles)	50	41	19	27	20	10	7	13	44	17
Potholes repaired	50	105	66	50	65	60	140	165	120	115
Water										
New connections	94	85	36	66	22	9	24	18	39	161
Water main breaks	33	40	24	11	8	10	11	25	15	88
Average daily consumption (million gallons)	16	15	16	16	14	15	16	16	13	14
Peak daily consumption (million gallons)	29	28	27	27	26	26	24	25	26	22
Sewage System										
Average daily sewage treatment (million gallons)	4	8	3	3	3	5	5	5	4	4

Sources: Various City departments.

⁽¹⁾ The variance between the fiscal years is due to change in methodology in calculating the information provided by Republic Services, for the refuse and recyclables collected during the fiscal year.

Schedule 19

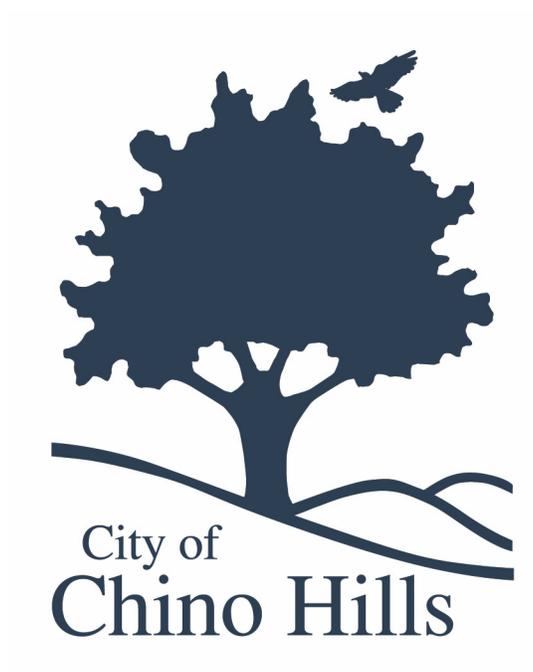
City of Chino Hills
 Capital Asset Statistics by Function/Program,
 Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Other public works (1)										
Streets (miles)	177	170	170	170	170	170	172	172	172	198
Traffic signals	44	48	49	54	55	55	55	55	55	54
Parks and recreation										
Parks	40	40	40	40	40	41	41	42	42	42
Acreage	255	255	255	255	255	255	255	263	263	320 (2)
Playgrounds	28	28	28	28	28	28	28	28	28	27
Baseball/softball diamonds	8	8	8	8	8	9	9	9	9	9
Soccer/football fields	7	7	7	7	7	12	12	12	12	12
Community centers	5	5	5	5	5	5	5	5	5	5
Water										
Water mains (miles)	250	250	250	302	302	317	319	302	302	315
Fire hydrants	2,564	2,610	1,805	2,137	2,137	2,186	2,186	2,185	2,185	2,010
Storage capacity (million gallons)	38	38	38	38	38	39	40	39	39	40
Sewage System										
Sanitary sewers (miles)	202	202	220	189	189	202	202	202	202	195
Storm drains (miles)	104	104	104	104	104	83	83	83	83	90

Sources: Various city departments.

Notes: (1) No capital asset indicators are available for the general government.

(2) The total acreage for the parks was updated based on GIS information during FY 15/16, as compared to the estimates used in prior years.



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