

CITY OF CORONA, CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2013



Prepared by the City of Corona Finance Department

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Government Finance Officers Association

**Certificate of
Achievement
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Reporting**

Presented to

**City of Corona
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO



December 18, 2013

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, 2013. The report consists of three sections: Introductory, Financial and Statistical. The Financial Section includes a complete set of financial statements presented in conformity with Generally Accepted Accounting Principles (GAAP) and audited in accordance with Auditing Standards Generally Accepted in the United States of America by a firm of licensed certified public accountants. Management assumes full responsibility for the accuracy and reliability of all information presented in this report. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft or misuse, and to compile sufficient reliable information for the preparation of the City of Corona's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the objective of the City's internal control framework is to provide reasonable rather than absolute assurance that the financial statements are free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

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, 2013. 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.

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.

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

Profile of the City

The City of Corona is located approximately 45 miles southeast of Los Angeles in western Riverside County. The community is ideally situated at the base of the mountainous Cleveland National Forest on an alluvial plain leading down, or north to the Santa Ana River. Based on data provided by the U.S. Census Bureau in 2012, the City's population was 158,391. 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), Streets and Highways, Electric, Public Library, Parks, Public Improvements, Planning and Zoning, Public Transportation (Dial-A-Ride and Corona Cruiser programs), Housing and Economic Development. Water and Water Reclamation services are provided through the legally separate Corona Utility Authority, which functions as a department of the City of Corona and therefore has been included as an integral part of the City of Corona's financial statements. The former Redevelopment Agency, the Corona Housing Authority, the Corona Public Financing Authority and the Corona Public Improvement Corporation are financially accountable by the City of Corona and are reported in the financial statements. Additional information on all of these legally separate entities can be found in the Notes to the Basic Financial Statements, under the Description of Reporting Entity section.

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

Local Economy

The City of Corona continues to position itself as the prime location for companies looking for industrial, commercial or office space. On the border of Orange County, Corona offers a premium location well-suited for a variety of business needs as well as offering the quality of life sought by management and workforce. As the economy continues in its correction mode, Corona is seeing the impacts by having vacancy rates not seen since 2008. Commercial retail vacancy is at 6.0% and the industrial inventory at a 2.0%.

During the last couple of years Corona has been experiencing increased activity in overall new construction and development. Several new residential and commercial developments were completed in 2013. During the last housing boom, many multi-family units were sold as condominiums, creating a shortage in the market for leasable residential space. In 2012 over 400 market-rate apartments were constructed on North Main Street, and the developer obtained an additional 400 entitlements with approximately 70,000 square feet of retail at the same location. A resort style assisted living and memory care facility with more than 96,000 square feet on a 5 acre lot broke ground in October 2013. New construction in the industrial sector continues at a slow pace, not due to low demand, but due to the fact that Corona is nearly built-out and there are very few large parcels for development of major projects. Among the few developments that were currently ongoing, one of them is an 186,000 square-foot industrial

building, which was completed in 2013. Another project consisting of a 550,000 square-foot industrial park has completed its entitlement phase. In addition, a mixed-use project that will have multi-family and a business park totaling 228 units and approximately 75,000 square feet of flexible office/industrial building had completed its entitlement phase.

As the City continues moving forward along with the economy, many companies are expanding their operations in Corona and have created jobs to further stimulate the local economy. The unemployment rate in Corona has come down from 11.4% in September 2011, to 8.8% in September 2012, and currently it is at 8.0%. The overall unemployment rate for the County of Riverside is at 10.2% (September 2013).

Property tax continues to be the largest General Fund revenue source for the City for the fiscal year ended June 30, 2013. Total taxable assessed valuation in Corona for Fiscal Year 2012-13 was \$15.8 billion, representing a slight increase of 0.2% from the previous year. Sales tax is the other principal revenue source for the City's General Fund. Taxable retail sales totaled \$3.0 billion in Fiscal Year 2012-13, another increase of 8.7% followed by the 8.0% increase from two years ago. Total property and sales tax constituted 52.3% of total governmental revenues, which help to support all general government activities including public safety, public works, community services, housing, and economic development.

Long Term Financial Planning

Corona has set itself apart from most California cities. In a recent credit review performed by Moody's Investor Services, the vast majority of California cities received a rating downgrade as the result of the toll the economic recession had placed on the municipalities and the failure of cities to implement critical cost reduction measures in a timely manner. In contrast to these other municipalities, the Corona Public Financing Authority received an upgraded rating from Standard & Poor's (S&P) on May 29, 2013, raising the underlying rating from A+ to AA-. In the rating report, S&P considered the City's management practices "strong" under its Financial Management Assessment (FMA) methodology. S&P further commented that "an FMA of 'strong' indicates that in our view, (the City's) practices are strong, well embedded and likely sustainable."

The enhanced credit rating in an overall negative trend in the public sector is a strong indicator that the long-term financial planning strategy adopted by the City is both effective and efficient. For Corona, the financial well-being of the City not only depends on enhancing the City's property and sales tax revenue base, but also controlling expenditure growth.

Both discretionary and non-discretionary employment and post-employment benefits such as pension contribution and health insurance have increased. In response to this situation, over the last few years, the City has focused on strategic organizational restructuring to increase efficiency and reduce cost. In December 2012, the City established an in-house City Attorney's department to effectuate cost savings and enhance the level of legal protection. In June 2013, management negotiated with all bargaining units to extend concession items for two additional years, implemented a new benefit tier, and reduced long-term healthcare costs by establishing a medical allowance with a cap for this new benefit tier. In addition to these proactive approaches on reducing administrative costs, the City also took advantage of prime market opportunities and successfully refunded five of its outstanding long-term obligations, realizing over \$9.8 million in net present value savings on future debt service costs.

Due to the conservative approach that has been consistently applied by City management, the City not only avoided the use of one-time General Fund resources to balance its budget, but also was able to increase its contingency reserve by \$3.0 million, bringing the reserve balance from \$14.3 million from the previous year to \$17.3 million as of June 30, 2013. This amounts to approximately 15.2% of current year's General Fund operating expenditures. The goal is to increase contingency reserves to two months of regular General Fund operating expenditures in any fiscal year as recommended by the Government Finance Officers Association (GFOA). The City will continue to work towards this goal. Other funds have also been set aside as reserves for facility projects, future technology needs, vehicle and equipment replacement, potential changes in debt service requirements, and other unforeseen items. The conservative budgets that were passed in prior fiscal years contributed to this overall financial philosophy.

The City Council and the City leadership will continue to monitor its fiscal plan with the goal to enhance the overall financial well-being, by maintaining our commitment to fiscal responsibility, effective resource management, and providing the highest service levels to our residents.

Relevant Financial Policies

Corona follows the General Fund Expenditure Control Budget (ECB) guidelines as outlined in the budget resolution. The Fiscal Year 2012-13 budget was the nineteenth 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. 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 2013-14, the City's new capital improvement projects totaled \$44.5 million. This is divided among the categories of: Buildings, Facilities and Systems, Roads, Bridges and Freeways, Lighting and Signals, Drainage, Parks and Airport, Housing and Economic Programs, Water, Water Reclamation, Electric, and development financed infrastructure.

The majority of the capital budget, or 49.7%, was in the Water and Water Reclamation categories, with a total amount of \$22.1 million. Major projects in these two categories include \$5.0 million for the Tertiary Treatment Project at Water Reclamation Facility #2, \$3.5 million for the Enterprise Asset Management Program, \$3.0 million for the Mangular Blending Facility, \$2.3 million for the Advanced Metering Project, \$2.0 million for the Western Riverside County Regional Water Authority Agreement, and \$3.0 million for water and sewer line replacements.

The Roads, Bridges and Freeways category totaled \$8.2 million, or 18.5%, of the overall City capital improvement project budget. The primary funding sources were from Measure A and Gas Tax. The Housing and Economic programs represent 11.2% of the total City capital budget, with a total amount of \$5.0 million to fund various housing and development programs citywide.

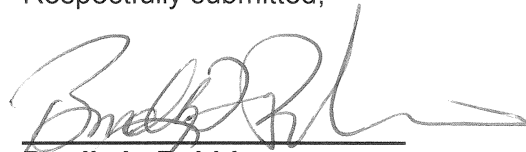
Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to the City of Corona for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2012. This was the twenty-third consecutive year that the City has received this prestigious award. This award is the highest form of recognition in governmental accounting and financial reporting. 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.

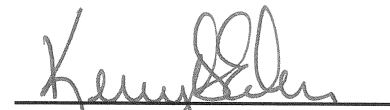
A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the award program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of the CAFR on a timely basis was made possible by the efficient and dedicated service of the entire Finance Department. Staff members have our sincere appreciation for their contributions to 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 managing the City's finances.

Respectfully submitted,



Bradly L. Robbins
City Manager



Kerry D. Eden
Finance Director



CITY OF CORONA

Elected Officials and Executive Management

Elected Officials

JASON SCOTT Mayor
KAREN SPIEGEL..... Vice Mayor
RICHARD O. HALEY Councilmember
EUGENE MONTANEZ Councilmember
STAN SKIPWORTH Councilmember

RANDY FOX City Treasurer

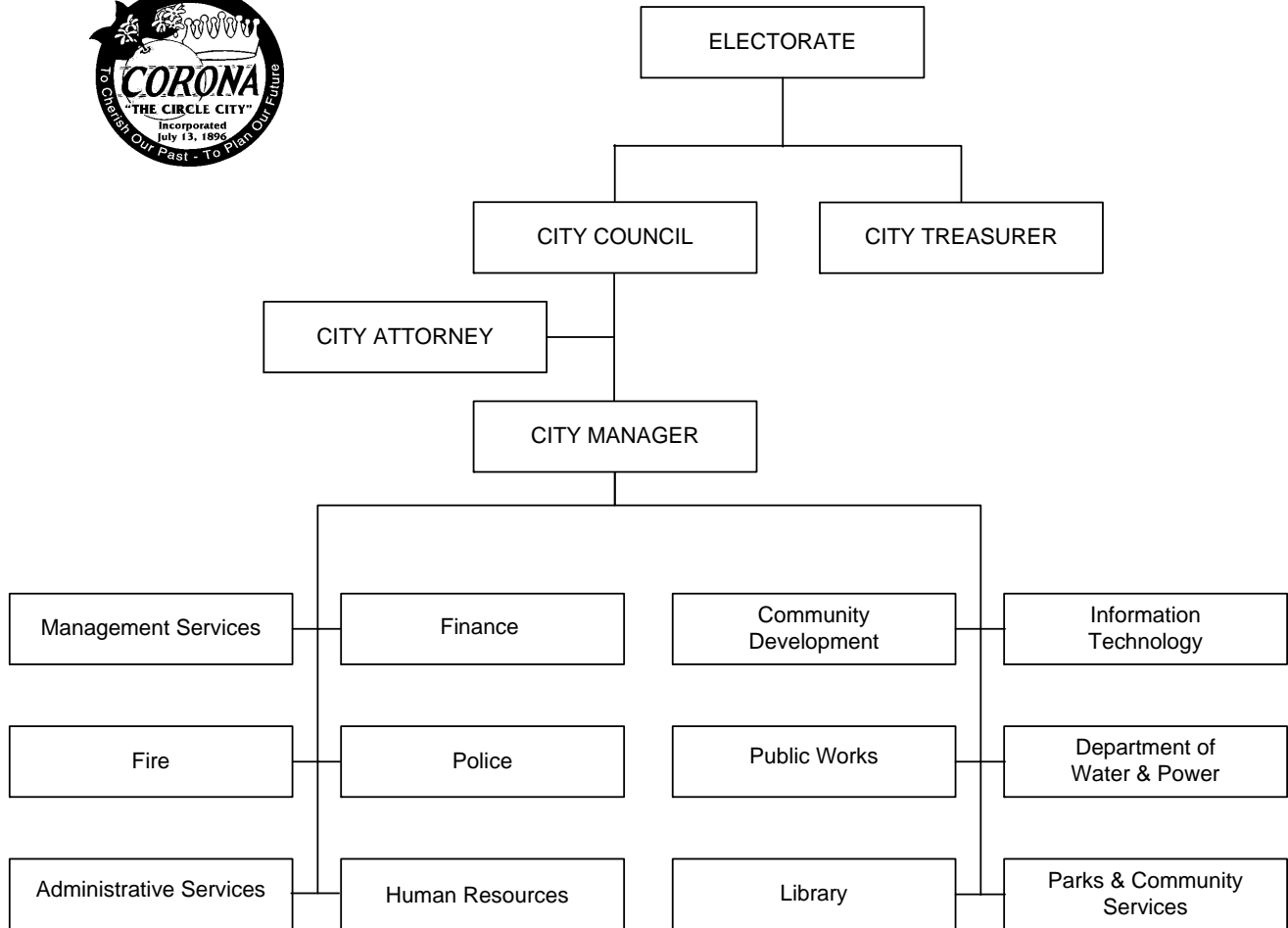
Executive Management

BRADLY L. ROBBINS..... City Manager
DEAN DERLETH..... City Attorney
GREG IRVINE..... Assistant City Manager

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

CITY OF CORONA

City Organizational Chart





INDEPENDENT AUDITORS' REPORT

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

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Corona, California, (the City) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Corona, California, as of June 30, 2013, and, the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.



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

Other Matters

Required Supplementary Information

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

Other Information

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

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

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



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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2013 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

Lance, Soll & Lughard, LLP

Brea, California
December 4, 2013





MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2013

The following Management's 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, 2013. This narrative discussion and analysis focuses on the current year's activities, resulting changes and currently known facts; therefore, the information presented here should be considered in conjunction with additional information furnished in the letter of transmittal and the accompanying basic financial statements.

FINANCIAL HIGHLIGHTS

Government-Wide

- Total assets and deferred outflows of the City exceeded its liabilities at June 30, 2013 by \$1.1 billion (*net position*). Of this amount, \$164.5 million (*unrestricted*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's net position increased by \$11.1 million from the previous fiscal year. Current year operations resulted in an increase of \$21.1 million, this amount was offset by an \$8.0 million cash contribution to the Successor Agency recorded as an extraordinary loss, as well as a restatement of \$(2.0) million to the beginning balance of net position, to arrive at the \$11.1 million net increase to the government-wide net position. Additional information regarding the extraordinary loss and the restatement are provided in later discussion.
- For governmental activities, expenses were \$84.6 million greater than the governmental program revenues. Taxes, lease and rental income, investment earnings, and other income with a total of \$95.8 million provided sufficient funding for City-wide programs. After factoring in the transfers of \$(0.5) million, the extraordinary loss of \$8.0 million, and a restatement of \$(1.8) million, governmental activities' net position increased by \$0.9 million from the previous year.
- For business-type activities, program revenues exceeded expenses by \$3.5 million. Of the \$107.4 million total program revenues, \$102.4 million was from charges for services, \$1.6 million from operating grants and contributions, and the remaining \$3.4 million represents contributions of capital assets such as infrastructure from developers. Together with investment earnings of \$2.5 million, bond issuance premium of \$3.9 million, and the incoming transfer from governmental activities in the amount of \$0.5 million, the current fiscal year showed a \$10.4 million surplus in the business-type activities. With the restatement of \$(0.2) million to the beginning balance, net position increased by \$10.2 million from the previous year.

CITY OF CORONA

Management's Discussion and Analysis (continued)

June 30, 2013

- The City recognized an extraordinary loss in the amount of \$8.0 million on its government-wide financial statements. The amount represented a cash contribution the City made to the Successor Agency for its DDR payment as prescribed by Assembly Bill 1484. For additional information, please refer to Notes 20 and 21.F in the accompanying financial statements.
- The government-wide statement had a restatement of \$(2.0) million to its beginning net position as the result of disallowed reimbursements and reclassified capital expenses. Please refer to Note 19 in the accompanying financial statements for additional information.

Fund Based

- As of the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$188.1 million, an increase of \$3.7 million from the previous year. Operating revenues exceeded expenditures by \$9.2 million, taking into account \$2.5 million transferred into the governmental funds and an extraordinary loss of \$8.0 million, current year net change to the fund balance was \$3.7 million.
- Of the total fund balance for all governmental funds, \$106.4 million, or 56.6% are either non-spendable or restricted due to the nature of the restriction. An additional amount of \$22.8 million was committed in the fund balance, including \$17.3 million committed to emergency contingencies, \$3.0 million in ECB savings, and \$2.5 million in designated revenues. Please refer to Note 16 for additional information on the categorization of the governmental funds' fund balances.

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

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

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

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

CITY OF CORONA

Management's Discussion and Analysis (continued)

June 30, 2013

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

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

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

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

Fund Financial Statements

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

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

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

Proprietary funds – When the City charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net position and the statement of revenues, expenses and changes in fund

CITY OF CORONA

Management's Discussion and Analysis (continued)
June 30, 2013

net position. The City's enterprise funds are the same as the business-type activities reported in the government-wide statements but provide more detail and additional information, such as cash flows. The City uses internal service funds (the other component of proprietary funds) to report activities that provide supplies and services for the City's other programs and activities – such as the City's self-insurance and fleet operations funds. The internal service funds are reported with governmental activities in the government-wide financial statements. The proprietary fund financial statements can be found in the Basic Financial Statements section of this report.

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

Notes to Basic Financial Statements

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

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City's progress in funding its obligation to provide pension benefits to its employees, budgetary comparison schedules for the General Fund and the 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 the agency fiduciary fund are presented in the Supplementary Information section of this report.

GOVERNMENT- WIDE FINANCIAL ANALYSIS

This analysis focuses on the City's net position and changes in net position of the governmental and business-type activities for the fiscal year ended June 30, 2013.

As noted earlier, the City's net position as a whole increased by \$11.1 million from the previous year. The largest portion or 73.4% of the City's net position reflects the net investment in capital assets such as land, buildings, machinery and equipment, less any related debt used to acquire those assets that were still outstanding. These assets are used to provide services to the citizens of the City of Corona; therefore, they are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

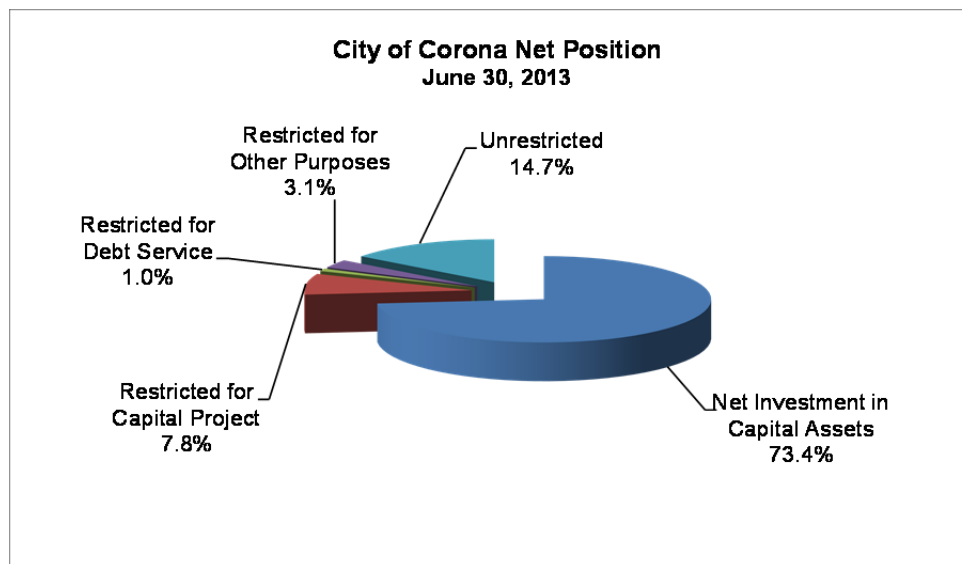
Of the total government-wide net position, 11.9% or \$133.4 million represents various resources subject to external restrictions on how they may be used. The remaining balance of unrestricted

CITY OF CORONA

Management's Discussion and Analysis (continued)
June 30, 2013

net position of \$164.6 million may be used to meet the City's ongoing obligations to citizens and creditors.

As of the end of the current fiscal year, the City reported positive balances in all three categories of net position. The following graph demonstrates the components of the City's net position at fiscal year ended June 30, 2013:



The schedule below is a condensed version of the City's statement of net position for fiscal year ended June 30, 2013 with comparative data from the previous fiscal year:

City of Corona's Net Position
(in millions)

	Governmental activities		Business-type activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 268.9	\$ 267.8	\$ 162.3	\$ 164.2	\$ 431.2	\$ 432.0
Internal balances	173.9	174.2	(173.9)	(174.2)	-	-
Capital assets	600.0	608.0	360.5	353.2	960.5	961.2
Total assets	1,042.8	1,050.0	348.9	343.2	1,391.7	1,393.2
Deferred from debt refunding		0.6	1.0		1.0	0.6
Total deferred outflows	-	0.6	1.0	-	1.0	0.6
Long-term liabilities	78.5	81.1	104.1	141.6	182.6	222.7
Other liabilities	32.0	35.9	56.4	22.4	88.4	58.3
Total liabilities	110.5	117.0	160.5	164.0	271.0	281.0
Deferred from developer fees		1.7			-	1.7
Other deferred amounts		0.5			-	0.5
Total deferred inflows	-	2.2	-	-	-	2.2
Net investment in capital assets	542.5	547.4	281.3	274.8	823.8	822.2
Restricted	124.8	132.4	8.6	11.6	133.4	144.0
Unrestricted	265.0	251.6	(100.5)	(107.2)	164.5	144.4
Total net position	\$ 932.3	\$ 931.4	\$ 189.4	\$ 179.2	\$ 1,121.7	\$ 1,110.6

CITY OF CORONA

Management's Discussion and Analysis (continued)
June 30, 2013

A comparison of the City's program revenues and expenses for the current year and prior year is presented below:

	City of Corona's Changes in Net Position					
	(in millions)					
	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	\$ 38.1	\$ 34.6	\$ 102.4	\$ 97.2	\$ 140.5	\$ 131.8
Operating grants and contributions	13.8	12.4	1.6	1.5	15.4	13.9
Capital grants and contributions	5.6	9.0	3.4	11.7	9.0	20.7
General revenues:						
Taxes:						
Property taxes	41.2	45.8			41.2	45.8
Sales and use taxes	33.0	31.2			33.0	31.2
Other taxes	8.2	8.5			8.2	8.5
Lease and rental income	10.5	12.1			10.5	12.1
Investment earnings	0.5	4.1	2.5	4.0	3.0	8.1
Amortized bond issuance premium			3.9		3.9	-
Other	2.4	3.7			2.4	3.7
Extraordinary items - Successor Agency	(8.0)	57.0			(8.0)	57.0
Transfers	(0.5)	(0.2)	0.5	0.2	-	-
Total revenues, extraordinary items and transfers	<u>144.8</u>	<u>218.2</u>	<u>114.3</u>	<u>114.6</u>	<u>259.1</u>	<u>332.8</u>
Expenses:						
General government	22.8	20.6			22.8	20.6
Public safety - Fire	22.7	21.5			22.7	21.5
Public safety - Police	40.4	39.8			40.4	39.8
Public works	29.1	27.9			29.1	27.9
Housing and Economic Development	6.9	12.9			6.9	12.9
Parks and community services	14.4	13.2			14.4	13.2
Library	2.8	2.6			2.8	2.6
Interest on long-term debt	3.0	3.6			3.0	3.6
Water			57.6	55.8	57.6	55.8
Water reclamation			29.0	30.2	29.0	30.2
Electric			14.7	14.6	14.7	14.6
Transit services			2.3	2.2	2.3	2.2
Airport			0.3	0.3	0.3	0.3
Total expenses	<u>142.1</u>	<u>142.1</u>	<u>103.9</u>	<u>103.1</u>	<u>246.0</u>	<u>245.2</u>
Change in net position	2.7	76.1	10.4	11.5	13.1	87.6
Net position - beginning of year	931.4	849.5	179.2	158.0	1,110.6	1,007.5
Restatement	(1.8)	5.8	(0.2)	9.7	(2.0)	15.5
Net position - end of year	<u>\$ 932.3</u>	<u>\$ 931.4</u>	<u>\$ 189.4</u>	<u>\$ 179.2</u>	<u>\$ 1,121.7</u>	<u>\$ 1,110.6</u>

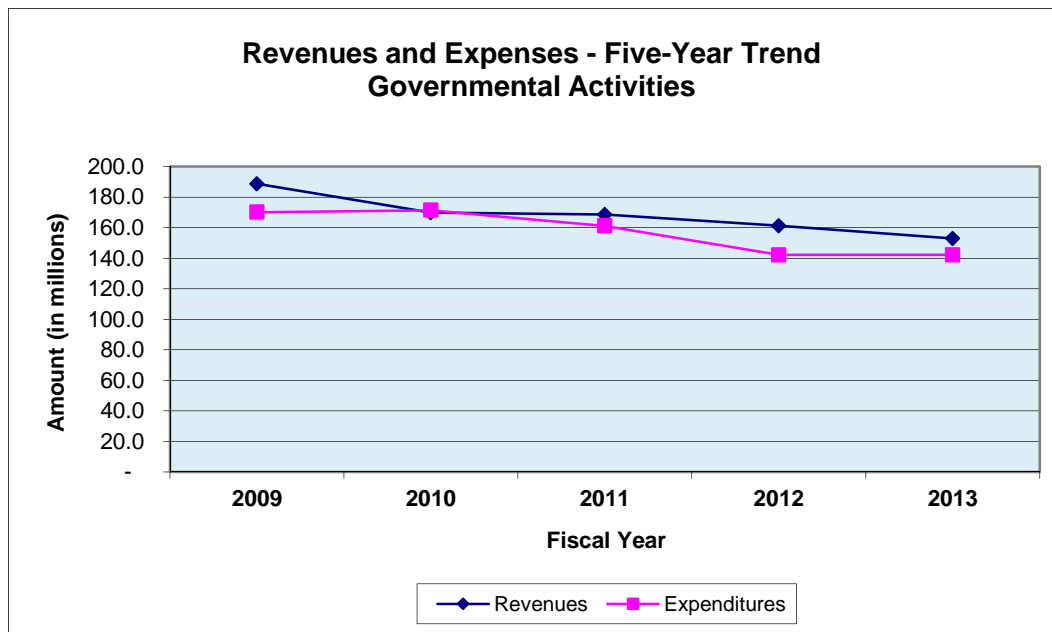
CITY OF CORONA

Management's Discussion and Analysis (continued)

June 30, 2013

Governmental Activities

Total resources available during the year to finance governmental operations were \$1.1 billion consist of net position at July 1, 2012 of \$929.6 million (including a restatement of \$(1.8) million), program revenues of \$57.5 million, general revenues of \$95.9 million, less extraordinary loss of \$8.0 million, and a transfer to business-type activities of \$0.5 million. Total uses for governmental activities during the year were \$142.1 million; thus, net position increased by \$2.7 million including the extraordinary loss and transfer. The chart below presents revenues and expenses in governmental activities for the past five years:



The following analyses on governmental activities' revenues and expenses do not include the \$8.0 million extraordinary loss that was discussed previously.

The cost of all governmental activities for fiscal year ended June 30, 2013 was \$142.1 million, leveled with the previous fiscal year. As shown in the statement of activities, the amount that the taxpayers ultimately financed for these activities was \$84.6 million, the remaining \$57.5 million was paid by other sources, including \$38.1 million by those who directly benefited from the programs, \$13.8 million from other governments and organizations that subsidized certain programs with operating grants and contributions, and \$5.6 million from capital grants and contributions. Below is an in-depth analysis of the major revenue sources and expenses.

- Taxes comprise 53.9% of the total revenues from governmental activities excluding the extraordinary loss. Of the total tax revenues, 50.0% were property taxes, and 40.0% were sales and use taxes. The remaining 10.0% were comprised of franchise fee, business license tax, transient occupancy tax, property transfer tax and dwelling development fee.
- Comparing to the prior year, property taxes decreased by \$4.5 million. However, comparing to prior year's property tax excluding the former tax increment revenue, current year's tax revenue increased by approximately \$7.9 million. In the prior year, a total of \$12.2 million tax increment received by the former Corona Redevelopment Agency was reported by the

CITY OF CORONA

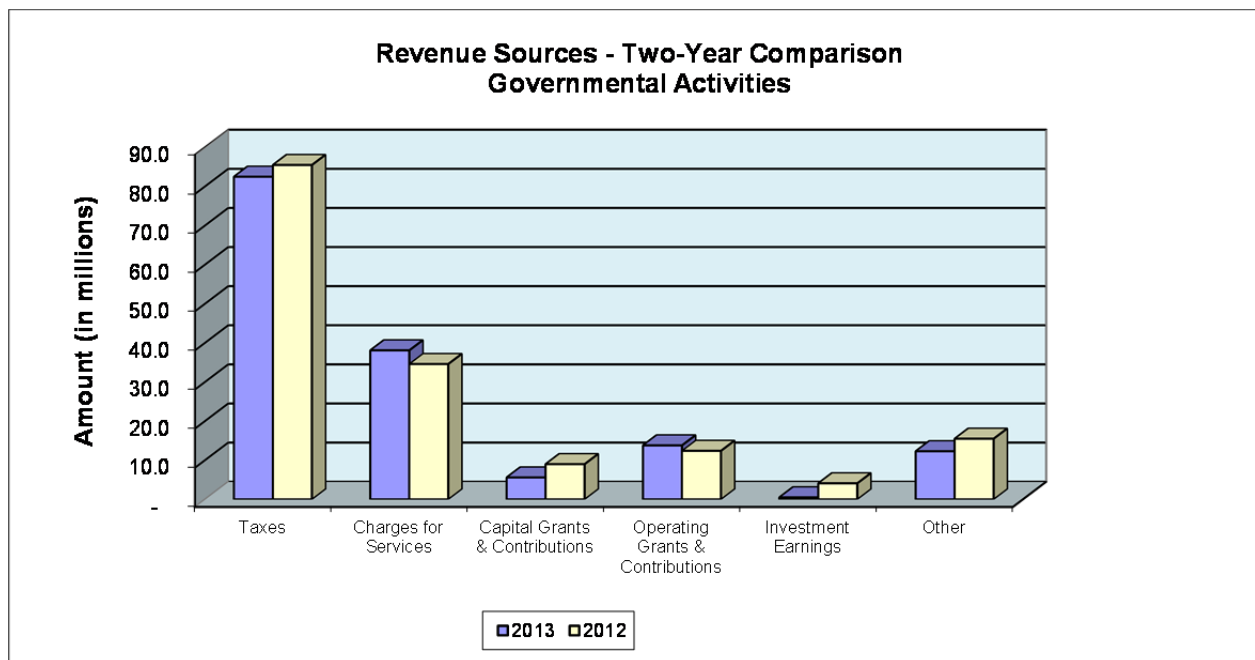
Management's Discussion and Analysis (continued)

June 30, 2013

primary government as property taxes. Effective of February 1, 2012, these funds were no longer part of the City's tax revenue, but reported separately in the Successor Agency Trust fund. Also included in the current year's property tax revenue, was a one-time receipt from the Successor Agency in the amount of \$4.3 million as part of the dissolution.

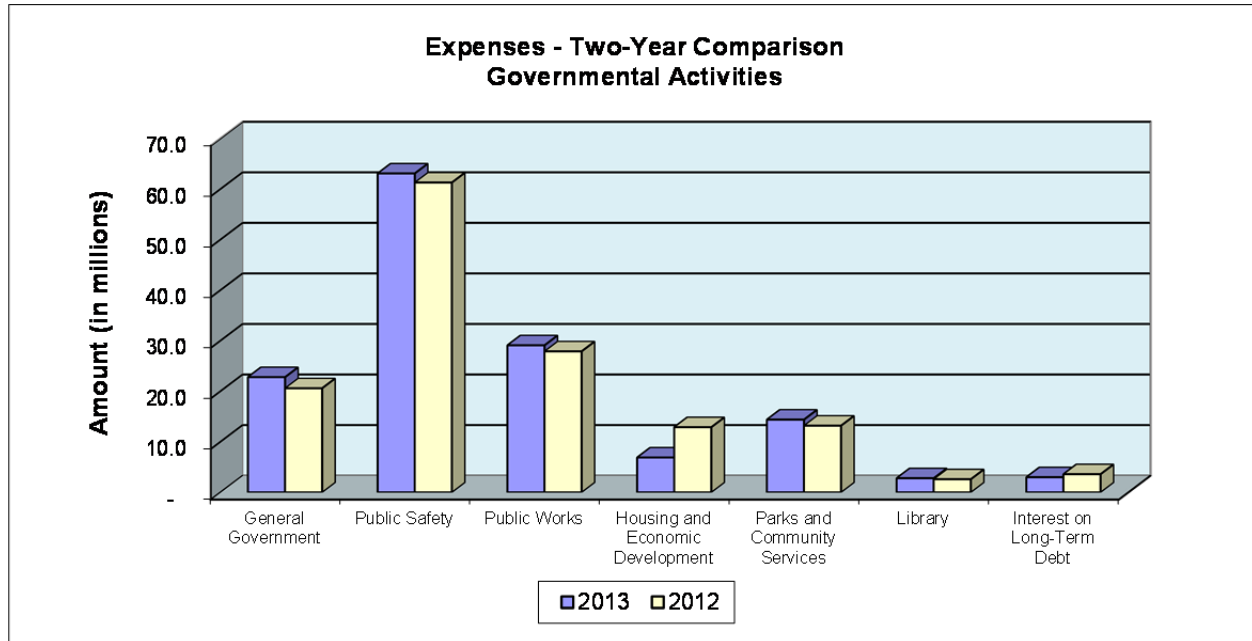
- Sales and use taxes were the second largest revenue source in governmental activities. For the fiscal year ended June 30, 2013, total sales and use taxes increased by \$1.8 million, or 5.7% from the previous year to \$33.0 million. This is the third consecutive positive year since the pre-recession in Fiscal Year 2005-06.
- Interest on long-term debt decreased by \$0.6 million from the previous year as the result of the refunding of the City's 2002 lease revenue bonds.
- Overall governmental expenses maintained at the same level comparing to the previous year.

The following two charts illustrate the total revenue and expense for the governmental activities, excluding extraordinary loss/(gains) for the fiscal years ended June 30, 2013 and 2012 respectively.



CITY OF CORONA

Management's Discussion and Analysis (continued)
June 30, 2013



Business-Type Activities

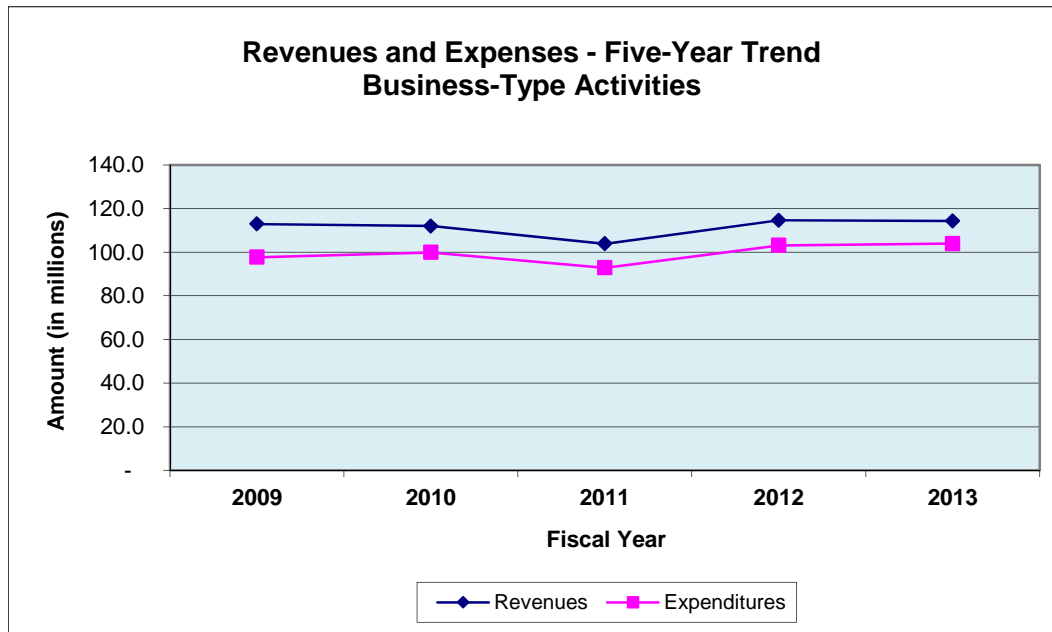
The City's net position in the business-type activities increased by \$10.2 million. The net increase due to operations was \$10.4 million, with a restatement of \$(0.2) million to the beginning net position, overall net position were at \$189.4 as of June 30, 2013. Net investment in capital assets was \$281.3 million, an increase of \$6.5 million from the previous year.

Total expenses of all business-type activities for the fiscal year ended June 30, 2013 were \$103.9 million, consistent with the previous fiscal year. As shown in the statement of activities, the amount paid by users of the systems was \$102.4 million, operating grants and contributions were \$1.6 million and capital grants and contributions were \$3.4 million, with total program revenue of \$107.4 million. Investment earnings were \$2.5 million, and amortized bond issuance premium contributed \$3.9 million to the net position of the business-type activities.

Total resources available during the year to finance business type activities were \$293.3 million consist of net assets at July 1, 2012 of \$179.0 million (including a restatement of \$(0.2) million), program revenues of \$107.4 million, general revenues of \$6.4 million, and transfer from governmental activities of \$0.5 million. With the total expenses of \$103.9 million, net position of business type activities increased by \$10.2 million from the previous year to \$189.4 million at June 30, 2013. The chart on next page presents revenues and expenses in the business-type activities for the past five years.

CITY OF CORONA

Management's Discussion and Analysis (continued)
June 30, 2013



Changes in major revenue sources and expenses for the business-type activities include:

- Charges for services increased by \$5.2 million due to a combination of increased number of rate payers and rate increases in both potable and reclaimed water. The rate increases were the result of pass-through charge increase from the City's water suppliers.
- Capital grants and contributions decreased by \$8.3 million from the previous year, back to its normal level. In the previous fiscal year, there was a \$7.3 million one-time developer fee and contribution collected for a large multi-unit apartment complex project.
- Expenses for business-type activities maintained at the same level comparing to the previous year.

FUND FINANCIAL ANALYSIS

General Fund

The General Fund is the primary operating fund of the City. Fund balance for the General Fund increased by \$10.3 million for the fiscal year ended June 30, 2013, with an ending balance of \$86.9 million. The increase was the result of a \$7.0 million excess of current year's revenue over expenditures and a \$3.3 million net transfers from other funds. Major contributors toward the positive operating results are:

- Property taxes increased by \$5.8 million in the current year, largely due to a one-time distribution in the amount of \$4.3 million from the Successor Agency's unencumbered cash as determined by the California State Department of Finance.
- Current services increased by \$1.7 million comparing to the prior year, as the result of reimbursements received for new fire service agreements, and increased development activities.

CITY OF CORONA

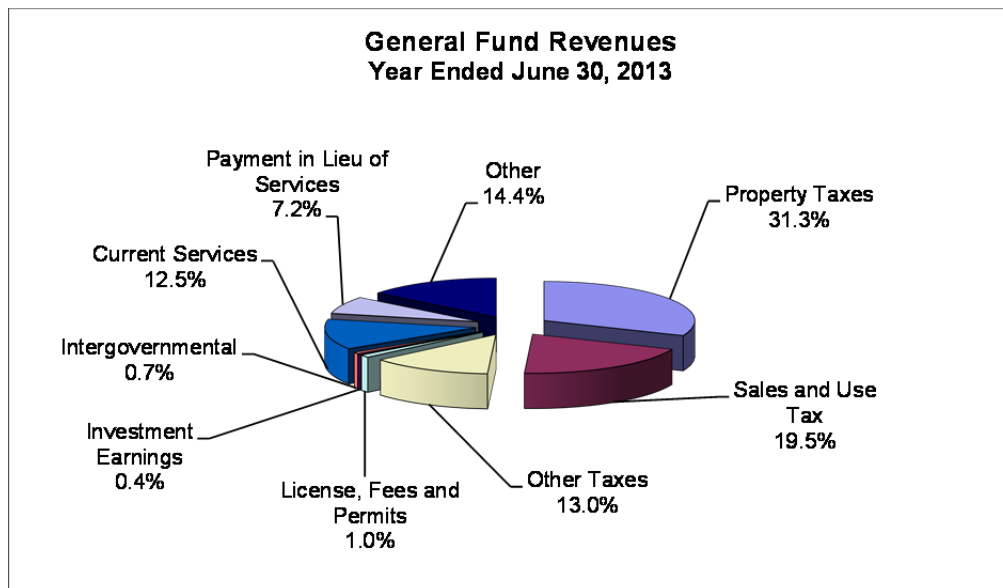
Management's Discussion and Analysis (continued)

June 30, 2013

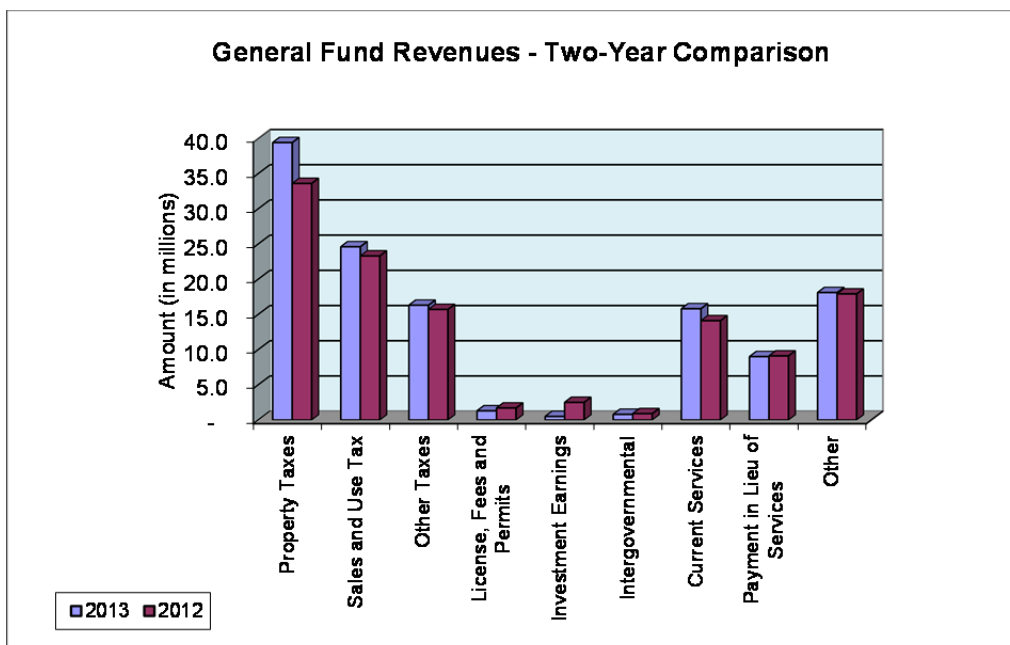
- Incoming transfers of \$3.5 million were from the Gas Tax special revenue fund and Fleet Operations internal service fund for reimbursements of project costs and motor pool charges. In the current year, the General Fund also transferred out \$0.2 million to the Development special revenue fund.

Despite the increase in revenues, expenditures of the General Fund maintained at the same level with the previous year.

The graph below illustrates General Fund revenues by source:



A two-year comparison of each General Fund revenue source for the fiscal years ended June 30, 2013 and 2012 is presented below:

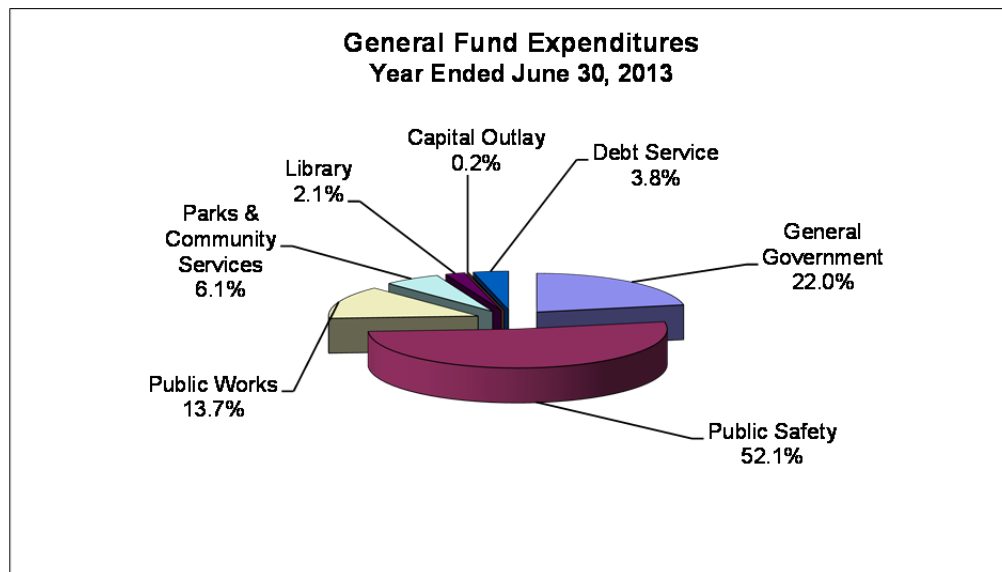


CITY OF CORONA

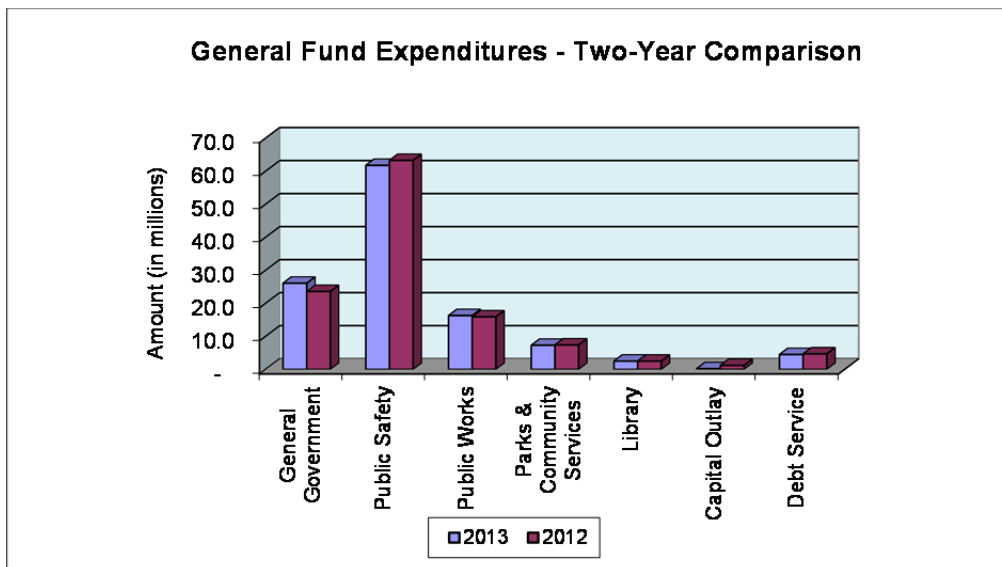
Management's Discussion and Analysis (continued)

June 30, 2013

The graph below illustrates General Fund expenditures by category:



A two-year comparison of each General Fund expenditure category for the fiscal years ended June 30, 2013 and 2012 is presented below:



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

- Nonspendable fund balance in the amount of \$22.8 million. Of the total non-spendable amount, \$14.4 million was for interfund advance receivables from the Development special revenue fund and Electric enterprise fund. An additional amount of \$7.6 million was due from the Successor Agency for the loans the General Fund made to the former Corona Redevelopment Agency in prior years. Included in the non-spendable amount were also outstanding developer loans and inventory and prepaid items with a total of \$0.8 as of June 30, 2013.

CITY OF CORONA

Management's Discussion and Analysis (continued)
June 30, 2013

- Committed fund balance of \$22.8 million, which includes the City Council's commitment to Emergency Contingency of \$17.3 million, an increase of \$3.0 million from the previous year, ECB Savings of \$3.0 million, and Designated Revenues of \$2.5 million.
- Assigned fund balance of \$41.3 million includes amounts to be used for specific purposes assigned by City management.

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

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

	<u>FY 2012-13</u>	<u>FY 2011-12</u>	<u>FY 2010-11</u>
Fund Balances:			
Nonspendable	\$ 22.8	\$ 15.1	\$ 15.1
Committed	22.8	18.3	18.1
Assigned	41.3	43.2	50.3
Total Fund Balance	<u>\$ 86.9</u>	<u>\$ 76.6</u>	<u>\$ 83.5</u>
Fund Balance - Beginning	\$ 76.6	\$ 83.5	\$ 77.6
Operating Surplus/(Deficit)	7.0	0.2	(0.7)
Transfers	3.3		6.6
Extraordinary Item		(2.1)	
Restatement		(5.0)	
Fund Balance - Ending	<u>\$ 86.9</u>	<u>\$ 76.6</u>	<u>\$ 83.5</u>

Other Major Governmental Funds

The fund balance for the Development special revenue fund had a decrease of \$2.1 million from the previous year as developer fees were collected in the prior year yet development activities and expenditures incurred in the current reporting period.

The Corona Housing Authority capital project fund suffered a \$7.4 million decrease in fund balances in the current year, primarily due to the cash contribution made to the Successor Agency in the amount of \$8.0 million. This contribution was reported as an extraordinary item in the fund financial statements. Please refer to Note 20 for additional information.

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, 2013, net capital assets totaled \$600.0 million and \$360.6 million for the governmental and the business-type activities respectively. Depreciation on capital assets is recognized in the government-wide financial statements. Please refer to Note 6 of the accompanying financial statements for additional information.

CITY OF CORONA

Management's Discussion and Analysis (continued)
June 30, 2013

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 71 for all streets. The average rating for the City's streets at June 30, 2013 was 75, which is above the City's policy level. The City is continuously taking action to prevent deterioration through an on-going street rehabilitation program funded in the Capital Improvement Program. The program is formulated based on deficiencies identified as part of the City's Pavement Management System (PMS). It includes short-term maintenance activities such as pothole patching, street sweeping, and crack sealing. The City expended \$5,347,401 on street maintenance for the fiscal year ended June 30, 2013. These expenditures delayed deterioration and maintained the street condition from the previous assessment. The condition of the streets slightly increased from the average rating of 74 in the prior year. The City has estimated that the amount of annual expenditures required to maintain the current average PCI rating of 75 through the year 2017 is a minimum of \$5,100,000. Please refer to the Required Supplementary Information section of the accompanying financial statement for additional information.

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

	City of Corona's Capital Assets					
	Net of Depreciation (in millions)					
	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 63.0	\$ 62.7	\$ 4.8	\$ 3.0	\$ 67.8	\$ 65.7
Streets	177.2	177.2			177.2	177.2
Buildings and improvements	113.7	117.1	59.0	58.3	172.7	175.4
Machinery and equipment	8.5	9.9	42.5	36.2	51.0	46.1
Infrastructure	203.8	208.2	235.6	232.8	439.4	441.0
Construction in progress	33.7	32.8	8.8	13.5	42.5	46.3
Intangible assets	0.1	0.1	9.9	9.3	10.0	9.4
Total Capital Assets	<u>\$ 600.0</u>	<u>\$ 608.0</u>	<u>\$ 360.6</u>	<u>\$ 353.1</u>	<u>\$ 960.6</u>	<u>\$ 961.1</u>

CITY OF CORONA

Management's Discussion and Analysis (continued)
June 30, 2013

DEBT ADMINISTRATION

Long-term debt reported in government-wide financial statements decreased by \$3.5 million in Fiscal Year 2012-13 as a result of normal scheduled debt service payments. During the current reporting period, the City refunded several long-term obligations, including the 1998 Water Revenue bonds, the 1997 Certificates of Participation, the 2003 Recycled Water and Biosolids Project Certification of Participation (part of the 2003 Clearwater Cogeneration Project), and the 1997 State Revolving Loan. Total amount of debt defeased was \$54.3 million, and the net present value savings the City realized from the refunding was \$8.2 million.

In order to refund the above debts and raise capital for new projects, two revenue bonds were issued by the Corona Utility Authority, the 2012 Water Revenue bonds and the 2013 Wastewater Revenue bonds. Total amount of issuance was \$56.8 million, among which \$14.1 million was new capital. Please refer to Note 8 of the accompanying financial statements for additional information.

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

	Governmental		Business-type		Total	
	Activities		Activities			
	2013	2012	2013	2012	2013	2012
Loans and agreement payable	\$ -	\$ -	\$ 23.3	\$ 34.4	\$ 23.3	\$ 34.4
Lease payable	23.7	\$ 25.3			23.7	25.3
Lease revenue bonds	33.3	35.2			33.3	35.2
Water revenue bonds			35.9	26.4	35.9	26.4
Water Reclamation revenue bonds			20.9		20.9	-
Certificates of participation			64.4	87.5	64.4	87.5
Special assessment district bonds	0.5	0.7			0.5	0.7
Unamortized bond premium			4.0		4.0	-
Total Outstanding Debt	\$ 57.5	\$ 61.2	\$ 148.5	\$ 148.3	\$ 206.0	\$ 209.5

GENERAL FUND BUDGETARY HIGHLIGHTS

The original General Fund budget for Fiscal Year 2012-13 was \$118.4 million. Continuing appropriations of \$2.6 million from prior fiscal year capital improvement projects and grants was approved to carryover into the current fiscal year. An additional \$1.0 million in committed purchase orders from the prior year was added to the original budget to arrive at the adopted budget in the amount of \$122.0 million.

Comparing the adopted budget of \$122.0 million to the final budget of \$124.2 million, the General Fund had a net budgetary increase in the amount of \$2.2 million for the current fiscal year. These supplemental budgetary changes primarily included an increase of \$1.0 million in ECB budget savings approved for various City departments, and \$1.3 million for various projects approved by the City Council including facility improvement, community events, and grant matching funds.

CITY OF CORONA

Management's Discussion and Analysis (continued)
June 30, 2013

Original Budget	\$ 118,417,010
Continued Appropriations	2,612,427
Encumbrances	991,199
Adopted Budget	<u>122,020,636</u>
Supplemental Changes	2,210,037
Final Budget	<u>\$ 124,230,673</u>

Comparing the General Fund's final budget amount of \$124.2 million to the actual expenditures of \$118.7 million, Fiscal Year 2012-13 ended with a favorable variance of \$5.5 million. This was due to a combination of departmental and capital outlay savings. The departmental savings were related to the restructuring of several organizational functions, including establishing in-house City Attorney's Department and consolidating cost centers. The \$3.2 million savings in capital outlay budget will be carried forward to the next fiscal year. Please refer to the Required Supplementary Information section of the accompanying financial statement for additional information.

Final Budget	\$ 124,230,673
Actual Expenditures	<u>118,728,345</u>
Favorable Budget Variance	<u>\$ 5,502,328</u>

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

Government-Wide Financial Statements

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

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



CITY OF CORONA**Statement of Net Position
June 30, 2013**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Current Assets			
Cash and Investments	\$ 150,240,932	\$ 72,585,928	\$ 222,826,860
Accounts Receivable, Net	1,488,481	13,935,860	15,424,341
Interest Receivable	589,376	274,988	864,364
Due from Other Governmental Agencies	17,591,449	1,262,707	18,854,156
Inventories and Prepayments	814,789	2,955,889	3,770,678
Land Held for Resale	61,220,936		61,220,936
Restricted Cash and Investments	2,907,976	28,625,485	31,533,461
Total Current Assets	234,853,939	119,640,857	354,494,796
Noncurrent Assets			
Internal Balances	173,941,488	(173,941,488)	-
Long-term Receivable	34,081,027	42,660,232	76,741,259
Capital Assets:			
Land and Construction in Progress	273,895,583	23,329,074	297,224,657
Other Capital Assets, Net of Depreciation	326,082,697	337,257,293	663,339,990
Total Capital Assets	599,978,280	360,586,367	960,564,647
Total Noncurrent Assets	808,000,795	229,305,111	1,037,305,906
Total Assets	1,042,854,734	348,945,968	1,391,800,702
Deferred Outflows of Resources			
Deferred Charge on Refunding	-	993,979	993,979
Liabilities			
Current Liabilities			
Accounts Payable and Accrued Liabilities	9,113,591	9,241,749	18,355,340
Claims and Judgments Payable	3,611,000		3,611,000
Deposits	7,411,136	1,075	7,412,211
Interest Payable	742,860		742,860
Unearned Revenue	2,242,718	1,777,302	4,020,020
Compensated Absences Payable - Due within One Year	5,238,358	670,257	5,908,615
Long-term Debt - Due Within One Year			
Net of Unamortized Premium	3,536,838	44,667,178	48,204,016
Liabilities Payable from Restricted Assets	151,066	85,815	236,881
Total Current Liabilities	32,047,567	56,443,376	88,490,943
Noncurrent Liabilities			
Long-term Debt - Due in More than One Year			
Net of Unamortized Premium	53,967,264	103,854,700	157,821,964
Claims and Judgments Payable	17,553,000		17,553,000
Pension Related Debt	4,199,020		4,199,020
Compensated Absences Payable	2,736,659	244,757	2,981,416
Total Noncurrent Liabilities	78,455,943	104,099,457	182,555,400
Total Liabilities	110,503,510	160,542,833	271,046,343
Net Position			
Net Investment in Capital Assets	542,474,178	281,276,333	823,750,511
Restricted for:			
Capital Projects	87,678,260		87,678,260
Debt Service	2,772,671	8,435,288	11,207,959
Specific Projects and Programs:			
Transportation and Public Works	16,083,567	130,390	16,213,957
Special Assessment District Projects	12,404,874		12,404,874
Development Projects	4,703,812		4,703,812
Other Purposes	1,173,375		1,173,375
Unrestricted	265,060,487	(100,444,897)	164,615,590
Total Net Position	\$ 932,351,224	\$ 189,397,114	\$ 1,121,748,338

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

CITY OF CORONA

**Statement of Activities
Year Ended June 30, 2013**

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government					
Governmental Activities					
General Government	\$ 22,853,992	\$ 8,824,810	\$ -	\$ -	\$ 8,824,810
Public Safety - Fire	22,702,313	4,242,725	1,049,484	11,787	5,303,996
Public Safety - Police	40,357,283	3,011,565	1,323,435	7,212	4,342,212
Public Works	29,148,098	13,437,745	9,098,696	5,058,991	27,595,432
Housing and Economic Development	6,877,725	707,126	1,174,322	532,288	2,413,736
Parks and Community Services	14,385,885	7,556,054	916,077	9,890	8,482,021
Library	2,825,606	318,831	198,043		516,874
Interest and Fiscal Charges	2,953,366				
Total Governmental Activities	142,104,268	38,098,856	13,760,057	5,620,168	57,479,081
Business-Type Activities					
Water	57,605,446	53,906,208	34,050	1,555,782	55,496,040
Water Reclamation	29,060,647	30,620,212		990,044	31,610,256
Electric	14,675,785	17,138,240			17,138,240
Transit Services	2,286,292	415,615	1,601,548	907,594	2,924,757
Airport	301,454	280,915			280,915
Total Business-Type Activities	103,929,624	102,361,190	1,635,598	3,453,420	107,450,208
Total Primary Government	\$ 246,033,892	\$ 140,460,046	\$ 15,395,655	\$ 9,073,588	\$ 164,929,289

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

Amortized Bond Issuance Premium

Labor Abatement

Other Income

Extraordinary Item - Successor Agency

Transfers

Total General Revenues, Extraordinary Item and Transfers

Changes in Net Position

Net Position - Beginning of Year, Restated

Net Position - End of Year

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

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
\$ (14,029,182)	\$ -	\$ (14,029,182)
(17,398,317)		(17,398,317)
(36,015,071)		(36,015,071)
(1,552,666)		(1,552,666)
(4,463,989)		(4,463,989)
(5,903,864)		(5,903,864)
(2,308,732)		(2,308,732)
(2,953,366)		(2,953,366)
<u>(84,625,187)</u>	<u>-</u>	<u>(84,625,187)</u>
	(2,109,406)	(2,109,406)
	2,549,609	2,549,609
	2,462,455	2,462,455
	638,465	638,465
	(20,539)	(20,539)
<u>-</u>	<u>3,520,584</u>	<u>3,520,584</u>
<u>(84,625,187)</u>	<u>3,520,584</u>	<u>(81,104,603)</u>
41,238,344		41,238,344
32,969,847		32,969,847
4,091,867		4,091,867
1,955,470		1,955,470
1,598,757		1,598,757
563,531		563,531
40,320		40,320
<u>82,458,136</u>	<u>-</u>	<u>82,458,136</u>
145,742		145,742
470,023	2,450,042	2,920,065
10,516,597		10,516,597
	3,890,307	3,890,307
210,621		210,621
2,144,558		2,144,558
(8,033,621)		(8,033,621)
(547,690)	547,690	-
<u>87,364,366</u>	<u>6,888,039</u>	<u>94,252,405</u>
2,739,179	10,408,623	13,147,802
929,612,045	178,988,491	1,108,600,536
<u>\$ 932,351,224</u>	<u>\$ 189,397,114</u>	<u>\$ 1,121,748,338</u>

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



Governmental Fund Financial Statements

MAJOR FUNDS:

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

Special Revenue Funds

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

Capital Project Funds

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

NON-MAJOR GOVERNMENTAL FUNDS:

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

CITY OF CORONA**Balance Sheet
Governmental Funds
June 30, 2013**

	<u>General Fund</u>	<u>Development Special Revenue</u>
Assets		
Cash and Investments	\$ 63,731,011	\$ 17,615,477
Accounts Receivable, Net	1,436,633	
Interest Receivable	420,266	61,896
Due from Other Governmental Agencies	11,841,681	139
Due from Other Funds	3,090,520	
Long-term Receivables	8,056,426	1,517,777
Interfund Advances Receivable	14,435,961	291,839
Long-term Capital Lease Receivable	172,628,344	
Loans Receivable		36,120
Inventories and Prepayments	304,889	
Land Held for Resale		
Restricted Assets:		
Cash and Investments	6,996	
Total Assets	<u>\$ 275,952,727</u>	<u>\$ 19,523,248</u>
Liabilities, Deferred Inflow of Resources, and Fund Balances		
Liabilities		
Accounts Payable and Accrued Liabilities	\$ 7,023,634	\$ 135,998
Deposits	7,407,336	
Due to Other Funds		
Unearned Revenue	194,990	
Interfund Advances Payable		13,122,817
Liabilities Payable from Restricted Assets	6,996	6,724
Total Liabilities	<u>14,632,956</u>	<u>13,265,539</u>
Deferred Inflows of Resources		
Unavailable Revenue - Capital Lease	172,628,344	
Unavailable Revenue - Loans and Long-term Receivables		36,120
Unavailable Revenue - Special Assessment		
Unavailable Revenue - Developer Fees		1,517,777
Unavailable Revenue - Property Taxes	1,790,922	
Total Deferred Inflows of Resources	<u>174,419,266</u>	<u>1,553,897</u>
Fund Balances		
Nonspendable	22,797,277	291,839
Restricted		
Committed	22,804,343	
Assigned	41,298,885	4,411,973
Total Fund Balances	<u>86,900,505</u>	<u>4,703,812</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 275,952,727</u>	<u>\$ 19,523,248</u>

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

Corona Housing Authority	Other Governmental Funds	Total Governmental Funds
\$ 1,142,989	\$ 30,607,907	\$ 113,097,384
46,911	1,025	1,484,569
	107,214	589,376
	5,749,629	17,591,449
5,308,281	515,000	3,090,520
		15,397,484
		14,727,800
16,414,732	2,232,691	172,628,344
		18,683,543
		304,889
61,220,936		61,220,936
	2,900,980	2,907,976
<u>\$ 84,133,849</u>	<u>\$ 42,114,446</u>	<u>\$ 421,724,270</u>
\$ 1,177	\$ 1,554,511	\$ 8,715,320
	3,800	7,411,136
	3,090,520	3,090,520
	181,211	376,201
	291,839	13,414,656
	137,346	151,066
<u>1,177</u>	<u>5,259,227</u>	<u>33,158,899</u>
		172,628,344
21,723,013	2,232,691	23,991,824
	515,000	515,000
		1,517,777
		1,790,922
<u>21,723,013</u>	<u>2,747,691</u>	<u>200,443,867</u>
		84,310,052
61,220,936	20,914,572	22,103,295
1,188,723		22,804,343
	13,192,956	58,903,814
<u>62,409,659</u>	<u>34,107,528</u>	<u>188,121,504</u>
<u>\$ 84,133,849</u>	<u>\$ 42,114,446</u>	<u>\$ 421,724,270</u>

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

CITY OF CORONA

**Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2013**

Total Fund Balances - Total Governmental Funds \$ 188,121,504

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

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet. 599,978,280

The statement of net position reports receivables at their net realizable value. However, receivables not available to pay for current period expenditures are deferred in governmental funds. These include:

Unavailable revenue from capital lease	172,628,344
Unavailable revenue from loans and long-term receivables	23,643,888
Unavailable revenue from property taxes	1,790,922
Unavailable revenue from special assessments	515,000

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. (742,860)

Internal service funds are used by management to charge the costs of certain activities, such as insurance and fleet management, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the government-wide statement of net position. 16,029,512

Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds balance sheet includes:

Compensated Absences	(7,910,244)
Pension Related Debt	(4,199,020)
Long-term Debt	<u>(57,504,102)</u>

Net Position of Governmental Activities \$ 932,351,224



CITY OF CORONA**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2013**

	<u>General Fund</u>	<u>Development Special Revenue</u>
Revenues		
Property Taxes	\$ 39,447,422	\$ -
Other Taxes	40,900,200	
Licenses, Fees and Permits	1,293,911	602,957
Fines and Penalties	1,651,550	
Special Assessments		
Investment Earnings	476,302	45,692
Intergovernmental Revenues	782,261	
Current Services	15,748,620	
Payments in Lieu of Services	8,959,419	40,320
Other Revenues	16,499,039	14,310
Total Revenues	<u>125,758,724</u>	<u>703,279</u>
Expenditures		
Current:		
General Government	26,102,492	
Public Safety - Fire	22,965,636	299
Public Safety - Police	38,872,777	251,297
Public Works	16,251,011	540,687
Parks and Community Services	7,276,610	452,407
Housing and Economic Development		
Library	2,547,372	106,430
Capital Outlay	173,960	576,732
Debt Service:		
Principal Retirement	2,624,332	885,000
Interest and Fiscal Charges	1,914,155	111,213
Total Expenditures	<u>118,728,345</u>	<u>2,924,065</u>
Excess of Revenues Over (Under) Expenditures	<u>7,030,379</u>	<u>(2,220,786)</u>
Other Financing Sources (Uses)		
Transfers In	3,499,348	161,009
Transfers Out	(161,009)	
Total Other Financing Sources (Uses)	<u>3,338,339</u>	<u>161,009</u>
Extraordinary Items		
Successor Agency	<u>-</u>	<u>-</u>
Net Change in Fund Balances	10,368,718	(2,059,777)
Fund Balances - Beginning of year, Restated	76,531,787	6,763,589
Fund Balances - End of Year	<u>\$ 86,900,505</u>	<u>\$ 4,703,812</u>

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

Corona Housing Authority	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 39,447,422
		40,900,200
	565,239	2,462,107
	66,270	1,717,820
	9,477,719	9,477,719
(102,075)	50,104	470,023
	14,530,621	15,312,882
	255,105	16,003,725
		8,999,739
816,014	1,590,536	18,919,899
<u>713,939</u>	<u>26,535,594</u>	<u>153,711,536</u>
	5,618	26,108,110
	36	22,965,971
	646,645	39,770,719
	8,170,418	24,962,116
	5,217,929	12,946,946
70,191	746,151	816,342
	104,235	2,758,037
	7,018,323	7,769,015
	145,000	3,654,332
	694,053	2,719,421
<u>70,191</u>	<u>22,748,408</u>	<u>144,471,009</u>
<u>643,748</u>	<u>3,787,186</u>	<u>9,240,527</u>
	110,870	3,771,227
	(1,089,876)	(1,250,885)
<u>-</u>	<u>(979,006)</u>	<u>2,520,342</u>
(8,033,621)	-	(8,033,621)
(7,389,873)	2,808,180	3,727,248
69,799,532	31,299,348	184,394,256
<u>\$ 62,409,659</u>	<u>\$ 34,107,528</u>	<u>\$ 188,121,504</u>

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

CITY OF CORONA

**Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-Wide Statement of Activities
Year Ended June 30, 2013**

Net Change in Fund Balances - Total Governmental Funds \$ 3,727,248

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

Governmental funds report capital outlay as expenditures. However, in the government-wide statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. Additions and adjustments to capital assets amounted to \$5,469,085, less deletions of \$9,801, resulted in the net amount of capital assets of \$5,459,284 in the current period. 5,459,284

Depreciation expense on capital assets is reported in the government-wide statement of activities, but does not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in governmental funds. (11,679,534)

Net change in revenues that was considered unavailable in the governmental funds. These items have been reported as revenue in the government-wide statement of activities. 200,709

Long-term compensated absences are reported in the government-wide statement of activities, but do not require the use of current financial resources. Therefore, long-term compensated absences are not reported as expenditures in governmental funds. This amount represents the change from the prior year. (67,784)

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

Repayment of pension related debt 1,126,419
Repayment of long-term obligations 3,654,332

Interest expense on long-term debt is reported in the government-wide statement of activities, but do not require the use of current financial resources. Therefore, interest expense is not reported as expenditures in governmental funds. This amount represents the change in accrued interest from the prior year. (233,945)

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. 552,450

Change in Net Position of Governmental Activities \$ 2,739,179

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

Proprietary Fund Financial Statements

MAJOR FUNDS:

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

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

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

NON-MAJOR PROPRIETARY FUNDS:

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

GOVERNMENTAL ACTIVITIES – INTERNAL SERVICE FUNDS:

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

CITY OF CORONA**Statement of Net Position
Proprietary Funds
June 30, 2013**

	Corona Utility Authority	
	Water	Water Reclamation
Assets		
Current Assets		
Cash and Investments	\$ 30,914,552	\$ 27,498,356
Accounts Receivable, Net	10,090,845	2,376,388
Interest Receivable	112,781	100,664
Due from Other Governmental Agencies	1,241,322	
Inventories and Prepayments	2,930,889	
Restricted Assets:		
Cash and Investments	11,290,190	3,689,592
Total Current Assets	<u>56,580,579</u>	<u>33,665,000</u>
Noncurrent Assets		
Interfund Advances Receivable		
Long-term Receivable		
Capital Assets:		
Land and Construction in Progress	15,863,011	5,606,267
Other Capital Assets, Net of Depreciation	206,695,130	114,867,413
Total Capital Assets	<u>222,558,141</u>	<u>120,473,680</u>
Total Noncurrent Assets	<u>222,558,141</u>	<u>120,473,680</u>
Total Assets	<u>279,138,720</u>	<u>154,138,680</u>
Deferred Outflow of Resources		
Deferred Charge on Refunding	<u>140,550</u>	<u>853,429</u>
Liabilities		
Current Liabilities		
Accounts Payable and Accrued Liabilities	5,918,236	1,328,300
Claims and Judgments Payable		
Deposits		
Unearned Revenue	1,772,629	
Compensated Absences Payable - Due within One Year	331,355	236,748
Long-term Debt - Due Within One Year		
Net of Unamortized Premium	3,571,889	1,195,289
Liabilities Payable from Restricted Assets	56,136	23,543
Total Current Liabilities	<u>11,650,245</u>	<u>2,783,880</u>
Noncurrent Liabilities		
Interfund Advances Payable		
Compensated Absences Payable - Due in More than One Year	75,929	89,909
Long-term Capital Lease Payable	106,819,662	65,808,682
Long-term Debt - Due in More than One Year		
Net of Unamortized Premium	57,795,443	21,579,257
Claims and Judgments Payable		
Total Noncurrent Liabilities	<u>164,691,034</u>	<u>87,477,848</u>
Total Liabilities	<u>176,341,279</u>	<u>90,261,728</u>
Net Position		
Net Investment in Capital Assets	161,190,809	97,699,134
Restricted for:		
Debt Service		
Transportation		
Unrestricted	(58,252,818)	(32,968,753)
Total Net Position	<u>\$ 102,937,991</u>	<u>\$ 64,730,381</u>

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

<u>Electric</u>	<u>Non-major Funds</u>	<u>Totals</u>	<u>Governmental Activities Internal Service Funds</u>
\$ 13,845,763	\$ 327,257	\$ 72,585,928	\$ 37,143,548
1,467,134	1,493	13,935,860	3,912
56,348	5,195	274,988	
19,434	1,951	1,262,707	
25,000		2,955,889	509,900
1,928,288	11,717,415	28,625,485	
<u>17,341,967</u>	<u>12,053,311</u>	<u>119,640,857</u>	<u>37,657,360</u>
5,080,025		5,080,025	
42,660,232		42,660,232	
1,812,102	47,694	23,329,074	
13,339,082	2,355,668	337,257,293	
<u>15,151,184</u>	<u>2,403,362</u>	<u>360,586,367</u>	<u>-</u>
<u>62,891,441</u>	<u>2,403,362</u>	<u>408,326,624</u>	<u>-</u>
<u>80,233,408</u>	<u>14,456,673</u>	<u>527,967,481</u>	<u>37,657,360</u>
-	-	993,979	-
1,855,615	139,598	9,241,749	398,272
			3,611,000
	1,075	1,075	
	4,673	1,777,302	803
89,186	12,968	670,257	41,731
39,900,000		44,667,178	
	6,136	85,815	
<u>41,844,801</u>	<u>164,450</u>	<u>56,443,376</u>	<u>4,051,806</u>
1,123,144	5,270,025	6,393,169	
56,032	22,887	244,757	23,042
		172,628,344	
24,480,000		103,854,700	
			17,553,000
<u>25,659,176</u>	<u>5,292,912</u>	<u>283,120,970</u>	<u>17,576,042</u>
<u>67,503,977</u>	<u>5,457,362</u>	<u>339,564,346</u>	<u>21,627,848</u>
19,983,028	2,403,362	281,276,333	
1,928,288	6,507,000	8,435,288	
	130,390	130,390	
(9,181,885)	(41,441)	(100,444,897)	16,029,512
<u>\$ 12,729,431</u>	<u>\$ 8,999,311</u>	<u>\$ 189,397,114</u>	<u>\$ 16,029,512</u>

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

CITY OF CORONA**Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
Year Ended June 30, 2013**

	Corona Utility Authority	
	Water	Water Reclamation
Operating Revenues		
Utility Service Charges	\$ 51,042,654	\$ 29,353,868
Intergovernmental Revenues		
Fees and Permits	1,201,234	419,423
Fines and Penalties	632,783	376,456
Other Revenues	1,029,537	470,465
Total Operating Revenues	53,906,208	30,620,212
Operating Expenses		
Personnel Services	7,641,060	5,320,422
Contractual	4,834,223	1,852,580
Materials and Supplies	25,733,864	10,841,432
Utilities	5,222,861	2,926,565
Depreciation and Amortization	6,484,631	4,299,612
Claims Expense		
Total Operating Expenses	49,916,639	25,240,611
Operating Income (Loss)	3,989,569	5,379,601
Non-Operating Revenues (Expenses)		
Investment Earnings	25,611	5,782
Interest Expense	(7,688,807)	(4,120,894)
Operating Grants and Contributions	34,050	
Amortization of Bond Issuance Premium	3,293,370	596,937
Total Non-Operating Revenues	(4,335,776)	(3,518,175)
Income (Loss) before Contributions and Transfers	(346,207)	1,861,426
Capital Grants and Contributions	1,555,782	990,044
Transfers In	4,611,058	3,077,659
Transfers Out	(2,624,229)	
Changes in Net Position	3,196,404	5,929,129
Total Net Position - Beginning of Year, Restated	99,741,587	58,801,252
Total Net Position - End of Year	\$ 102,937,991	\$ 64,730,381

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

Electric	Non-major Funds	Totals	Governmental Activities Internal Service Funds
\$ 16,305,359	\$ -	\$ 96,701,881	\$ -
19,434	20,029	39,463	
	37,050	1,657,707	
127,731		1,136,970	
685,716	639,451	2,825,169	12,150,687
<u>17,138,240</u>	<u>696,530</u>	<u>102,361,190</u>	<u>12,150,687</u>
1,789,137	521,560	15,272,179	1,329,766
442,252	1,403,894	8,532,949	560,046
1,449,160	142,657	38,167,113	1,952,572
7,569,878	235,144	15,954,448	1,116,841
969,138	284,491	12,037,872	
			3,570,980
<u>12,219,565</u>	<u>2,587,746</u>	<u>89,964,561</u>	<u>8,530,205</u>
<u>4,918,675</u>	<u>(1,891,216)</u>	<u>12,396,629</u>	<u>3,620,482</u>
2,404,181	518,273	2,953,847	
(2,456,220)	(202,947)	(14,468,868)	
	1,601,548	1,635,598	
		3,890,307	
<u>(52,039)</u>	<u>1,916,874</u>	<u>(5,989,116)</u>	<u>-</u>
<u>4,866,636</u>	<u>25,658</u>	<u>6,407,513</u>	<u>3,620,482</u>
	907,594	3,453,420	
22,335	10,923,944	18,634,996	8,165
(8,299,715)	(7,163,362)	(18,087,306)	(3,076,197)
<u>(3,410,744)</u>	<u>4,693,834</u>	<u>10,408,623</u>	<u>552,450</u>
16,140,175	4,305,477	178,988,491	15,477,062
<u>\$ 12,729,431</u>	<u>\$ 8,999,311</u>	<u>\$ 189,397,114</u>	<u>\$ 16,029,512</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, 2013**

	Corona Utility Authority	
	Water	Water Reclamation
Cash Flow from Operating Activities:		
Receipts from Customers/Other Funds	\$ 52,084,737	\$ 30,212,780
Payment to Suppliers of Goods and Services	(36,966,059)	(16,546,472)
Payment to Employees for Services	(7,574,255)	(5,289,944)
Payment for Current Claims		
Decrease in Long-term Claims		
Other Receipts		
Net Cash Provided by (Used for) Operating Activities	<u>7,544,423</u>	<u>8,376,364</u>
Cash Flows from Noncapital Financing Activities:		
Operating Grants and Contributions	34,050	
Transfers Received	4,611,058	3,077,659
Transfers Paid	(2,624,229)	
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>2,020,879</u>	<u>3,077,659</u>
Cash Flows from Capital and Related Financing Activities:		
Receipts from Long-Term Receivables		
Capital Grants and Contributions	2,434,146	990,044
Acquisition and Construction of Capital Assets	(11,373,183)	(5,670,544)
Retirement of Long-term Installments Payable	(5,005,820)	(6,476,847)
Proceeds (Payments) on Capital Debt and Interfund Loan	12,868,950	3,944,680
Interest payments of Long-term debt	(7,744,790)	(4,356,366)
Net Cash (Used in) Capital and Related Financing Activities	<u>(8,820,697)</u>	<u>(11,569,033)</u>
Cash Flows from Investing Activities:		
Interest on Investments	75,956	28,395
Net Cash Provided by Investing Activities	<u>75,956</u>	<u>28,395</u>
Increase (Decrease) in Cash and Cash Equivalents	<u>820,561</u>	<u>(86,615)</u>
Cash and Cash Equivalent		
Beginning of the Year	41,384,181	31,274,563
Ending (including \$28,625,485 in restricted accounts)	<u>\$ 42,204,742</u>	<u>\$ 31,187,948</u>
Reconciliation of Operating Income to Net Cash Provided by (Used for) Operating Activities:		
Operating Income (Loss)	\$ 3,989,569	\$ 5,379,601
Adjustments to Reconcile Operating Income (Loss) to Net Cash from Operating Activities:		
Depreciation and Amortization	6,484,631	4,299,612
Write off of Capital Assets	13,253	2,696
Changes in Assets and Liabilities:		
Accounts Receivable	(1,782,608)	(407,432)
Due from Other Governmental Agencies		
Inventories and Prepayments	33,612	
Accounts Payable and Accrued Liabilities	(1,260,839)	(928,591)
Claims and Judgments Payable		
Deposit/Unearned Revenue		
Compensated Absences Payable	66,805	30,478
Net Cash Provided by (Used for) Operating Activities	<u>\$ 7,544,423</u>	<u>\$ 8,376,364</u>

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

Electric	Non-major Funds	Totals	Governmental Activities Internal Service Funds
\$ 16,079,527	\$ 65,493	\$ 98,442,537	\$ 11,712,512
(9,437,304)	(1,943,234)	(64,893,069)	(4,338,653)
(1,834,058)	(497,126)	(15,195,383)	(1,317,775)
			(7,000)
			(3,282,980)
832,881	649,451	1,482,332	665,787
<u>5,641,046</u>	<u>(1,725,416)</u>	<u>19,836,417</u>	<u>3,431,891</u>
	1,325,891	1,359,941	
22,335	10,923,944	18,634,996	8,165
(8,299,715)	(7,163,362)	(18,087,306)	(3,076,197)
<u>(8,277,380)</u>	<u>5,086,473</u>	<u>1,907,631</u>	<u>(3,068,032)</u>
1,450,469		1,450,469	
	907,594	4,331,784	
(1,436,887)	(1,391,641)	(19,872,255)	
(14,835,000)		(26,317,667)	
13,875,730	(1,521,325)	29,168,035	
(2,703,105)	(202,947)	(15,007,208)	
<u>(3,648,793)</u>	<u>(2,208,319)</u>	<u>(26,246,842)</u>	<u>-</u>
2,396,760	525,032	3,026,143	
<u>2,396,760</u>	<u>525,032</u>	<u>3,026,143</u>	<u>-</u>
(3,888,367)	1,677,770	(1,476,651)	363,859
19,662,418	10,366,902	102,688,064	36,779,689
<u>\$ 15,774,051</u>	<u>\$ 12,044,672</u>	<u>\$ 101,211,413</u>	<u>\$ 37,143,548</u>
\$ 4,918,675	\$ (1,891,216)	\$ 12,396,629	\$ 3,620,482
969,138	284,491	12,037,872	
2,472	11	18,432	
(206,398)	18,427	(2,378,011)	226,809
(19,434)	(13)	(19,447)	
		33,612	(509,900)
21,514	(161,440)	(2,329,356)	(198,491)
			281,000
	24,324	24,324	
(44,921)		52,362	11,991
<u>\$ 5,641,046</u>	<u>\$ (1,725,416)</u>	<u>\$ 19,836,417</u>	<u>\$ 3,431,891</u>

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



Fiduciary Fund Financial Statements

FIDUCIARY FUNDS:

Successor Agency Trust Fund – This fund is a private-purpose trust fund, used to account for activities of the Successor Agency of the former Corona Redevelopment Agency. The Corona Redevelopment Agency dissolved with the passage of Assembly Bill 1X 26 on January 31, 2012. The City serves as a custodian for the assets of the dissolved agency.

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

CITY OF CORONA**Statement of Fiduciary Net Position****Fiduciary Funds****June 30, 2013**

	Successor Agency Trust Fund	Pass Through Agency Fund
Assets		
Cash and Investments	\$ 9,567,969	\$ 1,087,741
Interest Receivable	1,505	137,502
Due from Other Governmental Agencies		303,830
Loans Receivable	500,000	
Restricted Assets:		
Cash and Investments	8,513,483	27,864,389
Capital Assets, Net of Depreciation	4,352,179	
Total Assets	<u>22,935,136</u>	<u>\$ 29,393,462</u>
Liabilities		
Accounts Payable and Accrued Liabilities	1,216,200	9,576
Deposits	287,433	
Due to Other Governmental Agencies	12,887,038	
Long-Term Debt Due within One Year	4,949,680	
Liabilities Payable from Restricted Assets	3,203	
Long-Term Debt Due in More Than One Year	71,495,000	
Due to Bondholders		<u>29,383,886</u>
Total Liabilities	<u>90,838,554</u>	<u>\$ 29,393,462</u>
Net Position (Deficit)		
Held in Trust for Successor Agency Activities	<u>\$ (67,903,418)</u>	

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

CITY OF CORONA

Statement of Changes in Fiduciary Net Position**Fiduciary Funds****June 30, 2013**

	Successor Agency Trust Fund
Additions	
Property Taxes	\$ 12,102,722
Investment Income	5,593
Rental and Lease Payment Received	410,739
Other Payment Received	388,631
Extraordinary Items:	
Cash Received from Corona Housing Authority	8,033,621
Total Additions	<u>20,941,306</u>
Deductions	
Administrative Expenses	1,125,581
Developer Payments - OPA Approved by DOF	1,967,188
Debt Service Payments	5,218,231
Depreciation Expenses	263,499
Payment to State - DDR Payment	25,478,129
Total Deductions	<u>34,052,628</u>
Change in Net Position	(13,111,322)
Net Position - Beginning of Year	<u>(54,792,096)</u>
Net Position (Deficit) - End of Year	<u>\$ (67,903,418)</u>

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



CITY OF CORONA

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Year Ended June 30, 2013

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CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2013

1. Summary of Significant Accounting Policies

The financial statement of the City of Corona have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting. The most significant accounting policies are described below.

A. Reporting Entity

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

The financial statements include the financial activities of the City of Corona, the primary government, and its component units, which are the Corona Public Financing Authority (CPFA), the Corona Public Improvement Corporation (CPIC), the Corona Utility Authority (Authority), and the Corona Housing Authority (CHA). Financial information for the City and these component units 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 CPFA, the CPIC, the Authority, and the CHA, as such, these entities are presented on a blended basis. Separate financial statements are produced for the Authority component unit of the City and may be obtained from the City's Finance Administration office.

Blended Component Units

The 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. As of December 4, 2013, the City is in the process of dissolving the CPIC due to inactivity.

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

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2013

California Government Code) for the purpose of assisting the City in the leasing of the water and water reclamation utility systems. The Authority's Officers are the Corona City Council and the City's executive management. The funds of the Authority have been included in the business-type activities in the financial statements.

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

B. Basis of Accounting/Measurement Focus

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

Government-Wide Financial Statements

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

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

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

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2013

Governmental Fund Financial Statements

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

The City reports the following major governmental funds:

- The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The Development special revenue fund is used to account for park dedication fees, dwelling development taxes and other development impact fees received. The money is used to offset the burden resulting from new developments.
- The Corona Housing Authority capital projects fund accounts for transactions related to affordable housing activities as prescribed in the Housing Element of the City's General Plan.

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

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

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

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

Assessment Districts	Public Financing Authority
----------------------	----------------------------

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

Public Facility Project	HUD Grants	Planned Local Drainage	Other Grants
-------------------------	------------	------------------------	--------------

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
Year Ended June 30, 2013

Proprietary Fund Financial Statements

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

The City reports the following major proprietary funds:

- The Corona Utility Authority funds account for the operation of the Water and Water Reclamation utility systems. The two utilities are owned by the Authority, a blended component unit of the City. The City operates both the Water and Water Reclamation systems pursuant to separate management agreements.
- The Electric Fund is used to account for the operation of the City's electric utility distribution system, a self supporting activity which renders services on a user charge basis to businesses as well as homeowners located in the City.

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

Public Financing Authority Public Improvement Corporation Transit Service Airport

Proprietary funds are accounted for using the *economic resources* measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or non-current), and deferred outflow and inflow of resources are included on the statement of net position. The statement of revenues, expenses and changes in fund net position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a statement of fiduciary net position, statement of changes in fiduciary net position, and a combining statement of changes in assets and liabilities. The City's fiduciary funds include two types, a private-purpose trust fund and an agency fund. The private-purpose trust fund accounts for the assets and liabilities of the Successor Agency to the former Corona Redevelopment Agency and its allocated revenue to pay estimated installment payments of the enforceable obligations until the obligations of the Successor Agency are paid in full and assets have been liquidated. The agency fund accounts for receipt of special taxes and assessments used to pay principal and interest on related bonds with no direct City liability, as well as receipt and disbursement of capital project bond proceeds related to bonds that the City has no direct liability. Both the private-purpose trust fund and the agency fund are accounted for on the accrual basis of accounting.

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

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2013

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

C. Cash, Cash Equivalents and Investments

Cash Management

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

Investments Valuation

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

State Investment Pool

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

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

D. Use of Estimates

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

E. Receivables

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

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2013

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

Proprietary fund receivables are shown net of an allowance for uncollectible accounts. Allowances of uncollectibles were \$ 403,208 for Water and Water Reclamation utility charges and \$ 76,350 for Electric utility charges as of June 30, 2013. 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

Property taxes receivable for the governmental fund types, which have been remitted within 60 days subsequent to year end, are considered measurable and available and recognized as revenues. All other property taxes are offset by deferred property tax inflows of resources and, accordingly, have not been recorded as revenue. Taxes are considered past due on the above delinquent dates, at which time the applicable property is subject to lien, and penalties and interest are assessed.

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

F. Inventories, Prepaid Items and Land Held for Resale

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

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

G. Interfund Activity

Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." Services provided are treated as revenues and expenses. Administrative overhead charges included with centralized expenses charged by the General Fund are included in the direct expenses of enterprise activities. Reimbursements occur when one fund incurs a

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2013

cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or between proprietary funds are eliminated as part of the reconciliation to the government-wide financial statements. Refer to Note 3 for additional information.

H. 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 shown below:

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

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

The City defines infrastructure as the basic physical assets that allow the City to function. 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 October 2011 and a final report was completed in August 2012. The condition assessments are performed every two years. Each homogeneous segment of City owned street was assigned a physical condition based on 17 potential defects. A Pavement Condition Index (PCI) was assigned to each street segment. The index is expressed in a continuous scale from 0 to 100, where 0 is assigned to the least acceptable physical condition and 100 is assigned to segments of street that have the physical characteristics of a new street. The City's policy relative to maintaining the street assets is to achieve an average rating of 70 for all street segments. This acceptable rating allows minor cracking and raveling of the pavement along with minor roughness that could be noticeable to drivers traveling at the posted speeds. Please refer to the Required Supplementary Information section of this report for additional information on the modified approach.

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2013

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

I. Compensated Absences Payable

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

J. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

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

K. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position included a separate section for deferred outflows of resources. This separate financial statement element represented a consumption of net position that applied to a future period(s) and so would not be recognized as an outflow of resources (expenses/expenditure) until then. In Fiscal Year 2012-13, the City only had one item that qualified for reporting in this category. It was the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding resulted from the difference in the carrying value of refunded debt and its reacquisition process. This amount was deferred and amortized over the life of the refunded debt.

In addition to liabilities, the statement of financial position reported a separate section for deferred inflows of resources. This separate financial statement element represented an acquisition of net position that applied to a future period(s) and so would not be recognized as an inflow or resources (revenue) until that time. Under the modified accrual basis of accounting, the City's unavailable revenue included property taxes, special assessments and developer fees not received within 60 days subsequent to year end, as well as the capital lease between the City and

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2013

the Corona Utility Authority. These items qualified for the reporting as deferred inflows of resources in the governmental funds balance sheet.

L. Fund Equity

Fund equity at the governmental fund financial reporting level is classified as fund balance. Fund balances 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 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 accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Please refer to Note 16 for additional information.

M. Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources on the government-wide and proprietary funds financial statements. Net positions were classified in the following categories: net investment in capital assets, restricted, and unrestricted.

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

N. Effect of New GASB Pronouncements

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

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

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

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Notes to the Basic Financial Statements
Year Ended June 30, 2013

2013. The City evaluated the accompanying financial statements and determined that they are in compliance with GASB Statement No. 62.

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

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

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

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

2. Cash and Investments

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

A. Cash Deposits

The carrying amounts of the City's cash deposits were \$582,781 at June 30, 2013. Bank balances before reconciling items were \$4,492,888 at that date. All City's cash and investments as of June 30, 2013 were collateralized or insured with securities held by pledging financial institutions in the City's name. The California Government Code requires California banks and savings and loan associations to secure the City's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the City's name.

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2013

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

B. Investments

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

- Securities issued by the U.S. Treasury;
- Notes or discount notes issued by agencies of the federal government, not to exceed 75% of the portfolio;
- Banker's acceptances, not to exceed 20% of the portfolio;
- Negotiable certificates of deposit issued by institutions insured by the federal government, not to exceed 20% of the portfolio;
- Repurchase agreements, not to exceed 10% of the portfolio;
- California Local Agency Investment Fund (State Pool);
- Corporate medium-term notes, not to exceed 30% of the portfolio;
- Commercial paper, not to exceed 25% of the portfolio, may not represent more than 10% of issuer's outstanding paper;
- Diversified management companies, as defined by Section 53601(l) of the Government Code, not to exceed 10% of the portfolio;
- Bonds issued by the City, including bonds payable solely out of revenue from a revenue producing property owned, controlled or operated by the City, not to exceed 25% of the portfolio for combined municipal debt;
- Bonds, notes or other evidence of indebtedness of any local agency within the State, or State warrants, or treasury notes or bonds of the State not to exceed 25% of the portfolio for combined municipal debt;
- Bonds, notes or other evidence of indebtedness in any of the other 49 states, in addition to California, not to exceed 25% of the portfolio for combined municipal debt; and
- Mortgage-backed pass-through securities, collateralized mortgage obligations and asset backed securities not to exceed 10% of investing agency's surplus.

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2013

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

	<u>2013</u>	<u>2012</u>
Realized gain/(loss) on matured investments	\$ (317,541)	\$ (55,161)
Unrealized loss in changes in fair value of investments	(3,172,039)	(11,195)
Interest Income	<u>6,409,645</u>	<u>8,133,304</u>
Total investment income	<u>\$ 2,920,065</u>	<u>\$ 8,066,948</u>

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

C. Summary of Cash and Investments

The following is a summary of pooled cash and investments at June 30, 2013:

	<u>Government-Wide Statement of Net Position</u>			<u>Fiduciary Fund</u>	
	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>	<u>Statement of</u>	
	<u>Activities</u>	<u>Activities</u>		<u>Net Position</u>	<u>Total</u>
Cash and Investments	<u>\$ 150,240,932</u>	<u>\$ 72,585,928</u>	<u>\$ 222,826,860</u>	<u>\$ 10,655,710</u>	<u>\$ 233,482,570</u>
Restricted Cash and Investments	<u>\$ 2,907,976</u>	<u>\$ 28,625,485</u>	<u>\$ 31,533,461</u>	<u>\$ 36,377,872</u>	<u>67,911,333</u>
Total Cash and Investments					<u><u>\$ 301,393,903</u></u>

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2013

As of June 30, 2013, the City had the following deposits and investments:

	<u>Credit Rating</u>	<u>Fair Value</u>	<u>Total</u>
<u>City Treasury:</u>			
Deposits	Not Rated	\$ 582,781	\$ 582,781
<u>Investments:</u>			
Medium Term Notes	AAA	-	
Medium Term Notes	AA+	10,406,223	
Medium Term Notes	AA	9,062,328	
Medium Term Notes	AA-	4,288,686	
Medium Term Notes	A+	12,239,077	
Medium Term Notes	A	14,617,978	
Medium Term Notes	A-1+	998,972	
Medium Term Notes	A-1	10,340,712	
Medium Term Notes	A-	<u>2,863,337</u>	64,817,313
U.S. Government Agency Securities			
FFCB	AA+	21,472,030	
FHLB	AA+	21,023,816	
FHLMC	AA+	23,889,633	
FNMA	AA+	27,367,981	
U.S. Treasury	Not Rated	<u>37,961,438</u>	131,714,898
Federated	AAA	36,153	36,153
Local Agency Investment Funds	Not Rated		36,331,425
<u>Restricted Cash and Investments:</u>			
Cash & Investments with Fiscal Agents	Not Rated	65,618,707	
PUC Public Purpose	Not Rated	460,268	
Electric Restricted Cash	Not Rated	1,100,000	
Transit Restricted Cash	Not Rated	124,254	
Retention & Escrow Accounts	Not Rated	<u>608,104</u>	<u>67,911,333</u>
Total cash and investments			<u>\$ 301,393,903</u>

D. Investments in Local Agency Investment Funds

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight to the Treasurer of the State of California. LAIF is overseen by the Local Agency Investment Advisory Board, which consists of five members, in accordance with State statute. The State Treasurer's Office audits the fund annually. The City's investments with LAIF at June 30, 2013 included a portion of the pool funds invested in Structured Notes and Asset-Backed Securities.

As of June 30, 2013, the City had \$36,321,502 invested in LAIF. Fair value of the City's LAIF investments was \$36,331,425 as of June 30, 2013. 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 1.000273207.

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2013

E. Risk Disclosures

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits the City's investment portfolio to maturities not to exceed five years at time of purchase. The investment maturities of the City's portfolio as of June 30, 2013 are presented below:

Investment	Fair Value	Investment Maturities (In Years)		
		Less than 1	1 to 3	3 to 5
Cash and Investments:				
FFCB	\$ 21,472,030	\$ 7,124,050	\$ 12,378,654	\$ 1,969,326
FHLB	21,023,816	2,020,580	10,537,851	8,465,385
FHLMC	23,889,633		3,964,071	19,925,562
FNMA	27,367,981		9,713,833	17,654,148
US T-Notes	37,961,438	2,390,830	15,847,125	19,723,483
LAIF	36,331,425	36,331,425		
Federated	36,153	36,153		
Wells Fargo Corp	3,874,788	998,850	2,875,938	
JP Morgan Chase & Co	3,912,228	998,837	2,913,391	
US Bancorp	2,888,468	2,888,468		
US Bancorp	998,972	998,972		
Wal- Mart Stores	1,431,462			1,431,462
Pfizer Inc	1,812,949	1,812,949		
Tennessee Valley Authority	4,350,680	4,350,680		
IBM Corp	1,870,251		799,340	1,070,911
Chevron Corp	1,138,335			1,138,335
Northern Trust Company	2,099,822	2,099,822		
Bank of New York Mellon	2,756,666		2,756,666	
Blackrock Inc	1,903,831		1,903,831	
Pepsico Inc	2,863,337		2,863,337	
Berkshire Hathaway	2,917,570		2,917,570	
Praxair	1,875,016		1,875,016	
Ebay	2,982,260		2,982,260	
Walt Disney Company	1,908,904	1,908,904		
John Deere Capital Corp	1,986,027	473,820		1,512,207
American Honda Corp	2,199,019	2,199,019		
Google Inc	1,762,012		1,762,012	
Bank of Tokyo Mit/NY	3,996,831	3,996,831		
Bank of Nova Scotia	2,147,175	2,147,175		
Intel Corp	2,471,018			2,471,018
Apple Inc	2,400,745			2,400,745
GE Capital Corp	3,654,798	3,654,798		
Coca Cola Company	2,418,435		2,418,435	
United Tech Corp	195,714			195,714
Deposits	582,781	582,781		
Total	\$ 233,482,570	\$ 77,014,944	\$ 78,509,330	\$ 77,958,296

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2013

Investment	Fair Value	Investment Maturities (In Years)		
		Less than 1	1 to 3	3 to 5
Restricted Cash and Investments:				
Cash and Cash in Escrow	\$ 1,911,509	\$ 1,911,509	\$ -	\$ -
Local Agency Investment Funds	8,740,180	8,740,180		
Aim Government & Agency	6,884,575	6,884,575		
Aim S-T Investment Treasury	15,804,380	15,804,380		
Dreyfus Treasury Cash Mgmt	14,920,325	14,920,325		
Federated Treasury Obligation	7,488,624	7,488,624		
Bankers Bk Okla City	248,000			248,000
GE Cap Finl Inc	248,000			248,000
GE Cap Retail Bk Utah Instl C/D	248,000			248,000
Goldman Sachs Bk USA New York	248,000			248,000
Discover Bank Greenwood Del	248,000			248,000
Meridian Bank Paoli PA	248,000			248,000
Morgan Stanley Prime Instl	4,023,655	4,023,655		
Natixis Funding Corp	4,300,695			4,300,695
Bayerische Landesbank	2,349,390			2,349,390
Total	\$ 67,911,333	\$ 59,773,248	\$ -	\$ 8,138,085

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

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.

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2013

The City's credit risk, expressed on a percentage basis as of June 30, 2013 is presented below:

<u>Investment</u>	<u>Moody's Rating</u>	<u>S & P Rating</u>	<u>% of Investment</u>
LAIF	Not Rated	Not Rated	15.60%
US T-Notes	Aaa	AA+	16.30%
Federated	Aaa	AAA	0.02%
FFCB	Aaa	AA+	9.22%
FHLB	Aaa	AA+	9.03%
FHLMC	Aaa	AA+	10.26%
FNMA	Aaa	AA+	11.75%
Wells Fargo Corp	A1	A+	1.23%
JP Morgan Chase & Co	A2	A	1.25%
General Electric Co	A1	AA+	1.57%
US Bancorp	P-1	A-1+	0.43%
Intel Corp	A1	A+	1.06%
Wal-Mart Stores	Aa2	AA	0.61%
Pfizer Inc	A1	AA	0.78%
Tennessee Valley Authority	Aaa	AA+	1.87%
IBM Corp	Aa3	AA-	0.80%
Apple Inc	Aa1	AA+	1.03%
Chevron Texaco Corp	Aa1	AA	0.49%
Northern Trust Corp	A1	A+	0.90%
Bank of New York Mellon	A1	A	1.18%
Blackrock Inc/New York	A1	A+	0.82%
US Bancorp	A1	A+	1.24%
Pepsico Inc	A1	A-	1.23%
Berkshire Hathaway	Aa2	AA	1.25%
Google Inc.	Aa2	AA	0.76%
Praxair	A2	A	0.81%
Ebay	A2	A	1.28%
Walt Disney Company	A2	A	0.82%
John Deere Capital Corp	A2	A	0.85%
Honda Motor Corporation	P-1	A-1	0.94%
Bank of Tokyo-Mit UFJ	P-1	A-1	1.72%
Bank of Nova Scotia	P-1	A-1	0.92%
Wells Fargo Corp	P-1	A-1	0.43%
JP Morgan Chase & Co	P-1	A-1	0.43%
Coca Cola Company	Aa3	AA-	1.04%
United Tech Corp	A2	A	0.08%
Total			<u>100.00%</u>

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2013

3. Interfund Transactions

A. Current Interfund Receivables/Payables

Current interfund balances arise in the normal course of business and are expected to be repaid shortly after the end of the fiscal year. The following is a summary of current interfund balances as of June 30, 2013:

<u>Receivable Fund</u>	<u>Amount</u>	<u>Payable Fund</u>	<u>Amount</u>
Major Funds:		Non-Major Funds:	
General Fund	\$ 3,090,520	<u>Special Revenue Fund:</u>	
		Other Grants & Endowments	\$ 23,802
		<u>Capital Projects Funds:</u>	
		Public Facility Project	447,845
		Planned Local Drainage	221,782
		HUD Grants	210,961
		Other Grants	2,186,130
Total	<u>\$ 3,090,520</u>	Total	<u>\$ 3,090,520</u>

B. Long-Term Interfund Receivables/Payables

At June 30, 2013, 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	\$ 14,435,961	<u>Special Revenue Fund:</u>	
<u>Special Revenue Funds:</u>		Development	\$ 13,122,817
Development	291,839		
<u>Enterprise Funds:</u>		<u>Enterprise Funds:</u>	
Electric	5,080,025	Electric	1,123,144
		Non-Major Funds:	
		<u>Special Revenue Fund:</u>	
		Special Tax Districts	291,839
		<u>Enterprise Funds:</u>	
		Public Financing Authority	5,080,025
		Airport	190,000
Total	<u>\$ 19,807,825</u>	Total	<u>\$ 19,807,825</u>

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2013

The Development special revenue fund advance of \$291,839 is being repaid by special assessments collected in a landscape maintenance district over a 10-year period with annual payments of \$56,035.

The Development special revenue fund payable of \$13,122,817 is repaying the General Fund dependent upon development related activities.

The Electric enterprise fund payable of \$1,123,144 represents a reimbursement to the General Fund for certain Corporation Yard Expansion project costs.

The Public Financing Authority Payable represents the reserves from the Electric Fund and Water Reclamation Fund related to the Biosolids Project of the 2003 Certificates of Participation.

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.

C. Internal Balances – Capital Lease

Related Parties

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

Capital Lease Obligations

In February 2002, the Authority entered into capital leases with the City to lease the City's Water and Water Reclamation facilities. The terms of the leases are 55 years. The leases will terminate on February 6, 2056, at which time the Authority could renew the capital leases of the Water and Water Reclamation facilities. The capital assets of the Water and Water Reclamation facilities were recorded at the City's historical cost, net of accumulated depreciation. The related debt has been recorded accordingly resulting in a lease payable for an amount equal to the net capital assets recorded on the City's financial statements. Per the Lease Agreements, maximum lease payments are calculated with a discount rate of 6.0%. The original lease payments since Fiscal Year 2001-02 through Fiscal Year 2007-08 were established as 5.0% to 8.0% of the corresponding utility sales revenues of that year, equivalent to discounting the lease principal amounts by a range from 1.2% to 3.0%. Starting Fiscal Year 2008-09 and continued to the next fiscal year, the lease payment was calculated with a 3.5% to 4.0% growth factor over the previous fiscal year, equivalent to discounting the lease principal amounts by 3.2% for Water Utilities and 2.8% for Water Reclamation Utilities. In Fiscal Year 2011-12, the annual lease payment for Water Utility was calculated with a discount rate of 6.0% with a catch-up payment for the prior years in the amount of \$311,015, and the Water Reclamation Utility's lease payment was discounted at 5.7% of the lease principal amount. For fiscal year ended June 30, 2013, the lease payment for Water and Water Reclamation utilities were calculated with a discount rate of 5.5% and 4.8% respectively.

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2013

The following Internal Balances – Capital Leases were outstanding at June 30, 2013:

<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>

Current Year Transactions

During Fiscal Year 2012-13, the following related party transactions were recorded by the City and the Authority:

<u>Leasee</u>	<u>Amount</u>
Water Utility	\$ 5,840,840
Water Reclamation Utility	3,142,354
Total Payment from the Authority to the City	<u><u>\$ 8,983,194</u></u>

Capital Lease Payments

At June 30, 2013, the future minimum lease payments required under the capital leases and the net present value of the future lease payments for the Water utility are presented below:

Corona Utility Authority		
Future Lease Payments - Water Utility		
<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ -	\$ 5,346,473
2015		5,346,473
2016		3,590,150
2017		3,397,942
2018		3,215,345
2019-2023		13,641,807
2024-2028		10,268,472
2029-2033		7,658,250
2034-2038		5,638,510
2039-2043		4,075,673
2044-2048		2,866,380
2049-2053		1,474,496
2054-2056		278,825
Total Future Lease Payments	<u>\$ -</u>	<u>\$ 66,798,796</u>
Amount to be Forgiven at End of Lease	106,819,662	
Present Value of Total Lease Payment	<u><u>\$ 106,819,662</u></u>	

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2013

At June 30, 2013, the future minimum lease payments required under the capital leases and the net present value of the future lease payments for the Water Reclamation utility are presented below:

Corona Utility Authority		
Future Lease Payments - Water Reclamation Utility		
Fiscal Year	Principal	Interest
2014	\$ -	\$ 2,876,048
2015		2,876,048
2016		2,041,048
2017		2,041,048
2018		2,041,048
2019-2023		9,170,272
2024-2028		6,943,084
2029-2033		5,219,728
2034-2038		3,886,228
2039-2043		2,854,391
2044-2048		2,055,976
2049-2053		1,566,909
2054-2056		850,676
Total Future Lease Payments	<u>\$ -</u>	<u>\$ 44,422,504</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 as interest payments toward the lease obligation. The Authority's obligations under the Lease Agreements shall be forgiven, discharged and excused upon the date the aggregate amount of payments made by the Authority to the City equals the amount of the principal amount of the lease obligation.

D. Transfers Between Funds

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

- \$1,089,876 from the Gas Tax special revenue fund to the General Fund for the reimbursement of street maintenance costs.
- \$2,409,472 from Fleet Operations internal service fund to the General Fund for the reimbursements of prior motor pool collections.
- \$2,624,229 from Water Utility fund to CPFA and \$4,337,818 from CPFA to Water Utility fund to reflect the fiscal agent activities in regards to the issuance of the 2012 CUA Water Revenue bonds and the defeasance of the CPFA 1998 Water Revenue bonds.
- \$8,299,715 from Electric Utility fund to CPFA for fiscal agent activities in related to the advanced refunding of portion of the CPFA 2003 COP.

CITY OF CORONA

Notes to the Basic Financial Statements
 Year Ended June 30, 2013

- \$1,758,600 from CPFA and \$1,066,944 from CPIC to Water Reclamation Utility fund to record the advanced refunding of portion of the CPFA 2003 COP and the CPIC 1997 COP as well as the issuance of the CUA 2013 Wastewater Revenue bonds.

Total transfers of \$22,414,388 are presented below:

Transfer Out	Transfer In								Total Transfers Out
	General Fund	Development Special Revenue	Non-Major Governmental	Water	Water Reclamation	Electric	Non-Major Enterprise	Internal Service	
General Fund	\$ -	\$ 161,009	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 161,009
Non-major Governmental	1,089,876								1,089,876
Water							2,624,229		2,624,229
Electric							8,299,715		8,299,715
Non-Major Enterprise				4,337,818	2,825,544				7,163,362
Internal Service	2,409,472		110,870	273,240	252,115	22,335		8,165	3,076,197
Total Transfers In	\$ 3,499,348	\$ 161,009	\$ 110,870	\$ 4,611,058	\$ 3,077,659	\$ 22,335	\$ 10,923,944	\$ 8,165	\$ 22,414,388

4. Long-Term Receivables

Long-term receivables on the governmental fund financial statement as of June 30, 2013 are presented by specific description so as not to be aggregated. The major receivable balances in the governmental funds which are not expected to be collected within one year are:

	Loans Receivable	Long-Term Receivable
Major Funds:		
General Fund	\$ -	\$ 8,056,426
Development Special Revenue	36,120	1,517,777
Corona Housing Authority Capital Project	16,414,732	5,308,281
Non-Major Funds:		
Assessment Districts		515,000
HUD Grants	2,232,691	
Total	\$ 18,683,543	\$ 15,397,484

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

- Various City/former Corona Redevelopment Agency loans in the amount of \$7,578,757. The loans were approved by the Oversight Board on May 30, 2013. Finding of Completion was issued by the California Department of Finance on April 8, 2013. Repayments of these City loans from the Successor Agency will commence after Fiscal Year 2014-15. Please refer to Note 21.D for additional information.

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2013

- Reimbursement receivables from developers for the Temescal Canyon Communications Tower in the amount of \$287,932; and
- Amount to be reimbursed by developers for South Corona area Community Facilities Plan for \$189,737.

The Development special revenue fund reported loans receivable of \$36,120 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 in the amount of \$1,517,777.

Long-term receivables from Successor Agency in the amount of \$5,308,281 were reported in the Corona Housing Authority capital projects fund. The amount represented the SERAF loan that was assumed by the CHA as the housing successor upon the dissolution of the former Corona Redevelopment Agency. Please refer to Note 21.D for additional information. The fund also reported loans receivable from various developers with a total of \$16,414,732 at June 30, 2013.

The long-term receivable reported in the Assessments Districts debt service fund represented 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.

Loans receivable in the amount of \$2,232,691 reported in the HUD Grants fund represented various outstanding HUD program loans as of June 30, 2013.

5. Land Held For Resale

Land held for resale consists of real property acquired by the City and held for resale to private developers. The amount recorded as land held for resale and the corresponding fund balance classified as nonspendable as of June 30, 2013 was \$61,220,936. A substantial portion of these land inventories were transferred from the CHA to the Successor Agency in August 2013. Please refer to Note 21.F for additional information.

6. Capital Assets

The City has reported all capital assets including infrastructure in the government-wide statement of net position.

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

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

A summary of capital assets of the City as of June 30, 2013 is presented on the following page.

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2013

	Restated Balance June 30, 2012	Increases	Decreases	Balance June 30, 2013
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 62,708,060	\$ 280,875		\$ 62,988,935
Streets	177,154,784			177,154,784
Construction in Progress	30,662,240	5,359,053	(2,269,429)	33,751,864
Total capital assets not being depreciated	270,525,084	5,639,928	(2,269,429)	273,895,583
Capital assets being depreciated:				
Buildings and Improvements	200,755,553	1,059,139	(34,838)	201,779,854
Machinery and Equipment	29,260,239	270,435	(1,150,556)	28,380,118
Computer Software	150,435	20,000		170,435
Infrastructure	307,275,744	749,012		308,024,756
Total capital assets being depreciated	537,441,971	2,098,586	(1,185,394)	538,355,163
Less accumulated depreciation for:				
Buildings and Improvements	(83,481,829)	(4,625,726)	34,838	(88,072,717)
Machinery and Equipment	(19,124,638)	(1,897,508)	1,140,755	(19,881,391)
Computer Software	(62,681)	(31,754)		(94,435)
Infrastructure	(99,099,377)	(5,124,546)		(104,223,923)
Total accumulated depreciation	(201,768,525)	(11,679,534)	1,175,593	(212,272,466)
Total capital assets being depreciated, net	335,673,446	(9,580,948)	(9,801)	326,082,697
Governmental activity capital assets, net	\$ 606,198,530	\$ (3,941,020)	\$ (2,279,230)	\$ 599,978,280
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 2,984,996	\$ 1,774,097	\$ -	\$ 4,759,093
Water Reclamation Rights	9,180,000	600,000		9,780,000
Construction in Progress	13,246,242	15,687,022	(20,143,283)	8,789,981
Total capital assets not being depreciated	25,411,238	18,061,119	(20,143,283)	23,329,074
Capital assets being depreciated:				
Buildings and Improvements	91,620,642	2,684,120		94,304,762
Machinery and Equipment	75,278,237	11,020,738	(535,595)	85,763,380
Computer Software	38,204	42,100		80,304
Infrastructure	298,753,681	8,207,461		306,961,142
Emission Reduction Credits	230,000			230,000
Total capital assets being depreciated	465,920,764	21,954,419	(535,595)	487,339,588
Less accumulated depreciation for:				
Buildings and Improvements	(33,301,725)	(2,002,250)		(35,303,975)
Machinery and Equipment	(39,218,607)	(4,610,892)	517,164	(43,312,335)
Computer Software	(7,640)	(12,553)		(20,193)
Infrastructure	(65,997,920)	(5,335,511)		(71,333,431)
Emission Reduction Credits	(35,695)	(76,666)		(112,361)
Total accumulated depreciation	(138,561,587)	(12,037,872)	517,164	(150,082,295)
Total capital assets being depreciated, net	327,359,177	9,916,547	(18,431)	337,257,293
Business-type activity capital assets, net	\$ 352,770,415	\$ 27,977,666	\$ (20,161,714)	\$ 360,586,367
Total Capital Assets	\$ 958,968,945	\$ 24,036,646	\$ (22,440,944)	\$ 960,564,647

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2013

Governmental activity capital assets, net of accumulated depreciation were restated by \$(1,758,819), primarily due to the recognition of \$2,192,740 in construction in progress that should have been expensed as repairs in prior years. Business-type activity capital assets, net of accumulated depreciation were restated by \$(388,043) as the result of various minor adjustments in the categories of construction in progress and machinery and equipment. Refer to Note 19 for additional information on the restatement of beginning balances.

For the year ended June 30, 2013, accumulated depreciation on governmental activity capital assets and depreciation expense charged to each governmental function are presented as follows:

	Restated Balance June 30, 2012	Current Year Depreciation	Accumulated Depreciation	Adjustments to Depreciation	Accumulated Depreciation June 30, 2013
General Government	\$ 25,526,609	\$ 2,847,314	\$ 28,373,923	\$ (44,844)	\$ 28,329,079
Public Safety - Fire	6,988,147	514,477	7,502,624	(150,858)	7,351,766
Public Safety - Police	5,615,325	722,055	6,337,380	(63,287)	6,274,093
Public Works	102,736,804	5,523,814	108,260,618	(626,958)	107,633,660
Redevelopment	-	-	-	-	-
Parks and Recreation	60,623,918	2,057,645	62,681,563	(227,055)	62,454,508
Library	277,722	14,229	291,951	(62,591)	229,360
Total Depreciation Expense	<u>\$ 201,768,525</u>	<u>\$ 11,679,534</u>	<u>\$ 213,448,059</u>	<u>\$ (1,175,593)</u>	<u>\$ 212,272,466</u>

A summary of infrastructure assets of the City as of June 30, 2013 is presented below:

Description	Historical Cost	Accumulated Depreciation	Net Cost
Governmental Activities:			
Modified Approach			
Street Pavement System	\$ 177,154,784	\$ -	\$ 177,154,784
Basic Approach			
Curbing	78,004,747	(31,563,494)	46,441,253
Sidewalks	85,016,092	(33,963,372)	51,052,720
Signs and Lights	39,301,398	(11,325,983)	27,975,415
Storm Drains	99,802,719	(26,614,027)	73,188,692
Fiberoptics	5,899,800	(757,047)	5,142,753
Subtotal Basic Approach	<u>308,024,756</u>	<u>(104,223,923)</u>	<u>203,800,833</u>
Total Governmental Activities	<u>\$ 485,179,540</u>	<u>\$ (104,223,923)</u>	<u>\$ 380,955,617</u>
Business-Type Activities:			
Basic Approach			
Fiberoptics	\$ 235,951	\$ (112,128)	\$ 123,823
Electric	6,212,266	(717,960)	5,494,306
Signs and Lights	249,370	(14,963)	234,407
Water	214,914,318	(51,216,521)	163,697,797
Water Reclamation	85,349,237	(19,271,859)	66,077,378
Total Business-Type Activities	<u>\$ 306,961,142</u>	<u>\$ (71,333,431)</u>	<u>\$ 235,627,711</u>

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2013

Construction in Progress and Capital Project Commitments

The City has active construction projects as of June 30, 2013. These projects include street construction in areas of newly developed housing, pavement rehabilitation, and various water and water reclamation upgrades and replacements. At year end, the City's construction in progress totaled \$42,541,845. The following material construction commitments existed at June 30, 2013:

<u>Project Name</u>	<u>Contract Amount</u>	<u>Expenditures to date as of June 30, 2013</u>	<u>Remaining Commitments</u>
Governmental Activities:			
Auto Center/BNSF RR Grade Separation	\$ 21,783,651	\$ -	\$ 21,783,651
Total Construction Commitments	<u>\$ 21,783,651</u>	<u>\$ -</u>	<u>\$ 21,783,651</u>

7. Compensated Absences Payable

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

As shown in the table below, the long-term portion of this debt amounts to \$2,736,659 for governmental activities and \$244,757 for business-type activities at June 30, 2013. These amounts are expected to be paid in future years from future resources. In prior years, compensated absences have been liquidated primarily by the General Fund and the proprietary funds. The total amount outstanding at June 30, 2013 was \$7,975,017 for governmental activities and \$915,014 for business-type activities.

	<u>Balance July 1, 2012</u>	<u>Incurred</u>	<u>Satisfied</u>	<u>Balance June 30, 2013</u>	<u>Amounts Due Within One Year</u>	<u>Amounts Due in More than One Year</u>
Governmental Activities	<u>\$ 7,895,242</u>	<u>\$ 5,328,471</u>	<u>\$ 5,248,696</u>	<u>\$ 7,975,017</u>	<u>\$ 5,238,358</u>	<u>\$ 2,736,659</u>
Business-Type Activities	<u>\$ 838,218</u>	<u>\$ 751,893</u>	<u>\$ 675,097</u>	<u>\$ 915,014</u>	<u>\$ 670,257</u>	<u>\$ 244,757</u>

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2013

8. Long-Term Obligations

The following is a summary of long-term obligation transactions of the City for the year ended June 30, 2013:

	<u>Balance June 30, 2012</u>	<u>Incurred or Issued</u>	<u>Satisfied or Matured</u>	<u>Balance June 30, 2013</u>	<u>Amounts Due Within One Year</u>	<u>Amounts Due in More than One Year</u>
Governmental Activities:						
Lease Payable	\$ 25,283,434	\$ -	\$ 1,564,332	\$ 23,719,102	\$ 1,356,838	\$ 22,362,264
Lease Revenue Bonds Payable	35,215,000		1,945,000	33,270,000	2,020,000	31,250,000
Special Assessment District Bonds	660,000		145,000	515,000	160,000	355,000
Total Governmental Activities	<u>\$ 61,158,434</u>	<u>\$ -</u>	<u>\$ 3,654,332</u>	<u>\$ 57,504,102</u>	<u>\$ 3,536,838</u>	<u>\$ 53,967,264</u>
Business-Type Activities:						
Installment Agreement Payable	\$ 1,485,246	\$ -	\$ 186,469	\$ 1,298,777	\$ 194,445	\$ 1,104,332
Contracts Payable	690,390			690,390		690,390
Term Loan Payable	32,175,712		10,813,470	21,362,242	1,410,939	19,951,303
Revenue Bonds	26,430,000	56,770,000	26,430,000	56,770,000	1,165,000	55,605,000
Certificates of Participation	87,495,000		23,115,000	64,380,000	39,900,000	24,480,000
Unamortized Bond Premium	-	4,020,469		4,020,469	1,996,794	2,023,675
Total Business-Type Activities	<u>\$ 148,276,348</u>	<u>\$ 60,790,469</u>	<u>\$ 60,544,939</u>	<u>\$ 148,521,878</u>	<u>\$ 44,667,178</u>	<u>\$ 103,854,700</u>

A. Lease Payable

The following lease payables were outstanding as of June 30, 2013:

<u>Lease Payables</u>	<u>Balance</u>
Pitney Bowes Mailing System	\$ 13,674
2012 Refunding Lease	23,705,428
Total Lease Payables	<u>\$ 23,719,102</u>

Pitney Bowes Mailing System Lease

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

As of June 30, 2013, the net present value of future minimum lease payments required under the capital lease was \$13,674. On August 22, 2013, the City terminated the lease with Pitney Bowes and settled its obligation for \$10,123.

2012 Refunding Lease

On June 1, 2012, the City entered into the 2012 Refunding Lease agreement with Compass Mortgage Corporation, a private lender, in the amount of \$25,265,511 to refund the CPFA Lease Revenue 2002 Series B bonds originally issued in the amount of \$35,000,000 to pay the costs of the design, construction and acquisition of the City Hall facility. The 2002 Series B bonds were refunded in its entirety in September 2012. The 2012 Refunding Lease is payable over a fifteen-year period.

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2013

As of June 30, 2013, the future minimum lease payments required under the capital lease and the net present value of the future lease payments are presented below:

<u>Fiscal Year</u>	<u>2012 Refunding Lease Payables</u>	<u>Lease Payment</u>
2014		\$ 2,135,122
2015		2,135,122
2016		2,135,122
2017		2,135,122
2018		2,135,122
2019-2023		10,675,612
2024-2027		8,540,490
Total Minimum Lease Payments		29,891,712
Less: Amount Representing Interest		(6,186,284)
Present Value of Future Minimum Lease Payments		\$ 23,705,428

B. Lease Revenue Bonds

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

The following lease revenue bonds were outstanding at June 30, 2013:

<u>Issuance</u>	<u>Balance</u>
\$ 9,810,000 Corona Public Financing Authority 2001 Lease Revenue Bonds, Series A	\$ 1,895,000
\$36,060,000 Corona Public Financing Authority 2006 Lease Revenue Bonds, Series C	31,375,000
Total Lease Revenue Bonds	\$ 33,270,000

2001 Lease Revenue Bonds, Series A

The CPFA 2001 Refunding Lease Revenue Bonds, Series A were issued on May 10, 2001 in the amount of \$9,810,000 to refund the CPFA 1993 Public Improvement Refunding Bonds originally issued in the amount of \$21,295,000 to finance the acquisition of land to be developed as City park sites. The outstanding bonds bear interest from 4.65% to 4.75% and are due in annual principal installments ranging from \$925,000 to \$970,000 through September 1, 2014. The bonds are payable pursuant to a lease agreement with the City.

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2013

The annual debt service requirements for the 2001 Lease Revenue Bonds Series A are presented below:

<u>Fiscal Year</u>	2001 Refunding Lease Revenue Bonds		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 925,000	\$ 67,581	\$ 992,581
2015	970,000	23,037	993,037
Totals	\$ 1,895,000	\$ 90,618	\$ 1,985,618

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 3.50% to 5.00% and are due in annual installments ranging from \$1,095,000 to \$1,770,000 through September 1, 2036. The bonds are payable from the revenues expected to be received by the CPFA from the City as lease payments for the acquired improvements. The annual debt service requirements for the 2006 Lease Revenue Bonds Series C are presented below:

<u>Fiscal Year</u>	2006 Lease Revenue Bonds		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 1,095,000	\$ 1,297,619	\$ 2,392,619
2015	1,135,000	1,257,884	2,392,884
2016	1,170,000	1,216,106	2,386,106
2017	1,220,000	1,172,940	2,392,940
2018-2022	6,830,000	5,058,588	11,888,588
2023-2027	7,645,000	3,367,863	11,012,863
2028-2032	5,505,000	2,044,144	7,549,144
2033-2037	6,775,000	743,856	7,518,856
Totals	\$ 31,375,000	\$ 16,159,000	\$ 47,534,000

C. Special Assessment District Bonds (Indirect City Liability)

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

Assessment District No. 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 \$160,000 to \$185,000 through

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2013

September 2, 2015. The outstanding balance at June 30, 2013 was \$515,000. Annual required debt service payments for the 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>
2014	\$ 160,000	\$ 34,800	\$ 194,800
2015	170,000	21,600	191,600
2016	185,000	7,400	192,400
Totals	\$ 515,000	\$ 63,800	\$ 578,800

D. Installment Agreement PayableElsinore 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, 2013 was \$1,298,777. The future annual debt service requirements per the agreement are presented below:

<u>Fiscal Year</u>	<u>Elsinore Valley Municipal Water District Agreement</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 194,445	\$ 55,555	\$ 250,000
2015	202,762	47,238	250,000
2016	211,435	38,565	250,000
2017	220,479	29,521	250,000
2018	229,911	20,089	250,000
2019	239,745	10,255	250,000
Totals	\$ 1,298,777	\$ 201,223	\$ 1,500,000

E. Contracts Payable

Contracts Payable arise from the acquisition of certain water and water reclamation facilities and represent amounts due to Western Municipal Water District payable from future water and water reclamation connection fees associated with the acquired facilities. Future connections are provided as needed in the area and as such cannot be scheduled. When connection fees are received the amounts attributable to the cost of physical connection are recognized as revenue and any additional amounts are credited to the contributed capital account. The amount outstanding at June 30, 2013 was \$690,390.

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2013

F. Term Loans Payable

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, 2013 was \$21,362,242. Annual debt service requirements for the loan are presented below:

<u>Fiscal Year</u>	<u>State Revolving Fund Loan C-06-4802-110</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 1,410,939	\$ 534,056	\$ 1,944,995
2015	1,446,213	498,782	1,944,995
2016	1,482,368	462,627	1,944,995
2017	1,519,427	425,568	1,944,995
2018	1,557,413	387,582	1,944,995
2019-2023	8,390,930	1,334,046	9,724,976
2024-2026	5,554,952	280,033	5,834,985
Totals	\$ 21,362,242	\$ 3,922,694	\$ 25,284,936

G. Revenue Bonds

The following outstanding revenue bonds were reported in the business-type activities as of June 30, 2013:

<u>Issuance</u>	<u>Balance</u>
\$35,880,000 Corona Utility Authority 2012 Water Revenue Bonds	\$ 35,880,000
\$20,890,000 Corona Utility Authority 2013 Wastewater Revenue Bonds	20,890,000
Total Revenue Bonds	\$ 56,770,000

2012 Water Revenue Bonds

On August 1, 2012, the Corona Utility Authority issued the 2012 Water Revenue bonds in the amount of \$35,880,000 (plus a premium of \$5.8 million) with interest rates ranging from 2.0% to 5.0% to refund several outstanding City debts and to fund certain capital improvement projects for the Water Utility. The CUA 2012 Water Revenue bonds possessed an underlying credit rating of "AA" from Standard & Poor's.

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

The outstanding bonds bear interest from 2.0% to 5.0% and are due in annual installments ranging from \$1,165,000 to \$2,240,000 through 2030 with term bonds in the amount of \$5,155,000 due on September 1, 2032. The bonds are considered a liability of the Water Utility fund.

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2013

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

2012 Water Revenue Bonds			
Fiscal Year	Principal	Interest	Total
2014	\$ 1,165,000	\$ 1,472,200	\$ 2,637,200
2015	1,310,000	1,447,450	2,757,450
2016	1,335,000	1,414,325	2,749,325
2017	1,375,000	1,387,425	2,762,425
2018	1,390,000	1,359,700	2,749,700
2019-2023	7,695,000	5,990,850	13,685,850
2024-2028	9,570,000	4,041,875	13,611,875
2029-2033	12,040,000	1,534,250	13,574,250
Totals	\$ 35,880,000	\$ 18,648,075	\$ 54,528,075

2013 Wastewater Revenue Bonds

On June 26, 2013, the Corona Utility Authority issued the 2013 Wastewater Revenue bonds in the amount of 20,890,000 (plus a premium of \$2.1 million) with interest rates ranging from 2.0% to 4.0% to refund several outstanding City debts and to fund certain capital improvement projects for the Wastewater Utility. The CUA 2013 Wastewater Revenue bonds possessed an underlying credit rating of "AA" from Standard & Poor's.

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

The outstanding bonds bear interest from 2.0% to 4.0% and are due in annual installments ranging from \$590,000 to \$2,400,000 through 2028 with term bonds in the amount of \$2,860,000 due on September 1, 2031. The bonds are considered a liability of the Wastewater Utility fund. The annual debt service requirements for the 2013 Wastewater Revenue bonds are presented below:

2013 Wastewater Revenue Bonds			
Fiscal Year	Principal	Interest	Total
2014	\$ -	\$ 549,821	\$ 549,821
2015	2,145,000	786,450	2,931,450
2016	2,330,000	730,050	3,060,050
2017	2,400,000	647,100	3,047,100
2018	1,940,000	560,300	2,500,300
2019-2023	4,525,000	2,049,000	6,574,000
2024-2028	3,815,000	1,248,575	5,063,575
2029-2032	3,735,000	310,676	4,045,676
Totals	\$ 20,890,000	\$ 6,881,972	\$ 27,771,972

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Notes to the Basic Financial Statements
Year Ended June 30, 2013

H. Certificates of Participation

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

The following Certificates of Participation were outstanding as of June 30, 2013:

<u>Certificates of Participation</u>	<u>Balance</u>
\$68,030,000 Corona Public Financing Authority 2003 Clearwater Cogeneration / Recycled Water Projects	\$ 39,230,000
\$29,020,000 Corona Public Financing Authority 2005 Clearwater Cogeneration Projects	25,150,000
Total Certificates of Participation	<u><u>\$ 64,380,000</u></u>

2003 Clearwater Cogeneration/Recycled Water Projects Certificates of Participation

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

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

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

On September 1, 2010, the City sold the Facility to the City of Riverside for a total consideration of \$53,405,600 through the Clearwater Purchase and Sale Agreement (the Agreement). The terms of the Agreement provide a lease purchase financing with semi-annual payments equivalent to

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Notes to the Basic Financial Statements
Year Ended June 30, 2013

the City's debt service requirements pertain to the Facility. The present value of the total purchase price was \$45,568,916, this amount was recorded as long-term receivables in the City's enterprise funds. A balloon payment of \$40,197,425 is due on September 3, 2013 to call the portion of 2003 COPs that financed the construction of the Facility.

On August 1, 2012, the City advance refunded the Recycled Water portion of the 2003 Certificates of Participation by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the Recycled Water portion of the 2003 bonds.

On June 26, 2013, the 2013 CUA Wastewater Revenue bonds were issued to advance refund the Biosolids Project portion of the 2003 Certificates of Participation by placing the proceeds of the new bonds in an irrevocable trust to provide for the September 3, 2013 redemption. Please refer to Note 8.I for additional information on the debt defeasance.

As of June 30, 2013, outstanding balance of the 2003 COP was \$39,230,000. On September 3, 2013, these bonds were fully defeased with the proceeds from the CUA 2012 Water Revenue bonds, CUA 2013 Wastewater Revenue bonds, and the balloon payment on principal from the City of Riverside in the amount \$39,230,000.

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 \$670,000 to \$905,000 through September 1, 2021 with term bonds of \$2,945,000 due September 1, 2024, \$5,910,000 due September 1, 2029 and \$9,280,000 due September 1, 2035.

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

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

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Notes to the Basic Financial Statements
Year Ended June 30, 2013

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

<u>Fiscal Year</u>	<u>2005 Certificates of Participation</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 670,000	\$ 1,147,085	\$ 1,817,085
2015	695,000	1,123,197	1,818,197
2016	8,265,000	920,507	9,185,507
2017	500,000	719,979	1,219,979
2018	520,000	699,579	1,219,579
2019-2023	2,930,000	3,156,768	6,086,768
2024-2028	3,620,000	2,445,494	6,065,494
2029-2033	4,600,000	1,434,250	6,034,250
2034-2036	3,350,000	270,750	3,620,750
Totals	\$ 25,150,000	\$ 11,917,609	\$ 37,067,609

I. Defeased Debt

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

On June 26, 2013, the City paid off the State Revolving Fund Loan Contract No. 6-807-5850-0 with proceeds from the Corona Utility Authority 2013 Wastewater Revenue bonds. The loan was entered with the State Water Resources Control Board of the State of California on September 17, 1996 and February 20, 1997 for a total of \$22,244,222 for purposes of expansion of the Water Reclamation Facility No. 1. The loan was 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 City made a principal payment of \$9,436,944 with the accrued interest. As a result of the refunding, the City realized economic gains (the difference between the present value of the debt service payments on the old and new debt) of \$341,065, or 4.2% of the principal amount being refunded.

1997 Sunkist Wastewater Treatment Facilities Refunding Bonds

On June 26, 2013, the Corona Utility Authority issued the 2013 Wastewater Revenue bonds and placed a portion of the proceeds in the amount of \$961,145 (including a premium of \$56,145) in an irrevocable trust account held by an escrow agent for the call of the CPIC 1997 Refunding Certificates of Participation. The 1997 COP was subsequently called on July 9, 2013.

The 1997 COP was issued on January 21, 1997 by the CPIC in the amount of \$7,010,000 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 1997 COP bore interest rates from 5.20% to 5.50% and were due in annual installments ranging from \$385,000 to \$530,000 through August 1, 2016.

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Notes to the Basic Financial Statements
Year Ended June 30, 2013

As the result of the refunding, the City realized economic gains (the difference between the present value of the debt service payments on the old and new debt) of \$114,422, or 5.8% of the principal amount being refunded. The refunding met the requirements of an in-substance defeasance and the liability of the refunded certificates was removed from the City's financial statements in the current fiscal year.

1998 CPFA Water Revenue Bonds

On August 1, 2012, the Corona Utility Authority issued the 2012 Water Revenue bonds and placed a portion of the proceeds in the amount of \$23,719,795 (including a premium of \$3,204,795) in an irrevocable trust account held by an escrow agent for the call of the CPFA 1998 Water Revenue bonds. The 1998 Water Revenue bonds were subsequently called on September 4, 2012.

The CPFA 1998 Water Revenue bonds were issued in the amount of \$36,690,000 to finance the cost of the construction of a ground water desalting system and to refinance the outstanding 1994 Water System Improvement Project Certificates of Participation. The 1998 Water Revenue bonds bore interest rates from 4.25% to 4.75% and were 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.

As the result of the refunding, the City realized economic gains (the difference between the present value of the debt service payments on the old and new debt) of \$4,780,440, or 18.1% of the principal amount being refunded.

2003 Recycled Water Projects Certificates of Participation

On August 1, 2012, the Corona Utility Authority issued the 2012 Water Revenue bonds and placed a portion of the proceeds in the amount of \$5,542,929 (including a premium of \$712,929) in an irrevocable trust account held by an escrow agent for the call of the CPFA 2003 Certificates of Participation Recycled Water Project portion. Together with proceeds from the CUA 2013 Wastewater Revenue bonds and the payment from the City of Riverside, the 2003 Clearwater Cogeneration/Recycled Water Projects Certificates of Participation were called in its entirety on September 3, 2013.

As the result of the refunding, the City realized economic gains (the difference between the present value of the debt service payments on the old and new debt) of \$943,788, or 16.0% of the principal amount of the Recycled Water Project portion of the 2003 COP being refunded.

2003 Biosolids Project Certificates of Participation

On June 26, 2013, the Corona Utility Authority issued the 2013 Wastewater Revenue bonds and placed a portion of the proceeds in the amount of \$11,190,213 (including a premium of \$1,120,213) in an irrevocable trust account held by an escrow agent for the call of the Biosolids Project portion of the CPFA 2003 Clearwater Cogeneration/Recycled Water Projects Certificates of Participation. Together with proceeds from the CUA 2012 Water Revenue bonds and the payment from the City of Riverside, the 2003 Certificates of Participation were called in its entirety on September 3, 2013.

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Notes to the Basic Financial Statements
Year Ended June 30, 2013

As the result of the refunding, the City realized economic gains (the difference between the present value of the debt service payments on the old and new debt) of \$1,971,155, or 15.8% of the principal amount of the Biosolids Project portion of the 2003 COP being refunded.

2003 Clearwater Cogeneration Certificates of Participation

On September 3, 2013, the City made a principal payment of \$59,300,000 and defeased the CPFA 2003 Certificates of Participation in its entirety. The principal payments consisted of proceeds from the CUA 2012 Water Revenue bonds in the amount of \$5,885,000, proceeds from the CUA 2013 Wastewater Revenue bonds for \$12,515,000, payments from the City of Riverside in accordance with certain installment purchase agreement for \$39,230,000, and the funds held in the fiscal agent reserves account in the amount of \$1,670,000.

9. Pledged Revenues

The City has pledged, as security for its water revenue bonds and certificates of participation it has issued, through the CPFA or the CPIC, a portion of the utility customer revenues, net of specified operating expenses, to repay \$121.2 million outstanding bonds as of June 30, 2013. These bonds were to provide financing for various capital projects of the City, including the construction of certain water system, water treatment facilities, and electric generation and distribution system. 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 22.0% of net revenues. The total debt service remaining to be paid on the bonds is \$160,001,805. Principal and interest paid for the current year and total customer net revenues were \$4,815,476 and \$21,908,827, respectively.

10. Credit Agreements

The City cancelled four letter of credit agreements with Bank of America during the current fiscal year. These irrevocable letters of credit were issued for the benefits of Southern California Edison to comply with various Interconnection Facilities Agreements that the Corona Utility Authority had entered into in order to provide electric distribution. The letters of credit were cancelled as the result of all payment obligations under the terms of the Interconnection Facilities Agreements being satisfied during the current year. Total amount of the cancelled letters of credit was \$426,101. As of June 30, 2013, there were no outstanding credit agreements.

11. Non-City Obligations

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

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

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Notes to the Basic Financial Statements
Year Ended June 30, 2013

As of June 30, 2013 the balances outstanding were:

Assessment District Bonds (Non-City Debt)		Balance
\$ 855,000	A.D. No. 95-1 Improvement Bonds	\$ 400,000
\$ 1,624,200	A.D. No. 96-1 1996 A Improvement Bonds	760,000
\$ 685,000	A.D. No. 96-1 1997 A Improvement Bonds	360,000
\$ 1,605,000	A.D. No. 96-1 1997 B Improvement Bonds	875,000
\$ 2,657,100	A.D. No. 96-1 1999 A Improvement Bonds	1,610,000
Total Special Assessment District Bonds		\$ 4,005,000

B. Marks Roos Bonds (Non-City Obligation)

These bonds are authorized pursuant to the Marks-Roos Local Bond Pooling Act of 1985. It was created as a way for local governmental agencies to fund needed working capital, public capital improvements, or other projects that would provide significant benefits to the public. The act allows local agencies, through joint powers authorities, to issue bonds to reduce borrowing costs through the use of bond pools. The authority bonds are secured by the revenue obtained from the principal of and interest payments on the local obligation bonds which are payable from the special taxes levied and collected from the taxable property within the district. Neither the faith and credit nor taxing power of the City is pledged to the payment of the bonds. Reserves have been established from the bond proceeds to meet delinquencies should they occur. If delinquencies occur beyond the amounts held in those reserves, the City has no obligation to pay the delinquency out of any available funds of the City. The City acts solely as an agent for the special taxes levied on the properties and the debt service payments to the bondholders. The following is a list of the Marks-Roos Bonds that were active as of June 30, 2013:

Marks Roos District Bonds (Non-City Debt)		Balance
\$ 25,755,000	1999 Revenue Bonds, Series A (Superior Lien)	\$ 12,825,000
\$ 10,255,000	1999 Revenue Bonds, Series B (Subordinate Lien)	5,405,000
Total Marks Roos District Bonds		\$ 18,230,000

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

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

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2013

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

Community Facility District Bonds (Non-City Debt)		Balance
\$ 22,580,000	CFD 86-2 Refunding and Improvement Bonds	\$ 10,420,000
\$ 62,845,000	CFD 90-1 Refunding Bonds	25,795,000
\$ 19,505,000	CFD 97-2 Special Tax Bonds	11,760,000
\$ 6,485,000	CFD 2000-1, Series A Special Tax Bonds	4,980,000
\$ 1,610,000	CFD 2000-1, Series B Special Tax Bonds	1,300,000
\$ 20,295,000	Ref CFD 89-1, Series A District-Wide Local Bonds	10,045,000
\$ 15,715,000	Ref CFD 89-1, Series B Imp Area Local Bonds	7,540,000
\$ 3,675,000	CFD 2001-2 Special Tax Bonds	2,930,000
\$ 9,415,000	CFD 2002-4 Special Tax Bonds	8,230,000
\$ 6,135,000	CFD 2003-2 Special Tax Bonds	7,200,000
\$ 22,475,000	CFD 2002-1 Special Tax Bonds & Escrow Term Bonds	16,530,000
\$ 3,805,000	CFD 2004-1 Special Tax Bonds	3,260,000
\$ 10,280,000	CFD 2002-1 Improvement Area Special Tax Bonds	7,690,000
Total Community Facilities District Bonds		\$ 117,680,000

D. Conduit Debt Obligations

Not included in the accompanying financial statements are various conduit debt obligations issued under the name of the City and/or the Agency. The Bonds are not secured by or payable from revenues or assets of the City or Agency. Neither the faith and credit nor the taxing power of the City, the Agency, the State of California or any political subdivision thereof is pledged to the payment of the principal of and interest on the Bonds nor is the City or the Agency in any manner obligated to make any appropriations for payments on these bonds. At June 30, 2013, the aggregate principal amount of Conduit Debt Obligations outstanding totaled \$23,794,327.

12. Bond Requirements

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

At June 30, 2013, management believes the City and its component units are in compliance with all covenants of the various debt indentures.

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Notes to the Basic Financial Statements
Year Ended June 30, 2013

13. Pension Related Debt

In Fiscal Year 2005-06, California Public Employees Retirement System (CalPERS) required participation in risk pools for all plans with less than 100 active members, as of June 30, 2003. Risk pooling consists of combining assets and liabilities across employers to produce large groups where the impact of a catastrophic demographic event is shared among all employers of the same risk pool. Pooling will reduce the volatility of future employer rates. The Safety Fire Plan is part of the CalPERS cost-sharing multiple-employer defined benefit pension plan; known as the "Safety 3.0% at 50 Risk Pool." At the time of joining the pool, a side fund was created to account for the differences between the funded status of the pool and the funded status of the plan. The side fund for the City at that time carried a negative balance of \$10,159,328, representing a pension related obligation for the City. CalPERS determined this obligation should be amortized over an 11-year period. As of June 30, 2013, the City's pension related obligation had a balance of \$4,199,020 with an assumed interest rate of 7.5%. Due to the fact that this obligation was program specific, the annual debt service payment was recorded as the Public Safety – Fire expenses together with the employer contribution to the risk pool. The interest on this debt of \$345,219 was also included in the Public Safety – Fire function expenses and not in the Interest and Fiscal Charges expenses in the statement of activities. The following presents principal and interest due in the future fiscal years using the assumed interest rate:

<u>Fiscal Year</u>	<u>Pension Related Debt (Fire Plan Side Fund)</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 1,254,503	\$ 259,189	\$ 1,513,692
2015	1,395,673	163,429	1,559,102
2016	1,548,844	57,032	1,605,876
Totals	\$ 4,199,020	\$ 479,650	\$ 4,678,670

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

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

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2013

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 2012-13 was 27.154% for miscellaneous employees, 31.025% for the police safety group and 39.244% 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 2012-13, the City's annual pension cost for the Miscellaneous and Safety Police Plan was \$7,211,120 and \$4,773,549 respectively. The actual contributions were equal to the City's required contributions. The required contribution for Fiscal Year 2012-13 was determined as part of the June 30, 2010 actuarial valuation, using the entry age actuarial cost method. The actuarial assumptions included: (a) an investment rate of return of 7.75% (net of administrative expenses); (b) projected salary increases of 3.55% to 14.45% for Miscellaneous Plan and 3.55% to 13.15% for the Safety Police Plan depending on age, service and type of employment; and (c) a payroll growth of 3.25% per year. An inflation factor of 3.00% is compounded annually and used for both plans. The actuarial funding method used is the Entry Age Normal Cost Method. The actuarial value of CalPERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a 15-year period (smoothed market value). Gains and losses that occur in the operation of the plan are amortized over a 30-year rolling period, which resulted in an amortization of about 6% of unamortized gains and losses each year. In addition, in June 2009, the CalPERS Board adopted changes to the asset smoothing method in order to phase in over a three-year period the impact of the -24% investment loss experienced by CalPERS in fiscal year 2008-09. Accordingly, the June 30, 2010 valuation adopted the corridor limits for the actuarial value of assets of 70% to 130%.

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, 2010 actuarial valuation date was 21 years for Miscellaneous Plan and 24 years for Safety Police Plan.

For Fiscal Year 2012-13, the City's annual pension cost for the Safety Fire Plan was \$3,673,573 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, 2010 actuarial valuation date was 19 years.

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Notes to the Basic Financial Statements
Year Ended June 30, 2013

The City's contributions to CalPERS for the Miscellaneous Plan, Safety Police Plan and Safety Fire Plan for the three years ending June 30, 2013, 2012 and 2011 are presented below:

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

	Fiscal Year	Annual	Percentage of	Net Pension
	Ending	Pension Cost	APC Contributed	Obligation
		(APC)		
Miscellaneous	06/30/2011	\$ 6,398,576	100%	\$ -
Employees	06/30/2012	6,880,355	100%	-
Group	06/30/2013	7,211,120	100%	-
Police Safety	06/30/2011	\$ 4,463,950	100%	\$ -
Employees	06/30/2012	5,115,749	100%	-
Group	06/30/2013	4,773,549	100%	-
Fire Safety	06/30/2011	\$ 3,438,225	100%	\$ -
Employees	06/30/2012	3,864,474	100%	-
Group	06/30/2013	3,673,573	100%	-

Funded Status and Funding Progress

As of June 30, 2012, the most recent actuarial valuation date, the Miscellaneous Plan was 69.1% funded and the Safety Police Plan was 72.9% funded. The actuarial accrued liability for benefits was \$266,694,333 for Miscellaneous and \$164,696,792 for Police Safety. The actuarial value of assets was \$184,381,134 for Miscellaneous and \$119,991,649 for Police Safety, resulting in an unfunded actuarial accrued liability (UAAL) of \$82,313,199 and \$44,705,143 respectively. The covered payroll (annual payroll of active employees covered by the plan) was \$25,901,308 for Miscellaneous and \$15,294,971 for Police Safety, and the ratio of the UAAL to the covered payroll was 317.8% and 292.3% 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.

B. Defined Contribution Pension Plan

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

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2013

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 2012-13, the City contributed \$20,690 on hourly salaries of \$1,843,203 with the employees contributing \$98,657.

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

In October 2007, the City Council executed the City of Corona Retirement Benefits Plan for funding the Other Post-Employment Benefits Other Than Pensions (OPEB). In March 2008, the Council passed a resolution authorizing the City to prefund its OPEB obligation through the California Employers' Retiree Benefit Trust Program (CERBT), an agent multiple-employer post-employment healthcare plan administered by the California Public Employees' Retirement System (CalPERS) Board of Administration.

Plan Description

The City's defined benefit post-employment healthcare plan provides retiree healthcare benefits for employees who retire with CalPERS pension benefits immediately upon termination of employment from the City. Eligible retirees may elect coverage through the City's contract with CalPERS healthcare benefits. The plan benefits are established and may be amended by the City Council.

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

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

Funding Policy

The contribution requirements of plan members and the City are established and may be amended by the City Council. The CERBT program's funding policy provides for the contributions by the City at actuarially determined rates described as the Annual Required Contribution (ARC) of the employer. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as approved by the City Council. For Fiscal Year 2012-13, the City contributed \$6.7 million to the plan, including \$5.9 million for current premiums and an additional \$0.8 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).

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2013

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 2012-13, the City's annual OPEB cost (expense) of \$6,676,885 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

<u>Fiscal Year Ending</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage of ARC Contributed</u>	<u>Net OPEB Obligation</u>
06/30/2011	7,295,000	100%	-
06/30/2012	6,466,717	100%	-
06/30/2013	6,676,885	100%	-

Funded Status and Funding Progress

The actuarial valuation for the City's OPEB plan as of June 30, 2011 showed the funded status of the City's OPEB plan for fiscal year ended June 30, 2013 as follows:

Actuarial accrued liability (AAL)	\$ 100,266,112
Actuarial value of plan assets	<u>19,148,393</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 81,117,719</u>
Funded ratio (actuarial value of plan assets/UAAL)	19.1%
Covered payroll (active plan members)	\$ 51,823,319
UAAL as a percentage of covered payroll	156.5%

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.

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2013

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 June 30, 2011 actuarial valuation, the Entry Age Normal Cost Method was used. The actuarial assumptions included a 7.50% percent discount rate and an increase in medical plan premium from 4.5% to 9.0% over the prior year's level for the next 10 years. The actuarial assumptions also included a salary increase of 3.25% per year, and assumed increase for amortization payment of 3.25% per year where determined on a percent of pay basis. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis over thirty years. The remaining amortization period at June 30, 2013 was 24 years.

16. Classification of Net Position and Fund Balances

A. Government-Wide Financial Statements

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

Net Investment in Capital Assets

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

Restricted

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

Unrestricted

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

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2013

B. Fund Financial Statements

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

Nonspendable Fund Balance

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

Restricted Fund Balance

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

Committed Fund Balance

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

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

Assigned Fund Balance

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

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2013

Unassigned Fund Balance

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

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

The fund balances of the City's governmental funds as of June 30, 2013 are presented below:

	<u>General Fund</u>	<u>Development Special Revenue</u>	<u>Corona Housing Authority Capital Project</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund Balances:					
Nonspendable:					
Inventories and Prepayments	\$ 304,890	\$ -	\$ -	\$ -	\$ 304,890
Long-term Receivable	8,056,426	291,839			8,348,265
Interfund Advances Receivable	14,435,961				14,435,961
Land Held For Resale			61,220,936		61,220,936
Restricted for:					
Street Maintenance				15,694,155	15,694,155
Trip Reduction				389,412	389,412
Asset Forfeiture				631,810	631,810
Debt Service				3,122,428	3,122,428
Housing & Community Development			1,188,723	404,558	1,593,281
Other Grants				672,209	672,209
Committed to:					
ECB Savings	2,966,087				2,966,087
Emergency Contingency	17,300,000				17,300,000
Designated Revenues	2,538,256				2,538,256
Assigned to:					
Development		4,411,973			4,411,973
Developer Agreements	268,185				268,185
Debt Service	2,059,175			12,055,117	14,114,292
Budget Balancing Measures	30,650,660				30,650,660
Continuing Appropriations	3,186,418				3,186,418
City Equipments	1,135,106				1,135,106
City Facility Projects	1,252,316			1,137,464	2,389,780
Other Capital Projects				375	375
Other Purposes	2,747,025				2,747,025
Total Fund Balance	<u>\$ 86,900,505</u>	<u>\$ 4,703,812</u>	<u>\$ 62,409,659</u>	<u>\$ 34,107,528</u>	<u>\$ 188,121,504</u>

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

The City's self-insured retention is \$1,000,000 with purchased excess insurance for claims over that amount up to policy limits. Departments are charged a percentage of the total estimated insurance, claims expense and premiums based on payroll cost. The actuarial estimated liability for pending and incurred but not reported claims at June 30, 2013 has been included in the Claims Payable amount for the same reporting period. These liabilities are recognized on government-wide statements.

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2013

The following table presents claims and judgments payable for the City's workers' compensation self-insurance program for fiscal year ended June 30, 2013 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,
2009	\$ 7,399,089	\$ 4,969,641	\$ (893,458)	\$ 11,475,272
2010	11,475,272	4,636,793	(1,707,065)	14,405,000
2011	14,405,000	3,125,476	(1,854,476)	15,676,000
2012	15,676,000	4,233,206	(2,062,206)	17,847,000
2013	17,847,000	2,379,549	(1,988,549)	18,238,000

Of the total liabilities, \$2,797,000 is due within one year or less. Claims are paid by the internal service funds.

B. Liability Insurance

The City's self-insured retention is \$750,000 with an excess policy insuring claims over \$750,000 up to a limit of \$10,000,000. A third party administrator administers claims. The actuarial estimated liability for pending and incurred but not reported claims at June 30, 2013 has been included in the Claims Payable amount for the same reporting period. These liabilities are recognized on government-wide statements.

The following table presents claims and judgments payable for the general liability self-insurance program, including property losses, for fiscal year ended June 30, 2013 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,
2009	\$ 2,169,395	\$ 842,623	\$ (578,303)	\$ 2,433,715
2010	2,433,715	444,759	(573,474)	2,305,000
2011	2,305,000	496,231	(375,231)	2,426,000
2012	2,426,000	1,626,939	(1,016,939)	3,036,000
2013	3,036,000	802,402	(912,402)	2,926,000

Of the total liabilities, \$814,000 is due within one year or less. Claims are paid by the internal service funds.

C. Property Losses (excluding earthquake)

The City's property losses are covered by insurance policies for covered value of \$100,000,000 with deductibles of \$50,000. The estimated liability for pending and incurred but not reported claims at June 30, 2013 has been incorporated in the financial statements as Claims and Judgments Payable in the Liability Risk internal service fund and are based on history only.

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2013

18. Commitments and Contingencies

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

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

Under Article XIII B of the California Constitution (the Gann Spending Limitation Initiative), the City is restricted as to the amount of annual appropriations, and if certain proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller or refunded to the taxpayers through revised tax rates or revised fee schedules. For the fiscal year ended June 30, 2013, the City's appropriations limit totaled \$399,590,967 and the City's appropriations subject to limitation were \$80,407,582.

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

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

On July 18, 2012, the City Council and the Corona Utility Authority Board approved addendum No. 6 to the Joint Exercise of Powers Agreement creating the Western Riverside County Regional Wastewater Authority (WRCRWA) admitted the City of Corona as a voting member of the WRCRWA. WRCRWA was formed as a joint powers authority in 1992 to construct and operate a regional wastewater conveyance, treatment and disposal system to serve its member agencies. Other member agencies include Home Gardens Sanitary District, Jurupa Community Services District, City of Norco, Santa Ana Watershed Project Authority, and Western Municipal Water District of Riverside County. To become a voting member of WRCRWA, the City was required to pay \$4.0 million in fees which represent membership and capacity of 2.0 million gallons per day (MGD). In addition, the City was committed to the WRCRWA Treatment Plant Expansion project, which required the City to pay 39.5% of the total project cost, less the \$4.0 million paid as membership and the 2.0 MGD capacity fee. The estimated cost for the WRCRWA expansion project was approximately \$62 million. Construction is expected to begin in Fiscal Year 2013-14.

As of June 30, 2013, in the opinion of City Administration, there were no additional outstanding matters that would have a significant effect on the financial position of City.

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2013

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

Restatements to net position made on the government-wide statements for Fiscal Year 2012-13 are summarized below:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Beginning Net Position, as reported	\$ 931,395,182	\$ 179,199,422
Restatements	(1,783,137)	(210,931)
Beginning Net Position, as restated	<u>\$ 929,612,045</u>	<u>\$ 178,988,491</u>

Restatement to Governmental Activities

- a) Beginning balance of capital assets net of depreciation was restated by \$(1,758,819) in the governmental activities. This was primarily due to the reclassification of costs reported as construction in progress that were for repairs and maintenance and therefore should have been expensed.
- b) The City adjusted \$(24,318) of its beginning balance of net position in governmental activities as a result of disallowed expense by the Federal Emergency Management Agency in a reimbursement request that was recorded as revenue in the prior years.

Restatement to Business-Type Activities

- a) Beginning balance of long-term agreement receivable in the business-type activities was restated in the amount of \$600,000 as a result of reclassifying the payment made to the former Corona Redevelopment Agency from expenses. The payment was to reimburse the former Corona RDA for the cost of certain developer agreement; the developer was obligated to certain performance per the agreement.
- b) The City wrote off \$(422,888) in its receivables due to the cancellation of a cooperation agreement with the Western Municipal Water District. This amount was recorded as revenues in the prior years.
- c) Capital assets net of depreciation in the business-type activities was restated by \$(388,043), primarily due to the reclassification of costs reported as construction in progress that were for repairs and maintenance and therefore should have been expensed.

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2013

B. Restatement on Fund Statements

Restatements to fund balance and net position on the fund financial statements for Fiscal Year 2012-13 are summarized as follows:

	Governmental	Proprietary Funds		
	Funds	Water		
	General Fund	Water	Reclamation	Electric
Beginning Fund Balance as reported	\$ 76,556,105	\$ 100,383,050	\$ 58,212,362	\$ 16,298,533
Restatements	(24,318)	(641,463)	588,890	(158,358)
Beginning Fund Balance as restated	<u>\$ 76,531,787</u>	<u>\$ 99,741,587</u>	<u>\$ 58,801,252</u>	<u>\$ 16,140,175</u>

- a) The City adjusted \$(24,318) of its beginning fund balance in the General Fund as a result of disallowed expense by the Federal Emergency Management Agency in a reimbursement request that was recorded as revenue in the prior years.
- b) Water Utility fund had a restatement of \$(641,463) to its beginning net position. This was a combination of writing off \$422,888 in accounts receivables that was incorrectly recognized as revenue in the prior year, and reclassifying \$218,575 from construction in progress to maintenance and repairs expenses.
- c) The beginning net position for the Water Reclamation Utility fund was adjusted by \$588,890 due to the reclassification of prior year expense to long-term agreement receivable in the amount of \$600,000. A payment of \$600,000 was made to the former Corona Redevelopment Agency to reimburse the certain developer agreement costs. The agreement required the developer for certain performance and the developer failed to fulfill its obligations, resulted in conveying a portion of its wastewater treatment capacity to the City. The capacity was recorded at cost for \$600,000 in the current year, less amortization of \$11,110, for a net adjustment of \$588,890 to the fund's net position.
- d) Accumulated depreciation was incorrectly reported in the Electric Utility fund in the prior year, accordingly, \$(158,358) was adjusted to the beginning balance.

20. Extraordinary Item – Successor Agency

On January 7, 2013, the Corona Housing Authority contributed cash in the amount of \$8,033,621 to the Successor Agency. These funds were transferred from the former Corona Redevelopment Agency to the Housing Authority in June 2011 to ensure they remain viable for future development as committed by the former RDA through CHA. The transfer was completed before December 29, 2011, the date the California Supreme Court upheld the constitutionality of AB X1 26. In January 2013, a due diligence review was completed and approved by the State Department of Finance in accordance to the Trailer Bill AB 1484, the amount transferred to CHA were determined as non-housing assets and they were to be contributed to the Successor Agency. The amount was recognized as an extraordinary item consistent with other assets that was contributed to the Successor Agency in the prior fiscal year.

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2013

21. Successor Agency Trust for Former Corona Redevelopment Agency

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

Effective February 1, 2012, successor agencies in the State will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated. The activities of the Successor Agency are reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City.

A. Cash and Investment

The City of Corona maintains a cash and investment pool that is available for all City activities, including the Successor Agency. Cash and investments reported in the statement of fiduciary net position consisted of the following:

	<u>Amount</u>
Cash and Investments Pooled with the City	\$ 9,567,969
Cash and Investments with Fiscal Agent	<u>8,513,483</u>
Total Cash and Investments	<u>\$ 18,081,452</u>

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

B. Loans Receivable

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

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

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2013

C. Capital Assets

Capital assets of the Successor Agency June 30, 2013 are presented below:

	<u>Balance</u> <u>June 30, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2013</u>
Fiduciary Activities:				
Capital assets not being depreciated:				
Land	\$ 1,275,529	\$ -	\$ -	\$ 1,275,529
Total Capital Assets Not Being Depreciated	1,275,529	-	-	1,275,529
Capital assets being depreciated:				
Buildings and Improvements	5,751,555			5,751,555
Machinery and Equipment	38,175			38,175
Total Capital Assets Being Depreciated	5,789,730	-	-	5,789,730
Less accumulated depreciation for:				
Buildings and Improvements	(2,419,361)	(260,809)		(2,680,170)
Machinery and Equipment	(30,220)	(2,690)		(32,910)
Total Accumulated Depreciation	(2,449,581)	(263,499)	-	(2,713,080)
Total Net Depreciable Capital Assets	3,340,149	(263,499)	-	3,076,650
Fiduciary Capital Assets, Net of Depreciation	\$ 4,615,678	\$ (263,499)	\$ -	\$ 4,352,179

D. Due to Other Governmental Agencies

As of June 30, 2013, the Successor Agency reported due to other governmental agencies in the amount of \$12,887,038:

<u>Due to Other Governmental Agencies</u>	<u>Balance</u>
SERAF loan due to Corona Housing Authority	\$ 5,308,281
Former Redevelopment Agency/City Loan due to City	7,578,757
Total Due to Other Governmental Agencies	\$ 12,887,038

Supplemental Educational Revenue Augmentation Fund (SERAF) loan that was made in Fiscal Year 2009-10 to fund for the State's Proposition 98 obligations to schools. With the dissolution of redevelopment agencies on February 1, 2012, the City through Resolution No. 2012-005, elected not to retain the housing assets and functions previously performed by the former Corona Redevelopment Agency, and transferred all rights, assets, liabilities, duties and obligations associated with the housing activities to the Corona Housing Authority (CHA), a component unit of the City of Corona. California State Department of Finance (DOF) allowed the SERAF loan to be transferred to CHA, the Housing Successor, and be placed on the Recognized Obligation Payments Schedule (ROPS) for repayment in Fiscal Year 2014-15. The SERAF loan carried a balance of \$5,308,281 as of June 30, 2013.

The various loans the City made to the former Corona Redevelopment Agency were between 1994 and 2011. These loans were determined by the Oversight Board "for legitimate redevelopment purposes" on June 3, 2013. The DOF approved the loans as enforceable

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2013

obligations on July 15, 2013. In addition, the DOF issued a Finding of Completion to the Successor Agency on April 8, 2013. Repayment of these loans will commence after the SERAF loan is paid in full. The following is a summary of loans due to the City as of June 30, 2013:

<u>Amount Due to the City of Corona</u>	<u>Balance</u>
Main Street South Project Area 1994 Loan	\$ 66,991
Main Street South Project Area 2001 Loan	224,020
Temescal Canyon Project Area 2005 Loan	326,650
Temescal Canyon Project Area 2006 Loan	150,360
Main Street South Project Area 2007 Loan	328,112
Merged Project Area 2010 Loan	4,020,841
Temescal Canyon Project Area 2010 Loan	331,507
Corona Revitalization Zone 2011 Loan	2,130,276
Total Amount Due to the City of Corona	<u>\$ 7,578,757</u>

E. Long-Term Obligations

The following long-term obligations were approved by the State Department of Finance as enforceable obligations, and were considered as accounting liabilities in accordance with GAAP. As of June 30, 2013, the balances of the Successor Agency long-term debts are presented below:

	<u>Balance</u> <u>June 30, 2012</u>	<u>Incurred or</u> <u>Issued</u>	<u>Satisfied or</u> <u>Matured</u>	<u>Balance</u> <u>June 30, 2013</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>	<u>Amounts</u> <u>Due in More</u> <u>than One Year</u>
1996 Project Area "A" Housing Set-Aside Tax Allocation Bonds	\$ 5,220,000	\$ -	\$ 405,000	\$ 4,815,000	\$ 425,000	\$ 4,390,000
2004 Project Area "A" Tax Allocation and Refunding Bonds	26,260,000		1,715,000	24,545,000	1,785,000	22,760,000
2007 Temescal Canyon Project Area Tax Allocation Bonds	19,870,000		680,000	19,190,000	700,000	18,490,000
2007 Merged and Amended Project Area "A" Tax Allocation Bonds	27,495,000		500,000	26,995,000	1,140,000	25,855,000
Long Term Agreement Payable	2,029,240		1,129,560	899,680	899,680	-
Total	<u>\$ 80,874,240</u>	<u>\$ -</u>	<u>\$ 4,429,560</u>	<u>\$ 76,444,680</u>	<u>\$ 4,949,680</u>	<u>\$ 71,495,000</u>

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2013

Tax Allocation Bonds

The tax allocation bonds were special obligations of the former Corona Redevelopment Agency and were payable from specific pledged revenues. The City was not obligated for repayment of these debts, and therefore they were not reported as debt of the City.

<u>Issuance</u>	<u>Balance</u>
\$ 9,355,000 Redevelopment Agency, 1996 Project Area "A" Set-Aside Tax Allocation Bonds	\$ 4,815,000
\$36,910,000 Redevelopment Agency, 2004 Project Area "A" Tax Allocation and Refunding Bonds	24,545,000
\$22,155,000 Redevelopment Agency, 2007 Temescal Canyon Project Area Tax Allocation Bonds	19,190,000
\$29,550,000 Redevelopment Agency, 2007 Project Area "A" Taxable Tax Allocation Bonds	26,995,000
Total Redevelopment Tax Allocation Bonds	<u>\$ 75,545,000</u>

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

On October 15, 1996, the former Redevelopment Agency of the City of Corona issued \$9,355,000 of Redevelopment Project Area "A" Housing Set-Aside Tax Allocation Bonds to provide funds for a portion of the costs of reconstruction and rehabilitation of an apartment complex of approximately 160 units by the Southern California Housing Development Corporation and certain other activities for the provision of low and moderate income housing within the Project Area. The bonds were issued for sale to the Corona Public Financing Authority (CPFA) pursuant to the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 of Chapter 5 of Division 2 of Title 1 (commencing with Section 6584) of the California Government Code (the "JPA Law"). The bonds purchased by the CPFA were resold concurrently to the underwriter. The outstanding bonds bore interest from 5.40% to 5.63% and were 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 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>
2014	\$ 425,000	\$ 256,844	\$ 681,844
2015	450,000	232,781	682,781
2016	475,000	207,344	682,344
2017	500,000	180,531	680,531
2018	530,000	151,875	681,875
2019-2022	2,435,000	283,360	2,718,360
Totals	<u>\$ 4,815,000</u>	<u>\$ 1,312,735</u>	<u>\$ 6,127,735</u>

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2013

2004 Project Area "A" Tax Allocation and Refunding Bonds

The \$36,910,000 of Redevelopment Project Area "A" 2004 Tax Allocation and Refunding Bonds were issued to refund the former Redevelopment Agency's 1994 Tax Allocation Refunding Bonds, which were issued to refinance the cost of public capital improvements benefitting the Agency's Merged Project Area "A". The bond issue reduced debt service payments for the former Redevelopment Agency by \$7,015,420 with an economic gain of \$3,226,023 or 8.233% as a percent of refunded bonds. The bonds bore interest from 4.50% to 5.35% and were due in annual installments ranging from \$1,785,000 to \$2,795,000. The annual debt service requirements for the 2004 Redevelopment Tax Allocation Bonds are presented below:

2004 Tax Allocation Bonds			
Fiscal Year	Principal	Interest	Total
2014	\$ 1,785,000	\$ 1,118,006	\$ 2,903,006
2015	1,850,000	1,047,537	2,897,537
2016	1,925,000	972,038	2,897,038
2017	2,000,000	883,538	2,883,538
2018	2,095,000	789,019	2,884,019
2019-2023	12,095,000	2,269,875	14,364,875
2024	2,795,000	69,875	2,864,875
Totals	\$ 24,545,000	\$ 7,149,888	\$ 31,694,888

2007 Temescal Canyon Project Area Tax Allocation Bonds

The \$22,155,000 of Temescal Canyon Project Area 2007 Tax Allocation Bonds were issued to facilitate the transformation of a former mining facility and blighted area into developed backbone infrastructure improvements within the project area. The bonds bore interest from 4.00% to 4.50% and were due in annual installments ranging from \$700,000 to \$825,000, with term bonds of \$1,475,000 due November 1, 2022, \$1,515,000 due November 1, 2024, \$1,650,000 due November 1, 2026, \$2,760,000 due November 1, 2029 and \$3,155,000 due November 1, 2032. The escrow term bonds in the amount of \$3,465,000 bore interest at 4.50% and will be due November 1, 2032. 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
2014	\$ 700,000	\$ 822,596	\$ 1,522,596
2015	730,000	793,484	1,523,484
2016	760,000	763,146	1,523,146
2017	795,000	731,484	1,526,484
2018	825,000	698,056	1,523,056
2019-2023	4,360,000	2,939,383	7,299,383
2024-2028	4,910,000	1,938,122	6,848,122
2029-2033	6,110,000	712,350	6,822,350
Totals	\$ 19,190,000	\$ 9,398,621	\$ 28,588,621

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2013

2007 Project Area "A" Taxable Tax Allocation Bonds

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

<u>Fiscal Year</u>	<u>2007 Project Area "A" Tax Allocation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 1,140,000	\$ 1,630,702	\$ 2,770,702
2015	460,000	1,588,944	2,048,944
2016	485,000	1,563,629	2,048,629
2017	515,000	1,536,267	2,051,267
2018	545,000	1,506,814	2,051,814
2019-2023	3,240,000	6,975,712	10,215,712
2024-2028	20,610,000	4,039,146	24,649,146
Totals	\$ 26,995,000	\$ 18,841,214	\$ 45,836,214

Pledged Revenue for Tax Allocation Bonds

Due to the dissolution of the former Corona Redevelopment Agency, the tax increment funds that were pledged to the bondholders were no longer received. AB X1 26 restructured the former redevelopment agencies' revenue from tax increment to Redevelopment Property Tax Trust Fund (RPTTF). RPTTF funds are distributed semi-annually to the Successor Agency to pay enforceable obligations approved by the California State Department of Finance on the Recognized Obligations Payment Schedule (ROPS). The total principal and interest remaining on the Successor Agency tax allocation bonds were \$112,247,457 with annual debt service requirements as listed above. For the current year, the total RPTTF funds available to the Successor Agency for the payment of these indebtedness was \$24,157,886 and the debt service obligation on the bonds was \$8,444,930.

Successor Agency Tax Allocation Bonds Rating

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

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Notes to the Basic Financial Statements
Year Ended June 30, 2013

Long-Term Developer Agreement Payable

Pursuant to a Promissory Note set forth in the Purchase and Sale Agreement dated June 17, 2009 between the former Redevelopment Agency and Sherborn, LLC, the former Redevelopment Agency recorded an obligation in the amount of \$5,167,326 in exchange of land from Sherborn, LLC for potential redevelopment activities. The terms of this developer agreement provided semi-annual payments of \$600,000, including 4.0% accrued interest, to the developer. The maturity date of the Note is July 15, 2020. As of June 30, 2013, the balance of the Note was \$899,680.

F. Due Diligence Review Payment

The Successor Agency completed its Due Diligence Review (DDR) as required by AB1484 for the Low and Moderate Housing Fund on September 19, 2012. The California State Department of Finance (DOF) issued the final determination letter on December 28, 2012 and confirmed that \$8,699,342 was to be distributed to the affected taxing entities. Consequently, the Successor Agency remitted this amount to the DOF on January 7, 2013.

On December 6, 2012, the Successor Agency completed its DDR for the funds other than the Low and Moderate Housing fund. The DOF issued the final determination letter on March 19, 2013 and confirmed that \$16,778,787 was to be distributed to the affected taxing entities. Consequently, the Successor Agency remitted this amount to the DOF on March 26, 2013.

Total DDR payment made by the Successor Agency to the DOF in the fiscal year ended June 30, 2013 was \$25,478,129. This amount was shown as a deduction to the Successor Agency's net position.

G. Commitments and Contingencies

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

At June 30, 2013, the Successor Agency was involved as a defendant in several lawsuits arising out of the ordinary conduct of its affairs. It is the opinion of management that settlements of these lawsuits, including losses for claims that are incurred but not reported, if any, will not have a material effect on the financial position of the Successor Agency.

In August 2013, the State Controller's Office conducted an asset transfer review for the period from January 1, 2011 to January 31, 2012. Any unauthorized transfers of asset from the former Corona Redevelopment Agency to the City or third parties during this period will need to be reversed. The results of the review were pending as of December 4, 2013.

H. Extraordinary Item

During Fiscal Year 2012-13, the Successor Agency reported extraordinary gain in the amount of \$8,033,621. This was the cash contribution received from the Corona Housing Authority. Please refer to Note 20 for additional information.

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2013

I. Subsequent Events – Successor Agency

On August 7, 2013, the Corona Housing Authority contributed land inventories in the amount of \$56,854,230 to the Successor Agency. These land properties were transferred from the former Corona Redevelopment Agency to the Housing Authority in June 2011 to ensure they remain viable for future development as committed by the former RDA through CHA. The transfer was completed before December 29, 2011, the date the California Supreme Court upheld the constitutionality of AB X1 26. Pursuant to AB X1 26 and its Trailer Bill AB 1484, some of land properties transferred to CHA were not considered housing assets, and therefore were contributed to the Successor Agency. The contribution of the non-housing properties to the Successor Agency was approved by the CHA Board and Successor Agency Board on August 7, 2013 and recorded on August 9, 2013. The Oversight Board subsequently approved and accepted the contribution on September 25, 2013.

22. Subsequent Events

Subsequent events have been evaluated through December 4, 2013, which is the date of the independent auditors' report.

On September 27, 2013, the City applied for a State Revolving Fund loan from the State of California, State Water Resources Control Board (SWRCB) in the amount of \$14,997,145 to fund the Water Reclamation Facility No. 2 Tertiary Filtration project. The project will significantly increase the City's capacity of Title 22 reclaimed water production. As of December 4, 2013, the loan has not been approved by the SWRCB.

On October 16, 2013, the City Council and the Corona Utility Authority Board authorized a loan repayment agreement with the Western Riverside County Regional Wastewater Authority (WRCRWA) and its member agencies. WRCRWA has applied for a State Revolving Fund loan (WRCRWA SRF Loan) from the State of California, State Water Resources Control Board in the amount of \$59,451,000 for the purpose of expanding the capacity of its wastewater treatment facilities. The City was obligated for 39.5% of the WRCRWA SRF Loan repayment. Other WRCRWA member agencies were obligated for the remaining 60.5%. The amount of the City's share of loan repayment was not known as of December 4, 2013 due to unknown final loan amount, rate and term.

In response to the California Public Employees' Pension Reform Act of 2013, the City eliminated employer paid member contribution (EPMC) and discontinued reporting the value of EPMC for CalPERS Miscellaneous and Police Safety members. In return, effective October 25, 2013, employee compensation packages were amended for the following classes: full-time miscellaneous employees' pay was increased by 5% to 8%; full-time police safety employees' pay was increased by 10.5%; and part-time employees who were CalPERS members had a pay increase of 5% to 8%. These increases were to offset the City's contribution towards its employee share of pension costs, therefore, it was estimated that there would not be additional costs incurred by the City as the result of the amended compensation packages.

Required Supplementary Information

Required Supplementary Information consists of the following:

- Budgetary Information
- Budgetary Comparison Schedule – General Fund
- Budgetary Comparison Schedules – Major Special Revenue Fund
- 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, 2013

BUDGETARY INFORMATION

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

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

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

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

- Governmental activities
- Business-type activities

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

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

Budgets and Budgetary Accounting

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

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

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June 30, 2013

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

For Fiscal Year 2012-13, total ECB savings amount including carryover was \$2,966,087. This amount was included in the committed fund balance in the General Fund as of June 30, 2013. A list of ECB savings by department is presented below:

<u>Department</u>	<u>Total ECB Savings</u>
City Council	\$ 3,575
Management Services	25,251
Human Resources	33,327
Information Technology	219,545
Finance	67,540
Community Development	150,482
Police	1,970,100
Public Works	277,259
Library	159,078
Parks and Community Services	59,930
Total	<u>\$ 2,966,087</u>

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Required Supplementary Information

June 30, 2013

The budget for Fiscal Year 2012-13 was the nineteenth year that the budget was prepared in accordance with the ECB policies adopted by the City Council for the General Fund. Departments are given increased flexibility and incentives for meeting their goals as well as being assigned greater accountability for their performance in carrying out their mission.

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

General Fund

Starting from the original budget and adding the prior year continuing appropriations of \$2.6 million for capital projects and grants, and another \$1.0 million in committed purchase orders that were carried forward, there was a net budgetary increase of \$2.6 million in the General Fund. The changes to the final budget include \$1.3 million of various projects approved by City Council subsequent to the adoption of the budget, including facility improvements for American Disability Act compliance, community events, and grant fund matching for several projects. In addition, there were budget increases of \$1.0 million for ECB budget savings approved for various departments and funds received as donations.

Development Special Revenue Fund

Continuing appropriations of \$9.4 million and \$0.5 million in committed purchase orders were carried forward from the prior fiscal year. In addition, a net budgetary increase of \$0.5 million was approved by City Council for various capital projects to arrive at the final budget amount of \$11.9 million for the Development special revenue fund.

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

General Fund

For Fiscal Year 2012-13, total revenues for the General Fund enjoyed a favorable variance of \$11.0 million comparing to the final budget. Property taxes were higher than estimated by \$5.1 million primarily due to a one-time distribution from the Successor Agency in the amount of \$4.3 million. The current services category had a favorable variance of \$3.7 million as the result of reimbursement received for new fire service agreements, higher than expected planning application and related plan check fees. Other revenues also had a favorable variance of \$3.4 million, due to additional revenues received for developer paid public improvements and miscellaneous income and refunds. The investment earnings came in lower than expected by \$1.6 million due to overall unfavorable market condition.

Actual expenditures had a favorable variance of \$5.5 million, largely due to the \$3.2 million in unspent capital outlay budget that will be carried over to the next fiscal year. Savings in other functional categories contributed to the other \$2.3 million favorable variance.

Development Special Revenue Funds

Actual revenue received for the fiscal year ended June 30, 2013 was \$1.9 million less than the final budgeted amount, primarily due to slower than expected development related activities and several postponements of anticipated projects.

Total expenditures ended with a favorable budgetary variance of \$11.3 million in capital outlay funds from projects not completed within the current fiscal year. These amounts will be carried over to the next fiscal year.

CITY OF CORONA

Required Supplementary Information

June 30, 2013

**Budgetary Comparison Schedule – General Fund
For Fiscal Year Ended June 30, 2013**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Property Taxes	\$ 34,334,733	\$ 34,334,733	\$ 39,447,422	\$ 5,112,689
Other Taxes	40,311,664	40,311,664	40,900,200	588,536
Licenses, Fees, and Permits	1,194,150	1,194,150	1,293,911	99,761
Fines and Penalties	1,554,600	1,554,600	1,651,550	96,950
Investment Earnings	2,042,157	2,042,157	476,302	(1,565,855)
Intergovernmental Revenue	636,704	636,704	782,261	145,557
Current Services	12,085,950	12,085,950	15,748,620	3,662,670
Payments in Lieu of Services	9,525,260	9,525,260	8,959,419	(565,841)
Other Revenue	13,099,911	13,099,911	16,499,039	3,399,128
Total Revenues	<u>114,785,129</u>	<u>114,785,129</u>	<u>125,758,724</u>	<u>10,973,595</u>
Expenditures:				
General Government:				
City Council	154,904	151,592	143,269	8,323
City Attorney		861,023	554,398	306,625
Management Services	1,667,672	1,728,579	1,080,777	647,802
City Treasurer	15,556	21,483	17,806	3,677
Human Resources	2,089,575	2,157,108	2,062,243	94,865
Information Technology	1,880,783	2,846,502	2,793,615	52,887
Finance	3,455,370	3,205,504	3,120,035	85,469
Administrative Services	462,033	2,366,818	2,904,961	(538,143)
Community Development	3,079,931	3,278,933	3,070,841	208,092
Public Safety:				
Fire	22,022,349	22,975,890	22,965,636	10,254
Police	39,223,740	40,054,362	38,872,777	1,181,585
Public Works	16,807,190	16,769,919	16,251,011	518,908
Culture and Recreation:				
Library	2,076,383	2,547,372	2,547,372	-
Parks and Community Services	6,652,301	7,306,257	7,276,610	29,647
Non-Departmental:				
General Government	11,203,040	9,793,401	10,354,547	(561,146)
Debt Service - Principal and Interest	4,816,827	4,817,397	4,538,487	278,910
Capital Outlay	2,809,356	3,348,533	173,960	3,174,573
Total Expenditures	<u>118,417,010</u>	<u>124,230,673</u>	<u>118,728,345</u>	<u>5,502,328</u>
Deficiency of Revenues Under Expenditures	(3,631,881)	(9,445,544)	7,030,379	16,475,923
Other Financing Sources (Uses):				
Transfers from Other Funds	5,716,063	6,009,917	3,499,348	(2,510,569)
Transfers to Other funds	2,656,875	3,111,677	161,009	2,950,668
Total other financing sources	<u>3,059,188</u>	<u>2,898,240</u>	<u>3,338,339</u>	<u>440,099</u>
Net Change in Fund Balances	<u>\$ (572,693)</u>	<u>\$ (6,547,304)</u>	10,368,718	<u>\$ 16,916,022</u>
Fund Balance - Beginning of Year, Restated			76,531,787	
Fund Balance - Ending			<u>\$ 86,900,505</u>	

CITY OF CORONA

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June 30, 2013

**Budgetary Comparison Schedule – Development Special Revenue Fund
For Fiscal Year Ended June 30, 2013**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Licenses, Fees and Permits	\$ 1,627,727	\$ 1,627,727	\$ 602,957	\$ (1,024,770)
Investment Earnings	448,138	448,138	45,692	(402,446)
Intergovernmental Revenue				-
Payments in Lieu of Services	532,800	532,800	40,320	(492,480)
Other Revenues			14,310	14,310
Total Revenues	<u>2,608,665</u>	<u>2,608,665</u>	<u>703,279</u>	<u>(1,905,386)</u>
Expenditures:				
Public Safety:				
Fire	299	299	299	-
Police		251,297	251,297	-
Public Works	37,179	540,687	540,687	-
Culture and Recreation:				
Library		106,430	106,430	-
Parks		452,407	452,407	-
Non-Departmental:				
Debt Service - Principal and Interest		996,213	996,213	-
Capital Outlay	3,815,500	11,887,384	576,732	11,310,652
Total Expenditures	<u>3,852,978</u>	<u>14,234,717</u>	<u>2,924,065</u>	<u>11,310,652</u>
Excess (deficit) revenue over expenditures	(1,244,313)	(11,626,052)	(2,220,786)	9,405,266
Other Financing Sources (Uses):				
Transfers from other Funds		160,948	161,009	61
Transfers to other funds	200	200		200
Total other financing sources (uses)	<u>(200)</u>	<u>160,748</u>	<u>161,009</u>	<u>261</u>
Net Change in Fund Balances	<u>\$ (1,244,513)</u>	<u>\$ (11,465,304)</u>	<u>(2,059,777)</u>	<u>\$ 9,405,527</u>
Fund Balance - Beginning of Year			<u>6,763,589</u>	
Fund Balance - End of Year			<u>\$ 4,703,812</u>	

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June 30, 2013

MODIFIED APPROACH FOR CITY STREETS INFRASTRUCTURE CAPITAL ASSETS

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

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

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

The City commissioned a study to update the physical condition assessment of the streets in October 2012 and a final report was completed in October 2013. The prior assessment study was completed in November 2009. The streets, primarily concrete and asphalt pavements, were defined as all physical features associated with the operation of motorized vehicles that exist within the limits of right of way. City owned streets are classified based on land use, access and traffic utilization into the following three classifications: arterial/major, 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>
Good to Excellent	71-100
Fair	51-70
Poor	26-50
Very Poor	0-25

CITY OF CORONA

Required Supplementary Information
June 30, 2013

The City Policy is to achieve an average rating of 71 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, 2013, the City's street system was rated at a PCI index of 75 on the average for the entire network. A breakdown by condition is as follows:

<u>Condition</u>	<u>% of Streets</u>
Good to Excellent	77%
Fair	15%
Poor	6%
Very Poor	2%

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 prevent deterioration through an on-going street rehabilitation program funded in the Capital Improvement Program. The program is formulated based on deficiencies identified as a part of the City's Pavement Management System (PMS). It includes short-term maintenance activities such as pothole patching, street sweeping, and crack sealing. The City expended \$5,347,401 on street maintenance for the fiscal year ended June 30, 2013. These expenditures delayed deterioration, and maintained the street condition from the previous assessment. The condition of the streets slightly increased from the average rating of 74 in the prior year to 75 in the current year. The City has estimated that the amount of annual expenditures required to maintain the current average PCI rating of 75 through the year 2017 is a minimum of \$5,100,000. A schedule of the estimated annual amount required to maintain and preserve the City's streets at the current level compared to actual expenditures for street maintenance for the last five years is presented below:

<u>Fiscal Year</u>	<u>Maintenance Requirement</u>	<u>Actual Expenditures</u>	<u>PCI Rating</u>
2008-09	\$ 6,800,000	5,794,148	79
2009-10	6,800,000	5,224,027	79
2010-11	6,800,000	4,675,239	81
2011-12	8,600,000	4,711,673	74
2012-13	5,100,000	5,347,401	75

As of June 30, 2013, approximately 23% of the City's streets were rated below the average standard of 71. This represents an increase of 9% over the 2009 assessment when the City had 14% of its streets rated below 70. In the most recent physical condition assessment of all City streets, it was estimated that in addition to the minimum annual maintenance requirement of \$5.1 million, total deferred amounted to \$37.4 million as of June 30, 2013, and will increase to \$79.3 million in ten years.

CITY OF CORONA

Required Supplementary Information
June 30, 2013

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)
07/01/2010	106,454,000	9,840,000	96,614,000	9.2%	50,900,185	189.8%
07/01/2011	96,530,244	16,182,147	80,348,097	16.8%	50,192,076	160.1%
07/01/2012	100,266,112	19,148,393	81,117,719	19.1%	51,823,319	156.5%

The City implemented GASB 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, on July 1, 2011. The most recent actuarial valuation for the City's OPEB plan was obtained as of July 1, 2013 for the two years ending June 30, 2014 and 2015.

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

PENSION BENEFITS PLAN FUNDING PROGRESS

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

Schedule of Fund Progress - Pension Benefits Plan

	Actuarial Valuation Date	Actuarial Accrued Liability (AAL) (A)	Actuarial Value of Assets (B)	Unfunded Actuarial Liability (UAAL) (A) - (B)	Funded Ratio (B) / (A)	Annual Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((A - B) / C)
Miscellaneous	06/30/10	\$ 239,840,884	\$ 165,107,463	\$ 74,733,421	68.8%	\$ 30,614,756	244.1%
Employees	06/30/11	252,000,728	175,764,654	76,236,074	69.7%	29,739,813	256.3%
Group	06/30/12	266,694,333	184,381,134	82,313,199	69.1%	25,901,308	317.8%
Police Safety	06/30/10	\$ 138,322,555	\$ 103,602,154	\$ 34,720,401	74.9%	\$ 17,236,508	201.4%
Employees	06/30/11	150,077,438	112,138,994	37,938,444	74.7%	16,104,315	235.6%
Group	06/30/12	164,696,792	119,991,649	44,705,143	72.9%	15,294,971	292.3%

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 Position – Nonmajor Enterprise Funds
- Combining Statement of Revenue, Expenses, and Changes in Net Position – Nonmajor Enterprise Funds
- Combining Statement of Cash Flows – Nonmajor Enterprise Funds
- Combining Statement of Net Position – Internal Service Funds
- Combining Statement of Revenue, Expenses, and Changes in Net Position – Internal Service Funds
- Combining Statement of Cash Flows – Internal Service Funds
- Fiduciary Funds Combining Statement of Changes in Assets and Liabilities



Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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

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

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

Debt Service Funds

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

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

Combining Financial Statements Nonmajor Governmental Funds

Capital Project Funds

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

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

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

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



CITY OF CORONA**Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2013**

	Special Revenue					Other Grants & Endowments
	Gas Tax	Measure A	Trip Reduction	Asset Forfeiture	Special Tax Districts	
Assets						
Cash and Investments	\$ 3,182,246	\$ 11,528,279	\$ 339,613	\$ 655,240	\$ 12,290,193	\$ 702,282
Accounts Receivable, Net						1,025
Interest Receivable	11,460	42,444	1,255	2,404	44,920	2,567
Due from Other Governmental Agencies	293,520	887,951	48,808		408,865	62,898
Long-term Receivable						
Loans Receivable						
Restricted Assets:						
Cash and Investments					349,757	
Total Assets	\$ 3,487,226	\$ 12,458,674	\$ 389,676	\$ 657,644	\$ 13,093,735	\$ 768,772
Liabilities, Deferred Inflow of Resources, and Fund Balances						
Liabilities						
Accounts Payable and Accrued Liabilities	\$ 238,786	\$ 12,959	\$ 264	\$ 1,747	\$ 381,378	\$ 134,777
Deposits					3,800	
Due to Other Funds						23,802
Unearned Revenue				24,087		68,628
Interfund Advances Payable					291,839	
Liabilities Payable from Restricted Assets					11,844	
Total Liabilities	238,786	12,959	264	25,834	688,861	227,207
Deferred Inflow of Resources						
Unavailable Revenue - Loans Receivable						
Unavailable Revenue - Assessments Receivable						
Total Deferred Inflow of Resources	-	-	-	-	-	-
Fund Balances						
Restricted	3,248,440	12,445,715	389,412	631,810	349,757	541,565
Assigned					12,055,117	
Total Fund Balances	3,248,440	12,445,715	389,412	631,810	12,404,874	541,565
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 3,487,226	\$ 12,458,674	\$ 389,676	\$ 657,644	\$ 13,093,735	\$ 768,772

Debt Service		Capital Projects				Total
Assessment Districts	Public Financing Authority	Public Facility Project	HUD Grants	Planned Local Drainage	Other Grants	Other Governmental Funds
\$ 341,416	\$ -	\$ 1,135,543	\$ 419,848	\$ -	\$ 13,247	\$ 30,607,907
1,252	575				337	1,025
3,707		482,961	361,595	253,249	2,946,075	107,214
515,000						5,749,629
			2,232,691			515,000
	2,425,721		17,530		107,972	2,232,691
<u>\$ 861,375</u>	<u>\$ 2,426,296</u>	<u>\$ 1,618,504</u>	<u>\$ 3,031,664</u>	<u>\$ 253,249</u>	<u>\$ 3,067,631</u>	<u>\$ 2,900,980</u>
\$ -	\$ -	\$ 33,133	\$ 136,089	\$ 31,092	\$ 584,286	\$ 1,554,511
		447,845	210,961	221,782	2,186,130	3,800
		62	29,835		58,599	3,090,520
			17,530		107,972	181,211
						291,839
		481,040	394,415	252,874	2,936,987	137,346
			2,232,691			5,259,227
515,000						2,232,691
515,000	-	-	2,232,691	-	-	515,000
346,375	2,426,296		404,558		130,644	20,914,572
		1,137,464		375		13,192,956
346,375	2,426,296	1,137,464	404,558	375	130,644	34,107,528
<u>\$ 861,375</u>	<u>\$ 2,426,296</u>	<u>\$ 1,618,504</u>	<u>\$ 3,031,664</u>	<u>\$ 253,249</u>	<u>\$ 3,067,631</u>	<u>\$ 42,114,446</u>

CITY OF CORONA**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2013**

	Special Revenue					Other Grants & Endowments
	Gas Tax	Measure A	Trip Reduction	Asset Forfeiture	Special Tax Districts	
Revenues						
Licenses, Fees and Permits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fines, Penalties and Forfeitures				66,270		
Special Assessments					9,266,068	
Investment Earnings	9,644	18,036	944	1,110	3,187	3,050
Intergovernmental Revenues	3,485,402	3,842,115	186,401			350,159
Current Services					27,966	227,139
Other Revenues	50,012				134,726	4,270
Total Revenues	3,545,058	3,860,151	187,345	67,380	9,431,947	584,618
Expenditures						
Current:						
General Government	1,478	1,478				
Fire						
Police				102,030		544,615
Public Works	2,173,138	1,497,556	143,797		3,385,290	
Parks and Community Services					5,035,762	
Housing and Economic Development					86,008	
Library						11,383
Capital Outlay	95,247	475,917			241,243	43,777
Debt Service:						
Principal Retirement						
Interest and Fiscal Charges						
Total Expenditures	2,269,863	1,974,951	143,797	102,030	8,748,303	599,775
Excess of Revenues Over (Under) Expenditures	1,275,195	1,885,200	43,548	(34,650)	683,644	(15,157)
Other Financing Sources (Uses):						
Transfers In	12,440		19,250		65,605	
Transfers Out	(1,089,876)					
Total Other Financing Sources (Uses)	(1,077,436)	-	19,250	-	65,605	-
Net Change in Fund Balances	197,759	1,885,200	62,798	(34,650)	749,249	(15,157)
Fund Balances - Beginning of Year	3,050,681	10,560,515	326,614	666,460	11,655,625	556,722
Fund Balances - End of Year	\$ 3,248,440	\$ 12,445,715	\$ 389,412	\$ 631,810	\$ 12,404,874	\$ 541,565

Debt Service		Capital Projects				Total
Assessment Districts	Public Financing Authority	Public Facility Project	HUD Grants	Planned Local Drainage	Other Grants	Other Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 565,239	\$ -	\$ 565,239
						66,270
211,651						9,477,719
(1,177)	14,587				723	50,104
		328,104	1,064,575		5,273,865	14,530,621
						255,105
	628,559		5,776	363,363	403,830	1,590,536
210,474	643,146	328,104	1,070,351	928,602	5,678,418	26,535,594
			2,662			5,618
					36	36
			9,146	947,225	14,266	8,170,418
			182,167			5,217,929
			660,143			746,151
			66,710		26,142	104,235
		331,460	149,523		5,681,156	7,018,323
145,000						145,000
62,180	631,873					694,053
207,180	631,873	331,460	1,070,351	947,225	5,721,600	22,748,408
3,294	11,273	(3,356)	-	(18,623)	(43,182)	3,787,186
				13,575		110,870
						(1,089,876)
-	-	-	-	13,575	-	(979,006)
3,294	11,273	(3,356)	-	(5,048)	(43,182)	2,808,180
343,081	2,415,023	1,140,820	404,558	5,423	173,826	31,299,348
\$ 346,375	\$ 2,426,296	\$ 1,137,464	\$ 404,558	\$ 375	\$ 130,644	\$ 34,107,528



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, 2013**

Revenues	Gas Tax			Measure A		
	Budget	Actual	Variance	Budget	Actual	Variance
Fines, Penalties and Forfeitures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special Assessments						
Investment Earnings	46,075	9,644	(36,431)	182,965	18,036	(164,929)
Intergovernmental Revenues	3,925,300	3,485,402	(439,898)	2,755,000	3,842,115	1,087,115
Current Services						
Other Revenues	40,000	50,012	10,012			
Total Revenues	4,011,375	3,545,058	(466,317)	2,937,965	3,860,151	922,186
Expenditures						
Current:						
General Government		1,478	(1,478)		1,478	(1,478)
Public Works	1,207,803	2,173,138	(965,335)	31,918	1,497,556	(1,465,638)
Parks and Community Services						
Police						
Housing and Economic Development						
Library						
Capital Outlay	3,675,214	95,247	3,579,967	17,611,805	475,917	17,135,888
Debt Service:						
Interest and Fiscal Charges						
Total Expenditures	4,883,017	2,269,863	2,613,154	17,643,723	1,974,951	15,668,772
Excess of Revenues Over (Under) Expenditures	(871,642)	1,275,195	2,146,837	(14,705,758)	1,885,200	16,590,958
Other Financing Sources (Uses)						
Transfers In		12,440	12,440			
Transfers Out	(1,065,403)	(1,089,876)	(24,473)			
Total Other Financing Sources (Uses)	(1,065,403)	(1,077,436)	(12,033)	-	-	-
Net Change in Fund Balances	\$ (1,937,045)	197,759	\$ 2,134,804	\$ (14,705,758)	1,885,200	\$ 16,590,958
Fund Balances - Beginning of Year, Restated		3,050,681			10,560,515	
Fund Balances - End of Year		\$ 3,248,440			\$ 12,445,715	

Trip Reduction			Asset Forfeiture			Special Tax Districts		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
\$ -	\$ -	\$ -	\$ 15,980	\$ 66,270	\$ 50,290	\$ -	\$ -	\$ -
						8,626,935	9,266,068	639,133
7,353	944	(6,409)		1,110	1,110	179,315	3,187	(176,128)
165,000	186,401	21,401						
						6,900	27,966	21,066
7,352		(7,352)				30,700	134,726	104,026
<u>179,705</u>	<u>187,345</u>	<u>7,640</u>	<u>15,980</u>	<u>67,380</u>	<u>51,400</u>	<u>8,843,850</u>	<u>9,431,947</u>	<u>588,097</u>
242,713	143,797	98,916				3,296,501	3,385,290	(88,789)
						4,901,215	5,035,762	(134,547)
			279,356	102,030	177,326			
							86,008	(86,008)
						3,258,083	241,243	3,016,840
						6,858		6,858
<u>242,713</u>	<u>143,797</u>	<u>98,916</u>	<u>279,356</u>	<u>102,030</u>	<u>177,326</u>	<u>11,462,657</u>	<u>8,748,303</u>	<u>2,714,354</u>
(63,008)	43,548	106,556	(263,376)	(34,650)	228,726	(2,618,807)	683,644	3,302,451
19,250	19,250					480,414	65,605	(414,809)
<u>19,250</u>	<u>19,250</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>480,414</u>	<u>65,605</u>	<u>(414,809)</u>
<u>\$ (43,758)</u>	<u>62,798</u>	<u>\$ 106,556</u>	<u>\$ (263,376)</u>	<u>(34,650)</u>	<u>\$ 228,726</u>	<u>\$ (2,138,393)</u>	<u>749,249</u>	<u>\$ 2,887,642</u>
	326,614			666,460			11,655,625	
	<u>\$ 389,412</u>			<u>\$ 631,810</u>			<u>\$12,404,874</u>	

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CITY OF CORONA

**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
Year Ended June 30, 2013**

	Other Grants & Endowments			Totals		
	Budget	Actual	Variance	Budget	Actual	Variance
Revenues:						
Fines, Penalties and Forfeitures	\$ -	\$ -	\$ -	\$ 15,980	\$ 66,270	\$ 50,290
Special Assessments				8,626,935	9,266,068	639,133
Investment Earnings	18,236	3,050	(15,186)	433,944	35,971	(397,973)
Intergovernmental Revenues	666,129	350,159	(315,970)	7,511,429	7,864,077	352,648
Current Services	250,000	227,139	(22,861)	256,900	255,105	(1,795)
Other Revenues		4,270	4,270	78,052	189,008	110,956
Total Revenues	934,365	584,618	(349,747)	16,923,240	17,676,499	753,259
Expenditures:						
Current:						
General Government					2,956	(2,956)
Public Works				4,778,935	7,199,781	(2,420,846)
Parks and Community Services				4,901,215	5,035,762	(134,547)
Police	1,081,288	544,615	536,673	1,360,644	646,645	713,999
Housing and Economic Development					86,008	(86,008)
Library	11,505	11,383	122	11,505	11,383	122
Capital Outlay	368,776	43,777	324,999	24,913,878	856,184	24,057,694
Debt Service:						
Interest and Fiscal Charges				6,858		6,858
Total Expenditures	1,461,569	599,775	861,794	35,973,035	13,838,719	22,134,316
Excess of Revenues Over (Under) Expenditures	<u>(527,204)</u>	<u>(15,157)</u>	<u>512,047</u>	<u>(19,049,795)</u>	<u>3,837,780</u>	<u>22,887,575</u>
Other Financing Sources (Uses):						
Transfers In				499,664	97,295	(402,369)
Transfers Out				(1,065,403)	(1,089,876)	(24,473)
Total Other Financing Sources (Uses)	-	-	-	(565,739)	(992,581)	(426,842)
Net Change in Fund Balances	\$ (527,204)	(15,157)	\$ 512,047	\$ (19,615,534)	2,845,199	\$ 22,460,733
Fund Balances - Beginning of Year, Restated		556,722			26,816,617	
Fund Balances-Ending		<u>\$ 541,565</u>			<u>\$ 29,661,816</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, 2013**

	Assessment Districts		
	Budget	Actual	Variance
Revenues			
Property Taxes	\$ -	\$ -	\$ -
Special Assessments	194,300	211,651	17,351
Investment Earnings	4,025	(1,177)	(5,202)
Other Revenues			
Total Revenues	<u>198,325</u>	<u>210,474</u>	<u>12,149</u>
Expenditures			
Debt Service:			
Principal Retirement	145,000	145,000	
Interest and Fiscal Charges	63,600	62,180	1,420
Total Expenditures	<u>208,600</u>	<u>207,180</u>	<u>1,420</u>
Excess of Revenues Over (Under) Expenditures	<u>(10,275)</u>	<u>3,294</u>	<u>13,569</u>
Net Change in Fund Balances	<u>\$ (10,275)</u>	<u>3,294</u>	<u>\$ 13,569</u>
Fund Balances - Beginning of Year, Restated		<u>343,081</u>	
Fund Balances-End of Year		<u>\$ 346,375</u>	

Public Financing Authority			Totals		
Budget	Actual	Variance	Budget	Actual	Variance
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
125,674	14,587	(111,087)	194,300	211,651	17,351
2,913,401	628,559	(2,284,842)	129,699	13,410	(116,289)
<u>3,039,075</u>	<u>643,146</u>	<u>(2,395,929)</u>	<u>2,913,401</u>	<u>628,559</u>	<u>(2,284,842)</u>
			<u>3,237,400</u>	<u>853,620</u>	<u>(2,383,780)</u>
			145,000	145,000	
631,873	631,873		695,473	694,053	1,420
<u>631,873</u>	<u>631,873</u>	<u>-</u>	<u>840,473</u>	<u>839,053</u>	<u>1,420</u>
2,407,202	11,273	(2,395,929)	2,396,927	14,567	(2,382,360)
<u>\$ 2,407,202</u>	<u>11,273</u>	<u>\$ (2,395,929)</u>	<u>\$ 2,396,927</u>	<u>14,567</u>	<u>\$ (2,382,360)</u>
	2,415,023			2,758,104	
	<u>\$ 2,426,296</u>			<u>\$ 2,772,671</u>	

CITY OF CORONA**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Capital Project Funds
Year Ended June 30, 2013**

	Corona Housing Authority			Public Facility Project		
	Budget	Actual	Variance	Budget	Actual	Variance
Revenues						
Licenses, Fees & Permits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment Earnings	547,475	(102,075)	(649,550)			
Intergovernmental Revenues				5,513,530	328,104	(5,185,426)
Other Revenues	29,500	816,014	786,514			
Total Revenues	576,975	713,939	136,964	5,513,530	328,104	(5,185,426)
Expenditures						
Current:						
General Government						
Fire						
Public Works						
Parks and Community Services						
Housing and Economic Development	8,133,621	70,191	(8,063,430)			
Library						
Capital Outlay				15,663,657	331,460	(15,332,197)
Total Expenditures	8,133,621	70,191	(8,063,430)	15,663,657	331,460	(15,332,197)
Excess of Revenues Over (Under) Expenditures	(7,556,646)	643,748	8,200,394	(10,150,127)	(3,356)	10,146,771
Other Financing Sources (Uses)						
Transfers In						
Transfers Out						
Total Other Financing Sources (Uses)						
Extraordinary Items						
Successor Agency		(8,033,621)	8,033,621			
Net Change in Fund Balances	\$ (7,556,646)	(7,389,873)	\$ 166,773	\$ (10,150,127)	(3,356)	\$ 10,146,771
Fund Balance - Beginning of Year, Restated		69,799,532			1,140,820	
Fund Balances-End of Year		\$ 62,409,659			\$ 1,137,464	

HUD Grants			Planned Local Drainage			Other Grants		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
\$ -	\$ -	\$ -	\$ 581,000	\$ 565,239	\$ (15,761)	\$ -	\$ -	\$ -
1,565,383	1,064,575	(500,808)				8,156	723	(7,433)
8,000	5,776	(2,224)	537,605	363,363	(174,242)	2,981,889	5,273,865	2,291,976
1,573,383	1,070,351	(503,032)	1,118,605	928,602	(190,003)		403,830	403,830
	2,662	(2,662)				2,990,045	5,678,418	2,688,373
	9,146	(9,146)	1,006,646	947,225	59,421		36	(36)
	182,167	(182,167)					14,266	(14,266)
218,852	660,143	(441,291)						
	66,710	(66,710)				35,175	26,142	9,033
2,456,053	149,523	2,306,530				56,009,753	5,681,156	50,328,597
2,674,905	1,070,351	1,604,554	1,006,646	947,225	59,421	56,044,928	5,721,600	50,323,328
(1,101,522)	-	1,101,522	111,959	(18,623)	(130,582)	(53,054,883)	(43,182)	53,011,701
			13,575	13,575				
			13,575	13,575				
<u>\$ (1,101,522)</u>	-	<u>\$ 1,101,522</u>	<u>\$ 125,534</u>	<u>(5,048)</u>	<u>\$ (130,582)</u>	<u>\$ (53,054,883)</u>	<u>(43,182)</u>	<u>\$ 53,011,701</u>
	404,558			5,423			173,826	
	<u>\$ 404,558</u>			<u>\$ 375</u>			<u>\$ 130,644</u>	

Continued Page 1 of 2

CITY OF CORONA**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Capital Project Funds
Year Ended June 30, 2013**

	Totals		
	Budget	Actual	Variance
Revenues:			
Licenses, Fees & Permits	\$ 581,000	\$ 565,239	\$ (15,761)
Investment Earnings	555,631	(101,352)	(656,983)
Intergovernmental Revenues	10,060,802	6,666,544	(3,394,258)
Miscellaneous Revenues	575,105	1,588,983	1,013,878
Total Revenues	11,772,538	8,719,414	(3,053,124)
Expenditures:			
Current:			
General Government		2,662	2,662
Fire		36	36
Public Works	1,006,646	970,637	(36,009)
Parks and Community Services		182,167	182,167
Housing and Economic Development	8,352,473	730,334	(7,622,139)
Library	35,175	92,852	57,677
Capital Outlay	74,129,463	6,162,139	(67,967,324)
Total Expenditures	83,523,757	8,140,827	(75,382,930)
Excess of Revenues Over (Under) Expenditures	(71,751,219)	578,587	72,329,806
Other Financing Sources (Uses):			
Transfers In	13,575	13,575	
Transfers Out			
Total Other Financing Sources (Uses)	13,575	13,575	
Extraordinary Items			
Successor Agency		(8,033,621)	(8,033,621)
Net Change in Fund Balances	\$ (71,737,644)	(7,441,459)	\$ 64,296,185
Fund Balance - Beginning of Year, Restated		71,524,159	
Fund Balances-End of Year		\$ 64,082,700	

Concluded Page 2 of 2

Combining Financial Statements

Nonmajor Enterprise Funds

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

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

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

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



CITY OF CORONA

**Combining Statement of Net Position
Nonmajor Enterprise Funds
June 30, 2013**

	Nonmajor Enterprise Funds				
	Public Financing Authority	Public Improvement Corporation	Transit Services	Airport	Totals
Assets					
Current Assets					
Cash and Investments	\$ -	\$ -	\$ 285,898	\$ 41,359	\$ 327,257
Accounts Receivable, Net			1,406	87	1,493
Interest Receivable	3,590	8	1,445	152	5,195
Due from Other Governmental Agencies			1,951		1,951
Restricted Assets:					
Cash and Investments	11,586,968	57	130,390		11,717,415
Total Current Assets	11,590,558	65	421,090	41,598	12,053,311
Noncurrent Assets					
Construction in Progress			47,694		47,694
Capital Assets Net of Depreciation			2,089,849	265,819	2,355,668
Total Noncurrent Assets	-	-	2,137,543	265,819	2,403,362
Total Assets	11,590,558	65	2,558,633	307,417	14,456,673
Liabilities					
Current Liabilities					
Accounts Payable and Accrued Liabilities			134,360	5,238	139,598
Unearned Revenue			4,673		4,673
Deposits				1,075	1,075
Compensated Absences Payable			12,968		12,968
Liabilities Payable from Restricted Assets			6,136		6,136
Total Current Liabilities	-	-	158,137	6,313	164,450
Noncurrent Liabilities					
Interfund Advances Payable	5,080,025			190,000	5,270,025
Compensated Absences Payable			22,887		22,887
Total Noncurrent Liabilities	5,080,025	-	22,887	190,000	5,292,912
Total Liabilities	5,080,025	-	181,024	196,313	5,457,362
Net Position					
Net Investment in Capital Assets			2,137,543	265,819	2,403,362
Restricted for:					
Debt Service	6,506,943	57			6,507,000
Transportation			130,390		130,390
Unrestricted	3,590	8	109,676	(154,715)	(41,441)
Total Net Position	\$ 6,510,533	\$ 65	\$ 2,377,609	\$ 111,104	\$ 8,999,311

**Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Nonmajor Enterprise Funds
Year Ended June 30, 2013**

	Nonmajor Enterprise Funds				Totals
	Public Financing Authority	Public Improvement Corporation	Transit Services	Airport	
Operating Revenues					
Intergovernmental Revenues	\$ -	\$ -	\$ 10,029	\$ 10,000	\$ 20,029
Fees and Permits				37,050	37,050
Other Revenues			405,586	233,865	639,451
Total Operating Revenues	-	-	415,615	280,915	696,530
Operating Expenses					
Personnel Services			376,787	144,773	521,560
Contractual			1,391,625	12,269	1,403,894
Material and Supplies			48,787	93,870	142,657
Utilities			221,898	13,246	235,144
Depreciation			247,195	37,296	284,491
Total Operating Expenses	-	-	2,286,292	301,454	2,587,746
Operating Income (Loss)	-	-	(1,870,677)	(20,539)	(1,891,216)
Non-Operating Revenues					
Operating Grants and Contributions			1,601,548		1,601,548
Investment Earnings	19,012	503,945	(4,861)	177	518,273
Interest Expense	(202,829)	(118)			(202,947)
Total Non-Operating Revenues	(183,817)	503,827	1,596,687	177	1,916,874
Income (Loss) Before Transfers	(183,817)	503,827	(273,990)	(20,362)	25,658
Capital Grants and Contributions			907,594		907,594
Transfers In	10,923,944				10,923,944
Transfers Out	(6,096,418)	(1,066,944)			(7,163,362)
Change in Net Position	4,643,709	(563,117)	633,604	(20,362)	4,693,834
Net Position - Beginning of Year	1,866,824	563,182	1,744,005	131,466	4,305,477
Net Position - End of Year	\$ 6,510,533	\$ 65	\$ 2,377,609	\$ 111,104	\$ 8,999,311

CITY OF CORONA

**Combining Statement of Cash Flows
Nonmajor Enterprise Funds
Year Ended June 30, 2013**

	Nonmajor Enterprise Funds				
	Public	Public	Transit		Totals
	Financing Authority	Improvement Corporation	Services	Airport	
Cash Flows from Operating Activities					
Receipts from Customers/Other Funds	\$ -	\$ -	\$ 10,517	\$ 54,976	\$ 65,493
Payments to Suppliers of Goods and Services			(1,820,875)	(122,359)	(1,943,234)
Payments to Employees for Services			(352,353)	(144,773)	(497,126)
Other Receipts			405,586	243,865	649,451
Net Cash Provided by (Used for) Operating Activities	-	-	(1,757,125)	31,709	(1,725,416)
Cash Flows from Noncapital Financing Activities					
Operating Grants and Contributions			1,325,891		1,325,891
Transfers Received	10,923,944				10,923,944
Transfers Paid	(6,096,418)	(1,066,944)			(7,163,362)
Net Cash Provided by Noncapital Financing Activities	4,827,526	(1,066,944)	1,325,891	-	5,086,473
Cash Flows from Capital and Related Financing Activities					
Proceeds from Capital Grants and Contributions			907,594		907,594
Acquisition and Construction of Capital Assets			(1,391,641)		(1,391,641)
Payments on Interfund Loans	(1,506,325)			(15,000)	(1,521,325)
Interest payments of Long-term debt	(202,829)	(118)			(202,947)
Net Cash Used for Capital and Related Financing Activities	(1,709,154)	(118)	(484,047)	(15,000)	(2,208,319)
Cash Flows from Investing Activities:					
Interest on Investments	22,120	503,946	(1,155)	121	525,032
Net Cash Provided by Investing Activities	22,120	503,946	(1,155)	121	525,032
Increase (Decrease) in Cash and Cash Equivalents	3,140,492	(563,116)	(916,436)	16,830	1,677,770
Cash and Cash Equivalents					
Beginning of Year	8,446,476	563,173	1,332,724	24,529	10,366,902
End of Year (including \$11,717,415 in restricted accounts)	\$ 11,586,968	\$ 57	\$ 416,288	\$ 41,359	\$ 12,044,672
Reconciliation of Operating Income to Net Cash Provided by Operating Activities					
Operating Income (Loss)	\$ -	\$ -	\$ (1,870,677)	\$ (20,539)	\$ (1,891,216)
Adjustments to Reconcile Operating Income to Net Cash from Operating Activities:					
Depreciation and Amortization			247,195	37,296	284,491
Write-off of Capital Assets			11		11
Changes in Assets and Liabilities:					
Accounts Receivable			501	17,926	18,427
Due from Other Governmental Agencies			(13)		(13)
Accounts Payable and Accrued Liabilities			(158,576)	(2,864)	(161,440)
Deposit/Unearned Revenue			24,434	(110)	24,324
Net Cash Provided by (Used for) Operating Activities	\$ -	\$ -	\$ (1,757,125)	\$ 31,709	\$ (1,725,416)



Combining Financial Statements

Internal Service Funds

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

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

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

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



CITY OF CORONA**Combining Statement of Net Position
Internal Service Funds
June 30, 2013**

	Fleet Operations	Self-Insurance			Totals
		Workers' Compensation	Liability Risk	Warehouse	
Assets					
Current Assets					
Cash and Investments	\$ 12,313,699	\$ 20,105,463	\$ 4,624,447	\$ 99,939	\$ 37,143,548
Accounts Receivable, Net	2,180	1,732			3,912
Inventories and Prepayments	169,900	340,000			509,900
Total Current Assets	12,485,779	20,447,195	4,624,447	99,939	37,657,360
Total Assets	12,485,779	20,447,195	4,624,447	99,939	37,657,360
Liabilities					
Current Liabilities					
Accounts Payable and Accrued Liabilities	197,646	127,302	59,502	13,822	398,272
Unearned Revenue	803				803
Claims and Judgments Payable		2,797,000	814,000		3,611,000
Compensated Absences Payable	33,654			8,077	41,731
Total Current Liabilities	232,103	2,924,302	873,502	21,899	4,051,806
Noncurrent Liabilities					
Compensated Absences Payable	23,042				23,042
Claims and Judgments Payable		15,441,000	2,112,000		17,553,000
Total Noncurrent Liabilities	23,042	15,441,000	2,112,000	-	17,576,042
Total Liabilities	255,145	18,365,302	2,985,502	21,899	21,627,848
Net Position					
Unrestricted	12,230,634	2,081,893	1,638,945	78,040	16,029,512
Total Net Position	\$ 12,230,634	\$ 2,081,893	\$ 1,638,945	\$ 78,040	\$ 16,029,512

CITY OF CORONA**Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Internal Service Funds
Year Ended June 30, 2013**

	Fleet Operations	Self-Insurance		Warehouse	Totals
		Workers' Compensation	Liability Risk		
Operating Revenues					
Internal Service Charges	\$ 5,765,617	\$ 3,307,671	\$ 1,600,000	\$ 811,612	\$ 11,484,900
Other Revenues	657,177	3,010	3,700	1,900	665,787
Total Operating Revenues	<u>6,422,794</u>	<u>3,310,681</u>	<u>1,603,700</u>	<u>813,512</u>	<u>12,150,687</u>
Operating Expenses					
Personnel Services	960,393			369,373	1,329,766
Contractual	559,865		181		560,046
Material and Supplies	531,071	743,953	649,700	27,848	1,952,572
Utilities	1,113,922			2,919	1,116,841
Claims Expense		2,717,723	853,257		3,570,980
Total Operating Expenses	<u>3,165,251</u>	<u>3,461,676</u>	<u>1,503,138</u>	<u>400,140</u>	<u>8,530,205</u>
Operating Income (Loss)	<u>3,257,543</u>	<u>(150,995)</u>	<u>100,562</u>	<u>413,372</u>	<u>3,620,482</u>
Income (Loss) Before Transfers	3,257,543	(150,995)	100,562	413,372	3,620,482
Transfers In				8,165	8,165
Transfers Out	<u>(2,671,042)</u>			<u>(405,155)</u>	<u>(3,076,197)</u>
Change in Net Position	586,501	(150,995)	100,562	16,382	552,450
Net Position - Beginning of Year	<u>11,644,133</u>	<u>2,232,888</u>	<u>1,538,383</u>	<u>61,658</u>	<u>15,477,062</u>
Net Position - End of Year	<u>\$ 12,230,634</u>	<u>\$ 2,081,893</u>	<u>\$ 1,638,945</u>	<u>\$ 78,040</u>	<u>\$ 16,029,512</u>

CITY OF CORONA**Combining Statement of Cash Flows
Internal Service Funds
Year Ended June 30, 2013**

	Self-Insurance				Totals
	Fleet Operations	Workers' Compensation	Liability Risk	Warehouse Services	
Cash Flows from Operating Activities					
Receipts from Customers/Other Funds	\$ 5,982,482	\$ 3,305,939	\$ 1,612,479	\$ 811,612	\$ 11,712,512
Payments to Suppliers of Goods or Services	(2,666,351)	(961,756)	(679,796)	(30,750)	(4,338,653)
Payments to Employees for Services	(946,708)			(371,067)	(1,317,775)
Receipts/(Payments) for Current Claims		25,000	(32,000)		(7,000)
Decrease in Long-Term Claims		(2,351,723)	(931,257)		(3,282,980)
Other Receipts	657,177	3,010	3,700	1,900	665,787
Net Cash Provided by Operating Activities	<u>3,026,600</u>	<u>20,470</u>	<u>(26,874)</u>	<u>411,695</u>	<u>3,431,891</u>
Cash Flows from Noncapital Financing Activities					
Transfers Received				8,165	8,165
Transfers Paid	(2,671,042)			(405,155)	(3,076,197)
Net Cash Used for Noncapital Financing Activities	<u>(2,671,042)</u>	<u>-</u>	<u>-</u>	<u>(396,990)</u>	<u>(3,068,032)</u>
Increase/(Decrease) in Cash and Cash Equivalents	<u>355,558</u>	<u>20,470</u>	<u>(26,874)</u>	<u>14,705</u>	<u>363,859</u>
Cash and Cash Equivalents					
Beginning of Year	11,958,141	20,084,993	4,651,321	85,234	36,779,689
End of Year	<u>\$ 12,313,699</u>	<u>\$ 20,105,463</u>	<u>\$ 4,624,447</u>	<u>\$ 99,939</u>	<u>\$ 37,143,548</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:					
Operating Income (Loss)	\$ 3,257,543	\$ (150,995)	\$ 100,562	\$ 413,372	\$ 3,620,482
Adjustments to Reconcile Operating Income to Net Cash from Operating Activities:					
Changes in Assets and Liabilities:					
Accounts Receivable	216,062	(1,732)	12,479		226,809
Inventories and Prepayments	(169,900)	(340,000)			(509,900)
Accounts Payable and Accrued Liabilities	(290,790)	122,197	(29,915)	17	(198,491)
Claims and Judgments Payable		391,000	(110,000)		281,000
Compensated Absences Payable	13,685			(1,694)	11,991
Net Cash Provided by (Used for) Operating Activities	<u>\$ 3,026,600</u>	<u>\$ 20,470</u>	<u>\$ (26,874)</u>	<u>\$ 411,695</u>	<u>\$ 3,431,891</u>



Combining Financial Statements in Assets and Liabilities – Agency Funds

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



CITY OF CORONA**Combining Statement of Changes in Assets and Liabilities****Agency Fund****Year Ended June 30, 2013**

	Pass Through Agency Fund			Balance June 30, 2013
	Balance June 30, 2012	Additions	Deductions	
Assets				
Cash and Investments	\$ 1,213,946	\$ 30,532,791	\$ 30,658,996	\$ 1,087,741
Interest Receivable	138,842	381,920	383,260	137,502
Due from other Governmental Agencies	411,981	303,830	411,981	303,830
Restricted Assets:				
Cash and Investments	28,801,974	39,191,671	40,129,256	27,864,389
Total Assets	<u>\$ 30,566,743</u>	<u>\$ 70,410,212</u>	<u>\$ 71,583,493</u>	<u>\$ 29,393,462</u>
Liabilities				
Accounts Payable and Accrued Liabilities	\$ 32,336	\$ 230,076	\$ 252,836	\$ 9,576
Due to Bondholders	30,534,407	116,582	1,267,103	29,383,886
Total Liabilities	<u>\$ 30,566,743</u>	<u>\$ 346,658</u>	<u>\$ 1,519,939</u>	<u>\$ 29,393,462</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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<i>Financial Trends</i> – 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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<i>Revenue Capacity</i> – These schedules contain information to help readers to assess the City's most significant own-source revenues.	
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Statistical Section

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

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

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17 Operating Indicators by Function/Program **185**

18 Capital Assets Statistics by Function/Program **186**

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



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

	Fiscal Year			
	2013	2012	2011	2010
Governmental Activities				
Net investment in capital assets	\$ 542,474,178	\$ 547,427,503	\$ 512,867,317	\$ 457,625,412
Restricted for:				
Capital Projects	87,678,260	95,362,651	26,795,896	80,695,897
Debt Service	2,772,671	3,418,104	10,773,995	7,079,903
Transportation & Public Works	16,083,567	14,494,532		
Special Assessment District	12,404,874	11,655,625		
Development Projects	4,703,812	6,763,589		
Other Purposes	1,173,375	708,280	50,908,926	60,915,014
Total Restricted	<u>124,816,559</u>	<u>132,402,781</u>	<u>88,478,817</u>	<u>148,690,814</u>
Unrestricted	<u>265,060,487</u>	<u>251,564,898</u>	<u>248,153,878</u>	<u>243,443,770</u>
Total governmental activities net position	<u>\$ 932,351,224</u>	<u>\$ 931,395,182</u>	<u>\$ 849,500,012</u>	<u>\$ 849,759,996</u>
Business-type Activities				
Net investment in capital assets	\$ 281,276,333	\$ 274,761,353	\$ 66,109,520	\$ 219,780,082
Restricted for:				
Debt Service	8,435,288	10,969,563		
Transportation & Public Works	130,390	637,926	18,065,870	10,779,222
Total Restricted	<u>8,565,678</u>	<u>11,607,489</u>	<u>18,065,870</u>	<u>10,779,222</u>
Unrestricted	<u>(100,444,897)</u>	<u>(107,169,420)</u>	<u>73,811,520</u>	<u>(82,129,735)</u>
Total business-type activities net assets	<u>\$ 189,397,114</u>	<u>\$ 179,199,422</u>	<u>\$ 157,986,910</u>	<u>\$ 148,429,569</u>
Primary Government				
Net investment in capital assets	\$ 823,750,511	\$ 822,188,856	\$ 578,976,837	\$ 677,405,494
Restricted	133,382,237	144,010,270	106,544,687	159,470,036
Unrestricted	<u>164,615,590</u>	<u>144,395,478</u>	<u>321,965,398</u>	<u>161,314,035</u>
Total Primary Government Net Assets	<u>\$ 1,121,748,338</u>	<u>\$ 1,110,594,604</u>	<u>\$ 1,007,486,922</u>	<u>\$ 998,189,565</u>

Fiscal Year					
2009	2008	2007	2006	2005	2004
\$ 451,393,337	\$ 456,849,781	\$ 458,250,349	\$ 422,767,976	\$ 456,222,213	\$ 395,841,709
85,200,711	73,254,682	20,417,055		386,036	9,976,958
11,968,561	25,251,084	28,838,799	6,898,327	7,982,213	13,178,815
<u>43,585,727</u>	<u>38,816,368</u>	<u>9,483,004</u>	<u>8,386,210</u>	<u>7,729,386</u>	
<u>140,754,999</u>	<u>137,322,134</u>	<u>58,738,858</u>	<u>15,284,537</u>	<u>16,097,635</u>	<u>23,155,773</u>
<u>245,794,117</u>	<u>215,990,032</u>	<u>269,852,046</u>	<u>306,059,386</u>	<u>239,481,478</u>	<u>265,838,106</u>
<u>\$ 837,942,453</u>	<u>\$ 810,161,947</u>	<u>\$ 786,841,253</u>	<u>\$ 744,111,899</u>	<u>\$ 711,801,326</u>	<u>\$ 684,835,588</u>
\$ 228,912,014	\$ 225,030,195	\$ 211,186,996	\$ 193,178,999	\$ 194,465,301	\$ 187,392,588
<u>18,188,735</u>	<u>17,031,575</u>	<u>17,317,361</u>	<u>7,548,512</u>	<u>673,256</u>	<u>26,387,128</u>
<u>18,188,735</u>	<u>17,031,575</u>	<u>17,317,361</u>	<u>7,548,512</u>	<u>673,256</u>	<u>26,387,128</u>
<u>(110,940,686)</u>	<u>(119,578,075)</u>	<u>(122,594,604)</u>	<u>(129,904,898)</u>	<u>(133,104,413)</u>	<u>(162,665,721)</u>
<u>\$ 136,160,063</u>	<u>\$ 122,483,695</u>	<u>\$ 105,909,753</u>	<u>\$ 70,822,613</u>	<u>\$ 62,034,144</u>	<u>\$ 51,113,995</u>
\$ 680,305,351	\$ 681,879,976	\$ 669,437,345	\$ 443,318,631	\$ 650,687,514	\$ 583,234,297
158,943,734	154,353,709	76,056,219	22,833,049	16,770,891	49,542,901
134,853,431	96,411,957	147,257,442	348,782,832	106,377,065	103,172,385
<u>\$ 974,102,516</u>	<u>\$ 932,645,642</u>	<u>\$ 892,751,006</u>	<u>\$ 814,934,512</u>	<u>\$ 773,835,470</u>	<u>\$ 735,949,583</u>

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

	Fiscal Year			
	2013	2012	2011	2010
Expenses				
Governmental activities:				
General government	\$ 22,853,992	\$ 20,551,027	\$ 21,771,013	\$ 23,778,004
Public Safety - Fire	22,702,313	21,506,851	23,066,539	23,849,351
Public Safety - Police	40,357,283	39,791,147	40,465,516	44,573,946
Public Works	29,148,098	27,925,122	29,415,423	30,006,518
Housing and Economic Development	6,877,725	12,860,222	15,368,206	18,283,224
Parks and Community Services	14,385,885	13,161,044	13,621,128	14,321,581
Library	2,825,606	2,640,592	2,745,336	3,108,194
Interest and fiscal charges	2,953,366	3,648,700	14,655,640	13,471,571
Total governmental activities expenses	<u>\$ 142,104,268</u>	<u>\$ 142,084,705</u>	<u>\$ 161,108,801</u>	<u>\$ 171,392,389</u>
Business-type activities:				
Water	57,605,446	55,837,945	46,791,524	48,080,241
Wastewater	29,060,647	30,224,698	25,940,578	27,212,393
Electric	14,675,785	14,569,429	17,638,508	21,951,228
Transit Services	2,286,292	2,148,857	2,078,197	2,309,727
Airport	301,454	307,538	328,658	316,270
Total business-type activities expenses	<u>103,929,624</u>	<u>103,088,467</u>	<u>92,777,465</u>	<u>99,869,859</u>
Total primary government expenses	<u>\$ 246,033,892</u>	<u>\$ 245,173,172</u>	<u>\$ 253,886,266</u>	<u>\$ 271,262,248</u>
Program Revenues				
Charges for services:				
Governmental activities:				
General government	8,824,810	7,331,352	7,466,080	7,616,409
Public Safety - Fire	4,242,725	3,926,888	3,092,311	3,204,585
Public Safety - Police	3,011,565	3,079,224	3,295,825	3,551,199
Public Works	13,437,745	12,716,140	12,699,434	12,291,030
Housing & Economic Development	707,126			
Parks and Community Services	7,556,054	7,327,626	7,512,286	7,184,440
Library	318,831	264,464	280,729	333,015
Operating Grants and Contributions	13,760,057	12,350,047	18,683,384	11,711,125
Capital Grants and Contributions	5,620,168	8,977,103	3,743,333	9,480,514
Total governmental activities program revenues	<u>57,479,081</u>	<u>55,972,844</u>	<u>56,773,382</u>	<u>55,372,317</u>
Business-type activities:				
Charges for services:				
Water	53,906,208	50,243,765	48,103,987	50,979,766
Water Reclamation	30,620,212	29,472,121	27,361,203	26,779,144
Electric	17,138,240	16,531,675	17,247,983	23,891,958
Transit	415,615	633,355	364,830	412,928
Airport	280,915	265,838	297,638	286,546
Operating Grants and Contributions	1,635,598	1,531,791	1,600,444	1,724,206
Capital Grants and Contributions	3,453,420	11,730,500	3,261,322	4,728,651
Total business-type activities program revenues	<u>107,450,208</u>	<u>110,409,045</u>	<u>98,237,407</u>	<u>108,803,199</u>
Total primary government program revenues	<u>\$ 164,929,289</u>	<u>\$ 166,381,889</u>	<u>\$ 155,010,789</u>	<u>\$ 164,175,516</u>

Fiscal Year					
2009	2008	2007	2006	2005	2004
\$ 23,387,380	\$ 22,014,630	\$ 17,944,188	\$ 17,000,514	\$ 11,199,340	\$ 16,972,222
23,118,471	22,465,104	19,824,613	19,372,402	17,247,894	16,102,014
40,723,499	38,811,288	35,418,464	35,290,552	32,105,270	30,248,573
29,252,056	28,165,830	32,887,632	28,293,319	25,450,529	26,768,539
19,061,398	17,679,157	31,450,231	18,317,214	13,825,131	14,878,105
15,431,862	13,529,315	12,504,767	12,863,536	12,091,432	12,272,328
3,142,627	3,539,703	3,156,248	3,233,627	3,111,361	3,040,136
16,447,756	14,913,380	12,348,977	9,164,552	10,170,977	4,844,242
<u>\$ 170,565,049</u>	<u>\$ 161,118,407</u>	<u>\$ 165,535,120</u>	<u>\$ 143,535,716</u>	<u>\$ 125,201,934</u>	<u>\$ 125,126,160</u>
46,284,613	48,772,948	42,980,979	39,968,554	36,073,601	34,644,300
27,164,627	27,937,584	25,431,501	23,411,865	16,876,237	15,833,862
21,962,931	23,590,548	24,688,495	20,279,523	12,855,676	20,053,738
2,256,556	2,128,258	1,773,529	1,663,358	1,615,000	1,496,799
<u>97,668,727</u>	<u>102,429,338</u>	<u>94,874,504</u>	<u>85,323,300</u>	<u>67,420,514</u>	<u>72,028,699</u>
<u>\$ 268,233,776</u>	<u>\$ 263,547,745</u>	<u>\$ 260,409,624</u>	<u>\$ 228,859,016</u>	<u>\$ 192,622,448</u>	<u>\$ 197,154,859</u>
678,554	1,301,569	1,513,639	8,645,359	1,129,140	953,897
4,506,740	4,726,300	4,181,914	3,229,032	3,197,076	1,726,756
2,817,511	3,023,714	3,246,509	3,017,477	2,687,347	2,689,863
12,354,323	13,909,188	14,830,576	16,795,580	16,124,597	15,175,883
	1,713	1,168	-	157	1,385
7,261,946	6,373,504	6,064,402	5,986,229	5,805,482	5,159,390
341,989	495,603	541,166	402,660	324,561	293,248
9,404,577	8,165,995	8,270,729	7,794,735	12,113,704	12,211,236
19,967,971	17,140,582	22,362,669	23,044,293	9,705,129	11,271,231
<u>57,333,611</u>	<u>55,138,168</u>	<u>61,012,772</u>	<u>68,915,365</u>	<u>51,087,193</u>	<u>49,482,889</u>
49,629,071	44,795,972	43,261,136	36,548,936	29,061,220	30,633,776
26,569,560	23,379,820	21,824,979	20,211,966	13,897,603	13,245,884
23,896,507	24,824,172	24,466,921	20,962,161	13,067,845	18,287,523
371,714	363,101	316,671	270,679	234,693	256,821
1,567,193	1,454,320	1,284,236	1,233,282	1,250,281	1,234,330
6,702,937	19,829,148	31,702,614	12,696,552	17,754,362	15,814,606
<u>108,736,982</u>	<u>114,646,533</u>	<u>122,856,557</u>	<u>91,923,576</u>	<u>75,266,004</u>	<u>79,472,940</u>
<u>\$ 166,070,593</u>	<u>\$ 169,784,701</u>	<u>\$ 183,869,329</u>	<u>\$ 160,838,941</u>	<u>\$ 126,353,197</u>	<u>\$ 128,955,829</u>

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

	Fiscal Year			
	2013	2012	2011	2010
Net (Expense)/Revenue				
Governmental activities	\$ (84,625,187)	\$ (86,111,861)	\$ (104,335,419)	\$ (116,020,072)
Business-type activities	3,520,584	7,320,578	5,459,942	8,933,340
Total primary government net expense	<u>\$ (81,104,603)</u>	<u>\$ (78,791,283)</u>	<u>\$ (98,875,477)</u>	<u>\$ (107,086,732)</u>
General Revenues and Other Changes in Net Assets				
Governmental activities:				
Taxes				
Property taxes	\$ 41,238,344	\$ 45,754,306	\$ 59,090,960	\$ 62,049,578
Sales and Use Tax	32,969,847	31,190,815	28,505,050	26,543,193
Other Taxes	8,249,945	8,546,497	7,802,237	7,660,365
Total taxes	<u>82,458,136</u>	<u>85,491,618</u>	<u>95,398,247</u>	<u>96,253,136</u>
Unrestricted grants and contributions	145,742	76,014	686,338	481,295
Payments in lieu of taxes				
Gain (Loss) on Sale of Capital Asset				1,776,536
Investment earnings	470,023	4,047,070	3,380,168	7,204,417
Lease and Rental Income	10,516,597	12,088,330	11,646,814	7,347,933
Miscellaneous	2,355,179	3,637,541	658,664	1,311,650
Extraordinary Items	(8,033,621)	57,030,346		
Transfers	(547,690)	(163,000)	40,000	57,000
Special Items				
Total Governmental activities	<u>87,364,366</u>	<u>162,207,919</u>	<u>111,810,231</u>	<u>114,431,967</u>
Business-type activities:				
Investment earnings	2,450,042	4,019,878	3,178,516	3,169,884
Armortized Bond Issuance Premium	3,890,307			
Gain on Sale of Capital Asset			2,350,130	
Transfers	547,690	163,000	(40,000)	(57,000)
Total business-type activities	<u>6,888,039</u>	<u>4,182,878</u>	<u>5,488,646</u>	<u>3,112,884</u>
Total primary government	<u>\$ 94,252,405</u>	<u>\$ 166,390,797</u>	<u>\$ 117,298,877</u>	<u>\$ 117,544,851</u>
Change in Net Position				
Governmental activities	\$ 2,739,179	\$ 76,096,058	\$ 7,474,812	\$ 10,096,548
Business-type activities	10,408,623	11,503,456	10,948,588	8,572,826
Total primary government	<u>\$ 13,147,802</u>	<u>\$ 87,599,514</u>	<u>\$ 18,423,400</u>	<u>\$ 18,669,374</u>

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

Fiscal Year					
2009	2008	2007	2006	2005	2004
\$(113,231,438)	\$(105,980,239)	\$(104,522,348)	\$(74,620,351)	\$(74,114,741)	\$(75,643,271)
11,068,255	12,217,195	27,982,053	6,600,276	7,845,490	7,444,241
<u>\$(102,163,183)</u>	<u>\$(93,763,044)</u>	<u>\$(76,540,295)</u>	<u>\$(68,020,075)</u>	<u>\$(66,269,251)</u>	<u>\$(68,199,030)</u>
\$ 66,704,669	\$ 67,566,221	\$ 63,121,766	\$ 50,973,502	\$ 42,349,908	\$ 33,105,038
29,791,137	35,894,694	39,684,799	39,915,335	34,502,809	29,471,424
8,570,003	8,496,030	9,396,886	9,556,368	4,866,205	4,200,484
<u>105,065,809</u>	<u>111,956,945</u>	<u>112,203,451</u>	<u>100,445,205</u>	<u>81,718,922</u>	<u>66,776,946</u>
674,076	720,480	1,977,907	3,710,301	1,112,066	6,547,602
				8,998,347	8,238,819
		6,438,368			(201,083)
10,177,941	12,225,922	9,602,364	4,875,430	2,222,270	3,678,428
6,955,049					
8,873,210	13,536,181	9,936,382	6,691,463	8,464,284	511,074
(201,503)	28,400	170,294	(1,458,852)	(29,223)	24,778
9,653,196		7,996,099			
<u>141,197,778</u>	<u>138,467,928</u>	<u>148,324,865</u>	<u>114,263,547</u>	<u>102,486,666</u>	<u>85,576,564</u>
4,144,071	4,385,148	3,647,928	2,491,501	1,288,738	1,281,949
				482,495	
201,503	(28,400)	(170,294)	1,458,852	29,223	(24,778)
4,345,574	4,356,748	3,477,634	3,950,353	1,800,456	1,257,171
<u>\$ 145,543,352</u>	<u>\$ 142,824,676</u>	<u>\$ 151,802,499</u>	<u>\$ 118,213,900</u>	<u>\$ 104,287,122</u>	<u>\$ 86,833,735</u>
\$ 25,177,706	\$ 32,487,689	\$ 43,802,517	\$ 39,643,196	\$ 28,371,925	\$ 9,933,293
13,278,914	16,573,943	31,459,687	10,550,629	9,645,946	8,701,412
<u>\$ 38,456,620</u>	<u>\$ 49,061,632</u>	<u>\$ 75,262,204</u>	<u>\$ 50,193,825</u>	<u>\$ 38,017,871</u>	<u>\$ 18,634,705</u>

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

	Fiscal Year			
	2013	2012	2011	2010
General Fund				
Nonspendable	\$ 22,797,277	\$ 15,070,684	\$ 15,112,080	\$ 19,708,805
Committed	22,804,343	18,279,947	18,072,691	17,597,806
Assigned	41,298,885	43,205,474	50,333,810	40,338,627
Reserved				
Unreserved				
Total General Fund	<u>\$ 86,900,505</u>	<u>\$ 76,556,105</u>	<u>\$ 83,518,581</u>	<u>\$ 77,645,238</u>
All Other Governmental Funds				
Nonspendable	\$ 61,512,775	\$ 61,220,936	\$ 61,568,872	\$ 58,835,683
Restricted	22,103,295	27,425,735	35,292,020	41,491,338
Assigned	17,604,929	19,215,798	25,061,577	26,635,398
Unassigned				(769,101)
Reserved				
Unreserved, reported in:				
Special Revenue				
Capital Projects				
Total all other Governmental Funds	<u>\$101,220,999</u>	<u>\$107,862,469</u>	<u>\$121,922,469</u>	<u>\$126,193,318</u>

Fiscal Year					
2009	2008	2007	2006	2005	2004
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
20,156,768	20,672,134	24,121,757	75,249,936	13,535,692	11,896,398
54,773,799	58,818,482	70,716,157		31,748,096	30,390,874
<u>\$ 74,930,567</u>	<u>\$ 79,490,616</u>	<u>\$ 94,837,914</u>	<u>\$ 75,249,936</u>	<u>\$ 45,283,788</u>	<u>\$ 42,287,272</u>
81,668,685	83,897,261	59,739,936	23685432	71680887	75451071
39,029,410	34,241,391	34,462,913	40,645,962	(619,485)	(414,006)
18,110,464	16,909,462	15,510,428	8347703		
<u>\$138,808,559</u>	<u>\$135,048,114</u>	<u>\$109,713,277</u>	<u>\$ 72,679,097</u>	<u>\$ 71,061,402</u>	<u>\$ 75,037,065</u>

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

	Fiscal Year			
	2013	2012	2011	2010
Revenues:				
Property Taxes	\$ 39,447,422	\$ 45,754,306	\$ 59,090,960	\$ 62,049,578
Other Taxes	40,900,200	38,964,006	35,900,324	33,859,090
Licenses, fees and permits	2,462,107	5,817,125	2,187,466	2,244,379
Fines and Penalties	1,717,820	1,841,074	2,168,820	2,625,345
Special Assessments	9,477,719	9,296,683	9,645,684	9,230,699
Investment Earnings	470,023	4,047,070	3,380,168	7,205,344
Intergovernmental Revenues	15,312,882	15,731,101	17,140,177	16,982,358
Current Services	16,003,725	14,392,726	13,724,789	13,469,450
Payments in Lieu of Services	8,999,739	9,544,525	9,681,893	10,524,934
Other Revenues	18,919,899	17,714,051	16,833,436	11,586,690
Total Revenues	153,711,536	163,102,667	169,753,717	169,777,867
Expenditures:				
General Government	26,108,110	23,683,293	23,594,460	24,032,875
Public Safety - Fire	22,965,971	22,921,163	23,068,351	22,886,210
Public Safety - Police	39,770,719	41,751,356	39,523,177	43,154,254
Public Works	24,962,116	25,800,081	25,443,417	26,055,330
Parks and Community Services	12,946,946	12,437,183	12,128,803	12,628,055
Housing & Economic Development	816,342	9,560,505	10,942,983	18,776,318
Library	2,758,037	2,720,741	2,694,192	2,925,121
Capital Outlay	7,769,015	4,349,725	11,089,418	21,562,741
Debt Service				
Principal	3,654,332	7,082,070	7,578,502	8,139,799
Interest and Fiscal Charges	2,719,421	7,547,454	14,756,645	14,041,809
Total Expenditures	144,471,009	157,853,571	170,819,948	194,202,512
Excess of Revenues over (under) expenditures	9,240,527	5,249,096	(1,066,231)	(24,424,645)
Other Financing Sources (Uses)				
Loss from sale of land held for resale				
Issuance of Debt				
Principal Retirement				
Proceeds from Sale of Capital Asset				2,400,000
Bond Premium				
Transfers in	3,771,227	4,533,758	79,529,457	17,440,737
Transfers out	(1,250,885)	(5,582,646)	(76,674,137)	(10,398,334)
Total other financing sources (uses)	2,520,342	(1,048,888)	2,855,320	9,442,403
Extraordinary Items	(8,033,621)	(19,852,703)		
Special Items				
Net change in fund balances	\$ 3,727,248	\$ (15,652,495)	\$ 1,789,089	\$ (14,982,242)
Debt service as a percentage of noncapital expenditures	4.9%	10.7%	16.1%	14.7%

Fiscal Year						
2009	2008	2007	2006	2005	2004	
\$ 66,704,668	\$ 67,566,222	\$ 63,121,767	\$ 50,973,502	\$ 42,349,910	\$ 32,265,783	
37,687,694	44,025,594	47,968,446	47,243,504	40,815,213	34,923,016	
3,986,271	3,939,938	7,565,595	12,052,807	10,871,748	11,984,841	
1,643,556	1,602,034	1,678,525	1,778,880	1,508,004	1,700,005	
9,186,822	7,363,443	7,472,089	7,325,244	6,923,091	6,581,157	
8,221,715	10,324,740	8,337,386	4,093,836	2,776,118	3,907,468	
23,725,540	18,579,692	21,122,793	20,878,547	11,927,288	18,489,977	
15,015,541	16,746,141	16,547,413	16,156,862	15,518,676	13,470,119	
11,992,502	13,249,357	9,801,798	11,540,850	9,165,515	8,238,819	
11,854,846	11,337,159	11,567,679	10,514,261	8,626,151	3,313,914	
<u>190,019,155</u>	<u>194,734,320</u>	<u>195,183,491</u>	<u>182,558,293</u>	<u>150,481,714</u>	<u>134,875,099</u>	
28,370,429	29,223,727	25,343,635	21,080,414	18,497,239	25,270,857	
23,826,368	24,986,115	22,129,775	19,689,290	17,947,422	16,848,544	
41,009,396	42,602,945	39,637,054	36,165,060	35,815,820	32,023,189	
26,098,884	27,600,538	32,346,827	25,345,564	21,272,214	24,809,152	
14,516,592	14,082,791	12,371,034	11,736,757	10,443,414	9,888,299	
14,337,175	13,347,887	28,636,781	12,533,710	8,112,135	7,742,841	
3,228,510	3,910,240	3,609,419	3,432,052	3,268,099	3,215,633	
24,337,661	35,001,560	22,935,456	9,338,399	19,846,407	28,640,837	
13,837,430	5,984,493	5,466,814	6,824,654	4,723,597	4,812,429	
16,730,459	14,389,659	11,710,584	9,263,096	10,498,967	4,958,286	
<u>206,292,904</u>	<u>211,129,955</u>	<u>204,187,379</u>	<u>155,408,996</u>	<u>150,425,314</u>	<u>158,210,067</u>	
(16,273,749)	(16,395,635)	(9,003,888)	27,149,297	56,400	(23,334,968)	
(472,252)					(201,083)	
5,167,326	35,874,600	51,338,901		38,210,834		
		6,739,350		(38,215,000)		
	30,601,167			799,695		
21,302,803	(28,843,505)	37,438,933	26,507,505	16,343,861	21,865,917	
(20,176,928)		(36,814,074)	(22,504,515)	(16,141,034)	(20,134,948)	
<u>5,820,949</u>	<u>37,632,262</u>	<u>58,703,110</u>	<u>4,002,990</u>	<u>998,356</u>	<u>1,529,886</u>	
9,653,196		7,996,099				
<u>\$ (799,604)</u>	<u>\$ 21,236,627</u>	<u>\$ 57,695,321</u>	<u>\$ 31,152,287</u>	<u>\$ 1,054,756</u>	<u>\$ (21,805,082)</u>	
20.2%	12.7%	10.5%	11.4%	12.5%	8.1%	

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

Fiscal Year Ended June 30	Residential		Commercial		Industrial		Public Agency		Agricultural, Irrigation and Other		Total	
	Acre Feet	% of Total	Acre Feet	% of Total	Acre Feet	% of Total	Acre Feet	% of Total	Acre Feet	% of Total	Acre Feet Total	% Total
2004	27,678	64.0	6,750	15.6	1,738	4.0	3,493	8.1	3,563	8.2	43,222	100
2005	24,905	67.0	3,463	9.0	1,450	4.0	3,271	9.0	3,391	11.0	36,480	100
2006	26,630	66.2	3,848	9.6	1,573	3.9	3,546	8.8	4,607	11.5	40,204	100
2007	29,866	66.0	4,230	9.5	1,751	3.5	3,898	9.0	5,754	12.0	45,499	100
2008	27,598	67.5	3,803	9.3	1,557	3.8	3,039	7.4	4,870	11.9	40,867	100
2009	26,761	61.5	4,916	11.3	1,592	3.8	2,973	6.8	7,280	16.7	43,522	100
2010	23,752	64.5	4,404	12.0	1,216	3.3	4,278	11.6	3,165	8.6	36,815	100
2011	22,121	65.4	3,812	11.3	1,158	3.4	3,058	9.0	3,700	10.9	33,849	100
2012	22,735	65.5	3,662	10.6	1,184	3.4	3,355	9.7	3,768	10.9	34,704	100
2013	23,283	64.8	3,480	9.7	1,225	3.4	3,711	10.3	4,243	11.8	35,942	100

Note: 1) Amounts include reclaimed water sales.

Source: Corona Department of Water and Power.

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

Fiscal Year Ended June 30	Residential Property	Commercial Property	Industrial Property	Other	Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
2004	\$ 7,013,653	\$ 863,630	\$ 1,415,667	\$1,489,990	\$ 171,882	\$10,611,058	1.0061
2005	8,010,907	1,016,443	1,540,064	1,614,156	119,068	12,062,502	1.0053
2006	9,128,473	1,166,793	1,688,866	1,747,079	190,746	13,540,465	1.0043
2007	10,821,087	1,398,608	1,927,206	1,956,392	200,971	15,902,322	1.0025
2008	12,074,893	1,638,755	2,068,380	2,153,807	243,155	17,692,680	1.0018
2009	11,825,460	1,810,186	2,111,604	2,179,903	233,038	17,694,115	1.0012
2010	10,338,756	2,392,421	2,175,301	1,628,324	251,763	16,283,039	1.0006
2011	10,340,114	2,177,188	2,159,963	1,679,857	271,357	16,085,765	1.0000
2012	10,406,831	2,101,432	2,108,882	1,602,344	293,954	15,925,535	1.0000
2013	10,441,897	2,124,926	2,121,234	1,500,847	264,187	15,924,717	1.0000

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

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

CITY OF CORONA

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

Fiscal Year ¹	Quantity Rate per 100 C.F. ²	Monthly Base Rates								
		Ready-To-Serve Charge								
		5/8"	3/4"	1"	1 1/2"	2"	3"	4"	6"	8"
2004	\$ 1.08	\$ 11.05	\$ 14.50	\$ 20.75	\$ 36.15	\$ 52.75	\$ 90.15	\$ 138.50	\$ 254.35	\$ 374.10
2005	1.08	11.05	14.50	20.75	36.15	52.75	90.15	138.50	254.35	374.10
2005	1.21	12.38	16.24	23.24	40.49	59.08	100.97	155.12	284.87	418.99
2006	1.33	13.62	17.86	25.56	44.54	64.99	111.07	170.63	313.36	460.89
2007	1.44	14.71	19.29	27.60	48.10	70.19	119.96	184.28	338.43	497.76
2008	1.61	16.40	21.51	30.77	53.63	78.26	133.76	205.47	377.35	555.00
2009	1.77	18.04	23.66	33.85	58.99	86.09	147.13	226.02	415.08	610.50
2010	1.81 ³	18.04	23.66	33.85	58.99	86.09	147.13	226.02	415.08	610.50
2011	1.85 ⁴	18.04	23.66	33.85	58.99	86.09	147.13	226.02	415.08	610.50
2012	1.92 ⁵	18.44	24.18	34.59	60.29	87.98	150.37	230.99	424.21	623.93
2013	2.04 ⁶	18.88	24.76	35.42	61.73	90.09	153.98	236.53	434.39	638.90

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

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

3) For Fiscal Year 2009-10 rate includes a pass-through charge from Western Municipal Water District (WMWD) of \$0.29 per 100 C.F. adopted with Ordinance No. 3005, effective September 4, 2009.

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

5) For Fiscal Year 2011-12, the quantity rate includes a pass-through charge from WMWD of \$0.03 per 100 C.F. for Tier 1 rates.

6) For Fiscal Year 2012-13, the quantity rate includes a pass-through charge from WMWD of \$0.08 per 100 C.F. for Tier 1 rates.

Source: City of Corona Department of Water and Power.

CITY OF CORONA**Schedule 6b
Reclaimed Water Rates
Last Seven Fiscal Years²**

Fiscal Year ¹	Quantity Rate per 100 C.F. ³	Monthly Base Rates								
		Ready-To-Serve Charge								
		5/8"	3/4"	1"	1 1/2"	2"	3"	4"	6"	8"
2007 ²	\$ 0.99	N/A	\$ 19.29	\$ 27.60	\$ 48.10	\$ 70.19	\$119.96	\$184.28	\$338.43	\$497.76
2008	1.26	N/A	21.51	30.77	53.63	78.26	133.76	205.47	377.35	555.00
2009	1.39	N/A	23.66	33.85	58.99	86.09	147.13	226.02	415.08	610.50
2010	1.39	18.04	23.66	33.85	58.99	86.09	147.13	226.02	415.08	610.50
2011	1.39	18.04	23.66	33.85	58.99	86.09	147.13	226.02	415.08	610.50
2012	1.44	18.04	23.66	33.85	58.99	86.09	147.13	226.02	415.08	610.50
2013	1.48	18.53	24.30	34.76	60.58	88.41	151.10	232.12	426.29	626.98

1) There are instances where the rates were changed during the

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

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

Source: City of Corona Department of Water and Power.

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

Year	City Direct Rates			Overlapping Rates ²			
	Basic Rate ¹	General Obligation Debt Service	Total Direct	Corona/Norco School District	Alvord School District	Metropolitan Water District	Riverside City Community College
2004	1.0000	0.0061	1.0061	0.0237	0.0765	0.0061	0.0000
2005	1.0000	0.0053	1.0053	0.0237	0.0755	0.0058	0.0180
2006	1.0000	0.0043	1.0043	0.0146	0.0731	0.0052	0.0180
2007	1.0000	0.0025	1.0025	0.0107	0.0580	0.0047	0.0180
2008	1.0000	0.0018	1.0018	0.0379	0.0526	0.0045	0.0126
2009	1.0000	0.0012	1.0012	0.0411	0.1064	0.0043	0.0125
2010	1.0000	0.0006	1.0006	0.0403	0.1255	0.0043	0.0124
2011	1.0000	0.0000	1.0000	0.0452	0.1195	0.0037	0.0150
2012	1.0000	0.0000	1.0000	0.0661	0.1185	0.0037	0.0170
2013	1.0000	0.0000	1.0000	0.0860	0.1389	0.0035	0.0170

Notes:

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

Source: Riverside County Auditor-Controller.

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

Water Customer	2013			2004		
	Water Charges	Rank	Percent of Total Water Revenues	Water Charges	Rank	Percent of Total Water Revenues
City of Corona	\$ 3,435,777	1	6.96%	\$ 1,445,599	1	5.98%
Corona-Norco USD	1,037,738	2	2.10%	484,755	2	2.00%
MG Properties	464,028	3	0.94%			
Integrated Protein Tech	226,903	4	0.46%	339,128	3	1.40%
Waterstone at Corona Pointe	196,397	5	0.40%			
Hunter Contracting	188,026	6	0.38%			
Eagle Glen Master HOA	185,849	7	0.38%	118,550	4	0.49%
EWR, Inc.	177,299	8	0.36%	89,059	9	0.37%
Marquessa Apartments	170,808	9	0.35%			
Watson Laboratories	162,272	10	0.33%			
GTS Property Hollywood Inc.				114,835	5	0.47%
Crown Ranch Pumping Co.				107,162	6	0.44%
Corona Hills, LLC				104,735	7	0.43%
Archstone Communities				89,071	8	0.37%
ERP Operating Limited Partn.				85,909	10	0.36%
	<u>\$ 6,245,097</u>		<u>12.66%</u>	<u>\$ 2,978,803</u>		<u>12.31%</u>

Source: Corona Department of Water and Power.

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

<u>Taxpayer</u>	<u>2013</u>			<u>2004</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>
Watson Laboratories Inc.	\$ 179,326,609	1	1.13%	\$ 121,157,425	2	1.14%
Castle and Cooke Corona Inc.	172,018,751	2	1.08%			
Kaiser Foundation Health Plan Inc.	140,780,868	3	0.88%	98,583,401	5	0.93%
Waterstone Apartments NF	88,052,250	4	0.55%			
Rexco Magnolia	80,249,439	5	0.50%			
223 1 DL Holdings	73,365,106	6	0.46%			
Dart Container Corporation of Calif	72,961,649	7	0.46%	78,560,297	9	0.74%
Costco Wholesale Corporation	67,104,844	8	0.42%			
Dix Leasing Corporation	60,295,252	9	0.38%			
IBM Credit LLC	45,538,494	10	0.29%			
Dairy Farmers of America Inc.				102,709,693	1	0.97%
Live Media LLC				25,450,903	3	0.24%
Corona Energy Partners Limited				23,562,647	4	0.22%
Corona Springs				20,203,848	6	0.19%
Provident Group Crown Point				18,720,858	7	0.18%
Larry E. Bedrosian				16,453,137	8	0.16%
Princeland Properties Inc.				20,662,532	10	0.19%
Total	<u>\$ 979,693,262</u>		<u>6.15%</u>	<u>\$ 526,064,741</u>		<u>4.96%</u>

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

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year ¹	Collected within the Fiscal Year of the Levy		Delinquent Tax Collections ²	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2004	\$ 15,932,786	\$ 14,583,817	91.53%	\$ 596,595	\$ 15,180,412	95.28%
2005	17,960,358	16,344,312	91.00%	639,412	16,983,724	94.56%
2006	18,409,599	16,237,649	88.20%	827,438	17,065,087	92.70%
2007	23,054,281	19,690,971	85.41%	1,439,660	21,130,631	91.66%
2008	25,254,270	20,898,139	82.75%	2,427,904	23,326,043	92.36%
2009	25,036,199	21,120,483	84.36%	2,092,540	23,213,023	92.72%
2010	22,628,536	19,921,737	88.04%	1,424,373	21,346,110	94.33%
2011	22,451,824	19,619,070	87.38%	1,155,344	20,774,414	92.53%
2012	22,448,815	20,689,087	92.16%	1,376,073	22,065,160	98.29%
2013	22,560,351	21,235,423	94.13%	-	21,235,423	94.13%

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

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

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

Fiscal Year	Governmental Activities						
	General Obligation Bonds	Redevelopment Bonds	Lease Revenue Bonds	Loans Payable	Lease Payable	Long-Term Agreement Payable	Special Assessment Bonds
2004	\$ 3,955	\$ 48,030	\$ 55,840	\$ 2,308	\$ 976	\$ -	\$ 4,025
2005	3,635	45,485	53,940	1,907	883	1,301	3,255
2006	2,535	42,755	51,975	1,485	787	1,115	2,930
2007	1,925	63,175	87,130	1,039	686	929	2,565
2008	1,445	90,940	73,390	569	583	6,882	2,225
2009	950	87,805	70,695	-	475	5,725	1,900
2010	-	85,075	67,905	-	-	4,530	1,435
2011	-	82,025	65,015	-	26	3,301	1,025
2012	-	- ¹	62,020	-	25,283	- ¹	660
2013	-	- ¹	33,270	-	23,719	- ¹	515

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

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

Business-Type Activities

Installment Agreement Payable	Long-Term Installment Payable	Term Loan Payable	Capital Leases	Certificates of Participation	Revenue Bonds	Contracts Payable	Total Primary Government	Percent of Personal Income	Per Capita
\$ -	\$ 33,455	\$ 18,194	\$ 172,628	\$ 73,175	\$ -	\$ 717	\$ 413,303	12.6%	\$ 2,914
432	32,690	35,171	172,628	101,760	-	717	453,804	13.0%	\$ 3,150
296	31,895	43,429	172,628	101,310	-	717	453,857	12.1%	\$ 3,137
173	31,070	43,322	172,628	100,590	-	717	505,949	12.8%	\$ 3,462
37	30,215	41,990	172,628	98,145	-	690	519,739	12.9%	\$ 3,525
2,000	29,325	39,625	172,628	95,645	-	690	507,463	12.9%	\$ 3,415
2,036	28,400	37,207	172,628	93,035	-	690	492,941	12.2%	\$ 3,277
1,764	27,435	34,724	172,628	90,320	-	690	478,953	11.6%	\$ 3,117
1,485	26,430	32,176	172,628	87,495	-	690	408,867	9.7%	\$ 2,664
1,299	-	21,362	172,628	64,380	56,770	690	374,633	8.9%	\$ 2,389

CITY OF CORONA

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

Fiscal Year	General Bonded Debt Outstanding				Total General Bonded Debt	Less Net Position Restricted for Debt Repayment	Net Bonded Debt	Percentage of Actual Value ¹ of Property	Per Capita ²
	General Obligation Bonds	Redevelopment Bonds ³	Special Assessment Bonds	Lease Revenue Bonds					
2004	\$ 3,955	\$ 48,030	\$ 4,025	\$ 55,840	\$ 111,850	\$ 13,179	\$ 98,671	0.93%	\$ 696
2005	3,635	45,485	3,255	53,940	106,315	7,982	98,333	0.82%	683
2006	2,535	42,755	2,930	51,975	100,195	6,898	93,297	0.69%	645
2007	1,925	63,175	2,565	87,130	154,795	28,839	125,956	0.79%	862
2008	1,445	90,940	2,225	73,390	168,000	25,251	142,749	0.81%	968
2009	950	87,805	1,900	70,695	161,350	11,969	149,381	0.84%	1,005
2010	-	85,075	1,435	67,905	154,415	7,080	147,335	0.90%	980
2011	-	82,025	1,025	65,015	148,065	10,774	137,291	0.85%	894
2012	-	-	660	62,020	62,680	3,418	59,262	0.37%	386
2013	-	-	515	33,270	33,785	2,773	31,012	0.19%	215

- Note:**
- 1) See Schedule 5b for property value data.
 - 2) Population data can be found in Schedule 14.
 - 3) No longer considered general bonded debt as the result of the dissolution of the former Corona Redevelopment Agency as of February 1, 2012.

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

CITY OF CORONA

Schedule 11

**Direct and Overlapping Governmental Activities Debt¹
As of June 30, 2013 (dollars in thousands)**

	Debt Outstanding	Est. Percentage Applicable ²	Share of Overlapping Debt
Direct and Overlapping Tax and Assessment Debt:			
Metropolitan Water District	\$ 165,085	0.761%	\$ 1,256
Riverside City Community College District	229,362	21.280%	48,808
Alvord Unified School District	202,966	13.085%	26,558
Corona-Norco Unified School District	267,343	57.739%	154,361
Alvord Unified School District CFD No. 2006-1	8,155	16.860%	1,375
Corona-Norco Unified School District CFD No. 88-1	1,040	90.755%	944
Corona-Norco Unified School District CFD No. 97-1	1,234	100.000%	1,234
Corona-Norco Unified School District CFD No. 99-1	3,061	100.000%	3,061
Corona-Norco Unified School District CFD No. 99-2, Imp Areas A, B, C	6,430	100.000%	6,430
Corona-Norco Unified School District CFD No. 00-1	4,460	100.000%	4,460
Corona-Norco Unified School District CFD No. 01-1, Imp Areas A & B	8,675	100.000%	8,675
Corona-Norco Unified School District CFD No. 01-2, Imp Areas A, B, C	13,785	100.000%	13,785
Corona-Norco Unified School District CFD No. 03-3, Imp Area A	4,885	100.000%	4,885
Corona-Norco Unified School District CFD No. 03-5	2,205	100.000%	2,205
Corona-Norco Unified School District CFD No. 04-2, Imp Areas 1 & 3	4,415	100.000%	4,415
City of Corona CFD No. 86-2	10,420	100.000%	10,420
City of Corona CFD No. 89-1	17,585	100.000%	17,585
City of Corona CFD No. 90-1	25,795	100.000%	25,795
City of Corona CFD No. 97-2	11,760	100.000%	11,760
City of Corona CFD No. 2000-1	6,280	100.000%	6,280
City of Corona CFD No. 2001-2	2,930	100.000%	2,930
City of Corona CFD No. 2002-1	24,220	100.000%	24,220
City of Corona CFD No. 2002-4	8,230	100.000%	8,230
City of Corona CFD No. 2003-2	7,200	100.000%	7,200
City of Corona CFD No. 2004-1	3,260	100.000%	3,260
California Statewide Communities Development Authority CFD No. 2002-1	4,170	100.000%	4,170
City of Corona 1915 Act Bonds	4,520	100.000%	4,520
Total Overlapping Tax and Assessment Debt			408,823
Total Direct Tax and Assessment Debt			-
Total Direct and Overlapping Tax and Assessment Debt			\$ 408,823
Direct and Overlapping General Fund Debt:			
Overlapping General Fund Obligations			
Riverside County General Fund Obligations	\$ 640,243	7.930%	\$ 50,771
Riverside County Pension Obligations	346,790	7.930%	27,500
Riverside County Board of Education COPs	3,900	7.930%	309
Corona-Norco Unified School District General Fund Obligations	28,975	57.739%	16,730
Alvord Unified School District General Fund Obligation Debt	2,027	13.085%	265
Total Overlapping General Fund Obligations			\$ 95,576
Direct General Fund Obligations:			
City of Corona General Fund Obligations	57,504	100.000%	57,504
Total Direct General Fund Obligations			\$ 57,504
Total Direct and Overlapping General Fund Obligations			\$ 153,080
Less: Riverside County self-supporting obligations			864
City-obligated debt supported by special assessment payments			515
Total Net Direct and Overlapping General Fund Obligations			\$ 151,701
Total Gross Direct Debt			\$ 57,504
Total Net Direct Debt			\$ 56,989
Total Gross Overlapping Debt			\$ 504,399
Total Net Overlapping Debt			\$ 503,535
Gross Combined Total Direct and Overlapping Debt³			\$ 561,903
Net Combined Total Direct and Overlapping Debt			\$ 560,524

See Notes on the following page.

Schedule 11

Direct and Overlapping Governmental Activities Debt¹

As of June 30, 2013

Notes to Schedule 11

- 1) Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. The schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Corona. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for the repaying the debt, of each overlapping government.*

- 2) For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's assessed value that is within the City's boundaries and dividing it by each unit's total assessed value.*

- 3) Amount excluded tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.*

CITY OF CORONA

Schedule 12

**Legal Debt Margin Information
Last Ten Fiscal Years (dollars in thousands)**

Legal Debt Margin Calculation for Fiscal Year 2013

Assessed Value	\$ 15,924,717
Debt Limit (15% of assessed value)	2,388,708
Debt Applicable to limit:	
General obligation debt	23,719
Less: Amount set aside for repayment of general obligation debt	-
Total net debt applicable to limit	<u>23,719</u>
Legal Debt Margin	<u>\$ 2,364,989</u>

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt Limit	\$ 1,591,659	\$ 1,809,375	\$ 2,031,070	\$ 2,385,348	\$ 2,653,302	\$ 2,654,117	\$ 2,442,456	\$ 2,412,865	\$ 2,388,830	\$ 2,388,708
Total net debt applicable to limit	2,871	2,298	1,719	1,158	600	(43)	-	-	25,283	23,719
Legal debt margin	\$ 1,588,788	\$ 1,807,077	\$ 2,029,351	\$ 2,384,190	\$ 2,652,702	\$ 2,654,160	\$ 2,442,456	\$ 2,412,865	\$ 2,363,547	\$ 2,364,989
Total debt applicable to the limit as a percentage of debt limit	0.180%	0.127%	0.085%	0.049%	0.023%	-0.002%	0.000%	0.000%	1.058%	0.993%

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

CITY OF CORONA

Schedule 13

Pledged Revenue Coverage

Last Ten Fiscal Years (dollars in thousands)

Fiscal Year	Lease Revenue Bonds					Special Assessment Bonds				
	Lease Payments	Current Account Balance	Debt Service		Coverage	Special Assessment Collections	Current Account Balance	Debt Service		Coverage
			Principal	Interest				Principal	Interest	
2004	\$ 1,931	\$ 1,511	\$ 930	\$ 2,499	1.00	\$ 822	\$ 1,411	\$ 1,070	\$ 355	1.57
2005	3,306	1,068	1,900	2,450	1.01	582	1,020	770	283	1.52
2006	4,184	177	1,965	2,390	1.00	560	448	325	241	1.78
2007	4,501	272	2,025	2,626 ⁴	1.03	543	77	365	214	1.07
2008	5,673	152	2,620	3,212	1.00	487	38	340	187	1.00
2009	5,663	150	2,695	3,118	1.00	571	28	325	162	1.23
2010	5,686	125	2,790	3,021	1.00	525	79	465	131	1.01
2011	5,677	126	2,890	2,915	1.00	376	152	410	97	1.04
2012	5,669	166	2,995	2,801	1.01	212	238	365	67	1.04
2013	30,825	11	28,750	2,075	1.00 ¹	212	5	145	47	1.13

Notes: ¹ 2002 Lease Revenue bonds defeased.

² 2003 COPs issued with capitalized interest.

³ 2005 COPs issued with capitalized interest.

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

⁵ CPFA 1998 Water Revenue bonds defeased; CUA 2012 Water Revenue and 2013 Wastewater Revenue bonds issued.

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

Revenue Bonds				Certificates of Participation				
Utility Revenues	Debt Service		Coverage	Lease Payments	Current Account Balance	Debt Service		Coverage
	Principal	Interest				Principal	Interest	
\$ 2,284	\$ 735	\$1,550	1.00	\$ 771	\$ 4,689	\$ 275	\$2,779	1.79 ²
2,286	765	1,522	1.00	1,223	2,686	435	3,469	1.00
2,285	795	1,493	1.00	4,520	335	450	4,390	1.00 ³
2,286	825	1,462	1.00	5,077	343	720	4,710	1.00
2,288	855	1,429	1.00	6,764	346	2,445	4,665	1.00
2,281	890	1,393	1.00	6,761	323	2,500	4,582	1.00
2,281	925	1,356	1.00	6,861	220	2,610	4,476	1.00
2,281	965	1,316	1.00	6,859	224	2,715	4,367	1.00
2,278	1,005	1,273	1.00	7,063	24	2,825	4,261	1.00
29,597	26,430	1,491	1.06 ⁵	7,391	22	2,935	4,154	1.05

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
2004	141,822	\$ 3,274,812	\$ 23,091	n/a	43,998	4.8%
2005	144,070	3,492,689	24,243	n/a	44,240	3.7%
2006	144,661	3,754,532	25,954	n/a	47,731	3.5%
2007	146,164	3,959,729	27,091	n/a	49,865	4.1%
2008	147,428	4,032,746	27,354	n/a	51,334	6.1%
2009	148,597	3,942,278	26,530	30.5	52,138	10.4%
2010	150,416	4,031,149	26,800	31.5	52,914	10.3%
2011	153,649	4,114,259	26,777	32.5	53,153	10.7%
2012	153,484	4,206,843	27,409	32.6	53,467	9.3%
2013	156,823	4,232,339	26,988	32.0	53,437	7.5%

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

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

Employer	2013			2004		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Corona-Norco Unified School District	4,686	1	5.84%	4,454	1	7.32%
Kaiser Permanente	1,783	2	2.22%	1,100	2	1.81%
Corona Regional Medical Center	1,200	3	1.50%	950	6	1.56%
Watson Laboratories, Inc.	950	4	1.18%	1,091	4	1.79%
City of Corona	866	5	1.08%	1,094	3	1.80%
Fender USA Corona	800	6	1.00%	800	7	1.31%
All American Asphalt	679	7	0.85%	950	5	1.56%
Arizona Pipeline	400	8	0.50%			
Dart Container Corporation	394	9	0.49%	768	8	1.26%
Hansen Beverage	350	10	0.44%			
Silvercrest Homes				550	9	0.90%
Doorway Manufacturing				437	10	0.72%
Total	<u>12,108</u>		<u>15.10%</u>	<u>12,194</u>		<u>20.03%</u>

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

CITY OF CORONA**Schedule 16****Full-time Equivalent City Government Employees by Function/Program****Last Nine Fiscal Years¹**

Function/Program	Full-time Equivalent Employees								
	2013	2012	2011	2010	2009	2008	2007	2006	2005
General Government									
Management Services	9	8	9	9	12	19	19	12	13
City Attorney's Office	5	0	0	0	0	0	0	0	0
Human Resources	10.5	9	10	10	11	15	15	13	12
Information Technology	12	13	14	14	15	18	17	17	17
Finance	23	27	32	32	36	41	42	41	41
Community Development	17	17	21	21	27	24	26	21	20
Building ²	0	0	0	0	0	24	24	23	22
Police									
Officers	153.5	152	176	177	179	191	191	175	167
Civilians	61	60	72	67	72	91	91	87	90
Fire									
Firefighters and officers	111.5	112	121	121	121	124	124	111	106
Civilians	5	5	7	7	10	23	22	22	26
Public Works	71	74	77	76	84	102	102	93	94
Redevelopment	0	0	16	17	17	16	15	17	17
Administrative Services	4.5	6							
Parks and Community Services	21	22	28	28	35	48	49	50	50
Library	15	15	17	17	18	20	19	18	19
Department of Water and Power	109	112	107	112	113	111	130	146	137
Transit Services	1	1	1	1	1	1	1	1	1
Total	629	632	708	709	751	868	887	847	832

Source: City of Corona Finance Department.

Note: 1) Data from ten years ago was not available.

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

CITY OF CORONA

**Schedule 17
Operating Indicators by Function/Program
Last Nine Fiscal Years¹**

Function/Program	Fiscal Year								
	2013	2012	2011	2010	2009	2008	2007	2006	2005
Police									
Physical Arrests	4,709	4,472	5,701	5,337	5,693	5,026	5,298	4,696	4,259
Parking Violations	3,612	4,976	6,541	3,241	6,768	8,165	9,806	8,147	8,657
Traffic Violations	9,316	8,691	9,456	10,087	13,357	11,389	11,931	13,923	16,885
Fire									
Emergency Responses	10,942	9,843	9,606	9,683	9,480	10,139	10,238	9,997	9,644
Fires Extinguished	415	326	318	378	387	439	515	499	503
Inspections	1,591	1,929	1,478	2,560	2,124	2,072	1,039	865	1,529
Public Works									
Street Resurfacing (miles)	-	1	8	85	70	6	173	10	12
Street Lights Repaired	808	1,093	1,811	1,775	1,991	1,721	1,307	1,336	1,158
Potholes Filled (sq. ft)	16,085	13,316	25,557	38,187	51,223	33,936	42,000	37,389	36,294
Parks and Community Services									
Sportsfields Participation	1,664,800	2,325,101	1,832,892	1,746,257	1,307,866	828,717	486,114	459,002	462,852
Comm. Centers/Gym/Pool	144,981	216,729	239,464	249,295	279,548	309,814	310,604	307,888	303,460
Other Activity Participation	247,768	232,701	211,533	259,179	249,407	217,500	153,301	126,542	128,991
Library									
Volumes in Collection	174,585	170,435	169,188	166,163	177,028	175,648	165,102	165,474	161,495
Total Volumes Borrowed	1,846,625	1,991,581	2,034,932	1,262,964	1,191,239	956,152	540,612	673,450	722,032
Water									
New Connections	482	80	133	217	269	158	504	801	656
Water Main Repairs	36	37	46	45	6	6	10	9	38
Average Daily Consumption (millions of gallons)	32.0	31.0	30.2	32.9	39.0	36.5	35.0	35.2	38.1
Wastewater									
Average Daily Sewage Treatment (millions of gallons)	13.4	13.0	13.7	13.0	13.0	13.0	13.0	12.2	12.2
Transit Services									
Total Route Miles (round-trip) Passengers	39.0	39.0	39.0	39.0	39.0	39.0	44.4	44.7	44.7
Fixed Route	163,054	153,783	152,568	165,104	166,744	163,062	150,815	146,983	162,423
Dial-A-Ride	65,635	61,285	58,153	64,689	63,122	64,079	57,577	58,892	66,481

Source: City of Corona Finance Department.

Note:

1) Data from ten years ago was not available.

CITY OF CORONA**Schedule 18****Capital Asset Statistics by Function/Program****Last Nine Fiscal Years¹**

Function/Program	Fiscal Year								
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Police									
Stations	1	1	1	1	1	1	1	1	1
Zone Offices	2	2	2	2	3	3	3	3	3
Patrol Units	53	53	60	65	65	74	74	66	58
Fire Stations	7	7	7	7	7	7	7	7	7
Streets									
Streets and Alleys (miles)	406	403	398	398	398	383	380	376	371
Streetlights ²	11,271	11,353	11,237	11,733	11,682	11,711	11,688	11,300	10,540
Traffic Signals	169	169	170	168	166	161	163	157	153
Parks and Community Services									
Total Park Acreage	376	376	376	376	376	364	364	342	347
Playgrounds	27	27	27	27	26	30	30	29	30
Baseball/softball diamonds	36	36	37	39	35	35	33	33	32
Soccer/football fields	18	18	18	17	15	15	14	14	11
Community Centers	7	7	7	7	7	7	7	7	7
Civic Center Auditorium Seating Cap	380	380	380	380	380	380	380	250	250
Fiesta Bandshell Seating Capacity	500	500	500	500	500	500	500	500	500
Water									
Water Main (miles)	681	677	676	684	670	670	622	606	566
Fire Hydrants	8,918	8,996	8,788	8,692	8,496	8,421	8,300	7,904	7,611
Storage Capacity (millions of gallons)	51	51	51	53	53	44	44	46	41
Wastewater									
Sanitary Sewers (miles)	444	444	442	447	445	436	394	382	376
Storm Sewers (miles)	166	166	168	168	165	161	154	148	145
Treatment Capacity (millions of gallons)	16	16	16	16	16	14	14	19	16
Transit Services									
Minibuses									
Fixed Route	4	4	5	5	5	5	5	5	5
Dial-A-Ride	12	10	10	9	9	9	9	9	9

Source: Various City departments.

Note: 1) Data from ten years ago was not available.

2) Number of streetlights includes only the City-owned ones.