NORCO
50th Birthday!
1964 - 2014

Comprehensive Annual Financial Report

For the year ended

June 30, 2014

CITY OF NORCO, CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Prepared by the Fiscal and Support Services Department

CITY OF NORCO, CALIFORNIA
Comprehensive Annual Financial Report
For The Fiscal Year Ended June 30, 2014

Table of Contents

	PAGE
INTRODUCTORY SECTION:	
Letter of Transmittal	i
Organizational Chart	viii
Directory of City Officials	ix
GFOA Certificate of Achievement for Excellence in Financial Reporting	x
FINANCIAL SECTION:	
Independent Auditor's Report	1
Management's Discussion and Analysis	4
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	16
Statement of Activities	17
Fund Financial Statements	
Governmental Funds	
Balance Sheet	19
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	20
Statement of Revenues, Expenditures, and Changes in Fund Balances	21
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	22
Proprietary Funds	
Statement of Fund Net Position	23
Statement of Revenues, Expenses, and Changes in Fund Net Position	25
Statement of Cash Flows	26
Agency Funds	
Statement of Fiduciary Net Position	28
Statement of Changes in Fiduciary Net Position	29
Notes to the Basic Financial Statements	30
Required Supplementary Information	
Budgetary Comparison Schedules	
General Fund	67
Schedule of Funding Progress - Other Post-Employment Benefits	68
Notes to Required Supplementary Information	69

CITY OF NORCO, CALIFORNIA
Comprehensive Annual Financial Report
For The Fiscal Year Ended June 30, 2014

Table of Contents

	PAGE
Individual Fund Schedules and Combining Financial Statements	
Combining Non-major Governmental Funds	
Fund Descriptions	70
Combining Balance Sheet	73
Combining Statements of Revenues, Expenditures, and Changes in Fund Balances	81
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Special Revenue Funds	
Non-major Fund Budgetary Comparison Schedules	89
Miscellaneous Grant Fund Special Revenue Fund	90
Community Development Block Grant Special Revenue Fund	91
Gas Tax Special Revenue Fund	92
Measure A Special Revenue Fund	93
NPDES Special Revenue Fund	94
Air Quality Improvement Trust Special Revenue Fund	95
Supplemental Law Enforcement Block Grant Special Revenue Fund	96
Office of Traffic Safety Special Revenue Fund	97
Landscape Maintenance District #1 Special Revenue Fund	98
Landscape Maintenance District #2 Special Revenue Fund	99
Landscape Maintenance District #3 Special Revenue Fund	100
Landscape Maintenance District #4 Special Revenue Fund	101
Landscape Maintenance District #5 Special Revenue Fund	102
Special Asset Special Revenue Fund	103
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Capital Projects Funds	
Storm Drain Capital Projects Fund	104
General Government Improvement Capital Projects Fund	105
Fire Improvement Capital Projects Fund	106
Trails Improvement Capital Projects Fund	107
Park Improvement Capital Projects Fund	108
Public Library Capital Projects Fund	109
Public Meeting Capital Projects Fund	110
Street Improvement Capital Projects Fund	111
Aquatics Center Capital Projects Fund	112
Animal Control Capital Projects Fund	113

CITY OF NORCO, CALIFORNIA
Comprehensive Annual Financial Report
For The Fiscal Year Ended June 30, 2014

Table of Contents

	PAGE
Internal Service Funds	
Internal Service Funds	114
Combining Statement of Net Position - Internal Service Funds	115
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position - Internal Service Funds	116
Combining Statement of Cash Flows - Internal Service Funds	117
Agency Funds	
Agency Funds	119
Combining Statement of Fiduciary Assets and Liabilities	120
Combining Statement of Changes in Fiduciary Assets and Liabilities	122
STATISTICAL SECTION (NOT COVERED BY INDEPENDENT AUDITORS' REPORT):	
Contents	125
Net Position by Component - Last Ten Fiscal Years	126
Changes in Net Position - Last Ten Fiscal Years	128
Fund Balances - Governmental Funds - Last Ten Fiscal Years	132
Changes in Fund Balances - Governmental Funds - Last Ten Fiscal Years	133
Assessed Value and Actual Value of Taxable Property - Last Ten Fiscal Years	135
Direct and Overlapping Property Tax Rates - Last Ten Fiscal Years	136
Principal Property Tax Payers - Current Year and Nine Years Ago	137
Property Tax Levies and Collections - Last Ten Fiscal Years	138
Ratio of Outstanding Debt by Type - Last Ten Fiscal Years	139
Ratio of General Bonded Debt Outstanding - Last Ten Fiscal Years	141
Direct and Overlapping Activities Debt	142
Legal Debt Margin Information - Last Ten Fiscal Years	143
Pledged-Revenue Coverage - Last Ten Fiscal Years	145
Demographic and Economic Statistics - Last Ten Fiscal Years	147
Principal Employers - Current Year and Nine Years Ago	148
Full-time Equivalent City Government Employees by Function / Program - Last Ten Fiscal Years	149
Operating Indicators by Function / Program - Last Nine Fiscal Years	151
Capital Asset Statistics by Function / Program - Last Ten Fiscal Years	153

INTRODUCTORY SECTION

This page left blank intentionally.

CITY of NORCO

CITY HALL • 2870 CLARK AVENUE • NORCO CA 92860 • (951) 735-3900 • FAX (951) 270-5622

December 19, 2014

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

In accordance with the City's Municipal Code, it is my pleasure to submit the City of Norco (City) Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2014 (FY2014). This report provides a comprehensive view of the results of the City's financial activities for the year and financial position at the end of the fiscal year. The basic financial statements have been presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards (GAAS) by a firm of licensed certified public accountants.

The CAFR consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all information presented in this report. To provide a reasonable basis for making these representations, management has implemented a comprehensive internal control framework that is designed to both protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. The City's internal control procedures are established on the principle that the cost of internal controls should not outweigh their benefits. As a result, the City's internal control systems have been designed to provide reasonable rather than absolute assurance that the financial statements will be free of any material misstatements. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Management also recognizes that the internal control environment changes over time due to changes in operation or the personnel performing various duties. As a result, the internal control environment is continuously being assessed to ensure that adequate controls still exist within the City to achieve the City's objectives.

The City's basic financial statements have been audited by Rogers, Anderson, Malody & Scott, LLP, a firm of licensed certified public accountants. The goal of an independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2014, are free of any material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures on the financial statements assessing the accounting principles used and significant estimates made by management and evaluating the overall presentation of the financial statements. Based upon their audit, the independent auditors concluded that there was a reasonable basis for rendering an unqualified (clean) opinion that the City's financial statements for the fiscal year ended June 30, 2014, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies under the Single Audit Act Amendments of 1996 and related OMB Circular A-133. Under the Single

CITY COUNCIL

BERWIN HANNA	HERB HIGGINS	KATHY AZEVEDO	KEVIN BASH	GREG NEWTON
Mayor	Mayor Pro Tem	Council Member	Council Member	Council Member

Audit Act, the independent auditor is required to report not only on fair presentation of financial statements, but also on the City's internal controls and compliance with legal requirements, with emphasis on internal controls and legal requirements involving the administration of federal awards. For the year, the City did not expend over $500,000 in federal grants and therefore, does not meet the threshold set by the Office of Management and Budgets (OMB) for a Single Audit. Consequently, no separate Single Audit reports have been issued by the independent auditors.

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

Profile of the City of Norco, California

The City of Norco, California was incorporated as a general law City on December 28, 1964, and is located in southwestern Riverside County (part of the Inland Empire), approximately 45 miles east of Los Angeles. While the Inland Empire still remains one of the top growth areas in the state in regards to population, the rate of growth has slowed in recent years especially since the recent economic recession. The area's population is expected to grow at the rate of 7% every five years. In contrast, the population of the City of Norco over the last five years has remained fairly static with no noticeable change. The City limits cover an area of approximately 15 square miles, with a current permanent population of approximately 26,800. Norco is advantageously located with convenient access to the major interstate highways I-15, I-10, routes 60 and 91 freeway systems as well as Ontario International Airport (ONT).

Norco is proud of its animal-keeping and equestrian-oriented community, known as "Horsetown USA." Residents enjoy over 400 acres of parkland and 120 miles of pedestrian and equestrian trails and more than 100 miles of streets. Most residential property is zoned for animal keeping with minimum lot size of one-half acre. Within 30 miles, there are several public and private colleges and universities providing a wide range of education facilities and opportunities. These include University of California – Riverside, University of California – Irvine, California State University – San Bernardino, California State University – Fullerton, California Polytechnic University – Pomona, Norco College, and others.

The City operates under the Council-Manager form of government. Under this form of government, policy-making and legislative authority are vested in the City Council consisting of five members elected at large. The City Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees or commissions, and hiring both the City Manager and Attorney. The City Manager is responsible for carrying out the policies and ordinances of the City Council overseeing the day-to-day operations of the City and appointing the heads of the various departments. The Council is elected on a non-partisan basis and each member serves a term of four years. The City Council selects by a majority vote a mayor who serves a one-year term.

City Services: The City provides a full range of services, including police and fire protection; construction and maintenance of streets, trails and other infrastructure; recreational activities and cultural events; sanitation and water services; street lighting; planning and zoning; animal control services. Police protection is provided through a contract between the City and Riverside

County Sheriff's Department. Fire and emergency medical services are provided through a cooperative contract with Riverside County Fire Department.

The planning division is responsible for all current and advanced planning projects. Current planning projects include land use entitlement processes including site plans, variances, conditional use permits, zone changes and specific plans. Advanced planning consists of updates to the General Plan, annexations and inter-agency cooperation on transportation and habitat conservation issues. The City has over 900 acres of passive and active parkland and open space, which are maintained by the City's parks and recreation divisions. The vision of the division is to create community through people, animals, parks and programs. As an equestrian community, the animal control services division establishes standards for the care and health of animals; provides a safe haven animal shelter; sponsors adoption and placement of animals while enforcing laws to protect the well-being of all animals in the community. The animal shelter cares for more than 2,000 impounded animals annually.

Through the City Manager's office, the City provides economic development assistance to developers, real estate agents, appraisers, property owners; conducts business recruitment and outreach programs; collaborates with the Norco Chamber of Commerce to meet the business needs of the community. The primary purpose is to attract economic development projects to the City. Economic development continues to be a high priority of the City.

The City's public works and engineering department provides a variety of services to the City's residents and businesses. Amongst these are production and distribution of potable water; collection and transmission of wastewater to regional treatment plants; construction and maintenance of pipe lines; installation and maintenance of equestrian trails. The department also provides plan check, permitting and inspection services for public and private construction projects.

Fire prevention, suppression, emergency medical services, hazmat response, emergency preparedness and police protection make up the City's public safety departments. Protecting the lives and property of the citizens of Norco is the primary mission of the public safety departments. The City maintains a significant investment in equipment, facilities and personnel to provide comfortable and safe neighborhoods for the community.

Operating Budget Process: The development of the City's Fiscal Year Annual Operating Budget begins in January. The City's annual operating budget serves as the foundation for financial planning and control. Each City department is required to submit requests for annual appropriation to the City Manager. These budget requests are used as the starting point for developing a proposed budget. The City Manager presents a proposed budget to Council for review through staff and Council budget study sessions. At the completion of budget study sessions, the City Council is required to have a minimum of one public hearing to further review the proposed budget. At the conclusion of the public hearing(s), the budget is required to be adopted by a majority vote of the City Council no later than June 30, the close of the City's fiscal year. The appropriated budget is prepared by fund and department. Within each department, the budget is further detailed by expenditure type and line items (e.g., salaries and benefits).

Department heads can make transfers of appropriations within a department and fund. Transfer of appropriations between departments within the same fund, requires the approval of the City Manager. Transfers of appropriations between Funds require Council authority. Expenditures may not legally exceed appropriations at the fund level. Budget-to-actual comparisons are provided in this report for each major individual governmental fund for which appropriated

annual budget was adopted by the City Council. As part of the budgetary control process, quarterly budget-to-actual reports are presented to the City Council every quarter beginning with the end of the second quarter of the fiscal year.

Factors Affecting Financial Condition

The financial condition of the City is affected by internal and external factors including the local economy, state government actions, staffing/service levels, long term financial planning and other relevant financial policies.

Local economy: While the City is largely an animal-keeping and equestrian oriented community, it also has balanced commercial, retail and light industrial activities. The City is included in the Riverside-San Bernardino labor market area. This area is also known as the Inland Empire region which is considered one of the most significant economies in the state. While the Inland Empire faced its most serious economic challenge since the 1930s during the recent recession, the region saw noticeable recovery during the fiscal year due to improvement in home prices and employment. The weakness in the economy during the recession caused major job losses in the area especially in the blue collar sectors of construction, logistics and manufacturing. The job losses in these sectors resulted in the unemployment rate of nearly 10% at the beginning of the fiscal year. However, during FY 2014, the economic environment improved with unemployment dropping to 8.1%. The local unemployment rate in the City is estimated at 7.3% at the end of the fiscal year. Taxable sales in the Inland Empire area grew by 6.9% and real property values improved by 7.9% in Riverside County. The City's central business district is dominated by automobile dealerships, retail shops and restaurants. Sales tax revenues continued to increase during the fiscal year. On top of the 11.3% growth in FY 2013, the City recorded additional 11.8% growth in sales tax revenues during FY 2014.

Long-term financial and strategic planning: Long-term financial and strategic planning continued to be a key tool in the City's quest to achieve financial resiliency as the economy continues to recover. The primary focus of the City's financial and strategic planning has been to find ways to enhance revenues while reducing expenditures through efficiency and or re-structuring. As a way to enhance revenues, the Council seeks to make the City a desirable destination by popularizing the City as "Horsetown USA," an attractive western community with residents who enjoy a high quality rural lifestyle. To accomplish this vision, the following strategic action plans were implemented during the fiscal year.

- Economic development and marketing efforts were undertaken to fill vacant sites throughout the City. Major retailers such as Winco Foods, Hobby Lobby, and Tractor Supply opened retail stores in the City. Additionally, Fairfield Inn and Suites by Marriot completed and opened a hotel in the City during the fiscal year.
- Significant investments were made in infrastructure improvements including street widening, park improvements, and water pipeline improvements.
- The City Council appointed a nine-member Infrastructure Ad-Hoc Committee to assess the City's future infrastructure needs and to formulate long-term recommendations to address the identified needs.

Relevant Financial Policies

Budgetary Control Policies: The City has implemented strict expenditure control procedures and policies. Personnel costs represent a significant portion of the City's

general government operating budget. To reduce personnel costs, the City continued to maintain a policy of negotiating short term labor agreements with employee organizations. These short term agreements provide the City with the flexibility to make further expenditure reduction in the future in order to achieve a balanced budget. The City also achieves personnel expenditure reductions through the implementation of an Attrition Management Program. As part of this program, all positions that become vacant in the City are reviewed for potential elimination or conversion to a part-time position; opportunity to contract out. The program has already resulted in significant reduction of the City's work force.

Strict expenditure control is also being achieved through constant monitoring of expenditures. Budget to actual expenditure information is available on a real time basis to all departments. Hard copy monthly reports are also presented to each department and potential over expenditure indications are discussed with each department. Additionally, summarized budget to actual reports are presented to the City Council on a quarterly basis beginning with the second quarter. An extensive mid-year budget review process is also undertaken. The mid-year budget review process offers the City an opportunity to conduct a detail review of the budget and make adjustments as necessary.

Pension, Health and OPEB Funding Policies: Pension, medical insurance and Other Post-Employment Benefits (OPEB) are significant cost items impacting the long-term financial condition of the City. Effective January 1, 2013, the City implemented the provision of the State of California Public Employees' Pension Reform Act. This reform reduced public employees' pension benefits and required employees to make a greater contribution towards funding of pension benefits. For the City, all employees hired before October 31, 2010 are required to contribute 4% of their pay towards funding their pension. Employees hired after October 31, 2010 are required to contribute the full 8% of the employee portion of pension contribution. Similarly, employees hired after December 31, 2012 are required to contribute their entire share of pension contribution. The City also continued to maintain the policy that capped the amount of City subsidy towards the cost of retiree and active employee medical insurance costs at a maximum of $1,250 per month.

As part of the implementation of GASB 45, the City established a Trust Account to accumulate funds for the payment of post-retirement healthcare costs. The City also adopted a funding policy. Under the policy the City made a significant amount of deposit into the Trust Account to prefund some of its unfunded retiree healthcare liabilities. As a result of substantial earnings accrued to the Trust Account, the City has made significant progress in funding OPEB liabilities through a Trust Account.

Other Relevant Financial Issues: In the past several years, the California state budget crisis has been a significant source of concern to local governments, including the City of Norco. For several years, the State struggled to eliminate the State's General Fund structural budget deficit without much success. With the recent economic recovery, the

state's budget outlook has significantly improved and has eliminated the need for the state to confiscate local revenues to balance its own budget.

As part of the State budget for fiscal year 2011-2012, effective June 28, 2011, the legislature approved AB X1 26 and AB 1X 27 eliminating redevelopment agencies statewide (AB X1 26). After legal challenge, the California Supreme Court upheld the AB X1 26 on December 29, 2011 thereby dissolving all redevelopment agencies in the State of California as of January 31, 2012. Among other provisions, AB X1 26 required that upon dissolution of a redevelopment agency, either the City or another unit of local government agree to serve as the "Successor Agency" of the dissolved redevelopment agency. The role of the Successor Agency is to perform all activities necessary to wind down the activities of the former redevelopment agency including payment of debt service and completion of outstanding redevelopment activities. On January 11, 2012, the Norco City Council voted to serve as the Successor Agency, except with respect to the former agency's housing function. The dissolution of the redevelopment agency has affected the City's ability to aggressively pursue economic development and has had a negative impact on the City's ability to provide funding for infrastructure replacement.

During the Fiscal Year, the Successor Agency continued to meet all of the requirements of AB X1 26 and AB 1484 by successfully completing and submitting to the state's Department of Finance (DOF) the Recognized Obligation Payment Schedule (ROPS) for the dissolved agency. The amount of funding allocation necessary to pay all recognized obligations during the year were approved and funded by the DOF.

Major Initiatives

The City of Norco is dedicated to maintaining its City living in a rural atmosphere by building and maintaining adequate infrastructure to serve its residents and attract compatible economic development. During the fiscal year ended June 30, 2014, the City engaged in the following major projects:

1. As previously noted, the dissolution of Redevelopment Agencies in the state negatively impacts the City's ability to provide funding for infrastructure construction and replacements. Recognizing this challenge, the city Council appointed a nine-member Ad-Hoc Committee to review the City's long-term infrastructure needs and to provide recommendations for funding options.
2. During the year, the City made several park, street, water, sewer and other infrastructure capital improvements totaling over $2.7 million.
3. On December 5, 2013, the City Council approved the design and construction of the George A. Ingalls Veterans Memorial Plaza to honor and recognize those who are currently serving or served in the armed forces of the United States of America. This project, which is estimated to cost over $1 million, will provide for a place where service men and women deceased or living will be recognized separately by inlayed bricks in a designated area centered by a 70-foot flag pole called "Circle of Honor." This spectacular project was completed and dedicated on November 11, 2014.
4. During the year, several national companies opened for business in the City. These companies include Winco Foods, Tractor Supply, Hobby Lobby and Fairfield Inn and

Suites by Marriot. These businesses are expected to contribute significantly towards the City's economic development.

Awards and Acknowledgments

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Norco for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2013. This is the eleventh consecutive year that the City has received this prestigious award. In order to be awarded the annual certificate for excellence in financial reporting, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, which conforms to program standards. Such reports must also satisfy generally accepted accounting principles, applicable rules, regulations and legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement program's requirement and we will be submitting it to the GFOA to determine eligibility for another GFOA certificate.

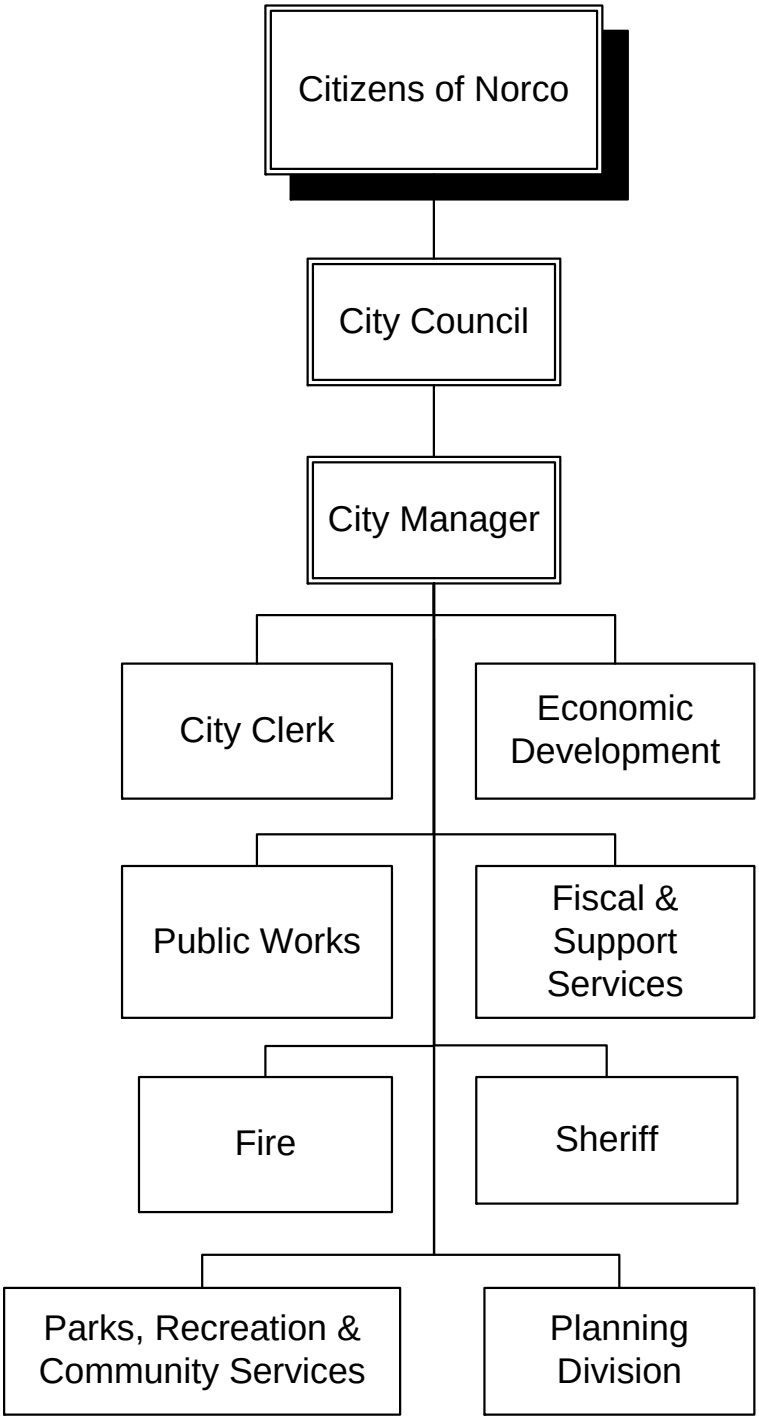
The preparation of this report could not be accomplished without the efficient and dedicated services of the entire staff of the City especially Fiscal and Support Services Department and our independent auditors, Rogers, Anderson, Malody & Scott, LLP. Special credit must be given to the Accounting Manager, Ms. Olivia Hoyt, for her dedication and contribution in preparing this CAFR and in serving the City of Norco. Special credit must also go to the Mayor and the entire City Council for their vision and unfailing support of staff in maintaining the highest level of professionalism in the management of the City and its finances.

Respectfully Submitted,

V. Andy Okoro, CPA
City Manager

This page left blank intentionally.

CITY OF NORCO
ORGANIZATIONAL CHART
June 30, 2014



CITY OF NORCO
Directory of City Officials
June 30, 2014

MAYOR

Berwin Hanna

CITY COUNCIL

Herb Higgins, Mayor Pro Tem
Kevin Bash
Kathy Azevedo
Greg Newton

CITY MANAGER

V. Andy Okoro

Vacant
Director of Finance

Lt. Dan Hedge
Chief of Police
(Riverside County Sheriff)

Brian Petree
Director, Parks, Recreation and Community Services

Cheryl Link
City Clerk

Steve King
Planning Director

Geoff Pemberton
Fire Chief

Lori Askew
Director of Public Works

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Norco

California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

This page left blank intentionally.

FINANCIAL SECTION

This page left blank intentionally.

ROGERS, ANDERSON, MALODY & SCOTT, LLP
CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

735 E. Carnegie Dr. Suite 100
San Bernardino, CA 92408
909 889 0871 T
909 889 5361 F
ramscpa.net

PARTNERS
Brenda L. Odle, CPA, MST
Terry P. Shea, CPA
Kirk A. Franks, CPA
Scott W. Manno, CPA, CGMA
Leena Shanbhag, CPA, MST, CGMA
Jay H. Zercher, CPA (Partner Emeritus)
Phillip H. Waller, CPA (Partner Emeritus)

MANAGERS / STAFF
Bradferd A. Welebir, CPA, MBA
Jenny Liu, CPA, MST
Seong-Hyea Lee, CPA, MBA
Charles De Simoni, CPA
Yiann Fang, CPA
Nathan Statham, CPA, MBA
Brigitta Bartha, CPA
Gardenya Duran, CPA
Juan Romero, CPA
Ivan Gonzales, CPA, MSA
Brianna Pascoe, CPA

MEMBERS
American Institute of
Certified Public Accountants

PCPS The AICPA Alliance for CPA Firms

Governmental Audit Quality Center

California Society of
Certified Public Accountants

Honorable Mayor and City Council
City of Norco
Norco, California

INDEPENDENT AUDITOR'S REPORT

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 Norco (City), California, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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 as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2014 the City adopted new accounting guidance, *GASB Statement No. 65, Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedule of funding progress – other post-employment benefits on pages 4–15, 67 and 68 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, supplemental 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 nonmajor fund budgetary comparison schedules are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and nonmajor fund budgetary comparison schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2014 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Rogers Anderson Malody & Scott, LLP

San Bernardino, California
December 17, 2014

This page left blank intentionally.

Management's Discussion and Analysis

The following Management Discussion and Analysis (MD&A) of the City of Norco's (City) financial condition and performance provides an introduction and overview of the of the financial activities of the City for the fiscal year ended June 30, 2014. Management's Discussion and Analysis (MD&A) is designed to be condensed, so we encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal and the basic financial statements including the accompanying notes to basic financial statements.

Financial Highlights

- The City's total assets of $285 million and deferred outflow of $0.6 exceeded its total liabilities of $44.8 million at the close of fiscal year 2014 by $240.8 million (net position). Of this amount, $17.9 million (unrestricted net position) may be used to meet City's obligations to citizens and creditors.
- The City's total net position increased by $5.7 million during the year. The increase was as a result of revenues exceeding expenditures in the governmental funds by $4.4 million and in the business-type activities by $1.3 million.
- As of June 30, 2014, the City's governmental funds reported combined fund balance of $16.8 million, a net increase of $3.8 million from prior fiscal year. A total of $6.2 million of the fund balance for governmental funds is assigned, $8.4 million is committed or restricted and $2.2 million is unassigned.
- At the end of fiscal year 2014, committed fund balance for the general fund was $3.9 million; unassigned fund balance was $2.2 million. The total fund balance of $6.1 million represents 43% of total general fund expenditures.
- The City's total long-term debt decreased by a net of $2.3 million during fiscal year 2013-2014 due to principal debt service payments. However, the net other post-employment benefits (OPEB) obligation reflected an increase of $0.3 million. The City did not issue any debt during the fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's financial statements, which include all of the activities of the City of Norco and its component units as well as the Successor Agency to the former Norco Community Redevelopment Agency. The City's basic financial statements comprise of the following three components: 1) government-wide financial statements 2) fund financial statements and 3) notes to basic financial statements. The City's comprehensive financial report also contains other supplementary information in addition to the basic financial statements.

Government-wide financial statements: The government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner that is similar to a private-sector business. Government-wide financial statements include a statement of net position and a statement of activities.

> The **Statement of Net Position** presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. This is one way to measure the City's financial health. Over time, increases or decreases in net position may provide a useful indicator on whether the financial position of the City is improving or deteriorating.

The **Statement of Activities** provides information that show how the City's net position changed during the current fiscal year. These changes are reported using the full accrual basis of accounting. Under this method, transactions are reported when the economic event occurs, rather than when cash is received or paid. Consequently, revenues and expenses are also reported in the statement for some items that will only result in future cash inflows or outflows such as vacation earned but not paid and uncollected taxes.

In both the Statement of Net Position and Statement of Activities, financial reporting is divided into two kinds of activities:

Governmental Activities - financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, streets and highways, community/economic development and culture and leisure.

Business-Type Activities - The City charges a fee to customers to recover all or most of the cost of certain services it provides. The City's water and sewer operations are reported as business-type activities.

The government-wide financial statements include not only the City, known as the primary government, but also its component units that are legally separate but whose activities the City is financially accountable. For the fiscal year ended June 30, 2014, the Norco Financing Authority is the only entity included as a component unit of the City. Due to the dissolution of the former Norco Community Redevelopment Agency in FY 2012, the activities of the Successor Agency are reported in a fiduciary fund (private-purpose trust fund) and have not been included in the consolidated financial statements of the primary government, the City of Norco.

Fund Financial Statements: Fund financial statements are designed to report information about groupings of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the City can be divided into three broad categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, governmental fund financial statements are prepared using the modified accrual basis of accounting which focuses on short-term receipts and disbursements of financial resources, as well as balance of financial resources available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financing requirements.

The focus of governmental funds in the fund financial statements is narrower than that of the government-wide financial statements. Therefore, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and government-wide activities.

The City maintains several individual governmental funds organized by their type (general, special revenue, capital projects and debt service funds). Information for the general fund, which the City has

determined to be a major fund, is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances. Data from the remaining governmental funds are combined into a single, aggregated presentation called non-major governmental funds. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its general, special revenue and capital project funds. Budgetary comparison statements have been provided for these funds to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 19-22 of this report.

Proprietary Funds: The City maintains two different types of proprietary funds, enterprise and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer utilities. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions and departments. The City uses internal service funds to account for the acquisition and maintenance of its fleet of vehicles, risk financing activities and computer and related information systems operations. Because these funds predominantly benefit governmental activities rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as government-wide financial statements, only in a more detailed format. The proprietary fund financial statements provide separate information for the water and sewer operations, both of which are considered to be major funds of the City. Internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is also provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 23-27 of this report.

Fiduciary Funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the City. In these cases, the City has a fiduciary responsibility and is acting as a trustee. The Statement of Fiduciary Net Position separately reports all of the City's fiduciary activities. Fiduciary funds are not included in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The resources of the Successor Agency to the former Redevelopment Agency are accounted for in Fiduciary funds as a private purpose trust fund.

The basic fiduciary fund financial statement can be found on pages 28-29 of this report.

Notes to the basic financial statements: The notes to the basic financial statements, which are an integral part of the financial statements, provide additional information that is essential to a full understanding of the data in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 30-66 of this report.

Other information: In addition to the basic financial statements and accompanying notes, this report also present certain required supplementary information regarding the City's progress in funding its Other Post-Employment Benefits (OPEB) obligation to provide health benefits to its employees. Required supplementary information can be found on pages 68-69 of this report.

Combining statements for non-major governmental funds, internal service funds and agency funds are presented immediately following the required supplementary information. Combining financial statements and schedules are also presented elsewhere in this report.

Government-wide financial analysis

This analysis focuses on the City's net position and changes in net position in the governmental and business-type activities. As noted earlier, net position may serve over time as a useful indicator of the City's financial position. For the fiscal year ended June 30, 2014, total City assets of $285 million and deferred loss on debt refunding of $0.6 million exceeded total liabilities of $44.8 million by $240.8 million. For comparative purposes, management has included data from the fiscal year ended June 30, 2013 as summarized below:

City of Norco, California

Statement of Net Position

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Assets:						
Current and other assets	$ 24,922,426	$ 21,667,788	$ 24,389,825	$ 24,356,231	$ 49,312,251	$ 46,024,019
Capital assets (net of depreciation)	175,029,572	174,272,243	60,617,818	61,473,443	235,647,390	235,745,686
Total assets	199,951,998	195,940,031	85,007,643	85,829,674	284,959,641	281,769,705
Deferred loss on debt refunding	-	-	589,090	-	589,090	-
Liabilities:						
Current and other liabilities	3,238,243	3,889,774	2,324,224	2,944,196	5,562,467	6,833,970
Long-term liabilities	2,880,674	2,637,238	36,323,547	36,562,802	39,204,221	39,200,040
Total liabilities	6,118,917	6,527,012	38,647,771	39,506,998	44,766,688	46,034,010
Net position:						
Investment in capital assets, net of related debt	175,021,256	173,830,963	32,343,900	46,023,517	207,365,156	219,854,480
Restricted	14,063,524	11,708,483	1,439,385	1,505,296	15,502,909	13,213,779
Unrestricted	4,748,301	3,873,573	13,165,677	(1,206,137)	17,913,978	2,667,436
Total net position	$ 193,833,081	$ 189,413,019	$ 46,948,962	$ 46,322,676	$ 240,782,043	$ 235,735,695

Net position for the fiscal year ended June 30, 2014, includes investments in capital assets such as roads, streets, lighting systems, drainage systems, bridges, park improvements, property plant and equipment.

Including the value of infrastructure assets, investments in capital assets net of related debt total $207.3 million as of June 30, 2014. The City uses capital assets to provide services to citizens and these assets are not available for future spending. An additional portion of the City's net position, $15.5 million for fiscal year 2014 and $13.2 million for fiscal year 2013, represent resources that are subject to restrictions on how they can be used. The remaining balance, unrestricted net position, is $17.9 million and $2.7 million for fiscal years 2014 and 2013 respectively.

The deferred loss on debt refunding is reported in the statement of net position for the business-type activities beginning in fiscal year 2014 as required by Statement 65 of the Governmental Accounting Standards Board (GASB). This amount had been previously reported in the long-term liability line item. It is the difference between the amount required to repay the previously issued debt at the time it

was refinanced in 2009 for the business-type activities and the amount due at maturity. The City has been amortizing this amount since fiscal year ended June 30, 2009 and will continue to amortize it for the life of the bond.

Statement of Activities: The statement of activities shows how the City's net position changed during the year. Provided below is the summary of changes in net position.

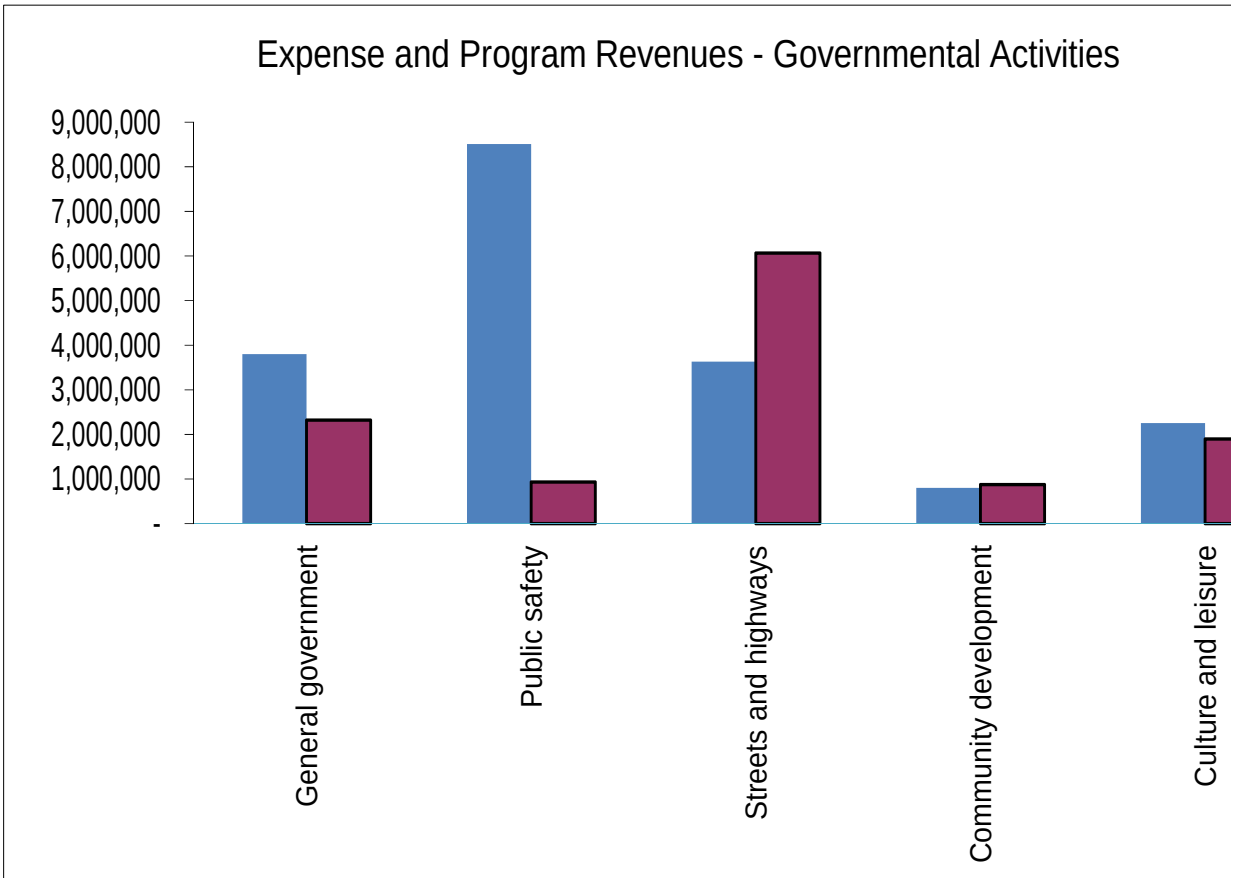
City of Norco, California
Statement of Changes in Net Position

	Governmental activities		Business-type activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program Revenues:						
Charges for services	$ 5,157,829	$ 5,140,183	$ 15,355,365	$ 15,381,807	$ 20,513,194	$ 20,521,990
Operating grants and contributions	1,866,913	1,657,693	-	28,481	1,866,913	1,686,174
Capital grants and contributions	5,068,039	2,504,159	825,000	1,264,389	5,893,039	3,768,548
General revenues	11,050,547	10,814,378	74,856	34,537	11,125,403	10,848,915
Total revenues	23,143,328	20,116,413	16,255,221	16,709,214	39,398,549	36,825,627
Expenses:						
General Government	3,804,607	3,186,491	-	-	3,804,607	3,186,491
Public safety	8,508,710	8,523,623	-	-	8,508,710	8,523,623
Streets and Highways	3,628,672	3,954,013	-	-	3,628,672	3,954,013
Community development	800,996	615,851	-	-	800,996	615,851
Culture and leisure	2,252,157	2,390,293	-	-	2,252,157	2,390,293
Interest on long-term debt	-	-	-	-	-	-
Water	-	-	9,592,836	9,259,377	9,592,836	9,259,377
Sewer	-	-	5,131,713	4,858,832	5,131,713	4,858,832
Total expenses	18,995,142	18,670,271	14,724,549	14,118,209	33,719,691	32,788,480
Change in net position before transfers	4,148,186	1,446,142	1,530,672	2,591,005	5,678,858	4,037,147
Transfers	271,876	289,023	(271,876)	(289,023)	-	-
Change in net position	4,420,062	1,735,165	1,258,796	2,301,982	5,678,858	4,037,147
Net position - beginning	189,413,019	187,677,854	46,322,676	44,020,694	235,735,695	231,698,548
Restatement - change of accounting principle	-	-	(632,510)	-	(632,510)	-
Net position- ending	$ 193,833,081	$ 189,413,019	46,948,962	46,322,676	$ 240,782,043	$ 235,735,695

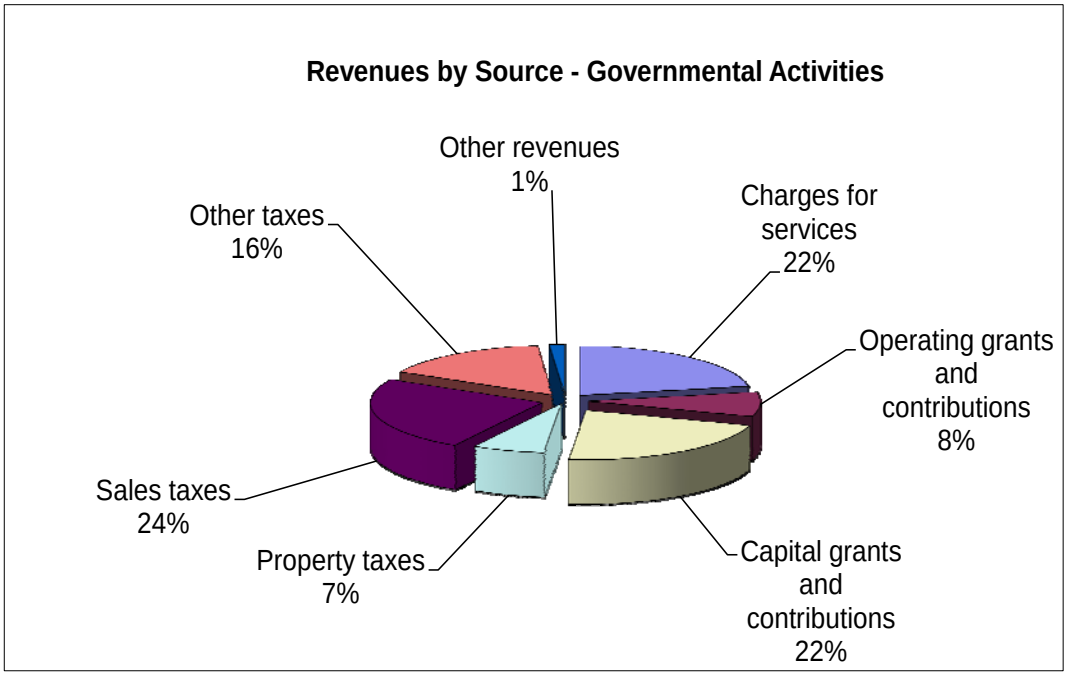
During the year, total net position increased by $5.7 million primarily due to revenues exceeding expenses. Further analyses are provided below.

Governmental activities: Total net position from governmental activities increased by $4.4 million or 2.3% during the year primarily due to revenues exceeding expenses. The bulk of the change in net position came as a result of funding received from the Successor Agency for the Street and Park Funds for future capital projects. In addition, the General Fund had revenues and transfers exceeded expenditures by $1.1 million.

The chart on the next page provides a graphic representation of the City's expenses compared to program revenues for governmental activities. This information is by function.



The chart below provides a graphic representation of governmental activities revenues by source.

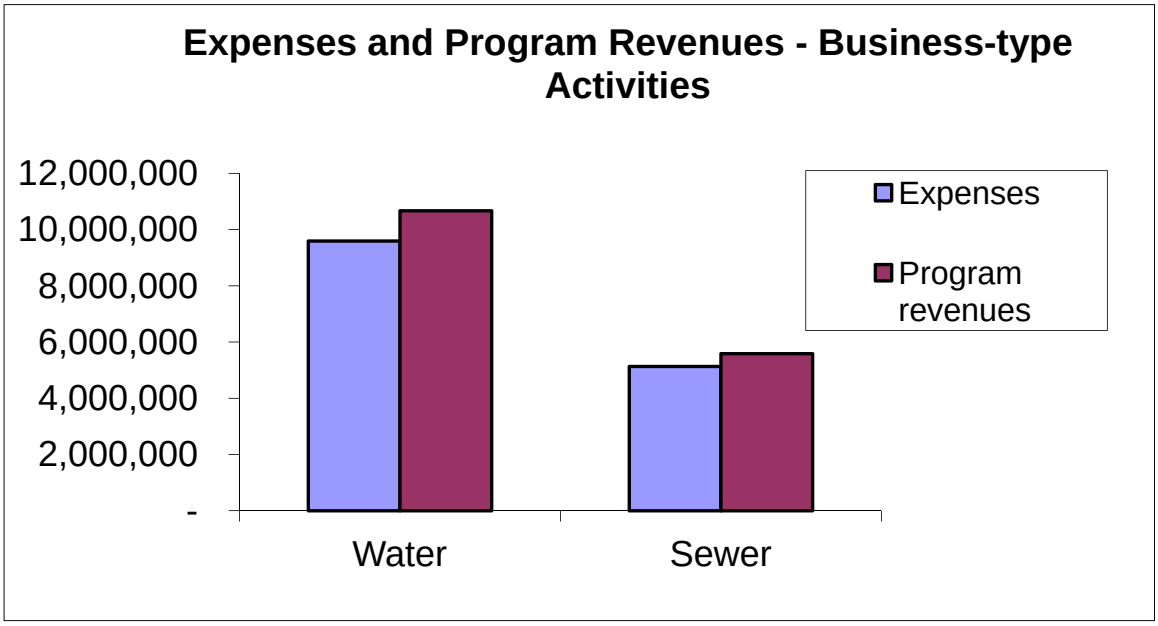


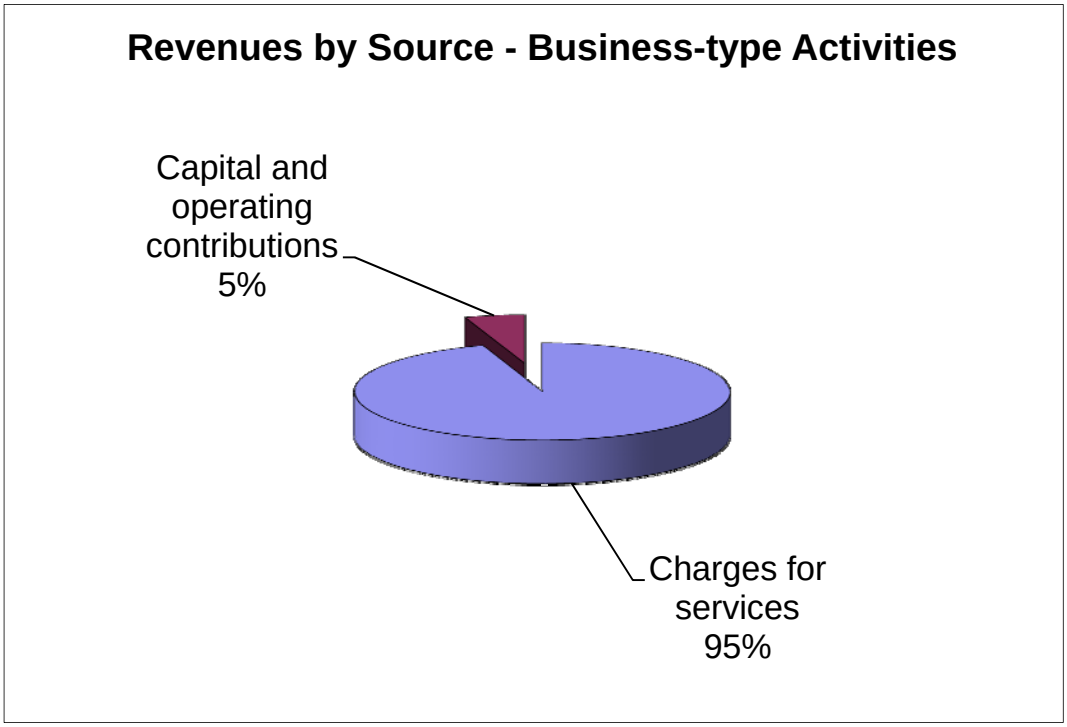
The governmental activities' expense and program revenue chart is designed to reflect expenses associated with each City function and the revenues that are directly attributable to that function. It is important to note that general revenues such as property, sales and other taxes are not directly attributable to specific functions and are used to support program activities citywide. Investment earnings are also not associated directly with any particular function.

Capital grants and contributions represent revenues and contributions of capital assets received from developers and other third party entities including local, state and federal governments. Capital grants and contributions are restricted to the acquisition and construction of capital assets. Sales taxes are derived from taxable transactions originating from the City. During the fiscal year ended June 30, 2014, sales tax revenue including public safety sales tax allocation increased by 11.6% as receipts from auto and gasoline sales increased. The other taxes category represents taxes derived from business license, franchises, motor vehicle licenses and transient occupancy taxes.

Business-type activities: Including non-operating income, net position of the business type activities increased $1.3 million during the fiscal year as capital contributions and charges for services exceeded expenses. The chart below provides a graphic representation of the City's revenues by source for business-type activities. The positive change in net position is attributable to savings in the cost of purchased water; and salary and benefit savings due to vacancies during the year. The net position of the water fund increased by $0.9 million, while the net position of the sewer fund increased by $0.3 million during the fiscal year.

Water fund expenses make up 65 percent of total business-type activities expenses while sewer fund expenses make up the remaining 35 percent of total expenses. Total charges for services from business-type activities consist of 64 percent derived from Water Fund and 36 percent from the sewer fund. As shown on the revenues by source chart on the next page, charges for services represent 95 percent of business-type activities' revenue while capital and operating contributions represent the remaining 5 percent.





Financial Analysis of City Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds: The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's ability to meet financial obligations in the short-term. As example, assigned and unassigned fund balance could serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

As of June 30, 2014, the City's governmental funds reported combined ending fund balances of $16.8 million, an increase of $3.8 million due to capital project funding received from other agencies to fund park, storm drain and street projects. Of the $16.8 million, $4 million, or 24 percent, constitutes restricted fund balance, which can only be used for specific purposes due to external restrictions or enabling legislation. Committed fund balances include balances that have been constrained by the City Council through a resolution or ordinance for specific future use. Total committed fund balance as of June 30, 2014 was $4.4 million. Assigned fund balance of $6.2 million consists of amounts that have been designated for specific use without resolution or ordinance of the City Council. Thus, the assignment can be changed at the discretion of management. Unassigned fund balance of $2.2 million represent amount that is available for any purpose.

In the General Fund, revenues and transfers exceeded expenditures by $1.1 million. This increase in fund balance was as a result of better than anticipated receipt of revenues as well as expenditure control measures. The fund balance for non-major governmental funds increased by $2.7 million due to revenue receipts from other governmental agencies for the construction of future capital projects in the Storm Drain, Street and Park Capital Improvement Funds.

Proprietary Funds: Proprietary funds provide the same type of information found in the governmental-wide financial statements, but in more detail. The City's Proprietary funds consist of two major Enterprise Funds and three Internal Service Funds. The Internal Service Funds are presented as Governmental Activities in the Proprietary Funds financial statements. Individual fund data are presented in the form of combining statements. Operating revenues for Enterprise Funds consist primarily of charges for services.

Unrestricted net position in the Water Fund at the end of the year was $5.7 million while the Sewer Fund had an unrestricted net position balance of $7.5 million. During the fiscal year, the net position of the Water Fund increased by $0.9 million as charges for services exceeded expenses. The net position of the Sewer Fund increased by $0.3 million. The changes in net position for the water and sewer funds do not include the impact of change in accounting principle applied by restating beginning balances.

The City also has three internal service funds used to allocate cost of the City's information systems, equipment services and risk management activities to various departments. The increase in the net position of the internal service funds was due to total charges for services exceeding total expenses.

Fiduciary Funds: The City uses Fiduciary funds to account for resources held for the benefit of other parties outside the City, in which the City is acting as a trustee. The resources of the various community facilities districts are accounted for in fiduciary funds. A Statement of Changes in Fiduciary Net Position, Private Purpose Trust Fund is used to report the additions and deductions to the net assets of the Successor Agency created as a result of the dissolution of the former Norco Redevelopment Agency.

General Fund Financial and Budgetary Highlights

The General Fund is the chief operating fund of the City. At June 30, 2014, total fund balance was $6.1 million which consists of $3.9 million committed for emergencies; $2.2 million unassigned. As a measure of General Fund's financial condition, it may be useful to compare this fund balance to total expenditures. This fund balance represents 43% of general fund recurring expenditures for the fiscal year. General Fund's total fund balance increased by $1.1 million due total revenues exceeding total expenditures. In comparing the General Fund actual revenues and expenditures to final budget, actual tax revenues exceeded budget by $0.5 million; actual charges for service revenues exceeded budget by $0.3 million. The favorable budget variance came from higher sales tax, property tax and community development receipts. Sales tax increased due to an increase in receipts from auto dealers and gasoline retailers. Additionally, actual revenue from licenses and permits and charges for services exceeded budget due to higher than anticipated building and construction activities. On the expenditure side, there was cost savings between the final budget and actual expenditures in public safety, culture and leisure and general government. In public safety, there were lower than anticipated expenditures for the cost of contracted fire and police services. Similarly, cost savings in general government and culture and leisure came from salary and other risk management expenditure savings.

Capital Assets and Debt Administration

Capital Assets: City investment in capital assets for its governmental and business-type activities as of June 30, 2014 amounted to $235.6 million (net of accumulated depreciation). Investment in capital assets includes infrastructure assets as well as land, buildings, improvements and equipment. During the year, capital assets net of depreciation increased by $0.8 million for governmental activities and decreased by $0.9 million for business-type activities.

Major capital assets events during the current fiscal year included the following:

- Park Improvements $0.4 million
- Widening of Hamner Avenue $1.6 million
- Other street improvements $0.3 million
- Water infrastructure including pipelines on Hamner $1.1 million
- Purchase additional sewer capacity $0.1 million
- Fiber optics network system installation $0.2 million
- Capital assets addition for proprietary funds were offset by current year depreciation

Additional information on the City's capital assets can be found in the notes to the basic financial statements pages 44-46 and a summary is provided below.

City of Norco
Capital Assets (net of depreciation)
June 30, 2014

	Governmental Activities	Business-type Activities	Total
Land	$ 101,161,035	$ 1,644,507	$ 102,805,542
Building and improvements	10,948,743	429,859	11,378,602
Equipment and machinery	3,227,845	6,954	3,234,799
Infrastructure	59,269,342	45,049,609	104,318,951
Intangible	57,497	11,322,976	11,380,473
Construction in progress	365,110	2,163,913	2,529,023
Total capital assets, net	$ 175,029,572	$ 60,617,818	$ 235,647,390

Long-term debt: At the end of fiscal year 2014, the City's total long debt outstanding was $39.2 million. Of this amount, $36.3 million is debt of the sewer and water enterprise funds while $2.9 million represents governmental activities debt including claims, judgment, compensated absences and OPEB liability. Outstanding long-term debt of the City is summarized below and additional information can be found in the notes to basic financial statements on pages 47-50.

City of Norco
Outstanding Long Term Debt
June 30, 2014

	Governmental Activities	Business-type Activities	Total
Capital leases	$ 8,316	$ 547,771	$ 556,087
Notes/loans payable/advances	-	290,924	290,924
Revenue bonds	-	35,484,852	35,484,852
OPEB liability	1,413,148	-	1,413,148
Compensated absences	665,820	-	665,820
Claims and judgment	793,390	-	793,390
Total long-term debt	$ 2,880,674	$ 36,323,547	$ 39,204,221

Economic Factors and Next Year's Budgets and Rates

- During the most recently completed fiscal year 2013-2014, the City's sales tax revenues improved by nearly 12% over the previous year largely due to increased sales tax receipts from auto and gasoline sales. Sales tax derived from gasoline sales is also highly dependent upon the price of gasoline. Throughout the fiscal year, gasoline prices fluctuated, but overall resulted in additional sales tax for the City. As the price of gasoline can be very volatile, sudden material decreases in gasoline prices could negatively impact the City's sales tax receipts. Auto sales are highly dependent on the quality of dealerships at the City's Auto Mall and the state of the US economy. As the economy has stabilized over the last four fiscal years, the quality of auto dealers in the City's auto mall has also improved. This has resulted in additional increase in sales tax receipts into the City's general fund. Sales tax continues to be a significant portion of general fund's revenues. During the first quarter of FY 2014-2015, sales tax receipts were trending higher than FY 2013-2014. The City has continued to work hard to diversify general fund revenues by seeking economic opportunities that complements the City's "Horsetown USA" motto.
- Property tax revenues are based on the assessed value of real property located within the City's boundary. The assessed value of real property in the City went up 3.6% during fiscal year 2013-2014. However, total actual property tax receipt during the fiscal year decreased by 16.3% due to one-time residual property tax received in the previous fiscal year from the dissolution of the Norco Community Redevelopment Agency. It is expected that the positive trend in total assessed value will likely continue in the near future.
- In fiscal year 2011, the City Council approved water and sewer rate adjustments effective April 2011. The last phase of the rate adjustment was implemented at the beginning of FY 2012-2013. For the fiscal year 2013-2014, there were rate increases. Consequently, water and sewer revenues remained flat from FY 2013-2014. So far in fiscal year 2014-2015 no rate adjustment has been scheduled. The financial future of the Water Fund still remains challenging due to the continuing increase in the average per acre foot cost of purchased water and the need to set aside monies for future infrastructure improvements. In the current year, the Water Fund experienced a spike in claim settlements due to water pipe failures. It is anticipated that further rate adjustments will be necessary in order to recover the full cost of services in future years and provide for capital replacements.
- The City continues to contract out to California Department of Forestry through the County of Riverside for fire protection and emergency medical response services. This action is expected to continue to generate significant ongoing cost savings to the City's general fund budget.

- Over the last several years, the City's employer pension contribution rates have been rising due to lower payroll base and actuarial revisions by California Public Employees Retirement System (CalPERS). It is anticipated that employer pension contribution rates will continue to rise. Furthermore, when the City contracted out for fire and emergency medical services, the City's safety pension plan was placed into inactive status by CalPERS and as a result of the lag in actuarial valuation, the City has not made any pension contribution to the safety plan over the last two years. Even though the plan was fully funded when it was placed into inactive status, future contributions may be required by CalPERS as new actuary valuations are performed.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors, creditors and all those with interest in the City's finances with an overview of the City's finances and to demonstrate accountability over the City's financial assets. Questions concerning any of the information provided in this report or request for additional information should be addressed to the Director of Finance, City of Norco, 2870 Clark Avenue, Norco, California 92860, or call (951) 735-3900.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

This page left blank intentionally.

City of Norco
Statement of Net Position
June 30, 2014

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	$ 23,731,695	$ 6,780,260	$ 30,511,955
Cash and investments with fiscal agents	-	9,297,973	9,297,973
Receivables:			
Accounts, net	161,639	2,188,476	2,350,115
Interest	8,634	8,854	17,488
Notes	-	5,575,884	5,575,884
Due from other governments	1,028,942	180,338	1,209,280
Internal balances	(12,234)	12,234	-
Inventories	-	102,492	102,492
Prepaids	3,750	243,314	247,064
Capital assets:			
Land, improvements and construction in progress	101,526,145	3,808,420	105,334,565
Other capital assets, net of depreciation	73,503,427	56,809,398	130,312,825
Total assets	199,951,998	85,007,643	284,959,641
DEFERRED OUTFLOW OF RESOURCES			
Deferred loss on debt refunding	-	589,090	589,090
LIABILITIES			
Accounts payable	2,951,352	1,631,241	4,582,593
Accrued interest payable	-	482,843	482,843
Retentions payable	24,653	-	24,653
Unearned revenue	255,838	-	255,838
Deposits payable	6,400	210,140	216,540
Noncurrent liabilities:			
Due within one year	453,081	923,772	1,376,853
Due in more than one year	1,014,445	35,399,775	36,414,220
Net OPEB Obligation	1,413,148	-	1,413,148
Total liabilities	6,118,917	38,647,771	44,766,688
NET POSITION			
Net investment in capital assets	175,021,256	32,343,900	207,365,156
Restricted for:			
Debt service	-	1,432,286	1,432,286
Capital projects	4,668,142	7,099	4,675,241
Community development	9,395,382	-	9,395,382
Unrestricted	4,748,301	13,165,677	17,913,978
Total net position	$ 193,833,081	$ 46,948,962	$ 240,782,043

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

City of Norco
Statement of Activities
For the Year Ended June 30, 2014

		Program Revenues		
Functions/Programs	**Expenses**	**Charges for Service**	**Operating Contributions and Grants**	**Capital Contributions and Grants**
Governmental activities:				
General government	$ 3,804,607	$ 2,121,089	$ 195,095	$ 599
Public safety	8,508,710	766,645	160,982	1,574
Streets and highways	3,628,672	855,941	1,418,006	3,798,320
Community and economic development	800,996	641,982	32,859	201,129
Culture and leisure	2,252,157	772,172	59,971	1,066,417
Total governmental activities	18,995,142	5,157,829	1,866,913	5,068,039
Business-type activities:				
Water	9,592,836	9,808,472	-	825,000
Sewer	5,131,713	5,546,893	-	-
Total business-type activities	14,724,549	15,355,365	-	825,000
Total primary government	$ 33,719,691	$ 20,513,194	$ 1,866,913	$ 5,893,039

General revenues:
Taxes:
Property tax, levied for general purpose
Transient occupancy tax
Franchise tax
Sales tax
Sales tax in lieu
Motor vehicle in lieu tax - unrestricted
Public service taxes
Unrestricted investment earnings
Intergovernmental
Transfers

Total general revenues and transfers

Change in net position

Net position, beginning of year, as previously reported

Restatement - change of accounting principle

Net position, beginning of year, as restated

Net position, end of year

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

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	**Business-type Activities**	**Total**
$ (1,487,824)	$ -	$ (1,487,824)
(7,579,509)	-	(7,579,509)
2,443,595	-	2,443,595
74,974	-	74,974
(353,597)	-	(353,597)
(6,902,361)	-	(6,902,361)
-	1,040,636	1,040,636
-	415,180	415,180
-	1,455,816	1,455,816
1,588,228	-	1,588,228
295,641	-	295,641
1,056,967	-	1,056,967
4,308,901	-	4,308,901
1,381,708	-	1,381,708
2,040,184	-	2,040,184
331,386	-	331,386
30,844	74,856	105,700
16,688	-	16,688
271,876	(271,876)	-
11,322,423	(197,020)	11,125,403
4,420,062	1,258,796	5,678,858
189,413,019	46,322,676	235,735,695
-	(632,510)	(632,510)
189,413,019	45,690,166	235,103,185
$ 193,833,081	$ 46,948,962	$ 240,782,043

This page left blank intentionally.

FUND FINANCIAL STATEMENTS

City of Norco
Balance Sheet
Governmental Funds
June 30, 2014

	General	Total Non-major Governmental Funds	Total Governmental Funds
ASSETS			
Cash and investments	$ 7,144,448	$ 11,687,353	$ 18,831,801
Receivables, net:			
Accounts	159,201	2,438	161,639
Interest	5,224	2,306	7,530
Prepaids	-	3,750	3,750
Due from other governments	793,854	235,088	1,028,942
Due from other funds	21,388	-	21,388
Total assets	$ 8,124,115	$ 11,930,935	$ 20,055,050
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued items	$ 1,722,009	$ 1,171,652	$ 2,893,661
Retentions payable	-	24,653	24,653
Deposits payable	-	6,400	6,400
Due to other funds	-	33,622	33,622
Unearned revenues	240,657	15,181	255,838
Total liabilities	1,962,666	1,251,508	3,214,174
Fund balances:			
Nonspendable	-	3,750	3,750
Restricted	-	4,013,754	4,013,754
Committed	3,923,015	498,231	4,421,246
Assigned	-	6,178,696	6,178,696
Unassigned	2,238,434	(15,004)	2,223,430
Total fund balances	6,161,449	10,679,427	16,840,876
Total liabilities and fund balances	$ 8,124,115	$ 11,930,935	$ 20,055,050

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

City of Norco
Reconciliation of the Balance Sheet of
Governmental Funds to the Statement of Net Position
June 30, 2014

Fund balances of governmental funds			$ 16,840,876
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 funds.			174,556,009
Internal service funds are used by management to charge the costs of equipment usage, and certain employee benefits and City-wide insurance coverage. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.			5,316,870
Some liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in funds.			
Leases payable	$ (8,316)		
Long-term compensated absences payable	(665,820)		
Long-term claims and judgments payable	(793,390)		(1,467,526)
The City is required to report a net Other Post Employment Benefits (OPEB) obligation in accordance with Governmental Accounting Standards Board (GASB) Statement No. 45. This is the amount by which the annual required contribution (ARC) exceeds the actual contribution made to the OPEB plan by the City. The City has contributed less than the ARC to the retiree medical plan and reports the OPEB obligation as a liability on the statement of net position.			(1,413,148)
Net position of governmental activities			$ 193,833,081

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

City of Norco
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2014

	General	Total Non-major Governmental Funds	Total Governmental Funds
REVENUES			
Taxes	$ 10,984,332	$ 622,351	$ 11,606,683
Assessments	-	769,133	769,133
Licenses and permits	518,126	-	518,126
Fines and forfeitures	408,066	-	408,066
Development fees	-	23,571	23,571
Intergovernmental	194,212	5,990,911	6,185,123
Charges for services	2,888,508	1,317	2,889,825
Investment earnings-lease income	516,650	9,419	526,069
Reimbursements	114,756	530	115,286
Other	32,663	18,705	51,368
Total revenues	15,657,313	7,435,937	23,093,250
EXPENDITURES			
Current:			
General government	3,625,654	93,845	3,719,499
Public safety	8,133,741	180,916	8,314,657
Streets and highways	84,583	4,220,903	4,305,486
Community and economic development	760,009	70,300	830,309
Culture and leisure	1,599,338	617,863	2,217,201
Total expenditures	14,203,325	5,183,827	19,387,152
Excess (deficiency) of revenues over (under) expenditures	1,453,988	2,252,110	3,706,098
OTHER FINANCING SOURCES (USES)			
Transfers in	346,061	525,000	871,061
Transfers out	(661,000)	(81,269)	(742,269)
Total other financing sources (uses)	(314,939)	443,731	128,792
Net change in fund balances	1,139,049	2,695,841	3,834,890
Fund balances, beginning of year	5,022,400	7,983,586	13,005,986
Fund balances, end of year	$ 6,161,449	$ 10,679,427	$ 16,840,876

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

City of Norco
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2014

Net change in fund balance - total governmental funds		$ 3,834,890
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Asset deletions also affect the amounts reported in the statement of activities.		
Capital outlays	$ 3,420,818	
Depreciation	(2,655,130)	
Asset deletions, net	(78,526)	687,162
Some 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.		
Increase in OPEB liability		(264,321)
Internal service funds are used by management to charge the costs of equipment usage, and certain employee benefits and City-wide insurance coverage to individual funds. The net revenue of the internal service funds are reported with governmental activities.		162,331
Change in net position of governmental activities		$ 4,420,062

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

City of Norco
Statement of Fund Net Position
Proprietary Funds
June 30, 2014

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Water Utility	Sewer Utility	Total	
ASSETS				
Current assets:				
Cash and investments	$ 2,628,462	$ 4,151,798	$ 6,780,260	$ 4,899,894
Cash and investments with fiscal agents	5,973,218	3,324,755	9,297,973	-
Receivables:				
Accounts, net	1,413,427	775,049	2,188,476	-
Interest	4,298	4,556	8,854	1,104
Notes	2,787,942	2,787,942	5,575,884	-
Prepaids	88,615	154,699	243,314	-
Due from other funds	12,234	-	12,234	-
Due from other governments	180,338	-	180,338	-
Inventories	102,492	-	102,492	-
Total current assets	13,191,026	11,198,799	24,389,825	4,900,998
Noncurrent assets:				
Capital assets:				
Land	1,644,507	-	1,644,507	-
Buildings and improvements	986,376	69,175	1,055,551	-
Utility plant	9,472,229	2,743,755	12,215,984	-
Wastewater capacity rights	-	17,793,248	17,793,248	-
Pipelines	35,126,707	27,954,727	63,081,434	-
Fire Hydrants	1,891,676	-	1,891,676	-
Meters	1,341,678	1,339,910	2,681,588	-
Vehicles and equipment	316,971	26,784	343,755	2,399,674
Construction in progress	338,279	1,825,634	2,163,913	-
Less accumulated depreciation	(23,270,027)	(12,513,539)	(35,783,566)	(1,983,608)
Intangible assets	-	-	-	429,245
Less accumulated amortization	-	(6,470,272)	(6,470,272)	(371,748)
Total noncurrent assets	27,848,396	32,769,422	60,617,818	473,563
Total assets	41,039,422	43,968,221	85,007,643	5,374,561
DEFERRED OUTFLOW OF RESOURCES				
Deferred loss on debt refunding	297,510	291,580	589,090	-

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

City of Norco
Statement of Fund Net Position
Proprietary Funds
June 30, 2014

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Water Utility	**Sewer Utility**	**Total**	
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	$ 1,418,879	$ 212,362	$ 1,631,241	$ 57,691
Accrued interest payable	174,918	307,925	482,843	-
Deposits payable	108,800	101,340	210,140	-
Compensated absences	-	-	-	166,455
Capital lease payable	-	131,357	131,357	8,316
Claims and judgements	-	-	-	278,310
Loan payable	92,415	-	92,415	-
Bonds payable	269,950	430,050	700,000	-
Total current liabilities	2,064,962	1,183,034	3,247,996	510,772
Noncurrent liabilities:				
Compensated absences	-	-	-	499,365
Capital lease payable	-	416,414	416,414	-
Claims and judgements	-	-	-	515,080
Loan payable	198,509	-	198,509	-
Bonds payable	12,621,845	22,163,007	34,784,852	-
Total noncurrent liabilities	12,820,354	22,579,421	35,399,775	1,014,445
Total liabilities	14,885,316	23,762,455	38,647,771	1,525,217
NET POSITION				
Net investment in capital assets	20,281,731	12,062,169	32,343,900	465,247
Restricted for capital projects	2,400	4,699	7,099	-
Restricted for debt service	507,119	925,167	1,432,286	-
Unrestricted	5,660,366	7,505,311	13,165,677	3,384,097
Total net position	$ 26,451,616	$ 20,497,346	$ 46,948,962	$ 3,849,344

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

City of Norco
Statement of Revenues, Expenses, and
Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2014

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Water Utility	Sewer Utility	Total	
OPERATING REVENUES				
Sales and charges for services	$ 9,782,565	$ 5,540,964	$ 15,323,529	$ 972,274
Connection fees	6,980	4,602	11,582	-
Miscellaneous	18,927	1,327	20,254	496
Total operating revenues	9,808,472	5,546,893	15,355,365	972,770
OPERATING EXPENSES				
General and administrative	388,640	336,732	725,372	855,745
Operations	7,427,117	2,339,808	9,766,925	-
Amortization	20,817	425,009	445,826	28,749
Depreciation	1,027,093	758,753	1,785,846	118,841
Total operating expenses	8,863,667	3,860,302	12,723,969	1,003,335
Operating income (loss)	944,805	1,686,591	2,631,396	(30,565)
NONOPERATING REVENUES (EXPENSES)				
Investment earnings	35,355	39,501	74,856	5,123
Interest and fiscal charges	(719,611)	(1,254,725)	(1,974,336)	-
Amortization of deferred charges	(9,558)	(16,686)	(26,244)	-
Gain on disposal of assets	-	-	-	230
Total nonoperating revenues (expenses)	(693,814)	(1,231,910)	(1,925,724)	5,353
Income (loss) before contributions and transfers	250,991	454,681	705,672	(25,212)
Capital contributions	825,000	-	825,000	6,575
Transfers in	-	-	-	145,377
Transfers out	(139,572)	(132,304)	(271,876)	(2,293)
Change in net position	936,419	322,377	1,258,796	124,447
Net position, beginning of year, as previously reported	25,745,557	20,577,119	46,322,676	3,724,897
Restatement - change of accounting principle	(230,360)	(402,150)	(632,510)	-
Net position, beginning of year, as restated	25,515,197	20,174,969	45,690,166	3,724,897
Net position, end of year	$ 26,451,616	$ 20,497,346	$ 46,948,962	$ 3,849,344

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

City of Norco
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2014

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Water Utility	Sewer Utility	Total	
Cash flows from operating activities:				
Cash received from customers	$ 9,812,844	$ 5,569,974	$ 15,382,818	$ -
Cash received from interfund services provided	-	-	-	972,770
Cash payments to suppliers	(7,437,856)	(2,614,741)	(10,052,597)	(557,396)
Cash payments to employees for services	(667,786)	(402,991)	(1,070,777)	(301,859)
Net cash provided by operating activities	1,707,202	2,552,242	4,259,444	113,515
Cash flows from noncapital financing activities:				
Transfer from other funds	-	-	-	143,084
Transfer to other funds	(139,572)	(132,304)	(271,876)	-
Net cash provided by (used for) noncapital financing activities	(139,572)	(132,304)	(271,876)	143,084
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(325,030)	(184,585)	(509,615)	(173,299)
Proceeds from disposal of capital assets	-	-	-	230
Principal payments - loans	(88,399)	-	(88,399)	-
Principal payments - capital lease	-	(127,778)	(127,778)	(11,427)
Principal payments - bonds	(253,076)	(379,907)	(632,983)	-
Interest and fiscal charges	(731,760)	(1,292,028)	(2,023,788)	-
Net cash used for capital and related financing activities	(1,398,265)	(1,984,298)	(3,382,563)	(184,496)
Cash flows from investing activities:				
Interest income	38,273	44,708	82,981	5,015
Net cash provided by investing activities	38,273	44,708	82,981	5,015
Net increase in cash and investments	207,638	480,348	687,986	77,118
Cash and investments, beginning of year	8,394,042	6,996,205	15,390,247	4,822,776
Cash and investments, end of year	$ 8,601,680	$ 7,476,553	$ 16,078,233	$ 4,899,894
Cash and cash equivalents comprised as follows:				
Cash and cash equivalents	$ 2,628,462	$ 4,151,798	$ 6,780,260	$ 4,899,894
Cash and investments with fiscal agents	5,973,218	3,324,755	9,297,973	-
Total cash and investments with fiscal agents	$ 8,601,680	$ 7,476,553	$ 16,078,233	$ 4,899,894

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

City of Norco
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2014

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Water Utility	Sewer Utility	Total	
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	$ 944,805	$ 1,686,591	$ 2,631,396	$ (30,565)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Amortization	20,817	425,009	445,826	28,749
Depreciation	1,027,093	758,753	1,785,846	118,841
(Increase) decrease in assets:				
Accounts receivable	185,416	15,016	200,432	10,484
Prepaids	3,585	6,261	9,846	-
Due from other governments	(180,338)	-	(180,338)	-
Inventories	(20,294)	-	(20,294)	-
Increase (decrease) in liabilities:				
Accounts payable	(260,670)	(347,453)	(608,123)	(5,759)
Accrued wages	-	-	-	1,222
Deposits	(706)	8,065	7,359	-
Retentions payable	(12,506)	-	(12,506)	-
Compensated absences	-	-	-	(12,386)
Claims and judgements	-	-	-	2,929
Net cash provided by operating activities	$ 1,707,202	$ 2,552,242	$ 4,259,444	$ 113,515
Noncash, investing, capital and financing activities:				
Capital asset contribution	$ -	$ 825,000	$ 825,000	$ 6,575

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

City of Norco
Statement of Fiduciary Net Position
June 30, 2014

	Successor Agency Private Purpose Trust Fund	Agency Funds
ASSETS		
Cash and investments	$ 3,845,625	$ 5,765,480
Cash and investments with fiscal agents	8,379,009	2,261,053
Receivables:		
Notes	620,368	-
Accounts	14,205	348,723
Interest	126,146	908
Prepaid Expense	186,016	-
Property held for resale	1,399,292	-
Capital assets being depreciated, net	136,594	-
Due from other governments	-	96,392
Total assets	14,707,255	$ 8,472,556
DEFERRED OUTFLOW OF RESOURCES		
Loss on debt refunding	1,935,688	
LIABILITIES		
Accounts payable	-	$ 387,790
Deposits payable	-	1,418,266
Loans payable	2,500,000	-
Accrued interest on debt	1,582,885	-
Long term liabilities:		
Due within one year	2,450,000	-
Due in more than one year	84,240,000	-
Deferred charges amortizable within one year	(5,840)	-
Deferred charges amortizable in more than one year	(273,458)	-
Due to others	-	37,718
Due to bond holders	-	6,628,782
Total liabilities	90,493,587	$ 8,472,556
NET POSITION (DEFICIT)		
Held in trust for the Successor Agency and other purposes	$ (73,850,644)	

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

City of Norco
Statement of Changes in Fiduciary Net Position
Private Purpose Trust Fund
For the Year Ended June 30, 2014

	Successor Agency Private Purpose Trust Fund
ADDITIONS	
RPTTF distribution	$ 7,000,896
Investment earnings	277,847
Loan repayments received	8,481
Other receipts	16,324
Total additions	7,303,548
DEDUCTIONS	
Administrative allowance	250,000
City services	108,258
Capital projects	2,555,517
Debt service:	
Interest	4,823,201
Issuance costs and discount amortization	158,117
Depreciation	33,452
Other payments of enforceable obligations	1,569
Total deductions	7,930,114
Change in net position	(626,566)
Net position (deficit), beginning of the year, as previously reported	(71,882,055)
Restatement - change of accounting principle	(1,342,023)
Net position (deficit), beginning of the year, as restated	(73,224,078)
Net position (deficit), end of the year	$ (73,850,644)

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

I. SIGNIFICANT ACCOUNTING POLICIES

Note 1: Organization and Summary of Significant Accounting Policies

a. Description of the reporting entity

The City of Norco (the City) was incorporated on December 28, 1964 as a general law city and operates under a Council/City Manager form of government. It is governed by an elected five member council.

As required by generally accepted accounting principles, these financial statements present the City (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationship with the City. These entities are legally separate from each other. However, the City's elected officials have a continuing full or partial accountability for fiscal matters of the other entities. The financial reporting entity consists of: 1) the City, 2) organizations for which the City is financially accountable, and 3) organizations for which the nature and significance of their relationship with the City are such that exclusions would cause the City's financial statements to be misleading or incomplete.

An organization is fiscally dependent on the primary government if it is unable to adopt its budget, levy taxes or set rates or charges, or issue bonded debt without approval by the primary government. In a blended presentation, component unit balances and transactions are reported in a manner similar to the balances and transactions of the City. Component units are presented on a blended basis when the component unit's governing body is substantially the same as the City's or the component unit provides services almost entirely to the City. The following component units of the City have been included in the financial reporting entity as blended component unit. A description of the component unit and the method of incorporating its financial information in the accompanying basic financial statements is summarized as follows:

Norco Public Financing Authority

The Norco Public Financing Authority (the Authority) is a Joint Exercise of Powers Authority under the Laws of the State of California. The Authority is authorized to issue bonds under the Marks-Roos Local Bond Pooling Act of 1985 (Article 1 through 4, section 6500). The City of Norco and the Norco Community Redevelopment Agency formed the Authority by execution of the Joint Exercise of Powers Agreement. The purpose of the Authority is to provide financing to the Agency and the City for various project purposes. The Authority and its activity, if any, are presented as a blended component unit since its governing board is substantially the same as the City's. Separate financial statements were not prepared for the Norco Public Financing Authority.

Note 1: Organization and Summary of Significant Accounting Policies (continued)

b. Government-wide and fund financial statements

The government-wide financial statements include a statement of net position and a statement of activities. These statements present summaries of governmental and business-type activities for the City accompanied by a total column. Fiduciary activities of the City are not included in these statements. Certain eliminations have been made as prescribed by GASB Statement No. 34 in regard to interfund activities, payables, and receivables. All internal balances in the statement of net position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions, including special assessment, that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenue are reported instead as general revenues. In the statement of activities, Internal Service Fund transactions have been eliminated; however, those transactions between the governmental and business-type activities have not been eliminated.

Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Note 1: Organization and Summary of Significant Accounting Policies (continued)

c. Measurement focus, basis of accounting, and financial statement presentation

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

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted-net position and unrestricted-net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted-net position to have been depleted before unrestricted-net position is applied.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified-accrual basis of accounting*. Under the modified-accrual basis of accounting, revenues are recognized in these funds when susceptible to accrual (i.e. when they are both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers property taxes collected after year-end, as available if they are collected within 60 days of the end of the current fiscal period. Other revenues susceptible to accrual include sales tax, state gasoline tax, utility users tax, investment income, and certain other intergovernmental revenues. Reimbursable grant revenues are considered to be available if they are collected within six months of the end of the current fiscal period. Grant funds earned but not received are recorded as a receivable, and grant funds received before the revenue recognition criteria have been met are reported as unearned revenues. Expenditures in the governmental funds are generally recognized in the accounting period in which the related fund liability is incurred, if measurable, except for unmatured principal and interest on general long-term debt, as well as compensated absences and claims and judgments, which are recognized when due.

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the unrestricted components of fund balance. Furthermore, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Note 1: Organization and Summary of Significant Accounting Policies (continued)

The City reports the following major Governmental Fund:

The *General Fund* is the government'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 City reports the following major Proprietary Funds:

The *Water Fund* is used to account for the provision of water services to the residences and businesses in the City.

The *Sewer Fund* is used to account for the revenues and expenses in connection with the operation and improvement of the City's sewer system.

Additionally, the City reports the following fund types:

The Internal Service Funds are used by the City to account for data processing and fleet management services provided to other City departments or agencies on a cost reimbursement basis and to allocate costs of compensated absences and claims and judgments charges to the funds on a pro-rata basis.

The Fiduciary Funds are used to account for the receipt of assets, liabilities, property tax and deposits received from individuals, private organizations or other governments. These resources are held by the City in a fiduciary capacity and remittances are made to pay for services and supplies, debt service, and other administrative expenses. Fiduciary fund balances are not property of the City of Norco. The following are Fiduciary Funds of the City:

Private Purpose Trust Fund is the Successor Agency to the former Norco Redevelopment Agency, excluding the dissolved agency’s housing resources.

Agency Funds are not reported utilizing a specific measurement focus as the assets and liabilities of the Governmental Funds.

Note 1: Organization and Summary of Significant Accounting Policies (continued)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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 for the Water and Sewer enterprise funds and of the government’s internal service funds are charges to customers for sales and services. Operating expenses for these same Enterprise Funds include the cost of sales and services, administration expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Other accounting policies

Interfund receivables and payables

Activity between funds in the fund financial statements 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). All other outstanding balances between funds are reported as "advances to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

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

Property taxes

The County of Riverside collects property taxes for the City. Tax liens attach annually as of 12:01 A.M. on the first day in March preceding the fiscal year for which the taxes are levied. The tax levy covers the fiscal period July 1st to June 30th. All secured personal property taxes and one-half of the taxes on real property are due November 1st, the second installment is due February 1st. All taxes are delinquent, if unpaid, on December 10th and April 10th respectively. Unsecured personal property taxes become due on the first of March each year and are delinquent, if unpaid, on August 31st.

Note 1: Organization and Summary of Significant Accounting Policies (continued)

Cash and cash equivalents

For purposes of the statement of cash flows, the City considered cash and cash equivalents as short-term, highly liquid investments that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. The City follows the practice of pooling cash and investments of all funds. Since cash and investments are pooled, the City utilizes the assumption that the cash and investments in the Enterprise Funds are cash and cash equivalents.

Investments

The City reports its investments at fair value on the balance sheet. All investment income, including changes in the fair value of investments, is recognized as revenue in the operating statement.

Inventories and prepaid

Inventories of materials and supplies are carried at cost on a first-in, first-out basis. The City uses the consumption method of accounting for inventories. Special reporting treatments are also applied to governmental fund inventories to indicate that they do not represent “available spendable resources,” even though they are a component of net current assets. Such amounts are designated as an unspendable component of fund balance.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Land held for resale

Land held for resale is recorded at the lower of cost or net realizable value.

Compensated absences

Vacation pay is payable to employees at the time a vacation is taken or upon termination of employment. Management and mid-management and confidential employees cannot accrue more than two and one half times their regular annual entitlement. General and Safety employees cannot accrue more than two times their regular annual entitlement.

Sick leave is payable when an employee is unable to work because of illness. Upon termination, general employees with 10 years continuous service will be paid 50% for any unused sick leave. Managers, mid-managers, and confidential employees with 5 years continuous service are also paid 50% for any unused sick leave.

The total amount of liability for compensated absences is segregated between short-term and long-term with both portions reflected in the government-wide statements. The short-term portion is determined to be the amount due to employees for future absences which is attributable to services already rendered and which is expected to be paid during the next fiscal year.

Note 1: Organization and Summary of Significant Accounting Policies (continued)

Reclassifications

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

Capital assets

Capital assets, which include property, plant and equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than or equal to $5,000 ($50,000 for infrastructure assets) and an estimated useful life of at least two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Property, plant and equipment of the primary government, as well as the component units, is depreciated using the straight-line method over the following estimated useful lives.

Assets	Years
Buildings	50
Building improvements	5 - 50
Public domain infrastructure	20 - 50
System infrastructure	10 - 60
Vehicles	5 - 20
Office equipment	5 - 10
Computer equipment	5 – 10

Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflow of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The City has one item that qualify for reporting in this category for the fiscal year ended June 30, 2014. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflow of resources. This separate element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City does not have any items that qualify for reporting in this category for the fiscal year ended June 30, 2014.

Note 1: Organization and Summary of Significant Accounting Policies (continued)

Use of estimates

The financial statements have been prepared in accordance with generally accepted accounting principles accepted in the United States of America and necessarily include amounts based on estimates and assumptions by management. Actual results could differ from those amounts.

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. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

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

Unearned revenues

In the government-wide financial statements and the fund financial statements, unearned revenues represent cash advances by various grantors that have not been spent; therefore, no revenue has been recognized.

Fund equity

Beginning with the 2011 fiscal year, the City implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

> Nonspendable – amounts that are not in a spendable form (such as inventory) or are required to be maintained intact.
>
> Restricted – amounts constrained to specific purposes by their providers (such as grantors, bondholders and higher levels of government), through constitutional provisions or by enabling legislation.
>
> Committed – amounts constrained to specific purposes by a government itself, using the highest level of decision-making authority. Committed fund balances encompass the portion of net fund resources, the use of which is constrained by limitations that the government imposes upon itself at its highest level of decision making, normally the governing body and that remain binding unless removed in the same manner. The City Council is considered the highest authority for the City.

Note 1: Organization and Summary of Significant Accounting Policies (continued)

Assigned – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. Assignment of resources can be done by the highest level of decision making or by a committee or official designated for that purpose. The City Council has established a resolution that authorized the City Manager for that purpose.

Unassigned – amounts that are for any purpose; positive amounts are reported only in a general fund.

The City Council establishes, modifies and/or rescinds fund balance commitments by passage of an ordinance or resolution.

The City of Norco considers that both, restricted and unrestricted amounts to have been spent when an expenditure is incurred for which both types of fund balances is available; the government also considers committed, assigned, and or unassigned amounts to have been used when an expenditure is incurred and any of those classifications apply to the expenditure.

Implementation of new GASB pronouncement

Effective July 1, 2013, the City adopted the provisions of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. GASB 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. Deferred amounts resulting from the refundings of debt are reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter. Accordingly, the City's deferred amount on refunding of debt has been classified as a deferred outflow of resources in the statement of net position in conformity with GASB 65. GASB 65 amended prior guidance with respect to the treatment of debt issuance costs. Under GASB 65, debt issuance costs, except any portion related to prepaid insurance costs, are recognized as an expense in the period incurred rather than reported as an asset on the statement of net position and recognized as an expense in a systematic and rational manner over the duration of the related debt. Accordingly, as noted in Note 16 of the financial statements, the City has restated beginning net position for any unamortized debt issuance costs previously reported on the statement of net position in conformity with GASB 65.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Note 1: Organization and Summary of Significant Accounting Policies (continued)

d. Budgetary data

General budget policies

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds except for the Nonmajor Facility Improvement Capital Project Fund and Community Facilities District 93-1 Capital Projects Fund.

Each City department is required to submit requests for annual appropriation to the City manager that are used as the starting point for developing a proposed budget. The City manager presents a proposed budget to Council for review through staff and council budget workshops. At the completion of the budget workshops, the City Council is required to have one public hearing to further review the proposed budget. At the conclusion of the public hearings, the budget is required to be adopted by a majority vote of the City Council no later than June 30, which is the close of the City's fiscal year. The Council made several supplemental budgetary appropriations throughout the year, these supplemental appropriations were immaterial. The appropriated budget is prepared by fund and department. Within each department, the budget is further detailed by expenditure type (e.g., salaries and benefits). At fiscal year-end, all operating budget appropriations lapsed.

Encumbrances

Encumbrances are estimations of costs related to unperformed contracts for goods and services. These commitments are recorded for budgetary control purposes in the General, Special Revenue, and similar governmental funds. Encumbrances outstanding at year-end represent the estimated amount of the expenditure ultimately to result if unperformed contracts at year-end are completed. They do not constitute expenditures or estimated liabilities.

Emcumbrances as of June 30, 2014		
Non-Major Funds in aggregate	$	563,037

e. Excess of expenditures over appropriations

Excess of expenditures over appropriations in individual funds are as follows:

Fund/Function	Expenditures	Appropriations	Excess
Gas Tax	$ 572,286	$ 564,475	$ (7,811)
Landscape Maintenance District #1	10,125	9,571	(554)
Landscape Maintenance District #2	113,921	112,045	(1,876)
Landscape Maintenance District #3	82,217	79,737	(2,480)
Trails Improvement Capital Projects Fund	63,070	-	(63,070)

III. DETAIL NOTES ON ALL FUNDS

Note 2: Cash and Investments

Cash and investments are reported in the accompanying Statement of Net Position and Statement of Fiduciary Net Position as follows:

Statement of Net Position	
Cash and investments	$ 30,511,955
Cash and investments with fiscal agents	9,297,973
Statement of Fiduciary Net Position	
Cash and investments	9,611,105
Cash and investments with fiscal agents	10,640,062
Total cash and investments	$ 60,061,095

Cash and investments at June 30, 2014, consisted of the following:

Deposits with financial institutions and cash on hand	$ 362,327
Investments	59,698,768
Total cash and investments	$ 60,061,095

Investments authorized by the California Government Code and the City's investment policy

The table below identifies the investment types that are authorized by the City's investment policy. The table also identifies certain provisions of the City's investment policy that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

Authorized investment type	Maximum maturity	Maximum percentage of portfolio *	Maximum investment in one issuer
Local Agency Bonds	5 years	None	None
U.S. Treasury Securities	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptances	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
State of California Obligations	5 years	None	None
Medium-Term Notes	5 years	30%	None
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	$50,000,000

* Excluding amounts held by bond trustee that are not subject to California Government Code restrictions.

Note 2: Cash and Investments (continued)

Investments authorized by debt agreements

Investments of debt proceeds held by bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy. The table below identifies the investment types that are authorized for investments held by bond trustee. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

Authorized investment type	Maximum maturity	Maximum percentage allowed	Maximum investment in one issuer
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	None	None	None
Banker's Acceptances	180 days	None	None
Commercial Paper	270 days	None	None
Money Market Mutual Funds	N/A	None	None
Investment Contracts	30 years	None	None

Disclosures relating to interest rate risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time, as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

		Remaining maturity			
Investment type	Total	12 months or less	13 to 24 months	25 to 60 months	More than 60 months
State investment pool	$ 39,506,551	$ 39,506,551	$ -	$ -	$ -
Certificates of deposit	254,182	254,182	-	-	-
Held by bond trustee:					
Money market funds	1,480,547	1,480,547	-	-	-
Investment contracts	3,243,016	-	734,450	-	2,508,566
Commercial paper	7,315,592	7,315,592	-	-	-
Federal agency securities	7,898,880	3,337,130	1,555,000	3,006,750	-
	$ 59,698,768	$ 51,894,002	$ 2,289,450	$ 3,006,750	$ 2,508,566

Note 2: Cash and Investments (continued)

Disclosures relating to credit risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the City's investment policy or debt agreements, and the actual rating as of year end for each investment type. LAIF does not have a rating provided by a nationally organized statistical rating organization.

Investment type	Total	Minimum legal rating	Ratings as of year end	Not rated
State investment pool	$ 39,506,551	N/A	-	$ 39,506,551
Certificates of deposit	254,182	N/A	-	254,182
Held by bond trustee:				
Money market funds	1,480,547	AAA/Aa	AAA	-
Investment contracts	3,243,016	N/A	-	3,243,016
Commercial paper	7,315,592	A	Aa2,AA	-
Federal agency securities	7,898,880	N/A	AAA,Aaa	-
	$ 59,698,768			$ 43,003,749

Concentration of credit risk

The investment policy of the City contains certain limitations on the amount that can be invested in any one issuer. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total City investments are as follows:

Issuer	Investment type	Reported amount
U.S. Bank N.A.	Commercial Paper	$ 7,315,592
Federal Farms Credit BKS	Federal Agency Securities	3,006,750

Note 2: Cash and Investments (continued)

Custodial credit risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2014, $1,890,794 of the City's *deposits* with financial institutions in excess of Federal Depository Insurance Corporation (FDIC) limit of $250,000 was held in collateralized accounts as required by the California Government Code.

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

LAIF is a governmental investment pool managed and directed by the California State Treasurer and is not registered with the Securities and Exchange Commission. An oversight committee comprised of California State officials and various participants provide oversight to the management of the fund. The daily operations and responsibilities of LAIF fall under the auspices of the State Treasurer's office. The maximum investment in LAIF is $50,000,000.

Note 3: Receivables

Due from other governments

Due from other governments, as of yearend, for the government's individual major funds, non-major funds in the aggregate, and fiduciary funds are as follows:

	General	Nonmajor Special Revenues	Fiduciary funds	Total
Assessments	$ 84,064	$ 20,894	$ 96,392	$ 201,350
Gas tax	-	84,034	-	84,034
Sales tax	673,643	-	-	673,643
Measure A	-	92,800	-	92,800
Grants and contributions	-	7,362	-	7,362
Other	36,147	29,998	-	66,145
Totals	$ 793,854	$ 235,088	$ 96,392	$ 1,125,334

Note 4: Capital Assets

Capital assets activity for the year ended June 30, 2014 was as follows:

	Beginning Balance	Additions	Transfer	Deletions	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	$ 101,161,035	$ -	$ -	$ -	$ 101,161,035
Construction in progress	14,408,975	3,274,198	(17,308,403)	(9,660)	365,110
Total capital assets, not being depreciated	115,570,010	3,274,198	(17,308,403)	(9,660)	101,526,145
Capital assets, being depreciated:					
Buildings and improvements	16,687,406	58,000	-	-	16,745,406
Improvements other than buildings	3,755,506	-	55,378	-	3,810,884
Vehicles and equipment	3,300,693	279,111	-	(257,195)	3,322,609
Infrastructure	96,610,569	27,266	17,253,025	-	113,890,860
Intangible	429,245	-	-	-	429,245
Total capital assets, being depreciated	120,783,419	364,377	17,308,403	(257,195)	138,199,004
Less accumulated depreciation/amortization for:					
Buildings and improvements	(5,358,541)	(438,122)	-	-	(5,796,663)
Improvements other than buildings	(1,025,713)	(165,823)	-	-	(1,191,536)
Vehicles and equipment	(2,738,053)	(164,388)	-	188,329	(2,714,112)
Infrastructure	(52,615,880)	(2,005,638)	-	-	(54,621,518)
Intangible	(342,999)	(28,749)	-	-	(371,748)
Total accumulated depreciation/amortization	(62,081,186)	(2,802,720)	-	188,329	(64,695,577)
Total capital assets, being depreciated net	58,702,233	(2,438,343)	17,308,403	(68,866)	73,503,427
Governmental activities capital assets, net	$ 174,272,243	$ 835,855	$ -	$ (78,526)	$ 175,029,572

Note 4: Capital Assets (continued)

	Beginning Balance	Additions	Transfer	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land and improvements	$ 1,644,507	$ -	$ -	$ 1,644,507
Construction in progress	4,713,676	1,334,614	(3,884,377)	2,163,913
Total capital assets, not being depreciated	6,358,183	1,334,614	(3,884,377)	3,808,420
Capital assets, being depreciated:				
Buildings and improvements	1,055,551	-	-	1,055,551
Utility plant	12,072,293	-	143,689	12,215,982
Wastewater capacity rights	17,793,248	-	-	17,793,248
Pipelines	59,376,993	-	3,704,444	63,081,437
Vehicles and equipment	343,755	-	-	343,755
Fire Hydrants	1,891,676	-	-	1,891,676
Meters	2,645,343	-	36,244	2,681,587
Total capital assets, being depreciated	95,178,859	-	3,884,377	99,063,236
Less accumulated depreciation for:				
Buildings and improvements	(601,960)	(23,732)	-	(625,692)
Utility plant	(3,857,718)	(288,033)	-	(4,145,751)
Wastewater capacity rights	(6,065,880)	(404,392)	-	(6,470,272)
Pipelines	(28,002,593)	(1,155,207)	-	(29,157,800)
Vehicles and equipment	(320,525)	(16,276)	-	(336,801)
Fire hydrants	(1,214,746)	(38,064)	-	(1,252,810)
Meters	(177)	(264,535)	-	(264,712)
Total accumulated depreciation	(40,063,599)	(2,190,239)	-	(42,253,838)
Total capital assets, being depreciated net	55,115,260	(2,190,239)	3,884,377	56,809,398
Business-type activities capital assets, net	$ 61,473,443	$ (855,625)	$ -	$ 60,617,818

Note 4: Capital Assets (continued)

Depreciation and amortization expense were charged to functions of the primary government as follows:

Governmental activities:		
General government	$	96,510
Public safety		206,356
Streets and highways		1,839,542
Culture and leisure		512,722
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets		
Depreciation		118,841
Amortization		28,749
Total depreciation - governmental activities	$	2,802,720
Business-type activities:		
Water - depreciation expense	$	1,027,093
Sewer - amortization expense		404,393
Sewer - depreciation expense		758,753
Total depreciation - business-type activities	$	2,190,239

Note 5: Retirement Plan

Plan Description

The City contributes to the California Public Employees Retirements System (PERS), a cost sharing multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by State statue and City ordinance. Copies of PERS' annual financial report may be obtained from their executive office: 400 "P" Street, Sacramento, California 95814.

Funding Policy

Participants who are considered "Classic" members under CalPERS rules are required to contribute 8% of their annual covered salary. Participants who are "New" members under CalPERS rules contribute 6.25% of their annual covered salary. The City makes 4% of the contributions required of the "Classic" employees on their behalf and for their account. The City is required to contribute an actuarially determined rate; the current rate for "Classic" non-safety members is 23.365% and 6.25% for "New" non-safety members.

Note 5: Retirement Plan (continued)

Annual Pension Cost

For 2014, the City's annual pension cost of $685,337 for PERS was equal to the City's required contributions. The required contribution was determined as part of the June 30, 2013, CalPERS actuarial valuations for the Miscellaneous and Safety Plans, using the Entry Age Normal Cost Method.

THREE YEAR TREND INFORMATION FOR PERS

Fiscal year	Annual pension cost (APC)	Percentage of APC contributed	Net pension obligation
6/30/2014	$ 685,337	100%	$ -
6/30/2013	791,058	100%	-
6/30/2012	1,072,908	100%	-

Note 6: Long-Term Debt

Governmental activities

a. Capital leases

Equipment

During 2011, the City entered into a capital lease to finance the purchase of one copy machine. The present value of the future lease payments at the commencement of the lease was $6,188. Lease payments of $153 are due on a monthly basis commencing in January 2011. The equipment acquired with the lease has a net book value of $1,114 at June 30, 2014.

In 2010, the City entered into a capital lease to finance the purchase of eight copy machines. The present value of the future lease payments at the commencement of the lease was $42,805. The monthly lease payment of $928 commenced on March 2010. The equipment acquired with the lease has a net book value of $5,707 at June 30, 2014.

The following is a schedule by years of future payments to be made by the City:

Fiscal Years Ending June 30,	Capital leases
2015	$ 8,316
Total minimum lease payments	8,316
Less: amount representing interest	(329)
Present value of minimum lease payments	$ 7,987

Note 6: Long-Term Debt (continued)

b. Accrued employee benefits and claims and judgments payable

The City's policy relating to compensated absences and claims and judgments are described in Note 1. The short term portion of the compensated absences liability is reported in the statement of net position and amount to $166,455. The long-term portions are also recorded in the statement of net position and amount to $499,365.

The short term portion of the claims and judgments liability is recorded in the statement of net position and amount to $278,310. The long-term portion of $515,080 is also recorded on the statement of net position, governmental activities.

Business-type activities

a. Capital lease

Wastewater facility lease

During 1996, the Western Riverside County Regional Wastewater Authority issued $25,400,000 of variable rate revenue bonds and took out a revolving loan to finance a portion of the acquisition, construction, installation and equipment of a Wastewater Treatment Plant. The City, as a member of the Western Riverside County Regional Wastewater Authority, will lease part of the wastewater facility for 66.39% of the annual debt service requirement for a period of 30 years. During 2009, proceeds from the 2009 Refunding Revenue Bonds were used to retire $12,209,120 of the outstanding lease. The following is a schedule by years of future payments to be made by the City for the revolving loan:

Fiscal Years Ending June 30,	Wastewater facility lease
2015	$ 146,694
2016	146,694
2017	146,694
2018	146,556
Total minimum lease payments	586,638
Less: amount representing interest	(38,867)
Present value of minimum lease payments	$ 547,771

The assets acquired through this lease are as follows:

Wastewater capacity rights	$ 17,793,248
Less: accumulated amortization	(6,470,272)
Total	$ 11,322,976

Note 6: Long-Term Debt (continued)

b. Economic Development Administration Loan

During fiscal year 1978-79, the City received a loan from the Economic Development Administration (EDA) to fund improvements to the City water system. The loan bears interest at a rate of 5% and was made in the original amount of $1,632,000. The principal due on this loan is recorded in the Water Enterprise Fund and as of June 30, 2014 the balance due was $290,924. Debt service requirements on this loan are as follows:

Fiscal Years Ending June 30,	Principal	Interest	Total
2015	$ 92,415	$ 13,333	$ 105,748
2016	96,631	9,117	105,748
2017	101,878	4,689	106,567
Totals	$ 290,924	$ 27,139	$ 318,063

c. Revenue bonds

During March 2009, the City issued $39,000,000 Enterprise Revenue Refunding Bonds, Issue 2009, to advance refund $7,395,000 of outstanding 1998 Refunding Certificates of Participation (Sewer and Water System Refunding Certificates) and $12,209,120 of outstanding 1996 Variable Rate Revenue Bonds (Western Riverside County Regional Wastewater Treatment System Lease). In addition, proceeds were used to finance water and sewer system improvements within the City. The bonds are dated March 18, 2009 with interest paid at a rate from 3.00% to 5.00% payable semi-annually on April 1 and October 1, commencing on October 1, 2009. As of June 30, 2014, the balance due was $35,890,000.

The bonds are shown in the Water and Sewer Funds and the debt service requirements are as follows:

Fiscal Years	2009 Revenue Refunding Bonds		
Ending June 30,	Principal	Interest	Total
2015	$ 700,000	$ 1,917,373	$ 2,617,373
2016	725,000	1,888,873	2,613,873
2017	755,000	1,858,329	2,613,329
2018	785,000	1,822,660	2,607,660
2019	825,000	1,782,410	2,607,410
2020-2024	4,795,000	8,232,800	13,027,800
2025-2029	6,165,000	6,812,460	12,977,460
2030-2034	8,055,000	4,862,672	12,917,672
2035-2039	10,595,000	2,254,923	12,849,923
2040	2,490,000	70,033	2,560,033
Totals	$ 35,890,000	$ 31,502,533	$ 67,392,533

Note 6: Long-Term Debt (continued)

Changes in long-term liabilities

The following is a schedule of changes in long-term debt of the City for the fiscal year ended June 30, 2014:

	Beginning Balance	Additions	Deletions	Ending Balance	Due within one year
Governmental activities:					
Capital leases:					
Copiers	$ 19,743	$ -	$ (11,427)	$ 8,316	$ 8,316
Total capital leases	19,743	-	(11,427)	8,316	8,316
OPEB Liability	1,148,827	1,338,313	(1,073,992)	1,413,148	-
Claims and judgments	790,461	2,929	-	793,390	278,310
Compensated absences	678,206	329,726	(342,112)	665,820	166,455
Governmental activity long-term liabilities	$ 2,637,237	$ 1,670,968	$ (1,427,531)	$ 2,880,674	$ 453,081
Business-type activities:					
Capital lease:					
Wastewater facility	$ 675,549	$ -	$ (127,778)	$ 547,771	$ 131,357
Total capital lease	675,549	-	(127,778)	547,771	131,357
Bonds:					
2009 Revenue refunding bonds	36,560,000	-	(670,000)	35,890,000	700,000
(Less) deferred amounts:					
For issuance discount	(421,544)	-	16,396	(405,148)	-
Total bonds	36,138,456	-	(653,604)	35,484,852	700,000
Loan payable:					
US Ecomnomic Development Administration	379,323	-	(88,399)	290,924	92,415
Business-type activity long-term liabilities	$ 37,193,328	$ -	$ (869,781)	$ 36,323,547	$ 923,772

For governmental activities, claims and judgments and compensated absences are generally liquidated by the Internal Service Funds.

The following amount was reclassified as deferred outflow of resources.

Deferred outflow of resources	Beginning Balance	Additions	Deletions	Ending Balance
Deferred loss on refunding	$ (630,526)	$ -	$ 41,436	$ (589,090)

Note 7: Interfund Receivables, Payables and Transfers

The composition of interfund balances at June 30, 2014, is as follows:

Due to/from other funds

Receivable Fund	Payable fund	Amount
General Fund	Nonmajor Funds	$ 21,388
Proprietary Funds	Nonmajor Funds	12,234
		$ 33,622

Interfund transfers

Fund receiving transfers	Fund making transfers	Amount	
General Fund	Sewer Utility	$ 129,612	(1) & (2)
	Water Utility	135,910	(1) & (2)
	Non Major Funds	80,539	(2)
		346,061	
Nonmajor funds	General Fund	525,000	(3)
Internal Service Funds	General	136,000	(4)
	Sewer Utility	2,692	(5)
	Water Utility	3,662	(5)
	Non Major Funds	730	(5)
	Internal Service Funds	2,293	(5)
		145,377	
	Total transfers in	$ 1,016,438	

(1) Reimbursement for street damage repair.
(2) $42,004 was for recreational leader position funded by CDBG. The remainder was to cover admin costs.
(3) $500,000 was reimbursement for prior year interfund activities.
The remainder was for subsidizing NPDES fund.
(4) Data processing and equipments
(5) For compensated absence adjustments

Note 8: Fund Equity

a. GASB Statement No. 54 determination of governmental fund balances

The City has established fund balance accounts to report the amounts in the following funds which represent non-spendable and spendable resources according to GASB statement number 54:

	General	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable	$ -	$ 3,750	$ 3,750
Restricted by:			
Granting agencies	-	4,013,754	4,013,754
Committed for:			
Emergencies	3,923,015	-	3,923,015
Fund purpose	-	498,231	498,231
Assigned to:			
Fund purpose	-	6,178,696	6,178,696
Unassigned	2,238,434	(15,004)	2,223,430
Total fund balances	$ 6,161,449	$ 10,679,427	$ 16,840,876

Note 9: Assessment Bonds

Included within the City are certain Assessment Districts and Community Facilities Districts which were financed by bonds issued pursuant to the Improvement Bond Act of 1915 under proceedings conducted under the provisions of the Municipal Improvement Act of 1913.

As of June 30, 2014, the future assessments liability of property owners for amounts payable to bondholders for these Districts is as follows:

	Principal	Interest	Total
Community Facilities District 97-1 2013 Refinanced Norco Hills	$ 5,940,000	$ 2,744,588	$ 8,684,588
Community Facilities District 2001-1 Norco Ridge refunding	34,890,000	20,993,403	55,883,403
Community Facilities District 2002-1 2013 Refinanced Norco 50	1,376,484	553,687	1,930,171
2004 Special Tax Refunding Community Facilities District 93-1	978,100	79,174	1,057,274
Totals	$ 43,184,584	$ 24,370,852	$ 67,555,436

Note 9: Assessment Bonds (continued)

Since the City is not liable for special assessment district act or community facility district defaults, no liability has been recognized on the City's books and accordingly, none of the outstanding principal on the bonds is presented in the financial statements. For all completed projects, the City acts as an agent for those paying assessments and for the bondholders. Therefore, subsequent assessment collections and remittances are accounted for in an agency fund.

Note 10: Risk Management

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City is a member of the Public Entity Risk Management Authority, a public entity risk pool currently operating as a common risk management and insurance program for 22 California Cities, six special districts and three transit agencies. The City pays an annual premium to the pool for its general liability and workers' compensation insurance coverage. For its general liability insurance, the City, through the Authority, has a self-insured retention amount of $125,000 per occurrence. Claims above the $125,000 up to $1,000,000 are shared by the pool. Claims above $1,000,000 up to $50,000,000 are covered by excess insurance purchased through the pool. For workers' compensation, the self-insurance retention is $250,000 per claim, with a maximum limit of $5,000,000.

The City retains a risk of loss due to the fact that actual losses may exceed estimated claims or coverage amounts.

Claims, expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. At June 30, 2014, the amount of these liabilities was $793,390. The amount represents an estimate of $535,414 for reported claims through June 30, 2014 and $257,976 estimate of incurred but not reported claims. This liability is the City's best estimate based on available information. Changes in the reported liability since July 1, 2013 resulted from the following:

Year	Liability at beginning	Current year claims and changes in estimates	Claim payments	Liability at end
2014	$ 790,461	$ 145,444	$ 142,515	$ 793,390
2013	973,285	125,780	308,604	790,461
2012	1,308,689	(189,368)	146,036	973,285

There was no significant reduction in insurance coverage by major categories of risk from fiscal 2013 to 2014. Furthermore, there was no settlement which exceeded the insurance coverage for the fiscal years 2012/13 and 2013/2014.

Note 11: Other Post-Employment Benefits

During the year ended June 30, 2009, the City implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The new reporting requirements for these benefit programs as they pertain to the City are as follows:

Plan Description

The City provides post employment health care benefits for eligible city retirees and their beneficiaries through the California Public Employees' Retirement System (CalPERS), an agent multiple-employer postemployment healthcare plan. Retirees from the city enrolled in the Public Employees Medical Insurance program through CalPERS are eligible for these benefits. The Plan does not issue a publicly available financial report.

Funding Policy

These health insurance benefits are authorized through city resolutions/Memorandums of Understanding defining health care benefits and contribution levels and through the contractual agreement between the City and CalPERS. The City contributes up to $1,250 of the current monthly required premium costs of active and non-vested retired employees. Additional contributions are made into a prefunded trust account as funds become available. There were 70 retired eligible employees.

Annual OPEB Cost

For fiscal year 2014, the City's annual OPEB cost of $1,338,313 was below the annual required contribution (ARC) by a net amount of $41,687. The City's current year contribution was $1,073,992, which increased the net OPEB liability from prior years by $264,321. The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2014	$ 1,338,313	80.3%	$ 1,413,148
6/30/2013	1,284,290	76.2%	1,148,827
6/30/2012	1,372,000	58.6%	843,615

	June 30, 2014
Annual required contribution	$ 1,380,000
Interest on net OPEB obligation	60,313
Adjustment to annual required contribution	(102,000)
Annual OPEB cost	1,338,313
Contributions made	(1,073,992)
Increase in net OPEB obligation	264,321
Net OPEB obligation, beginning of year	1,148,827
Net OPEB obligation, end of year	$ 1,413,148

Note 11: Other Post-Employment Benefits (continued)

Funded Status and Funding Progress

The funded status of the plan as of the June 30, 2013 actuarial valuation was as follows:

	(in thousands)
Actuarial accrued liability (AAL):	
Actives	$ 3,368
Retirees	11,833
Actuarial Value of Assets at June 30, 2013	(4,265)
Unfunded actuarial accrued liability	$ 10,936
Covered payroll (active plan members)	$ 2,888
UAAL as a percentage of covered payroll	378.7%
Present Value of Future Benefits:	
Actives	5,478
Deferred Vested	2,277
Retirees	9,556
Total	$ 17,311
Normal Cost	$ 328
Normal Cost as a percent of payroll	11.36%

In accordance with GASB 45, the City hired an actuary to calculate its annual OPEB obligation. The annual OPEB cost is equal to the employer's annual required contribution to the plan (ARC), with certain adjustments if the employer has a net OPEB obligation for past under or over contributions. The ARC is defined as the employer's required contributions for the year, calculated in accordance with certain parameters, and includes, (a) the normal cost for the year, and (b) a component for amortization of the total unfunded actuarial accrued liabilities (or funding excess) of the plan over a period not to exceed thirty years.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding 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 information as of June 30, 2013 about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for the benefits.

Note 11: Other Post-Employment Benefits (continued)

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 the 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 employer and plan member to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial liabilities and the actuarial assets, consistent with the long-term perspective of the calculations.

In the June 30, 2013 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumption included a 5.25 percent investment rate of return (net of administrative expenses), which is the assumed rate of expected long-term investment returns on plan assets. Calculation was based on the funded level of the plan at the valuation date and an annual healthcare cost trend rate of actual premiums, reduced by increments of 0.6% - 0.8% per year to an ultimate rate of 5.0% after the tenth year. The unfunded actuarial accrued liability (UAAL) is being amortized as a level percentage of projected payroll over 30 years. It is assumed the City's payroll will increase 3.25% per year.

Required Supplementary Information

Valuation Date:	June 30, 2013
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Market Value
ARC as a Percent of Payroll:	32.5%
Amortization Method:	Level percentage of payroll
Amortization Period:	24-year remaining on 30 year fixed 15-year fixed for subsequent plan changes
Funding Policy:	Phase in to full ARC funding
Inflation Rate Assumed:	3.0%

Schedule of Funding Progress (using 5.25% annual return assumption)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL(UAAL)(b-a)	Funded Ratio (a/b)	Covered Payroll	UAAL as Percentage of Covered Payroll
6/30/2013	$ 4,265,000	$ 15,201,000	$ 10,936,000	28.1%	$ 2,888,000	378.7%
6/30/2011	3,068,000	17,489,000	14,421,000	17.5%	5,972,000	241.5%
1/1/2010	2,207,000	14,919,000	12,712,000	14.8%	5,784,000	219.8%

Note 12: Successor Agency - Private Purpose Trust Fund

On December 29, 2011, the California Supreme Court upheld Assembly Bill X1 26, ("the Bill") that provides for the dissolution of all redevelopment agencies in the State of California. Most California cities had established a redevelopment agency that was included in the reporting entity of the city as a blended component unit (since the city council, in many cases, also served as the governing board for those agencies).

The Bill provided that upon dissolution of a redevelopment agency, either the city or another unit of local government will agree to serve as the "Successor Agency" to hold the assets until they are distributed to other units of state and local government. If the city declines to accept the role of Successor Agency, other local agencies may elect to perform this role. If no local agency accepts the role of Successor Agency, the Governor is empowered by the Bill to establish a local "designated local authority" to perform this role. On January 11, 2012, the City Council met and created the Successor Agency to the former Norco Community Redevelopment Agency in accordance with the Bill as part of the City of Norco resolution number 2012-01. After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets could only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable, contractual commitments).

In future fiscal years, successor agencies will only be allocated tax increment 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. The Bill directs the State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other private and public bodies that occurred after January 1, 2011. If the body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by the Bill.

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity on February 1, 2012. After the date of dissolution, January 31, 2012, the assets, liabilities, and activities of the dissolved redevelopment agency are reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City of Norco.

Note 12: Successor Agency - Private Purpose Trust Fund (continued)

A. Successor Agency long-term debt

In accordance with the provisions of the AB X1 26 and the California Supreme Court's decision to uphold the Bill, the obligations of the former Community Redevelopment Agency became vested with the funds established for the Successor Agency upon the date of dissolution, February 1, 2012. Former tax increment revenues pledged to fund the debts of the former Community Redevelopment Agency will be distributed to the Successor Agency subject to the reapportionment of such revenues as provided by the Bill.

The debt of the Successor Agency as of June 30, 2014 is as follows:

	Beginning Balance	Additions	Deletions	Ending balance	Due within one year
Bonds					
2001 Refunding tax allocation bonds	$ 23,965,000	$ -	$ 1,500,000	$ 22,465,000	$ 1,580,000
2001 Refunding tax allocation bonds (School district)	3,745,000	-	140,000	3,605,000	145,000
2004 Tax allocation refunding bonds (School district pass-through)	9,150,000	-	280,000	8,870,000	295,000
2005 Refunding tax allocation bonds	16,610,000	-	70,000	16,540,000	70,000
2009 Tax allocation bonds (School district pass-through)	11,300,000	-	225,000	11,075,000	235,000
2010 Refunding tax allocation bonds	24,255,000	-	120,000	24,135,000	125,000
Subtotal bonds payable	89,025,000	-	2,335,000	86,690,000	2,450,000
Plus (less) deferred amounts					
For issuance premium	195,909	-	16,325	179,584	16,326
For issuance discount	(481,048)	-	(22,166)	(458,882)	(22,166)
Total bonds payable	88,739,861	-	2,329,159	86,410,702	2,444,160
Total long-term debt	$ 88,739,861	$ -	$ 2,329,159	$ 86,410,702	$ 2,444,160

The following amount has been reclassified and reported as deferred outflow of resources:

Deferred outflow of resources	Beginning Balance	Additions	Deletions	Ending balance
For deferred loss on refunding	$ 2,061,748	$ -	$ 126,060	$ 1,935,688

Note 12: Successor Agency - Private Purpose Trust Fund (continued)

A. Successor Agency long-term debt (continued)

Future debt service requirements are as follows:

Fiscal Years	Tax Allocation Bonds	
Ending June 30,	Principal	Interest
2015	$ 2,450,000	$ 4,748,655
2016	2,570,000	4,629,773
2017	2,695,000	4,503,724
2018	2,835,000	4,369,099
2019	2,975,000	4,226,199
2020-2024	17,275,000	18,729,086
2025-2029	22,290,000	13,707,526
2030-2034	29,120,000	6,876,876
2035-2038	4,480,000	407,101
Totals	$ 86,690,000	$ 62,198,039

In June 2000, the Redevelopment Agency issued Norco Redevelopment Project Area No. 1 Tax Allocation Bonds, Issue of 2000, in the aggregate principal amount of $2,425,000. The Bonds are dated June 1, 2000 with interest paid at a rate from 4.25% to 5.78% semi-annually on March 1 and September 1 in each year, commencing on March 1, 2001. The purpose of these Bonds was to fund projects undertaken for Redevelopment purposes. The bonds were advance refunded in April 2010 with proceeds from the 2010 Refunding Tax Allocation Bonds.

In December 2001, the Redevelopment Agency issued Norco Redevelopment Project Area No. 1 Refunding Tax Allocation Bonds, Issue of 2001, in an aggregate principal amount of $36,000,000. The Bonds are dated December 1, 2001 with interest paid at a rate from 2.10% to 5.13% payable semi-annually on March 1 and September 1 commencing on March 1, 2002. The purpose of these bonds was to defease $18,310,000 of the Refunding Tax Allocation Bonds, Issue of 1992 and to fund projects undertaken for redevelopment purposes. Proceeds from the sale were placed in an irrevocable trust that is to be used to service the future debt service requirements of the old debt. On February 1, 2012 the outstanding balance of this issue was transferred to the Successor Agency.

Note 12: Successor Agency - Private Purpose Trust Fund (continued)

A. Successor Agency long-term debt (continued)

In December 2001, the Agency issued Norco Redevelopment Project Area No. 1 Tax Allocation Refunding Bonds (School District Pass-Through), Issue of 2001, in an aggregate principal amount of $5,100,000. The Bonds are dated December 1, 2001, with interest paid at a rate from 2.50% to 5.50% payable semi-annually on March 1 and September 1 commencing on March 1, 2002. The Bonds were issued to refund on a current basis a portion of the Norco Redevelopment Project Area No. 1, School District Capital Appreciation Tax Allocation Bonds, Issue of 1992. The Bonds were issued concurrently with and on a senior lien basis to the $3,375,000 Norco Redevelopment Project Area No. 1 Subordinated Tax Allocation Refunding Notes (School District Pass-Through), Issue of 2001 (the "Notes"). The proceeds from the sale were placed in an irrevocable trust along with the proceeds of the Notes to be used to service the future debt service requirements of the old debt. The Bonds are limited obligations of the Agency payable solely from Pledged Tax Revenues otherwise required by the Pass-Through Agreement to be passed through to the Corona-Norco Unified School District.

In July 2003, the Agency issued Norco Redevelopment Project Area No. 1 Tax Allocation Bonds, Issue of 2003, in an aggregate principal amount of $21,500,000. The bonds are dated July 1, 2003, with interest paid at a rate from 2.00% to 4.75% semi-annually on March 1 and September 1 in each year, commencing on September 1, 2003. The purpose of these bonds was to fund projects undertaken for redevelopment purposes. The bonds were advance refunded in April of 2010 with proceeds from the 2010 Refunding Tax Allocation Bonds

In November 2004, the Agency issued Norco Redevelopment Project Area No. 1 Tax Allocation Refunding Bonds (School District Pass-through), Issue of 2004, in the aggregate principal of $11,250,000. The bonds are dated November 22, 2004, with interest paid at a rate from 1.75% to 4.50% semi-annually on March 1 and September 1 each year, commencing on March 1, 2005. The bonds were issued on a parity basis with the Agency's previously issued Norco Redevelopment Project Area No. 1, Tax Allocation Refunding Bonds (School District Pass-through), Issue of 2001, to refund on a current basis the $3,375,000 Norco Redevelopment Project Area No. 1 Subordinated Tax Allocation Refunding Notes (School District Pass-through), Issue of 2001. The bonds were also issued to fund projects undertaken for redevelopment purposes. A portion of the bond proceeds from the sale were placed in an irrevocable trust to be used to service the future debt service requirements of the old debt.

Note 12: Successor Agency - Private Purpose Trust Fund (continued)

A. Successor Agency long-term debt (continued)

In December 2005, the Agency issued Norco Redevelopment Project Area No. 1 Refunding Tax Allocation Bonds, Issue of 2005, in the aggregate principal of $17,245,000. The bonds are dated December 7, 2005, with interest paid at a rate from 3.00% to 4.35% semi-annually on March 1 and September 1 each year, commencing on March 1, 2006. The bonds were issued on a parity basis with the Agency's previously issued Norco Redevelopment Project Area No. 1, 2001 Refunding Tax Allocation Bonds and Norco Redevelopment Project Area No. 1, 2003 Tax Allocation Bonds to refund on a current basis the $16,335,000 Norco Redevelopment Project Area No. 1, 1996 Refunding Tax Allocation Bonds. The bonds were also issued to fund projects undertaken for redevelopment purposes. A portion of the bond proceeds from the sale were placed in an irrevocable trust to be used to service the future debt service requirements of the old debt.

The reacquisition price exceeded the net carrying amount of the old debt by $326,515. This amount is being netted against the new debt and being amortized over the remaining life of the refunded debt. The advance refunding resulted in a decrease in debt service payments over the next 20 years of $1,257,574 and resulted in an economic gain of $888,220. The unamortized amount of this gain was transferred to the Successor Agency on February 1, 2012.

In April 2009, the Agency issued Norco Redevelopment Project Area No. 1 Tax Allocation Bonds (School District Pass-through), Issue of 2009 in an aggregate principal amount of $12,200,000. The bonds are dated April 30, 2009 with interest paid at a rate from 3.25% to 7.00% payable semi-annually on March 1 and September 1, commencing on September 1, 2009. The bonds were issued on a parity basis with the Agency's previously issued Norco Redevelopment Project Area No. 1, Tax Allocation Refunding Bonds (School District Pass-through), Issue of 2001, and with the Agency's previously issued Norco Redevelopment Area No. 1 Tax Allocation Refunding Bonds (School District Pass-through), Issue of 2004. The bonds are limited obligations of the Agency's payable solely from Pledged Tax Revenues otherwise required by the Pass-Through Agreement to be passed through to the Corona Norco Unified School District.

In April of 2010, the Agency issued Norco Redevelopment Project Area No. 1 Refunding Tax Allocation Bonds, Issue of 2010, in the aggregate principal of $24,500,000. The bonds are dated May 11, 2010, with interest paid at a rate from 2.15% to 6.14% semi-annually on March 1 and September 1 each year, commencing on September 1, 2010. The bonds were issued on a parity basis with the Agency's previously issued Norco Redevelopment Project Area No. 1, 2000 Tax Allocation Bonds, Norco Redevelopment Project Area No. 1, 2001 Refunding Tax Allocation Bonds and Norco Redevelopment Project Area No. 1, 2003 Tax Allocation Bonds to refund on a current basis the $1,955,000 Norco Redevelopment Project Area No. 1, 2000 Tax Allocation Bonds, to advance refund the $21,500,000 Norco Redevelopment Project Area No. 1, 2005 Refunding Tax Allocation Bonds, to fund capitalized interest and the Reserve Account, and to finance the Project Area. The bonds were issued to reduce volatility in future debt service payment requirements in an effort to improve future cash flows. A portion of the bond proceeds from the sale were placed in an irrevocable trust to be used to service the future debt service requirements of the old debt.

Note 12: Successor Agency - Private Purpose Trust Fund (continued)

A. Successor Agency long-term debt (continued)

The reacquisition price exceeded the net carrying amount of the old debt by $2,196,103. This amount is being netted against the new debt and being amortized over the remaining life of the refunded debt. The advance refunding resulted in an increase in debt service payments over the next 25 years of $22,802,534 and resulted in an economic loss of $4,112,492. The unamortized amount of this loss was transferred to the Successor Agency on February 1, 2012.

B. Successor Agency receivables

Automobile dealer loans

In December of 2008, the Agency entered into a Loan Agreement with a local automobile dealership to provide a Line of Credit not to exceed $500,000 from which the dealer could draw from in order to maintain its operations. The Loan is secured by Promissory Note executed by the owner. The loan is payable over seven years with interest at 5.15%. The balance outstanding at June 30, 2014, is $122,774.

Cal Homes program

Loans were available to qualifying low and very low-income residents through the Cal Homes program to assist with the cost of rehabilitating owner-occupied residences. Loans carried interest rates of either 0% (for eligible senior citizens) or 3% (for non senior citizens). Loans are due up to 30 years after origination or in the event the property is sold or refinanced. On February 1, 2012, the outstanding balance of these receivables was transferred to the Successor Agency.

Note 13: Low and Moderate Income Housing Successor

In accordance with the provisions of the AB X1 26, the California Health and Safety Code Section 34176, and the California Supreme Court's decision to uphold the Bill, the city that authorized the creation of the Community Redevelopment Agency may elect to retain the housing assets and functions previously performed by the redevelopment agency as the Housing Successor. The City of Norco elected "not" to be Housing Successor of the previously performed housing functions of the Community Redevelopment Agency. If a city does not elect to retain the responsibility for performing housing functions previously performed by a redevelopment agency, all rights, powers, assets, duties, and obligations associated with the housing activities of the agency, excluding enforceable obligations retained by the Successor Agency and any amounts in the Low and Moderate Income Housing Fund, shall be transferred as follows: (1) If there is no local housing authority in the territorial jurisdiction of the former redevelopment agency, to the Department of Housing and Community Development. (2) If there is one local housing authority in the territorial jurisdiction of the former redevelopment agency, to that local housing authority.

Note 13: Low and Moderate Income Housing Successor (continued)

(3) If there is more than one local housing authority in the territorial jurisdiction of the former redevelopment agency, to the local housing authority selected by the city that authorized the creation of the redevelopment agency. As of June 30, 2014, there has not been a designation for a Housing Successor and the City of Norco and the Successor Agency are acting as a holding agent of the housing assets and liabilities to be transferred to the agency that would assume the housing functions previously performed by the Community Redevelopment Agency.

The following schedule summarizes these balances of these assets and liabilities as of June 30, 2014:

	June 30, 2014
ASSETS	
Cash and investments	$ 1,115,925
Cash and investments with fiscal agents	1,567,894
Receivables:	
Accounts receivable	11,738
Notes	9,210,862
Interest	440
Property held for resale	3,369,583
Due from other governments	2,500,000
Total assets	17,776,442
LIABILITIES	
Deposits payable	5,615
Unearned revenue	3,343
Total liabilities	8,958
NET POSITION	
Held in trust for the entity to be designated the Housing Successor	$ 17,767,484

A. Housing Successor receivables

First time home buyer loans/notes

First time home buyer loans are available to qualifying low to moderate-income residents with a maximum loan amount of $80,000. Loans are due in 30 years or upon sale of property. Deferred loans are available to qualifying residents with a maximum loan amount of $40,000, up to $60,000 with executive approval. A 0% loan is available for seniors and the disabled and is not payable until sale or refinancing of the property. The 3% loan is available to qualified households without an age restriction and is due in 15 years or upon sale or refinancing of the property. On February 1, 2012, the outstanding balance of these receivables was transferred to the Successor Agency as a holding agent and to be forwarded to the organization assuming the Housing Successor function of the former Community Redevelopment Agency.

Note 13: Low and Moderate Income Housing Successor (continued)

A. Housing Successor receivables(continued)

Developer loans

On May 22, 2008, the Agency entered into a Loan Agreement with a Developer to provide a loan of $5,100,000 to provide a portion of the funds to finance the rehabilitation and conversion of eighty-six units of low-and very-low income housing units in Heritage Park Senior Citizen Apartment Complex. The financial assistance is in the form of a residual receipts loan which is to be repaid over a fifty-seven year affordability covenant period. The Loan is secured by a Second Deed of Trust against the property. The loan payments are 50% of the residual receipts with simple interest at 1%. The complex will remain as a low/moderate income senior housing complex over the entire term of the loan. On February 1, 2012, the outstanding balance of this receivable was transferred to the Successor Agency as a holding agent and to be forwarded to the organization assuming the Housing Successor function of the former Community Redevelopment Agency.

Sewer Connection Fee Program loans receivable

The former agency administered several loan programs to its low to moderate-income residents. Balances under the Sewer Connection Fee Program are forgiven after fifteen years with the loan amount equal to the actual cost. Due to the nature of this program and the probability of forgiveness of these loans, they are not reflected on the statements as receivables.

Note 14: Risks and uncertainties

Grants

Amounts received or receivable from granting agencies are subject to audits and adjustments by those granting agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount of expenditures that may be disallowed by the grantor cannot be determined at this time, although the management of the City expects such amounts, if any, to be immaterial to the financial statements taken as a whole.

Successor Agency

Deductions (expenses) incurred by the Successor Agency for the year ended June 30, 2014 (and subsequent years in which the Successor Agency is in operation), are subject to review by various State agencies and the County in which the Successor Agency resides. If any expenses incurred by the Successor Agency are disallowed by the State agencies or County, the City, acting as the Successor Agency could be liable for the repayment of the disallowed costs from either its own funds or by the State withholding remittances normally paid to the City.

Note 14: Risks and uncertainties (continued)

The amount, if any, of expenses that may be disallowed by the State agencies or County cannot be determined at this time as to be immaterial or not. Furthermore, as of June 30, 2014, the Successor Agency of the former Community Redevelopment Agency is subject to reviews and procedures to be performed on the appropriateness of the transfer of assets and liabilities to the Successor Agency and or the City. The result of these reviews and procedures could impact the City and its finances if an unfavorable outcome results from them. The amount, if any, for any possible contingency, cannot be determined at this time to be immaterial or not.

Note 15: Norco Silverlakes Ground Lease

On or about July 6, 2011, the City of Norco (Landlord) and Balboa Management Group, LLC (Tenant), entered into a Ground Lease, Development, and Shared Use Agreement with the purpose of the development, management and operation of the property known as Silverlakes into an Equestrian and Sports Park. The Ground Lease has an original term of Thirty (30) years, with options to extend the lease to maximum lease duration of Ninety-nine (99) years.

Annual Minimum Rent

The "Annual Minimum Rent" payable for the first five (5) years from and after the Term Commencement Date shall be $396,480. The Annual Minimum Rent shall be paid in twelve (12) equal monthly installments payable in advance on or before the first day of each calendar month. The Annual Minimum Rent shall be subject to adjustment as follows:

(a) On the first day of the 6th Lease Year, the Annual Minimum Rent shall be increased by 8% of the Annual Minimum Rent in effect as of the Term Commencement Date;

(b) On the first day of the 16th Lease Year, the Annual Minimum Rent shall be increased by 8% of the Annual Minimum Rent in effect immediately prior to the 16th year Adjustment Date;

(c) On the first day of the 26th Lease Year, the Annual Minimum Rent shall be increased by 8% of the Annual Minimum Rent in effect immediately prior to the 26th year Adjustment Date, and

d) On first day of the 31st Lease Year and on each five (5) year anniversary thereof occurring throughout the Extended Tem, the Annual Minimum Rent shall be adjusted by the percentage change in the Consumer Price Index ("Index") measured from the immediately preceding Adjustment Date to the instant Adjustment Date (as measured pursuant to the procedure described on the lease agreement), but in no event shall an increase be more than 10% or less than 3% of the Annual Minimum Rent in effect immediately prior to the applicable Adjustment Date. Future estimated revenues from the lease for the next five years are as follows:

Fiscal Year	Amount
2015	$ 396,480
2016	396,480
2017	412,339
2018	428,198
2019	428,198

Note 16: Change of Accounting Principle

As discussed in Note 1, the City implemented GASB Statement No. 65 effective July 1, 2013. GASB 65, among other provisions, amended prior guidance with respect to the treatment of debt issuance costs. Under GASB 65, debt issuance costs, except any portion related to prepaid insurance costs, are recognized as an expense in the period incurred rather than reported as an asset on the statement of net position and recognized as an expense in a systematic and rational manner over the duration of the related debt. GASB 65 requires that accounting changes adopted to conform to the provisions of the Statement be applied retroactively by restating financial statements. The City's unamortized balance of debt issuance costs, excluding prepaid insurance, at the beginning of the year was $632,510.

Note 17: Subsequent Events

In July 23, 2014, the Successor Agency to the Norco Community Redevelopment Agency issued Tax Allocation Refunding bonds, issue of 2014, in an aggregate principal amount of $20,525,000. The Bonds are dated July 23, 2014 with interest paid at a rate from 2.0% to 5.0% payable semi-annually on March 1 and September 1 commencing on March 1, 2015. The purpose of these bonds was to refinance the Prior Agency's previously issued $36,000,000 Norco Redevelopment Project Area No. One, 2001 Tax Allocation Refunding Bonds, of which $22,465,000 are outstanding as of June 30, 2014.

In July 23, 2014, the Successor Agency to the Norco Community Redevelopment Agency issued Tax Allocation Refunding bonds, issue of 2014, in an aggregate principal amount of $10,970,000. The Bonds are dated July 23, 2014 with interest paid at a rate from 2.0% to 5.0% payable semi-annually on March 1 and September 1 commencing on March 1, 2015. The purpose of these bonds was to refinance the Prior Agency's previously issued $5,100,000 Norco Redevelopment Project Area No. One, Tax Allocation Refunding Bonds (School District Pass-Through), Issue of 2001 of which $3,605,000 are outstanding as of June 30, 2014 and the Prior Agency's previously issued $11,250,000 Norco Redevelopment Project No. One, Tax allocation Refunding Bonds (School District Pass-Through), Issue of 2004, of which $8,870,000 are outstanding as of June 30, 2014.

REQUIRED SUPPLEMENTARY INFORMATION

Required Supplementary Information
City of Norco
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Taxes	$ 10,125,458	$ 10,494,552	$ 10,984,332	$ 489,780
Licenses and permits	361,594	391,594	518,126	126,532
Fines and forfeitures	309,450	369,450	408,066	38,616
Intergovernmental	188,704	188,704	194,212	5,508
Charges for services	2,869,749	2,565,617	2,888,508	322,891
Investment earnings-lease income	531,759	500,759	516,650	15,891
Reimbursements	55,000	105,000	114,756	9,756
Other	25,000	25,000	32,663	7,663
Total revenues	14,466,714	14,640,676	15,657,313	1,016,637
EXPENDITURES				
Current:				
General government	4,016,021	4,016,021	3,625,654	390,367
Public safety	8,379,830	8,379,830	8,133,741	246,089
Streets and highways	96,822	96,822	84,583	12,239
Community and economic development	823,411	823,411	760,009	63,402
Culture and leisure	1,714,976	1,714,976	1,599,338	115,638
Total expenditures	15,031,060	15,031,060	14,203,325	827,735
Excess (deficiency) of revenues over (under) expenditures	(564,346)	(390,384)	1,453,988	1,844,372
OTHER FINANCING SOURCES (USES)				
Transfers in	308,196	308,196	346,061	37,865
Transfers out	(125,000)	(661,000)	(661,000)	-
Total other financing sources (uses)	183,196	(352,804)	(314,939)	37,865
Net change in fund balance	(381,150)	(743,188)	1,139,049	1,882,237
Fund balance, beginning of year	5,022,400	5,022,400	5,022,400	-
Fund balance, end of year	$ 4,641,250	$ 4,279,212	$ 6,161,449	$ 1,882,237

Required Supplementary Information
City of Norco
Schedule of Funding Progress
Other Post-Employment Benefits
For the Year Ended June 30, 2014

	Retiree Health Plan					
Valuation Date	Normal Accrued Liability (in thousands)	Actuarial Value of Assets (in thousands)	Unfunded (Overfunded) Liability (in thousands)	Funded Ratio	Annual Covered Payroll (in thousands)	UAAL as a % of Payroll
6/30/2013	$ 15,201	$ 4,265	$ 10,936	28.1%	$ 2,888	378.7%
6/30/2011	17,489	3,068	14,421	17.5%	5,972	241.5%
1/1/2010	14,919	2,207	12,712	14.8%	5,784	219.8%

Budget amounts presented in the Required Supplementary Information are prepared on a basis consistent with accounting principles generally accepted in the United States of America.

Note 1: Excess of expenditures over appropriations

None in the general fund

INDIVIDUAL FUND SCHEDULES AND COMBINING FINANCIAL STATEMENTS

This page left blank intentionally.

COMBINING NON-MAJOR GOVERNMENTAL FUNDS

This page left blank intentionally.

Non-major Governmental Funds
Fund Descriptions

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes:

Miscellaneous Grant Fund – to account for the receipt and expenditure of miscellaneous grants not accounted for in a separate fund.

Community Development Block Grant – to account for federal grants under the Department of Housing and Urban Development (HUD) Community Development Block Grant (CDBG) Program.

Gas Tax – to account for the repair and maintenance of streets and traffic signals of the City. Financing is through the State Highway Users Tax Sections 2105, 2106, 2107, and 2107.5 of the Streets and Highways Code.

Measure A – to account for the construction, reconstruction, alteration, and maintenance of the streets of the City. Financing is through the Riverside County Transportation Commission half-cent sales tax.

National Pollutant Discharge Elimination System (NPDES) – to account for the proceeds of the charge used to maintain and operate the City's storm drains and flood control channels into the Santa Ana River. This service area assessment is exempt from the requirements of Prop. 218.

Air Quality Improvement Trust – to account for the receipt of AB 2766 funds to implement programs that reduce air pollution from motor vehicles. Local Governments receive forty percent of the motor vehicle registration fee surcharge of $4 per vehicle collected by the Department of Motor Vehicles.

Supplemental Law Enforcement Block Grant – to account for grant funds used for front line law enforcement services.

Office of Traffic Safety – to account for funds provided by this mini-grant to increase the level of seat belt enforcement hours on an overtime basis for first line supervisors, officers, and clerical staff.

Landscape Maintenance District #1 – to account for the cost of operation, maintenance, and servicing of the improvements for the Beazer Homes in Norco. Funding is provided by assessments charged to the homeowners/developers in the area.

Landscape Maintenance District #2 – to account for the cost of operation, maintenance, and servicing of the improvements for the Norco Estates/Western Pacific Homes in Norco. Funding is provided by assessments charged to the homeowners/developers in the area.

Landscape Maintenance District #3 – to account for the cost of operation, maintenance, and servicing of the improvements for the Centex Homes in Norco. Funding is provided by assessments charged to the homeowners/developers in the area.

Landscape Maintenance District #4 – to account for the cost of operation, maintenance, and servicing of the improvements for the Norco Ridge Ranch Homes in Norco. Funding is provided by assessments charged to the homeowners/developers in the area.

Landscape Maintenance District #5 – to account for the cost of operation, maintenance, and servicing of the improvements for the K. B. Homes in Norco. Funding is provided by assessments charged to the homeowners/developers in the area.

Special Asset – to account for the proceeds from the sale of assets that are legally restricted for specific use by a resolution of the governing body.

Capital Projects Funds

Capital Project Funds are used to account for major capital acquisition and construction separately from their ongoing operating activities, including those financed by special assessments.

Storm Drain – to account for the construction of channels and storm drains to mitigate the storm water run-off impacts caused by new development. Financing is through an impact fee imposed on all new development in the City.

General Government Improvement – to account for the construction of general government facilities such as a new government center, additional library facilities, and other general capital needs. Financing is through an impact fee imposed on all new development in the City.

Fire Improvement – to account for the construction of fire stations and the purchase of fire equipment. Financing is through an impact fee imposed on all new development in the City.

Trails Improvement – to account for the acquisition, improvement, and development of equestrian-pedestrian trails. Financing is through an impact fee imposed on all new development in the City.

Community Facilities District 93-1 – to account for the construction of drainage, street, and sanitary improvements to assist in the development of the Gateway Town Center section of the Gateway Target Area. Financing is through special assessments.

Park Improvement – to account for the acquisition, improvement, and development of park and open space land and recreational facilities. Financing is through an impact fee imposed on all new development in the City.

Public Library – to construct additional square feet to the library facility and to purchase additional volumes when necessary to ensure that the City's citizens have access to and enjoyment of the library space and collection.

Public Meeting – to account for the construction of additional community center space.

Street Improvement – to account for the cost of street improvements including widening and reconstruction, traffic signals, street landscaping, intersection improvements, and freeway interchange improvements. Financing is through an impact fee imposed on all new development in the City, grants and capital contribution from other governments and private entities.

Aquatics Center – to account for the cost of expanding the aquatics center to meet the added demands created by the construction of additional residential dwelling units.

Animal Control – to account for the expansion of the animal control facilities and will increase the number of response and investigator vehicles.

Facility Improvement – to account for resources that are to be used for the replacement or major capital improvements of City facilities as libraries and community centers. The City does not present a Budget versus Actual Schedule for this fund.

City of Norco
Combining Balance Sheet
Non-major Governmental Funds
June 30, 2014

	Special Revenue Funds		
	Miscellaneous Grant Fund	Community Development Block Grant	Gas Tax
ASSETS			
Cash and investments	$ 10,565	$ -	$ 873,029
Receivables, net:			
Accounts	-	-	-
Interest	-	-	172
Prepaids	-	-	-
Due from other governments	6,024	6,071	84,034
Total assets	$ 16,589	$ 6,071	$ 957,235
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued items	$ 1,408	$ -	$ 88,857
Retentions payable	-	-	-
Due to other funds	-	6,071	-
Deposits payable	-	-	-
Unearned revenues	15,181	-	-
Total liabilities	16,589	6,071	88,857
Fund balances (deficit):			
Nonspendable	-	-	-
Restricted	-	-	868,378
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
Total fund balances (deficit)	-	-	868,378
Total liabilities and fund balances	$ 16,589	$ 6,071	$ 957,235

continued

Special Revenue Funds			
Measure A	NPDES	Air Quality Improvement Trust	Supplemental Law Enforcement Block Grant
$ 2,923,829	$ 21,130	$ 102,625	$ -
-	-	-	-
650	-	22	-
-	-	-	-
92,800	-	8,600	16,666
$ 3,017,279	$ 21,130	$ 111,247	$ 16,666
$ -	$ 4,280	$ -	$ 8,333
-	-	-	-
-	-	-	8,333
-	-	-	-
-	-	-	-
-	4,280	-	16,666
-	-	-	-
3,017,279	16,850	111,247	-
-	-	-	-
-	-	-	-
-	-	-	-
3,017,279	16,850	111,247	-
$ 3,017,279	$ 21,130	$ 111,247	$ 16,666

City of Norco
Combining Balance Sheet
Non-major Governmental Funds
June 30, 2014

	Special Revenue Funds		
	Office of Traffic Safety	Landscape Maintenance District #1	Landscape Maintenance District #2
ASSETS			
Cash and investments	$ -	$ 16,389	$ -
Receivables, net:			
Accounts	-	-	-
Interest	-	4	(3)
Prepaids	-	-	-
Due from other governments	-	474	3,009
Total assets	$ -	$ 16,867	$ 3,006
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued items	$ -	$ 541	$ 6,409
Retentions payable	-	-	-
Due to other funds	-	213	11,601
Deposits payable	-	-	-
Unearned revenues	-	-	-
Total liabilities	-	754	18,010
Fund balances (deficit):			
Nonspendable	-	-	-
Restricted	-	-	-
Committed	-	16,113	-
Assigned	-	-	-
Unassigned	-	-	(15,004)
Total fund balances (deficit)	-	16,113	(15,004)
Total liabilities and fund balances	$ -	$ 16,867	$ 3,006

continued

Special Revenue Funds				
Landscape Maintenance District #3	Landscape Maintenance District #4	Landscape Maintenance District #5	Special Asset	Total Special Revenue Funds
$ 70,637	$ 363,327	$ 75,585	$ 1,510,212	$ 5,967,328
499	1,939	-	-	2,438
15	73	16	342	1,291
-	-	-	3,750	3,750
909	15,445	1,056	-	235,088
$ 72,060	$ 380,784	$ 76,657	$ 1,514,304	$ 6,209,895
$ 3,776	$ 27,616	$ 2,187	$ -	$ 143,407
-	-	-	-	-
3,015	4,062	327	-	33,622
-	6,400	-	-	6,400
-	-	-	-	15,181
6,791	38,078	2,514	-	198,610
-	-	-	3,750	3,750
-	-	-	-	4,013,754
65,269	342,706	74,143	-	498,231
-	-	-	1,510,554	1,510,554
-	-	-	-	(15,004)
65,269	342,706	74,143	1,514,304	6,011,285
$ 72,060	$ 380,784	$ 76,657	$ 1,514,304	$ 6,209,895

City of Norco
Combining Balance Sheet
Non-major Governmental Funds
June 30, 2014

	Capital Projects Funds		
	Storm Drain	General Government Improvement	Fire Improvement
ASSETS			
Cash and investments	$ 750,396	$ 520,384	$ 619,995
Receivables, net:			
Accounts	-	-	-
Interest	48	118	140
Prepaids	-	-	-
Due from other governments	-	-	-
Total assets	$ 750,444	$ 520,502	$ 620,135
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued items	$ 520,494	$ -	$ 58,000
Retentions payable	-	-	-
Due to other funds	-	-	-
Deposits payable	-	-	-
Unearned revenues	-	-	-
Total liabilities	520,494	-	58,000
Fund balances (deficit):			
Nonspendable	-	-	-
Restricted	-	-	-
Committed	-	-	-
Assigned	229,950	520,502	562,135
Unassigned	-	-	-
Total fund balances (deficit)	229,950	520,502	562,135
Total liabilities and fund balances	$ 750,444	$ 520,502	$ 620,135

continued

Capital Projects Funds				
Trails Improvement	Community Facilities District 93-1	Park Improvement	Public Library	Public Meeting
$ 273,423	$ 58,387	$ 1,077,423	$ 14,622	$ 41,972
-	-	-	-	-
62	13	177	3	10
-	-	-	-	-
-	-	-	-	-
$ 273,485	$ 58,400	$ 1,077,600	$ 14,625	$ 41,982
$ -	$ -	$ 138,430	$ -	$ -
-	-	21,825	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	160,255	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
273,485	58,400	917,345	14,625	41,982
-	-	-	-	-
273,485	58,400	917,345	14,625	41,982
$ 273,485	$ 58,400	$ 1,077,600	$ 14,625	$ 41,982

City of Norco
Combining Balance Sheet
Non-major Governmental Funds
June 30, 2014

	Capital Projects Funds		
	Street Improvement	Aquatics Center	Animal Control
ASSETS			
Cash and investments	$ 2,170,141	$ 9,480	$ 33,704
Receivables, net:			
Accounts	-	-	-
Interest	434	2	8
Prepaids	-	-	-
Due from other governments	-	-	-
Total assets	$ 2,170,575	$ 9,482	$ 33,712
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued items	$ 311,321	$ -	$ -
Retentions payable	2,370	-	458
Due to other funds	-	-	-
Deposits payable	-	-	-
Unearned revenues	-	-	-
Total liabilities	313,691	-	458
Fund balances (deficit):			
Nonspendable	-	-	-
Restricted	-	-	-
Committed	-	-	-
Assigned	1,856,884	9,482	33,254
Unassigned	-	-	-
Total fund balances (deficit)	1,856,884	9,482	33,254
Total liabilities and fund balances	$ 2,170,575	$ 9,482	$ 33,712

continued

Capital Projects Funds		Total Nonmajor Governmental Funds
Facility Improvement	Total Capital Projects Funds	
$ 150,098	$ 5,720,025	$ 11,687,353
-	-	2,438
-	1,015	2,306
-	-	3,750
-	-	235,088
$ 150,098	$ 5,721,040	$ 11,930,935
$ -	$ 1,028,245	$ 1,171,652
-	24,653	24,653
-	-	33,622
-	-	6,400
-	-	15,181
-	1,052,898	1,251,508
-	-	3,750
-	-	4,013,754
-	-	498,231
150,098	4,668,142	6,178,696
-	-	(15,004)
150,098	4,668,142	10,679,427
$ 150,098	$ 5,721,040	$ 11,930,935

City of Norco
Combining Statements of Revenues, Expenditures, and Changes in Fund Balances
Non-major Governmental Funds
For the Year Ended June 30, 2014

	Special Revenue Funds		
	Miscellaneous Grant Fund	Community Development Block Grant	Gas Tax
REVENUES			
Taxes	$ -	$ -	$ -
Assessments	-	-	-
Development fees	-	-	-
Intergovernmental	89,970	82,304	857,406
Charges for services	-	-	-
Investment earnings-lease income	-	-	775
Reimbursements	-	-	-
Other	-	-	770
Total revenues	89,970	82,304	858,951
EXPENDITURES			
Current:			
General government	-	-	-
Public safety	-	-	-
Streets and highways	-	-	572,286
Community and economic development	-	70,300	-
Culture and leisure	59,970	-	-
Total expenditures	59,970	70,300	572,286
Excess (deficiency) of revenues over (under) expenditures	30,000	12,004	286,665
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	(30,000)	(12,004)	(453)
Total other financing sources (uses)	(30,000)	(12,004)	(453)
Net change in fund balances	-	-	286,212
Fund balances (deficit), beginning of year	-	-	582,166
Fund balances (deficit), end of year	$ -	$ -	$ 868,378

continued

Special Revenue Funds			
Measure A	NPDES	Air Quality Improvement Trust	Supplemental Law Enforcement Block Grant
$ 559,830	$ 62,521	$ -	$ -
-	-	-	-
-	-	-	-
-	-	32,859	100,000
-	-	-	-
2,979	-	100	-
-	-	-	-
-	-	-	-
562,809	62,521	32,959	100,000
-	-	-	-
-	-	-	100,000
242,141	106,702	-	-
-	-	-	-
-	-	-	-
242,141	106,702	-	100,000
320,668	(44,181)	32,959	-
-	25,000	-	-
-	(277)	(1,500)	-
-	24,723	(1,500)	-
320,668	(19,458)	31,459	-
2,696,611	36,308	79,788	-
$ 3,017,279	$ 16,850	$ 111,247	$ -

City of Norco
Combining Statements of Revenues, Expenditures, and Changes in Fund Balances
Non-major Governmental Funds
For the Year Ended June 30, 2014

	Special Revenue Funds		
	Office of Traffic Safety	Landscape Maintenance District #1	Landscape Maintenance District #2
REVENUES			
Taxes	$ -	$ -	$ -
Assessments	-	9,007	130,580
Development fees	-	-	-
Intergovernmental	22,916	-	-
Charges for services	-	-	-
Investment earnings-lease income	-	16	(37)
Reimbursements	-	-	-
Other	-	-	2,342
Total revenues	22,916	9,023	132,885
EXPENDITURES			
Current:			
General government	-	-	-
Public safety	22,916	-	-
Streets and highways	-	10,125	113,921
Community and economic development	-	-	-
Culture and leisure	-	-	-
Total expenditures	22,916	10,125	113,921
Excess (deficiency) of revenues over (under) expenditures	-	(1,102)	18,964
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances	-	(1,102)	18,964
Fund balances (deficit), beginning of year	-	17,215	(33,968)
Fund balances (deficit), end of year	$ -	$ 16,113	$ (15,004)

continued

Special Revenue Funds				
Landscape Maintenance District #3	Landscape Maintenance District #4	Landscape Maintenance District #5	Special Asset	Total Special Revenue Funds
$ -	$ -	$ -	$ -	$ 622,351
73,773	509,786	45,987	-	769,133
-	-	-	-	-
-	-	-	-	1,185,455
-	-	-	-	-
60	233	65	1,430	5,621
-	-	-	-	-
2,695	10,357	1,464	1,077	18,705
76,528	520,376	47,516	2,507	2,601,265
-	-	-	-	-
-	-	-	-	122,916
82,217	405,937	34,946	-	1,568,275
-	-	-	-	70,300
-	-	-	-	59,970
82,217	405,937	34,946	-	1,821,461
(5,689)	114,439	12,570	2,507	779,804
-	-	-	500,000	525,000
-	-	-	(1,430)	(45,664)
-	-	-	498,570	479,336
(5,689)	114,439	12,570	501,077	1,259,140
70,958	228,267	61,573	1,013,227	4,752,145
$ 65,269	$ 342,706	$ 74,143	$ 1,514,304	$ 6,011,285

City of Norco
Combining Statements of Revenues, Expenditures, and Changes in Fund Balances
Non-major Governmental Funds
For the Year Ended June 30, 2014

	Capital Projects Funds		
	Storm Drain	General Government Improvement	Fire Improvement
REVENUES			
Taxes	$ -	$ -	$ -
Assessments	-	-	-
Development fees	1,768	599	1,422
Intergovernmental	1,557,567	-	-
Charges for services	1,317	-	-
Investment earnings-lease income	65	545	656
Reimbursements	-	530	-
Other	-	-	-
Total revenues	1,560,717	1,674	2,078
EXPENDITURES			
Current:			
General government	-	93,845	-
Public safety	-	-	58,000
Streets and highways	1,628,734	-	-
Community and economic development	-	-	-
Culture and leisure	-	-	-
Total expenditures	1,628,734	93,845	58,000
Excess (deficiency) of revenues over (under) expenditures	(68,017)	(92,171)	(55,922)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	(7,613)	(11,832)	-
Total other financing sources (uses)	(7,613)	(11,832)	-
Net change in fund balances	(75,630)	(104,003)	(55,922)
Fund balances (deficit), beginning of year	305,580	624,505	618,057
Fund balances (deficit), end of year	$ 229,950	$ 520,502	$ 562,135

continued

Capital Projects Funds				
Trails Improvement	Community Facilities District 93-1	Park Improvement	Public Library	Public Meeting
$ -	$ -	$ -	$ -	$ -
-	-	-	-	-
729	-	12,167	471	1,312
-	-	1,052,216	-	-
-	-	-	-	-
294	61	472	15	44
-	-	-	-	-
-	-	-	-	-
1,023	61	1,064,855	486	1,356
-	-	-	-	-
-	-	-	-	-
63,070	-	-	-	-
-	-	-	-	-
-	-	557,893	-	-
63,070	-	557,893	-	-
(62,047)	61	506,962	486	1,356
-	-	-	-	-
(1,040)	-	(6,363)	-	-
(1,040)	-	(6,363)	-	-
(63,087)	61	500,599	486	1,356
336,572	58,339	416,746	14,139	40,626
$ 273,485	$ 58,400	$ 917,345	$ 14,625	$ 41,982

City of Norco
Combining Statements of Revenues, Expenditures, and Changes in Fund Balances
Non-major Governmental Funds
For the Year Ended June 30, 2014

	Capital Projects Funds		
	Street Improvement	Aquatics Center	Animal Control
REVENUES			
Taxes	$ -	$ -	$ -
Assessments	-	-	-
Development fees	4,699	251	153
Intergovernmental	2,195,673	-	-
Charges for services	-	-	-
Investment earnings-lease income	1,601	10	35
Reimbursements	-	-	-
Other	-	-	-
Total revenues	2,201,973	261	188
EXPENDITURES			
Current:			
General government	-	-	-
Public safety	-	-	-
Streets and highways	960,824	-	-
Community and economic development	-	-	-
Culture and leisure	-	-	-
Total expenditures	960,824	-	-
Excess (deficiency) of revenues over (under) expenditures	1,241,149	261	188
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	(8,757)	-	-
Total other financing sources (uses)	(8,757)	-	-
Net change in fund balances	1,232,392	261	188
Fund balances (deficit), beginning of year	624,492	9,221	33,066
Fund balances (deficit), end of year	$ 1,856,884	$ 9,482	$ 33,254

continued

Capital Projects Funds		Total Non-major Governmental Funds
Facility Improvement	Total Capital Projects Funds	
$ -	$ -	$ 622,351
-	-	769,133
-	23,571	23,571
-	4,805,456	5,990,911
-	1,317	1,317
-	3,798	9,419
-	530	530
-	-	18,705
-	4,834,672	7,435,937
-	93,845	93,845
-	58,000	180,916
-	2,652,628	4,220,903
-	-	70,300
-	557,893	617,863
-	3,362,366	5,183,827
-	1,472,306	2,252,110
-	-	525,000
-	(35,605)	(81,269)
-	(35,605)	443,731
-	1,436,701	2,695,841
150,098	3,231,441	7,983,586
$ 150,098	$ 4,668,142	$ 10,679,427

City of Norco
Non-major Fund Budgetary Comparison Schedules
For the Year Ended June 30, 2014

Budgetary comparison schedules are presented as Required Supplementary Information for the General Fund and all Major Special Revenue Funds as provided for by GASB Statement No. 34. The budgetary comparison schedules for the remaining annually budgeted funds are presented to aid in additional analysis and are not a required part of the basic financial statements.

City of Norco
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Miscellaneous Grant Fund Special Revenue Fund
For the Year Ended June 30, 2014

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Intergovernmental	$ 60,000	$ 60,000	$ 89,970	$ 29,970
Total revenues	60,000	60,000	89,970	29,970
EXPENDITURES				
Current:				
Culture and leisure	60,001	60,001	59,970	31
Total expenditures	60,001	60,001	59,970	31
Excess (deficiency) of revenues over (under) expenditures	(1)	(1)	30,000	30,001
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(30,000)	(30,000)
Total other financing sources (uses)	-	-	(30,000)	(30,000)
Net change in fund balance	(1)	(1)	-	1
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	$ (1)	$ (1)	$ -	$ 1

City of Norco
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Community Development Block Grant Special Revenue Fund
For the Year Ended June 30, 2014

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Intergovernmental	$ 150,909	$ 150,909	$ 82,304	$ (68,605)
Total revenues	150,909	150,909	82,304	(68,605)
EXPENDITURES				
Current:				
Community and economic development	133,659	133,659	70,300	63,359
Total expenditures	133,659	133,659	70,300	63,359
Excess (deficiency) of revenues over (under) expenditures	17,250	17,250	12,004	(5,246)
OTHER FINANCING SOURCES (USES)				
Transfers out	17,250	34,500	(12,004)	(46,504)
Total other financing sources (uses)	17,250	34,500	(12,004)	(46,504)
Net change in fund balance	34,500	51,750	-	(51,750)
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	$ 34,500	$ 51,750	$ -	$ (51,750)

City of Norco
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Gas Tax Special Revenue Fund
For the Year Ended June 30, 2014

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Intergovernmental	$ 801,179	$ 801,179	$ 857,406	$ 56,227
Investment earnings	600	600	775	175
Other	-	-	770	770
Total revenues	801,779	801,779	858,951	57,172
EXPENDITURES				
Current:				
Streets and highways	564,475	564,475	572,286	(7,811)
Total expenditures	564,475	564,475	572,286	(7,811)
Excess (deficiency) of revenues over (under) expenditures	237,304	237,304	286,665	49,361
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(453)	(453)
Total other financing sources (uses)	-	-	(453)	(453)
Net change in fund balance	237,304	237,304	286,212	48,908
Fund balance, beginning of year	582,166	582,166	582,166	-
Fund balance, end of year	$ 819,470	$ 819,470	$ 868,378	$ 48,908

City of Norco
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Measure A Special Revenue Fund
For the Year Ended June 30, 2014

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Taxes	$ 533,000	$ 533,000	$ 559,830	$ 26,830
Investment earnings	8,288	8,288	2,979	(5,309)
Total revenues	541,288	541,288	562,809	21,521
EXPENDITURES				
Current:				
Streets and highways	1,390,000	1,390,000	242,141	1,147,859
Total expenditures	1,390,000	1,390,000	242,141	1,147,859
Excess (deficiency) of revenues over (under) expenditures	(848,712)	(848,712)	320,668	1,169,380
Net change in fund balance	(848,712)	(848,712)	320,668	1,169,380
Fund balance, beginning of year	2,696,611	2,696,611	2,696,611	-
Fund balance, end of year	$ 1,847,899	$ 1,847,899	$ 3,017,279	$ 1,169,380

City of Norco
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
NPDES Special Revenue Fund
For the Year Ended June 30, 2014

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Taxes	$ 64,200	$ 64,200	$ 62,521	$ (1,679)
Total revenues	64,200	64,200	62,521	(1,679)
EXPENDITURES				
Current:				
Streets and highways	120,505	120,505	106,702	13,803
Total expenditures	120,505	120,505	106,702	13,803
Excess (deficiency) of revenues over (under) expenditures	(56,305)	(56,305)	(44,181)	12,124
OTHER FINANCING SOURCES (USES)				
Transfers in	25,000	25,000	25,000	-
Transfers out	-	-	(277)	(277)
Total other financing sources (uses)	25,000	25,000	24,723	(277)
Net change in fund balance	(31,305)	(31,305)	(19,458)	11,847
Fund balance, beginning of year	36,308	36,308	36,308	-
Fund balance, end of year	$ 5,003	$ 5,003	$ 16,850	$ 11,847

City of Norco
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Air Quality Improvement Trust Special Revenue Fund
For the Year Ended June 30, 2014

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Intergovernmental	$ 30,900	$ 30,900	$ 32,859	$ 1,959
Investment earnings	-	-	100	100
Total revenues	30,900	30,900	32,959	2,059
EXPENDITURES				
Current:				
Community and economic development	33,545	33,545	-	33,545
Total expenditures	33,545	33,545	-	33,545
Excess (deficiency) of revenues over (under) expenditures	(2,645)	(2,645)	32,959	35,604
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,500)	(1,500)	(1,500)	-
Total other financing sources (uses)	(1,500)	(1,500)	(1,500)	-
Net change in fund balance	(4,145)	(4,145)	31,459	35,604
Fund balance, beginning of year	79,788	79,788	79,788	-
Fund balance, end of year	$ 75,643	$ 75,643	$ 111,247	$ 35,604

City of Norco
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Supplemental Law Enforcement Block Grant Special Revenue Fund
For the Year Ended June 30, 2014

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Intergovernmental	$ 100,000	$ 100,000	$ 100,000	$ -
Total revenues	100,000	100,000	100,000	-
EXPENDITURES				
Current:				
Public safety	100,000	100,000	100,000	-
Total expenditures	100,000	100,000	100,000	-
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	$ -	$ -	$ -	$ -

City of Norco
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Office of Traffic Safety Special Revenue Fund
For the Year Ended June 30, 2014

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Intergovernmental	$ 24,915	$ 24,915	$ 22,916	$ (1,999)
Total revenues	24,915	24,915	22,916	(1,999)
EXPENDITURES				
Current:				
Public safety	24,915	24,915	22,916	1,999
Total expenditures	24,915	24,915	22,916	1,999
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	$ -	$ -	$ -	$ -

City of Norco
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Landscape Maintenance District #1 Special Revenue Fund
For the Year Ended June 30, 2014

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Assessments	$ -	$ 9,730	$ 9,007	$ (723)
Investment earnings	-	-	16	16
Total revenues	-	9,730	9,023	(707)
EXPENDITURES				
Current:				
Streets and highways	9,571	9,571	10,125	(554)
Total expenditures	9,571	9,571	10,125	(554)
Excess (deficiency) of revenues over (under) expenditures	(9,571)	159	(1,102)	(1,261)
Net change in fund balance	(9,571)	159	(1,102)	(1,261)
Fund balance, beginning of year	17,215	17,215	17,215	-
Fund balance, end of year	$ 7,644	$ 17,374	$ 16,113	$ (1,261)

City of Norco
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Landscape Maintenance District #2 Special Revenue Fund
For the Year Ended June 30, 2014

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Assessments	$ -	$ 112,045	$ 130,580	$ 18,535
Other	-	-	2,342	2,342
Investment earnings	-	-	(37)	(37)
Total revenues	-	112,045	132,885	20,840
EXPENDITURES				
Current:				
Streets and highways	112,045	112,045	113,921	(1,876)
Total expenditures	112,045	112,045	113,921	(1,876)
Excess (deficiency) of revenues over (under) expenditures	(112,045)	-	18,964	18,964
Net change in fund balance	(112,045)	-	18,964	18,964
Fund balance (deficit), beginning of year	(33,968)	(33,968)	(33,968)	-
Fund balance (deficit), end of year	$ (146,013)	$ (33,968)	$ (15,004)	$ 18,964

City of Norco
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Landscape Maintenance District #3 Special Revenue Fund
For the Year Ended June 30, 2014

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Assessments	$ -	$ 79,737	$ 73,773	$ (5,964)
Investment earnings	-	-	60	60
Other	-	-	2,695	2,695
Total revenues	-	79,737	76,528	(3,209)
EXPENDITURES				
Current:				
Streets and highways	79,737	79,737	82,217	(2,480)
Total expenditures	79,737	79,737	82,217	(2,480)
Excess (deficiency) of revenues over (under) expenditures	(79,737)	-	(5,689)	(5,689)
Net change in fund balance	(79,737)	-	(5,689)	(5,689)
Fund balance, beginning of year	70,958	70,958	70,958	-
Fund balance, end of year	$ (8,779)	$ 70,958	$ 65,269	$ (5,689)

City of Norco
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Landscape Maintenance District #4 Special Revenue Fund
For the Year Ended June 30, 2014

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Assessments	$ -	$ 514,094	$ 509,786	$ (4,308)
Investment earnings	-	-	233	233
Other	-	-	10,357	10,357
Total revenues	-	514,094	520,376	6,282
EXPENDITURES				
Current:				
Streets and highways	489,094	489,094	405,937	83,157
Total expenditures	489,094	489,094	405,937	83,157
Excess (deficiency) of revenues over (under) expenditures	(489,094)	25,000	114,439	89,439
Net change in fund balance	(489,094)	25,000	114,439	89,439
Fund balance, beginning of year	228,267	228,267	228,267	-
Fund balance, end of year	$ (260,827)	$ 253,267	$ 342,706	$ 89,439

City of Norco
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Landscape Maintenance District #5 Special Revenue Fund
For the Year Ended June 30, 2014

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Assessments	$ -	$ 46,321	$ 45,987	$ (334)
Investment earnings	-	-	65	65
Other Revenue	-	-	1,464	1,464
Total revenues	-	46,321	47,516	1,195
EXPENDITURES				
Current:				
Streets and highways	43,457	43,457	34,946	8,511
Total expenditures	43,457	43,457	34,946	8,511
Excess (deficiency) of revenues over (under) expenditures	(43,457)	2,864	12,570	9,706
Net change in fund balance	(43,457)	2,864	12,570	9,706
Fund balance, beginning of year	61,573	61,573	61,573	-
Fund balance, end of year	$ 18,116	$ 64,437	$ 74,143	$ 9,706

City of Norco
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Special Asset Special Revenue Fund
For the Year Ended June 30, 2014

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Investment earnings	$ -	$ -	$ 1,430	$ 1,430
Other	-	-	1,077	1,077
Total revenues	-	-	2,507	2,507
EXPENDITURES				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	-	2,507	2,507
OTHER FINANCING SOURCES (USES)				
Transfers in	-	500,000	500,000	-
Transfers out	-	-	(1,430)	(1,430)
Total other financing sources (uses)	-	500,000	498,570	(1,430)
Net change in fund balance	-	500,000	501,077	1,077
Fund balance, beginning of year	1,013,227	1,013,227	1,013,227	-
Fund balance, end of year	$ 1,013,227	$ 1,513,227	$ 1,514,304	$ 1,077

City of Norco
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Storm Drain Capital Projects Fund
For the Year Ended June 30, 2014

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Development fees	$ 1,560	$ 1,560	$ 1,768	$ 208
Intergovernmental	3,488,669	3,488,669	1,557,567	(1,931,102)
Charges for services	-	-	1,317	1,317
Investment earnings	3,586	3,586	65	(3,521)
Total revenues	3,493,815	3,493,815	1,560,717	(1,933,098)
EXPENDITURES				
Current:				
Streets and highways	4,192,669	4,232,521	1,628,734	2,603,787
Total expenditures	4,192,669	4,232,521	1,628,734	2,603,787
Excess (deficiency) of revenues over (under) expenditures	(698,854)	(738,706)	(68,017)	670,689
OTHER FINANCING SOURCES (USES)				
Transfers out	(7,613)	(7,613)	(7,613)	-
Total other financing sources (uses)	(7,613)	(7,613)	(7,613)	-
Net change in fund balance	(706,467)	(746,319)	(75,630)	670,689
Fund balance, beginning of year	305,580	305,580	305,580	-
Fund balance, end of year	$ (400,887)	$ (440,739)	$ 229,950	$ 670,689

City of Norco
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Government Improvement Capital Projects Fund
For the Year Ended June 30, 2014

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Development fees	$ 515	$ 515	$ 599	$ 84
Investment earnings	1,446	1,446	545	(901)
Reimbursements	-	-	530	530
Total revenues	1,961	1,961	1,674	(287)
EXPENDITURES				
Current:				
General government	145,000	145,000	93,845	51,155
Total expenditures	145,000	145,000	93,845	51,155
Excess (deficiency) of revenues over (under) expenditures	(143,039)	(143,039)	(92,171)	50,868
OTHER FINANCING SOURCES (USES)				
Transfers out	(150)	(150)	(11,832)	(11,682)
Total other financing sources (uses)	(150)	(150)	(11,832)	(11,682)
Net change in fund balance	(143,189)	(143,189)	(104,003)	39,186
Fund balance, beginning of year	624,505	624,505	624,505	-
Fund balance, end of year	$ 481,316	$ 481,316	$ 520,502	$ 39,186

City of Norco
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Fire Improvement Capital Projects Fund
For the Year Ended June 30, 2014

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Development fees	$ 1,036	$ 1,036	$ 1,422	$ 386
Investment earnings	1,855	1,855	656	(1,199)
Total revenues	2,891	2,891	2,078	(813)
EXPENDITURES				
Current:				
Public safety	-	60,000	58,000	2,000
Total expenditures	-	60,000	58,000	2,000
Excess (deficiency) of revenues over (under) expenditures	2,891	(57,109)	(55,922)	1,187
Net change in fund balance	2,891	(57,109)	(55,922)	1,187
Fund balance, beginning of year	618,057	618,057	618,057	-
Fund balance, end of year	$ 620,948	$ 560,948	$ 562,135	$ 1,187

City of Norco
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Trails Improvement Capital Projects Fund
For the Year Ended June 30, 2014

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Development fees	$ 729	$ 729	$ 729	$ -
Investment earnings	1,651	1,651	294	(1,357)
Total revenues	2,380	2,380	1,023	(1,357)
EXPENDITURES				
Current:			.	
Streets and highways	-	-	63,070	(63,070)
Total expenditures	-	-	63,070	(63,070)
Excess (deficiency) of revenues over (under) expenditures	2,380	2,380	(62,047)	(64,427)
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,040)	(1,040)	(1,040)	-
Total other financing sources (uses)	(1,040)	(1,040)	(1,040)	-
Net change in fund balance	1,340	1,340	(63,087)	(64,427)
Fund balance, beginning of year	336,572	336,572	336,572	-
Fund balance, end of year	$ 337,912	$ 337,912	$ 273,485	$ (64,427)

City of Norco
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Park Improvement Capital Projects Fund
For the Year Ended June 30, 2014

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Development fees	$ 11,742	$ 11,742	$ 12,167	$ 425
Intergovernmental	100,000	747,396	1,052,216	304,820
Investment earnings	2,906	2,906	472	(2,434)
Total revenues	114,648	762,044	1,064,855	302,811
EXPENDITURES				
Current:				
Culture and leisure	1,143,339	1,705,379	557,893	1,147,486
Total expenditures	1,143,339	1,705,379	557,893	1,147,486
Excess (deficiency) of revenues over (under) expenditures	(1,028,691)	(943,335)	506,962	1,450,297
OTHER FINANCING SOURCES (USES)				
Transfers out	(6,363)	(6,363)	(6,363)	-
Total other financing sources (uses)	(6,363)	(6,363)	(6,363)	-
Net change in fund balance	(1,035,054)	(949,698)	500,599	1,450,297
Fund balance, beginning of year	416,746	416,746	416,746	-
Fund balance, end of year	$ (618,308)	$ (532,952)	$ 917,345	$ 1,450,297

City of Norco
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Public Library Capital Projects Fund
For the Year Ended June 30, 2014

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Development fees	$ 471	$ 471	$ 471	$ -
Investment earnings	42	42	15	(27)
Total revenues	513	513	486	(27)
EXPENDITURES				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	513	513	486	(27)
Net change in fund balance	513	513	486	(27)
Fund balance, beginning of year	14,139	14,139	14,139	-
Fund balance, end of year	$ 14,652	$ 14,652	$ 14,625	$ (27)

City of Norco
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Public Meeting Capital Projects Fund
For the Year Ended June 30, 2014

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Development fees	1,312	1,312	$ 1,312	$ -
Investment earnings	122	122	44	(78)
Total revenues	1,434	1,434	1,356	(78)
EXPENDITURES				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	1,434	1,434	1,356	(78)
Net change in fund balance	1,434	1,434	1,356	(78)
Fund balance, beginning of year	40,626	40,626	40,626	-
Fund balance, end of year	$ 42,060	$ 42,060	$ 41,982	$ (78)

City of Norco
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Street Improvement Capital Project Fund
For the Year Ended June 30, 2014

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Development fees	$ 2,084	$ 2,084	$ 4,699	$ 2,615
Intergovernmental	623,412	623,412	2,195,673	1,572,261
Investment earnings	3,504	3,504	1,601	(1,903)
Total revenues	629,000	629,000	2,201,973	1,572,973
EXPENDITURES				
Current:				
Streets and highways	2,006,583	2,206,583	960,824	1,245,759
Total expenditures	2,006,583	2,206,583	960,824	1,245,759
Excess (deficiency) of revenues over (under) expenditures	(1,377,583)	(1,577,583)	1,241,149	2,818,732
OTHER FINANCING SOURCES (USES)				
Transfers out	(8,757)	(8,757)	(8,757)	-
Total other financing sources (uses)	(8,757)	(8,757)	(8,757)	-
Net change in fund balance	(1,386,340)	(1,586,340)	1,232,392	2,818,732
Fund balance, beginning of year	624,492	624,492	624,492	-
Fund balance, end of year	$ (761,848)	$ (961,848)	$ 1,856,884	$ 2,818,732

City of Norco
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Aquatics Center Capital Projects Fund
For the Year Ended June 30, 2014

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Development fees	$ 251	$ 251	$ 251	$ -
Investment earnings	28	28	10	(18)
Total revenues	279	279	261	(18)
EXPENDITURES				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	279	279	261	(18)
Net change in fund balance	279	279	261	(18)
Fund balance, beginning of year	9,221	9,221	9,221	-
Fund balance, end of year	$ 9,500	$ 9,500	$ 9,482	$ (18)

City of Norco
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Animal Control Capital Projects Fund
For the Year Ended June 30, 2014

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Development fees	$ 146	$ 146	$ 153	$ 7
Investment earnings	80	80	35	(45)
Total revenues	226	226	188	(38)
EXPENDITURES				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	226	226	188	(38)
Net change in fund balance	226	226	188	(38)
Fund balance, beginning of year	33,066	33,066	33,066	-
Fund balance, end of year	$ 33,292	$ 33,292	$ 33,254	$ (38)

INTERNAL SERVICE FUNDS

This page left blank intentionally.

Internal Service Funds

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis.

Fleet Management Fund – This fund is used to account for the acquisition, rental, maintenance and operation of the City's fleet of vehicles and the rolling stock.

Benefits & Insurance Fund – This fund is used to account for the accumulation and allocation of costs associated with providing certain employee benefits and City-wide insurance coverage.

Information Management Fund – This fund is used to account for the accumulation and allocation of costs associated with electronic data processing.

City of Norco
Combining Statement of Net Position
Internal Service Funds
June 30, 2014

	Fleet Management	Benefits & Insurance	Information Management	Total
ASSETS				
Current assets:				
Cash and investments	$ 2,722,632	$ 1,535,356	$ 641,906	$ 4,899,894
Interest	616	348	140	1,104
Total current assets	2,723,248	1,535,704	642,046	4,900,998
Noncurrent assets:				
Capital assets:				
Vehicles and equipment	2,171,060	-	228,614	2,399,674
Less accumulated depreciation	(1,805,368)	-	(178,240)	(1,983,608)
Intangibles	-	-	429,245	429,245
Less accumulated amortization	-	-	(371,748)	(371,748)
Total noncurrent assets	365,692	-	107,871	473,563
Total assets	3,088,940	1,535,704	749,917	5,374,561
LIABILITIES				
Current liabilities:				
Accounts payable	28,840	9,442	19,409	57,691
Compensated absences	-	166,455	-	166,455
Capital lease payable	-	-	8,316	8,316
Claims and judgements	-	278,310	-	278,310
Total current liabilities	28,840	454,207	27,725	510,772
Noncurrent liabilities:				
Compensated absences	-	499,365	-	499,365
Claims and judgements	-	515,080	-	515,080
Total noncurrent liabilities	-	1,014,445	-	1,014,445
Total liabilities	28,840	1,468,652	27,725	1,525,217
NET POSITION				
Net investment in capital assets	365,692	-	99,555	465,247
Unrestricted	2,694,408	67,052	622,637	3,384,097
Total net position	$ 3,060,100	$ 67,052	$ 722,192	$ 3,849,344

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

	Fleet Management	Benefits & Insurance	Information Management	Total
OPERATING REVENUES				
Sales and charges for services	$ 302,612	$ 269,662	$ 400,000	$ 972,274
Miscellaneous	-	-	496	496
Total operating revenues	302,612	269,662	400,496	972,770
OPERATING EXPENSES				
General and administrative	246,437	301,859	307,449	855,745
Amortization	-	-	28,749	28,749
Depreciation	100,857	-	17,984	118,841
Total operating expenses	347,294	301,859	354,182	1,003,335
Operating income (loss)	(44,682)	(32,197)	46,314	(30,565)
NONOPERATING REVENUES (EXPENSES)				
Investment earnings	2,877	1,628	618	5,123
Gain (loss) on disposal of assets	-	-	230	230
Total nonoperating revenues	2,877	1,628	848	5,353
Income (loss) before contributions and transfers	(41,805)	(30,569)	47,162	(25,212)
Capital contributions	6,575	-	-	6,575
Transfers in	-	9,377	136,000	145,377
Transfers out	-	-	(2,293)	(2,293)
Change in net position	(35,230)	(21,192)	180,869	124,447
Net position, beginning of year	3,095,330	88,244	541,323	3,724,897
Net position, end of year	$ 3,060,100	$ 67,052	$ 722,192	$ 3,849,344

City of Norco
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2014

	Fleet Management	Benefits & Insurance	Information Management	Total
Cash flows from operating activities:				
Cash received from interfund services provided	$ 302,612	$ 269,662	$ 400,496	$ 972,770
Cash payments to suppliers	(263,257)	(5,381)	(288,758)	(557,396)
Cash payments to employees for services	-	(301,859)	-	(301,859)
Net cash provided by (used for) operating activities	39,355	(37,578)	111,738	113,515
Cash flows from noncapital financing activities:				
Transfer from other funds	-	9,377	133,707	143,084
Net cash provided by noncapital financing activities	-	9,377	133,707	143,084
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(137,450)	-	(35,849)	(173,299)
Gain (loss) from disposal of capital assets	-	-	230	230
Principal payments - capital lease	-	-	(11,427)	(11,427)
Net cash used for capital and related financing activities	(137,450)	-	(47,046)	(184,496)
Cash flows from investing activities:				
Interest income	2,840	1,607	568	5,015
Net cash provided by investing activities	2,840	1,607	568	5,015
Net increase (decrease) in cash and investments	(95,255)	(26,594)	198,967	77,118
Cash and investments, beginning of year	2,817,887	1,561,950	442,939	4,822,776
Cash and investments, end of year	$ 2,722,632	$ 1,535,356	$ 641,906	$ 4,899,894

City of Norco
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2014

	Fleet Management	Benefits & Insurance	Information Management	Total
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	$ (44,682)	$ (32,197)	$ 46,314	$ (30,565)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation/Amortization	100,857	-	46,733	147,590
(Increase) decrease in assets:				
Prepaids	-	-	10,484	10,484
Increase (decrease) in liabilities:				
Accounts payable	(16,820)	4,076	6,985	(5,759)
Accrued wages	-	-	1,222	1,222
Compensated absences	-	(12,386)	-	(12,386)
Claims and judgements	-	2,929	-	2,929
Net cash provided by (used for) operating activities	$ 39,355	$ (37,578)	$ 111,738	$ 113,515
Noncash, investing, capital and financing activities:				
Capital asset contribution	$ 6,575	$ -	$ -	$ 6,575

This page left blank intentionally.

AGENCY FUNDS

This page left blank intentionally.

Agency Funds

General Trust – to account for various deposits, etc. with the City from different groups.

Western Waste – to account for collections from citizens for solid waste by the City on behalf of Western Waste and payments made by the City to Western Waste.

Assessment District 195 – to account for receipts of assessments from the District located to the east-west of 6th Street from Interstate 15. The City has a fiduciary responsibility to pay debt service and administrative costs for the District.

Community Facilities District 93-1 – to account for receipts of assessments from the Gateway Target Area and for the payment of debt service and administrative costs for the community facilities district. The bonds were issued in 1995 for the construction of certain public capital facilities necessary for development of the property in the District.

Community Facilities District 97-1 – to account for receipts of assessments from Norco Hills residences and for the payment of debt service and administrative costs for the community facilities district. The bonds were issued in 2000 for the construction of various infrastructure assets.

Community Facilities District 2001-1 – to account for receipts of assessments from Norco Ridge Ranch homes and for the payment of debt service and administrative costs for the community facilities district. The bonds were issued in 2002 for the acquisition of certain public facilities and the payment of certain environmental fees.

Community Facilities District 2002-1 – to account for receipts of assessments from KB Home residences and for the payment of debt service and administrative costs for the community facilities district. The bonds were issued in 2003 for the construction of trail improvements and a traffic signal at 6th Street and California.

City of Norco
Combining Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2014

	General Trust	Western Waste	Assessment District 195	Community Facilities District 93-1
ASSETS				
Cash and investments	$ 1,389,759	$ 102,392	$ -	$ 274,211
Cash and investments with fiscal agents	-	-	-	-
Receivables, net:				
Accounts	106	348,617	-	-
Interest	-	-	-	55
Due from other governments	-	-	-	4,537
Total assets	$ 1,389,865	$ 451,009	$ -	$ 278,803
LIABILITIES				
Accounts payable	$ 388	$ 384,502	$ -	$ 750
Deposits payable	1,389,477	28,789	-	-
Due to others	-	37,718	-	-
Due to bond holders	-	-	-	278,053
Total liabilities	$ 1,389,865	$ 451,009	$ -	$ 278,803

continued

Community Facilities District 97-1	Community Facilities District 2001-1	Community Facilities District 2002-1	Total
$ 695,865	$ 3,145,662	$ 157,591	$ 5,765,480
524,987	1,736,066	-	2,261,053
-	-	-	348,723
182	640	31	908
13,513	75,211	3,131	96,392
$ 1,234,547	$ 4,957,579	$ 160,753	$ 8,472,556
$ -	$ 2,150	$ -	$ 387,790
-	-	-	1,418,266
-	-	-	37,718
1,234,547	4,955,429	160,753	6,628,782
$ 1,234,547	$ 4,957,579	$ 160,753	$ 8,472,556

City of Norco
Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2014

	Balance June 30, 2013	Additions	Deletions	Balance June 30, 2014
GENERAL TRUST				
Assets				
Cash and investments	$ 1,288,376	$ 323,374	$ 221,991	$ 1,389,759
Accounts receivable	-	1,359	1,253	106
Total assets	$ 1,288,376	$ 324,733	$ 223,244	$ 1,389,865
Liabilities				
Accounts payable	$ 270	$ 75,281	$ 75,163	$ 388
Deposits payable	1,288,106	353,660	252,289	1,389,477
Total liabilities	$ 1,288,376	$ 428,941	$ 327,452	$ 1,389,865
WESTERN WASTE				
Assets				
Cash and investments	$ 37,544	$ 4,576,309	$ 4,511,461	$ 102,392
Accounts receivable	397,142	4,384,182	4,432,707	348,617
Total assets	$ 434,686	$ 8,960,491	$ 8,944,168	$ 451,009
Liabilities				
Accounts payable	$ 369,738	$ 1,152,639	$ 1,137,875	$ 384,502
Deposits payable	28,096	6,258	5,565	28,789
Due to others	36,852	4,511,777	4,510,911	37,718
Total liabilities	$ 434,686	$ 5,670,674	$ 5,654,351	$ 451,009
ASSESSMENT DISTRICT 195				
Assets				
Cash and investments	$ -	$ 6,404	$ 6,404	$ -
Interest receivable	-	2	2	-
Due from other governments	6,402	-	6,402	-
Total assets	$ 6,402	$ 6,406	$ 12,808	$ -
Liabilities				
Due to bond holders	$ 6,402	$ -	$ 6,402	$ -
Total liabilities	$ 6,402	$ -	$ 6,402	$ -

continued

City of Norco
Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2014

	Balance June 30, 2013	Additions	Deletions	Balance June 30, 2014
CFD 93-1				
Assets				
Cash and investments	$ 71,329	$ 238,534	$ 35,652	$ 274,211
Cash and investments with fiscal agents	345,953	978,118	1,324,071	-
Interest receivable	37	55	37	55
Due from other governments	-	4,537	-	4,537
Total assets	$ 417,319	$ 1,221,244	$ 1,359,760	$ 278,803
Liabilities				
Accounts payable	$ -	$ 8,434	$ 7,684	$ 750
Due to bond holders	417,319	1,352,289	1,491,555	278,053
Total liabilities	$ 417,319	$ 1,360,723	$ 1,499,239	$ 278,803
CFD 97-1				
Assets				
Cash and investments	$ 677,868	$ 575,008	$ 557,011	$ 695,865
Cash and investments with fiscal agents	522,564	517,732	515,309	524,987
Interest receivable	148	182	148	182
Due from other governments	7,925	13,513	7,925	13,513
Total assets	$ 1,208,505	$ 1,106,435	$ 1,080,393	$ 1,234,547
Liabilities				
Due to bond holders	$ 1,208,505	$ 582,609	$ 556,567	$ 1,234,547
Total liabilities	$ 1,208,505	$ 582,609	$ 556,567	$ 1,234,547
CFD 2001-1				
Assets				
Cash and investments	$ 3,200,874	$ 2,327,969	$ 2,383,181	$ 3,145,662
Cash and investments with fiscal agents	1,731,916	2,277,931	2,273,781	1,736,066
Interest receivable	8,858	640	8,858	640
Due from other governments	75,915	75,211	75,915	75,211
Total assets	$ 5,017,563	$ 4,681,751	$ 4,741,735	$ 4,957,579
Liabilities				
Accounts payable	$ 20,859	$ 11,404	$ 30,113	$ 2,150
Due to bond holders	4,996,704	2,323,136	2,364,411	4,955,429
Total liabilities	$ 5,017,563	$ 2,334,540	$ 2,394,524	$ 4,957,579

continued

City of Norco
Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2014

	Balance June 30, 2013	Additions	Deletions	Balance June 30, 2014
CFD 2002-1				
Assets				
Cash and investments	$ 120,955	$ 229,505	$ 192,869	$ 157,591
Cash and investments with fiscal agents	131,614	1,466,712	1,598,326	-
Interest receivable	25	31	25	31
Due from other governments	6,205	3,131	6,205	3,131
Total assets	$ 258,799	$ 1,699,379	$ 1,797,425	$ 160,753
Liabilities				
Due to bond holders	$ 258,799	$ 1,668,904	$ 1,766,950	$ 160,753
Total liabilities	$ 258,799	$ 1,668,904	$ 1,766,950	$ 160,753
TOTALS - ALL AGENCY FUNDS				
Assets				
Cash and investments	$ 5,396,946	$ 8,277,103	$ 7,908,569	$ 5,765,480
Cash and investments with fiscal agents	2,732,047	5,240,493	5,711,487	2,261,053
Accounts receivable	397,142	4,385,541	4,433,960	348,723
Interest receivable	9,068	910	9,070	908
Due from other governments	96,447	96,392	96,447	96,392
Total assets	$ 8,631,650	$ 18,000,439	$ 18,159,533	$ 8,472,556
Liabilities				
Accounts payable	$ 390,867	$ 1,247,758	$ 1,250,835	$ 387,790
Deposits payable	1,316,202	359,918	257,854	1,418,266
Due to others	36,852	4,511,777	4,510,911	37,718
Due to bond holders	6,887,729	5,926,938	6,185,885	6,628,782
Total liabilities	$ 8,631,650	$ 12,046,391	$ 12,205,485	$ 8,472,556

This page left blank intentionally.

STATISTICAL SECTION

Statistical Section

This part of the City of Norco 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 government's overall financial health.

Contents **Page**

Financial Trends 126

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity 135

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

Debt Capacity 139

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and its ability to issue additional debt in the future.

Demographic and Economic Information 147

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information 151

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

City of Norco
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	2005	**2006**	**2007**	**2008**
Governmental activities				
Invested in capital assets, net of related debt	$ 141,829,990	$ 144,879,068	$ 151,388,100	$ 153,848,153
Restricted	58,521,550	57,107,710	55,995,625	56,203,749
Unrestricted	(62,492,997)	(59,117,764)	(56,171,654)	(53,696,655)
Total governmental activites net assets	$ 137,858,543	$ 142,869,014	$ 151,212,071	$ 156,355,247
Business-type activities				
Invested in capital assets, net of related debt	$ 30,722,040	$ 35,602,853	$ 36,930,507	$ 41,150,408
Restricted	13,627,054	12,935,528	8,718,561	7,261,078
Unrestricted	(3,183,101)	(3,559,843)	(78,386)	(2,557,443)
Total business-type activities net assets	$ 41,165,993	$ 44,978,538	$ 45,570,682	$ 45,854,043
Primary government				
Invested in capital assets, net of related debt	$ 172,552,030	$ 180,481,921	$ 188,318,607	$ 194,998,561
Restricted	72,148,604	70,043,238	64,714,186	63,464,827
Unrestricted	(65,676,098)	(62,677,607)	(56,250,040)	(56,254,098)
Total primary government net assets	$ 179,024,536	$ 187,847,552	$ 196,782,753	$ 202,209,290

Source: City's financial statements

continued

Fiscal Year					
2009	**2010**	**2011**	**2012**	**2013**	**2014**
$ 156,655,554	$ 163,648,731	$ 172,727,910	$ 172,040,285	$ 173,830,963	$ 175,021,256
43,502,275	49,857,462	39,782,430	15,783,060	11,708,483	14,063,524
(53,368,409)	(71,206,996)	(74,774,758)	(145,491)	3,873,573	4,748,301
$ 146,789,420	$ 142,299,197	$ 137,735,582	$ 187,677,854	$ 189,413,019	$ 193,833,081
$ 39,797,357	$ 41,658,817	$ 39,526,833	$ 46,718,775	$ 46,023,517	$ 32,343,900
5,772,311	4,722,120	4,362,237	1,493,069	1,505,296	1,439,385
521,868	(1,200,945)	283,205	(4,191,150)	(1,206,137)	13,165,677
$ 46,091,536	$ 45,179,992	$ 44,172,275	$ 44,020,694	$ 46,322,676	$ 46,948,962
$ 196,452,911	$ 205,307,548	$ 212,254,743	$ 218,759,060	$ 219,854,480	$ 207,365,156
49,274,586	54,579,582	44,144,667	17,276,129	13,213,779	15,502,909
(52,846,541)	(72,407,941)	(74,491,553)	(4,336,641)	2,667,436	17,913,978
$ 192,880,956	$ 187,479,189	$ 181,907,857	$ 231,698,548	$ 235,735,695	$ 240,782,043

City of Norco
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	2005	**2006**	**2007**	**2008**
Expenses				
Governmental activities:				
General government	$ 2,628,746	$ 2,444,678	$ 2,369,307	$ 2,567,880
Public safety	9,185,614	10,030,419	10,984,557	11,752,711
Public works	4,978,421	2,667,196	2,931,992	2,680,961
Community development	13,727,059	9,661,594	9,682,225	12,773,725
Culture & leisure	2,270,431	2,575,970	2,915,016	2,757,815
Interest in long-term debt	4,367,389	4,498,959	4,210,091	4,135,345
Total governmental activities expenses	37,157,660	31,878,816	33,093,188	36,668,437
Business-type activities:				
Water	6,192,775	7,000,699	6,644,244	6,794,503
Sewer	3,729,579	3,969,304	4,263,280	3,353,177
Total business-type activities expenses	9,922,354	10,970,003	10,907,524	10,147,680
Total primary government expenses	$ 47,080,014	$ 42,848,819	$ 44,000,712	$ 46,816,117
Program Revenues				
Governmental activities:				
Charges for services:				
General government	$ 1,017,412	$ 1,206,368	$ 1,195,495	$ 1,202,890
Public safety	845,785	938,458	1,184,179	1,331,730
Public works	843,209	1,119,874	502,427	489,548
Community development	1,177,608	919,325	739,852	583,708
Culture & leisure	815,751	839,701	1,038,228	985,340
Operating grants and contributions	2,206,575	2,448,984	3,099,986	2,716,291
Capital grants and contributions	3,603,044	2,001,841	2,356,978	3,216,001
Total governmental activities program revenues	10,509,384	9,474,551	10,117,145	10,525,508
Business-type activities:				
Charges for services:				
Water	4,990,556	6,617,886	6,804,540	6,945,575
Sewer	2,791,789	2,855,330	2,917,946	2,921,138
Operating grants and contributions	-	-	-	-
Capital grants and contributions	1,219,879	5,071,845	2,017,403	757,360
Total business-type activities program revenues	9,002,224	14,545,061	11,739,889	10,624,073
Total program government program revenues	$ 19,511,608	$ 24,019,612	$ 21,857,034	$ 21,149,581
Net(Expense)/Revenue				
Governmental activities	$ (26,648,276)	$ (22,404,265)	$ (22,976,043)	$ (26,142,929)
Business-type activities	(920,130)	3,575,058	832,365	476,393
	$ (27,568,406)	$ (18,829,207)	$ (22,143,678)	$ (25,666,536)

Source: City's financial statements

continued

Fiscal Year					
2009	**2010**	**2011**	**2012**	**2013**	**2014**
$ 4,663,233	$ 2,608,199	$ 3,589,601	$ 2,047,480	$ 3,186,491	$ 3,804,607
11,363,732	11,347,403	10,532,263	9,482,494	8,523,623	8,508,710
6,838,398	2,091,368	6,745,445	4,389,492	3,954,013	3,628,672
18,645,627	20,675,524	10,467,473	5,893,093	615,851	800,996
2,317,752	1,920,577	2,177,366	2,421,643	2,390,293	2,252,157
4,260,255	4,606,449	5,171,018	842,156	-	-
48,088,997	43,249,520	38,683,166	25,076,358	18,670,271	18,995,142
7,718,048	8,354,123	7,970,925	9,917,049	9,259,377	9,592,836
4,396,358	5,042,480	5,227,807	5,309,232	4,858,832	5,131,713
12,114,406	13,396,603	13,198,732	15,226,281	14,118,209	14,724,549
$ 60,203,403	$ 56,646,123	$ 51,881,898	$ 40,302,639	$ 32,788,480	$ 33,719,691
$ 2,297,395	$ 1,258,834	$ 1,086,315	$ 1,256,248	$ 2,244,812	$ 2,121,089
1,562,425	960,461	841,083	695,153	766,447	766,645
541,643	808,465	827,845	832,620	806,158	855,941
501,456	346,741	466,734	511,400	597,494	641,982
776,678	723,311	721,737	634,717	725,272	772,172
2,687,615	5,677,361	4,118,810	3,062,424	1,657,693	1,866,913
867,513	4,166,378	1,527,406	83,834	2,504,159	5,068,039
9,234,725	13,941,551	9,589,930	7,076,396	9,302,035	12,092,781
7,061,989	6,641,183	7,418,217	9,408,360	9,915,098	9,808,472
3,799,801	4,210,274	4,141,300	4,951,539	5,466,709	5,546,893
-	-	113,444	-	28,481	-
1,483,544	1,824,809	732,519	902,597	1,264,389	825,000
12,345,334	12,676,266	12,405,480	15,262,496	16,674,677	16,180,365
$ 21,580,059	$ 26,617,817	$ 21,995,410	$ 22,338,892	$ 25,976,712	$ 28,273,146
$ (38,854,272)	$ (29,307,969)	$ (29,093,236)	$ (17,999,962)	$ (9,368,236)	$ (6,902,361)
230,928	(720,337)	(793,252)	36,215	2,556,468	1,455,816
$ (38,623,344)	$ (30,028,306)	$ (29,886,488)	$ (17,963,747)	$ (6,811,768)	$ (5,446,545)

City of Norco
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

General Revenues and Other Changes in Net Position	Fiscal Year			
Governmental activities:				
Taxes:	**2005**	**2006**	**2007**	**2008**
Property tax, levied for general purpose	$ 828,597	$ 1,239,755	$ 3,760,792	$ 3,891,236
Property tax, Redevelopment Agency tax increment	10,900,008	12,748,278	14,852,364	16,154,389
Transient occupancy tax	68,565	87,306	82,074	84,812
Franchise tax	855,731	903,919	1,021,058	1,081,221
Sales tax	4,230,325	4,915,052	4,458,665	4,062,531
Sales tax in lieu	1,451,759	1,159,702	1,753,052	1,333,569
Motor vehicle in lieu tax	1,914,670	2,053,194	147,265	121,269
Public service taxes	538,106	492,305	392,975	194,507
Gain/(Loss) on sale of capital assets	469,783	-	-	476,537
Other taxes	4,293	41,735	-	-
Unrestricted investment earnings	1,394,518	2,209,818	3,458,518	2,361,965
Other	1,126,623	1,272,881	1,102,572	1,258,696
Intergovernmental	-	-	-	-
Extraordinary Item				
Transfers	(639,109)	290,792	289,765	265,373
Total governmental activities	23,143,869	27,414,737	31,319,100	31,286,105
Business-type activities:				
Gain/(Loss) on sale of capital assets	-	491,369	-	-
Unrestricted investment earnings	29,091	36,910	43,886	44,914
Other	19,245	-	5,658	27,427
Transfers	639,109	(290,792)	(289,765)	(265,373)
Total business-type activities	687,445	237,487	(240,221)	(193,032)
Total primary government	$ 23,831,314	$ 27,652,224	$ 31,078,879	$ 31,093,073
Change in Net Position				
Governmental activities	$ (3,504,407)	$ 5,010,472	$ 8,343,057	$ 5,143,176
Business-type activities	(232,685)	3,812,545	592,144	283,361
Total primary government	$ (3,737,092)	$ 8,823,017	$ 8,935,201	$ 5,426,537

Source: City's financial statements

continued

Fiscal Year					
2009	2010	2011	2012	2013	2014
$ 3,773,245	$ 3,261,322	$ 1,206,532	$ 1,384,241	$ 1,898,467	$ 1,588,228
15,888,548	14,921,558	14,424,830	7,235,391	-	-
145,043	173,293	190,226	223,674	257,277	295,641
1,128,130	1,037,604	1,017,267	1,034,701	1,021,833	1,056,967
3,079,645	2,601,697	3,105,215	3,515,779	3,942,554	4,308,901
1,206,201	721,616	909,634	1,068,683	1,157,793	1,381,708
97,794	76,802	1,960,284	1,970,332	1,974,292	2,040,184
324,347	302,379	274,355	281,232	320,569	331,386
-					
-		2,457	3,172		
1,563,647	609,154	372,886	186,767	22,418	30,844
1,816,340	846,820	808,732	263,996	-	-
-	-	-	35,555	219,175	16,688
			50,466,374		
265,505	444,457	257,203	272,337	289,023	271,876
29,288,445	24,996,702	24,529,621	67,942,234	11,103,401	11,322,423
-	-	-			
251,589	74,294	42,738	84,540	34,537	74,856
20,481	-	-			
(265,505)	(444,457)	(257,203)	(272,337)	(289,023)	(271,876)
6,565	(370,163)	(214,465)	(187,797)	(254,486)	(197,020)
$ 29,295,010	$ 24,626,539	$ 24,315,156	$ 67,754,437	$ 10,848,915	$ 11,125,403
$ (9,565,827)	$ (4,311,267)	$ (4,563,615)	$ 49,942,272	$ 1,735,165	$ 4,420,062
237,493	(1,090,500)	(1,007,717)	(151,582)	2,301,982	1,258,796
$ (9,328,334)	$ (5,401,767)	$ (5,571,332)	$ 49,790,690	$ 4,037,147	$ 5,678,858

This page left blank intentionally.

City of Norco
Fund Balances
Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year					
	2005	2006	2007	2008	2009	2010
General Fund						
Reserved	$ -	$ -	$ -	$ -	$ -	$ -
Unreserved	7,313,336	7,791,835	8,431,607	7,960,962	6,586,317	3,382,363
Total general fund	$ 7,313,336	$ 7,791,835	$ 8,431,607	$ 7,960,962	$ 6,586,317	$ 3,382,363
All Other Governmental Funds						
Reserved	$ 14,506,168	$ 14,836,751	$ 21,050,335	$ 25,982,755	$ 28,891,668	$ 31,524,570
Unreserved, reported in:						
Special revenue funds	17,224,928	17,873,478	12,617,135	9,366,361	11,222,427	10,138,707
Capital projects funds	45,303,565	43,403,902	41,297,924	40,526,118	33,074,129	1,599,559
Debt service funds	1,014,496	1,175,963	803,414	1,148,975	817,903	21,335,624
Total all other governmental funds	$ 78,049,157	$ 77,290,094	$ 75,768,808	$ 77,024,209	$ 74,006,127	$ 64,598,460

Post GASB 54

	2011	2012	2013	2014
General Fund				
Nonspendable	50,375	-	5,444	-
Committed	2,031,765	2,723,125	3,560,200	3,923,015
Assigned	-	-	685,279	-
Unassigned	-	-	771,477	2,238,434
Total general fund	2,082,140	2,723,125	5,022,400	6,161,449
All Other Governmental Funds				
Nonspendable:	3,750	3,750	3,750	3750
Restricted:				
Streets and Highways	3,228,623	3,564,388	3,315,085	3,902,507
Community and Economic Development	31,741,417	48,600	79,788	111,247
Debt service	7,876,763	-		
Committed:				
Emergencies	678,872	487,585	378,013	498,231
Assigned:				
General Government	1,266,470	1,510,807	1,009,477	1,510,554
Public Safety	573,797	538,650	618,057	562,135
Streets and Highways	4,867,622	3,805,888	1,949,488	2,939,221
Culture and Leisure	1,096,918	937,095	663,896	1,166,786
Unassigned:				
Streets and Highways	(25,056)	(45,807)	(33,968)	(15,004)
Total all other governmental funds	51,309,176	10,850,956	7,983,586	10,679,427
Total all governmental funds	53,391,316	13,574,081	13,005,986	16,840,876

Source: City's financial statements

Note: During Fiscal Year 2011, the City of Norco adopted GASB Statement No. 54. This Statement changed the presentation of governmental fund type Fund Equity. The City complied with the requirements of the Statement, but chose not to retroactively apply the Statement in the Statistical Section.

City of Norco
Changes in Fund Balances
Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting

	Fiscal Year			
	2005	2006	2007	2008
Revenues				
Taxes	$ 20,028,396	$ 22,896,670	$ 27,620,892	$ 27,970,964
Assessments	194,978	648,033	428,045	412,101
Licenses and permits	957,262	754,346	533,440	452,002
Fines and forfeitures	444,622	502,036	709,921	753,353
Development fees	1,189,177	905,912	1,166,958	527,656
Intergovernmental	3,543,982	4,451,260	2,923,419	4,772,323
Charges for services	2,481,304	2,326,672	2,252,724	2,317,287
Use of money and property	1,858,310	2,886,973	4,348,986	2,976,772
Reimbursements	78,502	6,574	-	-
Contributions from property owners	1,258,068	461,503	-	-
Gain on sale of land held for resale	469,783	-	106,723	-
Other	1,474,132	686,584	619,413	870,910
Total revenues	33,978,516	36,526,563	40,710,521	41,053,368
Expenditures				
Current:				
General government	2,505,763	2,406,997	2,327,377	2,394,908
Public Safety	8,933,781	9,869,667	10,825,459	11,544,491
Public Works	2,291,359	1,079,977	1,464,876	1,230,672
Community development	9,304,391	3,447,292	5,096,755	5,617,017
Culture and leisure	2,054,588	2,190,517	2,195,327	2,386,547
Pass through payments	3,501,777	5,405,502	5,965,252	7,000,593
ERAF payment	716,633	665,577	-	-
Capital outlay	5,669,830	5,343,724	7,694,237	5,322,329
Debt service:				
Principal	2,015,973	2,382,999	2,286,811	2,355,246
Interest	4,286,532	4,202,649	4,227,387	4,146,410
Advance refunding escrow	-	1,448,228	-	-
Bond issuance costs	544,466	627,555	-	-
Total expenditures	41,825,093	39,070,684	42,083,481	41,998,213
Excess(deficiency) of revenues over(under) expenditures	(7,846,577)	(2,544,121)	(1,372,960)	(944,845)
Other Financing Sources (Uses)				
Proceeds from the sale of property	-	-	300,659	978,948
Transfers in	2,398,992	5,881,144	7,363,720	6,441,043
Transfes out	(1,718,281)	(5,742,106)	(7,172,933)	(6,150,670)
Bond/Loan Proceeds	7,912,213	2,117,651	-	-
Capital leases	-	6,868	-	-
Payment to refunded bond escrow	-	-	-	-
Other	-	-	-	-
Total other financing sources (uses)	8,592,924	2,263,557	491,446	1,269,321
Extraordinary Item				
Gain (Loss) on Redevelopment Agency Dissolution	-	-	-	-
Net change in fund balances	$ 746,347	$ (280,564)	$ (881,514)	$ 324,476
Debt service as a percentage of noncapital expenditures	17.43%	19.53%	18.94%	17.70%

Source: City's Financial Statements

continued

Fiscal Year					
2009	**2010**	**2011**	**2012**	**2013**	**2014**
$ 26,508,928	$ 23,745,417	$ 23,956,185	$ 17,200,037	$ 11,174,643	$ 11,606,683
472,580	715,343	735,159	752,370	738,771	769,133
366,686	305,400	347,242	505,630	528,236	518,126
771,840	752,125	331,897	410,926	363,652	408,066
315,694	76,448	20,675	20,500	158,983	23,571
3,018,500	6,924,847	5,395,191	2,651,672	3,590,364	6,185,123
2,451,917	1,718,494	1,777,039	1,520,149	1,620,822	2,889,825
1,903,673	761,464	448,674	469,871	554,081	526,069
-	2,438	58,115	101,061	79,114	115,286
-	-	-	5,122	-	-
-	-	-	-	-	-
889,349	1,100,424	754,977	632,339	1,300,567	51,368
36,699,167	36,102,400	33,825,154	24,269,677	20,109,233	23,093,250
3,907,426	3,722,351	2,962,270	3,258,192	3,442,691	3,719,499
11,701,361	11,161,258	9,937,526	9,225,606	8,389,746	8,314,657
5,237,689	3,275,869	6,730,303	3,475,972	6,244,862	4,305,486
14,770,016	7,077,701	9,456,808	1,754,664	582,154	830,309
2,062,853	4,418,987	2,776,861	1,987,381	2,107,965	2,217,201
7,147,710	8,132,776	8,413,267	3,929,764	-	-
-	4,904,827	1,009,817	-	-	-
1,283,183	-	-	-	-	-
	-				
2,376,569	2,555,000	1,945,000	-	-	-
4,048,679	4,599,700	4,857,722	2,526,471	-	-
-	1,583,999	-	-	-	-
425,240	509,660	-	-	-	-
52,960,726	51,942,128	48,089,574	26,158,050	20,767,418	19,387,152
(16,261,559)	(15,839,728)	(14,264,420)	(1,888,373)	(658,185)	3,706,098
-	-	-	-	-	-
10,307,179	9,964,964	7,869,352	4,085,718	854,830	871,061
(10,466,674)	(10,691,561)	(8,194,440)	(3,626,669)	(764,740)	(742,269)
12,200,000	24,500,000	-	-	-	-
-	-	-	-	-	-
-	(20,156,216)	-	-	-	-
(171,672)	(389,080)	-	-	-	-
11,868,833	3,228,107	(325,088)	459,049	90,090	128,792
-	-	-	(38,387,912)	-	-
$ (4,392,726)	$ (12,611,621)	$ (14,589,508)	$ (39,817,236)	$ (568,095)	$ 3,834,890
13.53%	16.92%	18.44%	11.07%	0.00%	0.00%

This page left blank intentionally.

City of Norco
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years
(in thousands)

Fiscal Year Ended June 30,	Secured Property	Unsecured Property	Total Taxable Assessed Value	Total Direct Tax Rate
2005	$ 1,794,788	$ 75,419	$ 1,870,207	1.00000%
2006	2,177,618	95,436	2,273,054	1.00000%
2007	2,552,281	89,619	2,641,900	1.00000%
2008	2,797,733	112,741	2,910,474	1.00000%
2009	2,828,056	82,418	2,910,474	1.00000%
2010	2,504,075	79,381	2,583,456	1.00000%
2011	2,454,215	75,188	2,529,403	1.00000%
2012	2,450,112	94,059	2,544,171	1.00000%
2013	2,461,226	69,942	2,531,168	1.00000%
2014	2,552,367	67,135	2,619,502	1.00000%

The Total Estimated Actual Value of Taxable Property for Fiscal Year 2014 was $2,619,502.

Source: California Municipal Statistics

City of Norco
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(rate per $100 of assessed value)

	City Direct Rates		Overlapping Rates	
Fiscal Year	Basic Rate	Total Direct	Corona/Norco Unified School District	Metro Water District
2005	1.00000%	1.00000%	0.01457%	0.00520%
2006	1.00000%	1.00000%	0.01457%	0.00520%
2007	1.00000%	1.00000%	0.01072%	0.00470%
2008	1.00000%	1.00000%	0.03794%	0.00450%
2009	1.00000%	1.00000%	0.04105%	0.00430%
2010	1.00000%	1.00000%	0.04032%	0.00430%
2011	1.00000%	1.00000%	0.04524%	0.00370%
2012	1.00000%	1.00000%	0.06614%	0.00370%
2013	1.00000%	1.00000%	0.06543%	0.00350%
2014	1.00000%	1.00000%	0.06844%	0.00350%

City of Norco
Principal Property Tax Payers
Current Year and Nine Years Ago

	2014			2005		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Norco Corona Association	$ 17,773,787	1	0.68%	$ 16,801,974	1	0.90%
Yihua International Investment	14,849,134	2	0.57%			
Dayton Hudson Corp	13,021,030	3	0.50%	10,801,137	3	0.58%
H & H Properties	12,694,027	4	0.48%	10,302,996	5	0.55%
Rbe Norco Hidden Valley LLC	12,624,647	5	0.48%			
Grayburn Prop Inc	9,877,000	6	0.38%			
Winco Foods LLC	9,619,389	7	0.37%			
1900 Prop	9,518,176	8	0.36%			
Rexco Norco	8,612,334	9	0.33%			
140 Hidden Valley Parkway	8,230,000	10	0.31%			
Homebase, Inc.				10,498,808	4	0.56%
Hood Network, Inc.				12,389,063	2	0.66%
Frahm Dodge, Inc.				10,142,371	6	0.54%
American Stores Prop. Inc.				8,331,424	7	0.45%
Marketplace On Hamner				6,734,160	8	0.36%
Robert E. Hemborg Trust				6,529,034	9	0.35%
Ultima Tech Inc.				6,000,000	10	0.32%
	$ 116,819,524		4.46%	$ 98,530,967		5.27%

Source: Riverside County Assessor's Office

This page left blank intentionally.

City of Norco
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2005	$ 908,576	$ 745,459	82.0%	$ 32,947	$ 778,406	85.7%
2006	1,148,464	1,142,877	99.5%	35,789	1,178,666	102.6%
2007	1,349,303	1,586,866	117.6%	53,828	1,640,694	121.6%
2008	1,409,820	1,470,638	104.3%	105,708	1,576,346	111.8%
2009	1,419,800	1,269,820	89.4%	170,270	1,440,090	101.4%
2010	1,153,651	1,123,852	97.4%	137,694	1,261,546	109.4%
2011	1,133,435	1,041,181	91.9%	99,532	1,140,713	100.6%
2012	1,124,323	1,038,464	92.4%	84,256	1,122,720	99.9%
2013	1,138,081	1,084,155	95.3%	73,428	1,157,583	101.7%
2014	1,178,361	1,156,997	98.2%	64,429	1,221,426	103.7%

Source: Riverside County Office of Auditor-Controller
Note: The amounts collected in the subsequent years column reflects a combination of collections from multiple prior fiscal years and cannot be separated readily for the purpose of this schedule. Also, the taxes collected during the different fiscal years include supplemental taxes that may not have been picked up in the original levy. For these reasons, the collection percentage for various fiscal years exceeds the amount levied by more than 100%.

City of Norco
Ratio of Outstanding Debt by Type
Last Ten Fiscal Years
(dollars in thousands, except per capita)

	Governmental Activities		
Fiscal Year	**Capital Leases**	**Special Assessment Bonds**	**Term Loan Payable**
2005	$ 88	$ 45,270	$ 1,371
2006	80	51,875	600
2007	62	50,550	389
2008	41	49,540	170
2009	17	48,320	-
2010	42	47,140	-
2011	39	46,045	-
2012	30	45,190	-
2013	20	44,260	-
2014	8	43,185	-

Note: Details regarding the City's outstanding debt can be found in the notes to the City's financial statements.
[1] U.S. Department of Commerce, Bureau of Economic Analysis for Riverside County
** Personal income data not available. Unable to calculate the percentage.

continued

Business-Type Activities						
Bonds	Capital Leases	Term Loan Payable	Total Primary Government	Percentage of Personal Capita	Percentage of Assessed Valuation	Per Capita[1]
$ -	$ 14,723	$ 963	$ 62,415	9%	6.98%	2,338
-	14,389	901	67,845	14%	2.98%	2,489
-	13,965	835	65,801	10%	2.49%	2,414
-	13,535	767	64,053	10%	2.20%	2,350
39,000	1,153	696	89,186	13%	3.06%	3,284
38,430	1,039	622	87,273	14%	3.38%	3,189
37,825	921	545	85,375	13%	3.38%	3,155
37,825	803	545	84,393	**	3.32%	3,120
36,560	676	379	81,895	**	3.24%	3,026
35,890	548	291	79,922	**	3.05%	3,007

City of Norco
Ratio of General Bonded Debt Outstanding
Last Ten Fiscal Years
(dollars in thousands, except per capita)

	General Bonded Debt Outstanding[1]						
Fiscal Year	General Obligation Bonds	RDA Bonds	Total	Debt Service Reserve	Net General Bonded Debt	Percentage of Actual Taxable Value of Property	Per Capita[2]
2005	-	-	-	-	-	0.00%	-
2006	-	-	-	-	-	0.00%	-
2007	-	-	-	-	-	0.00%	-
2008	-	-	-	-	-	0.00%	-
2009	-	-	-	-	-	0.00%	-
2010	-	-	-	-	-	0.00%	-
2011	-	-	-	-	-	0.00%	-
2012	-	-	-	-	-	0.00%	-
2013	-	-	-	-	-	0.00%	-
2014	-	-	-	-	-	0.00%	-

Note: Details regarding the City's outstanding debt can be found in the notes to the City's financial statements.
(1) The City has no general obligation bonded debt for last ten fiscal years.
(2) See population data in schedule of "Demographic and Economics Statistics.

City of Norco
Direct and Overlapping Activities Debt
As of June 30, 2014

2013-14 Assessed Valuation: $ 2,619,501,990

Direct and Overlapping Tax and Assessment Debt:	% Applicable (1)	Debt
Metropolitan Water District	0.120 %	$ 158,730
Riverside City Community College District	3.371	7,676,764
Alvord Unified School District	0.003	6,827
Corona-Norco Unified School District	9.577	24,907,141
City of Norco	100.000	0
City of Norco Community Facilities District No. 93-1	100.000	978,100
City of Norco Community Facilities District No. 97-1	100.000	5,940,000
City of Norco Community Facilities District No. 2001-1	100.000	34,890,000
City of Norco Community Facilities District No. 2002-1	100.000	1,376,484
Corona-Norco Unified School District Community Facilities District No. 88-1	9.706	51,927
Total Direct and Overlapping Tax and Assessment Debt		$ 75,985,973
Overlapping General Fund Obligation Debt:		
Riverside County General Fund Obligations	1.250 %	$ 8,822,498
Riverside County Pension Obligations	1.250	4,181,438
Riverside County Board of Education Certificates of Participation	1.250	33,750
Alvord Unified School District Certificates of Participation	0.003	61
Corona-Norco Unified School District Certificates of Participation	9.577	2,670,068
Total Gross Overlapping General Fund Obligation Debt		15,707,815
Less: Riverside County self-supporting obligations		126,278
Total Net Overlapping General Fund Obligation Debt		15,581,537
Gross Combined Total Debt		178,366,385
Net Combined Total Debt		$ 178,240,107

Ratios to Adjusted Assessed Valuation:	
Gross Combined Total Debt	6.81%
Net Combined Total Debt	6.80%

State School Building Aid Repayable as of 6/30/13: $ -

(1) Percentage of overlapping agency's assessed valuation located within boundaries of the city.
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations. Qualified Zone Academy Bonds are included based on principal due at maturity.

Source: California Municipal Statistics, Inc.

City of Norco
Legal Debt Margin Information
Last Ten Fiscal Years
(dollars in thousands)

	Fiscal Year			
	2005	**2006**	**2007**	**2008**
Debt limit	$ 280,531	$ 340,958	$ 396,285	$ 436,571
Total net debt applicable to limit (1)	-	-	-	-
Legal debt margin	$ 280,531	$ 340,958	$ 396,285	$ 436,571
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%

Source: City's Finance Department

The City has no general obligation bonded debt for last ten fiscal years.

continued

Fiscal Year					
2009	2010	2011	2012	2013	2014
$ 436,571	$ 387,518	$ 379,410	$ 381,626	$ 379,675	$ 392,925
-	-	-	-	-	-
$ 436,571	$ 387,518	$ 379,410	$ 381,626	$ 379,675	$ 392,925
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Assessed value	$ 2,619,502
Debt limit (15% of assessed value)	392,925
Debt applicable to limit:	
General obligation bonds	-
Less: Amount set aside for repayment of general obligation debt	-
Total net debt applicable to limit	-
Legal debt margin	$ 392,925

City of Norco
Pledged-Revenue Coverage
Last Ten Fiscal Years
(dollars in thousands)

	Utility Revenue Bonds					
				Debt Service		
Fiscal Year	Utility Service Charges	Less: Operating Expenses[1]	Net Available Revenue	Principal	Interest	Coverage
2005	$ 7,881	$ 7,604	$ 277	$ 180	$ 418	0.46
2006	9,532	8,402	1,130	185	410	1.90
2007	9,764	8,310	1,454	195	402	2.44
2008	9,929	8,094	1,835	200	393	3.09
2009	10,768	9,372	1,396	210	194	3.46
2010	10,878	9,430	1,448	570	2,064	0.55
2011	11,567	9,204	2,363	605	2,018	0.90
2012	14,360	11,239	3,121	620	1,996	1.19
2013	15,444	10,093	5,351	645	1,971	2.05
2014	15,355	10,492	4,863	670	1,945	1.86

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
(1) Operating expenses do not include depreciation, or amortization expenses.
(2) The City is not liable for Special Assessment District or Community Facility District defaults; collections and remittances are accounted in an agency fund.
(3) The Bonds are limited obligation of the Successor Agency, payable solely from tax increment revenues.

continued

Special Assessment Bonds[2]				Successor Agency Bonds [3]			
Special Assessment Collections	Debt Service			Redevelopment Property Tax	Debt Service		
	Principal	Interest	Coverage		Principal	Interest	Coverage
$ 3,775	$ 585	$ 3,050	1.04	$ 10,671	$ 1,825	$ 4,146	1.79
3,702	600	2,924	1.05	12,587	2,185	4,088	2.01
3,429	1,325	1,968	1.04	14,605	2,075	4,178	2.34
3,691	1,010	2,362	1.09	15,838	2,135	4,112	2.54
4,201	1,220	2,314	1.19	15,497	2,205	4,032	2.48
3,858	1,180	2,261	1.12	14,624	2,555	4,600	2.04
3,422	1,095	2,209	1.04	14,128	1,945	4,858	2.08
3,314	855	2,166	1.10	7,084	2,150	2,526	1.51
3,217	930	2,131	1.05	7,592	2,240	4,927	1.06
3,161	1,386	2,011	0.93	7,001	2,335	4,823	0.98

City of Norco
Demographic and Economic Statistics
Last Ten Fiscal Years

Year	Estimated Population[1]	Personal Income (in thousands)[2]	Per Capita Personal Income[3]	School Enrollment[4]	Unemployment Rate[5]
2005	26,700	$ 666,000	$ 73,046	45,851	4.2
2006	27,263	500,000	62,652	50,209	4.0
2007	27,263	672,000	81,182	51,885	4.6
2008	27,255	646,000	78,141	51,514	6.8
2009	27,160	677,000	86,777	52,396	12.3
2010	27,370	629,000	80,358	53,445	12.5
2011	27,060	648,000	79,279	53,101	12.0
2012	27,053	668,000	79,807	53,424	10.3
2013	27,063	**	**	53,522	8.8
2014	26,582	**	**	53,816	7.4

Sources:
(1) State Department of Finance, Demographic Research Unit
(2) Estimated based on “Per Capita Personal Income”.
(3) U.S. Department of Commerce, Bureau of Economic Analysis for Riverside County
(4) Data is for total Corona-Norco Unified School District enrollment; source is California State Department of Education
(5) State Employment Development Department, Labor Market Information Division.
** data not available

City of Norco
Principal Employers
Current Year and Nine Years Ago

	2014			2005		
Employer	**Employees**	**Rank**	**Percentage of Total City Employment[1]**	**Employees**	**Rank**	**Percentage of Total City Employment[1]**
Corona-Norco Unified School District	4,632	1	33.81%	5,215	1	35.00%
Naval Surface Warfare Center	1,300	2	9.49%	1,010	3	6.78%
California Rehabilitation Center	1,147	3	8.37%	1,146	2	7.69%
Riverside Community College	391	4	2.85%	130	9	0.87%
Target Stores	186	5	1.36%	210	7	1.41%
Quick Crete Products Corp	145	6	1.06%			
Winco Foods, LLC	145	7	1.06%			
International E-Z Up, Inc.	110	8	0.80%			
Hemborg Ford, Inc.	100	9	0.73%			
Keller Williams Realty	98	10	0.72%			
HCI, Inc.				600	4	4.03%
Computer Science Corp (formerly DynCorp)				325	5	2.18%
Norco Ranch				250	6	1.68%
SeGi				150	8	1.01%
City of Norco				101	10	0.68%
Total:	8,254		60.25%	9,137		61.32%

Source: City's Economic Development Department
(1) Employment information obtained from State Employment Development Department, Labor Market Information Division.

City of Norco
Full-time Equivalent City Government Employees by Function / Program
Last Ten Fiscal Years

	Full-time Equivalent Employees as of June 30			
	2005	2006	2007	2008
Function/Program				
General government				
Administration	3	3	2	2
City Clerk	3	3	3	3
Fiscal & Support Svcs.	15	15	15	15
Other	0	0	0	0
Public Safety				
Police (Civilian)	1	1	1	1
Fire	29	30	30	30
Code Enforcement	1	1	1	1
Animal Control	5	5	6	6
Public Works				
Maintenance	15	17	18	18
Culture and leisure				
Parks & Recreation	12	13	13	11
Community development				
Planning	4	4	5	5
Engineering	5	2	1	1
Building	7	9	8	8
Economic development	1	1	1	1
Total	101	104	104	102

Source: City's annual adopted budgets

continued

Full-time Equivalent Employees as of June 30					
2009	**2010**	**2011**	**2012**	**2013**	**2014**
1	1	1	1	1	1
3	3	2	2	2	2
13	13	13	13	12	11
0	0	0	0	0	0
1	1	1	1	1	1
28	23	20	0	0	0
0	0	0	1	0	1
6	6	4	4	4	3
17	15	16	14	15	15
9	9	7	7	7	8
3	3	2	2	2	2
1	1	1	1	1	1
5	3	2	2	2	2
3	3	1	0	0	0
90	81	70	48	47	47

City of Norco
Operating Indicators by Function / Program
Last Ten Fiscal Years

Function/Program	2005	2006	2007	2008	2009
Police					
UCR Crime index total	1,095	1,171	1,014	1,040	824
Traffic collisions	487	553	588	405	327
Traffic violations	5,535	3,591	7,046	9,278	7,339
Fire					
Total number of responses	1,869	1,958	1,987	2,002	1,846
Fires extinguished	118	95	115	96	105
Water					
Number of service connections	7,174	7,500	7,590	7,628	7,645
Average daily consumption (in mil. of gallons)	7.9	8.3	8.9	8.9	8.9
Max. daily (groundwater wells) capacity (in mil. of gallons)	8.6	8.6	8.8	8.8	8.8
Max. daily import capacity (in mil. of gallons)	11.5	11.5	11.6	11.6	11.6
Storage capacity (in mil. of gallons)	10.2	10.2	10.2	10.2	12.4
Sewer					
Number of sewer connections	6,476	6,526	6,576	6,626	6,676
Average daily treatment (in mil. of gallons)	1.8	1.8	1.9	1.9	1.9
Max.daily capacity of treatment plans (in mil. of gallons)	2.2	2.2	2.2	2.2	2.2

Source: Various City's departments

(1) 997 calls responded by Norco Fire Department (July to December 2011), and 999 responded by Cal-Fire (January to June 2012).
(2) 16 fires extinguished by Norco Fire Department (July to December 2011), and 44 extinguished by Cal-Fire (January to June 2012).
(3) 64 fires extinguished and 211 false fire alarms.

continued

2010	2011	2012	2013	2014
743	714	684	659	628
269	337	230	480	528
7,246	4,585	1,092	729	1,388
2,134	2,105	1,996 (1)	2,562	1,996
89	82	60 (2)	212	64
7,653	7,669	7,566	7,471	7,451
8.8	7.5	7.7	7.8	7.5
8.8	7.5	8.2	8.2	8.2
11.6	12.2	12.2	12.2	12.2
12.4	12.4	11.4	11.4	11.4
6,726	6,776	6,826	6,876	6,866
1.9	1.9	1.9	1.9	1.9
2.2	2.2	2.2	2.2	2.2

City of Norco
Capital Asset Statistics by Function / Program
Last Ten Fiscal Years

	Fiscal Year			
	2005	2006	2007	2008
Function/Program				
Public safety				
Fire stations	2	2	2	2
Culture and leisure				
Parks	15	15	15	15
Park Acreage	167.3	167.5	167.5	167.5
Open Space Acreage	835.3	835.3	835.3	835.3
Tennis court	1	1	1	1
Skate court	1	1	0	0
Public swimming pool	1	1	1	1
Community center	1	1	1	1
Public playgrounds/Tot lots	8	8	9	9
Water				
Water mains (miles)	93.7	93.7	100.8	100.8
Fire hydrants	890	890	1,282	1,282
Sewer				
Sanitary sewers (miles)	85.3	85.3	91.3	91.3
Treatment plant	1	1	1	1

Source: Various City's departments

continued

Fiscal Year					
2009	**2010**	**2011**	**2012**	**2013**	**2014**
2	2	2	2	2	2
15	15	15	15	15	15
167.5	167.5	167.5	167.5	167.5	167.5
835.3	835.3	835.3	835.3	835.3	835.3
1	1	1	1	1	1
0	0	0	0	0	0
1	1	1	1	0	0
1	1	1	1	1	1
9	9	9	9	9	9
100.8	101.5	102.1	102.1	102.1	102.1
1,282	1,282	1,282	1282	1282	1282
91.3	91.3	91.7	91.7	91.7	91.7
1	1	1	1	1	1

This page left blank intentionally.