

CITY OF CORONA, CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2014



Prepared by the City of Corona Finance Department

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Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Corona
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO



December 17, 2014

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, 2014.

The report was prepared by the City's Finance Department. It 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 unmodified ("clean") opinion of the City's financial statements for the fiscal year ended June 30, 2014. 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.

The City of Corona covenants to submit a continuing disclosure to the bond holders for certain debt issues. 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 California State Department of Finance, the City's population was 159,132 as of January 2014. The City limits covered approximately 39.3 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 an agency of the City of Corona and therefore has been included as an integral part of the City of Corona's financial statements. The Corona Housing Authority and the Corona Public Financing Authority 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 slightly below 6.0% and the industrial inventory at 1.9%.

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 2014. 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. The developer obtained entitlements for an additional 400 luxury apartments with approximately 70,000 square feet of retail space at the same location. Construction began in 2014. A 96,000 square-foot resort-style assisted living and memory care facility on a 5-acre lot broke ground in October 2013, and is expected to open in January 2015. 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. Ongoing developments include a

25-acre industrial park that is in the grading phase. Another project consisting of a 550,000 square-foot industrial park has is in its final stage of construction. In addition, a mixed-use project consisting of multi-family structures and a business park totaling 228 units with approximately 75,000 square feet of flexible office/industrial building began construction in 2014.

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 is among the lowest in the Inland Empire. It had come down from 11.4% in September 2011 to 6.9% in August 2014. The overall unemployment rate for the County of Riverside for the same period was at 9.2%.

Property tax continues to be the largest General Fund revenue source for the City for the fiscal year ended June 30, 2014. Total taxable assessed valuation in Corona for Fiscal Year 2013-14 was \$16.1 billion, representing an increase of 2.5% from the previous year. Sales tax is the other principal revenue source for the City's General Fund. Taxable retail sales totaled \$3.1 billion in Fiscal Year 2013-14, another increase of 6.5% followed by the 8.7% increase from two years ago. Total property and sales tax constituted 43.5% 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

A slowly improving economy has bolstered state and local government financial outlook, and strengthened credit standing of California municipalities. The City of Corona continues to enjoy a strong reputation among investors and credit analysts. Bond issues were well received when offered in the market. The revenue bonds issued in 2012 and 2013, and the refunding Community Facility District bonds issued in 2014, received significant premiums, demonstrating investors' confidence in the City's strong local economy and historically good management practices.

Despite the improvement of overall economic climate, credit rating companies have placed increased weight on a municipality's overall liabilities, including pension debt. They criticized many California municipalities' lack of ability to maintain sustainable budgets, and for relying too much on volatile capital gains. In August 2014, the City received the most recent credit review from Standard & Poor's (S&P), which affirmed the AA- long-term and underlying rating on Corona Public Financing Authority with a stable "outlook". Contrast to the general critics on California municipalities' weak fiscal policy, S&P expressed its opinion on the City's strong budgetary performance, strong liquidity, and strong management conditions including strong financial policies.

Due to the effective fiscal policies and strategies that have been consistently applied by City management to preserve revenue and cut spending, the City was able to increase its contingency reserve by \$1.0 million to \$18.3 million as of June 30, 2014. This was the second consecutive year the City was able to increase its reserves since the Fund Balance Policy for the General Fund established in June 2010.

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.

Financial Policies

Fund Balance Policy for the General Fund

The City established its reserves policy for the General Fund in June 2010. The contingency reserve was established at \$14.3 million, with the goal to increase to two months of regular general fund operating expenditures as recommended by the Government Finance Officers Association (GFOA). As of June 30, 2014, the contingency reserve balance was \$18.3 million, approximately 15.6% of current year's General Fund operating expenditures. The current reserve level meets GFOA's recommended target.

General Fund Expenditure Control Budget (ECB)

The City follows the General Fund Expenditure Control Budget (ECB) guidelines as outlined in the budget resolution. The Fiscal Year 2013-14 budget was the twentieth 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 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.

Debt Policy

The City's Debt Policy is designed to standardize the parameters for issuance and management of debt, and provide guidance to management with respect to all options available to finance infrastructure and other capital projects so that the most prudent, equitable and cost-effective method of financing can be chosen. The Debt Policy is reviewed and updated annually.

Investment Policy

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

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 2014-15, the City's new capital improvement projects totaled \$47.0 million. This amount 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 61.9%, was in the Water and Water Reclamation categories, with a total amount of \$29.1 million. Major projects in these two categories include \$7.0 million for the Tertiary Treatment Project at Water Reclamation Facility No. 2, \$4.6 million for Home Gardens Wells and Ion Exchange project, \$3.5 million for the Home Gardens Pipeline project, and \$3.5 million for various water and sewer line replacements.

The Roads, Bridges and Freeways category totaled \$5.3 million, or 11.3%, 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 7.8% of the total City capital budget, with a total amount of \$3.7 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, 2013. This was the twenty-fourth 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 strong leadership and 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

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

RANDY FOX City Treasurer

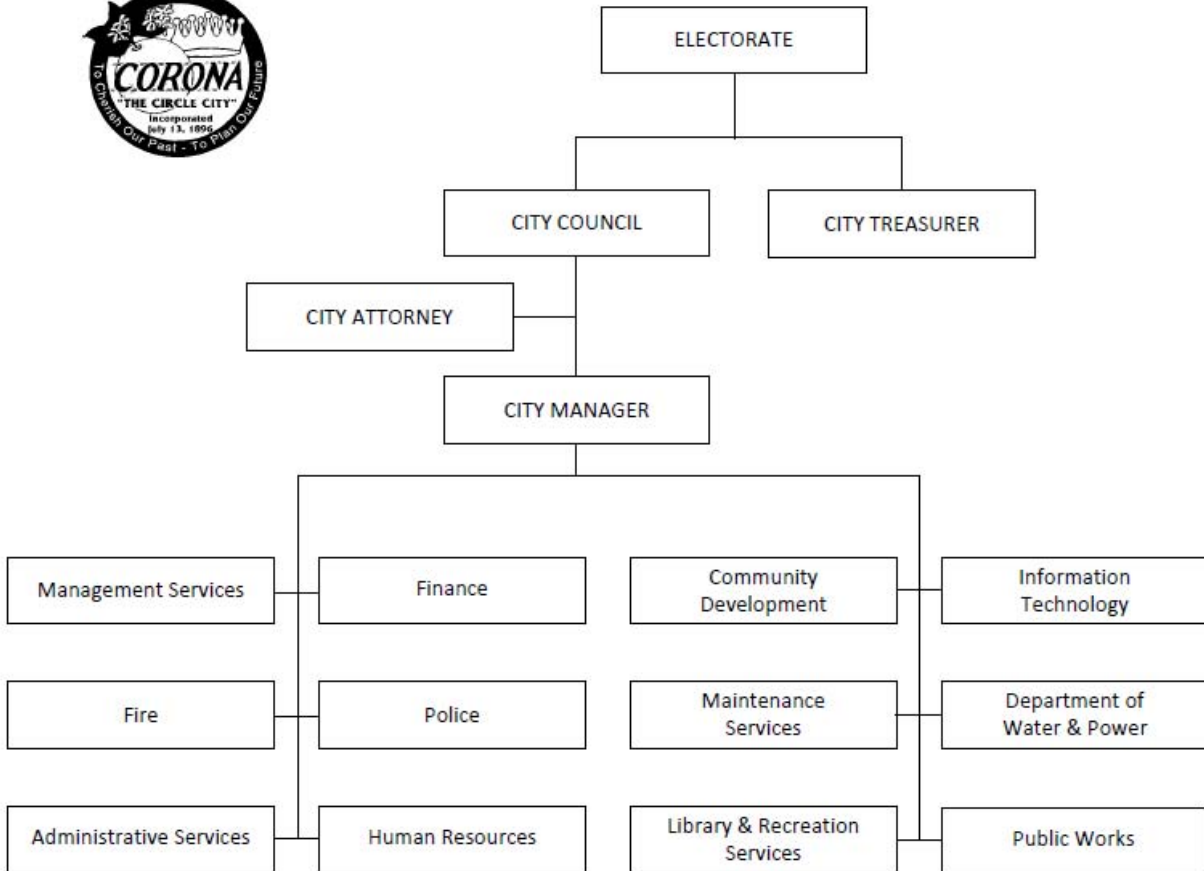
Executive Management

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 General Manager
KERRY D. EDEN Finance Director
JOHN MEDINA..... Fire Chief
STEVE LARSON..... Information Technology Director
JULIE FREDERICKSEN..... Library and Recreation Services Director
MICHAEL ABEL Police Chief
NELSON NELSON..... 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, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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



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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Corona, California, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, the budgetary comparison information for the General Fund and Development Special Revenue Fund, the modified approach for the City's street infrastructure capital assets, the other post-employment benefits plan funding progress and the pension benefit plan funding progress as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate 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 November 25, 2014 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, Solt & Lughard, LLP

Brea, California
November 25, 2014





MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2014

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, 2014. This narrative discussion and analysis focuses on the current year's activities, resulting changes and currently known facts; therefore, the information presented here should be considered in conjunction with additional information furnished in the letter of transmittal and the accompanying basic financial statements.

FINANCIAL HIGHLIGHTS

Government-Wide

- Total assets of the City exceeded its liabilities at June 30, 2014 by \$1.1 billion (*net position*). Of this amount, \$179.0 million (*unrestricted*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The overall City's net position decreased by \$21.3 million from the previous fiscal year, a combination of an increase of \$36.5 million from operations, an extraordinary loss of \$56.9 million, and a restatement of \$(0.9) million. Additional information regarding the extraordinary loss and the restatement are provided in later discussion.
- For governmental activities, revenue exceeded expenses by \$23.8 million. In addition to program revenues of \$71.2 million, taxes, lease and rental income, investment earnings, and other general revenue with a total of \$95.4 million provided sufficient funding for City-wide programs. After factoring in the transfers of \$(0.9) million, the extraordinary loss of \$56.9 million, and a restatement of \$(0.7) million, governmental activities' net position decreased by \$34.7 million from the previous year.
- For business-type activities, program revenues exceeded expenses by \$7.0 million. Of the \$110.3 million total program revenues, \$104.5 million was from charges for services, \$1.6 million from operating grants and contributions, and the remaining \$4.2 million represents contributions of capital assets such as infrastructure from developers. Together with investment earnings of \$1.2 million, amortized bond issuance premium of \$2.0 million, gain on sale of capital assets of \$2.5 million, and the incoming transfer from governmental activities in the amount of \$0.9 million, the current fiscal year showed a \$13.6 million surplus in the business-type activities. With the restatement of \$(0.2) million to the beginning balance, net position increased by \$13.4 million from the previous year.

CITY OF CORONA

Management's Discussion and Analysis (continued)

June 30, 2014

- The City recognized an extraordinary loss in the amount of \$56.9 million on its government-wide financial statements. The amount represented contribution of land inventory from the Corona Housing Authority to the Corona Successor Agency in accordance to the Trailer Bill AB 1484. For additional information, please refer to Notes 20 and 21.G in the accompanying financial statements.
- The government-wide statement had a restatement of \$(0.9) million to its beginning net position, among which \$(0.7) million was in the governmental activities as the result of capital asset restatement and revenue adjustment to the prior years. The business-type activities' beginning net position was adjusted by \$(0.2) million primarily due to prior year's expense recognition. 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 \$138.5 million, a decrease of \$49.6 million from the previous year. Operating revenues exceeded expenditures by \$4.7 million, taking into account \$2.6 million transferred into the governmental funds and an extraordinary loss of \$56.9 million, current year net change to the fund balance was \$(49.6) million.
- Of the total fund balance for all governmental funds, \$69.0 million, or 49.8% are either non-spendable or restricted due to the nature of the restriction. An additional amount of \$23.5 million was committed in the fund balance, including \$18.3 million committed to emergency contingencies, \$1.9 million in ECB savings, and \$3.3 million in designated revenues. The remaining \$46.0 million were assigned to specific City programs or projects. Please refer to Note 15 for additional information on the categorization of the governmental funds' fund balances.

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

The government-wide financial statements 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.

CITY OF CORONA

Management's Discussion and Analysis (continued)
June 30, 2014

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

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

Governmental activities – Most of the City's basic services are reported in this category, including the General Government, Fire, Police, Public Works, Maintenance Services, Library and Recreation Services, Community Development, and Housing and Economic Development. Property and sales taxes, franchise fees, business tax, investment income, 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

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Management's Discussion and Analysis (continued)
June 30, 2014

governmental fund financial statements to those in the government-wide financial statements are explained in a reconciliation schedule following each governmental fund financial statement. The governmental fund financial statements can be found in the Basic Financial Statements section of this report.

Proprietary funds – When the City charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net position and the statement of revenues, expenses and changes in fund net position. The City's enterprise funds are the same as the business-type activities reported in the government-wide statements but provide more detail and additional information, such as cash flows. The City uses internal service funds (the other component of proprietary funds) to report activities that provide supplies and services for the City's other programs and activities – such as the City's self-insurance and fleet operations funds. The internal service funds are reported with governmental activities in the government-wide financial statements. The proprietary fund financial statements can be found in the Basic Financial Statements section of this report.

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.

CITY OF CORONA

Management’s Discussion and Analysis (continued)
June 30, 2014

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, 2014.

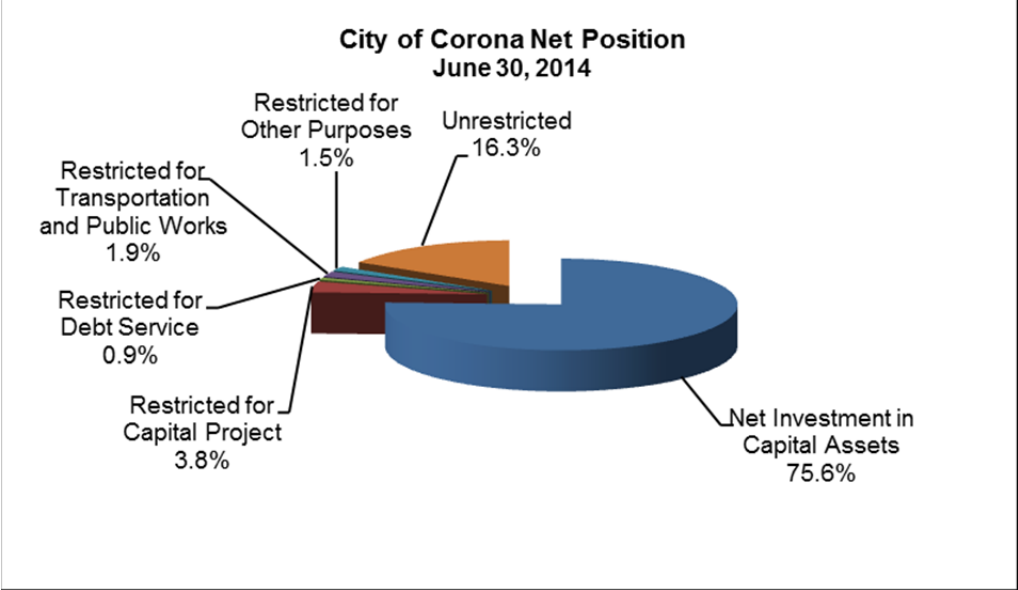
As noted earlier, the City’s net position as a whole decreased by \$21.3 million from the previous year. Aside from the \$56.9 million extraordinary loss, government-wide revenues exceeded expenses by \$36.5 million.

The largest portion, \$832.5 million or 75.6% 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, 8.1% or \$88.8 million represents various resources subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$179.1 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, 2014:



CITY OF CORONA

Management's Discussion and Analysis (continued)
June 30, 2014

The schedule below is a condensed version of the City's statement of net position for fiscal year ended June 30, 2014 with comparative data from the previous fiscal year:

	Governmental activities		Business-type activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 225.3	\$ 268.9	\$ 127.4	\$ 162.3	\$ 352.7	\$ 431.2
Internal balances	173.9	173.9	(173.9)	(173.9)	-	-
Capital assets	611.3	600.0	365.4	360.5	976.7	960.5
Total assets	1,010.5	1,042.8	318.9	348.9	1,329.4	1,391.7
Deferred from debt refunding				1.0	-	1.0
Total deferred outflows	-	-	-	1.0	-	1.0
Long-term liabilities	72.6	78.5	98.3	104.1	170.9	182.6
Other liabilities	40.3	32.0	17.8	56.4	58.1	88.4
Total liabilities	112.9	110.5	116.1	160.5	229.0	271.0
Net investment in capital assets	557.3	542.5	275.2	281.3	832.5	823.8
Restricted	69.9	124.8	18.9	8.6	88.8	133.4
Unrestricted	270.4	265.0	(91.3)	(100.5)	179.1	164.5
Total net position	\$ 897.6	\$ 932.3	\$ 202.8	\$ 189.4	\$ 1,100.4	\$ 1,121.7

A comparison of the City's program revenues and expenses for the current year and prior year is presented on the next page.

CITY OF CORONAManagement's Discussion and Analysis (continued)
June 30, 2014**City of Corona's Changes in Net Position**
(in millions)

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program Revenues:						
Charges for Services	\$ 37.8	\$ 38.1	\$ 104.5	\$ 102.4	\$ 142.3	\$ 140.5
Operating Grants and Contributions	12.6	13.8	1.6	1.6	14.2	15.4
Capital Grants and Contributions	20.8	5.6	4.2	3.4	25.0	9.0
General Revenues:						
Taxes:						
Property Taxes	36.5	41.2			36.5	41.2
Sales and Use Taxes	35.6	33.0			35.6	33.0
Other Taxes	9.1	8.2			9.1	8.2
Lease and Rental Income	9.8	10.5			9.8	10.5
Investment Earnings	2.3	0.5	1.2	2.5	3.5	3.0
Amortized Bond Issuance Premium			2.0	3.9	2.0	3.9
Other	2.1	2.4			2.1	2.4
Total Revenues	<u>166.6</u>	<u>153.3</u>	<u>113.5</u>	<u>113.8</u>	<u>280.1</u>	<u>267.1</u>
Expenses:						
General Government	24.0	22.8			24.0	22.8
Public Safety - Fire	23.1	22.7			23.1	22.7
Public Safety - Police	40.8	40.4			40.8	40.4
Public Works	14.2	29.1			14.2	29.1
Maintenance Services	25.4				25.4	-
Library and Recreation Services	4.4	2.8			4.4	2.8
Community Development	3.4				3.4	-
Housing and Economic Development	5.3	6.9			5.3	6.9
Parks and community services		14.4			-	14.4
Interest on Long-term Debt	2.2	3.0			2.2	3.0
Water			58.1	57.6	58.1	57.6
Water Reclamation			29.2	29.0	29.2	29.0
Electric			13.4	14.7	13.4	14.7
Transit Services			2.3	2.3	2.3	2.3
Airport			0.3	0.3	0.3	0.3
Total Expenses	<u>142.8</u>	<u>142.1</u>	<u>103.3</u>	<u>103.9</u>	<u>246.1</u>	<u>246.0</u>
Gain on Sale of Capital Assets			2.5		2.5	-
Extraordinary Items - Successor Agency	(56.9)	(8.0)			(56.9)	(8.0)
Transfers	(0.9)	(0.5)	0.9	0.5	-	-
Change in net position	<u>(34.0)</u>	<u>2.7</u>	<u>13.6</u>	<u>10.4</u>	<u>(20.4)</u>	<u>13.1</u>
Net position - beginning of year	932.3	931.4	189.4	179.2	1,121.7	1,110.6
Restatement	(0.7)	(1.8)	(0.2)	(0.2)	(0.9)	(2.0)
Net position - end of year	<u>\$ 897.6</u>	<u>\$ 932.3</u>	<u>\$ 202.8</u>	<u>\$ 189.4</u>	<u>\$ 1,100.4</u>	<u>\$ 1,121.7</u>

CITY OF CORONA

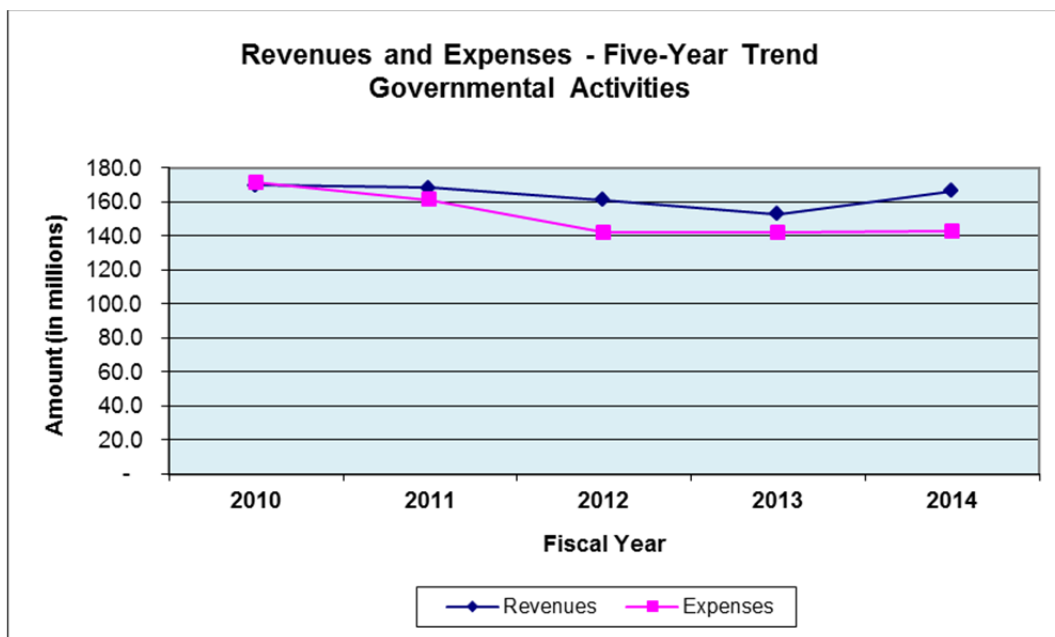
Management's Discussion and Analysis (continued)

June 30, 2014

Governmental Activities

Total resources available during the year to finance governmental operations were \$1.0 billion consist of net position of \$932.3 million at July 1, 2013, program revenues of \$71.2 million, general revenues of \$95.4 million, extraordinary loss of \$56.9 million, a transfer to business-type activities of \$0.9 million, and a restatement to the beginning net position in the amount of \$(0.7) million. Total uses in governmental activities during the year were \$142.8 million; thus, net position decreased by \$34.7 million including the extraordinary loss, the transfer, and the restatement.

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 \$56.9 million extraordinary loss that was discussed previously.

The cost of all governmental activities for fiscal year ended June 30, 2014 was \$142.8 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 \$71.6 million, the remaining \$71.2 million was paid by other sources, including \$37.8 million by those who directly benefited from the programs, \$12.6 million from other governments and organizations that subsidized certain programs with operating grants and contributions, and \$20.8 million from capital grants and contributions.

CITY OF CORONA

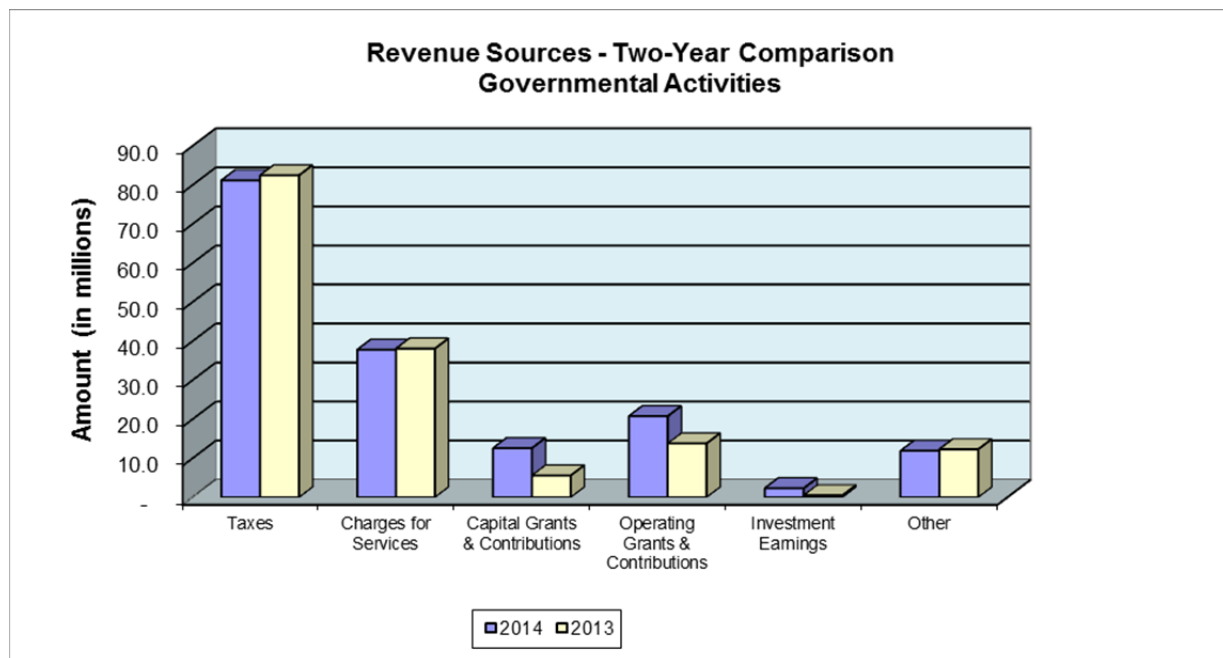
Management's Discussion and Analysis (continued)

June 30, 2014

Below is an in-depth analysis of the major revenue sources and expenses.

- Taxes comprise 48.7% of the total revenues from governmental activities. Of the total tax revenues, 45.0% were property taxes, and 43.8% were sales and use taxes. The remaining 11.2% 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 \$4.7 million. Assessed valuation and delinquency remained consistent from prior year, the decrease was due to the one-time receipt of \$4.3 million from the Successor Agency in Fiscal Year 2012-13 as part of the Redevelopment Agency dissolution.
- Sales and use taxes were the second largest revenue source in governmental activities. For the fiscal year ended June 30, 2014, total sales and use taxes increased by \$2.6 million, or 7.9% from the previous year to \$35.6 million.
- Overall governmental expenses increased slightly by \$0.7 million comparing to the previous year. The City restructured its departments during Fiscal Year 2013-14 in order to increase efficiency and reduce cost. Various maintenance functions were moved from the Public Works Department to the newly created Maintenance Services Department. Parks and Recreation and Library were merged to form the Library and Recreation Services Department. With these changes, the City managed to maintain the cost of governmental activities at the same level with the prior year despite the increase of uncontrollable costs such as pension and healthcare.

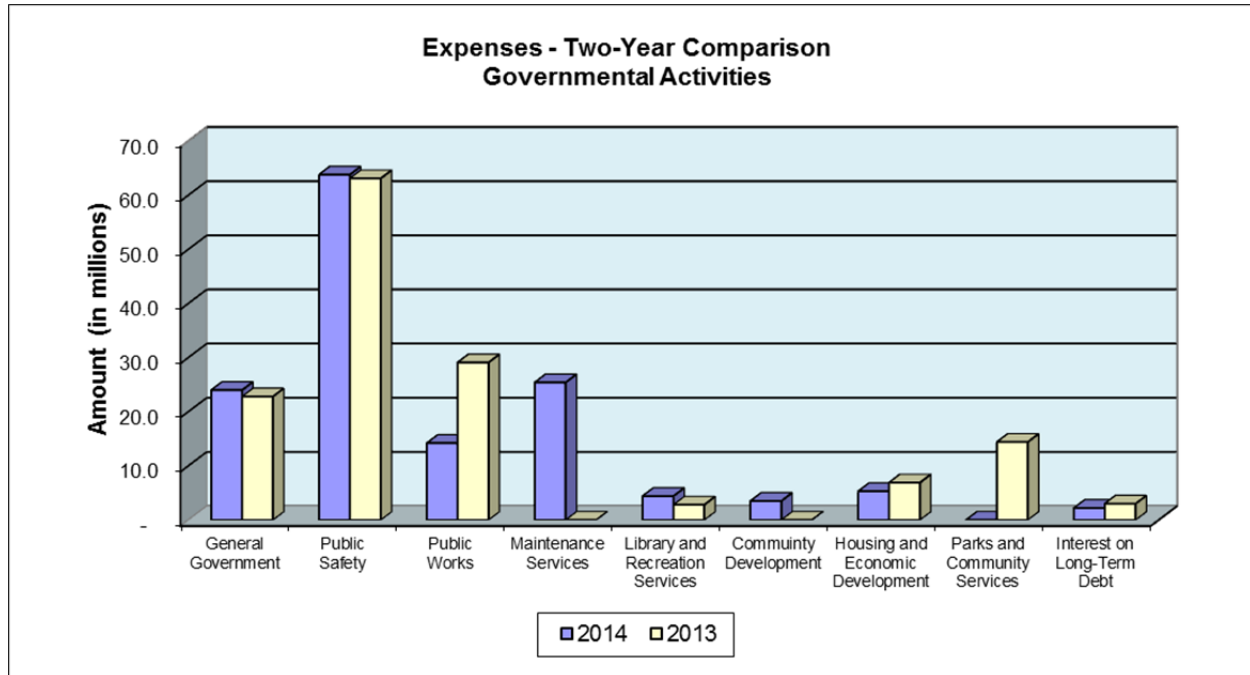
The following two charts illustrate the total revenue and expense for the governmental activities, excluding extraordinary loss for the fiscal years ended June 30, 2014 and 2013 respectively.



CITY OF CORONA

Management's Discussion and Analysis (continued)

June 30, 2014

**Business-Type Activities**

The City's net position in the business-type activities increased by \$13.4 million. The net increase due to operations was \$10.2 million, with a gain on asset disposal of \$2.5 million, a \$0.9 million transfer received from governmental activities, and a restatement of \$(0.2) million to the beginning net position, overall net position were at \$202.8 million as of June 30, 2014.

Total expenses of all business-type activities for the fiscal year ended June 30, 2014 were \$103.3 million, slightly decreased by \$0.6 million from the previous fiscal year. As shown in the statement of activities, the amount paid by users of the systems was \$104.5 million, operating grants and contributions were \$1.6 million and capital grants and contributions were \$4.2 million, with total program revenue of \$110.3 million. Investment earnings were \$1.2 million, and amortized bond issuance premium contributed \$2.0 million to the net position of the business-type activities.

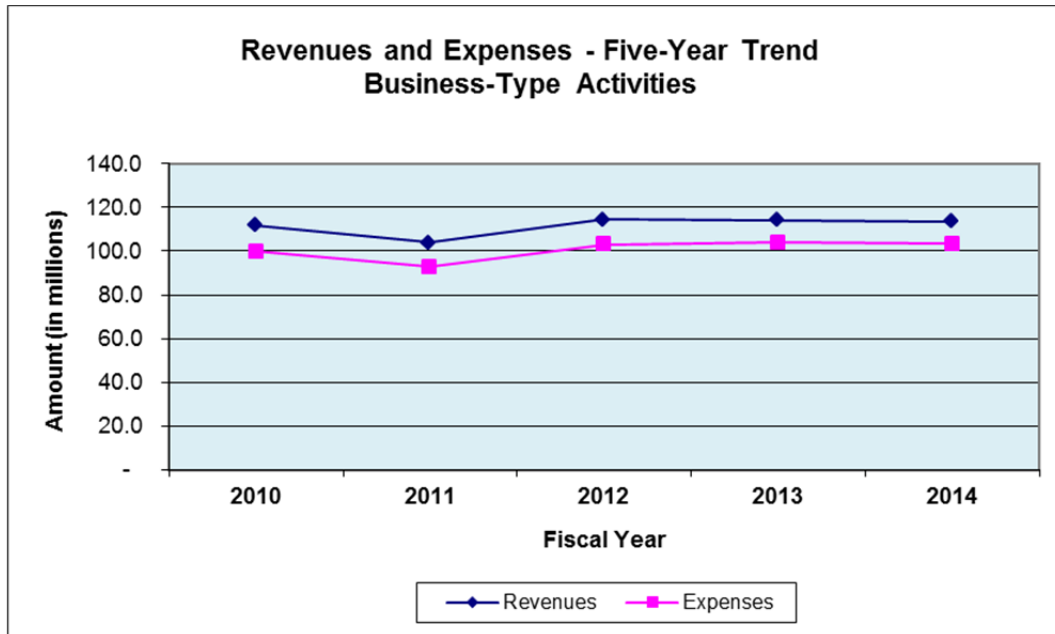
Total resources available during the year to finance business type activities were \$306.1 million consist of net assets at July 1, 2013 of \$189.4 million, program revenues of \$110.3 million, general revenues of \$3.2 million, gain on sale of capital assets of \$2.5 million, a transfer from governmental activities of \$0.9 million and a restatement of \$(0.2) million. With the total expenses of \$103.3 million, net position of business type activities increased by \$13.4 million from the previous year to \$202.8 million at June 30, 2014.

CITY OF CORONA

Management's Discussion and Analysis (continued)

June 30, 2014

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



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

- Charges for services increased by \$2.1 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.
- Investment earnings decreased by \$1.3 million due to the decreased cash level in the business-type activities.
- Expenses for business-type activities maintained at the same level comparing to the previous year.

CITY OF CORONA

Management's Discussion and Analysis (continued)
June 30, 2014

FUND FINANCIAL ANALYSIS**General Fund**

The General Fund is the primary operating fund of the City. Fund balance for the General Fund increased by \$4.9 million for the fiscal year ended June 30, 2014, with an ending balance of \$91.8 million. The increase was the result of a \$1.4 million excess of current year's revenue over expenditures and a \$3.5 million net transfers from other funds.

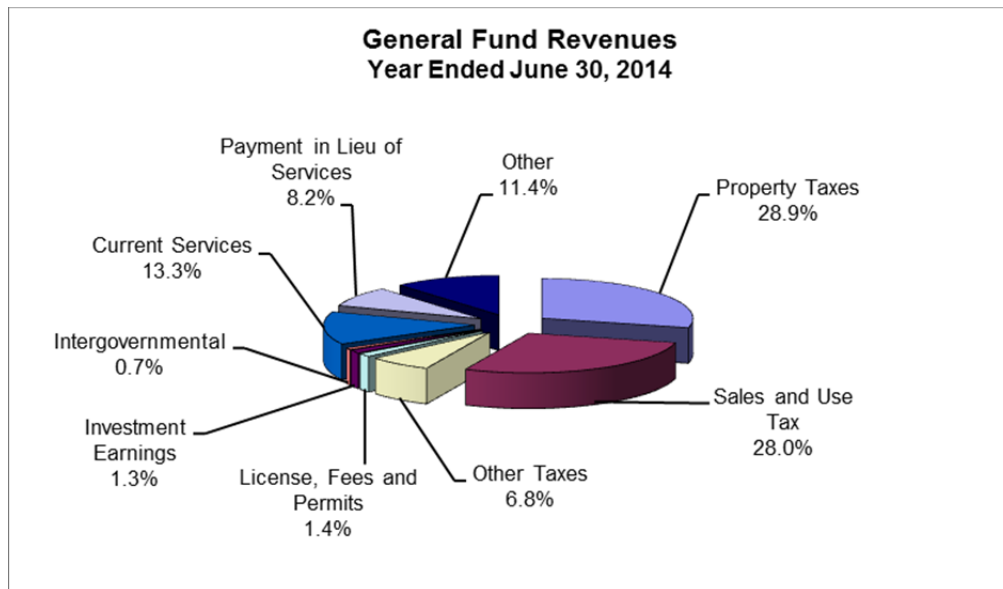
Major factors toward the change in the General Fund's fund balance were:

- Despite the 2.5% increase in taxable assessed value, property tax revenue decreased by \$2.7 million in the current year. This was due to the revenue reported in previous year included a one-time distribution in the amount of \$4.3 million from the Successor Agency.
- Sales tax increased by \$2.6 million from prior year as the result of the 6.5% increase in retail sales in Fiscal Year 2013-14.
- Current services increased by \$1.3 million compared to the prior year, as the result of reimbursements received for new inter-agency service agreements, and increased development activities.
- Incoming transfers of \$3.5 million were primarily from the Gas Tax special revenue fund and Fleet Operations internal service fund for reimbursements of project costs and motor pool charges.
- Expenditures reported in Public Works decreased by \$12.9 million due to the reorganization that took effect during Fiscal Year 2013-14. Various maintenance functions were moved from Public Works to the newly created Maintenance Services department, including street and facilities maintenance.
- Expenditures for Library and Recreation Services were \$4.3 million. In the previous year, Library reported an expenditure of \$2.5 million. The increase of \$1.8 million was due to the inclusion of Recreation Services. Recreation Services costs were reported under Parks and Community Services in the previous year. This function was merged with Library during Fiscal Year 2013-14.
- Maintenance Services incurred \$17.8 million in expenditures during Fiscal Year 2013-14. This amount included the cost for street and facilities maintenance that was previously reported under Public Works, and park and landscape maintenance that used to be reported under Parks and Community Services before the reorganization.
- Public Safety expenditures rose by \$2.5 million compared to the previous year, primarily due to increased pension cost. Staffing level increased as well in order to respond to the escalated service demand.
- Capital outlay expenditures increased by \$3.7 million in the current year due to the acquisition of real property that will be renovated to serve as a Community Center for the Corona residents.

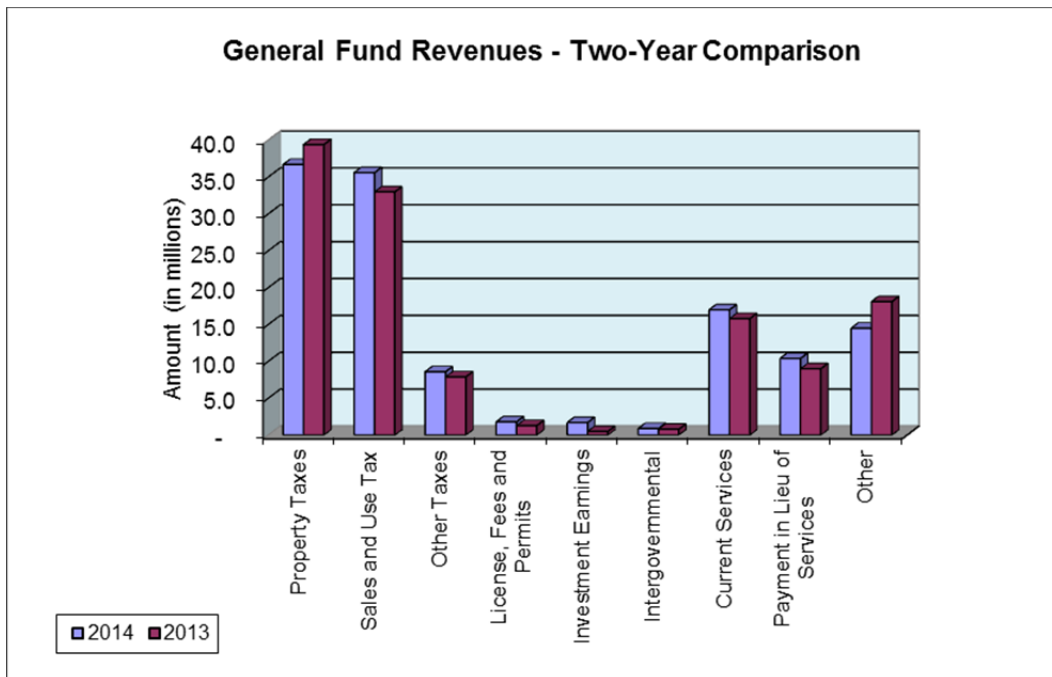
CITY OF CORONA

Management's Discussion and Analysis (continued)
June 30, 2014

The graph below illustrates General Fund revenues by source:



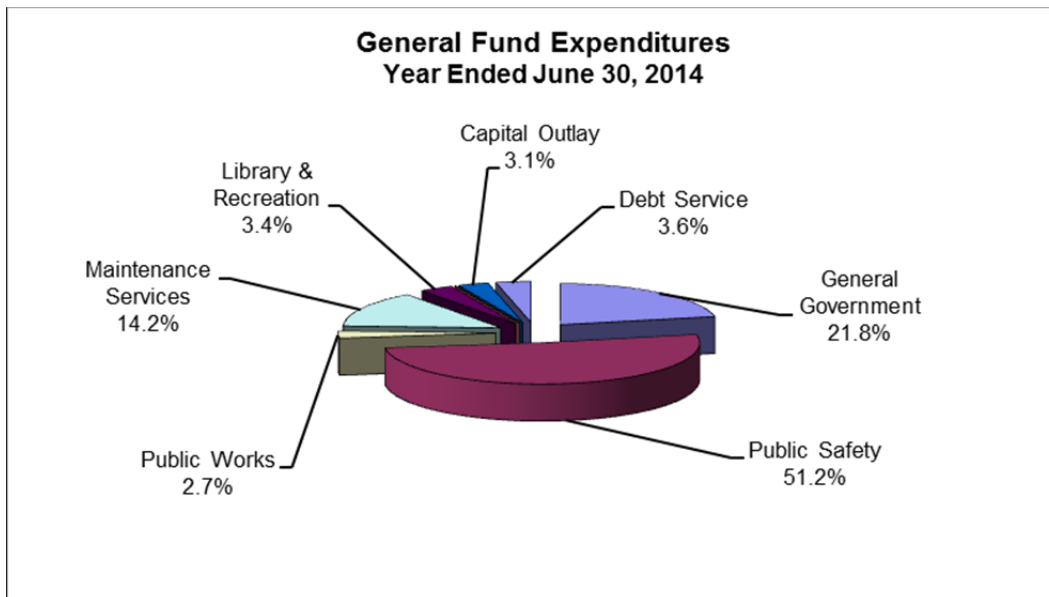
A two-year comparison of each General Fund revenue source for the fiscal years ended June 30, 2014 and 2013 is presented below:



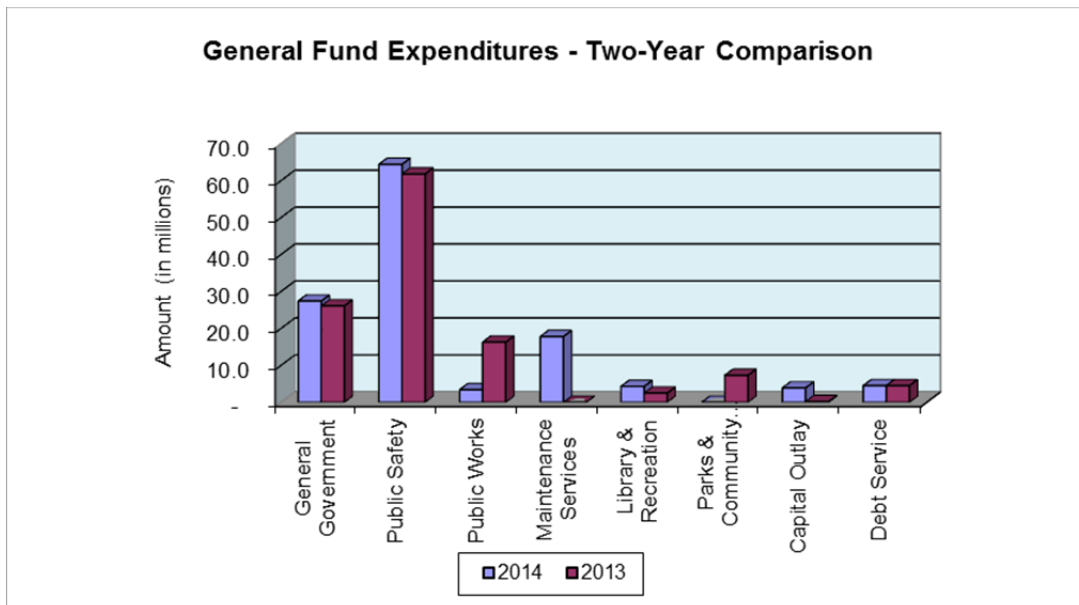
CITY OF CORONA

Management's Discussion and Analysis (continued)
June 30, 2014

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, 2014 and 2013 is presented below:



CITY OF CORONA

Management's Discussion and Analysis (continued)
June 30, 2014

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

- Nonspendable fund balance in the amount of \$23.6 million. Of the total non-spendable amount, \$15.2 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 million as of June 30, 2014.
- Committed fund balance of \$23.5 million, which includes the City Council's commitment to Emergency Contingency of \$18.3 million, an increase of \$1.0 million from the previous year, ECB Savings of \$1.9 million, and Designated Revenues of \$3.3 million.
- Assigned fund balance of \$44.7 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 15 in the accompanying financial statements.

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

	<u>FY 2013-14</u>	<u>FY 2012-13</u>	<u>FY 2011-12</u>
Fund Balances:			
Nonspendable	\$ 23.6	\$ 22.8	\$ 15.1
Committed	23.5	22.8	18.3
Assigned	44.7	41.3	43.2
Total Fund Balance	<u>\$ 91.8</u>	<u>\$ 86.9</u>	<u>\$ 76.6</u>
Fund Balance - Beginning	\$ 86.9	\$ 76.6	\$ 83.5
Excess Revenues Over Expenditures	1.4	7.0	0.2
Transfers	3.5	3.3	
Extraordinary Item			(2.1)
Restatement			(5.0)
Fund Balance - Ending	<u>\$ 91.8</u>	<u>\$ 86.9</u>	<u>\$ 76.6</u>

Other Major Governmental Funds

The fund balance for the Development special revenue fund had a decrease of \$2.8 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 \$55.9 million decrease in fund balances in the current year, due to the land contribution made to the Successor Agency in the amount of \$56.9 million. This contribution was reported as an extraordinary item in the fund financial statements. Please refer to Note 20 for additional information.

CITY OF CORONA

Management's Discussion and Analysis (continued)
June 30, 2014

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, 2014, net capital assets totaled \$611.3 million and \$365.4 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.

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, 2014 was 73, 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 \$4,588,777 on street maintenance for the fiscal year ended June 30, 2014. These expenditures delayed deterioration and maintained the street condition from the previous assessment. The condition of the streets slightly decreased from the average rating of 75 in the prior year. The City has estimated that the amount of annual expenditures required maintaining the current average PCI rating of 73 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	
	2014	2013	2014	2013	2014	2013
Land	\$ 63.1	\$ 63.0	\$ 4.9	\$ 4.8	\$ 68.0	\$ 67.8
Streets	177.2	177.2			177.2	177.2
Buildings and improvements	112.6	113.7	56.9	59.0	169.5	172.7
Machinery and equipment	7.7	8.5	38.9	42.5	46.6	51.0
Infrastructure	199.3	203.8	232.2	235.6	431.5	439.4
Construction in progress	51.4	33.7	22.5	8.8	73.9	42.5
Intangible assets		0.1	9.9	9.9	9.9	10.0
Total Capital Assets	<u>\$ 611.3</u>	<u>\$ 600.0</u>	<u>\$ 365.3</u>	<u>\$ 360.6</u>	<u>\$ 976.6</u>	<u>\$ 960.6</u>

CITY OF CORONA

Management's Discussion and Analysis (continued)
June 30, 2014

DEBT ADMINISTRATION

During the current year, the City defeased the 2003 Clearwater Cogeneration Certificates of Participation in the amount of \$57.4 million. The payment included proceeds from the 2012 Water Revenue Bonds and 2013 Wastewater Revenue Bonds in the amounts of \$5.7 million and \$12.5 million respectively, and a balloon payment from the City of Riverside in the amount of \$39.2 million in relation to the installment purchase agreement for the sale of the Clearwater power plant. Long-term debt reported in government-wide financial statements decreased by \$48.2 million in Fiscal Year 2013-14 accordingly. 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:

	City of Corona's Outstanding Debt (in millions)					
	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Loans and agreement payable	\$ -	\$ -	\$ 21.7	\$ 23.3	\$ 21.7	\$ 23.3
Lease payable	22.4	\$ 23.7			22.4	23.7
Lease revenue bonds	31.2	33.3			31.2	33.3
Water revenue bonds			34.7	35.9	34.7	35.9
Water Reclamation revenue bonds			20.9	20.9	20.9	20.9
Certificates of participation			24.5	64.4	24.5	64.4
Special assessment district bonds	0.4	0.5			0.4	0.5
Unamortized bond premium			2.0	4.0	2.0	4.0
Total Outstanding Debt	<u>\$ 54.0</u>	<u>\$ 57.5</u>	<u>\$ 103.8</u>	<u>\$ 148.5</u>	<u>\$ 157.8</u>	<u>\$ 206.0</u>

GENERAL FUND BUDGETARY HIGHLIGHTS

The original General Fund budget for Fiscal Year 2013-14 was \$123.0 million. Continuing appropriations of \$3.1 million from prior fiscal year capital improvement projects and grants was approved to carry over into the current fiscal year. An additional \$0.7 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 \$126.8 million.

Original Budget	\$ 122,992,763
Continued Appropriations	3,137,081
Encumbrances	<u>678,148</u>
Adopted Budget	126,807,992
Supplemental Changes	12,468,061
Final Budget	<u>\$ 139,276,053</u>

CITY OF CORONA

Management’s Discussion and Analysis (continued)
June 30, 2014

Comparing the adopted budget of \$126.8 million to the final budget of \$139.3 million, the General Fund had a net budgetary increase in the amount of \$12.5 million for the current fiscal year. These supplemental budgetary changes primarily included increases in various projects approved by the City Council, including Foothill Parkway Westerly Extension Project, the purchase of a real property for the use of a new Community Center, labor contract changes, and grant fund matching contributions.

Comparing the General Fund’s final budget amount of \$139.3 million to the actual expenditures of \$125.7 million, Fiscal Year 2013-14 ended with a favorable variance of \$13.6 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. The \$9.3 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	\$ 139,276,053
Actual Expenditures	125,705,978
Favorable Budget Variance	<u>\$ 13,570,075</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, Maintenance Services, Library and Recreation Services, Community Development, and Housing and Economic Development. Revenues to finance these activities include property and sales taxes, user fees, investment income, franchise fees and state and federal grants.

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



CITY OF CORONA**Statement of Net Position
June 30, 2014**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Current Assets			
Cash and Investments	\$ 152,417,923	\$ 81,524,364	\$ 233,942,287
Accounts Receivable, Net	2,316,098	13,406,551	15,722,649
Interest Receivable	496,910	258,831	755,741
Due from Other Governmental Agencies	30,858,854	800,844	31,659,698
Inventories and Prepayments	796,610	3,357,524	4,154,134
Land Held for Resale	1,866,706		1,866,706
Restricted Cash and Investments	2,857,942	20,050,085	22,908,027
Total Current Assets	191,611,043	119,398,199	311,009,242
Noncurrent Assets			
Internal Balances	173,898,796	(173,898,796)	-
Long-term Receivable	33,758,685	8,008,507	41,767,192
Capital Assets:			
Land and Construction in Progress	291,663,538	37,227,734	328,891,272
Other Capital Assets, Net of Depreciation	319,608,745	328,126,814	647,735,559
Total Capital Assets	611,272,283	365,354,548	976,626,831
Total Noncurrent Assets	818,929,764	199,464,259	1,018,394,023
Total Assets	1,010,540,807	318,862,458	1,329,403,265
Liabilities			
Current Liabilities			
Accounts Payable and Accrued Liabilities	13,463,362	9,524,609	22,987,971
Claims and Judgments Payable	3,181,768		3,181,768
Deposits	8,946,018	6,645	8,952,663
Interest Payable	704,242		704,242
Unearned Revenue	4,522,369	1,449,970	5,972,339
Compensated Absences Payable - Due within One Year	5,715,906	663,828	6,379,734
Long-term Debt - Due Within One Year			
Net of Unamortized Premium	3,672,900	5,906,480	9,579,380
Liabilities Payable from Restricted Assets	83,980	192,749	276,729
Total Current Liabilities	40,290,545	17,744,281	58,034,826
Noncurrent Liabilities			
Long-term Debt - Due in More than One Year			
Net of Unamortized Premium	50,285,307	97,948,220	148,233,527
Claims and Judgments Payable	16,834,232		16,834,232
Pension Related Debt	2,944,517		2,944,517
Compensated Absences Payable	2,585,736	366,154	2,951,890
Total Noncurrent Liabilities	72,649,792	98,314,374	170,964,166
Total Liabilities	112,940,337	116,058,655	228,998,992
Net Position			
Net Investment in Capital Assets	557,314,076	275,218,430	832,532,506
Restricted for:			
Capital Projects	31,326,722	10,780,901	42,107,623
Debt Service	2,770,292	6,813,257	9,583,549
Specific Projects and Programs:			
Transportation and Public Works	19,224,575	1,317,690	20,542,265
Special Assessment District Projects	13,862,186		13,862,186
Development Projects	1,934,349		1,934,349
Other Purposes	803,053		803,053
Unrestricted	270,365,217	(91,326,475)	179,038,742
Total Net Position	\$ 897,600,470	\$ 202,803,803	\$ 1,100,404,273

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

CITY OF CORONA

**Statement of Activities
Year Ended June 30, 2014**

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government					
Governmental Activities					
General Government	\$ 23,974,508	\$ 7,128,808	\$ 62,171	\$ -	\$ 7,190,979
Public Safety - Fire	23,062,147	4,264,876	1,138,813	18,370	5,422,059
Public Safety - Police	40,779,963	2,070,221	2,095,362	4,647	4,170,230
Public Works	14,221,952	12,600,884	6,974,678	19,454,321	39,029,883
Maintenance Services	25,369,350	7,467,230	640,161	12,505	8,119,896
Library and Recreation Services	4,417,913	319,806	139,848		459,654
Community Development	3,453,020	3,316,624			3,316,624
Housing and Economic Development	5,344,121	666,394	1,504,379	1,294,092	3,464,865
Interest and Fiscal Charges	2,172,050				
Total Governmental Activities	142,795,024	37,834,843	12,555,412	20,783,935	71,174,190
Business-Type Activities					
Water	58,165,289	55,937,613	8,096	2,092,775	58,038,484
Water Reclamation	29,160,167	30,626,667		892,754	31,519,421
Electric	13,373,418	17,182,310			17,182,310
Transit Services	2,355,405	406,202	1,632,263	1,239,727	3,278,192
Airport	281,771	316,402			316,402
Total Business-Type Activities	103,336,050	104,469,194	1,640,359	4,225,256	110,334,809
Total Primary Government	\$ 246,131,074	\$ 142,304,037	\$ 14,195,771	\$ 25,009,191	\$ 181,508,999

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

Gain on Sale of Capital Assets

Extraordinary Item - Housing 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
\$ (16,783,529)	\$ -	\$ (16,783,529)
(17,640,088)		(17,640,088)
(36,609,733)		(36,609,733)
24,807,931		24,807,931
(17,249,454)		(17,249,454)
(3,958,259)		(3,958,259)
(136,396)		(136,396)
(1,879,256)		(1,879,256)
(2,172,050)		(2,172,050)
<u>(71,620,834)</u>	<u>-</u>	<u>(71,620,834)</u>
	(126,805)	(126,805)
	2,359,254	2,359,254
	3,808,892	3,808,892
	922,787	922,787
	34,631	34,631
<u>-</u>	<u>6,998,759</u>	<u>6,998,759</u>
<u>(71,620,834)</u>	<u>6,998,759</u>	<u>(64,622,075)</u>
36,462,210		36,462,210
35,623,651		35,623,651
4,502,875		4,502,875
2,090,037		2,090,037
1,655,796		1,655,796
559,271		559,271
291,840		291,840
<u>81,185,680</u>	<u>-</u>	<u>81,185,680</u>
407		407
2,296,081	1,189,440	3,485,521
9,809,719		9,809,719
	1,996,793	1,996,793
110,433		110,433
1,986,248		1,986,248
	2,497,251	2,497,251
(56,854,230)		(56,854,230)
(916,819)	916,819	-
<u>37,617,519</u>	<u>6,600,303</u>	<u>44,217,822</u>
<u>(34,003,315)</u>	<u>13,599,062</u>	<u>(20,404,253)</u>
931,603,785	189,204,741	1,120,808,526
<u>\$ 897,600,470</u>	<u>\$ 202,803,803</u>	<u>\$ 1,100,404,273</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

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

NON-MAJOR GOVERNMENTAL FUNDS:

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

CITY OF CORONA**Balance Sheet
Governmental Funds
June 30, 2014**

	<u>General Fund</u>	<u>Development Special Revenue</u>
Assets		
Cash and Investments	\$ 60,605,539	\$ 15,639,933
Accounts Receivable, Net	2,139,834	98
Interest Receivable	334,076	44,499
Due from Other Governmental Agencies	11,953,675	119
Due from Other Funds	14,289,394	
Long-term Receivables	8,056,144	1,501,005
Interfund Advances Receivable	15,210,153	248,061
Long-term Capital Lease Receivable	172,628,344	
Loans Receivable		33,540
Inventories and Prepayments	329,505	
Land Held for Resale		
Restricted Assets:		
Cash and Investments		
Total Assets	<u>\$ 285,546,664</u>	<u>\$ 17,467,255</u>
Liabilities, Deferred Inflow of Resources, and Fund Balances		
Liabilities		
Accounts Payable and Accrued Liabilities	\$ 8,158,596	\$ 58,660
Deposits	8,943,418	
Due to Other Funds		
Unearned Revenue	2,446,665	
Interfund Advances Payable		13,939,701
Liabilities Payable from Restricted Assets		
Total Liabilities	<u>19,548,679</u>	<u>13,998,361</u>
Deferred Inflows of Resources		
Unavailable Revenue - Capital Lease	172,628,344	
Unavailable Revenue - Loans and Long-term Receivables		33,540
Unavailable Revenue - Special Assessment		
Unavailable Revenue - Developer Fees		1,501,005
Unavailable Revenue - Property Taxes	1,531,233	
Total Deferred Inflows of Resources	<u>174,159,577</u>	<u>1,534,545</u>
Fund Balances		
Nonspendable	23,595,803	1,749,066
Restricted		
Committed	23,494,027	
Assigned	44,748,578	185,283
Total Fund Balances	<u>91,838,408</u>	<u>1,934,349</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 285,546,664</u>	<u>\$ 17,467,255</u>

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

Low Mod Income Housing Asset Capital Project	Other Governmental Funds	Total Governmental Funds
\$ 4,495,212	\$ 36,167,982	\$ 116,908,666
174,694	860	2,315,486
13,732	104,603	496,910
	18,905,060	30,858,854
5,308,281	355,000	14,289,394
		15,220,430
		15,458,214
		172,628,344
16,282,023	2,222,692	18,538,255
		329,505
1,866,706		1,866,706
	2,857,942	2,857,942
<u>\$ 28,140,648</u>	<u>\$ 60,614,139</u>	<u>\$ 391,768,706</u>
\$ 1,236	\$ 4,998,381	\$ 13,216,873
	2,600	8,946,018
	14,289,394	14,289,394
	226,763	2,673,428
	248,061	14,187,762
	83,980	83,980
<u>1,236</u>	<u>19,849,179</u>	<u>53,397,455</u>
		172,628,344
21,590,304	2,222,692	23,846,536
	355,000	355,000
		1,501,005
		1,531,233
<u>21,590,304</u>	<u>2,577,692</u>	<u>199,862,118</u>
1,866,706		27,211,575
4,682,402	37,073,069	41,755,471
		23,494,027
	1,114,199	46,048,060
<u>6,549,108</u>	<u>38,187,268</u>	<u>138,509,133</u>
<u>\$ 28,140,648</u>	<u>\$ 60,614,139</u>	<u>\$ 391,768,706</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, 2014**

Total Fund Balances - Total Governmental Funds \$ 138,509,133

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. 611,272,283

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	23,498,600
Unavailable revenue from property taxes	1,531,233
Unavailable revenue from special assessments	355,000

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. (704,242)

Internal service funds are used by management to charge the costs of certain activities, such as insurance and fleet management, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the government-wide statement of net position. 15,646,492

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	(8,233,649)
Pension Related Debt	(2,944,517)
Long-term Debt	<u>(53,958,207)</u>

Net Position of Governmental Activities \$ 897,600,470



CITY OF CORONA**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2014**

	<u>General Fund</u>	<u>Development Special Revenue</u>
Revenues		
Property Taxes	\$ 36,721,899	\$ -
Other Taxes	44,266,424	
Licenses, Fees and Permits	1,775,381	363,784
Fines and Penalties	1,041,119	
Special Assessments		
Investment Earnings	1,667,114	193,276
Intergovernmental Revenues	885,967	
Current Services	17,043,055	
Payments in Lieu of Services	10,352,699	291,840
Other Revenues	13,409,677	3,112
Total Revenues	<u>127,163,335</u>	<u>852,012</u>
Expenditures		
Current:		
General Government	27,353,540	
Public Safety - Fire	24,247,675	219
Public Safety - Police	40,138,330	133,773
Public Works	3,397,646	305,109
Maintenance Services	17,799,826	650,017
Library and Recreation Services	4,345,222	35,021
Housing and Economic Development		
Capital Outlay	3,901,069	1,527,068
Debt Service:		
Principal Retirement	2,460,895	925,000
Interest and Fiscal Charges	2,061,775	69,796
Total Expenditures	<u>125,705,978</u>	<u>3,646,003</u>
Excess of Revenues Over (Under) Expenditures	<u>1,457,357</u>	<u>(2,793,991)</u>
Other Financing Sources (Uses)		
Transfers In	3,538,118	
Transfers Out		(16,773)
Total Other Financing Sources (Uses)	<u>3,538,118</u>	<u>(16,773)</u>
Extraordinary Items		
Housing Successor Agency		
Net Change in Fund Balances	4,995,475	(2,810,764)
Fund Balances - Beginning of year, Restated	86,842,933	4,745,113
Fund Balances - End of Year	<u>\$ 91,838,408</u>	<u>\$ 1,934,349</u>

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

<u>Low Mod Income Housing Asset Capital Project</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ 36,721,899
		44,266,424
	638,554	2,777,719
	27,659	1,068,778
	9,439,079	9,439,079
39,820	395,871	2,296,081
	28,601,232	29,487,199
	244,411	17,287,466
		10,644,539
984,269	503,349	14,900,407
<u>1,024,089</u>	<u>39,850,155</u>	<u>168,889,591</u>
	7,582	27,361,122
		24,247,894
	889,693	41,161,796
	7,292,908	10,995,663
	5,679,956	24,129,799
	60,345	4,440,588
30,410	2,499,449	2,529,859
	18,181,791	23,609,928
	160,000	3,545,895
	79,098	2,210,669
<u>30,410</u>	<u>34,850,822</u>	<u>164,233,213</u>
<u>993,679</u>	<u>4,999,333</u>	<u>4,656,378</u>
	229,469	3,767,587
	(1,107,761)	(1,124,534)
<u>-</u>	<u>(878,292)</u>	<u>2,643,053</u>
<u>(56,854,230)</u>		<u>(56,854,230)</u>
(55,860,551)	4,121,041	(49,554,799)
62,409,659	34,066,227	188,063,932
<u>\$ 6,549,108</u>	<u>\$ 38,187,268</u>	<u>\$ 138,509,133</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, 2014**

Net Change in Fund Balances - Total Governmental Funds \$ (49,554,799)

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.

Capital outlay expenses	23,609,928
Deletions of capital assets during the current year	(50,816)

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. (11,575,242)

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

Property taxes	(259,690)
Long-term loans and receivables	(145,288)
Special assessment	(160,000)

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. (323,405)

Principal payment of long-term debt is not an expense in the government-wide statement of net position, but is considered an expenditure in governmental funds.

Repayment of pension related debt	1,254,503
Repayment of long-term obligations	3,545,895

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. 38,619

Internal service funds are used by management to charge the costs of certain activities, such as insurance and fleet operations, to individual funds. The fund's revenues and expenses are included as governmental activities in the statement of activities but not in the governmental funds' statement of revenues, expenditures and changes in fund balances. (383,020)

Change in Net Position of Governmental Activities \$ (34,003,315)

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, 2014**

	Corona Utility Authority	
	Water	Water Reclamation
Assets		
Current Assets		
Cash and Investments	\$ 36,760,314	\$ 32,699,599
Accounts Receivable, Net	9,099,413	2,765,770
Interest Receivable	111,529	100,530
Due from Other Governmental Agencies	769,447	21,965
Inventories and Prepayments	2,761,407	
Restricted Assets:		
Cash and Investments	7,374,565	3,309,821
Total Current Assets	<u>56,876,675</u>	<u>38,897,685</u>
Noncurrent Assets		
Interfund Advances Receivable		
Long-term Receivable		
Capital Assets:		
Land and Construction in Progress	25,435,146	9,495,890
Other Capital Assets, Net of Depreciation	201,246,631	111,617,841
Total Capital Assets	<u>226,681,777</u>	<u>121,113,731</u>
Total Noncurrent Assets	<u>226,681,777</u>	<u>121,113,731</u>
Total Assets	<u>283,558,452</u>	<u>160,011,416</u>
Liabilities		
Current Liabilities		
Accounts Payable and Accrued Liabilities	6,448,150	1,822,367
Claims and Judgments Payable		
Deposits	5,500	
Unearned Revenue	1,395,316	
Compensated Absences Payable - Due within One Year	330,147	236,748
Long-term Debt - Due Within One Year		
Net of Unamortized Premium	3,047,550	2,163,930
Liabilities Payable from Restricted Assets	192,749	
Total Current Liabilities	<u>11,419,412</u>	<u>4,223,045</u>
Noncurrent Liabilities		
Interfund Advances Payable		
Compensated Absences Payable - Due in More than One Year	238,253	93,549
Long-term Capital Lease Payable	106,819,662	65,808,682
Long-term Debt - Due in More than One Year		
Net of Unamortized Premium	54,747,893	19,415,327
Claims and Judgments Payable		
Total Noncurrent Liabilities	<u>161,805,808</u>	<u>85,317,558</u>
Total Liabilities	<u>173,225,220</u>	<u>89,540,603</u>
Net Position		
Net Investment in Capital Assets	168,886,334	99,534,474
Restricted for:		
Capital Projects	10,433,742	167,368
Debt Service		
Transportation		
Unrestricted	(68,986,844)	(29,231,029)
Total Net Position	<u>\$ 110,333,232</u>	<u>\$ 70,470,813</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>
\$ 11,653,117	\$ 411,334	\$ 81,524,364	\$ 35,509,257
1,506,594	34,774	13,406,551	612
40,446	6,326	258,831	
	9,432	800,844	
596,117		3,357,524	467,105
1,100,000	8,265,699	20,050,085	
<u>14,896,274</u>	<u>8,727,565</u>	<u>119,398,199</u>	<u>35,976,974</u>
1,235,538		1,235,538	
8,008,507		8,008,507	
2,286,474	10,224	37,227,734	
13,165,878	2,096,464	328,126,814	
<u>15,452,352</u>	<u>2,106,688</u>	<u>365,354,548</u>	-
<u>24,696,397</u>	<u>2,106,688</u>	<u>374,598,593</u>	-
<u>39,592,671</u>	<u>10,834,253</u>	<u>493,996,792</u>	<u>35,976,974</u>
1,110,283	143,809	9,524,609	246,489
	1,145	6,645	3,181,768
	54,654	1,449,970	
83,965	12,968	663,828	35,768
695,000		5,906,480	
		192,749	
<u>1,889,248</u>	<u>212,576</u>	<u>17,744,281</u>	<u>3,464,025</u>
1,095,452	1,410,538	2,505,990	
	34,352	366,154	32,225
		172,628,344	
23,785,000		97,948,220	
			16,834,232
<u>24,880,452</u>	<u>1,444,890</u>	<u>273,448,708</u>	<u>16,866,457</u>
<u>26,769,700</u>	<u>1,657,466</u>	<u>291,192,989</u>	<u>20,330,482</u>
4,690,934	2,106,688	275,218,430	
	179,791	10,780,901	
1,100,000	5,713,257	6,813,257	
	1,317,690	1,317,690	
7,032,037	(140,639)	(91,326,475)	15,646,492
<u>\$ 12,822,971</u>	<u>\$ 9,176,787</u>	<u>\$ 202,803,803</u>	<u>\$ 15,646,492</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, 2014**

	Corona Utility Authority	
	Water	Water Reclamation
Operating Revenues		
Utility Service Charges	\$ 53,131,827	\$ 29,561,485
Intergovernmental Revenues		
Fees and Permits	1,199,764	443,595
Fines and Penalties	493,730	251,446
Other Revenues	1,112,292	370,141
Total Operating Revenues	55,937,613	30,626,667
Operating Expenses		
Personnel Services	7,541,001	4,867,043
Contractual	3,487,329	1,325,980
Materials and Supplies	27,809,427	9,507,249
Utilities	5,549,491	2,998,595
Depreciation and Amortization	6,800,272	4,535,408
Claims Expense		
Total Operating Expenses	51,187,520	23,234,275
Operating Income (Loss)	4,750,093	7,392,392
Non-Operating Revenues (Expenses)		
Investment Earnings	440,749	365,188
Interest Expense	(6,977,769)	(3,577,015)
Operating Grants and Contributions	8,096	
Amortization of Bond Issuance Premium	801,504	1,195,289
Gain on Sale of Capital Assets	2,497,251	
Total Non-Operating Revenues	(3,230,169)	(2,016,538)
Income (Loss) before Contributions and Transfers	1,519,924	5,375,854
Capital Grants and Contributions	2,092,775	892,754
Transfers In	3,946,474	325,253
Transfers Out	(140,550)	(853,429)
Changes in Net Position	7,418,623	5,740,432
Total Net Position - Beginning of Year, Restated	102,914,609	64,730,381
Total Net Position - End of Year	\$ 110,333,232	\$ 70,470,813

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

Electric	Non-major Funds	Totals	Governmental Activities Internal Service Funds
\$ 16,255,444	\$ -	\$ 98,948,756	\$ -
	19,462	19,462	
	37,881	1,681,240	
121,267		866,443	
805,599	665,261	2,953,293	10,426,733
<u>17,182,310</u>	<u>722,604</u>	<u>104,469,194</u>	<u>10,426,733</u>
1,758,328	482,934	14,649,306	1,166,302
564,284	1,372,320	6,749,913	687,875
1,446,574	177,140	38,940,390	2,517,248
8,547,850	254,979	17,350,915	1,203,698
1,006,562	349,803	12,692,045	
			1,674,758
<u>13,323,598</u>	<u>2,637,176</u>	<u>90,382,569</u>	<u>7,249,881</u>
<u>3,858,712</u>	<u>(1,914,572)</u>	<u>14,086,625</u>	<u>3,176,852</u>
176,567	206,936	1,189,440	
(49,820)	(2,348,877)	(12,953,481)	
	1,632,263	1,640,359	
		1,996,793	
		2,497,251	
<u>126,747</u>	<u>(509,678)</u>	<u>(5,629,638)</u>	<u>-</u>
<u>3,985,459</u>	<u>(2,424,250)</u>	<u>8,456,987</u>	<u>3,176,852</u>
	1,239,727	4,225,256	
409,572	1,361,999	6,043,298	16,902
(4,132,500)		(5,126,479)	(3,576,774)
<u>262,531</u>	<u>177,476</u>	<u>13,599,062</u>	<u>(383,020)</u>
12,560,440	8,999,311	189,204,741	16,029,512
<u>\$ 12,822,971</u>	<u>\$ 9,176,787</u>	<u>\$ 202,803,803</u>	<u>\$ 15,646,492</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, 2014**

	Corona Utility Authority	
	Water	Water Reclamation
Cash Flow from Operating Activities:		
Receipts from Customers/Other Funds	\$ 56,558,988	\$ 30,215,320
Payment to Suppliers of Goods and Services	(35,746,017)	(13,625,149)
Payment to Employees for Services	(7,379,885)	(4,863,403)
Payment for Current Claims		
Decrease in Long-term Claims		
Other Receipts		
Net Cash Provided by (Used for) Operating Activities	<u>13,433,086</u>	<u>11,726,768</u>
Cash Flows from Noncapital Financing Activities:		
Operating Grants and Contributions	8,096	
Transfers Received	3,946,474	325,253
Transfers Paid	(140,550)	(853,429)
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>3,814,020</u>	<u>(528,176)</u>
Cash Flows from Capital and Related Financing Activities:		
Receipts from Long-Term Receivables		
Capital Grants and Contributions	2,564,650	892,754
Acquisition and Construction of Capital Assets	(11,174,353)	(5,179,434)
Retirement of Long-term Debt	(2,629,835)	
Proceeds from Disposal of Capital Assets	2,497,251	
Proceeds (Payments) on Capital Debt and Interfund Loan		
Interest payments of Long-term debt	(7,016,683)	(2,455,762)
Net Cash (Used in) Capital and Related Financing Activities	<u>(15,758,970)</u>	<u>(6,742,442)</u>
Cash Flows from Investing Activities:		
Interest on Investments	442,001	365,322
Net Cash Provided by Investing Activities	<u>442,001</u>	<u>365,322</u>
Increase (Decrease) in Cash and Cash Equivalents	<u>1,930,137</u>	<u>4,821,472</u>
Cash and Cash Equivalent		
Beginning of the Year, Restated	42,204,742	31,187,948
Ending (including \$20,050,085 in restricted accounts)	<u>\$ 44,134,879</u>	<u>\$ 36,009,420</u>
Reconciliation of Operating Income to Net Cash Provided by (Used for) Operating Activities:		
Operating Income (Loss)	\$ 4,750,093	\$ 7,392,392
Adjustments to Reconcile Operating Income (Loss) to Net Cash from Operating Activities:		
Depreciation and Amortization	6,800,272	4,535,408
Write off of Capital Assets	227,063	3,975
Changes in Assets and Liabilities:		
Accounts Receivable	991,432	(389,382)
Due from Other Governmental Agencies		
Inventories and Prepayments	169,482	(21,965)
Accounts Payable and Accrued Liabilities	705,441	202,700
Claims and Judgments Payable		
Deposit/Unearned Revenue	(371,813)	
Compensated Absences Payable	161,116	3,640
Net Cash Provided by (Used for) Operating Activities	<u>\$ 13,433,086</u>	<u>\$ 11,726,768</u>
Noncash Investing, Capital and Financing Activities:		
Capital Assets Contributed by Developers	<u>\$ -</u>	<u>\$ -</u>

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

			Governmental Activities Internal Service Funds
Electric	Non-major Funds	Totals	
\$ 16,235,418	\$ 14,125	\$ 103,023,851	\$ 9,200,780
(11,875,157)	(1,807,685)	(63,054,008)	(4,517,809)
(1,819,581)	(471,469)	(14,534,338)	(1,163,082)
			(429,232)
			(2,393,526)
926,866	676,726	1,603,592	1,228,450
<u>3,467,546</u>	<u>(1,588,303)</u>	<u>27,039,097</u>	<u>1,925,581</u>
	1,682,244	1,690,340	
409,572	1,361,999	6,043,298	16,902
(4,132,500)		(5,126,479)	(3,576,774)
<u>(3,722,928)</u>	<u>3,044,243</u>	<u>2,607,159</u>	<u>(3,559,872)</u>
34,651,725		34,651,725	
	1,232,183	4,689,587	
(1,307,730)	(53,203)	(17,714,720)	
(39,900,000)		(42,529,835)	
		2,497,251	
3,816,795	(3,859,487)	(42,692)	
(49,820)	(2,348,877)	(11,871,142)	
<u>(2,789,030)</u>	<u>(5,029,384)</u>	<u>(30,319,826)</u>	<u>-</u>
192,469	205,805	1,205,597	
<u>192,469</u>	<u>205,805</u>	<u>1,205,597</u>	<u>-</u>
<u>(2,851,943)</u>	<u>(3,367,639)</u>	<u>532,027</u>	<u>(1,634,291)</u>
15,605,060	12,044,672	101,042,422	37,143,548
<u>\$ 12,753,117</u>	<u>\$ 8,677,033</u>	<u>\$ 101,574,449</u>	<u>\$ 35,509,257</u>
\$ 3,858,712	\$ (1,914,572)	\$ 14,086,625	\$ 3,176,852
1,006,562	349,803	12,692,045	
	74	231,112	
(39,460)	(33,281)	529,309	3,300
19,434	63	19,497	
(571,117)		(423,600)	42,795
(745,332)	(1,925)	160,884	(152,586)
			(1,148,000)
	11,535	(360,278)	
(61,253)		103,503	3,220
<u>\$ 3,467,546</u>	<u>\$ (1,588,303)</u>	<u>\$ 27,039,097</u>	<u>\$ 1,925,581</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2014**

	Successor Agency Trust Fund	Pass Through Agency Fund
Assets		
Cash and Investments	\$ 9,357,620	\$ 1,054,430
Accounts Receivable, Net		15,834
Interest Receivable	913	90,677
Due from Other Governmental Agencies		295,952
Land Held for Resale	56,854,230	
Restricted Assets:		
Cash and Investments	7,846,173	19,994,519
Capital Assets, Net of Depreciation	4,086,105	
Total Assets	<u>78,145,041</u>	<u>\$ 21,451,412</u>
Liabilities		
Accounts Payable and Accrued Liabilities	1,198,636	14,870
Deposits	33,953	
Due to Other Governmental Agencies	12,887,038	
Long-Term Debt Due within One Year	3,490,000	
Liabilities Payable from Restricted Assets	3,202	
Long-Term Debt Due in More Than One Year	68,005,000	
Due to Bondholders		21,436,542
Total Liabilities	<u>85,617,829</u>	<u>\$ 21,451,412</u>
Net Position (Deficit)		
Held in Trust for Successor Agency Activities	<u>\$ (7,472,788)</u>	

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

CITY OF CORONA

Statement of Changes in Fiduciary Net Position**Fiduciary Funds****Year Ended June 30, 2014**

	Successor Agency Trust Fund
Additions	
Property Taxes	\$ 10,383,737
Investment Income	4,414
Rental and Lease Payment Received	439,973
Other Payment Received	1,693
Extraordinary Items:	
Land Held for Resale Received from Corona Housing Authority	56,854,230
Total Additions	<u>67,684,047</u>
Deductions	
Administrative Expenses	1,426,925
Developer Payments - OPA Approved by DOF	1,769,360
Debt Service Payments	3,795,681
Depreciation Expenses	261,451
Total Deductions	<u>7,253,417</u>
Change in Net Position	60,430,630
Net Position - Beginning of Year	<u>(67,903,418)</u>
Net Position (Deficit) - End of Year	<u><u>\$ (7,472,788)</u></u>

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



CITY OF CORONA

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Year Ended June 30, 2014

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CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2014

1. Summary of Significant Accounting Policies

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

A. Reporting Entity

The City of Corona was incorporated in 1896 under the general laws of the State of California. The City operates under a Council-Manager form of government 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 are accounted for in the accompanying financial statements in accordance with principles defining the governmental reporting entity adopted by the Governmental Accounting Standards Board. The City Council members, in separate session, serve as the governing board of the CPFA, the 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 Department.

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. On April 15, 2014, the Attorney General's office has approved the dissolution of the CPIC.

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2014

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

The Corona Housing Authority was established on February 16, 2011, pursuant to the California Housing Authority Law codified under State of California Health and Safety Code, Section 34200 et seq. The City Council became the commissioners of governing board of the CHA. The CHA was formed for purposes of providing sanitary and safe housing for people of very low, low or moderate income within the City's territorial jurisdiction. This is achieved by building, acquiring, managing and maintaining residential rental units and providing financial assistance for rentals or ownership in the private real estate market. City staff provides management assistance to the CHA. Upon the dissolution of the former Corona Redevelopment Agency pursuant to Assembly Bill X1 26, the CHA elected to become the successor agency to the former Corona Redevelopment Agency's housing functions (Housing Successor). Pursuant to Senate Bill 341, the CHA oversees the Low and Moderate Income Housing Asset fund. The funds of the CHA have been included in the governmental activities in the financial statements.

B. Basis of Presentation

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

Government-Wide Financial Statements

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

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

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2014

Fund Financial Statements

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

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

Governmental Funds

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

The following are the City's major governmental funds:

- The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The Development 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 (Housing Successor) accounts for the Low Mod Income Housing Asset capital project fund. It records transactions related to housing activities pursuant to SB 341 and as prescribed in the Housing Element of the City's General Plan.

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

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

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

- 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
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CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2014

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

Public Facility Project	HUD Grants
Planned Local Drainage	Other Grants

Proprietary Funds

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

The following are the City's major enterprise funds:

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

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

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

Public Financing Authority	Public Improvement Corporation
Transit Service	Airport

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

Fiduciary Funds

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

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2014

The City reports the following two types of fiduciary funds:

- The agency fund was established to account for receipt of special taxes and assessments used to pay principal and interest on related bonds that are not direct City liabilities, as well as receipt and disbursement of capital project bond proceeds related to bonds that are not direct obligations of the City. Agency fund is custodial in nature (asset equal liabilities) and do not involve measurement of results of operations.
- The private-purpose trust fund established in February 2011 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.

C. Measurement Focus

Government-Wide Financial Statements

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

Fund Financial Statements

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

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

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2014

D. Basis of Accounting

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

Revenue – Exchange Transactions

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

Revenue – Non-Exchange Transactions

Non-exchange transactions in which the City receives value without directly giving equal value in return, includes sales taxes, property taxes, grants and donations. On an accrual basis, revenue from sales taxes is recognized in the period in which the taxable sale takes place. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied (Note 1.F). Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transaction also must be available (generally 60 days after year-end) before it can be recognized in the governmental funds. However, the City has adopted a 12-month recognition period for sales tax and grant revenues. Also, the City accrued highway users tax and AQMD funds received after the 60-day accrual period according to AB 7 and AB5 x8.

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

Unearned Revenue

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

Expenses/Expenditures

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

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2014

Proprietary Funds Operating and Non-operating Revenues and Expenses

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

E. Cash, Cash Equivalents and InvestmentsCash 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.

F. Receivables

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

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

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2014

Proprietary fund receivables are shown net of an allowance for uncollectible accounts. Allowances of uncollectibles were \$419,672 for Water and Water Reclamation utility charges and \$81,277 for Electric utility charges as of June 30, 2014. 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."

G. Inventories, Prepaid Items and Land Held for Resale

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

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

H. Interfund Activity

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

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2014

between proprietary funds are eliminated as part of the reconciliation to the government-wide financial statements. Refer to Note 3 for additional information.

I. Capital Assets

The City's assets are capitalized at historical cost or estimated historical cost. City policy has set the capitalization threshold for reporting capital assets at \$25,000 for non-infrastructure items and \$100,000 for infrastructure. The City has chosen the "modified approach" for reporting the streets subsystem of infrastructure capital assets. 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 2013 and a final report was completed in October 2014. 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 71 for all street segments. This acceptable rating allows minor cracking and raveling of the pavement along with minor roughness that could be noticeable to drivers traveling at the posted speeds. Please refer to the Required Supplementary Information section of this report for additional information on the modified approach.

For all other infrastructure systems, the City elected to use the "basic approach" as defined by GASB Statement No. 34 for infrastructure reporting. The City commissioned an appraisal of City owned infrastructure and property as of June 30, 1999 and has completed an internal update for

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Notes to the Basic Financial Statements
Year Ended June 30, 2014

June 30, 2014. This appraisal determined the original cost, which is defined as the actual cost to acquire new property in accordance with market prices at the time of first construction/acquisition. Original costs were developed in one of three ways: 1) historical records; 2) standard unit costs appropriate for the construction/acquisition date; or 3) present cost indexed by a reciprocal factor of the price increase from the construction/acquisition date to the current date. The accumulated depreciation, defined as the total depreciation from the date of construction/acquisition to the current date on a straight line, unrecovered cost method was computed using industry accepted life expectancies for each infrastructure subsystem. The book value was then computed by deducting the accumulated depreciation from the original cost.

J. Compensated Absences Payable

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

K. Long-Term Obligations

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

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.

L. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so would not be recognized as an outflow of resources (expenses/expenditure) until then. The City does not have any items that meet the definition of deferred outflows of resources.

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

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Notes to the Basic Financial Statements
Year Ended June 30, 2014

M. Fund Equity

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

Governmental Fund Balances

Generally, governmental fund balances represent the difference between the current assets and deferred outflows of resources, and current liabilities and deferred inflows of resources. Governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those resources can be spent. Fund balances are classified as follows:

Nonspendable

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

Restricted

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

Committed

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

Assigned

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

Unassigned

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

The City considers restricted fund balance to have been spent first when expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. Similarly, when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the City considers committed amounts to be reduced first, followed by assigned amounts and then unassigned amounts. Please refer to Note 15 for additional information.

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2014

Net Position

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

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

N. 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.

O. 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. 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 for periods beginning after December 15, 2012. The City implemented this statement in fiscal year ended 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 for periods beginning after December 15, 2012. The City evaluated the accompanying financial statements and determined that they are in compliance with GASB Statement No. 66.

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Notes to the Basic Financial Statements
Year Ended June 30, 2014

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 for periods beginning after June 15, 2014. The City has not yet determined the potential impact of this statement as of the issuance date of this year's financial statements.

GASB Statement No. 69 – In January 2013, GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*. This statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. This statement is effective for periods beginning after December 15, 2013. The City has not yet determined the potential impact, if any, this statement could have on its financial statements.

GASB Statement No. 70 – In April 2013, GASB issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. The objective of this statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. This statement is effective for periods beginning after June 15, 2013. The City evaluated the accompanying financial statements and determined that they are in compliance with GASB Statement No. 70.

GASB Statement No. 71 – In November 2013, GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. This statement relates to amounts associated with contributions made by a state or local government employer to a defined benefit plan after the measurement date of the government's beginning net pension liability. It amends Statement No. 68 to require that at transition, a government recognize a beginning deferred outflow of resources. This statement is required to be applied simultaneously with Statement No. 68. The City has not yet determined the potential impact 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 \$(203,470) at June 30, 2014. Bank balances before reconciling items were \$4,568,241 at that date. All City's cash and investments as of June 30, 2014 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, 2014

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.

In accordance with the City's investment policy, all securities are held by a third party custodian in the name of the City.

Per GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments were stated at fair value. Accordingly, fund balances reflected the portfolio's change in value, which are unrealized unless sold.

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2014

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

	<u>2014</u>	<u>2013</u>
Realized gain/(loss) on matured investments	\$ (1,077,412)	\$ (317,541)
Unrealized loss in changes in fair value of investments	1,105,422	(3,172,039)
Interest Income	<u>3,457,511</u>	<u>6,409,645</u>
Total investment income	<u>\$ 3,485,521</u>	<u>\$ 2,920,065</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, 2014:

	<u>Government-Wide Statement of Net Position</u>			<u>Fiduciary Fund</u>	<u>Total</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>	
Cash and Investments	<u>\$ 152,417,923</u>	<u>\$ 81,524,364</u>	<u>\$ 233,942,287</u>	<u>\$ 10,412,050</u>	<u>\$ 244,354,337</u>
Restricted Cash and Investments	<u>\$ 2,857,942</u>	<u>\$ 20,050,085</u>	<u>\$ 22,908,027</u>	<u>\$ 27,840,692</u>	<u>50,748,719</u>
Total Cash and Investments					<u>\$ 295,103,056</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, 2014 included a portion of the pool funds invested in Structured Notes and Asset-Backed Securities.

As of June 30, 2014, the City had \$47,887,738 invested in LAIF. Fair value of the City's LAIF investments was \$47,902,044 as of June 30, 2014. 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 1.000298750.

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2014

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, 2014 are presented below:

Investment	Fair Value	Investment Maturities (In Years)		
		Less than 1	1 to 3	3 to 5
Cash and Investments:				
FFCB	\$ 13,556,053	\$ 2,264,753	\$ 9,290,246	\$ 2,001,054
FHLB	20,921,459		17,008,944	3,912,515
FHLMC	23,249,590		10,552,745	12,696,845
FNMA	26,626,338	4,214,379	13,360,212	9,051,747
US T-Notes	42,159,585		19,866,178	22,293,407
LAIF	47,902,044	47,902,044		
Federated	101,555	101,555		
Wells Fargo Corp	2,797,997	2,797,997		
Microsoft	2,305,906			2,305,906
US Bancorp	2,370,820			2,370,820
Cisco Systems	2,557,720			2,557,720
Wal- Mart Stores	1,455,319			1,455,319
Pfizer Inc	798,102		798,102	
Tennessee Valley Authority	4,032,244			4,032,244
IBM Corp	1,896,281	801,661		1,094,620
Chevron Corp	2,100,300			2,100,300
Toyota Motor Corp	2,994,940	2,994,940		
Bank of New York Mellon	2,664,709	2,664,709		
Blackrock Inc	1,856,376	1,856,376		
Pepsico Inc	2,801,527	2,801,527		
Berkshire Hathaway	2,854,424	2,854,424		
Praxair	861,594	861,594		
Ebay	2,966,045		2,966,045	
Oracle	2,576,548			2,576,548
John Deere Capital Corp	2,301,541		1,534,434	767,107
American Honda Finance	2,793,629			2,793,629
Google Inc	1,756,496		1,756,496	
Bank of Tokyo Mit/NY	3,877,148	3,877,148		
Bank of Nova Scotia	2,146,210	2,146,210		
Intel Corp	2,525,710			2,525,710
Apple Inc	2,444,890			2,444,890
Coca Cola Company	2,418,471	2,418,471		
United Tech Corp	199,173		199,173	
Toyota ABS	1,661,174		1,661,174	
Honda ABS	2,895,460	1,286,112		1,609,348
John Deere ABS	3,177,516		863,021	2,314,495
JP Morgan ABS	1,952,913		1,952,913	
Deposits	(203,470)	(203,470)		
Total	\$ 244,354,337	\$ 81,640,430	\$ 81,809,683	\$ 80,904,224

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2014

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	\$ 2,694,425	\$ 2,694,425	\$ -	\$ -
Local Agency Investment Funds	6,302,806	6,302,806		
Aim Government & Agency	3,591,911	3,591,911		
Aim S-T Investment Treasury	8,116,195	8,116,195		
Dreyfus Treasury Cash Mgmt	2,968,559	2,968,559		
Federated Treasury Obligation	6,716,223	6,716,223		
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
Goldman Financial Square MMKT	4,078,269	4,078,269		
Discover Bank Greenwood Del	248,000		248,000	
Meridian Bank Paoli PA	248,000		248,000	
Morgan Stanley Prime Instl	10,491,636	10,491,636		
Natixis Funding Corp	4,300,695			4,300,695
Total	\$ 50,748,719	\$ 44,960,024	\$ 744,000	\$ 5,044,695

Credit Risk. State law limits investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations (NRSROs). It is the City's policy to limit its investments in these investment types to the top rating issued by NRSROs, including raters Standard & Poor's, Fitch Ratings, and Moody's Investors Service.

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

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2014

As of June 30, 2014, 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	\$ (203,470)	\$ (203,470)
<u>Investments:</u>			
Medium Term Notes	AAA	11,129,948	
Medium Term Notes	AA+	6,477,134	
Medium Term Notes	AA	11,383,112	
Medium Term Notes	AA-	6,310,377	
Medium Term Notes	A+	13,064,704	
Medium Term Notes	A	8,993,062	
Medium Term Notes	A-1+	2,994,940	
Medium Term Notes	A-1	6,023,358	
Medium Term Notes	A-	2,801,527	
Medium Term Notes	NR	<u>863,021</u>	70,041,183
U.S. Government Agency Securities			
FFCB	AA+	13,556,053	
FHLB	AA+	20,921,459	
FHLMC	AA+	23,249,590	
FNMA	AA+	26,626,338	
U.S. Treasury	Not Rated	<u>42,159,585</u>	126,513,025
Federated	AAA	101,555	101,555
Local Agency Investment Funds	Not Rated		47,902,044
<u>Restricted Cash and Investments:</u>			
Cash & Investments with Fiscal Agents	Not Rated	48,054,300	
Electric Restricted Cash	Not Rated	1,100,000	
Transit Restricted Cash	Not Rated	1,317,690	
Retention & Escrow Accounts	Not Rated	<u>276,729</u>	50,748,719
Total cash and investments			<u>\$ 295,103,056</u>

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2014

The City's credit risk, expressed on a percentage basis as of June 30, 2014 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	19.58%
US T-Notes	Aaa	AA+	17.24%
FNMA	Aaa	AA+	10.89%
Federated	Aaa	AAA	0.04%
FFCB	Aaa	AA+	5.54%
FHLB	Aaa	AA+	8.55%
FHLMC	Aaa	AA+	9.51%
John Deere ABS	Aaa	AAA	0.95%
Mircorsoft	Aaa	AAA	0.94%
Toyota ABS	Aaa	AAA	0.68%
Honda ABS	Aaa	AAA	0.65%
Tennessee Valley Authority	Aaa	AA+	1.65%
John Deere ABS	Aaa	NR	0.35%
Apple Inc	Aa1	AA+	1.00%
Chevron Texaco Corp	Aa1	AA	0.86%
Wal-Mart Stores	Aa2	AA	0.60%
Berkshire Hathaway	Aa2	AA	1.17%
Google Inc.	Aa2	AA	0.72%
Coca Cola Company	Aa3	AA	0.99%
IBM Corp	Aa3	AA-	0.78%
Pfizer Inc	A1	AA	0.33%
Blackrock Inc/New York	A1	AA-	0.76%
Cisco Systems	A1	AA-	1.05%
Wells Fargo Corp	A1	A+	1.14%
US Bancorp	A1	A+	0.97%
Intel Corp	A1	A+	1.03%
Oracle Corp	A1	A+	1.05%
Honda Motor Corporation	A1	A+	1.14%
Pepsico Inc	A1	A-	1.15%
Praxair	A2	A	0.35%
Ebay	A2	A	1.21%
Deere & Company	A2	A	0.94%
Bank of New York	A2	A	1.09%
United Tech Corp	A2	A	0.08%
Toyota Motor Corp	P-1	A-1+	1.22%
Bank of Tokyo-Mit UFJ	P-1	A-1	1.59%
Bank of Nova Scotia	P-1	A-1	0.88%
Honda ABS	NR	AAA	0.53%
JP Morgan ABS	NR	AAA	0.80%
Total			<u>100.00%</u>

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2014

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, 2014:

<u>Receivable Fund</u>	<u>Amount</u>	<u>Payable Fund</u>	<u>Amount</u>
Major Funds:		Non-Major Funds:	
General Fund	\$ 14,289,394	<u>Special Revenue Fund:</u>	
		Other Grants & Endowments	\$ 280,092
		<u>Capital Projects Funds:</u>	
		Public Facility Project	313,678
		HUD Grants	335,633
		Other Grants	13,359,991
Total	<u>\$ 14,289,394</u>	Total	<u>\$ 14,289,394</u>

B. Long-Term Interfund Receivables/Payables

At June 30, 2014, 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	\$ 15,210,153	<u>Special Revenue Fund:</u>	
<u>Special Revenue Funds:</u>		Development	\$ 13,939,701
Development	248,061		
<u>Enterprise Funds:</u>		<u>Enterprise Funds:</u>	
Electric	1,235,538	Electric	1,095,452
		Non-Major Funds:	
		<u>Special Revenue Fund:</u>	
		Special Tax Districts	248,061
		<u>Enterprise Funds:</u>	
		Public Financing Authority	1,235,538
		Airport	175,000
Total	<u>\$ 16,693,752</u>	Total	<u>\$ 16,693,752</u>

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2014

The General Fund loaned the Development special revenue fund and expecting repayments when development activities commence. As of June 30, 2014, the balance of Interfund Payable to the General Fund was \$13,939,701.

The General Fund also loaned the Electric enterprise fund for certain capital improvement project. As of June 30, 2014, the balance payable from Electric to the General Fund was \$1,095,452.

The General Fund made a loan to the Airport fund, repayment was expected over a 27-year period with annual payment of \$15,000. As of June 30, 2014 the loan balance due from the Airport enterprise fund was \$175,000.

The Development special revenue fund advance of \$248,061 is being repaid by special assessments collected in a landscape maintenance district over a 10-year period with annual payments of \$56,035.

The Electric enterprise fund showed a receivable in the amount of \$1,235,538 from the Public Financing Authority enterprise fund as of June 30, 2014. This amount was the reserve funds prepaid by Electric in conjunction with the sale of the Cogeneration project to the City of Riverside.

C. Internal Balances – Capital Lease

Related Parties

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

Capital Lease Obligations

In February 2002, the Authority entered into capital leases with the City to lease the City's Water and Water Reclamation facilities (Lease Agreements). The terms of the leases are 55 years. The leases will terminate on February 6, 2056, at which time the Authority could renew the capital leases of the Water and Water Reclamation facilities. The capital assets of the Water and Water Reclamation facilities were recorded at the City's historical cost, net of accumulated depreciation. The related debt has been recorded accordingly resulting in a lease payable for an amount equal to the net capital assets recorded on the City's financial statements.

Per the Lease Agreements, maximum lease payments are calculated with a discount rate of 6.0%. The original lease payments since Fiscal Year 2001-02 through Fiscal Year 2007-08 were established as 5.0% to 8.0% of the corresponding utility sales revenues of that year, equivalent to discounting the lease principal amounts by a range from 1.2% to 3.0%. Starting Fiscal Year 2008-09 and continued to the next fiscal year, the lease payment was calculated with a 3.5% to 4.0% growth factor over the previous fiscal year, equivalent to discounting the lease principal amounts by 3.2% for Water Utilities and 2.8% for Water Reclamation Utilities. In Fiscal Year 2011-12, the annual lease payment for Water Utility was calculated with a discount rate of 6.0%

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2014

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. For fiscal year ended June 30, 2014, the lease payment for Water and Water Reclamation utilities were calculated with a discount rate of 5.0% and 4.4% respectively.

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

The following Internal Balances – Capital Leases were outstanding at June 30, 2014:

<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 2013-14, the following related party transactions were recorded by the City and the Authority:

<u>Leasee</u>	<u>Amount</u>
Water Utility	\$ 5,346,473
Water Reclamation Utility	2,876,048
Total Payment from the Authority to the City	<u><u>\$ 8,222,521</u></u>

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Notes to the Basic Financial Statements
Year Ended June 30, 2014

Capital Lease Payments

At June 30, 2014, 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		
Fiscal Year	Principal	Interest
2015	\$ -	\$ 5,346,473
2016		3,590,150
2017		3,397,942
2018		3,215,345
2019		3,041,878
2020-2024		12,896,217
2025-2029		9,691,549
2030-2034		7,211,837
2035-2039		5,293,084
2040-2044		3,808,389
2045-2049		2,622,328
2050-2054		1,200,047
2055-2056		137,085
Total Future Lease Payments	<u>\$ -</u>	<u>\$ 61,452,324</u>
Amount to be Forgiven at End of Lease	<u>106,819,662</u>	
Present Value of Total Lease Payment	<u>\$ 106,819,662</u>	

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Notes to the Basic Financial Statements
Year Ended June 30, 2014

At June 30, 2014, 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
2015	\$ -	\$ 2,876,048
2016		2,041,048
2017		2,041,048
2018		2,041,048
2019		2,041,048
2020-2024		8,678,008
2025-2029		6,562,179
2030-2034		4,924,991
2035-2039		3,658,167
2040-2044		2,677,922
2045-2049		1,919,427
2050-2054		1,543,555
2055-2056		541,965
Total Future Lease Payments	<u>\$ -</u>	<u>\$ 41,546,454</u>
Amount to be Forgiven at End of Lease	<u>65,808,682</u>	
Present Value of Total Lease Payment	<u>\$ 65,808,682</u>	

D. Transfers Between Funds

With Council approval, resources may be transferred from one 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:

- \$1,107,538 from the Gas Tax special revenue fund to the General Fund for the reimbursement of street maintenance costs.
- \$2,996,151 from Fleet Operations internal service fund to the General Fund and other funds for the reimbursements of prior motor pool collections due to the extension of vehicle replacement schedule. Fiscal Year 2013-14 is the second and final fiscal year for the reimbursement of motor pool allocation.
- \$3,408,280 was transferred from Electric Utility fund to Water Utility fund to reimburse prior years' bonds covenant contributions made by Water Utility fund in conjunction with the 2003 and 2005 Clear Water Cogeneration Project Certificates of Participation.

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Notes to the Basic Financial Statements
Year Ended June 30, 2014

Total transfers of \$9,827,787 are presented below:

Transfer Out	Transfer In							Total Transfers Out
	General Fund	Non-Major Governmental	Water	Water Reclamation	Electric	Non-Major Enterprise	Internal Service	
Development Special Revenue	\$ 16,773	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	16,773
Non-major Governmental	1,107,761							1,107,761
Water						140,550		140,550
Water Reclamation					356,200	497,229		853,429
Electric			3,408,280			724,220		4,132,500
Internal Service	2,413,584	229,469	538,194	325,253	53,372		16,902	3,576,774
Total Transfers In	\$ 3,538,118	\$ 229,469	\$ 3,946,474	\$ 325,253	\$ 409,572	\$ 1,361,999	\$ 16,902	\$ 9,827,787

4. Long-Term Receivables

Long-term receivables on the governmental fund financial statement as of June 30, 2014 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	\$ -	\$ 8,056,144
Development Special Revenue	33,540	1,501,005
Low Mod Income Housing Asset Capital Project	16,282,023	5,308,281
Non-Major Funds:		
Assessment Districts		355,000
HUD Grants	2,222,692	
Total	\$ 18,538,255	\$ 15,220,430

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.
- Reimbursement receivables from developers for the Temescal Canyon Communications Tower in the amount of \$287,916; and

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Notes to the Basic Financial Statements
Year Ended June 30, 2014

- Amount to be reimbursed by developers for South Corona area Community Facilities Plan for \$189,471.

The Development special revenue fund reported loans receivable of \$33,540 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 \$1,501,005.

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.C for additional information. The fund also reported loans receivable from various developers with a total of \$16,282,023 at June 30, 2014.

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 \$2,222,692 reported in the HUD Grants fund represented various outstanding HUD program loans as of June 30, 2014.

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, 2014 was \$1,866,706.

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, 2014 is presented on the following page.

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Notes to the Basic Financial Statements
Year Ended June 30, 2014

	Restated Balance June 30, 2013	Increases	Decreases	Balance June 30, 2014
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 62,988,935	\$ 147,703	\$ (5,800)	\$ 63,130,838
Streets	177,154,784			177,154,784
Construction in Progress	32,844,759	23,274,701	(4,741,544)	51,377,916
Total capital assets not being depreciated	272,988,478	23,422,404	(4,747,344)	291,663,538
Capital assets being depreciated:				
Buildings and Improvements	201,811,221	3,451,221		205,262,442
Machinery and Equipment	28,756,300	827,926	(705,924)	28,878,302
Computer Software	170,435	1,894		172,329
Infrastructure	308,024,756	648,030		308,672,786
Total capital assets being depreciated	538,762,712	4,929,071	(705,924)	542,985,859
Less accumulated depreciation for:				
Buildings and Improvements	(88,074,939)	(4,635,489)		(92,710,428)
Machinery and Equipment	(20,069,483)	(1,768,233)	660,908	(21,176,808)
Computer Software	(94,435)	(34,371)		(128,806)
Infrastructure	(104,223,923)	(5,137,149)		(109,361,072)
Total accumulated depreciation	(212,462,780)	(11,575,242)	660,908	(223,377,114)
Total capital assets being depreciated, net	326,299,932	(6,646,171)	(45,016)	319,608,745
Governmental activity capital assets, net	\$ 599,288,410	\$ 16,776,233	\$ (4,792,360)	\$ 611,272,283
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 4,759,093	\$ 199,876	\$ -	\$ 4,958,969
Water Reclamation Rights	9,780,000			9,780,000
Construction in Progress	8,786,028	16,801,371	(3,098,634)	22,488,765
Total capital assets not being depreciated	23,325,121	17,001,247	(3,098,634)	37,227,734
Capital assets being depreciated:				
Buildings and Improvements	94,304,762			94,304,762
Machinery and Equipment	85,763,380	1,589,809	(846,639)	86,506,550
Computer Software	80,304	47,694		127,998
Infrastructure	306,961,142	2,174,604	(153,380)	308,982,366
Emission Reduction Credits	230,000			230,000
Total capital assets being depreciated	487,339,588	3,812,107	(1,000,019)	490,151,676
Less accumulated depreciation for:				
Buildings and Improvements	(35,303,975)	(2,080,011)		(37,383,986)
Machinery and Equipment	(43,331,762)	(5,012,668)	732,464	(47,611,966)
Computer Software	(20,193)	(25,600)		(45,793)
Infrastructure	(71,333,431)	(5,497,233)	36,575	(76,794,089)
Emission Reduction Credits	(112,361)	(76,667)		(189,028)
Total accumulated depreciation	(150,101,722)	(12,692,179)	769,039	(162,024,862)
Total capital assets being depreciated, net	337,237,866	(8,880,072)	(230,980)	328,126,814
Business-type activity capital assets, net	\$ 360,562,987	\$ 8,121,175	\$ (3,329,614)	\$ 365,354,548
Total Capital Assets	\$ 959,851,397	\$ 24,897,408	\$ (8,121,974)	\$ 976,626,831

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2014

Governmental activity capital assets, net of accumulated depreciation were restated by \$(689,868), primarily due to the recognition of \$907,105 in construction in progress that should have been expensed as repairs in prior years. A telecommunication system of \$376,182 net of accumulated depreciation of \$188,092 was not reported in the capital assets in prior years, resulting a net restatement of \$188,090 to the beginning balance.

Business-type activity capital assets, net of accumulated depreciation were restated by \$(23,380) 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, 2014, accumulated depreciation on governmental activity capital assets and depreciation expense charged to each governmental function are presented as follows:

	Restated Balance June 30, 2013	Current Year Depreciation	Accumulated Depreciation	Adjustments to Depreciation	Accumulated Depreciation June 30, 2014
General Government	\$ 28,517,170	\$ 2,895,688	\$ 31,412,858	\$ (259,326)	\$ 31,153,532
Public Safety - Fire	7,351,766	454,019	7,805,785	(60,550)	7,745,235
Public Safety - Police	6,274,093	690,284	6,964,377	(31,182)	6,933,195
Public Works	104,601,154	5,039,060	109,640,214	(111,312)	109,528,902
Maintenance Services	65,489,237	2,482,090	67,971,327	(139,047)	67,832,280
Library and Recreation Services	229,360	14,101	243,461	(59,491)	183,970
Total Depreciation Expense	<u>\$ 212,462,780</u>	<u>\$ 11,575,242</u>	<u>\$ 224,038,022</u>	<u>\$ (660,908)</u>	<u>\$ 223,377,114</u>

Beginning balance of accumulated depreciation in Public Works was restated by \$3,032,506 due to the reorganization took effective during Fiscal Year 2013-14. The maintenance functions within Public Works Department were moved to the newly created Maintenance Service Department.

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2014

Blow is a summary of infrastructure assets of the City as of June 30, 2014:

<u>Description</u>	<u>Historical Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Cost</u>
Governmental Activities:			
Modified Approach			
Street Pavement System	\$ 177,154,784	\$ -	\$ 177,154,784
Basic Approach			
Curbing	78,004,748	(32,771,930)	45,232,818
Sidewalks	85,023,199	(35,278,327)	49,744,872
Signs and Lights	39,838,123	(11,969,605)	27,868,518
Storm Drains	99,906,916	(28,348,170)	71,558,746
Fiberoptics	5,899,800	(993,040)	4,906,760
Subtotal Basic Approach	<u>308,672,786</u>	<u>(109,361,072)</u>	<u>199,311,714</u>
Total Governmental Activities	<u>\$ 485,827,570</u>	<u>\$ (109,361,072)</u>	<u>\$ 376,466,498</u>
Business-Type Activities:			
Basic Approach			
Fiberoptics	\$ 235,951	\$ (121,566)	\$ 114,385
Electric	6,212,266	(842,205)	5,370,061
Signs and Lights	249,370	(19,950)	229,420
Water	215,883,847	(55,067,998)	160,815,849
Water Reclamation	86,400,932	(20,742,370)	65,658,562
Total Business-Type Activities	<u>\$ 308,982,366</u>	<u>\$ (76,794,089)</u>	<u>\$ 232,188,277</u>

Construction in Progress and Capital Project Commitments

The City has active construction projects as of June 30, 2014. 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 \$73,866,681.

The following material construction commitments existed at June 30, 2014:

<u>Project Name</u>	<u>Contract Amount</u>	<u>Expenditures to date as of June 30, 2014</u>	<u>Remaining Commitments</u>
Governmental Activities:			
Auto Center/BNSF Rail Road Grade Separation	\$ 21,891,574	\$ 10,421,904	\$ 11,469,670
Foothill Parkway Westerly Extension	40,472,557	1,839,929	38,632,628
Total Construction Commitments	<u>\$ 62,364,131</u>	<u>\$ 12,261,833</u>	<u>\$ 50,102,298</u>

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2014

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 \$2,585,736 for governmental activities and \$366,154 for business-type activities at June 30, 2014. 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, 2014 was \$8,301,642 for governmental activities and \$1,029,982 for business-type activities.

	Balance July 1, 2013	Incurred	Satisfied	Balance June 30, 2014	Amounts Due Within One Year	Amounts Due in More than One Year
Governmental Activities	\$ 7,975,017	\$ 6,058,832	\$ 5,732,207	\$ 8,301,642	\$ 5,715,906	\$ 2,585,736
Business-Type Activities	\$ 915,014	\$ 798,956	\$ 683,988	\$ 1,029,982	\$ 663,828	\$ 366,154

8. Long-Term Obligations

The following is a summary of long-term obligation transactions of the City for the year ended June 30, 2014:

	Balance June 30, 2013	Incurred or Issued	Satisfied or Matured	Balance June 30, 2014	Amounts Due Within One Year	Amounts Due in More than One Year
Governmental Activities:						
Lease Payable	\$ 23,719,102	\$ -	\$ 1,365,895	\$ 22,353,207	\$ 1,397,900	\$ 20,955,307
Lease Revenue Bonds Payable	33,270,000		2,020,000	31,250,000	2,105,000	29,145,000
Special Assessment District Bonds	515,000		160,000	355,000	170,000	185,000
Total Governmental Activities	\$ 57,504,102	\$ -	\$ 3,545,895	\$ 53,958,207	\$ 3,672,900	\$ 50,285,307
Business-Type Activities:						
Installment Agreement Payable	\$ 1,298,777	\$ -	\$ 194,445	\$ 1,104,332	\$ 202,762	\$ 901,570
Contracts Payable	690,390			690,390		690,390
Term Loan Payable	21,362,242		1,410,939	19,951,303	1,446,213	18,505,090
Revenue Bonds	56,770,000		1,165,000	55,605,000	3,455,000	52,150,000
Certificates of Participation	64,380,000		39,900,000	24,480,000	695,000	23,785,000
Unamortized Bond Premium	4,020,469		1,996,794	2,023,675	107,505	1,916,170
Total Business-Type Activities	\$ 148,521,878	\$ -	\$ 44,667,178	\$ 103,854,700	\$ 5,906,480	\$ 97,948,220

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2014

A. Lease Payable2012 Refunding Lease

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

As of June 30, 2014, the net present value of future minimum lease payments required under the capital lease was \$22,353,207. The future minimum lease payments are presented below:

<u>Fiscal Year</u>	<u>2012 Refunding Lease Payables</u>	<u>Lease Payment</u>
2015		\$ 2,135,122
2016		2,135,122
2017		2,135,122
2018		2,135,122
2019		2,135,122
2020-2024		10,675,611
2025-2027		6,405,367
Total Minimum Lease Payments		<u>27,756,588</u>
Less: Amount Representing Interest		<u>(5,403,381)</u>
Present Value of Future Minimum Lease Payments		<u>\$ 22,353,207</u>

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, 2014:

<u>Issuance</u>	<u>Balance</u>
\$ 9,810,000 Corona Public Financing Authority 2001 Lease Revenue Bonds, Series A	\$ 970,000
\$36,060,000 Corona Public Financing Authority 2006 Lease Revenue Bonds, Series C	30,280,000
Total Lease Revenue Bonds	<u>\$ 31,250,000</u>

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2014

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 at 4.75%. The bonds are payable pursuant to a lease agreement with the City. As of June 30, 2014, the outstanding balance was \$970,000 with interest payable of \$15,274. On September 1, 2014, the bonds were paid off.

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 3.625% to 5.00% and are due in annual installments ranging from \$1,135,000 to \$1,770,000 through September 1, 2036. The bonds are payable from the revenues 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>	<u>2006 Lease Revenue Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	1,255,000	1,127,449	2,382,449
2019	1,305,000	1,079,449	2,384,449
2020-2024	7,475,000	4,403,580	11,878,580
2025-2029	6,505,000	2,772,966	9,277,966
2030-2034	5,980,000	1,556,138	7,536,138
2035-2037	4,235,000	274,869	4,509,869
Totals	<u>\$ 30,280,000</u>	<u>\$ 14,861,381</u>	<u>\$ 45,141,381</u>

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.

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2014

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 \$170,000 to \$185,000 through September 2, 2015.

The outstanding balance at June 30, 2014 was \$355,000. Annual required debt service payments for the bonds are as follows:

<u>Fiscal Year</u>	Assessment District No. 90-1 Improvement Bonds		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 170,000	\$ 21,600	\$ 191,600
2016	185,000	7,400	192,400
Totals	\$ 355,000	\$ 29,000	\$ 384,000

D. Installment Agreement Payable

Elsinore Valley Municipal Water District Agreement

On December 1, 2008, the City and Elsinore Valley Municipal Water District entered into an agreement for a total of \$2,500,000 for the purpose of acquiring certain assets. The loan is payable over a period of 10 years at the rate of 4.277% interest in equal annual installments of \$250,000 through June 2019. The amount outstanding at June 30, 2014 was \$1,104,332. The future annual debt service requirements per the agreement are presented below:

<u>Fiscal Year</u>	Elsinore Valley Municipal Water District Agreement		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	\$ 1,104,332	\$ 145,668	\$ 1,250,000

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, 2014 was \$690,390.

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2014

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, 2014 was \$19,951,303. 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>
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	1,596,348	348,647	1,944,995
2020-2024	8,600,703	1,124,272	9,724,975
2025-2026	3,748,831	141,160	3,889,991
Totals	\$ 19,951,303	\$ 3,388,638	\$ 23,339,941

G. Revenue Bonds

The following outstanding revenue bonds were reported in the business-type activities as of June 30, 2014:

<u>Issuance</u>	<u>Balance</u>
\$35,880,000 Corona Utility Authority 2012 Water Revenue Bonds	\$ 34,715,000
\$20,890,000 Corona Utility Authority 2013 Wastewater Revenue Bonds	20,890,000
Total Revenue Bonds	\$ 55,605,000

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 \$1,310,000 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, 2014

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

2012 Water Revenue Bonds			
Fiscal Year	Principal	Interest	Total
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	1,430,000	1,310,250	2,740,250
2020-2024	8,005,000	5,666,450	13,671,450
2025-2029	10,030,000	3,582,025	13,612,025
2030-2033	9,840,000	1,008,250	10,848,250
Totals	\$ 34,715,000	\$ 17,175,875	\$ 51,890,875

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 3.0% 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
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	2,015,000	481,200	2,496,200
2020-2024	3,200,000	1,891,050	5,091,050
2025-2029	4,000,000	1,061,600	5,061,600
2030-2032	2,860,000	174,400	3,034,400
Totals	\$ 20,890,000	\$ 6,332,150	\$ 27,222,150

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2014

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.

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 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 was made on September 3, 2013 to call the portion of 2003 COPs that financed the construction of the Facility.

On August 1, 2012, the CUA issued the 2012 Water Revenue bonds and advance refunded the Recycled Water portion of the 2003 Certificates of Participation with the proceeds. On June 26, 2013, the 2013 CUA Wastewater Revenue bonds were issued to advance refunded the Biosolids Project portion of the 2003 Certificates of Participation.

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2014

On September 3, 2013, the 2003 COPs were fully defeased. Total principal payment made during Fiscal Year 2013-14 was \$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 3.50% to 5.00% due in installments of \$695,000 to \$905,000 through September 1, 2021 with term bonds of \$2,945,000 due September 1, 2024, \$5,910,000 due September 1, 2029 and \$9,280,000 due September 1, 2035.

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

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

The annual debt service requirements for the 2005 Clearwater Cogeneration Projects Certificates of Participation with partial refunding 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>
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	540,000	678,379	1,218,379
2020-2024	3,055,000	3,032,596	6,087,596
2025-2029	3,790,000	2,267,913	6,057,913
2030-2034	4,830,000	1,198,500	6,028,500
2035-2036	2,285,000	129,875	2,414,875
Totals	<u>\$ 24,480,000</u>	<u>\$ 10,770,525</u>	<u>\$ 35,250,525</u>

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2014

I. Defeased Debt**2001 Lease Revenue Bonds, Series A**

The CPFA 2001 Refunding Lease Revenue Bonds, Series A matured in September 2014; accordingly, the bonds were paid in full on September 1, 2014. Total principal payment was \$970,000, with interest of \$23,037.

2003 Clearwater Cogeneration Certificates of Participation

On September 3, 2013, the City made a principal payment of \$57,445,000 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 \$5,700,000, 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, a portion of the utility customer revenues, net of specified operating expenses, to repay \$80.1 million outstanding bonds as of June 30, 2014. 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 14.9% of net revenues. The total debt service remaining to be paid on the bonds is \$114,363,550. Principal and interest paid for the current year and total customer net revenues were \$3,897,121 and \$26,108,500, respectively.

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

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

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2014

As of June 30, 2014 the balances outstanding were:

Assessment District Bonds (Non-City Debt)		Balance
\$ 855,000	A.D. No. 95-1 Improvement Bonds	\$ 360,000
\$ 1,624,200	A.D. No. 96-1 1996 A Improvement Bonds	685,000
\$ 685,000	A.D. No. 96-1 1997 A Improvement Bonds	330,000
\$ 1,605,000	A.D. No. 96-1 1997 B Improvement Bonds	805,000
\$ 2,657,100	A.D. No. 96-1 1999 A Improvement Bonds	1,490,000
Total Special Assessment District Bonds		\$ 3,670,000

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 City had two series of Marks Roos revenue bonds during Fiscal Year 2013-14, they are 1999 Revenue Bonds, Series A (Superior Lien) and 1999 Revenue Bonds, Series B (Subordinate Lien). The two series were refunding bonds of the CFD 89-1, Series A District-Wide bonds and CFD 89-1, Series B Improvement Area bonds. As of June 18, 2014, the refunding 1999 Marks Roos Revenue Bonds Series A and B carried a combined balance of 15,710,000. On June 18, 2014, the City on behalf of the districts issued CFD 89-1, Refunding 2014 Series A and CFD 89-1 Improvement Area, Refunding 2014 Series A bonds to refund the 1999 Marks Roos Revenue Bonds Series A and B. The 1999 bonds were fully defeased as of June 30, 2014.

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, 2014

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

Community Facility District Bonds (Non-City Debt)		Balance
\$ 62,845,000	CFD 90-1 Refunding Bonds	\$ 22,845,000
\$ 6,485,000	CFD 2000-1, Series A Special Tax Bonds	4,735,000
\$ 1,610,000	CFD 2000-1, Series B Special Tax Bonds	1,260,000
\$ 3,675,000	CFD 2001-2 Special Tax Bonds	2,850,000
\$ 9,415,000	CFD 2002-4 Special Tax Bonds	8,030,000
\$ 6,135,000	CFD 2003-2 Special Tax Bonds	6,920,000
\$ 22,475,000	CFD 2002-1 Special Tax Bonds & Escrow Term Bonds	16,145,000
\$ 3,805,000	CFD 2004-1 Special Tax Bonds	3,185,000
\$ 10,280,000	CFD 2002-1 Improvement Area Special Tax Bonds	7,525,000
\$ 7,195,000	CFD 86-2 Refunding 2014 Series A Bonds	7,195,000
\$ 7,350,000	CFD 89-1 Refunding 2014 Series A Bonds	7,350,000
\$ 5,495,000	CFD 89-1 Improvement Area Refunding 2014 Series A Bonds	5,495,000
\$ 9,525,000	CFD 97-2 Refunding 2014 Series A Bonds	9,525,000
Total Community Facilities District Bonds		\$ 103,060,000

On June 18, 2014, the City on behalf of the districts refunded four issues of the CFD bonds, CFD 86-2 Woodlake Refunding and Improvement Bonds, CFD 89-1, Series A District-Wide Local Bonds, CFD 89-1, Series B Improvement Area Local Bonds, and CFD 97-2 Eagle Glen Special Tax Bonds. Net present value savings vary among each district between 2.42% and 5.32%. Average annual tax savings per parcel in each district were between \$54 and \$111 for Fiscal Year 2013-14 levy.

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, 2014, the aggregate principal amount of Conduit Debt Obligations outstanding totaled \$23,678,660.

11. 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.

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2014

At June 30, 2014, management believes the City and its component units are in compliance with all covenants of the various debt indentures.

12. Pension Related Debt

In Fiscal Year 2005-06, California Public Employees Retirement System (CalPERS) required participation in risk pools for all plans with less than 100 active members, as of June 30, 2003. Risk pooling consists of combining assets and liabilities across employers to produce large groups where the impact of a catastrophic demographic event is shared among all employers of the same risk pool. Pooling will reduce the volatility of future employer rates. The Safety Fire Plan is part of the CalPERS cost-sharing multiple-employer defined benefit pension plan; known as the "Safety 3.0% at 50 Risk Pool." At the time of joining the pool, a side fund was created to account for the differences between the funded status of the pool and the funded status of the plan. The side fund for the City at that time carried a negative balance of \$10,159,328, representing a pension related obligation for the City. CalPERS determined this obligation should be amortized over an 11-year period. As of June 30, 2014, the City's pension related obligation had a balance of \$2,944,517 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 \$259,189 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>
2015	\$ 1,395,673	\$ 163,429	\$ 1,559,102
2016	1,548,844	57,032	1,605,876
Totals	<u>\$ 2,944,517</u>	<u>\$ 220,461</u>	<u>\$ 3,164,978</u>

13. Pension Plan

A. Defined Benefit Pension Plan

Plan Description

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

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2014

Funding Policy

The City's retirement benefit formula is 2.7% at 55 for Miscellaneous group, and 3% at 50 for Safety group. Based upon this formula, the standard employee contribution rate is 8.0% of the annual covered salary for Miscellaneous and 9.0% for Safety group.

On January 1, 2013, the Public Employee's Pension Reform Act of 2013 (PEPRA) took effect. The City implemented various changes on October 19, 2013 in its funding policy in accordance to PEPRA. Before October 19, 2013, the City paid 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 paid 3% of the required member contribution, while the City paid the remaining 5%. Fire safety employees paid the entire 9% required member contribution.

Effective October 19, 2013, employees who became CalPERS members before January 1, 2013 (classic members) were required to make their corresponding member contribution. The City no longer pays the employee contribution and therefore eliminated Employer Paid Member Contribution (EPMC). In addition, the City implemented employee cost sharing for the Safety group members. They are required to share 1.5% of the employer contribution.

Employees who became CalPERS members on or after January 1, 2013 (new members) are required to contribute 100% of the required member contributions.

In addition, the City is required to contribute amounts necessary to fund the benefit for its plan members, at an actuarially determined rate applied to annual covered payroll. The required employer contribution rate for Fiscal Year 2013-14 was 28.195% for miscellaneous employees, 33.542% 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 2013-14, the City's annual pension cost for the Miscellaneous and Safety Police Plan was \$7,453,553 and \$5,419,760 respectively. The actual contributions were equal to the City's required contributions. The required contribution for Fiscal Year 2013-14 was determined as part of the June 30, 2011 actuarial valuation, using the entry age actuarial cost method. The actuarial assumptions included: (a) an investment rate of return of 7.50% (net of administrative expenses); (b) projected salary increases of 3.30% to 14.20% depending on age, service and type of employment; and (c) a payroll growth of 3.00% per year. An inflation factor of 2.75% was compounded annually and used for both plans.

Entry Age Normal cost method was used along with the Level Percent of Payroll amortization method. The average remaining periods as of the valuation date of June 30, 2011 were 21 years for the Miscellaneous plan and 26 years for the Safety Police plan. 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 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

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2014

year 2008-09. The final valuation year for the asset smoothing of June 30, 2011 returned the market value corridor limits for the actuarial value of assets to 80% to 120%.

For Fiscal Year 2013-14, the City's annual pension cost for the Safety Fire Plan was \$4,031,375 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, 2011 actuarial valuation date was 21 years.

The City's contributions to CalPERS for the Miscellaneous Plan, Safety Police Plan and Safety Fire Plan for the three years ending June 30, 2014, 2013 and 2012 are presented below:

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

	Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
Miscellaneous	06/30/2012	\$ 6,880,355	100%	\$ -
Employees	06/30/2013	7,211,120	100%	-
Group	06/30/2014	7,453,553	100%	-
Police Safety	06/30/2012	\$ 5,115,749	100%	\$ -
Employees	06/30/2013	4,773,549	100%	-
Group	06/30/2014	5,419,760	100%	-
Fire Safety	06/30/2012	\$ 3,864,474	100%	\$ -
Employees	06/30/2013	3,673,573	100%	-
Group	06/30/2014	4,031,375	100%	-

Funded Status and Funding Progress

As of June 30, 2013, the most recent actuarial valuation date, the Miscellaneous Plan was 61.7% funded and the Safety Police Plan was 66.3% funded. The actuarial accrued liability for benefits was \$278,163,117 for Miscellaneous and \$173,118,669 for Police Safety. The actuarial value of assets was \$171,535,052 for Miscellaneous and \$114,698,221 for Police Safety, resulting in an unfunded actuarial accrued liability (UAAL) of \$106,628,065 and \$58,420,448 respectively. The covered payroll (annual payroll of active employees covered by the plan) was \$27,078,868 for Miscellaneous and \$15,386,513 for Police Safety, and the ratio of the UAAL to the covered payroll was 393.8% and 379.7% respectively.

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

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2014

B. Defined Contribution Pension Plan

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

In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are required to participate from the date of employment. The City requires the employee to contribute 6.2% of the 7.5% required by the Federal Government. The City's contribution for each employee and interest allocated to the employee's account are fully vested immediately. During Fiscal Year 2013-14, the City contributed \$21,088 on hourly salaries of \$1,797,452 with the employees contributing \$100,462.

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

In October 2007, the City Council executed the City of Corona Retirement Benefits Plan for funding the Other Post-Employment Benefits 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.

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2014

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 2013-14, the City contributed \$6.2 million to the plan, including \$5.4 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).

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 2013-14, the City's annual OPEB cost (expense) of \$6,186,486 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</u> <u>Ending</u>	<u>Annual Required</u> <u>Contribution</u> <u>(ARC)</u>	<u>Percentage of</u> <u>ARC Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
06/30/2012	6,466,717	100%	-
06/30/2013	6,676,885	100%	-
6/30/2014	6,186,486	100%	-

Funded Status and Funding Progress

The actuarial valuation for the City's OPEB plan as of July 30, 2013 showed the funded status of the City's OPEB plan for fiscal year ended June 30, 2014 as follows:

Actuarial accrued liability (AAL)	\$ 96,174,626
Actuarial value of plan assets	20,412,616
Unfunded actuarial accrued liability (UAAL)	<u>\$ 75,762,010</u>
Funded ratio (actuarial value of plan assets/AAL)	21.2%
Covered payroll (active plan members)	\$ 44,512,395
UAAL as a percentage of covered payroll	170.2%

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

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

Actuarial Methods and Assumptions

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

In the July 1, 2013 actuarial valuation, the Entry Age Normal Cost Method was used. The actuarial assumptions included a 7.5% percent discount rate and an increase in medical plan premium from 4.5% to 6.0% over the prior year's level for the next 5 years. The actuarial assumptions also included a salary increase of 3.25% per year, a 3.25% increase for amortization payment per year where determined on a percent of pay basis, and a 3.0% general inflation rate. 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, 2014 was 23 years.

15. 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

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2014

categories of capital projects, debt service, and specific projects and programs as established by the City Council.

Unrestricted

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

B. Fund Financial Statements

The City divides fund balances into five classifications 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.

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2014

Assigned Fund Balance

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

Unassigned Fund Balance

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

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

The fund balances of the City's governmental funds as of June 30, 2014 are presented below:

	<u>General Fund</u>	<u>Development Special Revenue</u>	<u>Low Mod Income Housing Asset Capital Project</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund Balances:					
Nonspendable:					
Inventories and Prepayments	\$ 329,506	\$ -	\$ -	\$ -	\$ 329,506
Long-term Receivable	8,056,144	1,501,005			9,557,149
Interfund Advances Receivable	15,210,153	248,061			15,458,214
Land Held For Resale			1,866,706		1,866,706
Restricted for:					
Street Maintenance				18,712,652	18,712,652
Trip Reduction				511,923	511,923
Asset Forfeiture				403,325	403,325
Debt Service				16,632,478	16,632,478
Housing & Community Development			4,682,402	404,558	5,086,960
Other Grants				408,133	408,133
Committed to:					
ECB Savings	1,894,247				1,894,247
Emergency Contingency	18,300,000				18,300,000
Designated Revenues	3,299,780				3,299,780
Assigned to:					
Development		185,283			185,283
Developer Agreements	276,225				276,225
Debt Service	1,242,291				1,242,291
Budget Balancing Measures	31,025,148				31,025,148
Continuing Appropriations	5,992,318				5,992,318
City Equipments	572,118				572,118
City Facility Projects				982,702	982,702
Other Capital Projects				131,497	131,497
Other Purposes	5,640,478				5,640,478
Total Fund Balance	\$ 91,838,408	\$ 1,934,349	\$ 6,549,108	\$ 38,187,268	\$ 138,509,133

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Notes to the Basic Financial Statements
Year Ended June 30, 2014

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

The City's self-insured retention is \$1,000,000 with purchased excess insurance for claims over that amount up to policy limits. Departments are charged a percentage of the total estimated insurance, claims expense and premiums based on payroll cost. The actuarial estimated liability for pending and incurred but not reported claims at June 30, 2014 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 City's workers' compensation self-insurance program for fiscal year ended June 30, 2014 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,
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
2014	18,238,000	1,089,655	(1,852,655)	17,475,000

Of the total liabilities, \$2,526,537 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, 2014 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, 2014 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,
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
2014	2,926,000	180,998	(565,998)	2,541,000

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Notes to the Basic Financial Statements
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Of the total liabilities, \$655,231 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, 2014 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.

17. Commitments and Contingencies

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

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

Under Article XIII B of the California Constitution (the Gann Spending Limitation Initiative), the City is restricted as to the amount of annual appropriations, and if certain proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller or refunded to the taxpayers through revised tax rates or revised fee schedules. For the fiscal year ended June 30, 2014, the City's appropriations limit totaled \$424,281,207 and the City's appropriations subject to limitation were \$83,252,588.

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

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Notes to the Basic Financial Statements
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District, City of Norco, and Western Municipal Water District of Riverside County. To become a voting member of WRCRWA, the City was required to pay \$4.0 million as buy-in which represented membership and the WRCRWA's construction loan reserve requirement. In addition, the City was committed to the WRCRWA Treatment Plant Expansion project, which required the City to share the cost of the expansion with two other expanding member agencies. The estimated cost for the WRCRWA expansion project was approximately \$72.6 million; Corona's share is 39.5%. Construction is expected to begin in Fiscal Year 2014-15.

As of June 30, 2014, in the opinion of City Administration, there were no additional outstanding matters that would have a significant effect on the financial position of City.

18. Joint Venture

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

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

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

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

The City's investment in WRCRWA for the fiscal year ended June 30, 2014 was \$4,000,000. At June 30, 2014, WRCRWA reported total asset of \$52,852,950 and total liabilities of \$4,142,774, with net position of \$48,710,176. Current year expenses exceed revenues by \$825,624. Audited financial information for WRCRWA can be obtained at Western Riverside County Regional Wastewater Authority, 450 Alessandro Boulevard, Riverside, CA 92517.

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Notes to the Basic Financial Statements
Year Ended June 30, 2014

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

Restatements to net position made on the government-wide statements for Fiscal Year 2013-14 are summarized below:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Beginning Net Position, as reported	\$ 932,351,224	\$ 189,397,114
Restatements	(747,439)	(192,373)
Beginning Net Position, as restated	<u>\$ 931,603,785</u>	<u>\$ 189,204,741</u>

Restatement to Governmental Activities

- a) Beginning balance of capital assets net of depreciation was restated by \$(689,868) 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 \$(54,890) of its beginning balance of net position in governmental activities as a result of revenues over accrued in the previous fiscal year.
- c) A prior year claim was disallowed by the Federal Emergency Management Agency during Fiscal Year 2013-14, resulted in the adjustment of \$(2,682) to the beginning balance of governmental activities' net position.

Restatement to Business-Type Activities

- a) During the current year, the City was charged \$1,173,345 for renewable energy credits applied to previous fiscal years. As the result, the business-type activities' beginning net position was reduced accordingly.
- b) Interest on the refunded debts was over accrued in the prior year in the amount of \$1,004,354; beginning net position was increased by this amount.
- c) Capital assets net of depreciation in the business-type activities was restated by \$(23,382), 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, 2014

B. Restatement on Fund Statements

Restatements to fund balance and net position on the fund financial statements for Fiscal Year 2013-14 are summarized as follows:

	Governmental Funds				Proprietary Funds	
	General Fund	Development Special Revenue	Measure A Special Revenue	Other Grants Capital Project	Water	Electric
Beginning Fund Balance as reported	\$ 86,900,505	\$ 4,703,812	\$ 12,445,715	\$ 130,644	\$102,937,991	\$12,729,431
Restatements	(57,572)	41,301	4,343	(45,644)	(23,382)	(168,991)
Beginning Fund Balance as restated	<u>\$ 86,842,933</u>	<u>\$ 4,745,113</u>	<u>\$ 12,450,058</u>	<u>\$ 85,000</u>	<u>\$102,914,609</u>	<u>\$12,560,440</u>

General Fund

- The City adjusted \$(54,890) of the General Fund's beginning fund balance due to over accrued revenues in the prior year.
- A prior year claim in the amount of \$2,682 was disallowed by the Federal Emergency Management Agency during the currently year, beginning fund balance was decreased by the same amount accordingly.

Other Governmental Funds

Construction costs for the Main Street Storm Drainage project were incorrectly allocated among the Development special revenue fund, Measure A and Other Grants capital project fund. Beginning balances of these funds were adjusted to match grant reimbursements received in the current year.

Water Enterprise Fund

Beginning net position for the Water enterprise fund was adjusted by \$(23,382) due to reclassifying repairs costs incorrectly reported as construction in progress in the prior years.

Electric Enterprise Fund

- During the current year, the City was charged \$1,173,345 for renewable energy credits that applied to previous fiscal years. As the result, Electric fund's beginning net position was decreased by the same amount.
- Interest on the refunded Electric debts was over accrued in the prior year with the total amount of \$1,004,354; beginning net position was increased by this amount accordingly.

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Notes to the Basic Financial Statements
Year Ended June 30, 2014

20. Extraordinary Item – Corona Redevelopment Agency Dissolution

On August 7, 2013, the Corona Housing Authority (CHA) 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.

In August 2013, a due diligence review was completed and draft report issued by the State Department of Finance, requiring the CHA to transfer these land inventories back to the Successor Agency in accordance to the Trailer Bill AB 1484. The transfer of these assets 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.

The amount of \$56,854,230 was recognized as an extraordinary item consistent with other assets that was contributed to the Successor Agency in previous fiscal years.

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	\$ 9,357,620
Cash and Investments with Fiscal Agent	<u>7,846,173</u>
Total Cash and Investments	<u>\$ 17,203,793</u>

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Year Ended June 30, 2014

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. Capital Assets

Capital assets of the Successor Agency June 30, 2014 are presented below:

	<u>Balance</u> <u>June 30, 2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2014</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		(25,601)	12,574
Total Capital Assets Being Depreciated	5,789,730	-	(25,601)	5,764,129
Less accumulated depreciation for:				
Buildings and Improvements	(2,680,170)	(260,809)		(2,940,979)
Machinery and Equipment	(32,910)	(642)	20,978	(12,574)
Total Accumulated Depreciation	(2,713,080)	(261,451)	20,978	(2,953,553)
Total Net Depreciable Capital Assets	3,076,650	(261,451)	(4,623)	2,810,576
Fiduciary Capital Assets, Net of Depreciation	<u>\$ 4,352,179</u>	<u>\$ (261,451)</u>	<u>\$ (4,623)</u>	<u>\$ 4,086,105</u>

The decrease in machinery and equipment net accumulated depreciation was \$4,623 was due to the disposal of an obsolete vehicle.

C. Due to Other Governmental Agencies

As of June 30, 2014, 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	<u>\$ 12,887,038</u>

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2014

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, 2014.

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 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, 2014:

<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>

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2014

D. 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, 2014, the balances of the Successor Agency long-term debts are presented below:

	<u>Balance June 30, 2013</u>	<u>Incurred or Issued</u>	<u>Satisfied or Matured</u>	<u>Balance June 30, 2014</u>	<u>Amounts Due Within One Year</u>	<u>Amounts Due in More than One Year</u>
1996 Project Area "A" Housing Set-Aside Tax Allocation Bonds	\$ 4,815,000	\$ -	\$ 425,000	\$ 4,390,000	\$ 450,000	\$ 3,940,000
2004 Project Area "A" Tax Allocation and Refunding Bonds	24,545,000		1,785,000	22,760,000	1,850,000	20,910,000
2007 Temescal Canyon Project Area Tax Allocation Bonds	19,190,000		700,000	18,490,000	730,000	17,760,000
2007 Merged and Amended Project Area "A" Tax Allocation Bonds	26,995,000		1,140,000	25,855,000	460,000	25,395,000
Long Term Agreement Payable	899,680		899,680	-		
Total	<u>\$ 76,444,680</u>	<u>\$ -</u>	<u>\$ 4,949,680</u>	<u>\$ 71,495,000</u>	<u>\$ 3,490,000</u>	<u>\$ 68,005,000</u>

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	\$ 4,390,000
\$36,910,000 Redevelopment Agency, 2004 Project Area "A" Tax Allocation and Refunding Bonds	22,760,000
\$22,155,000 Redevelopment Agency, 2007 Temescal Canyon Project Area Tax Allocation Bonds	18,490,000
\$29,550,000 Redevelopment Agency, 2007 Project Area "A" Taxable Tax Allocation Bonds	25,855,000
Total Redevelopment Tax Allocation Bonds	<u>\$ 71,495,000</u>

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2014

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 Set-Aside Tax Allocation Bonds are presented below:

<u>Fiscal Year</u>	1996 Set-Aside Tax Allocation Bonds		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	560,000	121,219	681,219
2020-2022	1,875,000	162,141	2,037,141
Totals	\$ 4,390,000	\$ 1,055,891	\$ 5,445,891

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 Project Area "A" Tax Allocation Bonds are presented below:

<u>Fiscal Year</u>	2004 Project Area "A" Tax Allocation Bonds		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	2,185,000	689,875	2,874,875
2020-2024	12,705,000	1,649,875	14,354,875
Totals	\$ 22,760,000	\$ 6,031,882	\$ 28,791,882

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2014

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 Temescal Canyon Tax Allocation Bonds are presented below:

<u>Fiscal Year</u>	2007 Temescal Canyon Tax Allocation Bonds		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	855,000	662,673	1,517,673
2020-2024	4,405,000	2,748,867	7,153,867
2025-2029	5,120,000	1,715,941	6,835,941
2030-2033	5,000,000	462,375	5,462,375
Totals	\$ 18,490,000	\$ 8,576,026	\$ 27,066,026

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>	2007 Project Area "A" Tax Allocation Bonds		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	575,000	1,473,599	2,048,599
2020-2024	3,450,000	6,766,515	10,216,515
2025-2028	19,825,000	2,774,743	22,599,743
Totals	\$ 25,855,000	\$ 17,210,511	\$ 43,065,511

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2014

Pledged Revenue for Tax Allocation Bonds

Due to the dissolution of the former Corona Redevelopment Agency, the tax increment funds that were pledged to the bondholders were no longer received in full by the Agency. AB X1 26 restructured the former redevelopment agencies' revenue from tax increment to Redevelopment Property Tax Trust Fund (RPTTF). RPTTF funds are distributed semi-annually to the Successor Agency to pay enforceable obligations approved by the California State Department of Finance on the Recognized Obligations Payment Schedule (ROPS). The total principal and interest remaining on the Successor Agency tax allocation bonds were \$104,369,310 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 \$24,881,789 and the debt service obligation on the bonds was \$7,878,148.

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 note was paid in full as of June 30, 2014.

E. Asset Transfer Review

The California State Department of Finance (DOF) conducted an asset transfer review of the Corona Successor Agency in August 2013. The review covered assets transferred from the former Redevelopment Agency to the City during the period between January 1, 2011 and January 31, 2012.

Unallowable transfers totaled \$74,631,894 were identified in the draft report issued to the Agency on January 23, 2014. Among the total amount, \$5,377,337 represented the repayment of loans between the City and the former Corona Redevelopment Agency. Cash transfer was reversed in Fiscal Year 2011-12. In Fiscal Year 2012-13, \$8,033,621 was transferred back from the CHA to the Successor Agency. In August 2013, land held for resale in the amount of \$56,854,230 was transferred from the CHA back to the Successor Agency. Finally, assets in the amount of \$4,366,706 that was transferred to the CHA were affirmed by the Oversight Board in two actions in April and May 2012. As the result, there is no further action necessary in regards to this review.

As of the issuance of this financial statement, the Successor Agency has not received the final report of this review.

F. Commitments and Contingencies

The Successor Agency is covered under the City of Corona's insurance policies. Therefore, the limitation and self-insured retentions applicable to the City also apply to the Successor Agency. Additional information as to coverage and self-insured retentions can be found in Note 16.

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2014

At June 30, 2014, 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.

G. Extraordinary Item

During Fiscal Year 2013-14, the Successor Agency reported extraordinary gain in the amount of \$56,854,230. This was the land held for resale contribution received from the Corona Housing Authority. Please refer to Note 20 for additional information.

H. Subsequent Events – Successor Agency**Refunding of Tax Allocation Bonds**

In October 2014, the Successor Agency Board and the Oversight Board approved the issuance of refunding bonds for two out of the four currently outstanding former Corona Redevelopment Agency tax allocation bonds. The Oversight Board resolution for bond refunding was submitted to the DOF for approval on October 10, 2014. DOF is statutorily obligated to operate within a 60-day review period; the Successor Agency therefore expects the decision from the DOF before end of January 2015.

The two bonds proposed for refunding are the 1996 Housing Set Aside Tax Allocation bonds and the 2004 Project Area A Tax Allocation Bonds.

Long-Range Property Management Plan

Pursuant to Health and Safety Code (HSC) Section 34191.5(b), the Successor Agency submitted a Long-Range Property Management Plan (LRPMP) to the DOF during the current fiscal year. The LRPMP was approved by the DOF on July 10, 2014. In accordance with HSC Section 34191.4, a Community Redevelopment Property Trust Fund (CRPTF) was set up by the Agency on August 1, 2014, all real properties and interests in real properties in the LRPMP were transferred to the CRPTF subsequently.

22. Subsequent Events

Subsequent events have been evaluated through November 25, 2014, which is the date of the independent auditors' report.

On November 5, 2014, the City Council and the Corona Utility Authority Board authorized an agreement for the assignment of California Rehabilitation Center's wastewater discharge rights by and among the City of Corona, the Western Municipal Water District of Riverside County, the California Department of Corrections and Rehabilitation, and the City of Norco. The City of Corona purchased 750,000 gallons per day wastewater disposal right from the City of Norco through the Santa Ana Regional Interceptor (SARI) or Inland Empire Brine Line for a total amount of \$9,864,651. Initial principal payment of \$1,000,000 will be made in second half of Fiscal Year 2014-15, and the remaining balance will be amortized over 20 years with annual payments of \$600,000, and an interest rate of 3.0%.



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, 2014

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 funds most of the City services that are not required to be segregated. Corona follows the General Fund Expenditure Control Budget (ECB) guidelines as outlined in the budget resolution.

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

Budgets and Budgetary Accounting

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

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

CITY OF CORONA

Required Supplementary Information

June 30, 2014

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.

As of June 30, 2014, total ECB savings including prior years' carryover was \$1,894,247. This amount was included in the committed fund balance in the General Fund. 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	296,614
Finance	67,540
Community Development	152,878
Police	957,866
Public Works	277,259
Library and Recreation Services	79,937
Total	<u>\$ 1,894,247</u>

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June 30, 2014

The adopted budget for Fiscal Year 2013-14 was the twentieth 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 \$3.1 million for capital projects and grants, and another \$0.7 million in committed purchase orders that were carried forward, there was a net budgetary increase of \$12.5 million in the General Fund. The changes to the final budget include \$10.9 million of various projects approved by City Council subsequent to the adoption of the budget, such as the Foothill Parkway Westerly Extension Project, the acquisition of a real property for the use of a new Community Center, labor contract changes and grant fund matching for several projects. In addition, there were budget increases of \$1.5 million from previous budgetary savings and funds received as donations for various departments.

Development Special Revenue Fund

Continuing appropriations of \$10.9 million and \$0.4 million in committed purchase orders were carried forward from the prior fiscal year. In addition, a net budgetary increase of \$1.1 million was approved by City Council for various capital projects to arrive at the final budget amount of \$14.3 million for the Development special revenue fund.

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

General Fund

For Fiscal Year 2013-14, total revenues for the General Fund enjoyed a favorable variance of \$8.4 million comparing to the final budget. The current services category had a favorable variance of \$4.1 million as the result of higher than expected planning applications and related plan check and inspection fees. Sales taxes were higher than expected by \$1.2 million as taxable sales within the area continue to improve. Other revenues also had a favorable variance of \$1.4 million, due to additional revenues received from developers for public improvements. Revenue from licenses, fees and permits had an increase of \$0.8 million due to increased activity related to building permits. Revenue from Cost Allocation Plan (CAP) charges decreased by \$0.7 million due to lower than anticipated internal activity level.

Actual expenditures had a favorable variance of \$13.6 million, largely due to the \$9.3 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 \$4.2 million favorable variance.

Development Special Revenue Funds

Actual revenue received for the fiscal year ended June 30, 2014 was \$1.0 million less than the final budgeted amount, primarily due to the delay of several anticipated projects.

Total expenditures ended with a favorable budgetary variance of \$10.6 million, due to the 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, 2014

**Budgetary Comparison Schedule – General Fund
For Fiscal Year Ended June 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Property Taxes	\$ 36,365,562	\$ 36,365,562	\$ 36,721,899	\$ 356,337
Other Taxes	42,414,037	42,414,037	44,266,424	1,852,387
Licenses, Fees, and Permits	943,684	943,684	1,775,381	831,697
Fines and Penalties	1,096,700	1,096,700	1,041,119	(55,581)
Investment Earnings	1,276,230	1,276,230	1,667,114	390,884
Intergovernmental Revenue	538,845	580,355	885,967	305,612
Current Services	12,918,456	12,918,456	17,043,055	4,124,599
Payments in Lieu of Services	11,096,359	11,096,359	10,352,699	(743,660)
Other Revenue	12,040,183	12,040,183	13,409,677	1,369,494
Total Revenues	<u>118,690,056</u>	<u>118,731,566</u>	<u>127,163,335</u>	<u>8,431,769</u>
Expenditures:				
General Government:				
City Council	150,215	147,850	138,558	9,292
City Attorney	1,553,068	1,556,386	1,095,853	460,533
Management Services	1,567,113	1,572,609	1,534,444	38,165
City Treasurer	27,127	27,144	24,655	2,489
Human Resources	2,234,996	2,321,351	2,148,519	172,832
Information Technology	1,845,815	2,938,430	2,873,512	64,918
Finance	3,179,870	3,002,065	2,966,629	35,436
Administrative Services	260,832	2,771,234	2,764,164	7,070
Community Development	2,897,988	3,493,110	3,453,020	40,090
Public Safety:				
Fire	23,302,915	24,358,624	24,247,675	110,949
Police	40,069,383	40,901,549	40,138,330	763,219
Public Works	14,815,287	3,397,646	3,397,646	-
Maintenance Services		18,007,466	17,799,826	207,640
Library and Recreation Services	7,418,049	4,372,157	4,345,222	26,935
Non-Departmental:				
General Government	15,231,239	12,604,239	10,304,088	2,300,151
Debt Service - Principal and Interest	4,538,742	4,539,312	4,522,670	16,642
Capital Outlay	3,900,124	13,264,881	3,951,167	9,313,714
Total Expenditures	<u>122,992,763</u>	<u>139,276,053</u>	<u>125,705,978</u>	<u>13,570,075</u>
Deficiency of Revenues Under Expenditures	(4,302,707)	(20,544,487)	1,457,357	22,001,844
Other Financing Sources (Uses):				
Transfers from Other Funds	3,434,960	3,505,134	3,538,118	32,984
Transfers to Other funds	123,727	123,727		123,727
Total other financing sources	<u>3,311,233</u>	<u>3,381,407</u>	<u>3,538,118</u>	<u>156,711</u>
Net Change in Fund Balances	<u>\$ (991,474)</u>	<u>\$ (17,163,080)</u>	4,995,475	<u>\$ 22,158,555</u>
Fund Balance - Beginning of Year, Restated			86,842,933	
Fund Balance - Ending			<u>\$ 91,838,408</u>	

CITY OF CORONA

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June 30, 2014

**Budgetary Comparison Schedule – Development Special Revenue Fund
For Fiscal Year Ended June 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Licenses, Fees and Permits	\$ 1,510,091	\$ 1,510,091	\$ 363,784	\$ (1,146,307)
Investment Earnings	227,489	227,489	193,276	(34,213)
Payments in Lieu of Services	145,920	145,920	291,840	145,920
Other Revenues			3,112	3,112
Total Revenues	<u>1,883,500</u>	<u>1,883,500</u>	<u>852,012</u>	<u>(1,031,488)</u>
Expenditures:				
Public Safety:				
Fire	219	219	219	-
Police		133,773	133,773	-
Public Works	160,835	305,109	305,109	-
Maintenance Services		650,017	650,017	-
Library and Recreation Services		35,021	35,021	-
Non-Departmental:				
Debt Service - Principal and Interest		994,796	994,796	-
Capital Outlay	1,726,582	12,147,708	1,527,068	10,620,640
Total Expenditures	<u>1,887,636</u>	<u>14,266,643</u>	<u>3,646,003</u>	<u>10,620,640</u>
Excess (deficit) revenue over expenditures	(4,136)	(12,383,143)	(2,793,991)	9,589,152
Other Financing Sources (Uses):				
Transfers to other funds	53,210	53,210	16,773	36,437
Total other financing sources (uses)	<u>(53,210)</u>	<u>(53,210)</u>	<u>(16,773)</u>	<u>36,437</u>
Net Change in Fund Balances	<u>\$ (57,346)</u>	<u>\$ (12,436,353)</u>	<u>(2,810,764)</u>	<u>\$ 9,625,589</u>
Fund Balance - Beginning of Year, Restated			<u>4,745,113</u>	
Fund Balance - End of Year			<u>\$ 1,934,349</u>	

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June 30, 2014

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 2013 and a final report was completed in October 2014. The prior assessment study was completed in October 2013. 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

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Required Supplementary Information
June 30, 2014

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, 2014, the City's street system was rated at a PCI index of 73 on the average for the entire network. A breakdown by condition is as follows:

<u>Condition</u>	<u>% of Streets</u>
Good to Excellent	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 \$4,588,777 on street maintenance for the fiscal year ended June 30, 2014. These expenditures delayed deterioration, and maintained the street condition from the previous assessment. The condition of the streets slightly decreased from the average rating of 75 in the prior year to 73 in the current year. The City has estimated that the amount of annual expenditures required to maintain the current average PCI rating of 73 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>
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
2013-14	5,100,000	4,588,777	73

As of June 30, 2014, approximately 31% of the City's streets were rated below the average standard of 71. This represents an increase of 8% over the 2013 assessment when the City had 23% 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, 2014, and will increase to \$79.3 million in ten years.

CITY OF CORONA

Required Supplementary Information
June 30, 2014

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)
07/01/2011	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%
07/01/2013	96,174,626	20,412,616	75,762,010	21.2%	44,512,395	170.2%

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	06/30/11	\$ 252,000,728	\$ 175,764,654	\$ 76,236,074	69.7%	\$29,739,813	256.3%
Employees	06/30/12	266,694,333	184,381,134	82,313,199	69.1%	25,901,308	317.8%
Group	06/30/13	278,163,117	171,535,052	106,628,065	61.7%	27,078,868	393.8%
Police Safety	06/30/11	\$ 150,077,438	\$ 112,138,994	\$ 37,938,444	74.7%	\$16,104,315	235.6%
Employees	06/30/12	164,696,792	119,991,649	44,705,143	72.9%	15,294,971	292.3%
Group	06/30/13	173,118,669	114,698,221	58,420,448	66.3%	15,386,513	379.7%

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
- Combining Statement of Changes in Assets and Liabilities – Agency Funds



Combining Financial Statements

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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

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

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

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, 2014**

	Special Revenue					Other Grants & Endowments
	Gas Tax	Measure A	Trip Reduction	Asset Forfeiture	Special Tax Districts	
Assets						
Cash and Investments	\$ 4,401,438	\$ 12,543,818	\$ 460,010	\$ 600,363	\$ 13,883,036	\$ 556,254
Accounts Receivable, Net						860
Interest Receivable	13,436	42,212	1,411	1,839	42,580	1,614
Due from Other Governmental Agencies	496,126	1,802,076	50,522	8,508	223,835	296,108
Long-term Receivable						
Loans Receivable						
Restricted Assets:						
Cash and Investments		57,237			349,831	
Total Assets	\$ 4,911,000	\$ 14,445,343	\$ 511,943	\$ 610,710	\$ 14,499,282	\$ 854,836
Liabilities, Deferred Inflow of Resources, and Fund Balances						
Liabilities						
Accounts Payable and Accrued Liabilities	\$ 419,242	\$ 167,212	\$ 20	\$ 189,860	\$ 386,435	\$ 40,066
Deposits					2,600	
Due to Other Funds						280,092
Unearned Revenue				17,525		134,950
Interfund Advances Payable					248,061	
Liabilities Payable from Restricted Assets		57,237				
Total Liabilities	419,242	224,449	20	207,385	637,096	455,108
Deferred Inflow of Resources						
Unavailable Revenue - Loans Receivable						
Unavailable Revenue - Assessments Receivable						
Total Deferred Inflow of Resources	-	-	-	-	-	-
Fund Balances						
Restricted	4,491,758	14,220,894	511,923	403,325	13,862,186	399,728
Assigned						
Total Fund Balances	4,491,758	14,220,894	511,923	403,325	13,862,186	399,728
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 4,911,000	\$ 14,445,343	\$ 511,943	\$ 610,710	\$ 14,499,282	\$ 854,836

Debt Service		Capital Projects				Total
Assessment Districts	Public Financing Authority	Public Facility Project	HUD Grants	Planned Local Drainage	Other Grants	Other Governmental Funds
\$ 342,355	\$ -	\$ 1,300,779	\$ 97,446	\$ 26,984	\$ 1,955,499	\$ 36,167,982
1,050	364				97	860
2,812		475,752	1,005,675	132,684	14,410,962	104,603
355,000			2,222,692			18,905,060
						355,000
	2,424,131				26,743	2,222,692
						2,857,942
<u>\$ 701,217</u>	<u>\$ 2,424,495</u>	<u>\$ 1,776,531</u>	<u>\$ 3,325,813</u>	<u>\$ 159,668</u>	<u>\$ 16,393,301</u>	<u>\$ 60,614,139</u>
\$ 420	\$ -	\$ 480,089	\$ 290,338	\$ 28,171	\$ 2,996,528	\$ 4,998,381
		313,678	335,633		13,359,991	2,600
		62	72,592		1,634	14,289,394
					26,743	226,763
						248,061
						83,980
<u>420</u>	<u>-</u>	<u>793,829</u>	<u>698,563</u>	<u>28,171</u>	<u>16,384,896</u>	<u>19,849,179</u>
			2,222,692			2,222,692
355,000						355,000
<u>355,000</u>	<u>-</u>	<u>-</u>	<u>2,222,692</u>	<u>-</u>	<u>-</u>	<u>2,577,692</u>
345,797	2,424,495		404,558		8,405	37,073,069
		982,702		131,497		1,114,199
<u>345,797</u>	<u>2,424,495</u>	<u>982,702</u>	<u>404,558</u>	<u>131,497</u>	<u>8,405</u>	<u>38,187,268</u>
<u>\$ 701,217</u>	<u>\$ 2,424,495</u>	<u>\$ 1,776,531</u>	<u>\$ 3,325,813</u>	<u>\$ 159,668</u>	<u>\$ 16,393,301</u>	<u>\$ 60,614,139</u>

CITY OF CORONA**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2014**

	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				27,659		
Special Assessments					9,231,606	
Investment Earnings	48,001	160,292	5,098	7,383	145,323	7,060
Intergovernmental Revenues	4,906,539	4,692,893	194,724			580,925
Current Services					16,806	227,605
Other Revenues	27,882	35			65,622	
Total Revenues	4,982,422	4,853,220	199,822	35,042	9,459,357	815,590
Expenditures						
Current:						
General Government	1,488	1,489			801	
Fire						
Police				263,527		626,166
Public Works	1,996,241	1,271,757	117,152		2,943,146	
Maintenance Services	261,678	259,225			5,082,958	
Library and Recreation Services						6,261
Housing and Economic Development	4,123				95,936	
Capital Outlay	393,785	1,549,913			7,763	325,000
Debt Service:						
Principal Retirement						
Interest and Fiscal Charges					7,002	
Total Expenditures	2,657,315	3,082,384	117,152	263,527	8,137,606	957,427
Excess of Revenues Over (Under) Expenditures	2,325,107	1,770,836	82,670	(228,485)	1,321,751	(141,837)
Other Financing Sources (Uses):						
Transfers In	25,749		39,841		135,784	
Transfers Out	(1,107,538)				(223)	
Total Other Financing Sources (Uses)	(1,081,789)	-	39,841	-	135,561	-
Net Change in Fund Balances	1,243,318	1,770,836	122,511	(228,485)	1,457,312	(141,837)
Fund Balances - Beginning of Year	3,248,440	12,450,058	389,412	631,810	12,404,874	541,565
Fund Balances - End of Year	\$ 4,491,758	\$ 14,220,894	\$ 511,923	\$ 403,325	\$ 13,862,186	\$ 399,728

Debt Service		Capital Projects				Total
Assessment Districts	Public Financing Authority	Public Facility Project	HUD Grants	Planned Local Drainage	Other Grants	Other Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 638,554	\$ -	\$ 638,554
						27,659
207,473						9,439,079
3,048	19,196				470	395,871
		320,895	2,588,183		15,317,073	28,601,232
		1,168	110	397,212	11,320	244,411
		322,063	2,588,293	1,035,766	15,328,863	503,349
210,521	19,196	322,063	2,588,293	1,035,766	15,328,863	39,850,155
			3,804			7,582
		1,620	2,404	932,739	27,849	889,693
			76,095			7,292,908
			12,703		41,381	5,679,956
			2,399,390			60,345
		475,205	93,897		15,336,228	2,499,449
160,000						18,181,791
51,099	20,997					160,000
211,099	20,997	476,825	2,588,293	932,739	15,405,458	79,098
						34,850,822
(578)	(1,801)	(154,762)	-	103,027	(76,595)	4,999,333
				28,095		229,469
						(1,107,761)
-	-	-	-	28,095	-	(878,292)
(578)	(1,801)	(154,762)	-	131,122	(76,595)	4,121,041
346,375	2,426,296	1,137,464	404,558	375	85,000	34,066,227
\$ 345,797	\$ 2,424,495	\$ 982,702	\$ 404,558	\$ 131,497	\$ 8,405	\$ 38,187,268



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, 2014**

Revenues	Gas Tax			Measure A		
	Budget	Actual	Variance	Budget	Actual	Variance
Fines, Penalties and Forfeitures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special Assessments						
Investment Earnings	38,670	48,001	9,331	126,745	160,292	33,547
Intergovernmental Revenues	3,545,000	4,906,539	1,361,539	3,279,000	4,692,893	1,413,893
Current Services						
Other Revenues	53,000	27,882	(25,118)		35	35
Total Revenues	3,636,670	4,982,422	1,345,752	3,405,745	4,853,220	1,447,475
Expenditures						
Current:						
General Government		1,488	(1,488)		1,489	(1,489)
Police						
Public Works	1,295,855	1,996,241	(700,386)	163,464	1,271,757	(1,108,293)
Maintenance Services		261,678	(261,678)		259,225	(259,225)
Library and Recreation Services						
Housing and Economic Development		4,123	(4,123)			
Capital Outlay	4,792,947	393,785	4,399,162	42,451,274	1,549,913	40,901,361
Debt Service:						
Interest and Fiscal Charges						
Total Expenditures	6,088,802	2,657,315	3,431,487	42,614,738	3,082,384	39,532,354
Excess of Revenues Over (Under) Expenditures	(2,452,132)	2,325,107	4,777,239	(39,208,993)	1,770,836	40,979,829
Other Financing Sources (Uses)						
Transfers In	25,749	25,749				
Transfers Out	(1,038,340)	(1,107,538)	(69,198)			
Total Other Financing Sources (Uses)	(1,012,591)	(1,081,789)	(69,198)	-	-	-
Net Change in Fund Balances	<u>\$ (3,464,723)</u>	1,243,318	<u>\$ 4,708,041</u>	<u>\$ (39,208,993)</u>	1,770,836	<u>\$ 40,979,829</u>
Fund Balances - Beginning of Year, Restated		3,248,440			12,450,058	
Fund Balances - End of Year		<u>\$ 4,491,758</u>			<u>\$ 14,220,894</u>	

Trip Reduction			Asset Forfeiture			Special Tax Districts		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
\$ -	\$ -	\$ -	\$ -	\$ 27,659	\$ 27,659	\$ -	\$ -	\$ -
3,970	5,098	1,128	8,395	7,383	(1,012)	8,911,970	9,231,606	319,636
162,000	194,724	32,724				105,071	145,323	40,252
						10,775	16,806	6,031
						44,500	65,622	21,122
<u>165,970</u>	<u>199,822</u>	<u>33,852</u>	<u>8,395</u>	<u>35,042</u>	<u>26,647</u>	<u>9,072,316</u>	<u>9,459,357</u>	<u>387,041</u>
							801	(801)
236,455	117,152	119,303	268,813	263,527	5,286	2,944,008	2,943,146	862
						5,359,670	5,082,958	276,712
						2,578	95,936	(93,358)
						3,749,846	7,763	3,742,083
						7,003	7,002	1
<u>236,455</u>	<u>117,152</u>	<u>119,303</u>	<u>268,813</u>	<u>263,527</u>	<u>5,286</u>	<u>12,063,105</u>	<u>8,137,606</u>	<u>3,925,499</u>
<u>(70,485)</u>	<u>82,670</u>	<u>153,155</u>	<u>(260,418)</u>	<u>(228,485)</u>	<u>31,933</u>	<u>(2,990,789)</u>	<u>1,321,751</u>	<u>4,312,540</u>
39,841	39,841					259,511	135,784	(123,727)
							(223)	(223)
<u>39,841</u>	<u>39,841</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>259,511</u>	<u>135,561</u>	<u>(123,950)</u>
<u>\$ (30,644)</u>	<u>122,511</u>	<u>\$ 153,155</u>	<u>\$ (260,418)</u>	<u>(228,485)</u>	<u>\$ 31,933</u>	<u>\$ (2,731,278)</u>	<u>1,457,312</u>	<u>\$ 4,188,590</u>
	389,412			631,810			12,404,874	
	<u>\$ 511,923</u>			<u>\$ 403,325</u>			<u>\$ 13,862,186</u>	

Continued Page 1 of 2

CITY OF CORONA**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
Year Ended June 30, 2014**

	Other Grants & Endowments			Totals		
	Budget	Actual	Variance	Budget	Actual	Variance
Revenues:						
Fines, Penalties and Forfeitures	\$ -	\$ -	\$ -	\$ -	\$ 27,659	\$ 27,659
Special Assessments				8,911,970	9,231,606	319,636
Investment Earnings	9,640	7,060	(2,580)	292,491	373,157	80,666
Intergovernmental Revenues	287,290	580,925	293,635	7,273,290	10,375,081	3,101,791
Current Services	226,500	227,605	1,105	237,275	244,411	7,136
Other Revenues				97,500	93,539	(3,961)
Total Revenues	523,430	815,590	292,160	16,812,526	20,345,453	3,532,927
Expenditures:						
Current:						
General Government					3,778	(3,778)
Police	1,241,698	626,166	615,532	1,510,511	889,693	620,818
Public Works				4,639,782	6,328,296	(1,688,514)
Maintenance Services				5,359,670	5,603,861	(244,191)
Library and Recreation Services	17,433	6,261	11,172	17,433	6,261	11,172
Housing and Economic Development					100,059	(100,059)
Capital Outlay	325,000	325,000		51,319,067	2,276,461	49,042,606
Debt Service:						
Interest and Fiscal Charges				7,003		7,003
Total Expenditures	1,584,131	957,427	626,704	62,853,466	15,208,409	47,645,057
Excess of Revenues Over (Under) Expenditures	<u>(1,060,701)</u>	<u>(141,837)</u>	<u>918,864</u>	<u>(46,040,940)</u>	<u>5,137,044</u>	<u>51,177,984</u>
Other Financing Sources (Uses):						
Transfers In				325,101	201,374	(123,727)
Transfers Out				(1,038,340)	(1,107,761)	(69,421)
Total Other Financing Sources (Uses)	-	-	-	(713,239)	(906,387)	(193,148)
Net Change in Fund Balances	\$ (1,060,701)	(141,837)	\$ 918,864	\$ (46,754,179)	4,230,657	\$ 50,984,836
Fund Balances - Beginning of Year, Restated		541,565			29,666,159	
Fund Balances-Ending		<u>\$ 399,728</u>			<u>\$ 33,896,816</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, 2014**

	<u>Assessment Districts</u>			<u>Public Financing Authority</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues						
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special Assessments	200,905	207,473	6,568			
Investment Earnings	2,040	3,048	1,008		19,196	19,196
Other Revenues						
Total Revenues	<u>202,945</u>	<u>210,521</u>	<u>7,576</u>	<u>-</u>	<u>19,196</u>	<u>19,196</u>
Expenditures						
Debt Service:						
Principal Retirement	160,000	160,000				
Interest and Fiscal Charges	51,099	51,099		6	20,997	(20,991)
Total Expenditures	<u>211,099</u>	<u>211,099</u>	<u>-</u>	<u>6</u>	<u>20,997</u>	<u>(20,991)</u>
Excess of Revenues Over (Under) Expenditures	<u>(8,154)</u>	<u>(578)</u>	<u>7,576</u>	<u>(6)</u>	<u>(1,801)</u>	<u>(1,795)</u>
Net Change in Fund Balances	<u>\$ (8,154)</u>	<u>(578)</u>	<u>\$ 7,576</u>	<u>\$ (6)</u>	<u>(1,801)</u>	<u>\$ (1,795)</u>
Fund Balance - Beginning of Year, Restated		<u>346,375</u>			<u>2,426,296</u>	
Fund Balances - End of Year		<u>\$ 345,797</u>			<u>\$ 2,424,495</u>	



Totals		
Budget	Actual	Variance
\$ -	\$ -	\$ -
200,905	207,473	6,568
2,040	22,244	20,204
<u>202,945</u>	<u>229,717</u>	<u>26,772</u>
160,000	160,000	
51,105	72,096	(20,991)
<u>211,105</u>	<u>232,096</u>	<u>(20,991)</u>
<u>(8,160)</u>	<u>(2,379)</u>	<u>5,781</u>
<u>\$ (8,160)</u>	<u>(2,379)</u>	<u>\$ 5,781</u>
	<u>2,772,671</u>	
	<u>\$ 2,770,292</u>	

CITY OF CORONA**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Capital Project Funds
Year Ended June 30, 2014**

	Low Mod Income Housing Asset			Public Facility Project		
	Budget	Actual	Variance	Budget	Actual	Variance
Revenues						
Licenses, Fees & Permits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment Earnings		39,820	39,820			
Intergovernmental Revenues					320,895	320,895
Other Revenues	275,000	984,269	709,269		1,168	1,168
Total Revenues	275,000	1,024,089	749,089	-	322,063	322,063
Expenditures						
Current:						
General Government						
Public Works					1,620	(1,620)
Maintenance Services						
Library and Recreation Services						
Housing and Economic Development	156,169	30,410	125,759			
Capital Outlay				6,162,311	475,205	5,687,106
Total Expenditures	156,169	30,410	125,759	6,162,311	476,825	5,685,486
Excess of Revenues Over (Under) Expenditures	118,831	993,679	874,848	(6,162,311)	(154,762)	6,007,549
Other Financing Sources (Uses)						
Transfers In						
Total Other Financing Sources (Uses)						
Extraordinary Items						
Successor Agency		(56,854,230)	(56,854,230)			
Net Change in Fund Balances	\$ 118,831	(55,860,551)	\$ (55,979,382)	\$ (6,162,311)	(154,762)	\$ 6,007,549
Fund Balance - Beginning of Year, Restated		62,409,659			1,137,464	
Fund Balances-End of Year		\$ 6,549,108			\$ 982,702	

HUD Grants			Planned Local Drainage			Other Grants		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
\$ -	\$ -	\$ -	\$ 580,000	\$ 638,554	\$ 58,554	\$ -	\$ -	\$ -
2,041,339	2,588,183	546,844				120	470	350
	110	110	396,437	397,212	775	5,497,485	15,317,073	9,819,588
2,041,339	2,588,293	546,954	976,437	1,035,766	59,329		11,320	11,320
						5,497,605	15,328,863	9,831,258
	3,804	(3,804)						
	2,404	(2,404)	992,399	932,739	59,660		27,849	(27,849)
	76,095	(76,095)						
	12,703	(12,703)				12,995	41,381	(28,386)
257,459	2,399,390	(2,141,931)						
3,724,565	93,897	3,630,668				50,236,275	15,336,228	34,900,047
3,982,024	2,588,293	1,393,731	992,399	932,739	59,660	50,249,270	15,405,458	34,843,812
(1,940,685)	-	1,940,685	(15,962)	103,027	118,989	(44,751,665)	(76,595)	44,675,070
			28,095	28,095				
			28,095	28,095				
<u>\$ (1,940,685)</u>	-	<u>\$ 1,940,685</u>	<u>\$ 12,133</u>	<u>131,122</u>	<u>\$ 118,989</u>	<u>\$ (44,751,665)</u>	<u>(76,595)</u>	<u>\$ 44,675,070</u>
	404,558			375			85,000	
	<u>\$ 404,558</u>			<u>\$ 131,497</u>			<u>\$ 8,405</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, 2014**

	Totals		
	Budget	Actual	Variance
Revenues:			
Licenses, Fees & Permits	\$ 580,000	\$ 638,554	\$ 58,554
Investment Earnings	120	40,290	40,170
Intergovernmental Revenues	7,538,824	18,226,151	10,687,327
Miscellaneous Revenues	671,437	1,394,079	722,642
Total Revenues	<u>8,790,381</u>	<u>20,299,074</u>	<u>11,508,693</u>
Expenditures:			
Current:			
General Government		3,804	3,804
Public Works	992,399	964,612	(27,787)
Maintenance Services		76,095	76,095
Library and Recreation Services	12,995	54,084	41,089
Housing and Economic Development	413,628	2,429,800	2,016,172
Capital Outlay	60,123,151	15,905,330	(44,217,821)
Total Expenditures	<u>61,542,173</u>	<u>19,433,725</u>	<u>(42,108,448)</u>
Excess of Revenues Over (Under) Expenditures	<u>(52,751,792)</u>	<u>865,349</u>	<u>53,617,141</u>
Other Financing Sources (Uses):			
Transfers In	28,095	28,095	
Total Other Financing Sources (Uses)	<u>28,095</u>	<u>28,095</u>	
Extraordinary Items			
Successor Agency		(56,854,230)	(56,854,230)
Net Change in Fund Balances	<u>\$ (52,723,697)</u>	<u>(55,960,786)</u>	<u>\$ (3,237,089)</u>
Fund Balance - Beginning of Year, Restated		<u>64,037,056</u>	
Fund Balances-End of Year		<u>\$ 8,076,270</u>	

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, 2014**

	Nonmajor Enterprise Funds				
	Public Financing Authority	Public Improvement Corporation	Transit Services	Airport	Totals
Assets					
Current Assets					
Cash and Investments	\$ -	\$ -	\$ 336,004	\$ 75,330	\$ 411,334
Accounts Receivable, Net			5,081	29,693	34,774
Interest Receivable	729		5,366	231	6,326
Due from Other Governmental Agencies			9,432		9,432
Restricted Assets:					
Cash and Investments	6,948,009		1,317,690		8,265,699
Total Current Assets	6,948,738	-	1,673,573	105,254	8,727,565
Noncurrent Assets					
Construction in Progress			10,224		10,224
Capital Assets Net of Depreciation			1,867,941	228,523	2,096,464
Total Noncurrent Assets	-	-	1,878,165	228,523	2,106,688
Total Assets	6,948,738	-	3,551,738	333,777	10,834,253
Liabilities					
Current Liabilities					
Accounts Payable and Accrued Liabilities			132,790	11,019	143,809
Deposits				1,145	1,145
Unearned Revenue			54,654		54,654
Compensated Absences Payable			12,968		12,968
Total Current Liabilities	-	-	200,412	12,164	212,576
Noncurrent Liabilities					
Interfund Advances Payable	1,235,538			175,000	1,410,538
Compensated Absences Payable			34,352		34,352
Total Noncurrent Liabilities	1,235,538	-	34,352	175,000	1,444,890
Total Liabilities	1,235,538	-	234,764	187,164	1,657,466
Net Position					
Net Investment in Capital Assets			1,878,165	228,523	2,106,688
Restricted for:					
Capital Projects			179,791		179,791
Debt Service	5,713,200	57			5,713,257
Transportation			1,317,690		1,317,690
Unrestricted		(57)	(58,672)	(81,910)	(140,639)
Total Net Position	\$ 5,713,200	\$ -	\$ 3,316,974	\$ 146,613	\$ 9,176,787

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Nonmajor Enterprise Funds
Year Ended June 30, 2014

	Nonmajor Enterprise Funds				Totals
	Public Financing Authority	Public Improvement Corporation	Transit Services	Airport	
Operating Revenues					
Intergovernmental Revenues	\$ -	\$ -	\$ 9,462	\$ 10,000	\$ 19,462
Fees and Permits				37,881	37,881
Other Revenues			396,740	268,521	665,261
Total Operating Revenues	-	-	406,202	316,402	722,604
Operating Expenses					
Personnel Services			386,565	96,369	482,934
Contractual			1,365,742	6,578	1,372,320
Material and Supplies			48,497	128,643	177,140
Utilities			242,094	12,885	254,979
Depreciation			312,507	37,296	349,803
Total Operating Expenses	-	-	2,355,405	281,771	2,637,176
Operating Income (Loss)	-	-	(1,949,203)	34,631	(1,914,572)
Non-Operating Revenues					
Investment Earnings	189,480		16,578	878	206,936
Interest Expense	(1,851,583)	(497,294)			(2,348,877)
Operating Grants and Contributions			1,632,263		1,632,263
Total Non-Operating Revenues	(1,662,103)	(497,294)	1,648,841	878	(509,678)
Income (Loss) Before Contributions and Transfers	(1,662,103)	(497,294)	(300,362)	35,509	(2,424,250)
Capital Grants and Contributions			1,239,727		1,239,727
Transfers In	864,770	497,229			1,361,999
Change in Net Position	(797,333)	(65)	939,365	35,509	177,476
Net Position - Beginning of Year	6,510,533	65	2,377,609	111,104	8,999,311
Net Position - End of Year	\$ 5,713,200	\$ -	\$ 3,316,974	\$ 146,613	\$ 9,176,787

CITY OF CORONA

**Combining Statement of Cash Flows
Nonmajor Enterprise Funds
Year Ended June 30, 2014**

	Nonmajor Enterprise Funds				
	Public	Public	Transit		
	Financing Authority	Improvement Corporation	Services	Airport	Totals
Cash Flows from Operating Activities					
Receipts from Customers/Other Funds	\$ -	\$ -	\$ 5,850	\$ 8,275	\$ 14,125
Payments to Suppliers of Goods and Services			(1,665,430)	(142,255)	(1,807,685)
Payments to Employees for Services			(375,100)	(96,369)	(471,469)
Other Receipts			398,205	278,521	676,726
Net Cash Provided by (Used for) Operating Activities	-	-	(1,636,475)	48,172	(1,588,303)
Cash Flows from Noncapital Financing Activities					
Operating Grants and Contributions			1,682,244		1,682,244
Transfers Received	864,770	497,229			1,361,999
Net Cash Provided by Noncapital Financing Activities	864,770	497,229	1,682,244	-	3,044,243
Cash Flows from Capital and Related Financing Activities					
Proceeds from Capital Grants and Contributions			1,232,183		1,232,183
Acquisition and Construction of Capital Assets			(53,203)		(53,203)
Payments on Interfund Loans	(3,844,487)			(15,000)	(3,859,487)
Interest payments of Long-term debt	(1,851,583)	(497,294)			(2,348,877)
Net Cash Used for Capital and Related Financing Activities	(5,696,070)	(497,294)	1,178,980	(15,000)	(5,029,384)
Cash Flows from Investing Activities:					
Interest on Investments	192,341	8	12,657	799	205,805
Net Cash Provided by Investing Activities	192,341	8	12,657	799	205,805
Increase (Decrease) in Cash and Cash Equivalents	(4,638,959)	(57)	1,237,406	33,971	(3,367,639)
Cash and Cash Equivalents					
Beginning of the Year	11,586,968	57	416,288	41,359	12,044,672
Ending (including \$8,265,699 in restricted accounts)	\$ 6,948,009	\$ -	\$ 1,653,694	\$ 75,330	\$ 8,677,033
Reconciliation of Operating Income to Net Cash Provided by Operating Activities					
Operating Income (Loss)	\$ -	\$ -	\$ (1,949,203)	\$ 34,631	\$ (1,914,572)
Adjustments to Reconcile Operating Income to Net Cash from Operating Activities:					
Depreciation and Amortization			312,507	37,296	349,803
Write-off of Capital Assets			74		74
Changes in Assets and Liabilities:					
Accounts Receivable			(3,675)	(29,606)	(33,281)
Due from Other Governmental Agencies			63		63
Accounts Payable and Accrued Liabilities			(7,706)	5,781	(1,925)
Deposit/Unearned Revenue			11,465	70	11,535
Net Cash Provided by (Used for) Operating Activities	\$ -	\$ -	\$ (1,636,475)	\$ 48,172	\$ (1,588,303)



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, 2014**

	Fleet Operations	Self-Insurance			Totals
		Workers' Compensation	Liability Risk	Warehouse	
Assets					
Current Assets					
Cash and Investments	\$ 11,092,159	\$ 20,603,566	\$ 3,726,775	\$ 86,757	\$ 35,509,257
Accounts Receivable, Net	612				612
Inventories and Prepayments	127,105	340,000			467,105
Total Current Assets	11,219,876	20,943,566	3,726,775	86,757	35,976,974
Total Assets	11,219,876	20,943,566	3,726,775	86,757	35,976,974
Liabilities					
Current Liabilities					
Accounts Payable and Accrued Liabilities	230,778	10,651	856	4,204	246,489
Claims and Judgments Payable		2,526,537	655,231		3,181,768
Compensated Absences Payable	33,653			2,115	35,768
Total Current Liabilities	264,431	2,537,188	656,087	6,319	3,464,025
Noncurrent Liabilities					
Compensated Absences Payable	32,225				32,225
Claims and Judgments Payable		14,948,463	1,885,769		16,834,232
Total Noncurrent Liabilities	32,225	14,948,463	1,885,769	-	16,866,457
Total Liabilities	296,656	17,485,651	2,541,856	6,319	20,330,482
Net Position					
Unrestricted	10,923,220	3,457,915	1,184,919	80,438	15,646,492
Total Net Position	\$ 10,923,220	\$ 3,457,915	\$ 1,184,919	\$ 80,438	\$ 15,646,492

CITY OF CORONA

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Internal Service Funds
Year Ended June 30, 2014

	Fleet Operations	Self-Insurance		Warehouse	Totals
		Workers' Compensation	Liability Risk		
Operating Revenues					
Internal Service Charges	\$ 4,696,312	\$ 3,459,642	\$ -	\$ 1,042,329	\$ 9,198,283
Other Revenues	836,481	4,809	385,025	2,135	1,228,450
Total Operating Revenues	5,532,793	3,464,451	385,025	1,044,464	10,426,733
Operating Expenses					
Personnel Services	1,044,115			122,187	1,166,302
Contractual	634,445		2,872	50,558	687,875
Material and Supplies	962,951	642,405	607,445	304,447	2,517,248
Utilities	1,202,545			1,153	1,203,698
Claims Expense		1,446,024	228,734		1,674,758
Total Operating Expenses	3,844,056	2,088,429	839,051	478,345	7,249,881
Operating Income (Loss)	1,688,737	1,376,022	(454,026)	566,119	3,176,852
Income (Loss) Before Transfers	1,688,737	1,376,022	(454,026)	566,119	3,176,852
Transfers In				16,902	16,902
Transfers Out	(2,996,151)			(580,623)	(3,576,774)
Change in Net Position	(1,307,414)	1,376,022	(454,026)	2,398	(383,020)
Net Position - Beginning of Year	12,230,634	2,081,893	1,638,945	78,040	16,029,512
Net Position - End of Year	\$ 10,923,220	\$ 3,457,915	\$ 1,184,919	\$ 80,438	\$ 15,646,492

CITY OF CORONA**Combining Statement of Cash Flows
Internal Service Funds
Year Ended June 30, 2014**

	Fleet Operations	Self-Insurance			Totals
		Workers' Compensation	Liability Risk	Warehouse Services	
Cash Flows from Operating Activities					
Receipts from Customers/Other Funds	\$ 4,697,077	\$ 3,461,374	\$ -	\$ 1,042,329	\$ 9,200,780
Payments to Suppliers of Goods or Services	(2,724,014)	(759,056)	(668,963)	(365,776)	(4,517,809)
Payments to Employees for Services	(1,034,933)			(128,149)	(1,163,082)
Payments for Current Claims		(270,463)	(158,769)		(429,232)
Decrease in Long-Term Claims		(1,938,561)	(454,965)		(2,393,526)
Other Receipts	836,481	4,809	385,025	2,135	1,228,450
Net Cash Provided by Operating Activities	1,774,611	498,103	(897,672)	550,539	1,925,581
Cash Flows from Noncapital Financing Activities					
Transfers Received				16,902	16,902
Transfers Paid	(2,996,151)			(580,623)	(3,576,774)
Net Cash Used for Noncapital Financing Activities	(2,996,151)	-	-	(563,721)	(3,559,872)
Increase/(Decrease) in Cash and Cash Equivalents	(1,221,540)	498,103	(897,672)	(13,182)	(1,634,291)
Cash and Cash Equivalents					
Beginning of Year	12,313,699	20,105,463	4,624,447	99,939	37,143,548
End of Year	\$ 11,092,159	\$ 20,603,566	\$ 3,726,775	\$ 86,757	\$ 35,509,257

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

Operating Income (Loss)	\$ 1,688,737	\$ 1,376,022	\$ (454,026)	\$ 566,119	\$ 3,176,852
Adjustments to Reconcile Operating Income to Net Cash from Operating Activities:					
Changes in Assets and Liabilities:					
Accounts Receivable	1,568	1,732			3,300
Inventories and Prepayments	42,795				42,795
Accounts Payable and Accrued Liabilities	32,329	(116,651)	(58,646)	(9,618)	(152,586)
Claims and Judgments Payable		(763,000)	(385,000)		(1,148,000)
Compensated Absences Payable	9,182			(5,962)	3,220
Net Cash Provided by (Used for) Operating Activities	\$ 1,774,611	\$ 498,103	\$ (897,672)	\$ 550,539	\$ 1,925,581



Combining Financial Statements

Agency Funds

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



CITY OF CORONA**Combining Statement of Changes in Assets and Liabilities
Agency Fund
Year Ended June 30, 2014**

	Pass Through Agency Fund			Balance June 30, 2014
	Balance June 30, 2013	Additions	Deductions	
Assets				
Cash and Investments	\$ 1,087,741	\$ 29,765,621	\$ 29,798,932	\$ 1,054,430
Accounts Receivable, Net		15,834		15,834
Interest Receivable	137,502	374,863	421,688	90,677
Due from other Governmental Agencies	303,830	295,952	303,830	295,952
Restricted Assets:				
Cash and Investments	27,864,389	40,965,437	48,835,307	19,994,519
Total Assets	<u>\$ 29,393,462</u>	<u>\$ 71,417,707</u>	<u>\$ 79,359,757</u>	<u>\$ 21,451,412</u>
Liabilities				
Accounts Payable and Accrued Liabilities	\$ 9,576	\$ 152,915	\$ 147,621	\$ 14,870
Due to Bondholders	29,383,886	34,798,039	42,745,383	21,436,542
Total Liabilities	<u>\$ 29,393,462</u>	<u>\$ 34,950,954</u>	<u>\$ 42,893,004</u>	<u>\$ 21,451,412</u>



Statistical Section

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

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Financial Trends – These schedules contain information to help readers to understand how the City's financial performance and well-being have changed over time.	
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4 Changes in Fund Balances – Governmental Funds	170
Revenue Capacity – These schedules contain information to help readers to assess the City's most significant own-source revenues.	
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Debt Capacity – These schedules contain information to help readers to assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
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Statistical Section

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

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

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



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

	Fiscal Year			
	2014	2013	2012	2011
Governmental Activities				
Net Investment in Capital Assets	\$ 557,314,076	\$ 542,474,178	\$ 547,427,503	\$ 512,867,317
Restricted for:				
Capital Projects	31,326,722	87,678,260	95,362,651	26,795,896
Debt Service	2,770,292	2,772,671	3,418,104	10,773,995
Transportation and Public Works	19,224,575	16,083,567	14,494,532	
Special Assessment District	13,862,186	12,404,874	11,655,625	
Development Projects	1,934,349	4,703,812	6,763,589	
Other Purposes	803,053	1,173,375	708,280	50,908,926
Total Restricted	69,921,177	124,816,559	132,402,781	88,478,817
Unrestricted	270,365,217	265,060,487	251,564,898	248,153,878
Total Governmental Activities Net Position	\$ 897,600,470	\$ 932,351,224	\$ 931,395,182	\$ 849,500,012
Business-Type Activities				
Net Investment in Capital Assets	\$ 275,218,430	\$ 281,276,333	\$ 274,761,353	\$ 66,109,520
Restricted for:				
Capital Projects	10,780,901			
Debt Service	6,813,257	8,435,288	10,969,563	
Transportation and Public Works	1,317,690	130,390	637,926	18,065,870
Total Restricted	18,911,848	8,565,678	11,607,489	18,065,870
Unrestricted	(91,326,475)	(100,444,897)	(107,169,420)	73,811,520
Total Business-Type Activities Net Position	\$ 202,803,803	\$ 189,397,114	\$ 179,199,422	\$ 157,986,910
Primary Government				
Net Investment in Capital Assets	\$ 832,532,506	\$ 823,750,511	\$ 822,188,856	\$ 578,976,837
Restricted	88,833,025	133,382,237	144,010,270	106,544,687
Unrestricted	179,038,742	164,615,590	144,395,478	321,965,398
Total Primary Government Net Position	\$ 1,100,404,273	\$ 1,121,748,338	\$ 1,110,594,604	\$ 1,007,486,922

Fiscal Year					
2010	2009	2008	2007	2006	2005
\$ 457,625,412	\$ 451,393,337	\$ 456,849,781	\$ 458,250,349	\$ 422,767,976	\$ 456,222,213
80,695,897	85,200,711	73,254,682	20,417,055		386,036
7,079,903	11,968,561	25,251,084	28,838,799	6,898,327	7,982,213
60,915,014	43,585,727	38,816,368	9,483,004	8,386,210	7,729,386
148,690,814	140,754,999	137,322,134	58,738,858	15,284,537	16,097,635
243,443,770	245,794,117	215,990,032	269,852,046	306,059,386	239,481,478
<u>\$ 849,759,996</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>
\$ 219,780,082	\$ 228,912,014	\$ 225,030,195	\$ 211,186,996	\$ 193,178,999	\$ 194,465,301
10,779,222	18,188,735	17,031,575	17,317,361	7,548,512	673,256
10,779,222	18,188,735	17,031,575	17,317,361	7,548,512	673,256
(82,129,735)	(110,940,686)	(119,578,075)	(122,594,604)	(129,904,898)	(133,104,413)
<u>\$ 148,429,569</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>
\$ 677,405,494	\$ 680,305,351	\$ 681,879,976	\$ 669,437,345	\$ 443,318,631	\$ 650,687,514
159,470,036	158,943,734	154,353,709	76,056,219	22,833,049	16,770,891
161,314,035	134,853,431	96,411,957	147,257,442	348,782,832	106,377,065
<u>\$ 998,189,565</u>	<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>

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

	Fiscal Year			
	2014	2013	2012	2011
Expenses				
Governmental Activities:				
General Government	\$ 23,974,508	\$ 22,853,992	\$ 20,551,027	\$ 21,771,013
Public Safety - Fire	23,062,147	22,702,313	21,506,851	23,066,539
Public Safety - Police	40,779,963	40,357,283	39,791,147	40,465,516
Public Works	14,221,952	29,148,098	27,925,122	29,415,423
Maintenance Services	25,369,350			
Library and Recreation Services	4,417,913	2,825,606	2,640,592	2,745,336
Community Development	3,453,020			
Housing and Economic Development	5,344,121	6,877,725	12,860,222	15,368,206
Parks and Community Services		14,385,885	13,161,044	13,621,128
Interest and Fiscal Charges	2,172,050	2,953,366	3,648,700	14,655,640
Total Governmental Activities Expenses	<u>\$ 142,795,024</u>	<u>\$ 142,104,268</u>	<u>\$ 142,084,705</u>	<u>\$ 161,108,801</u>
Business-Type Activities:				
Water	58,165,289	57,605,446	55,837,945	46,791,524
Wastewater	29,160,167	29,060,647	30,224,698	25,940,578
Electric	13,373,418	14,675,785	14,569,429	17,638,508
Transit Services	2,355,405	2,286,292	2,148,857	2,078,197
Airport	281,771	301,454	307,538	328,658
Total Business-Type Activities Expenses	<u>103,336,050</u>	<u>103,929,624</u>	<u>103,088,467</u>	<u>92,777,465</u>
Total Primary Government Expenses	<u>\$ 246,131,074</u>	<u>\$ 246,033,892</u>	<u>\$ 245,173,172</u>	<u>\$ 253,886,266</u>
Program Revenues				
Governmental Activities:				
Charges for Services:				
General Government	7,128,808	8,824,810	7,331,352	7,466,080
Public Safety - Fire	4,264,876	4,242,725	3,926,888	3,092,311
Public Safety - Police	2,070,221	3,011,565	3,079,224	3,295,825
Public Works	12,600,884	13,437,745	12,716,140	12,699,434
Maintenance Services	7,467,230			
Library and Recreation Services	319,806	318,831	264,464	280,729
Community Development	3,316,624			
Housing & Economic Development	666,394	707,126		
Parks and Community Services		7,556,054	7,327,626	7,512,286
Operating Grants and Contributions	12,555,412	13,760,057	12,350,047	18,683,384
Capital Grants and Contributions	20,783,935	5,620,168	8,977,103	3,743,333
Total Governmental Activities Program Revenues	<u>71,174,190</u>	<u>57,479,081</u>	<u>55,972,844</u>	<u>56,773,382</u>
Business-Type activities:				
Charges for Services:				
Water	55,937,613	53,906,208	50,243,765	48,103,987
Water Reclamation	30,626,667	30,620,212	29,472,121	27,361,203
Electric	17,182,310	17,138,240	16,531,675	17,247,983
Transit	406,202	415,615	633,355	364,830
Airport	316,402	280,915	265,838	297,638
Operating Grants and Contributions	1,640,359	1,635,598	1,531,791	1,600,444
Capital Grants and Contributions	4,225,256	3,453,420	11,730,500	3,261,322
Total Business-Type Activities Program Revenue:	<u>110,334,809</u>	<u>107,450,208</u>	<u>110,409,045</u>	<u>98,237,407</u>
Total Primary Government Program Revenues	<u>\$ 181,508,999</u>	<u>\$ 164,929,289</u>	<u>\$ 166,381,889</u>	<u>\$ 155,010,789</u>

Fiscal Year					
2010	2009	2008	2007	2006	2005
\$ 23,778,004	\$ 23,387,380	\$ 22,014,630	\$ 17,944,188	\$ 17,000,514	\$ 11,199,340
23,849,351	23,118,471	22,465,104	19,824,613	19,372,402	17,247,894
44,573,946	40,723,499	38,811,288	35,418,464	35,290,552	32,105,270
30,006,518	29,252,056	28,165,830	32,887,632	28,293,319	25,450,529
3,108,194	3,142,627	3,539,703	3,156,248	3,233,627	3,111,361
18,283,224	19,061,398	17,679,157	31,450,231	18,317,214	13,825,131
14,321,581	15,431,862	13,529,315	12,504,767	12,863,536	12,091,432
13,471,571	16,447,756	14,913,380	12,348,977	9,164,552	10,170,977
<u>\$ 171,392,389</u>	<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>
48,080,241	46,284,613	48,772,948	42,980,979	39,968,554	36,073,601
27,212,393	27,164,627	27,937,584	25,431,501	23,411,865	16,876,237
21,951,228	21,962,931	23,590,548	24,688,495	20,279,523	12,855,676
2,309,727	2,256,556	2,128,258	1,773,529	1,663,358	1,615,000
316,270					
99,869,859	97,668,727	102,429,338	94,874,504	85,323,300	67,420,514
<u>\$ 271,262,248</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>
7,616,409	678,554	1,301,569	1,513,639	8,645,359	1,129,140
3,204,585	4,506,740	4,726,300	4,181,914	3,229,032	3,197,076
3,551,199	2,817,511	3,023,714	3,246,509	3,017,477	2,687,347
12,291,030	12,354,323	13,909,188	14,830,576	16,795,580	16,124,597
333,015	341,989	495,603	541,166	402,660	324,561
		1,713	1,168	-	157
7,184,440	7,261,946	6,373,504	6,064,402	5,986,229	5,805,482
11,711,125	9,404,577	8,165,995	8,270,729	7,794,735	12,113,704
9,480,514	19,967,971	17,140,582	22,362,669	23,044,293	9,705,129
<u>55,372,317</u>	<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>
50,979,766	49,629,071	44,795,972	43,261,136	36,548,936	29,061,220
26,779,144	26,569,560	23,379,820	21,824,979	20,211,966	13,897,603
23,891,958	23,896,507	24,824,172	24,466,921	20,962,161	13,067,845
412,928	371,714	363,101	316,671	270,679	234,693
286,546					
1,724,206	1,567,193	1,454,320	1,284,236	1,233,282	1,250,281
4,728,651	6,702,937	19,829,148	31,702,614	12,696,552	17,754,362
108,803,199	108,736,982	114,646,533	122,856,557	91,923,576	75,266,004
<u>\$ 164,175,516</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>

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

	Fiscal Year			
	2014	2013	2012	2011
Net (Expense)/Revenue				
Governmental Activities	\$ (71,620,834)	\$ (84,625,187)	\$ (86,111,861)	\$ (104,335,419)
Business-Type Activities	6,998,759	3,520,584	7,320,578	5,459,942
Total Primary Government Net Expense	<u>\$ (64,622,075)</u>	<u>\$ (81,104,603)</u>	<u>\$ (78,791,283)</u>	<u>\$ (98,875,477)</u>
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Taxes				
Property Taxes	\$ 36,462,210	\$ 41,238,344	\$ 45,754,306	\$ 59,090,960
Sales and Use Tax	35,623,651	32,969,847	31,190,815	28,505,050
Other Taxes	9,099,819	8,249,945	8,546,497	7,802,237
Total taxes	<u>81,185,680</u>	<u>82,458,136</u>	<u>85,491,618</u>	<u>95,398,247</u>
Unrestricted Grants and Contributions	407	145,742	76,014	686,338
Payments In Lieu of Taxes				
Gain/(Loss) on Sale of Capital Asset				
Investment Earnings	2,296,081	470,023	4,047,070	3,380,168
Lease and Rental Income	9,809,719	10,516,597	12,088,330	11,646,814
Miscellaneous	2,096,681	2,355,179	3,637,541	658,664
Extraordinary Items	(56,854,230)	(8,033,621)	57,030,346	
Transfers	(916,819)	(547,690)	(163,000)	40,000
Special Items				
Total Governmental Activities	<u>37,617,519</u>	<u>87,364,366</u>	<u>162,207,919</u>	<u>111,810,231</u>
Business-Type Activities:				
Investment Earnings	1,189,440	2,450,042	4,019,878	3,178,516
Armortized Bond Issuance Premium	1,996,793	3,890,307		
Gain on Sale of Capital Asset	2,497,251			2,350,130
Transfers	916,819	547,690	163,000	(40,000)
Total Business-Type Activities	<u>6,600,303</u>	<u>6,888,039</u>	<u>4,182,878</u>	<u>5,488,646</u>
Total Primary Government	<u>\$ 44,217,822</u>	<u>\$ 94,252,405</u>	<u>\$ 166,390,797</u>	<u>\$ 117,298,877</u>
Change in Net Position				
Governmental Activities	\$ (34,003,315)	\$ 2,739,179	\$ 76,096,058	\$ 7,474,812
Business-Type Activities	13,599,062	10,408,623	11,503,456	10,948,588
Total Primary Government	<u>\$ (20,404,253)</u>	<u>\$ 13,147,802</u>	<u>\$ 87,599,514</u>	<u>\$ 18,423,400</u>

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

Fiscal Year					
2010	2009	2008	2007	2006	2005
\$ (116,020,072)	\$ (113,231,438)	\$ (105,980,239)	\$ (104,522,348)	\$ (74,620,351)	\$ (74,114,741)
8,933,340	11,068,255	12,217,195	27,982,053	6,600,276	7,845,490
<u>\$ (107,086,732)</u>	<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>
\$ 62,049,578	\$ 66,704,669	\$ 67,566,221	\$ 63,121,766	\$ 50,973,502	\$ 42,349,908
26,543,193	29,791,137	35,894,694	39,684,799	39,915,335	34,502,809
7,660,365	8,570,003	8,496,030	9,396,886	9,556,368	4,866,205
<u>96,253,136</u>	<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>
481,295	674,076	720,480	1,977,907	3,710,301	1,112,066
					8,998,347
1,776,536			6,438,368		
7,204,417	10,177,941	12,225,922	9,602,364	4,875,430	2,222,270
7,347,933	6,955,049				
1,311,650	8,873,210	13,536,181	9,936,382	6,691,463	8,464,284
57,000	(201,503)	28,400	170,294	(1,458,852)	(29,223)
	9,653,196		7,996,099		
<u>114,431,967</u>	<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>
3,169,884	4,144,071	4,385,148	3,647,928	2,491,501	1,288,738
					482,495
(57,000)	201,503	(28,400)	(170,294)	1,458,852	29,223
<u>3,112,884</u>	<u>4,345,574</u>	<u>4,356,748</u>	<u>3,477,634</u>	<u>3,950,353</u>	<u>1,800,456</u>
<u>\$ 117,544,851</u>	<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>
\$ 10,096,548	\$ 25,177,706	\$ 32,487,689	\$ 43,802,517	\$ 39,643,196	\$ 28,371,925
8,572,826	13,278,914	16,573,943	31,459,687	10,550,629	9,645,946
<u>\$ 18,669,374</u>	<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>

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

	Fiscal Year			
	2014	2013	2012	2011
General Fund				
Nonspendable	\$ 23,595,803	\$ 22,797,277	\$ 15,070,684	\$ 15,112,080
Committed	23,494,027	22,804,343	18,279,947	18,072,691
Assigned	44,748,578	41,298,885	43,205,474	50,333,810
Reserved				
Unreserved				
Total General Fund	<u>\$ 91,838,408</u>	<u>\$ 86,900,505</u>	<u>\$ 76,556,105</u>	<u>\$ 83,518,581</u>
All Other Governmental Funds				
Nonspendable	\$ 3,615,772	\$ 61,512,775	\$ 61,220,936	\$ 61,568,872
Restricted	41,755,471	22,103,295	27,425,735	35,292,020
Assigned	1,299,482	17,604,929	19,215,798	25,061,577
Unassigned				
Reserved				
Unreserved, reported in:				
Special Revenue				
Capital Projects				
Total all other Governmental Funds	<u>\$ 46,670,725</u>	<u>\$ 101,220,999</u>	<u>\$ 107,862,469</u>	<u>\$ 121,922,469</u>

Fiscal Year					
2010	2009	2008	2007	2006	2005
\$ 19,708,805	\$ -	\$ -	\$ -	\$ -	\$ -
17,597,806					
40,338,627					
	20,156,768	20,672,134	24,121,757	75,249,936	13,535,692
	54,773,799	58,818,482	70,716,157		31,748,096
<u>\$ 77,645,238</u>	<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>
\$ 58,835,683					
41,491,338					
26,635,398					
(769,101)					
	81,668,685	83,897,261	59,739,936	23685432	71680887
	39,029,410	34,241,391	34,462,913	40,645,962	(619,485)
	18,110,464	16,909,462	15,510,428	8347703	
<u>\$ 126,193,318</u>	<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>

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

	Fiscal Year			
	2014	2013	2012	2011
Revenues:				
Property Taxes	\$ 36,721,899	\$ 39,447,422	\$ 45,754,306	\$ 59,090,960
Other Taxes	44,266,424	40,900,200	38,964,006	35,900,324
Licenses, fees and permits	2,777,719	2,462,107	5,817,125	2,187,466
Fines and Penalties	1,068,778	1,717,820	1,841,074	2,168,820
Special Assessments	9,439,079	9,477,719	9,296,683	9,645,684
Investment Earnings	2,296,081	470,023	4,047,070	3,380,168
Intergovernmental Revenues	29,487,199	15,312,882	15,731,101	17,140,177
Current Services	17,287,466	16,003,725	14,392,726	13,724,789
Payments in Lieu of Services	10,644,539	8,999,739	9,544,525	9,681,893
Other Revenues	14,900,407	18,919,899	17,714,051	16,833,436
Total Revenues	168,889,591	153,711,536	163,102,667	169,753,717
Expenditures:				
General Government	27,361,122	26,108,110	23,683,293	23,594,460
Public Safety - Fire	24,247,894	22,965,971	22,921,163	23,068,351
Public Safety - Police	41,161,796	39,770,719	41,751,356	39,523,177
Public Works	10,995,663	24,962,116	25,800,081	25,443,417
Maintenance Services	24,129,799			
Library and Recreation Services	4,440,588	2,758,037	2,720,741	2,694,192
Housing & Economic Development	2,529,859	816,342	9,560,505	10,942,983
Parks and Community Services		12,946,946	12,437,183	12,128,803
Capital Outlay	23,609,928	7,769,015	4,349,725	11,089,418
Debt Service				
Principal	3,545,895	3,654,332	7,082,070	7,578,502
Interest and Fiscal Charges	2,210,669	2,719,421	7,547,454	14,756,645
Total Expenditures	164,233,213	144,471,009	157,853,571	170,819,948
Excess of Revenues Over/(Under) Expenditures	4,656,378	9,240,527	5,249,096	(1,066,231)
Other Financing Sources/(Uses)				
Loss from Sale of Land Held for Resale				
Issuance of Debt				
Principal Retirement				
Proceeds from Sale of Capital Asset				
Bond Premium				
Transfers In	3,767,587	3,771,227	4,533,758	79,529,457
Transfers Out	(1,124,534)	(1,250,885)	(5,582,646)	(76,674,137)
Total Other Financing Sources/(Uses)	2,643,053	2,520,342	(1,048,888)	2,855,320
Extraordinary Items	(56,854,230)	(8,033,621)	(19,852,703)	
Special Items				
Net Change in Fund Balances	\$ (49,554,799)	\$ 3,727,248	\$ (15,652,495)	\$ 1,789,089
Debt Service as a Percentage of Non-capital Expenditures	4.1%	4.6%	9.5%	14.0%

Fiscal Year						
	2010	2009	2008	2007	2006	2005
\$	62,049,578	\$ 66,704,668	\$ 67,566,222	\$ 63,121,767	\$ 50,973,502	\$ 42,349,910
	33,859,090	37,687,694	44,025,594	47,968,446	47,243,504	40,815,213
	2,244,379	3,986,271	3,939,938	7,565,595	12,052,807	10,871,748
	2,625,345	1,643,556	1,602,034	1,678,525	1,778,880	1,508,004
	9,230,699	9,186,822	7,363,443	7,472,089	7,325,244	6,923,091
	7,205,344	8,221,715	10,324,740	8,337,386	4,093,836	2,776,118
	16,982,358	23,725,540	18,579,692	21,122,793	20,878,547	11,927,288
	13,469,450	15,015,541	16,746,141	16,547,413	16,156,862	15,518,676
	10,524,934	11,992,502	13,249,357	9,801,798	11,540,850	9,165,515
	11,586,690	11,854,846	11,337,159	11,567,679	10,514,261	8,626,151
	<u>169,777,867</u>	<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>
	24,032,875	28,370,429	29,223,727	25,343,635	21,080,414	18,497,239
	22,886,210	23,826,368	24,986,115	22,129,775	19,689,290	17,947,422
	43,154,254	41,009,396	42,602,945	39,637,054	36,165,060	35,815,820
	26,055,330	26,098,884	27,600,538	32,346,827	25,345,564	21,272,214
	2,925,121	3,228,510	3,910,240	3,609,419	3,432,052	3,268,099
	18,776,318	14,337,175	13,347,887	28,636,781	12,533,710	8,112,135
	12,628,055	14,516,592	14,082,791	12,371,034	11,736,757	10,443,414
	21,562,741	24,337,661	35,001,560	22,935,456	9,338,399	19,846,407
	8,139,799	13,837,430	5,984,493	5,466,814	6,824,654	4,723,597
	14,041,809	16,730,459	14,389,659	11,710,584	9,263,096	10,498,967
	<u>194,202,512</u>	<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>
	(24,424,645)	(16,273,749)	(16,395,635)	(9,003,888)	27,149,297	56,400
		(472,252)				
		5,167,326	35,874,600	51,338,901		38,210,834
						(38,215,000)
	2,400,000			6,739,350		
			30,601,167			799,695
	17,440,737	21,302,803	(28,843,505)	37,438,933	26,507,505	16,343,861
	(10,398,334)	(20,176,928)		(36,814,074)	(22,504,515)	(16,141,034)
	<u>9,442,403</u>	<u>5,820,949</u>	<u>37,632,262</u>	<u>58,703,110</u>	<u>4,002,990</u>	<u>998,356</u>
		9,653,196		7,996,099		
\$	<u>(14,982,242)</u>	<u>(799,604)</u>	<u>\$ 21,236,627</u>	<u>\$ 57,695,321</u>	<u>\$ 31,152,287</u>	<u>\$ 1,054,756</u>
	12.8%	16.8%	11.6%	9.5%	11.0%	11.7%

CITY OF CORONA**Schedule 5a
Water Sales By User Type ¹
Last Ten Fiscal Years**

Fiscal Year Ended June 30	Residential		Commercial		Industrial		Public Agency		Agricultural, Irrigation and Other		Total	
	Acre Feet	% of Total	Acre Feet	% of Total	Acre Feet	% of Total	Acre Feet	% of Total	Acre Feet	% of Total	Acre Feet Total	% Total
2005	24,905	67.0	3,463	9.0	1,450	4.0	3,271	9.0	3,391	11.0	36,480	100.0
2006	26,630	66.2	3,848	9.6	1,573	3.9	3,546	8.8	4,607	11.5	40,204	100.0
2007	29,866	66.0	4,230	9.5	1,751	3.5	3,898	9.0	5,754	12.0	45,499	100.0
2008	27,598	67.5	3,803	9.4	1,557	3.8	3,039	7.4	4,870	11.9	40,867	100.0
2009	26,761	61.5	4,916	11.3	1,592	3.8	2,973	6.8	7,280	16.6	43,522	100.0
2010	23,752	64.5	4,404	12.0	1,216	3.3	4,278	11.6	3,165	8.6	36,815	100.0
2011	22,121	65.4	3,812	11.3	1,158	3.4	3,058	9.0	3,700	10.9	33,849	100.0
2012	22,735	65.5	3,662	10.6	1,184	3.4	3,355	9.6	3,768	10.9	34,704	100.0
2013	23,283	64.8	3,480	9.7	1,225	3.4	3,711	10.3	4,243	11.8	35,942	100.0
2014	23,979	66.8	3,188	10.8	1,254	4.7	597	1.9	8,077	15.8	37,095	100.0

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
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
2014	10,909,040	2,126,622	2,142,615	1,462,220	279,902	16,360,595	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"
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
2014	2.10 ⁷	19.23	25.23	36.09	62.90	91.80	156.91	241.02	442.64	651.04

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

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

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

4) For Fiscal Year 2010-11, the quantity rate included a pass-through charge 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.

7) For fiscal year 2013-14, the quantity rate included a pass-through charge from WMWD of \$0.03 per 100 C.F. for Tier 1 rates

Source: City of Corona Department of Water and Power.

CITY OF CORONA**Schedule 6b
Reclaimed Water Rates
Last Eight 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
2014	1.51	18.90	24.79	35.46	61.79	90.18	154.12	236.76	434.82	639.52

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

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
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
2014	1.0000	0.0000	1.0000	0.0684	0.1757	0.0035	0.0177

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	2014			2005		
	Water Charges	Rank	Percent of Total Water Revenues	Water Charges	Rank	Percent of Total Water Revenues
City of Corona	\$ 1,450,550	1	2.72%	\$ 1,322,003	1	5.06%
Corona-Norco USD	826,992	2	1.55%	439,107	2	1.68%
MG Properties	421,109	3	0.78%	70,301	9	0.27%
Cresta Verde Hills HOA	308,004	4	0.57%	253,315	3	0.97%
Equity Res. Properties Mgmt	225,244	5	0.42%			
Marquessa Apartments	193,843	6	0.36%			
Meadowood Investors LLC	193,459	7	0.36%			
Avalonbay Communities, Inc.	192,080	8	0.36%			
Waterstone at Corona Pointe	191,736	9	0.35%			
Eagle Glen Master HOA	190,289	10	0.35%			
PPC Baywood Venture LLC				130,406	4	0.50%
EWR, Inc.				91,862	5	0.35%
Archstone Communities				83,287	6	0.32%
ERP Operating Limited Partn.				81,863	7	0.31%
Estates at Corona Ranch				77,833	8	0.30%
				70,301	10	0.27%
	<u>\$ 4,193,306</u>		<u>7.82%</u>	<u>\$ 2,620,278</u>		<u>10.03%</u>

Source: Corona Department of Water and Power.

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

Taxpayer	2014			2005		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Watson Laboratories Inc.	\$ 186,030,764	1	1.21%	\$ 118,120,557	1	0.98%
Castle and Cooke Corona Inc.	175,008,220	2	1.13%			
Kaiser Foundation Health Plan Inc	148,550,294	3	0.94%	108,451,141	3	0.89%
Rexco	107,928,418	4	0.70%			
Waterstone Apartments NF	81,322,677	5	0.53%			
Costco Wholesale Corporation	73,311,717	6	0.45%	69,389,394	5	0.58%
Dart Container Corporation of Calif	71,293,706	7	0.46%	78,272,590	4	0.65%
Artisan At Main Street Metro	62,775,000	8	0.46%			
Riverside County Transportation	53,459,374	9	0.38%			
223 1 DL Holding	51,280,511	10	0.29%			
Dairy Farmers of America Inc.				109,840,314	2	0.91%
UHS Corona Inc.				59,748,967	6	0.50%
GTS Property Hollywood Inc				57,193,705	7	0.47%
ERP Operating LP				54,384,622	8	0.45%
Triana Multifamily Holdings				41,819,582	9	0.35%
Centex Homes				40,241,908	10	0.33%
Total	<u>\$ 1,010,960,681</u>		<u>6.55%</u>	<u>\$ 737,462,780</u>		<u>6.11%</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
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%	1,171,255	22,406,678	99.32%
2014	23,176,657	22,171,735	95.66%	-	22,171,735	95.66%

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
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
2014	-	- ¹	31,250	-	22,353	- ¹	355

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
\$ 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
1,104	-	19,951	172,628	24,480	55,605	690	328,417	7.9%	\$ 2,064

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

Fiscal Year	General Bonded Debt Outstanding				Total General Bonded Debt	Less Net Position Restricted for Debt Repayment	Net General Bonded Debt	Percentage of Actual Value ¹ of Property	Per Capita ²
	General Obligation Bonds	Redevelopment Bonds ³	Special Assessment Bonds	Lease Revenue Bonds					
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%	198
2014	-	-	355	31,250	31,605	2,770	28,835	0.18%	181

- 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, 2014 (dollars in thousands)**

	Debt Outstanding	Est. Percentage Applicable ²	Share of Overlapping Debt
Direct and Overlapping Tax and Assessment Debt:			
Metropolitan Water District	\$ 132,275	0.749%	\$ 991
Riverside City Community College District	230,215	21.082%	48,534
Alvord Unified School District	227,560	12.767%	29,053
Corona-Norco Unified School District	260,073	56.917%	148,026
Alvord Unified School District CFD No. 2006-1	7,960	8.333%	663
Corona-Norco Unified School District CFD No. 88-1	535	90.294%	483
Corona-Norco Unified School District CFD No. 97-1	1,180	100.000%	1,180
Corona-Norco Unified School District CFD No. 99-1	2,942	100.000%	2,942
Corona-Norco Unified School District CFD No. 99-2, Imp Areas A, B, C	6,203	100.000%	6,203
Corona-Norco Unified School District CFD No. 00-1	4,330	100.000%	4,330
Corona-Norco Unified School District CFD No. 01-1, Imp Areas A & B	8,340	100.000%	8,340
Corona-Norco Unified School District CFD No. 01-2, Imp Areas A, B, C	13,380	100.000%	13,380
Corona-Norco Unified School District CFD No. 03-3, Imp Area A	4,750	100.000%	4,750
Corona-Norco Unified School District CFD No. 03-5	2,135	100.000%	2,135
Corona-Norco Unified School District CFD No. 04-2, Imp Areas 1 & 3	4,315	100.000%	4,315
City of Corona CFD No. 86-2 Refunding 2014 Series A	7,195	100.000%	7,195
City of Corona CFD No. 89-1 Refunding 2014 Series A	7,350	100.000%	7,350
City of Corona CFD No. 89-1 IA Refunding 2014 Series A	5,495	100.000%	5,495
City of Corona CFD No. 90-1	22,845	100.000%	22,845
City of Corona CFD No. 97-2 Refunding 2014 Series A	10,935	100.000%	10,935
City of Corona CFD No. 2000-1	5,995	100.000%	5,995
City of Corona CFD No. 2001-2	2,850	100.000%	2,850
City of Corona CFD No. 2002-1	23,670	100.000%	23,670
City of Corona CFD No. 2002-4	8,030	100.000%	8,030
City of Corona CFD No. 2003-2	6,920	100.000%	6,920
City of Corona CFD No. 2004-1	3,185	100.000%	3,185
California Statewide Communities Development Authority CFD No. 2002-1	4,100	100.000%	4,100
City of Corona 1915 Act Bonds	4,025	100.000%	4,025
Total Overlapping Tax and Assessment Debt			387,919
Total Direct Tax and Assessment Debt			-
Total Direct and Overlapping Tax and Assessment Debt			\$ 387,919
Direct and Overlapping General Fund Debt:			
Overlapping General Fund Obligations			
Riverside County General Fund Obligations	\$ 692,656	7.815%	\$ 54,131
Riverside County Pension Obligations	334,515	7.815%	26,142
Riverside County Board of Education COPs	2,700	7.815%	211
Corona-Norco Unified School District General Fund Obligations	27,880	56.917%	15,868
Alvord Unified School District General Fund Obligation Debt	2,027	12.767%	259
Total Overlapping General Fund Obligations			\$ 96,612
Direct General Fund Obligations:			
City of Corona General Fund Obligations	53,958	100.000%	53,958
Total Direct General Fund Obligations			\$ 53,958
Total Direct and Overlapping General Fund Obligations			\$ 150,570
Less: Riverside County self-supporting obligations			726
City-obligated debt supported by special assessment payments			355
Total Net Direct and Overlapping General Fund Obligations			\$ 149,489
Total Gross Direct Debt			\$ 53,958
Total Net Direct Debt			\$ 53,603
Total Gross Overlapping Debt			\$ 484,531
Total Net Overlapping Debt			\$ 483,805
Gross Combined Total Direct and Overlapping Debt³			\$ 538,489
Net Combined Total Direct and Overlapping Debt			\$ 537,408

See Notes on the following page.

Schedule 11

Direct and Overlapping Governmental Activities Debt¹

As of June 30, 2014 (dollars in thousands)

Notes to Schedule 11

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

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

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

CITY OF CORONA

Schedule 12

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

Legal Debt Margin Calculation for Fiscal Year 2014

Assessed Value	\$ 16,360,595
Debt Limit (15% of assessed value)	2,454,089
Debt Applicable to limit:	
General obligation debt	22,353
Less: Amount set aside for repayment of general obligation debt	-
Total net debt applicable to limit	22,353
Legal Debt Margin	<u>\$ 2,431,736</u>

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt Limit	\$ 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	\$ 2,454,089
Total net debt applicable to limit	2,298	1,719	1,158	600	(43)	-	-	25,283	23,719	22,353
Legal debt margin	\$ 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	\$ 2,431,736
Total debt applicable to the limit as a percentage of debt limit	0.127%	0.085%	0.049%	0.023%	-0.002%	0.000%	0.000%	1.058%	0.993%	0.911%

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	
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	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 ¹	11	28,750	2,075	1.00	212	5	145	47	1.13
2014	3,394	19	2,020	1,365	1.01	208	4	160	34	1.09

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

² Includes the defeasance of the 1998 Water Revenue bonds.

³ Includes defeasance of 1997 COPs and 2003 COPs.

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	
\$ 2,286	\$ 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
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 ²	26,430	1,491	1.06	7,391	22	2,935	4,154	1.05
3,187	1,165	1,165	1.00	60,552 ³	2,143	60,080	2,611	1.00

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
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%
2014	159,132	4,179,125	26,262	32.2	53,782	7.3%

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

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

Employer	2014			2005		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Corona-Norco Unified School District	2,459	1	2.79%	5,184	1	6.95%
Corona Regional Medical Center	1,100	2	1.25%	1,033	5	1.38%
Kaiser Permanente	825	3	0.94%	1,100	3	1.47%
City of Corona	801	4	0.91%	1,094	4	1.47%
Fender Guitar	800	5	0.91%	925	7	1.24%
All American Asphalt	700	6	0.79%	950	6	1.27%
Actavis	626	7	0.71%			
CIRCOR	600	8	0.68%			
Monster Energy	475	9	0.54%			
TWR Framing Enterprises	465	10	0.53%			
Watson Laboratories, Inc.				1,270	2	1.70%
Dart Container Corporation				850	8	1.14%
Silvercrest Homes				520	9	0.70%
Doorway Manufacturing				475	10	0.64%
Total	<u>8,851</u>		<u>10.05%</u>	<u>13,401</u>		<u>17.96%</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 Ten Fiscal Years**

Function/Program	Full-time Equivalent Employees									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General Government										
Management Services	9	9	8	9	9	12	19	19	12	13
City Attorney's Office	5	5	0	0	0	0	0	0	0	0
Human Resources	9.5	10.5	9	10	10	11	15	15	13	12
Information Technology	11	12	13	14	14	15	18	17	17	17
Finance	23	23	27	32	32	36	41	42	41	41
Community Development	18	17	17	21	21	27	24	26	21	20
Building ⁴	0	0	0	0	0	0	24	24	23	22
Police										
Officers	157	153.5	152	176	177	179	191	191	175	167
Civilians	64	61	60	72	67	72	91	91	87	90
Fire										
Firefighters and officers	112	111.5	112	121	121	121	124	124	111	106
Civilians	5	5	5	7	7	10	23	22	22	26
Public Works ¹	31	71	74	77	76	84	102	102	93	94
Maintenance Services ¹	38	0	0	0	0	0	0	0	0	0
Housing and Economic Development ³	4.5	4.5	6							
Library and Recreation Services	21	15	15	17	17	18	20	19	18	19
Department of Water and Power	112	109	112	107	112	113	111	130	146	137
Transit Services	2	2	2	1	1	1	1	1	1	1
Parks and Community Services ²	0	21	22	28	28	35	48	49	50	50
Redevelopment ³	0	0	0	16	17	17	16	15	17	17
Total	622	630	633	708	709	751	868	887	847	832

Source: City of Corona Finance Department.

Note:

- 1) Public Works Department was reorganized during Fiscal Year 20013-14, various maintenance functions were removed from Public Works, and a new department, Maintenance Services was established to assume these functions.
- 2) Building Department merged into Community Development Department during Fiscal Year 2008-09.
- 3) Housing and Economic Development assumed the Successor Agency role for the former Corona Redevelopment Agency and its Housing component.

CITY OF CORONA

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

Function/Program	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Police										
Physical Arrests	5,422	4,709	4,472	5,701	5,337	5,693	5,026	5,298	4,696	4,259
Parking Violations	4,119	3,612	4,976	6,541	3,241	6,768	8,165	9,806	8,147	8,657
Traffic Violations	11,147	9,316	8,691	9,456	10,087	13,357	11,389	11,931	13,923	16,885
Fire										
Emergency Responses	11,131	10,942	9,843	9,606	9,683	9,480	10,139	10,238	9,997	9,644
Fires Extinguished	397	415	326	318	378	387	439	515	499	503
Inspections	2,217	1,591	1,929	1,478	2,560	2,124	2,072	1,039	865	1,529
Public Works/Maintenance Services										
Street Resurfacing (miles)	72	48	8	71	85	70	6	173	10	12
Street Lights Repaired	598	808	1,093	1,811	1,775	1,991	1,721	1,307	1,336	1,158
Potholes Filled (sq. ft)	13,185	16,085	13,316	25,557	38,187	51,223	33,936	42,000	37,389	36,294
Parks and Community Services										
Sportsfields Participation	1,670,668	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	158,431	144,981	216,729	239,484	249,295	279,548	309,814	310,604	307,888	303,460
Other Activity Participation	244,593	247,768	232,701	211,533	259,179	249,407	217,500	153,301	126,542	128,991
Library and Recreation Services										
Volumes in Collection	136,128	174,585	170,435	169,188	166,163	177,028	175,648	165,102	165,474	161,495
Total Volumes Borrowed	1,942,829	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	498	482	80	133	217	269	158	504	801	656
Water Main Repairs	49	36	37	46	45	6	6	10	9	38
Average Daily Consumption (millions of gallons)	34.9	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)	12.6	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	39.0	44.4	44.7	44.7
Fixed Route	169,745	163,054	153,783	152,568	165,104	166,744	163,062	150,815	146,983	162,423
Dial-A-Ride	68,852	66,635	61,285	58,153	64,689	63,122	64,079	57,577	58,892	66,481

Source: Various City departments.

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

Function/Program	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Zone Offices	2	2	2	2	2	3	3	3	3	3
Patrol Units	53	53	53	60	65	65	74	74	66	58
Fire Stations	7	7	7	7	7	7	7	7	7	7
Streets										
Streets and Alleys (miles)	403	406	403	398	398	398	383	380	376	371
Streetlights ¹	11,888	11,271	11,353	11,237	11,733	11,682	11,711	11,688	11,300	10,540
Traffic Signals	170	169	169	170	168	166	161	163	157	153
Library and Recreation Services										
Total Park Acreage	376	376	376	376	376	376	364	364	342	347
Playgrounds	27	27	27	27	27	26	30	30	29	30
Baseball/softball diamonds	36	36	36	37	39	35	35	33	33	32
Soccer/football fields	18	18	18	18	17	15	15	14	14	11
Community Centers	7	7	7	7	7	7	7	7	7	7
Civic Center Auditorium Seating Cap	380	380	380	380	380	380	380	380	250	250
Fiesta Bandshell Seating Capacity	500	500	500	500	500	500	500	500	500	500
Water										
Water Main (miles)	681	681	677	676	684	670	670	622	606	566
Fire Hydrants	9,087	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	51	53	53	44	44	46	41
Wastewater										
Sanitary Sewers (miles)	444	444	444	442	447	445	436	394	382	376
Storm Sewers (miles)	171	166	166	168	168	165	161	154	148	145
Treatment Capacity (millions of gallons)	16	16	16	16	16	16	14	14	19	16
Transit Services										
Minibuses										
Fixed Route	6	4	4	5	5	5	5	5	5	5
Dial-A-Ride	10	12	10	10	9	9	9	9	9	9

Source: Various City departments

Note: ¹ Includes only City-owned street lights.