

CITY OF CORONA CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT



YEAR ENDED JUNE 30, 2018



CITY OF CORONA, CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2018



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, 2017

Christopher P. Morrill

Executive Director/CEO



December 19, 2018

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, 2018. 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, 2018. An "unmodified opinion" by an auditor is defined as follows: The auditor concludes that the financial statements of a given entity are presented fairly, in all material respects, in accordance with generally accepted accounting principles.

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 reasonable 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. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute assurance, that the financial statements are free from material misstatement.

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 168,574 as of January 2018, ranked 31st largest 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 by-district to a four-year term of office. The Mayor is appointed annually by and from the City Council. The City's first District Election which impacted Districts 1, 4 and 5, was held in November 2018. Two remaining at-large City Council seats will transition to districts with the election cycle in 2020.

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 receive taxpayer and stakeholder feedback. In recent years, the City has conducted additional community outreach to encourage as much budgetary feedback as possible. The budget is subsequently adopted by the City Council through passage of resolutions at a normally agendaized meeting of the full City Council. 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 Riverside County and the State. As a thriving inland community, Corona is home to young families comprised of 49,277 households averaging 3.52 persons each, with a median age of 34. Annual median family income is \$81,761, and 84.3% 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 \$510,000.

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 around 2% while commercial vacancy has dropped to 4%. Office vacancy rates are steadily on the decline as well, currently at 4%.

New industrial development has helped to expand Corona's job market, which has surpassed the pre-recession peaks. Job growth in Corona reported a 2.6% increase with employment numbers reaching 83,617 in Fiscal Year 2017-18. 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 700,000 square feet of new industrial development, which is estimated to bring an additional 500 jobs in the next 18 months. The strong local job market keeps the unemployment rate in Corona at 3.4%, which is approximately 1.3% below the Riverside County average.

Fiscal Year 2017-18 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 1,500 single family units to the City. The first phase of Corona's newest urban development, Main Street Metro was completed in 2012 and consisted of over 404 additional luxury units. The second phase completed in late 2017 and added an additional 464 luxury units. Phase three is currently under construction and will bring 60,000 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 also added a new mixed-use development consisting of 275 units and 30,000 square feet of retail.

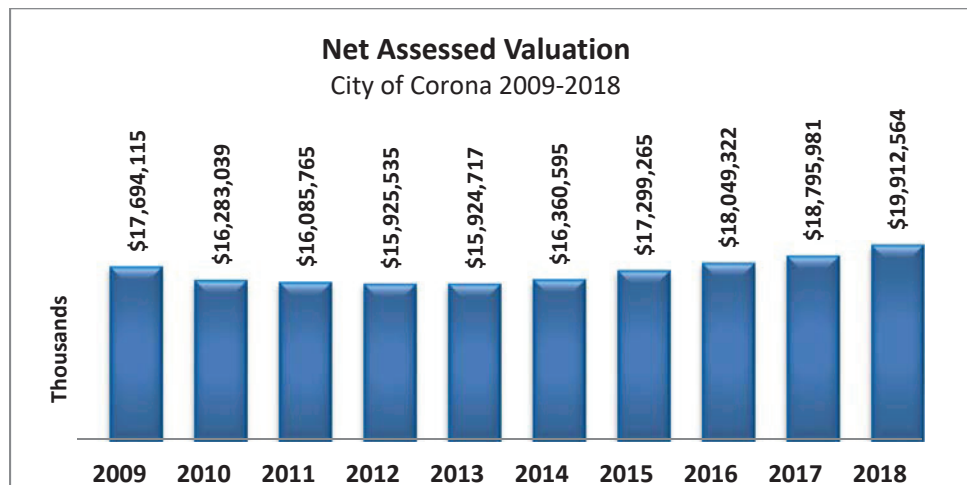
With limited opportunities for large-scale new development, Corona continues looking for opportunities to redevelop and expand currently underutilized properties. Through its ongoing commitment to stimulate the local economy, maintain essential services, and expand its labor force, the City of Corona 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 October 2018, the national unemployment rate fell to 3.7%, 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 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.

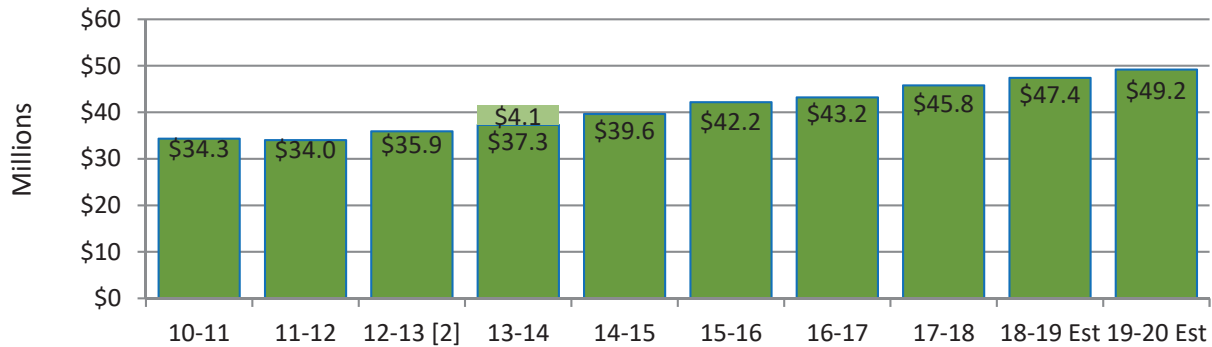
The steep increase in non-discretionary costs places significant pressure on the City’s revenue generating capabilities, amid other state policies that continue to shift responsibilities to cities, without the necessary funding, increasing costs to law enforcement and public safety, and making it more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

Property tax continues to be the largest General Fund revenue source for the City in Fiscal Year 2017-18. Total taxable assessed valuation in Corona for the year was \$19.9 billion, representing an increase of 5.9% from the previous year.



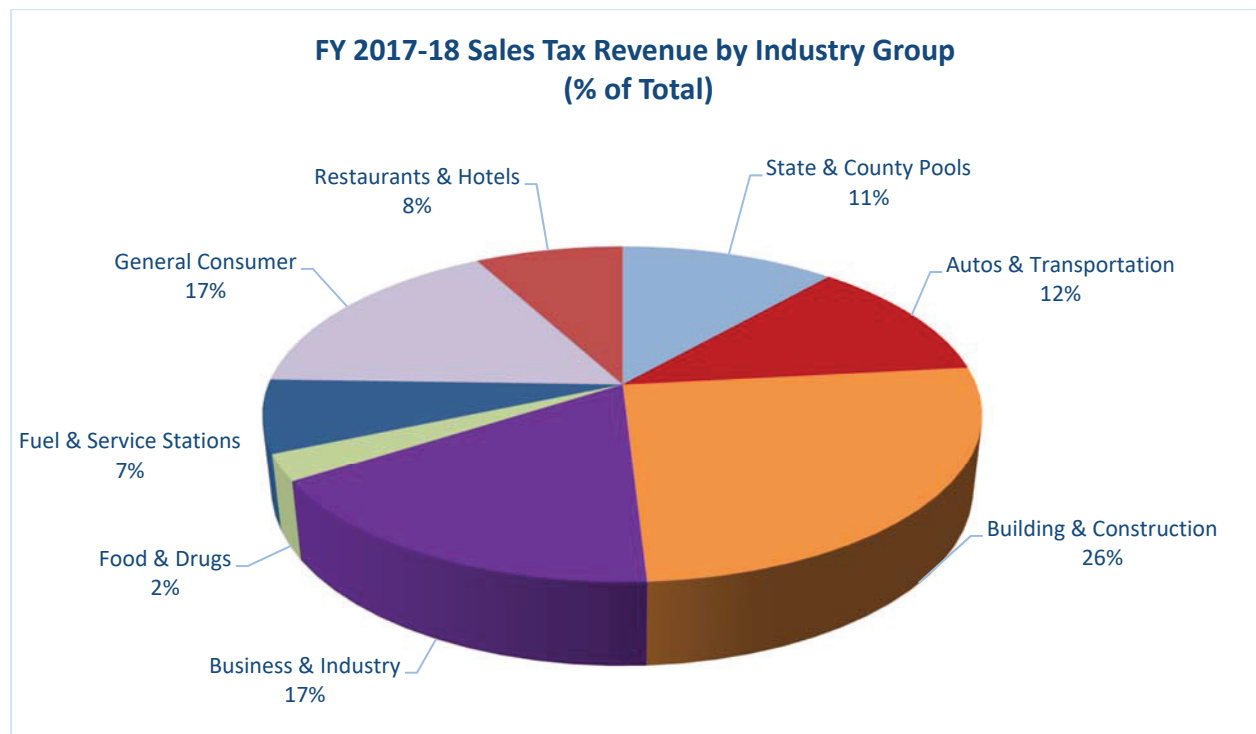
Source: HdL Coren & Cone, Riverside County Assessor Combined tax rolls

City of Corona Historical Property Tax Revenue



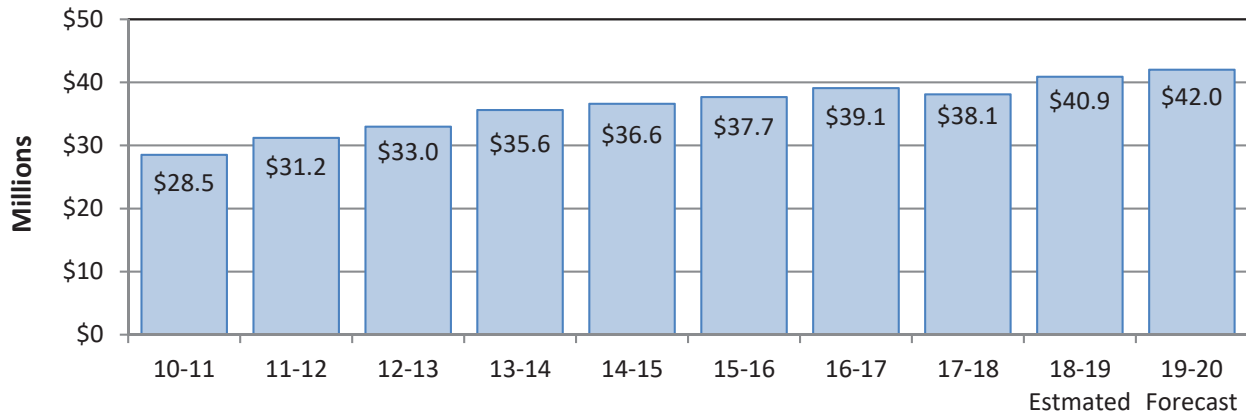
[1] FY 2012-13 includes one-time residual payment of \$4.1 million.

Sales tax is the second largest revenue source for the City. Taxable retail sales totaled \$3.7 billion in Fiscal Year 2017-18, an increase of 4.3% 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 best seen in the general consumer goods, automobile purchases, hospitality and construction related 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.



Source: HdL Coren & Cone

City of Corona
Historical Sales & Use Tax Revenue



Long Term Financial Planning

Escalating pension costs are presenting a serious threat to the City’s financial sustainability. The burden of funding current pension obligations, amid continued state takeaways and the state shifting responsibilities, without the necessary funding is taking priority over spending on essential services and adding significant demands 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 noted for review and future refinement. The result of the analysis revealed significant budget shortfall in the coming years.

The City has been consistently demonstrating strong fiscal stewardship by proactively responding to the impact of the broader state-wide pension situation that is often times described as grim. This proactive stewardship has included a reduction in the overall workforce and significant fiscal reforms, during the last round of labor negotiations, for current employee contracts to save money, as well as significant levels of new technology to improve overall operational efficiency. 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).

This commitment to fiscal stewardship did not go unnoticed by the rating agencies. In September 2018, 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. In the current climate of instability at local and regional levels of government, we’re exceptionally pleased about this recognition and proud to have attained this without newly implemented sales-tax dollars that so many agencies passed in the most recent General Election.

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, all while increasing transparency and encouraging public engagement every step of the way.

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 expenses. The purpose of the revised 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 enhanced credit worthiness of the City. As of June 30, 2018, the Emergency Contingency Reserve balance was \$32.6 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, measured return on investment, and to build a culture of cost management among all departments. It is based on developing deep visibility into actual cost drivers at a very granular level and using that data visualization to set aggressive, yet attainable, budget targets that use predictive analytics to generate successful outcomes to the bottom line. 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 within the community as presented by the City Council. Our goal is to achieve significant and sustainable savings, while delivering productivity and service level improvements through actionable data generation at all levels of within the budget. Implementation of this budget practice has helped leadership evaluate and balance the competing demands for enhanced services/facilities versus the increased costs of operating, building and maintaining those additional services and/or facilities.

This practice has allowed us to effectively analyze and identify budget variances during the budget process in a way that helps us more effectively program and leverage actual budget dollars. To drill down to an even more precise zero-based budget, we have continued to include an employee position vacancy factor to account for savings caused by the actual time necessary for current hiring processes and onboarding. 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 in 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 related to PERS pension costs, funding infrastructure improvements, including disaster mitigation measures, improving operational efficiency through technology adoption, and promoting significant levels of online transparency that is focused on increased community engagement during the year.

As a follow-up to the December 2016 independent analysis of the City's pension, OPEB, and employee healthcare obligations, the City purchased very technical forecasting software to help management quantify the impacts of additional pension contributions in the next 5 to 10 years, as well as the development of a realistic funded ratio of the various plans for which the City contracts with CalPERS. The forecasting software toolset has enabled management to formulate effective strategies and provide real-time data to implement adjustments that better adapt to changing conditions.

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 data 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.

In Fiscal Year 2018-19, the City's new Capital Improvement Projects (CIP) totaled \$34.4 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.

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).

In 2017, the City was selected to participate in the Bloomberg Philanthropies' What Works Cities initiative to enhance the use of data and evidence in the public sector. The Center for Government Excellence at John Hopkins collaborated with the City to strengthen the City's performance management systems and community engagement priorities. Through this collaboration, the City launched a new open data dashboard called Open Performance. Citizens are provided with a wealth of information and data sets in a visual format, geared toward improving efficiency, effective service delivery and community engagement. The new Open Performance portal will allow the public to have a greater understanding of how services are delivered and their impact on communities.

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, 2017. This was the 28th 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.

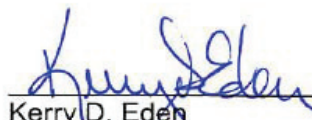
The preparation of the CAFR on a timely basis was made possible by the efficient and dedicated service of the staff in Finance. Staff members have our sincere appreciation for their contributions to this report. We also acknowledge the assistance of Lance, Soll & Lunghard, LLP, in completing the CAFR.

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

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

CHAD WILLARDSON City Treasurer

Executive Management

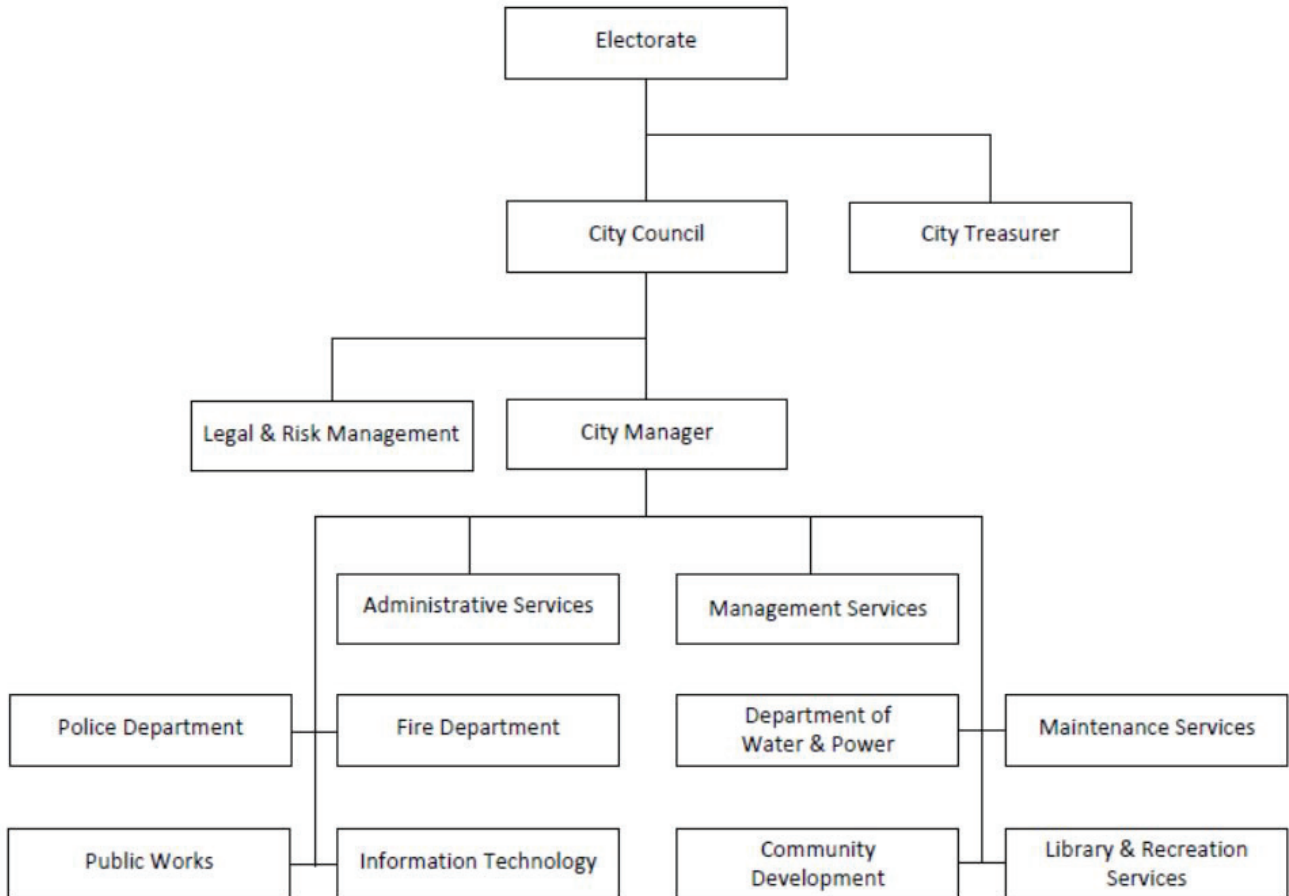
DARRELL TALBERT.....City Manager
DEAN DERLETH.....City Attorney and Legal and Risk Management Director
KERRY D. EDEN Assistant City Manager/Admin Services Director

JOANNE COLETTA.....Community Development Director
JAMES PATTON..... Interim Chief of Police
CHRIS MCMASTERS Chief Information Officer
TOM MOODY General Manager
DAVID MONTGOMERY-SCOTT.....Library and Recreation Services Director
NELSON NELSONPublic Works Director
CHRIS COXActing Fire Chief



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 the City of Corona, California, (the City) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance 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 City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2018 the City adopted new accounting guidance, *GASBS No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, 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, the schedule of changes in the net OPEB liability and related ratios, and the schedule of contributions - OPEB, 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 and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.



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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2018 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.

Brea, California
December 4, 2018





MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2018

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, 2018, 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, 2018 comply with all applicable statements issued by the Governmental Accounting Standards Board (GASB). GASB Statement No. 75, Accounting and Financial Reporting for Post-Employment Benefits Other than Pensions was implemented by the City during the fiscal year ended June 30, 2018 and had a significant impact to the City's 2018 financial statement presentation. GASB Statement No. 75 improves the accounting and financial reporting for post-employment benefits other than pensions (other post-employment benefits or OPEB). This Statement establishes the standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources and expenditures. As a result of implementing GASB Statement No. 75, the City's overall net position decreased significantly in comparison to the prior year. The reduction was not due to an increase in pension debt, but the recognition of OPEB. The changes required by the GASB standard relates only to financial reporting and do not affect the City's financial condition.

Government-Wide

- The City's total assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at June 30, 2018 by \$994.8 million (*net position*).
- The overall City's net position decreased by \$62.9 million from the previous fiscal year, primarily due to the implementation of the GASB Statement No. 75, as discussed above. Additional information regarding the implementation of this Statement is provided in the Notes to the Financial Statements. Total assets increased by \$50.7 million, total liability increased by \$143.6 million, combined with an increase in deferred outflows in the amount of \$30.5 million, and an increase in deferred inflows in the amount of \$0.6 million primarily due to pension related items, net position of the City saw a decrease of 6.0% from the prior year.
- Total expenses for governmental activities were \$151.3 million for Fiscal Year 2017-18. The sources for these expenses came from program revenues of \$87.4 million, taxes in the amount of \$94.2 million, and other general revenue of \$14.0 million. For the current year, revenues from governmental activities exceeded expenses by \$44.30 million, together with a beginning balance restatement of (\$91.9) million, net position for governmental activities decreased by \$47.6 million from the previous year.

CITY OF CORONA

Management's Discussion and Analysis (continued)**June 30, 2018**

- For business-type activities, program revenues exceeded expenses by \$3.6 million. Among the total program revenue of \$113.9 million, \$105.7 million was from charges for services, \$3.2 million from operating grants and contributions, and the remaining \$5.0 million represents capital grants and contributions. Combined with investment earnings and other general revenues of \$7.9 million, and a restatement to the beginning balance of (\$18.9) million, net position for business-type activities decreased by \$15.3 million from the previous year.

Fund Based

- As of the end of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$188.3 million, an increase of \$12.2 million from the previous year. The net increase was due to the combination of current year's revenues exceeded expenditures by \$6.6 million, net transfer of (\$0.7) million, net proceeds from capital leases in the amount of \$1.4 million, gain of \$3.0 million on the sale of land held for resale and a restatement to the prior year's fund balance of \$1.9 million.
- Fund balance for all governmental funds totaled \$188.3 million at the close of the fiscal year. Among the total fund balance, \$110.9 million, or 58.9% are either non-spendable or restricted for specific purposes. An additional amount of \$36.2 million was committed by the City Council, including \$32.6 million as emergency contingency, and \$3.6 million for committed uses. There was \$41.2 million assigned to specific City programs and projects. Please refer to Note 16 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, similar to 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 government-wide financial statements distinguish between functions that are primarily 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.

CITY OF CORONA

Management's Discussion and Analysis (continued)

June 30, 2018

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.

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 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.

CITY OF CORONA

Management's Discussion and Analysis (continued)

June 30, 2018

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.

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, the City's progress in funding its obligation to provide pension benefits to its employees, and the City's obligation for post-employment benefits.

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.

CITY OF CORONA

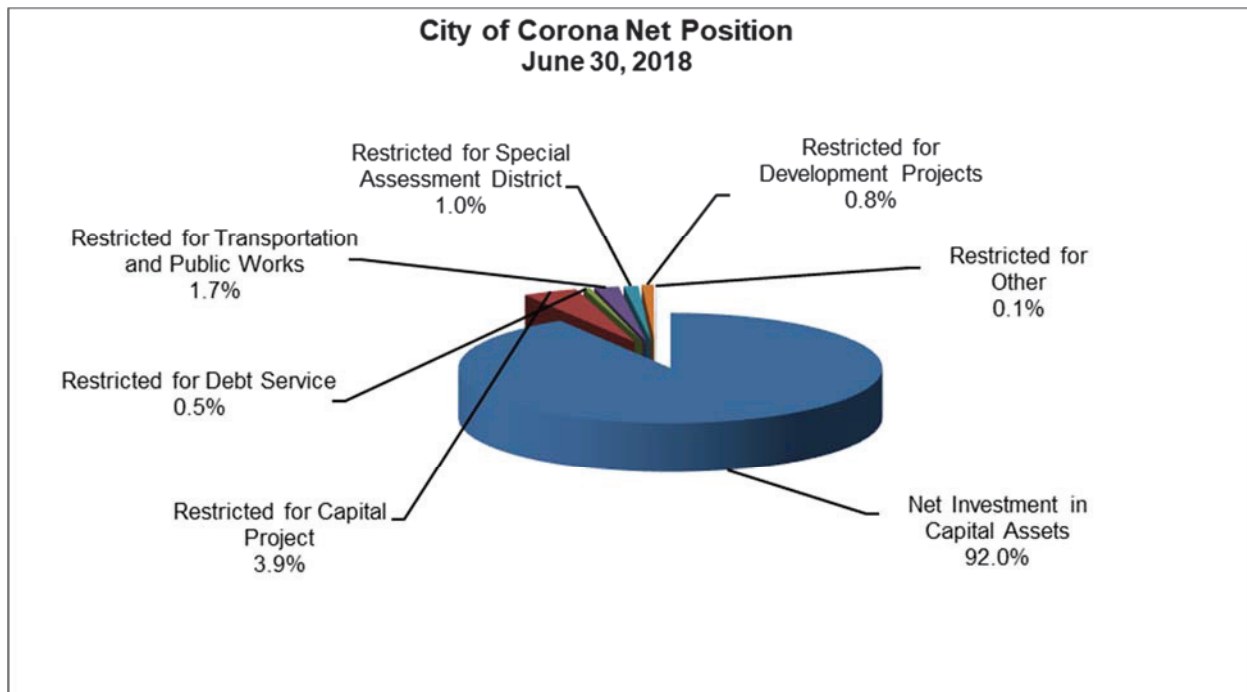
Management's Discussion and Analysis (continued)**June 30, 2018**

As noted earlier, the City's net position as a whole decreased by \$62.9 million from the previous year. The decline in financial position was primarily due to a restatement of (\$110.8) million to the beginning balance due to the implementation of GASB Statement No. 75. The impact of this restatement was partially offset by positive operating results where revenues exceeded expenditures by \$47.9 million. The government-wide net position reported \$994.8 million as of June 30, 2018.

Among the total net position, \$996.0 million 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 (\$1.2) million of total government-wide net position are composed of \$86.4 million restricted funds and (\$87.6) million unrestricted. Net position may be restricted for 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, 2018.



CITY OF CORONA

Management's Discussion and Analysis (continued)
June 30, 2018

The schedule below is a condensed version of the City's statement of net position for fiscal year ended June 30, 2018 with comparative data from the previous fiscal year:

City of Corona's Net Position
(in millions)

	Governmental activities		Business-type activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 250.4	\$ 232.3	\$ 136.4	\$ 129.1	\$ 386.8	\$ 361.4
Internal balances	179.7	182.9	(179.7)	(182.9)	-	-
Capital assets	704.4	683.3	411.2	407.0	1,115.6	1,090.3
Total assets	1,134.5	1,098.5	367.9	353.2	1,502.4	1,451.7
Deferred charges on refunding	0.5	0.5	-	-	0.5	0.5
Deferred pension related items	60.4	39.9	9.8	10.2	70.2	50.1
Deferred OPEB related items	9.0	-	1.4	-	10.4	-
Total deferred outflows	69.9	40.4	11.2	10.2	81.1	50.6
Long-term debt	43.5	45.4	76.7	82.5	120.2	127.9
Net pension liability	222.4	214.8	37.5	21.3	259.9	236.1
Net OPEB liability	99.6	-	15.4	-	115.0	-
Other liabilities	66.2	60.4	18.2	11.5	84.4	71.9
Total liabilities	431.7	320.6	147.8	115.3	579.5	435.9
Deferred pension related items	7.4	6.0	1.0	2.6	8.4	8.6
Deferred OPEB related items	0.7	-	0.1	-	0.8	-
Total deferred inflows	8.1	6.0	1.1	2.6	9.2	8.6
Net investment in capital assets	661.4	638.5	334.6	324.5	996.0	963.0
Restricted	79.4	67.0	7.0	7.4	86.4	74.4
Unrestricted	23.8	106.7	(111.4)	(86.4)	(87.6)	20.3
Total net position	\$ 764.6	\$ 812.2	\$ 230.2	\$ 245.5	\$ 994.8	\$ 1,057.7

CITY OF CORONA

Management's Discussion and Analysis (continued)

June 30, 2018

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

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program Revenues:						
Charges for Services	\$ 39.2	\$ 42.9	\$ 105.7	\$ 100.2	\$ 144.9	\$ 143.1
Operating Contributions and Grants	15.2	13.6	3.2	2.9	18.4	16.5
Capital Contributions and Grants	32.9	23.4	5.0	13.1	37.9	36.5
General Revenues:						
Taxes:						
Property Taxes	45.7	43.1	-	-	45.7	43.1
Sales and Use Taxes	38.1	41.1	-	-	38.1	41.1
Other Taxes	10.5	9.6	-	-	10.5	9.6
Investment Earnings	0.6	0.6	0.3	0.2	0.9	0.8
Other Income	13.1	6.9	4.9	0.4	18.0	7.3
Total Revenues	<u>195.3</u>	<u>181.2</u>	<u>119.1</u>	<u>116.8</u>	<u>314.4</u>	<u>298.0</u>
Expenses:						
General Government	21.0	28.3	-	-	21.0	28.3
Public Safety - Fire	30.1	26.0	-	-	30.1	26.0
Public Safety - Police	52.2	47.8	-	-	52.2	47.8
Public Works & Maintenance Services	38.8	35.8	-	-	38.8	35.8
Library and Recreation Services	3.8	5.3	-	-	3.8	5.3
Community Development	3.7	4.7	-	-	3.7	4.7
Economic Development	0.3	4.9	-	-	0.3	4.9
Interest on Long-term Debt	1.4	1.0	-	-	1.4	1.0
Water	-	-	66.2	52.9	66.2	52.9
Water Reclamation	-	-	31.5	24.2	31.5	24.2
Electric	-	-	16.9	15.6	16.9	15.6
Transit Services	-	-	3.4	2.8	3.4	2.8
Airport	-	-	0.2	0.2	0.2	0.2
Total Expenses	<u>151.3</u>	<u>153.8</u>	<u>118.2</u>	<u>95.7</u>	<u>269.5</u>	<u>249.5</u>
Transfers	(2.7)	-	2.7	-	-	-
Special Items	3.0	-	-	-	3.0	-
Change in net position	<u>44.3</u>	<u>27.4</u>	<u>3.6</u>	<u>21.1</u>	<u>47.9</u>	<u>48.5</u>
Net position - beginning of year	812.2	783.9	245.5	223.6	1,057.7	1,007.5
Restatement	(91.9)	0.9	(18.9)	0.8	(110.8)	1.7
Net position - end of year	<u>\$ 764.6</u>	<u>\$ 812.2</u>	<u>\$ 230.2</u>	<u>\$ 245.5</u>	<u>\$ 994.8</u>	<u>\$ 1,057.7</u>

CITY OF CORONA

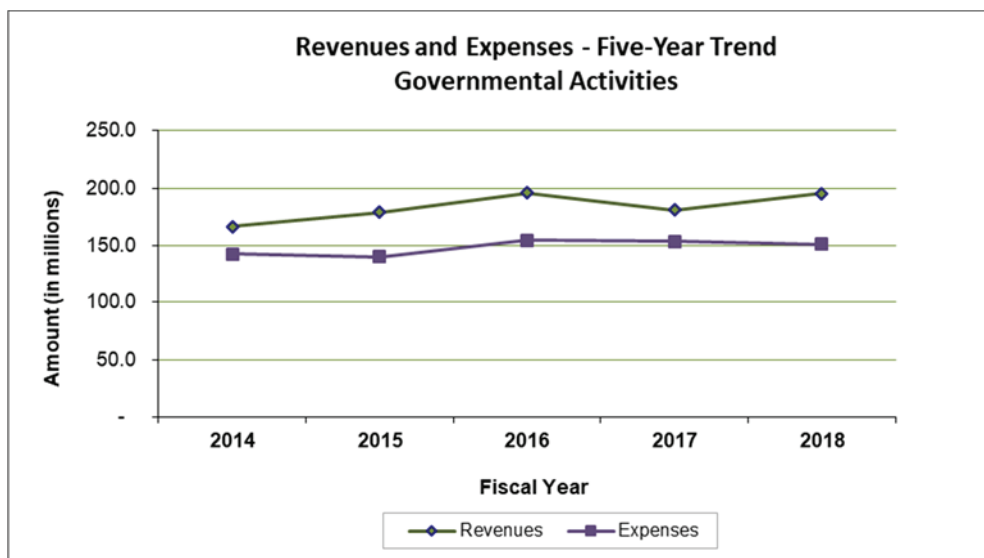
Management's Discussion and Analysis (continued)

June 30, 2018

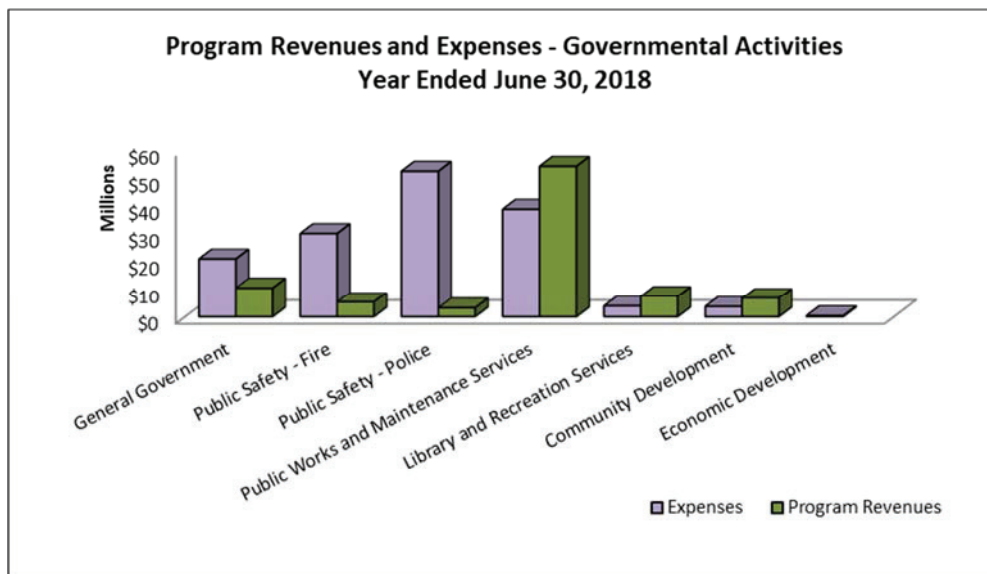
Governmental Activities

Total resources available during the year to finance governmental operations were \$915.9 million. This amount consists of the beginning net position of \$720.3 million, which includes a restatement of (\$91.9) million, program revenues of \$87.3 million and general revenues of \$108.0 million. Total uses in governmental activities during the year totaled \$151.3 million. Transfers from governmental activities were (\$2.7) million and a special item reported for the gain on sale of land held for resale in the amount of \$3.0 million. Therefore, the net position for governmental activities decreased by \$47.6 million and ended at \$764.6 million as of June 30, 2018.

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.



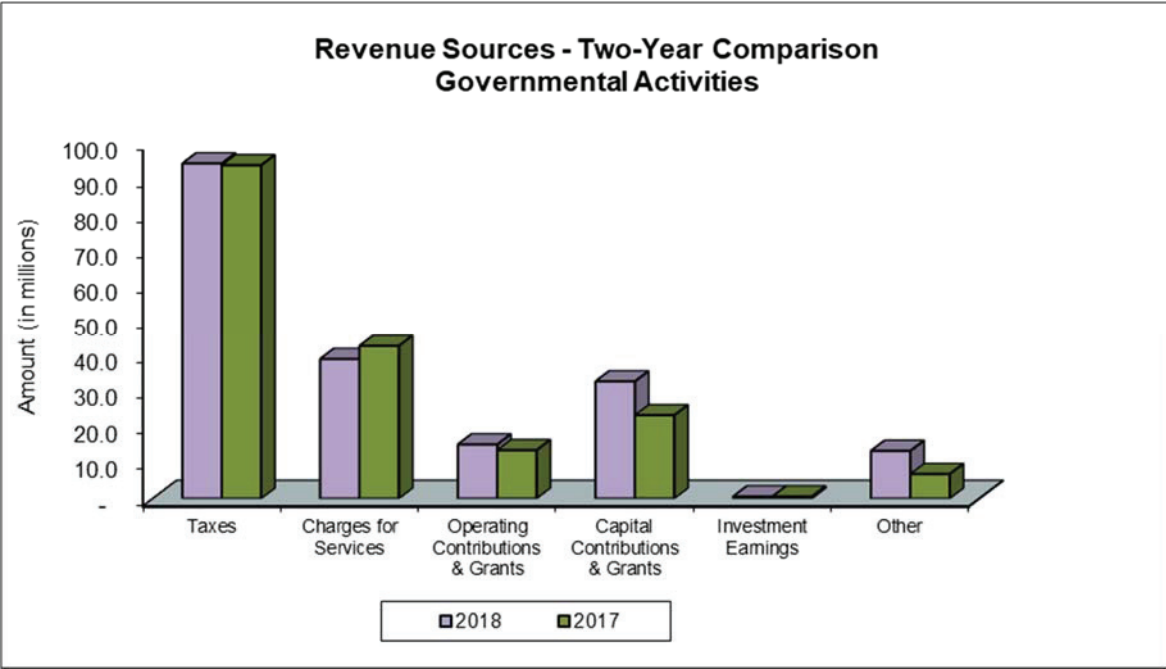
CITY OF CORONA

Management’s Discussion and Analysis (continued)
June 30, 2018

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 program revenues as well, but property taxes, sales tax and other general revenues fund a majority of the cost. 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.

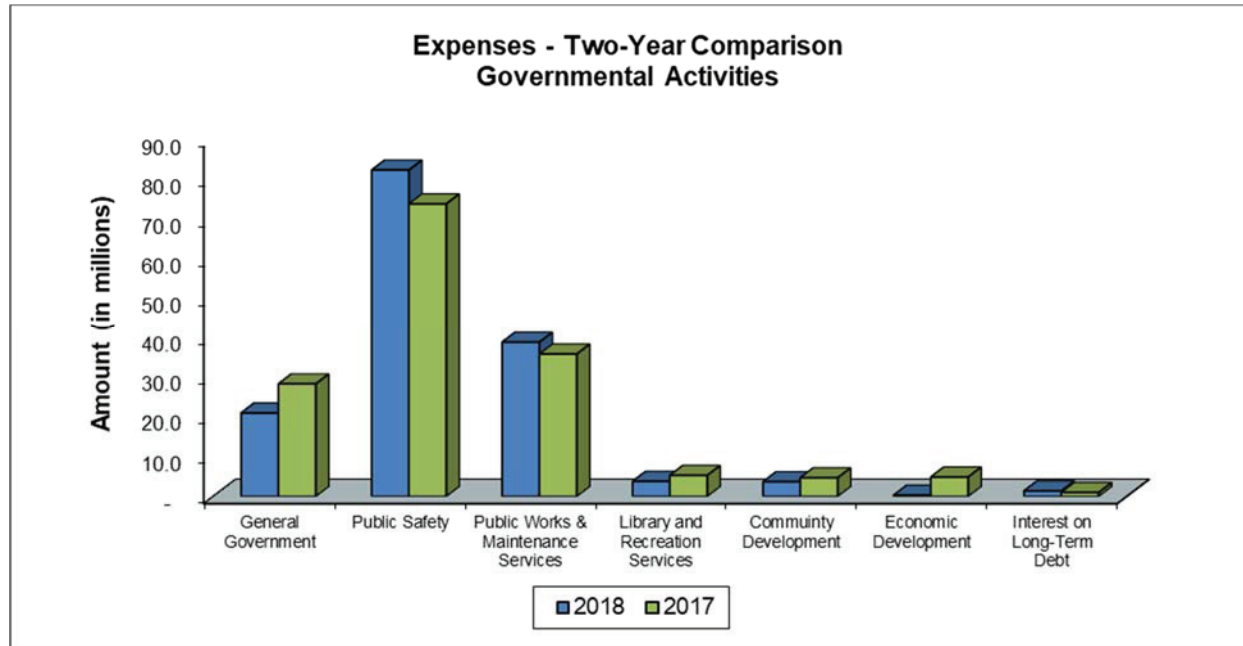
The cost of all governmental activities for fiscal year ended June 30, 2018 was \$151.3 million. As shown in the statement of activities, the amount the taxpayers ultimately funded for these activities was \$63.9 million, the remaining \$87.4 million was paid by various program revenues, including \$39.2 million by those who directly benefited from the programs, \$15.2 million from other governments and organizations that subsidized certain programs with operating grants and contributions, and \$32.9 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, 2018 and June 30, 2017 respectively.



CITY OF CORONA

Management's Discussion and Analysis (continued)
June 30, 2018



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

- Program revenues represent 44.7% of total revenues generated by governmental activities. Total program revenues for governmental activities in the current year were \$87.4 million, an increase of \$7.5 million from the previous year, primarily due to the increased revenue from capital contributions and grants. There are several major capital improvement projects in progress, including the I-15 Cajalco project and Arantine Hills. The City received significant engineering and inspection fees and development agreement reimbursements.
- Taxes comprised 48.2% of the total revenues from governmental activities. Total tax revenues were \$94.3 million for the current year, showing a slight increase of \$0.5 million from the previous year. Property tax revenue represents 48.4% of total taxes, where sales and use tax revenue ranked second sharing 40.4% of total tax revenue. The remaining 11.2% were comprised of franchise fee, business license tax, transient occupancy tax, and dwelling development fee.
- Property tax revenues increased by \$2.6 million in comparison to the prior year. The California Department of Tax and Fee Administration had complications with their new sales tax return software resulting in delays in processing and distributing sales tax to local agencies. As a result, sales and use tax revenues are \$3.0 million less than the prior year. Please refer to the Required Supplementary Information section of the accompanying financial statements for additional information.
- Overall governmental expenses decreased by \$2.5 million from the prior year. The City took effective measures to contain costs by reducing operating costs for professional/contractual services and insurance premiums. City departments realized cost savings due to personnel vacancies, as well as imposed and negotiated concessions with the employee bargaining groups. These concessions included capping the medical allowance for employees, which will limit the future growth of health care costs.

CITY OF CORONA

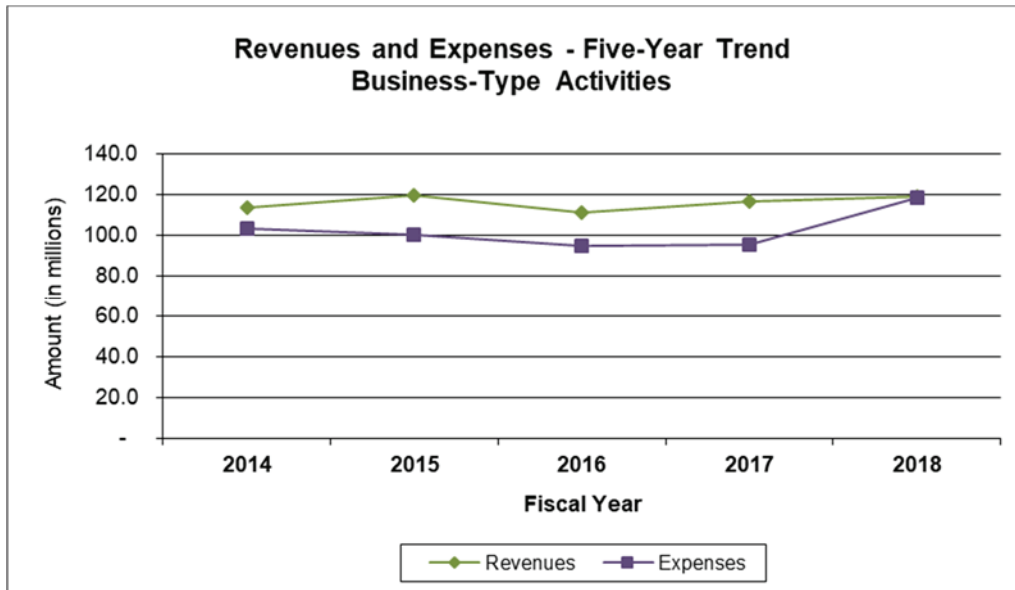
Management's Discussion and Analysis (continued)

June 30, 2018

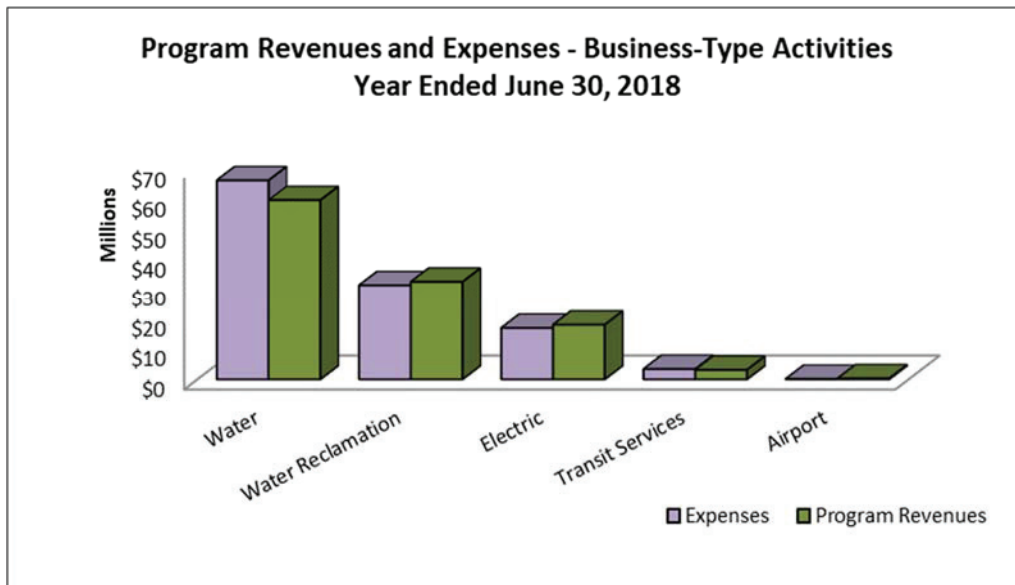
Business-Type Activities

The City's net position in the business-type activities decreased by \$15.3 million. Primary contributors to the decrease was a restatement of (\$18.9) million to the beginning net position, combined with \$3.6 million net operating surplus. The overall net position reported in the business-type activities was \$230.2 million as of June 30, 2018.

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



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



CITY OF CORONA

Management's Discussion and Analysis (continued)
June 30, 2018

Total expenses of all business-type activities for the fiscal year ended June 30, 2018 were \$118.2 million, representing an increase of \$22.5 million, or 23.5% from the previous year. As shown in the statement of activities, the amount paid by users of the systems was \$105.7 million, reported as charge for services. Revenues from operating grants and contributions were \$3.2 million, and capital grants and contributions were \$5.0 million. Total program revenue reported for the year was \$113.9 million.

Total resources available during the year to finance business type activities were \$348.5 million. This amount consists of net position at July 1, 2017 in the amount of \$245.5 million, total revenues of \$121.8 million, and a restatement of the beginning net position of (\$18.9) million. After funding total expenses of \$118.2 million, net position for business-type activities decreased by \$15.3 million to \$230.2 million at June 30, 2018.

Comparing to the previous year, expenses increased by \$22.5 million due to various water and water reclamation upgrades and replacements. Revenues increased by \$5.0 million, primarily due to the \$5.5 million increase in fees and charges for services.

FUND FINANCIAL ANALYSIS**General Fund**

The General Fund is the primary operating fund of the City. Fund balance decreased by \$0.6 million for the fiscal year ended June 30, 2018, with an ending balance of \$108.6 million.

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

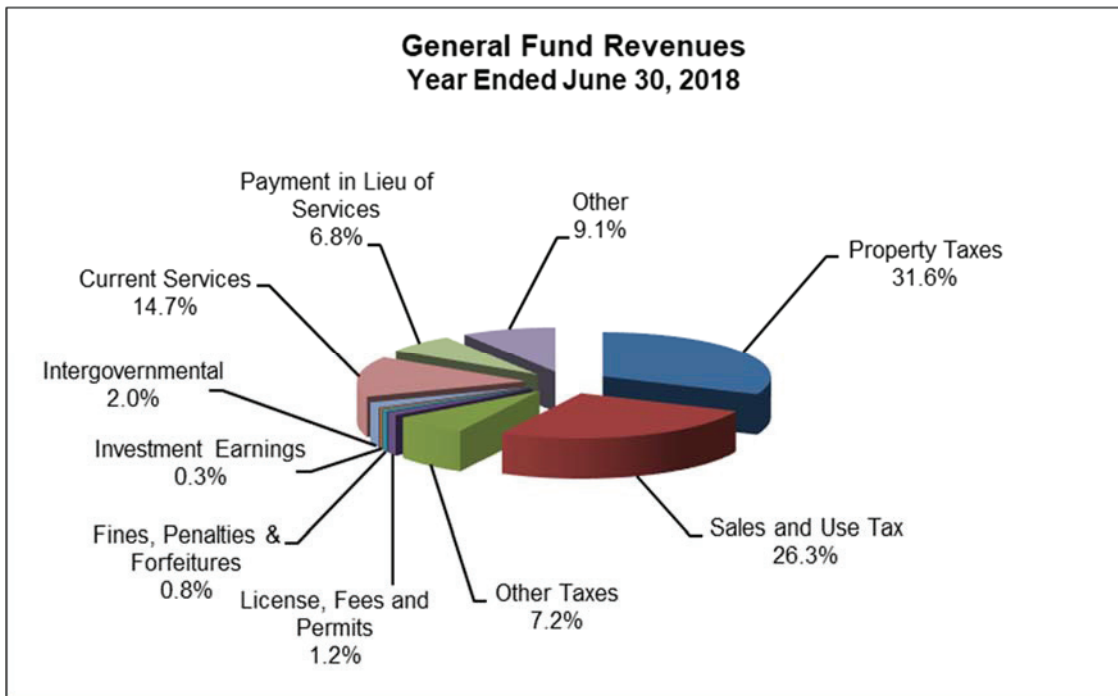
**City of Corona's General Fund Fund Balance
Three-Year Trend Information
(in millions)**

	<u>FY 2017-18</u>	<u>FY 2016-17</u>	<u>FY 2015-16</u>
Fund Balances:			
Nonspendable	\$ 31.5	\$ 33.2	\$ 34.1
Committed	36.2	33.9	33.5
Assigned	40.9	42.0	33.2
Total Fund Balance	<u>\$ 108.6</u>	<u>\$ 109.1</u>	<u>\$ 100.8</u>
Fund Balance - Beginning	\$ 109.1	\$ 100.8	\$ 98.9
Excess Revenues Over Expenditures	(2.7)	1.6	(0.3)
Transfers	0.0	6.1	2.3
Capital Leases	1.4	-	-
Restatement	0.8	0.6	(0.1)
Fund Balance - Ending	<u>\$ 108.6</u>	<u>\$ 109.1</u>	<u>\$ 100.8</u>

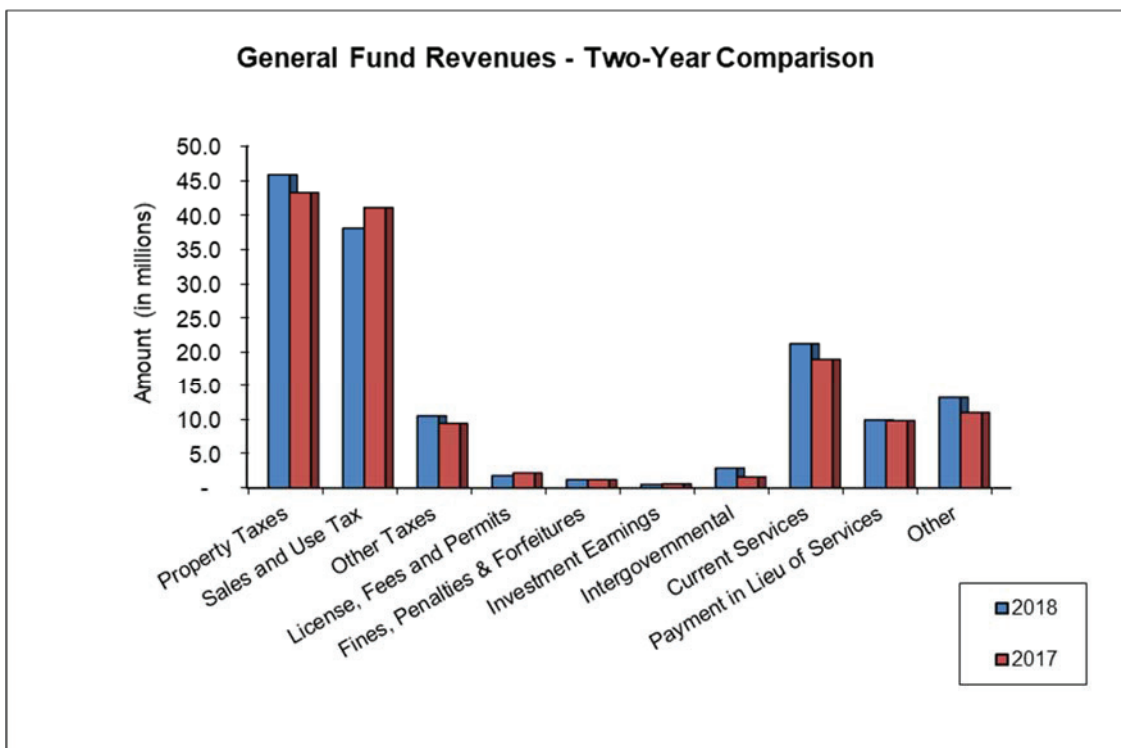
CITY OF CORONA

Management’s Discussion and Analysis (continued)
 June 30, 2018

The graph below illustrates General Fund revenues by major sources:



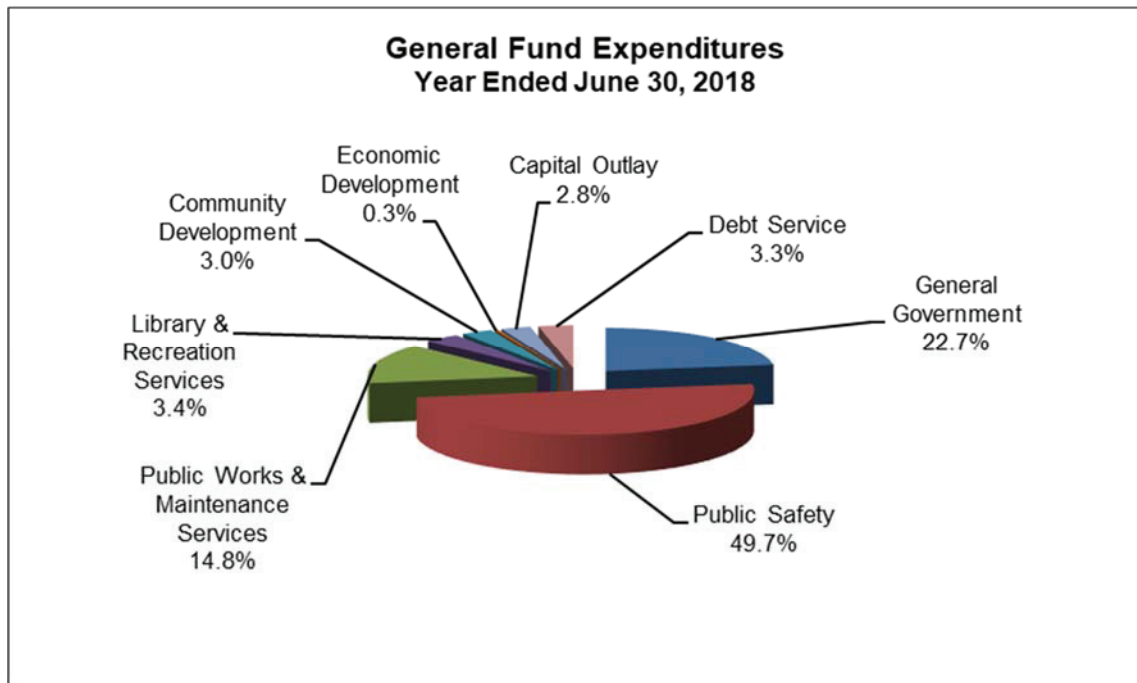
A two-year comparison of each General Fund revenue source for the fiscal years ended June 30, 2018 and June 30, 2017 is presented below:



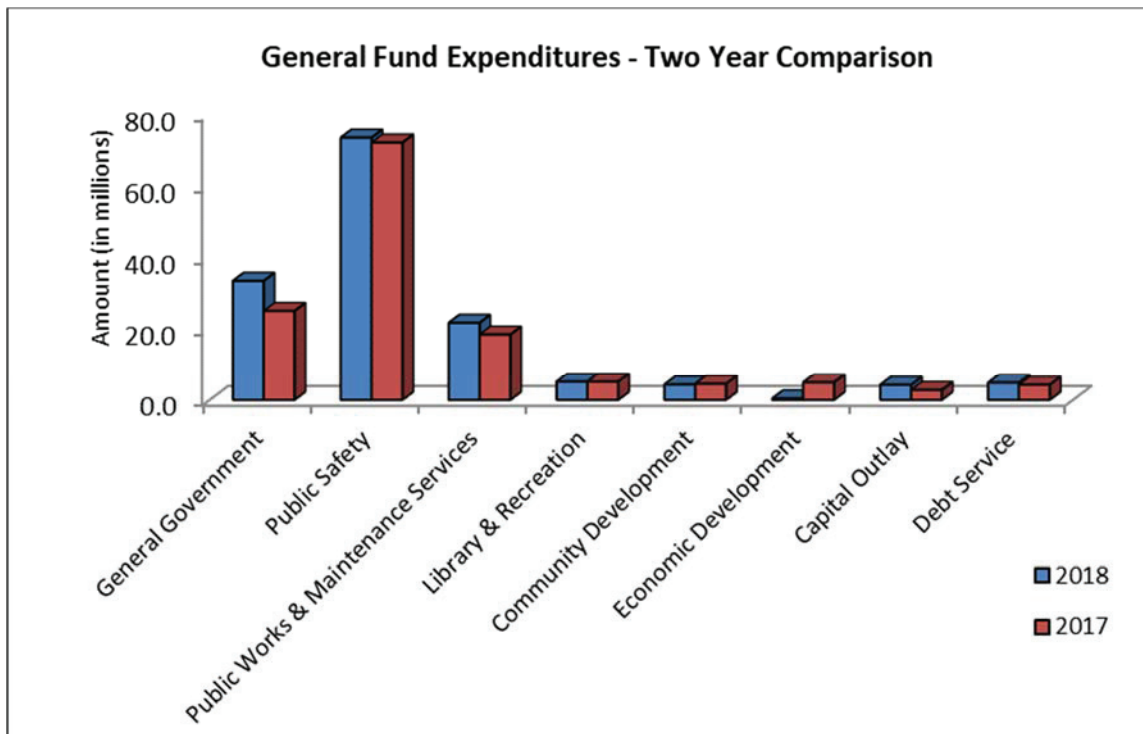
CITY OF CORONA

Management's Discussion and Analysis (continued)
June 30, 2018

The graph below illustrates General Fund expenditures by category:



A two-year comparison of each General Fund expenditure category for the fiscal years ended June 30, 2018 and June 30, 2017 is presented below:



CITY OF CORONA

Management's Discussion and Analysis (continued)
June 30, 2018

Overall General Fund revenues increased by \$6.1 million or 4.4%, compared to the previous year. Property taxes are the largest revenue source of the General Fund and increased by 6.0% in the current year. As shown in the General Fund Revenues graph, revenues were maintained or increased in a majority of the revenue sources. The exception would be sales and use tax, but as discussed previously the distribution of sales and use tax by the State has been delayed. The exact amount due is unknown and not available to include in the Fiscal Year 2017-18 financial statements.

Overall General Fund expenditures increased by \$10.5 million comparing to the previous year. A majority of the increase is due to the City contributing additional funds toward the City's unfunded pension liability with CalPERS, as discussed below in the General Fund Budgetary Highlights.

Other Major Governmental Funds

The Development capital project fund reported a fund balance of \$9.1 million, an increase of \$3.9 million from the prior year. Revenues exceeded expenditures in the current year by \$3.5 million. License, fees, and permit revenues were \$4.0 million in the current year, an increase of \$1.0 million compared to the prior year. Expenses decreased by \$3.7 million due to reclassifying sales tax abatement from development reimbursement expense to an allowance. There was also a restatement of the beginning fund balance in the amount of (\$1.2) million due to development fees recorded as revenues in a prior year, that should have been recorded as developer deposits.

The Low/Mod Income Housing Asset capital project fund reported a fund balance of \$28.2 million, an increase of \$5.1 million from the previous year. The fund balance includes \$7.0 million in cash, \$1.1 million in land held for resale, and long-term receivables in the amount of \$2.2 million from the Successor Agency and \$17.9 million from various developers. The land inventories were approved by the State Department of Finance as Housing assets on September 7, 2012. The City's Housing Successor has 5 years from that date 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 land held for resale was reduced by \$4.5 million in the current year for affordable housing projects, with an outstanding balance of \$1.1 million as of June 30, 2018.

The Other Grants capital project fund reported an ending fund balance of \$2.0 million. This capital project fund consists of governmental grants and reimbursement agreements. Revenue for the reimbursement of capital outlay was \$22.0 million in the current year, an increase of \$17.0 million over the prior year. Expenditures exceeded revenues in the current year by \$0.3 million. The fund balance includes a restatement of the beginning fund balance in the amount of \$2.3 million due to a developer loan receivable not previously recorded in the City's financial statements. The increase in fund activity is primarily due to activity on the Cajalco/ I-15 Interchange project, which includes a developer reimbursement agreement.

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, 2018, net capital assets totaled \$704.4 million for the governmental activities, and \$411.2 million for the business-type activities respectively. Depreciation on capital assets is recognized in the government-wide financial statements. Please refer to Note 8 of the accompanying financial statements for additional information.

CITY OF CORONA

Management's Discussion and Analysis (continued)
June 30, 2018

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, 2018 was 73, a slight increase from the previous assessment result of 71. 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 \$20.6 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 maintaining 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.

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

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 72.9	\$ 73.2	\$ 5.4	\$ 5.4	\$ 78.3	\$ 78.6
Streets	196.2	195.8	-	-	196.2	195.8
Buildings and improvements	115.6	114.8	53.6	55.1	169.2	169.9
Machinery and equipment	14.1	9.6	38.1	39.6	52.2	49.2
Infrastructure	190.1	194.3	247.3	250.1	437.4	444.4
Construction in progress	115.1	95.0	46.1	37.1	161.2	132.1
Intangible assets	0.4	0.6	20.7	19.7	21.1	20.3
Total Capital Assets	<u>\$ 704.4</u>	<u>\$ 683.3</u>	<u>\$ 411.2</u>	<u>\$ 407.0</u>	<u>\$1,115.6</u>	<u>\$1,090.3</u>

DEBT ADMINISTRATION

The City continued its efforts to reduce its long-term debt obligation. S&P Global Ratings reaffirmed the City's "AA-" rating. For additional information, please refer to Note 10 of the accompanying financial statements.

CITY OF CORONA

Management's Discussion and Analysis (continued)
June 30, 2018

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

	City of Corona's Outstanding Debt (in millions)					
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Loans and agreement payable	\$ -	\$ -	\$ 33.7	\$ 36.1	\$ 33.7	\$ 36.1
Lease payable	16.5	18.0	-	-	16.5	18.0
Capital leases payable	1.0	-	-	-	1.0	-
Revenue bonds	23.3	24.5	41.4	44.7	64.7	69.2
Unamortized bond premium	2.7	2.8	1.6	1.7	4.3	4.5
Total Outstanding Debt	<u>\$ 43.5</u>	<u>\$ 45.3</u>	<u>\$ 76.7</u>	<u>\$ 82.5</u>	<u>\$ 120.2</u>	<u>\$ 127.8</u>

GENERAL FUND BUDGETARY HIGHLIGHTS

General Fund appropriations were originally adopted at \$145.1 million for Fiscal Year 2017-18, including transfers to other funds of \$0.1 million. Final appropriations were increased by \$21.3 million to \$166.3 million. Among the budgetary increase, \$8.7 million was due to continuing appropriations from the prior year's capital projects and grant funded activities, \$3.3 million for prior year committed purchases (encumbrances).

There was \$9.3 million in supplemental funding and transfers approved by the City Council subsequent to the budget adoption due to the following reasons: (1) Included in the additional funding is \$10.1 million (expenditure budget and transfers out) to contribute towards the City's unfunded pension liability with CalPERS. The City is also contributing \$6.0 million in Fiscal Year 2018-19 and plans to make additional contributions in future years in an effort to manage future pension rates and required contributions. (2) Adjusting for the additional pension contributions, personnel budgets decreased by \$1.0 million, largely due to imposed terms on the non-sworn groups and a new labor contract with the Corona Fire Association. (3) The capital improvement projects budget increased by \$1.8 million for computer network infrastructure improvements (including the capital lease), property acquisition, the General Plan/Climate Action Plan Update, and communication improvements at the Grape Hill site. (4) The non-personnel budget decreased by \$1.7 million. The largest component is a reduction of \$4.1 million, related to sales tax agreements, moving from the expenditure budget to a contra-revenue account to give better visibility to the net sales tax dollars available for the City's operations. In addition, there was an increase of \$1.6 million related to the contract for recycling and refuse disposal, with an offsetting revenue increase. Other operating budget changes totaled \$0.7 million with many of the items offset for revenue increases in donations, grants, and other sources. Below is a summary of changes made to the adopted budget:

Original Budget	\$ 145,061,078
Continued Appropriations	8,719,865
Encumbrances	3,259,586
Supplemental Changes	9,289,096
Final Budget	<u>\$ 166,329,625</u>

CITY OF CORONA

Management's Discussion and Analysis (continued)

June 30, 2018

At June 30, 2018, the City's General Fund concluded the fiscal year with a net favorable variance of \$14.6 million. The net favorable variance is the result of a decrease in revenues and transfers in of \$0.3 million and an expenditure budget/transfers out savings of \$14.9 million.

Revenues and transfers in received in Fiscal Year 2017-18 had an unfavorable variance of \$0.3 million primarily related to decreases in sales tax revenues and investment income (including book entries for gains and losses) and increases in the current services which includes building related activity and recreation revenues.

Included in the \$14.9 million variance in the expenditure budget and transfer out, \$8.9 million was unspent funding for ongoing capital improvement projects. These funds will be carried over to the next fiscal year to complete the projects. In addition, \$0.5 million will be carried forward from the expenditure budget for grant related activity. Encumbered purchase orders totaling \$1.7 million will also be carried forward for activity that crosses fiscal years. Considering the noted items that will carry forward to the new fiscal year, there is a net savings of \$3.8 million. Included in the actual expenditures is \$1.4 million for IT network capital lease items. There are revenue entries for the same amount that offset the expenditures. Please refer to the Required Supplementary Information section of the accompanying financial statements for additional information.

Final Budget	\$ 166,329,625
Actual Expenditures	147,861,591
Transfers Out	<u>3,538,484</u>
Favorable Budget Variance	<u>\$ 14,929,550</u>

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need any additional financial information, please contact the City of Corona's Administrative Services Department at 400 South Vicentia Ave., Corona, California, 92882, phone number 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, 2018

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Current Assets			
Cash and Investments	\$ 188,124,565	\$ 100,167,882	\$ 288,292,447
Accounts Receivable, Net	3,558,767	13,940,997	17,499,764
Interest Receivable	879,358	454,700	1,334,058
Due from Other Governmental Agencies	16,585,729	3,591,474	20,177,203
Inventories and Prepayments	520,162	3,017,416	3,537,578
Deposits	-	29,882	29,882
Land Held for Resale	1,129,388	-	1,129,388
Restricted Cash and Investments	1,831,840	11,007,609	12,839,449
Total Current Assets	212,629,809	132,209,960	344,839,769
Noncurrent Assets			
Internal Balances	179,739,779	(179,739,779)	-
Long-term Receivable, Net	37,690,015	-	37,690,015
Investment in Joint Venture	-	4,236,219	4,236,219
Capital Assets:			
Land and Construction in Progress	384,150,182	71,129,983	455,280,165
Other Capital Assets, Net of Depreciation	320,289,432	340,114,087	660,403,519
Total Capital Assets	704,439,614	411,244,070	1,115,683,684
Total Noncurrent Assets	921,869,408	235,740,510	1,157,609,918
Total Assets	1,134,499,217	367,950,470	1,502,449,687
Deferred Outflows of Resources			
Deferred Charges on Refunding	537,388	-	537,388
Deferred Pension Related Items	60,346,175	9,775,167	70,121,342
Deferred OPEB related items	9,026,826	1,397,580	10,424,406
Total Deferred Outflows of Resources	69,910,389	11,172,747	81,083,136
Liabilities			
Current Liabilities			
Accounts Payable and Accrued Liabilities	13,303,197	12,713,703	26,016,900
Unearned Revenue	5,557,902	1,119,837	6,677,739
Deposits	15,750,504	2,851,134	18,601,638
Interest Payable	336,523	-	336,523
Claims and Judgments Payable	4,139,955	-	4,139,955
Compensated Absences Payable	6,648,028	744,723	7,392,751
Long-term Debt, Net of Unamortized Premium	3,055,407	5,924,965	8,980,372
Liabilities Payable from Restricted Assets	7,499	737,413	744,912
Total Current Liabilities	48,799,015	24,091,775	72,890,790
Noncurrent Liabilities			
Claims and Judgments Payable	18,769,521	-	18,769,521
Compensated Absences Payable	1,653,117	32,084	1,685,201
Long-term Debt, Net of Unamortized Premium	40,475,788	70,738,046	111,213,834
Net Pension Liability	222,388,514	37,501,108	259,889,622
Net OPEB Liability	99,602,243	15,420,944	115,023,187
Total Noncurrent Liabilities	382,889,183	123,692,182	506,581,365
Total Liabilities	431,688,198	147,783,957	579,472,155
Deferred Inflows of Resources			
Deferred Pension Related Items	7,446,908	987,652	8,434,560
Deferred OPEB Related Items	673,539	104,280	777,819
Total Deferred Inflows of Resources	8,120,447	1,091,932	9,212,379
Net Position			
Net Investment in Capital Assets	661,445,807	334,581,059	996,026,866
Restricted for:			
Capital Projects	35,250,894	6,735,454	41,986,348
Debt Service	5,100,103	-	5,100,103
Specific Projects and Programs:			
Transportation and Public Works	18,493,153	261,195	18,754,348
Special Assessment District Projects	11,114,013	-	11,114,013
Development Projects	9,137,699	-	9,137,699
Other Purposes	309,562	-	309,562
Unrestricted	23,749,730	(111,330,380)	(87,580,650)
Total Net Position	\$ 764,600,961	\$ 230,247,328	\$ 994,848,289

CITY OF CORONA

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
Primary Government				
Governmental Activities				
General Government	\$ 21,040,958	\$ 10,394,661	\$ 205,688	\$ -
Public Safety - Fire	30,080,927	5,076,947	119,395	92,765
Public Safety - Police	52,250,003	2,172,690	905,475	66,227
Public Works & Maintenance Services	38,753,943	15,271,111	8,682,673	30,049,810
Library and Recreation Services	3,840,243	2,582,847	4,962,847	-
Community Development	3,653,539	3,718,706	359,165	2,731,974
Economic Development	329,276	-	-	-
Interest and Fiscal Charges	1,398,132	-	-	-
Total Governmental Activities	151,347,021	39,216,962	15,235,243	32,940,776
Business-Type Activities				
Water	66,216,277	56,153,664	970,858	2,545,065
Water Reclamation	31,543,999	31,114,187	749	1,585,603
Electric	16,913,151	17,772,585	194,348	-
Transit Services	3,391,384	359,652	2,020,012	861,517
Airport	146,287	265,996	10,000	-
Total Business-Type Activities	118,211,098	105,666,084	3,195,967	4,992,185
Total Primary Government	\$ 269,558,119	\$ 144,883,046	\$ 18,431,210	\$ 37,932,961

General Revenues

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

Transfers

Special item - gain on sale of land held for resale

Total General Revenues, Transfers, and Special Item

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
\$ (10,440,609)	\$ -	\$ (10,440,609)
(24,791,820)	-	(24,791,820)
(49,105,611)	-	(49,105,611)
15,249,651	-	15,249,651
3,705,451	-	3,705,451
3,156,306	-	3,156,306
(329,276)	-	(329,276)
(1,398,132)	-	(1,398,132)
(63,954,040)	-	(63,954,040)
-	(6,546,690)	(6,546,690)
-	1,156,540	1,156,540
-	1,053,782	1,053,782
-	(150,203)	(150,203)
-	129,709	129,709
-	(4,356,862)	(4,356,862)
(63,954,040)	(4,356,862)	(68,310,902)
45,646,490	-	45,646,490
2,633,927	-	2,633,927
38,118,548	-	38,118,548
5,496,342	-	5,496,342
2,313,554	-	2,313,554
47,040	-	47,040
540,824	334,927	875,751
13,123,627	4,887,538	18,011,165
(2,744,512)	2,744,512	-
3,037,670	-	3,037,670
108,213,510	7,966,977	116,180,487
44,259,470	3,610,115	47,869,585
812,249,499	245,521,402	1,057,770,901
(91,908,008)	(18,884,189)	(110,792,197)
720,341,491	226,637,213	946,978,704
\$ 764,600,961	\$ 230,247,328	\$ 994,848,289



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

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.

Other Grants – This fund accounts for receipts and expenditures of money received from various governmental grants.

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.

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, 2018

	General	Capital Projects Funds	
		Low Mod Income Housing Asset	Other Grants
Assets			
Cash and Investments	\$ 84,536,819	\$ 6,946,131	\$ 2,099,962
Accounts Receivable	3,378,953	84	-
Interest Receivable	579,964	30,867	53
Due from Other Governmental Agencies	10,079,098	-	2,378,234
Due from Other Funds	2,831,523	-	-
Long-term Receivables, Net	8,820,874	12,122,577	-
Interfund Advances Receivable	22,486,888	-	-
Loans Receivable, Net	-	7,992,099	2,300,000
Inventories and Prepayments	157,578	-	-
Land Held for Resale	-	1,129,388	-
Restricted Assets:			
Cash and investments	-	-	1,754,196
Total Assets	\$ 132,871,697	\$ 28,221,146	\$ 8,532,445
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities			
Accounts Payable and Accrued Liabilities	\$ 7,587,668	\$ 4,019	\$ 4,095,813
Deposits	13,453,447	14,550	-
Due to Other Funds	-	-	59
Unearned Revenue	2,230,796	-	2,453,514
Interfund Advances Payable	-	-	-
Liabilities Payable from Restricted Assets	-	-	5,000
Total Liabilities	23,271,911	18,569	6,554,386
Deferred Inflows of Resources			
Unavailable Revenue	1,031,552	-	-
Total Deferred Inflows of Resources	1,031,552	-	-
Fund Balances			
Nonspendable	31,465,340	-	-
Restricted	-	28,202,577	1,978,059
Committed	36,247,833	-	-
Assigned	40,855,061	-	-
Unassigned	-	-	-
Total Fund Balances	108,568,234	28,202,577	1,978,059
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 132,871,697	\$ 28,221,146	\$ 8,532,445

CITY OF CORONA

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018**

	Capital Projects Funds		Total Governmental Funds
	Development	Other Governmental Funds	
Assets			
Cash and Investments	\$ 23,111,076	\$ 38,170,296	\$ 154,864,284
Accounts Receivable	-	98,125	3,477,162
Interest Receivable	97,597	170,877	879,358
Due from Other Governmental Agencies	-	4,127,349	16,584,681
Due from Other Funds	-	-	2,831,523
Long-term Receivables, Net	1,189,660	1,956,888	24,089,999
Interfund Advances Receivable	53,776	-	22,540,664
Loans Receivable, Net	386,905	2,921,012	13,600,016
Inventories and Prepayments	-	-	157,578
Land Held for Resale	-	-	1,129,388
Restricted Assets:			
Cash and investments	63,000	14,644	1,831,840
Total Assets	\$ 24,902,014	\$ 47,459,191	\$ 241,986,493
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities			
Accounts Payable and Accrued Liabilities	\$ 63,504	\$ 1,131,284	\$ 12,882,288
Deposits	2,280,957	1,550	15,750,504
Due to Other Funds	-	2,137,121	2,137,180
Unearned Revenue	-	873,592	5,557,902
Interfund Advances Payable	13,419,854	2,885,201	16,305,055
Liabilities Payable from Restricted Assets	-	2,499	7,499
Total Liabilities	15,764,315	7,031,247	52,640,428
Deferred Inflows of Resources			
Unavailable Revenue	-	-	1,031,552
Total Deferred Inflows of Resources	-	-	1,031,552
Fund Balances			
Nonspendable	-	-	31,465,340
Restricted	9,137,699	40,087,089	79,405,424
Committed	-	-	36,247,833
Assigned	-	389,356	41,244,417
Unassigned	-	(48,501)	(48,501)
Total Fund Balances	9,137,699	40,427,944	188,314,513
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 24,902,014	\$ 47,459,191	\$ 241,986,493



CITY OF CORONA

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2018**

Total Fund Balance - Total Governmental Funds		\$ 188,314,513
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.		704,068,186
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 OPEB contributions as expenditures, however, the OPEB liability has a measurement date of June 30, 2017, and contributions made subsequent to the measurement date are reclassified as deferred OPEB contributions.		8,872,236
Governmental funds report all pension contributions as expenditures. However, the net pension liability has a measurement date of June 30, 2017, and pension contributions subsequent to the measurement date are reclassified as deferred pension contributions.		26,211,797
Deferred outflows of resources reported for the pension plan for government-wide statements:		
Difference between expected and actual experiences	\$ 740,040	
Change in assumptions	26,861,131	
Net difference between projected and actual earnings on pension plan investments	<u>5,921,296</u>	33,522,467
Revenues are reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity.		
Unavailable revenue from property taxes		1,031,552
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.		(336,523)
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	(8,261,087)	
Unamortized Deferred Charges on Refunding	537,388	
Long-term Debt	(40,614,788)	
Unamortized Bond Premium	(2,677,108)	
Net Pension Liability	(220,040,504)	
Net OPEB Liability	<u>(97,896,490)</u>	(368,952,589)
Deferred inflow of resources reported are:		
Pension related items:		
Difference between expected and actual experiences	(4,508,197)	
Changes in assumptions	(2,117,772)	
Net difference between projected and actual earnings on pension plan investments	(759,100)	
OPEB related items:		
Net difference between projected and actual earnings on investments	<u>(662,004)</u>	(8,047,073)
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		<u>7,288,051</u>
Net Position of Governmental Activities		<u>\$ 764,600,961</u>

CITY OF CORONA

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2018

	General	Capital Projects Funds	
		Low Mod Income Housing Asset	Other Grants
Revenues			
Property Taxes	\$ 45,775,246	\$ -	\$ -
Sales Taxes	38,118,548	-	-
Other Taxes	10,443,823	-	-
Licenses, Fees and Permits	1,832,370	-	-
Fines and Penalties	1,216,663	-	-
Special Assessments	32,508	-	-
Investment Earnings	506,353	25,180	4,208
Intergovernmental Revenues	2,858,550	-	3,407,191
Current Services	21,329,112	-	-
Payments in Lieu of Services	9,926,742	-	-
Other Revenues	13,132,214	2,184,331	18,558,477
Total Revenues	145,172,129	2,209,511	21,969,876
Expenditures			
Current:			
General Government	33,560,373	-	-
Public Safety - Fire	26,855,987	-	-
Public Safety - Police	46,667,109	-	-
Public Works & Maintenance Services	21,806,555	-	173
Library and Recreation Services	5,138,709	-	10,000
Community Development	4,331,355	176,877	-
Economic Development	421,117	-	-
Capital Outlay	4,227,392	19,196	22,294,251
Debt Service:			
Principal Retirement	3,324,719	-	-
Interest and Fiscal Charges	1,528,275	-	-
Total Expenditures	147,861,591	196,073	22,304,424
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,689,462)	2,013,438	(334,548)
Other Financing Sources (Uses)			
Transfers In	3,498,627	29,543	-
Transfers Out	(3,538,484)	-	-
Capital leases	1,403,261	-	-
Total Other Financing Sources (Uses)	1,363,404	29,543	-
Special Item			
Gain (loss) on sale of land held for resale	-	3,037,670	-
Net Change in Fund Balances	(1,326,058)	5,080,651	(334,548)
Fund Balances, Beginning of Year	109,119,292	23,121,926	12,607
Restatements	775,000	-	2,300,000
Fund Balances, Beginning of Year, as Restated	109,894,292	23,121,926	2,312,607
Fund Balances, End of Year	\$ 108,568,234	\$ 28,202,577	\$ 1,978,059

CITY OF CORONA

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2018

	<u>Capital Projects Funds</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>Development</u>		
Revenues			
Property Taxes	\$ -	\$ -	\$ 45,775,246
Sales Taxes	-	-	38,118,548
Other Taxes	-	-	10,443,823
Licenses, Fees and Permits	3,981,634	716,874	6,530,878
Fines and Penalties	-	27,210	1,243,873
Special Assessments	-	8,486,061	8,518,569
Investment Earnings	9,912	(4,892)	540,761
Intergovernmental Revenues	-	13,377,211	19,642,952
Current Services	-	207,094	21,536,206
Payments in Lieu of Services	47,040	-	9,973,782
Other Revenues	163	1,437,470	35,312,655
Total Revenues	4,038,749	24,247,028	197,637,293
Expenditures			
Current:			
General Government	-	95,214	33,655,587
Public Safety - Fire	866	-	26,856,853
Public Safety - Police	-	771,852	47,438,961
Public Works & Maintenance Services	226,180	10,514,419	32,547,327
Library and Recreation Services	-	29,171	5,177,880
Community Development	-	261,804	4,770,036
Economic Development	-	-	421,117
Capital Outlay	359,850	8,420,087	35,320,776
Debt Service:			
Principal Retirement	-	-	3,324,719
Interest and Fiscal Charges	-	4,955	1,533,230
Total Expenditures	586,896	20,097,502	191,046,486
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,451,853	4,149,526	6,590,807
Other Financing Sources (Uses)			
Transfers In	1,573,150	432,154	5,533,474
Transfers Out	-	(2,757,944)	(6,296,428)
Capital leases	-	-	1,403,261
Total Other Financing Sources (Uses)	1,573,150	(2,325,790)	640,307
Special Item			
Gain (loss) on sale of land held for resale	-	-	3,037,670
Net Change in Fund Balances	5,025,003	1,823,736	10,268,784
Fund Balances, Beginning of Year	5,276,971	38,604,208	176,135,004
Restatements	(1,164,275)	-	1,910,725
Fund Balances, Beginning of Year, as Restated	4,112,696	38,604,208	178,045,729
Fund Balances, End of Year	\$ 9,137,699	\$ 40,427,944	\$ 188,314,513

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, 2018**

Net Changes in Fund Balances - Total Governmental Funds **\$ 10,268,784**

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	34,247,351
Deletions of capital assets during the current year	(382,409)

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. (12,431,636)

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	(128,756)
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. 21,112

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. 237,463

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:	
Capital Lease Payable	\$ (1,403,261)
Principal Repayments:	
Lease Revenue Bond Payable	1,185,000
Lease Payable	1,544,405
Capital Lease Payable	595,314
Bond Premium Amortization	148,728
Deferred Charges Amortization	<u>(29,855)</u>
	2,040,331

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. 12,478,900

Governmental funds report all contributions in relation to the actuarially determined contribution for OPEB as expenditures, however in the statement of activities only the annual OPEB cost is an expense. 854,455

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. (946,125)

Change in Net Position of Governmental Activities **\$ 44,259,470**

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, 2018

	Business-Type Activities - Enterprise Funds		
	Corona Utility Authority		
	Water	Water Reclamation	Electric
Assets			
Current Assets			
Cash and Investments	\$ 24,820,448	\$ 59,392,846	\$ 15,408,858
Accounts Receivable, Net	6,794,372	5,122,952	2,016,893
Interest Receivable	114,934	262,250	73,720
Due from Other Governmental Agencies	1,930,967	24,534	298,246
Inventories and Prepayments	2,874,942	-	142,474
Deposits	-	-	29,882
Restricted:			
Cash and Investments	6,880,453	2,765,961	1,100,000
Total Current Assets	43,416,116	67,568,543	19,070,073
Noncurrent Assets			
Interfund Advances Receivable	-	-	2,831,425
Investment in Joint Venture	-	4,236,219	-
Capital Assets:			
Land and Construction in Progress	55,536,787	13,597,697	1,995,499
Other Capital Assets, Net of Depreciation	205,593,229	119,925,469	9,622,916
Total Capital Assets	261,130,016	133,523,166	11,618,415
Total Noncurrent Assets	261,130,016	137,759,385	14,449,840
Total Assets	304,546,132	205,327,928	33,519,913
Deferred Outflows of Resources			
Deferred Pension Related Items	5,280,564	3,206,903	962,248
Deferred OPEB Related Items	743,705	490,929	120,121
Total Deferred Outflows of Resources	6,024,269	3,697,832	1,082,369
Total Assets and Deferred Outflows of Resources	\$ 310,570,401	\$ 209,025,760	\$ 34,602,282
Liabilities, Deferred Inflows of Resources, and Net Position			
Liabilities			
Current Liabilities			
Accounts Payable and Accrued Liabilities	\$ 7,198,322	\$ 4,269,147	\$ 1,096,259
Unearned Revenue	750,027	-	-
Deposits	2,242,044	608,200	-
Due to other funds	-	-	-
Claims and Judgments Payable	-	-	-
Compensated Absences Payable	445,589	282,368	9,083
Long-term Capital Lease Payable	-	-	-
Long-term Debt	3,631,130	2,293,835	-
Liabilities Payable from Restricted Assets	737,413	-	-
Total Current Liabilities	15,004,525	7,453,550	1,105,342
Noncurrent Liabilities			
Interfund Advances Payable	-	-	8,952,034
Claims and Judgments Payable	-	-	-
Compensated Absences Payable	-	-	-
Long-term Capital Lease Payable	106,819,662	65,808,682	-
Long-term Debt, Net of Unamortized Premium	49,362,109	21,375,937	-
Net Pension Liability	20,259,991	12,303,583	3,689,734
Net OPEB Liability	8,206,063	5,416,924	1,325,417
Total Noncurrent Liabilities	184,647,825	104,905,126	13,967,185
Total Liabilities	199,652,350	112,358,676	15,072,527

CITY OF CORONA

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 JUNE 30, 2018

(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	533,580	324,036	97,174
Deferred OPEB Related Items	55,491	36,631	8,963
Total Deferred Inflows of Resources	589,071	360,667	106,137
Net Position			
Net Investment in Capital Assets	208,136,777	109,853,394	11,618,415
Restricted for:			
Capital Projects	6,568,086	167,368	-
Transportation	-	-	-
Unrestricted	(104,375,883)	(13,714,345)	7,805,203
Total Net Position	110,328,980	96,306,417	19,423,618
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 310,570,401	\$ 209,025,760	\$ 34,602,282

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, 2018

	Business-Type Activities - Enterprise Funds		Governmental Activities- Internal Service Funds
	Other Enterprise Funds	Totals	
Assets			
Current Assets			
Cash and Investments	\$ 545,730	\$ 100,167,882	\$ 33,260,281
Accounts Receivable, Net	6,780	13,940,997	81,605
Interest Receivable	3,796	454,700	-
Due from Other Governmental Agencies	1,337,727	3,591,474	1,048
Inventories and Prepayments	-	3,017,416	362,584
Deposits	-	29,882	-
Restricted:			
Cash and Investments	261,195	11,007,609	-
Total Current Assets	2,155,228	132,209,960	33,705,518
Noncurrent Assets			
Interfund Advances Receivable	-	2,831,425	-
Investment in Joint Venture	-	4,236,219	-
Capital Assets:			
Land and Construction in Progress	-	71,129,983	-
Other Capital Assets, Net of Depreciation	4,972,473	340,114,087	371,428
Total Capital Assets	4,972,473	411,244,070	371,428
Total Noncurrent Assets	4,972,473	418,311,714	371,428
Total Assets	7,127,701	550,521,674	34,076,946
Deferred Outflows of Resources			
Deferred Pension Related Items	325,452	9,775,167	611,911
Deferred OPEB Related Items	42,825	1,397,580	154,590
Total Deferred Outflows of Resources	368,277	11,172,747	766,501
Total Assets and Deferred Outflows of Resources	\$ 7,495,978	\$ 561,694,421	\$ 34,843,447
Liabilities, Deferred Inflows of Resources, and Net Position			
Liabilities			
Current Liabilities			
Accounts Payable and Accrued Liabilities	\$ 149,975	\$ 12,713,703	\$ 420,909
Unearned Revenue	369,810	1,119,837	-
Deposits	890	2,851,134	-
Due to other funds	694,343	694,343	-
Claims and Judgments Payable	-	-	4,139,955
Compensated Absences Payable	7,683	744,723	40,058
Long-term Capital Lease Payable	-	-	45,623
Long-term Debt	-	5,924,965	-
Liabilities Payable from Restricted Assets	-	737,413	-
Total Current Liabilities	1,222,701	24,786,118	4,646,545
Noncurrent Liabilities			
Interfund Advances Payable	115,000	9,067,034	-
Claims and Judgments Payable	-	-	18,769,521
Compensated Absences Payable	32,084	32,084	-
Long-term Capital Lease Payable	-	172,628,344	193,676
Long-term Debt, Net of Unamortized Premium	-	70,738,046	-
Net Pension Liability	1,247,800	37,501,108	2,348,010
Net OPEB Liability	472,540	15,420,944	1,705,753
Total Noncurrent Liabilities	1,867,424	305,387,560	23,016,960
Total Liabilities	3,090,125	330,173,678	27,663,505

CITY OF CORONA

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 JUNE 30, 2018

(CONTINUED)

	Business-Type Activities - Enterprise Funds		Governmental Activities- Internal Service Funds
	Other Enterprise Funds	Totals	
Deferred Inflows of Resources			
Deferred Pension Related Items	32,862	987,652	61,839
Deferred OPEB Related Items	3,195	104,280	11,535
Total Deferred Inflows of Resources	36,057	1,091,932	73,374
Net Position			
Net Investment in Capital Assets	4,972,473	334,581,059	132,129
Restricted for:			
Capital Projects	-	6,735,454	-
Transportation	261,195	261,195	-
Unrestricted	(863,872)	(111,148,897)	6,974,439
Total Net Position	4,369,796	230,428,811	7,106,568
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 7,495,978	\$ 561,694,421	\$ 34,843,447

Reconciliation of Net Position to the Statement of Net Position

Net Position per Statement of Net Position - Proprietary Funds	\$ 230,428,811
Prior years' accumulated adjustment to reflect the consolidation of internal service funds activities related to the enterprise funds	(243,381)
Current years' adjustments to reflect the consolidation of internal service activities related to enterprise funds	61,898
Net Position per Statement of Net Position	\$ 230,247,328

CITY OF CORONA

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2018

	Business-Type Activities - Enterprise Funds		
	Corona Utility Authority		
	Water	Water Reclamation	Electric
Operating Revenues			
Service Charges	\$ 52,501,400	\$ 30,305,513	\$16,649,427
Fees and Permits	3,007,601	177,956	-
Fines and Penalties	535,125	303,691	52,633
Other Revenues	1,904,141	3,410,025	1,072,875
Total Operating Revenues	57,948,267	34,197,185	17,774,935
Operating Expenses			
Personnel Services	17,666,402	10,787,904	2,517,812
Contractual	4,896,495	1,631,942	494,957
Materials and Supplies	25,884,017	7,719,110	3,792,569
Utilities	4,983,909	3,263,409	8,853,632
Depreciation and Amortization	7,726,072	5,418,026	983,851
Claims Expense	-	-	-
Total Operating Expenses	61,156,895	28,820,391	16,642,821
Operating Income (Loss)	(3,208,628)	5,376,794	1,132,114
Nonoperating Revenues (Expenses)			
Investment Earnings	282,291	48,115	(4,615)
Interest Expense	(5,073,499)	(2,725,996)	(286,052)
Operating Grants and Contributions	970,858	749	194,348
Intergovernmental	-	3,750	-
Loss on joint venture	-	(29,671)	-
Total Nonoperating Revenues (Expenses)	(3,820,350)	(2,703,053)	(96,319)
Income (Loss) Before Contributions and Transfers	(7,028,978)	2,673,741	1,035,795
Capital Grants and Contributions	2,545,065	1,585,603	-
Transfers In	3,444,453	898,943	287,098
Transfers Out	-	(1,854,604)	-
Changes in Net Position	(1,039,460)	3,303,683	1,322,893
Net Position, Beginning of Year	122,988,856	98,551,599	19,378,599
Restatements	(11,620,416)	(5,548,865)	(1,277,874)
Net Position, Beginning of Year, as Restated	111,368,440	93,002,734	18,100,725
Net Position, End of Year	\$ 110,328,980	\$ 96,306,417	\$19,423,618
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, 2018

(CONTINUED)

	Business-Type Activities - Enterprise Funds		Governmental Activities- Internal Service Funds
	Other Enterprise Funds	Totals	
Operating Revenues			
Service Charges	\$ -	\$ 99,456,340	\$ 9,990,558
Fees and Permits	34,019	3,219,576	-
Fines and Penalties	-	891,449	-
Other Revenues	589,070	6,976,111	823,541
Total Operating Revenues	623,089	110,543,476	10,814,099
Operating Expenses			
Personnel Services	1,098,232	32,070,350	2,070,210
Contractual	1,593,109	8,616,503	113,987
Materials and Supplies	152,346	37,548,042	4,355,217
Utilities	195,014	17,295,964	823,406
Depreciation and Amortization	498,970	14,626,919	13,423
Claims Expense	-	-	2,335,701
Total Operating Expenses	3,537,671	110,157,778	9,711,944
Operating Income (Loss)	(2,914,582)	385,698	1,102,155
Nonoperating Revenues (Expenses)			
Investment Earnings	9,136	334,927	63
Interest Expense	-	(8,085,547)	(4,887)
Operating Grants and Contributions	2,032,635	3,198,590	-
Intergovernmental	3,773	7,523	-
Loss on joint venture	-	(29,671)	-
Total Nonoperating Revenues (Expenses)	2,045,544	(4,574,178)	(4,824)
Income (Loss) Before Contributions and Transfers	(869,038)	(4,188,480)	1,097,331
Capital Grants and Contributions	861,517	4,992,185	-
Transfers In	106,955	4,737,449	193,942
Transfers Out	(138,333)	(1,992,937)	(2,175,500)
Changes in Net Position	(38,899)	3,548,217	(884,227)
Net Position, Beginning of Year	4,845,729	245,764,783	9,568,382
Restatements	(437,034)	(18,884,189)	(1,577,587)
Net Position, Beginning of Year, as Restated	4,408,695	226,880,594	7,990,795
Net Position, End of Year	\$ 4,369,796	\$ 230,428,811	\$ 7,106,568
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		\$ 3,548,217	
Adjustment to reflect the consolidation of current fiscal year internal service funds activities related to enterprise funds		61,898	
Changes in Net Position of Business-Type Activities per Statement of Activities		\$ 3,610,115	

CITY OF CORONA

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2018

	Business-Type Activities - Enterprise Funds		
	Corona Utility Authority		
	Water	Water Reclamation	Electric
Cash Flows from Operating Activities:			
Cash received from customers and users	\$ 57,944,721	\$ 30,515,055	\$ 16,761,523
Cash paid to suppliers for goods and services	(34,301,958)	(9,638,949)	(12,783,555)
Cash paid to employees for services	(9,533,364)	(5,909,906)	(1,713,389)
Cash paid for current claims	-	-	-
Cash paid for long-term claims	-	-	-
Cash received from others	3,590,843	2,915,642	878,528
Net Cash Provided (Used) by Operating Activities	17,700,242	17,881,842	3,143,107
Cash Flows from Non-Capital Financing Activities:			
Transfers in	3,444,453	898,943	287,098
Transfers out	-	(1,854,604)	-
Cash borrowed due to other funds	-	-	-
Advance to other funds	-	-	(904,411)
Repayments of advance from other funds	-	-	(2,831,425)
Operating grants and contributions	970,858	749	194,348
Intergovernmental	-	3,750	-
Net Cash Provided (Used) by Non-Capital Financing Activities	4,415,311	(951,162)	(3,254,390)
Cash Flows from Capital and Related Financing Activities:			
Proceeds from capital debt	-	33,455	-
Capital grants and contributions	2,545,065	1,585,603	-
Acquisition and construction of capital assets	(15,308,812)	(9,250,803)	(253,650)
Retirement on long-term debt	(3,531,728)	(2,218,347)	-
Interest payments of long-term debt	(5,162,074)	(2,744,927)	(286,052)
Net Cash Provided (Used) by Capital and Related Financing Activities	(21,457,549)	(12,595,019)	(539,702)
Cash Flows from Investing Activities:			
Interest received	249,869	(26,283)	(19,105)
Net Cash Provided (Used) by Investing Activities	249,869	(26,283)	(19,105)
Net Increase (Decrease) in Cash and Cash Equivalents	907,873	4,309,378	(670,090)
Cash and Cash Equivalents at Beginning of Year	30,793,028	57,849,429	17,178,948
Cash and Cash Equivalents at End of Year	\$ 31,700,901	\$ 62,158,807	\$ 16,508,858

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2018

(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)	\$ (3,208,628)	\$ 5,376,794	\$ 1,132,114
Adjustments to Reconcile Operating Income (Loss) Net Cash Provided (Used) by Operating Activities:			
Depreciation and Amortization	7,726,072	5,418,026	983,851
(Increase) decrease in accounts receivable	3,876	(880,305)	16,114
(Increase) decrease in deposits receivable	-	-	43,349
(Increase) decrease in due from other governments	2,832,174	1,425	(194,347)
(Increase) decrease in inventories and prepayments	(182,679)	-	311,730
(Increase) decrease in deferred outflows of pension related items	(91,777)	95,047	480,686
(Increase) decrease in deferred outflows of OPEB items	(743,705)	(490,929)	(120,121)
Increase (decrease) in accounts payable and accrued liabilities	1,363,723	2,888,191	38,001
Increase (decrease) in unearned revenue	(12,719)	-	-
Increase (decrease) in deposits payable	763,966	112,392	-
Increase (decrease) in claims and judgments	-	-	-
Increase (decrease) in compensated absences	(49,335)	763	(183,427)
Increase (decrease) in liabilities payable from restricted assets	124,621	-	-
Increase (decrease) in pension liability	9,323,059	5,418,978	755,647
Increase (decrease) in OPEB liability	616,590	407,018	99,589
Increase (decrease) in deferred inflows of pension related items	(820,487)	(502,189)	(229,042)
Increase (decrease) in deferred inflows of OPEB items	55,491	36,631	8,963
Total Adjustments	20,908,870	12,505,048	2,010,993
Net Cash Provided (Used) by Operating Activities	\$ 17,700,242	\$ 17,881,842	\$ 3,143,107
Non-Cash Investing, Capital, and Financing Activities:			
Gain/(Loss) on Investment in Joint Venture	\$ -	\$ (29,671)	\$ -
Amortization of bond premium	(88,575)	(18,931)	-

CITY OF CORONA

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2018

	Business-Type Activities - Enterprise Funds		Governmental Activities- Internal Service Funds
	Other Enterprise Funds	Totals	
Cash Flows from Operating Activities:			
Cash received from customers and users	\$ 52,916	\$ 105,274,215	\$ 9,995,283
Cash paid to suppliers for goods and services	(1,934,575)	(58,659,037)	(5,412,805)
Cash paid to employees for services	(507,360)	(17,664,019)	(1,125,056)
Cash paid for current claims	-	-	(505,145)
Cash paid for long-term claims	-	-	(2,374,867)
Cash received from others	(542,559)	6,842,454	823,541
Net Cash Provided (Used) by Operating Activities	(2,931,578)	35,793,613	1,400,951
Cash Flows from Non-Capital Financing Activities:			
Transfers in	106,955	4,737,449	193,942
Transfers out	(138,333)	(1,992,937)	(2,175,500)
Cash borrowed due to other funds	694,343	694,343	-
Advance to other funds	-	(904,411)	-
Repayments of advance from other funds	(15,000)	(2,846,425)	-
Operating grants and contributions	1,926,170	3,092,125	-
Intergovernmental	3,773	7,523	-
Net Cash Provided (Used) by Non-Capital Financing Activities	2,577,908	2,787,667	(1,981,558)
Cash Flows from Capital and Related Financing Activities:			
Proceeds from capital debt	-	33,455	255,551
Capital grants and contributions	861,517	4,992,185	-
Acquisition and construction of capital assets	(1,304,957)	(26,118,222)	(384,851)
Retirement on long-term debt	-	(5,750,075)	(16,252)
Interest payments of long-term debt	-	(8,193,053)	(4,887)
Net Cash Provided (Used) by Capital and Related Financing Activities	(443,440)	(35,035,710)	(150,439)
Cash Flows from Investing Activities:			
Interest received	10,806	215,287	63
Net Cash Provided (Used) by Investing Activities	10,806	215,287	63
Net Increase (Decrease) in Cash and Cash Equivalents	(786,304)	3,760,857	(730,983)
Cash and Cash Equivalents at Beginning of Year	1,593,229	107,414,634	33,991,264
Cash and Cash Equivalents at End of Year	\$ 806,925	\$ 111,175,491	\$ 33,260,281

CITY OF CORONA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2018

(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)	\$ (2,914,582)	\$ 385,698	\$ 1,102,155
Adjustments to Reconcile Operating Income (Loss) Net Cash Provided (Used) by Operating Activities:			
Depreciation and Amortization	498,970	14,626,919	13,423
(Increase) decrease in accounts receivable	17,754	(842,561)	4,725
(Increase) decrease in deposits receivable	-	43,349	-
(Increase) decrease in due from other governments	(1,197,925)	1,441,327	-
(Increase) decrease in inventories and prepayments	-	129,051	139,387
(Increase) decrease in deferred outflows of pension related items	(80,361)	403,595	22,170
(Increase) decrease in deferred outflows of OPEB items	(42,825)	(1,397,580)	(154,590)
Increase (decrease) in accounts payable and accrued liabilities	(2,531)	4,287,384	(288,179)
Increase (decrease) in unearned revenue	67,439	54,720	-
Increase (decrease) in deposits payable	-	876,358	-
Increase (decrease) in claims and judgments	-	-	(544,311)
Increase (decrease) in compensated absences	9,413	(222,586)	(22,353)
Increase (decrease) in liabilities payable from restricted assets	-	124,621	-
Increase (decrease) in pension liability	712,716	16,210,400	1,064,683
Increase (decrease) in OPEB liability	35,506	1,158,703	128,166
Increase (decrease) in deferred inflows of pension related items	(38,347)	(1,590,065)	(75,860)
Increase (decrease) in deferred inflows of OPEB items	3,195	104,280	11,535
Total Adjustments	(16,996)	35,407,915	298,796
Net Cash Provided (Used) by Operating Activities	\$ (2,931,578)	\$ 35,793,613	\$ 1,400,951
Non-Cash Investing, Capital, and Financing Activities:			
Gain/(Loss) on Investment in Joint Venture	\$ -	\$ (29,671)	\$ -
Amortization of bond premium	-	(107,506)	-



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, 2018

	Private- Purpose Trust Fund Successor Agency Trust Fund	Agency Funds
Assets		
Cash and Investments	\$ 6,384,037	\$ 2,155,268
Interest Receivable	-	94,342
Due from Other Governmental Agencies	-	209,456
Restricted Assets:		
Cash and investments	6,906,651	30,224,857
Total Assets	13,290,688	\$ 32,683,923
Deferred Outflows of Resources		
Deferred Pension Related Items	66,557	
Deferred OPEB Related Items	20,891	
Total Deferred Outflows of Resources	87,448	
Liabilities		
Current:		
Accounts Payable and Accrued Liabilities	843,492	\$ 153,572
Long-Term Debt Due within One Year	3,890,000	-
Liabilities Payable from Restricted Assets	3,203	-
Noncurrent:		
Due to Other Governmental Agencies	9,759,144	-
Long-term Debt, Net of Unamortized Premium	52,046,886	-
Net Pension Liability	254,927	-
Net OPEB obligation	230,506	-
Due to Bondholders	-	32,530,351
Total Liabilities	67,028,158	\$ 32,683,923
Deferred Inflows of Resources		
Deferred Pension Related Items	6,714	
Deferred OPEB Related Items	1,559	
Total Deferred Inflows or Resources	8,273	
Net Position		
Held in Trust for Successor Agency Activities	(53,658,295)	
Total Net Position	\$ (53,658,295)	

CITY OF CORONA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 YEAR ENDED JUNE 30, 2018

	<u>Private-Purpose Trust Fund Successor Agency Trust Fund</u>
Additions	
Property Taxes	\$ 11,027,513
Investment Income	57,703
Total Additions	<u>11,085,216</u>
Deductions	
Administrative Expenses	(237,262)
Developer Payments - OPA Approved by DOF	1,601,625
Debt Service Payments	2,684,617
Total Deductions	<u>4,048,980</u>
Changes in Net Position	7,036,236
Net Position, Beginning of Year	(60,481,344)
Restatement	<u>(213,187)</u>
Net Position, Beginning of Year, as Restated	<u>(60,694,531)</u>
Net Position, End of the Year	<u>\$ (53,658,295)</u>



CITY OF CORONA

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Year Ended June 30, 2018

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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, 2018

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, 2018

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 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 Other Grants capital projects fund accounts for receipts and expenditures of money received from various governmental grants.
- 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 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	

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

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, 2018

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, 2018

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.

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's investments are presented in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. 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, 2018

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, 2018, allowances of uncollectibles for governmental funds totaled \$9,340,446, in the Low Mod Income Housing Asset capital project fund, and \$459,961, in the Other Grants 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 \$295,584 as of June 30, 2018, with \$182,942 for Water, \$81,110 for Water Reclamation, and \$31,352 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 measurable 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, 2018

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 its business.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

Note 1: Summary of Significant Accounting Policies (Continued)

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, 2018. 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 9 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, 2018

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, 2016
Measurement Date (MD)	June 30, 2017
Measurement Period (MP)	July 1, 2016 to June 30, 2017

m. Other Postemployment Benefits (OPEB) Liability

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's plan (OPEB Plan), the assets of which are held by the California Employers' Retiree Benefit Trust Program (CERBT), and additions to/deductions from the OPEB Plan's fiduciary net position have been determined by an independent actuary. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

Generally accepted accounting principles require 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	June 30, 2017
Measurement Date	June 30, 2017
Measurement Period	July 1, 2016 to June 30, 2017

n. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element 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 items are deferred pension related items and deferred OPEB related items, are reported in the government-wide statement of net position.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

Note 1: Summary of Significant Accounting Policies (Continued)

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 items are deferred pension and OPEB related items reported in the government-wide statement of net position.

Gains and losses related to changes in total pension or OPEB liability and their related fiduciary net position are recognized in pension or OPEB expense, respectively, systematically over time. Amounts are first recognized in pension or OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pension or OPEB and are to be recognized in future pension and OPEB expense, respectively.

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

Net difference between projected and actual earning on pension or OPEB plan investments	5 years	All plans
All other amounts are amortized over the expected average remaining service lifetime (EARSL) of the respective plan. As of June 30, 2017, EARLS were:	6.68 years	OPEB plan
	2.3 years	Pension Misc.-Agent Multiple Employer Plan
	4.7 years	Pension Safety – Agent Multiple Employer Plan
	3.8 years	Pension Safety – Cost Sharing Plan

o. 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

Note 1: Summary of Significant Accounting Policies (Continued)

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 criterions. The General Fund is the only fund that reports a positive fund balance amount.

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 committed amounts to be reduced first, followed by assigned amounts and then unassigned amounts. Please refer to Note 16 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

Note 1: Summary of Significant Accounting Policies (Continued)

p. 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.

q. Effect of New Accounting Standards

During the fiscal year ended June 30, 2018, the City implemented the following Governmental Accounting Standards Board (GASB) standards:

GASB Statement No. 75 – *Accounting and Financial Reporting For Post-Employment Benefits Other Than Pensions*. This Statement improves the accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditures. This Statement replaces GASB No. 45 and GASB No. 57.

II. STEWARDSHIP

Note 2: Stewardship, Compliance and Accountability

a. Budget

Budget schedule is not presented for the Public Financing Authority fund.

b. Deficit Fund Balance or Net Position

At June 30, 2018, the Public Facility Project Fund had a deficit fund balance of \$48,501 and the Liability Risk internal service fund had a deficit fund balance of \$116,146. The deficit will be eliminated with future revenue. The Successor Agency Trust Fund had a deficit net position amount of \$53,658,295.

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 \$2,527,955 at June 30, 2018. Bank balances before reconciling items were \$2,377,918 at that date. All City's cash and investments as of June 30, 2018 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

Note 3: Cash and Investments (Continued)

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;
- 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.

CITY OF CORONA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2018

Note 3: Cash and Investments (Continued)

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:

	2018	2017
Realized gain/(loss) on matured investments	\$ 143,829	\$ 409,207
Unrealized loss in changes in fair value of investments	(4,263,618)	(3,271,454)
Interest Income	4,995,540	3,685,232
Total investment income	<u>\$ 875,751</u>	<u>\$ 822,985</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, 2018:

	Government-Wide Statement of Net Position			Fiduciary Funds Statement of Net Position	Total
	Governmental Activities	Business-Type Activities	Total		
Cash and Investments	<u>\$ 188,124,565</u>	<u>\$ 100,167,882</u>	<u>\$ 288,292,447</u>	<u>\$ 8,539,305</u>	<u>\$ 296,831,752</u>
Restricted Cash and Investments	<u>\$ 1,831,840</u>	<u>\$ 11,007,609</u>	<u>\$ 12,839,449</u>	<u>\$ 37,131,508</u>	<u>49,970,957</u>
Total Cash and Investments					<u>\$ 346,802,709</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, 2018 included a portion of the pool funds invested in Structured Notes and Asset-Backed Securities.

As of June 30, 2018, the City had \$64,642,061 invested in LAIF. Fair value of the City's LAIF investments was \$64,520,978 as of June 30, 2018. 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 0.998126869.

CITY OF CORONA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

Note 3: Cash and Investments (Continued)

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, 2018, 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	\$ -	\$ 13,470,692	\$ -
FHLMC	-	19,231,098	-
FNMA	-	40,364,180	-
US T-Notes	-	45,372,015	-
LAIF	64,520,978	-	-
Federated	142,469	-	-
FHLMC - CMO	-	5,612,633	-
Westpac Banking Corp Yankee CD	1,999,995	-	-
Toronto Dominion NY Yankee CD	1,699,447	-	-
Bank of Nova Scotia Yankee CD	3,860,000	-	-
Bank of Montreal Chicago Yankee CD	3,770,000	-	-
International Bank Recon & Development Note	-	3,911,720	-
International Finance Corp Note	-	5,628,127	-
Inter-American Dev Bank Note	-	7,363,445	-
American Express ABS	-	2,315,347	-
American Honda Finance Note	2,747,583	-	-
Bank of New York Callable Note	-	2,635,658	-
Berkshire Hathaway Note	-	1,181,944	-
Chubb INA Holdings Inc Callable Note	-	2,499,712	-
Cisco Systems Note	2,531,647	-	-
Costco Wholesale Corp Note	-	1,604,282	-
Exxon Mobil Corp Callable Note	-	2,650,307	-
General Dynamics Corp Note	-	2,960,457	-
Home Depot Note	-	1,119,495	-
Honda ABS	-	3,762,031	-
HSBC USA Inc Note	2,681,208	-	-
IBM Credit Corp Note	-	2,827,149	-
John Deere ABS	-	2,699,437	-
John Deere Capital Corp Note	-	2,810,318	-
JP Morgan Chase & Co Callable Note	-	2,434,900	-
Microsoft Note	2,293,861	2,816,632	-
Nissan ABS	-	1,390,614	-
Occidental Petroleum Callable Note	-	2,776,625	-
Oracle Corp Callable Note	-	2,452,479	-
PNC Bank Callable Note	-	2,944,019	-
Praxair Note	2,518,086	-	-
Qualcomm Inc Note	-	2,364,617	-
Royal Bank of Canada Note	-	2,357,856	-
State Street Bank Note	-	2,010,221	-
Toyota ABS	49,678	5,272,987	-
Toyota Motor Credit Corp Note	-	2,644,690	-
US Bancorp Callable Note	2,391,306	1,223,014	-
Wells Fargo Corp Note	-	2,538,875	-
Deposits	2,377,918	-	-
Total Investments	\$ 93,584,176	\$ 203,247,576	\$ -

CITY OF CORONA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

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	\$ 3,983,188	\$ -	\$ -
Local Agency Investment Funds	3,366,460	-	-
Blackrock Federal	38,320,612	-	-
MBIA Financial Guaranty Ins Policy	-	1	-
MBIA Debt Service Reserve Surety Bond	-	1	-
Natixis Funding Corp	-	4,300,695	-
Total Investments	\$ 45,670,260	\$ 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.

As of June 30, 2018, the City had the following deposits and investments.

	Credit Rating	Fair Value	Total
City Treasury:			
Deposits	Not Rated	\$ 2,377,918	\$ 2,377,918
Investments:			
Medium Term Notes	AAA	13,320,069	
Medium Term Notes	AA+	2,650,307	
Medium Term Notes	AA	1,181,944	
Medium Term Notes	AA-	9,986,672	
Medium Term Notes	A+	13,753,791	
Medium Term Notes	A-	4,973,775	
Medium Term Notes	Not Rated	7,280,518	77,507,035
U.S. Government Agency Securities			
FHLB	AA+	13,470,692	
FHLMC	AA+	19,231,098	
FNMA	AA+	40,364,180	
U.S. Treasury	Not Rated	45,372,015	118,437,985
FHLMC - CMO	AA+	1,238,222	
FHLMC - CMO	Not Rated	4,374,411	5,612,633
Negotiable CD	A-1+	3,699,442	
Negotiable CD	A-1	7,630,000	11,329,442
Money Market Funds	AAA	142,469	142,469
Supranationals			
International Bank Recon & Development Note	AAA	3,911,720	
International Finance Corp Note	AAA	5,628,127	
Inter-American Dev Bank Note	NR	7,363,445	16,903,292
Local Agency Investment Funds	Not Rated	64,520,978	64,520,978
Restricted Cash and Investments:			
Cash & Investments with Fiscal Agents	Not Rated	45,987,769	
Development Restricted Cash	Not Rated	63,000	
Water Reclamation Restricted Cash	Not Rated	509,441	
Electric Restricted Cash	Not Rated	1,100,000	
Transit Restricted Cash	Not Rated	261,195	
Special Tax Districts Restricted Cash	Not Rated	13,792	
Transportation Grants Restricted Cash	Not Rated	1,754,196	
Retention & Escrow Accounts	Not Rated	281,564	49,970,957
Total Investments			\$ 346,802,709

CITY OF CORONA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2018

Note 3: Cash and Investments (Continued)

The City's credit risk, expressed on a percentage basis as of June 30, 2018, is presented below:

Investment Type	Moody's Rating	S&P Rating	% of Investment
LAIF	NR	NR	21.64%
US T-Notes	Aaa	AA+	16.46%
Federal National Mortgage Association	Aaa	AA+	13.54%
Federal Home Loan Mortgage Corp	Aaa	AA+	6.45%
Federal Home Loan Bank	Aaa	AA+	4.52%
Inter-American Dev Bank	Aaa	NR	2.47%
International Finance Corp	Aaa	AAA	1.89%
Federal Home Loan Mortgage Corp	Aaa	AA+	1.88%
Toyota ABS	Aaa	AAA	1.79%
Microsoft	Aaa	AAA	1.71%
Intl Bank Recon and Development	Aaa	AAA	1.31%
Bank of Nova Scotia Houston	P-1	A-1	1.29%
Bank of Montreal Chicago	P-1	A-1	1.26%
Honda ABS	Aaa	NR	1.26%
US Bancorp	A1	A+	1.21%
General Dynamics Corp	A2	A+	0.99%
PNC Financial Services Group	A2	A	0.99%
IBM Corp	A1	A+	0.95%
Deere & Company	A2	A	0.94%
Occidental Petroleum Corporation	A3	A	0.93%
Honda Motor Corporation	A2	A+	0.92%
John Deere ABS	Aaa	NR	0.91%
HSBC Holdings PLC	A2	A	0.90%
Exxon Mobil Corp	Aaa	AA+	0.89%
Toyota Motor Corp	Aa3	AA-	0.89%
Bank of New York	A1	A	0.88%
Wells Fargo Corp	A2	A-	0.85%
Cisco Systems	A1	AA-	0.85%
Praxair	A2	A	0.84%
Chubb Corporation	A3	A	0.84%
Oracle Corp	A1	AA-	0.82%
JP Morgan Chase & Co	A3	A-	0.82%
Qualcomm Inc	A1	A	0.79%
Royal Bank of Canada	A1	AA-	0.79%
American Express ABS	Aaa	NR	0.78%
State Street Bank	A1	A	0.67%
Westpac Banking Corp NY	P-1	A-1+	0.67%
Toronto Dominion Holdings	P-1	A-1+	0.57%
Costco Wholesale Corporation	A1	A+	0.54%
Nissan ABS	Aaa	NR	0.47%
Berkshire Hathaway	Aa2	AA	0.40%
Home Depot	A2	A	0.38%
Federated Govt Obligation Money Market Fund	NR	NR	0.05%
Total			100.0%

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2018

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 quoted prices for similar assets in active markets; Level 3 inputs are significant unobservable inputs.

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

	June 30, 2018	Investments not Measured at Fair Value	Level 2
Investments:			
US Treasury	\$ 45,372,015	\$ -	\$ 45,372,015
Federal Government Agency	73,065,970	-	73,065,970
Collateral Mortgage Obligations	5,612,633	-	5,612,633
Negotiable Certificates of Deposit	11,329,442	-	11,329,442
Supranationals	16,903,292	-	16,903,292
Medium-Term Corporate Notes	62,016,941	-	62,016,941
Asset-Backed Securities	15,490,094	-	15,490,094
Money Market Funds	142,469	142,469	-
Local Agency Investment Fund	64,520,978	-	64,520,978
Total Cash Investments	<u>294,453,834</u>	<u>142,469</u>	<u>294,311,365</u>
Restricted Investments:			
Local Agency Investment Fund	3,366,460	-	3,366,460
Medium-Term Corporate Notes	42,621,309	-	42,621,309
Total Restricted Investments	<u>45,987,769</u>	<u>-</u>	<u>45,987,769</u>
Total Investments	<u>\$ 340,441,603</u>	<u>\$ 142,469</u>	<u>\$ 340,299,134</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, 2018:

Receivable Fund	Amount	Payable Fund	Amount
Major Funds:		Major Funds:	
General Fund	\$ 2,831,523	Other Grants	\$ 59
		Non-Major Funds:	
		<u>Special Revenue Funds:</u>	
		Special Tax District	1,042
		<u>Capital Projects Funds:</u>	
		Public Facility Project	599,300
		HUD Grants	1,536,779
		<u>Enterprise Funds:</u>	
		Transit Services	694,343
Total	<u>\$ 2,831,523</u>	Total	<u>\$ 2,831,523</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

Note 4: Interfund Transactions (Continued)

b. Long-Term Interfund Receivables/Payables

At June 30, 2018, 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	\$ 22,486,888	<u>Capital Project Funds:</u>	
		Development	\$ 13,419,854
<u>Capital Project Funds:</u>		<u>Enterprise Funds:</u>	
Development	53,776	Electric	8,952,034
<u>Enterprise Funds:</u>		Non-Major Funds:	
Electric	2,831,425	<u>Special Revenue Funds:</u>	
		Special Tax Districts	2,885,201
		<u>Enterprise Funds:</u>	
		Airport	115,000
Total	<u><u>\$ 25,372,089</u></u>	Total	<u><u>\$ 25,372,089</u></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, 2018, the balance of this Interfund Loan was \$13,419,854.

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, 2018, the balance payable from Electric to the General Fund was \$8,952,034.

In January 1998, The General Fund made a loan to the Airport fund to pay for certain improvements. Repayment was expected over a 27-year period with annual payment of \$15,000. As of June 30, 2018, the loan balance due from the Airport enterprise fund was \$115,000.

The Development capital project fund advance is being repaid by special assessments collected in a landscape maintenance district over a 10-year period with annual payments of \$56,035. The remaining balance as of June 30, 2018 is \$53,776.

In September 2017, the Electric enterprise fund made a loan to the Special Tax Districts special revenue fund to advance funding for the LED street and safety light retrofit project. Repayment is expected over a 10-year period with annual payments of \$15,000. As of June 30, 2018 the balance of this Interfund Loan was \$2,831,425.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

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, 2018, 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, 2018:

<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, 2018

Note 4: Interfund Transactions (Continued)

Current Year Transactions

During Fiscal Year 2017-2018, the following related party transactions were recorded by the City and the Authority:

<u>Leasee</u>	<u>Amount</u>
Water Utility	\$ 3,215,345
Water Reclamation Utility	2,041,048
Total Payment from the Authority to the City	<u>\$ 5,256,393</u>

Capital Lease Payments

At June 30, 2018, 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>
2019	\$ -	\$ 3,041,878
2020	-	2,877,084
2021	-	2,720,530
2022	-	2,571,803
2023	-	2,430,513
2024 - 2028	-	10,268,472
2029 - 2033	-	7,658,250
2034 - 2038	-	5,638,509
2039 - 2043	-	4,075,673
2044 - 2048	-	2,866,380
2049 - 2053	-	1,474,496
2054 - 2057	-	278,826
Total Future Lease Payments	-	<u>\$ 45,902,414</u>
Amount to be Forgiven at End of Lease	106,819,662	
Present Value of Total Lease Payment	<u>\$ 106,819,662</u>	

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

Note 4: Interfund Transactions (Continued)

At June 30, 2018, 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
2019	\$ -	\$ 2,041,048
2020	-	1,932,246
2021	-	1,828,883
2022	-	1,730,689
2023	-	1,637,405
2024 - 2028	-	6,943,084
2029 - 2033	-	5,219,727
2034 - 2038	-	3,886,228
2039 - 2043	-	2,854,392
2044 - 2048	-	2,055,976
2049 - 2053	-	1,566,908
2054 - 2057	-	850,676
Total Future Lease Payments	-	<u>\$ 32,547,262</u>
Amount to be Forgiven at End of Lease	65,808,682	
Present Value of Total Lease Payment	\$ 65,808,682	

d. Transfers Between Funds

With Council approval, resources may be transferred from one fund to another. Significant one-time transfers made during the current fiscal year were:

- \$1,184,794 from the Gas Tax special revenue fund to the General Fund for the payment of street maintenance costs.
- \$175,500 from the Fleet Operations internal service fund to the General Fund for the payment of service and replacement mobile data computers, and \$2,000,000 to be included in the General Fund equipment reserve.
- \$138,333 from Transit Services enterprise fund to the General Fund for the buyout of the corporate yard building.
- \$1,854,604 from the Water enterprise fund to the Water Reclamation Fund for payment of the operating capital projects loan.

CITY OF CORONA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2018

Note 4: Interfund Transactions (Continued)

- \$3,423,011 from the General Fund for the PERS additional unfunded liability contribution to the following funds:
 - Gas Tax fund - \$147,642
 - Other Grants and Endowments fund -\$8,652
 - Planned Local Drainage fund -\$160,387
 - Low-Mod Income Housing fund - \$29,543
 - Water fund - \$1,589,849
 - Water Reclamation fund - \$898,943
 - Transit Services fund -\$106,955
 - Electric fund -\$287,098
 - Fleet Operations fund \$168,021
 - Warehouse Operations fund \$25,921

Total transfers of \$10,464,865 are presented below:

Transfers Out	Transfers In	Amount
General Fund	Low-Mod Income Housing Asset Fund Other Governmental Funds Water Enterprise Fund Water Reclamation Enterprise Fund Electric Enterprise Fund Other Enterprise Funds Internal Service Funds	\$ 29,543 432,154 1,589,849 898,943 287,098 106,955 193,942 <hr/> 3,538,484
Other Governmental Funds	General Fund Development Fund	1,184,794 1,573,150 <hr/> 2,757,944
Water Reclamation Enterprise Fund	Water Enterprise Fund	1,854,604
Other Enterprise Funds	General Fund	138,333
Internal Service Funds	General Fund	2,175,500 <hr/> \$ 10,464,865

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018
Note 5: Long-Term Receivables

Long-term receivables on the governmental fund financial statement as of June 30, 2018 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	\$ -	\$ 8,820,874
<u>Capital Project Funds:</u>		
Low Mod Income Housing Asset	7,992,099	12,122,577
Other Grants	2,300,000	-
Development	386,905	1,189,660
Non-Major Funds:		
<u>Capital Project Funds:</u>		
HUD Grants	2,921,012	1,956,888
Total	\$ 13,600,016	\$ 24,089,999

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, 2018. 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 22.b for additional information.
- Reimbursement receivables from developers for the Temescal Canyon Communications Tower in the amount of \$287,911.
- Amount to be reimbursed by developers for South Corona area Community Facilities Plan for \$179,205.
- Notes receivables from developers for the sale of land totaling \$775,000.

The Development capital project fund reported long-term loans receivables from developers totaling \$1,189,660 and loans receivable of \$361,105, related to deferred development fees, as well as 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 \$2,180,386 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, 2018, which was assumed by the CHA as the housing successor upon the dissolution of the former Corona Redevelopment Agency. Please refer to Note 22.b for additional information. The fund also reported long-term receivables from developers totaling \$9,942,191 and loans receivable from various developers with a total of \$7,992,099 at June 30, 2018.

CITY OF CORONA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

Note 5: Long-Term Receivables (Continued)

Loans receivable from developers of \$2,300,000 for building affordable housing.

The HUD Grants fund had long-term receivables of \$1,956,888 for amounts to be reimbursed by developers of low-income housing. Loans receivable in the amount of \$2,921,012 reported in the HUD Grants fund represented various outstanding HUD program loans as of June 30, 2018.

Note 6: Sale of Land

City land held for resale of \$2,662,329 in the Low Mod Income Housing Asset Fund was sold in fiscal year 2017-18 to a developer in exchange for a long-term promissory note in the amount of \$5,700,000, resulting in a gain on the sale of the property in the amount of \$3,037,670. The note matures 55 years from the date on which the Certificate of completion is issued.

Note 7: 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, 2018 was \$1,129,388 in the Low Mod Income Housing Asset Fund.

Note 8: 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, 2018

Note 8: Capital Assets (Continued)

A summary of capital assets of the City as of June 30, 2018, is presented below:

	Restated Balance June 30, 2017	Construction in Progress Completed	Additions	Deletions	Balance June 30, 2018
Governmental Activities:					
Capital assets not being depreciated:					
Land	\$ 72,964,018	\$ -	\$ 78,608	\$ (195,267)	\$ 72,847,359
Streets	195,753,023	-	402,328	-	196,155,351
Construction in Progress	94,640,342	(6,728,308)	27,235,438	-	115,147,472
Total Capital Assets not being Depreciated	363,357,383	(6,728,308)	27,716,374	(195,267)	384,150,182
Capital assets being depreciated:					
Buildings and Improvements	224,405,552	5,484,105	139,218	(52,994)	229,975,881
Machinery and Equipment	35,311,400	1,242,226	5,592,779	(1,298,522)	40,847,883
Computer Software	934,921	-	-	-	934,921
Infrastructure	319,423,879	1,977	1,183,831	-	320,609,687
Total Capital Assets being Depreciated	580,075,752	6,728,308	6,915,828	(1,351,516)	592,368,372
Less accumulated depreciation for:					
Buildings and Improvements	(109,602,715)	-	(4,792,556)	52,994	(114,342,277)
Machinery and Equipment	(25,680,310)	-	(2,150,592)	1,111,380	(26,719,522)
Computer Software	(394,767)	-	(137,878)	-	(532,645)
Infrastructure	(125,120,463)	-	(5,364,033)	-	(130,484,496)
Total Accumulated Depreciation	(260,798,255)	-	(12,445,059)	1,164,374	(272,078,940)
Total Capital Assets Being Depreciated, Net	319,277,497	6,728,308	(5,529,231)	(187,142)	320,289,432
Governmental Activities Capital Assets, Net	\$ 682,634,880	\$ -	\$ 22,187,143	\$ (382,409)	\$ 704,439,614

Governmental activity capital assets were restated by \$395,767, due to the recognition of construction in progress that should have been expensed as repairs in prior years. Capital assets were also restated by \$232,616, due to land which should have been removed in prior years.

Refer to Note 21 for additional information on the restatement of beginning balances.

CITY OF CORONA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

Note 8: Capital Assets (Continued)

For the year ended June 30, 2018, accumulated depreciation on governmental activity capital assets and depreciation expense charged to each governmental function are presented as follows:

	Restated Balance June 30, 2017	Current Year Depreciation	Accumulated Depreciation	Adjustments to Depreciation	Accumulated Depreciation June 30, 2018
General Governments	\$ 40,617,492	\$ 2,922,065	\$ 43,539,557	\$ (180,445)	\$ 43,359,112
Public Safety - Fire	7,483,803	421,879	7,905,682	(48,215)	7,857,467
Public Safety - Police	6,119,909	1,229,602	7,349,511	(137,044)	7,212,467
Public Works	9,045,297	817,110	9,862,407	-	9,862,407
Maintenance Services	197,345,564	7,016,894	204,362,458	(798,670)	203,563,788
Library and Recreation	186,190	24,086	210,276	-	210,276
Internal Service Funds	-	13,423	13,423	-	13,423
Total Depreciation Expense	<u>\$ 260,798,255</u>	<u>\$ 12,445,059</u>	<u>\$ 273,243,314</u>	<u>\$ (1,164,374)</u>	<u>\$ 272,078,940</u>

	Restated Balance June 30, 2017	Construction in Progress Completed	Additions	Deletions	Balance June 30, 2018
Business-Type Activities:					
Capital assets not being depreciated:					
Land	\$ 5,421,427	\$ -	\$ -	\$ -	\$ 5,421,427
Water Reclamation Rights	19,644,651	-	-	-	19,644,651
Construction in Progress	34,139,262	(9,444,040)	25,634,573	(4,265,890)	46,063,905
Total Capital Assets not being Depreciated	<u>59,205,340</u>	<u>(9,444,040)</u>	<u>25,634,573</u>	<u>(4,265,890)</u>	<u>71,129,983</u>
Capital assets being depreciated:					
Buildings and Improvements	98,139,084	853,618	-	(200,000)	98,792,702
Machinery and Equipment	96,720,982	4,390,142	32,100	(501,662)	100,641,562
Computer Software	150,754	1,395,438	-	-	1,546,192
Infrastructure	344,027,548	2,804,842	609,029	-	347,441,419
Emission Reduction Credits	230,000	-	-	(230,000)	-
Total Capital Assets being Depreciated	<u>539,268,368</u>	<u>9,444,040</u>	<u>641,129</u>	<u>(931,662)</u>	<u>548,421,875</u>
Less accumulated depreciation for:					
Buildings and Improvements	(43,047,563)	-	(2,164,777)	61,667	(45,150,673)
Machinery and Equipment	(57,137,278)	-	(5,909,014)	482,513	(62,563,779)
Computer Software	(125,950)	-	(296,686)	-	(422,636)
Infrastructure	(93,914,258)	-	(6,256,442)	-	(100,170,700)
Emission Reduction Credits	(230,000)	-	-	230,000	-
Total Accumulated Depreciation	<u>(194,455,049)</u>	<u>-</u>	<u>(14,626,919)</u>	<u>774,180</u>	<u>(208,307,788)</u>
Total Capital Assets Being Depreciated, Net	<u>344,813,319</u>	<u>9,444,040</u>	<u>(13,985,790)</u>	<u>(157,482)</u>	<u>340,114,087</u>
Business-Type Activities Capital Assets, Net	<u>\$ 404,018,659</u>	<u>\$ -</u>	<u>\$ 11,648,783</u>	<u>\$ (4,423,372)</u>	<u>\$ 411,244,070</u>

CITY OF CORONA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2018

Note 8: Capital Assets (Continued)

Business-type capital assets were restated by \$2,980,666, due to the recognition of construction in progress that should have been expensed as repairs in prior years.

Refer to Note 21 for additional information on the restatement of beginning balances.

Business-type activities depreciation expense for capital assets for the year ended June 30, 2018, is as follows:

Water	\$ 7,726,072
Water Reclamation	5,418,026
Electric	983,851
Transit Services	473,173
Airport	<u>25,797</u>
Total depreciation expense - business-type activities	<u>\$ 14,626,919</u>

Below is a summary of infrastructure assets of the City as of June 30, 2018:

Description	Historical Cost	Accumulated Depreciation	Net Cost
Government Activities:			
Modified Approach			
Street Pavement System	\$ 196,155,351	\$ -	\$ 196,155,351
Basic Approach			
Curbing	78,226,202	(37,605,675)	40,620,527
Sidewalks	86,683,441	(40,634,011)	46,049,430
Signs and Lights	42,969,391	(14,734,518)	28,234,873
Storm Drains	106,814,438	(35,572,956)	71,241,482
Fiberoptics	5,899,800	(1,937,008)	3,962,792
Water Reclamation	<u>16,415</u>	<u>(328)</u>	<u>16,087</u>
Subtotal Basic Approach	<u>320,609,687</u>	<u>(130,484,496)</u>	<u>190,125,191</u>
Total Governmental Activities	<u>\$ 516,765,038</u>	<u>\$ (130,484,496)</u>	<u>\$ 386,280,542</u>
Business-Type Activities:			
Basic Approach			
Fiberoptics	\$ 235,952	\$ (159,317)	\$ 76,635
Curbing	200	(18)	182
Sidewalks	1,131	(104)	1,027
Electric	6,212,266	(1,339,186)	4,873,080
Signs and Lights	361,508	(42,142)	319,366
Storm Drains	63,839	(1,277)	62,562
Water	239,622,804	(71,533,387)	168,089,417
Water-Reclamation	<u>100,943,719</u>	<u>(27,095,269)</u>	<u>73,848,450</u>
Total Business-Type Activities	<u>\$ 347,441,419</u>	<u>\$ (100,170,700)</u>	<u>\$ 247,270,719</u>

CITY OF CORONA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

Note 8: Capital Assets (Continued)

Construction in Progress and Capital Project Commitments

The City has active construction projects as of June 30, 2018. 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 \$161,211,377.

The following material construction commitments existed at June 30, 2018:

<u>Project Name</u>	<u>Contract Amount</u>	<u>Expenditures to date as of June 30, 2018</u>	<u>Remaining Commitments</u>
Governmental Activities:			
Cajalco/I15 Interchange Improvement	\$ 46,199,351	\$ 15,302,800	\$ 30,896,551
Cajalco/I15 Interchange Improvement	5,899,542	2,390,712	3,508,830
Business-Type Activities:			
California Avenue Sewer	6,270,900	529,835	5,741,065
Total Construction Commitments	\$ 58,369,793	\$ 18,223,347	\$ 40,146,446

Note 9: 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 \$1,653,117 for governmental activities and \$32,084 for business-type activities at June 30, 2018. 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, 2018 was \$8,301,145 for governmental activities and \$776,807 for business-type activities.

	<u>Balance July 1, 2017</u>	<u>Incurred</u>	<u>Satisfied</u>	<u>Balance June 30, 2018</u>	<u>Amounts Due Within One Year</u>	<u>Amounts Due in More than One Year</u>
Governmental Activities	\$ 8,560,961	\$ 6,419,377	\$ 6,679,193	\$ 8,301,145	\$ 6,648,028	\$ 1,653,117
Business-Type Activities	\$ 999,393	\$ 670,128	\$ 892,714	\$ 776,807	\$ 744,723	\$ 32,084

CITY OF CORONA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

Note 10: Long-Term Obligations

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

	Balance June 30, 2017	Incurred	Satisfied	Balance June 30, 2018	Amounts Due Within One Year	Amounts Due in More than One Year
Governmental Activities:						
Lease Payable	\$ 18,016,246	\$ -	\$ 1,544,405	\$ 16,471,841	\$ 1,596,576	\$ 14,875,265
Capital Leases Payable	-	1,658,812	611,566	1,047,246	238,831	808,415
Lease Revenue Bonds Payable	24,520,000	-	1,185,000	23,335,000	1,220,000	22,115,000
Unamortized Bond Premium	2,825,836	-	148,728	2,677,108	-	2,677,108
Total Governmental Activities	\$ 45,362,082	\$ 1,658,812	\$ 3,489,699	\$ 43,531,195	\$ 3,055,407	\$ 40,475,788
Business-Type Activities:						
Installment Agreement Payable	\$ 8,656,164	\$ -	\$ 584,315	\$ 8,071,849	\$ 604,782	\$ 7,467,067
Contracts Payable	690,390	-	-	690,390	-	690,390
Term Loan Payable	26,729,425	33,455	1,835,760	24,927,120	1,875,183	23,051,937
Revenue Bonds	44,710,000	-	3,330,000	41,380,000	3,445,000	37,935,000
Unamortized Bond Premium	1,701,158	-	107,506	1,593,652	-	1,593,652
Total Business-Type Activities	\$ 82,487,137	\$ 33,455	\$ 5,857,581	\$ 76,663,011	\$ 5,924,965	\$ 70,738,046

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.

As of June 30, 2018, the net present value of future minimum lease payments required under the capital lease was \$16,471,841. The future minimum lease payments are presented below:

Fiscal Year	2012 Refunding Lease Payables	
		Lease Payment
2019		\$ 2,135,122
2020		2,135,122
2021		2,135,122
2022		2,135,122
2023		2,135,122
2024-2026		8,540,489
Total Minimum Lease Payments		19,216,099
Less: Amount Representing Interest		(2,744,258)
Present Value of Future Minimum Lease Payments		<u>\$ 16,471,841</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

Note 10: Long-Term Obligations (Continued)

b. Capital Leases Payable

The following outstanding capital lease payables were reported in the governmental activities as of June 30, 2018:

<u>Issuance</u>	<u>Balance</u>
Cisco Networking Equipment	\$ 807,947
Vehicles	239,299
Total Capital Leases Payable	\$ 1,047,246

Computer Network Equipment Lease

On October 20, 2017, the City entered into a lease agreement with Key Government Finance, a private lender, in the amount of \$1,403,261 to finance the purchase of Cisco Networking equipment. The lease is payable over a five-year period.

As of June 30, 2018, the net present value of future minimum lease payments required under the capital lease was \$807,947. The future minimum lease payments are presented below:

<u>Computer Network Lease</u>	
<u>Fiscal Year</u>	<u>Lease Payment</u>
2019	\$ 217,202
2020	217,202
2021	217,202
2022	217,202
Total Minimum Lease Payments	868,808
Less: Amount Representing Interest	(60,861)
Present Value of Future Minimum Lease Payments	<u>\$ 807,947</u>

Internal Service Fund Vehicle Lease

On February 17, 2016, the City entered into a lease agreement with Enterprise FM Trust, a private lender, in the amount of \$255,551 to finance City vehicles. The lease is payable over a five-year period.

As of June 30, 2018, the net present value of future minimum lease payments required under the capital lease was \$239,299. The future minimum lease payments are presented below:

<u>Vehicle Lease</u>	
<u>Fiscal Year</u>	<u>Lease Payment</u>
2019	\$ 56,792
2020	58,244
2021	58,244
2022	58,244
2023	37,247
2023-2024	1,479
Total Minimum Lease Payments	270,250
Less: Amount Representing Interest	(30,951)
Present Value of Future Minimum Lease Payments	<u>\$ 239,299</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

Note 10: Long-Term Obligations (Continued)

c. Lease Revenue 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, which were issued to pay the costs of the Corporate Yard Expansion project. 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.

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

2016 Lease Revenue Refunding Bonds	
<u>Fiscal Year</u>	<u>Lease Payment</u>
2019	\$ 2,120,750
2020	2,112,350
2021	2,106,250
2022	2,108,150
2023	2,112,750
2024-2028	9,019,425
2029-2033	6,699,575
2034-2036	5,342,575
Total Minimum Lease Payments	31,621,825
Less: Amount Representing Interest	(8,286,825)
Present Value of Future Minimum Lease Payments	<u>\$ 23,335,000</u>

d. Installment Agreement Payables

The following outstanding installment agreement payables were reported in the business-type activities as of June 30, 2018:

<u>Issuance</u>	<u>Balance</u>
Elsinore Valley Municipal Water District Agreement	\$ 239,745
Brine Line System Discharge Right Agreement	7,832,104
Total Installment Agreement Payable	<u>\$ 8,071,849</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

Note 10: Long-Term Obligations (Continued)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, 2018 was \$239,745. The future annual debt service requirements per the agreement are presented below:

Fiscal Year	Elsinore Valley Municipal Water District Agreement		
	Principal	Interest	Total
2019	\$ 239,745	\$ 10,255	\$ 250,000
Totals	\$ 239,745	\$ 10,255	\$ 250,000

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, 2018, outstanding balance on the debt was \$7,832,104. The future annual debt service requirements per the agreement are presented below:

Fiscal Year	Brine Line System Discharge Right Agreement		
	Principal	Interest	Total
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	410,852	189,148	600,000
2024-2028	2,246,709	753,291	3,000,000
2029-2033	2,604,551	395,449	3,000,000
2034-2035	1,042,813	45,507	1,088,320
Totals	\$ 7,832,104	\$ 2,256,216	\$ 10,088,320

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, 2018 was \$690,390, with 50% of the obligation attributable to the Water Utility and 50% attributable to Water Reclamation Utility.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

Note 10: Long-Term Obligations (Continued)**e. Term Loans Payable**

The following outstanding term loan obligations were reported in the business-type activities as of June 30, 2018:

Term Loans	Balance
State Revolving Fund Loan Contract No. C-06-4802-110	\$ 13,945,882
State Revolving Fund Loan Contract No. C-06-7834-110	10,981,238
Total Term Loans Payable	\$ 24,927,120

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, 2018 was \$13,945,882. Annual future debt service requirements for the loan are presented below:

Fiscal Year	State Revolving Fund Loan C-06-4802-110		
	Principal	Interest	Total
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	1,762,070	182,926	1,944,996
2024-2026	5,554,952	280,033	5,834,985
Totals	\$ 13,945,882	\$ 1,614,079	\$ 15,559,961

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 \$509,441 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 \$10,981,238 as of June 30, 2018.

CITY OF CORONA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2018

Note 10: Long-Term Obligations (Continued)

Fiscal Year	State Revolving Fund Loan C-06-7834-110		
	Principal	Interest	Total
2019	\$ 278,835	\$ 230,606	\$ 509,441
2020	284,691	224,750	509,441
2021	290,669	218,772	509,441
2022	296,773	212,668	509,441
2023	303,005	206,436	509,441
2024 - 2028	1,613,189	934,017	2,547,206
2029 - 2033	1,789,839	757,367	2,547,206
2034 - 2038	1,985,833	561,373	2,547,206
2039 - 2043	2,203,288	343,917	2,547,205
2044 - 2047	1,935,116	102,649	2,037,765
Totals	\$ 10,981,238	\$ 3,792,555	\$ 14,773,793

f. Revenue Bonds

The following outstanding revenue bonds were reported in the business-type activities as of June 30, 2018:

Revenue Bonds	Balance
\$35,880,000 Corona Utility Authority 2012 Water Revenue Bonds	\$ 29,305,000
\$20,890,000 Corona Utility Authority 2013 Wastewater Revenue Bonds	12,075,000
Total Revenue Bonds	\$ 41,380,000

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.

CITY OF CORONA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2018

Note 10: Long-Term Obligations (Continued)

The future annual debt service requirements for the 2012 CUA Water Revenue bonds are presented below:

2012 CUA Water Revenue Bonds			
Fiscal Year	Principal	Interest	Total
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	1,655,000	1,070,725	2,725,725
2024 - 2028	9,570,000	4,041,875	13,611,875
2029 - 2033	12,040,000	1,534,250	13,574,250
Totals	\$ 29,305,000	\$ 11,566,975	\$ 40,871,975

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.

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:

2013 CUA Wastewater Revenue Bonds			
Fiscal Year	Principal	Interest	Total
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	665,000	353,800	1,018,800
2024 - 2028	3,815,000	1,248,575	5,063,575
2029 - 2032	3,735,000	310,675	4,045,675
Totals	\$ 12,075,000	\$ 3,608,250	\$ 15,683,250

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

Note 11: 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 \$66,307,120 in outstanding debts as of June 30, 2018. 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 27.4% of net revenues subject to the pledge. The total remaining debt service including interest to be paid on these obligations are \$86,888,979. Principal and interest paid for the current year was \$7,702,884, and total customer net revenue subject to pledge was \$28,093,344.

Note 12: 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, 2018, the special assessment district bonds' balances outstanding were:

Assessment District Bonds (Non-City Debt)	Balance
\$ 855,000 A.D. No. 95-1 Improvement Bonds	\$ 175,000
\$ 1,624,200 A.D. No. 96-1 1996 A Improvement Bonds	335,000
\$ 685,000 A.D. No. 96-1 1997 A Improvement Bonds	190,000
\$ 1,605,000 A.D. No. 96-1 1997 B Improvement Bonds	475,000
\$ 2,657,100 A.D. No. 96-1 1999 A Improvement Bonds	1,025,000
Total Special Assessment District Bonds	\$ 2,200,000

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, 2018

Note 12: Non-City Obligations (Continued)

The following CFD bonds are currently active:

<u>Community Facility District Bonds (Non-City Debt)</u>	<u>Balance</u>
\$ 62,845,000 CFD 90-1 Refunding Bonds	\$ 9,695,000
\$ 6,485,000 CFD 2000-1, Series A Special Tax Bonds	3,960,000
\$ 1,610,000 CFD 2000-1, Series B Special Tax Bonds	1,070,000
\$ 3,675,000 CFD 2001-2 Special Tax Bonds	2,480,000
\$ 6,135,000 CFD 2003-2 Special Tax Bonds, 2005 Series	3,320,000
\$ 4,735,000 CFD 2003-2 Special Tax Bonds, 2006 Series	2,710,000
\$ 3,805,000 CFD 2004-1 Special Tax Bonds	2,780,000
\$ 7,195,000 CFD 86-2 Refunding 2014 Series A Bonds	2,985,000
\$ 7,350,000 CFD 89-1 Refunding 2014 Series A Bonds	3,825,000
\$ 5,495,000 CFD 89-1 IA Refunding 2014 Series A Bonds	2,855,000
\$ 9,525,000 CFD 97-2 Refunding 2014 Series A Bonds	6,645,000
\$ 13,455,000 CFD 2002-1 2017 Special Tax Bonds	13,160,000
\$ 7,125,000 CFD 2002-1 2017 Special Tax Bonds IA	6,990,000
\$ 7,010,000 CFD 2002-4 2017 Special Tax Bonds	6,815,000
\$ 5,475,000 CFD 2016-2 Terrassa 2018 Special Tax Bonds	5,475,000
Total Community Facilities District Bonds	\$ 74,765,000

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, 2018, the aggregate principal amount of Conduit Debt Obligations outstanding totaled \$212,325.

Note 13: 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, 2018, management believes the City and its component units are in compliance with all covenants of the various debt indentures.

Note 14: 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.

CITY OF CORONA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2018

Note 14: Pension Plan (Continued)

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

	Miscellaneous	
	Classic*	PEPRA
	Prior to	On or after
Hire date	January 1, 2013	January 1, 2013
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	7.782%	5.750%
Required employer contribution rates	41.853%	41.853%
	Safety Police	
	Classic*	PEPRA
	Prior to	On or after
Hire date	January 1, 2013	January 1, 2013
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	9.065%	11.750%
Required employer contribution rates	45.204%	45.204%
	Safety Fire	
	Classic*	PEPRA
	Prior to	On or after
Hire date	January 1, 2013	January 1, 2013
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	8.988%	12.250%
Required employer contribution rates	39.585%	12.763%

*Closed to new entrants

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

Note 14: Pension Plan (Continued)**Employees Covered - Miscellaneous and Safety Police Plans**

At June 30, 2018, the following employees were covered by the benefit terms of the Plan:

	Miscellaneous	Safety - Police
Inactive employees or beneficiaries currently receiving benefits	428	161
Inactive employees entitled to but not yet receiving benefits	14	3
Active employees	385	111
Total	<u>827</u>	<u>275</u>

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, 2018, the contributions recognized as a reduction to the net pension liability was \$9,175,138, \$8,867,806, and \$3,537,799 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, 2016 actuarial valuations were rolled forward to June 30, 2017 and were determined using the following actuarial assumptions:

Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry Age Normal Cost Method
Actuarial Assumptions	
Discount Rate	7.15%
Inflation	2.75%
Projected Salary Increase	Varies by Entry Age and Service
Mortality Rate Table**	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, thereafter

** 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.

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

Note 14: Pension Plan (Continued)

Change of Assumptions

In 2017, the discount rate reduced from 7.65 percent to 7.15 percent.

Discount Rate

The discount rate used to measure the total pension liability was 7.15 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 7.15 percent discount rate is appropriate, and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.15 percent is applied to all plans in the Public Employees Retirement Fund. 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, 2018

Note 14: Pension Plan (Continued)

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1 - 10 (1)</u>	<u>Real Return Years 11+ (2)</u>
Global Equity	47.00%	4.90%	5.38%
Global Fixed Income	19.00%	0.80%	2.27%
Inflation Sensitive	6.00%	0.60%	1.39%
Private Equity	12.00%	6.60%	6.63%
Real Estate	11.00%	2.80%	5.21%
Infrastructure and Forestland	3.00%	3.90%	5.36%
Liquidity	2.00%	-0.40%	-0.90%
	<u>100.00%</u>		

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

(2) 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: 6/30/2017 (Valuation Date of 6/30/16)	\$ 319,382,633	\$ 195,163,486	\$ 124,219,147
Changes recognized for the Measurement Period:			
Service Cost	4,540,608	-	4,540,608
Interest on TPL	23,517,716	-	23,517,716
Changes in benefit terms	-	-	-
Differences between expected and actual experience	(5,673,578)	-	(5,673,578)
Changes in assumptions	20,736,400	-	20,736,400
Contributions from the employer	-	9,175,138	(9,175,138)
Contributions from the employees	-	1,875,784	(1,875,784)
Net investment income	-	22,406,369	(22,406,369)
Benefit payments, including refunds of employee contributions	(15,593,323)	(15,593,323)	-
Administrative Expense	-	(289,120)	289,120
Net changes during 2016-2017	\$ 27,527,823	\$ 17,574,848	\$ 9,952,975
Balance at: 6/30/18 (Measurement Date of 6/30/17)	\$ 346,910,456	\$ 212,738,334	\$ 134,172,122

Safety Police Plan:	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at: 6/30/2017 (Valuation Date of 6/30/16)	\$ 213,585,747	\$ 140,337,844	\$ 73,247,903
Changes recognized for the Measurement Period:			
Service Cost	5,711,294	-	5,711,294
Interest on TPL	16,152,688	-	16,152,688
Changes in benefit terms	-	-	-
Differences between expected and actual experience	(1,030,480)	-	(1,030,480)
Changes in assumptions	14,785,639	-	14,785,639
Contributions from the employer	-	8,867,806	(8,867,806)
Contributions from the employees	-	1,841,663	(1,841,663)
Net investment income	-	16,030,928	(16,030,928)
Benefit payments, including refunds of employee contributions	(8,569,669)	(8,569,669)	-
Administrative Expense	-	(205,265)	205,265
Net changes during 2016-2017	\$ 27,049,472	\$ 17,965,463	\$ 9,084,009
Balance at: 6/30/18 (Measurement Date of 6/30/17)	\$ 240,635,219	\$ 158,303,307	\$ 82,331,912

CITY OF CORONA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2018

Note 14: Pension Plan (Continued)

The City reported net pension liabilities for its proportionate share of the Safety Fire Plan in the amount of \$43,640,515.

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, 2017, 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, 2016 rolled forward to June 30, 2017 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, 2016 and 2017, was as follows:

	Plan Net Pension Liability/(Asset)
Balance at: 6/30/2016 (Valuation Date)	\$ 39,306,263
Balance at: 6/30/2017 (Measurement Date)	43,640,515
Net Changes during 2016-17	<u>\$ 4,334,252</u>

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 7.15%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1% point lower (6.15%) or 1% point higher (8.15%) than the current rate:

	Miscellaneous	Safety Police	Safety Fire	Total
1% Decrease	6.15%	6.15%	6.15%	
Net Pension Liability	\$ 182,463,051	\$ 121,888,673	\$ 66,779,090	<u>\$ 371,130,814</u>
Current Discount Rate	7.15%	7.15%	7.15%	
Net Pension Liability	\$ 134,172,122	\$ 82,331,912	\$ 43,640,515	<u>\$ 260,144,549</u>
1% Increase	8.15%	8.15%	8.15%	
Net Pension Liability	\$ 91,173,742	\$ 55,326,041	\$ 24,725,888	<u>\$ 171,225,671</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018
Note 14: Pension Plan (Continued)**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 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, 2018, the City recognized pension expense totaling \$35,572,866 for the Miscellaneous (\$16,418,078), Safety Police (\$12,106,434), and Safety Fire Plans (\$7,048,354). At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Miscellaneous		Safety - Police	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contribution subsequent to measurement date	\$ 20,903,317	\$ -	\$ 7,784,453	\$ -
Difference between expected and actual experience	-	(3,533,639)	257,084	(1,904,843)
Change in Assumptions	11,720,574	-	11,639,758	(1,580,400)
Net difference between projected and actual earnings on pension plan investments	2,347,028	-	1,704,089	-
Adjustment due to difference in proportion	-	-	-	-
Difference in proportionate share	-	-	-	-
Total	\$ 34,970,919	\$ (3,533,639)	\$ 21,385,384	\$ (3,485,243)

	Safety - Fire		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contribution subsequent to measurement date	\$ 3,772,862	\$ -	\$ 32,460,632	\$ -
Difference between expected and actual experience	482,956	(125,920)	740,040	(5,564,402)
Change in Assumptions	7,004,079	(537,372)	30,364,411	(2,117,772)
Net difference between projected and actual earnings on pension plan investments	1,527,163	-	5,578,280	-
Adjustment due to difference in proportion	663,241	(270,255)	663,241	(270,255)
Difference in proportionate share	381,295	(488,845)	381,295	(488,845)
Total	\$ 13,831,596	\$ (1,422,392)	\$ 70,187,899	\$ (8,441,274)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018
Note 14: Pension Plan (Continued)

Amounts of \$20,903,317, \$7,784,453, and \$3,772,862 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, 2019. 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	Total
	Deferred Outflows/(Inflows) of Resources	Deferred Outflows/(Inflows) of Resources	Deferred Outflows/(Inflows) of Resources	Deferred Outflows/(Inflows) of Resources
2018	\$ 6,014,684	\$ 1,832,116	\$ 2,458,269	\$ 10,305,069
2019	5,152,625	4,108,507	4,444,340	13,705,472
2020	1,080,675	3,341,959	2,627,330	7,049,964
2021	(1,714,021)	833,106	(893,597)	(1,774,512)
2022	-	-	-	-
Thereafter	-	-	-	-
	<u>\$ 10,533,963</u>	<u>\$ 10,115,688</u>	<u>\$ 8,636,342</u>	<u>\$ 29,285,993</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 2017-18, the City contributed \$21,128 on hourly salaries of \$1,622,911 with the employees contributing \$100,743.

Note 15: Other Post-Employment Benefits Other Than Pensions (OPEB)
Plan Description

In October 2007, the City Council executed the City of Corona Retirement Benefits Plan, a single-employer 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, 2018

Note 15: Other Post-Employment Benefits Other Than Pensions (OPEB) (Continued)

The City’s OPEB includes retiree medical and life insurance benefits, or, in some cases, an HRA contribution toward medical coverage of the retiree’s choosing.

Medical coverage is currently provided through CalPERS as permitted under the Public Employees’ Medical and Hospital Care Act (PEMHCA). This coverage requires the employee to satisfy the requirements for retirement under CalPERS: either (a) attainment of age 50 (age 52, if a miscellaneous employee new to PERS on or after January 1, 2013) with 5 years of State or public agency service or (b) an approved disability retirement.

The employee must begin his or her retirement warrant within 120 days of terminating employment with the City to be eligible to continue medical coverage through the City and be entitled to the employer subsidy. If an eligible employee is not already enrolled in the medical plan, he or she may enroll within 60 days of retirement or during any future open enrollment period. Coverage may be continued at the retiree’s option for his or her lifetime. A surviving spouse and other eligible dependents may also continue coverage.

Funding Policy

The City’s funding policy affects the calculation of liabilities by impacting the discount rate that is used to develop the plan liability and expense. “Prefunding” is the term used when an agency consistently contributes an amount based on an actuarially determined contribution (ADC) each year. GASB 75 allows prefunded plans to use a discount rate that reflects the expected earnings on trust assets.

The City has been and continues to prefund its OPEB liability, contributing 100% or more of the Actuarially Determined Contributions each year. Therefore, with the City’s approval, the discount rate used in this valuation is 7.28%, the long-term expected return on trust assets.

Employees Covered

As of the June 30, 2017 actuarial valuation, the following current and former employees were covered by the benefit terms under the plan:

Active	618
Inactive employees or beneficiaries currently receiving benefits	544
Total	<u>1162</u>

Contributions

The plan and its contribution requirements are established by Memoranda of Understanding with the applicable employee bargaining units and may be amended by agreements between the City and the bargaining units. The annual contribution is based on the actuarially determined contribution. For the measurement date ended June 30, 2017, the City’s cash contributions were \$10,000,838 in total payments, which were recognized as a reduction to the OPEB liability.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

Note 15: Other Post-Employment Benefits Other Than Pensions (OPEB) (Continued)

Net OPEB Liability

The City's net OPEB liability was measured as of June 30, 2017 and to develop the total OPEB liability at the beginning of the measurement period on June 30, 2016, the results of the June 30, 2017 valuation were rolled back, based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions	
Discount Rate	7.28%
Inflation	2.75%
Salary Increases	3.25% per year
Investment Rate of Return	7.28%
Mortality Rate (1)	MacLeod Watts Scale 2017 applied generationally
Healthcare Trend Rate	Adjusted in future years ranging from 5.00% - 8.00%

Notes:

(1) Mortality rates used were those published by CalPERS, adjusted to back out 20 years of Scale BB to central year 2008, then projected as described above.

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

Asset Class	Target Allocation	Long-term expected real rate of return
Global Equity	57.00%	11.10%
Global Debt Securities	27.00%	3.90%
Inflation Assets	5.00%	0.20%
REITs	8.00%	7.60%
Commodities	3.00%	-14.00%
Total	100.00%	

Discount Rate

The discount rate used to measure the total OPEB liability was 7.28 percent. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

CITY OF CORONA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

Note 15: Other Post-Employment Benefits Other Than Pensions (OPEB) (Continued)

Changes in the OPEB Liability

The changes in the net OPEB liability are as follows:

	Increase(Decrease)		
	Total OPEB Liability/(Assets)	Plan Fiduciary Net Position	Net OPEB Liability/(Assets)
	(a)	(b)	(c) = (a) - (b)
Balance at June 30,2017 (Valuation date of 6/30/2017)	\$ 146,136,196	\$ 29,541,629	\$ 116,594,567
Changes recognized over the measurement period:			
Service Cost	1,391,792	-	1,391,792
Interest	10,487,715	-	10,487,715
Expected Investment Income	-	2,261,741	(2,261,741)
Changes of assumptions	-	-	-
Contributions - employer	-	10,000,838 *	(10,000,838)
Net investment income	-	-	-
Benefit Payments	(6,931,922)	(6,931,922)	-
Administrative expense	-	(16,420)	16,420
Investment Experience	-	974,222	(974,222)
Net Changes	4,947,585	6,288,459	(1,340,874)
Balance at June 30, 2018 (Measurement date of 06/30/2017)	\$ 151,083,781	\$ 35,830,088	\$ 115,253,693

*Includes an implied subsidy amount of \$1,072,050.

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

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

	1% Decrease (6.28%)	Current Discount Rate (7.28%)	1% Increase (8.28%)
Net OPEB Liability	\$ 134,792,635	\$ 115,253,693	\$ 99,178,162

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

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

	1% Decrease (7.00% decreasing to 4.00%)	Current Healthcare Cost Trent Rates (8.00% decreasing to 5.00%)	1% Increase (9.00% decreasing to 6.00%)
Net OPEB Liability	\$ 98,353,887	\$ 115,253,693	\$ 137,091,791

OPEB Plan Fiduciary Net Position

CalPERS issues a separate Comprehensive Annual Financial Report. Copies of the annual financial report may be obtained from the CalPERS Executive Office at 400 P Street, Sacramento, California, 95814.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

Note 15: Other Post-Employment Benefits Other Than Pensions (OPEB) (Continued)

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

For the fiscal year ended June 30, 2018, the City recognized OPEB expense of \$9,439,342. As of fiscal year ended June 30, 2018, the City reported deferred outflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
OPEB contributions subsequent to measurement date	\$ 10,445,297	\$ -
Net difference between projected and actual earnings on OPEB plan investments	-	779,378
Total	<u>\$ 10,445,297</u>	<u>\$ 779,378</u>

The \$10,445,297 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2017 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources related to OPEB will be recognized as expense as follows:

Year ended June 30	<u>Deferred Outflows/(Inflows) of Resources</u>
2019	\$ (194,844)
2020	(194,844)
2021	(194,844)
2022	(194,846)
2023	-
Thereafter	-
	<u>\$ (779,378)</u>

Note 16: 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

Note 16: Classification of Net Position and Fund Balances (Continued)

Unrestricted

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

b. Fund Financial Statements

The City divides fund balances into five classifications 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. A state of emergency is the existence of conditions of disasters which may result in property damage, death and/or injuries to the community. An emergency may also result from natural events that did not result in a request for state or federal assistance.

- 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, 2018

Note 16: 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, 2018, are presented below:

	General	Low Mod Income Housing Asset	Other Grants	Development	Other Governmental Funds	Total Governmental Funds
Fund Balances:						
Nonspendable						
Long-term Receivables	\$ 8,820,874	\$ -	\$ -	\$ -	\$ -	\$ 8,820,874
Interfund Advances Receivable	22,486,888	-	-	-	-	22,486,888
Inventories and Prepayments	157,578	-	-	-	-	157,578
Restricted						
Street Maintenance	-	-	-	-	17,337,181	17,337,181
Trip Reduction	-	-	-	-	1,155,972	1,155,972
Asset Forfeiture	-	-	-	-	279,651	279,651
Debt Service	-	-	-	-	16,214,116	16,214,116
Housing & Community Development	-	28,202,577	1,978,059	-	5,070,258	35,250,894
Other Grants	-	-	-	-	29,911	29,911
Development	-	-	-	9,137,699	-	9,137,699
Committed						
Emergency Contingency	32,600,000	-	-	-	-	32,600,000
Designated Revenues	3,647,833	-	-	-	-	3,647,833
Assigned						
Budget Balancing Measures	25,182,735	-	-	-	-	25,182,735
Continuing Appropriations	11,015,073	-	-	-	-	11,015,073
City Equipment	3,622,647	-	-	-	-	3,622,647
Other Capital Projects	-	-	-	-	389,356	389,356
Other Purposes	1,034,606	-	-	-	-	1,034,606
Unassigned	-	-	-	-	(48,501)	(48,501)
Total Fund Balances	\$ 108,568,234	\$ 28,202,577	\$ 1,978,059	\$ 9,137,699	\$ 40,427,944	\$ 188,314,513

Note 17: 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, 2018 has been included in the Claims Payable amount for the same reporting period. As of June 30, 2018, the City's workers' compensation self-insurance program was funded at a confidence level of 75% according to the most recent actuarial study dated February 26, 2018.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018
Note 17: 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, 2018, 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,
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
2018	21,137,105	722,158	(1,402,425)	20,456,838

Of the total liabilities, \$3,158,068 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, 2018 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, 2018, the City's General Liability self-insurance program was funded above the confidence level of 90% according to the most recent actuarial study dated February 26, 2018.

The following table presents claims and judgments payable for the general liability self-insurance program, including property losses, for fiscal year ended June 30, 2018, 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,
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
2018	2,316,682	673,040	(537,084)	2,452,638

Of the total liabilities, \$981,887 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, 2018 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, 2018

Note 18: Commitments and Contingencies

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

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

Under Article XIII B of the California Constitution (the Gann Spending Limitation Initiative), the City is restricted as to the amount of annual appropriations, and if certain proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller or refunded to the taxpayers through revised tax rates or revised fee schedules. For the fiscal year ended June 30, 2018, the City's appropriations limit totaled \$505,770,687 and the City's appropriations subject to limitation were \$101,404,130.

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 \$74.570million; Corona's share is 38.41%. 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, 2018

Note 18: 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, 2018, 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 19: 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, 2018, was \$4,236,219.

CITY OF CORONA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2018

Note 19: Joint Venture (Continued)

Unaudited financial information of the Authority for the fiscal year ended June 30, 2018, was summarized as follows:

Western Riverside County Regional Wastewater Authority Net Position:	
Total assets	\$ 120,305,115
Total liabilities	(74,114,895)
Deferred inflow of resources	<u>(350,000)</u>
Total Net Position	<u>\$ 45,840,220</u>
Water Facilities Authority Changes in Net Position:	
Operating revenues	\$ 6,225,597
Operating expenses	<u>(6,481,996)</u>
Operating loss before depreciation and amortization	(256,399)
Depreciation and amortization	<u>(1,507,069)</u>
Operating revenue (loss)	<u>(1,763,468)</u>
Nonoperating revenues (expenses)	<u>1,588,212</u>
Change in Net Position	(175,256)
Beginning Net Position	<u>46,015,476</u>
Ending Net Position	<u>\$ 45,840,220</u>

The current participants and their financial contributions through June 30, 2018, were as follows:

	<u>Percent</u>
City of Corona	38.41%
Jurupa Community Services District	46.02%
City of Norco	9.08%
Western Municipal Water District	0.86%
Home Gardens Sanitary District	<u>5.63%</u>
Total	<u>100%</u>

Financial statements of the Authority can be obtained from the WRCRA office at 450 Alessandro Boulevard, Riverside, California 92517, for audited financial information

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

Note 20: 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, 2018, the City abated taxes totaling \$5,412,715. 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 2017-18 the abatement amounted to \$338,445.
- 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 2017-18 the abatement amounted to \$107,660.
- 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 2017-18 the abatement amounted to \$222,144.
- 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 2017-18 the abatement amounted to \$1,160,283.
- 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 2017-18 the abatement amounted to \$2,834,582.
- A sales tax reduction for a wholesale apparel retailer, for locating a new regional sales office within the City. Per the agreement, the City shall pay quarterly in an amount equal to 50% of the sales tax revenues received. Covenant Payments shall be equal to 60% of owners taxable sales if sales tax revenue exceeds, \$2,500,000, the owner Hires 150 new employees and Owner invests at lease \$51,500,000 in within the City. In Fiscal Year 2017-18 the abatement amounted to \$749,601.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

Note 21: Restatements**a. Restatement on Government-Wide Statements**

Restatements to net position made on the government-wide statements for Fiscal Year 2017-18 are summarized below:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Beginning Net Position, as reported	\$ 812,249,499	\$ 245,521,402
Restatements	<u>(91,908,008)</u>	<u>(18,884,189)</u>
Beginning Net Position, as restated	<u>\$ 720,341,491</u>	<u>\$ 226,637,213</u>

Restatement to Governmental Activities

A total of \$(91,908,008) was reduced from the beginning net position in governmental activities due to the following adjustments:

- Due to the implementation of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, beginning net position of governmental activities on the Statement of Activities has been restated by \$(93,190,350).
- The City adjusted \$775,000 beginning net position related to the sale of land recorded in the General Fund.
- The City adjusted a total amount of \$(1,527,960) of fees collected that needed to be recognized as deposits and \$363,685 net position related to long-term receivables recorded in the Development Fund.
- The City adjusted \$2,300,000 net position related to long-term receivables recorded in the Other Grants Fund.
- A total amount of \$(395,767) previously reported in Construction in Progress should have been expensed in prior years. An additional \$(232,616) was recorded to remove land from the City's capital assets, which were sold in prior years. See Note 6, Capital Assets, for additional information.

Restatement to Business-Type Activities

- Due to the implementation of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, beginning net position of business-type activities on the Statement of Activities has been restated by \$(14,262,233).
- The City adjusted \$(2,630,050) net position in the Water Fund, and \$(298,572) of net position in the Water Reclamation Fund, as well as, \$(52,046) in the Electric Fund previously reported in Construction in Progress that should have been expensed in prior years. See Note 6, Capital Assets, for additional information.
- During the current year the City adjusted \$(255,421) related to utility billings, in the Water Fund, and the related off setting amount of \$255,421 in the Water Reclamation Fund.

CITY OF CORONA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

Note 21: Restatements (Continued)

- The City adjusted \$(1,145,472) net position in the Water Fund, and \$(495,816) of net position in the Water Reclamation Fund of fees collected that needed to be recognized as deposits.

b. Restatement on Fund Statements

Governmental Funds

Restatements to fund balance on the governmental fund financial statements for Fiscal Year 2017-18, are summarized as follows:

	Governmental Funds		
	General Fund	Other Grants	Development
Beginning Fund Balance, as reported	\$ 109,119,292	\$ 12,607	\$ 5,276,971
Restatements	775,000	2,300,000	(1,164,275)
Beginning Fund Balance, as restated	<u>\$ 109,894,292</u>	<u>\$ 2,312,607</u>	<u>\$ 4,112,696</u>

General Fund

The City adjusted \$775,000 to account for City developer loans receivable, related to a promissory land note, which was not previously recorded on the City's financial statements.

Other Grants Fund

The City adjusted \$2,300,000 to account for City developer loans receivable, related to a promissory note, which was not previously recorded on the City's financial statements.

Development Fund

The City adjusted \$(1,527,960) to account for development fees received and recorded as revenues, which should have been recorded as developer deposits, according to the development agreement.

The City adjusted \$363,685 net position related to long-term receivables recorded in the Development Fund.

c. Restatement on Proprietary Fund Statements

	Proprietary Funds				
	Water	Water Reclamation	Electric	Other Enterprise funds	Internal Service Funds
Beginning Net Position, as reported	\$ 122,988,856	\$ 98,551,599	\$ 19,378,599	\$ 4,845,729	\$ 9,568,382
Restatements	(11,620,416)	(5,548,865)	(1,277,874)	(437,034)	(1,577,587)
Beginning Net Position, as restated	<u>\$ 111,368,440</u>	<u>\$ 93,002,734</u>	<u>\$ 18,100,725</u>	<u>\$ 4,408,695</u>	<u>\$ 7,990,795</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

Note 21: Restatements (Continued)

- Due to the implementation of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, the City adjusted the beginning net position in the Water, Water Reclamation, Electric, Other Enterprise funds, and Internal Service funds in the amounts of \$(7,589,473), \$(5,009,906), \$(1,225,828), \$(437,034), and \$(1,577,587), respectively.
- The City adjusted \$(2,630,050) net position in the Water Fund, and \$(298,572) of net position in the Water Reclamation Fund, as well as, \$(52,046) in the Electric Fund previously reported in Construction in Progress that should have been expensed in prior years.
- During the current year the City adjusted \$(255,421) related to utility billings, in the Water Fund, and the related off setting amount of \$255,421 in the Water Reclamation Fund.
- The City adjusted \$(1,145,472) net position in the Water Fund, and \$(495,808) of net position in the Water Reclamation Fund of fees collected that needed to be recognized as deposits.

Note 22: 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.

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:

	Amount
Cash and Investments Pooled with the City	\$ 6,384,037
Cash and Investments with Fiscal Agent	6,906,651
Total Cash and Investments	\$ 13,290,688

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

Note 22: Successor Agency Trust for Former Corona Redevelopment Agency (Continued)

b. Due to Other Governmental Agencies

As of June 30, 2018, the Successor Agency reported due to other governmental agencies in the amount of \$9,759,144.

<u>Due to Other Governmental Agencies</u>	<u>Balance</u>
SERAF loan due to Corona Housing Authority	\$ 2,180,386
Former Redevelopment Agency/City Loan due to City	7,578,758
Total Due to Other Governmental Agencies	\$ 9,759,144

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 \$2,180,386 as of June 30, 2018, and payment commenced in Fiscal Year 2016-17.

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, 2018:

<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

CITY OF CORONA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

Note 22: Successor Agency Trust for Former Corona Redevelopment Agency (Continued)

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.

	Balance June 30, 2017	Incurred or Issued	Satisfied or Matured	Balance June 30, 2018	Amounts Due Within One Year	Amounts Due in More than One Year
2007 Temescal Canyon Project Area Tax Allocation Bonds	\$ 16,205,000	\$ -	\$ 825,000	\$ 15,380,000	\$ 855,000	\$ 14,525,000
2007 Merged and Amended Project Area "A" Tax Allocation Bonds	24,395,000	-	545,000	23,850,000	575,000	23,275,000
Subordinate Tax Allocation Refunding Bonds, Series 2015A	16,895,000	-	1,635,000	15,260,000	2,460,000	12,800,000
Subordinate Taxable Tax Allocation Refunding Bonds, Series 2015A-T	765,000	-	765,000	-	-	-
Long-Term Agreement Payable	200,000	-	200,000	-	-	-
	<u>\$ 58,460,000</u>	<u>\$ -</u>	<u>\$ 3,970,000</u>		<u>\$ 3,890,000</u>	<u>\$ 50,600,000</u>
		Unamortized Bond Premium		1,446,886		
		Total		<u>\$ 55,936,886</u>		

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
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	890,000	511,506	1,401,506
2024 - 2028	4,910,000	1,938,122	6,848,122
2029 - 2032	6,110,000	712,350	6,822,350
Totals	<u>\$ 15,380,000</u>	<u>\$ 5,589,856</u>	<u>\$ 20,969,856</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

Note 22: Successor Agency Trust for Former Corona Redevelopment Agency (Continued)

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
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	730,000	1,311,777	2,041,777
2024 - 2028	20,610,000	4,039,146	24,649,146
Totals	\$ 23,850,000	\$ 11,014,859	\$ 34,864,859

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
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	2,330,000	180,500	2,510,500
2024	2,445,000	61,125	2,506,125
Totals	\$ 15,260,000	\$ 2,222,550	\$ 17,482,550

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. During the fiscal year 2017-18, the bonds balance was paid in full.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

Note 22: Successor Agency Trust for Former Corona Redevelopment Agency (Continued)

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 \$73,317,263 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 \$11,027,513 and the debt service obligation on the bonds was \$6,935,933.

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). During the fiscal year 2017-18, the balance was paid in full.

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 17.

At June 30, 2018, 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 23: Subsequent Events

Missed Payment of Sinking Fund Redemption

The City was notified by the Fiscal Agent that they inadvertently did not make the sinking fund redemption payment due on September 1, 2018, with respect to the CFD No. 90-1 Special Tax Refunding Bonds 1998 Series A, maturing on September 1, 2020. The payment was made on September 27, 2018. The Fiscal Agent has also paid the interest accrued through September 26, 2018 on the subject bonds. The City was not at fault and properly disclosed this information on the EMMA Website accordingly.

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 Proportionate Share of the Net Pension Liability – Safety Fire Plan
- Schedule of Plan Contributions – Safety Fire Plan
- Schedule of Changes in the Net OPEB Liability and Related Ratios
- Schedule of Contributions - OPEB



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. In Fiscal Year 2017-18, the City was in the second year 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 that change, the City utilized an 'expenditure control budget' (ECB) procedure for 22 years, as outlined in previously adopted budget resolutions. The 'zero-based' budget approach is more responsive to service needs which may expand and contract over time.

The budget process begins as a team effort in January of each year. The Administrative Services Department (ASD) works in cooperation with all City departments to formulate revenue projections for the upcoming fiscal year. From this, 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 preparing the proposed document for the City Council. The City Council reviews the Proposed Budget at a budget study session, with the final adoption scheduled in June.

CITY OF CORONA

**REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2018**

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 the original and final budget, and variance between final budget and actuals are presented for the General Fund as shown below:

Fund	Budget		Actual	Variance Favorable/ (Unfavorable)
	Original	Final		
Major Governmental Funds:				
<u>General Fund</u>				
Revenue	\$ 141,602,007	\$ 146,649,506	\$ 146,575,390	\$ (74,116)
Expenditure	144,920,139	162,607,500	147,861,591	14,745,909
Transfers In	1,566,650	3,704,923	3,498,627	(206,296)
Transfers Out	140,939	3,722,125	3,538,484	183,641
Net change in Fund Balance	<u>\$ (1,892,421)</u>	<u>\$ (15,975,196)</u>	<u>\$ (1,326,058)</u>	<u>\$ 14,649,138</u>

CITY OF CORONA

REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED) JUNE 30, 2018

General Fund

General Fund appropriations were originally adopted at \$145.1 million for Fiscal Year 2017-18, including transfers to other funds of \$0.1 million. Final appropriations were increased by \$21.3 million to \$166.3 million. Among the budgetary increase, \$8.7 million was due to continuing appropriations from the prior year's capital projects and grant funded activities and \$3.3 million was for prior year committed purchases (encumbrances). There was \$9.3 million in supplemental funding and transfers approved by the City Council subsequent to the budget adoption due to the following reasons: (1) Included in the additional funding is \$10.1 million (expenditure budget and transfers out) to contribute towards the City's unfunded pension liability with CalPERS. The City is also contributing \$6.0 million in Fiscal Year 2018-19 and plans to make additional contributions in future years in an effort to manage future pension rates and required contributions. (2) Adjusting for the additional pension contributions, personnel budgets decreased by \$1.0 million, largely due to imposed terms on the non-sworn groups and a new labor contract with the Corona Fire Association. (3) The capital improvement projects budget increased by \$1.8 million for computer network infrastructure improvements (including capital lease), property acquisition, the General Plan/Climate Action Plan Update, and communication improvements at the Grape Hill site. (4) The non-personnel budget decreased by \$1.7 million. The largest component is a reduction of \$4.1 million, related to sales tax agreements, moving from the expenditure budget to a contra-revenue account to give better visibility to the net sales tax dollars available for the City's operations. In addition, there was an increase of \$1.6 million related to the contract for recycling and refuse disposal, with an offsetting revenue increase. Other operating budget changes totaled \$0.7 million with many of the items offset for revenue increases in donations, grants, and other sources.

Revenues and transfers in received in Fiscal Year 2017-18 had an unfavorable variance of \$0.3 million, due to the following reasons: (1) Sales and use tax revenues were lower than anticipated by \$2.1 million. In May 2018, the California Department of Tax and Fees Administration implemented a new system for the processing of merchant sales tax returns. The State had complications with the implementation which have led to delays in processing payments from vendors and disbursements to local agencies. The City of Corona will ultimately receive the funds due from the State, however the exact amount is not available to include in the Fiscal Year 2017-18 financial statements. (2) Investment earnings were lower than anticipated by \$1.3 million which includes book entries for investment gains and losses. In addition, several categories had a favorable variance at the fiscal year end. (3) The current services category was higher than budgeted by \$1.3 million. Included in this category is building related activity and library and recreation revenues. (4) In the other sources category, there was a one-time insurance claim reimbursement of \$0.6 million for damage related to the Canyon Fire incident. The funds will be expended in Fiscal Year 2018-19 and will replace landscape damaged by the fire. (5) Intergovernmental revenues were higher than estimated by \$0.4 million for grant related activity and the abandoned vehicle abatement program.

Included in the \$14.9 million savings in the expenditure budget and transfers out, \$8.9 million was unspent funding for ongoing capital improvement projects. These funds will be carried over to the next fiscal year to complete the projects. In addition, \$0.5 million will be carried forward from the expenditure budget for grant related activity. Encumbered purchase orders totaling \$1.7 million will also be carried forward for activity that crosses fiscal years. After considering the noted items that will carry forward to the new fiscal year, there is a net savings of \$3.8 million. The departments within the General Government section realized cost savings of \$2.1 million due to vacancies and reduced operating costs for professional/contractual services and insurance premiums. The public safety function achieved cost savings of \$2.0 million due to vacancies in both Fire and Police and the Police Department's decision to leave positions vacant due to pending budget reductions for the 2018-19 fiscal year. Public Works and Maintenance Services ended the fiscal year with \$1.9 million in budget savings due to vacant positions and lower operating costs for items such as professional/contractual services, mowing and landscape contracts, and building maintenance supplies. Included in the actual expenditures is \$1.4 million for IT network capital lease items. There are revenue entries for the same amount that offset expenditures.

REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
 YEAR ENDED JUNE 30, 2018

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
 FOR FISCAL YEAR ENDED JUNE 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1, as restated	\$ 109,894,292	\$ 109,894,292	\$ 109,894,292	\$ -
Resources (Inflows):				
Property taxes	43,961,800	45,479,540	45,775,246	295,706
Sales taxes	41,996,300	40,190,572	38,118,548	(2,072,024)
Other taxes	9,857,400	10,128,100	10,443,823	315,723
Licenses, fees and permits	1,769,740	1,790,500	1,832,370	41,870
Intergovernmental	1,775,895	2,486,019	2,858,550	372,531
Contribution from property owners	33,024	33,024	32,508	(516)
Current services	18,068,650	20,057,941	21,329,112	1,271,171
Investment earnings	1,645,802	1,782,722	506,353	(1,276,369)
Fines and penalties	954,240	1,139,832	1,216,663	76,831
Payments in lieu of services	9,867,100	9,867,100	9,926,742	59,642
Other revenues	11,672,056	12,290,895	13,132,214	841,319
Transfers in	1,566,650	3,704,923	3,498,627	(206,296)
Capital leases	-	1,403,261	1,403,261	-
Amounts Available for Appropriations	253,062,949	260,248,721	259,968,309	(280,412)
Charges to Appropriation (Outflow):				
General government	33,474,004	35,618,983	33,560,373	2,058,610
Public Safety - Fire	27,398,988	27,497,465	26,855,987	641,478
Public Safety - Police	47,890,773	48,065,371	46,667,109	1,398,262
Public Works & Maintenance Services	20,560,132	23,702,926	21,806,555	1,896,371
Library and Recreation Services	5,438,293	5,421,700	5,138,709	282,991
Community Development	4,392,147	4,442,930	4,331,355	111,575
Economic Development	514,780	513,593	421,117	92,476
Capital outlay	1,000,000	13,089,073	4,227,392	8,861,681
Debt service:				
Principal retirement	2,729,933	2,729,933	3,324,719	(594,786)
Interest and fiscal charges	1,521,089	1,525,526	1,528,275	(2,749)
Transfers out	140,939	3,722,125	3,538,484	183,641
Total Charges to Appropriations	145,061,078	166,329,625	151,400,075	14,929,550
Budgetary Fund Balance, June 30	\$ 108,001,871	\$ 93,919,096	\$ 108,568,234	\$ 14,649,138

REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
JUNE 30, 2018

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 assessment study was completed in October 2016. The most recent two assessments were performed in September 2017 and September 2018 using the StreetSaver software. The results from the most recent three assessments are shown below:

<u>Assessment Date</u>	<u>PCI Rating</u>
October 2016	73
September 2017	71
September 2018	73

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, 2018

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 September 2018, 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 \$20,576,034 on street maintenance for the fiscal year ended June 30, 2018. These expenditures delayed deterioration, and maintained the street condition from the previous assessment. The condition of the streets slightly increased from the average rating of 71 in the prior year to 73 in the current year. The majority of current year expenditures relate to the I15/Cajalco Arantine Hills project. 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>
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
2017-18	4,800,000	20,576,034	73

As of June 30, 2018, approximately 43.5% of the City's streets were rated below the average policy standard of 71. This was consistent with 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 \$66.7 million as of June 30, 2018.

REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
 JUNE 30, 2018

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

	2018	2017	2016	2015
TOTAL PENSION LIABILITY				
Service Cost	\$ 4,540,608	\$ 4,295,676	\$ 4,563,432	\$ 5,035,483
Interest	23,517,716	23,066,815	22,262,610	21,435,216
Difference Between expected and Actual Experience	(5,673,578)	(1,961,004)	(1,751,061)	-
Changes in Assumptions	20,736,400	-	(5,796,569)	-
Benefit Payments, Including Refunds of employee Contributions	(15,593,323)	(14,718,032)	(13,719,331)	(13,231,513)
Net Change in Total Pension Liability	27,527,823	10,683,455	5,559,081	13,239,186
Total Pension Liability - Beginning	319,382,633	308,699,178	303,140,097	289,900,911
Total Pension Liability - Ending (a)	<u>\$346,910,456</u>	<u>\$319,382,633</u>	<u>\$308,699,178</u>	<u>\$303,140,097</u>
PLAN FIDUCIARY NET POSITION				
Contribution - Employer	\$ 9,175,138	\$ 7,373,950	\$ 8,612,426	\$ 7,913,193
Contribution - Employee	1,875,784	1,975,493	2,099,982	2,168,466
Net Investment Income	22,406,369	1,044,158	4,430,161	29,675,543
Benefit Payments, Including Refunds of Employee Contributions	(15,593,323)	(14,718,032)	(13,719,331)	(13,231,513)
Administrative Expense	(289,120)	(121,423)	(224,286)	-
Net Change in Fiduciary Net Position	17,574,848	(4,445,854)	1,198,952	26,525,689
Plan Fiduciary Net Position - Beginning	195,163,486	199,609,340	198,410,388	171,884,699
Plan Fiduciary Net Position - Ending (b)	<u>\$212,738,334</u>	<u>\$195,163,486</u>	<u>\$199,609,340</u>	<u>\$198,410,388</u>
Plan Net Pension Liability/(Assets) - Ending (a) - (b)	<u>\$134,172,122</u>	<u>\$124,219,147</u>	<u>\$109,089,838</u>	<u>\$104,729,709</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	61.32%	61.11%	64.66%	65.45%
Covered Payroll	\$ 23,728,408	\$ 23,919,171	\$ 25,422,638	\$ 27,078,868
Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll	565.45%	519.33%	429.11%	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 four years are shown.

(2) Net of administrative expenses.

Notes to Schedule:

Benefit Changes: There were no changes in benefits.

Changes of Assumptions: In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent.

REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
JUNE 30, 2018

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially Determined Contribution	\$ 20,903,317	\$ 9,175,138	\$ 7,373,950	\$ 8,612,427
Contribution in Relation to the Actuarially Determined Contribution	<u>(20,903,317)</u>	<u>(9,175,138)</u>	<u>(7,373,950)</u>	<u>(8,612,427)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 23,569,508	\$ 23,728,408	\$ 23,919,171	\$ 25,422,638
Contributions as a Percentage of Covered Payroll	88.69%	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 four years is shown.

Note to Schedule:

Valuation Date:	June 30, 2015
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry age normal
Amortization method	Level 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 2014 CalPERS Experience Study for the period from 1997 to 2011.
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
JUNE 30, 2018

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

	2018	2017	2016	2015
TOTAL PENSION LIABILITY				
Service Cost	\$ 5,711,294	\$ 4,874,596	\$ 4,735,543	\$ 4,618,139
Interest	16,152,688	15,292,872	14,549,722	13,684,244
Difference Between expected and Actual Experience	(1,030,480)	(1,847,830)	642,707	-
Changes in Assumptions	14,785,639	-	(3,951,003)	-
Benefit Payments, Including Refunds of employee Contributions	(8,569,669)	(8,102,489)	(7,482,701)	(7,151,132)
Net Change in Total Pension Liability	27,049,472	10,217,149	8,494,268	11,151,251
Total Pension Liability - Beginning	213,585,747	203,368,598	194,874,330	183,723,079
Total Pension Liability - Ending (a)	\$ 240,635,219	\$ 213,585,747	\$ 203,368,598	\$ 194,874,330
PLAN FIDUCIARY NET POSITION				
Contribution - Employer	\$ 8,867,806	\$ 8,123,334	\$ 6,391,221	\$ 5,650,100
Contribution - Employee	1,841,663	1,599,970	1,517,507	1,462,671
Net Investment Income	16,030,928	707,298	2,973,078	19,983,092
Benefit Payments, Including Refunds of Employee Contributions	(8,569,669)	(8,102,489)	(7,482,701)	(7,151,132)
Administrative Expenses	(205,265)	(84,027)	(155,162)	-
Net Change in Fiduciary Net Position	17,965,463	2,244,086	3,243,943	19,944,731
Plan Fiduciary Net Position - Beginning	140,337,844	138,093,758	134,849,815	114,905,084
Plan Fiduciary Net Position - Ending (b)	\$ 158,303,307	\$ 140,337,844	\$ 138,093,758	\$ 134,849,815
Plan Net Pension Liability/(Assets) - Ending (a) - (b)	\$ 82,331,912	\$ 73,247,903	\$ 65,274,840	\$ 60,024,515
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	65.79%	65.71%	67.90%	69.20%
Covered Payroll	\$ 18,290,005	\$ 17,486,548	\$ 16,688,133	\$ 15,386,513
Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll	450.15%	418.88%	391.15%	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 four years are shown.

(2) Net of administrative expenses.

Notes to Schedule:

Benefit Changes: There were no changes in benefits.

Changes of Assumptions: In 2017, the accounting discount rate reduced from 7.65 to 7.15 percent.

REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
JUNE 30, 2018

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially Determined Contribution	\$ 7,784,453	\$ 8,867,806	\$ 8,123,334	\$ 6,391,222
Contribution in Relation to the Actuarially Determined Contribution	(7,784,453)	(8,867,806)	(8,123,334)	(6,391,222)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 17,447,330	\$ 18,290,005	\$ 17,486,548	\$ 16,688,133
Contributions as a Percentage of Covered Payroll	44.62%	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 four years are shown.

Note to Schedule:

Valuation Date:	June 30, 2015
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry age normal
Amortization method	Level 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 2014 CalPERS Experience Study for the period from 1997 to 2011.
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. 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, 2018

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

	2018	2017	2016	2015
Proportion of the Net Pension Liability	0.73036%	0.75892%	0.77136%	0.46039%
Proportionate Share of the Net Pension Liability	\$ 43,640,517	\$ 39,306,263	\$ 31,783,428	\$ 28,647,492
Covered Payroll	\$ 10,511,383	\$ 9,885,314	\$ 9,624,801	\$ 9,308,854
Proportionate Share of the Net Pension Liability as Percentage of Covered Payroll	415.17%	397.62%	330.22%	298.78%
Plan Fiduciary Net Position	\$ 121,732,971	\$ 110,508,660	\$ 111,251,864	\$ 106,234,188
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.61%	73.76%	77.78%	78.83%

Notes to Schedule:

Benefit Changes: No changes in benefits.

Changes of Assumptions: In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent.

(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 four years are shown.

REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
JUNE 30, 2018

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially Determined Contribution	\$ 3,772,862	\$ 3,537,799	\$ 4,648,267	\$ 4,239,757
Contribution in Relation to the Actuarially Determined Contribution	<u>(3,772,862)</u>	<u>(3,537,799)</u>	<u>(4,648,267)</u>	<u>(4,239,757)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 10,100,596	\$ 10,511,383	\$ 9,885,314	\$ 9,624,801
Contributions as a Percentage of Covered Payroll	37.35%	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 four years are shown.

Note to Schedule:

Valuation Date: June 30, 2015

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry age normal
Amortization method	Level percentage of payroll
Assets valuation method	Market value
Actuarial Assumptions	
Discount Rate	7.15%
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%

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
LAST TEN FISCAL YEARS (1)

	<u>2018</u>
Total OPEB Liability	
Service cost	\$ 1,391,792
Interest on the total OPEB liability	10,487,715
Actual and expected experience difference	-
Changes in assumptions	-
Changes in benefit terms	-
Benefit payments	(6,931,922)
Net change in total OPEB liability	<u>4,947,585</u>
Total OPEB liability - beginning	<u>146,136,196</u>
Total OPEB liability - ending (a)	<u>\$ 151,083,781</u>
Plan Fiduciary Net Position	
Contribution - employer	\$ 10,000,838 *
Net investment income	3,235,963
Benefit payments	(6,931,922)
Administrative expense	(16,420)
Net change in plan fiduciary net position	<u>6,288,459</u>
Plan fiduciary net position - beginning	<u>29,541,629</u>
Plan fiduciary net position - ending (b)	<u>\$ 35,830,088</u>
Net OPEB Liability/(Assets) - ending (a) - (b)	<u>\$ 115,253,693</u>
Plan fiduciary net position as a percentage of the total OPEB liability	23.72%
Covered-employee payroll	\$ 48,330,604
Net OPEB liability as a percentage of covered-employee payroll	238.47%
*Includes an implied subsidy amount of \$1,072,050.	

(1) Historical information is required only for the measurement periods for which GASB 75 is applicable. Fiscal Year 2018 was the first year of implementation. Future years' information will be displayed up to 10 years as information becomes available.

Notes to Schedule: None.

Changes in assumptions: None.

REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
JUNE 30, 2018

SCHEDULE OF CONTRIBUTIONS - OPEB
LAST TEN FISCAL YEARS (1)

	2018
Actuarially Determined Contribution	\$ 10,443,091
Contribution in Relation to the Actuarially Determined Contributions	(10,445,297)
Contribution Deficiency (Excess)	<u>\$ (2,206)</u>
Covered-employee payroll	\$ 63,618,121
Contributions as a percentage of covered-employee payroll	16.42%

(1) Historical information is required only for the measurement periods for which GASB 75 is applicable. Fiscal Year 2018 was the first year of implementation. Future years' information will be displayed up to 10 years as information becomes available.

Notes to Schedule:

*Actuarial methods and assumptions used to set the actuarially determined contribution for Fiscal Year 2018 were from the June 30, 2016 actuarial valuation.

Methods and assumptions used to determine contributions:

Actuarial Cost Method	Entry Age Normal
Amortization Valuation Method/Period	Level percent of payroll
Asset Valuation Method	Market value
Inflation	2.75% per year
Payroll Growth	3.25% per year
Investment Rate of Return	7.28%
Healthcare cost-trend rates	8.00% initial decreasing 0.500% per year to trend rate of 5%
Retirement Age	Miscellaneous Tier 1 employees - 2.70% @55 and Tier 2 employees - 2.00% @62 Police/Fire safety Tier 1 employees: 3.0% @50 2.7% @57. The probabilities of Retirement are based on the 2014 CalPERS Experience Study for the period of 1997 to 2011
Mortality	Retirement mortality probability based on Bickmore Scale 2017 applied generationally

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.

Debt Service 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.

CITY OF CORONA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

	Special Revenue Funds			
	Gas Tax	Measure A	Trip Reduction	Asset Forfeiture
Assets				
Cash and Investments	\$ 4,271,248	\$ 12,220,912	\$ 1,095,901	\$ 438,973
Accounts Receivable	137	5,139	-	540
Interest Receivable	18,865	53,954	4,840	1,998
Due from Other Governmental Agencies	355,563	985,589	55,231	-
Long-term Receivables	-	-	-	-
Loans Receivable	-	-	-	-
Restricted Assets:				
Cash and investments	-	-	-	-
Total Assets	\$ 4,645,813	\$ 13,265,594	\$ 1,155,972	\$ 441,511
Liabilities and Fund Balances				
Liabilities				
Accounts Payable and Accrued Liabilities	\$ 93,396	\$ 478,331	\$ -	\$ -
Deposits	-	-	-	-
Due to Other Funds	-	-	-	-
Unearned Revenue	-	-	-	161,860
Interfund Advances Payable	-	-	-	-
Liabilities Payable from Restricted Assets	-	2,499	-	-
Total Liabilities	93,396	480,830	-	161,860
Fund Balances				
Restricted	4,552,417	12,784,764	1,155,972	279,651
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	4,552,417	12,784,764	1,155,972	279,651
Total Liabilities and Fund Balances	\$ 4,645,813	\$ 13,265,594	\$ 1,155,972	\$ 441,511

CITY OF CORONA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

(CONTINUED)

	Special Revenue Funds		Capital Projects Funds	
	Special Tax Districts	Other Grants & Endowments	Public Facility Project	HUD Grants
Assets				
Cash and Investments	\$ 19,213,590	\$ 523,821	\$ -	\$ -
Accounts Receivable	91,136	430	-	-
Interest Receivable	88,539	2,681	-	-
Due from Other Governmental Agencies	140,936	181,672	550,948	1,856,875
Long-term Receivables	-	-	-	1,956,888
Loans Receivable	-	-	-	2,921,012
Restricted Assets:				
Cash and investments	13,792	-	-	-
Total Assets	\$ 19,547,993	\$ 708,604	\$ 550,948	\$ 6,734,775
Liabilities and Fund Balances				
Liabilities				
Accounts Payable and Accrued Liabilities	\$ 446,936	\$ 28,141	\$ 149	\$ 66,558
Deposits	1,550	-	-	-
Due to Other Funds	1,042	-	599,300	1,536,779
Unearned Revenue	-	650,552	-	61,180
Interfund Advances Payable	2,885,201	-	-	-
Liabilities Payable from Restricted Assets	-	-	-	-
Total Liabilities	3,334,729	678,693	599,449	1,664,517
Fund Balances				
Restricted	16,213,264	29,911	-	5,070,258
Assigned	-	-	-	-
Unassigned	-	-	(48,501)	-
Total Fund Balances	16,213,264	29,911	(48,501)	5,070,258
Total Liabilities and Fund Balances	\$ 19,547,993	\$ 708,604	\$ 550,948	\$ 6,734,775

CITY OF CORONA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

	Capital Projects Funds	Debt Service Fund Public Financing Authority	Total Other Governmental Funds
	Planned Local Drainage		
Assets			
Cash and Investments	\$ 405,851	\$ -	\$ 38,170,296
Accounts Receivable	743	-	98,125
Interest Receivable	-	-	170,877
Due from Other Governmental Agencies	535	-	4,127,349
Long-term Receivables	-	-	1,956,888
Loans Receivable	-	-	2,921,012
Restricted Assets:			
Cash and investments	-	852	14,644
Total Assets	\$ 407,129	\$ 852	\$ 47,459,191
Liabilities and Fund Balances			
Liabilities			
Accounts Payable and Accrued Liabilities	\$ 17,773	\$ -	\$ 1,131,284
Deposits	-	-	1,550
Due to Other Funds	-	-	2,137,121
Unearned Revenue	-	-	873,592
Interfund Advances Payable	-	-	2,885,201
Liabilities Payable from Restricted Assets	-	-	2,499
Total Liabilities	17,773	-	7,031,247
Fund Balances			
Restricted	-	852	40,087,089
Assigned	389,356	-	389,356
Unassigned	-	-	(48,501)
Total Fund Balances	389,356	852	40,427,944
Total Liabilities and Fund Balances	\$ 407,129	\$ 852	\$ 47,459,191



CITY OF CORONA

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2018

	Special Revenue Funds			
	Gas Tax	Measure A	Trip Reduction	Asset Forfeiture
Revenues				
Licenses, Fees and Permits	\$ -	\$ -	\$ -	\$ -
Fines and Penalties	-	-	-	27,210
Special Assessments	-	-	-	-
Investment Earnings	2,953	7,869	(285)	(893)
Intergovernmental Revenues	4,505,256	4,134,306	215,435	-
Current Services	-	-	-	-
Other Revenues	21,514	1,919	-	-
Total Revenues	4,529,723	4,144,094	215,150	26,317
Expenditures				
Current:				
General Government	-	-	-	-
Public Safety - Police	-	-	-	281,324
Public Works & Maintenance Services	2,798,675	270,252	9,623	-
Library and Recreation Services	-	-	-	-
Community Development	-	-	-	-
Capital Outlay	672,341	1,971,520	-	-
Debt Service:				
Interest and Fiscal Charges	-	-	-	-
Total Expenditures	3,471,016	2,241,772	9,623	281,324
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,058,707	1,902,322	205,527	(255,007)
Other Financing Sources (Uses)				
Transfers In	147,642	-	-	16,651
Transfers Out	(1,184,794)	-	-	-
Total Other Financing Uses	(1,037,152)	-	-	16,651
Net Change in Fund Balances	21,555	1,902,322	205,527	(238,356)
Fund Balances, Beginning of Year	4,530,862	10,882,442	950,445	518,007
Fund Balances, End of Year	\$ 4,552,417	\$ 12,784,764	\$ 1,155,972	\$ 279,651

CITY OF CORONA

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2018

(CONTINUED)

	Special Revenue Funds		Capital Projects Funds	
	Special Tax Districts	Other Grants & Endowments	Public Facility Project	HUD Grants
Revenues				
Licenses, Fees and Permits	\$ -	\$ -	\$ -	\$ -
Fines and Penalties	-	-	-	-
Special Assessments	8,486,061	-	-	-
Investment Earnings	(16,133)	421	-	-
Intergovernmental Revenues	13,455	167,142	1,587,296	2,753,333
Current Services	45,413	161,681	-	-
Other Revenues	1,205,048	4,300	-	10,376
Total Revenues	9,733,844	333,544	1,587,296	2,763,709
Expenditures				
Current:				
General Government	95,214	-	-	-
Public Safety - Police	-	490,528	-	-
Public Works & Maintenance Services	6,322,261	-	-	-
Library and Recreation Services	-	29,171	-	-
Community Development	-	-	-	261,804
Capital Outlay	5,013,949	-	14,122	745,905
Debt Service:				
Interest and Fiscal Charges	4,427	-	-	-
Total Expenditures	11,435,851	519,699	14,122	1,007,709
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,702,007)	(186,155)	1,573,174	1,756,000
Other Financing Sources (Uses)				
Transfers In	98,822	8,652	-	-
Transfers Out	-	-	(1,573,150)	-
Total Other Financing Uses	98,822	8,652	(1,573,150)	-
Net Change in Fund Balances	(1,603,185)	(177,503)	24	1,756,000
Fund Balances, Beginning of Year	17,816,449	207,414	(48,525)	3,314,258
Fund Balances, End of Year	\$ 16,213,264	\$ 29,911	\$ (48,501)	\$ 5,070,258

CITY OF CORONA

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2018

	<u>Capital Projects Funds</u>	<u>Debt Service Fund</u>	<u>Total Other Governmental Funds</u>
	<u>Planned Local Drainage</u>	<u>Public Financing Authority</u>	
Revenues			
Licenses, Fees and Permits	\$ 716,874	\$ -	\$ 716,874
Fines and Penalties	-	-	27,210
Special Assessments	-	-	8,486,061
Investment Earnings	-	1,176	(4,892)
Intergovernmental Revenues	988	-	13,377,211
Current Services	-	-	207,094
Other Revenues	194,313	-	1,437,470
Total Revenues	912,175	1,176	24,247,028
Expenditures			
Current:			
General Government	-	-	95,214
Public Safety - Police	-	-	771,852
Public Works & Maintenance Services	1,113,608	-	10,514,419
Library and Recreation Services	-	-	29,171
Community Development	-	-	261,804
Capital Outlay	2,250	-	8,420,087
Debt Service:			
Interest and Fiscal Charges	-	528	4,955
Total Expenditures	1,115,858	528	20,097,502
Excess (Deficiency) of Revenues Over (Under) Expenditures	(203,683)	648	4,149,526
Other Financing Sources (Uses)			
Transfers In	160,387	-	432,154
Transfers Out	-	-	(2,757,944)
Total Other Financing Uses	160,387	-	(2,325,790)
Net Change in Fund Balances	(43,296)	648	1,823,736
Fund Balances, Beginning of Year	432,652	204	38,604,208
Fund Balances, End of Year	\$ 389,356	\$ 852	\$ 40,427,944



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, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 4,530,862	\$ 4,530,862	\$ 4,530,862	\$ -
Resources (Inflows):				
Intergovernmental	4,583,443	4,207,008	4,505,256	298,248
Investment earnings	82,124	61,367	2,953	(58,414)
Other revenues	-	1,850	21,514	19,664
Transfers in	-	147,642	147,642	-
Amounts Available for Appropriations	9,196,429	8,948,729	9,208,227	259,498
Charges to Appropriation (Outflow):				
Public works & maintenance services	1,483,890	1,641,407	2,798,675	(1,157,268)
Capital outlay	1,245,000	6,106,156	672,341	5,433,815
Transfers out	1,246,400	1,246,400	1,184,794	61,606
Total Charges to Appropriations	3,975,290	8,993,963	4,655,810	4,338,153
Budgetary Fund Balance, June 30	\$ 5,221,139	\$ (45,234)	\$ 4,552,417	\$ 4,597,651

CITY OF CORONA

BUDGETARY COMPARISON SCHEDULE
 MEASURE A FUND
 YEAR ENDED JUNE 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 10,882,442	\$ 10,882,442	\$ 10,882,442	\$ -
Resources (Inflows):				
Intergovernmental	3,950,000	4,036,000	4,134,306	98,306
Investment earnings	12,014	170,476	7,869	(162,607)
Other revenues	-	172	1,919	1,747
Amounts Available for Appropriations	14,844,456	15,089,090	15,026,536	(62,554)
Charges to Appropriation (Outflow):				
Public works & maintenance services	177,698	177,869	270,252	(92,383)
Capital outlay	4,066,503	9,990,119	1,971,520	8,018,599
Total Charges to Appropriations	4,244,201	10,167,988	2,241,772	7,926,216
Budgetary Fund Balance, June 30	\$ 10,600,255	\$ 4,921,102	\$ 12,784,764	\$ 7,863,662

CITY OF CORONA

BUDGETARY COMPARISON SCHEDULE
 TRIP REDUCTION
 YEAR ENDED JUNE 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 950,445	\$ 950,445	\$ 950,445	\$ -
Resources (Inflows):				
Intergovernmental	210,200	210,200	215,435	5,235
Investment earnings	13,692	14,256	(285)	(14,541)
Amounts Available for Appropriations	1,174,337	1,174,901	1,165,595	(9,306)
Charges to Appropriation (Outflow):				
Public works & maintenance services	22,100	23,059	9,623	13,436
Total Charges to Appropriations	22,100	23,059	9,623	13,436
Budgetary Fund Balance, June 30	\$ 1,152,237	\$ 1,151,842	\$ 1,155,972	\$ 4,130

CITY OF CORONA

BUDGETARY COMPARISON SCHEDULE
 ASSET FORFEITURE
 YEAR ENDED JUNE 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 518,007	\$ 518,007	\$ 518,007	\$ -
Resources (Inflows):				
Investment earnings	7,414	7,045	(893)	(7,938)
Fines and penalties	110,000	27,210	27,210	-
Transfers in	-	-	16,651	16,651
Amounts Available for Appropriations	635,421	552,262	560,975	8,713
Charges to Appropriation (Outflow):				
Public safety - Police	270,650	287,161	281,324	5,837
Total Charges to Appropriations	270,650	287,161	281,324	5,837
Budgetary Fund Balance, June 30	\$ 364,771	\$ 265,101	\$ 279,651	\$ 14,550

CITY OF CORONA

BUDGETARY COMPARISON SCHEDULE
 SPECIAL TAX DISTRICTS
 YEAR ENDED JUNE 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 17,816,449	\$ 17,816,449	\$ 17,816,449	\$ -
Resources (Inflows):				
Intergovernmental	-	-	13,455	13,455
Special assessments	8,352,254	8,183,349	8,486,061	302,712
Current services	102,000	62,089	45,413	(16,676)
Investment earnings	251,561	267,779	(16,133)	(283,912)
Other revenues	47,612	69,122	1,205,048	1,135,926
Transfers in	140,939	140,939	98,822	(42,117)
Amounts Available for Appropriations	26,710,815	26,539,727	27,649,115	1,109,388
Charges to Appropriation (Outflow):				
General government	153,662	163,391	95,214	68,177
Public works & maintenance services	7,292,127	7,390,776	6,322,261	1,068,515
Capital outlay	742,974	9,730,835	5,013,949	4,716,886
Debt service:				
Interest and fiscal charges	4,427	4,427	4,427	-
Total Charges to Appropriations	8,193,190	17,289,429	11,435,851	5,853,578
Budgetary Fund Balance, June 30	\$ 18,517,625	\$ 9,250,298	\$ 16,213,264	\$ 6,962,966

CITY OF CORONA

**BUDGETARY COMPARISON SCHEDULE
OTHER GRANTS & ENDOWMENTS
YEAR ENDED JUNE 30, 2018**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 207,414	\$ 207,414	\$ 207,414	\$ -
Resources (Inflows):				
Intergovernmental	195,000	324,601	167,142	(157,459)
Current services	185,000	180,000	161,681	(18,319)
Investment earnings	9,347	9,053	421	(8,632)
Other revenues	-	-	4,300	4,300
Transfers in	-	8,652	8,652	-
Amounts Available for Appropriations	596,761	729,720	549,610	(180,110)
Charges to Appropriation (Outflow):				
Public safety - Police	542,556	658,977	490,528	168,449
Library and recreation services	-	29,680	29,171	509
Total Charges to Appropriations	542,556	688,657	519,699	168,958
Budgetary Fund Balance, June 30	\$ 54,205	\$ 41,063	\$ 29,911	\$ (11,152)

CITY OF CORONA

BUDGETARY COMPARISON SCHEDULE
 LOW MOD INCOME HOUSING ASSET
 YEAR ENDED JUNE 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 23,121,926	\$ 23,121,926	\$ 23,121,926	\$ -
Resources (Inflows):				
Investment earnings	65,098	126,875	25,180	(101,695)
Other revenues	625,000	553,000	2,184,331	1,631,331
Transfers in	-	29,543	29,543	-
Special item - gain on sale of land held for resale	-	-	3,037,670	3,037,670
Amounts Available for Appropriations	23,812,024	23,831,344	28,398,650	4,567,306
Charges to Appropriation (Outflow):				
Community Development	136,582	225,080	176,877	48,203
Capital outlay	10,000	2,574,297	19,196	2,555,101
Total Charges to Appropriations	146,582	2,799,377	196,073	2,603,304
Budgetary Fund Balance, June 30	\$ 23,665,442	\$ 21,031,967	\$ 28,202,577	\$ 7,170,610

CITY OF CORONA

BUDGETARY COMPARISON SCHEDULE
 OTHER GRANTS
 YEAR ENDED JUNE 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1, as restated	\$ 2,312,607	\$ 2,312,607	\$ 2,312,607	\$ -
Resources (Inflows):				
Intergovernmental	5,500,146	4,132,119	3,407,191	(724,928)
Investment earnings	434	1,608	4,208	2,600
Other revenues	-	65,292,318	18,558,477	(46,733,841)
Amounts Available for Appropriations	7,813,187	71,738,652	24,282,483	(47,456,169)
Charges to Appropriation (Outflow):				
Public works & maintenance services	-	173	173	-
Library and recreation services	-	10,000	10,000	-
Capital outlay	-	79,187,361	22,294,251	56,893,110
Total Charges to Appropriations	-	79,197,534	22,304,424	56,893,110
Budgetary Fund Balance, June 30	\$ 7,813,187	\$ (7,458,882)	\$ 1,978,059	\$ 9,436,941

CITY OF CORONA

**BUDGETARY COMPARISON SCHEDULE
DEVELOPMENT
YEAR ENDED JUNE 30, 2018**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1, as restated	\$ 4,112,696	\$ 4,112,696	\$ 4,112,696	\$ -
Resources (Inflows):				
Licenses and permits	8,049,802	7,305,869	3,981,634	(3,324,235)
Use of money and property	356,659	313,666	9,912	(303,754)
Developer participation	230,400	380,160	47,040	(333,120)
Miscellaneous	-	114	163	49
Transfers in	-	1,573,150	1,573,150	-
Amounts Available for Appropriations	12,749,557	13,685,655	9,724,595	(3,961,060)
Charges to Appropriation (Outflow):				
Public safety - Fire	866	866	866	-
Public works	159,638	185,845	226,180	(40,335)
Capital outlay	2,239,434	14,836,753	359,850	14,476,903
Transfers out	144,750	144,750	-	144,750
Total Charges to Appropriations	2,544,688	15,168,214	586,896	14,581,318
Budgetary Fund Balance, June 30	\$ 10,204,869	\$ (1,482,559)	\$ 9,137,699	\$ 10,620,258

CITY OF CORONA

BUDGETARY COMPARISON SCHEDULE
 PUBLIC FACILITY PROJECT
 YEAR ENDED JUNE 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (48,525)	\$ (48,525)	\$ (48,525)	\$ -
Resources (Inflows):				
Intergovernmental	-	1,573,150	1,587,296	14,146
Amounts Available for Appropriations	(48,525)	1,524,625	1,538,771	14,146
Charges to Appropriation (Outflow):				
Capital outlay	-	7,070,260	14,122	7,056,138
Transfers out	-	1,573,150	1,573,150	-
Total Charges to Appropriations	-	8,643,410	1,587,272	7,056,138
Budgetary Fund Balance, June 30	\$ (48,525)	\$ (7,118,785)	\$ (48,501)	\$ 7,070,284

CITY OF CORONA

BUDGETARY COMPARISON SCHEDULE
 HUD GRANTS
 YEAR ENDED JUNE 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 3,314,258	\$ 3,314,258	\$ 3,314,258	\$ -
Resources (Inflows):				
Intergovernmental	1,430,702	2,480,879	2,753,333	272,454
Other revenues	-	51,180	10,376	(40,804)
Transfers in	-	19,903	-	(19,903)
Amounts Available for Appropriations	4,744,960	5,866,220	6,077,967	211,747
Charges to Appropriation (Outflow):				
Community Development	77,511	128,592	261,804	(133,212)
Capital outlay	1,920,748	3,991,862	745,905	3,245,957
Total Charges to Appropriations	1,998,259	4,120,454	1,007,709	3,112,745
Budgetary Fund Balance, June 30	\$ 2,746,701	\$ 1,745,766	\$ 5,070,258	\$ 3,324,492

CITY OF CORONA

**BUDGETARY COMPARISON SCHEDULE
 PLANNED LOCAL DRAINAGE
 YEAR ENDED JUNE 30, 2018**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 432,652	\$ 432,652	\$ 432,652	\$ -
Resources (Inflows):				
Licenses, fees and permits	700,000	705,425	716,874	11,449
Intergovernmental	-	-	988	988
Investment earnings	-	12,357	-	(12,357)
Other revenues	200,000	150,767	194,313	43,546
Transfers in	-	160,387	160,387	-
Amounts Available for Appropriations	1,332,652	1,461,588	1,505,214	43,626
Charges to Appropriation (Outflow):				
Public works & maintenance services	1,068,506	1,217,088	1,113,608	103,480
Capital outlay	10,000	34,081	2,250	31,831
Total Charges to Appropriations	1,078,506	1,251,169	1,115,858	135,311
Budgetary Fund Balance, June 30	\$ 254,146	\$ 210,419	\$ 389,356	\$ 178,937

Combining Financial Statements

Nonmajor Enterprise Funds

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, 2018

	Business-Type Activities - Enterprise Funds		
	Transit Services	Airport	Totals
Assets			
Current Assets			
Cash and Investments	\$ 18,600	\$ 527,130	\$ 545,730
Accounts Receivable, Net	4,861	1,919	6,780
Interest Receivable	1,468	2,328	3,796
Due from Other Governmental Agencies	1,337,727	-	1,337,727
Restricted:			
Cash and Investments	261,195	-	261,195
Total Current Assets	1,623,851	531,377	2,155,228
Noncurrent Assets			
Capital Assets:			
Capital Assets, Net of Depreciation	4,881,636	90,837	4,972,473
Total Capital Assets	4,881,636	90,837	4,972,473
Total Noncurrent Assets	4,881,636	90,837	4,972,473
Total Assets	6,505,487	622,214	7,127,701
Deferred Outflows of Resources			
Deferred Pension Related Items	325,452	-	325,452
Deferred OPEB Related Items	26,113	16,712	42,825
Total Deferred Outflows of Resources	351,565	16,712	368,277
Total Assets and Deferred Outflows of Resources	\$ 6,857,052	\$ 638,926	\$ 7,495,978
Liabilities, Deferred Inflows of Resources, and Net Position			
Liabilities			
Current Liabilities			
Accounts Payable and Accrued Liabilities	\$ 148,826	\$ 1,149	\$ 149,975
Unearned Revenue	369,010	800	369,810
Deposits	-	890	890
Due to other funds	694,343	-	694,343
Compensated Absences Payable	7,683	-	7,683
Total Current Liabilities	1,219,862	2,839	1,222,701
Noncurrent Liabilities			
Interfund Advances Payable	-	115,000	115,000
Compensated Absences Payable	32,084	-	32,084
Net Pension Liability	1,247,800	-	1,247,800
Net OPEB Liability	288,134	184,406	472,540
Total Noncurrent Liabilities	1,568,018	299,406	1,867,424
Total Liabilities	2,787,880	302,245	3,090,125
Deferred Inflows of Resources			
Deferred Pension Related Items	32,862	-	32,862
Deferred OPEB Related Items	1,948	1,247	3,195
Total Deferred Inflows of Resources	34,810	1,247	36,057
Net Position			
Net Investment in Capital Assets	4,881,636	90,837	4,972,473
Restricted for:			
Transportation	261,195	-	261,195
Unrestricted	(1,108,469)	244,597	(863,872)
Total Net Position	4,034,362	335,434	4,369,796
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 6,857,052	\$ 638,926	\$ 7,495,978

CITY OF CORONA

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
NON-MAJOR PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2018

	Business-Type Activities - Enterprise Funds		
	Transit Services	Airport	Totals
Operating Revenues			
Fees and Permits	\$ -	\$ 34,019	\$ 34,019
Other Revenues	357,093	231,977	589,070
Total Operating Revenues	357,093	265,996	623,089
Operating Expenses			
Personnel Services	1,098,232	-	1,098,232
Contractual	1,587,663	5,446	1,593,109
Materials and Supplies	46,160	106,186	152,346
Utilities	186,156	8,858	195,014
Depreciation and Amortization	473,173	25,797	498,970
Total Operating Expenses	3,391,384	146,287	3,537,671
Operating Income (Loss)	(3,034,291)	119,709	(2,914,582)
Nonoperating Revenues (Expenses)			
Investment Earnings	9,051	85	9,136
Operating Grants and Contributions	2,022,635	10,000	2,032,635
Intergovernmental	3,773	-	3,773
Total Nonoperating Revenues (Expenses)	2,035,459	10,085	2,045,544
Income (Loss) Before Contributions and Transfers	(998,832)	129,794	(869,038)
Capital Grants and Contributions	861,517	-	861,517
Transfers In	106,955	-	106,955
Transfers Out	(138,333)	-	(138,333)
Changes in Net Position	(168,693)	129,794	(38,899)
Net Position, Beginning of Year	4,469,539	376,190	4,845,729
Restatements	(266,484)	(170,550)	(437,034)
Net Position, Beginning of Year, as Restated	4,203,055	205,640	4,408,695
Net Position, End of Year	\$ 4,034,362	\$ 335,434	\$ 4,369,796

CITY OF CORONA

**COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2018**

	Business-Type Activities - Enterprise Funds		
	Transit Services	Airport	Totals
Cash Flows from Operating Activities:			
Cash received from customers and users	\$ -	\$ 52,916	\$ 52,916
Cash paid to suppliers for goods and services	(1,814,154)	(120,421)	(1,934,575)
Cash paid to employees for services	(505,290)	(2,070)	(507,360)
Cash received from others	(775,271)	232,712	(542,559)
Net Cash Provided (Used) by Operating Activities	(3,094,715)	163,137	(2,931,578)
Cash Flows from Non-Capital Financing Activities:			
Transfers in	106,955	-	106,955
Transfers out	(138,333)	-	(138,333)
Cash borrowed due to other funds	694,343	-	694,343
Advance from other funds	-	(15,000)	(15,000)
Operating grants and contributions	1,916,170	10,000	1,926,170
Intergovernmental	3,773	-	3,773
Net Cash Provided (Used) by Non-Capital Financing Activities	2,582,908	(5,000)	2,577,908
Cash Flows from Capital and Related Financing Activities:			
Capital grants and contributions	861,517	-	861,517
Acquisition and construction of capital assets	(1,304,957)	-	(1,304,957)
Net Cash Provided (Used) by Capital and Related Financing Activities	(443,440)	-	(443,440)
Cash Flows from Investing Activities:			
Interest received	11,780	(974)	10,806
Net Cash Provided (Used) by Investing Activities	11,780	(974)	10,806
Net Increase (Decrease) in Cash and Cash Equivalents	(943,467)	157,163	(786,304)
Cash and Cash Equivalents at Beginning of Year	1,223,262	369,967	1,593,229
Cash and Cash Equivalents at End of Year	\$ 279,795	\$ 527,130	\$ 806,925
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ (3,034,291)	\$ 119,709	\$ (2,914,582)
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:			
Depreciation	473,173	25,797	498,970
(Increase) decrease in accounts receivable	(1,143)	18,897	17,754
(Increase) decrease in due from other governments	(1,197,925)	-	(1,197,925)
(Increase) decrease in deferred outflows of pension related items	(80,413)	52	(80,361)
(Increase) decrease in deferred outflows of OPEB items	(26,113)	(16,712)	(42,825)
Increase (decrease) in accounts payable and accrued liabilities	(2,600)	69	(2,531)
Increase (decrease) in unearned revenue	66,704	735	67,439
Increase (decrease) in compensated absences	9,413	-	9,413
Increase (decrease) in pension liability	713,090	(374)	712,716
Increase (decrease) in OPEB liability	21,650	13,856	35,506
Increase (decrease) in deferred inflows of pension related items	(38,208)	(139)	(38,347)
Increase (decrease) in deferred inflows of OPEB items	1,948	1,247	3,195
Total Adjustments	(60,424)	43,428	(16,996)
Net Cash Provided (Used) by Operating Activities	\$ (3,094,715)	\$ 163,137	\$ (2,931,578)

Non-Cash Investing, Capital, and Financing Activities:

There were no non-cash investing, capital or financing activities during fiscal year 2017-2018.



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, 2018**

	Governmental Activities - Internal Service Funds		
	Self-Insurance		
	Fleet Operations	Workers' Compensation	Liability Risk
Assets			
Current Assets			
Cash and Investments	\$ 8,195,844	\$ 22,099,278	\$ 2,607,409
Accounts Receivable, Net	5,471	76,134	-
Due from Other Governmental Agencies	1,048	-	-
Inventories and Prepayments	179,185	183,399	-
Total Current Assets	8,381,548	22,358,811	2,607,409
Noncurrent Assets			
Capital Assets:			
Other Capital Assets, Net of Depreciation	371,428	-	-
Total Capital Assets	371,428	-	-
Total Noncurrent Assets	371,428	-	-
Total Assets	8,752,976	22,358,811	2,607,409
Deferred Outflows of Resources			
Deferred Pension Related Items	535,055	-	-
Deferred OPEB Related Items	126,388	8,356	11,490
Total Deferred Outflows of Resources	661,443	8,356	11,490
Total Assets and Deferred Outflows of Resources	\$ 9,414,419	\$ 22,367,167	\$ 2,618,899
Liabilities, Deferred Inflows of Resources, and Net Position			
Liabilities			
Current Liabilities			
Accounts Payable and Accrued Liabilities	\$ 262,368	\$ 172	\$ 154,771
Claims and Judgments Payable	-	3,158,068	981,887
Compensated Absences Payable	38,849	-	-
Long-term Capital Lease Payable	45,623	-	-
Total Current Liabilities	346,840	3,158,240	1,136,658
Noncurrent Liabilities			
Claims and Judgments Payable	-	17,298,770	1,470,751
Long-term Capital Lease Payable	193,676	-	-
Net Pension Liability	2,052,833	-	-
Net OPEB Liability	1,394,570	92,202	126,779
Total Noncurrent Liabilities	3,641,079	17,390,972	1,597,530
Total Liabilities	3,987,919	20,549,212	2,734,188
Deferred Inflows of Resources			
Deferred Pension Related Items	54,064	-	-
Deferred OPEB Related Items	9,430	624	857
Total Deferred Inflows of Resources	63,494	624	857
Net Position			
Net Investment in Capital Assets	132,129	-	-
Unrestricted	5,230,877	1,817,331	(116,146)
Total Net Position	5,363,006	1,817,331	(116,146)
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 9,414,419	\$ 22,367,167	\$ 2,618,899

CITY OF CORONA

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2018

(CONTINUED)

	Governmental Activities - Internal Service Funds	
	Warehouse	Totals
Assets		
Current Assets		
Cash and Investments	\$ 357,750	\$ 33,260,281
Accounts Receivable, Net	-	81,605
Due from Other Governmental Agencies	-	1,048
Inventories and Prepayments	-	362,584
Total Current Assets	357,750	33,705,518
Noncurrent Assets		
Capital Assets:		
Other Capital Assets, Net of Depreciation	-	371,428
Total Capital Assets	-	371,428
Total Noncurrent Assets	-	371,428
Total Assets	357,750	34,076,946
Deferred Outflows of Resources		
Deferred Pension Related Items	76,856	611,911
Deferred OPEB Related Items	8,356	154,590
Total Deferred Outflows of Resources	85,212	766,501
Total Assets and Deferred Outflows of Resources	\$ 442,962	\$ 34,843,447
Liabilities, Deferred Inflows of Resources, and Net Position		
Liabilities		
Current Liabilities		
Accounts Payable and Accrued Liabilities	\$ 3,598	\$ 420,909
Claims and Judgments Payable	-	4,139,955
Compensated Absences Payable	1,209	40,058
Long-term Capital Lease Payable	-	45,623
Total Current Liabilities	4,807	4,646,545
Noncurrent Liabilities		
Claims and Judgments Payable	-	18,769,521
Long-term Capital Lease Payable	-	193,676
Net Pension Liability	295,177	2,348,010
Net OPEB Liability	92,202	1,705,753
Total Noncurrent Liabilities	387,379	23,016,960
Total Liabilities	392,186	27,663,505
Deferred Inflows of Resources		
Deferred Pension Related Items	7,775	61,839
Deferred OPEB Related Items	624	11,535
Total Deferred Inflows of Resources	8,399	73,374
Net Position		
Net Investment in Capital Assets	-	132,129
Unrestricted	42,377	6,974,439
Total Net Position	42,377	7,106,568
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 442,962	\$ 34,843,447

CITY OF CORONA

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2018

	Governmental Activities - Internal Service Funds		
	Fleet Operations	Self-Insurance	
		Workers' Compensation	Liability Risk
Operating Revenues			
Service Charges	\$ 3,453,854	\$ 5,009,561	\$ 1,311,510
Other Revenues	774,135	48,579	-
Total Operating Revenues	4,227,989	5,058,140	1,311,510
Operating Expenses			
Personnel Services	1,766,473	-	-
Contractual	113,987	-	-
Materials and Supplies	3,108,100	459,994	722,643
Utilities	823,175	-	-
Depreciation	13,423	-	-
Claims Expense	-	1,747,941	587,760
Total Operating Expenses	5,825,158	2,207,935	1,310,403
Operating Income (Loss)	(1,597,169)	2,850,205	1,107
Nonoperating Revenues (Expenses)			
Investment Earnings	-	63	-
Interest Expense	(4,887)	-	-
Total Nonoperating Revenues (Expenses)	(4,887)	63	-
Income (Loss) Before Transfers	(1,602,056)	2,850,268	1,107
Transfers In	168,021	-	-
Transfers Out	(2,175,500)	-	-
Changes in Net Position	(3,609,535)	2,850,268	1,107
Net Position, Beginning of Year	10,262,325	(947,662)	-
Restatements	(1,289,784)	(85,275)	(117,253)
Net Position, Beginning of Year, as Restated	8,972,541	(1,032,937)	(117,253)
Net Position, End of Year	\$ 5,363,006	\$ 1,817,331	\$ (116,146)

CITY OF CORONA

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2018

(CONTINUED)

	Governmental Activities - Internal Service Funds	
	Warehouse	Totals
Operating Revenues		
Service Charges	\$ 215,633	\$ 9,990,558
Other Revenues	827	823,541
Total Operating Revenues	216,460	10,814,099
Operating Expenses		
Personnel Services	303,737	2,070,210
Contractual	-	113,987
Materials and Supplies	64,480	4,355,217
Utilities	231	823,406
Depreciation	-	13,423
Claims Expense	-	2,335,701
Total Operating Expenses	368,448	9,711,944
Operating Income (Loss)	(151,988)	1,102,155
Nonoperating Revenues (Expenses)		
Investment Earnings	-	63
Interest Expense	-	(4,887)
Total Nonoperating Revenues (Expenses)	-	(4,824)
Income (Loss) Before Transfers	(151,988)	1,097,331
Transfers In	25,921	193,942
Transfers Out	-	(2,175,500)
Changes in Net Position	(126,067)	(884,227)
Net Position, Beginning of Year	253,719	9,568,382
Restatements	(85,275)	(1,577,587)
Net Position, Beginning of Year, as Restated	168,444	7,990,795
Net Position, End of Year	\$ 42,377	\$ 7,106,568

CITY OF CORONA

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2018**

	Governmental Activities - Internal Service Funds		
		Self-Insurance	
		Fleet Operations	Workers' Compensation
Cash Flows from Operating Activities			
Cash received from customers and users	\$ 3,457,223	\$ 5,010,917	\$ 1,311,510
Cash paid to suppliers for goods and services	(4,148,438)	(455,162)	(746,973)
Cash paid to employees for services	(989,895)	(805)	(1,107)
Cash paid for current claims	-	(269,842)	(235,303)
Cash paid for long-term claims	-	(2,158,366)	(216,501)
Cash received from others	774,135	48,579	-
Net Cash Provided (Used) by Operating Activities	(906,975)	2,175,321	111,626
Cash Flows from Non-Capital Financing Activities			
Transfers Received	168,021	-	-
Cash transfers out	(2,175,500)	-	-
Net Cash Provided (Used) by Non-Capital Financing Activities	(2,007,479)	-	-
Cash Flows from Capital and Related Financing Activities			
Proceeds from capital debt	255,551	-	-
Acquisition and construction of capital assets	(384,851)	-	-
Principal paid on capital debt	(16,252)	-	-
Interest paid on capital debt	(4,887)	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(150,439)	-	-
Cash Flows from Investing Activities			
Interest received	-	63	-
Net Cash Provided (Used) by Investing Activities	-	63	-
Net Increase (Decrease) in Cash and Cash Equivalents	(3,064,893)	2,175,384	111,626
Cash and Cash Equivalents			
Beginning of Year	11,260,737	19,923,894	2,495,783
End of Year	\$ 8,195,844	\$ 22,099,278	\$ 2,607,409
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities			
Operating Income (Loss)	\$ (1,597,169)	\$ 2,850,205	\$ 1,107
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation	13,423	-	-
Changes in Assets and Liabilities:			
(Increase) decrease in accounts receivable	3,369	1,356	-
(Increase) decrease in inventories and prepayments	(17,214)	156,601	-
(Increase) decrease in deferred outflows of pension related items	35,404	-	-
(Increase) decrease in deferred outflows of OPEB items	(126,388)	(8,356)	(11,490)
Increase (decrease) in accounts payable and accrued liabilities	(109,673)	(151,769)	(24,330)
Increase (decrease) in claims and judgments	-	(680,267)	135,956
Increase (decrease) in compensated absences	(22,164)	-	-
Increase (decrease) in pension liability	878,327	-	-
Increase (decrease) in OPEB liability	104,786	6,927	9,526
Increase (decrease) in deferred inflows of pension related items	(79,106)	-	-
Increase (decrease) in deferred inflows of OPEB items	9,430	624	857
Total Adjustments	690,194	(674,884)	110,519
Net Cash Provided (Used) by Operating Activities	\$ (906,975)	\$ 2,175,321	\$ 111,626

Non-Cash Investing, Capital, and Financing Activities:

There were no non-cash investing, capital or financing activities during fiscal year 2017-2018.

CITY OF CORONA

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2018

(CONTINUED)

Governmental Activities - Internal

	<u>Warehouse</u>	<u>Totals</u>
Cash Flows from Operating Activities		
Cash received from customers and users	\$ 215,633	\$ 9,995,283
Cash paid to suppliers for goods and services	(62,232)	(5,412,805)
Cash paid to employees for services	(133,249)	(1,125,056)
Cash paid for current claims	-	(505,145)
Cash paid for long-term claims	-	(2,374,867)
Cash received from others	827	823,541
Net Cash Provided (Used) by Operating Activities	20,979	1,400,951
Cash Flows from Non-Capital Financing Activities		
Transfers Received	25,921	193,942
Cash transfers out	-	(2,175,500)
Net Cash Provided (Used) by Non-Capital Financing Activities	25,921	(1,981,558)
Cash Flows from Capital and Related Financing Activities		
Proceeds from capital debt	-	255,551
Acquisition and construction of capital assets	-	(384,851)
Principal paid on capital debt	-	(16,252)
Interest paid on capital debt	-	(4,887)
Net Cash Provided (Used) by Capital and Related Financing Activities	-	(150,439)
Cash Flows from Investing Activities		
Interest received	-	63
Net Cash Provided (Used) by Investing Activities	-	63
Net Increase (Decrease) in Cash and Cash Equivalents	46,900	(730,983)
Cash and Cash Equivalents		
Beginning of Year	310,850	33,991,264
End of Year	\$ 357,750	\$ 33,260,281
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss)	\$ (151,988)	\$ 1,102,155
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Depreciation	-	13,423
Changes in Assets and Liabilities:		
(Increase) decrease in accounts receivable	-	4,725
(Increase) decrease in inventories and prepayments	-	139,387
(Increase) decrease in deferred outflows of pension related items	(13,234)	22,170
(Increase) decrease in deferred outflows of OPEB items	(8,356)	(154,590)
Increase (decrease) in accounts payable and accrued liabilities	(2,407)	(288,179)
Increase (decrease) in claims and judgments	-	(544,311)
Increase (decrease) in compensated absences	(189)	(22,353)
Increase (decrease) in pension liability	186,356	1,064,683
Increase (decrease) in OPEB liability	6,927	128,166
Increase (decrease) in deferred inflows of pension related items	3,246	(75,860)
Increase (decrease) in deferred inflows of OPEB items	624	11,535
Total Adjustments	172,967	298,796
Net Cash Provided (Used) by Operating Activities	\$ 20,979	\$ 1,400,951
Non-Cash Investing, Capital, and Financing Activities:		

There were no non-cash investing, capital or financing activities during fiscal year 2



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, 2018

	<u>AD/CFD Fund</u>	<u>AB109 PACT</u>	<u>Totals</u>
Assets:			
Cash and Investments	\$ 1,101,757	\$ 1,053,511	\$ 2,155,268
Interest Receivable	89,689	4,653	94,342
Due from Other Governmental Agencies	209,456	-	209,456
Restricted Assets:			
Cash and investments	30,224,857	-	30,224,857
Total Assets	<u>\$ 31,625,759</u>	<u>\$ 1,058,164</u>	<u>\$ 32,683,923</u>
Liabilities:			
Accounts Payable and Accrued Liabilities	\$ 5,711	\$ 147,861	\$ 153,572
Due to Bondholders	31,620,048	910,303	32,530,351
Total Liabilities	<u>\$ 31,625,759</u>	<u>\$ 1,058,164</u>	<u>\$ 32,683,923</u>

CITY OF CORONA

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 YEAR ENDED JUNE 30, 2018**

	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2018</u>
<u>AD/CFD Fund</u>				
Assets				
Cash and Investments	\$ 1,136,902	\$ 27,049,025	\$ 27,084,170	\$ 1,101,757
Interest Receivable	90,075	249,152	249,538	89,689
Due from Other Governmental Agencies	178,742	209,457	178,743	209,456
Restricted Assets:				
Cash and Investments	24,774,222	33,260,387	27,809,752	30,224,857
Total Assets	\$ 26,179,941	\$ 60,768,021	\$ 55,322,203	\$ 31,625,759
Liabilities				
Accounts Payable and Accrued Liabilities	\$ 12,743	\$ 13,335,672	\$ 13,342,704	\$ 5,711
Due to Bondholders	26,167,198	19,927,442	14,474,592	31,620,048
Total Liabilities	\$ 26,179,941	\$ 33,263,114	\$ 27,817,296	\$ 31,625,759
<u>AB109 PACT</u>				
Assets:				
Cash and Investments	\$ 2,057,401	\$ 22,134	\$ 1,026,024	\$ 1,053,511
Interest Receivable	7,056	4,652	7,055	4,653
Total Assets	\$ 2,064,457	\$ 26,786	\$ 1,033,079	\$ 1,058,164
Liabilities:				
Accounts Payable and Accrued Liabilities	\$ 69,700	\$ 910,624	\$ 832,463	\$ 147,861
Due to Bondholders	1,994,757	26,787	1,111,241	910,303
Total Liabilities	\$ 2,064,457	\$ 937,411	\$ 1,943,704	\$ 1,058,164
<u>Totals - All Agency Funds</u>				
Assets:				
Cash and Investments	\$ 3,194,303	\$ 27,071,159	\$ 28,110,194	\$ 2,155,268
Interest Receivable	97,131	253,804	256,593	94,342
Due from Other Governmental Agencies	178,742	209,457	178,743	209,456
Restricted Assets:				
Cash and Investments	24,774,222	33,260,387	27,809,752	30,224,857
Total Assets	\$ 28,244,398	\$ 60,794,807	\$ 56,355,282	\$ 32,683,923
Liabilities:				
Accounts Payable and Accrued Liabilities	\$ 82,443	\$ 14,246,296	\$ 14,175,167	\$ 153,572
Due to Bondholders	28,161,955	19,954,229	15,585,833	32,530,351
Total Liabilities	\$ 28,244,398	\$ 34,200,525	\$ 29,761,000	\$ 32,683,923

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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4 Changes in Fund Balances – Governmental Funds	192
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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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			
	2018	2017	2016	2015
Governmental Activities				
Net Investment in Capital Assets	\$ 661,445,807	\$ 638,468,424	\$ 618,953,633	\$ 587,861,831
Restricted for:				
Capital Projects	35,250,894	26,832,918	24,440,919	23,435,434
Debt Service	5,100,103	3,439,357	2,416,841	2,653,417
Transportation and Public Works	18,493,153	16,363,749	15,401,285	19,206,895
Special Assessment District	11,114,013	14,377,296	17,074,793	15,602,868
Development Projects	9,137,699	5,276,971	8,866,182	5,939,085
Other Purposes	309,562	725,421	514,174	560,289
Total Restricted	79,405,424	67,015,712	68,714,194	67,397,988
Unrestricted	23,749,730	106,765,363	96,234,263	90,173,729
Total Governmental Activities Net Position	\$ 764,600,961	\$ 812,249,499	\$ 783,902,090	\$ 745,433,548
Business-Type Activities				
Net Investment in Capital Assets	\$ 334,581,059	\$ 324,512,188	\$ 312,540,296	\$ 286,045,985
Restricted for:				
Capital Projects	6,735,454	6,735,454	7,205,941	6,898,174
Debt Service	-	-	-	6,061,277
Transportation and Public Works	261,195	697,391	611,272	830,088
Total Restricted	6,996,649	7,432,845	7,817,213	13,789,539
Unrestricted	(111,436,845)	(86,423,631)	(96,745,399)	(92,820,840)
Total Business-Type Activities Net Position	\$ 230,140,863	\$ 245,521,402	\$ 223,612,110	\$ 207,014,684
Primary Government				
Net Investment in Capital Assets	\$ 996,026,866	\$ 962,980,612	\$ 931,493,929	\$ 873,907,816
Restricted	86,402,073	74,448,557	76,531,407	81,187,527
Unrestricted	(87,687,115)	20,341,732	(511,136)	(2,647,111)
Total Primary Government Net Position	\$ 994,741,824	\$ 1,057,770,901	\$ 1,007,514,200	\$ 952,448,232

Fiscal Year					
2014	2013	2012	2011	2010	2009
\$ 557,314,076	\$ 542,474,178	\$ 547,427,503	\$ 512,867,317	\$ 457,625,412	\$ 451,393,337
31,326,722	87,678,260	95,362,651	26,795,896	80,695,897	85,200,711
2,770,292	2,772,671	3,418,104	10,773,995	7,079,903	11,968,561
19,224,575	16,083,567	14,494,532	-	-	-
13,862,186	12,404,874	11,655,625	-	-	-
1,934,349	4,703,812	6,763,589	-	-	-
803,053	1,173,375	708,280	50,908,926	60,915,014	43,585,727
69,921,177	124,816,559	132,402,781	88,478,817	148,690,814	140,754,999
270,365,217	265,060,487	251,564,898	248,153,878	243,443,770	245,794,117
<u>\$ 897,600,470</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>
\$ 275,218,430	\$ 281,276,333	\$ 274,761,353	\$ 66,109,520	\$ 219,780,082	\$ 228,912,014
10,780,901	-	-	-	-	-
6,813,257	8,435,288	10,969,563	-	-	-
1,317,690	130,390	637,926	18,065,870	10,779,222	18,188,735
18,911,848	8,565,678	11,607,489	18,065,870	10,779,222	18,188,735
(91,326,475)	(100,444,897)	(107,169,420)	73,811,520	(82,129,735)	(110,940,686)
<u>\$ 202,803,803</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>
\$ 832,532,506	\$ 823,750,511	\$ 822,188,856	\$ 578,976,837	\$ 677,405,494	\$ 680,305,351
88,833,025	133,382,237	144,010,270	106,544,687	159,470,036	158,943,734
179,038,742	164,615,590	144,395,478	321,965,398	161,314,035	134,853,431
<u>\$ 1,100,404,273</u>	<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>

CITY OF CORONA

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

	Fiscal Year			
	2018	2017	2016	2015
Expenses				
Governmental Activities:				
General Government	\$ 21,282,982	\$ 28,273,481	\$ 27,435,359	\$ 24,481,334
Public Safety - Fire	29,892,569	26,004,329	24,447,062	24,052,304
Public Safety - Police	52,237,558	47,773,812	44,341,895	42,939,535
Public Works & Maintenance Services	38,699,372	35,763,511	39,647,786	33,544,227
Library and Recreation Services	3,815,661	5,281,168	6,463,940	6,559,251
Community Development	3,691,471	4,736,871	5,933,581	3,806,766
Economic Development	329,276	4,927,998	4,422,141	3,107,755
Interest and Fiscal Charges	1,398,132	1,034,468	1,910,542	2,016,105
Total Governmental Activities Expenses	<u>\$ 151,347,021</u>	<u>\$ 153,795,638</u>	<u>\$ 154,602,306</u>	<u>\$ 140,507,277</u>
Business-Type Activities:				
Water	66,216,277	52,922,440	51,177,312	55,714,372
Water Reclamation	31,543,999	24,258,766	25,004,508	26,500,708
Electric	16,913,151	15,559,948	20,082,535	15,192,888
Transit Services	3,391,384	2,826,701	2,732,394	2,477,893
Airport	146,287	166,860	197,702	282,969
Total Business-Type Activities Expenses	<u>118,211,098</u>	<u>95,734,715</u>	<u>99,194,451</u>	<u>100,168,830</u>
Total Primary Government Expenses	<u>\$ 269,558,119</u>	<u>\$ 249,530,353</u>	<u>\$ 253,796,757</u>	<u>\$ 240,676,107</u>
Program Revenues				
Governmental Activities:				
Charges for Services:				
General Government*	10,394,661	18,216,829	18,556,870	20,774,890
Public Safety - Fire	5,076,947	4,087,577	3,679,300	3,142,720
Public Safety - Police	2,172,690	1,090,884	1,082,045	1,065,181
Public Works & Maintenance Services	15,271,111	15,757,571	15,708,292	20,011,693
Library and Recreation Services	2,582,847	1,690,619	1,481,845	1,014,872
Community Development	3,718,706	2,112,169	2,116,832	2,420,301
Economic Development	-	-	-	-
Operating Grants and Contributions	15,235,243	13,607,731	13,468,867	11,780,932
Capital Grants and Contributions	32,940,776	23,356,504	40,508,675	27,197,609
Total Governmental Activities Program Revenues	<u>87,392,981</u>	<u>79,919,884</u>	<u>96,602,726</u>	<u>87,408,198</u>
Business-Type activities:				
Charges for Services:				
Water	56,153,664	51,435,658	48,753,278	52,620,052
Water Reclamation	31,114,187	31,271,134	30,755,583	30,735,952
Electric	17,772,585	16,789,626	17,057,728	16,760,206
Transit Services	359,652	445,604	427,417	432,281
Airport	265,996	298,868	272,217	288,820
Operating Grants and Contributions	3,089,502	2,876,392	5,116,662	4,160,035
Capital Grants and Contributions	4,992,185	13,061,722	6,954,812	13,485,750
Total Business-Type Activities Program Revenues	<u>113,747,771</u>	<u>116,179,004</u>	<u>109,337,697</u>	<u>118,483,096</u>
Total Primary Government Program Revenues	<u>\$ 201,140,752</u>	<u>\$ 196,098,888</u>	<u>\$ 205,940,423</u>	<u>\$ 205,891,294</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					
2014	2013	2012	2011	2010	2009		
\$ 23,974,508	\$ 22,853,992	\$ 20,551,027	\$ 21,771,013	\$ 23,778,004	\$ 23,387,380		
23,062,147	22,702,313	21,506,851	23,066,539	23,849,351	23,118,471		
40,779,963	40,357,283	39,791,147	40,465,516	44,573,946	40,723,499		
39,591,302	43,533,983	41,086,166	43,036,551	44,328,099	44,683,918		
4,417,913	2,825,606	2,640,592	2,745,336	3,108,194	3,142,627		
3,453,020	-	-	-	-	-		
5,344,121	6,877,725	12,860,222	15,368,206	18,283,224	19,061,398		
2,172,050	2,953,366	3,648,700	14,655,640	13,471,571	16,447,756		
<u>\$ 142,795,024</u>	<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>		
58,165,289	57,605,446	55,837,945	46,791,524	48,080,241	46,284,613		
29,160,167	29,060,647	30,224,698	25,940,578	27,212,393	27,164,627		
13,373,418	14,675,785	14,569,429	17,638,508	21,951,228	21,962,931		
2,355,405	2,286,292	2,148,857	2,078,197	2,309,727	2,256,556		
281,771	301,454	307,538	328,658	316,270			
<u>103,336,050</u>	<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>\$ 246,131,074</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>		
16,938,527	19,341,407	19,419,682	19,112,894	14,964,342	7,633,603		
4,264,876	4,242,725	3,926,888	3,092,311	3,204,585	4,506,740		
2,070,221	3,011,565	3,079,224	3,295,825	3,551,199	2,817,511		
20,068,114	20,993,799	20,043,766	20,211,720	19,475,470	19,616,269		
319,806	318,831	264,464	280,729	333,015	341,989		
3,316,624	-	-	-	-	-		
666,394	707,126	-	-	-	-		
12,555,412	13,760,057	12,350,047	18,683,384	11,711,125	9,404,577		
20,783,935	5,620,168	8,977,103	3,743,333	9,480,514	19,967,971		
<u>80,983,909</u>	<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>		
55,937,613	53,906,208	50,243,765	48,103,987	50,979,766	49,629,071		
30,626,667	30,620,212	29,472,121	27,361,203	26,779,144	26,569,560		
17,182,310	17,138,240	16,531,675	17,247,983	23,891,958	23,896,507		
406,202	415,615	633,355	364,830	412,928	371,714		
316,402	280,915	265,838	297,638	286,546			
1,640,359	1,635,598	1,531,791	1,600,444	1,724,206	1,567,193		
4,225,256	3,453,420	11,730,500	3,261,322	4,728,651	6,702,937		
<u>110,334,809</u>	<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>\$ 191,318,718</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>		

Continued Page 1 of 2

CITY OF CORONA

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

	Fiscal Year			
	2018	2017	2016	2015
Net (Expense)/Revenue				
Governmental Activities	\$ (63,954,040)	\$ (73,875,754)	\$ (57,999,580)	\$ (53,099,079)
Business-Type Activities	(4,463,327)	20,444,289	10,143,246	18,314,266
Total Primary Government Net Expense	<u>\$ (68,417,367)</u>	<u>\$ (53,431,465)</u>	<u>\$ (47,856,334)</u>	<u>\$ (34,784,813)</u>
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Taxes				
Property Taxes	\$ 45,646,490	\$ 43,059,232	\$ 42,156,726	\$ 38,656,150
Sales and Use Tax	38,118,548	41,145,616	39,663,795	36,608,600
Other Taxes	10,490,863	9,565,580	9,349,800	10,566,662
Total taxes	<u>94,255,901</u>	<u>93,770,428</u>	<u>91,170,321</u>	<u>85,831,412</u>
Investment Earnings	540,824	623,227	3,172,905	1,988,557
Miscellaneous	13,123,627	6,892,170	4,765,043	3,686,771
Unrestricted Grants and Contributions	-	-	-	-
Gain/(Loss) on Sale of Capital Asset	-	-	-	-
Extraordinary Items	-	-	-	5,054,583
Transfers	(2,744,512)	44,970	14,540	-
Special Items	3,037,670	-	-	-
Total Governmental Activities	<u>108,213,510</u>	<u>101,330,795</u>	<u>99,122,809</u>	<u>96,561,323</u>
Business-Type Activities:				
Investment Earnings	334,927	199,758	1,839,114	862,948
Other Income	4,887,538	479,465	45,168	493
Gain/(Loss) on Sale of Capital Asset	-	-	-	(10,207)
Transfers	2,744,512	(44,970)	(14,540)	-
Total Business-Type Activities	<u>7,966,977</u>	<u>634,253</u>	<u>1,869,742</u>	<u>853,234</u>
Total Primary Government	<u>\$ 116,180,487</u>	<u>\$ 101,965,048</u>	<u>\$ 100,992,551</u>	<u>\$ 97,414,557</u>
Change in Net Position				
Governmental Activities	\$ 44,259,470	\$ 27,455,041	\$ 41,123,229	\$ 43,462,244
Business-Type Activities	3,503,650	21,078,542	12,012,988	19,167,500
Total Primary Government	<u>\$ 47,763,120</u>	<u>\$ 48,533,583</u>	<u>\$ 53,136,217</u>	<u>\$ 62,629,744</u>

						Fiscal Year					
2014		2013		2012		2011		2010		2009	
\$	(71,620,834)	\$	(84,625,187)	\$	(86,111,861)	\$	(104,335,419)	\$	(116,020,072)	\$	(113,231,438)
	6,998,759		3,520,584		7,320,578		5,459,942		8,933,340		11,068,255
\$	<u>(64,622,075)</u>	\$	<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>
\$	36,462,210	\$	41,238,344	\$	45,754,306	\$	59,090,960	\$	62,049,578	\$	66,704,669
	35,623,651		32,969,847		31,190,815		28,505,050		26,543,193		29,791,137
	9,099,819		8,249,945		8,546,497		7,802,237		7,660,365		8,570,003
	<u>81,185,680</u>		<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>
	2,296,081		470,023		4,047,070		3,380,168		7,204,417		10,177,941
	2,096,681		2,355,179		3,637,541		658,664		1,311,650		8,873,210
	407		145,742		76,014		686,338		481,295		674,076
	-		-		-		-		1,776,536		-
	(56,854,230)		(8,033,621)		57,030,346		-		-		-
	(916,819)		(547,690)		(163,000)		40,000		57,000		(201,503)
	-		-		-		-		-		9,653,196
	<u>27,807,800</u>		<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>
	1,189,440		2,450,042		4,019,878		3,178,516		3,169,884		4,144,071
	1,996,793		3,890,307		-		-		-		-
	2,497,251		-		-		2,350,130		-		-
	916,819		547,690		163,000		(40,000)		(57,000)		201,503
	<u>6,600,303</u>		<u>6,888,039</u>		<u>4,182,878</u>		<u>5,488,646</u>		<u>3,112,884</u>		<u>4,345,574</u>
\$	<u>34,408,103</u>	\$	<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>
\$	(43,813,034)	\$	2,739,179	\$	76,096,058	\$	7,474,812	\$	10,096,548	\$	25,177,706
	13,599,062		10,408,623		11,503,456		10,948,588		8,572,826		13,278,914
\$	<u>(30,213,972)</u>	\$	<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>

Concluded Page 2 of 2

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

	Fiscal Year			
	2018	2017	2016	2015
General Fund				
Nonspendable	\$ 31,465,340	\$ 33,241,909	\$ 34,124,977	\$ 24,378,784
Committed	36,247,833	33,898,271	33,511,464	23,815,795
Assigned	40,855,061	41,979,112	33,141,625	50,696,555
Reserved	-	-	-	-
Unreserved	-	-	-	-
Total General Fund	<u>\$ 108,568,234</u>	<u>\$ 109,119,292</u>	<u>\$ 100,778,066</u>	<u>\$ 98,891,134</u>
All Other Governmental Funds				
Nonspendable	\$ -	\$ -	\$ -	\$ 18,926,818
Restricted	79,405,424	66,631,585	59,493,942	42,982,365
Assigned	389,356	432,652	9,428,541	5,825,674
Unassigned	(48,501)	(48,525)	(85,423)	(151,869)
Reserved	-	-	-	-
Unreserved, reported in:				
Special Revenue	-	-	-	-
Capital Projects	-	-	-	-
Total all other Governmental Funds	<u>\$ 79,746,279</u>	<u>\$ 67,015,712</u>	<u>\$ 68,837,060</u>	<u>\$ 67,582,988</u>

Fiscal Year						
2014	2013	2012	2011	2010	2009	
\$ 23,595,803	\$ 22,797,277	\$ 15,070,684	\$ 15,112,080	\$ 19,708,805	\$ -	
23,494,027	22,804,343	18,279,947	18,072,691	17,597,806	-	
44,748,578	41,298,885	43,205,474	50,333,810	40,338,627	-	
-	-	-	-	-	20,156,768	
-	-	-	-	-	54,773,799	
<u>\$ 91,838,408</u>	<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>	
\$ 3,615,772	\$ 61,512,775	\$ 61,220,936	\$ 61,568,872	\$ 58,835,683	\$ -	
41,755,471	22,103,295	27,425,735	35,292,020	41,491,338	-	
1,299,482	17,604,929	19,215,798	25,061,577	26,635,398	-	
-	-	-	-	(769,101)	-	
-	-	-	-	-	81,668,685	
-	-	-	-	-	39,029,410	
-	-	-	-	-	18,110,464	
<u>\$ 46,670,725</u>	<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>	

CITY OF CORONA

Schedule 4

Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years (modified accrual basis of accounting)

	Fiscal Year			
	2018	2017	2016	2015
Revenues:				
Property Taxes	\$ 45,775,246	\$ 43,170,396	\$ 42,175,687	\$ 38,896,950
Sales Taxes	38,118,548	41,145,616	39,663,796	38,565,868
Other Taxes	10,443,823	9,421,375	9,255,961	7,598,684
Licenses, Fees and Permits	6,530,878	5,682,991	7,947,593	9,599,549
Fines and Penalties	1,243,873	1,467,593	1,338,341	1,041,887
Special Assessments	8,518,569	8,281,089	8,801,035	9,438,713
Investment Earnings	540,761	623,227	3,169,381	1,988,557
Intergovernmental Revenues	19,642,952	26,038,928	41,588,677	27,601,255
Current Services	21,536,206	19,260,514	18,375,839	17,276,984
Payments in Lieu of Services	9,973,782	10,113,191	10,202,448	12,638,674
Other Revenues	35,312,655	14,111,953	13,314,649	15,300,761
Total Revenues	197,637,293	179,316,873	195,833,407	179,947,882
Expenditures:				
General Government	33,897,611	25,520,135	25,200,855	21,735,399
Public Safety - Fire	26,668,495	25,855,247	25,894,695	24,874,714
Public Safety - Police	47,426,516	46,885,033	45,080,687	41,966,882
Public Works & Maintenance Services	32,492,756	27,172,763	33,621,625	27,777,052
Library and Recreation Services	5,153,298	5,197,923	4,669,898	4,677,992
Community Development	4,807,968	4,816,552	5,953,143	3,829,120
Economic Development	421,117	4,930,642	4,422,141	3,107,755
Capital Outlay	35,320,776	30,579,173	43,444,050	34,342,416
Debt Service				
Principal	3,324,719	2,853,939	2,800,122	3,672,900
Interest and Fiscal Charges	1,533,230	1,408,493	1,953,345	2,064,757
Total Expenditures	191,046,486	175,219,900	193,040,561	168,048,987
Excess of Revenues Over/(Under) Expenditures	6,590,807	4,096,973	2,792,846	11,898,895
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	-	-
Capital Leases	1,403,261			
Transfers In	5,533,474	6,291,621	2,588,851	2,315,815
Transfers Out	(6,296,428)	(5,677,217)	(1,987,900)	(1,739,145)
Total Other Financing Sources/(Uses)	640,307	896,518	600,951	576,670
Extraordinary Items	-	-	-	-
Special Items	3,037,670	-	-	-
Net Change in Fund Balances	\$ 10,268,784	\$ 4,993,491	\$ 3,393,797	\$ 12,475,565
Debt Service as a Percentage of Non-capital Expenditures	3.1%	2.9%	3.2%	4.3%

Fiscal Year						
	2014	2013	2012	2011	2010	2009
\$	36,721,899	\$ 39,447,422	\$ 45,754,306	\$ 59,090,960	\$ 62,049,578	\$ 66,704,668
	37,430,489	34,529,611	32,725,933	29,923,541	27,915,576	31,366,283
	6,835,935	6,370,589	6,238,073	5,976,783	5,943,514	6,321,411
	2,777,719	2,462,107	5,817,125	2,187,466	2,244,379	3,986,271
	1,068,778	1,717,820	1,841,074	2,168,820	2,625,345	1,643,556
	9,439,079	9,477,719	9,296,683	9,645,684	9,230,699	9,186,822
	2,296,081	470,023	4,047,070	3,380,168	7,205,344	8,221,715
	29,487,199	15,312,882	15,731,101	17,140,177	16,982,358	23,725,540
	17,287,466	16,003,725	14,392,726	13,724,789	13,469,450	15,015,541
	10,644,539	8,999,739	9,544,525	9,681,893	10,524,934	11,992,502
	14,900,407	18,919,899	17,714,051	16,833,436	11,586,690	11,854,846
	<u>168,889,591</u>	<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>
	23,938,276	23,088,936	20,711,464	20,335,688	20,752,739	26,442,100
	24,247,894	22,965,971	22,921,163	23,068,351	22,886,210	23,826,368
	41,161,796	39,770,719	41,751,356	39,523,177	43,154,254	41,009,396
	35,125,462	37,909,062	38,237,264	37,572,220	38,683,385	40,615,476
	4,440,588	2,758,037	2,720,741	2,694,192	2,925,121	3,228,510
	3,422,846	3,019,174	2,971,829	3,258,772	3,280,136	1,928,329
	2,529,859	816,342	9,560,505	10,942,983	18,776,318	14,337,175
	23,609,928	7,769,015	4,349,725	11,089,418	21,562,741	24,337,661
	3,545,895	3,654,332	7,082,070	7,578,502	8,139,799	13,837,430
	2,210,669	2,719,421	7,547,454	14,756,645	14,041,809	16,730,459
	<u>164,233,213</u>	<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>
	4,656,378	9,240,527	5,249,096	(1,066,231)	(24,424,645)	(16,273,749)
	-	-	-	-	-	(472,252)
	-	-	-	-	-	5,167,326
	-	-	-	-	-	-
	-	-	-	-	2,400,000	-
	-	-	-	-	-	-
	3,767,587	3,771,227	4,533,758	79,529,457	17,440,737	21,302,803
	(1,124,534)	(1,250,885)	(5,582,646)	(76,674,137)	(10,398,334)	(20,176,928)
	<u>2,643,053</u>	<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>
	(56,854,230)	(8,033,621)	(19,852,703)	-	-	-
	-	-	-	-	-	9,653,196
\$	<u>(49,554,799)</u>	<u>\$ 3,727,248</u>	<u>\$ (15,652,495)</u>	<u>\$ 1,789,089</u>	<u>\$ (14,982,242)</u>	<u>\$ (799,604)</u>
	4.1%	4.6%	9.5%	14.0%	12.8%	16.8%

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
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
2018	21,703	63.6	2,884	8.5	1,092	3.2	400	1.2	8,020	23.5	34,099	100.0

Note: 1) Amounts include reclaimed water sales.

Source: Corona Department of Water and Power.

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

Fiscal Year Ended June 30	Residential Property	Commercial Property	Industrial Property	Other	Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
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
2018	13,784,933	2,348,687	2,457,625	1,681,325	360,006	19,912,564	1.0000

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.

Source: HdL Coren & Cone, Riverside County Assessor Combined Tax Rolls.

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"
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
2018	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"
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
2018	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
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
2018	1.0000	0.0000	1.0000	0.0831	0.1500	0.0035	0.0162

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 2008/09-2017/18 Tax Rate Table.

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

Water Customer	2018			2009		
	Water Charges	Rank	Percent of Total Water Revenues	Water Charges	Rank	Percent of Total Water Revenues
City of Corona	\$ 3,234,856	1	6.21%	\$ 2,700,273	1	5.87%
Corona-Norco USD	910,329	2	1.75%	811,071	2	1.76%
Eagle Glen Master HOA	324,676	3	0.62%	243,687	3	0.53%
Aseptic Solutions USA	243,701	4	0.47%			
Atkinson/Walsh, A JV	206,765	5	0.40%			
TTC ROC III Promenade LLC	191,190	6	0.37%			
Fairfield Waterstone, LLC	177,773	7	0.34%			
SCG Atlas Ashton, LLC	175,607	8	0.34%			
Eagle Glen Country Club, LLC	153,526	9	0.29%			
SCG Atlas Deerwood, LLC	130,701	10	0.25%			
Integrated Protein Tech				240,918	4	0.52%
Skanska				217,707	5	0.47%
Westdale Asset Management				157,898	6	0.34%
EWR, Inc.				134,761	7	0.29%
Castle & Cooke California, Inc.				132,547	8	0.29%
ERP Operating Limited Partnership				128,190	9	0.28%
MG Properties				110,200	10	0.24%
	<u>\$ 5,749,124</u>		<u>11.04%</u>	<u>\$ 4,877,252</u>		<u>10.59%</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**

<u>Taxpayer</u>	2018			2009		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>
Castle and Cooke Corona Inc.	\$ 182,320,485	1	0.92%	\$ 155,485,542	2	0.88%
Kaiser Foundation Health Plan Inc	164,803,888	2	0.83%	139,919,959	3	0.79%
SCG Atlas Deerwood LLC	149,839,397	3	0.75%			
Rexco	119,012,780	4	0.60%	97,811,309	6	0.55%
Corona North Main Development	110,686,938	5	0.56%			
SCG Atlas Ashton LLC	100,433,265	6	0.50%			
Artisan Corona Apartments LLC	95,553,174	7	0.48%			
JSP Palisades LLC	89,000,000	8	0.45%			
Costco Wholesale Corporation	85,751,071	9	0.43%	76,389,700	8	0.43%
TTC ROC III Promenade	80,203,331	10	0.40%			
Watson Laboratories Inc				174,671,018	1	0.99%
Waterstone Apartments NF				116,806,819	4	0.66%
Dos Lagos Lifestyle Center				112,077,558	5	0.63%
Dart Container Corporation of Calif				78,375,667	7	0.44%
Rexco Magnolia LLC				57,061,497	9	0.32%
EQR Promenade Terrace LP				55,851,742	10	0.32%
Total	<u>\$ 1,177,604,329</u>		<u>5.92%</u>	<u>\$ 1,064,450,811</u>		<u>6.01%</u>

Source: HdL Coren & Cone, Riverside County Assessor 2017/18 Combined Tax Rolls 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
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%
2018	28,136,170	27,463,023	97.61%	514,039	27,977,062	99.43%

Notes:

- 1) Amounts exclude 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	Unamortized Bond Premium	Capital Lease Payable	Lease Payable	Long-Term Agreement Payable	Special Assessment Bonds
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	-	-	62,020	-	-	25,283	-	660
2013	-	-	33,270	-	-	23,719	-	515
2014	-	-	31,250	-	-	22,353	-	355
2015	-	-	29,145	-	-	20,955	-	185
2016	-	-	27,975	-	-	19,510	-	-
2017	-	-	24,520	2,826	-	18,016	-	-
2018	-	-	23,335	2,677	1,047	16,472	-	-

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

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

Business-Type Activities

Installment Agreement Payable	Long-Term Installment Payable	Term Loan Payable	Certificates of Participation	Revenue Bonds	Unamortized Bond Premium	Contracts Payable	Total Primary Government	Percent of Personal Income	Per Capita
\$ 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	1,701	690	127,848	2.9%	\$ 762
8,072	-	24,927	-	41,380	1,594	690	120,194	2.8%	\$ 713



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	Capital Lease Payable	Lease Payable	Unamortized Bond Premium	Lease Revenue Bonds					
2009	\$ 950	\$ 87,805	\$ 1,900		\$ 475		\$70,695	\$161,825	\$ 11,969	\$149,856	0.85%	\$1,005
2010	-	85,075	1,435		-		67,905	154,415	7,080	147,335	0.90%	980
2011	-	82,025	1,025		26		65,015	148,091	10,774	137,317	0.85%	894
2012	-	-	660		25,283		62,020	87,963	3,418	84,545	0.53%	386
2013	-	-	515		23,719		33,270	57,504	2,773	54,731	0.34%	349
2014	-	-	355		22,353		31,250	53,958	2,770	51,188	0.31%	322
2015	-	-	185		20,955		29,145	50,285	2,653	47,632	0.28%	299
2016	-	-	-		19,510		27,975	47,485	2,417	45,068	0.25%	274
2017	-	-	-		18,016	2,826	24,520	45,362	3,439	41,923	0.22%	250
2018	-	-	-	1,047	16,472	2,677	23,335	43,531	5,100	38,431	0.19%	228

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, 2018 (dollars in thousands)

	Debt Outstanding	Est. Percentage Applicable ²	Share of Overlapping Debt
Direct and Overlapping Tax and Assessment Debt:			
Metropolitan Water District	\$ 60,600	0.727%	\$ 441
Riverside City Community College District	256,365	20.187%	51,752
Alvord Unified School District	208,289	13.732%	28,602
Corona-Norco Unified School District	433,792	54.984%	238,516
Alvord Unified School District CFD No. 2006-1	7,110	8.333%	592
Corona-Norco Unified School District CFD No. 97-1	934	100.000%	934
Corona-Norco Unified School District CFD No. 99-1	2,412	100.000%	2,412
Corona-Norco Unified School District CFD No. 99-2, Imp Areas A, B, C	5,202	100.000%	5,202
Corona-Norco Unified School District CFD No. 00-1	1,810	100.000%	1,810
Corona-Norco Unified School District CFD No. 01-1, Imp Areas A & B	7,070	100.000%	7,070
Corona-Norco Unified School District CFD No. 01-2, Imp Areas A, B, C	11,715	100.000%	11,715
Corona-Norco Unified School District CFD No. 03-3, Imp Area A	3,655	100.000%	3,655
Corona-Norco Unified School District CFD No. 03-5	1,870	100.000%	1,870
Corona-Norco Unified School District CFD No. 04-2, Imp Areas 1 & 3	3,825	100.000%	3,825
City of Corona CFD No. 86-2 Refunding 2014 Series A	2,985	100.000%	2,985
City of Corona CFD No. 89-1 Refunding 2014 Series A	3,825	100.000%	3,825
City of Corona CFD No. 89-1 IA Refunding 2014 Series A	2,855	100.000%	2,855
City of Corona CFD No. 90-1	9,695	100.000%	9,695
City of Corona CFD No. 97-2 Refunding 2014 Series A	6,645	100.000%	6,645
City of Corona CFD No. 2000-1	5,030	100.000%	5,030
City of Corona CFD No. 2001-2	2,480	100.000%	2,480
City of Corona CFD No. 2002-1, Refunding 2017	13,160	100.000%	13,160
City of Corona CFD No. 2002-1, Improvement Area, Refunding 2017	6,990	100.000%	6,990
City of Corona CFD No. 2002-4, Refunding 2017	6,815	100.000%	6,815
City of Corona CFD No. 2003-2	6,030	100.000%	6,030
City of Corona CFD No. 2004-1	2,780	100.000%	2,780
City of Corona CFD No. 2016-2	5,475	100.000%	5,475
California Statewide Communities Development Authority CFD No. 2002-1	3,655	100.000%	3,655
City of Corona 1915 Act Bonds	2,200	100.000%	2,200
Total Overlapping Tax and Assessment Debt			439,016
Direct and Overlapping General Fund Debt:			
Overlapping General Fund Obligations			
Riverside County General Fund Obligations	\$ 812,829	7.564%	\$ 61,482
Riverside County Pension Obligations Bonds	266,365	7.564%	20,148
Corona-Norco Unified School District General Fund Obligations	31,262	54.984%	17,189
Western Municipal Water District General Fund Obligations	10,197	23.398%	2,386
Total Overlapping General Fund Obligations			\$ 101,205
Direct General Fund Obligations:			
City of Corona General Fund Obligations	40,854	100.000%	40,854
Unamortized Bond Premium	2,677	100.000%	2,677
Total Direct General Fund Obligations			\$ 43,531
Total Direct and Overlapping General Fund Obligations			\$ 144,736
Less: Riverside County Supported Obligations			254
Total Net Direct and Overlapping General Fund Obligations			\$ 144,482
Total Direct Debt			\$ 40,854
Total Gross Overlapping Debt			\$ 540,221
Total Net Overlapping Debt			\$ 539,967
Gross Combined Total Direct and Overlapping Debt³			\$ 583,752
Net Combined Total Direct and Overlapping Debt			\$ 583,498

Schedule 11

Direct and Overlapping Governmental Activities Debt¹

As of June 30, 2018 (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 2018

Assessed Value	\$	19,912,564
Debt Limit (15% of assessed value)		2,986,885
Debt Applicable to limit:		
General obligation debt		43,531
Less: Amount set aside for repayment of general obligation debt		-
Total net debt applicable to limit		<u>43,531</u>
Legal Debt Margin	\$	<u><u>2,943,354</u></u>

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Debt Limit	\$ 2,654,117	\$ 2,442,456	\$ 2,412,865	\$ 2,388,830
Total net debt applicable to limit	<u>77,845</u>	<u>72,435</u>	<u>68,339</u>	<u>60,498</u>
Legal debt margin	\$ 2,576,272	\$ 2,370,021	\$ 2,344,526	\$ 2,328,332
Total debt applicable to the limit as a percentage of debt limit	2.933%	2.966%	2.832%	2.533%

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.

2013	2014	2015	2016	2017	2018
\$ 2,388,708	\$ 2,454,089	\$ 2,594,890	\$ 2,707,398	\$ 2,819,397	\$ 2,986,885
56,989	53,603	50,100	47,485	42,536	43,531
\$ 2,331,719	\$ 2,400,486	\$ 2,544,790	\$ 2,659,913	\$ 2,776,861	\$ 2,943,354
2.386%	2.184%	1.931%	1.754%	1.509%	1.457%

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	
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	-	-	-	-	-
2018	2,117	1	1,185	931	1.00	-	-	-	-	-

Notes: Includes the defeasance of 2002 Lease Revenue bonds.
Includes the defeasance of the 1998 Water Revenue bonds.
Includes the defeasance of 1997 COPs and 2003 COPs.
Includes the advanced redemption of 2005 COPs.
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			
\$ 2,281	\$ 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	-	-	-		
28,093	5,166	2,537	3.65	-	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
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%
2017	168,574	4,554,614	27,018	34.4	53,294	3.5%

Sources: (1) - HdL, Coren & Cone;
(2) California Department of Education.

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

Employer	2018			2009		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Corona-Norco Unified School District	5,478	1	6.55%	4,970	1	6.57%
Corona Regional Medical Center	1,200	2	1.44%	1,140	3	1.51%
Kaiser Permanente	995	3	1.19%	1,783	2	2.20%
All American Asphalt	840	4	1.00%	963	5	1.27%
City of Corona	785	5	0.94%	948	6	1.25%
TWR Framing Enterprises	750	6	0.90%			
Fender USA Corona	675	7	0.81%	600	7	0.79%
Monster Energy	607	8	0.73%			
Thermal Structures	500	9	0.60%			
Veg Fresh Farms	425	10	0.51%			
Watson Laboratories, Inc.				1,114	4	1.47%
Dart Container Corporation				500	8	0.66%
LDI Mechanical				444	9	0.59%
CoreMark International				308	10	0.41%
Total	12,255		14.67%	12,770		16.72%

Source: City of Corona, 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									
	2018	2017	2016*	2015*	2014*	2013*	2012	2011	2010	2009
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	9.90	10.35	9.73	9.73	9.85	9.84	8.00	9.00	9.00	12.00
Legal & Risk Management ¹	6.67	7.67	6.67	6.01	5.29	5.01	0.00	0.00	0.00	0.00
Administrative Services ²	39.56	42.23	42.56	34.30	36.31	37.40	0.00	0.00	0.00	0.00
Human Resources ²	0.00	0.00	0.00	0.00	0.00	0.00	8.50	10.00	10.00	11.00
Information Technology	17.25	13.89	15.09	12.41	13.98	13.86	13.00	14.00	14.00	15.00
Finance ²	0.00	0.00	0.00	0.00	0.00	0.00	27.00	32.00	32.00	36.00
Community Development ³	25.00	26.48	26.00	22.08	18.02	17.00	17.00	21.00	21.00	27.00
Building ⁴	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Police										
Officers	162.00	162.00	162.00	159.00	157.00	153.50	152.00	176.00	177.00	179.00
Civilians	88.01	88.39	85.90	79.13	80.62	77.97	60.00	72.00	72.00	72.00
Fire										
Firefighters and officers	113.00	113.00	112.00	112.00	112.00	111.50	112.00	121.00	121.00	121.00
Civilians	5.44	4.88	6.48	7.18	6.06	6.49	5.00	7.00	7.00	10.00
Public Works ⁵	35.75	29.05	29.75	31.57	33.78	78.07	74.00	77.00	76.00	84.00
Maintenance Services ⁵	42.76	43.63	45.00	44.53	41.76	26.09	0.00	0.00	0.00	0.00
Economic Development ⁶	3.00	3.00	2.00	1.00	4.00	4.00	5.50			
Library and Recreation Services ⁷	69.06	70.67	68.04	63.50	64.69	66.62	15.00	17.00	17.00	18.00
Department of Water and Power	109.91	119.18	119.68	120.79	121.76	112.75	112.00	107.00	112.00	113.00
Transit Services	2.00	2.00	2.00	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	0.00	22.00	28.00	28.00	35.00
Redevelopment ⁸	0.00	0.00	0.00	0.00	0.00	0.00	0.00	16.00	17.00	17.00
Total	735.31	742.42	738.90	710.23	712.12	727.10	638.00	714.00	720.00	757.00

* 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		Fiscal Year	
	2018	2017	2016*	2015*
Police				
Physical Arrests	2,895	3,403	5,583	5,337
Parking Violations	6,228	4,993	3,974	4,098
Traffic Violations	9,024	11,896	12,132	11,133
Fire				
Emergency Responses	13,041	12,981	12,112	11,263
Fires Extinguished	435	382	381	346
Inspections	2,726	1,934	1,966	1,757
Public Works/Maintenance Services				
Street Resurfacing (miles)	51	39	41	72
Street Lights Repaired	495	1,045	1,342	846
Potholes Filled (sq. ft)	35,700	75,000	15,076	15,978
Parks and Community Services				
Sportsfields Participation	248,617 **	2,190,246	1,760,600	1,898,300
Comm. Centers/Gym/Pool	249,885	282,797	211,410	189,519
Other Activity Participation	171,679	226,294	244,430	232,264
Library and Recreation Services				
Volumes in Collection	168,148	167,586	164,421	167,432
Total Volumes Borrowed*	783,626	648,522 ***	1,073,736 ***	927,956
Water				
New Connections	391	166	1,408	173
Water Main Repairs	36	69	78	84
Average Daily Consumption (millions of gallons)	33.0	30.4	28.4	32.6
Wastewater				
Average Daily Sewage Treatment (millions of gallons)	13.8	14.3	14.0	13.1
Transit Services				
Total Route Miles (round-trip)	47.5	47.5	47.5	39.0
Passengers				
Fixed Route	129,972	132,469	150,002	168,303
Dial-A-Ride	58,089	65,580	63,162	66,015

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

** Reporting method changed - report by actual enrollment/attendance numbers

*** Total Volume Borrowed was overstated by 309,505 in Fiscal Year 16/17. The correction was updated for Fiscal Year 16/17 in Fiscal

Source: Various City departments.

Fiscal Year						
<u>2014*</u>	<u>2013*</u>	<u>2012*</u>	<u>2011*</u>	<u>2010</u>	<u>2009</u>	
5,422	4,709	4,472	5,701	5,337	5,693	
4,119	3,612	4,976	6,541	3,241	6,768	
11,147	9,316	8,691	9,456	10,087	13,357	
11,131	10,942	9,843	9,606	9,683	9,480	
397	415	326	318	378	387	
2,217	1,591	1,929	1,478	2,560	2,124	
72	48	8	71	85	70	
598	808	1,093	1,811	1,775	1,991	
13,185	16,085	13,316	25,557	38,187	51,223	
1,670,668	1,664,800	2,325,101	1,832,892	1,746,257	1,307,866	
158,431	144,981	216,729	239,464	249,295	279,548	
244,593	247,768	232,701	211,533	259,179	249,407	
136,128	174,585	170,435	169,188	166,163	177,028	
861,842 ***	846,171 ***	1,128,969 ***	1,119,281 ***	1,262,964 ***	1,191,239	
498	482	80	133	217	269	
49	36	37	46	45	6	
34.9	32.0	31.0	30.2	32.9	39.0	
12.6	13.4	13.0	13.7	13.0	13.0	
39.0	39.0	39.0	39.0	39.0	39.0	
169,745	163,054	153,783	152,568	165,104	166,744	
68,852	65,635	61,285	58,153	64,689	63,122	

CITY OF CORONA

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

Function/Program	Fiscal Year										
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Police											
Stations	1	1	1	1	1	1	1	1	1	1	1
Zone Offices	2	2	2	2	2	2	2	2	2	3	3
Patrol Units	65	55	59	59	53	53	53	60	65	65	74
Fire Stations	7	7	7	7	7	7	7	7	7	7	7
Streets											
Streets and Alleys (miles)	408	406	403	404	403	406	403	398	398	398	383
Streetlights ¹	12,380	12,587	12,059	12,022	11,888	11,271	11,353	11,237	11,733	11,682	11,711
Traffic Signals	184	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	376	364
Playgrounds	27	27	27	27	27	27	27	27	27	26	30
Baseball/softball diamonds	36	36	36	36	36	36	36	37	39	35	35
Soccer/football fields	18	18	18	18	18	18	18	18	17	15	15
Community Centers	7	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	380
Fiesta Bandshell Seating Capacity	500	500	500	500	500	500	500	500	500	500	500
Water											
Water Main (miles)	697	687	683	694	681	681	677	676	684	670	670
Fire Hydrants	9,300	9,222	9,197	9,174	9,087	8,918	8,996	8,788	8,692	8,496	8,421
Storage Capacity ² (millions of gallons)	52	51	51	51	51	51	51	51	53	53	44
Wastewater											
Sanitary Sewers (miles)	440	435	434	452	444	444	444	442	447	445	436
Storm Sewers (miles)	171	167	167	172	171	166	166	168	168	165	161
Treatment Capacity (millions of gallons)	16	16	16	16	16	16	16	16	16	16	14
Transit Services											
Minibuses											
Fixed Route	7	7	7	6	6	4	4	5	5	5	5
Dial-A-Ride	11	11	13	11	10	12	10	10	9	9	9

Source: Various City departments.

Note: ¹ Includes only City-owned street lights.

² Potable & reclaimed water storage capacity.