

CITY OF CORONA, CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2012



Prepared by the City of Corona Finance Department

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Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Corona
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Christopher P. Morrell

President

Jeffrey R. Emer

Executive Director



December 19, 2012

To the Honorable Mayor, City Council, and Citizens of the City of Corona, California:

It is with great pleasure that we present to you the City of Corona's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2012. The report consists of three sections: Introductory, Financial and Statistical. The Financial Section includes 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. Management assumes full responsibility for the accuracy and reliability of all information presented in this report. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the City of Corona's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the objective of the City's internal control framework is 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.

For certain debt issues, the City of Corona covenants to submit a continuing disclosure to the bond holders. The City's CAFR is a required part of that annual disclosure. The California State Controller requests that the City's audit report be delivered to the State Controller's office as soon as available.

The City of Corona's financial statements have been audited by Lance, Soll & Lunghard, LLP, Certified Public Accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City are free of material misstatement. The independent auditor has issued an unqualified ("clean") opinion of the City's financial statements for the fiscal year ended June 30, 2012. The independent auditor's report is presented on the first page of the Financial Section of this report.

The independent audit of the financial statements of the City of Corona was part of a broader, federally mandated audit of state and local governments ("Single Audit") designed to meet the special needs of federal granting agencies. The standards governing Single Audit require the auditor to report not only on the fair presentation of the financial statements, but also on the City's internal controls and compliance with legal requirements. These reports are available in the City of Corona's separately issued Single Audit Report.

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

Profile of the City

The City of Corona is located approximately 45 miles southeast of Los Angeles in western Riverside County. The community is ideally situated at the base of the mountainous Cleveland National Forest on an alluvial plain leading down, or north to the Santa Ana River. Based on data provided by the U.S. Census Bureau, as of July 2011 the City's population was 155,896. The City limits covered approximately 39.2 square miles. Corona is a General Law City. Five Corona citizens make up the Corona City Council and each is elected to a four-year term of office. The Mayor is appointed annually by and from the City Council.

The City of Corona was incorporated in 1896 under the general laws of the State of California. The City operates under a Council-Manager form of government and provides the following services: Public Safety (Police and Fire), Highways and Streets, Electric, Public Library, Parks, Public Improvements, Planning and Zoning, Public Transportation (Dial-A-Ride and Corona Cruiser programs) and General Administrative Services. Water and Water Reclamation services are provided through the legally separate Corona Utility Authority, which functions as a department of the City of Corona and therefore has been included as an integral part of the City of Corona's financial statements. The former Redevelopment Agency, the Corona Housing Authority, the Corona Public Financing Authority and the Corona Public Improvement Corporation are financially accountable by the City of Corona and are reported in the financial statements. Additional information on all of these legally separate entities can be found in the Notes to the Financial Statements, under the Description of Reporting Entity section.

The City maintains budgetary controls to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City's governing body. Each year, a proposed budget is submitted to the City Council and a public meeting is conducted to obtain taxpayer comments. The budget is subsequently adopted by the City Council through passage of resolutions. The legal level of budgetary control is at the department level. The City Council may amend the budget to add or delete appropriations, transfer between appropriations within a fund or change appropriations between funds.

Local Economy

The City of Corona continues to position itself as the prime location for companies looking for industrial, commercial or office space. On the border of Orange County, Corona offers a premium location well-suited for a variety of business needs as well as offering the quality of life sought by management and workforce. As the economy continues in its correction mode, Corona is seeing the impacts by having vacancy rates not seen since 2008. Commercial retail vacancy is at 6.0% and the industrial inventory at a 3.0%. During the housing boom we saw many of our rental units sold or leased leaving the City with a shortage. The year of 2012 was a turning point for this where Corona saw 405 apartments constructed on North Main Street and many developments at the entitlement phase with plans to break ground in 2013. There were 34 multi-family building permits attained through September 2012, three times higher than the same type of permits issued in 2011. New construction in the industrial sector is slow, not due to low demand, but the fact that Corona is nearly built-out and there are very few large parcels for development of major projects. Among the few developments that were currently ongoing, one of them is an 186,000 square-foot industrial building, which was constructed in 2012. Another project of a 550,000 square-foot industrial building is currently in the entitlement phase. Although the various development activities are not as active as in 2007, Corona's economy started showing signs of the upswing; this is consistent with the rising demand for space.

With the downturn in the construction industry, Corona experienced some job losses. Another sector heavily impacted during the recession years was logistics. Transportation and warehouse were two major elements of this sector; however, they only represent 1.5% of the City's total employment. Corona has large shares of residents working in relatively high-skilled, high-wage jobs. More than 20% of Corona's working residents are employed in management, business/financial, computer/mathematical, or architecture/engineering occupations. This percentage is much higher than the surrounding cities. With companies starting their hiring activities, the unemployment rate in Corona has come down from 11.4% in September 2011 to the current rate of 8.8%. The overall unemployment rate for the County of Riverside is currently at 12.0%.

Property tax is the largest General Fund revenue source for the City for the fiscal year ended June 30, 2012. Total taxable assessed valuation in Corona for Fiscal Year 2011-12 was \$15.7 billion, this is a slight decrease of 1.3% from the previous year. Sales tax is another principal General Fund revenue source for the City. Taxable retail sales were \$2.7 billion in Fiscal Year 2011-12, an increase of 8.0% from the previous year, second consecutive year following the 3.3% increase from Fiscal Year 2009-10 to Fiscal Year 2010-11. Total property and sales tax constituted 47.7 % of total governmental revenues, which are significant sources to support all general government activities including public safety, public works, community services, housing, and economic development.

Long Term Financial Planning

For Corona, the financial well-being of the City depends on enhancing the City's property and sales tax revenue base as well as increasing the number of quality jobs available to City residents. Corona is beginning to emerge from the previous several years of recession. There is projected growth in the City's primary revenue sources, property and sales taxes in Fiscal Year 2012-13. However, this is not enough. The City has taken a strong approach to control expenditure growth. There have been budgetary reductions in October 2008 and in February 2010. Additionally, the City offered an early retirement incentive in fall of 2011.

In the past, the City has wisely taken advantage of financial prosperity to secure its ongoing stability, and will continue to take the same conservative approach in the future. The Fund Balance Policy for the General Fund approved by City Council in June 2010 requires that the City maintain a contingency reserve of \$14.3 million through June 30, 2012. This amounts to approximately a 12.8% set aside of the following year's budgeted operating expenditures of the General Fund to allow for contingencies and emergencies. The contingency reserve will be increased to two months of regular General Fund operating expenditures in any fiscal year in which recurring sources exceed recurring uses as approved by this policy. Other funds have been set aside as reserves for budget shortfalls, facility projects, future technology needs, vehicle and equipment replacement and changes in future debt service requirements. The conservative budgets that were passed in prior fiscal years contributed to this overall financial philosophy.

The City Council and the City leadership will continue to monitor the budget and make decisions to balance its General Fund budget, while continuing to maintain our commitment to fiscal responsibility, effective resource management, and providing the highest service levels to our residents.

Relevant Financial Policies

Corona follows the General Fund Expenditure Control Budget (ECB) guidelines as outlined in the budget resolution. The Fiscal Year 2011-12 budget was the eighteenth year that the budget was prepared in accordance with the ECB policies adopted by the City Council for the General Fund. Departments are given increased flexibility and incentives for meeting their goals as well as being assigned greater accountability for their performance in carrying out their mission.

In order to meet anticipated future General Fund budgetary shortfalls, prior budgetary savings will be used. The City will continue to monitor expenditure and revenue assumptions aggressively. The ECB savings are categorized in the General Fund Balance under the classification of Committed Fund Balance.

Major Initiatives

Corona's commitment to infrastructure improvements is demonstrated by the City's five-year Capital Improvement Program with the following highlights.

In Fiscal Year 2012-13, the City's new capital improvement projects totaled \$41.5 million. This is divided among the categories of: Buildings, Facilities and Systems, Roads, Bridges and Freeways, Lighting and Signals, Drainage, Parks and Airport, Housing and Economic Programs, Water, Water Reclamation, Electric, and development financed infrastructure.

The majority of the capital budget, or 58.8%, was in the Water and Water Reclamation categories, with a total amount of \$24.4 million. Major projects in these two categories include \$3.1 million for the Mangular Blending Facility, \$4.1 million for the Butterfield and Stagecoach Park Reclaimed Waterlines, \$4.3 million system upgrades for Water Reclamation Facility No. 1 and 2, \$1.5 million for a new reservoir, and \$3.0 million for various water and sewer line replacements.

The Roads, Bridges and Freeways category totaled \$5.2 million, or 12.6%, of the overall City capital improvement project budget. The primary funding sources were from Measure A and Gas Tax. The Housing and Economic programs represent 8.3% of the total City capital budget, with a total amount of \$3.4 million to fund various housing and development programs citywide.


Awards and Acknowledgements

The Government Finance Officers Association (GFOA) of the United States and Canada awarded the twenty-second consecutive Certificate of Achievement for Excellence in Financial Reporting to the City of Corona for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ending June 30, 2011. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of the Comprehensive Annual Financial Report on a timely basis was made possible by the efficient and dedicated service of the entire Finance Department. Staff members have our sincere appreciation for their contributions made in the preparation of this report. Credit also must be given to the Mayor, City Council and the City's executive management team for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Corona's finances.

Respectfully submitted,



Bradly L. Robbins
City Manager



Kerry D. Eden
Finance Director



CITY OF CORONA

Elected Officials and Administrative Personnel

Elected Officials

- EUGENE MONTANEZ Mayor
- JASON SCOTT Mayor Pro Tem
- STEVE NOLAN Councilmember
- STAN SKIPWORTH Councilmember
- KAREN SPIEGEL Councilmember

- RICHARD O. HALEY City Treasurer

Administrative Personnel

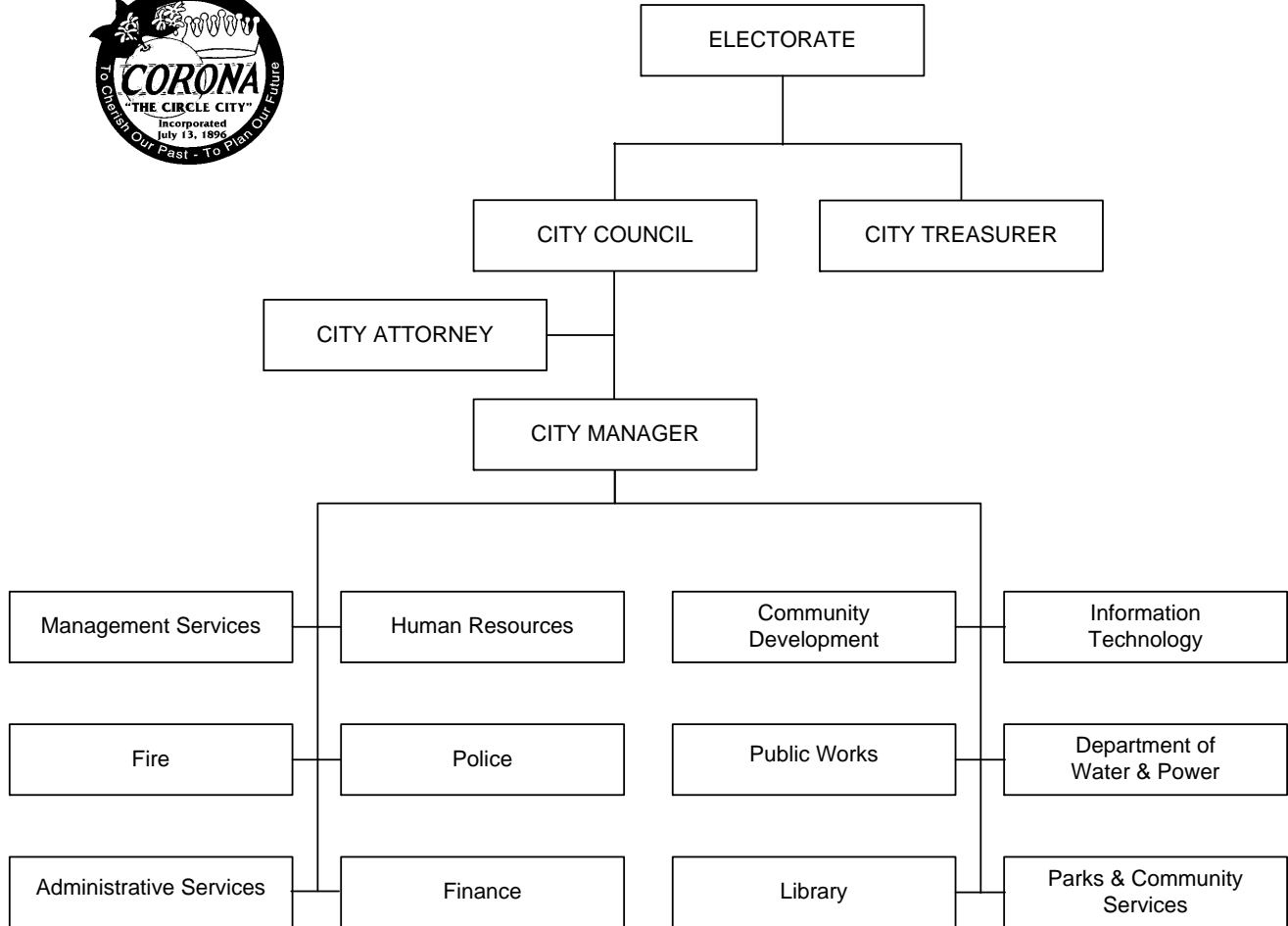
- BRADLY L. ROBBINS City Manager
- GREG IRVINE Assistant City Manager

- DARRELL TALBERT Administrative Services Director
- JOANNE COLETTA Community Development Director
- JONATHAN DALY DWP General Manager
- KERRY D. EDEN Finance Director
- JOHN MEDINA Fire Chief
- STEVE LARSON Information Technology Director
- JULIE FREDERICKSEN Library Director
- GABRIEL GARCIA Parks and Community Services Director
- MICHAEL ABEL Police Chief
- KIP FIELD Public Works Director

- BEST, BEST & KRIEGER City Attorney

CITY OF CORONA

City Organizational Chart







CERTIFIED PUBLIC ACCOUNTANTS

- Brandon W. Burrows, CPA
- David E. Hale, CPA, CFP
A Professional Corporation
- Donald G. Slater, CPA
- Richard K. Kikuchi, CPA
- Susan F. Matz, CPA
- Shelly K. Jackley, CPA
- Bryan S. Gruber, CPA
- Deborah A. Harper, CPA

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of City Council
City of Corona, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Corona (the City), California, as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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, as of June 30, 2012, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

We would like to draw the reader's attention to Note 21 – "Successor Agency Trust for Former Corona Redevelopment Agency". The note provides information on the dissolution of the Redevelopment Agency and the newly formed Successor Agency.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2012, 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* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information 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



To the Honorable Mayor and Members of City Council
City of Corona, California

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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. 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 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 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.

Lance, Soll & Loughard, LLP

Brea, California
November 28, 2012



MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2012

The following Management Discussion and Analysis (MD&A) of the City of Corona's financial performance provides an introduction and overview to the financial activities of the City for the fiscal year ended June 30, 2012. 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

Government-Wide

- Total assets and deferred outflows of the City exceeded its liabilities and deferred inflows at June 30, 2012 by \$1.1 billion (*net position*). Of this amount, \$144.4 million (*unrestricted*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's net position increased by \$103.1 million from the previous fiscal year. Of the increase, \$15.5 million was attributable to a restatement to the beginning balance of net position, and \$57.0 million was due to the extraordinary gain from the dissolution of the former Corona Redevelopment Agency. An increase of \$30.6 million was the result of operations of the current fiscal year. Additional information regarding the restatement and the extraordinary gain are provided in later discussion.
- For governmental activities, expenses were \$86.1 million greater than the program revenues generated for governmental activities. Taxes, return on investments and other income for \$105.3 million provided sufficient funding for City-wide programs. Together with transfers of \$(0.1) million and extraordinary gain of \$57.0 million, and a restatement of \$5.8 million, governmental activities' net position increased by \$81.9 million from the previously reported amount.
- For business-type activities, program revenues exceeded expenses by \$7.3 million. Of the total program revenues of \$110.4 million, \$11.7 million represents contributions of capital assets such as infrastructure from developers. Adding the investment earnings of \$4.0 million to the revenue, the current fiscal year showed an \$11.5 million surplus in the business-type activities.

CITY OF CORONA

Management's Discussion and Analysis (continued)

June 30, 2012

- The City recognized an extraordinary gain in the amount of \$57.0 million on its government-wide financial statements. This was the direct result of the dissolution of the former Corona Redevelopment Agency as of January 31, 2012. The City assumed the successor agency role to its former Redevelopment Agency, the assets and liabilities reported in the governmental activities as of January 31, 2012 were transferred to a fiduciary fund that accounts for activities of the Successor Agency. Among the transferred amounts, \$81.6 million represented long-term obligations of the former Corona Redevelopment Agency, net against the capital assets and net position held by the former agency, the transfer resulted in an extraordinary gain of \$57.0 million on the government-wide statement of activities. For additional information on the dissolution of the redevelopment agency and the impact to the City's financial statements, please refer to Notes 20 and 21 in the accompanying financial statements.
- Of the restatement to the beginning net position of \$15.5 million, \$5.8 million was in the governmental activities, and \$9.7 million in the business-type activities. These restatements were largely due to the recording of infrastructure assets contributed by developers in the prior years. Please refer to Note 19 in the accompanying financial statements for additional information.

Fund Based

- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$184.4 million, which is a decrease of \$21.0 million from the previous year. Among the total decrease, \$19.8 million resulted from the extraordinary loss caused by the dissolution of the former Corona Redevelopment Agency, and \$(5.4) million was restated to the beginning fund balance. Governmental funds reported a combined excess of revenues over expenditures of \$5.2 million for the current year. With the net transfer out in the amount of \$1.0 million, and the extraordinary loss of \$19.8 million, net decrease to the fund balances before restatement was \$15.6 million. Additional information on the extraordinary item and the restatement are provided in later discussion.
- Of the total fund balance for all governmental funds in the amount of \$184.4 million, \$103.7 million, or 56.2% are either nonspendable or restricted due to the nature of the restriction. An additional amount of \$18.3 million was committed in the fund balance, including \$14.3 million that was committed to emergency contingencies, \$2.2 million in ECB savings, and \$1.8 million in designated revenues.
- The City recognized extraordinary loss on its governmental fund statements during the current fiscal year with the dissolution of the former Corona Redevelopment Agency. Certain notes entered between the City and the Agency before the dissolution was invalidated by legislation and later reinstated by law with many conditions. Due to the contingency nature of the possible repayment, the City set up an allowance account for the potentially uncollectible amounts, resulted in an extraordinary loss of \$2.1 million. In addition, with the transfer of fund balances of the former Redevelopment Agency to the Successor Agency as of February 1, 2012, \$17.7 million extraordinary losses was recognized on the City's governmental fund financial statements. Additional information regarding the dissolution of redevelopment agencies as well as extraordinary losses due to the dissolution is fully discussed in Note 20 and 21 of the accompanying financial statements.

- The beginning fund balance of the governmental funds was restated by \$(5.4) million during the current fiscal year, largely due to the reclassification of a fund that was reported in the General Fund in the prior year to internal service fund. For additional information, please refer to Note 19 in the accompanying financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements presented herein include all of the activities of the City of Corona and its component units using the integrated approach as prescribed by GASB Statement No. 34.

Government-Wide Financial Statements

The government-wide financial statements present the financial picture of the City from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business type activities separately. These statements include all assets of the City (including infrastructure) as well as all liabilities (including long-term debt). Additionally, certain eliminations have occurred as prescribed by the statement in regards to interfund activity, payables and receivables.

The statement of net position and the statement of activities report information about the City as a whole for its governmental and business-type 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 in them. Net position is the difference between the total of assets and deferred outflows of resources and the total of liabilities and the deferred inflow of resources, which is a common way to measure the City's financial position. Over time, increases or decreases in the City's net position are an indicator of whether its financial position is improving or deteriorating. Other factors to consider are changes in the City's property tax base and the condition of the City's roads.

In the statement of net position and the statement of activities, we distinguish the City's functions that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a portion of their costs through user fees and charges (business-type activities). The activities of these two distinctions are as follows:

Governmental activities – Most of the City's basic services are reported in this category, including the General Government, Fire, Police, Public Works, Parks, Recreation and Community Services and the Library. Property and sales taxes, user fees, interest income, franchise fees, and state and federal grants 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 Water Reclamation utilities, Electric, Transit and Airport services are reported in this category.

The government-wide financial statements can be found on the pages immediately following this discussion in the Basic Financial Statements section.

Fund Financial Statements

The fund financial statements include statements for each of the three categories of activities: governmental, proprietary and fiduciary. The governmental activities are prepared using the current financial resources measurement focus and modified accrual basis of accounting. The proprietary and fiduciary activities are prepared using the economic resources measurement focus and the accrual basis of accounting. Reconciliations of the fund financial statements to the government-wide financial statements are provided to explain the differences created by the integrated approach.

The fund financial statements provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes 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 money.

Governmental funds – Most of the City's basic services are reported in governmental funds, which focus on how money flows into 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 schedule following each governmental fund financial statement. The governmental fund financial statements can be found in the Basic Financial Statements section of this report.

Proprietary funds – When the City charges customers for the services it provides – whether to outside customers or to other units of the City – 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 revenues, expenses and changes in fund net position. The City's enterprise funds are the same as the business-type activities reported in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds. 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 self-insurance and fleet operations 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.

Fiduciary funds – The City is the trustee, or *fiduciary*, for certain funds held to account for activities reported in this category which includes the Successor Agency and the special taxes and assessments districts. The City's fiduciary activities are reported in separate statements of fiduciary net position, statement of changes in fiduciary net position (Successor Agency Trust only), and combining statement of changes in assets and liabilities (Pass-through Agency Fund only).

Notes to Basic Financial Statements

The notes to basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. They are presented immediately following the Basic Financial Statements section of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City's progress in funding its obligation to provide pension benefits to its employees, budgetary comparison schedules for the General Fund and each major special revenue fund, and schedules and disclosure of the modified approach for reporting the City's infrastructure.

Combining and individual statements for non-major governmental and proprietary funds, internal service funds and fiduciary funds are presented in the Supplementary Information section of this report.

GOVERNMENT- WIDE FINANCIAL ANALYSIS

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, 2012.

As noted earlier, the City's net position as a whole increased 10.2% from \$1.0 billion at June 30, 2011 to \$1.1 billion at June 30, 2012. The largest portion, or 74.0% 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 assets are used to provide services to the citizens of the City of Corona; therefore, they are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

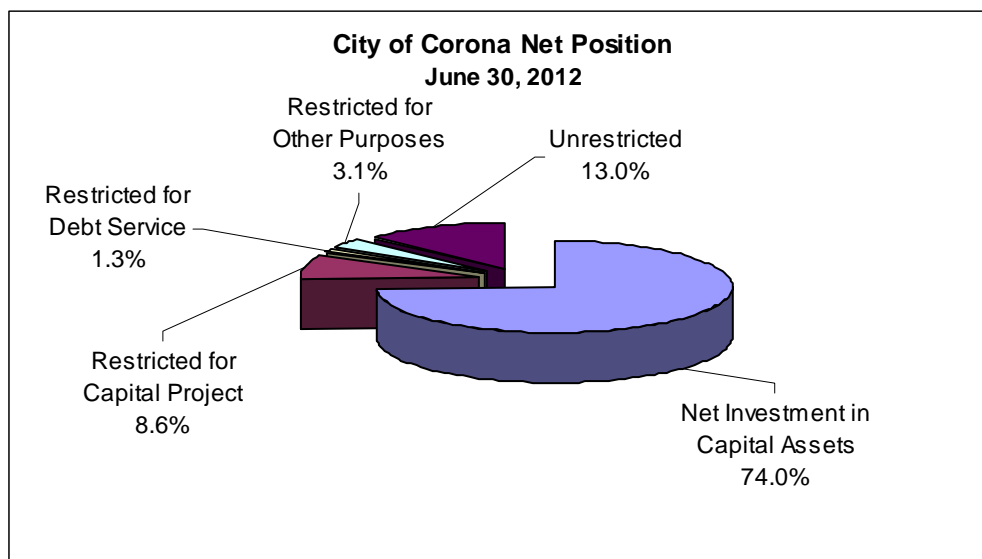
An additional portion or 13.0% of the City's net position represents various resources subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$144.4 million may be used to meet the City's ongoing obligations to citizens and creditors.

As of the end of the current fiscal year, the City was able to report positive balances in all three categories of net position.

CITY OF CORONA

Management's Discussion and Analysis (continued)
 June 30, 2012

The following graph demonstrates the components of the City's net position at fiscal year ended June 30, 2012.



The following schedule is a condensed version of the City's statement of net position for fiscal year ended June 30, 2012. Comparative data from fiscal year ended June 30, 2011 is also presented.

City of Corona's Net Position
 (in millions)

| | Governmental activities | | Business-type activities | | Total | |
|-----------------------------------|-------------------------|-----------------|--------------------------|-----------------|-------------------|-------------------|
| | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| Current and other assets | \$ 267.8 | \$ 280.8 | \$ 164.2 | \$ 162.5 | \$ 432.0 | \$ 443.3 |
| Internal balances | 174.2 | 174.8 | (174.2) | (174.8) | - | - |
| Capital assets | 608.0 | 606.8 | 353.2 | 337.5 | 961.2 | 944.3 |
| Total assets | 1,050.0 | 1,062.4 | 343.2 | 325.2 | 1,393.2 | 1,387.6 |
| Deferred from debt refunding | 0.6 | - | - | - | 0.6 | - |
| Total deferred outflows | 0.6 | - | - | - | 0.6 | - |
| Long-term liabilities | 81.1 | 167.9 | 141.6 | 148.3 | 222.7 | 316.2 |
| Other liabilities | 35.9 | 45.0 | 22.4 | 18.9 | 58.3 | 63.9 |
| Total liabilities | 117.0 | 212.9 | 164.0 | 167.2 | 281.0 | 380.1 |
| Deferred from developer fees | 1.7 | - | - | - | 1.7 | - |
| Other deferred amounts | 0.5 | - | - | - | 0.5 | - |
| Total deferred inflows | 2.2 | - | - | - | 2.2 | - |
| Net investment in capital assets, | 547.4 | 512.9 | 274.8 | 66.1 | 822.2 | 579.0 |
| Restricted | 132.4 | 88.5 | 11.6 | 18.1 | 144.0 | 106.6 |
| Unrestricted | 251.6 | 248.1 | (107.2) | 73.8 | 144.4 | 321.9 |
| Total net position | \$ 931.4 | \$ 849.5 | \$ 179.2 | \$ 158.0 | \$ 1,110.6 | \$ 1,007.5 |

CITY OF CORONAManagement's Discussion and Analysis (continued)
June 30, 2012

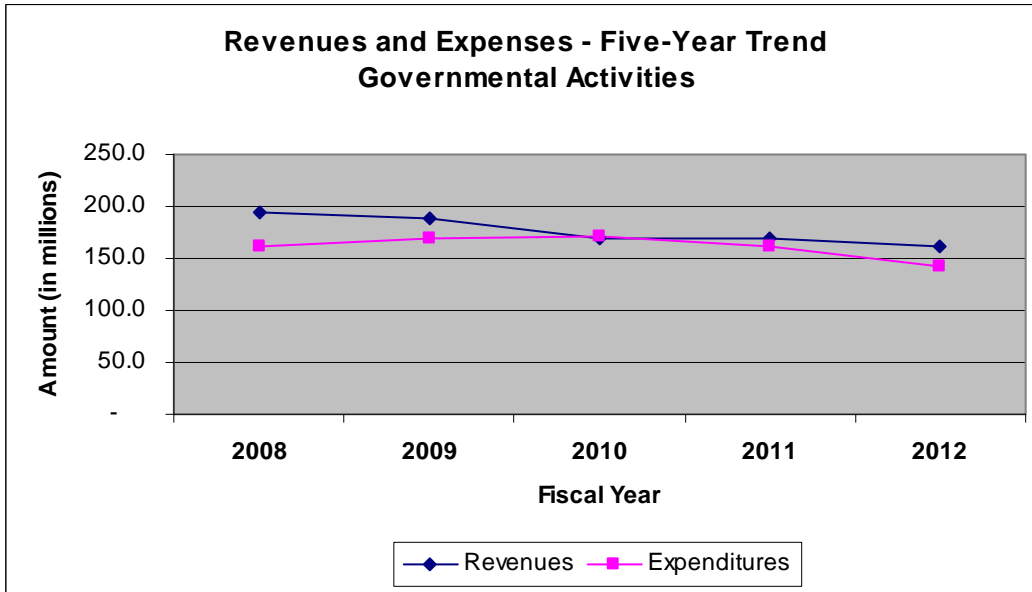
The City's programs for governmental activities include general government, fire, police, public works, parks and community services and library. The programs for the business-type activities include the water, water reclamation, electric, transit and airport services. A comparison of each program's revenues and expenses for the current year and prior year is presented below.

City of Corona's Changes in Net Position
(in millions)

| | Governmental Activities | | Business-Type Activities | | Total | |
|---|------------------------------------|-----------------|-------------------------------------|-----------------|-------------------|-------------------|
| | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 34.6 | \$ 34.3 | \$ 97.2 | \$ 93.4 | \$ 131.8 | \$ 127.7 |
| Operating grants and contributions | 12.4 | 18.7 | 1.5 | 1.6 | 13.9 | 20.3 |
| Capital grants and contributions | 9.0 | 3.7 | 11.7 | 3.3 | 20.7 | 7.0 |
| General revenues: | | | | | | |
| Taxes: | | | | | | |
| Property taxes | 45.8 | 59.1 | | | 45.8 | 59.1 |
| Sales and use taxes | 31.2 | 28.5 | | | 31.2 | 28.5 |
| Other taxes | 8.5 | 7.8 | | | 8.5 | 7.8 |
| Lease and rental income | 12.1 | 11.6 | | | 12.1 | 11.6 |
| Grants and contributions not restricted to specific programs | | 0.7 | | | - | 0.7 |
| Gain on sale of capital assets | | | | 2.3 | - | 2.3 |
| Investment earnings | 4.1 | 3.4 | 4.0 | 3.2 | 8.1 | 6.6 |
| Other | 3.7 | 0.7 | | | 3.7 | 0.7 |
| Extraordinary items - RDA dissolution | 57.0 | | | | 57.0 | - |
| Transfers | (0.2) | | 0.2 | | - | - |
| Total revenues, extraordinary items and transfers | 218.2 | 168.5 | 114.6 | 103.8 | 332.8 | 272.3 |
| Expenses: | | | | | | |
| General government | 20.6 | 21.8 | | | 20.6 | 21.8 |
| Public safety - Fire | 21.5 | 23.1 | | | 21.5 | 23.1 |
| Public safety - Police | 39.8 | 40.5 | | | 39.8 | 40.5 |
| Public works | 27.9 | 29.4 | | | 27.9 | 29.4 |
| Administrative Services | 12.9 | 15.4 | | | 12.9 | 15.4 |
| Parks and community services | 13.2 | 13.6 | | | 13.2 | 13.6 |
| Library | 2.6 | 2.7 | | | 2.6 | 2.7 |
| Interest on long-term debt | 3.6 | 14.6 | | | 3.6 | 14.6 |
| Water | | | 55.8 | 46.8 | 55.8 | 46.8 |
| Water reclamation | | | 30.2 | 25.9 | 30.2 | 25.9 |
| Electric | | | 14.6 | 17.7 | 14.6 | 17.7 |
| Transit services | | | 2.2 | 2.1 | 2.2 | 2.1 |
| Airport | | | 0.3 | 0.3 | 0.3 | 0.3 |
| Total expenses | 142.1 | 161.1 | 103.1 | 92.8 | 245.2 | 253.9 |
| Change in net position | 76.1 | 7.4 | 11.5 | 11.0 | 87.6 | 18.4 |
| Net position - beginning of year | 849.5 | 849.8 | 158.0 | 148.4 | 1,007.5 | 998.2 |
| Restatement | 5.8 | (7.7) | 9.7 | (1.4) | 15.5 | (9.1) |
| Net position - end of year | \$ 931.4 | \$ 849.5 | \$ 179.2 | \$ 158.0 | \$ 1,110.6 | \$ 1,007.5 |

Governmental Activities

Total resources available during the year to finance governmental operations were \$1.1 billion consisting of net position at July 1, 2011 of \$849.5 million, program revenues of \$56.0 million, general revenues of \$105.2 million, an extraordinary gain of \$57.0 million, and a restatement of \$5.8 million. Total uses for governmental activities during the year were \$142.1 million; thus, net position increased by \$76.1 million including the extraordinary gain. The chart below presents revenues and expenses in governmental activities for the past five years.



The following analyses on governmental activities' revenues and expenses do not include the \$57.0 million extraordinary gain that was discussed previously.

The cost of all governmental activities for fiscal year ended June 30, 2012 was \$142.1 million. However, as shown in the statement of activities, the amount that the taxpayers ultimately financed for these activities was only \$86.1 million because some of the cost was paid by those who directly benefited from the programs (\$34.6 million), or by other governments and organizations that subsidized certain programs with operating grants and contributions (\$12.4 million), and capital grants and contributions (\$9.0 million). Overall, the City's governmental program revenues were \$56.0 million. The City paid for the remaining "public benefit" portion of governmental activities with \$105.2 million in taxes (some of which could only be used for certain programs) and other revenues, such as investment earnings and general entitlements. The following is an in-depth analysis of the major revenue sources and expenses.

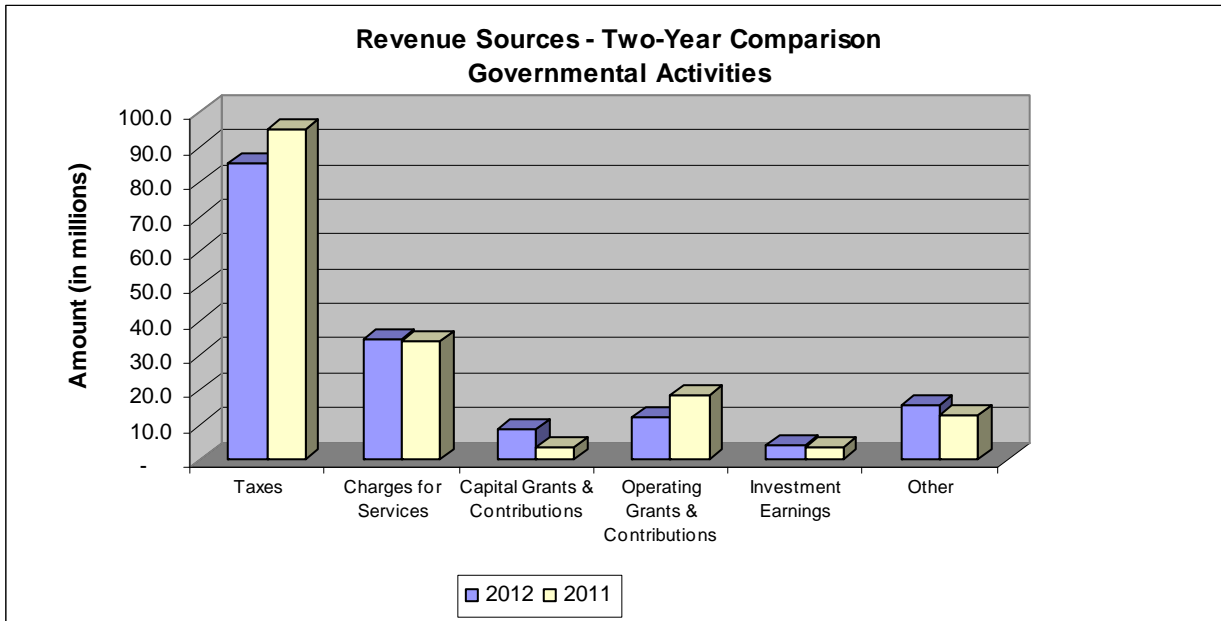
- Taxes comprise 51.1% of the total revenues from governmental activities excluding the extraordinary gain. Of this, 53.5% of total tax revenues are property taxes. Comparing to the prior year, property taxes decreased \$13.3 million, primarily due to the dissolution of the former Corona Redevelopment agency. Property taxes distributed to the Successor Agency was reported in the Successor Agency Trust Fund effective of February 1, 2012, it was no longer part of the City's tax revenue.

CITY OF CORONA

Management's Discussion and Analysis (continued)
June 30, 2012

- Sales and use taxes are the second largest revenue source in governmental activities. For the fiscal year ended June 30, 2012, total sales and use taxes increased by \$2.7 million, or 9.4% from the previous year to \$31.2 million. This is the second consecutive positive year since the pre-recession in Fiscal Year 2005-06.
- Interest on long-term debt decreased by \$11.0 million from the previous year as the result of transferring all former Redevelopment Agency obligations to the Successor Agency Trust fund as of February 1, 2012.
- Administrative Services expenses decreased by \$2.5 million from the previous year. This category accounted for the former Corona Redevelopment Agency's administrative activities. Amount presented in the current year was for 7 month from July 1, 2011 to January 31, 2012. Amount presented in the prior year was for a 12-month fiscal period.
- Public Safety expenses decreased \$2.3 million from the previous fiscal year, a positive result of continued labor negotiations and budgetary cuts implemented during the current year.

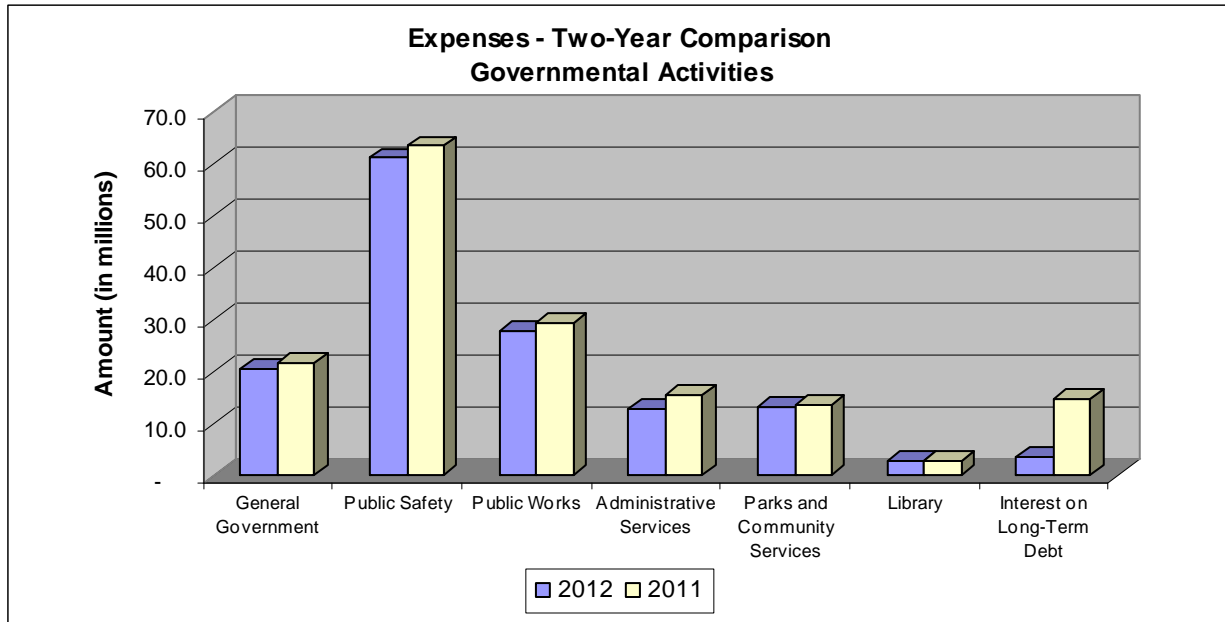
The chart below illustrates the total revenue from the governmental activities, excluding extraordinary gains for the fiscal year ended June 30, 2012 and 2011 respectively.



CITY OF CORONA

Management's Discussion and Analysis (continued)
June 30, 2012

The chart below illustrates the total expenses of the governmental activities for the fiscal year ended June 30, 2012 and 2011 respectively.

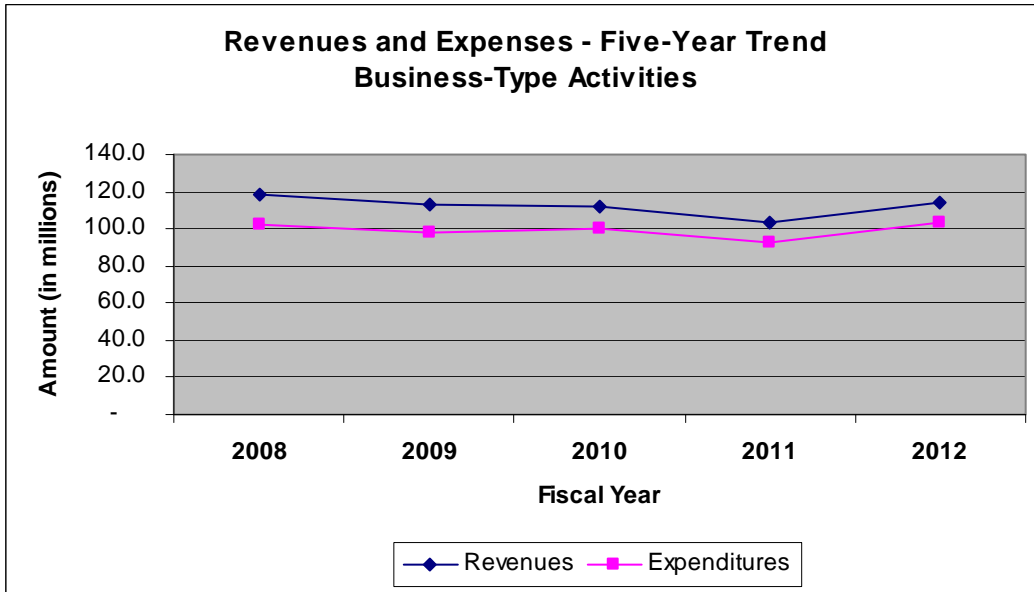


Business-Type Activities

The City's net position from business-type activities increased \$21.2 million. The net increase due to operations was \$11.5 million, with a restatement of \$9.7 million to the beginning net position, overall net position were \$179.2 at June 30, 2012. Net position invested in capital assets, net of related debt was \$274.8 million, this is an increase of \$208.7 million from the previous year, primarily due to the exclusion of \$172.6 million internal balances in regards to the capital lease from the calculation of net position invested in capital assets.

Total expenses of all business-type activities for the fiscal year ended June 30, 2012 were \$103.1 million. As shown in the statement of activities, the amount paid by users of the systems was \$97.2 million, operating grants and contributions were \$1.5 million and capital grants and contributions were \$11.7 million, with total program revenue of \$110.4 million. Investment earnings were \$4.0 million, a slight increase of \$0.8 million from the previous year.

Total resources available during the year to finance business type activities were \$282.3 million, consisting of net assets at July 1, 2011 of \$158.0 million, a restatement of \$9.7 million, program revenues of \$110.4 million, and general revenues of \$4.2 million. With the total expenses of \$103.1 million, net position of business type activities increased by \$21.2 million from the previous year to \$179.2 million at June 30, 2012. The chart on next page presents revenues and expenses in business-type activities for the past five years.



Below is an analysis on major revenue sources and expenses for the business-type activities:

- Capital grants and contributions increased by \$8.5 million, nearly tripled the amount collected in the prior year. The increase was contributable to the developer fees collected for a large multi-unit apartment complex project.
- Expenses for Water and Water Reclamation utilities increased by \$9.0 million and \$4.3 million respectively due to the combination of water purchase rate increases, the increase in demand as well as a planned increase in equipment and facilities maintenance.
- Expenses for Electric utility decreased by \$3.1 million as the result of the sale of the Cogeneration Plant to the City of Riverside in the prior fiscal year.
- Transit and airport enterprises maintained at the same level when compared to the previous year.

FUND FINANCIAL ANALYSIS

General Fund

The General Fund is the primary operating fund of the City. Fund balance for the General Fund decreased by \$6.9 million for the fiscal year ended June 30, 2012, with an ending balance of \$76.6 million. The net decrease was due to the following:

- A restatement of \$5.0 million to the beginning balance of the fund balance primarily due to reclassifying the Equipment Capital Outlay fund from the General Fund to internal service fund.
- Recognition of \$2.1 million of extraordinary loss due to the write off of a loan made from the General Fund to the former Corona Redevelopment Agency during the current fiscal year.

CITY OF CORONA

Management's Discussion and Analysis (continued)
 June 30, 2012

Total fund balance of the General Fund consists of the following:

- Nonspendable fund balance of \$15.1 million. This amount represents \$13.8 million in interfund advances receivables, \$0.9 million in due from other governments and long-term receivables and \$0.4 million in inventory and prepaid items.
- Committed fund balance of \$18.3 million, which includes the City Council's commitment to Emergency Contingency of \$14.3 million, ECB Savings of \$2.2 million, and Designated Revenues of \$1.8 million.
- Assigned fund balance of \$43.2 million, which includes the amounts to be used for specific purposes of the City.

Below is a three-year trend analysis on the fund balance of the General Fund. For additional details on this, please refer to Note 16 in the accompanying financial statements.

**City of Corona's General Fund Fund Balance
 Three-Year Trend Information
 (in millions)**

| | <u>FY 2011-12</u> | <u>FY 2010-11</u> | <u>FY 2009-10</u> |
|-----------------------------|-------------------|-------------------|-------------------|
| Fund Balances: | | | |
| Nonspendable | \$ 15.1 | \$ 15.1 | \$ 19.7 |
| Committed | 18.3 | 18.1 | 17.6 |
| Assigned | 43.2 | 50.3 | 40.3 |
| Total Fund Balance | <u>\$ 76.6</u> | <u>\$ 83.5</u> | <u>\$ 77.6</u> |
| Fund Balance - Beginning | \$ 83.5 | \$ 77.6 | \$ 74.9 |
| Operating Surplus/(Deficit) | 0.2 | (0.7) | (8.1) |
| Transfers | | 6.6 | 3.5 |
| Other Financing Sources | | | 2.4 |
| Extraordinary Item | (2.1) | | |
| Restatement | (5.0) | | 4.9 |
| Fund Balance - Ending | <u>\$ 76.6</u> | <u>\$ 83.5</u> | <u>\$ 77.6</u> |

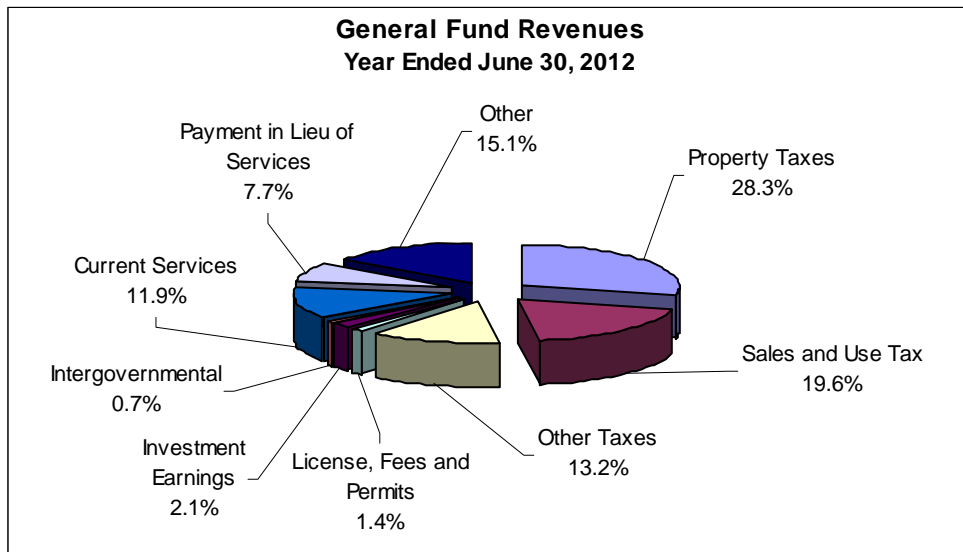
Overall General Fund revenue increased \$4.1 million comparing to the prior fiscal year, largely due to a \$3.0 million increase in sales and other taxes. Rental and lease income in the "Other Revenues" category increased by \$1.2 million attributable to the increased lease payment received from the Corona Utility Authority capital lease.

Expenditures were \$3.2 million higher than the previous year. Major contributors are public safety (increased by \$1.3 million), capital outlay (increased by \$1.0 million) and parks and community service (increased by \$0.6 million).

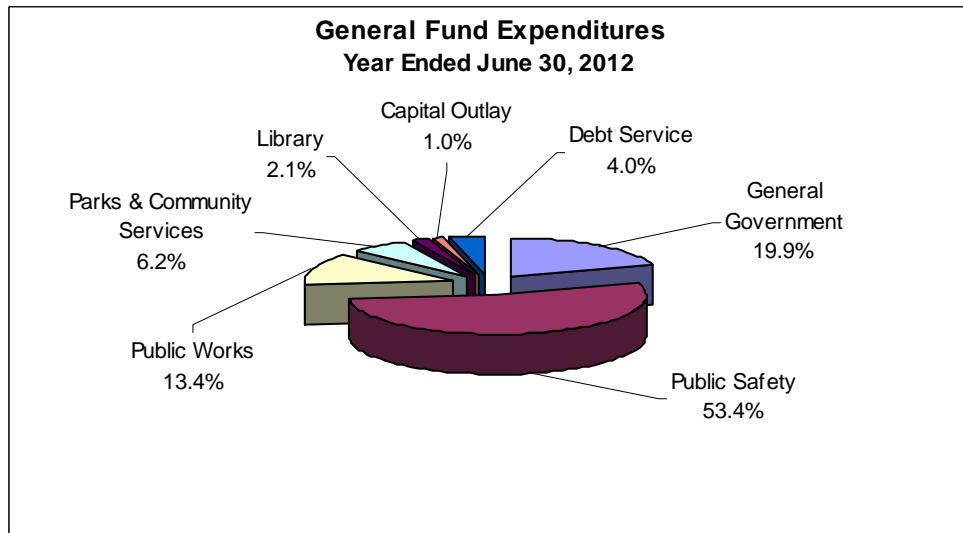
CITY OF CORONA

Management's Discussion and Analysis (continued)
June 30, 2012

The graph below illustrates General Fund revenues by source.



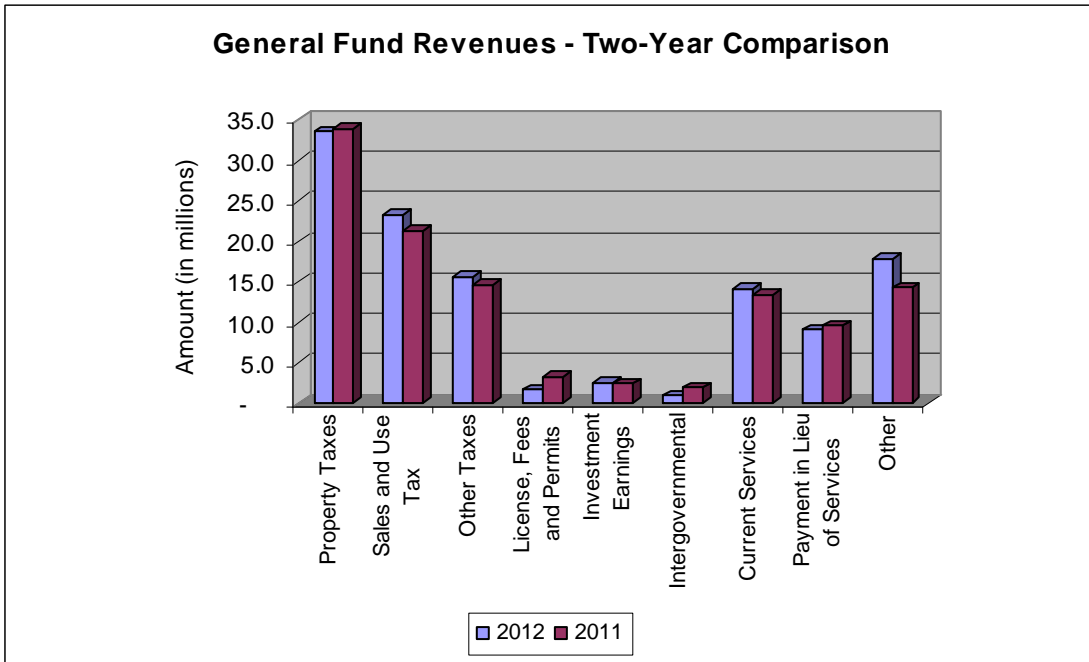
The graph below illustrates General Fund expenditures by category.



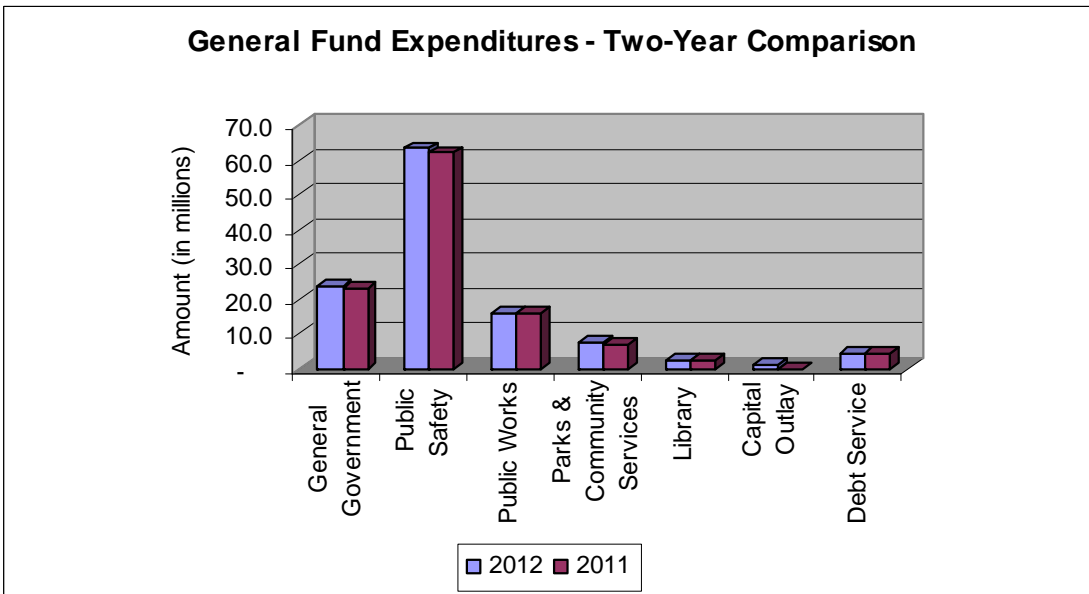
CITY OF CORONA

Management's Discussion and Analysis (continued)
June 30, 2012

The graph below presents a comparison of each General Fund revenue source for the fiscal years ended June 30, 2012 and 2011.



The graph below illustrates a comparison of each expenditure category for the fiscal years ended June 30, 2012 and 2011.



CITY OF CORONA

Management's Discussion and Analysis (continued)
June 30, 2012

Other Major Governmental Funds

The fund balance for the Development special revenue fund had an increase of \$2.3 million from the previous year as development activities citywide started to pick up since the recent economic recession in 2008.

The combined fund balances of Redevelopment special revenue, debt service and capital project fund decreased \$17.7 million to zero as these funds were transferred to the Successor Agency Trust fund during the current reporting period.

The Corona Housing Authority capital project fund was created in Fiscal Year 2010-11, and became the Housing Successor during the current year after the dissolution of the former Redevelopment Agency. The fund had very limited activities during this reporting period, fund balance increased by \$0.5 million from the previous year mostly attributable to investment earnings.

CAPITAL ASSETS

The capital assets of the City are those assets which are used in the performance of the City's functions including infrastructure assets. At June 30, 2012, net capital assets totaled \$608.0 million and \$353.1 million for the governmental and the business-type activities respectively. Depreciation on capital assets is recognized in the government-wide financial statements. Please refer to the Note 6 of the accompanying financial statements for additional information.

The City has elected to use the "modified approach" as defined by GASB Statement No. 34 for infrastructure reporting for its paving system (streets). Under GASB Statement No. 34, eligible infrastructure capital assets are not required to be depreciated under the following requirements:

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

The City policy is to achieve an average rating of 70 for all streets. The average rating for the City's streets at June 30, 2012 was 74, which is above the City's policy level. The City's streets are constantly deteriorating resulting from traffic usage and sun and water damages. The City is continuously taking actions to detain the deterioration through short-term maintenance activities such as pothole patching, street sweeping, and sidewalk repair. Actual expenditures for street maintenance for the fiscal year ended June 30, 2012 were \$4.7 million. These expenditures delayed deterioration, however, it did not seem sufficient to maintain the street condition from the previous assessment, which had an average rate of 81. The City has determined that the amount of annual expenditures required to maintain and preserve its streets at the current level through the year 2021 is a minimum of \$8.6 million per year. Please refer to the Required Supplementary Information section of the accompanying financial statement for additional information.

CITY OF CORONAManagement's Discussion and Analysis (continued)
June 30, 2012

The table below presents summary information on the City's capital assets.

| | City of Corona's Capital Assets Net of Depreciation (in millions) | | | | | |
|----------------------------|--|-----------------|-----------------------------|-----------------|-----------------|-----------------|
| | Governmental Activities | | Business-type Activities | | Total | |
| | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| Land | \$ 62.7 | \$ 63.7 | \$ 3.0 | \$ 3.0 | \$ 65.7 | \$ 66.7 |
| Streets | 177.2 | 172.2 | | | 177.2 | 172.2 |
| Buildings and improvements | 117.1 | 125.4 | 58.3 | 61.0 | 175.4 | 186.4 |
| Machinery and equipment | 9.9 | 10.5 | 36.2 | 40.3 | 46.1 | 50.8 |
| Infrastructure | 208.2 | 195.5 | 232.8 | 216.6 | 441.0 | 412.1 |
| Construction in progress | 32.8 | 39.4 | 13.5 | 7.4 | 46.3 | 46.8 |
| Intangible assets | 0.1 | 0.1 | 9.3 | 9.2 | 9.4 | 9.3 |
| Total Capital Assets | <u>\$ 608.0</u> | <u>\$ 606.8</u> | <u>\$ 353.1</u> | <u>\$ 337.5</u> | <u>\$ 961.1</u> | <u>\$ 944.3</u> |

DEBT ADMINISTRATION

Long-term debt reported in governmental activities decreased by \$90.2 million in Fiscal Year 2011-12 largely due to the former Redevelopment Agency's debt being transferred to the Successor Agency Trust fund in the amount of \$81.6 million. Debt of the business-type activities decreased by \$6.6 million in the current year as a result of normal scheduled debt service payments. Please refer to Note 8 in the accompanying financial statements for additional information.

During the current reporting period, the City entered into a long-term lease in the amount of \$25.3 million to refund its 2002 Lease Revenue Bonds. The lease is for 15 years with an annual interest rate of 3.4%. Net savings on debt service as the result of this refunding was \$1.7 million.

The City issued the Corona Utility Authority 2012 Water Revenue Bond in August 2012 to refund its 1998 Water Revenue Bond and part of the 2003 Certificate of Participation. The 2012 Bonds carries interest rates between 1.0% and 5.0 % and is payable in 20 years. Net savings resulting from this refund was \$5.7 million.

The schedule of outstanding long-term debt with comparative amounts for the previous fiscal year is presented below:

| | City of Corona's Outstanding Debt (in millions) | | | | | |
|-----------------------------------|--|-----------------|-----------------------------|-----------------|-----------------|-----------------|
| | Governmental Activities | | Business-type Activities | | Total | |
| | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| Loans and agreement payable | \$ - | \$ 3.3 | \$ 34.4 | \$ 37.2 | \$ 34.4 | \$ 40.5 |
| Lease payable | 25.3 | | | | 25.3 | - |
| Tax allocation bonds | | 82.1 | | | - | 82.1 |
| Lease revenue bonds | 35.2 | 65.0 | | | 35.2 | 65.0 |
| Water revenue bonds | | | 26.4 | 27.4 | 26.4 | 27.4 |
| Certificates of participation | | | 87.5 | 90.3 | 87.5 | 90.3 |
| Special assessment district bonds | 0.7 | 1.0 | | | 0.7 | 1.0 |
| Total Outstanding Debt | <u>\$ 61.2</u> | <u>\$ 151.4</u> | <u>\$ 148.3</u> | <u>\$ 154.9</u> | <u>\$ 209.5</u> | <u>\$ 306.3</u> |

CITY OF CORONA

Management's Discussion and Analysis (continued)
June 30, 2012

GENERAL FUND BUDGETARY HIGHLIGHTS

The original General Fund budget for Fiscal Year 2011-12 was \$121.3 million. Continuing appropriations of \$2.2 million from prior fiscal year capital improvement projects and grants was approved to carryover into the current fiscal year. An additional \$0.6 million in committed purchase orders from the prior year was added to the original budget to arrive at the adopted budget in the amount of \$124.1 million.

Comparing the adopted budget of \$124.1 million to the final budget of \$125.7 million, the General Fund had a net budgetary increase in the amount of \$1.6 million for current fiscal year. These supplemental budgetary changes primarily included an increase of \$2.0 million in ECB budget savings approved for various City departments, net against a \$0.5 million budget savings due to the early retirement incentive program implemented by the City in December 2011.

| | |
|--------------------------|------------------------------|
| Original Budget | \$ 121,317,974 |
| Continued Appropriations | 2,223,239 |
| Encumbrances | 584,360 |
| Adopted Budget | <u>124,125,573</u> |
| Supplemental Changes | 1,629,697 |
| Final Budget | <u><u>\$ 125,755,270</u></u> |

The General Fund final budget amount of \$125.7 million compared to the actual expenditures of \$118.6 million for Fiscal Year 2011-12 represents a favorable variance of \$7.1 million, due to a combination of departmental and capital outlay savings. The departmental savings were related to the actuarial changes in estimated Other Post-Employment Benefits as well as legal expenses. The \$2.8 million savings in capital outlay budget will be carried forward to the next fiscal year. Please refer to the Required Supplementary Information section of the accompanying financial statement for additional information.

| | |
|---------------------------|----------------------------|
| Final Budget | \$ 125,755,270 |
| Actual Expenditures | <u>118,629,306</u> |
| Favorable Budget Variance | <u><u>\$ 7,125,964</u></u> |

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report, separate reports of the City's component units or need any additional financial information, contact the City of Corona Finance Department at 400 South Vicentia, Corona, California, 92882, phone 951-279-3500 or e-mail finance@ci.corona.ca.us.



Government-Wide Financial Statements

Governmental Activities – Activities include General Government, Fire, Police, Public Works, Redevelopment, Parks and Community Services and Library. Revenues to finance these activities include property and sales taxes, user fees, investment income, franchise fees and state and federal grants.

Business-Type Activities – Activities relate to the City's water system, water reclamation system, electric, transit and airport services. Fees charged to customers for the services provided cover all or most of the cost of the business-type activities.



CITY OF CORONA

**Statement of Net Position
June 30, 2012**

| | Primary Government | | |
|--|-------------------------|--------------------------|-------------------------|
| | Governmental Activities | Business-Type Activities | Total |
| Assets | | | |
| Current Assets | | | |
| Cash and Investments | \$ 156,281,276 | \$ 84,123,866 | \$ 240,405,142 |
| Accounts Receivable, Net | 1,382,650 | 11,978,028 | 13,360,678 |
| Interest Receivable | 707,432 | 347,284 | 1,054,716 |
| Due from Other Governmental Agencies | 23,106,265 | 2,124,334 | 25,230,599 |
| Inventories and Prepayments | 633,421 | 2,989,501 | 3,622,922 |
| Land Held for Resale | 61,220,936 | | 61,220,936 |
| Restricted Cash and Investments | 2,909,704 | 18,564,198 | 21,473,902 |
| Total Current Assets | 246,241,684 | 120,127,211 | 366,368,895 |
| Noncurrent Assets | | | |
| Internal Balances | 174,232,976 | (174,232,976) | - |
| Long-term Receivable | 21,577,458 | 44,140,619 | 65,718,077 |
| Capital Assets: | | | |
| Land and Construction in Progress | 272,717,824 | 25,640,922 | 298,358,746 |
| Other Capital Assets, Net of Depreciation | 335,239,525 | 327,517,537 | 662,757,062 |
| Total Capital Assets | 607,957,349 | 353,158,459 | 961,115,808 |
| Total Noncurrent Assets | 803,767,783 | 223,066,102 | 1,026,833,885 |
| Total Assets | 1,050,009,467 | 343,193,313 | 1,393,202,780 |
| Deferred Outflows of Resources | | | |
| Deferred Amounts from Debt Refunding | 628,588 | - | 628,588 |
| Liabilities | | | |
| Current Liabilities | | | |
| Accounts Payable and Accrued Liabilities | 10,204,853 | 12,333,284 | 22,538,137 |
| Claims and Judgments Payable | 3,618,000 | | 3,618,000 |
| Deposits | 7,383,791 | 1,185 | 7,384,976 |
| Interest Payable | 508,915 | | 508,915 |
| Unearned Revenue | 3,492,170 | 2,132,367 | 5,624,537 |
| Compensated Absences Payable - Due within One Year | 6,886,708 | 746,825 | 7,633,533 |
| Long-term Debt - Due Within One Year | 3,654,332 | 6,787,054 | 10,441,386 |
| Liabilities Payable from Restricted Assets | 145,042 | 412,489 | 557,531 |
| Total Current Liabilities | 35,893,811 | 22,413,204 | 58,307,015 |
| Noncurrent Liabilities | | | |
| Long-term Debt - Due in More than One Year | 57,504,102 | 141,489,294 | 198,993,396 |
| Claims and Judgments Payable | 17,265,000 | | 17,265,000 |
| Pension Related Debt | 5,325,439 | | 5,325,439 |
| Compensated Absences Payable | 1,008,534 | 91,393 | 1,099,927 |
| Total Noncurrent Liabilities | 81,103,075 | 141,580,687 | 222,683,762 |
| Total Liabilities | 116,996,886 | 163,993,891 | 280,990,777 |
| Deferred Inflows of Resources | | | |
| Deferred Amounts from Developer Fees | 1,767,715 | | 1,767,715 |
| Other Deferred Amounts | 478,272 | | 478,272 |
| Total Deferred Inflows of Resources | 2,245,987 | - | 2,245,987 |
| Net Position | | | |
| Net Investment in Capital Assets | 547,427,503 | 274,761,353 | 822,188,856 |
| Restricted for: | | | |
| Capital Projects | 95,362,651 | | 95,362,651 |
| Debt Service | 3,418,104 | 10,969,563 | 14,387,667 |
| Specific Projects and Programs: | | | |
| Transportation and Public Works | 14,494,532 | 637,926 | 15,132,458 |
| Special Assessment District Projects | 11,655,625 | | 11,655,625 |
| Development Projects | 6,763,589 | | 6,763,589 |
| Other Purposes | 708,280 | | 708,280 |
| Unrestricted | 251,564,898 | (107,169,420) | 144,395,478 |
| Total Net Position | \$ 931,395,182 | \$ 179,199,422 | \$ 1,110,594,604 |

The accompanying notes are an integral part of these financial statements.

CITY OF CORONA**Statement of Activities
Year Ended June 30, 2012**

| Functions/Programs | Expenses | Program Revenues | | | Total |
|---------------------------------------|-----------------------|-----------------------|------------------------------------|----------------------------------|-----------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | |
| Primary Government | | | | | |
| Governmental Activities | | | | | |
| General Government | \$ 20,551,027 | \$ 7,331,352 | \$ - | \$ - | \$ 7,331,352 |
| Public Safety - Fire | 21,506,851 | 3,926,888 | 849,937 | 144,310 | 4,921,135 |
| Public Safety - Police | 39,791,147 | 3,079,224 | 1,652,729 | 91,430 | 4,823,383 |
| Public Works | 27,925,122 | 12,716,140 | 5,421,478 | 7,556,404 | 25,694,022 |
| Administrative Services | 12,860,222 | | 1,273,633 | 1,060,439 | 2,334,072 |
| Parks and Community Services | 13,161,044 | 7,327,626 | 2,819,765 | 124,520 | 10,271,911 |
| Library | 2,640,592 | 264,464 | 332,505 | | 596,969 |
| Interest and Fiscal Charges | 3,648,700 | | | | |
| Total Governmental Activities | 142,084,705 | 34,645,694 | 12,350,047 | 8,977,103 | 55,972,844 |
| Business-Type Activities | | | | | |
| Water | 55,837,945 | 50,243,765 | 3,514 | 7,686,989 | 57,934,268 |
| Water Reclamation | 30,224,698 | 29,472,121 | | 4,001,501 | 33,473,622 |
| Electric | 14,569,429 | 16,531,675 | | | 16,531,675 |
| Transit Services | 2,148,857 | 633,355 | 1,528,277 | 42,010 | 2,203,642 |
| Airport | 307,538 | 265,838 | | | 265,838 |
| Total Business-Type Activities | 103,088,467 | 97,146,754 | 1,531,791 | 11,730,500 | 110,409,045 |
| Total Primary Government | \$ 245,173,172 | \$ 131,792,448 | \$ 13,881,838 | \$ 20,707,603 | \$ 166,381,889 |

General Revenues:

Taxes:

Property Taxes
Sales and Use Tax
Franchise Tax
Business Tax
Transient Occupancy Tax
Property Transfer Tax
Dwelling Development Tax
Total Taxes

Grants and Contributions not Restricted to Specific Programs

Investment Earnings
Lease and Rental Income
Labor Abatement
Other Income

Extraordinary Item - Corona Redevelopment Agency Dissolution
Transfers

Total General Revenues, Extraordinary Item and Transfers

Changes in Net Position**Net Position - Beginning of Year, Restated****Net Position - End of Year**

The accompanying notes are an integral part of these financial statements.

| Net (Expense) Revenue and Changes in Net Position | | |
|--|-------------------------------------|-------------------------|
| Governmental Activities | Business-Type Activities | Total |
| \$ (13,219,675) | \$ - | \$ (13,219,675) |
| (16,585,716) | | (16,585,716) |
| (34,967,764) | | (34,967,764) |
| (2,231,100) | | (2,231,100) |
| (10,526,150) | | (10,526,150) |
| (2,889,133) | | (2,889,133) |
| (2,043,623) | | (2,043,623) |
| (3,648,700) | | (3,648,700) |
| <u>(86,111,861)</u> | <u>-</u> | <u>(86,111,861)</u> |
| | 2,096,323 | 2,096,323 |
| | 3,248,924 | 3,248,924 |
| | 1,962,246 | 1,962,246 |
| | 54,785 | 54,785 |
| | (41,700) | (41,700) |
| <u>-</u> | <u>7,320,578</u> | <u>7,320,578</u> |
| <u>(86,111,861)</u> | <u>7,320,578</u> | <u>(78,791,283)</u> |
| 45,754,306 | | 45,754,306 |
| 31,190,815 | | 31,190,815 |
| 4,435,972 | | 4,435,972 |
| 1,886,320 | | 1,886,320 |
| 1,306,458 | | 1,306,458 |
| 466,547 | | 466,547 |
| 451,200 | | 451,200 |
| <u>85,491,618</u> | <u>-</u> | <u>85,491,618</u> |
| 76,014 | | 76,014 |
| 4,047,070 | 4,019,878 | 8,066,948 |
| 12,088,330 | | 12,088,330 |
| 252,202 | | 252,202 |
| 3,385,339 | | 3,385,339 |
| 57,030,346 | | 57,030,346 |
| (163,000) | 163,000 | - |
| <u>162,207,919</u> | <u>4,182,878</u> | <u>166,390,797</u> |
| 76,096,058 | 11,503,456 | 87,599,514 |
| 855,299,124 | 167,695,966 | 1,022,995,090 |
| <u>\$ 931,395,182</u> | <u>\$ 179,199,422</u> | <u>\$ 1,110,594,604</u> |

The accompanying notes are an integral part of these financial statements.



Governmental Fund Financial Statements

MAJOR FUNDS:

General Fund – The General Fund is the general operating fund of the City. It is used to account for all financial resources not required to be accounted for in another fund, and for certain general programs and activities including equipment capital outlay and City facilities.

Special Revenue Funds

Development Fund – This fund is used to account for park dedication fees, dwelling development fees and other development fees received. The fees collected are used to offset the burden resulting from new developments.

Redevelopment Fund – With the dissolution of the Corona Redevelopment Agency as of February 1, 2012, all Redevelopment funds reported zero balances in the governmental balance sheet as of June 30, 2012. All assets, liabilities and fund balances were transferred to the Successor Agency Trust fund during this reporting period.

Debt Service Fund

Redevelopment Debt Service Fund – With the dissolution of the Corona Redevelopment Agency as of February 1, 2012, all Redevelopment funds reported zero balances in the governmental balance sheet as of June 30, 2012. All assets, liabilities and fund balances were transferred to the Successor Agency Trust fund during this reporting period.

Capital Project Funds

Redevelopment Capital Project Fund – With the dissolution of the Corona Redevelopment Agency as of February 1, 2012, all Redevelopment funds reported zero balances in the governmental balance sheet as of June 30, 2012. All assets, liabilities and fund balances were transferred to the Successor Agency Trust fund during this reporting period.

Corona Housing Authority Fund – This fund is used to account for transactions related to affordable housing activities as prescribed in the Housing Element of the City's General Plan.

NON-MAJOR GOVERNMENTAL FUNDS:

Other Governmental Funds – These funds represent the non-major governmental funds, which include special revenue, debt service and capital project funds.

CITY OF CORONA**Balance Sheet
Governmental Funds
June 30, 2012**

| | <u>General Fund</u> | <u>Development Special Revenue</u> | <u>Redevelopment Special Revenue</u> |
|---|-------------------------|--|--|
| Assets | | | |
| Cash and Investments | \$ 63,569,985 | \$ 18,437,020 | \$ - |
| Accounts Receivable, Net | 1,363,666 | | |
| Interest Receivable | 493,883 | 70,148 | |
| Due from Other Governments, Net | 13,047,155 | 188,024 | |
| Due from Other Funds | 1,489,965 | | |
| Long-term Receivable | 479,776 | 1,517,715 | |
| Interfund Advances Receivable | 13,769,360 | 333,851 | |
| Long-term Capital Lease Receivable | 172,628,344 | | |
| Loans Receivable | | 41,280 | |
| Inventories and Prepayments | 415,791 | | |
| Land Held for Resale | | | |
| Restricted Assets: | | | |
| Cash and Investments | 16,246 | 5,138 | |
| Total Assets | <u>\$ 267,274,171</u> | <u>\$ 20,593,176</u> | <u>\$ -</u> |
| Liabilities, Deferred Inflow of Resources, and Fund Balances | | | |
| Liabilities | | | |
| Accounts Payable and Accrued Liabilities | \$ 7,421,976 | \$ 100,726 | \$ - |
| Deposits | 7,383,791 | | |
| Due to Other Funds | | | |
| Unearned Revenue | 112,157 | | |
| Interfund Advances Payable | | 12,164,728 | |
| Liabilities Payable from Restricted Assets | 16,246 | 5,138 | |
| Total Liabilities | <u>14,934,170</u> | <u>12,270,592</u> | <u>-</u> |
| Deferred Inflows of Resources | | | |
| Deferred Amount from Loans and Long-Term Receivable | | 1,558,995 | |
| Deferred Amount from Capital Lease | 172,628,344 | | |
| Deferred Amount from Assessment Receivable | | | |
| Unavailable Revenues - Due From Other Governments | | | |
| Unavailable Revenues - Taxes and Other | 3,155,552 | | |
| Total Deferred Inflows of Resources | <u>175,783,896</u> | <u>1,558,995</u> | <u>-</u> |
| Fund Balances | | | |
| Nonspendable | 15,070,684 | | |
| Restricted | | | |
| Committed | 18,279,947 | | |
| Assigned | 43,205,474 | 6,763,589 | |
| Total Fund Balances | <u>76,556,105</u> | <u>6,763,589</u> | <u>-</u> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | <u>\$ 267,274,171</u> | <u>\$ 20,593,176</u> | <u>\$ -</u> |

The accompanying notes are an integral part of these financial statements.

| Redevelopment Debt Service | Redevelopment Capital Projects | Corona Housing Authority | Other Governmental Funds | Total Governmental Funds |
|---------------------------------------|---|---|---|---|
| \$ - | \$ - | \$ 8,544,915 | \$ 28,949,667 | \$ 119,501,587 |
| | | 33,681 | 5,893 | 1,369,559 |
| | | 5,308,281 | 109,720 | 707,432 |
| | | | 4,562,805 | 23,106,265 |
| | | | 660,000 | 1,489,965 |
| | | | | 2,657,491 |
| | | | | 14,103,211 |
| | | 16,584,473 | 2,294,214 | 172,628,344 |
| | | 61,220,936 | | 18,919,967 |
| | | | | 415,791 |
| | | | | 61,220,936 |
| | | | 2,888,320 | 2,909,704 |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ 91,692,286</u> | <u>\$ 39,470,619</u> | <u>\$ 419,030,252</u> |
| \$ - | \$ - | \$ - | \$ 2,084,585 | \$ 9,607,287 |
| | | | 62 | 7,383,853 |
| | | | 1,489,965 | 1,489,965 |
| | | | 3,479,150 | 3,591,307 |
| | | | 333,851 | 12,498,579 |
| | | | 123,658 | 145,042 |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>7,511,271</u> | <u>34,716,033</u> |
| | | 16,584,473 | | 18,143,468 |
| | | | 660,000 | 172,628,344 |
| | | 5,308,281 | | 660,000 |
| | | | | 5,308,281 |
| | | | | 3,155,552 |
| <u>-</u> | <u>-</u> | <u>21,892,754</u> | <u>660,000</u> | <u>199,895,645</u> |
| | | 61,220,936 | | 76,291,620 |
| | | 8,578,596 | 18,847,139 | 27,425,735 |
| | | | | 18,279,947 |
| | | | 12,452,209 | 62,421,272 |
| <u>-</u> | <u>-</u> | <u>69,799,532</u> | <u>31,299,348</u> | <u>184,418,574</u> |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ 91,692,286</u> | <u>\$ 39,470,619</u> | <u>\$ 419,030,252</u> |

The accompanying notes are an integral part of these financial statements.

CITY OF CORONA

**Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2012**

| | |
|--|-------------------------------------|
| Total Fund Balances - Total Governmental Funds | \$ 184,418,574 |
| Amounts reported for governmental activities in the statement of net position are different because: | |
| Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet. | 607,957,349 |
| Deferred outflows of resources from refunding of debt resulted in the difference between the reacquisition price and the net carrying amount of the old debt. The refunding transaction is recorded in the government-wide statements but not on the governmental fund balance sheet. | 628,588 |
| Difference between deferred inflows reported on government-wide statement of net position and governmental fund balance sheet. This amount represents long-term receivables, capital leases and assessment receivables that are not resources that are currently available for this reporting period, and therefore deferred in the governmental fund statement. | 194,494,106 |
| Grants and other sources not available to pay current period expenditures. Eligibility other than timing has not been met for these receipts, therefore they are reported as unavailable revenues on the governmental fund statement. | 3,254,751 |
| Interest payable on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in the governmental funds balance sheet. | (508,915) |
| Internal service funds are used by management to charge the costs of certain activities, such as insurance and fleet management, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the government-wide statement of net position. | 15,477,062 |
| Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds balance sheet includes: | |
| Compensated Absences | (7,842,460) |
| Pension Related Debt | (5,325,439) |
| Long-term Debt | <u>(61,158,434)</u> |
| Net Position of Governmental Activities | <u><u>\$ 931,395,182</u></u> |

The accompanying notes are an integral part of these financial statements.



CITY OF CORONA**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2012**

| | <u>General Fund</u> | <u>Development Special Revenue</u> | <u>Redevelopment Special Revenue</u> |
|--|-------------------------|--|--|
| Revenues | | | |
| Property Taxes | \$ 33,569,570 | \$ - | \$ 2,436,947 |
| Other Taxes | 38,964,006 | | |
| Licenses, Fees and Permits | 1,695,006 | 3,695,931 | |
| Fines and Penalties | 1,774,190 | | |
| Special Assessments | | | |
| Investment Earnings | 2,466,401 | 363,050 | 34,993 |
| Intergovernmental Revenues | 888,212 | 257,787 | |
| Current Services | 14,133,523 | | |
| Payments in Lieu of Services | 9,093,325 | 451,200 | |
| Other Revenues | 16,197,531 | 2,554 | 88,259 |
| Total Revenues | <u>118,781,764</u> | <u>4,770,522</u> | <u>2,560,199</u> |
| Expenditures | | | |
| Current: | | | |
| General Government | 23,605,276 | | |
| Community Development | | | |
| Public Safety - Fire | 22,838,646 | 141 | |
| Public Safety - Police | 40,487,713 | 206,286 | |
| Public Works | 15,912,608 | 170,070 | |
| Parks and Community Services | 7,346,263 | 76,714 | |
| Administrative Services | | | 699,014 |
| Library | 2,536,685 | 9,610 | |
| Capital Outlay | 1,220,738 | 534,448 | |
| Debt Service: | | | |
| Principal Retirement | 2,149,378 | 850,000 | 385,000 |
| Interest and Fiscal Charges | 2,531,999 | 149,968 | 155,798 |
| Total Expenditures | <u>118,629,306</u> | <u>1,997,237</u> | <u>1,239,812</u> |
| Excess of Revenues Over (Under) Expenditures | <u>152,458</u> | <u>2,773,285</u> | <u>1,320,387</u> |
| Other Financing Sources (Uses) | | | |
| Transfers In | 2,148,048 | | |
| Transfers Out | (2,110,661) | (477,832) | |
| Total Other Financing Sources (Uses) | <u>37,387</u> | <u>(477,832)</u> | <u>-</u> |
| Extraordinary Items | | | |
| Corona Redevelopment Agency Dissolution | <u>(2,130,276)</u> | | <u>(2,679,625)</u> |
| Net Change in Fund Balances | <u>(1,940,431)</u> | <u>2,295,453</u> | <u>(1,359,238)</u> |
| Fund Balances - Beginning of year, Restated | <u>78,496,536</u> | <u>4,468,136</u> | <u>1,359,238</u> |
| Fund Balances - End of Year | <u>\$ 76,556,105</u> | <u>\$ 6,763,589</u> | <u>\$ -</u> |

The accompanying notes are an integral part of these financial statements.

| <u>Redevelopment Debt Service</u> | <u>Redevelopment Capital Projects</u> | <u>Corona Housing Authority</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|---------------------------------------|---|---|---|---|
| \$ 9,747,789 | \$ - | \$ - | \$ - | \$ 45,754,306 |
| | | | | 38,964,006 |
| | | | 426,188 | 5,817,125 |
| | | | 66,884 | 1,841,074 |
| | | | 9,296,683 | 9,296,683 |
| 216,928 | 105,750 | 274,633 | 585,315 | 4,047,070 |
| | | | 14,585,102 | 15,731,101 |
| | | | 259,203 | 14,392,726 |
| | 262,407 | 270,342 | 892,958 | 9,544,525 |
| | | | | 17,714,051 |
| <u>9,964,717</u> | <u>368,157</u> | <u>544,975</u> | <u>26,112,333</u> | <u>163,102,667</u> |
| | 2,341 | | 12,174 | 23,619,791 |
| | | | 63,502 | 63,502 |
| | | | 82,376 | 22,921,163 |
| | | | 1,057,357 | 41,751,356 |
| | | | 9,717,403 | 25,800,081 |
| | | | 5,090,920 | 12,513,897 |
| 3,953,562 | 2,595,263 | | 2,235,952 | 9,483,791 |
| | | | 174,446 | 2,720,741 |
| | | | 2,594,539 | 4,349,725 |
| 2,795,000 | 537,692 | | 365,000 | 7,082,070 |
| 1,937,190 | 62,308 | | 2,710,191 | 7,547,454 |
| <u>8,685,752</u> | <u>3,197,604</u> | <u>-</u> | <u>24,103,860</u> | <u>157,853,571</u> |
| <u>1,278,965</u> | <u>(2,829,447)</u> | <u>544,975</u> | <u>2,008,473</u> | <u>5,249,096</u> |
| 39 | 581,693 | | 1,803,978 | 4,533,758 |
| | (39) | | (2,994,114) | (5,582,646) |
| <u>39</u> | <u>581,654</u> | <u>-</u> | <u>(1,190,136)</u> | <u>(1,048,888)</u> |
| <u>(6,562,571)</u> | <u>(8,480,231)</u> | <u>-</u> | <u>-</u> | <u>(19,852,703)</u> |
| (5,283,567) | (10,728,024) | 544,975 | 818,337 | (15,652,495) |
| 5,283,567 | 10,728,024 | 69,254,557 | 30,481,011 | 200,071,069 |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ 69,799,532</u> | <u>\$ 31,299,348</u> | <u>\$ 184,418,574</u> |

The accompanying notes are an integral part of these financial statements.

CITY OF CORONA

**Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-Wide Statement of Activities
Year Ended June 30, 2012**

Net Change in Fund Balances - Total Governmental Funds \$ (15,652,495)

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

Governmental funds report capital outlay as expenditures. However, in the government-wide statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. Additions and adjustments to capital assets amounted to \$11,693,888, less deletions of \$640,699, resulted in the net amount of capital assets of \$11,053,189 in the current period. 11,053,189

Depreciation expense on capital assets is reported in the government-wide statement of activities, but does not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in governmental funds. (11,442,552)

Net change in deferred outflows due to debt refunding that are not reported in governmental funds. 628,588

Amount previously reported as unavailable that became available in the current fiscal year. 572,491

Long-term compensated absences are reported in the government-wide statement of activities, but do not require the use of current financial resources. Therefore, long-term compensated absences are not reported as expenditures in governmental funds. This amount represents the change from the prior year. 1,007,592

Proceeds from long-term liabilities provide current financial resources to governmental funds, but incurring debt increases long-term liabilities in the government-wide statement of net position. Repayment of debt principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the government-wide statement of net position.

| | |
|---|--------------|
| Proceeds from debt issuance | (25,265,511) |
| Bond defeasance | 26,805,000 |
| Repayment of pension related debt | 990,064 |
| Repayment of long-term obligations | 7,082,071 |
| Capital assets transferred from governmental funds to Successor Agency Trust fund | (4,725,470) |
| Debt transferred from governmental funds to Successor Agency Trust fund | 81,608,519 |

Interest expense on long-term debt is reported in the government-wide statement of activities, but do not require the use of current financial resources. Therefore, interest expense is not reported as expenditures in governmental funds. This amount represents the change in accrued interest from the prior year. 1,730,677

Internal service funds are used by management to charge the costs of certain activities, such as insurance and fleet operations, to individual funds. The net revenue of the internal service funds is reported with governmental activities. 1,703,895

Change in Net Position of Governmental Activities \$ 76,096,058

The accompanying notes are an integral part of these financial statements.

Proprietary Fund Financial Statements

MAJOR FUNDS:

Water Fund – This fund is used to account for the operation of the City’s water utility, a self supporting activity which renders services on a user charge basis to residents and businesses located in the City.

Water Reclamation Fund – This fund is used to account for the operation of the City’s water reclamation utility, a self supporting activity which renders services on a user charge basis to residents and businesses located in the City.

Electric Fund – This fund is used to account for the operation of the City’s electric utility, a self supporting activity which renders services on a user charge basis to businesses located in the City.

NON-MAJOR PROPRIETARY FUNDS:

Other Funds – These funds represent the non-major proprietary funds, which include Public Financing Authority Fund and Public Improvement Corporation Fund.

GOVERNMENTAL ACTIVITIES – INTERNAL SERVICE FUNDS:

These funds are used to account for goods and services provided to other City departments or agencies on a cost reimbursement basis.

CITY OF CORONA**Statement of Net Position
Proprietary Funds
June 30, 2012**

| | Corona Utility Authority | |
|--|--------------------------|----------------------|
| | Water | Water Reclamation |
| Assets | | |
| Current Assets | | |
| Cash and Investments | \$ 41,343,934 | \$ 31,016,644 |
| Accounts Receivable, Net | 8,731,126 | 1,966,246 |
| Interest Receivable | 163,126 | 123,277 |
| Due from Other Governmental Agencies | 2,119,686 | 2,710 |
| Inventories and Prepayments | 2,964,501 | |
| Restricted Assets: | | |
| Cash and Investments | 40,247 | 257,919 |
| Total Current Assets | <u>55,362,620</u> | <u>33,366,796</u> |
| Noncurrent Assets | | |
| Interfund Advances Receivable | 473,875 | |
| Long-term Receivable | 15,366 | 14,552 |
| Capital Assets: | | |
| Land and Construction in Progress | 15,502,743 | 8,957,712 |
| Other Capital Assets, Net of Depreciation | 202,398,673 | 110,158,842 |
| Total Capital Assets | <u>217,901,416</u> | <u>119,116,554</u> |
| Total Noncurrent Assets | <u>218,390,657</u> | <u>119,131,106</u> |
| Total Assets | <u>273,753,277</u> | <u>152,497,902</u> |
| Liabilities | | |
| Current Liabilities | | |
| Accounts Payable and Accrued Liabilities | 7,186,905 | 2,872,541 |
| Claims and Judgments Payable | | |
| Deposits | | |
| Unearned Revenue | 1,852,037 | |
| Compensated Absences Payable | 340,479 | 269,944 |
| Long-term Debt - Due Within One Year | 2,797,995 | 1,669,059 |
| Liabilities Payable from Restricted Assets | 40,247 | 257,919 |
| Total Current Liabilities | <u>12,217,663</u> | <u>5,069,463</u> |
| Noncurrent Liabilities | | |
| Interfund Advances Payable | 250,000 | 12,869,768 |
| Compensated Absences Payable | | 26,235 |
| Long-term Capital Lease Payable | 106,819,662 | 65,808,682 |
| Long-term Debt - Due in More than One Year | 54,082,902 | 10,511,392 |
| Claims and Judgments Payable | | |
| Total Noncurrent Liabilities | <u>161,152,564</u> | <u>89,216,077</u> |
| Total Liabilities | <u>173,370,227</u> | <u>94,285,540</u> |
| Net Position | | |
| Net Investment in Capital Assets | 161,020,519 | 106,936,103 |
| Restricted for: | | |
| Debt Service | | |
| Transportation | | |
| Unrestricted | (60,637,469) | (48,723,741) |
| Total Net Position | <u>\$ 100,383,050</u> | <u>\$ 58,212,362</u> |

The accompanying notes are an integral part of these financial statements.

| | | | Governmental Activities Internal Service Funds |
|----------------------|----------------------------|-----------------------|---|
| Electric | Non-major Funds | Totals | |
| \$ 11,043,961 | \$ 719,327 | \$ 84,123,866 | \$ 36,779,689 |
| 1,260,736 | 19,920 | 11,978,028 | 13,091 |
| 48,927 | 11,954 | 347,284 | |
| | 1,938 | 2,124,334 | |
| 25,000 | | 2,989,501 | 217,630 |
| <u>8,618,457</u> | <u>9,647,575</u> | <u>18,564,198</u> | |
| <u>20,997,081</u> | <u>10,400,714</u> | <u>120,127,211</u> | <u>37,010,410</u> |
| 18,982,243 | | 19,456,118 | |
| 44,110,701 | | 44,140,619 | |
| 1,145,044 | 35,423 | 25,640,922 | |
| 13,699,221 | 1,260,801 | 327,517,537 | |
| 14,844,265 | 1,296,224 | 353,158,459 | - |
| 77,937,209 | 1,296,224 | 416,755,196 | - |
| <u>98,934,290</u> | <u>11,696,938</u> | <u>536,882,407</u> | <u>37,010,410</u> |
| 2,002,086 | 271,752 | 12,333,284 | 597,566 |
| | | | 3,618,000 |
| | 1,185 | 1,185 | |
| | 280,330 | 2,132,367 | |
| 126,695 | 9,707 | 746,825 | 52,782 |
| 2,320,000 | | 6,787,054 | |
| 78,900 | 35,423 | 412,489 | |
| <u>4,527,681</u> | <u>598,397</u> | <u>22,413,204</u> | <u>4,268,348</u> |
| 1,149,632 | 6,791,350 | 21,060,750 | |
| 63,444 | 1,714 | 91,393 | |
| | | 172,628,344 | |
| 76,895,000 | | 141,489,294 | 17,265,000 |
| <u>78,108,076</u> | <u>6,793,064</u> | <u>335,269,781</u> | <u>17,265,000</u> |
| <u>82,635,757</u> | <u>7,391,461</u> | <u>357,682,985</u> | <u>21,533,348</u> |
| 5,508,507 | 1,296,224 | 274,761,353 | |
| 8,539,557 | 2,430,006 | 10,969,563 | |
| | 637,926 | 637,926 | |
| 2,250,469 | (58,679) | (107,169,420) | 15,477,062 |
| <u>\$ 16,298,533</u> | <u>\$ 4,305,477</u> | <u>\$ 179,199,422</u> | <u>\$ 15,477,062</u> |

The accompanying notes are an integral part of these financial statements.

CITY OF CORONA**Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
Year Ended June 30, 2012**

| | Corona Utility Authority | |
|---|--------------------------|----------------------|
| | Water | Water Reclamation |
| Operating Revenues | | |
| Utility Service Charges | \$ 46,944,763 | \$ 28,055,728 |
| Intergovernmental Revenues | | |
| Fees and Permits | 1,407,787 | 405,721 |
| Fines and Penalties | 616,427 | 540,066 |
| Other Revenues | 1,274,788 | 470,606 |
| Total Operating Revenues | 50,243,765 | 29,472,121 |
| Operating Expenses | | |
| Personnel Services | 6,940,524 | 4,803,750 |
| Contractual | 3,028,575 | 1,642,243 |
| Materials and Supplies | 25,374,563 | 11,838,218 |
| Utilities | 4,930,505 | 2,779,347 |
| Depreciation and Amortization | 6,378,292 | 4,332,178 |
| Claims Expense | | |
| Total Operating Expenses | 46,652,459 | 25,395,736 |
| Operating Income (Loss) | 3,591,306 | 4,076,385 |
| Non-Operating Revenues (Expenses) | | |
| Investment Earnings | 755,528 | 565,823 |
| Interest Expense | (9,185,486) | (4,806,266) |
| Operating Grants and Contributions | 3,514 | |
| Total Non-Operating Revenues | (8,426,444) | (4,240,443) |
| Income (Loss) before Contributions and Transfers | (4,835,138) | (164,058) |
| Capital Grants and Contributions | 7,686,989 | 4,001,501 |
| Transfers In | | |
| Transfers Out | (460,780) | |
| Changes in Net Position | 2,391,071 | 3,837,443 |
| Total Net Position - Beginning of Year, Restated | 97,991,979 | 54,374,919 |
| Total Net Position - End of Year | \$ 100,383,050 | \$ 58,212,362 |

The accompanying notes are an integral part of these financial statements.

| <u>Electric</u> | <u>Non-major Funds</u> | <u>Totals</u> | <u>Governmental Activities Internal Service Funds</u> |
|----------------------|----------------------------|-----------------------|---|
| \$ 15,385,184 | \$ - | \$ 90,385,675 | \$ - |
| 720,954 | 277,546 | 998,500 | |
| | 49,490 | 1,862,998 | |
| 130,593 | | 1,287,086 | |
| 294,944 | 572,157 | 2,612,495 | 12,020,249 |
| <u>16,531,675</u> | <u>899,193</u> | <u>97,146,754</u> | <u>12,020,249</u> |
| 1,560,539 | 487,967 | 13,792,780 | 1,373,568 |
| 371,503 | 1,316,761 | 6,359,082 | 596,255 |
| 1,177,916 | 143,063 | 38,533,760 | 2,060,424 |
| 7,415,013 | 246,892 | 15,371,757 | 1,076,454 |
| 847,081 | 261,712 | 11,819,263 | |
| | | | 6,095,541 |
| <u>11,372,052</u> | <u>2,456,395</u> | <u>85,876,642</u> | <u>11,202,242</u> |
| <u>5,159,623</u> | <u>(1,557,202)</u> | <u>11,270,112</u> | <u>818,007</u> |
| 2,642,755 | 55,772 | 4,019,878 | |
| (3,197,377) | (22,696) | (17,211,825) | |
| | 1,528,277 | 1,531,791 | |
| <u>(554,622)</u> | <u>1,561,353</u> | <u>(11,660,156)</u> | <u>-</u> |
| <u>4,605,001</u> | <u>4,151</u> | <u>(390,044)</u> | <u>818,007</u> |
| | 42,010 | 11,730,500 | |
| 203,000 | 460,780 | 663,780 | 1,500,000 |
| (40,000) | | (500,780) | (614,112) |
| <u>4,768,001</u> | <u>506,941</u> | <u>11,503,456</u> | <u>1,703,895</u> |
| <u>11,530,532</u> | <u>3,798,536</u> | <u>167,695,966</u> | <u>13,773,167</u> |
| <u>\$ 16,298,533</u> | <u>\$ 4,305,477</u> | <u>\$ 179,199,422</u> | <u>\$ 15,477,062</u> |

The accompanying notes are an integral part of these financial statements.

CITY OF CORONA**Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2012**

| | Corona Utility Authority | |
|--|---------------------------------|------------------------------|
| | Water | Water Reclamation |
| Cash Flow from Operating Activities: | | |
| Receipts from Customers/Other Funds | \$ 49,453,420 | \$ 29,415,445 |
| Payment to Suppliers of Goods and Services | (31,519,318) | (15,384,592) |
| Payment to Employees for Services | (6,967,939) | (4,753,217) |
| Payment on Current Claims | | |
| Decrease in Long-term Claims | | |
| Other Receipts | | |
| Net Cash Provided by (Used for) Operating Activities | <u>10,966,163</u> | <u>9,277,636</u> |
| Cash Flows from Noncapital Financing Activities: | | |
| Operating Grants and Contributions | 3,514 | |
| Compensated Absences | | |
| Transfers Received | | |
| Transfers Paid | (460,780) | |
| Net Cash Provided by (Used for) Noncapital Financing Activities | <u>(457,266)</u> | <u>-</u> |
| Cash Flows from Capital and Related Financing Activities: | | |
| Receipts from Long-Term Receivables | | |
| Capital Grants and Contributions | 3,575,636 | 3,096,354 |
| Acquisition and Construction of Capital Assets | (4,096,598) | (7,649,481) |
| Retirement of Long-term Installments Payable | (3,306,771) | (1,998,222) |
| Proceeds from Disposal of Capital Assets | 64,054 | 13,348 |
| Proceeds (Payments) on Capital Debt and Interfund Loan | | |
| Interest payments of Long-term debt | (9,185,486) | (4,806,266) |
| Net Cash (Used in) Capital and Related Financing Activities | <u>(12,949,165)</u> | <u>(11,344,267)</u> |
| Cash Flows from Investing Activities: | | |
| Interest on Investments | 819,677 | 615,497 |
| Net Cash Provided by Investing Activities | <u>819,677</u> | <u>615,497</u> |
| Increase (Decrease) in Cash and Cash Equivalents | <u>(1,620,591)</u> | <u>(1,451,134)</u> |
| Cash and Cash Equivalent | | |
| Beginning of the Year, Restated | 43,004,772 | 32,725,697 |
| Ending (including \$18,564,198 in restricted accounts) | <u>\$ 41,384,181</u> | <u>\$ 31,274,563</u> |
| Reconciliation of Operating Income to Net Cash Provided by (Used for) Operating Activities: | | |
| Operating Income (Loss) | \$ 3,591,306 | \$ 4,076,385 |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash from Operating Activities: | | |
| Depreciation and Amortization | 6,378,292 | 4,332,178 |
| Gain/(Loss) on Disposal of Capital Assets | (38,047) | |
| Changes in Assets and Liabilities: | | |
| Accounts Receivable | (790,345) | (56,676) |
| Due from Other Governmental Agencies | | |
| Inventories and Prepayments | (443,540) | |
| Accounts Payable and Accrued Liabilities | 2,295,912 | 875,216 |
| Claims and Judgments Payable | | |
| Advances | | |
| Compensated Absences Payable | (27,415) | 50,533 |
| Net Cash Provided by (Used for) Operating Activities | <u>\$ 10,966,163</u> | <u>\$ 9,277,636</u> |
| Noncash Investing, Capital and Financing Activities: | | |
| Capital Assets Contributed by Developers | <u>\$ 4,030,322</u> | <u>\$ 905,148</u> |

The accompanying notes are an integral part of these financial statements.

| Electric | Non-major Funds | Totals | Governmental Activities Internal Service Funds |
|----------------------|----------------------------|-----------------------|---|
| \$ 15,640,772 | \$ 352,599 | \$ 94,862,236 | \$ 11,412,651 |
| (9,043,929) | (1,536,357) | (57,484,196) | (3,167,757) |
| (1,562,409) | (492,297) | (13,775,862) | (1,401,159) |
| | | | 730,754 |
| | | | (4,045,295) |
| 1,153,988 | 582,157 | 1,736,145 | 410,088 |
| <u>6,188,422</u> | <u>(1,093,898)</u> | <u>25,338,323</u> | <u>3,939,282</u> |
| | 1,454,110 | 1,457,624 | |
| | 1,714 | 1,714 | |
| 203,000 | 460,780 | 663,780 | 2,280,825 |
| (40,000) | | (500,780) | (1,394,937) |
| <u>163,000</u> | <u>1,916,604</u> | <u>1,622,338</u> | <u>885,888</u> |
| 1,428,297 | | 1,428,297 | |
| | 42,010 | 6,714,000 | |
| (1,066,258) | (77,433) | (12,889,770) | |
| (2,240,000) | | (7,544,993) | |
| | | 77,402 | |
| 364,054 | (1,475) | 362,579 | |
| (3,197,377) | (22,696) | (17,211,825) | |
| <u>(4,711,284)</u> | <u>(59,594)</u> | <u>(29,064,310)</u> | <u>-</u> |
| 2,636,796 | 57,955 | 4,129,925 | |
| <u>2,636,796</u> | <u>57,955</u> | <u>4,129,925</u> | <u>-</u> |
| 4,276,934 | 821,067 | 2,026,276 | 4,825,170 |
| 15,385,484 | 9,545,835 | 100,661,788 | 31,954,519 |
| <u>\$ 19,662,418</u> | <u>\$ 10,366,902</u> | <u>\$ 102,688,064</u> | <u>\$ 36,779,689</u> |
| \$ 5,159,623 | \$ (1,557,202) | \$ 11,270,112 | \$ 818,007 |
| 847,081 | 261,712 | 11,819,263 | |
| 7,497 | | (30,550) | |
| 249,443 | 34,704 | (562,874) | (197,510) |
| 6,145 | 859 | 7,004 | |
| | | (443,540) | 282,458 |
| (79,497) | 170,359 | 3,261,990 | 254,972 |
| | | | 2,781,000 |
| | (4,330) | (4,330) | |
| (1,870) | | 21,248 | 355 |
| <u>\$ 6,188,422</u> | <u>\$ (1,093,898)</u> | <u>\$ 25,338,323</u> | <u>\$ 3,939,282</u> |
| | | <u>\$ 4,935,470</u> | |

The accompanying notes are an integral part of these financial statements.



Fiduciary Fund Financial Statements

FIDUCIARY FUNDS:

Successor Agency Trust Fund – This fund is a private-purpose trust fund, used to account for activities of the Successor Agency of the former Corona Redevelopment Agency. The Corona Redevelopment Agency dissolved with the passage of Assembly Bill 1X 26. The City serves as a custodian for the assets of the dissolved agency.

Pass-Through Agency Fund – This fund is an agency fund, and is custodial in nature and used to account for receipts of special assessments and taxes that will be used to pay principal and interest on the bonds that have no direct City obligation.

CITY OF CORONA**Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2012**

| | Successor Agency Trust Fund | Pass Through Agency Fund |
|---|--|-------------------------------------|
| Assets | | |
| Cash and Investments | \$ 22,908,385 | \$ 1,213,946 |
| Interest Receivable | 1,887 | 138,842 |
| Due from Other Governmental Agencies | | 411,981 |
| Loans Receivable | 500,000 | |
| Restricted Assets: | | |
| Cash and Investments | 7,873,539 | 28,801,974 |
| Capital Assets, Net of Depreciation | 4,615,678 | |
| Total Assets | <u>35,899,489</u> | <u>30,566,743</u> |
| Liabilities | | |
| Accounts Payable and Accrued Liabilities | 1,673,248 | 32,336 |
| Deposits | 294,529 | |
| Due to Other Governmental Agencies | 7,844,314 | |
| Long-Term Debt Due within One Year | 4,430,019 | |
| Liabilities Payable from Restricted Assets | 5,254 | |
| Long-Term Debt Due in More Than One Year | 76,444,221 | |
| Due to Bondholders | | 30,534,407 |
| Total Liabilities | <u>90,691,585</u> | <u>\$ 30,566,743</u> |
| Net Position (Deficit) | | |
| Held in Trust for Successor Agency Activities | <u>\$ (54,792,096)</u> | |

The accompanying notes are an integral part of these financial statements.

CITY OF CORONA

Statement of Changes in Fiduciary Net Position
Fiduciary Funds
June 30, 2012

| | Successor Agency Trust Fund |
|--|--|
| Additions | |
| Property Taxes | \$ 8,870,285 |
| Rental and Lease Payment Received | 174,994 |
| Other Payment Received | 34,224 |
| Extraordinary Items: | |
| Fund Balance Received from the Former Redevelopment Agency | 17,722,427 |
| Capital Assets Received from the Former Redevelopment Agency | 4,725,470 |
| Removing Unavailable Amounts From Long-Term Receivables | 500,000 |
| Total Additions | <u>32,027,400</u> |
| Deductions | |
| Administrative Expenses | 3,129,763 |
| Debt Service Payments | 2,081,214 |
| Extraordinary Items: | |
| Long-Term Debt Acquired from the Former Redevelopment Agency | 81,608,519 |
| Total Deductions | <u>86,819,496</u> |
| Change in Net Position | (54,792,096) |
| Net Position - Beginning of Year | <u>-</u> |
| Net Position (Deficit) - End of Year | <u><u>\$ (54,792,096)</u></u> |

The accompanying notes are an integral part of these financial statements.



CITY OF CORONA

Index to Notes to the Basic Financial Statements
Year Ended June 30, 2012

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CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2012

1. Summary of Significant Accounting Policies

A. Description of the Reporting Entity

The City of Corona was incorporated in 1896 under the general laws of the State of California. The City operates under a Council-Manager form of government and provides the following services: Public Safety (Police and Fire), Streets and Highways, Water, Water Reclamation, Electric, Public Library, Parks, Public Improvements, Planning and Zoning, Public Transportation (Transit Services), Housing, and Economic Development.

The accompanying comprehensive annual financial report includes the financial activities of the City of Corona, the primary government, and its component units, which are the former Corona Redevelopment Agency (Agency), the Corona Public Financing Authority (CPFA), the Corona Public Improvement Corporation (CPIC), the Corona Utility Authority (Authority), and the Corona Housing Authority (CHA). Financial information for the City and these component units is accounted for in the accompanying financial statements in accordance with principles defining the governmental reporting entity adopted by the Governmental Accounting Standards Board. The City Council members, in separate session, serve as the governing board of the Agency, CPFA, the CPIC, the Authority, and the CHA, as such, these entities are presented on a blended basis. Separate financial statements are produced for the Authority component unit of the City and may be obtained from the City's Finance Administration office.

Blended Component Units

The Redevelopment Agency of the City of Corona was established August 5, 1964, pursuant to the State of California Health and Safety Code, Section 33000, entitled "Community Redevelopment Law" and on November 11, 1975, the City Council became the governing board. The Agency was formed for the purpose of preparing and carrying out plans for improvement, rehabilitation and redevelopment of blighted areas within the territorial limits of the City. City staff provides management assistance to the Agency. The funds of the Agency have been included in the governmental activities in the financial statements. The Agency was dissolved as of January 31, 2012 through the Supreme Court decision on Assembly Bill 1X26. See Notes 20 and 21 for additional information on the dissolution.

The Corona Public Financing Authority is a joint powers authority organized under Section 6500 et seq. of the California Government Code on June 21, 1989, between the City and the Agency for the purpose of acting as a vehicle for various financing activities of the City and the Agency. The CPFA's Board of Directors is the Corona City Council. The funds of the CPFA have been included in the governmental activities in the financial statements. Funds related to debt issued for proprietary activities are included in the business-type activities.

The Corona Public Improvement Corporation was organized pursuant to the Nonprofit Public Benefit Corporation Law of the State of California (Title 1, Division 2, Part 2 of the California Corporations Code) on April 7, 1986 for the purpose of providing financial assistance to the City by acquiring, constructing, improving, developing and installing certain real and personal property together with appurtenances and appurtenant work for the use, benefit and enjoyment of the public. The CPIC's Board of Trustees is the Corona City Council. The funds of the CPIC have been included in the governmental activities in the financial statements. Funds related to debt issued for proprietary activities are included in the business-type activities.

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2012

The Corona Utility Authority is a joint powers authority which was established on February 6, 2002 pursuant to a Joint Exercise of Powers Agreement between the City and the Agency in accordance with the Joint Powers Law (Articles 1 through 4 of Chapter 5, Division 7, Title 1 of the California Government Code) for the purpose of assisting the City in the leasing of the water and water reclamation utility systems. The Authority's Officers are the Corona City Council and the City's executive management. The funds of the Authority have been included in the business-type activities in the financial statements.

The Corona Housing Authority was established on February 16, 2011, pursuant to the California Housing Authority Law codified under State of California Health and Safety Code, Section 34200 et seq. The City Council became the commissioners of governing board of the CHA. The CHA was formed for purposes of providing sanitary and safe housing for people of very low, low or moderate income within the City's territorial jurisdiction. This is achieved by building, acquiring, managing and maintaining residential rental units and providing financial assistance for rentals or ownership in the private real estate market. City staff provides management assistance to the CHA. The funds of the CHA have been included in the governmental activities in the financial statements.

B. Basis of Accounting/Measurement Focus

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflow of resources, liabilities, deferred inflow of resources, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Government-Wide Financial Statements

The City's government-wide financial statements include a statement of net position and a statement of activities. These statements present summaries of governmental and business-type activities for the City accompanied by a total column. Fiduciary activities of the City are not included in these statements.

The government-wide financial statements are presented on an *economic resources* measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets including capital assets, as well as infrastructure assets, liabilities including long-term obligations, and deferred outflow and inflow of resources are included in the accompanying statement of net position. The statement of activities presents changes in net position. Revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred under the accrual basis of accounting. The types of transactions reported as program revenues for the City are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the statement of net position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the statement of activities, internal service

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2012

fund transactions have been eliminated except for those between the governmental and business-type activities.

Governmental Fund Financial Statements

Governmental fund financial statements include a balance sheet and a statement of revenues, expenditures and changes in fund balances for all major governmental funds and non-major funds in aggregate. An accompanying schedule is presented to reconcile and explain the differences in fund balances as presented in these statements to the net position presented in the government-wide financial statements.

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 Development special revenue fund is used to account for park dedication fees, dwelling development taxes and other development impact fees received. The money is used to offset the burden resulting from new developments.

The Redevelopment special revenue fund was used to account for the Redevelopment Agency's low-mod housing activities. The accompanying financial statements accounted for financial transactions of the Redevelopment special revenue fund for the period from July 1, 2011 to January 31, 2012, the date the Redevelopment Agency was dissolved. The former Redevelopment Agency's assets, liabilities and fund balances were transferred to the Successor Agency Trust Fund as required by the legislature.

The Redevelopment debt service fund accounted for tax increment and other miscellaneous revenues as well as payments of principal and interest on former Redevelopment Agency's debts. The accompanying financial statements accounted for financial transactions of the Redevelopment debt service fund for the period from July 1, 2011 to January 31, 2012, the date the Redevelopment Agency was dissolved. The former Redevelopment Agency's assets, liabilities and fund balances were transferred to the Successor Agency Trust Fund as required by the legislature.

The Redevelopment capital projects fund accounted for transactions related to proceeds from bonds and other resources and their use to perform redevelopment related activities within specific redevelopment project areas. The accompanying financial statements accounted for financial transactions of the Redevelopment capital projects fund for the period from July 1, 2011 to January 31, 2012, the date the Redevelopment Agency was dissolved. The former Redevelopment Agency's assets, liabilities and fund balances were transferred to the Successor Agency Trust Fund as required by the legislature.

The Corona Housing Authority capital projects fund accounts for transactions related to affordable housing activities as prescribed in the Housing Element of the City's General Plan.

All governmental funds are accounted for on a spending or current financial resources measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the balance sheets. The statement of revenues, expenditures and changes in fund balances presents increases (revenues and other financing

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2012

sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due, however; the City has adopted a 12-month recognition period for sales tax and grant revenues. Also, the City accrued highway users tax and AQMD funds received after the 60-day accrual period according to AB 7 and AB5 x8. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property tax, intergovernmental revenues and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Proprietary Fund Financial Statements

Proprietary fund financial statements include a statement of net position, a statement of revenues, expenses and changes in fund net position, and a statement of cash flows for each major proprietary fund and non-major funds in aggregate. A column representing internal service fund is also presented in these statements. However, internal service balances and activities have been combined with the governmental activities in the government-wide financial statements.

The City reports the following major proprietary funds:

The Corona Utility Authority funds account for the operation of the Water and Water Reclamation utility systems. The two utilities are owned by the Authority, a blended component unit of the City. The City operates both the Water and Water Reclamation systems pursuant to separate management agreements.

The Electric Fund is used to account for the operation of the City's electric utility distribution system, a self supporting activity which renders services on a user charge basis to businesses located in the City.

Proprietary funds are accounted for using the *economic resources* measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or non-current), and deferred outflow and inflow of resources are included on the statement of net position. The statement of revenues, expenses and changes in fund net position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a statement of fiduciary net position, statement of changes in fiduciary net position, and a combining statement of changes in assets and liabilities. The City's fiduciary funds include two types, a private-purpose trust fund and an agency fund. The private-purpose trust fund accounts for the assets and liabilities of the former Redevelopment Agency and its allocated revenue to pay estimated installment payments of the enforceable obligations until the obligations of the former Redevelopment Agency are paid in full and assets

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2012

have been liquidated. The agency fund accounts for receipt of special taxes and assessments used to pay principal and interest on related bonds with no direct City liability, as well as receipt and disbursement of capital project bond proceeds related to bonds that the City has no direct liability. Both the private-purpose trust fund and the agency fund are accounted for on the accrual basis of accounting.

Additionally, the City reports the internal service funds that account for the City's fleet operations, risk management and warehouse services. These funds provide services to other City departments on a cost reimbursement basis.

Reconciliation of the fund financial statements to the government-wide financial statements is provided to explain the differences created by the integrated approach of GASB Statement No. 34 and 62.

C. Cash, Cash Equivalents and Investments

Cash Management

The City pools cash resources of its various funds, including the Successor Agency Trust Fund to facilitate cash management. Cash in excess of current requirements is invested and reported as investments. It is the City's intent to hold investments until maturity. However, the City may, in response to market conditions, sell investments prior to maturity in order to improve the quality, liquidity or yield of the portfolio. Interest earnings are apportioned among funds based on ending accounting period cash and investment balances.

Investments Valuation

In accordance with GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

State Investment Pool

The City participates in the Local Agency Investment Fund (LAIF), an investment pool managed by the State of California. LAIF has invested a portion of the pool funds in structured notes and asset-backed securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these structured notes and asset-backed securities are subject to market risk as a result of changes in interest rates.

For purposes of the statement of cash flows, the City considered all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. All cash and investments of the proprietary fund types are pooled with the City's pooled cash and investments.

D. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2012

E. 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 "interfund advances receivable/payable" (i.e. the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Advances between funds, as reported in the fund financial statements, are presented as nonspendable in fund balances to indicate that they are not in a spendable form.

Proprietary fund receivables are shown net of an allowance for uncollectible accounts. Allowances of uncollectibles were \$ 371,813 for Water and Water Reclamation utility charges and \$ 76,925 for Electric utility charges as of June 30, 2012. Utility customers are billed monthly. The estimated value of services provided, but unbilled at year end has been included in the accompanying financial statements.

Property taxes are assessed, collected and allocated by Riverside County throughout the fiscal year according to the following property tax calendar.

| | |
|------------------|--|
| Lien Date | January 1 |
| Levy Date | July 1 to June 30 |
| Due Dates | November 1, 1st installment, February 1, 2nd installment |
| Delinquent Dates | December 11, 1st installment, April 11, 2nd installment |

The City accrues as receivable all property taxes received during the first 90 days of the new fiscal year. Taxes are considered past due on the above delinquent dates, at which time the applicable property is subject to lien, and penalties and interest are assessed.

The County of Riverside collects an administration fee from the City and the former Redevelopment Agency for its services. The City receives a percentage of the basic 1% ad valorem tax rate allowed on property within the City of Corona. Property tax rates for the City's general obligation debt are set by the City Council based on assessed valuations and debt service requirements. The assessed valuation is at "full cash value."

F. Inventories, Prepaid Items and Land Held for Resale

Inventory is valued at cost using the first in, first out (FIFO) method. Inventory in the proprietary funds consists of expendable supplies held for future consumption or capitalization. The cost is recorded as an expense as inventory items are consumed. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Land held for resale is valued at the lower of cost or estimated net realizable value and is recorded in the capital project fund.

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2012

G. Interfund Activity

Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." Services provided are treated as revenues and expenses. Administrative overhead charges included with centralized expenses charged by the General Fund are included in the direct expenses of enterprise activities. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or between proprietary funds are eliminated as part of the reconciliation to the government-wide financial statements. Refer to Note 3 for additional information.

H. Use of Restricted/Unrestricted Net Position

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the City's policy is to apply restricted net position first.

I. Capital Assets

The City's assets are capitalized at historical cost or estimated historical cost. City policy has set the capitalization threshold for reporting capital assets at \$25,000 for non-infrastructure items and \$100,000 for infrastructure. The City has chosen the "modified approach" for reporting the streets subsystem of infrastructure capital assets. Gifts or contributions of capital assets are recorded at fair market value when received. Depreciation is recorded on a straight-line basis over the useful lives of the assets as follows:

| | |
|------------------------|-------------|
| Buildings ----- | 20-50 years |
| Computer Software----- | 5 years |
| Equipment ----- | 3-20 years |
| Improvements----- | 20 years |
| Infrastructure----- | 25-65 years |

The City implemented GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets* as of June 30, 2010. The City has elected not to retroactively report its internally generated intangible assets.

The City defines infrastructure as the basic physical assets that allow the City to function. The assets include the street system, water purification and distribution system, sewer collection and treatment system; park and recreation lands and improvement system, storm water conveyance system, and buildings combined with the site amenities such as parking and landscaped areas used by the City in the conduct of its business. Each major infrastructure system can be divided into subsystems. For example, the street system can be subdivided into pavement, curb and gutters, sidewalks, medians, streetlights, traffic control devices (signs, signals and pavement markings), landscaping and land. These subsystems were not delineated in the Basic Financial Statements. The appropriate operating department maintains information regarding the subsystems.

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2012

The City elected to use the “modified approach” as defined by GASB Statement No. 34 for infrastructure reporting of its streets, concrete and asphalt pavements. The City commissioned a physical assessment of the streets condition in October 2011 and a final report was completed in August 2012. The condition assessments are performed every two years. Each homogeneous segment of City owned street was assigned a physical condition based on 17 potential defects. A Pavement Condition Index (PCI) was assigned to each street segment. The index is expressed in a continuous scale from 0 to 100, where 0 is assigned to the least acceptable physical condition and 100 is assigned to segments of street that have the physical characteristics of a new street. The City's policy relative to maintaining the street assets is to achieve an average rating of 70 for all street segments. This acceptable rating allows minor cracking and raveling of the pavement along with minor roughness that could be noticeable to drivers traveling at the posted speeds. Please refer to the Required Supplementary Information section of this report for additional information on the modified approach.

For all other infrastructure systems, the City elected to use the “basic approach” as defined by GASB Statement No. 34 for infrastructure reporting. The City commissioned an appraisal of City owned infrastructure and property as of June 30, 1999 and has completed an internal update for June 30, 2012. This appraisal determined the original cost, which is defined as the actual cost to acquire new property in accordance with market prices at the time of first construction/acquisition. Original costs were developed in one of three ways: 1) historical records; 2) standard unit costs appropriate for the construction/acquisition date; or 3) present cost indexed by a reciprocal factor of the price increase from the construction/acquisition date to the current date. The accumulated depreciation, defined as the total depreciation from the date of construction/acquisition to the current date on a straight line, unrecovered cost method was computed using industry accepted life expectancies for each infrastructure subsystem. The book value was then computed by deducting the accumulated depreciation from the original cost.

J. Risk Management

The City administers self-insurance programs for workers' compensation and liability losses. These self-funding activities are accounted for in internal service funds. Excess insurance is purchased to protect the City from losses above the self-insured retention. An independent firm performs biannual actuarial valuation study for the Workers' Compensation and the Liability Risk Insurance funds. The latest study was done in May 2012 for periods ending June 30, 2012 and 2013. At no time during the past five years have insurance claims exceeded insurance coverage. Refer to Note 17 for additional information.

K. Compensated Absences Payable

Under certain circumstances and according to the negotiated labor agreements, employees of the City are allowed to accumulate annual leave. This amount is accrued in the government-wide and proprietary fund statements. Please refer to Note 7 for additional information.

L. 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.

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2012

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

M. Fund Equity

The City implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* as of June 30, 2010. Fund balance in governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The City considers restricted fund balance to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. Similarly, when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the City considers committed amounts to be reduced first, followed by assigned amounts and then unassigned amounts. The City established an administrative policy on reporting and classifying fund balance in the General Fund in June 2010 that complies with GASB Statement No. 54. Please refer to Note 16 for additional information.

N. Effect of New Governmental Accounting Standards Board (GASB) Pronouncements

The following new GASB statements are relevant to the City of Corona's comprehensive annual financial statements:

GASB Statement No. 61 – In December 2010, GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus*. This statement is to result in financial reporting entity's financial statements being more relevant by improving guidance for including, presenting, and disclosing information about component units and equity interest transactions of a financial reporting entity. This statement is effective on June 30, 2013. The City evaluated the accompanying financial statements and determined that they are in compliance with GASB Statement No. 61.

GASB Statement No. 62 – In June 2011, GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 GASB and AICPA Pronouncements*. The objective of this statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in Financial Accounting Standards Board (FASB) and American Institute of Certified Public Accountants (AICPA) pronouncements issued on or before November 30, 1989 which does not conflict or contradict with GASB pronouncements. This statement is effective on June 30, 2013. The City evaluated the accompanying financial statements and determined that they are in compliance with GASB Statement No. 62.

GASB Statement No. 63 – In June 2011, GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Positions*. This statement provides financial reporting guidance for deferred outflows of resources and deferred inflow of resources and the resulting net position. This statement is effective on June 30, 2013. The City implemented this statement in the accompanying financial statements as of June 30, 2012.

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2012

GASB Statement No. 65 – In March 2012, GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This statement amends the financial statement element classification of certain items previously reported as assets and liabilities to be consistent with the definitions in Concepts Statement 4. The statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflow of resources. This statement is effective on June 30, 2014. The City implemented this statement in the accompanying financial statements as of June 30, 2012.

GASB Statement No. 66 – In March 2012, GASB issued Statement No. 66, *Technical Correction – 2012, an Amendment of GASB Statements No. 10 and No. 62*. The objective of this statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuances of two pronouncements, Statements No. 54 and No. 62. This statement is effective on June 30, 2014. The City evaluated the accompanying financial statements and determined that they are in compliance with GASB Statement No. 66.

GASB Statement No. 68 – In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions, an Amendment of GASB Statement No. 27*. The primary objective of this statement is to improve accounting and financial reporting by state and local governments for pensions. This statement is effective on June 30, 2015. The City has not determined the effect of this statement as of the issuance date of this year's financial statements.

2. Cash and Investments

The City of Corona maintains a cash and investment pool that is available for all City activities, covering governmental, business-type and fiduciary. Each activity balance in the pool is reflected on the government-wide statement of net position as well as the statement of fiduciary net position as cash and investments. The City apportions interest earnings to all activities based on their monthly cash balances reported in each fund.

A. Cash Deposits

The carrying amounts of the City's cash deposits were \$31,505 at June 30, 2012. Bank balances before reconciling items were \$3,985,858 at that date. All City's cash and investments as of June 30, 2012 were collateralized or insured with securities held by pledging financial institutions in the City's name. The California Government Code requires California banks and savings and loan associations to secure the City's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the City's name.

A provision of the Dodd-Frank Wall Street Reform and Consumer Protection Act provides temporary unlimited deposit insurance coverage for noninterest bearing transaction accounts at all FDIC-insured institutions. This provision was effective from December 31, 2010 and will remain effective until December 31, 2012. Noninterest-bearing transaction accounts is defined as an account (1) with respect to which interest is neither accrued nor paid; (2) on which the depositor or account holder is permitted to make withdrawals by negotiable or transferable instrument, payment orders of withdrawal, telephone or other electronic media transfers, or other similar items for the purpose of making payments or transfers to third parties or others; and (3) on

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2012

which the FDIC-insured depository institutions does not reserve the right to require advance notice of an intended withdrawal. As of June 30, 2012, the City maintains cash deposits that are covered by this temporary provision. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of a City's total deposits. The City may waive collateral requirements for cash deposits, which are fully insured up to \$250,000 by the FDIC.

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

B. Investments

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

- Securities issued by the U.S. Treasury
- Notes or discount notes issued by agencies of the federal government, not to exceed 75% of the portfolio
- Banker's acceptances, not to exceed 20% of the portfolio
- Negotiable certificates of deposit issued by institutions insured by the federal government, not to exceed 20% of the portfolio
- Repurchase agreements, not to exceed 10% of the portfolio
- California Local Agency Investment Fund (State Pool)
- Corporate medium-term notes, not to exceed 30% of the portfolio
- Commercial paper, not to exceed 25% of the portfolio, may not represent more than 10% of issuer's outstanding paper
- Diversified management companies, as defined by Section 53601(l) of the Government Code, not to exceed 10% of the portfolio

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments were stated at fair value. Accordingly, fund balances reflected the portfolio's change in value, which are unrealized unless sold. The following investment income in all funds and component units are presented using an aggregated method under GASB No. 31:

| | <u>2012</u> | <u>2011</u> |
|---|---------------------|---------------------|
| Realized gain/(loss) on matured investments | \$ (55,161) | \$ 1,988,722 |
| Unrealized loss in changes in fair value of investments | (11,195) | (3,834,223) |
| Interest Income | <u>8,133,304</u> | <u>8,404,185</u> |
| Total investment income | <u>\$ 8,066,948</u> | <u>\$ 6,558,684</u> |

The calculation of realized gains and losses on investments is independent of the calculation of the change of the fair market value, and realized gains and losses are the accumulation of prior years.

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2012

C. Summary of Cash and Investments

The following is a summary of pooled cash and investments at June 30, 2012:

| | Government-Wide Statement of Net Position | | | Fiduciary Fund | Total |
|-----------------------------------|--|-------------------------------------|-----------------------|--------------------------------------|-----------------------|
| | Governmental Activities | Business-Type Activities | Total | Statement of Net Position | |
| Cash and Investments | <u>\$ 156,281,276</u> | <u>\$ 84,123,866</u> | <u>\$ 240,405,142</u> | <u>\$ 24,122,331</u> | \$ 264,527,473 |
| Restricted Cash and Investments | <u>\$ 2,909,704</u> | <u>\$ 18,564,198</u> | <u>\$ 21,473,902</u> | <u>\$ 36,675,513</u> | 58,149,415 |
| Total Cash and Investments | | | | | <u>\$ 322,676,888</u> |

As of June 30, 2012, the City had the following deposits and investments:

| | Credit Rating | Fair Value | Total |
|---|----------------------|-------------------|-----------------------|
| <u>City Treasury:</u> | | | |
| Deposits | Not Rated | \$ 31,505 | \$ 31,505 |
| <u>Investments:</u> | | | |
| Medium Term Notes | AAA | 1,882,395 | |
| Medium Term Notes | AA+ | 18,104,709 | |
| Medium Term Notes | AA | 6,483,172 | |
| Medium Term Notes | AA- | 2,684,576 | |
| Medium Term Notes | A+ | 9,448,591 | |
| Medium Term Notes | A | 20,058,268 | |
| Medium Term Notes | A-1+ | 12,065,920 | |
| Medium Term Notes | A-1 | 6,247,992 | |
| Medium Term Notes | A- | <u>290,686</u> | 79,882,488 |
| U.S. Government Agency Securities | | | |
| FFCB | AA+ | 18,796,295 | |
| FHLB | AA+ | 22,076,686 | |
| FHLMC | AA+ | 18,123,166 | |
| FNMA | AA+ | 26,277,235 | |
| U.S. Treasury | Not Rated | <u>33,921,559</u> | 119,194,941 |
| Federated | AAA | | 157,766 |
| Local Agency Investment Funds | Not Rated | | 65,260,773 |
| <u>Restricted Cash and Investments:</u> | | | |
| Cash & Investments with Fiscal Agents | Not Rated | 55,711,625 | |
| PUC Public Purpose | Not Rated | 172,503 | |
| Electric Restricted Cash | Not Rated | 1,100,000 | |
| Transit Restricted Cash | Not Rated | 637,926 | |
| Retention & Escrow Accounts | Not Rated | <u>527,361</u> | 58,149,415 |
| Total cash and investments | | | <u>\$ 322,676,888</u> |

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2012

D. Risk Disclosures

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits the City's investment portfolio to maturities not to exceed five years at time of purchase. The investment maturities of the City's portfolio as of June 30, 2012 are presented on the next page.

Credit Risk. State law limits investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations (NRSROs). It is the City's policy to limit its investments in these investment types to the top rating issued by NRSROs, including raters Standard & Poor's, Fitch Ratings, and Moody's Investors Service. The City's credit risk, expressed on a percentage basis as of June 30, 2012 is presented below:

| <u>Investment</u> | <u>Moody's Rating</u> | <u>S & P Rating</u> | <u>% of Investment</u> |
|----------------------------|---------------------------|-----------------------------|----------------------------|
| US T-Notes | Not Rated | Not Rated | 12.82% |
| LAIF | Not Rated | Not Rated | 24.68% |
| Federated | Aaa | AAA | 0.06% |
| FFCB | Aaa | AA+ | 7.11% |
| FHLB | Aaa | AA+ | 8.35% |
| FHLMC | Aaa | AA+ | 6.85% |
| FNMA | Aaa | AA+ | 9.93% |
| Wells Fargo Bank | A1 | A+ | 1.11% |
| JP Morgan Chase & Co | A2 | A | 2.56% |
| General Electric Capital | A1 | AA+ | 1.43% |
| US Bancorp | Aa3 | A | 1.10% |
| Wal-Mart Stores | Aa2 | AA | 1.39% |
| Pfizer Inc | Aaa | AAA | 0.71% |
| Tennessee Valley Authority | Aaa | AA+ | 2.74% |
| IBM Corp | Aa3 | AA- | 1.01% |
| Chevron Texaco Corp | Aa1 | AA | 1.06% |
| Northern Trust Company | A1 | A+ | 0.82% |
| Bank of New York Mellon | A1 | A | 1.06% |
| Blackrock Inc | A1 | A+ | 0.73% |
| Pepsico Inc | Aa3 | A- | 1.10% |
| Berkshire Hathaway | Aa2 | AA+ | 1.13% |
| Praxair | A2 | A | 0.73% |
| Ebay | A2 | A | 1.13% |
| Walt Disney Company | A2 | A | 0.75% |
| John Deere Capital Company | A2 | A | 0.18% |
| American Honda Corp | P-1 | A-1 | 0.38% |
| Paccar Financial | P-1 | A-1 | 1.13% |
| HSBC USA Inc | P-1 | A-1 | 0.85% |
| Bank of Nova Scotia | P-1 | A-1+ | 1.61% |
| Toronto Dominion Bank | P-1 | A-1+ | 1.45% |
| Toyota Motor Credit | P-1 | A-1+ | 1.51% |
| GE Capital Corp | Aaa | AA+ | 1.54% |
| Coca Cola Company | Aa3 | A+ | 0.91% |
| United Tech Corp | A2 | A | 0.08% |
| Total | | | <u>100.00%</u> |

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2012

As of June 30, 2012, the City's portfolio had the following investment maturities:

| Investment | Fair Value | Investment Maturities (In Years) | | |
|---|-----------------------|----------------------------------|----------------------|----------------------|
| | | Less than 1 | 1 to 3 | 3 to 5 |
| Cash and Investments: | | | | |
| FFCB | \$ 18,796,295 | \$ - | \$ 16,457,303 | \$ 2,338,992 |
| FHLB | 22,076,686 | 2,881,305 | 2,084,980 | 17,110,401 |
| FHLMC | 18,123,166 | | 1,297,082 | 16,826,084 |
| FNMA | 26,277,235 | | 4,475,969 | 21,801,266 |
| US T-Notes | 33,921,559 | | 10,390,527 | 23,531,032 |
| LAIF | 65,260,773 | 65,260,773 | | |
| Federated | 157,766 | 157,766 | | |
| Wells Fargo Bank | 2,920,366 | | 2,920,366 | |
| JP Morgan Chase & Co | 6,760,835 | 3,834,990 | 2,925,845 | |
| General Electric Capital | 3,790,995 | | 3,790,995 | |
| US Bancorp | 2,909,517 | | 2,909,517 | |
| Wal- Mart Stores | 3,671,576 | 3,671,576 | | |
| Pfizer Inc | 1,882,395 | | 1,882,395 | |
| Tennessee Valley Authority | 7,250,488 | 2,705,466 | 4,545,022 | |
| IBM Corp | 2,684,576 | 1,889,767 | 794,809 | |
| Chevron Texaco Corp | 2,811,596 | | 2,811,596 | |
| Northern Trust Company | 2,172,234 | | 2,172,234 | |
| Bank of New York Mellon | 2,798,861 | | 2,798,861 | |
| Blackrock Inc | 1,941,123 | | 1,941,123 | |
| Pepsico Inc | 2,906,865 | | 2,906,865 | |
| Berkshire Hathaway | 2,978,315 | | 2,978,315 | |
| Praxair | 1,939,529 | | 1,939,529 | |
| Ebay | 2,987,832 | | | 2,987,832 |
| Walt Disney Company | 1,985,158 | | 1,985,158 | |
| John Deere Capital Company | 477,395 | | 477,395 | |
| American Honda Corp | 999,903 | 999,903 | | |
| Paccar Financial | 2,999,720 | 2,999,720 | | |
| HSBC USA Inc | 2,248,369 | 2,248,369 | | |
| Bank of Nova Scotia | 4,245,744 | 4,245,744 | | |
| Toronto Dominion Bank | 3,825,000 | 3,825,000 | | |
| Toyota Motor Credit | 3,995,176 | 3,995,176 | | |
| GE Capital Corp | 4,084,911 | 4,084,911 | | |
| Coca Cola Company | 2,414,868 | | 2,414,868 | |
| United Tech Corp | 199,141 | | | 199,141 |
| Deposits | 31,505 | 31,505 | | |
| Total | \$ 264,527,473 | \$ 102,831,971 | \$ 76,900,754 | \$ 84,794,748 |
| Restricted Cash and Investments: | | | | |
| Cash and Cash in Escrow | \$ 2,431,536 | \$ 2,431,536 | \$ - | \$ - |
| Local Agency Investment Funds | 10,233,684 | 10,233,684 | | |
| Aim Government & Agency | 3,612,657 | 3,612,657 | | |
| Aim S-T Investment Treasury | 22,442,697 | 22,442,697 | | |
| Dreyfus Treasury Cash Mgmt | 3,096,423 | 3,096,423 | | |
| Federated Treasury Obligation | 9,682,333 | 9,682,333 | | |
| Natixis Funding Corp | 4,300,695 | | | 4,300,695 |
| Bayerische Landesbank | 2,349,390 | | | 2,349,390 |
| Total | \$ 58,149,415 | \$ 51,499,330 | \$ - | \$ 6,650,085 |

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2012

The City portfolio value fluctuates in an inverse relationship to any change in interest rates. Accordingly, if interest rates have risen, the portfolio value would have declined. If interest rates have fallen, the portfolio value would have risen.

E. Investments in Local Agency Investment Funds

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight to the Treasurer of the State of California. LAIF is overseen by the Local Agency Investment Advisory Board, which consists of five members, in accordance with State statute. The State Treasurer's Office audits the fund annually. The City's investments with LAIF at June 30, 2012 included a portion of the pool funds invested in Structured Notes and Asset-Backed Securities. These investments included the following:

Structured notes are debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

Asset-backed securities, the bulk of which are mortgaged-backed securities, entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as Collateralized Mortgage Obligations) or credit card receivables.

As of June 30, 2012, the City had \$65,181,275 invested in LAIF. Fair value of the City's LAIF investments was \$65,260,773 as of June 30, 2012. This is arrived at by multiplying the City's LAIF account balance by a fair value factor determined by LAIF. The fair value factor was determined by dividing all LAIF participants' total aggregate fair value by total aggregate amortized cost, resulting in a factor of 1.001219643.

3. Interfund Transactions

A. Current Interfund Receivables/Payables

Current interfund balances arise in the normal course of business and are expected to be repaid shortly after the end of the fiscal year. The following is a summary of current interfund balances as of June 30, 2012:

| <u>Receivable Fund</u> | <u>Amount</u> | <u>Payable Fund</u> | <u>Amount</u> |
|------------------------|---------------------|--------------------------------|---------------------|
| Major Funds: | | Non-Major Funds: | |
| General Fund | \$ 1,489,965 | <u>Special Revenue Fund:</u> | |
| | | Other Grants & Endowments | \$ 40,868 |
| | | <u>Capital Projects Funds:</u> | |
| | | Public Facility Project | 214,137 |
| | | HUD Grants | 21,562 |
| | | Other Grants | 1,213,398 |
| Total | <u>\$ 1,489,965</u> | Total | <u>\$ 1,489,965</u> |

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2012

B. Long-Term Interfund Receivables/Payables

At June 30, 2012, the funds below have made advances that were not expected to be repaid in one year or less.

| <u>Receivable Fund</u> | <u>Amount</u> | <u>Payable Fund</u> | <u>Amount</u> |
|-------------------------------|-----------------------------|------------------------------|-----------------------------|
| Major Funds: | | Major Funds: | |
| General Fund | \$ 13,769,360 | <u>Special Revenue Fund:</u> | |
| <u>Special Revenue Funds:</u> | | Development | \$ 12,164,728 |
| Development | 333,851 | | |
| <u>Enterprise Funds:</u> | | <u>Enterprise Funds:</u> | |
| Water | 473,875 | Water | 250,000 |
| Electric | 18,982,243 | Water Reclamation | 12,869,768 |
| | | Electric | 1,149,632 |
| | | Non-Major Funds: | |
| | | <u>Special Revenue Fund:</u> | |
| | | Special Tax Districts | 333,851 |
| | | <u>Enterprise Funds:</u> | |
| | | Public Financing Authority | 6,586,350 |
| | | Airport | 205,000 |
| Total | <u><u>\$ 33,559,329</u></u> | Total | <u><u>\$ 33,559,329</u></u> |

The Development special revenue fund advance of \$333,851 is being repaid by special assessments collected in a landscape maintenance district over a 10-year period with annual payments of \$56,035.

The Development special revenue fund payable of \$12,164,728 is repaying the General Fund dependent upon development related activities.

The Water enterprise fund payable of \$250,000 represents amount due to the General Fund in relation to a funding agreement on El Cerritos Park reclaimed water line construction project.

The Water Reclamation enterprise fund payable of \$12,869,768 represents the amount due to the Electric Fund in relation to the transfer of certain biosolids drying facility.

The Electric enterprise fund payable of \$1,149,632 represents a reimbursement to the General Fund for certain Corporation Yard Expansion project costs.

The Public Financing Authority Payable represents the reserves from the Electric Fund and Water Fund related to the 2003 and 2005 Certificates of Participation. These reserves will be paid during the final years of the bond's term.

The Airport enterprise fund advance is being repaid to the General Fund over a 27-year period with annual payments of \$15,000, expected to be repaid by 2025.

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2012

C. Internal Balances – Capital Lease

Related Parties

In 2002, the City established the Corona Utility Authority (Authority) as a joint powers authority pursuant to a Joint Exercise of Powers Agreement between the City and the former Redevelopment Agency of the City of Corona in accordance with the Joint Powers Law (Articles 1 through 4 of Chapter 5, Division 7, title 1 of the California Government Code) for the purpose of assisting the City in the leasing of the water and water reclamation utility systems. The Authority's Officers are the Corona City Council and the City's executive management.

Capital Lease Obligations

In February 2002, the Authority entered into capital leases with the City to lease the City's Water and Water Reclamation facilities. The terms of the leases are 55 years. The leases will terminate on February 6, 2056, at which time the Authority could renew the capital leases of the Water and Water Reclamation facilities. The capital assets of the Water and Water Reclamation facilities were recorded at the City's historical cost, net of accumulated depreciation. The related debt has been recorded accordingly resulting in a lease payable for an amount equal to the net capital assets recorded on the City's financial statements. Per the Lease Agreements, maximum lease payments are calculated with a discount rate of 6.0%. The original lease payments since Fiscal Year 2001-02 through Fiscal Year 2007-08 were established as 5.0% to 8.0% of the corresponding utility sales revenues of that year, equivalent to discounting the lease principal amounts by a range from 1.2% to 3.0%. Starting Fiscal Year 2008-09 and continued to the next fiscal year, the lease payment is calculated with a 3.5% to 4.0% growth factor over the previous fiscal year, equivalent to discounting the lease principal amounts by 3.2% for Water Utilities and 2.8% for Water Reclamation Utilities. For the fiscal year ended June 30, 2012, the annual lease payment for Water Utility was calculated with a discount rate at 6.0% with a catch-up payment for the prior years in the amount of \$311,015. The Water Reclamation Utility's lease payment for Fiscal Year 2011-12 was discounted at 5.7% of the lease principal amount.

The following Internal Balances – Capital Leases were outstanding at June 30, 2012:

| <u>Leasee</u> | <u>Balance</u> |
|---|-------------------------------------|
| Capital Lease - Water Utility | \$ 106,819,662 |
| Capital Lease - Water Reclamation Utility | 65,808,682 |
| Total Internal Balances - Capital Leases | <u><u>\$ 172,628,344</u></u> |

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2012

Current Year Transactions

During Fiscal Year 2011-12, the following related party transactions were recorded by the City and the Authority:

| <u>Leasee</u> | <u>Amount</u> |
|---|-----------------------------|
| Water Utility | \$ 6,991,192 |
| Water Reclamation Utility | 3,761,879 |
| Total Payment from the Authority to the City | <u>\$ 10,753,071</u> |

Capital Lease Payments

At June 30, 2012, the future minimum lease payments required under the capital leases and the net present value of the future lease payments for the Water utilities are presented below:

**Corona Utility Authority
Future Lease Payments - Water Utility**

| <u>Fiscal Year</u> | <u>Principal</u> | <u>Interest</u> |
|--------------------------------------|-----------------------|----------------------|
| 2013 | \$ - | \$ 5,840,840 |
| 2014 | | 5,346,473 |
| 2015 | | 5,346,473 |
| 2016 | | 3,590,150 |
| 2017 | | 3,397,942 |
| 2018-2022 | | 14,426,639 |
| 2023-2027 | | 10,875,760 |
| 2028-2032 | | 8,128,158 |
| 2033-2037 | | 6,002,115 |
| 2038-2042 | | 4,357,024 |
| 2043-2047 | | 3,084,084 |
| 2048-2052 | | 1,779,440 |
| 2053-2056 | | 464,538 |
| Total Future Lease Payments | <u>-</u> | <u>\$ 72,639,636</u> |
| Discharge of Obligations | <u>106,819,662</u> | |
| Present Value of Total Lease Payment | <u>\$ 106,819,662</u> | |

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2012

At June 30, 2012, the future minimum lease payments required under the capital leases and the net present value of the future lease payments for the Water Reclamation utilities are presented below:

| Corona Utility Authority | | |
|--|----------------------|----------------------|
| Future Lease Payments - Water Reclamation Utility | | |
| Fiscal Year | Principal | Interest |
| 2013 | \$ - | \$ 3,142,354 |
| 2014 | | 2,876,048 |
| 2015 | | 2,876,048 |
| 2016 | | 2,041,048 |
| 2017 | | 2,041,048 |
| 2018-2022 | | 9,573,915 |
| 2023-2027 | | 7,344,035 |
| 2028-2032 | | 5,529,977 |
| 2033-2037 | | 4,126,293 |
| 2038-2042 | | 3,040,149 |
| 2043-2047 | | 2,199,711 |
| 2048-2052 | | 1,614,844 |
| 2053-2056 | | 1,159,387 |
| Total Future Lease Payments | - | <u>\$ 47,564,857</u> |
| Discharge of Obligations | 65,808,682 | |
| Present Value of Total Lease Payment | <u>\$ 65,808,682</u> | |

All lease payments are considered as interest payments toward the lease obligation. The Authority's obligations under the Lease Agreements shall be forgiven, discharged and excused upon the date the aggregate amount of payments made by the Authority to the City equals the amount of the principal amount of the lease obligation.

D. Transfers Between Funds

With Council approval, resources may be transferred from one City fund to another. The purpose of the majority of transfers is to reimburse a fund that has incurred expenditures on behalf of another fund. Significant one-time transfers were:

- \$477,832 from the various developer impact fee funds to the General Fund to reimburse project costs and administrative fees.
- \$1,056,104 from the Gas Tax special revenue funds to the General Fund for the reimbursement of street maintenance costs.
- \$614,112 from various internal service funds to the General Fund for the reimbursements of Mobile Digital Communicator (MDC) replacement costs and administrative fees.
- \$541,693 from the General Fund to the former Redevelopment capital projects funds to fund for certain developer agreement.

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2012

- \$1,735,010 from the Transportation Uniform Mitigation Fees (TUMF) and Public Works Transportation Grant capital project funds and Gas Tax special revenue fund to the Traffic Congestion Relief and Measure A special revenue funds for reimbursement of various capital project costs.
- \$1,500,000 from the General Fund to the Worker's Comp internal service fund to increase liability coverage.
- \$460,780 from Water Utility Fund to CPFA to fund for the additional reserve requirement of the 1998 Water Revenue Bonds.

Total transfers of \$6,697,538 are presented below:

| Transfer Out | Transfer In | | | | | | | Total Transfers Out |
|--------------------------------|---------------------|----------------------------|--------------------------------|------------------------|-------------------|----------------------|---------------------|---------------------|
| | General Fund | Redevelopment Debt Service | Redevelopment Capital Projects | Non-Major Governmental | Electric | Non-Major Enterprise | Internal Service | |
| General Fund | \$ - | \$ - | \$ 541,693 | \$ 68,968 | \$ - | \$ - | \$ 1,500,000 | \$ 2,110,661 |
| Development Special Revenue | 477,832 | | | | | | | 477,832 |
| Redevelopment Capital Projects | | 39 | | | | | | 39 |
| Non-major Governmental | 1,056,104 | | | 1,735,010 | 203,000 | | | 2,994,114 |
| Water | | | | | | 460,780 | | 460,780 |
| Electric | | | 40,000 | | | | | 40,000 |
| Internal Service | 614,112 | | | | | | | 614,112 |
| Total Transfers In | <u>\$ 2,148,048</u> | <u>\$ 39</u> | <u>\$ 581,693</u> | <u>\$ 1,803,978</u> | <u>\$ 203,000</u> | <u>\$ 460,780</u> | <u>\$ 1,500,000</u> | <u>\$ 6,697,538</u> |

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2012

4. Long-Term Receivables

Long-term receivables on the governmental fund financial statement as of June 30, 2012 are presented by specific description so as not to be aggregated. The major receivable balances in the governmental funds which are not expected to be collected within one year are:

| | <u>Loans Receivable</u> | <u>Long-Term Receivable</u> |
|--|-----------------------------|---------------------------------|
| Major Funds: | | |
| General Fund | \$ - | \$ 479,776 |
| Development Special Revenue | 41,280 | 1,517,715 |
| Corona Housing Authority Capital Project | 16,584,473 | |
| Non-Major Funds: | | |
| Assessment Districts | | 660,000 |
| HUD Grants | 2,294,214 | |
| Total | <u>\$ 18,919,967</u> | <u>\$ 2,657,491</u> |

The General Fund long-term receivable represents reimbursement fees to be paid by developers for the Temescal Canyon Communications Tower in the amount of \$287,932 and reimbursement fees to be paid by developers for community facilities plan for the South Corona area in the amount of \$191,844.

The Development special revenue fund reports a loans receivable of \$41,280 for the sale of real property to a developer; the fund also reports a long-term receivable for future developer impact fees for the Temescal Canyon Public Safety Facility.

The Corona Housing Authority capital projects fund reports loan receivable for various agreements with developers with long-term repayment provisions.

The Assessments Districts fund's long-term receivable represents future assessments to be received for the payment of Assessment District debt which is considered to be a possible liability of the City in the case of default. This is not reported in the government-wide statements.

The HUD Grants fund reports loans receivable for home improvement programs that have varying terms and repayment provisions.

5. Land Held For Resale

Land held for resale consists of real property acquired by the City and held for resale to private developers. The amount recorded as land held for resale and the corresponding fund balance classified as nonspendable as of June 30, 2012 was \$61,220,936.

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2012

6. Capital Assets

In accordance with GASB Statement No. 34, the City has reported all capital assets including infrastructure in the government-wide statement of net position.

The City elected to use the “modified approach” as defined by GASB Statement No. 34 for infrastructure reporting for its pavement system. As a result, no accumulated depreciation or depreciation expense has been recorded for this system. A more detailed discussion of the “modified approach” is presented in the Required Supplementary Information section of this report.

All other capital assets including other infrastructure systems were reported using the basic approach whereby accumulated depreciation and depreciation expense have been recorded.

The following table presents summary information on the City’s infrastructure assets as of June 30, 2012.

| <u>Description</u> | <u>Historical Cost</u> | <u>Accumulated Depreciation</u> | <u>Net Cost</u> |
|---------------------------------------|----------------------------|-------------------------------------|-----------------------|
| Governmental Activities: | | | |
| Modified Approach | | | |
| Street Pavement System | \$ 177,154,784 | \$ - | \$ 177,154,784 |
| Basic Approach | | | |
| Curbing | 78,004,747 | (30,355,057) | 47,649,690 |
| Sidewalks | 84,813,115 | (32,650,545) | 52,162,570 |
| Signs and Lights | 38,755,363 | (10,692,047) | 28,063,316 |
| Storm Drains | 99,802,719 | (24,880,672) | 74,922,047 |
| Fiberoptics | 5,899,800 | (521,056) | 5,378,744 |
| Subtotal Basic Approach | <u>307,275,744</u> | <u>(99,099,377)</u> | <u>208,176,367</u> |
| Total Governmental Activities | <u>\$ 484,430,528</u> | <u>\$ (99,099,377)</u> | <u>\$ 385,331,151</u> |
| Business-Type Activities: | | | |
| Basic Approach | | | |
| Fiberoptics | \$ 235,951 | \$ (102,690) | \$ 133,261 |
| Electric | 4,444,941 | (487,675) | 3,957,266 |
| Signs and Lights | 249,370 | (9,975) | 239,395 |
| Water | 206,879,057 | (47,468,018) | 159,411,039 |
| Water Reclamation | 86,944,362 | (17,929,562) | 69,014,800 |
| Total Business-Type Activities | <u>\$ 298,753,681</u> | <u>\$ (65,997,920)</u> | <u>\$ 232,755,761</u> |

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2012

Capital Assets of the City for the year ended June 30, 2012 consisted of the following:

| | Restated Balance June 30, 2011 | Increases | Decreases | Balance June 30, 2012 |
|---|--------------------------------------|-----------------------------|-------------------------------|------------------------------|
| Governmental Activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 63,704,240 | \$ 311,155 | \$ (1,307,335) | \$ 62,708,060 |
| Streets | 174,812,662 | 2,342,122 | | 177,154,784 |
| Construction in Progress | 36,402,358 | 3,088,087 | (6,635,465) | 32,854,980 |
| Total capital assets not being depreciated | <u>274,919,260</u> | <u>5,741,364</u> | <u>(7,942,800)</u> | <u>272,717,824</u> |
| Capital assets being depreciated: | | | | |
| Buildings and Improvements | 206,813,390 | 320,155 | (6,597,071) | 200,536,474 |
| Machinery and Equipment | 27,789,144 | 1,233,517 | (882,520) | 28,140,141 |
| Computer Software | 150,435 | | | 150,435 |
| Infrastructure | 296,241,427 | 11,034,317 | | 307,275,744 |
| Total capital assets being depreciated | <u>530,994,396</u> | <u>12,587,989</u> | <u>(7,479,591)</u> | <u>536,102,794</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and Improvements | (81,291,868) | (4,780,428) | 2,601,056 | (83,471,240) |
| Machinery and Equipment | (17,241,380) | (1,804,474) | 815,883 | (18,229,971) |
| Computer Software | (32,594) | (30,087) | | (62,681) |
| Infrastructure | (94,271,814) | (4,827,563) | | (99,099,377) |
| Total accumulated depreciation | <u>(192,837,656)</u> | <u>(11,442,552)</u> | <u>3,416,939</u> | <u>(200,863,269)</u> |
| Total capital assets being depreciated, net | <u>338,156,740</u> | <u>1,145,437</u> | <u>(4,062,652)</u> | <u>335,239,525</u> |
| Governmental activity capital assets, net | <u><u>\$ 613,076,000</u></u> | <u><u>\$ 6,886,801</u></u> | <u><u>\$ (12,005,452)</u></u> | <u><u>\$ 607,957,349</u></u> |
| Business-Type Activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 2,984,996 | \$ - | \$ - | \$ 2,984,996 |
| Water Reclamation Rights | 9,180,000 | | | 9,180,000 |
| Construction in Progress | 7,399,259 | 10,050,285 | (3,973,618) | 13,475,926 |
| Total capital assets not being depreciated | <u>19,564,255</u> | <u>10,050,285</u> | <u>(3,973,618)</u> | <u>25,640,922</u> |
| Capital assets being depreciated: | | | | |
| Buildings and Improvements | 92,406,277 | | (785,635) | 91,620,642 |
| Machinery and Equipment | 75,112,243 | 821,046 | (655,052) | 75,278,237 |
| Computer Software | 38,204 | | | 38,204 |
| Infrastructure | 286,913,553 | 11,879,300 | (39,172) | 298,753,681 |
| Emission Reduction Credits | - | 230,000 | | 230,000 |
| Total capital assets being depreciated | <u>454,470,277</u> | <u>12,930,346</u> | <u>(1,479,859)</u> | <u>465,920,764</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and Improvements | (31,423,302) | (1,998,470) | 120,047 | (33,301,725) |
| Machinery and Equipment | (34,547,596) | (4,616,817) | 104,166 | (39,060,247) |
| Computer Software | (60,864,299) | (7,640) | | (7,640) |
| Infrastructure | (60,864,299) | (5,160,641) | 27,020 | (65,997,920) |
| Emission Reduction Credits | - | (35,695) | | (35,695) |
| Total accumulated depreciation | <u>(126,835,197)</u> | <u>(11,819,263)</u> | <u>251,233</u> | <u>(138,403,227)</u> |
| Total capital assets being depreciated, net | <u>327,635,080</u> | <u>1,111,083</u> | <u>(1,228,626)</u> | <u>327,517,537</u> |
| Business-type activity capital assets, net | <u><u>\$ 347,199,335</u></u> | <u><u>\$ 11,161,368</u></u> | <u><u>\$ (5,202,244)</u></u> | <u><u>\$ 353,158,459</u></u> |
| Total Capital Assets | <u><u>\$ 960,275,335</u></u> | <u><u>\$ 18,048,169</u></u> | <u><u>\$ (17,207,696)</u></u> | <u><u>\$ 961,115,808</u></u> |

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2012

Beginning balances of governmental activity capital assets, net of accumulated depreciation was restated by \$6,222,564. This is primarily due to a restatement to the infrastructure assets that was contributed to the City by developer in the prior years that were not recorded by the City. The amount of unrecorded developer contribution of infrastructure totaled \$6,483,144.

Beginning balance of business-type activity capital assets, net of accumulated depreciation was restated by \$9,709,056 as the result of recording infrastructure assets contributed to the City by developer in the past years. Refer to Note 19 for additional information on the restatement of beginning balances.

Decreases in capital assets and accumulated depreciation presented in the current year include the assets transferred to the Successor Agency as of February 1, 2012 in the amount of \$7,065,259 and \$2,339,789 respectively.

| | Amount Transferred to Successor Agency |
|---|---|
| Capital assets not being depreciated: | |
| Land | \$ 1,275,529 |
| Total Capital Assets Not Being Depreciated | <u>1,275,529</u> |
| Capital assets being depreciated: | |
| Buildings and Improvements | 5,751,555 |
| Machinery and Equipment | 38,175 |
| Total Capital Assets Being Depreciated | <u>5,789,730</u> |
| Less accumulated depreciation for: | |
| Buildings and Improvements | (2,310,691) |
| Machinery and Equipment | (29,098) |
| Total Accumulated Depreciation | <u>(2,339,789)</u> |
| Total Net Depreciable Capital Assets | <u>3,449,941</u> |
| Net Capital Assets Transferred to Successor Agency | <u>\$ 4,725,470</u> |

For the year ended June 30, 2012, accumulated depreciation on governmental activity capital assets and depreciation expense charged to each governmental function are presented as follows:

| | Restated Balance June 30, 2011 | Current Year Depreciation | Accumulated Depreciation | Adjustments to Depreciation | Accumulated Depreciation June 30, 2012 |
|-------------------------------|--------------------------------------|------------------------------|-----------------------------|--------------------------------|--|
| General Government | \$ 21,954,884 | \$ 2,768,993 | \$ 24,723,877 | \$ (102,524) | \$ 24,621,353 |
| Public Safety - Fire | 6,401,049 | 602,200 | 7,003,249 | (15,102) | 6,988,147 |
| Public Safety - Police | 5,279,203 | 671,226 | 5,950,429 | (335,104) | 5,615,325 |
| Public Works | 97,859,615 | 5,164,293 | 103,023,908 | (287,104) | 102,736,804 |
| Redevelopment | 2,196,696 | 153,708 | 2,350,404 | (2,350,404) | - |
| Parks and Recreation | 58,880,750 | 2,069,869 | 60,950,619 | (326,701) | 60,623,918 |
| Library | 265,459 | 12,263 | 277,722 | | 277,722 |
| Total Depreciation Expense | <u>\$ 192,837,656</u> | <u>\$ 11,442,552</u> | <u>\$ 204,280,208</u> | <u>\$ (3,416,939)</u> | <u>\$ 200,863,269</u> |

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2012

Construction in Progress and Capital Project Commitments

The City has active construction projects as of June 30, 2012. These projects include street construction in areas of newly developed housing, pavement rehabilitation, and various water and water reclamation upgrades and replacements. At year end, the City's construction in progress totaled \$46,330,906.

The following material construction commitments existed at June 30, 2012:

| <u>Project Name</u> | <u>Contract Amount</u> | <u>Expenditures to date as of June 30, 2012</u> | <u>Remaining Commitments</u> |
|--|------------------------|---|------------------------------|
| Governmental Activities: | | | |
| Major Street Pavement Rehabilitation | \$ 1,538,395 | \$ 449,539 | \$ 1,088,856 |
| I-15 Freeway and Cajalco Intersection Construction | <u>3,813,392</u> | | <u>3,813,392</u> |
| Total Governmental Projects | <u>5,351,787</u> | <u>449,539</u> | <u>4,902,248</u> |
| Enterprise Activities: | | | |
| Recycled Water Line | <u>2,292,542</u> | <u>139,050</u> | <u>2,153,492</u> |
| Total Construction Commitments | <u>\$ 7,644,329</u> | <u>\$ 588,589</u> | <u>\$ 7,055,740</u> |

7. Compensated Absences Payable

As described in Note 1, under certain circumstances and accordingly to the negotiated labor agreements, City employees are allowed to accumulate annual leave. The annual leave amount is accrued and accounted as compensated absences in the government-wide and proprietary fund statements.

As shown in the table below, the long-term portion of this debt amounts to \$1,008,534 for governmental activities and \$91,393 for business-type activities at June 30, 2012. These amounts are expected to be paid in future years from future resources. In prior years, compensated absences have been liquidated primarily by the General Fund and the proprietary funds. The total amount outstanding at June 30, 2012 was \$7,895,242 for governmental activities and \$838,218 for business-type activities.

| | <u>Balance July 1, 2011</u> | <u>Incurred</u> | <u>Satisfied</u> | <u>Balance June 30, 2012</u> | <u>Amounts Due Within One Year</u> | <u>Amounts Due in More than One Year</u> |
|--------------------------|-----------------------------|---------------------|---------------------|------------------------------|------------------------------------|--|
| Governmental Activities | <u>\$ 8,930,425</u> | <u>\$ 5,906,531</u> | <u>\$ 6,941,714</u> | <u>\$ 7,895,242</u> | <u>\$ 6,886,708</u> | <u>\$ 1,008,534</u> |
| Business-Type Activities | <u>\$ 819,586</u> | <u>\$ 792,993</u> | <u>\$ 774,361</u> | <u>\$ 838,218</u> | <u>\$ 746,825</u> | <u>\$ 91,393</u> |

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2012

8. Long-Term Obligations

The following is a summary of long-term obligation transactions of the City for the year ended June 30, 2012:

| | Balance June 30, 2011 | Incurred or Issued | Satisfied or Matured | Balance June 30, 2012 | Amounts Due Within One Year | Amounts Due in More than One Year |
|---------------------------------------|----------------------------------|-------------------------------|---------------------------------|----------------------------------|--|--|
| Governmental Activities: | | | | | | |
| Long-Term Agreements Payable* | \$ 3,301,211 | \$ - | \$ 3,301,211 | \$ - | \$ - | \$ - |
| Lease Payable | 22,468 | 25,265,511 | 4,545 | 25,283,434 | 1,564,332 | 23,719,102 |
| Redevelopment Bonds Payable* | 82,025,000 | | 82,025,000 | - | - | - |
| Lease Revenue Bonds Payable | 65,015,000 | | 29,800,000 | 35,215,000 | 1,945,000 | 33,270,000 |
| Special Assessment District Bonds | 1,025,000 | | 365,000 | 660,000 | 145,000 | 515,000 |
| Total Governmental Activities | \$ 151,388,679 | \$ 25,265,511 | \$ 115,495,756 | \$ 61,158,434 | \$ 3,654,332 | \$ 57,504,102 |
| Business-Type Activities: | | | | | | |
| Installment Agreement Payable | \$ 1,764,066 | \$ - | \$ 278,820 | \$ 1,485,246 | \$ 186,469 | \$ 1,298,777 |
| Contracts Payable | 690,390 | | | 690,390 | | 690,390 |
| Term Loan Payable | 34,723,974 | | 2,548,262 | 32,175,712 | 2,615,585 | 29,560,127 |
| Water Revenue Bonds | 27,435,000 | | 1,005,000 | 26,430,000 | 1,050,000 | 25,380,000 |
| Certificates of Participation | 90,320,000 | | 2,825,000 | 87,495,000 | 2,935,000 | 84,560,000 |
| Total Business-Type Activities | \$ 154,933,430 | \$ - | \$ 6,657,082 | \$ 148,276,348 | \$ 6,787,054 | \$ 141,489,294 |

* Satisfied or Matured amounts in the long-term agreements payable and Redevelopment bonds payable include debts transferred to the Successor Agency as of February 1, 2012 in the amounts of \$2,763,519 and \$78,845,000 respectively.

| | Balance July 1, 2011 | Incurred or Issued | Satisfied or Matured | Transferred To Successor Agency | Balance February 1, 2012 |
|------------------------------|---------------------------------|-------------------------------|---------------------------------|--|-------------------------------------|
| Long-Term Agreements Payable | \$ 3,301,211 | \$ - | \$ 537,692 | \$ 2,763,519 | \$ - |
| Redevelopment Bonds Payable | 82,025,000 | | 3,180,000 | 78,845,000 | - |
| Total | \$ 85,326,211 | \$ - | \$ 3,717,692 | \$ 81,608,519 | \$ - |

A. Lease Payable

The following lease payables were outstanding as of June 30, 2012:

| Lease Payables | Balance |
|-----------------------------|----------------------|
| Pitney Bowes Mailing System | \$ 17,923 |
| 2012 Refunding Lease | 25,265,511 |
| Total Lease Payables | \$ 25,283,434 |

Mailing System Lease

The City entered into an agreement with Pitney Bowes Global Financial Services, LLC to lease purchase a mailing system in the amount of \$27,335 with a deferred interest in the amount of \$3,817. The mailing system has been recorded in the machinery and equipment category of the City's capital assets at its purchase price. The lease purchase is payable over a five-year period.

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2012

As of June 30, 2012, the future minimum lease payments required under the capital lease and the net present value of the future lease payments are as follows:

| | Mailing System Lease Payables | |
|---|--------------------------------------|---------------|
| <u>Fiscal Year</u> | <u>Lease Payment</u> | |
| 2013 | \$ | 5,618 |
| 2014 | | 5,618 |
| 2015 | | 5,618 |
| 2016 | | 4,214 |
| Total Minimum Lease Payments | | 21,068 |
| Less: Amount Representing Interest | | 3,145 |
| Present Value of Future Minimum Lease Payments | \$ | 17,923 |

2012 Refunding Lease

On June 1, 2012, the City entered into the 2012 Refunding Lease agreement with Compass Mortgage Corporation, a private lender, in the amount of \$25,265,511 to refund the CPFA Lease Revenue 2002 Series B bonds originally issued in the amount of \$35,000,000 to pay the costs of the design, construction and acquisition of the City Hall facility. The 2002 Series B bonds were refunded in its entirety in September 2012. The 2012 Refunding Lease is payable over a fifteen-year period. As of June 30, 2012, the future minimum lease payments required under the capital lease and the net present value of the future lease payments are presented below:

| | 2012 Refunding Lease Payables | |
|---|--------------------------------------|-------------------|
| <u>Fiscal Year</u> | <u>Lease Payment</u> | |
| 2013 | \$ | 2,135,122 |
| 2014 | | 2,135,122 |
| 2015 | | 2,135,122 |
| 2016 | | 2,135,122 |
| 2017 | | 2,135,122 |
| 2018-2022 | | 10,675,612 |
| 2023-2027 | | 10,675,612 |
| Total Minimum Lease Payments | | 32,026,834 |
| Less: Amount Representing Interest | | 6,761,323 |
| Present Value of Future Minimum Lease Payments | \$ | 25,265,511 |

B. Lease Revenue Bonds

These bonds are special obligations of the CPFA secured by revenues primarily consisting of lease payments to be made by the City pursuant to various lease agreements. These bonds are reported as a liability of the City.

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2012

The following lease revenue bonds were outstanding at June 30, 2012:

| Issuance | Balance |
|---|----------------------|
| \$ 9,810,000 Corona Public Financing Authority 2001 Lease Revenue Bonds, Series A | \$ 2,780,000 |
| \$35,000,000 Corona Public Financing Authority 2002 Lease Revenue Bonds, Series B | - |
| \$36,060,000 Corona Public Financing Authority 2006 Lease Revenue Bonds, Series C | 32,435,000 |
| Total Lease Revenue Bonds | \$ 35,215,000 |

2001 Lease Revenue Bonds, Series A

The CPFA 2001 Refunding Lease Revenue Bonds, Series A were issued on May 10, 2001 in the amount of \$9,810,000 to refund the CPFA 1993 Public Improvement Refunding Bonds originally issued in the amount of \$21,295,000 to finance the acquisition of land to be developed as City park sites. The outstanding bonds bear interest from 4.30% to 4.75% and are due in annual principal installments ranging from \$815,000 to \$970,000 through September 1, 2014. The bonds are payable pursuant to a lease agreement with the City. The annual debt service requirements for the 2001 Lease Revenue Bonds Series A are presented below:

| Fiscal Year | 2001 Refunding Lease Revenue Bonds | | |
|--------------------|---|-------------------|---------------------|
| | Principal | Interest | Total |
| 2013 | \$ 885,000 | \$ 109,000 | \$ 994,000 |
| 2014 | 925,000 | 67,581 | 992,581 |
| 2015 | 970,000 | 23,037 | 993,037 |
| Totals | \$ 2,780,000 | \$ 199,618 | \$ 2,979,618 |

2002 Lease Revenue Bonds, Series B

The CPFA 2002 Lease Revenue Bonds, Series B were issued on September 1, 2002 in the amount of \$35,000,000 to pay the costs of the design, construction and acquisition of the City Hall facility, with interest rates from 3.30% to 5.38%. Scheduled annual principal installments ranging from \$1,095,000 to \$1,930,000 through September 1, 2023 with term bonds in the amount of \$8,675,000 due on September 1, 2027.

In June 2012, the City advance refunded the CPFA 2002 Lease Revenue Bonds by placing the proceeds of new debt in an irrevocable trust to provide for the defeasance on the 2002 Bonds. Accordingly, the escrow trust account assets and the liability for the refunded bonds were not included in the City's financial statements as of June 30, 2012. On September 1, 2012, \$26,805,000 of the 2002 Bonds outstanding was fully defeased. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the 2002 Bonds in the amount of \$628,588 which was presented as deferred outflows of resources in the statement of net position.

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2012

2006 Lease Revenue Bonds, Series C

The CPFA 2006 Lease Revenue Bonds Series C were issued on December 6, 2006 in the amount of \$37,180,000 to pay the costs of the Corporate Yard Expansion project and to redeem the outstanding 2000 Lease Revenue Bonds, Series A of the CPFA. The outstanding 2000 Lease Revenue Bonds were defeased in September 2008. The 2006 Lease Revenue Bonds bear interest from 4.50% to 5.00% and are due in annual installments ranging from \$980,000 to \$1,770,000 through September 1, 2036. The bonds are payable from the revenues expected to be received by the CPFA from the City as lease payments for the acquired improvements. The annual debt service requirements for the 2006 Lease Revenue Bonds Series C are presented below:

| <u>Fiscal Year</u> | 2006 Lease Revenue Bonds | | |
|--------------------|---------------------------------|----------------------|----------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
| 2013 | \$ 1,060,000 | \$ 1,335,331 | \$ 2,395,331 |
| 2014 | 1,095,000 | 1,297,619 | 2,392,619 |
| 2015 | 1,135,000 | 1,257,884 | 2,392,884 |
| 2016 | 1,170,000 | 1,216,106 | 2,386,106 |
| 2017 | 1,220,000 | 1,172,940 | 2,392,940 |
| 2018-2022 | 6,830,000 | 5,058,588 | 11,888,588 |
| 2023-2027 | 7,645,000 | 3,367,863 | 11,012,863 |
| 2028-2032 | 5,505,000 | 2,044,144 | 7,549,144 |
| 2033-2037 | 6,775,000 | 743,856 | 7,518,856 |
| Totals | \$ 32,435,000 | \$ 17,494,331 | \$ 49,929,331 |

C. Special Assessment District Bonds (Indirect City Liability)

The payment of the special assessment district bonds is secured by valid assessment liens upon certain property in each district and is not a direct liability of the City. Reserves have been established from the bond proceeds to meet delinquencies should they occur and the City may, from time to time, when due and delinquent, advance available funds to pay the amount of any succeeding installment of the principal and the interest on the bonds. Therefore, the bonds are recorded as liabilities in the City's financial statements pursuant to GASB Statement No. 6.

Assessment District No. 89-1 Improvement Bonds

The \$3,630,086 Assessment District No. 89-1 Improvement Bonds were issued to finance construction and acquisition of improvements in the Railroad Street Industrial Area. The bonds were paid in full as of June 30, 2012.

Assessment District No. 90-1 Improvement Bonds

The \$3,000,000 Assessment District No. 90-1 Improvement Bonds were issued to finance construction and acquisition of improvements within Tract 22909. The outstanding bonds bear interest of 8.00% and mature in remaining annual installments of \$145,000 to \$215,000 through September 2, 2015. The outstanding balance at June 30, 2012 was \$660,000.

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2012

Annual debt service requirements for the bonds are as follows:

| <u>Fiscal Year</u> | Assessment District No. 90-1 Improvement Bonds | | |
|--------------------|---|-------------------|-------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
| 2013 | \$ 145,000 | \$ 47,000 | \$ 192,000 |
| 2014 | 160,000 | 34,800 | 194,800 |
| 2015 | 170,000 | 21,600 | 191,600 |
| 2016 | 185,000 | 7,400 | 192,400 |
| Totals | <u>\$ 660,000</u> | <u>\$ 110,800</u> | <u>\$ 770,800</u> |

D. Installment Agreement Payable

Elsinore Valley Municipal Water District Agreement

On December 1, 2008, the City and Elsinore Valley Municipal Water District entered into an agreement for a total of \$2,500,000 for the purpose of acquiring certain assets. The loan is payable over a period of 10 years at the rate of 4.277% interest in equal annual installments of \$250,000 through June 2019. The amount outstanding at June 30, 2012 was \$1,485,246. The future annual debt service requirements per the agreement are presented below:

| <u>Fiscal Year</u> | Elsinore Valley Municipal Water District Agreement | | |
|--------------------|---|-------------------|---------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
| 2013 | \$ 186,469 | \$ 63,531 | \$ 250,000 |
| 2014 | 194,445 | 55,555 | 250,000 |
| 2015 | 202,762 | 47,238 | 250,000 |
| 2016 | 211,435 | 38,565 | 250,000 |
| 2017 | 220,479 | 29,521 | 250,000 |
| 2018-2019 | 469,656 | 30,344 | 500,000 |
| Totals | <u>\$ 1,485,246</u> | <u>\$ 264,754</u> | <u>\$ 1,750,000</u> |

Joy Water Company Purchase Agreement

On April 7, 2010, the City of Corona entered into an agreement with Joy Water Company to purchase wells, pipeline and related fixtures and equipment for a total of \$500,000, which included a loan for \$200,000. The City made two equal payments in the amount of \$100,000 in fiscal years 2010-11 and 2011-12. As of June 30, 2012, this purchase agreement was paid in full.

E. Contracts Payable

Contracts Payable arise from the acquisition of certain water and water reclamation facilities and represent amounts due to Western Municipal Water District payable from future water and water reclamation connection fees associated with the acquired facilities. Future connections are provided as needed in the area and as such cannot be scheduled. When connection fees are received the amounts attributable to the cost of physical connection are recognized as revenue and any additional amounts are credited to the contributed capital account. The amount outstanding at June 30, 2012 was \$690,390.

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2012

F. Term Loans Payable

The following term loans were outstanding at June 30, 2012:

| <u>Term Loans</u> | <u>Balance</u> |
|--|----------------------|
| State Revolving Fund Loan Contract No. 6-807-5850-0 | \$ 9,436,944 |
| State Revolving Fund Loan Contract No. C-06-4802-110 | 22,738,768 |
| Total Term Loans Payable | \$ 32,175,712 |

State Revolving Fund Loan Contract No. 6-807-5850-0

On September 17, 1996, and February 20, 1997, the City and the State Water Resources Control Board of the State of California entered into a State Revolving Fund Loan Contract No. 6-807-5850-0 for a total of \$22,244,222 for purposes of expansion of the Water Reclamation Facility No. 1. The loan is payable over a period of 20 years at the rate of 2.8% interest in equal installments of \$1,503,293 through October 2018. The amount outstanding at June 30, 2012 was \$9,436,944. Annual debt service requirements for the State Revolving Fund Loan Contract No. 6-807-5850-0 are presented below:

| <u>Fiscal Year</u> | <u>State Revolving Fund Loan 6-807-5850-0</u> | | |
|--------------------|---|---------------------|----------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
| 2013 | \$ 1,239,059 | \$ 264,234 | \$ 1,503,293 |
| 2014 | 1,273,752 | 229,541 | 1,503,293 |
| 2015 | 1,309,417 | 193,876 | 1,503,293 |
| 2016 | 1,346,081 | 157,212 | 1,503,293 |
| 2017 | 1,383,771 | 119,522 | 1,503,293 |
| 2018-2019 | 2,884,864 | 121,722 | 3,006,586 |
| Totals | \$ 9,436,944 | \$ 1,086,107 | \$ 10,523,051 |

State Revolving Fund Loan Contract No. C-06-4802-110

On June 10, 2003, the City and the State Water Resources Control Board of the State of California entered into a State Revolving Fund Loan Contract No. C-06-4802-110 for a maximum amount of \$30,228,817, for construction of facilities at the Water Reclamation Facility No. 1. These facilities will provide recycled water to existing and potential users within the City. The loan is payable over a period of 20 years at the rate of 2.5% interest in equal annual installments of \$1,944,995 through the year 2026. The amount outstanding at June 30, 2012 was \$22,738,768. Annual debt service requirements for the State Revolving Fund Loan Contract No. C-06-4802-110 are presented on the following page.

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2012

| Fiscal Year | State Revolving Fund Loan C-06-4802-110 | | |
|--------------------|--|---------------------|----------------------|
| | Principal | Interest | Total |
| 2013 | \$ 1,376,526 | \$ 568,469 | \$ 1,944,995 |
| 2014 | 1,410,939 | 534,056 | 1,944,995 |
| 2015 | 1,446,213 | 498,782 | 1,944,995 |
| 2016 | 1,482,368 | 462,627 | 1,944,995 |
| 2017 | 1,519,427 | 425,568 | 1,944,995 |
| 2018-2022 | 8,186,273 | 1,538,703 | 9,724,976 |
| 2023-2026 | 7,317,022 | 462,959 | 7,779,981 |
| Totals | \$ 22,738,768 | \$ 4,491,164 | \$ 27,229,932 |

G. Water Revenue Bonds

The \$36,690,000 CPFA 1998 Water Revenue Bonds were issued to finance the cost of certain improvements to the City's water system, consisting of the construction of a ground water desalting system and to refinance the outstanding 1994 Water System Improvement Project Certificates of Participation. The outstanding bonds bear interest from 4.25% to 4.75% and are due in annual installments ranging from \$965,000 to \$1,100,000 through 2013 with term bonds in the amount of \$6,305,000, \$7,950,000 and \$10,025,000 due on September 1, 2018, 2023 and 2028, respectively. The bonds are considered a liability of the water enterprise fund. Corresponding long-term receivable and deferred revenue for the CPFA has been eliminated in the financial statements.

As of June 30, 2012, outstanding balance of the CPFA 1998 Water Revenue Bonds was \$26,430,000. On September 1, 2012, these bonds were fully defeased with the proceeds of the Corona Utility Authority 2012 Water Revenue Bonds. Refer to Note 22 for additional information.

H. Certificates of Participation

The certificates of participation are special obligations of the issuer and are payable from specific pledged revenues of the issuer. The certificates are not payable from any other revenues or assets of the City. Neither the faith and credit nor the taxing power of the City, the State of California or any political subdivision thereof is pledged to the payment of the principal and interest on these certificates.

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2012

The following Certificates of Participation were outstanding as of June 30, 2012:

| Certificates of Participation | Balance |
|---|----------------------|
| \$7,010,000 Corona Public Improvement Corporation 1997 Sunkist Wastewater Treatment Facilities Refunding Bonds | \$ 2,395,000 |
| \$68,030,000 Corona Public Financing Authority 2003 Clearwater Cogeneration / Recycled Water Projects | 59,300,000 |
| \$29,020,000 Corona Public Financing Authority 2005 Clearwater Cogeneration Projects | 25,800,000 |
| Total Certificates of Participation | \$ 87,495,000 |

1997 Sunkist Wastewater Treatment Facilities Refunding Bonds

On January 21, 1997, the CPIC issued \$7,010,000 in 1997 Refunding Certificates of Participation for the purposes of refunding the remaining \$6,425,000 of the 1986 Sunkist Wastewater Treatment Facilities Certificates of Participation and to pay the costs incurred in connection with the issuance, sale, and delivery of the bonds as well as to establish a reserve fund. The original certificates were issued to finance the acquisition, construction and installation of certain improvements to the City's Wastewater (currently referred to as Water Reclamation) Treatment Facility No. 2 (Sunkist Plant). The outstanding bonds bear interest rates from 5.20% to 5.50% and are due in annual installments ranging from \$385,000 to \$530,000 through August 1, 2016. The certificates are payable pursuant to a lease agreement between the CPIC and the City from revenues of the Water Reclamation Utility and as such have been shown as long-term obligations (Long-Term Installments Payable) of the Water Reclamation Utility and eliminated from the General Long-Term Debt of the City. A corresponding long-term obligation and deferred revenue has been eliminated for the CPIC. The annual debt service requirements for the 1997 Sunkist Wastewater Treatment Facilities Refunding Bonds are as follows:

| Fiscal Year | 1997 Refunding Certificates of Participation | | |
|--------------------|---|-------------------|---------------------|
| | Principal | Interest | Total |
| 2013 | \$ 430,000 | \$ 119,220 | \$ 549,220 |
| 2014 | 450,000 | 95,348 | 545,348 |
| 2015 | 480,000 | 70,005 | 550,005 |
| 2016 | 505,000 | 43,037 | 548,037 |
| 2017 | 530,000 | 14,575 | 544,575 |
| Totals | \$ 2,395,000 | \$ 342,185 | \$ 2,737,185 |

2003 Clearwater Cogeneration/Recycled Water Projects Certificates of Participation

On May 20, 2003, the CPFA issued \$68,030,000 in 2003 Certificates of Participation for the purpose of financing the acquisition, construction and installation of the Clearwater Cogeneration (the Cogeneration Project), Biosolids Project, the Recycled Water Project, and to pay the costs incurred in connection with the issuance, sale and delivery of the bonds as well as to establish a capitalized interest fund and a reserve fund. The outstanding bonds bear interest from 3.50% to 5.00% due in installments of \$1,720,000 to \$3,065,000 through September 1, 2023 with term bonds of \$17,760,000 due September 1, 2028 and \$12,930,000 due September 1, 2031.

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2012

The City purchased the Cogeneration Project (the Facility) from the CPFA pursuant to an Installment Purchase agreement for a principal amount of \$60,875,000 which is recorded in the City's Electric enterprise fund. The City pays the Purchase Payments to the CPFA from revenues pursuant to two separate Power Sales Agreements between the City and the Corona Utility Authority (the Authority), and as such have been shown as long-term obligations (Certificates of Participation) of the City's Electric enterprise fund and eliminated from the general long-term debt account group of the City. A corresponding long-term obligation and deferred revenue has also been eliminated from the CPFA.

The City purchased the Recycled Water Project from the CPFA pursuant to an Installment Purchase agreement for a principal amount of \$7,155,000. The City pays purchase payments to the CPFA pursuant to a Recycled Water Project Lease Agreement between the City and the Authority. The Authority will make payments to the City from net revenues of its water utility and as such have been shown as long-term obligations (Certificates of Participation) of the Water enterprise fund and eliminated from the general long-term debt account group of the City. A corresponding long-term obligation and deferred revenue has been eliminated from the CPFA.

On September 1, 2010, the City sold the Facility to the City of Riverside for a total consideration of \$53,405,600 through the Clearwater Purchase and Sale Agreement (the Agreement). The terms of the Agreement provide a lease purchase financing with semi-annual payments equivalent to the City's debt service requirements pertain to the Facility. The present value of the total purchase price was \$45,568,916, this amount was recorded as long-term receivables in the City's enterprise funds. A balloon payment of \$34,718,939 is due on September 1, 2013 to call the portion of 2003 COPs that financed the construction of the Facility.

On August 1, 2012, the City advance refunded the Recycled Water portion of the 2003 Certificates of Participation by placing the proceeds on new bonds in an irrevocable trust to provide for all future debt service payments on the Recycled Water portion of the 2003 bonds. On September 1, 2013, \$5,885,000, the amount outstanding pertains to the Recycled Water Project will be redeemed.

The annual debt service requirements for the 2003 Clearwater Cogeneration/Recycled Water Projects Certificates of Participation with the refundings scheduled on September 1, 2013 are presented below:

| Fiscal Year | 2003 Certificates of Participation | | |
|--------------------|---|----------------------|----------------------|
| | Principal | Interest | Total |
| 2013 | \$ 1,855,000 | \$ 2,865,612 | \$ 4,720,612 |
| 2014 | 45,390,000 | 1,715,800 | 47,105,800 |
| 2015 | 430,000 | 589,850 | 1,019,850 |
| 2016 | 450,000 | 570,000 | 1,020,000 |
| 2017 | 470,000 | 547,000 | 1,017,000 |
| 2018-2022 | 2,735,000 | 2,347,625 | 5,082,625 |
| 2023-2027 | 3,505,000 | 1,571,375 | 5,076,375 |
| 2028-2032 | 4,465,000 | 579,375 | 5,044,375 |
| Totals | \$ 59,300,000 | \$ 10,786,637 | \$ 70,086,637 |

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2012

2005 Clearwater Cogeneration Projects Certificates of Participation

The CPFA issued \$29,020,000 in 2005 Certificates of Participation for the purpose of financing the remaining costs associated with the acquisition, construction and installation of the Cogeneration Project and the Electric Distribution Facilities Project. The outstanding bonds bear interest from 3.00% to 5.00% due in installments of \$610,000 to \$905,000 through September 1, 2021 with term bonds of \$2,945,000 due September 1, 2024, \$5,910,000 due September 1, 2029 and \$9,280,000 due September 1, 2035.

Approximately \$8.9 million of the proceeds of the Certificates financed the completion of the City's Cogeneration Project (the Facility). The City purchased the Facility from the CPFA and pays the Purchase Payments pursuant to an Installment Purchase Agreement. On September 1, 2010, the City sold the Facility to the City of Riverside for a total consideration of \$53,405,600 through the Clearwater Purchase and Sale Agreement (the Agreement). The terms of the Agreement provide a lease purchase financing with semi-annual payments equivalent to the City's debt service requirements pertain to the Facility. The present value of the total purchase price was \$45,568,916, this amount was recorded as long-term receivables in the City's enterprise funds. A balloon payment of \$6,951,099 is due on September 1, 2015 to call the portion of the 2005 COPs that financed the remaining construction of the Facility.

Approximately \$15.0 million of the proceeds of the Certificates financed the acquisition, construction and installation of the electric distribution facilities necessary to supply power to all Greenfield developments within the City. The City purchased such electric distribution facilities from the CPFA pursuant to an Installment Purchase Agreement. On May 7, 2003, the City announced that it would no longer pursue its plan to acquire Southern California Edison's distribution facilities within the City and terminated the eminent domain proceedings. Approximately \$3.1 million of the proceeds of the Certificates reimbursed the City for certain costs incurred in connection with such terminated eminent domain proceedings.

The annual debt service requirements for the 2005 Clearwater Cogeneration Projects Certificates of Participation with the refundings scheduled on September 1, 2015 are presented below:

| 2005 Certificates of Participation | | | |
|---|----------------------|----------------------|----------------------|
| Fiscal Year | Principal | Interest | Total |
| 2013 | \$ 650,000 | \$ 1,169,372 | \$ 1,819,372 |
| 2014 | 670,000 | 1,147,085 | 1,817,085 |
| 2015 | 695,000 | 1,123,197 | 1,818,197 |
| 2016 | 8,265,000 | 920,507 | 9,185,507 |
| 2017 | 500,000 | 719,979 | 1,219,979 |
| 2018-2022 | 2,815,000 | 3,274,516 | 6,089,516 |
| 2023-2027 | 3,465,000 | 2,610,075 | 6,075,075 |
| 2028-2032 | 4,380,000 | 1,658,750 | 6,038,750 |
| 2033-2036 | 4,360,000 | 463,500 | 4,823,500 |
| Totals | \$ 25,800,000 | \$ 13,086,981 | \$ 38,886,981 |

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2012

9. Pledged Revenues

The City has pledged, as security for its water revenue bonds and certificates of participation it has issued, through the CPFA or the CPIC, a portion of the utility customer revenues, net of specified operating expenses, to repay \$113.9 million outstanding bonds. These bonds were to provide financing for various capital projects of the City, including the construction of certain water system, water treatment facilities, electric generation and distribution system, and biosolid drying facility. The bonds are payable solely from the City's utility customer net revenues and are payable through certain installment purchase agreements. Annual principal and interest payments on these bonds are expected to require less than 38.9 % of net revenues. The total debt service remaining to be paid on the bonds is \$178,032,697. Principal and interest paid for the current year and total customer net revenues were \$9,289,605 and \$23,894,264, respectively.

10. Credit Agreements

The City has entered into letter of credit agreements with Bank of America. The Irrevocable Letters of Credit have been issued for the benefits of Southern California Edison to comply with various Interconnection Facilities Agreements that the Corona Utility Authority has entered into in order to provide electric distribution. The Irrevocable Letters of Credit have expiration dates; however they are automatically extended without amendment annually. The Irrevocable Letters of Credit are to remain in effect until all payment obligations under the terms of the Interconnection Facilities Agreements have been satisfied.

The following Irrevocable Letters of Credit are outstanding as of June 30, 2012:

| <u>Payee</u> | <u>Issue Date</u> | <u>Renewal Date</u> | <u>Amount</u> |
|--|-------------------|---------------------|-------------------|
| Southern California Edison | 9/1/2011 | 8/31/2012 | \$ 21,225 |
| Southern California Edison | 9/1/2011 | 8/31/2012 | 176,593 |
| Southern California Edison | 9/1/2011 | 8/31/2012 | 106,433 |
| Southern California Edison | 4/6/2012 | 4/5/2013 | 121,850 |
| Total Irrevocable Letters of Credit | | | <u>\$ 426,101</u> |

11. Non-City Obligations**A. Special Assessment District Bonds (Non-City Obligation)**

The payment of these bonds is secured by valid assessment liens upon certain lands in each district and is not a direct liability of the City. Reserves have been established from the bond proceeds to meet delinquencies should they occur. Neither the faith and credit nor taxing power of the City of Corona is pledged to the payment of the bonds. If delinquencies occur beyond the amounts held in those reserves, the City has no duty to pay those delinquencies out of any other available funds. The City acts solely as an agent for those paying the assessments and the bondholders.

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2012

As of June 30, 2012 the balances outstanding were:

| Assessment District Bonds (Non-City Debt) | | Balance |
|--|--|---------------------|
| \$ 855,000 | A.D. No. 95-1 Improvement Bonds | \$ 435,000 |
| \$ 1,624,200 | A.D. No. 96-1 1996 A Improvement Bonds | 855,000 |
| \$ 685,000 | A.D. No. 96-1 1997 A Improvement Bonds | 390,000 |
| \$ 1,605,000 | A.D. No. 96-1 1997 B Improvement Bonds | 960,000 |
| \$ 2,657,100 | A.D. No. 96-1 1999 A Improvement Bonds | 1,735,000 |
| Total Special Assessment District Bonds | | \$ 4,375,000 |

B. Marks Roos Bonds (Non-City Obligation)

These bonds are authorized pursuant to the Marks-Roos Local Bond Pooling Act of 1985. It was created as a way for local governmental agencies to fund needed working capital, public capital improvements, or other projects that would provide significant benefits to the public. The act allows local agencies, through joint powers authorities, to issue bonds to reduce borrowing costs through the use of bond pools. The authority bonds are secured by the revenue obtained from the principal of and interest payments on the local obligation bonds which are payable from the special taxes levied and collected from the taxable property within the district. Neither the faith and credit nor taxing power of the City is pledged to the payment of the bonds. Reserves have been established from the bond proceeds to meet delinquencies should they occur. If delinquencies occur beyond the amounts held in those reserves, the City has no obligation to pay the delinquency out of any available funds of the City. The City acts solely as an agent for the special taxes levied on the properties and the debt service payments to the bondholders. The following is a list of the Marks-Roos Bonds that were active as of June 30, 2012:

| Marks Roos District Bonds (Non-City Debt) | | Balance |
|--|---|----------------------|
| \$ 25,755,000 | 1999 Revenue Bonds, Series A (Superior Lien) | \$ 14,110,000 |
| \$ 10,255,000 | 1999 Revenue Bonds, Series B (Subordinate Lien) | 5,405,000 |
| Total Marks Roos District Bonds | | \$ 19,515,000 |

C. Community Facilities District Bonds (Non-City Obligation)

These bonds are authorized pursuant to the Mello-Roos Community Facilities Act of 1982 as amended, and are payable from special taxes levied on property within the Community Facilities Districts according to a methodology approved by the voters within the District and by the City Council. Neither the faith and credit nor taxing power of the City is pledged to the payment of the bonds. Reserves have been established from the bond proceeds to meet delinquencies should they occur. If delinquencies occur beyond the amounts held in those reserves, the City has no duty to pay the delinquency out of any available funds of the City. The City acts solely as an agent for those paying taxes levied and the bondholders.

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2012

The following is a list of the Community Facilities District Bonds currently active:

| Community Facility District Bonds (Non-City Debt) | | Balance |
|--|--|-----------------------|
| \$ 22,580,000 | CFD 86-2 Refunding and Improvement Bonds | \$ 11,630,000 |
| \$ 62,845,000 | CFD 90-1 Refunding Bonds | 28,395,000 |
| \$ 19,505,000 | CFD 97-2 Special Tax Bonds | 12,575,000 |
| \$ 6,485,000 | CFD 2000-1, Series A Special Tax Bonds | 5,250,000 |
| \$ 1,610,000 | CFD 2000-1, Series B Special Tax Bonds | 1,340,000 |
| \$ 20,295,000 | Ref CFD 89-1, Series A District-Wide Local Bonds | 11,120,000 |
| \$ 15,715,000 | Ref CFD 89-1, Series B Imp Area Local Bonds | 8,395,000 |
| \$ 3,675,000 | CFD 2001-2 Special Tax Bonds | 3,130,000 |
| \$ 9,415,000 | CFD 2002-4 Special Tax Bonds | 8,420,000 |
| \$ 6,135,000 | CFD 2003-2 Special Tax Bonds | 7,590,000 |
| \$ 22,475,000 | CFD 2002-1 Special Tax Bonds & Escrow Term Bonds | 17,305,000 |
| \$ 3,805,000 | CFD 2004-1 Special Tax Bonds | 3,365,000 |
| \$ 10,280,000 | CFD 2002-1 Improvement Area Special Tax Bonds | 7,850,000 |
| Total Community Facilities District Bonds | | \$ 126,365,000 |

D. Conduit Debt Obligations

Not included in the accompanying financial statements are various conduit debt obligations issued under the name of the City and/or the Agency. The Bonds are not secured by or payable from revenues or assets of the City or Agency. Neither the faith and credit nor the taxing power of the City, the Agency, the State of California or any political subdivision thereof is pledged to the payment of the principal of and interest on the Bonds nor is the City or the Agency in any manner obligated to make any appropriations for payments on these bonds. At June 30, 2012, the aggregate principal amount of Conduit Debt Obligations outstanding totaled \$24,054,047.

12. Bond Requirements

The City adopted an administrative policy on bond compliances in July 2012. The purpose of the policy is to ensure all City bonds comply with applicable federal and state laws and regulations. The policy covers the investment and expenditure of bond proceeds, the use of bond-financed facilities and other administrative requirements including continuing disclosure, arbitrage calculation and records retention.

At June 30, 2012, management believes the City and its component units are in compliance with all covenants of the various debt indentures.

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2012

13. Pension Related Debt

In Fiscal Year 2005-06, California Public Employees Retirement System (CalPERS) required participation in risk pools for all plans with less than 100 active members, as of June 30, 2003. Risk pooling consists of combining assets and liabilities across employers to produce large groups where the impact of a catastrophic demographic event is shared among all employers of the same risk pool. Pooling will reduce the volatility of future employer rates. The Safety Fire Plan is part of the CalPERS cost-sharing multiple-employer defined benefit pension plan; known as the "Safety 3.0% at 50 Risk Pool." At the time of joining the pool, a side fund was created to account for the differences between the funded status of the pool and the funded status of the plan. The side fund for the City at that time carried a negative balance of \$10,159,328, representing a pension related obligation for the City. CalPERS determined this obligation should be amortized over an 11-year period. As of June 30, 2012, the City's pension related obligation had a balance of \$5,325,439 with an assumed interest rate of 7.75%. Due to the fact that this obligation is program specific, the annual debt service payment is recorded as the Public Safety – Fire expenses together with the employer contribution to the risk pool. The interest on this debt of \$435,251 is also included in the Public Safety – Fire function expenses and not in the Interest and Fiscal Charges expenses in the statement of activities. The following presents principal and interest due in the future fiscal years using the assumed interest rate:

| <u>Fiscal Year</u> | Pension Related Debt (Fire Plan Side Fund) | | |
|--------------------|---|-------------------|---------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
| 2013 | \$ 1,114,878 | \$ 356,760 | \$ 1,471,638 |
| 2014 | 1,250,929 | 268,538 | 1,519,467 |
| 2015 | 1,399,136 | 169,713 | 1,568,849 |
| 2016 | 1,560,496 | 59,341 | 1,619,837 |
| Totals | <u>\$ 5,325,439</u> | <u>\$ 854,352</u> | <u>\$ 6,179,791</u> |

14. Pension Plan**A. Defined Benefit Pension Plan**Plan Description

The City's defined benefit pension plan (Miscellaneous Plan, Safety Police Plan and the Safety Fire Plan), provides retirement and disability benefits, annual cost-of-living adjustments (COLAs), and death benefits to plan members and beneficiaries. The Miscellaneous and the Safety Police Plans are part of the Public Agency portion of the CalPERS agent multiple-employer defined benefit pension plan. The Safety Fire Plan is part of the Public Agency portion of the CalPERS cost-sharing multiple-employer defined benefit pension plan. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by State statutes within the Public Employees' Retirement Law. The City adopts its benefit provisions through contract with CalPERS and approves them through Council Resolutions and specific agreements with City labor groups. Copies of CalPERS' annual financial report may be obtained from their Executive Office located at Lincoln Plaza North, 400 Q Street, Sacramento, California 95814.

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2012

Funding Policy

Active plan members in CalPERS are required to contribute 8.0% (non-safety) or 9.0% (safety) of their annual covered salary. The City pays the 9% member contribution required of all police safety employees and the 8% member contribution required of miscellaneous employees hired before January 1, 1999. Miscellaneous employees hired on or after January 1, 1999 pay 3% of the required member contribution, while the City pays the remaining 5%. For fire safety employees, the entire 9% required member contribution is paid by the employee.

In addition, the City is required to contribute amounts necessary to fund the benefit for its members, at an actuarially determined rate applied to annual covered payroll. The required employer contribution rate for Fiscal Year 2011-12 was 24.130% for miscellaneous employees, 30.647% for the police safety group and 38.125% for the fire safety group. The contribution requirements of plan members and the City are established and may be amended by CalPERS.

Annual Pension Cost

For Fiscal Year 2011-12, the City's annual pension cost for the Miscellaneous and Safety Police Plan was \$11,996,104 and was equal to the City's required and actual contributions. The required contribution for Fiscal Year 2011-12 was determined as part of the June 30, 2009 actuarial valuation, using the entry age actuarial cost method. The actuarial assumptions included: (a) an investment rate of return of 7.75% (net of administrative expenses); (b) projected salary increases of 3.55% to 14.45% for Miscellaneous Plan and 3.55% to 13.15% for the Safety Police Plan depending on age, service and type of employment; and (c) a payroll growth of 3.25% per year. An inflation factor of 3.00% is compounded annually and used for both plans. The actuarial funding method used is the Entry Age Normal Cost Method. The actuarial value of CalPERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a 15-year period (smoothed market value). Gains and losses that occur in the operation of the plan are amortized over a 30-year rolling period, which resulted in an amortization of about 6% of unamortized gains and losses each year. In addition, in June 2009, the CalPERS Board adopted changes to the asset smoothing method in order to phase in over a three-year period the impact of the -24% investment loss experienced by CalPERS in fiscal year 2008-09. The City's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2009 actuarial valuation date was 20 years for Miscellaneous Plan and 25 years for Safety Police Plan.

For Fiscal Year 2011-12, the City's annual pension cost for the Safety Fire Plan was \$3,864,474 and was equal to the City's required and actual contributions. The Safety Fire Plan is part of the Safety 3.0% at 50 Risk Pool, a cost-sharing multiple-employer defined benefit plan. The Risk Pool uses the same actuarial methods and assumptions as described above. The remaining amortization period for the City's share of the unfunded actuarial accrued liability at the June 30, 2009 actuarial valuation date was 18 years.

The City's contributions to CalPERS for the Miscellaneous Plan, Safety Police Plan and Safety Fire Plan for the three years ending June 30, 2012, 2011 and 2010 are presented on the following page.

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2012

Three-Year Trend Information for Cal PERS Defined Benefit Pension Plans

| | Fiscal Year | Annual | Percentage of APC | Net Pension |
|---------------|--------------------|---------------------|--------------------------|--------------------|
| | Ending | Pension Cost | Contributed | Obligation |
| | | (APC) | | |
| Miscellaneous | 06/30/2010 | \$ 6,345,360 | 100% | \$ - |
| Employees | 06/30/2011 | 6,398,576 | 100% | - |
| Group | 06/30/2012 | 6,880,355 | 100% | - |
| Police Safety | 06/30/2010 | \$ 4,814,824 | 100% | \$ - |
| Employees | 06/30/2011 | 4,463,950 | 100% | - |
| Group | 06/30/2012 | 5,115,749 | 100% | - |
| Fire Safety | 06/30/2010 | \$ 3,307,623 | 100% | \$ - |
| Employees | 06/30/2011 | 3,438,225 | 100% | - |
| Group | 06/30/2012 | 3,864,474 | 100% | - |

Funded Status and Funding Progress

As of June 30, 2011, the most recent actuarial valuation date, the Miscellaneous Plan was 69.7% funded and the Safety Police Plan was 74.7% funded. The actuarial accrued liability for benefits was \$252,000,728 for Miscellaneous and \$150,077,438 for Police Safety. The actuarial value of assets was \$175,764,654 for Miscellaneous and \$112,138,994 for Police Safety, resulting in an unfunded actuarial accrued liability (UAAL) of \$76,236,074 and \$37,938,444 respectively. The covered payroll (annual payroll of active employees covered by the plan) was \$29,739,813 for Miscellaneous and \$16,104,315 for Police Safety, and the ratio of the UAAL to the covered payroll was 256.3% and 235.6% respectively.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

B. Defined Contribution Pension Plan

The City provides pension benefits for all of its Part-time, Seasonal and Temporary (PST) employees through the City's PST Deferred Compensation Plan, which is a defined contribution plan. The plan is administered by Nationwide Retirement Solutions. The purpose of the plan is to provide PST employees with a retirement plan as mandated by and in compliance with the Federal Omnibus Reconciliation Act of 1990. The plan provisions including contribution requirements were established by the City Council according to Department of Treasury regulations under Section 457 of the Internal Revenue Code of 1986, as amended. Plan benefits and contribution requirements may be amended by the City Council.

In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are required to participate from the date of employment. The City requires the employee to contribute 6.2% of the 7.5% required by the Federal Government. The City's contribution for each employee and interest allocated to the employee's account are fully vested immediately. During Fiscal Year 2011-12, the City contributed \$17,792 on hourly salaries of \$1,678,687 with the employees contributing \$84,755.

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2012

15. Other Post-Employment Benefits Other Than Pensions (OPEB)

The City implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions (OPEB)*, for certain postemployment healthcare benefits and life insurance benefits provided by the City in Fiscal Year 2007-08.

Plan Description

The City's defined benefit post-employment healthcare plan, California Employers' Retiree Benefit Trust Program (CERBT), is an agent multiple-employer post-employment healthcare plan administered by the California Public Employees' Retirement System (CalPERS) Board of Administration. The plan provides retiree healthcare benefits for employees who retire with CalPERS pension benefits immediately upon termination of employment from the City. Eligible retirees may elect coverage through the City's contract with CalPERS healthcare benefits. The plan benefits are established and may be amended by the City Council.

Under the plan, employees are classified into two tiers, which are based on hire date. Tier I participants were hired prior to a specific date based on bargaining group and are eligible to receive reimbursement of medical premiums at 100% or capped at the 2nd highest family premium rate available, determined by the employee's separation date. Tier II employees receive the minimum Public Employees Medical and Hospital Care Act (PEMHCA) benefits paid by the City. In addition, all eligible retirees are provided life insurance coverage of \$50,000 until age 70.

The CalPERS issues a publicly available financial report that includes financial statements and required supplementary information for CERBT in accordance with GASB Statement No. 43. That report may be obtained by contacting CalPERS at FCSD-CERBT@CalPERS.ca.gov or 888-CalPERS.

Funding Policy

The contribution requirements of plan members and the City are established and may be amended by the City Council. The CERBT program's funding policy provides for the contributions by the City at actuarially determined rates described as the Annual Required Contribution (ARC) of the employer. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as approved by the City Council. For Fiscal Year 2011-12, the City contributed \$6.5 million to the plan, including \$5.2 million for current premiums and an additional \$1.3 million to prefund the plan. The plan members pay the portion of premiums not paid by the City (e.g., in excess of capped amounts).

Annual OPEB Cost

The City's annual OPEB cost (expense) is calculated based on the ARC, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2012

For Fiscal Year 2011-12, the City's annual OPEB cost (expense) of \$6,466,717 for CERBT was equal to the ARC. The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the past three fiscal years are presented below:

Three-Year Trend Information for OPEB Plan

| Fiscal Year Ending | Annual Required Contribution (ARC) | Percentage of ARC Contributed | Net OPEB Obligation |
|-------------------------------|---|--|--------------------------------|
| 06/30/2010 | \$ 7,043,000 | 100% | - |
| 06/30/2011 | 7,295,000 | 100% | - |
| 06/30/2012 | 6,466,717 | 100% | - |

Funded Status and Funding Progress

The most recent actuarial valuation for the City's OPEB plan was obtained as of June 30, 2011. Per this valuation, the funded status of the City's OPEB plan for fiscal year ended June 30, 2012 was:

| | |
|--|----------------------|
| Actuarial accrued liability (AAL) | \$ 96,530,244 |
| Actuarial value of plan assets | 16,182,147 |
| Unfunded actuarial accrued liability (UAAL) | <u>\$ 80,348,097</u> |
| Funded ratio (actuarial value of plan assets/UAAL) | 16.8% |
| Covered payroll (active plan members) | \$ 50,192,076 |
| UAAL as a percentage of covered payroll | 160.1% |

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of the occurrence of events far into the future. 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, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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 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 short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2012

In the June 30, 2011 actuarial valuation, the Entry Age Normal Cost Method was used. The actuarial assumptions included a 7.50% percent discount rate and an increase in medical plan premium from 4.5% to 9.0% over the prior year's level for the next 10 years. The actuarial assumptions also included a salary increase of 3.25% per year, and assumed increase for amortization payment of 3.25% per year where determined on a percent of pay basis. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis over thirty years. The remaining amortization period at June 30, 2012 was 25 years.

16. Classification of Net Position and Fund Balances

A. Government-Wide Financial Statements

In the Government-Wide Financial Statements, net position are classified in the following categories:

Net Investment in Capital Assets

This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of the City's capital assets reduce the amount in this category.

Restricted

This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. Additionally, this category presents restrictions placed on the categories of capital projects, debt service, and specific projects and programs as established by the City Council.

Unrestricted

This category represents the net position of the City, which are not restricted for any project or other purpose.

B. Fund Financial Statements

The City divides fund balances into five classifications base primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable Fund Balance

Amounts that cannot be spent either because they are in nonspendable form or are required to be maintained intact.

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2012

Restricted Fund Balance

Amounts that are constrained to specific purposes by state or federal laws, or externally imposed conditions by grantors or creditors.

Committed Fund Balance

Amounts that can only be used for specific purposes pursuant to constraints imposed by City Council, the City's highest level of decision-making authority, through an ordinance or resolution. These committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified uses through the same type of formal action taken to establish the commitment. The City's committed fund balance includes:

- **General Fund Emergency Contingency**
The City's General Fund balance committed for emergency contingencies has been set by resolution and is for specific uses listed as the declaration of a state or federal state of emergency or a local emergency as defined in Corona Municipal Code Section 2.52.020.
- **Expenditure Control Budget Savings**
The calculation of Expenditure Control Budget (ECB) Savings is established in the annual budget resolution adopted by City Council. The same budget resolution provides for the appropriation and use of these committed amounts by the request of the individual departments with Finance Director recommendation and City Manager approval.
- **Designated Revenues**
Designated Revenues are committed by minute action of the City Council. Upon receipt of the revenues and at the request of the specific department, funds may be appropriated for departmental use with the recommendation of the Finance Director, or with approval of City Council, depending on the amount of request.

Assigned Fund Balance

Amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. The City Council delegates the authority to assign amounts to be used for specific purposes to the Finance Director.

Unassigned Fund Balance

These are either residual positive net resources of the General Fund in excess of what can properly be classified in one of the other four categories, or negative balances in all other funds.

As noted in Note 1, restricted funds are used first as appropriate. Assigned fund balance is reduced to the extent that expenditure has been appropriated by City Council. Decrease in fund balance first reduce committed fund balance, in the event that committed fund balance becomes zero, then assigned and unassigned fund balances are used in that order.

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2012

The fund balances of the City's governmental funds as of June 30, 2012 are presented below:

| | <u>General Fund</u> | <u>Development Special Revenue</u> | <u>Corona Housing Authority Capital Project</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|---------------------------------|-------------------------|--|---|---|---|
| Fund Balances: | | | | | |
| Nonspendable: | | | | | |
| Inventories and Prepayments | \$ 415,791 | \$ - | \$ - | \$ - | \$ 415,791 |
| Due from Other Governments | 405,757 | | | | 405,757 |
| Long-term Receivable | 479,776 | | | | 479,776 |
| Interfund Advances Receivable | 13,769,360 | | | | 13,769,360 |
| Interfund Advances Receivable | | | 61,220,936 | | 61,220,936 |
| Restricted for: | | | | | |
| Street Maintenance | | | | 13,611,196 | 13,611,196 |
| Trip Reduction | | | | 326,614 | 326,614 |
| Asset Forfeiture | | | | 666,460 | 666,460 |
| Debt Service | | | | 3,107,763 | 3,107,763 |
| Housing & Community Development | | | 8,578,596 | 404,558 | 8,983,154 |
| Other Grants | | | | 730,548 | 730,548 |
| Committed to: | | | | | |
| ECB Savings | 2,220,357 | | | | 2,220,357 |
| Emergency Contingency | 14,300,000 | | | | 14,300,000 |
| Designated Revenues | 1,759,590 | | | | 1,759,590 |
| Assigned to: | | | | | |
| Development | | 6,763,589 | | | 6,763,589 |
| Developer Agreements | 322,069 | | | | 322,069 |
| Debt Service | 3,017,264 | | | 11,305,966 | 14,323,230 |
| Budget Balancing Measures | 24,339,310 | | | | 24,339,310 |
| Continuing Appropriations | 2,609,592 | | | | 2,609,592 |
| City Equipments | 1,478,962 | | | | 1,478,962 |
| City Facility Projects | 1,252,357 | | | 1,140,820 | 2,393,177 |
| Successor Agency Loan | 6,692,642 | | | | 6,692,642 |
| Other Capital Projects | | | | 5,423 | 5,423 |
| Other Purposes | 3,493,278 | | | | 3,493,278 |
| Total Fund Balance | <u>\$ 76,556,105</u> | <u>\$ 6,763,589</u> | <u>\$ 69,799,532</u> | <u>\$ 31,299,348</u> | <u>\$ 184,418,574</u> |

17. Risk Management**A. Workers' Compensation Insurance**

The City's self-insured retention is \$1,000,000 with purchased excess insurance for claims over that amount up to policy limits. Departments are charged a percentage of the total estimated insurance, claims expense and premiums based on payroll cost. The actuarial estimated liability for pending and incurred but not reported claims at June 30, 2012 has been included in the Claims Payable amount for the same reporting period. These liabilities are recognized on government-wide statements.

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2012

The following table presents claims and judgments payable for the City's workers' compensation self-insurance program for fiscal year ended June 30, 2012 and its four preceding years:

| Fiscal Year Ended June 30, | Claims Payable July 1, | Claims and Changes in Estimates | Claims Paid | Claims Payable June 30, |
|---|-----------------------------------|--|--------------------|------------------------------------|
| 2008 | \$ 7,399,089 | \$ 4,336,670 | \$ (1,608,863) | \$ 10,126,896 |
| 2009 | 10,126,896 | 2,241,834 | (893,458) | 11,475,272 |
| 2010 | 11,475,272 | 4,636,793 | (1,707,065) | 14,405,000 |
| 2011 | 14,405,000 | 3,125,476 | (1,854,476) | 15,676,000 |
| 2012 | 15,676,000 | 4,233,206 | (2,062,206) | 17,847,000 |

Of the total liabilities, \$2,772,000 is due within one year or less. Claims are paid by the internal service funds.

B. Liability Insurance

The City's self-insured retention is \$750,000 with an excess policy insuring claims over \$750,000 up to a limit of \$10,000,000. A third party administrator administers claims. The actuarial estimated liability for pending and incurred but not reported claims at June 30, 2012 has been included in the Claims Payable amount for the same reporting period. These liabilities are recognized on government-wide statements.

The following table presents claims and judgments payable for the general liability self-insurance program, including property losses, for fiscal year ended June 30, 2012 and its four preceding years.

| Fiscal Year Ended June 30, | Claims Payable July 1, | Claims and Changes in Estimates | Claims Paid | Claims Payable June 30, |
|---|-----------------------------------|--|--------------------|------------------------------------|
| 2008 | \$ 1,784,450 | \$ 1,108,873 | \$ (723,928) | \$ 2,169,395 |
| 2009 | 2,169,395 | 842,623 | (578,303) | 2,433,715 |
| 2010 | 2,433,715 | 444,759 | (573,474) | 2,305,000 |
| 2011 | 2,305,000 | 496,231 | (375,231) | 2,426,000 |
| 2012 | 2,426,000 | 1,626,939 | (1,016,939) | 3,036,000 |

Of the total liabilities, \$846,000 is due within one year or less. Claims are paid by the internal service funds.

C. Property Losses (excluding earthquake)

The City's property losses are covered by insurance policies for covered value of \$100,000,000 with deductibles of \$50,000. The estimated liability for pending and incurred but not reported claims at June 30, 2012 has been incorporated in the financial statements as Claims and Judgments Payable in the Liability Risk internal service fund and are based on history only.

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2012

18. Commitments and Contingencies

The City has entered into several operating lease agreements in the conduct of its day-to-day operations to provide for facilities and/or services. None of these operating leases are considered to be significant commitments.

The City is a defendant in a number of lawsuits that have arisen in the normal course of business. While substantial damages are alleged in some of these actions, their outcome cannot be predicted with certainty. In the opinion of the City Attorney, these actions when finally adjudicated will not have material adverse effect on the financial position of the City.

Under Article XIII B of the California Constitution (the Gann Spending Limitation Initiative), the City is restricted as to the amount of annual appropriations, and if certain proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller or refunded to the taxpayers through revised tax rates or revised fee schedules. For the fiscal year ended June 30, 2012, the City's appropriations limit totaled \$381,296,027 and the City's appropriations subject to limitation were \$72,717,813.

On November 5, 1996, California voters passed Proposition 218 which requires, in general, that any new implementation, increase or extension of taxes, fees, and charges be put to a vote of the public. The City has held special elections for property owners in special districts when appropriate asking for a proportional increase in the annual assessment for landscape maintenance on publicly owned medians and easements. Regardless if the elections were passed or defeated, services in those districts continue to be provided at a level equal to the assessments.

On September 28, 1995, the California Supreme Court reversed a Court of Appeals decision which reinstated provisions of Proposition 62 which was a 1986 voter initiative that required all general taxes to be approved by simple majority vote of the electorate. The Supreme Court provided very little detail on a number of issues surrounding their decision but the only possible exposure, if any, to the decision for the City would be its transient occupancy tax which was increased by 2% in 1989. It remains unclear what, if any, liability the City may have.

On September 19, 2012, an independent auditor's report was issued to the Successor Agency of the former Corona Redevelopment Agency for a due diligence review conducted pursuant to Assembly Bill No. 1484. Upon approval of this report by the State Controller's Office, the City will be liable to reverse certain transactions recorded in Fiscal Year 2010-11 in regards to the former Redevelopment Agency's repayments of various loans between the City and the former Agency. Total amount reported in the due diligence review subject to reversal was \$9,608,889. Refer to Note 21 for additional information.

As of June 30, 2012, in the opinion of City Administration, there were no additional outstanding matters that would have a significant effect on the financial position of City.

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2012

19. Restatements**A. Restatement on Government-Wide Statements**

Restatements to net position made on the government-wide statements for Fiscal Year 2011-12 are summarized below:

| | <u>Governmental Activities</u> | <u>Business-Type Activities</u> |
|-------------------------------------|------------------------------------|-------------------------------------|
| Beginning Net Position, as reported | \$ 849,500,012 | \$ 157,986,910 |
| Restatements | 5,799,112 | 9,709,056 |
| Beginning Net Position, as restated | <u>\$ 855,299,124</u> | <u>\$ 167,695,966</u> |

Restatement to Governmental Activities

- a) The City restated its beginning balance of capital assets net of depreciation by \$6,222,564 in its governmental activities. This was primarily due to the recording of the infrastructure contributed by developers in the prior years.
- b) The City adjusted \$(347,936) of its beginning balance of net position in relation to a note receivable that was incorrectly recorded in the prior year.
- c) The City adjusted its prior year's program revenues by \$(75,516) as the result of disallowed grant reimbursement.

Restatement to Business-Type Activities

The City restated its beginning balance of capital assets net of depreciation by \$9,709,056 in its business-type activities. This was also due to the recording of the infrastructure contributed by developers in the prior years.

B. Restatement on Fund Statements

Restatements to fund balance and net position on the fund financial statements for Fiscal Year 2011-12 are summarized as follows:

| | <u>Major Governmental Funds</u> | | <u>Proprietary Funds</u> | | |
|---------------------------------------|---------------------------------|--|--------------------------|------------------------------|-----------------------------|
| | <u>General Fund</u> | <u>Redevelopment Special Revenue</u> | <u>Water</u> | <u>Water Reclamation</u> | <u>Internal Service</u> |
| Beginning Fund Balance as reported | \$ 83,518,581 | \$ 1,707,174 | \$ 92,100,808 | \$ 50,557,034 | \$ 8,827,170 |
| Restatements | <u>(5,022,045)</u> | <u>(347,936)</u> | <u>5,891,171</u> | <u>3,817,885</u> | <u>4,945,997</u> |
| Beginning Fund Balance as restated | <u>\$ 78,496,536</u> | <u>\$ 1,359,238</u> | <u>\$ 97,991,979</u> | <u>\$ 54,374,919</u> | <u>\$ 13,773,167</u> |

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2012

- a) When the City implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* in Fiscal Year 2009-10, the Equipment Capital Outlay fund was consolidated into the General Fund. After analyzing the activities within this fund, it was determined that this fund should be consolidate with the Fleet Operations internal service fund. The change of the fund type resulted in an adjustment of \$4,946,529 to both the General Fund and the Fleet Operations internal service fund beginning fund balance.
- b) The City adjusted its prior year's General Fund revenues by \$(75,516) as the result of disallowed grant reimbursement.
- c) In addition to the reclassification of Equipment Capital Outlay fund from the General Fund to the internal service fund type as described above, the City also reclassified certain capital assets recorded in the internal service fund to the general fixed assets and its associated notes payable during the current year, resulted in a decrease of beginning fund balance in the amount of \$532. The net impact to internal service fund was \$4,945,997.
- d) The City adjusted \$(347,936) of its beginning fund balance of its former Redevelopment special revenue fund in relation to a note receivable that was incorrectly recorded in the prior year.
- e) The City restated its beginning balances of net position of its Water and Water Reclamation enterprise funds by \$5,891,171 and \$3,817,885 respectively as the result of recording infrastructure contributed by developers in the prior years.

20. Extraordinary Items – Corona Redevelopment Agency Dissolution

In July 2011, the City entered into an inter-agency loan with its former Redevelopment Agency in the amount of \$4,260,552 that would be disbursed to the Agency in four quarterly installments. As of June 30, 2012, a total amount of \$2,130,276 was loaned to the former Redevelopment Agency. In February 2012, California Health and Safety Code Section 34178 invalidated inter-agency loans between the City and its former Redevelopment Agency. Subsequently, Assembly Bill No. 1484 provided "Safe Harbor" language allowing certain inter-agency loans to be repaid if approved by the oversight board. The repayment may not begin prior to Fiscal Year 2013-14, and the repayment amount may not exceed the maximum amount described in related statutes. As the result, the City set up an allowance for uncollectible amounts to offset the loan recorded in Due from Other Governmental Agencies in the amount of \$2,130,276, and reflected it as an extraordinary item in the General Fund.

With the dissolution of the former Redevelopment Agency, the assets, liabilities and fund balances of the dissolved agency were transferred to the Successor Agency Trust, a fiduciary fund. The transfer of these assets, liabilities and fund balances of the former Redevelopment Agency as of February 1, 2012 from governmental funds of the City to a fiduciary fund was reported as extraordinary loss with the total amount of \$17,722,427 in the governmental fund financial statements. Refer to Note 21 for additional information on Successor Agency Trust extraordinary gain/(loss).

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2012

Total extraordinary gain/(loss) recorded in the government-wide statement of activities and governmental fund statement of revenues, expenditures and changes on fund balances were \$57,030,347 and \$(19,852,703) respectively. The difference between the extraordinary item recognized in the government-wide and the governmental fund financial statements is reconciled below:

**Reconciliation of the Extraordinary Gain/(Loss) Reported in the Governmental Funds
Statements to the Government-wide Statement of Activities**

| | |
|---|-----------------------------|
| Extraordinary Loss Reported in the Governmental Funds Statements | \$ (19,852,703) |
| Amounts reported in the statement of activities are different because: | |
| Capital assets net of depreciation transferred to the Successor Agency as an extraordinary gain was not reported in the governmental fund statements. | (4,725,470) |
| Long-term debt assumed by Successor Agency as an extraordinary loss was not reported in the governmental fund statements. | 81,608,519 |
| Extraordinary Gain Reported in the Government-wide Statement of Activities | <u><u>\$ 57,030,346</u></u> |

21. Successor Agency Trust for Former Corona Redevelopment Agency

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 ("the Bill") that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of Corona that previously had reported the City's Redevelopment Agency within the reporting entity as a blended component unit.

The Bill provides that upon dissolution of a redevelopment agency, either the City or another unit of local government will agree to serve as the "successor agency" to hold the assets until they are distributed to other units of state and local government. On January 11, 2012, the City Council elected to become the Successor Agency for the former Redevelopment agency in accordance with the Bill as part of City Resolution No. 2012-004.

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

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

The Bill directs the State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the Successor Agency by the Bill.

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2012

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

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012. Prior to that date, the final seven months of the activity of the Redevelopment Agency continued to be reported in the governmental funds of the City. After the date of dissolution, the assets and activities of the dissolved redevelopment agency are reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City.

The transfer of the assets and liabilities of the former Redevelopment Agency as of February 1, 2012 (effectively the same date as January 31, 2012) from governmental funds to fiduciary fund was reported as an extraordinary gain/(loss) in the governmental fund financial statements. The receipt of these assets and liabilities as of February 1, 2012 was reported in the private-purpose trust fund as an extraordinary gain/(loss).

Because of the different measurement focus of the governmental funds (current financial resources measurement focus) and the measurement focus of the trust funds (economic resources measurement focus), the extraordinary gain/(loss) recognized in the governmental funds was not the same amount as the extraordinary gain/(loss) that was recognized in the fiduciary fund financial statements.

Total extraordinary gain/(losses) recorded in the former Redevelopment Agency governmental funds and the statement of changes in fiduciary net position were \$17,722,427 and \$(58,660,622) respectively. The difference between the extraordinary loss recognized in the governmental fund financial statement and the fiduciary fund financial statement is reconciled as follows:

**Reconciliation of the Extraordinary Losses Reported in the Governmental Funds Statements
to the Fiduciary Fund Statement of Changes in Net Position**

Extraordinary Loss Reported in the Governmental Funds Statements

(Considered as extraordinary gain for the fiduciary fund)

\$ 17,722,427

Amounts reported in the statement of change in fiduciary net position are different because:

Capital assets net of depreciation received by the Successor Agency as an extraordinary gain was not reported in the governmental fund statements.

4,725,470

Removing unavailable amounts from long-term receivable

500,000

Long-term debt acquired from the former Redevelopment Agency as an extraordinary loss was not reported in the governmental fund statements.

(81,608,519)

Extraordinary Loss Reported in the Fiduciary Fund Financial Statement

\$ (58,660,622)

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2012

A. Cash and Investment

The City of Corona maintains a cash and investment pool that is available for all City activities, including the Successor Agency Trust fund. Cash and investments reported in the Statement of Fiduciary Net Position consisted of the following:

| | <u>Amount</u> |
|---|------------------------------------|
| Cash and Investments Pooled with the City | \$ 22,908,385 |
| Cash and Investments with Fiscal Agent | <u>7,873,539</u> |
| Total Cash and Investments | <u><u>\$ 30,781,924</u></u> |

The Successor Agency to the former Redevelopment Agency of the City adopted all applicable City's rules, regulations, policies and guidelines by a resolution approved by the City Council on March 21, 2012, and later approved by the Oversight Board. The City manages the Successor Agency's cash and investment in a consistent manner as the rest of its cash and investment pool. Refer to Note 2 for additional information regarding the type of investments and risks.

B. Loans Receivable

| <u>Loans/Notes</u> | <u>Amount</u> |
|--|---------------------------------|
| Fender Museum of Arts Foundation Note Receivable | <u>\$ 500,000</u> |
| Total Loans/Notes Receivable | <u><u>\$ 500,000</u></u> |

The Fender Museum of the Arts Foundation note receivable was entered in July 2002 for \$500,000 with a 4.0% of interest rate. First payment is due in July 2014, and full payment is due in 2019.

C. Capital Assets

The capital assets reported in the Successor Agency Trust fund was accounted for under the governmental activities prior to February 1, 2012. With the dissolution of the former Redevelopment Agency, they are transferred to the Successor Agency Trust. Capital assets of the Successor Agency Trust at June 30, 2012 are presented on the following page.

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2012

| | Balance February 1, 2012 | Increases | Decreases | Balance June 30, 2012 |
|--|-----------------------------|---------------------|-------------|--------------------------|
| Fiduciary Activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 1,275,529 | \$ - | \$ - | \$ 1,275,529 |
| Total Capital Assets Not Being Depreciated | 1,275,529 | - | - | 1,275,529 |
| Capital assets being depreciated: | | | | |
| Buildings and Improvements | 5,751,555 | | | 5,751,555 |
| Machinery and Equipment | 38,175 | | | 38,175 |
| Total Capital Assets Being Depreciated | 5,789,730 | - | - | 5,789,730 |
| Less accumulated depreciation for: | | | | |
| Buildings and Improvements | (2,310,691) | (108,670) | | (2,419,361) |
| Machinery and Equipment | (29,098) | (1,122) | | (30,220) |
| Total Accumulated Depreciation | (2,339,789) | (109,792) | - | (2,449,581) |
| Total Net Depreciable Capital Assets | 3,449,941 | (109,792) | - | 3,340,149 |
| Fiduciary Capital Assets, Net of Depreciation | \$ 4,725,470 | \$ (109,792) | \$ - | \$ 4,615,678 |

D. Long-Term Obligations

The following long-term obligations were transferred from the former Redevelopment Agency of the City to the Successor Agency Trust as of February 1, 2012 as a result of the dissolution. As of June 30, 2012, the balances of the Successor Agency long-term debts are presented below:

| | Balance February 1, 2012 | Incurred or Issued | Satisfied or Matured | Balance June 30, 2012 | Amounts Due Within One Year | Amounts Due in More than One Year |
|---|-----------------------------|-----------------------|-------------------------|--------------------------|-----------------------------------|---|
| 1996 Project Area "A" Housing Set-Aside Tax Allocation Bonds | \$ 5,220,000 | \$ - | \$ - | \$ 5,220,000 | \$ 405,000 | \$ 4,815,000 |
| 2004 Project Area "A" Tax Allocation and Refunding Bonds | 26,260,000 | | | 26,260,000 | 1,715,000 | 24,545,000 |
| 2007 Temescal Canyon Project Area Tax Allocation Bonds | 19,870,000 | | | 19,870,000 | 680,000 | 19,190,000 |
| 2007 Merged and Amended Project Area "A" Tax Allocation Bonds | 27,495,000 | | | 27,495,000 | 500,000 | 26,995,000 |
| Long Term Agreement Payable | 2,763,519 | | 734,279 | 2,029,240 | 1,130,019 | 899,221 |
| Total | \$ 81,608,519 | \$ - | \$ 734,279 | \$ 80,874,240 | \$ 4,430,019 | \$ 76,444,221 |

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2012

1996 Project Area "A" Set-Aside Tax Allocation Bonds

On October 15, 1996, the former Redevelopment Agency of the City of Corona issued \$9,355,000 of Redevelopment Project Area "A" Housing Set-Aside Tax Allocation Bonds to provide funds for a portion of the costs of reconstruction and rehabilitation of an apartment complex of approximately 160 units by the Southern California Housing Development Corporation and certain other activities for the provision of low and moderate income housing within the Project Area. The bonds were issued for sale to the Corona Public Financing Authority (CPFA) pursuant to the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 of Chapter 5 of Division 2 of Title 1 (commencing with Section 6584) of the California Government Code (the "JPA Law"). The bonds purchased by the CPFA were resold concurrently to the underwriter. The outstanding bonds bear interest from 5.40% to 5.63% and are due in annual installments ranging from \$365,000 to \$385,000 through September 1, 2011, with term bonds of \$2,255,000 due September 1, 2016 and \$2,965,000 due September 1, 2021. The bonds are payable from pledged revenues of the former Housing Set-Aside fund of the Agency. With the dissolution of the Redevelopment Agency, the pledge is on the overall property tax distributed by the State. The annual debt service requirements for the 1996 Redevelopment Tax Allocation Bonds are presented below:

| <u>Fiscal Year</u> | 1996 Set-Aside Tax Allocation Bonds | | |
|--------------------|--|---------------------|---------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
| 2013 | \$ 405,000 | \$ 279,669 | \$ 684,669 |
| 2014 | 425,000 | 256,844 | 681,844 |
| 2015 | 450,000 | 232,781 | 682,781 |
| 2016 | 475,000 | 207,344 | 682,344 |
| 2017 | 500,000 | 180,531 | 680,531 |
| 2018-2022 | 2,965,000 | 435,234 | 3,400,234 |
| Totals | \$ 5,220,000 | \$ 1,592,403 | \$ 6,812,403 |

2004 Project Area "A" Tax Allocation and Refunding Bonds

The \$36,910,000 of Redevelopment Project Area "A" 2004 Tax Allocation and Refunding Bonds were issued to refund the former Redevelopment Agency's 1994 Tax Allocation Refunding Bonds, which were issued to refinance the cost of public capital improvements benefitting the Agency's Merged Project Area "A". The bond issue will reduce debt service payments for the Agency by \$7,015,420 with an economic gain of \$3,226,023 or 8.233% as a percent of refunded bonds. The bonds bear interest from 4.50% to 5.35% and are due in annual installments ranging from \$1,610,000 to \$2,795,000. The bonds are payable from pledged tax increment revenues of the former Redevelopment Agency under the indenture. With the dissolution of the Redevelopment Agency, the pledge is on the overall property tax distributed by the State. The annual debt service requirements for the 2004 Redevelopment Tax Allocation Bonds are presented on the following page.

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2012

2004 Tax Allocation Bonds

| <u>Fiscal Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------|----------------------|---------------------|----------------------|
| 2013 | \$ 1,715,000 | \$ 1,183,631 | \$ 2,898,631 |
| 2014 | 1,785,000 | 1,118,006 | 2,903,006 |
| 2015 | 1,850,000 | 1,047,537 | 2,897,537 |
| 2016 | 1,925,000 | 972,038 | 2,897,038 |
| 2017 | 2,000,000 | 883,538 | 2,883,538 |
| 2018-2022 | 11,530,000 | 2,852,644 | 14,382,644 |
| 2023-2024 | 5,455,000 | 276,125 | 5,731,125 |
| Totals | \$ 26,260,000 | \$ 8,333,519 | \$ 34,593,519 |

2007 Temescal Canyon Project Area Tax Allocation Bonds

The \$22,155,000 of Temescal Canyon Project Area 2007 Tax Allocation Bonds were issued to facilitate the transformation of a former mining facility and blighted area into developed backbone infrastructure improvements within the project area. The bonds bear interest from 4.00% to 4.50% and are due in annual installments ranging from \$535,000 to \$735,000, with term bonds of \$1,475,000 due November 1, 2022, \$1,515,000 due November 1, 2024, \$1,650,000 due November 1, 2026, \$2,760,000 due November 1, 2029 and \$3,155,000 due November 1, 2032. The escrow term bonds in the amount of \$3,465,000 bear interest at 4.50% and are due November 1, 2032. The bonds are payable from pledged tax increment revenues of the former Redevelopment Agency under the indenture. With the dissolution of the Redevelopment Agency, the pledge is on the overall property tax distributed by the State. The annual debt service requirements for the 2007 Redevelopment Tax Allocation Bonds are presented below:

2007 Temescal Canyon Tax Allocation Bonds

| <u>Fiscal Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------|----------------------|----------------------|----------------------|
| 2013 | \$ 680,000 | \$ 850,696 | \$ 1,530,696 |
| 2014 | 700,000 | 822,596 | 1,522,596 |
| 2015 | 730,000 | 793,484 | 1,523,484 |
| 2016 | 760,000 | 763,146 | 1,523,146 |
| 2017 | 795,000 | 731,484 | 1,526,484 |
| 2018-2022 | 4,295,000 | 3,125,933 | 7,420,933 |
| 2023-2027 | 4,730,000 | 2,150,603 | 6,880,603 |
| 2028-2032 | 5,845,000 | 981,338 | 6,826,338 |
| 2033 | 1,335,000 | 30,038 | 1,365,038 |
| Totals | \$ 19,870,000 | \$ 10,249,318 | \$ 30,119,318 |

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2012

2007 Project Area "A" Taxable Tax Allocation Bonds

The \$29,550,000 of Project Area "A" 2007 Taxable Tax Allocation Bonds were issued on a parity basis with the 2004 Tax Allocation Bonds to further facilitate the rehabilitation of a retail center and the development of mixed used commercial, hotel, office and light industrial projects within the Merged Downtown project area. The bonds bear interest from 4.84% to 6.25% and are due in annual installments ranging from \$450,000 to \$1,140,000, with term bonds of \$23,850,000 due September 1, 2027. The bonds are payable from tax increment revenues of the Agency received from the project area. The annual debt service requirements for the 2007 Project Area "A" Tax Allocation Bonds are presented below:

| <u>Fiscal Year</u> | <u>2007 Project Area "A" Tax Allocation Bonds</u> | | |
|--------------------|---|----------------------|----------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
| 2013 | \$ 500,000 | \$ 1,673,018 | \$ 2,173,018 |
| 2014 | 1,140,000 | 1,630,702 | 2,770,702 |
| 2015 | 460,000 | 1,588,944 | 2,048,944 |
| 2016 | 485,000 | 1,563,629 | 2,048,629 |
| 2017 | 515,000 | 1,536,267 | 2,051,267 |
| 2018-2022 | 3,055,000 | 7,170,750 | 10,225,750 |
| 2023-2027 | 14,870,000 | 5,148,606 | 20,018,606 |
| 2028 | 6,470,000 | 202,317 | 6,672,317 |
| Totals | <u>\$ 27,495,000</u> | <u>\$ 20,514,233</u> | <u>\$ 48,009,233</u> |

Long-Term Developer Agreement Payable

Pursuant to a Promissory Note set forth in the Purchase and Sale Agreement dated June 17, 2009 between the former Redevelopment Agency and Sherborn, LLC, the former Redevelopment Agency recorded an obligation in the amount of \$5,167,326 in exchange of land from Sherborn, LLC for potential redevelopment activities. The terms of this developer agreement provides semi-annual payments of \$600,000, including 4.0% accrued interest, to the developer. The maturity date of the Note is July 15, 2020. As of June 30, 2012, the balance of the Note was \$2,029,240.

Pledged Revenue for Tax Allocation Bonds

The City pledged, as security for bonds issued, either directly or through the Financing Authority, a portion of tax increment revenue (including Low and Moderate Income Housing set-aside and pass through allocations) that it receives. The bonds issued were to provide financing for various capital projects, accomplish Low and Moderate Income Housing projects and to defease previously issued bonds. Assembly Bill 1X 26 provided that upon dissolution of the Redevelopment Agency, property taxes allocated to former redevelopment agencies no longer are deemed tax increment but rather property tax revenues and will be allocated first to successor agencies to make payments on the indebtedness incurred by the dissolved redevelopment agency. Total principal and interest remaining on the debt is \$119,534,473 with annual debt service requirements as indicated below. For the current year, the total property tax revenue recognized by the City and the Successor Agency for the payment of indebtedness incurred by the dissolved redevelopment agency was \$21,055,021 and the debt service obligation on the bonds was \$7,301,432.

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2012

Successor Agency Tax Allocation Bonds Rating

On July 5, 2012 Standard & Poor's Rating Services (S&P) placed all investment-grade Tax Allocation Bonds (TABs) on CreditWatch with negative implications after the passage of Assembly Bill (AB) 1484. On September 24, 2012, S&P removed the TABs originally issued by the City of Corona from its negative credit watch, and reaffirmed their A- underlying rating with a stable outlook.

E. Commitments and Contingencies

The Successor Agency is covered under the City of Corona's insurance policies. Therefore, the limitation and self-insured retentions applicable to the City also apply to the Successor Agency. Additional information as to coverage and self-insured retentions can be found in Note 17.

On April 20, 2012, pursuant to Health and Safety Code Section 34167.5, the California State Controller issued an order to cities, counties, and agencies, directly or indirectly receiving assets from a redevelopment agency after January 1, 2011, to reverse the transfer and return assets to successor agency. In August 2012, the California State Controller has started to specifically review and audit cities, counties, and public agencies to ensure that all applicable asset transfers have been reversed. Any reversals of transfers are not reflected in the City's financial statements as of June 30, 2012.

At June 30, 2012, the Successor Agency was involved as a defendant in several lawsuits arising out of the ordinary conduct of its affairs. It is the opinion of management that settlements of these lawsuits, including losses for claims that are incurred but not reported, if any, will not have a material effect on the financial position of the Successor Agency.

F. Subsequent Events – Successor Agency

Assembly Bill 1484 established a requirement for the successor agency to remit to the County auditor-controller three payments as determined by the auditor-controller which consist of a payment to be made in July 2012 for taxing entities' share of December 2011 property tax distribution to redevelopment agency/successor agency, a payment to be made in November 2012 related to Low-Moderate Income Housing Fund Due Diligence Review for unencumbered cash, and a payment to be made in April 2013 related to the other Redevelopment Funds Due Diligence Review for unencumbered cash. As of the date of the report, there was no payment required in July 2012, the Low-Moderate Income Housing Due Diligence Review currently resulted in an amount due of \$9,608,889 which has not been confirmed by the Department of Finance, and the other Redevelopment Funds Due Diligence Review is currently in progress and has not been determined.

22. Subsequent Events

Subsequent events have been evaluated through November 28, 2012, which is the date of the independent auditors' report.

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2012

Bond Issuance

On August 1, 2012, the Corona Utility Authority closed on \$35,880,000 Water Revenue Bonds for the advanced refunding of the CPFA 1998 Water Revenue Bonds, portion of the CPFA 2003 Certificates of Participation, and the construction of certain reservoir and blending facility.

Bond Defeasances

On September 1, 2012, the City fully defeased its CPFA 2002 Lease Revenue Bonds, Series B, with the proceeds from the 2012 Refunding Lease Agreement with Compass Mortgage Corporation, a private lending institution. The 2012 Refunding Lease Agreement was entered on June 1, 2012. Total lease payment amount was \$32,026,834, including present value of \$25,265,511, and \$6,761,323 representing interest.

On August 1, 2012, the City advance refunded its CPFA 1998 Water Revenue Bonds and the Recycled Water portion of its 2003 Certificates of Participation by placing the proceeds of the Corona Utility Authority 2012 Water Revenue Bonds into two separate irrevocable trusts. On September 1, 2012, the CPFA 1998 Water Revenue Bonds were fully defeased. The 2003 Recycled Water COPs will be called on September 1, 2013.



Required Supplementary Information

Required Supplementary Information consists of the following:

- Budgetary Information
- Budgetary Comparison Schedule – General Fund
- Budgetary Comparison Schedules – Major Special Revenue Funds
- General Fund Expenditure Control Budget (ECB) Reserves
- Modified Approach for City Streets Infrastructure Capital Assets
- Other Post-Employment Benefits (OPEB) Plan Funding Progress
- Pension Plan Funding Progress



CITY OF CORONA

Required Supplementary Information

June 30, 2012

BUDGETARY INFORMATION

Through the budget, the City Council sets the direction of the City, allocates its resources and establishes its priorities. The Annual Budget assures the efficient and effective uses of the City's economic resources, as well as establishing that the highest priority objectives are accomplished.

An annual budget serves a fiscal period from July 1 to June 30, and is a vehicle that accurately and openly communicates these priorities to the community, businesses, vendors, employees and other public agencies. Additionally, it establishes the foundation of effective financial planning by providing resource planning, performance measures and controls that permit the evaluation and adjustment of the City's performance.

The City's annual budget is prepared and based on four expenditure categories; personnel, supplies and services, minor capital outlay and capital improvement programs. The first three listed are considered operational in nature and known as *recurring costs*. Capital improvement projects are asset acquisitions, facilities, systems, and infrastructure improvements typically over \$50,000, and/or items "outside" of the normal operational budget. These are known as *one-time costs*.

The City collects and records revenue and expenditures within the following categories:

- Governmental activities
- Business-type activities

The governmental funds include the General Fund, special revenue, debt service and capital projects funds. All funding sources are kept separate for both reporting and use of the money. The General Fund is where most City services are funded that are not required to be segregated. Corona follows the General Fund Expenditure Control Budget, or ECB, guidelines as outlined in the budget resolution.

The budget process begins as a team effort in January of each year, starting with an annual strategic planning meeting. Then the individual departments use projected revenue assumptions to prioritize and recommend the next fiscal year's objectives. The City Manager's Office and the Finance Department review all budget proposals and revenue assumptions, as well as all current financial obligations before preparing the document that is proposed to the City Council. The City Council reviews the Proposed Budget through a series of committees and workshops and the final adoption of the budget is scheduled for the second City Council meeting in June.

Budgets and Budgetary Accounting

The City uses the following procedures in establishing the budgetary data reflected in the financial statements:

1. Before the beginning of the fiscal year the City Manager submits to the City Council a proposed budget for the year commencing July 1.

CITY OF CORONA

Required Supplementary Information

June 30, 2012

2. A public meeting is conducted to obtain taxpayer comments.
3. The budget is subsequently adopted through passage of a resolution and is not included herein but is published separately.
4. All appropriations are as originally adopted or as amended by the City Council and all unencumbered budgeted amounts lapse at year-end, except in the General Fund where an expenditure control budget policy may allow departments to carryover a portion of the unexpended amounts into the next fiscal year.
5. Continuing appropriations are re-budgeted by the City Council as part of the adoption of subsequent year's budgets.
6. Legally adopted budget appropriations are set for the General Fund, special revenue, debt service and capital projects funds.
7. The legal level of budgetary control is at the department level. A Department Director may transfer appropriations within the department. Expenditures may exceed appropriations at this level in the General Fund to the extent provided for in the annual budget resolution adopted by the City Council. The City Council, by the affirmative vote of three members, may amend the budget to add or delete appropriations, transfer between appropriations within a fund or change appropriation transfers between funds.
8. Budgets for General Fund, special revenue, debt service and capital projects funds are adopted on a basis consistent with generally accepted accounting principles.

For Fiscal Year 2011-12, total ECB savings amount including carryover was \$2,220,357. This amount was included in the committed fund balance in the General Fund as of June 30, 2012. A list of ECB savings by department is presented on the following page.

| <u>Department</u> | Total ECB Savings |
|------------------------------|------------------------------|
| City Council | \$ 3,575 |
| Management Services | 50,783 |
| Human Resources | 33,327 |
| Information Technology | 179,721 |
| General Government | 22,429 |
| Finance | 67,389 |
| Community Development | 145,024 |
| Police | 971,295 |
| Public Works | 353,881 |
| Library | 114,301 |
| Parks and Community Services | 278,632 |
| Total | <u>\$ 2,220,357</u> |

CITY OF CORONA

Required Supplementary Information
June 30, 2012

The budget for Fiscal Year 2011-12 was the eighteenth year that the budget was prepared in accordance with the ECB policies adopted by the City Council for the General Fund. Departments are given increased flexibility and incentives for meeting their goals as well as being assigned greater accountability for their performance in carrying out their mission.

Major discrepancies between original budget and final budget are explained as follows:

General Fund

Starting from the original budget and adding the prior year continuing appropriations of \$2.2 million for capital projects and grants, and another \$0.6 million in committed purchase orders that were carried forward, there was a net budgetary increase of \$1.6 million in the General Fund. In December 2011, a retirement incentive program was offered to eligible employees. As a result, a total of 49 positions were eliminated and removed from the budget. The net budget reduction was \$0.5 million, as there were additional costs to fund the program and the cost to pay retirees' leave balances. There were budget increases of \$2.0 million for ECB budget savings approved for various departments, an increase of \$0.5 million for funds received as donations, and another \$0.5 million approved to account for ongoing activities being shifted due to the dissolution of the former Redevelopment Agency of the City of Corona.

Development Special Revenue Fund

Continuing appropriations of \$9.0 million and \$0.2 million in committed purchase orders were carried forward from the prior fiscal year for various capital projects resulting in a final budget of \$11.9 million.

Major discrepancies between final budget and actual expenditures are explained as follows:

General Fund

Total revenues for the General Fund were \$5.6 million higher than the final budget. Sales and use taxes were higher by \$3.3 million due to the economy showing quarterly percent growth rate increases. The other revenue category had a favorable variance of \$1.7 million for the current fiscal year due to unexpected miscellaneous income, donations, and developer paid improvements. The current services revenue category also had a favorable variance of \$1.1 million, due to additional revenues received for reimbursed expenditures, plan check fees, and emergency medical services.

Actual expenditures had a favorable variance of \$5.0 million, partially due to the \$2.8 million in unspent capital outlay budget that will be carried over to the next fiscal year. Savings in other functional categories contributed to the other \$2.2 million favorable variance.

Development Special Revenue Funds

Actual revenue received for the fiscal year ended June 30, 2012 was \$3.6 million more than the final budgeted amount, primarily due to development impact revenues received from a large scale development project taking place in the City.

Total expenditures ended with a favorable budgetary variance of \$9.9 million in capital outlay funds represents projects not completed within the current fiscal year. These amounts will be carried over to the next fiscal year.

CITY OF CORONARequired Supplementary Information
June 30, 2012**Budgetary Comparison Schedule – General Fund
For Fiscal Year Ended June 30, 2012**

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|---|-----------------------|------------------------|----------------------|-------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Property Taxes | \$ 34,179,147 | \$ 34,179,147 | \$ 33,569,570 | \$ (609,577) |
| Other Taxes | 35,395,177 | 35,395,177 | 38,964,006 | 3,568,829 |
| Licenses, Fees, and Permits | 1,095,586 | 1,095,586 | 1,695,006 | 599,420 |
| Fines and Penalties | 1,887,500 | 1,887,500 | 1,774,190 | (113,310) |
| Investment Earnings | 2,634,412 | 2,634,412 | 2,466,401 | (168,011) |
| Intergovernmental Revenue | 641,869 | 641,869 | 888,212 | 246,343 |
| Current Services | 12,391,479 | 12,391,479 | 14,133,523 | 1,742,044 |
| Other Revenue | 15,125,372 | 15,125,372 | 16,197,531 | 1,072,159 |
| Payments in Lieu of Services | 9,820,574 | 9,820,574 | 9,093,325 | (727,249) |
| Total Revenues | <u>113,171,116</u> | <u>113,171,116</u> | <u>118,781,764</u> | <u>5,610,648</u> |
| Expenditures: | | | | |
| General Government: | | | | |
| City Council | 151,535 | 152,656 | 145,985 | 6,671 |
| Management Services | 1,227,344 | 1,352,389 | 1,322,754 | 29,635 |
| City Treasurer | 15,468 | 15,468 | 12,771 | 2,697 |
| Human Resources | 1,983,618 | 1,995,768 | 1,553,951 | 441,817 |
| Information Technology | 1,903,581 | 1,875,763 | 1,874,499 | 1,264 |
| Finance | 3,502,442 | 3,406,914 | 3,287,569 | 119,345 |
| Administrative Services | | 1,435,477 | 1,375,895 | 59,582 |
| Community Development | 3,139,353 | 3,127,361 | 2,913,658 | 213,703 |
| Public Safety: | | | | |
| Fire | 21,795,237 | 22,853,662 | 22,838,646 | 15,016 |
| Police | 43,197,742 | 41,177,951 | 40,487,713 | 690,238 |
| Public Works | 16,813,668 | 17,181,914 | 15,912,608 | 1,269,306 |
| Culture and Recreation: | | | | |
| Library | 2,210,959 | 2,536,685 | 2,536,685 | - |
| Parks and Community Services | 6,961,429 | 7,450,240 | 7,346,263 | 103,977 |
| Non-Departmental: | | | | |
| General Government | 10,505,487 | 12,336,222 | 11,118,194 | 1,218,028 |
| Debt Service - Principal and Interest | 4,809,121 | 4,809,691 | 4,681,377 | 128,314 |
| Capital Outlay | 3,100,990 | 4,047,109 | 1,220,738 | 2,826,371 |
| Total Expenditures | <u>121,317,974</u> | <u>125,755,270</u> | <u>118,629,306</u> | <u>7,125,964</u> |
| Deficiency of Revenues Under Expenditures | (8,146,858) | (12,584,154) | 152,458 | 12,736,612 |
| Other Financing Sources (Uses): | | | | |
| Transfers from Other Funds | 4,423,987 | 5,593,987 | 2,148,048 | (3,445,939) |
| Transfers to Other funds | 4,235,822 | 6,610,822 | 2,110,661 | 4,500,161 |
| Total other financing sources | <u>188,165</u> | <u>(1,016,835)</u> | <u>37,387</u> | <u>1,054,222</u> |
| Extraordinary Items: | | | | |
| Corona Redevelopment Agency Dissolution | | | (2,130,276) | |
| Net Change in Fund Balances | <u>\$ (7,958,693)</u> | <u>\$ (13,600,989)</u> | <u>(1,940,431)</u> | <u>\$ 13,790,834</u> |
| Fund Balance - Beginning of Year, Restated | | | 78,496,536 | |
| Fund Balance - Ending | | | <u>\$ 76,556,105</u> | |

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Required Supplementary Information
June 30, 2012

**Budgetary Comparison Schedule – Development Special Revenue Fund
For Fiscal Year Ended June 30, 2012**

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|---|-----------------------|------------------------|---------------------|-------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Licenses, Fees and Permits | \$ 549,200 | \$ 549,200 | \$ 3,695,931 | \$ 3,146,731 |
| Investment Earnings | 452,662 | 452,662 | 363,050 | (89,612) |
| Intergovernmental Revenue | | | 257,787 | 257,787 |
| Other Revenues | | | 2,554 | 2,554 |
| Payments in Lieu of Services | 174,720 | 174,720 | 451,200 | 276,480 |
| Total Revenues | <u>1,176,582</u> | <u>1,176,582</u> | <u>4,770,522</u> | <u>3,593,940</u> |
| Expenditures: | | | | |
| Public Safety: | | | | |
| Fire | 141 | 206,427 | 141 | 206,286 |
| Police | | | 206,286 | (206,286) |
| Public Works | 47,996 | 170,070 | 170,070 | - |
| Culture and Recreation: | | | | |
| Library | | 9,609 | 9,610 | (1) |
| Parks | | 76,714 | 76,714 | - |
| Non-Departmental: | | | | |
| Debt Service - Principal and Interest | | 999,968 | 999,968 | - |
| Capital Outlay | 2,324,113 | 10,430,180 | 534,448 | 9,895,732 |
| Total Expenditures | <u>2,372,250</u> | <u>11,892,968</u> | <u>1,997,237</u> | <u>9,895,731</u> |
| Excess (deficit) revenue over expenditures | (1,195,668) | (10,716,386) | 2,773,285 | 13,489,671 |
| Other Financing Sources (Uses): | | | | |
| Transfers from other Funds | | 32,216 | | (32,216) |
| Transfers to other funds | 184,209 | 511,425 | 477,832 | 33,593 |
| Total other financing sources (uses) | <u>(184,209)</u> | <u>(479,209)</u> | <u>(477,832)</u> | <u>1,377</u> |
| Net Change in Fund Balances | <u>\$ (1,379,877)</u> | <u>\$ (11,195,595)</u> | 2,295,453 | <u>\$ 13,491,048</u> |
| Fund Balance - Beginning of Year | | | 4,468,136 | |
| Fund Balance - End of Year | | | <u>\$ 6,763,589</u> | |

CITY OF CORONA

Required Supplementary Information
June 30, 2012

**Budgetary Comparison Schedule – Redevelopment Special Revenue Fund
For Fiscal Year Ended June 30, 2012**

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|---|---------------------|---------------------|--------------------|-------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Property Taxes | \$ 24,800,004 | \$ 24,800,004 | \$ 2,436,947 | \$ (22,363,057) |
| Fines and Penalties | 2,400 | \$ 2,400 | | |
| Investment Earnings | 788,134 | 788,134 | 34,993 | (753,141) |
| Other Revenues | 714,244 | 714,244 | 88,259 | (625,985) |
| Total Revenues | <u>26,304,782</u> | <u>26,304,782</u> | <u>2,560,199</u> | <u>(23,742,183)</u> |
| Expenditures: | | | | |
| Management Services | 415,529 | 264,182 | 264,182 | |
| Human Resources | 56,970 | 34,948 | 34,948 | |
| Finance | 231,154 | 139,969 | 139,969 | |
| Community Development | 129,503 | 79,993 | 79,993 | |
| Police | 78,545 | 48,111 | 48,111 | |
| Public Works | 136,324 | 86,553 | 86,553 | |
| Administrative Services | 4,513,396 | 4,475,239 | 45,258 | 4,429,981 |
| Non-Departmental: | | | | |
| Debt Service - Principal and Interest | 14,845,069 | 14,846,919 | 540,798 | 14,306,121 |
| Capital Outlay | 4,981,061 | 4,101,722 | | 4,101,722 |
| Total Expenditures | <u>25,387,551</u> | <u>24,077,636</u> | <u>1,239,812</u> | <u>22,837,824</u> |
| Excess (deficit) revenue over expenditures | 917,231 | 2,227,146 | 1,320,387 | (906,759) |
| Other Financing Sources (Uses): | | | | |
| Transfers from other Funds | 5,505,552 | 5,505,552 | | (5,505,552) |
| Transfers to other funds | 4,260,552 | 4,260,552 | | 4,260,552 |
| Total other financing sources (uses) | <u>1,245,000</u> | <u>1,245,000</u> | <u>-</u> | <u>(1,245,000)</u> |
| Extraordinary Items: | | | | |
| Corona Redevelopment Agency Dissolution | | | (2,679,625) | |
| Net Change in Fund Balances | <u>\$ 2,162,231</u> | <u>\$ 3,472,146</u> | <u>(1,359,238)</u> | <u>\$ (4,831,384)</u> |
| Fund Balance - Beginning of Year, Restated | | | <u>1,359,238</u> | |
| Fund Balance - End of Year | | | <u>\$ -</u> | |

Major discrepancies between budget and actual expenditures in the Redevelopment Special Revenue fund were due to the dissolution of the former Corona Redevelopment Agency with the passage of Assembly Bill No. 26. The special revenue fund contains only 7 months of activities. Effective February 1, 2012, the activities of the former Corona Redevelopment Agency were reported in the Successor Agency Trust fund. For additional information, please refer to Note 21.

CITY OF CORONA

Required Supplementary Information
June 30, 2012

MODIFIED APPROACH FOR CITY STREETS INFRASTRUCTURE CAPITAL ASSETS

In accordance with GASB Statement No. 34, the City is required to account for and report infrastructure capital assets. The City defines infrastructure as the basic physical assets including the street system; water purification and distribution system; water reclamation collection and treatment system; park and recreation lands and improvement system; storm water conveyance system; and buildings combined with site amenities such as parking and landscaped areas used by the City in the conduct of its business. Each major infrastructure system can be divided into subsystems. For example, the street system can be divided into concrete and asphalt pavements, concrete curb and gutters, sidewalks, medians, streetlights, traffic control devices (signs, signals and pavement markings), landscaping and land. Subsystem detail is not presented in these basic financial statements; however, the City maintains detailed information on these subsystems.

The City has elected to use the “modified approach” as defined by GASB Statement No. 34 for infrastructure reporting for its Streets Pavement System. Under GASB Statement No. 34, eligible infrastructure capital assets are not required to be depreciated under the following requirements:

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

The City commissioned a study to update the physical condition assessment of the streets in October 2011 and a final report was completed in August 2012. The prior assessment study was completed in November 2009. The streets, primarily concrete and asphalt pavements were defined as all physical features associated with the operation of motorized vehicles that exist within the limits of right of way. City owned streets are classified based on land use, access and traffic utilization into the following four classifications: arterial/major, secondary, collector and local. This condition assessment will be performed every three years. Each street was assigned a physical condition based on 17 potential defects. A Pavement Condition Index (PCI), a nationally recognized index, was assigned to each street and expressed in a continuous scale from 0 to 100, where 0 is assigned to the least acceptable physical condition and 100 is assigned the physical characteristics of a new street. The following conditions were defined:

| <u>Condition</u> | <u>Rating</u> |
|------------------|---------------|
| Excellent | 86-100 |
| Very Good | 71-85 |
| Good | 56-70 |
| Fair | 41-55 |
| Poor | 26-40 |
| Very Poor | 11-25 |
| Distressed | 0-10 |

CITY OF CORONA

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June 30, 2012

The City Policy is to achieve an average rating of 70 for all streets, which is a good rating. This rating allows minor cracking and raveling of the pavement along with minor roughness that could be noticeable to drivers traveling at the posted speeds. As of June 30, 2012, the City's street system was rated at a PCI index of 74 on the average with the detail condition as follows:

| <u>Condition</u> | <u>% of Streets</u> |
|--------------------|---------------------|
| Excellent to Good | 72% |
| Fair | 16% |
| Poor to Distressed | 12% |

The City's streets are constantly deteriorating resulting from the following four factors: (1) traffic using the streets; (2) the sun's ultra-violet rays drying out and breaking down the top layer of pavement; (3) utility company/private development interests trenching operations; and (4) water damage from natural precipitation and other urban runoff. The City is continuously taking actions to arrest the deterioration through short-term maintenance activities such as pothole patching, street sweeping, and sidewalk repair. The City expended \$4,711,673 on street maintenance for the fiscal year ended June 30, 2012. These expenditures delayed deterioration, however, it did not seem sufficient to maintain the street condition from the previous assessment. The condition of the streets fell from the average rating of 81 in the prior year to 74 in the current year. The City has estimated that the amount of annual expenditures required to maintain the current average PCI rating of 74 through the year 2021 is a minimum of \$8,600,000. A schedule of the estimated annual amount required to maintain and preserve its streets at the current level compared to actual expenditures for street maintenance for the last five years is presented below:

| <u>Fiscal Year</u> | <u>Maintenance Requirement</u> | <u>Actual Expenditures</u> | <u>PCI Rating</u> |
|--------------------|--------------------------------|----------------------------|-------------------|
| 2007-08 | \$ 9,500,000 | 9,498,837 | 75 |
| 2008-09 | 6,800,000 | 5,794,148 | 79 |
| 2009-10 | 6,800,000 | 5,224,027 | 79 |
| 2010-11 | 6,800,000 | 4,675,239 | 81 |
| 2011-12 | 8,600,000 | 4,711,673 | 74 |

The City also has an on-going street rehabilitation program funded in the Capital Improvement Program that is intended to improve the condition rating of City streets. The rehabilitation program is formulated based on deficiencies identified as a part of its Pavement Management System (PMS). As of June 30, 2012, approximately 28% of the City's streets were rated below the average standard of 70. This represents an increase of 14% over the 2009 assessment when the City had 14% of its streets rated below 70. The City will continue to rehabilitate these segments of the streets. Total deficiencies identified in the PMS amounted to approximately \$95.0 million for all streets over the next ten years, with \$21.0 million in deficiencies on street segments rated below the PCI of 70.

CITY OF CORONA

Required Supplementary Information
June 30, 2012

OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN FUNDING PROGRESS

A schedule of funding progress including the past two actuarial valuations is presented below:

Schedule of Funding Progress - Other Post-Employment Benefit Plan

| Actuarial Valuation Date | Actuarial Accrued Liability (A) | Actuarial Value of Assets (B) | Unfunded Actuarial Liability (UAAL) (A) - (B) | Funded Ratio (B) / (A) | Annual Covered Payroll (C) | UAAL as a Percentage of Covered Payroll ((A - B) / C) |
|--------------------------------|--|--|--|------------------------------|-------------------------------------|---|
| 07/01/2009 | 101,811,000 | 6,796,000 | 95,015,000 | 6.7% | 49,298,000 | 192.7% |
| 07/01/2010 | 106,454,000 | 9,840,000 | 96,614,000 | 9.2% | 50,900,185 | 189.8% |
| 07/01/2011 | 96,530,244 | 16,182,147 | 80,348,097 | 16.8% | 50,192,076 | 160.1% |

The City implemented GASB 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans* on July 1, 2011. The most recent actuarial valuation for the City's OPEB plan was obtained as of June 30, 2011 for the two years ending June 30, 2012 and 2013.

Please refer to Note 14 for information regarding actuarial assumptions and amortization methods.

PENSION BENEFITS PLAN FUNDING PROGRESS

A schedule of funding progress including the past three actuarial valuations is presented below:

Schedule of Fund Progress - Pension Benefits Plan

| | Actuarial Valuation Date | Actuarial Accrued Liability (AAL) (A) | Actuarial Value of Assets (B) | Unfunded Actuarial Liability (UAAL) (A) - (B) | Funded Ratio (B) / (A) | Annual Covered Payroll (C) | UAAL as a Percentage of Covered Payroll ((A - B) / C) |
|---------------|--------------------------------|--|--|--|------------------------------|-------------------------------------|---|
| Miscellaneous | 06/30/09 | \$ 217,616,331 | \$ 156,236,949 | \$ 61,379,382 | 71.8% | \$ 30,576,507 | 200.7% |
| Employees | 06/30/10 | 239,840,884 | 165,107,463 | 74,733,421 | 68.8% | 30,614,756 | 244.1% |
| Group | 06/30/11 | 252,000,728 | 175,764,654 | 76,236,074 | 69.7% | 29,739,813 | 256.3% |
| Police Safety | 06/30/09 | \$ 127,759,493 | \$ 95,340,649 | \$ 32,418,844 | 74.6% | \$ 16,432,919 | 197.3% |
| Employees | 06/30/10 | 138,322,555 | 103,602,154 | 34,720,401 | 74.9% | 17,236,508 | 201.4% |
| Group | 06/30/10 | 150,077,438 | 112,138,994 | 37,938,444 | 74.7% | 16,104,315 | 235.6% |



Supplementary Information

Supplementary Information consists of the following:

- Combining Balance Sheet – Nonmajor Governmental Funds
- Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds
- Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
- Combining Statement of Net Position – Nonmajor Enterprise Funds
- Combining Statement of Revenue, Expenses, and Changes in Net Position – Nonmajor Enterprise Funds
- Combining Statement of Cash Flows – Nonmajor Enterprise Funds
- Combining Statement of Net Position – Internal Service Funds
- Combining Statement of Revenue, Expenses, and Changes in Net Position – Internal Service Funds
- Combining Statement of Cash Flows – Internal Service Funds
- Fiduciary Funds Combining Statement of Changes in Assets and Liabilities



Nonmajor Governmental Funds

Special Revenue Funds

Gas Tax Fund – This fund is used to account for receipts and expenditures of money apportioned under Street and Highway Code Section 2105, 2106, 2107 and 2107.5 of the State of California.

Measure A Fund – This fund is used to account for money generated by a half percent sales tax approved by the voters in 1989. This money is used to maintain and construct local streets and roads.

Trip Reduction Fund – This fund is used to account for allocations made by AB2766 known as the Clean Air Act. The money is used to provide means and incentives for ridesharing in order to reduce traffic and air pollution.

Asset Forfeiture Fund – This fund is used to account for asset seizures and forfeitures resulting from police investigations and court decisions.

Special Tax District Fund – This fund is used to account for revenues derived from annual assessments which are used to pay the cost incurred by the City for landscape maintenance, street light maintenance, and the City's Business Improvement District.

Other Grants and Endowments Fund – This fund is used to account for receipts and expenditures of money received from various governmental grants and various library endowments.

Debt Service Funds

Assessment Districts Fund – This fund is used to account for assessment collections and payments for principal and interest and providing reserves related to Assessment District Bonds.

Public Financing Authority Fund – This fund is used to account for debt service transactions including revenue collections and payments of principal and interest on long-term obligations of the component unit.

Combining Financial Statements Nonmajor Governmental Funds

Capital Project Funds

Public Facility Project Fund – This fund is used to account for transactions related to proceeds from debt and other resources and their use to acquire and construct certain capital facilities.

HUD Grants Fund – This fund is used to account for grants from the Department of Housing and Urban Development (HUD) and expenditures for the block grant programs as approved by the City Council.

Planned Local Drainage Fund – This fund is used to account for storm water drainage fees from developers as a result of City ordinance 1279. The money is used to construct water drainage facilities within a drainage area.

Other Grants Fund – This fund is used to account for receipts and expenditures of money received from various governmental grants.



CITY OF CORONA**Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2012**

| | Special Revenue | | | | | |
|--|---------------------|----------------------|-------------------|---------------------|--------------------------|---------------------------------|
| | Gas Tax | Measure A | Trip Reduction | Asset Forfeiture | Special Tax Districts | Other Grants & Endowments |
| Assets | | | | | | |
| Cash and Investments | \$ 2,872,422 | \$ 10,673,615 | \$ 277,959 | \$ 673,266 | \$ 11,762,877 | \$ 633,432 |
| Accounts Receivable, Net | | 3,433 | | | | 2,460 |
| Interest Receivable | 11,358 | 42,268 | 1,096 | 2,645 | 46,359 | 2,470 |
| Due from Other Governmental Agencies | 421,647 | 501,120 | 47,570 | | 256,303 | 261,253 |
| Long-term Receivable | | | | | | |
| Loans Receivable | | | | | | |
| Restricted Assets: | | | | | | |
| Cash and Investments | 9,100 | 49,411 | | | 349,659 | |
| Total Assets | \$ 3,314,527 | \$ 11,269,847 | \$ 326,625 | \$ 675,911 | \$ 12,415,198 | \$ 899,615 |
| Liabilities, Deferred Inflow of Resources, and Fund Balances | | | | | | |
| Liabilities | | | | | | |
| Accounts Payable and Accrued Liabilities | \$ 254,746 | \$ 659,921 | \$ 11 | \$ 1,587 | \$ 425,722 | \$ 66,741 |
| Deposits | | | | | | |
| Due to Other Funds | | | | | | 40,868 |
| Advances | | | | 7,864 | | 235,284 |
| Interfund Advances Payable | | | | | 333,851 | |
| Liabilities Payable from Restricted Assets | 9,100 | 49,411 | | | | |
| Total Liabilities | 263,846 | 709,332 | 11 | 9,451 | 759,573 | 342,893 |
| Deferred Inflow of Resources | | | | | | |
| Deferred Amount from | | | | | | |
| Assessment Receivable | | | | | | |
| Fund Balances | | | | | | |
| Restricted | 3,050,681 | 10,560,515 | 326,614 | 666,460 | 349,659 | 556,722 |
| Assigned | | | | | 11,305,966 | |
| Total Fund Balances | 3,050,681 | 10,560,515 | 326,614 | 666,460 | 11,655,625 | 556,722 |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | \$ 3,314,527 | \$ 11,269,847 | \$ 326,625 | \$ 675,911 | \$ 12,415,198 | \$ 899,615 |



| Debt Service | | Capital Projects | | | | Total |
|----------------------|----------------------------|-------------------------|---------------------|------------------------|---------------------|--------------------------|
| Assessment Districts | Public Financing Authority | Public Facility Project | HUD Grants | Planned Local Drainage | Other Grants | Other Governmental Funds |
| \$ 340,018 | \$ - | \$ 1,138,900 | \$ 326,958 | \$ 31,061 | \$ 219,159 | \$ 28,949,667 |
| 1,340 | 20 | | | | 2,164 | 5,893 |
| 2,143 | | 224,855 | 210,509 | | 2,637,405 | 109,720 |
| 660,000 | | | 2,294,214 | | | 4,562,805 |
| | | | | | | 660,000 |
| | 2,415,003 | | 14,047 | | 51,100 | 2,294,214 |
| | | | | | | 2,888,320 |
| <u>\$ 1,003,501</u> | <u>\$ 2,415,023</u> | <u>\$ 1,363,755</u> | <u>\$ 2,845,728</u> | <u>\$ 31,061</u> | <u>\$ 2,909,828</u> | <u>\$ 39,470,619</u> |
| \$ 420 | \$ - | \$ 8,736 | \$ 81,513 | \$ 25,638 | \$ 559,550 | \$ 2,084,585 |
| | | 62 | | | | 62 |
| | | 214,137 | 21,562 | | 1,213,398 | 1,489,965 |
| | | | 2,324,048 | | 911,954 | 3,479,150 |
| | | | 14,047 | | 51,100 | 333,851 |
| | | | | | | 123,658 |
| <u>420</u> | <u>-</u> | <u>222,935</u> | <u>2,441,170</u> | <u>25,638</u> | <u>2,736,002</u> | <u>7,511,271</u> |
| 660,000 | | | | | | 660,000 |
| 343,081 | 2,415,023 | | 404,558 | | 173,826 | 18,847,139 |
| | | 1,140,820 | | 5,423 | | 12,452,209 |
| <u>343,081</u> | <u>2,415,023</u> | <u>1,140,820</u> | <u>404,558</u> | <u>5,423</u> | <u>173,826</u> | <u>31,299,348</u> |
| <u>\$ 1,003,501</u> | <u>\$ 2,415,023</u> | <u>\$ 1,363,755</u> | <u>\$ 2,845,728</u> | <u>\$ 31,061</u> | <u>\$ 2,909,828</u> | <u>\$ 39,470,619</u> |

CITY OF CORONA**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2012**

| | Special Revenue | | | | | Other Grants & Endowments |
|---|---------------------|----------------------|-------------------|---------------------|--------------------------|---------------------------------|
| | Gas Tax | Measure A | Trip Reduction | Asset Forfeiture | Special Tax Districts | |
| Revenues | | | | | | |
| Licenses, Fees and Permits | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Fines, Penalties and Forfeitures | | | | 66,884 | | |
| Special Assessments | | | | | 9,084,615 | |
| Investment Earnings | 56,649 | 190,723 | 4,994 | 11,639 | 180,619 | 12,790 |
| Intergovernmental Revenues | 4,215,882 | 3,033,285 | 192,704 | | | 712,426 |
| Current Services | | | | | 9,774 | 249,429 |
| Other Revenues | 119,636 | 800 | 6,347 | | 333,354 | 1,630 |
| Total Revenues | 4,392,167 | 3,224,808 | 204,045 | 78,523 | 9,608,362 | 976,275 |
| Expenditures | | | | | | |
| Current: | | | | | | |
| General Government | 6,093 | 2,370 | | | 3,711 | |
| Community Development | | | | | | |
| Fire | | | | | | |
| Police | | | | 63,045 | | 994,312 |
| Public Works | 1,801,706 | 1,065,026 | 168,981 | | 3,055,488 | |
| Parks and Community Services | | | | | 4,802,882 | |
| Administrative Services | | | | | 64,067 | |
| Library | | | | | | 1,256 |
| Capital Outlay | 492,626 | 350,820 | | | 283,520 | |
| Debt Service: | | | | | | |
| Principal Retirement | | | | | | |
| Interest and Fiscal Charges | | | | | 7,677 | |
| Total Expenditures | 2,300,425 | 1,418,216 | 168,981 | 63,045 | 8,217,345 | 995,568 |
| Excess of Revenues Over (Under) Expenditures | 2,091,742 | 1,806,592 | 35,064 | 15,478 | 1,391,017 | (19,293) |
| Other Financing Sources (Uses): | | | | | | |
| Transfers In | | 1,712,096 | | | 68,968 | 22,914 |
| Transfers Out | (1,079,018) | | | | | |
| Total Other Financing Sources (Uses) | (1,079,018) | 1,712,096 | - | - | 68,968 | 22,914 |
| Net Change in Fund Balances | 1,012,724 | 3,518,688 | 35,064 | 15,478 | 1,459,985 | 3,621 |
| Fund Balances - Beginning of Year | 2,037,957 | 7,041,827 | 291,550 | 650,982 | 10,195,640 | 553,101 |
| Fund Balances - End of Year | \$ 3,050,681 | \$ 10,560,515 | \$ 326,614 | \$ 666,460 | \$ 11,655,625 | \$ 556,722 |

| Debt Service | | Capital Projects | | | | Total |
|-------------------------|----------------------------------|-------------------------------|-------------------|------------------------------|-------------------|--------------------------------|
| Assessment Districts | Public Financing Authority | Public Facility Project | HUD Grants | Planned Local Drainage | Other Grants | Other Governmental Funds |
| \$ - | \$ - | \$ - | \$ - | \$ 426,188 | \$ - | \$ 426,188 |
| | | | | | | 66,884 |
| 212,068 | | | | | | 9,296,683 |
| 1,354 | 121,768 | | | 150 | 4,629 | 585,315 |
| | | 1,820,504 | 2,203,864 | | 2,406,437 | 14,585,102 |
| | | | | | | 259,203 |
| | | 686 | 5,572 | 358,968 | 65,965 | 892,958 |
| <u>213,422</u> | <u>121,768</u> | <u>1,821,190</u> | <u>2,209,436</u> | <u>785,306</u> | <u>2,477,031</u> | <u>26,112,333</u> |
| | | | | | | 12,174 |
| | | | 63,502 | | | 63,502 |
| | | | | | 82,376 | 82,376 |
| | | | | | | 1,057,357 |
| | | | 306,711 | 883,909 | 2,435,582 | 9,717,403 |
| | | | 4,518 | | 283,520 | 5,090,920 |
| | | | 1,738,648 | | 433,237 | 2,235,952 |
| | | | 72,244 | | 100,946 | 174,446 |
| | | 90,771 | 23,813 | | 1,352,989 | 2,594,539 |
| 365,000 | | | | | | 365,000 |
| 100,814 | 2,601,700 | | | | | 2,710,191 |
| <u>465,814</u> | <u>2,601,700</u> | <u>90,771</u> | <u>2,209,436</u> | <u>883,909</u> | <u>4,688,650</u> | <u>24,103,860</u> |
| (252,392) | (2,479,932) | 1,730,419 | - | (98,603) | (2,211,619) | 2,008,473 |
| | | (1,747,251) | | | (167,845) | 1,803,978 |
| - | - | (1,747,251) | - | - | (167,845) | (2,994,114) |
| (252,392) | (2,479,932) | (16,832) | - | (98,603) | (2,379,464) | 818,337 |
| 595,473 | 4,894,955 | 1,157,652 | 404,558 | 104,026 | 2,553,290 | 30,481,011 |
| <u>\$ 343,081</u> | <u>\$ 2,415,023</u> | <u>\$ 1,140,820</u> | <u>\$ 404,558</u> | <u>\$ 5,423</u> | <u>\$ 173,826</u> | <u>\$ 31,299,348</u> |



Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actuals

The Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual consists of the following:

- Nonmajor Special Revenue Funds
- Debt Service Funds
- Capital Project Funds

CITY OF CORONA**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
Year Ended June 30, 2012**

| Revenues | Gas Tax | | | Measure A | | |
|---|-----------------------|---------------------|---------------------|-----------------------|----------------------|---------------------|
| | Budget | Actual | Variance | Budget | Actual | Variance |
| Fines, Penalties and Forfeitures | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Special Assessments | | | | | | |
| Investment Earnings | 21,444 | 56,649 | 35,205 | 251,601 | 190,723 | (60,878) |
| Intergovernmental Revenues | 4,011,639 | 4,215,882 | 204,243 | 2,643,000 | 3,033,285 | 390,285 |
| Current Services | | | | | | |
| Other Revenues | 13,747 | 119,636 | 105,889 | | 800 | 800 |
| Total Revenues | 4,046,830 | 4,392,167 | 345,337 | 2,894,601 | 3,224,808 | 330,207 |
| Expenditures | | | | | | |
| Current: | | | | | | |
| General Government | 6,093 | 6,093 | | 2,370 | 2,370 | |
| Public Works | 1,820,270 | 1,801,706 | 18,564 | 1,065,026 | 1,065,026 | |
| Parks and Community Services | | | | | | |
| Police | | | | | | |
| Administrative Services | | | | | | |
| Library | | | | | | |
| Capital Outlay | 2,817,840 | 492,626 | 2,325,214 | 7,730,565 | 350,820 | 7,379,745 |
| Debt Service: | | | | | | |
| Interest and Fiscal Charges | | | | | | |
| Total Expenditures | 4,644,203 | 2,300,425 | 2,343,778 | 8,797,961 | 1,418,216 | 7,379,745 |
| Excess of Revenues Over (Under) Expenditures | (597,373) | 2,091,742 | 2,689,115 | (5,903,360) | 1,806,592 | 7,709,952 |
| Other Financing Sources (Uses) | | | | | | |
| Transfers In | | | | 167,845 | 1,712,096 | 1,544,251 |
| Transfers Out | (1,065,403) | (1,079,018) | (13,615) | | | |
| Total Other Financing Sources (Uses) | (1,065,403) | (1,079,018) | (13,615) | 167,845 | 1,712,096 | 1,544,251 |
| Net Change in Fund Balances | \$ (1,662,776) | 1,012,724 | \$ 2,675,500 | \$ (5,735,515) | 3,518,688 | \$ 9,254,203 |
| Fund Balances - Beginning of Year, Restated | | 2,037,957 | | | 7,041,827 | |
| Fund Balances - End of Year | | \$ 3,050,681 | | | \$ 10,560,515 | |

| Trip Reduction | | | Asset Forfeiture | | | Special Tax Districts | | |
|----------------|------------|------------|------------------|------------|------------|-----------------------|---------------|--------------|
| Budget | Actual | Variance | Budget | Actual | Variance | Budget | Actual | Variance |
| \$ - | \$ - | \$ - | \$ - | \$ 66,884 | \$ 66,884 | \$ - | \$ - | \$ - |
| 12,779 | 4,994 | (7,785) | 19,030 | 11,639 | (7,391) | 8,246,579 | 9,084,615 | 838,036 |
| 170,000 | 192,704 | 22,704 | | | | 187,910 | 180,619 | (7,291) |
| | 6,347 | 6,347 | | | | 8,810 | 9,774 | 964 |
| 182,779 | 204,045 | 21,266 | 19,030 | 78,523 | 59,493 | 33,508 | 333,354 | 299,846 |
| | | | | | | 8,476,807 | 9,608,362 | 1,131,555 |
| 207,140 | 168,981 | 38,159 | | | | 3,711 | 3,711 | |
| | | | | | | 3,369,034 | 3,055,488 | 313,546 |
| | | | 167,617 | 63,045 | 104,572 | 5,090,474 | 4,802,882 | 287,592 |
| | | | | | | 64,068 | 64,067 | 1 |
| 100,200 | | 100,200 | | | | 1,513,323 | 283,520 | 1,229,803 |
| | | | | | | 7,677 | 7,677 | |
| 307,340 | 168,981 | 138,359 | 167,617 | 63,045 | 104,572 | 10,048,287 | 8,217,345 | 1,830,942 |
| (124,561) | 35,064 | 159,625 | (148,587) | 15,478 | 164,065 | (1,571,480) | 1,391,017 | 2,962,497 |
| | | | | | | 470,559 | 68,968 | (401,591) |
| - | - | - | - | - | - | 470,559 | 68,968 | (401,591) |
| \$ (124,561) | 35,064 | \$ 159,625 | \$ (148,587) | 15,478 | \$ 164,065 | \$ (1,100,921) | 1,459,985 | \$ 2,560,906 |
| | 291,550 | | | 650,982 | | | 10,195,640 | |
| | \$ 326,614 | | | \$ 666,460 | | | \$ 11,655,625 | |

Continued Page 1 of 2

CITY OF CORONA

**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
Year Ended June 30, 2012**

| | Other Grants & Endowments | | | Totals | | |
|--|---------------------------|-------------------|-------------------|-----------------------|----------------------|----------------------|
| | Budget | Actual | Variance | Budget | Actual | Variance |
| Revenues: | | | | | | |
| Fines, Penalties and Forfeitures | \$ - | \$ - | \$ - | \$ - | \$ 66,884 | \$ 66,884 |
| Special Assessments | | | | 8,246,579 | 9,084,615 | 838,036 |
| Investment Earnings | 20,049 | 12,790 | (7,259) | 512,813 | 457,414 | (55,399) |
| Intergovernmental Revenues | 932,359 | 712,426 | (219,933) | 7,756,998 | 8,154,297 | 397,299 |
| Current Services | 265,000 | 249,429 | (15,571) | 273,810 | 259,203 | (14,607) |
| Other Revenues | | 1,630 | 1,630 | 47,255 | 461,767 | 414,512 |
| Total Revenues | 1,217,408 | 976,275 | (241,133) | 16,837,455 | 18,484,180 | 1,646,725 |
| Expenditures: | | | | | | |
| Current: | | | | | | |
| General Government | | | | 12,174 | 12,174 | |
| Public Works | | | | 6,461,470 | 6,091,201 | 370,269 |
| Parks and Community Services | | | | 5,090,474 | 4,802,882 | 287,592 |
| Police | 1,207,612 | 994,312 | 213,300 | 1,375,229 | 1,057,357 | 317,872 |
| Administrative Services | | | | 64,068 | 64,067 | 1 |
| Library | 1,256 | 1,256 | | 1,256 | 1,256 | |
| Capital Outlay | 368,777 | | 368,777 | 12,530,705 | 1,126,966 | 11,403,739 |
| Debt Service: | | | | | | |
| Interest and Fiscal Charges | | | | 7,677 | 7,677 | |
| Total Expenditures | 1,577,645 | 995,568 | 582,077 | 25,543,053 | 13,163,580 | 12,379,473 |
| Excess of Revenues Over (Under) Expenditures | (360,237) | (19,293) | 340,944 | (8,705,598) | 5,320,600 | 14,026,198 |
| Other Financing Sources (Uses): | | | | | | |
| Transfers In | | 22,914 | 22,914 | 638,404 | 1,803,978 | 1,165,574 |
| Transfers Out | | | | (1,065,403) | (1,079,018) | (13,615) |
| Total Other Financing Sources (Uses) | - | 22,914 | 22,914 | (426,999) | 724,960 | 1,151,959 |
| Net Change in Fund Balances | \$ (360,237) | 3,621 | \$ 363,858 | \$ (9,132,597) | 6,045,560 | \$ 15,178,157 |
| Fund Balances - Beginning of Year, Restated | | 553,101 | | | 20,771,057 | |
| Fund Balances-Ending | | \$ 556,722 | | | \$ 26,816,617 | |

Concluded Page 2 of 2



CITY OF CORONA**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Debt Service Funds
Year Ended June 30, 2012**

| | Redevelopment | | | Assessment Districts | | |
|---|---------------------|--------------------|-----------------------|----------------------|-------------------|-------------------|
| | Budget | Actual | Variance | Budget | Actual | Variance |
| Revenues | | | | | | |
| Property Taxes | \$ 19,840,003 | \$ 9,747,789 | \$ (10,092,214) | \$ - | \$ - | \$ - |
| Special Assessments | | | | 214,602 | 212,068 | (2,534) |
| Investment Earnings | 315,106 | 216,928 | (98,178) | 5,527 | 1,354 | (4,173) |
| Other Revenues | | | | | | |
| Total Revenues | <u>20,155,109</u> | <u>9,964,717</u> | <u>(10,190,392)</u> | <u>220,129</u> | <u>213,422</u> | <u>(6,707)</u> |
| Expenditures | | | | | | |
| Current: | | | | | | |
| Administrative Services | 7,445,871 | 3,953,562 | 3,492,309 | | | |
| Capital Outlay | | | | | | |
| Debt Service: | | | | | | |
| Principal Retirement | 4,689,098 | 2,795,000 | 1,894,098 | 365,000 | 365,000 | |
| Interest and Fiscal Charges | 4,212,109 | 1,937,190 | 2,274,919 | 100,814 | 100,814 | |
| Total Expenditures | <u>16,347,078</u> | <u>8,685,752</u> | <u>7,661,326</u> | <u>465,814</u> | <u>465,814</u> | <u>-</u> |
| Excess of Revenues Over (Under) Expenditures | <u>3,808,031</u> | <u>1,278,965</u> | <u>(2,529,066)</u> | <u>(245,685)</u> | <u>(252,392)</u> | <u>(6,707)</u> |
| Other Financing Sources (Uses): | | | | | | |
| Transfers In | | 39 | 39 | | | |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>39</u> | <u>39</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Extraordinary Items | | | | | | |
| Corona Redevelopment Agency Dissolution | | (6,562,571) | (6,562,571) | | | |
| Net Change in Fund Balances | <u>\$ 3,808,031</u> | <u>(5,283,567)</u> | <u>\$ (9,091,598)</u> | <u>\$ (245,685)</u> | <u>(252,392)</u> | <u>\$ (6,707)</u> |
| Fund Balances - Beginning of Year, Restated | | <u>5,283,567</u> | | | <u>595,473</u> | |
| Fund Balances-End of Year | | <u>\$ -</u> | | | <u>\$ 343,081</u> | |

| Public Financing Authority | | | Totals | | |
|----------------------------|---------------------|-------------------|---------------------|---------------------|-----------------------|
| Budget | Actual | Variance | Budget | Actual | Variance |
| \$ - | \$ - | \$ - | \$ 19,840,003 | \$ 12,184,736 | \$ (7,655,267) |
| | | | 214,602 | 212,068 | (2,534) |
| 125,916 | 121,768 | (4,148) | 446,549 | 340,050 | (106,499) |
| <u>125,916</u> | <u>121,768</u> | <u>(4,148)</u> | <u>20,501,154</u> | <u>12,736,854</u> | <u>(7,764,300)</u> |
| | | | 7,445,871 | 3,953,562 | 3,492,309 |
| | | | 5,054,098 | 3,160,000 | 1,894,098 |
| 2,600,314 | 2,601,700 | (1,386) | 6,913,237 | 4,639,704 | 2,273,533 |
| <u>2,600,314</u> | <u>2,601,700</u> | <u>(1,386)</u> | <u>19,413,206</u> | <u>11,753,266</u> | <u>7,659,940</u> |
| (2,474,398) | (2,479,932) | (5,534) | 1,087,948 | 983,588 | (104,360) |
| | | | | 39 | 39 |
| | | | | 39 | 39 |
| | | | | (8,999,518) | (8,999,518) |
| <u>\$ (2,474,398)</u> | <u>(2,479,932)</u> | <u>\$ (5,534)</u> | <u>\$ 1,087,948</u> | <u>(8,015,891)</u> | <u>\$ (9,103,839)</u> |
| | 4,894,955 | | | 10,773,995 | |
| | <u>\$ 2,415,023</u> | | | <u>\$ 2,758,104</u> | |

CITY OF CORONA

**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Capital Projects Funds
Year Ended June 30, 2012**

| | Redevelopment | | | Corona Housing Authority | | |
|---|-----------------------|---------------------|-----------------------|--------------------------|----------------------|-------------------|
| | Budget | Actual | Variance | Budget | Actual | Variance |
| Revenues | | | | | | |
| Licenses, Fees & Permits | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Investment Earnings | 261,901 | 105,750 | (156,151) | | 274,633 | 274,633 |
| Intergovernmental Revenues | | | | | | |
| Other Revenues | 422,500 | 262,407 | (160,093) | | 270,342 | 270,342 |
| Total Revenues | 684,401 | 368,157 | (316,244) | - | 544,975 | 544,975 |
| Expenditures | | | | | | |
| Current: | | | | | | |
| Administrative Services | 2,825,132 | 2,595,263 | 229,869 | | | |
| General Government | 2,341 | 2,341 | | | | |
| Community Development | | | | | | |
| Fire | | | | | | |
| Police | | | | | | |
| Public Works | | | | | | |
| Library | | | | | | |
| Parks and Community Services | | | | | | |
| Capital Outlay | | | | | | |
| Debt Service: | | | | | | |
| Principal Retirement | 1,086,139 | 537,692 | 548,447 | | | |
| Interest and Fiscal Charges | 113,861 | 62,308 | 51,553 | | | |
| Total Expenditures | 4,027,473 | 3,197,604 | 829,869 | - | - | - |
| Excess of Revenues Over (Under) Expenditures | (3,343,072) | (2,829,447) | 513,625 | - | 544,975 | 544,975 |
| Other Financing Sources (Uses) | | | | | | |
| Transfers In | | 581,693 | 581,693 | | | |
| Transfers Out | | (39) | (39) | | | |
| Total Other Financing Sources (Uses) | | 581,654 | 581,654 | | | |
| Extraordinary Items | | | | | | |
| Redevelopment Agency Dissolution | | (8,480,231) | (8,480,231) | | | |
| Net Change in Fund Balances | \$ (3,343,072) | (10,728,024) | \$ (7,384,952) | \$ - | 544,975 | \$ 544,975 |
| Fund Balance - Beginning of Year, Restated | | 10,728,024 | | | 69,254,557 | |
| Fund Balances-End of Year | | \$ - | | | \$ 69,799,532 | |

| Public Facility Project | | | HUD Grants | | | Planned Local Drainage | | |
|-------------------------|--------------|--------------|----------------|------------|--------------|------------------------|------------|-------------|
| Budget | Actual | Variance | Budget | Actual | Variance | Budget | Actual | Variance |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 482,000 | \$ 426,188 | \$ (55,812) |
| 6,100,000 | 1,820,504 | (4,279,496) | 1,690,031 | 2,203,864 | 513,833 | | 150 | 150 |
| | 686 | 686 | 2,936 | 5,572 | 2,636 | 485,301 | 358,968 | (126,333) |
| 6,100,000 | 1,821,190 | (4,278,810) | 1,692,967 | 2,209,436 | 516,469 | 967,301 | 785,306 | (181,995) |
| | | | 1,802,238 | 1,738,648 | 63,590 | | | |
| | | | 63,502 | 63,502 | | | | |
| | | | 306,711 | 306,711 | | 968,384 | 883,909 | 84,475 |
| | | | 72,244 | 72,244 | | | | |
| | | | 4,518 | 4,518 | | | | |
| 15,754,428 | 90,771 | (15,663,657) | 1,667,354 | 23,813 | 1,643,541 | | | |
| 15,754,428 | 90,771 | (15,663,657) | 3,916,567 | 2,209,436 | 1,707,131 | 968,384 | 883,909 | 84,475 |
| (9,654,428) | 1,730,419 | 11,384,847 | (2,223,600) | - | 2,223,600 | (1,083) | (98,603) | (97,520) |
| | (1,747,251) | (1,747,251) | | | | | | |
| | (1,747,251) | (1,747,251) | | | | | | |
| \$ (9,654,428) | (16,832) | \$ 9,637,596 | \$ (2,223,600) | - | \$ 2,223,600 | \$ (1,083) | (98,603) | \$ (97,520) |
| | 1,157,652 | | | 404,558 | | | 104,026 | |
| | \$ 1,140,820 | | | \$ 404,558 | | | \$ 5,423 | |

Continued Page 1 of 2

CITY OF CORONA

**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Capital Projects Funds
Year Ended June 30, 2012**

| | Other Grants | | | Totals | | |
|---|------------------------|--------------------|----------------------|------------------------|----------------------|----------------------|
| | Budget | Actual | Variance | Budget | Actual | Variance |
| Revenues: | | | | | | |
| Licenses, Fees & Permits | \$ - | \$ - | \$ - | \$ 482,000 | \$ 426,188 | \$ (55,812) |
| Investment Earnings | 327 | 4,629 | 4,302 | 262,228 | 385,162 | 122,934 |
| Intergovernmental Revenues | 5,983,931 | 2,406,437 | (3,577,494) | 13,773,962 | 6,430,805 | (7,343,157) |
| Miscellaneous Revenues | 900,000 | 65,965 | (834,035) | 1,810,737 | 963,940 | (846,797) |
| Total Revenues | 6,884,258 | 2,477,031 | (4,407,227) | 16,328,927 | 8,206,095 | (8,122,832) |
| Expenditures: | | | | | | |
| Current: | | | | | | |
| Administrative Services | 433,237 | 433,237 | | 5,060,607 | 4,767,148 | (293,459) |
| General Government | | | | 2,341 | 2,341 | |
| Community Development | | | | 63,502 | 63,502 | |
| Fire | 82,376 | 82,376 | | 82,376 | 82,376 | |
| Police | | | | | | |
| Public Works | 2,435,582 | 2,435,582 | | 3,710,677 | 3,626,202 | (84,475) |
| Library | 122,673 | 100,946 | 21,727 | 194,917 | 173,190 | (21,727) |
| Parks and Community Services | 283,520 | 283,520 | | 288,038 | 288,038 | |
| Capital Outlay | 20,545,174 | 1,352,989 | 19,192,185 | 37,966,956 | 1,467,573 | (36,499,383) |
| Debt Service: | | | | | | |
| Principal Retirement | | | | 1,086,139 | 537,692 | (548,447) |
| Interest and Fiscal Charges | | | | 113,861 | 62,308 | (51,553) |
| Total Expenditures | 23,902,562 | 4,688,650 | 19,213,912 | 48,569,414 | 11,070,370 | (37,499,044) |
| Excess of Revenues Over (Under) Expenditures | (17,018,304) | (2,211,619) | 14,806,685 | (32,240,487) | (2,864,275) | 29,376,212 |
| Other Financing Sources (Uses): | | | | | | |
| Transfers In | | | | | 581,693 | 581,693 |
| Transfers Out | (167,845) | (167,845) | | (167,845) | (1,915,135) | (1,747,290) |
| Total Other Financing Sources (Uses) | (167,845) | (167,845) | | (167,845) | (1,333,442) | (1,165,597) |
| Extraordinary Items | | | | | | |
| Redevelopment Agency Dissolution | | | | | (8,480,231) | (8,480,231) |
| Net Change in Fund Balances | \$ (17,186,149) | (2,379,464) | \$ 14,806,685 | \$ (32,408,332) | (12,677,948) | \$ 19,730,384 |
| Fund Balance - Beginning of Year, Restated | | 2,553,290 | | | 84,202,107 | |
| Fund Balances-End of Year | | \$ 173,826 | | | \$ 71,524,159 | |

Concluded Page 2 of 2

Combining Financial Statements

Nonmajor Enterprise Funds

Public Financing Authority Fund – This fund is used to account for debt service transactions including revenue collections and payments of principal and interest on long-term obligations of the component unit.

Public Improvement Corporation Fund – This fund is used to account for debt service transactions including revenue collections and payments of principal and interest on long-term obligations.

Transit Services Fund – This fund is used to account for the operations of the City's transportation system for a fixed route and demand response service (Corona Cruiser and Dial-A-Ride) which, along with farebox revenues, receives grants from the Transportation Development Act (TDA).

Airport Fund – This fund is used to account for the operations of the City's municipal airport. The airport provides services to general aviation aircraft for recreation purposes only. It is a self supporting activity base on rental charges and state grants.



CITY OF CORONA

**Combining Statement of Net Position
Nonmajor Enterprise Funds
June 30, 2012**

| | Nonmajor Enterprise Funds | | | | |
|--|---|---|-----------------------------|-------------------|---------------------|
| | Public Financing Authority | Public Improvement Corporation | Transit Services | Airport | Totals |
| Assets | | | | | |
| Current Assets | | | | | |
| Cash and Investments | \$ - | \$ - | \$ 694,798 | \$ 24,529 | \$ 719,327 |
| Accounts Receivable, Net | | | 1,907 | 18,013 | 19,920 |
| Interest Receivable | 6,698 | 9 | 5,151 | 96 | 11,954 |
| Due from Other Governments | | | 1,938 | | 1,938 |
| Restricted Assets: | | | | | |
| Cash and Investments | <u>8,446,476</u> | <u>563,173</u> | <u>637,926</u> | | <u>9,647,575</u> |
| Total Current Assets | <u>8,453,174</u> | <u>563,182</u> | <u>1,341,720</u> | <u>42,638</u> | <u>10,400,714</u> |
| Noncurrent Assets | | | | | |
| Construction in Progress | | | 35,423 | | 35,423 |
| Capital Assets Net of Depreciation | | | 957,685 | 303,116 | 1,260,801 |
| Total Noncurrent Assets | <u>-</u> | <u>-</u> | <u>993,108</u> | <u>303,116</u> | <u>1,296,224</u> |
| Total Assets | <u>8,453,174</u> | <u>563,182</u> | <u>2,334,828</u> | <u>345,754</u> | <u>11,696,938</u> |
| Liabilities | | | | | |
| Current Liabilities | | | | | |
| Accounts Payable and Accrued Liabilities | | | 263,649 | 8,103 | 271,752 |
| Deposits | | | | 1,185 | 1,185 |
| Advances | | | 280,330 | | 280,330 |
| Compensated Absences Payable | | | 9,707 | | 9,707 |
| Liabilities Payable from Restricted Assets | | | <u>35,423</u> | | <u>35,423</u> |
| Total Current Liabilities | <u>-</u> | <u>-</u> | <u>589,109</u> | <u>9,288</u> | <u>598,397</u> |
| Noncurrent Liabilities | | | | | |
| Interfund Advances Payable | 6,586,350 | | | 205,000 | 6,791,350 |
| Compensated Absences Payable | | | 1,714 | | 1,714 |
| Total Noncurrent Liabilities | <u>6,586,350</u> | <u>-</u> | <u>1,714</u> | <u>205,000</u> | <u>6,793,064</u> |
| Total Liabilities | <u>6,586,350</u> | <u>-</u> | <u>590,823</u> | <u>214,288</u> | <u>7,391,461</u> |
| Net Position | | | | | |
| Net Investment in Capital Assets | | | 993,108 | 303,116 | 1,296,224 |
| Restricted for: | | | | | |
| Debt Service | 1,866,824 | 563,182 | | | 2,430,006 |
| Transportation | | | 637,926 | | 637,926 |
| Unrestricted | | | <u>112,971</u> | <u>(171,650)</u> | <u>(58,679)</u> |
| Total Net Position | <u>\$ 1,866,824</u> | <u>\$ 563,182</u> | <u>\$ 1,744,005</u> | <u>\$ 131,466</u> | <u>\$ 4,305,477</u> |

CITY OF CORONA**Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Nonmajor Enterprise Funds
Year Ended June 30, 2012**

| | Nonmajor Enterprise Funds | | | | Totals |
|---|----------------------------------|--------------------------------------|---------------------|-------------------|---------------------|
| | Public Financing Authority | Public Improvement Corporation | Transit Services | Airport | |
| Operating Revenues | | | | | |
| Intergovernmental Revenues | \$ - | \$ - | \$ 267,546 | \$ 10,000 | \$ 277,546 |
| Fees and Permits | | | | 49,490 | 49,490 |
| Other Revenues | | | 365,809 | 206,348 | 572,157 |
| Total Operating Revenues | - | - | 633,355 | 265,838 | 899,193 |
| Operating Expenses | | | | | |
| Personnel Services | | | 333,275 | 154,692 | 487,967 |
| Contractual | | | 1,313,246 | 3,515 | 1,316,761 |
| Material and Supplies | | | 46,836 | 96,227 | 143,063 |
| Utilities | | | 233,396 | 13,496 | 246,892 |
| Depreciation | | | 222,104 | 39,608 | 261,712 |
| Total Operating Expenses | - | - | 2,148,857 | 307,538 | 2,456,395 |
| Operating Income (Loss) | - | - | (1,515,502) | (41,700) | (1,557,202) |
| Non-Operating Revenues | | | | | |
| Operating Grants and Contributions | | | 1,528,277 | | 1,528,277 |
| Investment Earnings | 28,428 | 151 | 26,725 | 468 | 55,772 |
| Interest Expense | (22,572) | (124) | | | (22,696) |
| Total Non-Operating Revenues | 5,856 | 27 | 1,555,002 | 468 | 1,561,353 |
| Income (Loss) Before Transfers | 5,856 | 27 | 39,500 | (41,232) | 4,151 |
| Capital Grants and Contributions | | | 42,010 | | 42,010 |
| Transfers In | 460,780 | | | | 460,780 |
| Change in Net Position | 466,636 | 27 | 81,510 | (41,232) | 506,941 |
| Net Position - Beginning of Year | 1,400,188 | 563,155 | 1,662,495 | 172,698 | 3,798,536 |
| Net Position - End of Year | \$ 1,866,824 | \$ 563,182 | \$ 1,744,005 | \$ 131,466 | \$ 4,305,477 |

CITY OF CORONA

**Combining Statement of Cash Flows
Nonmajor Enterprise Funds
Year Ended June 30, 2012**

| | Nonmajor Enterprise Funds | | | | Totals |
|--|----------------------------------|--------------------------------------|---------------------|-------------|----------------|
| | Public Financing Authority | Public Improvement Corporation | Transit Services | Airport | |
| Cash Flows from Operating Activities | | | | | |
| Receipts from Customers/Other Funds | \$ - | \$ - | \$ 320,892 | \$ 31,707 | \$ 352,599 |
| Payments to Suppliers of Goods and Services | | | (1,418,263) | (118,094) | (1,536,357) |
| Payments to Employees for Services | | | (337,605) | (154,692) | (492,297) |
| Other Receipts | | | 365,809 | 216,348 | 582,157 |
| Net Cash Provided by (Used for) Operating Activities | - | - | (1,069,167) | (24,731) | (1,093,898) |
| Cash Flows from Noncapital Financing Activities | | | | | |
| Operating Grants and Contributions | | | 1,454,110 | | 1,454,110 |
| Compensated Absences | | | 1,714 | | 1,714 |
| Transfers Received | 460,780 | | | | 460,780 |
| Net Cash Provided by Noncapital Financing Activities | 460,780 | - | 1,455,824 | - | 1,916,604 |
| Cash Flows from Capital and Related Financing Activities | | | | | |
| Proceeds from Capital Grants and Contributions | | | 42,010 | | 42,010 |
| Acquisition and Construction of Capital Assets | | | (77,433) | | (77,433) |
| Payments on Interfund Loans | (1,475) | | | | (1,475) |
| Interest payments of Long-term debt | (22,572) | (124) | | | (22,696) |
| Net Cash Used for Capital and Related Financing Activities | (24,047) | (124) | (35,423) | - | (59,594) |
| Cash Flows from Investing Activities: | | | | | |
| Interest on Investments | 30,660 | 151 | 26,515 | 629 | 57,955 |
| Net Cash Provided by Investing Activities | 30,660 | 151 | 26,515 | 629 | 57,955 |
| Increase (Decrease) in Cash and Cash Equivalents | 467,393 | 27 | 377,749 | (24,102) | 821,067 |
| Cash and Cash Equivalents | | | | | |
| Beginning of Year | 7,979,083 | 563,146 | 954,975 | 48,631 | 9,545,835 |
| End of Year (including \$9,647,575 in restricted accounts) | \$ 8,446,476 | \$ 563,173 | \$ 1,332,724 | \$ 24,529 | \$ 10,366,902 |
| Reconciliation of Operating Income to Net Cash Provided by Operating Activities | | | | | |
| Operating Income (Loss) | \$ - | \$ - | \$ (1,515,502) | \$ (41,700) | \$ (1,557,202) |
| Adjustments to Reconcile Operating Income to Net Cash from Operating Activities: | | | | | |
| Depreciation and Amortization | | | 222,104 | 39,608 | 261,712 |
| Changes in Assets and Liabilities: | | | | | |
| Accounts Receivable | | | 52,487 | (17,783) | 34,704 |
| Due from Other Governments | | | 859 | | 859 |
| Accounts Payable and Accrued Liabilities | | | 175,215 | (4,856) | 170,359 |
| Advances | | | (4,330) | | (4,330) |
| Net Cash Provided by (Used for) Operating Activities | \$ - | \$ - | \$ (1,069,167) | \$ (24,731) | \$ (1,093,898) |



Combining Financial Statements

Internal Service Funds

Fleet Operations Fund – This fund is used to account for Motor Pool rental as the equipment is used. Surplus rental charges are accumulated in the fund to pay for equipment replacements as needed.

Workers' Compensation Self-Insurance Fund – This fund was established on December 1, 1974 at which time the City became self-insured. Claims and administrative expenses are charged to this fund. Reserves are held by this fund to buffer the impact of unknown but potential losses.

Liability Risk Self-Insurance Fund – This fund is used to account for expenditures in payment of claims, administrator's expense (including legal fees) and to establish reserves against future claims.

Warehouse Fund – This fund is used to account for expenditures regarding distribution of inventory.



CITY OF CORONA**Combining Statement of Net Position
Internal Service Funds
June 30, 2012**

| | Fleet Operations | Self-Insurance | | | Totals |
|--|---------------------|--------------------------|-------------------|-----------|---------------|
| | | Workers' Compensation | Liability Risk | Warehouse | |
| Assets | | | | | |
| Current Assets | | | | | |
| Cash and Investments | \$ 11,958,141 | \$ 20,084,993 | \$ 4,651,321 | \$ 85,234 | \$ 36,779,689 |
| Accounts Receivable, Net | 612 | | 12,479 | | 13,091 |
| Inventories and Prepayments | 217,630 | | | | 217,630 |
| Total Current Assets | 12,176,383 | 20,084,993 | 4,663,800 | 85,234 | 37,010,410 |
| Total Assets | 12,176,383 | 20,084,993 | 4,663,800 | 85,234 | 37,010,410 |
| Liabilities | | | | | |
| Current Liabilities | | | | | |
| Accounts Payable and Accrued Liabilities | 489,239 | 5,105 | 89,417 | 13,805 | 597,566 |
| Claims and Judgments Payable | | 2,772,000 | 846,000 | | 3,618,000 |
| Compensated Absences Payable | 43,011 | | | 9,771 | 52,782 |
| Total Current Liabilities | 532,250 | 2,777,105 | 935,417 | 23,576 | 4,268,348 |
| Noncurrent Liabilities | | | | | |
| Claims and Judgments Payable | | 15,075,000 | 2,190,000 | | 17,265,000 |
| Total Noncurrent Liabilities | - | 15,075,000 | 2,190,000 | - | 17,265,000 |
| Total Liabilities | 532,250 | 17,852,105 | 3,125,417 | 23,576 | 21,533,348 |
| Net Position | | | | | |
| Unrestricted | 11,644,133 | 2,232,888 | 1,538,383 | 61,658 | 15,477,062 |
| Total Net Position | \$ 11,644,133 | \$ 2,232,888 | \$ 1,538,383 | \$ 61,658 | \$ 15,477,062 |

CITY OF CORONA**Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Internal Service Funds
Year Ended June 30, 2012**

| | Fleet Operations | Self-Insurance | | | Totals |
|---|----------------------|--------------------------|---------------------|------------------|----------------------|
| | | Workers' Compensation | Liability Risk | Warehouse | |
| Operating Revenues | | | | | |
| Internal Service Charges | \$ 5,793,930 | \$ 3,176,535 | \$ 1,800,000 | \$ 839,696 | \$ 11,610,161 |
| Other Revenues | 390,850 | 439 | 18,799 | | 410,088 |
| Total Operating Revenues | <u>6,184,780</u> | <u>3,176,974</u> | <u>1,818,799</u> | <u>839,696</u> | <u>12,020,249</u> |
| Operating Expenses | | | | | |
| Personnel Services | 992,572 | | | 380,996 | 1,373,568 |
| Contractual | 596,255 | | | | 596,255 |
| Material and Supplies | 904,266 | 548,340 | 588,972 | 18,846 | 2,060,424 |
| Utilities | 1,073,506 | | | 2,948 | 1,076,454 |
| Claims Expense | | 4,425,206 | 1,670,335 | | 6,095,541 |
| Total Operating Expenses | <u>3,566,599</u> | <u>4,973,546</u> | <u>2,259,307</u> | <u>402,790</u> | <u>11,202,242</u> |
| Operating Income (Loss) | <u>2,618,181</u> | <u>(1,796,572)</u> | <u>(440,508)</u> | <u>436,906</u> | <u>818,007</u> |
| Income (Loss) Before Transfers | 2,618,181 | (1,796,572) | (440,508) | 436,906 | 818,007 |
| Transfers In | | 1,500,000 | | | 1,500,000 |
| Transfers Out | <u>(187,790)</u> | | | <u>(426,322)</u> | <u>(614,112)</u> |
| Change in Net Position | 2,430,391 | (296,572) | (440,508) | 10,584 | 1,703,895 |
| Net Position - Beginning of Year, Restated | <u>9,213,742</u> | <u>2,529,460</u> | <u>1,978,891</u> | <u>51,074</u> | <u>13,773,167</u> |
| Net Position - End of Year | <u>\$ 11,644,133</u> | <u>\$ 2,232,888</u> | <u>\$ 1,538,383</u> | <u>\$ 61,658</u> | <u>\$ 15,477,062</u> |

CITY OF CORONA**Combining Statement of Cash Flows
Internal Service Funds
Year Ended June 30, 2012**

| | Fleet Operations | Self-Insurance | | Warehouse Services | Totals |
|---|----------------------|--------------------------|---------------------|-----------------------|----------------------|
| | | Workers' Compensation | Liability Risk | | |
| Cash Flows from Operating Activities | | | | | |
| Receipts from Customers/Other Funds | \$ 5,592,190 | \$ 3,176,535 | \$ 1,804,230 | \$ 839,696 | \$ 11,412,651 |
| Payments to Suppliers of Goods or Services | (1,993,631) | (543,257) | (604,708) | (26,161) | (3,167,757) |
| Payments to Employees for Services | (1,020,518) | | | (380,641) | (1,401,159) |
| Payments of Current Claims | | 430,109 | 300,645 | | 730,754 |
| Decrease in Long-Term Claims | | (2,684,315) | (1,360,980) | | (4,045,295) |
| Other Receipts | 390,850 | 439 | 18,799 | | 410,088 |
| Net Cash Provided by Operating Activities | <u>2,968,891</u> | <u>379,511</u> | <u>157,986</u> | <u>432,894</u> | <u>3,939,282</u> |
| Cash Flows from Noncapital Financing Activities | | | | | |
| Transfers Received | 780,825 | 1,500,000 | | | 2,280,825 |
| Transfers Paid | (968,615) | | | (426,322) | (1,394,937) |
| Net Cash Used for Noncapital Financing Activities | <u>(187,790)</u> | <u>1,500,000</u> | <u>-</u> | <u>(426,322)</u> | <u>885,888</u> |
| Increase (Decrease) in Cash and Cash Equivalents | <u>2,781,101</u> | <u>1,879,511</u> | <u>157,986</u> | <u>6,572</u> | <u>4,825,170</u> |
| Cash and Cash Equivalents | | | | | |
| Beginning of Year, Restated | 9,177,040 | 18,205,482 | 4,493,335 | 78,662 | 31,954,519 |
| End of Year | <u>\$ 11,958,141</u> | <u>\$ 20,084,993</u> | <u>\$ 4,651,321</u> | <u>\$ 85,234</u> | <u>\$ 36,779,689</u> |

Reconciliation of Operating Income to Net Cash Provided by Operating Activities:

| | | | | | |
|---|---------------------|-------------------|-------------------|-------------------|---------------------|
| Operating Income (Loss) | \$ 2,618,181 | \$ (1,796,572) | \$ (440,508) | \$ 436,906 | \$ 818,007 |
| Adjustments to Reconcile Operating Income to Net Cash from Operating Activities: | | | | | |
| Changes in Assets and Liabilities: | | | | | |
| Accounts Receivable | (201,740) | | 4,230 | | (197,510) |
| Inventories and Prepayments | 282,458 | | | | 282,458 |
| Accounts Payable and Accrued Liabilities | 269,992 | 5,083 | (15,736) | (4,367) | 254,972 |
| Claims and Judgments Payable | | 2,171,000 | 610,000 | | 2,781,000 |
| Compensated Absences Payable | | | | 355 | 355 |
| Net Cash Provided by (Used for) Operating Activities | <u>\$ 2,968,891</u> | <u>\$ 379,511</u> | <u>\$ 157,986</u> | <u>\$ 432,894</u> | <u>\$ 3,939,282</u> |



Combining Financial Statements in Assets and Liabilities – Agency Funds

Agency Funds are custodial in nature and do not involve measurement of results and operations.



CITY OF CORONA**Combining Statement of Changes in Assets and Liabilities
Agency Fund
Year Ended June 30, 2012**

| | Pass Through Agency Fund | | | Balance June 30, 2012 |
|--|----------------------------------|----------------------|----------------------|----------------------------------|
| | Balance June 30, 2011 | Additions | Deductions | |
| Assets | | | | |
| Cash and Investments | \$ 1,154,589 | \$ 31,938,484 | \$ 31,879,127 | \$ 1,213,946 |
| Interest Receivable | 145,304 | 371,087 | 377,549 | 138,842 |
| Due from other Governmental Agencies | 693,800 | 455,471 | 737,290 | 411,981 |
| Restricted Assets: | | | | |
| Cash and Investments | 28,536,034 | 42,306,110 | 42,040,170 | 28,801,974 |
| Total Assets | <u>\$ 30,529,727</u> | <u>\$ 75,071,152</u> | <u>\$ 75,034,136</u> | <u>\$ 30,566,743</u> |
| Liabilities | | | | |
| Accounts Payable and Accrued Liabilities | \$ 30,978 | \$ 313,984 | \$ 312,626 | \$ 32,336 |
| Due to Bondholders | 30,498,749 | 29,890,591 | 29,854,933 | 30,534,407 |
| Total Liabilities | <u>\$ 30,529,727</u> | <u>\$ 30,204,575</u> | <u>\$ 30,167,559</u> | <u>\$ 30,566,743</u> |



Statistical Section

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

| <u>Contents</u> | <u>Page</u> |
|--|-------------|
| Financial Trends – These schedules contain information to help readers to understand how the City's financial performance and well-being have changed over time. | |
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| 2 Changes in Net Assets | 162 |
| 3 Fund Balances – Governmental Funds | 166 |
| 4 Changes in Fund Balances – Governmental Funds | 168 |
| Revenue Capacity – These schedules contain information to help readers to assess the City's most significant own-source revenues. | |
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| 6a Potable Water Rates | 172 |
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| 7a Principal Water Customers | 175 |
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| 8 Property Tax Levies and Collections | 177 |
| Debt Capacity – These schedules contain information to help readers to assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future. | |
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| 11 Direct and Overlapping Governmental Activities Debt | 181 |
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Statistical Section

Demographic and Economic Information – These schedules offer demographic and economic indicators to help readers to understand the environment within which the City's financial activities take place.

| | |
|---|------------|
| 14 Demographic and Economic Statistics | 186 |
| 15 Principal Employers | 187 |

Operating Information – These schedules contain service and infrastructure data to help readers to understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

| | |
|--|------------|
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Sources: *Unless otherwise noted, the information in these schedules was derived from the City's Comprehensive Financial Reports (CAFR) for the relevant year.*



CITY OF CORONA**Schedule 1****Net Position by Component****Last Ten Fiscal Years (accrual basis of accounting)**

| | Fiscal Year | | | |
|--|-------------------------|-------------------------|-----------------------|-----------------------|
| | 2012 | 2011 | 2010 | 2009 |
| Governmental Activities | | | | |
| Net investment in capital assets | \$ 547,427,503 | \$ 512,867,317 | \$ 457,625,412 | \$ 451,393,337 |
| Restricted for: | | | | |
| Capital Projects | 95,362,651 | 26,795,896 | 80,695,897 | 85,200,711 |
| Debt Service | 3,418,104 | 10,773,995 | 7,079,903 | 11,968,561 |
| Transportation & Public Works | 14,494,532 | | | |
| Special Assessment District | 11,655,625 | | | |
| Development Projects | 6,763,589 | | | |
| Other Purposes | 708,280 | 50,908,926 | 60,915,014 | 43,585,727 |
| Total Restricted | <u>132,402,781</u> | <u>88,478,817</u> | <u>148,690,814</u> | <u>140,754,999</u> |
| Unrestricted | <u>251,564,898</u> | <u>248,153,878</u> | <u>243,443,770</u> | <u>245,794,117</u> |
| Total governmental activities net position | <u>\$ 931,395,182</u> | <u>\$ 849,500,012</u> | <u>\$ 849,759,996</u> | <u>\$ 837,942,453</u> |
| Business-type Activities | | | | |
| Net investment in capital assets | \$ 274,761,353 | \$ 66,109,520 | \$ 219,780,082 | \$ 228,912,014 |
| Restricted for: | | | | |
| Debt Service | 10,969,563 | | | |
| Transportation & Public Works | <u>637,926</u> | <u>18,065,870</u> | <u>10,779,222</u> | <u>18,188,735</u> |
| Total Restricted | <u>11,607,489</u> | <u>18,065,870</u> | <u>10,779,222</u> | <u>18,188,735</u> |
| Unrestricted | <u>(107,169,420)</u> | <u>73,811,520</u> | <u>(82,129,735)</u> | <u>(110,940,686)</u> |
| Total business-type activities net assets | <u>\$ 179,199,422</u> | <u>\$ 157,986,910</u> | <u>\$ 148,429,569</u> | <u>\$ 136,160,063</u> |
| Primary Government | | | | |
| Net investment in capital assets | \$ 822,188,856 | \$ 578,976,837 | \$ 677,405,494 | \$ 680,305,351 |
| Restricted | 144,010,270 | 106,544,687 | 159,470,036 | 158,943,734 |
| Unrestricted | <u>144,395,478</u> | <u>321,965,398</u> | <u>161,314,035</u> | <u>134,853,431</u> |
| Total Primary Government Net Assets | <u>\$ 1,110,594,604</u> | <u>\$ 1,007,486,922</u> | <u>\$ 998,189,565</u> | <u>\$ 974,102,516</u> |

| Fiscal Year | | | | | |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| 2008 | 2007 | 2006 | 2005 | 2004 | 2003 |
| \$ 456,849,781 | \$ 458,250,349 | \$ 422,767,976 | \$ 456,222,213 | \$ 395,841,709 | \$ 392,111,753 |
| 73,254,682 | 20,417,055 | | 386,036 | 9,976,958 | 13,310,313 |
| 25,251,084 | 28,838,799 | 6,898,327 | 7,982,213 | 13,178,815 | 19,091,733 |
| 38,816,368 | 9,483,004 | 8,386,210 | 7,729,386 | | 34,135,270 |
| 137,322,134 | 58,738,858 | 15,284,537 | 16,097,635 | 23,155,773 | 66,537,316 |
| 215,990,032 | 269,852,046 | 306,059,386 | 239,481,478 | 265,838,106 | 42,904,348 |
| <u>\$ 810,161,947</u> | <u>\$ 786,841,253</u> | <u>\$ 744,111,899</u> | <u>\$ 711,801,326</u> | <u>\$ 684,835,588</u> | <u>\$ 501,553,417</u> |
| | | | | | |
| \$ 225,030,195 | \$ 211,186,996 | \$ 193,178,999 | \$ 194,465,301 | \$ 187,392,588 | \$ 141,335,905 |
| 17,031,575 | 17,317,361 | 7,548,512 | 673,256 | 26,387,128 | 1,709,856 |
| 17,031,575 | 17,317,361 | 7,548,512 | 673,256 | 26,387,128 | 1,709,856 |
| (119,578,075) | (122,594,604) | (129,904,898) | (133,104,413) | (162,665,721) | 78,188,671 |
| <u>\$ 122,483,695</u> | <u>\$ 105,909,753</u> | <u>\$ 70,822,613</u> | <u>\$ 62,034,144</u> | <u>\$ 51,113,995</u> | <u>\$ 221,234,432</u> |
| | | | | | |
| \$ 681,879,976 | \$ 669,437,345 | \$ 443,318,631 | \$ 650,687,514 | \$ 583,234,297 | \$ 533,447,658 |
| 154,353,709 | 76,056,219 | 22,833,049 | 16,770,891 | 49,542,901 | 68,247,172 |
| 96,411,957 | 147,257,442 | 348,782,832 | 106,377,065 | 103,172,385 | 121,093,019 |
| <u>\$ 932,645,642</u> | <u>\$ 892,751,006</u> | <u>\$ 814,934,512</u> | <u>\$ 773,835,470</u> | <u>\$ 735,949,583</u> | <u>\$ 722,787,849</u> |

CITY OF CORONA**Schedule 2****Changes in Net Position****Last Ten Fiscal Years (accrual basis of accounting)**

| | Fiscal Year | | | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2012 | 2011 | 2010 | 2009 |
| Expenses | | | | |
| Governmental activities: | | | | |
| General government | \$ 20,551,027 | \$ 21,771,013 | \$ 23,778,004 | \$ 23,387,380 |
| Fire | 21,506,851 | 23,066,539 | 23,849,351 | 23,118,471 |
| Police | 39,791,147 | 40,465,516 | 44,573,946 | 40,723,499 |
| Public Works | 27,925,122 | 29,415,423 | 30,006,518 | 29,252,056 |
| Redevelopment | 12,860,222 | 15,368,206 | 18,283,224 | 19,061,398 |
| Parks and Community Services | 13,161,044 | 13,621,128 | 14,321,581 | 15,431,862 |
| Library | 2,640,592 | 2,745,336 | 3,108,194 | 3,142,627 |
| Interest and fiscal charges | 3,648,700 | 14,655,640 | 13,471,571 | 16,447,756 |
| Total governmental activities expenses | <u>\$ 142,084,705</u> | <u>\$ 161,108,801</u> | <u>\$ 171,392,389</u> | <u>\$ 170,565,049</u> |
| Business-type activities: | | | | |
| Water | 55,837,945 | 46,791,524 | 48,080,241 | 46,284,613 |
| Wastewater | 30,224,698 | 25,940,578 | 27,212,393 | 27,164,627 |
| Electric | 14,569,429 | 17,638,508 | 21,951,228 | 21,962,931 |
| Transit | 2,148,857 | 2,078,197 | 2,309,727 | 2,256,556 |
| Airport | 307,538 | 328,658 | 316,270 | |
| Total business-type activities expenses | <u>103,088,467</u> | <u>92,777,465</u> | <u>99,869,859</u> | <u>97,668,727</u> |
| Total primary government expenses | <u>\$ 245,173,172</u> | <u>\$ 253,886,266</u> | <u>\$ 271,262,248</u> | <u>\$ 268,233,776</u> |
| Program Revenues | | | | |
| Charges for services: | | | | |
| Governmental activities: | | | | |
| General government | 7,331,352 | 7,466,080 | 7,616,409 | 678,554 |
| Fire | 3,926,888 | 3,092,311 | 3,204,585 | 4,506,740 |
| Police | 3,079,224 | 3,295,825 | 3,551,199 | 2,817,511 |
| Public Works | 12,716,140 | 12,699,434 | 12,291,030 | 12,354,323 |
| Redevelopment | | | | |
| Parks and Community Services | 7,327,626 | 7,512,286 | 7,184,440 | 7,261,946 |
| Library | 264,464 | 280,729 | 333,015 | 341,989 |
| Operating Grants and Contributions | 12,350,047 | 18,683,384 | 11,711,125 | 9,404,577 |
| Capital Grants and Contributions | 8,977,103 | 3,743,333 | 9,480,514 | 19,967,971 |
| Total governmental activities program revenues | <u>55,972,844</u> | <u>56,773,382</u> | <u>55,372,317</u> | <u>57,333,611</u> |
| Business-type activities: | | | | |
| Charges for services: | | | | |
| Water | 50,243,765 | 48,103,987 | 50,979,766 | 49,629,071 |
| Wastewater | 29,472,121 | 27,361,203 | 26,779,144 | 26,569,560 |
| Electric | 16,531,675 | 17,247,983 | 23,891,958 | 23,896,507 |
| Transit | 633,355 | 364,830 | 412,928 | 371,714 |
| Airport | 265,838 | 297,638 | 286,546 | |
| Operating Grants and Contributions | 1,531,791 | 1,600,444 | 1,724,206 | 1,567,193 |
| Capital Grants and Contributions | 11,730,500 | 3,261,322 | 4,728,651 | 6,702,937 |
| Total business-type activities program revenues | <u>110,409,045</u> | <u>98,237,407</u> | <u>108,803,199</u> | <u>108,736,982</u> |
| Total primary government program revenues | <u>\$ 166,381,889</u> | <u>\$ 155,010,789</u> | <u>\$ 164,175,516</u> | <u>\$ 166,070,593</u> |

| Fiscal Year | | | | | |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| 2008 | 2007 | 2006 | 2005 | 2004 | 2003 |
| \$ 22,014,630 | \$ 17,944,188 | \$ 17,000,514 | \$ 11,199,340 | \$ 16,972,222 | \$ 14,266,453 |
| 22,465,104 | 19,824,613 | 19,372,402 | 17,247,894 | 16,102,014 | 15,074,400 |
| 38,811,288 | 35,418,464 | 35,290,552 | 32,105,270 | 30,248,573 | 30,267,856 |
| 28,165,830 | 32,887,632 | 28,293,319 | 25,450,529 | 26,768,539 | 24,348,477 |
| 17,679,157 | 31,450,231 | 18,317,214 | 13,825,131 | 14,878,105 | 16,941,126 |
| 13,529,315 | 12,504,767 | 12,863,536 | 12,091,432 | 12,272,328 | 12,508,067 |
| 3,539,703 | 3,156,248 | 3,233,627 | 3,111,361 | 3,040,136 | 3,410,263 |
| 14,913,380 | 12,348,977 | 9,164,552 | 10,170,977 | 4,844,242 | 18,141,782 |
| <u>\$ 161,118,407</u> | <u>\$ 165,535,120</u> | <u>\$ 143,535,716</u> | <u>\$ 125,201,934</u> | <u>\$ 125,126,160</u> | <u>\$ 134,958,424</u> |
| 48,772,948 | 42,980,979 | 39,968,554 | 36,073,601 | 34,644,300 | 36,292,376 |
| 27,937,584 | 25,431,501 | 23,411,865 | 16,876,237 | 15,833,862 | 16,941,850 |
| 23,590,548 | 24,688,495 | 20,279,523 | 12,855,676 | 20,053,738 | 18,880,894 |
| 2,128,258 | 1,773,529 | 1,663,358 | 1,615,000 | 1,496,799 | 1,280,630 |
| <u>102,429,338</u> | <u>94,874,504</u> | <u>85,323,300</u> | <u>67,420,514</u> | <u>72,028,699</u> | <u>73,395,750</u> |
| <u>\$ 263,547,745</u> | <u>\$ 260,409,624</u> | <u>\$ 228,859,016</u> | <u>\$ 192,622,448</u> | <u>\$ 197,154,859</u> | <u>\$ 208,354,174</u> |
| 1,301,569 | 1,513,639 | 8,645,359 | 1,129,140 | 953,897 | 743,077 |
| 4,726,300 | 4,181,914 | 3,229,032 | 3,197,076 | 1,726,756 | 1,549,395 |
| 3,023,714 | 3,246,509 | 3,017,477 | 2,687,347 | 2,689,863 | 2,740,805 |
| 13,909,188 | 14,830,576 | 16,795,580 | 16,124,597 | 15,175,883 | 14,074,917 |
| 1,713 | 1,168 | - | 157 | 1,385 | - |
| 6,373,504 | 6,064,402 | 5,986,229 | 5,805,482 | 5,159,390 | 4,796,231 |
| 495,603 | 541,166 | 402,660 | 324,561 | 293,248 | 237,379 |
| 8,165,995 | 8,270,729 | 7,794,735 | 12,113,704 | 12,211,236 | 11,549,543 |
| 17,140,582 | 22,362,669 | 23,044,293 | 9,705,129 | 11,271,231 | 14,898,908 |
| <u>55,138,168</u> | <u>61,012,772</u> | <u>68,915,365</u> | <u>51,087,193</u> | <u>49,482,889</u> | <u>50,590,255</u> |
| 44,795,972 | 43,261,136 | 36,548,936 | 29,061,220 | 30,633,776 | 27,999,085 |
| 23,379,820 | 21,824,979 | 20,211,966 | 13,897,603 | 13,245,884 | 13,382,760 |
| 24,824,172 | 24,466,921 | 20,962,161 | 13,067,845 | 18,287,523 | 16,420,890 |
| 363,101 | 316,671 | 270,679 | 234,693 | 256,821 | 131,570 |
| 1,454,320 | 1,284,236 | 1,233,282 | 1,250,281 | 1,234,330 | 1,259,614 |
| 19,829,148 | 31,702,614 | 12,696,552 | 17,754,362 | 15,814,606 | 21,081,267 |
| <u>114,646,533</u> | <u>122,856,557</u> | <u>91,923,576</u> | <u>75,266,004</u> | <u>79,472,940</u> | <u>80,275,186</u> |
| <u>\$ 169,784,701</u> | <u>\$ 183,869,329</u> | <u>\$ 160,838,941</u> | <u>\$ 126,353,197</u> | <u>\$ 128,955,829</u> | <u>\$ 130,865,441</u> |

Continued Page 1 of 2

CITY OF CORONA**Schedule 2****Changes in Net Position****Last Ten Fiscal Years (accrual basis of accounting)**

| | Fiscal Year | | | |
|---|------------------------|------------------------|-------------------------|-------------------------|
| | 2012 | 2011 | 2010 | 2009 |
| Net (Expense)/Revenue | | | | |
| Governmental activities | \$ (86,111,861) | \$ (104,335,419) | \$ (116,020,072) | \$ (113,231,438) |
| Business-type activities | 7,320,578 | 5,459,942 | 8,933,340 | 11,068,255 |
| Total primary government net expense | <u>\$ (78,791,283)</u> | <u>\$ (98,875,477)</u> | <u>\$ (107,086,732)</u> | <u>\$ (102,163,183)</u> |
| General Revenues and Other Changes in Net Assets | | | | |
| Governmental activities: | | | | |
| Taxes | | | | |
| Property taxes | \$ 45,754,306 | \$ 59,090,960 | \$ 62,049,578 | \$ 66,704,669 |
| Sales and Use Tax | 31,190,815 | 28,505,050 | 26,543,193 | 29,791,137 |
| Other Taxes | 8,546,497 | 7,802,237 | 7,660,365 | 8,570,003 |
| Total taxes | <u>85,491,618</u> | <u>95,398,247</u> | <u>96,253,136</u> | <u>105,065,809</u> |
| Unrestricted grants and contributions | 76,014 | 686,338 | 481,295 | 674,076 |
| Payments in lieu of taxes | - | - | - | - |
| Gain (Loss) on Sale of Capital Asset | - | - | 1,776,536 | - |
| Investment earnings | 4,047,070 | 3,380,168 | 7,204,417 | 10,177,941 |
| Lease and Rental Income | 12,088,330 | 11,646,814 | 7,347,933 | 6,955,049 |
| Miscellaneous | 3,637,541 | 658,664 | 1,311,650 | 8,873,210 |
| Extraordinary Items | 57,030,346 | | | |
| Transfers | (163,000) | 40,000 | 57,000 | (201,503) |
| Special Items | - | - | - | 9,653,196 |
| Total Governmental activities | <u>162,207,919</u> | <u>111,810,231</u> | <u>114,431,967</u> | <u>141,197,778</u> |
| Business-type activities: | | | | |
| Investment earnings | 4,019,878 | 3,178,516 | 3,169,884 | 4,144,071 |
| Gain on Sale of Capital Asset | - | 2,350,130 | - | - |
| Transfers | 163,000 | (40,000) | (57,000) | 201,503 |
| Total business-type activities | <u>4,182,878</u> | <u>5,488,646</u> | <u>3,112,884</u> | <u>4,345,574</u> |
| Total primary government | <u>\$ 166,390,797</u> | <u>\$ 117,298,877</u> | <u>\$ 117,544,851</u> | <u>\$ 145,543,352</u> |
| Change in Net Position | | | | |
| Governmental activities | \$ 76,096,058 | \$ 7,474,812 | \$ 10,096,548 | \$ 25,177,706 |
| Business-type activities | 11,503,456 | 10,948,588 | 8,572,826 | 13,278,914 |
| Total primary government | <u>\$ 87,599,514</u> | <u>\$ 18,423,400</u> | <u>\$ 18,669,374</u> | <u>\$ 38,456,620</u> |

Note: The City implemented GASB Statements No. 54 and 63 in fiscal years ended June 30, 2010 and 2012 respectively.

| Fiscal Year | | | | | |
|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| 2008 | 2007 | 2006 | 2005 | 2004 | 2003 |
| \$ (105,980,239) | \$ (104,522,348) | \$ (74,620,351) | \$ (74,114,741) | \$ (75,643,271) | \$ (84,368,169) |
| 12,217,195 | 27,982,053 | 6,600,276 | 7,845,490 | 7,444,241 | 6,879,436 |
| <u>\$ (93,763,044)</u> | <u>\$ (76,540,295)</u> | <u>\$ (68,020,075)</u> | <u>\$ (66,269,251)</u> | <u>\$ (68,199,030)</u> | <u>\$ (77,488,733)</u> |
| | | | | | |
| \$ 67,566,221 | \$ 63,121,766 | \$ 50,973,502 | \$ 42,349,908 | \$ 33,105,038 | \$ 30,333,440 |
| 35,894,694 | 39,684,799 | 39,915,335 | 34,502,809 | 29,471,424 | 25,219,925 |
| 8,496,030 | 9,396,886 | 9,556,368 | 4,866,205 | 4,200,484 | 6,700,169 |
| <u>111,956,945</u> | <u>112,203,451</u> | <u>100,445,205</u> | <u>81,718,922</u> | <u>66,776,946</u> | <u>62,253,534</u> |
| 720,480 | 1,977,907 | 3,710,301 | 1,112,066 | 6,547,602 | 7,718,551 |
| - | - | - | 8,998,347 | 8,238,819 | 9,753,104 |
| - | 6,438,368 | - | - | (201,083) | - |
| 12,225,922 | 9,602,364 | 4,875,430 | 2,222,270 | 3,678,428 | 3,634,423 |
| - | - | - | - | - | - |
| 13,536,181 | 9,936,382 | 6,691,463 | 8,464,284 | 511,074 | 2,966,100 |
| 28,400 | 170,294 | (1,458,852) | (29,223) | 24,778 | (4,451,266) |
| - | 7,996,099 | - | - | - | - |
| <u>138,467,928</u> | <u>148,324,865</u> | <u>114,263,547</u> | <u>102,486,666</u> | <u>85,576,564</u> | <u>81,874,446</u> |
| | | | | | |
| 4,385,148 | 3,647,928 | 2,491,501 | 1,288,738 | 1,281,949 | 2,499,040 |
| - | - | - | 482,495 | - | 2,744,024 |
| <u>(28,400)</u> | <u>(170,294)</u> | <u>1,458,852</u> | <u>29,223</u> | <u>(24,778)</u> | <u>4,365,931</u> |
| <u>4,356,748</u> | <u>3,477,634</u> | <u>3,950,353</u> | <u>1,800,456</u> | <u>1,257,171</u> | <u>9,608,995</u> |
| <u>\$ 142,824,676</u> | <u>\$ 151,802,499</u> | <u>\$ 118,213,900</u> | <u>\$ 104,287,122</u> | <u>\$ 86,833,735</u> | <u>\$ 91,483,441</u> |
| | | | | | |
| \$ 32,487,689 | \$ 43,802,517 | \$ 39,643,196 | \$ 28,371,925 | \$ 9,933,293 | \$ (2,493,723) |
| 16,573,943 | 31,459,687 | 10,550,629 | 9,645,946 | 8,701,412 | 16,488,431 |
| <u>\$ 49,061,632</u> | <u>\$ 75,262,204</u> | <u>\$ 50,193,825</u> | <u>\$ 38,017,871</u> | <u>\$ 18,634,705</u> | <u>\$ 13,994,708</u> |

Concluded Page 2 of 2

CITY OF CORONA**Schedule 3****Fund Balances, Governmental Funds****Last Ten Fiscal Years (modified accrual basis of accounting)**

| | Fiscal Year | | | |
|------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2012 | 2011 | 2010 | 2009 |
| General Fund | | | | |
| Reserved | \$ - | \$ - | \$ - | \$ 20,156,768 |
| Unreserved | | | | 54,773,799 |
| Nonspendable | 15,070,684 | 15,112,080 | 19,708,805 | |
| Committed | 18,279,947 | 18,072,691 | 17,597,806 | |
| Assigned | 43,205,474 | 50,333,810 | 40,338,627 | |
| Total General Fund | <u>\$ 76,556,105</u> | <u>\$ 83,518,581</u> | <u>\$ 77,645,238</u> | <u>\$ 74,930,567</u> |
| | | | | |
| All Other Governmental Funds | | | | |
| Reserved | \$ - | \$ - | \$ - | \$ 81,668,685 |
| Unreserved, reported in: | | | | |
| Special Revenue | | | | 39,029,410 |
| Capital Projects | | | | 18,110,464 |
| Nonspendable | 61,220,936 | 61,568,872 | 58,835,683 | |
| Restricted | 27,425,735 | 35,292,020 | 41,491,338 | |
| Assigned | 19,215,798 | 25,061,577 | 26,635,398 | |
| Unassigned | | | (769,101) | |
| Total all other Governmental Funds | <u>\$ 107,862,469</u> | <u>\$ 121,922,469</u> | <u>\$ 126,193,318</u> | <u>\$ 138,808,559</u> |



| Fiscal Year | | | | | |
|-----------------------|-----------------------|----------------------|----------------------|----------------------|----------------------|
| 2008 | 2007 | 2006 | 2005 | 2004 | 2003 |
| \$ 20,672,134 | \$ 24,121,757 | \$ 75,249,936 | \$ 13,535,692 | \$ 11,896,398 | \$ 13,451,103 |
| 58,818,482 | 70,716,157 | | 31,748,096 | 30,390,874 | 29,359,950 |
| <u>\$ 79,490,616</u> | <u>\$ 94,837,914</u> | <u>\$ 75,249,936</u> | <u>\$ 45,283,788</u> | <u>\$ 42,287,272</u> | <u>\$ 42,811,053</u> |
| \$ 83,897,261 | \$ 59,739,936 | \$ 23,685,432 | \$ 71,680,887 | \$ 75,451,071 | \$ 95,977,110 |
| 34,241,391 | 34,462,913 | 40,645,962 | (619,485) | (414,006) | (379,278) |
| 16,909,462 | 15,510,428 | 8347703 | | | |
| <u>\$ 135,048,114</u> | <u>\$ 109,713,277</u> | <u>\$ 72,679,097</u> | <u>\$ 71,061,402</u> | <u>\$ 75,037,065</u> | <u>\$ 95,597,832</u> |

CITY OF CORONA**Schedule 4****Changes in Fund Balances, Governmental Funds****Last Ten Fiscal Years (modified accrual basis of accounting)**

| | Fiscal Year | | | |
|---|------------------------|---------------------|------------------------|---------------------|
| | 2012 | 2011 | 2010 | 2009 |
| Revenues: | | | | |
| Property Taxes | \$ 45,754,306 | \$ 59,090,960 | \$ 62,049,578 | \$ 66,704,668 |
| Other Taxes | 38,964,006 | 35,900,324 | 33,859,090 | 37,687,694 |
| Licenses, fees and permits | 5,817,125 | 2,187,466 | 2,244,379 | 3,986,271 |
| Fines and Penalties | 1,841,074 | 2,168,820 | 2,625,345 | 1,643,556 |
| Special Assessments | 9,296,683 | 9,645,684 | 9,230,699 | 9,186,822 |
| Investment Earnings | 4,047,070 | 3,380,168 | 7,205,344 | 8,221,715 |
| Intergovernmental Revenues | 15,731,101 | 17,140,177 | 16,982,358 | 23,725,540 |
| Current Services | 14,392,726 | 13,724,789 | 13,469,450 | 15,015,541 |
| Payments in Lieu of Services | 9,544,525 | 9,681,893 | 10,524,934 | 11,992,502 |
| Other Revenues | 17,714,051 | 16,833,436 | 11,586,690 | 11,854,846 |
| Total Revenues | 163,102,667 | 169,753,717 | 169,777,867 | 190,019,155 |
| Expenditures: | | | | |
| General Government | 23,619,791 | 23,594,460 | 24,032,875 | 28,370,429 |
| Community Development | 63,502 | | | |
| Fire | 22,921,163 | 23,068,351 | 22,886,210 | 23,826,368 |
| Police | 41,751,356 | 39,523,177 | 43,154,254 | 41,009,396 |
| Public Works | 25,800,081 | 25,443,417 | 26,055,330 | 26,098,884 |
| Parks and Community Services | 12,437,183 | 12,128,803 | 12,628,055 | 14,516,592 |
| Administrative Services | 9,560,505 | 10,942,983 | 18,776,318 | 14,337,175 |
| Library | 2,720,741 | 2,694,192 | 2,925,121 | 3,228,510 |
| Capital Outlay | 4,349,725 | 11,089,418 | 21,562,741 | 24,337,661 |
| Debt Service | | | | |
| Principal | 7,082,070 | 7,578,502 | 8,139,799 | 13,837,430 |
| Interest and Fiscal Charges | 7,547,454 | 14,756,645 | 14,041,809 | 16,730,459 |
| Total Expenditures | 157,853,571 | 170,819,948 | 194,202,512 | 206,292,904 |
| Excess of Revenues over (under) expenditures | 5,249,096 | (1,066,231) | (24,424,645) | (16,273,749) |
| Other Financing Sources (Uses) | | | | |
| Loss from sale of land held for resale | | | | (472,252) |
| Issuance of Debt | | | | 5,167,326 |
| Principal Retirement | | | | |
| Proceeds from Sale of Capital Asset | | | 2,400,000 | |
| Bond Premium | | | | |
| Transfers in | 4,533,758 | 79,529,457 | 17,440,737 | 21,302,803 |
| Transfers out | (5,582,646) | (76,674,137) | (10,398,334) | (20,176,928) |
| Total other financing sources (uses) | (1,048,888) | 2,855,320 | 9,442,403 | 5,820,949 |
| Extraordinary Items | (19,852,703) | | | |
| Special Items | | | | 9,653,196 |
| Net change in fund balances | \$ (15,652,495) | \$ 1,789,089 | \$ (14,982,242) | \$ (799,604) |
| Debt service as a percentage of noncapital expenditures | 10.7% | 16.1% | 14.7% | 20.2% |

| Fiscal Year | | | | | | |
|----------------------|----------------------|----------------------|---------------------|------------------------|----------------------|--|
| 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | |
| \$ 67,566,222 | \$ 63,121,767 | \$ 50,973,502 | \$ 42,349,910 | \$ 32,265,783 | \$ 28,924,050 | |
| 44,025,594 | 47,968,446 | 47,243,504 | 40,815,213 | 34,923,016 | 29,994,105 | |
| 3,939,938 | 7,565,595 | 12,052,807 | 10,871,748 | 11,984,841 | 12,949,501 | |
| 1,602,034 | 1,678,525 | 1,778,880 | 1,508,004 | 1,700,005 | 1,713,495 | |
| 7,363,443 | 7,472,089 | 7,325,244 | 6,923,091 | 6,581,157 | 6,482,026 | |
| 10,324,740 | 8,337,386 | 4,093,836 | 2,776,118 | 3,907,468 | 4,781,225 | |
| 18,579,692 | 21,122,793 | 20,878,547 | 11,927,288 | 18,489,977 | 19,285,666 | |
| 16,746,141 | 16,547,413 | 16,156,862 | 15,518,676 | 13,470,119 | 12,901,807 | |
| 13,249,357 | 9,801,798 | 11,540,850 | 9,165,515 | 8,238,819 | 9,753,105 | |
| 11,337,159 | 11,567,679 | 10,514,261 | 8,626,151 | 3,313,914 | 9,015,827 | |
| <u>194,734,320</u> | <u>195,183,491</u> | <u>182,558,293</u> | <u>150,481,714</u> | <u>134,875,099</u> | <u>135,800,807</u> | |
| 29,223,727 | 25,343,635 | 21,080,414 | 18,497,239 | 25,270,857 | 20,615,021 | |
| 24,986,115 | 22,129,775 | 19,689,290 | 17,947,422 | 16,848,544 | 14,609,632 | |
| 42,602,945 | 39,637,054 | 36,165,060 | 35,815,820 | 32,023,189 | 29,667,758 | |
| 27,600,538 | 32,346,827 | 25,345,564 | 21,272,214 | 24,809,152 | 20,726,962 | |
| 14,082,791 | 12,371,034 | 11,736,757 | 10,443,414 | 9,888,299 | 9,122,985 | |
| 13,347,887 | 28,636,781 | 12,533,710 | 8,112,135 | 7,742,841 | 9,433,505 | |
| 3,910,240 | 3,609,419 | 3,432,052 | 3,268,099 | 3,215,633 | 3,350,674 | |
| 35,001,560 | 22,935,456 | 9,338,399 | 19,846,407 | 28,640,837 | 14,613,566 | |
| 5,984,493 | 5,466,814 | 6,824,654 | 4,723,597 | 4,812,429 | 8,144,624 | |
| 14,389,659 | 11,710,584 | 9,263,096 | 10,498,967 | 4,958,286 | 17,823,737 | |
| <u>211,129,955</u> | <u>204,187,379</u> | <u>155,408,996</u> | <u>150,425,314</u> | <u>158,210,067</u> | <u>148,108,464</u> | |
| (16,395,635) | (9,003,888) | 27,149,297 | 56,400 | (23,334,968) | (12,307,657) | |
| 35,874,600 | 51,338,901 | | 38,210,834 | (201,083) | 36,065,000 | |
| | 6,739,350 | | (38,215,000) | | | |
| 30,601,167 | | | 799,695 | | | |
| (28,843,505) | 37,438,933 | 26,507,505 | 16,343,861 | 21,865,917 | 50,142,916 | |
| | (36,814,074) | (22,504,515) | (16,141,034) | (20,134,948) | (54,899,336) | |
| <u>37,632,262</u> | <u>58,703,110</u> | <u>4,002,990</u> | <u>998,356</u> | <u>1,529,886</u> | <u>31,308,580</u> | |
| | 7,996,099 | | | | | |
| <u>\$ 21,236,627</u> | <u>\$ 57,695,321</u> | <u>\$ 31,152,287</u> | <u>\$ 1,054,756</u> | <u>\$ (21,805,082)</u> | <u>\$ 19,000,923</u> | |
| 12.7% | 10.5% | 11.4% | 12.5% | 8.1% | 19.1% | |

CITY OF CORONA**Schedule 5a
Water Sales By User Type¹
Last Ten Fiscal Years**

| Fiscal Year Ended June 30 | Residential | | Commercial | | Industrial | | Public Agency | | Agricultural, Irrigation and Other | | Total | |
|------------------------------------|--------------|---------------|--------------|---------------|--------------|---------------|---------------|---------------|--|---------------|--------------------|------------|
| | Acre Feet | % of Total | Acre Feet | % of Total | Acre Feet | % of Total | Acre Feet | % of Total | Acre Feet | % of Total | Acre Feet Total | % Total |
| 2003 | 25,896 | 65.1 | 6,723 | 16.9 | 557 | 1.4 | 2,904 | 7.3 | 3,699 | 9.3 | 39,779 | 100 |
| 2004 | 27,678 | 64.0 | 6,750 | 15.6 | 1,738 | 4.0 | 3,493 | 8.1 | 3,563 | 8.2 | 43,222 | 100 |
| 2005 | 24,905 | 67.0 | 3,463 | 9.0 | 1,450 | 4.0 | 3,271 | 9.0 | 3,391 | 11.0 | 36,480 | 100 |
| 2006 | 26,630 | 66.2 | 3,848 | 9.6 | 1,573 | 3.9 | 3,546 | 8.8 | 4,607 | 11.5 | 40,204 | 100 |
| 2007 | 29,866 | 66.0 | 4,230 | 9.5 | 1,751 | 3.5 | 3,898 | 9.0 | 5,754 | 12.0 | 45,499 | 100 |
| 2008 | 27,598 | 67.5 | 3,803 | 9.3 | 1,557 | 3.8 | 3,039 | 7.4 | 4,870 | 11.9 | 40,867 | 100 |
| 2009 | 26,761 | 61.5 | 4,916 | 11.3 | 1,592 | 3.8 | 2,973 | 6.8 | 7,280 | 16.7 | 43,522 | 100 |
| 2010 | 23,752 | 64.5 | 4,404 | 12.0 | 1,216 | 3.3 | 4,278 | 11.6 | 3,165 | 8.6 | 36,815 | 100 |
| 2011 | 22,121 | 65.4 | 3,812 | 11.3 | 1,158 | 3.4 | 3,058 | 9.0 | 3,700 | 10.9 | 33,849 | 100 |
| 2012 | 22,735 | 65.5 | 3,662 | 10.6 | 1,184 | 3.4 | 3,355 | 9.7 | 3,768 | 10.9 | 34,704 | 100 |

Note: 1) Amounts include reclaimed water sales.

Source: Corona Department of Water and Power.

CITY OF CORONA**Schedule 5b****Assessed Value and Actual Value of Taxable Property****Last Ten Fiscal Years (in thousands of dollars)**

| Fiscal Year Ended June 30 | Residential Property | Commercial Property | Industrial Property | Other | Less: Tax Exempt Property | Total Taxable Assessed Value | Total Direct Tax Rate |
|---------------------------|----------------------|---------------------|---------------------|--------------|---------------------------|------------------------------|-----------------------|
| 2003 | \$ 6,389,708 | \$ 812,953 | \$ 1,318,860 | \$ 1,366,953 | \$ 117,192 | \$ 9,771,282 | 1.0079 |
| 2004 | 7,013,653 | 863,630 | 1,415,667 | 1,489,990 | 171,882 | 10,611,058 | 1.0061 |
| 2005 | 8,010,907 | 1,016,443 | 1,540,064 | 1,614,156 | 119,068 | 12,062,502 | 1.0053 |
| 2006 | 9,128,473 | 1,166,793 | 1,688,866 | 1,747,079 | 190,746 | 13,540,465 | 1.0043 |
| 2007 | 10,821,087 | 1,398,608 | 1,927,206 | 1,956,392 | 200,971 | 15,902,322 | 1.0025 |
| 2008 | 12,074,893 | 1,638,755 | 2,068,380 | 2,153,807 | 243,155 | 17,692,680 | 1.0018 |
| 2009 | 11,825,460 | 1,810,186 | 2,111,604 | 2,179,903 | 233,038 | 17,694,115 | 1.0012 |
| 2010 | 10,338,756 | 2,392,421 | 2,175,301 | 1,628,324 | 251,763 | 16,283,039 | 1.0006 |
| 2011 | 10,340,114 | 2,177,188 | 2,159,963 | 1,679,857 | 271,357 | 16,085,765 | 1.0000 |
| 2012 | 10,406,831 | 2,101,432 | 2,108,882 | 1,602,344 | 293,954 | 15,925,535 | 1.0000 |

Source: HdL Coren & Cone, Riverside County Assessor Combined tax rolls.

Note: Property in the City is reassessed each year. Property is assessed at actual value; therefore, the assessed values are equal to the actual value. Tax rates are per \$1,000 of assessed value.

CITY OF CORONA

**Schedule 6a
Potable Water Rates
Last Ten Fiscal Years**

| Fiscal Year ¹ | Quantity Rate per 100 C.F. ² | Monthly Base Rates | | | | | | | | | |
|--------------------------|---|-----------------------|----------|----------|----------|----------|----------|-----------|-----------|-----------|--|
| | | Ready-To-Serve Charge | | | | | | | | | |
| | | 5/8" | 3/4" | 1" | 1 1/2" | 2" | 3" | 4" | 6" | 8" | |
| 2003 | \$ 1.08 | \$ 11.05 | \$ 14.50 | \$ 20.75 | \$ 36.15 | \$ 52.75 | \$ 90.15 | \$ 138.50 | \$ 254.35 | \$ 374.10 | |
| 2004 | 1.08 | 11.05 | 14.50 | 20.75 | 36.15 | 52.75 | 90.15 | 138.50 | 254.35 | 374.10 | |
| 2005 | 1.08 | 11.05 | 14.50 | 20.75 | 36.15 | 52.75 | 90.15 | 138.50 | 254.35 | 374.10 | |
| 2005 | 1.21 | 12.38 | 16.24 | 23.24 | 40.49 | 59.08 | 100.97 | 155.12 | 284.87 | 418.99 | |
| 2006 | 1.33 | 13.62 | 17.86 | 25.56 | 44.54 | 64.99 | 111.07 | 170.63 | 313.36 | 460.89 | |
| 2007 | 1.44 | 14.71 | 19.29 | 27.60 | 48.10 | 70.19 | 119.96 | 184.28 | 338.43 | 497.76 | |
| 2008 | 1.61 | 16.40 | 21.51 | 30.77 | 53.63 | 78.26 | 133.76 | 205.47 | 377.35 | 555.00 | |
| 2009 | 1.77 | 18.04 | 23.66 | 33.85 | 58.99 | 86.09 | 147.13 | 226.02 | 415.08 | 610.50 | |
| 2010 | 1.81 ³ | 18.04 | 23.66 | 33.85 | 58.99 | 86.09 | 147.13 | 226.02 | 415.08 | 610.50 | |
| 2011 | 1.85 ⁴ | 18.04 | 23.66 | 33.85 | 58.99 | 86.09 | 147.13 | 226.02 | 415.08 | 610.50 | |
| 2012 | 1.92 ⁵ | 18.44 | 24.18 | 34.59 | 60.29 | 87.98 | 150.37 | 230.99 | 424.21 | 623.93 | |

1) There are instances where the rates were changed during the fiscal year.

2) For Fiscal Year 2009-10 and forward, the stated rate per 100 C.F. is for Residential Tier 1 of the Budget Based Water Rate Structure adopted with Ordinance

3) For Fiscal Year 2009-10 rate includes a pass-through charge from Western Municipal Water District (WMWD) of \$.29 per 100 C.F. adopted with Ordinance No. 3005, effective September 4, 2009.

4) For Fiscal Year 2010-11, the quantity rate included a pass-through charge from WMWD of \$0.04 per 100 C.F. for Tier 1 rates.

5) For Fiscal Year 2011-12, the quantity rate includes a pass-through charge from WMWD of \$0.04 per 100 C.F. for Tier 2 rates.

Source: City of Corona Department of Water and Power.

CITY OF CORONA

**Schedule 6b
Reclaimed Water Rates
Last Six Fiscal Years²**

| Fiscal Year ¹ | Quantity Rate per 100 C.F. ³ | Monthly Base Rates | | | | | | | | | |
|--------------------------|---|--------------------|-------|-------|--------|-------|--------|--------|--------|--------|--|
| | | 5/8" | 3/4" | 1" | 1 1/2" | 2" | 3" | 4" | 6" | 8" | |
| 2007 | 0.99 | N/A | 19.29 | 27.60 | 48.10 | 70.19 | 119.96 | 184.28 | 338.43 | 497.76 | |
| 2008 | 1.26 | N/A | 21.51 | 30.77 | 53.63 | 78.26 | 133.76 | 205.47 | 377.35 | 555.00 | |
| 2009 | 1.39 | N/A | 23.66 | 33.85 | 58.99 | 86.09 | 147.13 | 226.02 | 415.08 | 610.50 | |
| 2010 | 1.39 | 18.04 | 23.66 | 33.85 | 58.99 | 86.09 | 147.13 | 226.02 | 415.08 | 610.50 | |
| 2011 | 1.39 | 18.04 | 23.66 | 33.85 | 58.99 | 86.09 | 147.13 | 226.02 | 415.08 | 610.50 | |
| 2012 | 1.44 | 18.04 | 23.66 | 33.85 | 58.99 | 86.09 | 147.13 | 226.02 | 415.08 | 610.50 | |

1) There are instances where the rates were changed during the fiscal year.

2) Rates for Reclaimed Water were established July 2, 2006 by Ordinance 2854.

3) For Fiscal Year 2009-10 and forward, the stated rate per 100 C.F. is for Tier 1 of the Budget Based Water Rate Structure adopted with Ordinance No. 3025, effective March 19, 2010.

Source: City of Corona Department of Water and Power.

CITY OF CORONA**Schedule 6c****Direct and Overlapping Property Tax Rates****Last Ten Fiscal Years (rate per \$100 of assessed value)**

| Year | City Direct Rates | | | Overlapping Rates ² | | | |
|------|-------------------------|---------------------------------|--------------|--------------------------------|------------------------|-----------------------------|----------------------------------|
| | Basic Rate ¹ | General Obligation Debt Service | Total Direct | Corona/Norco School District | Alvord School District | Metropolitan Water District | Riverside City Community College |
| 2003 | 1.0000 | 0.0079 | 1.0079 | 0.0237 | 0.1164 | 0.0067 | 0.0000 |
| 2004 | 1.0000 | 0.0061 | 1.0061 | 0.0237 | 0.0765 | 0.0061 | 0.0000 |
| 2005 | 1.0000 | 0.0053 | 1.0053 | 0.0237 | 0.0755 | 0.0058 | 0.0180 |
| 2006 | 1.0000 | 0.0043 | 1.0043 | 0.0146 | 0.0731 | 0.0052 | 0.0180 |
| 2007 | 1.0000 | 0.0025 | 1.0025 | 0.0107 | 0.0580 | 0.0047 | 0.0180 |
| 2008 | 1.0000 | 0.0018 | 1.0018 | 0.0379 | 0.0526 | 0.0045 | 0.0126 |
| 2009 | 1.0000 | 0.0012 | 1.0012 | 0.0411 | 0.1064 | 0.0043 | 0.0125 |
| 2010 | 1.0000 | 0.0006 | 1.0006 | 0.0403 | 0.1255 | 0.0043 | 0.0124 |
| 2011 | 1.0000 | 0.0000 | 1.0000 | 0.0452 | 0.1195 | 0.0037 | 0.0150 |
| 2012 | 1.0000 | 0.0000 | 1.0000 | 0.0661 | 0.1185 | 0.0037 | 0.0170 |

Notes:

- 1) The City's basic property tax rate may only be increased by a majority vote of the City's residents. Rates for debt service are set based on each year's requirements.
- 2) Overlapping rates are those of local and county governments that apply to property owners within the City of Corona. Not all overlapping rates apply to all Corona property owners.

Source: Riverside County Auditor-Controller.

CITY OF CORONA**Schedule 7a****Principal Water Customers****Current Year and Nine Years Ago**

| Water Customer | 2012 | | | 2003 | | |
|-----------------------------|---------------------|------|---------------------------------|---------------------|------|---------------------------------|
| | Water Charges | Rank | Percent of Total Water Revenues | Water Charges | Rank | Percent of Total Water Revenues |
| City of Corona | \$ 2,973,379 | 1 | 6.12% | \$ 1,359,951 | 1 | 5.16% |
| Corona-Norco USD | 890,421 | 2 | 1.83% | 491,678 | 2 | 1.87% |
| MG Properties | 454,110 | 3 | 0.94% | | | |
| Eagle Glen Master HOA | 217,478 | 4 | 0.45% | 232,557 | 3 | 0.88% |
| EWR, Inc | 180,665 | 5 | 0.37% | 87,055 | 10 | 0.33% |
| Waterstone at Corona Pointe | 167,221 | 6 | 0.34% | | | |
| Integrated Protein Tech | 155,941 | 7 | 0.32% | 105,664 | 5 | 0.40% |
| Brookwood Villa Apartments | 149,767 | 8 | 0.31% | | | |
| Aseptic Solutions | 148,459 | 9 | 0.31% | | | |
| Avalonbay Communities, Inc. | 146,969 | 10 | 0.30% | | | |
| Hi-Country-Corona Inc | | | | 156,709 | 4 | 0.59% |
| GTS Property Hollywood Inc. | | | | 98,758 | 6 | 0.37% |
| Matt Construction Corp | | | | 91,584 | 7 | 0.35% |
| Archstone Communities | | | | 90,729 | 8 | 0.34% |
| Westdale Asset Management | | | | 87,150 | 9 | 0.33% |
| | <u>\$ 5,484,410</u> | | <u>11.29%</u> | <u>\$ 2,801,834</u> | | <u>10.63%</u> |

Source: Corona Department of Water and Power.

CITY OF CORONA**Schedule 7b
Principal Property Tax Payers
Current Year and Nine Years Ago**

| Taxpayer | 2012 | | | 2003 | | |
|-------------------------------------|------------------------|------|---|------------------------|------|---|
| | Taxable Assessed Value | Rank | Percentage of Total City Taxable Assessed Value | Taxable Assessed Value | Rank | Percentage of Total City Taxable Assessed Value |
| Watson Laboratories Inc. | \$ 182,465,420 | 1 | 1.15% | \$ 90,682,408 | 2 | 0.93% |
| Castle and Cooke Corona Inc. | 168,970,180 | 2 | 1.06% | | | |
| Kaiser Foundation Health Plan Inc | 124,973,107 | 3 | 0.78% | 75,014,030 | 4 | 0.77% |
| Waterstone Apartments NF | 119,710,626 | 4 | 0.75% | | | |
| Price Reit Inc. | 76,271,792 | 5 | 0.48% | 64,628,680 | 5 | 0.66% |
| Dart Container Corporation of Calif | 72,180,895 | 6 | 0.45% | 77,468,765 | 3 | 0.79% |
| 223 1 DL Holdings | 71,926,584 | 7 | 0.45% | | | |
| Dix Leasing Corporation | 60,120,374 | 8 | 0.38% | | | |
| IBM Credit LLC | 53,195,439 | 9 | 0.33% | | | |
| Rexco Magnolia | 48,108,163 | 10 | 0.30% | | | |
| Dairy Farmers of America Inc. | | | | 96,172,377 | 1 | 0.98% |
| Vista Hospital Systems Inc | | | | 52,805,400 | 6 | 0.54% |
| ERP Operating LP | | | | 44,553,598 | 7 | 0.46% |
| CTF 16 Baywood | | | | 28,603,754 | 8 | 0.29% |
| Corona Investment Inc. | | | | 26,680,129 | 9 | 0.27% |
| Evans Withycombe Residential | | | | 25,000,000 | 10 | 0.26% |
| Total | <u>\$ 977,922,580</u> | | <u>6.13%</u> | <u>\$ 581,609,141</u> | | <u>5.95%</u> |

Source: HdL Coren & Cone, Riverside County Assessor combined tax rolls.

CITY OF CORONA**Schedule 8
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 | | Delinquent Tax Collections ² | Total Collections to Date | |
|----------------------------------|---|---|-----------------------|---|---------------------------|-----------------------|
| | | Amount | Percentage of Levy | | Amount | Percentage of Levy |
| 2003 | \$ 14,732,029 | \$ 13,947,475 | 94.67% | \$ 707,460 | \$ 14,654,935 | 99.48% |
| 2004 | 15,932,786 | 14,583,817 | 91.53% | 596,595 | 15,180,412 | 95.28% |
| 2005 | 17,960,358 | 16,344,312 | 91.00% | 639,412 | 16,983,724 | 94.56% |
| 2006 | 18,409,599 | 16,237,649 | 88.20% | 827,438 | 17,065,087 | 92.70% |
| 2007 | 23,054,281 | 19,690,971 | 85.41% | 1,439,660 | 21,130,631 | 91.66% |
| 2008 | 25,254,270 | 20,898,139 | 82.75% | 2,427,904 | 23,326,043 | 92.36% |
| 2009 | 25,036,199 | 21,120,483 | 84.36% | 2,092,540 | 23,213,023 | 92.72% |
| 2010 | 22,628,536 | 19,921,737 | 88.04% | 1,424,373 | 21,346,110 | 94.33% |
| 2011 | 22,451,824 | 19,619,070 | 87.38% | 1,155,344 | 20,774,414 | 92.53% |
| 2012 | 22,448,815 | 20,689,087 | 92.16% | - | 20,689,087 | 92.16% |

Note: 1) Amounts excluded debt service levies and Redevelopment property tax increment.

2) Amounts excluded interest and penalties.

Source: City of Corona Finance Department;
Riverside County Auditor-Controller's Office.

CITY OF CORONA**Schedule 9****Ratios of Outstanding Debt by Type****Last Ten Fiscal Years (dollars in thousands, except per capita)**

| Fiscal Year | Governmental Activities | | | | | | |
|-------------|--------------------------|---------------------|---------------------|---------------|---------------|-----------------------------|--------------------------|
| | General Obligation Bonds | Redevelopment Bonds | Lease Revenue Bonds | Loans Payable | Lease Payable | Long-Term Agreement Payable | Special Assessment Bonds |
| 2003 | \$ 5,065 | \$ 49,205 | \$ 56,770 | \$ 2,711 | \$ 1,100 | \$ - | \$ 5,095 |
| 2004 | 3,955 | 48,030 | 55,840 | 2,308 | 976 | - | 4,025 |
| 2005 | 3,635 | 45,485 | 53,940 | 1,907 | 883 | 1,301 | 3,255 |
| 2006 | 2,535 | 42,755 | 51,975 | 1,485 | 787 | 1,115 | 2,930 |
| 2007 | 1,925 | 63,175 | 87,130 | 1,039 | 686 | 929 | 2,565 |
| 2008 | 1,445 | 90,940 | 73,390 | 569 | 583 | 6,882 | 2,225 |
| 2009 | 950 | 87,805 | 70,695 | - | 475 | 5,725 | 1,900 |
| 2010 | - | 85,075 | 67,905 | - | - | 4,530 | 1,435 |
| 2011 | - | 82,025 | 65,015 | - | 26 | 3,301 | 1,025 |
| 2012 | - | - ¹ | 35,215 | - | 25,283 | - ¹ | 660 |

Note: 1) No longer reported under governmental activities as the result of the dissolution of the Corona Redevelopment Agency as of February 1, 2012.

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



Business-Type Activities

| <u>Installment Agreement Payable</u> | <u>Long-Term Installment Payable</u> | <u>Term Loan Payable</u> | <u>Capital Leases</u> | <u>Certificates of Participation</u> | <u>Contracts Payable</u> | <u>Total Primary Government</u> | <u>Percent of Personal Income</u> | <u>Per Capita</u> |
|--|--|----------------------------------|---------------------------|--|------------------------------|---|---|-----------------------|
| \$ - | \$ 34,190 | \$ 19,233 | \$ 172,628 | \$ 73,450 | \$ 717 | \$ 420,164 | 13.4% | \$ 3,067 |
| - | 33,455 | 18,194 | 172,628 | 73,175 | 717 | 413,303 | 12.6% | \$ 2,914 |
| 432 | 32,690 | 35,171 | 172,628 | 101,760 | 717 | 453,804 | 13.0% | \$ 3,150 |
| 296 | 31,895 | 43,429 | 172,628 | 101,310 | 717 | 453,857 | 12.1% | \$ 3,137 |
| 173 | 31,070 | 43,322 | 172,628 | 100,590 | 717 | 505,949 | 12.8% | \$ 3,462 |
| 37 | 30,215 | 41,990 | 172,628 | 98,145 | 690 | 519,739 | 12.9% | \$ 3,525 |
| 2,000 | 29,325 | 39,625 | 172,628 | 95,645 | 690 | 507,463 | 12.9% | \$ 3,415 |
| 2,036 | 28,400 | 37,207 | 172,628 | 93,035 | 690 | 492,941 | 12.2% | \$ 3,277 |
| 1,764 | 27,435 | 34,724 | 172,628 | 90,320 | 690 | 478,953 | 11.6% | \$ 3,117 |
| 1,485 | 26,430 | 32,176 | 172,628 | 87,495 | 690 | 382,062 | 9.1% | \$ 2,489 |

CITY OF CORONA

**Schedule 10
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years (dollars in thousands, except per capita)**

| Fiscal Year | General Bonded Debt Outstanding | | | | | Total General Bonded Debt | Less Net Position Restricted for Debt Repayment | Net General Bonded Debt | Percentage of Actual Value ¹ of Property | Per Capita ² |
|-------------|---------------------------------|----------------------------------|--------------------------|---------------------|------------|---------------------------|---|-------------------------|---|-------------------------|
| | General Obligation Bonds | Redevelopment Bonds ³ | Special Assessment Bonds | Lease Revenue Bonds | | | | | | |
| 2003 | \$ 5,065 | \$ 49,205 | \$ 5,095 | \$ 56,770 | \$ 116,135 | \$ 19,092 | \$ 97,043 | 0.99% | \$ 708 | |
| 2004 | 3,955 | 48,030 | 4,025 | 55,840 | 111,850 | 13,179 | 98,671 | 0.93% | 696 | |
| 2005 | 3,635 | 45,485 | 3,255 | 53,940 | 106,315 | 7,982 | 98,333 | 0.82% | 683 | |
| 2006 | 2,535 | 42,755 | 2,930 | 51,975 | 100,195 | 6,898 | 93,297 | 0.69% | 645 | |
| 2007 | 1,925 | 63,175 | 2,565 | 87,130 | 154,795 | 28,839 | 125,956 | 0.79% | 862 | |
| 2008 | 1,445 | 90,940 | 2,225 | 73,390 | 168,000 | 25,251 | 142,749 | 0.81% | 968 | |
| 2009 | 950 | 87,805 | 1,900 | 70,695 | 161,350 | 11,969 | 149,381 | 0.84% | 1,005 | |
| 2010 | - | 85,075 | 1,435 | 67,905 | 154,415 | 7,080 | 147,335 | 0.90% | 980 | |
| 2011 | - | 82,025 | 1,025 | 65,015 | 148,065 | 10,774 | 137,291 | 0.85% | 894 | |
| 2012 | - | - | 660 | 62,020 | 62,680 | 3,418 | 59,262 | 0.37% | 408 | |

Note: 1) See Schedule 5b for property value data.

2) Population data can be found in Schedule 14.

3) No longer considered general bonded debt as the result of the dissolution of the Corona Redevelopment Agency as of February 1, 2012.

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

CITY OF CORONA

Schedule 11

Direct and Overlapping Governmental Activities Debt¹

As of June 30, 2012 (dollars in thousands)

| | Debt Outstanding | Est. Percentage Applicable ² | Share of Overlapping Debt |
|---|---------------------|--|------------------------------|
| Direct and Overlapping Tax and Assessment Debt: | | | |
| Metropolitan Water District | \$ 196,545 | 0.740% | \$ 1,454 |
| Riverside City Community College District | 230,858 | 22.812% | 52,663 |
| Alvord Unified School District | 205,161 | 16.980% | 34,836 |
| Corona-Norco Unified School District | 274,073 | 57.044% | 156,342 |
| Alvord Unified School District CFD No. 2006-1 | 8,340 | 16.860% | 1,406 |
| Corona-Norco Unified School District CFD No. 6 | 410 | 100.000% | 410 |
| Corona-Norco Unified School District CFD No. 88-1 | 1,515 | 90.618% | 1,373 |
| Corona-Norco Unified School District CFD No. 97-1 | 1,288 | 100.000% | 1,288 |
| Corona-Norco Unified School District CFD No. 99-1 | 3,177 | 100.000% | 3,177 |
| Corona-Norco Unified School District CFD No. 99-2, Imp Areas A, B, C | 6,654 | 100.000% | 6,654 |
| Corona-Norco Unified School District CFD No. 00-1 | 2,335 | 100.000% | 2,335 |
| Corona-Norco Unified School District CFD No. 01-1, Imp Areas A & B | 9,595 | 100.000% | 9,595 |
| Corona-Norco Unified School District CFD No. 01-2, Imp Areas A, B, C | 14,760 | 100.000% | 14,760 |
| Corona-Norco Unified School District CFD No. 03-3, Imp Area A | 5,250 | 100.000% | 5,250 |
| Corona-Norco Unified School District CFD No. 03-5 | 2,560 | 100.000% | 2,560 |
| Corona-Norco Unified School District CFD No. 04-2, Imp Areas 1 & 3 | 4,510 | 100.000% | 4,510 |
| City of Corona CFD No. 86-2 | 11,630 | 100.000% | 11,630 |
| City of Corona CFD No. 89-1 | 19,325 | 100.000% | 19,325 |
| City of Corona CFD No. 90-1 | 28,895 | 100.000% | 28,895 |
| City of Corona CFD No. 97-2 | 12,575 | 100.000% | 12,575 |
| City of Corona CFD No. 2000-1 | 6,590 | 100.000% | 6,590 |
| City of Corona CFD No. 2001-2 | 3,130 | 100.000% | 3,130 |
| City of Corona CFD No. 2002-1 | 25,185 | 100.000% | 25,185 |
| City of Corona CFD No. 2002-4 | 8,420 | 100.000% | 8,420 |
| City of Corona CFD No. 2003-2 | 7,590 | 100.000% | 7,590 |
| City of Corona CFD No. 2004-1 | 3,365 | 100.000% | 3,365 |
| California Statewide Communities Development Authority CFD No. 2002-1 | 4,230 | 100.000% | 4,230 |
| City of Corona 1915 Act Bonds | 5,035 | 100.000% | 5,035 |
| Total Overlapping Tax and Assessment Debt | | | 434,584 |
| Total Direct Tax and Assessment Debt | | | - |
| Total Direct and Overlapping Tax and Assessment Debt | | | \$ 434,584 |
| Direct and Overlapping General Fund Debt: | | | |
| Overlapping General Fund Obligations | | | |
| Riverside County General Fund Obligations | \$ 655,042 | 9.107% | \$ 59,655 |
| Riverside County Pension Obligations | 357,540 | 9.107% | 32,561 |
| Riverside County Board of Education COPs | 5,055 | 9.107% | 460 |
| Corona-Norco Unified School District General Fund Obligations | 30,035 | 57.044% | 17,133 |
| Alvord Unified School District General Fund Obligation Debt | 2,027 | 16.980% | 344 |
| Total Overlapping General Fund Obligations | | | \$ 110,154 |
| Direct General Fund Obligations: | | | |
| City of Corona General Fund Obligations | 87,963 | 100.000% | 87,963 |
| Total Direct General Fund Obligations | | | \$ 87,963 |
| Total Direct and Overlapping General Fund Obligations | | | \$ 198,117 |
| Less: Riverside County self-supporting obligations | | | 1,129 |
| City-obligated debt supported by special assessment payments | | | 660 |
| Total Net Direct and Overlapping General Fund Obligations | | | \$ 196,328 |
| Total Gross Direct Debt | | | \$ 87,963 |
| Total Net Direct Debt | | | \$ 87,303 |
| Total Gross Overlapping Debt | | | \$ 544,738 |
| Total Net Overlapping Debt | | | \$ 543,609 |
| Gross Combined Total Direct and Overlapping Debt³ | | | \$ 632,701 |
| Net Combined Total Direct and Overlapping Debt | | | \$ 630,912 |

Schedule 11

**Direct and Overlapping Governmental Activities Debt
As of June 30, 2012 (dollars in thousands)**

Notes to Schedule 11

- 1) Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. The schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Corona. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for the repaying the debt, of each overlapping government.*
- 2) For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's assessed value that is within the City's boundaries and dividing it by each unit's total assessed value.*
- 3) Amount excluded tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.*

CITY OF CORONA

Schedule 12

Legal Debt Margin Information

Last Ten Fiscal Years (dollars in thousands)

Legal Debt Margin Calculation for Fiscal Year 2012

| | |
|---|---------------------|
| Assessed Value | \$ 15,925,535 |
| Debt Limit (15% of assessed value) | 2,388,830 |
| Debt Applicable to limit: | |
| General obligation bonds | 25,283 |
| Less: Amount set aside for repayment of general obligation debt | - |
| Total net debt applicable to limit | <u>25,283</u> |
| Legal Debt Margin | <u>\$ 2,363,547</u> |

| | Fiscal Year | | | | | | | | | |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
| Debt Limit | \$ 1,465,692 | \$ 1,591,659 | \$ 1,809,375 | \$ 2,031,070 | \$ 2,385,348 | \$ 2,653,302 | \$ 2,654,117 | \$ 2,442,456 | \$ 2,412,865 | \$ 2,388,830 |
| Total net debt applicable to limit | 3,505 | 2,871 | 2,298 | 1,719 | 1,158 | 600 | (43) | - | 25,283 | 25,283 |
| Legal debt margin | \$ 1,462,187 | \$ 1,588,788 | \$ 1,807,077 | \$ 2,029,351 | \$ 2,384,190 | \$ 2,652,702 | \$ 2,654,160 | \$ 2,442,456 | \$ 2,387,582 | \$ 2,363,547 |
| Total debt applicable to the limit as a percentage of debt limit | 0.239% | 0.180% | 0.127% | 0.085% | 0.049% | 0.023% | -0.002% | 0.000% | 1.048% | 1.058% |

Note: Under State Finance Law, the City's outstanding general obligation debt should not exceed 15 percent of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

CITY OF CORONA**Schedule 13****Pledged-Revenue Coverage****Last Ten Fiscal Years (dollars in thousands)**

| Fiscal Year | Lease Revenue Bonds | | | | | Special Assessment Bonds | | | | |
|-------------|---------------------|-------------------------|--------------|--------------------|-------------------|--------------------------------|-------------------------|--------------|----------|----------|
| | Lease Payments | Current Account Balance | Debt Service | | Coverage | Special Assessment Collections | Current Account Balance | Debt Service | | Coverage |
| | | | Principal | Interest | | | | Principal | Interest | |
| 2003 | \$ 1,827 | \$ 2,209 | \$ 790 | \$ 1,749 | 1.59 ¹ | \$ 1,410 | \$ 5,579 | \$ 5,460 | \$ 617 | 1.15 |
| 2004 | 1,931 | 1,511 | 930 | 2,499 | 1.00 | 822 | 1,411 | 1,070 | 355 | 1.57 |
| 2005 | 3,306 | 1,068 | 1,900 | 2,450 | 1.01 | 582 | 1,020 | 770 | 283 | 1.52 |
| 2006 | 4,184 | 177 | 1,965 | 2,390 | 1.00 | 560 | 448 | 325 | 241 | 1.78 |
| 2007 | 4,501 | 272 | 2,025 | 2,626 ⁴ | 1.03 | 543 | 77 | 365 | 214 | 1.07 |
| 2008 | 5,673 | 152 | 2,620 | 3,212 | 1.00 | 487 | 38 | 340 | 187 | 1.00 |
| 2009 | 5,663 | 150 | 2,695 | 3,118 | 1.00 | 571 | 28 | 325 | 162 | 1.23 |
| 2010 | 5,686 | 125 | 2,790 | 3,021 | 1.00 | 525 | 79 | 465 | 131 | 1.01 |
| 2011 | 5,677 | 126 | 2,890 | 2,915 | 1.00 | 376 | 152 | 410 | 97 | 1.04 |
| 2012 | 5,669 | 166 | 2,995 | 2,801 | 1.01 | 212 | 238 | 365 | 67 | 1.04 |

Notes: 1) 2002 Lease Revenue bonds issued; capitalized interest used to make debt payments.

2) 2003 COPs issued with capitalized interest.

3) 2005 COPs issued with capitalized interest.

4) 2006 Lease Revenue bonds issued; escrow used to make 2000 LRB payment.

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

| Fiscal Year | Water Revenue Bonds | | | | Certificates of Participation | | | | |
|-------------|---------------------|--------------|----------|----------|-------------------------------|-------------------------|--------------|----------|-------------------|
| | Lease Payments | Debt Service | | Coverage | Lease Payments | Current Account Balance | Debt Service | | Coverage |
| | | Principal | Interest | | | | Principal | Interest | |
| 2003 | \$ 2,286 | \$ 710 | \$ 1,577 | 1.00 | \$ 504 | \$ 47 | \$ 265 | \$ 286 | 1.00 |
| 2004 | 2,284 | 735 | 1,550 | 1.00 | 771 | 4,689 | 275 | 2,779 | 1.79 ² |
| 2005 | 2,286 | 765 | 1,522 | 1.00 | 1,223 | 2,686 | 435 | 3,469 | 1.00 |
| 2006 | 2,285 | 795 | 1,493 | 1.00 | 4,520 | 335 | 450 | 4,390 | 1.00 ³ |
| 2007 | 2,286 | 825 | 1,462 | 1.00 | 5,077 | 343 | 720 | 4,710 | 1.00 |
| 2008 | 2,288 | 855 | 1,429 | 1.00 | 6,764 | 346 | 2,445 | 4,665 | 1.00 |
| 2009 | 2,281 | 890 | 1,393 | 1.00 | 6,761 | 323 | 2,500 | 4,582 | 1.00 |
| 2010 | 2,281 | 925 | 1,356 | 1.00 | 6,861 | 220 | 2,610 | 4,476 | 1.00 |
| 2011 | 2,281 | 965 | 1,316 | 1.00 | 6,859 | 224 | 2,715 | 4,367 | 1.00 |
| 2012 | 2,278 | 1,005 | 1,273 | 1.00 | 7,063 | 24 | 2,825 | 4,261 | 1.00 |

CITY OF CORONA**Schedule 14
Demographic and Economic Statistics
Last Ten Calendar Years**

| Year | (1) Population | (2) Personal Income (thousands of dollars) | Per Capita Personal Income | (3) Median Age | (4) School Enrollment | (5) Unemployment Rate |
|------|-------------------|--|-------------------------------------|----------------------|-----------------------------|-----------------------------|
| 2003 | 137,006 | \$ 3,142,951 | \$ 22,940 | n/a | 41,977 | 5.0% |
| 2004 | 141,822 | 3,274,812 | 23,091 | n/a | 43,998 | 4.8% |
| 2005 | 144,070 | 3,492,689 | 24,243 | n/a | 44,240 | 3.7% |
| 2006 | 144,661 | 3,754,532 | 25,954 | n/a | 47,731 | 3.5% |
| 2007 | 146,164 | 3,959,729 | 27,091 | n/a | 49,865 | 4.1% |
| 2008 | 147,428 | 4,032,746 | 27,354 | n/a | 51,334 | 6.1% |
| 2009 | 148,597 | 3,942,278 | 26,530 | 30.5 | 52,138 | 10.4% |
| 2010 | 150,416 | 4,031,149 | 26,800 | 31.5 | 52,914 | 10.3% |
| 2011 | 153,649 | 4,114,259 | 26,777 | 32.5 | 53,153 | 10.7% |
| 2012 | 153,484 | 4,206,843 | 27,409 | 32.6 | 53,467 | 9.3% |

Sources: 1) Population – California Department of Finance;
2) Personal Income – Economics & Politics, Inc.
3) Median Age – U.S. Census Bureau;
4) School Enrollment – Corona-Norco Unified School District;
5) Unemployment Rate – California Labor Market.

CITY OF CORONA**Schedule 15
Principal Employers
Current Year and Nine Years Ago**

| Employer | 2012 | | | 2003 | | |
|--------------------------------------|---------------|------|-------------------------------------|---------------|------|-------------------------------------|
| | Employees | Rank | Percentage of Total City Employment | Employees | Rank | Percentage of Total City Employment |
| Corona-Norco Unified School District | 4,686 | 1 | 5.42% | 4,335 | 1 | 5.95% |
| Corona Regional Medical Center | 1,260 | 2 | 1.46% | 1,101 | 3 | 1.51% |
| Watson Laboratories, Inc. | 907 | 3 | 1.05% | 1,231 | 2 | 1.69% |
| Fender USA Corona | 850 | 4 | 0.98% | 700 | 8 | 0.96% |
| City of Corona | 797 | 5 | 0.92% | 1,058 | 5 | 1.45% |
| Arizona Pipeline | 600 | 6 | 0.69% | | | |
| Kaiser Permanente | 575 | 7 | 0.66% | 1,100 | 4 | 1.51% |
| Monster Engergy | 410 | 8 | 0.47% | | | |
| TWR Framing Enterprises | 400 | 9 | 0.46% | | | |
| Dart Container Corporation | 384 | 10 | 0.44% | 701 | 7 | 0.96% |
| All American Asphalt | | | | 950 | 6 | 1.30% |
| Golden Cheese Co. of California | | | | 400 | 10 | 0.55% |
| Doorway Manufacturing | | | | 550 | 9 | 0.75% |
| Total | <u>10,869</u> | | <u>12.55%</u> | <u>12,126</u> | | <u>16.63%</u> |

Source: City of Corona's Economic Development Division;
California Labor Market.

CITY OF CORONA**Schedule 16****Full-time Equivalent City Government Employees by Function/Program
Last Eight Fiscal Years**

| <u>Function/Program</u> | <u>Full-time Equivalent Employees</u> | | | | | | | |
|-------------------------------|---------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> | <u>2006</u> | <u>2005</u> |
| General Government | | | | | | | | |
| Management Services | 8 | 9 | 9 | 12 | 19 | 19 | 12 | 13 |
| Human Resources | 8.5 | 10 | 10 | 11 | 15 | 15 | 13 | 12 |
| Information Technology | 13 | 14 | 14 | 15 | 18 | 17 | 17 | 17 |
| Finance | 27 | 32 | 32 | 36 | 41 | 42 | 41 | 41 |
| Community Development | 17 | 21 | 21 | 27 | 24 | 26 | 21 | 20 |
| Building ¹ | 0 | 0 | 0 | 0 | 24 | 24 | 23 | 22 |
| Police | | | | | | | | |
| Officers | 152 | 176 | 177 | 179 | 191 | 191 | 175 | 167 |
| Civilians | 60 | 72 | 67 | 72 | 91 | 91 | 87 | 90 |
| Fire | | | | | | | | |
| Firefighters and officers | 112 | 121 | 121 | 121 | 124 | 124 | 111 | 106 |
| Civilians | 5 | 7 | 7 | 10 | 23 | 22 | 22 | 26 |
| Public Works | 74 | 77 | 76 | 84 | 102 | 102 | 93 | 94 |
| Redevelopment | 0 | 16 | 17 | 17 | 16 | 15 | 17 | 17 |
| Administrative Services | 5.5 | | | | | | | |
| Parks and Community Services | 22 | 28 | 28 | 35 | 48 | 49 | 50 | 50 |
| Library | 15 | 17 | 17 | 18 | 20 | 19 | 18 | 19 |
| Department of Water and Power | 112 | 107 | 112 | 113 | 111 | 130 | 146 | 137 |
| Transit Services | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Total | <u>632</u> | <u>708</u> | <u>709</u> | <u>751</u> | <u>868</u> | <u>887</u> | <u>847</u> | <u>832</u> |

Source: City of Corona Finance Department.

Note: 1) Building Department merged into Community Development Department during Fiscal Year 2008-09.

2) Data from nine years ago was not available.

CITY OF CORONA**Schedule 17
Operating Indicators by Function/Program
Last Eight Fiscal Years**

| Function/Program | Fiscal Year | | | | | | | |
|---|-------------|-----------|-----------|-----------|---------|---------|---------|---------|
| | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
| Police | | | | | | | | |
| Physical Arrests | 4,472 | 5,701 | 5,337 | 5,693 | 5,026 | 5,298 | 4,696 | 4,259 |
| Parking Violations | 4,976 | 6,541 | 3,241 | 6,768 | 8,165 | 9,806 | 8,147 | 8,657 |
| Traffic Violations | 8,691 | 9,456 | 10,087 | 13,357 | 11,389 | 11,931 | 13,923 | 16,885 |
| Fire | | | | | | | | |
| Emergency Responses | 9,843 | 9,606 | 9,683 | 9,480 | 10,139 | 10,238 | 9,997 | 9,644 |
| Fires Extinguished | 326 | 318 | 378 | 387 | 439 | 515 | 499 | 503 |
| Inspections | 1,929 | 1,478 | 2,560 | 2,124 | 2,072 | 1,039 | 865 | 1,529 |
| Public Works | | | | | | | | |
| Street Resurfacing (miles) | 1 | 8 | 85 | 70 | 6 | 172.51 | 9.80 | 11.75 |
| Street Lights Repaired | 1,093 | 1,811 | 1,775 | 1,991 | 1,721 | 1,307 | 1,336 | 1,158 |
| Potholes Filled (sq. ft) | 13,316 | 25,557 | 38,187 | 51,223 | 33,936 | 42,000 | 37,389 | 36,294 |
| Parks and Community Services | | | | | | | | |
| Sportsfields Participation | 2,325,101 | 1,832,892 | 1,746,257 | 1,307,866 | 828,717 | 486,114 | 459,002 | 462,852 |
| Comm. Centers/Gym/Pool | 216,729 | 239,464 | 249,295 | 279,548 | 309,814 | 310,604 | 307,888 | 303,460 |
| Other Activity Participation | 232,701 | 211,533 | 259,179 | 249,407 | 217,500 | 153,301 | 126,542 | 128,991 |
| Library | | | | | | | | |
| Volumes in Collection | 170,435 | 169,188 | 166,163 | 177,028 | 175,648 | 165,102 | 165,474 | 161,495 |
| Total Volumes Borrowed | 1,991,581 | 2,034,932 | 1,262,964 | 1,191,239 | 956,152 | 540,612 | 673,450 | 722,032 |
| Water | | | | | | | | |
| New Connections | 80 | 133 | 217 | 269 | 158 | 504 | 801 | 656 |
| Water Main Repairs | 37 | 46 | 45 | 6 | 6 | 10 | 9 | 38 |
| Average Daily Consumption (millions of gallons) | 31.0 | 30.2 | 32.9 | 39.0 | 36.5 | 35.0 | 35.2 | 38.1 |
| Wastewater | | | | | | | | |
| Average Daily Sewage Treatment (millions of gallons) | 13.0 | 13.7 | 13.0 | 13.0 | 13.0 | 13.0 | 12.2 | 12.2 |
| Transit Services | | | | | | | | |
| Total Route Miles (round-trip) | 39.0 | 39.0 | 39.0 | 39.0 | 39.0 | 44.4 | 44.7 | 44.7 |
| Passengers | | | | | | | | |
| Fixed Route | 153,783 | 152,568 | 165,104 | 166,744 | 163,062 | 150,815 | 146,983 | 162,423 |
| Dial-A-Ride | 61,285 | 58,153 | 64,689 | 63,122 | 64,079 | 57,577 | 58,892 | 66,481 |

Source: Various City departments.

Note: Data from nine years ago was not available.

CITY OF CORONA**Schedule 18
Capital Asset Statistics by Function/Program
Last Eight Fiscal Years**

| Function/Program | Fiscal Year | | | | | | | |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> | <u>2006</u> | <u>2005</u> |
| Police | | | | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Zone Offices | 2 | 2 | 2 | 3 | 3 | 3 | 3 | 3 |
| Patrol Units | 53 | 60 | 65 | 65 | 74 | 74 | 66 | 58 |
| Fire Stations | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 |
| Streets | | | | | | | | |
| Streets and Alleys (miles) | 403 | 398 | 398 | 398 | 383 | 380 | 376 | 371 |
| Streetlights ¹ | 11,353 | 11,237 | 11,733 | 11,682 | 11,711 | 11,688 | 11,300 | 10,540 |
| Traffic Signals | 169 | 170 | 168 | 166 | 161 | 163 | 157 | 153 |
| Parks and Community Services | | | | | | | | |
| Total Park Acreage | 376 | 376 | 376 | 376 | 364 | 364 | 342 | 347 |
| Playgrounds | 27 | 27 | 27 | 26 | 30 | 30 | 29 | 30 |
| Baseball/softball diamonds | 36 | 37 | 39 | 35 | 35 | 33 | 33 | 32 |
| Soccer/football fields | 18 | 18 | 17 | 15 | 15 | 14 | 14 | 11 |
| Community Centers | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 |
| Civic Center Auditorium Seating Cap | 380 | 380 | 380 | 380 | 380 | 380 | 250 | 250 |
| Fiesta Bandshell Seating Capacity | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 |
| Water | | | | | | | | |
| Water Main (miles) | 677 | 676 | 684 | 670 | 670 | 622 | 606 | 566 |
| Fire Hydrants | 8,996 | 8,788 | 8,692 | 8,496 | 8,421 | 8,300 | 7,904 | 7,611 |
| Storage Capacity (millions of gallons) | 51 | 51 | 53 | 53 | 44 | 44 | 46 | 41 |
| Wastewater | | | | | | | | |
| Sanitary Sewers (miles) | 444 | 442 | 447 | 445 | 436 | 394 | 382 | 376 |
| Storm Sewers (miles) | 166 | 168 | 168 | 165 | 161 | 154 | 148 | 145 |
| Treatment Capacity (millions of gallons) | 16 | 16 | 16 | 16 | 14 | 14 | 19 | 16 |
| Transit Services | | | | | | | | |
| Minibuses | | | | | | | | |
| Fixed Route | 4 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Dial-A-Ride | 10 | 10 | 9 | 9 | 9 | 9 | 9 | 9 |

Source: Various City departments.

Note: 1) Number of streetlights includes only the City-owned ones.

Data from nine years ago was not available.