

CITY OF CORONA, CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2010



Prepared by the City of Corona Finance Department

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Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Corona
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

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



President

Executive Director



November 23, 2010

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, 2010. The report consists of three sections: Introductory, Financial and Statistical. The Financial Section includes a complete set of financial statements presented in conformity with Generally Accepted Accounting Principles (GAAP) and audited in accordance with Auditing Standards Generally Accepted in the United States of America by a firm of licensed certified public accountants. Management assumes full responsibility for the accuracy and reliability of all of information presented in this report. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the City of Corona's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the objective of the City's internal control framework is to provide reasonable rather than absolute assurance that the financial statements are free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

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

The City of Corona's financial statements have been audited by Lance, Soll & Lunghard, LLP, Certified Public Accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City are free of material misstatement. The independent auditor has issued an unqualified ("clean") opinion of the City's financial statements for the fiscal year ended June 30, 2010. The independent auditor's report is presented on the first page of the Financial Section of this report.

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

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

Profile of the City

The City of Corona is located approximately 45 miles southeast of Los Angeles in western Riverside County. The community is ideally situated at the base of the mountainous Cleveland National Forest on an alluvial plain leading down, or north to the Santa Ana River. In 2010 the City's population was 150,416 and the City limits covered approximately 39.2 square miles. Corona is a General Law City. Five Corona citizens make up the Corona City Council and each is elected to a four-year term of office. The Mayor is appointed annually by and from the City Council.

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

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

Local Economy

The City of Corona is the gateway through which economic forces flow from Orange County into the Inland Empire. Since the 1990's, as that county has become increasingly built out, the inland immigration of families and enterprises has made Corona a prosperous city. For the same reason, the past recession had a massive impact on the county and the City's economy. Countywide, taxable sales dropped 14.5% from the previous year and assessed valuation was down 4.6% for the same period. These directly impact the City's finances, as property tax and sales tax are the two biggest revenue sources for the City. With the ending of the recession, the region's economy is currently transitioning from severe shrinkage to very slow growth. The main economic driver, construction, logistics and manufacturing are reporting more promising news. In a recently released Inland Empire economic report by Economics and Politics, Inc., the City has been rated among the top ten most economically prosperous inland cities, assessed by per capita retail sales, assessed value, financial deposits, as well as absolute population growth, median income and median price of home, and job growth.

Major industries within the City include construction, manufacturing, retail trade and distribution and transportation sections. From 2000 to 2008, the City's job market grew from 53,938 jobs to 78,101, up by 44.8%. The City's peak was at 80,861 jobs in 2006, with two consecutive declines of 1,831 and 929 in 2007 and 2008. Professional, management and education fields

are the largest sectors, employing 34.4% of the City residents with 26,836 jobs, replacing construction and manufacturing sectors which were the largest in the past few years. Retail trade is the second largest sector with 10,559 jobs, or 13.6% of residents, down by 31.3% from the previous year. Until 2007, Corona's job growth outpaced the rapidly growing Inland Empire in every year, fueled by the boom in construction and distribution/transportation sectors, the then largest employers for the City's residents. However, as these sectors took the biggest job losses during the past years, unemployment in the City climbed to 11.4% in September 2010.

Property tax is the largest General Fund revenue source for the City for the fiscal year ended June 30, 2010. Total taxable assessed valuation in Corona for Fiscal Year 2009-10 was \$15.9 billion, this is a decrease of 10.2% from the previous year. Sales tax is another principal General Fund revenue source for the City. Taxable retail sales were \$2.4 billion in Fiscal Year 2009-10, and were down by 18.1% from the previous year, the third consecutive decline since Fiscal Year 2007-08. Total property and sales tax constituted 51.5% of total governmental revenues, which are significant sources to support all general government activities including public safety, public works, community services and redevelopment.

Long Term Financial Planning

As the financial recovery begins, the City's continued control over expenditure growth has been and will continue to be a key factor in maintaining the City's strong financial position. Budgetary reductions were made in response to the economic downturn in October 2008 on an annual basis of \$10.6 million. Again, in February 2010, the City's General Fund operating budget was reduced by \$5.5 million. The reductions, combined with the use of contingency reserves accumulated in prior years, enabled the City to balance its General Fund budget for the Fiscal Year 2010-11. The City is committed to fiscal responsibility, effective resource management, and providing the highest service levels to our residents. The City Council is aware that this is a dynamic process and recognizes that there may be ongoing economic issues that will require additional attention. In the past, the City has wisely taken advantage of financial prosperity to secure its ongoing stability, and will continue to take the same conservative approach in the future. The Fund Balance Policy for the General Fund approved by City Council in June 2010 requires that the City maintain a contingency reserve of \$14.3 million through June 30, 2010. This amounts to approximately a 13% set aside of the following year's budgeted operating expenditures of the General Fund to allow for contingencies and emergencies. The contingency reserve will be increased to two months of regular General Fund operating expenditures in any fiscal year in which recurring sources exceed recurring uses as approved by this policy. Other funds have been set aside as reserves for budget shortfalls, facility projects, future technology needs, vehicle and equipment replacement and changes in future debt service requirements. The conservative budgets that were passed in prior fiscal years contributed to this overall financial philosophy.

Relevant Financial Policies

Corona follows the General Fund Expenditure Control Budget (ECB) guidelines as outlined in the budget resolution. The Fiscal Year 2009-10 budget was the sixteenth year that the budget was prepared in accordance with the ECB policies adopted by the City Council for the General Fund. Departments are given increased flexibility and incentives for meeting their goals as well as being assigned greater accountability for their performance in carrying out their mission.

In order to meet anticipated future General Fund budgetary shortfalls, prior budgetary savings will be used. The City will continue to monitor expenditure and revenue assumptions

aggressively. The ECB savings are categorized in the General Fund Balance under the classification of Committed Fund Balance.

Major Initiatives

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

In Fiscal Year 2010-11, the City's new capital improvement projects totaled \$35.0 million. This is divided among the categories of: Buildings, Facilities and Systems, Roads, Bridges and Freeways, Lighting and Signals, Drainage, Parks and Airport, Redevelopment and Economic Development, Water, Water Reclamation, Electric, and Development Financed Infrastructure. The majority of the capital budget, or 25.4%, is in the Roads, Bridges and Freeways category, in the amount of \$8.9 million. A couple of major projects include the pavement rehabilitation of local streets and the Magnolia/I-15 Freeway corridor construction. The Water and Water Reclamation projects for Fiscal Year 2010-11 account for 19.1% and 19.2% respectively of the overall capital budget. Major projects include water reclamation facility expansion, reclaimed water pipeline construction, desalter booster installation and waterline replacement.

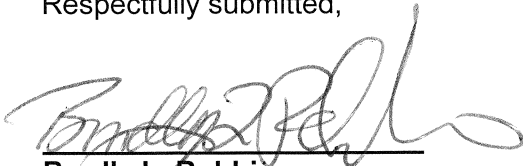

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) of the United States and Canada awarded the twentieth consecutive Certificate of Achievement for Excellence in Financial Reporting to the City of Corona for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ending June 30, 2009. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,


Bradley L. Robbins
City Manager
Debra A. Foster
Finance Director



CITY OF CORONA

Elected Officials and Administrative Personnel

Elected Officials

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

RICHARD O. HALEY City Treasurer

Administrative Personnel

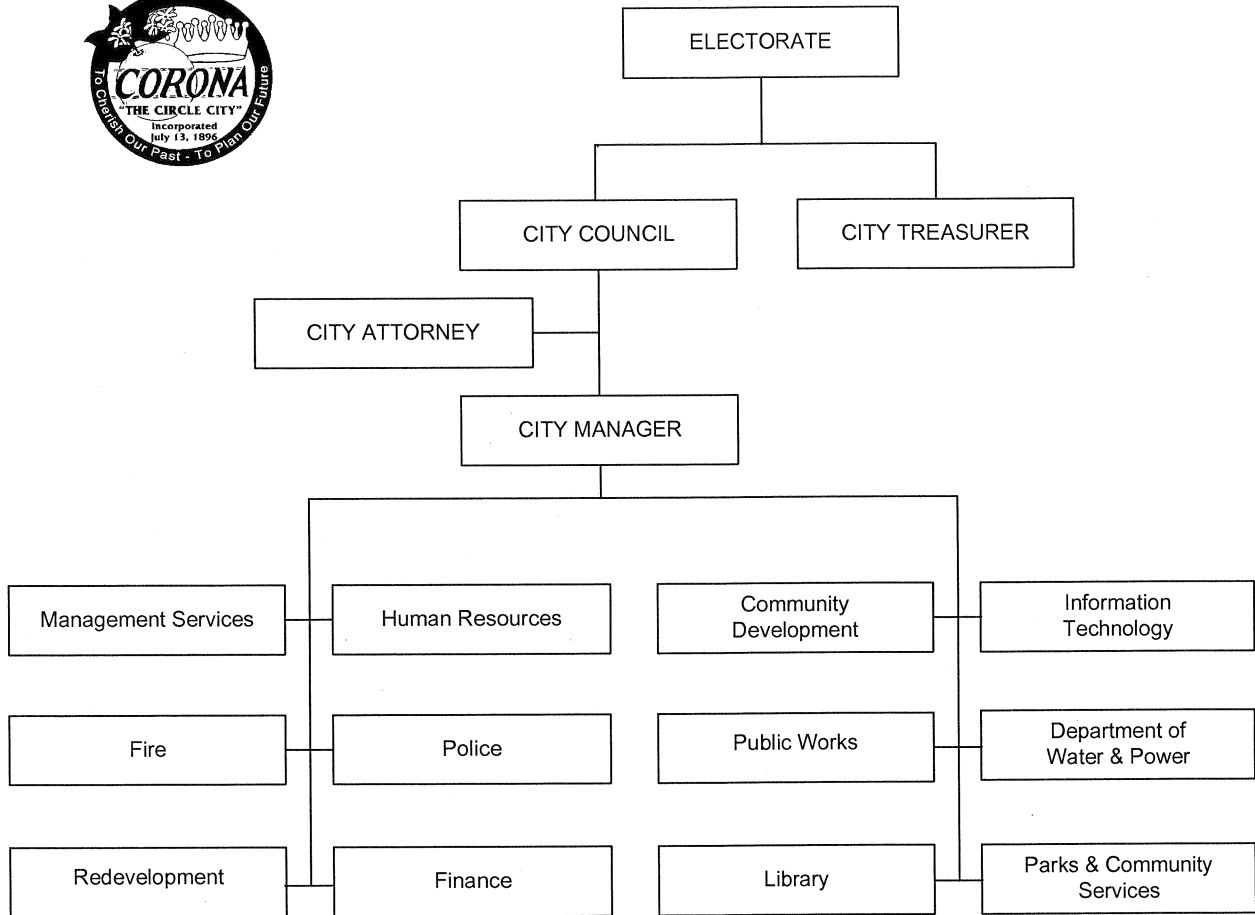
BRADLY L. ROBBINS.....City Manager

GREG IRVINE.....Assistant City Manager/HR Director
JOANNE COLETTA.....Community Development Director
JONATHAN DALYDWP General Manager
DEBRA A. FOSTERFinance Director
DAVID WALTEMEYER Fire Chief
STEVE LARSON..... Information Technology Director
JULIE FREDERICKSEN.....Library Director
GABRIEL GARCIAParks and Community Services Director
RICHARD MADORY Police Chief
KIP FIELDPublic Works Director
DARRELL TALBERT.....Redevelopment Agency Director

BEST, BEST & KRIEGER City Attorney

CITY OF CORONA

City Organizational Chart





CERTIFIED PUBLIC ACCOUNTANTS

- Brandon W. Burrows, CPA
- Donald L. Parker, CPA
- Michael K. Chu, CPA
- David E. Hale, CPA, CFP
A Professional Corporation
- Donald G. Slater, CPA
- Richard K. Kikuchi, CPA
- Susan F. Matz, CPA
- Shelly K. Jackley, CPA

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Corona, California, as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements as listed in the accompanying table of contents. These financial statements are the responsibility of the City of Corona's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted by the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above, present fairly in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Corona as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2010, on our consideration of the City of Corona's internal control over financial reporting and our tests of its compliance with certain laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying required supplementary information, such as management's discussion and analysis, budgetary comparison information and other information as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.



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

Our audit was conducted for the purpose of forming an opinion on the basic financial statements that collectively comprise the City of Corona's basic financial statements. The accompanying introductory section, the combining and individual non-major fund financial statements, budgetary schedules and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying combining and individual non-major fund financial statements and budgetary schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The accompanying introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Lance, Solt & Luythard, LLP

November 23, 2010



MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2010

The following Management Discussion and Analysis (MD&A) of the City of Corona's financial performance provides an introduction and overview to the financial activities of the City for the fiscal year ended June 30, 2010. This narrative discussion and analysis focuses on the current year's activities, resulting changes and currently known facts; therefore, the information presented here should be considered in conjunction with additional information furnished in the letter of transmittal and the accompanying basic financial statements.

FINANCIAL HIGHLIGHTS

Government-Wide

- Total assets of the City exceeded its liabilities at June 30, 2010 by \$998.2 million (*net assets*). Of this amount, \$161.3 million (*unrestricted net assets*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$24.1 million as a result of: 1) a restatement to the beginning net assets in the governmental activities in the amount of \$13.7 million primarily due to the reduction of unearned revenues reported in previous years; and 2) change in net assets in the amount of \$10.4 million as the result of operations during the current fiscal year.
- For governmental activities, expenses were \$116.0 million greater than the program revenues generated for governmental activities. Taxes, return on investments and other income for \$114.4 million provided sufficient funding for city-wide programs. Together with transfers governmental activities resulted in a decrease of \$1.6 million for the fiscal year ended June 30, 2010.
- For business-type activities, program revenues exceeded expenses by \$8.9 million. Of the total program revenues of \$108.8 million, \$4.7 million represents contributions of capital assets such as infrastructure from developers. Adding the investment earnings to the revenue that exceeds expense showed a \$12.0 million surplus for the business-type activities.

Fund Based

- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$203.8 million, which is a reduction of \$9.9 million from the previous year. Of the total, \$119.9 million, or 58.8% of the total fund balance are either nonspendable or restricted due to the nature of the restriction.
- At the end of the current fiscal year, fund balance of \$17.6 million was committed. This is comprised of the amounts committed to emergency contingencies of \$14.3 million, ECB savings of \$1.9 million, and designated revenues of \$1.4 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

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

These two statements report the City's *net assets* and changes in them. Net assets are the difference between assets and liabilities, which is one way to measure the City's financial health, or *financial position*. Over time, *increases or decreases* in the City's net assets are one indicator of whether its *financial health* is improving or deteriorating. Other factors to consider are changes in the City's property tax base and the condition of the City's roads.

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

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

Business-type activities – The City charges a fee to customers to cover all or most of the cost of certain services it provides. The City's Water and Water Reclamation Utilities, Electric, Transit and Airport services are reported in this category.

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

Fund Financial Statements

The fund financial statements include statements for each of the three categories of activities: governmental, proprietary and fiduciary. The governmental activities are prepared using the current financial resources measurement focus and modified accrual basis of accounting. The proprietary activities are prepared using the economic resources measurement focus and the accrual basis of accounting. The fiduciary activities are agency funds, which report a balance sheet, a statement of changes in assets and liabilities and do not have a measurement focus. Reconciliation of the fund financial statements to the government-wide financial statements are provided to explain the differences created by the integrated approach.

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

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

Proprietary funds – When the City charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net assets and the statement of revenues, expenses and changes in fund net assets. The City's enterprise funds are the same as the business-type activities reported in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds. The City uses internal service funds (the other component of proprietary funds) to report activities that provide supplies and services for the City's other programs and activities – such as the City's self-insurance and fleet operations and equipment replacement 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 include the receipt of special taxes and assessments used to pay principal and interest on related bonded debt that has no direct City liability, as well as receipt and disbursement of capital project proceeds related to these bonds. The City's fiduciary activities are reported in separate statements of fiduciary net assets and combining statement of changes in assets and liabilities.

Notes to the Financial Statements

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

Other Information

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

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

GOVERNMENT- WIDE FINANCIAL ANALYSIS

This analysis focuses on the City's net assets and changes in net assets of the governmental and business-type activities for the fiscal year ended June 30, 2010.

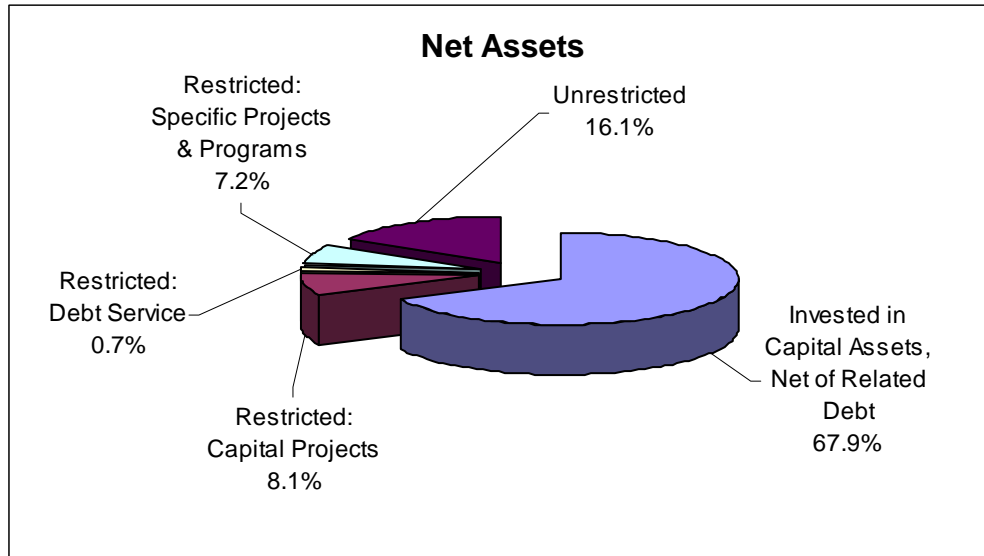
As noted earlier, the net assets for the City as a whole increased 2.5% from \$974.1 million at June 30, 2009 to \$998.2 million at June 30, 2010. The largest portion of the City's net assets (67.9%) reflects the investment in capital assets such as land, buildings, machinery and equipment, less any related debt used to acquire those assets that is still outstanding. These assets are used to provide services to the citizens of the City of Corona; therefore, they are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net assets (16.0%) represents various resources subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets of \$161.3 million may be used to meet the City's ongoing obligations to citizens and creditors.

CITY OF CORONA

Management's Discussion and Analysis (continued)
 June 30, 2010

The following graph demonstrates the components of the City's net assets at fiscal year ended June 30, 2010.



Consistent with the prior fiscal year, as of the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets for the governmental activities. For the business-type activities, unrestricted net assets showed a negative balance due to the exclusion of capital lease liability in reporting net assets invested in capital assets, net of related debt.

The following schedule is a condensed version of the City's Statement of Net Assets for fiscal year ended June 30, 2010. Comparative data from fiscal year ended June 30, 2009 is also presented.

**City of Corona's Net Assets
 (in millions)**

	Governmental activities		Business-type activities		Total	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 277.5	\$ 293.6	\$ 106.5	\$ 116.6	\$ 384.0	\$ 410.2
Internal balances	174.0	173.8	(174.0)	(173.8)	-	-
Capital assets	616.6	613.8	387.7	389.0	1,004.3	1,002.8
Total assets	1,068.1	1,081.2	320.2	331.8	1,388.3	1,413.0
Long-term liabilities	174.4	179.5	155.2	178.2	329.6	357.7
Other liabilities	43.9	63.8	16.6	17.4	60.5	81.2
Total liabilities	218.3	243.3	171.8	195.6	390.1	438.9
Net assets:						
Invested in capital assets, net of related debt	457.6	451.4	219.8	228.9	677.4	680.3
Restricted	148.8	140.7	10.7	18.2	159.5	158.9
Unrestricted	243.4	245.8	(82.1)	(110.9)	161.3	134.9
Total net assets	\$ 849.8	\$ 837.9	\$ 148.4	\$ 136.2	\$ 998.2	\$ 974.1

CITY OF CORONAManagement's Discussion and Analysis (continued)
June 30, 2010

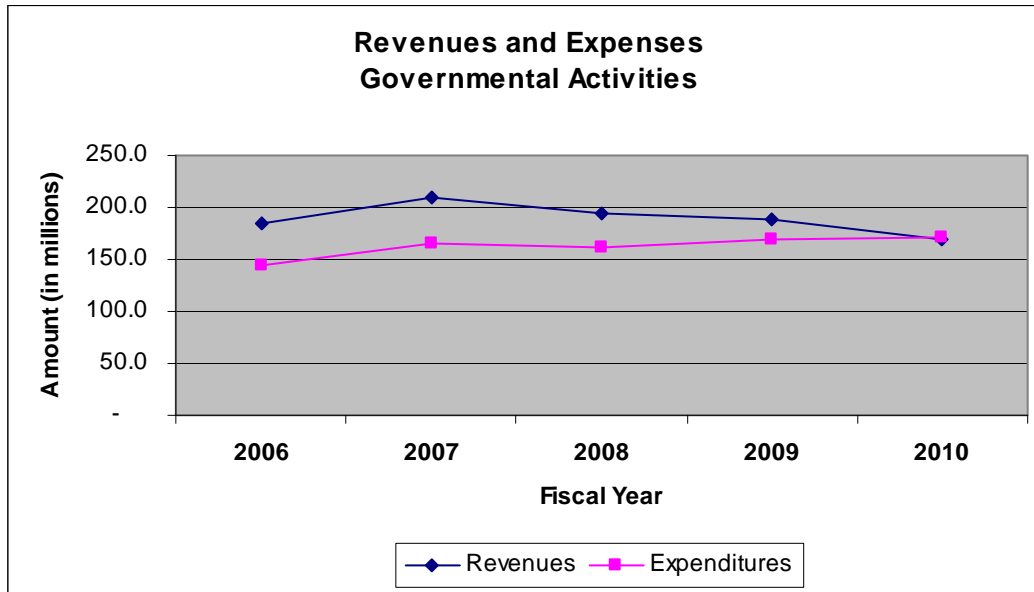
The City's programs for governmental activities include general government, fire, police, public works, redevelopment, parks and community services and library. The programs for the business-type activities include the water, water reclamation, electric, transit and airport services. A comparison of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

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

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Revenues:						
Program revenues:						
Charges for services	\$ 34.2	\$ 28.0	\$ 102.3	\$ 100.5	\$ 136.5	\$ 128.5
Operating grants and contributions	11.7	9.4	1.7	1.6	13.4	11.0
Capital grants and contributions	9.5	19.9	4.7	6.7	14.2	26.6
General revenues:						
Taxes:						
Property taxes	62.0	66.7			62.0	66.7
Sales and use taxes	26.5	29.8			26.5	29.8
Other taxes	7.7	8.6			7.7	8.6
Grants and contributions not restricted to specific programs	0.5	0.7			0.5	0.7
Gain on sale of capital assets	1.8				1.8	
Investment earnings	7.2	10.2	3.2	4.1	10.4	14.3
Administrative overhead charges	-	7.4			-	7.4
Other	8.7	8.4			8.7	8.4
Total revenues	<u>169.8</u>	<u>189.1</u>	<u>111.9</u>	<u>112.9</u>	<u>281.7</u>	<u>302.0</u>
Expenses:						
General government	23.8	23.4			23.8	23.4
Public safety - Fire	23.8	23.1			23.8	23.1
Public safety - Police	44.6	40.7			44.6	40.7
Public works	30.0	29.3			30.0	29.3
Redevelopment	18.3	19.1			18.3	19.1
Parks and community services	14.3	15.4			14.3	15.4
Library	3.1	3.2			3.1	3.2
Interest on long-term debt	13.5	16.4			13.5	16.4
Water			48.1	46.3	48.1	46.3
Water reclamation			27.2	27.2	27.2	27.2
Electric			22.0	22.0	22.0	22.0
Transit services			2.3	2.2	2.3	2.2
Airport			0.3	-	0.3	-
Total expenses	<u>171.4</u>	<u>170.6</u>	<u>99.9</u>	<u>97.7</u>	<u>271.3</u>	<u>268.3</u>
Excess (deficiencies) of revenues over expenses	(1.6)	18.5	12.0	15.2	10.4	33.7
Transfers	-	(0.2)	-	0.2	-	-
Special Items	-	9.7	-	-	-	9.7
Increase (decrease) in net assets	(1.6)	28.0	12.0	15.4	10.4	43.4
Net assets - beginning	837.9	810.1	136.2	122.5	974.1	932.6
Restatement of net assets	13.5	(0.2)	0.2	(1.7)	13.7	(1.9)
Net assets - ending	<u>\$ 849.8</u>	<u>\$ 837.9</u>	<u>\$ 148.4</u>	<u>\$ 136.2</u>	<u>\$ 998.2</u>	<u>\$ 974.1</u>

Governmental Activities

Total resources available during the year to finance governmental operations were \$1.0 billion consisting of net assets at July 1, 2009 of \$837.9 million, program revenues of \$55.4 million, general revenues of \$114.4 million, and a restatement of \$13.5 million. Total expenditures for governmental activities during the year were \$171.4 million; thus, net assets increased by \$11.9 million to \$849.8 million. The chart below presents revenues and expenses in governmental activities for the past five years.



The cost of all governmental activities for fiscal year ended June 30, 2010 was \$171.4 million. However, as shown in the statement of activities and changes in net assets, the amount that the taxpayers ultimately financed for these activities was only \$116.0 million because some of the cost was paid by those who directly benefited from the programs (\$34.2 million), or by other governments and organizations that subsidized certain programs with operating grants and contributions (\$11.7 million), and capital grants and contributions (\$9.5 million). Overall, the City's governmental program revenues were \$55.4 million. The City paid for the remaining "public benefit" portion of governmental activities with \$114.4 million in taxes (some of which could only be used for certain programs) and with other revenues, such as interest and general entitlements. The following is an in-depth analysis of the major revenue sources and expenses.

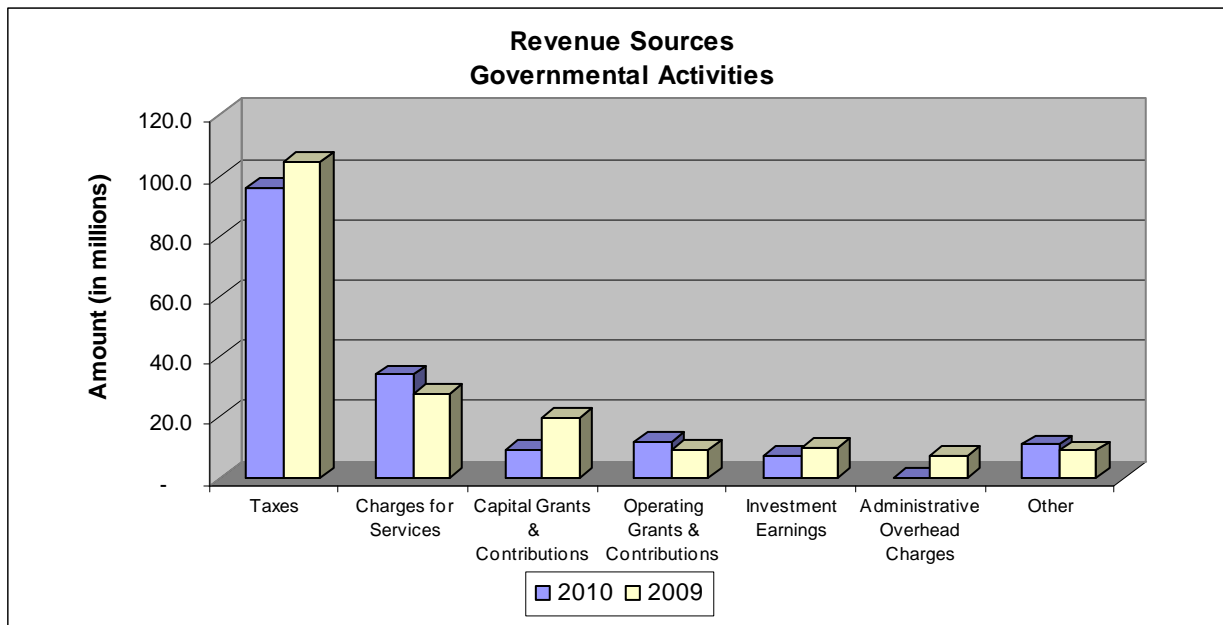
- Charges for services increased by \$6.2 million from the prior year primarily due to the reclassification of \$7.0 million of administrative overhead charges previously reported as general revenues to program revenues.
- Taxes comprise nearly 56.7% of the total revenues from governmental activities. Of this, 64.4% of total tax revenues are property taxes. Comparing to the prior year, property taxes decreased \$4.7 million or 7.0% due to declining property values in the recent recession.
- Sales and use taxes are the second largest revenue source in governmental activities. For the fiscal year ended June 30, 2010, total sales and use taxes decreased by \$3.3 million, or 11.1% from the previous year to \$26.5 million. This is the fourth consecutive decline since Fiscal Year 2005-06.

CITY OF CORONA

Management's Discussion and Analysis (continued)
June 30, 2010

- Investment earnings decreased \$3.0 million or 29.4% from the previous fiscal year, a direct result of the volatile financial market since 2008.
- Public safety expenses increased \$4.6 million from the previous fiscal year, a testament to the City's commitment to maintain the current high level of public safety in challenging economic times.
- Redevelopment expenses maintained at the same level with the previous year, occupied 10.7% of the total governmental activities expenses.
- Parks and Community Services and Library expenses had slight decreases from the previous year as a result of budget reduction.
- A minor increase in the Public Works expenses was due to the increased activities city-wide.

The chart below illustrates the total revenue from governmental activities for the fiscal year ended June 30, 2010 and 2009 respectively.



Business-Type Activities

The City's net assets from business-type activities increased \$12.2 million as the result of operations, and a restatement of \$0.2 million to the beginning net assets. Total net assets were \$148.4 at June 30, 2010. Net assets invested in capital assets, net of related debt decreased \$9.2 million, as a result of the depreciation of capital assets in the normal course of business. Total restricted and unrestricted net assets increased by \$21.3 million largely due to an increase of \$14.1 million in net operation income.

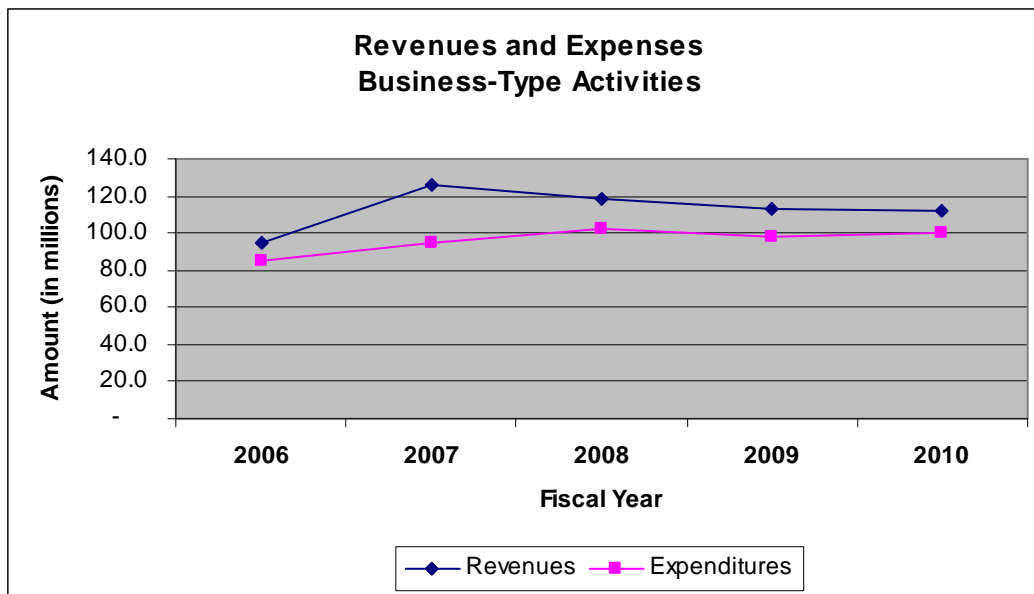
CITY OF CORONA

Management's Discussion and Analysis (continued)
June 30, 2010

Total expenses of all business-type activities for the fiscal year ended June 30, 2010 were \$99.9 million. As shown in the statement of activities and changes in net assets, the amount paid by users of the systems was \$102.4 million, operating grants and contributions were \$1.7 million and capital grants and contributions were \$4.7 million, with total program revenue of \$108.8 million.

Investment earnings were \$3.2 million, a decrease of 23.5% from the previous year.

Total resources available during the year to finance business type activities were \$248.3 million consisting of net assets at July 1, 2009 of \$136.4 million, including a restatement of \$0.2 million, program revenues of \$108.8 million, and general revenues of \$3.1 million. Total expenses for business type activities during the year were \$99.9 million; thus net assets were increased by \$12.2 million to \$148.4 million. The chart below presents revenues and expenses in business-type activities for the past five years.



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

- Charges for services increased by \$1.8 million or 1.8% over the prior year, contributable to the 16.4% rate increase for potable water in September 2009. The increase to rate payers was significantly reduced by the tiered water rates which went into effective in February 2010.
- Expenses for Water Utilities increased by \$1.8 million due to the pass-through increase from Metropolitan Water District and other potable water suppliers, offset by efforts made towards city-wide water conservation.
- Investment earnings decreased by \$0.9 million, a direct impact from the volatile financial market.

FUND FINANCIAL ANALYSIS

General Fund

The General Fund is the primary operating fund of the City. Fund balance for the General Fund increased \$2.7 million for the fiscal year ended June 30, 2010, with an ending balance of \$77.6 million. The net increase was due to the following:

- Beginning fund balance was restated by \$4.9 million, due to the reclassification of the Equipment Pool Fund from internal service to the General Fund;
- Expenditures exceeded revenues by \$8.1 million during Fiscal Year 2009-10;
- Proceeds from sales of City owned assets in the amount of \$2.4 million; and
- Net amount transferred from other City funds in the amount of \$3.5 million.

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

- Nonspendable fund balance of \$19.7 million. This amount represents \$18.7 million in long-term receivables and \$1.0 million in inventory and prepaid items.
- Committed fund balance of \$17.6 million, which includes the City Council's commitment to Emergency Contingency of \$14.3 million, ECB Savings of \$1.9 million, and Designated Revenues of \$1.4 million.
- Assigned fund balance of \$40.3 million, which includes the amounts to be used for specific purposes of the City.

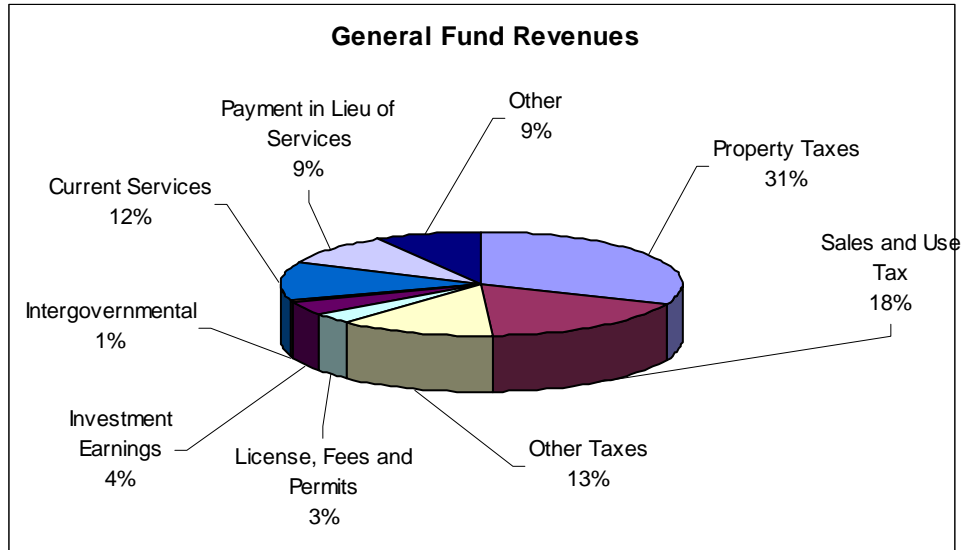
The City implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* in the Fiscal Year 2009-10. Comparative data for previous years is not retroactively presented in this analysis. For additional details of the City's General Fund fund balance, please refer to Note 15 in the Notes to the Basic Financial Statements.

Overall General Fund revenue decreased \$1.8 million comparing to the prior fiscal year largely due to the decline in sales and property taxes as explained earlier. Expenditures were comparable to the previous year demonstrating the City's efforts in maintaining its service level to the residents.

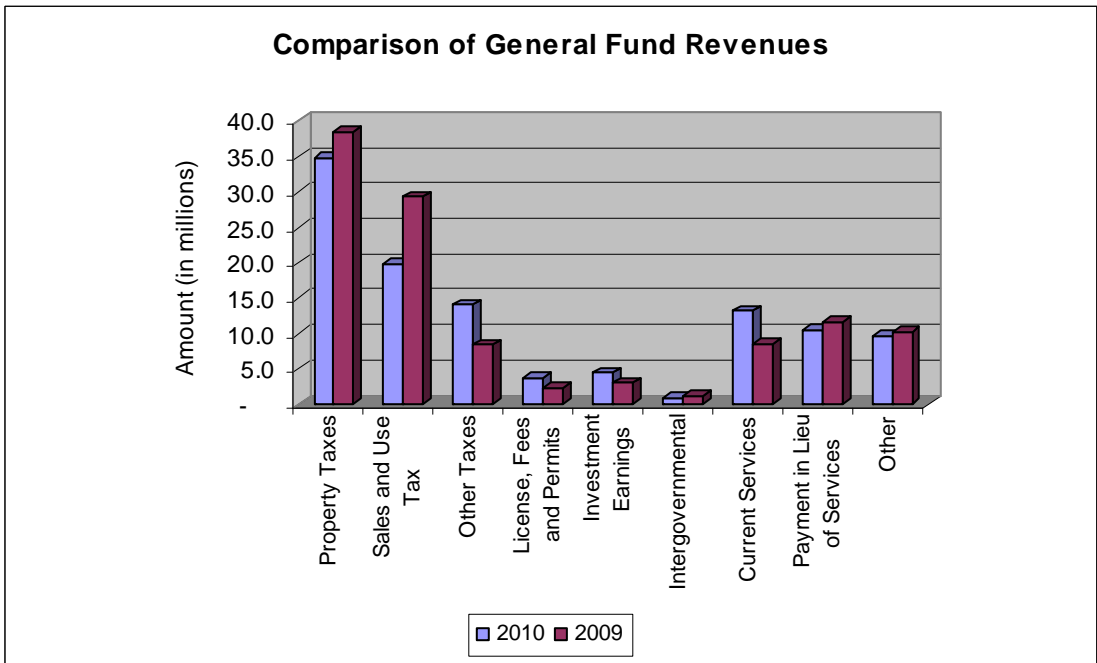
Transfers to other funds totaled \$4.2 million. This is comprised of a transfer of \$2.4 million to the Corona Public Financing Authority to establish cash reserve for certain outstanding bonds due to the downgrade of the bond insurer, \$1.6 million to the Redevelopment capital project fund to fund various developer agreements, and \$0.2 million to other governmental funds to support operational needs.

Transfers from other funds totaled \$7.6 million. The Worker's Compensation and Liability Risk internal service funds refunded prior years' excess charges.

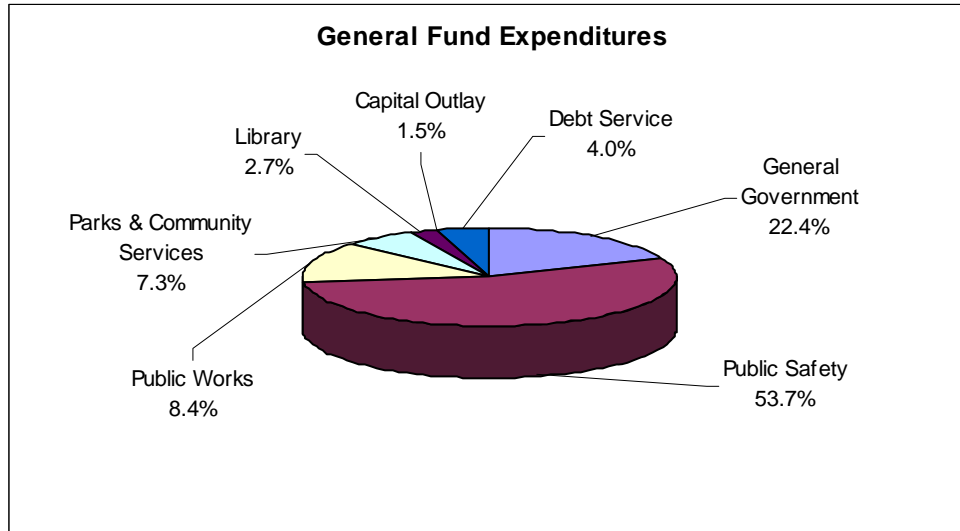
The graph below illustrates General Fund revenues by source.



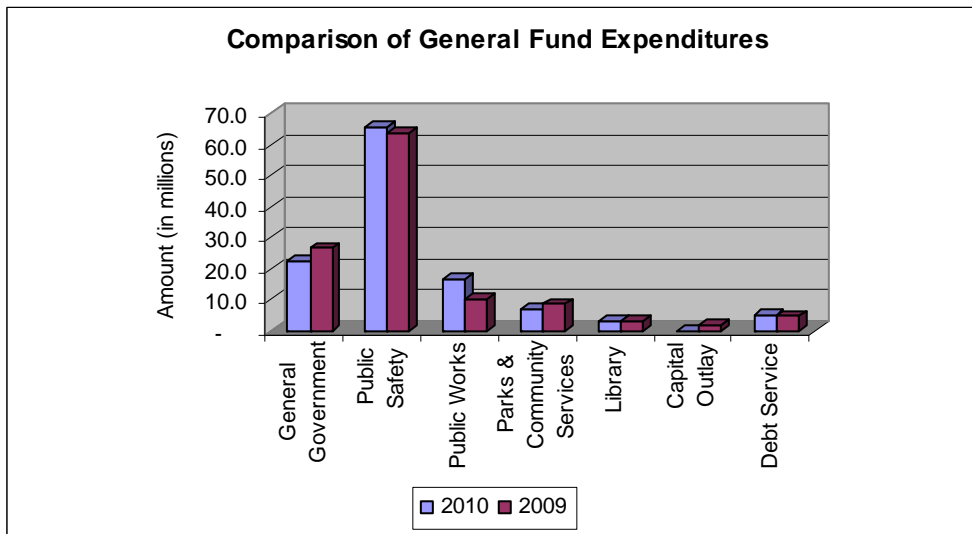
The graph below presents a comparison of each General Fund revenue source for the fiscal years ended June 30, 2010 and 2009.



The graph below presents General expenditure by category.



The graph below illustrates a comparison of each expenditure category for the fiscal years ended June 30, 2010 and 2009.



Other Major Governmental Funds

The fund balance for the Development special revenue fund had a decrease of \$1.2 million from the previous year as development activities city-wide remained low due to the economic recession.

The Redevelopment special revenue fund had a decrease in fund balance of \$3.0 million mainly due to the suspension of the current year's low and moderate income housing set aside amount. This was caused by the State mandated SERAF payment. Total amount suspended in the current fiscal year was \$5.3 million.

CITY OF CORONA
Management's Discussion and Analysis (continued)
June 30, 2010

The Redevelopment debt service fund had a decrease of \$4.9 million in fund balance largely due to the payment of the State mandated SERAF.

The Public Facility Capital Project Fund had a decrease of \$5.0 million in fund balance as the current year's capital outlay expenditures exceeded investment earnings and intergovernmental revenues. Major projects such as the Corporation Yard Expansion and various street and transportation related projects funded by the Transportation Uniform Mitigation Fee (TUMF) are included in this fund.

DEBT ADMINISTRATION

Long-term debt reported in governmental activities decreased in fiscal year ended June 30, 2010 by \$8.6 million as a result of normal scheduled debt service payments. No new debt was issued in the governmental activities during the current fiscal year.

Debt of the business-type activities decreased by \$5.9 million in fiscal year ended June 30, 2010. There were normal scheduled debt service payments in the amount of \$6.1 million, and a \$200,000 installment agreement was entered in the current year to purchase capital assets by the City's Department of Water and Power.

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

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Loans and agreement payable	\$ 4.5	\$ 6.1	\$ 40.0	\$ 42.3	\$ 44.5	\$ 48.4
General obligation bonds		1.0				1.0
Tax allocation bonds	85.1	87.8			85.1	87.8
Lease revenue bonds	67.9	70.7			67.9	70.7
Water revenue bonds			28.4	29.3	28.4	29.3
Certificates of participation			93.0	95.7	93.0	95.7
Special assessment district bonds	1.4	1.9			1.4	1.9
Total Outstanding Debt	\$ 158.9	\$ 167.5	\$ 161.4	\$ 167.3	\$ 320.3	\$ 334.8

CITY OF CORONA

Management's Discussion and Analysis (continued)
June 30, 2010

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, 2010, net capital assets of the governmental activities totaled \$616.6 million and the net capital assets of the business-type activities totaled \$387.7 million. Depreciation on capital assets is recognized in the government-wide financial statements. Refer to the Notes to Basic Financial Statements No. 5 for detail regarding capital assets.

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

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

The City policy is to achieve an average rating of 70 for all streets. The average rating for the City's streets at June 30, 2010 was 79, which is above the City's policy level. The City's streets are constantly deteriorating resulting from the following four factors: (1) traffic using the streets; (2) the sun's ultra-violet rays drying out and breaking down the top layer of pavement; (3) utility company/private development interests trenching operations; and (4) water damage from natural precipitation and other urban runoff. The City is continuously taking actions to arrest the deterioration through short-term maintenance activities such as pothole patching, street sweeping, and sidewalk repair. Actual expenditures for street maintenance for the fiscal year ended June 30, 2010 were \$5.2 million. These expenditures delayed deterioration, however the overall condition of the streets was not improved through these maintenance expenditures. The City has determined that the amount of annual expenditures required to maintain and preserve its streets at the current level through the year 2018 is a minimum of \$6.8 million per year.

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

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$ 60.6	\$ 60.4	\$ 2.9	\$ 2.7	\$ 63.5	\$ 63.1
Streets	172.0	171.8			172.0	171.8
Buildings and improvements	128.4	119.6	86.6	88.5	215.0	208.1
Machinery and equipment	10.2	12.6	55.6	55.1	65.8	67.7
Infrastructure	199.5	202.8	207.1	204.9	406.6	407.7
Construction in progress	45.7	46.5	26.2	28.4	71.9	74.9
Intangible assets	0.2		9.3	9.4	9.5	9.4
Total Capital Assets	<u>\$ 616.6</u>	<u>\$ 613.7</u>	<u>\$ 387.7</u>	<u>\$ 389.0</u>	<u>\$ 1,004.3</u>	<u>\$ 1,002.7</u>

CITY OF CORONA

Management's Discussion and Analysis (continued)
June 30, 2010

GENERAL FUND BUDGETARY HIGHLIGHTS

The original budget for the Fiscal Year 2009-10 General Fund was \$127.0 million. Continuing appropriations of \$4.3 million from prior fiscal year capital improvement projects and grants was approved to carryover into the current fiscal year. An additional \$1.2 million in committed purchase orders from the prior year was added to the original budget to arrive at the adopted budget balance of \$132.5 million.

Original Budget	\$ 127,013,901
Continued Appropriations	4,303,556
Encumbrances	<u>1,160,214</u>
Adopted Budget	132,477,671
Supplemental Changes	<u>(2,343,981)</u>
Final Budget	<u>\$ 130,133,690</u>

Comparing the adopted budget balance of \$132.5 million to the final budget of \$130.1 million demonstrates the General Fund had a net budgetary reduction of \$2.3 million for fiscal year ended June 30, 2010. These supplemental budgetary changes included a reduction of \$1.7 million from staffing levels and operational budget in February 2010, a decrease of \$1.9 million for capital projects closures, and an increase of \$1.0 million of ECB budget savings which was approved for various departmental projects. Additional changes totaled a net increase of \$0.3 million approved throughout the year for accounting changes, health cost increases, labor agreements and contract agreements.

The General Fund final budget amount of \$130.1 million compared to the actual expenditures of \$119.4 million for the fiscal year ended June 30, 2010 represents a favorable variance of \$10.7 million. This variance is largely comprised of the following: \$4.2 million from capital outlay, \$2.1 million from Public Works, \$2.9 million from General Government, and \$0.8 from departments in the General Government category. Please refer to the Required Supplementary Information section of this report for additional information.

Final Budget	\$ 130,133,691
Actual Expenditures	<u>(119,449,747)</u>
Budget Variance	<u>\$ 10,683,944</u>

Of the \$4.2 million from capital outlay, major capital projects include Sherborn improvements, computer master plan and upgrade, mobile data computer maintenance and replacements, and fire apparatus replacement and non-routine repairs. These unspent budgetary items were carried over to the next fiscal year through continuing appropriations.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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



Government-Wide Financial Statements

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

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



CITY OF CORONA**Statement of Net Assets
June 30, 2010**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Current Assets			
Cash and Investments	\$ 162,290,652	\$ 73,437,654	\$ 235,728,306
Accounts Receivable, Net	2,181,930	11,673,707	13,855,637
Interest Receivable	1,090,394	568,743	1,659,137
Due from Other Governmental Agencies	18,744,409	481,563	19,225,972
Inventories and Prepayments	1,279,934	2,932,843	4,212,777
Land Held for Resale	58,487,794		58,487,794
Restricted Assets:			
Cash and Investments	14,289,422	17,429,677	31,719,099
Total Current Assets	258,364,535	106,524,187	364,888,722
Noncurrent Assets			
Internal Balances - Capital Lease	172,628,344	(172,628,344)	-
Internal Balances - Interfund	1,419,198	(1,419,198)	-
Long-term Receivable	19,119,286		19,119,286
Capital Assets Not Being Depreciated:			
Land, Water Reclamation Rights and CIP	278,349,841	38,354,103	316,703,944
Capital Assets (net of accumulated depreciation):			
Building, Property, Equipment and Infrastructure	338,072,356	349,234,483	687,306,839
Intangible Assets	147,928	144,653	292,581
Total Capital Assets	616,570,125	387,733,239	1,004,303,364
Total Noncurrent Assets	809,736,953	213,685,697	1,023,422,650
Total Assets	1,068,101,488	320,209,884	1,388,311,372
Liabilities:			
Current Liabilities			
Accounts Payable and Accrued Liabilities	13,085,007	7,828,747	20,913,754
Claims and Judgments Payable	3,765,000		3,765,000
Deposits	3,900,249	1,120	3,901,369
Agreements Payable	1,708,265		1,708,265
Interest Payable	2,340,597		2,340,597
Unearned Revenue	5,365,971	1,526,183	6,892,154
Compensated Absences Payable	5,938,085	693,487	6,631,572
Long-term Debt - Due Within One Year	7,519,849	6,434,162	13,954,011
Liabilities Payable from Restricted Assets	312,315	151,456	463,771
Total Current Liabilities	43,935,338	16,635,155	60,570,493
Noncurrent Liabilities			
Long-term Debt - Due in More than One Year	151,424,864	154,933,430	306,358,294
Claims and Judgments Payable	12,945,000		12,945,000
Pension Related Debt	7,191,135		7,191,135
Compensated Absences Payable	2,845,155	211,730	3,056,885
Total Noncurrent Liabilities	174,406,154	155,145,160	329,551,314
Total Liabilities	218,341,492	171,780,315	390,121,807
Net Assets:			
Invested in Capital Assets, Net of Related Debt	457,625,412	219,780,082	677,405,494
Restricted for:			
Capital Projects	80,695,897		80,695,897
Debt Service	7,079,903		7,079,903
Specific Projects and Programs	60,915,014	10,779,222	71,694,236
Total Restricted Net Assets	148,690,814	10,779,222	159,470,036
Unrestricted	243,443,770	(82,129,735)	161,314,035
Total Net Assets	\$ 849,759,996	\$ 148,429,569	\$ 998,189,565

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

CITY OF CORONA

**Statement of Activities and Changes in Net Assets
Year Ended June 30, 2010**

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Governmental Activities					
General Government	\$ 23,778,004	\$ 7,616,409	\$ -	\$ -	\$ 7,616,409
Public Safety - Fire	23,849,351	3,204,585	1,001,117	46,349	4,252,051
Public Safety - Police	44,573,946	3,551,199	1,287,156	16,457	4,854,812
Public Works	30,006,518	12,291,030	4,574,297	9,407,508	26,272,835
Redevelopment	18,283,224		3,969,767		3,969,767
Parks and Community Services	14,321,581	7,184,440	669,308	10,200	7,863,948
Library	3,108,194	333,015	209,480		542,495
Interest and Fiscal Charges	13,471,571				
Total Governmental Activities	171,392,389	34,180,678	11,711,125	9,480,514	55,372,317
Business-Type Activities:					
Water	48,080,241	50,979,766		2,581,465	53,561,231
Water Reclamation	27,212,393	26,779,144		2,145,369	28,924,513
Electric	21,951,228	23,891,958			23,891,958
Transit Services	2,309,727	412,928	1,724,206	1,817	2,138,951
Airport	316,270	286,546			286,546
Total Business-Type Activities	99,869,859	102,350,342	1,724,206	4,728,651	108,803,199
Total Primary Government	\$ 271,262,248	\$ 136,531,020	\$ 13,435,331	\$ 14,209,165	\$ 164,175,516

General Revenues:

Taxes:

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

Grants and Contributions not Restricted to Specific Programs

- Investment Earnings
- Lease and Rental Income
- Labor Abatement
- Other Income

Gain on Sale of Capital Assets

Transfers

Total General Revenues and Transfers

Change in Net Assets

Net Assets - Beginning, as Restated

Net Assets - Ending

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

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
\$ (16,161,595)	\$ -	\$ (16,161,595)
(19,597,300)		(19,597,300)
(39,719,134)		(39,719,134)
(3,733,683)		(3,733,683)
(14,313,457)		(14,313,457)
(6,457,633)		(6,457,633)
(2,565,699)		(2,565,699)
(13,471,571)		(13,471,571)
<u>(116,020,072)</u>	<u>-</u>	<u>(116,020,072)</u>
	5,480,990	5,480,990
	1,712,120	1,712,120
	1,940,730	1,940,730
	(170,776)	(170,776)
	(29,724)	(29,724)
<u>-</u>	<u>8,933,340</u>	<u>8,933,340</u>
<u>(116,020,072)</u>	<u>8,933,340</u>	<u>(107,086,732)</u>
62,049,578		62,049,578
26,543,193		26,543,193
4,319,684		4,319,684
1,665,972		1,665,972
1,096,937		1,096,937
526,892		526,892
50,880		50,880
<u>96,253,136</u>	<u>-</u>	<u>96,253,136</u>
481,295		481,295
7,204,417	3,169,884	10,374,301
7,347,933		7,347,933
398,125		398,125
913,525		913,525
1,776,536		1,776,536
57,000	(57,000)	-
<u>114,431,967</u>	<u>3,112,884</u>	<u>117,544,851</u>
(1,588,105)	12,046,224	10,458,119
<u>851,348,101</u>	<u>136,383,345</u>	<u>987,731,446</u>
<u>\$ 849,759,996</u>	<u>\$ 148,429,569</u>	<u>\$ 998,189,565</u>

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



Governmental Fund Financial Statements

MAJOR FUNDS:

General Fund – The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds

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

Redevelopment Fund – This fund is used to account for tax increment monies that are set aside to provide housing assistance to low and moderate income families in Corona and miscellaneous developer agreements related to sales tax generated in a specific project area.

Debt Service Fund

Redevelopment Debt Service Fund – This fund is used to account for tax levies, rentals and other revenues and payments of principal and interest on Redevelopment loans and bonds.

Capital Project Funds

Redevelopment Capital Project Fund – This fund is used to account for transactions related to proceeds from bonds and other resources and their use to perform redevelopment activities within specific project areas.

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.

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, 2010**

	General Fund	Development Special Revenue	Redevelopment Special Revenue	Redevelopment Debt Service
Assets:				
Cash and Investments	\$ 57,111,438	\$ 16,164,078	\$ 10,443,910	\$ 8,812,671
Accounts Receivable, Net	2,034,188	411	128,433	
Interest Receivable	570,107	100,840	66,684	102,722
Due from Other Governmental Agencies	11,728,957	33,060		114,721
Due from Other Funds	760,150			
Long-term Receivable	484,872	1,583,366		
Interfund Advances Receivable	18,176,735	412,865	5,308,281	
Long-term Capital Lease Receivable	172,628,344			
Loans Receivable		43,860	14,299,576	
Inventories and Prepayments	1,047,198			
Land Held for Resale			1,632,957	
Restricted Assets:				
Cash and Investments	6,996	92,775	879,831	6,246,148
Total Assets	\$ 264,548,985	\$ 18,431,255	\$ 32,759,672	\$ 15,276,262
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable and Accrued Liabilities	\$ 6,805,284	\$ 199,789	\$ 84,472	\$ 3,438,893
Deposits	3,609,642			
Due to Other Funds				4,352,348
Agreements Payable				
Deferred Revenues	176,481,825	1,627,226	19,259,968	
Interfund Advances Payable		10,163,545	870,837	6,679,088
Liabilities Payable from Restricted Assets	6,996	92,775		
Total Liabilities	186,903,747	12,083,335	20,215,277	14,470,329
Fund Balances:				
Nonspendable	19,708,805		1,980,846	
Restricted			10,563,549	1,575,034
Committed	17,597,806			
Assigned	40,338,627	6,347,920		
Unassigned				(769,101)
Total Fund Balances	77,645,238	6,347,920	12,544,395	805,933
Total Liabilities and Fund Balances	\$ 264,548,985	\$ 18,431,255	\$ 32,759,672	\$ 15,276,262

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

Redevelopment Capital Projects	Public Facility Project	Other Governmental Funds	Total Governmental Funds
\$ 16,063,447	\$ 5,251,480	\$ 20,845,300	\$ 134,692,324
815		803	2,164,650
57,867		192,174	1,090,394
	434,642	6,433,029	18,744,409
			760,150
		1,435,000	3,503,238
			23,897,881
			172,628,344
500,000		772,612	15,616,048
			1,047,198
56,854,837			58,487,794
1,388,469		5,640,511	14,254,730
<u>\$ 74,865,435</u>	<u>\$ 5,686,122</u>	<u>\$ 35,319,429</u>	<u>\$ 446,887,160</u>
\$ 518,814	\$ 280,268	\$ 1,499,614	\$ 12,827,134
289,307		1,300	3,900,249
	241,126	519,024	5,112,498
1,708,265			1,708,265
500,000		3,227,481	201,096,500
		412,865	18,126,335
5,254		172,598	277,623
<u>3,021,640</u>	<u>521,394</u>	<u>5,832,882</u>	<u>243,048,604</u>
56,854,837			78,544,488
		29,352,755	41,491,338
			17,597,806
14,988,958	5,164,728	133,792	66,974,025
			(769,101)
<u>71,843,795</u>	<u>5,164,728</u>	<u>29,486,547</u>	<u>203,838,556</u>
<u>\$ 74,865,435</u>	<u>\$ 5,686,122</u>	<u>\$ 35,319,429</u>	<u>\$ 446,887,160</u>

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

CITY OF CORONA

**Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Assets
June 30, 2010**

Total Fund Balances - Total Governmental Funds	\$ 203,838,556
Amounts reported for governmental activities in the statement of net assets 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.	616,570,125
Deferred revenues reported in the governmental funds balance sheet includes loans receivable, capital lease and franchise fees. The balance was deferred because funds were not available to pay for current period expenditures.	195,730,529
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.	(2,340,597)
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 assets.	10,794,803
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds balance sheet.	
Compensated Absences	(8,697,572)
Pension Related Debt	(7,191,135)
Long-term Debt	<u>(158,944,713)</u>
Net Assets of Governmental Activities	<u><u>\$ 849,759,996</u></u>

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



CITY OF CORONA**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2010**

	<u>General Fund</u>	<u>Development Special Revenue</u>	<u>Redevelopment Special Revenue</u>	<u>Redevelopment Debt Service</u>
Revenues:				
Property Taxes	\$ 34,897,226	\$ -	\$ -	\$ 26,541,407
Other Taxes	33,859,090			
Licenses, Fees and Permits	1,343,612	446,209		
Fines and Penalties	2,423,993			
Special Assessments				
Investment Earnings	4,453,504	601,520	404,417	709,218
Intergovernmental Revenues	989,311	155,842		
Current Services	13,243,217			
Payments in Lieu of Services	10,474,054	50,880		
Other Revenues	9,712,530	75,826	533,523	
Total Revenues	<u>111,396,537</u>	<u>1,330,277</u>	<u>937,940</u>	<u>27,250,625</u>
Expenditures:				
Current:				
General Government	22,208,581	1,000,122		
Community Development				
Public Safety - Fire	22,882,759	3,451		
Public Safety - Police	42,429,845	30,169		
Public Works	16,449,803	309,779		
Parks and Community Services	7,202,810			
Redevelopment			3,126,988	9,058,634
Library	2,882,794	7,429		
Capital Outlay	212,828	1,003,064		5,308,281
Debt Service:				
Principal Retirement	2,484,684	780,000	345,000	3,580,115
Interest and Fiscal Charges	2,695,643	217,737	478,587	9,837,397
Total Expenditures	<u>119,449,747</u>	<u>3,351,751</u>	<u>3,950,575</u>	<u>27,784,427</u>
Excess of Revenues Over (Under) Expenditures	<u>(8,053,210)</u>	<u>(2,021,474)</u>	<u>(3,012,635)</u>	<u>(533,802)</u>
Other Financing Sources (Uses):				
Proceeds from Sales of Capital Assets	2,400,000			
Transfers In	7,657,240	850,080	24,000	
Transfers Out	(4,180,401)	(36,960)		(4,352,348)
Total Other Financing Sources (Uses)	<u>5,876,839</u>	<u>813,120</u>	<u>24,000</u>	<u>(4,352,348)</u>
Net Change in Fund Balances	(2,176,371)	(1,208,354)	(2,988,635)	(4,886,150)
Fund Balances - Beginning, as Restated	79,821,609	7,556,274	15,533,030	5,692,083
Fund Balances - Ending	<u>\$ 77,645,238</u>	<u>\$ 6,347,920</u>	<u>\$ 12,544,395</u>	<u>\$ 805,933</u>

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

Redevelopment Capital Projects	Public Facility Project	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 610,945	\$ 62,049,578
			33,859,090
		454,558	2,244,379
		201,352	2,625,345
		9,230,699	9,230,699
134,331		902,354	7,205,344
	415,600	15,421,605	16,982,358
		226,233	13,469,450
429,491		835,320	10,524,934
<u>563,822</u>	<u>415,600</u>	<u>27,883,066</u>	<u>169,777,867</u>
683,271		11,589	23,903,563
129,312			129,312
			22,886,210
74,070		620,170	43,154,254
105,973		9,189,775	26,055,330
		5,425,245	12,628,055
5,424,285		1,166,411	18,776,318
		34,898	2,925,121
76,466	5,510,680	9,451,422	21,562,741
		1,415,000	8,604,799
		347,445	13,576,809
<u>6,493,377</u>	<u>5,510,680</u>	<u>27,661,955</u>	<u>194,202,512</u>
<u>(5,929,555)</u>	<u>(5,095,080)</u>	<u>221,111</u>	<u>(24,424,645)</u>
6,073,158	135,153	2,701,106	2,400,000
	(27)	(1,828,598)	17,440,737
			(10,398,334)
<u>6,073,158</u>	<u>135,126</u>	<u>872,508</u>	<u>9,442,403</u>
143,603	(4,959,954)	1,093,619	(14,982,242)
71,700,192	10,124,682	28,392,928	218,820,798
<u>\$ 71,843,795</u>	<u>\$ 5,164,728</u>	<u>\$ 29,486,547</u>	<u>\$ 203,838,556</u>

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

CITY OF CORONA

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-Wide Statement of Activities and Changes in Net Assets Year Ended June 30, 2010

Net Change in Fund Balances - Total Governmental Funds	\$ (14,982,242)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>Governmental funds report capital outlay as expenditures. However, in the government-wide statement of activities and changes in net assets, the cost of those assets is allocated over their estimated useful lives as depreciation expense. Additions and adjustments to capital assets amounted to \$15,595,548, less deletions of \$962,168, resulted in the net amount of capital assets of \$14,633,380 in the current period.</p>	
	14,633,380
<p>Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net assets, but does not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in governmental funds.</p>	
	(11,421,460)
<p>Some revenues will not be collected immediately after the City's fiscal year end, they are not considered available revenues and are deferred in the governmental funds. Deferred revenues is decreased by \$6,762,245 this year.</p>	
	6,762,245
<p>Long-term compensated absences are reported in the government-wide statement of activities and changes in net assets, but do not require the use of current financial resources. Therefore, long-term compensated absences are not reported as expenditures in governmental funds. This amount represents the change from the prior year.</p>	
	(280,113)
<p>Proceeds from long-term liabilities provide current financial resources to governmental funds, but incurring debt increases long-term liabilities in the government-wide statement of net assets. Repayment of debt principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the government-wide statement of net assets.</p>	
Repayment of pension related debt	770,791
Repayment of long-term obligations	8,604,799
<p>Interest expense on long-term debt is reported in the government-wide statement of activities and changes in net assets, 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.</p>	
	105,238
<p>Internal Service Funds are used by management to charge the costs of certain activities, such as insurance and fleet operations, to individual funds. The net revenue of the Internal Service Funds is reported with governmental activities.</p>	
	<u>(5,780,743)</u>
Change in Net Assets of Governmental Activities	<u>\$ (1,588,105)</u>

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

Proprietary Fund Financial Statements

MAJOR FUNDS:

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

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

Electric Fund – This fund is used to account for the operation of the City 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 Assets
Proprietary Funds
June 30, 2010**

	<u>Corona Utility Authority</u>		<u>Electric</u>
	<u>Water</u>	<u>Water Reclamation</u>	
Assets:			
Current Assets			
Cash and Investments	\$ 37,334,227	\$ 29,496,309	\$ 6,411,933
Accounts Receivable, Net	8,364,241	1,842,797	1,465,557
Interest Receivable	241,353	189,577	46,461
Due from Other Governmental Agencies	622		
Inventories and Prepayments	2,907,843		25,000
Restricted Assets:			
Cash and Investments	37,546	18,508	8,969,954
Total Current Assets	<u>48,885,832</u>	<u>31,547,191</u>	<u>16,918,905</u>
Noncurrent Assets			
Interfund Advances Receivable	473,875		19,745,086
Capital Assets:			
Land, Water Reclamation Rights and CIP	23,310,599	6,273,745	8,769,759
Depreciable buildings, property, equipment and infrastructure, net	190,758,949	106,946,843	49,742,802
Intangible Assets			144,653
Total Capital Assets	<u>214,069,548</u>	<u>113,220,588</u>	<u>58,657,214</u>
Total Noncurrent Assets	<u>214,543,423</u>	<u>113,220,588</u>	<u>78,402,300</u>
Total Assets	<u>263,429,255</u>	<u>144,767,779</u>	<u>95,321,205</u>
Liabilities:			
Current Liabilities			
Accounts Payable and Accrued Liabilities	4,108,501	1,523,788	2,037,647
Claims and Judgments Payable			
Deposits			
Unearned Revenue	1,180,510		
Compensated Absences Payable	366,022	272,112	47,362
Long-term Debt - Due Within One Year	2,716,681	1,557,481	2,160,000
Liabilities Payable from Restricted Assets	37,546	18,508	95,402
Total Current Liabilities	<u>8,409,260</u>	<u>3,371,889</u>	<u>4,340,411</u>
Noncurrent Liabilities			
Interfund Advances Payable		13,631,136	1,199,198
Compensated Absences Payable	91,480	16,409	89,955
Long-term Capital Lease Payable	106,819,662	65,808,682	
Long-term Debt - Due in More than One Year	59,687,669	13,790,761	81,455,000
Claims and Judgments Payable			
Total Noncurrent Liabilities	<u>166,598,811</u>	<u>93,246,988</u>	<u>82,744,153</u>
Total Liabilities	<u>175,008,071</u>	<u>96,618,877</u>	<u>87,084,564</u>
Net Assets:			
Invested in Capital Assets, Net of Related Debt	151,665,198	84,241,210	(17,692,215)
Restricted			
Specific Projects and Programs			8,874,552
Unrestricted	(63,244,014)	(36,092,308)	17,054,304
Total Net Assets	<u>\$ 88,421,184</u>	<u>\$ 48,148,902</u>	<u>\$ 8,236,641</u>

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

Nonmajor Funds	Totals	Governmental Activities Internal Service Funds
\$ 195,185	\$ 73,437,654	\$ 27,598,328
1,112	11,673,707	17,280
91,352	568,743	
480,941	481,563	
	2,932,843	232,736
<u>8,403,669</u>	<u>17,429,677</u>	<u>34,692</u>
<u>9,172,259</u>	<u>106,524,187</u>	<u>27,883,036</u>
	20,218,961	
	38,354,103	
1,785,889	349,234,483	
	144,653	
<u>1,785,889</u>	<u>387,733,239</u>	<u>-</u>
<u>1,785,889</u>	<u>407,952,200</u>	<u>-</u>
<u>10,958,148</u>	<u>514,476,387</u>	<u>27,883,036</u>
158,811	7,828,747	257,873
		3,765,000
1,120	1,120	
345,673	1,526,183	
7,991	693,487	77,361
	6,434,162	
	151,456	34,692
<u>513,595</u>	<u>16,635,155</u>	<u>4,134,926</u>
6,807,825	21,638,159	
13,886	211,730	8,307
	172,628,344	
	154,933,430	
		12,945,000
<u>6,821,711</u>	<u>349,411,663</u>	<u>12,953,307</u>
<u>7,335,306</u>	<u>366,046,818</u>	<u>17,088,233</u>
1,565,889	219,780,082	
1,904,661	10,779,213	
152,292	(82,129,726)	10,794,803
<u>\$ 3,622,842</u>	<u>\$ 148,429,569</u>	<u>\$ 10,794,803</u>

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

CITY OF CORONA**Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
Year Ended June 30, 2010**

	Corona Utility Authority		
	Water	Water Reclamation	Electric
Operating Revenues:			
Utility Service Charges	\$ 45,584,794	\$ 26,167,119	\$ 22,962,351
Fees and Permits	1,596,852	204,995	
Fines and Penalties	1,237,121	500	
Other Revenues	2,560,999	406,530	929,607
Total Operating Revenues	<u>50,979,766</u>	<u>26,779,144</u>	<u>23,891,958</u>
Operating Expenses:			
Personnel Services	7,688,617	5,241,066	1,263,094
Contractual	1,110,706	790,727	2,336,471
Materials and Supplies	18,646,260	8,405,536	2,780,057
Utilities	8,882,590	5,362,203	12,005,851
Depreciation and Amortization	5,874,663	4,147,696	1,120,309
Claims Expense			
Total Operating Expenses	<u>42,202,836</u>	<u>23,947,228</u>	<u>19,505,782</u>
Operating Income (Loss)	<u>8,776,930</u>	<u>2,831,916</u>	<u>4,386,176</u>
Non-Operating Revenues (Expenses):			
Investment Earnings	1,493,008	1,196,647	242,560
Interest Expense	(5,877,405)	(3,040,212)	(2,445,446)
Operating Grants and Contributions			
Total Non-Operating Revenues	<u>(4,384,397)</u>	<u>(1,843,565)</u>	<u>(2,202,886)</u>
Income (Loss) before Contributions and Transfers	<u>4,392,533</u>	<u>988,351</u>	<u>2,183,290</u>
Capital Grants and Contributions	2,581,465	2,145,369	
Transfers In	3,732,000	1,823,000	57,000
Transfers Out	(460,780)		(5,690,000)
Change in Net Assets	<u>10,245,218</u>	<u>4,956,720</u>	<u>(3,449,710)</u>
Total Net Assets - Beginning of Year, As Restated	<u>78,175,966</u>	<u>43,192,182</u>	<u>11,686,351</u>
Total Net Assets - End of Year	<u>\$ 88,421,184</u>	<u>\$ 48,148,902</u>	<u>\$ 8,236,641</u>

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

Nonmajor Funds	Totals	Governmental Activities Internal Service Funds
\$ -	\$ 94,714,264	\$ -
29,762	29,762	
40,279	1,842,126	
	1,237,621	
629,433	4,526,569	11,195,830
<u>699,474</u>	<u>102,350,342</u>	<u>11,195,830</u>
444,235	14,637,012	1,590,377
1,485,594	5,723,498	1,006,676
160,351	29,992,204	1,244,094
221,425	26,472,069	840,866
314,392	11,457,060	
		5,308,230
<u>2,625,997</u>	<u>88,281,843</u>	<u>9,990,243</u>
<u>(1,926,523)</u>	<u>14,068,499</u>	<u>1,205,587</u>
237,669	3,169,884	(927)
(224,953)	(11,588,016)	
1,724,206	1,724,206	
<u>1,736,922</u>	<u>(6,693,926)</u>	<u>(927)</u>
<u>(189,601)</u>	<u>7,374,573</u>	<u>1,204,660</u>
1,817	4,728,651	
481,780	6,093,780	76,000
	(6,150,780)	(7,061,403)
<u>293,996</u>	<u>12,046,224</u>	<u>(5,780,743)</u>
3,328,846	136,383,345	16,575,546
<u>\$ 3,622,842</u>	<u>\$ 148,429,569</u>	<u>\$ 10,794,803</u>

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

CITY OF CORONA**Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2010**

	Corona Utility Authority		
	Water	Water Reclamation	Electric
Cash Flow from Operating Activities:			
Receipts (Payments) from Customers/Other Funds	\$ 50,903,122	\$ 26,737,821	\$ 23,849,936
Payment to Suppliers of Goods and Services	(30,528,634)	(14,534,699)	(16,719,784)
Payment to Employees for Services	(7,740,210)	(5,239,554)	(1,185,352)
Payment on Current Claims			
Decrease in Long-term Claims			
Other Receipts			929,607
Net Cash Provided by (Used for) Operating Activities	<u>12,634,278</u>	<u>6,963,568</u>	<u>6,874,407</u>
Cash Flows from Noncapital Financing Activities:			
Operating Grants and Contributions			
Receipts from Other Funds			
Transfers Received	3,732,000	1,823,000	57,000
Transfers Paid	(460,780)		(5,690,000)
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>3,271,220</u>	<u>1,823,000</u>	<u>(5,633,000)</u>
Cash Flows from Capital and Related Financing Activities:			
Capital Grants and Contributions	542,019	270,010	
Acquisition and Construction of Capital Assets	(3,429,756)	(1,010,253)	(1,622,429)
Retirement of Long-term Installments Payable	(2,532,691)	(1,868,341)	(2,075,000)
Proceeds from Sale of Capital Assets		76,000	
Proceeds (Payments) on Capital Debt and Interfund Loan	200,000		334,618
Interest payments of Long-term debt	(5,877,405)	(3,040,212)	(2,445,446)
Net Cash (Used in) Capital and Related Financing Activities	<u>(11,097,833)</u>	<u>(5,572,796)</u>	<u>(5,808,257)</u>
Cash Flows from Investing Activities:			
Interest on Investments	1,501,348	1,211,240	297,784
Net Cash Provided by Investing Activities	<u>1,501,348</u>	<u>1,211,240</u>	<u>297,784</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>6,309,013</u>	<u>4,425,012</u>	<u>(4,269,066)</u>
Cash and Cash Equivalent			
Beginning, as Restated	31,062,760	25,089,805	19,650,953
Ending (including \$17,429,677 in restricted accounts)	<u>\$ 37,371,773</u>	<u>\$ 29,514,817</u>	<u>\$ 15,381,887</u>
Reconciliation of Operating Income to Net Cash Provided by (Used for) Operating Activities:			
Operating Income (Loss)	\$ 8,776,930	\$ 2,831,916	\$ 4,386,176
Adjustments to Reconcile Operating Income (Loss) to Net Cash from Operating Activities:			
Depreciation and Amortization	5,874,663	4,147,696	1,120,309
Write-off of Capital Assets	33,463	79,116	
Changes in Assets and Liabilities:			
Accounts Receivable	(408,021)	(41,324)	276,737
Due from Other Governmental Agencies	1,010,653		610,848
Inventories and Prepayments	(292,380)		
Accounts Payable and Accrued Liabilities	(1,630,161)	(55,348)	402,595
Claims and Judgments Payable			
Unearned Revenues	(679,276)		
Compensated Absences Payable	(51,593)	1,512	77,742
Net Cash Provided by (Used for) Operating Activities	<u>\$ 12,634,278</u>	<u>\$ 6,963,568</u>	<u>\$ 6,874,407</u>
Noncash Investing, Capital and Financing Activities:			
Capital Assets Contributed by Developers	<u>\$ 2,039,446</u>	<u>\$ 1,875,359</u>	

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

Nonmajor Funds	Totals	Governmental Activities Internal Service Funds
\$ (463,076)	\$ 101,027,803	\$ 10,948,487
(1,849,079)	(63,632,196)	(3,047,100)
(448,021)	(14,613,137)	(1,593,304)
		(193,000)
		(2,314,217)
629,433	1,559,040	247,408
<u>(2,130,743)</u>	<u>24,341,510</u>	<u>4,048,274</u>
1,724,206	1,724,206	
13,886	13,886	
481,780	6,093,780	76,000
	(6,150,780)	(7,061,403)
<u>2,219,872</u>	<u>1,681,092</u>	<u>(6,985,403)</u>
1,817	813,846	
(1,817)	(6,064,255)	
	(6,476,032)	
	76,000	
(15,000)	519,618	
(224,953)	(11,588,016)	
<u>(239,953)</u>	<u>(22,718,839)</u>	<u>-</u>
237,199	3,247,571	251,458
<u>237,199</u>	<u>3,247,571</u>	<u>251,458</u>
86,375	6,551,334	(2,685,671)
8,512,479	84,315,997	30,318,691
<u>\$ 8,598,854</u>	<u>\$ 90,867,331</u>	<u>\$ 27,633,020</u>
\$ (1,926,523)	\$ 14,068,499	\$ 1,205,587
314,392	11,457,060	
1,421	114,000	
2,593	(170,015)	65
(475,734)	1,145,767	
	(292,380)	(1,611)
16,870	(1,266,044)	42,917
		2,801,013
(59,976)	(739,252)	
(3,786)	23,875	303
<u>\$ (2,130,743)</u>	<u>\$ 24,341,510</u>	<u>\$ 4,048,274</u>
	<u>\$ 3,914,805</u>	

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



Fiduciary Fund Financial Statements

Fiduciary Fund represents an Agency Fund, which is custodial in nature and is 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 Assets
Fiduciary Funds
June 30, 2010

	<u>Pass Through Agency Fund</u>
Assets:	
Cash and Investments	\$ 1,184,668
Interest Receivable	148,343
Due from Other Governmental Agencies	556,112
Restricted Assets:	
Cash and Investments	<u>31,136,789</u>
Total Assets	<u>\$ 33,025,912</u>
 Liabilities:	
Accounts Payable and Accrued Liabilities	\$ 25,041
Due to Bondholders	<u>33,000,871</u>
Total Liabilities	<u>\$ 33,025,912</u>

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



CITY OF CORONA

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Year Ended June 30, 2010

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CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2010

1. Summary of Significant Accounting Policies

A. Description of the Reporting Entity

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

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

Blended Component Units

The Redevelopment Agency of the City of Corona was established August 5, 1964, pursuant to the State of California Health and Safety Code, Section 33000, entitled "Community Redevelopment Law" and on November 11, 1975, the City Council became the governing board. The Agency was formed for the purpose of preparing and carrying out plans for improvement, rehabilitation and redevelopment of blighted areas within the territorial limits of the City. City staff provides management assistance to the Agency. The funds of the Agency have been included in the governmental activities in the financial statements.

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

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

CITY OF CORONA

Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2010

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. The funds of the Authority have been included in the business-type activities in the financial statements.

B. Basis of Accounting/Measurement Focus

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

Government-Wide Financial Statements

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

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

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the statement of net assets have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the statement of activities and changes in net assets, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

The City applies all applicable GASB pronouncements (including all NCGA Statements and Interpretations currently in effect) as well as the following pronouncements issued on or before November 30, 1989, to the business-type activities, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the committee on Accounting Procedure.

CITY OF CORONA

Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2010

Governmental Fund Financial Statements

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

The City reports the following major governmental funds:

The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

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

The Redevelopment special revenue fund is used to account for the Redevelopment Agency's low-mod housing activities.

The Redevelopment debt service fund accounts for tax increment revenue and other miscellaneous revenue as well as payments of principal and interest on Redevelopment Agency debt.

The Redevelopment capital projects fund accounts for transactions related to proceeds from bonds and other resources and their use to perform redevelopment related activities within specific redevelopment project areas.

The Public Facility capital projects fund accounts for transactions related to proceeds from debt and other resources and their use to acquire and construct certain capital facilities.

All governmental funds are accounted for on a spending or current financial resources measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the balance sheets. The statement of revenues, expenditures and changes in fund balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due, however; the City has adopted a 12-month recognition period for Sales Tax and Grant revenues. Also, the City accrued highway users tax and AQMD funds received after the 60-day accrual period according to AB 7 and AB5 x8. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property tax, intergovernmental revenues and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

CITY OF CORONA

Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2010

Proprietary Fund Financial Statements

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

The City reports the following major proprietary funds:

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

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

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

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

Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a statement of fiduciary net assets and a combining statement of changes in assets and liabilities. The City's fiduciary fund represents agency funds, which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The agency funds are accounted for on the accrual basis of accounting.

Fiduciary funds account for receipt of special taxes and assessments used to pay principal and interest on related bonds with no direct City liability, as well as receipt and disbursement of capital project bond proceeds related to bonds that the City has no direct liability.

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

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

CITY OF CORONA

Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2010

C. Cash, Cash Equivalents and Investments

Cash Management

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

Investments Valuation

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

State Investment Pool

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

D. Cash and Cash Equivalents

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.

E. 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.

F. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans) or "interfund advances receivable/payable" (i.e. the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds".

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

CITY OF CORONA

Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2010

Proprietary fund receivables are shown net of an allowance for uncollectible accounts. Allowances of uncollectibles were \$219,364 for Water and Water Reclamation utility charges and \$85,535 for Electric utility charges as of June 30, 2010. Utility customers are billed monthly. The estimated value of services provided, but unbilled at year end has been included in the accompanying financial statements.

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

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

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

The County of Riverside collects an administration fee from the City and the 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".

G. Inventories, Prepaid Items and Land Held for Resale

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

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 3 for additional information.

CITY OF CORONA

Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2010

I. Use of Restricted/Unrestricted Net Assets

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

J. Capital Assets

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

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

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

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

The City elected to use the "modified approach" as defined by GASB Statement No. 34 for infrastructure reporting of its streets, concrete and asphalt pavements. The City commissioned a physical assessment of the streets condition in November 2009. This condition assessment will be performed every two years. Each homogeneous segment of City owned street was assigned a physical condition based on 17 potential defects. A Pavement Condition Index (PCI) was assigned to each street segment. The index is expressed in a continuous scale from 0 to 100, where 0 is assigned to the least acceptable physical condition and 100 is assigned to segments of street that have the physical characteristics of a new street. The following conditions were defined: excellent condition is assigned to segments with a scale rating between 86 and 100, very good condition is assigned to segments with a scale rating between 71 and 85, good condition is assigned to segments with a rating between 56 and 70, fair condition is assigned to segments with a scale rating between 41 and 55, poor condition is assigned to segments with a scale rating between 26 and 40, very poor segments have a range of 11 to 25 and distressed condition is assigned to segments with a scale rating between 0 and 10. The City's policy relative to

CITY OF CORONA

Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2010

maintaining the street assets is to achieve an average rating of 70 for all street segments. This acceptable rating allows minor cracking and raveling of the pavement along with minor roughness that could be noticeable to drivers traveling at the posted speeds.

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, 2010. 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.

K. Risk Management

The City administers self-insurance programs for workers' compensation and liability losses. These self-funding activities are accounted for in internal service funds. Excess insurance is purchased to protect the City from losses above the self-insured retention. An independent firm performs biannual actuarial valuation study for the Workers' Compensation and the Liability Risk Insurance funds. The latest study was done on July 7, 2010 for periods ending June 30, 2010 and 2011. At no time during the past five years have insurance claims exceeded insurance coverage. Refer to Note 16 for additional information.

L. Compensated Absences Payable

Under certain circumstances and according to 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. Refer to Note 6 for additional information.

M. 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 assets.

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

CITY OF CORONA

Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2010

N. Fund Equity

The City implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* as of June 30, 2010. Fund balance in governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The City considers restricted fund balance to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. Similarly, when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the City considers committed amounts to be reduced first, followed by assigned amounts and then unassigned amounts. The City established an administrative policy on reporting and classifying fund balance in the General Fund in June 2010 that complies with GASB Statement No. 54. Refer to Note 15 for additional information.

2. Cash and Investments

The City of Corona maintains a cash and investment pool that is available for all funds. Each fund type balance in the pool is reflected on the combined balance sheet as cash and investments. The City apportions interest earnings to all funds based on their monthly cash balances.

A. Cash Deposits

The carrying amounts of the City's cash deposits were \$(177,815) at June 30, 2010. Bank balances before reconciling items were \$1,528,673 at that date, the total amount of which was collateralized or insured with securities held by pledging financial institutions in the City's name as discussed below.

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.

In January 2009, the Federal Deposit Insurance Corporation (FDIC) implemented the Temporary Liquidity Guarantee Program (TLGP) with all applicable financial institutions. This program gave non-interest bearing deposits unlimited insurance protection, temporarily replaced the collateral requirement of the financial institutions, which requires the market value of the pledged securities equal at least 110% of a City's deposits. The TLGP program will expire by December 31, 2010. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of a City's total deposits. The City may waive collateral requirements for cash deposits, which are fully insured up to \$250,000 by the FDIC.

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

CITY OF CORONA

Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2010

B. Investments

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

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

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments were stated at fair value using the aggregate method in all funds and component units, resulting in the following investment income in all funds and component units:

	<u>2010</u>	<u>2009</u>
Realized gain/(loss) on matured investments	\$ 989,020	\$ (49,059)
Unrealized gain in changes in fair value of investments	741,582	3,698,470
Interest Income	<u>8,643,699</u>	<u>10,672,601</u>
Total investment income	<u>\$ 10,374,301</u>	<u>\$ 14,322,012</u>

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

In accordance with GASB Statement No. 31, the portfolio for year-end reporting purposes is treated as if it were all sold. Therefore, fund balance must reflect the portfolio's change in value. These portfolio value changes are unrealized unless sold.

CITY OF CORONA

Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2010

C. Summary of Cash and Investments

The following is a summary of pooled cash and investments at June 30, 2010:

	Government-Wide Statement of Net Assets			Fiduciary Fund	Total
	Governmental	Business-Type	Total	Statement of	
	Activities	Activities		Net Assets	
Cash and Investments	<u>\$ 162,290,652</u>	<u>\$ 73,437,654</u>	<u>\$ 235,728,306</u>	<u>\$ 1,184,668</u>	<u>\$ 236,912,974</u>
Restricted Cash and Investments	<u>\$ 14,289,422</u>	<u>\$ 17,429,677</u>	<u>\$ 31,719,099</u>	<u>\$ 31,136,789</u>	<u>\$ 62,855,888</u>
Total Cash and Investments					<u><u>\$ 299,768,862</u></u>

As of June 30, 2010, the City had the following deposits and investments:

	Credit	Fair	Total
	Ratings	Value	
<u>City Treasury:</u>			
Deposits	Not Rated		\$ (177,815)
<u>Investments:</u>			
Medium Term Notes	AAA	\$ 51,763,326	
Medium Term Notes	AA+	5,868,923	
Medium Term Notes	AA	7,133,551	
Medium Term Notes	AA-	6,609,901	
Medium Term Notes	A+	5,895,281	
Medium Term Notes	A	8,450,860	
Medium Term Notes	A-	<u>1,936,613</u>	87,658,455
U.S. Government Agency Securities			
FFCB	AAA	14,460,593	
FHLB	AAA	11,302,658	
FHLMC	AAA	20,942,743	
FNMA	AAA	20,081,594	
U.S. Treasury	Not Rated	<u>36,014,293</u>	102,801,881
Union Bank Money Market Funds	Not Rated		150,565
Local Agency Investment Funds	Not Rated		46,479,888
<u>Restricted Cash and Investments:</u>			
Cash & Investments with Fiscal Agents	Not Rated	59,799,127	
PUC Public Purpose	Not Rated	508,980	
Electric Restricted Cash	Not Rated	1,100,000	
Transit Restricted Cash	Not Rated	329,632	
Retention & Escrow Accounts	Not Rated	1,118,149	62,855,888
Total cash and investments			<u><u>\$ 299,768,862</u></u>

CITY OF CORONA

Notes to the Basic Financial Statements (continued)

Year Ended June 30, 2010

D. Risk Disclosures

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits the City's investment portfolio to maturities not to exceed five years at time of purchase. The investment maturities of the City's portfolio as of June 30, 2010 are presented on the following page.

Credit Risk. State law limits investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations (NRSROs). It is the City's policy to limit its investments in these investment types to the top rating issued by NRSROs, including raters Standard & Poor's, Fitch Ratings, and Moody's Investors Service. The City's credit risk, expressed on a percentage basis as of June 30, 2010 is presented below.

<u>Investment</u>	<u>Moody's Rating</u>	<u>S & P Rating</u>	<u>% of Investment</u>
US T-Notes	Not Rated	Not Rated	15.19%
LAIF	Not Rated	Not Rated	19.58%
Diversified Investment	Not Rated	Not Rated	0.06%
FFCB	Aaa	AAA	6.10%
FHLB	Aaa	AAA	4.77%
FHLMC	Aaa	AAA	8.84%
FNMA	Aaa	AAA	8.47%
Wells Fargo Corp FDIC Insured	Aaa	AAA	2.48%
JP Morgan FDIC Insured	Aaa	AAA	2.58%
General Electric Co FDIC Insured	Aaa	AAA	2.54%
US Bank Corp FDIC	Aaa	AAA	2.49%
Bank of America Corp FDIC Insured	Aaa	AAA	2.42%
Goldman Sachs FDIC Insured	Aaa	AAA	2.49%
Tennessee Valley Authority	Aaa	AAA	4.35%
PNC Funding Corp	Aaa	AAA	2.49%
General Electric Co	Aa2	AA+	1.26%
Berkshire Hathaway	Aa2	AA+	1.22%
Chevron Texaco Corp	Aa1	AA	1.21%
Pfizer Inc	A1	AA	0.75%
Wal-Mart Stores	Aa2	AA	1.05%
Wells Fargo Corp	Aa3	AA-	0.81%
Northern Trust Company	A1	AA-	0.80%
Bank of New York	Aa2	AA-	1.18%
JP Morgan Chase & Co	Aa3	A+	0.88%
IBM Corp	A1	A+	0.80%
Blackrock Inc	A1	A+	0.80%
General Dynamics Corp	A2	A	0.74%
Morgan Stanley	A2	A	0.83%
Hewlett-Packard Corp	A2	A	0.84%
AT&T Corporation	A2	A	0.81%
Praxair	A2	A	0.35%
Pepsico Inc	Aa3	A-	0.82%
Total			<u>100.00%</u>

CITY OF CORONA

Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2010

As of June 30, 2010, the City Treasury had the following investment maturities:

Investment	Fair Value	Investment Maturities (In Years)		
		Less than 1	1 to 3	3 to 5
Cash and Investments:				
FFCB	\$ 14,460,593	\$ -	\$ 4,596,643	\$ 9,863,950
FHLB	11,302,658		9,160,158	2,142,500
FHLMC	20,942,743		14,956,817	5,985,926
FNMA	20,081,594	2,589,845	11,051,558	6,440,191
US T-Notes	36,014,293		32,572,873	3,441,420
LAIF	46,479,888	46,479,888		
Diversified Investment	150,565	150,565		
Wells Fargo & Company	7,799,137		5,889,077	1,910,060
General Dynamics Corp	1,757,263	1,757,263		
JP Morgan Chase & Co	8,216,002		6,119,170	2,096,832
General Electric Co FDIC Insured	6,014,315		6,014,315	
General Electric Co	2,980,303			2,980,303
US Bancorp	5,899,414		5,899,414	
Wal- Mart Stores	2,490,384		2,490,384	
Bank of America	5,743,815		5,743,815	
Goldman Sachs FDIC Insured	5,890,101		5,890,101	
Pfizer Inc	1,786,567			1,786,567
Tennessee Valley Authority	10,312,762		10,312,762	
PNC Funding Corp	5,894,672		5,894,672	
IBM Corp	1,900,549		1,900,549	
Chevron Texaco Corp	2,856,600			2,856,600
Northern Trust Company	1,901,985			1,901,985
Morgan Stanley	1,960,234			1,960,234
Bank of New York	2,797,856			2,797,856
Hewlett Packard Company	1,983,295			1,983,295
AT&T Corporation	1,916,818			1,916,818
Blackrock Inc	1,897,900			1,897,900
Pepsico Inc	1,936,613			1,936,613
Berkshire Hathaway	2,888,620			2,888,620
Praxair	833,250			833,250
Deposits	(177,815)	(177,815)		
Total	\$ 236,912,974	\$ 50,799,746	\$ 128,492,308	\$ 57,620,920
Restricted Cash and Investments:				
Cash and Cash in Escrow	\$ 3,056,761	\$ 3,056,761	\$ -	\$ -
Local Agency Investment Funds	10,077,815	10,077,815		
Aim Government & Agency	4,162,188	4,162,188		
Aim S-T Investement Treasury	9,803,487	9,803,487		
Blackrock Treasury Fund	3,174,195	3,174,195		
Dreyfus Treasury Cash Mgmt	3,306,871	3,306,871		
Federal Treasury Obligation	9,753,454	9,753,454		
Treasury Money Market Fund	1,495,561	1,495,561		
US Bank Money Market Fund	4,185,385	4,185,385		
Natixis Funding Corp	4,300,695			4,300,695
Bayerische Landesbank	2,349,390			2,349,390
AIG Matched Funding Corp	4,754,550			4,754,550
FSA Capital Mgmt Svc LLC	2,435,536			2,435,536
Total	\$ 62,855,888	\$ 49,015,717	\$ -	\$ 13,840,171

CITY OF CORONA

Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2010

E. Investments in Local Agency Investment Funds

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight to the Treasurer of the State of California. LAIF is overseen by the Local Agency Investment Advisory Board, which consists of five members, in accordance with State statute. The State Treasurer's Office audits the fund annually. The City's investments with LAIF at June 30, 2010 included a portion of the pool funds invested in Structured Notes and Asset-Backed Securities. These investments included the following:

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

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

As of June 30, 2010, the City had \$46,403,611 invested in LAIF. Fair value of the City's LAIF investments was \$46,479,888 as of June 30, 2010. This is arrived at by multiplying the City's LAIF account balance by a fair value factor determined by LAIF. The fair value factor was determined by dividing all LAIF participants' total aggregate fair value by total aggregate amortized cost, resulting in a factor of 1.001643776.

CITY OF CORONA

Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2010

3. Interfund Transactions**A. Current Interfund Balances**

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, 2010:

<u>Receivable Fund</u>	<u>Amount</u>	<u>Payable Fund</u>	<u>Amount</u>
Major Funds:		Major Funds:	
General Fund	\$ 760,150	Public Facilities Capital Projects	\$ 241,126
		Non-Major Funds:	
		<u>Special Revenue Fund:</u>	
		Other Grants & Endowments	328,298
		<u>Capital Projects Funds:</u>	
		HUD Grants	189,392
		Planned Local Drainage	1,334
Total	<u>\$ 760,150</u>	Total	<u>\$ 760,150</u>

B. Long-Term Interfund Advances

At June 30, 2010, the funds below have made advances that were not expected to be repaid in one year or less.

<u>Receivable Fund</u>	<u>Amount</u>	<u>Payable Fund</u>	<u>Amount</u>
Major Funds:		Major Funds:	
General Fund	\$ 18,176,735	Redevelopment - Debt Service	\$ 11,031,436
<u>Special Revenue Funds:</u>		<u>Special Revenue Funds:</u>	
Development	412,865	Development	10,163,545
Redevelopment	5,308,281	Redevelopment	870,837
<u>Enterprise Funds:</u>		<u>Enterprise Funds:</u>	
Water	473,875	Water Reclamation	13,631,136
Electric	19,745,086	Electric	1,199,198
		Non-Major Funds:	
		Special Tax Districts - Special Revenue	412,865
		<u>Enterprise Funds:</u>	
		Public Financing Authority	6,587,825
		Airport	220,000
Total	<u>\$ 44,116,842</u>	Total	<u>\$ 44,116,842</u>

CITY OF CORONA

Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2010

The Redevelopment debt service and special revenue funds advances are from the General Fund and are composed of various operating advances for the Redevelopment Agency's different project areas. The advances have different terms and interest rates and are expected to be repaid with tax increment revenue.

The Development special revenue fund is repaying the General Fund with the developer impact fees.

The Dwelling Development 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 Redevelopment special revenue fund advanced the Redevelopment debt service fund \$5,308,281 towards the Redevelopment Agency's Supplemental Educational Revenue Augmentation Fund (SERAF).

The Water Reclamation enterprise fund payable of \$13,631,136 represents the amount due to the Electric Fund in relation to the transfer of certain bio-solids drying facility.

The Electric enterprise fund payable of \$1,199,198 represents a reimbursement to the General Fund for certain Corporation Yard Expansion project costs.

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

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

C. Internal Balances – Capital Lease Receivable

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 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.

Capital Lease Obligations

The Authority entered into capital leases with the City to lease the City's Water and Water Reclamation facilities. The terms of the leases are 55 years at which time the Authority will own the capital assets of the Water and Water Reclamation facilities.

CITY OF CORONA

Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2010

The capital assets of the Water and Water Reclamation facilities were recorded at the City's historical cost, net of accumulated depreciation, and related debt has also been recorded resulting in a lease payable for an amount equal to the net assets recorded on the City's financial statements. For the fiscal year ended June 30, 2010, the annual lease payment was calculated with a 4.0% growth factor over the Fiscal Year 2008-09 amount. The original lease payments since Fiscal Year 2001-02 was established as 5% to 8% of the corresponding utility sales revenues of that year. Starting Fiscal Year 2008-09 and the following five fiscal years, the lease payment is calculated with a 3.5% to 4% growth factor over the previous fiscal year.

The following Internal Balances – Capital Leases were outstanding at June 30, 2010:

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

Capital Lease Payments

At June 30, 2010, the future minimum lease payments required under the capital leases and the net present value of the future lease payments for the Water and Water Reclamation Utilities are presented below.

Corona Utility Authority Future Lease Payments - Water Utility

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ -	\$ 3,597,300
2012		3,741,192
2013		3,890,840
2014		4,046,473
2015		4,046,473
2016-2020		18,482,670
2021-2025		15,871,698
2026-2030		13,222,122
2031-2035		10,780,958
2036-2040		8,790,499
2041-2045		7,083,363
2046-2050		5,493,620
2051-2055		4,166,817
2056		146,695
Total Future Lease Payments	<u>-</u>	<u><u>\$ 103,360,720</u></u>
Amount to be Forgiven at End of Lease	<u>106,819,662</u>	
Present Value of Total Lease Payment	<u><u>\$ 106,819,662</u></u>	

CITY OF CORONA

Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2010

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ -	\$ 1,934,499
2012		2,011,879
2013		2,092,354
2014		2,176,048
2015		2,176,048
2016-2020		10,244,576
2021-2025		9,260,285
2026-2030		8,121,146
2031-2035		6,973,904
2036-2040		5,988,729
2041-2045		5,097,640
2046-2050		4,090,041
2051-2055		3,248,961
2056		532,477
Total Future Lease Payments	<u>-</u>	<u>\$ 63,948,587</u>
Amount to be Forgiven at End of Lease	<u>65,808,682</u>	
Present Value of Total Lease Payment	<u>\$ 65,808,682</u>	

All lease payments are considered interest payments toward the lease obligation. It is understood between the City and the Authority that the principal amount of the lease obligation will be forgiven at the end of the lease term.

Current Year Transactions

During Fiscal Year 2009-10, the following related party transactions were recorded by the City and the Authority:

<u>Payee</u>	<u>Amount</u>
Water Utility	\$ 3,458,942
Water Reclamation Utility	1,860,095
Total Payment from the Authority to the City	<u><u>\$ 5,319,037</u></u>

CITY OF CORONA

Notes to the Basic Financial Statements (continued)

Year Ended June 30, 2010

D. Transfers Between Funds

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

- \$1,080,581 from the Gas Tax and other governmental funds for reimbursement of street maintenance costs and investment earnings.
- \$3,555,000 from the Workers' Compensation Fund to the General Fund for refund of excess charges in the prior years.
- \$1,675,709 from the Fleet Operations internal service fund to the General Fund to reimburse vehicle replacements.
- \$1,554,810 from the General Fund to the Redevelopment capital projects fund regarding various developer agreements funding.
- \$4,352,348 from the Redevelopment debt service fund to the Redevelopment capital projects fund for the funding of administrative costs, capital improvements and fiscal agent activities.
- \$2,414,900 from the General Fund to the Public Financing Authority debt service fund to establish bond reserves.
- \$5,000,000 from Electric Fund to Water (\$3,400,000) and Water Reclamation (\$1,600,000) funds to reimburse prior transfers from Water and Water Reclamation fund transfers related to bond covenant coverage ratio requirements for the 2003 and 2005 COP bonds.

CITY OF CORONA

Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2010

Total transfers of \$23,610,517 are presented below:

Transfer Out	Transfer In				
	General Fund	Development Special Revenue	Redevelopment Special Revenue	Redevelopment Capital Projects	Public Facilities Capital Projects
General Fund	\$ -	\$ 80	\$ -	\$ 1,554,810	\$ 86,432
Development Special Revenue	36,960				
Redevelopment Debt Service				4,352,348	
Public Facilities Capital Projects					
Non-major Governmental	1,579,877	200,000			48,721
Water					
Electric		650,000		40,000	
Internal Service	6,040,403		24,000	126,000	
Total Transfers In	<u>\$ 7,657,240</u>	<u>\$ 850,080</u>	<u>\$ 24,000</u>	<u>\$ 6,073,158</u>	<u>\$ 135,153</u>

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CITY OF CORONA

Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2010

Transfer In						
<u>Non-Major Governmental</u>	<u>Water</u>	<u>Water Reclamation</u>	<u>Electric</u>	<u>Other Proprietary</u>	<u>Internal Service</u>	Total Transfers Out
\$ 2,534,079	\$ -	\$ -	\$ -	\$ -	\$ 5,000	\$ 4,180,401
						36,960
						4,352,348
27						27
						1,828,598
				460,780		460,780
	3,400,000	1,600,000				5,690,000
167,000	332,000	223,000	57,000	21,000	71,000	7,061,403
<u>\$ 2,701,106</u>	<u>\$ 3,732,000</u>	<u>\$ 1,823,000</u>	<u>\$ 57,000</u>	<u>\$ 481,780</u>	<u>\$ 76,000</u>	<u>\$ 23,610,517</u>

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CITY OF CORONA

Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2010

4. Long-Term Receivables

Long-term receivables on the governmental fund financial statement as of June 30, 2010 are presented by specific description so as not to be aggregated. The significant receivable balances in the governmental funds which are not expected to be collected within one year are:

	<u>Loans Receivable</u>	<u>Long-Term Receivable</u>
Major Funds		
General Fund	\$ -	\$ 484,872
Development Special Revenue	43,860	1,583,366
Redevelopment Special Revenue	14,299,576	
Redevelopment Capital Project	500,000	
Non-Major Funds		
Assessment Districts		1,435,000
HUD Grants	772,612	
Total	<u>\$ 15,616,048</u>	<u>\$ 3,503,238</u>

The General Fund long-term receivable represents reimbursement fees to be paid by developers for the Temescal Canyon Communications Tower in the amount of \$287,932 and reimbursement fees to be paid by developers for Community Facilities Plan Reimbursement for the South Corona area in the amount of \$196,940.

The Development special revenue fund reports a loans receivable of \$43,860 for the sale of real property to a developer; the fund also reports a long-term receivable for future developer impact fees for the Temescal Canyon Public Safety Facility.

The Redevelopment special revenue fund reports loans receivable for low-mod housing programs that have varying terms and re-payment provisions.

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

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

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

CITY OF CORONA

Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2010

5. Capital Assets

In accordance with GASB Statement No. 34, the City has reported all capital assets including infrastructure in the government-wide Statement of Net Assets. The City elected to use the "modified approach" as defined by GASB Statement No. 34 for infrastructure reporting for its pavement system. As a result, no accumulated depreciation or depreciation expense has been recorded for this system. A more detailed discussion of the "modified approach" is presented in the Required Supplementary Information section of this report. All other capital assets including other infrastructure systems were reported using the basic approach whereby accumulated depreciation and depreciation expense have been recorded. The following table presents summary information on the City's infrastructure assets as of June 30, 2010.

<u>Description</u>	<u>Historical Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Cost</u>
Governmental Activities:			
Modified Approach			
Street Pavement System	\$ 172,031,174	\$ -	\$ 172,031,174
Basic Approach			
Curbing	76,232,251	(27,927,842)	48,304,409
Sidewalks	82,868,491	(30,032,738)	52,835,753
Signs and Lights	37,705,853	(9,456,299)	28,249,554
Storm Drains	90,832,641	(21,470,399)	69,362,242
Fiberoptics	1,187,096	(410,924)	776,172
Subtotal Basic Approach	<u>288,826,332</u>	<u>(89,298,202)</u>	<u>199,528,130</u>
Total Governmental Activities	<u>\$ 460,857,506</u>	<u>\$ (89,298,202)</u>	<u>\$ 371,559,304</u>
Business-Type Activities:			
Basic Approach			
Fiberoptics	\$ 235,951	\$ (83,813)	\$ 152,138
Electric	4,444,941	(309,877)	4,135,064
Water	182,159,593	(39,972,119)	142,187,474
Water Reclamation	75,581,591	(14,919,521)	60,662,070
Total Business-Type Activities	<u>\$ 262,422,076</u>	<u>\$ (55,285,330)</u>	<u>\$ 207,136,746</u>

CITY OF CORONA

Notes to the Basic Financial Statements (continued)

Year Ended June 30, 2010

Capital Assets of the City for the year ended June 30, 2010 consisted of the following:

	Restated Balance July 1, 2009	Increases	Decreases	Balance June 30, 2010
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 60,429,723	\$ 178,726	\$ -	\$ 60,608,449
Streets	171,834,668	196,506	-	172,031,174
Construction in Progress	46,475,520	13,949,572	(14,714,874)	45,710,218
Total capital assets not being depreciated	<u>278,739,911</u>	<u>14,324,804</u>	<u>(14,714,874)</u>	<u>278,349,841</u>
Capital assets being depreciated:				
Buildings and Improvements	191,009,662	14,086,040		205,095,702
Machinery and Equipment	30,316,942	397,452	(4,171,170)	26,543,224
Computer Software		150,435		150,435
Infrastructure	287,474,643	1,351,689		288,826,332
Total capital assets being depreciated	<u>508,801,247</u>	<u>15,985,616</u>	<u>(4,171,170)</u>	<u>520,615,693</u>
Less accumulated depreciation for:				
Buildings and Improvements	(71,872,796)	(4,836,402)		(76,709,198)
Machinery and Equipment	(17,676,443)	(1,918,061)	3,209,002	(16,385,502)
Computer Software		(2,507)		(2,507)
Infrastructure	(84,633,712)	(4,664,490)		(89,298,202)
Total accumulated depreciation	<u>(174,182,951)</u>	<u>(11,421,460)</u>	<u>3,209,002</u>	<u>(182,395,409)</u>
Total capital assets being depreciated, net	<u>334,618,296</u>	<u>4,564,156</u>	<u>(962,168)</u>	<u>338,220,284</u>
Governmental activity capital assets, net	<u>\$ 613,358,207</u>	<u>\$ 18,888,960</u>	<u>\$ (15,677,042)</u>	<u>\$ 616,570,125</u>
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 2,667,383	\$ 279,676	\$ -	\$ 2,947,059
Water Reclamation Rights	9,180,000			9,180,000
Construction in Progress	28,413,818	5,562,438	(7,749,212)	26,227,044
Total capital assets not being depreciated	<u>40,261,201</u>	<u>5,842,114</u>	<u>(7,749,212)</u>	<u>38,354,103</u>
Capital assets being depreciated:				
Buildings and Improvements	118,538,423	169,001		118,707,424
Machinery and Equipment	83,983,834	4,901,123	(778,169)	88,106,788
Infrastructure	255,606,042	6,816,034		262,422,076
Emission Reduction Credits	546,917			546,917
Total capital assets being depreciated	<u>458,675,216</u>	<u>11,886,158</u>	<u>(778,169)</u>	<u>469,783,205</u>
Less accumulated depreciation for:				
Buildings and Improvements	(29,653,865)	(2,497,982)		(32,151,847)
Machinery and Equipment	(28,867,778)	(4,285,020)	588,170	(32,564,628)
Infrastructure	(50,678,954)	(4,606,376)		(55,285,330)
Emission Reduction Credits	(334,582)	(67,682)		(402,264)
Total accumulated depreciation	<u>(109,535,179)</u>	<u>(11,457,060)</u>	<u>588,170</u>	<u>(120,404,069)</u>
Total capital assets being depreciated, net	<u>349,140,037</u>	<u>429,098</u>	<u>(189,999)</u>	<u>349,379,136</u>
Business-type activity capital assets, net	<u>\$ 389,401,238</u>	<u>\$ 6,271,212</u>	<u>\$ (7,939,211)</u>	<u>\$ 387,733,239</u>
Total Capital Assets	<u>\$ 1,002,759,445</u>	<u>\$ 25,160,172</u>	<u>\$ (23,616,253)</u>	<u>\$ 1,004,303,364</u>

CITY OF CORONA

Notes to the Basic Financial Statements (continued)
 Year Ended June 30, 2010

For the year ended June 30, 2010, accumulated depreciation on governmental activity capital assets and depreciation expense charged to each governmental function are presented as follows:

Depreciation by Governmental Departments

	Previous Year Accumulated Depreciation	Current Year Depreciation	Accumulated Depreciation	Adjustments to Depreciation	Adjusted Accumulated Depreciation
General Government	\$ 16,907,877	\$ 2,600,860	\$ 19,508,737	\$ (214,192)	\$ 19,294,545
Public Safety - Fire	5,978,923	690,900	6,669,823	(666,376)	6,003,447
Public Safety - Police	6,578,335	701,470	7,279,805	(1,397,605)	5,882,200
Public Works	87,713,656	5,035,614	92,749,270	(642,975)	92,106,295
Redevelopment	1,636,082	323,870	1,959,952	(18,700)	1,941,252
Parks and Recreation	54,989,571	2,053,060	57,042,631	(269,154)	56,773,477
Library	378,507	15,686	394,193		394,193
Total Depreciation Expense	<u>\$ 174,182,951</u>	<u>\$ 11,421,460</u>	<u>\$ 185,604,411</u>	<u>\$ (3,209,002)</u>	<u>\$ 182,395,409</u>

The City has active construction projects as of June 30, 2010. These projects include street construction in areas of newly developed housing, pavement rehabilitation, various water and water reclamation upgrades and replacements, and the renovation of the City's police department facility. At year end, the City's commitments for construction totaled \$71,937,262.

Beginning balance of capital assets and accumulated depreciation has been restated by \$750,664 and \$333,348 respectively due to the reclassification of the Airport operations from a governmental fund to a proprietary fund during the Fiscal Year 2009-10. Refer to Note 18 for additional information.

6. Compensated Absences

The City's policy relating to compensated absences is described in Note 1. As shown in the table below, the long-term portion of this debt, amounting to \$2,845,155 for governmental activities and \$211,730 for business-type activities at June 30, 2010, is 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, 2010 was \$8,783,240 for governmental activities and \$905,217 for business-type activities.

	Restated Balance July 1, 2009	Incurred	Satisfied	Balance June 30, 2010	Amounts Due Within One Year	Amounts Due in More than One Year
Governmental Activities	<u>\$ 8,506,054</u>	<u>\$ 6,227,354</u>	<u>\$ 5,950,168</u>	<u>\$ 8,783,240</u>	<u>\$ 5,938,085</u>	<u>\$ 2,845,155</u>
Business-Type Activities	<u>\$ 867,456</u>	<u>\$ 736,645</u>	<u>\$ 698,884</u>	<u>\$ 905,217</u>	<u>\$ 693,487</u>	<u>\$ 211,730</u>

Beginning balance of compensated absences for governmental activities was restated by \$392,629 due to the separation of comp time earned from compensated absences. Comp time earned was reported as accrued liabilities as of June 30, 2010.

CITY OF CORONA

Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2010

7. Long-Term Obligations

The following is a summary of long-term obligation transactions of the City for the year ended June 30, 2010:

	<u>Balance July 1, 2009</u>	<u>Incurred or Issued</u>	<u>Satisfied or Matured</u>	<u>Balance June 30, 2010</u>	<u>Amounts Due Within One Year</u>	<u>Amounts Due in More than One Year</u>
Governmental Activities:						
Long Term Agreements Payable	\$ 5,724,827	\$ -	\$ 1,195,114	\$ 4,529,713	\$ 1,229,849	\$ 3,299,864
Lease Payable	474,685		474,685			
General Obligation Bonds Payable	950,000		950,000			
Redevelopment Bonds Payable	87,805,000		2,730,000	85,075,000	3,050,000	82,025,000
Lease Revenue Bonds Payable	70,695,000		2,790,000	67,905,000	2,890,000	65,015,000
Special Assessment District Bonds	1,900,000		465,000	1,435,000	350,000	1,085,000
Total Governmental Activities	<u>\$ 167,549,512</u>	<u>\$ -</u>	<u>\$ 8,604,799</u>	<u>\$ 158,944,713</u>	<u>\$ 7,519,849</u>	<u>\$ 151,424,864</u>
Business-Type Activities:						
Installment Agreement Payable	\$ 2,000,000	\$ 200,000	\$ 164,450	\$ 2,035,550	\$ 271,484	\$ 1,764,066
Contracts Payable	690,390			690,390		690,390
Term Loan Payable	39,625,438		2,418,786	37,206,652	2,482,678	34,723,974
Water Revenue Bonds	29,325,000		925,000	28,400,000	965,000	27,435,000
Certificates of Participation	95,645,000		2,610,000	93,035,000	2,715,000	90,320,000
Total Business-Type Activities	<u>\$ 167,285,828</u>	<u>\$ 200,000</u>	<u>\$ 6,118,236</u>	<u>\$ 161,367,592</u>	<u>\$ 6,434,162</u>	<u>\$ 154,933,430</u>

A. Long-Term Agreements Payable

The following Long Term Agreements Payable were outstanding at June 30, 2010:

<u>Agreements</u>	<u>Balance</u>
Riverside County Flood Control Agreement	\$ 371,667
Developer Agreement - Sherborn LLC	4,158,046
Total Long-Term Agreements	<u>\$ 4,529,713</u>

Pursuant to the Cooperation Agreement dated February 13, 1985 between the Riverside County Flood Control and Water Conservation District (District) and the Corona Redevelopment Agency (Agency), the Agency recorded an obligation in the amount of \$1,244,689 in Fiscal Years 2000-01 through 2003-04. During Fiscal Year 2004-05, the Agency and the District executed a Settlement and Release Agreement. The Agency's unpaid obligation, coupled with accrued interest, was determined to be \$1,300,835. The Settlement and Release Agreement allows the Agency to pay the principal balance of the obligation in equal annual payments of \$185,834 over a seven year period, plus accrued interest. The District will calculate the interest due on the principal balance at an adjustable rate in accordance with the average Riverside County Treasurer Pooled Investment Interest Rate. The balance of the agreement as of June 30, 2010 was \$371,667.

Pursuant to the Promissory Note set forth in the Purchase and Sale Agreement dated June 17, 2009 between the Agency and Sherborn, LLC, the Agency recorded an obligation in the amount of \$5,167,326. The Agency acquired land from Sherborn, LLC for potential redevelopment activities in the Merged Project Areas. Per the terms of the agreement, the Agency shall make semi-annual payments of \$600,000, including 4.0% accrued interest. On or before the maturity

CITY OF CORONA

Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2010

date of July 15, 2020, the Agency shall pay the balance of the obligation and any unpaid and accrued interest. The balance of the agreement as of June 30, 2010 was \$4,158,046.

B. Lease Payable

The City entered into a lease purchase agreement for \$1,065,000 with a funding date of November 22, 2002 for the purpose of purchasing a helicopter and related equipment for use by the City, primarily the Police Department. The helicopter has been recorded as a fixed asset at its purchase price. The lease/purchase is payable over a ten-year period at a rate of 3.845% interest in equal installments of \$130,294 per year through the year 2012. The City sold the helicopter and paid off the lease balance of \$474,685 in October 2009.

C. General Obligation Bonds

On December 20, 1995, the City issued \$7,225,000 in 1995 General Obligation Refunding Bonds for the purposes of providing funds to advance refund the series 1988A Corona General Obligation Bonds issued in the aggregate principal amount of \$7,390,000. The Series 1988A bonds were issued for the acquisition and improvement of land for the City's Public Library. The outstanding bonds bear interest of 5.1% with an annual installment in the amount of \$310,000 through July 1, 2009, and term bonds of \$640,000 due on July 1, 2011. The bonds are payable from ad valorem taxes levied against all taxable real property in the City (with the exception of certain classes of personal property). The City called the bonds in advance in January 2010.

D. Redevelopment Tax Allocation Bonds

These bonds are special obligations of the Agency and are payable from specific pledged revenues.

The following Tax Allocation Bonds were outstanding at June 30, 2010:

<u>Issuance</u>	<u>Balance</u>
\$ 9,355,000 Redevelopment Agency, 1996 Project Area "A" Set-Aside Tax Allocation Bonds	\$ 5,970,000
\$36,910,000 Redevelopment Agency, 2004 Project Area "A" Tax Allocation and Refunding Bonds	29,530,000
\$22,155,000 Redevelopment Agency, 2007 Temescal Canyon Project Area Tax Allocation Bonds	21,145,000
\$29,550,000 Redevelopment Agency, 2007 Project Area "A" Taxable Tax Allocation Bonds	28,430,000
Total Redevelopment Tax Allocation Bonds	<u><u>\$ 85,075,000</u></u>

CITY OF CORONA

Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2010

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

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

<u>Fiscal Year</u>	<u>1996 Set-Aside Tax Allocation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 365,000	\$ 321,451	\$ 686,451
2012	385,000	301,201	686,201
2013	405,000	279,669	684,669
2014	425,000	256,844	681,844
2015	450,000	232,781	682,781
2016-2020	2,655,000	749,844	3,404,844
2021-2022	1,285,000	73,266	1,358,266
Totals	<u>\$ 5,970,000</u>	<u>\$ 2,215,056</u>	<u>\$ 8,185,056</u>

2004 Project Area "A" Tax Allocation and Refunding Bonds

The \$36,910,000 of Redevelopment Project Area "A" 2004 Tax Allocation and Refunding Bonds bear interest from 4.50% to 5.35% and are due in annual installments ranging from \$1,610,000 to \$2,795,000. The bonds are payable from tax increment revenues of the Agency received from the project area and other funds and accounts pledged under the indenture. The bond issue will reduce debt service payments for the Agency by \$7,015,420 with an economic gain of \$3,226,023 or 8.233% as a percent of refunded bonds. The annual debt service requirements for the 2004 Redevelopment Tax Allocation Bonds are presented on the following page.

CITY OF CORONA

Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2010

	2004 Project Area "A" Tax Allocation Bonds		
Fiscal Year	Principal	Interest	Total
2011	\$ 1,610,000	\$ 1,299,044	\$ 2,909,044
2012	1,660,000	1,244,838	2,904,838
2013	1,715,000	1,183,631	2,898,631
2014	1,785,000	1,118,006	2,903,006
2015	1,850,000	1,047,537	2,897,537
2016-2020	10,505,000	3,912,219	14,417,219
2021-2024	10,405,000	1,072,125	11,477,125
Totals	\$ 29,530,000	\$ 10,877,400	\$ 40,407,400

2007 Temescal Canyon Project Area Tax Allocation Bonds

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

	2007 Temescal Canyon Tax Allocation Bonds		
Fiscal Year	Principal	Interest	Total
2011	\$ 625,000	\$ 903,746	\$ 1,528,746
2012	650,000	877,784	1,527,784
2013	680,000	850,696	1,530,696
2014	700,000	822,596	1,522,596
2015	730,000	793,484	1,523,484
2016-2020	4,095,000	3,481,451	7,576,451
2021-2025	4,485,000	2,554,478	7,039,478
2026-2030	5,350,000	1,482,912	6,832,912
2031-2033	3,830,000	263,700	4,093,700
Totals	\$ 21,145,000	\$ 12,030,847	\$ 33,175,847

CITY OF CORONA

Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2010

2007 Project Area "A" Taxable Tax Allocation Bonds

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

<u>Fiscal Year</u>	<u>2007 Project Area "A" Tax Allocation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 450,000	\$ 1,720,367	\$ 2,170,367
2012	485,000	1,697,609	2,182,609
2013	500,000	1,673,018	2,173,018
2014	1,140,000	1,630,702	2,770,702
2015	460,000	1,588,944	2,048,944
2016-2020	2,725,000	7,517,009	10,242,009
2021-2025	6,605,000	6,452,096	13,057,096
2026-2028	16,065,000	1,652,463	17,717,463
Totals	\$ 28,430,000	\$ 23,932,208	\$ 52,362,208

E. Lease Revenue Bonds

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

The following lease revenue bonds were outstanding at June 30, 2010:

<u>Issuance</u>	<u>Balance</u>
\$ 9,810,000 Corona Public Financing Authority 2001 Lease Revenue Bonds, Series A	\$ 4,445,000
\$35,000,000 Corona Public Financing Authority 2002 Lease Revenue Bonds, Series B	29,030,000
\$36,060,000 Corona Public Financing Authority 2006 Lease Revenue Bonds, Series C	34,430,000
Total Lease Revenue Bonds	\$ 67,905,000

CITY OF CORONA

Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2010

2001 Lease Revenue Bonds, Series A

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

<u>Fiscal Year</u>	<u>2001 Refunding Lease Revenue Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 815,000	\$ 183,835	\$ 998,835
2012	850,000	147,613	997,613
2013	885,000	109,000	994,000
2014	925,000	67,581	992,581
2015	970,000	23,037	993,037
Totals	<u>\$ 4,445,000</u>	<u>\$ 531,066</u>	<u>\$ 4,976,066</u>

2002 Lease Revenue Bonds, Series B

The CPFA 2002 Lease Revenue Bonds, Series B were issued on September 1, 2002 in the amount of \$35,000,000 to pay the costs of the design, construction and acquisition of the City Hall facility. The outstanding bonds bear interest from 3.30% to 5.38% and are due in annual principal installments ranging from \$1,095,000 to \$1,930,000 through September 1, 2023 with term bonds in the amount of \$8,675,000 due on September 1, 2027. The bonds are payable from the revenues expected to be received by the CPFA from the City as lease payments for the acquired improvements. The annual debt service requirements for the 2002 Lease Revenue Bonds Series B are as follows:

<u>Fiscal Year</u>	<u>2002 Lease Revenue Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 1,095,000	\$ 1,319,319	\$ 2,414,319
2012	1,130,000	1,281,476	2,411,476
2013	1,170,000	1,240,495	2,410,495
2014	1,215,000	1,196,507	2,411,507
2015	1,260,000	1,148,526	2,408,526
2016-2020	7,275,000	4,704,078	11,979,078
2021-2025	9,230,000	2,714,630	11,944,630
2026-2028	6,655,000	484,144	7,139,144
Totals	<u>\$ 29,030,000</u>	<u>\$ 14,089,175</u>	<u>\$ 43,119,175</u>

CITY OF CORONA

Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2010

2006 Lease Revenue Bonds, Series C

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

2006 Lease Revenue Bonds			
Fiscal Year	Principal	Interest	Total
2011	\$ 980,000	\$ 1,411,456	\$ 2,391,456
2012	1,015,000	1,371,644	2,386,644
2013	1,060,000	1,335,331	2,395,331
2014	1,095,000	1,297,619	2,392,619
2015	1,135,000	1,257,884	2,392,884
2016-2020	6,305,000	5,617,049	11,922,049
2021-2025	7,820,000	4,055,640	11,875,640
2026-2030	5,905,000	2,510,564	8,415,564
2031-2035	6,235,000	1,296,569	7,531,569
2036-2037	2,880,000	123,675	3,003,675
Totals	\$ 34,430,000	\$ 20,277,431	\$ 54,707,431

F. Special Assessment District Bonds (Indirect City Liability)

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

The following Assessment District Bonds were outstanding at June 30, 2010:

Issuance	Balance
\$3,630,086 Assessment District No. 89-1 Improvement Bonds	\$ 445,000
\$3,000,000 Assessment District No. 90-1 Improvement Bonds	990,000
Total Special Assessment District Bonds	\$ 1,435,000

CITY OF CORONA

Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2010

Assessment District No. 89-1 Improvement Bonds

The \$3,630,086 Assessment District No. 89-1 Improvement Bonds were issued to finance construction and acquisition of improvements in the Railroad Street Industrial Area. The outstanding bonds bear interest of 7.60% and mature in remaining annual installments of \$240,000 to \$250,000 through September 2, 2011. Annual debt service requirements for this assessment district improvement bonds are as follows:

<u>Fiscal Year</u>	<u>Assessment District No. 89-1 Improvement Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 215,000	\$ 25,650	\$ 240,650
2012	230,000	8,740	238,740
Totals	\$ 445,000	\$ 34,390	\$ 479,390

Assessment District No. 90-1 Improvement Bonds

The \$3,000,000 Assessment District No. 90-1 Improvement Bonds were issued to finance construction and acquisition of improvements within Tract 22909. The outstanding bonds bear interest of 8.00% and mature in remaining annual installments of \$145,000 to \$215,000 through September 2, 2015. Annual debt service requirements for this assessment district improvement bonds are as follows:

<u>Fiscal Year</u>	<u>Assessment District No. 90-1 Improvement Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 135,000	\$ 73,800	\$ 208,800
2012	145,000	62,600	207,600
2013	155,000	50,600	205,600
2014	170,000	37,600	207,600
2015	185,000	23,400	208,400
2016	200,000	8,000	208,000
Totals	\$ 990,000	\$ 256,000	\$ 1,246,000

G. Installment Agreement Payable

The following installment agreements were outstanding at June 30, 2010:

<u>Agreements</u>	<u>Balance</u>
Elsinore Vally Municipal Water District Agreement	\$ 1,835,550
Joy Water Company Purchase Agreement	200,000
Total Special Assessment District Bonds	\$ 2,035,550

CITY OF CORONA

Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2010

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, 2010 was \$1,835,550. The annual debt service requirements per the agreement are presented below:

<u>Fiscal Year</u>	<u>Elsinore Valley Municipal Water District Agreement</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	171,484	78,516	250,000
2012	178,820	71,180	250,000
2013	186,469	63,531	250,000
2014	194,445	55,555	250,000
2015	202,762	47,238	250,000
2016-2019	901,570	98,430	1,000,000
Totals	\$ 1,835,550	\$ 414,450	\$ 2,250,000

Joy Water Company Purchase Agreement

On April 7, 2010, the City of Corona entered into an agreement with Joy Water Company to purchase wells, pipeline and related fixtures and equipment for a total of \$500,000, which included a loan for \$200,000. The City will make 2 equal payments of \$100,000 through June 2012. The amount outstanding at June 30, 2010 was \$200,000. Annual debt service requirements per the agreement are as follows:

<u>Fiscal Year</u>	<u>Joy Water Company Purchase Agreement</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 100,000	\$ 3,500	\$ 103,500
2012	100,000	1,750	101,750
Totals	\$ 200,000	\$ 5,250	\$ 205,250

H. 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, 2010 was \$690,390.

CITY OF CORONA

Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2010

I. Term Loans Payable

The following term loans were outstanding at June 30, 2010:

<u>Term Loans</u>	<u>Balance</u>
State Revolving Fund Loan Contract No. 6-807-5850-0	\$ 11,814,735
State Revolving Fund Loan Contract No. C-06-4802-110	25,391,917
Total Term Loans Payable	\$ 37,206,652

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

On September 17, 1996, and February 20, 1997, the City and the State Water Resources Control Board of the State of California entered into a State Revolving Fund Loan Contract No. 6-807-5850-0 for a total of \$22,244,222 for purposes of expansion of the Water Reclamation Facility No. 1. The loan is payable over a period of 20 years at the rate of 2.8% interest in equal installments of \$1,503,293 through October 2018. The amount outstanding at June 30, 2010 was \$11,814,735. Annual debt service requirements for the State Revolving Fund Loan Contract No. 6-807-5850-0 are presented below:

<u>Fiscal Year</u>	<u>State Revolving Fund Loan 6-807-5850-0</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 1,172,480	\$ 330,813	\$ 1,503,293
2012	1,205,310	297,983	1,503,293
2013	1,239,059	264,234	1,503,293
2014	1,273,752	229,541	1,503,293
2015	1,309,417	193,876	1,503,293
2016-2019	5,614,717	398,456	6,013,173
Totals	\$ 11,814,735	\$ 1,714,903	\$ 13,529,638

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

On June 10, 2003, the City and the State Water Resources Control Board of the State of California entered into a State Revolving Fund Loan Contract No. C-06-4802-110 for a maximum amount of \$30,228,817, for construction of facilities at the Water Reclamation Facility No. 1. These facilities will provide recycled water to existing and potential users within the City. The loan is payable over a period of 20 years at the rate of 2.5% interest in equal annual installments of \$1,944,995 through the year 2026. The amount outstanding at June 30, 2010 was \$25,391,917. Annual debt service requirements for the State Revolving Fund Loan Contract No. C-06-4802-110 are presented on the following page.

CITY OF CORONA

Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2010

Fiscal Year	State Revolving Fund Loan C-06-4802-110		
	Principal	Interest	Total
2011	\$ 1,310,197	\$ 634,798	\$ 1,944,995
2012	1,342,952	602,043	1,944,995
2013	1,376,526	568,469	1,944,995
2014	1,410,939	534,056	1,944,995
2015	1,446,213	498,782	1,944,995
2016-2020	7,791,813	1,933,163	9,724,976
2021-2025	8,815,721	909,255	9,724,976
2026	1,897,556	47,440	1,944,996
Totals	\$ 25,391,917	\$ 5,728,006	\$ 31,119,923

J. Water Revenue Bonds

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

The annual debt service requirements for the 1998 Water Revenue Bonds are presented below:

Fiscal Year	1998 Water Revenue Bonds		
	Principal	Interest	Total
2011	\$ 965,000	\$ 1,315,876	\$ 2,280,876
2012	1,005,000	1,273,260	2,278,260
2013	1,050,000	1,227,525	2,277,525
2014	1,100,000	1,178,600	2,278,600
2015	1,145,000	1,126,106	2,271,106
2016-2020	6,605,000	4,739,194	11,344,194
2021-2025	8,330,000	2,973,262	11,303,262
2026-2028	8,200,000	801,563	9,001,563
Totals	\$ 28,400,000	\$ 14,635,386	\$ 43,035,386

K. Certificates of Participation

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

CITY OF CORONA

Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2010

The following Certificates of Participation were outstanding as of June 30, 2010:

Certificates of Participation	Balance
\$7,010,000 Corona Public Improvement Corporation 1997 Sunkist Wastewater Treatment Facilities Refunding Bonds	\$ 3,185,000
\$68,030,000 Corona Public Financing Authority 2003 Clearwater Cogeneration / Recycled Water Projects	62,810,000
\$29,020,000 Corona Public Financing Authority 2005 Clearwater Cogeneration Projects	27,040,000
Total Certificates of Participation	\$ 93,035,000

1997 Sunkist Wastewater Treatment Facilities Refunding Bonds

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

Fiscal Year	1997 Refunding Certificates of Participation		
	Principal	Interest	Total
2011	\$ 385,000	\$ 162,305	\$ 547,305
2012	405,000	141,563	546,563
2013	430,000	119,220	549,220
2014	450,000	95,348	545,348
2015	480,000	70,005	550,005
2016-2017	1,035,000	57,612	1,092,612
Totals	\$ 3,185,000	\$ 646,053	\$ 3,831,053

CITY OF CORONA

Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2010

2003 Clearwater Cogeneration/Recycled Water Projects Certificates of Participation

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

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

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

The annual debt service requirements for the 2003 Clearwater Cogeneration/Recycled Water Projects Certificates of Participation are presented below:

2003 Certificates of Participation			
Fiscal Year	Principal	Interest	Total
2011	\$ 1,720,000	\$ 2,995,125	\$ 4,715,125
2012	1,790,000	2,929,400	4,719,400
2013	1,855,000	2,865,612	4,720,612
2014	1,915,000	2,794,850	4,709,850
2015	1,995,000	2,716,650	4,711,650
2016-2020	11,450,000	12,008,750	23,458,750
2021-2025	14,610,000	8,767,000	23,377,000
2026-2030	18,645,000	4,629,125	23,274,125
2031-2032	8,830,000	447,000	9,277,000
Totals	\$ 62,810,000	\$ 40,153,512	\$ 102,963,512

CITY OF CORONA

Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2010

2005 Clearwater Cogeneration Projects Certificates of Participation

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

Approximately \$8.9 million of the proceeds of the Certificates financed the completion of the City's Cogeneration Project (Facility). The City purchased the Facility from the CPFA and pays the Purchase Payments pursuant to an Installment Purchase Agreement. In September 2010, the City sold the Facility to the City of Riverside. Refer to Note 21 for details.

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

The annual debt service requirements for the 2005 Clearwater Cogeneration Projects Certificates of Participation are presented below:

<u>Fiscal Year</u>	<u>2005 Certificates of Participation</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 610,000	\$ 1,209,560	\$ 1,819,560
2012	630,000	1,190,173	1,820,173
2013	650,000	1,169,372	1,819,372
2014	670,000	1,147,085	1,817,085
2015	695,000	1,123,197	1,818,197
2016-2020	3,875,000	5,191,323	9,066,323
2021-2025	4,720,000	4,313,547	9,033,547
2026-2030	5,910,000	3,087,750	8,997,750
2031-2035	7,540,000	1,414,500	8,954,500
2036	1,740,000	43,500	1,783,500
Totals	<u>\$ 27,040,000</u>	<u>\$ 19,890,007</u>	<u>\$ 46,930,007</u>

CITY OF CORONA

Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2010

8. Pledged RevenuesTax Increment Revenues Pledged

The City has pledged, as security for tax allocation bonds it has issued, either directly or through the CPFA, a portion of the tax increment revenue that its Agency receives to repay \$85.1 million Redevelopment Tax Allocation Bonds. These bonds were to provide financing for various capital projects within the Agency's project areas. The City has committed to appropriate each year, from the tax increment revenues, amounts sufficient to cover the principal and interest requirements on the outstanding bonds. Total principal and interest remaining on these bonds is \$134,130,511. For the current year, the total tax increment revenue, net of pass through payments, recognized by the City was \$20,433,602 and the debt service obligation on the bonds was \$7,087,363.

Utility Revenues Pledged

The City has pledged, as security for its water revenue bonds and certificates of participation it has issued, through the CPFA or the CPIC, a portion of the utility customer revenues, net of specified operating expenses, to repay \$121.4 million outstanding bonds. These bonds were to provide financing for various capital projects of the City, including the construction of certain water system, water treatment facilities, electric generation and distribution system, and biosolid drying facility. The bonds are payable solely from the City's utility customer net revenues and are payable through certain installment purchase agreements. Annual principal and interest payments on these bonds are expected to require less than 30.4 % of net revenues. The total debt service remaining to be paid on the bonds is \$196,759,958. Principal and interest paid for the current year and total customer net revenues were \$9,366,768 and \$31,093,071, respectively.

9. Credit Agreements

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

The following Irrevocable Letters of Credit are outstanding as of June 30, 2010:

<u>Payee</u>	<u>Issue Date</u>	<u>Renewal Date</u>	<u>Amount</u>
Southern California Edison	9/1/2009	8/31/2010	\$ 21,225
Southern California Edison	9/1/2009	8/31/2010	176,593
Southern California Edison	9/1/2009	8/31/2010	106,433
Southern California Edison	9/1/2009	9/7/2010	297,000
Southern California Edison	4/6/2010	4/5/2011	121,850
Total Irrevocable Letters of Credit			\$ 723,101

CITY OF CORONA

Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2010

10. 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, 2010 the balances outstanding were:

<u>Assessment District Bonds (Non-City Debt)</u>	<u>Balance</u>
\$ 855,000 A.D. No. 95-1 Improvement Bonds	\$ 500,000
\$ 1,624,200 A.D. No. 96-1 1996 A Improvement Bonds	980,000
\$ 685,000 A.D. No. 96-1 1997 A Improvement Bonds	440,000
\$ 1,605,000 A.D. No. 96-1 1997 B Improvement Bonds	1,075,000
\$ 2,657,100 A.D. No. 96-1 1999 A Improvement Bonds	1,930,000
Total Special Assessment District Bonds	<u><u>\$ 4,925,000</u></u>

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 the Basic Financial Statements (continued)
Year Ended June 30, 2010

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

Community Facility District Bonds (Non-City Debt)		Balance
\$ 22,580,000	CFD 86-2 Refunding and Improvement Bonds	\$ 13,875,000
\$ 62,845,000	CFD 90-1 Refunding Bonds	34,260,000
\$ 19,505,000	CFD 97-2 Special Tax Bonds	13,965,000
\$ 6,485,000	CFD 2000-1, Series A Special Tax Bonds	5,675,000
\$ 1,610,000	CFD 2000-1, Series B Special Tax Bonds	1,420,000
\$ 20,295,000	Ref CFD 89-1, Series A District-Wide Local Bonds	12,995,000
\$ 15,715,000	Ref CFD 89-1, Series B Imp Area Local Bonds	9,795,000
\$ 3,675,000	CFD 2001-2 Special Tax Bonds	3,280,000
\$ 9,415,000	CFD 2002-4 Special Tax Bonds	8,780,000
\$ 6,135,000	CFD 2003-2 Special Tax Bonds	10,130,000
\$ 22,475,000	CFD 2002-1 Special Tax Bonds & Escrow Term Bonds	18,060,000
\$ 3,805,000	CFD 2004-1 Special Tax Bonds	3,615,000
\$ 10,280,000	CFD 2002-1 Improvement Area Special Tax Bonds	8,265,000
Total Community Facilities District Bonds		\$ 144,115,000

C. Marks Roos Bonds (Non-City Obligation)

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

Following is a list of the Marks-Roos Bonds currently active:

Marks Roos District Bonds (Non-City Debt)		Balance
\$ 25,755,000	1999 Revenue Bonds, Series A (Superior Lien)	\$ 16,510,000
\$ 10,255,000	1999 Revenue Bonds, Series B (Subordinate Lien)	6,485,000
Total Marks Roos District Bonds		\$ 22,995,000

CITY OF CORONA

Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2010

D. Conduit Debt Obligations

Not included in the accompanying financial statements are various conduit debt obligations issued under the name of the City and/or the Agency. The Bonds are not secured by or payable from revenues or assets of the City or Agency. Neither the faith and credit nor the taxing power of the City, the Agency, the State of California or any political subdivision thereof is pledged to the payment of the principal of and interest on the Bonds nor is the City or the Agency in any manner obligated to make any appropriations for payments on these bonds. At June 30, 2010, the aggregate principal amount of Conduit Debt Obligations outstanding totaled \$58,690,431.

11. Bond Requirements

At June 30, 2010, management believes the City and its component units are in compliance with all covenants of the various debt indentures.

12. Pension Related Debt

In Fiscal Year 2005-06, California Public Employees Retirement System (CalPERS) required participation in risk pools for all plans with less than 100 active members, as of June 30, 2003. Risk pooling consists of combining assets and liabilities across employers to produce large groups where the impact of a catastrophic demographic event is shared among all employers of the same risk pool. Pooling will reduce the volatility of future employer rates. The Safety Fire Plan is part of the CalPERS cost-sharing multiple-employer defined benefit pension plan; known as the "Safety 3.0% at 50 Risk Pool." At the time of joining the pool, a side fund was created to account for the differences between the funded status of the pool and the funded status of the plan. The side fund for the City at that time carried a negative balance of \$10,159,328, representing a pension related obligation for the City. CalPERS determined this obligation should be amortized over an 11-year period. As of June 30, 2010, the City's pension related obligation had a balance of \$7,191,135 with an assumed interest rate of 7.75%. Due to the fact that this obligation is program specific, the annual debt service payment is recorded as the Public Safety – Fire expenses together with the employer contribution to the risk pool. The interest on this debt of \$566,207 is also included in the Public Safety – Fire function expenses and not in the Interest and Fiscal Charges expenses in the Statement of Activities and Changes in Net Assets.

The following presents principal and interest due in the future fiscal years using the assumed interest rate:

Fiscal Year	Pension Related Debt (Fire Plan Side Fund)		
	Principal	Interest	Total
2011	\$ 875,632	\$ 504,818	\$ 1,380,450
2012	990,064	435,251	1,425,315
2013	1,114,878	356,760	1,471,638
2014	1,250,929	268,538	1,519,467
2015	1,399,136	169,713	1,568,849
2016	1,560,496	59,341	1,619,837
Totals	\$ 7,191,135	\$ 1,794,421	\$ 8,985,556

CITY OF CORONA

Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2010

13. Pension Plan

A. Defined Benefit Pension Plan

Plan Description

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

Funding Policy

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

In addition, the City is required to contribute amounts necessary to fund the benefit for its members, at an actuarially determined rate applied to annual covered payroll. The required employer contribution rate for Fiscal Year 2009-10 was 20.669% for miscellaneous employees, 28.002% for the police safety group and 31.749% for the fire safety group. The contribution requirements of plan members and the City are established and may be amended by CalPERS.

Annual Pension Cost

For Fiscal Year 2009-10, the City's annual pension cost for the Miscellaneous and Safety Police Plan was \$11,160,184 and was equal to the City's required and actual contributions. The required contribution for Fiscal Year 2009-10 was determined as part of the June 30, 2007 actuarial valuation, using the entry age actuarial cost method. The actuarial assumptions included: (a) an investment rate of return of 7.75% (net of administrative expenses); (b) projected salary increases of 3.25% to 14.45% for Miscellaneous Plan and 3.25% to 13.15% for the Safety Police Plan depending on age, service and type of employment; and (c) 2% per year COLA for retired members. An inflation factor of 3.00% is compounded annually and used for both plans. The actuarial value of CalPERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a 15-year period (smoothed market value). The City's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2007 was 22 years for Miscellaneous and 26 years for Safety Police.

CITY OF CORONA

Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2010

For Fiscal Year 2009-10, the City's annual pension cost for the Safety Fire Plan was \$3,307,623 and was equal to the City's required and actual contributions. The Safety Fire Plan is part of the Safety 3.0% at 50 Risk Pool, a cost-sharing multiple-employer defined benefit plan. The Risk Pool uses the same actuarial methods and assumptions as described above. The remaining amortization period for the City's share of the unfunded actuarial accrued liability at the June 30, 2007 actuarial valuation date was 16 years.

The City's contributions to CalPERS for the Miscellaneous Plan, Safety Police Plan and Safety Fire Plan for the three years ending June 30, 2010, 2009 and 2008 are presented below:

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

	<u>Fiscal Year</u>	<u>Annual</u>	<u>Percentage of APC</u>	<u>Net Pension</u>
	<u>Ending</u>	<u>Pension Cost</u>	<u>Contributed</u>	<u>Obligation</u>
		<u>(APC)</u>		
Miscellaneous	06/30/2008	\$ 5,667,812	100%	\$ -
Employees	06/30/2009	5,283,489	100%	-
Group	06/30/2010	6,345,360	100%	-
Police Safety	06/30/2008	\$ 3,305,135	100%	\$ -
Employees	06/30/2009	4,742,861	100%	-
Group	06/30/2010	4,814,824	100%	-
Fire Safety	06/30/2008	\$ 3,369,615	100%	\$ -
Employees	06/30/2009	3,418,801	100%	-
Group	06/30/2010	3,307,623	100%	-

Funded Status and Funding Progress

As of June 30, 2009, the most recent actuarial valuation date, the Miscellaneous Plan was 71.8% funded and the Safety Police Plan was 74.6% funded. The actuarial accrued liability for benefits was \$217,616,331 for Miscellaneous and \$127,759,493 for Police Safety. The actuarial value of assets was \$156,236,949 for Miscellaneous and \$95,340,649 for Police Safety, resulting in an unfunded actuarial accrued liability (UAAL) of \$61,379,382 and \$32,418,844 respectively. The covered payroll (annual payroll of active employees covered by the plan) was \$30,576,507 for Miscellaneous and \$16,432,919 for Police Safety, and the ratio of the UAAL to the covered payroll was 200.7% and 197.3% respectively.

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

CITY OF CORONA

Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2010

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. Per Department of Treasury regulations, the City has established this substitute retirement plan under section 457 of the Internal Revenue Code of 1986, as amended. 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 2009-10, the City contributed \$17,739 on hourly salaries of \$1,364,552 with the employees contributing \$84,602.

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

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

Plan Description

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

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

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

CITY OF CORONA

Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2010

Funding Policy

The contribution requirements of plan members and the City are established and may be amended by the City Council. The CERBT program's funding policy provides for the contributions by the City at actuarially determined rates described as the Annual Required Contribution (ARC) of the employer. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as approved by the City Council. For Fiscal Year 2009-10, the City contributed \$7.0 million to the plan, including \$4.1 million for current premiums and an additional \$3.0 million to prefund the plan. The plan members pay the portion of premiums not paid by the City (e.g., in excess of capped amounts).

Annual OPEB Cost

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

For Fiscal Year 2009-10, the City's annual OPEB cost (expense) of \$7,043,000 for CERBT was equal to the ARC. The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the past three fiscal years are presented below:

Three-Year Trend Information for OPEB Plan

Fiscal Year Ending	Annual Required Contribution (ARC)	Percentage of ARC Contributed	Net OPEB Obligation
06/30/2008	\$ 7,602,000	100%	\$ -
06/30/2009	7,862,000	100%	-
06/30/2010	7,043,000	100%	-

Funded Status and Funding Progress

As of the July 1, 2009 actuarial valuation date, the funded status of the City's OPEB plan was as follows:

Actuarial accrued liability (AAL)	\$ 101,811,000
Actuarial value of plan assets	6,796,000
Unfunded actuarial accrued liability (UAAL)	<u>95,015,000</u>
Funded ratio (actuarial value of plan assets/UAAL)	7.2%
Covered payroll (active plan members)	\$ 49,298,000
UAAL as a percentage of covered payroll	192.7%

CITY OF CORONA

Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2010

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of the occurrence of events far into the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The most recent actuarial valuation for the City's OPEB plan was obtained as of July 1, 2009.

Actuarial Methods and Assumptions

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

In the July 1, 2009 actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included a 7.75% percent discount rate and an annual healthcare cost trend rate of 10% initially, reduced by decrements to an ultimate rate of 5% after five years. The actuarial assumptions also included a payroll growth of 3.25% per year. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis over thirty years. The remaining amortization period at June 30, 2010 was 27 years.

15. Classification of Net Assets and Fund Balances

A. Government-Wide Financial Statements

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

Invested In Capital Assets, Net of Related Debt

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

Restricted Net Assets

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.

CITY OF CORONA

Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2010

Unrestricted Net Assets

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

B. Fund Financial Statements

The City implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* in Fiscal Year 2009-10. This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable Fund Balance

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

Restricted Fund Balance

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

Committed Fund Balance

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

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

CITY OF CORONA

Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2010

Assigned Fund Balance

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

Unassigned Fund Balance

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

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

The details of the fund balances as of June 30, 2010 are presented below:

	<u>General Fund</u>	<u>Development Special Revenue</u>	<u>Redevelopment Special Revenue</u>	<u>Redevelopment Debt Service</u>
Fund Balances:				
Nonspendable:				
Inventory	\$ 338,088	\$ -	\$ 1,632,957	\$ -
Prepaid	709,110			
Long-term Receivables	18,661,607		347,889	
Restricted for:				
Street Maintenance				
Trip Reduction				
Asset Forfeiture				
Debt Service Reserve				1,575,034
Housing & Community Development			10,563,549	
Other Grants				
Committed to:				
ECB Savings	1,876,238			
Emergency Contingency	14,300,000			
Designated Revenues	1,421,568			
Assigned to:				
Development		6,347,920		
Developer Agreements	559,842			
Debt Service	3,728,706			
Budget Balancing Measures	18,394,705			
Continuing Appropriations	4,182,112			
City Equipments	4,119,696			
City Facility Projects	5,085,074			
Redevelopment Capital Projects				
Other Capital Projects				
Other Purposes	4,268,492			
Unassigned:				(769,101)
Total Fund Balance	<u>\$ 77,645,238</u>	<u>\$ 6,347,920</u>	<u>\$ 12,544,395</u>	<u>\$ 805,933</u>

CITY OF CORONA

Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2010

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<u>Redevelopment Capital Projects</u>	<u>Public Facility Project</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 56,854,837	\$ -	\$ -	\$ 58,825,882
			709,110
			19,009,496
		9,125,865	9,125,865
		386,427	386,427
		536,153	536,153
		15,200,605	16,775,639
		404,558	10,968,107
		3,699,147	3,699,147
			1,876,238
			14,300,000
			1,421,568
			6,347,920
			559,842
		44,407	3,773,113
			18,394,705
			4,182,112
			4,119,696
			5,085,074
14,988,958			14,988,958
	5,164,728	89,385	5,254,113
			4,268,492
			(769,101)
<u>\$ 71,843,795</u>	<u>\$ 5,164,728</u>	<u>\$ 29,486,547</u>	<u>\$ 203,838,556</u>

CITY OF CORONA

Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2010

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

The City's self-insured retention is \$1,000,000 with purchased excess insurance for claims over that amount up to policy limits. Departments are charged a percentage of the total estimated insurance, claims expense and premiums based on payroll cost. The actuarial estimated liability for pending and incurred but not reported claims at June 30, 2010 has been included in the Claims Payable amount for the same reporting period. Claims Payable is incorporated in the financial statements as Claims and Judgments Payable in internal service funds and is based on history and actuarial studies.

The following reconciles Claims and Judgments Payable for the Workers' Compensation Self-Insurance Fund for fiscal year ended June 30, 2010 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,
2006	12,121,465	5,672,759	(3,608,367)	14,185,857
2007	14,185,857	(5,458,226)	(1,328,542)	7,399,089
2008	7,399,089	4,336,670	(1,608,863)	10,126,896
2009	10,126,896	2,241,834	(893,458)	11,475,272
2010	11,475,272	4,636,793	(1,707,065)	14,405,000

B. Liability Insurance

The City's self-insured retention is \$750,000 with an excess policy insuring claims over \$750,000 up to a limit of \$10,000,000. A third party administrator administers claims. The actuarial estimated liability for pending and incurred but not reported claims at June 30, 2010 has been incorporated in the financial statements as Claims and Judgments Payable in internal service funds and are based on history and actuarial studies.

The following table reconciles Claims and Judgments Payable for the Liability Risk Self-Insurance Fund, including property losses, for fiscal year ended June 30, 2010 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,
2006	2,231,032	3,413,926	(2,651,177)	2,993,781
2007	2,993,781	(363,617)	(845,714)	1,784,450
2008	1,784,450	1,108,873	(723,928)	2,169,395
2009	2,169,395	842,623	(578,303)	2,433,715
2010	2,433,715	444,759	(573,474)	2,305,000

CITY OF CORONA

Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2010

C. Property Losses (excluding earthquake)

The City's property losses are covered by insurance policies for covered value of \$100,000,000 with deductibles of \$50,000. The estimated liability for pending and incurred but not reported claims at June 30, 2010 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.

The total liabilities amount to \$14,405,000 for Workers Compensation and \$2,305,000 for Liability. Of these amounts, \$3,006,000 and \$759,000 are the amounts due in one year or less, respectively. Claims are paid by the separate internal service funds for each liability.

17. Commitments and Contingencies

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

The City's Redevelopment Agency has entered into an agreement with Sherborn LLC (Developer) on July 9, 2003. The term of the agreement is 10 years. The agreement provides for the City to reimburse to the Developer of certain public improvements costs incurred by the Developer. As of June 30, 2010, a total of \$3,949,155 has been paid to the Developer.

As of June 30, 2010, the City's Redevelopment Agency had entered into various owner participation and development and disposition agreements with businesses and property owners within the Agency's project areas. These agreements provide for various incentives, including land subsidies, sales tax rebates and debt forgiveness to specific projects based on revenues generated by those projects.

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, 2010, the City's appropriations limit totaled \$369,712,578 and the City's appropriations subject to limitation were \$78,392,411.

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.

CITY OF CORONA

Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2010

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.

As of June 30, 2010, in the opinion of City Administration, there were no additional outstanding matters that would have a significant effect on the financial position of City.

18. Restatements

In Fiscal Year 2009-10, the City restated the beginning balance of net assets by \$13,405,648 and \$223,282 for governmental activities and business-type activities respectively:

- a) At June 30, 2010, the City reduced its unearned revenues in the amount of \$13,629,665 that were reported in the governmental activities. These amounts were various long-term receivables reported in the governmental funds. This resulted in an increase to the beginning balance of net assets.
- b) At June 30, 2010, the City reclassified the Airport Fund which was reported in the City Facilities special revenue fund in prior year to an enterprise fund. This resulted in a decrease to the beginning balance of net assets of the governmental activities and an increase to the business-type activities by the amount of \$223,282.
- c) At June 30, 2010, the City decreased prior year HUD funds draw down amounts of \$735 reported in the HUD Grants capital project fund. This resulted in a decrease to the beginning balance of the net assets of the governmental activities.

Restatements to net assets made on the government-wide statements for Fiscal Year 2009-10 are summarized as follows:

	Governmental Activities	Business-Type Activities
Beginning Net Assets, as reported	\$ 837,942,453	\$ 136,160,063
Restatements	<u>13,405,648</u>	<u>223,282</u>
Beginning Net Assets, as restated	<u>\$ 851,348,101</u>	<u>\$ 136,383,345</u>

Restatements to fund balance and net assets on the fund financial statements for Fiscal Year 2009-10 are summarized as follows:

- a) At June 30, 2010, the City reclassified the Equipment Pool internal service fund to the General Fund as an accounting change. This resulted in an increase of \$4,888,372 to the General Fund and a decrease for the same amount to the net assets reported in the Equipment Pool internal service fund.

CITY OF CORONA

Notes to the Basic Financial Statements (continued)
 Year Ended June 30, 2010

- b) At June 30, 2010, the City reclassified the Civic Center Fund which was reported in the City Facilities special revenue fund in the prior year to the General Fund as the result of implementing GASB Statement No. 54. This resulted in an increase to the General Fund beginning fund balance of \$2,670, and a decrease to the City Facilities special revenue fund for the same amount.
- c) At June 30, 2010, the City reclassified the Airport operations originally reported in the City Facilities special revenue fund in the previous year to an enterprise fund as a result of an accounting change. This resulted in an increase of \$194,035 to the fund balance of the City Facilities special revenue fund, and a decrease to the Airport enterprise fund's net assets for the same amount. Also due to the reclassification, capital assets (net of accumulated depreciation) of \$417,317 was recorded in the fund, beginning balance of the Airport fund's net assets was increased by the corresponding amount.
- d) At June 30, 2010, the City decreased prior year HUD funds draw down amounts of \$735 reported in the HUD Grants capital project fund. This resulted in a decrease to the beginning fund balance of the HUD Grants capital project fund.

Below is a summary of restatements made on the fund financial statements for the Fiscal Year 2009-10:

	General Fund	Nonmajor Governmental Funds		Nonmajor Proprietary Funds	
		Special Revenue City Facilities	Capital Project HUD Grants	Enterprise Airport	Internal Service Equipment Pool
Beginning Fund Balance as reported	\$ 74,930,567	\$ (191,365)	\$ 405,293	\$ -	\$ 4,888,372
Restatements	4,891,042	191,365	(735)	223,282	(4,888,372)
Beginning Fund Balance as restated	<u>\$ 79,821,609</u>	<u>\$ -</u>	<u>\$ 404,558</u>	<u>\$ 223,282</u>	<u>\$ -</u>

19. Proposition 1A Securitization

Proposition 1A was passed by California voters in 2004 to ensure that local property tax and sales tax revenues remain with local government to safeguard public safety and other local services. As part of the State of California's 2009-10 budget package, the governor and state legislature declared and approved a fiscal necessity to suspend the terms of Proposition 1A. The emergency suspension provided for the "borrowing" by the State of 8% of the property tax revenues, including those property taxes associated with the in-lieu motor vehicle license fee, the triple flip in-lieu sales tax, and supplemental property tax apportioned to local governments in Fiscal Year 2009-10. In exchange, local agencies received a "Proposition 1A Receivable" as consideration for the property tax shift, which entitled each local agency to repayment by the State, with interest, at the end of Fiscal Year 2012-13. The interest rate to be paid by the State at that time is 2%. After repayment of this initial borrowing, the state legislature may consider only one additional borrowing within a ten-year period. The amount of the borrowing pertaining to the City of Corona was \$3,652,615.

CITY OF CORONA

Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2010

Authorized in the 2009-10 budget package, the Proposition 1A Securitization Program was instituted by California Statewide Communities Development Authority (CSCDA), a joint powers authority sponsored by the League of California Cities and the California State Association of Counties and the League of California Cities, to enable local governments to sell their Proposition 1A receivables to CSCDA. Under the Securitization Program, CSCDA simultaneously purchased the Proposition 1A receivables and issued bonds ("Prop 1A Bonds") to provide local agencies with cash proceeds in two equal installments, on January 15, 2010 and May 3, 2010. The purchase price paid to the local agencies equaled 100% of the amount of the property tax reduction. All transaction costs of issuance and interest were paid by the State of California. Participating local agencies have no obligation on the bonds and no credit exposure to the State. The City participated in the securitization program and accordingly property taxes have been recorded in the same manner as if the State had not exercised its rights under Proposition 1A. The receivables sales proceeds were equal to the book value and, as a result, no gain or loss was recorded.

20. Supplemental Educational Revenue Augmentation Fund (SERAF) Shifts

On July 23, 2009, the State adopted legislation, requiring a shift of monies during Fiscal Years 2009-10 and 2010-11 to be deposited into the County "Supplemental" Educational Revenue Augmentation Fund (SERAF). These monies were to be distributed to meet the State's Prop 98 obligations to schools. The California Redevelopment Association (CRA) and its member agencies filed a legal action in an attempt to stop these amounts from having to be paid; however, in May 2010 the Sacramento Superior Court upheld the legislation. This decision is in the process of being appealed by CRA and its member agencies. Additionally, on November 2, 2010, California voters passed Proposition 22 which prohibits the State from borrowing or taking funds used for Redevelopment. The direct impact of Proposition 22 on SERAF is unclear as of this reporting period.

The payment of the City of Corona's Redevelopment Agency (the Agency) of the SERAF was due on May 10, 2010 for Fiscal Year 2009-10 and it was made in the amount of \$8,860,201. The legislation allowed this payment to be made from any available monies present in any project area. Subsequent legislation was passed which allowed the suspension of the Low and Moderate Income Housing Fund set-aside deposit for the Fiscal Year 2009-10. The suspended set-aside deposit is to be repaid to the Low and Moderate Income Housing Fund by June 30, 2015. If those amounts are not repaid, by that date, then the set-aside percentage to Low and Moderate Income Housing will increase from 20% to 25% for the remainder of the life of the Agency.

To accomplish the payment, the Agency utilized \$3,551,920 from its available resources and \$5,308,281 from a suspended set-aside to Low and Moderate Income Housing fund. In the accompanying financial statements, the amount paid to the County has been reported as a use of current year resources. The suspended set-aside amounts relating to the Low and Moderate Income Housing Fund have been reflected as inter-fund advances between the accounting funds of the Agency.

It is estimated that the Agency's share of the SERAF shift for Fiscal Year 2010-11 will amount to approximately \$1,822,414 and this amount will be payable in May 2011 if the appeal is unsuccessful.

CITY OF CORONA

Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2010

21. Subsequent Events

Subsequent events have been evaluated through November 23, 2010, which is the date of the independent auditors' report.

A. Sale of Clearwater Power Plant

The City constructed the Clearwater Power Plant (the Plant) following the deregulation of the power market in California with the plan to expand its role as an electricity supplier to retail customers. The construction began in 2003 utilizing the proceeds from the 2003 Certificates of Participation and later the 2005 Certificates of Participation issued by the Corona Public Financing Authority. This plan ultimately proved to be infeasible when the construction was completed in 2005, and the Plant had seen limited use since its completion. The City entered into a Clearwater Transaction Closing Agreement (the Agreement) with the City of Riverside to sell the Plant on August 18, 2010. The final purchase and sale price of the Plant was \$53.4 million, which is \$1 million less than the outstanding balance of the 2003 and 2005 Certificates of Participation (the Bonds) relating to the financing of the Plant. It is the City's intention to call the portion of the Bonds that relate to the financing of the Plant in 2013 and 2015 respectively with the proceeds.

B. Public Agency Retirement System Supplementary Retirement Plan

The City offered its eligible employees an early retirement program through Public Agency Retirement System (PARS) in October 2010. This program was introduced in light of anticipated budget challenges in future years. It is anticipated that the program will help meet the City's fiscal objectives by generating significant long-term savings in labor costs. Participating employees will be required to resign and retire prior to December 31, 2010. The City will work closely with PARS to determine the net savings associated with the program base on the actual participants. Depending on whether the anticipated fiscal objectives would be achieved, the City will decide either to proceed with the early retirement incentive offer or cancel the program by December 31, 2010. Financial impact of the City's participation in the PARS program cannot be estimated as of this reporting date.



Required Supplementary Information

Required Supplementary Information consists of the following:

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



CITY OF CORONA

Required Supplementary Information

June 30, 2010

BUDGETARY INFORMATION

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

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

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

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

- Governmental activities
- Business-type activities

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

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

CITY OF CORONA

Required Supplementary Information (continued)

June 30, 2010

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, except in the General Fund where an expenditure control budget policy may allow departments to carryover a portion of the unexpended amounts into the next fiscal year.
5. Continuing appropriations are re-budgeted by the City Council as part of the adoption of subsequent year's budgets.
6. Legally adopted budget appropriations are set for the General Fund, special revenue, debt service and capital projects funds.
7. The legal level of budgetary control is at the department level. A Department Director may transfer appropriations within the department. Expenditures may exceed appropriations at this level in the General Fund to the extent provided for in the annual budget resolution adopted by the City Council. The City Council, by the affirmative vote of three members, may amend the budget to add or delete appropriations, transfer between appropriations within a fund or change appropriation transfers between funds.
8. Budgets for General Fund, special revenue, debt service and capital projects funds are adopted on a basis consistent with generally accepted accounting principles.

The budget for Fiscal Year 2009-10 was the sixteenth year that the budget was prepared in accordance with the ECB policies adopted by the City Council for the General Fund. Departments are given increased flexibility and incentives for meeting their goals as well as being assigned greater accountability for their performance in carrying out their mission.

For Fiscal Year 2009-10, total ECB savings amount including carryover was \$1,876,238. This amount was included in the committed fund balance in the General Fund as of June 30, 2010. A list of ECB savings by department is presented on the following page.

CITY OF CORONA

Required Supplementary Information (continued)

June 30, 2010

<u>Department</u>	Total ECB Savings
City Council	\$ 3,575
Management Services	50,783
Human Resources	33,327
Information Technology	71,812
General Government	22,429
Finance	67,345
Community Development	136,836
Police	638,281
Public Works	284,633
Library	248,859
Parks and Community Services	318,358
Total	<u>\$ 1,876,238</u>

Budgetary comparisons for the City's General Fund and all major special revenue funds are presented on the following pages.

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

General Fund

Aside from prior year continuing appropriations of \$4.3 million for capital projects and grants and \$1.2 million in committed purchase orders that were carried forward, there was a net budgetary reduction of \$2.3 million in the General Fund. In February 2010, \$1.7 million was reduced from the General Fund, as staffing levels and operational budget were eliminated and reduced. On an annual basis, this represented a \$5.5 million reduction. Also, a decrease of \$1.9 million for capital projects closures, and an increase of \$1.0 million of ECB budget savings was approved for various departments. Additional net increase of \$0.3 million was approved throughout the year for accounting changes, health cost increases, labor agreements and contract agreements.

Development Special Revenue Fund

Continuing appropriations of \$10.2 million and \$0.3 million in committed purchase orders were carried forward from the prior year for various capital projects resulting in a final budget of \$13.6 million.

Redevelopment Special Revenue Fund

An increase in the final budget resulted from a carryover of \$2.4 million in continuing appropriations from the prior year for various capital projects. In addition the following changes occurred during the fiscal year: an increase of \$1.2 million for the Harrington Project which provides home buyers assistance, a net increase of \$0.7 million for the Senior Arts Colony Affordable Housing project, and an increase of \$0.3 million for the E Street Infill Home Ownership Project to provide for the development of low income housing.

CITY OF CORONA

Required Supplementary Information (continued)

June 30, 2010

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

General Fund

Total revenues for the General Fund were \$4.6 million lower than the final budget. Actual sales and use taxes were significantly lower than anticipated due to the recession with actual sales and use taxes significantly lower than anticipated due to the recession. The fines and penalties category had a favorable variance of \$0.9 million for the fiscal year ended June 30, 2010, largely due to an accounting change for traffic violations items previously recorded in another fund. The current services revenue also had a favorable variance of \$0.8 million, due to the increased level of activities during the year.

Actual expenditures had a favorable variance of \$10.7 million, mainly due to the unspent capital outlay budget that will be carried over to the next fiscal year.

Development Special Revenue Funds

Actual revenue received for the fiscal year ended June 30, 2010 was \$2.5 million lower than the final budgeted amount, primarily due to the slow down in development activities, which directly caused the decrease in licenses, fees and permits revenues.

On the other hand, total expenditures ended with a favorable budgetary variance of \$10.2 million, a result of the unspent capital outlay budget directly connected to the slower pace of development.

Redevelopment Special Revenue Fund

Revenues for the fiscal year ended June 30, 2010 were \$5.0 million lower than the final budgeted amount due to the temporary suspension of the Low and Moderate Housing set-aside deposit. State legislation authorized the Agency to use the set-aside amount as funding for the payment to the Supplemental Educational Revenue Augmentation Fund (SERAF). The suspended set-aside amount will be repaid to the Low and Moderate Housing Fund by June 30, 2015.

Expenditures were \$5.0 million lower than the final budgeted amount as a result of the slow down in redevelopment activities, a direct impact from the recent economic recession.

CITY OF CORONA

Required Supplementary Information (continued)

June 30, 2010

**Budgetary Comparison Schedule – General Fund
For Fiscal Year Ended June 30, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Property Taxes	\$ 34,131,809	\$ 34,131,809	\$ 34,897,226	\$ 765,417
Other Taxes	39,470,815	39,470,815	33,859,090	(5,611,725)
Licenses, Fees, and Permits	1,967,279	1,967,279	1,343,612	(623,667)
Fines and Penalties	864,000	1,564,000	2,423,993	859,993
Investment Earnings	2,633,496	4,601,720	4,453,504	(148,216)
Intergovernmental Revenue	637,810	637,810	989,311	351,501
Current Services	12,399,945	12,399,945	13,243,217	843,272
Other Revenue	10,205,690	10,205,690	9,712,530	(493,160)
Payments in Lieu of Services	11,064,548	11,064,548	10,474,054	(590,494)
Total Revenues	<u>113,375,392</u>	<u>116,043,616</u>	<u>111,396,537</u>	<u>(4,647,079)</u>
Expenditures:				
General Government:				
City Council	123,399	126,860	124,179	2,681
Management Services	1,569,106	1,436,831	1,445,722	(8,891)
City Treasurer	15,449	17,225	17,136	89
Human Resources	2,053,876	2,081,044	1,587,408	493,636
Information Technology	2,082,314	2,003,744	1,985,960	17,784
Finance	3,813,455	3,692,257	3,683,304	8,953
Community Development	3,456,741	3,345,806	3,185,161	160,645
Public Safety:				
Fire	22,273,803	22,745,773	22,882,759	(136,986)
Police	42,756,586	43,426,395	42,429,845	996,550
Public Works	19,141,707	18,503,871	16,449,803	2,054,068
Culture and Recreation:				
Library	2,542,069	2,781,548	2,882,794	(101,246)
Parks and Community Services	7,818,323	7,540,591	7,202,810	337,781
Non-Departmental:				
General Government	10,694,152	10,897,592	10,179,711	717,881
Debt Service - Principal and Interest	4,697,406	4,697,976	5,180,327	(482,351)
Capital Outlay	3,975,515	6,836,178	212,828	6,623,350
Total Expenditures	<u>127,013,901</u>	<u>130,133,691</u>	<u>119,449,747</u>	<u>10,683,944</u>
Deficiency of Revenues Under Expenditures	(13,638,509)	(14,090,075)	(8,053,210)	6,036,865
Other Financing Sources (Uses):				
Proceeds from Sales of Capital Assets		1,500,000	2,400,000	900,000
Transfers from Other Funds	10,566,187	14,790,548	7,657,240	(7,133,308)
Transfers to Other funds	6,391,552	6,924,471	4,180,401	2,744,070
Total other financing sources	<u>4,174,635</u>	<u>9,366,077</u>	<u>5,876,839</u>	<u>(3,489,238)</u>
Net Change in Fund Balances	<u>\$ (9,463,874)</u>	<u>\$ (4,723,998)</u>	<u>(2,176,371)</u>	<u>\$ 2,547,627</u>
Fund balance - beginning, as restated			79,821,609	
Fund balance - ending			<u>\$ 77,645,238</u>	

CITY OF CORONA

Required Supplementary Information (continued)

June 30, 2010

**Budgetary Comparison Schedule – Development Special Revenue Fund
For Fiscal Year Ended June 30, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Licenses, Fees and Permits	\$ 2,948,341	\$ 2,948,341	\$ 446,209	\$ (2,502,132)
Investment Earnings	706,826	665,777	601,520	(64,257)
Intergovernmental Revenue	-	-	155,842	155,842
Other Revenues	2,580	2,580	75,826	73,246
Payments in Lieu of Services	259,200	259,200	50,880	(208,320)
Total Revenues	<u>3,916,947</u>	<u>3,875,898</u>	<u>1,330,277</u>	<u>(2,545,621)</u>
Expenditures:				
Engineering			1,000,122	(1,000,122)
Public Safety:				
Fire	3,451	3,451	3,451	-
Police			30,169	(30,169)
Public Works	125,829	125,829	309,779	(183,950)
Culture and Recreation:				
Library			7,429	(7,429)
Non-Departmental:				
Debt Service - Principal and Interest			997,737	(997,737)
Capital Outlay	3,319,638	13,458,569	1,003,064	12,455,505
Total Expenditures	<u>3,448,918</u>	<u>13,587,849</u>	<u>3,351,751</u>	<u>10,236,098</u>
Excess (deficit) revenue over expenditures	468,029	(9,711,951)	(2,021,474)	7,690,477
Other Financing Sources (Uses):				
Transfers from other Funds		850,000	850,080	80
Transfers to other funds	41,249	41,249	36,960	4,289
Total other financing sources (uses)	<u>(41,249)</u>	<u>808,751</u>	<u>813,120</u>	<u>4,369</u>
Net Change in Fund Balances	<u>\$ 426,780</u>	<u>\$ (8,903,200)</u>	<u>(1,208,354)</u>	<u>\$ 7,694,846</u>
Fund balance - beginning			<u>7,556,274</u>	
Fund balance - ending			<u>\$ 6,347,920</u>	

CITY OF CORONA

Required Supplementary Information (continued)

June 30, 2010

**Budgetary Comparison Schedule – Redevelopment Special Revenue Fund
For Fiscal Year Ended June 30, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Property Taxes	\$ 5,539,666	\$ 5,539,666	\$ -	\$ (5,539,666)
Investment Earnings	434,807	434,807	404,417	(30,390)
Other Revenues	53,596	53,596	533,523	479,927
Total Revenues	<u>6,028,069</u>	<u>6,028,069</u>	<u>937,940</u>	<u>(5,090,129)</u>
Expenditures:				
Redevelopment	961,244	1,017,919	3,126,988	(2,109,069)
Non-Departmental:				
Debt Service - Principal and Interest	829,306	829,306	823,587	5,719
Capital Outlay	2,696,000	7,284,314		7,284,314
Total Expenditures	<u>4,486,550</u>	<u>9,131,539</u>	<u>3,950,575</u>	<u>5,180,964</u>
Excess (deficit) revenue over expenditures	1,541,519	(3,103,470)	(3,012,635)	90,835
Other Financing Sources (Uses):				
Transfers from other Funds		24,000	24,000	-
Transfers to other funds				-
Total other financing sources (uses)	<u>-</u>	<u>24,000</u>	<u>24,000</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ 1,541,519</u>	<u>\$ (3,079,470)</u>	<u>(2,988,635)</u>	<u>\$ 90,835</u>
Fund balance - beginning			<u>15,533,030</u>	
Fund balance - ending			<u>\$ 12,544,395</u>	

CITY OF CORONA

Required Supplementary Information (continued)
June 30, 2010

MODIFIED APPROACH FOR CITY STREETS INFRASTRUCTURE CAPITAL ASSETS

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

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

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

The City commissioned a study to update the physical condition assessment of the streets and received a final report dated November 2009. The prior assessment study was completed in December 2007. The streets, primarily concrete and asphalt pavements were defined as all physical features associated with the operation of motorized vehicles that exist within the limits of right of way. City owned streets are classified based on land use, access and traffic utilization into the following four classifications: arterial/major, secondary, collector and local. This condition assessment will be performed every three years. Each street was assigned a physical condition based on 17 potential defects. A Pavement Condition Index (PCI), a nationally recognized index, was assigned to each street and expressed in a continuous scale from 0 to 100, where 0 is assigned to the least acceptable physical condition and 100 is assigned the physical characteristics of a new street.

The following conditions were defined:

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

CITY OF CORONA

Required Supplementary Information (continued)

June 30, 2010

The City Policy is to achieve an average rating of 70 for all streets, which is a good rating. This rating allows minor cracking and raveling of the pavement along with minor roughness that could be noticeable to drivers traveling at the posted speeds. As of June 30, 2010, the City's street system was rated at a PCI index of 79 on the average with the detail condition as follows:

<u>Condition</u>	<u>% of Streets</u>
Excellent to Good	86%
Fair	3%
Poor to Distressed	11%

The City's streets are constantly deteriorating resulting from the following four factors: (1) traffic using the streets; (2) the sun's ultra-violet rays drying out and breaking down the top layer of pavement; (3) utility company/private development interests trenching operations; and (4) water damage from natural precipitation and other urban runoff. The City is continuously taking actions to arrest the deterioration through short-term maintenance activities such as pothole patching, street sweeping, and sidewalk repair. The City expended \$5,224,027 on street maintenance for the fiscal year ended June 30, 2010. These expenditures delayed deterioration, however the overall condition of the streets was not improved through these maintenance expenditures. The City has estimated that the amount of annual expenditures required to maintain the City's streets at the average PCI rating of 79 through the year 2018 is a minimum of \$6,800,000. A schedule of the estimated annual amount required to maintain and preserve its streets at the current level compared to actual expenditures for street maintenance for the last five years is presented below:

<u>Fiscal Year</u>	<u>Maintenance Requirement</u>	<u>Actual Expenditures</u>	<u>PCI Rating</u>
2005-06	\$ 4,000,000	\$ 7,253,669	71
2006-07	9,700,000	7,366,894	70
2007-08	9,500,000	9,498,837	75
2008-09	6,800,000	5,794,148	79
2009-10	6,800,000	5,224,027	79

The City also has an on-going street rehabilitation program funded in the Capital Improvement Program that is intended to improve the condition rating of City streets. The rehabilitation program is formulated based on deficiencies identified as a part of its Pavement Management System (PMS). As of June 30, 2010, approximately 14% of the City's streets were rated below the average standard of 70. This represents a decrease over the prior year when the City had 19% of its streets rated below 70. The City will continue to rehabilitate these segments of the streets. Total deficiencies identified in the PMS amounted to approximately \$69.3 million for all streets over the next ten years, with \$26.3 in deficiencies on street segments rated below the PCI of 70.

CITY OF CORONA

Required Supplementary Information (continued)

June 30, 2010

OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN FUNDING PROGRESS

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

Schedule of Funding Progress - Other Post-Employment Benefit Plan

Actuarial Valuation Date	Actuarial Accrued Liability (A)	Actuarial Value of Assets (B)	Unfunded Actuarial Liability (UAAL) (A) - (B)	Funded Ratio (B) / (A)	Annual Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((A - B) / C)
07/01/2007	99,363,000	-	99,363,000	0.0%	53,273,000	186.5%
07/01/2008	104,627,000	3,561,000	101,066,000	3.4%	55,005,000	183.7%
07/01/2009	101,811,000	6,796,000	95,015,000	6.7%	49,298,000	192.7%

The City implemented GASB 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions during the fiscal year ended June 30, 2008. The most recent actuarial valuation for the City's other post employment benefits (OPEB) plan was obtained as of July 1, 2009.

For information regarding actuarial assumptions and amortization methods, see Note 14.

PENSION BENEFITS PLAN FUNDING PROGRESS

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

Schedule of Fund Progress - Pension Benefits Plan

	Actuarial Valuation Date	Actuarial Accrued Liability (AAL) (A)	Actuarial Value of Assets (B)	Unfunded Actuarial Liability (UAAL) (A) - (B)	Funded Ratio (B) / (A)	Annual Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((A - B) / C)
Miscellaneous	06/30/07	170,067,849	133,259,590	36,808,259	78.4%	36,161,760	101.8%
Employees	06/30/08	206,180,050	146,662,394	59,517,656	71.1%	35,994,622	165.4%
Group	06/30/09	217,616,331	156,236,949	61,379,382	71.8%	30,576,507	200.7%
Police Safety	06/30/07	105,975,853	79,807,507	26,168,346	75.3%	14,832,827	176.4%
Employees	06/30/08	114,123,386	87,823,890	26,299,496	77.0%	15,980,585	164.6%
Group	06/30/09	127,759,493	95,340,649	32,418,844	74.6%	16,432,919	197.3%

Supplementary Information

Supplementary Information consists of the following:

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



Nonmajor Governmental Funds

Traffic Safety Fund – This fund is used to account for fines resulting from violations of the California Vehicle Code as required by provisions of the Vehicle Code Section 42200.

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.

General Obligation Fund – This fund is used to account for tax levies from which general obligation principal and interest payments are made as they mature for the 1995 General Obligation Bonds.

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

Combining Financial Statements Nonmajor Governmental 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.

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

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

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



CITY OF CORONA**Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2010**

	Special Revenue					
	Traffic Safety	Gas Tax	Measure A	Trip Reduction	Asset Forfeiture	Special Tax Districts
Assets:						
Cash and Investments	\$ -	\$ 772,306	\$ 7,764,093	\$ 339,531	\$ 682,831	\$ 9,080,504
Accounts Receivable, Net						183
Interest Receivable		4,961	37,685	1,960	4,347	57,807
Due from Other Governmental Agencies		221,630	630,914	45,185		373,288
Long-term Receivable						
Loans Receivable						
Restricted Assets:						
Cash and Investments		7,096	59,843			349,504
Total Assets	\$ -	\$ 1,005,993	\$ 8,492,535	\$ 386,676	\$ 687,178	\$ 9,861,286
Liabilities and Fund Balances:						
Liabilities:						
Accounts Payable and Accrued Liabilities	\$ -	\$ 96,170	\$ 209,554	\$ 249	\$ 5,360	\$ 476,079
Deposits						1,300
Due to Other Funds						
Deferred Revenues					145,665	
Interfund Advances Payable						412,865
Liabilities Payable from Restricted Assets		7,096	59,843			
Total Liabilities	-	103,266	269,397	249	151,025	890,244
Fund Balances:						
Restricted		902,727	8,223,138	386,427	536,153	8,971,042
Assigned						
Total Fund Balances	-	902,727	8,223,138	386,427	536,153	8,971,042
Total Liabilities and Fund Balances	\$ -	\$ 1,005,993	\$ 8,492,535	\$ 386,676	\$ 687,178	\$ 9,861,286

Special Revenue Other Grants & Endowments	Debt Service			Capital Projects			Total Other Governmental Funds
	General Obligation	Assessment Districts	Public Financing Authority	HUD Grants	Planned Local Drainage	Other Grants	
\$ 297,978	\$ 609,504	\$ 653,617	\$ -	\$ 455,564	\$ -	\$ 189,372	\$ 20,845,300
620							803
13,204	3,880	4,175	44,355			19,800	192,174
584,033	11,768	13,774		469,969	107,655	3,974,813	6,433,029
		1,435,000					1,435,000
				772,612			772,612
178,370		89,540	4,850,499	24,615		81,044	5,640,511
<u>\$ 1,074,205</u>	<u>\$ 625,152</u>	<u>\$ 2,196,106</u>	<u>\$ 4,894,854</u>	<u>\$ 1,722,760</u>	<u>\$ 107,655</u>	<u>\$ 4,265,029</u>	<u>\$ 35,319,429</u>
\$ 61,821	\$ -	\$ 583	\$ -	\$ 301,748	\$ 16,936	\$ 331,114	\$ 1,499,614
							1,300
328,298				189,392	1,334		519,024
178,370	6,559	1,435,000		802,447		659,440	3,227,481
							412,865
				24,615		81,044	172,598
568,489	6,559	1,435,583	-	1,318,202	18,270	1,071,598	5,832,882
505,716	618,593	760,523	4,850,447	404,558		3,193,431	29,352,755
			44,407		89,385		133,792
505,716	618,593	760,523	4,894,854	404,558	89,385	3,193,431	29,486,547
<u>\$ 1,074,205</u>	<u>\$ 625,152</u>	<u>\$ 2,196,106</u>	<u>\$ 4,894,854</u>	<u>\$ 1,722,760</u>	<u>\$ 107,655</u>	<u>\$ 4,265,029</u>	<u>\$ 35,319,429</u>

CITY OF CORONA

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2010**

	Special Revenue					
	Traffic Safety	Gas Tax	Measure A	Trip Reduction	Asset Forfeiture	Special Tax Districts
Revenues:						
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, Fees and Permits						
Fines, Penalties and Forfeitures					201,352	8,716,457
Special Assessments						313,042
Investment Earnings		22,427	197,060	12,224	29,378	
Intergovernmental Revenues		2,389,578	2,558,973	168,252		
Current Services						8,048
Other Revenues		22,462	21,138			99,872
Total Revenues	-	2,434,467	2,777,171	180,476	230,730	9,137,419
Expenditures:						
Current:						
General Government		4,752	4,752			2,085
Police					106,559	
Public Works		1,407,242	1,247,100	60,961		3,090,845
Parks and Community Services						5,395,335
Redevelopment						81,113
Library						
Capital Outlay		127,403	1,997,951			6,327
Debt Service:						
Principal Retirement						
Interest and Fiscal Charges						5,611
Total Expenditures	-	1,539,397	3,249,803	60,961	106,559	8,581,316
Excess of Revenues Over (Under) Expenditures	-	895,070	(472,632)	119,515	124,171	556,103
Other Financing Sources (Uses):						
Transfers In		35,000		2,000		224,179
Transfers Out	(204,270)	(1,126,709)	(2,593)			
Total Other Financing Sources (Uses)	(204,270)	(1,091,709)	(2,593)	2,000	-	224,179
Net Change in Fund Balances	(204,270)	(196,639)	(475,225)	121,515	124,171	780,282
Fund Balances - Beginning, as Restated	204,270	1,099,366	8,698,363	264,912	411,982	8,190,760
Fund Balances - Ending	\$ -	\$ 902,727	\$ 8,223,138	\$ 386,427	\$ 536,153	\$ 8,971,042

Special Revenue	Debt Service			Capital Projects			Total Other Governmental Funds
	Other Grants & Endowments	General Obligation	Assessment Districts	Public Financing Authority	HUD Grants	Planned Local Drainage	
\$ -	\$ 610,945	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 610,945
					454,558		454,558
		514,242					201,352
80,179	22,015	12,548	125,756			87,725	9,230,699
1,652,980				1,920,965		6,730,857	902,354
218,185							15,421,605
		333			307,458	384,057	226,233
<u>1,951,344</u>	<u>632,960</u>	<u>527,123</u>	<u>125,756</u>	<u>1,920,965</u>	<u>762,016</u>	<u>7,202,639</u>	<u>27,883,066</u>
							11,589
513,611							620,170
2,691,989				1,007	690,631		9,189,775
				29,910			5,425,245
				1,085,298			1,166,411
34,578						320	34,898
30,585				804,750		6,484,406	9,451,422
	950,000	465,000					1,415,000
	50,759	165,660	125,415				347,445
<u>3,270,763</u>	<u>1,000,759</u>	<u>630,660</u>	<u>125,415</u>	<u>1,920,965</u>	<u>690,631</u>	<u>6,484,726</u>	<u>27,661,955</u>
(1,319,419)	(367,799)	(103,537)	341	-	71,385	717,913	221,111
7,000			2,414,927		18,000		2,701,106
					(170,026)	(325,000)	(1,828,598)
<u>7,000</u>	<u>-</u>	<u>-</u>	<u>2,414,927</u>	<u>-</u>	<u>(152,026)</u>	<u>(325,000)</u>	<u>872,508</u>
(1,312,419)	(367,799)	(103,537)	2,415,268		(80,641)	392,913	1,093,619
<u>1,818,135</u>	<u>986,392</u>	<u>864,060</u>	<u>2,479,586</u>	<u>404,558</u>	<u>170,026</u>	<u>2,800,518</u>	<u>28,392,928</u>
<u>\$ 505,716</u>	<u>\$ 618,593</u>	<u>\$ 760,523</u>	<u>\$ 4,894,854</u>	<u>\$ 404,558</u>	<u>\$ 89,385</u>	<u>\$ 3,193,431</u>	<u>\$ 29,486,547</u>



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

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

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

CITY OF CORONA

**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
Year Ended June 30, 2010**

	Traffic Safety			Gas Tax		
	Budget	Actual	Variance	Budget	Actual	Variance
Revenues:						
Fines, Penalties and Forfeitures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special Assessments						
Investment Earnings				94,464	22,427	(72,037)
Intergovernmental Revenues				2,375,145	2,389,578	14,433
Current Services						
Other Revenues				29,707	22,462	(7,245)
Total Revenues	-	-	-	2,499,316	2,434,467	(64,849)
Expenditures:						
Current:						
General Government					4,752	(4,752)
Public Works				1,126,985	1,407,242	(280,257)
Parks and Community Services						
Police						
Redevelopment						
Library						
Capital Outlay				1,184,255	127,403	1,056,852
Debt Service:						
Principal Retirement						
Interest and Fiscal Charges						
Total Expenditures	-	-	-	2,311,240	1,539,397	771,843
Excess of Revenues Over (Under) Expenditures	-	-	-	188,076	895,070	706,994
Other Financing Sources (Uses):						
Transfers In				35,000	35,000	
Transfers Out	(711,493)	(204,270)	507,223	(1,100,541)	(1,126,709)	(26,168)
Total Other Financing Sources (Uses)	(711,493)	(204,270)	507,223	(1,065,541)	(1,091,709)	(26,168)
Net Change in Fund Balances	\$ (711,493)	(204,270)	\$ 507,223	\$ (877,465)	(196,639)	\$ 680,826
Fund Balances - Beginning, as Restated		204,270			1,099,366	
Fund Balances-Ending		\$ -			\$ 902,727	



Measure A			Trip Reduction		
Budget	Actual	Variance	Budget	Actual	Variance
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
417,036	197,060	(219,976)	14,282	12,224	(2,058)
3,012,000	2,558,973	(453,027)	175,000	168,252	(6,748)
	21,138	21,138			
<u>3,429,036</u>	<u>2,777,171</u>	<u>(651,865)</u>	<u>189,282</u>	<u>180,476</u>	<u>(8,806)</u>
	4,752	(4,752)			
29,995	1,247,100	(1,217,105)	215,247	60,961	154,286
11,727,717	1,997,951	9,729,766			
<u>11,757,712</u>	<u>3,249,803</u>	<u>8,507,909</u>	<u>215,247</u>	<u>60,961</u>	<u>154,286</u>
<u>(8,328,676)</u>	<u>(472,632)</u>	<u>7,856,044</u>	<u>(25,965)</u>	<u>119,515</u>	<u>145,480</u>
	(2,593)	(2,593)	2,000	2,000	
	(2,593)	(2,593)	2,000	2,000	-
<u>\$ (8,328,676)</u>	<u>(475,225)</u>	<u>\$ 7,853,451</u>	<u>\$ (23,965)</u>	<u>121,515</u>	<u>\$ 145,480</u>
	8,698,363			264,912	
	<u>\$ 8,223,138</u>			<u>\$ 386,427</u>	

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CITY OF CORONA

**Combining Schedule of Revenues, Expenditures and
Nonmajor Special Revenue Funds
Year Ended June 30, 2010**

	Asset Forfeiture			Special Tax Districts		
	Budget	Actual	Variance	Budget	Actual	Variance
Revenues:						
Fines, Penalties and Forfeitures	\$ 25,000	\$ 201,352	\$ 176,352	\$ -	\$ -	\$ -
Special Assessments				7,865,500	8,716,457	850,957
Investment Earnings	27,332	29,378	2,046	243,811	313,042	69,231
Intergovernmental Revenues						
Current Services				21,460	8,048	(13,412)
Other Revenues				34,127	99,872	65,745
Total Revenues	52,332	230,730	178,398	8,164,898	9,137,419	972,521
Expenditures:						
Current:						
General Government					2,085	(2,085)
Public Works				3,348,381	3,090,845	257,536
Parks and Community Services				5,345,321	5,395,335	(50,014)
Police	164,410	106,559	57,851			
Redevelopment					81,113	(81,113)
Library						
Capital Outlay				839,861	6,327	833,534
Debt Service:						
Principal Retirement				6,000		6,000
Interest and Fiscal Charges					5,611	(5,611)
Total Expenditures	164,410	106,559	57,851	9,539,563	8,581,316	958,247
Excess of Revenues Over (Under) Expenditures	(112,078)	124,171	236,249	(1,374,665)	556,103	1,930,768
Other Financing Sources (Uses):						
Transfers In				513,706	224,179	(289,527)
Transfers Out						
Total Other Financing Sources (Uses)	-	-	-	513,706	224,179	(289,527)
Net Change in Fund Balances	\$ (112,078)	124,171	\$ 236,249	\$ (860,959)	780,282	\$ 1,641,241
Fund Balances - Beginning, as Restated		411,982			8,190,760	
Fund Balances-Ending		\$ 536,153			\$ 8,971,042	

Other Grants & Endowments			Totals		
Budget	Actual	Variance	Budget	Actual	Variance
\$ -	\$ -	\$ -	\$ 25,000	\$ 201,352	\$ 176,352
			7,865,500	8,716,457	850,957
46,303	80,179	33,876	843,228	654,310	(188,918)
1,798,344	1,652,980	(145,364)	7,360,489	6,769,783	(590,706)
220,000	218,185	(1,815)	241,460	226,233	(15,227)
			63,834	143,472	79,638
<u>2,064,647</u>	<u>1,951,344</u>	<u>(113,303)</u>	<u>16,399,511</u>	<u>16,711,607</u>	<u>312,096</u>
			-	11,589	(11,589)
	2,691,989	(2,691,989)	4,720,608	8,498,137	(3,777,529)
			5,345,321	5,395,335	(50,014)
801,960	513,611	288,349	966,370	620,170	346,200
			-	81,113	(81,113)
34,577	34,578	(1)	34,577	34,578	(1)
3,522,086	30,585	3,491,501	17,273,919	2,162,266	15,111,653
			-	-	
			6,000	-	6,000
			-	5,611	(5,611)
<u>4,358,623</u>	<u>3,270,763</u>	<u>1,087,860</u>	<u>28,346,795</u>	<u>16,808,799</u>	<u>11,537,996</u>
<u>(2,293,976)</u>	<u>(1,319,419)</u>	<u>974,557</u>	<u>(11,947,284)</u>	<u>(97,192)</u>	<u>11,850,092</u>
7,000	7,000		557,706	268,179	(289,527)
			(1,812,034)	(1,333,572)	478,462
<u>7,000</u>	<u>7,000</u>	<u>-</u>	<u>(1,254,328)</u>	<u>(1,065,393)</u>	<u>188,935</u>
<u>\$ (2,286,976)</u>	<u>(1,312,419)</u>	<u>\$ 974,557</u>	<u>\$ (13,201,612)</u>	<u>(1,162,585)</u>	<u>\$ 12,039,027</u>
	1,818,135			20,687,788	
	<u>\$ 505,716</u>			<u>\$ 19,525,203</u>	

Concluded Page 2 of 2

CITY OF CORONA**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Debt Service Funds
Year Ended June 30, 2010**

	General Obligation			Redevelopment		
	Budget	Actual	Variance	Budget	Actual	Variance
Revenues:						
Property Taxes	\$ 615,150	\$ 610,945	\$ (4,205)	\$ 22,297,713	\$ 26,541,407	\$ 4,243,694
Special Assessments						
Investment Earnings	12,813	22,015	9,202	664,001	709,218	45,217
Other Revenues						
Total Revenues	627,963	632,960	4,997	22,961,714	27,250,625	4,288,911
Expenditures:						
Current:						
Redevelopment					9,058,634	(9,058,634)
Capital Outlay				11,087,043	5,308,281	5,778,762
Debt Service:						
Principal Retirement	1,001,045	950,000	51,045	15,263,744	3,580,115	11,683,629
Interest and Fiscal Charges		50,759	(50,759)		9,837,397	(9,837,397)
Total Expenditures	1,001,045	1,000,759	286	26,350,787	27,784,427	(1,433,640)
Excess of Revenues Over (Under) Expenditures	(373,082)	(367,799)	5,283	(3,389,073)	(533,802)	2,855,271
Other Financing Sources (Uses):						
Transfers In						
Transfers Out				(5,717,396)	(4,352,348)	1,365,048
Total Other Financing Sources (Uses)	-	-	-	(5,717,396)	(4,352,348)	1,365,048
Net Change in Fund Balances	\$ (373,082)	(367,799)	\$ 5,283	\$ (9,106,469)	(4,886,150)	\$ 4,220,319
Fund Balances - Beginning of Year, As Restated		986,392			5,692,083	
Fund Balances-End of Year		\$ 618,593			\$ 805,933	

Assessment Districts			Public Financing Authority			Totals		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,912,863	\$ 27,152,352	\$ 4,239,489
512,824	514,242	1,418				512,824	514,242	1,418
13,159	12,548	(611)	108,871	125,756	16,885	798,844	869,537	70,693
	333	333					333	333
<u>525,983</u>	<u>527,123</u>	<u>1,140</u>	<u>108,871</u>	<u>125,756</u>	<u>16,885</u>	<u>24,224,531</u>	<u>28,536,464</u>	<u>4,311,933</u>
							9,058,634	(9,058,634)
						11,087,043	5,308,281	5,778,762
640,808	465,000	175,808	126,001		126,001	17,031,598	4,995,115	12,036,483
	165,660	(165,660)		125,415	(125,415)		10,179,231	(10,179,231)
<u>640,808</u>	<u>630,660</u>	<u>10,148</u>	<u>126,001</u>	<u>125,415</u>	<u>586</u>	<u>28,118,641</u>	<u>29,541,261</u>	<u>(1,422,620)</u>
<u>(114,825)</u>	<u>(103,537)</u>	<u>11,288</u>	<u>(17,130)</u>	<u>341</u>	<u>17,471</u>	<u>(3,894,110)</u>	<u>(1,004,797)</u>	<u>2,889,313</u>
				2,414,927	2,414,927		2,414,927	2,414,927
						(5,717,396)	(4,352,348)	1,365,048
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,414,927</u>	<u>2,414,927</u>	<u>(5,717,396)</u>	<u>(1,937,421)</u>	<u>3,779,975</u>
<u>\$ (114,825)</u>	<u>(103,537)</u>	<u>\$ 11,288</u>	<u>\$ (17,130)</u>	<u>2,415,268</u>	<u>\$ 2,432,398</u>	<u>\$ (9,611,506)</u>	<u>\$ (2,942,218)</u>	<u>\$ 6,669,288</u>
	<u>864,060</u>			<u>2,479,586</u>			<u>10,022,121</u>	
	<u>\$ 760,523</u>			<u>\$ 4,894,854</u>			<u>\$ 7,079,903</u>	

CITY OF CORONA**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Capital Projects Funds
Year Ended June 30, 2010**

	HUD Grants			Planned Local Drainage		
	Budget	Actual	Variance	Budget	Actual	Variance
Revenues:						
Licenses, Fees & Permits	\$ -	\$ -	\$ -	\$ 435,000	\$ 454,558	\$ 19,558
Investment Earnings						
Intergovernmental Revenues	2,439,584	1,920,965	(518,619)			
Other Revenues				300,770	307,458	6,688
Total Revenues	2,439,584	1,920,965	(518,619)	735,770	762,016	26,246
Expenditures:						
Current:						
Redevelopment	241,259	1,085,298	(844,039)			
General Government						
Community Development						
Police						
Public Works		1,007	(1,007)	718,263	690,631	27,632
Library						
Parks and Community Services		29,910	(29,910)			
Capital Outlay	4,403,597	804,750	3,598,847			
Total Expenditures	4,644,856	1,920,965	2,723,891	718,263	690,631	27,632
Excess of Revenues Over (Under) Expenditures	(2,205,272)	-	2,205,272	17,507	71,385	53,878
Other Financing Sources (Uses):						
Transfers In				18,000	18,000	
Transfers Out					(170,026)	(170,026)
Total Other Financing Sources (Uses)				18,000	(152,026)	(170,026)
Net Change in Fund Balances	\$ (2,205,272)	-	\$ 2,205,272	\$ 35,507	(80,641)	\$ (116,148)
Fund Balance - Beginning, as Restated		404,558			170,026	
Fund Balances-End of Year		\$ 404,558			\$ 89,385	

Other Grants			Redevelopment		
Budget	Actual	Variance	Budget	Actual	Variance
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
123,644	87,725	(35,919)	502,280	134,331	(367,949)
5,597,211	6,730,857	1,133,646			
	384,057	384,057	398,991	429,491	30,500
<u>5,720,855</u>	<u>7,202,639</u>	<u>1,481,784</u>	<u>901,271</u>	<u>563,822</u>	<u>(337,449)</u>
			4,073,807	5,424,285	(1,350,478)
			668,288	683,271	(14,983)
			128,921	129,312	(391)
			73,042	74,070	(1,028)
			131,778	105,973	25,805
309	320	(11)			
<u>18,342,026</u>	<u>6,484,406</u>	<u>11,857,620</u>	<u>5,803,411</u>	<u>76,466</u>	<u>5,726,945</u>
<u>18,342,335</u>	<u>6,484,726</u>	<u>11,857,609</u>	<u>10,879,247</u>	<u>6,493,377</u>	<u>4,385,870</u>
<u>(12,621,480)</u>	<u>717,913</u>	<u>13,339,393</u>	<u>(9,977,976)</u>	<u>(5,929,555)</u>	<u>4,048,421</u>
			8,782,893	6,073,158	(2,709,735)
<u>(325,000)</u>	<u>(325,000)</u>				
<u>(325,000)</u>	<u>(325,000)</u>		<u>8,782,893</u>	<u>6,073,158</u>	<u>(2,709,735)</u>
<u>\$ (12,946,480)</u>	392,913	<u>\$ 13,339,393</u>	<u>\$ (1,195,083)</u>	143,603	<u>\$ 1,338,686</u>
	2,800,518			71,700,192	
	<u>\$ 3,193,431</u>			<u>\$ 71,843,795</u>	

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CITY OF CORONA

**Combining Schedule of Revenues, Expenditures and
Capital Projects Funds
Year Ended June 30, 2010**

	Public Facilities Projects			Totals		
	Budget	Actual	Variance	Budget	Actual	Variance
Revenues:						
Licenses, Fees & Permits	\$ -	\$ -	\$ -	\$ 435,000	\$ 454,558	\$ 19,558
Investment Earnings				625,924	222,056	(403,868)
Intergovernmental Revenues	2,470,000	415,600	(2,054,400)	10,506,795	9,067,422	(1,439,373)
Miscellaneous Revenues				699,761	1,121,006	421,245
Total Revenues	2,470,000	415,600	(2,054,400)	12,267,480	10,865,042	(1,402,438)
Expenditures:						
Current:						
Redevelopment				4,315,066	6,509,583	2,194,517
General Government				668,288	683,271	14,983
Community Development				128,921	129,312	391
Police				73,042	74,070	1,028
Public Works				850,041	797,611	(52,430)
Library				309	320	11
Parks and Community Services					29,910	29,910
Capital Outlay	25,866,228	5,510,680	(20,355,548)	54,415,262	12,876,302	(41,538,960)
Total Expenditures	25,866,228	5,510,680	(20,355,548)	60,450,929	21,100,379	(39,350,550)
Excess of Revenues Over (Under) Expenditures	(23,396,228)	(5,095,080)	18,301,148	(48,183,449)	(10,235,337)	37,948,112
Other Financing Sources (Uses):						
Transfers In	558	135,153	134,595	8,801,451	6,226,311	(2,575,140)
Transfers Out	(2,085,738)	(27)	2,085,711	(2,410,738)	(495,053)	1,915,685
Total Other Financing Sources (Uses)	(2,085,180)	135,126	2,220,306	6,390,713	5,731,258	(659,455)
Net Change in Fund Balances	\$ (25,481,408)	(4,959,954)	\$ 20,521,454	\$ (41,792,736)	(4,504,079)	\$ 37,288,657
Fund Balance - Beginning, as Restated		10,124,682			85,199,976	
Fund Balances-End of Year		\$ 5,164,728			\$ 80,695,897	

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Combining Financial Statements

Nonmajor Enterprise Funds

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

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

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

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



CITY OF CORONA**Combining Statement of Net Assets
Nonmajor Enterprise Funds
June 30, 2010****Nonmajor Enterprise Funds**

	Public Financing Authority	Public Improvement Corporation	Transit Services	Airport	Totals
Assets:					
Current Assets					
Cash and Investments	\$ -	\$ -	\$ 136,982	\$ 58,203	\$ 195,185
Accounts Receivable, Net			1,112		1,112
Interest Receivable	88,817	9	2,156	370	91,352
Due from Other Governments			480,941		480,941
Restricted Assets:					
Cash and Investments	7,510,893	563,144	329,632		8,403,669
Total Current Assets	<u>7,599,710</u>	<u>563,153</u>	<u>950,823</u>	<u>58,573</u>	<u>9,172,259</u>
Noncurrent Assets					
Capital Assets:					
Depreciable Buildings, Property, Equipment and Infrastructure, Net			1,405,869	380,020	1,785,889
Total Noncurrent Assets	<u>-</u>	<u>-</u>	<u>1,405,869</u>	<u>380,020</u>	<u>1,785,889</u>
Total Assets	<u>7,599,710</u>	<u>563,153</u>	<u>2,356,692</u>	<u>438,593</u>	<u>10,958,148</u>
Liabilities:					
Current Liabilities					
Accounts Payable and Accrued Liabilities			144,558	14,253	158,811
Unearned Revenues			345,673		345,673
Deposits				1,120	1,120
Compensated Absences Payable			7,991		7,991
Total Current Liabilities	<u>-</u>	<u>-</u>	<u>498,222</u>	<u>15,373</u>	<u>513,595</u>
Noncurrent Liabilities					
Interfund Advances Payable	6,587,825			220,000	6,807,825
Compensated Absences Payable			13,886		13,886
Total Noncurrent Liabilities	<u>6,587,825</u>	<u>-</u>	<u>13,886</u>	<u>220,000</u>	<u>6,821,711</u>
Total Liabilities	<u>6,587,825</u>	<u>-</u>	<u>512,108</u>	<u>235,373</u>	<u>7,335,306</u>
Net Assets:					
Invested in Capital Assets, Net of Related Debt Restricted			1,405,869	160,020	1,565,889
Specific Projects and Programs Unrestricted	1,011,885	563,144	329,632	43,200	1,904,661
		9	109,083		152,292
Total Net Assets	<u>\$ 1,011,885</u>	<u>\$ 563,153</u>	<u>\$ 1,844,584</u>	<u>\$ 203,220</u>	<u>\$ 3,622,842</u>

CITY OF CORONA**Combining Statement of Revenues, Expenses, and Changes in Net Assets
Nonmajor Enterprise Funds
Year Ended June 30, 2010**

	Nonmajor Enterprise Funds				Totals
	Public Financing Authority	Public Improvement Corporation	Transit Services	Airport	
Operating Revenues:					
Intergovernmental Revenues	\$ -	\$ -	\$ 29,762	\$ -	\$ 29,762
Fees and Permits				40,279	40,279
Other Revenues			383,166	246,267	629,433
Total Operating Revenues	-	-	412,928	286,546	699,474
Operating Expenses:					
Personnel Services			294,748	149,487	444,235
Contractual			1,480,565	5,029	1,485,594
Material and Supplies			47,082	113,269	160,351
Utilities			210,237	11,188	221,425
Depreciation			277,095	37,297	314,392
Total Operating Expenses	-	-	2,309,727	316,270	2,625,997
Operating Income (Loss)	-	-	(1,896,799)	(29,724)	(1,926,523)
Non-Operating Revenues:					
Operating Grants and Contributions			1,724,206		1,724,206
Investment Earnings	224,760	194	10,053	2,662	237,669
Interest Expense	(224,612)	(341)			(224,953)
Total Non-Operating Revenues	148	(147)	1,734,259	2,662	1,736,922
Income (Loss) Before Transfers	148	(147)	(162,540)	(27,062)	(189,601)
Capital Grants and Contributions			1,817		1,817
Transfers In	460,780		14,000	7,000	481,780
Change in Net Assets	460,928	(147)	(146,723)	(20,062)	293,996
Net Assets - Beginning	550,957	563,300	1,991,307	223,282	3,328,846
Net Assets - Ending	<u>\$ 1,011,885</u>	<u>\$ 563,153</u>	<u>\$ 1,844,584</u>	<u>\$ 203,220</u>	<u>\$ 3,622,842</u>

CITY OF CORONA

**Combining Statement of Cash Flows
Nonmajor Enterprise Funds
Year Ended June 30, 2010**

	Nonmajor Enterprise Funds				Totals
	Public Financing Authority	Public Improvement Corporation	Transit Services	Airport	
Cash Flows from Operating Activities:					
Receipts from Customers/Other Funds	\$ -	\$ -	\$ (503,656)	\$ 40,580	\$ (463,076)
Payments to Suppliers of Goods and Services			(1,725,974)	(123,105)	(1,849,079)
Payments to Employees for Services			(298,534)	(149,487)	(448,021)
Other Receipts			383,166	246,267	629,433
Net Cash Provided by (Used for) Operating Activities	-	-	(2,144,998)	14,255	(2,130,743)
Cash Flows from Noncapital Financing Activities:					
Operating Grants and Contributions			1,724,206		1,724,206
Receipts from Other Funds			13,886		13,886
Transfers Received	460,780		14,000	7,000	481,780
Net Cash Provided by (Used for) Noncapital Financing Activities	460,780	-	1,752,092	7,000	2,219,872
Cash Flows from Capital and Related Financing Activities:					
Proceeds from Capital Grants and Contributions			1,817		1,817
Purchase of Capital Assets			(1,817)		(1,817)
Payments on Interfund Loans				(15,000)	(15,000)
Interest payments of Long-term debt	(224,612)	(341)			(224,953)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(224,612)	(341)	-	(15,000)	(239,953)
Cash Flows from Investing Activities:					
Interest on Investments	220,346	207	13,952	2,694	237,199
Net Cash Provided by Investing Activities	220,346	207	13,952	2,694	237,199
Net Increase (Decrease) in Cash and Cash Equivalents	456,514	(134)	(378,954)	8,949	86,375
Cash and Cash Equivalents					
Beginning	7,054,379	563,278	845,568	49,254	8,512,479
Ending (including \$8,403,669 in restricted accounts)	\$ 7,510,893	\$ 563,144	\$ 466,614	\$ 58,203	\$ 8,598,854
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:					
Operating Income (Loss)	\$ -	\$ -	\$ (1,896,799)	\$ (29,724)	\$ (1,926,523)
Adjustments to Reconcile Operating Income to Net Cash from Operating Activities:					
Depreciation and Amortization			277,095	37,297	314,392
Write-off Capital Assets			1,421		1,421
Changes in Assets and Liabilities:					
Accounts Receivable			2,292	301	2,593
Due from Other Governments			(475,734)		(475,734)
Accounts Payable and Accrued Liabilities			10,489	6,381	16,870
Unearned Revenues			(59,976)		(59,976)
Compensated Absences Payable			(3,786)		(3,786)
Net Cash Provided by (Used for) Operating Activities	\$ -	\$ -	\$ (2,144,998)	\$ 14,255	\$ (2,130,743)



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 Assets
Internal Service Funds
June 30, 2010**

	Fleet Operations	Self-Insurance			Totals
		Workers' Compensation	Liability Risk	Warehouse	
Assets:					
Current Assets					
Cash and Investments	\$ 6,185,194	\$ 17,682,700	\$ 3,672,510	\$ 57,924	\$ 27,598,328
Accounts Receivable, Net	4,303	498	12,479		17,280
Inventories and Prepayments	232,736				232,736
Restricted Assets:					
Cash and Investments			34,692		34,692
Total Current Assets	<u>6,422,233</u>	<u>17,683,198</u>	<u>3,719,681</u>	<u>57,924</u>	<u>27,883,036</u>
Liabilities:					
Current Liabilities					
Accounts Payable and Accrued Liabilities	200,533	906	39,637	16,797	257,873
Claims and Judgments Payable		3,006,000	759,000		3,765,000
Compensated Absences Payable	68,485			8,876	77,361
Liabilities Payable from Restricted Assets			34,692		34,692
Total Current Liabilities	<u>269,018</u>	<u>3,006,906</u>	<u>833,329</u>	<u>25,673</u>	<u>4,134,926</u>
Noncurrent Liabilities					
Compensated Absences Payable	8,307				8,307
Claims and Judgments Payable		11,399,000	1,546,000		12,945,000
Total Noncurrent Liabilities	<u>8,307</u>	<u>11,399,000</u>	<u>1,546,000</u>	<u>-</u>	<u>12,953,307</u>
Total Liabilities	<u>277,325</u>	<u>14,405,906</u>	<u>2,379,329</u>	<u>25,673</u>	<u>17,088,233</u>
Net Assets:					
Unrestricted	<u>6,144,908</u>	<u>3,277,292</u>	<u>1,340,352</u>	<u>32,251</u>	<u>10,794,803</u>
Total Net Assets	<u>\$ 6,144,908</u>	<u>\$ 3,277,292</u>	<u>\$ 1,340,352</u>	<u>\$ 32,251</u>	<u>\$ 10,794,803</u>

CITY OF CORONA**Combining Statement of Revenues, Expenses, and Changes in Net Assets
Internal Service Funds
Year Ended June 30, 2010**

	Fleet Operations	Self-Insurance		Warehouse	Totals
		Workers' Compensation	Liability Risk		
Operating Revenues:					
Internal Service Charges	\$ 6,321,450	\$ 3,416,452	\$ 300,000	\$ 910,520	\$ 10,948,422
Other Revenues	216,641	22,643	8,124		247,408
Total Operating Revenues	6,538,091	3,439,095	308,124	910,520	11,195,830
Operating Expenses:					
Personnel Services	1,209,130		2,134	379,113	1,590,377
Contractual	567,614		438,721	341	1,006,676
Material and Supplies	325,576	266,885	629,397	22,236	1,244,094
Utilities	838,176			2,690	840,866
Claims Expense		4,814,793	493,437		5,308,230
Total Operating Expenses	2,940,496	5,081,678	1,563,689	404,380	9,990,243
Operating Income (Loss)	3,597,595	(1,642,583)	(1,255,565)	506,140	1,205,587
Non-Operating Revenues:					
Investment Earnings				(927)	(927)
Total Non-Operating Revenues	-	-	-	(927)	(927)
Income (Loss) Before Transfers	3,597,595	(1,642,583)	(1,255,565)	505,213	1,204,660
Transfers In	54,000		5,000	17,000	76,000
Transfers Out	(1,970,009)	(4,593,000)		(498,394)	(7,061,403)
Net Income (Loss)	1,681,586	(6,235,583)	(1,250,565)	23,819	(5,780,743)
Net Assets - Beginning	4,463,322	9,512,875	2,590,917	8,432	16,575,546
Net Assets - Ending	\$ 6,144,908	\$ 3,277,292	\$ 1,340,352	\$ 32,251	\$ 10,794,803

CITY OF CORONA

**Combining Statement of Cash Flows
Internal Service Funds
Year Ended June 30, 2010**

	Self-Insurance				Totals
	Fleet Operations	Workers' Compensation	Liability Risk	Warehouse Services	
Cash Flows from Operating Activities:					
Receipts from Customers/Other Funds	\$ 6,321,450	\$ 3,416,517	\$ 300,000	\$ 910,520	\$ 10,948,487
Payments to Suppliers of Goods or Services	(1,686,546)	(268,131)	(1,071,029)	(21,394)	(3,047,100)
Payments to Employees for Services	(1,212,360)		(2,134)	(378,810)	(1,593,304)
Payments of Current Claims		(101,000)	(92,000)		(193,000)
Decrease in Long-Term Claims		(1,784,065)	(530,152)		(2,314,217)
Other Receipts	216,641	22,643	8,124		247,408
Net Cash Provided by (Used for) Operating Activities	<u>3,639,185</u>	<u>1,285,964</u>	<u>(1,387,191)</u>	<u>510,316</u>	<u>4,048,274</u>
Cash Flows from Noncapital Financing Activities:					
Transfers Received	54,000		5,000	17,000	76,000
Transfers Paid	(1,970,009)	(4,593,000)		(498,394)	(7,061,403)
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>(1,916,009)</u>	<u>(4,593,000)</u>	<u>5,000</u>	<u>(481,394)</u>	<u>(6,985,403)</u>
Cash Flows from Investing Activities:					
Interest on Investments	33,194	176,220	42,728	(684)	251,458
Net Cash Provided by Investing Activities	<u>33,194</u>	<u>176,220</u>	<u>42,728</u>	<u>(684)</u>	<u>251,458</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>1,756,370</u>	<u>(3,130,816)</u>	<u>(1,339,463)</u>	<u>28,238</u>	<u>(2,685,671)</u>
Cash and Cash Equivalents					
Beginning	4,428,824	20,813,516	5,046,665	29,686	30,318,691
Ending (including \$34,692 in restricted accounts)	<u>\$ 6,185,194</u>	<u>\$ 17,682,700</u>	<u>\$ 3,707,202</u>	<u>\$ 57,924</u>	<u>\$ 27,633,020</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:					
Operating Income (Loss)	\$ 3,597,595	\$ (1,642,583)	\$ (1,255,565)	\$ 506,140	\$ 1,205,587
Changes in Assets and Liabilities:					
Accounts Receivable		65			65
Inventories and Prepayments	(1,611)				(1,611)
Accounts Payable and Accrued Liabilities	43,201	(1,246)	(2,911)	3,873	42,917
Claims and Judgments Payable		2,929,728	(128,715)		2,801,013
Compensated Absences Payable				303	303
Net Cash Provided by (Used for) Operating Activities	<u>\$ 3,639,185</u>	<u>\$ 1,285,964</u>	<u>\$ (1,387,191)</u>	<u>\$ 510,316</u>	<u>\$ 4,048,274</u>

Combining Financial Statements in Assets and Liabilities – Fiduciary Funds

Fiduciary Funds represent Agency Funds, which are custodial in nature and do not involve measurement of results and operations.



CITY OF CORONA**Combining Statement of Changes in Assets and Liabilities
Fiduciary Funds
Year Ended June 30, 2010**

	Pass Through Agency Fund			Balance June 30, 2010
	Balance June 30, 2009	Additions	Deductions	
Assets				
Cash and Investments	\$ 1,364,854	\$ 33,304,263	\$ 33,484,449	\$ 1,184,668
Interest Receivable	142,918	390,681	385,256	148,343
Due from other Governmental Agencies	671,793	556,560	672,241	556,112
Restricted Assets:				
Cash and Investments	34,243,814	48,698,206	51,805,231	31,136,789
Total Assets	<u>\$ 36,423,379</u>	<u>\$ 82,949,710</u>	<u>\$ 86,347,177</u>	<u>\$ 33,025,912</u>
Liabilities				
Accounts Payable and Accrued Liabilities	\$ 24,441	\$ 363,953	\$ 363,353	\$ 25,041
Deposits	210,108	9,370	219,478	
Due to Bondholders	36,188,830	2,167,825	5,355,784	33,000,871
Total Liabilities	<u>\$ 36,423,379</u>	<u>\$ 2,541,148</u>	<u>\$ 5,938,615</u>	<u>\$ 33,025,912</u>



Statistical Section

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

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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	162
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 Assets by Component****Last Ten Fiscal Years (accrual basis of accounting)**

	Fiscal Year			
	2010	2009	2008	2007
Governmental Activities				
Invested in capital assets net of related debt	\$ 457,625,412	\$ 451,393,337	\$ 456,849,781	\$ 458,250,349
Restricted for:				
Capital Projects	80,695,897	85,200,711	73,254,682	20,417,055
Debt Service	7,079,903	11,968,561	25,251,084	28,838,799
Specific Projects and Programs	60,915,014	43,585,727	38,816,368	9,483,004
Total Restricted	148,690,814	140,754,999	137,322,134	58,738,858
Unrestricted	243,443,770	245,794,117	215,990,032	269,852,046
Total governmental activities net assets	\$ 849,759,996	\$ 837,942,453	\$ 810,161,947	\$ 786,841,253
Business-type Activities				
Invested in capital assets, net of related debt	\$ 219,780,082	\$ 228,912,014	\$ 225,030,195	\$ 211,186,996
Restricted for:				
Specific Projects and Programs	10,779,222	18,188,735	17,031,575	17,317,361
Unrestricted	(82,129,735)	(110,940,686)	(119,578,075)	(122,594,604)
Total business-type activities net assets	\$ 148,429,569	\$ 136,160,063	\$ 122,483,695	\$ 105,909,753
Primary Government				
Invested in capital assets, net of related debt	\$ 677,405,494	\$ 680,305,351	\$ 681,879,976	\$ 669,437,345
Restricted	159,470,036	158,943,734	154,353,709	76,056,219
Unrestricted	161,314,035	134,853,431	96,411,957	147,257,442
Total Primary Government Net Assets	\$ 998,189,565	\$ 974,102,516	\$ 932,645,642	\$ 892,751,006

Note: The City implemented GASB Statement No. 34 in fiscal year ended June 30, 2000.

Fiscal Year					
2006	2005	2004	2003	2002	2001
\$ 422,767,976	\$ 456,222,213	\$ 395,841,709	\$ 392,111,753	\$ 392,349,900	\$ 355,227,433
-	386,036	9,976,958	13,310,313	13,387,098	14,800,272
6,898,327	7,982,213	13,178,815	19,091,733	21,135,725	21,920,133
8,386,210	7,729,386	-	34,135,270	34,897,216	29,685,938
15,284,537	16,097,635	23,155,773	66,537,316	69,420,039	66,406,343
306,059,386	239,481,478	265,838,106	42,904,348	42,277,201	64,373,569
<u>\$ 744,111,899</u>	<u>\$ 711,801,326</u>	<u>\$ 684,835,588</u>	<u>\$ 501,553,417</u>	<u>\$ 504,047,140</u>	<u>\$ 486,007,345</u>
\$ 193,178,999	\$ 194,465,301	\$ 187,392,588	\$ 141,335,905	\$ 151,733,910	\$ 128,634,385
7,548,512	673,256	26,387,128	1,709,856	8,134,689	-
(129,904,898)	(133,104,413)	(162,665,721)	78,188,671	44,877,402	44,231,415
<u>\$ 70,822,613</u>	<u>\$ 62,034,144</u>	<u>\$ 51,113,995</u>	<u>\$ 221,234,432</u>	<u>\$ 204,746,001</u>	<u>\$ 172,865,800</u>
\$ 443,318,631	\$ 650,687,514	\$ 583,234,297	\$ 533,447,658	\$ 544,083,810	\$ 483,861,818
22,833,049	16,770,891	49,542,901	68,247,172	77,554,728	66,406,343
348,782,832	106,377,065	103,172,385	121,093,019	87,154,603	108,604,984
<u>\$ 814,934,512</u>	<u>\$ 773,835,470</u>	<u>\$ 735,949,583</u>	<u>\$ 722,787,849</u>	<u>\$ 708,793,141</u>	<u>\$ 658,873,145</u>

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

	Fiscal Year			
	2010	2009	2008	2007
Expenses				
Governmental activities:				
General government	\$ 23,778,004	\$ 23,387,380	\$ 22,014,630	\$ 17,944,188
Fire	23,849,351	23,118,471	22,465,104	19,824,613
Police	44,573,946	40,723,499	38,811,288	35,418,464
Public Works	30,006,518	29,252,056	28,165,830	32,887,632
Redevelopment	18,283,224	19,061,398	17,679,157	31,450,231
Parks and Community Services	14,321,581	15,431,862	13,529,315	12,504,767
Library	3,108,194	3,142,627	3,539,703	3,156,248
Interest and fiscal charges	13,471,571	16,447,756	14,913,380	12,348,977
Total governmental activities expenses	<u>\$ 171,392,389</u>	<u>\$ 170,565,049</u>	<u>\$ 161,118,407</u>	<u>\$ 165,535,120</u>
Business-type activities:				
Water	48,080,241	46,284,613	48,772,948	42,980,979
Wastewater	27,212,393	27,164,627	27,937,584	25,431,501
Electric	21,951,228	21,962,931	23,590,548	24,688,495
Transit	2,309,727	2,256,556	2,128,258	1,773,529
Airport	316,270			
Total business-type activities expenses	<u>99,869,859</u>	<u>97,668,727</u>	<u>102,429,338</u>	<u>94,874,504</u>
Total primary government expenses	<u>\$ 271,262,248</u>	<u>\$ 268,233,776</u>	<u>\$ 263,547,745</u>	<u>\$ 260,409,624</u>
Program Revenues				
Charges for services:				
Governmental activities:				
General government	7,616,409	678,554	1,301,569	1,513,639
Fire	3,204,585	4,506,740	4,726,300	4,181,914
Police	3,551,199	2,817,511	3,023,714	3,246,509
Public Works	12,291,030	12,354,323	13,909,188	14,830,576
Redevelopment			1,713	1,168
Parks and Community Services	7,184,440	7,261,946	6,373,504	6,064,402
Library	333,015	341,989	495,603	541,166
Operating Grants and Contributions	11,711,125	9,404,577	8,165,995	8,270,729
Capital Grants and Contributions	9,480,514	19,967,971	17,140,582	22,362,669
Total governmental activities program revenues	<u>55,372,317</u>	<u>57,333,611</u>	<u>55,138,168</u>	<u>61,012,772</u>
Business-type activities:				
Charges for services:				
Water	50,979,766	49,629,071	44,795,972	43,261,136
Wastewater	26,779,144	26,569,560	23,379,820	21,824,979
Electric	23,891,958	23,896,507	24,824,172	24,466,921
Transit	412,928	371,714	363,101	316,671
Airport	286,546			
Operating Grants and Contributions	1,724,206	1,567,193	1,454,320	1,284,236
Capital Grants and Contributions	4,728,651	6,702,937	19,829,148	31,702,614
Total business-type activities program revenues	<u>108,803,199</u>	<u>108,736,982</u>	<u>114,646,533</u>	<u>122,856,557</u>
Total primary government program revenues	<u>\$ 164,175,516</u>	<u>\$ 166,070,593</u>	<u>\$ 169,784,701</u>	<u>\$ 183,869,329</u>

Note: The City implemented GASB Statement No. 34 in fiscal year ended June 30, 2000.

Fiscal Year					
2006	2005	2004	2003	2002	2001
\$ 17,000,514	\$ 11,199,340	\$ 16,972,222	\$ 14,266,453	\$ 11,163,604	\$ 9,961,259
19,372,402	17,247,894	16,102,014	15,074,400	13,081,838	11,971,891
35,290,552	32,105,270	30,248,573	30,267,856	25,520,663	23,370,509
28,293,319	25,450,529	26,768,539	24,348,477	19,712,213	19,765,894
18,317,214	13,825,131	14,878,105	16,941,126	6,892,793	7,598,465
12,863,536	12,091,432	12,272,328	12,508,067	12,699,189	12,287,167
3,233,627	3,111,361	3,040,136	3,410,263	2,705,314	2,407,180
9,164,552	10,170,977	4,844,242	18,141,782	11,383,870	15,743,435
<u>\$ 143,535,716</u>	<u>\$ 125,201,934</u>	<u>\$ 125,126,160</u>	<u>\$ 134,958,424</u>	<u>\$ 103,159,484</u>	<u>\$ 103,105,800</u>
39,968,554	36,073,601	34,644,300	36,292,376	26,868,711	23,957,516
23,411,865	16,876,237	15,833,862	16,941,850	14,598,053	12,817,782
20,279,523	12,855,676	20,053,738	18,880,894	6,434,253	-
1,663,358	1,615,000	1,496,799	1,280,630	1,108,456	951,286
<u>85,323,300</u>	<u>67,420,514</u>	<u>72,028,699</u>	<u>73,395,750</u>	<u>49,009,473</u>	<u>37,726,584</u>
<u>\$ 228,859,016</u>	<u>\$ 192,622,448</u>	<u>\$ 197,154,859</u>	<u>\$ 208,354,174</u>	<u>\$ 152,168,957</u>	<u>\$ 140,832,384</u>
8,645,359	1,129,140	953,897	743,077	748,646	618,371
3,229,032	3,197,076	1,726,756	1,549,395	1,222,672	781,302
3,017,477	2,687,347	2,689,863	2,740,805	2,253,332	1,854,730
16,795,580	16,124,597	15,175,883	14,074,917	13,508,012	14,043,758
-	157	1,385	-	-	-
5,986,229	5,805,482	5,159,390	4,796,231	4,558,960	4,402,648
402,660	324,561	293,248	237,379	164,788	149,958
7,794,735	12,113,704	12,211,236	11,549,543	11,788,304	9,270,943
23,044,293	9,705,129	11,271,231	14,898,908	12,355,493	13,977,720
<u>68,915,365</u>	<u>51,087,193</u>	<u>49,482,889</u>	<u>50,590,255</u>	<u>46,600,207</u>	<u>45,099,430</u>
36,548,936	29,061,220	30,633,776	27,999,085	28,475,179	24,540,847
20,211,966	13,897,603	13,245,884	13,382,760	21,292,277	11,138,059
20,962,161	13,067,845	18,287,523	16,420,890	9,265,534	-
270,679	234,693	256,821	131,570	120,923	107,137
1,233,282	1,250,281	1,234,330	1,259,614	993,988	746,072
12,696,552	17,754,362	15,814,606	21,081,267	18,954,473	3,889,628
<u>91,923,576</u>	<u>75,266,004</u>	<u>79,472,940</u>	<u>80,275,186</u>	<u>79,102,374</u>	<u>40,421,743</u>
<u>\$ 160,838,941</u>	<u>\$ 126,353,197</u>	<u>\$ 128,955,829</u>	<u>\$ 130,865,441</u>	<u>\$ 125,702,581</u>	<u>\$ 85,521,173</u>

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

	Fiscal Year			
	2010	2009	2008	2007
Net (Expense)/Revenue				
Governmental activities	\$ (116,020,072)	\$ (113,231,438)	\$ (105,980,239)	\$ (104,522,348)
Business-type activities	8,933,340	11,068,255	12,217,195	27,982,053
Total primary government net expense	<u>\$ (107,086,732)</u>	<u>\$ (102,163,183)</u>	<u>\$ (93,763,044)</u>	<u>\$ (76,540,295)</u>
General Revenues and Other Changes in Net Assets				
Governmental activities:				
Taxes				
Property taxes	\$ 62,049,578	\$ 66,704,669	\$ 67,566,221	\$ 63,121,766
Sales and Use Tax	26,543,193	29,791,137	35,894,694	39,684,799
Other Taxes	7,660,365	8,570,003	8,496,030	9,396,886
Total taxes	<u>96,253,136</u>	<u>105,065,809</u>	<u>111,956,945</u>	<u>112,203,451</u>
Unrestricted grants and contributions	481,295	674,076	720,480	1,977,907
Payments in lieu of taxes	-	-	-	-
Gain (Loss) on Sale of Capital Asset	1,776,536	-	-	6,438,368
Investment earnings	7,204,417	10,177,941	12,225,922	9,602,364
Lease and Rental Income	7,347,933	6,955,049	-	-
Miscellaneous	1,311,650	8,873,210	13,536,181	9,936,382
Transfers	57,000	(201,503)	28,400	170,294
Special Items	-	9,653,196	-	7,996,099
Total Governmental activities	<u>114,431,967</u>	<u>141,197,778</u>	<u>138,467,928</u>	<u>148,324,865</u>
Business-type activities:				
Investment earnings	3,169,884	4,144,071	4,385,148	3,647,928
Miscellaneous	-	-	-	-
Transfers	(57,000)	201,503	(28,400)	(170,294)
Total business-type activities	<u>3,112,884</u>	<u>4,345,574</u>	<u>4,356,748</u>	<u>3,477,634</u>
Total primary government	<u>\$ 117,544,851</u>	<u>\$ 145,543,352</u>	<u>\$ 142,824,676</u>	<u>\$ 151,802,499</u>
Change in Net Assets				
Governmental activities	\$ (1,588,105)	\$ 27,966,340	\$ 32,487,689	\$ 43,802,517
Business-type activities	12,046,224	15,413,829	16,573,943	31,459,687
Total primary government	<u>\$ 10,458,119</u>	<u>\$ 43,380,169</u>	<u>\$ 49,061,632</u>	<u>\$ 75,262,204</u>

Fiscal Year					
2006	2005	2004	2003	2002	2001
\$ (74,620,351)	\$ (74,114,741)	\$ (75,643,271)	\$ (84,368,169)	\$ (56,559,277)	\$ (58,006,370)
6,600,276	7,845,490	7,444,241	6,879,436	30,092,901	2,695,159
<u>\$ (68,020,075)</u>	<u>\$ (66,269,251)</u>	<u>\$ (68,199,030)</u>	<u>\$ (77,488,733)</u>	<u>\$ (26,466,376)</u>	<u>\$ (55,311,211)</u>
\$ 50,973,502	\$ 42,349,908	\$ 33,105,038	\$ 30,333,440	\$ 29,529,405	\$ 27,910,799
39,915,335	34,502,809	29,471,424	25,219,925	22,966,156	-
9,556,368	4,866,205	4,200,484	6,700,169	6,409,162	26,835,838
<u>100,445,205</u>	<u>81,718,922</u>	<u>66,776,946</u>	<u>62,253,534</u>	<u>58,904,723</u>	<u>54,746,637</u>
3,710,301	1,112,066	6,547,602	7,718,551	7,560,375	6,964,417
-	8,998,347	8,238,819	9,753,104	8,128,085	8,104,303
-	-	(201,083)	-	(4,347,175)	(4,757,743)
4,875,430	2,222,270	3,678,428	3,634,423	5,461,343	8,143,691
-	-	-	-	-	-
6,691,463	8,464,284	511,074	2,966,100	3,309,382	3,261,263
(1,458,852)	(29,223)	24,778	(4,451,266)	(68,539)	(1,335,313)
-	-	-	-	-	-
<u>114,263,547</u>	<u>102,486,666</u>	<u>85,576,564</u>	<u>81,874,446</u>	<u>78,948,194</u>	<u>75,127,255</u>
2,491,501	1,288,738	1,281,949	2,499,040	1,623,012	2,962,770
-	482,495	-	2,744,024	-	-
1,458,852	29,223	(24,778)	4,365,931	68,539	1,335,313
<u>3,950,353</u>	<u>1,800,456</u>	<u>1,257,171</u>	<u>9,608,995</u>	<u>1,691,551</u>	<u>4,298,083</u>
<u>\$ 118,213,900</u>	<u>\$ 104,287,122</u>	<u>\$ 86,833,735</u>	<u>\$ 91,483,441</u>	<u>\$ 80,639,745</u>	<u>\$ 79,425,338</u>
\$ 39,643,196	\$ 28,371,925	\$ 9,933,293	\$ (2,493,723)	\$ 22,388,917	\$ 17,120,885
10,550,629	9,645,946	8,701,412	16,488,431	31,784,452	6,993,242
<u>\$ 50,193,825</u>	<u>\$ 38,017,871</u>	<u>\$ 18,634,705</u>	<u>\$ 13,994,708</u>	<u>\$ 54,173,369</u>	<u>\$ 24,114,127</u>

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

	Fiscal Year			
	2010	2009	2008	2007
General Fund				
Reserved	\$ -	\$ 20,156,768	\$ 20,672,134	\$ 24,121,757
Unreserved	-	54,773,799	58,818,482	70,716,157
Nonspendable	19,708,805			
Committed	17,597,806			
Assigned	40,338,627			
Total General Fund	<u>\$ 77,645,238</u>	<u>\$ 74,930,567</u>	<u>\$ 79,490,616</u>	<u>\$ 94,837,914</u>
All Other Governmental Funds				
Reserved	\$ -	\$ 81,668,685	\$ 83,897,261	\$ 59,739,936
Unreserved, reported in:				
Special Revenue	-	39,029,410	34,241,391	34,462,913
Capital Projects	-	18,110,464	16,909,462	15,510,428
Nonspendable	58,835,683			
Restricted	41,491,338			
Assigned	26,635,398			
Unassigned	(769,101)			
Total all other Governmental Funds	<u>\$ 126,193,318</u>	<u>\$ 138,808,559</u>	<u>\$ 135,048,114</u>	<u>\$ 109,713,277</u>

Note: The City implemented GASB Statement No. 34 in fiscal year ended June 30, 2000.

Fiscal Year					
2006	2005	2004	2003	2002	2001
\$ 75,249,936	\$ 13,535,692	\$ 11,896,398	\$ 13,451,103	\$ 8,986,422	\$ 10,394,564
-	31,748,096	30,390,874	29,359,950	31,540,915	31,605,673
<u>\$ 75,249,936</u>	<u>\$ 45,283,788</u>	<u>\$ 42,287,272</u>	<u>\$ 42,811,053</u>	<u>\$ 40,527,337</u>	<u>\$ 42,000,237</u>
\$ 23,685,432	\$ 71,680,887	\$ 75,451,071	\$ 95,977,110	\$ 79,182,655	\$ 99,105,126
40,645,962	(619,485)	(414,006)	(379,278)	(302,030)	(296,194)
8,347,703					
<u>\$ 72,679,097</u>	<u>\$ 71,061,402</u>	<u>\$ 75,037,065</u>	<u>\$ 95,597,832</u>	<u>\$ 78,880,625</u>	<u>\$ 98,808,932</u>

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

	Fiscal Year			
	2010	2009	2008	2007
Revenues:				
Property Taxes	\$ 62,049,578	\$ 66,704,668	\$ 67,566,222	\$ 63,121,767
Other Taxes	33,859,090	37,687,694	44,025,594	47,968,446
Licenses, fees and permits	2,244,379	3,986,271	3,939,938	7,565,595
Fines and Penalties	2,625,345	1,643,556	1,602,034	1,678,525
Special Assessments	9,230,699	9,186,822	7,363,443	7,472,089
Investment Earnings	7,205,344	8,221,715	10,324,740	8,337,386
Intergovernmental Revenues	16,982,358	23,725,540	18,579,692	21,122,793
Current Services	13,469,450	15,015,541	16,746,141	16,547,413
Payments in Lieu of Services	10,524,934	11,992,502	13,249,357	9,801,798
Other Revenues	11,586,690	11,854,846	11,337,159	11,567,679
Total Revenues	<u>169,777,867</u>	<u>190,019,155</u>	<u>194,734,320</u>	<u>195,183,491</u>
Expenditures:				
General Government	24,032,875	28,370,429	29,223,727	25,343,635
Fire	22,886,210	23,826,368	24,986,115	22,129,775
Police	43,154,254	41,009,396	42,602,945	39,637,054
Public Works	26,055,330	26,098,884	27,600,538	32,346,827
Parks and Community Services	12,628,055	14,516,592	14,082,791	12,371,034
Redevelopment	18,776,318	14,337,175	13,347,887	28,636,781
Library	2,925,121	3,228,510	3,910,240	3,609,419
Capital Outlay	21,562,741	24,337,661	35,001,560	22,935,456
Debt Service				
Principal	8,139,799	13,837,430	5,984,493	5,466,814
Interest and Fiscal Charges	14,041,809	16,730,459	14,389,659	11,710,584
Total Expenditures	<u>194,202,512</u>	<u>206,292,904</u>	<u>211,129,955</u>	<u>204,187,379</u>
Excess of Revenues over (under) expenditures	(24,424,645)	(16,273,749)	(16,395,635)	(9,003,888)
Other Financing Sources (Uses)				
Loss from sale of land held for resale	-	(472,252)	-	-
Issuance of Debt	-	5,167,326	35,874,600	51,338,901
Principal Retirement	-	-	-	-
Proceeds from Sale of Capital Asset	2,400,000	-	-	6,739,350
Bond Premium	-	-	30,601,167	-
Transfers in	17,440,737	21,302,803	(28,843,505)	37,438,933
Transfers out	(10,398,334)	(20,176,928)	-	(36,814,074)
Total other financing sources (uses)	<u>9,442,403</u>	<u>5,820,949</u>	<u>37,632,262</u>	<u>58,703,110</u>
Special Items	-	9,653,196	-	7,996,099
Net change in fund balances	<u>\$ (14,982,242)</u>	<u>\$ (799,604)</u>	<u>\$ 21,236,627</u>	<u>\$ 57,695,321</u>
Debt service as a percentage of noncapital expenditures	14.7%	20.2%	12.7%	10.5%

Note: The City implemented GASB Statement No. 34 in fiscal year ended June 30, 2000.

Fiscal Year						
2006	2005	2004	2003	2002	2001	
\$ 50,973,502	\$ 42,349,910	\$ 32,265,783	\$ 28,924,050	\$ 26,238,648	\$ 24,153,481	
47,243,504	40,815,213	34,923,016	29,994,105	30,396,922	25,281,839	
12,052,807	10,871,748	11,984,841	12,949,501	10,958,482	11,224,714	
1,778,880	1,508,004	1,700,005	1,713,495	1,407,628	1,105,048	
7,325,244	6,923,091	6,581,157	6,482,026	8,098,106	8,488,067	
4,093,836	2,776,118	3,907,468	4,781,225	7,422,121	10,604,860	
20,878,547	11,927,288	18,489,977	19,285,666	18,378,750	17,242,467	
16,156,862	15,518,676	13,470,119	12,901,807	11,880,438	11,634,689	
11,540,850	9,165,515	8,238,819	9,753,105	8,128,085	8,104,304	
10,514,261	8,626,151	3,313,914	9,015,827	5,805,563	7,059,195	
<u>182,558,293</u>	<u>150,481,714</u>	<u>134,875,099</u>	<u>135,800,807</u>	<u>128,714,743</u>	<u>124,898,664</u>	
21,080,414	18,497,239	25,270,857	20,615,021	15,389,630	12,474,703	
19,689,290	17,947,422	16,848,544	14,609,632	12,621,139	11,692,537	
36,165,060	35,815,820	32,023,189	29,667,758	24,595,721	22,639,931	
25,345,564	21,272,214	24,809,152	20,726,962	14,915,970	13,339,928	
11,736,757	10,443,414	9,888,299	9,122,985	9,579,412	8,398,504	
12,533,710	8,112,135	7,742,841	9,433,505	1,098,150	2,734,282	
3,432,052	3,268,099	3,215,633	3,350,674	2,658,331	2,323,887	
9,338,399	19,846,407	28,640,837	14,613,566	44,483,618	33,820,224	
6,824,654	4,723,597	4,812,429	8,144,624	8,637,494	22,581,210	
9,263,096	10,498,967	4,958,286	17,823,737	11,490,362	14,360,876	
<u>155,408,996</u>	<u>150,425,314</u>	<u>158,210,067</u>	<u>148,108,464</u>	<u>145,469,827</u>	<u>144,439,024</u>	
27,149,297	56,400	(23,334,968)	(12,307,657)	(16,755,084)	(19,540,360)	
-	-	(201,083)		(4,347,175)	(2,214,269)	
-	38,210,834	-	36,065,000	5,181,235	22,810,000	
-	(38,215,000)					
-		-		-	-	
-	799,695	-	-	-	-	
26,507,505	16,343,861	21,865,917	50,142,916	9,208,761	34,670,544	
(22,504,515)	(16,141,034)	(20,134,948)	(54,899,336)	(9,405,294)	(35,766,887)	
<u>4,002,990</u>	<u>998,356</u>	<u>1,529,886</u>	<u>31,308,580</u>	<u>637,527</u>	<u>19,499,388</u>	
-	-	-	-	-	-	
<u>\$ 31,152,287</u>	<u>\$ 1,054,756</u>	<u>\$ (21,805,082)</u>	<u>\$ 19,000,923</u>	<u>\$ (16,117,557)</u>	<u>\$ (40,972)</u>	
11.4%	12.5%	8.1%	19.1%	19.9%	33.4%	

CITY OF CORONA**Schedule 5a
Water Sales By User Type
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
2001	23,116	66.9	5,728	16.6	485	1.4	2,214	6.4	2,988	8.7	34,531	100
2002	22,957	66.0	5,913	17.0	556	1.6	2,435	7.0	2,922	8.4	34,783	100
2003	25,896	65.1	6,723	16.9	557	1.4	2,904	7.3	3,699	9.3	39,779	100
2004	27,678	64.0	6,750	15.6	1,738	4.0	3,493	8.1	3,563	8.2	43,222	100
2005	24,905	67.0	3,463	9.0	1,450	4.0	3,271	9.0	3,391	11.0	36,480	100
2006	26,630	66.2	3,848	9.6	1,573	3.9	3,546	8.8	4,607	11.5	40,204	100
2007	29,866	66.0	4,230	9.5	1,751	3.5	3,898	9.0	5,754	12.0	45,499	100
2008	27,598	67.5	3,803	9.3	1,557	3.8	3,039	7.4	4,870	11.9	40,867	100
2009	26,761	61.5	4,916	11.3	1,592	3.8	2,973	6.8	7,280	16.7	43,522	100
2010	23,752	64.5	4,404	12.0	1,216	3.3	4,278	11.6	3,165	8.6	36,814	100

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
2001	5,014,790	732,328	1,096,859	1,203,849	106,014	7,941,812	1.0135
2002	5,720,734	740,122	1,197,804	1,277,060	64,803	8,870,917	1.0086
2003	6,389,708	812,953	1,318,860	1,366,953	117,192	9,771,282	1.0079
2004	7,013,653	863,630	1,415,667	1,489,990	171,882	10,611,058	1.0061
2005	8,010,907	1,016,443	1,540,064	1,614,156	119,068	12,062,502	1.0053
2006	9,128,473	1,166,793	1,688,866	1,747,079	190,746	13,540,465	1.0043
2007	10,821,087	1,398,608	1,927,206	1,956,392	200,971	15,902,322	1.0025
2008	12,074,893	1,638,755	2,068,380	2,153,807	243,155	17,692,680	1.0018
2009	11,825,460	1,810,186	2,111,604	2,179,903	233,038	17,694,115	1.0012
2010	10,338,756	2,392,421	2,175,301	1,628,324	251,763	16,283,039	1.0006

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

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

CITY OF CORONA

**Schedule 6a
Ready to Serve Charges for Water Usage ⁽¹⁾
Last Nine Fiscal Years ⁽³⁾**

Fiscal Year ⁽²⁾	Quantity Rate per 100 C.F.	Monthly Base Rates								
		5/8"	3/4"	1"	1 1/2"	2"	3"	4"	6"	8"
2002	\$ 1.08	\$ 11.05	\$ 14.50	\$ 20.75	\$ 36.15	\$ 52.75	\$ 90.15	\$ 138.50	\$ 254.35	\$ 374.10
2003	\$ 1.08	\$ 11.05	\$ 14.50	\$ 20.75	\$ 36.15	\$ 52.75	\$ 90.15	\$ 138.50	\$ 254.35	\$ 374.10
2004	\$ 1.08	\$ 11.05	\$ 14.50	\$ 20.75	\$ 36.15	\$ 52.75	\$ 90.15	\$ 138.50	\$ 254.35	\$ 374.10
2005	\$ 1.08	\$ 11.05	\$ 14.50	\$ 20.75	\$ 36.15	\$ 52.75	\$ 90.15	\$ 138.50	\$ 254.35	\$ 374.10
2005	\$ 1.21	\$ 12.38	\$ 16.24	\$ 23.24	\$ 40.49	\$ 59.08	\$ 100.97	\$ 155.12	\$ 284.87	\$ 418.99
2006	\$ 1.33	\$ 13.62	\$ 17.86	\$ 25.56	\$ 44.54	\$ 64.99	\$ 111.07	\$ 170.63	\$ 313.36	\$ 460.89
2007	\$ 1.44	\$ 14.71	\$ 19.29	\$ 27.60	\$ 48.10	\$ 70.19	\$ 119.96	\$ 184.28	\$ 338.43	\$ 497.76
2008	\$ 1.61	\$ 16.40	\$ 21.51	\$ 30.77	\$ 53.63	\$ 78.26	\$ 133.76	\$ 205.47	\$ 377.35	\$ 555.00
2009	\$ 1.77	\$ 18.04	\$ 23.66	\$ 33.85	\$ 58.99	\$ 86.09	\$ 147.13	\$ 226.02	\$ 415.08	\$ 610.50
2010	\$ 1.81	\$ 18.04	\$ 23.66	\$ 33.85	\$ 58.99	\$ 86.09	\$ 147.13	\$ 226.02	\$ 415.08	\$ 610.50

1) The separate Readiness To Serve Charge to be imposed within the Overlook Owners Area shall be the amount equal to the current Readiness To Serve Charge for Domestic Service plus the amount of \$10.00 per month. This separate amount of \$10.00 per month shall be imposed for the period of five (5) years from the date of adoption of Ordinance No. 2569 (March 6, 2002) for Overlook Owners. Upon expiration of said 5 year period, the Readiness To Serve Charge to be imposed within the Overlook Area shall be the amount as determined for Domestic Service. The City eliminated all surcharges charged to customers outside the City limits.

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

3) Ten years of data is not available.

Source: City of Corona Department of Water and Power.

CITY OF CORONA**Schedule 6b****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
2001	1.0000	0.0135	1.0135	0.0237	0.1341	0.0088	0.0000
2002	1.0000	0.0086	1.0086	0.0237	0.1280	0.0077	0.0000
2003	1.0000	0.0079	1.0079	0.0237	0.1164	0.0067	0.0000
2004	1.0000	0.0061	1.0061	0.0237	0.0765	0.0061	0.0000
2005	1.0000	0.0053	1.0053	0.0237	0.0755	0.0058	0.0180
2006	1.0000	0.0043	1.0043	0.0146	0.0731	0.0052	0.0180
2007	1.0000	0.0025	1.0025	0.0107	0.0580	0.0047	0.0180
2008	1.0000	0.0018	1.0018	0.0379	0.0526	0.0045	0.0126
2009	1.0000	0.0012	1.0012	0.0411	0.1064	0.0043	0.0125
2010	1.0000	0.0006	1.0006	0.0403	0.1255	0.0043	0.0124

Notes:

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

Source: Riverside County Auditor-Controller.

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

Water Customer	2010			2003		
	Water Charges	Rank	Percent of Total Water Revenues	Water Charges	Rank	Percent of Total Water Revenues
City of Corona	\$ 2,586,751	1	5.92%	\$ 1,359,951	1	5.16%
Corona-Norco USD	\$ 730,029	2	1.67%	\$ 491,678	2	1.87%
Integrated Protein Tech	\$ 185,775	3	0.43%	\$ 105,664	5	0.40%
Eagle Glen Master HOA	\$ 178,617	4	0.41%	\$ 232,557	3	0.88%
Westdale Asset Management	\$ 144,999	5	0.33%	\$ 87,150	9	0.33%
EWR, Inc	\$ 144,305	6	0.33%	\$ 87,055	10	0.33%
ERP Operating Limited Ptrshp	\$ 132,731	7	0.30%			
MG Properties	\$ 116,619	8	0.27%			
Eagle Glen Country Club, LLC	\$ 113,698	9	0.26%			
Meadowood Investors LLC	\$ 112,244	10	0.26%			
Hi-Country-Corona Inc				\$ 156,709	4	0.59%
GTS Property Hollywood Inc.				\$ 98,758	6	0.37%
Matt Construction Corp				\$ 91,584	7	0.35%
Archstone Communities				\$ 90,729	8	0.34%
	<u>\$ 4,445,767</u>		<u>10.18%</u>	<u>\$ 2,801,834</u>		<u>10.63%</u>

Source: Corona Department of Water and Power.

Note: Data from 10 years ago was not available.

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

Taxpayer	2010			2001		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Watson Laboratories Inc.	\$ 178,447,640	1	1.10%	\$ 85,616,816	2	1.08%
Kaiser Foundation Health Plan Inc	168,650,814	2	1.04%	119,015,940	1	1.50%
Castle and Cooke Corona Inc.	167,609,130	3	1.03%			
Rexco	139,334,557	4	0.86%			
223-1 DL Holdings LLC	125,290,614	5	0.77%			
Waterstone Apartments NF	119,133,539	6	0.73%			
Dart Container Corporation of Calif	78,350,078	7	0.48%	65,373,517	4	0.82%
Price Reit Inc.	77,380,170	8	0.48%	61,453,130	5	0.77%
Avalon California Value VI	49,380,393	9	0.30%			
Corona Summit	49,365,151	10	0.30%			
Dairy Farmers of America Inc.				77,521,151	3	0.98%
ERP Operating LP				52,492,608	6	0.66%
Lennar Homes of California				44,360,622	7	0.56%
CTF 16 Baywood				42,429,000	8	0.53%
Security Capital Pacific Trust				35,536,571	9	0.45%
Evans Withycombe Residential				25,644,110	10	0.32%
Total	<u>\$ 1,152,942,086</u>		<u>7.08%</u>	<u>\$ 609,443,465</u>		<u>7.67%</u>

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

CITY OF CORONA**Schedule 8
Property Tax Levies and Collections
Last Ten Fiscal Years**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year ¹	Collected within the Fiscal Year of the Levy		Delinquent Tax Collections	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2001	12,107,442	11,214,012	92.62%	533,203	11,747,215	97.02%
2002	13,399,495	12,645,821	94.38%	606,576	13,252,397	98.90%
2003	14,732,029	13,947,475	94.67%	763,871	14,711,346	99.86%
2004	15,932,786	14,583,817	91.53%	807,182	15,390,999	96.60%
2005	17,960,358	16,344,312	91.00%	1,369,934	17,714,246	98.63%
2006	18,409,599	16,237,649	88.20%	1,667,527	17,905,176	97.26%
2007	23,054,281	19,690,971	85.41%	2,300,224	21,991,195	95.39%
2008	25,254,270	20,898,139	82.75%	2,996,398	23,894,537	94.62%
2009	25,036,199	21,120,483	84.36%	3,992,067	25,112,550	100.30%
2010	22,628,536	19,921,737	88.04%	3,363,727	23,285,464	102.90%

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

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

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

Fiscal Year	Governmental Activities						
	General Obligation Bonds	Redevelopment Bonds	Lease Revenue Bonds	Loans Payable	Lease Payable	Long-Term Agreement Payable	Special Assessment Bonds
2001	\$ 6,190	\$ 51,375	\$ 22,810	\$ 3,499	\$ -	\$ -	\$ 14,695
2002	5,410	50,320	22,560	3,115	65	-	10,555
2003	5,065	49,205	56,770	2,711	1,100	-	5,095
2004	3,955	48,030	55,840	2,308	976	-	4,025
2005	3,635	45,485	53,940	1,907	883	1,301	3,255
2006	2,535	42,755	51,975	1,485	787	1,115	2,930
2007	1,925	63,175	87,130	1,039	686	929	2,565
2008	1,445	90,940	73,390	569	583	6,882	2,225
2009	950	87,805	70,695	-	475	5,725	1,900
2010	-	85,075	67,905	-	-	4,530	1,435

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

The City implemented GASB Statement No. 34 in fiscal year ended June 30, 2000. Information prior to the implementation of GASB Statement No. 34 is not available.

Business-Type Activities								
Installment Agreement Payable	Long-Term Installment Payable	Term Loan Payable	Lease Payable	Certificates of Participation	Contracts Payable	Total Primary Government	Percent of Personal Income	Per Capita
\$ -	\$ 35,585	\$ 21,097	\$ 85	\$ 5,940	\$ 717	161,993	n/a	\$ 1,234
-	34,900	20,789	58	5,685	717	154,174	5.0%	1,151
-	34,190	19,233	-	73,450	717	247,536	7.9%	1,807
-	33,455	18,194	-	73,175	717	240,675	n/a	2,914
432	32,690	35,171	-	101,760	717	281,176	n/a	3,150
296	31,895	43,429	-	101,310	717	281,229	n/a	3,137
173	31,070	43,322	-	100,590	717	333,321	n/a	3,462
37	30,215	41,990	-	98,145	690	519,739	n/a	3,525
2,000	29,325	39,625	-	95,645	690	334,835	n/a	3,415
2,036	28,400	37,207	-	93,035	690	320,313	n/a	3,276

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

Fiscal Year	General Bonded Debt Outstanding					Percentage of Actual Value ¹ of Property	Per Capita ²
	General Obligation Bonds	Redevelopment Bonds	Special Assessment Bonds	Lease Revenue Bonds	Total		
2001	\$ 6,190	\$ 51,375	\$ 14,695	\$ 22,810	\$ 95,070	1.20%	\$ 724
2002	5,410	50,320	10,555	22,560	88,845	1.00%	663
2003	5,065	49,205	5,095	56,770	116,135	1.19%	848
2004	3,955	48,030	4,025	55,840	111,850	1.05%	789
2005	3,635	45,485	3,255	53,940	106,315	0.88%	738
2006	2,535	42,755	2,930	51,975	100,195	0.74%	693
2007	1,925	63,175	2,565	87,130	154,795	0.97%	1,059
2008	1,445	90,940	2,225	73,390	168,000	0.95%	1,140
2009	950	87,805	1,900	70,695	161,350	0.91%	1,086
2010	-	85,075	1,435	67,905	154,415	0.95%	1,027

Notes: 1) See Schedule 5 for property value data.

2) See Schedule 14 for population data.

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

CITY OF CORONA

Schedule 11

Direct and Overlapping Governmental Activities Debt¹

As of June 30, 2010 (dollars in thousands)

	Debt Outstanding	Est. Percentage Applicable ²	Share of Overlapping Debt
Direct and Overlapping Tax and Assessment Debt:			
Metropolitan Water District	\$ 264,220	0.737%	\$ 1,947
Riverside City Community College District	134,696	22.696%	30,571
Alvord Unified School District	212,894	16.690%	35,532
Corona-Norco Unified School District	264,167	57.958%	153,106
Alvord Unified School District CFD No. 2006-1	8,690	16.860%	1,465
Corona-Norco Unified School District CFD No. 6	1,160	100.000%	1,160
Corona-Norco Unified School District CFD No. 88-1	2,390	90.618%	2,166
Corona-Norco Unified School District CFD No. 97-1	1,390	100.000%	1,390
Corona-Norco Unified School District CFD No. 99-1	3,393	100.000%	3,393
Corona-Norco Unified School District CFD No. 99-2, Imp Areas A, B, C	7,074	100.000%	7,074
Corona-Norco Unified School District CFD No. 00-1	2,445	100.000%	2,445
Corona-Norco Unified School District CFD No. 01-1, Imp Areas A & B	10,955	100.000%	10,955
Corona-Norco Unified School District CFD No. 01-2, Imp Areas A, B, C	15,405	100.000%	15,405
Corona-Norco Unified School District CFD No. 03-3, Imp Area A	5,465	100.000%	5,465
Corona-Norco Unified School District CFD No. 03-5	2,670	100.000%	2,670
Corona-Norco Unified School District CFD No. 04-2, Imp Areas 1 & 3	4,690	100.000%	4,690
City of Corona CFD No. 86-2	13,875	100.000%	13,875
City of Corona CFD No. 89-1	22,790	100.000%	22,790
City of Corona CFD No. 90-1	34,260	100.000%	34,260
City of Corona CFD No. 97-2	13,965	100.000%	13,965
City of Corona CFD No. 2000-1	7,095	100.000%	7,095
City of Corona CFD No. 2001-2	3,280	100.000%	3,280
City of Corona CFD No. 2002-1	26,325	100.000%	26,325
City of Corona CFD No. 2002-4	8,780	100.000%	8,780
City of Corona CFD No. 2003-2	10,130	100.000%	10,130
City of Corona CFD No. 2004-1	3,615	100.000%	3,615
California Statewide Communities Development Authority CFD No. 2002-1	4,310	100.000%	4,310
City of Corona 1915 Act Bonds	6,360	100.000%	6,360
Total Overlapping Tax and Assessment Debt			\$ 434,219
Overlapping General Fund Obligation Debt:			
Riverside County General Fund Obligations	\$ 736,428	8.797%	\$ 64,784
Riverside County Pension Obligations	375,100	8.797%	32,998
Riverside County Board of Education COPs	7,240	8.797%	637
Corona-Norco Unified School District General Fund Obligations	27,040	57.958%	15,672
Alvord Unified School District General Fund Obligation Debt	2,027	16.690%	338
Total Overlapping General Fund Obligation Debt			\$ 114,428
Less: Riverside County self-supporting obligations			1,330
Total Net Direct and Overlapping General Fund Obligation Debt			\$ 113,098
Gross Combined Total Overlapping Debt³			\$ 548,647
Net Combined Total Overlapping Debt			\$ 547,317
City Direct Debt:	\$ 158,945	100.000%	\$ 158,945
Less: City-obligated debt supported by special assessment payments			1,435
Net City Direct Debt			\$ 157,510
Net Combined Total Direct and Overlapping Debt			\$ 704,827

Notes: 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 2010

Assessed Value	\$ 16,283,039
Debt Limit (15% of assessed value)	2,442,456
Debt Applicable to limit:	
General obligation bonds	-
Less: Amount set aside for repayment of general obligation debt	-
Total net debt applicable to limit	<u>-</u>
Legal Debt Margin	<u>\$ 2,442,456</u>

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Debt Limit	\$ 1,191,272	\$ 1,330,638	\$ 1,465,692	\$ 1,591,659	\$ 1,809,375	\$ 2,031,070	\$ 2,385,348	\$ 2,653,302	\$ 2,654,117	\$ 2,442,456
Total net debt applicable to limit	4,727	4,091	3,505	2,871	2,298	1,719	1,158	600	(43)	-
Legal debt margin	\$ 1,186,545	\$ 1,326,547	\$ 1,462,187	\$ 1,588,788	\$ 1,807,077	\$ 2,029,351	\$ 2,384,190	\$ 2,652,702	\$ 2,654,160	\$ 2,442,456
Total debt applicable to the limit as a percentage of debt limit	0.397%	0.307%	0.239%	0.180%	0.127%	0.085%	0.049%	0.023%	-0.002%	0.000%

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.

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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 Principal	Debt Service Interest	Coverage	Special Assessment Collections	Current Account Balance	Debt Service Principal	Debt Service Interest	Coverage
2001	\$ 16,139	\$ 1,168	\$ 15,625	\$ 1,126	1.03 ¹	\$ 3,752	\$ 3,666	\$ 3,280	\$ 1,298	1.62
2002	1,179	26	250	956	1.00	3,291	3,525	4,140	1,019	1.32
2003	1,827	2,209	790	1,749	1.59 ²	1,410	5,579	5,460	617	1.15
2004	1,931	1,511	930	2,499	1.00	822	1,411	1,070	355	1.57
2005	3,306	1,068	1,900	2,450	1.01	582	1,020	770	283	1.52
2006	4,184	177	1,965	2,390	1.00	560	448	325	241	1.78
2007	4,501	272	2,025	2,626 ⁶	1.03	543	77	365	214	1.07
2008	5,673	152	2,620	3,212	1.00	487	38	340	187	1.00
2009	5,663	150	2,695	3,118	1.00	571	28	325	162	1.23
2010	5,686	125	2,790	3,021	1.00	525	79	465	131	1.01

Continued Page 1 of 2

- Notes:
- 1) 1993 Public Improvement bonds were refunded by the 2001 Lease Revenue Refunding Bonds.
 - 2) 2002 Lease Revenue bonds issued; capitalized interest used to make debt payments.
 - 3) 2004 TABS issued in July 2004 partially refunded 1994 TABS.
 - 4) 2003 COPs issued with capitalized interest.
 - 5) 2005 COPs issued with capitalized interest.
 - 6) 2006 Lease Revenue bonds issued; escrow used to make 2000 LRB payment.
 - 7) Amount includes a SERAF payment of \$8.9m

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

CITY OF CORONA

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

Fiscal Year	Net Property Tax Increment	Redevelopment Bonds				Water Revenue Bonds				Certificates of Participation			
		Principal	Debt Service Interest	Coverage	Lease Payments	Principal	Debt Service Interest	Coverage	Lease Payments	Current Account Balance	Principal	Debt Service Interest	Coverage
2001	\$ 6,038	\$ 1,005	\$ 3,015	1.50	\$ 2,283	\$ 660	\$ 1,628	1.00	\$ 516	\$ 32	\$ 240	\$ 309	1.00
2002	7,082	1,055	2,961	1.76	2,287	685	1,603	1.00	520	48	255	298	1.03
2003	7,377	1,115	2,902	1.84	2,286	710	1,577	1.00	504	47	265	286	1.00
2004	8,691	1,175	2,840	2.16	2,284	735	1,550	1.00	771	4,689	275	2,779	1.79 ⁴
2005	9,306	39,455 ³	2,545	0.22	2,286	765	1,522	1.00	1,223	2,686	435	3,469	1.00
2006	10,324	2,730	1,952	2.20	2,285	795	1,493	1.00	4,520	335	450	4,390	1.00 ⁵
2007	14,559	1,735	2,109	3.79	2,286	825	1,462	1.00	5,077	343	720	4,710	1.00
2008	21,287	1,785	3,141	4.32	2,288	855	1,429	1.00	6,764	346	2,445	4,665	1.00
2009	19,459	3,135	4,475	2.56	2,281	890	1,393	1.00	6,761	323	2,500	4,582	1.00
2010	11,748 ⁷	2,730	4,357	1.66	2,281	925	1,356	1.00	6,861	220	2,610	4,476	1.00

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

	(1)		(2)	(3)	(4)	(5)
Year	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2001	\$ 131,246	n/a	n/a	n/a	37,487	4.2%
2002	133,966	3,086,993	23,043	n/a	39,614	4.9%
2003	137,006	3,142,951	22,940	n/a	41,977	5.0%
2004	141,822	n/a	n/a	n/a	43,998	4.8%
2005	144,070	n/a	n/a	n/a	44,240	3.7%
2006	144,661	n/a	n/a	n/a	47,731	3.5%
2007	146,164	n/a	n/a	n/a	49,865	4.1%
2008	147,428	n/a	n/a	n/a	51,334	6.1%
2009	148,597	n/a	n/a	n/a	52,138	10.4%
2010	150,416	11,271,573	74,936	n/a	52,914	10.3%

Sources: 1) Population – California Department of Finance;

2) Personal Income – City Profile 2010 published by Economics & Politics, Inc.

3) Median Age – U.S. Census Bureau;

4) School Enrollment – Corona-Norco Unified School District;

5) Unemployment Rate – California Labor Market.

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

Employer	2010			2001		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Corona-Norco Unified School District	4,906	1	6.58%	3,200	1	5.00%
Corona Regional Medical Center	1,171	2	1.57%	700	3	1.09%
Watson Laboratories, Inc.	1,045	3	1.40%	1,000	2	1.56%
City of Corona	894	4	1.20%	700	4	1.09%
Kaiser Permanente	655	5	0.88%	550	6	0.86%
Fender USA Corona	650	6	0.87%	650	5	1.02%
All American Asphalt	650	7	0.87%			
TWR Enterprises	400	8	0.54%			
Dart Container Corporation	360	9	0.48%	400	7	0.63%
Core-Mark	308	10	0.41%			
Uniweb, Inc.				350	8	0.55%
Circle Seal Controls, Inc.				280	9	0.44%
Golden Cheese Co. of California				250	10	0.39%

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

Notes: Data from ten years ago was not available.

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

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

Source: City of Corona Finance Department.

Note:

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

2) Data from ten years ago was not available.

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

Function/Program	Fiscal Year					
	2010	2009	2008	2007	2006	2005
Police						
Physical Arrests	5,337	5,693	5,026	5,298	4,696	4,259
Parking Violations	3,241	6,768	8,165	9,806	8,147	8,657
Traffic Violations	10,087	13,357	11,389	11,931	13,923	16,885
Fire						
Emergency Responses	9,683	9,480	10,139	10,238	9,997	9,644
Fires Extinguished	378	387	439	515	499	503
Inspections	2,560	2,124	2,072	1,039	865	1,529
Public Works						
Street Resurfacing (miles)	85	70	6	172.51	9.80	11.75
Street Lights Repaired	1,775	1,991	1,721	1,307	1,336	1,158
Potholes Filled (sq. ft)	38,187	51,223	33,936	42,000	37,389	36,294
Parks and Community Services						
Sportsfields Participation	1,746,257	1,307,866	828,717	486,114	459,002	462,852
Comm. Centers/Gym/Pool	249,295	279,548	309,814	310,604	307,888	303,460
Other Activity Participation	259,179	249,407	217,500	153,301	126,542	128,991
Library						
Volumes in Collection	166,163	177,028	175,648	165,102	165,474	161,495
Total Volumes Borrowed	1,262,964	1,191,239	956,152	540,612	673,450	722,032
Water						
New Connections	217	269	158	504	801	656
Water Main Repairs	45	6	6	10	9	38
Average Daily Consumption (gallons)	32,865,757	38,970,000	36,490,000	35,000,000	35,200,000	38,135,000
Wastewater						
Average Daily Sewage Treatment (millions of gallons)	13	13	13	13	12.245	12.21
Transit Services						
Total Route Miles (round-trip)	39	39	39	44.4	44.7	44.7
Passengers						
Fixed Route	165,104	166,744	163,062	150,815	146,983	162,423
Dial-A-Ride	64,689	63,122	64,079	57,577	58,892	66,481

Source: Various City departments.

Note: Data from ten years ago was not available.

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

<u>Function/Program</u>	<u>Fiscal Year</u>					
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Police						
Stations	1	1	1	1	1	1
Zone Offices	2	3	3	3	3	3
Patrol Units	65	65	74	74	66	58
Fire Stations						
	7	7	7	7	7	7
Streets						
Streets and Alleys (miles)	397.65	397.65	382.95	380.26	375.84	370.96
Streetlights ¹	11,733	11,682	11,711	11,688	11,300	10,540
Traffic Signals	168	166	161	163	157	153
Parks and Community Services						
Total Park Acreage	375.71	375.71	363.83	363.83	341.64	347
Playgrounds	27	26	30	30	29	30
Baseball/softball diamonds	39	35	35	33	33	32
Soccer/football fields	17	15	15	14	14	11
Community Centers	7	7	7	7	7	7
Civic Center Auditorium Seating Cap	380	380	380	380	250	250
Fiesta Bandshell Seating Capacity	500	500	500	500	500	500
Water						
Water Main (miles)	684	670.47	669.78	622	605.5	566
Fire Hydrants	8,692	8,496	8,421	8,300	7,904	7,611
Storage Capacity (millions of gallons)	52.7	52.7	43.6	43.6	45.9	40.9
Wastewater						
Sanitary Sewers (miles)	446.8	445.4	436.0	394.1	382.4	376.0
Storm Sewers (miles)	167.5	164.9	161.0	154.2	148.2	145.2
Treatment Capacity (millions of gallons)	15.5	15.5	14.0	14.0	18.5	15.5
Transit Services						
Minibuses						
Fixed Route	5	5	5	5	5	5
Dial-A-Ride	9	9	9	9	9	9

Source: Various City departments.

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

Data from ten years ago was not available.