

CITY OF CORONA, CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2008



Prepared by the City of Corona Finance Department

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November 18, 2008

To the Honorable Mayor, City Council, and Citizens of the City of Corona, California:

State law requires that all general-purpose local governments publish, within six months of the close of each fiscal year, 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. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report (CAFR) of the City of Corona for the fiscal year ended June 30, 2008.

This report consists of management's representations concerning the finances of the City of Corona. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Corona has established a comprehensive internal control framework that is designed both to protect the government'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 City of Corona's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

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

The City of Corona's financial statements have been audited by Teaman, Ramirez & Smith, Inc., Certified Public Accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Corona for the fiscal year ended June 30, 2008 are free of material misstatement. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Corona's financial statements for the fiscal year ended June 30, 2008 are fairly presented in conformity with GAAP. The independent auditor's report is presented on the first page of the Financial Section of this report.

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

Profile of the City

The City of Corona is located approximately 45 miles southeast of Los Angeles in western Riverside County. The community is ideally situated at the base of the mountainous Cleveland National Forest on an alluvial plain leading down, or north to the Santa Ana River. In 2008 the City population was 147,428 and the City limits covered approximately 39.2 square miles. Corona is a General Law City. Five Corona citizens make up the Corona City Council and each is elected to a four-year term of office. The Mayor is appointed annually by and from the City Council.

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

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

Local Economy

The City of Corona is the gateway through which economic forces flow from Orange County into the Inland Empire. Over the past two decades, as that county has become increasingly built-out, the inland immigration of families and firms has made Corona a prosperous city. Southern California's housing market downturn has impacted two aspects of the City's economy. Its home prices have fallen back to the 2004 level that preceded their speculative run up. However, with affordability increasing, home sales have seen slight increases. Meanwhile, retail sales slowed in 2007, taxable sales were down by 3.2% from 2006, while the overall Riverside County's sales dropped by 1.4%.

Major industries within the City include construction, manufacturing, retail trade and distribution and transportation sections. From 2000 to 2007, the City's job market grew from 53,938 jobs to 79,030, up by 46.5%. The City's peak was at 80,861 jobs in 2006, with a small decline in 2007 brought on by the region's housing difficulties. Construction is the largest sector in the City with 17,194 jobs, second is manufacturing with 15,366 jobs. Until 2007, Corona's job growth outpaced the rapidly growing Inland Empire in every year. However, in 2007, the City's employment fell 2.0% while the region was flat due to the housing problems. Construction, retail trade, and distribution/transportation provide significant employment opportunities to City residents. In 2007, 21.8% of residents were employed in construction, with retail and

distribution accounting for 16.8% and 10.0%, respectively. In 2007, construction had the City's largest payroll of \$824.8 million, followed by manufacturing with \$683.0 million and distribution with \$429.4 million. Total payroll for retail was \$291.3 million and took fourth place in the City. Unemployment in the City was 4.1% in 2007 and is 6.1% for the current year, through June 30, 2008.

Property tax is the largest revenue source for the City for the fiscal year ending June 30, 2008. Total taxable assessed valuation in Corona has increased by 66.7% for the past five years to \$17.7 billion. Sales tax is another principal revenue source for the City. Taxable retail sales were \$3.87 billion in 2007, and were down by 3.2% from 2006, the first decline in the City's activity since 1992 due to the difficulties emerging in the housing market. Given the importance of the retail sales tax to municipalities in California, taxable retail sales per capita serves as a good barometer of a community's ability to provide services to its population. From 2000 to 2007, Corona's sales per capita rose by 77.2% to \$24,099, ranked eighth in the Inland Empire. The 2007 per capita sales were 69.5% higher than the countywide average of \$14,220. Total property and sales tax constituted 74.4% of total governmental revenues, which are significant sources to support all general government activities including public safety, public works, community services and redevelopment.

Long Term Financial Planning

The City's continued control over expenditure growth has been and will continue to be a key factor in maintaining the City's strong financial position. The City Council has wisely taken advantage of the past years' financial prosperity to secure the future stability of the City. A contingency reserve policy was established and funded for the General Fund and continues to be maintained through June 30, 2008. The reserve policy requires a 15% set aside of the following year's budgeted operating expenditures of the General Fund. On an ongoing basis, other funds are being set aside as reserves for building maintenance, vehicle replacement, replacement of large fire equipment and replacement and upgrades for automation needs. The conservative budgets that were passed in prior fiscal years contributed to this overall financial philosophy.

Relevant Financial Policies

Corona follows the General Fund Expenditure Control Budget, or ECB, guidelines as outlined in the budget resolution. The 2007-08 fiscal year budget was the fourteenth 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. According to the ECB policies, the departments are allowed to carry over 25% of unspent portions of their individual departmental budgets to be used in future years.

For fiscal year 2007-08, the amount saved by the departments totaled \$3,250,303. The prior year carryover was \$2,832,638 giving the departments a total of \$6,082,941 in reserves. This is designated in the General Fund Balance under the title of Unreserved Fund Balance. Further details are presented in the Required Supplemental Information, under the ECB Reserve section.

Major Initiatives

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

The expansion of the Corporation Yard facility began construction in late 2006 with completion scheduled for 2009. The construction of two new building complexes was completed in May 2008, where the Department of Water and Power, field staff from various departments and the Emergency Operations Center are currently located. The Police Department will be relocating to the renovated Corporation Yard building upon its completion in fall of 2009. The cost of the entire project is estimated at \$43 million and was partially financed through Lease Revenue Bonds.

Additional funds have been budgeted in the fiscal year 2008-09 for various new capital improvement projects totaling \$41.2 million. This is divided among the categories of buildings and facilities, roads and bridges, lighting and signals, and redevelopment activities. The majority of the capital budget, or 25.6%, is in the redevelopment section. Roads and bridges represent 19.6% of the capital budget, with the primary funding sources of Measure A, Gas Tax and Transportation Uniform Mitigation Fees.

The capital budget for Water and Wastewater projects for the fiscal year 2008-09 total \$13.0 million. Projects include recycled water tie-in and a construction of a new reservoir.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) of the United States and Canada awarded the eighteenth consecutive Certificate of Achievement for Excellence in Financial Reporting to the City of Corona for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ending June 30, 2007. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,



Bradly L. Robbins
City Manager



Debra A. Foster
Finance Director

Elected Officials

JEFF MILLER Mayor
STEVE NOLAN Mayor Pro Tem
EUGENE MONTANEZ Councilmember
STAN SKIPWORTH Councilmember
KAREN SPIEGEL Councilmember

RICHARD O. HALEY City Treasurer

Administrative Personnel

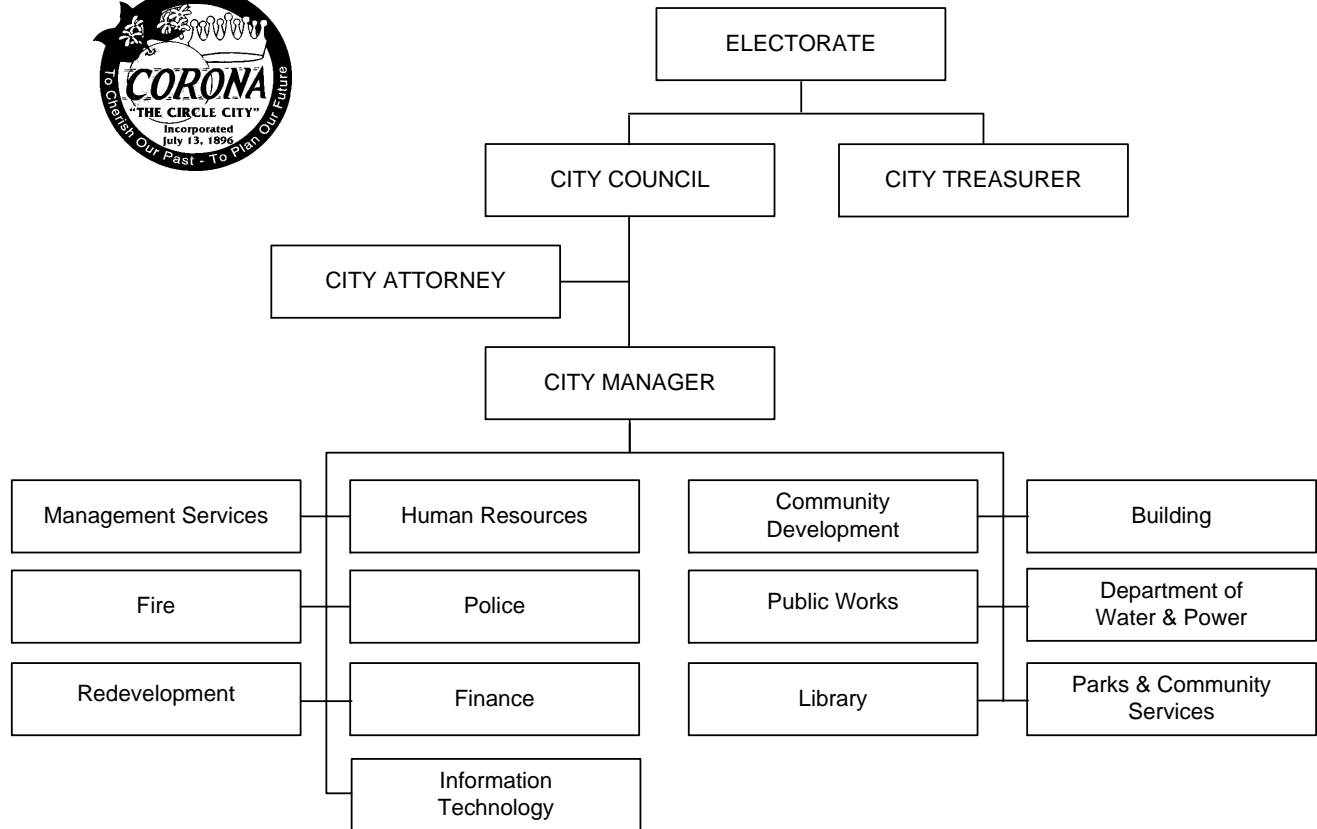
BRADLY L. ROBBINS City Manager

GREG IRVINE Assistant City Manager
KEITH CLARKE Building Director
JOANNE COLETTA Community Development Director
JONATHAN DALY DWP General Manager
DEBRA A. FOSTER Finance Director
DAVID WALTEMEYER Fire Chief
GREG IRVINE Acting Human Resources Director
STEVE LARSON Information Technology Director
JULIE FREDERICKSEN Library Director
GABRIEL GARCIA Parks and Community Services Director
RICHARD MADORY Police Chief
AMAD QATTAN Public Works Director
DARRELL TALBERT Redevelopment Agency Director

BEST, BEST & KRIEGER City Attorney

CITY OF CORONA

City Organizational Chart and Corporate Values



Corona's Corporate Values

As City of Corona Employees, we are proud of our organization and the community we serve. Therefore we:

Provide exceptional, responsive service

Deliver high quality results

Recognize the financial value of our activities

Display innovation in problem solving

Work as a motivated team to get the job done

Take the initiative with decisive action

Foster communication

Promote outstanding professionalism, technical and people skills

Encourage balance in our lives

Act with integrity in all we do

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, 2007

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



Oliver S. Cox

President

Jeffrey R. Emer

Executive Director

Independent Auditors' Report

The Honorable Mayor and City Council
City of Corona, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Corona, California, as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Corona's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the 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, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2008 on our consideration of the City of Corona'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 the internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Corona's basic financial statements. The introductory section, the supplementary information as listed in the table of contents, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information as listed in the table of contents has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Teaman Ramirez & Smith

November 18, 2008





MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2008

The following Management Discussion and Analysis (MD&A) of the City of Corona's financial performance provides an introduction and overview to the financial activities of the City for the fiscal year ended June 30, 2008. 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, 2008 by \$932.6 million (*net assets*). Of this amount, \$96.4 million (*unrestricted net assets*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$49.1 million as a result of current year's operations, netting against prior period adjustments of \$9.2 million, the net increase to net assets was \$39.9 million. This increase was primarily due to the completion of major capital improvement projects and acquisition of capital assets.
- Expenses were \$106.0 million greater than the program revenues generated for governmental activities. Taxes, return on investments and other income for \$138.5 million provided sufficient funding for City-wide programs and resulted in a surplus of \$32.5 million for the fiscal year ended June 30, 2008.
- For business-type activities, program revenues exceeded expenses by \$12.2 million. Of the total program revenues of \$114.6 million, \$19.8 million represents contributions of capital assets such as infrastructure from developers. Adding the investment earnings to the revenue that exceeds expense showed a \$16.6 million surplus for the business-type activities.

Fund Based

- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$214.5 million. Net changes in fund balances for governmental funds were \$21.2 million; this amount is reduced by a prior period adjustment of \$11.2 million, resulting in a net increase of \$10.0 million in comparison to the prior year's fund balance. Approximately 51.3% of the combined fund balances, or \$110.0 million, represents unreserved fund balance, all of which has been designated for future projects and needs of the City.

CITY OF CORONA

Management's Discussion and Analysis (continued)

June 30, 2008

- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$58.8 million, or 46.8% of total General Fund expenditures. The unreserved General Fund balance has been designated as \$15.0 million toward budget balancing measures, \$19.5 designated for contingencies, \$9.7 million for other specific projects, \$4.5 million for potential impacts from changes in debt service obligations, \$4.5 million for facility projects, and \$5.6 million in various other designations.
- The City's total debt increased by \$36.8 million during the current fiscal year as a \$29.6 million Redevelopment Tax Allocation Bond was issued for the Project Area A, a \$6.3 million loan agreement was entered into with a developer to finance the Merged Downtown and Project Area A redevelopment activities, and a \$1.0 million term loan was received from the State Revolving Fund for the Recycled Water project. The City expended \$11.7 million in normally scheduled principal reductions of debt.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

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

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

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

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

CITY OF CORONA

Management's Discussion and Analysis (continued)
June 30, 2008

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 system, Wastewater system, Electric and Transit Services activities are reported in this category.

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

Fund Financial Statements

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

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

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

The governmental fund financial statements can be found in the Basic Financial Statements section of this report.

Proprietary funds – When the City charges customers for the services it provides—whether to outside customers or to other units of the City—these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Revenues, Expenses and Changes in Fund Net Assets. The City's enterprise funds are the same as the business-type activities reported in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds. The City uses internal service funds (the other component of proprietary funds) to report activities that provide supplies and services for the City's other programs and activities—such as the City's self-insurance and fleet operations and equipment replacement funds. The internal service funds are reported with governmental activities in the government-wide financial statements.

CITY OF CORONA

Management's Discussion and Analysis (continued)
June 30, 2008

The proprietary fund financial statements can be found in the Basic Financial Statements section of this report.

Fiduciary funds – The City is the trustee, or *fiduciary*, for certain funds held to account for activities reported in this category which include the receipt of special taxes and assessments used to pay principal and interest on related bonded debt that has no direct City liability, as well as receipt and disbursement of capital project proceeds related to these bonds. The City's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Combining Statement of Changes in Assets and Liabilities.

The fiduciary fund financial statements can be found in the Supplementary Information section of this report.

Notes to the Financial Statements

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

Other Information

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

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

GOVERNMENT- WIDE FINANCIAL ANALYSIS

This analysis focuses on the City's net assets and changes in net assets of the governmental and business-type activities for the fiscal year ending June 30, 2008.

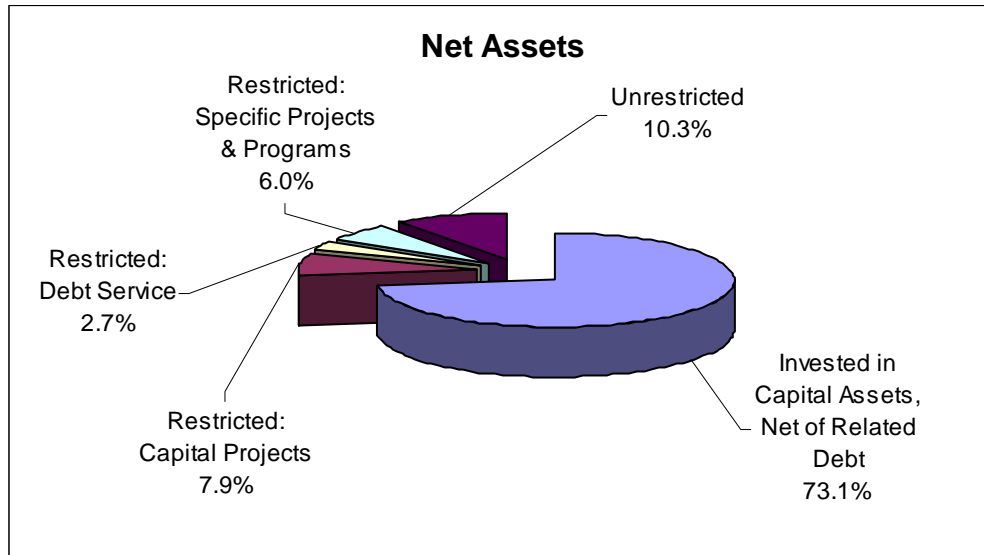
As noted earlier, the net assets for the City as a whole increased 4.5% from \$892.8 million at June 30, 2007 to \$932.6 million at June 30, 2008. The largest portion of the City's net assets (73.1%) reflects the investment in capital assets such as land, buildings, machinery and equipment, less any related debt used to acquire those assets that is still outstanding. These assets are used to provide services to the citizens of the City of Corona; therefore, they are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net assets (16.6%) represents various resources subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$96.4 million) may be used to meet the City's ongoing obligations to citizens and creditors.

CITY OF CORONA

Management's Discussion and Analysis (continued)
 June 30, 2008

The following graph demonstrates the component of the City's net assets at fiscal year ended June 30, 2008.



Consistent with the prior fiscal year, as of the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets, for both the government as a whole and for its separate governmental and business-type activities.

The following schedule is a condensed version of the City's statement of net assets for the years ended June 30, 2008. Comparative data from fiscal year ending June 30, 2007 is also presented.

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

	Governmental activities		Business-type activities		Total	
	2008	2007	2008	2007	2008	2007
Current and other assets	\$ 304.1	\$ 269.9	\$ 112.1	\$ 108.7	\$ 416.2	\$ 378.6
Internal balances	173.9	173.9	(173.9)	(173.9)	-	-
Capital assets	597.0	556.3	387.9	378.1	984.9	934.4
Total assets	1,075.0	1,000.1	326.1	312.9	1,401.1	1,313.0
Long-term liabilities	187.8	160.3	183.4	189.6	371.2	349.9
Other liabilities	77.1	53.0	20.2	17.4	97.3	70.4
Total liabilities	264.9	213.3	203.6	207.0	468.5	420.3
Net assets:						
Invested in capital assets, net of related debt	456.8	458.3	225.1	38.6	681.9	496.9
Restricted	137.3	58.7	17.0	17.3	154.3	76.0
Unrestricted	216.0	269.8	(119.6)	50.0	96.4	319.8
Total net assets	\$ 810.1	\$ 786.8	\$ 122.5	\$ 105.9	\$ 932.6	\$ 892.7

CITY OF CORONA

Management's Discussion and Analysis (continued)

June 30, 2008

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

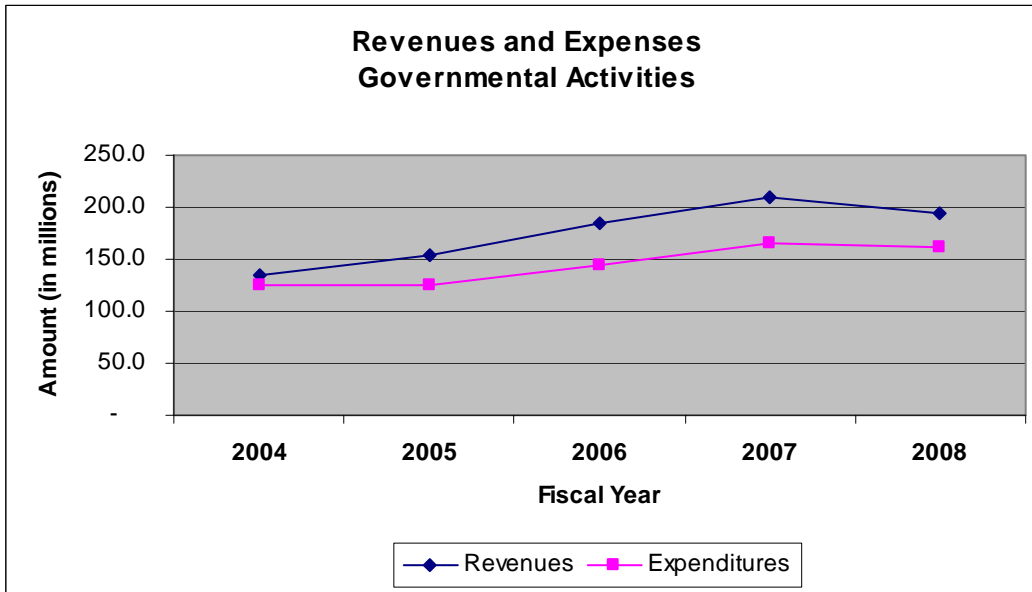
	City of Corona's Changes in Net Assets					
	(in millions)					
	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Revenues:						
Program revenues:						
Charges for services	\$ 29.8	\$ 30.4	\$ 93.3	\$ 89.9	\$ 123.1	\$ 120.3
Operating grants and contributions	8.2	8.3	1.5	1.3	9.7	9.6
Capital grants and contributions	17.1	22.4	19.8	31.7	36.9	54.1
General revenues:						
Taxes:						
Property taxes	67.6	63.1			67.6	63.1
Sales and use taxes	35.9	39.7			35.9	39.7
Other taxes	8.5	9.4			8.5	9.4
Grants and contributions not restricted to specific programs	0.7	2.0			0.7	2.0
Gain on sale of assets		6.4			-	6.4
Investment earnings	12.2	9.6	4.4	3.6	16.6	13.2
Administrative overhead charges	7.9	6.7			7.9	6.7
Other	5.7	11.1			5.7	11.1
Total revenues	193.6	209.1	119.0	126.5	312.6	335.6
Expenses:						
General government	22.0	17.9			22.0	17.9
Public safety - Fire	22.5	19.8			22.5	19.8
Public safety - Police	38.8	35.4			38.8	35.4
Public works	28.2	32.9			28.2	32.9
Redevelopment	17.7	31.5			17.7	31.5
Parks and community services	13.5	12.5			13.5	12.5
Library	3.5	3.2			3.5	3.2
Interest on long-term debt	14.9	12.3			14.9	12.3
Water			48.8	42.9	48.8	42.9
Wastewater			27.9	25.4	27.9	25.4
Electric			23.6	24.7	23.6	24.7
Transit services			2.1	1.8	2.1	1.8
Total expenses	161.1	165.5	102.4	94.8	263.5	260.3
Excess (deficiencies) of revenues over expenses	32.5	43.6	16.6	31.7	49.1	75.3
Transfers	-	0.2	-	(0.2)	-	-
Increase (decrease) in net assets	32.5	43.8	16.6	31.5	49.1	75.3
Net assets - beginning	786.8	743.0	105.9	74.4	892.7	817.4
Restatement of net assets	(9.2)				(9.2)	-
Net assets - ending	\$ 810.1	\$ 786.8	\$ 122.5	\$ 105.9	\$ 932.6	\$ 892.7

CITY OF CORONA

Management's Discussion and Analysis (continued)
June 30, 2008

Governmental Activities

Total resources available during the year to finance governmental operations were \$971.3 million consisting of net assets at July 1, 2007 of \$777.7 million, program revenues of \$55.1 million and general revenues of \$138.5 million. Total governmental activities during the year were \$161.1 million; thus, net assets increased by \$32.5 million to \$810.2 million. The chart below presents revenues and expenses in governmental activities for the past five years.



The cost of all governmental activities for fiscal year ended June 30, 2008 was \$161.1 million. However, as shown in the Statement of Activities, the amount that the taxpayers ultimately financed for these activities was only \$106.0 million because some of the cost was paid by those who directly benefited from the programs (\$29.8 million), or by other governments and organizations that subsidized certain programs with operating grants and contributions (\$8.2 million), and capital grants and contributions (\$17.1 million). One program, Public Works, shows net revenue of \$3.1 million at year end which is the result of a timing difference in the completion of capital projects as well as the City's intentional building up of certain developer impact fees for upcoming capital improvement projects. Overall, the City's governmental program revenues were \$55.1 million. The City paid for the remaining "public benefit" portion of governmental activities with \$138.5 million in taxes (some of which could only be used for certain programs) and with other revenues, such as interest and general entitlements.

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

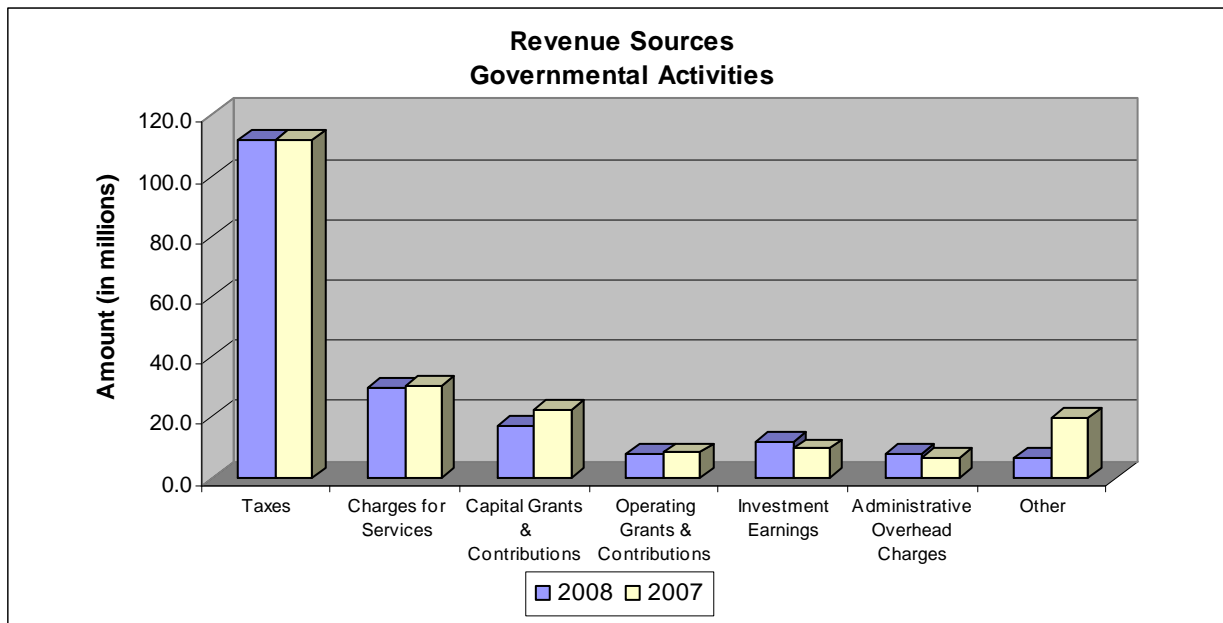
- Charges for services decreased \$0.6 million from the prior year as a result of the decrease in building fees and permits. This is consistent with the housing market downturn in the region since the beginning of 2007.
- Taxes comprise nearly 57.8% of the total revenue. Of this, 60.4% of total tax revenues are property taxes. Comparing to the prior year, property taxes increased \$4.4 million or 7.0% due to the increase in overall assessed valuation.

CITY OF CORONA

Management's Discussion and Analysis (continued)
June 30, 2008

- Sales and use taxes are the second largest revenue source in governmental activities. For the fiscal year ended June 30, 2008, total sales and use taxes decreased by \$3.8 million from the previous year to \$35.9 million. This is a direct result of the slow down in the economy caused by the current difficulties in the housing market.
- Investment earnings increased \$2.6 million or 27.3% from the previous fiscal year, largely due to increased cash balances available for investment.
- Public safety expenses increased \$6.0 million from the previous fiscal year, a testament to the City's commitment to maintain the current high level of public safety.
- Public Works expenses decreased \$4.7 million or 14.4% comparing to the prior year, consistent with the slower pace of development activities due to the overall sluggish economy.
- Redevelopment expenses decreased \$13.8 million or 43.8% from the previous year, due to a redevelopment project funded with bond proceeds in the previous year neared completion.
- Interest expenses increased \$2.6 million comparing to the prior year due to the addition of \$36.8 million in long-term debt.

The chart below illustrates the total revenue from governmental activities for the fiscal year ended June 30, 2008 and 2007 respectively.



CITY OF CORONA

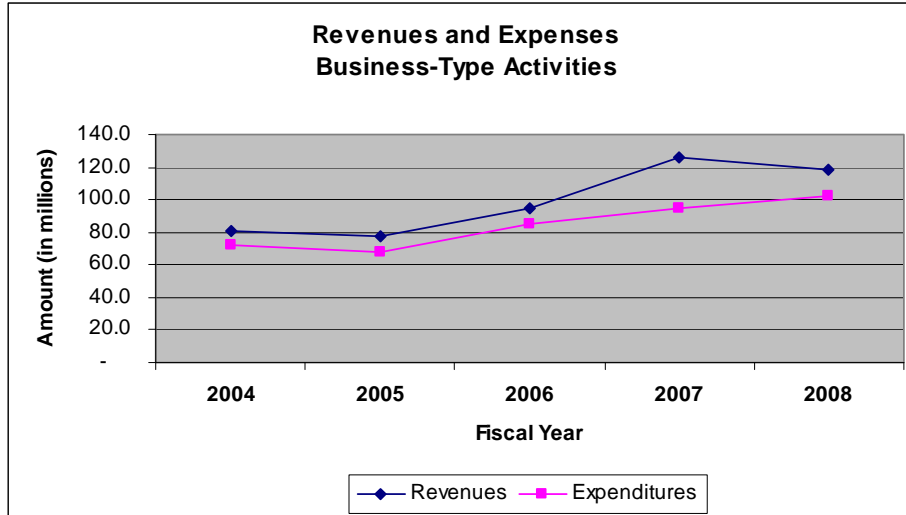
Management's Discussion and Analysis (continued)
June 30, 2008

Business-Type Activities

The City's net assets from business-type activities increased \$16.6 million. Invested in capital assets, net of related debt increased \$186.5 million, among which \$13.8 million was due to the completion of several major capital improvement projects including the dryer facility and the office building for the Department of Water and Power and the Emergency Operations Center, as well as the continued expansion and improvement to the utility systems. The remainder increase of \$172.7 million was due to a financial statement presentation change from the prior year which excluded the capital lease from the calculation of net assets invested in capital assets, net of related debt. Unrestricted net assets decreased for the corresponding amount.

Total expenses of all business-type activities for the fiscal year ended June 30, 2008 were \$102.4 million. As shown in the Statement of Activities and Changes in Net Assets, the amount paid by users of the systems was \$93.4 million, operating grants and contributions were \$1.5 million and capital grants and contributions were \$19.8 million. Investment earnings were \$4.4 million.

Total resources available during the year to finance business type activities were \$224.9 million consisting of net assets at July 1, 2007 of \$105.9 million, program revenues of \$114.6 million, and general revenues of \$4.4 million. Total expenses for business type activities during the year were \$102.4 million; thus net assets were increased by \$16.6 million to \$122.5 million. The chart below presents revenues and expenses in business-type activities for the past five years.



The following is an in-depth analysis of the major revenue sources and expenses for the business-type activities.

- Charges for services increased \$3.5 million or 3.9% over the prior year. The majority, or \$3.1 million of the increase, was due to a rate increase in water and wastewater charges in the beginning of the fiscal year.
- Expenses for water and wastewater increased \$8.3 million, among which \$3.5 million was due to the increase in various bond covenant costs. The increased cost of water commodity and the cost of chemicals and utilities also contributed to the overall increase in expenses.

CITY OF CORONA

Management's Discussion and Analysis (continued)

June 30, 2008

FUND FINANCIAL ANALYSIS**General Fund**

The General Fund is the chief operating fund of the City. Fund balance for the General Fund decreased \$15.3 million for the fiscal year ended June 30, 2008, with an ending balance of \$79.5 million. The decrease was largely due to an operating transfer of \$13.9 million to fund the Corporation Yard Expansion project. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund operating expenditures. Unreserved fund balance represents 46.8% of the total General Fund operating expenditures, while total fund balance represents 63.2% of that same amount.

Total fund balance is represented by two components: the reserved fund balance of \$20.7 million, a decrease of \$3.4 million from the prior year and the unreserved/designated fund balance of \$58.8 million, a decrease of \$11.9 million from the prior year. Over the years, the accumulation of fund balance has enabled the City Council to designate for the following major initiatives: 1) budgetary reserves (\$15.0 million); 2) contingencies (\$19.5 million); 3) various City and facility projects (\$14.2 million); and 4) other (\$10.1 million).

Reserved fund balance consists of \$1.8 million for encumbrances, \$0.8 million for long-term receivables and inventories, and \$18.1 million for advances to the Redevelopment Agency and the Utility Authority, with a total of \$20.7 million.

The table below shows the City's General Fund fund balance for the past five years.

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

	<u>FY2007-08</u>	<u>FY2006-07</u>	<u>FY2005-06</u>	<u>FY2004-05</u>	<u>FY2003-04</u>
Fund Balance					
Reserved	\$ 20.7	\$ 24.1	\$ 22.2	\$ 13.5	\$ 11.9
Designated Unreserved	58.8	70.7	53.0	31.8	30.4
Total Fund Balance	<u>79.5</u>	<u>94.8</u>	<u>75.2</u>	<u>45.3</u>	<u>42.3</u>
Fund Balance - Beginning	94.8	75.2	45.3	42.3	42.8
Operating Surplus/(Deficit)	(0.9)	17.5	17.0	0.9	(7.1)
Transfers	(14.4)	(4.6)	3.4	2.5	6.6
Other	-	6.7	-	-	-
Restatement	-	-	9.5	(0.4)	-
Fund Balance - Ending	<u>\$ 79.5</u>	<u>\$ 94.8</u>	<u>\$ 75.2</u>	<u>\$ 45.3</u>	<u>\$ 42.3</u>

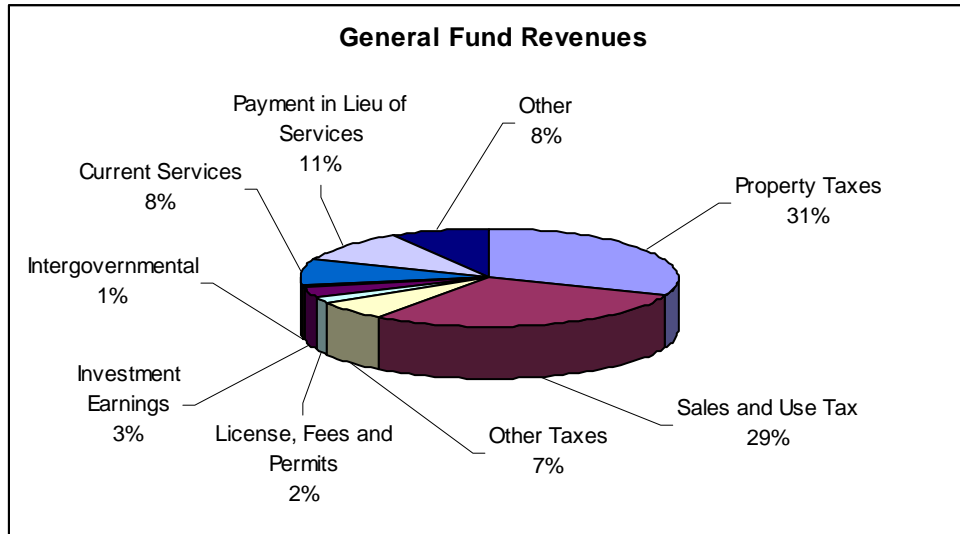
General Fund revenues remained at the same level comparing to the previous fiscal year; however, sales and use taxes decreased by \$3.8 million or 9.6% from the prior year as a direct result of the sluggish economy. The sharp decrease in sales and use tax was offset by a \$1.4 million increase in property taxes and a \$3.7 million increase in payments in lieu of services in the current year. Payments in lieu of services is administrative overhead charged to other City funds in the form of a Cost Allocation Plan (CAP). The increase in the CAP allocation is

CITY OF CORONA

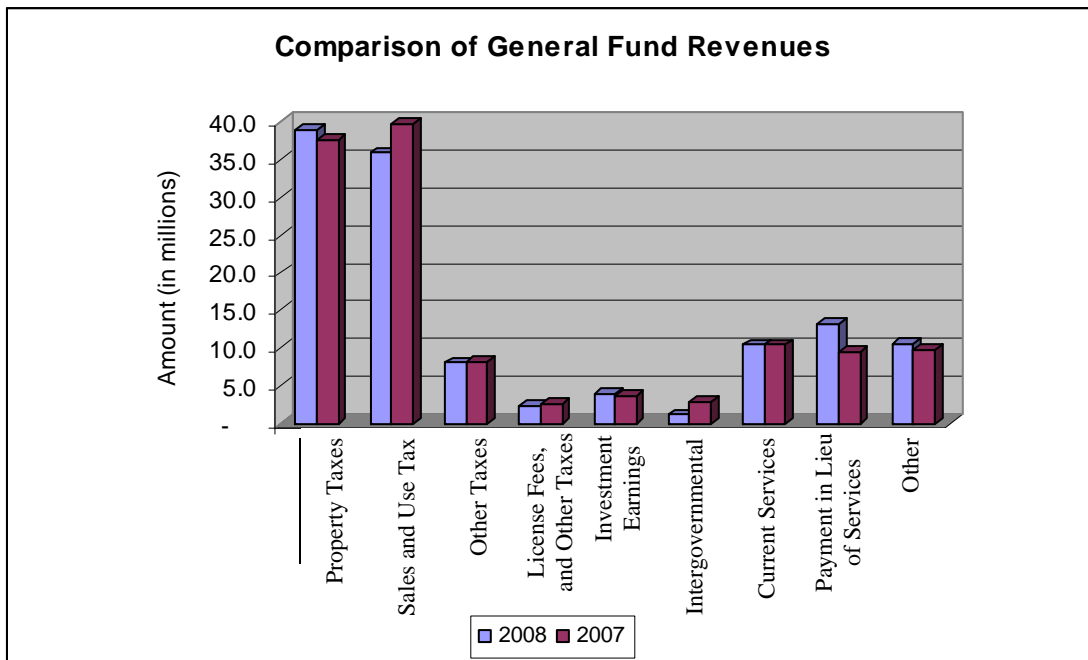
Management's Discussion and Analysis (continued)
June 30, 2008

consistent with the increased expenditures in general government. Property tax increases are due to additional housing units added within the City and increases in assessed value on existing homes. It is expected that property tax increases will flatten out or even decrease in future years as the City is reaching build out and properties are to be reassessed due to the overall decline in the housing market.

The graph below illustrates General Fund revenues by source.



The graph below presents a comparison of each General Fund revenue source for the fiscal years ended June 30, 2008 and 2007.

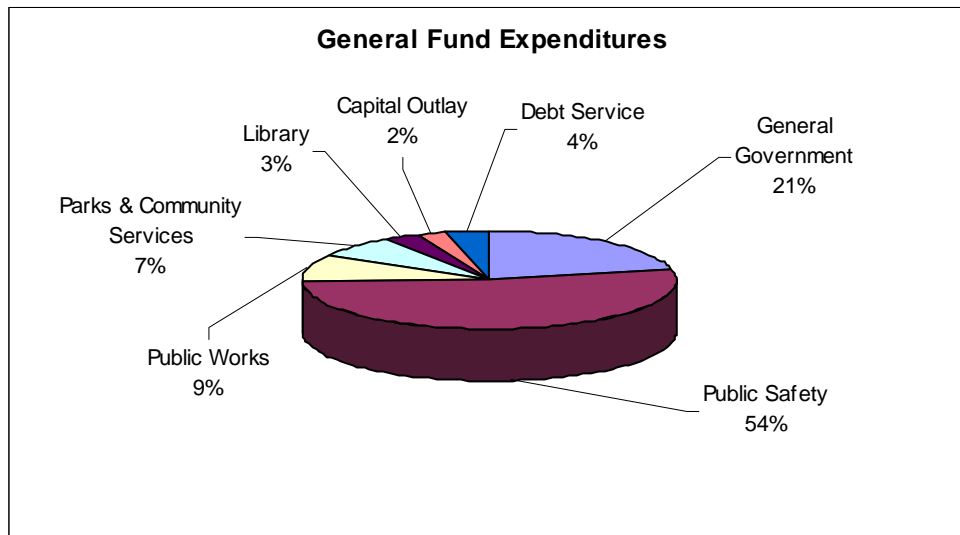


CITY OF CORONA

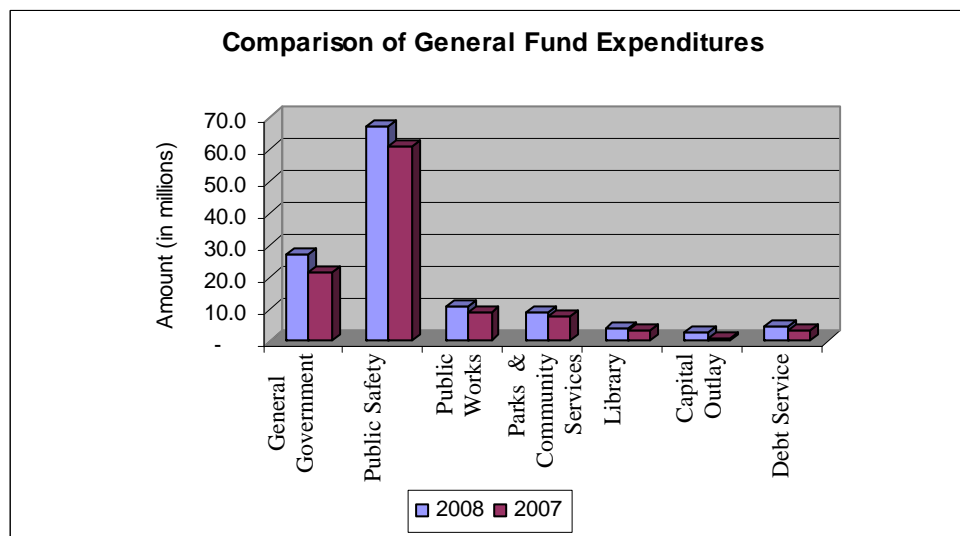
Management's Discussion and Analysis (continued)
June 30, 2008

General Fund expenditures increased overall by \$18.3 million primarily in the areas of general government (\$5.5 million), public safety (\$6.0 million), capital outlay (\$2.0 million), public works (\$1.7 million), parks and community services (\$1.1 million), and debt service (\$1.5 million). The increases in general government, public safety, public works and parks and community services are mainly due to the increased cost to maintain service levels, while the procurement of the VHF Simulcast Radio System of \$1.3 million, the construction of Stagecoach Park for \$1.0 million, and various road reconstruction projects funded by the General Fund contributed to the increase in capital outlay.

Graph below presents General expenditure by category.



Graph below illustrates a comparison of each expenditure category for the fiscal years ended June 30, 2008 and 2007.



CITY OF CORONA

Management's Discussion and Analysis (continued)

June 30, 2008

Transfers to other funds increased \$10.3 million from the prior year, primarily due to a \$13.9 million transfer to partially fund the construction of the Corporation Yard Expansion project. The \$13.9 million largely came from the sale of surplus properties in the previous fiscal year.

Other Governmental Funds

The fund balance for the Development special revenue fund decreased \$4.8 million as development activities city-wide slowed down significantly in the current fiscal year due to the decline of the housing market.

The Redevelopment special revenue fund enjoyed a \$3.8 million increase in fund balance due to the consolidation of the Low and Moderate Income Housing fund with its corresponding debt service fund during the year.

The Public Facility capital project fund had a decrease of \$2.3 million in fund balance as the current year's operating result. Capital outlay expenditures exceeded investment earnings and intergovernmental revenues by \$16.9 million. Major projects such as the Corporation Yard Expansion and various street and transportation related projects funded by the Transportation Uniform Mitigation Fee (TUMF) are included in this fund. During the fiscal year, a net transfer of \$14.6 million was made from the other governmental funds, among which \$13.9 million was transferred from the General Fund for the Corporation Yard Expansion project.

DEBT ADMINISTRATION

Debt considered a liability of governmental activities increased in fiscal year ended June 30, 2008 by \$29.9 million, which is comprised of \$35.9 million in new debt and \$6.0 million in normal amortization of existing debt. The new debt was for \$29.6 million in Redevelopment Tax Allocation Bonds issued for redevelopment efforts in the Project Area A and \$6.3 million of loan agreement payable to finance redevelopment activities in the Merged Downtown and Amended Project Area A. Refer to the Notes to Basic Financial Statements No. 8 through 25 for detail regarding debt.

Debt of the business-type activities decreased by \$4.8 million in fiscal year ended June 30, 2008 due to loan proceeds from a State Revolving Fund loan for the Recycled Water project for \$1.0 million and \$5.8 million in normally scheduled principal reductions on debt. The schedule of outstanding debt is presented below.

	City of Corona's Outstanding Debt					
	(in millions)					
	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Loans and agreement payable	\$ 7.5	\$ 2.0	\$ 42.7	\$ 44.2	\$ 50.2	\$ 46.2
Lease payable	0.6	0.7	172.6	172.6	173.2	173.3
General obligation bonds	1.4	2.0	-	-	1.4	2.0
Tax allocation bonds	90.9	63.2	-	-	90.9	63.2
Lease revenue bonds	73.4	87.1	-	-	73.4	87.1
Water revenue bonds	-	-	30.2	31.1	30.2	31.1
Certificates of participation	-	-	98.2	100.6	98.2	100.6
Special assessment district bonds	2.2	2.5	-	-	2.2	2.5
Total Outstanding Debt	<u>\$ 176.0</u>	<u>\$ 157.5</u>	<u>\$ 343.7</u>	<u>\$ 348.5</u>	<u>\$ 519.7</u>	<u>\$ 506.0</u>

CITY OF CORONA

Management's Discussion and Analysis (continued)

June 30, 2008

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, 2008, net capital assets of the governmental activities totaled \$597.0 million and the net capital assets of the business-type activities totaled \$387.9 million. Depreciation on capital assets is recognized in the Government-Wide financial statements. Refer to the Notes to Basic Financial Statements No. 6 for detail regarding capital assets.

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

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

The City Policy is to achieve an average rating of 70 for all streets. The average rating for the City's streets at June 30, 2008 was 75, which is above the City's policy level. The City's streets are constantly deteriorating resulting from the following four factors: (1) traffic using the streets; (2) the sun's ultra-violet rays drying out and breaking down the top layer of pavement; (3) utility company/private development interests trenching operations; and (4) water damage from natural precipitation and other urban runoff. The City is continuously taking actions to arrest the deterioration through short-term maintenance activities such as pothole patching, street sweeping, and sidewalk repair. Actual expenditures for street maintenance for the fiscal year ended June 30, 2008 were \$9.5 million. These expenditures delayed deterioration, however the overall condition of the streets was not improved through these maintenance expenditures. The City has determined that the amount of annual expenditures required to maintain and preserve its streets at the current level through the year 2016 is a minimum of \$9.5 million per year.

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

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Land	\$ 60.2	\$ 58.8	\$ 2.7	\$ 2.5	\$ 62.9	\$ 61.3
Buildings and improvements	94.2	94.8	90.0	92.4	184.2	187.2
Machinery and equipment	12.7	13.4	58.8	42.4	71.5	55.8
Infrastructure	374.9	362.0	200.5	187.2	575.4	549.2
Construction in progress	55.0	27.4	26.7	44.4	81.7	71.8
Wastewater rights	-	-	9.2	9.2	9.2	9.2
Total Capital Assets	\$ 597.0	\$ 556.4	\$ 387.9	\$ 378.1	\$ 984.9	\$ 934.5

CITY OF CORONA

Management's Discussion and Analysis (continued)
June 30, 2008

GENERAL FUND BUDGETARY HIGHLIGHTS

The original budget for the fiscal year 2007-08 General Fund was \$121.1 million. Continuing appropriations of \$5.8 million in prior fiscal year capital improvement projects was approved to carryover into the current fiscal year. An additional \$1.7 million in committed purchase orders from the prior year was added to the original budget to arrive at the adopted budget balance of \$128.6 million.

Original Budget	\$	121,097,430
Continued Appropriations		5,786,611
Encumbrances		1,717,563
Beginning Balance		128,601,604
Supplemental Changes		4,158,945
Final Budget	\$	<u>132,760,549</u>

Comparing the adopted budget of \$128.6 million to the final budget of \$132.8 million demonstrates the General Fund had supplemental budgetary appropriations totaling \$4.2 million for fiscal year ended June 30, 2008.

These supplemental appropriations include \$1.8 million of ECB budget savings that were approved for various departmental projects. Additionally, there was an increase of \$2.2 million for financial obligations to be paid for Other Post Employment Benefits (OPEB).

The General Fund final budget amount of \$132.8 million compared to the actual expenditures of \$125.7 million for fiscal year ended June 30, 2008 represents a favorable variance of \$7.0 million. This is due to the unspent capital outlay budget on various projects, including the Sherborn Improvements project, I-15 Freeway/Cajalco interchange improvements, major pavement rehabilitation projects, various annexation projects, Stagecoach Park construction, various recreational activities and other City facilities projects. These unspent budgetary items will require continuing appropriations into the next budget year, as these projects were not completed by June 30, 2008. There are also \$1.7 million in committed purchase orders that will carry forward.

Final Budget	\$	132,760,549
Expenditure Actuals		<u>(125,736,362)</u>
Variance (over) / under	\$	<u>7,024,187</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, Redevelopment, Parks and Community Services and Library. Revenues to finance these activities include property and sales taxes, user fees, investment income, franchise fees and state and federal grants.

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



CITY OF CORONA**Statement of Net Assets
June 30, 2008**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Current Assets			
Cash and Investments	\$ 187,747,603	\$ 61,279,628	\$ 249,027,231
Accounts Receivable, Net	2,572,888	12,293,820	14,866,708
Interest Receivable	2,141,551	819,268	2,960,819
Due from Other Governmental Agencies	23,783,751	1,395,140	25,178,891
Loans Receivable	857,353		857,353
Inventories and Prepayments	634,897	1,760,283	2,395,180
Land Held for Resale	37,866,930		37,866,930
Restricted Assets:			
Cash and Investments	32,669,298	17,283,395	49,952,693
Total Current Assets	288,274,271	94,831,534	383,105,805
Noncurrent Assets			
Internal Balances - Capital Lease	172,628,344	(172,628,344)	-
Internal Balances - Interfund	1,244,544	(1,244,544)	-
Long-term Receivable	15,887,480	17,000,000	32,887,480
Intangible Assets		280,018	280,018
Capital Assets:			
Land, wastewater rights, infrastructure and CIP	286,405,512	38,598,125	325,003,637
Depreciable buildings, property, equipment and infrastructure, net	310,603,450	349,290,457	659,893,907
Total Capital Assets	597,008,962	387,888,582	984,897,544
Total Noncurrent Assets	786,769,330	231,295,712	1,018,065,042
Total Assets	1,075,043,601	326,127,246	1,401,170,847
Liabilities:			
Current Liabilities			
Accounts Payable and Accrued Liabilities	16,985,350	12,063,854	29,049,204
Claims and Judgments Payable	3,688,000		3,688,000
Deposits	5,800,397		5,800,397
Agreements Payable	1,708,265		1,708,265
Interest Payable	2,728,538		2,728,538
Unearned Revenue	19,248,627	1,278,963	20,527,590
Compensated Absences Payable	6,891,651	827,385	7,719,036
Long-term Debt - Due Within One Year	7,798,308	5,791,734	13,590,042
Liabilities Payable from Restricted Assets	12,214,044	251,820	12,465,864
Total Current Liabilities	77,063,180	20,213,756	97,276,936
Noncurrent Liabilities			
Long-term Debt - Due in More than One Year	168,235,473	165,285,829	333,521,302
Claims and Judgments Payable	8,608,291		8,608,291
Unearned Revenue		18,000,000	18,000,000
Pension Related Debt	8,636,734		8,636,734
Compensated Absences Payable	2,337,976	143,966	2,481,942
Total Noncurrent Liabilities	187,818,474	183,429,795	371,248,269
Total Liabilities	264,881,654	203,643,551	468,525,205
Net Assets:			
Invested in Capital Assets, Net of Related Debt	456,849,781	225,030,195	681,879,976
Restricted for:			
Capital Projects	73,254,682		73,254,682
Debt Service	25,251,084		25,251,084
Specific Projects and Programs	38,816,368	17,031,575	55,847,943
Total Restricted Net Assets	137,322,134	17,031,575	154,353,709
Unrestricted	215,990,032	(119,578,075)	96,411,957
Total Net Assets	\$ 810,161,947	\$ 122,483,695	\$ 932,645,642

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

CITY OF CORONA

**Statement of Activities and Changes in Net Assets
Year Ended June 30, 2008**

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Governmental Activities					
General Government	\$ 22,014,630	\$ 1,301,569	\$ 19,878	\$ 27,181	\$ 1,348,628
Public Safety - Fire	22,465,104	4,726,300	1,049,345	397,510	6,173,155
Public Safety - Police	38,811,288	3,023,714	1,537,124	203,215	4,764,053
Public Works	28,165,830	13,909,188	3,587,037	13,736,673	31,232,898
Redevelopment	17,679,157	1,713	1,351,799	1,330,560	2,684,072
Parks and Community Services	13,529,315	6,373,504	419,176	1,431,162	8,223,842
Library	3,539,703	495,603	201,636	14,281	711,520
Interest and Fiscal Charges	14,913,380				
Total Governmental Activities	161,118,407	29,831,591	8,165,995	17,140,582	55,138,168
Business-Type Activities:					
Water	48,772,948	44,795,972		8,760,949	53,556,921
Wastewater	27,937,584	23,379,820		11,026,353	34,406,173
Electric	23,590,548	24,824,172			24,824,172
Transit Services	2,128,258	363,101	1,454,320	41,846	1,859,267
Total Business-Type Activities	102,429,338	93,363,065	1,454,320	19,829,148	114,646,533
Total Primary Government	\$ 263,547,745	\$ 123,194,656	\$ 9,620,315	\$ 36,969,730	\$ 169,784,701

General Revenues:

Taxes:

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

Total Taxes

Grants and Contributions not Restricted to Specific Programs

Investment Earnings
 Administrative Overhead Charges
 Labor Abatement
 Other Income

Transfers

Total General Revenues and Transfers

Change in Net Assets

Net Assets - Beginning, as Restated

Net Assets - Ending

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



**Net (Expense) Revenue
and Changes in Net Assets**

Governmental Activities	Business-Type Activities	Total
\$ (20,666,002)	\$ -	\$ (20,666,002)
(16,291,949)		(16,291,949)
(34,047,235)		(34,047,235)
3,067,068		3,067,068
(14,995,085)		(14,995,085)
(5,305,473)		(5,305,473)
(2,828,183)		(2,828,183)
(14,913,380)		(14,913,380)
<u>(105,980,239)</u>	<u>-</u>	<u>(105,980,239)</u>
	4,783,973	4,783,973
	6,468,589	6,468,589
	1,233,624	1,233,624
	(268,991)	(268,991)
-	<u>12,217,195</u>	<u>12,217,195</u>
<u>\$ (105,980,239)</u>	<u>\$ 12,217,195</u>	<u>\$ (93,763,044)</u>
67,566,221		67,566,221
35,894,694		35,894,694
4,457,189		4,457,189
2,114,249		2,114,249
1,508,641		1,508,641
377,236		377,236
31,680		31,680
7,035		7,035
<u>111,956,945</u>	<u>-</u>	<u>111,956,945</u>
720,480		720,480
12,225,922	4,385,148	16,611,070
7,929,100		7,929,100
577,937		577,937
5,029,144		5,029,144
28,400	(28,400)	-
<u>138,467,928</u>	<u>4,356,748</u>	<u>142,824,676</u>
32,487,689	16,573,943	49,061,632
777,674,258	105,909,752	883,584,010
<u>\$ 810,161,947</u>	<u>\$ 122,483,695</u>	<u>\$ 932,645,642</u>

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



Governmental Fund Financial Statements

MAJOR FUNDS:

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

Special Revenue Funds:

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

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

Debt Service Fund:

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

Capital Project Funds:

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

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

NON-MAJOR GOVERNMENTAL FUNDS:

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

CITY OF CORONA

**Balance Sheet
Governmental Funds
June 30, 2008**

	<u>General Fund</u>	<u>Development Special Revenue</u>	<u>Redevelopment Special Revenue</u>	<u>Redevelopment Debt Service</u>
Assets:				
Cash and Investments	\$ 57,201,598	\$ 18,370,565	\$ 9,581,095	\$ 13,675,594
Accounts Receivable, Net	1,795,323	3	215,282	
Interest Receivable	624,122	198,811	103,186	160,992
Due from Other Governmental Agencies	13,499,599	3,791	109,833	397,958
Due From Other Funds	19,108,145		1,500,000	
Long-term Receivable	493,973	1,658,330		
Interfund Advances Receivable	4,748,511			
Long-term Capital Lease Receivable	172,628,344			
Loans Receivable		49,020	11,461,157	
Inventories and Prepayments	323,061			
Land Held for Resale			1,152,510	
Restricted Assets:				
Cash and Investments	82,966	46,884		10,934,946
Total Assets	<u><u>\$ 270,505,642</u></u>	<u><u>\$ 20,327,404</u></u>	<u><u>\$ 24,123,063</u></u>	<u><u>\$ 25,169,490</u></u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable and Accrued Liabilities	\$ 7,750,451	\$ 839,185	\$ 73,005	\$ 3,777,845
Deposits	5,772,292			
Due to Other Funds		9,383,696		3,985,186
Agreements Payable				
Deferred Revenues	177,409,317	1,707,350	11,113,221	
Interfund Advances Payable			1,698,345	1,510,622
Liabilities Payable from Restricted Assets	82,966	46,884		
Total Liabilities	<u><u>191,015,026</u></u>	<u><u>11,977,115</u></u>	<u><u>12,884,571</u></u>	<u><u>9,273,653</u></u>
Fund Balances:				
Reserved for:				
Encumbrances	1,737,707	1,289,379	6,021	
Loans Receivable	493,973		347,936	
Inventories & Prepayments	323,061			
Debt Service				15,895,837
Land Held for Resale			1,152,510	
Special Projects and Programs				
Long-term Receivables	18,117,393			
Unreserved, reported in:				
Designated	58,818,482			
Special Revenue Fund				
Designated		7,060,910	9,732,025	
Undesignated				
Capital Projects				
Designated				
Total Fund Balances	<u><u>79,490,616</u></u>	<u><u>8,350,289</u></u>	<u><u>11,238,492</u></u>	<u><u>15,895,837</u></u>
Total Liabilities and Fund Balances	<u><u>\$ 270,505,642</u></u>	<u><u>\$ 20,327,404</u></u>	<u><u>\$ 24,123,063</u></u>	<u><u>\$ 25,169,490</u></u>

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

Redevelopment Capital Projects	Public Facility Project	Other Governmental Funds	Total Governmental Funds
\$ 17,812,828	\$ 18,439,309	\$ 20,770,978	\$ 155,851,967
5,328	8,772	489,315	2,514,023
195,181	199,733	308,129	1,790,154
	5,185,207	4,587,363	23,783,751
			20,608,145
		2,225,000	4,377,303
			4,748,511
			172,628,344
500,000		357,353	12,367,530
45,550			368,611
36,714,420			37,866,930
13,014,818	1,926,135	6,663,549	32,669,298
<u>\$ 68,288,125</u>	<u>\$ 25,759,156</u>	<u>\$ 35,401,687</u>	<u>\$ 469,574,567</u>
\$ 504,729	\$ 1,037,300	\$ 2,310,008	\$ 16,292,523
25,415		2,690	5,800,397
1,500,000	4,468,333	1,270,930	20,608,145
1,708,265			1,708,265
500,000		4,178,608	194,908,496
		295,000	3,503,967
10,168,031	1,679,358	236,805	12,214,044
<u>14,406,440</u>	<u>7,184,991</u>	<u>8,294,041</u>	<u>255,035,837</u>
827,138	2,225,928	1,662,718	7,748,891
			841,909
45,550			368,611
		7,427,137	23,322,974
36,714,420			37,866,930
	16,348,237		16,348,237
			18,117,393
			58,818,482
		18,143,572	34,936,507
		(695,116)	(695,116)
16,294,577		569,335	16,863,912
<u>53,881,685</u>	<u>18,574,165</u>	<u>27,107,646</u>	<u>214,538,730</u>
<u>\$ 68,288,125</u>	<u>\$ 25,759,156</u>	<u>\$ 35,401,687</u>	<u>\$ 469,574,567</u>

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

CITY OF CORONA

**Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Assets
June 30, 2008**

Total Fund Balances - Total Governmental Funds \$ 214,538,730

Amounts reported for Governmental Activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the Governmental Funds Balance Sheet. 597,008,962

Deferred revenues reported in the Governmental Funds Balance Sheet includes loans receivable, capital lease and franchise fees. The balance was deferred because funds were not available to pay for current period expenditures. 175,659,869

Interest payable on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in the Governmental Funds Balance Sheet. (2,728,538)

Internal Service Funds are used by management to charge the costs of certain activities, such as insurance and fleet management, to individual funds. The assets and liabilities of the Internal Service Funds are included in governmental activities in the Government-Wide Statement of Net Assets. 19,500,983

Long-term liabilities are not due and payable in the current period and therefore are not reported in the Governmental Funds Balance Sheet.

Compensated Absences (9,147,544)
Pension Related Debt (8,636,734)
Long-term Debt (176,033,781)

Net Assets of Governmental Activities \$ 810,161,947



CITY OF CORONA**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2008**

	<u>General Fund</u>	<u>Development Special Revenue</u>	<u>Redevelopment Special Revenue</u>	<u>Redevelopment Debt Service</u>
Revenues:				
Property Taxes	\$ 39,003,901	\$ -	\$ 5,583,432	\$ 22,333,727
Other Taxes	44,025,594			
Licenses, Fees and Permits	2,417,657	1,038,528		
Fines and Penalties	718,447			
Special Assessments				
Investment Earnings	3,912,663	1,197,324	484,695	927,041
Intergovernmental Revenues	1,229,783			
Current Services	10,457,092			
Payments in Lieu of Services	13,217,677	31,680		
Other Revenues	9,859,327	132,356	363,237	17,360
Total Revenues	<u>124,842,141</u>	<u>2,399,888</u>	<u>6,431,364</u>	<u>23,278,128</u>
Expenditures:				
Current:				
General Government	27,004,982	1,011,259		
Planning				
Public Safety - Fire	24,968,134	17,981		
Public Safety - Police	42,148,198	19,703		
Public Works	10,937,019	515,004		
Parks and Community Services	9,052,868			
Redevelopment			1,830,431	476,363
Library	3,800,794	63,259		
Capital Outlay	3,005,675	4,313,786		
Debt Service:				
Principal Retirement	2,003,899	720,000		1,970,834
Interest and Fiscal Charges	2,814,793	279,268	160,948	10,430,530
Total Expenditures	<u>125,736,362</u>	<u>6,940,260</u>	<u>1,991,379</u>	<u>12,877,727</u>
Excess of Revenues Over (Under) Expenditures	<u>(894,221)</u>	<u>(4,540,372)</u>	<u>4,439,985</u>	<u>10,400,401</u>
Other Financing Sources (Uses):				
Issuance of Debt				
Bond Premium				
Transfers In	5,490,141		53,718	696,751
Transfers Out	(19,943,218)	(247,337)	(696,751)	(4,873,904)
Total Other Financing Sources (Uses)	<u>(14,453,077)</u>	<u>(247,337)</u>	<u>(643,033)</u>	<u>(4,177,153)</u>
Net Change in Fund Balances	<u>(15,347,298)</u>	<u>(4,787,709)</u>	<u>3,796,952</u>	<u>6,223,248</u>
Fund Balances - Beginning	94,837,914	13,137,998	7,441,540	9,672,589
Prior Period Adjustment				
Fund Balances - Beginning, as Restated	<u>94,837,914</u>	<u>13,137,998</u>	<u>7,441,540</u>	<u>9,672,589</u>
Fund Balances - Ending	<u>\$ 79,490,616</u>	<u>\$ 8,350,289</u>	<u>\$ 11,238,492</u>	<u>\$ 15,895,837</u>

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

Redevelopment Capital Projects	Public Facility Project	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 645,162	\$ 67,566,222
			44,025,594
		483,753	3,939,938
		883,587	1,602,034
		7,363,443	7,363,443
911,168	1,413,092	1,478,757	10,324,740
	5,681,113	11,668,796	18,579,692
		6,289,049	16,746,141
			13,249,357
369,508	500	594,871	11,337,159
<u>1,280,676</u>	<u>7,094,705</u>	<u>29,407,418</u>	<u>194,734,320</u>
425,241		275,888	28,717,370
506,357			506,357
			24,986,115
		435,044	42,602,945
125,579		16,022,936	27,600,538
4,379		5,025,544	14,082,791
10,189,727		851,366	13,347,887
		46,187	3,910,240
294,766	23,982,696	3,404,637	35,001,560
		1,289,760	5,984,493
		704,120	14,389,659
<u>11,546,049</u>	<u>23,982,696</u>	<u>28,055,482</u>	<u>211,129,955</u>
<u>(10,265,373)</u>	<u>(16,887,991)</u>	<u>1,351,936</u>	<u>(16,395,635)</u>
35,874,600			35,874,600
7,648,453	15,911,312	800,792	30,601,167
	(1,292,124)	(1,790,171)	(28,843,505)
<u>43,523,053</u>	<u>14,619,188</u>	<u>(989,379)</u>	<u>37,632,262</u>
<u>33,257,680</u>	<u>(2,268,803)</u>	<u>362,557</u>	<u>21,236,627</u>
20,624,005	20,842,968	37,994,177	204,551,191
		(11,249,088)	(11,249,088)
<u>20,624,005</u>	<u>20,842,968</u>	<u>26,745,089</u>	<u>193,302,103</u>
<u>\$ 53,881,685</u>	<u>\$ 18,574,165</u>	<u>\$ 27,107,646</u>	<u>\$ 214,538,730</u>

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

CITY OF CORONA

**Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-Wide Statement of Activities and Changes in Net Assets
Year Ended June 30, 2008**

Net Change in Fund Balances - Total Governmental Funds \$ 21,236,627

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 and Changes in Net Assets, the cost of those assets is allocated over their estimated useful lives as depreciation expense. Additions and adjustments to capital assets amounted to \$51,306,828, less deletions of \$176,029, resulted in the net amount of capital assets of \$51,130,799 in the current period. 51,130,799

Depreciation expense on capital assets is reported in the Government-Wide Statement of Activities and Changes in Net Assets, but does not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in Governmental Funds. (10,486,691)

Some revenues will not be collected for several months after the City's fiscal year end, they are not considered available revenues and are deferred in the governmental funds. Deferred revenues decreased by this amount this year: (284,691)

Long-term compensated absences are reported in the Government-Wide Statement of Activities and Changes in Net Assets, but do not require the use of current financial resources. Therefore, long-term compensated absences are not reported as expenditures in Governmental Funds. This amount represents the change from the prior year. (625,935)

Bond proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Government-Wide Statement of Net Assets. Repayment of bond principal is an expenditure in Governmental Funds, but the repayment reduces long-term liabilities in the Government-Wide Statement of Net Assets.

This amount represents bond proceeds. (35,874,600)

This amount represents repayment of pension related debt. 587,006

This amount represents long-term debt repayments. 5,984,493

Interest expense on long-term debt is reported in the Government-Wide Statement of Activities and Changes in Net Assets, but do not require the use of current financial resources. Therefore, interest expense is not reported as expenditures in Governmental Funds. The following amount represents the change in accrued interest from the prior year. (523,721)

Internal Service Funds are used by management to charge the costs of certain activities, such as insurance and fleet management, to individual funds. The net revenue of the Internal Service Funds is reported with Governmental Activities. 1,344,402

Change in Net Assets of Governmental Activities \$ 32,487,689

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.

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

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

NON-MAJOR PROPRIETARY FUNDS:

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

GOVERNMENTAL ACTIVITIES – INTERNAL SERVICE FUNDS:

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

CITY OF CORONA**Statement of Net Assets
Proprietary Funds
June 30, 2008**

	Corona Utility Authority		
	Water	Wastewater	Electric
Assets:			
Current Assets			
Cash and Investments	\$ 29,170,279	\$ 22,094,305	\$ 9,505,220
Accounts Receivable, Net	8,000,887	1,922,810	2,366,969
Interest Receivable	344,841	251,732	92,057
Due from Other Governmental Agencies	1,000,000		165,489
Inventories and Prepayments	1,735,283		25,000
Restricted Assets:			
Cash and Investments	162,433	14,941	9,952,071
Total Current Assets	40,413,723	24,283,788	22,106,806
Noncurrent Assets			
Interfund Advances Receivable	473,875		20,445,015
Long-term Receivable	17,000,000		
Intangible Assets			280,018
Capital Assets:			
Land, wastewater rights & construction in progress	21,932,618	7,359,257	9,306,250
Depreciable buildings, property, equipment and infrastructure, net	189,977,944	108,259,716	49,092,866
Total Capital Assets	211,910,562	115,618,973	58,399,116
Total Noncurrent Assets	229,384,437	115,618,973	79,124,149
Total Assets	269,798,160	139,902,761	101,230,955
Liabilities:			
Current Liabilities			
Accounts Payable and Accrued Liabilities	6,189,143	2,157,208	3,578,011
Claims and Judgments Payable			
Unearned Revenues	755,727		
Compensated Absences Payable	403,652	335,734	86,905
Long-term Debt - Due Within One Year	2,337,254	1,459,480	1,995,000
Liabilities Payable from Restricted Assets	162,433	14,941	74,446
Total Current Liabilities	9,848,209	3,967,363	5,734,362
Noncurrent Liabilities			
Interfund Advances Payable		14,331,065	1,244,544
Unearned Revenues	18,000,000		
Compensated Absences Payable	104,054		39,912
Long-term Debt - Due in More than One Year	169,556,704	82,667,470	85,689,999
Claims and Judgments Payable			
Total Noncurrent Liabilities	187,660,758	96,998,535	86,974,455
Total Liabilities	197,508,967	100,965,898	92,708,817
Net Assets:			
Invested in Capital Assets, Net of Related Debt Restricted	146,836,266	97,300,705	(21,066,707)
Specific Projects and Programs			9,877,625
Unrestricted	(74,547,073)	(58,363,842)	19,711,220
Total Net Assets	\$ 72,289,193	\$ 38,936,863	\$ 8,522,138

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

<u>Nonmajor Other</u>	<u>Totals</u>	<u>Governmental Activities Internal Service Funds</u>
\$ 509,824	\$ 61,279,628	\$ 31,895,636
3,154	12,293,820	13,315
130,638	819,268	351,397
229,651	1,395,140	
	1,760,283	311,836
<u>7,153,950</u>	<u>17,283,395</u>	
<u>8,027,217</u>	<u>94,831,534</u>	<u>32,572,184</u>
	20,918,890	
	17,000,000	
	280,018	
	38,598,125	
<u>1,959,931</u>	<u>349,290,457</u>	
<u>1,959,931</u>	<u>387,888,582</u>	<u>-</u>
<u>1,959,931</u>	<u>426,087,490</u>	<u>-</u>
<u>9,987,148</u>	<u>520,919,024</u>	<u>32,572,184</u>
139,492	12,063,854	692,827
		3,688,000
523,236	1,278,963	
1,094	827,385	
	5,791,734	
	251,820	
<u>663,822</u>	<u>20,213,756</u>	<u>4,380,827</u>
6,587,825	22,163,434	
	18,000,000	
	143,966	82,083
	337,914,173	
		8,608,291
<u>6,587,825</u>	<u>378,221,573</u>	<u>8,690,374</u>
<u>7,251,647</u>	<u>398,435,329</u>	<u>13,071,201</u>
1,959,931	225,030,195	
7,153,950	17,031,575	
(6,378,380)	(119,578,075)	19,500,983
<u>\$ 2,735,501</u>	<u>\$ 122,483,695</u>	<u>\$ 19,500,983</u>

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

CITY OF CORONA**Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
Year Ended June 30, 2008**

	Corona Utility Authority		
	Water	Wastewater	Electric
Operating Revenues:			
Utility Service Charges	\$ 41,038,608	\$ 22,563,807	\$ 23,877,820
Intergovernmental Revenues			
Fees and Permits	1,539,959	125,848	
Fines and Penalties	1,251,622	1,500	
Other Revenues	965,783	688,665	946,352
Total Operating Revenues	44,795,972	23,379,820	24,824,172
Operating Expenses:			
Personnel Services	8,005,259	6,169,818	1,278,936
Contractual	1,909,613	1,780,773	781,901
Materials and Supplies	20,130,354	8,289,889	1,879,069
Utilities	7,695,949	4,929,614	15,825,145
Depreciation and Amortization	5,509,443	3,654,345	1,059,742
Claims Expense			
Total Operating Expenses	43,250,618	24,824,439	20,824,793
Operating Income (Loss)	1,545,354	(1,444,619)	3,999,379
Non-Operating Revenues (Expenses):			
Operating Grants and Contributions			
Investment Earnings	1,862,900	1,375,831	774,037
Interest Expense	(5,522,330)	(2,652,654)	(2,765,755)
Total Non-Operating Revenues	(3,659,430)	(1,276,823)	(1,991,718)
Income (Loss) before Contributions and Transfers	(2,114,076)	(2,721,442)	2,007,661
Capital Grants and Contributions	8,760,949	11,026,353	
Transfers In	13,506		
Transfers Out	(111,631)		(40,000)
Change in Net Assets	6,548,748	8,304,911	1,967,661
Total Net Assets - Beginning of Year, As Restated	65,740,445	30,631,952	6,554,477
Total Net Assets - End of Year	\$ 72,289,193	\$ 38,936,863	\$ 8,522,138

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

Nonmajor Other	Totals	Governmental Activities Internal Service Funds
\$ -	\$ 87,480,235	\$ -
27,005	27,005	
	1,665,807	
	1,253,122	
336,096	2,936,896	15,247,678
<u>363,101</u>	<u>93,363,065</u>	<u>15,247,678</u>
166,842	15,620,855	1,970,924
1,373,267	5,845,554	821,587
67,713	30,367,025	4,361,484
232,234	28,682,942	1,265,313
288,202	10,511,732	
		5,658,320
<u>2,128,258</u>	<u>91,028,108</u>	<u>14,077,628</u>
<u>(1,765,157)</u>	<u>2,334,957</u>	<u>1,170,050</u>
1,454,320	1,454,320	
372,380	4,385,148	1,903,614
(460,491)	(11,401,230)	
<u>1,366,209</u>	<u>(5,561,762)</u>	<u>1,903,614</u>
<u>(398,948)</u>	<u>(3,226,805)</u>	<u>3,073,664</u>
41,846	19,829,148	
112,810	126,316	3,199,361
(3,085)	(154,716)	(4,928,623)
<u>(247,377)</u>	<u>16,573,943</u>	<u>1,344,402</u>
2,982,878	105,909,752	18,156,581
<u>\$ 2,735,501</u>	<u>\$ 122,483,695</u>	<u>\$ 19,500,983</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, 2008**

	Corona Utility Authority		
	Water	Wastewater	Electric
Cash Flow from Operating Activities:			
Cash Received (Paid) from / to Customers/Other Funds	\$ 45,160,667	\$ 25,929,023	\$ 23,455,789
Cash Payments to Suppliers of Goods and Services	(27,287,589)	(14,405,160)	(19,178,026)
Cash Payments to Employees for Services	(8,404,437)	(6,187,804)	(1,249,210)
Cash Received (Payments) of Current Claims			
Cash Received (Paid) on Current Claims			
Increase (Decrease) in Long-term Claims			
Other Receipts			946,352
Net Cash Provided by (Used for) Operating Activities	<u>9,468,641</u>	<u>5,336,059</u>	<u>3,974,905</u>
Cash Flows from Noncapital Financing Activities:			
Operating Grants and Contributions			
Internal Activity - Payments to Interfund Loans		14,331,065	(21,203)
Transfers Received	13,506		
Transfers Paid	(111,631)		(40,000)
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>(98,125)</u>	<u>14,331,065</u>	<u>(61,203)</u>
Cash Flows from Capital and Related Financing Activities:			
Capital Grants and Contributions	2,412,286	3,535,928	
Acquisition and Construction of Capital Assets	(3,651,482)	(18,594,097)	(1,028,624)
Retirement of Long-term Installments Payable	(2,361,026)	(1,434,713)	(1,955,001)
Proceeds from Capital Debt	956,515		
Interest payments of Long-term debt	(5,522,330)	(2,652,654)	(2,765,755)
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(8,166,037)</u>	<u>(19,145,536)</u>	<u>(5,749,380)</u>
Cash Flows from Investing Activities:			
Interest on Investments	1,773,341	1,324,644	826,291
Net Increase (Decrease) in Cash and Cash Equivalents	2,977,820	1,846,232	(1,009,387)
Cash and Cash Equivalents - Beginning of Year	26,354,892	20,263,014	20,426,766
Cash and Cash Equivalents - End of Year	<u>\$ 29,332,712</u>	<u>\$ 22,109,246</u>	<u>\$ 19,417,379</u>
Reconciliation of Operating Income to Net Cash Provided by (Used for) by Operating Activities:			
Operating Income (Loss)	\$ 1,545,354	\$ (1,444,619)	\$ 3,999,379
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation and Amortization	5,509,443	3,654,345	1,059,742
Write-off of Capital Assets			
Change in:			
Accounts Receivable	48,101	(126,489)	(256,542)
Due from Other Governmental Agencies	316,594	2,675,693	(165,489)
Inventories and Prepayments	(201,453)		
Accounts Payable and Accrued Liabilities	2,364,439	595,115	(691,911)
Claims and Judgments Payable			
Unearned Revenues	285,341		
Compensated Absences Payable	(399,178)	(17,986)	29,726
Net Cash Provided by (Used for) Operating Activities	<u>\$ 9,468,641</u>	<u>\$ 5,336,059</u>	<u>\$ 3,974,905</u>
Noncash Investing, Capital, and Financing Activities:			
Contributions of capital assets from developers	<u>\$ 6,348,663</u>	<u>\$ 7,490,425</u>	

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

Nonmajor Other	Totals	Governmental Activities Internal Service Funds
\$ (200,134)	\$ 94,345,345	\$ 14,860,856
(1,444,432)	(62,315,207)	(6,202,629)
(171,418)	(16,012,869)	(1,965,795)
		1,067,059
		(3,612,627)
		398,780
336,096	1,282,448	
<u>(1,479,888)</u>	<u>17,299,717</u>	<u>4,545,644</u>
1,454,320	1,454,320	
	14,309,862	
112,810	126,316	3,199,361
(3,085)	(154,716)	(4,928,623)
<u>1,564,045</u>	<u>15,735,782</u>	<u>(1,729,262)</u>
	5,948,214	
	(23,274,203)	
	(5,750,740)	
	956,515	
(460,491)	(11,401,230)	
<u>(460,491)</u>	<u>(33,521,444)</u>	<u>-</u>
371,887	4,296,163	1,819,514
(4,447)	3,810,218	4,635,896
7,668,221	74,712,893	27,259,740
<u>\$ 7,663,774</u>	<u>\$ 78,523,111</u>	<u>\$ 31,895,636</u>
\$ (1,765,157)	\$ 2,334,957	\$ 1,170,050
288,202	10,511,732	
1,545	1,545	
(1,678)	(336,608)	2,808
(225,461)	2,601,337	9,150
	(201,453)	(64,054)
1,911	2,269,554	314,938
		3,112,752
225,326	510,667	
(4,576)	(392,014)	
<u>\$ (1,479,888)</u>	<u>\$ 17,299,717</u>	<u>\$ 4,545,644</u>
	<u>\$ 13,839,088</u>	

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



Fiduciary Fund Financial Statements

Fiduciary Fund represents an Agency Fund, which is custodial in nature and is used to account for receipts of special assessments and taxes that will be used to pay principal and interest on the bonds that have no direct City obligation.



CITY OF CORONA

Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2008

	<u>Pass Through Agency Fund</u>
Assets:	
Cash and Investments	\$ 1,333,002
Accounts Receivable, Net	
Interest Receivable	204,563
Due from Other Governmental Agencies	985,013
Restricted Assets:	
Cash and Investments	<u>37,376,597</u>
Total Assets	<u>\$ 39,899,175</u>
Liabilities:	
Accounts Payable and Accrued Liabilities	\$ 17,027
Deposits	249,358
Due to Other Governmental Agencies	
Liabilities Payable from Restricted Assets	
Due to Bondholders	<u>39,632,790</u>
Total Liabilities	<u>\$ 39,899,175</u>

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



CITY OF CORONA

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Year Ended June 30, 2008

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CITY OF CORONA

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Year Ended June 30, 2008

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CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2008

1) Summary of Significant Accounting Policies

A. Description of the Reporting Entity

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

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

Blended Component Units

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

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

CITY OF CORONA

Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2008

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 of Corona and the Redevelopment Agency of the City of Corona in accordance with the Joint Powers Law (Articles 1 through 4 of Chapter 5, Division 7, Title 1 of the California Government Code) for the purpose of assisting the City in the leasing of the water and wastewater utility systems. The Authority's Officers are the Corona City Council. The funds of the Utility Authority have been included in the Business-type Activities in the financial statements.

B. Basis of Accounting/Measurement Focus

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

Government-Wide Financial Statements

The City Government-Wide Financial Statements include a Statement of Net Assets and a Statement of Activities and Changes in Net Assets. These statements present summaries of Governmental and Business-Type Activities for the City accompanied by a total column. Fiduciary activities of the City are not included in these statements.

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

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

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

CITY OF CORONA

Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2008

Governmental Fund Financial Statements

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in net assets as presented in these statements to the net assets presented in the Government-Wide financial statements.

The City of Corona reports the following major governmental funds:

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

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

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

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

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

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

All governmental funds are accounted for on a spending or *current financial resources* measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due, however; the City has adopted a 12 month recognition period for Sales Tax and Grant revenues. Also, a new law AB 7 introduced in the current fiscal year delayed payment of highway user tax to cities and counties for revenues in April through August 2008 until September 2008. The law authorizes cities and counties to accrue these revenues received in September 2008 as repayment of the suspensions for April to June 2008 back to fiscal year 2007-08. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property tax, sales tax, intergovernmental revenues and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

CITY OF CORONA

Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2008

Proprietary Fund Financial Statements

Proprietary Fund Financial Statements include a Statement of Net Assets, a Statement of Revenues, Expenses and Changes in Fund Net Assets, and a Statement of Cash Flows for each major proprietary fund and non-major funds aggregated. A column representing internal service funds is also presented in these statements. However, internal service balances and activities have been combined with the governmental activities in the Government-Wide financial statements.

The City of Corona reports the following major proprietary fund types:

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

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

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

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

Fiduciary Fund Financial Statements

Fiduciary Fund Financial Statements include a Statement of Net Assets and Combining Statement of Changes in Assets and Liabilities. The City's Fiduciary funds represent Agency Funds, which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Agency funds are accounted for on the accrual basis of accounting.

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

Additionally, the City reports the following funds:

Internal Service funds account for risk management and fleet and equipment management services provided to other departments or agencies of the City on a cost reimbursement basis.

CITY OF CORONA

Notes to the Basic Financial Statements (continued)

Year Ended June 30, 2008

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

C. Cash, Cash Equivalents and Investments**1. Cash Management**

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

2. 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.

3. State Investment Pool

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

D. Cash and Cash Equivalents

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

E. Use of Estimates

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

F. Receivables and Payables

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

CITY OF CORONA

Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2008

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Proprietary fund receivables are shown net of an allowance for uncollectible accounts. Allowances of uncollectibles were \$200,583 for utility charges as of June 30, 2008. Utility customers are billed monthly. The estimated value of services provided, but unbilled at year-end has been included in the accompanying financial statements.

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

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

The City accrues as receivable all property taxes received during the first ninety (90) days of the new fiscal year. Taxes are considered past due on the above delinquent dates, at which time the applicable property is subject to lien, and penalties and interest are assessed.

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

G. Inventories, Prepaid Items and Land Held for Resale

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

H. Interfund Activity

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

CITY OF CORONA

Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2008

I. Use of Restricted/Unrestricted Net Assets

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

J. Capital Assets

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

Buildings -----	20-50 years
Improvements-----	20 years
Equipment -----	3-20 years
Infrastructure-----	25-65 years

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 December 2007. This condition assessment will be performed every 2 years. Each homogeneous segment of City owned street was assigned a physical condition based on 17 potential defects. A Pavement Condition Index (PCI) was assigned to each street segment. The index is expressed in a continuous scale from 0 to 100, where 0 is assigned to the least acceptable physical condition and 100 is assigned to segments of street that have the physical characteristics of a new street. The following conditions were defined: excellent condition is assigned to segments with a scale rating between 86 and 100, very good condition is assigned to segments with a scale rating between 71 and 85, good condition is assigned to segments with a rating between 56 and 70, fair condition is assigned to segments with a scale rating between 41 and 55, poor condition is assigned to segments with a scale rating between 26 and 40, very poor segments have a range of 11 to 25 and distressed condition is assigned to segments with a scale rating between 0 and 10. The City's policy relative to maintaining the street assets is to achieve an average rating of 70 for all street segments. This acceptable rating allows minor cracking and raveling of the pavement along with minor roughness that could be noticeable to drivers traveling at the posted speeds.

CITY OF CORONA

Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2008

For all other infrastructure systems, the City elected to use the Basic Approach as defined by GASB Statement No. 34 for infrastructure reporting. The City commissioned an appraisal of City owned infrastructure and property as of June 30, 1999 and has completed an internal update for June 30, 2008. This appraisal determined the original cost, which is defined as the actual cost to acquire new property in accordance with market prices at the time of first construction/acquisition. Original costs were developed in one of three ways: 1) historical records; 2) standard unit costs appropriate for the construction/acquisition date; or 3) present cost indexed by a reciprocal factor of the price increase from the construction/acquisition date to the current date. The accumulated depreciation, defined as the total depreciation from the date of construction/acquisition to the current date on a straight line, unrecovered cost method was computed using industry accepted life expectancies for each infrastructure subsystem. The book value was then computed by deducting the accumulated depreciation from the original cost.

K. Risk Management

The City administers self-insurance programs for workers' compensation and liability losses. These self-funding activities are accounted for in Internal Service Funds. Excess insurance is purchased to protect the City from losses above the self-insured retention. An independent firm performs annual actuarial valuation study for the Workers' Compensation and the Liability Risk Insurance Funds. The latest study was done on October 22, 2008 for the period ending June 30, 2008. At no time during the past five years have insurance claims exceeded insurance coverage.

L. Compensated Absences Payable

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

M. Long-Term Obligations

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

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

N. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

CITY OF CORONA

Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2008

2) Cash and Investments

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

A. Cash Deposits

The carrying amounts of the City's cash deposits were \$92,594 at June 30, 2008. Bank balances before reconciling items were \$4,896,738 at that date, the total amount of which was collateralized or insured with securities held by pledging financial institutions in the City's name as discussed below.

The California Government Code requires California banks and savings and loan associations to secure the City's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the City's name.

The market value of the pledged securities must equal at least 110% of a City's deposits. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of a City's total deposits. The City may waive collateral requirements for cash deposits, which are fully insured up to \$100,000 by the Federal Deposit Insurance Corporation.

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

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

- Securities issued by the U.S. Treasury
- Notes 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
- Diversified management companies, as defined by Section 53601(k) of the Government Code, not to exceed 10% of the portfolio

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments were stated at fair value using the

CITY OF CORONA

Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2008

aggregate method in all funds and component units, resulting in the following investment income in all funds and component units:

Realized gain/loss on matured investments	\$ 690,458
Unrealized loss in changes in fair value of investments	2,717,871
Interest Income	13,202,741
Total investment income	<u>\$ 16,611,070</u>

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

In accordance with GASB Statement No. 31, the portfolio for year-end reporting purposes is treated as if it were all sold. Therefore, fund balance must reflect the portfolio's change in value. These portfolio value changes are unrealized unless sold. The City's policy is to buy and hold investments until their maturity dates.

C. Summary of Cash and Investments

The following is a summary of pooled cash and investments at June 30, 2008:

	<u>Government-Wide Statement of Net Assets</u>			<u>Fiduciary Fund</u>	<u>Total</u>
	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>	<u>Financial</u>	
	<u>Activities</u>	<u>Activities</u>		<u>Statements</u>	
				<u>Fiduciary Funds</u>	
				<u>Statement of Net</u>	
				<u>Assets</u>	
Cash and Investments	<u>\$ 187,747,603</u>	<u>\$ 61,279,628</u>	<u>\$ 249,027,231</u>	<u>\$ 1,333,002</u>	<u>\$ 250,360,233</u>
Restricted Cash and Investments	<u>\$ 32,669,298</u>	<u>\$ 17,283,395</u>	<u>\$ 49,952,693</u>	<u>\$ 37,376,597</u>	<u>\$ 87,329,290</u>
Total Cash and Investments					<u>\$ 337,689,523</u>

CITY OF CORONA

Notes to the Basic Financial Statements (continued)

Year Ended June 30, 2008

At June 30, 2008, the City had the following deposits and investments:

	Credit Quality Ratings	Fair Value
City Treasury:		
Deposits	Not Rated	\$ 92,594
Total Deposits		<u>92,594</u>
Investments:		
Medium Term Notes	AAA	12,190,127
Medium Term Notes	AA	6,209,931
Medium Term Notes	AA-	16,551,097
Medium Term Notes	AA+	1,529,312
Medium Term Notes	A+	11,932,348
Medium Term Notes	A	<u>7,088,388</u>
Total Medium Term Notes		<u>55,501,203</u>
Union Bank Investments	Not Rated	<u>2,255,236</u>
Securities of U.S. Government Agencies:		
FFCB	AAA	22,233,114
FHLB	AAA	21,320,143
FHLMC	AAA	23,255,318
FNMA	AAA	22,658,051
U.S. Treasury	Not Rated	<u>37,209,590</u>
Total Securities of U.S. Government Agencies		<u>126,676,216</u>
Local Agency Investment Funds	Not Rated	65,834,984
Total Investments		<u>250,267,639</u>
Total City Treasury		<u>250,360,233</u>
Restricted Cash and Investments:		
Cash & Investments with Fiscal Agents	Not Rated	83,950,107
PUC Public Purpose	Not Rated	838,467
Grant Funds	Not Rated	213,887
Electric Restricted Cash	Not Rated	1,100,000
Retention & Escrow Accounts	Not Rated	<u>1,226,829</u>
Total restricted cash and investments		<u>87,329,290</u>
Total cash and investments		<u><u>\$ 337,689,523</u></u>

D. Risk Disclosures

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

CITY OF CORONA

Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2008

At June 30, 2008, the City Treasury had the following investment maturities:

Investment Type	Fair Value	Investment Maturities (In Years)		
		Less than 1	1 to 3	3 to 5
Investments:				
FFCB	\$ 22,233,114	\$ -	\$ 13,186,937	\$ 9,046,177
FHLB	21,320,143		11,763,110	9,557,033
FHLMC	23,255,318		14,593,409	8,661,909
FNMA	22,658,051		16,343,300	6,314,751
US T-Notes	37,209,590		5,223,126	31,986,464
LAIF	65,834,984	65,834,984		
Diversified Investment	2,255,236	2,255,236		
Wells Fargo Corp	1,529,312		1,529,312	
Conoco Phillips	1,713,994		1,713,994	
Emerson Electric	1,781,211	1,781,211		
General Dynamics Corp	1,787,501		1,787,501	
United Technology Corp	1,805,682	1,805,682		
JP Morgan Chase & Co	2,003,248	2,003,248		
Citigroup Inc	2,175,375		2,175,375	
General Electric Co	2,033,584		2,033,584	
Citigroup Inc	2,016,342	2,016,342		
JP Morgan Chase & Co	2,338,701	2,338,701		
American International	2,479,933	2,479,933		
US Bancorp	2,663,447			2,663,447
HSBC Corp	2,995,343	2,995,343		
Toyota Motor Corp	3,544,969		3,544,969	
Wal- Mart Stores	3,546,484		3,546,484	
Bank of America	4,699,904		4,699,904	
Goldman Sachs Inc	4,836,260	1,962,884	2,873,376	
Morgan Stanley	4,938,339	1,992,252	2,946,087	
Tennessee Valley Authority	6,611,574			6,611,574
Total	<u>\$ 250,267,639</u>	<u>\$ 87,465,816</u>	<u>\$ 87,960,468</u>	<u>\$ 74,841,355</u>
Restricted Cash and Investments:				
Cash and Cash in Escrow	\$ 3,379,237	\$ 3,379,237	\$ -	\$ -
Aim Government & Agency Portfolio	5,563,944	5,563,944		
Aim Investment Treasury	10,423,122	10,423,122		
Blackrock Treasury Fund	8,350,515	8,350,515		
Dreyfus Treasury Cash Management	10,582,306	10,582,306		
Federated Treasury Obligation	8,492,671	8,492,671		
First American Treasury	5,855	5,855		
Treasury Money Market	9,417,791	9,417,791		
U.S. Treasury	10,857,292	10,857,292		
MBIA	4,219,440			4,219,440
Ambac Capital Funding	1,987,101			1,987,101
Natixis Funding Corp.	4,300,695			4,300,695
Bayerische Landesbank	2,349,390			2,349,390
Society Generale	209,845			209,845
FSA Capital Management Services	2,435,536			2,435,536
AIG Matched Funding Corp	4,754,550			4,754,550
Total	<u>\$ 87,329,290</u>	<u>\$ 67,072,733</u>	<u>\$ -</u>	<u>\$ 20,256,557</u>

CITY OF CORONA

Notes to the Basic Financial Statements (continued)

Year Ended June 30, 2008

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 NRSCO, including raters Standard & Poor's, Fitch Ratings, and Moody's Investors Service. The City's credit risks, expressed on a percentage basis at June 30, 2008 are presented below:

<u>Investment Type</u>	<u>Moody's Rating</u>	<u>S & P Rating</u>	<u>% of Investment</u>
FFCB	Aaa	AAA	8.88%
FHLB	Aaa	AAA	8.52%
FHLMC	Aaa	AAA	9.29%
FNMA	Aaa	AAA	9.05%
US T-Notes	Not Rated	Not Rated	14.87%
LAIF	Not Rated	Not Rated	26.31%
Diversified Investment	Not Rated	Not Rated	0.92%
Wells Fargo Corp	Aa1	AA+	0.61%
Conoco Phillips	A1	A	0.68%
Emerson Electric	A2	A	0.71%
General Dynamics Corp	A2	A	0.71%
United Technology Corp	A2	A	0.72%
JP Morgan Chase & Co	Aa2	AA-	0.80%
Citigroup Inc	Aa3	AA-	0.81%
General Electric Co	Aaa	AAA	0.81%
Citigroup Inc	A1	A+	0.87%
JP Morgan Chase & Co	Aa3	A+	0.93%
American International	A1	A+	0.99%
US Bancorp	Aa2	AA	1.06%
HSBC Corp	Aa3	AA-	1.20%
Toyota Motor Corp	Aaa	AAA	1.42%
Wal- Mart Stores	Aa2	AA	1.42%
Bank of America	Aa3	AA-	1.88%
Goldman Sachs Inc	Aa3	AA-	1.93%
Morgan Stanley	Aa3	A+	1.97%
Tennessee Valley Authority	Aaa	AAA	2.64%
Total			<u>100.00%</u>

E. Investments in Local Agency Investment Funds

The City's investments with the Local Agency Investment Fund (LAIF), a State of California investment pool, at June 30, 2008 included a portion of the pool funds invested in Structured Notes and Asset-Backed Securities. These investments included the following:

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

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

CITY OF CORONA

Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2008

As of June 30, 2008, the City had \$65,834,984 invested in LAIF. The City valued its investments in LAIF as of June 30, 2008 by multiplying its account balance with LAIF of \$65,838,262 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 .999950219.

3) Interfund Transactions

A. Current Interfund Balances

Current interfund balances arise in the normal course of business and are expected to be repaid shortly after the end of the fiscal year. The following is a summary of current interfund balances as of June 30, 2008.

<u>Receivable Fund</u>	<u>Amount</u>	<u>Payable Fund</u>	<u>Amount</u>
Major Funds:		Major Funds:	
General	\$ 19,108,145	Development- Special Revenue	\$ 9,383,696
Redevelopment - Low/Mod Fund	1,500,000	Redevelopment - Debt Service	3,985,186
		Redevelopment - Capital Projects	1,500,000
		Public Facilities - Capital Projects	4,468,333
		Non-Major Funds:	
		<u>Special Revenue:</u>	
		Grants	156,418
		Other Grants	1,114,512
Total	<u>\$ 20,608,145</u>	Total	<u>\$ 20,608,145</u>

B. Long-Term Interfund Advances

At June 30, 2008, 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	\$ 4,748,511	Redevelopment Special Revenue	\$ 1,698,345
<u>Enterprise Funds:</u>		Redevelopment Debt Service	1,510,622
Water	473,875	<u>Enterprise Funds</u>	
Electric	20,445,015	Wastewater	14,331,065
		Electric	1,244,544
		Non-Major Funds:	
		<u>Special Revenue Funds:</u>	
		City Facilities - Airport	295,000
		<u>Enterprise Funds:</u>	
		CPFA	6,587,825
Total	<u>\$ 25,667,401</u>	Total	<u>\$ 25,667,401</u>

CITY OF CORONA

Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2008

The Redevelopment Debt Service and Special Revenue funds advances are from the General fund and are composed of various operating advances for the Redevelopment Agency's different project areas. The advances have different terms and interest rates and are expected to be repaid with tax increment revenue.

The City Facilities Fund advance is being repaid over a 27-year period with annual payments of \$15,000, expected to be repaid by 2025.

The Electric Fund receivable relates to the transfer of the bio-solids dryer facility from the Electric Fund to the Wastewater Fund.

The Electric Fund payable represents reserves from the Electric Utility and the Water Utility related to the 2003 Certificates of Participation. The reserve will be paid during the final years of the bond term.

C. Internal Balances – Capital Lease Receivable

In 2002, the City of Corona (City) established the Corona Utility Authority (Authority) as a joint powers authority pursuant to a Joint Exercise of Powers Agreement between the City and the Redevelopment Agency of the City of Corona in accordance with the Joint Powers Law (Articles 1 through 4 of Chapter 5, Division 7, title 1 of the California Government Code) for the purpose of assisting the City in the leasing of the water and wastewater utility systems. The Authority's Officers are the Corona City Council. The outstanding capital lease receivable at June 30, 2008 was \$172,628,344.

Refer to Note 22 for the future minimum lease payments required under the capital leases and the net present value of the future lease payments.

D. Internal Balances – Interfund

In fiscal year 2006-07, the General Fund advanced the Electric Fund \$1,265,747. The outstanding receivable at June 30, 2008 was \$1,244,544.

E. 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 made an expenditure on behalf of another fund. Significant one time transfers were:

- \$1,031,000 from the Gas Tax fund to the General Fund for street maintenance cost reimbursement.
- \$15,862,931 from the General Fund to the Public Facility Capital Projects fund for the Corporation Yard Expansion project.
- \$2,788,267 from the General Fund to the Redevelopment Capital Projects fund regarding various developer agreements funding.

CITY OF CORONA

Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2008

- \$4,820,186 from the Redevelopment Debt Service fund to the Redevelopment Capital Projects fund for administrative cost funding.

Total transfers of 33,926,844 are presented below:

	Transfers In			
	General Fund	Special Revenue	Debt Service	Capital Projects
Transfers Out				
General Fund	\$ -	\$ -	\$ -	\$ 2,788,267
Development Special Revenue	209,770			
Redevelopment Special Revenue Debt Service		53,718	696,751	4,820,186
Public Facilities Capital Projects	1,256,408			
Non-major Governmental	1,584,701			
Water				
Electric				40,000
Other Proprietary				
Internal Service	2,439,262			
Total Transfers In	<u>\$ 5,490,141</u>	<u>\$ 53,718</u>	<u>\$ 696,751</u>	<u>\$ 7,648,453</u>

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CITY OF CORONA

Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2008

Transfers In					
Public Facilities Capital Projects	Non-Major Governmental	Water	Other Proprietary	Internal Service	Total Transfers Out
\$ 15,862,931	\$ 582,020	\$ -	\$ -	\$ 710,000	\$ 19,943,218
	37,567				247,337
					696,751
					4,873,904
	35,716				1,292,124
48,381	145,489	10,421	1,179		1,790,171
			111,631		111,631
					40,000
		3,085			3,085
				2,489,361	4,928,623
<u>\$ 15,911,312</u>	<u>\$ 800,792</u>	<u>\$ 13,506</u>	<u>\$ 112,810</u>	<u>\$ 3,199,361</u>	<u>\$ 33,926,844</u>

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CITY OF CORONA

Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2008

4) 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, 2008 has been included in the Claims Payable amount as of June 30, 2008. Claims Payable is incorporated in the financial statements as Claims and Judgments Payable in Internal Service funds and is based on history and actuarial studies.

The following reconciles Claims and Judgments Payable for the Workers' Compensation Self-Insurance fund for fiscal year ended June 30, 2008 and its five preceding years:

Fiscal Year Ended June 30,	Claims Payable July 1,	Claims and Changes in Estimates	Claims Paid	Claims Payable June 30,
2004	\$ 9,779,755	\$ 3,524,800	\$ (2,735,530)	\$ 10,569,025
2005	10,569,025	5,276,673	(3,724,233)	12,121,465
2006	12,121,465	5,672,759	(3,608,367)	14,185,857
2007	14,185,857	(5,458,226)	(1,328,542)	7,399,089
2008	7,399,089	4,336,670	(1,608,863)	10,126,896

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, 2008 has been incorporated in the financial statements as Claims and Judgments Payable in Internal Service Funds and are based on history and actuarial studies.

C. Property Losses (excluding earthquake)

The City's property losses are covered by insurance policies for covered value of \$174,983,049 with deductibles of \$100,000. The estimated liability for pending and incurred but not reported claims at June 30, 2008 has been incorporated in the financial statements as Claims and Judgments Payable in the Liability Risk Internal Service Fund and are based on history only.

The total liabilities amount to \$10,126,896 for Workers Compensation and \$2,169,395 for Liability. Of these amounts, \$2,901,000 and \$787,000 are the amounts due in one year or less, respectively. Claims are paid by the separate internal service funds for each liability.

The table presented on next page reconciles Claims and Judgments Payable for the Liability Risk Self-Insurance fund, including property losses, fiscal year ended June 30, 2008 and its five preceding years.

CITY OF CORONA

Notes to the Basic Financial Statements (continued)
 Year Ended June 30, 2008

Fiscal Year Ended June 30,	Claims Payable July 1,	Claims and Changes in Estimates	Claims Paid	Claims Payable June 30,
2004	\$ 1,294,784	\$ 1,290,549	\$ (969,047)	\$ 1,616,286
2005	1,616,286	2,387,015	(1,772,269)	2,231,032
2006	2,231,032	3,413,926	(2,651,177)	2,993,781
2007	2,993,781	(363,617)	(845,714)	1,784,450
2008	1,784,450	1,108,873	(723,928)	2,169,395

5) **Long-Term Receivables/Deferred Revenues/Unearned Revenues**

	Loans Receivable	Long-Term Receivable	Eliminated Government-Wide Statements
Major Funds			
General Fund	\$ -	\$ 493,973	
Development Special Revenue	49,020	1,658,330	
Redevelopment Special Revenue	11,461,157		
Redevelopment Capital Project	500,000		
Non-Major Funds			
Assessment Districts		2,225,000	X
HUD Grants	357,353		
Total	\$ 12,367,530	\$ 4,377,303	
Enterprise Fund			
Water		\$ 17,000,000	

Receivables on the balance sheet as of June 30, 2008 are presented by specific description so as not to be aggregated. The significant receivable balances in the governmental funds which are not expected to be collected within one year are identified as:

General Fund long-term receivable represents reimbursement fees to be paid by developers for the Temescal Canyon Communications Tower in the amount of \$287,932 and reimbursement fees to be paid by developers for Community Facilities Plan Reimbursement for the South Corona area in the amount of \$206,041;

Development Special Revenue Fund reports a loans receivable of \$49,020 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;

Redevelopment Special Revenue Fund reports loans receivable for low-mod housing programs that have varying terms and re-payment provisions;

Redevelopment Capital Projects Fund reports loan receivable for various agreements with developers with long-term repayment provisions;

Assessments Districts Fund long-term receivable represents future assessments to be received for the payment of Assessment District debt which is considered to be a possible liability of the City in the case of default;

CITY OF CORONA

Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2008

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

Water Enterprise Fund reports a long-term receivable for the Local Resource Program Agreement from the Western Municipal Water District.

The deferred revenues of \$2,225,000 in debt service funds represent future assessments to be received for the payment of Assessment District debt and other lease revenue to be used to meet the related debt obligation. This deferred revenue is not reported in the government-wide statements.

The unearned revenues shown in the government-wide statements for business-type activities represent claims that have been approved by state agencies for Transit Services but not spent in the current period, customer prepayments of utility billings, and a long term agreement between Metropolitan Water District of Southern California, Western Municipal Water District and the City of Corona which utilizes the City's desalter plant to treat groundwater in conjunction with imported water as a means of increasing the potable water available to Corona customers.

6) Capital Assets

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

<u>Description</u>	<u>Historical Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Cost</u>
Governmental Activities:			
Modified Approach			
Street Pavement System	\$ 171,185,660	\$ -	\$ 171,185,660
Basic Approach			
Curbing	75,767,894	(25,574,263)	50,193,631
Sidewalks	82,487,173	(27,476,298)	55,010,875
Signs and Lights	37,308,177	(8,247,630)	29,060,547
Storm Drains	86,968,760	(18,384,789)	68,583,971
Fiberoptics	1,187,096	(315,956)	871,140
Subtotal Basic Approach	<u>283,719,100</u>	<u>(79,998,936)</u>	<u>203,720,164</u>
Total Governmental Activities	<u>\$ 454,904,760</u>	<u>\$ (79,998,936)</u>	<u>\$ 374,905,824</u>
Business-Type Activities:			
Basic Approach			
Fiberoptics	\$ 235,951	\$ (64,937)	\$ 171,014
Electric	3,115,603	(146,945)	2,968,658
Water	174,726,813	(33,562,725)	141,164,088
Wastewater	68,636,783	(12,452,469)	56,184,314
Total Business-Type Activities	<u>\$ 246,715,150</u>	<u>\$ (46,227,076)</u>	<u>\$ 200,488,074</u>

CITY OF CORONA

Notes to the Basic Financial Statements (continued)

Year Ended June 30, 2008

Capital Assets of the City for the year ended June 30, 2008 consisted of the following:

	Balance July 1, 2007	Increases	Decreases	Inventory Adjustments	Balance June 30, 2008
Governmental Activities:					
Capital assets not being depreciated:					
Land	\$ 58,834,991	\$ 1,354,572		\$ -	\$ 60,189,563
Streets	168,658,229	2,527,431	-	-	171,185,660
Construction in Progress	27,392,982	34,097,505	(6,460,198)		55,030,289
Total capital assets not being depreciated	254,886,202	37,979,508	(6,460,198)	-	286,405,512
Capital assets being depreciated:					
Buildings and Improvements	158,773,730	3,429,184	(365,474)	-	161,837,440
Machinery and Equipment	29,008,479	1,484,163	(1,065,984)	-	29,426,658
Infrastructure	268,844,929	14,874,171	-	-	283,719,100
Total capital assets being depreciated	456,627,138	19,787,518	(1,431,458)	-	474,983,198
Less accumulated depreciation for:					
Buildings and Improvements	(64,086,559)	(3,810,863)	246,716	-	(67,650,706)
Machinery and Equipment	(15,615,176)	(2,123,643)	1,022,881	(14,168)	(16,730,106)
Infrastructure	(75,446,751)	(4,552,185)	-	-	(79,998,936)
Total accumulated depreciation	(155,148,486)	(10,486,691)	1,269,597	(14,168)	(164,379,748)
Total capital assets being depreciated, net	301,478,652	9,300,827	(161,861)	(14,168)	310,603,450
Governmental activity capital assets, net	\$ 556,364,854	\$ 47,280,335	\$ (6,222,059)	\$ (14,168)	\$ 597,008,962
Business-Type Activities:					
Capital assets not being depreciated:					
Land	\$ 2,464,383	\$ 203,000	\$ -	\$ -	\$ 2,667,383
Wastewater Rights	9,180,000	-	-	-	9,180,000
Construction in Progress	44,346,180	6,159,531	(23,754,969)		26,750,742
Total capital assets not being depreciated	55,990,563	6,362,531	(23,754,969)	-	38,598,125
Capital assets being depreciated:					
Buildings and Improvements	116,788,199	-	-	-	116,788,199
Machinery and Equipment	63,551,953	20,128,281	(404,313)	-	83,275,921
Infrastructure	229,249,375	17,465,775	-	-	246,715,150
Total capital assets being depreciated	409,589,527	37,594,056	(404,313)	-	446,779,270
Less accumulated depreciation for:					
Buildings and Improvements	(24,390,689)	(2,439,450)	-	-	(26,830,139)
Machinery and Equipment	(21,122,020)	(3,712,346)	402,768	-	(24,431,598)
Infrastructure	(41,934,823)	(4,292,253)	-	-	(46,227,076)
Total accumulated depreciation	(87,447,532)	(10,444,049)	402,768	-	(97,488,813)
Total capital assets being depreciated, net	322,141,995	27,150,007	(1,545)	-	349,290,457
Business-type activity capital assets, net	\$ 378,132,558	\$ 33,512,538	\$ (23,756,514)	\$ -	\$ 387,888,582
Total Capital Assets	\$ 934,497,412	\$ 80,792,873	\$ (30,378,573)	\$ (14,168)	\$ 984,897,544

CITY OF CORONA

Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2008

For the year ended June 30, 2008, accumulated depreciation on governmental activity capital assets and depreciation expense charged to each governmental function are presented as follows:

Depreciation by Governmental Departments

	Previous Year Accum Depr	Current Year Depreciation	Accumulated Depreciation	Adjustments to Depreciation	Adjusted Accumulated Depreciation
General Government	\$ 13,639,490	\$ 1,985,345	\$ 15,624,835	\$ (943,720)	\$ 14,681,115
Public Safety - Fire	4,772,131	660,289	5,432,420		5,432,420
Public Safety - Police	5,457,554	960,716	6,418,270		6,418,270
Public Works	77,951,592	4,868,838	82,820,430	(20,762)	82,799,668
Redevelopment	946,671	336,204	1,282,875	-	1,282,875
Parks and Recreation	52,062,088	1,644,308	53,706,396	(290,947)	53,415,449
Library	318,960	30,991	349,951		349,951
Total Depreciation Expense	<u>\$ 155,148,486</u>	<u>\$ 10,486,691</u>	<u>\$ 165,635,177</u>	<u>\$ (1,255,429)</u>	<u>\$ 164,379,748</u>

Construction Commitments

The City has active construction projects as of June 30, 2008. These projects include street construction in areas of newly developed housing, pavement rehabilitation, various water and wastewater upgrades and replacements, and the renovation of the City's police department facility. At year end, the City's commitments for construction totaled \$81,781,031.

7) Compensated Absences

The City's policy relating to compensated absences is described in Note 1. As shown in the table below, the long-term portion of this debt, amounting to \$2,337,976 for governmental activities and \$143,966 for business-type activities at June 30, 2008, is expected to be paid in future years from future resources. In prior years, compensated absences have been liquidated primarily by the General Fund and the proprietary funds. The total amount outstanding at June 30, 2008 was \$9,229,628 for governmental activities and \$971,351 for business-type activities.

	Balance July 1, 2007	Incurred	Satisfied	Balance June 30, 2008	Amounts Due Within One Year	Amounts Due in More than One Year
Governmental Activities	<u>\$ 8,598,563</u>	<u>\$ 7,492,957</u>	<u>\$ 6,861,893</u>	<u>\$ 9,229,627</u>	<u>\$ 6,891,651</u>	<u>\$ 2,337,976</u>
Business-Type Activities	<u>\$ 1,323,453</u>	<u>\$ 480,497</u>	<u>\$ 832,599</u>	<u>\$ 971,351</u>	<u>\$ 827,385</u>	<u>\$ 143,966</u>

CITY OF CORONA

Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2008

8) Long-Term Obligations

The following is a summary of long-term obligation transactions of the City for the year ended June 30, 2008:

	<u>Balance</u> <u>July 1, 2007</u>	<u>Incurred or</u> <u>Issued</u>	<u>Satisfied or</u> <u>Matured</u>	<u>Balance</u> <u>June 30, 2008</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>	<u>Amounts</u> <u>Due in More</u> <u>than One Year</u>
Governmental Activities:						
Loans Payable	\$ 1,038,862	\$ -	\$ 469,760	\$ 569,102	\$ 480,873	\$ 88,229
Long Term Agreements Payable	743,335	6,324,600	185,834	6,882,101	759,541	6,122,560
Lease Payable	686,477	-	103,899	582,578	107,894	474,684
General Obligation Bonds Payable	1,925,000	-	480,000	1,445,000	295,000	1,150,000
Redevelopment Bonds Payable	63,175,000	29,550,000	1,785,000	90,940,000	3,135,000	87,805,000
Lease Revenue Bonds Payable	76,010,000	-	2,620,000	73,390,000	2,695,000	70,695,000
Special Assessment District Bonds	2,565,000	-	340,000	2,225,000	325,000	1,900,000
Total Governmental Activities	\$ 146,143,674	\$ 35,874,600	\$ 5,984,493	\$ 176,033,781	\$ 7,798,308	\$ 168,235,473
Business-Type Activities:						
Installment Agreement Payable	\$ 172,907	\$ -	\$ 135,883	\$ 37,024	\$ 37,024	\$ -
Contracts Payable	716,572	-	26,181	690,391	-	690,391
Term Loan Payable	43,322,308	956,515	2,288,675	41,990,148	2,364,710	39,625,438
Water Revenue Bonds	31,070,000	-	855,000	30,215,000	890,000	29,325,000
Capital Leases	172,628,344	-	-	172,628,344	-	172,628,344
Certificates of Participation	100,590,000	-	2,445,000	98,145,000	2,500,000	95,645,000
Total Business-Type Activities	\$ 348,500,131	\$ 956,515	\$ 5,750,739	\$ 343,705,907	\$ 5,791,734	\$ 337,914,173

9) Loans Payable

The Loans Payable amount is a loan made to the City from the Riverside County Transportation Commission of future Measure A Revenues for the Smith, Maple, and Lincoln Bridges projects. The Measure A advances outstanding at June 30, 2008 total \$569,102 and bear blended interest rates of 5.611% payable in monthly installments through August 2009.

10) Long-Term Agreements Payable

The following Long Term Agreements Payable were outstanding at June 30, 2008:

Riverside County Flood Control Agreement	\$ 557,501
Watermarke Properties Agreement	6,324,600
Total Long-Term Agreements Payable	\$ 6,882,101

Pursuant to the Cooperation Agreement dated February 13, 1985 between the Riverside County Flood Control and Water Conservation District and the Redevelopment Agency of the City of Corona, the Agency recorded an obligation in the amount of \$1,244,689 in fiscal years 2000-01 through 2003-04. During fiscal year 2004-05, the Agency and the District executed a Settlement and Release Agreement. The Agency's unpaid obligation, coupled with accrued interest, was determined to be \$1,300,835. The Settlement and Release Agreement allows the Agency to pay the principal balance of the obligation in equal annual payments of \$185,834 over a seven year period, plus accrued interest. The District will calculate the interest due on the principal balance

CITY OF CORONA

Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2008

at an adjustable rate in accordance with the average Riverside County Treasurer Pooled Investment Interest Rate.

Pursuant to the Loan Agreement dated January 4, 2008 between Watermarke Properties, LLC and the Redevelopment Agency of the City of Corona, the Agency recorded an obligation in the amount of \$6,324,600. The Agency may utilize the loan proceeds for redevelopment activities throughout the Merged Downtown and Amended Project Area "A". The Agreement allows the Agency to pay the balance of the obligation in equal annual payments of \$573,707 over a fifteen-year period, including 6% accrued interest through the year 2023.

11) Lease Payable

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

The City's obligation under the lease, as represented by the present value of the minimum future lease payments as of June 30, 2008 is recorded as a long-term obligation in the General Fund.

At June 30, 2008, the future minimum lease payments required under the capital lease and the net present value of the future lease payments is as follows:

<u>Fiscal Year</u>	<u>Lease Payment</u>
2009	\$ 130,294
2010	130,294
2011	130,294
2012	130,294
2013	130,292
Total minimum lease payments	651,468
Less: Amount representing interest	(68,890)
Present Value of Future Minimum Lease Payments	\$ 582,578

12) General Obligation Bonds

These bonds are secured by the City's taxing power. General obligation bonds outstanding at June 30, 2008 are summarized as follows:

\$7,225,000 1995 Refunding General Obligation Bonds	<u>\$1,445,000</u>
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On December 20, 1995, the City issued \$7,225,000 in 1995 General Obligation Refunding Bonds for the purposes of providing funds to advance refund the series 1988A Corona General Obligation Bonds issued in the aggregate principal amount of \$7,390,000. The Series 1988A bonds were issued for the acquisition and improvement of land for the City's Public Library. The outstanding bonds bear interest of 5.1% and are due in annual installments ranging from \$295,000 to \$310,000 through July 1, 2009 with term bonds of \$840,000 due on July 1, 2012.

CITY OF CORONA

Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2008

The bonds are payable from ad valorem taxes levied against all taxable real property in the City (with the exception of certain classes of personal property).

Fiscal Year	1995 Refunding Bonds		
	Principal	Interest	Total
2009	\$ 295,000	\$ 66,025	\$ 361,025
2010	310,000	50,745	360,745
2011	320,000	34,680	354,680
2012	340,000	17,850	357,850
2013	180,000	4,590	184,590
Totals	\$ 1,445,000	\$ 173,890	\$ 1,618,890

13) Redevelopment Tax Allocation Bonds

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

The following Tax Allocation Bonds were outstanding at June 30, 2008:

\$ 9,355,000 Redevelopment Agency, 1996 Project Area "A" Set-Aside Tax Allocation Bonds	\$ 6,645,000
\$36,910,000 Redevelopment Agency, 2004 Project Area "A" Tax Allocation and Refunding Bonds	32,590,000
\$22,155,000 Redevelopment Agency, 2007 Temescal Canyon Project Area Tax Allocation Bonds	22,155,000
\$29,550,000 Redevelopment Agency, 2007 Project Area "A" Taxable Tax Allocation Bonds	29,550,000
Total Redevelopment Tax Allocation Bonds	\$ 90,940,000

On October 15, 1996, the Corona Redevelopment Agency issued \$9,355,000 of Redevelopment Project Area "A" Housing Set-Aside Tax Allocation Bonds to provide funds for a portion of the costs of reconstruction and rehabilitation of an apartment complex of approximately 160 units by the Southern California Housing Development Corporation and certain other activities for the provision of low and moderate income housing within the Project Area. The bonds were issued for sale to the Corona Public Financing Authority 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 Authority were resold concurrently to the Underwriter. The outstanding bonds bear interest from 5.20% to 5.63% and are due in annual installments ranging from \$330,000 to \$385,000 through September 1, 2011, with term bonds of \$2,255,000 due September 1, 2016, and \$2,965,000 due September 1, 2021. The bonds are payable from pledged revenues of the Housing Set-Aside funds of the Redevelopment Agency. The annual debt service requirements for the 1996 Redevelopment Tax Allocation Bond are presented on the following page.

CITY OF CORONA

Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2008

Fiscal Year	1996 Set-Aside Tax Allocation Bonds		
	Principal	Interest	Total
2009	\$ 330,000	\$ 358,171	\$ 688,171
2010	345,000	340,449	685,449
2011	365,000	321,451	686,451
2012	385,000	301,201	686,201
2013	405,000	279,669	684,669
2014-2018	2,380,000	1,029,375	3,409,375
2019-2022	2,435,000	283,359	2,718,359
Totals	\$ 6,645,000	\$ 2,913,675	\$9,558,675

The \$36,910,000 of Redevelopment Project Area "A" 2004 Tax Allocation and Refunding Bonds bear interest from 3.50% to 5.00% and are due in annual installments ranging from \$1,505,000 to \$2,795,000. The bonds are payable from tax increment revenues of the Agency received from the project area and other funds and accounts pledged under the indenture. The bond issue will reduce debt service payments for the Agency by \$7,015,420 with an economic gain of \$3,226,023 or 8.233% as a percent of refunded bonds. The annual debt service requirements for the 2004 Redevelopment Tax Allocation Bond are as follows:

Fiscal Year	2004 Tax Allocation Bonds		
	Principal	Interest	Total
2009	\$ 1,505,000	\$ 1,404,962	\$ 2,909,962
2010	1,555,000	1,351,413	2,906,413
2011	1,610,000	1,299,044	2,909,044
2012	1,660,000	1,244,838	2,904,838
2013	1,715,000	1,183,631	2,898,631
2014-2018	9,655,000	4,810,137	14,465,137
2019-2023	12,095,000	2,269,875	14,364,875
2024	2,795,000	69,875	2,864,875
Totals	\$ 32,590,000	\$ 13,633,775	\$ 46,223,775

The \$22,155,000 of Temescal Canyon Project Area 2007 Tax Allocation Bonds were issued to facilitate the transformation of a former mining facility and blighted area into developed backbone infrastructure improvements within the project area. The bonds bear interest from 4.00% to 4.50% and are due in annual installments ranging from \$495,000 to \$735,000, with term bonds of \$1,475,000 due November 1, 2022, \$1,515,000 due November 1, 2024, \$1,650,000 due November 1, 2026, \$2,760,000 due November 1, 2029, and \$3,155,000 due November 1, 2032. The escrow term bonds in the amount of \$3,465,000 bear interest at 4.50% and are due November 1, 2032. The bonds are payable from tax increment revenues of the Agency received from the project area. The annual debt service requirements for the 2007 Redevelopment Tax Allocation Bond are presented on the following page.

CITY OF CORONA

Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2008

Fiscal Year	2007 Temescal Canyon Tax Allocation Bonds		
	Principal	Interest	Total
2009	\$ 495,000	946,971	\$ 1,441,971
2010	515,000	926,771	1,441,771
2011	625,000	903,746	1,528,746
2012	650,000	877,784	1,527,784
2013	680,000	850,696	1,530,696
2014-2018	3,810,000	3,808,766	7,618,766
2019-2023	4,360,000	2,939,383	7,299,383
2024-2028	4,910,000	1,938,122	6,848,122
2029-2033	6,110,000	712,350	6,822,350
Totals	\$ 22,155,000	13,904,589	\$ 36,059,589

The \$29,550,000 of Project Area "A" 2007 Taxable Tax Allocation Bonds were issued on a parity basis with the 2004 Tax Allocation Bonds to further facilitate the rehabilitation of a retail center and the development of mixed used commercial, hotel, office and light industrial projects within the Merged Downtown project area. The bonds bear interest from 4.69% to 6.25% and are due in annual installments ranging from \$315,000 to \$1,140,000, with term bonds of \$23,850,000 due September 1, 2027. The bonds are payable from tax increment revenues of the Agency received from the project area. The annual debt service requirements for the 2007 Project Area "A" Tax Allocation Bond are as follows:

Fiscal Year	2007 Project Area "A" Tax Allocation Bonds		
	Principal	Interest	Total
2009	\$ 805,000	\$ 1,765,084	\$ 2,570,084
2010	315,000	1,738,730	2,053,730
2011	450,000	1,720,367	2,170,367
2012	485,000	1,697,609	2,182,609
2013	500,000	1,673,018	2,173,018
2014-2018	3,145,000	7,826,356	10,971,356
2019-2023	3,240,000	6,975,712	10,215,712
2024-2028	20,610,000	4,039,146	24,649,146
Totals	\$ 29,550,000	\$ 27,436,022	\$ 56,986,022

CITY OF CORONA

Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2008

14) Lease Revenue Bonds

The following lease revenue bonds were outstanding at June 30, 2008:

\$ 9,810,000 Corona Public Financing Authority 2001 Lease Revenue Bonds, Series A (reported as a liability of the City)	\$ 5,975,000
\$35,000,000 Corona Public Financing Authority 2002 Lease Revenue Bonds, Series B (reported as a liability of the City)	31,130,000
\$36,060,000 Corona Public Financing Authority 2006 Lease Revenue Bonds, Series C (reported as a liability of the City)	36,285,000
Total Lease Revenue Bonds	<u>\$ 73,390,000</u>

The Corona Public Financing Authority 2001 Refunding Lease Revenue Bonds, Series A were issued on May 10, 2001 in the amount of \$9,810,000 to refund the Corona Public Financing Authority 1993 Public Improvement Refunding Bonds originally issued in the aggregate principal amount of \$21,295,000. The outstanding bonds bear interest from 4.00% to 4.75% and are due in annual principal installments ranging from \$750,000 to \$970,000 through September 1, 2014. The bonds are payable pursuant to a lease agreement with the City.

<u>Fiscal Year</u>	2001 Refunding Lease Revenue Bonds		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 750,000	\$ 249,493	\$ 999,493
2010	780,000	217,738	997,738
2011	815,000	183,835	998,835
2012	850,000	147,613	997,613
2013	885,000	109,000	994,000
2014-2015	1,895,000	90,619	1,985,619
Totals	<u>\$ 5,975,000</u>	<u>\$ 998,298</u>	<u>\$ 6,973,298</u>

The Corona Public Financing Authority 2002 Lease Revenue Bonds Series B were issued on September 1, 2002 in the amount of \$35,000,000 to pay the costs of the design, construction and acquisition of the City Hall facility. The outstanding bonds bear interest from 3.00% to 5.38% and are due in annual principal installments ranging from \$1,035,000 to \$1,930,000 through September 1, 2023 with term bonds in the amount of \$8,675,000 due on September 1, 2027. The bonds are payable from the revenues expected to be received by the Authority from the City as lease payments for the acquired improvements. The annual debt service requirements for the 2002 Lease Revenue Bonds are presented on the following page.

CITY OF CORONA

Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2008

2002 Lease Revenue Bonds			
Fiscal Year	Principal	Interest	Total
2009	\$ 1,035,000	\$ 1,384,861	\$ 2,419,861
2010	1,065,000	1,353,361	2,418,361
2011	1,095,000	1,319,319	2,414,319
2012	1,130,000	1,281,476	2,411,476
2013	1,170,000	1,240,495	2,410,495
2014-2018	6,615,000	5,396,337	12,011,337
2019-2023	8,415,000	3,545,417	11,960,417
2024-2028	10,605,000	1,306,131	11,911,131
Totals	\$31,130,000	\$16,827,397	\$47,957,397

The Corona Public Financing Authority 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 Authority's outstanding 2000 Lease Revenue Bonds, Series A. The balance of the outstanding in-substance defeased 2000 Lease Revenue Bonds was \$11,120,000 as of fiscal year ended June 30, 2008. The 2006 Lease Revenue Bonds bear interest from 3.50% to 5.00% and are due in annual installments ranging from \$910,000 to \$970,000 through September 1, 2026 with term bonds in the amount of \$12,280,000 due on September 1, 2036. The bonds are payable from the revenues expected to be received by the Authority from the City as lease payments for the acquired improvements.

2006 Lease Revenue Bonds			
Fiscal Year	Principal	Interest	Total
2009	\$ 910,000	\$ 1,483,644	\$ 2,393,644
2010	945,000	1,450,044	2,395,044
2011	980,000	1,411,456	2,391,456
2012	1,015,000	1,371,644	2,386,644
2013	1,060,000	1,335,331	2,395,331
2014-2018	5,875,000	6,071,998	11,946,998
2019-2023	7,145,000	4,740,238	11,885,238
2024-2028	7,085,000	3,059,201	10,144,201
2029-2033	5,740,000	1,805,187	7,545,187
2034-2037	5,530,000	482,375	6,012,375
Totals	\$ 36,285,000	\$ 23,211,118	\$ 59,496,118

15) Special Assessment District Bonds (Indirect City Liability)

The payment of each bond is secured by valid assessment liens upon certain property in each district and is not a direct liability of the City. Reserves have been established from the bond proceeds to meet delinquencies should they occur and the City may, from time to time, when due and delinquent, advance available funds to pay the amount of any succeeding installment of the

CITY OF CORONA

Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2008

principal and the interest on the bonds. Therefore, the bonds are recorded as liabilities in the accompanying financial statements pursuant to GASB Statement No. 6.

The following Assessment District Bonds were outstanding at June 30, 2008:

\$3,630,086 Assessment District No. 89-1 Improvement Bonds	\$ 890,000
\$3,000,000 Assessment District No. 90-1 Improvement Bonds	<u>1,335,000</u>
Total Special Assessment District Bonds (Indirect City Liability)	<u><u>\$ 2,225,000</u></u>

\$3,630,086 Assessment District No. 89-1 Improvement Bonds were issued to finance construction and acquisition of improvements in the Railroad Street Industrial Area. The outstanding bonds bear interest of 7.55% to 7.60% and mature in remaining annual installments of \$200,000 to \$250,000 through September 2, 2011.

\$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 \$125,000 to \$215,000 through September 2, 2015.

The annual debt service requirements by year for Assessment District Bonds are as follows:

<u>Fiscal Year</u>	<u>A.D. 89-1</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 200,000	\$ 59,885	\$ 259,885
2010	210,000	44,407	254,407
2011	230,000	27,740	257,740
2012	<u>250,000</u>	<u>9,500</u>	<u>259,500</u>
Totals	<u><u>\$ 890,000</u></u>	<u><u>\$ 141,532</u></u>	<u><u>\$ 1,031,532</u></u>

<u>Fiscal Year</u>	<u>A.D. 90-1</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 125,000	\$ 101,800	\$ 226,800
2010	135,000	91,400	226,400
2011	145,000	80,200	225,200
2012	160,000	68,000	228,000
2013	170,000	54,800	224,800
2014-2016	<u>600,000</u>	<u>74,400</u>	<u>674,400</u>
Totals	<u><u>\$ 1,335,000</u></u>	<u><u>\$ 470,600</u></u>	<u><u>\$ 1,805,600</u></u>

CITY OF CORONA

Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2008

16) Installment Agreement Payable

On June 28, 2005, the City of Corona entered into an agreement with Southern California Edison to make monthly installments for a delayed billing for electrical services to a meter installed at 219 West Grand Boulevard for a total of \$444,673. The City will make 36 equal payments of \$12,353 through September 2008. The amount outstanding at June 30, 2008 was \$37,024.

17) Contracts Payable

Contracts Payable arise from the acquisition of certain water and wastewater facilities and represent amounts due to Western Municipal Water District payable from future water and wastewater 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, 2008 was \$690,391.

18) Term Loans Payable

The following Term Loans Payable were outstanding at June 30, 2008:

State Revolving Fund Loan Contract No. 6-807-5850-0	\$ 14,064,760
State Revolving Fund Loan Contract No. C-06-4802-110	<u>27,925,388</u>
Total Term Loans Payable	<u><u>\$ 41,990,148</u></u>

On September 17, 1996, and February 20, 1997, the City and the State Water Resources Control Board of the State of California entered into a State Revolving Fund Loan Contract No. 6-807-5850-0 for a total of \$22,244,222 for purposes of expansion of the Wastewater Treatment Plant No. 1. The loan is payable over a period of 20 years at the rate of 2.8% interest in equal installments of \$1,503,293 through October 2018. The amount outstanding at June 30, 2008 was \$14,064,760.

Fiscal Year	Term Loan Payable		
	State Revolving Loan 6-807-5850-0		
	Principal	Interest	Total
2009	\$ 1,109,480	\$ 393,813	\$ 1,503,293
2010	1,140,545	362,748	1,503,293
2011	1,172,480	330,813	1,503,293
2012	1,205,310	297,983	1,503,293
2013	1,239,059	264,234	1,503,293
2014-2018	6,735,539	780,927	7,516,466
2019	<u>1,462,347</u>	<u>40,946</u>	<u>1,503,293</u>
Totals	<u><u>\$ 14,064,760</u></u>	<u><u>\$ 2,471,464</u></u>	<u><u>\$ 16,536,224</u></u>

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 Wastewater Treatment Plant No. 1.

CITY OF CORONA

Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2008

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, 2008 was \$27,925,388.

Term Loan Payable			
State Revolving Loan C-06-4802-110			
Fiscal Year	Principal	Interest	Total
2009	\$ 1,255,230	\$ 689,765	\$1,944,995
2010	1,278,241	666,754	1,944,995
2011	1,310,197	634,798	1,944,995
2012	1,342,952	602,043	1,944,995
2013	1,376,526	568,469	1,944,995
2014-2018	7,416,360	2,308,616	9,724,976
2019-2023	8,390,930	1,334,046	9,724,976
2024-2026	5,554,952	280,033	5,834,985
Totals	\$ 27,925,388	\$ 7,084,524	\$35,009,912

19) Water Revenue Bonds

The \$36,690,000 Corona Public Financing Authority 1998 Water Revenue Bonds were issued to finance the cost of certain improvements to the City's water system, consisting of the construction of a ground water desalting system and to refinance the outstanding 1994 Water System Improvement Project Certificates of Participation. The outstanding bonds bear interest from 4.10% to 4.75% and are due in annual installments ranging from \$890,000 to \$1,100,000 through 2013 with term bonds in the amount of \$6,305,000, \$7,950,000 and \$10,025,000 due on September 1, 2018, 2023 and 2028, respectively. The bonds are considered a liability of the water fund. Corresponding long-term receivable and deferred revenue has been eliminated for the Corona Public Financing Authority.

1998 Water Revenue Bonds			
Fiscal Year	Principal	Interest	Total
2009	\$ 890,000	\$ 1,393,478	\$ 2,283,478
2010	925,000	1,355,808	2,280,808
2011	965,000	1,315,876	2,280,876
2012	1,005,000	1,273,260	2,278,260
2013	1,050,000	1,227,525	2,277,525
2014-2018	6,025,000	5,337,818	11,362,818
2019-2023	7,590,000	3,728,988	11,318,988
2024-2028	9,570,000	1,699,787	11,269,787
2029	2,195,000	52,131	2,247,131
Totals	\$ 30,215,000	\$ 17,384,671	\$ 47,599,671

CITY OF CORONA

Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2008

20) Certificates of Participation

The certificates of participation are special obligations of the issuer and are payable from specific pledged revenues of the issuing agency. 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 of Corona, the State of California or any political subdivision thereof is pledged to the payment of the principal and interest on the certificates.

As of June 30, 2008, the balances outstanding were:

\$ 7,010,000 Corona Public Improvement Corporation 1997 Sunkist Wastewater Treatment Facilities Refunding Bonds	\$ 3,905,000
\$68,030,000 Corona Public Financing Authority 2003 Clearwater Cogeneration / Recycled Water Projects	66,035,000
\$29,020,000 Corona Public Financing Authority 2005 Clearwater Cogeneration	28,205,000
Total Certificates of Participation	<u><u>\$ 98,145,000</u></u>

On January 21, 1997, the Corona Public Improvement Corporation issued \$7,010,000 in 1997 Refunding Certificates of Participation for the purposes of refunding the remaining \$6,425,000 of the 1986 Sunkist Wastewater Treatment Facilities Certificates of Participation and to pay the costs incurred in connection with the issuance, sale, and delivery of the bonds as well as to establish a reserve fund. The original certificates were issued to finance the acquisition, construction and installation of certain improvements to the City's Wastewater Treatment Plant No. 2 (Sunkist Plant). The outstanding bonds bear interest rates from 5.00% to 5.50% and are due in annual installments ranging from \$350,000 to \$530,000 through August 1, 2016. The certificates are payable pursuant to a lease agreement (Corona Public Improvement Corporation to the Wastewater Utility) from revenues of the Wastewater Capacity fund and as such have been shown as long-term obligations (Long-Term Installments Payable) of the Wastewater Utility and eliminated from the General Long-Term Debt of the City. A corresponding long-term obligation and deferred revenue has been eliminated for the Corona Public Improvement Corporation.

<u>Fiscal Year</u>	<u>1997 Refunding Certificates of Participation</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 350,000	\$ 199,935	\$ 549,935
2010	370,000	181,750	551,750
2011	385,000	162,305	547,305
2012	405,000	141,563	546,563
2013	430,000	119,220	549,220
2014-2017	1,965,000	222,965	2,187,965
Totals	<u><u>\$ 3,905,000</u></u>	<u><u>\$ 1,027,738</u></u>	<u><u>\$ 4,932,738</u></u>

CITY OF CORONA

Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2008

On May 20, 2003, the Corona Public Financing Authority issued \$68,030,000 in 2003 Certificates of Participation for the purpose of financing the acquisition, construction and installation of the Clearwater Cogeneration and Biosolids Project (the "Cogeneration Project"), to finance a portion of the Recycled Water Project and to pay the costs incurred in connection with the issuance, sale and delivery of the bonds as well as to establish a capitalized interest fund and a reserve fund. The outstanding bonds bear interest from 3.50% to 5.00% due in installments of \$1,575,000 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 from the Corona Public Financing Authority pursuant to an Installment Purchase agreement for a principal amount of \$60,875,000 which is recorded in the City of Corona's Electric Fund. The City will pay purchase payments to the Corona Public Financing Authority from revenues pursuant to two separate Power Sales Agreements between the City and the Corona Utility Authority, and as such have been shown as long-term obligations (Certificates of Participation) of the City's Electric Fund and eliminated from the General Long-Term Debt of the City. A corresponding long-term obligation and deferred revenue has also been eliminated from the Corona Public Financing Authority.

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

Fiscal Year	2003 Certificates of Participation		
	Principal	Interest	Total
2009	\$ 1,575,000	\$ 3,137,244	\$ 4,712,244
2010	1,650,000	3,066,650	4,716,650
2011	1,720,000	2,995,125	4,715,125
2012	1,790,000	2,929,400	4,719,400
2013	1,855,000	2,865,612	4,720,612
2013-2018	10,440,000	13,062,750	23,502,750
2019-2023	13,250,000	10,159,250	23,409,250
2024-2028	16,915,000	6,406,125	23,321,125
2029-2032	16,840,000	1,735,250	18,575,250
Totals	\$ 66,035,000	\$ 46,357,406	\$ 112,392,406

The Corona Public Financing Authority issued \$29,020,000 in 2005 Certificates of Participation for the purpose of financing the remaining costs associated with the acquisition, construction and installation of the Cogeneration Project and the Electric Distribution Facilities Project. The outstanding bonds bear interest from 3.00% to 5.00% due in installments of \$575,000 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.

CITY OF CORONA

Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2008

Approximately \$8.9 million of the proceeds of the Certificates will finance the remaining amounts needed to complete the Cogeneration Project. The City will purchase such remaining facilities of the Cogeneration Project from the Financing Authority pursuant to an Installment Purchase Agreement. Pursuant to the Installment Purchase Agreement, the City will pay Purchase Payments to the Financing Authority.

Approximately \$15 million of the proceeds of the Certificates will finance the acquisition, construction and installation of the electric distribution facilities necessary to supply power to all Greenfield developments within the City. The City will purchase such electric distribution facilities from the Financing Authority 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 principal and interest due within the next five fiscal years are presented as the following:

Fiscal Year	2005 Certificates of Participation		
	Principal	Interest	Total
2009	\$ 575,000	\$ 1,245,035	\$ 1,820,035
2010	590,000	1,227,560	1,817,560
2011	610,000	1,209,560	1,819,560
2012	630,000	1,190,173	1,820,173
2013	650,000	1,169,372	1,819,372
2014-2018	3,600,000	5,478,391	9,078,391
2019-2023	4,350,000	4,691,274	9,041,274
2024-2028	5,380,000	3,636,737	9,016,737
2029-2033	6,840,000	2,133,000	8,973,000
2034-2036	4,980,000	381,500	5,361,500
Totals	\$ 28,205,000	\$ 22,362,602	\$ 50,567,602

21) Pension Related Debt

In fiscal year 2005-06, PERS 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 PERS 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, 2008, the City's pension related obligation had a balance of \$8,636,734 with an assumed interest rate of 7.75%. Due to the fact that this obligation is program specific, the annual debt service payment is recorded as the Public Safety – Fire expenses together with the employer contribution to the risk pool. The

CITY OF CORONA

Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2008

interest on this debt of \$667,148 is also included in the Public Safety – Fire function expenses and not in the Interest and Fiscal Charges expenses in the Statement of Activities and Changes in Net Assets. The following presents principal and interest due within the next five fiscal years using the assumed interest rate:

Fiscal Year	Pension Related Debt		
	Principal	Interest	Total
2009	\$ 674,808	\$ 620,105	\$ 1,294,913
2010	770,791	566,207	1,336,998
2011	875,632	504,819	1,380,451
2012	990,064	435,251	1,425,315
2013	1,114,879	356,760	1,471,639
2014-2016	4,210,560	497,592	4,708,152
Totals	\$ 8,636,734	\$ 2,980,734	\$ 11,617,468

22) Internal Balances – Capital Leases

A. Related Parties

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

B. Capital Lease Obligations

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

The capital assets of the water and wastewater facilities were recorded at the City's historical cost, net of accumulated depreciation, and related debt has also been recorded resulting in a lease payable for an amount equal to the net assets recorded on the City's financial statements. Lease payments are made quarterly at a 4% annual increment of the preceding fiscal year's lease amount.

The following Internal Balances – Capital Leases were outstanding at June 30, 2008:

Capital Lease - Water Facility	\$ 106,819,662
Capital Lease - Wastewater Facility	65,808,682
Total Internal Balances - Capital Leases	\$ 172,628,344

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Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2008

C. Capital Lease Payments

The future minimum lease payments required under the capital leases and the net present value of the future lease payments are presented below:

<u>Fiscal Year</u>	<u>Water Facility</u>	<u>Wastewater Facility</u>
2009	\$ 3,325,906	\$ 1,788,553
2010	3,458,942	1,860,095
2011	3,597,300	1,934,499
2012	3,741,192	2,011,879
2013	3,890,839	2,092,354
2014-2018	21,917,002	11,786,179
2019-2023	26,665,384	14,339,689
2024-2028	32,442,517	17,446,425
2029-2033	39,471,282	21,226,243
2034-2038	48,022,850	25,824,971
2039-2043	58,427,140	31,420,025
2044-2048	71,085,550	38,227,265
2049-2053	86,486,441	46,509,313
2054-2056	60,643,946	32,612,144
Total minimum lease payments	463,176,291	249,079,634
Less: Amount representing interest	(356,356,629)	(183,270,952)
Present value of future minimum lease payments	<u>\$ 106,819,662</u>	<u>\$ 65,808,682</u>

D. 2008 Transactions

In 2008, the following related party transactions were recorded by the City and the Authority:

Capital Lease Payments:	
Water Fund	\$ 3,213,435
Wastewater Fund	1,728,071
Total to the City	<u>\$ 4,941,506</u>

23) Special Assessment District Bonds (No City Liability)

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 (continued)
Year Ended June 30, 2008

As of June 30, 2008, the balances outstanding were:

\$ 855,000 A.D. No. 95-1 Improvement Bonds	\$ 565,000
\$1,624,200 A.D. No. 96-1 1996 A Improvement Bonds	1,095,000
\$ 685,000 A.D. No. 96-1 1997 A Improvement Bonds	485,000
\$1,605,000 A.D. No. 96-1 1997 B Improvement Bonds	1,180,000
\$2,657,100 A.D. No. 96-1 1999 A Improvement Bonds	2,110,000
Total Special Assessment District Bonds (No City Liability)	\$ 5,435,000

24) Community Facilities District Bonds (No City Liability)

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.

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

\$22,580,000 CFD 86-2 Refunding and Improvement Bonds	\$ 16,030,000
\$62,845,000 CFD 90-1 Refunding Bonds	39,300,000
\$19,505,000 CFD 97-2 Special Tax Bonds	15,725,000
\$ 6,485,000 CFD 2000-1, Series A Special Tax Bonds	5,930,000
\$ 1,610,000 CFD 2000-1, Series B Special Tax Bonds	1,490,000
\$20,295,000 Ref CFD 89-1, Series A District-Wide Local Bonds	14,830,000
\$15,715,000 Ref CFD 89-1, Series A-1 Imp Area Local Bonds	11,190,000
\$ 3,675,000 CFD 2001-2 Special Tax Bonds	3,415,000
\$ 9,415,000 CFD 2002-4 Special Tax Bonds	9,110,000
\$ 6,135,000 CFD 2003-2 Special Tax Bonds	10,555,000
\$22,475,000 CFD 2002-1 Special Tax Bonds & Escrow Term Bonds	22,350,000
\$ 3,805,000 CFD 2004-1 Special Tax Bonds	3,745,000
\$10,280,000 CFD 2002-1 Improvement Area Special Tax Bonds	10,280,000
Total Community Facilities District Bonds (No City Liability)	\$163,950,000

25) Bond Requirements

At June 30, 2008, management believes the City and its component units are in compliance with all covenants of the various debt indentures.

26) Credit Agreements

The City has entered into letter of credit agreements with Bank of America. The Irrevocable Letters of Credit have been issued in favor of Southern California Edison to comply with various

CITY OF CORONA

Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2008

Interconnection Facilities Agreements that the Corona Department of Water & Power has entered into in order to provide electric distribution. The Irrevocable Letters of Credit have expiration dates; however they are automatically extended without amendment annually. The Irrevocable Letters of Credit are to remain in effect until all payment obligations under the terms of the Interconnection Facilities Agreements have been satisfied.

The following Irrevocable Letters of Credit are outstanding as of June 30, 2008:

<u>Payee</u>	<u>Issue Date</u>	<u>Renewal Date</u>	<u>Amount</u>
Southern California Edison	9/17/2007	8/31/2008	\$ 21,225
Southern California Edison	9/17/2007	8/31/2008	176,593
Southern California Edison	9/17/2007	8/31/2008	106,433
Southern California Edison	9/17/2007	8/31/2008	297,000
Southern California Edison	4/11/2006	4/05/2009	121,850
Total Irrevocable Letters of Credit			<u>\$ 723,101</u>

27) Classification of Net Assets and Fund Balances

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

Invested In Capital Assets, Net of Related Debt

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

Restricted Net Assets

This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. Additionally, this category presents restrictions placed on the categories of Capital Projects, Debt Service, and Specific Projects and Programs as established by the City Council.

Unrestricted Net Assets

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

In the Fund Financial Statements, reserves and designations segregate portions of fund balance that are either not available or have been earmarked for specific purposes. The various reserves and designations are established by actions of the City Council and Management and can be increased, reduced or eliminated by similar actions. As of June 30, 2008, reservations of fund balance are described below:

Reserved for Encumbrances

These reserves represent the portion of purchase orders and contracts awarded for which goods and services have not yet been received.

CITY OF CORONA

Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2008

Reserved for Loans Receivable

These reserves were established to reflect the non-current portion of other loans and other receivables so that they will not be considered as current available funds.

Reserved for Inventories and Prepayments

These reserves were established to reflect non-current resources so that they will not be considered as current available funds.

Reserved for Debt Service

These reserves were established to provide for future debt service.

Reserved for Land Held for Resale

This reserve was established to reflect non-current resources so they will not be considered as current available funds.

Reserved for Interfund Advances

These reserves were established to reflect the non-current portion of advances so that they will not be considered as current available funds.

Unreserved fund balances are designated by management as follows:

<u>General Fund</u>	
Continuing Appropriations	\$ 3,642,629
Miscellaneous	5,605,938
ECB Reserve	6,082,941
Budget Balancing Reserve	14,983,872
Designated for Contingencies	19,518,933
City Facility Projects	4,472,530
Change in Future Debt Service	4,511,639
Total General Fund	\$ 58,818,482
<u>Development Special Revenue</u>	
Capital Projects	\$ 7,060,910
<u>Redevelopment Special Revenue</u>	
Low/Mod Housing	\$ 9,732,025
<u>Redevelopment Capital Projects</u>	
Redevelopment Plan	\$ 16,340,127
<u>Other Governmental Funds</u>	
Special Revenue	
Specific Projects and Programs	\$ 18,143,572
Undesignated	(695,116)
Capital Projects	
Specific Projects and Programs	569,335
Total Other Governmental Funds	\$ 18,017,791

CITY OF CORONA

Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2008

28) Deficit Fund Balances

The City Facilities fund and the Residential Refuse Fund in Special Revenue had deficit fund balances of \$221,551 and \$473,565, respectively at June 30, 2008. These deficits will be financed through future revenues of the fund.

29) Other Postemployment Benefits Other Than Pensions (OPEB)

Effective for fiscal year 2007-08, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions (OPEB), for certain postemployment healthcare benefits and life insurance benefits provided by the City.

A. Plan Description

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

Under the plan, employees are classified into two tiers, which are based on hire date. Tier I participants were hired prior to a specific date based on bargaining group and are eligible to receive reimbursement of medical premiums at 100% or capped at the 2nd highest family premium rate available, determined by the employee's separation date. Tier II employees receive the minimum 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.

B. 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 2007-08, the City contributed \$7.602 million to the plan, including \$4.761 million for current premiums and an additional \$2.841 million to prefund the plan. The plan members pay the portion of premiums not paid by the City (e.g., in excess of capped amounts).

CITY OF CORONA

Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2008

C. 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 2007-08, the City's annual OPEB cost (expense) of \$7,602,000 for CERBT was equal to the ARC. The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2007-08 was as follows:

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
06/30/2008	\$7,602,000	100%	\$0

D. Funded Status and Funding Progress

As of July 1, 2007, the most recent actuarial valuation date, the funded status of the City's OPEB plan was as follows (dollar amounts in thousands):

Actuarial accrued liability (AAL)	\$ 99,363
Actuarial value of plan assets	<u>0</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 99,363</u>
Funded ratio (actuarial value of plan assets/UAAL)	0%
Covered payroll (active plan members)	\$ 53,273
UAAL as a percentage of covered payroll	186%

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 the plan's funding progress. The July 01, 2007 valuation was the first year the actuarial valuation had been performed in accordance with the parameters of GASB Statement No. 45.

E. 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, 2007 actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included a 7.75% percent discount rate and an annual healthcare cost trend rate of

CITY OF CORONA

Notes to the Basic Financial Statements (continued)

Year Ended June 30, 2008

11% initially, reduced by decrements to an ultimate rate of 5% after seven years. The actuarial assumptions also included a payroll growth of 3.25% per year. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis over thirty years. The remaining amortization period at June 30, 2008 was 29 years.

30) Pension Plan (Defined Benefit)**A. 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 California Public Employees Retirement System (CalPERS) agent multiple-employer defined benefit pension plan. The Safety Fire Plan is part of the Public Agency portion of the PERS cost-sharing multiple-employer defined benefit pension plan. PERS 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 PERS and approves them through Council Resolutions and specific agreements with City labor groups. Copies of PERS' annual financial report may be obtained from their Executive Office located at Lincoln Plaza North, 400 Q Street, Sacramento, California 95814.

B. Funding Policy

Active plan members in PERS are required to contribute 8.0% (9.0% for safety employees) of their annual covered salary. The City pays the contributions required of all miscellaneous employees hired before January 1, 1999 and for all police safety employees hired before January 1, 2000. Employees hired after those dates pay a portion of the required member contribution totaling 3% and 4%, respectively, while the City pays the remaining 5% and 5% of the member's contribution, respectively. Effective October 13, 2007, the City pays the 9.0% contribution for all police safety employees. For fire safety employees, the entire 9% is paid by the employee.

In addition, the City is required to contribute amounts necessary to fund the benefit for its members, at an actuarially determined rate applied to annual covered payroll. The required employer contribution rate for fiscal 2007-08 was 15.694% for miscellaneous employees, 20.788% for the police safety group and 32.641% for the fire safety group. The contribution requirements of plan members and the City are established and may be amended by PERS.

The City's contributions to PERS for the Fire Safety Plan for the years ending June 30, 2008, 2007, and 2006, were \$3,369,615, \$2,899,125, and \$2,544,200, respectively, equal to the required contributions for each year.

C. Annual Pension Cost

For fiscal year 2007-08, the City's annual pension cost for the Miscellaneous and Safety Police Plan was \$8,972,947 and was equal to the City's required and actual contributions. The required contribution for fiscal year 2007-08 was determined as part of the June 30, 2005 actuarial valuation, using the entry age actuarial cost method. The actuarial assumptions included: (a) an

CITY OF CORONA

Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2008

investment rate of return of 7.75% (net of administrative expenses), (b) projected salary increases of 3.25% to 14.45% depending on age, service and type of employment, and (c) 2% per year COLA for retired members. Both (a) and (b) include an inflation component of 3.00% and a payroll growth factor of 3.25%. The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a 15-year period (smoothed market value). The City's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2005 was 23 years for Miscellaneous and 32 years for Safety Police.

Three-Year Trend Information for PERS for Miscellaneous and Police

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2006	\$ 8,385,503	100%	\$ -
6/30/2007	7,900,968	100%	-
6/30/2008	8,972,947	100%	-

D. Funded Status and Funding Progress

As of June 30, 2007, the most recent actuarial valuation date, the Miscellaneous Plan was 78.4 percent funded and the Police Safety Plan was 75.3 percent funded. The actuarial accrued liability for benefits was \$170,067,849 for Miscellaneous and \$105,975,853 for Police Safety. The actuarial value of assets was \$133,259,590 for Miscellaneous and \$79,807,507 for Police Safety, resulting in an unfunded actuarial accrued liability (UAAL) of \$36,808,259 and \$26,168,346, respectively. The covered payroll (annual payroll of active employees covered by the plan) was \$36,161,760 for Miscellaneous and \$14,832,827 for Police Safety, and the ratio of the UAAL to the covered payroll was 101.8 percent and 176.4 percent, respectively.

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

31) Pension Plan (Defined Contribution)

The City provides pension benefits for all of its PST employees through the City's Deferred Compensation Plan for Part-time, Seasonal and Temporary Employees, which is a defined contribution plan. The plan is administered by Nationwide Retirement Solutions. The purpose of the plan is to provide part-time, seasonal and temporary employees with a retirement plan as mandated by and in compliance with the Federal Omnibus Reconciliation Act of 1990. Per Department of Treasury regulations, the City has established this substitute retirement plan under section 457 of the Internal Revenue Code of 1986, as amended. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are required to participate from the date of employment. The City requires the employee to contribute 6.2% of the 7.5% required by the Federal Government. The City's contribution for each employee and interest allocated to the employee's account are fully vested immediately. During the past year, the City contributed \$28,626 on hourly salaries of \$2,201,982 with the employees contributing \$136,523.

CITY OF CORONA

Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2008

32) 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.

As of June 30, 2008, the Redevelopment Agency had entered into various owner participation and development and disposition agreements with businesses and property owners within the Agency's project areas. These agreements provide for various incentives, including land subsidies, sales tax rebates and debt forgiveness to specific projects based on revenues generated by those projects.

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

Under Article XIII B of the California Constitution (the Gann Spending Limitation Initiative), the City is restricted as to the amount of annual appropriations, and if certain proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller or refunded to the taxpayers through revised tax rates or revised fee schedules. For the fiscal year ended June 30, 2008, the City's appropriations limit totals \$338,152,808 and the City's appropriations subject to limitation are \$94,017,664.

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.

As of June 30, 2008, in the opinion of City Administration, there were no additional outstanding matters that would have a significant effect on the financial position of the funds of the City.

33) 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 Redevelopment Agency. The Bonds are not secured by or payable from revenues or assets of the City or Redevelopment Agency. Neither the faith and credit nor the taxing power of the City, the Corona Redevelopment Agency, the State of California or any political subdivision thereof is pledged to the payment of the principal of and interest on the

CITY OF CORONA

Notes to the Basic Financial Statements (continued)

Year Ended June 30, 2008

Bonds nor is the City or the Agency in any manner obligated to make any appropriations for payments on these bonds. At June 30, 2008, the aggregate principal amount of Conduit Debt Obligations outstanding totaled \$62,263,672.

34) Net Revenue and Changes in Net Assets

The governmental activities for the Public Works program reflect net revenue of \$3,067,068 on the Statement of Activities and Changes in Net Assets. This is due to the timing of the completion of capital projects funded in the program as well as the City's intentional building up of certain developer impact fees for upcoming capital improvement projects.

35) Prior Period Adjustments

At June 30, 2008, the City reclassified the outstanding balance of the 2000 Lease Revenue Bonds that should have been fully defeased on December 20, 2006 with escrowed bond proceeds from the issuance of the 2006 Lease Revenue Bonds. The net impact to net assets is a decrease of \$129,088.

Restricted Cash:

Decrease Non-Major Governmental Funds Restricted Cash	\$(11,249,088)
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Long-Term Debt

Decrease Government-wide Long-Term Debt	<u>\$ 11,120,000</u>
Net Adjustment	<u>\$ (129,088)</u>

At June 30, 2008, the City reclassified the debt service payment on the Riverside County Flood Control Agreement that was recorded incorrectly in prior years. The net impact to net assets was an increase of \$185,833.

At June 30, 2008, the City recorded a prior period adjustment on pension related debt of \$9,223,740. This obligation resulted from the Fire safety pension plan joining a State risk pool in fiscal year 2005-06.

The total decrease to the beginning balance of governmental activities net assets was \$9,166,995 as a result of the above prior period adjustments. A summary of prior period adjustments made to the government-wide financial statements as of June 30, 2008 is presented on the following page.

	Governmental Activities	Business-Type Activities
Net Assets:		
As previously reported	\$ 786,841,253	\$ 105,909,752
Prior Period Adjustments	<u>(9,166,995)</u>	<u>-</u>
As restated	<u>\$ 777,674,258</u>	<u>\$ 105,909,752</u>

CITY OF CORONA

Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2008

For the Fund Financial Statements, the following restatement amounts were reported as of June 30, 2008:

	<u>Non-Major Funds</u>
	<u>Governmental Funds</u>
	Other
	<u>Governmental Funds</u>
Fund Balances/Net Assets:	
As previously reported	\$ 37,994,177
Prior Period Adjustments	<u>(11,249,088)</u>
As restated	<u>\$ 26,745,089</u>

36) Subsequent Events**A. Prepayment of a Long-Term Note**

Due to the slow down in the economy and housing market, the Redevelopment Agency of the City of Corona opted not to acquire additional real properties with the loan proceeds from Watermarke Properties, LLC. The Agency prepaid the outstanding loan obligation in the amount of \$6,638,577, including accrued interest, in November 2008.

B. Workforce Reduction

Due to a persistent decline in property and sales tax revenues over the last year, the City took measures to reduce its General Fund operating budget by nearly \$10.5 million dollars on October 2, 2008, a reduction of approximately 11.4% of recurring expenses in the general fund. In addition to other non-labor cuts, 87 filled and vacant full time positions were eliminated from the budget.



CITY OF CORONA

Required Supplementary Information

June 30, 2008

BUDGETARY INFORMATION

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

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

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

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

- Governmental activities
- Business-type activities

The Governmental Funds include the General Fund, Special Revenue, Debt Service and Capital Projects funds. All funding sources are kept separate for both reporting and use of the money. The General Fund is where most City services are funded that are not required to be segregated. Corona follows the General Fund Expenditure Control Budget, or ECB, guidelines as outlined in the budget resolution.

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

Budgets and Budgetary Accounting

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

1. Before the beginning of the fiscal year the City Manager submits to the City Council a proposed budget for the year commencing July 1.
2. A public meeting is conducted to obtain taxpayer comments.

CITY OF CORONA

Required Supplementary Information (continued)

June 30, 2008

3. The budget is subsequently adopted through passage of a resolution and is not included herein but is published separately.
4. All appropriations are as originally adopted or as amended by the City Council and all unencumbered budgeted amounts lapse at year-end, except in the General Fund where an expenditure control budget policy allows departments to carryover a portion of the unexpended amounts into the next fiscal year.
5. Continuing Appropriations are re-budgeted by the City Council as part of the adoption of subsequent year's budgets.
6. Legally adopted budget appropriations are set for the General, Special Revenue, Debt Service and Capital Projects Funds.
7. The legal level of budgetary control is at the department level. A Department Head may transfer appropriations within the department. Expenditures may exceed appropriations at this level in the General Fund to the extent provided for in the annual budget resolution adopted by the City Council. The City Council, by the affirmative vote of three members, may amend the budget to add or delete appropriations, transfer between appropriations within a fund or change appropriation transfers between funds.
8. Budgets for General Fund, Special Revenue, Debt Service and Capital Projects Funds are adopted on a basis consistent with generally accepted accounting principles.

The budget for fiscal year 2007-08 was the fourteenth 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. According to the ECB policies, the departments are allowed to carry over certain unspent portions of their individual departmental budgets to be used in future years.

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

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

General Fund

Aside from prior year continuing appropriations of \$5.8 million for capital projects and \$1.7 million in committed purchase orders that were carried forward, there were \$4.2 million in supplemental appropriations for the General Fund. These supplemental appropriations included \$1.8 million of ECB budget savings that were approved for various department projects. There was an increase of \$2.2 million for financial obligations to be paid for Other Post Employment Benefits (OPEB) and an increase of \$13.3 million for the budgetary transfers to fund the Corporation Yard Expansion capital project.

Development Special Revenue Fund

Continuing appropriations of \$9.0 million and \$1.7 million in committed purchase orders were carried forward from the prior year for various capital projects resulting in a final budget of \$19.4 million.

CITY OF CORONA

Required Supplementary Information (continued)

June 30, 2008

Redevelopment Special Revenue Fund

An increase in the final budget resulted from a carryover of \$1.2 million in continuing appropriations from the prior year for various capital projects.

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

General Fund

Overall revenues are in line with the final budget, however, actual sales and use taxes received were significantly lower than anticipated due to the slow down of the economy. Current services has a favorable variance of \$3.0 million for the fiscal year ended June 30, 2008, largely due to the increased Cost Allocation Plan (CAP) amount charged to other funds which benefits from the centralized services provided by general government, including the additional allocation of \$2.2 million for Other Postemployment Benefits (OPEB).

Actual expenditures had a favorable variance of \$7.0 million, mainly due to the unspent capital outlay budget that was carried over to the next fiscal year.

Development Special Revenue Funds

Actual revenue received for the fiscal year ended June 30, 2008 was \$2.8 million lower than the final budgeted amount, primarily due to the slow down in development activities, which directly caused the decrease in licenses, fees and permits revenues.

On the other hand, total expenditures ended with a favorable budgetary variance of \$12.3 million, a result of the unspent capital outlay budget directly connected to the slower pace of development.

Redevelopment Special Revenue Fund

Revenues enjoyed a favorable variance of \$6.0 million mainly due to the consolidation of the Low and Moderate Income Housing fund with its corresponding debt service fund. The tax increment revenues were budgeted in the debt service fund in the final budget.

Expenditures were \$3.3 million lower than the final budgeted amount as a result of the slow down in redevelopment activities, another impact from the collapsed housing market.

CITY OF CORONA

Required Supplementary Information (continued)

June 30, 2008

**Budgetary Comparison Schedule
General Fund
For Fiscal Year Ended June 30, 2008**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Property Taxes	\$ 37,421,262	\$ 37,421,262	\$ 39,003,901	\$ 1,582,639
Other Taxes	51,299,408	51,299,408	44,025,594	(7,273,814)
Licenses, Fees, and Permits	2,473,648	2,473,648	2,417,657	(55,991)
Fines and Penalties	671,120	671,120	718,447	47,327
Investment Earnings	2,542,416	2,542,416	3,912,663	1,370,247
Intergovernmental Revenue	1,260,184	1,260,184	1,229,783	(30,401)
Current Services	7,409,713	7,409,713	10,457,092	3,047,379
Other Revenue	8,165,363	8,165,363	9,859,327	1,693,964
Payments in Lieu of Services	13,781,228	13,781,228	13,217,677	(563,551)
Total Revenues	<u>125,024,342</u>	<u>125,024,342</u>	<u>124,842,141</u>	<u>(182,201)</u>
Expenditures:				
General Government	15,697,915	16,024,965	16,858,762	(833,797)
Public Safety:				
Fire	23,146,986	25,056,602	24,968,134	88,468
Police	42,039,697	42,607,035	42,148,198	458,837
Public Works	11,480,557	11,037,031	10,937,019	100,012
Culture and Recreation:				
Library	3,008,951	3,464,285	3,800,794	(336,509)
Parks	8,819,939	9,084,273	9,052,868	31,405
Non-Departmental:				
General Government	8,194,321	10,715,909	10,146,220	569,689
Debt Service - Principal	4,832,950	4,832,950	4,818,692	14,258
Capital Outlay	3,876,114	9,937,499	3,005,675	6,931,824
Total Expenditures	<u>121,097,430</u>	<u>132,760,549</u>	<u>125,736,362</u>	<u>7,024,187</u>
Excess (deficit) revenue over expenditures	3,926,912	(7,736,207)	(894,221)	6,841,986
Other Financing Sources (Uses):				
Transfers from other Funds	4,810,034	4,836,002	5,490,141	654,139
Transfers to other funds	6,721,816	22,586,388	19,943,218	2,643,170
Total other financing sources (uses)	<u>(1,911,782)</u>	<u>(17,750,386)</u>	<u>(14,453,077)</u>	<u>3,297,309</u>
Excess (deficit) revenues over expenditures and other financing sources (uses)	<u>2,015,130</u>	<u>(25,486,593)</u>	<u>(15,347,298)</u>	<u>10,139,295</u>
Fund balance - beginning	-	-	94,837,914	94,837,914
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 79,490,616</u>	<u>\$ 79,490,616</u>

CITY OF CORONA

Required Supplementary Information (continued)

June 30, 2008

**Budgetary Comparison Schedule
Development Special Revenue Fund
For Fiscal Year Ended June 30, 2008**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Licenses, Fees and Permits	\$ 3,841,048	\$ 3,841,048	\$ 1,038,528	\$ (2,802,520)
Investment Earnings	1,109,762	1,109,762	1,197,324	87,562
Other Revenues			132,356	132,356
Payments in Lieu of Services	288,000	288,000	31,680	(256,320)
Total Revenues	<u>5,238,810</u>	<u>5,238,810</u>	<u>2,399,888</u>	<u>(2,838,922)</u>
Expenditures:				
General Government			1,011,259	(1,011,259)
Public Safety:				
Fire	29	29	17,981	(17,952)
Police			19,703	(19,703)
Public Works	183,764	183,764	515,004	(331,240)
Culture and Recreation:				
Library			63,259	(63,259)
Non-Departmental:				
Debt Service			999,268	(999,268)
Capital Outlay	7,269,346	19,044,577	4,313,786	14,730,791
Total Expenditures	<u>7,453,139</u>	<u>19,228,370</u>	<u>6,940,260</u>	<u>12,288,110</u>
Excess (deficit) revenue over expenditures	(2,214,329)	(13,989,560)	(4,540,372)	9,449,188
Other Financing Sources (Uses):				
Transfers to other funds	164,257	201,825	247,337	(45,512)
Total other financing sources (uses)	<u>(164,257)</u>	<u>(201,825)</u>	<u>(247,337)</u>	<u>(45,512)</u>
Excess (deficit) revenues over expenditures and other financing sources (uses)	<u>(2,378,586)</u>	<u>(14,191,385)</u>	<u>(4,787,709)</u>	<u>9,403,676</u>
Fund balance - beginning	-	-	13,137,998	13,137,998
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,350,289</u>	<u>\$ 8,350,289</u>

CITY OF CORONA

Required Supplementary Information (continued)

June 30, 2008

**Budgetary Comparison Schedule
Redevelopment Special Revenue Fund
For Fiscal Year Ended June 30, 2008**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Property Taxes	\$ -	\$ -	\$ 5,583,432	\$ 5,583,432
Investment Earnings	253,946	253,946	484,695	230,749
Other Revenues	221,556	221,556	363,237	141,681
Total Revenues	<u>475,502</u>	<u>475,502</u>	<u>6,431,364</u>	<u>5,955,862</u>
Expenditures:				
Redevelopment	4,536,351	5,101,549	1,830,431	3,271,118
Non-Departmental:				
Debt Service	50,860	165,262	160,948	4,314
Total Expenditures	<u>4,587,211</u>	<u>5,266,811</u>	<u>1,991,379</u>	<u>3,275,432</u>
Excess (deficit) revenue over expenditures	(4,111,709)	(4,791,309)	4,439,985	9,231,294
Other Financing Sources (Uses):				
Transfers from other Funds	5,263,325	5,263,325	53,718	(5,209,607)
Transfers to other funds			696,751	(696,751)
Total other financing sources (uses)	<u>5,263,325</u>	<u>5,263,325</u>	<u>(643,033)</u>	<u>(5,906,358)</u>
Excess (deficit) revenues over expenditures and other financing sources (uses)	<u>1,151,616</u>	<u>472,016</u>	<u>3,796,952</u>	<u>3,324,936</u>
Fund balance - beginning	-	-	7,441,540	7,441,540
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,238,492</u>	<u>\$ 11,238,492</u>

CITY OF CORONA

Required Supplementary Information (continued)

June 30, 2008

General Fund Expenditure Control Budget (ECB) Reserves

For fiscal year 2007-08 the amounts saved by the departments totaled \$3,250,303. The prior year carryover is \$2,832,638 thereby giving the departments a total of \$6,082,941 in reserves. This is designated in the General Fund Balance under the title of Unreserved Fund Balance.

The following presents a list of ECB savings by department:

<u>Department</u>	<u>FY 2007-08</u>	<u>Prior Year Carryover</u>	<u>Total ECB Savings Carryover</u>
City Council	\$ 818	\$ 11,099	\$ 11,917
Management Services	15,389	153,889	169,278
City Treasurer	21	6,290	6,311
Human Resources	24,539	86,552	111,091
Information Technology	48,569	44,612	93,181
General Government	-	149,765	149,765
Finance	14,596	205,073	219,669
Community Development	62,781	335,868	398,649
Building	36,764	63,094	99,858
Fire	1,681,266	-	1,681,266
Police	387,000	983,272	1,370,272
Public Works	69,809	550,309	620,118
Library	420,897	6,106	427,003
Parks and Community Services	487,854	236,709	724,563
Total	<u>\$ 3,250,303</u>	<u>\$ 2,832,638</u>	<u>\$ 6,082,941</u>

CITY OF CORONA

Required Supplementary Information (continued)
June 30, 2008

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; wastewater collection and treatment system; park and recreation lands and improvement system; storm water conveyance system; and buildings combined with site amenities such as parking and landscaped areas used by the City in the conduct of its business. Each major infrastructure system can be divided into subsystems. For example, the street system can be divided into concrete and asphalt pavements, concrete curb and gutters, sidewalks, medians, streetlights, traffic control devices (signs, signals and pavement markings), landscaping and land. Subsystem detail is not presented in these basic financial statements; however, the City maintains detailed information on these subsystems.

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

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

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

The following conditions were defined:

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

CITY OF CORONA

Required Supplementary Information (continued)
June 30, 2008

The City Policy is to achieve an average rating of 70 for all streets, which is a good rating. This rating allows minor cracking and raveling of the pavement along with minor roughness that could be noticeable to drivers traveling at the posted speeds. As of June 30, 2008, the City's street system was rated at a PCI index of 75 on the average with the detail condition as follows:

<u>Condition</u>	<u>% of Streets</u>
Excellent to Good	81%
Fair	9%
Poor to Distressed	10%

The City's streets are constantly deteriorating resulting from the following four factors: (1) traffic using the streets; (2) the sun's ultra-violet rays drying out and breaking down the top layer of pavement; (3) utility company/private development interests trenching operations; and (4) water damage from natural precipitation and other urban runoff. The City is continuously taking actions to arrest the deterioration through short-term maintenance activities such as pothole patching, street sweeping, and sidewalk repair. The City expended \$9,498,837 on street maintenance for the fiscal year ended June 30, 2008. These expenditures delayed deterioration, however the overall condition of the streets was not improved through these maintenance expenditures. The City has estimated that the amount of annual expenditures required to maintain the City's streets at the average PCI rating of 75 through the year 2016 is a minimum of \$9,500,000. A schedule of the estimated annual amount required to maintain and preserve its streets at the current level compared to actual expenditures for street maintenance for the last five years is presented below.

<u>Fiscal Year</u>	<u>Maintenance Estimate</u>	<u>Actual Expenditures</u>	<u>PCI Rating</u>
2003-04	3,500,000	5,326,688	71
2004-05	3,500,000	3,605,489	71
2005-06	4,000,000	7,253,669	71
2006-07	9,700,000	7,366,894	70
2007-08	9,500,000	9,498,837	75

The City also has an on-going street rehabilitation program funded in the Capital Improvement Program that is intended to improve the condition rating of City streets. The rehabilitation program is formulated based on deficiencies identified as a part of its Pavement Management System (PMS). As of June 30, 2008, approximately 19% of the City's streets were rated below the average standard of 70. This represents a decrease over the prior year when the City had 22% of its streets rated below 70. The City will continue to rehabilitate these segments of the streets. Total deficiencies identified in the PMS amounted to approximately \$72,800,000 for all streets, with \$48,500,000 in deficiencies on street segments rated below the PCI of 70.

CITY OF CORONA

Required Supplementary Information (continued)

June 30, 2008

OTHER POSTEMPLOYMENT BENEFIT PLAN (OPEB) INFORMATION**Schedule of Funding Progress for CERBT Plan
(dollar amounts in thousands)**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) – Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
07/01/2007	\$0	\$99,363	\$99,363	0%	\$53,273	186%

The July 01, 2007 valuation was the first year the actuarial valuation had been performed in accordance with the parameters of GASB Statement No. 45.

PENSION TREND DATA

A schedule of funding progress for the year ended June 30, 2008 including the past three actuarial valuations is presented below.

	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	06/30/05	137,222,993	106,687,885	30,535,108	77.7%	31,576,569	96.7%
Employees	06/30/06	153,210,003	119,042,199	34,167,804	77.7%	33,216,410	102.9%
Group	06/30/07	170,067,849	133,259,590	36,808,259	78.4%	36,161,760	101.8%
Police Safety	06/30/05	78,526,367	65,095,865	13,430,502	82.9%	12,348,814	108.8%
Employees	06/30/06	87,089,222	72,182,093	14,907,129	82.9%	13,504,658	110.4%
Group	06/30/07	105,975,853	79,807,507	26,168,346	75.3%	14,832,827	176.4%

Supplementary Information

Supplementary Information consists of the following:

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



Nonmajor Governmental Funds

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

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

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

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

City Facilities Fund – This fund is used to account for all City Facilities revenues, expenditures.

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

Residential Refuse Fund – This fund is used to account for residential refuse billings, abandoned vehicle abatement, collections and payments to contractors.

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

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

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

Combining Financial Statements Nonmajor Governmental 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.

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, 2008**

	Special Revenue			
	Traffic Safety	Gas Tax	Measure A	Trip Reduction
Assets:				
Cash and Investments	\$ -	\$ 1,367,938	\$ 8,376,870	\$ 314,044
Accounts Receivable, Net				
Interest Receivable		14,749	90,923	3,382
Due from Other Governmental Agencies	134,702	855,949	777,035	45,618
Long-term Receivable				
Loans Receivable				
Restricted Assets:				
Cash and Investments		1,559	65,568	
Total Assets	\$ 134,702	\$ 2,240,195	\$ 9,310,396	\$ 363,044
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable and Accrued Liabilities	\$ -	\$ 280,490	\$ 186,537	\$ 1,662
Deposits				
Due to Other Funds				
Deferred Revenues				
Interfund Advances Payable				
Liabilities Payable from Restricted Assets		1,559	65,568	
Total Liabilities	-	282,049	252,105	1,662
Fund Balances:				
Reserved for:				
Encumbrances		105,878	1,069,947	1,800
Debt Service				
Unreserved, reported in:				
Special Revenue				
Designated				
Specific Projects and Programs	134,702	1,852,268	7,988,344	359,582
Undesignated				
Capital Projects				
Designated				
Specific Projects and Programs				
Total Fund Balances (Deficit)	134,702	1,958,146	9,058,291	361,382
Total Liabilities and Fund Balances	\$ 134,702	\$ 2,240,195	\$ 9,310,396	\$ 363,044

Special Revenue				
City Facilities	Asset Forfeiture	Residential Refuse	Special Tax Districts	Other Grants & Endowments
\$ 83,335	\$ 675,196	\$ -	\$ 6,999,704	\$ 805,459
6,701		478,952	192	1,395
897	7,272		75,385	4,916
	9,993	47,138	468,356	49,064
		50,513	345,910	22,918
\$ 90,933	\$ 692,461	\$ 576,603	\$ 7,889,547	\$ 883,752
\$ 15,836	\$ 3,981	\$ 990,105	\$ 396,806	\$ 107,050
1,390			1,300	
258	174,914	60,063		348,609
295,000				22,918
312,484	178,895	1,050,168	398,106	478,577
	152,643		7,240	95,713
			345,910	
(221,551)	360,923	(473,565)	7,138,291	309,462
(221,551)	513,566	(473,565)	7,491,441	405,175
\$ 90,933	\$ 692,461	\$ 576,603	\$ 7,889,547	\$ 883,752

Continued

CITY OF CORONA**Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2008**

	Debt Service		
	General Obligation	Assessment Districts	Public Financing Authority
Assets:			
Cash and Investments	\$ 262,040	\$ 644,900	\$ -
Accounts Receivable, Net			
Interest Receivable	2,841	7,098	100,644
Due from Other Governmental Agencies	54,336	11,792	
Long-term Receivable		2,225,000	
Loans Receivable			
Restricted Assets:			
Cash and Investments	531,700	117,216	5,381,405
Total Assets	\$ 850,917	\$ 3,006,006	\$ 5,482,049
Liabilities and Fund Balances:			
Liabilities:			
Accounts Payable and Accrued Liabilities	\$ -	\$ 710	\$ -
Deposits			
Due to Other Funds			
Deferred Revenues	32,035	2,225,000	
Interfund Advances Payable			
Liabilities Payable from Restricted Assets			
Total Liabilities	32,035	2,225,710	-
Fund Balances:			
Reserved for:			
Encumbrances			
Debt Service	818,882	780,296	5,482,049
Unreserved, reported in:			
Special Revenue			
Designated			
Specific Projects and Programs			
Undesignated			
Capital Projects			
Designated			
Specific Projects and Programs			
Total Fund Balances (Deficit)	818,882	780,296	5,482,049
Total Liabilities and Fund Balances	\$ 850,917	\$ 3,006,006	\$ 5,482,049



HUD Grants	Capital Projects		Total Other Governmental Funds
	Planned Local Drainage	Other Grants	
\$ 391,749	\$ - 2,075	\$ 849,743	\$ 20,770,978 489,315 308,129
289,133	175,810	1,668,437	4,587,363 2,225,000 357,353
357,353			
14,072		132,688	6,663,549
<u>\$ 1,052,307</u>	<u>\$ 177,885</u>	<u>\$ 2,650,890</u>	<u>\$ 35,401,687</u>
\$ 111,490	\$ 13,087	\$ 202,254	\$ 2,310,008 2,690 1,270,930
156,418		1,114,512	4,178,608
357,353		980,376	295,000 236,805
14,072		132,688	
<u>639,333</u>	<u>13,087</u>	<u>2,429,830</u>	<u>8,294,041</u>
29,607		199,890	1,662,718 7,427,137
			18,143,572 (695,116)
383,367	164,798	21,170	569,335
<u>412,974</u>	<u>164,798</u>	<u>221,060</u>	<u>27,107,646</u>
<u>\$ 1,052,307</u>	<u>\$ 177,885</u>	<u>\$ 2,650,890</u>	<u>\$ 35,401,687</u>

Concluded Page 2 of 2

CITY OF CORONA**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2008**

	Special Revenue			
	Traffic Safety	Gas Tax	Measure A	Trip Reduction
Revenues:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Licenses, Fees and Permits				
Fines, Penalties and Forfeitures	695,332			
Special Assessments				
Investment Earnings	7,285	104,264	452,815	17,589
Intergovernmental Revenues		2,592,178	4,874,668	174,573
Current Services				
Other Revenues		120,033	5,390	18
Total Revenues	702,617	2,816,475	5,332,873	192,180
Expenditures:				
Current:				
General Government		5,157	2,299	
Police				
Public Works		1,670,227	3,526,163	183,426
Parks and Community Services				
Redevelopment				
Library				
Capital Outlay		126,931	449,940	
Debt Service:				
Principal Retirement			469,760	
Interest and Fiscal Charges			48,274	
Total Expenditures	-	1,802,315	4,496,436	183,426
Excess of Revenues Over (Under) Expenditures	702,617	1,014,160	836,437	8,754
Other Financing Sources (Uses):				
Transfers In		184,636		
Transfers Out	(714,985)	(1,031,100)	(9,173)	
Total Other Financing Sources (Uses)	(714,985)	(846,464)	(9,173)	-
Net Change in Fund Balances	(12,368)	167,696	827,264	8,754
Fund Balances - Beginning	147,070	1,790,450	8,231,027	352,628
Prior Period Adjustment				
Fund Balances - Beginning, as Restated	147,070	1,790,450	8,231,027	352,628
Fund Balances - Ending	\$ 134,702	\$ 1,958,146	\$ 9,058,291	\$ 361,382

Special Revenue				
City Facilities	Asset Forfeiture	Residential Refuse	Special Tax Districts	Other Grants & Endowments
\$ -	\$ -	\$ -	\$ -	\$ -
62,125	188,255		6,876,685	
4,824	38,868	27,939	412,369	47,402
10,000		98,075		312,603
		5,950,810	97,854	240,385
309,457			92,120	
<u>386,406</u>	<u>227,123</u>	<u>6,076,824</u>	<u>7,479,028</u>	<u>600,390</u>
268,432				
	80,986			354,058
		6,527,450	3,192,198	229,176
241,037			4,774,648	
			245,881	
			5,125	46,187
				96,116
			5,267	
<u>509,469</u>	<u>80,986</u>	<u>6,527,450</u>	<u>8,223,119</u>	<u>725,537</u>
<u>(123,063)</u>	<u>146,137</u>	<u>(450,626)</u>	<u>(744,091)</u>	<u>(125,147)</u>
162,195			42,257	
		(27,939)		(6,913)
<u>162,195</u>	<u>-</u>	<u>(27,939)</u>	<u>42,257</u>	<u>(6,913)</u>
39,132	146,137	(478,565)	(701,834)	(132,060)
(260,683)	367,429	5,000	8,193,275	537,235
<u>(260,683)</u>	<u>367,429</u>	<u>5,000</u>	<u>8,193,275</u>	<u>537,235</u>
<u>\$ (221,551)</u>	<u>\$ 513,566</u>	<u>\$ (473,565)</u>	<u>\$ 7,491,441</u>	<u>\$ 405,175</u>

Continued Page 1 of 2

CITY OF CORONA**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2008**

	Debt Service		
	General Obligation	Assessment Districts	Public Financing Authority
Revenues:			
Property Taxes	\$ 645,162	\$ -	\$ -
Licenses, Fees and Permits			
Fines, Penalties and Forfeitures			
Special Assessments		486,758	
Investment Earnings	19,421	31,261	306,058
Intergovernmental Revenues			
Current Services			
Other Revenues		427	
Total Revenues	<u>664,583</u>	<u>518,446</u>	<u>306,058</u>
Expenditures:			
Current:			
General Government			
Police			
Public Works			
Parks and Community Services			
Redevelopment			
Library			
Capital Outlay			
Debt Service:			
Principal Retirement	480,000	340,000	
Interest and Fiscal Charges	103,646	219,598	327,335
Total Expenditures	<u>583,646</u>	<u>559,598</u>	<u>327,335</u>
Excess of Revenues Over (Under) Expenditures	<u>80,937</u>	<u>(41,152)</u>	<u>(21,277)</u>
Other Financing Sources (Uses):			
Transfers In			35,716
Transfers Out			
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>35,716</u>
Net Change in Fund Balances	80,937	(41,152)	14,439
Fund Balances - Beginning	737,945	821,448	16,716,698
Prior Period Adjustment			(11,249,088)
Fund Balances - Beginning, as Restated	<u>737,945</u>	<u>821,448</u>	<u>5,467,610</u>
Fund Balances - Ending	<u>\$ 818,882</u>	<u>\$ 780,296</u>	<u>\$ 5,482,049</u>

Capital Projects			Total Other Governmental Funds
HUD Grants	Planned Local Drainage	Other Grants	
\$ -	\$ - 421,628	\$ -	\$ 645,162
			483,753
			883,587
			7,363,443
2,317		6,345	1,478,757
1,205,230		2,401,469	11,668,796
			6,289,049
60,073	7,353		594,871
<u>1,267,620</u>	<u>428,981</u>	<u>2,407,814</u>	<u>29,407,418</u>
			275,888
			435,044
54,186	640,110		16,022,936
9,859			5,025,544
605,485			851,366
			46,187
535,760		2,190,765	3,404,637
			1,289,760
			704,120
<u>1,205,290</u>	<u>640,110</u>	<u>2,190,765</u>	<u>28,055,482</u>
<u>62,330</u>	<u>(211,129)</u>	<u>217,049</u>	<u>1,351,936</u>
61	375,927		800,792
(61)			(1,790,171)
-	375,927	-	(989,379)
62,330	164,798	217,049	362,557
350,644		4,011	37,994,177
			(11,249,088)
<u>350,644</u>	<u></u>	<u>4,011</u>	<u>26,745,089</u>
<u>\$ 412,974</u>	<u>\$ 164,798</u>	<u>\$ 221,060</u>	<u>\$ 27,107,646</u>

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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, 2008**

	Traffic Safety			Gas Tax		
	Budget	Actual	Variance	Budget	Actual	Variance
Revenues:						
Licenses, Fees and Permits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fines, Penalties and Forfeitures	800,000	695,332	(104,668)			
Special Assessments						
Investment Earnings	6,080	7,285	1,205	97,037	104,264	7,227
Intergovernmental Revenues				2,640,000	2,592,178	(47,822)
Current Services						
Other Revenues				44,713	120,033	75,320
Total Revenues	806,080	702,617	(103,463)	2,781,750	2,816,475	34,725
Expenditures:						
Current:						
General Government					5,157	(5,157)
Public Works				971,546	1,670,227	(698,681)
Parks and Community Services						
Police						
Redevelopment						
Library						
Capital Outlay				1,833,052	126,931	1,706,121
Debt Service:						
Principal Retirement						
Interest and Fiscal Charges						
Total Expenditures	-	-	-	2,804,598	1,802,315	1,002,283
Excess of Revenues Over (Under) Expenditures	806,080	702,617	(103,463)	(22,848)	1,014,160	1,037,008
Other Financing Sources (Uses):						
Transfers In				184,636	184,636	
Transfers Out	(806,080)	(714,985)	91,095	(1,169,196)	(1,031,100)	138,096
Total Other Financing Sources (Uses)	(806,080)	(714,985)	91,095	(984,560)	(846,464)	138,096
Net Change in Fund Balances	\$ -	(12,368)	\$ (12,368)	\$ (1,007,408)	167,696	\$ 1,175,104
Fund Balances - Beginning		147,070			1,790,450	
Fund Balances-Ending		\$ 134,702			\$ 1,958,146	

Measure A			Trip Reduction		
Budget	Actual	Variance	Budget	Actual	Variance
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
503,951	452,815	(51,136)	10,778	17,589	6,811
5,589,000	4,874,668	(714,332)	180,000	174,573	(5,427)
	5,390	5,390		18	18
6,092,951	5,332,873	(760,078)	190,778	192,180	1,402
	2,299	(2,299)			
42,573	3,526,163	(3,483,590)	257,373	183,426	73,947
10,147,972	449,940	9,698,032			
518,033	469,760	48,273			
	48,274	(48,274)			
10,708,578	4,496,436	6,212,142	257,373	183,426	73,947
(4,615,627)	836,437	5,452,064	(66,595)	8,754	75,349
(9,173)	(9,173)	-			
(9,173)	(9,173)	-	-	-	-
\$ (4,624,800)	827,264	\$ 5,452,064	\$ (66,595)	8,754	\$ 75,349
	8,231,027			352,628	
	\$ 9,058,291			\$ 361,382	

Continued Page 1 of 3

CITY OF CORONA**Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
Year Ended June 30, 2008**

	City Facilities			Asset Forfeiture		
	Budget	Actual	Variance	Budget	Actual	Variance
Revenues:						
Licenses, Fees and Permits	\$ 49,300	\$ 62,125	\$ 12,825	\$ -	\$ -	\$ -
Fines, Penalties and Forfeitures				28,000	188,255	160,255
Special Assessments						
Investment Earnings	2,416	4,824	2,408	16,810	38,868	22,058
Intergovernmental Revenues	10,000	10,000				
Current Services						
Other Revenues	290,533	309,457	18,924			
Total Revenues	352,249	386,406	34,157	44,810	227,123	182,313
Expenditures:						
Current:						
General Government	268,931	268,432	499			
Public Works						
Parks and Community Services	241,281	241,037	244			
Police				278,221	80,986	197,235
Redevelopment						
Library						
Capital Outlay	15,896		15,896			
Debt Service:						
Principal Retirement						
Interest and Fiscal Charges						
Total Expenditures	526,108	509,469	16,639	278,221	80,986	197,235
Excess of Revenues Over (Under) Expenditures	(173,859)	(123,063)	50,796	(233,411)	146,137	379,548
Other Financing Sources (Uses):						
Transfers In	188,963	162,195	(26,768)			
Transfers Out						
Total Other Financing Sources (Uses)	188,963	162,195	(26,768)	-	-	-
Net Change in Fund Balances	\$ 15,104	39,132	\$ 24,028	\$ (233,411)	146,137	\$ 379,548
Fund Balances - Beginning		(260,683)			367,429	
Fund Balances-Ending		\$ (221,551)			\$ 513,566	

Residential Refuse			Special Tax Districts		
Budget	Actual	Variance	Budget	Actual	Variance
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
			6,962,009	6,876,685	(85,324)
36,941	27,939	(9,002)	327,319	412,369	85,050
38,000	98,075	60,075			
6,063,000	5,950,810	(112,190)	17,500	97,854	80,354
			40,303	92,120	51,817
<u>6,137,941</u>	<u>6,076,824</u>	<u>(61,117)</u>	<u>7,347,131</u>	<u>7,479,028</u>	<u>131,897</u>
6,703,848	6,527,450	176,398	3,418,778	3,192,198	226,580
			5,006,374	4,774,648	231,726
				245,881	(245,881)
			1,080,384	5,125	1,075,259
			5,267	5,267	-
<u>6,703,848</u>	<u>6,527,450</u>	<u>176,398</u>	<u>9,510,803</u>	<u>8,223,119</u>	<u>1,287,684</u>
<u>(565,907)</u>	<u>(450,626)</u>	<u>115,281</u>	<u>(2,163,672)</u>	<u>(744,091)</u>	<u>1,419,581</u>
219,521		(219,521)	818,072	42,257	(775,815)
(36,119)	(27,939)	8,180			
<u>183,402</u>	<u>(27,939)</u>	<u>(211,341)</u>	<u>818,072</u>	<u>42,257</u>	<u>(775,815)</u>
<u>\$ (382,505)</u>	<u>(478,565)</u>	<u>\$ (96,060)</u>	<u>\$ (1,345,600)</u>	<u>(701,834)</u>	<u>\$ 643,766</u>
	5,000			8,193,275	
	<u>\$ (473,565)</u>			<u>\$ 7,491,441</u>	

Continued Page 2 of 3

CITY OF CORONA**Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances- Budget and Actual
Nonmajor Special Revenue Funds
Year Ended June 30, 2008**

	Other Grants & Endowments			Totals		
	Budget	Actual	Variance	Budget	Actual	Variance
Revenues:						
Licenses, Fees and Permits	\$ -	\$ -	\$ -	\$ 49,300	\$ 62,125	\$ 12,825
Fines, Penalties and Forfeitures				828,000	883,587	55,587
Special Assessments				6,962,009	6,876,685	(85,324)
Investment Earnings	30,726	47,402	16,676	1,032,058	1,113,355	81,297
Intergovernmental Revenues	364,352	312,603	(51,749)	8,821,352	8,062,097	(759,255)
Current Services	257,000	240,385	(16,615)	6,337,500	6,289,049	(48,451)
Other Revenues				375,549	527,018	151,469
Total Revenues	652,078	600,390	(51,688)	24,405,768	23,813,916	(591,852)
Expenditures:						
Current:						
General Government				268,931	275,888	(6,957)
Public Works		229,176	(229,176)	11,394,118	15,328,640	(3,934,522)
Parks and Community Services				5,247,655	5,015,685	231,970
Police	629,816	354,058	275,758	908,037	435,044	472,993
Redevelopment					245,881	(245,881)
Library	36,796	46,187	(9,391)	36,796	46,187	(9,391)
Capital Outlay	334,684	96,116	238,568	13,411,988	678,112	12,733,876
Debt Service:						
Principal Retirement				518,033	469,760	48,273
Interest and Fiscal Charges				5,267	53,541	(48,274)
Total Expenditures	1,001,296	725,537	275,759	31,790,825	22,548,738	9,242,087
Excess of Revenues Over (Under) Expenditures	<u>(349,218)</u>	<u>(125,147)</u>	<u>224,071</u>	<u>(7,385,057)</u>	<u>1,265,178</u>	<u>8,650,235</u>
Other Financing Sources (Uses):						
Transfers In				1,411,192	389,088	(1,022,104)
Transfers Out		(6,913)	(6,913)	(2,020,568)	(1,790,110)	230,458
Total Other Financing Sources (Uses)	-	(6,913)	(6,913)	(609,376)	(1,401,022)	(791,646)
(Under) Expenditures and Other Uses	<u>\$ (349,218)</u>	<u>(132,060)</u>	<u>\$ 217,158</u>	<u>\$ (7,994,433)</u>	<u>(135,844)</u>	<u>\$ 7,858,589</u>
Fund Balances - Beginning		537,235			19,363,431	
Fund Balances-Ending		<u>\$ 405,175</u>			<u>\$ 19,227,587</u>	

Concluded Page 3 of 3



CITY OF CORONA**Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
Debt Service Funds
Year Ended June 30, 2008**

	General Obligation			Redevelopment		
	Budget	Actual	Variance	Budget	Actual	Variance
Revenues:						
Property Taxes	\$ 680,500	\$ 645,162	\$ (35,338)	\$ 26,316,623	\$ 22,333,727	\$ (3,982,896)
Special Assessments						
Investment Earnings	17,634	19,421	1,787	738,767	927,041	188,274
Other Revenues				685,801	17,360	(668,441)
Total Revenues	698,134	664,583	(33,551)	27,741,191	23,278,128	(4,463,063)
Expenditures:						
Current:						
Redevelopment				446,924	476,363	(29,439)
Capital Outlay				510,957		510,957
Debt Service:						
Principal Retirement	588,700	480,000	108,700	12,382,701	1,970,834	10,411,867
Interest and Fiscal Charges		103,646	(103,646)		10,430,530	(10,430,530)
Total Expenditures	588,700	583,646	5,054	13,340,582	12,877,727	462,855
Excess of Revenues Over (Under) Expenditures	109,434	80,937	(28,497)	14,400,609	10,400,401	(4,000,208)
Other Financing Sources (Uses):						
Transfers In					696,751	696,751
Transfers Out				(19,083,511)	(4,873,904)	14,209,607
Total Other Financing Sources (Uses)	-	-	-	(19,083,511)	(4,177,153)	14,906,358
Net Change in Fund Balances	\$ 109,434	80,937	\$ (28,497)	\$ (4,682,902)	6,223,248	\$ 10,906,150
Fund Balances - Beginning of Year, As Restated		737,945			9,672,589	
Fund Balances-End of Year		\$ 818,882			\$ 15,895,837	



Assessment Districts			Public Financing Authority			Totals		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,997,123	\$ 22,978,889	\$ (4,018,234)
507,245	486,758	(20,487)				507,245	486,758	(20,487)
26,100	31,261	5,161	682,958	306,058	(376,900)	1,465,459	1,283,781	(181,678)
	427	427	8,465,580		(8,465,580)	9,151,381	17,787	(9,133,594)
533,345	518,446	(14,899)	9,148,538	306,058	(8,842,480)	38,121,208	24,767,215	(13,353,993)
						446,924	476,363	(29,439)
						510,957		510,957
566,013	340,000	226,013	9,683,704		9,683,704	23,221,118	2,790,834	20,430,284
	219,598	(219,598)		327,335	(327,335)		11,081,109	(11,081,109)
566,013	559,598	6,415	9,683,704	327,335	9,356,369	24,178,999	14,348,306	9,830,693
(32,668)	(41,152)	(8,484)	(535,166)	(21,277)	513,889	13,942,209	10,418,909	(3,523,300)
				35,716	35,716		732,467	732,467
						(19,083,511)	(4,873,904)	14,209,607
-	-	-	-	35,716	35,716	(19,083,511)	(4,141,437)	14,942,074
<u>\$ (32,668)</u>	<u>(41,152)</u>	<u>\$ (8,484)</u>	<u>\$ (535,166)</u>	<u>14,439</u>	<u>\$ 549,605</u>	<u>\$ (5,141,302)</u>	<u>6,277,472</u>	<u>\$ 11,418,774</u>
	821,448			5,467,610			16,699,592	
	<u>\$ 780,296</u>			<u>\$ 5,482,049</u>			<u>\$ 22,977,064</u>	

CITY OF CORONA

**Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
Capital Projects Funds
Year Ended June 30, 2008**

	HUD Grants			Planned Local Drainage		
	Budget	Actual	Variance	Budget	Actual	Variance
Revenues:						
Licenses, Fees & Permits	\$ -	\$ -	\$ -	\$ 428,500	\$ 421,628	\$ (6,872)
Investment Earnings	16,935	2,317	(14,618)			
Intergovernmental Revenues	2,988,931	1,205,230	(1,783,701)			
Other Revenues	65,820	60,073	(5,747)	3,452	7,353	3,901
Total Revenues	3,071,686	1,267,620	(1,804,066)	431,952	428,981	(2,971)
Expenditures:						
Current:						
Redevelopment	222,190	605,485	(383,295)			
General Government						
Planning						
Building						
Police						
Public Works		54,186	(54,186)	640,419	640,110	309
Library						
Parks and Community Services		9,859	(9,859)			
Capital Outlay	2,120,525	535,760	1,584,765			
Total Expenditures	2,342,715	1,205,290	1,137,425	640,419	640,110	309
Excess of Revenues Over (Under) Expenditures	728,971	62,330	(666,641)	(208,467)	(211,129)	(2,662)
Other Financing Sources (Uses):						
Issuance of Debt						
Transfers In	402,846	61	(402,785)	181,969	375,927	193,958
Transfers Out	(402,846)	(61)	402,785			
Net Change in Fund Balances	-	-	-	181,969	375,927	193,958
(Under) Expenditures and Other Uses	\$ 728,971	62,330	\$ (666,641)	\$ (26,498)	164,798	\$ 191,296
Fund Balances-Beginning of Year, As Restated		350,644				
Fund Balances-End of Year		\$ 412,974			\$ 164,798	

Other Grants			Redevelopment		
Budget	Actual	Variance	Budget	Actual	Variance
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	6,345	6,345	235,821	911,168	675,347
1,447,155	2,401,469	954,314			
			859	369,508	368,649
1,447,155	2,407,814	960,659	236,680	1,280,676	1,043,996
			4,578,776	10,189,727	(5,610,951)
			419,637	425,241	(5,604)
			507,800	506,357	1,443
			126,511	125,579	932
				4,379	(4,379)
3,896,696	2,190,765	1,705,931	18,631,002	294,766	18,336,236
3,896,696	2,190,765	1,705,931	24,263,726	11,546,049	12,717,677
(2,449,541)	217,049	2,666,590	(24,027,046)	(10,265,373)	13,761,673
				35,874,600	35,874,600
			17,490,186	7,648,453	(9,841,733)
-	-	-	17,490,186	43,523,053	26,032,867
<u>\$ (2,449,541)</u>	<u>217,049</u>	<u>\$ 2,666,590</u>	<u>\$ (6,536,860)</u>	<u>33,257,680</u>	<u>\$ 39,794,540</u>
	4,011			20,624,005	
	<u>\$ 221,060</u>			<u>\$ 53,881,685</u>	

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CITY OF CORONA

**Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
Capital Projects Funds
Year Ended June 30, 2008**

	Public Facilities Projects			Totals		
	Budget	Actual	Variance	Budget	Actual	Variance
Revenues:						
Licenses, Fees & Permits	\$ -	\$ -	\$ -	\$ 428,500	\$ 421,628	\$ (6,872)
Investment Earnings	124,307	1,413,092	1,288,785	377,063	2,332,922	1,955,859
Intergovernmental Revenues	14,553,000	5,681,113	(8,871,887)	18,989,086	9,287,812	(9,701,274)
Miscellaneous Revenues		500	500	70,131	437,434	367,303
Total Revenues	14,677,307	7,094,705	(7,582,602)	19,864,780	12,479,796	(7,384,984)
Expenditures:						
Current:						
Redevelopment				4,800,966	10,795,212	(5,994,246)
General Government				419,637	425,241	(5,604)
Planning				507,800	506,357	1,443
Building						
Police						
Public Works				766,930	819,875	(52,945)
Library						
Parks and Community Services					14,238	(14,238)
Capital Outlay	63,442,067	23,982,696	39,459,371	88,090,290	27,003,987	61,086,303
Total Expenditures	63,442,067	23,982,696	39,459,371	94,585,623	39,564,910	55,020,713
Excess of Revenues Over (Under) Expenditures	(48,764,760)	(16,887,991)	31,876,769	(74,720,843)	(27,085,114)	47,635,729
Other Financing Sources (Uses):						
Issuance of Debt					35,874,600	35,874,600
Transfers In	15,911,313	15,911,312	(1)	33,986,314	23,935,753	(10,050,561)
Transfers Out	(222,204)	(1,292,124)	(1,069,920)	(625,050)	(1,292,185)	(667,135)
Total Other Financing Sources (Uses)	15,689,109	14,619,188	(1,069,921)	33,361,264	58,518,168	25,156,904
Net Change in Fund Balances	\$ (33,075,651)	(2,268,803)	\$ 30,806,848	\$ (41,359,579)	\$ 31,433,054	\$ 72,792,633
Fund Balances-Beginning of Year, As Restated		20,842,968			41,821,628	
Fund Balances-End of Year		\$ 18,574,165			\$ 73,254,682	

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Combining Financial Statements

Nonmajor Enterprise Funds

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

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

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



**Combining Statement of Net Assets
Nonmajor Enterprise Funds
June 30, 2008**

	Nonmajor Enterprise Funds			Totals
	Public Financing Authority	Public Improvement Corporation	Transit Services	
Assets:				
Current Assets				
Cash and Investments	\$ -	\$ -	\$ 509,824	\$ 509,824
Accounts Receivable, Net			3,154	3,154
Interest Receivable	111,835	13,312	5,491	130,638
Inventories and Prepayments				
Due from Other Governments			229,651	229,651
Restricted Assets:				
Cash and Investments	6,590,732	563,218		7,153,950
Total Current Assets	<u>6,702,567</u>	<u>576,530</u>	<u>748,120</u>	<u>8,027,217</u>
Noncurrent Assets				
Capital Assets:				
Depreciable buildings, property, equipment and infrastructure, net			1,959,931	1,959,931
Total Noncurrent Assets			<u>1,959,931</u>	<u>1,959,931</u>
Total Assets	<u>6,702,567</u>	<u>576,530</u>	<u>2,708,051</u>	<u>9,987,148</u>
Liabilities:				
Current Liabilities				
Accounts Payable and Accrued Liabilities			139,492	139,492
Deferred Revenues			523,236	523,236
Claims and Judgments Payable				
Compensated Absences Payable			1,094	1,094
Total Current Liabilities	<u>-</u>	<u>-</u>	<u>663,822</u>	<u>663,822</u>
Noncurrent Liabilities				
Interfund Advances Payable	6,587,825			6,587,825
Claims and Judgments Payable				
Total Noncurrent Liabilities	<u>6,587,825</u>	<u>-</u>	<u>-</u>	<u>6,587,825</u>
Total Liabilities	<u>6,587,825</u>	<u>-</u>	<u>663,822</u>	<u>7,251,647</u>
Net Assets:				
Invested in Capital Assets, Net of Related Debt Restricted			1,959,931	1,959,931
Specific Projects and Programs	6,590,732	563,218		7,153,950
Unrestricted	<u>(6,475,990)</u>	<u>13,312</u>	<u>84,298</u>	<u>(6,378,380)</u>
Total Net Assets	<u>\$ 114,742</u>	<u>\$ 576,530</u>	<u>\$ 2,044,229</u>	<u>\$ 2,735,501</u>



**Combining Statement of Revenues, Expenses, and Changes in Net Assets
Nonmajor Enterprise Funds
Year Ended June 30, 2008**

	Nonmajor Enterprise Funds			Totals
	Public Financing Authority	Public Improvement Corporation	Transit Services	
Operating Revenues:				
Internal Service Charges	\$ -	\$ -	\$ -	\$ -
Intergovernmental Revenues			27,005	27,005
Other Revenues			336,096	336,096
Total Operating Revenues	-	-	363,101	363,101
Operating Expenses:				
Personnel Services			166,842	166,842
Contractual			1,373,267	1,373,267
Material and Supplies			67,713	67,713
Utilities			232,234	232,234
Depreciation			288,202	288,202
Total Operating Expenses	-	-	2,128,258	2,128,258
Operating Income (Loss)	-	-	(1,765,157)	(1,765,157)
Non-Operating Revenues:				
Operating Grants and Contributions			1,454,320	1,454,320
Investment Earnings	318,459	32,833	21,088	372,380
Interest Expense	(427,484)	(33,007)		(460,491)
Total Non-Operating Revenues	(109,025)	(174)	1,475,408	1,366,209
Income (Loss) Before Transfers	(109,025)	(174)	(289,749)	(398,948)
Capital Grants and Contributions			41,846	41,846
Transfers In	111,631		1,179	112,810
Transfers Out	(3,085)			(3,085)
Change in Net Assets	(479)	(174)	(246,724)	(247,377)
Net Assets - Beginning	115,221	576,704	2,290,953	2,982,878
Net Assets - Ending	\$ 114,742	\$ 576,530	\$ 2,044,229	\$ 2,735,501



CITY OF CORONA

**Combining Statement of Cash Flows
Nonmajor Enterprise Funds
Year Ended June 30, 2008**

	Nonmajor Enterprise Funds			Totals
	Public Financing Authority	Public Improvement Corporation	Transit Services	
Cash Flows from Operating Activities:				
Cash Received from Customers/Other Funds	\$ -	\$ -	\$ (200,134)	\$ (200,134)
Cash Payments to Suppliers of Goods and Services			(1,444,432)	(1,444,432)
Cash Payments to Employees for Services			(171,418)	(171,418)
Other Receipts (Payments)			336,096	336,096
Net Cash Provided by (Used for) Operating Activities	-	-	(1,479,888)	(1,479,888)
Cash Flows from Noncapital Financing Activities:				
Operating Grants and Contributions			1,454,320	1,454,320
Transfers Received	111,631		1,179	112,810
Transfers Paid	(3,085)			(3,085)
Net Cash Provided by (Used for) Noncapital Financing Activities	108,546	-	1,455,499	1,564,045
Cash Flows from Capital and Related Financing Activities:				
Proceeds from Capital Grants and Contributions			41,846	41,846
Purchase of Capital Assets			(41,846)	(41,846)
Interest payments of Long-term debt	(427,484)	(33,007)	-	(460,491)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(427,484)	(33,007)	-	(460,491)
Cash Flows from Investing Activities:				
Interest on Investments	319,308	32,837	19,742	371,887
Net Cash Provided by Investing Activities	319,308	32,837	19,742	371,887
Net Increase (Decrease) in Cash and Cash Equivalents	370	(170)	(4,647)	(4,447)
Cash and Cash Equivalents - Beginning of Year	6,590,362	563,388	514,471	7,668,221
Cash and Cash Equivalents - End of Year	\$ 6,590,732	\$ 563,218	\$ 509,824	\$ 7,663,774
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:				
Operating Income (Loss)	\$ -	\$ -	\$ (1,765,157)	\$ (1,765,157)
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used for) Operating Activities:				
Depreciation and Amortization			288,202	288,202
Write-off Capital Assets			1,545	1,545
Adjustment to Reconcile Operating Income to Net Cash Provided by (Used for) Operating Activities:				
Accounts Receivable			(1,678)	(1,678)
Due from Other Governments			(225,461)	(225,461)
Accounts Payable and Accrued Liabilities			1,911	1,911
Deferred Revenues			225,326	225,326
Compensated Absences Payable			(4,576)	(4,576)
Net Cash Provided by (Used for) Operating Activities	\$ -	\$ -	\$ (1,479,888)	\$ (1,479,888)



Combining Financial Statements

Internal Service Funds

Equipment Pool Fund – This fund was established by Chapter 12, Title 3 of the Municipal Code as provided by Section 53736 of the Government Code. The fund receives the unencumbered surplus funds from the Fleet Operations Fund.

Fleet Operations Fund – This fund is used to account for Motor Pool rental as the equipment is used. At year end, the surplus rent is transferred to the Equipment Pool to pay for equipment replacement.

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

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

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

CITY OF CORONA**Combining Statement of Net Assets
Internal Service Funds
June 30, 2008**

	Equipment Pool	Fleet Operations	Self-Insurance		Warehouse	Totals
			Workers' Compensation	Liability Risk		
Assets:						
Current Assets						
Cash and Investments	\$ 4,118,228	\$ 5,355,659	\$ 18,559,610	\$ 3,822,830	\$ 39,309	\$ 31,895,636
Accounts Receivable, Net		836		12,479		13,315
Interest Receivable	45,372	59,005	204,479	42,118	423	351,397
Inventories and Prepayments		311,836				311,836
Total Current Assets	<u>4,163,600</u>	<u>5,727,336</u>	<u>18,764,089</u>	<u>3,877,427</u>	<u>39,732</u>	<u>32,572,184</u>
Liabilities:						
Current Liabilities						
Accounts Payable and Accrued Liabilities	321,825	275,827	15,110	67,931	12,134	692,827
Claims and Judgments Payable			2,901,000	787,000		3,688,000
Total Current Liabilities	<u>321,825</u>	<u>275,827</u>	<u>2,916,110</u>	<u>854,931</u>	<u>12,134</u>	<u>4,380,827</u>
Noncurrent Liabilities						
Interfund Advances Payable						
Compensated Absences Payable		82,083				82,083
Claims and Judgments Payable			7,225,896	1,382,395		8,608,291
Total Noncurrent Liabilities	<u>-</u>	<u>82,083</u>	<u>7,225,896</u>	<u>1,382,395</u>	<u>-</u>	<u>8,690,374</u>
Total Liabilities	<u>321,825</u>	<u>357,910</u>	<u>10,142,006</u>	<u>2,237,326</u>	<u>12,134</u>	<u>13,071,201</u>
Net Assets:						
Restricted						-
Unrestricted	<u>3,841,775</u>	<u>5,369,426</u>	<u>8,622,083</u>	<u>1,640,101</u>	<u>27,598</u>	<u>19,500,983</u>
Total Net Assets	<u>\$ 3,841,775</u>	<u>\$ 5,369,426</u>	<u>\$ 8,622,083</u>	<u>\$ 1,640,101</u>	<u>\$ 27,598</u>	<u>\$ 19,500,983</u>



CITY OF CORONA**Combining Statement of Revenues, Expenses, and Changes in Net Assets
Internal Service Funds
Year Ended June 30, 2008**

	Equipment Pool	Fleet Operations	Self-Insurance		Warehouse	Totals
			Workers' Compensation	Liability Risk		
Operating Revenues:						
Internal Service Charges	\$ -	\$ 7,194,999	\$ 4,632,540	\$ 2,100,000	\$ 921,359	\$ 14,848,898
Other Revenues	184,046	161,399	40,227	13,108		398,780
Total Operating Revenues	184,046	7,356,398	4,672,767	2,113,108	921,359	15,247,678
Operating Expenses:						
Personnel Services	1,109	1,192,622	194,778	249,214	333,201	1,970,924
Contractual	154,476	534,146	87,726	45,239		821,587
Material and Supplies	3,013,873	390,447	348,828	571,571	36,765	4,361,484
Utilities	2,137	1,252,701	4,647	3,250	2,578	1,265,313
Claims Expense			4,506,891	1,151,429		5,658,320
Total Operating Expenses	3,171,595	3,369,916	5,142,870	2,020,703	372,544	14,077,628
Operating Income (Loss)	(2,987,549)	3,986,482	(470,103)	92,405	548,815	1,170,050
Non-Operating Revenues:						
Investment Earnings	288,155	317,774	1,122,296	174,478	911	1,903,614
Total Non-Operating Revenues	288,155	317,774	1,122,296	174,478	911	1,903,614
Income (Loss) Before Transfers	(2,699,394)	4,304,256	652,193	266,883	549,726	3,073,664
Transfers In	3,199,361					3,199,361
Transfers Out	(277,264)	(2,817,774)	(1,122,296)	(174,479)	(536,810)	(4,928,623)
Net Income (Loss)	222,703	1,486,482	(470,103)	92,404	12,916	1,344,402
Net Assets - Beginning	3,619,072	3,882,944	9,092,186	1,547,697	14,682	18,156,581
Net Assets - Ending	\$ 3,841,775	\$ 5,369,426	\$ 8,622,083	\$ 1,640,101	\$ 27,598	\$ 19,500,983

CITY OF CORONA

**Combining Statement of Cash Flows
Internal Service Funds
Year Ended June 30, 2008**

	Equipment Pool	Fleet Operations	Self-Insurance		Warehouse Services	Totals
			Workers' Compensation	Liability Risk		
Cash Flows from Operating Activities:						
Cash Received from Customers/Other Funds	\$ 8,920	\$ 7,197,773	\$ 4,632,540	\$ 2,100,264	\$ 921,359	\$ 14,860,856
Cash Payments to Suppliers of Goods and Services	(2,858,185)	(2,183,215)	(447,583)	(675,384)	(38,262)	(6,202,629)
Cash Payments to Employees for Services	(1,109)	(1,187,493)	(194,778)	(249,214)	(333,201)	(1,965,795)
Cash Received (Payments) of Current Claims			845,860	221,199		1,067,059
Increase (Decrease) in Long-Term Claims			(2,624,944)	(987,683)		(3,612,627)
Other Receipts (Payments)	184,046	161,399	40,227	13,108		398,780
Net Cash Provided by (Used for) Operating Activities	<u>(2,666,328)</u>	<u>3,988,464</u>	<u>2,251,322</u>	<u>422,290</u>	<u>549,896</u>	<u>4,545,644</u>
Cash Flows from Noncapital Financing Activities:						
Transfers Received	3,199,361					3,199,361
Transfers Paid	(277,264)	(2,817,774)	(1,122,296)	(174,479)	(536,810)	(4,928,623)
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>2,922,097</u>	<u>(2,817,774)</u>	<u>(1,122,296)</u>	<u>(174,479)</u>	<u>(536,810)</u>	<u>(1,729,262)</u>
Cash Flows from Investing Activities:						
Interest on Investments	277,932	296,894	1,078,163	165,790	735	1,819,514
Net Cash Provided by Investing Activities	<u>277,932</u>	<u>296,894</u>	<u>1,078,163</u>	<u>165,790</u>	<u>735</u>	<u>1,819,514</u>
Net Increase in Cash and Cash Equivalents	533,701	1,467,584	2,207,189	413,601	13,821	4,635,896
Cash and Cash Equivalents - Beginning	3,584,527	3,888,075	16,352,421	3,409,229	25,488	27,259,740
Cash and Cash Equivalents - Ending	<u>\$ 4,118,228</u>	<u>\$ 5,355,659</u>	<u>\$ 18,559,610</u>	<u>\$ 3,822,830</u>	<u>\$ 39,309</u>	<u>\$ 31,895,636</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:						
Operating Income (Loss)	\$ (2,987,549)	\$ 3,986,482	\$ (470,103)	\$ 92,405	\$ 548,815	\$ 1,170,050
Adjustment to Reconcile Operating Income to Net Cash Provided by (Used for) Operating Activities:						
Accounts Receivable		2,774		34		2,808
Due from Other Governments	8,920			230		9,150
Inventories and Prepayments		(64,054)				(64,054)
Accounts Payable and Accrued Liabilities	312,301	63,262	(6,382)	(55,324)	1,081	314,938
Claims and Judgments Payable			2,727,807	384,945		3,112,752
Net Cash Provided by (Used for) Operating Activities	<u>\$ (2,666,328)</u>	<u>\$ 3,988,464</u>	<u>\$ 2,251,322</u>	<u>\$ 422,290</u>	<u>\$ 549,896</u>	<u>\$ 4,545,644</u>



Combining Financial Statements in Assets and Liabilities – Fiduciary Funds

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



CITY OF CORONA**Fiduciary Funds
Combining Statement of Changes in Assets and Liabilities
Year Ended June 30, 2008**

	Pass Through Agency Fund			
	Balance June 30, 2007	Additions	Deductions	Balance June 30, 2008
Assets				
Cash and Investments	\$ 1,509,096	\$ 20,420,902	\$ 20,596,996	\$ 1,333,002
Accounts Receivable, Net				
Interest Receivable	336,467	572,499	704,403	204,563
Due from other Governmental Agencies	778,911	985,417	779,315	985,013
Restricted Assets:				
Cash and Investments	43,818,065	45,829,817	52,271,285	37,376,597
Total Assets	<u>\$ 46,442,539</u>	<u>\$ 67,808,635</u>	<u>\$ 74,351,999</u>	<u>\$ 39,899,175</u>
Liabilities				
Accounts Payable and Accrued Liabilities	\$ 60,867	\$ 3,658,150	\$ 3,701,990	\$ 17,027
Deposits	244,476	10,599	5,717	249,358
Due to Other Governmental Agencies	17,308		17,308	
Liabilities Payable from Restricted Assets	24,500		24,500	
Due to Bondholders	46,095,388		6,462,598	39,632,790
Total Liabilities	<u>\$ 46,442,539</u>	<u>\$ 3,668,749</u>	<u>\$ 10,212,113</u>	<u>\$ 39,899,175</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.

<u>Contents</u>	<u>Page</u>
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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2 Changes in Net Assets	154
3 Fund Balances – Governmental Funds	158
4 Changes in Fund Balances – Governmental Funds	160
Revenue Capacity – These schedules contain information to help readers to assess the City's most significant own-source revenues.	
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5b Assessed Value and Actual Value of Taxable Property	163
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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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11 Direct and Overlapping Governmental Activities Debt	173
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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.

14 Demographic and Economic Statistics	180
15 Principal Employers	181

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

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17 Operating Indicators by Function/Program	183
18 Capital Assets Statistics by Function/Program	184

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



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

	Fiscal Year		
	2008	2007	2006
Governmental Activities			
Invested in capital assets, net of related debt	<u>\$ 456,849,781</u>	<u>\$ 458,250,349</u>	<u>\$ 422,767,976</u>
Restricted for:			
Capital Projects	73,254,682	20,417,055	-
Debt Service	25,251,084	28,838,799	6,898,327
Specific Projects and Programs	<u>38,816,368</u>	<u>9,483,004</u>	<u>8,386,210</u>
Total Restricted	<u>137,322,134</u>	<u>58,738,858</u>	<u>15,284,537</u>
Unrestricted	<u>215,990,032</u>	<u>269,852,046</u>	<u>306,059,386</u>
Total governmental activities net assets	<u>\$ 810,161,947</u>	<u>\$ 786,841,253</u>	<u>\$ 744,111,899</u>
Business-type Activities			
Invested in capital assets, net of related debt	<u>\$ 225,030,195</u>	<u>\$ 211,186,996</u>	<u>\$ 193,178,999</u>
Restricted for:			
Specific Projects and Programs	<u>17,031,575</u>	<u>17,317,361</u>	<u>7,548,512</u>
Unrestricted	<u>(119,578,075)</u>	<u>(122,594,604)</u>	<u>(129,904,898)</u>
Total business-type activities net assets	<u>\$ 122,483,695</u>	<u>\$ 105,909,753</u>	<u>\$ 70,822,613</u>
Primary Government			
Invested in capital assets, net of related debt	\$ 681,879,976	\$ 669,437,345	\$ 443,318,631
Restricted	154,353,709	76,056,219	22,833,049
Unrestricted	<u>96,411,957</u>	<u>147,257,442</u>	<u>348,782,832</u>
Total Primary Government Net Assets	<u>\$ 932,645,642</u>	<u>\$ 892,751,006</u>	<u>\$ 814,934,512</u>

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

Fiscal Year

<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
<u>\$ 456,222,213</u>	<u>\$ 395,841,709</u>	<u>\$ 392,111,753</u>	<u>\$ 392,349,900</u>	<u>\$ 355,227,433</u>	<u>\$ 337,699,623</u>
386,036	9,976,958	13,310,313	13,387,098	14,800,272	15,188,534
7,982,213	13,178,815	19,091,733	21,135,725	21,920,133	32,955,987
7,729,386	-	34,135,270	34,897,216	29,685,938	409,129
<u>16,097,635</u>	<u>23,155,773</u>	<u>66,537,316</u>	<u>69,420,039</u>	<u>66,406,343</u>	<u>48,553,650</u>
<u>239,481,478</u>	<u>265,838,106</u>	<u>42,904,348</u>	<u>42,277,201</u>	<u>64,373,569</u>	<u>84,200,142</u>
<u><u>\$ 711,801,326</u></u>	<u><u>\$ 684,835,588</u></u>	<u><u>\$ 501,553,417</u></u>	<u><u>\$ 504,047,140</u></u>	<u><u>\$ 486,007,345</u></u>	<u><u>\$ 470,453,415</u></u>
<u>\$ 194,465,301</u>	<u>\$ 187,392,588</u>	<u>\$ 141,335,905</u>	<u>\$ 151,733,910</u>	<u>\$ 128,634,385</u>	<u>\$ 120,684,440</u>
673,256	26,387,128	1,709,856	8,134,689	-	-
<u>(133,104,413)</u>	<u>(162,665,721)</u>	<u>78,188,671</u>	<u>44,877,402</u>	<u>44,231,415</u>	<u>45,170,290</u>
<u><u>\$ 62,034,144</u></u>	<u><u>\$ 51,113,995</u></u>	<u><u>\$ 221,234,432</u></u>	<u><u>\$ 204,746,001</u></u>	<u><u>\$ 172,865,800</u></u>	<u><u>\$ 165,854,730</u></u>
\$ 650,687,514	\$ 583,234,297	\$ 533,447,658	\$ 544,083,810	\$ 483,861,818	\$ 458,384,063
16,770,891	49,542,901	68,247,172	77,554,728	66,406,343	48,553,650
<u>106,377,065</u>	<u>103,172,385</u>	<u>121,093,019</u>	<u>87,154,603</u>	<u>108,604,984</u>	<u>129,370,432</u>
<u><u>\$ 773,835,470</u></u>	<u><u>\$ 735,949,583</u></u>	<u><u>\$ 722,787,849</u></u>	<u><u>\$ 708,793,141</u></u>	<u><u>\$ 658,873,145</u></u>	<u><u>\$ 636,308,145</u></u>

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

	Fiscal Year		
	<u>2008</u>	<u>2007</u>	<u>2006</u>
Expenses			
Governmental activities:			
General government	\$ 22,014,630	\$ 17,944,188	\$ 17,000,514
Fire	22,465,104	19,824,613	19,372,402
Police	38,811,288	35,418,464	35,290,552
Public Works	28,165,830	32,887,632	28,293,319
Redevelopment	17,679,157	31,450,231	18,317,214
Parks and Community Services	13,529,315	12,504,767	12,863,536
Library	3,539,703	3,156,248	3,233,627
Interest and fiscal charges	14,913,380	12,348,977	9,164,552
Total governmental activities expenses	<u>\$ 161,118,407</u>	<u>\$ 165,535,120</u>	<u>\$ 143,535,716</u>
Business-type activities:			
Water	48,772,948	42,980,979	39,968,554
Wastewater	27,937,584	25,431,501	23,411,865
Electric	23,590,548	24,688,495	20,279,523
Transit	2,128,258	1,773,529	1,663,358
Total business-type activities expenses	<u>102,429,338</u>	<u>94,874,504</u>	<u>85,323,300</u>
Total primary government expenses	<u>\$ 263,547,745</u>	<u>\$ 260,409,624</u>	<u>\$ 228,859,016</u>
Program Revenues			
Governmental activities:			
Charges for services:			
General government	1,301,569	1,513,639	8,645,359
Fire	4,726,300	4,181,914	3,229,032
Police	3,023,714	3,246,509	3,017,477
Public Works	13,909,188	14,830,576	16,795,580
Redevelopment	1,713	1,168	-
Parks and Community Services	6,373,504	6,064,402	5,986,229
Library	495,603	541,166	402,660
Operating Grants and Contributions	8,165,995	8,270,729	7,794,735
Capital Grants and Contributions	17,140,582	22,362,669	23,044,293
Total governmental activities program revenues	<u>55,138,168</u>	<u>61,012,772</u>	<u>68,915,365</u>
Business-type activities:			
Charges for services:			
Water	44,795,972	43,261,136	36,548,936
Wastewater	23,379,820	21,824,979	20,211,966
Electric	24,824,172	24,466,921	20,962,161
Transit	363,101	316,671	270,679
Operating Grants and Contributions	1,454,320	1,284,236	1,233,282
Capital Grants and Contributions	19,829,148	31,702,614	12,696,552
Total business-type activities program revenues	<u>114,646,533</u>	<u>122,856,557</u>	<u>91,923,576</u>
Total primary government program revenues	<u>\$ 169,784,701</u>	<u>\$ 183,869,329</u>	<u>\$ 160,838,941</u>

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

Fiscal Year					
<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
\$ 11,199,340	\$ 16,972,222	\$ 14,266,453	\$ 11,163,604	\$ 9,961,259	\$ 8,834,646
17,247,894	16,102,014	15,074,400	13,081,838	11,971,891	13,044,864
32,105,270	30,248,573	30,267,856	25,520,663	23,370,509	21,364,450
25,450,529	26,768,539	24,348,477	19,712,213	19,765,894	29,485,709
13,825,131	14,878,105	16,941,126	6,892,793	7,598,465	10,994,583
12,091,432	12,272,328	12,508,067	12,699,189	12,287,167	9,830,458
3,111,361	3,040,136	3,410,263	2,705,314	2,407,180	2,286,619
10,170,977	4,844,242	18,141,782	11,383,870	15,743,435	14,340,456
<u>\$ 125,201,934</u>	<u>\$ 125,126,160</u>	<u>\$ 134,958,424</u>	<u>\$ 103,159,484</u>	<u>\$ 103,105,800</u>	<u>\$ 110,181,785</u>
36,073,601	34,644,300	36,292,376	26,868,711	23,957,516	28,722,363
16,876,237	15,833,862	16,941,850	14,598,053	12,817,782	16,315,555
12,855,676	20,053,738	18,880,894	6,434,253	-	-
1,615,000	1,496,799	1,280,630	1,108,456	951,286	880,134
<u>67,420,514</u>	<u>72,028,699</u>	<u>73,395,750</u>	<u>49,009,473</u>	<u>37,726,584</u>	<u>45,918,052</u>
<u>\$ 192,622,448</u>	<u>\$ 197,154,859</u>	<u>\$ 208,354,174</u>	<u>\$ 152,168,957</u>	<u>\$ 140,832,384</u>	<u>\$ 156,099,837</u>
1,129,140	953,897	743,077	748,646	618,371	371,560
3,197,076	1,726,756	1,549,395	1,222,672	781,302	817,253
2,687,347	2,689,863	2,740,805	2,253,332	1,854,730	2,431,298
16,124,597	15,175,883	14,074,917	13,508,012	14,043,758	18,708,020
157	1,385	-	-	-	1,389,324
5,805,482	5,159,390	4,796,231	4,558,960	4,402,648	2,220,737
324,561	293,248	237,379	164,788	149,958	163,224
12,113,704	12,211,236	11,549,543	11,788,304	9,270,943	12,106,786
9,705,129	11,271,231	14,898,908	12,355,493	13,977,720	11,755,707
<u>51,087,193</u>	<u>49,482,889</u>	<u>50,590,255</u>	<u>46,600,207</u>	<u>45,099,430</u>	<u>49,963,909</u>
29,061,220	30,633,776	27,999,085	28,475,179	24,540,847	28,154,840
13,897,603	13,245,884	13,382,760	21,292,277	11,138,059	11,608,462
13,067,845	18,287,523	16,420,890	9,265,534	-	-
234,693	256,821	131,570	120,923	107,137	67,610
1,250,281	1,234,330	1,259,614	993,988	746,072	631,354
<u>17,754,362</u>	<u>15,814,606</u>	<u>21,081,267</u>	<u>18,954,473</u>	<u>3,889,628</u>	<u>-</u>
<u>75,266,004</u>	<u>79,472,940</u>	<u>80,275,186</u>	<u>79,102,374</u>	<u>40,421,743</u>	<u>40,462,266</u>
<u>\$ 126,353,197</u>	<u>\$ 128,955,829</u>	<u>\$ 130,865,441</u>	<u>\$ 125,702,581</u>	<u>\$ 85,521,173</u>	<u>\$ 90,426,175</u>

Continued Page 1 of 2

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

	Fiscal Year		
	<u>2008</u>	<u>2007</u>	<u>2006</u>
Net (Expense)/Revenue			
Governmental activities	\$ (105,980,239)	\$ (104,522,348)	\$ (74,620,351)
Business-type activities	12,217,195	27,982,053	6,600,276
Total primary government net expense	<u>\$ (93,763,044)</u>	<u>\$ (76,540,295)</u>	<u>\$ (68,020,075)</u>
General Revenues and Other Changes in Net Assets			
Governmental activities:			
Taxes			
Property taxes	\$ 67,566,221	\$ 63,121,766	\$ 50,973,502
Special Assessments	-	-	-
Sales and Use Tax	35,894,694	39,684,799	39,915,335
Other Taxes	8,496,030	9,396,886	9,556,368
Total taxes	<u>111,956,945</u>	<u>112,203,451</u>	<u>100,445,205</u>
Unrestricted grants and contributions	720,480	1,977,907	3,710,301
Payments in lieu of taxes	-	-	-
Gain on Sale of Capital Asset	-	6,438,368	-
Investment earnings	12,225,922	9,602,364	4,875,430
Miscellaneous	13,536,181	9,936,382	6,691,463
Loss on Sale of Land Held for Resale	-	-	-
Special Item	-	7,996,099	-
Transfers	28,400	170,294	(1,458,852)
Total Governmental activities	<u>138,467,928</u>	<u>148,324,865</u>	<u>114,263,547</u>
Business-type activities:			
Investment earnings	4,385,148	3,647,928	2,491,501
Miscellaneous	-	-	-
Transfers	(28,400)	(170,294)	1,458,852
Total business-type activities	<u>4,356,748</u>	<u>3,477,634</u>	<u>3,950,353</u>
Total primary government	<u>\$ 142,824,676</u>	<u>\$ 151,802,499</u>	<u>\$ 118,213,900</u>
Change in Net Assets			
Governmental activities	\$ 32,487,689	\$ 43,802,517	\$ 39,643,196
Business-type activities	16,573,943	31,459,687	10,550,629
Total primary government	<u>\$ 49,061,632</u>	<u>\$ 75,262,204</u>	<u>\$ 50,193,825</u>

Fiscal Year					
2005	2004	2003	2002	2001	2000
\$ (74,114,741)	\$ (75,643,271)	\$ (84,368,169)	\$ (56,559,277)	\$ (58,006,370)	\$ (71,973,583)
7,845,490	7,444,241	6,879,436	30,092,901	2,695,159	(5,455,786)
<u>\$ (66,269,251)</u>	<u>\$ (68,199,030)</u>	<u>\$ (77,488,733)</u>	<u>\$ (26,466,376)</u>	<u>\$ (55,311,211)</u>	<u>\$ (77,429,369)</u>
\$ 42,349,908	\$ 32,265,783	\$ 28,924,051	\$ 26,238,648	\$ 24,153,482	\$ 21,345,165
-	839,255	1,409,389	3,290,757	3,757,317	9,175,512
34,502,809	29,471,424	25,219,925	22,966,156	-	-
4,866,205	4,200,484	6,700,169	6,409,162	26,835,838	22,397,927
<u>81,718,922</u>	<u>66,776,946</u>	<u>62,253,534</u>	<u>58,904,723</u>	<u>54,746,637</u>	<u>52,918,604</u>
1,112,066	6,547,602	7,718,551	7,560,375	6,964,417	6,083,373
8,998,347	8,238,819	9,753,104	8,128,085	8,104,303	10,180,116
-	-	-	-	-	-
2,222,270	3,678,428	3,634,423	5,461,343	8,143,691	7,324,782
8,464,284	511,074	2,966,100	3,309,382	3,261,263	5,780,845
-	(201,083)	-	(4,347,175)	(4,757,743)	-
-	-	-	-	-	-
(29,223)	24,778	(4,451,266)	(68,539)	(1,335,313)	1,133,635
<u>102,486,666</u>	<u>85,576,564</u>	<u>81,874,446</u>	<u>78,948,194</u>	<u>75,127,255</u>	<u>83,421,355</u>
1,288,738	1,281,949	2,499,040	1,623,012	2,962,770	2,904,202
482,495	-	2,744,024	-	-	-
29,223	(24,778)	4,365,931	68,539	1,335,313	(1,133,635)
<u>1,800,456</u>	<u>1,257,171</u>	<u>9,608,995</u>	<u>1,691,551</u>	<u>4,298,083</u>	<u>1,770,567</u>
<u>\$ 104,287,122</u>	<u>\$ 86,833,735</u>	<u>\$ 91,483,441</u>	<u>\$ 80,639,745</u>	<u>\$ 79,425,338</u>	<u>\$ 85,191,922</u>
\$ 28,371,925	\$ 9,933,293	\$ (2,493,723)	\$ 22,388,917	\$ 17,120,885	\$ 23,203,479
9,645,946	8,701,412	16,488,431	31,784,452	6,993,242	(3,685,219)
<u>\$ 38,017,871</u>	<u>\$ 18,634,705</u>	<u>\$ 13,994,708</u>	<u>\$ 54,173,369</u>	<u>\$ 24,114,127</u>	<u>\$ 19,518,260</u>

Concluded Page 2 of 2

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

	Fiscal Year		
	<u>2008</u>	<u>2007</u>	<u>2006</u>
General Fund			
Reserved	\$ 20,672,134	\$ 24,121,757	\$ 75,249,936
Unreserved	<u>58,818,482</u>	<u>70,716,157</u>	<u>-</u>
Total General Fund	<u>\$ 79,490,616</u>	<u>\$ 94,837,914</u>	<u>\$ 75,249,936</u>
All Other Governmental Funds			
Reserved	\$ 83,897,261	\$ 59,739,936	\$ 23,685,432
Unreserved, reported in:			
Special Revenue	34,241,391	34,462,913	40,645,962
Capital Projects	<u>16,909,462</u>	<u>15,510,428</u>	<u>8,347,703</u>
Total all other Governmental Funds	<u>\$ 135,048,114</u>	<u>\$ 109,713,277</u>	<u>\$ 72,679,097</u>

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

Fiscal Year					
<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
\$ 13,535,692	\$ 11,896,398	\$ 13,451,103	\$ 8,986,422	\$ 10,394,564	\$ 10,145,446
<u>31,748,096</u>	<u>30,390,874</u>	<u>29,359,950</u>	<u>31,540,915</u>	<u>31,605,673</u>	<u>30,220,537</u>
<u>\$ 45,283,788</u>	<u>\$ 42,287,272</u>	<u>\$ 42,811,053</u>	<u>\$ 40,527,337</u>	<u>\$ 42,000,237</u>	<u>\$ 40,365,983</u>
\$ 71,680,887	\$ 75,451,071	\$ 95,977,110	\$ 79,182,655	\$ 99,105,126	\$ 51,990,450
(619,485)	(414,006)	(379,278)	(302,030)	(296,194)	30,612,404
<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>18,068,736</u>
<u>\$ 71,061,402</u>	<u>\$ 75,037,065</u>	<u>\$ 95,597,832</u>	<u>\$ 78,880,625</u>	<u>\$ 98,808,932</u>	<u>\$ 100,671,590</u>

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

	Fiscal Year		
	<u>2008</u>	<u>2007</u>	<u>2006</u>
Revenues:			
Property Taxes	\$ 67,566,222	\$ 63,121,767	\$ 50,973,502
Other Taxes	44,042,954	47,968,446	47,243,504
Licenses, fees and permits	3,939,938	7,565,595	12,052,807
Fines and Penalties	1,602,034	1,678,525	1,778,880
Special Assessments	7,363,443	7,472,089	7,325,244
Investment Earnings	10,324,740	8,337,386	4,093,836
Intergovernmental Revenues	18,579,692	21,122,793	20,878,547
Current Services	16,746,141	16,547,413	16,156,862
Payments in Lieu of Services	13,249,357	9,801,798	11,540,850
Other Revenues	11,319,799	11,567,679	10,514,261
Total Revenues	<u>194,734,320</u>	<u>195,183,491</u>	<u>182,558,293</u>
Expenditures:			
General Government	28,717,370	24,855,330	21,080,414
Planning	506,357	488,305	-
Fire	24,986,115	22,129,775	19,689,290
Police	42,602,945	39,637,054	36,165,060
Public Works	27,600,538	32,346,827	25,345,564
Parks and Community Services	14,082,791	12,371,034	11,736,757
Redevelopment	13,347,887	28,636,781	12,533,710
Library	3,910,240	3,609,419	3,432,052
Capital Outlay	35,001,560	22,935,456	9,338,399
Debt Service			
Principal	5,984,493	5,466,814	6,824,654
Interest and Fiscal Charges	14,389,659	11,710,584	9,263,096
Total Expenditures	<u>211,129,955</u>	<u>204,187,379</u>	<u>155,408,996</u>
Excess of Revenues over (under) expenditures	(16,395,635)	(9,003,888)	27,149,297
Other Financing Sources (Uses)			
Loss from sale of land held for resale	-	-	-
Issuance of Debt	35,874,600	59,335,000	-
Principal Retirement			
Proceeds from Sale of Capital Asset	-	6,739,350	-
Bond Premium	-	-	-
Transfers in	30,601,411	37,438,933	26,507,505
Transfers out	(28,843,749)	(36,814,074)	(22,504,515)
Total other financing sources (uses)	<u>37,632,262</u>	<u>66,699,209</u>	<u>4,002,990</u>
Net change in fund balances	<u>\$ 21,236,627</u>	<u>\$ 57,695,321</u>	<u>\$ 31,152,287</u>
Debt service as a percentage of noncapital expenditures	12.7%	10.5%	11.4%

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

Fiscal Year					
<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
\$ 42,349,910	\$ 32,265,783	\$ 28,924,050	\$ 26,238,648	\$ 24,153,481	\$ 21,345,165
40,815,213	34,923,016	29,994,105	30,396,922	25,281,839	22,397,927
10,871,748	11,984,841	12,949,501	10,958,482	11,224,714	9,884,567
1,508,004	1,700,005	1,713,495	1,407,628	1,105,048	1,562,990
6,923,091	6,581,157	6,482,026	8,098,106	8,488,067	9,175,512
2,776,118	3,907,468	4,781,225	7,422,121	10,604,860	6,654,778
11,927,288	18,489,977	19,285,666	18,378,750	17,242,467	18,182,327
15,518,676	13,470,119	12,901,807	11,880,438	11,634,689	11,187,411
9,165,515	8,238,819	9,753,105	8,128,085	8,104,304	10,180,117
8,626,151	3,313,914	9,015,827	5,805,563	7,059,195	20,806,659
<u>150,481,714</u>	<u>134,875,099</u>	<u>135,800,807</u>	<u>128,714,743</u>	<u>124,898,664</u>	<u>131,377,453</u>
18,497,239	25,270,857	20,615,021	15,389,630	12,474,703	10,934,920
-	-	-	-	72,942	53,967
17,947,422	16,848,544	14,609,632	12,621,139	11,692,537	12,308,088
35,815,820	32,023,189	29,667,758	24,595,721	22,639,931	19,790,239
21,272,214	24,809,152	20,726,962	14,915,970	13,339,928	12,817,205
10,443,414	9,888,299	9,122,985	9,579,412	8,398,504	7,119,520
8,112,135	7,742,841	9,433,505	1,098,150	2,734,282	466,867
3,268,099	3,215,633	3,350,674	2,658,331	2,323,887	2,161,886
19,846,407	28,640,837	14,613,566	44,483,618	33,820,224	30,328,142
4,723,597	4,812,429	8,144,624	8,637,494	22,581,210	6,383,331
10,498,967	4,958,286	17,823,737	11,490,362	14,360,876	12,257,100
<u>150,425,314</u>	<u>158,210,067</u>	<u>148,108,464</u>	<u>145,469,827</u>	<u>144,439,024</u>	<u>114,621,265</u>
56,400	(23,334,968)	(12,307,657)	(16,755,084)	(19,540,360)	16,756,188
-	(201,083)		(4,347,175)	(2,214,269)	-
38,210,834	-	36,065,000	5,181,235	22,810,000	-
(38,215,000)					
799,695	-	-	-	-	-
16,343,861	21,865,917	50,142,916	9,208,761	34,670,544	7,411,765
(16,141,034)	(20,134,948)	(54,899,336)	(9,405,294)	(35,766,887)	(6,826,657)
<u>998,356</u>	<u>1,529,886</u>	<u>31,308,580</u>	<u>637,527</u>	<u>19,499,388</u>	<u>585,108</u>
<u>\$ 1,054,756</u>	<u>\$ (21,805,082)</u>	<u>\$ 19,000,923</u>	<u>\$ (16,117,557)</u>	<u>\$ (40,972)</u>	<u>\$ 17,341,296</u>
12.5%	8.1%	19.1%	19.9%	33.4%	22.1%

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

Fiscal Year Ended June 30	Residential		Commercial		Industrial		Public Agency		Agricultural Irrigation and Other		Total	
	Acre Feet	% of Total	Acre Feet	% of Total	Acre Feet	% of Total	Acre Feet	% of Total	Acre Feet	% of Total	Acre Feet Total	% Total
1999	21,218	64.7	5,465	16.7	379	1.2	2,496	7.6	3,227	9.8	32,785	100
2000	23,908	65.8	6,231	17.1	648	1.8	2,543	7.0	3,026	8.3	36,356	100
2001	23,116	66.9	5,728	16.6	485	1.4	2,214	6.4	2,988	8.7	34,531	100
2002	22,957	66.0	5,913	17.0	556	1.6	2,435	7.0	2,922	8.4	34,783	100
2003	25,896	65.1	6,723	16.9	557	1.4	2,904	7.3	3,699	9.3	39,779	100
2004	27,678	64.0	6,750	15.6	1,738	4.0	3,493	8.1	3,563	8.2	43,222	100
2005	24,905	67.0	3,463	9.0	1,450	4.0	3,271	9.0	3,391	11.0	36,480	100
2006	26,630	66.2	3,848	9.6	1,573	3.9	3,546	8.8	4,607	11.5	40,204	100
2007	29,866	66.0	4,230	9.5	1,751	3.5	3,898	9.0	5,754	12.0	45,499	100
2008	27,598	67.5	3,803	9.3	1,557	3.8	3,039	7.4	4,870	11.9	40,867	100

Source: Corona Department of Water and Power.

CITY OF CORONA**Schedule 5b****Assessed Value and Actual Value of Taxable Property
Last Nine 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
2000	4,203,138	711,264	962,113	1,187,810	96,769	6,967,556	1.0145
2001	5,014,790	732,328	1,096,859	1,203,849	106,014	7,941,812	1.0135
2002	5,720,734	740,122	1,197,804	1,277,060	64,803	8,870,917	1.0086
2003	6,389,708	812,953	1,318,860	1,366,953	117,192	9,771,282	1.0079
2004	7,013,653	863,630	1,415,667	1,489,990	171,882	10,611,058	1.0061
2005	8,010,907	1,016,443	1,540,064	1,614,156	119,068	12,062,502	1.0053
2006	9,128,473	1,166,793	1,688,866	1,747,079	190,746	13,540,465	1.0043
2007	10,821,087	1,398,608	1,927,206	1,956,392	200,971	15,902,322	1.0025
2008	12,074,893	1,638,755	2,068,380	2,153,807	243,155	17,692,680	1.0018

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

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

CITY OF CORONA

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

Fiscal Year ⁽²⁾	Quantity Rate per 100 C.F.	Monthly Base Rates									
		5/8"	3/4"	1"	1 1/2"	2"	3"	4"	6"	8"	
2002	\$ 1.08	\$ 22.10	\$ 29.00	\$ 41.50	\$ 72.30	\$ 105.50	\$ 180.30	\$ 277.00	\$ 508.70	\$ 748.20	
2003	\$ 1.08	\$ 11.05	\$ 14.50	\$ 20.75	\$ 36.15	\$ 52.75	\$ 90.15	\$ 138.50	\$ 254.35	\$ 374.10	
2004	\$ 1.08	\$ 11.05	\$ 14.50	\$ 20.75	\$ 36.15	\$ 52.75	\$ 90.15	\$ 138.50	\$ 254.35	\$ 374.10	
2005	\$ 1.08	\$ 11.05	\$ 14.50	\$ 20.75	\$ 36.15	\$ 52.75	\$ 90.15	\$ 138.50	\$ 254.35	\$ 374.10	
2005	\$ 1.21	\$ 12.38	\$ 16.24	\$ 23.24	\$ 40.49	\$ 59.08	\$ 100.97	\$ 155.12	\$ 284.87	\$ 418.99	
2006	\$ 1.33	\$ 13.62	\$ 17.86	\$ 25.56	\$ 44.54	\$ 64.99	\$ 111.07	\$ 170.63	\$ 313.36	\$ 460.89	
2007	\$ 1.44	\$ 14.71	\$ 19.29	\$ 27.60	\$ 48.10	\$ 70.19	\$ 119.96	\$ 184.28	\$ 338.43	\$ 497.76	
2008	\$ 1.61	\$ 16.40	\$ 21.51	\$ 30.77	\$ 53.63	\$ 78.26	\$ 133.76	\$ 205.47	\$ 377.35	\$ 555.00	
2008	\$ 1.77	\$ 18.04	\$ 23.66	\$ 33.85	\$ 58.99	\$ 86.09	\$ 147.13	\$ 226.02	\$ 415.08	\$ 610.50	

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

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

3) Ten years of data is not available.

Source: City of Corona Department of Water and Power.

CITY OF CORONA**Schedule 6b****Direct and Overlapping Property Tax Rates****Last Nine 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
2000	1.0000	0.0145	1.0145	0.0237	0.1160	0.0089	0.0000
2001	1.0000	0.0135	1.0135	0.0237	0.1341	0.0088	0.0000
2002	1.0000	0.0086	1.0086	0.0237	0.1280	0.0077	0.0000
2003	1.0000	0.0079	1.0079	0.0237	0.1164	0.0067	0.0000
2004	1.0000	0.0061	1.0061	0.0237	0.0765	0.0061	0.0000
2005	1.0000	0.0053	1.0053	0.0237	0.0755	0.0058	0.0180
2006	1.0000	0.0043	1.0043	0.0146	0.0731	0.0052	0.0180
2007	1.0000	0.0025	1.0025	0.0107	0.0580	0.0047	0.0180
2008	1.0000	0.0018	1.0018	0.0379	0.0526	0.0045	0.0126

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 Five Years Ago**

<u>Water Customer</u>	2008			2003		
	<u>Water Charges</u>	<u>Rank</u>	<u>Percent of Total Water Revenues</u>	<u>Water Charges</u>	<u>Rank</u>	<u>Percent of Total Water Revenues</u>
City of Corona	\$2,236,020	1	5.52%	\$1,359,951	1	5.16%
Corona-Norco USD	\$748,086	2	1.85%	\$491,678	2	1.87%
Integrated Protein Tech	\$247,857	3	0.61%	\$232,557	3	0.88%
Eagle Glen Master HOA	\$183,018	4	0.45%	\$105,664	5	0.40%
Westdale Asset Management	\$124,149	5	0.31%			
EWR, Inc	\$121,223	6	0.32%	\$87,150	9	0.33%
ERP Operating Limited Partnership	\$115,188	7	0.28%	\$87,055	10	0.33%
Castle & Cooke California, Inc.	\$112,652	8	0.28%			
Sierra Peak HOA	\$99,605	9	0.25%			
Taylor Woodrow	\$97,461	10	0.24%			
Hi-Country-Corona Inc				\$156,709	4	0.59%
GTS Property Hollywood Inc.				\$98,758	6	0.37%
Matt Construction Corp				\$91,584	7	0.35%
Archstone Communities				\$90,729	8	0.34%
	<u>\$ 4,085,259</u>		<u>10.11%</u>	<u>\$ 2,801,834</u>		<u>10.63%</u>

Note: Data from 10 years ago was not available.

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

Taxpayer	2008			1998		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Dairy Farmers of America Inc.	\$ 108,218,414	1	0.61%	\$ 40,988,351	1	0.66%
Dos Lagos Lifestyle Center	\$ 96,406,801	2	0.54%			
Watson Laboratories Inc.	172,774,545	3	0.98%	60,001,032	5	0.96%
Rexco	113,380,091	4	0.64%			
Avalon California Value VI	47,255,815	5	0.27%			
Realty Associates Fund	33,800,760	6	0.19%			
Princeland Properties Inc.	33,907,605	7	0.19%	16,077,540	7	0.26%
Kaiser Foundation Health Plan Inc	131,192,258	8	0.74%	158,711,469	2	2.54%
UHS Corona Inc.	42,191,740	9	0.24%			
Live Media LLC	21,923,090	10	0.12%			
Corona Energy Partners Limited	-		-	22,055,440	3	0.35%
River Run Apartments	-		-	14,891,999	4	0.24%
SBD Properties	-		-	34,692,853	6	0.56%
Price Reit Inc.	-		-	57,237,781	8	0.92%
Larry E. Bedrosian	-		-	10,903,238	9	0.17%
ERP Operating Limited Partnership	-		-	49,380,750	10	0.79%
Total	<u>\$ 801,051,119</u>		<u>4.53%</u>	<u>\$ 464,940,453</u>		<u>7.45%</u>

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

CITY OF CORONA**Schedule 8
Property Tax Levies and Collections
Last Nine Fiscal Years ¹**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year ²	Collected within the Fiscal Year of the Levy		Delinquent Tax Collections	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2000	\$ 10,363,359	\$ 9,553,479	92.19%	\$ 812,296	\$ 10,365,775	100.02%
2001	12,107,442	11,214,012	92.62%	533,203	11,747,215	97.02%
2002	13,399,495	12,645,821	94.38%	606,576	13,252,397	98.90%
2003	14,732,029	13,947,475	94.67%	763,871	14,711,346	99.86%
2004	15,932,786	14,583,817	91.53%	807,182	15,390,999	96.60%
2005	17,960,358	16,344,312	91.00%	1,369,934	17,714,246	98.63%
2006	18,409,599	16,237,649	88.20%	1,667,527	17,905,176	97.26%
2007	23,054,281	19,690,971	85.41%	2,300,224	21,991,195	95.39%
2008	25,254,270	20,898,139	82.75%	2,996,398	23,894,537	94.62%

Note: 1) Ten years of data is not available.

2) Amounts excluded debt service levies and Redevelopment property tax increment.

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

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CITY OF CORONA**Schedule 9****Ratios of Outstanding Debt by Type****Last Nine 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
2000	\$ 6,925	\$ 52,380	\$ 15,625	\$ 3,865	\$ -	\$ -	\$ 17,975
2001	6,190	51,375	22,810	3,499	-	-	14,695
2002	5,410	50,320	22,560	3,115	65	-	10,555
2003	5,065	49,205	56,770	2,711	1,100	-	5,095
2004	3,955	48,030	55,840	2,308	976	-	4,025
2005	3,635	45,485	53,940	1,907	883	1,301	3,255
2006	2,535	42,755	51,975	1,485	787	1,115	2,930
2007	1,925	63,175	87,130	1,039	686	929	2,565
2008	1,445	90,940	73,390	569	583	6,882	2,225

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

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

Business-Type Activities

<u>Installment Agreement Payable</u>	<u>Long-Term Installment Payable</u>	<u>Term Loan Payable</u>	<u>Lease Payable</u>	<u>Capital Leases</u>	<u>Certificates of Participation</u>	<u>Contracts Payable</u>	<u>Total Primary Government</u>	<u>Percent of Personal Income</u>
\$ -	\$ 42,425	\$ 21,989	\$ 110	\$ -	\$ -	\$ 739	162,033	6.2%
-	35,585	21,097	85	-	5,940	717	161,993	n/a
-	34,900	20,789	58	-	5,685	717	154,174	5.0%
-	34,190	19,233	-	-	73,450	717	247,536	7.9%
-	33,455	18,194	-	172,628	73,175	717	413,303	n/a
432	32,690	35,171	-	172,628	101,760	717	453,804	n/a
296	31,895	43,429	-	172,628	101,310	717	453,857	n/a
173	31,070	43,322	-	172,628	100,590	717	505,949	n/a
37	30,215	41,990	-	172,628	98,145	690	519,739	n/a

CITY OF CORONA**Schedule 10****Ratios of General Bonded Debt Outstanding****Last Nine Fiscal Years¹ (dollars in thousands, except per capita)**

Fiscal Year	General Bonded Debt Outstanding					Percentage of Actual Value ² of Property	Per Capita ³
	General Obligation Bonds	Redevelopment Bonds	Special Assessment Bonds	Lease Revenue Bonds	Total		
2000	\$ 6,925	\$ 52,380	\$ 17,975	\$ 15,625	\$ 92,905	1.33%	\$ 755.39
2001	6,190	51,375	14,695	22,810	95,070	1.20%	724.36
2002	5,410	50,320	10,555	22,560	88,845	1.00%	663.19
2003	5,065	49,205	5,095	56,770	116,135	1.19%	847.66
2004	3,955	48,030	4,025	55,840	111,850	1.05%	788.66
2005	3,635	45,485	3,255	53,940	106,315	0.88%	737.94
2006	2,535	42,755	2,930	51,975	100,195	0.74%	692.62
2007	1,925	63,175	2,565	87,130	154,795	0.97%	1,059.05
2008	1,445	90,940	2,225	73,390	168,000	0.95%	1,139.54

Notes: 1) The City implemented GASB Statement No. 34 in fiscal year ended June 30, 2000. Information prior to the implementation of GASB Statement No. 34 is not available.

2) See Schedule 5 for property value data.

3) See Schedule 14 for population data.

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

CITY OF CORONA

Schedule 11

Direct and Overlapping Governmental Activities Debt¹

As of June 30, 2008 (dollars in thousands)

	Debt	Est. Percentage	Share of
	Outstanding	Applicable ²	Overlapping Debt
Direct and Overlapping Tax and Assessment Debt:			
Metropolitan Water District	\$ 327,215	0.841%	\$ 2,752
Riverside City Community College District	148,596	22.135%	32,892
Alvord Unified School District	105,160	16.413%	17,260
Corona-Norco Unified School District	124,780	56.159%	70,075
Alvord Unified School District CFD No. 2006-1	8,920	16.860%	1,504
Corona-Norco Unified School District CFD No. 6	1,830	100.000%	1,830
Corona-Norco Unified School District CFD No. 88-1	3,175	90.618%	2,877
Corona-Norco Unified School District CFD No. 97-1	1,489	100.000%	1,489
Corona-Norco Unified School District CFD No. 99-1	3,622	100.000%	3,622
Corona-Norco Unified School District CFD No. 99-2, Imp Areas A, B, C	7,470	100.000%	7,470
Corona-Norco Unified School District CFD No. 00-1	2,545	100.000%	2,545
Corona-Norco Unified School District CFD No. 01-1, Imp Areas A & B	10,475	100.000%	10,475
Corona-Norco Unified School District CFD No. 01-2, Imp Areas A, B, C	15,995	100.000%	15,995
Corona-Norco Unified School District CFD No. 03-3, Imp Area A	5,730	100.000%	5,730
Corona-Norco Unified School District CFD No. 03-5	2,770	100.000%	2,770
Corona-Norco Unified School District CFD No. 04-2, Imp Areas 1 & 3	4,860	100.000%	4,860
City of Corona	1,445	100.000%	1,445
City of Corona CFD No. 86-2	16,030	100.000%	16,030
City of Corona CFD No. 89-1	26,380	100.000%	26,380
City of Corona CFD No. 90-1	41,300	100.000%	41,300
City of Corona CFD No. 97-2	15,725	100.000%	15,725
City of Corona CFD No. 2000-1	7,420	100.000%	7,420
City of Corona CFD No. 2001-2	3,415	100.000%	3,415
City of Corona CFD No. 2002-1	32,630	100.000%	32,630
City of Corona CFD No. 2002-4	9,110	100.000%	9,110
City of Corona CFD No. 2003-2	10,555	100.000%	10,555
City of Corona CFD No. 2004-1	3,745	100.000%	3,745
California Statewide Communities Development Authority CFD No. 2002-1	4,360	100.000%	4,360
City of Corona 1915 Act Bonds	7,660	100.000%	7,660
Total Direct and Overlapping Tax and Assessment Debt			\$ 363,921
Direct and Overlapping General Fund Obligation Debt:			
Riverside County General Fund Obligations	\$ 701,563	8.562%	\$ 60,068
Riverside County Pension Obligations	387,995	8.562%	33,220
Riverside County Board of Education COPs	9,275	8.562%	794
Corona-Norco Unified School District General Fund Obligations	103,985	56.159%	58,397
City of Corona General Fund Obligations	77,295	100.000%	77,295
Total Gross Direct and Overlapping General Fund Obligation Debt			\$ 229,774
Less: Riverside County self-supporting obligations			1,499
Total Net Direct and Overlapping General Fund Obligation Debt			\$ 228,275
Gross Combined Total Debt³			\$ 593,695
Net Combined Total Debt			\$ 592,196

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

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

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

CITY OF CORONA

**Schedule 12
Legal Debt Margin Information
Last Nine Fiscal Years (dollars in thousands)**

Legal Debt Margin Calculation for Fiscal Year 2008

Assessed Value	\$ 17,692,680
Debt Limit (15% of assessed value)	2,653,902
Debt Applicable to limit:	
General obligation bonds	1,445
Less: Amount set aside for repayment of general obligation debt	(845)
Total net debt applicable to limit	600
Legal Debt Margin	<u>\$ 2,653,302</u>

	Fiscal Year							
	2001	2002	2003	2004	2005	2006	2007	2008
Debt Limit	\$ 1,191,272	\$ 1,330,638	\$ 1,465,692	\$ 1,591,659	\$ 1,809,375	\$ 2,031,070	\$ 2,385,348	\$ 2,653,302
Total net debt applicable to limit	4,727	4,091	3,505	2,871	2,298	1,719	1,158	600
Legal debt margin	\$ 1,186,545	\$ 1,326,547	\$ 1,462,187	\$ 1,588,788	\$ 1,807,077	\$ 2,029,351	\$ 2,384,190	\$ 2,652,702
Total debt applicable to the limit as a percentage of debt limit	0.40%	0.31%	0.24%	0.18%	0.13%	0.08%	0.05%	0.02%

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. Ten years of data is not available.

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CITY OF CORONA**Schedule 13****Pledged-Revenue Coverage****Last Nine Fiscal Years (dollars in thousands)**

Fiscal Year	Lease Revenue Bonds					Coverage
	Lease Payments	Current Account Balance	Debt Service			
			Principal	Interest		
2000	\$ 1,568	\$ 1,232	\$ 760	\$ 925	1.66	
2001	16,139	1,168	15,625	1,126	1.03 ¹	
2002	1,179	26	250	956	1.00	
2003	1,827	2,209	790	1,749	1.59 ²	
2004	1,931	1,511	930	2,499	1.00	
2005	3,306	1,068	1,900	2,450	1.01	
2006	4,184	177	1,965	2,390	1.00	
2007	4,501	272	2,025	2,626 ⁶	1.03	
2008	5,673	152	2,620	3,212	1.00	

Notes: 1) 1993 Public Improvement bonds were refunded by the 2001 Lease Revenue Refunding Bonds.

2) 2002 Lease Revenue bonds issued; capitalized interest used to make debt payments.

3) 2004 TABS issued in July 2004 partially refunded 1994 TABS.

4) 2003 COPs issued with capitalized interest.

5) 2003 COPs issued with capitalized interest.

6) 2006 Lease Revenue bonds issued; escrow used to make 2000 LRB payment.

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

Special Assessment Bonds

Special Assessment Collections	Current Account Balance	Debt Service		Coverage
		Principal	Interest	
\$ 4,594	\$ 3,528	\$ 2,940	\$ 1,547	1.81
3,752	3,666	3,280	1,298	1.62
3,291	3,525	4,140	1,019	1.32
1,410	5,579	5,460	617	1.15
822	1,411	1,070	355	1.57
582	1,020	770	283	1.52
560	448	325	241	1.78
543	77	365	214	1.07
487	38	340	187	1.00

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CITY OF CORONA**Schedule 13
Pledged-Revenue Coverage
Last Seven Fiscal Years (dollars in thousands)**

Fiscal Year	Redevelopment Bonds				Water Revenue Bonds			
	Net Property Tax Increment	Debt Service		Coverage	Lease Payments	Debt Service		Coverage
		Principal	Interest			Principal	Interest	
2000	\$ 5,847	\$ 955	\$ 3,065	1.45	\$ 2,091	\$ 445	\$ 1,648	1.00
2001	6,038	1,005	3,015	1.50	2,283	660	1,628	1.00
2002	7,082	1,055	2,961	1.76	2,287	685	1,603	1.00
2003	7,377	1,115	2,902	1.84	2,286	710	1,577	1.00
2004	8,691	1,175	2,840	2.16	2,284	735	1,550	1.00
2005	9,306	39,455 ³	2,545	0.22	2,286	765	1,522	1.00
2006	10,324	2,730	1,952	2.20	2,285	795	1,493	1.00
2007	14,559	1,735	2,109	3.79	2,286	825	1,462	1.00
2008	7,032	1,785	3,141	1.43	2,288	855	1,429	1.00



Certificates of Participation

<u>Lease</u> <u>Payments</u>	<u>Current</u> <u>Account</u> <u>Balance</u>	<u>Debt Service</u>		<u>Coverage</u>
		<u>Principal</u>	<u>Interest</u>	
\$ 538	\$ 17	\$ 235	\$ 320	1.00
516	32	240	309	1.00
520	48	255	298	1.03
504	47	265	286	1.00
771	4,689	275	2,779	1.79 ⁴
1,223	2,686	435	3,469	1.00
4,520	335	450	4,390	1.00 ⁵
5,077	343	720	4,710	1.00
6,764	346	2,445	4,665	1.00

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

	(1)			(2)	(3)	(4)
Year	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2000	122,989	\$ 2,629,948	\$ 21,384	29.9	35,148	4.8%
2001	131,246	n/a	n/a	n/a	37,487	4.2%
2002	133,966	3,086,993	23,043	n/a	39,614	4.9%
2003	137,006	3,142,951	22,940	n/a	41,977	5.0%
2004	141,822	n/a	n/a	n/a	43,998	4.8%
2005	144,070	n/a	n/a	n/a	44,240	3.7%
2006	144,661	n/a	n/a	n/a	47,731	3.5%
2007	146,164	n/a	n/a	n/a	49,865	4.1%
2008	147,428	n/a	n/a	n/a	51,334	6.1%

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

Note: Ten years of data is not available.

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

Employer	2008			2000		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Corona-Norco Unified School District	5,147	1	6.36%	3,200	1	6.13%
Kaiser Permanente	1,783	2	2.20%			
Watson Laboratories, Inc.	1,285	3	1.59%	1,000	2	1.91%
Corona Regional Medical Center	1,140	4	1.41%	800	3	1.53%
City of Corona	1,041	5	1.29%	700	5	1.34%
TWR Enterprises	1,034	6	1.28%			
All American Asphalt	970	7	1.20%			
Fender USA Corona	800	8	0.99%	800	4	1.53%
Dart Container Corporation	625	9	0.77%			
LDI Mechanical	456	10	0.56%			
Uniweb, Inc.	-		-	350	6	0.67%
Core-Mark	-		-	300	7	0.57%
Boone International	-		-	300	8	0.57%
Circle Seal Controls, Inc.	-		-	280	9	0.54%
International Food Source	-		-	250	10	0.48%

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

Notes: Data from ten years ago was not available.

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

<u>Function/Program</u>	<u>Full-time Equivalent Employees</u>			
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
General Government				
Management Services	19	19	12	13
Human Resources	15	15	13	12
Information Technology	18	17	17	17
Finance	41	42	41	41
Community Development	24	26	21	20
Building	24	24	23	22
Police				
Officers	191	191	175	167
Civilians	91	91	87	90
Fire				
Firefighters and officers	124	124	111	106
Civilians	23	22	22	26
Public Works	102	102	93	94
Redevelopment	16	15	17	17
Parks and Community Services	48	49	50	50
Library	20	19	18	19
Department of Water and Power	111	130	146	137
Transit Services (manages contract)	1	1	1	1
Total	<u>868.0</u>	<u>887.0</u>	<u>847.0</u>	<u>832.0</u>

Source: City of Corona Finance Department.

Note: Data from ten years ago was not available.

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

Function/Program	Fiscal Year			
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Police				
Physical Arrests	5,026	5,298	4,696	4,259
Parking Violations	8,165	9,806	8,147	8,657
Traffic Violations	11,389	11,931	13,923	16,885
Fire				
Emergency Responses	10,139	10,238	9,997	9,644
Fires Extinguished	439	515	499	503
Inspections	2,072	1,039	865	1,529
Public Works				
Street Resurfacing (miles)	6	172.51	9.80	11.75
Street Lights Repaired	1,721	1,307	1,336	1,158
Potholes Filled (sq. ft)	33,936	42,000	37,389	36,294
Parks and Community Services				
Sportsfields Participation	828,717	486,114	459,002	462,852
Comm. Centers/Gym/Pool Participation	309,814	310,604	307,888	303,460
Other Activity Participation	217,500	153,301	126,542	128,991
Library				
Volumes in Collection	175,648	165,102	165,474	161,495
Total Volumes Borrowed	956,152	540,612	673,450	722,032
Water				
New Connections	158	504	801	656
Water Main Repairs	6	10	9	38
Average Daily Consumption (gallons)	36,490,000	35,000,000	35,200,000	38,135,000
Wastewater				
Average Daily Sewage Treatment (millions of gallons)	13	13	12.245	12.21
Transit Services				
Total Route Miles (round-trip)	39	44.4	44.7	44.7
Passengers				
Fixed Route	163,062	150,815	146,983	162,423
Dial-A-Ride	64,079	57,577	58,892	66,481

Source: Various City departments.

Note: Data from ten years ago was not available.

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

<u>Function/Program</u>	<u>Fiscal Year</u>			
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Police				
Stations	1	1	1	1
Zone Offices	3	3	3	3
Patrol Units	74	74	66	58
Fire Stations	7	7	7	7
Streets				
Streets and Alleys (miles)	382.95	380.26	375.84	370.96
Streetlights ¹	11,711	11,688	11,300	10,540
Traffic Signals	161	163	157	153
Parks and Community Services				
Total Park Acreage	363.83	363.83	341.64	347
Playgrounds	30	30	29	30
Baseball/softball diamonds	35	33	33	32
Soccer/football fields	15	14	14	11
Community Centers	7	7	7	7
Civic Center Auditorium Seating Cap	380	380	250	250
Fiesta Bandshell Seating Capacity	500	500	500	500
Water				
Water Main (miles)	669.78	622	605.5	566
Fire Hydrants	8,421	8,300	7,904	7,611
Storage Capacity (millions of gallons)	43.6	43.6	45.9	40.9
Wastewater				
Sanitary Sewers (miles)	436	394.1	382.4	376
Storm Sewers (miles)	161	154.2	148.2	145.2
Treatment Capacity (millions of gallons)	14	14	18.5	15.5
Transit Services				
Minibuses				
Fixed Route	5	5	5	5
Dial-A-Ride	9	9	9	9

Source: Various City departments.

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

Data from ten years ago was not available.