

CITY OF CORONA, CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2017



Prepared by the City of Corona Administrative Services Department

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Government Finance Officers Association

**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, 2016

Executive Director/CEO



November 15, 2017

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, 2017. The CAFR is published to serve two purposes. First, it outlines accountability for public tax dollars and the services that are funded by these resources. Second, it communicates the results of operations and the City's financial position to its constituents, and provides a vital framework for future decisions about programs and services.

In order to ensure the reliability of the information contained herein, the City contracted with an independent audit firm, Lance, Soll & Lunghard, LLP, to perform annual audits. The goal of the audit is to provide reasonable assurance that the City's financial statements are free from material misstatement. Lance, Soll & Lunghard, LLP issued an unmodified opinion for the City's financial statements for the fiscal year ended June 30, 2017.

Management is responsible for both the accuracy of the financial report and the completeness and fairness of the presentation. To the best of our knowledge, the information presented is accurate in all material aspects and includes all disclosures necessary to enable the reader to gain a reasonable understanding of the City's financial activities. To provide a rational basis for making these representations, City 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 CAFR.

The CAFR is prepared using the financial reporting requirements outlined by the Governmental Accounting Standards Board (GASB) statements. Three sections were presented: the *Introductory Section*, the *Financial Section*, and the *Statistical Section*. This transmittal letter is included in the *Introductory Section*, and is designed to complement and should be read in conjunction with the Management's Discussion and Analysis (MD&A), which is included in the *Financial Section*. The MD&A provides an overview of the City's operations and how we performed financially. The auditor's opinion letter and a complete set of financial statements are presented in the *Financial Section*. The *Statistical Section* presents historical information about the City's finances and operations, as well as demographic and economic data.

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.

The CAFR is a required component of continuing disclosure to the bond holders as covenanted by certain bond issues.

Community Profile

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 California State Department of Finance, the City's population was 167,759 as of January 2017, ranked 31st largest city among all cities in the State of California. The City limits cover approximately 39.3 square miles.

The City of Corona was established in 1886 and incorporated in 1896 under the general laws of the State of California. The City operates under a Council-Manager form of government. 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.

A Full Service City

The City provides full services to its citizens, including essential services such as: public safety (police and fire), streets, electric, public library, parks, community center and other public facilities, planning and zoning, public transportation (Dial-A-Ride and Corona Cruiser programs), housing and economic development programs. Water and water reclamation services are provided through the legally separate Corona Utility Authority, which functions as a department of the City of Corona. The Corona Housing Authority and the Corona Public Financing Authority are component units of the primary City government and are financially accountable by the City. Additional information on all of these legally separated entities can be found in the Notes to the Basic Financial Statements, under the Description of Reporting Entity section.

The City maintains budgetary controls to ensure compliance with legal provisions embodied in the annual appropriation approved by the City Council. Each year, a proposed budget is submitted to the City Council and a public meeting is conducted to obtain taxpayer comments. In recent years, the City has conducted additional outreach to encourage as much community input as possible. 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 or move appropriations between funds.

Demographic and Economic Information

Demographically, the City of Corona benefits from young median age, higher education levels, higher median incomes, and higher home values compared with the County and the State. As a thriving inland community, Corona is home to young families comprised of 48,930 households averaging 3.53 persons each, with median age of 33. Annual median family income is \$82,384, and 84.6% of the population possess a high school diploma or higher according to U.S. Census data. Median home price continues to improve with median values pushing past \$450,000.

The City of Corona continues to maintain its position as the premier location for businesses looking to relocate and expand. Centrally located between Riverside and Orange counties, Corona's geographic position attracts highly educated and sought-after labor force. Corona continues to see improvements in several key economic indicators. Vacancy rates in industrial,

commercial, and office properties continue to see positive absorption. Industrial vacancy rates continue to hover below 2% while commercial vacancy has dropped to 5%. Office vacancy rates are steadily on the decline as well, currently at 8%.

New industrial development has helped to expand Corona's job market, which has surpassed the pre-recession peaks. Job growth in Corona reported a 4.8% increase with employment numbers reaching 82,200 in Fiscal Year 2016-17, an increase of 15.7% from last year. Major contributors of the growth are the construction and financial industries, in addition to the fast growing professional, management and technology sectors in previous years. In comparison to Orange County, the job market growth rate in Corona is 2% higher. This growth will continue to be fueled by more than 1.0 million square feet of new industrial development, which is estimated to bring an additional 1,000 jobs in the next 18 months. The strong local job market keeps the unemployment rate in Corona at 5.0%, which is approximately 1.5% below the Riverside County average.

Fiscal Year 2016-17 continued to see an expanding housing market with increased median home prices and average rents for multi-family communities. With limited development opportunities, Corona has seen a lack in housing stock, a key driver for price and equity increase. Much of Corona's recent residential development has been multi-family housing, with the exception of one of the newest developments, Bedford by the New Home Company, which will add over 1,600 single family units to the community. The first phase of Corona's newest urban development, Corona North Main was completed in 2012 and consisted of over 404 luxury apartments. Phase two is near completion and will add an additional 464 luxury units with 65,000 square feet of retail space, changing the North Main corridor into a bustling urban setting within walking distance to Riverside County's busiest Metrolink station. The Dos Lagos Community will also add a new mixed-use development consisting of 275 units and 30,000 square feet of retail.

With limited opportunities for large-scale new development, Corona continues looking for opportunities to redevelop and expand currently underutilized properties. Through its ongoing commitment to stimulate the local economy, maintain essential services, and expand its labor force, the City of Corona will continue to be the premier inland Southern California city to live, work, and play.

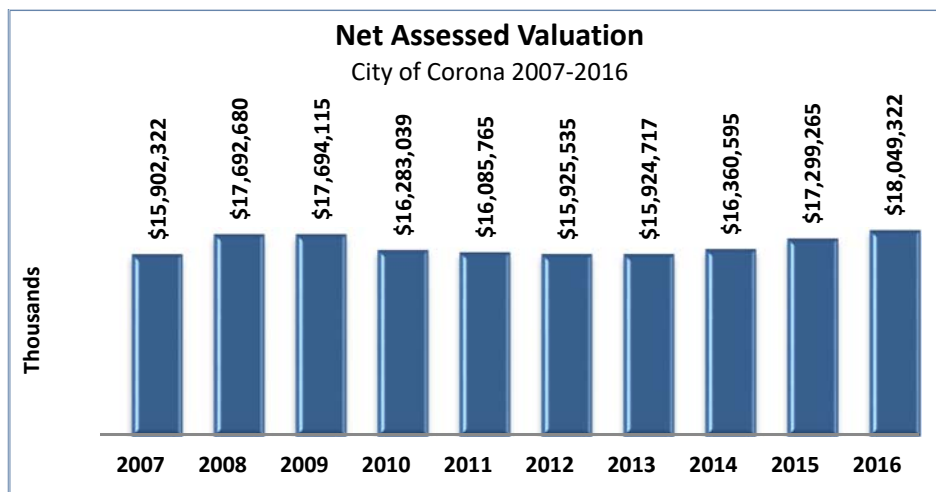
Financial Condition of the City

Nationwide, the economy continued to show strong growth during the year. The main drivers of the expansion over the past year are decreasing unemployment rates and the rise in home prices. In September 2017, the national unemployment rate fell to 4.2%, the lowest level since February 2001. However, improving economic performance does not directly translate to improved financial condition for local governments, nor opportunities to fund more services. As an example, a rise in home prices does not directly correlate to the City collecting more in property taxes. With Proposition 13, property tax is capped at 1%, and the property's taxable value cannot increase more than 2% per year. At the same time, increase in fixed cost for operating a city government has outpaced its revenue growth. In December 2016, CalPERS announced the reduction of the discount rate from the current 7.5% to 7% over the next three

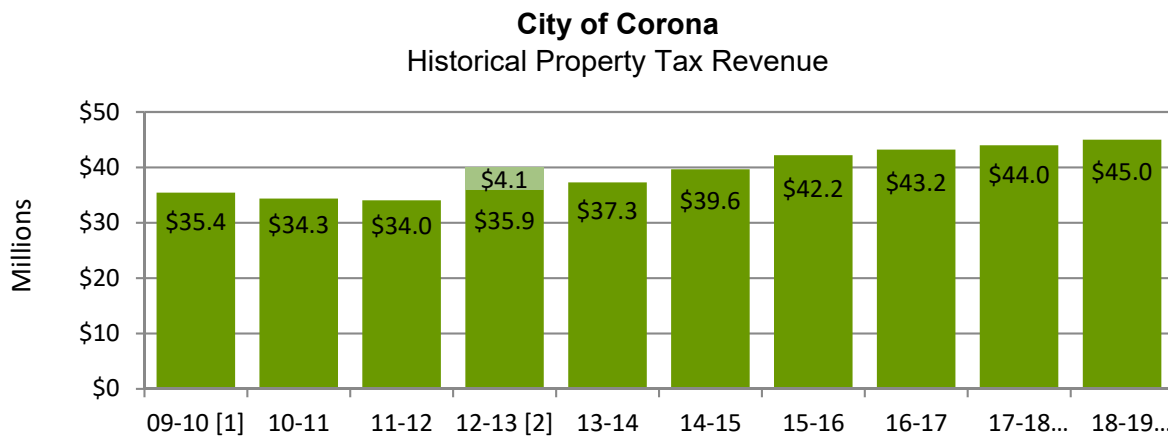
years effective Fiscal Year 2018-19. Corona’s overall employer contribution will increase by \$14.8 million in five years from the most recent CalPERS valuation report published in August 2017.

The steep increase in non-discretionary costs places significant pressure on the City’s revenue generating capabilities, amid other state policies that continue to shift responsibilities to cities without the necessary funding, increasing costs to law enforcement and public safety, and making it more difficult to maintain the traditional level of essential services our residents expect. Revenue must grow at the same rate with expenses in order to maintain sustainability and service levels.

Property tax continues to be the largest General Fund revenue source for the City in Fiscal Year 2016-17. Total taxable assessed valuation in Corona for the year was \$18.0 billion, representing an increase of 4.3% from the previous year. In Fiscal Year 2016-17, net assessed valuation exceeded the pre-recession peak.



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

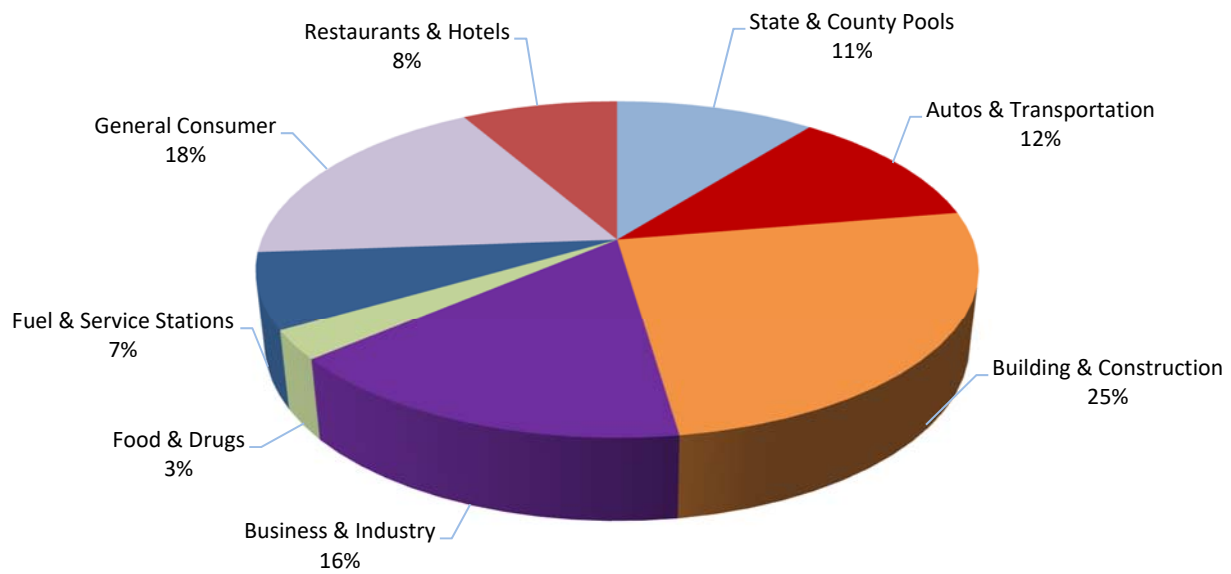


[1] FY 2009-10 Secured Property Tax adjusted for Prop. 1A securitization.

[2] FY 2012-13 includes one-time residual payment of \$4.1 million.

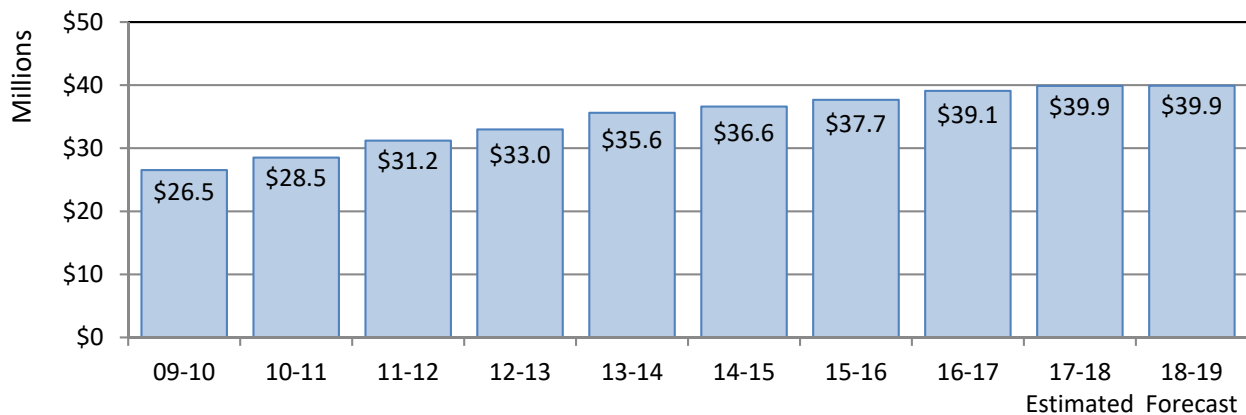
Sales tax is the second primary revenue source for the City. Taxable retail sales totaled \$3.5 billion in Fiscal Year 2016-17, an increase of 4.4% from the previous year. Consumer spending continues to be on the rise driven by the local and regional labor market growth. Much of this consumer spending is seen in the general consumer goods, automobile, hospitality and construction industries. Increased automobile sales and a strong housing market are key indicators of improved consumer confidence. The diversification of the City’s sales tax base is enviable, with the building and construction sector slightly higher than other categories.

**FY 2016-17 Sales Tax Revenue by Industry Group
(% of Total)**



Source: HdL Coren & Cone

**City of Corona
Historical Sales & Use Tax Revenue**



The General Fund concluded Fiscal Year 2016-17 with a positive result of \$8.3 million. Revenues exceeded expenditures by \$1.6 million, with a net incoming transfer of \$6.1 million and beginning fund balance restatement of \$0.6 million contributing to the overall increase to the fund balance. The positive operating result was not originally anticipated, as many items were either one-time, or related to prior years' activities. Among all unanticipated items, a \$2.4 million incoming transfer from a debt service fund was booked in the beginning of the fiscal year to reflect a change in bond reserves requirement. Proceeds from grants and damage recovery totaled \$0.6 million were attributable to activities that occurred in prior years. Development activities continued to surpass budgeted level, and brought in additional revenue of \$0.8 million. Comparing to the budgeted amounts, the General Fund had a favorable variance of \$19.0 million. In addition to the above-mentioned unanticipated activities, \$10.0 million was unspent capital outlay funding that was re-appropriated in Fiscal Year 2017-18. The City strives to develop a budget that accurately aligns available resources and operational needs. All budgetary variances were carefully reviewed and analyzed. One-time revenues/proceeds and cost savings were considered and evaluated separately as they cannot be included as resources to fund recurring activities. It is the City's goal to use these one-time additional resources to reduce its long-term obligations, including the unfunded pension liabilities.

Long Term Financial Planning

Escalating pension costs are presenting a serious threat to the City's financial sustainability. The burden of funding pension obligations amid continued state takeaways and shifting responsibilities without the necessary funding is taking priority over essential services spending needs and adding pressure for additional locally-controlled revenue.

In an effort to maintain fiscal stability and responsible stewardship, the City commissioned KPMG in December 2016 to conduct an analysis of the City's pension, OPEB, and employee healthcare obligations and budget considerations. The analysis presented a 10-year forecast of the pension, OPEB and healthcare cost with various sensitivity assumptions. The result of the analysis revealed significant budget shortfall in the coming years.

The City has been consistently demonstrating sound fiscal stewardship by proactively responding to the impact of the broader state-wide grim pension situation, including a reduced workforce and fiscal reforms to save money and improve efficiency. The City underwent a 16-month long labor negotiation with two of its labor groups, the Corona General Employees' Association and the Corona Supervisors' Association, with the primary goal of containing costs. In addition to cutting costs, the City adopted new revenue streams by establishing City-wide community facilities districts for services. The City also strove to maintain a healthy General Fund reserve level, following best practices established by the Government Finance Officers Association (GFOA).

The commitment did not go unnoticed by the rating agencies. In June 2016, the most recent credit review performed by Standard and Poor's Financial Services (S&P), among the positive factors the City was acknowledged for were "very strong budgetary flexibility," "very strong liquidity," and "strong budgetary performance." S&P viewed the City's management as "strong, with good financial policies and practices" under its Financial Management Assessment methodology.

Financial Policies and Practices

The City adopted various critical financial policies and practices with the goal of building a fiscally resilient government over the long-term, improving financial sustainability, as well as increasing transparency and encouraging public engagement.

Fund Balance Policy for the General Fund

The City established its reserves policy for the General Fund in June 2010, and amended it in June 2016. The emergency contingency reserve was established at \$14.3 million, with the goal to increase to two months of regular General Fund operating expenditures as recommended by the GFOA. In June 2016, the City updated its Fund Balance Policy for the General Fund to increase the emergency contingency reserve balance to three months of regular General Fund operating uses. The purpose of the policy is to protect our community against service disruption in the event of unexpected temporary revenue shortfalls or unpredicted one-time expenditures, as well as the credit worthiness of the City. As of June 30, 2017, the emergency contingency reserve balance was \$30.0 million.

Zero-Based Budgeting

The City launched zero-based budgeting in Fiscal Year 2016-17, following 22 years of the General Fund Expenditure Control Budget (ECB) model. Zero-based budgeting is an effective process that organizations use to rigorously review every dollar in the annual budget, constantly manage financial performance, and build a culture of cost management among all departments. It is based on developing deep visibility into cost drivers and using that visibility to set aggressive, yet credible, budget targets. The annual budgeting process starts from zero and is very detailed, structured, and interactive to facilitate meaningful financial discussion among all departments and establish priorities with all stakeholders. Our goal is to achieve significant and sustainable savings, while delivering productivity and service level improvements. The new budget practice has helped the leadership better balance competing demands for enhanced services/facilities versus increased costs.

The new practice allowed us to effectively analyze budget variances during Fiscal Year 2017-18 budget process. For example, Fiscal Year 2016-17 ended with a budget savings of \$1.9 million in personnel cost within the General Fund. To continue to drill down to an accurate zero based budget, we included a vacancy factor in Fiscal Year 2017-18 budget process to account for savings due to vacancies. The factor was based on a five-year look-back period for departments and classifications (safety and non-safety personnel). We will continue to identify, monitor and adjust variance factors as we move forward with future budgets.

Debt Policy and Procedures

The City of Corona, following the best practice guidelines for debt management published by the GFOA, develops and maintains a formal Debt Policy and Procedures to ensure that debt is issued and managed prudently. The purpose of this policy is to standardize the parameters for debt issuance and management, improve the quality of decisions, provide guidance for the structure of debt issuance to ensure the most prudent, equitable, and cost-effective method of

financing is chosen, and demonstrate a commitment to long-term capital and financial planning. The current policy was reviewed and approved by the City Council in September 2015.

Investment Policy

The Investment Policy outlines the guidelines and practices to be used in effectively managing the City's available cash and investment portfolio. All available funds are to be invested in compliance with the California Government Code and other governing provisions of law. The policy lists in detail authorized investments as well as the percentage of portfolio limitations and required rating for each investment type. The Investment Policy is reviewed, updated and adopted annually.

Major Initiatives

The City has taken steps to reduce unfunded liability, funding infrastructure improvements including disaster mitigation measures, improving efficiency, and promoting transparency, along with increased community engagement during the year.

As a follow-up to the December 2016 independent analysis of the City's pension, and OPEB and employee healthcare obligations, the City has recently hired a consultant to develop a forecast that will help management quantify additional pension contributions in the next 5 to 10 years, as well as a realistic funded ratio of the various plans for which the City contracts with CalPERS. The forecast will help management to formulate effective strategies and provide time to effect changes that better adapt to changing conditions.

In Fiscal Year 2017-18, the City's new Capital Improvement Projects (CIP) totaled \$39.1 million. This amount covers a wide range of categories including buildings and facilities, roads, bridges, street lighting and traffic signals, disaster mitigation measures, storm drainage, parks, and water and water reclamation utilities. The City is also leveraging the housing market conditions to encourage developer financed infrastructure programs.

During the year, the City deployed TRAKiT, a comprehensive and centralized software solution that creates efficiency and flexibility in automating and collaborating the permitting, planning, land management, and overall community development administration. It replaced 5 disparate compartmentalized systems that had been in use in the past decades, causing data silos, reduced visibility, and inefficiency across departments. The new system automated the permit and payment process, streamlined workload and synchronized activities across all departments and outside operations.

After debuting Open Data Corona in January 2016, which brought the key City financial information online to its citizens, from budget (Open Budget), to spending (Open Checkbook), the City took another huge leap to enhance transparency by launching the Citizen Tax Receipt and Balancing Act budget engagement application in October 2017. The new tool was designed to promote community engagement by providing the citizens a better understanding of municipal finances (Citizen Tax Receipt), and opportunities to participate in the City's budgeting process (Balancing Act simulator).

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to the City of Corona for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2016. This was the 27th consecutive year that the City has received this prestigious award. The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management.

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

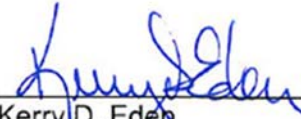
The preparation of the CAFR on a timely basis was made possible by the efficient and dedicated service of the staff in Finance. Staff members have our sincere appreciation for their contributions to this report. We also acknowledge the assistance of Lance, Soll & Lunghard, LLP, in completing the CAFR.

We thank the Mayor, City Council, and the City's executive management team for their strong leadership and support of the financial operations of the City and for maintaining the highest standards of professionalism in managing the City's finances for the best interest of the citizens of Corona.

Respectfully submitted,



Darrell Talbert
City Manager



Kerry D. Eden
Assistant City Manager/ Administrative
Services Director



CITY OF CORONA

Elected Officials and Executive Management

Elected Officials

DICK HALEY Mayor
KAREN SPIEGEL..... Vice Mayor
RANDY FOX Councilmember
EUGENE MONTANEZ Councilmember
JASON SCOTT Councilmember

CHAD WILLARDSON City Treasurer

Executive Management

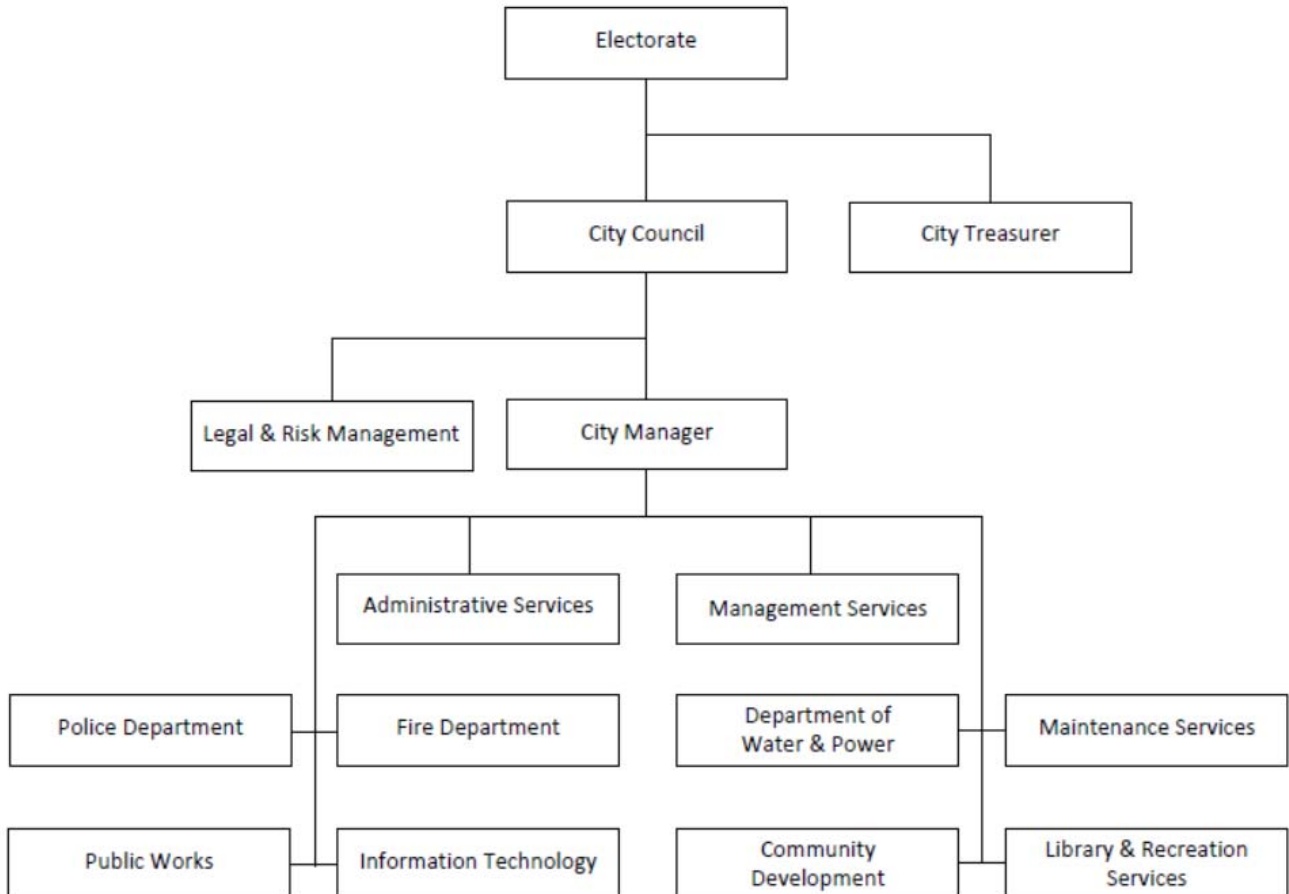
DARRELL TALBERT.....City Manager
DEAN DERLETH.....City Attorney and Legal and Risk Management Director
KERRY D. EDEN Assistant City Manager/Admin Services Director
MICHAEL E. ABEL..... Chief of Police and Assistant City Manager

JOANNE COLETTA.....Community Development Director
TOM MOODY General Manager
DAVID DUFFY Fire Chief
CHRIS MCMASTERS Chief Information Officer
DAVID MONTGOMERY-SCOTT.....Library and Recreation Services Director
NELSON NELSONPublic Works Director



CITY OF CORONA

Organizational Chart







INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Corona, California, (the City) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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



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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Corona, California, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedules for the General fund, the modified approach for the City's infrastructure assets, the schedule of changes in net pension liability and related ratio, the schedule of plan contributions, the schedule of proportionate share of the net pension liability, and the schedule of funding progress – other post-employment benefits, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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



CPAs AND ADVISORS

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2017 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Lance, Soll & Lughard, LLP

Brea, California
November 2, 2017





MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2017

The City of Corona's Finance team has prepared this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2017, to assist users of this report to gain a better understanding of the City's financial health and history. 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

The City of Corona's financial statements prepared for the fiscal year ended June 30, 2017 comply with all applicable statements issued by the Governmental Accounting Standards Board (GASB). GASB Statement No. 77, Tax Abatement Disclosure took effect during the year. The Statement requires the City to disclose major tax abatement program by its nature, amount and commitments. The implementation of this statement will enhance transparency on how tax abatement affects a government's financial position and economic condition, as well as its future ability to raise resources to meet its financial obligations.

Government-Wide

- The City's total assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at June 30, 2017 by \$1.1 billion (*net position*).
- The overall City's net position increased by \$50.3 million from the previous fiscal year. Total assets increased by \$38.1 million, total liability increased by \$21.1 million, combined with an increase in deferred outflows in the amount of \$26.9 million, and a decrease in deferred inflows in the amount of \$6.4 million primarily due to pension related items, net position of the City saw an increase of 5.0% from the prior year.
- Total expenses for governmental activities were \$153.8 million for Fiscal Year 2016-17. The sources for these expenses came from program revenues of \$79.9 million, taxes in the amount of \$93.8, and other general revenue of \$7.5 million. For the current year, revenues from governmental activities exceeded expenses by \$27.4 million, together with beginning balance restatement of \$0.9 million, net position for governmental activities increased by \$28.3 million from the previous year.
- For business-type activities, program revenues exceeded expenses by \$20.4 million. Among the total program revenue of \$116.2 million, \$100.2 million was from charges for services, \$2.9 million from operating grants and contributions, and the remaining \$13.1 million represents capital grants and contributions. Combined with investment earnings and other general revenues of \$0.7 million, and a restatement to the beginning balance of \$0.8 million, net position for business-type activities increased by \$21.9 million from the previous year.

CITY OF CORONA

Management's Discussion and Analysis (continued)

June 30, 2017

Fund Based

- As of the end of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$176.1 million, an increase of \$6.5 million from the previous year. The net increase was due to the combination of current year's revenues exceeded expenditures by \$4.1 million, net transfer of \$0.6 million, net proceeds from financing activities in the amount of \$0.3 million, and a restatement to the prior year's fund balance of \$1.5 million.
- Fund balance for all governmental funds totaled \$176.1 million at the close of the fiscal year. Among the total fund balance, \$99.8 million, or 56.7% are either non-spendable or restricted for specific purposes. An additional amount of \$33.9 million was committed by the City Council, including \$30.0 million as emergency contingency, and \$3.9 million for committed uses. There was \$42.4 million assigned to specific City programs and projects. Please refer to Note 15 for additional information on the categorization of the governmental funds' fund balances.

OVERVIEW OF THE FINANCIAL STATEMENTS**Government-Wide Financial Statements**

The government-wide financial statements are designed to give users a broad overview of the City's finances, in a manner similar to that of a private-sector business. They present the financial picture of the City from the economic resources measurement focus using the accrual basis of accounting.

There are two statements in the government-wide financial statements, the statement of net position, and the statement of activities. The statement of net position presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. The net difference between the total of assets and deferred outflows and the total of liabilities and deferred inflows is reported as net position. Increases or decreases in net position over time may serve as a useful indicator of whether the City's 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 infrastructure assets. The statement of activities shows how the City's net position changed during the fiscal year.

Both of the government-wide financial statements distinguish between functions that are mainly supported by taxes and intergovernmental revenues, and functions that are intended to recover all or a significant portion of their costs through user fees and charges. The first function is identified in the statements as governmental activities, while the latter is reported as business-type activities.

Most of the City's basic services are reported in the governmental activities category, including the General Government, Fire, Police, Public Works and Maintenance Services, Library and Recreation Services, Community Development, and Economic Development. Property and sales taxes, franchise fees, transient occupancy tax, business tax, investment income, and state and federal grants finance these activities. The City operates its Water and Water Reclamation utilities through its component unit, the Corona Utility Authority. These activities are reported in the business-type activities category along with Electric, Transit and Airport services.

CITY OF CORONA

Management's Discussion and Analysis (continued)
June 30, 2017

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

Fund Financial Statements

A fund is a set of related accounts that is used to control resources that have been segregated to carry on specific activities or to attain certain objectives in accordance with special regulations, restrictions, or limitations. The City, like the state and other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All City funds are divided into one of three categories: governmental funds, proprietary funds, or fiduciary funds.

The governmental fund financial statements 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.

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 manage and report 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. 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.

CITY OF CORONA

Management's Discussion and Analysis (continued)
June 30, 2017

- **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, the AB109 PACT Fund, 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 (trust fund only), and combining statement of net position and combining statement of changes in assets and liabilities (agency funds only).

Notes to Basic Financial Statements

Notes to basic financial statements provide additional information that is essential to fully understand 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* on the City's budget process and the General Fund and major special revenue fund budgetary comparison schedules, the modified approach for the City's street infrastructure assets, and the City's progress in funding its obligation to provide pension benefits to its employees.

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

GOVERNMENT- WIDE FINANCIAL ANALYSIS

The government-wide financial analysis focus on the City's net position and changes in net position of the governmental and business-type activities during the fiscal year.

As noted earlier, the City's net position as a whole increased by \$50.3 million from the previous year. The enhancement in financial position was primarily due to positive operating results where revenue exceeded expenses by \$48.5 million. Adding a restatement of \$1.7 million to the beginning balance, government-wide net position reported \$1.1 billion as of June 30, 2017. Please refer to the condensed financial data presented on the next two pages for changes in net position with comparative data from the previous fiscal year.

Among the total net position, \$963.0 million, or 91.0%, were invested in capital assets, net of related debt. These capital assets are essential for City operations, which include land, buildings, machinery and equipment, water and water reclamation rights, and infrastructure. Net position invested in capital assets is not available for 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 liquidated to pay for the liabilities.

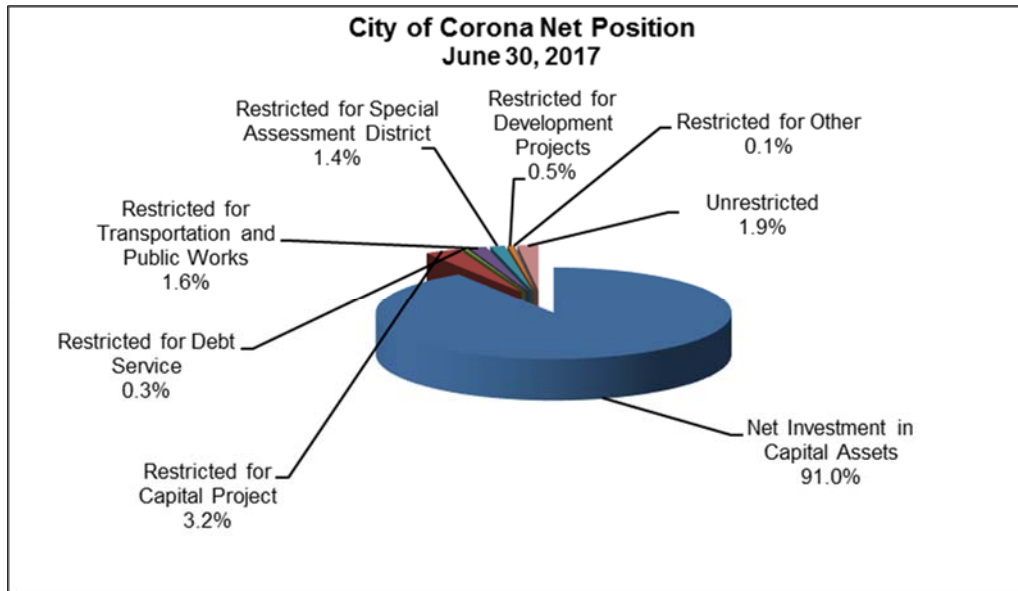
The remaining \$94.8 million, or other 9.0% of total government-wide net position are either restricted (\$74.5 million) or unrestricted (\$20.3 million). Net position may be restricted for

CITY OF CORONA

Management's Discussion and Analysis (continued)
 June 30, 2017

capital projects, debt payments, and/or special programs such as transportation and special assessment district improvements.

The graph below illustrates the various components of the City's net position at fiscal year ended June 30, 2017.



The schedule below is a condensed version of the City's statement of net position for fiscal year ended June 30, 2017 with comparative data from the previous fiscal year:

City of Corona's Net Position
 (in millions)

	Governmental activities		Business-type activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 232.3	\$ 226.5	\$ 129.1	\$ 121.9	\$ 361.4	\$ 348.4
Internal balances	182.9	183.8	(182.9)	(183.8)	-	-
Capital assets	683.3	666.4	407.0	398.8	1,090.3	1,065.2
Total assets	1,098.5	1,076.7	353.2	336.9	1,451.7	1,413.6
Deferred charges on refunding	0.5				0.5	-
Deferred pension related items	39.9	22.8	10.2	0.9	50.1	23.7
Total deferred outflows	40.4	22.8	10.2	0.9	50.6	23.7
Long-term debt	45.4	47.5	82.5	86.3	127.9	133.8
Net pension liability	214.8	191.1	21.3	14.4	236.1	205.5
Other liabilities	60.4	62.9	11.5	12.6	71.9	75.5
Total liabilities	320.6	301.5	115.3	113.3	435.9	414.8
Deferred pension related items	6.0	14.1	2.6	0.9	8.6	15.0
Total deferred inflows	6.0	14.1	2.6	0.9	8.6	15.0
Net investment in capital assets	638.5	619.0	324.5	312.5	963.0	931.5
Restricted	67.0	68.5	7.4	7.8	74.4	76.3
Unrestricted	106.7	96.4	(86.4)	(96.7)	20.3	(0.3)
Total net position	\$ 812.2	\$ 783.9	\$ 245.5	\$ 223.6	\$ 1,057.7	\$ 1,007.5

CITY OF CORONA

Management's Discussion and Analysis (continued)
June 30, 2017

Below are condensed financial data with comparative amounts on revenues and expenses for the current and prior year.

	City of Corona's Changes in Net Position					
	(in millions)					
	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program Revenues:						
Charges for Services	\$ 42.9	\$ 42.6	\$ 100.2	\$ 97.3	\$ 143.1	\$ 139.9
Operating Grants and Contributions	13.6	13.5	2.9	5.1	16.5	18.6
Capital Grants and Contributions	23.4	40.5	13.1	7.0	36.5	47.5
General Revenues:						
Taxes:						
Property Taxes	43.1	42.2			43.1	42.2
Sales and Use Taxes	41.1	39.7			41.1	39.7
Other Taxes	9.6	9.3			9.6	9.3
Investment Earnings	0.6	3.2	0.2	1.8	0.8	5.0
Other	6.9	4.7	0.4		7.3	4.7
Total Revenues	<u>181.2</u>	<u>195.7</u>	<u>116.8</u>	<u>111.2</u>	<u>298.0</u>	<u>306.9</u>
Expenses:						
General Government	28.3	27.4			28.3	27.4
Public Safety - Fire	26.0	24.5			26.0	24.5
Public Safety - Police	47.8	44.3			47.8	44.3
Public Works & Maintenance Services	35.8	39.7			35.8	39.7
Library and Recreation Services	5.3	6.5			5.3	6.5
Community Development	4.7	5.9			4.7	5.9
Economic Development	4.9	4.4			4.9	4.4
Interest on Long-term Debt	1.0	1.9			1.0	1.9
Water			52.9	51.2	52.9	51.2
Water Reclamation			24.2	25.0	24.2	25.0
Electric			15.6	15.5	15.6	15.5
Transit Services			2.8	2.7	2.8	2.7
Airport			0.2	0.2	0.2	0.2
Total Expenses	<u>153.8</u>	<u>154.6</u>	<u>95.7</u>	<u>94.6</u>	<u>249.5</u>	<u>249.2</u>
Change in net position	27.4	41.1	21.1	16.6	48.5	57.7
Net position - beginning of year	783.9	745.4	223.6	207.0	1,007.5	952.4
Restatement	0.9	(2.6)	0.8		1.7	(2.6)
Net position - end of year	<u>\$ 812.2</u>	<u>\$ 783.9</u>	<u>\$ 245.5</u>	<u>\$ 223.6</u>	<u>\$ 1,057.7</u>	<u>\$ 1,007.5</u>

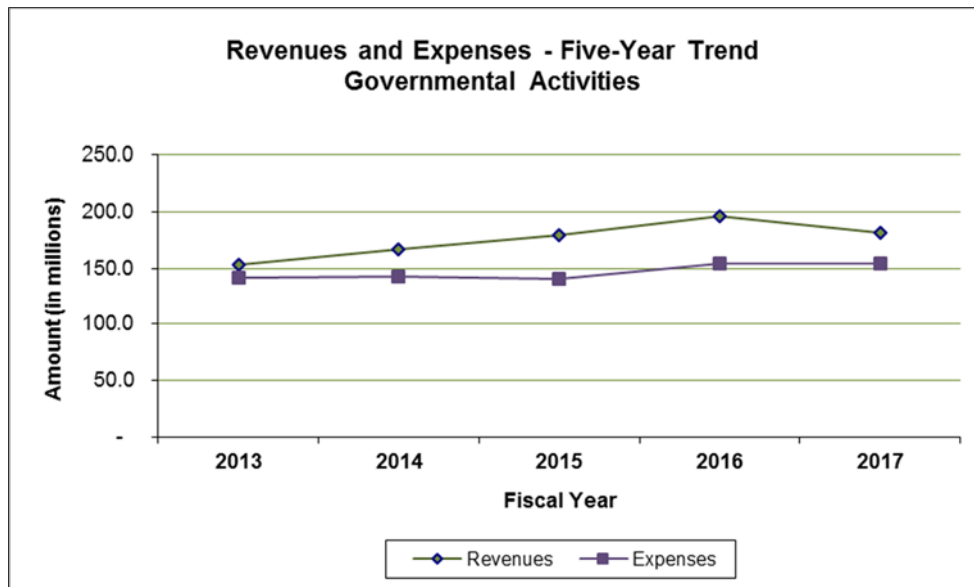
CITY OF CORONA

Management's Discussion and Analysis (continued)
 June 30, 2017

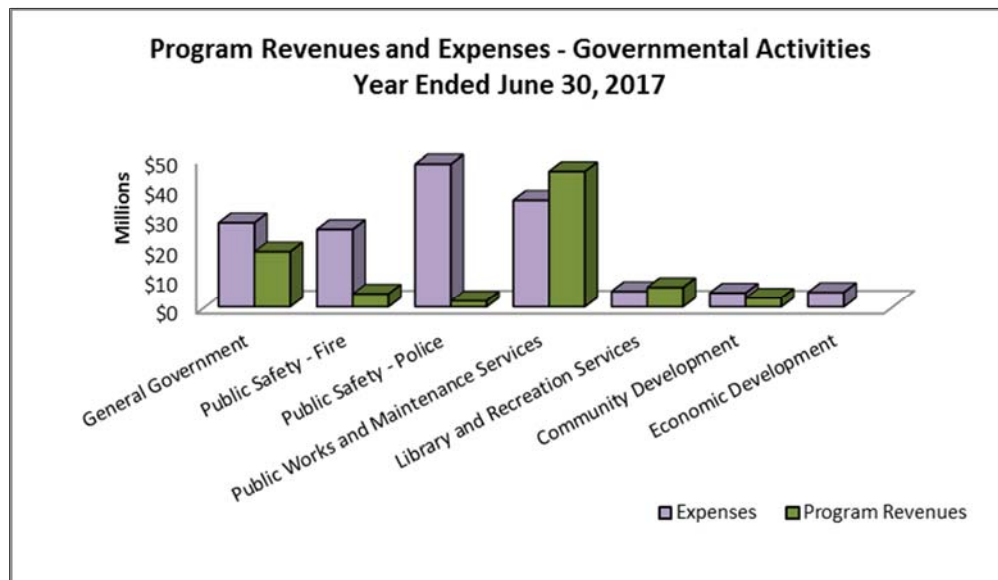
Governmental Activities

Total resources available during the year to finance governmental operations were \$966.0 million. This amount consists beginning net position of \$784.8 million, which includes a restatement of \$0.9 million, program revenues of \$79.9 million, and general revenues of \$101.3 million. Total uses in governmental activities during the year totaled \$153.8 million; thus, net position for governmental activities increased by \$28.3 million and ended at \$812.2 million as of June 30, 2017.

The chart below presents governmental activity revenues and expenses for the past five years:



The following graph shows the expenses of each governmental function compared to the program revenues generated specifically from its operations.



CITY OF CORONA

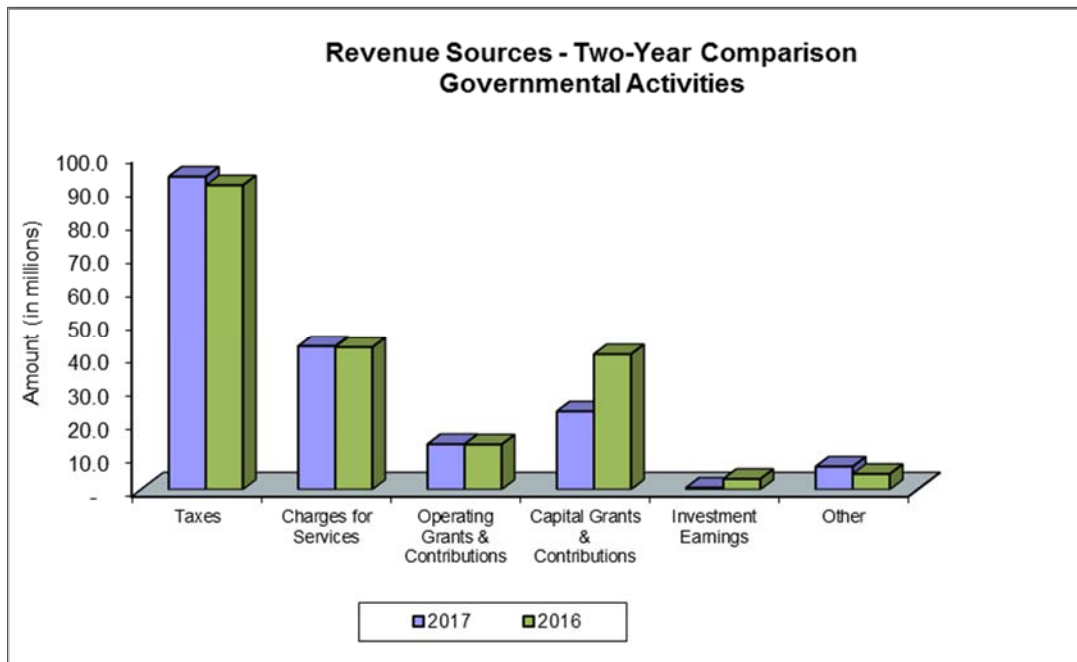
Management's Discussion and Analysis (continued)

June 30, 2017

General government support services (administration, legal, human resources, financial, and information technology) are primarily funded by charges to the direct operating functions they support through a cost allocation program. The public safety function (police and fire) generate limited program revenues as well, but property taxes, sales tax and other general revenues fund the majority of its costs. The public works and maintenance services program is responsible for maintenance and construction of transportation system, with funding provided by gas tax, Measure A, various federal, state and local grants, special assessment, as well as other general revenues. The funding source for library and recreation services is primarily general revenues and some program fees. Community Development and Economic Development functions are funded by development related revenues as well as general revenues such as taxes, fees and investment income.

The cost of all governmental activities for fiscal year ended June 30, 2017 was \$153.8 million, consistent with the previous year. As shown in the statement of activities, the amount the taxpayers ultimately funded for these activities was \$73.9 million, the remaining \$79.9 million was paid by various program revenues, including \$42.9 million by those who directly benefited from the programs, \$13.6 million from other governments and organizations that subsidized certain programs with operating grants and contributions, and \$23.4 million from capital grants and contributions.

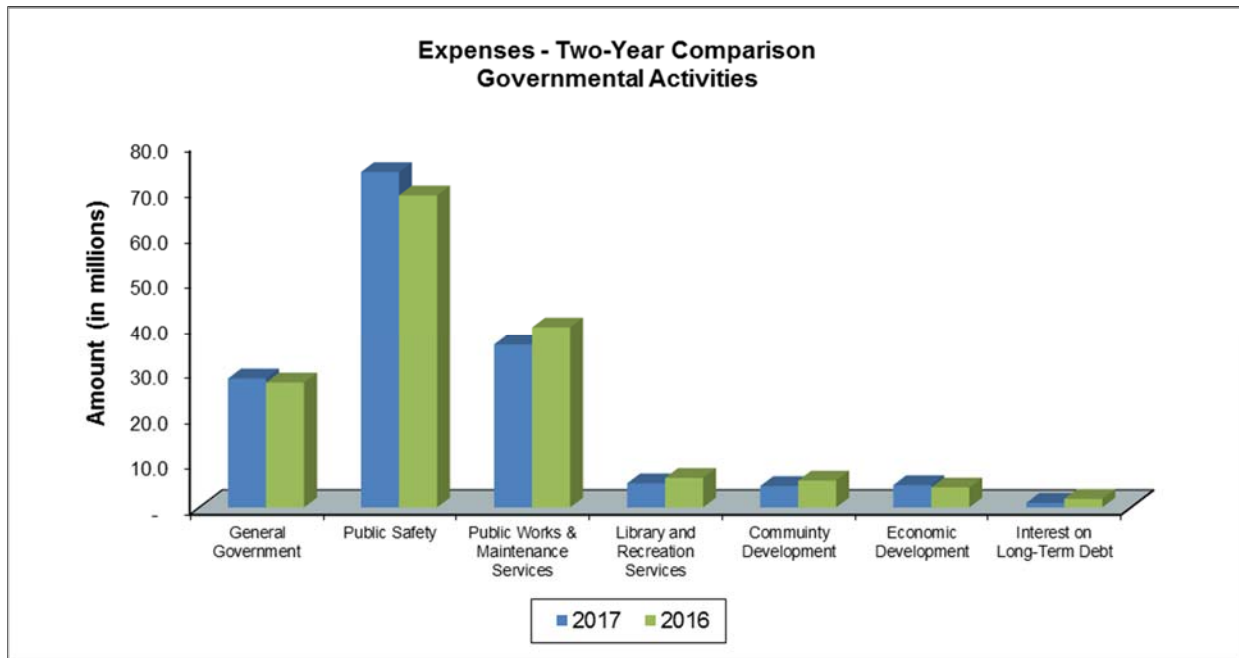
The following two charts illustrate the total revenue and expense for the governmental activities, excluding transfers for the fiscal years ended June 30, 2017 and 2016 respectively.



CITY OF CORONA

Management's Discussion and Analysis (continued)

June 30, 2017



Highlights of the major revenue sources and expenses are listed below:

- Program revenues represent 44.1% of total revenues generated by governmental activities. Total current year's program revenue of \$79.9 decreased by \$16.7 million from the previous year, primarily due to the reduced revenue from capital contributions and grants. In the previous year, there were several major capital improvement projects, including Foothill Parkway Westerly Improvements and Auto Center Drive Grade Separation, the City had received significant amounts from the federal, state and local agencies for the cost of these projects. As these projects are being completed or nearing completion, funds from capital contributions and grants had reduced sharply.
- Taxes comprised 51.8% of the total revenues from governmental activities. Total tax revenues were \$93.8 million for the current year, showing a slight increase of \$2.6 million from the previous year. Property tax revenue represents 45.9% of total taxes, where sales and use tax revenue ranked second at 43.8% of total tax revenue. The remaining 10.3% were comprised of franchise fee, business license tax, transient occupancy tax, and dwelling development fee.
- Comparing to the prior year, sales and use tax had the largest increase of \$1.5 million, second by property taxes increase of \$0.9 million. Stronger economy led by lower unemployment rate contributed to the steady growth in sales and use taxes. Active real estate market in the Inland region fueled the increase in assessed value, contributing to the slight increase in property tax, which marked the highest year since Fiscal Year 2009-10.
- Overall governmental activities expenses maintained at the same level with the previous year, with a slight decrease of \$0.8 million. Despite the continuous increase in pension and healthcare costs, the City took effective measures to contain costs by extending the life of assets, reducing program costs, and refunding long-term obligations for reduced interest expenses.

CITY OF CORONA

Management's Discussion and Analysis (continued)

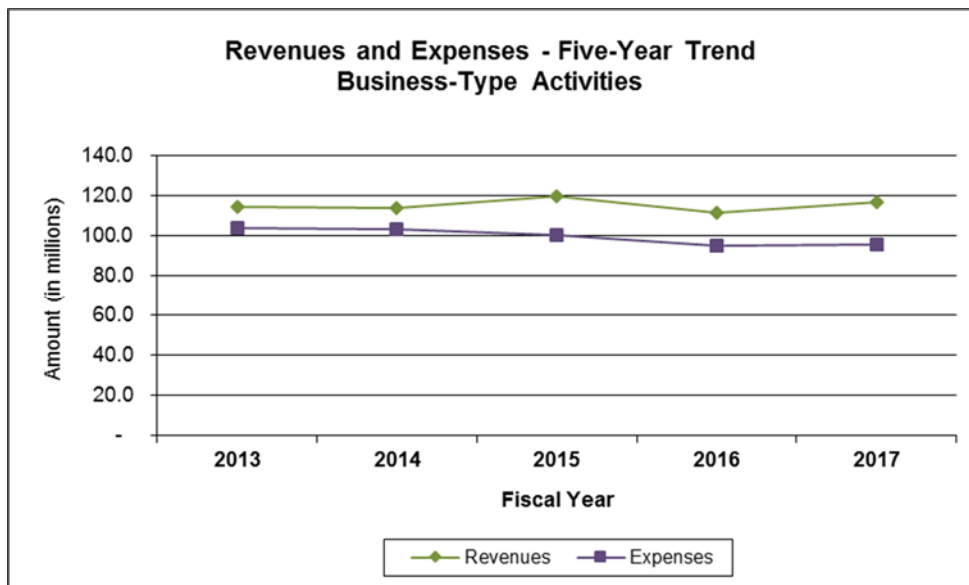
June 30, 2017

- Public Safety expenses increased by \$5.0 million, primarily due to personnel cost increases. The increase was offset by decreases in other governmental activities, including a decrease of \$3.9 million in Public Works and Maintenance Services, \$1.2 million in Library and Recreation Services and another \$1.2 million in Community Development. These decreases were results of vacancies, reduction and/or deferral of certain programs. General Government expenses went up by \$0.9 million, mainly because of the increase in Other Post-Employment Benefit costs that was paid to the retirees. This increase was offset by a \$0.9 million decrease in debt service as a result of a refunding that took place in the current year. Overall, comparing to the previous year, expenses reported in governmental activities decreased by \$0.8 million in Fiscal Year 2016-17.

Business-Type Activities

The City's net position in the business-type activities increased by \$21.9 million. Primary contributors to the increase was a \$21.1 million net operating surplus, added with a restatement of \$0.8 million to the beginning net position, overall net position reported in the business-type activities reached to \$245.5 million as of June 30, 2017.

The chart below presents revenues and expenses in the business-type activities for the past five years.

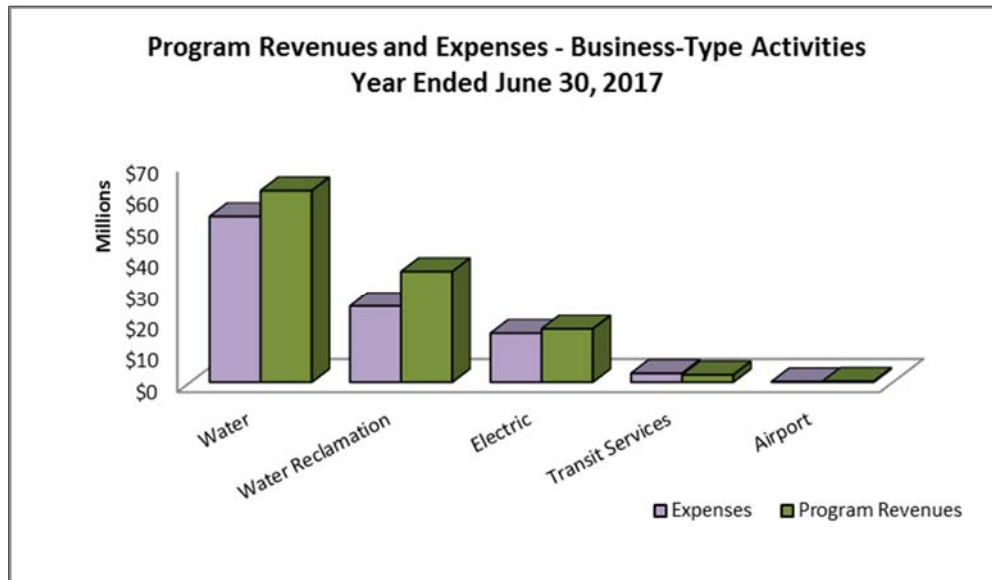


CITY OF CORONA

Management's Discussion and Analysis (continued)

June 30, 2017

The following graph shows the expenses of each business-type function compared to the program revenues generated specifically from its operations.



Total expenses of all business-type activities for the fiscal year ended June 30, 2017 were \$95.7 million, representing a slight increase of \$1.1 million, or 1.2% from the previous year. As shown in the statement of activities, the amount paid by users of the systems was \$100.2 million, reported as charge for services. Revenues from operating grants and contributions were \$2.9 million, and capital grants and contributions were \$13.1 million. Total program revenue reported for the year was \$116.2 million.

Total resources available to finance business type activities were \$341.2 million in Fiscal Year 2016-17. This amount is comprised of the beginning net position of \$224.4 million which included a restatement of \$0.8 million, and current year's total revenues of \$116.8 million. After funding total expenses of \$95.7 million, net position for business-type activities increased by \$21.9 million to \$245.5 million at June 30, 2017.

Comparing to the previous year, expenses maintained fairly consistent with the previous year. Revenue, however, showed an increase of \$5.6 million, primarily due to the \$6.1 million increase in capital grants and contributions. The City secured several major funding sources during the year, including both grants and low interest rate loans. As the projects moving forward, reimbursements were received from these funding sources, contributed to the steep increase in capital contributions and grants revenue.

CITY OF CORONA

Management's Discussion and Analysis (continued)
 June 30, 2017

FUND FINANCIAL ANALYSIS

General Fund

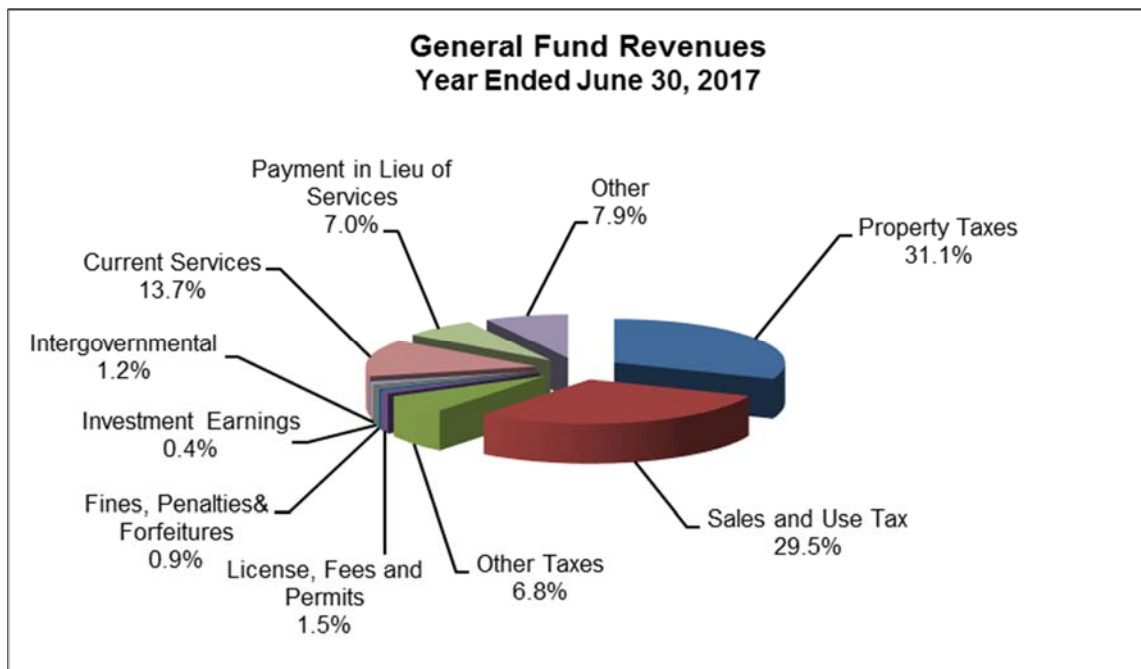
The General Fund is the primary operating fund of the City. Fund balance increased by \$8.3 million for the fiscal year ended June 30, 2017, with an ending balance of \$109.1 million.

Below is a three-year trend analysis on the fund balance of the General Fund. For additional information, please refer to Note 15 in the accompanying financial statements.

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

	<u>FY 2016-17</u>	<u>FY 2015-16</u>	<u>FY 2014-15</u>
Fund Balances:			
Nonspendable	\$ 33.2	\$ 34.1	\$ 24.4
Committed	33.9	33.5	23.8
Assigned	42.0	33.2	50.7
Total Fund Balance	<u>\$ 109.1</u>	<u>\$ 100.8</u>	<u>\$ 98.9</u>
Fund Balance - Beginning	\$ 100.8	\$ 98.9	\$ 91.8
Excess Revenues Over Expenditures	1.6	(0.3)	4.8
Transfers	6.1	2.3	2.3
Restatement	0.6	(0.1)	-
Fund Balance - Ending	<u>\$ 109.1</u>	<u>\$ 100.8</u>	<u>\$ 98.9</u>

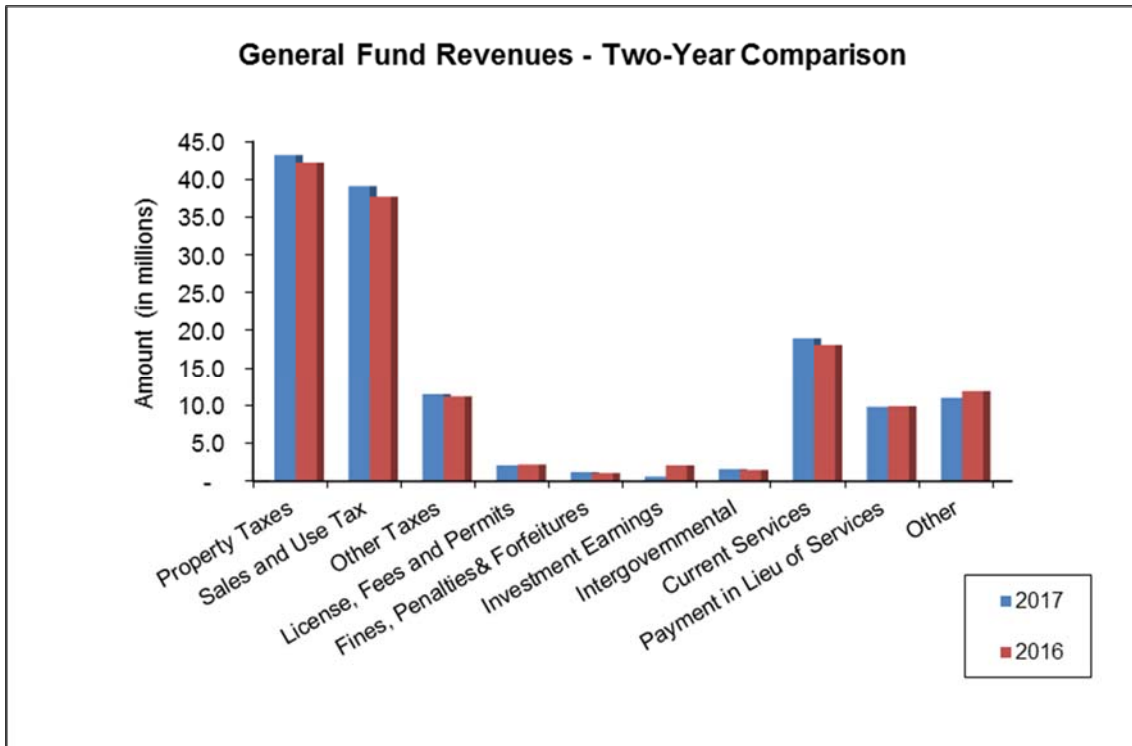
The graph below illustrates General Fund revenues by major sources:



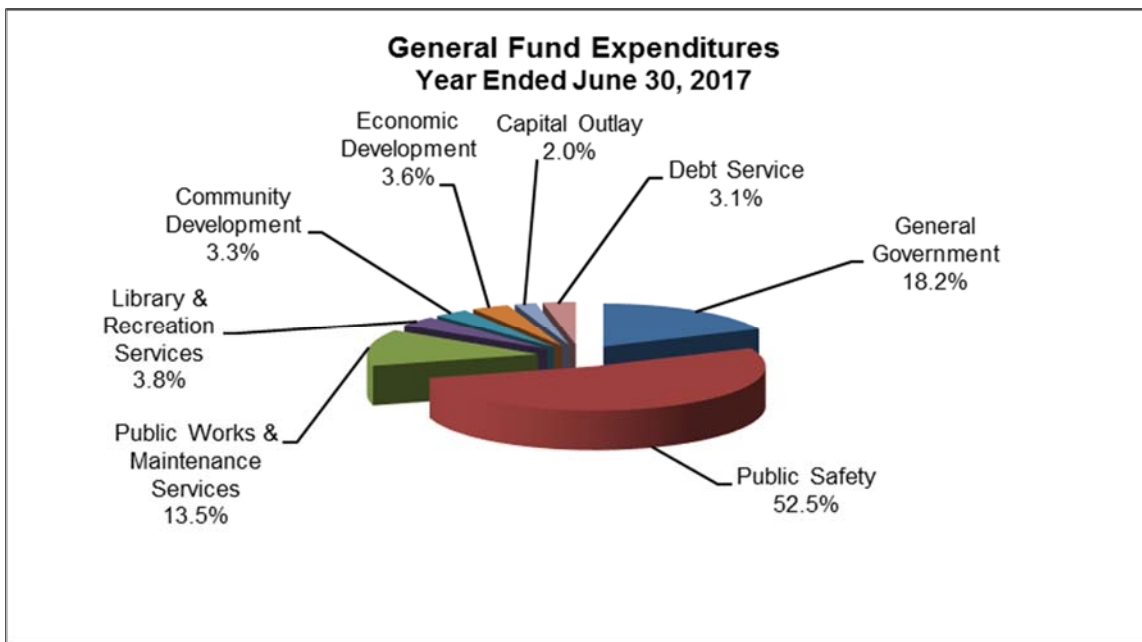
CITY OF CORONA

Management’s Discussion and Analysis (continued)
June 30, 2017

A two-year comparison of each General Fund revenue source for the fiscal years ended June 30, 2017 and 2016 is presented below:



The graph below illustrates General Fund expenditures by category:

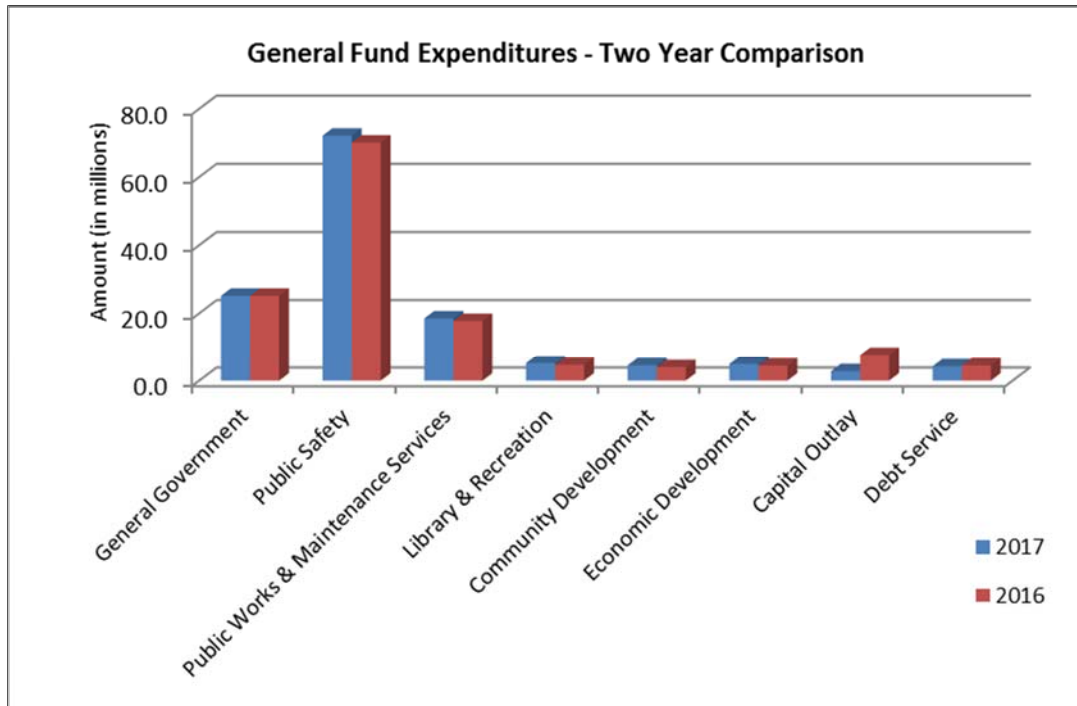


CITY OF CORONA

Management's Discussion and Analysis (continued)

June 30, 2017

A two-year comparison of each General Fund expenditure category for the fiscal years ended June 30, 2017 and 2016 is presented below:



As shown in the graphs above, overall General Fund's revenue maintained at the same level with the previous year, with a slight increase of \$1.2 million, primarily due to the modest increase in property tax, sales tax and other taxes as a result of the slowly improving economy.

Overall General Fund expenditures merely decreased by \$0.8 million comparing to the previous year. The \$2.0 million increase in Public Safety cost and slight increases in other functional areas were offset by a \$4.9 million decrease in capital outlay expenditures as the City scaled back on its facility improvement as one of the cost reduction measures.

Other Major Governmental Funds

The fund balance for the Development capital project fund decreased by \$3.8 million from the previous year. Among the decrease, \$1.2 million was a result of timing difference between when fees were collected and cost for inspective and permitting were incurred. In addition, the City incurred \$2.0 million in financing uses related to a bond refunding. The refunding will result in long-term financial savings due to the lowered interest rates.

The Low/Mod Income Housing Asset capital project fund reported a fund balance of \$23.1 million, showing a slight increase of \$1.4 million from the previous year. The fund balance included long-term receivables in the amount of \$3.3 million from the Successor Agency, and \$8.5 million from various developers, as well as \$5.7 million in land held for resale, as well as \$5.7 million in cash. The land inventories were approved by the State Department of Finance as Housing assets on September 7, 2012, therefore, the City's Housing Successor has 5 years since then to either develop these properties into affordable housing units, or liquidate them and deposit the funds to the Low and Moderate Income Housing Asset Fund. The beginning fund

CITY OF CORONA

Management's Discussion and Analysis (continued)

June 30, 2017

balance of the Low/Mod Income Housing Asset fund was restated by \$0.7 million to correct interest income applied to principal amount of a long-term note. Another \$0.8 million was restated to the HUD Grant fund, two long-term forgivable loan payments were expensed during the prior year, where they should have been recognized as long-term receivable.

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, 2017, net capital assets totaled \$683.3 million for the governmental activities, and \$407.0 million for the business-type activities respectively. Depreciation on capital assets is recognized in the government-wide financial statements. Please refer to Note 7 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 street 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 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 71, or "Good" condition for all streets. The average rating for the City's streets at June 30, 2017 was 71, slightly decreased from the previous assessment result of 73. The City is continuously taking action to prevent deterioration through an on-going street rehabilitation program funded in the Capital Improvement Program. The program is formulated based on deficiencies identified as part of the City's Pavement Management System (PMS). It includes short-term maintenance activities such as pothole patching, street sweeping, and crack sealing. The City expended \$5.3 million on street maintenance during the current fiscal year. These expenditures delayed deterioration and maintained the street condition from the previous assessment. The City has estimated that the amount of annual expenditures required to maintain the current average PCI rating of 71 through the year 2019 is a minimum of \$4.8 million. Please refer to the Required Supplementary Information section of the accompanying financial statement for additional information on the City's Pavement Management Program.

CITY OF CORONA

Management's Discussion and Analysis (continued)
June 30, 2017

The table below presents comparative 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	
	2017	2016	2017	2016	2017	2016
Land	\$ 73.2	\$ 65.2	\$ 5.4	\$ 5.4	\$ 78.6	\$ 70.6
Streets	195.8	178.5			195.8	178.5
Buildings and improvements	114.8	113.9	55.1	54.0	169.9	167.9
Machinery and equipment	9.6	8.8	39.6	37.1	49.2	45.9
Infrastructure	194.3	194.9	250.1	240.7	444.4	435.6
Construction in progress	95.0	104.9	37.1	42.0	132.1	146.9
Intangible assets	0.6	0.2	19.7	19.7	20.3	19.9
Total Capital Assets	<u>\$ 683.3</u>	<u>\$ 666.4</u>	<u>\$ 407.0</u>	<u>\$ 398.9</u>	<u>\$ 1,090.3</u>	<u>\$ 1,065.3</u>

DEBT ADMINISTRATION

The City continued its efforts to reduce its long-term debt obligation. In July 2016, the City refunded its 2006 Lease Revenue Bonds, Series C, and achieved net savings of \$3.8 million, or 13.5% of the refunded debt.

Subsequently in January 2017, the City refunded three Community Facilities District bonds. Although these bonds are not the direct debt of the City, the refunding realized savings ranging from 4.5% to 13.6%, equivalent to approximately \$200 to \$3,000 per parcel per year on special tax assessment for the property owners of the City.

The schedule of outstanding long-term debt with comparative amounts for the previous fiscal year is presented below. For additional information, please refer to Note 9 of the accompanying financial statements.

	City of Corona's Outstanding Debt (in millions)					
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Loans and agreement payable	\$ -	\$ -	\$ 36.1	\$ 36.0	\$ 36.1	\$ 36.0
Lease payable	18.0	\$ 19.5	\$ -	\$ -	18.0	19.5
Revenue bonds	24.5	28.0	44.7	48.5	69.2	76.5
Unamortized bond premium	2.8	-	1.7	1.8	4.5	1.8
Total Outstanding Debt	<u>\$ 45.3</u>	<u>\$ 47.5</u>	<u>\$ 82.5</u>	<u>\$ 86.3</u>	<u>\$ 127.8</u>	<u>\$ 133.8</u>

CITY OF CORONA

Management's Discussion and Analysis (continued)

June 30, 2017

GENERAL FUND BUDGETARY HIGHLIGHTS

General Fund appropriations were originally adopted at \$140.3 million for Fiscal Year 2016-17, including transfer out of \$0.7 million. Final appropriations were increased by \$12.5 million to \$152.9 million. Among the increase, \$7.4 million was due to continuing appropriations from prior year's capital projects and grant funded activities, \$3.0 million for prior year committed purchases (encumbrances), and \$2.2 million in additional funding approved by the City Council subsequent to the budget adoption. The additional appropriation included increased funding needs for the Public Safety Enterprise Communication system, computer aided dispatch and records management system, the police firearm facility improvement, the timekeeping system, and operating costs for several departments. Most operating budget increase were offset by increase in revenues generated by those departments, such as plan check, inspection, and permit/licenses. Below is a summary of changes made to the adopted budget:

Original Budget	\$ 140,330,521
Continued Appropriations	7,372,639
Encumbrances	2,987,619
Supplemental Changes	2,184,424
Final Budget	<u>\$ 152,875,203</u>

At June 30, 2017, the City's General Fund concluded the fiscal year with a favorable variance of \$19.0 million, contributed by higher than expected revenue and incoming transfers in the amount of \$3.7 million, and budgetary savings of \$15.3 million in expenditures and outgoing transfers.

Revenues from Current Services had a positive variance of \$1.8 million mostly due to the increase in building and construction activities in the City, as well as Fire mutual aid services. Incoming transfers were \$1.8 million higher than expected as the result of the bond refunding activity that reduced the reserve requirement.

Included in the \$15.3 million in budgetary savings, \$10.0 million was unspent funding for ongoing capital improvement projects. These funds will be carried over to next fiscal year to complete the projects. Overall spending in the General Government section realized cost savings of \$2.1 million, primarily due to vacancies. Public Safety function achieved cost savings of \$1.0 million due to effective control over personnel costs. Public Works and Maintenance Services ended the year with \$1.4 million in cost savings through operations. Outgoing transfers was \$0.6 million less than budgeted as supplement to operating deficit in the Citywide lighting district was not necessary. A retrofit capital improvement project had been planned for the lighting district in an effort to avoid future operating deficit. Please refer to the Required Supplementary Information section of the accompanying financial statement for additional information.

Final Appropriation	\$ 152,875,203
Actual Expenditures	137,466,109
Transfers Out	98,822
Favorable Budget Variance	<u>\$ 15,310,272</u>

CITY OF CORONA

Management's Discussion and Analysis (continued)

June 30, 2017

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

Government-Wide Financial Statements

Governmental Activities – Activities include General Government, Fire, Police, Public Works, Maintenance Services, Library and Recreation Services, Community Development, and Housing and Economic Development. 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, 2017

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets			
Current Assets			
Cash and Investments	\$ 172,852,140	\$ 95,807,194	\$ 268,659,334
Accounts Receivable, Net	6,550,115	13,098,436	19,648,551
Interest Receivable	610,898	335,060	945,958
Due from Other Governmental Agencies	19,961,594	5,032,801	24,994,395
Inventories and Prepayments	775,605	3,146,467	3,922,072
Prepaid Other Post Employment Benefits	1,072,050	-	1,072,050
Deposits	-	73,231	73,231
Land Held for Resale	5,653,055	-	5,653,055
Restricted Cash and Investments	2,084,323	11,607,440	13,691,763
Total Current Assets	209,559,780	129,100,629	338,660,409
Noncurrent Assets			
Internal Balances	182,858,170	(182,858,170)	-
Long-term Receivable, Net	22,753,766	-	22,753,766
Capital Assets:			
Land and Construction in Progress	363,985,766	62,186,006	426,171,772
Other Capital Assets, Net of Depreciation	319,277,497	344,813,319	664,090,816
Total Capital Assets	683,263,263	406,999,325	1,090,262,588
Total Noncurrent Assets	888,875,199	224,141,155	1,113,016,354
Total Assets	1,098,434,979	353,241,784	1,451,676,763
Deferred Outflows of Resources			
Deferred Charges on Refunding	567,243	-	567,243
Deferred Pension Related Items	39,871,805	10,178,762	50,050,567
Total Deferred Outflows of Resources	40,439,048	10,178,762	50,617,810
Liabilities			
Current Liabilities			
Accounts Payable and Accrued Liabilities	11,086,271	8,426,319	19,512,590
Unearned Revenue	2,980,735	1,171,582	4,152,317
Deposits	12,421,796	333,496	12,755,292
Interest Payable	357,635	-	357,635
Claims and Judgments Payable	4,866,955	-	4,866,955
Compensated Absences Payable	6,458,664	859,558	7,318,222
Long-term Debt, Net of Unamortized Premium	2,729,405	5,750,075	8,479,480
Liabilities Payable from Restricted Assets	1,572,302	612,792	2,185,094
Total Current Liabilities	42,473,763	17,153,822	59,627,585
Noncurrent Liabilities			
Claims and Judgments Payable	18,586,832	-	18,586,832
Compensated Absences Payable	2,102,297	139,835	2,242,132
Long-term Debt, Net of Unamortized Premium	42,632,677	76,737,062	119,369,739
Net Pension Liability	214,804,238	21,290,708	236,094,946
Total Noncurrent Liabilities	278,126,044	98,167,605	376,293,649
Total Liabilities	320,599,807	115,321,427	435,921,234
Deferred Inflows of Resources			
Deferred Pension Related Items	6,024,721	2,577,717	8,602,438
Total Deferred Inflows of Resources	6,024,721	2,577,717	8,602,438
Net Position			
Net Investment in Capital Assets	638,468,424	324,512,188	962,980,612
Restricted for:			
Capital Projects	26,448,791	6,735,454	33,184,245
Debt Service	3,439,357	-	3,439,357
Specific Projects and Programs:			
Transportation and Public Works	16,363,749	697,391	17,061,140
Special Assessment District Projects	14,377,296	-	14,377,296
Development Projects	5,276,971	-	5,276,971
Other Purposes	725,421	-	725,421
Unrestricted	107,149,490	(86,423,631)	20,725,859
Total Net Position	\$ 812,249,499	\$ 245,521,402	\$ 1,057,770,901

CITY OF CORONA

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2017

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
Primary Government				
Governmental Activities				
General Government	\$ 28,273,481	\$ 18,216,829	\$ 382,512	\$ 7,849
Public Safety - Fire	26,004,329	4,087,577	-	310,741
Public Safety - Police	47,773,812	1,090,884	677,483	217,322
Public Works & Maintenance Services	35,763,511	15,757,571	7,460,078	22,118,254
Library and Recreation Services	5,281,168	1,690,619	4,900,159	-
Community Development	4,736,871	2,112,169	187,499	702,338
Economic Development	4,927,998	-	-	-
Interest and Fiscal Charges	1,034,468	-	-	-
Total Governmental Activities	153,795,638	42,955,649	13,607,731	23,356,504
Business-Type Activities				
Water	52,922,440	51,435,658	795,149	8,899,875
Water Reclamation	24,258,766	31,271,134	-	4,161,847
Electric	15,559,948	16,789,626	154,371	-
Transit Services	2,826,701	445,604	1,916,872	-
Airport	166,860	298,868	10,000	-
Total Business-Type Activities	95,734,715	100,240,890	2,876,392	13,061,722
Total Primary Government	\$ 249,530,353	\$ 143,196,539	\$ 16,484,123	\$ 36,418,226

General Revenues

- Taxes:
 - Property Taxes
 - Transient Occupancy Tax
 - Sales and Use Tax
 - Franchise Tax
 - Business Tax
 - Dwelling Development Tax
- Investment Earnings
- Other Income
- Labor Abatement

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position, Beginning of Year

Restatement of Net Position

Net Position, Beginning of Year, as Restated

Net Position at End of Year

**Net (Expenses) Revenues
and Changes in Net Position**

Governmental Activities	Business-Type Activities	Total
\$ (9,666,291)	\$ -	\$ (9,666,291)
(21,606,011)	-	(21,606,011)
(45,788,123)	-	(45,788,123)
9,572,392	-	9,572,392
1,309,610	-	1,309,610
(1,734,865)	-	(1,734,865)
(4,927,998)	-	(4,927,998)
(1,034,468)	-	(1,034,468)
(73,875,754)	-	(73,875,754)
-	8,208,242	8,208,242
-	11,174,215	11,174,215
-	1,384,049	1,384,049
-	(464,225)	(464,225)
-	142,008	142,008
-	20,444,289	20,444,289
(73,875,754)	20,444,289	(53,431,465)
43,059,232	-	43,059,232
2,300,764	-	2,300,764
41,145,616	-	41,145,616
4,685,914	-	4,685,914
2,234,262	-	2,234,262
344,640	-	344,640
623,227	199,758	822,985
6,834,784	479,465	7,314,249
57,386	-	57,386
44,970	(44,970)	-
101,330,795	634,253	101,965,048
27,455,041	21,078,542	48,533,583
783,902,090	223,612,110	1,007,514,200
892,368	830,750	1,723,118
784,794,458	224,442,860	1,009,237,318
\$ 812,249,499	\$ 245,521,402	\$ 1,057,770,901



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.

Capital Project 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.

Low Mod Income Housing Asset Fund – This fund is used to account for transactions related to affordable housing activities as prescribed in the Corona Housing Authority.

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, 2017**

	<u>General</u>	<u>Capital Projects Funds Low Mod Income Housing Asset</u>
Assets		
Cash and Investments	\$ 78,203,200	\$ 5,697,312
Accounts Receivable	3,013,491	2,005,300
Interest Receivable	408,620	19,537
Due from Other Governmental Agencies	12,431,104	-
Due from Other Funds	5,610,516	-
Long-term Receivables, Net	8,039,763	3,269,328
Interfund Advances Receivable	24,928,512	-
Loans Receivable, Net	-	8,509,273
Inventories and Prepayments	273,634	-
Land Held for Resale	-	5,653,055
Restricted Assets:		
Cash and Investments	84,732	-
Total Assets	<u>\$ 132,993,572</u>	<u>\$ 25,153,805</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances		
Liabilities		
Accounts Payable and Accrued Liabilities	\$ 8,063,334	\$ 13,545
Deposits	12,401,912	18,334
Due to Other Funds	-	-
Unearned Revenue	2,248,726	-
Interfund Advances Payable	-	-
Liabilities Payable from Restricted Assets	-	-
Total Liabilities	<u>22,713,972</u>	<u>31,879</u>
Deferred Inflows of Resources		
Unavailable Revenue	1,160,308	2,000,000
Total Deferred Inflows of Resources	<u>1,160,308</u>	<u>2,000,000</u>
Fund Balances		
Nonspendable	33,241,909	-
Restricted	-	23,121,926
Committed	33,898,271	-
Assigned	41,979,112	-
Unassigned	-	-
Total Fund Balances	<u>109,119,292</u>	<u>23,121,926</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 132,993,572</u>	<u>\$ 25,153,805</u>

CITY OF CORONA

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017**

	<u>Capital Projects Funds</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>Development</u>		
Assets			
Cash and Investments	\$ 20,745,734	\$ 34,214,630	\$ 138,860,876
Accounts Receivable	-	1,444,994	6,463,785
Interest Receivable	68,540	114,201	610,898
Due from Other Governmental Agencies	-	7,529,442	19,960,546
Due from Other Funds	-	-	5,610,516
Long-term Receivables, Net	-	-	11,309,091
Interfund Advances Receivable	105,385	-	25,033,897
Loans Receivable, Net	25,800	2,909,602	11,444,675
Inventories and Prepayments	-	-	273,634
Land Held for Resale	-	-	5,653,055
Restricted Assets:			
Cash and Investments	96,571	1,903,020	2,084,323
Total Assets	<u>\$ 21,042,030</u>	<u>\$ 48,115,889</u>	<u>\$ 227,305,296</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities			
Accounts Payable and Accrued Liabilities	\$ 739,710	\$ 1,560,594	\$ 10,377,183
Deposits	-	1,550	12,421,796
Due to Other Funds	-	5,610,516	5,610,516
Unearned Revenue	-	732,009	2,980,735
Interfund Advances Payable	14,942,067	105,385	15,047,452
Liabilities Payable from Restricted Assets	83,282	1,489,020	1,572,302
Total Liabilities	<u>15,765,059</u>	<u>9,499,074</u>	<u>48,009,984</u>
Deferred Inflows of Resources			
Unavailable Revenue	-	-	3,160,308
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>3,160,308</u>
Fund Balances			
Nonspendable	-	-	33,241,909
Restricted	5,276,971	38,232,688	66,631,585
Committed	-	-	33,898,271
Assigned	-	432,652	42,411,764
Unassigned	-	(48,525)	(48,525)
Total Fund Balances	<u>5,276,971</u>	<u>38,616,815</u>	<u>176,135,004</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 21,042,030</u>	<u>\$ 48,115,889</u>	<u>\$ 227,305,296</u>



CITY OF CORONA

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2017**

Total Fund Balance - Total Governmental Funds \$ 176,135,004

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. 683,263,263

Long-term capital lease in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet. 172,628,344

Governmental funds report all pension contributions as expenditures. However, the net pension liability has a measurement date of June 30, 2016, and pension contributions subsequent to the measurement date are reclassified as deferred pension contributions. 18,256,956

Deferred outflows of resources reported for the pension plan for government-wide statements:
Net difference between projected and actual earnings on pension plan investments \$ 20,980,768 20,980,768

The Statement of Net Position reports receivables at their net realizable value. However, receivables not available to pay for current period expenditures are deferred in governmental funds. These include:
Unavailable revenue from property taxes 1,160,308
Unavailable revenue from settlement claim 2,000,000 3,160,308

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. (357,635)

Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds balance sheet. These include:
Compensated Absences (8,498,550)
Unamortized Deferred Charges on Refunding 567,243
Long-term Debt (42,536,246)
Unamortized Bond Premium (2,825,836)
Net Pension Liability (213,520,911) (266,814,300)

Deferred inflow of resources reported for the pension plan for government wide statements:
Difference between expected and actual experiences (2,442,320)
Changes in assumptions (4,837,108)
Net difference between projected and actual earnings on pension plan investments 1,392,405 (5,887,022)

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. 9,811,763

Governmental funds report all OPEB contributions as expenditures, however in the statement of net position any excesses or deficiencies in contributions in relation to the Annual Required Contribution (ARC) are recorded as an asset or liability. 1,072,050

Net Position of Governmental Activities **\$ 812,249,499**

CITY OF CORONA

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017

	<u>General</u>	<u>Capital Projects Funds Low Mod Income Housing Asset</u>
Revenues		
Property Taxes	\$ 43,170,396	\$ -
Sales Taxes	41,145,616	-
Other Taxes	9,421,375	-
Licenses, Fees and Permits	2,152,835	-
Fines and Penalties	1,170,188	-
Special Assessments	11,868	-
Investment Earnings	597,451	26,461
Intergovernmental Revenues	1,604,136	-
Current Services	19,041,301	-
Payments in Lieu of Services	9,768,422	129
Other Revenues	11,009,283	862,825
Total Revenues	139,092,871	889,415
Expenditures		
Current:		
General Government	25,140,204	-
Public Safety - Fire	25,855,204	-
Public Safety - Police	46,280,916	-
Public Works & Maintenance Services	18,516,010	-
Library and Recreation Services	5,167,957	-
Community Development	4,527,438	150,849
Economic Development	4,930,642	-
Capital Outlay	2,791,812	41,448
Debt Service:		
Principal Retirement	2,853,939	-
Interest and Fiscal Charges	1,401,987	-
Total Expenditures	137,466,109	192,297
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,626,762	697,118
Other Financing Sources (Uses)		
Transfers In	6,192,799	-
Transfers Out	(98,822)	-
Refunding bonds issued	-	-
Bond premium	-	-
Payment to refunded bond escrow agent	-	-
Total Other Financing Sources (Uses)	6,093,977	-
Net Change in Fund Balances	7,720,739	697,118
Fund Balances, Beginning of Year	100,778,066	21,687,599
Restatements	620,487	737,209
Fund Balances, Beginning of Year, as Restated	101,398,553	22,424,808
Fund Balances, End of Year	\$ 109,119,292	\$ 23,121,926

CITY OF CORONA

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017

	Capital Projects Funds	Other Governmental Funds	Total Governmental Funds
	Development		
Revenues			
Property Taxes	\$ -	\$ -	\$ 43,170,396
Sales Taxes	-	-	41,145,616
Other Taxes	-	-	9,421,375
Licenses, Fees and Permits	2,754,560	775,596	5,682,991
Fines and Penalties	-	297,405	1,467,593
Special Assessments	-	8,269,221	8,281,089
Investment Earnings	(6,862)	6,177	623,227
Intergovernmental Revenues	-	24,434,792	26,038,928
Current Services	-	219,213	19,260,514
Payments in Lieu of Services	344,640	-	10,113,191
Other Revenues	74	2,239,771	14,111,953
Total Revenues	3,092,412	36,242,175	179,316,873
Expenditures			
Current:			
General Government	-	379,931	25,520,135
Public Safety - Fire	43	-	25,855,247
Public Safety - Police	-	604,117	46,885,033
Public Works & Maintenance Services	121,923	8,534,830	27,172,763
Library and Recreation Services	-	29,966	5,197,923
Community Development	-	138,265	4,816,552
Economic Development	-	-	4,930,642
Capital Outlay	4,167,297	23,578,616	30,579,173
Debt Service:			
Principal Retirement	-	-	2,853,939
Interest and Fiscal Charges	-	6,506	1,408,493
Total Expenditures	4,289,263	33,272,231	175,219,900
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,196,851)	2,969,944	4,096,973
Other Financing Sources (Uses)			
Transfers In	-	98,822	6,291,621
Transfers Out	(1,980,000)	(3,598,395)	(5,677,217)
Refunding bonds issued	-	24,520,000	24,520,000
Bond premium	-	2,974,564	2,974,564
Payment to refunded bond escrow agent	-	(27,212,450)	(27,212,450)
Total Other Financing Sources (Uses)	(1,980,000)	(3,217,459)	896,518
Net Change in Fund Balances	(3,176,851)	(247,515)	4,993,491
Fund Balances, Beginning of Year	9,074,309	38,075,152	169,615,126
Restatements	(620,487)	789,178	1,526,387
Fund Balances, Beginning of Year, as Restated	8,453,822	38,864,330	171,141,513
Fund Balances, End of Year	\$ 5,276,971	\$ 38,616,815	\$ 176,135,004

CITY OF CORONA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2017**

Net Changes in Fund Balances - Total Governmental Funds	\$ 4,993,491
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 expenses:	
Capital Outlay	29,844,879
Deletions of capital assets during the current year	(33,833)
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 governmental funds.	(12,352,582)
Net change in revenues that was considered unavailable in the governmental funds. These items have been reported as revenue in the government-wide Statement of Activities:	
Property taxes	(111,164)
Other revenues	2,000,000
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.	255,152
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 the governmental funds. This amount represents the change from the prior year.	(240,418)
The issuance of long-term debt provides current financial resources to governmental funds, while repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	
Debt Incurred:	
Lease Revenue Refunding Bond	\$ (24,520,000)
Bond Premium	(2,974,564)
Deferred Charges	597,098
Principal Repayments:	
Lease Revenue Bond Payable	27,975,000
Lease Payable	1,493,939
Bond Premium Amortization	148,728
Deferred Charges Amortization	(29,855)
	2,690,346
Pension obligation expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	1,336,146
Governmental funds report all contributions in relation to the annual required contribution (ARC) for OPEB as expenditures, however in the statement of activities only the ARC is an expense.	1,072,050
Internal service funds are used by management to charge the costs of certain activities, such as insurance and fleet operations, to individual funds. The funds' revenues and expenditures are included as governmental activities in the Statement of Activities but not in the governmental funds' Statement of Revenues, Expenditures and Changes in Fund Balances.	(1,999,026)
Change in Net Position of Governmental Activities	\$ 27,455,041

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, 2017

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Corona Utility Authority</u>		
	<u>Water</u>	<u>Water Reclamation</u>	<u>Electric</u>
Assets			
Current Assets			
Cash and Investments	\$ 24,001,026	\$ 54,831,382	\$ 16,078,948
Accounts Receivable, Net	7,053,669	3,987,226	2,033,007
Interest Receivable	82,512	187,852	59,230
Due from Other Governmental Agencies	4,763,141	25,959	103,899
Inventories and Prepayments	2,692,263	-	454,204
Deposits	-	-	73,231
Restricted:			
Cash and Investments	6,792,002	3,018,047	1,100,000
Total Current Assets	45,384,613	62,050,466	19,902,519
Noncurrent Assets			
Capital Assets:			
Land and Construction in Progress	47,608,650	12,463,721	2,113,635
Other Capital Assets, Net of Depreciation	208,568,676	121,791,130	10,287,027
Total Capital Assets	256,177,326	134,254,851	12,400,662
Total Noncurrent Assets	256,177,326	134,254,851	12,400,662
Total Assets	301,561,939	196,305,317	32,303,181
Deferred Outflows of Resources			
Deferred Pension Related Items	5,188,787	3,301,950	1,442,934
Total Deferred Outflows of Resources	5,188,787	3,301,950	1,442,934
Total Assets and Deferred Outflows of Resources	\$ 306,750,726	\$ 199,607,267	\$ 33,746,115
Liabilities, Deferred Inflows of Resources, and Net Position			
Liabilities			
Current Liabilities			
Accounts Payable and Accrued Liabilities	\$ 5,834,599	\$ 1,380,956	\$ 1,058,258
Unearned Revenue	762,746	-	-
Deposits	332,606	-	-
Claims and Judgments Payable	-	-	-
Compensated Absences Payable	397,909	238,785	192,510
Long-term Debt	3,531,728	2,218,347	-
Liabilities Payable from Restricted Assets	612,792	-	-
Total Current Liabilities	11,472,380	3,838,088	1,250,768
Noncurrent Liabilities			
Interfund Advances Payable	-	-	9,856,445
Claims and Judgments Payable	-	-	-
Compensated Absences Payable	97,015	42,820	-
Long-term Capital Lease Payable	106,819,662	65,808,682	-
Long-term Debt, Net of Unamortized Premium	53,081,814	23,655,248	-
Net Pension Liability	10,936,932	6,884,605	2,934,087
Total Noncurrent Liabilities	170,935,423	96,391,355	12,790,532
Total Liabilities	182,407,803	100,229,443	14,041,300

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 JUNE 30, 2017

(CONTINUED)

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Corona Utility Authority</u>		
	<u>Water</u>	<u>Water Reclamation</u>	<u>Electric</u>
Deferred Inflows of Resources			
Deferred Pension Related Items	1,354,067	826,225	326,216
Total Deferred Inflows of Resources	1,354,067	826,225	326,216
Net Position			
Net Investment in Capital Assets	199,563,784	108,381,256	12,400,662
Restricted for:			
Capital Projects	6,568,086	167,368	-
Transportation	-	-	-
Unrestricted	(83,143,014)	(9,997,025)	6,977,937
Total Net Position	122,988,856	98,551,599	19,378,599
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 306,750,726	\$ 199,607,267	\$ 33,746,115

Reconciliation of Net Position to the Statement of Net Position

Net Position per Statement of Net Position - Proprietary Funds

Prior years' accumulated adjustment to reflect the consolidation of
 internal service funds activities related to the enterprise funds

Current years' adjustments to reflect the consolidation of internal
 service activities related to enterprise funds

Net Position per Statement of Net Position

CITY OF CORONA

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 JUNE 30, 2017

	Business-Type Activities - Enterprise Funds		Governmental Activities- Internal Service Funds
	Other Enterprise Funds	Totals	
Assets			
Current Assets			
Cash and Investments	\$ 895,838	\$ 95,807,194	\$ 33,991,264
Accounts Receivable, Net	24,534	13,098,436	86,330
Interest Receivable	5,466	335,060	-
Due from Other Governmental Agencies	139,802	5,032,801	1,048
Inventories and Prepayments	-	3,146,467	501,971
Deposits	-	73,231	-
Restricted:			
Cash and Investments	697,391	11,607,440	-
Total Current Assets	1,763,031	129,100,629	34,580,613
Noncurrent Assets			
Capital Assets:			
Land and Construction in Progress	-	62,186,006	-
Other Capital Assets, Net of Depreciation	4,166,486	344,813,319	-
Total Capital Assets	4,166,486	406,999,325	-
Total Noncurrent Assets	4,166,486	406,999,325	-
Total Assets	5,929,517	536,099,954	34,580,613
Deferred Outflows of Resources			
Deferred Pension Related Items	245,091	10,178,762	634,081
Total Deferred Outflows of Resources	245,091	10,178,762	634,081
Total Assets and Deferred Outflows of Resources	\$ 6,174,608	\$ 546,278,716	\$ 35,214,694
Liabilities, Deferred Inflows of Resources, and Net Position			
Liabilities			
Current Liabilities			
Accounts Payable and Accrued Liabilities	\$ 152,506	\$ 8,426,319	\$ 709,088
Unearned Revenue	408,836	1,171,582	-
Deposits	890	333,496	-
Claims and Judgments Payable	-	-	4,866,955
Compensated Absences Payable	30,354	859,558	62,411
Long-term Debt	-	5,750,075	-
Liabilities Payable from Restricted Assets	-	612,792	-
Total Current Liabilities	592,586	17,153,822	5,638,454
Noncurrent Liabilities			
Interfund Advances Payable	130,000	9,986,445	-
Claims and Judgments Payable	-	-	18,586,832
Compensated Absences Payable	-	139,835	-
Long-term Capital Lease Payable	-	172,628,344	-
Long-term Debt, Net of Unamortized Premium	-	76,737,062	-
Net Pension Liability	535,084	21,290,708	1,283,327
Total Noncurrent Liabilities	665,084	280,782,394	19,870,159
Total Liabilities	1,257,670	297,936,216	25,508,613

CITY OF CORONA

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 JUNE 30, 2017

(CONTINUED)

	Business-Type Activities - Enterprise Funds		Governmental Activities- Internal Service Funds
	Other Enterprise Funds	Totals	
Deferred Inflows of Resources			
Deferred Pension Related Items	71,209	2,577,717	137,699
Total Deferred Inflows of Resources	71,209	2,577,717	137,699
Net Position			
Net Investment in Capital Assets	4,166,486	324,512,188	-
Restricted for:			
Capital Projects	-	6,735,454	-
Transportation	697,391	697,391	-
Unrestricted	(18,148)	(86,180,250)	9,568,382
Total Net Position	4,845,729	245,764,783	9,568,382
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 6,174,608	\$ 546,278,716	\$ 35,214,694
Reconciliation of Net Position to the Statement of Net Position			
Net Position per Statement of Net Position - Proprietary Funds		\$ 245,764,783	
Prior years' accumulated adjustment to reflect the consolidation of internal service funds activities related to the enterprise funds		(330,900)	
Current years' adjustments to reflect the consolidation of internal service activities related to enterprise funds		87,519	
Net Position per Statement of Net Position		\$ 245,521,402	

CITY OF CORONA

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2017

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Corona Utility Authority</u>		
	<u>Water</u>	<u>Water Reclamation</u>	<u>Electric</u>
Operating Revenues			
Service Charges	\$ 48,664,512	\$ 30,294,984	\$ 15,876,770
Fees and Permits	1,636,491	186,876	-
Fines and Penalties	500,530	306,298	43,191
Other Revenues	1,083,094	482,996	894,867
Total Operating Revenues	51,884,627	31,271,154	16,814,828
Operating Expenses			
Personnel Services	7,623,238	4,668,829	2,057,010
Contractual	3,596,039	1,029,876	364,747
Materials and Supplies	24,635,920	7,604,842	3,427,262
Utilities	4,661,074	3,505,282	8,150,710
Depreciation and Amortization	7,273,158	4,682,313	951,551
Claims Expense	-	-	-
Total Operating Expenses	47,789,429	21,491,142	14,951,280
Operating Income (Loss)	4,095,198	9,780,012	1,863,548
Nonoperating Revenues (Expenses)			
Investment Earnings	68,320	118,919	11,307
Interest Expense	(5,249,130)	(2,768,677)	(579,015)
Operating Grants and Contributions	71,144	-	154,371
Total Nonoperating Revenues (Expenses)	(5,109,666)	(2,649,758)	(413,337)
Income (Loss) Before Contributions and Transfers	(1,014,468)	7,130,254	1,450,211
Capital Grants and Contributions	9,623,880	4,161,847	-
Transfers In	-	2,088,602	-
Transfers Out	(22,485)	(22,485)	(2,088,602)
Changes in Net Position	8,586,927	13,358,218	(638,391)
Net Position, Beginning of Year	113,903,479	84,944,156	19,933,915
Restatements	498,450	249,225	83,075
Net Position, Beginning of Year, as Restated	114,401,929	85,193,381	20,016,990
Net Position, End of Year	\$ 122,988,856	\$ 98,551,599	\$ 19,378,599

Reconciliation of Changes in Net Position to the Statement of Activities:

Changes in Net Position, per the Statement of Revenues,
Expenses and Changes in Fund Net Position - Proprietary Funds

Adjustment to reflect the consolidation of current fiscal year
internal service funds activities related to enterprise funds

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

CITY OF CORONA

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2017

(CONTINUED)

	Business-Type Activities - Enterprise Funds		Governmental Activities- Internal Service Funds
	Other Enterprise Funds	Totals	
Operating Revenues			
Service Charges	\$ -	\$ 94,836,266	\$ 7,746,541
Fees and Permits	35,914	1,859,281	-
Fines and Penalties	-	850,019	-
Other Revenues	690,487	3,151,444	869,778
Total Operating Revenues	726,401	100,697,010	8,616,319
Operating Expenses			
Personnel Services	278,348	14,627,425	956,451
Contractual	1,645,162	6,635,824	151,014
Materials and Supplies	183,374	35,851,398	3,280,663
Utilities	219,438	16,536,504	919,208
Depreciation and Amortization	667,239	13,574,261	-
Claims Expense	-	-	4,651,056
Total Operating Expenses	2,993,561	87,225,412	9,958,392
Operating Income (Loss)	(2,267,160)	13,471,598	(1,342,073)
Nonoperating Revenues (Expenses)			
Investment Earnings	1,212	199,758	-
Interest Expense	-	(8,596,822)	-
Operating Grants and Contributions	1,803,280	2,028,795	-
Total Nonoperating Revenues (Expenses)	1,804,492	(6,368,269)	-
Income (Loss) Before Contributions and Transfers	(462,668)	7,103,329	(1,342,073)
Capital Grants and Contributions	146,937	13,932,664	-
Transfers In	-	2,088,602	-
Transfers Out	-	(2,133,572)	(569,434)
Changes in Net Position	(315,731)	20,991,023	(1,911,507)
Net Position, Beginning of Year	5,161,460	223,943,010	11,479,889
Restatements	-	830,750	-
Net Position, Beginning of Year, as Restated	5,161,460	224,773,760	11,479,889
Net Position, End of Year	\$ 4,845,729	\$ 245,764,783	\$ 9,568,382
Reconciliation of Changes in Net Position to the Statement of Activities:			
Changes in Net Position, per the Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds		\$ 20,991,023	
Adjustment to reflect the consolidation of current fiscal year internal service funds activities related to enterprise funds		87,519	
Changes in Net Position of Business-Type Activities per Statement of Activities		\$ 21,078,542	

CITY OF CORONA

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2017

	Business-Type Activities - Enterprise Funds		
	Corona Utility Authority		
	Water	Water Reclamation	Electric
Cash Flows from Operating Activities:			
Cash received from customers and users	\$ 50,286,035	\$ 30,649,681	\$ 15,703,043
Cash paid to suppliers for goods and services	(32,993,655)	(12,952,561)	(11,439,836)
Cash paid to employees for services	(7,483,014)	(4,773,804)	(2,001,816)
Cash paid for current claims	-	-	-
Cash paid for long-term claims	-	-	-
Cash paid to others	(1,045,083)	-	-
Cash received from others	-	475,787	797,305
Net Cash Provided (Used) by Operating Activities	8,764,283	13,399,103	3,058,696
Cash Flows from Non-Capital Financing Activities:			
Transfers in	-	2,088,602	-
Transfers out	(22,485)	(22,485)	(2,088,602)
Advance from other funds	-	-	(877,593)
Operating grants and contributions	71,144	-	154,371
Net Cash Provided (Used) by Non-Capital Financing Activities	48,659	2,066,117	(2,811,824)
Cash Flows from Capital and Related Financing Activities:			
Proceeds from capital debt	-	2,137,976	-
Capital grants and contributions	9,623,880	4,161,847	-
Acquisition and construction of capital assets	(18,092,618)	(5,526,748)	(515,560)
Proceeds from sale of capital assets	-	-	2,473,216
Retirement on long-term debt	(3,458,989)	(2,400,000)	-
Interest payments of long-term debt	(5,337,704)	(2,787,608)	(579,015)
Net Cash Provided (Used) by Capital and Related Financing Activities	(17,265,431)	(4,414,533)	1,378,641
Cash Flows from Investing Activities:			
Interest received	71,272	44,572	(6,846)
Net Cash Provided (Used) by Investing Activities	71,272	44,572	(6,846)
Net Increase (Decrease) in Cash and Cash Equivalents	(8,381,217)	11,095,259	1,618,667
Cash and Cash Equivalents at Beginning of Year	39,174,245	46,754,170	15,560,281
Cash and Cash Equivalents at End of Year	\$ 30,793,028	\$ 57,849,429	\$ 17,178,948

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2017

(CONTINUED)

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Corona Utility Authority</u>		
	<u>Water</u>	<u>Water Reclamation</u>	<u>Electric</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ 4,095,198	\$ 9,780,012	\$ 1,863,548
Adjustments to Reconcile Operating Income (Loss) Net Cash Provided (Used) by Operating Activities:			
Depreciation and Amortization	7,273,158	4,682,313	951,551
(Increase) decrease in accounts receivable	(762,178)	(138,477)	(206,684)
(Increase) decrease in deposits receivable	-	-	(10,234)
(Increase) decrease in due from other governments	(2,128,177)	(7,209)	(97,562)
(Increase) decrease in inventories and prepayments	449,020	-	408,551
(Increase) decrease in deferred outflows of pension related items	(4,722,395)	(3,005,326)	(1,314,401)
Increase (decrease) in accounts payable and accrued liabilities	(758,788)	(393,124)	94,332
Increase (decrease) in unearned revenue	(74,918)	-	-
Increase (decrease) in deposits payable	321,598	-	-
Increase (decrease) in claims and judgments	-	-	-
Increase (decrease) in compensated absences	9,067	(120,538)	73,900
Increase (decrease) in liabilities payable from restricted assets	209,146	(419,437)	-
Increase (decrease) in pension liability	3,982,556	2,488,520	1,085,353
Increase (decrease) in deferred inflows of pension related items	870,996	532,369	210,342
Total Adjustments	4,669,085	3,619,091	1,195,148
Net Cash Provided (Used) by Operating Activities	\$ 8,764,283	\$ 13,399,103	\$ 3,058,696
Non-Cash Investing, Capital, and Financing Activities:			
Amortization of bond premium	\$ (88,575)	\$ (18,930)	\$ -

CITY OF CORONA

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2017

	Business-Type Activities - Enterprise Funds		
	Other Enterprise Funds	Totals	Governmental Activities- Internal Service Funds
Cash Flows from Operating Activities:			
Cash received from customers and users	\$ 17,606	\$ 96,656,365	\$ 7,744,969
Cash paid to suppliers for goods and services	(2,208,644)	(59,594,696)	(4,158,556)
Cash paid to employees for services	(325,720)	(14,584,354)	(1,007,713)
Cash paid for current claims	-	-	(994,375)
Cash paid for long-term claims	-	-	(2,207,059)
Cash paid to others	-	(1,045,083)	-
Cash received from others	974,308	2,247,400	870,754
Net Cash Provided (Used) by Operating Activities	(1,542,450)	23,679,632	248,020
Cash Flows from Non-Capital Financing Activities:			
Transfers in	-	2,088,602	-
Transfers out	-	(2,133,572)	(569,434)
Advance from other funds	(15,000)	(892,593)	-
Operating grants and contributions	1,803,280	2,028,795	-
Net Cash Provided (Used) by Non-Capital Financing Activities	1,788,280	1,091,232	(569,434)
Cash Flows from Capital and Related Financing Activities:			
Proceeds from capital debt	-	2,137,976	-
Capital grants and contributions	146,937	13,932,664	-
Acquisition and construction of capital assets	(55,925)	(24,190,851)	-
Proceeds from sale of capital assets	-	2,473,216	-
Retirement on long-term debt	-	(5,858,989)	-
Interest payments of long-term debt	-	(8,704,327)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	91,012	(20,210,311)	-
Cash Flows from Investing Activities:			
Interest received	(551)	108,447	-
Net Cash Provided (Used) by Investing Activities	(551)	108,447	-
Net Increase (Decrease) in Cash and Cash Equivalents	336,291	4,669,000	(321,414)
Cash and Cash Equivalents at Beginning of Year	1,256,938	102,745,634	34,312,678
Cash and Cash Equivalents at End of Year	\$ 1,593,229	\$ 107,414,634	\$ 33,991,264

CITY OF CORONA

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2017

(CONTINUED)

	Business-Type Activities - Enterprise Funds		Governmental Activities- Internal Service Funds
	Other Enterprise Funds	Totals	
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ (2,267,160)	\$ 13,471,598	\$ (1,342,073)
Adjustments to Reconcile Operating Income (Loss) Net Cash Provided (Used) by Operating Activities:			
Depreciation and Amortization	667,239	13,574,261	-
(Increase) decrease in accounts receivable	(18,719)	(1,126,058)	(1,572)
(Increase) decrease in deposits receivable	-	(10,234)	-
(Increase) decrease in due from other governments	44,762	(2,188,186)	976
(Increase) decrease in inventories and prepayments	-	857,571	63,994
(Increase) decrease in deferred outflows of pension related items	(217,233)	(9,259,355)	(566,432)
Increase (decrease) in accounts payable and accrued liabilities	(160,670)	(1,218,250)	128,335
Increase (decrease) in unearned revenue	239,470	164,552	-
Increase (decrease) in deposits payable	-	321,598	-
Increase (decrease) in claims and judgments	-	-	1,449,622
Increase (decrease) in compensated absences	(28,374)	(65,945)	(3,390)
Increase (decrease) in liabilities payable from restricted assets	-	(210,291)	-
Increase (decrease) in pension liability	147,714	7,704,143	420,148
Increase (decrease) in deferred inflows of pension related items	50,521	1,664,228	98,412
Total Adjustments	724,710	10,208,034	1,590,093
Net Cash Provided (Used) by Operating Activities	\$ (1,542,450)	\$ 23,679,632	\$ 248,020
Non-Cash Investing, Capital, and Financing Activities:			
Amortization of bond premium	\$ -	\$ (107,505)	\$ -



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 on January 31, 2012. 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, 2017

	Private- Purpose Trust Fund	Agency Funds
	Successor Agency Trust Fund	
Assets		
Cash and Investments	\$ 5,214,556	\$ 3,194,303
Interest Receivable	-	97,131
Due from Other Governmental Agencies	-	178,742
Restricted Assets:		
Cash and Investments	6,829,567	24,774,222
Total Assets	12,044,123	\$ 28,244,398
Deferred Outflows of Resources		
Deferred Pension Related Items	206,122	
Total Deferred Outflows of Resources	206,122	
Liabilities		
Current:		
Accounts Payable and Accrued Liabilities	890,054	\$ 82,443
Long-Term Debt Due within One Year	3,970,000	-
Liabilities Payable from Restricted Assets	3,203	-
Noncurrent:		
Due to Other Governmental Agencies	10,848,086	-
Long-term Debt, Net of Unamortized Premium	56,175,249	-
Net Pension Liability	678,367	-
Due to Bondholders	-	28,161,955
Total Liabilities	72,564,959	\$ 28,244,398
Deferred Inflows of Resources		
Deferred Pension Related Items	166,630	
Total Deferred Inflows of Resources	166,630	
Net Position		
Held in Trust for Successor Agency Activities	(60,481,344)	
Total Net Position	\$ (60,481,344)	

CITY OF CORONA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 YEAR ENDED JUNE 30, 2017

	<u>Private-Purpose Trust Fund Successor Agency Trust Fund</u>
Additions	
Property Taxes	\$ 10,386,370
Investment Income	22,415
Total Additions	<u>10,408,785</u>
Deductions	
Administrative Expenses	246,925
Developer Payments - OPA Approved by DOF	2,117,526
Debt Service Payments	2,816,028
Total Deductions	<u>5,180,479</u>
Changes in Net Position	5,228,306
Net Position, Beginning of Year	<u>(65,709,650)</u>
Net Position, End of the Year	<u>\$ (60,481,344)</u>



CITY OF CORONA

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Year Ended June 30, 2017

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I. SIGNIFICANT ACCOUNTING POLICIES

Note 1: Summary of Significant Accounting Policies

The accounting policies of the City of Corona, California conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to government units. The accepted standard setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB). The most significant accounting policies are described below.

a. 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. 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 provides full services to its citizens, including: public safety (police and fire), streets, electric, public library, recreation, parks and other public facilities, planning and zoning, public transportation (Dial-A-Ride and Corona Cruiser programs), housing and economic development programs. Water and water reclamation services are provided through the legally separate Corona Utility Authority, which functions as a department of the City of Corona.

The financial statements include the financial activities of the City of Corona, the primary government, and its component units, which are 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 are 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 CPFA, the Authority, and the CHA, as such, these entities are presented on a blended basis.

Blended Component Units

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. Separate financial statements are not prepared.

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. Separate financial statements are not prepared.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

Note 1: Summary of Significant Accounting Policies (Continued)

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. Upon the dissolution of the former Corona Redevelopment Agency pursuant to Assembly Bill X1 26, the CHA elected to become the successor agency to the former Corona Redevelopment Agency's housing functions (Housing Successor). Pursuant to Senate Bill 341, the CHA oversees the Low and Moderate Income Housing Asset fund. The funds of the CHA have been included in the governmental activities in the financial statements. Separate financial statements are not prepared.

b. Basis of Presentation

The City's basic financial statements consist of government-wide statements, including the statement of net position and the statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Internal service fund activities are eliminated to avoid duplication of revenues and expenses.

The statement of net position presents the financial position of the governmental and business-type activities of the City and its blended component unit at year-end. The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees and other charges to users of the City's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restriction to these program uses. Other revenue sources not included with program revenues are reported as general revenues of the City, they are primarily taxes.

Fund Financial Statements

The City uses funds to maintain its financial records during the year. A fund is a fiscal and accounting entity with a self-balancing set of accounts. The City uses three categories of funds: governmental, proprietary and fiduciary.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

Note 1: Summary of Significant Accounting Policies (Continued)

During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at a more detailed level. Major individual governmental and enterprise funds are reported in separate columns.

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Fund liabilities are assigned to the fund from which they will be liquidated. The City reports the difference between its governmental fund assets and its liabilities and deferred inflows of resources as fund balance.

The following are the City's 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 capital projects fund is used to account for Quimby and various development impact fees (DIF) received. The use of DIF funds is governed by Section 66006 of the Government Code.
- The Low Mod Income Housing Asset (Housing Successor) capital project fund accounts for the transactions related to low and moderate income housing activities pursuant to SB 341 and as prescribed in the Housing Element of the City's General Plan.

The City also reports the following non-major governmental funds:

- Special revenue funds – used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes (other than debt service or capital projects) as follows:

Gas Tax	Measure A
Trip Reduction	Asset Forfeiture
Special Tax Districts	Other Grants & Endowments

- Capital project funds – accounts for and reports financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including acquisition or construction of capital facilities and other capital assets. The non-major capital project funds include:

Public Facility Project	HUD Grants
Planned Local Drainage	Other Grants

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

Note 1: Summary of Significant Accounting Policies (Continued)

- Debt service funds – accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for the payment of general long-term debt principal, interest and related costs, other than enterprise debt. The City’s debt service fund includes:

Public Financing Authority

Proprietary Funds

Proprietary funds are used to account for ongoing organizations and activities, which are operated and financed in a manner similar to those found in the private sector. The reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. The City’s proprietary funds are classified as enterprise funds and internal service funds.

The following are the City’s major enterprise funds:

- The Water fund is used to account for the operation and maintenance of the City’s water utility, a self-supporting activity which provides services on a user charge basis to residents and businesses located in the City.
- The Water Reclamation fund is used to account for the operation and maintenance of the City’s water reclamation utility, a self-supporting activity which provides services on a user charge basis to residents and businesses located in the City.
- 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 as well as residents located in the City.

Both the Water and the Water Reclamation utilities are owned by the Corona Utility Authority, a blended component unit of the City. The Authority operates both the Water and Water Reclamation systems pursuant to separate management agreements with the City.

The City also reports the following non-major enterprise funds:

Transit Services

Airport

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.

Fiduciary Funds

Fiduciary funds are used to account for assets held by the City on behalf of outside related organizations, and are not included in the government-wide financial statements. The fiduciary fund reporting focuses on economic resources and are accounted for under the accrual basis of accounting.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

Note 1: Summary of Significant Accounting Policies (Continued)

The City reports the following two types of fiduciary funds:

Private-Purpose Trust Fund

Reported in this fund type is the Successor Agency Trust Fund, which was established in February 2011 to account for the assets and liabilities of the Successor Agency to the former Corona Redevelopment Agency, and its allocated revenue to pay estimated installment payments of the enforceable obligations until the obligations of the Successor Agency are paid in full and assets fully liquidated.

Agency Funds

Two funds are reported under the Agency Fund type, the AD/CFD Fund and the AB109 PACT Fund. The AD/CFD Fund was established to account for receipt of special taxes and assessments used to pay principal and interest on related bonds that are not direct City liabilities, as well as receipt and disbursement of capital project bond proceeds related to bonds that are not direct obligations of the City.

The AB109 PACT Fund was created on December 16, 2015 to account for activities of the Riverside County Post-Release Accountability and Compliance Team (PACT). The City of Corona is one of the seven member agencies of PACT, and serves as the trustee for PACT. Funding for PACT comes from the State of California in accordance with AB 109, Public Safety Realignment Act of 2011.

Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

c. Measurement Focus

Government-Wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. All assets, deferred outflow of resources and liabilities associated with the operation of the City are included on the statement of net position. 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. The statement of activities reports revenues and expenses. Internal service fund transactions have been eliminated in the statement of activities except for those between the governmental and business-type activities.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, current liabilities and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances presents the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the governmental fund statements.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

Note 1: Summary of Significant Accounting Policies (Continued)

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus on both financial reporting levels. All assets and all liabilities associated with the operation of these funds are included on the statements of net position. The statements of changes in fund net position present increased (revenues) and decreases (expenses) in total net position. The statements of cash flows provide information about how the City finances and meets the cash flow needs of its proprietary activities.

d. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. At the fund reporting level, the governmental funds use the modified accrual basis of accounting. Proprietary funds use the accrual basis of accounting at both reporting levels. Fiduciary funds use the accrual basis at the fund reporting level. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows of resources, and in the presentation of expenses versus expenditures.

Revenue – Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded when the exchange takes place and in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the City, the availability is defined within 60 days of year-end.

Revenue – Non-Exchange Transactions

Non-exchange transactions in which the City receives value without directly giving equal value in return, includes sales taxes, property taxes, grants and donations. On an accrual basis, revenue from sales taxes is recognized in the period in which the taxable sale takes place. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied (Note 1.F). Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transaction also must be available (generally 60 days after year-end) before it can be recognized in the governmental funds. However, the City has adopted a 12-month recognition period for sales tax and grant revenues. Also, the City accrued AQMD funds received after the 60-day accrual period.

Under the modified accrual basis, the following revenue sources are considered to be susceptible to accrual: property taxes, sales taxes, federal and state grants.

Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria listed above have been satisfied.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

Note 1: Summary of Significant Accounting Policies (Continued)

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. On the modified accrual basis, expenditures generally are recognized in the accounting period in which the related fund liability is incurred and due, if measurable.

Proprietary Funds Operating and Non-operating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water, Water Reclamation, Electric, Transit, and Airport funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

e. 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 at each month based on ending cash and investment balances of each fund.

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. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. In determining the amount, the City uses the Market Approach, one of the three acceptable valuation techniques. Market approach uses prices generated for identical or similar assets or liabilities.

The City implemented GASB Statement No. 72, *Fair Value Measurement and Application* in its June 30, 2017 financial statements. The City's investments were categorized as Level 2 only, and there were no Level 1 or Level 3 investments.

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

Note 1: Summary of Significant Accounting Policies (Continued)

All investments in LAIF were considered as Level 2 investment under GASB Statement No.72.

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.

f. Receivables

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.

Receivables are reported net of an allowance for uncollectible accounts. As of June 30, 2017, allowances of uncollectibles for governmental funds totaled \$8,890,446, in the Low Mod Income Housing Asset capital project fund, primarily for the various development agreements entered between the City and the developers who constructed the various low and moderate income housing projects. Allowances of uncollectibles for proprietary funds totaled \$236,192 as of June 30, 2017, with \$133,642 for Water, \$80,538 for Water Reclamation, and \$22,012 for Electric utility.

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

Property taxes receivable for the governmental fund types, which have been remitted within 60 days subsequent to year end, are considered measureable and available and recognized as revenues. All other property taxes are offset by deferred property tax inflows of resources and, accordingly, have not been recorded as revenue. 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."

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

Note 1: Summary of Significant Accounting Policies (Continued)

g. Inventories, Prepaid Items and Land Held for Resale

Inventory in the governmental and proprietary funds consists of expendable supplies held for future consumption or capitalization. Inventory is valued at cost using the first in, first out (FIFO) method. The cost is recorded as an expenditure/expense as inventory items are consumed.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The cost of prepaid items is recorded as an expenditure/expense when consumed.

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

h. 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 4 for additional information.

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. Donated capital assets are reported at acquisition value when received. Depreciation is recorded on a straight-line basis over the useful lives of the assets as shown below:

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

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

The City defines infrastructure as the basic physical assets that allow the City to function. These 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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

Note 1: Summary of Significant Accounting Policies (Continued)

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.

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 the most recent physical assessment of its street pavement condition in October 2017. The Citywide condition assessments are performed every three years, with each year focusing on specific regions of the City. 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 71 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, 2017. 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. 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 8 for additional information.

k. 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

Note 1: Summary of Significant Accounting Policies (Continued)

In accordance to GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, debt issuance costs except for any portion related to prepaid insurance were recognized as expense in the period incurred. Premium or discount not considered as part of the reacquisition price was amortized over the life of the bond.

I. Net Pension Liability

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions, if any) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

GASB Statement No. 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used.

Valuation Date (VD)	June 30, 2015
Measurement Date (MD)	June 30, 2016
Measurement Period (MP)	July 1, 2015 to June 30, 2016

m. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so would not be recognized as an outflow of resources (expenses/expenditure) until then. The City has two type of items that qualifies for reporting in this category. The item, deferred charge on refunding, is reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The other item deferred pension related items, is reported in the government-wide statement of net position.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applied to a future period(s) and so will not be recognized as an inflow or resources (revenue) until that time. The City has two types of items. The item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from five sources: property taxes, special assessments and developer fees not received within 60 days subsequent to year end, loans and long-term receivables, as well as the capital lease between the City and the Corona Utility Authority. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The other item is deferred pension related items reported in the government-wide statement of net position.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

Note 1: Summary of Significant Accounting Policies (Continued)

n. Fund Equity

Fund equity at the governmental fund financial reporting level is classified as “fund balance.” Fund equity for all other reporting is classified as “net position.”

Governmental Fund Balances

Generally, governmental fund balances represent the difference between the current assets and deferred outflows of resources, and current liabilities and deferred inflows of resources. Governmental funds report fund balance 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 resources can be spent.

Fund balances are classified as follows:

Nonspendable

These are amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

Restricted

These are amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed

Committed fund balances contain self-imposed constraints of the government from its highest level of decision making authority, the City Council. Approval of a resolution after a formal vote of the City Council is required to establish a commitment of fund balance. Similarly, the City Council may only modify or rescind the commitment by formal vote and adoption of a subsequent resolution.

Assigned

Fund balances are reported as assigned when amounts are constrained by the City’s intent to be used for specific purposes, but are neither restricted nor committed. The City Council, through City ordinance, has expressly delegated to the City Manager and the Finance Director the authority to assign funds for particular purposes.

Unassigned

Fund balances are reported as unassigned for the residual amount when the balances do not meet any of the above criteria. The City does not have unassigned fund balances for the current reporting period.

The City considers restricted fund balance to have been spent first when 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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

Note 1: Summary of Significant Accounting Policies (Continued)

committed amounts to be reduced first, followed by assigned amounts and then unassigned amounts. Please refer to Note 15 for additional information.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources on the government-wide and proprietary funds financial statements. Net positions were classified in the following categories: net investment in capital assets, restricted, and unrestricted. Net investment in capital assets consists of cost of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. This net investment in capital assets amount also is adjusted by any bond issuance deferral amounts. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the City or through external restricts imposed by creditors, grantors or laws or regulations of other governments. All other net position is reported as unrestricted.

In order to calculate the amounts reported as restricted net position and unrestricted net position, a flow assumption must be made about the order in which the resources were considered to be applied. The City's policy is to consider restricted net position to have been depleted before unrestricted net position is applied.

o. 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.

p. Effect of New Accounting Standards

During the fiscal year ended June 30, 2017, the City implemented the following Governmental Accounting Standards Board (GASB) standards:

GASB Statement No. 77 – *Tax Abatement Disclosures*. This Statement establishes financial reporting standards for tax abatement agreements entered into by state and local governments. This Statement requires disclosure of tax abatement information about (1) a government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the government's tax revenues. The requirements of this Statement are effective for financial statements for reporting periods beginning after December 15, 2015.

II. STEWARDSHIP

Note 2: Stewardship, Compliance and Accountability

a. Deficit Fund Balance or Net Position

At June 30, 2017, the Public Facility Project Fund had a deficit fund balance of \$48,525 and the Worker's Compensation internal service fund had a deficit fund balance of \$947,662. The deficit will be eliminated with future revenue. The Successor Agency Trust Fund had a deficit net position amount of \$60,481,344.

III. DETAILED NOTES ON ALL FUNDS

Note 3: 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 \$1,585,718 at June 30, 2017. Bank balances before reconciling items were \$ 3,930,553 at that date. All City's cash and investments as of June 30, 2017 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.

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

The authorized investments under the provisions of the City's investment policy and in accordance with California Government Code are listed below:

- 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;
- Bonds issued by the City, including bonds payable solely out of revenue from a revenue producing property owned, controlled or operated by the City, not to exceed 25% of the portfolio for combined municipal debt;

CITY OF CORONA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2017

Note 3: Cash and Investments (Continued)

- Bonds, notes or other evidence of indebtedness of any local agency within the State, or State warrants, or treasury notes or bonds of the State not to exceed 25% of the portfolio for combined municipal debt;
- Bonds, notes or other evidence of indebtedness in any of the other 49 states, in addition to California, not to exceed 25% of the portfolio for combined municipal debt; and
- Mortgage-backed pass-through securities, collateralized mortgage obligations and asset backed securities not to exceed 15% of investing agency's surplus.
- In accordance with the City's investment policy, all securities are held by a third party custodian in the name of the City.

Per 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.

Investment income in all funds and component units are presented using an aggregated method under GASB Statement No. 31:

	2017	2016
Realized gain/(loss) on matured investments	\$ 409,207	\$ (195,338)
Unrealized loss in changes in fair value of investments	(3,271,454)	2,477,693
Interest Income	3,685,232	2,729,664
Total investment income	<u>\$ 822,985</u>	<u>\$ 5,012,019</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.

c. Summary of Cash and Investments

The following is a summary of pooled cash and investments at June 30, 2017:

	Government-Wide Statement of Net Position			Fiduciary Funds Statement of Net Position	
	Governmental Activities	Business-Type Activities	Total	Position	Total
Cash and Investments	<u>\$ 172,852,140</u>	<u>\$ 95,807,194</u>	<u>\$ 268,659,334</u>	<u>\$ 8,408,859</u>	<u>\$ 277,068,193</u>
Restricted Cash and Investments	<u>\$ 2,084,323</u>	<u>\$ 11,607,440</u>	<u>\$ 13,691,763</u>	<u>\$ 31,603,789</u>	<u>45,295,552</u>
Total Cash and Investments					<u>\$ 322,363,745</u>

d. 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, 2017 included a portion of the pool funds invested in Structured Notes and Asset-Backed Securities.

CITY OF CORONA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

Note 3: Cash and Investments (Continued)

As of June 30, 2017, the City had \$58,867,510 invested in LAIF. Fair value of the City's LAIF investments was \$58,805,150 as of June 30, 2017. 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 0.998940671.

e. 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, 2017 are presented below:

Investment Type	Investment Maturities (in Months)		
	12 Months or Less	12 Months to 60 Months	More than 60 Months
Cash and Investments:			
FHLB	\$ 6,773,467	\$ 11,246,090	\$ -
FHLMC	949,972	19,378,544	-
FNMA	-	39,666,778	-
US T- Notes	-	50,316,542	-
LAIF	58,805,150	-	-
Federated	59,710	-	-
American Honda Finance	-	2,767,683	-
Apple Inc	2,490,950	-	-
Bank of New York Mellon	-	2,676,129	-
Bank of Tokyo Mit/NY	4,064,063	-	-
Berkshire Hathaway Finance	-	1,191,288	-
Chase Issuance Trust	-	2,603,288	-
Chevron Corp	2,108,776	-	-
Chubb Ina Holdings Inc.	-	2,559,507	-
Cisco Systems	-	2,558,583	-
Cooperative Centrale	2,886,643	-	-
Costco Wholesale Corp	-	1,627,376	-
Exxon Mobile	-	2,717,712	-
Home Depot Inc	-	1,140,524	-
Honda ABS	393,955	3,438,746	-
HSBC USA Inc	-	2,713,041	-
IBM Corp	3,625,787	-	-
Intel Corp	2,624,370	-	-
John Deere Capital Corp	-	2,656,399	-
John Deere Owner Trust	28,707	4,297,743	-
Microsoft	-	5,178,986	-
Nissan ABS	-	1,898,911	-
Occidental Petroleum Corp	-	1,647,921	-
Oracle	-	2,552,366	-
Pepsico Inc	2,121,536	-	-
Praxair	-	2,523,169	-
Qualcom Inc.	-	2,422,776	-
State Street Bank	-	2,048,793	-
Tennessee Valley Authority	-	4,020,400	-
Toyota ABS	-	3,731,950	-
Toyota Motor Corp	1,255,740	-	-
US Bancorp	-	3,681,982	-
Wal- Mart Stores	1,471,947	-	-
Wells Fargo Corp	-	2,558,475	-
Deposits	1,585,718	-	-
Total Investments	\$ 91,246,491	\$ 185,821,702	\$ -

CITY OF CORONA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2017

Note 3: Cash and Investments (Continued)

Investment Type	Investment Maturities (in Months)		
	12 Months or Less	12 Months to 60 Months	More than 60 Months
Restricted Cash and Investments:			
Cash and Cash in Escrow	\$ 4,808,774	\$ -	\$ -
Local Agency Investment Funds	3,366,586	-	-
Federated Treasury Obligation	5	-	-
Blackrock Federal	32,622,605	-	-
Invesco STIT Treasury Private 1933	196,885	-	-
MBIA Financial Guaranty Ins Policy	-	1	-
MBIA Debt Service Reserve Surety Bond	-	1	-
Natixis Funding Corp	-	4,300,695	-
Total Investments	\$ 40,994,855	\$ 4,300,697	\$ -

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 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.

CITY OF CORONA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2017

Note 3: Cash and Investments (Continued)

As of June 30, 2017, the City had the following deposits and investments.

	<u>Credit Rating</u>	<u>Fair Value</u>	<u>Total</u>
<u>City Treasury:</u>			
Deposits	Not Rated	\$ 1,585,718	\$ 1,585,718
<u>Investments:</u>			
Medium Term Notes	AAA	11,514,224	
Medium Term Notes	AA+	5,208,662	
Medium Term Notes	AA	2,663,235	
Medium Term Notes	AA-	8,475,466	
Medium Term Notes	A+	16,448,733	
Medium Term Notes	A	22,946,733	
Medium Term Notes	Not Rated	<u>17,008,769</u>	84,265,822
Tennessee Valley Authority	AA+	4,020,400	4,020,400
U.S. Government Agency Securities			
FHLB	AA+	18,019,557	
FHLMC	AA+	20,328,516	
FNMA	AA+	39,666,778	
U.S. Treasury	Not Rated	<u>50,316,542</u>	128,331,393
Money Market Funds	AAA	59,710	59,710
Local Agency Investment Funds	Not Rated	58,805,150	58,805,150
<u>Restricted Cash and Investments:</u>			
Cash & Investments with Fiscal Agents	Not Rated	40,486,778	
Development Restricted Cash	Not Rated	63,000	
Water Reclamation Restricted Cash	Not Rated	679,420	
Electric Restricted Cash	Not Rated	1,100,000	
Transit Restricted Cash	Not Rated	697,391	
Special Tax Districts Restricted Cash	Not Rated	15,531	
Retention & Escrow Accounts	Not Rated	<u>2,253,432</u>	45,295,552
Total Investments			<u>\$ 322,363,745</u>

CITY OF CORONA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2017

Note 3: Cash and Investments (Continued)

The City's credit risk, expressed on a percentage basis as of June 30, 2017, is presented below:

Investment Type	Moody's Rating	S&P Rating	% of Investment
LAIF	NR	NR	21.15%
US T-Notes	AAA	NR	19.01%
FNMA	AAA	AA+	14.27%
FHLMC	AAA	AA+	7.31%
FHLB	AAA	AA+	6.48%
Microsoft	AAA	AAA	1.86%
John Deere Owner Trust	AAA	NR	1.56%
Bank of Tokyo-Mit UFJ	NR	NR	1.46%
Tennessee Valley Authority	AAA	AA+	1.45%
Honda ABS	AAA	NR	1.38%
Toyota ABS	AAA	AAA	1.34%
US Bancorp	A1	A+	1.32%
IBM Corp	A1	A+	1.30%
Cooperative Centrale	NR	NR	1.04%
American Honda Finance	A1	A+	1.00%
Exxon Mobile Corp	AAA	AA+	0.98%
HSBC USA Inc	A2	A	0.98%
John Deere Capital Corp	A2	A	0.96%
Bank of New York	A1	A	0.96%
Intel Corp	A1	A+	0.94%
Chase Issuance Trust	NR	AAA	0.94%
Wells Fargo Corp	A2	A	0.93%
Cisco Systems	A1	AA-	0.92%
Chubb Ina Holdings	A3	A	0.92%
Oracle Corp	A1	AA-	0.92%
Praxair	A2	A	0.91%
Apple Inc	AA1	AA+	0.90%
Qualcomm Inc	A1	A+	0.87%
ChevronTexaco Corp	AA2	AA-	0.78%
Pepsico Inc	A1	A	0.76%
State Street Bank	A1	A	0.74%
Nissan ABS	AAA	NR	0.68%
Costco Wholesale Corporation	A1	A+	0.59%
Occidental Petroleum Corp	A3	A	0.59%
Wal- Mart Stores	AA2	AA	0.53%
Toyota Motor Corp	AA3	AA-	0.45%
Berkshire Hathaway Finance Corp	AA2	AA	0.43%
Home Depot Inc	A2	A	0.41%
Federated Govt Obligation Money Market Fund	NR	NR	0.02%
Total			100.0%

CITY OF CORONA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2017

Note 3: Cash and Investments (Continued)

f. Fair Value Measurement and Application

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

The City has the following recurring fair value measurements as of June 30, 2017:

	June 30, 2017	Investments not Measured at Fair Value	Level <u>2</u>
Investments:			
US Treasury	\$ 50,316,542	\$ -	\$ 50,316,542
Federal Government Agency	82,035,251	-	82,035,251
Medium-Term Corporate Notes	67,872,523	-	67,872,523
Asset-Backed Securities	16,393,299	-	16,393,299
Money Market Funds	59,710	59,710	-
Local Agency Investment Fund	58,805,150	-	58,805,150
Total Cash Investments	<u>275,482,475</u>	<u>59,710</u>	<u>275,422,765</u>
Restricted Investments:			
Local Agency Investment Fund	3,366,586	-	3,366,586
Federal Government Agency	5	-	5
Medium-Term Corporate Notes	37,120,187	-	37,120,187
Total Restricted Investments	<u>40,486,778</u>	<u>-</u>	<u>40,486,778</u>
Total Investments	<u>\$ 315,969,253</u>	<u>\$ 59,710</u>	<u>\$ 315,909,543</u>

Note 4: 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, 2017:

<u>Receivable Fund</u>	<u>Amount</u>	<u>Payable Fund</u>	<u>Amount</u>
Major Funds:		Non-Major Funds:	
General Fund	\$ 5,610,516	<u>Special Revenue Funds:</u>	
		Special Tax District	\$ 1,554
		<u>Capital Projects Funds:</u>	
		Public Facility Project	863,522
		HUD Grants	19,997
		Other Grants	4,725,443
Total	<u>\$ 5,610,516</u>	Total	<u>\$ 5,610,516</u>

CITY OF CORONA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2017

Note 4: Interfund Transactions (Continued)

b. Long-Term Interfund Receivables/Payables

At June 30, 2017, the funds below have made advances that were not expected to be repaid within one year.

<u>Receivable Fund</u>	<u>Amount</u>	<u>Payable Fund</u>	<u>Amount</u>
Major Funds:		Major Funds:	
General Fund	\$ 24,928,512	<u>Capital Project Funds:</u>	
		Development	\$ 14,942,067
<u>Capital Project Funds:</u>		<u>Enterprise Funds:</u>	
Development	105,385	Electric	9,856,445
		Non-Major Funds:	
		<u>Special Revenue Funds:</u>	
		Special Tax Districts	105,385
		<u>Enterprise Funds:</u>	
		Airport	130,000
Total	<u>\$ 25,033,897</u>	Total	<u>\$ 25,033,897</u>

The General Fund made cash advances to the Park Development (Quimby) capital project fund over the years to help the Quimby fund to repay its outstanding 2001 lease revenue bonds. These bonds were issued to refund the 1989 and 1993 Lease Revenue Bonds issued by the then Corona Public Improvement Corporation. Bond proceeds were used to acquire park land throughout the City. Repayments to the General Fund will continue to be made from development impact fees collected with future development. As of June 30, 2017, the balance of this Interfund Loan was \$14,942,067.

A loan was made from the General Fund to the Electric enterprise fund to pay for certain capital improvement projects, and to call the outstanding 2005 Clearwater Cogeneration Projects Certificates of Participation. As of June 30, 2017, the balance payable from Electric to the General Fund was \$9,856,445.

In January 1998, The General Fund made a loan to the Airport fund to pay for certain improvement. Repayment was expected over a 27-year period with annual payment of \$15,000. As of June 30, 2017 the loan balance due from the Airport enterprise fund was \$130,000.

The Development capital project fund advance of \$105,385 is being repaid by special assessments collected in a landscape maintenance district over a 10-year period with annual payments of \$56,035.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

Note 4: Interfund Transactions (Continued)**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 (Lease Agreements). 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 was 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. In Fiscal Year 2011-12, the annual lease payment for Water Utility was calculated with a discount rate of 6.0% with a catch-up payment for the prior years in the amount of \$311,015, and the Water Reclamation Utility's lease payment was discounted at 5.7% of the lease principal amount. For fiscal years 2013-14 and 2014-15, the lease payment for Water and Water Reclamation utilities were calculated with a discount rate of 5.0% and 4.4% respectively. For fiscal year ended June 30, 2017, the lease payment for Water and Water Reclamation utilities were calculated with a discount rate of 3.4% and 3.1% respectively.

Per the Lease Agreements, all lease payments are considered 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.

The following Internal Balances – Capital Leases were outstanding at June 30, 2017:

<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>\$ 172,628,344</u>

CITY OF CORONA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2017

Note 4: Interfund Transactions (Continued)

Current Year Transactions

During Fiscal Year 2016-2017, the following related party transactions were recorded by the City and the Authority:

<u>Leasee</u>	<u>Amount</u>
Water Utility	\$ 3,397,942
Water Reclamation Utility	2,041,048
Total Payment from the Authority to the City	<u>\$ 5,438,990</u>

Capital Lease Payments

At June 30, 2017, the future minimum lease payments required under the capital leases and the net present value of the future lease payments for the Water utility are presented below:

Corona Utility Authority		
Future Lease Payments - Water Utility		
<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ -	\$ 3,215,345
2019	-	3,041,878
2020	-	2,877,084
2021	-	2,720,530
2022	-	2,571,803
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 - 2057	-	464,538
Total Future Lease Payments	-	<u>\$ 49,117,759</u>
Amount to be Forgiven at End of Lease	<u>106,819,662</u>	
Present Value of Total Lease Payment	<u>\$ 106,819,662</u>	

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

Note 4: Interfund Transactions (Continued)

At June 30, 2017, the future minimum lease payments required under the capital leases and the net present value of the future lease payments for the Water Reclamation utility are presented below:

Corona Utility Authority			
Future Lease Payments - Water Reclamation Utility			
Fiscal Year	Principal	Interest	
2018	\$ -	\$	2,041,048
2019	-		2,041,048
2020	-		1,932,246
2021	-		1,828,883
2022	-		1,730,689
2023 - 2027	-		7,344,036
2028 - 2032	-		5,529,976
2033 - 2037	-		4,126,292
2038 - 2042	-		3,040,150
2043 - 2047	-		2,199,711
2048 - 2052	-		1,614,844
2053 - 2057	-		1,159,387
Total Future Lease Payments	-	\$	<u>34,588,310</u>
Amount to be Forgiven at End of Lease	<u>65,808,682</u>		
Present Value of Total Lease Payment	<u>\$ 65,808,682</u>		

d. Transfers Between Funds

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

- \$1,173,010 from the Gas Tax special revenue fund to the General Fund for the reimbursement of street maintenance costs.
- \$1,980,000 from Development capital projects fund to the General Fund cover anticipated operating budget shortfall due to development activities.
- \$395,500 from Warehouse internal service fund to the General Fund for reimbursement of excess indirect cost allocation charges.
- \$2,088,602 from the Electric enterprise fund to the Water Reclamation Fund to reimburse certain bond covenant charges the Water Reclamation Fund paid the Electric Fund in prior years.

CITY OF CORONA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2017

Note 4: Interfund Transactions (Continued)

Total transfers of \$8,380,223 are presented below:

<u>Transfers Out</u>	<u>Transfers In</u>			<u>Totals</u>
	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Water Reclamation Fund</u>	
General Fund	\$ -	\$ 98,822	\$ -	\$ 98,822
Development	1,980,000	-	-	1,980,000
Nonmajor Governmental	3,598,395	-	-	3,598,395
Water	22,485	-	-	22,485
Water Reclamation	22,485	-	-	22,485
Electric	-	-	2,088,602	2,088,602
Internal Service Funds	569,434	-	-	569,434
Totals	\$ 6,192,799	\$ 98,822	\$ 2,088,602	\$ 8,380,223

Note 5: Long-Term Receivables

Long-term receivables on the governmental fund financial statement as of June 30, 2017 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>Governmental Funds</u>	<u>Loans Receivable</u>	<u>Long-Term Receivable</u>
Major Funds:		
General Fund	\$ -	\$ 8,039,763
<u>Capital Project Funds:</u>		
Development	25,800	-
Low Mod Income Housing Asset	8,509,273	3,269,328
Non-Major Funds:		
<u>Capital Project Funds:</u>		
HUD Grants	2,909,602	-
Total	\$ 11,444,675	\$ 11,309,091

The General Fund long-term receivable includes the following items:

- Various City/former Corona Redevelopment Agency loans totaled \$7,578,758 as of June 30, 2017. The loans were approved by the Oversight Board on May 30, 2013. Finding of Completion was issued by the California Department of Finance on April 8, 2013. Repayments of these City loans from the Successor Agency were scheduled to commence after Fiscal Year 2014-15 after the SERAF Loan was paid in full. Please refer to Note 21.b for additional information.

CITY OF CORONA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

Note 5: Long-Term Receivables (Continued)

- Reimbursement receivables from developers for the Temescal Canyon Communications Tower in the amount of \$277,746.
- Amount to be reimbursed by developers for South Corona area Community Facilities Plan for \$183,259.

The Development capital project fund reported loans receivable of \$25,800 for the sale of real property to a developer.

Long-term receivables from the Successor Agency Trust Fund in the amount of \$3,269,328 is reported under the Corona Housing Authority (CHA) in the Low Mod Income Housing Asset capital project fund. The amount represents the outstanding balance of the SERAF loan at June 30, 2017, which was assumed by the CHA as the housing successor upon the dissolution of the former Corona Redevelopment Agency. Please refer to Note 21.b for additional information. The fund also reported loans receivable from various developers with a total of \$8,509,273 at June 30, 2017.

Loans receivable in the amount of \$2,909,602 reported in the HUD Grants fund represented various outstanding HUD program loans as of June 30, 2017.

Note 6: 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 restricted as of June 30, 2017 was \$5,653,055.

Note 7: Capital Assets

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 street 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/or amortization and depreciation/amortization expense have been recorded.

CITY OF CORONA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2017

Note 7: Capital Assets (Continued)

A summary of capital assets of the City as of June 30, 2017 is presented below:

	Restated Balance June 30, 2016	Transfers from Business-type	Construction in Progress Completed	Additions	Deletions	Balance June 30, 2017
Governmental Activities:						
Capital assets not being depreciated:						
Land	\$ 65,222,283	\$ -	\$ -	\$ 7,974,351	\$ -	\$ 73,196,634
Streets	178,543,217	-	15,415,906	1,793,900	-	195,753,023
Construction in Progress	104,227,730	-	(27,609,973)	18,418,352	-	95,036,109
Total Capital Assets not being Depreciated	347,993,230	-	(12,194,067)	28,186,603	-	363,985,766
Capital assets being depreciated:						
Buildings and Improvements	218,691,766	-	5,826,016	-	(112,230)	224,405,552
Machinery and Equipment	33,621,485	7,526	2,509,333	352,891	(1,179,835)	35,311,400
Computer Software	457,829	-	48,185	428,907	-	934,921
Infrastructure	314,736,868	-	3,810,533	876,478	-	319,423,879
Total Capital Assets being Depreciated	567,507,948	7,526	12,194,067	1,658,276	(1,292,065)	580,075,752
Less accumulated depreciation for:						
Buildings and Improvements	(104,761,921)	-	-	(4,926,942)	86,148	(109,602,715)
Machinery and Equipment	(24,841,067)	(7,526)	-	(2,003,801)	1,172,084	(25,680,310)
Computer Software	(255,223)	-	-	(139,544)	-	(394,767)
Infrastructure	(119,838,168)	-	-	(5,282,295)	-	(125,120,463)
Total Accumulated Depreciation	(249,696,379)	(7,526)	-	(12,352,582)	1,258,232	(260,798,255)
Total Capital Assets Being Depreciated, Net	317,811,569	-	12,194,067	(10,694,306)	(33,833)	319,277,497
Governmental Activities Capital Assets, Net	\$ 665,804,799	\$ -	\$ -	\$ 17,492,297	\$ (33,833)	\$ 683,263,263

Governmental activity capital assets were restated by \$634,019, due to the recognition of construction in progress that should have been expensed as repairs in prior years.

Refer to Note 20 for additional information on the restatement of beginning balances.

CITY OF CORONA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2017

Note 7: Capital Assets (Continued)

For the year ended June 30, 2017, accumulated depreciation on governmental activity capital assets and depreciation expense charged to each governmental function are presented as follows:

	Restated Balance June 30, 2016	Current Year Depreciation	Accumulated Depreciation	Adjustments to Depreciation	Accumulated Depreciation June 30, 2017
General Governments	\$ 35,828,725	\$ 2,941,374	\$ 38,770,099	\$ 1,847,393	\$ 40,617,492
Public Safety - Fire	7,172,971	435,212	7,608,183	(124,380)	7,483,803
Public Safety - Police	8,186,078	991,287	9,177,365	(3,057,456)	6,119,909
Public Works	8,267,293	795,570	9,062,863	(17,566)	9,045,297
Maintenance Services	190,051,199	7,164,414	197,215,613	129,951	197,345,564
Library and Recreation	190,113	24,725	214,838	(28,648)	186,190
Total Depreciation Expense	<u>\$ 249,696,379</u>	<u>\$ 12,352,582</u>	<u>\$ 262,048,961</u>	<u>\$ (1,250,706)</u>	<u>\$ 260,798,255</u>

CITY OF CORONA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2017

Note 7: Capital Assets (Continued)

	Restated Balance June 30, 2016	Transfer to Governmental Activities	Construction in Progress Completed	Additions	Deletions	Balance June 30, 2017
Business-Type Activities:						
Capital assets not being depreciated:						
Land	\$ 5,407,497	\$ -	\$ -	\$ 13,930	\$ -	\$ 5,421,427
Water Reclamation Rights	19,644,651	-	-	-	-	19,644,651
Construction in Progress	42,778,579	-	(21,627,808)	15,969,157	-	37,119,928
Total Capital Assets not being Depreciated	67,830,727	-	(21,627,808)	15,983,087	-	62,186,006
Capital assets being depreciated:						
Buildings and Improvements	95,035,425	-	3,332,183	-	(228,524)	98,139,084
Machinery and Equipment	90,643,062	(7,527)	7,663,207	556,980	(2,134,740)	96,720,982
Computer Software	150,754	-	-	-	-	150,754
Infrastructure	328,692,455	-	10,632,418	4,709,122	(6,447)	344,027,548
Emission Reduction Credits	230,000	-	-	-	-	230,000
Total Capital Assets being Depreciated	514,751,696	(7,527)	21,627,808	5,266,102	(2,369,711)	539,268,368
Less accumulated depreciation for:						
Buildings and Improvements	(41,040,880)	-	-	(2,097,089)	90,406	(43,047,563)
Machinery and Equipment	(53,537,146)	7,527	-	(5,524,660)	1,917,001	(57,137,278)
Computer Software	(103,439)	-	-	(22,511)	-	(125,950)
Infrastructure	(87,984,257)	-	-	(5,930,001)	-	(93,914,258)
Emission Reduction Credits	(230,000)	-	-	-	-	(230,000)
Total Accumulated Depreciation	(182,895,722)	7,527	-	(13,574,261)	2,007,407	(194,455,049)
Total Capital Assets Being Depreciated, Net	331,855,974	-	21,627,808	(8,308,159)	(362,304)	344,813,319
Business-Type Activities Capital Assets, Net	\$ 399,686,701	\$ -	\$ -	\$ 7,674,928	\$ (362,304)	\$ 406,999,325

Business-type capital assets were restated by \$830,750, due to the recognition of construction in progress that was expensed rather than added to construction in progress in prior years.

Refer to Note 20 for additional information on the restatement of beginning balances.

Business-type activities depreciation expense for capital assets for the year ended June 30, 2017, is as follows:

Water	\$ 7,273,158
Water Reclamation	4,682,313
Electric	951,551
Transit Services	629,943
Airport	37,296
Total depreciation expense - business-type activities	<u>\$ 13,574,261</u>

CITY OF CORONA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

Note 7: Capital Assets (Continued)

Below is a summary of infrastructure assets of the City as of June 30, 2017:

Description	Historical Cost	Accumulated Depreciation	Net Cost
Government Activities:			
Modified Approach			
Street Pavement System	\$ 195,753,023	\$ -	\$ 195,753,023
Basic Approach			
Curbing	78,004,749	(36,397,240)	41,607,509
Sidewalks	86,619,738	(39,291,870)	47,327,868
Signs and Lights	42,492,452	(14,022,147)	28,470,305
Storm Drains	106,390,725	(33,708,191)	72,682,534
Fiberoptics	5,899,800	(1,701,015)	4,198,785
Water Reclamation	16,415	-	16,415
Subtotal Basic Approach	319,423,879	(125,120,463)	194,303,416
Total Governmental Activities	\$ 515,176,902	\$ (125,120,463)	\$ 390,056,439
Business-Type Activities:			
Basic Approach			
Fiberoptics	\$ 235,952	\$ (149,881)	\$ 86,071
Curbing	200	(15)	185
Sidewalks	1,131	(87)	1,044
Electric	6,212,266	(1,214,941)	4,997,325
Signs and Lights	249,371	(34,912)	214,459
Storm Drains	63,839	-	63,839
Water	237,529,804	(67,188,765)	170,341,039
Water-Reclamation	99,734,985	(25,325,657)	74,409,328
Total Business-Type Activities	\$ 344,027,548	\$ (93,914,258)	\$ 250,113,290

Construction in Progress and Capital Project Commitments

The City has active construction projects as of June 30, 2017. 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 \$132,156,037.

The following material construction commitments existed at June 30, 2017:

Project Name	Contract Amount	Expenditures to date as of June 30, 2017	Remaining Commitments
Governmental Activities:			
Corona Storm Drain Line 52	\$ 4,333,333	\$ -	\$ 4,333,333
Cajalco/I15 Interchange Improvement	44,583,468	-	44,583,468
Business-Type Activities:			
Home Garden District Well	6,304,093	108,884	6,195,209
Total Construction Commitments	\$ 55,220,894	\$ 108,884	\$ 55,112,010

CITY OF CORONA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

Note 8: 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 for 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 \$2,102,297 for governmental activities and \$139,835 for business-type activities at June 30, 2017. 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, 2017 was \$8,560,961 for governmental activities and \$999,393 for business-type activities.

	<u>Balance July 1, 2016</u>	<u>Incurred</u>	<u>Satisfied</u>	<u>Balance June 30, 2017</u>	<u>Amounts Due Within One Year</u>	<u>Amounts Due in More than One Year</u>
Governmental Activities	\$ 8,323,933	\$ 6,684,868	\$ 6,447,840	\$ 8,560,961	\$ 6,458,664	\$ 2,102,297
Business-Type Activities	\$ 1,065,338	\$ 739,448	\$ 805,393	\$ 999,393	\$ 859,558	\$ 139,835

Note 9: Long-Term Obligations

The following is a summary of long-term obligation transactions of the City for the year ended June 30, 2017:

	<u>Balance June 30, 2016</u>	<u>Defeased</u>	<u>Incurred</u>	<u>Satisfied</u>	<u>Balance June 30, 2017</u>	<u>Amounts Due Within One Year</u>	<u>Amounts Due in More than One Year</u>
Governmental Activities:							
Lease Payable	\$ 19,510,185	\$ -	\$ -	\$ 1,493,939	\$ 18,016,246	\$ 1,544,405	\$ 16,471,841
Lease Revenue Bonds Payable	27,975,000	26,615,000	24,520,000	1,360,000	24,520,000	1,185,000	23,335,000
Unamortized Bond Premium	-	-	2,974,564	148,728	2,825,836	-	2,825,836
Total Governmental Activities	<u>\$ 47,485,185</u>	<u>\$ 26,615,000</u>	<u>\$ 27,494,564</u>	<u>\$ 3,002,667</u>	<u>\$ 45,362,082</u>	<u>\$ 2,729,405</u>	<u>\$ 42,632,677</u>
Business-Type Activities:							
Installment Agreement Payable	\$ 9,220,726	\$ -	\$ -	\$ 564,562	\$ 8,656,164	\$ 584,315	\$ 8,071,849
Contracts Payable	690,390	-	-	-	690,390	-	690,390
Term Loan Payable	26,110,876	-	2,137,976	1,519,427	26,729,425	1,835,760	24,893,665
Revenue Bonds	48,485,000	-	-	3,775,000	44,710,000	3,330,000	41,380,000
Unamortized Bond Premium	1,808,663	-	-	107,505	1,701,158	-	1,701,158
Total Business-Type Activities	<u>\$ 86,315,655</u>	<u>\$ -</u>	<u>\$ 2,137,976</u>	<u>\$ 5,966,494</u>	<u>\$ 82,487,137</u>	<u>\$ 5,750,075</u>	<u>\$ 76,737,062</u>

a. Lease Payable

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

Note 9: Long-Term Obligations (Continued)

As of June 30, 2017, the net present value of future minimum lease payments required under the capital lease was \$18,016,246. The future minimum lease payments are presented below:

<u>Fiscal Year</u>	<u>2012 Refunding Lease Payables</u>	<u>Lease Payment</u>
2018		\$ 2,135,122
2019		2,135,122
2020		2,135,122
2021		2,135,122
2022		2,135,122
2022-2026		<u>10,675,611</u>
Total Minimum Lease Payments		21,351,221
Less: Amount Representing Interest		<u>(3,334,975)</u>
Present Value of Future Minimum Lease Payments		<u>\$ 18,016,246</u>

b. Lease Revenue Bonds2006 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 in the amount of \$11,120,000 were defeased in September 2008. The 2006 Lease Revenue Bonds bear interest from 3.625% to 5.000% and are due in annual installments ranging from \$1,135,000 to \$1,770,000 through September 1, 2036. The bonds are payable from the revenues to be received by the CPFA from the City as lease payments for the acquired improvements.

On September 1, 2016, these outstanding debts were fully defeased with the proceeds from the CPFA 2016 Lease Revenue Refunding Bonds.

2016 Lease Revenue Refunding Bonds

On July 7, 2016, the CPFA issued the 2016 Lease Revenue Refunding Bonds in the amount of \$24,520,000 to refund the CPFA 2006 Lease Revenue Bonds Series C. The bonds issued at a premium of \$2,974,564 and bear interest rates from 2.000% to 5.000% per annum. Interest is paid semiannually on May 1 and November 1 of each year, commencing May 1, 2017. Annual installments ranging from \$880,000 to \$1,590,000 are due through November 1, 2036. The bonds are payable from the revenues to be received by the CPFA from the City as lease payments for the right to use certain real property.

CITY OF CORONA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2017

Note 9: Long-Term Obligations (Continued)

The future annual debt service requirements for the 2016 Lease Revenue Refunding Bonds are listed below:

<u>Fiscal Year</u>	<u>2016 Lease Revenue Refunding Bonds</u>	
	<u>Lease Payment</u>	
2018	\$	2,115,900
2019		2,120,750
2020		2,112,350
2021		2,106,250
2022		2,108,150
2023-2027		9,788,650
2028-2032		6,704,500
2033-2036		6,681,175
Total Minimum Lease Payments		33,737,725
Less: Amount Representing Interest		(9,217,725)
Present Value of Future Minimum Lease Payments	\$	<u>24,520,000</u>

c. Installment Agreement Payables

The following outstanding installment agreement payables were reported in the business-type activities as of June 30, 2017:

<u>Issuance</u>	<u>Balance</u>
Elsinore Valley Municipal Water District Agreement	\$ 469,655
Brine Line System Discharge Right Agreement	8,186,509
Total Installment Agreement Payable	\$ 8,656,164

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, 2017 was \$469,655. The future annual debt service requirements per the agreement are presented below:

<u>Fiscal Year</u>	<u>Elsinore Valley Municipal Water District Agreement</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 229,910	\$ 20,090	\$ 250,000
2019	239,745	10,255	250,000
Totals	\$ 469,655	\$ 30,345	\$ 500,000

CITY OF CORONA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2017

Note 9: Long-Term Obligations (Continued)

Brine Line System Discharge Right Agreement

On November 5, 2014, the City Council and the Corona Utility Authority Board authorized an agreement for the assignment of California Rehabilitation Center's wastewater discharge rights by and among the City of Corona, the Western Municipal Water District of Riverside County, the California Department of Corrections and Rehabilitation, and the City of Norco. The City of Corona purchased 750,000 gallons per day wastewater disposal right from the City of Norco through the Santa Ana Regional Interceptor (SARI) or Inland Empire Brine Line for a total amount of \$9,864,651. Initial principal payment of \$1,000,000 was made in June 2015, and the remaining balance was to be amortized at an interest rate of 3.00% over 20 years through 2035. Annual payment is \$600,000. As of June 30, 2017, outstanding balance on the debt was \$8,186,509. The future annual debt service requirements per the agreement are presented below:

Fiscal Year	Brine Line System Discharge Right Agreement		
	Principal	Interest	Total
2018	\$ 354,405	\$ 245,595	\$ 600,000
2019	365,037	234,963	600,000
2020	375,988	224,012	600,000
2021	387,268	212,732	600,000
2022	398,886	201,114	600,000
2023-2027	2,181,270	818,730	3,000,000
2028-2032	2,528,690	471,310	3,000,000
2033-2035	1,594,965	93,356	1,688,321
Totals	\$ 8,186,509	\$ 2,501,812	\$ 10,688,321

d. 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, 2017 was \$690,390, with 50% of the obligation attributable to the Water Utility and 50% attributable to Water Reclamation Utility.

e. Term Loans Payable

The following outstanding term loan obligations were reported in the business-type activities as of June 30, 2017:

Term Loans	Balance
State Revolving Fund Loan Contract No. C-06-4802-110	\$ 15,503,295
State Revolving Fund Loan Contract No. C-06-7834-110	11,226,130
Total Term Loans Payable	\$ 26,729,425

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

Note 9: Long-Term Obligations (Continued)

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 future customers within the City. The loan is payable over a period of 20 years at an interest rate of 2.50% in equal annual installments of \$1,944,995 through 2026. The amount outstanding at June 30, 2017 was \$15,503,295. Annual future debt service requirements for the loan are presented below:

State Revolving Fund Loan C-06-4802-110			
Fiscal Year	Principal	Interest	Total
2018	\$ 1,557,413	\$ 387,582	\$ 1,944,995
2019	1,596,348	348,647	1,944,995
2020	1,636,257	308,738	1,944,995
2021	1,677,163	267,832	1,944,995
2022	1,719,092	225,903	1,944,995
2023-2026	7,317,022	462,959	7,779,981
Totals	\$ 15,503,295	\$ 2,001,661	\$ 17,504,956

State Revolving Fund Loan Contract No. C-06-7834-110

On February 1, 2014, the City and the State Water Resources Control Board of the State of California entered into a State Revolving Fund Loan Contract No. C-06-7834-110 for a maximum amount of \$14,997,145, for the construction of facilities at the Water Reclamation Facility No. 2. These facilities will provide recycled water to existing and future customers within the City. The loan is payable over a period of 30 years at an interest rate of 2.10% in equal annual installments of \$507,889 through 2046. Annual debt service payments will begin one year after completion. The project was completed on August 31, 2017, and debt service payment will commence on August 31, 2017. The balance of outstanding debt is equivalent to the amount that has been drawn on this loan, which was \$11,226,130 as of June 30, 2017.

State Revolving Fund Loan C-06-7834-110			
Fiscal Year	Principal	Interest	Total
2018	\$ 278,347	\$ 229,542	\$ 507,889
2019	277,986	229,903	507,889
2020	283,823	224,066	507,889
2021	289,784	218,105	507,889
2022	295,869	212,020	507,889
2023-2027	1,575,195	964,250	2,539,445
2028-2032	1,747,685	791,761	2,539,446
2033-2037	1,939,062	600,383	2,539,445
2038-2042	2,151,397	388,049	2,539,446
2043-2047	2,386,982	152,463	2,539,445
Totals	\$ 11,226,130	\$ 4,010,542	\$ 15,236,672

CITY OF CORONA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2017

Note 9: Long-Term Obligations (Continued)

f. Revenue Bonds

The following outstanding revenue bonds were reported in the business-type activities as of June 30, 2017:

Revenue Bonds	Balance
\$35,880,000 Corona Utility Authority 2012 Water Revenue Bonds	\$ 30,695,000
\$20,890,000 Corona Utility Authority 2013 Wastewater Revenue Bonds	14,015,000
Total Revenue Bonds	\$ 44,710,000

2012 Corona Utility Authority Water Revenue Bonds

On August 1, 2012, the Corona Utility Authority issued the 2012 Water Revenue bonds in the amount of \$35,880,000 (plus a net original issue premium of \$5.8 million) with interest rates ranging from 1.0% to 5.0% to refund several outstanding City debts and to fund certain capital improvement projects for the Water Utility. The CUA 2012 Water Revenue bonds possessed an underlying credit rating of "AA" from Standard & Poor's.

The refunded debts were the CPFA 1998 Water Revenue bonds and the recycled water portion of the 2003 Certificates of Participation (Clearwater Cogen/Recycled Water Project). Of the total proceeds, \$12.3 million was to fund for the construction of certain reservoir and blending facilities.

The outstanding bonds bear interest rates from 2.0% to 5.0% and are due in annual installments ranging from \$1,165,000 to \$2,395,000 through 2030 with term bonds in the amount of \$5,155,000 due on September 1, 2032. The bonds are considered a liability of the Water Utility fund. The future annual debt service requirements for the 2012 CUA Water Revenue bonds are presented below:

Fiscal Year	2012 CUA Water Revenue Bonds		
	Principal	Interest	Total
2018	\$ 1,390,000	\$ 1,359,700	\$ 2,749,700
2019	1,430,000	1,310,250	2,740,250
2020	1,485,000	1,259,375	2,744,375
2021	1,530,000	1,206,500	2,736,500
2022	1,595,000	1,144,000	2,739,000
2023-2027	9,130,000	4,490,225	13,620,225
2028-2032	11,495,000	2,090,625	13,585,625
2033-2037	2,640,000	66,000	2,706,000
Totals	\$ 30,695,000	\$ 12,926,675	\$ 43,621,675

2013 Corona Utility Authority Wastewater Revenue Bonds

On June 26, 2013, the Corona Utility Authority issued the 2013 Wastewater Revenue bonds in the amount of 20,890,000 (plus a net original issue premium of \$2.1 million) with interest rates ranging from 2.0% to 5.0%, to refund several outstanding City debts, and to fund certain capital improvement projects for the Water Reclamation Utility. The CUA 2013 Wastewater Revenue bonds possessed an underlying credit rating of "AA" from Standard & Poor's.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

Note 9: Long-Term Obligations (Continued)

The refunded debts included the Biosolids Project portion of the 2003 Certificates of Participation (Clearwater Cogen/Recycled Water Project), the outstanding CPIC 1997 Certificates of Participation (Sunkist Plant), and the State Water Resources Control Board loan contract # 6-807- 5850-0 (WWTP#1). Of the total proceeds, \$3.9 million was to fund the improvement of certain influent screening, aeration and centrifuge facilities at Water Reclamation Facility No. 1.

The outstanding bonds bear interest rate from 2.0% to 5.0% and are due in annual installments ranging from \$590,000 to \$2,400,000 through 2028 with term bonds in the amount of \$2,860,000 due on September 1, 2031. The bonds are considered a liability of the Water Reclamation Utility fund. The future annual debt service requirements for the 2013 CUA Wastewater Revenue bonds are presented below:

Fiscal Year	2013 CUA Wastewater Revenue Bonds		
	Principal	Interest	Total
2018	\$ 1,940,000	\$ 560,300	\$ 2,500,300
2019	2,015,000	481,200	2,496,200
2020	590,000	429,100	1,019,100
2021	615,000	405,000	1,020,000
2022	640,000	379,900	1,019,900
2023-2027	3,640,000	1,427,425	5,067,425
2028-2032	4,575,000	485,625	5,060,625
Totals	\$ 14,015,000	\$ 4,168,550	\$ 18,183,550

g. Defeased Debt2006 Lease Revenue Bonds, Series C

The \$37,180,000 CPFA 2006 Lease Revenue Bonds Series C were defeased on September 1, 2016. The outstanding debts were fully defeased with the proceeds from the CPFA 2016 Lease Revenue Refunding Bonds.

Note 10: Pledged Revenues

The City has pledged, as security for its water revenue bonds and term loans, a portion of the utility customer revenues, net of specified operating expenses, to repay \$71,439,425 in outstanding debts as of June 30, 2017. These debts were to provide financing for various capital projects of the City, including the construction of certain water system and wastewater treatment facilities. The bonds and loans are payable solely from the City's utility customer net revenues. Annual principal and interest payments on these bonds are expected to require less than 25.5% of net revenues subject to the pledge. The total remaining debt service including interest to be paid on these obligations are \$94,546,853. Principal and interest paid for the current year was \$7,754,521, and total customer net revenue subject to pledge was \$30,411,352.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

Note 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.

As of June 30, 2017, the special assessment district bonds' balances outstanding were:

<u>Assessment District Bonds (Non-City Debt)</u>	<u>Balance</u>
\$ 855,000 A.D. No. 95-1 Improvement Bonds	\$ 225,000
\$ 1,624,200 A.D. No. 96-1 1996 A Improvement Bonds	430,000
\$ 685,000 A.D. No. 96-1 1997 A Improvement Bonds	230,000
\$ 1,605,000 A.D. No. 96-1 1997 B Improvement Bonds	565,000
\$ 2,657,100 A.D. No. 96-1 1999 A Improvement Bonds	1,165,000
Total Special Assessment District Bonds	\$ 2,615,000

b. 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 FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017**

Note 11: Non-City Obligations (Continued)

The following CFD bonds are currently active:

Community Facility District Bonds (Non-City Debt)	Balance
62,845,000 CFD 90-1 Refunding Bonds	\$ 13,300,000
6,485,000 CFD 2000-1, Series A Special Tax Bonds	4,195,000
1,610,000 CFD 2000-1, Series B Special Tax Bonds	1,120,000
3,675,000 CFD 2001-2 Special Tax Bonds	2,580,000
10,870,000 CFD 2003-2 Special Tax Bonds, 2005 Series	3,445,000
3,805,000 CFD 2003-2 Special Tax Bonds, 2006 Series	2,810,000
10,280,000 CFD 2004-1 Special Tax Bonds	2,910,000
7,195,000 CFD 86-2 Refunding 2014 Series A Bonds	4,425,000
7,350,000 CFD 89-1 Refunding 2014 Series A Bonds	5,035,000
5,495,000 CFD 89-1 IA Refunding 2014 Series A Bonds	3,760,000
9,525,000 CFD 97-2 Refunding 2014 Series A Bonds	7,635,000
13,455,000 CFD 2002-1 2017 Special Tax Bonds	13,455,000
7,125,000 CFD 2002-1 2017 Special Tax Bonds IA	7,125,000
7,010,000 CFD 2002-4 2017 Special Tax Bonds	7,010,000
Total Community Facilities District Bonds	\$ 78,805,000

c. 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, 2017, the aggregate principal amount of Conduit Debt Obligations outstanding totaled \$11,258,369.

Note 12: Bond Requirements

The City adopted an Administrative Policy No. 300.22, City Bond Compliance, on July 23, 2012. The purpose of the policy is to ensure all requirements of the federal and state law necessary to preserve the tax advantages of the City bonds are continuously complied with for the requisite periods. 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, 2017, management believes the City and its component units are in compliance with all covenants of the various debt indentures.

Note 13: Pension Plan

a. General Information about the Pension Plans

Plan Description

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

Safety Fire Plan - All qualified permanent and probationary employees are eligible to participate in the City of Corona's Safety Fire Pension Plan, cost-sharing multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and Local Government resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on CalPERS website.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Classic members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017
Note 13: Pension Plan (Continued)

The Plans' provisions and benefits in effect at June 30, 2017, are summarized as follows:

	Miscellaneous	
	<u>Classic*</u>	<u>PEPRA</u>
	Prior to	On or after
Hire date	<u>January 1, 2013</u>	<u>January 1, 2013</u>
Benefit formula	2.7% @ 55	2.0% @ 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50	52
Monthly benefits, as a % of eligible compensation	2.0% - 2.7%	1.0% - 2.5%
Required employee contribution rates	7.930%	6.750%
Required employer contribution rates	38.372%	37.372%
	Safety Police	
	<u>Classic*</u>	<u>PEPRA</u>
	Prior to	On or after
Hire date	<u>January 1, 2013</u>	<u>January 1, 2013</u>
Benefit formula	3.0% @ 50	2.7% @ 57
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50	50
Monthly benefits, as a % of eligible compensation	3.00%	2.0% - 2.7%
Required employee contribution rates	9.047%	12.750%
Required employer contribution rates	42.856%	42.856%
	Safety Fire	
	<u>Classic*</u>	<u>PEPRA</u>
	Prior to	On or after
Hire date	<u>January 1, 2013</u>	<u>January 1, 2013</u>
Benefit formula	3.0% @ 50	2.7% @ 57
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50	50
Monthly benefits, as a % of eligible compensation	2.0% - 2.7%	1.0% - 2.5%
Required employee contribution rates	8.987%	12.250%
Required employer contribution rates	35.191%	12.821%

*Closed to new entrants

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

Note 13: Pension Plan (Continued)

Employees Covered - Miscellaneous and Safety Police Plans

At June 30, 2017, the following employees were covered by the benefit terms of the Plan:

Inactive employees or beneficiaries currently receiving benefits	504
Inactive employees entitled to but not yet receiving benefits	24
Active employees	585
Total	1,113

Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERSL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2017, the contributions recognized as a reduction to the net pension liability was \$7,373,950, \$8,123,334, and \$4,648,267 for the Miscellaneous, Police, and Fire Plans, respectively.

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The total pension liabilities in the June 30, 2015 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2015
Measurement Date	June 30, 2016
Actuarial Cost Method	Entry Age Normal Cost Method
Actuarial Assumptions	
Discount Rate	7.65%
Inflation	2.75%
Projected Salary Increase	Varies by Entry Age and Service
Investment Rate of Return*	7.50%
Mortality Rate Table**	Derived using CalPERS' Membership Data for all Funds

* Net of pension plan investment and administrative expenses, including inflation.

** The mortality table used was developed based on CalPERS specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

Note 13: Pension Plan (Continued)

Change of Assumptions

GASB Statement No. 68, paragraph 68 states that the long long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50 percent used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65 percent used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

Discount Rate

The discount rate used to measure the total pension liability was 7.65 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing of the plans, the tests revealed the assets would not run out. Therefore, the current 7.65 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.65 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

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

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund (Public Employees' Retirement Fund) cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

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

CITY OF CORONA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

Note 13: Pension Plan (Continued)

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1-10*</u>	<u>Real Return Years 11+**</u>
Global Equity	51.00%	5.25%	5.71%
Global Fixed Income	20.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	10.00%	6.83%	6.95%
Real Estate	10.00%	4.50%	5.13%
Infrastructure and Forestland	2.00%	4.50%	5.09%
Liquidity	1.00%	-0.55%	-1.05%
Total	<u>100.00%</u>		

* An expected inflation of 2.5% used for this period

**An expected inflation of 3.0% used for this period

Changes in the Net Pension Liability

The changes in Net Pension Liability for Miscellaneous and Safety Police Plans follows:

Miscellaneous Plan:	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at: 6/30/2016 (Valuation Date of 6/30/15)	\$ 308,699,178	\$ 199,609,340	\$ 109,089,838
Changes recognized for the Measurement Period:			
Service Cost	4,295,676	-	4,295,676
Interest on TPL	23,066,815	-	23,066,815
Changes in benefit terms	-	-	-
Differences between expected and actual experience	(1,961,004)	-	(1,961,004)
Changes in assumptions	-	-	-
Contributions from the employer	-	7,373,950	(7,373,950)
Contributions from the employees	-	1,975,493	(1,975,493)
Net investment income	-	1,044,158	(1,044,158)
Benefit payments, including refunds of employee contributions	(14,718,032)	(14,718,032)	-
Administrative Expense	-	(121,423)	121,423
Net changes during 2015-2016	\$ 10,683,455	\$ (4,445,854)	\$ 15,129,309
Balance at: 6/30/17 (Measurement Date of 6/30/16)	\$ 319,382,633	\$ 195,163,486	\$ 124,219,147

CITY OF CORONA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2017

Note 13: Pension Plan (Continued)

Safety Police Plan:	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at: 6/30/2016 (Valuation Date of 6/30/15)	\$ 203,368,598	\$ 138,093,758	\$ 65,274,840
Changes recognized for the Measurement Period:			
Service Cost	4,874,596	-	4,874,596
Interest on TPL	15,292,872	-	15,292,872
Changes in benefit terms	-	-	-
Differences between expected and actual experience	(1,847,830)	-	(1,847,830)
Changes in assumptions	-	-	-
Contributions from the employer	-	8,123,334	(8,123,334)
Contributions from the employees	-	1,599,970	(1,599,970)
Net investment income	-	707,298	(707,298)
Benefit payments, including refunds of employee contributions	(8,102,489)	(8,102,489)	-
Administrative Expense	-	(84,027)	84,027
Net changes during 2015-2016	\$ 10,217,149	\$ 2,244,086	\$ 7,973,063
Balance at: 6/30/17 (Measurement Date of 6/30/16)	\$ 213,585,747	\$ 140,337,844	\$ 73,247,903

- (1) The fiduciary net position includes receivables for employee service buybacks, deficiency reserves, fiduciary self-insurance and OPEB expense. This may differ from the plan assets reported in the funding actuarial valuation report.
- (2) Net of administrative expenses.

The City reported net pension liabilities for its proportionate share of the Safety Fire Plan in the amount of \$39,306,263.

The City's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plans is measured as of June 30, 2016, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for the Plan as of June 30, 2015 and 2016, was as follows:

	<u>Plan Net Pension Liability/(Asset)</u>
Balance at: 6/30/2015 (Valuation Date)	\$ 31,783,428
Balance at: 6/30/2016 (Measurement Date)	<u>39,306,263</u>
Net Changes during 2015-16	<u>\$ 7,522,835</u>

CITY OF CORONA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

Note 13: Pension Plan (Continued)

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

The following presents the net pension liability of each Plan, calculated using the discount rate of 7.65%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1% point lower (6.65%) or 1% point higher (8.65%) than the current rate:

	Miscellaneous	Safety Police	Safety Fire	Total
1% Decrease	6.65%	6.65%	6.65%	
Net Pension Liability	\$ 168,732,829	\$ 106,339,865	\$ 59,642,687	\$ 334,715,381
Current Discount Rate	7.65%	7.65%	7.65%	
Net Pension Liability	\$ 124,219,147	\$ 73,247,903	\$ 39,306,263	\$ 236,773,313
1% Increase	8.65%	8.65%	8.65%	
Net Pension Liability	\$ 86,623,852	\$ 48,746,433	\$ 22,612,143	\$ 157,982,428

Pension Plan Fiduciary Net Position

The plan fiduciary net position disclosed in the GASB 68 accounting valuation report may differ from the plan assets reported in the funding actuarial valuation report due to several reasons. First, for the accounting valuations, CalPERS must keep items such as deficiency reserves, fiduciary self-insurance and OPEB expense included as assets. These amounts are excluded for rate setting purposes in the funding actuarial valuation. In addition, differences may result from early Comprehensive Annual Financial Report closing and final reconciled reserves. Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports. See CalPERS website for additional information.

Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended June 30, 2017, the City recognized pension expense of \$8,277,234, \$8,213,959, and \$2,966,664 for the Miscellaneous, Safety Police, and Safety Fire Plans, respectively. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Miscellaneous		Safety - Police		Safety - Fire	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contribution subsequent to measurement date	\$ 9,175,138	\$ -	\$ 8,867,806	\$ -	\$ 3,537,799	\$ -
Difference between expected and actual experience	-	(1,548,010)	-	(1,085,097)	-	(370,057)
Change in Assumptions	-	(1,337,669)	-	(2,370,601)	-	(1,613,475)
Net difference between projected and actual earnings on pension plan investments	10,709,607	-	7,726,005	-	7,926,928	-
Adjustment due to difference in proportions	-	-	-	-	1,492,292	(443,792)
Difference in proportionate share	-	-	-	-	821,114	(367)
Total	\$ 19,884,745	\$ (2,885,679)	\$ 16,593,811	\$ (3,455,698)	\$ 13,778,133	\$ (2,427,691)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

Note 13: Pension Plan (Continued)

Amounts of \$9,175,138, \$8,867,806, and \$3,537,799 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Amounts reported as deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year ended June 30:	Miscellaneous	Safety - Police	Safety - Fire
	Deferred Outflows/(Inflows) of Resources	Deferred Outflows/(Inflows) of Resources	Deferred Outflows/(Inflows) of Resources
2017	\$ (1,052,356)	\$ 121,019	\$ 845,595
2018	1,179,654	121,018	1,126,343
2019	4,901,932	2,397,409	3,777,094
2020	2,794,698	1,630,861	2,063,611
2021	-	-	-
Thereafter	-	-	-
	<u>\$ 7,823,928</u>	<u>\$ 4,270,307</u>	<u>\$ 7,812,643</u>

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 2016-17, the City contributed \$21,060 on hourly salaries of \$1,617,322 with the employees contributing \$100,419.

Note 14: Other Post-Employment Benefits Other Than Pensions (OPEB)

In October 2007, the City Council executed the City of Corona Retirement Benefits Plan for funding the Other Post-Employment Benefits (OPEB). In March 2008, the Council passed a resolution authorizing the City to prefund its OPEB obligation through the California Employers' Retiree Benefit Trust Program (CERBT), an IRC Section 115 trust fund dedicated to prefunding OPEB for all eligible California public agencies. CERBT is administered by the California Public Employees' Retirement System (CalPERS) Board of Administration.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

Note 14: Other Post-Employment Benefits Other Than Pensions (OPEB) (Continued)

Plan Description

The City's OPEB includes medical benefits and life insurances for all retirees covered by CalPERS medical plan, regardless of age or bargaining group. For Tier I management employees, an annual amount of \$1,500 is also contributed into their flex accounts.

Medical Benefits

The City contributes the minimum employer contribution for all retirees who retain coverage in the City's medical plan in accordance with the Public Employees' Medical and Hospital Care Act (PEMHCA) requirements and the City's current PEMHCA resolutions. The minimum employer contribution was \$125 per month in 2016, and \$128 per month in 2017.

Under the plan, employees are classified into tiers, which are based on hire date. Medical benefits differ based on the tier and bargaining group as show below:

Tier	Bargaining Group	Hiring Date	Benefits
1	Miscellaneous employees and Elected Officials Fire employees Police employees	Prior to January 1, 1999 Prior to July 1, 2000 Prior to January 1, 2000	100% of medical premium for employees and dependents
2-5	Miscellaneous employees and Elected Officials Fire employees Police employees	On or after January 1, 1999 On or after July 1, 2000 On or after January 1, 2000	CalPERS Minimum Employer Contribution

Flex Account

The City contributes an annual amount of \$1,500 to a flex account for healthcare expense for Tier 1 Management employees and elected officials.

Life Insurance

The face amount of life insurance provided is \$50,000 until age 70, when the coverage ends. This life insurance coverage is provided to all retirees who were full time employees prior to retirement. Life insurance premiums are currently at the rate of \$.12 per \$1,000 of coverage, or \$6.00 per month.

CalPERS issues a publicly available financial report that includes financial statements and required supplementary information for CERBT in accordance with GASB Statement No. 74. 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 City's prefunding policy includes amortization of the unfunded Actuarial Accrued Liability (AAL) over a closed 30-year period initially effective July 1, 2007. The remaining period applicable in determining the Annual Required Contribution (ARC) for fiscal year ended June 30, 2017 was 21 years. Amortization payments are determined on a level percent of pay basis. For Fiscal Year 2016-17, the City contributed \$10,000,838 to the plan, including \$6,931,922 for current premiums as pay-as-you-go cost, and an additional \$3,068,916 to prefund the plan.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

Note 14: Other Post-Employment Benefits Other Than Pensions (OPEB) (Continued)

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 closed period of thirty years initially effective July 1, 2007.

For Fiscal Year 2016-17, the City's annual OPEB cost of \$8,928,788 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 asset for the past three fiscal years are presented below:

Three-Year Trend Information for OPEB Plan

Fiscal Year Ending	Annual OPEB Cost	Actual Contribution	Percentage of ARC Contributed	Net OPEB Asset (Liability)
6/30/2015	\$ 6,387,548	\$ 6,387,548	100%	\$ -
6/30/2016	8,665,381	8,665,381	100%	-
6/30/2017	8,928,788	10,000,838	112%	1,072,050 (1)

(1) Actuarially determined implicit subsidy.

Funded Status and Funding Progress

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of 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.

The most recent actuarial valuation for the City's OPEB plan has a valuation date of July 1, 2017. However, the information pertains to GASB Statement No. 75 which will be implemented in Fiscal Year 2017-18. The information presented below is for the previous three actuarial valuations.

Schedule of Funding Progress - Other Post-Employment Benefit Plan

Actuarial Valuation Date	Actuarial Accrued Liability (AAL) (A)	Actuarial Value of Assets (B)	Unfunded Actuarial Accrued Liability (UAAL) (A) - (B)	Funded Ratio (B) / (A)	Annual Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((A - B) / C)
07/01/11	\$ 96,530,244	\$ 16,182,147	\$ 80,348,097	16.8%	\$ 50,192,076	160.1%
07/01/13	96,174,626	20,412,616	75,762,010	21.2%	44,512,395	170.2%
07/01/15	126,756,944	26,019,812	100,737,132	20.5%	46,879,660	214.9%

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

Note 14: Other Post-Employment Benefits Other Than Pensions (OPEB) (Continued)

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.

For the actuarial valuation date as of July 1, 2015, the following actuarial methods and assumptions were used:

Funding Method	Entry Age Normal Cost, level percent pay
Asset Valuation Method	Market value of assets
Long-term Return on Assets	7.28%
Discount Rate	7.28%
Participants Valued	Current active employees and retired participants and covered dependents.
Salary Increase	3.25% per year
Assumed Wage Inflation	3.00% per year
General Inflation Rate	2.75% per year
Remaining Amortization Period	22 years

Note 15: Classification of Net Position and Fund Balances

a. Government-Wide Financial Statements

In the Government-Wide Financial Statements, net position is 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

Note 15: Classification of Net Position and Fund Balances (Continued)

b. Fund Financial Statements

The City divides fund balances into five classifications based 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.

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 Administrative Services 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 Administrative Services 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 Administrative Services Director.

CITY OF CORONA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2017

Note 15: Classification of Net Position and Fund Balances (Continued)

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.

The fund balances of the City's governmental funds as of June 30, 2017 are presented below:

	General	Low Mod Income Housing Asset	Development	Other Governmental Funds	Total Governmental Funds
Fund Balances:					
Nonspendable					
Long-term Receivables	\$ 8,039,763	\$ -	\$ -	\$ -	\$ 8,039,763
Interfund Advances Receivable	24,928,512	-	-	-	24,928,512
Inventories and Prepayments	273,634	-	-	-	273,634
Restricted					
Street Maintenance	-	-	-	15,413,304	15,413,304
Trip Reduction	-	-	-	950,445	950,445
Asset Forfeiture	-	-	-	518,007	518,007
Debt Service	-	-	-	17,816,653	17,816,653
Housing & Community Development	-	23,121,926	-	3,314,258	26,436,184
Other Grants	-	-	-	220,021	220,021
Development	-	-	5,276,971	-	5,276,971
Committed					
Emergency Contingency	30,000,000	-	-	-	30,000,000
Designated Revenues	3,898,271	-	-	-	3,898,271
Assigned					
Budget Balancing Measures	28,945,252	-	-	-	28,945,252
Continuing Appropriations	12,029,030	-	-	-	12,029,030
City Equipment	122,647	-	-	-	122,647
Other Capital Projects	-	-	-	432,652	432,652
Other Purposes	882,183	-	-	-	882,183
Unassigned	-	-	-	(48,525)	(48,525)
Total Fund Balances	\$ 109,119,292	\$ 23,121,926	\$ 5,276,971	\$ 38,616,815	\$ 176,135,004

Note 16: Risk Management

a. Workers' Compensation Insurance

The City's self-insured retention is \$1,000,000 with an excess policy insuring claims over \$5,000,000 up to a limit of \$50,000,000. Departments are charged a percentage of the total estimated insurance, claims expense and premiums based on payroll costs. The actuarial estimated liability for pending and incurred, but not reported claims at June 30, 2017 has been included in the Claims Payable amount for the same reporting period. As of June 30, 2017, the City's workers' compensation self-insurance program was funded at a confidence level of 75% according to the most recent actuarial study dated March 14, 2017.

CITY OF CORONA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2017

Note 16: Risk Management (Continued)

The following table presents claims and judgments payable for the City's workers' compensation self-insurance program for fiscal year ended June 30, 2017 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,
2013	\$ 17,847,000	\$ 2,379,549	\$ (1,988,549)	\$ 18,238,000
2014	18,238,000	1,089,655	(1,852,655)	17,475,000
2015	17,475,000	3,511,384	(2,646,384)	18,340,000
2016	18,340,000	2,595,911	(1,060,640)	19,875,271
2017	19,875,271	2,953,371	(1,691,537)	21,137,105

Of the total liabilities, \$3,925,878 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 \$500,000 with an excess policy insuring claims over \$500,000 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, 2017 has been included in the Claims Payable amount for the same reporting period. These liabilities are recognized on government-wide statements. As of June 30, 2017, the City's General Liability self-insurance program was funded above the confidence level of 90% according to the most recent actuarial study dated March 14, 2017.

The following table presents claims and judgments payable for the general liability self-insurance program, including property losses, for fiscal year ended June 30, 2017 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,
2013	\$ 3,036,000	\$ 802,402	\$ (912,402)	\$ 2,926,000
2014	2,926,000	180,998	(565,998)	2,541,000
2015	2,541,000	251,204	(261,204)	2,531,000
2016	2,531,000	23,330	(425,436)	2,128,894
2017	2,128,894	294,831	(107,043)	2,316,682

Of the total liabilities, \$941,077 is due within one year or less. Claims are paid by the internal service funds.

c. Property Losses (excluding earthquake or flood)

The City's property losses are covered by insurance policies for covered value of \$100,000,000 with deductibles ranging from \$2,500 to \$50,000. The estimated liability for pending and incurred but not reported claims at June 30, 2017 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

Note 17: 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, 2017, the City's appropriations limit totaled \$480,263,934 and the City's appropriations subject to limitation were \$95,848,913.

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 July 18, 2012, the City Council and the Corona Utility Authority Board approved addendum No. 6 to the Joint Exercise of Powers Agreement creating the Western Riverside County Regional Wastewater Authority (WRCRWA) admitted the City of Corona as a voting member of the WRCRWA. WRCRWA was formed as a joint powers authority in 1992 to construct and operate a regional wastewater conveyance, treatment and disposal system to serve its member agencies. Other member agencies include Home Gardens Sanitary District, Jurupa Community Services District, City of Norco, and Western Municipal Water District of Riverside County. To become a voting member of WRCRWA, the City was required to pay \$4.0 million as buy-in which represented membership and the WRCRWA's construction loan reserve requirement. In addition, the City was committed to the WRCRWA Treatment Plant Expansion project, which required the City to share the cost of the expansion with two other expanding member agencies. The estimated cost for the WRCRWA expansion project was approximately \$72.6 million; Corona's share is 39.5%. Construction began during Fiscal Year 2014-15 and the project is expected to be completed in December 2017.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

Note 17: Commitments and Contingencies (Continued)

On February 13, 2016, an incident occurred at the Water Reclamation Facility No. 1 causing 4.1 million gallons of fully treated water with chlorine residual released into a nearby creek. All necessary regulatory notifications were addressed in a timely manner, however, there will likely be a mandatory fine as well as an administrative fine assessed by the State Water Resources Control Board. The amount of the fine could not be reasonably estimated as of the financial statement date, and would be solely determined by the State. As of date, the City has not received any notices of violation from the State.

As of June 30, 2017, in the opinion of City Administration, there were no additional outstanding matters that would have a significant effect on the financial position of the City.

Note 18: Joint Venture

In July 2012, the City entered into an agreement with the Western Riverside County Regional Wastewater Authority (WRCRWA) and became a voting member of WRCRWA. WRCRWA was formed in 1992 pursuant to the provisions of Article 1, Chapter 5, Division 7, Title 1 of the Government Code of the State of California relating to the joint exercise of powers common to public agencies, for the purpose of constructing, maintaining, operating, and managing facilities for the collection, transmission, treatment and disposal of wastewater, the reclamation of wastewater, and the use of reclaimed wastewater for any beneficial purpose.

WRCRWA is composed of five member agencies: City of Corona, Jurupa Community Services District, Western Municipal Water District, Home Gardens Sanitary District, and the City of Norco. The member agencies support the operating costs and capital costs through fixed and variable rates established by WRCRWA's Board of Directors. The governing body of WRCRWA is a Board of Directors, which consists of ten individuals, two appointed by each member.

WRCRWA owns and operates an 8.0 Million Gallons per Day (MGD) tertiary wastewater treatment plant and will soon be expanded to 14.0 MGD. The plant's existing and proposed capacity owned by its member agencies are shown as follows:

Member Agencies	Current MGD	Proposed MGD
City of Corona	-	2.37
Jurupa Community Services District	3.25	6.00
City of Norco	2.20	2.70
Western Municipal Water District	1.93	1.93
Home Gardens Sanitary District	0.62	1.00
Total	8.00	14.00

The City's investment in WRCRWA for the fiscal year ended June 30, 2017 was \$4,000,000. At June 30, 2017, WRCRWA reported a preliminary total asset of \$116,630,395, total liabilities of \$70,109,180, and a deferred inflow of resources of \$350,000, with net position of \$46,171,215. Current year operating expenses exceed operating revenue by \$1,428,100, net against non-operating revenue of \$1,189,048, and a loss on disposal of assets in the amount of \$583,337, net position for WRCRWA decreased from the previous fiscal year by \$239,052. Contact WRCRA at 450 Alessandro Boulevard, Riverside, CA 92517, for audited financial information.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

Note 19: Tax Abatement

In prior years, the City entered into various tax abatement agreements with local businesses. The abatements may be granted to any business located within or promising to relocate to the City. For the Fiscal Year ended June 30, 2017, the City abated taxes totaling \$4,470,266. Under this program, the City has the following tax abatement agreements:

- A sales tax abatement to a commercial fueling and energy operation facility for expanding operations within the City of Corona, resulting in a significant new local sales tax revenues. Per the agreement, the City shall pay an amount equal to 50% of sales tax revenues received in excess of \$250,000. In Fiscal Year 2016-17 the abatement amounted to \$261,008.
- A sales tax reduction for a material production and construction company for creating employment opportunities and revenues within the City. Per the agreement, if during any fiscal year, sales tax revenues exceeds \$1,000,000 the amount abated shall be a sum equal to 50% of the sales tax revenues in excess of \$250,000. If during any fiscal year, sales tax revenues are no less than \$500,000 and no more than \$1,000,000 the amount abated shall be a sum equal to 25% of the sales tax revenues in excess of \$250,000. If during any fiscal year, sales tax revenues are less than \$500,000 the City shall not pay the business. In Fiscal Year 2016-17 the abatement amounted to \$116,983.
- A sales tax reduction for construction and operation of an automotive dealership within the City. Per the agreement, the City shall make annual payments for 15 years in an amount equal to 50% of the sales tax revenues received in excess of \$200,000 annually, up to a maximum of \$6,000,000. In Fiscal Year 2016-17 the abatement amounted to \$173,661.
- A sales tax reduction for a warehouse wholesaler for building and operating a new store within the City. Per the agreement, sales tax revenues shall be allocated each year to the City from the first \$200,000 of revenues, the next \$200,000 to the developer and the balance allocated 50% to the City and 50% to the developer. In Fiscal Year 2016-17 the abatement amounted to \$1,216,360.
- A sales tax reduction for a commercial business involving the retail sale of construction materials for generating significant new tax revenues and maintaining sales office operations within the City. Per the agreement, the City shall pay quarterly in an amount equal to 50% of the sales tax revenues received. In Fiscal Year 2016-17 the abatement amounted to \$2,702,254.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

Note 20: Restatements**a. Restatement on Government-Wide Statements**

Restatements to net position made on the government-wide statements for Fiscal Year 2016-17 are summarized below:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Beginning Net Position, as reported	\$ 783,902,090	\$ 223,612,110
Restatements	<u>892,368</u>	<u>830,750</u>
Beginning Net Position, as restated	<u>\$ 784,794,458</u>	<u>\$ 224,442,860</u>

Restatement to Governmental Activities

A total of \$892,368 was increased from the beginning net position in governmental activities due to the following adjustments:

- a) The City adjusted \$737,209 beginning net position related to long-term receivables recorded in the Low Mod Income Housing Asset Fund.
- b) The City adjusted \$789,178 beginning net position to record loans receivable in the HUD Grants Fund, which should have been recorded in prior years.
- c) A total amount of \$(634,019), previously reported in Construction in Progress should have been expensed in prior years. See Note 7, Capital Assets, for additional information.

Restatement to Business-Type Activities

A total of \$830,750 was increased from the beginning net position in business-type activities. These restatements were performed to record prior year costs, which were previously expensed as capital asset additions to construction in progress. The project was expensed in prior years due to uncertainty as to whether the project would be completed. In Fiscal Year 2016-17, it was determined that the project would be finalized and the City restated the prior year balances to add prior year costs incurred.

b. Restatement on Fund StatementsGovernmental Funds

Restatements to fund balance on the governmental fund financial statements for Fiscal Year 2016-17, are summarized as follows:

	<u>Governmental Funds</u>			
	<u>General Fund</u>	<u>Development</u>	<u>Low Mod Income Housing</u>	<u>Other Governmental Funds</u>
Beginning Fund Balance, as reported	\$ 100,778,066	\$ 9,074,309	\$ 21,687,599	\$ 38,075,152
Restatements	<u>620,487</u>	<u>(620,487)</u>	<u>737,209</u>	<u>789,178</u>
Beginning Fund Balance, as restated	<u>\$ 101,398,553</u>	<u>\$ 8,453,822</u>	<u>\$ 22,424,808</u>	<u>\$ 38,864,330</u>

CITY OF CORONA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2017

Note 20: Restatements (Continued)

General Fund

The City adjusted \$620,487 to account for an interfund loan receivable due from the Development capital projects fund which was previously recorded in the fund balance assigned for receivables from other funds.

Development Fund

The City adjusted \$(620,487) to account for an interfund loan payable due to the General fund. The amount was previously recorded as due from developers in prior years.

Low Mod Income Housing Fund

The City adjusted \$737,209 beginning fund balance related to long-term receivables recorded in the Low Mod Income Housing Asset Fund.

Other Governmental Funds

The City adjusted \$789,178 beginning fund balance to record loans receivable in the HUD Grants Fund, which should have been recorded in prior years.

c. Restatement on Proprietary Fund Statements

	Proprietary Funds		
	Water	Water Reclamation	Electric
Beginning Net Position, as reported	\$ 113,903,479	\$ 84,944,156	\$ 19,933,915
Restatements	498,450	249,225	83,075
Beginning Net Position, as restated	<u>\$ 114,401,929</u>	<u>\$ 85,193,381</u>	<u>\$ 20,016,990</u>

Proprietary Funds

The City adjusted the beginning net position in the Water, Water Reclamation, and Electric fund in the amounts of \$498,450, \$249,225, and \$83,075, respectively. These restatements were performed to record prior year costs, which were previously expensed as capital asset additions to construction in progress. The project was expensed in prior years due to uncertainty as to whether the project would be completed. In fiscal year 2016-17, it was determined that the project would be finalized and the City restated the prior year balances to add prior year costs incurred.

Note 21: Successor Agency Trust for Former Corona Redevelopment Agency

The Successor Agency Trust for the former Corona Redevelopment Agency (Successor Agency) was established on February 1, 2012 in accordance to the Assembly Bill X1 26 that provides for the dissolution of all redevelopment agencies in the State of California. The establishment of the Successor Agency was approved by the City Council on January 11, 2012 through City Resolution No. 2012-004.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

Note 21: Successor Agency Trust for Former Corona Redevelopment Agency (Continued)

Effective February 1, 2012, successor agencies in California 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 activities of the Successor Agency are reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City.

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. 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	\$ 5,214,556
Cash and Investments with Fiscal Agent	<u>6,829,567</u>
Total Cash and Investments	<u>\$ 12,044,123</u>

The Successor Agency adopted all applicable City's rules, regulations, policies and guidelines by a resolution approved by the City Council on March 21, 2012. These rules, regulations, policies and guidelines were 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 3 for additional information regarding the type of investments and risks.

b. Due to Other Governmental Agencies

As of June 30, 2017, the Successor Agency reported due to other governmental agencies in the amount of \$10,848,086.

<u>Due to Other Governmental Agencies</u>	<u>Balance</u>
SERAF loan due to Corona Housing Authority	\$ 3,269,328
Former Redevelopment Agency/City Loan due to City	<u>7,578,758</u>
Total Due to Other Governmental Agencies	<u>\$ 10,848,086</u>

Supplemental Educational Revenue Augmentation Fund (SERAF) loan that was made in Fiscal Year 2009-10 to fund for the State's Proposition 98 obligations to schools. With the dissolution of redevelopment agencies on February 1, 2012, the City through Resolution No. 2012-005, elected not to retain the housing assets and functions previously performed by the former Corona Redevelopment Agency, and transferred all rights, assets, liabilities, duties and obligations associated with the housing activities to the Corona Housing Authority (CHA), a component unit of the City of Corona. California State Department of Finance (DOF) allowed the SERAF loan to be transferred to CHA, the Housing Successor, and be placed on the Recognized Obligation Payments Schedule (ROPS) for repayment. The SERAF loan carried a balance of \$3,269,328 as of June 30, 2017, and payment commenced in Fiscal Year 2016-17.

CITY OF CORONA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

Note 21: Successor Agency Trust for Former Corona Redevelopment Agency (Continued)

Various administrative loans were made by the City to the former Corona Redevelopment Agency between 1994 and 2011. These loans were determined by the Oversight Board "for legitimate redevelopment purposes" on June 3, 2013. The DOF approved the loans as enforceable obligations on July 15, 2013. In addition, the DOF issued a Finding of Completion to the Successor Agency on April 8, 2013 reaffirming the enforceability of these obligations from future residual distribution to the Successor Agency. Repayment of these loans is anticipated to commence after the SERAF loan is paid in full.

The following is a summary of loans due to the City as of June 30, 2017:

<u>Amount Due to the City of Corona</u>	<u>Balance</u>
Main Street South Project Area 1994 Loan	\$ 66,991
Main Street South Project Area 2001 Loan	224,020
Temescal Canyo Project Area 2005 Loan	328,112
Temescal Canyo Project Area 2006 Loan	4,020,841
Main Street South Project Area 2007 Loan	326,650
Merged Project Area 2010 Loan	150,360
Temescal Canyon Project Area 2010 Loan	331,507
Corona Revitalization Zone 2011 Loan	2,130,277
Total Amount Due to the City of Corona	\$ 7,578,758

c. Long-Term Obligations

The following long-term obligations were approved by the State Department of Finance as enforceable obligations, and were considered as accounting liabilities in accordance with GAAP.

	<u>Balance June 30, 2016</u>	<u>Incurred or Issued</u>	<u>Satisfied or Matured</u>	<u>Balance June 30, 2017</u>	<u>Amounts Due Within One Year</u>	<u>Amounts Due in More than One Year</u>
2007 Temescal Canyon Project Area Tax Allocation Bonds	\$ 17,000,000	\$ -	\$ 795,000	\$ 16,205,000	\$ 825,000	\$ 15,380,000
2007 Merged and Amended Project Area "A" Tax Allocation Bonds	24,910,000	-	515,000	24,395,000	545,000	23,850,000
Subordinate Tax Allocation Refunding Bonds, Series 2015A	16,895,000	-	-	16,895,000	1,635,000	15,260,000
Subordinate Taxable Tax Allocation Refunding Bonds, Series 2015A-T	3,140,000	-	2,375,000	765,000	765,000	-
Long-Term Agreement Payable	390,000	-	190,000	200,000	200,000	-
	<u>\$ 62,335,000</u>	<u>\$ -</u>	<u>\$ 3,875,000</u>		<u>\$ 3,970,000</u>	<u>\$ 54,490,000</u>
				Unamortized Bond Premium Unamortized Bond (Discount)	1,688,034 (2,785)	
				Total	<u>\$ 60,145,249</u>	

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

Note 21: Successor Agency Trust for Former Corona Redevelopment Agency (Continued)

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 bore interest from 4.00% to 4.50% and were due in annual installments ranging from \$495,000 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 bore interest at 4.50% and is due November 1, 2032. The annual debt service requirements for the 2007 Temescal Canyon Tax Allocation Bonds are presented below:

Fiscal Year	2007 Temescal Canyon Tax Allocation Bonds		
	Principal	Interest	Total
2018	\$ 825,000	\$ 698,056	\$ 1,523,056
2019	855,000	662,673	1,517,673
2020	860,000	626,093	1,486,093
2021	875,000	588,703	1,463,703
2022	880,000	550,409	1,430,409
2023-2027	4,730,000	2,150,603	6,880,603
2028-2032	5,845,000	981,338	6,826,338
2033-2034	1,335,000	30,038	1,365,038
Totals	\$ 16,205,000	\$ 6,287,913	\$ 22,492,913

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 bore interest from 4.69% to 6.25% and were due in annual installments ranging from \$315,000 to \$1,140,000, with term bonds of \$23,850,000 due September 1, 2027. The annual debt service requirements for the 2007 Project Area "A" Tax Allocation Bonds are presented below:

Fiscal Year	2007 Project Area "A" Tax Allocation Bonds		
	Principal	Interest	Total
2018	\$ 545,000	\$ 1,506,814	\$ 2,051,814
2019	575,000	1,473,599	2,048,599
2020	605,000	1,436,700	2,041,700
2021	645,000	1,397,613	2,042,613
2022	685,000	1,356,024	2,041,024
2023-2027	14,870,000	5,148,606	20,018,606
2028	6,470,000	202,317	6,672,317
Totals	\$ 24,395,000	\$ 12,521,673	\$ 36,916,673

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

Note 21: Successor Agency Trust for Former Corona Redevelopment Agency (Continued)

2015 Tax Allocation Refunding Bonds Series A

The \$16,895,000 of the Subordinate Tax Allocation Refunding Bonds Series A were issued to refund a portion of the 1996 Set-Aside Tax Allocation Bonds and 2004 Project Area "A" Tax Allocation Bonds. The bonds bore interest from 3.00% to 5.00% and were due in annual installments ranging from \$1,635,000 to \$2,800,000, with term bonds of \$2,445,000 due September 1, 2023. The annual debt service requirements for the 2015 Tax Allocation Refunding Bonds Series A are presented below:

Fiscal Year	2015 Tax Allocation Refunding Bonds Series A		
	Principal	Interest	Total
2018	\$ 1,635,000	\$ 737,325	\$ 2,372,325
2019	2,460,000	663,600	3,123,600
2020	2,560,000	563,200	3,123,200
2021	2,665,000	445,375	3,110,375
2022	2,800,000	308,750	3,108,750
2023-2034	4,775,000	241,625	5,016,625
Totals	\$ 16,895,000	\$ 2,959,875	\$ 19,854,875

2015 Taxable Tax Allocation Refunding Bonds Series A-T

The \$3,140,000 of the Subordinate Taxable Tax Allocation Refunding Bonds Series A-T were issued to refund a portion of the 1996 Set-Aside Tax Allocation Bonds and 2004 Project Area "A" Tax Allocation Bonds. The bonds bore interest from 1.00% to 1.50% and were due in annual installments ranging from \$765,000 to \$2,375,000, with term bonds of \$765,000 due September 1, 2017. The annual debt service requirements for the 2015 Taxable Tax Allocation Refunding Bonds Series A-T are presented below:

Fiscal Year	2015 Tax Allocation Bonds Series A-T		
	Principal	Interest	Total
2018	\$ 765,000	\$ 5,738	\$ 770,738
Totals	\$ 765,000	\$ 5,738	\$ 770,738

Pledged Revenue for Tax Allocation Bonds

Due to the dissolution of the former Corona Redevelopment Agency, the tax increment funds that were pledged to the bondholders were no longer received in full by the Agency. AB X1 26 restructured the former redevelopment agencies' revenue from tax increment to Redevelopment Property Tax Trust Fund (RPTTF). RPTTF funds are distributed semi-annually to the Successor Agency to pay enforceable obligations approved by the California State Department of Finance on the Recognized Obligations Payment Schedule (ROPS). The total principal and interest remaining on the Successor Agency debt obligations were \$80,248,899 with annual debt service requirements as listed above. For the current year, the total RPTTF funds available to the Successor Agency for the payment of these indebtedness was \$10,386,370 and the debt service obligation on the bonds was \$6,954,665.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

Note 21: Successor Agency Trust for Former Corona Redevelopment Agency (Continued)

Long-term Agreement Payable

The former Redevelopment Agency of the City of Corona entered into an agreement with the County of Riverside Housing Authority on January 1, 1998, in which, the City of Corona has agreed to provide an annual pledge of \$218,000 from April 15, 1998, through April 15, 2018, relating to the \$2,405,000 Housing Authority of the County of Riverside Refunding Revenue Bonds, 1998 Series A (Corona Projects). At June 30, 2017, the outstanding balance was \$200,000.

d. 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 16.

At June 30, 2017, 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.

Note 22: Subsequent Events

Labor Negotiations

The Memorandum of Understanding (MOU) between the City and Corona General Employees' Association (CGEA) and Corona Supervisors' Association (CSA) expired on June 30, 2016. City management had been in active negotiations with these two labor groups since 2016. In October 2017, since the parties were not able to agree on certain issues, impasses were declared. The City, CGEA, and CSA is undergoing fact-finding as part of mediation with the assistance of the Public Employee Relations Board (PERB). Recommended settlements are expected to be received from PERB before December 2017.

The MOU between the City and the Corona Police Employees, Corona Police Supervisors, and Corona Firefighters' Association expired on June 30, 2017. City Management has started to actively negotiate with these three labor groups. The City has been paying eligible members of each group the same salary and benefits as prescribed in the expired MOU's until new agreements are entered into.



Required Supplementary Information

Required Supplementary Information consists of the following:

- Budgetary Information
- Modified Approach for City Streets Infrastructure Capital Assets
- Schedule of Changes in Net Pension Liability and Related Ratios – Miscellaneous Plan
- Schedule of Plan Contributions – Miscellaneous Plan
- Schedule of Changes in Net Pension Liability and Related Ratios – Safety Police Plan
- Schedule of Plan Contributions – Safety Police Plan
- Schedule of Changes in Net Pension Liability and Related Ratios – Safety Fire Plan
- Schedule of Plan Contributions – Safety Fire Plan
- Other Post-Employment Benefits (OPEB) Plan Funding Progress



BUDGETARY INFORMATION

Through the budget process, the City Council sets the direction of the City, allocates its resources and establishes its priorities. The annual budget establishes the foundation of effective financial management by providing resource planning, performance measures and controls that permit the evaluation and adjustment of the City's performance in all of its functional areas. It assures the efficient and effective uses of the City's economic resources, as well as ensuring the highest priorities are accomplished for the fiscal year. It also serves as a vehicle that accurately and openly communicates these priorities to the community, businesses, vendors, employees and other public agencies.

The City's budget cycle is on an annual basis, which serves a fiscal period from July 1 to June 30. The City's budgets are developed consistent with generally accepted principles and procedures. There are no significant non-budgeted financial activities. For governmental funds, revenues are budgeted by entitlements, grants, and estimates of future development and economic growth. Expenditures and transfers are budgeted based upon available financial resources.

The City of Corona's budget is prepared and based on five expense categories; personnel, non-personnel (such as supplies and services), capital outlay, debt service and capital improvement projects. The first two listed are considered operational in nature and are known as recurring costs. Capital outlays refer to minor equipment purchases which are generally infrequent and valued at less than \$50,000. Capital outlays are paid for out of the operating fund. Debt service refers to principal and interest payments on borrowed funds (such as bonds or long-term loans). Capital improvement projects (CIP) are asset acquisitions and/or major facilities, systems, and infrastructure improvements which cost over \$50,000. These reside "outside" of the operational budget and are an example of a one-time cost.

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 funds most of the City services including public safety, recreation, and community development. Effective with the Fiscal Year 2016-17 budget planning season, the City of Corona implemented its first phase of a 'zero-based' budget procedure, which is a rigorous, structured approach in evaluating each dollar that is appropriated to fund critical City services and programs. Prior to Fiscal Year 2016-17, the City utilized an 'expenditure control budget' (ECB) procedure for 22 years, as outlined in previously adopted budget resolutions. While the principles of ECB do emphasize cost control, this approach is not as responsive to service needs, which may both expand and contract over time. The ECB approach also tends to produce static budgets, due to its heavy reliance on the use of targets. The Fiscal Year 2016-17 budget was developed using the zero-based budgetary approach, which allows the City management to effectively analyze budget variances and promote transparency and accountability.

The budget process begins as a team effort in January of each year. The Administrative Services Department works in cooperation with all City departments to formulate revenue projections for the upcoming fiscal year. From there, the individual departments use the projected revenues to prioritize and recommend the next fiscal year's objectives. The City Manager's Office and the Administrative Services Department jointly review each budget proposal, revenue assumptions, and all current financial obligations, before presenting the Proposed Budget for the City Council. The City Council reviews the Proposed Budget at a study session open to the public, with the final adoption scheduled in June.

CITY OF CORONA

**REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
JUNE 30, 2017**

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.
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.
5. Continuing appropriations are re-budgeted by the City Council as part of the adoption of subsequent year's budget.
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.

Major changes between original budget and final budget, and variance between final budget and actual are presented for the General Fund and major special revenue funds as shown below:

Fund	Budget		Actual	Variance Favorable/ (Unfavorable)
	Original	Final		
Major Governmental Funds:				
<u>General Fund</u>				
Revenue	\$ 136,200,085	\$ 137,160,689	\$ 139,092,871	\$ 1,932,182
Expenditure	139,639,393	152,184,075	137,466,109	14,717,966
Net Transfer	3,690,606	3,735,576	6,093,977	2,358,401
Net change in Fund Balance	<u>\$ 251,298</u>	<u>\$ (11,287,810)</u>	<u>\$ 7,720,739</u>	<u>\$ 19,008,549</u>

CITY OF CORONA

**REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
JUNE 30, 2017**

General Fund

General Fund appropriations were originally adopted at \$140.3 million, including transfers out to special assessment district funds in the amount of \$0.7 million for payment of general public benefit within those districts as determined by the special tax engineer. The final appropriations were increased by \$12.5 million from the adopted budget. Among the increase, \$7.4 million was due to continuing appropriation from prior year's capital projects and grant funded activities, \$3.0 million for prior year committed purchases (encumbrances), and \$2.2 million in additional funding approved by the City Council subsequent to the budget adoption. Included in the additional funding was \$1.0 million in capital improvement projects such as the Public Safety Enterprise Communication (PSEC) System, Computer Aided Dispatch (CAD)/Records Management System (RMS), Emergency Flood Response Grant, Police Firearm Facility Repairs/Replacement, and the Timekeeping System. An increase of \$1.1 million was approved for the operating budgets of Administrative Services, Community Development, Police, Fire, Maintenance Services and Library and Recreation Services. Many of the operating budget items were offset with increases to the revenue budget through grant funding and/or other revenue sources.

For Fiscal Year 2016-17, General Fund revenues had a favorable variance of \$2.2 million comparing to the final budget. Property tax received was \$1.0 million higher than anticipated due to similar conditions in the housing market from the prior year. Sales tax activity was lower than anticipated, resulting in sales tax revenues of \$1.0 million less than originally projected. Other taxes including Transient Occupancy Tax, Franchise, and Business License had an unfavorable variance of \$0.2 million for the year. Revenues collected from current services was \$1.8 million higher than budgeted, mostly due to the large increase in plan check and planning application fees. Additionally, there were increases for Fire mutual aid services, the Afterschool Kids Club Program, and facility rentals related to the Circle City Center.

CITY OF CORONA

REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
YEAR ENDED JUNE 30, 2017BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR FISCAL YEAR ENDED JUNE 30, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1, as restated	\$ 101,398,553	\$ 101,398,553	\$ 101,398,553	\$ -
Resources (Inflows):				
Property taxes	42,190,000	42,190,000	43,170,396	980,396
Sales taxes	42,199,000	42,199,000	41,145,616	(1,053,384)
Other taxes	9,445,350	9,626,950	9,421,375	(205,575)
Licenses, fees and permits	1,746,200	1,746,200	2,152,835	406,635
Intergovernmental	735,876	1,380,764	1,604,136	223,372
Contribution from property owners	-	-	11,868	11,868
Current services	17,191,150	17,216,150	19,041,301	1,825,151
Investment earnings	1,361,283	1,361,283	597,451	(763,832)
Fines and penalties	1,085,000	1,085,000	1,170,188	85,188
Payments in lieu of services	10,021,866	10,021,866	9,768,422	(253,444)
Other revenues	10,224,360	10,333,476	11,009,283	675,807
Transfers in	4,381,734	4,426,704	6,192,799	1,766,095
Amounts Available for Appropriations	241,980,372	242,985,946	246,684,223	3,698,277
Charges to Appropriation (Outflow):				
General government	25,919,996	27,240,423	25,140,204	2,100,219
Public Safety - Fire	25,866,673	26,636,188	25,855,204	780,984
Public Safety - Police	46,498,554	46,522,873	46,280,916	241,957
Public Works & Maintenance Services	19,304,155	19,895,591	18,516,010	1,379,581
Library and Recreation Services	5,063,555	5,329,605	5,167,957	161,648
Community Development	4,417,195	4,564,355	4,527,438	36,917
Economic Development	4,665,422	4,813,469	4,930,642	(117,173)
Capital outlay	3,557,543	12,835,271	2,791,812	10,043,459
Debt service:				
Principal retirement	2,934,883	2,934,883	2,853,939	80,944
Interest and fiscal charges	1,411,417	1,411,417	1,401,987	9,430
Transfers out	691,128	691,128	98,822	592,306
Total Charges to Appropriations	140,330,521	152,875,203	137,564,931	15,310,272
Budgetary Fund Balance, June 30	\$ 101,649,851	\$ 90,110,743	\$ 109,119,292	\$ 19,008,549

REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
JUNE 30, 2017

MODIFIED APPROACH FOR CITY STREETS INFRASTRUCTURE CAPITAL ASSETS

The City accounts for and reports its infrastructure capital assets in accordance with GASB Statement No. 34. Infrastructure assets are defined as the basic physical systems including street, water purification and distribution system, water reclamation collection and treatment facilities, park and recreation lands and improvement; storm water conveyance system, and buildings combined with site amenities such as parking and landscaped areas used by the City in the conduct of City 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 in its core financial system.

The City has elected to use the “modified approach” as defined by GASB Statement No. 34 for infrastructure reporting for its concrete and asphalt pavement system. Under the modified approach, 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 within three regions of the City annually. The prior two assessment studies were completed in October 2016 and October 2015. The most recent assessment was performed in September 2017 using the StreetSaver software. The results from the most recent three assessments are shown below:

<u>Assessment Date</u>	<u>PCI Rating</u>
October 2015	72
October 2016	73
September 2017	71

The streets, primarily Portland Cement Concrete (PCC) and Asphalt Concrete (AC) pavement, 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 three classifications: arterial/major, collector, and local. The Citywide condition assessment will be performed every three years, with each year focusing on specific regions of the City. 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.

CITY OF CORONA

REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
 JUNE 30, 2017

MODIFIED APPROACH FOR CITY STREETS INFRASTRUCTURE CAPITAL ASSETS (CONTINUED)

The following conditions were defined with the corresponding rating:

<u>Condition</u>	<u>Rating</u>
Good to Excellent	71-100
Fair	51-70
Poor	26-50
Very Poor	0-25

The City's policy is to maintain an average rating of 71, or "Good" condition, for all streets. This rating level 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 October 1, 2016, the City's street system was rated at a PCI index of 73 on the average for the entire network. A breakdown by condition is as follows:

<u>Condition</u>	<u>% of Streets</u>
Good to Excellent	70%
Fair	21%
Poor	6%
Very Poor	3%

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 interest trenching operations; and (4) water damage from natural precipitation and other urban runoff. The City is continuously taking actions to prevent deterioration through an on-going street rehabilitation program funded in the Capital Improvement Program. The program is formulated based on deficiencies identified as a part of the City's Pavement Management System (PMS). It includes short-term maintenance activities such as pothole patching, street sweeping, and crack sealing. The City expended \$5,297,756 on street maintenance for the fiscal year ended June 30, 2017. These expenditures delayed deterioration, and maintained the street condition from the previous assessment. The condition of the streets slightly decreased from the average rating of 73 in the prior year to 71 in the current year. The City has estimated that the amount of annual expenditures required to maintain the current average PCI rating of 71 through the year 2019 is a minimum of \$4,800,000. A schedule of the estimated annual amount required to maintain and preserve the City's 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>
2012-13	\$ 5,100,000	\$ 5,347,401	75
2013-14	5,100,000	4,588,777	73
2014-15	4,800,000	5,094,898	72
2015-16	4,800,000	12,403,677	73
2016-17	4,800,000	5,297,756	71

As of June 30, 2017, approximately 30% of the City's streets were rated below the average policy standard of 71. This was a slight increase from the prior year's assessment. In the most recent physical condition assessment of all City streets, it was estimated that in addition to the minimum annual maintenance requirement of \$4.8 million, the total deferred work to rehabilitate all roads amounted to \$55.2 million as of June 30, 2017.

REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
 JUNE 30, 2017

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
 MISCELLANEOUS PLAN
 LAST TEN FISCAL YEARS(1)

	2017	2016	2015
TOTAL PENSION LIABILITY			
Service Cost	\$ 4,295,676	\$ 4,563,432	\$ 5,035,483
Interest	23,066,815	22,262,610	21,435,216
Difference Between expected and Actual Experience	(1,961,004)	(1,751,061)	-
Changes in Assumptions	-	(5,796,569)	-
Benefit Payments, Including Refunds of employee Contributions	(14,718,032)	(13,719,331)	(13,231,513)
Net Change in Total Pension Liability	10,683,455	5,559,081	13,239,186
Total Pension Liability - Beginning	308,699,178	303,140,097	289,900,911
Total Pension Liability - Ending (a)	\$ 319,382,633	\$ 308,699,178	\$ 303,140,097
PLAN FIDUCIARY NET POSITION			
Contribution - Employer	\$ 7,373,950	\$ 8,612,426	\$ 7,913,193
Contribution - Employee	1,975,493	2,099,982	2,168,466
Net Investment Income	1,044,158	4,430,161	29,675,543
Benefit Payments, Including Refunds of Employee Contributions	(14,718,032)	(13,719,331)	(13,231,513)
Administrative Expense	(121,423)	(224,286)	-
Net Change in Fiduciary Net Position	(4,445,854)	1,198,952	26,525,689
Plan Fiduciary Net Position - Beginning	199,609,340	198,410,388	171,884,699
Plan Fiduciary Net Position - Ending (b)	\$ 195,163,486	\$ 199,609,340	\$ 198,410,388
Plan Net Pension Liability/(Assets) - Ending (a) - (b)	\$ 124,219,147	\$ 109,089,838	\$ 104,729,709
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	61.11%	64.66%	65.45%
Covered Payroll	\$ 25,968,300	\$ 26,820,056	\$ 27,078,868
Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll	478.35%	406.75%	386.76%

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

(2) Net of administrative expenses.

Notes to Schedule:

Benefit Changes: There were no changes in benefits.

Changes of Assumptions: No changes in assumptions.

REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
 JUNE 30, 2017

SCHEDULE OF PLAN CONTRIBUTIONS
 MISCELLANEOUS PLAN
 LAST TEN FISCAL YEARS(1)

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially Determined Contribution	\$ 9,175,138	\$ 7,373,950	\$ 8,612,427
Contribution in Relation to the Actuarially Determined Contribution	<u>(9,175,138)</u>	<u>(7,373,950)</u>	<u>(8,612,427)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 23,728,408	\$ 23,919,171	\$ 25,422,638
Contributions as a Percentage of Covered Payroll	38.67%	30.83%	33.88%

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

Note to Schedule:

Valuation Date:	June 30, 2014
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Assets valuation method	Market Value
Inflation	2.75%
Salary increases	Varies by category, entry age, and duration of service
Payroll growth	3.00%
Investment rate of return	7.50% net of pension investment and administrative expenses, including inflation.
Retirement age	The probabilities of retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
 JUNE 30, 2017

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
 SAFETY POLICE PLAN
 LAST TEN FISCAL YEARS(1)

	2017	2016	2015
TOTAL PENSION LIABILITY			
Service Cost	\$ 4,874,596	\$ 4,735,543	\$ 4,618,139
Interest	15,292,872	14,549,722	13,684,244
Difference Between expected and Actual Experience	(1,847,830)	642,707	-
Changes in Assumptions	-	(3,951,003)	-
Benefit Payments, Including Refunds of employee Contributions	(8,102,489)	(7,482,701)	(7,151,132)
Net Change in Total Pension Liability	10,217,149	8,494,268	11,151,251
Total Pension Liability - Beginning	203,368,598	194,874,330	183,723,079
Total Pension Liability - Ending (a)	\$ 213,585,747	\$ 203,368,598	\$ 194,874,330
PLAN FIDUCIARY NET POSITION			
Contribution - Employer	\$ 8,123,334	\$ 6,391,221	\$ 5,650,100
Contribution - Employee	1,599,970	1,517,507	1,462,671
Net Investment Income	707,298	2,973,078	19,983,092
Benefit Payments, Including Refunds of Employee Contributions	(8,102,489)	(7,482,701)	(7,151,132)
Administrative Expenses	(84,027)	(155,162)	-
Net Change in Fiduciary Net Position	2,244,086	3,243,943	19,944,731
Plan Fiduciary Net Position - Beginning	138,093,758	134,849,815	114,905,084
Plan Fiduciary Net Position - Ending (b)	\$ 140,337,844	\$ 138,093,758	\$ 134,849,815
Plan Net Pension Liability/(Assets) - Ending (a) - (b)	\$ 73,247,903	\$ 65,274,840	\$ 60,024,515
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	65.71%	67.90%	69.20%
Covered Payroll	\$ 17,276,613	\$ 16,848,270	\$ 15,386,513
Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll	423.97%	387.43%	390.11%

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

(2) Net of administrative expenses.

Notes to Schedule:

Benefit Changes: There were no changes in benefits.

Changes of Assumptions: No changes in assumptions.

REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
 JUNE 30, 2017

SCHEDULE OF PLAN CONTRIBUTIONS
 SAFETY POLICE PLAN
 LAST TEN FISCAL YEARS(1)

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially Determined Contribution	\$ 8,867,806	\$ 8,123,334	\$ 6,391,222
Contribution in Relation to the Actuarially Determined Contribution	<u>(8,867,806)</u>	<u>(8,123,334)</u>	<u>(6,391,222)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 18,290,005	\$ 17,486,548	\$ 16,688,133
Contributions as a Percentage of Covered Payroll	48.48%	46.45%	38.30%

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

Note to Schedule:

Valuation Date:	June 30, 2014
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Assets valuation method	Market Value
Inflation	2.75%
Salary increases	Varies by entry age and service
Payroll growth	3.00%
Investment rate of return	7.50% net of pension investment and administrative expenses, including inflation.
Retirement age	The probabilities of retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
SAFETY FIRE PLAN
LAST TEN FISCAL YEARS(1)**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the Net Pension Liability	0.75892%	0.77136%	0.46039%
Proportionate Share of the Net Pension Liability	\$ 39,306,263	\$ 31,783,428	\$ 28,647,492
Covered Payroll	\$ 9,885,314	\$ 9,624,801	\$ 9,308,854
Proportionate Share of the Net Pension Liability as Percentage of Covered Payroll	397.62%	330.22%	298.78%
Plan Fiduciary Net Position	\$ 110,508,660	\$ 111,251,864	\$ 106,234,188
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.76%	77.78%	78.83%

Notes to Schedule:

Benefit Changes: No changes in benefits.

Changes of Assumptions: No changes in assumptions.

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

SCHEDULE OF PLAN CONTRIBUTIONS
 SAFETY FIRE PLAN
 LAST TEN FISCAL YEARS(3)

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially Determined Contribution	\$ 3,537,799	\$ 4,648,267	\$ 4,239,757
Contribution in Relation to the Actuarially Determined Contribution	<u>(3,537,799)</u>	<u>(4,648,267)</u>	<u>(4,239,757)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 10,511,383	\$ 9,885,314	\$ 9,624,801
Contributions as a Percentage of Covered Payroll	33.66%	47.02%	44.05%

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

Note to Schedule:

Valuation Date:	June 30, 2014
Methods and assumptions used to determine contribution rates:	
Actuarial Cost Method	Entry age normal
Amortization method	Level percentage of payroll
Assets valuation method	Market value
Actuarial Assumptions	
Discount Rate	7.50%
Projected Salary Increases	3.30% to 14.20% depending on Age, Service, and type of enrollment
Inflation	2.75%
Payroll Growth	3.00%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 2.75% and an annual production growth of 0.25%

REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
JUNE 30, 2017

OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN FUNDING PROGRESS

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

Schedule of Funding Progress - Other Post-Employment Benefit Plan

Actuarial Valuation Date	Actuarial Accrued Liability (AAL) (A)	Actuarial Value of Assets (B)	Unfunded Actuarial Accrued Liability (UAAL) (A) - (B)	Funded Ratio (B) / (A)	Annual Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((A - B) / C)
07/01/11	\$ 96,530,244	\$ 16,182,147	\$ 80,348,097	16.8%	\$ 50,192,076	160.1%
07/01/13	96,174,626	20,412,616	75,762,010	21.2%	44,512,395	170.2%
07/01/15	126,756,944	26,019,812	100,737,132	20.5%	46,879,660	214.9%

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 July 1, 2017 for the two years ending June 30, 2017 and 2018. However, the information pertains to GASB Statement No. 75 which will be implemented in Fiscal Year 2017-18. The information presented above is for the previous three actuarial valuations.

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



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
- Budgetary Comparison Schedules – Nonmajor Governmental Funds
- 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
- Combining Statement of Changes in Assets and Liabilities – Agency Funds



Combining Financial Statements – 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.

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.

Combining Financial Statements – Nonmajor Governmental Funds

Capital Project Funds (continued)

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.

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.

CITY OF CORONA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017

	Special Revenue Funds			
	Gas Tax	Measure A	Trip Reduction	Asset Forfeiture
Assets				
Cash and Investments	\$ 4,570,541	\$ 9,000,622	\$ 893,929	\$ 599,659
Accounts Receivable	-	3,715	-	-
Interest Receivable	15,683	29,999	3,066	2,057
Due from Other Governmental Agencies	-	2,017,804	53,450	-
Loans Receivable	-	-	-	-
Restricted Assets:				
Cash and Investments	1,586	1,406,909	-	-
Total Assets	\$ 4,587,810	\$ 12,459,049	\$ 950,445	\$ 601,716
Liabilities and Fund Balances				
Liabilities				
Accounts Payable and Accrued Liabilities	\$ 55,362	\$ 166,258	\$ -	\$ 376
Deposits	-	-	-	-
Due to Other Funds	-	-	-	-
Unearned Revenue	-	-	-	83,333
Interfund Advances Payable	-	-	-	-
Liabilities Payable from Restricted Assets	1,586	1,410,349	-	-
Total Liabilities	56,948	1,576,607	-	83,709
Fund Balances				
Restricted	4,530,862	10,882,442	950,445	518,007
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	4,530,862	10,882,442	950,445	518,007
Total Liabilities and Fund Balances	\$ 4,587,810	\$ 12,459,049	\$ 950,445	\$ 601,716

CITY OF CORONA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017

(CONTINUED)

	Special Revenue Funds		Capital Projects Funds	
	Special Tax Districts	Other Grants & Endowments	Public Facility Project	HUD Grants
Assets				
Cash and Investments	\$ 17,977,100	\$ 519,030	\$ -	\$ 493,912
Accounts Receivable	106,538	1,075	-	17,895
Interest Receivable	61,700	1,663	-	-
Due from Other Governmental Agencies	151,800	-	826,521	170,724
Loans Receivable	-	-	-	2,909,602
Restricted Assets:				
Cash and Investments	15,531	-	113,288	-
Total Assets	\$ 18,312,669	\$ 521,768	\$ 939,809	\$ 3,592,133
Liabilities and Fund Balances				
Liabilities				
Accounts Payable and Accrued Liabilities	\$ 315,646	\$ 53,183	\$ 124,812	\$ 143,604
Deposits	1,550	-	-	-
Due to Other Funds	1,554	-	863,522	19,997
Unearned Revenue	-	261,171	-	114,274
Interfund Advances Payable	105,385	-	-	-
Liabilities Payable from Restricted Assets	72,085	-	-	-
Total Liabilities	496,220	314,354	988,334	277,875
Fund Balances				
Restricted	17,816,449	207,414	-	3,314,258
Assigned	-	-	-	-
Unassigned	-	-	(48,525)	-
Total Fund Balances	17,816,449	207,414	(48,525)	3,314,258
Total Liabilities and Fund Balances	\$ 18,312,669	\$ 521,768	\$ 939,809	\$ 3,592,133

CITY OF CORONA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017

	Capital Projects Funds		Debt Service	Total Other Governmental Funds
	Planned Local Drainage	Other Grants	Fund Public Financing Authority	
Assets				
Cash and Investments	\$ 152,008	\$ 7,829	\$ -	\$ 34,214,630
Accounts Receivable	9,519	1,306,252	-	1,444,994
Interest Receivable	-	33	-	114,201
Due from Other Governmental Agencies	317,924	3,991,219	-	7,529,442
Loans Receivable	-	-	-	2,909,602
Restricted Assets:				
Cash and Investments	-	365,502	204	1,903,020
Total Assets	\$ 479,451	\$ 5,670,835	\$ 204	\$ 48,115,889
Liabilities and Fund Balances				
Liabilities				
Accounts Payable and Accrued Liabilities	\$ 46,799	\$ 654,554	\$ -	\$ 1,560,594
Deposits	-	-	-	1,550
Due to Other Funds	-	4,725,443	-	5,610,516
Unearned Revenue	-	273,231	-	732,009
Interfund Advances Payable	-	-	-	105,385
Liabilities Payable from Restricted Assets	-	5,000	-	1,489,020
Total Liabilities	46,799	5,658,228	-	9,499,074
Fund Balances				
Restricted	-	12,607	204	38,232,688
Assigned	432,652	-	-	432,652
Unassigned	-	-	-	(48,525)
Total Fund Balances	432,652	12,607	204	38,616,815
Total Liabilities and Fund Balances	\$ 479,451	\$ 5,670,835	\$ 204	\$ 48,115,889



CITY OF CORONA

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017**

	Special Revenue Funds			
	Gas Tax	Measure A	Trip Reduction	Asset Forfeiture
Revenues				
Licenses, Fees and Permits	\$ -	\$ -	\$ -	\$ -
Fines and Penalties	-	-	-	297,405
Special Assessments	-	-	-	-
Investment Earnings	6,097	(24,635)	5,075	2,567
Intergovernmental Revenues	3,114,133	11,412,904	210,269	-
Current Services	-	-	-	-
Other Revenues	11,836	-	-	-
Total Revenues	3,132,066	11,388,269	215,344	299,972
Expenditures				
Current:				
General Government	-	-	-	-
Public Safety - Fire	-	-	-	-
Public Safety - Police	-	-	-	17,565
Public Works & Maintenance Services	1,173,533	502,134	30,330	-
Library and Recreation Services	-	-	-	-
Community Development	-	-	-	-
Capital Outlay	608,045	10,286,163	-	-
Debt Service:				
Interest and Fiscal Charges	-	-	-	-
Total Expenditures	1,781,578	10,788,297	30,330	17,565
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,350,488	599,972	185,014	282,407
Other Financing Sources (Uses)				
Transfers In	-	-	-	-
Transfers Out	(1,173,010)	-	-	-
Refunding bonds issued	-	-	-	-
Bond premium	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Total Other Financing Uses	(1,173,010)	-	-	-
Net Change in Fund Balances	177,478	599,972	185,014	282,407
Fund Balances, Beginning of Year	4,353,384	10,282,470	765,431	235,600
Restatements	-	-	-	-
Fund Balances, Beginning of Year, as Restated	4,353,384	10,282,470	765,431	235,600
Fund Balances, End of Year	\$ 4,530,862	\$ 10,882,442	\$ 950,445	\$ 518,007

CITY OF CORONA

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017

(CONTINUED)

	Special Revenue Funds		Capital Projects Funds	
	Special Tax Districts	Other Grants & Endowments	Public Facility Project	HUD Grants
Revenues				
Licenses, Fees and Permits	\$ 1,925	\$ -	\$ -	\$ -
Fines and Penalties	-	-	-	-
Special Assessments	8,269,221	-	-	-
Investment Earnings	(3,493)	810	-	-
Intergovernmental Revenues	-	357,569	5,489,886	626,579
Current Services	44,488	174,725	-	-
Other Revenues	191,071	92	-	95,779
Total Revenues	8,503,212	533,196	5,489,886	722,358
Expenditures				
Current:				
General Government	86,842	-	-	-
Public Safety - Fire	-	-	-	-
Public Safety - Police	-	586,552	-	-
Public Works & Maintenance Services	5,900,397	-	-	-
Library and Recreation Services	-	17,766	-	-
Community Development	-	-	-	138,265
Capital Outlay	1,866,633	-	5,538,249	458,263
Debt Service:				
Interest and Fiscal Charges	6,506	-	-	-
Total Expenditures	7,860,378	604,318	5,538,249	596,528
Excess (Deficiency) of Revenues Over (Under) Expenditures	642,834	(71,122)	(48,363)	125,830
Other Financing Sources (Uses)				
Transfers In	98,822	-	-	-
Transfers Out	-	(38)	-	-
Refunding bonds issued	-	-	-	-
Bond premium	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Total Other Financing Uses	98,822	(38)	-	-
Net Change in Fund Balances	741,656	(71,160)	(48,363)	125,830
Fund Balances, Beginning of Year	17,074,793	278,574	(162)	2,399,250
Restatements	-	-	-	789,178
Fund Balances, Beginning of Year, as Restated	17,074,793	278,574	(162)	3,188,428
Fund Balances, End of Year	\$ 17,816,449	\$ 207,414	\$ (48,525)	\$ 3,314,258

CITY OF CORONA

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017

	Capital Projects Funds		Debt Service	Total Other Governmental Funds
	Planned Local Drainage	Other Grants	Fund Public Financing Authority	
Revenues				
Licenses, Fees and Permits	\$ 773,671	\$ -	\$ -	\$ 775,596
Fines and Penalties	-	-	-	297,405
Special Assessments	-	-	-	8,269,221
Investment Earnings	-	71	19,685	6,177
Intergovernmental Revenues	-	3,223,452	-	24,434,792
Current Services	-	-	-	219,213
Other Revenues	240,116	1,700,877	-	2,239,771
Total Revenues	1,013,787	4,924,400	19,685	36,242,175
Expenditures				
Current:				
General Government	-	-	293,089	379,931
Public Safety - Fire	-	-	-	-
Public Safety - Police	-	-	-	604,117
Public Works & Maintenance Services	928,436	-	-	8,534,830
Library and Recreation Services	-	12,200	-	29,966
Community Development	-	-	-	138,265
Capital Outlay	6,931	4,814,332	-	23,578,616
Debt Service:				
Interest and Fiscal Charges	-	-	-	6,506
Total Expenditures	935,367	4,826,532	293,089	33,272,231
Excess (Deficiency) of Revenues Over (Under) Expenditures	78,420	97,868	(273,404)	2,969,944
Other Financing Sources (Uses)				
Transfers In	-	-	-	98,822
Transfers Out	-	-	(2,425,347)	(3,598,395)
Refunding bonds issued	-	-	24,520,000	24,520,000
Bond premium	-	-	2,974,564	2,974,564
Payment to refunded bond escrow agent	-	-	(27,212,450)	(27,212,450)
Total Other Financing Uses	-	-	(2,143,233)	(3,217,459)
Net Change in Fund Balances	78,420	97,868	(2,416,637)	(247,515)
Fund Balances, Beginning of Year	354,232	(85,261)	2,416,841	38,075,152
Restatements	-	-	-	789,178
Fund Balances, Beginning of Year, as Restated	354,232	(85,261)	2,416,841	38,864,330
Fund Balances, End of Year	\$ 432,652	\$ 12,607	\$ 204	\$ 38,616,815



Budgetary Comparison Schedules – Nonmajor Governmental Funds

The Budgetary Comparison Schedules – Nonmajor Governmental Funds consist of the following fund types:

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



CITY OF CORONA

**BUDGETARY COMPARISON SCHEDULE
GAS TAX
YEAR ENDED JUNE 30, 2017**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 4,353,384	\$ 4,353,384	\$ 4,353,384	\$ -
Resources (Inflows):				
Intergovernmental	3,272,699	3,272,699	3,114,133	(158,566)
Investment earnings	57,700	57,700	6,097	(51,603)
Other revenues	-	-	11,836	11,836
Amounts Available for Appropriations	7,683,783	7,683,783	7,485,450	(198,333)
Charges to Appropriation (Outflow):				
Public works & maintenance services	1,293,454	1,289,787	1,173,533	116,254
Capital outlay	912,500	3,754,713	608,045	3,146,668
Transfers out	-	1,400,000	1,173,010	226,990
Total Charges to Appropriations	2,205,954	6,444,500	2,954,588	3,489,912
Budgetary Fund Balance, June 30	\$ 5,477,829	\$ 1,239,283	\$ 4,530,862	\$ 3,291,579

CITY OF CORONA

**BUDGETARY COMPARISON SCHEDULE
MEASURE A FUND
YEAR ENDED JUNE 30, 2017**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 10,282,470	\$ 10,282,470	\$ 10,282,470	\$ -
Resources (Inflows):				
Intergovernmental	4,146,000	4,146,000	11,412,904	7,266,904
Investment earnings	75,700	75,700	(24,635)	(100,335)
Amounts Available for Appropriations	14,504,170	14,504,170	21,670,739	7,166,569
Charges to Appropriation (Outflow):				
Public works & maintenance services	252,889	252,889	502,134	(249,245)
Capital outlay	5,740,000	21,390,698	10,286,163	11,104,535
Total Charges to Appropriations	5,992,889	21,643,587	10,788,297	10,855,290
Budgetary Fund Balance, June 30	\$ 8,511,281	\$ (7,139,417)	\$ 10,882,442	\$ 18,021,859

CITY OF CORONA

**BUDGETARY COMPARISON SCHEDULE
TRIP REDUCTION
YEAR ENDED JUNE 30, 2017**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 765,431	\$ 765,431	\$ 765,431	\$ -
Resources (Inflows):				
Intergovernmental	200,000	200,000	210,269	10,269
Investment earnings	6,000	6,000	5,075	(925)
Amounts Available for Appropriations	971,431	971,431	980,775	9,344
Charges to Appropriation (Outflow):				
Public works & maintenance services	18,000	31,931	30,330	1,601
Total Charges to Appropriations	18,000	31,931	30,330	1,601
Budgetary Fund Balance, June 30	\$ 953,431	\$ 939,500	\$ 950,445	\$ 10,945

CITY OF CORONA

**BUDGETARY COMPARISON SCHEDULE
ASSET FORFEITURE
YEAR ENDED JUNE 30, 2017**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 235,600	\$ 235,600	\$ 235,600	\$ -
Resources (Inflows):				
Investment earnings	2,800	2,800	2,567	(233)
Fines and penalties	-	-	297,405	297,405
Amounts Available for Appropriations	238,400	238,400	535,572	297,172
Charges to Appropriation (Outflow):				
Public safety - Police	10,000	19,282	17,565	1,717
Total Charges to Appropriations	10,000	19,282	17,565	1,717
Budgetary Fund Balance, June 30	\$ 228,400	\$ 219,118	\$ 518,007	\$ 298,889

CITY OF CORONA

**BUDGETARY COMPARISON SCHEDULE
SPECIAL TAX DISTRICTS
YEAR ENDED JUNE 30, 2017**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 17,074,793	\$ 17,074,793	\$ 17,074,793	\$ -
Resources (Inflows):				
Licenses and permits	-	-	1,925	1,925
Special assessments	8,652,269	8,652,269	8,269,221	(383,048)
Current services	116,000	116,000	44,488	(71,512)
Investment earnings	158,303	158,303	(3,493)	(161,796)
Other revenues	800	800	191,071	190,271
Transfers in	-	691,128	98,822	(592,306)
Amounts Available for Appropriations	26,002,165	26,693,293	25,676,827	(1,016,466)
Charges to Appropriation (Outflow):				
General government	142,279	142,546	86,842	55,704
Public works & maintenance services	7,988,251	7,974,068	5,900,397	2,073,671
Capital outlay	785,169	7,410,285	1,866,633	5,543,652
Debt service:				
Interest and fiscal charges	6,510	6,510	6,506	4
Total Charges to Appropriations	8,922,209	15,533,409	7,860,378	7,673,031
Budgetary Fund Balance, June 30	\$ 17,079,956	\$ 11,159,884	\$ 17,816,449	\$ 6,656,565

CITY OF CORONA

**BUDGETARY COMPARISON SCHEDULE
OTHER GRANTS & ENDOWMENTS
YEAR ENDED JUNE 30, 2017**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 278,574	\$ 278,574	\$ 278,574	\$ -
Resources (Inflows):				
Intergovernmental	341,385	382,140	357,569	(24,571)
Current services	200,000	200,000	174,725	(25,275)
Investment earnings	7,800	7,800	810	(6,990)
Other revenues	-	-	92	92
Amounts Available for Appropriations	827,759	868,514	811,770	(56,744)
Charges to Appropriation (Outflow):				
Public safety - Police	694,755	808,956	586,552	222,404
Library and recreation services	-	27,718	17,766	9,952
Transfers out	-	-	38	(38)
Total Charges to Appropriations	694,755	836,674	604,356	232,318
Budgetary Fund Balance, June 30	\$ 133,004	\$ 31,840	\$ 207,414	\$ 175,574

CITY OF CORONA

**BUDGETARY COMPARISON SCHEDULE
 LOW MOD INCOME HOUSING ASSET
 YEAR ENDED JUNE 30, 2017**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1, as restated	\$ 22,424,808	\$ 22,424,808	\$ 22,424,808	\$ -
Resources (Inflows):				
Investment earnings	31,500	31,500	26,461	(5,039)
Developer participation	-	-	129	129
Other revenues	3,910,000	3,910,000	862,825	(3,047,175)
Amounts Available for Appropriations	26,366,308	26,366,308	23,314,223	(3,052,085)
Charges to Appropriation (Outflow):				
Community Development	125,065	125,146	150,849	(25,703)
Capital outlay	25,000	2,060,714	41,448	2,019,266
Total Charges to Appropriations	150,065	2,185,860	192,297	1,993,563
Budgetary Fund Balance, June 30	\$ 26,216,243	\$ 24,180,448	\$ 23,121,926	\$ (1,058,522)

CITY OF CORONA

**BUDGETARY COMPARISON SCHEDULE
DEVELOPMENT
YEAR ENDED JUNE 30, 2017**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1, as restated	\$ 8,453,822	\$ 8,453,822	\$ 8,453,822	\$ -
Resources (Inflows):				
Licenses and permits	3,610,600	3,610,600	2,754,560	(856,040)
Use of money and property	311,700	311,700	(6,862)	(318,562)
Developer participation	200,000	200,000	344,640	144,640
Miscellaneous	-	-	74	74
Amounts Available for Appropriation	<u>12,576,122</u>	<u>12,576,122</u>	<u>11,546,234</u>	<u>(1,029,888)</u>
Charges to Appropriation (Outflow):				
Public safety - Fire	43	43	43	-
Public works	90,782	115,616	121,923	(6,307)
Capital outlay	6,185,633	16,843,374	4,167,297	12,676,077
Transfers out	2,412,300	2,412,300	1,980,000	432,300
Total Charges to Appropriations	<u>8,688,758</u>	<u>19,371,333</u>	<u>6,269,263</u>	<u>13,102,070</u>
Budgetary Fund Balance, June 30	<u>\$ 3,887,364</u>	<u>\$ (6,795,211)</u>	<u>\$ 5,276,971</u>	<u>\$ 12,072,182</u>

CITY OF CORONA

**BUDGETARY COMPARISON SCHEDULE
PUBLIC FACILITY PROJECT
YEAR ENDED JUNE 30, 2017**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ (162)	\$ (162)	\$ (162)	\$ -
Resources (Inflows):				
Intergovernmental	1,000,000	4,847,000	5,489,886	642,886
Amounts Available for Appropriations	999,838	4,846,838	5,489,724	642,886
Charges to Appropriation (Outflow):				
Capital outlay	-	12,756,571	5,538,249	7,218,322
Total Charges to Appropriations	-	12,756,571	5,538,249	7,218,322
Budgetary Fund Balance, June 30	\$ 999,838	\$ (7,909,733)	\$ (48,525)	\$ 7,861,208

CITY OF CORONA

**BUDGETARY COMPARISON SCHEDULE
HUD GRANTS
YEAR ENDED JUNE 30, 2017**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1, as restated	\$ 3,188,428	\$ 3,188,428	\$ 3,188,428	\$ -
Resources (Inflows):				
Intergovernmental	1,590,220	1,590,220	626,579	(963,641)
Other revenues	-	-	95,779	95,779
Amounts Available for Appropriations	<u>4,778,648</u>	<u>4,778,648</u>	<u>3,910,786</u>	<u>(867,862)</u>
Charges to Appropriation (Outflow):				
Community Development	72,775	72,775	138,265	(65,490)
Capital outlay	1,517,445	2,508,671	458,263	2,050,408
Total Charges to Appropriations	<u>1,590,220</u>	<u>2,581,446</u>	<u>596,528</u>	<u>1,984,918</u>
Budgetary Fund Balance, June 30	<u>\$ 3,188,428</u>	<u>\$ 2,197,202</u>	<u>\$ 3,314,258</u>	<u>\$ 1,117,056</u>

CITY OF CORONA

**BUDGETARY COMPARISON SCHEDULE
 PLANNED LOCAL DRAINAGE
 YEAR ENDED JUNE 30, 2017**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 354,232	\$ 354,232	\$ 354,232	\$ -
Resources (Inflows):				
Licenses, fees and permits	751,000	751,000	773,671	22,671
Other revenues	237,425	237,425	240,116	2,691
Amounts Available for Appropriations	1,342,657	1,342,657	1,368,019	25,362
Charges to Appropriation (Outflow):				
Public works & maintenance services	1,034,202	1,010,727	928,436	82,291
Capital outlay	-	60,000	6,931	53,069
Total Charges to Appropriations	1,034,202	1,070,727	935,367	135,360
Budgetary Fund Balance, June 30	\$ 308,455	\$ 271,930	\$ 432,652	\$ 160,722

CITY OF CORONA

**BUDGETARY COMPARISON SCHEDULE
OTHER GRANTS
YEAR ENDED JUNE 30, 2017**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (85,261)	\$ (85,261)	\$ (85,261)	\$ -
Resources (Inflows):				
Intergovernmental	66,532	399,881	3,223,452	2,823,571
Investment earnings	162	162	71	(91)
Other revenues	-	66,267,783	1,700,877	(64,566,906)
Amounts Available for Appropriations	(18,567)	66,582,565	4,839,139	(61,743,426)
Charges to Appropriation (Outflow):				
Library and recreation services	-	12,073	12,200	(127)
Capital outlay	299,217	80,101,624	4,814,332	75,287,292
Total Charges to Appropriations	299,217	80,113,697	4,826,532	75,287,165
Budgetary Fund Balance, June 30	\$ (317,784)	\$ (13,531,132)	\$ 12,607	\$ 13,543,739

CITY OF CORONA

**BUDGETARY COMPARISON SCHEDULE
PUBLIC FINANCING AUTHORITY
YEAR ENDED JUNE 30, 2017**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,416,841	\$ 2,416,841	\$ 2,416,841	\$ -
Resources (Inflows):				
Investment earnings	19,100	19,100	19,685	585
Refunding bonds issued	-	-	24,520,000	24,520,000
Bond premium	-	-	2,974,564	2,974,564
Amounts Available for Appropriations	2,435,941	2,435,941	29,931,090	27,495,149
Charges to Appropriation (Outflow):				
General government	-	1,052,379	293,089	759,290
Transfers out	-	-	2,425,347	(2,425,347)
Payment to refunded bond escrow agent	-	28,572,466	27,212,450	1,360,016
Total Charges to Appropriations	-	29,624,845	29,930,886	(306,041)
Budgetary Fund Balance, June 30	\$ 2,435,941	\$ (27,188,904)	\$ 204	\$ 27,189,108



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
NON-MAJOR PROPRIETARY FUNDS
JUNE 30, 2017

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Transit Services</u>	<u>Airport</u>	<u>Totals</u>
Assets			
Current Assets			
Cash and Investments	\$ 525,871	\$ 369,967	\$ 895,838
Accounts Receivable, Net	3,718	20,816	24,534
Interest Receivable	4,197	1,269	5,466
Due from Other Governmental Agencies	139,802	-	139,802
Restricted:			
Cash and Investments	697,391	-	697,391
Total Current Assets	1,370,979	392,052	1,763,031
Noncurrent Assets			
Capital Assets:			
Capital Assets, Net of Depreciation	4,049,852	116,634	4,166,486
Total Capital Assets	4,049,852	116,634	4,166,486
Total Noncurrent Assets	4,049,852	116,634	4,166,486
Total Assets	5,420,831	508,686	5,929,517
Deferred Outflows of Resources			
Deferred Pension Related Items	245,039	52	245,091
Total Deferred Outflows of Resources	245,039	52	245,091
Total Assets and Deferred Outflows of Resources	\$ 5,665,870	\$ 508,738	\$ 6,174,608
Liabilities, Deferred Inflows of Resources, and Net Position			
Liabilities			
Current Liabilities			
Accounts Payable and Accrued Liabilities	\$ 151,426	\$ 1,080	\$ 152,506
Unearned Revenue	408,771	65	408,836
Deposits	-	890	890
Compensated Absences Payable	30,354	-	30,354
Total Current Liabilities	590,551	2,035	592,586
Noncurrent Liabilities			
Interfund Advances Payable	-	130,000	130,000
Compensated Absences Payable	-	-	-
Net Pension Liability	534,710	374	535,084
Total Noncurrent Liabilities	534,710	130,374	665,084
Total Liabilities	1,125,261	132,409	1,257,670
Deferred Inflows of Resources			
Deferred Pension Related Items	71,070	139	71,209
Total Deferred Inflows of Resources	71,070	139	71,209
Net Position			
Net Investment in Capital Assets	4,049,852	116,634	4,166,486
Restricted for:			
Transportation	697,391	-	697,391
Unrestricted	(277,704)	259,556	(18,148)
Total Net Position	4,469,539	376,190	4,845,729
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 5,665,870	\$ 508,738	\$ 6,174,608

CITY OF CORONA

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
NON-MAJOR PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2017

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Transit Services</u>	<u>Airport</u>	<u>Totals</u>
Operating Revenues			
Fees and Permits	\$ -	\$ 35,914	\$ 35,914
Other Revenues	427,533	262,954	690,487
Total Operating Revenues	427,533	298,868	726,401
Operating Expenses			
Personnel Services	278,348	-	278,348
Contractual	1,634,568	10,594	1,645,162
Materials and Supplies	73,341	110,033	183,374
Utilities	210,501	8,937	219,438
Depreciation and Amortization	629,943	37,296	667,239
Total Operating Expenses	2,826,701	166,860	2,993,561
Operating Income (Loss)	(2,399,168)	132,008	(2,267,160)
Nonoperating Revenues (Expenses)			
Investment Earnings	(430)	1,642	1,212
Operating Grants and Contributions	1,793,280	10,000	1,803,280
Total Nonoperating Revenues (Expenses)	1,792,850	11,642	1,804,492
Income (Loss) Before Contributions and Transfers	(606,318)	143,650	(462,668)
Capital Grants and Contributions	146,937	-	146,937
Changes in Net Position	(459,381)	143,650	(315,731)
Net Position, Beginning of Year	4,928,920	232,540	5,161,460
Net Position, End of Year	\$ 4,469,539	\$ 376,190	\$ 4,845,729

CITY OF CORONA

**COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2017**

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Transit Services</u>	<u>Airport</u>	<u>Totals</u>
Cash Flows from Operating Activities:			
Cash received from customers and users	\$ -	\$ 17,606	\$ 17,606
Cash paid to suppliers for goods and services	(2,078,893)	(129,751)	(2,208,644)
Cash paid to employees for services	(325,717)	(3)	(325,720)
Cash received from others	711,289	263,019	974,308
Net Cash Provided (Used) by Operating Activities	(1,693,321)	150,871	(1,542,450)
Cash Flows from Non-Capital Financing Activities:			
Advance from other funds	-	(15,000)	(15,000)
Operating grants and contributions	1,793,280	10,000	1,803,280
Net Cash Provided (Used) by Non-Capital Financing Activities	1,793,280	(5,000)	1,788,280
Cash Flows from Capital and Related Financing Activities:			
Capital grants and contributions	146,937	-	146,937
Acquisition and construction of capital assets	(55,925)	-	(55,925)
Net Cash Provided (Used) by Capital and Related Financing Activities	91,012	-	91,012
Cash Flows from Investing Activities:			
Interest received	(1,513)	962	(551)
Net Cash Provided (Used) by Investing Activities	(1,513)	962	(551)
Net Increase (Decrease) in Cash and Cash Equivalents	189,458	146,833	336,291
Cash and Cash Equivalents at Beginning of Year	1,033,804	223,134	1,256,938
Cash and Cash Equivalents at End of Year	\$ 1,223,262	\$ 369,967	\$ 1,593,229
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ (2,399,168)	\$ 132,008	\$ (2,267,160)
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:			
Depreciation	629,943	37,296	667,239
(Increase) decrease in accounts receivable	(411)	(18,308)	(18,719)
(Increase) decrease in due from other governments	44,762	-	44,762
(Increase) decrease in deferred outflows of pension related items	(217,181)	(52)	(217,233)
Increase (decrease) in accounts payable	(160,483)	(187)	(160,670)
Increase (decrease) in unearned revenue	239,405	65	239,470
Increase (decrease) in compensated absences	(28,374)	-	(28,374)
Increase (decrease) in pension liability	147,746	(32)	147,714
Increase (decrease) in deferred inflows of pension related items	50,440	81	50,521
Total Adjustments	705,847	18,863	724,710
Net Cash Provided (Used) by Operating Activities	\$ (1,693,321)	\$ 150,871	\$ (1,542,450)

Non-Cash Investing, Capital, and Financing Activities:

There were no non-cash investing, capital or financing activities during fiscal year 2016-2017.



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, 2017

	Governmental Activities - Internal Service Funds		
	Fleet Operations	Self-Insurance	
		Workers' Compensation	Liability Risk
Assets			
Current Assets			
Cash and Investments	\$ 11,260,737	\$ 19,923,894	\$ 2,495,783
Accounts Receivable, Net	8,840	77,490	-
Due from Other Governmental Agencies	1,048	-	-
Inventories and Prepayments	161,971	340,000	-
Total Current Assets	11,432,596	20,341,384	2,495,783
Total Assets	11,432,596	20,341,384	2,495,783
Deferred Outflows of Resources			
Deferred Pension Related Items	570,459	-	-
Total Deferred Outflows of Resources	570,459	-	-
Total Assets and Deferred Outflows of Resources	\$ 12,003,055	\$ 20,341,384	\$ 2,495,783
Liabilities, Deferred Inflows of Resources, and Net Position			
Liabilities			
Current Liabilities			
Accounts Payable and Accrued Liabilities	\$ 372,041	\$ 151,941	\$ 179,101
Claims and Judgments Payable	-	3,925,878	941,077
Compensated Absences Payable	61,013	-	-
Total Current Liabilities	433,054	4,077,819	1,120,178
Noncurrent Liabilities			
Claims and Judgments Payable	-	17,211,227	1,375,605
Net Pension Liability	1,174,506	-	-
Total Noncurrent Liabilities	1,174,506	17,211,227	1,375,605
Total Liabilities	1,607,560	21,289,046	2,495,783
Deferred Inflows of Resources			
Deferred Pension Related Items	133,170	-	-
Total Deferred Inflows of Resources	133,170	-	-
Net Position			
Unrestricted	10,262,325	(947,662)	-
Total Net Position	10,262,325	(947,662)	-
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 12,003,055	\$ 20,341,384	\$ 2,495,783

CITY OF CORONA

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2017

	Governmental Activities - Internal Service Funds	
	Warehouse	Totals
Assets		
Current Assets		
Cash and Investments	\$ 310,850	\$ 33,991,264
Accounts Receivable, Net	-	86,330
Due from Other Governmental Agencies	-	1,048
Inventories and Prepayments	-	501,971
Total Current Assets	310,850	34,580,613
Total Assets	310,850	34,580,613
Deferred Outflows of Resources		
Deferred Pension Related Items	63,622	634,081
Total Deferred Outflows of Resources	63,622	634,081
Total Assets and Deferred Outflows of Resources	\$ 374,472	\$ 35,214,694
Liabilities, Deferred Inflows of Resources, and Net Position		
Liabilities		
Current Liabilities		
Accounts Payable and Accrued Liabilities	\$ 6,005	\$ 709,088
Claims and Judgments Payable	-	4,866,955
Compensated Absences Payable	1,398	62,411
Total Current Liabilities	7,403	5,638,454
Noncurrent Liabilities		
Claims and Judgments Payable	-	18,586,832
Net Pension Liability	108,821	1,283,327
Total Noncurrent Liabilities	108,821	19,870,159
Total Liabilities	116,224	25,508,613
Deferred Inflows of Resources		
Deferred Pension Related Items	4,529	137,699
Total Deferred Inflows of Resources	4,529	137,699
Net Position		
Unrestricted	253,719	9,568,382
Total Net Position	253,719	9,568,382
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 374,472	\$ 35,214,694

CITY OF CORONA

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2017

	<u>Governmental Activities - Internal Service Funds</u>		
	<u>Fleet Operations</u>	<u>Self-Insurance</u>	
		<u>Workers' Compensation</u>	<u>Liability Risk</u>
Operating Revenues			
Service Charges	\$ 3,369,543	\$ 2,914,487	\$ 791,778
Other Revenues	856,944	11,472	-
Total Operating Revenues	4,226,487	2,925,959	791,778
Operating Expenses			
Personnel Services	846,395	-	-
Contractual	68,700	-	196
Materials and Supplies	2,179,546	446,255	624,393
Utilities	918,996	-	-
Claims Expense	-	4,059,103	591,953
Total Operating Expenses	4,013,637	4,505,358	1,216,542
Operating Income (Loss)	212,850	(1,579,399)	(424,764)
Income (Loss) Before Transfers	212,850	(1,579,399)	(424,764)
Transfers Out	(173,534)	-	-
Changes in Net Position	39,316	(1,579,399)	(424,764)
Net Position, Beginning of Year	10,223,009	631,737	424,764
Net Position, End of Year	\$ 10,262,325	\$ (947,662)	\$ -

CITY OF CORONA

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2017

	<u>Governmental Activities - Internal Service Funds</u>	
	<u>Warehouse</u>	<u>Totals</u>
Operating Revenues		
Service Charges	\$ 670,733	\$ 7,746,541
Other Revenues	1,362	869,778
Total Operating Revenues	672,095	8,616,319
Operating Expenses		
Personnel Services	110,056	956,451
Contractual	82,118	151,014
Materials and Supplies	30,469	3,280,663
Utilities	212	919,208
Claims Expense	-	4,651,056
Total Operating Expenses	222,855	9,958,392
Operating Income (Loss)	449,240	(1,342,073)
Income (Loss) Before Transfers	449,240	(1,342,073)
Transfers Out	(395,900)	(569,434)
Changes in Net Position	53,340	(1,911,507)
Net Position, Beginning of Year	200,379	11,479,889
Net Position, End of Year	\$ 253,719	\$ 9,568,382

CITY OF CORONA

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2017**

	Governmental Activities - Internal Service Funds		
	Self-Insurance		
	Fleet Operations	Workers' Compensation	Liability Risk
Cash Flows from Operating Activities			
Cash received from customers and users	\$ 3,372,049	\$ 2,910,409	\$ 791,778
Cash paid to suppliers for goods and services	(3,064,352)	(518,661)	(449,588)
Cash paid to employees for services	(891,937)	-	-
Cash paid for current claims	-	(753,913)	(240,462)
Cash paid for long-term claims	-	(2,043,356)	(163,703)
Cash received from others	857,920	11,472	-
Net Cash Provided (Used) by Operating Activities	273,680	(394,049)	(61,975)
Cash Flows from Non-Capital Financing Activities			
Cash transfers out	(173,534)	-	-
Net Cash Provided (Used) by Non-Capital Financing Activities	(173,534)	-	-
Cash Flows from Investing Activities			
Net Increase (Decrease) in Cash and Cash Equivalents	100,146	(394,049)	(61,975)
Cash and Cash Equivalents			
Beginning of Year	11,160,591	20,317,943	2,557,758
End of Year	\$ 11,260,737	\$ 19,923,894	\$ 2,495,783
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities			
Operating Income (Loss)	\$ 212,850	\$ (1,579,399)	\$ (424,764)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Changes in Assets and Liabilities:			
(Increase) decrease in accounts receivable	2,506	(4,078)	-
(Increase) decrease in due from other governments	976	-	-
(Increase) decrease in inventories and prepayments	63,994	-	-
(Increase) decrease in deferred outflows of pension related items	(509,113)	-	-
Increase (decrease) in accounts payable and accrued liabilities	38,896	(72,406)	175,001
Increase (decrease) in claims and judgments	-	1,261,834	187,788
Increase (decrease) in compensated absences	(2,331)	-	-
Increase (decrease) in pension liability	371,255	-	-
Increase (decrease) in deferred inflows of pension related items	94,647	-	-
Total Adjustments	60,830	1,185,350	362,789
Net Cash Provided (Used) by Operating Activities	\$ 273,680	\$ (394,049)	\$ (61,975)

Non-Cash Investing, Capital, and Financing Activities:

There were no non-cash investing, capital or financing activities during fiscal year 2016-2017.

CITY OF CORONA

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2017

	<u>Governmental Activities - Internal Service Funds</u>	
	<u>Warehouse</u>	<u>Totals</u>
Cash Flows from Operating Activities		
Cash received from customers and users	\$ 670,733	\$ 7,744,969
Cash paid to suppliers for goods and services	(125,955)	(4,158,556)
Cash paid to employees for services	(115,776)	(1,007,713)
Cash paid for current claims	-	(994,375)
Cash paid for long-term claims	-	(2,207,059)
Cash received from others	1,362	870,754
Net Cash Provided (Used) by Operating Activities	<u>430,364</u>	<u>248,020</u>
Cash Flows from Non-Capital Financing Activities		
Cash transfers out	(395,900)	(569,434)
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>(395,900)</u>	<u>(569,434)</u>
Cash Flows from Investing Activities		
Net Increase (Decrease) in Cash and Cash Equivalents	34,464	(321,414)
Cash and Cash Equivalents		
Beginning of Year	276,386	34,312,678
End of Year	<u>\$ 310,850</u>	<u>\$ 33,991,264</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss)	\$ 449,240	\$ (1,342,073)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Changes in Assets and Liabilities:		
(Increase) decrease in accounts receivable	-	(1,572)
(Increase) decrease in due from other governments	-	976
(Increase) decrease in inventories and prepayments	-	63,994
(Increase) decrease in deferred outflows of pension related items	(57,319)	(566,432)
Increase (decrease) in accounts payable and accrued liabilities	(13,156)	128,335
Increase (decrease) in claims and judgments	-	1,449,622
Increase (decrease) in compensated absences	(1,059)	(3,390)
Increase (decrease) in pension liability	48,893	420,148
Increase (decrease) in deferred inflows of pension related items	3,765	98,412
Total Adjustments	<u>(18,876)</u>	<u>1,590,093</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 430,364</u>	<u>\$ 248,020</u>

Non-Cash Investing, Capital, and Financing Activities:

There were no non-cash investing, capital or financing activities during fiscal year 2016-2017



Combining Financial Statements

Agency Funds

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



CITY OF CORONA

COMBINING STATEMENT OF NET POSITION
 ALL AGENCY FUNDS
 JUNE 30, 2017

	<u>AD/CFD Fund</u>	<u>AB109 PACT</u>	<u>Totals</u>
Assets:			
Cash and Investments	\$ 1,136,902	\$ 2,057,401	\$ 3,194,303
Interest Receivable	90,075	7,056	97,131
Due from Other Governmental Agencies	178,742	-	178,742
Restricted Assets:			
Cash and Investments	<u>24,774,222</u>	<u>-</u>	<u>24,774,222</u>
Total Assets	<u>\$ 26,179,941</u>	<u>\$ 2,064,457</u>	<u>\$ 28,244,398</u>
Liabilities:			
Accounts Payable and Accrued Liabilities	\$ 12,743	\$ 69,700	\$ 82,443
Due to Bondholders	<u>26,167,198</u>	<u>1,994,757</u>	<u>28,161,955</u>
Total Liabilities	<u>\$ 26,179,941</u>	<u>\$ 2,064,457</u>	<u>\$ 28,244,398</u>

CITY OF CORONA

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
YEAR ENDED JUNE 30, 2017**

<u>AD/CFD Fund</u>	<u>Balance 7/1/2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/2017</u>
Assets				
Cash and Investments	\$ 1,151,397	\$ 20,651,370	\$ 20,665,865	\$ 1,136,902
Interest Receivable	88,538	248,180	246,643	90,075
Due from Other Governmental Agencies	217,029	178,743	217,030	178,742
Restricted Assets:				
Cash and Investments	24,972,935	58,296,007	58,494,720	24,774,222
Total Assets	\$ 26,429,899	\$ 79,374,300	\$ 79,624,258	\$ 26,179,941
Liabilities				
Accounts Payable and Accrued Liabilities	\$ 11,619	\$ 6,401,483	\$ 6,400,359	\$ 12,743
Due to Bondholders	26,418,280	43,551,444	43,802,526	26,167,198
Total Liabilities	\$ 26,429,899	\$ 49,952,927	\$ 50,202,885	\$ 26,179,941
AB109 PACT				
Assets:				
Cash and Investments	\$ 3,485,076	\$ 890,125	\$ 2,317,800	\$ 2,057,401
Interest Receivable	9,200	7,056	9,200	7,056
Total Assets	\$ 3,494,276	\$ 897,181	\$ 2,327,000	\$ 2,064,457
Liabilities:				
Accounts Payable and Accrued Liabilities	\$ 349,041	\$ 1,819,864	\$ 2,099,205	\$ 69,700
Due to Bondholders	3,145,235	897,181	2,047,659	1,994,757
Total Liabilities	\$ 3,494,276	\$ 2,717,045	\$ 4,146,864	\$ 2,064,457
Totals - All Agency Funds				
Assets:				
Cash and Investments	\$ 4,636,473	\$ 21,541,495	\$ 22,983,665	\$ 3,194,303
Interest Receivable	97,738	255,236	255,843	97,131
Due from Other Governmental Agencies	217,029	178,743	217,030	178,742
Restricted Assets:				
Cash and Investments	24,972,935	58,296,007	58,494,720	24,774,222
Total Assets	\$ 29,924,175	\$ 80,271,481	\$ 81,951,258	\$ 28,244,398
Liabilities:				
Accounts Payable and Accrued Liabilities	\$ 360,660	\$ 8,221,347	\$ 8,499,564	\$ 82,443
Due to Bondholders	29,563,515	44,448,625	45,850,185	28,161,955
Total Liabilities	\$ 29,924,175	\$ 52,669,972	\$ 54,349,749	\$ 28,244,398

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.

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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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Revenue Capacity – These schedules contain information to help readers to assess the City's most significant own-source revenues.	
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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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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.

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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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17 Operating Indicators by Function/Program **216**

18 Capital Assets Statistics by Function/Program **218**

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			
	2017	2016	2015	2014
Governmental Activities				
Net Investment in Capital Assets	\$ 638,468,424	\$ 618,953,633	\$ 587,861,831	\$ 557,314,076
Restricted for:				
Capital Projects	26,832,918	24,440,919	23,435,434	31,326,722
Debt Service	3,439,357	2,416,841	2,653,417	2,770,292
Transportation and Public Works	16,363,749	15,401,285	19,206,895	19,224,575
Special Assessment District	14,377,296	17,074,793	15,602,868	13,862,186
Development Projects	5,276,971	8,866,182	5,939,085	1,934,349
Other Purposes	725,421	514,174	560,289	803,053
Total Restricted	67,015,712	68,714,194	67,397,988	69,921,177
Unrestricted	106,765,363	96,234,263	90,173,729	270,365,217
Total Governmental Activities Net Position	\$ 812,249,499	\$ 783,902,090	\$ 745,433,548	\$ 897,600,470
Business-Type Activities				
Net Investment in Capital Assets	\$ 324,512,188	\$ 312,540,296	\$ 286,045,985	\$ 275,218,430
Restricted for:				
Capital Projects	6,735,454	7,205,941	6,898,174	10,780,901
Debt Service	-	-	6,061,277	6,813,257
Transportation and Public Works	697,391	611,272	830,088	1,317,690
Total Restricted	7,432,845	7,817,213	13,789,539	18,911,848
Unrestricted	(86,423,631)	(96,745,399)	(92,820,840)	(91,326,475)
Total Business-Type Activities Net Position	\$ 245,521,402	\$ 223,612,110	\$ 207,014,684	\$ 202,803,803
Primary Government				
Net Investment in Capital Assets	\$ 962,980,612	\$ 931,493,929	\$ 873,907,816	\$ 832,532,506
Restricted	74,448,557	76,531,407	81,187,527	88,833,025
Unrestricted	20,341,732	(511,136)	(2,647,111)	179,038,742
Total Primary Government Net Position	\$ 1,057,770,901	\$ 1,007,514,200	\$ 952,448,232	\$ 1,100,404,273

Note: The City implemented GASB Statements No. 68 and 71 in fiscal years ended June 30, 2015.

Fiscal Year					
2013	2012	2011	2010	2009	2008
\$ 542,474,178	\$ 547,427,503	\$ 512,867,317	\$ 457,625,412	\$ 451,393,337	\$ 456,849,781
87,678,260	95,362,651	26,795,896	80,695,897	85,200,711	73,254,682
2,772,671	3,418,104	10,773,995	7,079,903	11,968,561	25,251,084
16,083,567	14,494,532	-	-	-	-
12,404,874	11,655,625	-	-	-	-
4,703,812	6,763,589	-	-	-	-
1,173,375	708,280	50,908,926	60,915,014	43,585,727	38,816,368
<u>124,816,559</u>	<u>132,402,781</u>	<u>88,478,817</u>	<u>148,690,814</u>	<u>140,754,999</u>	<u>137,322,134</u>
<u>265,060,487</u>	<u>251,564,898</u>	<u>248,153,878</u>	<u>243,443,770</u>	<u>245,794,117</u>	<u>215,990,032</u>
<u>\$ 932,351,224</u>	<u>\$ 931,395,182</u>	<u>\$ 849,500,012</u>	<u>\$ 849,759,996</u>	<u>\$ 837,942,453</u>	<u>\$ 810,161,947</u>
\$ 281,276,333	\$ 274,761,353	\$ 66,109,520	\$ 219,780,082	\$ 228,912,014	\$ 225,030,195
-	-	-	-	-	-
8,435,288	10,969,563	-	-	-	-
130,390	637,926	18,065,870	10,779,222	18,188,735	17,031,575
<u>8,565,678</u>	<u>11,607,489</u>	<u>18,065,870</u>	<u>10,779,222</u>	<u>18,188,735</u>	<u>17,031,575</u>
<u>(100,444,897)</u>	<u>(107,169,420)</u>	<u>73,811,520</u>	<u>(82,129,735)</u>	<u>(110,940,686)</u>	<u>(119,578,075)</u>
<u>\$ 189,397,114</u>	<u>\$ 179,199,422</u>	<u>\$ 157,986,910</u>	<u>\$ 148,429,569</u>	<u>\$ 136,160,063</u>	<u>\$ 122,483,695</u>
\$ 823,750,511	\$ 822,188,856	\$ 578,976,837	\$ 677,405,494	\$ 680,305,351	\$ 681,879,976
133,382,237	144,010,270	106,544,687	159,470,036	158,943,734	154,353,709
164,615,590	144,395,478	321,965,398	161,314,035	134,853,431	96,411,957
<u>\$ 1,121,748,338</u>	<u>\$ 1,110,594,604</u>	<u>\$ 1,007,486,922</u>	<u>\$ 998,189,565</u>	<u>\$ 974,102,516</u>	<u>\$ 932,645,642</u>

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

	Fiscal Year			
	2017	2016	2015	2014
Expenses				
Governmental Activities:				
General Government	\$ 28,273,481	\$ 27,435,359	\$ 24,481,334	\$ 23,974,508
Public Safety - Fire	26,004,329	24,447,062	24,052,304	23,062,147
Public Safety - Police	47,773,812	44,341,895	42,939,535	40,779,963
Public Works & Maintenance Services	35,763,511	39,647,786	33,544,227	39,591,302
Library and Recreation Services	5,281,168	6,463,940	6,559,251	4,417,913
Community Development	4,736,871	5,933,581	3,806,766	3,453,020
Economic Development	4,927,998	4,422,141	3,107,755	5,344,121
Interest and Fiscal Charges	1,034,468	1,910,542	2,016,105	2,172,050
Total Governmental Activities Expenses	<u>\$ 153,795,638</u>	<u>\$ 154,602,306</u>	<u>\$ 140,507,277</u>	<u>\$ 142,795,024</u>
Business-Type Activities:				
Water	52,922,440	51,177,312	55,714,372	58,165,289
Water Reclamation	24,258,766	25,004,508	26,500,708	29,160,167
Electric	15,559,948	20,082,535	15,192,888	13,373,418
Transit Services	2,826,701	2,732,394	2,477,893	2,355,405
Airport	166,860	197,702	282,969	281,771
Total Business-Type Activities Expenses	<u>95,734,715</u>	<u>99,194,451</u>	<u>100,168,830</u>	<u>103,336,050</u>
Total Primary Government Expenses	<u>\$ 249,530,353</u>	<u>\$ 253,796,757</u>	<u>\$ 240,676,107</u>	<u>\$ 246,131,074</u>
Program Revenues				
Governmental Activities:				
Charges for Services:				
General Government*	18,216,829	18,556,870	20,774,890	16,938,527
Public Safety - Fire	4,087,577	3,679,300	3,142,720	4,264,876
Public Safety - Police	1,090,884	1,082,045	1,065,181	2,070,221
Public Works & Maintenance Services	15,757,571	15,708,292	20,011,693	20,068,114
Library and Recreation Services	1,690,619	1,481,845	1,014,872	319,806
Community Development	2,112,169	2,116,832	2,420,301	3,316,624
Economic Development	-	-	-	666,394
Operating Grants and Contributions	13,607,731	13,468,867	11,780,932	12,555,412
Capital Grants and Contributions	23,356,504	40,508,675	27,197,609	20,783,935
Total Governmental Activities Program Revenues	<u>79,919,884</u>	<u>96,602,726</u>	<u>87,408,198</u>	<u>80,983,909</u>
Business-Type activities:				
Charges for Services:				
Water	51,435,658	48,753,278	52,620,052	55,937,613
Water Reclamation	31,271,134	30,755,583	30,735,952	30,626,667
Electric	16,789,626	17,057,728	16,760,206	17,182,310
Transit Services	445,604	427,417	432,281	406,202
Airport	298,868	272,217	288,820	316,402
Operating Grants and Contributions	2,876,392	5,116,662	4,160,035	1,640,359
Capital Grants and Contributions	13,061,722	6,954,812	13,485,750	4,225,256
Total Business-Type Activities Program Revenue:	<u>116,179,004</u>	<u>109,337,697</u>	<u>118,483,096</u>	<u>110,334,809</u>
Total Primary Government Program Revenues	<u>\$ 196,098,888</u>	<u>\$ 205,940,423</u>	<u>\$ 205,891,294</u>	<u>\$ 191,318,718</u>

* For 2016 and prior, General Government's program revenue was restated to reclassify Lease and Rental Income from General Revenues to Program Revenues.

Fiscal Year					
2013	2012	2011	2010	2009	2008
\$ 22,853,992	\$ 20,551,027	\$ 21,771,013	\$ 23,778,004	\$ 23,387,380	\$ 22,014,630
22,702,313	21,506,851	23,066,539	23,849,351	23,118,471	22,465,104
40,357,283	39,791,147	40,465,516	44,573,946	40,723,499	38,811,288
43,533,983	41,086,166	43,036,551	44,328,099	44,683,918	41,695,145
2,825,606	2,640,592	2,745,336	3,108,194	3,142,627	3,539,703
-	-	-	-	-	-
6,877,725	12,860,222	15,368,206	18,283,224	19,061,398	17,679,157
2,953,366	3,648,700	14,655,640	13,471,571	16,447,756	14,913,380
<u>\$ 142,104,268</u>	<u>\$ 142,084,705</u>	<u>\$ 161,108,801</u>	<u>\$ 171,392,389</u>	<u>\$ 170,565,049</u>	<u>\$ 161,118,407</u>
57,605,446	55,837,945	46,791,524	48,080,241	46,284,613	48,772,948
29,060,647	30,224,698	25,940,578	27,212,393	27,164,627	27,937,584
14,675,785	14,569,429	17,638,508	21,951,228	21,962,931	23,590,548
2,286,292	2,148,857	2,078,197	2,309,727	2,256,556	2,128,258
301,454	307,538	328,658	316,270		
<u>103,929,624</u>	<u>103,088,467</u>	<u>92,777,465</u>	<u>99,869,859</u>	<u>97,668,727</u>	<u>102,429,338</u>
<u>\$ 246,033,892</u>	<u>\$ 245,173,172</u>	<u>\$ 253,886,266</u>	<u>\$ 271,262,248</u>	<u>\$ 268,233,776</u>	<u>\$ 263,547,745</u>
19,341,407	19,419,682	19,112,894	14,964,342	7,633,603	1,301,569
4,242,725	3,926,888	3,092,311	3,204,585	4,506,740	4,726,300
3,011,565	3,079,224	3,295,825	3,551,199	2,817,511	3,023,714
20,993,799	20,043,766	20,211,720	19,475,470	19,616,269	20,282,692
318,831	264,464	280,729	333,015	341,989	495,603
-	-	-	-	-	-
707,126	-	-	-	-	1,713
13,760,057	12,350,047	18,683,384	11,711,125	9,404,577	8,165,995
5,620,168	8,977,103	3,743,333	9,480,514	19,967,971	17,140,582
<u>67,995,678</u>	<u>68,061,174</u>	<u>68,420,196</u>	<u>55,372,317</u>	<u>57,333,611</u>	<u>55,138,168</u>
53,906,208	50,243,765	48,103,987	50,979,766	49,629,071	44,795,972
30,620,212	29,472,121	27,361,203	26,779,144	26,569,560	23,379,820
17,138,240	16,531,675	17,247,983	23,891,958	23,896,507	24,824,172
415,615	633,355	364,830	412,928	371,714	363,101
280,915	265,838	297,638	286,546		
1,635,598	1,531,791	1,600,444	1,724,206	1,567,193	1,454,320
3,453,420	11,730,500	3,261,322	4,728,651	6,702,937	19,829,148
<u>107,450,208</u>	<u>110,409,045</u>	<u>98,237,407</u>	<u>108,803,199</u>	<u>108,736,982</u>	<u>114,646,533</u>
<u>\$ 175,445,886</u>	<u>\$ 178,470,219</u>	<u>\$ 166,657,603</u>	<u>\$ 164,175,516</u>	<u>\$ 166,070,593</u>	<u>\$ 169,784,701</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			
	2017	2016	2015	2014
Net (Expense)/Revenue				
Governmental Activities	\$ (73,875,754)	\$ (57,999,580)	\$ (53,099,079)	\$ (71,620,834)
Business-Type Activities	20,444,289	10,143,246	18,314,266	6,998,759
Total Primary Government Net Expense	<u>\$ (53,431,465)</u>	<u>\$ (47,856,334)</u>	<u>\$ (34,784,813)</u>	<u>\$ (64,622,075)</u>
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Taxes				
Property Taxes	\$ 43,059,232	\$ 42,156,726	\$ 38,656,150	\$ 36,462,210
Sales and Use Tax	41,145,616	39,663,795	36,608,600	35,623,651
Other Taxes	9,565,580	9,349,800	10,566,662	9,099,819
Total taxes	<u>93,770,428</u>	<u>91,170,321</u>	<u>85,831,412</u>	<u>81,185,680</u>
Investment Earnings	623,227	3,172,905	1,988,557	2,296,081
Miscellaneous	6,892,170	4,765,043	3,686,771	2,096,681
Unrestricted Grants and Contributions	-	-	-	407
Gain/(Loss) on Sale of Capital Asset	-	-	-	-
Extraordinary Items	-	-	5,054,583	(56,854,230)
Transfers	44,970	14,540	-	(916,819)
Special Items	-	-	-	-
Total Governmental Activities	<u>101,330,795</u>	<u>99,122,809</u>	<u>96,561,323</u>	<u>27,807,800</u>
Business-Type Activities:				
Investment Earnings	199,758	1,839,114	862,948	1,189,440
Other Income	479,465	45,168	493	1,996,793
Gain/(Loss) on Sale of Capital Asset	-	-	(10,207)	2,497,251
Transfers	(44,970)	(14,540)	-	916,819
Total Business-Type Activities	<u>634,253</u>	<u>1,869,742</u>	<u>853,234</u>	<u>6,600,303</u>
Total Primary Government	<u>\$ 101,965,048</u>	<u>\$ 100,992,551</u>	<u>\$ 97,414,557</u>	<u>\$ 34,408,103</u>
Change in Net Position				
Governmental Activities	\$ 27,455,041	\$ 41,123,229	\$ 43,462,244	\$ (43,813,034)
Business-Type Activities	21,078,542	12,012,988	19,167,500	13,599,062
Total Primary Government	<u>\$ 48,533,583</u>	<u>\$ 53,136,217</u>	<u>\$ 62,629,744</u>	<u>\$ (30,213,972)</u>

Note: The City implemented GASB Statements No. 68 and 71 in fiscal years ended June 30, 2015.

Fiscal Year					
2013	2012	2011	2010	2009	2008
\$ (84,625,187)	\$ (86,111,861)	\$ (104,335,419)	\$ (116,020,072)	\$ (113,231,438)	\$ (105,980,239)
3,520,584	7,320,578	5,459,942	8,933,340	11,068,255	12,217,195
<u>\$ (81,104,603)</u>	<u>\$ (78,791,283)</u>	<u>\$ (98,875,477)</u>	<u>\$ (107,086,732)</u>	<u>\$ (102,163,183)</u>	<u>\$ (93,763,044)</u>
\$ 41,238,344	\$ 45,754,306	\$ 59,090,960	\$ 62,049,578	\$ 66,704,669	\$ 67,566,221
32,969,847	31,190,815	28,505,050	26,543,193	29,791,137	35,894,694
8,249,945	8,546,497	7,802,237	7,660,365	8,570,003	8,496,030
<u>82,458,136</u>	<u>85,491,618</u>	<u>95,398,247</u>	<u>96,253,136</u>	<u>105,065,809</u>	<u>111,956,945</u>
470,023	4,047,070	3,380,168	7,204,417	10,177,941	12,225,922
2,355,179	3,637,541	658,664	1,311,650	8,873,210	13,536,181
145,742	76,014	686,338	481,295	674,076	720,480
-	-	-	1,776,536	-	-
(8,033,621)	57,030,346	-	-	-	-
(547,690)	(163,000)	40,000	57,000	(201,503)	28,400
-	-	-	-	9,653,196	-
<u>76,847,769</u>	<u>150,119,589</u>	<u>100,163,417</u>	<u>114,431,967</u>	<u>141,197,778</u>	<u>138,467,928</u>
2,450,042	4,019,878	3,178,516	3,169,884	4,144,071	4,385,148
3,890,307	-	-	-	-	-
-	-	2,350,130	-	-	-
<u>547,690</u>	<u>163,000</u>	<u>(40,000)</u>	<u>(57,000)</u>	<u>201,503</u>	<u>(28,400)</u>
6,888,039	4,182,878	5,488,646	3,112,884	4,345,574	4,356,748
<u>\$ 83,735,808</u>	<u>\$ 154,302,467</u>	<u>\$ 105,652,063</u>	<u>\$ 117,544,851</u>	<u>\$ 145,543,352</u>	<u>\$ 142,824,676</u>
\$ 2,739,179	\$ 76,096,058	\$ 7,474,812	\$ 10,096,548	\$ 25,177,706	\$ 32,487,689
10,408,623	11,503,456	10,948,588	8,572,826	13,278,914	16,573,943
<u>\$ 13,147,802</u>	<u>\$ 87,599,514</u>	<u>\$ 18,423,400</u>	<u>\$ 18,669,374</u>	<u>\$ 38,456,620</u>	<u>\$ 49,061,632</u>

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

	Fiscal Year			
	2017	2016	2015	2014
General Fund				
Nonspendable	\$ 33,241,909	\$ 34,124,977	\$ 24,378,784	\$ 23,595,803
Committed	33,898,271	33,511,464	23,815,795	23,494,027
Assigned	41,979,112	33,141,625	50,696,555	44,748,578
Reserved	-	-	-	-
Unreserved	-	-	-	-
Total General Fund	<u>\$ 109,119,292</u>	<u>\$ 100,778,066</u>	<u>\$ 98,891,134</u>	<u>\$ 91,838,408</u>
All Other Governmental Funds				
Nonspendable	\$ -	\$ -	\$ 18,926,818	\$ 3,615,772
Restricted	66,631,585	59,493,942	42,982,365	41,755,471
Assigned	432,652	9,428,541	5,825,674	1,299,482
Unassigned	(48,525)	(85,423)	(151,869)	-
Reserved	-	-	-	-
Unreserved, reported in:				
Special Revenue	-	-	-	-
Capital Projects	-	-	-	-
Total all other Governmental Funds	<u>\$ 67,015,712</u>	<u>\$ 68,837,060</u>	<u>\$ 67,582,988</u>	<u>\$ 46,670,725</u>

Note: The City implemented GASB Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions in Fiscal Year 2009-10. The City has elected not to retroactively restate the fund balance information for prior years. Amount reported as "Reserved" and "Unreserved" in prior years include amounts that would be reported as "Assigned" and "Unassigned" under GASB Statement No. 54 classification. Many items reported as "Reserved" prior to FY2009-10 were nonspendable, restricted, committed, or assigned.

Fiscal Year					
2013	2012	2011	2010	2009	2008
\$ 22,797,277	\$ 15,070,684	\$ 15,112,080	\$ 19,708,805	\$ -	\$ -
22,804,343	18,279,947	18,072,691	17,597,806	-	-
41,298,885	43,205,474	50,333,810	40,338,627	-	-
-	-	-	-	20,156,768	20,672,134
-	-	-	-	54,773,799	58,818,482
<u>\$ 86,900,505</u>	<u>\$ 76,556,105</u>	<u>\$ 83,518,581</u>	<u>\$ 77,645,238</u>	<u>\$ 74,930,567</u>	<u>\$ 79,490,616</u>
\$ 61,512,775	\$ 61,220,936	\$ 61,568,872	\$ 58,835,683	\$ -	\$ -
22,103,295	27,425,735	35,292,020	41,491,338	-	-
17,604,929	19,215,798	25,061,577	26,635,398	-	-
-	-	-	(769,101)	-	-
-	-	-	-	81,668,685	83,897,261
-	-	-	-	39,029,410	34,241,391
-	-	-	-	18,110,464	16,909,462
<u>\$ 101,220,999</u>	<u>\$ 107,862,469</u>	<u>\$ 121,922,469</u>	<u>\$ 126,193,318</u>	<u>\$ 138,808,559</u>	<u>\$ 135,048,114</u>

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

	Fiscal Year			
	2017	2016	2015	2014
Revenues:				
Property Taxes	\$ 43,170,396	\$ 42,175,687	\$ 38,896,950	\$ 36,721,899
Sales Taxes	41,145,616	39,663,796	38,565,868	37,430,489
Other Taxes	9,421,375	9,255,961	7,598,684	6,835,935
Licenses, Fees and Permits	5,682,991	7,947,593	9,599,549	2,777,719
Fines and Penalties	1,467,593	1,338,341	1,041,887	1,068,778
Special Assessments	8,281,089	8,801,035	9,438,713	9,439,079
Investment Earnings	623,227	3,169,381	1,988,557	2,296,081
Intergovernmental Revenues	26,038,928	41,588,677	27,601,255	29,487,199
Current Services	19,260,514	18,375,839	17,276,984	17,287,466
Payments in Lieu of Services	10,113,191	10,202,448	12,638,674	10,644,539
Other Revenues	14,111,953	13,314,649	15,300,761	14,900,407
Total Revenues	179,316,873	195,833,407	179,947,882	168,889,591
Expenditures:				
General Government	25,520,135	25,200,855	21,735,399	23,938,276
Public Safety - Fire	25,855,247	25,894,695	24,874,714	24,247,894
Public Safety - Police	46,885,033	45,080,687	41,966,882	41,161,796
Public Works & Maintenance Services	27,172,763	33,621,625	27,777,052	35,125,462
Library and Recreation Services	5,197,923	4,669,898	4,677,992	4,440,588
Community Development	4,816,552	5,953,143	3,829,120	3,422,846
Economic Development	4,930,642	4,422,141	3,107,755	2,529,859
Capital Outlay	30,579,173	43,444,050	34,342,416	23,609,928
Debt Service				
Principal	2,853,939	2,800,122	3,672,900	3,545,895
Interest and Fiscal Charges	1,408,493	1,953,345	2,064,757	2,210,669
Total Expenditures	175,219,900	193,040,561	168,048,987	164,233,213
Excess of Revenues Over/(Under) Expenditures	4,096,973	2,792,846	11,898,895	4,656,378
Other Financing Sources/(Uses)				
Loss from Sale of Land Held for Resale	-	-	-	-
Issuance of Debt	24,520,000	-	-	-
Principal Retirement	(27,212,450)	-	-	-
Proceeds from Sale of Capital Asset	-	-	-	-
Bond Premium	2,974,564	-	-	-
Transfers In	6,291,621	2,588,851	2,315,815	3,767,587
Transfers Out	(5,677,217)	(1,987,900)	(1,739,145)	(1,124,534)
Total Other Financing Sources/(Uses)	896,518	600,951	576,670	2,643,053
Extraordinary Items	-	-	-	(56,854,230)
Special Items	-	-	-	-
Net Change in Fund Balances	\$ 4,993,491	\$ 3,393,797	\$ 12,475,565	\$ (49,554,799)
Debt Service as a Percentage of				
Non-capital Expenditures	2.9%	3.2%	4.3%	4.1%

Fiscal Year						
2013	2012	2011	2010	2009	2008	
\$ 39,447,422	\$ 45,754,306	\$ 59,090,960	\$ 62,049,578	\$ 66,704,668	\$ 67,566,222	
34,529,611	32,725,933	29,923,541	27,915,576	31,366,283	37,682,528	
6,370,589	6,238,073	5,976,783	5,943,514	6,321,411	6,343,066	
2,462,107	5,817,125	2,187,466	2,244,379	3,986,271	3,939,938	
1,717,820	1,841,074	2,168,820	2,625,345	1,643,556	1,602,034	
9,477,719	9,296,683	9,645,684	9,230,699	9,186,822	7,363,443	
470,023	4,047,070	3,380,168	7,205,344	8,221,715	10,324,740	
15,312,882	15,731,101	17,140,177	16,982,358	23,725,540	18,579,692	
16,003,725	14,392,726	13,724,789	13,469,450	15,015,541	16,746,141	
8,999,739	9,544,525	9,681,893	10,524,934	11,992,502	13,249,357	
18,919,899	17,714,051	16,833,436	11,586,690	11,854,846	11,337,159	
<u>153,711,536</u>	<u>163,102,667</u>	<u>169,753,717</u>	<u>169,777,867</u>	<u>190,019,155</u>	<u>194,734,320</u>	
23,088,936	20,711,464	20,335,688	20,752,739	26,442,100	26,165,731	
22,965,971	22,921,163	23,068,351	22,886,210	23,826,368	24,986,115	
39,770,719	41,751,356	39,523,177	43,154,254	41,009,396	42,602,945	
37,909,062	38,237,264	37,572,220	38,683,385	40,615,476	41,683,329	
2,758,037	2,720,741	2,694,192	2,925,121	3,228,510	3,910,240	
3,019,174	2,971,829	3,258,772	3,280,136	1,928,329	3,057,996	
816,342	9,560,505	10,942,983	18,776,318	14,337,175	13,347,887	
7,769,015	4,349,725	11,089,418	21,562,741	24,337,661	35,001,560	
3,654,332	7,082,070	7,578,502	8,139,799	13,837,430	5,984,493	
2,719,421	7,547,454	14,756,645	14,041,809	16,730,459	14,389,659	
<u>144,471,009</u>	<u>157,853,571</u>	<u>170,819,948</u>	<u>194,202,512</u>	<u>206,292,904</u>	<u>211,129,955</u>	
9,240,527	5,249,096	(1,066,231)	(24,424,645)	(16,273,749)	(16,395,635)	
-	-	-	-	(472,252)	-	
-	-	-	-	5,167,326	35,874,600	
-	-	-	-	-	-	
-	-	-	2,400,000	-	-	
-	-	-	-	-	30,601,167	
3,771,227	4,533,758	79,529,457	17,440,737	21,302,803	(28,843,505)	
(1,250,885)	(5,582,646)	(76,674,137)	(10,398,334)	(20,176,928)	-	
<u>2,520,342</u>	<u>(1,048,888)</u>	<u>2,855,320</u>	<u>9,442,403</u>	<u>5,820,949</u>	<u>37,632,262</u>	
(8,033,621)	(19,852,703)	-	-	-	-	
-	-	-	-	9,653,196	-	
<u>\$ 3,727,248</u>	<u>\$ (15,652,495)</u>	<u>\$ 1,789,089</u>	<u>\$ (14,982,242)</u>	<u>\$ (799,604)</u>	<u>\$ 21,236,627</u>	
4.6%	9.5%	14.0%	12.8%	16.8%	11.6%	

CITY OF CORONA**Schedule 5a
Water Sales By User Type ¹
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
2008	27,598	67.5	3,803	9.4	1,557	3.8	3,039	7.4	4,870	11.9	40,867	100.0
2009	26,761	61.5	4,916	11.3	1,592	3.8	2,973	6.8	7,280	16.6	43,522	100.0
2010	23,752	64.5	4,404	12.0	1,216	3.3	4,278	11.6	3,165	8.6	36,815	100.0
2011	22,121	65.4	3,812	11.3	1,158	3.4	3,058	9.0	3,700	10.9	33,849	100.0
2012	22,735	65.5	3,662	10.6	1,184	3.4	3,355	9.6	3,768	10.9	34,704	100.0
2013	23,283	64.8	3,480	9.7	1,225	3.4	3,711	10.3	4,243	11.8	35,942	100.0
2014	23,979	66.8	3,188	10.8	1,254	4.7	597	1.9	8,077	15.8	37,095	100.0
2015	21,621	63.0	3,024	8.8	1,090	3.2	510	1.5	8,061	23.5	34,306	100.0
2016	18,876	62.9	2,726	9.1	958	3.2	391	1.3	7,054	23.5	30,005	100.0
2017	19,668	65.0	2,814	9.3	998	3.3	383	1.3	6,412	21.2	30,275	100.0

Note: 1) Amounts include reclaimed water sales.

Source: City of 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)**

<u>Fiscal Year Ended June 30</u>	<u>Residential Property</u>	<u>Commercial Property</u>	<u>Industrial Property</u>	<u>Other</u>	<u>Less: Tax Exempt Property</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>
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
2013	10,441,897	2,124,926	2,121,234	1,500,847	264,187	15,924,717	1.0000
2014	10,909,040	2,126,622	2,142,615	1,462,220	279,902	16,360,595	1.0000
2015	11,717,313	2,165,931	2,215,181	1,501,930	301,090	17,299,265	1.0000
2016	12,263,772	2,245,287	2,304,917	1,589,670	354,324	18,049,322	1.0000
2017	12,889,324	2,271,239	2,344,708	1,626,588	335,878	18,795,981	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"
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
2013	2.04 ⁶	18.88	24.76	35.42	61.73	90.09	153.98	236.53	434.39	638.90
2014	2.10 ⁷	19.23	25.23	36.09	62.90	91.80	156.91	241.02	442.64	651.04
2015	2.10 ⁷	19.23	25.23	36.09	62.90	91.80	156.91	241.02	442.64	651.04
2016	2.10 ⁷	19.23	25.23	36.09	62.90	91.80	156.91	241.02	442.64	651.04
2017	2.10 ⁷	19.23	25.23	36.09	62.90	91.80	156.91	241.02	442.64	651.04

- 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 No. 3025, effective March 19, 2010.
- 3) For Fiscal Year 2009-10 rate includes a pass-through charge from Western Municipal Water District (WMWD) of \$0.29 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 \$0.03 per 100 C.F. for Tier 1 rates.
- 6) For Fiscal Year 2012-13, the quantity rate includes a pass-through charge from WMWD of \$0.08 per 100 C.F. for Tier 1 rates.
- 7) Starting Fiscal Years 2013-14, the quantity rate included a pass-through charge from WMWD of \$0.03 per 100 C.F. for Tier 1 rates

Source: City of Corona Department of Water and Power.

CITY OF CORONA**Schedule 6b
Reclaimed 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"
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
2013	1.48	18.53	24.30	34.76	60.58	88.41	151.10	232.12	426.29	626.98
2014	1.51	18.90	24.79	35.46	61.79	90.18	154.12	236.76	434.82	639.52
2015	1.51	18.90	24.79	35.46	61.79	90.18	154.12	236.76	434.82	639.52
2016	1.51	18.90	24.79	35.46	61.79	90.18	154.12	236.76	434.82	639.52
2017	1.51	18.90	24.79	35.46	61.79	90.18	154.12	236.76	434.82	639.52

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 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
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
2013	1.0000	0.0000	1.0000	0.0654	0.1184	0.0035	0.0170
2014	1.0000	0.0000	1.0000	0.0684	0.1757	0.0035	0.0177
2015	1.0000	0.0000	1.0000	0.0647	0.1723	0.0035	0.0179
2016	1.0000	0.0000	1.0000	0.0854	0.1534	0.0035	0.0173
2017	1.0000	0.0000	1.0000	0.0942	0.1530	0.0035	0.0165

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: HdL Coren & Cone, Riverside County Assessor 2007/08-2016/17 Tax Rate Table.

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

Water Customer	2017			2008		
	Water Charges	Rank	Percent of Total Water Revenues	Water Charges	Rank	Percent of Total Water Revenues
City of Corona	\$ 2,725,374	1	5.78%	\$ 2,236,020	1	5.52%
Corona-Norco USD	747,166	2	1.59%	748,086	2	1.85%
Eagle Glen Master HOA	235,886	3	0.50%	183,018	4	0.45%
Mesa General Engineering Inc.	232,240	4	0.49%			
Aseptic Solutions USA	224,170	5	0.48%			
SCG Atlas Ashton, LLC	173,788	6	0.37%			
Waterstone at Corona Pointe	171,433	7	0.36%			
TTC ROC III Promenade LLC	171,390	8	0.36%			
Integrated Protein Tech	167,295	9	0.36%	247,857	3	0.61%
SGC Atlas Deerwood, LLC	146,936	10	0.31%			
Westdale Asset Management				124,149	5	0.31%
EWR, Inc.				121,223	6	0.32%
ERP Operating Limited Partnership				115,188	7	0.28%
Castle & Cooke California, Inc.				112,652	8	0.28%
Sierra Peak HOA				99,605	9	0.25%
Taylor Woodrow				97,461	10	0.24%
	<u>\$ 4,995,678</u>		<u>10.60%</u>	<u>\$ 4,085,259</u>		<u>10.11%</u>

Source: City of Corona Department of Water and Power.

CITY OF CORONA

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

Taxpayer	2017			2008		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Castle and Cooke Corona Inc.	\$ 179,540,097	1	0.96%	\$ 145,703,451	2	0.82%
Kaiser Foundation Health Plan Inc	164,627,507	2	0.88%	129,180,929	3	0.73%
Rexco	115,642,179	3	0.62%	100,825,831	5	0.57%
SCG Atlas Deerwood LLC	97,747,953	4	0.52%			
Waterstone Apartments NF	96,110,387	5	0.51%			
Costco Wholesale Corporation	89,636,842	6	0.48%	75,498,550	9	0.43%
TTC ROC III Promenade	78,583,092	7	0.42%			
Arantine Hills Holdings LP	75,128,500	8	0.40%			
Dart Container Corporation of Calif	68,714,614	9	0.37%	77,934,803	8	0.44%
Artisan Corona Apartments LLC	65,300,810	10	0.35%			
Watson Laboratories Inc				172,774,545	1	0.98%
Dairy Farmers of America Inc.				108,218,414	4	0.61%
WS 1 INV LP				100,095,607	6	0.57%
Dos Lagos Lifestyle Center				96,406,801	7	0.54%
Avalon California Value VI				47,255,815	10	0.27%
Total	<u>\$ 1,031,031,981</u>		<u>5.51%</u>	<u>\$ 1,053,894,746</u>		<u>5.96%</u>

Source: HdL Coren & Cone, Riverside County Assessor combined tax roll, and the SBE non-unitary tax roll.

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
2008	25,254,270	20,898,139	82.75%	1,439,660	22,337,799	88.45%
2009	25,036,199	21,120,483	84.36%	2,427,904	23,548,387	94.06%
2010	22,628,536	19,921,737	88.04%	2,092,540	22,014,277	97.29%
2011	22,451,824	19,619,070	87.38%	1,424,373	21,043,443	93.73%
2012	22,448,815	20,689,087	92.16%	1,155,344	21,844,431	97.31%
2013	22,560,351	21,235,423	94.13%	979,403	22,214,826	98.47%
2014	23,176,657	22,171,735	95.66%	808,121	22,979,856	99.15%
2015	24,628,905	23,778,058	96.55%	695,420	24,473,478	99.37%
2016	25,563,557	24,694,504	96.60%	585,598	25,280,102	98.89%
2017	26,689,890	26,019,467	97.49%	528,723	26,548,190	99.47%

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

2) Amounts excluded interest and penalties.

Source: City of Corona Administrative Services 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
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 62,020	-	25,283	-	1 660
2013	-	-	1 33,270	-	23,719	-	1 515
2014	-	-	1 31,250	-	22,353	-	1 355
2015	-	-	1 29,145	-	20,955	-	1 185
2016	-	-	1 27,975	-	19,510	-	1 -
2017	-	-	1 24,520	-	18,016	-	1 -

Note: 1) No longer reported under governmental activities as the result of the dissolution of the former 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								
Installment Agreement Payable	Long-Term Installment Payable	Term Loan Payable	Certificates of Participation	Revenue Bonds	Contracts Payable	Total Primary Government	Percent of Personal Income	Per Capita
37	30,215	41,990	98,145	-	690	347,111	8.6%	\$ 2,354
2,000	29,325	39,625	95,645	-	690	334,835	8.5%	\$ 2,253
2,036	28,400	37,207	93,035	-	690	320,313	7.9%	\$ 2,130
1,764	27,435	34,724	90,320	-	690	306,325	7.4%	\$ 1,994
1,485	26,430	32,176	87,495	-	690	236,239	5.6%	\$ 1,539
1,299	-	21,362	64,380	60,791	690	206,026	4.9%	\$ 1,314
1,104	-	19,951	24,480	57,630	690	157,813	3.8%	\$ 992
9,766	-	19,142	23,785	54,067	690	157,735	3.8%	\$ 991
9,221	-	26,111	-	50,294	690	133,801	3.1%	\$ 813
8,656	-	26,729	-	44,710	690	123,321	2.8%	\$ 735

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					
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%	386
2013	-	-	515	33,270	33,785	2,773	31,012	0.19%	198
2014	-	-	355	31,250	31,605	2,770	28,835	0.18%	181
2015	-	-	185	29,145	29,330	2,653	26,677	0.15%	168
2016	-	-	-	27,975	27,975	2,417	25,558	0.14%	155
2017	-	-	-	24,520	24,520	3,439	21,081	0.12%	126

- 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 former 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, 2017 (dollars in thousands)**

	Debt Outstanding	Est. Percentage Applicable ²	Share of Overlapping Debt
Direct and Overlapping Tax and Assessment Debt:			
Metropolitan Water District	\$ 74,905	0.727%	\$ 545
Riverside City Community College District	262,165	20.152%	52,831
Alvord Unified School District	217,966	12.748%	27,786
Corona-Norco Unified School District	330,159	54.746%	180,749
Alvord Unified School District CFD No. 2006-1	7,340	8.333%	612
Corona-Norco Unified School District CFD No. 97-1	1,001	100.000%	1,001
Corona-Norco Unified School District CFD No. 99-1	2,553	100.000%	2,553
Corona-Norco Unified School District CFD No. 99-2, Imp Areas A, B, C	5,466	100.000%	5,466
Corona-Norco Unified School District CFD No. 00-1	1,890	100.000%	1,890
Corona-Norco Unified School District CFD No. 01-1, Imp Areas A & B	7,400	100.000%	7,400
Corona-Norco Unified School District CFD No. 01-2, Imp Areas A, B, C	12,150	100.000%	12,150
Corona-Norco Unified School District CFD No. 03-3, Imp Area A	3,780	100.000%	3,780
Corona-Norco Unified School District CFD No. 03-5	1,940	100.000%	1,940
Corona-Norco Unified School District CFD No. 04-2, Imp Areas 1 & 3	3,955	100.000%	3,955
City of Corona CFD No. 86-2 Refunding 2014 Series A	4,425	100.000%	4,425
City of Corona CFD No. 89-1 Refunding 2014 Series A	5,035	100.000%	5,035
City of Corona CFD No. 89-1 IA Refunding 2014 Series A	3,760	100.000%	3,760
City of Corona CFD No. 90-1	13,300	100.000%	13,300
City of Corona CFD No. 97-2 Refunding 2014 Series A	7,635	100.000%	7,635
City of Corona CFD No. 2000-1	5,315	100.000%	5,315
City of Corona CFD No. 2001-2	2,580	100.000%	2,580
City of Corona CFD No. 2002-1, Refunding 2017	13,455	100.000%	13,455
City of Corona CFD No. 2002-1, Improvement Area, Refunding 2017	7,125	100.000%	7,125
City of Corona CFD No. 2002-4, Refunding 2017	7,010	100.000%	7,010
City of Corona CFD No. 2003-2	6,255	100.000%	6,255
City of Corona CFD No. 2004-1	2,910	100.000%	2,910
California Statewide Communities Development Authority CFD No. 2002-1	3,810	100.000%	3,810
City of Corona 1915 Act Bonds	2,615	100.000%	2,615
Total Overlapping Tax and Assessment Debt			387,888
Direct and Overlapping General Fund Debt:			
Overlapping General Fund Obligations			
Riverside County General Fund Obligations	\$ 849,105	7.506%	\$ 63,734
Riverside County Pension Obligations Bonds	286,535	7.506%	21,507
Corona-Norco Unified School District General Fund Obligations	24,390	54.746%	13,353
Total Overlapping General Fund Obligations			\$ 98,594
Direct General Fund Obligations:			
City of Corona General Fund Obligations	42,536	100.000%	42,536
Total Direct General Fund Obligations			\$ 42,536
Total Direct and Overlapping General Fund Obligations			\$ 141,130
Less: Riverside County Supported Obligations			364
Total Net Direct and Overlapping General Fund Obligations			\$ 140,766
Total Direct Debt			\$ 42,536
Total Gross Overlapping Debt			\$ 486,482
Total Net Overlapping Debt			\$ 486,118
Gross Combined Total Direct and Overlapping Debt³			\$ 529,018
Net Combined Total Direct and Overlapping Debt			\$ 528,654

See Notes on the following page.

Schedule 11

Direct and Overlapping Governmental Activities Debt¹

As of June 30, 2017 (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 2017**

Assessed Value	\$ 18,795,981
Debt Limit (15% of assessed value)	2,819,397
Debt Applicable to limit:	
General obligation debt	42,536
Less: Amount set aside for repayment of general obligation debt	-
Total net debt applicable to limit	<u>42,536</u>
Legal Debt Margin	<u><u>\$ 2,776,861</u></u>

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Debt Limit	\$ 2,653,902	\$ 2,654,117	\$ 2,442,456	\$ 2,412,865
Total net debt applicable to limit	<u>82,869</u>	<u>77,845</u>	<u>72,435</u>	<u>68,339</u>
Legal debt margin	\$ 2,571,033	\$ 2,576,272	\$ 2,370,021	\$ 2,344,526
Total debt applicable to the limit as a percentage of debt limit	3.123%	2.933%	2.966%	2.832%

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.



<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$ 2,388,830	\$ 2,388,708	\$ 2,454,089	\$ 2,594,890	\$ 2,707,398	\$ 2,819,397
<u>60,498</u>	<u>56,989</u>	<u>53,603</u>	<u>50,100</u>	<u>47,485</u>	<u>42,536</u>
\$ 2,328,332	\$ 2,331,719	\$ 2,400,486	\$ 2,544,790	\$ 2,659,913	\$ 2,776,861
2.533%	2.386%	2.184%	1.931%	1.754%	1.509%

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	
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
2013	30,825 ¹	11	28,750	2,075	1.00	212	5	145	47	1.13
2014	3,394	19	2,020	1,365	1.01	208	4	160	34	1.09
2015	3,373	19	2,105	1,281	1.00	192	1	170	22	1.01
2016	2,353	19	1,170	1,216	0.99	192	0	185	7	1.00
2017	30,614 ⁵	9	27,975	1,367	1.04	-	-	-	-	-

Notes: ¹ Includes the defeasance of 2002 Lease Revenue bonds.

² Includes the defeasance of the 1998 Water Revenue bonds.

³ Includes the defeasance of 1997 COPs and 2003 COPs.

⁴ Includes the advanced redemption of 2005 COPs

⁵ Includes the defeasance of 2006 Lease Revenue bonds.

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

Revenue Bonds				Certificates of Participation				
Utility Revenues	Debt Service		Coverage	Lease Payments	Current Account Balance	Debt Service		Coverage
	Principal	Interest				Principal	Interest	
2,288	855	1,429	1.00	6,764	346	2,445	4,665	1.00
2,281	890	1,393	1.00	6,761	323	2,500	4,582	1.00
2,281	925	1,356	1.00	6,861	220	2,610	4,476	1.00
2,281	965	1,316	1.00	6,859	224	2,715	4,367	1.00
2,278	1,005	1,273	1.00	7,063	24	2,825	4,261	1.00
29,597 ²	26,430	1,491	1.06	7,391	22	2,935	4,154	1.05
3,187	1,165	2,022	1.00	60,552 ³	2,143	60,080	2,611	1.00
5,689	3,455	2,234	1.00	1,063	756	695	1,123	1.00
5,809	3,655	2,144	1.00	24,341 ⁴	0	23,785	555	1.00
5,809	3,775	2,034	1.00	-	0	-	-	-

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

Year	(1) Population	(1) Personal Income (thousands of dollars)	(1) Per Capita Personal Income	(1) Median Age	(2) School Enrollment	(1) Unemployment Rate
2007	145,848	3,951,127	27,091	n/a	49,865	4.3%
2008	146,620	4,010,577	27,354	n/a	51,334	6.2%
2009	148,770	3,946,874	26,530	30.5	52,138	10.0%
2010	150,416	4,031,149	26,800	31.5	52,914	10.9%
2011	154,520	4,124,911	26,695	31.5	53,153	10.1%
2012	156,823	4,232,339	26,988	32.0	53,437	7.0%
2013	159,132	4,179,125	26,262	32.2	53,782	6.1%
2014	159,109	4,164,996	26,177	32.6	53,739	6.4%
2015	164,659	4,340,504	26,360	33.4	53,354	5.2%
2016	167,759	4,420,877	26,352	33.9	53,157	4.7%

Sources: (1) HdL Coren & Cone;

(2) California Department of Education.

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

Employer	2017			2008		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Corona-Norco Unified School District	5,399	1	6.57%	5,147	1	6.36%
Corona Regional Medical Center	1,113	2	1.35%	1,140	4	1.41%
Kaiser Permanente	995	3	1.21%	1,783	2	2.20%
All American Asphalt	840	4	1.02%	970	7	1.20%
City of Corona	805	5	0.98%	1,041	5	1.29%
Fender Guitar	650	6	0.79%	800	8	0.99%
Monster Energy	607	8	0.74%			
TWR Framing Enterprises	600	7	0.73%	1,034	6	1.28%
Thermal Structures	500	8	0.61%			
Veg Fresh Farms	425	9	0.52%			
CoreMark International	421	10	0.51%			
Watson Laboratories, Inc.				1,285	3	1.59%
Dart Container Corporation				625	9	0.77%
LDI Mechanical				456	10	0.56%
Total	12,355		15.03%	14,281		17.65%

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 Ten Fiscal Years**

Function/Program	Full-time Equivalent Employees									
	2017	2016*	2015*	2014*	2013*	2012	2011	2010	2009	2008
General Government										
Elected Officials	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Management Services	10.35	9.73	9.73	9.85	9.84	8.00	9.00	9.00	12.00	19.00
Legal & Risk Management ¹	7.67	6.67	6.01	5.29	5.01	0.00	0.00	0.00	0.00	0.00
Administrative Services ²	42.23	42.56	34.30	36.31	37.40	0.00	0.00	0.00	0.00	0.00
Human Resources ²	0.00	0.00	0.00	0.00	0.00	8.50	10.00	10.00	11.00	15.00
Information Technology	13.89	15.09	12.41	13.98	13.86	13.00	14.00	14.00	15.00	18.00
Finance ²	0.00	0.00	0.00	0.00	0.00	27.00	32.00	32.00	36.00	41.00
Community Development ³	26.48	26.00	22.08	18.02	17.00	17.00	21.00	21.00	27.00	24.00
Building ⁴	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	24.00
Police										
Officers	162.00	162.00	159.00	157.00	153.50	152.00	176.00	177.00	179.00	191.00
Civilians	88.39	85.90	79.13	80.62	77.97	60.00	72.00	72.00	72.00	91.00
Fire										
Firefighters and officers	113.00	112.00	112.00	112.00	111.50	112.00	121.00	121.00	121.00	124.00
Civilians	4.88	6.48	7.18	6.06	6.49	5.00	7.00	7.00	10.00	23.00
Public Works ⁵	29.05	29.75	31.57	33.78	78.07	74.00	77.00	76.00	84.00	102.00
Maintenance Services ⁵	43.63	45.00	44.53	41.76	26.09	0.00	0.00	0.00	0.00	0.00
Economic Development ⁶	3.00	2.00	1.00	4.00	4.00	5.50				
Library and Recreation Services ⁷	70.67	68.04	63.50	64.69	66.62	15.00	17.00	17.00	18.00	20.00
Department of Water and Power	119.18	119.68	120.79	121.76	112.75	112.00	107.00	112.00	113.00	111.00
Transit Services	2.00	2.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Parks and Community Services ⁷	0.00	0.00	0.00	0.00	0.00	22.00	28.00	28.00	35.00	48.00
Redevelopment ⁸	0.00	0.00	0.00	0.00	0.00	0.00	16.00	17.00	17.00	16.00
Total	742.42	738.90	710.23	712.12	727.10	638.00	714.00	720.00	757.00	874.00

* Data for 2016 and prior was restated to Full Time Equivalents (FTE) from full-time positions.

Source: City of Corona, Administrative Services Department.

Note:

- ¹ Formerly City Attorney's Office. During Fiscal Year 2014-15, Risk Management Division merged into the City Attorney's Office and formed Legal & Risk Management Department.
- ² Formerly Finance Department. During Fiscal Year 2014-15, Human Resources Department merged into Finance and formed Administrative Services Department.
- ³ During Fiscal Year 2014-15, Housing Division was merged into Community Development Department.
- ⁴ Building Department merged into Community Development Department during Fiscal Year 2008-09.
- ⁵ Public Works Department was reorganized during Fiscal Year 2013-14, various maintenance functions were removed from Public Works, and a new department, Maintenance Services was established to assume these functions.
- ⁶ Formerly Housing and Economic Development, during Fiscal Year 2014-15, the Housing component was merged into Community Development Department.
- ⁷ Parks and Community Services Department was dissolved during Fiscal Year 2013-14, Recreation Division was merged with Library and formed Library and Recreation Department, other functions was merged with Maintenance Services Department.
- ⁸ Redevelopment Department was dissolved in Fiscal Year 2011-12.



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

Function/Program	Fiscal Year			
	<u>2017</u>	<u>2016*</u>	<u>2015*</u>	<u>2014*</u>
Police				
Physical Arrests	3,403	5,583	5,337	5,422
Parking Violations	4,993	3,974	4,098	4,119
Traffic Violations	11,896	12,132	11,133	11,147
Fire				
Emergency Responses	12,981	12,112	11,263	11,131
Fires Extinguished	382	381	346	397
Inspections	1,934	1,966	1,757	2,217
Public Works/Maintenance Services				
Street Resurfacing (miles)	39	41	72	72
Street Lights Repaired	1,045	1,342	846	598
Potholes Filled (sq. ft)	75,000	15,076	15,978	13,185
Parks and Community Services				
Sportsfields Participation	2,190,246	1,760,600	1,898,300	1,670,668
Comm. Centers/Gym/Pool	282,797	211,410	189,519	158,431
Other Activity Participation	226,294	244,430	232,264	244,593
Library and Recreation Services				
Volumes in Collection	167,586	164,421	167,432	136,128
Total Volumes Borrowed*	958,027	1,073,736	927,956	861,842
Water				
New Connections	166	1,408	173	498
Water Main Repairs	69	78	84	49
Average Daily Consumption (millions of gallons)	30.4	28.4	32.6	34.9
Wastewater				
Average Daily Sewage Treatment (millions of gallons)	14.3	14.0	13.1	12.6
Transit Services				
Total Route Miles (round-trip)	47.5	47.5	39.0	39.0
Passengers				
Fixed Route	132,469	150,002	168,303	169,745
Dial-A-Ride	65,580	63,162	66,015	68,852

* Total Volumes Borrowed were restated for years between 2011 and 2016 to exclude the number of visits to Corona Library's website.

Source: Various City departments.

Fiscal Year					
<u>2013*</u>	<u>2012*</u>	<u>2011*</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
4,709	4,472	5,701	5,337	5,693	5,026
3,612	4,976	6,541	3,241	6,768	8,165
9,316	8,691	9,456	10,087	13,357	11,389
10,942	9,843	9,606	9,683	9,480	10,139
415	326	318	378	387	439
1,591	1,929	1,478	2,560	2,124	2,072
48	8	71	85	70	6
808	1,093	1,811	1,775	1,991	1,721
16,085	13,316	25,557	38,187	51,223	33,936
1,664,800	2,325,101	1,832,892	1,746,257	1,307,866	828,717
144,981	216,729	239,464	249,295	279,548	309,814
247,768	232,701	211,533	259,179	249,407	217,500
174,585	170,435	169,188	166,163	177,028	175,648
846,171	1,128,969	1,119,281	1,262,964	1,191,239	956,152
482	80	133	217	269	158
36	37	46	45	6	6
32.0	31.0	30.2	32.9	39.0	36.5
13.4	13.0	13.7	13.0	13.0	13.0
39.0	39.0	39.0	39.0	39.0	39.0
163,054	153,783	152,568	165,104	166,744	163,062
65,635	61,285	58,153	64,689	63,122	64,079

CITY OF CORONA

**Schedule 18
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years**

Function/Program	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Zone Offices	2	2	2	2	2	2	2	2	3	3
Patrol Units	55	59	59	53	53	53	60	65	65	74
Fire Stations	7	7	7	7	7	7	7	7	7	7
Streets										
Streets and Alleys (miles)	406	403	404	403	406	403	398	398	398	383
Streetlights ¹	12,587	12,059	12,022	11,888	11,271	11,353	11,237	11,733	11,682	11,711
Traffic Signals	182	179	173	170	169	169	170	168	166	161
Library and Recreation Services										
Total Park Acreage	376	376	376	376	376	376	376	376	376	364
Playgrounds	27	27	27	27	27	27	27	27	26	30
Baseball/softball diamonds	36	36	36	36	36	36	37	39	35	35
Soccer/football fields	18	18	18	18	18	18	18	17	15	15
Community Centers	7	7	7	7	7	7	7	7	7	7
Civic Center Auditorium Seating Cap	380	380	380	380	380	380	380	380	380	380
Fiesta Bandshell Seating Capacity	500	500	500	500	500	500	500	500	500	500
Water										
Water Main (miles)	687	683	694	681	681	677	676	684	670	670
Fire Hydrants	9,222	9,197	9,174	9,087	8,918	8,996	8,788	8,692	8,496	8,421
Storage Capacity (millions of gallons)	51	51	51	51	51	51	51	53	53	44
Wastewater										
Sanitary Sewers (miles)	435	434	452	444	444	444	442	447	445	436
Storm Sewers (miles)	167	167	172	171	166	166	168	168	165	161
Treatment Capacity (millions of gallons)	16	16	16	16	16	16	16	16	16	14
Transit Services										
Minibuses										
Fixed Route	7	7	6	6	4	4	5	5	5	5
Dial-A-Ride	11	13	11	10	12	10	10	9	9	9

Source: Various City departments.

Note: ¹ Includes only City-owned street lights.