

# **CITY OF NORCO CALIFORNIA**



## **COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2008**

**CITY OF NORCO, CALIFORNIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

Prepared by the Fiscal and Support Services Department

**CITY OF NORCO, CALIFORNIA  
Comprehensive Annual Financial Report  
For The Fiscal Year Ended June 30, 2008**

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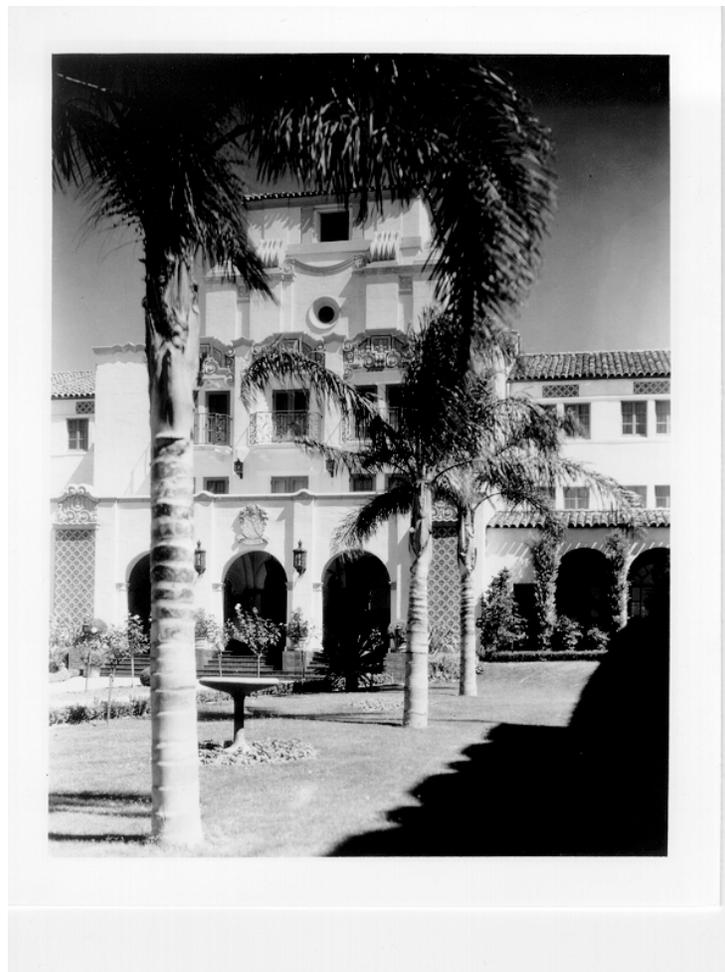
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## INTRODUCTORY SECTION





# CITY of NORCO

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

December 3, 2008

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, we are pleased to submit the City of Norco (City) Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2008 (FY2008). This report provides a comprehensive view of the City's financial activities for the year and financial position at the end of the 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 by a firm of licensed certified public accountants.

This CAFR for FY2008 comprises of three sections:

1. Introductory Section, consisting of this transmittal letter, list of City officials an organization chart, and certificate of achievement for excellence in financial reporting;
2. Financial Section, consisting of the independent auditors' report, management discussions and analysis, basic financial statements, notes to the financial statements, required supplementary information, and detailed revenue and expense schedules; and
3. Statistical Section, consisting of pertinent financial and non-financial information indicating trends for comparative fiscal periods.

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 established 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 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 purpose of an independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2008, are free of any material misstatements. The independent audit involves examining, on a test

## CITY COUNCIL

KATHY AZEVEDO  
Mayor

MALCOLM MILLER  
Mayor Pro Tem

FRANK HALL  
Council Member

BERWIN HANNA  
Council Member

RICHARD L. MacGREGOR  
Council Member

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 unqualified opinion that the City's financial statements for the fiscal year ended June 30, 2008, are fairly presented in conformity with GAAP. The independent auditor's report is presented 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 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 received enough federal grants to meet the threshold set by the OMB for a Single Audit. Consequently, Single Audit reports are issued by the auditors.

GAAP require 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 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.

### **General Information - 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. The Inland Empire is one of the top growth areas in the state and in the country. The City limits cover an area of approximately 15 square miles, with a permanent population of approximately 27,361. The City is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by City Council. Norco is an animal-keeping equestrian-oriented community, known as "Horsetown USA." Residents enjoy over 400 acres of parkland and 120 miles of pedestrian and equestrian trails and 108 miles of streets. Most residential property are zoned for animal keeping with size of a minimum of one-half acre in size.

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, hiring both the City Manager and City 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; 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.

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; and animal control services. Police protection is provided through a contract between the City and Riverside County Sheriff's Department. Economic development activities are provided through a legally separate Norco Community Redevelopment Agency. The activities of the Norco Community Redevelopment Agency are included as integral part of the City's basic financial statements. For additional information on the Norco Community Redevelopment Agency, please see Note 1 in the notes to the financial statements.

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, Recreation and Community Services Department. The vision of the department 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 heaven 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 each year.

Through the City's Redevelopment Agency, the City provides economic development assistance to developers, real estate agents, appraisers, property owners and other residents. The primary purpose of the Redevelopment Agency is to eliminate urban blight and attract economic developments projects to the City.

The City's Public Works 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.

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 that are used as the starting point for developing a proposed budget. The City Manager presents a proposed budget to Council for review through a staff and Council budget workshop. At the completion of budget workshops, 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 requires the approval of the City manager and transfers of appropriation 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 individual governmental fund for which appropriated annual budget has been adopted. 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 local economy, state government actions, staffing/service levels, long-term financial planning, cash management policies and practices, risk management, pension and other post employment benefits.

**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 United States. The local economy which has experienced strong rate of growth from fiscal year 2003 through 2007 essentially came to a grinding halt in fiscal year 2008 due the sub-prime mortgage meltdown. With the slow down in the housing market, especially residential, the economic growth has significantly slowed leading to unemployment rate of 9.2%, the highest level since 1995.

Most of the job losses in the region have been in construction, manufacturing and financial activities sectors. The City's central business district is dominated by automobile dealerships, retail shops and restaurants. Due to a significant decline in domestic automobile sales, revenues derived from sales tax declined by more than 13% during the fiscal year ended June 30, 2008. Additional declines in fiscal year 2009 are anticipated as a result of continued weakness in auto and general merchandise retail sales. During the year, assessed values of real property in the City saw a downward trend for the upcoming years due to a significant downturn in the housing market. Assessed property values have grown in the City over the past three years by an average of more than 10%. In fiscal year 2007-08, the growth rate was less than 2% and projected to decline further in fiscal year 2008-09 due to expected Proposition 8 re-assessments.

**Long-term financial and strategic planning:** In recognition of potential financial challenges facing the City over the next several years, the City Council and staff during the year, embarked on the development of long-term financial and strategic plans to preserve the quality of life in the City and mitigate the negative impacts of projected decline in General Fund revenues and fund balance due to the downturn in economic conditions. The primary focus of the strategic plan is to popularize 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 (partial list) were adopted by the City Council:

- Attract significant commercial development projects to significantly enhance the city's General Fund revenue base.
- Initiate policies and procedures to facilitate the eventual preservation and restoration of the Norconian Hotel and surrounding historical properties
- Expand the diversity of housing options in the City to comply with state regulations and obtain certification of the City's Housing Element
- Improve working capital of the Sewer Fund by completing a rate study and implementing rate adjustments.
- Protect the environment through green initiatives, preservation of natural resources, and construction of manure-to-energy plant and incorporation of solar energy panels on new construction projects.
- Eliminate the underlying "structural budget imbalance" in the General Fund through economic development and strict expenditure controls.
- Protect and promote the "small town" western charm of Sixth Street

**Cash management policies and practices:** Cash temporarily idle during the year was invested in U.S. Agency securities, corporate bonds, money market funds and State of California Local Agency Investment Fund. The maturities of these investments range from 1 day to 5 years consistent with Council approved Investment Policy. Investment income includes changes in the fair value of investments. Increases or decreases in the fair value of investments during the year, however, do not necessarily represent trends that will continue; nor is it always possible to realize such amounts, especially in the case of temporary changes in the fair value of investments that the City intends to hold to maturity. As a result of the weak economic environment, interest rates during the year moved sharply lower, resulting in less investment earning during the fiscal year. For the upcoming fiscal year, it is anticipated that revenues from investment earnings will likely decline further due to lower cash balances and continued decrease in short term interest rates.

**Risk management:** The cost of claims arising from various liability and workers compensation exposures can negatively impact the City's long-term financial condition. The City contracts with Southern California Risk Management Associates (SCRMA), Inc and Public Entity Risk Management Authority for the administration of workers' compensation and general liability claims respectively. To minimize losses from claims, the City employs a proactive claims management strategy whereby all claims are quickly investigated and documented using experienced claim managers and adjusters. The City meets quarterly with its third party workers compensation administrator to review the status of each outstanding claim and formulate strategies for closing each claim as quickly as possible. General liability claims are also quickly reviewed with a third party risk manager to formulate strategies for resolving the claims in the most cost efficient manner possible.

The City is self-insured for workers' compensation claims up to \$250,000 and \$125,000 for general liability. Claim losses exceeding these amounts are covered through insurance pools and excess coverage. Financial resources for the payment of claims within the retention levels are designated in the General Fund. Additional information on the City's risk management activity can be found in Note 12 of the notes to the financial statements.

**Pension and other post-employment benefits:** Pension and other post-employment benefits are significant cost items impacting the long-term financial condition of the City. The City provides retirement benefits for safety and non-safety employees through the California Public Employees Retirement System (CalPERS). In order to accumulate financial resources required to pay benefits upon retirement, the City is required to contribute an actuarially determined percentage of each employee's covered earnings. Employees are required to contribute 8 and 9 percent of their covered earnings for non-safety and safety, respectively. The City makes the contributions required of non-safety employees on their behalf and for their account.

The City also provides post-retirement health benefits for eligible retirees and their dependents. California Public Employees Retirement System administers the City's post-retirement health benefits. As of the end of the current fiscal year, there were 47 retired employees receiving these benefits which are financed on a pay-as-you-go basis. Under current GAAP, the City is not required to report a liability in the financial statements in connection with its obligation to provide these benefits. However, with the scheduled implementation of GASB Statement No. 45, Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pension, the City would be required, effective fiscal year 2008-2009 to recognize the cost of post employment healthcare on an accrual basis. As of June 30, 2008, the City has completed the actuarial evaluation necessary to determine the of amount of Unfunded Accrued Actuarial Liabilities (UAAL) and annual required contribution

Additional information on the City's pension plans and post-employment benefits can be found in Note 13 in the notes to the financial statements.

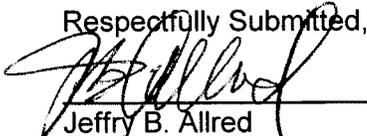
**Other Relevant Financial Issues:** The California state budget crisis continues to be of concern to local governments including the City of Norco. For several years, the state has been struggling to eliminate the state's general fund structural budget deficit without much success. To solve its budget deficits the governor and the state legislature have often times relied on confiscating local revenues. This has created much uncertainty for local governments trying to balance their budgets. As an example, for the coming fiscal year 2009, Norco is expected to lose nearly \$1.5 million of mostly Redevelopment Agency property tax increment to the state of California. With the continuing economic slowdown and widening of the state budget deficits, the risk of more revenue losses to the state is very high.

## Awards and Acknowledgments

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2007. In order to receive this prestigious award, the City published an easily readable and efficiently organized CAFR. A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR meets the Certificate of Achievement program's requirement. It also satisfies GAAP and applicable legal requirements. Consequently, the CAFR will be submitted to the GFOA to determine its eligibility for another certificate.

The preparation of this report could not be accomplished without the dedicated services of the entire staff of the Fiscal and Support Services Department and our independent auditors, Rogers, Anderson, Malody & Scott, LLP. We would like to express our appreciation to all City staff who contributed to the preparation of this report. Special credit must also be given to the mayor and members of the City Council for their direction and support to ensure the highest standards of professionalism in managing the City's finances.

Respectfully Submitted,

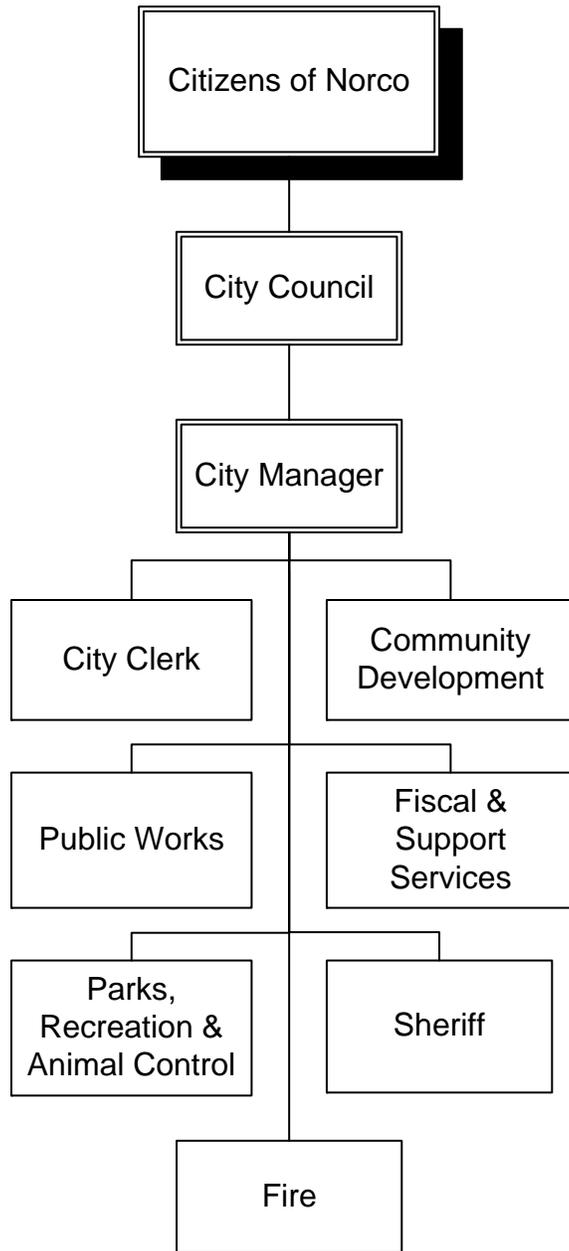


Jeffrey B. Allred  
City Manager



V. Andy Okoro, CPA  
Director Fiscal & Support Services

**CITY OF NORCO**  
ORGANIZATIONAL CHART  
June 30, 2008



**CITY OF NORCO**  
Directory of City Officials  
June 30, 2008

**MAYOR**

Frank Hall

**CITY COUNCIL**

Hal Clark, Mayor Pro Tem  
Berwin Hanna  
Malcolm Miller  
Kathy Azevedo

**CITY MANAGER**

Jeff B. Allred

V. Andy Okoro  
**Director, Fiscal and Support Services/  
City Treasurer**

Lt. Ross Cooper  
**Chief of Police  
(Riverside County Sheriff)**

Brian Petree  
**Director, Parks, Recreation and  
Community Services**

William Thompson  
**Director, Public Works**

Debra L. McNay  
**City Clerk**

Brian Oulman  
**Director, Economic Development**

Jim Daniels  
**Director, Community  
Development**

Jack Frye  
**Fire Chief**

# 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, 2007

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



*Charles S. Cox*

President

*Jeffrey R. Emer*

Executive Director

## FINANCIAL SECTION



*Lake Norconian Makes a Perfect Mirror for the Casino--North Side*



**ROGERS, ANDERSON, MALODY & SCOTT, LLP**  
CERTIFIED PUBLIC ACCOUNTANTS

JAY H. ZERCHER, C.P.A.  
ROBERT B. MEMORY, C.P.A.  
PHILLIP H. WALLER, C.P.A.  
BRENDA L. ODLE, C.P.A.  
TERRY P. SHEA, C.P.A.  
KIRK A. FRANKS, C.P.A.  
MATTHEW B. WILSON, C.P.A.  
SCOTT W. MANNO, C.P.A.  
LEENA SHANBHAG, C.P.A.

NANCY O'RAFFERTY, C.P.A.  
BRAD A. WELEBIR, C.P.A.  
TIMOTHY P. HORN, C.P.A.  
KATIE L. MILLSOM, C.P.A.  
JOHN J. BADIA, C.P.A.

The Honorable City Council of the City of Norco

## INDEPENDENT AUDITORS' REPORT

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Norco, as of June 30, 2008, and the respective changes in financial positions, and, where applicable, cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2008, 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, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

### MEMBERS

AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

PCPS THE AICPA ALLIANCE FOR CPA FIRMS

CALIFORNIA SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS

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Website: [www.ramscpa.net](http://www.ramscpa.net)

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

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

*Rogers, Anderson, Malody & Scott, LLP*

December 3, 2008

## Management's Discussion and Analysis

As management of the City of Norco, California (City), we are pleased to provide to the readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of Norco for the fiscal year ended June 30, 2008. Since the Management's Discussion and Analysis (MD&A) is designed to be condensed, we encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal which can be found on pages I-VI of this report and the financial statements beginning on page 1.

### Financial Highlights

- Total assets of the City exceeded total liabilities at the end of fiscal year 2008 by \$202.2 million. The difference between total assets and total liabilities is referred to as total net assets. Net assets of the City at June 30, 2008 include the cost of governmental activities' infrastructure assets.
- The City's total net assets increased by \$5.4 million during the year. Of this increase, \$4.0 million came from addition of assets contributed by property developers and \$1.4 million from revenues exceeding expenses.
- As of June 30, 2008, the City's governmental funds reported combined fund balances of \$85 million, an increase of \$.3 million from prior fiscal year. Approximately \$59 million of the governmental funds' fund balances is unreserved.
- Unreserved fund balance for the general fund was \$8 million or 46.6 percent of total general fund expenditures in fiscal year 2008. This represents a decrease of \$.9 million from last fiscal year which came as a result of expenditures exceeding revenues during the current fiscal year.
- The City's total long-term debt decreased by \$2.7 million during the fiscal year as a result of principal payment.

### Overview of the Financial Statements

Management discussion and analysis are intended to serve as an introduction to the City's basic financial statements which consists of three components, namely:

1. Government-wide financial statements,
2. Fund financial statements, and
3. Notes to the financial statements.

This report also contains other 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 assets and a statement of activities. The statement of net assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Overtime, increases or decreases 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 assets changed during the most recent 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. Revenues and expenses are 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.

Government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (government 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, culture and leisure. The business-type activities of the City include water and sewer operations.

The government-wide financial statements include not only the City itself (known as the primary government), but also its component units that are legally separate but whose activities the City is financially accountable. These entities include the Norco Redevelopment Agency and Financing Authority.

The government-wide financial statements can be found on pages 14-16 of this report.

**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 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 focus 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 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 governmental activities.

The City maintains several individual governmental funds organized by their type (general, special revenue, capital projects and debt service funds). Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance for the general, redevelopment debt service, low-mod housing and redevelopment capital projects funds, which are considered to be major funds. Data from the remaining governmental funds are combined into a single, aggregated presentation called nonmajor governmental funds. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its general and special revenue 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 17-22 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 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 its fleet of vehicles and for its computer and related information systems. Because fleet and computer information services which predominantly benefit government 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 more detail. 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 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. 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 basic fiduciary fund financial statements can be found on page 28 of this report.

**Notes to the basic financial statements:** The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 29-58 of this report.

**Other information:** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information, Budgetary Comparison Schedules for the General Fund and the Major Special Revenue Fund. Required supplementary information can be found on pages 59-60 of this report.

Combining statements for nonmajor governmental funds, internal service funds and agency funds are presented immediately following the required supplementary information. Combining financial statements and schedules can be found on pages 67-113 of this report.

## Government-wide financial analysis

As noted earlier, net assets may serve over time as a useful indicator of the City's financial position. For the fiscal year ended June 30, 2008, total City assets exceeded total liabilities by \$202.2 million as summarized below:

### City of Norco, California Statement of Net Assets

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
<b>Assets:</b>						
Current and other assets	\$ 91,920,474	\$ 92,398,455	\$ 11,655,853	\$ 12,466,804	\$ 103,576,327	\$ 104,865,259
Capital assets (net of depreciation)	153,884,762	151,444,279	58,153,273	58,020,979	212,038,035	209,465,258
<b>Total assets</b>	<b>245,805,236</b>	<b>243,842,734</b>	<b>69,809,126</b>	<b>70,487,783</b>	<b>315,614,362</b>	<b>314,330,517</b>
<b>Liabilities:</b>						
<b>Current and other</b>						
Liabilities	6,311,247	7,483,095	2,632,063	2,873,774	8,943,310	10,356,869
Long-term liabilities	83,138,742	85,147,568	21,323,020	22,043,327	104,461,762	107,190,895
<b>Total liabilities</b>	<b>89,449,989</b>	<b>92,630,663</b>	<b>23,955,083</b>	<b>24,917,101</b>	<b>113,405,072</b>	<b>117,547,764</b>
<b>Net assets:</b>						
Invested in capital assets, net of related debt	153,848,153	151,388,100	41,150,408	36,930,507	194,998,561	188,318,607
Restricted	56,203,749	55,995,625	7,261,078	8,718,561	63,464,827	64,714,186
Unrestricted	(53,696,655)	(56,171,654)	(2,557,443)	(78,386)	(56,254,098)	(56,250,040)
<b>Total net assets</b>	<b>\$ 156,355,247</b>	<b>\$ 151,212,071</b>	<b>\$ 45,854,043</b>	<b>\$ 45,570,682</b>	<b>\$202,209,290</b>	<b>\$196,782,753</b>

Net assets for the fiscal year ended June 30, 2008, includes infrastructure assets such as roads, streets, lighting systems, drainage systems, bridges, etc.

Including the value of infrastructure assets, investments in capital assets net of related debt represents 96.4 percent of the City's net assets for fiscal year ended June 30, 2008. The City uses capital assets to provide services to citizens; consequently, these assets are not available for future spending. An additional portion of the City's net assets, \$63.5 million for fiscal year 2008 and \$64.7 million for fiscal year 2007, represent resources that are subject to restrictions on how they may be used. The remaining balance, (unrestricted net assets), is negative \$56.2 million and negative \$56.2 million for fiscal years 2008 and 2007 respectively. The deficit unrestricted net assets amount is due largely to the amount invested in governmental infrastructure assets which is not available for spending.

Negative unrestricted net assets balance in the business-type statement of net assets is largely due to investments in capital assets and balance of bond proceeds that is restricted.

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

**City of Norco, California**  
**Statement of Changes in Net Assets**

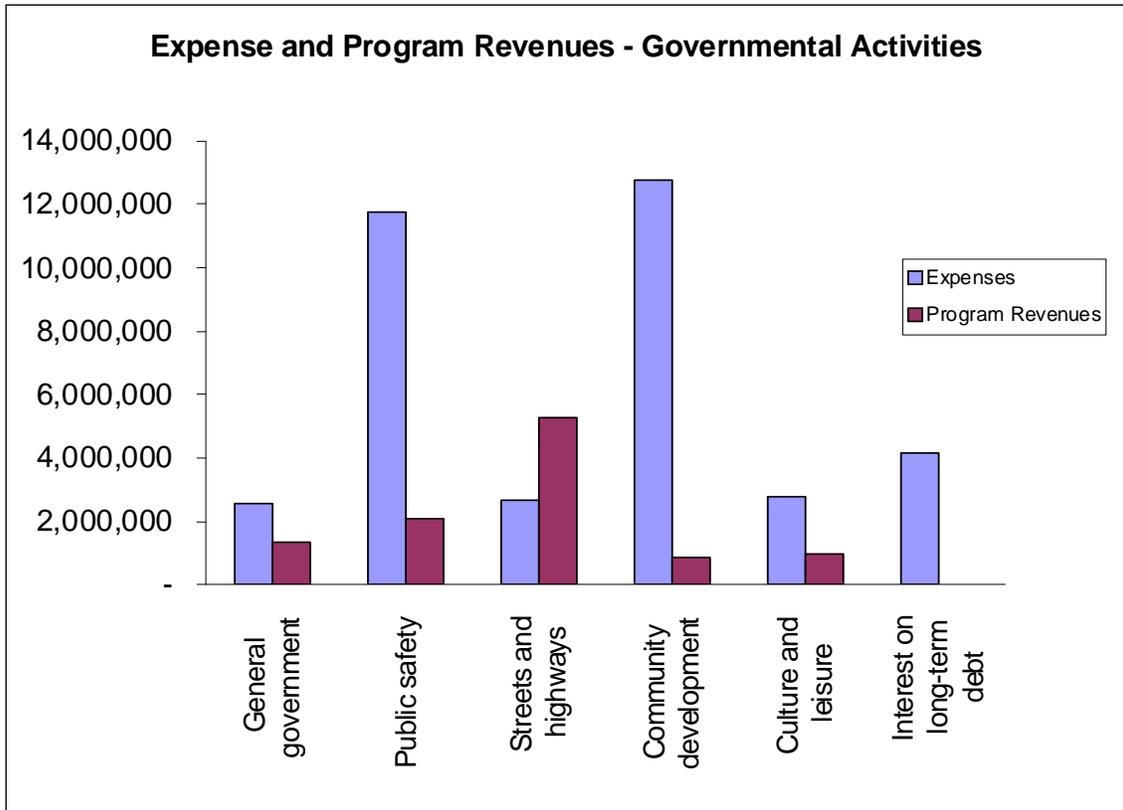
	Governmental activities		Business-type activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program Revenues:						
Charges for services	\$ 4,593,216	\$ 4,660,181	\$ 9,866,713	\$ 9,722,486	\$ 14,459,929	\$ 14,382,667
Operating Grants and contributions	2,716,291	3,099,986	-	-	2,716,291	3,099,986
Capital grants and contributions	3,216,001	2,356,978	757,360	2,017,403	3,973,361	4,374,381
General revenues	30,544,195	31,029,335	72,341	49,544	30,616,536	31,078,879
Total revenues	41,069,703	41,146,480	10,696,414	11,789,433	51,766,117	52,935,913
Expenses:						
General Government	2,567,880	2,369,307	-	-	2,567,880	2,369,307
Public safety	11,752,711	10,984,557	-	-	11,752,711	10,984,557
Streets and Highways	2,680,961	2,931,992	-	-	2,680,961	2,931,992
Community development	12,773,725	9,682,225	-	-	12,773,725	9,682,225
Culture and leisure	2,757,815	2,915,016	-	-	2,757,815	2,915,016
Interest on long-term debt	4,135,345	4,210,091	-	-	4,135,345	4,210,091
Water	-	-	6,794,503	6,644,244	6,794,503	6,644,244
Sewer	-	-	3,353,177	4,263,280	3,353,177	4,263,280
Total expenses	36,668,437	33,093,188	10,147,680	10,907,524	46,816,117	44,000,712
Change in net assets before transfers and special items	4,401,266	8,053,292	548,734	881,909	4,950,000	8,935,201
Transfers	265,373	289,765	(265,373)	(289,765)	-	-
Special item - sale of land	476,537	-	-	-	476,539	-
Change in net assets	5,143,176	8,343,057	283,361	592,144	5,426,537	8,935,201
Net assets - beginning	151,212,071	142,869,014	45,570,682	44,978,538	196,782,753	187,847,552
Net assets - ending	\$ 156,355,247	\$ 151,212,071	\$ 45,854,043	\$ 45,570,682	\$ 202,209,290	\$ 196,782,753

During the year, net assets increased by \$5.4 million. Further analyses are provided below.

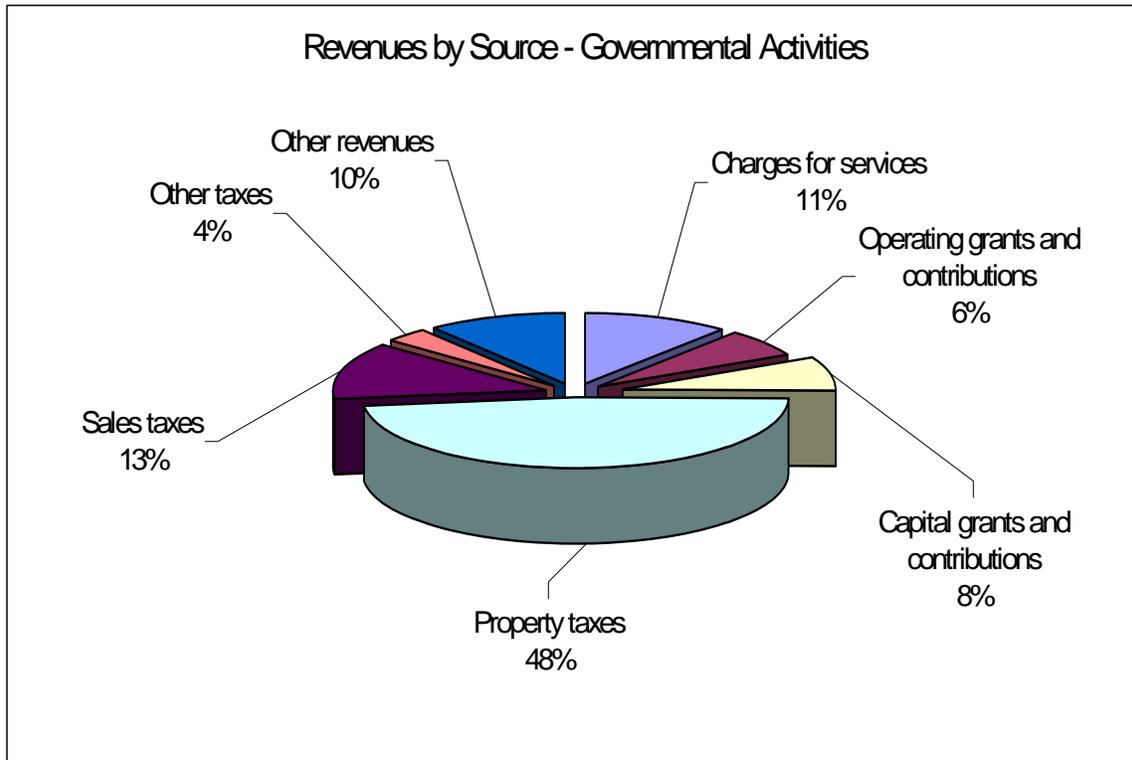
**Governmental activities:** Net assets from governmental activities increased by \$5.1 million or 94.8% of the total increase in City net assets. Some of the reasons for the increases are as follows:

- Governmental fund revenues exceeded expenditures by \$.3 million due to better than anticipated receipts from property taxes and expenditure control. Property tax receipts were higher because of an increase in assessed values.
- Receipt of \$3.2 million in capital grants and contributions from other governments and property developers.

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



The chart on the next page provides a graphic representation of governmental activities revenue by source.

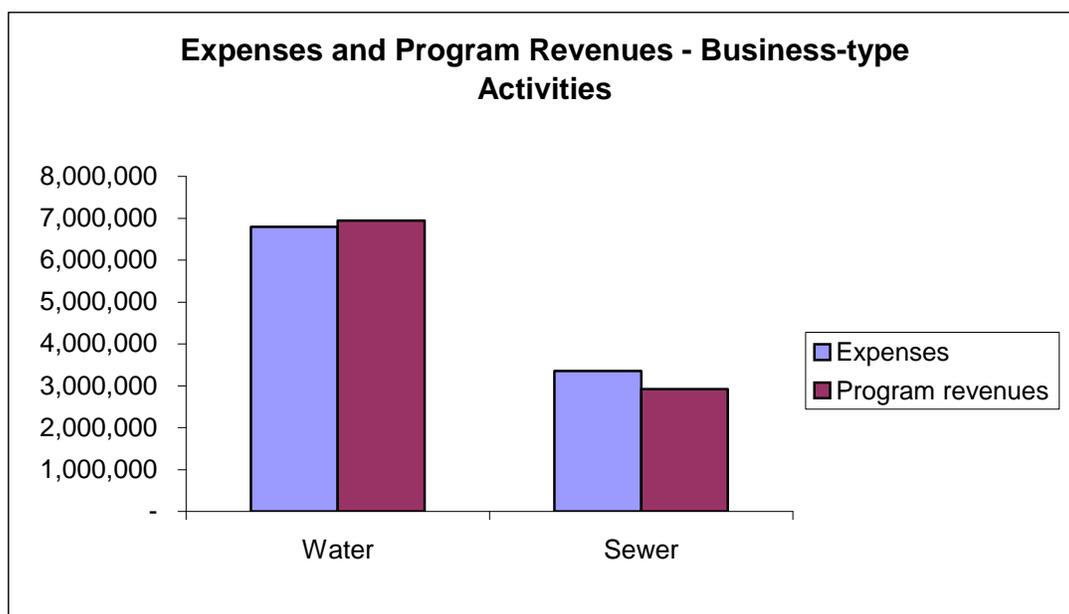


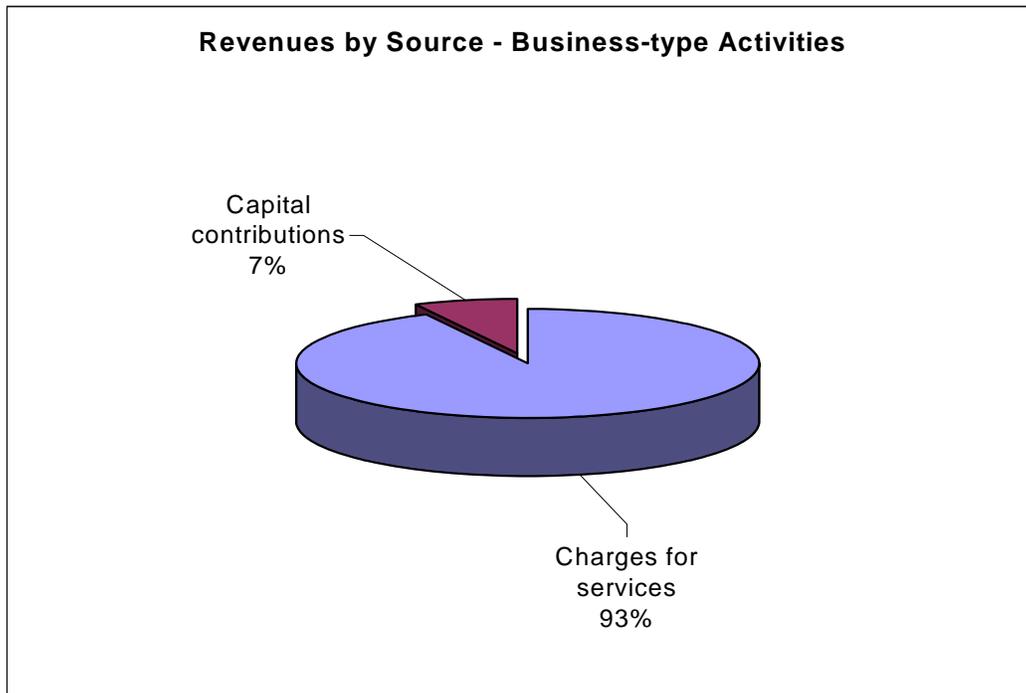
The governmental activities' expense and program revenue chart is designed to reflect expenses associated with each City function and the revenues that are directly attributable to that function. It is important to note that general revenues such as property, sales and other taxes are not directly attributable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

It is to be noted that nearly 81 percent of property tax revenues came from tax increment allocated to the City's redevelopment project area. Capital grants and contributions represent revenues and contributions of capital assets received from developers and other governmental entities. Capital contribution revenues are restricted to the acquisition and construction of capital assets. Sales taxes are derived from taxable transactions originating from the City. A significant percentage of the City's sales tax revenues are generated by businesses in the Auto Mall and Gateway Plaza. During the year, sales tax revenue declined by more than 13% due to significant drop off in auto sales. The other taxes category represents taxes derived from motor vehicle licenses, franchises and transient occupancy taxes.

**Business-type activities:** Including non-operating income, net assets for the business type activities increased by \$.3 million during the fiscal year. The change in net assets is entirely attributable to the Water Fund. Net assets of the Sewer Fund remained essentially unchanged during the fiscal year. The increase in Water Fund net assets came from operating revenues exceeding operating expenses. The increase in operating income was as a result of rate adjustments implemented during the year. Net assets in the Sewer Fund remained unchanged as usage and rates remained the same during the year.

The chart below provides graphic representation of the City's revenues by source for business-type activities. Water Fund charges for services exceeded operating expenses due to rate adjustments that were implemented during the year. On the other hand, Sewer Fund operating expenses exceeded charges for services due to increased costs without offsetting rate adjustments. This gap is anticipated to be recovered in future years from rate adjustments. Water Fund expenses make up 67 percent of total business-type activities expenses while Sewer Fund expenses make up the remaining 33% of total expenses. Total charges for services from business-type activities consist of 70 percent derived from Water Fund and 30 percent from Sewer Fund. As shown on the revenues by source chart, charges for services represent 93 percent of business-type activities' revenue while capital contributions represent the remaining 7 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 financing requirements and its ability to meet financial obligations in the short-term. As example, unreserved fund balance could serve as a useful measure of the City's net resources available for spending at the end of the fiscal year. Please refer to pages 17-22 for more details on governmental funds.

As of June 30, 2008, the City's governmental funds reported combined ending fund balances of \$85 million, an increase of \$.3 million in comparison with the prior year. Of the \$85 million, \$59 million, or 69 percent, constitutes unreserved fund balance. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed. Unreserved fund balances include balances that have been designated for future projects and expenditures such as emergencies, facilities replacement and claims. The slight increase in fund balance is from revenues exceeding expenditures in redevelopment funds. Revenues exceeded expenditures because of higher than anticipated tax increment receipts. Expenditures include \$5.3 million of capital outlay which is not capitalized in the fund financial statements and \$2.4 million of principal payments on capital debt. During the year, the fund balance decreased by \$.9 million in the general fund, redevelopment special revenue fund balance increased by \$.9 million, redevelopment capital and debt service fund balance decreased by \$.6 million while the fund balance for non-major governmental funds increased by \$1 million. The increase in the redevelopment special revenue fund came from more than anticipated increase in tax increment revenues due to increase in real property assessed values in the project areas. While the redevelopment special revenue fund total fund balance increased, it is to be noted that available (undesignated) fund balance decreased significantly from \$8.7 million to \$4.6 million as a result of loans and land purchases made during the year. Loans receivable and land held for resale are recorded on the books as assets of the fund but are not available for expenditures in the near term. The decrease in general fund balance came from significant decrease in sales tax receipts. Sales tax receipts decreased largely due to significant drop off in auto sales in the City's auto mall. The redevelopment capital project fund had a decrease of \$.8 million in fund balance due anticipated capital project expenditures.

**Proprietary Funds:** Proprietary funds provide the same type of information found in the governmental-wide financial statements, but in more detail. Unrestricted net assets in the sewer fund at the end of the year amounted to (\$.1) million due to high investments in capital assets and the water fund amounted to (\$2.5) million. The negative unrestricted net assets in the water fund are due largely to accumulated operating deficits and investments in fixed assets needed to ensure ongoing delivery of water services. The operating deficit situation was reduced during the year through rate adjustments. Additional improvement is anticipated in future fiscal years. During the fiscal year, the net assets of the Water Fund increased by \$.3 million. This increase came largely from operating income of \$.3 million which exceeded operating expenses due to rate adjustments. On the other hand, the net assets of the sewer fund remained unchanged during the year as operating income and capital contributions equaled total expenses. Other factors concerning the finances of these funds have been previously addressed in the discussion of the business-type activities on page 7. Proprietary funds financial statements can be found on pages 23-27

### **General Fund Financial and Budgetary Highlights**

The general fund is the chief operating fund of the City. At June 30, 2008, unreserved fund balance was \$8 million which includes the amount set aside for City designations such as City's reserve for emergencies, workers compensation and liability claims. As a measure of general fund's financial condition, it may be useful to compare the unreserved fund balance to total expenditures. Unreserved fund balance represents 46.6 percent of general fund expenditures. For the fiscal year, general fund total fund balance decreased by \$.9 million due to significant decline in sales tax receipts caused by economic slow down and declining automobile sales. There were no material differences between actual general fund revenues or expenditures and budget.

### **Capital Assets and Debt Administration**

**Capital Assets:** City investment in capital assets for its governmental and business-type activities as of June 30, 2008, amounted to \$212 million (net of accumulated depreciation). Investment in capital assets includes GASB 34 infrastructure assets as well as land, buildings, improvements and equipment. During the year, capital assets net of depreciation increased by \$2.4 million and \$.1 million for the governmental and business-type activities respectively.

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

- Various purchases of equipment including medical and automotive \$.5 million
- Construction of water booster pumps and reservoir of \$.5 million
- Construction of sewer reclaimed water lines and lift stations of \$.9 million
- Construction of parks improvements and facilities including snack bar and restroom facilities at Wayne Makin Park \$2.1 million
- Various street widening and construction improvements of \$2.1 million

Additional information on the City's capital assets can be found on pages 43-44 in the notes to the basic financial statements and a summary is provided below.

**City of Norco**  
**Capital Assets (net of depreciation)**  
**June 30, 2008**

	<b>Governmental activities</b>	<b>Business-type activities</b>	<b>Total</b>
Land	\$ 93,755,284	\$ 773,307	\$ 94,528,591
Building and improvements	9,725,281	549,783	10,275,064
Equipment and machinery	2,608,421	54,744,339	57,352,760
Infrastructure	38,862,011	-	38,862,011
Construction in progress	8,933,765	2,085,844	11,019,609
Total capital assets, net	<u>\$ 153,884,762</u>	<u>\$ 58,153,273</u>	<u>\$ 212,038,035</u>

**Long-term debt:** At the end of fiscal year 2008, the City's total long debt outstanding was \$104.2 million. Of this amount, \$81.4 million is debt of the redevelopment agency backed by pledge of tax increment revenues. Of the remaining \$22.8 million, \$21.3 million is the debt of the sewer and water funds while \$1.5 million represents debt of other governmental activities. Outstanding long-term debt of the City is summarized below and additional information can be found on pages 45-54 in the notes to basic financial statements.

**City of Norco**  
**Outstanding Long Term Debt**  
**June 30, 2008**

	<b>Governmental activities</b>	<b>Business-type activities</b>	<b>Total</b>
Capital leases	\$ 17,398	\$ 13,109,152	\$ 13,126,550
Tax allocation bonds	81,356,948	-	81,356,948
Notes/loans payable	-	696,456	696,456
Certificates of participation	-	7,395,000	7,395,000
Compensated absences	876,360	122,412	998,772
Claims and judgment	588,036	-	588,036
Total long-term debt	<u>\$ 82,838,742</u>	<u>\$ 21,323,020</u>	<u>\$ 104,161,762</u>

**Economic Factors and Next Year's Budgets and Rates**

- The City has experienced a significant drop in sales tax revenues. As previously discussed, sales tax for the fiscal year ended June 30, 2008 decreased by 13 percent over the previous year. Most of the decrease was due to the economic slow down which has negatively impacted automobile sales in the City's auto mall. This drop off in sales tax revenues is expected to have a significant negative impact on overall General Fund revenues. Historically, sales tax revenues have made up more than 33 percent of total General Fund revenues. Over the last two years, the City has been working very hard to diversify sales tax revenues by attracting a mix of retailers to the City. As a result of these efforts, several retailers including Chicks Sporting Goods, Boot Barn, Floor and Décor, Rite Aid, Walgreens and others have come into the City. Additional sales tax generated by these retailers will help offset sales tax losses from declining auto sales.
- In the last three fiscal years, the city has experienced significant growth in assessed value of real property due to rising real estate prices. This has resulted in increased property tax receipts to the City and the redevelopment agency. Based on assessed valuation as of June 30, 2008, it is projected that the City's property tax would be flat in FY 2009 and would likely decline thereafter due to depressed property values, slow construction and expected Proposition 8 re-assessments.

- In fiscal year 2007, the City Council approved multi-year water rate increases to offset the rising cost of purchasing, producing and delivering water to residents and businesses. Parts of the approved water rate increases are scheduled to be implemented during the upcoming fiscal year. In fiscal year 2008, the City Council also approved a two year increase in sewer rates. These rate increases are expected to bridge the current gap between operating expenses and revenues in the sewer fund.
- In fiscal year 2009, the City is required to implement the provisions of Governmental Accounting Standards Board (GASB) Statement No. 45; Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pension. As a result of this, the City's expense budget for healthcare insurance for employees and retirees are expected to significantly increase in the coming years.

### **Requests for Information**

This financial report is designed to provide a general overview of the City's finances for all those with interest in the city's finances. Questions concerning any of the information provided in this report or request for additional information should be addressed to the Director of Fiscal and Support Services, City of Norco, 2870 Clark Avenue, Norco, California 92860, or call (951) 735-3900.

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**City of Norco**  
**Statement of Net Assets**  
**June 30, 2008**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and investments	\$ 43,289,541	\$ 4,657,043	\$ 47,946,584
Cash and investments with fiscal agents	24,499,664	4,887,499	29,387,163
Receivables:			
Accounts, net	268,676	2,040,957	2,309,633
Interest	525,947	44,759	570,706
Loans	9,463,620	-	9,463,620
Notes	21,511	-	21,511
Due from other governments	1,639,262	-	1,639,262
Internal balances	404,989	(404,989)	-
Inventories	-	76,826	76,826
Prepays	255,102	193	255,295
Land held for resale	9,897,557	-	9,897,557
Deferred charges	1,654,605	353,565	2,008,170
Capital assets:			
Land, improvements and construction in progress	102,689,049	2,859,151	105,548,200
Other capital assets, net of depreciation	51,195,713	55,294,122	106,489,835
<b>Total assets</b>	<b>245,805,236</b>	<b>69,809,126</b>	<b>315,614,362</b>
<b>LIABILITIES</b>			
Accounts payable	1,979,928	1,620,917	3,600,845
Accrued interest payable	1,341,442	97,110	1,438,552
Retentions payable	223,284	24,475	247,759
Unearned revenue	31,579	-	31,579
Deposits payable	2,282	137,935	140,217
Noncurrent liabilities:			
Due within one year	3,032,732	751,626	3,784,358
Due in more than one year	82,838,742	21,323,020	104,161,762
<b>Total liabilities</b>	<b>89,449,989</b>	<b>23,955,083</b>	<b>113,405,072</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	153,848,153	41,150,408	194,998,561
Restricted for:			
Debt service	4,955,973	602,144	5,558,117
Public safety	1,353,538	-	1,353,538
Capital projects	30,443,195	6,658,934	37,102,129
Community development	19,451,043	-	19,451,043
Unrestricted	(53,696,655)	(2,557,443)	(56,254,098)
<b>Total net assets</b>	<b>\$ 156,355,247</b>	<b>\$ 45,854,043</b>	<b>\$ 202,209,290</b>

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

**City of Norco  
Statement of Activities  
For the Year Ended June 30, 2008**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>		
		<b>Charges for Service</b>	<b>Operating Contributions and Grants</b>	<b>Capital Contributions and Grants</b>
<b>Governmental activities:</b>				
General government	\$ 2,567,880	\$ 1,202,890	\$ 125,907	\$ 7,761
Public safety	11,752,711	1,331,730	735,835	-
Streets and highways	2,680,961	489,548	1,574,316	3,204,021
Community and economic development	12,773,725	583,708	280,233	-
Culture and leisure	2,757,815	985,340	-	4,219
Interest in long-term debt	4,135,345	-	-	-
Total governmental activities	<u>36,668,437</u>	<u>4,593,216</u>	<u>2,716,291</u>	<u>3,216,001</u>
<b>Business-type activities:</b>				
Water	6,794,503	6,945,575	-	236,915
Sewer	3,353,177	2,921,138	-	520,445
Total business-type activities	<u>10,147,680</u>	<u>9,866,713</u>	<u>-</u>	<u>757,360</u>
Total primary government	<u>\$ 46,816,117</u>	<u>\$ 14,459,929</u>	<u>\$ 2,716,291</u>	<u>\$ 3,973,361</u>

General revenues:

Taxes:

- Property tax, levied for general purpose
- Property tax, Redevelopment Agency tax increment - restricted
- Transient occupancy tax
- Franchise tax
- Sales tax
- Sales tax in lieu
- Motor vehicle in lieu tax - unrestricted
- Public service taxes
- Unrestricted investment earnings
- Other
- Special item - gain on sale of land

Transfers

Total general revenues, transfers and special items

Change in net assets

Net assets, beginning of year

Net assets, end of year

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

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

<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
\$ (1,231,322)	\$ -	\$ (1,231,322)
(9,685,146)	-	(9,685,146)
2,586,924	-	2,586,924
(11,909,784)	-	(11,909,784)
(1,768,256)	-	(1,768,256)
(4,135,345)	-	(4,135,345)
<u>(26,142,929)</u>	<u>-</u>	<u>(26,142,929)</u>
-	387,987	387,987
-	88,406	88,406
-	476,393	476,393
3,891,236	-	3,891,236
16,154,389	-	16,154,389
84,812	-	84,812
1,081,221	-	1,081,221
4,062,531	-	4,062,531
1,333,569	-	1,333,569
121,269	-	121,269
194,507	-	194,507
2,361,965	44,914	2,406,879
1,258,696	27,427	1,286,123
476,537	-	476,537
265,373	(265,373)	-
<u>31,286,105</u>	<u>(193,032)</u>	<u>31,093,073</u>
5,143,176	283,361	5,426,537
<u>151,212,071</u>	<u>45,570,682</u>	<u>196,782,753</u>
<u>\$ 156,355,247</u>	<u>\$ 45,854,043</u>	<u>\$ 202,209,290</u>

## **FUND FINANCIAL STATEMENTS**

**City of Norco  
Balance Sheet  
Governmental Funds  
June 30, 2008**

	General	Redevelopment Special Revenue	Redevelopment Debt Service
<b>ASSETS</b>			
Cash and investments	\$ 7,054,638	\$ -	\$ 1,040,201
Cash and investments with fiscal agents	-	4,623,676	6,304,018
Receivables, net:			
Accounts	220,013	1,995	-
Interest	65,546	34,501	102,171
Loans	-	9,463,620	-
Notes	-	-	-
Prepaid	244,064	10,213	-
Due from other governments	973,011	60,838	-
Due from other funds	556,261	-	-
Land held for resale	-	3,777,472	-
	<u>\$ 9,113,533</u>	<u>\$ 17,972,315</u>	<u>\$ 7,446,390</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable and accrued expenses	\$ 1,152,571	\$ 53,221	\$ -
Retentions payable	-	59,560	-
Deposits payable	-	-	-
Due to other funds	-	12,257	-
Loan payable	-	-	-
Deferred revenues	-	-	-
	<u>1,152,571</u>	<u>125,038</u>	<u>-</u>
Fund balances:			
Reserved	-	13,241,092	6,297,415
Unreserved:			
Designated	5,764,346	-	-
Undesignated, reported in:			
General fund	2,196,616	-	-
Special revenue funds	-	4,606,185	-
Debt service funds	-	-	1,148,975
Capital projects funds	-	-	-
	<u>7,960,962</u>	<u>17,847,277</u>	<u>7,446,390</u>
Total fund balances	<u>7,960,962</u>	<u>17,847,277</u>	<u>7,446,390</u>
Total liabilities and fund balances	<u>\$ 9,113,533</u>	<u>\$ 17,972,315</u>	<u>\$ 7,446,390</u>

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

Redevelopment Capital Projects	Total Nonmajor Governmental Funds	Total Governmental Funds
\$ 15,153,867	\$ 16,983,450	\$ 40,232,156
13,199,960	372,010	24,499,664
46,668	-	268,676
182,997	118,287	503,502
153,983	170,180	9,787,783
21,511	-	21,511
-	-	254,277
59,255	546,158	1,639,262
-	113,457	669,718
6,120,085	-	9,897,557
<u>\$ 34,938,326</u>	<u>\$ 18,303,542</u>	<u>\$ 87,774,106</u>
\$ 351,569	\$ 356,984	\$ 1,914,345
6,029	157,695	223,284
2,282	-	2,282
751	251,721	264,729
170,180	153,983	324,163
-	60,132	60,132
<u>530,811</u>	<u>980,515</u>	<u>2,788,935</u>
6,274,068	170,180	25,982,755
-	-	5,764,346
-	-	2,196,616
-	4,760,176	9,366,361
-	-	1,148,975
28,133,447	12,392,671	40,526,118
<u>34,407,515</u>	<u>17,323,027</u>	<u>84,985,171</u>
<u>\$ 34,938,326</u>	<u>\$ 18,303,542</u>	<u>\$ 87,774,106</u>

**City of Norco**  
**Reconciliation of the Balance Sheet of**  
**Governmental Funds to the Statement of Net Assets**  
**June 30, 2008**

Fund balances of governmental funds		\$ 84,985,171
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		152,374,449
Internal service funds are used by management to charge the costs of equipment usage to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net assets.		4,525,385
Certain assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		28,553
Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in funds.		
Bonds, notes, loans and leases payable	\$ (83,336,234)	
Less: Deferred charge for issuance costs	1,654,605	
Plus: Premium on issuance of debt	(755,059)	
Less: Deferred loss on refunding	276,335	
Accrued interest payable	(1,341,442)	
Long-term compensated absences payable	(1,168,480)	
Long-term claims and judgments payable	<u>(888,036)</u>	<u>(85,558,311)</u>
Net assets of governmental activities		<u>\$ 156,355,247</u>

*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, 2008**

	General	Redevelopment Special Revenue	Redevelopment Debt Service
<b>REVENUES</b>			
Taxes	\$ 10,917,603	\$ 3,167,575	\$ -
Assessments	-	-	-
Licenses and permits	452,002	-	-
Fines and forfeitures	753,353	-	-
Development fees	-	-	-
Intergovernmental	264,018	-	1,037,947
Charges for services	2,225,334	-	-
Investment earnings	406,786	55,988	314,536
Other	583,238	111,026	-
Total revenues	<u>15,602,334</u>	<u>3,334,589</u>	<u>1,352,483</u>
<b>EXPENDITURES</b>			
Current:			
General government	2,390,402	-	-
Public safety	11,078,978	-	-
Streets and highways	-	-	-
Community and economic development	1,184,483	1,426,594	-
Culture and leisure	2,304,957	-	-
Debt service:			
Principal	1,212	359,000	1,776,000
Interest	663	670,998	3,422,742
Capital outlay:			
Other	-	-	-
Total expenditures	<u>16,960,695</u>	<u>2,456,592</u>	<u>5,198,742</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,358,361)</u>	<u>877,997</u>	<u>(3,846,259)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from sale of assets	-	-	-
Transfers in	552,436	1,742	4,001,734
Transfers out	(125,000)	-	-
Total other financing sources (uses)	<u>427,436</u>	<u>1,742</u>	<u>4,001,734</u>
Net change in fund balances	(930,925)	879,739	155,475
Fund balances, beginning of year, as restated	<u>8,891,887</u>	<u>16,967,538</u>	<u>7,290,915</u>
Fund balances, end of year	<u>\$ 7,960,962</u>	<u>\$ 17,847,277</u>	<u>\$ 7,446,390</u>

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

Redevelopment Capital Projects	Total Nonmajor Governmental Funds	Total Governmental Funds
\$ 12,986,814	\$ 907,096	\$ 27,979,088
-	412,101	412,101
-	-	452,002
-	-	753,353
-	527,656	527,656
-	3,470,358	4,772,323
-	91,953	2,317,287
1,467,757	723,581	2,968,648
176,646	-	870,910
<u>14,631,217</u>	<u>6,132,745</u>	<u>41,053,368</u>
-	4,506	2,394,908
-	465,513	11,544,491
-	1,230,672	1,230,672
9,932,327	74,206	12,617,610
-	81,590	2,386,547
-	219,034	2,355,246
18,487	33,520	4,146,410
-	5,322,329	5,322,329
<u>9,950,814</u>	<u>7,431,370</u>	<u>41,998,213</u>
<u>4,680,403</u>	<u>(1,298,625)</u>	<u>(944,845)</u>
-	978,948	978,948
-	1,885,131	6,441,043
<u>(5,442,538)</u>	<u>(583,132)</u>	<u>(6,150,670)</u>
<u>(5,442,538)</u>	<u>2,280,947</u>	<u>1,269,321</u>
(762,135)	982,322	324,476
<u>35,169,650</u>	<u>16,340,705</u>	<u>84,660,695</u>
<u>\$ 34,407,515</u>	<u>\$ 17,323,027</u>	<u>\$ 84,985,171</u>

**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, 2008**

Net change in fund balances - total governmental funds \$ 324,476

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. This is the amount by which depreciation (\$2,098,909) was exceeded by capital outlays (\$5,269,930). 3,171,021

In the statement of activities, only the gain on sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital asset sold. (771,524)

Repayment of debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net assets.

Principal payments on debt 2,355,246

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 compensated absences	\$ (33,688)	
Increase in claims and judgments payable	(213,039)	
Decrease in accrued interest payable on bonds	23,138	
Amortization of deferred costs	(80,573)	
Amortization of deferred loss on refunding	(16,255)	
Amortization of bond premium	<u>38,031</u>	(282,386)

Internal service funds are used by management to charge the costs of equipment usage to individual funds. The net revenue of the internal service funds are reported with governmental activities. 346,343

Change in net assets of governmental activities \$ 5,143,176

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

**City of Norco**  
**Statement of Fund Net Assets**  
**Proprietary Funds**  
**June 30, 2008**

	<b>Business-type Activities - Enterprise Funds</b>			<b>Governmental Activities - Internal Service Funds</b>
	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Total</u>	
<b>ASSETS</b>				
Current assets:				
Cash and investments	\$ 476,976	\$ 4,180,067	\$ 4,657,043	\$ 3,057,385
Cash and investments with fiscal agents	4,887,499	-	4,887,499	-
Receivables:				
Accounts, net	1,556,713	484,244	2,040,957	-
Interest	12,512	32,247	44,759	22,445
Prepays	97	96	193	825
Due from other funds	8,264	-	8,264	-
Inventories	76,826	-	76,826	-
	<u>7,018,887</u>	<u>4,696,654</u>	<u>11,715,541</u>	<u>3,080,655</u>
Noncurrent assets:				
Deferred charges	208,603	144,962	353,565	-
Capital assets:				
Land	773,307	-	773,307	-
Buildings and improvements	967,676	69,175	1,036,851	-
Utility plant	6,037,343	1,895,030	7,932,373	-
Wastewater capacity rights	-	17,793,248	17,793,248	-
Pipelines	33,125,200	25,812,766	58,937,966	-
Vehicles and equipment	320,405	30,218	350,623	4,021,677
Construction in progress	1,516,550	569,294	2,085,844	-
Less accumulated amortization	-	(4,043,920)	(4,043,920)	-
Less accumulated depreciation	(17,982,726)	(8,730,293)	(26,713,019)	(2,511,364)
	<u>24,966,358</u>	<u>33,540,480</u>	<u>58,506,838</u>	<u>1,510,313</u>
	<u>31,985,245</u>	<u>38,237,134</u>	<u>70,222,379</u>	<u>4,590,968</u>

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

**City of Norco**  
**Statement of Fund Net Assets**  
**Proprietary Funds**  
**June 30, 2008**

	<b>Business-type Activities - Enterprise Funds</b>			<b>Governmental Activities - Internal Service Funds</b>
	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Total</u>	
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 1,263,172	\$ 357,745	\$ 1,620,917	\$ 65,583
Accrued interest	57,295	39,815	97,110	-
Retentions payable	9,009	15,466	24,475	-
Deposits payable	80,652	57,283	137,935	-
Due to other funds	413,253	-	413,253	-
Compensated absences	25,499	15,305	40,804	6,945
Capital lease payable - current	693	429,115	429,808	22,267
Loan payable - current	71,014	-	71,014	-
Bonds payable - current	123,900	86,100	210,000	-
	<u>2,044,487</u>	<u>1,000,829</u>	<u>3,045,316</u>	<u>94,795</u>
Total current liabilities				
Noncurrent liabilities:				
Compensated absences	76,498	45,914	122,412	20,835
Capital lease payable	1,528	13,107,624	13,109,152	14,342
Loan payable	696,456	-	696,456	-
Bonds payable	4,363,050	3,031,950	7,395,000	-
	<u>5,137,532</u>	<u>16,185,488</u>	<u>21,323,020</u>	<u>35,177</u>
Total noncurrent liabilities				
Total liabilities	<u>7,182,019</u>	<u>17,186,317</u>	<u>24,368,336</u>	<u>129,972</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	22,397,167	18,753,241	41,150,408	1,473,704
Restricted for capital projects	4,285,355	2,373,579	6,658,934	-
Restricted for debt service	602,144	-	602,144	-
Unrestricted	(2,481,440)	(76,003)	(2,557,443)	2,987,292
	<u>\$ 24,803,226</u>	<u>\$ 21,050,817</u>	<u>\$ 45,854,043</u>	<u>\$ 4,460,996</u>
Total net assets				

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

**City of Norco**  
**Statement of Revenues, Expenses, and**  
**Changes in Fund Net Assets**  
**Proprietary Funds**  
**For the Year Ended June 30, 2008**

	<b>Business-type Activities – Enterprise Fund</b>			<b>Governmental Activities – Internal</b>
	<b>Water Utility</b>	<b>Sewer Utility</b>	<b>Total</b>	<b>Service Funds</b>
<b>OPERATING REVENUES</b>				
Sales and charges for services	\$ 6,945,575	\$ 2,921,138	\$ 9,866,713	\$ 1,056,038
Connection fees	21,682	13,150	34,832	-
Miscellaneous	25,864	1,563	27,427	-
Total operating revenues	<u>6,993,121</u>	<u>2,935,851</u>	<u>9,928,972</u>	<u>1,056,038</u>
<b>OPERATING EXPENSES</b>				
General and administrative	250,932	250,670	501,602	678,453
Operations	5,499,158	2,093,496	7,592,654	-
Amortization	-	40,439	40,439	-
Depreciation	765,426	417,998	1,183,424	312,359
Total operating expenses	<u>6,515,516</u>	<u>2,802,603</u>	<u>9,318,119</u>	<u>990,812</u>
Operating income	<u>477,605</u>	<u>133,248</u>	<u>610,853</u>	<u>65,226</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest income	138,989	232,466	371,455	124,583
Interest and fiscal charges	(268,557)	(543,326)	(811,883)	(9,043)
Amortization of deferred charges	(10,430)	(7,248)	(17,678)	-
Loss on disposal of assets	-	-	-	(9,300)
Total nonoperating revenues (expenses)	<u>(139,998)</u>	<u>(318,108)</u>	<u>(458,106)</u>	<u>106,240</u>
Income before contributions and transfers	<u>337,607</u>	<u>(184,860)</u>	<u>152,747</u>	<u>171,466</u>
Capital contributions	57,310	338,677	395,987	199,877
Transfers in	-	-	-	100,000
Transfers out	(130,885)	(134,488)	(265,373)	(125,000)
Change in net assets	264,032	19,329	283,361	346,343
Net assets, beginning of year	<u>24,539,194</u>	<u>21,031,488</u>	<u>45,570,682</u>	<u>4,114,653</u>
Net assets, end of year	<u><u>\$ 24,803,226</u></u>	<u><u>\$ 21,050,817</u></u>	<u><u>\$ 45,854,043</u></u>	<u><u>\$ 4,460,996</u></u>

*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, 2008**

	<b>Business-type Activities – Enterprise Funds</b>			<b>Governmental Activities – Internal Service Funds</b>
	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Total</u>	
<b>Cash flows from operating activities:</b>				
Cash received from customers	\$ 5,624,913	\$ 2,957,979	\$ 8,582,892	\$ -
Cash received from interfund services provided	-	-	-	1,056,038
Cash payments to suppliers	(4,357,095)	(2,602,521)	(6,959,616)	(434,510)
Cash payments to employees for services	(811,299)	(468,028)	(1,279,327)	(198,436)
Net cash provided by (used for) operating activities	<u>456,519</u>	<u>(112,570)</u>	<u>343,949</u>	<u>423,092</u>
<b>Cash flows from noncapital financing activities:</b>				
Transfer from other funds	-	-	-	100,000
Transfer to other funds	(130,885)	(134,488)	(265,373)	(125,000)
Net cash (used for) noncapital financing activities	<u>(130,885)</u>	<u>(134,488)</u>	<u>(265,373)</u>	<u>(25,000)</u>
<b>Cash flows from capital and related financing activities:</b>				
Acquisition and construction of capital assets	(519,395)	(913,329)	(1,432,724)	(175,092)
Capital contributions	57,310	338,677	395,987	-
Proceeds from disposal of capital assets	-	-	-	12,326
Principal payments - loans	(68,019)	-	(68,019)	-
Principal payments - capital lease	(606)	(425,990)	(426,596)	(19,571)
Principal payments - bonds	(118,000)	(82,000)	(200,000)	-
Interest and fiscal charges	(269,870)	(544,239)	(814,109)	(9,043)
Net cash (used for) capital and related financing activities	<u>(918,580)</u>	<u>(1,626,881)</u>	<u>(2,545,461)</u>	<u>(191,380)</u>
<b>Cash flows from investing activities:</b>				
Interest income	135,121	278,304	413,425	136,785
Net cash provided by investing activities	<u>135,121</u>	<u>278,304</u>	<u>413,425</u>	<u>136,785</u>
Net increase (decrease) in cash and investments	(457,825)	(1,595,635)	(2,053,460)	343,497
Cash and investments, beginning of year	<u>5,822,300</u>	<u>5,775,702</u>	<u>11,598,002</u>	<u>2,713,888</u>
Cash and investments, end of year	<u>\$ 5,364,475</u>	<u>\$ 4,180,067</u>	<u>\$ 9,544,542</u>	<u>\$ 3,057,385</u>

*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, 2008**

	<b>Business-type Activities – Enterprise Funds</b>			<b>Governmental Activities – Internal Service Funds</b>
	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Total</u>	
<b>Reconciliation of operating income to net cash provided by (used for) operating activities:</b>				
Operating income	\$ 477,605	\$ 133,248	\$ 610,853	\$ 65,226
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:				
Amortization	-	40,439	40,439	-
Depreciation	765,426	417,998	1,183,424	312,359
(Increase) decrease in assets:				
Accounts receivable	(246,753)	20,551	(226,202)	-
Prepays	(97)	(96)	(193)	13,267
Due from other funds	(8,264)	-	(8,264)	-
Inventories	23,788	-	23,788	-
Construction in progress	40,470	36,095	76,565	-
Increase (decrease) in liabilities:				
Accounts payable	598,883	(465,981)	132,902	30,876
Accrued wages	2,632	2,269	4,901	648
Deposits	(21,907)	1,577	(20,330)	-
Due to other funds	(1,091,284)	-	(1,091,284)	-
Retentions payable	(75,535)	(294,457)	(369,992)	-
Compensated absences	(8,445)	(4,213)	(12,658)	716
Net cash provided by (used for) operating activities	<u>\$ 456,519</u>	<u>\$ (112,570)</u>	<u>\$ 343,949</u>	<u>\$ 423,092</u>
<b>Noncash, investing, capital and financing activities:</b>				
Contributions of capital assets from government	\$ -	\$ -	\$ -	\$ 199,877

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

**City of Norco**  
**Statement of Fiduciary Assets and Liabilities**  
**June 30, 2008**

	Agency Funds
<b>ASSETS</b>	
Cash and investments	\$ 3,119,698
Cash and investments with fiscal agents	3,022,350
Receivables:	
Accounts	477,295
Interest	14,204
Due from other governments	252,850
Total assets	\$ 6,886,397
 <b>LIABILITIES</b>	
Accounts payable	\$ 386,000
Deposits payable	1,060,011
Due to others	79,717
Due to bond holders	5,360,669
Total liabilities	\$ 6,886,397

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

## **NOTES TO THE BASIC FINANCIAL STATEMENTS**

**City of Norco**  
**Notes to the Basic Financial Statements**  
**June 30, 2008**

**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 units 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 units.

A description of these component units and the method of incorporating their financial information in the accompanying basic financial statements are summarized as follows:

**Norco Community Redevelopment Agency**

The Norco Community Redevelopment Agency (the Agency) was established in January, 1980 pursuant to the State of California Health and Safety Code, Section 33000. The primary purpose of the Agency is to improve the commercial environment, upgrade residential neighborhoods, provide new public improvements, strengthen the City of Norco's economic base, generate added employment opportunities, improve and expand the City's industrial use and encourage the private redevelopment of property. The Agency is presented as a blended component unit since its governing body is substantially the same as the City's. The financial activity of the Redevelopment Agency is reported in the City's financial statements as the Redevelopment Capital Projects Fund, the Redevelopment Debt Service Fund and the Redevelopment Special Revenue Fund. Separate financial statements for the Norco Community Redevelopment Agency can be obtained by contacting the City.

**City of Norco**  
**Notes to the Basic Financial Statements**  
**June 30, 2008**

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

**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. Separate financial statements were not prepared for the Norco Public Financing Authority.

The Authority is presented as a blended component unit since its governing board is substantially the same as the City's.

***b. Government-wide and fund financial statements***

The government-wide financial statements include a statement of net assets 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 assets have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. 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.

**City of Norco**  
**Notes to the Basic Financial Statements**  
**June 30, 2008**

**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 fund and fiduciary fund financial statements. 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 assets. The statement of activities presents changes in net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. The types of transactions reported as program revenues for the City are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

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.

The City reports the following major governmental funds:

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 *Redevelopment Special Revenue Fund* is used to account for the 20% set-aside for low and moderate-income projects. Monies in this fund are restricted to low and moderate-income projects and programs.

The *Redevelopment Debt Service Fund* is used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest, and related costs for the City's Redevelopment project areas.

The *Redevelopment Capital Projects Fund* is used to account for transactions related to proceeds from bonds and other sources and their use to perform redevelopment activities within specific project areas of the City.

**City of Norco**  
**Notes to the Basic Financial Statements**  
**June 30, 2008**

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

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 of 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.

The *Agency Funds* are used to account for the receipt of assessments or 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 expenditures.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

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 nonoperating 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 nonoperating revenues and expenses.

**City of Norco**  
**Notes to the Basic Financial Statements**  
**June 30, 2008**

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

**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 1<sup>st</sup> to June 30<sup>th</sup>. All secured personal property taxes and one-half of the taxes on real property are due November 1<sup>st</sup>, the second installment is due February 1<sup>st</sup>. All taxes are delinquent, if unpaid, on December 10<sup>th</sup> and April 10<sup>th</sup> respectively. Unsecured personal property taxes become due on the first of March each year and are delinquent, if unpaid, on August 31<sup>st</sup>.

***Cash and cash equivalents***

For purpose 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 prepaids***

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 generally offset by fund balance reserve accounts.

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.

**City of Norco**  
**Notes to the Basic Financial Statements**  
**June 30, 2008**

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

***Land held for resale***

Land held for resale is recorded at the lower of cost or net realizable value. Fund balances are reserved in amounts equal to the carrying value of the land held for resale because such assets are not available to the City's current operations.

***Compensated absences***

Vacation pay is payable to employees at the time a vacation is taken or upon termination of employment. Management and mid management employees can not accrue more than two and one half times their regular annual entitlement. General and Safety employees can not 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, regular employees with 10 years continuous service will be paid 50% for any unused sick leave. 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.

***Use of restricted resources***

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources as they are needed.

***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.

**City of Norco**  
**Notes to the Basic Financial Statements**  
**June 30, 2008**

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

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

***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 assets. Bond premiums and discounts, as well as issuance costs, 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. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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***

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

**City of Norco**  
**Notes to the Basic Financial Statements**  
**June 30, 2008**

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

**II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**a.    *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 Special Revenue Funds CLEEP, Special Asset and Landscape Maintenance Districts #1, #2, #3, #4 and #5; the capital projects funds for Community Facilities Districts 93-1, 2002-1, 2001-1 and 97-1; the Ingalls Park Grading, and the Facility Improvement 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). Department heads can make transfers of appropriations within a department and fund. Transfer of appropriations between departments requires the approval of the City manager and transfers of appropriation between funds require council authority. At fiscal year-end, all operating budget appropriations lapse.

*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 are reported as a reservation of fund balance. They represent the estimated amount of the expenditure ultimately to result if unperformed contracts in-process at year-end are completed. They do not constitute expenditures or estimated liabilities.

**City of Norco**  
**Notes to the Basic Financial Statements**  
**June 30, 2008**

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

**b. Deficit fund balances**

As of June 30, 2008, the following funds have deficit fund balances:

<i>Special Revenue Funds:</i>	Amount
NPDES (1)	\$ (67,452)
<i>Capital Projects Funds:</i>	
Park Improvement (1)	(82,344)

(1) = These deficits will be funded by future revenues or transfers from other funds.

**c. Excess of expenditures over appropriations**

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

Fund/Function	Expenditures	Appropriations	Excess
<i>General fund:</i>			
Public safety	\$ 11,078,978	\$ 10,739,291	\$ (339,687)
Debt service	1,875	-	(1,875)
<i>Special revenue funds:</i>			
Gas tax	508,781	451,207	(57,574)
AQMD	36,033	30,000	(6,033)
Office of Traffic Safety	253,239	218,403	(34,836)

**City of Norco**  
**Notes to the Basic Financial Statements**  
**June 30, 2008**

**III. DETAIL NOTES ON ALL FUNDS**

**Note 2: Cash and Investments**

Cash and investments at June 30, 2008, consisted of the following:

Deposits with financial institutions and cash on hand	\$ (337,152)
Investments	<u>83,812,947</u>
Total cash and investments	<u>\$ 83,475,795</u>

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

<i>Statement of Net Assets</i>	
Cash and investments	\$ 47,946,584
Cash and investments with fiscal agents	29,387,163
 <i>Statement of Fiduciary Assets and Liabilities</i>	
Cash and investments	3,119,698
Cash and investments with fiscal agents	<u>3,022,350</u>
Total cash and investments	<u>\$ 83,475,795</u>

*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	None

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

**City of Norco**  
**Notes to the Basic Financial Statements**  
**June 30, 2008**

**Note 2: Cash and Investments (continued)**

*Investments authorized by debt agreements*

Investment 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:

Investment type	Total	Remaining maturity (in months)			
		12 months or less	13 to 24 months	25 to 60 months	More than 60 months
State investment pool	\$ 49,469,443	\$ 49,469,443	\$ -	\$ -	\$ -
Held by trustee:					
Money market funds	9,284,397	9,284,397	-	-	-
Investment contracts	6,731,116	-	-	-	6,731,116
Corporate debt securities	999,650	999,650	-	-	-
Federal agency securities	17,328,341	2,990,160	14,338,181	-	-
Total investments	<u>\$ 83,812,947</u>	<u>\$ 62,743,650</u>	<u>\$ 14,338,181</u>	<u>\$ -</u>	<u>\$ 6,731,116</u>

**City of Norco**  
**Notes to the Basic Financial Statements**  
**June 30, 2008**

**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	\$ 49,469,443	N/A	-	\$ 49,469,443
Held by trustee:				
Money market funds	9,284,397	AAA/Aa	AAA	-
Investment contracts	6,731,116	N/A	-	6,731,116
Corporate debt securities:				
Bank of America Corp	999,650	A	Aa2,AA	-
Federal agency securities	17,328,341	N/A	AAA,Aaa	-
<b>Total investments</b>	<b>\$ 83,812,947</b>			<b>\$ 56,200,559</b>

*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
Federal National Mortgage Association	Federal agency securities	\$ 7,465,898
Federal Home Loan Mortgage Corporation	Federal agency securities	6,881,193

**City of Norco**  
**Notes to the Basic Financial Statements**  
**June 30, 2008**

**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, 2008, \$1,039,837 of the City's deposits with financial institutions in excess of federal depository insurance limits were held in collateralized accounts.

*Investment in State Investment Pool*

The Agency 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.

**Note 3: Receivables**

***Deferred loans receivable***

The City administers several deferred 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 financial statements as receivables.

**City of Norco**  
**Notes to the Basic Financial Statements**  
**June 30, 2008**

**Note 3: Receivables (continued)**

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. As of June 30, 2008, the loans amount to \$4,363,620.

***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.

As of June 30, 2008 the total loans receivable were as follows:

Developer loans	\$ 5,100,000
Deferred loans	<u>4,363,620</u>
Total loans receivable	<u><u>\$ 9,463,620</u></u>

***Due from other governments***

Due from other governments, as of year end, for the government's individual major funds and non-major funds in the aggregate is as follows:

	Redevelopment				Nonmajor	Total
	General	Special revenue	Debt service	Capital projects		
Assessments	\$ -	\$ -	\$ -	\$ -	\$ 28,990	\$ 28,990
Property taxes	151,695	60,838	-	59,255	-	271,788
Sales tax	718,600	-	-	-	-	718,600
Grants and contributions - restricted	-	-	-	-	517,168	517,168
Other	102,716	-	-	-	-	102,716
Totals	<u>\$ 973,011</u>	<u>\$ 60,838</u>	<u>\$ -</u>	<u>\$ 59,255</u>	<u>\$ 546,158</u>	<u>\$ 1,639,262</u>

**City of Norco**  
**Notes to the Basic Financial Statements**  
**June 30, 2008**

**Note 4: Capital Assets**

Capital assets activity for the year ended June 30, 2008 was as follows:

	Beginning balance	Additions	Deletions	Ending balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 94,196,378	\$ -	\$ (441,094)	\$ 93,755,284
Construction in progress	16,037,336	6,064,096	(13,167,667)	8,933,765
Total capital assets, not being depreciated	<u>110,233,714</u>	<u>6,064,096</u>	<u>(13,608,761)</u>	<u>102,689,049</u>
Capital assets, being depreciated:				
Buildings and improvements	13,999,633	-	-	13,999,633
Improvements other than buildings	386,867	-	-	386,867
Vehicles and equipment	5,697,749	440,200	(763,075)	5,374,874
Infrastructure	69,656,213	12,308,270	-	81,964,483
Total capital assets, being depreciated	<u>89,740,462</u>	<u>12,748,470</u>	<u>(763,075)</u>	<u>101,725,857</u>
Less accumulated depreciation for:				
Buildings and improvements	(3,985,261)	(289,091)	-	(4,274,352)
Improvements other than buildings	(24,467)	(19,343)	-	(43,810)
Vehicles and equipment	(3,113,704)	(403,630)	407,824	(3,109,510)
Infrastructure	(41,406,465)	(1,696,007)	-	(43,102,472)
Total accumulated depreciation	<u>(48,529,897)</u>	<u>(2,408,071)</u>	<u>407,824</u>	<u>(50,530,144)</u>
Total capital assets, being depreciated, net	<u>41,210,565</u>	<u>10,340,399</u>	<u>(355,251)</u>	<u>51,195,713</u>
Governmental activities capital assets, net	<u>\$ 151,444,279</u>	<u>\$ 16,404,495</u>	<u>\$ (13,964,012)</u>	<u>\$ 153,884,762</u>
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land and improvements	\$ 773,307	\$ -	\$ -	\$ 773,307
Construction in progress	11,861,037	1,378,031	(11,153,224)	2,085,844
Total capital assets, not being depreciated	<u>12,634,344</u>	<u>1,378,031</u>	<u>(11,153,224)</u>	<u>2,859,151</u>
Capital assets, being depreciated:				
Buildings and improvements	1,036,851	-	-	1,036,851
Utility plant	6,842,342	1,090,031	-	7,932,373
Wastewater capacity rights	17,793,248	-	-	17,793,248
Pipelines	48,915,242	10,022,724	-	58,937,966
Vehicles and equipment	332,026	18,597	-	350,623
Total capital assets, being depreciated	<u>74,919,709</u>	<u>11,131,352</u>	<u>-</u>	<u>86,051,061</u>
Less accumulated depreciation for:				
Buildings and improvements	(464,602)	(22,466)	-	(487,068)
Utility plant	(2,468,698)	(153,441)	-	(2,622,139)
Wastewater capacity rights	(4,003,481)	(40,439)	-	(4,043,920)
Pipelines	(22,414,901)	(981,347)	-	(23,396,248)
Vehicles and equipment	(181,392)	(26,172)	-	(207,564)
Total accumulated depreciation	<u>(29,533,074)</u>	<u>(1,223,865)</u>	<u>-</u>	<u>(30,756,939)</u>
Total capital assets, being depreciated, net	<u>45,386,635</u>	<u>9,907,487</u>	<u>-</u>	<u>55,294,122</u>
Business-type activities capital assets, net	<u>\$ 58,020,979</u>	<u>\$ 11,285,518</u>	<u>\$ (11,153,224)</u>	<u>\$ 58,153,273</u>

**City of Norco**  
**Notes to the Basic Financial Statements**  
**June 30, 2008**

**Note 4: Capital Assets (continued)**

Depreciation expense was charged to functions of the primary government as follows:

Governmental activities:	
General government	\$ 46,853
Public safety	180,888
Streets and highways	1,442,696
Community development	54,069
Culture and leisure	371,206
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	312,359
Total depreciation expense - governmental activities	\$ 2,408,071
Business-type activities:	
Water	\$ 765,426
Sewer – amortization	40,439
Sewer – depreciation	418,000
Total depreciation expense - business-type activities	\$ 1,223,865

Special Item - The City sold land during the current fiscal year and recorded the proceeds in the Special Asset Fund. The gain on the sale of the land of \$476,537 is shown as special item - gain on sale of land on the statement of activities.

**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 statute 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 are required to contribute 8% (9% for safety employees) of their annual covered salary. The City makes the contributions required of the employees on their behalf and for their account. The City is required to contribute at an actuarially determined rate; the current rate 15.672% for non-safety employees and 11.334% for safety employees, of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by PERS.

**City of Norco**  
**Notes to the Basic Financial Statements**  
**June 30, 2008**

**Note 5: Retirement Plan (continued)**

*Annual Pension Cost*

For 2008, the City's annual pension cost of \$934,202 for PERS was equal to the City's required contributions. The required contribution was determined as part of the June 30, 2005, actuarial valuation using the entry age normal actuarial cost method.

THREE YEAR TREND INFORMATION FOR PERS			
Fiscal year	Annual pension cost (APC)	Percentage of APC contributed	Net pension obligation
06/30/06	\$ 610,000	100%	\$ -
06/30/07	\$ 739,045	100%	\$ -
06/30/08	\$ 934,202	100%	\$ -

**Note 6: Long-Term Debt**

***Governmental activities***

**a. Capital leases**

*Equipment*

During 2005, the City entered into a capital lease to finance the purchase of two copy machines. The present value of the future lease payments at the commencement of the leases was \$93,824. Lease payments of \$2,135 are due on monthly basis and are due commencing February 2005. The equipment acquired with the lease has a net book value of \$13,418 at June 30, 2008.

During 2006, 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 \$6,868. Lease payments of \$156 are due on a monthly basis and are due commencing May 2006. The equipment acquired with the lease has a net book value of \$3,663 at June 30, 2008.

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

Fiscal years ending June 30,	Capital leases
2009	\$ 27,491
2010	16,818
2011	1,875
Total minimum lease payments	46,184
Less: amount representing interest	(5,133)
Present value of minimum lease payments	\$ 41,051

**b. Bonds**

In June 2000, the 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.

**City of Norco**  
**Notes to the Basic Financial Statements**  
**June 30, 2008**

**Note 6: Long-Term Debt (continued)**

In December 2001, the 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 5.125% payable semiannually 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.

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 semiannually 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.

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.

**City of Norco**  
**Notes to the Basic Financial Statements**  
**June 30, 2008**

**Note 6: 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 \$325,100. 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 following schedule illustrates the annual debt service requirements to maturity for Bonds outstanding as of June 30, 2008:

Fiscal years ending June 30,	Tax allocation bonds	
	Principal	Interest
2009	\$ 2,205,000	\$ 4,024,325
2010	2,285,000	3,944,031
2011	2,375,000	3,854,848
2012	2,470,000	3,759,059
2013	2,575,000	3,657,111
2014 - 2018	14,800,000	16,347,713
2019 - 2023	18,815,000	12,338,482
2024 - 2028	24,095,000	7,178,575
2029 - 2032	13,505,000	1,231,950
Totals	<u>\$ 83,125,000</u>	<u>\$ 56,336,094</u>

**City of Norco**  
**Notes to the Basic Financial Statements**  
**June 30, 2008**

**Note 6: Long-Term Debt (continued)**

**Pledged Revenues**

The Agency has pledged 100% of future tax increment revenue (less amounts payable by or required to be set-aside by the Agency under any pass-through agreements and by the amount required to be set-aside for low and moderate housing as required by the California Health and Safety Code) as security for the bonds (as listed below) in the amount of \$139,461,094 (total principal and interest). The Agency prefunded the low and moderate housing set-aside with proceeds from the debt for the 2000, 2001, 2003 and 2005 bonds, so 20% of the debt service payments are made from the funds set-aside in the Housing Fund. For the School District bonds as indicated below the Agency has pledged the amount of the annual pass-through to the School District to repay the bonds. The pledges are considered outstanding for the duration of the debt service requirements. Total pledged revenues for the fiscal year ended June 30, 2008, totaled \$17,192,336 with the required debt service amount of \$6,228,740 for the following Bonds:

- 2000 Tax allocation bonds
- 2001 Refunding tax allocation bonds
- 2003 Tax allocation bonds
- 2005 Refunding tax allocation bonds

- 2001 Refunding tax allocation bonds (School District)
- 2004 Tax allocation refunding bonds (School District pass-through)

**c. Loans**

During 1997, the City entered into an agreement with the Riverside County Transportation Commission (RCTC) for an advance of Measure A Local Streets and Roads Funds. The proceeds of the funds were used to finance the Interstate 15 and Yuma Road Interchange Project. For repayment of this obligation, the City has instructed RCTC to apply any amount due to the City portion of any local streets and roads funding, which would otherwise be distributed to the City under Measure A. The interest rate will be determined annually by RCTC based on RCTC's average interest rate on its commercial paper plus 1/2 percent. The original amount of the loan was \$2,100,000.

The following schedule illustrates the annual debt service requirements to maturity for the Measure A loan outstanding as of June 30, 2008:

Fiscal years ending June 30,	Measure A loan	
	Principal	Interest
2009	\$ 170,183	\$ 8,084
Totals	\$ 170,183	\$ 8,084

**City of Norco**  
**Notes to the Basic Financial Statements**  
**June 30, 2008**

**Note 6: Long-Term Debt (continued)**

**d. Interfund loans**

On October 17, 2001 the Agency entered into a Loan Agreement with the City, where the Agency was to advance up to \$500,000 to the City for site work at Ingalls Park. The Agreement was later amended to increase the advance to \$700,000. Interest shall accumulate on the unpaid loan principal at 5% from the date of the loan inception to June 30, 2004, and at that time annual payments are to begin from accumulated DAG Fees collected by the City during the development of the Norco Ridge Ranch Project. As of June 30, 2008, the loan balance was \$153,983.

**e. Advances from other funds**

In May, 1998, the Agency received a loan of \$2,139,068 from Riverside County Transportation Commission through the City of Norco. The Agency was originally responsible for repayment of construction costs related to the interchange as defined by the Right-of-Way Cooperative Agreement. Under the existing loan agreement, the City's General Fund will be negatively impacted by diversion of Measure A Funds for repayment of the loan. The Agency will be required to repay the City of Norco's annual debt principal and interest semi-annually on June 1 and December 1 at a rate from 3.75% to 4.75% commencing December 1, 1997 through June 1, 2009. At June 30, 2008, the loan amounts to \$170,183.

**f. 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. For governmental activities, the short term portion of the compensated absences liability are reported in the statement of net assets and amount to \$292,120. The long-term portions are also recorded in the statement of net assets and amount to \$876,360.

For business-type activities, the utility funds report both the short-term and long-term portions on their balance sheet (statement of net assets). The short-term portions for the Water and Sewer Utility are \$25,499 and \$15,305, respectively. The long-term portions are \$76,498 and \$45,914, respectively.

For governmental activities, the short term portion of the claims and judgments liability is recorded in the statement of net assets and amount to \$300,000. The long-term portion of \$588,036 are also recorded on the statement of net assets, governmental activities.

**City of Norco**  
**Notes to the Basic Financial Statements**  
**June 30, 2008**

**Note 6: Long-Term Debt (continued)**

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

Fiscal years ending June 30,	Wastewater facility lease
2009	\$ 1,345,147
2010	1,394,552
2011	1,364,676
2012	1,334,801
2013	1,379,226
2014 - 2018	6,655,579
2019 - 2023	5,485,433
2024 - 2028	4,898,072
Total minimum lease payments	23,857,486
Less: amount representing interest	(10,322,968)
Present value of minimum lease payments	\$ 13,534,518

Interest payments on the bonds are due monthly. Variable interest rates are based on the rate of return on investments held by the trustee.

The assets acquired through this lease are as follows:

Wastewater capacity rights	\$ 17,793,248
Less: accumulated amortization	(4,043,920)
Total	\$ 13,749,328

*Copier Lease*

During 2006, 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 \$6,868. Lease payments of \$156 are due on a monthly basis and are due commencing May 2006. The equipment acquired with the lease has a net book value of \$3,894 at June 30, 2008.

**City of Norco**  
**Notes to the Basic Financial Statements**  
**June 30, 2008**

**Note 6: Long-Term Debt (continued)**

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

Fiscal years ending June 30,	Capital leases
2009	\$ 1,875
2010	1,875
2011	1,875
Total minimum lease payments	5,625
Less: amount representing interest	(1,183)
Present value of minimum lease payments	\$ 4,442

**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, 2008 the balance due was \$767,470. Debt service requirements on this loan are as follows:

Fiscal years ending June 30,	Principal	Interest
2009	\$ 71,014	\$ 34,734
2010	74,161	31,587
2011	77,464	28,284
2012	80,933	24,815
2013	84,575	21,173
2014 - 2017	379,323	44,488
Totals	\$ 767,470	\$ 185,081

**City of Norco**  
**Notes to the Basic Financial Statements**  
**June 30, 2008**

**Note 6: Long-Term Debt (continued)**

**c. Certificates of participation**

During July, 1998, the City issued \$9,410,000 Sewer and Water System Refunding Certificates of Participation to advance refund \$3,810,000 of outstanding 1994 Sewer and Water Revenue Bonds and to make certain improvements to the City's Sewer and Water System. The certificates dated October 1, 1998 through October 1, 2008 are serial certificates bearing interest of 3.6% to 4.5%. Additional term certificates dated October 1, 2028 bear interest of 5.125%. Interest is payable on all certificates semi-annually on April 1 and October 1 of each year commencing October 1, 1998. These certificates are shown in the Water and Sewer Fund and the debt service requirements are as follows:

Fiscal years ending June 30,	1998 Certificates of participation	
	Principal	Interest
2009	\$ 210,000	\$ 383,719
2010	220,000	373,356
2011	230,000	361,825
2012	245,000	349,653
2013	255,000	336,841
2014 - 2018	1,500,000	1,467,031
2019 - 2023	1,915,000	1,031,791
2024 - 2028	2,460,000	474,063
2029 - 2030	570,000	14,606
Totals	<u>\$ 7,605,000</u>	<u>\$ 4,792,885</u>

**City of Norco**  
**Notes to the Basic Financial Statements**  
**June 30, 2008**

**Note 6: Long-Term Debt (continued)**

*Change 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, 2008:

	Beginning balance	Additions	Deletions	Ending balance	Due within one year
<b>Governmental activities:</b>					
<i>Capital leases:</i>					
Copiers	\$ 61,835	\$ -	\$ 20,784	\$ 41,051	\$ 23,653
Total capital leases	<u>61,835</u>	<u>-</u>	<u>20,784</u>	<u>41,051</u>	<u>23,653</u>
<i>Bonds payable:</i>					
2000 Tax allocation bonds	2,110,000	-	50,000	2,060,000	50,000
2001 Refunding tax allocation bonds	31,690,000	-	1,160,000	30,530,000	1,210,000
2001 Refunding tax allocation bonds (school district)	4,450,000	-	105,000	4,345,000	110,000
2003 Tax allocation bonds	19,380,000	-	530,000	18,850,000	560,000
2004 Tax allocation refunding bonds (school district pass-through)	10,660,000	-	235,000	10,425,000	240,000
2005 Refunding tax allocation bonds	<u>16,970,000</u>	<u>-</u>	<u>55,000</u>	<u>16,915,000</u>	<u>55,000</u>
Subtotal bonds payable	85,260,000	-	2,135,000	83,125,000	2,225,000
Plus/(less) deferred amounts:					
For deferred loss on refunding	(292,590)	-	(16,255)	(276,335)	(16,255)
For issuance premium	793,090	-	38,031	755,059	38,031
Total bonds payable	<u>85,760,500</u>	<u>-</u>	<u>2,156,776</u>	<u>83,603,724</u>	<u>2,246,776</u>
<i>Loans payable:</i>					
Riverside County Transportation Commission	389,215	-	219,032	170,183	170,183
Claims and judgments	674,997	588,877	375,838	888,036	300,000
Compensated absences	<u>1,134,076</u>	<u>718,409</u>	<u>684,005</u>	<u>1,168,480</u>	<u>292,120</u>
Governmental activity long-term liabilities	<u>\$ 88,020,623</u>	<u>\$ 1,307,286</u>	<u>\$ 3,456,435</u>	<u>\$ 85,871,474</u>	<u>\$ 3,032,732</u>

**City of Norco**  
**Notes to the Basic Financial Statements**  
**June 30, 2008**

**Note 6: Long-Term Debt (continued)**

<b>Business-type activities:</b>	Beginning balance	Additions	Deletions	Ending balance	Due within one year
<i>Capital leases:</i>					
Wastewater facility	\$ 13,959,903	\$ -	\$ 425,385	\$ 13,534,518	\$ 428,422
Copier	5,655	-	1,213	4,442	1,386
<i>Certificates of participation payable:</i>					
1998 Certificates of participation	7,805,000	-	200,000	7,605,000	210,000
<i>Loan payable:</i>					
US Economic Development Administration	835,488	-	68,018	767,470	71,014
Compensated absences	175,874	79,870	92,528	163,216	40,804
Business-type activity long-term liabilities	<u>\$ 22,781,920</u>	<u>\$ 79,870</u>	<u>\$ 787,144</u>	<u>\$ 22,074,646</u>	<u>\$ 751,626</u>

For governmental activities, claims and judgments and compensated absences are generally liquidated by the General Fund.

**Note 7: Defeasance of Debt**

In prior years, the Agency defeased certain debt issues by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds and notes. Accordingly, the trust account assets and the liability for the defeased bonds and notes are not included in the City's financial statements. As of June 30, 2008, the 1985 Bond Issue of \$6,800,000, 1987 Notes of \$4,750,000, 1992 School District Capital Appreciation TAB's of \$19,730,000 and the 1996 Refunding Tax Allocation Bonds of \$16,535,000 are considered defeased.

**Note 8: Other Special Obligations**

The following issues of Bonds are not reflected in the City's statement of net assets because these are special obligations payable solely from the secured specific revenue sources described in the resolutions and official statements of the respective issue. Neither the faith and credit nor the taxing power of the City, the Agency, the State of California or any political subdivision thereof, is pledged for the payment of these bonds:

Description	Date of issue	Original amount of issue
To finance the acquisition construction and improvement of the Third Street entry to the Norco Campus	January 1, 1991	\$ 1,915,000

**City of Norco**  
**Notes to the Basic Financial Statements**  
**June 30, 2008**

**Note 9: Interfund Receivables, Payables and Transfers**

The composition of interfund balances at June 30, 2008, is as follows:

*Due to/from other funds*

Receivable fund	Payable fund	Amount
General Fund	Water Utility	\$ 404,989 (1)
	Redevelopment Special Revenue	12,257 (1)
	Redevelopment Capital Projects	751 (1)
	Nonmajor governmental funds	138,264 (1)
		<u>556,261</u>
Nonmajor governmental funds	Nonmajor governmental funds	<u>113,457 (1)</u>
	Total due to/from other funds	<u>\$ 669,718</u>

(1) To cover deficit cash balances.

*Interfund transfers*

Fund receiving transfers	Fund making transfers	Amount
<i>General Fund</i>	Nonmajor funds	\$ 162,063 (1)
	Sewer Utility	134,488 (2)
	Water Utility	130,885 (2)
	Internal Service Fund	125,000
		<u>552,436</u>
<i>Redevelopment Special Revenue</i>	Redevelopment Capital Projects	<u>1,742 (1)</u>
<i>Redevelopment Debt Service</i>	Redevelopment Capital Projects	<u>4,001,734 (3)</u>
<i>Nonmajor funds</i>	Nonmajor funds	421,069
	General Fund	25,000
	Redevelopment Capital Projects	1,439,062 (4)
		<u>1,885,131</u>
Total governmental funds		6,441,043
<i>Internal Service Funds</i>	General Fund	<u>100,000</u>
	Total transfers in	<u>\$ 6,541,043</u>

- (1) Transfers made to reimburse expenditures/expenses.
- (2) Transfers made to provide funding for future street repairs.
- (3) Transfers made to pay debt service.
- (4) Transfers made for capital project financing.

**City of Norco**  
**Notes to the Basic Financial Statements**  
**June 30, 2008**

**Note 10: Fund Equity**

**a. Reservation of fund balance**

The City has established certain fund balance reserve accounts to report the amounts in the following funds which represent available spendable resources restricted for a specified purpose:

	Redevelopment Special Revenue	Redevelopment Debt Service	Redevelopment Capital Projects	Nonmajor Funds	Total
Reserved for:					
Long-term receivables	\$ 9,463,620	\$ -	\$ 153,983	\$ 170,180	\$ 9,787,783
Debt service	-	6,297,415	-	-	6,297,415
Land held for resale	3,777,472	-	6,120,085	-	9,897,557
Total reservations	<u>\$ 13,241,092</u>	<u>\$ 6,297,415</u>	<u>\$ 6,274,068</u>	<u>\$ 170,180</u>	<u>\$ 25,982,755</u>

Unreserved - designations:

General Fund

Designated for self-insurance	\$ 500,000
Designated for future projects	850,000
Designated for emergencies	4,302,759
Designated for utility rate reserve	36,500
Designated for lease payments	<u>75,087</u>

Total General Fund designations \$ 5,764,346

**b. Restatements**

**Governmental-type activities**

Fund Financial Statements

*General Fund*

Fund balance, beginning of year, as previously reported	\$ 8,431,607
Prior period adjustment	460,280
Fund balance, beginning of year, as restated	<u>\$ 8,891,887</u>

The above adjustment is to correct the recording of claims and judgments payable.

**City of Norco**  
**Notes to the Basic Financial Statements**  
**June 30, 2008**

**Note 11: 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, 2008, the future assessment liability of property owners for amounts payable to bondholders for these Districts are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Assessment District 195	\$ 910,000	\$ 46,955	\$ 956,955
Community Facilities District			
97-1 Norco Hills Refunding	7,205,000	4,576,972	11,781,972
Community Facilities District			
2001-1 Norco Ridge Refunding	37,685,000	31,214,859	68,899,859
Community Facilities District			
2002-1 Norco 50	2,030,000	2,100,772	4,130,772
2004 Special Tax Refunding			
Community Facilities District 93-1	<u>1,710,000</u>	<u>652,934</u>	<u>2,362,934</u>
Totals	<u>\$49,540,000</u>	<u>\$ 38,592,492</u>	<u>\$ 88,132,492</u>

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 12: 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 18 California Cities, five 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 \$40,000,000 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 \$10,000,000.

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

**City of Norco**  
**Notes to the Basic Financial Statements**  
**June 30, 2008**

**Note 12: Risk Management (continued)**

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, 2008, the amount of these liabilities was \$888,036. The amount represents an estimate of \$216,842 for reported claims through June 30, 2008 and \$671,194 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 June 30, 2007 resulted from the following:

Year	Liability at beginning	Current year claims and changes in estimates	Claim payments	Liability at end
2007	\$ 674,997	\$ 97,822	\$ 97,822	\$ 674,997
2008	674,997	588,877	375,838	888,036

There was no significant reduction in insurance coverage by major categories of risk from fiscal 2006 to 2008. Furthermore, there was no settlement which exceeded the insurance coverage for the fiscal years 2005/06, 2006/07 and 2007/08.

**Note 13: Post-Retirement Health Care**

In addition to providing pension benefits, the City provides certain health care benefits for retired employees. Substantially all of the City's employees may become eligible for those benefits if they reach normal retirement age while working for the City and have worked not less than five years with the City. Those and similar benefits for active employees are provided through an insurance company whose premiums are based on the benefits paid during the year. The City recognizes the cost of providing those benefits by expensing the annual insurance premiums. The cost of providing those benefits for 43 retirees during the fiscal year was \$322,498.

As of year-end, there were 43 employees who had retired that were receiving 100 percent health care premium-coverage benefit. For the year-ended June 30, 2008, the City payments for these benefits ranges from \$273 to \$1,626 per retiree, which was net of retiree contributions.

The provisions for these benefits were established by the City.

**REQUIRED SUPPLEMENTARY INFORMATION**

**Required Supplementary Information**  
**City of Norco**  
**Budgetary Comparison Schedule - General Fund**  
**For the Year Ended June 30, 2008**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 11,855,131	\$ 10,951,896	\$ 10,917,603	\$ (34,293)
Licenses and permits	675,030	675,030	452,002	(223,028)
Fines and forfeitures	654,193	704,193	753,353	49,160
Intergovernmental	212,847	238,847	264,018	25,171
Charges for services	2,040,804	2,040,804	2,225,334	184,530
Investment earnings	363,255	363,255	406,786	43,531
Other	582,466	582,466	583,238	772
<b>Total revenues</b>	<b>16,383,726</b>	<b>15,556,491</b>	<b>15,602,334</b>	<b>45,843</b>
<b>EXPENDITURES</b>				
Current:				
General government	2,583,634	2,726,628	2,390,402	336,226
Public safety	10,739,291	10,739,291	11,078,978	(339,687)
Community and economic development	1,174,397	1,200,397	1,184,483	15,914
Culture and leisure	2,588,718	2,570,718	2,304,957	265,761
Debt service:				
Principal	-	-	1,212	(1,212)
Interest	-	-	663	(663)
<b>Total expenditures</b>	<b>17,086,040</b>	<b>17,237,034</b>	<b>16,960,695</b>	<b>276,339</b>
Excess (deficiency) of revenues over (under) expenditures	(702,314)	(1,680,543)	(1,358,361)	322,182
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	547,511	547,511	552,436	4,925
Transfers out	(125,000)	(125,000)	(125,000)	-
<b>Total other financing sources (uses)</b>	<b>422,511</b>	<b>422,511</b>	<b>427,436</b>	<b>4,925</b>
Net change in fund balance	(279,803)	(1,258,032)	(930,925)	327,107
Fund balance, beginning of year, restated	8,891,887	8,891,887	8,891,887	-
Fund balance, end of year	<u>\$ 8,612,084</u>	<u>\$ 7,633,855</u>	<u>\$ 7,960,962</u>	<u>\$ 327,107</u>

**Required Supplementary Information**  
**City of Norco**  
**Budgetary Comparison Schedule - Redevelopment Special Revenue Fund**  
**For the Year Ended June 30, 2008**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 3,139,830	\$ 3,139,830	\$ 3,167,575	\$ 27,745
Investment earnings	400,000	400,000	55,988	(344,012)
Other	45,000	45,000	111,026	66,026
Total revenues	<u>3,584,830</u>	<u>3,584,830</u>	<u>3,334,589</u>	<u>(250,241)</u>
<b>EXPENDITURES</b>				
Current:				
Community and economic development	11,905,975	6,805,975	1,426,594	5,379,381
Debt service:				
Principal	359,000	359,000	359,000	-
Interest	670,998	670,998	670,998	-
Total expenditures	<u>12,935,973</u>	<u>7,835,973</u>	<u>2,456,592</u>	<u>5,379,381</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(9,351,143)</u>	<u>(4,251,143)</u>	<u>877,997</u>	<u>5,129,140</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	1,742	1,742
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>1,742</u>	<u>1,742</u>
Net change in fund balance	(9,351,143)	(4,251,143)	879,739	5,130,882
Fund balance, beginning of year	<u>16,967,538</u>	<u>16,967,538</u>	<u>16,967,538</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 7,616,395</u></u>	<u><u>\$ 12,716,395</u></u>	<u><u>\$ 17,847,277</u></u>	<u><u>\$ 5,130,882</u></u>

**City of Norco**  
**Notes to Required Supplementary Information**  
**For the Year Ended June 30, 2008**

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.

**COMBINING AND INDIVIDUAL FUND  
FINANCIAL STATEMENTS**

**City of Norco**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Redevelopment Agency Debt Service Fund**  
**For the Year Ended June 30, 2008**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Investment earnings	\$ -	\$ -	\$ 314,536	\$ 314,536
Intergovernmental	1,106,568	1,106,568	1,037,947	(68,621)
Total revenues	1,106,568	1,106,568	1,352,483	245,915
<b>EXPENDITURES</b>				
Debt service:				
Principal	1,776,000	1,776,000	1,776,000	-
Interest	3,422,742	3,422,742	3,422,742	-
Total expenditures	5,198,742	5,198,742	5,198,742	-
Excess (deficiency) of revenues over (under) expenditures	(4,092,174)	(4,092,174)	(3,846,259)	245,915
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer in	5,198,742	5,198,742	4,001,734	(1,197,008)
Total other financing sources (uses)	5,198,742	5,198,742	4,001,734	(1,197,008)
Net change in fund balance	1,106,568	1,106,568	155,475	(951,093)
Fund balance, beginning of year	7,290,915	7,290,915	7,290,915	-
Fund balance, end of year	<u>\$ 8,397,483</u>	<u>\$ 8,397,483</u>	<u>\$ 7,446,390</u>	<u>\$ (951,093)</u>

**City of Norco**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Redevelopment Agency Capital Projects Fund**  
**For the Year Ended June 30, 2008**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 12,828,295	\$ 12,828,295	\$ 12,986,814	\$ 158,519
Investment earnings	1,314,617	1,314,617	1,467,757	153,140
Other	161,683	161,683	176,646	14,963
<b>Total revenues</b>	<b>14,304,595</b>	<b>14,304,595</b>	<b>14,631,217</b>	<b>326,622</b>
<b>EXPENDITURES</b>				
Current:				
Community and economic development	13,662,254	13,981,254	9,932,327	4,048,927
Debt service:				
Principal	216,410	216,410	-	216,410
Interest	21,058	21,058	18,487	2,571
<b>Total expenditures</b>	<b>13,899,722</b>	<b>14,218,722</b>	<b>9,950,814</b>	<b>4,267,908</b>
Excess (deficiency) of revenues over (under) expenditures	404,873	85,873	4,680,403	4,594,530
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from long term debt	10,000,000	10,000,000	-	(10,000,000)
Transfers out	(15,379,995)	(15,604,956)	(5,442,538)	10,162,418
<b>Total other financing sources (uses)</b>	<b>(5,379,995)</b>	<b>(5,604,956)</b>	<b>(5,442,538)</b>	<b>162,418</b>
Net change in fund balance	(4,975,122)	(5,519,083)	(762,135)	4,756,948
Fund balance, beginning of year	35,169,650	35,169,650	35,169,650	-
Fund balance, end of year	<b>\$ 30,194,528</b>	<b>\$ 29,650,567</b>	<b>\$ 34,407,515</b>	<b>\$ 4,756,948</b>

**COMBINING NONMAJOR FUNDS**

## **Nonmajor 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.

*Local Law Enforcement Block Grant* – to account for grant funds intended to underwrite projects to reduce crime and improve public safety.

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

*California Law Enforcement Equipment Program (CLEEP)* – to account for grant funds used for the purchase of equipment to assist law enforcement to prevent and reduce crime.

*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.

*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.

*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.

*Community Facilities District 2002-1* – to account for the construction of trail improvements and a traffic signal at 6<sup>th</sup> Street and California. Financing is through special assessments.

*Community Facilities District 97-1* – to account for the grading, base, paving, construction of curb and gutter of various streets; also, the construction of sewer, water, and draining facilities, horse trails, and traffic signals. Financing is through special assessments.

*Community Facilities District 2001-1* – to account for the off-site and in-tract improvements for sanitary sewer, water, storm drain, street, and neighborhood park in Norco Ridge Ranch. Financing is through special assessments.

*Park Improvement Fund* – 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.

*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 such as libraries and community centers.

*Ingalls Park Grading* – to account for the blasting and grading of Ingalls Park. Funding is provided by the sale of the decomposed granite generated by operations.

**City of Norco  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2008**

	Special Revenue Funds		
	Miscellaneous Grant Fund	Community Development Block Grant	Gas Tax
<b>ASSETS</b>			
Cash and investments	\$ 19,001	\$ 1,090	\$ -
Cash and investments with fiscal agents	-	-	-
Receivables, net:			
Interest	-	-	-
Loans	-	-	-
Due from other governments	42,903	2,251	165,317
Due from other funds	-	-	-
	<u>\$ 61,904</u>	<u>\$ 3,341</u>	<u>\$ 165,317</u>
Total assets			
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable and accrued expenses	\$ 2,236	\$ 1,090	\$ 27,961
Retentions payable	-	-	-
Due to other funds	42,903	2,251	113,457
Loan payable	-	-	-
Deferred revenues	16,765	-	-
	<u>61,904</u>	<u>3,341</u>	<u>141,418</u>
Total liabilities			
Fund balances:			
Reserved for:			
Long-term receivables	-	-	-
Unreserved, reported in:			
Special revenue funds	-	-	23,899
Capital projects funds	-	-	-
	<u>-</u>	<u>-</u>	<u>23,899</u>
Total fund balances			
	<u>\$ 61,904</u>	<u>\$ 3,341</u>	<u>\$ 165,317</u>
Total liabilities and fund balances			

Special Revenue Funds				
Measure A	NPDES	Air Quality Improvement Trust	Local Law Enforcement Block Grant	Supplemental Law Enforcement Block Grant
\$ 2,682,837	\$ -	\$ 38,934	\$ 544	\$ 8,137
-	-	-	-	-
19,516	-	255	4	256
170,180	-	-	-	-
109,784	22,462	8,700	-	-
-	-	-	-	-
<u>\$ 2,982,317</u>	<u>\$ 22,462</u>	<u>\$ 47,889</u>	<u>\$ 548</u>	<u>\$ 8,393</u>
\$ 83,404	\$ 4,130	\$ 58	\$ -	\$ -
8,711	-	-	-	-
-	85,784	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>92,115</u>	<u>89,914</u>	<u>58</u>	<u>-</u>	<u>-</u>
170,180	-	-	-	-
2,720,022	(67,452)	47,831	548	8,393
-	-	-	-	-
<u>2,890,202</u>	<u>(67,452)</u>	<u>47,831</u>	<u>548</u>	<u>8,393</u>
<u>\$ 2,982,317</u>	<u>\$ 22,462</u>	<u>\$ 47,889</u>	<u>\$ 548</u>	<u>\$ 8,393</u>

**City of Norco  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2008**

	Special Revenue Funds		
	CLEEP	Office of Traffic Safety	Landscape Maintenance District #1
<b>ASSETS</b>			
Cash and investments	\$ 5,214	\$ -	\$ 34,426
Cash and investments with fiscal agents	-	-	-
Receivables, net:			
Interest	39	-	251
Loans	-	-	-
Due from other governments	-	57,641	180
Due from other funds	-	-	-
	<b>\$ 5,253</b>	<b>\$ 57,641</b>	<b>\$ 34,857</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable and accrued expenses	\$ -	\$ 57,641	\$ 620
Retentions payable	-	-	-
Due to other funds	-	-	107
Loan payable	-	-	-
Deferred revenues	-	-	-
	-	57,641	727
Fund balances:			
Reserved for:			
Long-term receivables	-	-	-
Unreserved, reported in:			
Special revenue funds	5,253	-	34,130
Capital projects funds	-	-	-
	5,253	-	34,130
<b>Total liabilities and fund balances</b>	<b>\$ 5,253</b>	<b>\$ 57,641</b>	<b>\$ 34,857</b>

Special Revenue Funds

Landscape Maintenance District #2	Landscape Maintenance District #3	Landscape Maintenance District #4	Landscape Maintenance District #5	Special Asset	Total Special Revenue Funds
\$ 78,356	\$ 82,719	\$ 533,839	\$ 16,806	\$ 1,268,327	\$ 4,770,230
-	-	-	-	-	-
612	598	3,999	98	9,550	35,178
-	-	-	-	-	170,180
6,604	4,584	15,518	2,284	-	438,228
-	-	-	-	-	-
<u>\$ 85,572</u>	<u>\$ 87,901</u>	<u>\$ 553,356</u>	<u>\$ 19,188</u>	<u>\$ 1,277,877</u>	<u>\$ 5,413,816</u>
\$ 4,261	\$ 1,758	\$ 15,896	\$ 808	\$ -	\$ 199,863
-	-	-	-	-	8,711
3,734	1,165	1,695	625	-	251,721
-	-	-	-	-	-
-	-	6,400	-	-	23,165
<u>7,995</u>	<u>2,923</u>	<u>23,991</u>	<u>1,433</u>	<u>-</u>	<u>483,460</u>
-	-	-	-	-	170,180
77,577	84,978	529,365	17,755	1,277,877	4,760,176
-	-	-	-	-	-
<u>77,577</u>	<u>84,978</u>	<u>529,365</u>	<u>17,755</u>	<u>1,277,877</u>	<u>4,930,356</u>
<u>\$ 85,572</u>	<u>\$ 87,901</u>	<u>\$ 553,356</u>	<u>\$ 19,188</u>	<u>\$ 1,277,877</u>	<u>\$ 5,413,816</u>

**City of Norco  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2008**

	Capital Projects Funds		
	Storm Drain	General Government Improvement	Fire Improvement
<b>ASSETS</b>			
Cash and investments	\$ 648,800	\$ 4,484,367	\$ 991,820
Cash and investments with fiscal agents	-	-	-
Receivables, net:			
Interest	4,795	32,992	7,474
Loans	-	-	-
Due from other governments	-	-	-
Due from other funds	-	-	-
	<u>\$ 653,595</u>	<u>\$ 4,517,359</u>	<u>\$ 999,294</u>
Total assets			
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable and accrued expenses	\$ 10,098	\$ 13,500	\$ -
Retentions payable	-	-	-
Due to other funds	-	-	-
Loan payable	-	-	-
Deferred revenues	-	-	-
	<u>10,098</u>	<u>13,500</u>	<u>-</u>
Total liabilities			
Fund balances:			
Reserved for:			
Long-term receivables	-	-	-
Unreserved, reported in:			
Special revenue funds	-	-	-
Capital projects funds	643,497	4,503,859	999,294
	<u>643,497</u>	<u>4,503,859</u>	<u>999,294</u>
Total fund balances			
	<u>\$ 653,595</u>	<u>\$ 4,517,359</u>	<u>\$ 999,294</u>
Total liabilities and fund balances			

continued

Capital Projects Funds

<u>Trails Improvement</u>	<u>Street Improvement</u>	<u>Community Facilities District 93-1</u>	<u>Community Facilities District 2002-1</u>	<u>Community Facilities District 97-1</u>	<u>Community Facilities District 2001-1</u>
\$ 454,323	\$ 3,816,803	\$ 55,888	\$ 203,458	\$ 775,089	\$ -
-	-	-	371,973	-	37
3,368	21,779	413	1,505	5,754	-
-	-	-	-	-	-
-	107,930	-	-	-	-
-	113,457	-	-	-	-
<u>\$ 457,691</u>	<u>\$ 4,059,969</u>	<u>\$ 56,301</u>	<u>\$ 576,936</u>	<u>\$ 780,843</u>	<u>\$ 37</u>
\$ -	\$ 108,151	\$ -	\$ -	\$ -	\$ -
-	4,800	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	36,967	-	-	-	-
-	149,918	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
457,691	3,910,051	56,301	576,936	780,843	37
457,691	3,910,051	56,301	576,936	780,843	37
<u>\$ 457,691</u>	<u>\$ 4,059,969</u>	<u>\$ 56,301</u>	<u>\$ 576,936</u>	<u>\$ 780,843</u>	<u>\$ 37</u>

**City of Norco  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2008**

	Capital Projects Funds		
	Park Improvement	Public Library	Public Meeting
<b>ASSETS</b>			
Cash and investments	\$ 239,076	\$ 12,641	\$ 35,183
Cash and investments with fiscal agents	-	-	-
Receivables, net:			
Interest	2,119	94	260
Loans	-	-	-
Due from other governments	-	-	-
Due from other funds	-	-	-
	<u>\$ 241,195</u>	<u>\$ 12,735</u>	<u>\$ 35,443</u>
Total assets			
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable and accrued expenses	\$ 25,372	\$ -	\$ -
Retentions payable	144,184	-	-
Due to other funds	-	-	-
Loan payable	153,983	-	-
Deferred revenues	-	-	-
	<u>323,539</u>	<u>-</u>	<u>-</u>
Total liabilities			
Fund balances:			
Reserved for:			
Long-term receivables	-	-	-
Unreserved, reported in:			
Special revenue funds	-	-	-
Capital projects funds	(82,344)	12,735	35,443
	<u>(82,344)</u>	<u>12,735</u>	<u>35,443</u>
Total fund balances			
	<u>\$ 241,195</u>	<u>\$ 12,735</u>	<u>\$ 35,443</u>
Total liabilities and fund balances			

Capital Projects

Aquatics Center	Animal Control	Facility Improvement	Ingalls Park Grading	Total Capital Projects Funds	Total Nonmajor Governmental Funds
\$ 8,121	\$ 337,553	\$ 150,098	\$ -	\$ 12,213,220	\$ 16,983,450
-	-	-	-	372,010	372,010
59	2,497	-	-	83,109	118,287
-	-	-	-	-	170,180
-	-	-	-	107,930	546,158
-	-	-	-	113,457	113,457
<u>\$ 8,180</u>	<u>\$ 340,050</u>	<u>\$ 150,098</u>	<u>\$ -</u>	<u>\$ 12,889,726</u>	<u>\$ 18,303,542</u>
\$ -	\$ -	\$ -	\$ -	\$ 157,121	\$ 356,984
-	-	-	-	148,984	157,695
-	-	-	-	-	251,721
-	-	-	-	153,983	153,983
-	-	-	-	36,967	60,132
-	-	-	-	497,055	980,515
-	-	-	-	-	170,180
-	-	-	-	-	4,760,176
8,180	340,050	150,098	-	12,392,671	12,392,671
8,180	340,050	150,098	-	12,392,671	17,323,027
<u>\$ 8,180</u>	<u>\$ 340,050</u>	<u>\$ 150,098</u>	<u>\$ -</u>	<u>\$ 12,889,726</u>	<u>\$ 18,303,542</u>

**City of Norco**  
**Combining Statements of Revenues, Expenditures, and**  
**Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2008**

	Special Revenue Funds		
	Miscellaneous Grant Fund	Community Development Block Grant	Gas Tax
<b>REVENUES</b>			
Taxes	\$ -	\$ -	\$ -
Assessments	-	-	-
Development fees	-	-	-
Intergovernmental	116,019	264,310	490,572
Charges for services	-	-	-
Investment earnings	-	-	-
Total revenues	<u>116,019</u>	<u>264,310</u>	<u>490,572</u>
<b>EXPENDITURES</b>			
Current:			
General government	-	-	-
Public safety	-	-	-
Streets and highways	-	-	508,781
Community and economic development	73,116	1,090	-
Culture and leisure	-	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Capital outlay:			
Other	-	-	-
Total expenditures	<u>73,116</u>	<u>1,090</u>	<u>508,781</u>
Excess (deficiency) of revenues over (under) expenditures	<u>42,903</u>	<u>263,220</u>	<u>(18,209)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from sale of asset	-	-	-
Transfers in	-	-	-
Transfers out	(42,903)	(263,220)	-
Total other financing sources (uses)	<u>(42,903)</u>	<u>(263,220)</u>	<u>-</u>
Net change in fund balances	-	-	(18,209)
Fund balances, beginning of year	-	-	42,108
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,899</u>

continued

Special Revenue Funds				
Measure A	NPDES	Air Quality Improvement Trust	Local Law Enforcement Block Grant	Supplemental Law Enforcement Block Grant
\$ 843,993	\$ 63,103	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	32,951	12,274	100,000
-	-	-	-	-
131,665	-	2,019	191	4,554
<u>975,658</u>	<u>63,103</u>	<u>34,970</u>	<u>12,465</u>	<u>104,554</u>
-	-	-	-	-
-	-	-	12,274	200,000
-	87,832	36,033	-	-
-	-	-	-	-
-	-	-	-	-
219,034	-	-	-	-
18,488	-	-	-	-
887,649	-	-	-	-
<u>1,125,171</u>	<u>87,832</u>	<u>36,033</u>	<u>12,274</u>	<u>200,000</u>
(149,513)	(24,729)	(1,063)	191	(95,446)
-	-	-	-	-
-	50,000	-	-	-
-	-	(1,500)	-	-
-	<u>50,000</u>	<u>(1,500)</u>	-	-
(149,513)	25,271	(2,563)	191	(95,446)
3,039,715	(92,723)	50,394	357	103,839
<u>\$ 2,890,202</u>	<u>\$ (67,452)</u>	<u>\$ 47,831</u>	<u>\$ 548</u>	<u>\$ 8,393</u>

**City of Norco**  
**Combining Statements of Revenues, Expenditures, and**  
**Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2008**

	Special Revenue Funds		
	CLEEP	Office of Traffic Safety	Landscape Maintenance District #1
<b>REVENUES</b>			
Taxes	\$ -	\$ -	\$ -
Assessments	-	-	8,233
Development fees	-	-	-
Intergovernmental	-	253,239	-
Charges for services	-	-	-
Investment earnings	206	-	1,388
Total revenues	<u>206</u>	<u>253,239</u>	<u>9,621</u>
<b>EXPENDITURES</b>			
Current:			
General government	-	-	-
Public safety	-	253,239	-
Streets and highways	-	-	6,726
Community and economic development	-	-	-
Culture and leisure	-	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Capital outlay:			
Other	-	-	-
Total expenditures	<u>-</u>	<u>253,239</u>	<u>6,726</u>
Excess (deficiency) of revenues over (under) expenditures	<u>206</u>	<u>-</u>	<u>2,895</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from sale of asset	-	-	-
Transfers in	-	-	-
Transfers out	-	-	(1,660)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(1,660)</u>
Net change in fund balances	206	-	1,235
Fund balances, beginning of year	<u>5,047</u>	<u>-</u>	<u>32,895</u>
Fund balances, end of year	<u>\$ 5,253</u>	<u>\$ -</u>	<u>\$ 34,130</u>

continued

Special Revenue Funds					
Landscape Maintenance District #2	Landscape Maintenance District #3	Landscape Maintenance District #4	Landscape Maintenance District #5	Special Asset	Total Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 907,096
115,440	63,396	182,205	42,827	-	412,101
-	-	-	-	-	-
-	-	-	-	51,553	1,320,918
-	-	-	-	-	-
4,843	3,578	21,994	221	21,216	191,875
<u>120,283</u>	<u>66,974</u>	<u>204,199</u>	<u>43,048</u>	<u>72,769</u>	<u>2,831,990</u>
-	-	-	-	-	-
-	-	-	-	-	465,513
178,567	70,955	263,606	30,449	-	1,182,949
-	-	-	-	-	74,206
-	-	-	-	-	-
-	-	-	-	-	219,034
-	-	-	-	-	18,488
-	-	-	-	-	887,649
<u>178,567</u>	<u>70,955</u>	<u>263,606</u>	<u>30,449</u>	<u>-</u>	<u>2,847,839</u>
(58,284)	(3,981)	(59,407)	12,599	72,769	(15,849)
-	-	-	-	917,631	917,631
-	-	-	-	-	50,000
(20,200)	(11,260)	(3,075)	(2,500)	(21,216)	(367,534)
<u>(20,200)</u>	<u>(11,260)</u>	<u>(3,075)</u>	<u>(2,500)</u>	<u>896,415</u>	<u>600,097</u>
(78,484)	(15,241)	(62,482)	10,099	969,184	584,248
156,061	100,219	591,847	7,656	308,693	4,346,108
<u>\$ 77,577</u>	<u>\$ 84,978</u>	<u>\$ 529,365</u>	<u>\$ 17,755</u>	<u>\$ 1,277,877</u>	<u>\$ 4,930,356</u>

**City of Norco**  
**Combining Statements of Revenues, Expenditures, and**  
**Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2008**

	Capital Projects		
	Storm Drain	General Government Improvement	Fire Improvement
<b>REVENUES</b>			
Taxes	\$ -	\$ -	\$ -
Assessments	-	-	-
Development fees	32,199	12,250	49,733
Intergovernmental	-	-	-
Charges for services	4,199	7,199	-
Investment earnings	32,156	198,944	49,116
Total revenues	<u>68,554</u>	<u>218,393</u>	<u>98,849</u>
<b>EXPENDITURES</b>			
Current:			
General government	-	-	-
Public safety	-	-	-
Streets and highways	47,723	-	-
Community and economic development	-	-	-
Culture and leisure	-	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Capital outlay:			
Other	-	80,438	248,148
Total expenditures	<u>47,723</u>	<u>80,438</u>	<u>248,148</u>
Excess (deficiency) of revenues over (under) expenditures	<u>20,831</u>	<u>137,955</u>	<u>(149,299)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from sale of asset	-	-	-
Transfers in	-	76,502	-
Transfers out	(2,597)	(174,747)	(3,911)
Total other financing sources (uses)	<u>(2,597)</u>	<u>(98,245)</u>	<u>(3,911)</u>
Net change in fund balances	18,234	39,710	(153,210)
Fund balances, beginning of year	<u>625,263</u>	<u>4,464,149</u>	<u>1,152,504</u>
Fund balances, end of year	<u>\$ 643,497</u>	<u>\$ 4,503,859</u>	<u>\$ 999,294</u>

Capital Projects

Trails Improvement	Street Improvement	Community Facilities District 93-1	Community Facilities District 2002-1	Community Facilities District 97-1	Community Facilities District 2001-1
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
3,556	312,531	-	-	-	-
-	2,093,439	-	-	-	-
-	-	-	-	-	-
18,492	139,648	2,411	10,021	30,616	-
<u>22,048</u>	<u>2,545,618</u>	<u>2,411</u>	<u>10,021</u>	<u>30,616</u>	<u>-</u>
-	-	-	-	-	4,506
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	2,034,472	-	-	-	-
<u>-</u>	<u>2,034,472</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,506</u>
22,048	511,146	2,411	10,021	30,616	(4,506)
-	-	-	-	-	-
-	106,034	-	-	-	-
(164)	(26,982)	-	-	-	-
<u>(164)</u>	<u>79,052</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
21,884	590,198	2,411	10,021	30,616	(4,506)
435,807	3,319,853	53,890	566,915	750,227	4,543
<u>\$ 457,691</u>	<u>\$ 3,910,051</u>	<u>\$ 56,301</u>	<u>\$ 576,936</u>	<u>\$ 780,843</u>	<u>\$ 37</u>

**City of Norco**  
**Combining Statements of Revenues, Expenditures, and**  
**Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2008**

	Capital Projects		
	Park Improvement	Public Library	Public Meeting
<b>REVENUES</b>			
Taxes	\$ -	\$ -	\$ -
Assessments	-	-	-
Development fees	106,384	2,298	6,398
Intergovernmental	56,001	-	-
Charges for services	-	-	-
Investment earnings	33,166	490	1,363
Total revenues	<u>195,551</u>	<u>2,788</u>	<u>7,761</u>
<b>EXPENDITURES</b>			
Current:			
General government	-	-	-
Public safety	-	-	-
Streets and highways	-	-	-
Community and economic development	-	-	-
Culture and leisure	-	-	-
Debt service:			
Principal	-	-	-
Interest	15,032	-	-
Capital outlay:			
Other	2,051,717	-	-
Total expenditures	<u>2,066,749</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,871,198)</u>	<u>2,788</u>	<u>7,761</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from sale of asset	-	-	-
Transfers in	1,652,595	-	-
Transfers out	(7,197)	-	-
Total other financing sources (uses)	<u>1,645,398</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(225,800)	2,788	7,761
Fund balances, beginning of year	<u>143,456</u>	<u>9,947</u>	<u>27,682</u>
Fund balances, end of year	<u>\$ (82,344)</u>	<u>\$ 12,735</u>	<u>\$ 35,443</u>

Capital Projects					Total
Aquatics Center	Animal Control	Facility Improvement	Ingalls Park Grading	Total Capital Projects Funds	Non-major Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 907,096
-	-	-	-	-	412,101
924	1,383	-	-	527,656	527,656
-	-	-	-	2,149,440	3,470,358
-	-	-	80,555	91,953	91,953
507	14,776	-	-	531,706	723,581
<u>1,431</u>	<u>16,159</u>	<u>-</u>	<u>80,555</u>	<u>3,300,755</u>	<u>6,132,745</u>
-	-	-	-	4,506	4,506
-	-	-	-	-	465,513
-	-	-	-	47,723	1,230,672
-	-	-	-	-	74,206
-	-	-	81,590	81,590	81,590
-	-	-	-	-	219,034
-	-	-	-	15,032	33,520
-	19,905	-	-	4,434,680	5,322,329
<u>-</u>	<u>19,905</u>	<u>-</u>	<u>81,590</u>	<u>4,583,531</u>	<u>7,431,370</u>
<u>1,431</u>	<u>(3,746)</u>	<u>-</u>	<u>(1,035)</u>	<u>(1,282,776)</u>	<u>(1,298,625)</u>
-	-	-	61,317	61,317	978,948
-	-	-	-	1,835,131	1,885,131
-	-	-	-	(215,598)	(583,132)
<u>-</u>	<u>-</u>	<u>-</u>	<u>61,317</u>	<u>1,680,850</u>	<u>2,280,947</u>
1,431	(3,746)	-	60,282	398,074	982,322
<u>6,749</u>	<u>343,796</u>	<u>150,098</u>	<u>(60,282)</u>	<u>11,994,597</u>	<u>16,340,705</u>
<u>\$ 8,180</u>	<u>\$ 340,050</u>	<u>\$ 150,098</u>	<u>\$ -</u>	<u>\$ 12,392,671</u>	<u>\$ 17,323,027</u>

**City of Norco**  
**For the Year Ended June 30, 2008**  
**Nonmajor Fund Budgetary Comparison Schedules**

Budgetary comparison statements 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 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, 2008**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 80,362	\$ 80,362	\$ 116,019	\$ 35,657
Total revenues	80,362	80,362	116,019	35,657
<b>EXPENDITURES</b>				
Current:				
Culture and leisure	80,362	80,362	73,116	7,246
Total expenditures	80,362	80,362	73,116	7,246
Excess (deficiency) of revenues over (under) expenditures	-	-	42,903	42,903
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	-	-	(42,903)	(42,903)
Total other financing sources (uses)	-	-	(42,903)	(42,903)
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**  
**Community Development Block Grant Special Revenue Fund**  
**For the Year Ended June 30, 2008**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 811,000	\$ 811,000	\$ 264,310	\$ (546,690)
Total revenues	811,000	811,000	264,310	(546,690)
<b>EXPENDITURES</b>				
Current:				
Community and economic development	796,000	796,000	1,090	794,910
Total expenditures	796,000	796,000	1,090	794,910
Excess (deficiency) of revenues over (under) expenditures	15,000	15,000	263,220	248,220
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(15,000)	(15,000)	(263,220)	(248,220)
Total other financing sources (uses)	(15,000)	(15,000)	(263,220)	(248,220)
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**  
**Gas Tax Special Revenue Fund**  
**For the Year Ended June 30, 2008**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 628,600	\$ 628,600	\$ 490,572	\$ (138,028)
Total revenues	628,600	628,600	490,572	(138,028)
<b>EXPENDITURES</b>				
Current:				
Streets and highways	451,207	451,207	508,781	(57,574)
Total expenditures	451,207	451,207	508,781	(57,574)
Net change in fund balance	177,393	177,393	(18,209)	(195,602)
Fund balance, beginning of year	42,108	42,108	42,108	-
Fund balance, end of year	<u>\$ 219,501</u>	<u>\$ 219,501</u>	<u>\$ 23,899</u>	<u>\$ (195,602)</u>

**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, 2008**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 990,000	\$ 1,206,410	\$ 843,993	\$ (362,417)
Investment earnings	365,022	148,612	131,665	(16,947)
Total revenues	<u>1,355,022</u>	<u>1,355,022</u>	<u>975,658</u>	<u>(379,364)</u>
<b>EXPENDITURES</b>				
Debt service:				
Principal	216,410	216,410	219,034	(2,624)
Interest	21,058	21,058	18,488	2,570
Capital outlay:				
Other	<u>2,447,000</u>	<u>2,918,100</u>	<u>887,649</u>	<u>2,030,451</u>
Total expenditures	<u>2,684,468</u>	<u>3,155,568</u>	<u>1,125,171</u>	<u>2,030,397</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,329,446)</u>	<u>(1,800,546)</u>	<u>(149,513)</u>	<u>1,651,033</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(1,329,446)	(1,800,546)	(149,513)	1,651,033
Fund balance, beginning of year	<u>3,039,715</u>	<u>3,039,715</u>	<u>3,039,715</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,710,269</u>	<u>\$ 1,239,169</u>	<u>\$ 2,890,202</u>	<u>\$ 1,651,033</u>

**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, 2008**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 57,000	\$ 57,000	\$ 63,103	\$ 6,103
Total revenues	57,000	57,000	63,103	6,103
<b>EXPENDITURES</b>				
Current:				
Streets and highways	105,043	105,043	87,832	17,211
Total expenditures	105,043	105,043	87,832	17,211
Excess (deficiency) of revenues over (under) expenditures	(48,043)	(48,043)	(24,729)	23,314
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	50,000	50,000	50,000	-
Total other financing sources (uses)	50,000	50,000	50,000	-
Net change in fund balance	1,957	1,957	25,271	23,314
Fund balance, beginning of year	(92,723)	(92,723)	(92,723)	-
Fund balance, end of year	<u>\$ (90,766)</u>	<u>\$ (90,766)</u>	<u>\$ (67,452)</u>	<u>\$ 23,314</u>

**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, 2008**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 31,000	\$ 31,000	\$ 32,951	\$ 1,951
Investment earnings	-	-	2,019	2,019
Total revenues	31,000	31,000	34,970	3,970
<b>EXPENDITURES</b>				
Current:				
Streets and highways	-	30,000	36,033	(6,033)
Total expenditures	-	30,000	36,033	(6,033)
Excess (deficiency) of revenues over (under) expenditures	31,000	1,000	(1,063)	(2,063)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(1,500)	(1,500)	(1,500)	-
Total Other Financing Sources (Uses)	(1,500)	(1,500)	(1,500)	-
Net change in fund balance	29,500	(500)	(2,563)	(2,063)
Fund balance, beginning of year	50,394	50,394	50,394	-
Fund balance, end of year	<u>\$ 79,894</u>	<u>\$ 49,894</u>	<u>\$ 47,831</u>	<u>\$ (2,063)</u>

**City of Norco**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Local Law Enforcement Block Grant Special Revenue Fund**  
**For the Year Ended June 30, 2008**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ 12,274	\$ 12,274	\$ -
Investment earnings	-	-	191	191
Total revenues	-	12,274	12,465	191
<b>EXPENDITURES</b>				
Current:				
Public safety	-	12,274	12,274	-
Total expenditures	-	12,274	12,274	-
Net change in fund balance	-	-	191	191
Fund balance, beginning of year	357	357	357	-
Fund balance, end of year	<u>\$ 357</u>	<u>\$ 357</u>	<u>\$ 548</u>	<u>\$ 191</u>

**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, 2008**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 200,000	\$ 100,000	\$ 100,000	\$ -
Investment earnings	-	-	4,554	4,554
Total revenues	200,000	100,000	104,554	4,554
<b>EXPENDITURES</b>				
Current:				
Public safety	200,000	200,000	200,000	-
Total expenditures	200,000	200,000	200,000	-
Net change in fund balance	-	(100,000)	(95,446)	4,554
Fund balance, beginning of year	103,839	103,839	103,839	-
Fund balance, end of year	<u>\$ 103,839</u>	<u>\$ 3,839</u>	<u>\$ 8,393</u>	<u>\$ 4,554</u>

**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, 2008**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 160,924	\$ 218,403	\$ 253,239	\$ 34,836
Total revenues	160,924	218,403	253,239	34,836
<b>EXPENDITURES</b>				
Current:				
Public safety	160,924	218,403	253,239	(34,836)
Total expenditures	160,924	218,403	253,239	(34,836)
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**  
**Storm Drain Capital Projects Fund**  
**For the Year Ended June 30, 2008**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Development fees	\$ 75,335	\$ 75,335	\$ 32,199	\$ (43,136)
Intergovernmental	2,458,390	2,458,390	-	(2,458,390)
Charges for services	-	-	4,199	4,199
Investment earnings	28,147	28,147	32,156	4,009
<b>Total revenues</b>	<b>2,561,872</b>	<b>2,561,872</b>	<b>68,554</b>	<b>(2,493,318)</b>
<b>EXPENDITURES</b>				
Current:				
Streets and highways	3,247,490	3,247,490	47,723	3,199,767
<b>Total expenditures</b>	<b>3,247,490</b>	<b>3,247,490</b>	<b>47,723</b>	<b>3,199,767</b>
Excess (deficiency) of revenues over (under) expenditures	(685,618)	(685,618)	20,831	706,449
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(2,597)	(2,597)	(2,597)	-
<b>Total other financing sources (uses)</b>	<b>(2,597)</b>	<b>(2,597)</b>	<b>(2,597)</b>	<b>-</b>
Net change in fund balance	(688,215)	(688,215)	18,234	706,449
Fund balance, beginning of year	625,263	625,263	625,263	-
Fund balance, end of year	<u>\$ (62,952)</u>	<u>\$ (62,952)</u>	<u>\$ 643,497</u>	<u>\$ 706,449</u>

**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, 2008**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Development fees	\$ 29,977	\$ 29,977	\$ 12,250	\$ (17,727)
Charges for services	-	-	7,199	7,199
Investment earnings	225,502	225,502	198,944	(26,558)
Total revenues	<u>255,479</u>	<u>255,479</u>	<u>218,393</u>	<u>(37,086)</u>
<b>EXPENDITURES</b>				
Debt service:				
Principal	139,668	139,668	-	139,668
Interest	22,015	22,015	-	22,015
Capital outlay:				
Other	<u>2,323,219</u>	<u>2,323,219</u>	<u>80,438</u>	<u>2,242,781</u>
Total expenditures	<u>2,484,902</u>	<u>2,484,902</u>	<u>80,438</u>	<u>2,404,464</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,229,423)</u>	<u>(2,229,423)</u>	<u>137,955</u>	<u>2,367,378</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,100,000	1,100,000	76,502	(1,023,498)
Transfers out	<u>(463,827)</u>	<u>(463,827)</u>	<u>(174,747)</u>	<u>289,080</u>
Total other financing sources (uses)	<u>636,173</u>	<u>636,173</u>	<u>(98,245)</u>	<u>(734,418)</u>
Net change in fund balance	(1,593,250)	(1,593,250)	39,710	1,632,960
Fund balance, beginning of year	<u>4,464,149</u>	<u>4,464,149</u>	<u>4,464,149</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 2,870,899</u></u>	<u><u>\$ 2,870,899</u></u>	<u><u>\$ 4,503,859</u></u>	<u><u>\$ 1,632,960</u></u>

**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, 2008**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Development fees	\$ 112,458	\$ 112,458	\$ 49,733	\$ (62,725)
Investment earnings	52,271	52,271	49,116	(3,155)
Total revenues	<u>164,729</u>	<u>164,729</u>	<u>98,849</u>	<u>(65,880)</u>
<b>EXPENDITURES</b>				
Capital outlay:				
Other	<u>448,350</u>	<u>448,350</u>	<u>248,148</u>	<u>200,202</u>
Total expenditures	<u>448,350</u>	<u>448,350</u>	<u>248,148</u>	<u>200,202</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(283,621)</u>	<u>(283,621)</u>	<u>(149,299)</u>	<u>134,322</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(3,911)</u>	<u>(3,911)</u>	<u>(3,911)</u>	<u>-</u>
Total other financing sources (uses)	<u>(3,911)</u>	<u>(3,911)</u>	<u>(3,911)</u>	<u>-</u>
Net change in fund balance	(287,532)	(287,532)	(153,210)	134,322
Fund balance, beginning of year	<u>1,152,504</u>	<u>1,152,504</u>	<u>1,152,504</u>	<u>-</u>
Fund balance, end of year	<u>\$ 864,972</u>	<u>\$ 864,972</u>	<u>\$ 999,294</u>	<u>\$ 134,322</u>

**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, 2008**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Development fees	\$ 8,388	\$ 8,388	\$ 3,556	\$ (4,832)
Investment earnings	18,857	18,857	18,492	(365)
Total revenues	<u>27,245</u>	<u>27,245</u>	<u>22,048</u>	<u>(5,197)</u>
<b>EXPENDITURES</b>				
Capital outlay:				
Other	<u>250,000</u>	<u>250,000</u>	<u>-</u>	<u>250,000</u>
Total expenditures	<u>250,000</u>	<u>250,000</u>	<u>-</u>	<u>250,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(222,755)</u>	<u>(222,755)</u>	<u>22,048</u>	<u>244,803</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(164)</u>	<u>(164)</u>	<u>(164)</u>	<u>-</u>
Total other financing sources (uses)	<u>(164)</u>	<u>(164)</u>	<u>(164)</u>	<u>-</u>
Net change in fund balance	(222,919)	(222,919)	21,884	244,803
Fund balance, beginning of year	<u>435,807</u>	<u>435,807</u>	<u>435,807</u>	<u>-</u>
Fund balance, end of year	<u>\$ 212,888</u>	<u>\$ 212,888</u>	<u>\$ 457,691</u>	<u>\$ 244,803</u>

**City of Norco**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Street Improvement Capital Projects Fund**  
**For the Year Ended June 30, 2008**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Development fees	\$ 723,992	\$ 723,992	\$ 312,531	\$ (411,461)
Intergovernmental	3,700,000	4,140,083	2,093,439	(2,046,644)
Investment earnings	161,689	161,689	139,648	(22,041)
Total revenues	<u>4,585,681</u>	<u>5,025,764</u>	<u>2,545,618</u>	<u>(2,480,146)</u>
<b>EXPENDITURES</b>				
Capital outlay:				
Other	<u>7,900,000</u>	<u>8,371,083</u>	<u>2,034,472</u>	<u>6,336,611</u>
Total expenditures	<u>7,900,000</u>	<u>8,371,083</u>	<u>2,034,472</u>	<u>6,336,611</u>
Excess (deficiency) of revenues Over (under) expenditures	<u>(3,314,319)</u>	<u>(3,345,319)</u>	<u>511,146</u>	<u>3,856,465</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	2,200,000	2,200,000	106,034	(2,093,966)
Transfers out	<u>(26,982)</u>	<u>(26,982)</u>	<u>(26,982)</u>	<u>-</u>
Total other financing sources (uses)	<u>2,173,018</u>	<u>2,173,018</u>	<u>79,052</u>	<u>(2,093,966)</u>
Net change in fund balance	(1,141,301)	(1,172,301)	590,198	1,762,499
Fund balance, beginning of year	<u>3,319,853</u>	<u>3,319,853</u>	<u>3,319,853</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 2,178,552</u></u>	<u><u>\$ 2,147,552</u></u>	<u><u>\$ 3,910,051</u></u>	<u><u>\$ 1,762,499</u></u>

**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, 2008**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Development fees	\$ 251,869	\$ 251,869	\$ 106,384	\$ (145,485)
Intergovernmental	92,902	92,902	56,001	(36,901)
Investment earnings	18,428	18,428	33,166	14,738
<b>Total revenues</b>	<b>363,199</b>	<b>363,199</b>	<b>195,551</b>	<b>(167,648)</b>
<b>EXPENDITURES</b>				
Debt service:				
Interest	-	-	15,032	(15,032)
Capital outlay:				
Other	5,034,217	5,299,712	2,051,717	3,247,995
<b>Total expenditures</b>	<b>5,034,217</b>	<b>5,299,712</b>	<b>2,066,749</b>	<b>3,232,963</b>
Excess (deficiency) of revenues over (under) expenditures	(4,671,018)	(4,936,513)	(1,871,198)	3,065,315
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	4,268,988	4,493,949	1,652,595	(2,841,354)
Transfers out	(7,197)	(7,197)	(7,197)	-
<b>Total other financing sources (uses)</b>	<b>4,261,791</b>	<b>4,486,752</b>	<b>1,645,398</b>	<b>(2,841,354)</b>
Net change in fund balance	(409,227)	(449,761)	(225,800)	223,961
Fund balance, beginning of year	143,456	143,456	143,456	-
Fund balance, end of year	<u>\$ (265,771)</u>	<u>\$ (306,305)</u>	<u>\$ (82,344)</u>	<u>\$ 223,961</u>

**City of Norco**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Public Library Special Capital Projects Fund**  
**For the Year Ended June 30, 2008**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Development fees	\$ 5,424	\$ 5,424	\$ 2,298	\$ (3,126)
Investment earnings	408	408	490	82
Total revenues	<u>5,832</u>	<u>5,832</u>	<u>2,788</u>	<u>(3,044)</u>
<b>EXPENDITURES</b>				
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	5,832	5,832	2,788	(3,044)
Fund balance, beginning of year	<u>9,947</u>	<u>9,947</u>	<u>9,947</u>	<u>-</u>
Fund balance, end of year	<u>\$ 15,779</u>	<u>\$ 15,779</u>	<u>\$ 12,735</u>	<u>\$ (3,044)</u>

**City of Norco**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Public Meeting Special Capital Projects Fund**  
**For the Year Ended June 30, 2008**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Development fees	\$ -	\$ 15,096	\$ 6,398	\$ (8,698)
Investment earnings	-	-	1,363	1,363
Total revenues	-	15,096	7,761	(7,335)
<b>EXPENDITURES</b>				
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Net change in fund balance	-	15,096	7,761	(7,335)
Fund balance, beginning of year	27,682	27,682	27,682	-
Fund balance, end of year	\$ 27,682	\$ 42,778	\$ 35,443	\$ (7,335)

**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, 2008**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Development fees	\$ 2,892	\$ 2,892	\$ 924	\$ (1,968)
Investment earnings	288	288	507	219
Total revenues	<u>3,180</u>	<u>3,180</u>	<u>1,431</u>	<u>(1,749)</u>
<b>EXPENDITURES</b>				
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	3,180	3,180	1,431	(1,749)
Fund balance, beginning of year	<u>6,749</u>	<u>6,749</u>	<u>6,749</u>	<u>-</u>
Fund balance, end of year	<u>\$ 9,929</u>	<u>\$ 9,929</u>	<u>\$ 8,180</u>	<u>\$ (1,749)</u>

**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, 2008**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Development fees	\$ 3,504	\$ 3,504	\$ 1,383	\$ (2,121)
Investment earnings	15,588	15,588	14,776	(812)
Total revenues	19,092	19,092	16,159	(2,933)
<b>EXPENDITURES</b>				
Capital outlay:				
Other	3,329,097	3,329,097	19,905	3,309,192
Total expenditures	3,329,097	3,329,097	19,905	3,309,192
Excess (deficiency) of revenues over expenditures	(3,310,005)	(3,310,005)	(3,746)	3,306,259
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	3,000,000	3,000,000	-	(3,000,000)
Total other financing sources (uses)	3,000,000	3,000,000	-	(3,000,000)
Net change in fund balance	(310,005)	(310,005)	(3,746)	306,259
Fund balance, beginning of year	343,796	343,796	343,796	-
Fund balance, end of year	<u>\$ 33,791</u>	<u>\$ 33,791</u>	<u>\$ 340,050</u>	<u>\$ 306,259</u>

## **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.

*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 Assets**  
**Internal Service Funds**  
**June 30, 2008**

	<u>Fleet Management</u>	<u>Information Management</u>	<u>Total</u>
<b>ASSETS</b>			
Current assets:			
Cash and investments	\$ 2,592,291	\$ 465,094	\$ 3,057,385
Interest	19,135	3,310	22,445
Prepays	-	825	825
Total current assets	<u>2,611,426</u>	<u>469,229</u>	<u>3,080,655</u>
Noncurrent assets:			
Capital assets:			
Vehicles and equipment	3,613,582	408,095	4,021,677
Less accumulated depreciation	<u>(2,164,992)</u>	<u>(346,372)</u>	<u>(2,511,364)</u>
Total noncurrent assets	<u>1,448,590</u>	<u>61,723</u>	<u>1,510,313</u>
 Total assets	 <u>4,060,016</u>	 <u>530,952</u>	 <u>4,590,968</u>
 <b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	41,723	23,860	65,583
Compensated absences	-	6,945	6,945
Capital lease payable	-	22,267	22,267
Total current liabilities	<u>41,723</u>	<u>53,072</u>	<u>94,795</u>
Noncurrent liabilities:			
Compensated absences	-	20,835	20,835
Capital lease payable	-	14,342	14,342
Total noncurrent liabilities	<u>-</u>	<u>35,177</u>	<u>35,177</u>
 Total liabilities	 <u>41,723</u>	 <u>88,249</u>	 <u>129,972</u>
 <b>NET ASSETS</b>			
Invested in capital assets, net of related debt	1,448,590	25,114	1,473,704
Unrestricted	<u>2,569,703</u>	<u>417,589</u>	<u>2,987,292</u>
 Total net assets	 <u><u>\$ 4,018,293</u></u>	 <u><u>\$ 442,703</u></u>	 <u><u>\$ 4,460,996</u></u>

**City of Norco**  
**Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Internal Service Funds**  
**For the Year Ended June 30, 2008**

	Fleet Management	Information Management	Total
<b>OPERATING REVENUES</b>			
Sales and charges for services	\$ 629,262	\$ 426,776	\$ 1,056,038
Total operating revenues	629,262	426,776	1,056,038
<b>OPERATING EXPENSES</b>			
General administration	330,164	348,289	678,453
Depreciation	282,842	29,517	312,359
Total operating expenses	613,006	377,806	990,812
Operating income (loss)	16,256	48,970	65,226
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment earnings	109,394	15,189	124,583
Interest and fiscal charges	-	(9,043)	(9,043)
Gain on disposal of assets	(9,590)	290	(9,300)
Total nonoperating revenues (expenses)	99,804	6,436	106,240
Income before contributions and transfers	116,060	55,406	171,466
Capital contributions	153,359	46,518	199,877
Transfers in	-	100,000	100,000
Transfers out	(125,000)	-	(125,000)
Change in net assets	144,419	201,924	346,343
Net assets, beginning of year	3,873,874	240,779	4,114,653
Net assets, end of year	<u>\$ 4,018,293</u>	<u>\$ 442,703</u>	<u>\$ 4,460,996</u>

continued

**City of Norco**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Year Ended June 30, 2008**

	Fleet Management	Information Management	Total
<b>Cash flows from operating activities:</b>			
Cash received from interfund services provided	\$ 629,262	\$ 426,776	\$ 1,056,038
Cash payments to suppliers	(307,472)	(127,038)	(434,510)
Cash payments to employees	-	(198,436)	(198,436)
Net cash provided by operating activities	<u>321,790</u>	<u>101,302</u>	<u>423,092</u>
<b>Cash flows from noncapital financing activities:</b>			
Transfers from other funds	-	100,000	100,000
Transfers to other funds	(125,000)	-	(125,000)
Net cash provided by (used for) noncapital financing activities	<u>(125,000)</u>	<u>100,000</u>	<u>(25,000)</u>
<b>Cash flows from capital and related financing activities:</b>			
Acquisition of capital assets	(168,389)	(6,703)	(175,092)
Proceeds from disposal of capital assets	12,036	290	12,326
Principal payments - capital lease	-	(19,571)	(19,571)
Interest and fiscal charges	-	(9,043)	(9,043)
Net cash (used for) capital and related financing activities	<u>(156,353)</u>	<u>(35,027)</u>	<u>(191,380)</u>
<b>Cash flows from investing activities:</b>			
Interest income	<u>121,435</u>	<u>15,350</u>	<u>136,785</u>
Net cash provided by investing activities	<u>121,435</u>	<u>15,350</u>	<u>136,785</u>
Net increase in cash and investments	161,872	181,625	343,497
Cash and investments, beginning of year	<u>2,430,419</u>	<u>283,469</u>	<u>2,713,888</u>
Cash and investments, end of year	<u>\$ 2,592,291</u>	<u>\$ 465,094</u>	<u>\$ 3,057,385</u>

**City of Norco**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Year Ended June 30, 2008**

	Fleet Management	Information Management	Total
<b>Reconciliation of operating income to net cash provided by operating activities:</b>			
Operating income	\$ 16,256	\$ 48,970	\$ 65,226
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	282,842	29,517	312,359
(Increase) decrease in assets:			
Prepays	-	13,267	13,267
Increase (decrease) in liabilities:			
Accounts payable	22,692	8,184	30,876
Accrued wages	-	648	648
Compensated absences	-	716	716
Net cash provided by operating activities	\$ 321,790	\$ 101,302	\$ 423,092
<b>Noncash, investing, capital and financing activities:</b>			
Contributions of capital assets from government	\$ 153,359	\$ 46,518	\$ 199,877

## **AGENCY FUNDS**

## 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 6<sup>th</sup> 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 Homes 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 6<sup>th</sup> Street and California.

**City of Norco**  
**Combining Statement of Fiduciary Assets and Liabilities**  
**June 30, 2008**

	<u>General Trust</u>	<u>Western Waste</u>	<u>Assessment District 195</u>	<u>Community Facilities District 93-1</u>
<b>ASSETS</b>				
Cash and investments	\$ 1,046,462	\$ -	\$ 84,980	\$ 49,648
Cash and investments with fiscal agent	-	-	387,249	327,704
Receivables, net:				
Accounts	-	477,295	-	-
Interest	-	-	600	1,089
Due from other governments	-	-	25,907	6,273
	<u>-\$ 1,046,462</u>	<u>\$ 477,295</u>	<u>\$ 498,736</u>	<u>\$ 384,714</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 1,577	\$ 382,452	\$ 157	\$ -
Deposits payable	1,044,885	15,126	-	-
Due to others	-	79,717	-	-
Due to bondholders	-	-	498,579	384,714
	<u>-\$ 1,046,462</u>	<u>\$ 477,295</u>	<u>\$ 498,736</u>	<u>\$ 384,714</u>
Total liabilities	<u>\$ 1,046,462</u>	<u>\$ 477,295</u>	<u>\$ 498,736</u>	<u>\$ 384,714</u>

Community Facilities District 97-1	Community Facilities District 2001-1	Community Facilities District 2002-1	Total
\$ 521,177	\$ 1,388,555	\$ 28,876	\$ 3,119,698
521,201	1,761,946	24,250	3,022,350
-	-	-	477,295
3,942	8,068	505	14,204
31,916	179,171	9,583	252,850
<u>\$ 1,078,236</u>	<u>\$ 3,337,740</u>	<u>\$ 63,214</u>	<u>\$ 6,886,397</u>
\$ 1,057	\$ -	\$ 757	\$ 386,000
-	-	-	1,060,011
-	-	-	79,717
1,077,179	3,337,740	62,457	5,360,669
<u>\$ 1,078,236</u>	<u>\$ 3,337,740</u>	<u>\$ 63,214</u>	<u>\$ 6,886,397</u>

**City of Norco**  
**Combining Statement of Changes in Fiduciary Assets and Liabilities**  
**For the Year Ended June 30, 2008**

	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008
<b>GENERAL TRUST</b>				
<b>Assets</b>				
Cash and investments	\$ 2,196,572	\$ 740,985	\$ 1,891,095	\$ 1,046,462
Accounts receivable	450	-	450	-
Total assets	<u>\$ 2,197,022</u>	<u>\$ 740,985</u>	<u>\$ 1,891,545</u>	<u>\$ 1,046,462</u>
<b>Liabilities</b>				
Accounts payable	\$ 1,252,815	\$ 275,627	\$ 1,526,865	\$ 1,577
Deposits payable	944,207	465,358	364,680	1,044,885
Total liabilities	<u>\$ 2,197,022</u>	<u>\$ 740,985</u>	<u>\$ 1,891,545</u>	<u>\$ 1,046,462</u>
<b>WESTERN WASTE</b>				
<b>Assets</b>				
Cash and investments	\$ 357,129	\$ 4,715,267	\$ 5,072,396	\$ -
Accounts receivable	389,661	4,594,626	4,506,992	477,295
Total assets	<u>\$ 746,790</u>	<u>\$ 9,309,893</u>	<u>\$ 9,579,388</u>	<u>\$ 477,295</u>
<b>Liabilities</b>				
Accounts payable	\$ 697,169	\$ 3,329,955	\$ 3,644,672	\$ 382,452
Deposits payable	15,411	7,911	8,196	15,126
Due to others	34,210	5,972,027	5,926,520	79,717
Total liabilities	<u>\$ 746,790</u>	<u>\$ 9,309,893</u>	<u>\$ 9,579,388</u>	<u>\$ 477,295</u>
<b>ASSESSMENT DISTRICT 195</b>				
<b>Assets</b>				
Cash and investments	\$ 81,957	\$ 525,699	\$ 522,676	\$ 84,980
Cash and investments with fiscal agents	375,241	488,268	476,260	387,249
Interest receivable	1,563	600	1,563	600
Due from other governments	34,330	25,907	34,330	25,907
Total assets	<u>\$ 493,091</u>	<u>\$ 1,040,474</u>	<u>\$ 1,034,829</u>	<u>\$ 498,736</u>
<b>Liabilities</b>				
Accounts payable	\$ 4,499	\$ 16,336	\$ 20,678	\$ 157
Due to bondholders	488,592	1,024,138	1,014,151	498,579
Total liabilities	<u>\$ 493,091</u>	<u>\$ 1,040,474</u>	<u>\$ 1,034,829</u>	<u>\$ 498,736</u>

**City of Norco**  
**Combining Statement of Changes in Fiduciary Assets and Liabilities**  
**For the Year Ended June 30, 2008**

	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008
<b>CFD 93-1</b>				
<b>Assets</b>				
Cash and investments	\$ 45,412	\$ 202,528	\$ 198,292	\$ 49,648
Cash and investments with fiscal agents	329,852	181,238	183,386	327,704
Interest receivable	2,145	1,089	2,145	1,089
Due from other governments	-	6,273	-	6,273
Total assets	<u>\$ 377,409</u>	<u>\$ 391,128</u>	<u>\$ 383,823</u>	<u>\$ 384,714</u>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ 10,224	\$ 10,224	\$ -
Due to bondholders	377,409	380,904	373,599	384,714
Total liabilities	<u>\$ 377,409</u>	<u>\$ 391,128</u>	<u>\$ 383,823</u>	<u>\$ 384,714</u>
<b>CFD 97-1</b>				
<b>Assets</b>				
Cash and investments	\$ 477,432	\$ 581,044	\$ 537,299	\$ 521,177
Cash and investments with fiscal agents	529,677	510,883	519,359	521,201
Interest receivable	7,115	3,942	7,115	3,942
Due from other governments	54,036	31,916	54,036	31,916
Total assets	<u>\$ 1,068,260</u>	<u>\$ 1,127,785</u>	<u>\$ 1,117,809</u>	<u>\$ 1,078,236</u>
<b>Liabilities</b>				
Accounts payable	\$ 781	\$ 10,627	\$ 10,351	\$ 1,057
Due to bondholders	1,067,479	1,117,158	1,107,458	1,077,179
Total liabilities	<u>\$ 1,068,260</u>	<u>\$ 1,127,785</u>	<u>\$ 1,117,809</u>	<u>\$ 1,078,236</u>
<b>CFD 2001-1</b>				
<b>Assets</b>				
Cash and investments	\$ 1,109,701	\$ 2,309,330	\$ 2,030,476	\$ 1,388,555
Cash and investments with fiscal agents	1,710,221	2,079,069	2,027,344	1,761,946
Interest receivable	103,023	8,068	103,023	8,068
Due from other governments	207,059	179,171	207,059	179,171
Total assets	<u>\$ 3,130,004</u>	<u>\$ 4,575,638</u>	<u>\$ 4,367,902</u>	<u>\$ 3,337,740</u>
<b>Liabilities</b>				
Accounts payable	\$ 3,248	\$ 17,180	\$ 20,428	\$ -
Due to bondholders	3,126,756	4,558,458	4,347,474	3,337,740
Total liabilities	<u>\$ 3,130,004</u>	<u>\$ 4,575,638</u>	<u>\$ 4,367,902</u>	<u>\$ 3,337,740</u>

**City of Norco**  
**Combining Statement of Changes in Fiduciary Assets and Liabilities**  
**For the Year Ended June 30, 2008**

	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008
<b>CFD 2002-1</b>				
<b>Assets</b>				
Cash and investments	\$ 47,960	\$ 194,065	\$ 213,149	\$ 28,876
Cash and investments with fiscal agents	173,188	16,613	165,551	24,250
Interest receivable	3,024	505	3,024	505
Due from other governments	22,993	9,583	22,993	9,583
Total assets	<u>\$ 247,165</u>	<u>\$ 220,766</u>	<u>\$ 404,717</u>	<u>\$ 63,214</u>
<b>Liabilities</b>				
Accounts payable	\$ 195,140	\$ 9,819	\$ 204,202	\$ 757
Due to bondholders	52,025	210,947	200,515	62,457
Total liabilities	<u>\$ 247,165</u>	<u>\$ 220,766</u>	<u>\$ 404,717</u>	<u>\$ 63,214</u>
 <b>TOTALS - ALL AGENCY FUNDS</b>				
<b>Assets</b>				
Cash and investments	\$ 4,316,163	\$ 9,268,918	\$ 10,465,383	\$ 3,119,698
Cash and investments with fiscal agents	3,118,179	3,276,071	3,371,900	3,022,350
Accounts receivable	390,111	4,594,626	4,507,442	477,295
Interest receivable	116,870	14,204	116,870	14,204
Due from other governments	318,418	252,850	318,418	252,850
Total assets	<u>\$ 8,259,741</u>	<u>\$ 17,406,669</u>	<u>\$ 18,780,013</u>	<u>\$ 6,886,397</u>
<b>Liabilities</b>				
Accounts payable	\$ 2,153,652	\$ 3,669,768	\$ 5,437,420	\$ 386,000
Deposits payable	959,618	473,269	372,876	1,060,011
Due to others	34,210	5,972,027	5,926,520	79,717
Due to bondholders	5,112,261	7,291,605	7,043,197	5,360,669
Total liabilities	<u>\$ 8,259,741</u>	<u>\$ 17,406,669</u>	<u>\$ 18,780,013</u>	<u>\$ 6,886,397</u>

## 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.

<b>Contents</b>	<b>Page</b>
Financial Trends <i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	115
Revenue Capacity <i>These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.</i>	125
Debt Capacity <i>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.</i>	130
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</i>	140
Operating Information <i>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.</i>	145

**City of Norco**  
**Net Assets by Component**  
**Last Six Fiscal Years**  
(accrual basis of accounting)

	<b>Fiscal Year</b>		
	<b>2003</b>	<b>2004</b>	<b>2005</b>
<b>Governmental activities</b>			
Invested in capital assets, net of related debt	\$ 24,062,715	\$ 28,910,663	\$ 141,829,990
Restricted	55,699,255	62,724,936	58,521,550
Unrestricted	(54,759,688)	(61,502,408)	(62,492,997)
<b>Total governmental activities, net assets</b>	<b>\$ 25,002,282</b>	<b>\$ 30,133,191</b>	<b>\$ 137,858,543</b>
<b>Business-type activities</b>			
Invested in capital assets, net of related debt	\$ 15,513,017	\$ 20,521,154	\$ 30,722,040
Restricted	11,034,551	13,867,717	13,627,054
Unrestricted	(275,585)	(2,734,265)	(3,183,101)
<b>Total business-type activities, net assets</b>	<b>\$ 26,271,983</b>	<b>\$ 31,654,606</b>	<b>\$ 41,165,993</b>
<b>Primary government</b>			
Invested in capital assets, net of related debt	\$ 39,575,732	\$ 49,431,817	\$ 172,552,030
Restricted	66,733,806	76,592,653	72,148,604
Unrestricted	(55,035,273)	(64,236,673)	(65,676,098)
<b>Total primary government net assets</b>	<b>\$ 51,274,265</b>	<b>\$ 61,787,797</b>	<b>\$ 179,024,536</b>

**Source:** City's financial statements  
Data from 1998 - 2002 is not available

<b>Fiscal Year</b>		
<b>2006</b>	<b>2007</b>	<b>2008</b>
\$ 144,879,068	\$ 151,388,100	\$ 153,848,153
57,107,710	55,995,625	56,203,749
(59,117,764)	(56,171,654)	(53,696,655)
<u>\$ 142,869,014</u>	<u>\$ 151,212,071</u>	<u>\$ 156,355,247</u>
\$ 35,602,853	\$ 36,930,507	\$ 41,150,408
12,935,528	8,718,561	7,261,078
(3,559,843)	(78,386)	(2,557,443)
<u>\$ 44,978,538</u>	<u>\$ 45,570,682</u>	<u>\$ 45,854,043</u>
\$ 180,481,921	\$ 188,318,607	\$ 194,998,561
70,043,238	64,714,186	63,464,827
(62,677,607)	(56,250,040)	(56,254,098)
<u>\$ 187,847,552</u>	<u>\$ 196,782,753</u>	<u>\$ 202,209,290</u>

**City of Norco**  
**Changes in Net Assets**  
**Last Six Fiscal Years**  
(accrual basis of accounting)

	<b>Fiscal Year</b>		
	<b>2003</b>	<b>2004</b>	<b>2005</b>
<b>Expenses</b>			
Governmental activities:			
General government	\$ 3,024,963	\$ 1,880,302	\$ 2,628,746
Public safety	7,858,483	8,173,624	9,185,614
Streets and highways	8,259,305	4,714,230	4,762,105
Community development	4,699,041	5,434,051	13,727,059
Culture and leisure	1,807,224	2,020,202	2,486,747
Interest on long-term debt	3,358,673	4,222,757	4,367,389
Total governmental activities expenses	<u>29,007,689</u>	<u>26,445,166</u>	<u>37,157,660</u>
Business-type activities:			
Water	4,853,365	5,443,482	6,192,775
Sewer	2,817,455	3,100,970	3,729,579
Total business-type activities expenses	<u>7,670,820</u>	<u>8,544,452</u>	<u>9,922,354</u>
Total primary government expenses	<u>\$ 36,678,509</u>	<u>\$ 34,989,618</u>	<u>\$ 47,080,014</u>
<b>Program Revenues</b>			
Governmental activities:			
Charges for services:			
General government	\$ 226,087	\$ 844,047	\$ 1,017,412
Public safety	479,705	408,968	845,785
Streets and highways	265,307	881,982	843,209
Community development	1,863,415	2,175,706	1,177,608
Culture and leisure	416,570	739,122	815,751
Operating grants and contributions	1,706,282	2,054,746	2,206,575
Capital grants and contributions	32,651,906	6,553,575	3,603,044
Total governmental activities program revenues	<u>37,609,272</u>	<u>13,658,146</u>	<u>10,509,384</u>
Business-type activities:			
Charges for services:			
Water	4,052,537	4,907,696	4,990,556
Sewer	2,047,143	2,487,983	2,791,789
Capital grants and contributions	2,963,586	901,809	1,219,879
Total business-type activities program revenues	<u>9,063,266</u>	<u>8,297,488</u>	<u>9,002,224</u>
Total primary government program revenues	<u>\$ 46,672,538</u>	<u>\$ 21,955,634</u>	<u>\$ 19,511,608</u>
<b>Net(Expense)/Revenue</b>			
Governmental activities	\$ 8,601,583	\$ (12,787,020)	\$ (26,648,276)
Business-type activities	<u>1,392,446</u>	<u>(246,964)</u>	<u>(920,130)</u>
Total primary government net	<u>\$ 9,994,029</u>	<u>\$ (13,033,984)</u>	<u>\$ (27,568,406)</u>

**Source:** City's financial statements  
Data from 1998 - 2002 is not available

continued

<b>Fiscal Year</b>		
<b>2006</b>	<b>2007</b>	<b>2008</b>
\$ 2,444,678	\$ 2,369,307	\$ 2,567,880
10,030,419	10,984,557	11,752,711
2,667,196	2,931,992	2,680,961
9,661,594	9,682,225	12,773,725
2,575,970	2,915,016	2,757,815
4,498,959	4,210,091	4,135,345
<u>31,878,816</u>	<u>33,093,188</u>	<u>36,668,437</u>
7,000,699	6,644,244	6,794,503
3,969,304	4,263,280	3,353,177
<u>10,970,003</u>	<u>10,907,524</u>	<u>10,147,680</u>
<u>\$ 42,848,819</u>	<u>\$ 44,000,712</u>	<u>\$ 46,816,117</u>
\$ 1,206,368	\$ 1,195,495	\$ 1,202,890
938,458	1,184,179	1,331,730
1,119,874	502,427	489,548
919,325	739,852	583,708
839,701	1,038,228	985,340
2,448,984	3,099,986	2,716,291
2,001,841	2,356,978	3,216,001
<u>9,474,551</u>	<u>10,117,145</u>	<u>10,525,508</u>
6,617,886	6,804,540	6,945,575
2,855,330	2,917,946	2,921,138
5,071,845	2,017,403	757,360
<u>14,545,061</u>	<u>11,739,889</u>	<u>10,624,073</u>
<u>\$ 24,019,612</u>	<u>\$ 21,857,034</u>	<u>\$ 21,149,581</u>
\$ (22,404,265)	\$ (22,976,043)	\$ (26,142,929)
3,575,058	832,365	476,393
<u>\$ (18,829,207)</u>	<u>\$ (22,143,678)</u>	<u>\$ (25,666,536)</u>

**City of Norco**  
**Changes in Net Assets**  
**Last Six Fiscal Years**  
(accrual basis of accounting)

	Fiscal Year		
	2003	2004	2005
<b>General Revenues and Other Changes in Net Assets</b>			
Governmental activities:			
Taxes:			
Property tax, levied for general purpose	\$ 790,993	\$ 850,889	\$ 828,597
Property tax, Redevelopment Agency tax increment	8,349,246	8,718,625	10,900,008
Transient occupancy tax	47,320	70,081	68,565
Franchise tax	764,923	757,141	855,731
Sales tax	5,059,849	5,745,624	4,230,325
Sales tax in lieu	-	-	1,451,759
Motor vehicle in lieu tax	1,453,999	1,168,342	1,914,670
Public service taxes	372,059	459,308	538,106
Gain/(Loss) on sale of capital assets	(219,084)	148,193	469,783
Other taxes	18,513	3,842	4,293
Unrestricted investment earnings	861,905	1,452,106	1,394,518
Other	869,415	1,267,082	1,126,623
Transfers	(717,400)	(5,295,307)	(639,109)
Total governmental activities	<u>17,651,738</u>	<u>15,345,926</u>	<u>23,143,869</u>
Business-type activities:			
Gain/(Loss) on sale of capital assets	(45,206)	-	-
Unrestricted investment earnings	39,995	36,887	29,091
Other	11,404	297,393	19,245
Transfers	723,111	5,295,307	639,109
Total business-type activities	<u>729,304</u>	<u>5,629,587</u>	<u>687,445</u>
Total primary government	<u>\$ 18,381,042</u>	<u>\$ 20,975,513</u>	<u>\$ 23,831,314</u>
<b>Change in Net Assets</b>			
Governmental activities	\$ 26,253,321	\$ 2,558,906	\$ (3,504,407)
Business-type activities	<u>2,121,750</u>	<u>5,382,623</u>	<u>(232,685)</u>
Total primary government	<u>\$ 28,375,071</u>	<u>\$ 7,941,529</u>	<u>\$ (3,737,092)</u>

**Source:** City's financial statements  
Data from 1998 - 2002 is not available

<b>Fiscal Year</b>		
<b>2006</b>	<b>2007</b>	<b>2008</b>
\$ 1,239,755	\$ 3,760,792	\$ 3,891,236
12,748,278	14,852,364	16,154,389
87,306	82,074	84,812
903,919	1,021,058	1,081,221
4,915,052	4,458,665	4,062,531
1,159,702	1,753,052	1,333,569
2,053,194	147,265	121,269
492,305	392,975	194,507
-	-	476,537
41,735	-	-
2,209,818	3,458,518	2,361,965
1,272,881	1,102,572	1,258,696
290,792	289,765	265,373
<u>27,414,737</u>	<u>31,319,100</u>	<u>31,286,105</u>
491,369	-	-
36,910	43,886	44,914
-	5,658	27,427
<u>(290,792)</u>	<u>(289,765)</u>	<u>(265,373)</u>
<u>237,487</u>	<u>(240,221)</u>	<u>(193,032)</u>
<u>\$ 27,652,224</u>	<u>\$ 31,078,879</u>	<u>\$ 31,093,073</u>
\$ 5,010,472	\$ 8,343,057	\$ 5,143,176
<u>3,812,545</u>	<u>592,144</u>	<u>283,361</u>
<u>\$ 8,823,017</u>	<u>\$ 8,935,201</u>	<u>\$ 5,426,537</u>

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

	<b>Fiscal Year</b>			
	1999	2000	2001	2002
General Fund				
Reserved	\$ 140,907	\$ 199,557	\$ 364,055	\$ 214,003
Unreserved	4,212,982	4,484,063	4,823,436	4,015,642
Total general fund	<u>\$ 4,353,889</u>	<u>\$ 4,683,620</u>	<u>\$ 5,187,491</u>	<u>\$ 4,229,645</u>
All Other Governmental Funds				
Reserved	\$ 9,789,060	\$ 10,662,534	\$ 7,185,131	\$ 16,356,234
Unreserved, reported in:				
Special revenue funds	1,124,030	(885,949)	(75,081)	352,726
Capital projects funds	17,100,559	20,882,623	21,016,851	28,378,019
Debt service funds	7,211,467	10,269,608	12,723,509	8,129,789
Total all other governmental funds	<u>\$ 35,225,116</u>	<u>\$ 40,928,816</u>	<u>\$ 40,850,410</u>	<u>\$ 53,216,768</u>

**Source:** City's financial statements

**Fiscal Year**

2003	2004	2005	2006	2007	2008
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4,191,414	6,208,159	7,313,336	7,791,835	8,431,607	7,960,962
<u>\$ 4,191,414</u>	<u>\$ 6,208,159</u>	<u>\$ 7,313,336</u>	<u>\$ 7,791,835</u>	<u>\$ 8,431,607</u>	<u>\$ 7,960,962</u>
\$ 21,222,500	\$ 29,431,509	\$ 14,506,168	\$ 14,836,751	\$ 21,050,335	\$ 25,982,755
3,973,650	3,739,360	17,224,928	17,873,478	12,617,135	9,366,361
35,380,191	43,274,103	45,303,565	43,403,902	41,297,924	40,526,118
332,518	2,121,337	1,014,496	1,175,963	803,414	1,148,975
<u>\$ 60,908,859</u>	<u>\$ 78,566,309</u>	<u>\$ 78,049,157</u>	<u>\$ 77,290,094</u>	<u>\$ 75,768,808</u>	<u>\$ 77,024,209</u>

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

	<b>Fiscal Year</b>			
	1999	2000	2001	2002
<b>Revenues</b>				
Taxes	\$ 8,188,742	\$ 10,139,302	\$ 12,615,079	\$ 13,813,835
Assessments	-	-	67,719	164,136
Licenses and permits	677,472	761,714	1,055,759	718,620
Fines and forfeitures	84,226	274,287	243,763	180,047
Development fees	30,636	30,945	-	-
Intergovernmental	3,318,169	3,557,484	3,264,249	2,858,251
Charges for services	1,986,909	2,715,976	3,582,686	2,655,150
Investment earnings	2,410,225	1,894,124	2,152,133	1,775,281
Reimbursements	-	-	-	-
Contributions from property owners	-	-	-	-
Gain on sale of land held for resale	-	-	-	-
Other	633,482	293,035	264,390	1,012,017
<b>Total revenues</b>	<b>17,329,861</b>	<b>19,666,867</b>	<b>23,245,778</b>	<b>23,177,337</b>
<b>Expenditures</b>				
Current:				
General government	2,244,966	2,703,405	2,759,947	2,925,745
Public safety	5,787,327	6,809,903	6,635,572	7,560,157
Streets and highways	912,942	1,004,107	1,302,762	1,758,834
Community development	677,493	1,300,136	621,693	691,853
Culture and leisure	1,228,295	1,230,692	1,297,681	1,616,585
Pass through payments	-	1,169,890	1,440,050	1,734,472
ERAF payment	-	-	-	-
Capital outlay	1,088,684	3,971,711	2,949,029	10,281,055
Debt service:				
Principal	2,137,402	1,016,642	1,183,369	1,555,923
Interest	2,831,189	2,820,379	2,548,910	4,304,064
Advance refunding escrow	-	-	-	-
Bond issuance costs	-	-	-	-
<b>Total expenditures</b>	<b>16,908,298</b>	<b>22,026,865</b>	<b>20,739,013</b>	<b>32,428,688</b>
Excess (deficiency) of revenues over (under) expenditures	421,563	(2,359,998)	2,506,765	(9,251,351)
<b>Other Financing Sources (Uses)</b>				
Proceeds from the sale of property	-	-	(2,623,734)	(889,580)
Transfers in	6,474,291	1,430,252	2,265,104	16,759,764
Transfers out	(6,372,069)	(1,430,252)	(2,265,104)	(16,516,291)
Bond/loan proceeds	-	9,175,000	-	50,675,000
Capital leases	-	-	-	-
Other	390,443	(352,273)	(23,230)	(27,216,847)
<b>Total other financial sources (uses)</b>	<b>492,665</b>	<b>8,822,727</b>	<b>(2,646,964)</b>	<b>22,812,046</b>
<b>Special Item</b>				
Sale of park land	-	-	-	-
<b>Net change in fund balances</b>	<b>\$ 914,228</b>	<b>\$ 6,462,729</b>	<b>\$ (140,199)</b>	<b>\$ 13,560,695</b>
Debt service as a percentage of noncapital expenditures	31.41%	21.25%	20.98%	26.46%

**Source:** City's financial statements

**Fiscal Year**

2003	2004	2005	2006	2007	2008
\$ 16,306,364	\$ 17,737,373	\$ 20,028,396	\$ 22,896,670	\$ 27,620,892	\$ 27,979,088
189,043	201,162	194,978	648,033	428,045	412,101
817,824	1,699,483	957,262	754,346	533,440	452,002
342,259	288,053	444,622	502,036	709,921	753,353
5,333,366	2,734,809	1,189,177	905,912	1,166,958	527,656
3,111,610	2,142,909	3,543,982	4,451,260	2,923,419	4,772,323
1,804,344	2,780,610	2,481,304	2,326,672	2,252,724	2,317,287
1,363,052	1,517,394	1,858,310	2,886,973	4,348,986	2,968,648
128,255	63,810	78,502	6,574	-	-
26,009,728	2,883,760	1,258,068	461,503	-	-
-	16,457	469,783	-	106,723	-
736,487	1,919,415	1,474,132	686,584	619,413	870,910
<u>56,142,332</u>	<u>33,985,235</u>	<u>33,978,516</u>	<u>36,526,563</u>	<u>40,710,521</u>	<u>41,053,368</u>
3,002,995	1,848,398	2,505,763	2,406,997	2,327,377	2,394,908
7,822,149	8,163,974	8,933,781	9,869,667	10,825,459	11,544,491
8,210,335	4,068,334	2,291,359	1,079,977	1,464,876	1,230,672
2,319,002	2,451,938	9,304,391	3,447,292	5,096,755	5,617,017
1,712,556	1,915,561	2,054,588	2,190,517	2,195,327	2,386,547
2,192,565	2,547,511	3,501,777	5,405,502	5,965,252	7,000,593
197,614	363,557	716,633	665,577	-	-
5,301,767	16,518,304	5,669,830	5,343,724	7,694,237	5,322,329
1,514,811	2,136,051	2,015,973	2,382,999	2,286,811	2,355,246
3,363,470	4,758,761	4,286,532	4,202,649	4,227,387	4,146,410
-	-	-	1,448,228	-	-
-	-	544,466	627,555	-	-
<u>35,637,264</u>	<u>44,772,389</u>	<u>41,825,093</u>	<u>39,070,684</u>	<u>42,083,481</u>	<u>41,998,213</u>
<u>20,505,068</u>	<u>(10,787,154)</u>	<u>(7,846,577)</u>	<u>(2,544,121)</u>	<u>(1,372,960)</u>	<u>(944,845)</u>
(219,084)	138,757	-	-	300,659	978,948
8,208,464	10,194,123	2,398,992	5,881,144	7,363,720	6,441,043
(7,454,996)	(9,776,083)	(1,718,281)	(5,742,106)	(7,172,933)	(6,150,670)
-	22,086,049	7,912,213	2,117,651	-	-
-	-	-	6,868	-	-
-	-	-	-	-	-
<u>534,384</u>	<u>22,642,846</u>	<u>8,592,924</u>	<u>2,263,557</u>	<u>491,446</u>	<u>1,269,321</u>
-	5,500,000	-	-	-	-
<u>\$ 21,039,452</u>	<u>\$ 17,355,692</u>	<u>\$ 746,347</u>	<u>\$ (280,564)</u>	<u>\$ (881,514)</u>	<u>\$ 324,476</u>

16.08%

24.40%

17.43%

19.53%

19.46%

17.70%

**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
1999	965,888	29,024	994,912	1.00000%
2000	1,010,934	39,779	1,050,713	1.00000%
2001	1,163,250	46,389	1,209,639	1.00000%
2002	1,276,152	62,262	1,338,414	1.00000%
2003	1,439,248	70,217	1,509,465	1.00000%
2004	1,572,160	29,141	1,601,301	1.00000%
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%

**Source:** California Municipal Statistics

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

Fiscal Year	City Direct Rates		Overlapping Rates	
	Basic Rate	Total Direct	Corona/Norco Unified School District	Metro Water District
1999	1.00000%	1.00000%	0.23650%	0.00890%
2000	1.00000%	1.00000%	0.23650%	0.00890%
2001	1.00000%	1.00000%	0.23650%	0.00880%
2002	1.00000%	1.00000%	0.23650%	0.00770%
2003	1.00000%	1.00000%	0.23650%	0.00610%
2004	1.00000%	1.00000%	0.23650%	0.00580%
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%

**Source:** Riverside County Office of Auditor-Controller

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

<b><u>Taxpayer</u></b>	<b>2008</b>		<b>Percentage of Total City Taxable Assessed Value</b>
	<b>Taxable Assessed Value</b>	<b>Rank</b>	
CRV SC Norco Partners	\$ 19,458,337	1	0.67%
Norco Corona Associates	16,564,467	2	0.57%
Hidden Valley Holdings	14,846,601	3	0.51%
YIHUA International IV	13,500,000	4	0.46%
Grayburn Properties Inc	12,950,813	5	0.44%
Dayton Hudson Corporation	11,967,885	6	0.41%
140 Hidden Valley Parkway	11,350,000	7	0.39%
H & H Property	10,805,951	8	0.37%
Sena Prop	10,028,878	9	0.34%
ASP Realty Inc.	8,841,371	10	0.30%
Norco CIR Assembly Hall			
Hemborg (Robert Eugene)			
Frahm (Louis H.)			
Norco Ranch Inc.			
Charter Communications Entertainment			
Professional Fund IV			
Norco Centre Partnership			
<b>Total</b>	<b>\$ 130,314,303</b>		<b>4.46%</b>

**Source:** City of Norco Preliminary Property Tax Reports  
Urban Futures, Inc.  
Riverside County Assessor's Office

1999

<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>
\$ 6,360,900	4	0.64%
11,652,157	1	1.17%
7,648,252	2	0.77%
6,457,648	3	0.65%
5,622,710	5	0.57%
5,500,032	6	0.55%
4,999,175	7	0.50%
3,734,036	8	0.38%
3,600,000	9	0.36%
<u>3,598,533</u>	10	<u>0.36%</u>
<u>\$ 59,173,443</u>		<u>5.95%</u>

**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
1999	\$ 666,269	\$ 612,292	91.9%	\$ 16,868	\$ 629,160	94.4%
2000	671,041	628,169	93.6%	28,842	657,011	97.9%
2001	674,974	635,647	94.2%	8,182	643,829	95.4%
2002	703,781	669,123	95.1%	29,745	698,868	99.3%
2003	748,841	736,870	98.4%	35,182	772,053	103.1%
2004	788,186	779,765	98.9%	43,189	822,954	104.4%
2005	908,576	901,056	99.2%	34,772	935,828	103.0%
2006	1,148,464	1,081,042	94.1%	35,202	1,116,245	97.2%
2007	1,349,303	1,230,345	91.2%	58,914	1,289,259	95.5%
2008	1,409,820	1,271,605	90.2%	86,677	1,358,282	96.3%

**Source:** Riverside County Office of Auditor-Controller

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

<u>Fiscal Year</u>	<u>Governmental Activities</u>			
	<u>RDA Bonds</u>	<u>Capital Leases</u>	<u>Special Assessment Bonds</u>	<u>Term Loan Payable</u>
1999	\$ 41,491	\$ -	\$ 4,075	\$ 1,845
2000	43,200	-	3,890	1,717
2001	42,390	85	3,570	1,557
2002	63,845	58	3,200	1,390
2003	62,730	183	46,460	1,902
2004	82,490	-	45,875	1,689
2005	88,540	88	45,270	1,371
2006	87,335	80	51,875	600
2007	85,260	62	50,550	389
2008	83,125	41	49,540	170

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

<sup>1</sup> U.S. Department of Commerce, Bureau of Economic Analysis for Riverside County

**Business-Type Activities**

<b>Certificates of Participation</b>	<b>Capital Leases</b>	<b>Term Loan Payable</b>	<b>Total Primary Government</b>	<b>Percentage of Assessed Valuation</b>	<b>Per Capita<sup>1</sup></b>
\$ 9,160	\$ 16,596	\$ 1,288	\$ 74,455	7.48%	\$ 3,109
9,015	16,331	1,239	75,392	7.18%	3,128
8,860	16,065	1,188	73,715	6.09%	3,021
8,700	15,800	1,135	94,128	7.03%	3,780
8,535	15,348	1,080	136,238	9.03%	5,396
8,365	15,039	1,023	154,481	9.65%	6,058
8,185	14,723	963	159,140	6.98%	5,960
8,000	14,389	901	163,180	7.18%	5,985
7,805	13,965	835	158,866	6.01%	5,827
7,605	13,535	767	154,783	5.32%	5,857

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

<u>Fiscal Year</u>	<u>General Bonded Debt Outstanding <sup>(1)</sup></u>			<u>Debt Service Reserve</u>
	<u>General Obligation Bonds</u>	<u>RDA Bonds</u>	<u>Total</u>	
1999	\$ -	\$ -	\$ -	\$ -
2000	-	-	-	-
2001	-	-	-	-
2002	-	-	-	-
2003	-	-	-	-
2004	-	-	-	-
2005	-	-	-	-
2006	-	-	-	-
2007	-	-	-	-
2008	-	-	-	-

**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”.

<u>Net General Bonded Debt</u>	<u>Percentage of Actual Taxable Value of Property</u>	<u>Per Capita<sup>(2)</sup></u>
\$ -	0.00%	\$ -
-	0.00%	-
-	0.00%	-
-	0.00%	-
-	0.00%	-
-	0.00%	-
-	0.00%	-
-	0.00%	-
-	0.00%	-
-	0.00%	-

**City of Norco**  
**Direct and Overlapping Activities Debt**  
**As of June 30, 2008**

2007-08 Assessed Valuation:	\$ 2,910,473,726
Redevelopment Incremental Valuation:	<u>1,511,221,698</u>
Adjusted Assessed Valuation:	<u>\$ 1,399,252,028</u>

	% Applicable (1)	Debt
<u>Direct and Overlapping Tax and Assessment Debt:</u>		
Metropolitan Water District	0.081%	\$ 265,044
Riverside City Community College District	2.124	3,001,554
Alvord Unified School District	0.011	11,554
Corona-Norco Unified School District	5.708	6,677,768
City of Norco	100.000	-
City of Norco Community Facilities District No. 93-1	100.000	1,615,000
City of Norco Community Facilities District No. 97-1	100.000	7,010,000
City of Norco Community Facilities District No. 2001-1	100.000	37,365,000
City of Norco Community Facilities District No. 2002-1	100.000	2,030,000
Corona-Norco Unified School District Community Facilities District No. 88-1	10.663	298,031
City of Norco 1915 Act Bonds	100.000	470,000
Total Direct and Overlapping Tax and Assessment Debt		<u>\$ 58,743,951</u>
<u>Overlapping General Fund Obligation Debt:</u>		
Riverside County General Fund Obligations	0.821%	\$ 5,687,103
Riverside County Pension Obligations	0.821	3,185,439
Riverside County Board of Education Certificates of Participation	0.821	67,897
Corona-Norco Unified School District Certificates of Participation	5.708	5,935,464
Total Gross Overlapping General Fund Obligation Debt		<u>\$ 14,875,903</u>
Less: Riverside County self-supporting obligations		<u>143,709</u>
Total Net Overlapping General Fund Obligation Debt		
Gross Combined Total Debt		\$ 73,619,854 (2)
Net Combined Total Debt		<u>\$ 73,476,145</u>

Ratios to 2007-08 Assessed Valuation:

Direct Debt	0.00%
Total Direct and Overlapping Tax and Assessment Debt	2.02%

Ratios to Adjusted Assessed Valuation:

Gross Combined Total Debt	5.26%
Net Combined Total Debt	5.25%

State School Building Aid Repayable as of 6/30/08:      \$      -

(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.

Source: California Municipal Statistics, Inc.

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

	<b>Fiscal Year</b>			
	1999	2000	2001	2002
Debt limit	\$ 149,237	\$ 157,607	\$ 181,446	\$ 200,762
Total net debt applicable to limit (1)	-	-	-	-
Legal debt margin	<u>\$ 149,237</u>	<u>\$ 157,607</u>	<u>\$ 181,446</u>	<u>\$ 200,762</u>
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

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

Assessed value	\$ 2,910,474
Debt limit (15% of assessed value)	436,571
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	<u>\$ 436,571</u>

<b>Fiscal Year</b>					
<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
\$ 226,420	\$ 240,195	\$ 280,531	\$ 340,958	\$ 396,285	\$ 436,571
-	-	-	-	-	-
<u>\$ 226,420</u>	<u>\$ 240,195</u>	<u>\$ 280,531</u>	<u>\$ 340,958</u>	<u>\$ 396,285</u>	<u>\$ 436,571</u>
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

Fiscal Year	Water Revenue Bonds						Coverage
	Utility Service Charges	Less: Operating Expenses <sup>(1)</sup>	Net Available Revenue	Debt Service			
				Principal	Interest		
1999	\$ 4,511	\$ 2,405	\$ 2,106	\$ 250	\$ 115	5.77%	
2000	5,253	3,218	2,035	145	453	3.40	
2001	6,004	4,578	1,426	155	447	2.37	
2002	6,217	5,436	781	160	441	1.30	
2003	6,440	5,827	613	165	435	1.02	
2004	7,766	6,762	1,004	170	425	1.69	
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	

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

- (1) Operating expenses do not include interest, depreciation, or amortization expenses.
- (2) The City is not liable for Special Assessment District or Community Facility District defaults; collections and remittances are accounted for in an agency fund.
- (3) The Bonds are the limited obligation of the Agency, payable solely from facilities tax revenues.

continued

<b>Special Assessment Bonds <sup>(2)</sup></b>				
<b>Special Assessment Collections</b>	<b>Debt Service</b>		<b>Coverage</b>	
	<b>Principal</b>	<b>Interest</b>		
\$ 840	\$ 300	\$ 590	0.94%	
732	230	313	1.35	
1,091	370	798	0.93	
1,240	465	765	1.01	
1,276	485	1,911	0.53	
3,934	585	2,904	1.13	
3,775	585	3,050	1.04	
3,702	600	2,924	1.05	
3,429	1,325	1,968	1.04	
3,691	1,010	2,362	1.09	

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

Fiscal Year	Property Tax Increment Bonds <sup>(3)</sup>				
	Property Tax Increment	Debt Service		Coverage	
		Principal	Interest		
1999	\$ 3,751	\$ 620	\$ 2,020	1.42%	
2000	5,066	711	2,859	1.42	
2001	5,976	809	2,579	1.76	
2002	7,058	1,195	1,714	2.43	
2003	8,349	1,115	3,215	1.93	
2004	8,718	1,740	3,820	1.57	
2005	10,671	1,825	4,146	1.79	
2006	12,587	2,185	4,088	2.01	
2007	14,605	2,075	4,178	2.34	
2008	15,838	2,135	4,112	2.54	

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

(3) The Bonds are the limited obligation of the Redevelopment City, payable solely from pledged tax increment revenues.

**City of Norco  
Demographic and Economic Statistics  
Last Ten Fiscal Years**

Year	Estimated Population <sup>(1)</sup>	Personal Income (in thousands) <sup>(2)</sup>	Per Capita Personal Income <sup>(3)</sup>	School Enrollment <sup>(4)</sup>	Unemployment Rate <sup>(5)</sup>
1999	\$ 23,950	\$ 541,414	\$ 22,606	\$ 33,168	5.1%
2000	24,100	571,893	23,730	35,148	4.2
2001	24,400	598,971	24,548	37,487	3.7
2002	24,900	617,869	24,814	39,614	4.4
2003	25,250	590,000	71,924	41,977	4.4
2004	25,500	628,000	75,481	43,998	4.2
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	**	**	51,885	4.6
2008	27,361	**	**	51,514	6.8

**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 Five Years ago**

<b>Employer</b>	<b>2008</b>		
	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment <sup>(1)</sup></b>
Corona-Norco Unified School District	5,215	1	37.52%
California Rehabilitation Center	1,146	2	8.24%
Naval Surface Warfare Center	1,010	3	7.27%
HCI, Inc.	600	4	4.32%
Computer Science Corp. (formerly DynCorp)	325	5	2.34%
Norco Ranch	250	6	1.80%
Target Stores	210	7	1.51%
SeGi	150	8	1.08%
Riverside Community College	130	9	0.94%
City of Norco	101	10	0.73%
<b>Total</b>	<b>9,137</b>		<b>65.75%</b>

**Source:** City's Economic Development Department  
Data from 1998 is not currently available.

(1) Employment information obtained from State Employment Development Department, Labor Market Information Division.

2003

<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment <sup>(1)</sup></u>
4,996	1	33.53%
1,200	2	8.05%
850	3	5.70%
600	4	4.03%
325	5	2.18%
250	6	1.68%
210	7	1.41%
150	8	1.01%
135	9	0.91%
107	10	0.72%
<u>8,823</u>		<u>59.22%</u>

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

<b><u>Function/Program</u></b>	<b>Full-time Equivalent Employees as of June 30,</b>			
	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>
General government				
Administration	2	2	2	2
City clerk	2	2	2	2
Fiscal & support svcs.	11	11	11	13
Other	2	3	3	3
Public safety				
Police (Civilian)	-	-	-	1
Fire	20	22	22	28
Code enforcement	1	1	1	1
Animal control	6	7	7	5
Public works				
Maintenance	14	15	15	15
Culture and leisure				
Parks & recreation	9	9	9	11
Community development				
Planning	3	4	5	7
Engineering	6	5	5	5
Building	4	6	6	6
Economic development	3	3	3	3
Total	83	90	91	102

**Source:** City's annual adopted budgets

**Full-time Equivalent Employees as of June 30**

2003	2004	2005	2006	2007	2008
2	2	3	3	2	2
3	3	3	3	3	3
16	16	15	15	15	15
3	3	-	-	-	-
1	1	1	1	1	1
28	28	29	30	30	30
1	1	1	1	1	1
5	5	5	5	6	6
16	16	15	17	18	18
12	12	12	13	13	11
6	5	4	4	5	5
5	5	5	2	1	1
6	7	7	9	8	8
3	3	1	1	1	1
107	107	101	104	104	102

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

<b><u>Function/Program</u></b>	<b>Fiscal Year</b>		
	<b>2003</b>	<b>2004</b>	<b>2005</b>
<b>Police</b>			
UCR crime index total	1,019	1,023	1,095
Traffic collisions	433	527	487
Traffic violations	5,187	4,986	5,535
<b>Fire</b>			
Total number of responses	1,942	1,955	1,869
Fires extinguished	133	139	118
<b>Water</b>			
Number of service connections	6,950	7,085	7,174
Average daily consumption (in mil. of gallons)	8	8	8
Max. daily (groundwater wells) capacity (in mil. of gallons)	9	9	9
Max. daily import capacity (in mil. of gallons)	12	12	12
Storage capacity (in mil. of gallons)	10	10	10
<b>Sewer</b>			
Number of sewer connections	5,145	5,710	5,826
Average daily treatment (in mil. of gallons)	2	2	2
Max. daily capacity of treatment plans (in mil. of gallons)	2	2	2

**Source:** Various City's departments

Fiscal Year		
2006	2007	2008
1,171	1,014	1,040
553	588	405
3,591	7,046	9,278
1,958	1,987	2,002
95	115	96
7,500	7,590	7,628
8	9	9
		9
9	9	12
12	12	10
10	10	
6,657	6,833	7,074
2	2	2
2	2	2

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

<b><u>Function/Program</u></b>	<b>Fiscal year</b>		
	<b>2003</b>	<b>2004</b>	<b>2005</b>
Public safety			
Fire stations	2	2	2
Culture and leisure			
Parks	14	14	15
Park acreage	552	552	167
Open space acreage	451	451	835
Tennis court	1	1	1
Skate court	1	1	1
Public swimming pool	1	1	1
Community center	1	1	1
Public playgrounds/tot lots	6	6	8
Water			
Water mains (miles)	90	94	94
Fire hydrants	770	890	890
Sewer			
Sanitary sewers (miles)	82	85	85
Treatment plants	1	1	1

**Source:** Various City's departments

<b>Fiscal Year</b>		
<b>2006</b>	<b>2007</b>	<b>2008</b>
2	2	2
15	15	15
168	168	168
835	835	835
1	1	1
1	-	-
1	1	1
1	1	1
8	9	9
94	101	101
890	1,282	1,282
85	91	91
1	1	1