

CITY OF CORONA, CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2016



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Government Finance Officers Association

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

Presented to

**City of Corona
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO



November 16, 2016

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

It is with great pleasure that we present to you the City of Corona's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2016. The report is published to offer the City Council, the community, and the users detailed information about the financial position and operating results of the City as measured by the financial activities of its various funds. In order to ensure the reliability of the information contained herein, the City contracted with the independent audit firm, Lance, Soll & Lunghard, LLP, to perform annual audits. The goal of the audit is to provide reasonable assurance that the City's financial statements are free from material misstatement. Lance, Soll & Lunghard, LLP issued an unmodified opinion for the City's financial statements for the fiscal year ended June 30, 2016.

The City promotes excellence in financial management through innovation, continuing education, and the professional development of our team. We are responsible for both the accuracy of the financial report and the completeness and fairness of the presentation. To the best of our knowledge, the information presented is accurate in all material aspects and includes all disclosures necessary to enable the reader to gain a reasonable understanding of the City's financial activities. To provide a rational basis for making these representations, City management has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft or misuse, and to compile sufficient reliable information for the preparation of the CAFR.

The City prepared the CAFR using the financial reporting requirements outlined by the Governmental Accounting Standards Board (GASB) statements. Three sections were presented: the *Introductory Section*, the *Financial Section*, and the *Statistical Section*. This transmittal letter is included in the *Introduction Section*, and is designed to complement and should be read in conjunction with the Management's Discussion and Analysis (MD&A), which is included in the *Financial Section*. The MD&A provides an overview of the City's operations and how we performed financially. The auditor's opinion letter and a complete set of financial statements are also presented in the *Financial Section*. The *Statistical Section* presents historical information about the City's finances and operations, as well as our constituents and economy.

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

The CAFR is a required component of continuing disclosure to the bond holders as covenanted by certain bond issues.

Community Profile

The City of Corona is located approximately 45 miles southeast of Los Angeles in western Riverside County. The community is ideally situated at the base of the mountainous Cleveland National Forest on an alluvial plain leading down, or north to the Santa Ana River. Based on data provided by the California State Department of Finance, the City's population was 164,659 as of January 2016, among the top 30 statewide. The City limits covers approximately 39.3 square miles.

The City of Corona was established in 1886 and incorporated in 1896 under the general laws of the State of California. The City operates under a Council-Manager form of government. Five Corona citizens make up the Corona City Council and each is elected to a four-year term of office. The Mayor is appointed annually by and from the City Council. The City provides full services to its citizens, including: public safety (police and fire), streets, electric, public library, parks, community center and other public facilities, planning and zoning, public transportation (Dial-A-Ride and Corona Cruiser programs), housing and economic development programs. Water and water reclamation services are provided through the legally separate Corona Utility Authority, which functions as a department of the City of Corona. The Corona Housing Authority and the Corona Public Financing Authority are component units of the primary City government and are financially accountable by the City. Additional information on all of these legally separated entities can be found in the Notes to the Basic Financial Statements, under the Description of Reporting Entity section.

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

Demographic and Economic Information

Demographically, the City of Corona benefits from young median age, higher education levels, higher median incomes, and higher home values compared with the County and the State. As a thriving inland community, Corona is home to young families comprised of 45,790 households averaging 3.42 persons each, with median age of 33. Annual median family income is \$82,607, and 84.6% of the population possess a high school diploma or higher according to the 2010 U.S. Census data. Median home price within the City was \$430,000 as of April 2016.

The City of Corona continues to maintain its position as the premier location for businesses looking to relocate and expand. Centrally located between Riverside and Orange counties, Corona's geographic position attracts highly educated and sought after labor force. Corona continues to see economic corrections with trends moving upward. Vacancy rates in industrial, commercial, and office continue to see positive absorption. Industrial rates continue to hover at 2% while commercial vacancy has dropped to 5%. Office vacancy rates are steadily on the decline as well, currently at 12%.

New industrial development has helped to expand Corona's job market, which is now surpassing pre-recession peaks. Job growth in Corona reported a 4.0% increase with employment numbers reaching 71,050 in Fiscal Year 2015-16. Following major growth in the professional, management and technology sectors in previous years, this year's growth was primarily in the construction and financial industries. In comparison to Orange County, the job market growth rate in Corona is more than 2% higher. This growth will continue to be fueled by more than 1.7million square feet of new industrial development, which is estimated to bring an additional 2,500 jobs in the next 18 months. All of these factors have helped to reduce the unemployment rate in Corona to a mere 5.5%, about 1.1% below the Riverside County average.

Fiscal Year 2015-16 continued to see an expanding housing market with increased median home prices and average rents for multi-family communities. With limited development opportunities, Corona has seen a lack in housing stock, a key driver for price and equity increase. Much of Corona's recent residential development has been multi-family housing, with the exception of one of the newest developments, Arantine Hills, which will add over 1,600 single family units to the community. The first phase of Corona's newest urban development, Corona North Main was completed in 2012 and consisted of over 404 luxury apartments. Phase two is currently under construction and will add an additional 464 luxury units with 65,000 square feet of retail space, changing the North Main corridor into a bustling urban setting within walking distance to Riverside County's busiest Metrolink station. The Dos Lagos Community will also add a new mixed-use development consisting 250 units and 30,000 square feet of retail.

With limited opportunities for large-scale new development, Corona continues looking for opportunities for redevelopment and expansion of underutilized properties. Through its commitment to stimulate the local economy and expand its labor force, the City of Corona will continue to be the premier inland Southern California city to live, work, and play.

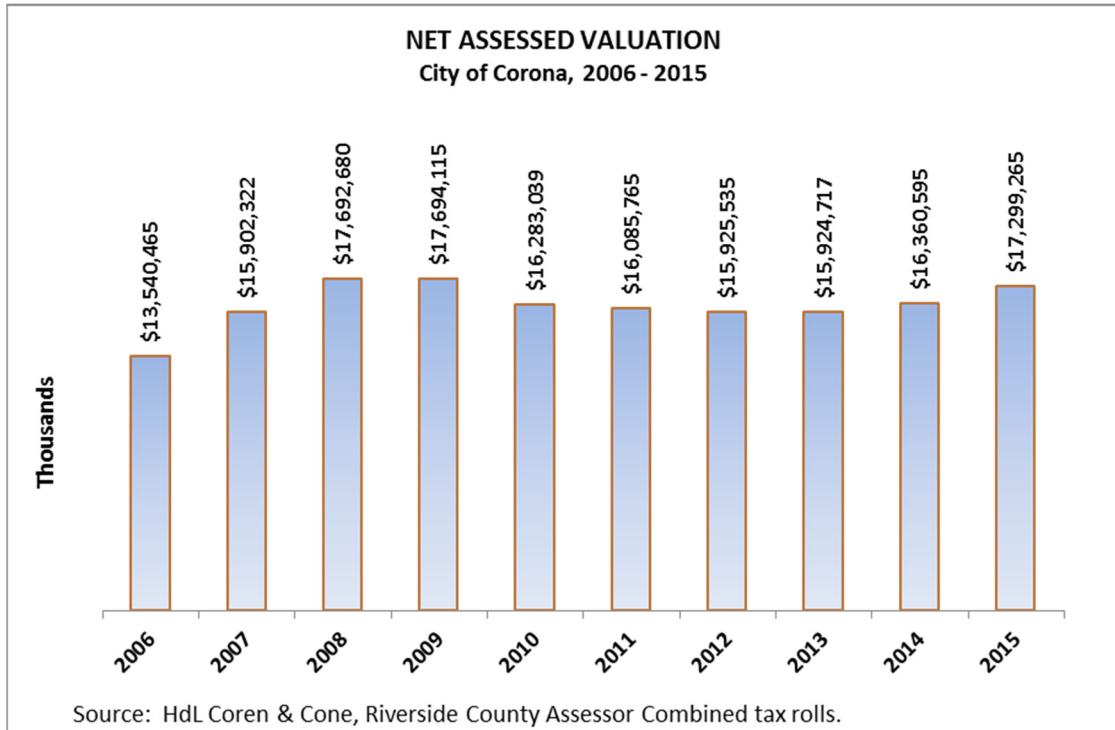
Financial Condition of the City

The information presented in the financial statements is perhaps best understood when considered in the broader context in which the City of Corona operates.

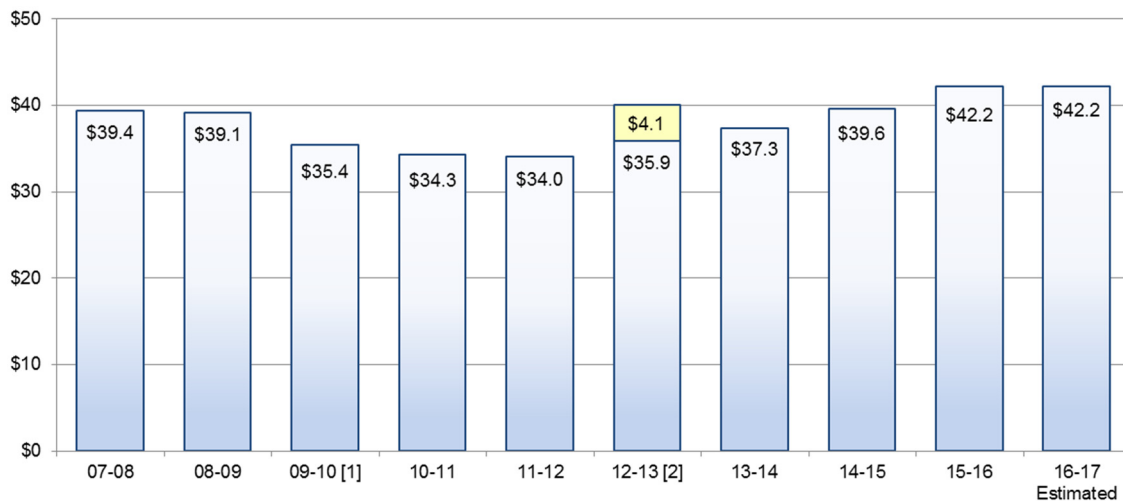
Throughout the U.S., reduced oil prices, historically low interest rates, and slower spending are keeping the Gross Domestic Product (GDP) growth rate at 1.4% in the second quarter of 2016, significantly lower than the average GDP of 3.2% from 1947 until 2016. Statewide, California's GDP had a growth of 3.3% last year, while the unemployment rate, after reaching its peak of 12.4% in 2010, has dropped to 5.8%. With projected job increases in construction, technology, professional services, and transportation and warehousing tied to international trades, the outlook for California is generally positive. The Inland Empire is expected to see continued recovery and expansion since the recession. Unemployment rate was forecasted to decrease from the current 6.6% to 5.0% in the coming year.

Corona has an unemployment rate of 5.5%, below both the State and Inland Empire average. Demographic factors in the City's favor include higher personal median incomes, a steadily increasing property tax base, and a diversified sales tax base.

Property tax continues to be the largest General Fund revenue source for the City in Fiscal Year 2015-16. Total taxable assessed valuation in Corona for the year was \$18.0 billion, representing an increase of 4.3% from the previous year. Net assessed valuation nearly reached the pre-recession peak:



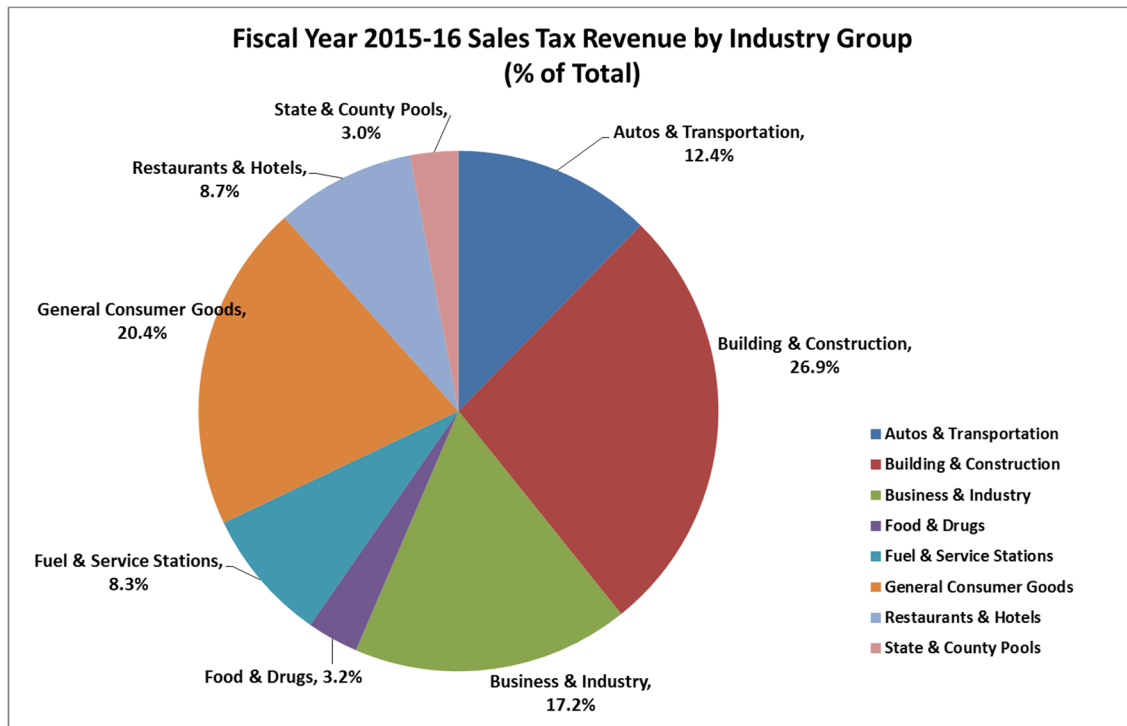
City of Corona
Historical Property Tax Revenue



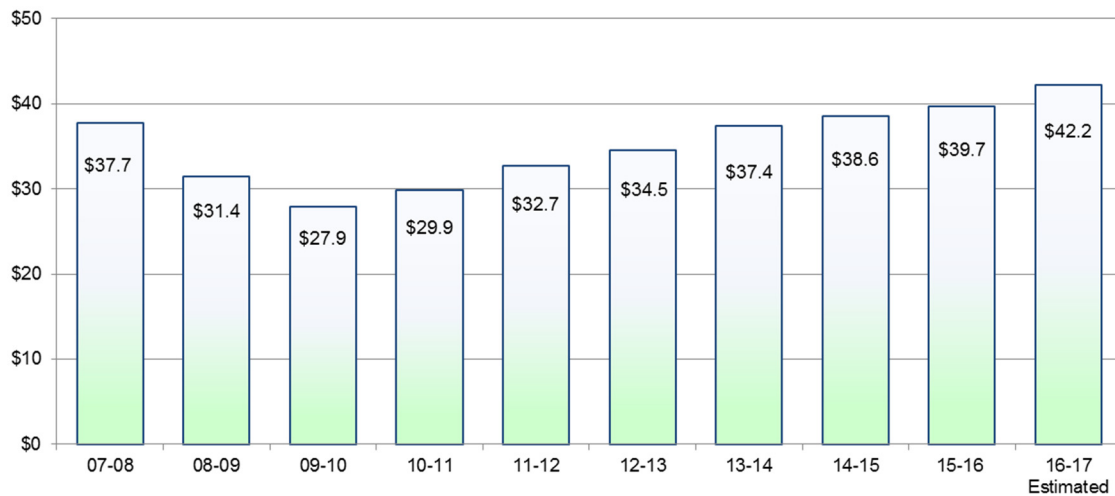
[1] FY 2009-10 Secured Property Tax adjusted for Prop. 1A securitization.

[2] FY 2012-13 includes one-time residual payment of \$4.1 million due to RDA Dissolution.

Sales tax is the other primary revenue source for the City. Taxable retail sales totaled \$3.4 billion in Fiscal Year 2015-16, an increase of 3.0% from the previous year. Consumer spending continues to be on the rise driven by the local and regional labor market growth. Much of this consumer spending is seen in the general consumer goods, automobile, hospitality and construction industries. Increased automobile sales and a strong housing market are key indicators of improved consumer confidence. The diversification of the City’s sales tax base is enviable, with no particular area of over-concentration thereby mitigating the impact of industry-specific downturns.



City of Corona Historical Sale & Use Tax Revenue



Long Term Financial Planning

Moderate economic growth and concerns on pension liabilities have left many local governments' economic outlook vulnerable to the market and credit rating agencies. The City of Corona continues to see positive rating momentum as it consistently exhibits improved fiscal governance and strong budgetary flexibility. Recent bond issues were well received when offered in the market. The revenue bonds issued in 2012 and 2013, the refunding Community Facility District bonds issued in 2014, the refunding of former Redevelopment Agency's Tax Allocation Bonds issued in 2015, and the most recent refunding of a lease revenue bond in July 2016 all received significant premiums, demonstrating investors' confidence in the City's sound fiscal management practices.

Credit ratings for many local governments have seen a reduction due to a recent accounting and reporting change on pension liability. Starting last fiscal year, governments were to report net pension liability on their financial statements. This significant liability has become a serious challenge from a credit perspective. Corona is not immune to the pressure created by the mounting municipal debt. In June 2016, the City received a credit rating from Standard & Poor's (S&P), which indicated weakness in the debt and contingent liabilities profile. Specifically, a credit weakness was the City's large pension and Other Post-Employment Benefits (OPEB) obligation. In S&P's opinion, the City lacked a plan to sufficiently address the obligation. However, due to the strong management, budgetary flexibility, liquidity, budgetary performance, as well as institutional framework, S&P affirmed the AA- long-term and underlying rating on the Corona Public Financing Authority with a stable outlook.

In an effort to address the unfunded pension and OPEB liabilities, the City has commissioned an independent public accounting and consulting firm to conduct an overall assessment on the City's fiscal health. The assessment will assist the City with considering, evaluating, and quantifying the risks associated with maintaining its current healthcare and pension benefit programs and the potential impact these programs could have on the City's sustainability. The City will leverage this assessment to evaluate the various options from a cost/benefit/risk perspective and develop an effective approach to select and implement such options.

The City has consistently applied effective fiscal management approaches to preserve revenue and reduce spending; as a result, emergency contingency reserves were increased to \$30.0 million as of June 30, 2016, equivalent to 23.1% of current year's General Fund operating expenditures. The Government Finance Officers Association (GFOA) has recommended municipalities develop and maintain a formal policy on the General Fund's contingency reserves, to ensure that financial resources are managed prudently. The recommended level was at 3 months of operating expenditures, or 25% of the annual operating budget.

The City maintains its commitment to fiscal responsibility and effective resource management. Fiscal policies and practices have been continuously reviewed, updated, and enhanced with the goal to improve the City's overall financial well-being and provide the highest level of services to our residents.

Financial Policies and Practices

Fund Balance Policy for the General Fund

The City established its reserves policy for the General Fund in June 2010, and amended it in June 2016. The emergency contingency reserve was established at \$14.3 million, with the goal to increase to three months of regular General Fund operating expenditures as recommended by the GFOA. As of June 30, 2016, the emergency contingency reserve balance was \$30.0 million.

Zero-Based Budgeting

The City has been following the General Fund Expenditure Control Budget (ECB) guidelines for 22 years. Fiscal Year 2015-16 was the last year using this new budget methodology. We launched zero-based budgeting for the development of the Fiscal Year 2016-17 budget. Zero-based budgeting is an effective process that organizations use to rigorously review every dollar in the annual budget, constantly manage financial performance, and build a culture of cost management among all departments. It is based on developing deep visibility into cost drivers and using that visibility to set aggressive, yet credible, budget targets. The annual budgeting process starts from zero and is very detailed, structured, and interactive in order to facilitate meaningful financial discussion among all departments and establish priorities with all stakeholders. Our goal is to achieve significant and sustainable savings, while delivering productivity and service level improvements.

Debt Policy and Procedures

The City of Corona, following the best practice guidelines for debt management published by the GFOA, develops and maintains a formal Debt Policy and Procedures to ensure that debt is issued and managed prudently. The purpose of this policy is to standardize the parameters for debt issuance and management, improve the quality of decisions, provide guidance for the structure of debt issuance to ensure the most prudent, equitable, and cost-effective method of financing is chosen, and demonstrate a commitment to long-term capital and financial planning. The current policy was reviewed and approved by the City Council in September 2015.

Investment Policy

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

Major Initiatives

Reducing unfunded liability, funding infrastructure improvements, enhancing public safety, and promoting economic development are the major initiatives the City has been striving for.

We are undertaking a comprehensive review of our pension and other post-employment benefit liabilities in relation to the overall City's fiscal health. A final report is expected to be delivered in December 2016, which will assist the City in formulating effective strategies to reduce these unfunded liabilities and create financial stability in the years to come.

In Fiscal Year 2016-17, the City's new Capital Improvement Projects (CIP) totaled \$51.1 million. This amount covers a wide range of categories including buildings and facilities, roads, bridges, street lighting and traffic signals, storm drainage, parks, and water and water reclamation utilities. The City is also leveraging the housing market conditions to encourage developer financed infrastructure programs.

During the year, a Citywide Community Facility District (CFD) for public services was formed (CFD 2016-1). This CFD will provide a funding mechanism to meet the increased public service demand due to new developments. Special taxes will be levied on the newly developed properties to help with funding the increased public service level requirements.

Business development, attraction, and retention are the central tenets of the City's economic development platform. The City's vision is to create a balance between quality of life, employment creation, and taxable sales generation so that the community can continue to be a desirable place to live and conduct business. Our unique economic development program has become a benchmark for other communities. Corona was named as a 2016 winner of the Atlas High Performance Economic Development Award, and received a Bronze Excellence in Economic Development Award in September 2016 from the International Economic Development Council (IEDC).

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to the City of Corona for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2015. This was the 26th consecutive year that the City has received this prestigious award. The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management.

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

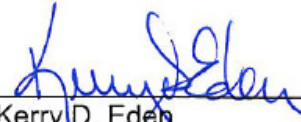
The preparation of the CAFR on a timely basis was made possible by the efficient and dedicated service of the staff in Finance; especially Theresa Dailey, Lien-Chi Cantuba, and Patricia Song. Staff members have our sincere appreciation for their contributions to this report. We also acknowledge the assistance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

We thank the Mayor, City Council, and the City's executive management team for their strong leadership and support of the financial operations of the City and for maintaining the highest standards of professionalism in managing the City's finances for the best interest of the citizens of Corona.

Respectfully submitted,



Darrell Talbert
City Manager



Kerry D. Eden
Assistant City Manager/ Administrative
Services Director



CITY OF CORONA

Elected Officials and Executive Management

Elected Officials

- JASON SCOTT Mayor
DICK HALEY Vice Mayor
RANDY FOX Councilmember
EUGENE MONTANEZ Councilmember
KAREN SPIEGEL Councilmember
- AARON HAKE City Treasurer

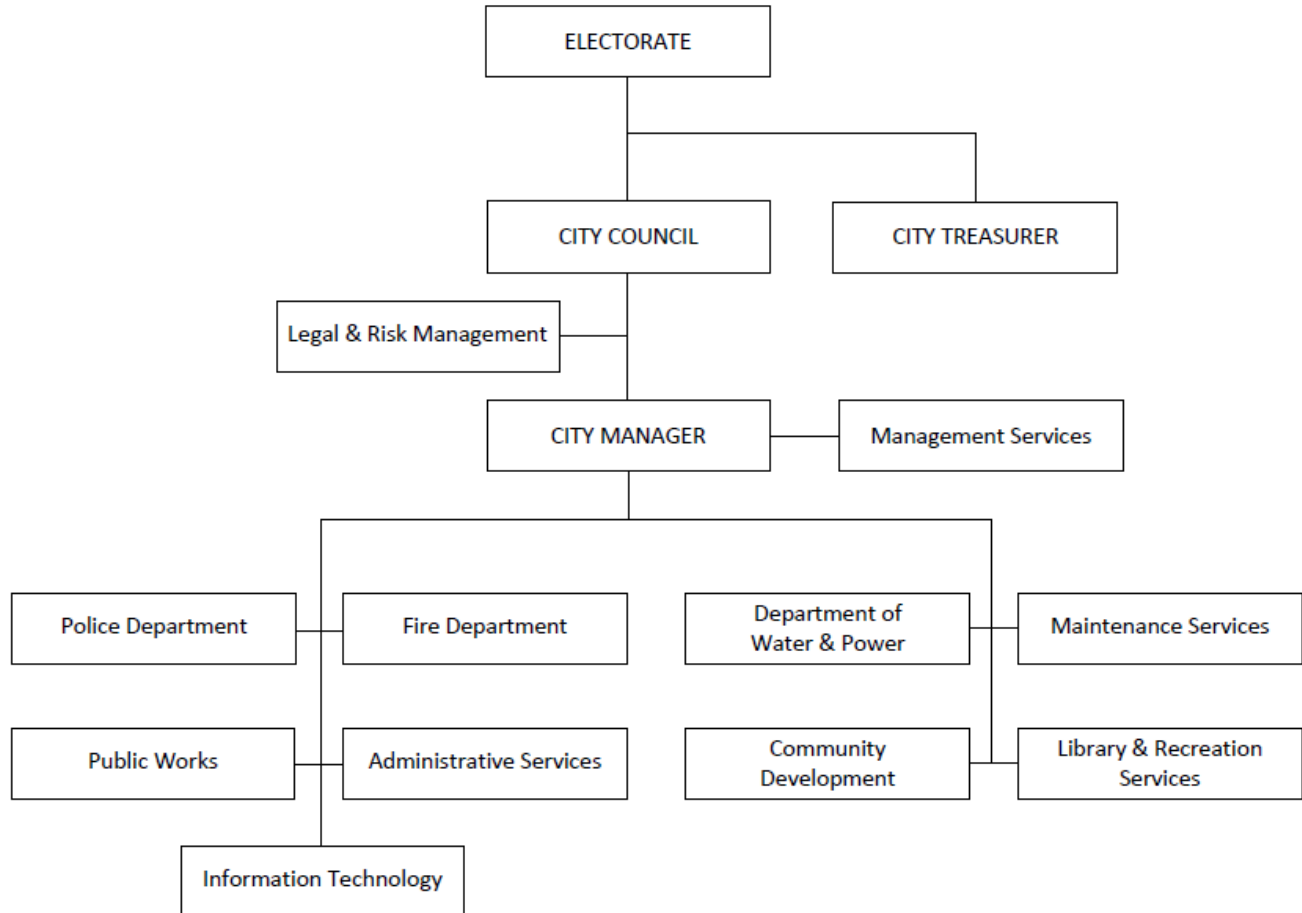
Executive Management

- DARRELL TALBERT City Manager
DEAN DERLETH City Attorney and Legal and Risk Management Director
KERRY D. EDEN Assistant City Manager/Admin Services Director
MICHAEL E. ABEL Chief of Police and Assistant City Manager
- JOANNE COLETTA Community Development Director
JONATHAN DALY General Manager
DAVID DUFFY Fire Chief
CHRIS MCMASTERS Chief Information Officer
DAVID MONTGOMERY-SCOTT Library and Recreation Services Director
NELSON NELSON Public Works Director



CITY OF CORONA

Organizational Chart







INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Corona, California, (the City) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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



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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Corona, California, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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



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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2016 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Lance, Solt & Lughard, LLP

Brea, California
November 3, 2016





MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2016

The City of Corona's Finance team has prepared this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2016, to assist users of this report to gain a better understanding of the City's financial health and history. The information presented here should be considered in conjunction with additional information furnished in the letter of transmittal and the accompanying basic financial statements.

FINANCIAL HIGHLIGHTS

The City of Corona's financial statements prepared for the fiscal year ended June 30, 2016 comply with all applicable statements issued by the Governmental Accounting Standards Board (GASB). GASB Statement No. 72, Fair Value Measurement and Application took effect during the year. The Statement requires the City to report its investment by three types, and at fair value. The implementation of this statement will enhance comparability of financial statements among governments with consistent standards.

Government-Wide

- The City's total assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at June 30, 2015 by \$1.0 billion (*net position*).
- The overall City's net position increased by \$55.1 million from the previous fiscal year. Total assets increased by \$19.5 million, total liability decreased by \$17.1 million, combined with an increase in deferred outflows in the amount of \$3.6 million, and a decreased in deferred inflows in the amount of \$15.0 million related to the recognition of net pension liability, net position of the City saw an increase of 5.8% from the prior year.
- Total expenses for governmental activities were \$154.6 million for Fiscal Year 2015-16. The sources for these expenses came from program revenues of \$89.2 million, taxes in the amount of \$91.2, and other general revenue of \$15.3 million. For the current year, revenues from governmental activities exceeded expenses by \$41.1 million, net against a beginning balance restatement of \$(2.6) million, net position for governmental activities increased by \$38.5 million from the previous year.
- For business-type activities, program revenues exceeded expenses by \$14.7 million. Of the \$109.4 million of total program revenues, \$97.3 million was from charges for services, \$5.1 million from operating grants and contributions, and the remaining \$7.0 million represents capital grants and contributions. Combined with investment earnings of \$1.8 million, net position for business-type activities increased by \$16.6 million from the previous year.

CITY OF CORONA

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED) YEAR ENDED JUNE 30, 2016

Fund Based

- As of the end of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$169.6 million, an increase of \$3.4 million from the previous year. The net increase was primarily due to current year's revenues exceeded expenditures by \$2.8 million.
- Of the total fund balance for all governmental funds, \$102.7 million, or 60.6% are either non-spendable or restricted due to the nature of the restriction. An additional amount of \$33.5 million was committed in the fund balance, including \$30.0 million committed to emergency contingencies, and \$3.5 million in designated revenues. In addition to \$(0.1) million as unassigned fund balance, there were \$33.5 million assigned to specific City programs and projects. Please refer to Note 15 for additional information on the categorization of the governmental funds' fund balances.

OVERVIEW OF THE FINANCIAL STATEMENTS

Government-Wide Financial Statements

The government-wide financial statements are designed to give users a broad overview of the City's finances, in a manner similar to that of a private-sector business. They present the financial picture of the City from the economic resources measurement focus using the accrual basis of accounting.

There are two statements in the government-wide financial statements, the statement of net position, and the statement of activities. The statement of net position presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. The net difference between the total of assets and deferred outflows and the total of liabilities and deferred inflows is reported as net position. Increases or decreases in net position over time may serve as a useful indicator of whether the City's financial position is improving or deteriorating. Other factors to consider are changes in the City's property tax base and the condition of the City's infrastructure assets. The statement of activities shows how the City's net position changed during the fiscal year.

Both of the government-wide financial statements distinguish between functions that are mainly supported by taxes and intergovernmental revenues, and functions that are intended to recover all or a significant portion of their costs through user fees and charges. The first function is identified in the statements as governmental activities, while the latter is reported as business-type activities.

Most of the City's basic services are reported in the governmental activities category, including the General Government, Fire, Police, Public Works and Maintenance Services, Library and Recreation Services, Community Development, and Economic Development. Property and sales taxes, franchise fees, business tax, investment income, and state and federal grants finance these activities. The City operates its Water and Water Reclamation utilities through its component unit, the Corona Utility Authority. These activities are reported in the business-type activities category along with Electric, Transit and Airport services.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
YEAR ENDED JUNE 30, 2016

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

Fund Financial Statements

A fund is a set of related accounts that is used to control resources that have been segregated to carry on specific activities or to attain certain objectives in accordance with special regulations, restrictions, or limitations. The City, like the state and other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All City funds are divided into one of three categories: governmental funds, proprietary funds, or fiduciary funds.

The governmental fund financial statements are prepared using the current financial resources measurement focus and modified accrual basis of accounting. The proprietary and fiduciary activities are prepared using the economic resources measurement focus and the accrual basis of accounting.

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

Governmental funds

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

Proprietary funds

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

Fiduciary funds

The City is the trustee, or fiduciary, for certain funds held to account for activities reported in this category which includes the Successor Agency, the AB109 PACT Fund, and the special taxes and assessments districts. The City's fiduciary activities are reported in separate statements of fiduciary net position, statement of changes in fiduciary net position (trust fund only), and combining statement of net position and combining statement of changes in assets and liabilities (agency funds only).

Notes to Basic Financial Statements

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

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* on the City's budget process and the General Fund and major special revenue fund budgetary comparison schedules, the modified approach for the City's street infrastructure assets, and the City's progress in funding its obligation to provide pension benefits to its employees.

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

GOVERNMENT- WIDE FINANCIAL ANALYSIS

The government-wide financial analysis focus on the City's net position and changes in net position of the governmental and business-type activities during the fiscal year.

As noted earlier, the City's net position as a whole increased by \$55.1 million from the previous year. The enhancement in financial position was primarily due to total revenue for the year exceeded expenses by \$57.7 million. Adding a restatement of (\$2.6) million to the beginning balance, government-wide net position reported \$1.0 billion as of June 30, 2016.

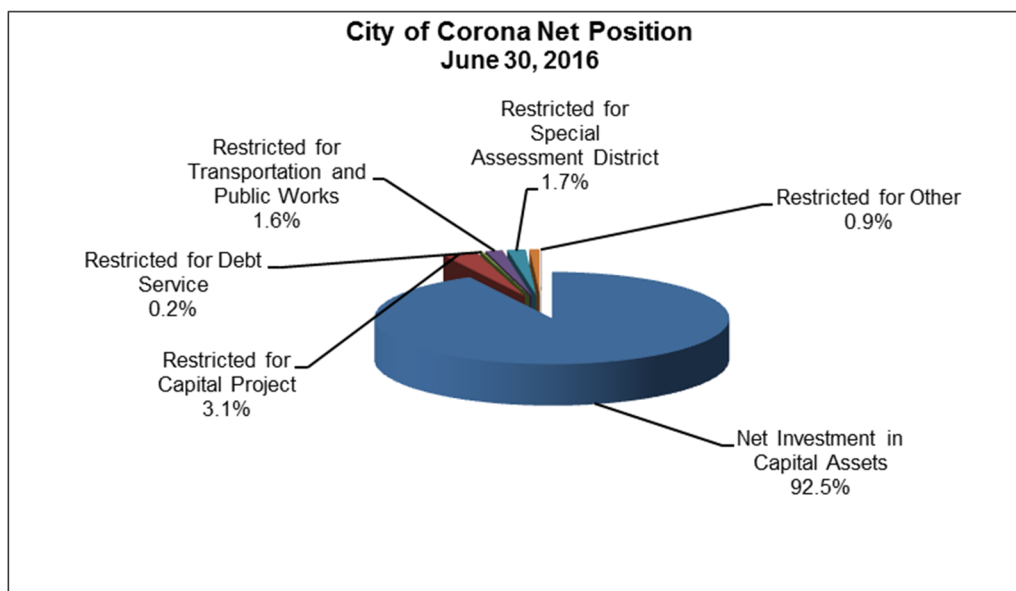
Of the total net position, 92.5%, or \$931.5 million were invested in capital assets, net of related debt. These capital assets include land, buildings, machinery and equipment, water and water reclamation rights, and infrastructure. These assets are used to provide services to the citizens of the City, and 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.

The other 7.5% or \$76.0 million reported in the government-wide net position represents various resources subject to external restrictions on how they may be used.

CITY OF CORONA

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
 YEAR ENDED JUNE 30, 2016

The graph below demonstrates the components of the City's net position at fiscal year ended June 30, 2016.



The schedule below is a condensed version of the City's statement of net position for fiscal year ended June 30, 2016 with comparative data from the previous fiscal year:

City of Corona's Net Position
 (in millions)

	Governmental activities		Business-type activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 226.5	\$ 236.0	\$ 121.9	\$ 134.3	\$ 348.4	\$ 370.3
Internal balances	183.8	174.0	(183.8)	(174.0)	-	-
Capital assets	666.4	638.1	398.8	385.7	1,065.2	1,023.8
Total assets	1,076.7	1,048.1	336.9	346.0	1,413.6	1,394.1
Deferred Pension Related Items	22.8	19.1	0.9	1.1	23.7	20.2
Total deferred outflows	22.8	19.1	0.9	1.1	23.7	20.2
Long-term debt	47.5	50.3	86.3	107.5	133.8	157.8
Net pension liability	191.1	178.8	14.4	13.9	205.5	192.7
Other liabilities	62.9	64.5	12.6	16.9	75.5	81.4
Total liabilities	301.5	293.6	113.3	138.3	414.8	431.9
Deferred Pension Related Items	14.1	28.2	0.9	1.8	15.0	30.0
Total deferred inflows	14.1	28.2	0.9	1.8	15.0	30.0
Net investment in capital assets	619.0	587.8	312.5	286.0	931.5	873.8
Restricted	68.5	67.4	7.8	13.8	76.3	81.2
Unrestricted	96.4	90.2	(96.7)	(92.8)	(0.3)	(2.6)
Total net position	\$ 783.9	\$ 745.4	\$ 223.6	\$ 207.0	\$ 1,007.5	\$ 952.4

CITY OF CORONA

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
YEAR ENDED JUNE 30, 2016

Below is a comparison of the City's revenues and expenses for the current and prior year.

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

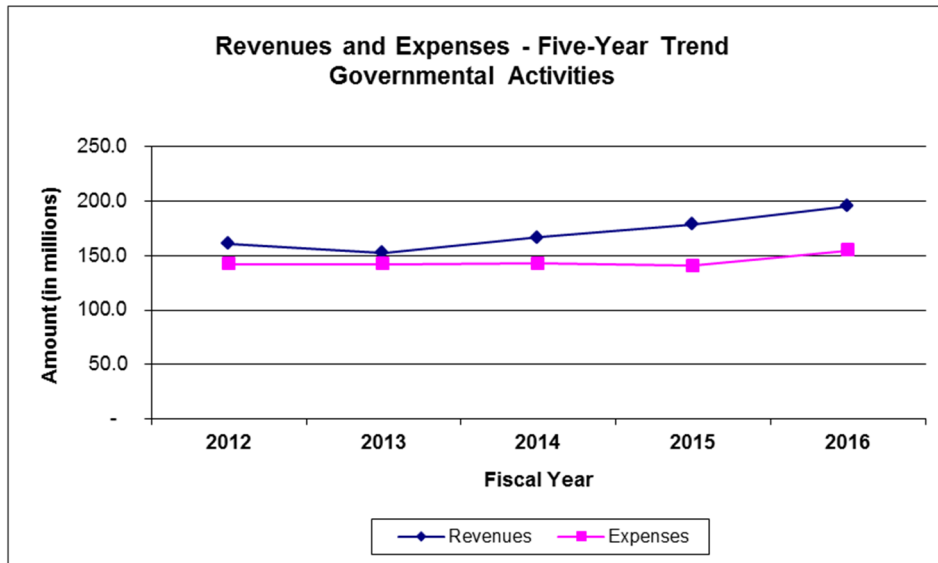
	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program Revenues:						
Charges for Services	\$ 35.2	\$ 38.6	\$ 97.3	\$ 100.8	\$ 132.5	\$ 139.4
Operating Grants and Contributions	13.5	11.8	5.1	4.2	18.6	16.0
Capital Grants and Contributions	40.5	27.2	7.0	13.5	47.5	40.7
General Revenues:						
Taxes:						
Property Taxes	42.2	38.6			42.2	38.6
Sales and Use Taxes	39.7	36.6			39.7	36.6
Other Taxes	9.3	10.6			9.3	10.6
Lease and Rental Income	7.4	9.8			7.4	9.8
Investment Earnings	3.2	2.0	1.8	0.9	5.0	2.9
Other	4.7	3.7			4.7	3.7
Total Revenues	195.7	178.9	111.2	119.4	306.9	298.3
Expenses:						
General Government	27.4	24.5			27.4	24.5
Public Safety - Fire	24.5	24.1			24.5	24.1
Public Safety - Police	44.3	42.9			44.3	42.9
Public Works & Maintenance Services	39.7	33.5			39.7	33.5
Library and Recreation Services	6.5	6.6			6.5	6.6
Community Development	5.9	3.8			5.9	3.8
Economic Development	4.4	3.1			4.4	3.1
Interest on Long-term Debt	1.9	2.0			1.9	2.0
Water			51.2	55.7	51.2	55.7
Water Reclamation			25.0	26.5	25.0	26.5
Electric			15.5	15.2	15.5	15.2
Transit Services			2.7	2.5	2.7	2.5
Airport			0.2	0.3	0.2	0.3
Total Expenses	154.6	140.5	94.6	100.2	249.2	240.7
Extraordinary Items - Successor Agency		5.0			-	5.0
Change in net position	41.1	43.4	16.6	19.2	57.7	62.6
Net position - beginning of year	745.4	897.6	207.0	202.8	952.4	1,100.4
Restatement	(2.6)	(195.6)		(15.0)	(2.6)	(210.6)
Net position - end of year	\$ 783.9	\$ 745.4	\$ 223.6	\$ 207.0	\$ 1,007.5	\$ 952.4

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
YEAR ENDED JUNE 30, 2016

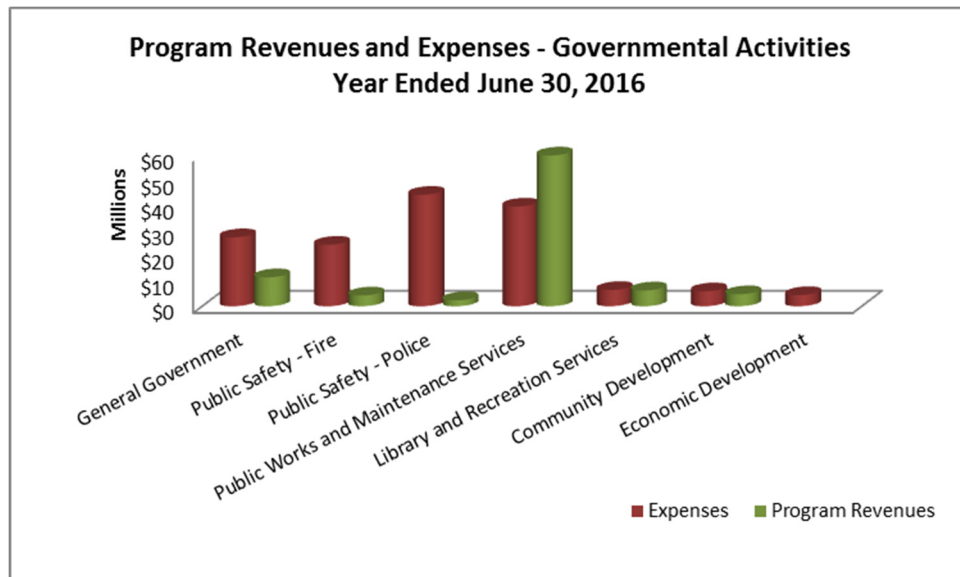
Governmental Activities

Total resources available during the year to finance governmental operations were \$938.5 million. This amount consists beginning net position of \$742.8 million, which includes a restatement of \$(2.6) million, program revenues of \$89.2 million, and general revenues of \$106.5 million. Total uses in governmental activities during the year were \$154.6 million; thus, net position for governmental activities increased by \$41.1 million and ended at \$783.9 million as of June 30, 2016.

The chart below presents governmental activity revenues and expenses for the past five years:



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



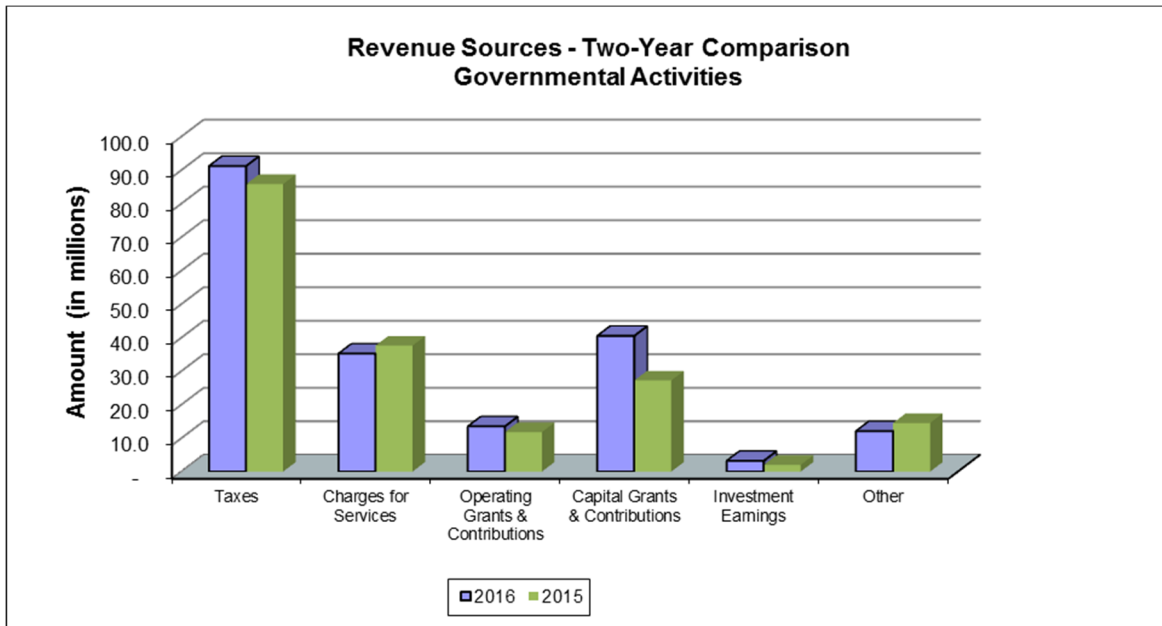
CITY OF CORONA

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
YEAR ENDED JUNE 30, 2016

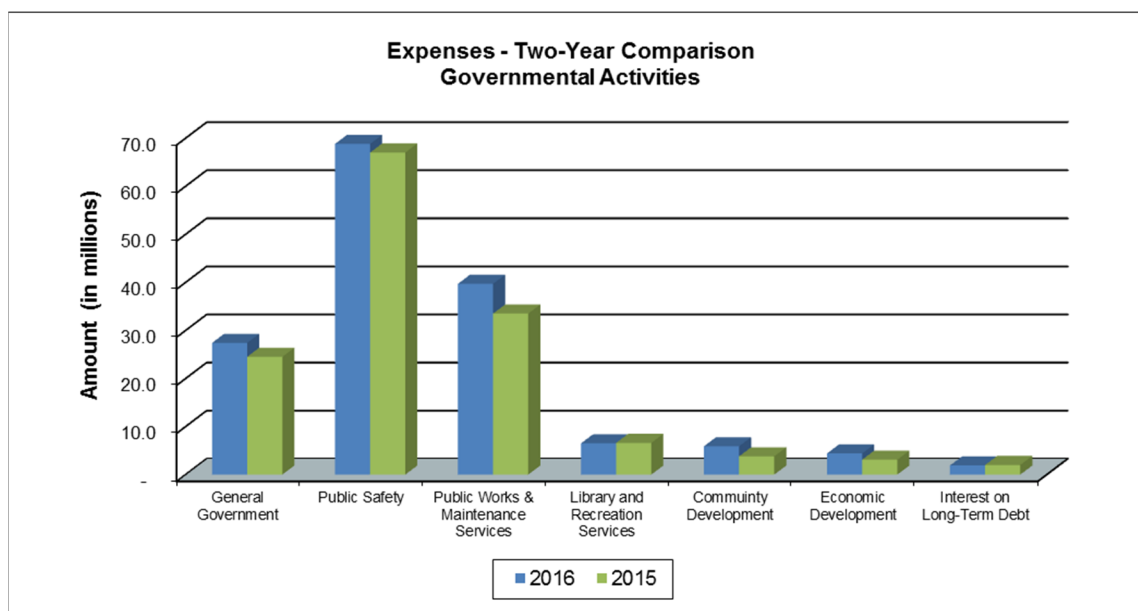
General government support services (administration, legal, human resources, financial, and information technology) are primarily funded by charges to the direct operating functions they support through a cost allocation program. The public safety functions (police and fire) generate program revenues as well, but property taxes, sales tax and other General Fund revenues fund the majority of its costs. The public works and maintenance services program is responsible for maintenance and construction of transportation system, with funding provided by gas tax, Measure A, various federal, state and local grants, and special assessment and other General Fund revenues. The funding source for library and recreation is general taxes and some program fees. Community Development and Economic Development functions are funded by development related revenues as well as general tax revenues.

The cost of all governmental activities for fiscal year ended June 30, 2016 was \$154.6 million, increased by \$14.1 million or 10.0% from the previous year. As shown in the statement of activities, the amount the taxpayers ultimately funded for these activities was \$65.4 million, the remaining \$89.2 million was paid by various program revenues, including \$35.2 million by those who directly benefited from the programs, \$13.5 million from other governments and organizations that subsidized certain programs with operating grants and contributions, and \$40.5 million from capital grants and contributions.

The following two charts illustrate the total revenue and expense for the governmental activities, excluding transfers for the fiscal years ended June 30, 2016 and 2015 respectively.



MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
 YEAR ENDED JUNE 30, 2016



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

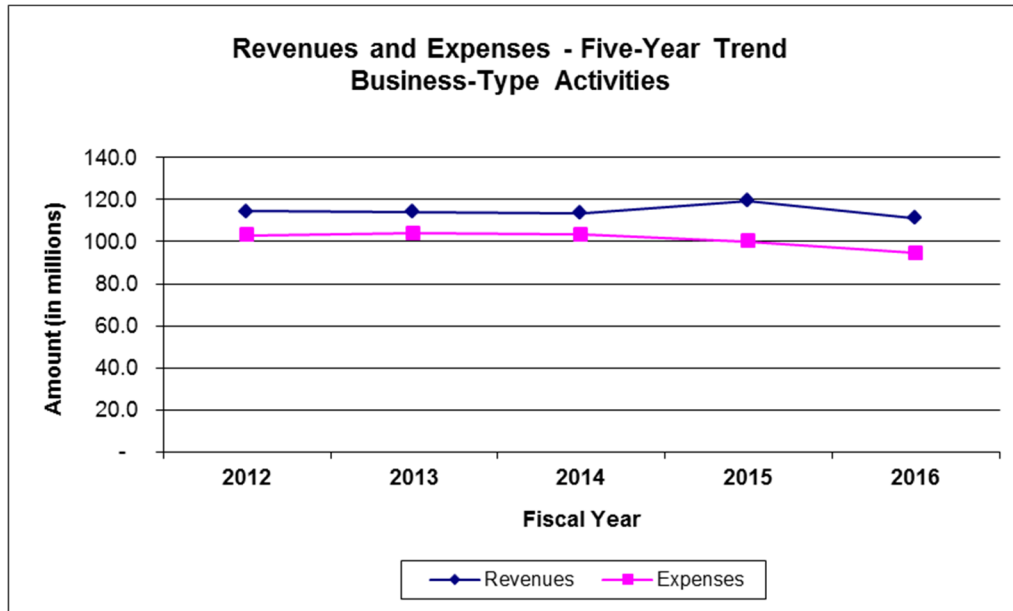
- Program revenues represent 45.6% of total revenues generated by governmental activities. This was an increase of \$11.6 million from the previous year. Largest increase was seen in the capital grants and contributions category, amounted to \$13.3 million, due to reimbursement received during the year on several major capital improvement projects, including Foothill Parkway Easterly Improvements, Auto Center Drive Grade Separation, and I-15 Freeway and Cajalco Interchange Upgrade.
- Taxes comprised 46.6% of the total revenues from governmental activities. Of the total tax revenues of \$91.2 million, 46.3% were property taxes, and 43.5% were sales and use taxes. The remaining 10.2% were comprised of franchise fee, business license tax, transient occupancy tax, and dwelling development fee.
- Comparing to the prior year, property taxes increased by \$3.6 million to \$42.2 million. Assessed valuation and delinquency both showed improvement from prior year, resulted in the 9.3% increase.
- Sales and use taxes were the second largest revenue source in governmental activities. For the fiscal year ended June 30, 2016, total sales and use taxes reported \$39.7 million, an increase of \$3.1 million from the previous year. A one-time Trip Flip unwinding in the amount of \$4.7 million was included in the current year's sales and use tax revenues.
- Overall governmental expenses increased by \$14.1 million, or 10.0% comparing to the previous year. General Government spending increased by \$2.9 million, mostly attributable to the increase in Other Post-Employment Benefit (OPEB) cost; cost for Public Works and Maintenance Services increased by \$6.2 million to catch up with previously deferred maintenance; Community Development had seen an increase in third party plan check costs for approximately \$2.1 million, these additional costs were reimbursed by developers; an increase in the amount of \$1.3 million reported in Economic Develop reflected increased cost of various development agreements.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
 YEAR ENDED JUNE 30, 2016

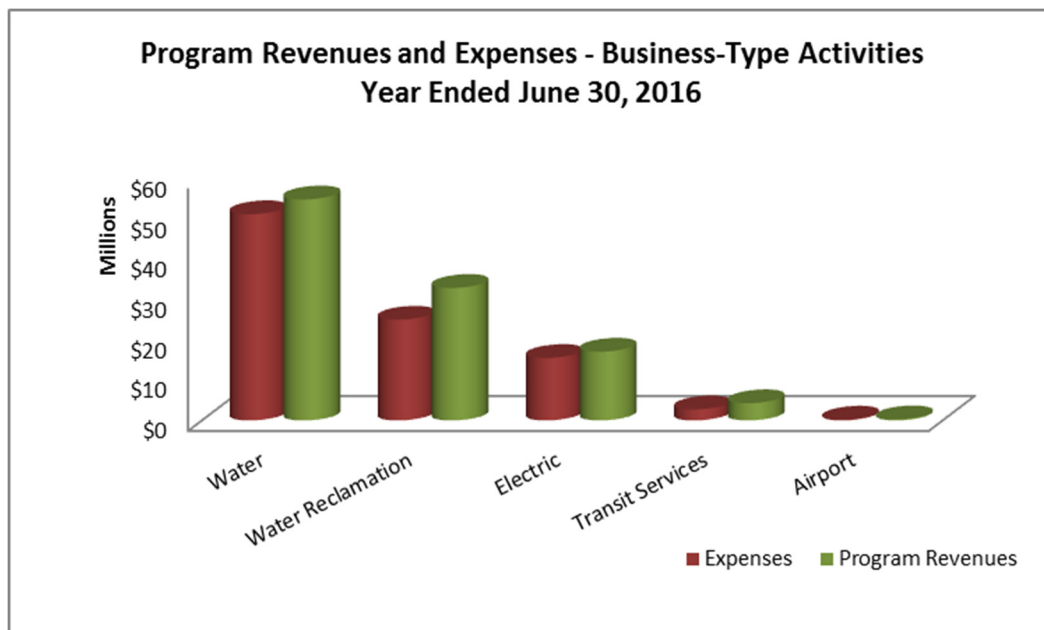
Business-Type Activities

The City's net position in the business-type activities increased by \$16.6 million. Primary contributors to the increase was a \$12.0 million net operating surplus, added a restatement of \$4.6 million to the beginning net position, overall net position reported in the business-type activities was \$223.6 million as of June 30, 2016.

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



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



CITY OF CORONA

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
YEAR ENDED JUNE 30, 2016

Total expenses of all business-type activities for the fiscal year ended June 30, 2016 were \$94.6 million, decreased by \$5.6 million from the previous fiscal year. As shown in the statement of activities, the amount paid by users of the systems was \$97.3 million, reported as charge for services. Revenues from operating grants and contributions were \$5.1 million, and capital grants and contributions were \$7.0 million. Total program revenue reported for the year was \$109.4 million.

Total resources available during the year to finance business type activities were \$322.8 million. This amount consists net position at July 1, 2015 in the amount of \$207.0 million, program revenues of \$109.4 million, and general revenues of \$1.8 million. After funding total expenses of \$94.6 million, net position for business-type activities increased by 16.6 million to \$223.6 million at June 30, 2016.

Comparing to the previous year, major changes in revenue sources and expenses for the business-type activities include:

- Charges for services decreased by \$3.5 million, primarily due to the implementation of Statewide water conservation efforts. Accordingly, cost for providing the water and water reclamation services (expenses) fell by \$4.5 million and \$1.5 million correspondingly.
- Revenues from capital grants and contributions decreased by \$6.5 million comparing to the prior year. The City received several major grants in the previous years for a few capital projects, including the Ion Exchange – Resin Treatment Plant and Reclaimed Waterline Retrofit. As these project progress and grants closing out, revenues from capital grants and contribution showed significant decrease.

FUND FINANCIAL ANALYSIS

General Fund

The General Fund is the primary operating fund of the City. Fund balance increased by \$1.9 million for the fiscal year ended June 30, 2016, with an ending balance of \$100.8 million.

Below is a three-year trend analysis on the fund balance of the General Fund. For additional information, please refer to Note 15 in the accompanying financial statements.

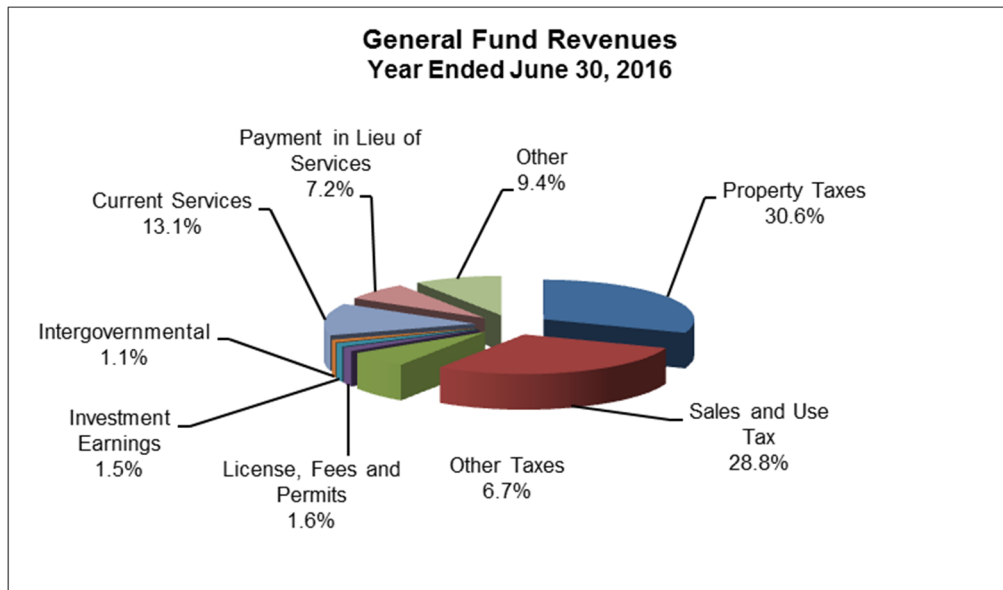
City of Corona's General Fund Fund Balance
Three-Year Trend Information
(in millions)

	<u>FY 2015-16</u>	<u>FY 2014-15</u>	<u>FY 2013-14</u>
Fund Balances:			
Nonspendable	\$ 34.1	\$ 24.4	\$ 23.6
Committed	33.5	23.8	23.5
Assigned	33.2	50.7	44.7
Total Fund Balance	<u>\$ 100.8</u>	<u>\$ 98.9</u>	<u>\$ 91.8</u>
Fund Balance - Beginning	\$ 98.9	\$ 91.8	\$ 86.9
Excess Revenues Over Expenditures	(0.3)	4.8	1.4
Transfers	2.3	2.3	3.5
Restatement	(0.1)		
Fund Balance - Ending	<u>\$ 100.8</u>	<u>\$ 98.9</u>	<u>\$ 91.8</u>

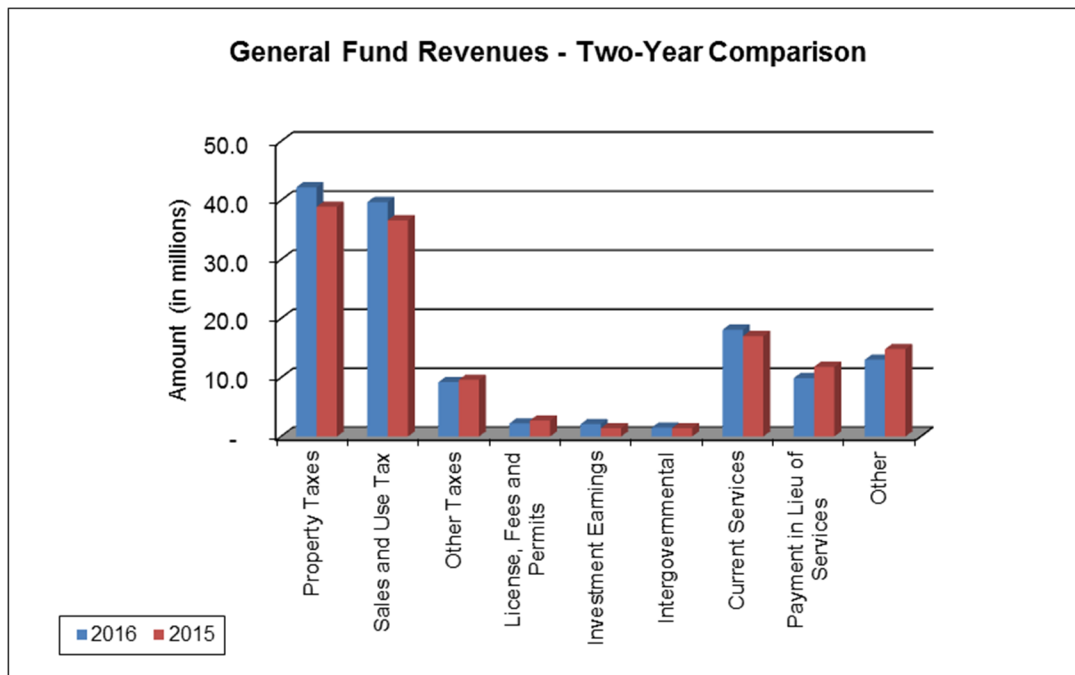
CITY OF CORONA

**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
YEAR ENDED JUNE 30, 2016**

The graph below illustrates General Fund revenues by major sources:



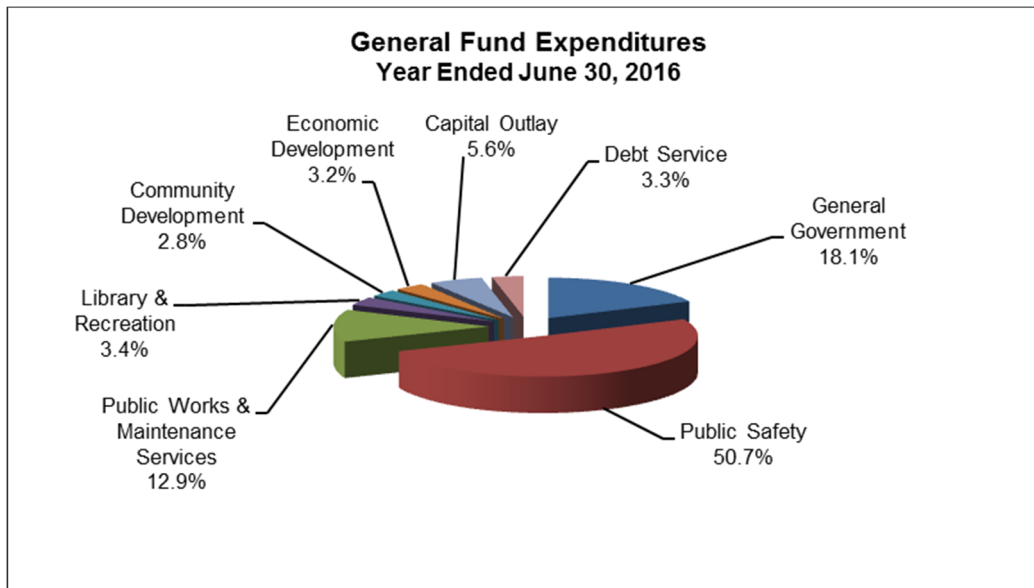
A two-year comparison of each General Fund revenue source for the fiscal years ended June 30, 2016 and 2015 is presented below:



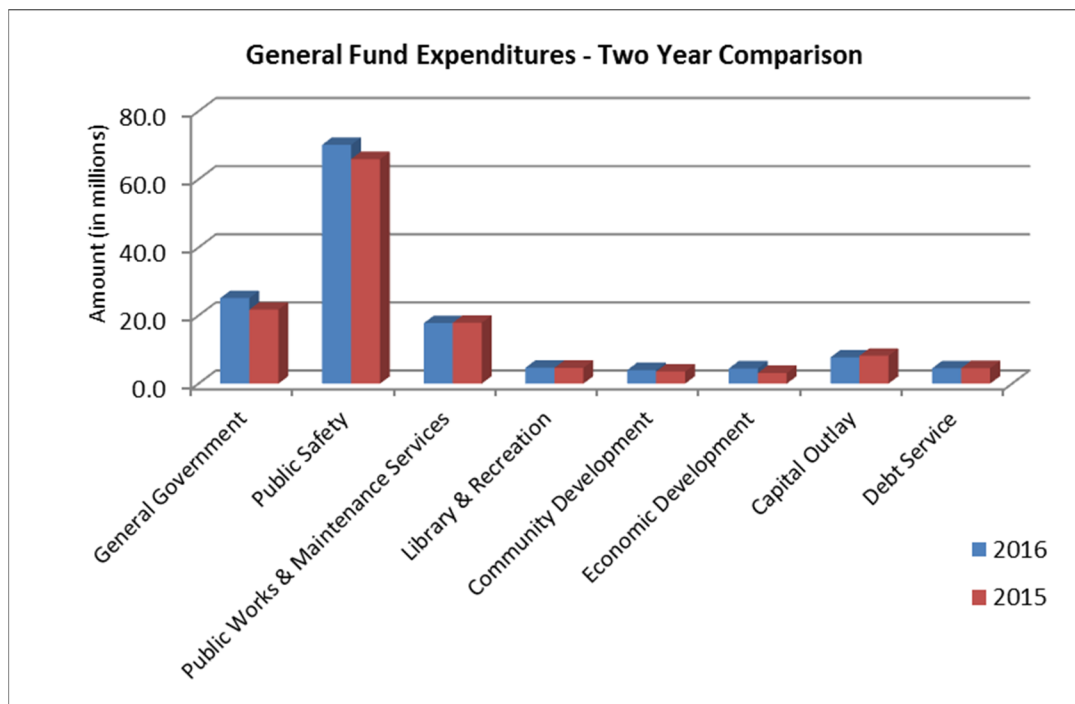
CITY OF CORONA

**MANAGEMENT’S DISCUSSION AND ANALYSIS (CONTINUED)
YEAR ENDED JUNE 30, 2016**

The graph below illustrates General Fund expenditures by category:



A two-year comparison of each General Fund expenditure category for the fiscal years ended June 30, 2016 and 2015 is presented below:



CITY OF CORONA

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED) YEAR ENDED JUNE 30, 2016

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

- Property tax, sales tax and other taxes increased by a total of \$6.0 million or 7.1% from the previous year primarily due to increased assessed valuation and a one-time trip flip unwinding payment of \$4.7 million.
- Revenues from License, Fees and Permits contributed \$2.2 million to the General Fund in Fiscal Year 2015-16, represented 1.6% of total General Fund revenue.
- Incoming transfers of \$2.4 million were primarily from the Gas Tax special revenue fund, Development special revenue fund, and Fleet Operations and Warehouse internal service fund for reimbursements of project costs and internal service charges.
- Public safety expenditure increased by \$4.2 million comparing to the previous fiscal year primarily due to salary increase negotiated in the prior years.
- Expenditures reported in Economic Development increased by \$1.3 million due to increased cost of various development agreements.

Other Major Governmental Funds

The fund balance for the Development special revenue fund had an increase of \$3.1 million from the previous year as a direct result of increased development related revenues such as fees, permit, and developer impact fee revenues. License, Fees and Permit revenue collected in the Development special revenue fund during the year was \$4.9 million, represented 86.3% of total revenue of the fund.

Measure A special revenue fund received over \$18.8 million in grant revenue during the year. Among which \$15.1 million was from Measure A Reginal Arterial (MARA) funds. The funds were for reimbursement of the City's Foothill Parkway Easterly Improvement project. Total project cost is estimated to be \$51.5 million, funded by Measure A, MARA, TUMF, and City funds.

The Low/Mod Income Housing Asset capital project fund reported a fund balance of \$21.7 million, consistent with the previous year. The fund balance represented \$12.9 million in long-term receivables from the Successor Agency and \$5.7 million in land held for resale, as well as \$3.2 million in cash. The land inventories were approved by the State Department of Finance as Housing assets on September 7, 2012, therefore, the City's Housing Successor has 5 years since then to either develop these properties into affordable housing units, or liquidate them and deposit the funds to the Low and Moderate Income Housing Asset Fund.

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, 2016, net capital assets totaled \$666.4 million and \$398.9 million for the governmental and the business-type activities respectively. Depreciation on capital assets is recognized in the government-wide financial statements. Please refer to Note 7 of the accompanying financial statements for additional information.

CITY OF CORONA

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
YEAR ENDED JUNE 30, 2016

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

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

The City policy is to achieve an average rating of 71, or “Good” condition for all streets. The average rating for the City’s streets at June 30, 2016 was 73, slightly increased from the previous assessment result of 72. The City is continuously taking action to prevent deterioration through an on-going street rehabilitation program funded in the Capital Improvement Program. The program is formulated based on deficiencies identified as part of the City’s Pavement Management System (PMS). It includes short-term maintenance activities such as pothole patching, street sweeping, and crack sealing. The City expended \$12.4 million on street maintenance during the current fiscal year. These expenditures delayed deterioration and maintained the street condition from the previous assessment. The City has estimated that the amount of annual expenditures required maintaining the current average PCI rating of 73 through the year 2019 is a minimum of \$4.8 million. Please refer to the Required Supplementary Information section of the accompanying financial statement for additional information on the City’s Pavement Management Program.

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

	City of Corona's Capital Assets					
	Net of Depreciation (in millions)					
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 65.2	\$ 65.0	\$ 5.4	\$ 5.3	\$ 70.6	\$ 70.3
Streets	178.5	178.5			178.5	178.5
Buildings and improvements	113.9	111.9	54.0	54.9	167.9	166.8
Machinery and equipment	8.8	7.9	37.1	36.9	45.9	44.8
Infrastructure	194.9	199.4	240.7	232.1	435.6	431.5
Construction in progress	104.9	75.4	42.0	36.9	146.9	112.3
Intangible assets	0.2		19.7	19.6	19.9	19.6
Total Capital Assets	\$ 666.4	\$ 638.1	\$ 398.9	\$ 385.7	\$ 1,065.3	\$ 1,023.8

CITY OF CORONA

**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
YEAR ENDED JUNE 30, 2016**

DEBT ADMINISTRATION

The City continued its efforts to reduce its long-term debt obligation. During the current year, the City called the entire outstanding balance of the 2005 Clearwater Cogeneration Certificates of Participation in the amount of \$23.8 million. The \$3.0 million Assessment District No. 90-1 Improvement Bonds were also paid in full on September 2, 2015. In addition, the City refunded the 2006 Lease Revenue Bonds, Series C on September 1, 2016. Outstanding balance defeased was \$28.0 million. The refunding bonds were issued at par amount of \$27.9 million; number of savings realized was \$3.8 million, or 13.5% of the refunded debt. Please refer to Note 9 and 20 of the accompanying financial statements for additional information.

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

City of Corona's Outstanding Debt						
(in millions)						
	Governmental		Business-type		Total	
	Activities		Activities			
	2016	2015	2016	2015	2016	2015
Loans and agreement payable	\$ -	\$ -	\$ 36.0	\$ 29.6	\$ 36.0	\$ 29.6
Lease payable	19.5	21.0			19.5	21.0
Revenue bonds	28.0	29.1	48.5	52.1	76.5	81.2
Certificates of participation				23.8	-	23.8
Special assessment district bonds		0.2			-	0.2
Unamortized bond premium			1.8	1.9	1.8	1.9
Total Outstanding Debt	\$ 47.5	\$ 50.3	\$ 86.3	\$ 107.4	\$ 133.8	\$ 157.7

GENERAL FUND BUDGETARY HIGHLIGHTS

General Fund appropriations were originally adopted at \$133.3 million for Fiscal Year 2015-16. Final appropriations were increased by \$16.8 million to \$150.1 million. Among the increase, \$5.1 million was due to continuing appropriation from prior year's capital projects and grant funded activities, \$3.4 million for prior year committed purchases (encumbrances), and \$8.3 million in additional funding approved by the City Council subsequent to the budget adoption. The additional appropriation includes funding for various capital improvement projects as well as a \$977,000 increase in the operating budget for Fire, Community Develop, and Public Works. The capital improvement projects that received additional funding include the Auto Center Grade Separation, Butterfield Parking Lighting Improvement, and the Animal Shelter Relocation. Below is a summary of changes made to the adopted budget:

Original Budget	\$ 133,256,829
Continued Appropriations	5,131,345
Encumbrances	3,425,042
Supplemental Changes	8,271,686
Final Budget	\$ 150,084,902

At June 30, 2016, the City's General Fund concluded the fiscal year with a favorable variance of \$19.2 million. The favorable variance was a combination of \$6.7 million in additional revenue, \$11.9 million in cost savings, and an excess net transfer in the amount \$0.6 million.

CITY OF CORONA

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
YEAR ENDED JUNE 30, 2016

Property tax received was \$1.5 million higher than anticipated due to overall improvement in the housing market. Sales tax revenue was short from expected by \$3.2 million primarily due to the budgeting method applied on the unwinding of Triple Flip. Revenues collected from current services was \$3.6 million higher than budgeted, mostly due to the large increase in plan check and Fire mutual aid services. Several one-time revenue was not budgeted include \$1.2 million in settlement proceeds, \$1.0 million in GASB 31 Gain (a book entry), and \$0.6 million in developer paid improvements and sale of real estate.

Included in the \$11.9 million in cost savings, \$8.9 million was unspent funding for ongoing capital improvement projects. These funds will be carried over to the future fiscal years to complete the projects. The remaining \$3.0 million was result from savings across multiple departments on both personnel and services. Please refer to the Required Supplementary Information section of the accompanying financial statement for additional information.

Final Appropriation	\$ 150,084,902
Actual Expenditures	<u>138,211,140</u>
Favorable Budget Variance	<u>\$ 11,873,762</u>

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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



Government-Wide Financial Statements

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

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



CITY OF CORONA

STATEMENT OF NET POSITION
JUNE 30, 2016

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets			
Current Assets			
Cash and Investments	\$ 149,189,477	\$ 90,537,993	\$ 239,727,470
Accounts Receivable, Net	2,583,575	11,972,378	14,555,953
Interest Receivable	409,393	243,749	653,142
Due from Other Governmental Agencies	40,745,394	2,844,615	43,590,009
Inventories and Prepayments	955,975	4,004,038	4,960,013
Deposits	-	62,997	62,997
Land Held for Resale	5,653,055	-	5,653,055
Restricted Cash and Investments	3,914,856	12,207,641	16,122,497
Total Current Assets	203,451,725	121,873,411	325,325,136
Noncurrent Assets			
Internal Balances	183,838,282	(183,838,282)	-
Long-term Receivable, Net	22,953,657	-	22,953,657
Capital Assets:			
Land and Construction in Progress	348,627,249	66,999,977	415,627,226
Other Capital Assets, Net of Depreciation	317,811,569	331,855,974	649,667,543
Total Capital Assets	666,438,818	398,855,951	1,065,294,769
Total Noncurrent Assets	873,230,757	215,017,669	1,088,248,426
Total Assets	1,076,682,482	336,891,080	1,413,573,562
Deferred Outflows of Resources			
Deferred Pension Related Items	22,813,214	919,407	23,732,621
Total Deferred Outflows of Resources	22,813,214	919,407	23,732,621
Liabilities			
Current Liabilities			
Accounts Payable and Accrued Liabilities	16,003,157	9,644,569	25,647,726
Unearned Revenue	2,843,169	1,007,030	3,850,199
Deposits	12,220,842	11,898	12,232,740
Interest Payable	612,787	-	612,787
Claims and Judgments Payable	4,278,692	-	4,278,692
Compensated Absences Payable	6,162,303	804,883	6,967,186
Long-term Debt, Net of Unamortized Premium	29,468,939	5,858,989	35,327,928
Liabilities Payable from Restricted Assets	945,982	823,083	1,769,065
Total Current Liabilities	72,535,871	18,150,452	90,686,323
Noncurrent Liabilities			
Claims and Judgments Payable	17,725,473	-	17,725,473
Compensated Absences Payable	2,161,630	260,455	2,422,085
Long-term Debt, Net of Unamortized Premium	18,016,246	80,456,666	98,472,912
Net Pension Liability	191,102,852	14,417,315	205,520,167
Total Noncurrent Liabilities	229,006,201	95,134,436	324,140,637
Total Liabilities	301,542,072	113,284,888	414,826,960
Deferred Inflows of Resources			
Deferred Pension Related Items	14,051,534	913,489	14,965,023
Total Deferred Inflows of Resources	14,051,534	913,489	14,965,023
Net Position			
Net Investment in Capital Assets	618,953,633	312,540,296	931,493,929
Restricted for:			
Capital Projects	24,440,919	7,205,941	31,646,860
Debt Service	2,416,841	-	2,416,841
Specific Projects and Programs:			
Transportation and Public Works	15,401,285	611,272	16,012,557
Special Assessment District Projects	17,074,793	-	17,074,793
Development Projects	9,074,309	-	9,074,309
Other Purposes	160,104	-	160,104
Unrestricted	96,380,206	(96,745,399)	(365,193)
Total Net Position	\$ 783,902,090	\$ 223,612,110	\$ 1,007,514,200

CITY OF CORONA

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2016

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
Primary Government				
Governmental Activities				
General Government	\$ 27,435,359	\$ 11,127,971	\$ 382,520	\$ -
Public Safety - Fire	24,447,062	3,679,300	121,306	479,664
Public Safety - Police	44,341,895	1,082,045	914,157	379,090
Public Works & Maintenance Services	39,661,419	15,708,292	6,460,027	37,798,173
Library and Recreation Services	6,463,940	1,481,845	4,792,101	-
Community Development	5,919,948	2,116,832	798,756	1,851,748
Economic Development	4,422,141	-	-	-
Interest and Fiscal Charges	1,910,542	-	-	-
Total Governmental Activities	154,602,306	35,196,285	13,468,867	40,508,675
Business-Type Activities				
Water	51,177,312	48,753,278	1,264,421	4,829,588
Water Reclamation	25,004,508	30,755,583	-	2,125,224
Electric	15,498,097	17,057,728	6,337	-
Transit Services	2,732,394	427,417	3,845,904	-
Airport	197,702	272,217	-	-
Total Business-Type Activities	94,610,013	97,266,223	5,116,662	6,954,812
Total Primary Government	\$ 249,212,319	\$ 132,462,508	\$ 18,585,529	\$ 47,463,487

General Revenues

Taxes:

- Property Taxes
- Transient Occupancy Tax
- Sales and Use Tax
- Franchise Tax
- Business Tax
- Dwelling Development Tax
- Investment Earnings
- Other Income
- Lease and Rental Income
- Labor Abatement

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position, Beginning of Year

Restatement of Net Position

Net Position, Beginning of Year, as Restated

Net Position at End of Year

**Net (Expenses) Revenues
and Changes in Net Position**

Governmental Activities	Business-Type Activities	Total
\$ (15,924,868)	\$ -	\$ (15,924,868)
(20,166,792)	-	(20,166,792)
(41,966,603)	-	(41,966,603)
20,305,073	-	20,305,073
(189,994)	-	(189,994)
(1,152,612)	-	(1,152,612)
(4,422,141)	-	(4,422,141)
(1,910,542)	-	(1,910,542)
(65,428,479)	-	(65,428,479)
-	3,669,975	3,669,975
-	7,876,299	7,876,299
-	1,565,968	1,565,968
-	1,540,927	1,540,927
-	74,515	74,515
-	14,727,684	14,727,684
(65,428,479)	14,727,684	(50,700,795)
42,156,726	-	42,156,726
2,038,814	-	2,038,814
39,663,795	-	39,663,795
4,847,744	-	4,847,744
2,129,162	-	2,129,162
334,080	-	334,080
3,172,905	1,839,114	5,012,019
4,519,648	45,168	4,564,816
7,428,899	-	7,428,899
245,395	-	245,395
14,540	(14,540)	-
106,551,708	1,869,742	108,421,450
41,123,229	16,597,426	57,720,655
745,433,548	207,014,684	952,448,232
(2,654,687)	-	(2,654,687)
742,778,861	207,014,684	949,793,545
\$ 783,902,090	\$ 223,612,110	\$ 1,007,514,200



Governmental Fund Financial Statements

MAJOR FUNDS:

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

Special Revenue Funds

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

Measure A Fund - This fund is used to account for money generated by half cent sales tax approved by the voters in 1988. This money is used to maintain and construct local streets and roads.

Capital Project Funds

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

NON-MAJOR GOVERNMENTAL FUNDS:

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

CITY OF CORONA

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016**

	<u>Special Revenue Funds</u>		
	<u>General</u>	<u>Development</u>	<u>Measure A</u>
Assets			
Cash and Investments	\$ 56,541,298	\$ 23,662,724	\$ 7,970,593
Accounts Receivable	2,348,522	-	71
Interest Receivable	263,433	56,463	21,041
Due from Other Governmental Agencies	15,817,363	20	4,909,495
Due from Other Funds	17,845,764	-	-
Long-term Receivables, Net	8,048,642	-	-
Interfund Advances Receivable	25,686,325	154,913	-
Loans Receivable, Net	-	28,380	-
Inventories and Prepayments	390,010	-	-
Land Held for Resale	-	-	-
Restricted Assets:			
Cash and Investments	74,846	66,748	934,197
Total Assets	\$ 127,016,203	\$ 23,969,248	\$ 13,835,397
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities			
Accounts Payable and Accrued Liabilities	\$ 10,380,279	\$ 82,453	\$ 2,618,730
Deposits	12,195,669	-	-
Due to Other Funds	-	-	-
Unearned Revenue	2,390,717	-	-
Interfund Advances Payable	-	14,807,287	-
Liabilities Payable from Restricted Assets	-	5,199	934,197
Total Liabilities	24,966,665	14,894,939	3,552,927
Deferred Inflows of Resources			
Unavailable Revenue	1,271,472	-	-
Total Deferred Inflows of Resources	1,271,472	-	-
Fund Balances			
Nonspendable	34,124,977	-	-
Restricted	-	9,074,309	10,282,470
Committed	33,511,464	-	-
Assigned	33,141,625	-	-
Unassigned	-	-	-
Total Fund Balances	100,778,066	9,074,309	10,282,470
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 127,016,203	\$ 23,969,248	\$ 13,835,397

CITY OF CORONA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016

	Capital Projects Funds		
	Low Mod Income Housing Asset	Other Governmental Funds	Total Governmental Funds
Assets			
Cash and Investments	\$ 3,178,582	\$ 23,523,602	\$ 114,876,799
Accounts Receivable	-	150,224	2,498,817
Interest Receivable	8,391	60,065	409,393
Due from Other Governmental Agencies	-	20,016,492	40,743,370
Due from Other Funds	-	-	17,845,764
Long-term Receivables, Net	4,784,652	-	12,833,294
Interfund Advances Receivable	-	-	25,841,238
Loans Receivable, Net	8,097,285	1,994,698	10,120,363
Inventories and Prepayments	-	-	390,010
Land Held for Resale	5,653,055	-	5,653,055
Restricted Assets:			
Cash and Investments	-	2,839,065	3,914,856
Total Assets	\$ 21,721,965	\$ 48,584,146	\$ 235,126,959
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities			
Accounts Payable and Accrued Liabilities	\$ 10,743	\$ 2,330,199	\$ 15,422,404
Deposits	23,623	1,550	12,220,842
Due to Other Funds	-	17,845,764	17,845,764
Unearned Revenue	-	452,452	2,843,169
Interfund Advances Payable	-	154,913	14,962,200
Liabilities Payable from Restricted Assets	-	6,586	945,982
Total Liabilities	34,366	20,791,464	64,240,361
Deferred Inflows of Resources			
Unavailable Revenue	-	-	1,271,472
Total Deferred Inflows of Resources	-	-	1,271,472
Fund Balances			
Nonspendable	-	-	34,124,977
Restricted	21,687,599	27,523,873	68,568,251
Committed	-	-	33,511,464
Assigned	-	354,232	33,495,857
Unassigned	-	(85,423)	(85,423)
Total Fund Balances	21,687,599	27,792,682	169,615,126
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 21,721,965	\$ 48,584,146	\$ 235,126,959

CITY OF CORONA

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2016

Total Fund Balance - Total Governmental Funds		\$ 169,615,126
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet.		666,438,818
Long-term capital lease in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet.		172,628,344
Governmental funds report all pension contributions as expenditures. However, the net pension liability has a measurement date of June 30, 2015, and pension contributions subsequent to the measurement date are reclassified as deferred pension contributions.		19,131,198
Deferred outflows of resources reported for the pension plan for government-wide statements:		
Difference between expected and actual experiences	1,268,517	
Adjustment due to the changes in the proportionate share of the pension plan	<u>2,345,850</u>	3,614,367
The Statement of Net Position reports receivables at their net realizable value. However, receivables not available to pay for current period expenditures are deferred in governmental funds. These include:		
Unavailable revenue from property taxes		1,271,472
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.		(612,787)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds balance sheet. These include:		
Compensated Absences	(8,258,132)	
Long-term Debt	(47,485,185)	
Net Pension Liability	<u>(190,239,673)</u>	(245,982,990)
Deferred inflow of resources reported for the pension plan for government wide statements:		
Difference between expected and actual experiences	(1,487,152)	
Changes in assumptions	(8,802,842)	
Net difference between projected and actual earnings on pension plan investments	<u>(3,722,253)</u>	(14,012,247)
Internal service funds are used by management to charge the costs of certain activities, such as insurance and fleet management, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the government-wide Statement of Net Position.		<u>11,810,789</u>
Net Position of Governmental Activities		<u>\$ 783,902,090</u>



CITY OF CORONA

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2016

	<u>Special Revenue Funds</u>		
	<u>General</u>	<u>Development</u>	<u>Measure A</u>
Revenues			
Property Taxes	\$ 42,175,687	\$ -	\$ -
Other Taxes	48,919,757	-	-
Licenses, Fees and Permits	2,236,424	4,926,889	-
Fines and Penalties	1,119,308	-	-
Special Assessments	-	-	-
Investment Earnings	2,094,604	440,579	130,664
Intergovernmental Revenues	1,442,181	-	18,801,654
Current Services	18,095,975	3,347	-
Contributions	-	-	-
Payments in Lieu of Services	9,868,368	334,080	-
Other Revenues	11,909,372	5,430	-
Total Revenues	137,861,676	5,710,325	18,932,318
Expenditures			
Current:			
General Government	25,126,027	-	-
Public Safety - Fire	25,894,661	34	-
Public Safety - Police	44,215,382	-	-
Public Works & Maintenance Services	17,760,526	198,499	5,894,282
Library and Recreation Services	4,653,085	-	-
Community Development	3,948,461	-	-
Economic Development	4,422,141	-	-
Capital Outlay	7,700,606	1,716,791	16,805,897
Debt Service:			
Principal Retirement	2,615,122	-	-
Interest and Fiscal Charges	1,875,129	-	-
Total Expenditures	138,211,140	1,915,324	22,700,179
Excess (Deficiency) of Revenues Over (Under) Expenditures	(349,464)	3,795,001	(3,767,861)
Other Financing Sources (Uses)			
Transfers In	2,446,520	-	-
Transfers Out	(142,331)	(659,777)	-
Total Other Financing Sources (Uses)	2,304,189	(659,777)	-
Net Change in Fund Balances	1,954,725	3,135,224	(3,767,861)
Fund Balances, Beginning of Year, as Restated	98,823,341	5,939,085	14,050,331
Fund Balances, End of Year	\$ 100,778,066	\$ 9,074,309	\$ 10,282,470

CITY OF CORONA

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2016

	Capital Projects Funds		
	Low Mod Income Housing Asset	Other Governmental Funds	Total Governmental Funds
Revenues			
Property Taxes	\$ -	\$ -	\$ 42,175,687
Other Taxes	-	-	48,919,757
Licenses, Fees and Permits	-	784,280	7,947,593
Fines and Penalties	-	219,033	1,338,341
Special Assessments	-	8,801,035	8,801,035
Investment Earnings	55,905	447,629	3,169,381
Intergovernmental Revenues	-	21,344,842	41,588,677
Current Services	-	276,517	18,375,839
Contributions	593,192	-	593,192
Payments in Lieu of Services	-	-	10,202,448
Other Revenues	241,416	565,239	12,721,457
Total Revenues	890,513	32,438,575	195,833,407
Expenditures			
Current:			
General Government	-	74,828	25,200,855
Public Safety - Fire	-	-	25,894,695
Public Safety - Police	-	865,305	45,080,687
Public Works & Maintenance Services	-	9,781,951	33,635,258
Library and Recreation Services	-	16,813	4,669,898
Community Development	123,514	1,867,535	5,939,510
Economic Development	-	-	4,422,141
Capital Outlay	11,482	17,209,274	43,444,050
Debt Service:			
Principal Retirement	-	185,000	2,800,122
Interest and Fiscal Charges	-	78,216	1,953,345
Total Expenditures	134,996	30,078,922	193,040,561
Excess (Deficiency) of Revenues Over (Under) Expenditures	755,517	2,359,653	2,792,846
Other Financing Sources (Uses)			
Transfers In	-	142,331	2,588,851
Transfers Out	-	(1,185,792)	(1,987,900)
Total Other Financing Sources (Uses)	-	(1,043,461)	600,951
Net Change in Fund Balances	755,517	1,316,192	3,393,797
Fund Balances, Beginning of Year, as Restated	20,932,082	26,476,490	166,221,329
Fund Balances, End of Year	\$ 21,687,599	\$ 27,792,682	\$ 169,615,126

CITY OF CORONA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2016**

Net Changes in Fund Balances - Total Governmental Funds	\$ 3,393,797
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlay as expenditures. However, in the government-wide Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expenses:	
Capital Outlay and transfer of assets from Successor Agency	43,082,732
Deletions of capital assets during the current year	(148,233)
Depreciation expense on capital assets is reported in the government-wide Statement of Activities, but does not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures governmental funds.	(12,240,925)
Net change in revenues that was considered unavailable in the governmental funds. These items have been reported as revenue in the government-wide Statement of Activities:	
Property taxes	(18,961)
Interest expense on long-term debt is reported in the government-wide Statement of Activities, but do not require the use of current financial resources. Therefore, interest expense is not reported as expenditures in governmental funds. This amount represents the change in accrued interest from the prior year.	42,803
Long-term compensated absences are reported in the government-wide Statement of Activities, but do not require the use of current financial resources. Therefore, long-term compensated absences are not reported as expenditures in the governmental funds. This amount represents the change from the prior year.	(95,476)
Principal payment on long-term debt is not an expense in the government-wide Statement of Activities, but is considered an expenditure in governmental funds:	
Repayment of long-term obligations	2,800,122
Pension obligation expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	5,584,722
Internal service funds are used by management to charge the costs of certain activities, such as insurance and fleet operations, to individual funds. The funds' revenues and expenditures are included as governmental activities in the Statement of Activities but not in the governmental funds' Statement of Revenues, Expenditures and Changes in Fund Balances.	(1,277,352)
Change in Net Position of Governmental Activities	<u>\$ 41,123,229</u>

Proprietary Fund Financial Statements

MAJOR FUNDS:

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

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

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

NON-MAJOR PROPRIETARY FUNDS:

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

GOVERNMENTAL ACTIVITIES – INTERNAL SERVICE FUNDS:

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

CITY OF CORONA

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 JUNE 30, 2016

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Corona Utility Authority</u>		
	<u>Water</u>	<u>Water Reclamation</u>	<u>Electric</u>
Assets			
Current Assets			
Cash and Investments	\$ 32,435,585	\$ 42,996,461	\$ 14,460,281
Accounts Receivable, Net	6,291,491	3,848,749	1,826,323
Interest Receivable	85,464	113,505	41,077
Due from Other Governmental Agencies	2,634,964	18,750	6,337
Inventories and Prepayments	3,141,283	-	862,755
Deposits	-	-	62,997
Restricted:			
Cash and Investments	6,738,660	3,757,709	1,100,000
Total Current Assets	51,327,447	50,735,174	18,359,770
Noncurrent Assets			
Capital Assets:			
Land and Construction in Progress	37,470,500	25,457,990	4,071,487
Other Capital Assets, Net of Depreciation	207,887,366	107,952,426	11,238,382
Total Capital Assets	245,357,866	133,410,416	15,309,869
Total Noncurrent Assets	245,357,866	133,410,416	15,309,869
Total Assets	296,685,313	184,145,590	33,669,639
Deferred Outflows of Resources			
Deferred Pension Related Items	466,392	296,624	128,533
Total Deferred Outflows of Resources	466,392	296,624	128,533
Total Assets and Deferred Outflows of Resources	\$ 297,151,705	\$ 184,442,214	\$ 33,798,172
Liabilities, Deferred Inflows of Resources, and Net Position			
Liabilities			
Current Liabilities			
Accounts Payable and Accrued Liabilities	\$ 6,593,387	\$ 1,774,080	\$ 963,926
Unearned Revenue	837,664	-	-
Deposits	11,008	-	-
Claims and Judgments Payable	-	-	-
Compensated Absences Payable	407,985	267,751	118,610
Long-term Debt	3,458,989	2,400,000	-
Liabilities Payable from Restricted Assets	403,646	419,437	-
Total Current Liabilities	11,712,679	4,861,268	1,082,536
Noncurrent Liabilities			
Interfund Advances Payable	-	-	10,734,038
Claims and Judgments Payable	-	-	-
Compensated Absences Payable	77,872	134,392	-
Long-term Capital Lease Payable	106,819,662	65,808,682	-
Long-term Debt, Net of Unamortized Premium	56,702,116	23,754,550	-
Net Pension Liability	7,452,826	4,645,310	1,931,809
Total Noncurrent Liabilities	171,052,476	94,342,934	12,665,847
Total Liabilities	182,765,155	99,204,202	13,748,383

CITY OF CORONA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2016

(CONTINUED)

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Corona Utility Authority</u>		
	<u>Water</u>	<u>Water Reclamation</u>	<u>Electric</u>
Deferred Inflows of Resources			
Deferred Pension Related Items	483,071	293,856	115,874
Total Deferred Inflows of Resources	483,071	293,856	115,874
Net Position			
Net Investment in Capital Assets	185,196,761	107,255,866	15,309,869
Restricted for:			
Capital Projects	6,568,086	167,368	-
Transportation	-	-	-
Unrestricted	(77,861,368)	(22,479,078)	4,624,046
Total Net Position	113,903,479	84,944,156	19,933,915
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 297,151,705	\$ 184,442,214	\$ 33,798,172

CITY OF CORONA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2016

	Business-Type Activities - Enterprise Funds		Governmental Activities- Internal Service Funds
	Other Enterprise Funds	Totals	
Assets			
Current Assets			
Cash and Investments	\$ 645,666	\$ 90,537,993	\$ 34,312,678
Accounts Receivable, Net	5,815	11,972,378	84,758
Interest Receivable	3,703	243,749	-
Due from Other Governmental Agencies	184,564	2,844,615	2,024
Inventories and Prepayments	-	4,004,038	565,965
Deposits	-	62,997	-
Restricted:			
Cash and Investments	611,272	12,207,641	-
Total Current Assets	1,451,020	121,873,411	34,965,425
Noncurrent Assets			
Capital Assets:			
Land and Construction in Progress	-	66,999,977	-
Other Capital Assets, Net of Depreciation	4,777,800	331,855,974	-
Total Capital Assets	4,777,800	398,855,951	-
Total Noncurrent Assets	4,777,800	398,855,951	-
Total Assets	6,228,820	520,729,362	34,965,425
Deferred Outflows of Resources			
Deferred Pension Related Items	27,858	919,407	67,649
Total Deferred Outflows of Resources	27,858	919,407	67,649
Total Assets and Deferred Outflows of Resources	\$ 6,256,678	\$ 521,648,769	\$ 35,033,074
Liabilities, Deferred Inflows of Resources, and Net Position			
Liabilities			
Current Liabilities			
Accounts Payable and Accrued Liabilities	\$ 313,176	\$ 9,644,569	\$ 580,753
Unearned Revenue	169,366	1,007,030	-
Deposits	890	11,898	-
Claims and Judgments Payable	-	-	4,278,692
Compensated Absences Payable	10,537	804,883	65,801
Long-term Debt	-	5,858,989	-
Liabilities Payable from Restricted Assets	-	823,083	-
Total Current Liabilities	493,969	18,150,452	4,925,246
Noncurrent Liabilities			
Interfund Advances Payable	145,000	10,879,038	-
Claims and Judgments Payable	-	-	17,725,473
Compensated Absences Payable	48,191	260,455	-
Long-term Capital Lease Payable	-	172,628,344	-
Long-term Debt, Net of Unamortized Premium	-	80,456,666	-
Net Pension Liability	387,370	14,417,315	863,179
Total Noncurrent Liabilities	580,561	278,641,818	18,588,652
Total Liabilities	1,074,530	296,792,270	23,513,898

CITY OF CORONA

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 JUNE 30, 2016

	Business-Type Activities - Enterprise Funds		Governmental Activities- Internal Service Funds
	Other Enterprise Funds	Totals	
Deferred Inflows of Resources			
Deferred Pension Related Items	20,688	913,489	39,287
Total Deferred Inflows of Resources	20,688	913,489	39,287
Net Position			
Net Investment in Capital Assets	4,777,800	312,540,296	-
Restricted for:			
Capital Projects	470,487	7,205,941	-
Transportation	611,272	611,272	-
Unrestricted	(698,099)	(96,414,499)	11,479,889
Total Net Position	5,161,460	223,943,010	11,479,889
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 6,256,678	\$ 521,648,769	\$ 35,033,074
Reconciliation of Net Position to the Statement of Net Position			
Net Position per Statement of Net Position - Proprietary Funds		\$ 223,943,010	
Prior years' accumulated adjustment to reflect the consolidation c internal service funds activities related to the enterprise funds		(157,929)	
Current years' adjustments to reflect the consolidation of internal service activities related to enterprise funds		(172,971)	
Net Position per Statement of Net Position		\$ 223,612,110	

CITY OF CORONA

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2016

	Business-Type Activities - Enterprise Funds		
	Corona Utility Authority		
	Water	Water Reclamation	Electric
Operating Revenues			
Service Charges	\$ 45,719,833	\$ 29,865,062	\$ 16,302,014
Fees and Permits	1,308,089	190,187	-
Fines and Penalties	415,780	259,356	28,428
Other Revenues	1,347,172	446,188	729,107
Total Operating Revenues	48,790,874	30,760,793	17,059,549
Operating Expenses			
Personnel Services	7,668,766	4,921,438	1,981,335
Contractual	4,662,319	1,237,872	744,503
Materials and Supplies	21,498,270	8,241,373	3,386,387
Utilities	4,990,755	3,343,867	7,978,350
Depreciation and Amortization	7,019,436	4,570,086	951,640
Claims Expense	-	-	-
Total Operating Expenses	45,839,546	22,314,636	15,042,215
Operating Income (Loss)	2,951,328	8,446,157	2,017,334
Nonoperating Revenues (Expenses)			
Investment Earnings	649,608	832,455	311,740
Interest Expense	(5,257,994)	(2,628,123)	(47,204)
Operating Grants and Contributions	1,251,638	-	6,337
Contributions	2,500	-	-
Total Nonoperating Revenues (Expenses)	(3,354,248)	(1,795,668)	270,873
Income (Loss) Before Contributions and Transfers	(402,920)	6,650,489	2,288,207
Capital Grants and Contributions	4,842,371	2,125,224	-
Transfers In	-	-	4,584,438
Transfers Out	(8,379)	(5,252)	(909)
Changes in Net Position	4,431,072	8,770,461	6,871,736
Net Position, Beginning of Year	109,472,407	76,173,695	13,062,179
Net Position, End of Year	\$ 113,903,479	\$ 84,944,156	\$ 19,933,915

CITY OF CORONA

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2016

	Business-Type Activities - Enterprise Funds		Governmental Activities- Internal Service Funds
	Other Enterprise Funds	Totals	
Operating Revenues			
Service Charges	\$ -	\$ 91,886,909	\$ 8,665,426
Fees and Permits	41,235	1,539,511	-
Fines and Penalties	-	703,564	-
Other Revenues	629,811	3,152,278	989,240
Total Operating Revenues	671,046	97,282,262	9,654,666
Operating Expenses			
Personnel Services	419,570	14,991,109	1,210,350
Contractual	1,615,084	8,259,778	233,314
Materials and Supplies	171,707	33,297,737	3,387,956
Utilities	196,070	16,509,042	908,837
Depreciation and Amortization	527,665	13,068,827	-
Claims Expense	-	-	4,781,645
Total Operating Expenses	2,930,096	86,126,493	10,522,102
Operating Income (Loss)	(2,259,050)	11,155,769	(867,436)
Nonoperating Revenues (Expenses)			
Investment Earnings	45,311	1,839,114	3,524
Interest Expense	(377,228)	(8,310,549)	-
Operating Grants and Contributions	1,822,448	3,080,423	-
Contributions	-	2,500	-
Total Nonoperating Revenues (Expenses)	1,490,531	(3,388,512)	3,524
Income (Loss) Before Contributions and Transfers	(768,519)	7,767,257	(863,912)
Capital Grants and Contributions	2,050,085	9,017,680	-
Transfers In	-	4,584,438	-
Transfers Out	(4,584,438)	(4,598,978)	(586,411)
Changes in Net Position	(3,302,872)	16,770,397	(1,450,323)
Net Position, Beginning of Year	8,464,332	207,172,613	12,930,212
Net Position, End of Year	\$ 5,161,460	\$ 223,943,010	\$ 11,479,889
Reconciliation of Changes in Net Position to the Statement of Activities:			
Changes in Net Position, per the Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds		\$ 16,770,397	
Adjustment to reflect the consolidation of current fiscal year internal service funds activities related to enterprise funds		(172,971)	
Changes in Net Position of Business-Type Activities per Statement of Activities		\$ 16,597,426	

CITY OF CORONA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2016

	Business-Type Activities - Enterprise Funds		
	Corona Utility Authority		
	Water	Water Reclamation	Electric
Cash Flows from Operating Activities:			
Cash received from customers and users	\$ 47,510,326	\$ 30,506,232	\$ 16,061,084
Cash paid to suppliers for goods and services	(31,482,729)	(14,111,246)	(13,202,358)
Cash paid to employees for services	(7,856,799)	(4,950,504)	(1,956,939)
Cash paid for current claims	-	-	-
Cash paid for long-term claims	-	-	-
Cash paid to others	(298,711)	-	-
Cash received from others	-	508,751	722,770
Net Cash Provided (Used) by Operating Activities	7,872,087	11,953,233	1,624,557
Cash Flows from Non-Capital Financing Activities:			
Cash transfers in	-	-	4,584,438
Cash transfers out	(8,379)	(5,252)	(909)
Advance to other funds	-	-	1,235,538
Advance from other funds	-	-	9,667,539
Contributions	2,500	-	-
Operating grants and contributions	1,251,638	-	6,337
Net Cash Provided (Used) by Non-Capital Financing Activities	1,245,759	(5,252)	15,492,943
Cash Flows from Capital and Related Financing Activities:			
Receipts from long-term receivables	-	-	7,783,507
Proceeds from capital debt	-	8,451,123	-
Capital grants and contributions	4,842,371	2,125,224	-
Acquisition and construction of capital assets	(11,634,201)	(11,005,401)	(308,827)
Retirement on long-term debt	(3,451,440)	(2,348,930)	(23,785,000)
Interest payments of long-term debt	(5,257,994)	(2,628,123)	(47,204)
Net Cash Provided (Used) by Capital and Related Financing Activities	(15,501,264)	(5,406,107)	(16,357,524)
Cash Flows from Investing Activities:			
Interest received	657,859	806,195	306,071
Net Cash Provided (Used) by Investing Activities	657,859	806,195	306,071
Net Increase (Decrease) in Cash and Cash Equivalents	(5,725,559)	7,348,069	1,066,047
Cash and Cash Equivalents at Beginning of Year	44,899,804	39,406,101	14,494,234
Cash and Cash Equivalents at End of Year	\$ 39,174,245	\$ 46,754,170	\$ 15,560,281

CITY OF CORONA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2016

(CONTINUED)

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Corona Utility Authority</u>		
	<u>Water</u>	<u>Water Reclamation</u>	<u>Electric</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ 2,951,328	\$ 8,446,157	\$ 2,017,334
Adjustments to Reconcile Operating Income (Loss)			
Net Cash Provided (Used) by Operating Activities:			
Depreciation and Amortization	7,019,436	4,570,086	951,640
(Increase) decrease in accounts receivable	218,338	191,627	(246,361)
(Increase) decrease in deposits receivable	-	-	(22,997)
(Increase) decrease in due from other governments	(1,645,883)	62,563	(6,337)
(Increase) decrease in inventories and prepayments	(322,266)	-	231,628
(Increase) decrease in deferred outflows of pension related items	127,887	72,853	24,302
Increase (decrease) in accounts payable and accrued liabilities	(201,897)	(1,538,373)	(1,324,746)
Increase (decrease) in unearned revenue	(157,222)	-	-
Increase (decrease) in deposits payable	5,508	-	-
Increase (decrease) in claims and judgments	-	-	-
Increase (decrease) in compensated absences	(88,031)	34,534	51,955
Increase (decrease) in liabilities payable from restricted assets	192,778	250,239	-
Increase (decrease) in pension liability	226,217	152,356	73,286
Increase (decrease) in deferred inflows of pension related items	(454,106)	(288,809)	(125,147)
Total Adjustments	4,920,759	3,507,076	(392,777)
Net Cash Provided (Used) by Operating Activities	\$ 7,872,087	\$ 11,953,233	\$ 1,624,557
Non-Cash Investing, Capital, and Financing Activities:			
Amortization of bond premium	\$ (88,575)	\$ (18,930)	\$ -

CITY OF CORONA

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2016

	Business-Type Activities - Enterprise Funds		Governmental Activities- Internal Service Funds
	Other Enterprise Funds	Totals	
Cash Flows from Operating Activities:			
Cash received from customers and users	\$ 68,019	\$ 94,145,661	\$ 8,591,589
Cash paid to suppliers for goods and services	(1,814,239)	(60,610,572)	(4,659,036)
Cash paid to employees for services	(421,580)	(15,185,822)	(1,217,128)
Cash paid for current claims	-	-	(851,509)
Cash paid for long-term claims	-	-	(2,796,971)
Cash paid to others	-	(298,711)	-
Cash received from others	722,988	1,954,509	987,533
Net Cash Provided (Used) by Operating Activities	(1,444,812)	20,005,065	54,478
Cash Flows from Non-Capital Financing Activities:			
Cash transfers in	-	4,584,438	-
Cash transfers out	(4,584,438)	(4,598,978)	(586,411)
Advance to other funds	-	1,235,538	-
Advance from other funds	(1,250,538)	8,417,001	-
Contributions	-	2,500	-
Operating grants and contributions	1,822,448	3,080,423	-
Net Cash Provided (Used) by Non-Capital Financing Activities	(4,012,528)	12,720,922	(586,411)
Cash Flows from Capital and Related Financing Activities:			
Receipts from long-term receivables	-	7,783,507	-
Proceeds from capital debt	-	8,451,123	-
Capital grants and contributions	2,050,085	9,017,680	-
Acquisition and construction of capital assets	(3,312,779)	(26,261,208)	-
Retirement on long-term debt	-	(29,585,370)	-
Interest payments of long-term debt	(377,228)	(8,310,549)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,639,922)	(38,904,817)	-
Cash Flows from Investing Activities:			
Interest received	46,719	1,816,844	3,524
Net Cash Provided (Used) by Investing Activities	46,719	1,816,844	3,524
Net Increase (Decrease) in Cash and Cash Equivalents	(7,050,543)	(4,361,986)	(528,409)
Cash and Cash Equivalents at Beginning of Year	8,307,481	107,107,620	34,841,087
Cash and Cash Equivalents at End of Year	\$ 1,256,938	\$ 102,745,634	\$ 34,312,678

CITY OF CORONA

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2016

	Business-Type Activities - Enterprise Funds		Governmental Activities- Internal Service Funds
	Other Enterprise Funds	Totals	
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ (2,259,050)	\$ 11,155,769	\$ (867,436)
Adjustments to Reconcile Operating Income (Loss) Net Cash Provided (Used) by Operating Activities:			
Depreciation and Amortization	527,665	13,068,827	-
(Increase) decrease in accounts receivable	26,997	190,601	(73,837)
(Increase) decrease in deposits receivable	-	(22,997)	-
(Increase) decrease in due from other governments	1,841,983	252,326	(1,707)
(Increase) decrease in inventories and prepayments	-	(90,638)	(85,398)
(Increase) decrease in deferred outflows of pension related items	2,460	227,502	(969)
Increase (decrease) in accounts payable and accrued liabilities	168,622	(2,896,394)	(43,531)
Increase (decrease) in unearned revenue	(1,748,764)	(1,905,986)	-
Increase (decrease) in deposits payable	(255)	5,253	-
Increase (decrease) in claims and judgments	-	-	1,133,165
Increase (decrease) in compensated absences	3,964	2,422	7,727
Increase (decrease) in liabilities payable from restricted assets	-	443,017	-
Increase (decrease) in pension liability	18,691	470,550	52,331
Increase (decrease) in deferred inflows of pension related items	(27,125)	(895,187)	(65,867)
Total Adjustments	814,238	8,849,296	921,914
Net Cash Provided (Used) by Operating Activities	\$ (1,444,812)	\$ 20,005,065	\$ 54,478
Non-Cash Investing, Capital, and Financing Activities:			
Amortization of bond premium	\$ -	\$ (107,505)	\$ -



Fiduciary Fund Financial Statements

FIDUCIARY FUNDS:

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

Pass-Through Agency Fund – This fund is an agency fund, and is custodial in nature and used to account for two types of activities, AB109 PACT Fund and Assessment District/Community Facilities District Fund.

CITY OF CORONA

STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 JUNE 30, 2016

	Private- Purpose Trust Fund	Agency Funds
	Successor Agency Trust Fund	
Assets		
Cash and Investments	\$ 5,753,625	\$ 4,636,473
Interest Receivable	-	97,738
Due from Other Governmental Agencies	-	217,029
Restricted Assets:		
Cash and Investments	6,796,549	24,972,935
Total Assets	12,550,174	\$ 29,924,175
Deferred Outflows of Resources		
Deferred Pension Related Items	27,297	
Total Deferred Outflows of Resources	27,297	
Liabilities		
Current:		
Accounts Payable and Accrued Liabilities	978,589	\$ 360,660
Long-Term Debt Due within One Year	3,875,000	-
Liabilities Payable from Restricted Assets	3,203	-
Noncurrent:		
Due to Other Governmental Agencies	12,363,410	-
Long-Term Debt Due in More Than One Year	60,383,613	-
Net Pension Liability	627,939	-
Due to Bondholders	-	29,563,515
Total Liabilities	78,231,754	\$ 29,924,175
Deferred Inflows of Resources		
Deferred Pension Related Items	55,367	
Total Deferred Inflows of Resources	55,367	
Net Position		
Held in Trust for Successor Agency Activities	(65,709,650)	
Total Net Position	\$ (65,709,650)	

CITY OF CORONA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 YEAR ENDED JUNE 30, 2016

	<u>Private-Purpose Trust Fund Successor Agency Trust Fund</u>
Additions	
Property Taxes	\$ 8,228,541
Investment Income	11,434
Rental and Lease Payment Received	187,559
Other Payment Received	5,765
Total Additions	<u>8,433,299</u>
Deductions	
Administrative Expenses	4,263,991
Developer Payments - OPA Approved by DOF	1,823,968
Debt Service Payments	2,907,188
Contributions to other governments	593,192
Loss on Disposal of Land Held for Resale	47,557,389
Total Deductions	<u>57,145,728</u>
Changes in Net Position	(48,712,429)
Net Position, Beginning of Year	<u>(16,997,221)</u>
Net Position, End of the Year	<u>\$ (65,709,650)</u>



CITY OF CORONA

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Year Ended June 30, 2015

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I. SIGNIFICANT ACCOUNTING POLICIES

Note 1: Summary of Significant Accounting Policies

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

a. Reporting Entity

The City of Corona was incorporated in 1896 under the general laws of the State of California. The City operates under a Council-Manager form of government. Five Corona citizens make up the Corona City Council and each is elected to a four-year term of office. The Mayor is appointed annually by and from the City Council. The City provides full services to its citizens, including: public safety (police and fire), streets and highways, electric, public library, recreation, parks and other public facilities, planning and zoning, public transportation (Dial-A-Ride and Corona Cruiser programs), housing and economic development programs. Water and water reclamation services are provided through the legally separate Corona Utility Authority, which functions as a department of the City of Corona.

The financial statements include the financial activities of the City of Corona, the primary government, and its component units, which are the Corona Public Financing Authority (CPFA), the Corona Public Improvement Corporation (CPIC), the Corona Utility Authority (Authority), and the Corona Housing Authority (CHA). Financial information for the City and these component units are accounted for in the accompanying financial statements in accordance with principles defining the governmental reporting entity adopted by the Governmental Accounting Standards Board. The City Council members, in separate session, serve as the governing board of the CPFA, the Authority, and the CHA, as such, these entities are presented on a blended basis.

Blended Component Units

The Corona Public Financing Authority is a joint powers authority organized under Section 6500 et seq. of the California Government Code on June 21, 1989, between the City and the Agency for the purpose of acting as a vehicle for various financing activities of the City and the Agency. The CPFA's Board of Directors is the Corona City Council. The funds of the CPFA have been included in the governmental activities in the financial statements. Funds related to debt issued for proprietary activities are included in the business-type activities. Separate financial statements are not prepared.

The Corona Utility Authority is a joint powers authority which was established on February 6, 2002 pursuant to a Joint Exercise of Powers Agreement between the City and the Agency in accordance with the Joint Powers Law (Articles 1 through 4 of Chapter 5, Division 7, Title 1 of the California Government Code) for the purpose of assisting the City in the leasing of the water and water reclamation utility systems. The Authority's Officers are the Corona City Council and the City's executive management. The funds of the Authority have been included in the business-type activities in the financial statements. Separate financial statements are not prepared.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

Note 1: Summary of Significant Accounting Policies (Continued)

The Corona Housing Authority was established on February 16, 2011, pursuant to the California Housing Authority Law codified under State of California Health and Safety Code, Section 34200 et seq. The City Council became the commissioners of governing board of the CHA. The CHA was formed for purposes of providing sanitary and safe housing for people of very low, low or moderate income within the City's territorial jurisdiction. This is achieved by building, acquiring, managing and maintaining residential rental units and providing financial assistance for rentals or ownership in the private real estate market. City staff provides management assistance to the CHA. Upon the dissolution of the former Corona Redevelopment Agency pursuant to Assembly Bill X1 26, the CHA elected to become the successor agency to the former Corona Redevelopment Agency's housing functions (Housing Successor). Pursuant to Senate Bill 341, the CHA oversees the Low and Moderate Income Housing Asset fund. The funds of the CHA have been included in the governmental activities in the financial statements. Separate financial statements are not prepared.

b. Basis of Presentation

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

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

Note 1: Summary of Significant Accounting Policies (Continued)

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

Governmental Funds

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

The following are the City's major governmental funds:

- The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The Development special revenue fund is used to account for park dedication fees, dwelling development taxes and other development impact fees received. The money is used to offset the burden resulting from new developments.
- The Measure A special revenue fund accounts for money generated by a half-cent sales tax approved by voters in 1988 for transportation in the Riverside County.
- The Low Mod Income Housing Asset (Housing Successor) capital project fund accounts for the transactions related to low and moderate income housing activities pursuant to SB 341 and as prescribed in the Housing Element of the City's General Plan.

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

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

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

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

Public Facility Project	HUD Grants
Planned Local Drainage	Other Grants

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

Note 1: Summary of Significant Accounting Policies (Continued)

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

Assessment Districts

Public Financing Authority

Proprietary Funds

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

The following are the City’s major enterprise funds:

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

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

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

Public Financing Authority

Transit Services

Airport

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

Fiduciary Funds

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

Note 1: Summary of Significant Accounting Policies (Continued)

The City reports the following two types of fiduciary funds:

Private-Purpose Trust Fund

Reported in this fund type is the Successor Agency Trust Fund, which was established in February 2011 to account for the assets and liabilities of the Successor Agency to the former Corona Redevelopment Agency, and its allocated revenue to pay estimated installment payments of the enforceable obligations until the obligations of the Successor Agency are paid in full and assets fully liquidated.

Agency Funds

Two funds are reported under the Agency Fund type, the Pass-Through Agency Fund and the AB109 PACT Fund. The Pass-Through Agency Fund was established to account for receipt of special taxes and assessments used to pay principal and interest on related bonds that are not direct City liabilities, as well as receipt and disbursement of capital project bond proceeds related to bonds that are not direct obligations of the City.

The AB109 PACT Fund was created on December 16, 2015 to account for activities of the Riverside County Post-Release Accountability and Compliance Team (PACT). The City of Corona is one of the seven member agencies of PACT, and serves as the trustee for PACT. Funding for PACT comes from the State of California in accordance with AB 109, Public Safety Realignment Act of 2011.

Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

c. Measurement Focus

Government-Wide Financial Statements

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

Fund Financial Statements

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

Note 1: Summary of Significant Accounting Policies (Continued)

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

d. Basis of Accounting

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

Revenue – Exchange Transactions

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

Revenue – Non-Exchange Transactions

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

Unearned Revenue

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

Expenses/Expenditures

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

Proprietary Funds Operating and Non-operating Revenues and Expenses

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

e. Cash, Cash Equivalents and Investments

Cash Management

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

Investments Valuation

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. In determining the amount, the City uses the Market Approach, one of the three acceptable valuation techniques. Market approach uses prices generated for identical or similar assets or liabilities.

The City implemented GASB Statement No. 72, *Fair Value Measurement and Application* in its June 30, 2016 financial statements. The City's investments were categorized as Level 2 only, and there were no Level 1 or Level 3 investments.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

Note 1: Summary of Significant Accounting Policies (Continued)

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.

All investment in LAIF was considered as Level 2 investment under GASB 72.

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

f. Receivables

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

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

Receivables are reported net of an allowance for uncollectible accounts. As of June 30, 2016, allowances of uncollectibles for governmental funds totaled \$9,060,933, with \$620,487 in Development special revenue fund, and \$8,440,446 in Low Mod Income Housing Asset capital project fund, primarily for the various development agreements entered between the City and the developers who constructed the various low and moderate income housing projects. Allowances of uncollectibles for proprietary funds totaled \$325,727 as of June 30, 2016, with \$173,662 for Water, \$119,460 for Water Reclamation, and \$32,604 for Electric utility.

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

Note 1: Summary of Significant Accounting Policies (Continued)

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

As of June 30, 2016, a one-time Triple Flip unwinding in the amount of \$4,672,139 was accrued as sales tax revenue. For additional information on the Triple Flip unwinding, refer to Note 21, Subsequent Events.

g. Inventories, Prepaid Items and Land Held for Resale

Inventory in the governmental and proprietary funds consists of expendable supplies held for future consumption or capitalization. Inventory is valued at cost using the first in, first out (FIFO) method. The cost is recorded as an expenditure/expense as inventory items are consumed.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The cost of prepaid items is recorded as an expenditure/expense when consumed.

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

h. Interfund Activity

Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." Services provided are treated as revenues and expenses. Administrative overhead charges included with centralized expenses charged by the General Fund are included in the direct expenses of enterprise activities. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or between proprietary funds are eliminated as part of the reconciliation to the government-wide financial statements. Refer to Note 4 for additional information.

i. Capital Assets

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

The City elected to use the “modified approach” as defined by GASB Statement No. 34 for infrastructure reporting of its streets, concrete and asphalt pavements. The City commissioned the most recent physical assessment of its street pavement condition in October 2016. The Citywide condition assessments are performed every three years, with each year focusing on specific regions of the City. Each homogeneous segment of City owned street was assigned a physical condition based on 17 potential defects. A Pavement Condition Index (PCI) was assigned to each street segment. The index is expressed in a continuous scale from 0 to 100, where 0 is assigned to the least acceptable physical condition and 100 is assigned to segments of street that have the physical characteristics of a new street. The City's policy relative to maintaining the street assets is to achieve an average rating of 71 for all street segments. This acceptable rating allows minor cracking and raveling of the pavement along with minor roughness that could be noticeable to drivers traveling at the posted speeds. Please refer to the Required Supplementary Information section of this report for additional information on the modified approach.

For all other infrastructure systems, the City elected to use the “basic approach” as defined by GASB Statement No. 34 for infrastructure reporting. The City commissioned an appraisal of City owned infrastructure and property as of June 30, 1999 and has completed an internal update for June 30, 2016. This appraisal determined the original cost, which is defined as the actual cost to acquire new property in accordance with market prices at the time of first construction/acquisition. Original costs were developed in one of three ways: 1) historical records; 2) standard unit costs appropriate for the construction/acquisition date; or 3) present cost indexed by a reciprocal factor of the price increase from the construction/acquisition date to the current date. The accumulated depreciation, defined as the total depreciation from the date of construction/acquisition to the current date on a straight line, unrecovered cost method was computed using industry accepted life expectancies for each infrastructure subsystem. The book value was then computed by deducting the accumulated depreciation from the original cost.

j. Compensated Absences Payable

Under certain circumstances and according to the negotiated labor agreements, employees of the City are allowed to accumulate annual leave. This amount is accrued in the government-wide and proprietary fund statements. Please refer to Note 8 for additional information.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

Note 1: Summary of Significant Accounting Policies (Continued)

k. Long-Term Obligations

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

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

l. Net Pension Liability

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions, if any) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used.

Valuation Date (VD)	June 30, 2014
Measurement Date (MD)	June 30, 2015
Measurement Period (MP)	July 1, 2014 to June 30, 2015

m. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so would not be recognized as an outflow of resources (expenses/expenditure) until then. The City has one item that qualifies for reporting in this category. The item, deferred pension related items, is reported in the government-wide statement of net position.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

Note 1: Summary of Significant Accounting Policies (Continued)

n. Fund Equity

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

Governmental Fund Balances

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

Fund balances are classified as follows:

Nonspendable

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

Restricted

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

Committed

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

Assigned

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

Unassigned

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

The City considers restricted fund balance to have been spent first when expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. Similarly, when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the City considers

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

Note 1: Summary of Significant Accounting Policies (Continued)

committed amounts to be reduced first, followed by assigned amounts and then unassigned amounts. Please refer to Note 15 for additional information.

Net Position

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

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

o. Use of Estimates

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

p. Effect of New Accounting Standards

During the fiscal year ended June 30, 2016, the City implemented the following Governmental Accounting Standards Board (GASB) standards:

GASB Statement No. 72 – *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The requirements of this Statement are effective for financial statement for reporting periods beginning after June 15, 2015.

II. STEWARDSHIP

Note 2: Stewardship, Compliance and Accountability

a. Deficit Fund Balance

At June 30, 2016, the Public Facility Project Fund had a deficit fund balance of \$162 and the Other Grants Fund had a deficit fund balance of \$85,261. This deficit will be eliminated with future revenue.

III. DETAILED NOTES ON ALL FUNDS

Note 3: Cash and Investments

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

a. Cash Deposits

The carrying amounts of the City's cash deposits were \$3,599,997 at June 30, 2016. Bank balances before reconciling items were \$4,335,528 at that date. All City's cash and investments as of June 30, 2016 were collateralized or insured with securities held by pledging financial institutions in the City's name. The California Government Code requires California banks and savings and loan associations to secure the City's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the City's name.

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

b. Investments

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

- Securities issued by the U.S. Treasury;
- Notes or discount notes issued by agencies of the federal government, not to exceed 75% of the portfolio;
- Banker's acceptances, not to exceed 20% of the portfolio;
- Negotiable certificates of deposit issued by institutions insured by the federal government, not to exceed 20% of the portfolio;
- Repurchase agreements, not to exceed 10% of the portfolio;
- California Local Agency Investment Fund (State Pool);

CITY OF CORONA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2016

Note 3: Cash and Investments (Continued)

- Corporate medium-term notes, not to exceed 30% of the portfolio;
- Commercial paper, not to exceed 25% of the portfolio, may not represent more than 10% of issuer's outstanding paper;
- Diversified management companies, as defined by Section 53601 (l) of the Government Code, not to exceed 10% of the portfolio;
- Bonds issued by the City, including bonds payable solely out of revenue from a revenue producing property owned, controlled or operated by the City, not to exceed 25% of the portfolio for combined municipal debt;
- Bonds, notes or other evidence of indebtedness of any local agency within the State, or State warrants, or treasury notes or bonds of the State not to exceed 25% of the portfolio for combined municipal debt;
- Bonds, notes or other evidence of indebtedness in any of the other 49 states, in addition to California, not to exceed 25% of the portfolio for combined municipal debt; and
- Mortgage-backed pass-through securities, collateralized mortgage obligations and asset backed securities not to exceed 15% of investing agency's surplus.
- In accordance with the City's investment policy, all securities are held by a third party custodian in the name of the City.

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

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

	2016	2015
Realized gain/(loss) on matured investments	\$ (195,338)	\$ (605,850)
Unrealized loss in changes in fair value of investments	2,477,693	669,743
Interest Income	2,729,664	2,787,612
Total investment income	\$ 5,012,019	\$ 2,851,505

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

c. Summary of Cash and Investments

The following is a summary of pooled cash and investments at June 30, 2016:

	Government-Wide Statement of Net Position			Fiduciary Funds Statement of	
	Governmental Activities	Business-Type Activities	Total	Net Position	Total
Cash and Investments	\$ 149,189,477	\$ 90,537,993	\$ 239,727,470	\$ 10,390,098	\$ 250,117,568
Restricted Cash and Investments	\$ 3,914,856	\$ 12,207,641	\$ 16,122,497	\$ 31,769,484	47,891,981
Total Cash and Investments					\$ 298,009,549

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

Note 3: Cash and Investments (Continued)

d. Investments in Local Agency Investment Funds

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight to the Treasurer of the State of California. LAIF is overseen by the Local Agency Investment Advisory Board, which consists of five members, in accordance with State statute. The State Treasurer's Office audits the fund annually. The City's investments with LAIF at June 30, 2016 included a portion of the pool funds invested in Structured Notes and Asset-Backed Securities.

As of June 30, 2016, the City had \$44,641,503 invested in LAIF. Fair value of the City's LAIF investments was \$44,669,235 as of June 30, 2016. This is arrived at by multiplying the City's LAIF account balance by a fair value factor determined by LAIF. The fair value factor was determined by dividing all LAIF participants' total aggregate fair value by total aggregate amortized cost, resulting in a factor of 1.000621222.

CITY OF CORONA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2016

Note 3: Cash and Investments (Continued)

e. Risk Disclosures

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's Investment Policy limits the City's investment portfolio to maturities not to exceed five years at time of purchase. The investment maturities of the City's portfolio as of June 30, 2016 are presented below:

Investment Type	Investment Maturities (in Months)		
	12 Months or Less	12 Months to 60 Months	More than 60 Months
Cash and Investments:			
FFCB	\$ -	\$ 2,019,971	\$ -
FHLB	8,548,587	11,413,211	-
FHLMC	6,024,628	23,532,803	-
FNMA	-	33,030,790	-
US T- Notes	-	44,667,988	-
LAIF	44,669,235	-	-
Federated	53,021	-	-
Wells Fargo Corp	-	2,618,682	-
Microsoft	-	3,401,489	-
US Bancorp	-	2,460,035	-
Cisco Systems	-	2,606,683	-
Wal- Mart Stores	-	1,482,471	-
Pfizer Inc	796,730	-	-
Tennessee Valley Authority	-	4,082,940	-
IBM Corp	-	3,647,704	-
Chevron Corp	-	2,113,486	-
Toyota Motor Corp	-	1,264,150	-
Bank of New York Mellon	-	2,091,802	-
Pepsico Inc	-	2,136,360	-
Chase CHAIT	-	1,581,059	-
Praxair	-	2,537,651	-
Oracle	-	2,589,136	-
John Deere Capital Corp	1,503,922	781,007	-
American Honda Finance	-	2,823,513	-
Bank of Tokyo Mit/NY	4,074,924	-	-
Intel Corp	-	2,640,556	-
Apple Inc	-	2,506,153	-
State Street Bank	-	1,422,659	-
United Tech Corp	196,492	-	-
Toyota ABS	-	3,519,723	-
Honda ABS	-	5,921,338	-
John Deere Owner Trust	-	4,843,419	-
Exxon Mobile	-	2,783,824	-
Costco Wholesale Corp	-	1,662,668	-
Qualcom Inc.	-	2,466,761	-
Deposits	3,599,997	-	-
Total Investments	\$ 69,467,536	\$ 180,650,032	\$ -

CITY OF CORONA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2016

Note 3: Cash and Investments (Continued)

Investment Type	Investment Maturities (in Months)		
	12 Months or Less	12 Months to 60 Months	More than 60 Months
Restricted Cash and Investments:			
Cash and Cash in Escrow	\$ 4,551,447	\$ -	\$ -
Local Agency Investment Funds	3,488,500	-	-
Federated Treasury Obligation	998,330	-	-
Bankers Bk Okla City	-	248,000	-
GE Cap Finl Inc	-	248,000	-
Goldman Sachs Bk USA New York	-	248,000	-
Goldman Financial Square MMKT	15,757,920	-	-
Discover Bank Greenwood Del	-	248,000	-
Meridian Bank Paoli PA	-	248,000	-
Morgan Stanley Prime Instl	9,154,209	-	-
Invesco STIT Treasury Private 1933	7,285,543	-	-
Invesco GoVt Agency Private 1903	867,337	-	-
Synchrony Bank	-	248,000	-
Natixis Funding Corp	-	4,300,695	-
Total Investments	\$ 42,103,286	\$ 5,788,695	\$ -

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

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

CITY OF CORONA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2016

Note 3: Cash and Investments (Continued)

As of June 30, 2016, the City had the following deposits and investments.

	<u>Credit Rating</u>	<u>Fair Value</u>	<u>Total</u>
City Treasury:			
Deposits	Not Rated	\$ 3,599,997	\$ 3,599,997
Investments:			
Medium Term Notes	AAA	13,300,464	
Medium Term Notes	AA+	5,289,977	
Medium Term Notes	AA	2,279,201	
Medium Term Notes	AA-	14,369,789	
Medium Term Notes	A+	9,904,903	
Medium Term Notes	A	13,092,083	
Medium Term Notes	A-1	4,074,924	
Medium Term Notes	A-	196,492	
Medium Term Notes	Not Rated	5,966,564	68,474,397
Tennessee Valley Authority	AA+	4,082,940	4,082,940
U.S. Government Agency Securities			
FFCB	AA+	2,019,971	
FHLB	AA+	19,961,798	
FHLMC	AA+	29,557,431	
FNMA	AA+	33,030,790	
U.S. Treasury	Not Rated	44,667,988	129,237,978
Money Market Funds	AAA	53,021	53,021
Local Agency Investment Funds	Not Rated	44,669,235	44,669,235
Restricted Cash and Investments:			
Cash & Investments with Fiscal Agent	Not Rated	43,340,534	
Development Restricted Cash	Not Rated	63,048	
Water Reclamation Restricted Cash	Not Rated	679,420	
Electric Restricted Cash	Not Rated	1,100,000	
Transit Restricted Cash	Not Rated	611,272	
Special Tax Districts Restricted Cash	Not Rated	29,652	
Retention & Escrow Accounts	Not Rated	2,068,055	47,891,981
Total Investments			\$ 298,009,549

CITY OF CORONA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2016

Note 3: Cash and Investments (Continued)

The City's credit risk, expressed on a percentage basis as of June 30, 2016, is presented below:

Investment Type	Moody's Rating	S&P Rating	% of Investment
US T-Notes	AAA	AA+	18.94%
LAIF	NR	NR	17.93%
FNMA	AAA	AA+	13.27%
FHLMC	AAA	AA+	11.87%
FHLB	AAA	AA+	8.02%
John Deere ABS	AAA	NR	1.95%
Tennessee Valley Authority	AAA	AA+	1.64%
Bank of Tokyo-Mit UFJ	P-1	A-1	1.64%
Honda ABS	NR	AAA	1.55%
IBM Corp	AA3	AA-	1.47%
Toyota ABS	AAA	AAA	1.41%
Microsoft	AAA	AAA	1.37%
Honda Motor Corporation	A1	A+	1.13%
Exxon Mobile Corp	AAA	AA+	1.12%
Intel Corp	A1	A+	1.06%
Cisco Systems	A1	AA-	1.05%
Wells Fargo Corp	A2	A	1.05%
Oracle Corp	A1	AA-	1.04%
Praxair	A2	A	1.02%
Apple Inc	AA1	AA+	1.01%
US Bancorp	A1	A+	0.99%
Qualcomm Inc	A1	A+	0.99%
Deere & Company	A2	A	0.92%
Pepsico Inc	A1	A	0.86%
ChevronTexaco Corp	AA2	AA-	0.85%
Bank of New York	A1	A	0.84%
FFCB	AAA	AA+	0.81%
Costco Wholesale Corporation	A1	A+	0.67%
JP Morgan ABS	AAA	AAA	0.64%
Wal- Mart Stores	AA2	AA	0.60%
State Street Bank	A1	A	0.57%
Toyota Motor Corp	AA3	AA-	0.51%
Honda ABS	AAA	NR	0.45%
Honda ABS	AAA	AAA	0.38%
Pfizer Inc	A1	AA	0.32%
United Technology Corp	A3	A-	0.08%
Federated Govt Obligation Money Market Fund	AAA	AAA	0.02%
Total			100.0%

CITY OF CORONA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

Note 3: Cash and Investments (Continued)

f. Fair Value Measurement and Application

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The City has the following recurring fair value measurements as of June 30, 2016:

	June 30, 2016	Investments not Measured at Fair Value	Level	
			1	2
Investments:				
US Treasury	\$ 44,667,988	\$ -	\$ -	\$ 44,667,988
Federal Government Agency	88,652,930	-	-	88,652,930
Medium-Term Corporate Notes	52,608,859	-	-	52,608,859
Asset-Backed Securities	15,865,538	-	-	15,865,538
Money Market Funds	53,021	53,021	-	-
Local Agency Investment Fund	44,669,235	-	-	44,669,235
Total Cash Investments	246,517,571	53,021	-	246,464,550
Restricted Investments:				
Local Agency Investment Fund	3,488,500	-	-	3,488,500
Federal Government Agency	998,330	-	-	998,330
Medium-Term Corporate Notes	38,853,704	-	-	38,853,704
Total Restricted Investments	43,340,534	-	-	43,340,534
Total Investments	\$ 289,858,105	\$ 53,021	\$ -	\$ 289,805,084

Note 4: Interfund Transactions

a. Current Interfund Receivables/Payables

Current interfund balances arise in the normal course of business and are expected to be repaid shortly after the end of the fiscal year. The following is a summary of current interfund balances as of June 30, 2016:

Receivable Fund	Amount	Payable Fund	Amount
Major Funds:		Non-Major Funds:	
General Fund	\$ 17,845,764	Special Revenue Funds:	
		Special Tax District	\$ 36,660
		Other Grants & Endowments	31,622
		Capital Projects Funds:	
		Public Facility Project	4,144,936
		HUD Grants	413,964
		Other Grants	13,218,582
Total	\$ 17,845,764	Total	\$ 17,845,764

CITY OF CORONA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2016

Note 4: Interfund Transactions (Continued)

b. Long-Term Interfund Receivables/Payables

At June 30, 2016, the funds below have made advances that were not expected to be repaid within one year.

<u>Receivable Fund</u>	<u>Amount</u>	<u>Payable Fund</u>	<u>Amount</u>
Major Funds:		Major Funds:	
General Fund	\$ 25,686,325	<u>Special Revenue Funds:</u>	
		Development	\$ 14,807,287
<u>Special Revenue Funds:</u>		<u>Enterprise Funds:</u>	
Development	154,913	Electric	10,734,038
		Non-Major Funds:	
		<u>Special Revenue Funds:</u>	
		Special Tax Districts	154,913
		<u>Enterprise Funds:</u>	
		Airport	145,000
Total	<u>\$ 25,841,238</u>	Total	<u>\$ 25,841,238</u>

The General Fund made cash advances to the Park Development (Quimby) special revenue fund over the years to help the Quimby fund to repay its outstanding 2001 lease revenue bonds. These bonds were issued to refund the 1989 and 1993 Lease Revenue Bonds issued by the then Corona Public Improvement Corporation. Bond proceeds were used to acquire park land throughout the City. Repayments to the General Fund will continue to be made from development impact fees collected with future development. As of June 30, 2016, the balance of this Interfund Loan was \$14,807,287.

A loan was made from the General Fund to the Electric enterprise fund to pay for certain capital improvement projects, and to call the outstanding 2005 Clearwater Cogeneration Projects Certificates of Participation. As of June 30, 2016, the balance payable from Electric to the General Fund was \$10,734,038.

In January 1998, The General Fund made a loan to the Airport fund to pay for certain improvement. Repayment was expected over a 27-year period with annual payment of \$15,000. As of June 30, 2016 the loan balance due from the Airport enterprise fund was \$145,000.

The Development special revenue fund advance of \$154,913 is being repaid by special assessments collected in a landscape maintenance district over a 10-year period with annual payments of \$56,035.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

Note 4: Interfund Transactions (Continued)

c. Internal Balances – Capital Lease

Related Parties

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

Capital Lease Obligations

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

Per the Lease Agreements, maximum lease payments are calculated with a discount rate of 6.0%. The original lease payments since Fiscal Year 2001-02 through Fiscal Year 2007-08 were established as 5.0% to 8.0% of the corresponding utility sales revenues of that year, equivalent to discounting the lease principal amounts by a range from 1.2% to 3.0%. Starting Fiscal Year 2008-09 and continued to the next fiscal year, the lease payment was calculated with a 3.5% to 4.0% growth factor over the previous fiscal year, equivalent to discounting the lease principal amounts by 3.2% for Water Utilities and 2.8% for Water Reclamation Utilities. In Fiscal Year 2011-12, the annual lease payment for Water Utility was calculated with a discount rate of 6.0% with a catch-up payment for the prior years in the amount of \$311,015, and the Water Reclamation Utility's lease payment was discounted at 5.7% of the lease principal amount. For fiscal years 2013-14 and 2014-15, the lease payment for Water and Water Reclamation utilities were calculated with a discount rate of 5.0% and 4.4% respectively. For fiscal year ended June 30, 2016, the lease payment for Water and Water Reclamation utilities were calculated with a discount rate of 3.4% and 3.1% respectively.

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

The following Internal Balances – Capital Leases were outstanding at June 30, 2016:

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

CITY OF CORONA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2016

Note 4: Interfund Transactions (Continued)

Current Year Transactions

During Fiscal Year 2015-2016, the following related party transactions were recorded by the City and the Authority:

<u>Leasee</u>	<u>Amount</u>
Water Utility	\$ 3,590,150
Water Reclamation Utility	2,041,048
Total Payment from the Authority to the City	<u>\$ 5,631,198</u>

Capital Lease Payments

At June 30, 2016, the future minimum lease payments required under the capital leases and the net present value of the future lease payments for the Water utility are presented below:

Corona Utility Authority		
Future Lease Payments - Water Utility		
<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ -	\$ 3,397,942
2018	-	3,215,345
2019	-	3,041,878
2020	-	2,877,084
2021	-	2,720,530
2022-2026	-	11,515,011
2027-2031	-	8,622,798
2032-2036	-	6,384,858
2037-2041	-	4,653,183
2042-2046	-	3,313,246
2047-2051	-	2,074,720
2052-2056	-	699,106
Total Future Lease Payments	-	<u>\$ 52,515,701</u>
Amount to be Forgiven at End of Lease	<u>106,819,662</u>	
Present Value of Total Lease Payment	<u>\$ 106,819,662</u>	

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

Note 4: Interfund Transactions (Continued)

At June 30, 2016, the future minimum lease payments required under the capital leases and the net present value of the future lease payments for the Water Reclamation utility are presented below:

Corona Utility Authority		
Future Lease Payments - Water Reclamation Utility		
Fiscal Year	Principal	Interest
2017	\$ -	\$ 2,041,048
2018	-	2,041,048
2019	-	2,041,048
2020	-	1,932,246
2021	-	1,828,883
2022-2026	-	7,766,090
2027-2031	-	5,856,554
2032-2036	-	4,378,992
2037-2041	-	3,235,683
2042-2046	-	2,351,012
2047-2051	-	1,688,656
2052-2056	-	1,468,098
Total Future Lease Payments	-	\$ 36,629,358
Amount to be Forgiven at End of Lease	\$ 65,808,682	
Present Value of Total Lease Payment	\$ 65,808,682	

d. Transfers Between Funds

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

- \$1,183,179 from the Gas Tax special revenue fund to the General Fund for the reimbursement of street maintenance costs.
- \$659,777 from Development special revenue fund to the General Fund for the reimbursement of the construction cost of the Temescal Canyon police and fire facilities.
- \$402,761 from Warehouse internal service fund to the General Fund for reimbursement of excess indirect cost allocation charges.
- \$4,584,437 from CPFA enterprise fund to the Electric Fund to call the 2005 Certificate of Participation.

CITY OF CORONA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2016

Note 4: Interfund Transactions (Continued)

Total transfers of \$7,173,289 are presented below:

<u>Transfers Out</u>	<u>Transfers In</u>			<u>Totals</u>
	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Electric Fund</u>	
General Fund	\$ -	\$ 142,331	\$ -	\$ 142,331
Development	659,777	-	-	659,777
Nonmajor Governmental	1,185,792	-	-	1,185,792
Water	8,379	-	-	8,379
Water Reclamation	5,252	-	-	5,252
Electric	909	-	-	909
Nonmajor Enterprise Funds	-	-	4,584,438	4,584,438
Internal Service Funds	586,411	-	-	586,411
Totals	\$ 2,446,520	\$ 142,331	\$ 4,584,438	\$ 7,173,289

Note 5: Long-Term Receivables

Long-term receivables on the governmental fund financial statement as of June 30, 2016 are presented by specific description so as not to be aggregated. The major receivable balances in the governmental funds which are not expected to be collected within one year are:

<u>Governmental Funds</u>	<u>Loans Receivable</u>	<u>Long-Term Receivable</u>
Major Funds:		
General Fund	\$ -	\$ 8,048,642
<u>Special Revenue Funds:</u>		
Development	28,380	-
<u>Capital Project Funds:</u>		
Low Mod Income Housing Asset	8,097,285	4,784,652
Non-Major Funds:		
<u>Capital Project Funds:</u>		
HUD Grants	1,994,698	-
Total	\$ 10,120,363	\$ 12,833,294

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

- Various City/former Corona Redevelopment Agency loans totaled \$7,578,757 as of June 30, 2016. The loans were approved by the Oversight Board on May 30, 2013. Finding of Completion was issued by the California Department of Finance on April 8, 2013. Repayments of these City loans from the Successor Agency were scheduled to commence after Fiscal Year 2014-15 after the SERAF Loan was paid in full. Please refer to Note 20.c for additional information.

CITY OF CORONA

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016**

Note 5: Long-Term Receivables (Continued)

- Reimbursement receivables from developers for the Temescal Canyon Communications Tower in the amount of \$283,736.
- Amount to be reimbursed by developers for South Corona area Community Facilities Plan for \$186,149.

The Development special revenue fund reported loans receivable of \$28,380 for the sale of real property to a developer; the fund also reports a long-term receivable for future developer impact fees for the Temescal Canyon Public Safety Facility in the amount of \$620,487. Due to the uncertainty of collecting these funds, the City set aside an allowance for doubtful account for this item.

Long-term receivables from the Successor Agency Trust Fund in the amount of \$4,784,652 is reported under the Corona Housing Authority (CHA) in the Low Mod Income Housing Asset capital project fund. The amount represents the outstanding balance of the SERAF loan at June 30, 2016, which was assumed by the CHA as the housing successor upon the dissolution of the former Corona Redevelopment Agency. Please refer to Note 20.c for additional information. The fund also reported loans receivable from various developers with a total of \$8,097,285 at June 30, 2016.

Loans receivable in the amount of \$1,994,698 reported in the HUD Grants fund represented various outstanding HUD program loans as of June 30, 2016.

Note 6: Land Held for Resale

Land held for resale consists of real property acquired by the City and held for resale to private developers. The amount recorded as land held for resale and the corresponding fund balance classified as restricted as of June 30, 2016 was \$5,653,055.

Note 7: Capital Assets

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

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

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

CITY OF CORONA

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016**

Note 7: Capital Assets (Continued)

A summary of capital assets of the City as of June 30, 2016 is presented below:

	<u>Restated Balance June 30, 2015</u>	<u>Reclassification from Successor Agency</u>	<u>Construction in Progress Completed</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2016</u>
Governmental Activities:						
Capital assets not being depreciated:						
Land	\$ 64,963,325	\$ 352,042	\$ -	\$ 13,891	\$ (106,975)	\$ 65,222,283
Streets	178,543,217	-	-	-	-	178,543,217
Construction in Progress	70,561,639	-	(8,028,941)	42,329,051	-	104,861,749
Total Capital Assets not being Depreciated	<u>314,068,181</u>	<u>352,042</u>	<u>(8,028,941)</u>	<u>42,342,942</u>	<u>(106,975)</u>	<u>348,627,249</u>
Capital assets being depreciated:						
Buildings and Improvements	212,513,071	-	6,178,695	-	-	218,691,766
Machinery and Equipment	33,690,092	-	1,651,512	170,912	(1,891,031)	33,621,485
Computer Software	259,095	-	198,734	-	-	457,829
Infrastructure	314,520,030	-	-	216,838	-	314,736,868
Total Capital Assets being Depreciated	<u>560,982,288</u>	<u>-</u>	<u>8,028,941</u>	<u>387,750</u>	<u>(1,891,031)</u>	<u>567,507,948</u>
Less accumulated depreciation for:						
Buildings and Improvements	(99,845,599)	-	-	(4,916,322)	-	(104,761,921)
Machinery and Equipment	(24,632,306)	-	-	(2,058,534)	1,849,773	(24,841,067)
Computer Software	(247,531)	-	-	(7,692)	-	(255,223)
Infrastructure	(114,579,791)	-	-	(5,258,377)	-	(119,838,168)
Total Accumulated Depreciation	<u>(239,305,227)</u>	<u>-</u>	<u>-</u>	<u>(12,240,925)</u>	<u>1,849,773</u>	<u>(249,696,379)</u>
Total Capital Assets Being Depreciated, Net	<u>321,677,061</u>	<u>-</u>	<u>8,028,941</u>	<u>(11,853,175)</u>	<u>(41,258)</u>	<u>317,811,569</u>
Governmental Activities Capital Assets, Net	<u>\$ 635,745,242</u>	<u>\$ 352,042</u>	<u>\$ -</u>	<u>\$ 30,489,767</u>	<u>\$ (148,233)</u>	<u>\$ 666,438,818</u>

Governmental activity capital assets were restated by \$(2,401,894), due to the recognition of construction in progress that should have been expensed as repairs in prior years.

Refer to Note 19 for additional information on the restatement of beginning balances.

CITY OF CORONA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2016

Note 7: Capital Assets (Continued)

For the year ended June 30, 2016, accumulated depreciation on governmental activity capital assets and depreciation expense charged to each governmental function are presented as follows:

	Restated Balance June 30, 2015	Current Year Depreciation	Accumulated Depreciation	Adjustments to Depreciation	Accumulated Depreciation June 30, 2016
General Governments	\$ 35,967,959	\$ 2,833,766	\$ 38,801,725	\$ (2,973,000)	\$ 35,828,725
Public Safety - Fire	7,508,789	450,342	7,959,131	(786,160)	7,172,971
Public Safety - Police	7,377,907	885,158	8,263,065	(76,987)	8,186,078
Public Works	7,255,854	770,031	8,025,885	241,408	8,267,293
Maintenance Services	181,041,765	7,287,527	188,329,292	1,721,907	190,051,199
Library and Recreation	152,953	14,101	167,054	23,059	190,113
Total Depreciation Expense	<u>\$ 239,305,227</u>	<u>\$ 12,240,925</u>	<u>\$ 251,546,152</u>	<u>\$ (1,849,773)</u>	<u>\$ 249,696,379</u>

CITY OF CORONA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2016

Note 7: Capital Assets (Continued)

	Restated Balance June 30, 2015	Construction in Progress Completed	Additions	Deletions	Balance June 30, 2016
Business-Type Activities:					
Capital assets not being depreciated:					
Land	\$ 5,250,690	\$ 144,607	\$ 12,200	\$ -	\$ 5,407,497
Water Reclamation Rights	19,644,651	-	-	-	19,644,651
Construction in Progress	36,886,644	(20,104,294)	25,251,503	(86,024)	41,947,829
Total Capital Assets not being Depreciated	61,781,985	(19,959,687)	25,263,703	(86,024)	66,999,977
Capital assets being depreciated:					
Buildings and Improvements	94,304,762	1,321,773	-	(591,110)	95,035,425
Machinery and Equipment	85,406,810	5,006,144	595,168	(365,060)	90,643,062
Computer Software	150,754	-	-	-	150,754
Infrastructure	314,418,071	13,631,770	642,614	-	328,692,455
Emission Reduction Credits	230,000	-	-	-	230,000
Total Capital Assets being Depreciated	494,510,397	19,959,687	1,237,782	(956,170)	514,751,696
Less accumulated depreciation for:					
Buildings and Improvements	(39,447,135)	-	(2,048,903)	455,158	(41,040,880)
Machinery and Equipment	(48,543,570)	-	(5,340,335)	346,759	(53,537,146)
Computer Software	(73,289)	-	(30,150)	-	(103,439)
Infrastructure	(82,334,818)	-	(5,649,439)	-	(87,984,257)
Emission Reduction Credits	(230,000)	-	-	-	(230,000)
Total Accumulated Depreciation	(170,628,812)	-	(13,068,827)	801,917	(182,895,722)
Total Capital Assets Being Depreciated, Net	323,881,585	19,959,687	(11,831,045)	(154,253)	331,855,974
Business-Type Activities Capital Assets, Net	\$ 385,663,570	\$ -	\$ 13,432,658	\$ (240,277)	\$ 398,855,951

Business-type activities depreciation expense for capital assets for the year ended June 30, 2016, is as follows:

Water	\$ 7,019,436
Water Reclamation	4,570,086
Electric	951,640
Transit Services	490,369
Airport	37,296
Total depreciation expense - business-type activities	<u>\$ 13,068,827</u>

CITY OF CORONA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

Note 7: Capital Assets (Continued)

Below is a summary of infrastructure assets of the City as of June 30, 2016:

Description	Historical Cost	Accumulated Depreciation	Net Cost
Government Activities:			
Modified Approach			
Street Pavement System	\$ 178,543,217	\$ -	\$ 178,543,217
Basic Approach			
Curbing	78,004,748	(35,188,803)	42,815,945
Sidewalks	86,619,738	(37,949,728)	48,670,010
Signs and Lights	40,348,330	(13,340,817)	27,007,513
Storm Drains	103,864,252	(31,893,796)	71,970,456
Fiberoptics	5,899,800	(1,465,024)	4,434,776
Subtotal Basic Approach	314,736,868	(119,838,168)	194,898,700
Total Governmental Activities	\$ 493,280,085	\$ (119,838,168)	\$ 373,441,917
Business-Type Activities:			
Basic Approach			
Fiberoptics	\$ 235,950	\$ (140,442)	\$ 95,508
Curbing	200	(12)	188
Sidewalks	1,131	(70)	1,061
Electric	6,212,266	(1,090,696)	5,121,570
Signs and Lights	249,371	(29,925)	219,446
Water	232,830,494	(62,945,122)	169,885,372
Water-Reclamation	89,163,043	(23,777,990)	65,385,053
Total Business-Type Activities	\$ 328,692,455	\$ (87,984,257)	\$ 240,708,198

Construction in Progress and Capital Project Commitments

The City has active construction projects as of June 30, 2016. These projects include street construction in areas of newly developed housing, pavement rehabilitation, and various water and water reclamation upgrades and replacements. At year end, the City's construction in progress totaled \$146,809,578.

The following material construction commitments existed at June 30, 2016:

Project Name	Contract Amount	Expenditures to date as of June 30, 2016	Remaining Commitments
Governmental Activities:			
Foothill Parkway Westerly Extension	\$ 43,586,590	\$ 36,249,204	\$ 7,337,386
Business-Type Activities:			
Home Garden ION Exchange Treatment Plant	7,123,597	1,929,344	5,194,253
Total Construction Commitments	\$ 50,710,187	\$ 38,178,548	\$ 12,531,639

CITY OF CORONA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

Note 8: Compensated Absences Payable

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

As shown in the table below, the long-term portion of this debt amounts to \$2,161,630 for governmental activities and \$260,455 for business-type activities at June 30, 2016. These amounts are expected to be paid in future years from future resources. In prior years, compensated absences have been liquidated primarily by the General Fund and the proprietary funds. The total amount outstanding at June 30, 2016 was \$8,323,933 for governmental activities and \$1,065,338 for business-type activities.

	<u>Balance July 1, 2015</u>	<u>Incurred</u>	<u>Satisfied</u>	<u>Balance June 30, 2016</u>	<u>Amounts Due Within One Year</u>	<u>Amounts Due in More than One Year</u>
Governmental Activities	\$ 8,220,730	\$ 6,241,242	\$ 6,138,039	\$ 8,323,933	\$ 6,162,303	\$ 2,161,630
Business-Type Activities	\$ 1,062,916	\$ 786,536	\$ 784,114	\$ 1,065,338	\$ 804,883	\$ 260,455

Note 9: Long-Term Obligations

The following is a summary of long-term obligation transactions of the City for the year ended June 30, 2016:

	<u>Balance July 1, 2015</u>	<u>Incurred</u>	<u>Satisfied</u>	<u>Balance June 30, 2016</u>	<u>Amounts Due Within One Year</u>	<u>Amounts Due in More than One Year</u>
Governmental Activities:						
Lease Payable	\$ 20,955,307	\$ -	\$ 1,445,122	\$ 19,510,185	\$ 1,493,939	\$ 18,016,246
Lease Revenue Bonds Payable	29,145,000	-	1,170,000	27,975,000	27,975,000	-
Special Assessment District Bonds	185,000	-	185,000	-	-	-
Total Governmental Activities	\$ 50,285,307	\$ -	\$ 2,800,122	\$ 47,485,185	\$ 29,468,939	\$ 18,016,246
Business-Type Activities:						
Installment Agreement Payable	\$ 9,766,221	\$ -	\$ 545,495	\$ 9,220,726	\$ 564,561	\$ 8,656,165
Contracts Payable	690,390	-	-	690,390	-	690,390
Term Loan Payable	19,142,121	8,451,123	1,482,368	26,110,876	1,519,428	24,591,448
Revenue Bonds	52,150,000	-	3,665,000	48,485,000	3,775,000	44,710,000
Certificates of Participation	23,785,000	-	23,785,000	-	-	-
Unamortized Bond Premium	1,916,170	-	107,507	1,808,663	-	1,808,663
Total Business-Type Activities	\$ 107,449,902	\$ 8,451,123	\$ 29,585,370	\$ 86,315,655	\$ 5,858,989	\$ 80,456,666

a. Lease Payable

2012 Refunding Lease

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

Note 9: Long-Term Obligations (Continued)

As of June 30, 2016, the net present value of future minimum lease payments required under the capital lease was \$19,510,185. The future minimum lease payments are presented below:

<u>Fiscal Year</u>	<u>2012 Refunding Lease Payables</u>	<u>Lease Payment</u>
2017		\$ 2,135,122
2018		2,135,122
2019		2,135,122
2020		2,135,122
2021		2,135,122
2022-2026		10,675,611
2027		2,135,122
Total Minimum Lease Payments		23,486,343
Less: Amount Representing Interest		(3,976,158)
Present Value of Future Minimum Lease Payments		<u>\$ 19,510,185</u>

b. Lease Revenue Bonds2006 Lease Revenue Bonds, Series C

The CPFA 2006 Lease Revenue Bonds Series C were issued on December 6, 2006 in the amount of \$37,180,000 to pay the costs of the Corporate Yard Expansion project, and to redeem the outstanding 2000 Lease Revenue Bonds, Series A of the CPFA. The outstanding 2000 Lease Revenue Bonds in the amount of \$11,120,000 were defeased in September 2008. The 2006 Lease Revenue Bonds bear interest from 3.625% to 5.000% and are due in annual installments ranging from \$1,135,000 to \$1,770,000 through September 1, 2036. The bonds are payable from the revenues to be received by the CPFA from the City as lease payments for the acquired improvements.

As of June 30, 2016, outstanding balance of the CPFA 2006 Lease Revenue Bonds was \$27,975,000. On September 1, 2016, these outstanding debts were fully defeased with the proceeds from the CPFA 2016 Lease Revenue Refunding Bonds. Refer to Note 21, Subsequent Events, for additional information.

c. Special Assessment District Bonds (Indirect City Liability)

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

Assessment District No. 90-1 Improvement Bonds

The \$3,000,000 Assessment District No. 90-1 Improvement Bonds were issued to finance construction and acquisition of improvements within Tract 22909. On September 2, 2015, the balance of \$185,000 was paid off.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

Note 9: Long-Term Obligations (Continued)**d. Installment Agreement Payable**

The following outstanding installment agreement payables were reported in the business-type activities as of June 30, 2016:

<u>Issuance</u>	<u>Balance</u>
Elsinore Valley Municipal Water District Agreement	\$ 690,135
Brine Line System Discharge Right Agreement	8,530,591
Total Installment Agreement Payable	\$ 9,220,726

Elsinore Valley Municipal Water District Agreement

On December 1, 2008, the City and Elsinore Valley Municipal Water District entered into an agreement for a total of \$2,500,000 for the purpose of acquiring certain assets. The loan is payable over a period of 10 years at the rate of 4.277% interest in equal annual installments of \$250,000 through June 2019. The amount outstanding at June 30, 2016 was \$690,135. The future annual debt service requirements per the agreement are presented below:

<u>Fiscal Year</u>	<u>Elsinore Valley Municipal Water District Agreement</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 220,479	\$ 29,521	\$ 250,000
2018	229,911	20,089	250,000
2019	239,745	10,255	250,000
Totals	\$ 690,135	\$ 59,865	\$ 750,000

Brine Line System Discharge Right Agreement

On November 5, 2014, the City Council and the Corona Utility Authority Board authorized an agreement for the assignment of California Rehabilitation Center's wastewater discharge rights by and among the City of Corona, the Western Municipal Water District of Riverside County, the California Department of Corrections and Rehabilitation, and the City of Norco. The City of Corona purchased 750,000 gallons per day wastewater disposal right from the City of Norco through the Santa Ana Regional Interceptor (SARI) or Inland Empire Brine Line for a total amount of \$9,864,651. Initial principal payment of \$1,000,000 was made in June 2015, and the remaining balance was to be amortized at an interest rate of 3.00% over 20 years through 2035. Annual payment is \$600,000. As of June 30, 2016, outstanding balance on the debt was \$8,530,591.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

Note 9: Long-Term Obligations (Continued)

The future annual debt service requirements per the agreement are presented below:

Fiscal Year	Brine Line System Discharge Right Agreement		
	Principal	Interest	Total
2017	\$ 344,082	\$ 255,918	\$ 600,000
2018	354,405	245,595	600,000
2019	365,037	234,963	600,000
2020	375,988	224,012	600,000
2021	387,268	212,732	600,000
2022-2026	2,117,738	882,262	3,000,000
2027-2031	2,455,039	544,961	3,000,000
2032-2035	2,131,034	157,287	2,288,321
Totals	\$ 8,530,591	\$ 2,757,730	\$ 11,288,321

e. Contracts Payable

Contracts Payable arise from the acquisition of certain water and water reclamation facilities and represent amounts due to Western Municipal Water District payable from future water and water reclamation connection fees associated with the acquired facilities. Future connections are provided as needed in the area and as such cannot be scheduled. When connection fees are received, the amounts attributable to the cost of physical connection are recognized as revenue and any additional amounts are credited to the contributed capital account. The amount outstanding at June 30, 2016 was \$690,390, with 50% of the obligation attributable to the Water Utility and 50% attributable to Water Reclamation Utility.

f. Term Loans Payable

The following outstanding term loan obligations were reported in the business-type activities as of June 30, 2016:

Term Loans	Balance
State Revolving Fund Loan Contract No. C-06-4802-110	17,022,722
State Revolving Fund Loan Contract No. C-06-7834-110	9,088,154
Total Term Loans Payable	\$ 26,110,876

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

On June 10, 2003, the City and the State Water Resources Control Board of the State of California entered into a State Revolving Fund Loan Contract No. C-06-4802-110 for a maximum amount of \$30,228,817, for construction of facilities at the Water Reclamation Facility No. 1. These facilities will provide recycled water to existing and future customers within the City. The loan is payable over a period of 20 years at an interest rate of 2.50% in equal annual installments of \$1,944,995 through 2026. The amount outstanding at June 30, 2016 was \$17,022,722.

CITY OF CORONA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2016

Note 9: Long-Term Obligations (Continued)

Annual future debt service requirements for the loan are presented below:

Fiscal Year	State Revolving Fund Loan C-06-4802-110		
	Principal	Interest	Total
2017	\$ 1,519,428	\$ 425,568	\$ 1,944,996
2018	1,557,413	387,582	1,944,995
2019	1,596,348	348,647	1,944,995
2020	1,636,257	308,738	1,944,995
2021	1,677,163	267,832	1,944,995
2022-2026	9,036,113	688,862	9,724,975
Totals	\$ 17,022,722	\$ 2,427,229	\$ 19,449,951

State Revolving Fund Loan Contract No. C-06-7834-110

On February 1, 2014, the City and the State Water Resources Control Board of the State of California entered into a State Revolving Fund Loan Contract No. C-06-7834-110 for a maximum amount of \$14,997,145, for the construction of facilities at the Water Reclamation Facility No. 2. These facilities will provide recycled water to existing and future customers within the City. The loan is payable over a period of 30 years at an interest rate of 2.10% in equal annual installments of \$678,712 through 2046. Annual debt service payments will begin one year after completion. The project was completed on August 31, 2016, and debt service payment will commence on August 31, 2017. The balance of outstanding debt is equivalent to the amount that has been drawn on this loan, which was \$9,088,154, as of June 30, 2016.

g. Revenue Bonds

The following outstanding revenue bonds were reported in the business-type activities as of June 30, 2016:

Revenue Bonds	Balance
\$35,880,000 Corona Utility Authority 2012 Water Revenue Bonds	\$ 32,070,000
\$20,890,000 Corona Utility Authority 2013 Wastewater Revenue Bonds	16,415,000
Total Revenue Bonds	\$ 48,485,000

2012 Corona Utility Authority Water Revenue Bonds

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

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

CITY OF CORONA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

Note 9: Long-Term Obligations (Continued)

The outstanding bonds bear interest rates from 2.0% to 5.0% and are due in annual installments ranging from \$1,375,000 to \$2,240,000 through 2030 with term bonds in the amount of \$5,155,000 due on September 1, 2032. The bonds are considered a liability of the Water Utility fund. The future annual debt service requirements for the 2012 CUA Water Revenue bonds are presented below:

2012 CUA Water Revenue Bonds			
Fiscal Year	Principal	Interest	Total
2017	\$ 1,375,000	\$ 1,387,425	\$ 2,762,425
2018	1,390,000	1,359,700	2,749,700
2019	1,430,000	1,310,250	2,740,250
2020	1,485,000	1,259,375	2,744,375
2021	1,530,000	1,206,500	2,736,500
2022-2026	8,735,000	4,909,725	13,644,725
2027-2031	10,970,000	2,620,250	13,590,250
2032-2033	5,155,000	260,875	5,415,875
Totals	\$ 32,070,000	\$ 14,314,100	\$ 46,384,100

2013 Corona Utility Authority Wastewater Revenue Bonds

On June 26, 2013, the Corona Utility Authority issued the 2013 Wastewater Revenue bonds in the amount of 20,890,000 (plus a net original issue premium of \$2.1 million) with interest rates ranging from 2.0% to 5.0%, to refund several outstanding City debts, and to fund certain capital improvement projects for the Water Reclamation Utility. The CUA 2013 Wastewater Revenue bonds possessed an underlying credit rating of "AA" from Standard & Poor's.

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

The outstanding bonds bear interest rate from 4.0% to 5.0% and are due in annual installments ranging from \$590,000 to \$2,400,000 through 2028 with term bonds in the amount of \$2,860,000 due on September 1, 2031. The bonds are considered a liability of the Water Reclamation Utility fund. The future annual debt service requirements for the 2013 CUA Wastewater Revenue bonds are presented below:

2013 CUA Wastewater Revenue Bonds			
Fiscal Year	Principal	Interest	Total
2017	\$ 2,400,000	\$ 647,100	\$ 3,047,100
2018	1,940,000	560,300	2,500,300
2019	2,015,000	481,200	2,496,200
2020	590,000	429,100	1,019,100
2021	615,000	405,000	1,020,000
2022-2026	3,480,000	1,595,575	5,075,575
2027-2031	4,385,000	677,575	5,062,575
2032	990,000	19,800	1,009,800
Totals	\$ 16,415,000	\$ 4,815,650	\$ 21,230,650

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

Note 9: Long-Term Obligations (Continued)

h. Certificates of Participation

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

2005 Clearwater Cogeneration Projects Certificates of Participation

The CPFA issued \$29,020,000 in 2005 Certificates of Participation for the purpose of financing the remaining costs associated with the acquisition, construction and installation of the Cogeneration Project and the Electric Distribution Facilities Project. The outstanding bonds bear interest from 3.50% to 5.00% due in installments of \$695,000 to \$905,000 through September 1, 2021 with term bonds of \$2,945,000 due September 1, 2024, \$5,910,000 due September 1, 2029 and \$9,280,000 due September 1, 2035.

Approximately \$8.9 million of the proceeds of the Certificates financed the completion of the City's Cogeneration Project (the Facility). The City purchased the Facility from the CPFA and pays the Purchase Payments pursuant to an Installment Purchase Agreement. On September 1, 2010, the City sold the Facility to the City of Riverside for a total consideration of \$53,405,600 through the Clearwater Purchase and Sale Agreement (the Agreement). The terms of the Agreement provided a lease purchase financing with semi-annual payments equivalent to the City's debt service requirements pertain to the Facility. A balloon payment of \$6,951,099 was scheduled on September 1, 2015.

Approximately \$15.0 million of the proceeds of the Certificates financed the acquisition, construction and installation of the electric distribution facilities necessary to supply power to certain developments (Greenfield) within the City, with the anticipation to acquire Southern California Edison's distribution system in order to distribute power to all customers within the City. The City purchased the Greenfield electric distribution facilities from the CPFA pursuant to an Installment Purchase Agreement. Subsequently, in May 2003, the City discontinued pursuing its plan to acquire Southern California Edison's system and terminated its eminent domain proceedings. Approximately \$3.1 million of the proceeds from the 2005 COP was to pay for the efforts made towards the eminent domain proceedings.

On September 1, 2015, the outstanding 2005 COP in the amount of \$23,875,000 were fully defeased. The principal payment consisted of payments from the City of Riverside in accordance with certain installment purchase agreement in the amount of \$7,785,000, the unspent bonds proceeds and reserve fund of \$5,822,190, and the cash payment from the City's Electric fund in the amount of \$10,177,810.

i. Defeased Debt

Assessment District No. 90-1 Improvement Bonds

The \$3,000,000 Assessment District No. 90-1 Improvement Bonds matured in September 2015; accordingly, the bonds were paid in full on September 2, 2015. The total principal payment was \$185,000, with interest of \$7,400.

2005 Clearwater Cogeneration Projects Certificates of Participation

On September 1, 2015, the City made a principal payment of \$23,785,000 and defeased the CPFA 2005 Certificates of Participation in its entirety.

CITY OF CORONA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2016

Note 10: Pledged Revenues

The City has pledged, as security for its water revenue bonds and term loans, a portion of the utility customer revenues, net of specified operating expenses, to repay \$65,507,722 outstanding debts as of June 30, 2016. These debts were to provide financing for various capital projects of the City, including the construction of certain water system and wastewater treatment facilities. The bonds and loans are payable solely from the City's utility customer net revenues. Annual principal and interest payments on these bonds are expected to require less than 27.8% of net revenues subject to the pledge. The total remaining debt service including interest to be paid on these obligations is \$87,064,702. Principal and interest paid for the current year was \$7,695,857, and total customer net revenue subject to pledge was \$27,649,066.

Note 11: Non-City Obligations

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

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

As of June 30, 2016, the special assessment district bonds' balances outstanding were:

<u>Assessment District Bonds (Non-City Debt)</u>		<u>Balance</u>
\$ 855,000	A.D. No. 95-1 Improvement Bonds	\$ 275,000
\$ 1,624,200	A.D. No. 96-1 1996 A Improvement Bonds	520,000
\$ 685,000	A.D. No. 96-1 1997 A Improvement Bonds	265,000
\$ 1,605,000	A.D. No. 96-1 1997 B Improvement Bonds	650,000
\$ 2,657,100	A.D. No. 96-1 1999 A Improvement Bonds	1,280,000
Total Special Assessment District Bonds		<u><u>\$ 2,990,000</u></u>

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

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

CITY OF CORONA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2016

Note 11: Non-City Obligations (Continued)

The following CFD bonds are currently active:

Community Facility District Bonds (Non-City Debt)	Balance
62,845,000 CFD 90-1 Refunding Bonds	\$ 16,265,000
6,485,000 CFD 2000-1, Series A Special Tax Bonds	4,370,000
1,610,000 CFD 2000-1, Series B Special Tax Bonds	1,170,000
3,675,000 CFD 2001-2 Special Tax Bonds	2,675,000
9,415,000 CFD 2002-4 Special Tax Bonds	7,600,000
10,870,000 CFD 2003-2 Special Tax Bonds	6,520,000
22,475,000 CFD 2002-1 Special Tax Bonds & Escrow Term Bonds	15,250,000
3,805,000 CFD 2004-1 Special Tax Bonds	2,995,000
10,280,000 CFD 2002-1 Improvement Area Special Tax Bonds	7,165,000
7,195,000 CFD 86-2 Refunding 2014 Series A Bonds	5,825,000
7,350,000 CFD 89-1, Refunding 2014 Series A Bonds	6,210,000
5,495,000 CFD 89-1, IA Refunding 2014 Series A Bonds	4,640,000
9,525,000 CFD 97-2, Refunding 2014 Series A Bonds	8,595,000
Total Community Facilities District Bonds	\$ 89,280,000

c. Conduit Debt Obligations

Not included in the accompanying financial statements are various conduit debt obligations issued under the name of the City and/or the Agency. The Bonds are not secured by or payable from revenues or assets of the City or Agency. Neither the faith and credit nor the taxing power of the City, the Agency, the State of California or any political subdivision thereof is pledged to the payment of the principal of and interest on the Bonds nor is the City or the Agency in any manner obligated to make any appropriations for payments on these bonds. At June 30, 2016, the aggregate principal amount of Conduit Debt Obligations outstanding totaled \$11,794,394.

Note 12: Bond Requirements

The City adopted an Administrative Policy No. 300.22, City Bond Compliance, on July 23, 2012. The purpose of the policy is to ensure all requirements of the federal and state law necessary to preserve the tax advantages of the City bonds are continuously complied with for the requisite periods. The policy covers the investment and expenditure of bond proceeds, the use of bond-financed facilities and other administrative requirements including continuing disclosure, arbitrage calculation and records retention.

At June 30, 2016, management believes the City and its component units are in compliance with all covenants of the various debt indentures.

Note 13: Pension Plan

a. General Information about the Pension Plans

Plan Description

Miscellaneous and Safety Police Plans - All qualified permanent and probationary employees are eligible to participate in the City of Corona's Miscellaneous and Safety Police Pension Plans, agent multiple-employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and Local Government resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Safety Fire Plan - All qualified permanent and probationary employees are eligible to participate in the City of Corona's Safety Fire Pension Plan, cost-sharing multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and Local Government resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Classic members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

CITY OF CORONA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2016

Note 13: Pension Plan (Continued)

The Plans' provisions and benefits in effect at June 30, 2016, are summarized as follows:

	Miscellaneous	
	Classic*	PEPRA
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.7% @ 55	2.0% @ 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50	52
Monthly benefits, as a % of eligible compensation	2.0% - 2.7%	1.0% - 2.5%
Required employee contribution rates	8.000%	6.750%
Required employer contribution rates	35.153%	35.153%
	Safety Police	
	Classic*	PEPRA
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	3.0% @ 50	2.7% @ 57
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50	50
Monthly benefits, as a % of eligible compensation	3.00%	2.0% - 2.7%
Required employee contribution rates	9.000%	12.750%
Required employer contribution rates	40.218%	40.218%
	Safety Fire	
	Classic*	PEPRA
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	3.0% @ 50	2.7% @ 57
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50	50
Monthly benefits, as a % of eligible compensation	2.0% - 2.7%	1.0% - 2.5%
Required employee contribution rates	9.000%	12.250%
Required employer contribution rates	20.230%	11.923%

*Closed to new entrants

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

Note 13: Pension Plan (Continued)

Employees Covered - Miscellaneous and Safety Police Plans

At June 30, 2016, the following employees were covered by the benefit terms of the Plan:

Inactive employees or beneficiaries currently receiving benefits	540
Inactive employees entitled to but not yet receiving benefits	34
Active employees	582
Total	1,156

Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERSL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2016, the contributions recognized as a reduction to the net pension liability was \$8,612,427, \$6,391,221, and \$4,239,757 for the Miscellaneous, Police, and Fire Plans, respectively.

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The total pension liabilities in the June 30, 2014 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2014
Measurement Date	June 30, 2015
Actuarial Cost Method	Entry Age Normal Cost Method
Actuarial Assumptions	
Discount Rate	7.65%
Inflation	2.75%
Projected Salary Increase	Varies by Entry Age and Service
Investment Rate of Return*	7.50%
Mortality Rate Table**	Derived using CalPERS' Membership Data for all Funds

* Net of pension plan investment and administrative expenses, including inflation.

** The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

Note 13: Pension Plan (Continued)

Change of Assumptions

GASB 68, paragraph 68 states that the long long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50 percent used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65 percent used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

Discount Rate

The discount rate used to measure the total pension liability was 7.65 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing of the plans, the tests revealed the assets would not run out. Therefore, the current 7.65 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.65 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund (Public Employees' Retirement Fund) cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the Board effective on July 1, 2014.

CITY OF CORONA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2016

Note 13: Pension Plan (Continued)

Asset Class	New Strategic Allocation	Real Return Years 1-10*	Real Return Years 11+**
Global Equity	51.00%	5.25%	5.71%
Global Fixed Income	19.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	10.00%	6.83%	6.95%
Real Estate	10.00%	4.50%	5.13%
Infrastructure and Forestland	2.00%	4.50%	5.09%
Liquidity	2.00%	-0.55%	-1.05%
Total	100.00%		

* An expected inflation of 2.5% used for this period

**An expected inflation of 3.0% used for this period

Changes in the Net Pension Liability

The changes in Net Pension Liability for Miscellaneous and Safety Police Plans follows:

Miscellaneous Plan:	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at: 6/30/2015 (Valuation Date of 6/30/14)	\$ 303,140,097	\$ 198,410,388	\$ 104,729,709
Changes recognized for the Measurement Period:			
Service Cost	4,563,432	-	4,563,432
Interest on TPL	22,262,610	-	22,262,610
Changes in benefit terms	-	-	-
Differences between expected and actual experience	(1,751,061)	-	(1,751,061)
Changes in assumptions	(5,796,569)	-	(5,796,569)
Contributions from the employer	-	8,612,426	(8,612,426)
Contributions from the employees	-	2,099,982	(2,099,982)
Net investment income	-	4,430,161	(4,430,161)
Benefit payments, including refunds of employee contributions	(13,719,331)	(13,719,331)	-
Administrative Expense	-	(224,286)	224,286
Net changes during 2014-2015	\$ 5,559,081	\$ 1,198,952	\$ 4,360,129
Balance at: 6/30/16 (Measurement Date of 6/30/15)	\$ 308,699,178	\$ 199,609,340	\$ 109,089,838

CITY OF CORONA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2016

Note 13: Pension Plan (Continued)

Safety Police Plan:	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at: 6/30/2015 (Valuation Date of 6/30/14)	\$ 194,874,330	\$ 134,849,815	\$ 60,024,515
Changes recognized for the Measurement Period:			
Service Cost	4,735,543	-	4,735,543
Interest on TPL	14,549,722	-	14,549,722
Changes in benefit terms	-	-	-
Differences between expected and actual experience	642,707	-	642,707
Changes in assumptions	(3,951,003)	-	(3,951,003)
Contributions from the employer	-	6,391,221	(6,391,221)
Contributions from the employees	-	1,517,507	(1,517,507)
Net investment income	-	2,973,078	(2,973,078)
Benefit payments, including refunds of employee contributions	(7,482,701)	(7,482,701)	-
Administrative Expense	-	(155,162)	155,162
Net changes during 2014-2015	\$ 8,494,268	\$ 3,243,943	\$ 5,250,325
Balance at: 6/30/16 (Measurement Date of 6/30/15)	\$ 203,368,598	\$ 138,093,758	\$ 65,274,840

- (1) The fiduciary net position includes receivables for employee service buybacks, deficiency reserves, fiduciary self-insurance and OPEB expense. This may differ from the plan assets reported in the funding actuarial valuation report.
- (2) Net of administrative expenses.

The City reported net pension liabilities for its proportionate shares of the net pension liability of the Safety Fire Plan, the balance was \$31,783,428.

The City's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plans is measured as of June 30, 2015, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for the Plan as of June 30, 2014 and 2015, was as follows:

	Plan Net Pension Liability/(Asset)
Balance at: 6/30/2014 (Valuation Date)	\$ 28,647,492
Balance at: 6/30/2015 (Measurement Date)	31,783,428
Net Changes during 2014-15	<u>\$ 3,135,936</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016
Note 13: Pension Plan (Continued)**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following presents the net pension liability of each Plan, calculated using the discount rate of 7.65%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1% point lower (6.65%) or 1% point higher (8.65%) than the current rate:

	Miscellaneous 6.65%	Safety Police 6.65%	Safety Fire 6.65%	Total
1% Decrease Net Pension Liability	\$ 153,599,347	\$ 96,177,321	\$ 51,395,026	\$ 301,171,694
Current Discount Rate Net Pension Liability	\$ 109,089,838	\$ 65,274,840	\$ 31,783,428	\$ 206,148,106
1% Increase Net Pension Liability	\$ 73,429,471	\$ 40,612,081	\$ 15,702,278	\$ 129,743,830

Pension Plan Fiduciary Net Position

The plan fiduciary net position disclosed in the GASB 68 accounting valuation report may differ from the plan assets reported in the funding actuarial valuation report due to several reasons. First, for the accounting valuations, CalPERS must keep items such as deficiency reserves, fiduciary self-insurance and OPEB expense included as assets. These amounts are excluded for rate setting purposes in the funding actuarial valuation. In addition, differences may result from early Comprehensive Annual Financial Report closing and final reconciled reserves. Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports. See CalPERS website for additional information.

Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended June 30, 2016, the City recognized pension expense of \$5,792,871, \$6,148,128, and \$2,402,339 for the Miscellaneous, Safety Police, and Safety Fire Plans, respectively. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Miscellaneous		Safety - Police		Safety - Fire	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contribution subsequent to measurement date	\$ 7,373,950	\$ -	\$ 8,123,334	\$ -	\$ 4,648,267	\$ -
Difference between expected and actual experience	-	(1,077,576)	514,166	-	754,351	(557,850)
Change in Assumptions	-	(3,567,119)	-	(3,160,802)	-	(2,565,757)
Net difference between projected and actual earnings on pension plan investments	-	(1,757,402)	-	(965,495)	-	(1,368,389)
Adjustment due to difference in proportions	-	-	-	-	2,345,850	-
Total	\$ 7,373,950	\$ (6,402,097)	\$ 8,637,500	\$ (4,126,297)	\$ 7,748,468	\$ (4,491,996)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016
Note 13: Pension Plan (Continued)

Amounts of \$7,373,950, \$8,123,334, and \$4,648,267 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Amounts reported as deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year ended June 30:	Miscellaneous	Safety - Police	Safety - Fire
	Deferred Outflows/(Inflows) of Resources	Deferred Outflows/(Inflows) of Resources	Deferred Outflows/(Inflows) of Resources
2017	\$ (4,191,146)	\$ (1,472,130)	\$ (1,007,355)
2018	(3,029,971)	(1,472,130)	(1,002,453)
2019	(1,288,212)	(1,472,131)	(979,385)
2020	2,107,232	804,260	1,597,398
2021	-	-	-
Thereafter	-	-	-
	<u>\$ (6,402,097)</u>	<u>\$ (3,612,131)</u>	<u>\$ (1,391,795)</u>

b. Defined Contribution Pension Plan

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

In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are required to participate from the date of employment. The City requires the employee to contribute 6.2% of the 7.5% required by the Federal Government. The City's contribution for each employee and interest allocated to the employee's account are fully vested immediately. During Fiscal Year 2015-16, the City contributed \$19,950 on hourly salaries of \$1,530,992 with the employees contributing \$95,124.

Note 14: Other Post-Employment Benefits Other Than Pensions (OPEB)

In October 2007, the City Council executed the City of Corona Retirement Benefits Plan for funding the Other Post-Employment Benefits (OPEB). In March 2008, the Council passed a resolution authorizing the City to prefund its OPEB obligation through the California Employers' Retiree Benefit Trust Program (CERBT), an IRC Section 115 trust fund dedicated to prefunding OPEB for all eligible California public agencies. CERBT is administered by the California Public Employees' Retirement System (CalPERS) Board of Administration.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

Note 14: Other Post-Employment Benefits Other Than Pensions (OPEB) (Continued)

Plan Description

The City's OPEB includes medical benefits and life insurances for all retirees covered by CalPERS medical plan, regardless of age or bargaining group. For Tier I management employees, an annual amount of \$1,500 are also contributed into their flex accounts.

Medical Benefits

The City contributes the minimum employer contribution for all retirees who retain coverage in the City's medical plan in accordance with the Public Employees' Medical and Hospital Care Act (PEMHCA) requirements and the City's current PEMHCA resolutions. The minimum employer contribution was \$122 per month in 2015, and \$125 per month in 2016.

Under the plan, employees are classified into tiers, which are based on hire date. Medical benefits differ based on the tier and bargaining group as show below:

Tier	Bargaining Group	Hiring Date	Benefits
1	Miscellaneous employees and Elected Officials Fire employees Police employees	Prior to January 1, 1999 Prior to July 1, 2000 Prior to January 1, 2000	100% of medical premium for employees and dependents
2-5	Miscellaneous employees and Elected Officials Fire employees Police employees	On or after January 1, 1999 On or after July 1, 2000 On or after January 1, 2000	CalPERS Minimum Employer Contribution

Flex Account

The City contributes an annual amount of \$1,500 to a flex account for healthcare expense for Tier 1 Management employees and elected officials.

Life Insurance

The face amount of life insurance provided is \$50,000 until age 70, when the coverage ends. This life insurance coverage is provide to all retirees who were full time employees prior to retirement. Life insurance premiums are currently at the rate of \$.12 per \$1,000 of coverage, or \$6.00 per month.

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

Funding Policy

The contribution requirements of plan members and the City are established and may be amended by the City Council. The City's prefunding policy includes amortization of the unfunded Actuarial Accrued Liability (AAL) over a closed 30-year period initially effective July 1, 2007. The remaining period applicable in determining the Annual Required Contribution (ARC) for fiscal year ended June 30, 2016 was 22 years. Amortization payments are determined on a level percent of pay basis. For Fiscal Year 2015-16, the City contributed \$8,665,381 to the plan, including \$5,575,953 for current premiums as pay-as-you-go cost, and an additional \$3,089,428 to prefund the plan.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

Note 14: Other Post-Employment Benefits Other Than Pensions (OPEB) (Continued)

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 closed period of thirty years initially effective July 1, 2007.

For Fiscal Year 2015-16, the City's annual OPEB cost of \$8,665,381 was equal to the ARC. The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the past three fiscal years are presented below:

Three-Year Trend Information for OPEB Plan

Fiscal Year Ending	Annual Required Contribution (ARC)	Percentage of ARC Contributed	Net OPEB Obligation
6/30/2014	\$ 6,186,486	100%	\$ -
6/30/2015	6,387,548	100%	-
6/30/2016	8,665,381	100%	-

Funded Status and Funding Progress

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

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

Actuarial Methods and Assumptions

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

Note 14: Other Post-Employment Benefits Other Than Pensions (OPEB) (Continued)

For the most recent actuarial valuation date as of July 1, 2015, the following actuarial methods and assumptions were used:

Funding Method	Entry Age Normal Cost, level percent pay
Asset Valuation Method	Market value of assets
Long-term Return on Assets	7.28%
Discount Rate	7.28%
Participants Valued	Current active employees and retired participants and covered dependents.
Salary Increase	3.25% per year
Assumed Wage Inflation	3.00% per year
General Inflation Rate	2.75% per year
Remaining Amortization Period	22 years

Note 15: Classification of Net Position and Fund Balances

a. Government-Wide Financial Statements

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

Net Investment in Capital Assets

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

Restricted

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

Unrestricted

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

b. Fund Financial Statements

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

Nonspendable Fund Balance

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

Note 15: Classification of Net Position and Fund Balances (Continued)

Restricted Fund Balance

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

Committed Fund Balance

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

- General Fund Emergency Contingency

The City's General Fund balance committed for emergency contingencies has been set by resolution and is for specific uses listed as the declaration of a state or federal state of emergency or a local emergency as defined in Corona Municipal Code Section 2.52.020.

- Expenditure Control Budget Savings

The calculation of Expenditure Control Budget (ECB) Savings is established in the annual budget resolution adopted by City Council. The same budget resolution provides for the appropriation and use of these committed amounts by the request of the individual departments with Finance Director recommendation and City Manager approval.

- Designated Revenues

Designated Revenues are committed by minute action of the City Council. Upon receipt of the revenues and at the request of the specific department, funds may be appropriated for departmental use with the recommendation of the Finance Director, or with approval of City Council, depending on the amount of request.

Assigned Fund Balance

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

Unassigned Fund Balance

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

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

CITY OF CORONA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2016

Note 15: Classification of Net Position and Fund Balances (Continued)

The fund balances of the City's governmental funds as of June 30, 2016 are presented below:

	General	Development	Measure A	Low Mod Income Housing Asset	Other Governmental Funds	Total Governmental Funds
Fund Balances:						
Nonspendable						
Long-term Receivables	\$ 8,048,642	\$ -	\$ -	\$ -	\$ -	\$ 8,048,642
Interfund Advances Receivable	25,686,325	-	-	-	-	25,686,325
Inventories and Prepayments	390,010	-	-	-	-	390,010
Restricted						
Street Maintenance	-	-	10,282,470	-	4,353,384	14,635,854
Trip Reduction	-	-	-	-	765,431	765,431
Asset Forfeiture	-	-	-	-	235,600	235,600
Debt Service	-	-	-	-	19,491,634	19,491,634
Housing & Community Development	-	-	-	21,687,599	2,399,250	24,086,849
Other Grants	-	-	-	-	278,574	278,574
Development	-	9,074,309	-	-	-	9,074,309
Committed						
Emergency Contingency	30,000,000	-	-	-	-	30,000,000
Designated Revenues	3,511,464	-	-	-	-	3,511,464
Assigned						
Developer Agreements	1,111,616	-	-	-	-	1,111,616
Budget Balancing Measures	19,429,676	-	-	-	-	19,429,676
Continuing Appropriations	10,711,124	-	-	-	-	10,711,124
City Equipment	122,647	-	-	-	-	122,647
Other Capital Projects	-	-	-	-	354,232	354,232
Other Purposes	1,766,562	-	-	-	-	1,766,562
Unassigned	-	-	-	-	(85,423)	(85,423)
Total Fund Balances	\$ 100,778,066	\$ 9,074,309	\$ 10,282,470	\$ 21,687,599	\$ 27,792,682	\$ 169,615,126

Note 16: Risk Management

a. Workers' Compensation Insurance

The City's self-insured retention is \$1,000,000 with an excess policy insuring claims over \$5,000,000 up to a limit of \$50,000,000. Departments are charged a percentage of the total estimated insurance, claims expense and premiums based on payroll cost. The actuarial estimated liability for pending and incurred but not reported claims at June 30, 2016 has been included in the Claims Payable amount for the same reporting period. As of June 30, 2016, the City's workers' compensation self-insurance program was funded at a confidence level of 75% according to the most recent actuarial study dated March 14, 2016.

CITY OF CORONA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2016

Note 16: Risk Management (Continued)

The following table presents claims and judgments payable for the City's workers' compensation self-insurance program for fiscal year ended June 30, 2016 and its four preceding years:

Fiscal Year Ended June 30,	Claims Payable July 1,	Claims and Changes in Estimates	Claims Paid	Claims Payable June 30,
2012	\$ 15,676,000	\$ 4,233,206	\$ (2,062,206)	\$ 17,847,000
2013	17,847,000	2,379,549	(1,988,549)	18,238,000
2014	18,238,000	1,089,655	(1,852,655)	17,475,000
2015	17,475,000	3,511,384	(2,646,384)	18,340,000
2016	18,340,000	2,595,911	(1,060,640)	19,875,271

Of the total liabilities, \$3,479,085 is due within one year or less. Claims are paid by the internal service funds.

b. Liability Insurance

The City's self-insured retention is \$500,000 with an excess policy insuring claims over \$500,000 up to a limit of \$10,000,000. A third party administrator administers claims. The actuarial estimated liability for pending and incurred but not reported claims at June 30, 2016 has been included in the Claims Payable amount for the same reporting period. These liabilities are recognized on government-wide statements. As of June 30, 2016, the City's General Liability self-insurance program was funded above the confidence level of 90% according to the most recent actuarial study dated March 14, 2016.

The following table presents claims and judgments payable for the general liability self-insurance program, including property losses, for fiscal year ended June 30, 2016 and its four preceding years:

Fiscal Year Ended June 30,	Claims Payable July 1,	Claims and Changes in Estimates	Claims Paid	Claims Payable June 30,
2012	\$ 2,426,000	\$ 1,626,939	\$ (1,016,939)	\$ 3,036,000
2013	3,036,000	802,402	(912,402)	2,926,000
2014	2,926,000	180,998	(565,998)	2,541,000
2015	2,541,000	251,204	(261,204)	2,531,000
2016	2,531,000	23,330	(425,436)	2,128,894

Of the total liabilities, \$799,607 is due within one year or less. Claims are paid by the internal service funds.

c. Property Losses (excluding earthquake or flood)

The City's property losses are covered by insurance policies for covered value of \$100,000,000 with deductibles ranging from \$2,500 to \$50,000. The estimated liability for pending and incurred but not reported claims at June 30, 2016 has been incorporated in the financial statements as Claims and Judgments Payable in the Liability Risk internal service fund and are based on history only.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

Note 17: Commitments and Contingencies

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

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

Under Article XIII B of the California Constitution (the Gann Spending Limitation Initiative), the City is restricted as to the amount of annual appropriations, and if certain proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller or refunded to the taxpayers through revised tax rates or revised fee schedules. For the fiscal year ended June 30, 2016, the City's appropriations limit totaled \$450,111,386 and the City's appropriations subject to limitation were \$93,808,326.

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

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

On July 18, 2012, the City Council and the Corona Utility Authority Board approved addendum No. 6 to the Joint Exercise of Powers Agreement creating the Western Riverside County Regional Wastewater Authority (WRCRWA) admitted the City of Corona as a voting member of the WRCRWA. WRCRWA was formed as a joint powers authority in 1992 to construct and operate a regional wastewater conveyance, treatment and disposal system to serve its member agencies. Other member agencies include Home Gardens Sanitary District, Jurupa Community Services District, City of Norco, and Western Municipal Water District of Riverside County. To become a voting member of WRCRWA, the City was required to pay \$4.0 million as buy-in which represented membership and the WRCRWA's construction loan reserve requirement. In addition, the City was committed to the WRCRWA Treatment Plant Expansion project, which required the City to share the cost of the expansion with two other expanding member agencies. The estimated cost for the WRCRWA expansion project was approximately \$72.6 million; Corona's share is 39.5%. Construction began during Fiscal Year 2014-15 and the project is expected to be completed in August 2017.

On February 13, 2016, an incident occurred at the Water Reclamation Facility No. 1 causing 4.1 million gallons of fully treated water with chlorine residual released into a nearby creek. All necessary regulatory notifications were addressed in a timely manner, however, there will likely be a mandatory fine as well as an administrative fine assessed by the State Water Resources Control Board. The amount of the fine could not be reasonably estimated as of the financial

CITY OF CORONA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

Note 17: Commitments and Contingencies (Continued)

statement date, and would be solely determined by the State. As of date, the City has not received any notices of violation from the State.

As of June 30, 2016, in the opinion of City Administration, there were no additional outstanding matters that would have a significant effect on the financial position of City.

Note 18: Joint Venture

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

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

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

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

The City's investment in WRCRWA for the fiscal year ended June 30, 2016 was \$4,000,000. At June 30, 2016, WRCRWA reported a preliminary total asset of \$91,249,261, total liabilities of \$44,442,116, and a deferred inflow of resources of \$350,000, with net position of \$46,457,145. Current year operating expenses exceed operating revenue by \$2,091,265, net against non-operating revenue of \$1,623,154, and a loss on disposal of assets in the amount of \$2,139,384, net position for WRCRWA decreased from the previous fiscal year by \$2,607,495. Contact WRCRA at 450 Alessandro Boulevard, Riverside, CA 92517, for audited financial information.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

Note 19: Restatements

a. Restatement on Government-Wide Statements

Restatements to net position made on the government-wide statements for Fiscal Year 2015-16 are summarized below:

	<u>Governmental Activities</u>
Beginning Net Position, as reported	\$ 745,433,548
Restatements	<u>(2,654,687)</u>
Beginning Net Position, as restated	<u>\$ 742,778,861</u>

Restatement to Governmental Activities

A total of \$2,654,687 was reduced from the beginning net position in governmental activities due to the following adjustments:

- a) In the prior year, a duplicate billing in the amount of \$58,578 for the administration charges for managing the AB109 PACT trust was created;
- b) A “de-obligation” made by the grantor in the amount of \$9,215 in the current year. This amount was recognized as grant revenue in the prior year;
- c) A total amount of \$2,401,894 previously reported in Construction in Progress should have been capitalized and depreciated in prior years. See Note 7, Capital Assets, for additional information.
- d) Long-term receivable in the amount of \$185,000 recorded in Other Government Funds was written off in the current year; however corresponding unearned revenue was not removed in the previous fiscal year.

b. Restatement on Fund Statements

Governmental Funds

Restatements to fund balance on the governmental fund financial statements for Fiscal Year 2015-16, are summarized as follows:

	<u>Governmental Funds</u>	
	<u>General Fund</u>	<u>Other Governmental Funds</u>
Beginning Fund Balance, as reported	\$ 98,891,134	\$ 26,661,490
Restatements	<u>(67,793)</u>	<u>(185,000)</u>
Beginning Fund Balance, as restated	<u>\$ 98,823,341</u>	<u>\$ 26,476,490</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

Note 19: Restatements (Continued)

General Fund

- a) In the prior year, a duplicate billing in the amount of \$58,578 for the administration charges for managing the AB109 PACT trust was created;
- b) A “de-obligation” made by the grantor in the amount of \$9,215 in the current year. This amount was recognized as grant revenue in the prior year;

Other Governmental Funds

Long-term receivable in the amount of \$185,000 recorded in Other Government Funds was written off in the current year; however corresponding unearned revenue was not removed in the previous fiscal year.

Note 20: Successor Agency Trust for Former Corona Redevelopment Agency

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

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

a. Cash and Investment

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

	<u>Amount</u>
Cash and Investments Pooled with the City	\$ 5,753,625
Cash and Investments with Fiscal Agent	<u>6,796,549</u>
Total Cash and Investments	<u>\$ 12,550,174</u>

The Successor Agency adopted all applicable City’s rules, regulations, policies and guidelines by a resolution approved by the City Council on March 21, 2012. These rules, regulations, policies and guidelines were later approved by the Oversight Board. The City manages the Successor Agency’s cash and investment in a consistent manner as the rest of its cash and investment pool. Refer to Note 3 for additional information regarding the type of investments and risks.

CITY OF CORONA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2016

Note 20: Successor Agency Trust for Former Corona Redevelopment Agency (Continued)

b. Capital Assets

During Fiscal Year 2015-16, the Successor Agency sold its land asset to the City and developer in the amount of \$186,522 and \$345,000 respectively. No capital assets were held by the Successor Agency as of June 30, 2016.

	<u>Balance at June 30, 2015</u>	<u>Transfer to City</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at June 30, 2016</u>
Fiduciary Activities:					
Capital assets not being depreciated:					
Land	\$ 531,522	\$ (186,522)	\$ -	\$ (345,000)	\$ -
Total Capital Assets not Being Depreciated	<u>531,522</u>	<u>(186,522)</u>	<u>-</u>	<u>(345,000)</u>	<u>-</u>
Fiduciary Capital Assets, Net of Depreciation	<u>\$ 531,522</u>	<u>\$ (186,522)</u>	<u>\$ -</u>	<u>\$ (345,000)</u>	<u>\$ -</u>

c. Due to Other Governmental Agencies

As of June 30, 2016, the Successor Agency reported due to other governmental agencies in the amount of \$12,363,410:

<u>Due to Other Governmental Agencies</u>	<u>Balance</u>
SERAF loan due to Corona Housing Authority	\$ 4,784,653
Former Redevelopment Agency/City Loan due to City	7,578,757
Total Due to Other Governmental Agencies	<u>\$ 12,363,410</u>

Supplemental Educational Revenue Augmentation Fund (SERAF) loan that was made in Fiscal Year 2009-10 to fund for the State's Proposition 98 obligations to schools. With the dissolution of redevelopment agencies on February 1, 2012, the City through Resolution No. 2012-005, elected not to retain the housing assets and functions previously performed by the former Corona Redevelopment Agency, and transferred all rights, assets, liabilities, duties and obligations associated with the housing activities to the Corona Housing Authority (CHA), a component unit of the City of Corona. California State Department of Finance (DOF) allowed the SERAF loan to be transferred to CHA, the Housing Successor, and be placed on the Recognized Obligation Payments Schedule (ROPS) for repayment. The SERAF loan carried a balance of \$4,784,653 as of June 30, 2016, and payment is anticipated to commence in Fiscal Year 2017-18.

Various administrative loans were made by the City to the former Corona Redevelopment Agency between 1994 and 2011. These loans were determined by the Oversight Board "for legitimate redevelopment purposes" on June 3, 2013. The DOF approved the loans as enforceable obligations on July 15, 2013. In addition, the DOF issued a Finding of Completion to the Successor Agency on April 8, 2013 reaffirming the enforceability of these obligations from future residual distribution to the Successor Agency. Repayment of these loans is anticipated to commence after the SERAF loan is paid in full.

CITY OF CORONA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2016

Note 20: Successor Agency Trust for Former Corona Redevelopment Agency (Continued)

The following is a summary of loans due to the City as of June 30, 2016:

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

d. Long-Term Obligations

The following long-term obligations were approved by the State Department of Finance as enforceable obligations, and were considered as accounting liabilities in accordance with GAAP.

	<u>Restated Balance June 30, 2015</u>	<u>Incurred or Issued</u>	<u>Satisfied or Matured</u>	<u>Balance June 30, 2016</u>	<u>Amounts Due Within One Year</u>	<u>Amounts Due in More than One Year</u>
2007 Temescal Canyon Project Area Tax Allocation Bonds	\$ 17,760,000	\$ -	\$ 760,000	\$ 17,000,000	\$ 795,000	\$ 16,205,000
2007 Merged and Amended Project Area "A" Tax Allocation Bonds	25,395,000	-	485,000	24,910,000	515,000	24,395,000
Subordinate Tax Allocation Refunding Bonds, Series 2015A	16,895,000	-	-	16,895,000	-	16,895,000
Subordinate Taxable Tax Allocation Refunding Bonds, Series 2015A-T	3,140,000	-	-	3,140,000	2,375,000	765,000
Long-Term Agreement Payable	565,000	-	175,000	390,000	190,000	200,000
	<u>\$ 63,755,000</u>	<u>\$ -</u>	<u>\$ 1,420,000</u>		<u>\$ 3,875,000</u>	<u>\$ 58,460,000</u>
				Unamortized Bond Premium Unamortized Bond (Discount)	1,929,182 (5,569)	
			Total	<u>\$ 64,258,613</u>		

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

Note 20: Successor Agency Trust for Former Corona Redevelopment Agency (Continued)

2007 Temescal Canyon Project Area Tax Allocation Bonds

The \$22,155,000 of Temescal Canyon Project Area 2007 Tax Allocation Bonds were issued to facilitate the transformation of a former mining facility and blighted area into developed backbone infrastructure improvements within the project area. The bonds bore interest from 4.00% to 4.50% and were due in annual installments ranging from \$700,000 to \$825,000, with term bonds of \$1,475,000 due November 1, 2022, \$1,515,000 due November 1, 2024, \$1,650,000 due November 1, 2026, \$2,760,000 due November 1, 2029 and \$3,155,000 due November 1, 2032. The escrow term bonds in the amount of \$3,465,000 bore interest at 4.50% and is due November 1, 2032. The annual debt service requirements for the 2007 Temescal Canyon Tax Allocation Bonds are presented below:

Fiscal Year	2007 Temescal Canyon Tax Allocation Bonds		
	Principal	Interest	Total
2017	\$ 795,000	\$ 731,484	\$ 1,526,484
2018	825,000	698,056	1,523,056
2019	855,000	662,673	1,517,673
2020	860,000	626,093	1,486,093
2021	875,000	588,703	1,463,703
2022-2026	4,585,000	2,355,378	6,940,378
2027-2031	5,595,000	1,238,209	6,833,209
2032-2033	2,610,000	118,800	2,728,800
Totals	\$ 17,000,000	\$ 7,019,396	\$ 24,019,396

2007 Project Area "A" Taxable Tax Allocation Bonds

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

Fiscal Year	2007 Project Area "A" Tax Allocation Bonds		
	Principal	Interest	Total
2017	\$ 515,000	\$ 1,536,267	\$ 2,051,267
2018	545,000	1,506,814	2,051,814
2019	575,000	1,473,599	2,048,599
2020	605,000	1,436,700	2,041,700
2021	645,000	1,397,613	2,042,613
2022-2026	10,105,000	5,929,574	16,034,574
2027-2028	11,920,000	777,372	12,697,372
Totals	\$ 24,910,000	\$ 14,057,939	\$ 38,967,939

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

Note 20: Successor Agency Trust for Former Corona Redevelopment Agency (Continued)

2015 Tax Allocation Refunding Bonds Series A

The \$16,895,000 of the Subordinate Tax Allocation Refunding Bonds Series A were issued to refund a portion of the 1996 Set-Aside Tax Allocation Bonds and 2004 Project Area "A" Tax Allocation Bonds. The bonds bore interest from 3.00% to 5.00% and were due in annual installments ranging from \$1,635,000 to \$2,800,000, with term bonds of \$2,445,000 due September 1, 2023. The annual debt service requirements for the 2015 Tax Allocation Refunding Bonds Series A are presented below:

Fiscal Year	2015 Tax Allocation Refunding Bonds Series A		
	Principal	Interest	Total
2017	\$ -	\$ 761,850	\$ 761,850
2018	1,635,000	737,325	2,372,325
2019	2,460,000	663,600	3,123,600
2020	2,560,000	563,200	3,123,200
2021	2,665,000	445,375	3,110,375
2022-2024	7,575,000	550,375	8,125,375
Totals	\$ 16,895,000	\$ 3,721,725	\$ 20,616,725

2015 Taxable Tax Allocation Refunding Bonds Series A-T

The \$3,140,000 of the Subordinate Taxable Tax Allocation Refunding Bonds Series A-T were issued to refund a portion of the 1996 Set-Aside Tax Allocation Bonds and 2004 Project Area "A" Tax Allocation Bonds. The bonds bore interest from 1.00% to 1.50% and were due in annual installments ranging from \$765,000 to \$2,375,000, with term bonds of \$765,000 due September 1, 2017. The annual debt service requirements for the 2015 Taxable Tax Allocation Refunding Bonds Series A-T are presented below:

Fiscal Year	2015 Tax Allocation Bonds Series A-T		
	Principal	Interest	Total
2017	\$ 2,375,000	\$ 23,350	\$ 2,398,350
2018	765,000	5,738	770,738
Totals	\$ 3,140,000	\$ 29,088	\$ 3,169,088

Pledged Revenue for Tax Allocation Bonds

Due to the dissolution of the former Corona Redevelopment Agency, the tax increment funds that were pledged to the bondholders were no longer received in full by the Agency. AB X1 26 restructured the former redevelopment agencies' revenue from tax increment to Redevelopment Property Tax Trust Fund (RPTTF). RPTTF funds are distributed semi-annually to the Successor Agency to pay enforceable obligations approved by the California State Department of Finance on the Recognized Obligations Payment Schedule (ROPS). The total principal and interest remaining on the Successor Agency debt obligations were \$87,209,145 with annual debt service requirements as listed above. For the current year, the total RPTTF funds available to the Successor Agency for the payment of these indebtedness was \$8,228,541 and the debt service obligation on the bonds was \$4,565,551.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

Note 20: Successor Agency Trust for Former Corona Redevelopment Agency (Continued)

Long-term Agreement Payable

The former Redevelopment Agency of the City of Corona entered into an agreement with the County of Riverside Housing Authority on January 1, 1998, in which, the City of Corona has agreed to provide an annual pledge of \$218,000 from April 15, 1998, through April 15, 2018, relating to the \$2,405,000 Housing Authority of the County of Riverside Refunding Revenue Bonds, 1998 Series A (Corona Projects). At June 30, 2016, the outstanding balance was \$390,000.

e. Asset Transfer Review

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

Unallowable transfers totaled \$74,631,894 were identified in the draft report issued to the Agency on January 23, 2014. Among the total amount, \$5,377,337 represented the repayment of loans between the City and the former Corona Redevelopment Agency. Cash transfer was reversed in Fiscal Year 2011-12. In Fiscal Year 2012-13, \$8,033,621 was transferred back from the CHA to the Successor Agency. In August 2013, land held for resale in the amount of \$56,854,230 was transferred from the CHA back to the Successor Agency. Finally, assets in the amount of \$4,366,706 that was transferred to the CHA were affirmed by the Oversight Board in two actions in April and May 2012.

In June 2015, the Successor Agency received the final asset transfer review report. No additional actions were required as a result of the issuance of this report.

f. Long-Range Property Management Plan

Pursuant to Health and Safety Code (HSC) Section 34191.5(b), the Successor Agency submitted the final Long-Range Property Management Plan (LRPMP) to the DOF in June 2014. The LRPMP was approved by the DOF on July 10, 2014. In accordance with HSC Section 34191.4, a Community Redevelopment Property Trust Fund (CRPTF) was set up by the Agency on August 1, 2014, all real properties and interests in real properties in the LRPMP were transferred to the CRPTF. As of June 30, 2016, all long-term capital assets held by the Successor Agency were disposed, with proceeds reported consistently in the CRPTF since Fiscal Year 2014-15.

g. Commitments and Contingencies

The Successor Agency is covered under the City of Corona's insurance policies. Therefore, the limitation and self-insured retentions applicable to the City also apply to the Successor Agency. Additional information as to coverage and self-insured retentions can be found in Note 15.

At June 30, 2016, the Successor Agency was involved as a defendant in several lawsuits arising out of the ordinary conduct of its affairs. It is the opinion of management that settlements of these lawsuits, including losses for claims that are incurred but not reported, if any, will not have a material effect on the financial position of the Successor Agency.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

Note 21: Subsequent Events

Bond Issuance

On July 7, 2016, the CPFA issued its 2016 Lease Revenue Refunding Bonds in the amount of \$24,520,000 (plus a net original issue premium of \$2,974,564) with interest rates ranging from 2.000% to 5.000% to refund the outstanding CPFA 2006 Lease Revenue Bonds. The CPFA 2016 Lease Revenue Refunding Bonds obtained an underlying credit rating of "AA-" from Standard and Poor's.

Bond Defeasance

On September 1, 2016, the CPFA fully defeased its 2006 Lease Revenue Bonds, Series C in the amount of \$27,950,000 with the proceeds from the CPFA 2016 Lease Revenue Refunding Bonds. Net present value savings achieved from the refunding was \$3,778,391, or 13.51% of the refunded bonds.

Labor Negotiations

The Memorandum of Understanding (MOU) between the City and two of its labor groups, Corona General Employees' Association and Corona Supervisors' Association, expired on June 30, 2016. City Management has been in active negotiations with both labor groups. As of date, no new agreements have been entered into. The City has been paying eligible members of each group the same salary and benefits as prescribed in the expired MOU's.

Triple Flip Unwinding

Proposition 57 passed by California voters on March 2, 2004 authorized the sale of economic recovery bonds and imposed a new State sales and use tax of 0.25% to repay the bonds. To maintain revenue neutrality, the local sales and use tax rate for counties and cities decreased from 1% to 0.75%. These rates went into effect July 1, 2004, and returned to their prior levels on January 1, 2016. Every fiscal year since 2004-05, property tax revenues were provided to counties and cities through the Triple Flip. The Triple Flip allocation started in Fiscal Year 2004-05 to offset the reduction in sales and use tax revenues for the period from July 1, 2004 through June 30, 2015. A final payment was calculated to offset the reduction in sales and use tax revenues between July 1, 2015 and December 31, 2015 as well as to true up the Triple Flip amounts for the quarter from April 1, 2015 to June 30, 2015. The final reimbursement amount calculated for the City of Corona was \$4,672,139. This amount was accrued as Sales Tax Revenue in Fiscal Year 2015-16, and received on July 7, 2016.

City-wide Maintenance Services Community Facilities District

The City is in the process of forming a City-wide Maintenance Services Community Facilities District (CFD). A resolution of intention for the formation of the CFD was approved by the City Council on November 2, 2016, with the public hearing scheduled for December 7, 2016. The proposed tax rates vary depend on type and scale of the development. The initial development designated as Tax Zone 1 subject to this new CFD was for single family residence, and the per unit tax rate was set at \$202 per year for the general maintenance services of the public street right-of-way and public landscaping.

Required Supplementary Information

Required Supplementary Information consists of the following:

- Budgetary Information
- Modified Approach for City Streets Infrastructure Capital Assets
- Schedule of Changes in Net Pension Liability and Related Ratios – Miscellaneous Plan
- Schedule of Plan Contributions – Miscellaneous Plan
- Schedule of Changes in Net Pension Liability and Related Ratios – Safety Police Plan
- Schedule of Plan Contributions – Safety Police Plan
- Schedule of Proportionate Share of the Net Pension Liability – Safety Fire Plan
- Schedule of Plan Contributions – Safety Fire Plan
- Other Post-Employment Benefits (OPEB) Plan Funding Progress



BUDGETARY INFORMATION

Through the budget process, the City Council sets the direction of the City, allocates its resources and establishes its priorities. The annual budget establishes the foundation of effective financial management by providing resource planning, performance measures and controls that permit the evaluation and adjustment of the City's performance in all of its functional areas. It assures the efficient and effective uses of the City's economic resources, as well as ensuring the highest priorities are accomplished for the fiscal year. It also serves as a vehicle that accurately and openly communicates these priorities to the community, businesses, vendors, employees and other public agencies.

The City's budget cycle is on an annual basis, which serves a fiscal period from July 1 to June 30. The City's budgets are developed consistent with generally accepted principles and procedures. There are no significant non-budgeted financial activities. For governmental funds, revenues are budgeted by entitlements, grants, and estimates of future development and economic growth. Expenditures and transfers are budgeted based upon available financial resources.

The City'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 are items "outside" of the normal operational budget. These are known as *one-time costs*.

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

- Governmental activities
- Business-type activities

The governmental funds include the General Fund, special revenue, debt service and capital projects funds. All funding sources are kept separate for both reporting and use of the money. The General Fund funds most of the City services including public safety, recreation, and community development. The Fiscal Year 2015-16 annual budget was prepared following the General Fund Expenditure Control Budget (ECB) guidelines as outlined in the budget resolution. Effective July 1, 2016, the City utilizes zero-based budgeting in an effort to build a culture of effective cost management throughout the entire organization.

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

The adopted budget for Fiscal Year 2015-16 was the twenty-second year that the budget was prepared in accordance with the ECB policies adopted by the City Council for the General Fund. For the Fiscal Year 2016-17, the City implemented zero based budgeting, a recognized sustainable alternative to cost management.

CITY OF CORONA

**REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
JUNE 30, 2016**

Major changes between original budget and final budget, and variance between final budget and actual are presented for the General Fund and major special revenue funds as shown below:

<u>Fund</u>	<u>Budget</u>		<u>Actual</u>	<u>Variance Favorable/ (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Major Governmental Funds:				
<u>General Fund</u>				
Revenue	\$ 131,190,995	\$ 131,153,351	\$ 137,861,676	\$ 6,708,325
Expenditure	133,256,829	150,084,902	138,211,140	11,873,762
Net Transfer	1,800,428	1,687,583	2,304,189	616,606
Net change in Fund Balance	<u>\$ (265,406)</u>	<u>\$ (17,243,968)</u>	<u>\$ 1,954,725</u>	<u>\$ 19,198,693</u>
<u>Development</u>				
Revenue	\$ 9,405,352	\$ 9,405,352	\$ 5,710,325	\$ (3,695,027)
Expenditure	1,125,806	12,550,755	1,915,324	10,635,431
Net Transfer	(360,426)	(360,426)	(659,777)	(299,351)
Net change in Fund Balance	<u>\$ 7,919,120</u>	<u>\$ (3,505,829)</u>	<u>\$ 3,135,224</u>	<u>\$ 6,641,053</u>
<u>Measure A</u>				
Revenue	\$ 28,670,383	\$ 28,670,383	\$ 18,932,318	\$ (9,738,065)
Expenditure	5,435,346	38,891,890	22,700,179	16,191,711
Net change in Fund Balance	<u>\$ 23,235,037</u>	<u>\$ (10,221,507)</u>	<u>\$ (3,767,861)</u>	<u>\$ 6,453,646</u>

General Fund

General Fund appropriations were originally adopted at \$133.3 million. Final appropriation was increased by \$16.8 million from the adopted budget. Among the increase, \$5.1 million was due to continuing appropriation from prior year's capital projects and grant funded activities, \$3.4 million for prior year committed purchases (encumbrances), and \$8.3 million in additional funding approved by the City Council subsequent to the budget adoption. The additional appropriation includes funding for various capital improvement projects as well as a \$1.0 million increase in the operating budget for Fire, Community Develop, and Public Works. The capital improvement projects that received additional funding include the Auto Center Grade Separation, Butterfield Parking Lighting Improvement, and the Animal Shelter Relocation.

For Fiscal Year 2015-16, General Fund revenues had a favorable variance of \$6.7 million comparing to the final budget. Property tax received was \$1.5 million higher than anticipated due to overall improvement in the housing market. Sales tax revenue was short from expected by \$3.2 million primarily due to the budgeting method applied on the unwinding of Triple Flip. Other taxes including Transient Occupancy Tax, Franchise, and Business License had a favorable variance of \$0.6 million for the year. Revenues collected from current services was \$3.6 million higher than budgeted, mostly due to the large increase in plan check and Fire mutual aid services. Several one-time revenue was not budgeted include \$1.2 million in settlement proceeds, \$1.0 million in GASB 31 Gain (a book entry), and \$0.6 million in developer paid improvements and sale of real estate.

CITY OF CORONA

**REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
JUNE 30, 2016**

Development Special Revenue Fund

Original appropriations adopted for the Development special revenue fund for Fiscal Year 2015-16 was \$1.1 million. Continuing appropriations for prior year capital projects in the amount of \$10.5 million and committed purchases of \$1.0 million was later added to the adopted budget, arriving at a final budget for the fund of \$12.6 million.

During Fiscal Year 2015-16, Development Fund revenues collected was \$3.7 million lower than originally anticipated, largely due to the delay in many development activities. Unspent appropriation for the year amounted to \$10.6 million, primarily attributable to the delayed capital improvement projects. These funds will be carried over to future years to complete the projects.

Measure A Special Revenue Fund

Appropriations adopted for Measure A special revenue fund was \$5.4 million for Fiscal Year 2015-16. Continuing appropriation for various capital improvement projects in the amount of \$33.5 million was subsequently added to the adopted budget, arriving at a final budget of \$38.9 million for the fund.

Actual expenditures were \$16.2 million lower than the final budget; the difference represented unspent capital outlay budget that will be carried over to the next fiscal year. On the revenue side, amount recognized was lower than expected by \$9.7 million. This is primarily due to timing difference on billing for project cost reimbursement.

CITY OF CORONA

REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
 JUNE 30, 2016

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
 FOR FISCAL YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1, as restated	\$ 98,823,341	\$ 98,823,341	\$ 98,823,341	\$ -
Resources (Inflows):				
Property taxes	40,705,695	40,705,695	42,175,687	1,469,992
Other taxes	51,461,776	51,461,776	48,919,757	(2,542,019)
Licenses, fees and permits	1,468,930	1,468,930	2,236,424	767,494
Intergovernmental	1,096,694	1,160,850	1,442,181	281,331
Current services	14,583,022	14,474,022	18,095,975	3,621,953
Investment earnings	1,181,282	1,181,282	2,094,604	913,322
Fines and penalties	859,900	859,900	1,119,308	259,408
Payments in lieu of services	10,326,125	10,326,125	9,868,368	(457,757)
Other revenues	9,507,571	9,514,771	11,909,372	2,394,601
Transfers in	2,069,836	2,069,836	2,446,520	376,684
Amounts Available for Appropriations	232,084,172	232,046,528	239,131,537	7,085,009
Charges to Appropriation (Outflow):				
General government	25,896,096	26,421,084	25,126,027	1,295,057
Public Safety - Fire	24,387,071	26,146,733	25,894,661	252,072
Public Safety - Police	43,247,268	44,553,488	44,215,382	338,106
Public Works & Maintenance Services	17,931,346	18,356,204	17,760,526	595,678
Library and Recreation Services	4,557,743	4,767,072	4,653,085	113,987
Community Development	3,300,553	3,947,047	3,948,461	(1,414)
Economic Development	4,821,033	4,787,001	4,422,141	364,860
Capital outlay	4,583,489	16,574,043	7,700,606	8,873,437
Debt service:				
Principal retirement	2,648,344	2,648,344	2,615,122	33,222
Interest and fiscal charges	1,883,886	1,883,886	1,875,129	8,757
Transfers out	269,408	382,253	142,331	239,922
Total Charges to Appropriations	133,526,237	150,467,155	138,353,471	12,113,684
Budgetary Fund Balance, June 30	\$ 98,557,935	\$ 81,579,373	\$ 100,778,066	\$ 19,198,693

CITY OF CORONA

REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
 JUNE 30, 2016

BUDGETARY COMPARISON SCHEDULE - DEVELOPMENT SPECIAL REVENUE FUND
 FOR FISCAL YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 5,939,085	\$ 5,939,085	\$ 5,939,085	\$ -
Resources (Inflows):				
Licenses and permits	8,789,983	8,789,983	4,926,889	(3,863,094)
Current services	-	-	3,347	3,347
Investment earnings	198,729	198,729	440,579	241,850
Payments in lieu of services	416,640	416,640	334,080	(82,560)
Other revenues	-	-	5,430	5,430
Amounts Available for Appropriations	15,344,437	15,344,437	11,649,410	(3,695,027)
Charges to Appropriation (Outflow):				
Public safety - Fire	34	34	34	-
Public works & maintenance services	61,972	241,961	198,499	43,462
Capital outlay	1,063,800	12,308,760	1,716,791	10,591,969
Transfers out	360,426	360,426	659,777	(299,351)
Total Charges to Appropriations	1,486,232	12,911,181	2,575,101	10,336,080
Budgetary Fund Balance, June 30	\$ 13,858,205	\$ 2,433,256	\$ 9,074,309	\$ 6,641,053

CITY OF CORONA

REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
 JUNE 30, 2016

BUDGETARY COMPARISON SCHEDULE - MEASURE A SPECIAL REVENUE FUND
 FOR FISCAL YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 14,050,331	\$ 14,050,331	\$ 14,050,331	\$ -
Resources (Inflows):				
Intergovernmental	28,548,449	28,548,449	18,801,654	(9,746,795)
Investment earnings	121,934	121,934	130,664	8,730
Amounts Available for Appropriations	42,720,714	42,720,714	32,982,649	(9,738,065)
Charges to Appropriation (Outflow):				
Public works & maintenance services	255,346	11,167,977	5,894,282	5,273,695
Capital outlay	5,180,000	27,723,913	16,805,897	10,918,016
Total Charges to Appropriations	5,435,346	38,891,890	22,700,179	16,191,711
Budgetary Fund Balance, June 30	\$ 37,285,368	\$ 3,828,824	\$ 10,282,470	\$ 6,453,646

REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
JUNE 30, 2016

MODIFIED APPROACH FOR CITY STREETS INFRASTRUCTURE CAPITAL ASSETS

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

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

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

The City commissioned a study to update the physical condition assessment of the streets within three regions of the City from October 2015 to October 2016. The prior two assessment studies were completed in October 2015 and October 2014. The results from the most recent three assessments are shown below:

<u>Assessment Date</u>	<u>PCI Rating</u>
October 2014	73
October 2015	72
October 2016	73

The streets, primarily Portland Cement Concrete (PCC) and Asphalt Concrete (AC) pavement, were defined as all physical features associated with the operation of motorized vehicles that exist within the limits of right of way. City-owned streets are classified based on land use, access, and traffic utilization, into the following three classifications: arterial/major, collector, and local. The Citywide condition assessment will be performed every three years, with each year focusing on specific regions of the City. Each street was assigned a physical condition based on 17 potential defects. A Pavement Condition Index (PCI), a nationally recognized index, was assigned to each street and expressed in a continuous scale from 0 to 100, where 0 is assigned to the least acceptable physical condition and 100 is assigned the physical characteristics of a new street.

The following conditions were defined with the corresponding rating:

<u>Condition</u>	<u>Rating</u>
Good to Excellent	71-100
Fair	51-70
Poor	26-50
Very Poor	0-25

REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
JUNE 30, 2016
MODIFIED APPROACH FOR CITY STREETS INFRASTRUCTURE CAPITAL ASSETS (CONTINUED)

The City's policy is to maintain an average rating of 71, or "Good" condition, for all streets. This rating level allows minor cracking and raveling of the pavement along with minor roughness that could be noticeable to drivers traveling at the posted speeds. As of October 1, 2016, the City's street system was rated at a PCI index of 73 on the average for the entire network. A breakdown by condition is as follows:

<u>Condition</u>	<u>% of Streets</u>
Good to Excellent	70%
Fair	21%
Poor	6%
Very Poor	3%

The City's streets are constantly deteriorating resulting from the following four factors: (1) traffic using the streets; (2) the sun's ultra-violet rays drying out and breaking down the top layer of pavement; (3) utility company/private development interest trenching operations; and (4) water damage from natural precipitation and other urban runoff. The City is continuously taking actions to prevent deterioration through an on-going street rehabilitation program funded in the Capital Improvement Program. The program is formulated based on deficiencies identified as a part of the City's Pavement Management System (PMS). It includes short-term maintenance activities such as pothole patching, street sweeping, and crack sealing. The City expended \$12,403,677 on street maintenance for the fiscal year ended June 30, 2016. These expenditures delayed deterioration, and maintained the street condition from the previous assessment. The condition of the streets slightly decreased from the average rating of 72 in the prior year to 73 in the current year. The City has estimated that the amount of annual expenditures required to maintain the current average PCI rating of 72 through the year 2019 is a minimum of \$4,800,000. A schedule of the estimated annual amount required to maintain and preserve the City's streets at the current level compared to actual expenditures for street maintenance for the last five years is presented below:

<u>Fiscal Year</u>	<u>Maintenance Requirement</u>	<u>Actual Expenditures</u>	<u>PCI Rating</u>
2011-12	\$ 8,600,000	\$ 4,711,673	74
2012-13	5,100,000	5,347,401	75
2013-14	5,100,000	4,588,777	73
2014-15	4,800,000	5,094,898	72
2015-16	4,800,000	12,403,677	73

As of June 30, 2016, approximately 30% of the City's streets were rated below the average policy standard of 71. This was a slight increase from the 2015 assessment when the City had 31% of its streets rated below 71. In the most recent physical condition assessment of all City streets, it was estimated that in addition to the minimum annual maintenance requirement of \$4.8 million, the total deferred work to rehabilitate all roads amounted to \$53.8 million as of June 30, 2016.

REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
 JUNE 30, 2016

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

MEASUREMENT PERIOD	2016	2015
TOTAL PENSION LIABILITY		
Service Cost	\$ 4,563,432	\$ 5,035,483
Interest	22,262,610	21,435,216
Difference Between expected and Actual Experience	(1,751,061)	-
Changes in Assumptions	(5,796,569)	-
Benefit Payments, Including Refunds of employee Contributions	(13,719,331)	(13,231,513)
Net Change in Total Pension Liability	5,559,081	13,239,186
Total Pension Liability - Beginning	303,140,097	289,900,911
Total Pension Liability - Ending (a)	\$ 308,699,178	\$ 303,140,097
PLAN FIDUCIARY NET POSITION		
Contribution - Employer	\$ 8,612,426	\$ 7,913,193
Contribution - Employee	2,099,982	2,168,466
Net Investment Income	4,430,161	29,675,543
Benefit Payments, Including Refunds of Employee Contributions	(13,719,331)	(13,231,513)
Administrative Expense	(224,286)	-
Net Change in Fiduciary Net Position	1,198,952	26,525,689
Plan Fiduciary Net Position - Beginning	198,410,388	171,884,699
Plan Fiduciary Net Position - Ending (b)	\$ 199,609,340	\$ 198,410,388
Plan Net Pension Liability/(Assets) - Ending (a) - (b)	\$ 109,089,838	\$ 104,729,709
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	64.66%	65.45%
Covered-Employee Payroll	\$ 26,820,056	\$ 27,078,868
Plan Net Pension Liability/(Asset) as a Percentage of Covered-Employee Payroll	406.75%	386.76%

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only two years are shown.

(2) Net of administrative expenses.

Notes to Schedule:

Benefit Changes: There were no changes in benefits.

Changes of Assumptions: The discount rate changed to 7.65%.

REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
 JUNE 30, 2016

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

	<u>2016</u>	<u>2015</u>
Actuarially Determined Contribution	\$ 7,373,950	\$ 8,612,427
Contribution in Relation to the Actuarially Determined Contribution	<u>(7,373,950)</u>	<u>(8,612,427)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-Employee Payroll	\$ 23,919,171	\$ 25,422,638
Contributions as a Percentage of Covered-Employee Payroll	30.83%	33.88%

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only two years is shown.

Note to Schedule:

Valuation Date: Methods and assumptions used to determine contribution rates: Actuarial cost method Amortization method Assets valuation method Inflation Salary increases Payroll growth Investment rate of return Retirement age Mortality	June 30, 2013 Entry age normal Level percentage of payroll, closed Actuarial value of assets 2.75% Varies by entry age and service 3.00% 7.50% net of pension investment and administrative expenses, including inflation. The probabilities of retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.
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REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
 JUNE 30, 2016

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

MEASUREMENT PERIOD	2016	2015
TOTAL PENSION LIABILITY		
Service Cost	\$ 4,735,543	\$ 4,618,139
Interest	14,549,722	13,684,244
Difference Between expected and Actual Experience	642,707	-
Changes in Assumptions	(3,951,003)	-
Benefit Payments, Including Refunds of employee Contributions	(7,482,701)	(7,151,132)
Net Change in Total Pension Liability	8,494,268	11,151,251
Total Pension Liability - Beginning	194,874,330	183,723,079
Total Pension Liability - Ending (a)	\$ 203,368,598	\$ 194,874,330
PLAN FIDUCIARY NET POSITION		
Contribution - Employer	\$ 6,391,221	\$ 5,650,100
Contribution - Employee	1,517,507	1,462,671
Net Investment Income	2,973,078	19,983,092
Benefit Payments, Including Refunds of Employee Contributions	(7,482,701)	(7,151,132)
Administrative Expenses	(155,162)	-
Net Change in Fiduciary Net Position	3,243,943	19,944,731
Plan Fiduciary Net Position - Beginning	134,849,815	114,905,084
Plan Fiduciary Net Position - Ending (b)	\$ 138,093,758	\$ 134,849,815
Plan Net Pension Liability/(Assets) - Ending (a) - (b)	\$ 65,274,840	\$ 60,024,515
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	67.90%	69.20%
Covered-Employee Payroll	\$ 16,848,270	\$ 15,386,513
Plan Net Pension Liability/(Asset) as a Percentage of Covered-Employee Payroll	387.43%	390.11%

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only two years are shown.

(2) Net of administrative expenses.

Notes to Schedule:

Benefit Changes: There were no changes in benefits.

Changes of Assumptions: The discount rate changed to 7.65%.

REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
 JUNE 30, 2016

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

	<u>2016</u>	<u>2015</u>
Actuarially Determined Contribution	\$ 8,123,334	\$ 6,391,222
Contribution in Relation to the Actuarially Determined Contribution	(8,123,334)	(6,391,222)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-Employee Payroll	\$ 17,486,548	\$ 16,688,133
Contributions as a Percentage of Covered-Employee Payroll	46.45%	38.30%

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only two years is shown.

Note to Schedule:

Valuation Date:	June 30, 2013
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Assets valuation method	Actuarial value of assets
Inflation	2.75%
Salary increases	Varies by entry age and service
Payroll growth	3.00%
Investment rate of return	7.50% net of pension investment and administrative expenses, including inflation.
Retirement age	The probabilities of retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
 JUNE 30, 2016

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

	<u>2016</u>	<u>2015</u>
Proportion of the Net Pension Liability	0.77136%	0.46039%
Proportionate Share of the Net Pension Liability	\$ 31,783,428	\$ 28,647,492
Covered-Employee Payroll	\$ 9,624,801	\$ 9,308,854
Proportionate Share of the Net Pension Liability as Percentage of Covered-Employee Payroll	330.22%	298.78%
Plan Fiduciary Net Position	\$ 111,251,864	\$ 106,234,188
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.78%	78.83%

Notes to Schedule:

Benefit Changes: No changes in benefits.

Changes of Assumptions: The discount rate changed to 7.65%.

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only two years is shown.

REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
 JUNE 30, 2016

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

	<u>2016</u>	<u>2015</u>
Actuarially Determined Contribution	\$ 4,648,267	\$ 4,239,757
Contribution in Relation to the Actuarially Determined Contribution	<u>(4,648,267)</u>	<u>(4,239,757)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-Employee Payroll	\$ 9,885,314	\$ 9,624,801
Contributions as a Percentage of Covered-Employee Payroll	47.02%	44.05%

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only two years is shown.

Note to Schedule:

Valuation Date:	June 30, 2013
Methods and assumptions used to determine contribution rates:	
Actuarial Cost Method	Entry age normal
Amortization method	Level percentage of payroll
Assets valuation method	Market value
Actuarial Assumptions	
Discount Rate	7.50%
Projected Salary Increases	3.30% to 14.20% depending on Age, Service, and type of enrollment
Inflation	2.75%
Payroll Growth	3.00%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 2.75% and an annual production growth of 0.25%

CITY OF CORONA

REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
 JUNE 30, 2016

OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN FUNDING PROGRESS

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

Schedule of Funding Progress - Other Post-Employment Benefit Plan

Actuarial Valuation Date	Actuarial Accrued Liability (AAL) (A)	Actuarial Value of Assets (B)	Unfunded Actuarial Accrued Liability (UAAL) (A) - (B)	Funded Ratio (B) / (A)	Annual Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((A - B) / C)
07/01/11	\$ 96,530,244	\$ 16,182,147	\$ 80,348,097	16.8%	\$ 50,192,076	160.1%
07/01/13	96,174,626	20,412,616	75,762,010	21.2%	44,512,395	170.2%
07/01/15	126,756,944	26,019,812	100,737,132	20.5%	46,879,660	214.9%

The City implemented GASB 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, on July 1, 2011. The most recent actuarial valuation for the City's OPEB plan was obtained as of July 1, 2015 for the two years ending June 30, 2016 and 2017.

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

Supplementary Information

Supplementary Information consists of the following:

- Combining Balance Sheet – Nonmajor Governmental Funds
- Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds
- Budgetary Comparison Schedules – Nonmajor Governmental Funds
- Combining Statement of Net Position – Nonmajor Enterprise Funds
- Combining Statement of Revenue, Expenses, and Changes in Net Position – Nonmajor Enterprise Funds
- Combining Statement of Cash Flows – Nonmajor Enterprise Funds
- Combining Statement of Net Position – Internal Service Funds
- Combining Statement of Revenue, Expenses, and Changes in Net Position – Internal Service Funds
- Combining Statement of Cash Flows – Internal Service Funds
- Combining Statement of Changes in Assets and Liabilities – Agency Funds



Combining Financial Statements

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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

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

Debt Service Funds

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

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

Combining Financial Statements Nonmajor Governmental Funds

Capital Project Funds

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

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

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

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



CITY OF CORONA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016

	Special Revenue Funds			
	Gas Tax	Trip Reduction	Asset Forfeiture	Special Tax Districts
Assets				
Cash and Investments	\$ 4,425,589	\$ 709,261	\$ 355,600	\$ 16,992,823
Accounts Receivable	11,008	54,841	8,111	64,591
Interest Receivable	11,558	1,344	940	44,937
Due from Other Governmental Agencies	-	-	-	572,139
Loans Receivable	-	-	-	-
Restricted Assets:				
Cash and Investments	1,586	-	-	29,652
Total Assets	\$ 4,449,741	\$ 765,446	\$ 364,651	\$ 17,704,142
Liabilities and Fund Balances				
Liabilities				
Accounts Payable and Accrued Liabilities	\$ 94,771	\$ 15	\$ 6,673	\$ 436,226
Deposits	-	-	-	1,550
Due to Other Funds	-	-	-	36,660
Unearned Revenue	-	-	122,378	-
Interfund Advances Payable	-	-	-	154,913
Liabilities Payable from Restricted Assets	1,586	-	-	-
Total Liabilities	96,357	15	129,051	629,349
Fund Balances				
Restricted	4,353,384	765,431	235,600	17,074,793
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	4,353,384	765,431	235,600	17,074,793
Total Liabilities and Fund Balances	\$ 4,449,741	\$ 765,446	\$ 364,651	\$ 17,704,142

CITY OF CORONA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016

(CONTINUED)

	Special Revenue Funds	Capital Projects Funds		
	Other Grants & Endowments	Public Facility Project	HUD Grants	Planned Local Drainage
Assets				
Cash and Investments	\$ 559,807	\$ -	\$ 434,656	\$ 34,769
Accounts Receivable	420	-	-	11,253
Interest Receivable	1,257	-	-	-
Due from Other Governmental Agencies	42,702	4,844,097	667,264	335,224
Loans Receivable	-	-	1,994,698	-
Restricted Assets:				
Cash and Investments	-	50,113	-	-
Total Assets	\$ 604,186	\$ 4,894,210	\$ 3,096,618	\$ 381,246
Liabilities and Fund Balances				
Liabilities				
Accounts Payable and Accrued Liabilities	\$ 104,170	\$ 749,436	\$ 144,784	\$ 27,014
Deposits	-	-	-	-
Due to Other Funds	31,622	4,144,936	413,964	-
Unearned Revenue	189,820	-	138,620	-
Interfund Advances Payable	-	-	-	-
Liabilities Payable from Restricted Assets	-	-	-	-
Total Liabilities	325,612	4,894,372	697,368	27,014
Fund Balances				
Restricted	278,574	-	2,399,250	-
Assigned	-	-	-	354,232
Unassigned	-	(162)	-	-
Total Fund Balances	278,574	(162)	2,399,250	354,232
Total Liabilities and Fund Balances	\$ 604,186	\$ 4,894,210	\$ 3,096,618	\$ 381,246

CITY OF CORONA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016

	Capital Projects Funds	Debt Service Funds		Total Other Governmental Funds
	Other Grants	Assessment Districts	Public Financing Authority	
Assets				
Cash and Investments	\$ 11,097	\$ -	\$ -	\$ 23,523,602
Accounts Receivable	-	-	-	150,224
Interest Receivable	29	-	-	60,065
Due from Other Governmental Agencies	13,555,066	-	-	20,016,492
Loans Receivable	-	-	-	1,994,698
Restricted Assets:				
Cash and Investments	340,873	-	2,416,841	2,839,065
Total Assets	\$ 13,907,065	\$ -	\$ 2,416,841	\$ 48,584,146
Liabilities and Fund Balances				
Liabilities				
Accounts Payable and Accrued Liabilities	\$ 767,110	\$ -	\$ -	\$ 2,330,199
Deposits	-	-	-	1,550
Due to Other Funds	13,218,582	-	-	17,845,764
Unearned Revenue	1,634	-	-	452,452
Interfund Advances Payable	-	-	-	154,913
Liabilities Payable from Restricted Assets	5,000	-	-	6,586
Total Liabilities	13,992,326	-	-	20,791,464
Fund Balances				
Restricted	-	-	2,416,841	27,523,873
Assigned	-	-	-	354,232
Unassigned	(85,261)	-	-	(85,423)
Total Fund Balances	(85,261)	-	2,416,841	27,792,682
Total Liabilities and Fund Balances	\$ 13,907,065	\$ -	\$ 2,416,841	\$ 48,584,146



CITY OF CORONA

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2016**

	Special Revenue Funds			
	Gas Tax	Trip Reduction	Asset Forfeiture	Special Tax Districts
Revenues				
Licenses, Fees and Permits	\$ -	\$ -	\$ -	\$ -
Fines and Penalties	-	-	219,033	-
Special Assessments	-	-	-	8,801,035
Investment Earnings	84,323	10,260	6,123	317,957
Intergovernmental Revenues	3,454,833	204,001	-	378,917
Current Services	-	-	-	81,559
Other Revenues	29,885	-	107	157,016
Total Revenues	3,569,041	214,261	225,263	9,736,484
Expenditures				
Current:				
General Government	-	-	-	74,828
Public Safety - Police	-	-	202,283	-
Public Works & Maintenance Services	1,570,553	15,960	-	7,269,430
Library and Recreation Services	-	-	-	-
Community Development	-	-	-	-
Capital Outlay	1,051,126	-	-	1,052,693
Debt Service:				
Principal Retirement	-	-	-	-
Interest and Fiscal Charges	-	-	-	8,503
Total Expenditures	2,621,679	15,960	202,283	8,405,454
Excess (Deficiency) of Revenues Over (Under) Expenditures	947,362	198,301	22,980	1,331,030
Other Financing Sources (Uses)				
Transfers In	-	-	-	142,331
Transfers Out	(1,183,412)	-	-	(1,436)
Total Other Financing Uses	(1,183,412)	-	-	140,895
Net Change in Fund Balances	(236,050)	198,301	22,980	1,471,925
Fund Balances, Beginning of Year, as Restated	4,589,434	567,130	212,620	15,602,868
Fund Balances, End of Year	\$ 4,353,384	\$ 765,431	\$ 235,600	\$ 17,074,793

CITY OF CORONA

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2016

(CONTINUED)

	Special Revenue Funds	Capital Projects Funds		
	Other Grants & Endowments	Public Facility Project	HUD Grants	Planned Local Drainage
Revenues				
Licenses, Fees and Permits	\$ -	\$ -	\$ -	\$ 784,280
Fines and Penalties	-	-	-	-
Special Assessments	-	-	-	-
Investment Earnings	10,608	-	-	-
Intergovernmental Revenues	403,856	5,528,750	1,756,599	-
Current Services	192,980	-	-	1,978
Other Revenues	3,784	-	3	374,444
Total Revenues	611,228	5,528,750	1,756,602	1,160,702
Expenditures				
Current:				
General Government	-	-	-	-
Public Safety - Police	663,022	-	-	-
Public Works & Maintenance Services	-	-	-	926,008
Library and Recreation Services	16,813	-	-	-
Community Development	-	-	1,867,535	-
Capital Outlay	-	5,377,043	8,013	-
Debt Service:				
Principal Retirement	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
Total Expenditures	679,835	5,377,043	1,875,548	926,008
Excess (Deficiency) of Revenues Over (Under) Expenditures	(68,607)	151,707	(118,946)	234,694
Other Financing Sources (Uses)				
Transfers In	-	-	-	-
Transfers Out	(488)	-	-	(456)
Total Other Financing Uses	(488)	-	-	(456)
Net Change in Fund Balances	(69,095)	151,707	(118,946)	234,238
Fund Balances, Beginning of Year, as Restated	347,669	(151,869)	2,518,196	119,994
Fund Balances, End of Year	\$ 278,574	\$ (162)	\$ 2,399,250	\$ 354,232

CITY OF CORONA

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2016**

	Capital Projects Funds	Debt Service Funds		Total Other Governmental Funds
	Other Grants	Assessment Districts	Public Financing Authority	
Revenues				
Licenses, Fees and Permits	\$ -	\$ -	\$ -	\$ 784,280
Fines and Penalties	-	-	-	219,033
Special Assessments	-	-	-	8,801,035
Investment Earnings	221	(1,103)	19,240	447,629
Intergovernmental Revenues	9,617,886	-	-	21,344,842
Current Services	-	-	-	276,517
Other Revenues	-	-	-	565,239
Total Revenues	9,618,107	(1,103)	19,240	32,438,575
Expenditures				
Current:				
General Government	-	-	-	74,828
Public Safety - Police	-	-	-	865,305
Public Works & Maintenance Services	-	-	-	9,781,951
Library and Recreation Services	-	-	-	16,813
Community Development	-	-	-	1,867,535
Capital Outlay	9,720,399	-	-	17,209,274
Debt Service:				
Principal Retirement	-	185,000	-	185,000
Interest and Fiscal Charges	-	36,493	33,220	78,216
Total Expenditures	9,720,399	221,493	33,220	30,078,922
Excess (Deficiency) of Revenues Over (Under) Expenditures	(102,292)	(222,596)	(13,980)	2,359,653
Other Financing Sources (Uses)				
Transfers In	-	-	-	142,331
Transfers Out	-	-	-	(1,185,792)
Total Other Financing Uses	-	-	-	(1,043,461)
Net Change in Fund Balances	(102,292)	(222,596)	(13,980)	1,316,192
Fund Balances, Beginning of Year, as Restated	17,031	222,596	2,430,821	26,476,490
Fund Balances, End of Year	\$ (85,261)	\$ -	\$ 2,416,841	\$ 27,792,682

Budgetary Comparison Schedules – Nonmajor Governmental Funds

The Budgetary Comparison Schedules – Nonmajor Governmental Funds consist of the following fund types:

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

CITY OF CORONA

**BUDGETARY COMPARISON SCHEDULE
GAS TAX
JUNE 30, 2016**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 4,589,434	\$ 4,589,434	\$ 4,589,434	\$ -
Resources (Inflows):				
Intergovernmental	3,098,100	3,098,100	3,454,833	356,733
Investment earnings	50,640	50,640	84,323	33,683
Other revenues	40,000	40,000	29,885	(10,115)
Amounts Available for Appropriations	7,778,174	7,778,174	8,158,475	380,301
Charges to Appropriation (Outflow):				
Public works & maintenance services	1,393,766	2,979,236	1,570,553	1,408,683
Capital outlay	1,027,500	2,710,647	1,051,126	1,659,521
Transfers out	1,106,767	1,106,767	1,183,412	(76,645)
Total Charges to Appropriations	3,528,033	6,796,650	3,805,091	2,991,559
Budgetary Fund Balance, June 30	\$ 4,250,141	\$ 981,524	\$ 4,353,384	\$ 3,371,860

CITY OF CORONA

BUDGETARY COMPARISON SCHEDULE
 TRIP REDUCTION
 JUNE 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 567,130	\$ 567,130	\$ 567,130	\$ -
Resources (Inflows):				
Intergovernmental	200,000	200,000	204,001	4,001
Investment earnings	5,089	5,089	10,260	5,171
Amounts Available for Appropriations	772,219	772,219	781,391	9,172
Charges to Appropriation (Outflow):				
Public works & maintenance services	525,900	526,831	15,960	510,871
Total Charges to Appropriations	525,900	526,831	15,960	510,871
Budgetary Fund Balance, June 30	\$ 246,319	\$ 245,388	\$ 765,431	\$ 520,043

CITY OF CORONA

**BUDGETARY COMPARISON SCHEDULE
ASSET FORFEITURE
JUNE 30, 2016**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 212,620	\$ 212,620	\$ 212,620	\$ -
Resources (Inflows):				
Investment earnings	2,610	2,610	6,123	3,513
Fines and penalties	-	-	219,033	219,033
Other revenues	-	-	107	107
Amounts Available for Appropriations	215,230	215,230	437,883	222,653
Charges to Appropriation (Outflow):				
Public safety - Police	208,000	208,000	202,283	5,717
Total Charges to Appropriations	208,000	208,000	202,283	5,717
Budgetary Fund Balance, June 30	\$ 7,230	\$ 7,230	\$ 235,600	\$ 228,370

CITY OF CORONA

**BUDGETARY COMPARISON SCHEDULE
SPECIAL TAX DISTRICTS
JUNE 30, 2016**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 15,602,868	\$ 15,602,868	\$ 15,602,868	\$ -
Resources (Inflows):				
Intergovernmental	-	-	378,917	378,917
Special assessments	9,350,053	8,698,505	8,801,035	102,530
Current services	7,000	116,000	81,559	(34,441)
Investment earnings	121,293	121,293	317,957	196,664
Other revenues	30,500	25,500	157,016	131,516
Transfers in	269,408	382,253	142,331	(239,922)
Amounts Available for Appropriations	25,381,122	24,946,419	25,481,683	535,264
Charges to Appropriation (Outflow):				
General government	9,000	10,085	74,828	(64,743)
Public works & maintenance services	8,216,273	8,371,002	7,269,430	1,101,572
Capital outlay	1,884,338	10,066,530	1,052,693	9,013,837
Debt service:				
Interest and fiscal charges	12,300	8,503	8,503	-
Transfers out	1,772	1,772	1,436	336
Total Charges to Appropriations	10,123,683	18,457,892	8,406,890	10,051,002
Budgetary Fund Balance, June 30	\$ 15,257,439	\$ 6,488,527	\$ 17,074,793	\$ 10,586,266

CITY OF CORONA

**BUDGETARY COMPARISON SCHEDULE
OTHER GRANTS & ENDOWMENTS
JUNE 30, 2016**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 347,669	\$ 347,669	\$ 347,669	\$ -
Resources (Inflows):				
Intergovernmental	442,067	463,662	403,856	(59,806)
Current services	227,000	227,000	192,980	(34,020)
Investment earnings	6,627	6,627	10,608	3,981
Other revenues	-	-	3,784	3,784
Amounts Available for Appropriations	1,023,363	1,044,958	958,897	(86,061)
Charges to Appropriation (Outflow):				
Public safety - Police	777,127	920,639	663,022	257,617
Library and recreation services	-	26,911	16,813	10,098
Transfers out	175	175	488	(313)
Total Charges to Appropriations	777,302	947,725	680,323	267,402
Budgetary Fund Balance, June 30	\$ 246,061	\$ 97,233	\$ 278,574	\$ 181,341

CITY OF CORONA

**BUDGETARY COMPARISON SCHEDULE
 LOW MOD INCOME HOUSING ASSET
 YEAR ENDED JUNE 30, 2016**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 20,932,082	\$ 20,932,082	\$ 20,932,082	\$ -
Resources (Inflows):				
Investment earnings	61,666	61,666	55,905	(5,761)
Contributions	-	-	593,192	593,192
Other revenues	365,000	365,000	241,416	(123,584)
Amounts Available for Appropriations	21,358,748	21,358,748	21,822,595	463,847
Charges to Appropriation (Outflow):				
Community Development	120,236	120,236	123,514	(3,278)
Capital outlay	50,000	2,080,146	11,482	2,068,664
Total Charges to Appropriations	170,236	2,200,382	134,996	2,065,386
Budgetary Fund Balance, June 30	\$ 21,188,512	\$ 19,158,366	\$ 21,687,599	\$ 2,529,233

CITY OF CORONA

BUDGETARY COMPARISON SCHEDULE
 PUBLIC FACILITY PROJECT
 YEAR ENDED JUNE 30, 2016

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ (151,869)	\$ (151,869)	\$ (151,869)	\$ -
Resources (Inflows):				
Intergovernmental	5,000,000	5,000,000	5,528,750	528,750
Amounts Available for Appropriations	4,848,131	4,848,131	5,376,881	528,750
Charges to Appropriation (Outflow):				
Capital outlay	-	14,503,797	5,377,043	9,126,754
Total Charges to Appropriations	-	14,503,797	5,377,043	9,126,754
Budgetary Fund Balance, June 30	\$ 4,848,131	\$ (9,655,666)	\$ (162)	\$ 9,655,504

CITY OF CORONA

BUDGETARY COMPARISON SCHEDULE
 HUD GRANTS
 YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,518,196	\$ 2,518,196	\$ 2,518,196	\$ -
Resources (Inflows):				
Intergovernmental	1,559,606	1,559,606	1,756,599	196,993
Other revenues	-	-	3	3
Amounts Available for Appropriations	4,077,802	4,077,802	4,274,798	196,996
Charges to Appropriation (Outflow):				
Community Development	1,277,158	1,865,439	1,867,535	(2,096)
Capital outlay	282,448	748,344	8,013	740,331
Total Charges to Appropriations	1,559,606	2,613,783	1,875,548	738,235
Budgetary Fund Balance, June 30	\$ 2,518,196	\$ 1,464,019	\$ 2,399,250	\$ 935,231

CITY OF CORONA

**BUDGETARY COMPARISON SCHEDULE
 PLANNED LOCAL DRAINAGE
 YEAR ENDED JUNE 30, 2016**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 119,994	\$ 119,994	\$ 119,994	\$ -
Resources (Inflows):				
Licenses, fees and permits	630,000	630,000	784,280	154,280
Current services	-	-	1,978	1,978
Other revenues	353,639	353,639	374,444	20,805
Amounts Available for Appropriations	1,103,633	1,103,633	1,280,696	177,063
Charges to Appropriation (Outflow):				
Public works & maintenance services	979,909	991,247	926,008	65,239
Transfers out	712	712	456	256
Total Charges to Appropriations	980,621	991,959	926,464	65,495
Budgetary Fund Balance, June 30	\$ 123,012	\$ 111,674	\$ 354,232	\$ 242,558

CITY OF CORONA

BUDGETARY COMPARISON SCHEDULE
 OTHER GRANTS
 YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 17,031	\$ 17,031	\$ 17,031	\$ -
Resources (Inflows):				
Intergovernmental	12,226,519	12,364,282	9,617,886	(2,746,396)
Investment earnings	225	225	221	(4)
Amounts Available for Appropriations	12,243,775	12,381,538	9,635,138	(2,746,400)
Charges to Appropriation (Outflow):				
Capital outlay	-	24,947,270	9,720,399	15,226,871
Total Charges to Appropriations	-	24,947,270	9,720,399	15,226,871
Budgetary Fund Balance, June 30	\$ 12,243,775	\$ (12,565,732)	\$ (85,261)	\$ 12,480,471

CITY OF CORONA

**BUDGETARY COMPARISON SCHEDULE
ASSESSMENT DISTRICTS
YEAR ENDED JUNE 30, 2016**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1, as restated	\$ 222,596	\$ 222,596	\$ 222,596	\$ -
Resources (Inflows):				
Special assessments	1,650,000	-	-	-
Investment earnings	1,752	-	(1,103)	(1,103)
Amounts Available for Appropriations	1,874,348	222,596	221,493	(1,103)
Charges to Appropriation (Outflow):				
Debt service:				
Principal retirement	185,000	185,000	185,000	-
Interest and fiscal charges	23,400	36,493	36,493	-
Total Charges to Appropriations	208,400	221,493	221,493	-
Budgetary Fund Balance, June 30	\$ 1,665,948	\$ 1,103	\$ -	\$ (1,103)

CITY OF CORONA

BUDGETARY COMPARISON SCHEDULE
 PUBLIC FINANCING AUTHORITY
 YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,430,821	\$ 2,430,821	\$ 2,430,821	\$ -
Resources (Inflows):				
Investment earnings	19,000	19,000	19,240	240
Amounts Available for Appropriations	2,449,821	2,449,821	2,450,061	240
Charges to Appropriation (Outflow):				
Debt service:				
Interest and fiscal charges	2,000,001	2,000,001	33,220	1,966,781
Total Charges to Appropriations	2,000,001	2,000,001	33,220	1,966,781
Budgetary Fund Balance, June 30	\$ 449,820	\$ 449,820	\$ 2,416,841	\$ 1,967,021



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.

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

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

CITY OF CORONA

**COMBINING STATEMENT OF NET POSITION
NON-MAJOR PROPRIETARY FUNDS
JUNE 30, 2016**

	Business-Type Activities - Enterprise Funds			
	Public Financing Authority	Transit Services	Airport	Totals
Assets				
Current Assets				
Cash and Investments	\$ -	\$ 422,532	\$ 223,134	\$ 645,666
Accounts Receivable, Net	-	3,307	2,508	5,815
Interest Receivable	-	3,114	589	3,703
Due from Other Governmental Agencies	-	184,564	-	184,564
Restricted:				
Cash and Investments	-	611,272	-	611,272
Total Current Assets	-	1,224,789	226,231	1,451,020
Noncurrent Assets				
Capital Assets:				
Capital Assets, Net of Depreciation	-	4,623,870	153,930	4,777,800
Total Capital Assets	-	4,623,870	153,930	4,777,800
Total Noncurrent Assets	-	4,623,870	153,930	4,777,800
Total Assets	-	5,848,659	380,161	6,228,820
Deferred Outflows of Resources				
Deferred Pension Related Items	-	27,858	-	27,858
Total Deferred Outflows of Resources	-	27,858	-	27,858
Total Assets and Deferred Outflows of Resources	\$ -	\$ 5,876,517	\$ 380,161	\$ 6,256,678
Liabilities, Deferred Inflows of Resources, and Net Position				
Liabilities				
Current Liabilities				
Accounts Payable and Accrued Liabilities	\$ -	\$ 311,909	\$ 1,267	\$ 313,176
Unearned Revenue	-	169,366	-	169,366
Deposits	-	-	890	890
Compensated Absences Payable	-	10,537	-	10,537
Total Current Liabilities	-	491,812	2,157	493,969
Noncurrent Liabilities				
Interfund Advances Payable	-	-	145,000	145,000
Compensated Absences Payable	-	48,191	-	48,191
Net Pension Liability	-	386,964	406	387,370
Total Noncurrent Liabilities	-	435,155	145,406	580,561
Total Liabilities	-	926,967	147,563	1,074,530
Deferred Inflows of Resources				
Deferred Pension Related Items	-	20,630	58	20,688
Total Deferred Inflows of Resources	-	20,630	58	20,688
Net Position				
Net Investment in Capital Assets	-	4,623,870	153,930	4,777,800
Restricted for:				
Capital Projects	-	470,487	-	470,487
Transportation	-	611,272	-	611,272
Unrestricted	-	(776,709)	78,610	(698,099)
Total Net Position	-	4,928,920	232,540	5,161,460
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ -	\$ 5,876,517	\$ 380,161	\$ 6,256,678

CITY OF CORONA

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
NON-MAJOR PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2016

	Business-Type Activities - Enterprise Funds			
	Public Financing Authority	Transit Services	Airport	Totals
Operating Revenues				
Fees and Permits	\$ -	\$ -	\$ 41,235	\$ 41,235
Other Revenues	-	408,829	220,982	629,811
Total Operating Revenues	-	408,829	262,217	671,046
Operating Expenses				
Personnel Services	-	419,570	-	419,570
Contractual	-	1,588,156	26,928	1,615,084
Materials and Supplies	-	48,535	123,172	171,707
Utilities	-	185,764	10,306	196,070
Depreciation and Amortization	-	490,369	37,296	527,665
Total Operating Expenses	-	2,732,394	197,702	2,930,096
Operating Income (Loss)	-	(2,323,565)	64,515	(2,259,050)
Nonoperating Revenues (Expenses)				
Investment Earnings	389	39,993	4,929	45,311
Interest Expense	(377,228)	-	-	(377,228)
Operating Grants and Contributions	-	1,812,448	10,000	1,822,448
Total Nonoperating Revenues (Expenses)	(376,839)	1,852,441	14,929	1,490,531
Income (Loss) Before Contributions and Transfers	(376,839)	(471,124)	79,444	(768,519)
Capital Grants and Contributions	-	2,050,085	-	2,050,085
Transfers Out	(4,584,438)	-	-	(4,584,438)
Changes in Net Position	(4,961,277)	1,578,961	79,444	(3,302,872)
Net Position, Beginning of Year	4,961,277	3,349,959	153,096	8,464,332
Net Position, End of Year	\$ -	\$ 4,928,920	\$ 232,540	\$ 5,161,460

CITY OF CORONA

**COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2016**

	Business-Type Activities - Enterprise Funds			
	Public Financing Authority	Transit Services	Airport	Totals
Cash Flows from Operating Activities:				
Cash received from customers and users	\$ -	\$ -	\$ 68,019	\$ 68,019
Cash paid to suppliers for goods and services	-	(1,654,876)	(159,363)	(1,814,239)
Cash paid to employees for services	-	(421,580)	-	(421,580)
Cash received from others	-	502,006	220,982	722,988
Net Cash Provided (Used) by Operating Activities	-	(1,574,450)	129,638	(1,444,812)
Cash Flows from Non-Capital Financing Activities:				
Cash transfers out	(4,584,438)	-	-	(4,584,438)
Advance from other funds	(1,235,538)	-	(15,000)	(1,250,538)
Operating grants and contributions	-	1,812,448	10,000	1,822,448
Net Cash Provided (Used) by Non-Capital Financing Activities	(5,819,976)	1,812,448	(5,000)	(4,012,528)
Cash Flows from Capital and Related Financing Activities:				
Capital grants and contributions	-	2,050,085	-	2,050,085
Acquisition and construction of capital assets	-	(3,312,779)	-	(3,312,779)
Interest paid on capital debt	(377,228)	-	-	(377,228)
Net Cash Provided (Used) by Capital and Related Financing Activities	(377,228)	(1,262,694)	-	(1,639,922)
Cash Flows from Investing Activities:				
Interest received	1,264	40,886	4,569	46,719
Net Cash Provided (Used) by Investing Activities	1,264	40,886	4,569	46,719
Net Increase (Decrease) in Cash and Cash Equivalents	(6,195,940)	(983,810)	129,207	(7,050,543)
Cash and Cash Equivalents at Beginning of Year	6,195,940	2,017,614	93,927	8,307,481
Cash and Cash Equivalents at End of Year	\$ -	\$ 1,033,804	\$ 223,134	\$ 1,256,938
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ -	\$ (2,323,565)	\$ 64,515	\$ (2,259,050)
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:				
Depreciation	-	490,369	37,296	527,665
(Increase) decrease in accounts receivable	-	(42)	27,039	26,997
(Increase) decrease in due from other governments	-	1,841,983	-	1,841,983
(Increase) decrease in deferred outflows of pension related items	-	2,424	36	2,460
Increase (decrease) in accounts payable	-	167,579	1,043	168,622
Increase (decrease) in unearned revenue	-	(1,748,764)	-	(1,748,764)
Increase (decrease) in deposits payable	-	-	(255)	(255)
Increase (decrease) in compensated absences	-	3,964	-	3,964
Increase (decrease) in pension liability	-	18,727	(36)	18,691
Increase (decrease) in deferred inflows of pension related items	-	(27,125)	-	(27,125)
Total Adjustments	-	749,115	65,123	814,238
Net Cash Provided (Used) by Operating Activities	\$ -	\$ (1,574,450)	\$ 129,638	\$ (1,444,812)

Non-Cash Investing, Capital, and Financing Activities:

There were no non-cash investing, capital or financing activities during fiscal year 2015-2016.

Combining Financial Statements

Internal Service Funds

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

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

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

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

CITY OF CORONA

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2016

	Governmental Activities - Internal Service Funds		
	Fleet Operations	Self-Insurance	
		Workers' Compensation	Liability Risk
Assets			
Current Assets			
Cash and Investments	\$ 11,160,591	\$ 20,317,943	\$ 2,557,758
Accounts Receivable, Net	11,346	73,412	-
Due from Other Governmental Agencies	2,024	-	-
Inventories and Prepayments	225,965	340,000	-
Total Current Assets	11,399,926	20,731,355	2,557,758
Total Assets	11,399,926	20,731,355	2,557,758
Deferred Outflows of Resources			
Deferred Pension Related Items	61,346	-	-
Total Deferred Outflows of Resources	61,346	-	-
Total Assets and Deferred Outflows of Resources	\$ 11,461,272	\$ 20,731,355	\$ 2,557,758
Liabilities, Deferred Inflows of Resources, and Net Position			
Liabilities			
Current Liabilities			
Accounts Payable and Accrued Liabilities	\$ 333,145	\$ 224,347	\$ 4,100
Claims and Judgments Payable	-	3,479,085	799,607
Compensated Absences Payable	63,344	-	-
Total Current Liabilities	396,489	3,703,432	803,707
Noncurrent Liabilities			
Claims and Judgments Payable	-	16,396,186	1,329,287
Net Pension Liability	803,251	-	-
Total Noncurrent Liabilities	803,251	16,396,186	1,329,287
Total Liabilities	1,199,740	20,099,618	2,132,994
Deferred Inflows of Resources			
Deferred Pension Related Items	38,523	-	-
Total Deferred Inflows of Resources	38,523	-	-
Net Position			
Unrestricted	10,223,009	631,737	424,764
Total Net Position	10,223,009	631,737	424,764
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 11,461,272	\$ 20,731,355	\$ 2,557,758

CITY OF CORONA

**COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2016**

	Governmental Activities - Internal Service Funds	
	Warehouse	Totals
Assets		
Current Assets		
Cash and Investments	\$ 276,386	\$ 34,312,678
Accounts Receivable, Net	-	84,758
Due from Other Governmental Agencies	-	2,024
Inventories and Prepayments	-	565,965
Total Current Assets	276,386	34,965,425
Total Assets	276,386	34,965,425
Deferred Outflows of Resources		
Deferred Pension Related Items	6,303	67,649
Total Deferred Outflows of Resources	6,303	67,649
Total Assets and Deferred Outflows of Resources	\$ 282,689	\$ 35,033,074
Liabilities, Deferred Inflows of Resources, and Net Position		
Liabilities		
Current Liabilities		
Accounts Payable and Accrued Liabilities	\$ 19,161	\$ 580,753
Claims and Judgments Payable	-	4,278,692
Compensated Absences Payable	2,457	65,801
Total Current Liabilities	21,618	4,925,246
Noncurrent Liabilities		
Claims and Judgments Payable	-	17,725,473
Net Pension Liability	59,928	863,179
Total Noncurrent Liabilities	59,928	18,588,652
Total Liabilities	81,546	23,513,898
Deferred Inflows of Resources		
Deferred Pension Related Items	764	39,287
Total Deferred Inflows of Resources	764	39,287
Net Position		
Unrestricted	200,379	11,479,889
Total Net Position	200,379	11,479,889
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 282,689	\$ 35,033,074

CITY OF CORONA

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2016

	Governmental Activities - Internal Service Funds		
	Fleet Operations	Self-Insurance	
		Workers' Compensation	Liability Risk
Operating Revenues			
Service Charges	\$ 3,559,331	\$ 3,551,803	\$ 855,000
Other Revenues	835,754	151,609	-
Total Operating Revenues	4,395,085	3,703,412	855,000
Operating Expenses			
Personnel Services	1,097,165	-	-
Contractual	139,605	-	-
Materials and Supplies	2,047,301	710,815	607,561
Utilities	908,471	-	-
Claims Expense	-	4,709,335	72,310
Total Operating Expenses	4,192,542	5,420,150	679,871
Operating Income (Loss)	202,543	(1,716,738)	175,129
Nonoperating Revenues (Expenses)			
Investment Earnings	-	3,524	-
Total Nonoperating Revenues (Expenses)	-	3,524	-
Income (Loss) Before Transfers	202,543	(1,713,214)	175,129
Transfers Out	(183,650)	-	-
Changes in Net Position	18,893	(1,713,214)	175,129
Net Position, Beginning of Year	10,204,116	2,344,951	249,635
Net Position, End of Year	\$ 10,223,009	\$ 631,737	\$ 424,764

CITY OF CORONA

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2016

	<u>Governmental Activities - Internal Service Funds</u>	
	<u>Warehouse</u>	<u>Totals</u>
Operating Revenues		
Service Charges	\$ 699,292	\$ 8,665,426
Other Revenues	1,877	989,240
Total Operating Revenues	701,169	9,654,666
Operating Expenses		
Personnel Services	113,185	1,210,350
Contractual	93,709	233,314
Materials and Supplies	22,279	3,387,956
Utilities	366	908,837
Claims Expense	-	4,781,645
Total Operating Expenses	229,539	10,522,102
Operating Income (Loss)	471,630	(867,436)
Nonoperating Revenues (Expenses)		
Investment Earnings	-	3,524
Total Nonoperating Revenues (Expenses)	-	3,524
Income (Loss) Before Transfers	471,630	(863,912)
Transfers Out	(402,761)	(586,411)
Changes in Net Position	68,869	(1,450,323)
Net Position, Beginning of Year	131,510	12,930,212
Net Position, End of Year	\$ 200,379	\$ 11,479,889

CITY OF CORONA

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2016**

	Governmental Activities - Internal Service Funds		
	Self-Insurance		
	Fleet Operations	Workers' Compensation	Liability Risk
Cash Flows from Operating Activities			
Cash received from customers and users	\$ 3,549,373	\$ 3,478,391	\$ 855,000
Cash paid to suppliers for goods and services	(3,247,478)	(708,804)	(605,561)
Cash paid to employees for services	(1,103,097)	-	-
Cash paid for current claims	-	(824,350)	(27,159)
Cash paid for long-term claims	-	(2,349,714)	(447,257)
Cash received from others	834,047	151,609	-
Net Cash Provided (Used) by Operating Activities	32,845	(252,868)	(224,977)
Cash Flows from Non-Capital Financing Activities			
Cash transfers out	(183,650)	-	-
Net Cash Provided (Used) by Non-Capital Financing Activities	(183,650)	-	-
Cash Flows from Investing Activities			
Interest received	-	3,524	-
Net Cash Provided (Used) by Investing Activities	-	3,524	-
Net Increase (Decrease) in Cash and Cash Equivalents	(150,805)	(249,344)	(224,977)
Cash and Cash Equivalents			
Beginning of Year	11,311,396	20,567,287	2,782,735
End of Year	\$ 11,160,591	\$ 20,317,943	\$ 2,557,758
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities			
Operating Income (Loss)	\$ 202,543	\$ (1,716,738)	\$ 175,129
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Changes in Assets and Liabilities:			
(Increase) decrease in accounts receivable	(9,958)	(73,412)	-
(Increase) decrease in due from other governments	(1,707)	-	-
(Increase) decrease in inventories and prepayments	(85,398)	-	-
(Increase) decrease in deferred outflows of pension related items	958	-	-
Increase (decrease) in accounts payable and accrued liabilities	(66,703)	2,011	2,000
Increase (decrease) in claims and judgments	-	1,535,271	(402,106)
Increase (decrease) in compensated absences	7,222	-	-
Increase (decrease) in pension liability	45,618	-	-
Increase (decrease) in deferred inflows of pension related items	(59,730)	-	-
Total Adjustments	(169,698)	1,463,870	(400,106)
Net Cash Provided (Used) by Operating Activities	\$ 32,845	\$ (252,868)	\$ (224,977)

Non-Cash Investing, Capital, and Financing Activities:

There were no non-cash investing, capital or financing activities during fiscal year 2015-2016.

CITY OF CORONA

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2016

	<u>Governmental Activities - Internal Service Funds</u>	
	<u>Warehouse</u>	<u>Totals</u>
Cash Flows from Operating Activities		
Cash received from customers and users	\$ 708,825	\$ 8,591,589
Cash paid to suppliers for goods and services	(97,193)	(4,659,036)
Cash paid to employees for services	(114,031)	(1,217,128)
Cash paid for current claims	-	(851,509)
Cash paid for long-term claims	-	(2,796,971)
Cash received from others	1,877	987,533
Net Cash Provided (Used) by Operating Activities	499,478	54,478
Cash Flows from Non-Capital Financing Activities		
Cash transfers out	(402,761)	(586,411)
Net Cash Provided (Used) by Non-Capital Financing Activities	(402,761)	(586,411)
Cash Flows from Investing Activities		
Interest received	-	3,524
Net Cash Provided (Used) by Investing Activities	-	3,524
Net Increase (Decrease) in Cash and Cash Equivalents	96,717	(528,409)
Cash and Cash Equivalents		
Beginning of Year	179,669	34,841,087
End of Year	\$ 276,386	\$ 34,312,678
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss)	\$ 471,630	\$ (867,436)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Changes in Assets and Liabilities:		
(Increase) decrease in accounts receivable	9,533	(73,837)
(Increase) decrease in due from other governments	-	(1,707)
(Increase) decrease in inventories and prepayments	-	(85,398)
(Increase) decrease in deferred outflows of pension related items	(1,927)	(969)
Increase (decrease) in accounts payable and accrued liabilities	19,161	(43,531)
Increase (decrease) in claims and judgments	-	1,133,165
Increase (decrease) in compensated absences	505	7,727
Increase (decrease) in pension liability	6,713	52,331
Increase (decrease) in deferred inflows of pension related items	(6,137)	(65,867)
Total Adjustments	27,848	921,914
Net Cash Provided (Used) by Operating Activities	\$ 499,478	\$ 54,478

Non-Cash Investing, Capital, and Financing Activities:

There were no non-cash investing, capital or financing activities during fiscal year 2015-2016.



Combining Financial Statements

Agency Funds

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

CITY OF CORONA

COMBINING STATEMENT OF NET POSITION
 ALL AGENCY FUNDS
 JUNE 30, 2016

	<u>AD/CFD Fund</u>	<u>AB109 PACT</u>	<u>Totals</u>
Assets:			
Cash and Investments	\$ 1,151,397	\$ 3,485,076	\$ 4,636,473
Interest Receivable	88,538	9,200	97,738
Due from Other Governmental Agencies	217,029	-	217,029
Restricted Assets:			
Cash and Investments	<u>24,972,935</u>	<u>-</u>	<u>24,972,935</u>
Total Assets	<u>\$ 26,429,899</u>	<u>\$ 3,494,276</u>	<u>\$ 29,924,175</u>
Liabilities:			
Accounts Payable and Accrued Liabilities	\$ 11,619	\$ 349,041	\$ 360,660
Due to Bondholders	<u>26,418,280</u>	<u>3,145,235</u>	<u>29,563,515</u>
Total Liabilities	<u>\$ 26,429,899</u>	<u>\$ 3,494,276</u>	<u>\$ 29,924,175</u>

CITY OF CORONA

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 YEAR ENDED JUNE 30, 2016**

<u>AD/CFD Fund</u>	<u>Balance 7/1/2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/2016</u>
Assets				
Cash and Investments	\$ 1,169,393	\$ 14,905,958	\$ 14,923,954	\$ 1,151,397
Interest Receivable	90,832	247,321	249,615	88,538
Due from Other Governmental Agencies	233,667	217,030	233,668	217,029
Restricted Assets:				
Cash and Investments	24,980,900	27,917,197	27,925,162	24,972,935
Total Assets	\$ 26,474,792	\$ 43,287,506	\$ 43,332,399	\$ 26,429,899
Liabilities				
Accounts Payable and Accrued Liabilities	\$ 975	\$ 208,977	\$ 198,333	\$ 11,619
Due to Bondholders	26,473,817	136,894	192,431	26,418,280
Total Liabilities	\$ 26,474,792	\$ 345,871	\$ 390,764	\$ 26,429,899
AB109 PACT				
Assets:				
Cash and Investments	\$ -	\$ 4,643,616	\$ 1,158,540	\$ 3,485,076
Interest Receivable	-	9,200	-	9,200
Total Assets	\$ -	\$ 4,652,816	\$ 1,158,540	\$ 3,494,276
Liabilities:				
Accounts Payable and Accrued Liabilities	\$ -	\$ 1,322,688	\$ 973,647	\$ 349,041
Due to Bondholders	-	4,652,816	1,507,581	3,145,235
Total Liabilities	\$ -	\$ 5,975,504	\$ 2,481,228	\$ 3,494,276
Totals - All Agency Funds				
Assets:				
Cash and Investments	\$ 1,169,393	\$ 19,549,574	\$ 16,082,494	\$ 4,636,473
Interest Receivable	90,832	256,521	249,615	97,738
Due from Other Governmental Agencies	233,667	217,030	233,668	217,029
Restricted Assets:				
Cash and Investments	24,980,900	27,917,197	27,925,162	24,972,935
Total Assets	\$ 26,474,792	\$ 47,940,322	\$ 44,490,939	\$ 29,924,175
Liabilities:				
Accounts Payable and Accrued Liabilities	\$ 975	\$ 1,531,665	\$ 1,171,980	\$ 360,660
Due to Bondholders	26,473,817	4,789,710	1,700,012	29,563,515
Total Liabilities	\$ 26,474,792	\$ 6,321,375	\$ 2,871,992	\$ 29,924,175



Statistical Section

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

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Financial Trends – These schedules contain information to help readers to understand how the City's financial performance and well-being have changed over time.

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Statistical Section

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



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

	Fiscal Year			
	2016	2015	2014	2013
Governmental Activities				
Net Investment in Capital Assets	\$ 618,953,633	\$ 587,861,831	\$ 557,314,076	\$ 542,474,178
Restricted for:				
Capital Projects	24,440,919	23,435,434	31,326,722	87,678,260
Debt Service	2,416,841	2,653,417	2,770,292	2,772,671
Transportation and Public Works	15,401,285	19,206,895	19,224,575	16,083,567
Special Assessment District	17,074,793	15,602,868	13,862,186	12,404,874
Development Projects	9,074,309	5,939,085	1,934,349	4,703,812
Other Purposes	160,104	560,289	803,053	1,173,375
Total Restricted	68,568,251	67,397,988	69,921,177	124,816,559
Unrestricted	96,380,206	90,173,729	270,365,217	265,060,487
Total Governmental Activities Net Position	<u>\$ 783,902,090</u>	<u>\$ 745,433,548</u>	<u>\$ 897,600,470</u>	<u>\$ 932,351,224</u>
Business-Type Activities				
Net Investment in Capital Assets	\$ 312,540,296	\$ 286,045,985	\$ 275,218,430	\$ 281,276,333
Restricted for:				
Capital Projects	7,205,941	6,898,174	10,780,901	
Debt Service		6,061,277	6,813,257	8,435,288
Transportation and Public Works	611,272	830,088	1,317,690	130,390
Total Restricted	7,817,213	13,789,539	18,911,848	8,565,678
Unrestricted	(96,745,399)	(92,820,840)	(91,326,475)	(100,444,897)
Total Business-Type Activities Net Position	<u>\$ 223,612,110</u>	<u>\$ 207,014,684</u>	<u>\$ 202,803,803</u>	<u>\$ 189,397,114</u>
Primary Government				
Net Investment in Capital Assets	\$ 931,493,929	\$ 873,907,816	\$ 832,532,506	\$ 823,750,511
Restricted	76,385,464	81,187,527	88,833,025	133,382,237
Unrestricted	(365,193)	(2,647,111)	179,038,742	164,615,590
Total Primary Government Net Position	<u>\$ 1,007,514,200</u>	<u>\$ 952,448,232</u>	<u>\$ 1,100,404,273</u>	<u>\$ 1,121,748,338</u>

Note: The City implemented GASB Statements No. 68 and 71 in fiscal years ended June 30, 2015.

		Fiscal Year									
		2012	2011	2010	2009	2008	2007				
\$	547,427,503	\$	512,867,317	\$	457,625,412	\$	451,393,337	\$	456,849,781	\$	458,250,349
	95,362,651		26,795,896		80,695,897		85,200,711		73,254,682		20,417,055
	3,418,104		10,773,995		7,079,903		11,968,561		25,251,084		28,838,799
	14,494,532										
	11,655,625										
	6,763,589										
	708,280		50,908,926		60,915,014		43,585,727		38,816,368		9,483,004
	132,402,781		88,478,817		148,690,814		140,754,999		137,322,134		58,738,858
	251,564,898		248,153,878		243,443,770		245,794,117		215,990,032		269,852,046
\$	931,395,182	\$	849,500,012	\$	849,759,996	\$	837,942,453	\$	810,161,947	\$	786,841,253
\$	274,761,353	\$	66,109,520	\$	219,780,082	\$	228,912,014	\$	225,030,195	\$	211,186,996
	10,969,563										
	637,926		18,065,870		10,779,222		18,188,735		17,031,575		17,317,361
	11,607,489		18,065,870		10,779,222		18,188,735		17,031,575		17,317,361
	(107,169,420)		73,811,520		(82,129,735)		(110,940,686)		(119,578,075)		(122,594,604)
\$	179,199,422	\$	157,986,910	\$	148,429,569	\$	136,160,063	\$	122,483,695	\$	105,909,753
\$	822,188,856	\$	578,976,837	\$	677,405,494	\$	680,305,351	\$	681,879,976	\$	669,437,345
	144,010,270		106,544,687		159,470,036		158,943,734		154,353,709		76,056,219
	144,395,478		321,965,398		161,314,035		134,853,431		96,411,957		147,257,442
\$	1,110,594,604	\$	1,007,486,922	\$	998,189,565	\$	974,102,516	\$	932,645,642	\$	892,751,006

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

	Fiscal Year			
	2016	2015	2014	2013
Expenses				
Governmental Activities:				
General Government	\$ 27,435,359	\$ 24,481,334	\$ 23,974,508	\$ 22,853,992
Public Safety - Fire	24,447,062	24,052,304	23,062,147	22,702,313
Public Safety - Police	44,341,895	42,939,535	40,779,963	40,357,283
Public Works & Maintenance Services	39,661,419	33,544,227	39,591,302	43,533,983
Library and Recreation Services	6,463,940	6,559,251	4,417,913	2,825,606
Community Development	5,919,948	3,806,766	3,453,020	
Economic Development	4,422,141	3,107,755	5,344,121	6,877,725
Interest and Fiscal Charges	1,910,542	2,016,105	2,172,050	2,953,366
Total Governmental Activities Expenses	<u>\$ 154,602,306</u>	<u>\$ 140,507,277</u>	<u>\$ 142,795,024</u>	<u>\$ 142,104,268</u>
Business-Type Activities:				
Water	51,177,312	55,714,372	58,165,289	57,605,446
Water Reclamation	25,004,508	26,500,708	29,160,167	29,060,647
Electric	15,498,097	15,192,888	13,373,418	14,675,785
Transit Services	2,732,394	2,477,893	2,355,405	2,286,292
Airport	197,702	282,969	281,771	301,454
Total Business-Type Activities Expenses	<u>94,610,013</u>	<u>100,168,830</u>	<u>103,336,050</u>	<u>103,929,624</u>
Total Primary Government Expenses	<u>\$ 249,212,319</u>	<u>\$ 240,676,107</u>	<u>\$ 246,131,074</u>	<u>\$ 246,033,892</u>
Program Revenues				
Governmental Activities:				
Charges for Services:				
General Government	11,127,971	10,990,209	7,128,808	8,824,810
Public Safety - Fire	3,679,300	3,142,720	4,264,876	4,242,725
Public Safety - Police	1,082,045	1,065,181	2,070,221	3,011,565
Public Works & Maintenance Services	15,708,292	20,011,693	20,068,114	20,993,799
Library and Recreation Services	1,481,845	1,014,872	319,806	318,831
Community Development	2,116,832	2,420,301	3,316,624	
Economic Development			666,394	707,126
Operating Grants and Contributions	13,468,867	11,780,932	12,555,412	13,760,057
Capital Grants and Contributions	40,508,675	27,197,609	20,783,935	5,620,168
Total Governmental Activities Program Revenues	<u>89,173,827</u>	<u>77,623,517</u>	<u>71,174,190</u>	<u>57,479,081</u>
Business-Type activities:				
Charges for Services:				
Water	48,753,278	52,620,052	55,937,613	53,906,208
Water Reclamation	30,755,583	30,735,952	30,626,667	30,620,212
Electric	17,057,728	16,760,206	17,182,310	17,138,240
Transit Services	427,417	432,281	406,202	415,615
Airport	272,217	288,820	316,402	280,915
Operating Grants and Contributions	5,116,662	4,160,035	1,640,359	1,635,598
Capital Grants and Contributions	6,954,812	13,485,750	4,225,256	3,453,420
Total Business-Type Activities Program Revenue:	<u>109,337,697</u>	<u>118,483,096</u>	<u>110,334,809</u>	<u>107,450,208</u>
Total Primary Government Program Revenues	<u>\$ 198,511,524</u>	<u>\$ 196,106,613</u>	<u>\$ 181,508,999</u>	<u>\$ 164,929,289</u>

Fiscal Year					
2012	2011	2010	2009	2008	2007
\$ 20,551,027	\$ 21,771,013	\$ 23,778,004	\$ 23,387,380	\$ 22,014,630	\$ 17,944,188
21,506,851	23,066,539	23,849,351	23,118,471	22,465,104	19,824,613
39,791,147	40,465,516	44,573,946	40,723,499	38,811,288	35,418,464
41,086,166	43,036,551	44,328,099	44,683,918	41,695,145	48,092,399
2,640,592	2,745,336	3,108,194	3,142,627	3,539,703	3,156,248
12,860,222	15,368,206	18,283,224	19,061,398	17,679,157	31,450,231
3,648,700	14,655,640	13,471,571	16,447,756	14,913,380	12,348,977
<u>\$ 142,084,705</u>	<u>\$ 161,108,801</u>	<u>\$ 171,392,389</u>	<u>\$ 170,565,049</u>	<u>\$ 161,118,407</u>	<u>\$ 165,535,120</u>
55,837,945	46,791,524	48,080,241	46,284,613	48,772,948	42,980,979
30,224,698	25,940,578	27,212,393	27,164,627	27,937,584	25,431,501
14,569,429	17,638,508	21,951,228	21,962,931	23,590,548	24,688,495
2,148,857	2,078,197	2,309,727	2,256,556	2,128,258	1,773,529
307,538	328,658	316,270			
<u>103,088,467</u>	<u>92,777,465</u>	<u>99,869,859</u>	<u>97,668,727</u>	<u>102,429,338</u>	<u>94,874,504</u>
<u>\$ 245,173,172</u>	<u>\$ 253,886,266</u>	<u>\$ 271,262,248</u>	<u>\$ 268,233,776</u>	<u>\$ 263,547,745</u>	<u>\$ 260,409,624</u>
7,331,352	7,466,080	7,616,409	678,554	1,301,569	1,513,639
3,926,888	3,092,311	3,204,585	4,506,740	4,726,300	4,181,914
3,079,224	3,295,825	3,551,199	2,817,511	3,023,714	3,246,509
20,043,766	20,211,720	19,475,470	19,616,269	20,282,692	20,894,978
264,464	280,729	333,015	341,989	495,603	541,166
				1,713	1,168
12,350,047	18,683,384	11,711,125	9,404,577	8,165,995	8,270,729
8,977,103	3,743,333	9,480,514	19,967,971	17,140,582	22,362,669
<u>55,972,844</u>	<u>56,773,382</u>	<u>55,372,317</u>	<u>57,333,611</u>	<u>55,138,168</u>	<u>61,012,772</u>
50,243,765	48,103,987	50,979,766	49,629,071	44,795,972	43,261,136
29,472,121	27,361,203	26,779,144	26,569,560	23,379,820	21,824,979
16,531,675	17,247,983	23,891,958	23,896,507	24,824,172	24,466,921
633,355	364,830	412,928	371,714	363,101	316,671
265,838	297,638	286,546			
1,531,791	1,600,444	1,724,206	1,567,193	1,454,320	1,284,236
11,730,500	3,261,322	4,728,651	6,702,937	19,829,148	31,702,614
<u>110,409,045</u>	<u>98,237,407</u>	<u>108,803,199</u>	<u>108,736,982</u>	<u>114,646,533</u>	<u>122,856,557</u>
<u>\$ 166,381,889</u>	<u>\$ 155,010,789</u>	<u>\$ 164,175,516</u>	<u>\$ 166,070,593</u>	<u>\$ 169,784,701</u>	<u>\$ 183,869,329</u>

Continued Page 1 of 2

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

	Fiscal Year			
	2016	2015	2014	2013
Net (Expense)/Revenue				
Governmental Activities	\$ (65,428,479)	\$ (62,883,760)	\$ (71,620,834)	\$ (84,625,187)
Business-Type Activities	14,727,684	18,314,266	6,998,759	3,520,584
Total Primary Government Net Expense	<u>\$ (50,700,795)</u>	<u>\$ (44,569,494)</u>	<u>\$ (64,622,075)</u>	<u>\$ (81,104,603)</u>
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Taxes				
Property Taxes	\$ 42,156,726	\$ 38,656,150	\$ 36,462,210	\$ 41,238,344
Sales and Use Tax	39,663,795	36,608,600	35,623,651	32,969,847
Other Taxes	9,349,800	10,566,662	9,099,819	8,249,945
Total taxes	<u>91,170,321</u>	<u>85,831,412</u>	<u>81,185,680</u>	<u>82,458,136</u>
Investment Earnings	3,172,905	1,988,557	2,296,081	470,023
Lease and Rental Income	7,428,899	9,784,681	9,809,719	10,516,597
Miscellaneous	4,765,043	3,686,771	2,096,681	2,355,179
Unrestricted Grants and Contributions			407	145,742
Gain/(Loss) on Sale of Capital Asset				
Extraordinary Items		5,054,583	(56,854,230)	(8,033,621)
Transfers	14,540		(916,819)	(547,690)
Special Items				
Total Governmental Activities	<u>106,551,708</u>	<u>106,346,004</u>	<u>37,617,519</u>	<u>87,364,366</u>
Business-Type Activities:				
Investment Earnings	1,839,114	862,948	1,189,440	2,450,042
Other Income	45,168	493	1,996,793	3,890,307
Gain/(Loss) on Sale of Capital Asset		(10,207)	2,497,251	
Transfers	(14,540)		916,819	547,690
Total Business-Type Activities	<u>1,869,742</u>	<u>853,234</u>	<u>6,600,303</u>	<u>6,888,039</u>
Total Primary Government	<u>\$ 108,421,450</u>	<u>\$ 107,199,238</u>	<u>\$ 44,217,822</u>	<u>\$ 94,252,405</u>
Change in Net Position				
Governmental Activities	\$ 41,123,229	\$ 43,462,244	\$ (34,003,315)	\$ 2,739,179
Business-Type Activities	16,597,426	19,167,500	13,599,062	10,408,623
Total Primary Government	<u>\$ 57,720,655</u>	<u>\$ 62,629,744</u>	<u>\$ (20,404,253)</u>	<u>\$ 13,147,802</u>

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

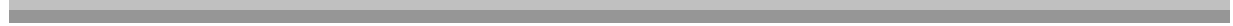
Fiscal Year					
2012	2011	2010	2009	2008	2007
\$ (86,111,861)	\$ (104,335,419)	\$ (116,020,072)	\$ (113,231,438)	\$ (105,980,239)	\$ (104,522,348)
7,320,578	5,459,942	8,933,340	11,068,255	12,217,195	27,982,053
<u>\$ (78,791,283)</u>	<u>\$ (98,875,477)</u>	<u>\$ (107,086,732)</u>	<u>\$ (102,163,183)</u>	<u>\$ (93,763,044)</u>	<u>\$ (76,540,295)</u>
\$ 45,754,306	\$ 59,090,960	\$ 62,049,578	\$ 66,704,669	\$ 67,566,221	\$ 63,121,766
31,190,815	28,505,050	26,543,193	29,791,137	35,894,694	39,684,799
8,546,497	7,802,237	7,660,365	8,570,003	8,496,030	9,396,886
<u>85,491,618</u>	<u>95,398,247</u>	<u>96,253,136</u>	<u>105,065,809</u>	<u>111,956,945</u>	<u>112,203,451</u>
4,047,070	3,380,168	7,204,417	10,177,941	12,225,922	9,602,364
12,088,330	11,646,814	7,347,933	6,955,049		
3,637,541	658,664	1,311,650	8,873,210	13,536,181	9,936,382
76,014	686,338	481,295	674,076	720,480	1,977,907
		1,776,536			6,438,368
57,030,346					
(163,000)	40,000	57,000	(201,503)	28,400	170,294
			9,653,196		7,996,099
<u>162,207,919</u>	<u>111,810,231</u>	<u>114,431,967</u>	<u>141,197,778</u>	<u>138,467,928</u>	<u>148,324,865</u>
4,019,878	3,178,516	3,169,884	4,144,071	4,385,148	3,647,928
	2,350,130				
163,000	(40,000)	(57,000)	201,503	(28,400)	(170,294)
<u>4,182,878</u>	<u>5,488,646</u>	<u>3,112,884</u>	<u>4,345,574</u>	<u>4,356,748</u>	<u>3,477,634</u>
<u>\$ 166,390,797</u>	<u>\$ 117,298,877</u>	<u>\$ 117,544,851</u>	<u>\$ 145,543,352</u>	<u>\$ 142,824,676</u>	<u>\$ 151,802,499</u>
\$ 76,096,058	\$ 7,474,812	\$ 10,096,548	\$ 25,177,706	\$ 32,487,689	\$ 43,802,517
11,503,456	10,948,588	8,572,826	13,278,914	16,573,943	31,459,687
<u>\$ 87,599,514</u>	<u>\$ 18,423,400</u>	<u>\$ 18,669,374</u>	<u>\$ 38,456,620</u>	<u>\$ 49,061,632</u>	<u>\$ 75,262,204</u>

Concluded Page 2 of 2

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

	Fiscal Year			
	2016	2015	2014	2013
General Fund				
Nonspendable	\$ 34,124,977	\$ 24,378,784	\$ 23,595,803	\$ 22,797,277
Committed	33,511,464	23,815,795	23,494,027	22,804,343
Assigned	33,141,625	50,696,555	44,748,578	41,298,885
Reserved				
Unreserved				
Total General Fund	<u>\$ 100,778,066</u>	<u>\$ 98,891,134</u>	<u>\$ 91,838,408</u>	<u>\$ 86,900,505</u>
All Other Governmental Funds				
Restricted	\$ 68,568,251	\$ 61,909,183	\$ 45,371,243	\$ 83,616,070
Assigned	354,232	5,825,674	1,299,482	17,604,929
Unassigned	(85,423)	(151,869)		
Reserved				
Unreserved, reported in:				
Special Revenue				
Capital Projects				
Total all other Governmental Funds	<u>\$ 68,837,060</u>	<u>\$ 67,582,988</u>	<u>\$ 46,670,725</u>	<u>\$ 101,220,999</u>

Note: The City implemented GASB Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions in Fiscal Year 2009-10. The City has elected not to retroactively restate the fund balance information for prior years. Amount reported as "Reserved" and "Unreserved" in prior years include amounts that would be reported as "Assigned" and "Unassigned" under GASB Statement No. 54 classification. Many items reported as "Reserved" prior to FY2009-10 were nonspendable, restricted, committed, or assigned.



Fiscal Year					
2012	2011	2010	2009	2008	2007
\$ 15,070,684	\$ 15,112,080	\$ 19,708,805	\$ -	\$ -	\$ -
18,279,947	18,072,691	17,597,806			
43,205,474	50,333,810	40,338,627			
			20,156,768	20,672,134	24,121,757
			54,773,799	58,818,482	70,716,157
<u>\$ 76,556,105</u>	<u>\$ 83,518,581</u>	<u>\$ 77,645,238</u>	<u>\$ 74,930,567</u>	<u>\$ 79,490,616</u>	<u>\$ 94,837,914</u>
\$ 88,646,671	\$ 96,860,892	\$ 100,327,021			
19,215,798	25,061,577	26,635,398			
		(769,101)			
			81,668,685	83,897,261	59,739,936
			39,029,410	34,241,391	34,462,913
			18,110,464	16,909,462	15,510,428
<u>\$ 107,862,469</u>	<u>\$ 121,922,469</u>	<u>\$ 126,193,318</u>	<u>\$ 138,808,559</u>	<u>\$ 135,048,114</u>	<u>\$ 109,713,277</u>

CITY OF CORONA

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

	Fiscal Year			
	2016	2015	2014	2013
Revenues:				
Property Taxes	\$ 42,175,687	\$ 38,896,950	\$ 36,721,899	\$ 39,447,422
Sales Taxes	39,663,796	38,565,868	37,430,489	34,529,611
Other Taxes	9,255,961	7,598,684	6,835,935	6,370,589
Licenses, Fees and Permits	7,947,593	9,599,549	2,777,719	2,462,107
Fines and Penalties	1,338,341	1,041,887	1,068,778	1,717,820
Special Assessments	8,801,035	9,438,713	9,439,079	9,477,719
Investment Earnings	3,169,381	1,988,557	2,296,081	470,023
Intergovernmental Revenues	41,588,677	27,601,255	29,487,199	15,312,882
Current Services	18,375,839	17,276,984	17,287,466	16,003,725
Payments in Lieu of Services	10,202,448	12,638,674	10,644,539	8,999,739
Other Revenues	13,314,649	15,300,761	14,900,407	18,919,899
Total Revenues	195,833,407	179,947,882	168,889,591	153,711,536
Expenditures:				
General Government	25,200,855	21,735,399	23,938,276	23,088,936
Public Safety - Fire	25,894,695	24,874,714	24,247,894	22,965,971
Public Safety - Police	45,080,687	41,966,882	41,161,796	39,770,719
Public Works & Maintenance Services	33,635,258	27,777,052	35,125,462	37,909,062
Library and Recreation Services	4,669,898	4,677,992	4,440,588	2,758,037
Community Development	5,939,510	3,829,120	3,422,846	3,019,174
Economic Development	4,422,141	3,107,755	2,529,859	816,342
Capital Outlay	43,444,050	34,342,416	23,609,928	7,769,015
Debt Service				
Principal	2,800,122	3,672,900	3,545,895	3,654,332
Interest and Fiscal Charges	1,953,345	2,064,757	2,210,669	2,719,421
Total Expenditures	193,040,561	168,048,987	164,233,213	144,471,009
Excess of Revenues Over/(Under) Expenditures	2,792,846	11,898,895	4,656,378	9,240,527
Other Financing Sources/(Uses)				
Loss from Sale of Land Held for Resale				
Issuance of Debt				
Principal Retirement				
Proceeds from Sale of Capital Asset				
Bond Premium				
Transfers In	2,588,851	2,315,815	3,767,587	3,771,227
Transfers Out	(1,987,900)	(1,739,145)	(1,124,534)	(1,250,885)
Total Other Financing Sources/(Uses)	600,951	576,670	2,643,053	2,520,342
Extraordinary Items			(56,854,230)	(8,033,621)
Special Items				
Net Change in Fund Balances	\$ 3,393,797	\$ 12,475,565	\$ (49,554,799)	\$ 3,727,248
Debt Service as a Percentage of				
Non-capital Expenditures	3.2%	4.3%	4.1%	4.6%

Fiscal Year						
	2012	2011	2010	2009	2008	2007
\$	45,754,306	\$ 59,090,960	\$ 62,049,578	\$ 66,704,668	\$ 67,566,222	\$ 63,121,767
	32,725,933	29,923,541	27,915,576	31,366,283	37,682,528	41,461,915
	6,238,073	5,976,783	5,943,514	6,321,411	6,343,066	6,506,531
	5,817,125	2,187,466	2,244,379	3,986,271	3,939,938	7,565,595
	1,841,074	2,168,820	2,625,345	1,643,556	1,602,034	1,678,525
	9,296,683	9,645,684	9,230,699	9,186,822	7,363,443	7,472,089
	4,047,070	3,380,168	7,205,344	8,221,715	10,324,740	8,337,386
	15,731,101	17,140,177	16,982,358	23,725,540	18,579,692	21,122,793
	14,392,726	13,724,789	13,469,450	15,015,541	16,746,141	16,547,413
	9,544,525	9,681,893	10,524,934	11,992,502	13,249,357	9,801,798
	17,714,051	16,833,436	11,586,690	11,854,846	11,337,159	11,567,679
	<u>163,102,667</u>	<u>169,753,717</u>	<u>169,777,867</u>	<u>190,019,155</u>	<u>194,734,320</u>	<u>195,183,491</u>
	20,711,464	20,335,688	20,752,739	26,442,100	26,165,731	22,859,400
	22,921,163	23,068,351	22,886,210	23,826,368	24,986,115	22,129,775
	41,751,356	39,523,177	43,154,254	41,009,396	42,602,945	39,637,054
	38,237,264	37,572,220	38,683,385	40,615,476	41,683,329	44,717,861
	2,720,741	2,694,192	2,925,121	3,228,510	3,910,240	3,609,419
	2,971,829	3,258,772	3,280,136	1,928,329	3,057,996	2,484,235
	9,560,505	10,942,983	18,776,318	14,337,175	13,347,887	28,636,781
	4,349,725	11,089,418	21,562,741	24,337,661	35,001,560	22,935,456
	7,082,070	7,578,502	8,139,799	13,837,430	5,984,493	5,466,814
	<u>7,547,454</u>	<u>14,756,645</u>	<u>14,041,809</u>	<u>16,730,459</u>	<u>14,389,659</u>	<u>11,710,584</u>
	<u>157,853,571</u>	<u>170,819,948</u>	<u>194,202,512</u>	<u>206,292,904</u>	<u>211,129,955</u>	<u>204,187,379</u>
	5,249,096	(1,066,231)	(24,424,645)	(16,273,749)	(16,395,635)	(9,003,888)
				(472,252)		
				5,167,326	35,874,600	51,338,901
			2,400,000			6,739,350
					30,601,167	
	4,533,758	79,529,457	17,440,737	21,302,803	(28,843,505)	37,438,933
	<u>(5,582,646)</u>	<u>(76,674,137)</u>	<u>(10,398,334)</u>	<u>(20,176,928)</u>		<u>(36,814,074)</u>
	<u>(1,048,888)</u>	<u>2,855,320</u>	<u>9,442,403</u>	<u>5,820,949</u>	<u>37,632,262</u>	<u>58,703,110</u>
	(19,852,703)					
				9,653,196		7,996,099
\$	<u>(15,652,495)</u>	<u>\$ 1,789,089</u>	<u>\$ (14,982,242)</u>	<u>\$ (799,604)</u>	<u>\$ 21,236,627</u>	<u>\$ 57,695,321</u>
	9.5%	14.0%	12.8%	16.8%	11.6%	9.5%

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

Fiscal Year Ended June 30	Residential		Commercial		Industrial		Public Agency		Agricultural, Irrigation and Other		Total	
	Acre Feet	% of Total	Acre Feet	% of Total	Acre Feet	% of Total	Acre Feet	% of Total	Acre Feet	% of Total	Acre Feet Total	% Total
2007	29,866	66.0	4,230	9.5	1,751	3.5	3,898	9.0	5,754	12.0	45,499	100.0
2008	27,598	67.5	3,803	9.4	1,557	3.8	3,039	7.4	4,870	11.9	40,867	100.0
2009	26,761	61.5	4,916	11.3	1,592	3.8	2,973	6.8	7,280	16.6	43,522	100.0
2010	23,752	64.5	4,404	12.0	1,216	3.3	4,278	11.6	3,165	8.6	36,815	100.0
2011	22,121	65.4	3,812	11.3	1,158	3.4	3,058	9.0	3,700	10.9	33,849	100.0
2012	22,735	65.5	3,662	10.6	1,184	3.4	3,355	9.6	3,768	10.9	34,704	100.0
2013	23,283	64.8	3,480	9.7	1,225	3.4	3,711	10.3	4,243	11.8	35,942	100.0
2014	23,979	66.8	3,188	10.8	1,254	4.7	597	1.9	8,077	15.8	37,095	100.0
2015	21,621	63.0	3,024	8.8	1,090	3.2	510	1.5	8,061	23.5	34,306	100.0
2016	18,876	62.9	2,726	9.1	958	3.2	391	1.3	7,054	23.5	30,005	100.0

Note: 1) Amounts include reclaimed water sales.

Source: Corona Department of Water and Power.

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

<u>Fiscal Year Ended June 30</u>	<u>Residential Property</u>	<u>Commercial Property</u>	<u>Industrial Property</u>	<u>Other</u>	<u>Less: Tax Exempt Property</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>
2007	10,821,087	1,398,608	1,927,206	1,956,392	200,971	15,902,322	1.0025
2008	12,074,893	1,638,755	2,068,380	2,153,807	243,155	17,692,680	1.0018
2009	11,825,460	1,810,186	2,111,604	2,179,903	233,038	17,694,115	1.0012
2010	10,338,756	2,392,421	2,175,301	1,628,324	251,763	16,283,039	1.0006
2011	10,340,114	2,177,188	2,159,963	1,679,857	271,357	16,085,765	1.0000
2012	10,406,831	2,101,432	2,108,882	1,602,344	293,954	15,925,535	1.0000
2013	10,441,897	2,124,926	2,121,234	1,500,847	264,187	15,924,717	1.0000
2014	10,909,040	2,126,622	2,142,615	1,462,220	279,902	16,360,595	1.0000
2015	11,717,313	2,165,931	2,215,181	1,501,930	301,090	17,299,265	1.0000
2016	12,263,772	2,245,287	2,304,917	1,589,670	354,324	18,049,322	1.0000

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

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

CITY OF CORONA**Schedule 6a
Potable Water Rates
Last Ten Fiscal Years**

Fiscal Year ¹	Quantity Rate per 100 C.F. ²	Monthly Base Rates								
		Ready-To-Serve Charge								
		5/8"	3/4"	1"	1 1/2"	2"	3"	4"	6"	8"
2007	1.44	14.71	19.29	27.60	48.10	70.19	119.96	184.28	338.43	497.76
2008	1.61	16.40	21.51	30.77	53.63	78.26	133.76	205.47	377.35	555.00
2009	1.77	18.04	23.66	33.85	58.99	86.09	147.13	226.02	415.08	610.50
2010	1.81 ³	18.04	23.66	33.85	58.99	86.09	147.13	226.02	415.08	610.50
2011	1.85 ⁴	18.04	23.66	33.85	58.99	86.09	147.13	226.02	415.08	610.50
2012	1.92 ⁵	18.44	24.18	34.59	60.29	87.98	150.37	230.99	424.21	623.93
2013	2.04 ⁶	18.88	24.76	35.42	61.73	90.09	153.98	236.53	434.39	638.90
2014	2.10 ⁷	19.23	25.23	36.09	62.90	91.80	156.91	241.02	442.64	651.04
2015	2.10 ⁷	19.23	25.23	36.09	62.90	91.80	156.91	241.02	442.64	651.04
2016	2.10 ⁷	19.23	25.23	36.09	62.90	91.80	156.91	241.02	442.64	651.04

- 1) There are instances where the rates were changed during the fiscal year.
- 2) For Fiscal Year 2009-10 and forward, the stated rate per 100 C.F. is for Residential Tier 1 of the Budget Based Water Rate Structure adopted with Ordinance No. 3025, effective March 19, 2010.
- 3) For Fiscal Year 2009-10 rate includes a pass-through charge from Western Municipal Water District (WMWD) of \$0.29 per 100 C.F. adopted with Ordinance No. 3005, effective September 4, 2009.
- 4) For Fiscal Year 2010-11, the quantity rate included a pass-through charge from WMWD of \$0.04 per 100 C.F. for Tier 1 rates.
- 5) For Fiscal Year 2011-12, the quantity rate includes a pass-through charge from WMWD of \$0.03 per 100 C.F. for Tier 1 rates.
- 6) For Fiscal Year 2012-13, the quantity rate includes a pass-through charge from WMWD of \$0.08 per 100 C.F. for Tier 1 rates.
- 7) Starting Fiscal Years 2013-14, the quantity rate included a pass-through charge from WMWD of \$0.03 per 100 C.F. for Tier 1 rates

Source: City of Corona Department of Water and Power.

CITY OF CORONA

**Schedule 6b
Reclaimed Water Rates
Last Ten Fiscal Years**

Fiscal Year ¹	Quantity Rate per 100 C.F. ²	Monthly Base Rates								
		Ready-To-Serve Charge								
		5/8"	3/4"	1"	1 1/2"	2"	3"	4"	6"	8"
2007	\$ 0.99	N/A	\$ 19.29	\$ 27.60	\$ 48.10	\$ 70.19	\$119.96	\$184.28	\$338.43	\$497.76
2008	1.26	N/A	21.51	30.77	53.63	78.26	133.76	205.47	377.35	555.00
2009	1.39	N/A	23.66	33.85	58.99	86.09	147.13	226.02	415.08	610.50
2010	1.39	18.04	23.66	33.85	58.99	86.09	147.13	226.02	415.08	610.50
2011	1.39	18.04	23.66	33.85	58.99	86.09	147.13	226.02	415.08	610.50
2012	1.44	18.04	23.66	33.85	58.99	86.09	147.13	226.02	415.08	610.50
2013	1.48	18.53	24.30	34.76	60.58	88.41	151.10	232.12	426.29	626.98
2014	1.51	18.90	24.79	35.46	61.79	90.18	154.12	236.76	434.82	639.52
2015	1.51	18.90	24.79	35.46	61.79	90.18	154.12	236.76	434.82	639.52
2016	1.51	18.90	24.79	35.46	61.79	90.18	154.12	236.76	434.82	639.52

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

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

Source: City of Corona Department of Water and Power.

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

Year	City Direct Rates			Overlapping Rates ²			
	Basic Rate ¹	General Obligation Debt Service	Total Direct	Corona/Norco School District	Alvord School District	Metropolitan Water District	Riverside City Community College
2007	1.0000	0.0025	1.0025	0.0107	0.0580	0.0047	0.0180
2008	1.0000	0.0018	1.0018	0.0379	0.0526	0.0045	0.0126
2009	1.0000	0.0012	1.0012	0.0411	0.1064	0.0043	0.0125
2010	1.0000	0.0006	1.0006	0.0403	0.1255	0.0043	0.0124
2011	1.0000	0.0000	1.0000	0.0452	0.1195	0.0037	0.0150
2012	1.0000	0.0000	1.0000	0.0661	0.1185	0.0037	0.0170
2013	1.0000	0.0000	1.0000	0.0654	0.1184	0.0035	0.0170
2014	1.0000	0.0000	1.0000	0.0684	0.1757	0.0035	0.0177
2015	1.0000	0.0000	1.0000	0.0647	0.1723	0.0035	0.0179
2016	1.0000	0.0000	1.0000	0.0854	0.1534	0.0035	0.0173

Notes:

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

Source: HdL Coren & Cone, Riverside County Assessor 2006/07-2015/16 Tax Rate Table.

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

Water Customer	2016			2007		
	Water Charges	Rank	Percent of Total Water Revenues	Water Charges	Rank	Percent of Total Water Revenues
City of Corona	\$ 3,144,500	1	6.79%	\$ 2,060,263	1	5.19%
Corona-Norco USD	793,288	2	1.71%	813,227	2	2.05%
Eagle Glen Master HOA	236,532	3	0.51%	183,653	4	0.46%
Aseptic Solutions USA	208,394	4	0.45%			
Sukut Construction Inc.	184,508	5	0.40%			
Waterstone at Corona Pointe	176,837	6	0.38%	144,210	6	0.36%
TTC ROC III Promenade LLC	168,062	7	0.36%			
SCG Atlas Ashton, LLC	163,216	8	0.35%			
Integrated Protein Tech	158,297	9	0.34%	332,900	3	0.84%
Eagle Glen Country Club, LLC	144,225	10	0.31%			
Sierra Peak HOA				168,521	5	0.42%
EWR, Inc.				116,201	7	0.29%
ERP Operating Limited Partnership				115,510	8	0.29%
Castle & Cooke California, Inc.				110,126	9	0.28%
Taylor Woodrow				104,280	10	0.26%
	<u>\$ 5,377,859</u>		<u>11.62%</u>	<u>\$ 4,148,891</u>		<u>10.44%</u>

Source: Corona Department of Water and Power.

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

Taxpayer	2016			2007		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Kaiser Foundation Health Plan Inc	\$ 213,495,235	1	1.18%	\$ 133,775,811	3	0.84%
Castle and Cooke Corona Inc.	176,339,513	2	0.98%	134,367,491	2	0.84%
Watson Laboratories Inc.	158,460,714	3	0.88%	166,076,009	1	1.04%
Rexco	105,843,740	4	0.59%	97,471,284	5	0.61%
Waterstone Apartments NF	91,540,816	5	0.51%			
Costco Wholesale Corporation	87,624,208	6	0.49%	74,433,578	8	0.47%
Arantine Hills Holdings LP	74,000,000	7	0.41%			
Dart Container Corporation of Calif	69,945,476	8	0.39%	77,492,188	7	0.49%
Artisan At Main Street Metro	64,319,934	9	0.36%			
UHS Corona Inc.	50,465,285	10	0.28%			
Dairy Farmers of America Inc.				111,960,721	4	0.70%
Centex Homes				83,740,409	6	0.53%
PPC Baywood Venture				66,319,182	9	0.42%
IBM Credit LLC				61,386,469	10	0.39%
Total	<u>\$ 1,092,034,921</u>		<u>6.07%</u>	<u>\$ 1,007,023,142</u>		<u>6.33%</u>

Source: HdL Coren & Cone, Riverside County Assessor combined tax roll, and the SBE non-unitary tax roll.

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year ¹	Collected within the Fiscal Year of the Levy		Delinquent Tax Collections ²	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2007	23,054,281	20,996,664	91.07%	827,438	21,824,102	94.66%
2008	25,254,270	20,898,139	82.75%	1,439,660	22,337,799	88.45%
2009	25,036,199	21,120,483	84.36%	2,427,904	23,548,387	94.06%
2010	22,628,536	19,921,737	88.04%	2,092,540	22,014,277	97.29%
2011	22,451,824	19,619,070	87.38%	1,424,373	21,043,443	93.73%
2012	22,448,815	20,689,087	92.16%	1,155,344	21,844,431	97.31%
2013	22,560,351	21,235,423	94.13%	979,403	22,214,826	98.47%
2014	23,176,657	22,171,735	95.66%	808,121	22,979,856	99.15%
2015	24,628,905	23,778,058	96.55%	695,420	24,473,478	99.37%
2016	25,563,557	24,694,504	96.60%	585,598	25,280,102	98.89%

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

2) Amounts excluded interest and penalties.

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

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

Fiscal Year	Governmental Activities						
	General Obligation Bonds	Redevelopment Bonds	Lease Revenue Bonds	Loans Payable	Lease Payable	Long-Term Agreement Payable	Special Assessment Bonds
2007	1,925	63,175	87,130	1,039	686	929	2,565
2008	1,445	90,940	73,390	569	583	6,882	2,225
2009	950	87,805	70,695	-	475	5,725	1,900
2010	-	85,075	67,905	-	-	4,530	1,435
2011	-	82,025	65,015	-	26	3,301	1,025
2012	-	-	62,020	-	25,283	-	660
2013	-	-	33,270	-	23,719	-	515
2014	-	-	31,250	-	22,353	-	355
2015	-	-	29,145	-	20,955	-	185
2016	-	-	27,975	-	19,510	-	-

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

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



Business-Type Activities								
Installment Agreement Payable	Long-Term Installment Payable	Term Loan Payable	Certificates of Participation	Revenue Bonds	Contracts Payable	Total Primary Government	Percent of Personal Income	Per Capita
173	31,070	43,322	100,590	-	717	333,321	8.4%	\$ 2,280
37	30,215	41,990	98,145	-	690	347,111	8.6%	\$ 2,354
2,000	29,325	39,625	95,645	-	690	334,835	8.5%	\$ 2,253
2,036	28,400	37,207	93,035	-	690	320,313	7.9%	\$ 2,130
1,764	27,435	34,724	90,320	-	690	306,325	7.4%	\$ 1,994
1,485	26,430	32,176	87,495	-	690	236,239	5.6%	\$ 1,539
1,299	-	21,362	64,380	60,791	690	206,026	4.9%	\$ 1,314
1,104	-	19,951	24,480	57,630	690	157,813	3.8%	\$ 992
9,766	-	19,142	23,785	54,067	690	157,735	3.8%	\$ 991
9,221	-	26,111	-	50,294	690	133,801	3.1%	\$ 813

CITY OF CORONA

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

Fiscal Year	General Bonded Debt Outstanding				Total General Bonded Debt	Less Net Position Restricted for Debt Repayment	Net General Bonded Debt	Percentage of Actual Value ¹ of Property	Per Capita ²
	General Obligation Bonds	Redevelopment Bonds ³	Special Assessment Bonds	Lease Revenue Bonds					
2007	1,925	63,175	2,565	87,130	154,795	28,839	125,956	0.79%	862
2008	1,445	90,940	2,225	73,390	168,000	25,251	142,749	0.81%	968
2009	950	87,805	1,900	70,695	161,350	11,969	149,381	0.84%	1,005
2010	-	85,075	1,435	67,905	154,415	7,080	147,335	0.90%	980
2011	-	82,025	1,025	65,015	148,065	10,774	137,291	0.85%	894
2012	-	-	660	62,020	62,680	3,418	59,262	0.37%	386
2013	-	-	515	33,270	33,785	2,773	31,012	0.19%	198
2014	-	-	355	31,250	31,605	2,770	28,835	0.18%	181
2015	-	-	185	29,145	29,330	2,653	26,677	0.15%	168
2016	-	-	-	27,975	27,975	2,417	25,558	0.14%	155

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

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

CITY OF CORONA

Schedule 11

**Direct and Overlapping Governmental Activities Debt¹
As of June 30, 2016 (dollars in thousands)**

	Debt Outstanding	Est. Percentage Applicable ²	Share of Overlapping Debt
<u>Direct and Overlapping Tax and Assessment Debt:</u>			
Metropolitan Water District	\$ 92,865	0.734%	\$ 682
Riverside City Community College District	267,357	20.394%	54,525
Alvord Unified School District	221,425	12.759%	28,252
Corona-Norco Unified School District	342,567	55.122%	188,830
Alvord Unified School District CFD No. 2006-1	7,555	8.333%	630
Corona-Norco Unified School District CFD No. 97-1	1,063	100.000%	1,063
Corona-Norco Unified School District CFD No. 99-1	2,690	100.000%	2,690
Corona-Norco Unified School District CFD No. 99-2, Imp Areas A, B, C	5,723	100.000%	5,723
Corona-Norco Unified School District CFD No. 00-1	1,965	100.000%	1,965
Corona-Norco Unified School District CFD No. 01-1, Imp Areas A & B	7,720	100.000%	7,720
Corona-Norco Unified School District CFD No. 01-2, Imp Areas A, B, C	12,565	100.000%	12,565
Corona-Norco Unified School District CFD No. 03-3, Imp Area A	4,470	100.000%	4,470
Corona-Norco Unified School District CFD No. 03-5	2,005	100.000%	2,005
Corona-Norco Unified School District CFD No. 04-2, Imp Areas 1 & 3	4,100	66.768%	2,737
City of Corona CFD No. 86-2 Refunding 2014 Series A	5,825	100.000%	5,825
City of Corona CFD No. 89-1 Refunding 2014 Series A	6,210	100.000%	6,210
City of Corona CFD No. 89-1 IA Refunding 2014 Series A	4,640	100.000%	4,640
City of Corona CFD No. 90-1	16,265	100.000%	16,265
City of Corona CFD No. 97-2 Refunding 2014 Series A	8,595	100.000%	8,595
City of Corona CFD No. 2000-1	5,540	100.000%	5,540
City of Corona CFD No. 2001-2	2,675	100.000%	2,675
City of Corona CFD No. 2002-1	15,250	100.000%	15,250
City of Corona CFD No. 2002-4	7,600	100.000%	7,600
City of Corona CFD No. 2003-2	6,520	100.000%	6,520
City of Corona CFD No. 2004-1	2,995	100.000%	2,995
California Statewide Communities Development Authority CFD No. 2002-1	3,925	100.000%	3,925
City of Corona 1915 Act Bonds	2,990	100.000%	2,990
Total Overlapping Tax and Assessment Debt			402,886
<u>Direct and Overlapping General Fund Debt:</u>			
Overlapping General Fund Obligations			
Riverside County General Fund Obligations	\$ 889,832	7.558%	\$ 67,254
Riverside County Pension Obligations	304,520	7.558%	23,016
Riverside County Board of Education COPs	935	7.558%	71
Corona-Norco Unified School District General Fund Obligations	25,595	55.122%	14,108
Alvord Unified School District General Fund Obligation Debt	2,027	12.759%	259
Total Overlapping General Fund Obligations			\$ 104,707
Direct General Fund Obligations:			
City of Corona General Fund Obligations	47,485	100.000%	47,485
Total Direct General Fund Obligations			\$ 47,485
Total Direct and Overlapping General Fund Obligations			\$ 152,192
Less: Riverside County self-supporting obligations			471
Total Net Direct and Overlapping General Fund Obligations			\$ 151,721
Total Direct Debt			\$ 47,485
Total Gross Overlapping Debt			\$ 507,593
Total Net Overlapping Debt			\$ 507,122
Gross Combined Total Direct and Overlapping Debt³			\$ 555,078
Net Combined Total Direct and Overlapping Debt			\$ 554,607

See Notes on the following page.

Schedule 11

Direct and Overlapping Governmental Activities Debt¹

As of June 30, 2016 (dollars in thousands)

Notes to Schedule 11

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

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

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

CITY OF CORONA

Schedule 12

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

Legal Debt Margin Calculation for Fiscal Year 2015

Assessed Value	\$ 18,049,322
Debt Limit (15% of assessed value)	2,707,398
Debt Applicable to limit:	
General obligation debt	47,485
Less: Amount set aside for repayment of general obligation debt	-
Total net debt applicable to limit	47,485
Legal Debt Margin	<u>\$ 2,659,913</u>

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt Limit	\$ 2,385,348	\$ 2,653,902	\$ 2,654,117	\$ 2,442,456	\$ 2,412,865	\$ 2,388,830	\$ 2,388,708	\$ 2,454,089	\$ 2,594,890	\$ 2,707,398
Total net debt applicable to limit	88,377	82,869	77,845	72,435	68,339	60,498	56,989	53,603	50,100	47,485
Legal debt margin	\$ 2,296,971	\$ 2,571,033	\$ 2,576,272	\$ 2,370,021	\$ 2,344,526	\$ 2,328,332	\$ 2,331,719	\$ 2,400,486	\$ 2,544,790	\$ 2,659,913
Total debt applicable to the limit as a percentage of debt limit	3.705%	3.123%	2.933%	2.966%	2.832%	2.533%	2.386%	2.184%	1.931%	1.754%

Note: Under State Finance Law, the City's outstanding general obligation debt should not exceed 15 percent of total assessed property value.

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

Fiscal Year	Lease Revenue Bonds					Special Assessment Bonds				
	Lease Payments	Current Account Balance	Debt Service		Coverage	Special Assessment Collections	Current Account Balance	Debt Service		Coverage
			Principal	Interest				Principal	Interest	
2007	4,501	272	2,025	2,626	1.03	543	77	365	214	1.07
2008	5,673	152	2,620	3,212	1.00	487	38	340	187	1.00
2009	5,663	150	2,695	3,118	1.00	571	28	325	162	1.23
2010	5,686	125	2,790	3,021	1.00	525	79	465	131	1.01
2011	5,677	126	2,890	2,915	1.00	376	152	410	97	1.04
2012	5,669	166	2,995	2,801	1.01	212	238	365	67	1.04
2013	30,825 ¹	11	28,750	2,075	1.00	212	5	145	47	1.13
2014	3,394	19	2,020	1,365	1.01	208	4	160	34	1.09
2015	3,373	19	2,105	1,281	1.00	192	1	170	22	1.01
2016	2,353	19	1,170	1,216	0.99	192	0	185	7	1.00

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

² Includes the defeasance of the 1998 Water Revenue bonds.

³ Includes the defeasance of 1997 COPs and 2003 COPs.

⁴ Includes the advanced redemption of 2005 COPs

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

Revenue Bonds				Certificates of Participation				
Utility	Debt Service		Coverage	Lease	Current	Debt Service		Coverage
Revenues	Principal	Interest				Payments	Account	
2,286	825	1,462	1.00	5,077	343	720	4,710	1.00
2,288	855	1,429	1.00	6,764	346	2,445	4,665	1.00
2,281	890	1,393	1.00	6,761	323	2,500	4,582	1.00
2,281	925	1,356	1.00	6,861	220	2,610	4,476	1.00
2,281	965	1,316	1.00	6,859	224	2,715	4,367	1.00
2,278	1,005	1,273	1.00	7,063	24	2,825	4,261	1.00
29,597 ²	26,430	1,491	1.06	7,391	22	2,935	4,154	1.05
3,187	1,165	2,022	1.00	60,552 ³	2,143	60,080	2,611	1.00
5,689	3,455	2,234	1.00	1,063	756	695	1,123	1.00
5,809	3,655	2,144	1.00	24,341 ⁴	0	23,785	555	1.00

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

	(1)	(1)	(1)	(1)	(2)	(1)
Year	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2006	145,295	3,770,934	25,954	n/a	47,731	3.6%
2007	145,848	3,951,127	27,091	n/a	49,865	4.3%
2008	146,620	4,010,577	27,354	n/a	51,334	6.2%
2009	148,770	3,946,874	26,530	30.5	52,138	10.0%
2010	150,416	4,031,149	26,800	31.5	52,914	10.9%
2011	154,520	4,124,911	26,695	31.5	53,153	10.1%
2012	156,823	4,232,339	26,988	32.0	53,437	7.0%
2013	159,132	4,179,125	26,262	32.2	53,782	6.1%
2014	159,109	4,164,996	26,177	32.6	53,739	6.4%
2015	164,659	4,340,504	26,360	33.4	53,354	5.2%

Sources: (1) HdL Coren & Cone;

(2) California Department of Education, by Fiscal Year.

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

Employer	2016			2007		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Corona-Norco Unified School District	5,098	1	7.18%	5,300	1	6.42%
Corona Regional Medical Center	1,113	2	1.57%	1,100	5	1.33%
Kaiser Permanente	995	3	1.40%	1,100	4	1.33%
All American Asphalt	842	4	1.19%	1,000	7	1.21%
City of Corona	749	5	1.05%	1,053	6	1.27%
Fender Guitar	600	6	0.84%	800	8	0.97%
TWR Framing Enterprises	600	7	0.84%			
Monster Energy	544	8	0.77%			
Veg Fresh Farms	425	9	0.60%			
CoreMark International	421	10	0.59%			
Dart Container Corporation				1,317	2	1.59%
Watson Laboratories, Inc.				1,280	3	1.55%
LDI Mechanical				475	9	0.58%
Doorway Manufacturing				350	10	0.42%
Total	11,387		16.03%	13,775		16.67%

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

CITY OF CORONA

**Schedule 16
Full-time Equivalent City Government Employees by Function/Program
Last Ten Fiscal Years**

Function/Program	Full-time Equivalent Employees									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Government										
Management Services	9.0	9.0	9.0	9.0	8.0	9.0	9.0	12.0	19.0	19.0
Legal & Risk Management ¹	6.0	6.0	5.0	5.0	0.0	0.0	0.0	0.0	0.0	0.0
Administrative Services ²	37.0	30.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Human Resources ²	0.0	0.0	9.5	10.5	8.5	10.0	10.0	11.0	15.0	15.0
Information Technology	11.0	10.0	11.0	12.0	13.0	14.0	14.0	15.0	18.0	17.0
Finance ²	0.0	0.0	23.0	23.0	27.0	32.0	32.0	36.0	41.0	42.0
Community Development ³	26.0	22.0	18.0	17.0	17.0	21.0	21.0	27.0	24.0	26.0
Building ⁴	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	24.0	24.0
Police										
Officers	162.0	159.0	157.0	153.5	152.0	176.0	177.0	179.0	191.0	191.0
Civilians	67.0	65.0	64.0	61.0	60.0	72.0	67.0	72.0	91.0	91.0
Fire										
Firefighters and officers	112.0	112.0	112.0	111.5	112.0	121.0	121.0	121.0	124.0	124.0
Civilians	6.0	6.0	5.0	5.0	5.0	7.0	7.0	10.0	23.0	22.0
Public Works ⁵	27.0	29.0	31.0	71.0	74.0	77.0	76.0	84.0	102.0	102.0
Maintenance Services ⁵	38.0	38.0	38.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Economic Development ⁶	2.0	1.0	4.5	4.5	5.5					
Library and Recreation Services ⁷	21.0	21.0	21.0	15.0	15.0	17.0	17.0	18.0	20.0	19.0
Department of Water and Power	111.0	115.0	112.0	109.0	112.0	107.0	112.0	113.0	111.0	130.0
Transit Services	2.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Parks and Community Services ⁷	0.0	0.0	0.0	21.0	22.0	28.0	28.0	35.0	48.0	49.0
Redevelopment ⁸	0.0	0.0	0.0	0.0	0.0	16.0	17.0	17.0	16.0	15.0
Total	637.0	624.0	621.0	629.0	632.0	708.0	709.0	751.0	868.0	887.0

Source: City of Corona, Administrative Services Department.

Note:

- ¹ Formerly City Attorney's Office. During Fiscal Year 2014-15, Risk Management Division merged into the City Attorney's Office and formed Legal & Risk Management Department.
- ² Formerly Finance Department. During Fiscal Year 2014-15, Human Resources Department merged into Finance and formed Administrative Services Department.
- ³ During Fiscal Year 2014-15, Housing Division was merged into Community Development Department.
- ⁴ Building Department merged into Community Development Department during Fiscal Year 2008-09.
- ⁵ Public Works Department was reorganized during Fiscal Year 20013-14, various maintenance functions were removed from Public Works, and a new department, Maintenance Services was established to assume these functions.
- ⁶ Formerly Housing and Economic Development, during Fiscal Year 2014-15, the Housing component was merged into Community Development Department.
- ⁷ Parks and Community Services Department was dissolved during Fiscal Year 2013-14, Recreation Division was merged with Library and formed Library and Recreation Department, other functions was merged with Maintenance Services Department.
- ⁸ Redevelopment Department was dissolved in Fiscal Year 2011-12.

CITY OF CORONA

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

Function/Program	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Police										
Physical Arrests	5,583	5,337	5,422	4,709	4,472	5,701	5,337	5,693	5,026	5,298
Parking Violations	3,974	4,098	4,119	3,612	4,976	6,541	3,241	6,768	8,165	9,806
Traffic Violations	12,132	11,133	11,147	9,316	8,691	9,456	10,087	13,357	11,389	11,931
Fire										
Emergency Responses	12,112	11,263	11,131	10,942	9,843	9,606	9,683	9,480	10,139	10,238
Fires Extinguished	381	346	397	415	326	318	378	387	439	515
Inspections	1,966	1,757	2,217	1,591	1,929	1,478	2,560	2,124	2,072	1,039
Public Works/Maintenance Services										
Street Resurfacing (miles)	41	72	72	48	8	71	85	70	6	173
Street Lights Repaired	1,342	846	598	808	1,093	1,811	1,775	1,991	1,721	1,307
Potholes Filled (sq. ft)	15,076	15,978	13,185	16,085	13,316	25,557	38,187	51,223	33,936	42,000
Parks and Community Services										
Sportsfields Participation	1,760,600	1,898,300	1,670,668	1,664,800	2,325,101	1,832,892	1,746,257	1,307,866	828,717	486,114
Comm. Centers/Gym/Pool	211,410	189,519	158,431	144,981	216,729	239,464	249,295	279,548	309,814	310,604
Other Activity Participation	244,430	232,264	244,593	247,768	232,701	211,533	259,179	249,407	217,500	153,301
Library and Recreation Services										
Volumes in Collection	164,421	167,432	136,128	174,585	170,435	169,188	166,163	177,028	175,648	165,102
Total Volumes Borrowed	1,292,614	2,049,674	1,942,829	1,846,625	1,991,581	2,034,932	1,262,964	1,191,239	956,152	540,612
Water										
New Connections	1,408	173	498	482	80	133	217	269	158	504
Water Main Repairs	78	84	49	36	37	46	45	6	6	10
Average Daily Consumption (millions of gallons)	28.4	32.6	34.9	32.0	31.0	30.2	32.9	39.0	36.5	35.0
Wastewater										
Average Daily Sewage Treatment (millions of gallons)	14.0	13.1	12.6	13.4	13.0	13.7	13.0	13.0	13.0	13.0
Transit Services										
Total Route Miles (round-trip)	47.5	39.0	39.0	39.0	39.0	39.0	39.0	39.0	39.0	44.4
Passengers										
Fixed Route	150,002	168,303	169,745	163,054	153,783	152,568	165,104	166,744	163,062	150,815
Dial-A-Ride	63,162	66,015	68,852	65,635	61,285	58,153	64,689	63,122	64,079	57,577

Source: Various City departments.

CITY OF CORONA

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

Function/Program	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Zone Offices	2	2	2	2	2	2	2	3	3	3
Patrol Units	59	59	53	53	53	60	65	65	74	74
Fire Stations	7	7	7	7	7	7	7	7	7	7
Streets										
Streets and Alleys (miles)	403	404	403	406	403	398	398	398	383	380
Streetlights ¹	12,059	12,022	11,888	11,271	11,353	11,237	11,733	11,682	11,711	11,688
Traffic Signals	179	173	170	169	169	170	168	166	161	163
Library and Recreation Services										
Total Park Acreage	376	376	376	376	376	376	376	376	364	364
Playgrounds	27	27	27	27	27	27	27	26	30	30
Baseball/softball diamonds	36	36	36	36	36	37	39	35	35	33
Soccer/football fields	18	18	18	18	18	18	17	15	15	14
Community Centers	7	7	7	7	7	7	7	7	7	7
Civic Center Auditorium Seating Cap	380	380	380	380	380	380	380	380	380	380
Fiesta Bandshell Seating Capacity	500	500	500	500	500	500	500	500	500	500
Water										
Water Main (miles)	683	694	681	681	677	676	684	670	670	622
Fire Hydrants	9,197	9,174	9,087	8,918	8,996	8,788	8,692	8,496	8,421	8,300
Storage Capacity (millions of gallons)	51	51	51	51	51	51	53	53	44	44
Wastewater										
Sanitary Sewers (miles)	434	452	444	444	444	442	447	445	436	394
Storm Sewers (miles)	167	172	171	166	166	168	168	165	161	154
Treatment Capacity (millions of gallons)	16	16	16	16	16	16	16	16	14	14
Transit Services										
Minibuses										
Fixed Route	7	6	6	4	4	5	5	5	5	5
Dial-A-Ride	13	11	10	12	10	10	9	9	9	9

Source: Various City departments

Note: ¹ Includes only City-owned street lights.