

**CITY OF NORCO
CALIFORNIA**



**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
JUNE 30, 2011**

**CITY OF NORCO, CALIFORNIA
Comprehensive Annual Financial Report
For The Fiscal Year Ended June 30, 2011**

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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 15, 2011

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, 2011 (FY2011). This report provides a comprehensive view of the results of the City's financial activities for the year and financial position at the end of the fiscal year. The basic financial statements have been presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards (GAAS) by a firm of licensed certified public accountants.

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

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

The City's basic financial statements have been audited by Rogers, Anderson, Malody & Scott, LLP, a firm of licensed certified public accountants. The purpose of an independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2011, are free of any material misstatements. The independent audit involves examining, on a test basis, evidence supporting the amounts and disclosures on the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall presentation of the financial statements. Based upon their audit, the independent auditors concluded that there was a reasonable basis for rendering an unqualified (clean) opinion that the City's financial statements for the fiscal year ended June 30, 2011, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies under the Single Audit Act Amendments of 1996 and related OMB Circular A-133. Under the Single Audit Act, the independent auditor is required to report not only on fair presentation of financial

CITY COUNCIL

KEVIN BASH
Mayor

KATHY AZEVEDO
Mayor Pro Tem

BERWIN HANNA
Council Member

HERB HIGGINS
Council Member

HARVEY SULLIVAN
Council Member

statements, but also on the City's internal controls and compliance with legal requirements, with emphasis on internal controls and legal requirements involving the administration of federal awards. For the year, the City did not expend over \$500,000 in federal grants and therefore, did not meet the threshold set by the OMB for a Single Audit. Consequently, no separate Single Audit reports are issued by the independent auditors.

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

Profile of the City of Norco, California

The City of Norco, California was incorporated as a general law City on December 28, 1964, and is located in southwestern Riverside County (part of the Inland Empire), approximately 45 miles east of Los Angeles. During most of the past decade, the Inland Empire was one of the top growth areas in the state with population growth of 31.2%. The City limits cover an area of approximately 15 square miles, with a permanent population of approximately 27,000. The City is empowered by state statute to extend its corporate limits by annexation, which occurs when deemed appropriate by the 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 more than 100 miles of streets. Most residential property is zoned for animal keeping with lot size minimum of one-half acre. Within 30 miles, there are several public and private colleges and universities providing a wide range of education facilities and opportunities. These include University of California–Riverside, University of California – Irvine, California State University – San Bernardino, California State University – Fullerton, California Polytechnic University – Pomona, Norco College, and others.

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

City Services: The City provides a full range of services, including police and fire protection; construction and maintenance of streets, trails and other infrastructure; recreational activities and cultural events; sanitation and water services; street lighting; planning and zoning; 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 an 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 and recreation divisions. The vision of the division is to create community through people, animals, parks and programs. As an equestrian community, the animal control services division establishes standards for the care and health of animals; the division provides a safe haven animal shelter; sponsors adoption and placement of animals while enforcing laws to protect the well-being of all animals in the community. The animal shelter cares for more than 2,000 impounded animals annually.

Through the City'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 development projects to the City. As a result of a significant economic downturn affecting auto dealers in the City, economic development assistance was a high priority of the City's Redevelopment Agency during the fiscal year.

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

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

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

Department heads can make transfers of appropriations within a department and fund. Transfer of appropriations between departments within the same fund requires the approval of the City Manager 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 major 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 the 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 state. For the past three years, the Inland Empire has faced its most serious economic challenge since the 1930s. The weakness in the economy caused major job losses in the area especially in the blue collar sectors of construction, logistics and manufacturing. The job losses in these sectors resulted in the unemployment rate of nearly 14.7% at the end of the fiscal year. The housing slowdown continued to be a major factor in the high unemployment rate in the area.

The City's central business district is dominated by automobile dealerships, retail shops and restaurants. In the two years preceding the fiscal year ended June 30, 2011, two new car dealerships in the City's auto mall closed and two others consolidated into one dealership. During the fiscal year 2010-2011, the vacant dealerships were filled with a combination of used and new car dealership. Due to the dealership closings and consolidations, compounded by significant decline in domestic automobile and general merchandise, sales tax receipts for the preceding fiscal year 2009-2010 declined by 22.4% compared to the year before. However, during the current fiscal year ended June 30, 2011 sales tax revenues increased by 20.8% as some of the vacant auto dealership lots were filled and general merchandise sales improved.

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

- Economic development and marketing efforts were undertaken to fill vacant sites throughout the City especially vacant auto dealership lots.
- Significant investments were made in infrastructure improvements including street widening, park improvements, right of way acquisitions, traffic signals, street extensions and façade improvements.
- A preservation and development zone was established to encourage creative development, in conjunction with preservation of historical resources.
- Continued streamlining programs to make them more efficient resulting in the reduction of full-time employees under City employment. The City also continued the process of strict expenditure review to ensure that all discretionary expenditure requests for the last three months of the fiscal year were subject to additional review by the City Manager or Fiscal and Support Services departments.

- Attrition management practice continued during the fiscal year. Under this strategic financial initiative which began in fiscal year 2005, all positions that became vacant due to retirement, termination or resignation are reviewed for potential elimination from budget funding.
- To ensure accuracy of water billing, the City made significant progress towards completing implementation of advanced meter reading infrastructure. This strategic initiative will improve revenue collection for the water and sewer funds.
- The City Council also approved rate adjustments for the water and sewer funds designed to fully recover the cost of operating and maintaining the water and sewer systems. The rate adjustments were to be phased in over eighteen months beginning April 2011.

Relevant Financial Policies

Budgetary Control Policies: As the City's revenues have shrunk over the last three years, strict expenditure control procedures and policies have been implemented. Personnel costs represent the bulk of the City's general government operating budget. To reduce personnel costs, the City adopted a policy of negotiating short term labor agreements with employee organizations. These short term agreements provide the City with the flexibility to make further expenditure reduction in the future as revenues continue to decline. Additionally, in those instances where the City has outstanding long-term contracts, the City has adopted a policy of re-opening the labor agreements as part of each budget process. This approach has resulted in significant cost reduction concession by employee groups over the last four years. The City also achieves personnel expenditure reduction through the implementation of Attrition Management Program. Through this program, all positions that become vacant in the City are reviewed for potential elimination or conversion to part-time position. The program has already resulted in significant reduction of the City's work force.

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

Risk Management Policies: The cost of claims arising from various liability and workers compensation exposures can negatively impact the City's current budget and long-term financial condition. To minimize losses from claims, the City employs a proactive claims management policy 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 and semi-annually with general liability claims administrator to review the status of each outstanding claim and formulate strategies for closing each claim as quickly as possible. With respect to workers compensation, the City has adopted early return to work policy. This policy is designed to bring injured workers back to work as quickly as possible through a practice of reasonable accommodation for the injured workers.

Cash Management Policies: In this low interest earnings rate and difficult budget conditions, managing cash has become more critical for the City than has been the case in years past.

First, as the City's operating cash portfolio dwindles, it has become necessary to monitor cash balances on a weekly basis and sometimes on a daily basis for City's General Fund. Because of the need to meet cash flows, the City now looks at the budget not only from revenue and expenditure perspective, but also from a cash flow perspective. This is necessary to address the usual uneven flow of tax receipts relative to the usually more even flow of expenditures. To monitor cash, a weekly cash flow log is maintained, a more comprehensive quarter by quarter cash flow projection is performed.

Due to the low interest rate environment for invested portfolio and the desire to meet cash needs, operating funds of the City are now being invested in short term maturing securities or the State's Local Agency Investment Fund. Preservation of capital remains the City's number one priority in determining where to invest and manage the City portfolio.

Pension and Post Retirement Policies: 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. As part of the implementation of GASB 45, the City established a Trust Account to accumulate funds for the payment of post-retirement healthcare costs. The City also adopted a funding policy. Under the policy the City plans to pre-fund the Annual Required Contribution (ARC) over a 12-year phased in basis through California Employees Retirement Benefit Trust. This policy is designed to minimize the budget impact of fully funding the ARC for the first 12 years while at the same time accumulating funds to meet benefit obligations.

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 own stretched budgets. As an example, during the fiscal year, the State took \$1 million in addition to \$4.9 million takeaway from the previous fiscal year.

As part of the State budget for fiscal year 2011-2012, effective June 28, 2011, the legislature approved AB 1X 26 and AB 1X 27 eliminating redevelopment agencies statewide (AB 1X 26) unless the community that created the agency adopts an ordinance electing to participate in the "Alternative Voluntary Redevelopment Program" ("Program") and, as part of the Program, makes annual "community remittance" payments to the County Auditor-Controller for as long as the Agency remains in existence (AB 1X 27). The Board of Directors of the Norco Community Redevelopment Agency adopted an ordinance to participate in the Program. A petition for Writ of Mandate challenging the constitutionality of the AB 1X 26 and AB 1X 27 was filed on July 18, 2011 in the Supreme Court of the State of California by the California Redevelopment Association and others. The Supreme Court agreed to take the case and issued an order for the immediate stay of enforcement of AB 1X 26 in part and AB 1X 27 in its entirety, including a stay of the provisions of AB 1X 27 requiring the adoption of ordinance to participate in the Program, the payment of community remittance, and the authorization for cities and to enter into the

Remittance Agreement. The Supreme Court has announced its intent to decide the case by January 15, 2012. If the Supreme Court rules to uphold AB 1X 27, the City would need to reduce the Agency's allocation to the Low and Moderate Income Housing Fund pursuant to Health and Safety Code Section 34194.3 in order to provide for sufficient cash flows to make the first year community remittance payment.

Major Initiatives

For the year, the City of Norco embarked and/or completed the following major capital improvement and infrastructure projects:

1. Work was completed on the multi-million dollar second arena facility at the George Ingalls Park Equestrian Center. This facility which is designed to accommodate the needs of local horse groups will also enhance the City's image as "Horsetown USA" while attracting economic development opportunities. Funding for this project came from the City's Redevelopment Agency Tax Allocation Bond proceeds.
2. The City also completed design and began construction of a new animal shelter facility. The shelter which is estimated to cost over \$2 million will enhance the City's ability to care for more than 2,000 animals annually. This state of the art facility will also preserve the City's image as a friendly animal keeping community.
3. The construction of the Norco Ridge Ranch Park facilities was completed during the fiscal year. This small beautiful neighborhood park was funded from development impact fees paid by developers that built the benefitting homes in the neighborhood.
4. With funding from Enterprise Revenue Bonds, the City embarked on several water infrastructure projects including California Rehabilitation Center and Navy facilities connection; expansion of treatment and storage facilities; replacement/expansion of water lines; and installation of automated meter reading infrastructure. The reservoir, treatment and expansion facilities were designed to improve water quality, storage capacity and water availability while the automated meter reading project is designed to improve meter reading efficiency and accuracy.
5. Several street projects including Hamner Avenue widening, Second Street improvements, reconstruction, overlay and traffic signal projects were completed during the fiscal year. The Hamner Avenue Widening Project is being funded with Transportation Uniform Mitigation Fund allocation from Western Riverside County Council of Governments. The other street projects are funded by a combination of Measure A allocation, Redevelopment Agency Tax Allocation Bond proceeds and street impact fees. In conjunction with the Hamner Avenue Widening Project, the City also completed expansion of the community Center parking lot. This parking lot serves as a Park and Ride facility for public transportation users in the region.

Awards and Acknowledgments

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Norco for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2010. The City has received this award for eight straight years. In order to receive this 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 continues to meet the Certificate of Achievement program's requirement and we will be submitting it to the GFOA to determine eligibility for another GFOA certificate.

The preparation of this report could not be accomplished without the 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 especially the staff in Fiscal and Support Services Department who worked tirelessly to compile the information needed to prepare the CAFR. The City Council is to be commended for providing direction in developing strategies for dealing with the City's challenging fiscal environment.

Respectfully Submitted,

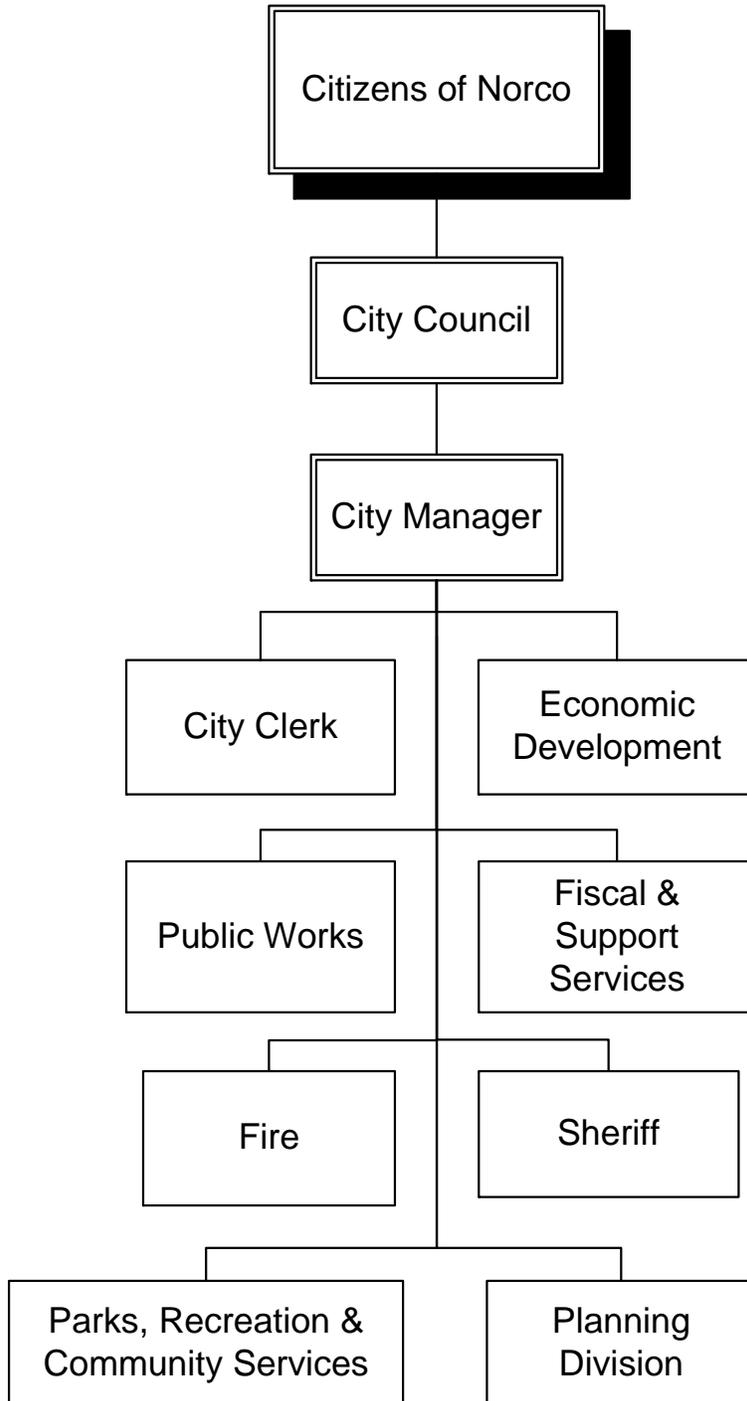


V. Andy Okoro, CPA
Deputy City Manager &
Director of Finance



Beth Groves
City Manager

CITY OF NORCO
ORGANIZATIONAL CHART
June 30, 2011



CITY OF NORCO
Directory of City Officials
June 30, 2011

MAYOR

Berwin Hanna

CITY COUNCIL

Kevin Bash, Mayor Pro Tem
Kathy Azevedo
Greg Newton
Harvey Sullivan

CITY MANAGER

Beth Groves

V. Andy Okoro
**Deputy City Manager and
Director of Finance**

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

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

Brenda Jacobs
City Clerk

Steve King
Planning Director

Peter Bryan
Fire Chief

William Thompson
Director of Public Works

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, 2010

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.



Linda C. Davison

President

Jeffrey R. Enos

Executive Director

FINANCIAL SECTION



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

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To the Honorable City Council
 City of Norco

INDEPENDENT AUDITORS' REPORT

PARTNERS

Phillip H. Waller, CPA
 Brenda L. Odle, CPA, MST
 Terry P. Shea, CPA
 Kirk A. Franks, CPA
 Matthew B. Wilson, CPA, MSA
 Scott W. Manno, CPA
 Leena Shanbhag, CPA, MST
 Jay H. Zenther, CPA (Retired)

MANAGERS / STAFF

Nancy O'Rafferty, CPA, MBA
 Bradford A. Welebin, CPA, MBA
 Jenny Liu, CPA, MST
 Katie L. Millsom, CPA
 Papa Matar Thaw, CPA, MBA
 Maya S. Ivanova, CPA, MBA
 Danielle E. Odgers, CPA
 William C. Clayton, CPA
 Peter E. Murray, CPA
 Geniviv Schwartzkopf, CPA
 Megan Hackney, CPA

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, California (City) as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City'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, 2011, 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.

As explained in Note 16 of these financial statements, it is uncertain as to the future continuation of redevelopment agencies in the State of California as a result of certain legislative actions enacted by the California State Legislature.

During the year under audit, the Agency adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

MEMBERS

American Institute of
 Certified Public Accountants

PEPS The AICPA Alliance
 for CPA Firms

Governmental Audit
 Quality Center

California Society of
 Certified Public Accountants

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2011, 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information identified in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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, the combining non-major fund financial statements, the non-major individual budgetary comparison information, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining non-major fund financial statements and the non-major individual budgetary comparison information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Rogers, Anderson, Molodt & Scott, LLP

December 15, 2011

Management's Discussion and Analysis

The management of the City of Norco, California (City) is pleased to provide to the readers of the City's financial statements this narrative overview and analysis of the financial activities and condition of the City of Norco for the fiscal year ended June 30, 2011. 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 beginning on page i of this report and the financial statements (including the notes to basic financial statements) beginning on page 14.

Financial Highlights

- Total assets of the City exceeded total liabilities at the end of fiscal year 2011 by \$181.9 million. The difference between total assets and total liabilities is referred as total net assets. Net assets of the City at June 30, 2011 include the value of governmental activities' infrastructure assets.
- The City's total net assets decreased by \$5.6 million during the year. The decrease in net assets was primarily due to expenses exceeding revenues by \$1 million in the business-type activities and expenditures exceeding revenues by \$4.6 million in the governmental activities. The increase in expenses in the business-type activities was due to increase in sewer fund expenses that were not offset by increase in charges for service. Current year expenditures exceeded current year revenues in the governmental activities due to anticipated lower revenues in the general fund; redevelopment fund expenditures exceeded revenues due to payment to the State; higher debt service costs and capital project costs funded with existing net assets.
- As of June 30, 2011, the City's governmental funds reported combined fund balance of \$53.4 million, a net decrease of \$14.6 million from prior fiscal year. Approximately \$44.9 million of the governmental funds' fund balance is restricted while nearly \$8.5 million is assigned.
- Committed fund balance for the general fund was \$2.1 million or 14% of total general fund recurring expenditures in fiscal year 2011. This represents a decrease of \$1.3 million from last fiscal year as part of existing fund balance was used to cover the shortfall between revenues and expenditures for the fiscal year.
- The City's total long-term debt decreased by a net of \$2.9 million during the fiscal year due primarily to principal debt service payment. The City did not issue any new debt during the fiscal year.

Overview of the Financial Statements

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

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

However, the CAFR 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. Over time, increases or decreases in net assets 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 current fiscal year. These changes are reported using the full accrual basis of accounting. Under this method, transactions are reported when the economic event occurs, rather than when cash is received or paid. Revenues and expenses are reported in the statement for 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 (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, streets and highways, community/economic development, culture and leisure. The business-type activities 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 Norco 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 are prepared using the modified accrual basis of accounting which focuses on short-term receipts and disbursements of financial resources, as well as balance of financial resources available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financing requirements.

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

The City adopts an annual appropriated budget for its general 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 an accounting device used to accumulate and allocate costs internally among the City's various functions and departments. The City uses internal service funds to account for the acquisition and maintenance of its fleet of vehicles, risk financing activities and computer and related information systems. Because these funds 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 a more detailed format. The proprietary fund financial statements provide separate information for the water and sewer operations, both of which are considered to be major funds of the City. Internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is also provided in the form of combining statements elsewhere in this report.

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

Fiduciary Funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the City. 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 statement can be found on page 28 of this report.

Notes to the basic financial statements: The notes to the basic financial statements which are integral part of the financial statements provide additional information that is essential to a full understanding of the data in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 29-64 of this report.

Other information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information regarding the City's progress in funding its OPEB obligation to provide health benefits to its employees. Required supplementary information can be found on pages 65-68 of this report.

Combining statements for non-major governmental funds, internal service funds and agency funds are presented immediately following the required supplementary information. Combining financial statements and schedules can be found on pages 71-121 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, 2011, total City assets exceeded total liabilities by \$181.9 million as summarized below:

City of Norco, California Statement of Net Assets

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Assets:						
Current and other assets	\$ 63,898,525	\$ 77,861,812	\$ 23,535,103	\$ 26,841,391	\$ 87,433,628	\$ 104,703,203
Capital assets (net of depreciation)	172,767,135	163,689,370	60,580,541	59,391,522	233,347,676	223,080,892
Total assets	<u>236,665,660</u>	<u>241,551,182</u>	<u>84,115,644</u>	<u>86,232,913</u>	<u>320,781,304</u>	<u>327,784,095</u>
Liabilities:						
Current and other						
Liabilities	5,764,579	4,142,521	1,820,510	2,187,814	7,585,089	6,330,335
Long-term liabilities	93,165,499	95,109,464	38,122,859	38,865,109	131,288,358	133,974,573
Total liabilities	<u>98,930,078</u>	<u>99,251,985</u>	<u>39,943,369</u>	<u>41,052,923</u>	<u>138,873,447</u>	<u>140,304,908</u>
Net assets:						
Invested in capital assets, net of related debt						
	172,727,910	163,648,731	39,526,833	41,658,815	212,254,743	205,307,546
Restricted	39,782,430	49,857,462	4,362,237	4,722,120	44,144,667	54,579,582
Unrestricted	(74,774,758)	(71,206,996)	283,205	(1,200,945)	(74,491,553)	(72,407,941)
Total net assets	<u>\$ 137,735,582</u>	<u>\$ 142,299,197</u>	<u>\$ 44,172,275</u>	<u>\$ 45,179,990</u>	<u>\$ 181,907,857</u>	<u>\$ 187,479,187</u>

Net assets for the fiscal year ended June 30, 2011, 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 total \$212.3 million as of June 30, 2011. 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, \$44.1 million for fiscal year 2011 and \$54.6 million for fiscal year 2010, represent resources that are subject to restrictions on how they may be used. The remaining balance, (unrestricted net assets), is (\$74.5) million and (\$72.4) million for fiscal years 2011 and 2010 respectively. The deficit unrestricted net assets amount is due largely to the amount invested in governmental infrastructure assets which are not available for spending and the inclusion of all long-term liabilities in the statement of net assets.

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.

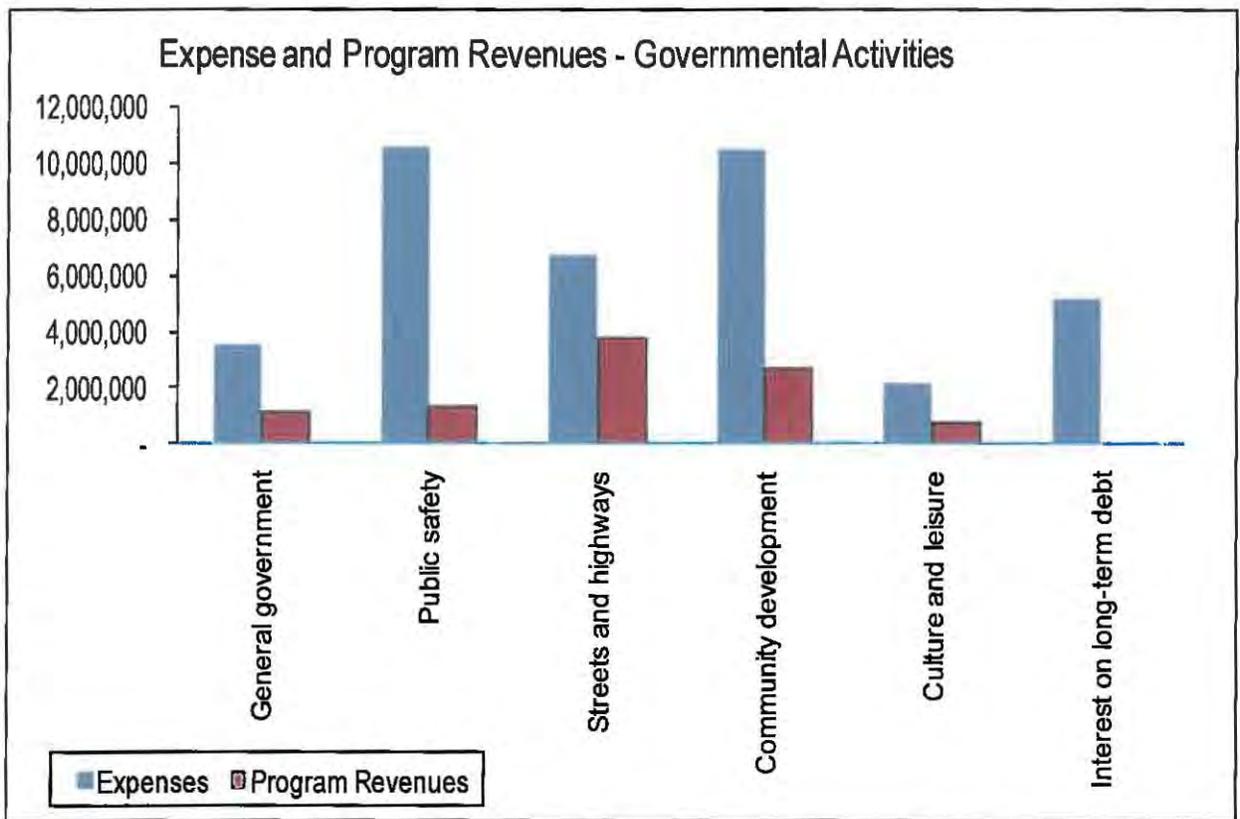
City of Norco, California
Statement of Changes in Net Assets

	Governmental activities		Business-type activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program Revenues:						
Charges for services	\$ 3,943,714	\$ 4,097,812	\$ 11,559,517	\$ 10,851,457	\$ 15,503,231	\$ 14,949,269
Operating Grants and contributions	4,118,810	5,677,361	113,444	-	4,232,254	5,677,361
Capital grants and contributions	1,527,406	4,166,378	732,519	1,824,809	2,259,925	5,991,187
General revenues	24,272,418	24,552,245	42,738	74,294	24,315,156	24,626,539
Total revenues	33,862,348	38,493,796	12,448,218	12,750,560	46,310,566	51,244,356
Expenses:						
General Government	3,589,601	2,608,199	-	-	3,589,601	2,608,199
Public safety	10,532,263	11,347,403	-	-	10,532,263	11,347,403
Streets and Highways	6,745,445	2,091,368	-	-	6,745,445	2,091,368
Community development	10,467,473	20,675,524	-	-	10,467,473	20,675,524
Culture and leisure	2,177,366	1,920,577	-	-	2,177,366	1,920,577
Interest on long-term debt	5,171,018	4,606,449	-	-	5,171,018	4,606,449
Water	-	-	7,970,925	8,354,123	7,970,925	8,354,123
Sewer	-	-	5,227,807	5,042,480	5,227,807	5,042,480
Total expenses	38,683,166	43,249,520	13,198,732	13,396,603	51,881,898	56,646,123
Change in net assets before transfers	(4,820,818)	(4,755,724)	(750,514)	(646,043)	(5,571,332)	(5,401,767)
Transfers	257,203	444,457	(257,203)	(444,457)	-	-
Change in net assets	(4,563,615)	(4,311,267)	(1,007,717)	(1,090,500)	(5,571,332)	(5,401,767)
Net assets - beginning, as restated	142,299,197	146,610,464	45,179,992	46,270,492	187,479,189	192,880,956
Net assets - ending	\$ 137,735,582	\$ 142,299,197	\$ 44,172,275	\$ 45,179,992	\$ 181,907,857	\$ 187,479,189

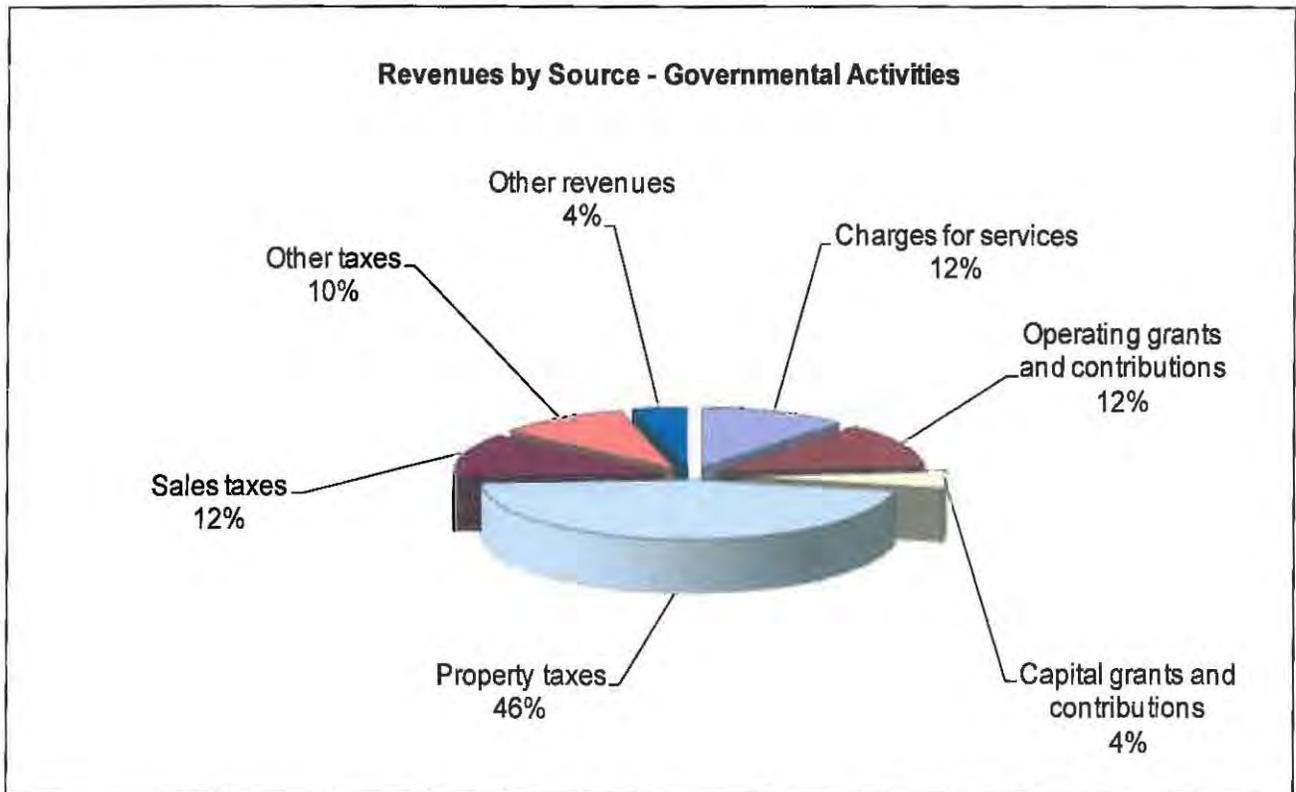
During the year, net assets decreased by \$5.6 million. Further analyses are provided below.

Governmental activities: Total net assets from governmental activities decreased by \$4.6 million or 3.4% during the year primarily as a result of operating expenditures exceeding revenues. Expenditures exceeded revenues in the governmental activities due to anticipated lower revenues in the general fund and increased expenditures in the redevelopment fund as result of increase in debt service and Supplemental Education Revenue Augmentation Fund (SERAF) payment to the County Auditor.

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



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

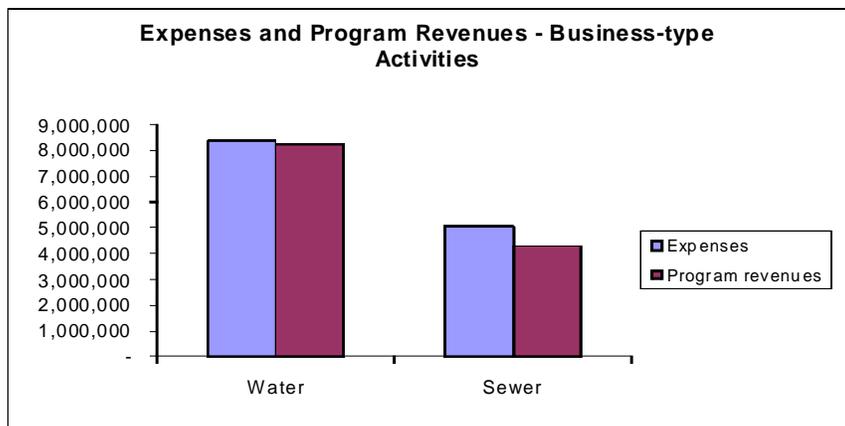


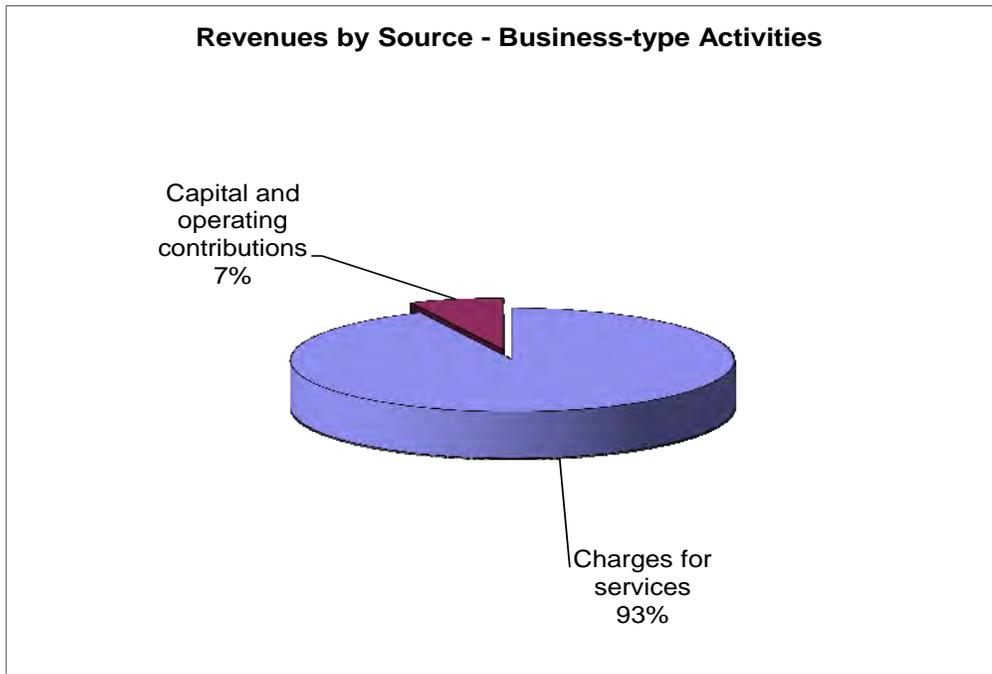
The governmental activities' expense and program revenue chart is designed to reflect expenses associated with each City function and the revenues that are directly attributable to that function. It is important to note that general revenues such as property, sales and other taxes are not directly attributable to specific functions and are 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 92 percent of property tax revenues are 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 third party 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. Even though the City's sales tax receipts are significantly below where they were four years ago, sales tax revenues still account for a significant portion of general fund revenues. During the year, sales tax revenue increased by nearly 21% as receipts from auto and gasoline sales increased. The other taxes category represents taxes derived from business license, franchises and transient occupancy taxes.

Business-type activities: Including non-operating income, net assets of the business type activities decreased by \$1.0 million during the fiscal year. The change in net assets is attributable to operating expenses exceeding operating income in the sewer fund. Sewer rates for the fiscal year were not sufficient to recover increased interest and other expenses. During the fiscal year the City Council approved rate adjustments which when fully implemented will bring operating revenues in line with operating costs. Individually, the net assets of the water fund increased by \$0.4 million while net assets of the sewer fund decreased by \$1.4 million.

The chart below provides graphic representation of the City's revenues by source for business-type activities. Water fund charges for services were slightly above operating expenses due to lower purchased water expense and higher revenues from rate adjustments implemented towards the end of the fiscal year. On the other hand, sewer fund operating expenses exceeded charges for services. This operating loss was due to increased debt service costs. Sewer rates were not adjusted during the fiscal year to cover the increased costs. The gap between charges for services and operating expenses is anticipated to be recovered in future years from rate adjustments approved by the City Council during the fiscal year which will become effective in fiscal year 2011-2012. Water fund expenses make up 60 percent of total business-type activities expenses while sewer fund expenses make up the remaining 40 percent of total expenses. Total charges for services from business-type activities consist of 64 percent derived from Water Fund and 36 percent from the sewer fund. As shown on the revenues by source chart on the next page, charges for services represent 93 percent of business-type activities' revenue while capital and operating 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, 2011, the City's governmental funds reported combined ending fund balances of \$53.4 million, a decrease of \$14.6 million in comparison with the prior year. Of the \$53.4 million, \$44.9 million, or 84 percent, constitutes restricted fund balance which can only be used for specific purposes due to external restrictions or enabling legislation. The remainder of fund balance is committed to indicate that it has been designated for specific purposes. Committed fund balances include balances that have been designated for future capital projects, debt service, emergencies, facilities replacement and claims. The decrease in fund balance is from expenditures exceeding revenues in various Funds. In the general fund, expenditures and transfers out exceeded revenues by \$1.3 million. This decrease was due to City action to mitigate the impact of declining revenues on services by drawing from existing fund balance to cover some of current year expenditures. In the redevelopment funds expenditures exceeded revenues by \$10.4 million due to capital project expenditures that are funded from existing bond proceeds; loss on sale of land held for resale; increase in debt service payment; and SERAF payment to the state. Fund balance for non-major governmental funds decreased by \$2.9 million mainly due to capital project expenditures funded from existing fund balance.

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 water fund turned positive during the fiscal year due to lower purchased water expense and improved revenue from water rate adjustment that became effective during the last quarter of the fiscal year. Unrestricted net asset of the sewer fund at the end of the year remained negative due to expenses

(including depreciation and amortization) exceeding revenues and the high investments in capital assets used to deliver services to customers. The investments in fixed assets are needed to ensure ongoing delivery of water and sewer services. Unrestricted net asset of the sewer fund will likely increase in future fiscal years as rate adjustments are implemented. During the fiscal year, the net assets of the water fund increased by \$0.4 million while the net assets of the sewer fund decreased by \$1.5 million. During the fiscal year, cash flows from operating activities improved for the water and sewer funds by \$0.6 million and \$1.1 million respectively. The net assets of internal service funds increased by \$0.4 million due to one-time contribution to the employee benefits and insurance fund. Other factors concerning the finances of these funds have been previously addressed in the discussion of the business-type activities on page 9. 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, 2011, total fund balance was \$2.1 million which is set aside for emergencies. As a measure of general fund's financial condition, it may be useful to compare this fund balance to total expenditures. This fund balance represents 14 percent of general fund recurring expenditures for the fiscal year. For the fiscal year, general fund's total fund balance decreased by \$1.3 million due to City action to mitigate the impact of declining revenues on services by drawing from fund balance to cover part of current year expenditures. With respect to the comparison of general fund actual revenues and expenditures to final budget, the only material difference on revenues is on fines and forfeitures. Actual revenues from fines and forfeitures were \$0.2 million lower than final budget amount. The unfavorable variance was due to more than anticipated decline in penalties for late payments. On the expenditure side, there were no material differences between the final budget and actual expenditures at the end of the fiscal year except that transfers out exceeded budget by \$0.5 due to non-budgeted transfer to employee benefits and insurance internal service fund. Transfers in were also higher than budget by \$0.5 million due to one-time transfer of non-budgeted prior year under-allocated taxes from the redevelopment fund.

Capital Assets and Debt Administration

Capital Assets: City investment in capital assets for its governmental and business-type activities as of June 30, 2011 amounted to \$233.3 million (net of accumulated depreciation). Investment in capital assets includes infrastructure assets as well as land, buildings, improvements and equipment. During the year, capital assets net of depreciation increased by \$9.1 million for governmental activities and by \$1.2 million for business-type activities.

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

- Purchase of fire engine for \$0.6 million
- Park improvements \$0.9 million
- Community Center and park and ride lot expansion \$1.6 million
- Storm drain improvements \$0.7 million
- Street improvements \$0.7 million
- Automated meter reading infrastructure \$1.0 million
- Booster pump improvements \$0.1 million

Additional information on the City's capital assets can be found on pages 44-45 in the notes to the basic financial statements and a summary is provided below.

(including depreciation and amortization) exceeding revenues and the high investments in capital assets used to deliver services to customers. The investments in fixed assets are needed to ensure ongoing delivery of water and sewer services. Unrestricted net asset of the sewer fund will likely increase in future fiscal years as rate adjustments are implemented. During the fiscal year, the net assets of the water fund increased by \$0.4 million while the net assets of the sewer fund decreased by \$1.5 million. During the fiscal year, cash flows from operating activities improved for the water and sewer funds by \$0.6 million and \$1.1 million respectively. The net assets of internal service funds increased by \$0.4 million due to one-time contribution to the employee benefits and insurance fund. Other factors concerning the finances of these funds have been previously addressed in the discussion of the business-type activities on page 9. Proprietary funds financial statements can be found on pages 23-27.

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- Street improvements \$0.7 million
- Automated meter reading infrastructure \$1.0 million
- Booster pump improvements \$0.1 million

Additional information on the City's capital assets can be found on pages 44-45 in the notes to the basic financial statements and a summary is provided below.

City of Norco
Capital Assets (net of depreciation)
June 30, 2011

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Land	\$ 101,161,035	\$ 1,644,507	\$ 102,805,542
Building and improvements	13,097,923	501,291	13,599,214
Equipment and machinery	1,982,976	54,860,068	56,843,044
Infrastructure	44,275,757	-	44,275,757
Intangible	156,030	-	156,030
Construction in progress	12,093,414	3,574,675	15,668,089
Total capital assets, net	<u>\$ 172,767,135</u>	<u>\$ 60,580,541</u>	<u>\$ 233,347,676</u>

Long-term debt: At the end of fiscal year 2011, the City's total long debt outstanding was \$131.3 million. Of this amount, \$90.8 million is debt of the redevelopment agency backed by pledge of tax increment revenues. Of the remaining \$40.5 million, \$38.1 million is the debt of the sewer and water funds while \$2.4 million represents debt of other governmental activities representing claims, judgments and compensated absences. Outstanding long-term debt of the City is summarized below and additional information can be found on pages 46-55 in the notes to basic financial statements.

City of Norco
Outstanding Long Term Debt
June 30, 2011

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Capital leases	\$ 39,195	\$ 920,761	\$ 959,956
Tax allocation bonds	90,804,312	-	90,804,312
Notes/loans payable/advances	-	544,831	544,831
Revenue bonds	-	36,657,267	36,657,267
Compensated absences	1,308,689	-	1,308,689
Claims and judgment	1,013,303	-	1,013,303
Total long-term debt	<u>\$ 93,165,499</u>	<u>\$ 38,122,859</u>	<u>\$ 131,288,358</u>

Economic Factors and Next Year's Budgets and Rates

- During the most recently completed fiscal year 2010-2011, the City's sales tax revenues improved by nearly 21% over the previous year. This increase was largely due to increased receipts from auto and gasoline sales. Sales tax continues to be a significant portion of general fund revenues and sales tax generated from auto sales make up significant portion of sales tax revenues. Auto sales are highly dependent on the quality of dealerships at the City's Auto Mall. Due to ongoing bad economic conditions, the quality and number of dealerships could be negatively impacted. This could lead to material decline in sales tax receipts. Sales tax derived from gasoline sales is also highly dependent upon the price of gasoline. Throughout the fiscal year, gasoline prices remained high resulting in additional sales tax for the City. As the price of gasoline is very volatile, sudden material decreases in gasoline prices could also negatively impact the City's sales tax receipts. To address this challenge, the City has been working to diversify general fund revenues by seeking economic opportunities that complements the City's "Horsetown USA" motto.

- Property tax revenues are based on the assessed value of real property located within the City's boundary. The assessed value of real property in the City is expected to remain flat during the upcoming fiscal year. Consequently, future property tax receipts are expected to be flat from the amount received in the last two fiscal years. For the City's redevelopment agency, net tax increment receipts retained by the agency will continue to be low due to changes in sharing formula between the agency and other taxing entities. The changes in the sharing formula effective in fiscal year 2009-2010 reduced the agency's overall percentage of tax increment retained after pass-through payments to other taxing entities.
- The state of California's worsening budget situation is also a significant source of concern that could negatively impact future City budget decisions. To address the state's budget crisis, the legislature has resorted to outright take away, borrowing, and/or re-directing local government revenues. During the fiscal year just ended, the state took over \$1 million from redevelopment agency. These ongoing actions by the state are already negatively impacting the City's ability to provide services and ultimately may impact the agency's ability to meet payment requirements on outstanding obligations. Furthermore, as described in detail in the transmittal letter and Note 17 of the notes to basic financial statements, the state recently adopted legislations that could eliminate the City's redevelopment agency or require the City to make substantial annual payments to the state in order for the redevelopment agency to stay in existence. If the state is successful in implementing any of these actions, the City's ability to maintain services without additional revenues will be significantly impacted.
- In fiscal year 2011, the City Council approved water and sewer rate adjustments effective April 2011. The rate adjustments will be implemented over eighteen months to offset the rising cost of purchasing, producing and delivering water and sewer services to residents and businesses. When fully implemented, it is expected that the water and sewer funds will generate sufficient revenues from user charges to cover the full cost of operating and maintaining the water and sewer systems.
- In fiscal year 2009, the City implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 45; *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*. As a result of this new accounting requirement and ongoing increase in health insurance premium, the City's expense budget for healthcare insurance has risen significantly. However, due to one-time deposit by the City to a trust account established in 2009 boosted by investment earnings on the deposit, the City has been able to meet the annual required contributions for the last three years. Recently, investment earnings on the trust account have declined making it more difficult to rely on future investment earnings to meet annual required contributions. Meeting future annual required contributions will be more difficult. Recognizing this situation the City has already implement changes to employee healthcare benefits which will ultimately help drive down the amount of future City contributions. But these changes alone will not be sufficient to eliminate the need for additional annual appropriation in future budgets to adequately fund post-retirement healthcare benefits.
- In addition to post-retirement healthcare costs, due to significant decline in the value of pension investments managed by the California Public Employees Retirement System, required employer pension contribution rates have started to show more than normal increase. This increase in pension contribution rates will further stress City budgets.

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 Finance, 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, 2011

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 28,379,325	\$ 3,532,645	\$ 31,911,970
Cash and investments with fiscal agents	15,696,192	16,762,227	32,458,419
Receivables:			
Accounts, net	993,017	2,152,822	3,145,839
Interest	98,519	24,928	123,447
Loans	10,544,315	-	10,544,315
Due from other governments	1,649,561	-	1,649,561
Internal balances	-	14,195	14,195
Inventories	-	93,714	93,714
Prepays	55,643	-	55,643
Land held for resale	4,768,875	-	4,768,875
Deferred charges	1,713,078	954,572	2,667,650
Capital assets			
Land, improvements and construction in progress	113,254,449	5,219,182	118,473,631
Other capital assets, net of depreciation	59,512,686	55,361,359	114,874,045
Total assets	236,665,660	84,115,644	320,781,304
LIABILITIES			
Accounts payable	3,135,831	1,035,207	4,171,038
Accrued interest payable	1,684,315	502,194	2,186,509
Retentions payable	400,312	25,323	425,635
Unearned revenue	246,627	70,960	317,587
Internal balances	14,195	-	14,195
Deposits payable	8,682	186,826	195,508
Net OPEB obligation	274,617	-	274,617
Noncurrent liabilities:			
Due within one year	3,018,269	821,846	3,840,115
Due in more than one year	90,147,230	37,301,013	127,448,243
Total liabilities	98,930,078	39,943,369	138,873,447
NET ASSETS			
Invested in capital assets, net of related debt	172,727,910	39,526,833	212,254,743
Restricted for:			
Debt service	10,516,216	1,475,808	11,992,024
Public safety	41,629	-	41,629
Capital projects	3,429,397	2,886,429	6,315,826
Community development	25,795,188	-	25,795,188
Unrestricted	(74,774,758)	283,205	(74,491,553)
Total net assets	\$ 137,735,582	\$ 44,172,275	\$ 181,907,857

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

**City of Norco
Statement of Activities
For the Year Ended June 30, 2011**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Service</u>	<u>Operating Contributions and Grants</u>	<u>Capital Contributions and Grants</u>
Governmental activities:				
General government	\$ 3,589,601	\$ 1,086,315	\$ 81,633	\$ 148
Public safety	10,532,263	841,083	472,432	-
Streets and highways	6,745,445	827,845	1,410,221	1,506,649
Community and economic development	10,467,473	466,734	2,154,524	20,576
Culture and leisure	2,177,366	721,737	-	33
Interest on long-term debt	5,171,018	-	-	-
Total governmental activities	<u>38,683,166</u>	<u>3,943,714</u>	<u>4,118,810</u>	<u>1,527,406</u>
Business-type activities:				
Water	7,970,925	7,418,217	58,521	727,957
Sewer	5,227,807	4,141,300	54,923	4,562
Total business-type activities	<u>13,198,732</u>	<u>11,559,517</u>	<u>113,444</u>	<u>732,519</u>
Total primary government	<u>\$ 51,881,898</u>	<u>\$ 15,503,231</u>	<u>\$ 4,232,254</u>	<u>\$ 2,259,925</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
- Other taxes

Unrestricted investment earnings

Other

Transfers

Total general revenues and transfers

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**

Governmental Activities	Business-type Activities	Total
\$ (2,421,505)	\$ -	\$ (2,421,505)
(9,218,748)	-	(9,218,748)
(3,000,730)	-	(3,000,730)
(7,825,639)	-	(7,825,639)
(1,455,596)	-	(1,455,596)
(5,171,018)	-	(5,171,018)
<u>(29,093,236)</u>	<u>-</u>	<u>(29,093,236)</u>
-	233,770	233,770
<u>-</u>	<u>(1,027,022)</u>	<u>(1,027,022)</u>
-	(793,252)	(793,252)
<u>-</u>	<u>(793,252)</u>	<u>(793,252)</u>
1,206,532	-	1,206,532
14,424,830	-	14,424,830
190,226	-	190,226
1,017,267	-	1,017,267
3,105,215	-	3,105,215
909,634	-	909,634
1,960,284	-	1,960,284
274,355	-	274,355
2,457	-	2,457
372,886	42,738	415,624
808,732	-	808,732
257,203	(257,203)	-
<u>24,529,621</u>	<u>(214,465)</u>	<u>24,315,156</u>
(4,563,615)	(1,007,717)	(5,571,332)
<u>142,299,197</u>	<u>45,179,992</u>	<u>187,479,189</u>
<u>\$ 137,735,582</u>	<u>\$ 44,172,275</u>	<u>\$ 181,907,857</u>

FUND FINANCIAL STATEMENTS

**City of Norco
Balance Sheet
Governmental Funds
June 30, 2011**

	<u>General</u>	<u>Redevelopment Special Revenue</u>	<u>Redevelopment Debt Service</u>
ASSETS			
Cash and investments	\$ 2,477,887	\$ 3,918,794	\$ -
Cash and investments with fiscal agents	-	1,707,379	7,815,188
Receivables, net:			
Accounts	236,241	-	-
Interest	6,032	14,706	61,575
Loans	-	9,648,759	-
Prepaid	50,375	-	-
Due from other governments	701,474	54,882	-
Due from other funds	752,292	-	-
Advances to other funds	-	3,000,000	-
Land held for resale	-	3,369,583	-
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 4,224,301</u>	<u>\$ 21,714,103</u>	<u>\$ 7,876,763</u>
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued expenses	\$ 1,375,080	\$ 35,120	\$ -
Retentions payable	-	25,435	-
Deposits payable	-	-	-
Due to other funds	553,011	31	-
Advances from other funds	-	-	-
Deferred revenues	214,070	3,343	-
	<hr/>	<hr/>	<hr/>
Total liabilities	<u>2,142,161</u>	<u>63,929</u>	<u>-</u>
 Fund balances:			
Nonspendable	50,375	-	-
Restricted	-	21,650,174	7,876,763
Committed	2,031,765	-	-
Assigned	-	-	-
Unassigned	-	-	-
	<hr/>	<hr/>	<hr/>
Total fund balances	<u>2,082,140</u>	<u>21,650,174</u>	<u>7,876,763</u>
	<hr/>	<hr/>	<hr/>
Total liabilities and fund balances	<u>\$ 4,224,301</u>	<u>\$ 21,714,103</u>	<u>\$ 7,876,763</u>

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

<u>Redevelopment Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 6,003,969	\$ 11,334,408	\$ 23,735,058
6,173,625	-	15,696,192
7,128	749,648	993,017
4,070	8,546	94,929
387,482	508,074	10,544,315
-	3,750	54,125
11,979	881,226	1,649,561
66,719	274,579	1,093,590
-	-	3,000,000
1,399,292	-	4,768,875
<u>\$ 14,054,264</u>	<u>\$ 13,760,231</u>	<u>\$ 61,629,662</u>

\$ 581,757	\$ 929,973	\$ 2,921,930
32,708	342,169	400,312
2,282	6,400	8,682
870,495	237,259	1,660,796
3,000,000	-	3,000,000
-	29,214	246,627
<u>4,487,242</u>	<u>1,545,015</u>	<u>8,238,347</u>

-	3,750	54,125
9,567,022	3,752,844	42,846,803
-	678,872	2,710,637
-	7,804,806	7,804,806
-	(25,056)	(25,056)
<u>9,567,022</u>	<u>12,215,216</u>	<u>53,391,315</u>
<u>\$ 14,054,264</u>	<u>\$ 13,760,231</u>	<u>\$ 61,629,662</u>

City of Norco
Reconciliation of the Balance Sheet of
Governmental Funds to the Statement of Net Assets
June 30, 2011

Fund balances of governmental funds \$ 53,391,315

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. 171,157,003

Internal service funds are used by management to charge the costs of equipment usage, and certain employee benefits and City-wide insurance coverage. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net assets. 6,598,617

Bonds and leases payable	\$	(93,454,195)	
Less: Deferred charge for issuance costs		1,713,078	
Plus: Premium on issuance of debt		(228,561)	
Less: Deferred loss on refunding		2,313,868	
Less: Discount on issuance of debt		525,381	
Accrued interest payable		(1,684,315)	
Long-term compensated absences payable		(1,013,303)	
Long-term claims and judgments payable		<u>(1,308,689)</u>	(93,136,736)

The City is required to report a net Other Post Employment Benefits (OPEB) obligation in accordance with Governmental Accounting Standards Board (GASB) Statement No. 45. This is the amount by which the annual required contribution (ARC) exceeds the actual contribution made to the OPEB plan by the City. The City has contributed less than the ARC to the retiree medical plan and reports the OPEB obligation as a liability on the statement of net assets. (274,617)

Net assets of governmental activities \$ 137,735,582

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, 2011

	<u>General</u>	<u>Redevelopment Special Revenue</u>	<u>Redevelopment Debt Service</u>
REVENUES			
Taxes	\$ 8,880,991	\$ 2,825,686	\$ -
Assessments	-	-	-
Licenses and permits	347,242	-	-
Fines and forfeitures	331,897	-	-
Development fees	-	-	-
Intergovernmental	199,158	140,594	-
Charges for services	1,775,813	-	-
Investment earnings	116,306	30,852	209,454
Reimbursements	58,115	-	-
Other	615,930	69,178	3,686
	<u>12,325,452</u>	<u>3,066,310</u>	<u>213,140</u>
EXPENDITURES			
Current:			
General government	2,955,552	-	-
Public safety	9,387,336	-	-
Streets and highways	75,130	-	-
Community and economic development	381,593	989,265	-
Culture and leisure	1,821,427	-	-
Debt service:			
Principal	-	274,000	1,671,000
Interest	-	675,667	4,182,055
	<u>14,621,038</u>	<u>1,938,932</u>	<u>5,853,055</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,295,586)</u>	<u>1,127,378</u>	<u>(5,639,915)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	1,573,374	-	4,679,081
Transfers out	(578,011)	-	-
	<u>995,363</u>	<u>-</u>	<u>4,679,081</u>
Net change in fund balances	(1,300,223)	1,127,378	(960,834)
Fund balances, beginning of year	<u>3,382,363</u>	<u>20,522,796</u>	<u>8,837,597</u>
Fund balances, end of year	<u>\$ 2,082,140</u>	<u>\$ 21,650,174</u>	<u>\$ 7,876,763</u>

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

<u>Redevelopment Capital Projects</u>	<u>Total Non major Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 11,599,144	\$ 650,364	\$ 23,956,185
-	735,159	735,159
-	-	347,242
-	-	331,897
-	20,675	20,675
1,982,339	3,073,100	5,395,191
-	1,226	1,777,039
46,080	45,982	448,674
-	-	58,115
66,183	-	754,977
<u>13,693,746</u>	<u>4,526,506</u>	<u>33,825,154</u>
-	6,718	2,962,270
-	550,190	9,937,526
-	6,655,173	6,730,303
17,425,925	83,109	18,879,892
-	955,434	2,776,861
-	-	1,945,000
-	-	4,857,722
<u>17,425,925</u>	<u>8,250,624</u>	<u>48,089,574</u>
<u>(3,732,179)</u>	<u>(3,724,118)</u>	<u>(14,264,420)</u>
-	1,616,897	7,869,352
(6,800,050)	(816,379)	(8,194,440)
<u>(6,800,050)</u>	<u>800,518</u>	<u>(325,088)</u>
(10,532,229)	(2,923,600)	(14,589,508)
<u>20,099,251</u>	<u>15,138,816</u>	<u>67,980,823</u>
<u>\$ 9,567,022</u>	<u>\$ 12,215,216</u>	<u>\$ 53,391,315</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, 2011

Net change in fund balance - total governmental funds \$ (14,589,508)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Asset deletions also affect the amounts reported in the statement of activities.

Capital outlays	\$ 12,811,040	
Depreciation	(3,031,179)	
Asset deletions	<u>(989,245)</u>	8,790,616

Bond proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net assets, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of debt principal is an expenditure in the governmental funds, but reduces long-term liabilities in the statement of net assets.

Principal payments on debt	1,945,000
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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.

Decrease in OPEB asset	\$ (736,619)	
Decrease in accrued interest payable on bonds	(156,105)	
Amortization of deferred costs	(62,284)	
Amortization of deferred loss on refunding	(126,060)	
Amortization of bond discount	(47,454)	
Amortization of bond premium	<u>16,325</u>	(1,112,197)

Internal service funds are used by management to charge the costs of equipment usage, and certain employee benefits and City-wide insurance coverage to individual funds.

The net revenue of the internal service funds are reported with governmental activities.	<u>402,474</u>
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Change in net assets of governmental activities	<u><u>\$ (4,563,615)</u></u>
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The accompanying notes are an integral part of these financial statements.

City of Norco
Statement of Fund Net Assets
Proprietary Funds
June 30, 2011

	Business-type Activities - Enterprise Funds			Governmental
	Water Utility	Sewer Utility	Total	Activities - Internal Service Funds
ASSETS				
Current assets:				
Cash and investments	\$ 708,832	\$ 2,823,813	\$ 3,532,645	\$ 4,644,267
Cash and investments with fiscal agents	8,781,053	7,981,174	16,762,227	-
Receivables:				
Accounts, net	1,533,795	619,027	2,152,822	-
Interest	12,199	12,729	24,928	3,590
Prepays	-	-	-	1,518
Due from other funds	5,895	8,300	14,195	553,011
Inventories	93,714	-	93,714	-
Total current assets	<u>11,135,488</u>	<u>11,445,043</u>	<u>22,580,531</u>	<u>5,202,386</u>
Noncurrent assets:				
Deferred charges	347,655	606,917	954,572	-
Capital assets:				
Land	1,644,507	-	1,644,507	-
Buildings and improvements	986,376	69,175	1,055,551	-
Utility plant	9,411,877	2,374,577	11,786,454	-
Wastewater capacity rights	-	17,793,248	17,793,248	-
Pipelines	34,186,617	26,438,951	60,625,568	-
Vehicles and equipment	316,971	26,784	343,755	4,173,718
Construction in progress	1,399,365	2,175,310	3,574,675	-
Less accumulated amortization	-	(5,257,096)	(5,257,096)	-
Less accumulated depreciation	(20,468,815)	(10,517,306)	(30,986,121)	(2,719,615)
Intangible assets	-	-	-	429,245
Less accumulated amortization	-	-	-	(273,216)
Total noncurrent assets	<u>27,824,553</u>	<u>33,710,560</u>	<u>61,535,113</u>	<u>1,610,132</u>
Total assets	<u>38,960,041</u>	<u>45,155,603</u>	<u>84,115,644</u>	<u>6,812,518</u>

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

City of Norco
Statement of Fund Net Assets
Proprietary Funds
June 30, 2011

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Water Utility	Sewer Utility	Total	
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 630,228	\$ 404,979	\$ 1,035,207	\$ 213,901
Accrued interest payable	182,404	319,790	502,194	-
Retentions payable	12,506	12,817	25,323	-
Deposits payable	114,746	72,080	186,826	-
Compensated absences	-	-	-	253,327
Capital lease payable	-	120,913	120,913	9,191
Claims and judgements	-	-	-	737,652
Loan payable	80,933	-	80,933	-
Bonds payable	239,300	380,700	620,000	-
Total current liabilities	<u>1,260,117</u>	<u>1,311,279</u>	<u>2,571,396</u>	<u>1,214,071</u>
Noncurrent liabilities:				
Compensated absences	-	-	-	759,976
Deferred revenue	-	70,960	70,960	-
Capital lease payable	-	799,848	799,848	30,004
Claims and judgements	-	-	-	571,037
Loan payable	463,898	-	463,898	-
Bonds payable	13,023,168	23,014,099	36,037,267	-
Total noncurrent liabilities	<u>13,487,066</u>	<u>23,884,907</u>	<u>37,371,973</u>	<u>1,361,017</u>
Total liabilities	<u>14,747,183</u>	<u>25,196,186</u>	<u>39,943,369</u>	<u>2,575,088</u>
NET ASSETS				
Invested in capital assets, net of related debt	21,989,051	17,537,782	39,526,833	1,570,937
Restricted for capital projects	65,294	2,821,135	2,886,429	-
Restricted for debt service	523,323	952,485	1,475,808	-
Unrestricted	1,635,190	(1,351,985)	283,205	2,666,493
Total net assets	<u>\$ 24,212,858</u>	<u>\$ 19,959,417</u>	<u>\$ 44,172,275</u>	<u>\$ 4,237,430</u>

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, 2011

	Business-type Activities - Enterprise Funds			Governmental
	Water Utility	Sewer Utility	Total	Activities - Internal Service Funds
OPERATING REVENUES				
Sales and charges for services	\$ 7,307,221	\$ 4,060,251	\$ 11,367,472	\$ 1,330,178
Connection fees	36,964	5,904	42,868	-
Miscellaneous	76,431	81,049	157,480	351
Total operating revenues	<u>7,420,616</u>	<u>4,147,204</u>	<u>11,567,820</u>	<u>1,330,529</u>
OPERATING EXPENSES				
General and administrative	348,345	309,390	657,735	1,211,842
Operations	5,994,689	2,551,711	8,546,400	-
Amortization	-	425,009	425,009	38,052
Depreciation	849,721	598,352	1,448,073	297,295
Total operating expenses	<u>7,192,755</u>	<u>3,884,462</u>	<u>11,077,217</u>	<u>1,547,189</u>
Operating income (loss)	<u>227,861</u>	<u>262,742</u>	<u>490,603</u>	<u>(216,660)</u>
NONOPERATING REVENUES (EXPENSES)				
Investment earnings	68,280	79,599	147,879	18,638
Interest and fiscal charges	(772,198)	(1,332,920)	(2,105,118)	-
Amortization of deferred charges	(5,972)	(10,425)	(16,397)	-
Gain on disposal of assets	-	-	-	18,205
Total nonoperating revenues (expenses)	<u>(709,890)</u>	<u>(1,263,746)</u>	<u>(1,973,636)</u>	<u>36,843</u>
Income before contributions and transfers	<u>(482,029)</u>	<u>(1,001,004)</u>	<u>(1,483,033)</u>	<u>(179,817)</u>
Capital contributions	727,957	4,562	732,519	-
Transfers in	324,552	8,300	332,852	582,291
Transfers out	(130,885)	(459,170)	(590,055)	-
Change in net assets	439,595	(1,447,312)	(1,007,717)	402,474
Net assets, beginning of year	<u>23,773,263</u>	<u>21,406,729</u>	<u>45,179,992</u>	<u>3,834,956</u>
Net assets, end of year	<u>\$ 24,212,858</u>	<u>\$ 19,959,417</u>	<u>\$ 44,172,275</u>	<u>\$ 4,237,430</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, 2011

	Business-type Activities - Enterprise Funds			Governmental
	Water Utility	Sewer Utility	Total	Activities - Internal Service Funds
Cash flows from operating activities:				
Cash received from customers	\$ 7,099,005	\$ 4,148,639	\$ 11,247,644	\$ -
Cash received from interfund services provided	-	-	-	777,518
Cash payments to suppliers	(5,573,412)	(2,451,196)	(8,024,608)	(555,877)
Cash payments to employees for services	(953,756)	(562,487)	(1,516,243)	(602,351)
Net cash provided by (used for) operating activities	571,837	1,134,956	1,706,793	(380,710)
Cash flows from noncapital financing activities:				
Transfer from other funds	324,552	8,300	332,852	582,291
Transfer to other funds	(130,885)	(459,170)	(590,055)	-
Net cash provided by (used for) noncapital financing activities	193,667	(450,870)	(257,203)	582,291
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(1,320,416)	(1,761,537)	(3,081,953)	(47,495)
Capital contributions	727,957	4,562	732,519	-
Proceeds from disposal of capital assets	-	-	-	18,205
Principal payments - loans	(77,464)	-	(77,464)	-
Principal payments - capital lease	-	(117,618)	(117,618)	(1,445)
Principal payments - bonds	(207,061)	(340,107)	(547,168)	-
Interest and fiscal charges	(767,378)	(1,344,840)	(2,112,218)	-
Net cash (used for) capital and related financing activities	(1,644,362)	(3,559,540)	(5,203,902)	(30,735)
Cash flows from investing activities:				
Interest income	67,034	83,751	150,785	19,326
Net cash provided by investing activities	67,034	83,751	150,785	19,326
Net increase (decrease) in cash and investments	(811,824)	(2,791,703)	(3,603,527)	190,172
Cash and investments, beginning of year	10,301,709	13,596,690	23,898,399	4,454,095
Cash and investments, end of year	\$ 9,489,885	\$ 10,804,987	\$ 20,294,872	\$ 4,644,267

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, 2011**

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Water Utility	Sewer Utility	Total	
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ 227,861	\$ 262,742	\$ 490,603	\$ (216,660)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Amortization	-	425,009	425,009	38,052
Depreciation	849,721	598,352	1,448,073	297,295
(Increase) decrease in assets:				
Accounts receivable	(337,665)	9,735	(327,930)	(553,011)
Prepays	1,009	968	1,977	11,216
Due from other funds	2,324	(8,300)	(5,976)	-
Inventories	(2,666)	-	(2,666)	-
Construction in progress	40,470	-	40,470	-
Increase (decrease) in liabilities:				
Accounts payable	(64,571)	(130,614)	(195,185)	13,306
Accrued wages	(39,567)	(22,936)	(62,503)	158,512
Deposits	13,729	-	13,729	-
Retentions payable	(118,808)	-	(118,808)	-
Compensated absences	-	-	-	(306,241)
Claims and judgements	-	-	-	176,821
 Net cash provided by (used for) operating activities	 <u>\$ 571,837</u>	 <u>\$ 1,134,956</u>	 <u>\$ 1,706,793</u>	 <u>\$ (380,710)</u>

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

City of Norco
Statement of Fiduciary Assets and Liabilities
June 30, 2011

	<u>Agency Funds</u>
ASSETS	
Cash and investments	\$ 5,348,317
Cash and investments with fiscal agents	2,898,068
Receivables:	
Accounts	384,088
Interest	5,385
Due from other governments	180,942
Total assets	<u>\$ 8,816,800</u>
 LIABILITIES	
Accounts payable	\$ 668,690
Deposits payable	1,162,928
Due to others	199,774
Due to bond holders	6,785,408
Total liabilities	<u>\$ 8,816,800</u>

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, 2011

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, 2011

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, 2011

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

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

The government-wide statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary funds. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the cash flows. Accordingly, all of the City's assets and liabilities, including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying statement of net 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. Fiduciary fund financial statements have no measurement focus.

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, 2011

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 and to allocate costs of compensated absences and claims and judgments charges to the funds on a pro-rata basis.

The *Agency Funds* are used to account for the receipt of property tax 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. Agency Funds are not reported utilizing a specific measurement focus as the assets and liabilities of the Funds are not the property of the City.

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, 2011

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

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 designated as an unspendable component of fund balance.

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

City of Norco
Notes to the Basic Financial Statements
June 30, 2011

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.

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 cannot accrue more than two and one half times their regular annual entitlement. General and Safety employees cannot accrue more than two times their regular annual entitlement.

Sick leave is payable when an employee is unable to work because of illness. Upon termination, 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, 2011

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.

City of Norco
Notes to the Basic Financial Statements
June 30, 2011

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

Fund equity – Implementation of new pronouncement

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

Nonspendable – amounts that are not in a spendable form (such as inventory) or are required to be maintained intact.

Restricted – amounts constrained to specific purposes by their providers (such as grantors, bondholders and higher levels of government), through constitutional provisions or by enabling legislation.

Committed – amounts constrained to specific purposes by a government itself, using the highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.

Assigned – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

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

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

City of Norco
Notes to the Basic Financial Statements
June 30, 2011

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 Asset and Landscape Maintenance Districts #1, #2, #3, #4 and #5; the Capital Projects Funds for Community Facilities Districts 93-1, 2002-1 and 97-1; 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). 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 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.

b. Excess of expenditures over appropriations

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

Fund/Function	Expenditures	Appropriations	Excess
CRA Debt Service - Major fund	\$ 5,853,055	\$ 4,931,142	\$ (921,913)
CRA Capital Projects - Major fund	17,425,925	12,036,745	(5,389,180)
Non-major funds:			
Miscellaneous Grants Fund	92,387	85,790	(6,597)
NPDES	112,581	104,146	(8,435)
Air Quality Improvement	75,755	1,150	(74,605)
Justice Assistance Grant	10,849	10,140	(709)
Office of Traffic Safety	94,862	91,952	(2,910)
Supplemental Law Enforcement	113,193	100,000	(13,193)
Fire Improvement Fund	80,755	80,541	(214)

City of Norco
Notes to the Basic Financial Statements
June 30, 2011

III. DETAIL NOTES ON ALL FUNDS

Note 2: Cash and Investments

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	\$ 31,911,970
Cash and investments with fiscal agents	32,458,419
<i>Statement of Fiduciary Assets and Liabilities</i>	
Cash and investments	5,348,317
Cash and investments with fiscal agents	<u>2,898,068</u>
Total cash and investments	<u><u>\$ 72,616,774</u></u>

Cash and investments at June 30, 2011, consisted of the following:

Deposits with financial institutions and cash on hand	\$ 537,787
Investments	<u>72,078,987</u>
Total cash and investments	<u><u>\$ 72,616,774</u></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, 2011

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	\$ 36,142,598	\$ 36,142,598	\$ -	\$ -	\$ -
Certificates of deposit	579,902	579,902	-	-	-
Held by bond trustee:					
Money market funds	741,845	741,845	-	-	-
Investment contracts	3,243,016	-	-	734,450	2,508,566
Commercial paper	18,859,308	18,859,308	-	-	-
Federal agency securities	12,512,318	3,277,318	6,271,000	2,964,000	-
	<u>\$ 72,078,987</u>	<u>\$ 59,600,971</u>	<u>\$ 6,271,000</u>	<u>\$ 3,698,450</u>	<u>\$ 2,508,566</u>

City of Norco
Notes to the Basic Financial Statements
June 30, 2011

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	\$ 36,142,598	N/A	-	\$ 36,142,598
Certificates of deposit	579,902	N/A	-	579,902
Held by bond trustee:				
Money market funds	741,845	AAA/Aa	AAA	-
Investment contracts	3,243,016	N/A	-	3,243,016
Commercial paper	18,859,308	A	Aa2,AA	-
Federal agency securities	12,512,318	N/A	AAA,Aaa	-
	<u>\$ 72,078,987</u>			<u>\$ 39,965,516</u>

Concentration of credit risk

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

Issuer	Investment type	Reported amount
U.S. Bank N.A.	Commercial Paper	\$ 18,859,308
FHLB	Federal Agency Securities	5,990,000

City of Norco
Notes to the Basic Financial Statements
June 30, 2011

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, 2011, the City of Norco had no deposits with financial institutions in excess of federal depository insurance limits.

Investment in State Investment Pool

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

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

Note 3: Receivables

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, 2011

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, 2011, the loans amount to \$4,866,414.

Loans are available to qualifying low and very low-income residents through the Cal Homes program to assist with the cost of rehabilitating owner-occupied residences. Loans carry interest rates of either 0% (for eligible senior citizens) or 3% (for non senior citizens). Loans are due up to 30 years after origination or in the event the property is sold or refinanced. As of June 30, 2011, the total amount of loans disbursed under the program amounted to \$508,074.

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. The balance at June 30, 2011 is \$4,782,345.

Automobile dealer loans

In December of 2008, the Agency entered into a Loan Agreement with a local automobile dealership to provide a Line of Credit not to exceed \$500,000 from which the dealer could draw from in order to maintain its operations. The Loan is secured by Promissory Note executed by the owner. The loan is payable over seven years with interest at 5.15%. The balance outstanding at June 30, 2011 is \$341,672.

City of Norco
Notes to the Basic Financial Statements
June 30, 2011

Note 3: Receivables (continued)

As of June 30, 2011 the total loans receivable were as follows:

Deferred loans	\$ 4,866,414
Developer loans	4,782,345
Automobile dealer loans	341,672
Cal Grant loans	508,074
Other loans	45,810
Total loans receivable	\$ 10,544,315

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:

	General	Redevelopment		Nonmajor	Total
		Special revenue	Capital projects		
Assessments	\$ -	\$ 54,882	\$ 2,680	\$ 36,725	\$ 94,287
Property taxes	96,353	-	-	-	96,353
Sales tax	522,859	-	-	-	522,859
Grants and contributions - restricted	-	-	-	844,501	844,501
Other	82,262	-	9,299	-	91,561
Totals	\$ 701,474	\$ 54,882	\$ 11,979	\$ 881,226	\$ 1,649,561

City of Norco
Notes to the Basic Financial Statements
June 30, 2011

Note 4: Capital Assets

Capital assets activity for the year ended June 30, 2011 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 95,661,035	\$ 5,500,000	\$ -	\$ 101,161,035
Construction in progress	11,941,258	4,825,948	(4,673,792)	12,093,414
Total capital assets, not being depreciated	<u>107,602,293</u>	<u>10,325,948</u>	<u>(4,673,792)</u>	<u>113,254,449</u>
Capital assets, being depreciated:				
Buildings and improvements	14,088,703	1,473,043	(870,136)	14,691,610
Improvements other than buildings	386,867	3,338,639	-	3,725,506
Vehicles and equipment	4,987,308	712,112	(121,628)	5,577,792
Infrastructure	91,737,570	1,596,539	(80,369)	93,253,740
Intangible	429,245	-	-	429,245
Total capital assets, being depreciated	<u>111,629,693</u>	<u>7,120,333</u>	<u>(1,072,133)</u>	<u>117,677,893</u>
Less accumulated depreciation/amortization for:				
Buildings and improvements	(4,922,604)	(316,461)	615,328	(4,623,737)
Improvements other than buildings	(82,498)	(612,958)	-	(695,456)
Vehicles and equipment	(3,280,686)	(435,755)	121,625	(3,594,816)
Infrastructure	(47,021,665)	(1,963,299)	6,981	(48,977,983)
Intangible	(235,163)	(38,052)	-	(273,215)
Total accumulated depreciation/amortization	<u>(55,542,616)</u>	<u>(3,366,525)</u>	<u>743,934</u>	<u>(58,165,207)</u>
Total capital assets, being depreciated net	<u>56,087,077</u>	<u>3,753,808</u>	<u>(328,199)</u>	<u>59,512,686</u>
Governmental activities capital assets, net	<u>\$ 163,689,370</u>	<u>\$ 14,079,756</u>	<u>\$ (5,001,991)</u>	<u>\$ 172,767,135</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land and improvements	\$ 1,644,507	\$ -	\$ -	\$ 1,644,507
Construction in progress	2,322,036	3,022,784	(1,770,145)	3,574,675
Total capital assets, not being depreciated	<u>3,966,543</u>	<u>3,022,784</u>	<u>(1,770,145)</u>	<u>5,219,182</u>
Capital assets, being depreciated:				
Buildings and improvements	1,036,851	18,700	-	1,055,551
Utility plant	10,016,309	1,770,145	-	11,786,454
Wastewater capacity rights	17,793,248	-	-	17,793,248
Pipelines	60,625,568	-	-	60,625,568
Vehicles and equipment	343,755	-	-	343,755
Total capital assets, being depreciated	<u>89,815,731</u>	<u>1,788,845</u>	<u>-</u>	<u>91,604,576</u>
Less accumulated depreciation for:				
Buildings and improvements	(531,995)	(22,265)	-	(554,260)
Utility plant	(3,056,323)	(236,990)	-	(3,293,313)
Wastewater capacity rights	(4,852,704)	(404,392)	-	(5,257,096)
Pipelines	(25,693,992)	(1,165,358)	-	(26,859,350)
Vehicles and equipment	(255,738)	(23,460)	-	(279,198)
Total accumulated depreciation	<u>(34,390,752)</u>	<u>(1,852,465)</u>	<u>-</u>	<u>(36,243,217)</u>
Total capital assets, being depreciated net	<u>55,424,979</u>	<u>(63,620)</u>	<u>-</u>	<u>55,361,359</u>
Business-type activities capital assets, net	<u>\$ 59,391,522</u>	<u>\$ 2,959,164</u>	<u>\$ (1,770,145)</u>	<u>\$ 60,580,541</u>

City of Norco
Notes to the Basic Financial Statements
June 30, 2011

Note 4: Capital Assets (continued)

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

Governmental activities:	
General government	\$ 62,350
Public safety	225,201
Streets and highways	2,211,032
Community development	53,721
Culture and leisure	478,875
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	
Depreciation	297,294
Amortization	<u>38,052</u>
Total depreciation expense - governmental activities	<u>\$ 3,366,525</u>
Business-type activities:	
Water	\$ 849,721
Sewer - amortization	404,392
Sewer - depreciation	<u>598,352</u>
Total depreciation expense - business-type activities	<u>\$ 1,852,465</u>

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 Fire Employees) of their annual covered salary. The City makes the contributions required of the employees on their behalf and for their account except for all other fire employees. The City is required to contribute at an actuarially determined rate; the current rate 17.043% for non-safety employees and 13.772% 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, 2011

Note 5: Retirement Plan (continued)

Annual Pension Cost

For 2011, the City's annual pension cost of \$1,110,813 for PERS was equal to the City's required contributions. The required contribution was determined as part of the June 30, 2008, 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
06/30/09	\$ 951,108	100%	\$ -
06/30/10	\$ 941,763	100%	\$ -
06/30/11	\$ 1,110,813	100%	\$ -

Note 6: Long-Term Debt

Governmental activities

a. Capital leases

Equipment

During 2011, the City entered into a capital lease to finance the purchase of one copy machine. The present value of the future lease payments at the commencement of the lease was \$6,188. Lease payments of \$153 are due on a monthly basis commencing in January 2011. The equipment acquired with the lease has a net book value of \$5,569 at June 30, 2011.

In 2010, the City entered into a capital lease to finance the purchase of eight copy machines. The present value of the future lease payments at the commencement of the lease was \$42,805. Lease payments of \$928 are due on a monthly basis commencing in March 2010. The equipment acquired with the lease has a net book value of \$31,391 at June 30, 2011.

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

Fiscal Years Ending June 30,	Capital leases
2012	\$ 12,968
2013	12,968
2014	12,968
2015	8,646
Total minimum lease payments	47,550
Less: amount representing interest	(8,355)
Present value of minimum lease payments	\$ 39,195

City of Norco
Notes to the Basic Financial Statements
June 30, 2011

Note 6: Long-Term Debt (continued)

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. The bonds were advance refunded in April 2010 with proceeds from the 2010 Refunding Tax Allocation Bonds.

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. The bonds were advanced refunded in April 2010 with proceeds from the 2010 Refunding Tax Allocation Bonds.

City of Norco
Notes to the Basic Financial Statements
June 30, 2011

Note 6: Long-Term Debt (continued)

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.

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.

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

City of Norco
Notes to the Basic Financial Statements
June 30, 2011

Note 6: Long-Term Debt (continued)

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

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

The following schedule illustrates the annual debt service requirements to maturity for Bonds outstanding as of June 30, 2011:

Fiscal Years Ending June 30,	Tax Allocation Bonds	
	Principal	Interest
2012	\$ 2,150,000	\$ 5,052,942
2013	2,240,000	4,960,341
2014	2,335,000	4,860,474
2015	2,450,000	4,748,655
2016	2,570,000	4,629,773
2017-2021	14,900,000	21,100,590
2022-2026	19,110,000	16,894,539
2027-2031	24,730,000	11,268,655
2032-2036	22,930,000	3,555,825
Totals	<u>\$ 93,415,000</u>	<u>\$ 77,071,794</u>

City of Norco
Notes to the Basic Financial Statements
June 30, 2011

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 \$170,486,794 (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, 2011, totaled \$16,407,169 with the required debt service amount of \$6,802,722 for the following Bonds:

2001 Refunding tax allocation bonds
2005 Refunding tax allocation bonds
2010 Refunding tax allocation bonds

2001 Refunding tax allocation bonds (School District)
2004 Tax allocation refunding bonds (School District pass-through)
2009 Tax allocation bonds (School District pass-through)

c. *Accrued employee benefits and claims and judgments payable*

The City's policy relating to compensated absences and claims and judgments are described in Note 1. The short term portion of the compensated absences liability is reported in the statement of net assets and amount to \$253,326. The long-term portions are also recorded in the statement of net assets and amount to \$759,977.

The short term portion of the claims and judgments liability is recorded in the statement of net assets and amount to \$737,652. The long-term portion of \$571,037 is also recorded on the statement of net assets, governmental activities.

City of Norco
Notes to the Basic Financial Statements
June 30, 2011

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. During 2009, proceeds from the 2009 Refunding Revenue Bonds were used to retire \$12,209,120 of the outstanding lease. The following is a schedule by years of future payments to be made by the City:

<u>Fiscal Years Ending June 30,</u>	<u>Wastewater facility lease</u>
2012	\$ 146,694
2013	146,694
2014	146,694
2015	146,694
2016	146,694
2017-2018	<u>293,383</u>
Total minimum lease payments	1,026,853
Less: amount representing interest	<u>(106,092)</u>
Present value of minimum lease payments	<u><u>\$ 920,761</u></u>

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	<u>(5,257,096)</u>
Total:	<u><u>\$ 12,536,152</u></u>

City of Norco
Notes to the Basic Financial Statements
June 30, 2011

Note 6: Long-Term Debt (continued)

b. Economic Development Administration Loan

During fiscal year 1978-79, the City received a loan from the Economic Development Administration (EDA) to fund improvements to the City water system. The loan bears interest at a rate of 5% and was made in the original amount of \$1,632,000. The principal due on this loan is recorded in the Water Enterprise Fund and as of June 30, 2011 the balance due was \$544,831. Debt service requirements on this loan are as follows:

Fiscal Years Ending June 30,	Principal	Interest
2012	\$ 80,933	\$ 24,815
2013	84,575	21,173
2014	88,399	17,349
2015	92,415	13,333
2016	96,631	9,116
2017-2018	101,878	4,689
Totals	\$ 544,831	\$ 90,475

c. Revenue bonds

During March 2009, the City issued \$39,000,000 Enterprise Revenue Refunding Bonds, issue 2009, to advance refund \$7,395,000 of outstanding 1998 Refunding Certificates of Participation (Sewer and Water System Refunding Certificates) and \$12,209,120 of outstanding 1996 Variable Rate Revenue Bonds (Western Riverside County Regional Wastewater Treatment System Lease). In addition, proceeds will be used to finance water and sewer system improvements within the City. The bonds are dated March 18, 2009 with interest paid at a rate from 3.00% to 5.00% payable semiannually on April 1 and October 1, commencing on October 1, 2009.

City of Norco
Notes to the Basic Financial Statements
June 30, 2011

Note 6: Long-Term Debt (continued)

The advance refunding of the Certificates resulted in an increase in debt service payments over the following 20 years of \$646,175 and an economic loss of \$45,449. The advance refunding of the Variable Rate Bonds resulted in an increase in debt service payments over the following 30 years of \$5,712,324 and an economic gain of \$250,427. The bonds are shown in the Water and Sewer Funds and the debt service requirements are as follows:

<u>Fiscal Years</u> <u>Ending June 30,</u>	<u>2009 Revenue Refunding Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2012	\$ 620,000	\$ 1,996,373
2013	645,000	1,971,073
2014	670,000	1,944,773
2015	700,000	1,917,373
2016	725,000	1,888,873
2017-2021	4,145,000	8,898,969
2022-2026	5,290,000	7,719,935
2027-2031	6,850,000	6,103,755
2032-2036	8,990,000	3,904,595
3037-2040	<u>9,190,000</u>	<u>1,069,032</u>
Totals	<u>\$ 37,825,000</u>	<u>\$ 37,414,751</u>

City of Norco
Notes to the Basic Financial Statements
June 30, 2011

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, 2011:

Changes in long-term liabilities

	Beginning Balance	Additions	Deletions	Ending Balance	Due within one year
Governmental activities:					
<i>Capital leases:</i>					
Copiers	\$ 40,639	\$ 6,188	\$ 7,632	\$ 39,195	\$ 9,191
Total capital leases	<u>40,639</u>	<u>6,188</u>	<u>7,632</u>	<u>39,195</u>	<u>9,191</u>
<i>Bonds payable:</i>					
2001 Refunding tax allocation bonds	28,065,000	-	1,305,000	26,760,000	1,365,000
2001 Refunding tax allocation bonds (school district)	4,120,000	-	120,000	4,000,000	125,000
2004 Tax allocation refunding bonds (School district pass-through)	9,940,000	-	255,000	9,685,000	260,000
2005 Refunding tax allocation bonds	16,805,000	-	65,000	16,740,000	65,000
2009 Tax allocation bonds (School district pass-through)	11,930,000	-	200,000	11,730,000	215,000
2010 Refunding tax allocation bonds	24,500,000	-	-	24,500,000	120,000
Subtotal bonds payable	<u>95,360,000</u>	<u>-</u>	<u>1,945,000</u>	<u>93,415,000</u>	<u>2,150,000</u>
Plus/(less) deferred amounts:					
For deferred loss on refunding	(2,439,928)	-	(126,060)	(2,313,868)	(126,060)
For issuance premium	244,886	-	16,325	228,561	16,325
For issuance discount	(547,546)	-	(22,165)	(525,381)	(22,165)
Total bonds payable	<u>92,617,412</u>	<u>-</u>	<u>1,813,100</u>	<u>90,804,312</u>	<u>2,018,100</u>
Claims and judgments	1,131,869	380,786	203,966	1,308,689	737,652
Compensated absences	1,319,544	459,722	765,963	1,013,303	253,326
Governmental activity long-term liabilities	<u>\$ 95,109,464</u>	<u>\$ 846,696</u>	<u>\$ 2,790,661</u>	<u>\$ 93,165,499</u>	<u>\$ 3,018,269</u>

City of Norco
Notes to the Basic Financial Statements
June 30, 2011

Note 6: Long-Term Debt (continued)

	Beginning Balance	Additions	Deletions	Ending Balance	Due within one year
Business-type activities:					
<i>Capital leases:</i>					
Wastewater facility	\$ 1,038,379	\$ -	\$ 117,618	\$ 920,761	\$ 120,913
<i>Bonds:</i>					
2009 Revenue bonds	38,430,000	-	605,000	37,825,000	620,000
<i>(Less) deferred amounts:</i>					
For deferred loss on issuance	(754,828)	-	(41,435)	(713,393)	-
For issuance discount	(470,737)	-	(16,397)	(454,340)	-
Total bonds	37,204,435	-	547,168	36,657,267	620,000
<i>Loan payable:</i>					
US Economic Development Administration	622,295	-	77,464	544,831	80,933
Business-type activity long-term liabilities	<u>\$ 38,865,109</u>	<u>\$ -</u>	<u>\$ 742,250</u>	<u>\$ 38,122,859</u>	<u>\$ 821,846</u>

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

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, 2011, 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, 1996 Refunding Tax Allocation Bonds of \$16,535,000, the 1998 Certificates of Participation of \$9,410,000, the 2000 Tax Allocation Bonds of \$2,425,000 and the 2003 Tax Allocation Bonds of \$21,500,000 are considered defeased.

City of Norco
Notes to the Basic Financial Statements
June 30, 2011

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

Note 9: Interfund Receivables, Payables and Transfers

The composition of interfund balances at June 30, 2011, is as follows:

Due to/from other funds

Receivable Fund	Payable fund	Amount
General Fund	Redevelopment Capital Projects	\$ 553,136
	Nonmajor Funds	199,156
Internal Service Funds	General Fund	553,011
Nonmajor Funds	Redevelopment Capital Projects	250,640
	Redevelopment Special Revenue	31
	Nonmajor Funds	23,908
Redevelopment Capital Projects	Redevelopment Capital Projects	66,719
Proprietary Funds	Nonmajor Funds	14,195
		<u>\$ 1,660,796</u>

City of Norco
Notes to the Basic Financial Statements
June 30, 2011

Note 9: Interfund Receivables, Payables and Transfers (continued)

Interfund transfers

Fund receiving transfers	Fund making transfers	Amount
General Fund	Redevelopment Capital Projects	\$ 553,011 (4)
	Sewer Utility	134,618 (1)
	Water Utility	130,885 (1)
	Nonmajor funds	754,860 (1)
		1,573,374
Redevelopment Debt Service	Redevelopment Capital Projects	4,679,081 (2)
Nonmajor funds	General Fund	25,000 (1)
	Redevelopment Capital Projects	1,567,958 (3)
	Nonmajor funds	23,939 (1)
		1,616,897
Total governmental funds		7,869,352
Water Utility	Sewer Utility	324,552 (3)
Sewer Utility	Nonmajor funds	8,300
Internal Service Funds	General Fund	553,011 (4)
	Nonmajor funds	29,280 (1)
		582,291 (1)
	Total transfers in	\$ 8,784,495

- (1) Transfers made to reimburse expenditures/expenses.
- (2) Transfers made to pay debt service.
- (3) Transfers made for capital project financing.
- (4) Transfers made for excess pass-through payments.

Note 10: Advances

Advances at June 30, 2011 consist of the following:

Advances to	Advances from	Amount
<i>Redevelopment Capital Projects</i>	Redevelopment Special Revenue	\$ 3,000,000

The advance from the Low and Moderate Housing Fund to the Capital Projects Fund was to fund the required Supplemental Educational Revenue Augmentation Fund property tax shift required by the State of California (see note 15).

City of Norco
Notes to the Basic Financial Statements
June 30, 2011

Note 11: Fund Equity

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

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

	<u>General</u>	<u>Redevelopment Special Revenue</u>	<u>Redevelopment Debt Service</u>	<u>Redevelopment Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Nonspendable	\$ 50,375	\$ -	\$ -	\$ -	\$ 3,750	\$ 54,125
Restricted for:						
Loans & advances	-	12,648,759	-	387,482	-	13,036,241
Land held for resale	-	3,369,583	-	1,399,292	-	4,768,875
Low-Mod Housing	-	5,631,832	-	7,780,248	-	13,412,080
Grantors	-	-	-	-	3,752,844	3,752,844
Debt service	-	-	7,876,763	-	-	7,876,763
Committed to:						
Emergencies	2,031,765	-	-	-	678,872	2,710,637
Assigned to:						
Fund purpose	-	-	-	-	7,804,806	7,804,806
Unassigned	-	-	-	-	(25,056)	(25,056)
Total fund balances	<u>\$ 2,082,140</u>	<u>\$ 21,650,174</u>	<u>\$ 7,876,763</u>	<u>\$ 9,567,022</u>	<u>\$ 12,215,216</u>	<u>\$ 53,391,315</u>

Note 12: 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, 2011, 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>
Community Facilities District			
97-1 Norco Hills refunding	\$ 6,610,000	\$ 3,626,287	\$ 10,236,287
Community Facilities District			
2001-1 Norco Ridge refunding	36,560,000	26,022,127	62,582,127
Community Facilities District			
2002-1 Norco 50	1,470,000	1,750,603	3,220,603
2004 Special Tax Refunding			
Community Facilities District 93-1	<u>1,405,000</u>	<u>410,140</u>	<u>1,815,140</u>
Totals	<u>\$ 46,045,000</u>	<u>\$ 31,809,157</u>	<u>\$ 77,854,157</u>

City of Norco
Notes to the Basic Financial Statements
June 30, 2011

Note 12: Assessment Bonds (continued)

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

Note 13: 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 \$50,000,000 are covered by excess insurance purchased through the pool. For workers' compensation, the self-insurance retention is \$250,000 per claim, with a maximum limit of \$5,000,000.

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

Claims, expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. At June 30, 2011, the amount of these liabilities was \$1,308,689. The amount represents an estimate of \$836,970 for reported claims through June 30, 2011 and \$471,719 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, 2009 resulted from the following:

<u>Year</u>	<u>Liability at beginning</u>	<u>Current year claims and changes in estimates</u>	<u>Claim payments</u>	<u>Liability at end</u>
2009	\$ 888,036	\$ 271,742	\$ 271,742	\$ 888,036
2010	888,036	658,905	415,072	1,131,869
2011	1,131,869	380,786	203,966	1,308,689

There was no significant reduction in insurance coverage by major categories of risk from fiscal 2010 to 2011. Furthermore, there was no settlement which exceeded the insurance coverage for the fiscal years 2008/09, 2009/10 and 2010/11.

City of Norco
Notes to the Basic Financial Statements
June 30, 2011

Note 14: Other Post-Employment Benefits

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

Plan Description

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

Funding Policy

These health insurance benefits are authorized through city resolutions/Memorandums of Understanding defining health care benefits and contribution levels and through the contractual agreement between the City and CalPERS. The City finances the plan on a pay-as-you-go basis and currently contributes 100% of the required premium costs of active and retired employees. There were 53 retired eligible employees.

Annual OPEB Cost

For fiscal year 2011, the City's OPEB cost of \$1,744,065 exceed the annual required contribution (ARC) by a net amount of \$442,065. The City current year contribution was \$1,007,444, which reduced the net OPEB asset from prior years and created a liability of \$274,617. The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation measured in thousands for 2011 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost (in thousands)	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (in thousands)
6/30/2009	\$ 1,430	163.4%	\$ (907)
6/30/2010	1,401	68.2%	\$ (462)
6/30/2011	1,744	57.8%	\$ 274

	June 30, 2011
Annual required contribution	\$ 1,302,000
Interest on net OPEB obligation	248
Adjustment to annual required contribution	441,817
Annual OPEB cost	1,744,065
Contributions made	(1,007,444)
Increase in net OPEB obligation	736,619
Net OPEB asset - beginning of year	(462,002)
Net OPEB obligation - end of year	<u>\$ 274,617</u>

City of Norco
Notes to the Basic Financial Statements
June 30, 2011

Note 14: Other Post-Employment Benefits (continued)

Funded Status and Funding Progress

The funded status of the plan as of the January 1, 2010 actuarial valuation was as follows:

	(in thousands)
Actuarial accrued liability (AAL)	
Actives	\$ 6,773
Retirees	8,146
Actuarial Value of Assets at June 30, 2011	(3,835)
Unfunded actuarial accrued liability	\$ 11,084
Covered payroll (active plan members)	\$ 6,166
UAAL as a percentage of covered payroll	179.76%
Present Value of Future Benefits	
Actives	\$ 11,025
Retirees	8,146
Total	\$ 19,171
Normal Cost	\$ 538
Normal Cost as a percent of payroll	8.73%

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

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents information as of June 30, 2011 about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for the benefits.

City of Norco
Notes to the Basic Financial Statements
June 30, 2011

Note 14: Other Post-Employment Benefits (continued)

Actuarial Methods and Assumptions

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

In the January 1, 2010 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumption included a 7.75 percent investment rate of return (net of administrative expenses), which is the assumed rate of expected long-term investment returns on plan assets. Calculation was based on the funded level of the plan at the valuation date and an annual healthcare cost trend rate of actual premiums, reduced by increment of 0.6% - 0.8% per year to an ultimate rate of 4.5% after the eight year. The unfunded actuarial accrued liability (UAAL) is being amortized as a level percentage of projected payroll over 30 years. It is assumed the City's payroll will increase 3.25% per year.

Required Supplementary Information

Valuation Date:	January 1, 2010
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method	Market Value
Annual Required Contribution	
As a Percent of Payroll	22.5%
Amortization Method:	Percentage of projected payroll
Amortization Period:	30 years, open

Schedule of Funding Progress in thousands (using 7.75% annual return assumption)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL(UAAL) (b-a)	Funded Ratio (a/b)
1/1/2008	\$ 2,278	\$ 13,372	\$ 11,094	17.04%
1/1/2010	2,207	14,919	12,712	14.79%
1/1/2010	3,835 *	14,919	11,084	25.71%

*Based on actual value of assets on deposit with Trustee as of June 30, 2011.

City of Norco
Notes to the Basic Financial Statements
June 30, 2011

Note 15: Supplemental Educational Revenue Augmentation Fund

On July 24, 2009, the State Legislature passed Assembly Bill (AB)X4-26, which requires redevelopment agencies statewide to deposit a total of \$2.05 billion of property tax increment in county "Supplemental" Educational Revenue Augmentation Funds (SERAF) to be distributed to meet the State's Proposition 98 obligations to schools. The SERAF revenue shift of \$2.05 billion will be made over two years, \$1.7 billion in fiscal year 2009-2010 and \$350 million in fiscal year 2010-2011. The SERAF would then be paid to school districts and the county offices of education which have students residing in redevelopment project areas, or residing in affordable housing projects financially assisted by a redevelopment agency, thereby relieving the State of payments to those schools. The Agency's share of this revenue shift was \$4,904,827 for fiscal year 2009-2010 and \$1,003,457 for fiscal year 2010-2011. Payments are to be made by May 10 of each respective fiscal year. In response to ABX4-26, the Agency funded the SERAF payment due in May 2010 with the Low/Mod Housing Fund.

The California Redevelopment Association (CRA) is the lead petitioner on a lawsuit to invalidate ABX4-26, similar to last year's successful lawsuit challenging the constitutionality of AB 1389. CRA filed the lawsuit on October 20, 2009. The lawsuit asserted that the transfer of property tax increment to the SERAF is not permitted under Article XVI, Section 16 of the California Constitution. The complaint also asserted impairment of contract and gift of public funds arguments. While the State made adjustments in ABX4-26 to address the constitutional issues raised by the Superior Court over last year's lawsuit challenging AB 1389, the Agency, along with the CRA and other California redevelopment agencies, believe that the SERAF remains unconstitutional. In May 2010, the Superior Court upheld the legality of ABX4-26. In August 2010, the CRA filed an appeal with the Third District Court.

City of Norco
Notes to the Basic Financial Statements
June 30, 2011

Note 16: Recent changes in legislation affecting California redevelopment agencies

On June 29, 2011, the Governor of the State of California signed Assembly Bills X1 26 and 27 as part of the State's budget package. Assembly Bill X1 26 requires each California redevelopment agency to suspend (effective July 1, 2011) nearly all activities except to implement existing contracts, meet already-incurred obligations, preserve its assets and prepare for the impending dissolution of the agency. Assembly Bill X1 27 provides a means for redevelopment agencies to continue to exist and operate by means of a Voluntary Alternative Redevelopment Program by adopting an ordinance agreeing to make certain payments to the County Auditor Controller in fiscal year 2011-12 and annual payments each fiscal year thereafter.

The League of California Cities and the California Redevelopment Association (CRA) filed a lawsuit on July 18, 2011 on behalf of cities, counties and redevelopment agencies petitioning the California Supreme Court to overturn Assembly Bills X1 26 and 27 on the grounds that they violate the California Constitution. On August 11, 2011, the California Supreme Court issued a stay of all of Assembly Bill X1 27 and most of Assembly Bill X1 26. The California Supreme Court stated in its order that "the briefing schedule is designed to facilitate oral argument as early as possible in 2011, and a decision before January 15, 2012."

Because the stay provided by Assembly Bill X1 26 only affects enforcement, each agency must adopt an Enforceable Obligation Payment Schedule prior to September 30, as required by the statute. Enforceable obligations include bonds, loans, and payments required by the federal or State government; legally enforceable payments required in connection with agency employees such as pension payments and unemployment payments, judgments or settlements; legally binding and enforceable agreements or contracts; and contracts or agreements necessary for the continued administration or operation of the agency that are permitted for purposes set forth in ABX1 26.

On August 17, 2011, Agency Ordinance No. 936 was adopted, indicating that the Agency will comply with the Voluntary Alternative Redevelopment Program in order to permit the continued existence and operation of the agency, in the event Assembly Bills X1 26 and/or 27 are upheld as constitutional. The initial payment by the agency is estimated to be \$3.2 million with one half due on January 15, 2012 and the other half due May 15, 2012. Thereafter, an estimated \$0.8 million will be due annually. The semi-annual payments will be due on January 15 and May 15 of each year and would increase or decrease with changes in tax increment. Additionally, an increased amount would be due to schools if any new debt is incurred. Assembly Bill X1 27 allows a one-year reprieve on the agency's obligation to contribute 20% of tax increment to the low-and-moderate-income housing fund so as to permit the Agency to assemble sufficient funds to make its initial payments.

Management believes that the Agency will have sufficient funds to pay its obligations as they become due during the fiscal year ending June 30, 2012. The nature and extent of the operation of redevelopment agencies in the State of California beyond that fiscal year are dependent upon the outcome of litigation surrounding the actions of the state.

REQUIRED SUPPLEMENTARY INFORMATION

Required Supplementary Information
City of Norco
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 6,518,460	\$ 8,630,589	\$ 8,880,991	\$ 250,402
Licenses and permits	222,742	222,742	347,242	124,500
Fines and forfeitures	443,520	568,520	331,897	(236,623)
Intergovernmental	2,106,460	155,704	199,158	43,454
Charges for services	2,143,767	1,621,451	1,775,813	154,362
Investment earnings	115,334	115,334	116,306	972
Reimbursements	-	57,000	58,115	1,115
Other	562,216	562,216	615,930	53,714
	<u>12,112,499</u>	<u>11,933,556</u>	<u>12,325,452</u>	<u>391,896</u>
EXPENDITURES				
Current:				
General government	2,896,091	2,930,357	2,955,552	(25,195)
Public safety	9,919,523	9,612,856	9,387,336	225,520
Streets and highways	97,081	97,081	75,130	21,951
Community and economic development	402,392	402,392	381,593	20,799
Culture and leisure	1,970,268	1,917,313	1,821,427	95,886
	<u>15,285,355</u>	<u>14,959,999</u>	<u>14,621,038</u>	<u>338,961</u>
Excess (deficiency) of revenues over expenditures	<u>(3,172,856)</u>	<u>(3,026,443)</u>	<u>(2,295,586)</u>	<u>730,857</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,000,092	1,000,092	1,573,374	573,282
Transfers out	<u>(25,000)</u>	<u>(25,000)</u>	<u>(578,011)</u>	<u>(553,011)</u>
Total other financing sources (uses)	<u>975,092</u>	<u>975,092</u>	<u>995,363</u>	<u>20,271</u>
Net change in fund balance	(2,197,764)	(2,051,351)	(1,300,223)	751,128
Fund balance, beginning of year	<u>3,382,363</u>	<u>3,382,363</u>	<u>3,382,363</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,184,599</u>	<u>\$ 1,331,012</u>	<u>\$ 2,082,140</u>	<u>\$ 751,128</u>

Required Supplementary Information
City of Norco
Budgetary Comparison Schedule - Redevelopment Special Revenue Fund
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 2,754,571	\$ 2,754,571	\$ 2,825,686	\$ 71,115
Investment earnings	20,000	20,000	30,852	10,852
Intergovernmental	700,000	760,000	140,594	(619,406)
Other	72,000	72,000	69,178	(2,822)
Total revenues	<u>3,546,571</u>	<u>3,606,571</u>	<u>3,066,310</u>	<u>(540,261)</u>
EXPENDITURES				
Current:				
Community and economic development	1,897,759	1,586,225	989,265	596,960
Debt Service:				
Principal	274,000	274,000	274,000	-
Interest	445,189	445,189	675,667	(230,478)
Total expenditures	<u>2,616,948</u>	<u>2,305,414</u>	<u>1,938,932</u>	<u>366,482</u>
Excess (deficiency) of revenues over (under) expenditures	<u>929,623</u>	<u>1,301,157</u>	<u>1,127,378</u>	<u>(173,779)</u>
Net change in fund balance	929,623	1,301,157	1,127,378	(173,779)
Fund balance, beginning of year	<u>20,522,796</u>	<u>20,522,796</u>	<u>20,522,796</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 21,452,419</u></u>	<u><u>\$ 21,823,953</u></u>	<u><u>\$ 21,650,174</u></u>	<u><u>\$ (173,779)</u></u>

**Required Supplementary Information
City of Norco
Schedule of Funding Progress
Other Post-Employment Benefits
For the Year Ended June 30, 2011**

Retiree Health Plan						
Valuation Date	Normal Accrued Liability (in thousands)	Actuarial Value of Assets (in thousands)	Unfunded (Overfunded) Liability (in thousands)	Funded Ratio	Annual Covered Payroll (in thousands)	UAAL as a % of Payroll
1/1/2008	\$ 13,372	\$ 2,278	\$ 11,094	17.04%	\$ 6,279	176.68%
1/1/2010	14,919	2,207	12,712	14.79%	5,784	219.78%
1/1/2010	14,919	3,835	11,084	25.71%	6,166	179.76%

City of Norco
Notes to Required Supplementary Information
For the Year Ended June 30, 2011

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

Note 1: Excess of expenditures over appropriations

Fund/Function	Expenditures	Appropriations	Excess
General Fund/General government	\$ 2,955,552	\$ 2,930,357	\$ (25,195)

**INDIVIDUAL FUND SCHEDULES AND
COMBINING 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, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Investment earnings	\$ 39,700	\$ 39,700	\$ 209,454	\$ 169,754
Other	-	-	3,686	3,686
Intergovernmental	2,054,386	-	-	-
Total revenues	<u>2,094,086</u>	<u>39,700</u>	<u>213,140</u>	<u>173,440</u>
EXPENDITURES				
Debt service:				
Principal	1,671,000	1,671,000	1,671,000	-
Interest	3,260,142	3,260,142	4,182,055	(921,913)
Total expenditures	<u>4,931,142</u>	<u>4,931,142</u>	<u>5,853,055</u>	<u>(921,913)</u>
Excess (deficiency) of revenues over expenditures	<u>(2,837,056)</u>	<u>(4,891,442)</u>	<u>(5,639,915)</u>	<u>(748,473)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	4,931,141	4,931,141	4,679,081	(252,060)
Total other financing sources (uses)	<u>4,931,141</u>	<u>4,931,141</u>	<u>4,679,081</u>	<u>(252,060)</u>
Net change in fund balance	2,094,085	39,699	(960,834)	(1,000,533)
Fund balance, beginning of year	<u>8,837,597</u>	<u>8,837,597</u>	<u>8,837,597</u>	<u>-</u>
Fund balance, end of year	<u>\$ 10,931,682</u>	<u>\$ 8,877,296</u>	<u>\$ 7,876,763</u>	<u>\$ (1,000,533)</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, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 11,258,740	\$ 11,490,456	\$ 11,599,144	\$ 108,688
Intergovernmental	-	2,054,386	1,982,339	(72,047)
Investment earnings	101,083	156,083	46,080	(110,003)
Other	72,000	134,278	66,183	(68,095)
Total revenues	11,431,823	13,835,203	13,693,746	(141,457)
EXPENDITURES				
Current:				
Community and economic development	11,825,036	12,036,745	17,425,925	(5,389,180)
Total expenditures	11,825,036	12,036,745	17,425,925	(5,389,180)
Excess (deficiency) of revenues over (under) expenditures	(393,213)	1,798,458	(3,732,179)	(5,530,637)
OTHER FINANCING SOURCES (USES)				
Transfers out	(11,877,841)	(11,486,181)	(6,800,050)	4,686,131
Total other financing sources (uses)	(11,877,841)	(11,486,181)	(6,800,050)	4,686,131
Net change in fund balance	(12,271,054)	(9,687,723)	(10,532,229)	(844,506)
Fund balance, beginning of year	20,099,251	20,099,251	20,099,251	-
Fund balance, end of year	\$ 7,828,197	\$ 10,411,528	\$ 9,567,022	\$ (844,506)

**COMBINING NONMAJOR
GOVERNMENTAL 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.

Cal Home Grant Fund – to account for home rehabilitation programs that are designed to assist senior citizens and those of low and very-low income make necessary repairs and general property improvements.

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.

Justice Assistance 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.

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

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

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

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

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.

**City of Norco
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2011**

	Special Revenue Funds		
	Cal Home Grant Fund	Miscellaneous Grant Fund	Community Development Block Grant
ASSETS			
Cash and investments	\$ -	\$ -	\$ -
Receivables, net:			
Accounts	-	-	-
Interest	-	-	-
Loans	508,074	-	-
Prepaid expenses	-	-	-
Due from other governments	60,234	159,110	7,806
Due from other funds	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 568,308</u>	<u>\$ 159,110</u>	<u>\$ 7,806</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued expenses	\$ -	\$ 1,175	\$ -
Retentions payable	17,521	-	7,806
Due to other funds	42,713	128,721	-
Deposits payable	-	-	-
Deferred revenues	-	29,214	-
	<u>-</u>	<u>29,214</u>	<u>-</u>
Total liabilities	<u>60,234</u>	<u>159,110</u>	<u>7,806</u>
Fund balances:			
Nonspendable	-	-	-
Restricted	508,074	-	-
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>508,074</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 568,308</u>	<u>\$ 159,110</u>	<u>\$ 7,806</u>

Special Revenue Funds					
Gas Tax	Measure A	NPDES	Air Quality Improvement Trust	Justice Assistance Grant	Supplemental Law Enforcement Block Grant
\$ 247,287	\$ 2,738,989	\$ 16,424	\$ 9,799	\$ 10,198	\$ -
-	-	-	-	-	-
147	2,123	-	42	-	-
-	-	-	-	-	-
-	-	-	-	-	-
84,003	149,321	28,342	6,306	-	25,228
23,938	-	-	-	-	-
<u>\$ 355,375</u>	<u>\$ 2,890,433</u>	<u>\$ 44,766</u>	<u>\$ 16,147</u>	<u>\$ 10,198</u>	<u>\$ 25,228</u>
\$ 20,110	\$ 8,704	\$ 3,137	\$ -	\$ 10,198	\$ -
-	30,000	-	-	-	-
-	-	-	-	-	25,228
-	-	-	-	-	-
-	-	-	-	-	-
<u>20,110</u>	<u>38,704</u>	<u>3,137</u>	<u>-</u>	<u>10,198</u>	<u>25,228</u>
-	-	-	-	-	-
335,265	2,851,729	41,629	16,147	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>335,265</u>	<u>2,851,729</u>	<u>41,629</u>	<u>16,147</u>	<u>-</u>	<u>-</u>
<u>\$ 355,375</u>	<u>\$ 2,890,433</u>	<u>\$ 44,766</u>	<u>\$ 16,147</u>	<u>\$ 10,198</u>	<u>\$ 25,228</u>

**City of Norco
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2011**

	Special Revenue Funds		
	Office of Traffic Safety	Landscape Maintenance District #1	Landscape Maintenance District #2
ASSETS			
Cash and investments	\$ -	\$ 23,059	\$ -
Receivables, net:			
Accounts	-	-	-
Interest	-	17	(29)
Loans	-	-	-
Prepaid expenses	-	-	-
Due from other governments	29,101	63	15,504
Due from other funds	-	-	-
 Total assets	 <u>\$ 29,101</u>	 <u>\$ 23,139</u>	 <u>\$ 15,475</u>
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued expenses	\$ 27,984	\$ 972	\$ 6,791
Retentions payable	-	-	-
Due to other funds	1,117	-	33,740
Deposits payable	-	-	-
Deferred revenues	-	-	-
 Total liabilities	 <u>29,101</u>	 <u>972</u>	 <u>40,531</u>
 Fund balances:			
Nonspendable	-	-	-
Restricted	-	-	-
Committed	-	22,167	-
Assigned	-	-	-
Unassigned	-	-	(25,056)
 Total fund balances	 <u>-</u>	 <u>22,167</u>	 <u>(25,056)</u>
 Total liabilities and fund balances	 <u>\$ 29,101</u>	 <u>\$ 23,139</u>	 <u>\$ 15,475</u>

continued

Special Revenue Funds				
Landscape Maintenance District #3	Landscape Maintenance District #4	Landscape Maintenance District #5	Special Asset	Total Special Revenue Funds
\$ 86,798	\$ 538,080	\$ 53,224	\$ 1,265,507	\$ 4,989,365
-	1,148	-	-	1,148
63	375	37	963	3,738
-	-	-	-	508,074
-	-	-	3,750	3,750
3,504	16,772	884	-	586,178
-	-	-	-	23,938
<u>\$ 90,365</u>	<u>\$ 556,375</u>	<u>\$ 54,145</u>	<u>\$ 1,270,220</u>	<u>\$ 6,116,191</u>
\$ 3,487	\$ 26,267	\$ 2,286	\$ -	\$ 111,111
-	-	-	-	55,327
-	5,179	561	-	237,259
-	6,400	-	-	6,400
-	-	-	-	29,214
<u>3,487</u>	<u>37,846</u>	<u>2,847</u>	<u>-</u>	<u>439,311</u>
-	-	-	3,750	3,750
-	-	-	-	3,752,844
86,878	518,529	51,298	-	678,872
-	-	-	1,266,470	1,266,470
-	-	-	-	(25,056)
<u>86,878</u>	<u>518,529</u>	<u>51,298</u>	<u>1,270,220</u>	<u>5,676,880</u>
<u>\$ 90,365</u>	<u>\$ 556,375</u>	<u>\$ 54,145</u>	<u>\$ 1,270,220</u>	<u>\$ 6,116,191</u>

**City of Norco
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2011**

	Capital Projects Funds		
	General		
	Storm Drain	Government Improvement	Fire Improvement
ASSETS			
Cash and investments	\$ 748,789	\$ 1,191,684	\$ 579,747
Receivables, net:			
Accounts	748,500	-	-
Interest	511	907	441
Loans	-	-	-
Prepaid expenses	-	-	-
Due from other governments	-	-	-
Due from other funds	-	-	-
	<u>\$ 1,497,800</u>	<u>\$ 1,192,591</u>	<u>\$ 580,188</u>
Total assets	<u>\$ 1,497,800</u>	<u>\$ 1,192,591</u>	<u>\$ 580,188</u>
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued expenses	\$ 611,562	\$ -	\$ 6,391
Retentions payable	67,378	-	-
Due to other funds	-	-	-
Deposits payable	-	-	-
Deferred revenues	-	-	-
	<u>678,940</u>	<u>-</u>	<u>6,391</u>
Total liabilities	<u>678,940</u>	<u>-</u>	<u>6,391</u>
 Fund balances:			
Nonspendable	-	-	-
Restricted	-	-	-
Committed	-	-	-
Assigned	818,860	1,192,591	573,797
Unassigned	-	-	-
	<u>818,860</u>	<u>1,192,591</u>	<u>573,797</u>
Total fund balances	<u>818,860</u>	<u>1,192,591</u>	<u>573,797</u>
Total liabilities and fund balances	<u>\$ 1,497,800</u>	<u>\$ 1,192,591</u>	<u>\$ 580,188</u>

continued

Capital Projects Funds			
<u>Trails Improvement</u>	<u>Street Improvement</u>	<u>Community Facilities District 93-1</u>	<u>Community Facilities District 97-1</u>
\$ 412,974	\$ 2,533,080	\$ 58,147	\$ -
-	-	-	-
314	2,053	44	-
-	-	-	-
-	-	-	-
-	7,622	-	-
-	3,346	-	-
<u>\$ 413,288</u>	<u>\$ 2,546,101</u>	<u>\$ 58,191</u>	<u>\$ -</u>
\$ -	\$ 3,461	\$ -	\$ -
6,646	151,302	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>6,646</u>	<u>154,763</u>	<u>-</u>	<u>-</u>
-	-	-	-
-	-	-	-
-	-	-	-
406,642	2,391,338	58,191	-
-	-	-	-
<u>406,642</u>	<u>2,391,338</u>	<u>58,191</u>	<u>-</u>
<u>\$ 413,288</u>	<u>\$ 2,546,101</u>	<u>\$ 58,191</u>	<u>\$ -</u>

**City of Norco
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2011**

	Capital Projects Funds		
	Park Improvement	Public Library	Public Meeting
ASSETS			
Cash and investments	\$ 575,715	\$ 13,152	\$ 37,874
Receivables, net:			
Accounts	-	-	-
Interest	465	10	29
Loans	-	-	-
Prepaid expenses	-	-	-
Due from other governments	287,426	-	-
Due from other funds	215,165	-	-
	<u>\$ 1,078,771</u>	<u>\$ 13,162</u>	<u>\$ 37,903</u>
Total assets			
	<u>\$ 1,078,771</u>	<u>\$ 13,162</u>	<u>\$ 37,903</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued expenses	\$ 165,318	\$ -	\$ -
Retentions payable	61,516	-	-
Due to other funds	-	-	-
Deposits payable	-	-	-
Deferred revenues	-	-	-
	<u>226,834</u>	<u>-</u>	<u>-</u>
Total liabilities			
	<u>226,834</u>	<u>-</u>	<u>-</u>
Fund balances:			
Nonspendable	-	-	-
Restricted	-	-	-
Committed	-	-	-
Assigned	851,937	13,162	37,903
Unassigned	-	-	-
	<u>851,937</u>	<u>13,162</u>	<u>37,903</u>
Total fund balances			
	<u>851,937</u>	<u>13,162</u>	<u>37,903</u>
Total liabilities and fund balances	<u>\$ 1,078,771</u>	<u>\$ 13,162</u>	<u>\$ 37,903</u>

<u>Capital Projects Funds</u>				Total Nonmajor Governmental Funds
<u>Aquatics Center</u>	<u>Animal Control</u>	<u>Facility Improvement</u>	<u>Total Capital Projects Funds</u>	
\$ 8,689	\$ 35,094	\$ 150,098	\$ 6,345,043	\$ 11,334,408
-	-	-	748,500	749,648
7	27	-	4,808	8,546
-	-	-	-	508,074
-	-	-	-	3,750
-	-	-	295,048	881,226
-	32,130	-	250,641	274,579
<u>\$ 8,696</u>	<u>\$ 67,251</u>	<u>\$ 150,098</u>	<u>\$ 7,644,040</u>	<u>\$ 13,760,231</u>
\$ -	\$ 32,130	\$ -	\$ 818,862	\$ 929,973
-	-	-	286,842	342,169
-	-	-	-	237,259
-	-	-	-	6,400
-	-	-	-	29,214
<u>-</u>	<u>32,130</u>	<u>-</u>	<u>1,105,704</u>	<u>1,545,015</u>
-	-	-	-	3,750
-	-	-	-	3,752,844
-	-	-	-	678,872
8,696	35,121	150,098	6,538,336	7,804,806
-	-	-	-	(25,056)
<u>8,696</u>	<u>35,121</u>	<u>150,098</u>	<u>6,538,336</u>	<u>12,215,216</u>
<u>\$ 8,696</u>	<u>\$ 67,251</u>	<u>\$ 150,098</u>	<u>\$ 7,644,040</u>	<u>\$ 13,760,231</u>

City of Norco
Combining Statements of Revenues, Expenditures, and
Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2011

	Special Revenue Funds		
	Cal Home Grant Fund	Miscellaneous Grant Fund	Community Development Block Grant
REVENUES			
Taxes	\$ -	\$ -	\$ -
Assessments	-	-	-
Development fees	-	-	-
Intergovernmental	482,703	152,201	23,578
Charges for services	-	-	-
Investment earnings	133	-	-
	<u>482,836</u>	<u>152,201</u>	<u>23,578</u>
Total revenues	<u>482,836</u>	<u>152,201</u>	<u>23,578</u>
EXPENDITURES			
Current:			
General government	-	-	-
Public safety	-	13,796	-
Streets and highways	-	-	-
Community and economic development	1,689	-	5,665
Culture and leisure	-	78,591	-
	<u>1,689</u>	<u>92,387</u>	<u>5,665</u>
Total expenditures	<u>1,689</u>	<u>92,387</u>	<u>5,665</u>
Excess (deficiency) of revenues over expenditures	<u>481,147</u>	<u>59,814</u>	<u>17,913</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	(59,814)	(17,913)
	<u>-</u>	<u>(59,814)</u>	<u>(17,913)</u>
Total other financing sources (uses)	<u>-</u>	<u>(59,814)</u>	<u>(17,913)</u>
Net change in fund balances	481,147	-	-
Fund balances, beginning of year	<u>26,927</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u>\$ 508,074</u>	<u>\$ -</u>	<u>\$ -</u>

continued

Special Revenue Funds					
Gas Tax	Measure A	NPDES	Air Quality Improvement Trust	Justice Assistance Grant	Supplemental Law Enforcement Block Grant
\$ -	\$ 558,903	\$ 91,461	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
683,121	-	-	29,792	10,140	100,228
-	-	-	-	-	-
868	11,163	-	256	31	16
<u>683,989</u>	<u>570,066</u>	<u>91,461</u>	<u>30,048</u>	<u>10,171</u>	<u>100,244</u>
-	-	-	-	-	-
-	-	-	-	10,849	113,193
603,280	1,034,792	112,581	-	-	-
-	-	-	75,755	-	-
-	-	-	-	-	-
<u>603,280</u>	<u>1,034,792</u>	<u>112,581</u>	<u>75,755</u>	<u>10,849</u>	<u>113,193</u>
<u>80,709</u>	<u>(464,726)</u>	<u>(21,120)</u>	<u>(45,707)</u>	<u>(678)</u>	<u>(12,949)</u>
23,938	-	50,000	-	-	-
(23,461)	-	(5,819)	(1,500)	-	-
<u>477</u>	<u>-</u>	<u>44,181</u>	<u>(1,500)</u>	<u>-</u>	<u>-</u>
81,186	(464,726)	23,061	(47,207)	(678)	(12,949)
<u>254,079</u>	<u>3,316,455</u>	<u>18,568</u>	<u>63,354</u>	<u>678</u>	<u>12,949</u>
<u>\$ 335,265</u>	<u>\$ 2,851,729</u>	<u>\$ 41,629</u>	<u>\$ 16,147</u>	<u>\$ -</u>	<u>\$ -</u>

City of Norco
Combining Statements of Revenues, Expenditures, and
Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2011

	Special Revenue Funds		
	Office of Traffic Safety	Landscape Maintenance District #1	Landscape Maintenance District #2
REVENUES			
Taxes	\$ -	\$ -	\$ -
Assessments	-	8,668	133,780
Development fees	-	-	-
Intergovernmental	94,862	-	-
Charges for services	-	-	-
Investment earnings	-	84	(219)
	<u>94,862</u>	<u>8,752</u>	<u>133,561</u>
Total revenues			
	<u>94,862</u>	<u>8,752</u>	<u>133,561</u>
EXPENDITURES			
Current:			
General government	-	-	-
Public safety	94,862	-	-
Streets and highways	-	8,698	173,774
Community and economic development	-	-	-
Culture and leisure	-	-	-
	<u>94,862</u>	<u>8,698</u>	<u>173,774</u>
Total expenditures			
	<u>94,862</u>	<u>8,698</u>	<u>173,774</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>54</u>	<u>(40,213)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	(5,365)	(17,570)
	<u>-</u>	<u>(5,365)</u>	<u>(17,570)</u>
Total other financing sources (uses)			
	<u>-</u>	<u>(5,365)</u>	<u>(17,570)</u>
Net change in fund balances	-	(5,311)	(57,783)
Fund balances, beginning of year	-	27,478	32,727
Fund balances, end of year	<u>\$ -</u>	<u>\$ 22,167</u>	<u>\$ (25,056)</u>

Special Revenue Funds				
Landscape Maintenance District #3	Landscape Maintenance District #4	Landscape Maintenance District #5	Special Asset	Total Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ 650,364
73,773	471,942	46,996	-	735,159
-	-	-	-	-
-	-	-	10,501	1,587,126
-	-	-	-	-
293	1,690	166	4,908	19,389
<u>74,066</u>	<u>473,632</u>	<u>47,162</u>	<u>15,409</u>	<u>2,992,038</u>
-	-	-	5,920	5,920
-	-	-	-	232,700
71,792	385,892	33,702	-	2,424,511
-	-	-	-	83,109
-	-	-	-	78,591
<u>71,792</u>	<u>385,892</u>	<u>33,702</u>	<u>5,920</u>	<u>2,824,831</u>
<u>2,274</u>	<u>87,740</u>	<u>13,460</u>	<u>9,489</u>	<u>167,207</u>
-	-	-	-	73,938
<u>(8,676)</u>	<u>(20,908)</u>	<u>(8,501)</u>	<u>(4,908)</u>	<u>(174,435)</u>
<u>(8,676)</u>	<u>(20,908)</u>	<u>(8,501)</u>	<u>(4,908)</u>	<u>(100,497)</u>
(6,402)	66,832	4,959	4,581	66,710
<u>93,280</u>	<u>451,697</u>	<u>46,339</u>	<u>1,265,639</u>	<u>5,610,170</u>
<u>\$ 86,878</u>	<u>\$ 518,529</u>	<u>\$ 51,298</u>	<u>\$ 1,270,220</u>	<u>\$ 5,676,880</u>

City of Norco
Combining Statements of Revenues, Expenditures, and
Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2011

	Capital Projects Funds		
	Storm Drain	General Government Improvement	Fire Improvement
REVENUES			
Taxes	\$ -	\$ -	\$ -
Assessments	-	-	-
Development fees	2,414	432	1,996
Intergovernmental	898,500	-	-
Charges for services	1,226	-	-
Investment earnings	2,997	4,816	2,318
Total revenues	<u>905,137</u>	<u>5,248</u>	<u>4,314</u>
EXPENDITURES			
Current:			
General government	-	798	-
Public safety	-	-	80,755
Streets and highways	1,086,866	-	-
Community and economic development	-	-	-
Culture and leisure	-	-	-
Total expenditures	<u>1,086,866</u>	<u>798</u>	<u>80,755</u>
Excess (deficiency) of revenues over expenditures	<u>(181,729)</u>	<u>4,450</u>	<u>(76,441)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	<u>(2,597)</u>	<u>(601,092)</u>	<u>(3,911)</u>
Total other financing sources (uses)	<u>(2,597)</u>	<u>(601,092)</u>	<u>(3,911)</u>
Net change in fund balances	(184,326)	(596,642)	(80,352)
Fund balances, beginning of year	<u>1,003,186</u>	<u>1,789,233</u>	<u>654,149</u>
Fund balances, end of year	<u>\$ 818,860</u>	<u>\$ 1,192,591</u>	<u>\$ 573,797</u>

Capital Projects Funds			
<u>Trails Improvement</u>	<u>Street Improvement</u>	<u>Community Facilities District 93-1</u>	<u>Community Facilities District 97-1</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	13,516	-	-
-	300,048	-	-
-	-	-	-
<u>1,680</u>	<u>10,087</u>	<u>227</u>	<u>1,608</u>
<u>1,680</u>	<u>323,651</u>	<u>227</u>	<u>1,608</u>
-	-	-	-
-	-	-	-
66,456	2,271,827	-	805,513
-	-	-	-
-	-	-	-
<u>66,456</u>	<u>2,271,827</u>	<u>-</u>	<u>805,513</u>
<u>(64,776)</u>	<u>(1,948,176)</u>	<u>227</u>	<u>(803,905)</u>
-	933,551	-	-
(164)	(26,982)	-	-
<u>(164)</u>	<u>906,569</u>	<u>-</u>	<u>-</u>
(64,940)	(1,041,607)	227	(803,905)
<u>471,582</u>	<u>3,432,945</u>	<u>57,964</u>	<u>803,905</u>
<u>\$ 406,642</u>	<u>\$ 2,391,338</u>	<u>\$ 58,191</u>	<u>\$ -</u>

City of Norco
Combining Statements of Revenues, Expenditures, and
Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2011

	Capital Projects Funds		
	Park Improvement	Public Library	Public Meeting
REVENUES			
Taxes	\$ -	\$ -	\$ -
Assessments	-	-	-
Development fees	2,195	-	-
Intergovernmental	287,426	-	-
Charges for services	-	-	-
Investment earnings	2,587	52	149
Total revenues	<u>292,208</u>	<u>52</u>	<u>149</u>
EXPENDITURES			
Current:			
General government	-	-	-
Public safety	-	-	-
Streets and highways	-	-	-
Community and economic development	-	-	-
Culture and leisure	876,843	-	-
Total expenditures	<u>876,843</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(584,635)</u>	<u>52</u>	<u>149</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	491,723	-	-
Transfers out	(7,198)	-	-
Total other financing sources (uses)	<u>484,525</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(100,110)	52	149
Fund balances, beginning of year	<u>952,047</u>	<u>13,110</u>	<u>37,754</u>
Fund balances, end of year	<u>\$ 851,937</u>	<u>\$ 13,162</u>	<u>\$ 37,903</u>

<u>Capital Projects Funds</u>				Total Non-major Governmental Funds
<u>Aquatics Center</u>	<u>Animal Control</u>	<u>Facility Improvement</u>	<u>Total Capital Projects Funds</u>	
\$ -	\$ -	\$ -	\$ -	\$ 650,364
-	-	-	-	735,159
-	122	-	20,675	20,675
-	-	-	1,485,974	3,073,100
-	-	-	1,226	1,226
<u>33</u>	<u>39</u>	<u>-</u>	<u>26,593</u>	<u>45,982</u>
<u>33</u>	<u>161</u>	<u>-</u>	<u>1,534,468</u>	<u>4,526,506</u>
-	-	-	798	6,718
-	236,735	-	317,490	550,190
-	-	-	4,230,662	6,655,173
-	-	-	-	83,109
-	-	-	876,843	955,434
-	<u>236,735</u>	<u>-</u>	<u>5,425,793</u>	<u>8,250,624</u>
<u>33</u>	<u>(236,574)</u>	<u>-</u>	<u>(3,891,325)</u>	<u>(3,724,118)</u>
-	117,685	-	1,542,959	1,616,897
-	-	-	(641,944)	(816,379)
-	<u>117,685</u>	<u>-</u>	<u>901,015</u>	<u>800,518</u>
<u>33</u>	<u>(118,889)</u>	<u>-</u>	<u>(2,990,310)</u>	<u>(2,923,600)</u>
<u>8,663</u>	<u>154,010</u>	<u>150,098</u>	<u>9,528,646</u>	<u>15,138,816</u>
<u>\$ 8,696</u>	<u>\$ 35,121</u>	<u>\$ 150,098</u>	<u>\$ 6,538,336</u>	<u>\$ 12,215,216</u>

City of Norco
Nonmajor Fund Budgetary Comparison Schedules
For the Year Ended June 30, 2011

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
Cal Home Grant Fund Special Revenue Fund
For the Year Ended June 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ 675,000	\$ 482,703	\$ (192,297)
Investment earnings	-	-	133	133
Total revenues	-	675,000	482,836	(192,164)
EXPENDITURES				
Current:				
Community and economic development	-	675,000	1,689	673,311
Total expenditures	-	675,000	1,689	673,311
Net change in fund balance	-	-	481,147	481,147
Fund balance, beginning of year	26,927	26,927	26,927	-
Fund balance, end of year	<u>\$ 26,927</u>	<u>\$ 26,927</u>	<u>\$ 508,074</u>	<u>\$ 481,147</u>

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, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 85,790	\$ 85,790	\$ 152,201	\$ 66,411
Total revenues	85,790	85,790	152,201	66,411
EXPENDITURES				
Current:				
General government	7,200	7,200	-	7,200
Public safety	-	-	13,796	(13,796)
Culture and leisure	78,590	78,590	78,591	(1)
Total expenditures	85,790	85,790	92,387	(6,597)
Excess (deficiency) of revenues over expenditures	-	-	59,814	59,814
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(59,814)	(59,814)
Total other financing sources (uses)	-	-	(59,814)	(59,814)
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, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 221,141	\$ 221,141	\$ 23,578	\$ (197,563)
Total revenues	221,141	221,141	23,578	(197,563)
EXPENDITURES				
Current:				
Community and economic development	204,000	204,000	5,665	198,335
Total expenditures	204,000	204,000	5,665	198,335
Excess (deficiency) of revenues over expenditures	17,141	17,141	17,913	772
OTHER FINANCING SOURCES (USES)				
Transfers out	(17,141)	(17,141)	(17,913)	(772)
Total other financing sources (uses)	(17,141)	(17,141)	(17,913)	(772)
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, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 707,026	\$ 707,026	\$ 683,121	\$ (23,905)
Investment earnings	-	-	868	868
Total revenues	<u>707,026</u>	<u>707,026</u>	<u>683,989</u>	<u>(23,037)</u>
EXPENDITURES				
Current:				
Streets and highways	<u>685,066</u>	<u>685,066</u>	<u>603,280</u>	<u>81,786</u>
Total expenditures	<u>685,066</u>	<u>685,066</u>	<u>603,280</u>	<u>81,786</u>
Excess (deficiency) of revenues over expenditures	<u>21,960</u>	<u>21,960</u>	<u>80,709</u>	<u>58,749</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	23,938	23,938
Transfers out	-	-	(23,461)	(23,461)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>477</u>	<u>477</u>
Net change in fund balance	21,960	21,960	81,186	59,226
Fund balance, beginning of year	<u>254,079</u>	<u>254,079</u>	<u>254,079</u>	<u>-</u>
Fund balance, end of year	<u>\$ 276,039</u>	<u>\$ 276,039</u>	<u>\$ 335,265</u>	<u>\$ 59,226</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, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 512,000	\$ 512,000	\$ 558,903	\$ 46,903
Investment earnings	16,003	16,003	11,163	(4,840)
Total revenues	<u>528,003</u>	<u>528,003</u>	<u>570,066</u>	<u>42,063</u>
EXPENDITURES				
Current:				
Streets and highways	<u>2,107,500</u>	<u>2,432,611</u>	<u>1,034,792</u>	<u>1,397,819</u>
Total expenditures	<u>2,107,500</u>	<u>2,432,611</u>	<u>1,034,792</u>	<u>1,397,819</u>
Net change in fund balance	(1,579,497)	(1,904,608)	(464,726)	1,439,882
Fund balance, beginning of year	<u>3,316,455</u>	<u>3,316,455</u>	<u>3,316,455</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 1,736,958</u></u>	<u><u>\$ 1,411,847</u></u>	<u><u>\$ 2,851,729</u></u>	<u><u>\$ 1,439,882</u></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, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 60,000	\$ 60,000	\$ 91,461	\$ 31,461
Total revenues	60,000	60,000	91,461	31,461
EXPENDITURES				
Current:				
Streets and highways	104,146	104,146	112,581	(8,435)
Total expenditures	104,146	104,146	112,581	(8,435)
Excess (deficiency) of revenues over expenditures	(44,146)	(44,146)	(21,120)	23,026
OTHER FINANCING SOURCES (USES)				
Transfers in	50,000	50,000	50,000	-
Transfers out	-	-	(5,819)	(5,819)
Total other financing sources (uses)	50,000	50,000	44,181	(5,819)
Net change in fund balance	5,854	5,854	23,061	17,207
Fund balance, beginning of year	18,568	18,568	18,568	-
Fund balance, end of year	<u>\$ 24,422</u>	<u>\$ 24,422</u>	<u>\$ 41,629</u>	<u>\$ 17,207</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, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 23,000	\$ 23,000	\$ 29,792	\$ 6,792
Investment earnings	-	-	256	256
Total revenues	<u>23,000</u>	<u>23,000</u>	<u>30,048</u>	<u>7,048</u>
EXPENDITURES				
Current:				
Community and economic development	<u>1,150</u>	<u>1,150</u>	<u>75,755</u>	<u>(74,605)</u>
Total expenditures	<u>1,150</u>	<u>1,150</u>	<u>75,755</u>	<u>(74,605)</u>
Excess (deficiency) of revenues over expenditures	<u>21,850</u>	<u>21,850</u>	<u>(45,707)</u>	<u>(67,557)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(1,500)</u>	<u>(1,500)</u>	<u>(1,500)</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,500)</u>	<u>(1,500)</u>	<u>(1,500)</u>	<u>-</u>
Net change in fund balance	20,350	20,350	(47,207)	(67,557)
Fund balance, beginning of year	<u>63,354</u>	<u>63,354</u>	<u>63,354</u>	<u>-</u>
Fund balance, end of year	<u>\$ 83,704</u>	<u>\$ 83,704</u>	<u>\$ 16,147</u>	<u>\$ (67,557)</u>

City of Norco
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Justice Assistance Grant Special Revenue Fund
For the Year Ended June 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 10,140	\$ 10,140	\$ 10,140	\$ -
Investment earnings	-	-	31	31
Total revenues	<u>10,140</u>	<u>10,140</u>	<u>10,171</u>	<u>31</u>
EXPENDITURES				
Current:				
Public safety	<u>10,140</u>	<u>10,140</u>	<u>10,849</u>	<u>(709)</u>
Total expenditures	<u>10,140</u>	<u>10,140</u>	<u>10,849</u>	<u>(709)</u>
Net change in fund balance	-	-	(678)	(678)
Fund balance, beginning of year	<u>678</u>	<u>678</u>	<u>678</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 678</u></u>	<u><u>\$ 678</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (678)</u></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, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 100,000	\$ 100,000	\$ 100,228	\$ 228
Investment earnings	-	-	16	16
Total revenues	100,000	100,000	100,244	244
EXPENDITURES				
Current:				
Public safety	100,000	100,000	113,193	(13,193)
Total expenditures	100,000	100,000	113,193	(13,193)
Net change in fund balance	-	-	(12,949)	(12,949)
Fund balance, beginning of year	12,949	12,949	12,949	-
Fund balance, end of year	<u>\$ 12,949</u>	<u>\$ 12,949</u>	<u>\$ -</u>	<u>\$ (12,949)</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, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 24,452	\$ 91,952	\$ 94,862	\$ 2,910
Total revenues	24,452	91,952	94,862	2,910
EXPENDITURES				
Current:				
Public safety	24,452	91,952	94,862	(2,910)
Total expenditures	24,452	91,952	94,862	(2,910)
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, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Development fees	\$ 38,150	\$ 38,150	\$ 2,414	\$ (35,736)
Intergovernmental	2,444,000	3,192,500	898,500	(2,294,000)
Charges for services	-	-	1,226	1,226
Investment earnings	2,834	2,834	2,997	163
Total revenues	2,484,984	3,233,484	905,137	(2,328,347)
EXPENDITURES				
Current:				
Streets and highways	2,724,000	3,472,500	1,086,866	2,385,634
Total expenditures	2,724,000	3,472,500	1,086,866	2,385,634
Excess (deficiency) of revenues over (under) expenditures	(239,016)	(239,016)	(181,729)	57,287
OTHER FINANCING SOURCES (USES)				
Transfers out	(2,597)	(2,597)	(2,597)	-
Total other financing sources (uses)	(2,597)	(2,597)	(2,597)	-
Net change in fund balance	(241,613)	(241,613)	(184,326)	57,287
Fund balance, beginning of year	1,003,186	1,003,186	1,003,186	-
Fund balance, end of year	<u>\$ 761,573</u>	<u>\$ 761,573</u>	<u>\$ 818,860</u>	<u>\$ 57,287</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, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Development fees	\$ 16,482	\$ 16,482	\$ 432	\$ (16,050)
Investment earnings	5,602	5,602	4,816	(786)
Total revenues	<u>22,084</u>	<u>22,084</u>	<u>5,248</u>	<u>(16,836)</u>
EXPENDITURES				
Current:				
General government	<u>702,989</u>	<u>702,989</u>	<u>798</u>	<u>702,191</u>
Total expenditures	<u>702,989</u>	<u>702,989</u>	<u>798</u>	<u>702,191</u>
Excess (deficiency) of revenues over expenditures	<u>(680,905)</u>	<u>(680,905)</u>	<u>4,450</u>	<u>685,355</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(601,092)</u>	<u>(601,092)</u>	<u>(601,092)</u>	<u>-</u>
Total other financing sources (uses)	<u>(601,092)</u>	<u>(601,092)</u>	<u>(601,092)</u>	<u>-</u>
Net change in fund balance	(1,281,997)	(1,281,997)	(596,642)	685,355
Fund balance, beginning of year	<u>1,789,233</u>	<u>1,789,233</u>	<u>1,789,233</u>	<u>-</u>
Fund balance, end of year	<u>\$ 507,236</u>	<u>\$ 507,236</u>	<u>\$ 1,192,591</u>	<u>\$ 685,355</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, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Development fees	\$ 91,401	\$ 91,401	\$ 1,996	\$ (89,405)
Investment earnings	3,160	3,160	2,318	(842)
Total revenues	<u>94,561</u>	<u>94,561</u>	<u>4,314</u>	<u>(90,247)</u>
EXPENDITURES				
Current:				
Public safety	<u>64,585</u>	<u>80,541</u>	<u>80,755</u>	<u>(214)</u>
Total expenditures	<u>64,585</u>	<u>80,541</u>	<u>80,755</u>	<u>(214)</u>
Excess (deficiency) of revenues over expenditures	<u>29,976</u>	<u>14,020</u>	<u>(76,441)</u>	<u>(90,461)</u>
OTHER FINANCING SOURCES (USES)				
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	26,065	10,109	(80,352)	(90,461)
Fund balance, beginning of year	<u>654,149</u>	<u>654,149</u>	<u>654,149</u>	<u>-</u>
Fund balance, end of year	<u>\$ 680,214</u>	<u>\$ 664,258</u>	<u>\$ 573,797</u>	<u>\$ (90,461)</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, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Investment earnings	\$ 2,352	\$ 2,352	\$ 1,680	\$ (672)
Total revenues	<u>2,352</u>	<u>2,352</u>	<u>1,680</u>	<u>(672)</u>
EXPENDITURES				
Current:				
Streets & highways	122,400	122,400	66,456	55,944
Total expenditures	<u>122,400</u>	<u>122,400</u>	<u>66,456</u>	<u>55,944</u>
Excess (deficiency) of revenues over expenditures	<u>(120,048)</u>	<u>(120,048)</u>	<u>(64,776)</u>	<u>55,272</u>
OTHER FINANCING SOURCES (USES)				
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	(120,212)	(120,212)	(64,940)	55,272
Fund balance, beginning of year	<u>471,582</u>	<u>471,582</u>	<u>471,582</u>	<u>-</u>
Fund balance, end of year	<u>\$ 351,370</u>	<u>\$ 351,370</u>	<u>\$ 406,642</u>	<u>\$ 55,272</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, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Development fees	\$ 591,391	\$ 591,391	\$ 13,516	\$ (577,875)
Intergovernmental	2,225,903	2,225,903	300,048	(1,925,855)
Investment earnings	10,052	10,052	10,087	35
 Total revenues	 <u>2,827,346</u>	 <u>2,827,346</u>	 <u>323,651</u>	 <u>(2,503,695)</u>
EXPENDITURES				
Current:				
Streets and highways	7,013,903	6,787,280	2,271,827	4,515,453
 Total expenditures	 <u>7,013,903</u>	 <u>6,787,280</u>	 <u>2,271,827</u>	 <u>4,515,453</u>
 Excess (deficiency) of revenues over expenditures	 <u>(4,186,557)</u>	 <u>(3,959,934)</u>	 <u>(1,948,176)</u>	 <u>2,011,758</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	3,338,695	3,112,072	933,551	(2,178,521)
Transfers out	(26,982)	(26,982)	(26,982)	-
 Total other financing sources (uses)	 <u>3,311,713</u>	 <u>3,085,090</u>	 <u>906,569</u>	 <u>(2,178,521)</u>
 Net change in fund balance	 (874,844)	 (874,844)	 (1,041,607)	 (166,763)
 Fund balance, beginning of year	 <u>3,432,945</u>	 <u>3,432,945</u>	 <u>3,432,945</u>	 <u>-</u>
 Fund balance, end of year	 <u>\$ 2,558,101</u>	 <u>\$ 2,558,101</u>	 <u>\$ 2,391,338</u>	 <u>\$ (166,763)</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, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Development fees	\$ 77,140	\$ 77,140	\$ 2,195	\$ (74,945)
Intergovernmental	280,000	280,000	287,426	7,426
Investment earnings	4,708	4,708	2,587	(2,121)
Total revenues	361,848	361,848	292,208	(69,640)
EXPENDITURES				
Current:				
Culture and leisure	2,051,656	1,886,619	876,843	1,009,776
Total expenditures	2,051,656	1,886,619	876,843	1,009,776
Excess (deficiency) of revenues over expenditures	(1,689,808)	(1,524,771)	(584,635)	940,136
OTHER FINANCING SOURCES (USES)				
Transfers in	1,083,005	917,968	491,723	(426,245)
Transfers out	(7,198)	(7,198)	(7,198)	-
Total other financing sources (uses)	1,075,807	910,770	484,525	(426,245)
Net change in fund balance	(614,001)	(614,001)	(100,110)	513,891
Fund balance, beginning of year	952,047	952,047	952,047	-
Fund balance, end of year	\$ 338,046	\$ 338,046	\$ 851,937	\$ 513,891

City of Norco
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Public Library Capital Projects Fund
For the Year Ended June 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Investment earnings	\$ 65	\$ 65	\$ 52	\$ (13)
Total revenues	65	65	52	(13)
EXPENDITURES				
Culture & leisure	-	-	-	-
Total expenditures	-	-	-	-
Net change in fund balance	65	65	52	(13)
Fund balance, beginning of year	13,110	13,110	13,110	-
Fund balance, end of year	<u>\$ 13,175</u>	<u>\$ 13,175</u>	<u>\$ 13,162</u>	<u>\$ (13)</u>

City of Norco
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Public Meeting Capital Projects Fund
For the Year Ended June 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Investment earnings	\$ 188	\$ 188	\$ 149	\$ (39)
Total revenues	188	188	149	(39)
EXPENDITURES				
Culture & leisure	-	-	-	-
Total expenditures	-	-	-	-
Net change in fund balance	188	188	149	(39)
Fund balance, beginning of year	37,754	37,754	37,754	-
Fund balance, end of year	<u>\$ 37,942</u>	<u>\$ 37,942</u>	<u>\$ 37,903</u>	<u>\$ (39)</u>

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, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Investment earnings	\$ 43	\$ 43	\$ 33	\$ (10)
Total revenues	43	43	33	(10)
EXPENDITURES				
Culture & leisure	-	-	-	-
Total expenditures	-	-	-	-
Net change in fund balance	43	43	33	(10)
Fund balance, beginning of year	8,663	8,663	8,663	-
Fund balance, end of year	<u>\$ 8,706</u>	<u>\$ 8,706</u>	<u>\$ 8,696</u>	<u>\$ (10)</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, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Development fees	\$ 1,229	\$ 1,229	\$ 122	\$ (1,107)
Investment earnings	616	616	39	(577)
Total revenues	<u>1,845</u>	<u>1,845</u>	<u>161</u>	<u>(1,684)</u>
EXPENDITURES				
Current:				
Public safety	<u>2,619,050</u>	<u>1,619,050</u>	<u>236,735</u>	<u>1,382,315</u>
Total expenditures	<u>2,619,050</u>	<u>1,619,050</u>	<u>236,735</u>	<u>1,382,315</u>
Excess (deficiency) of revenues over expenditures	<u>(2,617,205)</u>	<u>(1,617,205)</u>	<u>(236,574)</u>	<u>1,380,631</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>2,500,000</u>	<u>2,500,000</u>	<u>117,685</u>	<u>(2,382,315)</u>
Total other financing sources (uses)	<u>2,500,000</u>	<u>2,500,000</u>	<u>117,685</u>	<u>(2,382,315)</u>
Net change in fund balance	(117,205)	882,795	(118,889)	(1,001,684)
Fund balance, beginning of year	<u>154,010</u>	<u>154,010</u>	<u>154,010</u>	<u>-</u>
Fund balance, end of year	<u>\$ 36,805</u>	<u>\$ 1,036,805</u>	<u>\$ 35,121</u>	<u>\$ (1,001,684)</u>

INTERNAL SERVICE FUNDS

Internal Service Funds

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

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

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

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

City of Norco
Combining Statement of Net Assets
Internal Service Funds
June 30, 2011

	<u>Fleet Management</u>	<u>Benefits & Insurance</u>	<u>Information Management</u>	<u>Total</u>
ASSETS				
Current assets:				
Cash and investments	\$ 2,803,048	\$ 1,443,841	\$ 397,378	\$ 4,644,267
Interest	2,136	1,162	292	3,590
Due from other funds	-	553,011	-	553,011
Prepays	-	-	1,518	1,518
Total current assets	<u>2,805,184</u>	<u>1,998,014</u>	<u>399,188</u>	<u>5,202,386</u>
Noncurrent assets:				
Capital assets:				
Vehicles and equipment	3,946,356	-	227,362	4,173,718
Less accumulated depreciation	(2,534,665)	-	(184,950)	(2,719,615)
Intangibles	-	-	429,245	429,245
Less accumulated amortization	-	-	(273,216)	(273,216)
Total noncurrent assets	<u>1,411,691</u>	<u>-</u>	<u>198,441</u>	<u>1,610,132</u>
Total assets	<u>4,216,875</u>	<u>1,998,014</u>	<u>597,629</u>	<u>6,812,518</u>
LIABILITIES				
Current liabilities:				
Accounts payable	32,884	170,602	10,415	213,901
Compensated absences	-	253,327	-	253,327
Capital lease payable	-	-	9,191	9,191
Claims and judgements	-	737,652	-	737,652
Total current liabilities	<u>32,884</u>	<u>1,161,581</u>	<u>19,606</u>	<u>1,214,071</u>
Noncurrent liabilities:				
Compensated absences	-	759,976	-	759,976
Capital lease payable	-	-	30,004	30,004
Claims and judgements	-	571,037	-	571,037
Total noncurrent liabilities	<u>-</u>	<u>1,331,013</u>	<u>30,004</u>	<u>1,361,017</u>
Total liabilities	<u>32,884</u>	<u>2,492,594</u>	<u>49,610</u>	<u>2,575,088</u>
NET ASSETS				
Invested in capital assets, net of related debt	1,411,691	-	159,246	1,570,937
Unrestricted	<u>2,772,300</u>	<u>(494,580)</u>	<u>388,773</u>	<u>2,666,493</u>
Total net assets	<u>\$ 4,183,991</u>	<u>\$ (494,580)</u>	<u>\$ 548,019</u>	<u>\$ 4,237,430</u>

City of Norco
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Internal Service Funds
For the Year Ended June 30, 2011

	<u>Fleet Management</u>	<u>Benefits & Insurance</u>	<u>Information Management</u>	<u>Total</u>
OPERATING REVENUES				
Sales and charges for services	\$ 366,877	\$ 551,901	\$ 411,400	\$ 1,330,178
Miscellaneous	-	-	351	351
	<u>366,877</u>	<u>551,901</u>	<u>411,751</u>	<u>1,330,529</u>
OPERATING EXPENSES				
General and administration	273,248	555,779	382,815	1,211,842
Amortization	-	-	38,052	38,052
Depreciation	285,987	-	11,308	297,295
	<u>559,235</u>	<u>555,779</u>	<u>432,175</u>	<u>1,547,189</u>
Total operating revenues	<u>366,877</u>	<u>551,901</u>	<u>411,751</u>	<u>1,330,529</u>
Total operating expenses	<u>559,235</u>	<u>555,779</u>	<u>432,175</u>	<u>1,547,189</u>
Operating gain (loss)	<u>(192,358)</u>	<u>(3,878)</u>	<u>(20,424)</u>	<u>(216,660)</u>
NONOPERATING REVENUES (EXPENSES)				
Investment earnings	10,976	6,287	1,375	18,638
Gain on disposal of assets	18,200	-	5	18,205
	<u>29,176</u>	<u>6,287</u>	<u>1,380</u>	<u>36,843</u>
Total nonoperating revenues (expenses)	<u>29,176</u>	<u>6,287</u>	<u>1,380</u>	<u>36,843</u>
Gain (Loss) before contributions and transfers	<u>(163,182)</u>	<u>2,409</u>	<u>(19,044)</u>	<u>(179,817)</u>
Transfers in	<u>-</u>	<u>582,291</u>	<u>-</u>	<u>582,291</u>
Change in net assets	<u>(163,182)</u>	<u>584,700</u>	<u>(19,044)</u>	<u>402,474</u>
Net assets, beginning of year	<u>4,347,173</u>	<u>(1,079,280)</u>	<u>567,063</u>	<u>3,834,956</u>
Net assets, end of year	<u>\$ 4,183,991</u>	<u>\$ (494,580)</u>	<u>\$ 548,019</u>	<u>\$ 4,237,430</u>

City of Norco
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2011

	<u>Fleet Management</u>	<u>Benefits & Insurance</u>	<u>Information Management</u>	<u>Total</u>
Cash flows from operating activities:				
Cash received from interfund services provided	\$ 366,877	\$ (1,110)	\$ 411,751	\$ 777,518
Cash payments to suppliers	(255,320)	(126,085)	(174,472)	(555,877)
Cash payments to employees	-	(391,163)	(211,188)	(602,351)
Net cash provided by (used for) operating activities	<u>111,557</u>	<u>(518,358)</u>	<u>26,091</u>	<u>(380,710)</u>
Cash flows from noncapital financing activities:				
Transfer from other funds	-	582,291	-	582,291
Net cash provided by provided by noncapital financing activities	<u>-</u>	<u>582,291</u>	<u>-</u>	<u>582,291</u>
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(41,307)	-	(6,188)	(47,495)
Proceeds from disposal of capital assets	18,200	-	5	18,205
Principal payments - capital lease	-	-	(1,445)	(1,445)
Net cash used for capital and related financing activities	<u>(23,107)</u>	<u>-</u>	<u>(7,628)</u>	<u>(30,735)</u>
Cash flows from investing activities:				
Interest income	11,571	6,267	1,488	19,326
Net cash provided by investing activities	<u>11,571</u>	<u>6,267</u>	<u>1,488</u>	<u>19,326</u>
Net increase in cash and investments	100,021	70,200	19,951	190,172
Cash and investments, beginning of year	<u>2,703,027</u>	<u>1,373,641</u>	<u>377,427</u>	<u>4,454,095</u>
Cash and investments, end of year	<u>\$ 2,803,048</u>	<u>\$ 1,443,841</u>	<u>\$ 397,378</u>	<u>\$ 4,644,267</u>

City of Norco
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2011

	<u>Fleet Management</u>	<u>Benefits & Insurance</u>	<u>Information Management</u>	<u>Total</u>
Reconciliation of operating loss to net cash provided by (used for) operating activities:				
Operating loss	\$ (192,358)	\$ (3,878)	\$ (20,424)	\$ (216,660)
Adjustments to reconcile operating loss to net cash provided by (used for) operating activities:				
Depreciation/Amortization	285,987	-	49,360	335,347
(Increase) decrease in assets:				
Prepays	-	-	11,216	11,216
Accounts receivable	-	(553,011)	-	(553,011)
Increase (decrease) in liabilities:				
Accounts payable	17,928	3,335	(7,957)	13,306
Accrued wages	-	164,616	(6,104)	158,512
Compensated absences	-	(306,241)	-	(306,241)
Claims and judgements	-	176,821	-	176,821
Net cash provided by (used for) operating activities	<u>\$ 111,557</u>	<u>\$ (518,358)</u>	<u>\$ 26,091</u>	<u>\$ (380,710)</u>

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 6th Street from Interstate 15. The City has a fiduciary responsibility to pay debt service and administrative costs for the District.

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

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

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

Community Facilities District 2002-1 – To account for receipts of assessments from KB 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 6th Street and California.

City of Norco
Combining Statement of Fiduciary Assets and Liabilities
June 30, 2011

	General Trust	Western Waste	Assessment District 195	Community Facilities District 93-1
ASSETS				
Cash and investments	\$ 1,139,510	\$ 482,832	\$ 60,477	\$ 67,462
Cash and investments with fiscal agents	-	-	-	336,251
Receivables, net:				
Accounts	-	384,088	-	-
Interest	-	-	46	107
Due from other governments	-	-	9,452	-
	<u>\$ 1,139,510</u>	<u>\$ 866,920</u>	<u>\$ 69,975</u>	<u>\$ 403,820</u>
LIABILITIES				
Accounts payable	\$ 567	\$ 643,161	\$ -	\$ -
Deposits payable	1,138,943	23,985	-	-
Due to others	-	199,774	-	-
Due to bond holders	-	-	69,975	403,820
	<u>\$ 1,139,510</u>	<u>\$ 866,920</u>	<u>\$ 69,975</u>	<u>\$ 403,820</u>

<u>Community Facilities District 97-1</u>	<u>Community Facilities District 2001-1</u>	<u>Community Facilities District 2002-1</u>	<u>Total</u>
\$ 592,736	\$ 2,880,702	\$ 124,598	\$ 5,348,317
551,197	1,843,193	167,427	2,898,068
-	-	-	384,088
1,118	4,031	83	5,385
71,340	96,818	3,332	180,942
<u>\$ 1,216,391</u>	<u>\$ 4,824,744</u>	<u>\$ 295,440</u>	<u>\$ 8,816,800</u>
\$ 4,596	\$ 20,366	\$ -	\$ 668,690
-	-	-	1,162,928
-	-	-	199,774
<u>1,211,795</u>	<u>4,804,378</u>	<u>295,440</u>	<u>6,785,408</u>
<u>\$ 1,216,391</u>	<u>\$ 4,824,744</u>	<u>\$ 295,440</u>	<u>\$ 8,816,800</u>

City of Norco
Combining Statement of Changes in Fiduciary Assets and Liabilities
For the Year Ended June 30, 2011

	Balance June 30, 2010	Additions	Deletions	Balance June 30, 2011
GENERAL TRUST				
Assets				
Cash and investments	\$ 1,036,272	\$ 678,849	\$ 575,611	\$ 1,139,510
Accounts receivable	-	55,930	55,930	-
Total assets	<u>\$ 1,036,272</u>	<u>\$ 734,779</u>	<u>\$ 631,541</u>	<u>\$ 1,139,510</u>
Liabilities				
Accounts payable	\$ 11,565	\$ 280,941	\$ 291,939	\$ 567
Deposits payable	1,024,707	734,882	620,646	1,138,943
Total liabilities	<u>\$ 1,036,272</u>	<u>\$ 1,015,823</u>	<u>\$ 912,585</u>	<u>\$ 1,139,510</u>
WESTERN WASTE				
Assets				
Cash and investments	\$ 121,623	\$ 5,116,934	\$ 4,755,725	\$ 482,832
Accounts receivable	372,509	4,589,823	4,578,244	384,088
Total assets	<u>\$ 494,132</u>	<u>\$ 9,706,757</u>	<u>\$ 9,333,969</u>	<u>\$ 866,920</u>
Liabilities				
Accounts payable	\$ 471,688	\$ 3,244,792	\$ 3,073,319	\$ 643,161
Deposits payable	18,219	10,518	4,752	23,985
Due to others	4,225	4,426,810	4,231,261	199,774
Total liabilities	<u>\$ 494,132</u>	<u>\$ 7,682,120</u>	<u>\$ 7,309,332</u>	<u>\$ 866,920</u>
ASSESSMENT DISTRICT 195				
Assets				
Cash and investments	\$ 44,031	\$ 16,514	\$ 68	\$ 60,477
Interest receivable	45	46	45	46
Due from other governments	12,099	18,905	21,552	9,452
Total assets	<u>\$ 56,175</u>	<u>\$ 35,465</u>	<u>\$ 21,665</u>	<u>\$ 69,975</u>
Liabilities				
Due to bondholders	\$ 56,175	\$ 13,868	\$ 68	\$ 69,975
Total liabilities	<u>\$ 56,175</u>	<u>\$ 13,868</u>	<u>\$ 68</u>	<u>\$ 69,975</u>

continued

City of Norco
Combining Statement of Changes in Fiduciary Assets and Liabilities
For the Year Ended June 30, 2011

	Balance June 30, 2010	Additions	Deletions	Balance June 30, 2011
CFD 93-1				
Assets				
Cash and investments	\$ 63,173	\$ 205,313	\$ 201,024	\$ 67,462
Cash and investments with fiscal agents	338,543	184,400	186,692	336,251
Interest receivable	2,415	106	2,414	107
Due from other governments	2,634	-	2,634	-
Total assets	<u>\$ 406,765</u>	<u>\$ 389,819</u>	<u>\$ 392,764</u>	<u>\$ 403,820</u>
Liabilities				
Accounts payable	\$ -	\$ 7,242	\$ 7,242	\$ -
Due to bondholders	406,765	382,577	385,522	403,820
Total liabilities	<u>\$ 406,765</u>	<u>\$ 389,819</u>	<u>\$ 392,764</u>	<u>\$ 403,820</u>
CFD 97-1				
Assets				
Cash and investments	\$ 599,134	\$ 554,799	\$ 561,197	\$ 592,736
Cash and investments with fiscal agents	525,284	540,890	514,977	551,197
Interest receivable	6,752	1,117	6,751	1,118
Due from other governments	27,272	113,408	69,340	71,340
Total assets	<u>\$ 1,158,442</u>	<u>\$ 1,210,214</u>	<u>\$ 1,152,265</u>	<u>\$ 1,216,391</u>
Liabilities				
Accounts payable	\$ 7,802	\$ 13,272	\$ 16,478	\$ 4,596
Due to bondholders	1,150,640	1,196,942	1,135,787	1,211,795
Total liabilities	<u>\$ 1,158,442</u>	<u>\$ 1,210,214</u>	<u>\$ 1,152,265</u>	<u>\$ 1,216,391</u>
CFD 2001-1				
Assets				
Cash and investments	\$ 2,531,841	\$ 2,477,529	\$ 2,128,668	\$ 2,880,702
Cash and investments with fiscal agents	1,987,313	2,001,423	2,145,543	1,843,193
Interest receivable	2,177	4,031	2,177	4,031
Due from other governments	190,411	154,767	248,360	96,818
Total assets	<u>\$ 4,711,742</u>	<u>\$ 4,637,750</u>	<u>\$ 4,524,748</u>	<u>\$ 4,824,744</u>
Liabilities				
Accounts payable	\$ 118,659	\$ 30,152	\$ 128,445	\$ 20,366
Due to bondholders	4,593,083	4,607,598	4,396,303	4,804,378
Total liabilities	<u>\$ 4,711,742</u>	<u>\$ 4,637,750</u>	<u>\$ 4,524,748</u>	<u>\$ 4,824,744</u>

City of Norco
Combining Statement of Changes in Fiduciary Assets and Liabilities
For the Year Ended June 30, 2011

	Balance June 30, 2010	Additions	Deletions	Balance June 30, 2011
CFD 2002-1				
Assets				
Cash and investments	\$ 424,358	\$ 188,103	\$ 487,863	\$ 124,598
Cash and investments with fiscal agents	161,284	462,899	456,756	167,427
Interest receivable	2,308	83	2,308	83
Due from other governments	6,670	3,332	6,670	3,332
Total assets	<u>\$ 594,620</u>	<u>\$ 654,417</u>	<u>\$ 953,597</u>	<u>\$ 295,440</u>
Liabilities				
Accounts payable	\$ 4,816	\$ 7,545	\$ 12,361	\$ -
Due to bondholders	589,804	646,872	941,236	295,440
Total liabilities	<u>\$ 594,620</u>	<u>\$ 654,417</u>	<u>\$ 953,597</u>	<u>\$ 295,440</u>
TOTALS - ALL AGENCY FUNDS				
Assets				
Cash and investments	\$ 4,820,432	\$ 9,238,041	\$ 8,710,156	\$ 5,348,317
Cash and investments with fiscal agents	3,012,424	3,189,612	3,303,968	2,898,068
Accounts receivable	372,509	4,645,753	4,634,174	384,088
Interest receivable	13,697	5,383	13,695	5,385
Due from other governments	239,086	290,412	348,556	180,942
Total assets	<u>\$ 8,458,148</u>	<u>\$ 17,369,201</u>	<u>\$ 17,010,549</u>	<u>\$ 8,816,800</u>
Liabilities				
Accounts payable	\$ 614,530	\$ 3,583,944	\$ 3,529,784	\$ 668,690
Deposits payable	1,042,926	745,400	625,398	1,162,928
Due to others	4,225	4,426,810	4,231,261	199,774
Due to bondholders	6,796,467	6,847,857	6,858,916	6,785,408
Total liabilities	<u>\$ 8,458,148</u>	<u>\$ 15,604,011</u>	<u>\$ 15,245,359</u>	<u>\$ 8,816,800</u>

STATISTICAL SECTION

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

Contents	Page
Financial Trends <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>	123
Revenue Capacity <i>These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.</i>	133
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>	138
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>	148
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>	152

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

	Fiscal Year			
	2003	2004	2005	2006
Governmental activities				
Invested in capital assets, net of related debt	\$ 24,062,715	\$ 28,910,663	\$ 141,829,990	\$ 144,879,068
Restricted	55,699,255	62,724,936	58,521,550	57,107,710
Unrestricted	(54,759,688)	(61,502,408)	(62,492,997)	(59,117,764)
Total governmental activities net assets	<u>\$ 25,002,282</u>	<u>\$ 30,133,191</u>	<u>\$ 137,858,543</u>	<u>\$ 142,869,014</u>
Business-type activities				
Invested in capital assets, net of related debt	\$ 15,513,017	\$ 20,521,154	\$ 30,722,040	\$ 35,602,853
Restricted	11,034,551	13,867,717	13,627,054	12,935,528
Unrestricted	(275,585)	(2,734,265)	(3,183,101)	(3,559,843)
Total business-type activities net assets	<u>\$ 26,271,983</u>	<u>\$ 31,654,606</u>	<u>\$ 41,165,993</u>	<u>\$ 44,978,538</u>
Primary government				
Invested in capital assets, net of related debt	\$ 39,575,732	\$ 49,431,817	\$ 172,552,030	\$ 180,481,921
Restricted	66,733,806	76,592,653	72,148,604	70,043,238
Unrestricted	(55,035,273)	(64,236,673)	(65,676,098)	(62,677,607)
Total primary government net assets	<u>\$ 51,274,265</u>	<u>\$ 61,787,797</u>	<u>\$ 179,024,536</u>	<u>\$ 187,847,552</u>

Source: City's financial statements

Note: Ten years of financial data not available as the adoption of GASB Statement No. 34 has been in effect for less than that time period and the data is not available.

Fiscal Year				
2007	2008	2009	2010	2011
\$ 151,388,100	\$ 153,848,153	\$ 156,655,554	\$ 163,648,731	\$ 172,727,910
55,995,625	56,203,749	43,502,275	49,857,462	39,782,430
<u>(56,171,654)</u>	<u>(53,696,655)</u>	<u>(53,368,409)</u>	<u>(71,206,996)</u>	<u>(74,774,758)</u>
<u>\$ 151,212,071</u>	<u>\$ 156,355,247</u>	<u>\$ 146,789,420</u>	<u>\$ 142,299,197</u>	<u>\$ 137,735,582</u>
\$ 36,930,507	\$ 41,150,408	\$ 39,797,357	\$ 41,658,815	\$ 39,526,833
8,718,561	7,261,078	5,772,311	4,722,120	4,362,237
<u>(78,386)</u>	<u>(2,557,443)</u>	<u>521,868</u>	<u>(1,200,945)</u>	<u>283,205</u>
<u>\$ 45,570,682</u>	<u>\$ 45,854,043</u>	<u>\$ 46,091,536</u>	<u>\$ 45,179,990</u>	<u>\$ 44,172,275</u>
\$ 188,318,607	\$ 194,998,561	\$ 196,452,911	\$ 205,307,546	\$ 212,254,743
64,714,186	63,464,827	49,274,586	54,579,582	44,144,667
<u>(56,250,040)</u>	<u>(56,254,098)</u>	<u>(52,846,541)</u>	<u>(72,407,941)</u>	<u>(74,491,553)</u>
<u>\$ 196,782,753</u>	<u>\$ 202,209,290</u>	<u>\$ 192,880,956</u>	<u>\$ 187,479,187</u>	<u>\$ 181,907,857</u>

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

	Fiscal Year			
	2003	2004	2005	2006
Expenses				
Governmental activities:				
General government	\$ 3,024,963	\$ 1,880,302	\$ 2,628,746	\$ 2,444,678
Public safety	7,858,483	8,173,624	9,185,614	10,030,419
Public works	8,259,305	4,714,230	4,978,421	2,667,196
Community development	4,699,041	5,434,051	13,727,059	9,661,594
Culture & leisure	1,807,224	2,020,202	2,270,431	2,575,970
Interest in long-term debt	3,358,673	4,222,757	4,367,389	4,498,959
Total governmental activities expenses	<u>29,007,689</u>	<u>26,445,166</u>	<u>37,157,660</u>	<u>31,878,816</u>
Business-type activities:				
Water	4,853,365	5,443,482	6,192,775	7,000,699
Sewer	2,817,455	3,100,970	3,729,579	3,969,304
Total business-type activities expenses	<u>7,670,820</u>	<u>8,544,452</u>	<u>9,922,354</u>	<u>10,970,003</u>
Total primary government expenses	<u>\$ 36,678,509</u>	<u>\$ 34,989,618</u>	<u>\$ 47,080,014</u>	<u>\$ 42,848,819</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 226,087	\$ 844,047	\$ 1,017,412	\$ 1,206,368
Public safety	479,705	408,968	845,785	938,458
Public works	265,307	881,982	843,209	1,119,874
Community development	1,863,415	2,175,706	1,177,608	919,325
Culture & leisure	416,570	739,122	815,751	839,701
Operating grants and contributions	1,706,282	2,054,746	2,206,575	2,448,984
Capital grants and contributions	32,651,906	6,553,575	3,603,044	2,001,841
Total governmental activities program revenues	<u>37,609,272</u>	<u>13,658,146</u>	<u>10,509,384</u>	<u>9,474,551</u>
Business-type activities:				
Charges for services:				
Water	4,052,537	4,907,696	4,990,556	6,617,886
Sewer	2,047,143	2,487,983	2,791,789	2,855,330
Operating grants and contributions	-	-	-	-
Capital grants and contributions	2,963,586	901,809	1,219,879	5,071,845
Total business-type activities program revenues	<u>9,063,266</u>	<u>8,297,488</u>	<u>9,002,224</u>	<u>14,545,061</u>
Total program government program revenues	<u>\$ 46,672,538</u>	<u>\$ 21,955,634</u>	<u>\$ 19,511,608</u>	<u>\$ 24,019,612</u>
Net (Expense)/Revenue				
Governmental activities	\$ 8,601,583	\$ (12,787,020)	\$ (26,648,276)	\$ (22,404,265)
Business-type activities	1,392,446	(246,964)	(920,130)	3,575,058
	<u>\$ 9,994,029</u>	<u>\$ (13,033,984)</u>	<u>\$ (27,568,406)</u>	<u>\$ (18,829,207)</u>

Source: City's financial statements

Note: Ten years of financial data not available as the adoption of GASB Statement No. 34 has been in effect for less than that time period and the data is not available.

Fiscal Year				
2007	2008	2009	2010	2011
\$ 2,369,307	\$ 2,567,880	\$ 4,663,233	\$ 2,608,199	\$ 3,589,601
10,984,557	11,752,711	11,363,732	11,347,403	10,532,263
2,931,992	2,680,961	6,838,398	2,091,368	6,745,445
9,682,225	12,773,725	18,645,627	20,675,524	10,467,473
2,915,016	2,757,815	2,317,752	1,920,577	2,177,366
4,210,091	4,135,345	4,260,255	4,606,449	5,171,018
<u>33,093,188</u>	<u>36,668,437</u>	<u>48,088,997</u>	<u>43,249,520</u>	<u>38,683,166</u>
6,644,244	6,794,503	7,718,048	8,354,123	7,970,925
4,263,280	3,353,177	4,396,358	5,042,480	5,227,807
<u>10,907,524</u>	<u>10,147,680</u>	<u>12,114,406</u>	<u>13,396,603</u>	<u>13,198,732</u>
<u>\$ 44,000,712</u>	<u>\$ 46,816,117</u>	<u>\$ 60,203,403</u>	<u>\$ 56,646,123</u>	<u>\$ 51,881,898</u>
\$ 1,195,495	\$ 1,202,890	\$ 2,297,395	\$ 1,258,834	\$ 1,086,315
1,184,179	1,331,730	1,562,425	960,461	841,083
502,427	489,548	541,643	808,465	827,845
739,852	583,708	501,456	346,741	466,734
1,038,228	985,340	776,678	723,311	721,737
3,099,986	2,716,291	2,687,615	5,677,361	4,118,810
2,356,978	3,216,001	867,513	4,166,378	1,527,406
<u>10,117,145</u>	<u>10,525,508</u>	<u>9,234,725</u>	<u>13,941,551</u>	<u>9,589,930</u>
6,804,540	6,945,575	7,061,989	6,641,183	7,418,217
2,917,946	2,921,138	3,799,801	4,210,274	4,141,300
-	-	-	-	113,444
2,017,403	757,360	1,483,544	1,824,809	732,519
<u>11,739,889</u>	<u>10,624,073</u>	<u>12,345,334</u>	<u>12,676,266</u>	<u>12,405,480</u>
<u>\$ 21,857,034</u>	<u>\$ 21,149,581</u>	<u>\$ 21,580,059</u>	<u>\$ 26,617,817</u>	<u>\$ 21,995,410</u>
\$ (22,976,043)	\$ (26,142,929)	\$ (38,854,272)	\$ (29,307,969)	\$ (29,093,236)
832,365	476,393	230,928	(720,337)	(793,252)
<u>\$ (22,143,678)</u>	<u>\$ (25,666,536)</u>	<u>\$ (38,623,344)</u>	<u>\$ (30,028,306)</u>	<u>\$ (29,886,488)</u>

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

General Revenues and Other Changes in Net Assets

Governmental activities:	Fiscal Year			
	2003	2004	2005	2006
Taxes:				
Property tax, levied for general purpose	\$ 790,993	\$ 850,889	\$ 828,597	\$ 1,239,755
Property tax, Redevelopment Agency tax increment	8,349,246	8,718,625	10,900,008	12,748,278
Transient occupancy tax	47,320	70,081	68,565	87,306
Franchise tax	764,923	757,141	855,731	903,919
Sales tax	5,059,849	5,745,624	4,230,325	4,915,052
Sales tax in lieu	-	-	1,451,759	1,159,702
Motor vehicle in lieu tax	1,453,999	1,168,342	1,914,670	2,053,194
Public service taxes	372,059	459,308	538,106	492,305
Gain/(Loss) on sale of capital assets	(219,084)	148,193	469,783	-
Other taxes	18,513	3,842	4,293	41,735
Unrestricted investment earnings	861,905	1,452,106	1,394,518	2,209,818
Other	869,415	1,267,082	1,126,623	1,272,881
Transfers	(717,400)	(5,295,307)	(639,109)	290,792
Total governmental activities	17,651,738	15,345,926	23,143,869	27,414,737
Business-type activities:				
Gain/(Loss) on sale of capital assets	(45,206)	-	-	491,369
Unrestricted investment earnings	39,995	36,887	29,091	36,910
Other	11,404	297,393	19,245	-
Transfers	723,111	5,295,307	639,109	(290,792)
Total business-type activities	729,304	5,629,587	687,445	237,487
Total primary government	\$ 18,381,042	\$ 20,975,513	\$ 23,831,314	\$ 27,652,224
Change in Net Assets				
Governmental activities	\$ 26,253,321	\$ 2,558,906	\$ (3,504,407)	\$ 5,010,472
Business-type activities	2,121,750	5,382,623	(232,685)	3,812,545
Total primary government	\$ 28,375,071	\$ 7,941,529	\$ (3,737,092)	\$ 8,823,017

Source: City's financial statements

Note: Ten years of financial data not available as the adoption of GASB Statement No. 34 has been in effect for less than that time period and the data is not available.

Fiscal Year				
2007	2008	2009	2010	2011
\$ 3,760,792	\$ 3,891,236	\$ 3,773,245	\$ 3,261,322	\$ 1,206,532
14,852,364	16,154,389	15,888,548	14,921,558	14,424,830
82,074	84,812	145,043	173,293	190,226
1,021,058	1,081,221	1,128,130	1,037,604	1,017,267
4,458,665	4,062,531	3,079,645	2,601,697	3,105,215
1,753,052	1,333,569	1,206,201	721,616	909,634
147,265	121,269	97,794	76,802	1,960,284
392,975	194,507	324,347	302,379	274,355
-	476,537	-	-	-
-	-	-	-	2,457
3,458,518	2,361,965	1,563,647	609,154	372,886
1,102,572	1,258,696	1,816,340	846,820	808,732
289,765	265,373	265,505	444,457	257,203
<u>31,319,100</u>	<u>31,286,105</u>	<u>29,288,445</u>	<u>24,996,702</u>	<u>24,529,621</u>
-	-	-	-	-
43,886	44,914	251,589	74,294	42,738
5,658	27,427	20,481	-	-
<u>(289,765)</u>	<u>(265,373)</u>	<u>(265,505)</u>	<u>(444,457)</u>	<u>(257,203)</u>
<u>(240,221)</u>	<u>(193,032)</u>	<u>6,565</u>	<u>(370,163)</u>	<u>(214,465)</u>
<u>\$ 31,078,879</u>	<u>\$ 31,093,073</u>	<u>\$ 29,295,010</u>	<u>\$ 24,626,539</u>	<u>\$ 24,315,156</u>
\$ 8,343,057	\$ 5,143,176	\$ (9,565,827)	\$ (4,311,267)	\$ (4,563,615)
592,144	283,361	237,493	(1,090,500)	(1,007,717)
<u>\$ 8,935,201</u>	<u>\$ 5,426,537</u>	<u>\$ (9,328,334)</u>	<u>\$ (5,401,767)</u>	<u>\$ (5,571,332)</u>

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

	Fiscal Year				
	2002	2003	2004	2005	2006
General Fund					
Reserved	\$ 214,003	\$ -	\$ -	\$ -	\$ -
Unreserved	4,015,642	4,191,414	6,208,159	7,313,336	7,791,835
Total General Fund	<u>\$ 4,229,645</u>	<u>\$ 4,191,414</u>	<u>\$ 6,208,159</u>	<u>\$ 7,313,336</u>	<u>\$ 7,791,835</u>
All Other Governmental Funds					
Reserved	\$ 16,356,234	\$ 21,222,500	\$ 29,431,509	\$ 14,506,168	\$ 14,836,751
Unreserved, reported in:					
Special revenue funds	352,726	3,973,650	3,739,360	17,224,928	17,873,478
Capital projects funds	28,378,019	35,380,191	43,274,103	45,303,565	43,403,902
Debt service funds	8,129,789	332,518	2,121,337	1,014,496	1,175,963
Total all other governmental funds	<u>\$ 53,216,768</u>	<u>\$ 60,908,859</u>	<u>\$ 78,566,309</u>	<u>\$ 78,049,157</u>	<u>\$ 77,290,094</u>
Post GASB 54		<u>2011</u>			
General Fund					
Nonspendable		\$ 50,375			
Committed		2,031,765			
Total general fund		2,082,140			
All Other Governmental Funds					
Nonspendable		3,750			
Restricted for:					
Streets and Highways		3,228,623			
Community and Economic Development		31,741,417			
Debt service		7,876,763			
Committed to:					
Emergencies		678,872			
Assigned to:					
General Government		1,266,470			
Public Safety		573,797			
Streets and Highways		4,867,622			
Culture and Leisure		1,096,917			
Unassigned		(25,056)			
Total all other governmental funds		<u>51,309,175</u>			
Total all governmental funds		<u>\$ 53,391,315</u>			

Source: City's financial statements

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

continued

Fiscal Year			
2007	2008	2009	2010
\$ -	\$ -	\$ -	\$ -
8,431,607	7,960,962	6,586,317	3,382,363
<u>\$ 8,431,607</u>	<u>\$ 7,960,962</u>	<u>\$ 6,586,317</u>	<u>\$ 3,382,363</u>
\$ 21,050,335	\$ 25,982,755	\$ 28,891,668	\$ 31,524,570
12,617,135	9,366,361	11,222,427	10,138,707
41,297,924	40,526,118	33,074,129	1,599,559
803,414	1,148,975	817,903	21,335,624
<u>\$ 75,768,808</u>	<u>\$ 77,024,209</u>	<u>\$ 74,006,127</u>	<u>\$ 64,598,460</u>

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

	Fiscal Year			
	2002	2003	2004	2005
Revenues				
Taxes	\$ 13,813,835	\$ 16,306,364	\$ 17,737,373	\$ 20,028,396
Assessments	164,136	189,043	201,162	194,978
Licenses and permits	718,620	817,824	1,699,483	957,262
Fines and forfeitures	180,047	342,259	288,053	444,622
Development fees	-	5,333,366	2,734,809	1,189,177
Intergovernmental	2,858,251	3,111,610	2,142,909	3,543,982
Charges for services	2,655,150	1,804,344	2,780,610	2,481,304
Use of money and property	1,775,281	1,363,052	1,517,394	1,858,310
Reimbursements	-	128,255	63,810	78,502
Contributions from property owners	-	26,009,728	2,883,760	1,258,068
Gain on sale of land held for resale	-	-	16,457	469,783
Other	1,012,017	736,487	1,919,415	1,474,132
Total revenues	23,177,337	56,142,332	33,985,235	33,978,516
Expenditures				
Current:				
General government	2,925,745	3,002,995	1,848,398	2,505,763
Public safety	7,560,157	7,822,149	8,163,974	8,933,781
Public works	1,758,834	8,210,335	4,068,334	2,291,359
Community development	691,853	2,319,002	2,451,938	9,304,391
Culture and leisure	1,616,585	1,712,556	1,915,561	2,054,588
Pass through payments	1,734,472	2,192,565	2,547,511	3,501,777
ERAF payment	-	197,614	363,557	716,633
Capital outlay	10,281,055	5,301,767	16,518,304	5,669,830
Debt service:				
Principal	1,555,923	1,514,811	2,136,051	2,015,973
Interest	4,304,064	3,363,470	4,758,761	4,286,532
Advance refunding escrow	-	-	-	-
Bond issuance costs	-	-	-	544,466
Total expenditures	32,428,688	35,637,264	44,772,389	41,825,093
Excess(deficiency) of revenues over(under) expenditures	(9,251,351)	20,505,068	(10,787,154)	(7,846,577)
Other Financing Sources (Uses)				
Proceeds from the sale of property	(889,580)	(219,084)	138,757	-
Transfers in	16,759,764	8,208,464	10,194,123	2,398,992
Transfers out	(16,516,291)	(7,454,996)	(9,776,083)	(1,718,281)
Bond/loan proceeds	50,675,000	-	22,086,049	7,912,213
Capital leases	-	-	-	-
Payment to refunded bond escrow	-	-	-	-
Other	(27,216,847)	-	-	-
Total other financing sources (uses)	22,812,046	534,384	22,642,846	8,592,924
Special Item				
Sale of park land	-	-	5,500,000	-
Net change in fund balances	\$ 13,560,695	\$ 21,039,452	\$ 17,355,692	\$ 746,347
Debt service as a percentage of noncapital expenditures	26.46%	16.08%	24.40%	17.43%

Source: City's Financial Statements

continued

Fiscal Year					
2006	2007	2008	2009	2010	2011
\$ 22,896,670	\$ 27,620,892	\$ 27,970,964	\$ 26,508,928	\$ 23,745,417	\$ 23,956,185
648,033	428,045	412,101	472,580	715,343	735,159
754,346	533,440	452,002	366,686	305,400	347,242
502,036	709,921	753,353	771,840	752,125	331,897
905,912	1,166,958	527,656	315,694	76,448	20,675
4,451,260	2,923,419	4,772,323	3,018,500	6,924,847	5,395,191
2,326,672	2,252,724	2,317,287	2,451,917	1,718,494	1,777,039
2,886,973	4,348,986	2,976,772	1,903,673	761,464	448,674
6,574	-	-	-	2,438	58,115
461,503	-	-	-	-	-
-	106,723	-	-	-	-
686,584	619,413	870,910	889,349	1,100,424	754,977
<u>36,526,563</u>	<u>40,710,521</u>	<u>41,053,368</u>	<u>36,699,167</u>	<u>36,102,400</u>	<u>33,825,154</u>
2,406,997	2,327,377	2,394,908	3,907,426	3,722,351	2,962,270
9,869,667	10,825,459	11,544,491	11,701,361	11,161,258	9,937,526
1,079,977	1,464,876	1,230,672	5,237,689	3,275,869	6,730,303
3,447,292	5,096,755	5,617,017	14,770,016	7,077,701	9,456,808
2,190,517	2,195,327	2,386,547	2,062,853	4,418,987	2,776,861
5,405,502	5,965,252	7,000,593	7,147,710	8,132,776	8,413,267
665,577	-	-	-	4,904,827	1,009,817
5,343,724	7,694,237	5,322,329	1,283,183	-	-
2,382,999	2,286,811	2,355,246	2,376,569	2,555,000	1,945,000
4,202,649	4,227,387	4,146,410	4,048,679	4,599,700	4,857,722
1,448,228	-	-	-	1,583,999	-
627,555	-	-	425,240	509,660	-
<u>39,070,684</u>	<u>42,083,481</u>	<u>41,998,213</u>	<u>52,960,726</u>	<u>51,942,128</u>	<u>48,089,574</u>
(2,544,121)	(1,372,960)	(944,845)	(16,261,559)	(15,839,728)	(14,264,420)
-	300,659	978,948	-	-	-
5,881,144	7,363,720	6,441,043	10,307,179	9,964,964	7,869,352
(5,742,106)	(7,172,933)	(6,150,670)	(10,466,674)	(10,691,561)	(8,194,440)
2,117,651	-	-	12,200,000	24,500,000	-
6,868	-	-	-	-	-
-	-	-	-	(20,156,216)	-
-	-	-	(171,672)	(389,080)	-
<u>2,263,557</u>	<u>491,446</u>	<u>1,269,321</u>	<u>11,868,833</u>	<u>3,228,107</u>	<u>(325,088)</u>
-	-	-	-	-	-
<u>\$ (280,564)</u>	<u>\$ (881,514)</u>	<u>\$ 324,476</u>	<u>\$ (4,392,726)</u>	<u>\$ (12,611,621)</u>	<u>\$ (14,589,508)</u>
19.53%	18.94%	17.70%	13.53%	16.92%	18.44%

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

<u>Fiscal Year Ended June30,</u>	<u>Secured Property</u>	<u>Unsecured Property</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax rate</u>
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%
2009	2,828,056	82,418	2,910,474	1.00000%
2010	2,504,075	79,381	2,583,456	1.00000%
2011	2,504,075	79,381	2,583,456	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
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%
2009	1.00000%	1.00000%	0.04105%	0.00430%
2010	1.00000%	1.00000%	0.04032%	0.00430%
2011	1.00000%	1.00000%	0.04524%	0.00370%

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

	2011		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Dayton Hudson Corp	\$ 12,421,874	1	0.43%
Yihua International Inv	12,193,792	2	0.42%
Grayburn Prop Inc.	11,851,568	3	0.41%
Heritage Park Apartments	9,242,410	4	0.32%
ASP Realty Inc	9,176,759	5	0.32%
Kafai Roya	8,943,521	6	0.31%
140 Hidden Valley Parkway	8,490,000	7	0.29%
Norco Calif Assembly Hall Jehov Wit	8,198,932	8	0.28%
New Beginnings Comm Church Assembly	7,489,455	9	0.26%
Norco Country Center	7,312,318	10	0.25%
Hidden Valley Holdings	-	-	-
Homebase Inc, LSE	-	-	-
American Stores Prop Inc	-	-	-
Realty Income Corp	-	-	-
Gino, John R & Judy	-	-	-
Car Spa Norco	-	-	-
Frahm, Louis H	-	-	-
Robinson Ramon	-	-	-
	<u>\$ 95,320,629</u>		<u>3.29%</u>

Source: Riverside County Office of Auditor-Controller

2002		
Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
\$ 11,726,431	1	0.88%
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
6,843,027	5	0.51%
-	-	-
-	-	-
11,297,327	2	0.84%
8,454,410	3	0.63%
8,284,888	4	0.62%
5,509,101	6	0.41%
5,386,416	7	0.40%
5,151,000	8	0.38%
4,810,975	9	0.36%
3,821,642	10	0.29%
<u>\$ 71,285,217</u>		<u>5.32%</u>

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

<u>Fiscal Year Ended June 30,</u>	<u>Taxes Levied for the Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy</u>		<u>Collections in Subsequent Years</u>	<u>Total Collections to Date</u>	
		<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
2002	\$ 703,781	\$ 669,123	95.1%	\$ 29,745	\$ 698,868	99.3%
2003	748,841	736,870	98.4%	11,971	748,840	100.0%
2004	788,186	779,765	99.0%	8,421	788,186	100.0%
2005	908,576	901,056	99.2%	7,520	908,576	100.0%
2006	1,148,464	1,081,042	94.1%	35,202	1,116,244	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%
2009	1,419,800	1,151,263	81.1%	170,270	1,321,533	93.1%
2010	1,153,651	1,059,961	91.9%	93,690	1,153,651	100.0%
2011	1,133,435	1,068,360	94.3%	-	1,068,360	94.3%

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>
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
2009	93,120	17	48,320	-
2010	95,360	42	47,140	-
2011	93,415	39	46,045	-

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

¹ U.S. Department of Commerce, Bureau of Economic Analysis for Riverside County

** Personal income data not available. Unable to calculate the percentage.

continued

Business-Type Activities						
Bonds	Capital Leases	Term Loan Payable	Total Primary Government	Percentage of Personal Capita	Percentage of Assessed Valuation	Per Capita¹
\$ -	\$ 15,800	\$ 1,135	\$ 85,428	14%	6.38%	\$ 3,431
-	15,348	1,080	127,703	22%	8.46%	5,058
-	15,039	1,023	146,116	23%	9.12%	5,730
-	14,723	963	150,955	23%	6.98%	5,654
-	14,389	901	155,180	31%	6.83%	5,692
-	13,965	835	151,061	22%	5.72%	5,541
-	13,535	767	147,178	23%	5.06%	5,400
39,000	1,153	696	182,306	27%	6.26%	6,712
38,430	1,039	622	182,633	**	7.07%	6,673
37,825	921	545	178,790	**	6.92%	6,607

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

Fiscal Year	<u>General Bonded Debt Outstanding</u>			Debt Service Reserve	Net General Bonded Debt	Percentage of Actual Taxable Value of Property	Per Capita ⁽²⁾
	General Obligation Bonds	RDA Bonds	Total				
2002	-	-	-	-	-	0.00%	-
2003	-	-	-	-	-	0.00%	-
2004	-	-	-	-	-	0.00%	-
2005	-	-	-	-	-	0.00%	-
2006	-	-	-	-	-	0.00%	-
2007	-	-	-	-	-	0.00%	-
2008	-	-	-	-	-	0.00%	-
2009	-	-	-	-	-	0.00%	-
2010	-	-	-	-	-	0.00%	-
2011	-	-	-	-	-	0.00%	-

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

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

(2) See population data in schedule of “Demographic and Economics Statistics”.

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

	Fiscal Year			
	2002	2003	2004	2005
Debt limit	\$ 200,762	\$ 226,420	\$ 240,195	\$ 280,531
Total net debt applicable to limit ⁽¹⁾	-	-	-	-
Legal debt margin	\$ 200,762	\$ 226,420	\$ 240,195	\$ 280,531
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%

Source: City's Finance Department

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

Assessed value	\$ 2,583,456
Debt limit (15% of assessed value)	387,518
Debt applicable to limit:	
General obligation bonds	-
Less: Amount set aside for repayment of general obligation debt	-
Total net debt applicable to limit	<u>-</u>
Legal debt margin	<u><u>\$ 387,518</u></u>

Fiscal Year					
<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$ 340,958	\$ 396,285	\$ 436,571	\$ 436,571	\$ 387,518	\$ 387,518
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 340,958</u>	<u>\$ 396,285</u>	<u>\$ 436,571</u>	<u>\$ 436,571</u>	<u>\$ 387,518</u>	<u>\$ 387,518</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 ⁽¹⁾	Net Available Revenue	Debt Service			
				Principal	Interest		
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	
2009	10,768	9,372	1,396	210	194	3.46	
2010	10,878	9,430	1,448	570	2,064	0.55	
2011	11,567	9,204	2,363	605	2,018	0.90	

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.

Special Assessment Bonds⁽²⁾

	Special Assessment Collections	Debt Service		Coverage
		Principal	Interest	
\$	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
	4,201	1,220	2,314	1.19
	3,858	1,180	2,261	1.12
	3,422	1,095	2,209	1.04

Property Tax Increment Bonds⁽³⁾

	Property Tax Increment	Debt Service		Coverage
		Principal	Interest	
\$	7,058	\$ 1,195	\$ 1,714	2.43
	8,349	1,115	3,215	1.93
	8,718	1,740	3,820	1.57
	10,671	1,825	4,146	1.79
	12,587	2,185	4,088	2.01
	14,605	2,075	4,178	2.34
	15,838	2,135	4,112	2.54
	15,497	2,205	4,032	2.48
	14,624	2,555	4,600	2.04
	14,128	1,945	4,858	2.08

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

Year	Estimated Population⁽¹⁾	Personal Income (in thousands)⁽²⁾	Per Capita Personal Income⁽³⁾	School Enrollment⁽⁴⁾	Unemployment Rate⁽⁵⁾
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	672,000	81,182	51,885	4.6
2008	27,255	646,000	78,141	51,514	6.8
2009	27,160	677,000	86,777	52,396	12.3
2010	27,370	**	**	53,445	12.5
2011	27,060	**	**	53,101	12.0

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 Eight Years Ago**

<u>Employer</u>	2011		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment⁽¹⁾</u>
Corona-Norco Unified School District	4,771	1	34.82%
Naval Surface Warfare Center	1,300	2	9.49%
California Rehabilitation Center	1,255	3	9.16%
Riverside Community College	382	4	2.79%
Target Stores	197	5	1.44%
Quick Crete Products Corp	119	6	0.87%
Albertsons Sav-On	115	7	0.84%
Computer Science Corp (DynCorp)	105	8	0.77%
Avid Identification Systems, Inc.	100	9	0.73%
Hemborg Ford, Inc.	92	10	0.67%
Norco Ranch	-	-	0.00%
SeGi	-	-	0.00%
City of Norco	-	-	0.00%
Total:	8,436		61.58%

<u>Employer</u>	2003		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment⁽¹⁾</u>
Corona-Norco Unified School District	4,996	1	33.53%
Naval Surface Warfare Center	850	3	5.70%
California Rehabilitation Center	1,200	2	8.05%
Riverside Community College	600	4	4.03%
Target Stores	210	7	1.41%
Quick Crete Products Corp	135	9	0.91%
Albertsons Sav-On	-	-	0.00%
Computer Science Corp (DynCorp)	-	-	0.00%
Avid Identification Systems, Inc.	325	5	2.18%
Hemborg Ford, Inc.	-	-	0.00%
Norco Ranch	250	6	1.68%
SeGi	150	8	1.01%
City of Norco	107	10	0.72%
Total:	8,823		59.21%

Source: City's Economic Development Department

Note: Data prior to 2003 is not currently available.

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

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

Function/Program	Full-time Equivalent Employees as of June 30,			
	2002	2003	2004	2005
General government				
Administration	2	2	2	3
City Clerk	2	3	3	3
Fiscal & Support Svcs.	13	16	16	15
Other	3	3	3	0
Public Safety				
Police (Civilian)	1	1	1	1
Fire	28	28	28	29
Code Enforcement	1	1	1	1
Animal Control	5	5	5	5
Public Works				
Maintenance	15	16	16	15
Culture and leisure				
Parks & Recreation	11	12	12	12
Community development				
Planning	7	6	5	4
Engineering	5	5	5	5
Building	6	6	7	7
Economic development	3	3	3	1
Total	102	107	107	101

Source: City's annual adopted budgets

Full-time Equivalent Employees as of June 30,

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
3	2	2	1	1	1
3	3	3	3	3	2
15	15	15	13	13	13
0	0	0	0	0	0
1	1	1	1	1	1
30	30	30	28	23	20
1	1	1	0	0	0
5	6	6	6	6	4
17	18	18	17	15	16
13	13	11	9	9	7
4	5	5	3	3	2
2	1	1	1	1	1
9	8	8	5	3	2
1	1	1	3	3	1
<u>104</u>	<u>104</u>	<u>102</u>	<u>90</u>	<u>81</u>	<u>70</u>

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

<u>Function/Program</u>	<u>Fiscal Year</u>			
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Police				
UCR Crime index total	1,019	1,023	1,095	1,171
Traffic collisions	433	527	487	553
Traffic violations	5,187	4,986	5,535	3,591
Fire				
Total number of responses	1,942	1,955	1,869	1,958
Fires extinguished	133	139	118	95
Water				
Number of service connections	6,950	7,085	7,174	7,500
Average daily consumption (in mil. of gallons)	7.5	8.1	7.9	8.3
Max. daily (groundwater wells) capacity (in mil. of gallons)	8.6	8.6	8.6	8.6
Max. daily import capacity (in mil. of gallons)	11.5	11.5	11.5	11.5
Storage capacity (in mil. of gallons)	10.2	10.2	10.2	10.2
Sewer				
Number of sewer connections	3,239	3,302	3,344	3,496
Average daily treatment (in mil. of gallons)	1.5	1.8	1.8	1.8
Max.daily capacity of treatment plans (in mil. of gallons)	2.2	2.2	2.2	2.2

Source: Various City's departments

Fiscal Year				
2007	2008	2009	2010	2011
1,014	1,040	824	743	714
588	405	327	269	337
7,046	9,278	7,339	7,246	4,585
1,987	2,002	1,846	2,134	2,105
115	96	105	89	82
7,590	7,628	7,645	7,653	7,669
8.9	8.9	8.9	8.8	7.5
8.8	8.8	8.8	8.8	7.5
11.6	11.6	11.6	11.6	12.2
10.2	10.2	12.4	12.4	12.4
3,538	3,555	3,563	4,101	3,753
1.9	1.9	1.9	1.9	1.9
2.2	2.2	2.2	2.2	2.2

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

<u>Function/Program</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Public safety				
Fire stations	2	2	2	2
Culture and leisure				
Parks	14	14	15	15
Park Acreage	552	552	167.3	167.5
Open Space Acreage	451	451	835.3	835.3
Tennis court	1	1	1	1
Skate court	1	1	1	1
Public swimming pool	1	1	1	1
Community center	1	1	1	1
Public playgrounds/Tot lots	6	6	8	8
Water				
Water mains (miles)	90.1	93.7	93.7	93.7
Fire hydrants	770	890	890	890
Sewer				
Sanitary sewers (miles)	82.0	85.3	85.3	85.3
Treatment plant	1	1	1	1

Source: Various City's departments

Note: Ten years of financial data not available as the adoption of GASB Statement No. 34 has been in effect for less than that time period and the data is not available.

2007	2008	2009	2010	2011
2	2	2	2	2
15	15	15	15	15
167.5	167.5	167.5	167.5	167.5
835.3	835.3	835.3	835.3	835.3
1	1	1	1	1
0	0	0	0	0
1	1	1	1	1
1	1	1	1	1
9	9	9	9	9
100.8	100.8	100.8	101.5	102.1
1,282	1,282	1,282	1,282	1,282
91.3	91.3	91.3	91.3	91.7
1	1	1	1	1