

# City of Norco California



## **COMPREHENSIVE ANNUAL FINANCIAL REPORT** **FOR THE YEAR ENDED** **JUNE 30, 2013**

**CITY OF NORCO, CALIFORNIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Prepared by the Fiscal and Support Services Department

**CITY OF NORCO, CALIFORNIA  
Comprehensive Annual Financial Report  
For The Fiscal Year Ended June 30, 2013**

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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 19, 2013

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

In accordance with the City's Municipal Code, it is my pleasure to submit the City of Norco (City) Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2013 (FY 2013). This report provides a comprehensive view of the results of the City's financial activities for the year and financial position at the end of the fiscal year. The basic financial statements have been presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards (GAAS) by a firm of licensed certified public accountants.

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

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

The City's basic financial statements have been audited by Rogers, Anderson, Malody & Scott, LLP, a firm of licensed certified public accountants. The goal of an independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2013, are free of any material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures on the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall presentation of the financial statements. Based upon their audit, the independent auditors concluded that there was a reasonable basis for rendering an unqualified (clean) opinion that the City's financial statements for the fiscal year ended June 30, 2013, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

## CITY COUNCIL

KATHY AZEVEDO  
Mayor

BERWIN HANNA  
Mayor Pro Tem

KEVIN BASH  
Council Member

HERB HIGGINS  
Council Member

HARVEY SULLIVAN  
Council Member

The independent audit of the financial statements of the City was part of a broader, federally mandated “Single Audit” designed to meet the special needs of federal grantor agencies under the Single Audit Act Amendments of 1996 and related OMB Circular A-133. Under the Single Audit Act, the independent auditor is required to report not only on fair presentation of financial statements, but also on the City’s internal controls and compliance with legal requirements, with emphasis on internal controls and legal requirements involving the administration of federal awards. For the fiscal year 2013, the City did not expend over \$500,000 in federal grants and therefore, did not meet the threshold set by the Office of Management and Budgets (OMB) for a Single Audit. Consequently, separate Single Audit reports were not 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 33% over the last ten years. The City limits cover an area of approximately 15 square miles, with a permanent population of approximately 27,000. Norco is advantageously located with convenient access to the major interstate highways I-15, I-10, routes 60 and 91 freeway systems, as well as Ontario International Airport (ONT).

Norco is 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. Fire and emergency medical services are provided through a cooperative contract with Riverside County Fire Department.

The planning division is responsible for all current and advanced planning projects. Current planning projects include land use entitlement processes including site plans, variances, conditional use permits, zone changes and specific plans. Advanced planning consists of updates to the General Plan, annexations and inter-agency cooperation on transportation and habitat conservation issues. The City has over 900 acres of passive and active parkland and open space which are maintained by the City's parks and recreation divisions. The vision of the division is to create community through people, animals, parks and programs. As an equestrian community, the animal control services division establishes standards for the care and health of animals; 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 Manager's office, the City provides economic development assistance to developers, real estate agents, appraisers, property owners and other residents. The primary purpose is to attract economic development projects to the City. Economic development will continue to be a high priority of the City 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 development of the City's Fiscal Year Annual Operating Budget begins in January. The City's annual operating budget serves as the foundation for financial planning and control. Each City department is required to submit requests for annual appropriation to the City Manager. These budget requests are used as the starting point for developing a proposed budget. The City Manager presents a proposed budget to Council for review through staff and Council budget study sessions. At the completion of budget study sessions, the City Council is required to have a minimum of one public hearing to further review the proposed budget. At the conclusion of the public hearing(s), the budget is required to be adopted by a majority vote of the City Council no later than June 30, the close of the City's fiscal year. The appropriated budget is prepared by fund and department. Within each department, the budget is further detailed by expenditure type and line items (e.g., salaries and benefits).

Department heads can make transfers of appropriations within a department and fund. Transfer of appropriations between departments within the same fund requires the approval of the City Manager and transfers of appropriation between Funds requires 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 and other relevant financial policies.

**Local economy:** While the City is largely an animal-keeping and equestrian oriented community, it also has balanced commercial, retail and light industrial activities. The City is included in the Riverside-San Bernardino labor market area. This area is also known as the Inland Empire region which is considered one of the most significant economies in the state. While the Inland Empire has faced its most serious economic challenge since the 1930s during the recent recession, the region has started to see some recovery due to improvement in home prices and employment. The weakness in the economy during the recession caused major job losses in the area especially in the blue collar sectors of construction, logistics and manufacturing. The job losses in these sectors resulted in the unemployment rate of nearly 12.1% at the beginning of the fiscal year. However, during FY 2013, the economic environment improved with unemployment dropping to 10%. Taxable sales in the area grew by more than 7.4% and real property values improved by nearly 20%. The City's central business district is dominated by automobile dealerships, retail shops and restaurants. Sales tax revenues continued to increase during the fiscal year. On top of the 6% growth in FY 2012, the City recorded additional 11.3% growth in sales tax revenues during FY 2013.

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

- Economic development and marketing efforts were undertaken to fill vacant sites throughout the City. Major retailers such as Winco Foods, Hobby Lobby, and Tractor Supply signed leases to open retail stores in the City.
- Significant investments were made in infrastructure improvements including street widening, park improvements, right of way acquisitions, traffic signals and street extensions.
- The City successfully implemented strategies to deal with the negative fiscal impact of the dissolution of the Redevelopment Agency. Part of the strategy included restructuring the City's economic development program to improve efficiencies by focusing on targeted projects that yield higher return to the City's economic base.

## Relevant Financial Policies

**Budgetary Control Policies:** The City has implemented strict expenditure control procedures and policies in response to the recent recession. Personnel costs represent the bulk of the City's general government operating budget. To reduce personnel costs, the City continued to maintain a policy of negotiating short term labor agreements with employee organizations. These short term agreements provide the City with the flexibility to make further expenditure reduction in the future as revenues continue to decline.

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.

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

As part of the implementation of GASB 45, the City established a Trust Account to accumulate funds for the payment of post-retirement healthcare costs. The City also adopted a funding policy. Under the policy the City made a significant amount of deposit into the Trust Account to prefund some of its unfunded retiree healthcare liabilities. As a result of substantial earnings accrued to the Trust Account, the City has been able to reduce the amount of its current year contributions to the OPEB Trust Account. This pre-funding arrangement has provided the City with some flexibility in the funding for OPEB costs.

**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 struggled 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 part of the State budget for fiscal year 2011-2012, effective June 28, 2011, the legislature approved AB X1 26 and AB 1X 27 eliminating redevelopment agencies statewide (AB X1 26). After legal challenge, the California Supreme Court upheld the AB X1 26 on December 29, 2011 thereby dissolving all redevelopment agencies in the State of California as of January 31, 2012. Among other provisions, AB X1 26 required that upon dissolution of a redevelopment agency, either the City or another unit of local government agree to serve as the "Successor Agency" of the dissolved redevelopment agency. The role of the Successor Agency is to perform all activities necessary to wind down the activities of the former redevelopment agency including payment of debt service and completion of outstanding redevelopment activities.

On January 11, 2012, the Norco City Council voted to serve as the Successor Agency except with respect to the former agency's housing function. The dissolution of the redevelopment agency will likely have a long-term negative impact on the City's ability to pursue future economic development activities. With the dissolution, the City is no longer able to receive allocation of property tax increment revenues except for the amount necessary to pay off outstanding enforceable obligations. During the Fiscal Year, the Successor Agency continued to meet all the requirements of AB X1 26 and AB 1484 by completing all the due diligence agreed upon procedures requirement and remitting any excess funds to the County Auditor-Controller. The City received a share of the excess funds resulting in temporary onetime revenue boost to the General Fund.

## **Major Initiatives**

The City of Norco is dedicated to maintaining its City Living in a Rural Atmosphere by building and maintaining adequate infrastructure to serve its residents and attract compatible economic development. During the fiscal year ended June 30, 2013, the City engaged in the following major projects:

1. The City completed construction of a new animal shelter facility. The shelter which was completed at a cost of 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.
2. The City completed implementation of \$2.8 million Advanced Metering Infrastructure system. This fixed network meter reading system allows the City to collect water meter readings on an hourly basis at City hall computers. This process improves meter reading accuracy, reduces labor costs and facilitates timely billing of utility services.
3. With funding from Enterprise Revenue Bonds, the City embarked on several water and wastewater infrastructure projects including California Rehabilitation Center and Navy facilities connection; expansion of treatment and storage facilities; and replacement/expansion of water lines. 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.
4. 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. Other street projects were funded by a combination of Special Transportation Tax Measure allocation, Redevelopment Agency Tax Allocation Bond proceeds and street impact fees.
5. The City also completed a Citywide Fiber Optics Network Infrastructure Project. This project is designed to provide high speed network communication between all City buildings and major infrastructure locations.

## 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, 2012.

This is the tenth consecutive year that the City has received this prestigious award. In order to be awarded the annual certificate for excellence in financial reporting, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, the contents of which conform to program standards. Such reports must also satisfy generally accepted accounting principles, applicable rules, regulations and legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement program's requirement and we will be submitting it to the GFOA to determine eligibility for another GFOA certificate.

The preparation of this report could not be accomplished without the efficient and dedicated services of the entire staff of the Fiscal and Support Services Department and our independent auditors, Rogers, Anderson, Malody & Scott, LLP. Credit must also be given to the Mayor and City Council for their dedication and unfailing support in maintaining the highest level of professionalism in the management of City finances.

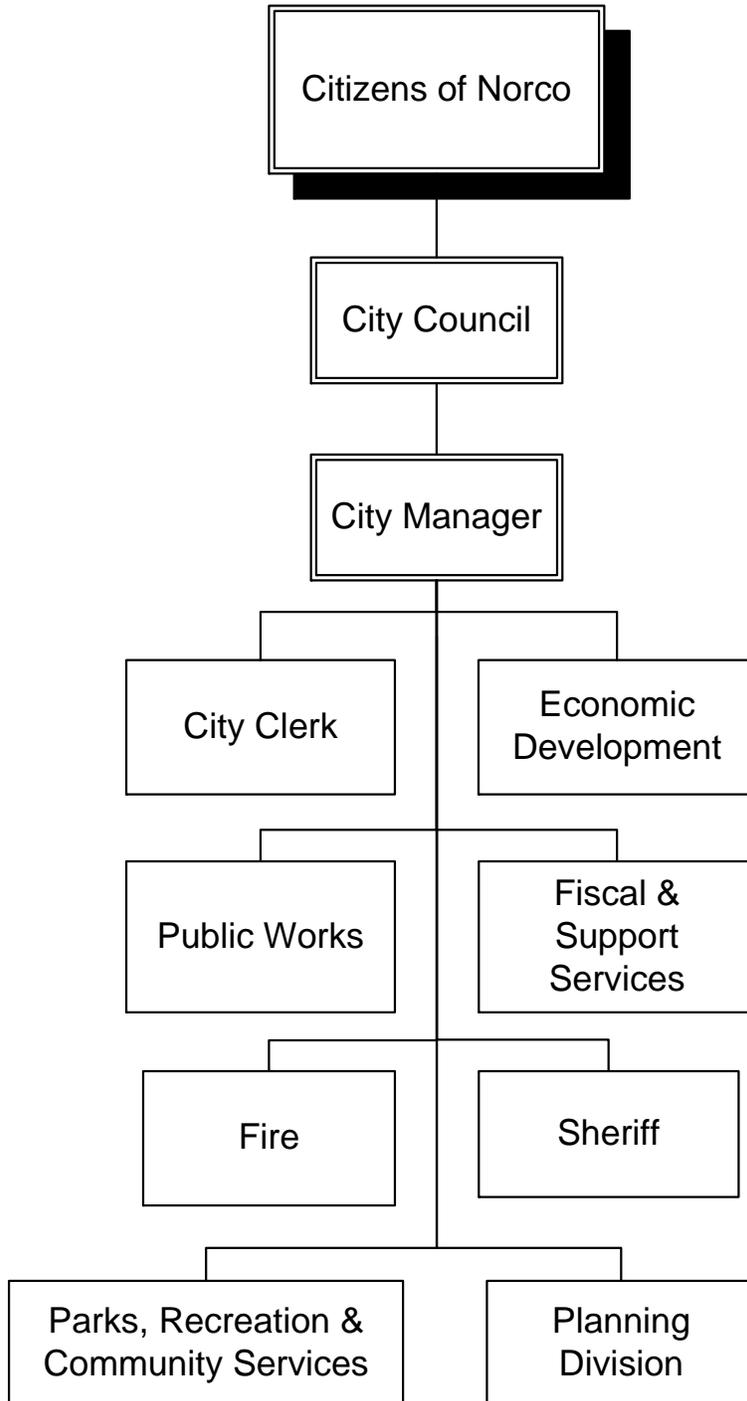
Respectfully Submitted,

A handwritten signature in black ink, appearing to read "V. Andy Okoro", is written over a light yellow rectangular background.

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V. Andy Okoro, CPA  
City Manager

**CITY OF NORCO**  
ORGANIZATIONAL CHART  
June 30, 2013



**CITY OF NORCO**  
Directory of City Officials  
June 30, 2013

**MAYOR**

Kathy Azevedo

**CITY COUNCIL**

Berwin Hanna, Mayor Pro Tem  
Kevin Bash  
Herb Higgins  
Harvey Sullivan

**CITY MANAGER**

Beth Groves

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

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

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

Brenda Jacobs  
**City Clerk**

Steve King  
**Planning Director**

Geoff Pemberton  
**Fire Chief**

Lori Askew  
**Director of Public Works**



Government Finance Officers Association

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

Presented to

**City of Norco  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2012**

Executive Director/CEO

# FINANCIAL SECTION





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

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Honorable Mayor and City Council  
City of Norco  
Norco, California

## INDEPENDENT AUDITOR'S REPORT

### PARTNERS

Brenda L. Odle, CPA, MST  
Terry P. Shea, CPA  
Kirk A. Franks, CPA  
Matthew B. Wilson, CPA, MSA, CGMA  
Scott W. Manno, CPA, CGMA  
Leong Shanbhag, CPA, MST, CGMA  
Jay H. Zercher, CPA (Partner Emeritus)  
Phillip H. Waller, CPA (Partner Emeritus)

### MANAGERS / STAFF

Nancy O'Rafferty, CPA, MBA  
Bradford A. Welebir, CPA, MBA  
Jenny Liu, CPA, MST  
Papa Matar Thiraw, CPA, MBA  
Maja S. Ivanova, CPA, MBA  
Peter E. Murray, CPA  
Soong-Hyea Lee, CPA, MBA  
Charles De Simon, CPA  
Yiam Fang, CPA  
Daniel T. Turner, CPA, MSA  
Derek J. Brown, CPA, MST  
David D. Henwood, CPA

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of City of Norco (City), California, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

### MEMBERS

American Institute of  
Certified Public Accountants

PCPS The AICPA Alliance  
for CPA Firms

Governmental Audit  
Quality Center

California Society of  
Certified Public Accountants

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4–15 and 67 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

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

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

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

### *Implementation of new pronouncement*

As discussed in Note 1 of the financial statements, the City adopted the provisions of GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2013 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Rogers Anderson Maloney & Scott, LLP

San Bernardino, California

December 18, 2013

## Management's Discussion and Analysis

The following Management Discussion and Analysis (MD&A) of the City of Norco's (City) financial condition and performance provides an introduction and overview of the financial activities of the City for the fiscal year ended June 30, 2013. 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 and the basic financial statements including the accompanying notes to basic financial statements.

### Financial Highlights

- Total assets of the City at the end of fiscal year 2013 of \$281.8 million exceeded total liabilities of \$46 million by \$235.8 million. The difference between total assets and total liabilities is referred as total net position.
- The City's total net position increased by \$4 million during the year. The increase in net position was due to revenues exceeding expenses in the governmental activities by \$1.7 million and by \$2.3 million in business-type activities.
- As of June 30, 2013, the City's governmental funds reported combined fund balance of \$13 million, a net decrease of \$0.6 million from prior fiscal year. The decrease in governmental fund balance is due to increase in capital projects expenditures. Approximately \$8.9 million of the governmental funds' fund balance is assigned or committed; \$3.4 million is restricted; and the remaining fund balance of \$0.7 million is unassigned.
- Committed fund balance for the general fund was \$3.6 million or 25% of total general fund recurring expenditures in fiscal year 2013. This represents an increase of \$0.8 million from last fiscal year. Additionally, the general fund has assigned fund balance of \$0.7 million, and unassigned fund balance of \$0.8 million compared to a zero unassigned balance at the end of last year. The increase in unassigned fund balance was due to revenues exceeding expenditures.
- The City's total long-term debt decreased by a net of \$0.8 million during the fiscal year due to principal debt service payment partially offset by an increase of \$0.3 million in net Other Post-Employment Benefits (OPEB) obligation. The City did not issue any new debt during the fiscal year.

### Overview of the Financial Statements

The financial statements presented herein include all of the activities of the City of Norco; its component units and the Successor Agency to the former Redevelopment Agency as prescribed by GASB Statement No. 34. The MD&A is intended to serve as an introduction to the City's financial statements. The City's basic financial statements comprise the following three components:

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

The CAFR also contains other supplementary information in addition to the basic financial statements themselves.

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

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

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

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

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

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

The government-wide financial statements include not only the City, known as the primary government), but also its component units that are legally separate but whose activities the City is financially accountable. For the fiscal year ended June 30, 2013, the Norco Financing Authority is the only entity included as a component unit of the City. Due the dissolution of the former Norco Community Redevelopment Agency in FY 2012, the activities of the Successor Agency for the former agency is reported in a fiduciary fund (private-purpose trust fund) and thus have not been included in the consolidated financial statements of the primary government, the City of Norco.

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

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

The focus of governmental funds in the fund financial statements is narrower than that of the government-wide financial statements; therefore, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and 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 funds' statement of revenues, expenditures, and changes in fund balance for the general and street improvement capital projects funds, which the City has determined 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, special revenue and capital project funds. Budgetary comparison statements have been provided for these funds to demonstrate compliance with the budget.

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

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

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

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

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

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

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

**Other information:** In addition to the basic financial statements and accompanying notes, this report also present certain required supplementary information regarding the City's progress in funding its Other Post-Employment Benefits (OPEB) obligation to provide health benefits to its employees. Required supplementary information can be found on pages 67-69 of this report.

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

### Government-wide financial analysis

This analysis focuses on the City's net position and changes in net position in the governmental and business-type activities. As noted earlier, net position may serve over time as a useful indicator of the City's financial position. For the fiscal year ended June 30, 2013, total City assets of \$281.8 million exceeded total liabilities of \$46 million by \$235.8 million. For comparative purposes, management has included data from the fiscal year ended June 30, 2012 as summarized below:

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

|                                      | Governmental Activities |                       | Business-type Activities |                      | Total                 |                       |
|--------------------------------------|-------------------------|-----------------------|--------------------------|----------------------|-----------------------|-----------------------|
|                                      | 2013                    | 2012                  | 2013                     | 2012                 | 2013                  | 2012                  |
| <b>Assets:</b>                       |                         |                       |                          |                      |                       |                       |
| Current and other assets             | \$ 21,667,788           | \$ 20,989,880         | \$ 24,356,231            | \$ 22,961,394        | \$ 46,024,019         | \$ 43,951,274         |
| Capital assets (net of depreciation) | 174,272,243             | 172,070,288           | 61,473,443               | 61,251,306           | 235,745,686           | 233,321,594           |
| Total assets                         | <u>195,940,031</u>      | <u>193,060,168</u>    | <u>85,829,674</u>        | <u>84,212,700</u>    | <u>281,769,705</u>    | <u>277,272,868</u>    |
| <b>Liabilities:</b>                  |                         |                       |                          |                      |                       |                       |
| Current and other Liabilities        | 3,889,775               | 2,845,239             | 2,944,196                | 2,833,163            | 6,833,971             | 5,678,402             |
| Long-term liabilities                | 2,637,237               | 2,537,075             | 36,562,802               | 37,358,843           | 39,200,039            | 39,895,918            |
| Total liabilities                    | <u>6,527,012</u>        | <u>5,382,314</u>      | <u>39,506,998</u>        | <u>40,192,006</u>    | <u>46,034,010</u>     | <u>45,574,320</u>     |
| <b>Net position:</b>                 |                         |                       |                          |                      |                       |                       |
| Net invested in capital assets       | 173,830,963             | 172,040,285           | 46,023,517               | 46,718,775           | 219,854,480           | 218,759,060           |
| Restricted                           | 11,708,483              | 15,217,153            | 1,505,296                | 1,493,069            | 13,213,779            | 16,710,222            |
| Unrestricted                         | 3,873,573               | 420,416               | (1,206,137)              | (4,191,150)          | 2,667,436             | (3,770,734)           |
| Total net position                   | <u>\$ 189,413,019</u>   | <u>\$ 187,677,854</u> | <u>\$ 46,322,676</u>     | <u>\$ 44,020,694</u> | <u>\$ 235,735,695</u> | <u>\$ 231,698,548</u> |

Net position for the fiscal year ended June 30, 2013, includes investments in capital assets such as roads, streets, lighting systems, drainage systems, bridges, property plant and equipment.

Including the value of infrastructure assets, net invested in capital assets total \$219.9 million as of June 30, 2013. 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 position, \$13.2 million for fiscal year 2013 and \$16.7 million for fiscal year 2012, represent resources that are subject to restrictions on how they can be used. The remaining balance, unrestricted net position, is \$2.7 million and (\$3.8) million for fiscal years 2013 and 2012 respectively. The deficit unrestricted net position 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 position.

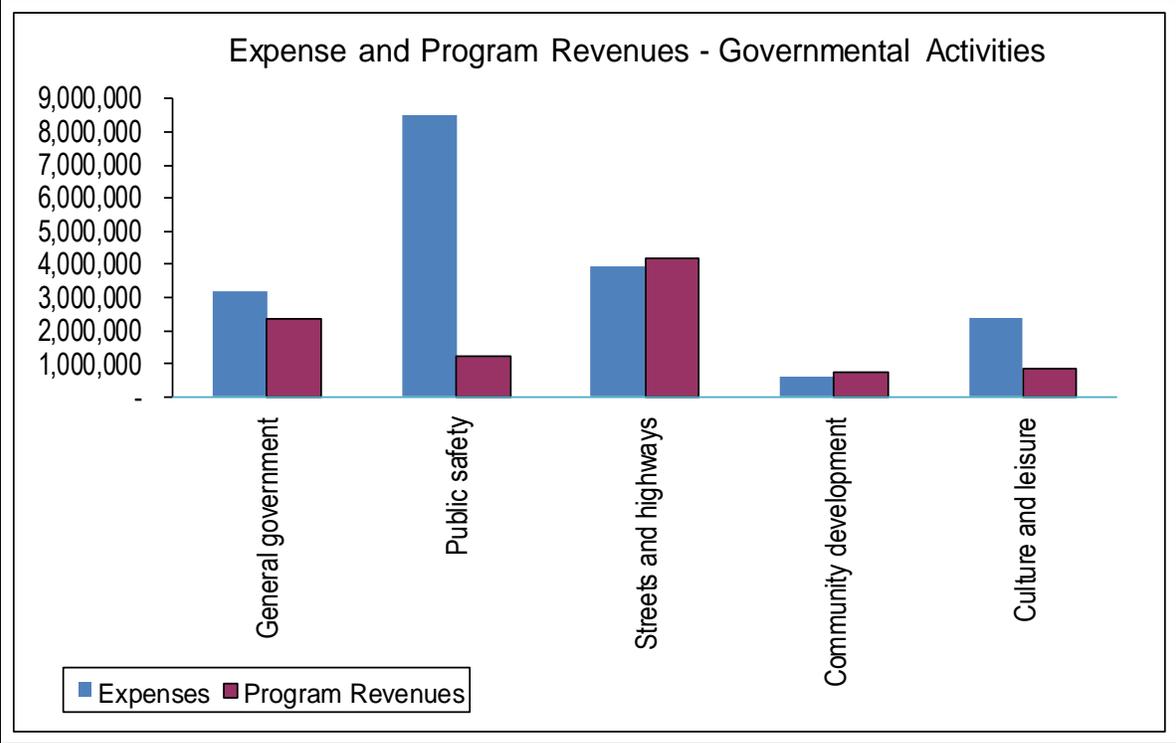
**Statement of Activities:** The statement of activities shows how the City's net assets changed during the year. Provided below is the summary of changes in net position.

| <b>City of Norco, California</b>                                |                                |                       |                                 |                      |                       |                       |
|---|--------------------------------|-----------------------|---------------------------------|----------------------|-----------------------|-----------------------|
| <b>Statement of Activities</b>                                  |                                |                       |                                 |                      |                       |                       |
|   | <b>Governmental activities</b> |                       | <b>Business-type activities</b> |                      | <b>Total</b>          |                       |
|   | 2013                           | 2012                  | 2013                            | 2012                 | 2013                  | 2012                  |
| <b>Revenues:</b>  |                                |                       |                                 |                      |                       |                       |
| <b>Program Revenues:</b>  |                                |                       |                                 |                      |                       |                       |
| Charges for services  | \$ 5,140,183                   | \$ 3,930,138          | \$ 15,381,807                   | \$ 14,359,899        | \$ 20,521,990         | \$ 18,290,037         |
| Operating grants and contributions                              | 1,657,693                      | 3,062,424             | 28,481                          | -                    | 1,686,174             | 3,062,424             |
| Capital grants and contributions                                | 2,504,159                      | 83,834                | 1,264,389                       | 902,597              | 3,768,548             | 986,431               |
| General revenues  | 10,814,378                     | 17,203,522            | 34,537                          | 84,540               | 10,848,915            | 17,288,062            |
| <b>Total revenues</b>   | <b>20,116,413</b>              | <b>24,279,918</b>     | <b>16,709,214</b>               | <b>15,347,036</b>    | <b>36,825,627</b>     | <b>39,626,954</b>     |
| <b>Expenses:</b>  |                                |                       |                                 |                      |                       |                       |
| General Government  | 3,186,491                      | 2,047,480             | -                               | -                    | 3,186,491             | 2,047,480             |
| Public Safety   | 8,523,623                      | 9,482,494             | -                               | -                    | 8,523,623             | 9,482,494             |
| Streets and Highways  | 3,954,013                      | 4,389,492             | -                               | -                    | 3,954,013             | 4,389,492             |
| Community development   | 615,851                        | 5,893,093             | -                               | -                    | 615,851               | 5,893,093             |
| Culture and leisure   | 2,390,293                      | 2,421,643             | -                               | -                    | 2,390,293             | 2,421,643             |
| Interest on long-term debt                                      | -                              | 842,156               | -                               | -                    | -                     | 842,156               |
| Water   | -                              | -                     | 9,259,377                       | 9,917,049            | 9,259,377             | 9,917,049             |
| Sewer   | -                              | -                     | 4,858,832                       | 5,309,232            | 4,858,832             | 5,309,232             |
| <b>Total expenses</b>   | <b>18,670,271</b>              | <b>25,076,358</b>     | <b>14,118,209</b>               | <b>15,226,281</b>    | <b>32,788,480</b>     | <b>40,302,639</b>     |
| Change in net position before transfers and extraordinary items | 1,446,142                      | (796,440)             | 2,591,005                       | 120,755              | 4,037,147             | (675,685)             |
| Extraordinary Gain  | -                              | 50,466,374            | -                               | -                    | -                     | 50,466,374            |
| Transfers   | 289,023                        | 272,337               | (289,023)                       | (272,337)            | -                     | -                     |
| Change in net position  | 1,735,165                      | 49,942,271            | 2,301,982                       | (151,582)            | 4,037,147             | 49,790,689            |
| Net position - beginning  | 187,677,854                    | 137,735,582           | 44,020,694                      | 44,172,276           | 231,698,548           | 181,907,858           |
| <b>Net position - ending</b>                                    | <b>\$ 189,413,019</b>          | <b>\$ 187,677,853</b> | <b>\$ 46,322,676</b>            | <b>\$ 44,020,694</b> | <b>\$ 235,735,695</b> | <b>\$ 231,698,547</b> |

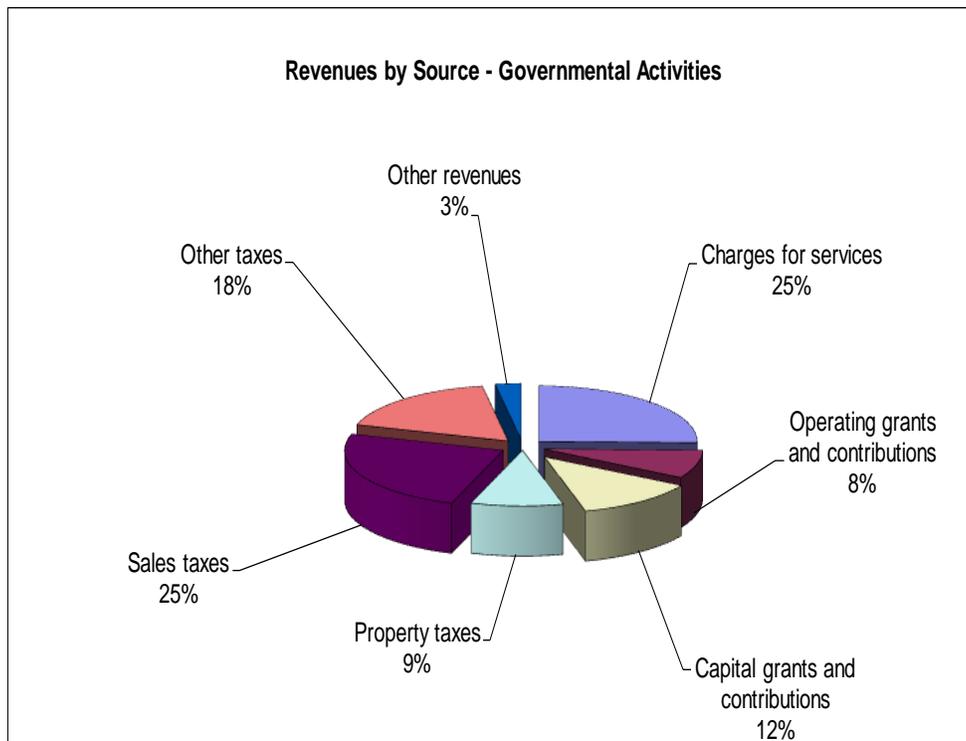
During the year, total net position increased by \$4 million primarily due to revenues exceeding expenses. Further analyses are provided below.

**Governmental activities:** Total net position from governmental activities increased by \$1.7 million or 1% during the year primarily due to revenues exceeding expenses. The bulk of the change in net position came from the general fund

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



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

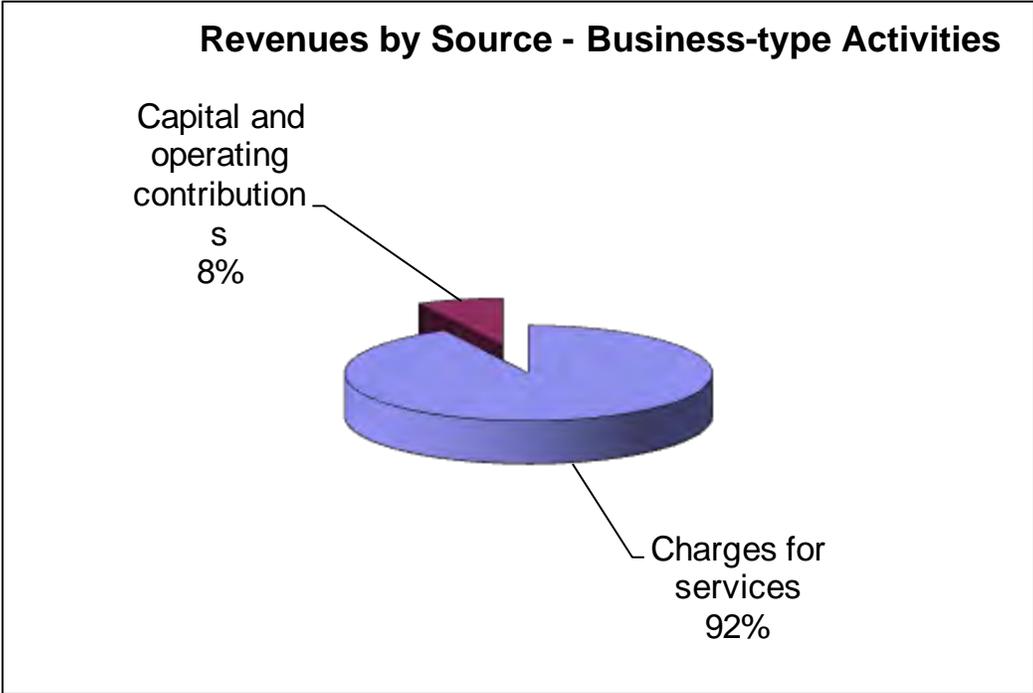
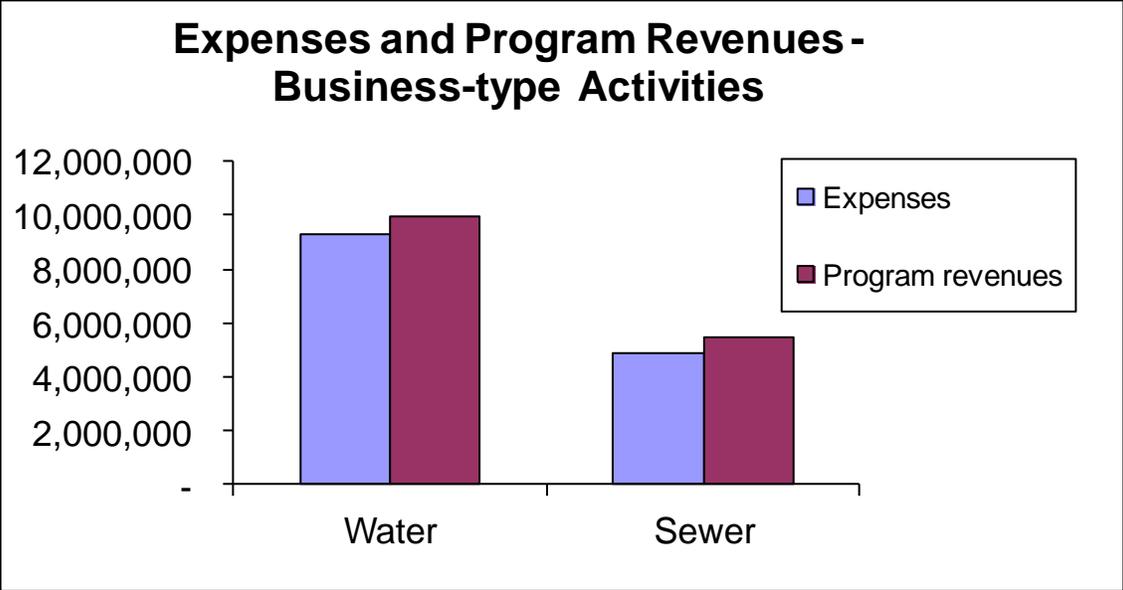


The governmental activities' expense and program revenue chart is designed to reflect expenses associated with each City function and the revenues that are directly attributable to that function. It is important to note that general revenues such as property, sales and other taxes are not directly attributable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

Capital grants and contributions represent revenues and contributions of capital assets received from developers and other third party entities including the federal government. Capital grants and contributions are restricted to the acquisition and construction of capital assets. Sales taxes are derived from taxable transactions originating from the City. Even though the City's sales tax receipts are still significantly below where they were six years ago, sales tax revenues still account for a significant portion of general fund revenues. During the year, sales tax revenue increased by nearly 11% 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 position of the business type activities increased \$2.3 million during the fiscal year as capital contributions and charges for services exceeded expenses. The positive change in net position is attributable to significant reduction in the cost of purchased water during the year. The City was able to produce more water from its domestic water wells which resulted in less purchases of the more expensive imported water. Secondly, the full implementation of water rate adjustment during the fiscal year resulted in more revenues. Similarly, the final phase of a previously approved sewer rate adjustment was also implemented during the fiscal year which resulted in more revenues to the sewer fund. Individually, the net position of the water fund increased by \$1.8 million while the net position of the sewer fund increased by \$0.5 million.

The chart below provides graphic representation of the City’s revenues by source for business-type activities. Water fund charges exceeded operating expenses for the reasons previously stated. Water fund expenses make up 66 percent of total business-type activities expenses while sewer fund expenses make up the remaining 34 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 92 percent of business-type activities’ revenue while capital and operating contributions represent the remaining 8 percent.



## Financial Analysis of City Funds

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

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

As of June 30, 2013, the City's governmental funds reported combined ending fund balances of \$13 million, a decrease of \$0.5 million due to capital projects expenditures made from existing fund balance. Of the \$13 million, \$3.4 million, or 26 percent, constitutes restricted fund balance which can only be used for specific purposes due to external restrictions or enabling legislation. The remainder of the fund balance is committed, assigned or unassigned. Committed fund balances include balances that have been constrained by the city council through a resolution or ordinance for specific future use. Total committed fund balance as of June 30, 2013 was \$3.9 million. Assigned fund balance consists of amounts that have been designated for specific use without resolution or ordinance of the city council thus, the assignment can be changed at the discretion of management. Total assigned fund balance as of June 30, 2013 was \$4.9 million. Unassigned fund balance of \$0.8 million represent amount that is available for any purpose.

In the general fund, revenues and transfers in exceeded expenditures by \$2.3 million. This increase in fund balance was as a result of better than anticipated receipt of tax revenues and expenditure control measures. In the streets capital project fund, total fund balance decreased by \$1.2 million due to capital projects expenditures funded from existing fund balance. The fund balance of other non-major governmental funds also decreased by \$1.6 million due to capital projects expenditures paid 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. The City's Proprietary funds consist of two major Enterprise Funds and three Internal Service Funds. The Internal Service Funds are presented as Governmental Activities in the Proprietary Funds financial statements. Individual fund data are presented in the form of combining statements. Operating revenues for Enterprise Funds consist primarily of charges for service.

Unrestricted net position in the water fund at the end of the year was \$2.3 million while the sewer fund had a negative unrestricted net position balance of (\$3.5) million. The negative sewer fund unrestricted net position balance is due to 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. During the fiscal year, the net position of the water fund increased by \$1.8 million while the net position of the sewer fund increased by \$0.5 million as charges for services exceeded expenses.

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

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

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

The general fund is the chief operating fund of the City. At June 30, 2013, total fund balance was \$5 million which consists of \$3.6 million committed for emergencies, \$0.6 million assigned, and \$0.8 million unassigned. As a measure of general fund's financial condition, it may be useful to compare this fund balance to total expenditures. This fund balance represents 36 percent of general fund recurring expenditures for the fiscal year. For the fiscal year, general fund's total fund balance increased by \$2.3 million due total revenues exceeding total expenditures. The excess of revenues over expenditures came from higher receipts from sales, property and other taxes and charges for services. Expenditures were lower than anticipated due to cost savings from public safety programs, general government; culture and leisure programs. With respect to the comparison of general fund actual revenues and expenditures to final budget, actual tax revenues exceeded budget by \$0.4 million. The favorable budget variance came from higher sales and property tax receipts. Sales Tax increased due to increase in sales tax receipts from auto dealers and gasoline retailers. Additionally, actual revenue from licenses and permits; and charges for services exceeded budget due to higher than anticipated building and construction activities. However, this increase is offset by less than anticipated receipts from state cost reimbursements. On the expenditure side, the only material differences between the final budget and actual expenditures were in public safety programs; culture and leisure; and general government. The lower than anticipated expenditures in public safety programs; came from lower than anticipated increase in the cost of contracted public safety programs of fire and police services. Similarly, cost savings in general government and culture and leisure came from salary and other risk management expenditure savings.

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

**Capital Assets:** City investment in capital assets for its governmental and business-type activities as of June 30, 2013 amounted to \$235.7 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 \$2.2 million for governmental activities and increased by \$0.2 million for business-type activities.

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

- Park Improvements \$0.3 million
- Widening of Hamner Avenue \$3.9 million
- Traffic Signal at Detroit and Hamner \$0.2 million
- Other street improvements \$0.4 million
- Water infrastructure including pipelines on Hamner \$1.5 million
- Additional sewer capacity and River Road relocation project \$0.6 million
- Fiber optics network system installation \$0.2 million

Additional information on the City's capital assets can be found in Note 4 to the basic financial statements beginning on page 45 and a summary is provided below.

**City of Norco  
Capital Assets (net of depreciation)  
June 30, 2013**

|                           | <b>Governmental<br/>Activities</b> | <b>Business-<br/>type<br/>Activities</b> | <b>Total</b>          |
|---------------------------|------------------------------------|--|-----------------------|
| Land                      | \$<br>101,161,035                  | \$<br>1,644,507                          | \$<br>102,805,542     |
| Building and improvements | 11,328,865                         | 453,591                                  | 11,782,456            |
| Equipment and machinery   | 562,640                            | 54,661,669                               | 55,224,309            |
| Infrastructure            | 46,724,482                         | -  | 46,724,482            |
| Intangible                | 86,246                             | -  | 86,246                |
| Construction in progress  | 14,408,975                         | 4,713,676                                | 19,122,651            |
| Total capital assets, net | <u>\$ 174,272,243</u>              | <u>\$ 61,473,443</u>                     | <u>\$ 235,745,686</u> |

**Long-term debt:** At the end of fiscal year 2013, the City's total long debt outstanding was \$39.2 million. Of this amount, \$36.6 million is debt of the sewer and water enterprise funds while \$2.6 million represents debt governmental activities representing claims, judgment, compensated absences and OPEB liability. Outstanding long-term debt of the City is summarized below and additional information can be found in Note 6 to basic financial statements beginning on page 47.

**City of Norco  
Outstanding Long Term Debt  
June 30, 2013**

|                              | <b>Governmental<br/>Activities</b> | <b>Business-type<br/>Activities</b> | <b>Total</b>         |
|------------------------------|------------------------------------|-------------------------------------|----------------------|
| Capital leases               | \$ 19,743                          | \$ 675,549                          | \$ 695,292           |
| Notes/loans payable/advances | -                                  | 379,323                             | 379,323              |
| Revenue bonds                | -                                  | 35,507,930                          | 35,507,930           |
| OPEB liability               | 1,148,827                          | -                                   | 1,148,827            |
| Compensated absences         | 678,206                            | -                                   | 678,206              |
| Claims and judgment          | 790,461                            | -                                   | 794,461              |
| Total long-term debt         | <u>\$ 2,637,237</u>                | <u>\$ 36,562,802</u>                | <u>\$ 39,200,039</u> |

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

- During the most recently completed fiscal year 2012-2013, the City's sales tax revenues improved by nearly 11% over the previous year which showed a 6% increase over the year before. 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 and the state of the US economy. As the economy has stabilized over the last three fiscal years, the quality of auto dealers in the City's auto mall has also improved. This has resulted to additional increase in sales tax receipts into the City's general fund. Sales tax derived from gasoline sales is also highly dependent upon the price of gasoline. Throughout the fiscal year, gasoline prices remained fairly stable resulting in additional sales tax for the City. As the price of gasoline can be very volatile, sudden material decreases in gasoline prices could negatively impact the City's sales tax receipts. During the first quarter of FY 2013-2014, sales tax receipts were trending higher than FY 2012-2013. The City has continued to work hard to diversify general fund revenues by seeking economic opportunities that complements the City's "Horsetown USA" motto. Additionally, it is anticipated that two high sales tax generators (Hobby Lobby and Tractor Supply) will commence operation in the City during the second half of FY 2013-2014.
- 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 fiscal year, excluding one-time receipts from the dissolution of the RDA.
- In fiscal year 2011, the City Council approved water and sewer rate adjustments effective April 2011. The last phase of the rate adjustment was implemented at the beginning of FY 2012-2013. For the current fiscal year 2013-2014, there are no scheduled rate increases. Consequently, water and sewer revenues are anticipated to remain flat from FY 2012-2013. Due to existing working capital deficit in the water fund and continuing increase in the cost of purchased water, it is anticipated that further rate adjustments will be necessary in order to recover the full cost of services in future years.
- Effective with FY 2013, all City employees began contributing at least 4% of their pay to help fund the cost of their future retirement pension benefits. In the past, the City paid the entire cost of pension contributions. With the implementation of this change, the total cost of City pension contribution will be reduced. The state's pension reform act of 2013 will also contribute to reduced total pension costs for the City.
- The City continues to contract out to California Department of Forestry through the County of Riverside for fire protection and emergency medical response services. This action is expected to continue to generate significant ongoing cost savings to the City's general fund budget.

## **Requests for Information**

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

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**City of Norco**  
**Statement of Net Position**  
**June 30, 2013**

|   | <b>Governmental<br/>Activities</b> | <b>Business-type<br/>Activities</b> | <b>Total</b>          |
|---|------------------------------------|-------------------------------------|-----------------------|
| <b>ASSETS</b>                                   |                                    |                                     |                       |
| Cash and investments                            | \$ 19,473,578                      | \$ 5,545,264                        | \$ 25,018,842         |
| Cash and investments with fiscal agents         | -                                  | 9,844,983                           | 9,844,983             |
| Receivables:                                    |                                    |                                     |                       |
| Accounts, net                                   | 171,946                            | 2,392,757                           | 2,564,703             |
| Interest  | 8,230                              | 16,533                              | 24,763                |
| Notes   | -                                  | 5,575,884                           | 5,575,884             |
| Due from other governments                      | 2,007,297                          | -                                   | 2,007,297             |
| Internal balances                               | (12,941)                           | 12,941                              | -                     |
| Inventories                                     | -                                  | 82,198                              | 82,198                |
| Prepays   | 19,678                             | -                                   | 19,678                |
| Deferred charges                                | -                                  | 885,671                             | 885,671               |
| Capital assets:                                 |                                    |                                     |                       |
| Land, improvements and construction in progress | 115,570,010                        | 6,358,183                           | 121,928,193           |
| Other capital assets, net of depreciation       | 58,702,233                         | 55,115,260                          | 113,817,493           |
|   | <u>195,940,031</u>                 | <u>85,829,674</u>                   | <u>281,769,705</u>    |
| <b>Total assets</b>                             |                                    |                                     |                       |
| <b>LIABILITIES</b>                              |                                    |                                     |                       |
| Accounts payable                                | 3,414,105                          | 2,239,365                           | 5,653,470             |
| Accrued interest payable                        | -                                  | 489,544                             | 489,544               |
| Retentions payable                              | 297,375                            | 12,506                              | 309,881               |
| Unearned revenue                                | 171,895                            | -                                   | 171,895               |
| Deposits payable                                | 6,400                              | 202,781                             | 209,181               |
| Noncurrent liabilities:                         |                                    |                                     |                       |
| Due within one year                             | 558,739                            | 886,178                             | 1,444,917             |
| Due in more than one year                       | 929,671                            | 35,676,624                          | 36,606,295            |
| Net OPEB Obligation                             | 1,148,827                          | -                                   | 1,148,827             |
|   | <u>6,527,012</u>                   | <u>39,506,998</u>                   | <u>46,034,010</u>     |
| <b>Total liabilities</b>                        |                                    |                                     |                       |
| <b>NET POSITION</b>                             |                                    |                                     |                       |
| Net invested in capital assets                  | 173,830,963                        | 46,023,517                          | 219,854,480           |
| Restricted for:                                 |                                    |                                     |                       |
| Debt service                                    | 88,244                             | 1,488,828                           | 1,577,072             |
| Capital projects                                | 3,231,441                          | 16,468                              | 3,247,909             |
| Community development                           | 8,388,798                          | -                                   | 8,388,798             |
| Unrestricted                                    | 3,873,573                          | (1,206,137)                         | 2,667,436             |
|   | <u>3,873,573</u>                   | <u>(1,206,137)</u>                  | <u>2,667,436</u>      |
| <b>Total net position</b>                       | <u>\$ 189,413,019</u>              | <u>\$ 46,322,676</u>                | <u>\$ 235,735,695</u> |

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

**City of Norco  
Statement of Activities  
For the Year Ended June 30, 2013**

| <b>Functions/Programs</b>             | <b>Expenses</b>      | <b>Program Revenues</b>    |   |   |
|---------------------------------------|----------------------|----------------------------|---|---|
|                                       |                      | <b>Charges for Service</b> | <b>Operating Contributions and Grants</b> | <b>Capital Contributions and Grants</b> |
| <b>Governmental activities:</b>       |                      |                            |   |   |
| General government                    | \$ 3,186,491         | \$ 2,244,812               | \$ 88,975                                 | 6,798                                   |
| Public safety                         | 8,523,623            | 766,447                    | 288,440                                   | 141,772                                 |
| Streets and highways                  | 3,954,013            | 806,158                    | 1,164,419                                 | 2,184,466                               |
| Community and economic development    | 615,851              | 597,494                    | 45,859                                    | 119,675                                 |
| Culture and leisure                   | 2,390,293            | 725,272                    | 70,000                                    | 51,448                                  |
| <b>Total governmental activities</b>  | <b>18,670,271</b>    | <b>5,140,183</b>           | <b>1,657,693</b>                          | <b>2,504,159</b>                        |
| <b>Business-type activities:</b>      |                      |                            |   |   |
| Water                                 | 9,259,377            | 9,915,098                  | -   | 1,246,392                               |
| Sewer                                 | 4,858,832            | 5,466,709                  | 28,481                                    | 17,997                                  |
| <b>Total business-type activities</b> | <b>14,118,209</b>    | <b>15,381,807</b>          | <b>28,481</b>                             | <b>1,264,389</b>                        |
| <b>Total primary government</b>       | <b>\$ 32,788,480</b> | <b>\$ 20,521,990</b>       | <b>\$ 1,686,174</b>                       | <b>\$ 3,768,548</b>                     |

**General revenues:**

**Taxes:**

- Property tax, levied for general purpose
- Transient occupancy tax
- Franchise tax
- Sales tax
- Sales tax in lieu
- Motor vehicle in lieu tax - unrestricted
- Public service taxes

Unrestricted investment earnings

Intergovernmental

Transfers

Total general revenues and transfers

Change in net position

Net position, beginning of year

Net position, end of year

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

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

| <b>Governmental<br/>Activities</b> | <b>Business-type<br/>Activities</b> | <b>Total</b>          |
|------------------------------------|-------------------------------------|-----------------------|
| \$ (845,906)                       | \$ -                                | \$ (845,906)          |
| (7,326,964)                        | -                                   | (7,326,964)           |
| 201,030                            | -                                   | 201,030               |
| 147,177                            | -                                   | 147,177               |
| (1,543,573)                        | -                                   | (1,543,573)           |
| (9,368,236)                        | -                                   | (9,368,236)           |
| -                                  | 1,902,113                           | 1,902,113             |
| -                                  | 654,355                             | 654,355               |
| -                                  | 2,556,468                           | 2,556,468             |
| 1,898,467                          | -                                   | 1,898,467             |
| 257,277                            | -                                   | 257,277               |
| 1,021,833                          | -                                   | 1,021,833             |
| 3,942,554                          | -                                   | 3,942,554             |
| 1,157,793                          | -                                   | 1,157,793             |
| 1,974,292                          | -                                   | 1,974,292             |
| 320,569                            | -                                   | 320,569               |
| 22,418                             | 34,537                              | 56,955                |
| 219,175                            | -                                   | 219,175               |
| 289,023                            | (289,023)                           | -                     |
| 11,103,401                         | (254,486)                           | 10,848,915            |
| 1,735,165                          | 2,301,982                           | 4,037,147             |
| 187,677,854                        | 44,020,694                          | 231,698,548           |
| <u>\$ 189,413,019</u>              | <u>\$ 46,322,676</u>                | <u>\$ 235,735,695</u> |

## **FUND FINANCIAL STATEMENTS**

**City of Norco  
Balance Sheet  
Governmental Funds  
June 30, 2013**

|                                      | <u>General</u>      | <u>Capital Projects<br/>Street<br/>Improvement</u> | <u>Total<br/>Nonmajor<br/>Governmental<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|--------------------------------------|---------------------|--|--|---|
| <b>ASSETS</b>                        |                     |  |  |   |
| Cash and investments                 | \$ 6,084,284        | \$ 822,521   | \$ 7,743,997   | \$ 14,650,802                           |
| Receivables, net:                    |                     |  |  |   |
| Accounts                             | 171,946             | -  | -  | 171,946                                 |
| Interest                             | 5,442               | 238  | 1,554  | 7,234                                   |
| Prepays                              | 5,444               | -  | 3,750  | 9,194                                   |
| Due from other governments           | 726,289             | 854,435  | 426,573  | 2,007,297                               |
| Due from other funds                 | 37,560              | -  | -  | 37,560                                  |
|                                      | <u>7,030,965</u>    | <u>1,677,194</u>                                   | <u>8,175,874</u>                                     | <u>16,884,033</u>                       |
| Total assets                         | <u>\$ 7,030,965</u> | <u>\$ 1,677,194</u>                                | <u>\$ 8,175,874</u>                                  | <u>\$ 16,884,033</u>                    |
| <b>LIABILITIES AND FUND BALANCES</b> |                     |  |  |   |
| Liabilities:                         |                     |  |  |   |
| Accounts payable and accrued items   | \$ 1,884,769        | \$ 793,878   | \$ 673,229   | \$ 3,351,876                            |
| Retentions payable                   | -                   | 258,824  | 38,551   | 297,375                                 |
| Deposits payable                     | -                   | -  | 6,400  | 6,400                                   |
| Due to other funds                   | -                   | -  | 50,501   | 50,501                                  |
| Unearned revenues                    | 123,796             | -  | 48,099   | 171,895                                 |
|                                      | <u>2,008,565</u>    | <u>1,052,702</u>                                   | <u>816,780</u>                                       | <u>3,878,047</u>                        |
| Total liabilities                    | <u>2,008,565</u>    | <u>1,052,702</u>                                   | <u>816,780</u>                                       | <u>3,878,047</u>                        |
| Fund balances:                       |                     |  |  |   |
| Nonspendable                         | 5,444               | -  | 3,750  | 9,194                                   |
| Restricted                           | -                   | -  | 3,394,873  | 3,394,873                               |
| Committed                            | 3,560,200           | -  | 378,013  | 3,938,213                               |
| Assigned                             | 685,279             | 624,492  | 3,616,426  | 4,926,197                               |
| Unassigned                           | 771,477             | -  | (33,968)   | 737,509                                 |
|                                      | <u>5,022,400</u>    | <u>624,492</u>                                     | <u>7,359,094</u>                                     | <u>13,005,986</u>                       |
| Total fund balances                  | <u>5,022,400</u>    | <u>624,492</u>                                     | <u>7,359,094</u>                                     | <u>13,005,986</u>                       |
|                                      | <u>\$ 7,030,965</u> | <u>\$ 1,677,194</u>                                | <u>\$ 8,175,874</u>                                  | <u>\$ 16,884,033</u>                    |
| Total liabilities and fund balances  | <u>\$ 7,030,965</u> | <u>\$ 1,677,194</u>                                | <u>\$ 8,175,874</u>                                  | <u>\$ 16,884,033</u>                    |

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

**City of Norco**  
**Reconciliation of the Balance Sheet of**  
**Governmental Funds to the Statement of Net Position**  
**June 30, 2013**

Fund balances of governmental funds \$ 13,005,986

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds. 173,830,963

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. 5,213,307

Some liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in funds.

|  |    |                  |             |
|--|----|------------------|-------------|
| Leases payable                         | \$ | (19,743)         |             |
| Long-term compensated absences payable |    | (678,206)        |             |
| Long-term claims and judgments payable |    | <u>(790,461)</u> | (1,488,410) |

The City is required to report a net Other Post Employment Benefits (OPEB) obligation in accordance with Governmental Accounting Standards Board (GASB) Statement No. 45. This is the amount by which the annual required contribution (ARC) exceeds the actual contribution made to the OPEB plan by the City. The City has contributed less than the ARC to the retiree medical plan and reports the OPEB obligation as a liability on the statement of net position. (1,148,827)

Net position of governmental activities \$ 189,413,019

*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, 2013**

|  | <u>General</u>      | <u>Capital Projects<br/>Street<br/>Improvement</u> | <u>Total<br/>Non major<br/>Governmental<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|--|---------------------|--|---|---|
| <b>REVENUES</b>  |                     |  |   |   |
| Taxes  | \$ 10,568,238       | \$ -   | \$ 606,405  | \$ 11,174,643                           |
| Assessments  | -                   | -  | 738,771   | 738,771                                 |
| Licenses and permits   | 528,236             | -  | -   | 528,236                                 |
| Fines and forfeitures  | 363,652             | -  | -   | 363,652                                 |
| Development fees   | -                   | 4,168  | 154,815   | 158,983                                 |
| Intergovernmental  | 362,785             | 1,695,748  | 1,531,831   | 3,590,364                               |
| Charges for services   | 1,618,072           | -  | 2,750   | 1,620,822                               |
| Investment earnings-lease income                             | 550,354             | 467  | 3,260   | 554,081                                 |
| Reimbursements   | 79,114              | -  | -   | 79,114                                  |
| Other  | 1,300,567           | -  | -   | 1,300,567                               |
| <b>Total revenues</b>  | <u>15,371,018</u>   | <u>1,700,383</u>                                   | <u>3,037,832</u>                                      | <u>20,109,233</u>                       |
| <b>EXPENDITURES</b>  |                     |  |   |   |
| Current:   |                     |  |   |   |
| General government   | 3,252,859           | -  | 189,832   | 3,442,691                               |
| Public safety  | 8,075,411           | -  | 314,335   | 8,389,746                               |
| Streets and highways   | 82,310              | 2,914,122  | 3,248,430   | 6,244,862                               |
| Community and economic development                           | 568,929             | -  | 13,225  | 582,154                                 |
| Culture and leisure  | 1,714,240           | -  | 393,725   | 2,107,965                               |
| <b>Total expenditures</b>                                    | <u>13,693,749</u>   | <u>2,914,122</u>                                   | <u>4,159,547</u>                                      | <u>20,767,418</u>                       |
| Excess (deficiency) of revenues<br>over (under) expenditures | <u>1,677,269</u>    | <u>(1,213,739)</u>                                 | <u>(1,121,715)</u>                                    | <u>(658,185)</u>                        |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                     |  |   |   |
| Transfers in   | 829,830             | -  | 25,000  | 854,830                                 |
| Transfers out  | <u>(207,824)</u>    | <u>(12,863)</u>                                    | <u>(544,053)</u>                                      | <u>(764,740)</u>                        |
| <b>Total other financing sources (uses)</b>                  | <u>622,006</u>      | <u>(12,863)</u>                                    | <u>(519,053)</u>                                      | <u>90,090</u>                           |
| Net change in fund balances                                  | 2,299,275           | (1,226,602)  | (1,640,768)   | (568,095)                               |
| Fund balances, beginning of year                             | <u>2,723,125</u>    | <u>1,851,094</u>                                   | <u>8,999,862</u>                                      | <u>13,574,081</u>                       |
| Fund balances, end of year                                   | <u>\$ 5,022,400</u> | <u>\$ 624,492</u>                                  | <u>\$ 7,359,094</u>                                   | <u>\$ 13,005,986</u>                    |

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

**City of Norco  
Reconciliation of the Statement of Revenues,  
Expenditures, and Changes in Fund Balances of Governmental  
Funds to the Statement of Activities  
For the Year Ended June 30, 2013**

Net change in fund balance - total governmental funds \$ (568,095)

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 | \$ | 4,976,140       |           |
| Depreciation    |    | (2,607,516)     |           |
| Asset deletions |    | <u>(12,039)</u> | 2,356,585 |

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Increase in OPEB liability (305,212)

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.

251,887

Change in net position of governmental activities \$ 1,735,165

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

**City of Norco**  
**Statement of Fund Net Position**  
**Proprietary Funds**  
**June 30, 2013**

|   | <b>Business-type Activities - Enterprise Funds</b> |                      |                      | <b>Governmental<br/>Activities -<br/>Internal Service<br/>Funds</b> |
|---|--|----------------------|----------------------|---|
|   | <b>Water Utility</b>                               | <b>Sewer Utility</b> | <b>Total</b>         |   |
| <b>ASSETS</b>                           |  |                      |                      |   |
| Current assets:                         |  |                      |                      |   |
| Cash and investments                    | \$ 2,362,191                                       | \$ 3,183,073         | \$ 5,545,264         | \$ 4,822,776  |
| Cash and investments with fiscal agents | 6,031,851  | 3,813,132            | 9,844,983            | -   |
| Receivables:                            |  |                      |                      |   |
| Accounts, net                           | 1,598,136  | 794,621              | 2,392,757            | -   |
| Interest                                | 7,216  | 9,317                | 16,533               | 996   |
| Notes                                   | 2,787,942  | 2,787,942            | 5,575,884            | -   |
| Prepays                                 | -  | -                    | -                    | 10,484  |
| Due from other funds                    | 12,941   | -                    | 12,941               | -   |
| Inventories                             | 82,198   | -                    | 82,198               | -   |
| Total current assets                    | <u>12,882,475</u>                                  | <u>10,588,085</u>    | <u>23,470,560</u>    | <u>4,834,256</u>  |
| Noncurrent assets:                      |  |                      |                      |   |
| Deferred charges                        | 322,561  | 563,110              | 885,671              | -   |
| Capital assets:                         |  |                      |                      |   |
| Land                                    | 1,644,507  | -                    | 1,644,507            | -   |
| Buildings and improvements              | 986,376  | 69,175               | 1,055,551            | -   |
| Utility plant                           | 9,472,229  | 2,600,064            | 12,072,293           | -   |
| Wastewater capacity rights              | -  | 17,793,248           | 17,793,248           | -   |
| Pipelines                               | 32,619,871   | 26,757,120           | 59,376,991           | -   |
| Fire Hydrants                           | 1,891,676  | -                    | 1,891,676            | -   |
| Meters                                  | 1,323,557  | 1,321,787            | 2,645,344            | -   |
| Vehicles and equipment                  | 316,971  | 26,784               | 343,755              | 2,273,659   |
| Construction in progress                | 1,713,207  | 3,000,469            | 4,713,676            | -   |
| Less accumulated amortization           | -  | -                    | -                    | -   |
| Less accumulated depreciation           | (22,242,933)                                       | (11,754,785)         | (33,997,718)         | (1,918,625)   |
| Intangible assets                       | -  | -                    | -                    | 429,245   |
| Less accumulated amortization           | -  | (6,065,880)          | (6,065,880)          | (342,999)   |
| Total noncurrent assets                 | <u>28,048,022</u>                                  | <u>34,311,092</u>    | <u>62,359,114</u>    | <u>441,280</u>  |
| Total assets                            | <u>\$ 40,930,497</u>                               | <u>\$ 44,899,177</u> | <u>\$ 85,829,674</u> | <u>\$ 5,275,536</u>   |

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

**City of Norco**  
**Statement of Fund Net Position**  
**Proprietary Funds**  
**June 30, 2013**

|  | <b>Business-type Activities - Enterprise Funds</b> |                      |                      | <b>Governmental<br/>Activities -<br/>Internal Service<br/>Funds</b> |
|--|--|----------------------|----------------------|---|
|  | <b>Water Utility</b>                               | <b>Sewer Utility</b> | <b>Total</b>         |   |
| <b>LIABILITIES</b>                       |  |                      |                      |   |
| Current liabilities:                     |  |                      |                      |   |
| Accounts payable and accrued liabilities | \$ 1,679,550                                       | \$ 559,815           | \$ 2,239,365         | \$ 62,229   |
| Accrued interest payable                 | 177,509  | 312,035              | 489,544              | -   |
| Retentions payable                       | 12,506   | -                    | 12,506               | -   |
| Deposits payable                         | 109,506  | 93,275               | 202,781              | -   |
| Due to other funds                       | -  | -                    | -                    | -   |
| Compensated absences                     | -  | -                    | -                    | 169,551   |
| Capital lease payable                    | -  | 127,779              | 127,779              | 11,427  |
| Claims and judgements                    | -  | -                    | -                    | 377,761   |
| Loan payable                             | 88,399   | -                    | 88,399               | -   |
| Bonds payable                            | 259,050  | 410,950              | 670,000              | -   |
| Total current liabilities                | <u>2,326,520</u>                                   | <u>1,503,854</u>     | <u>3,830,374</u>     | <u>620,968</u>  |
| Noncurrent liabilities:                  |  |                      |                      |   |
| Compensated absences                     | -  | -                    | -                    | 508,655   |
| Capital lease payable                    | -  | 547,770              | 547,770              | 8,316   |
| Claims and judgements                    | -  | -                    | -                    | 412,700   |
| Loan payable                             | 290,924  | -                    | 290,924              | -   |
| Bonds payable                            | 12,567,496   | 22,270,434           | 34,837,930           | -   |
| Total noncurrent liabilities             | <u>12,858,420</u>                                  | <u>22,818,204</u>    | <u>35,676,624</u>    | <u>929,671</u>  |
| Total liabilities                        | <u>15,184,940</u>                                  | <u>24,322,058</u>    | <u>39,506,998</u>    | <u>1,550,639</u>  |
| <b>NET POSITION</b>                      |  |                      |                      |   |
| Net invested in capital assets           | 22,917,808   | 23,105,709           | 46,023,517           | 421,537   |
| Restricted for capital projects          | 12,300   | 4,168                | 16,468               | -   |
| Restricted for debt service              | 542,173  | 946,655              | 1,488,828            | -   |
| Unrestricted                             | 2,273,276  | (3,479,413)          | (1,206,137)          | 3,303,360   |
| Total net position                       | <u>\$ 25,745,557</u>                               | <u>\$ 20,577,119</u> | <u>\$ 46,322,676</u> | <u>\$ 3,724,897</u>   |

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

**City of Norco**  
**Statement of Revenues, Expenses, and**  
**Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2013**

|   | <b>Business-type Activities - Enterprise Funds</b> |                      |                      | <b>Governmental</b>                                |
|---|--|----------------------|----------------------|--|
|   | <b>Water Utility</b>                               | <b>Sewer Utility</b> | <b>Total</b>         | <b>Activities -<br/>Internal Service<br/>Funds</b> |
| <b>OPERATING REVENUES</b>                 |  |                      |                      |  |
| Sales and charges for services            | \$ 9,865,646                                       | 5,473,590            | \$ 15,339,236        | \$ 1,084,411                                       |
| Connection fees                           | 34,960   | 10,116               | 45,076               | -  |
| Miscellaneous                             | 29,754   | 29,481               | 59,235               | 4,671  |
| Total operating revenues                  | <u>9,930,360</u>                                   | <u>5,513,187</u>     | <u>15,443,547</u>    | <u>1,089,082</u>                                   |
| <b>OPERATING EXPENSES</b>                 |  |                      |                      |  |
| General and administrative                | 382,036  | 337,369              | 719,405              | 871,221  |
| Operations                                | 7,206,175  | 2,167,221            | 9,373,396            | -  |
| Amortization                              | 20,817   | 425,009              | 445,826              | 31,731   |
| Depreciation                              | 898,121  | 622,422              | 1,520,543            | 141,608  |
| Total operating expenses                  | <u>8,507,149</u>                                   | <u>3,552,021</u>     | <u>12,059,170</u>    | <u>1,044,560</u>                                   |
| Operating income                          | <u>1,423,211</u>                                   | <u>1,961,166</u>     | <u>3,384,377</u>     | <u>44,522</u>                                      |
| <b>NONOPERATING REVENUES (EXPENSES)</b>   |  |                      |                      |  |
| Investment earnings                       | 20,395   | 14,142               | 34,537               | 2,508  |
| Interest and fiscal charges               | (746,256)  | (1,296,386)          | (2,042,642)          | -  |
| Amortization of deferred charges          | (5,972)  | (10,425)             | (16,397)             | -  |
| Gain on disposal of assets                | -  | -                    | -                    | 5,924  |
| Total nonoperating revenues (expenses)    | <u>(731,833)</u>                                   | <u>(1,292,669)</u>   | <u>(2,024,502)</u>   | <u>8,432</u>                                       |
| Income before contributions and transfers | <u>691,378</u>                                     | <u>668,497</u>       | <u>1,359,875</u>     | <u>52,954</u>                                      |
| Capital contributions                     | 1,231,130  | -                    | 1,231,130            | -  |
| Transfers in                              | -  | -                    | -                    | 198,933  |
| Transfers out                             | <u>(146,050)</u>                                   | <u>(142,973)</u>     | <u>(289,023)</u>     | <u>-</u>   |
| Change in net position                    | 1,776,458  | 525,524              | 2,301,982            | 251,887  |
| Net position, beginning of year           | <u>23,969,099</u>                                  | <u>20,051,595</u>    | <u>44,020,694</u>    | <u>3,473,010</u>                                   |
| Net position, end of year                 | <u>\$ 25,745,557</u>                               | <u>\$ 20,577,119</u> | <u>\$ 46,322,676</u> | <u>\$ 3,724,897</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, 2013**

|  | <b>Business-type Activities - Enterprise Funds</b> |                      |                      | <b>Governmental</b>                                |
|--|--|----------------------|----------------------|--|
|  | <b>Water Utility</b>                               | <b>Sewer Utility</b> | <b>Total</b>         | <b>Activities -<br/>Internal<br/>Service Funds</b> |
| <b>Cash flows from operating activities:</b>                     |  |                      |                      |  |
| Cash received from customers                                     | \$ 9,013,745                                       | \$ 6,570,717         | \$ 15,584,462        | \$ -   |
| Cash received from interfund services provided                   | -  | -                    | -                    | 1,089,081  |
| Cash payments to suppliers                                       | (5,969,907)  | (2,544,716)          | (8,514,623)          | (642,269)  |
| Cash payments to employees for services                          | (876,049)  | (539,655)            | (1,415,704)          | (422,667)  |
| Net cash provided by operating activities                        | <u>2,167,789</u>                                   | <u>3,486,346</u>     | <u>5,654,135</u>     | <u>24,145</u>                                      |
| <b>Cash flows from noncapital financing activities:</b>          |  |                      |                      |  |
| Transfer from other funds  | -  | -                    | -                    | 198,933  |
| Transfer to other funds  | (146,050)  | (142,973)            | (289,023)            | -  |
| Net cash provided by (used for) noncapital financing activities  | <u>(146,050)</u>                                   | <u>(142,973)</u>     | <u>(289,023)</u>     | <u>198,933</u>                                     |
| <b>Cash flows from capital and related financing activities:</b> |  |                      |                      |  |
| Acquisition and construction of capital assets                   | (1,502,600)  | (644,471)            | (2,147,071)          | (18,709)   |
| Capital contributions  | 1,231,130  | -                    | 1,231,130            | -  |
| Proceeds from disposal of capital assets                         | -  | -                    | -                    | 5,924  |
| Principal payments - loans                                       | (84,575)   | -                    | (84,575)             | -  |
| Principal payments - capital lease                               | -  | (124,298)            | (124,298)            | (10,260)   |
| Principal payments - bonds                                       | (244,227)  | (363,758)            | (607,985)            | -  |
| Interest and fiscal charges                                      | (742,184)  | (1,327,429)          | (2,069,613)          | -  |
| Net cash used for capital and related financing activities       | <u>(1,342,456)</u>                                 | <u>(2,459,956)</u>   | <u>(3,802,412)</u>   | <u>(23,045)</u>                                    |
| <b>Cash flows from investing activities:</b>                     |  |                      |                      |  |
| Interest income  | 17,226   | 5,857                | 23,083               | 4,059  |
| Loans  | (1,464,846)  | (1,464,844)          | (2,929,690)          | -  |
| Net cash provided by (used for) investing activities             | <u>(1,447,620)</u>                                 | <u>(1,458,987)</u>   | <u>(2,906,607)</u>   | <u>4,059</u>                                       |
| Net increase (decrease) in cash and investments                  | (768,337)  | (575,570)            | (1,343,907)          | 204,092  |
| Cash and investments, beginning of year                          | <u>9,162,379</u>                                   | <u>7,571,775</u>     | <u>16,734,154</u>    | <u>4,618,684</u>                                   |
| Cash and investments, end of year                                | <u>\$ 8,394,042</u>                                | <u>\$ 6,996,205</u>  | <u>\$ 15,390,247</u> | <u>\$ 4,822,776</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, 2013**

|   | <u>Business-type Activities - Enterprise Funds</u> |                             |                             | <u>Governmental<br/>Activities -<br/>Internal<br/>Service Funds</u> |
|---|--|-----------------------------|-----------------------------|---|
|   | <u>Water Utility</u>                               | <u>Sewer Utility</u>        | <u>Total</u>                |   |
| <b>Reconciliation of operating income to net cash provided by operating activities:</b> |  |                             |                             |   |
| Operating income  | \$ 1,423,211                                       | \$ 1,961,166                | \$ 3,384,377                | \$ 44,522   |
| Adjustments to reconcile operating income to net cash provided by operating activities: |  |                             |                             |   |
| Amortization  | 20,817   | 425,009                     | 445,826                     | 31,731  |
| Depreciation  | 898,121  | 622,422                     | 1,520,543                   | 141,608   |
| (Increase) decrease in assets:  |  |                             |                             |   |
| Accounts receivable   | 89,488   | 43,078                      | 132,566                     | (1,495)   |
| Deferred charges  | -  | 21,903                      | 21,903                      | -   |
| Prepays   | -  | -                           | -                           | -   |
| Due from other funds  | -  | 998,238                     | 998,238                     | -   |
| Inventories   | 31,436   | -                           | 31,436                      | -   |
| Construction in progress  | -  | -                           | -                           | -   |
| Increase (decrease) in liabilities:   |  |                             |                             |   |
| Accounts payable  | 710,818  | (576,414)                   | 134,404                     | 3,512   |
| Accrued wages   | -  | -                           | -                           | (943)   |
| Deposits  | (7,864)  | 12,087                      | 4,223                       | -   |
| Deferred revenue  | -  | (17,776)                    | (17,776)                    | -   |
| Retentions payable  | -  | (3,367)                     | (3,367)                     | -   |
| Due to other funds  | (998,238)  | -                           | (998,238)                   | -   |
| Compensated absences  | -  | -                           | -                           | (11,966)  |
| Claims and judgements   | -  | -                           | -                           | (182,824)   |
|   | <u>                    </u>                        | <u>                    </u> | <u>                    </u> | <u>                    </u>   |
| Net cash provided by operating activities   | <u>\$ 2,167,789</u>                                | <u>\$ 3,486,346</u>         | <u>\$ 5,654,135</u>         | <u>\$ 24,145</u>  |
| <b>Noncash, investing, capital and financing activities:</b>                            |  |                             | "None"                      |   |

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

**City of Norco**  
**Statement of Fiduciary Net Position**  
**June 30, 2013**

|   | <b>Successor Agency<br/>Private Purpose<br/>Trust Fund</b> | <b>Agency<br/>Funds</b> |
|---|--|-------------------------|
| <b>ASSETS</b>   |  |                         |
| Cash and investments                                      | \$ 4,578,562   | \$ 5,396,946            |
| Cash and investments with fiscal agents                   | 10,942,733   | 2,732,047               |
| Receivables:  |  |                         |
| Notes   | 707,595  | -                       |
| Accounts  | 14,205   | 397,142                 |
| Interest  | 65,852   | 9,068                   |
| Deferred charges - Unamortized costs                      | 1,537,932  | -                       |
| Property held for resale                                  | 1,399,292  | -                       |
| Capital assets being depreciated, net                     | 170,045  | -                       |
| Due from other governments                                | -  | 96,447                  |
|   | -  | 96,447                  |
| Total assets  | \$ 19,416,216  | \$ 8,631,650            |
| <b>LIABILITIES</b>  |  |                         |
| Accounts payable  | \$ -   | \$ 390,867              |
| Deposits payable  | -  | 1,316,202               |
| Loans payable   | 3,000,000  | -                       |
| Accrued interest on debt                                  | 1,620,158  | -                       |
| Long term liabilities:                                    |  |                         |
| Due within one year                                       | 2,335,000  | -                       |
| Due in more than one year                                 | 86,690,000   | -                       |
| Deferred charges amortizable within one year              | (131,900)  | -                       |
| Deferred charges amortizable in more than one year        | (2,214,987)  | -                       |
| Due to others   | -  | 36,852                  |
| Due to bond holders                                       | -  | 6,887,729               |
|   | -  | 6,887,729               |
| Total liabilities   | 91,298,271   | \$ 8,631,650            |
| <b>NET POSITION</b>                                       |  |                         |
| Held in trust for the Successor Agency and other purposes | \$ (71,882,055)  |                         |

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

**City of Norco**  
**Statement of Changes in Fiduciary Net Position**  
**Private Purpose Trust Fund**  
**For the Year Ended June 30, 2013**

|  | <b>Successor Agency<br/>Private Purpose<br/>Trust Fund</b> |
|--|--|
|  |  |
| <b>ADDITIONS</b>                           |  |
| RPTTF distribution                         | \$ 7,591,742   |
| Investment earnings                        | 172,067  |
| Loan repayments received                   | 12,326   |
| Other receipts                             | 18,707   |
| Total additions                            | 7,794,842  |
| <b>DEDUCTIONS</b>                          |  |
| Administrative allowance                   | 406,109  |
| Debt service:                              |  |
| Interest                                   | 4,927,052  |
| Issuances costs and discounts amortization | 235,799  |
| Depreciation                               | 33,452   |
| Other payments of enforceable obligations  | 1,746,520  |
| Total deductions                           | 7,348,932  |
| Change in net position                     | 445,910  |
| Net position, beginning of the year        | (72,327,965)   |
| Net position, end of the year              | \$ (71,882,055)  |

*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, 2013**

**I. SIGNIFICANT ACCOUNTING POLICIES**

**Note 1: Organization and Summary of Significant Accounting Policies**

**a. Description of the reporting entity**

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

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

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

**Norco Public Financing Authority**

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

**City of Norco**  
**Notes to the Basic Financial Statements**  
**June 30, 2013**

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

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

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

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

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

**City of Norco**  
**Notes to the Basic Financial Statements**  
**June 30, 2013**

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

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

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

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

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

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

**City of Norco**  
**Notes to the Basic Financial Statements**  
**June 30, 2013**

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

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

The City reports the following major Proprietary Funds:

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

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

Additionally, the City reports the following fund types:

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

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

*Private Purpose Trust Fund* is the Successor Agency to the former Norco Redevelopment Agency. Excluding the dissolved agency's housing resources.

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

**City of Norco**  
**Notes to the Basic Financial Statements**  
**June 30, 2013**

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

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

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

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

**Other accounting policies**

***Interfund receivables and payables***

Activity between funds in the fund financial statements that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans). All other outstanding balances between funds are reported as "advances to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

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

***Property taxes***

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

**City of Norco**  
**Notes to the Basic Financial Statements**  
**June 30, 2013**

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

***Cash and cash equivalents***

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

***Investments***

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

***Inventories and prepaid***

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

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

***Land held for resale***

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

***Compensated absences***

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

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

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

**City of Norco**  
**Notes to the Basic Financial Statements**  
**June 30, 2013**

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

***Reclassifications***

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

***Capital assets***

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

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

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

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

***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.

**City of Norco**  
**Notes to the Basic Financial Statements**  
**June 30, 2013**

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

***Long-term obligations***

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

***Unearned revenues***

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

***Fund equity***

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

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

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

Committed – amounts constrained to specific purposes by a government itself, using the highest level of decision-making authority; 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. A City Council ordinance or resolution is considered the highest level of commitment.

**City of Norco**  
**Notes to the Basic Financial Statements**  
**June 30, 2013**

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

Assigned – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. The Director of Finance has authority to assigned amounts as appropriate.

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

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

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

**Implementation of new GASB pronouncement**

Beginning with the current fiscal year, the City implemented GASBS No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. This statement is designed to improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on the governments net position. Deferred outflows of resources are transactions that result in the consumption of net assets in one period that are applicable to future periods and are not considered assets as described by the statement. Deferred outflows of resources are required to be presented separately after assets on the statement of net position. Deferred inflows of resources are transactions that result in the acquisition of net assets in one period that are applicable to future periods and are not considered to be liabilities as described by the statement. Deferred inflows of resources are required to be presented separately after liabilities on the statement of net position.

**City of Norco**  
**Notes to the Basic Financial Statements**  
**June 30, 2013**

**II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

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

**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 Nonmajor Facility Improvement Capital Project Fund.

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

*Encumbrances*

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

**Encumbrances as of June 30, 2013**

|                              |    |           |
|------------------------------|----|-----------|
| General Fund                 | \$ | 4,500     |
| Non-major Funds in aggregate |    | 1,147,539 |

**b. Excess of expenditures over appropriations**

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

| Fund/Function                     | Expenditures | Appropriations | Excess     |
|-----------------------------------|--------------|----------------|------------|
| Special Asset                     | \$ 502,056   | \$ 500,000     | \$ (2,056) |
| Landscape Maintenance District #1 | 9,307        | 9,104          | (203)      |
| Miscellaneous Grants              | 83,224       | 75,009         | (8,215)    |

**City of Norco**  
**Notes to the Basic Financial Statements**  
**June 30, 2013**

**III. DETAIL NOTES ON ALL FUNDS**

**Note 2: Cash and Investments**

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

|  |                             |
|--|-----------------------------|
| <i>Statement of Net Position</i>           |                             |
| Cash and investments                       | \$ 25,018,842               |
| Cash and investments with fiscal agents    | 9,844,983                   |
| <br>                                       |                             |
| <i>Statement of Fiduciary Net Position</i> |                             |
| Cash and investments                       | 9,975,508                   |
| Cash and investments with fiscal agents    | <u>13,674,780</u>           |
| <br>                                       |                             |
| Total cash and investments                 | <u><u>\$ 58,514,113</u></u> |

Cash and investments at June 30, 2013, consisted of the following:

|   |                             |
|---|-----------------------------|
| Deposits with financial institutions and cash on hand | \$ 173,593                  |
| Investments   | <u>58,340,520</u>           |
| <br>  |                             |
| Total cash and investments                            | <u><u>\$ 58,514,113</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                              | \$50,000,000                     |

\* 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, 2013**

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

*Investments authorized by debt agreements*

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

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

*Disclosures relating to interest rate risk*

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

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

| Investment type           | Total                | Remaining maturity   |                     |                     |                     |
|---------------------------|----------------------|----------------------|---------------------|---------------------|---------------------|
|                           |                      | 12 months or less    | 13 to 24 months     | 25 to 60 months     | More than 60 months |
| State investment pool     | \$ 34,567,324        | \$ 34,567,324        | \$ -                | \$ -                | \$ -                |
| Certificates of deposit   | 253,433              | 253,433              | -                   | -                   | -                   |
| Held by bond trustee:     |                      |                      |                     |                     |                     |
| Money market funds        | 3,700                | 3,700                | -                   | -                   | -                   |
| Investment contracts      | 3,243,016            | -                    | 734,450             | -                   | 2,508,566           |
| Commercial paper          | 8,790,519            | 8,790,519            | -                   | -                   | -                   |
| Federal agency securities | 11,482,528           | 264,528              | 6,530,000           | 1,727,000           | 2,961,000           |
|                           | <u>\$ 58,340,520</u> | <u>\$ 43,879,504</u> | <u>\$ 7,264,450</u> | <u>\$ 1,727,000</u> | <u>\$ 5,469,566</u> |

**City of Norco**  
**Notes to the Basic Financial Statements**  
**June 30, 2013**

**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     | \$ 34,567,324        | N/A                  | -                      | \$ 34,567,324        |
| Certificates of deposit   | 253,433              | N/A                  | -                      | 253,433              |
| Held by bond trustee:     |                      |                      |                        |                      |
| Money market funds        | 3,700                | AAA/Aa               | AAA                    | -                    |
| Investment contracts      | 3,243,016            | N/A                  | -                      | 3,243,016            |
| Commercial paper          | 8,790,519            | A                    | Aa2,AA                 | -                    |
| Federal agency securities | 11,482,528           | N/A                  | AAA,Aaa                | -                    |
|                           | <u>\$ 58,340,520</u> |                      |                        | <u>\$ 38,063,773</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          | \$ 8,790,519    |
| FMNA Mtn                 | Federal Agency Securities | 5,675,654       |
| Federal Farms Credit BKS | Federal Agency Securities | 5,000,000       |

**City of Norco**  
**Notes to the Basic Financial Statements**  
**June 30, 2013**

**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, 2013, \$979,604 of the City's *deposits* with financial institutions in excess of Federal Depository Insurance Corporation (FDIC) limit of \$250,000 was held in collateralized accounts as required by the California Government Code.

*Investment in State Investment Pool*

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

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

**City of Norco**  
**Notes to the Basic Financial Statements**  
**June 30, 2013**

**Note 3: Receivables**

***Due from other governments***

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

|   | <u>General</u>    | <u>Street Improvement</u> | <u>Nonmajor<br/>Special Revenues</u> |
|---|-------------------|---------------------------|--------------------------------------|
| Assessments                               | \$ 77,538         | \$ -                      | \$ 21,225                            |
| Gas tax                                   | -                 | -                         | 56,549                               |
| Sales tax                                 | 613,812           | -                         | -                                    |
| Transportation Uniform<br>Mitigation fees | -                 | 854,435                   | -                                    |
| Grants and contributions                  | -                 | -                         | 66,844                               |
| Other                                     | 34,939            | -                         | 134,136                              |
|   | <u>          </u> | <u>          </u>         | <u>          </u>                    |
| Totals                                    | <u>\$ 726,289</u> | <u>\$ 854,435</u>         | <u>\$ 278,754</u>                    |

|   | <u>Nonmajor<br/>Capital Projects</u> | <u>Fiduciary funds</u> |
|---|--------------------------------------|------------------------|
| Assessments                               | \$ -                                 | \$ 96,447              |
| Gas tax                                   | -                                    | -                      |
| Sales tax                                 | -                                    | -                      |
| Transportation Uniform<br>Mitigation fees | 147,819                              | -                      |
| Grants and contributions                  | -                                    | -                      |
| Other                                     | -                                    | -                      |
|   | <u>          </u>                    | <u>          </u>      |
| Totals                                    | <u>\$ 147,819</u>                    | <u>\$ 96,447</u>       |

**City of Norco**  
**Notes to the Basic Financial Statements**  
**June 30, 2013**

**Note 4: Capital Assets**

Capital assets activity for the year ended June 30, 2013 was as follows:

|   | Beginning<br>Balance  | Additions           | Deletions             | Ending<br>Balance     |
|---|-----------------------|---------------------|-----------------------|-----------------------|
| <b>Governmental activities:</b>                 |                       |                     |                       |                       |
| Capital assets, not being depreciated:          |                       |                     |                       |                       |
| Land  | \$ 101,161,035        | \$ -                | \$ -                  | \$ 101,161,035        |
| Construction in progress                        | 11,893,533            | 4,738,060           | (2,222,618)           | 14,408,975            |
| Total capital assets, not being depreciated     | <u>113,054,568</u>    | <u>4,738,060</u>    | <u>(2,222,618)</u>    | <u>115,570,010</u>    |
| Capital assets, being depreciated:              |                       |                     |                       |                       |
| Buildings and improvements                      | 14,630,748            | 2,056,658           | -                     | 16,687,406            |
| Improvements other than buildings               | 3,755,506             | -                   | -                     | 3,755,506             |
| Vehicles and equipment                          | 3,274,715             | 31,853              | (5,875)               | 3,300,693             |
| Infrastructure                                  | 96,231,712            | 378,857             | -                     | 96,610,569            |
| Intangible                                      | 429,245               | -                   | -                     | 429,245               |
| Total capital assets, being depreciated         | <u>118,321,926</u>    | <u>2,467,368</u>    | <u>(5,875)</u>        | <u>120,783,419</u>    |
| Less accumulated depreciation/amortization for: |                       |                     |                       |                       |
| Buildings and improvements                      | (4,960,708)           | (397,833)           | -                     | (5,358,541)           |
| Improvements other than buildings               | (859,834)             | (165,879)           | -                     | (1,025,713)           |
| Vehicles and equipment                          | (2,558,468)           | (185,460)           | 5,875                 | (2,738,053)           |
| Infrastructure                                  | (50,615,928)          | (1,999,952)         | -                     | (52,615,880)          |
| Intangible                                      | (311,268)             | (31,731)            | -                     | (342,999)             |
| Total accumulated depreciation/amortization     | <u>(59,306,206)</u>   | <u>(2,780,855)</u>  | <u>5,875</u>          | <u>(62,081,186)</u>   |
| Total capital assets, being depreciated net     | <u>59,015,720</u>     | <u>(313,487)</u>    | <u>-</u>              | <u>58,702,233</u>     |
| Governmental activities capital assets, net     | <u>\$ 172,070,288</u> | <u>\$ 4,424,573</u> | <u>\$ (2,222,618)</u> | <u>\$ 174,272,243</u> |
| <b>Business-type activities:</b>                |                       |                     |                       |                       |
| Capital assets, not being depreciated:          |                       |                     |                       |                       |
| Land and improvements                           | \$ 1,644,507          | \$ -                | \$ -                  | \$ 1,644,507          |
| Construction in progress                        | 5,384,690             | 2,121,421           | (2,792,435)           | 4,713,676             |
| Total capital assets, not being depreciated     | <u>7,029,197</u>      | <u>2,121,421</u>    | <u>(2,792,435)</u>    | <u>6,358,183</u>      |
| Capital assets, being depreciated:              |                       |                     |                       |                       |
| Buildings and improvements                      | 1,055,551             | -                   | -                     | 1,055,551             |
| Utility plant                                   | 11,905,807            | 166,486             | -                     | 12,072,293            |
| Wastewater capacity rights                      | 17,793,248            | -                   | -                     | 17,793,248            |
| Pipelines                                       | 59,368,967            | 8,026               | -                     | 59,376,993            |
| Vehicles and equipment                          | 343,755               | -                   | -                     | 343,755               |
| Fire Hydrants                                   | 1,891,676             | -                   | -                     | 1,891,676             |
| Meters  | 1,769                 | 2,643,574           | -                     | 2,645,343             |
| Total capital assets, being depreciated         | <u>92,360,773</u>     | <u>2,818,086</u>    | <u>-</u>              | <u>95,178,859</u>     |
| Less accumulated depreciation for:              |                       |                     |                       |                       |
| Buildings and improvements                      | (578,228)             | (23,732)            | -                     | (601,960)             |
| Utility plant                                   | (3,573,837)           | (283,881)           | -                     | (3,857,718)           |
| Wastewater capacity rights                      | (5,661,488)           | (404,392)           | -                     | (6,065,880)           |
| Pipelines                                       | (26,848,025)          | (1,154,568)         | -                     | (28,002,593)          |
| Vehicles and equipment                          | (300,404)             | (20,121)            | -                     | (320,525)             |
| Fire hydrants                                   | (1,176,682)           | (38,064)            | -                     | (1,214,746)           |
| Meters  | -                     | (177)               | -                     | (177)                 |
| Total accumulated depreciation                  | <u>(38,138,664)</u>   | <u>(1,924,935)</u>  | <u>-</u>              | <u>(40,063,599)</u>   |
| Total capital assets, being depreciated net     | <u>54,222,109</u>     | <u>893,151</u>      | <u>-</u>              | <u>55,115,260</u>     |
| Business-type activities capital assets, net    | <u>\$ 61,251,306</u>  | <u>\$ 3,014,572</u> | <u>\$ (2,792,435)</u> | <u>\$ 61,473,443</u>  |

**City of Norco**  
**Notes to the Basic Financial Statements**  
**June 30, 2013**

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

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

|  |              |
|--|--------------|
| Governmental activities:   |              |
| General government   | \$ 84,468    |
| Public safety  | 171,908      |
| Streets and highways   | 1,838,361    |
| Culture and leisure  | 512,779      |
| Capital assets held by the government's<br>internal service funds are charged to the<br>various functions based on their usage of the assets |              |
| Depreciation   | 141,608      |
| Amortization   | 31,731       |
| Total depreciation - governmental activities   | \$ 2,780,855 |
| Business-type activities:  |              |
| Water - depreciation expense   | \$ 898,121   |
| Sewer - amortization expense   | 404,392      |
| Sewer - depreciation expense   | 622,422      |
| Total depreciation - business-type activities  | \$ 1,924,935 |

**Note 5: Retirement Plan**

*Plan Description*

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

**City of Norco**  
**Notes to the Basic Financial Statements**  
**June 30, 2013**

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

*Annual Pension Cost*

For 2013, the City's annual pension cost of \$791,058 for PERS was equal to the City's required contributions. The required contribution was determined as part of the June 30, 2011, CalPERS actuarial valuations for the Miscellaneous and Safety Plans, using the Entry Age Normal Cost Method.

| Fiscal year | THREE YEAR TREND INFORMATION FOR PERS |                               | Net pension obligation |
|-------------|---------------------------------------|-------------------------------|------------------------|
|             | Annual pension cost (APC)             | Percentage of APC contributed |                        |
| 6/30/2013   | \$ 791,058                            | 100%                          | \$ -                   |
| 6/30/2012   | 1,072,908                             | 100%                          | -                      |
| 6/30/2011   | 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 \$2,599 at June 30, 2013.

In 2010, the City entered into a capital lease to finance the purchase of eight copy machines. The present value of the future lease payments at the commencement of the lease was \$42,805. The monthly lease payment of \$928 commenced on March 2010. The equipment acquired with the lease has a net book value of \$14,268 at June 30, 2013.

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

| Fiscal Years<br>Ending June 30,         | Capital leases   |
|---|------------------|
| 2014                                    | \$ 11,426        |
| 2015                                    | 8,317            |
| Total minimum lease payments            | 19,743           |
| Less: amount representing interest      | (4,579)          |
| Present value of minimum lease payments | <u>\$ 15,164</u> |

**City of Norco**  
**Notes to the Basic Financial Statements**  
**June 30, 2013**

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

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

The City's policy relating to compensated absences and claims and judgments are described in Note 1. The short term portion of the compensated absences liability is reported in the statement of net position and amount to \$169,551. The long-term portions are also recorded in the statement of net position and amount to \$508,655.

The short term portion of the claims and judgments liability is recorded in the statement of net position and amount to \$377,761. The long-term portion of \$412,700 is also recorded on the statement of net position, governmental activities.

**Business-type activities**

**a. Capital lease**

*Wastewater facility lease*

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

| <u>Fiscal Years Ending June 30,</u>     | <u>Wastewater<br/>facility lease</u> |
|---|--------------------------------------|
| 2014                                    | \$ 146,694                           |
| 2015                                    | 146,694                              |
| 2016                                    | 146,694                              |
| 2017                                    | 146,694                              |
| 2018                                    | 146,556                              |
| Total minimum lease payments            | 733,332                              |
| Less: amount representing interest      | (57,783)                             |
| Present value of minimum lease payments | <u>\$ 675,549</u>                    |

The assets acquired through this lease are as follows:

|                                |                      |
|--------------------------------|----------------------|
| Wastewater capacity rights     | \$ 17,793,248        |
| Less: accumulated amortization | <u>(6,065,880)</u>   |
| Total                          | <u>\$ 11,727,368</u> |

**City of Norco**  
**Notes to the Basic Financial Statements**  
**June 30, 2013**

**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, 2013 the balance due was \$379,323. Debt service requirements on this loan are as follows:

| Fiscal Years<br>Ending June 30, | Principal  | Interest  |
|---------------------------------|------------|-----------|
| 2014                            | \$ 88,399  | \$ 17,349 |
| 2015                            | 92,415     | 13,333    |
| 2016                            | 96,631     | 9,117     |
| 2017                            | 101,878    | 4,689     |
| Totals                          | \$ 379,323 | \$ 44,488 |

**c. Revenue bonds**

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

**City of Norco**  
**Notes to the Basic Financial Statements**  
**June 30, 2013**

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

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

| Fiscal Years<br>Ending June 30, | 2009 Revenue Refunding Bonds |                      |                      |
|---------------------------------|------------------------------|----------------------|----------------------|
|                                 | Principal                    | Interest             | Total                |
| 2014                            | \$ 670,000                   | 1,944,773            | \$ 2,614,773         |
| 2015                            | 700,000                      | 1,917,373            | 2,617,373            |
| 2016                            | 725,000                      | 1,888,873            | 2,613,873            |
| 2017                            | 755,000                      | 1,858,329            | 2,613,329            |
| 2018                            | 785,000                      | 1,822,660            | 2,607,660            |
| 2019-2023                       | 4,565,000                    | 8,466,800            | 13,031,800           |
| 2024-2028                       | 5,855,000                    | 7,134,890            | 12,989,890           |
| 2029-2033                       | 7,625,000                    | 5,302,137            | 12,927,137           |
| 2034-2038                       | 10,035,000                   | 2,835,142            | 12,870,142           |
| 2039-2040                       | 4,845,000                    | 276,329              | 5,121,329            |
| Totals                          | <u>\$ 36,560,000</u>         | <u>\$ 33,447,306</u> | <u>\$ 70,007,306</u> |

*Changes in long-term liabilities*

The following is a schedule of changes in long-term debt of the City for the fiscal year ended June 30, 2013:

|  | Beginning<br>Balance | Additions         | Deletions           | Ending<br>Balance   | Due within<br>one year |
|--|----------------------|-------------------|---------------------|---------------------|------------------------|
| <b>Governmental activities:</b>                |                      |                   |                     |                     |                        |
| <i>Capital leases:</i>                         |                      |                   |                     |                     |                        |
| Copiers  | \$ 30,003            | \$ -              | \$ (10,260)         | 19,743              | \$ 11,427              |
| Total capital leases                           | <u>30,003</u>        | <u>-</u>          | <u>(10,260)</u>     | <u>19,743</u>       | <u>11,427</u>          |
| OPEB Liability                                 | 843,615              | 305,212           | -                   | 1,148,827           | -                      |
| Claims and judgments                           | 973,285              | 3,498             | (186,322)           | 790,461             | 377,761                |
| Compensated absences                           | <u>690,172</u>       | <u>333,100</u>    | <u>(345,066)</u>    | <u>678,206</u>      | <u>169,551</u>         |
| Governmental activity<br>long-term liabilities | <u>\$ 2,537,075</u>  | <u>\$ 641,810</u> | <u>\$ (541,648)</u> | <u>\$ 2,637,237</u> | <u>\$ 558,739</u>      |

**City of Norco**  
**Notes to the Basic Financial Statements**  
**June 30, 2013**

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

|   | Beginning<br>Balance | Additions   | Deletions           | Ending<br>Balance    | Due within<br>one year |
|---|----------------------|-------------|---------------------|----------------------|------------------------|
| <b>Business-type activities:</b>                |                      |             |                     |                      |                        |
| <i>Capital lease:</i>                           |                      |             |                     |                      |                        |
| Wastewater facility                             | \$ 799,847           | \$ -        | \$ (124,298)        | \$ 675,549           | \$ 127,779             |
| Total capital lease                             | <u>799,847</u>       | <u>-</u>    | <u>(124,298)</u>    | <u>675,549</u>       | <u>127,779</u>         |
| <i>Bonds:</i>                                   |                      |             |                     |                      |                        |
| 2009 Revenue refunding bonds                    | 37,205,000           | -           | (645,000)           | 36,560,000           | 670,000                |
| <i>(Less) deferred amounts:</i>                 |                      |             |                     |                      |                        |
| For deferred loss on issuance                   | (671,960)            | -           | 41,434              | (630,526)            | -                      |
| For issuance discount                           | <u>(437,942)</u>     | <u>-</u>    | <u>16,398</u>       | <u>(421,544)</u>     | <u>-</u>               |
| Total bonds                                     | 36,095,098           | -           | (587,168)           | 35,507,930           | 670,000                |
| <i>Loan payable:</i>                            |                      |             |                     |                      |                        |
| US Economic Development<br>Administration       | <u>463,898</u>       | <u>-</u>    | <u>(84,575)</u>     | <u>379,323</u>       | <u>88,399</u>          |
| Business-type activity<br>long-term liabilities | <u>\$ 37,358,843</u> | <u>\$ -</u> | <u>\$ (796,041)</u> | <u>\$ 36,562,802</u> | <u>\$ 886,178</u>      |

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

**City of Norco**  
**Notes to the Basic Financial Statements**  
**June 30, 2013**

**Note 7: Interfund Receivables, Payables and Transfers**

The composition of interfund balances at June 30, 2013, is as follows:

*Due to/from other funds*

| Receivable Fund   | Payable fund   | Amount           |
|-------------------|----------------|------------------|
| General Fund      | Nonmajor Funds | \$ 37,560        |
| Proprietary Funds | Nonmajor Funds | 12,941           |
|                   |                | <u>\$ 50,501</u> |

*Interfund transfers*

| Fund receiving transfers | Fund making transfers             | Amount              |
|--------------------------|-----------------------------------|---------------------|
| General Fund             | Major Fund-Street Improvements    | \$ 12,863 (1)       |
|                          | Non Major Capital Projects        | 25,327 (1)          |
|                          | Sewer Utility                     | 136,852 (1)         |
|                          | Water Utility                     | 137,722 (1)         |
|                          | Non Major Special Revenues        | 517,066 (1)         |
|                          |                                   | <u>829,830</u>      |
| Nonmajor funds           | General Fund                      | 25,000 (1)          |
|                          | Transfers in - Governmental funds | <u>854,830</u>      |
| Internal Service Funds   | General                           | 182,824 (1)         |
|                          | Non Major Special Revenues        | 1,660 (1)           |
|                          | Sewer Utility                     | 6,121 (1)           |
|                          | Water Utility                     | 8,328 (1)           |
|                          |                                   | <u>198,933</u>      |
|                          | Total transfers in                | <u>\$ 1,053,763</u> |

(1) = Transfers made to reimburse expenditures/expenses.

**City of Norco**  
**Notes to the Basic Financial Statements**  
**June 30, 2013**

**Note 8: Fund Equity**

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

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

|                            | General             | Major<br>Capital Projects<br>Funds | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|----------------------------|---------------------|------------------------------------|-----------------------------------|--------------------------------|
| <b>Nonspendable</b>        | \$ 5,444            | \$ -                               | \$ 3,750                          | \$ 9,194                       |
| <b>Restricted by:</b>      |                     |                                    |                                   |                                |
| Granting agencies          | -                   | -                                  | 3,394,873                         | 3,394,873                      |
| <b>Committed for:</b>      |                     |                                    |                                   |                                |
| Emergencies                | 3,560,200           | -                                  | 378,013                           | 3,938,213                      |
| <b>Assigned to:</b>        |                     |                                    |                                   |                                |
| 2014 expenditures          | 685,279             | -                                  | -                                 | 685,279                        |
| Fund purpose               | -                   | -                                  | 3,616,426                         | 3,616,426                      |
| Capital projects           | -                   | 624,492                            | -                                 | 624,492                        |
| <b>Unassigned</b>          | 771,477             | -                                  | (33,968)                          | 737,509                        |
| <b>Total fund balances</b> | <u>\$ 5,022,400</u> | <u>\$ 624,492</u>                  | <u>\$ 7,359,094</u>               | <u>\$ 13,005,986</u>           |

**Note 9: Assessment Bonds**

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

As of June 30, 2013, the future assessments liability of property owners for amounts payable to bondholders for these Districts is as follows:

|                                    | Principal            | Interest             | Total                |
|------------------------------------|----------------------|----------------------|----------------------|
| Community Facilities District      |                      |                      |                      |
| 97-1 Norco Hills refunding         | \$ 6,170,000         | \$ 3,029,897         | \$ 9,199,897         |
| Community Facilities District      |                      |                      |                      |
| 2001-1 Norco Ridge refunding       | 35,510,000           | 22,647,184           | 58,157,184           |
| Community Facilities District      |                      |                      |                      |
| 2002-1 Norco 50                    | 1,400,000            | 1,129,375            | 2,529,375            |
| 2004 Special Tax Refunding         |                      |                      |                      |
| Community Facilities District 93-1 | 1,180,000            | 271,890              | 1,451,890            |
| <b>Totals</b>                      | <u>\$ 44,260,000</u> | <u>\$ 27,078,346</u> | <u>\$ 71,338,346</u> |

**City of Norco**  
**Notes to the Basic Financial Statements**  
**June 30, 2013**

**Note 9: Assessment Bonds (continued)**

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

**Note 10: Risk Management**

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

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

Claims, expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. At June 30, 2013, the amount of these liabilities was \$790,461. The amount represents an estimate of \$570,928 for reported claims through June 30, 2013 and \$219,533 estimate of incurred but not reported claims. This liability is the City's best estimate based on available information. Changes in the reported liability since July 1, 2012 resulted from the following:

| Year | Liability at beginning | Current year claims and changes in estimates | Claim payments | Liability at end |
|------|------------------------|--|----------------|------------------|
| 2013 | \$ 973,285             | \$ 125,780                                   | \$ 308,604     | \$ 790,461       |
| 2012 | 1,308,689              | (189,368)                                    | 146,036        | 973,285          |
| 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 2012 to 2013. Furthermore, there was no settlement which exceeded the insurance coverage for the fiscal years 2011/12 and 2012/13.

**City of Norco**  
**Notes to the Basic Financial Statements**  
**June 30, 2013**

**Note 11: Other Post-Employment Benefits**

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

*Plan Description*

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

*Funding Policy*

These health insurance benefits are authorized through city resolutions/Memorandums of Understanding defining health care benefits and contribution levels and through the contractual agreement between the City and CalPERS. The City contributes up to \$1,250 of the current monthly required premium costs of active and non-vested retired employees. Additional contributions are made into a prefunded trust account as funds become available. There were 68 retired eligible employees.

*Annual OPEB Cost*

For fiscal year 2013, the City's annual OPEB cost of \$1,284,290 was below the annual required contribution (ARC) by a net amount of \$28,710. The City's current year contribution was \$979,078, which increased the net OPEB liability from prior years by \$305,212. The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 and the two preceding years were as follows:

| <u>Fiscal Year Ended</u> | <u>Annual OPEB Cost</u> | <u>Percentage of Annual<br/>OPEB Cost Contributed</u> | <u>Net OPEB<br/>Obligation</u> |
|--------------------------|-------------------------|---|--------------------------------|
| 6/30/2013                | \$ 1,284,290            | 76.2%   | \$ 1,148,827                   |
| 6/30/2012                | 1,372,000               | 58.6%   | 843,615                        |
| 6/30/2011                | 1,744,000               | 57.8%   | 274,000                        |

|  | <u>June 30, 2013</u>       |
|--|----------------------------|
| Annual required contribution               | \$ 1,313,000               |
| Interest on net OPEB obligation            | 44,290                     |
| Adjustment to annual required contribution | <u>(73,000)</u>            |
| Annual OPEB cost                           | 1,284,290                  |
| Contributions made                         | <u>(979,078)</u>           |
| Increase in net OPEB obligation            | 305,212                    |
| Net OPEB obligation, beginning of year     | <u>843,615</u>             |
| Net OPEB obligation, end of year           | <u><u>\$ 1,148,827</u></u> |

**City of Norco**  
**Notes to the Basic Financial Statements**  
**June 30, 2013**

**Note 11: Other Post-Employment Benefits (continued)**

*Funded Status and Funding Progress*

The funded status of the plan as of the June 30, 2011 actuarial valuation was as follows:

|  | (in thousands) |
|--|----------------|
| Actuarial accrued liability (AAL):         |                |
| Actives                                    | \$ 4,383       |
| Retirees                                   | 13,106         |
| Actuarial Value of Assets at June 30, 2011 | (3,068)        |
| Unfunded actuarial accrued liability       | \$ 14,421      |
| <br>                                       |                |
| Covered payroll (active plan members)      | \$ 5,972       |
| UAAL as a percentage of covered payroll    | 241.5%         |
| <br>                                       |                |
| Present Value of Future Benefits:          |                |
| Actives                                    | 7,154          |
| Deferred Vested                            | 2,525          |
| Retirees                                   | 10,581         |
| Total                                      | \$ 20,260      |
| <br>                                       |                |
| Normal Cost                                | \$ 418         |
| Normal Cost as a percent of payroll        | 7.00%          |

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, 2013**

**Note 11: Other Post-Employment Benefits (continued)**

*Actuarial Methods and Assumptions*

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

In the June 30, 2011 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumption included a 7.25 percent investment rate of return (net of administrative expenses), which is the assumed rate of expected long-term investment returns on plan assets. Calculation was based on the funded level of the plan at the valuation date and an annual healthcare cost trend rate of actual premiums, reduced by increments of 0.6% - 0.8% per year to an ultimate rate of 5.0% after the tenth year. The unfunded actuarial accrued liability (UAAL) is being amortized as a level percentage of projected payroll over 30 years. It is assumed the City's payroll will increase 3.25% per year.

*Required Supplementary Information*

|                              |   |
|------------------------------|---|
| Valuation Date:              | June 30, 2011   |
| Actuarial Cost Method:       | Entry Age Normal  |
| Asset Valuation Method:      | Market Value  |
| ARC as a Percent of Payroll: | 23.1%   |
| Amortization Method:         | Level percentage of payroll   |
| Amortization Period:         | 26-year remaining on 30 year fixed<br>15-year fixed for subsequent plan changes |
| Funding Policy:              | Phase in to full ARC funding  |
| Inflation Rate Assumed:      | 3.0%  |

*Schedule of Funding Progress (using 7.25% annual return assumption)*

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) (b) | Unfunded AAL(UAAL)(b-a) | Funded Ratio (a/b) | Covered Payroll | UAAL as Percentage of Covered Payroll |
|--------------------------|-------------------------------|---------------------------------------|-------------------------|--------------------|-----------------|---------------------------------------|
| 6/30/2011                | \$ 3,068,000                  | \$ 17,489,000                         | \$ 14,421,000           | 17.5%              | \$ 5,972,000    | 241.5%                                |
| 1/1/2010                 | 2,207,000                     | 14,919,000                            | 12,712,000              | 14.8%              | 5,784,000       | 219.8%                                |
| 1/1/2008                 | -                             | 13,372,000                            | 13,372,000              | 0.0%               | 6,279,000       | 213.0%                                |

**City of Norco**  
**Notes to the Basic Financial Statements**  
**June 30, 2013**

**Note 12: Successor Agency - Private Purpose Trust Fund**

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

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

In future fiscal years, successor agencies will only be allocated tax increment revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full. The Bill directs the State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other private and public bodies that occurred after January 1, 2011. If the body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by the Bill.

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

**City of Norco**  
**Notes to the Basic Financial Statements**  
**June 30, 2013**

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

**A. Successor Agency long-term debt**

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

The debt of the Successor Agency as of June 30, 2013 is as follows:

|  | Beginning<br>Balance | Additions   | Deletions           | Ending<br>balance    | Due within<br>one year |
|--|----------------------|-------------|---------------------|----------------------|------------------------|
| Bonds  |                      |             |                     |                      |                        |
| 2001 Refunding tax allocation bonds                                | \$ 25,395,000        | \$ -        | \$ 1,430,000        | \$ 23,965,000        | \$ 1,500,000           |
| 2001 Refunding tax allocation bonds (School district)              | 3,875,000            | -           | 130,000             | 3,745,000            | 140,000                |
| 2004 Tax allocation refunding bonds (School district pass-through) | 9,425,000            | -           | 275,000             | 9,150,000            | 280,000                |
| 2005 Refunding tax allocation bonds                                | 16,675,000           | -           | 65,000              | 16,610,000           | 70,000                 |
| 2009 Tax allocation bonds (School district pass-through)           | 11,515,000           | -           | 215,000             | 11,300,000           | 225,000                |
| 2010 Refunding tax allocation bonds                                | 24,380,000           | -           | 125,000             | 24,255,000           | 120,000                |
| Subtotal bonds payable   | 91,265,000           | -           | 2,240,000           | 89,025,000           | 2,335,000              |
| Plus (less) deferred amounts                                       |                      |             |                     |                      |                        |
| For deferred loss on refunding                                     | (2,187,808)          | -           | (126,060)           | (2,061,748)          | (126,060)              |
| For issuance premium   | 212,235              | -           | 16,326              | 195,909              | 16,326                 |
| For issuance discount  | (503,214)            | -           | (22,166)            | (481,048)            | (22,166)               |
| Total bonds payable  | 88,786,213           | -           | 2,108,100           | 86,678,113           | 2,203,100              |
| Total long-term debt   | <u>\$ 88,786,213</u> | <u>\$ -</u> | <u>\$ 2,108,100</u> | <u>\$ 86,678,113</u> | <u>\$ 2,203,100</u>    |

**City of Norco**  
**Notes to the Basic Financial Statements**  
**June 30, 2013**

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

**A. Successor Agency long-term debt (continued)**

Future debt service requirements are as follows:

| Fiscal Years<br><u>Ending June 30,</u> | <u>Tax Allocation Bonds</u> |                      |
|--|-----------------------------|----------------------|
|  | <u>Principal</u>            | <u>Interest</u>      |
| 2014                                   | \$ 2,335,000                | \$ 4,860,474         |
| 2015                                   | 2,450,000                   | 4,748,655            |
| 2016                                   | 2,570,000                   | 4,629,773            |
| 2017                                   | 2,695,000                   | 4,503,724            |
| 2018                                   | 2,835,000                   | 4,369,099            |
| 2019-2023                              | 16,440,000                  | 19,565,448           |
| 2024-2028                              | 21,170,000                  | 14,830,040           |
| 2029-2033                              | 27,530,000                  | 8,464,999            |
| 2034-2038                              | 11,000,000                  | 1,086,300            |
| Totals                                 | <u>\$ 89,025,000</u>        | <u>\$ 67,058,512</u> |

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

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

**City of Norco**  
**Notes to the Basic Financial Statements**  
**June 30, 2013**

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

**A. Successor Agency long-term debt (continued)**

In December 2001, the Agency issued Norco Redevelopment Project Area No. 1 Tax Allocation Refunding Bonds (School District Pass-Through), Issue of 2001, in an aggregate principal amount of \$5,100,000. The Bonds are dated December 1, 2001, with interest paid at a rate from 2.50% to 5.50% payable semi-annually on March 1 and September 1 commencing on March 1, 2002. The Bonds were issued to refund on a current basis a portion of the Norco Redevelopment Project Area No. 1, School District Capital Appreciation Tax Allocation Bonds, Issue of 1992. The Bonds were issued concurrently with and on a senior lien basis to the \$3,375,000 Norco Redevelopment Project Area No. 1 Subordinated Tax Allocation Refunding Notes (School District Pass-Through), Issue of 2001 (the "Notes"). The proceeds from the sale were placed in an irrevocable trust along with the proceeds of the Notes to be used to service the future debt service requirements of the old debt. The Bonds are limited obligations of the Agency payable solely from Pledged Tax Revenues otherwise required by the Pass-Through Agreement to be passed through to the Corona-Norco Unified School District. On February 1, 2012, the outstanding balance of this issue was transferred to the Successor Agency.

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

In November 2004, the Agency issued Norco Redevelopment Project Area No. 1 Tax Allocation Refunding Bonds (School District Pass-through), Issue of 2004, in the aggregate principal of \$11,250,000. The bonds are dated November 22, 2004, with interest paid at a rate from 1.75% to 4.50% semi-annually on March 1 and September 1 each year, commencing on March 1, 2005. The bonds were issued on a parity basis with the Agency's previously issued Norco Redevelopment Project Area No. 1, Tax Allocation Refunding Bonds (School District Pass-through), Issue of 2001, to refund on a current basis the \$3,375,000 Norco Redevelopment Project Area No. 1 Subordinated Tax Allocation Refunding Notes (School District Pass-through), Issue of 2001. The bonds were also issued to fund projects undertaken for redevelopment purposes. A portion of the bond proceeds from the sale were placed in an irrevocable trust to be used to service the future debt service requirements of the old debt. On February 1, 2012, the outstanding balance of this issue was transferred to the Successor Agency.

**City of Norco**  
**Notes to the Basic Financial Statements**  
**June 30, 2013**

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

**A. Successor Agency long-term debt (continued)**

In December 2005, the Agency issued Norco Redevelopment Project Area No. 1 Refunding Tax Allocation Bonds, Issue of 2005, in the aggregate principal of \$17,245,000. The bonds are dated December 7, 2005, with interest paid at a rate from 3.00% to 4.35% semi-annually on March 1 and September 1 each year, commencing on March 1, 2006. The bonds were issued on a parity basis with the Agency's previously issued Norco Redevelopment Project Area No. 1, 2001 Refunding Tax Allocation Bonds and Norco Redevelopment Project Area No. 1, 2003 Tax Allocation Bonds to refund on a current basis the \$16,335,000 Norco Redevelopment Project Area No. 1, 1996 Refunding Tax Allocation Bonds. The bonds were also issued to fund projects undertaken for redevelopment purposes. A portion of the bond proceeds from the sale were placed in an irrevocable trust to be used to service the future debt service requirements of the old debt. On February 1, 2012, the outstanding balance of this issue was transferred to the Successor Agency.

The reacquisition price exceeded the net carrying amount of the old debt by \$325,100. This amount is being netted against the new debt and being amortized over the remaining life of the refunded debt. The advance refunding resulted in a decrease in debt service payments over the next 20 years of \$1,257,574 and resulted in an economic gain of \$888,220. The unamortized amount of this gain was transferred to the Successor Agency on February 1, 2012.

In April 2009, the Agency issued Norco Redevelopment Project Area No. 1 Tax Allocation Bonds (School District Pass-through), Issue of 2009 in an aggregate principal amount of \$12,200,000. The bonds are dated April 30, 2009 with interest paid at a rate from 3.25% to 7.00% payable semi-annually on March 1 and September 1, commencing on September 1, 2009. The bonds were issued on a parity basis with the Agency's previously issued Norco Redevelopment Project Area No. 1, Tax Allocation Refunding Bonds (School District Pass-through), Issue of 2001, and with the Agency's previously issued Norco Redevelopment Area No. 1 Tax Allocation Refunding Bonds (School District Pass-through), Issue of 2004. The bonds are limited obligations of the Agency's payable solely from Pledged Tax Revenues otherwise required by the Pass-Through Agreement to be passed through to the Corona Norco Unified School District. On February 1, 2012, the outstanding balance of this issue was transferred to the Successor Agency.

In April of 2010, the Agency issued Norco Redevelopment Project Area No. 1 Refunding Tax Allocation Bonds, Issue of 2010, in the aggregate principal of \$24,500,000. The bonds are dated May 11, 2010, with interest paid at a rate from 2.15% to 6.14% semi-annually on March 1 and September 1 each year, commencing on September 1, 2010. The bonds were issued on a parity basis with the Agency's previously issued Norco Redevelopment Project Area No. 1, 2000 Tax Allocation Bonds, Norco Redevelopment Project Area No. 1, 2001 Refunding Tax Allocation Bonds and Norco Redevelopment Project Area No. 1, 2003 Tax Allocation Bonds to refund on a current basis the \$1,955,000 Norco Redevelopment Project Area No. 1, 2000 Tax Allocation Bonds, to advance refund the \$21,500,000 Norco Redevelopment Project Area No. 1, 2005 Refunding Tax Allocation Bonds, to fund capitalized interest and the Reserve Account, and to finance the Project Area. The bonds were issued to reduce volatility in future debt service payment requirements in an effort to improve future cash flows. A portion of the bond proceeds from the sale were placed in an irrevocable trust to be used to service the future debt service requirements of the old debt. On February 1, 2012, the outstanding balance of this issue was transferred to the Successor Agency.

**City of Norco**  
**Notes to the Basic Financial Statements**  
**June 30, 2013**

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

**A. Successor Agency long-term debt (continued)**

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

**B. Successor Agency receivables**

***Automobile dealer loans***

In December of 2008, the Agency entered into a Loan Agreement with a local automobile dealership to provide a Line of Credit not to exceed \$500,000 from which the dealer could draw from in order to maintain its operations. The Loan is secured by Promissory Note executed by the owner. The loan is payable over seven years with interest at 5.15%. The balance outstanding at June 30, 2013, is \$301,710. On February 1, 2012, the outstanding balance of these receivables was transferred to the Successor Agency.

***Cal Homes program***

Loans were available to qualifying low and very low-income residents through the Cal Homes program to assist with the cost of rehabilitating owner-occupied residences. Loans carried interest rates of either 0% (for eligible senior citizens) or 3% (for non senior citizens). Loans are due up to 30 years after origination or in the event the property is sold or refinanced. As of January 31, 2012, the total amount of loans disbursed under the program amounted to \$508,073. On February 1, 2012, the outstanding balance of these receivables was transferred to the Successor Agency.

**Note 13: Low and Moderate Income Housing Successor**

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

**City of Norco**  
**Notes to the Basic Financial Statements**  
**June 30, 2013**

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

(3) If there is more than one local housing authority in the territorial jurisdiction of the former redevelopment agency, to the local housing authority selected by the city that authorized the creation of the redevelopment agency. As of June 30, 2013, there has not been a designation for a Housing Successor and the City of Norco and the Successor Agency are acting as a holding agent of the housing assets and liabilities to be transferred to the agency that would assume the housing functions previously performed by the Community Redevelopment Agency.

The following schedule summarizes these balances of these assets and liabilities as of June 30, 2013:

| <b>ASSETS</b>  | <b>June 30, 2013</b> |
|--|----------------------|
| Cash and investments   | \$ 364,328           |
| Cash and investments with fiscal agents                                | 1,566,723            |
| Receivables:   |                      |
| Notes  | 9,390,469            |
| Interest   | 11,890               |
| Property held for resale   | 3,369,583            |
| Due from other governments   | 3,117,777            |
| Total assets   | <u>17,820,770</u>    |
| <br><b>LIABILITIES</b>   |                      |
| Deposits payable   | 5,615                |
| Unearned revenue   | 3,343                |
| Total liabilities  | <u>8,958</u>         |
| <br><b>NET POSITION</b>  |                      |
| Held in trust for the entity to be designated<br>the Housing Successor | <u>\$ 17,811,812</u> |

**A. Housing Successor receivables**

***First time home buyer loans/notes***

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

**City of Norco**  
**Notes to the Basic Financial Statements**  
**June 30, 2013**

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

**A. Housing Successor receivables(continued)**

***Developer loans***

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

***Deferred loans receivable***

The former agency administered 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 statements as receivables.

**Note 14: Risks and uncertainties**

***Grants***

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

***Successor Agency***

Deductions (expenses) incurred by the Successor Agency for the year ended June 30, 2013 (and subsequent years in which the Successor Agency is in operation), are subject to review by various State agencies and the County in which the Successor Agency resides. If any expenses incurred by the Successor Agency are disallowed by the State agencies or County, the City, acting as the Successor Agency could be liable for the repayment of the disallowed costs from either its own funds or by the State withholding remittances normally paid to the City.

**City of Norco**  
**Notes to the Basic Financial Statements**  
**June 30, 2013**

**Note 14: Risks and uncertainties (continued)**

The amount, if any, of expenses that may be disallowed by the State agencies or County cannot be determined at this time as to be immaterial or not. Furthermore, as of June 30, 2013, the Successor Agency of the former Community Redevelopment Agency is subject to reviews and procedures to be performed on the appropriateness of the transfer of assets and liabilities to the Successor Agency and or the City. The result of these reviews and procedures could impact the City and its finances if an unfavorable outcome results from them. The amount, if any, for any possible contingency, cannot be determined at this time to be immaterial or not.

**Note 15: Norco Silverlakes Ground Lease**

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

*Annual Minimum Rent*

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

- (a) On the first day of the 6th Lease Year, the Annual Minimum Rent shall be increased by 8% of the Annual Minimum Rent in effect as of the Term Commencement Date;
- (b) On the first day of the 16th Lease Year, the Annual Minimum Rent shall be increased by 8% of the Annual Minimum Rent in effect immediately prior to the 16th year Adjustment Date;
- (c) On the first day of the 26th Lease Year, the Annual Minimum Rent shall be increased by 8% of the Annual Minimum Rent in effect immediately prior to the 26th year Adjustment Date, and
- d) On first day of the 31st Lease Year and on each five (5) year anniversary thereof occurring throughout the Extended Tem, the Annual Minimum Rent shall be adjusted by the percentage change in the Consumer Price Index ("Index") measured from the immediately preceding Adjustment Date to the instant Adjustment Date (as measured pursuant to the procedure described on the lease agreement), but in no event shall an increase be more than 10% or less than 3% of the Annual Minimum Rent in effect immediately prior to the applicable Adjustment Date. Future estimated revenues from the lease for the next five years are as follows:

| Fiscal Year | Amount     |
|-------------|------------|
| 2014        | \$ 396,480 |
| 2015        | 396,480    |
| 2016        | 396,480    |
| 2017        | 412,339    |
| 2018        | 428,198    |

**REQUIRED SUPPLEMENTARY INFORMATION**

**Required Supplementary Information**  
**City of Norco**  
**Budgetary Comparison Schedule - General Fund**  
**For the Year Ended June 30, 2013**

|  | Budgeted Amounts           |                            | Actual<br>Amounts          | Variance with<br>Final Budget |
|--|----------------------------|----------------------------|----------------------------|-------------------------------|
|  | Original                   | Final                      |                            |                               |
| <b>REVENUES</b>  |                            |                            |                            |                               |
| Taxes  | \$ 9,221,508               | \$ 10,205,592              | \$ 10,568,238              | \$ 362,646                    |
| Licenses and permits   | 399,700                    | 399,700                    | 528,236                    | 128,536                       |
| Fines and forfeitures  | 333,500                    | 330,000                    | 363,652                    | 33,652                        |
| Intergovernmental  | 258,011                    | 357,092                    | 362,785                    | 5,693                         |
| Charges for services   | 1,452,811                  | 1,422,951                  | 1,618,072                  | 195,121                       |
| Investment earnings  | 461,623                    | 551,959                    | 550,354                    | (1,605)                       |
| Reimbursements   | 40,000                     | 70,000                     | 79,114                     | 9,114                         |
| Other  | 580,816                    | 984,057                    | 1,300,567                  | 316,510                       |
|  | <u>12,747,969</u>          | <u>14,321,351</u>          | <u>15,371,018</u>          | <u>1,049,667</u>              |
| <b>EXPENDITURES</b>  |                            |                            |                            |                               |
| Current:   |                            |                            |                            |                               |
| General government   | 3,086,015                  | 3,484,396                  | 3,252,859                  | 231,537                       |
| Public safety  | 8,289,268                  | 8,253,032                  | 8,075,411                  | 177,621                       |
| Streets and highways   | 86,104                     | 86,104                     | 82,310                     | 3,794                         |
| Community and economic development                           | 594,061                    | 594,061                    | 568,929                    | 25,132                        |
| Culture and leisure  | 1,798,217                  | 1,798,217                  | 1,714,240                  | 83,977                        |
|  | <u>13,853,665</u>          | <u>14,215,810</u>          | <u>13,693,749</u>          | <u>522,061</u>                |
| Excess (deficiency) of revenues<br>over (under) expenditures | <u>(1,105,696)</u>         | <u>105,541</u>             | <u>1,677,269</u>           | <u>1,571,728</u>              |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                            |                            |                            |                               |
| Transfers in   | 1,132,350                  | 845,942                    | 829,830                    | (16,112)                      |
| Transfers out  | (25,000)                   | (25,000)                   | (207,824)                  | (182,824)                     |
|  | <u>1,107,350</u>           | <u>820,942</u>             | <u>622,006</u>             | <u>(198,936)</u>              |
| Net change in fund balance                                   | 1,654                      | 926,483                    | 2,299,275                  | 1,372,792                     |
| Fund balance, beginning of year                              | <u>2,723,125</u>           | <u>2,723,125</u>           | <u>2,723,125</u>           | <u>-</u>                      |
| Fund balance, end of year                                    | <u><u>\$ 2,724,779</u></u> | <u><u>\$ 3,649,608</u></u> | <u><u>\$ 5,022,400</u></u> | <u><u>\$ 1,372,792</u></u>    |

**Required Supplementary Information  
City of Norco  
Schedule of Funding Progress  
Other Post-Employment Benefits  
For the Year Ended June 30, 2013**

| Retiree Health Plan |  |  |   |              |  |                           |  |
|---------------------|--|--|---|--------------|--|---------------------------|--|
| Valuation Date      | Normal<br>Accrued<br>Liability (in<br>thousands) | Actuarial Value<br>of Assets (in<br>thousands) | Unfunded<br>(Overfunded)<br>Liability (in<br>thousands) | Funded Ratio | Annual<br>Covered<br>Payroll (in<br>thousands) | UAAL as a %<br>of Payroll |  |
| 6/30/2011           | \$ 17,489  | \$ 3,068                                       | \$ 14,421   | 17.5%        | \$ 5,972                                       | 241.5%                    |  |
| 1/1/2010            | 14,919   | 2,207  | 12,712  | 14.8%        | 5,784  | 219.8%                    |  |
| 1/1/2008            | 13,372   | -  | 13,372  | 0.0%         | 6,279  | 213.0%                    |  |

**City of Norco**  
**Notes to Required Supplementary Information**  
**For the Year Ended June 30, 2013**

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

**Note 1: Excess of expenditures over appropriations**

None in the general fund or any annually budgeted major special revenue funds.

**INDIVIDUAL FUND SCHEDULES AND  
COMBINING FINANCIAL STATEMENTS**

**City of Norco**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Major Capital Projects Fund Streets Improvements**  
**For the Year Ended June 30, 2013**

|  | Budget Amounts    |                   | Actual<br>Amounts | Variance with<br>Final Budget |
|--|-------------------|-------------------|-------------------|-------------------------------|
|  | Original          | Final             |                   |                               |
| <b>REVENUES</b>                                      |                   |                   |                   |                               |
| Development fees                                     | \$ 593,505        | \$ 593,505        | \$ 4,168          | \$ (589,337)                  |
| Intergovernmental                                    | 1,200,000         | 1,673,171         | 1,695,748         | 22,577                        |
| Investment earnings                                  | 9,693             | 9,693             | 467               | (9,226)                       |
| <b>Total revenues</b>                                | <b>1,803,198</b>  | <b>2,276,369</b>  | <b>1,700,383</b>  | <b>(575,986)</b>              |
| <b>EXPENDITURES</b>                                  |                   |                   |                   |                               |
| Current:   |                   |                   |                   |                               |
| Streets and highways                                 | 3,282,000         | 3,899,394         | 2,914,122         | 985,272                       |
| <b>Total expenditures</b>                            | <b>3,282,000</b>  | <b>3,899,394</b>  | <b>2,914,122</b>  | <b>985,272</b>                |
| Excess (deficiency) of revenues<br>over expenditures | (1,478,802)       | (1,623,025)       | (1,213,739)       | 409,286                       |
| <b>OTHER FINANCING SOURCES<br/>(USES)</b>            |                   |                   |                   |                               |
| Transfers out  | (12,863)          | (12,863)          | (12,863)          | -                             |
| <b>Total other financing sources<br/>(uses)</b>      | <b>(12,863)</b>   | <b>(12,863)</b>   | <b>(12,863)</b>   | <b>-</b>                      |
| Net change in fund balance                           | (1,491,665)       | (1,635,888)       | (1,226,602)       | 409,286                       |
| Fund balance, beginning of year                      | 1,851,094         | 1,851,094         | 1,851,094         | -                             |
| Fund balance, end of year                            | <b>\$ 359,429</b> | <b>\$ 215,206</b> | <b>\$ 624,492</b> | <b>\$ 409,286</b>             |

**COMBINING NON-MAJOR  
GOVERNMENTAL FUNDS**

## **Non-major Governmental Funds Fund Descriptions**

### **Special Revenue Funds**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## **Capital Projects Funds**

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

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

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

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

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

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

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

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

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

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

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

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

**City of Norco  
Combining Balance Sheet  
Non-major Governmental Funds  
June 30, 2013**

|  | Special Revenue Funds          |   |            |
|--|--------------------------------|---|------------|
|  | Miscellaneous<br>Grant<br>Fund | Community<br>Development<br>Block Grant | Gas Tax    |
| <b>ASSETS</b>                            |                                |   |            |
| Cash and investments                     | \$ 42,888                      | \$ -                                    | \$ 555,877 |
| Receivables, net:                        |                                |   |            |
| Interest                                 | -                              | -                                       | 103        |
| Prepays                                  | -                              | -                                       | -          |
| Due from other governments               | 6,362                          | -                                       | 56,549     |
| Total assets                             | \$ 49,250                      | \$ -                                    | \$ 612,529 |
| <br><b>LIABILITIES AND FUND BALANCES</b> |                                |   |            |
| Liabilities:                             |                                |   |            |
| Accounts payable and accrued items       | \$ 1,151                       | \$ -                                    | \$ 30,363  |
| Retentions payable                       | -                              | -                                       | -          |
| Due to other funds                       | -                              | -                                       | -          |
| Deposits payable                         | -                              | -                                       | -          |
| Unearned revenues                        | 48,099                         | -                                       | -          |
| Total liabilities                        | 49,250                         | -                                       | 30,363     |
| <br>Fund balances (deficit):             |                                |   |            |
| Nonspendable                             | -                              | -                                       | -          |
| Restricted                               | -                              | -                                       | 582,166    |
| Committed                                | -                              | -                                       | -          |
| Assigned                                 | -                              | -                                       | -          |
| Unassigned                               | -                              | -                                       | -          |
| Total fund balances (deficit)            | -                              | -                                       | 582,166    |
| Total liabilities and fund balances      | \$ 49,250                      | \$ -                                    | \$ 612,529 |

| Special Revenue Funds      |                         |                                     |  |
|----------------------------|-------------------------|-------------------------------------|--|
| Measure A                  | NPDES                   | Air Quality<br>Improvement<br>Trust | Supplemental Law<br>Enforcement<br>Block Grant |
| \$ 2,836,146               | \$ 9,425                | \$ 71,230                           | \$ 75,000                                      |
| 575                        | -                       | 13                                  | -  |
| -                          | -                       | -                                   | -  |
| <u>90,653</u>              | <u>28,576</u>           | <u>8,545</u>                        | <u>25,000</u>                                  |
| <u><u>\$ 2,927,374</u></u> | <u><u>\$ 38,001</u></u> | <u><u>\$ 79,788</u></u>             | <u><u>\$ 100,000</u></u>                       |
|                            |                         |                                     |  |
| \$ 230,763                 | \$ 1,693                | \$ -                                | \$ 100,000                                     |
| -                          | -                       | -                                   | -  |
| -                          | -                       | -                                   | -  |
| -                          | -                       | -                                   | -  |
| -                          | -                       | -                                   | -  |
| <u>230,763</u>             | <u>1,693</u>            | <u>-</u>                            | <u>100,000</u>                                 |
|                            |                         |                                     |  |
| -                          | -                       | -                                   | -  |
| 2,696,611                  | 36,308                  | 79,788                              | -  |
| -                          | -                       | -                                   | -  |
| -                          | -                       | -                                   | -  |
| -                          | -                       | -                                   | -  |
| <u>2,696,611</u>           | <u>36,308</u>           | <u>79,788</u>                       | <u>-</u>                                       |
| <u><u>\$ 2,927,374</u></u> | <u><u>\$ 38,001</u></u> | <u><u>\$ 79,788</u></u>             | <u><u>\$ 100,000</u></u>                       |

**City of Norco  
Combining Balance Sheet  
Non-major Governmental Funds  
June 30, 2013**

|  | Special Revenue Funds       |   |   |
|--|-----------------------------|---|---|
|  | Office of Traffic<br>Safety | Landscape<br>Maintenance<br>District #1 | Landscape<br>Maintenance<br>District #2 |
| <b>ASSETS</b>                            |                             |   |   |
| Cash and investments                     | \$ -                        | \$ 17,803                               | \$ 63                                   |
| Receivables, net:                        |                             |   |   |
| Interest                                 | -                           | 4                                       | -                                       |
| Prepays                                  | -                           | -                                       | -                                       |
| Due from other governments               | 41,844                      | 188                                     | 1,782                                   |
|  | <u>41,844</u>               | <u>188</u>                              | <u>1,782</u>                            |
| Total assets                             | <u>\$ 41,844</u>            | <u>\$ 17,995</u>                        | <u>\$ 1,845</u>                         |
| <br><b>LIABILITIES AND FUND BALANCES</b> |                             |   |   |
| Liabilities:                             |                             |   |   |
| Accounts payable and accrued items       | \$ 21,212                   | \$ 565                                  | \$ 13,412                               |
| Retentions payable                       | -                           | -                                       | -                                       |
| Due to other funds                       | 20,632                      | 215                                     | 22,401                                  |
| Deposits payable                         | -                           | -                                       | -                                       |
| Unearned revenues                        | -                           | -                                       | -                                       |
|  | <u>41,844</u>               | <u>780</u>                              | <u>35,813</u>                           |
| Total liabilities                        | <u>41,844</u>               | <u>780</u>                              | <u>35,813</u>                           |
| <br>Fund balances (deficit):             |                             |   |   |
| Nonspendable                             | -                           | -                                       | -                                       |
| Restricted                               | -                           | -                                       | -                                       |
| Committed                                | -                           | 17,215                                  | -                                       |
| Assigned                                 | -                           | -                                       | -                                       |
| Unassigned                               | -                           | -                                       | (33,968)                                |
|  | <u>-</u>                    | <u>17,215</u>                           | <u>(33,968)</u>                         |
| Total fund balances (deficit)            | <u>-</u>                    | <u>17,215</u>                           | <u>(33,968)</u>                         |
| Total liabilities and fund balances      | <u>\$ 41,844</u>            | <u>\$ 17,995</u>                        | <u>\$ 1,845</u>                         |

| Special Revenue Funds                   |   |   |                     |                                |
|---|---|---|---------------------|--------------------------------|
| Landscape<br>Maintenance<br>District #3 | Landscape<br>Maintenance<br>District #4 | Landscape<br>Maintenance<br>District #5 | Special<br>Asset    | Total Special<br>Revenue Funds |
| \$ 73,240                               | \$ 266,126                              | \$ 62,044                               | \$ 1,009,261        | \$ 5,019,103                   |
| 15                                      | 66                                      | 12                                      | 216                 | 1,004                          |
| -                                       | -                                       | -                                       | 3,750               | 3,750                          |
| 3,417                                   | 13,919                                  | 1,919                                   | -                   | 278,754                        |
| <u>\$ 76,672</u>                        | <u>\$ 280,111</u>                       | <u>\$ 63,975</u>                        | <u>\$ 1,013,227</u> | <u>\$ 5,302,611</u>            |
|   |   |   |                     |                                |
| \$ 3,240                                | \$ 24,397                               | \$ 1,928                                | \$ -                | \$ 428,724                     |
| -                                       | 16,742                                  | -                                       | -                   | 16,742                         |
| 2,474                                   | 4,305                                   | 474                                     | -                   | 50,501                         |
| -                                       | 6,400                                   | -                                       | -                   | 6,400                          |
| -                                       | -                                       | -                                       | -                   | 48,099                         |
| <u>5,714</u>                            | <u>51,844</u>                           | <u>2,402</u>                            | <u>-</u>            | <u>550,466</u>                 |
|   |   |   |                     |                                |
| -                                       | -                                       | -                                       | 3,750               | 3,750                          |
| -                                       | -                                       | -                                       | -                   | 3,394,873                      |
| 70,958                                  | 228,267                                 | 61,573                                  | -                   | 378,013                        |
| -                                       | -                                       | -                                       | 1,009,477           | 1,009,477                      |
| -                                       | -                                       | -                                       | -                   | (33,968)                       |
| <u>70,958</u>                           | <u>228,267</u>                          | <u>61,573</u>                           | <u>1,013,227</u>    | <u>4,752,145</u>               |
| <u>\$ 76,672</u>                        | <u>\$ 280,111</u>                       | <u>\$ 63,975</u>                        | <u>\$ 1,013,227</u> | <u>\$ 5,302,611</u>            |

**City of Norco  
Combining Balance Sheet  
Non-major Governmental Funds  
June 30, 2013**

|                                      | <u>Capital Projects Funds</u> |                                   |                             |
|--------------------------------------|-------------------------------|-----------------------------------|-----------------------------|
|                                      |                               | General                           |                             |
|                                      | <u>Storm Drain</u>            | <u>Government<br/>Improvement</u> | <u>Fire<br/>Improvement</u> |
| <b>ASSETS</b>                        |                               |                                   |                             |
| Cash and investments                 | \$ 273,649                    | \$ 626,716                        | \$ 617,930                  |
| Receivables, net:                    |                               |                                   |                             |
| Interest                             | 69                            | 129                               | 127                         |
| Prepays                              | -                             | -                                 | -                           |
| Due from other governments           | 147,819                       | -                                 | -                           |
|                                      | <u>147,819</u>                | <u>-</u>                          | <u>-</u>                    |
| Total assets                         | <u>\$ 421,537</u>             | <u>\$ 626,845</u>                 | <u>\$ 618,057</u>           |
| <b>LIABILITIES AND FUND BALANCES</b> |                               |                                   |                             |
| Liabilities:                         |                               |                                   |                             |
| Accounts payable and accrued items   | \$ 111,227                    | \$ 2,340                          | \$ -                        |
| Retentions payable                   | 4,730                         | -                                 | -                           |
| Due to other funds                   | -                             | -                                 | -                           |
| Deposits payable                     | -                             | -                                 | -                           |
| Unearned revenues                    | -                             | -                                 | -                           |
|                                      | <u>111,227</u>                | <u>2,340</u>                      | <u>-</u>                    |
| Total liabilities                    | <u>115,957</u>                | <u>2,340</u>                      | <u>-</u>                    |
| Fund balances (deficit):             |                               |                                   |                             |
| Nonspendable                         | -                             | -                                 | -                           |
| Restricted                           | -                             | -                                 | -                           |
| Committed                            | -                             | -                                 | -                           |
| Assigned                             | 305,580                       | 624,505                           | 618,057                     |
| Unassigned                           | -                             | -                                 | -                           |
|                                      | <u>305,580</u>                | <u>624,505</u>                    | <u>618,057</u>              |
| Total fund balances (deficit)        | <u>305,580</u>                | <u>624,505</u>                    | <u>618,057</u>              |
| Total liabilities and fund balances  | <u>\$ 421,537</u>             | <u>\$ 626,845</u>                 | <u>\$ 618,057</u>           |

| <u>Capital Projects Funds</u> |   |
|-------------------------------|---|
| <u>Trails<br/>Improvement</u> | <u>Community<br/>Facilities<br/>District 93-1</u> |
| \$ 344,511                    | \$ 58,327   |
| 71                            | 12  |
| -                             | -   |
| -                             | -   |
| <u>\$ 344,582</u>             | <u>\$ 58,339</u>                                  |
| \$ 8,010                      | \$ -  |
| -                             | -   |
| -                             | -   |
| -                             | -   |
| -                             | -   |
| <u>8,010</u>                  | <u>-</u>  |
| -                             | -   |
| -                             | -   |
| -                             | -   |
| 336,572                       | 58,339  |
| -                             | -   |
| <u>336,572</u>                | <u>58,339</u>                                     |
| <u>\$ 344,582</u>             | <u>\$ 58,339</u>                                  |

**City of Norco  
Combining Balance Sheet  
Non-major Governmental Funds  
June 30, 2013**

|  | Capital Projects Funds |                   |                   |
|--|------------------------|-------------------|-------------------|
|  | Park<br>Improvement    | Public<br>Library | Public<br>Meeting |
| <b>ASSETS</b>                            |                        |                   |                   |
| Cash and investments                     | \$ 556,173             | \$ 14,136         | \$ 40,618         |
| Receivables, net:                        |                        |                   |                   |
| Interest                                 | 122                    | 3                 | 8                 |
| Prepays                                  | -                      | -                 | -                 |
| Due from other governments               | -                      | -                 | -                 |
|  |                        |                   |                   |
| Total assets                             | \$ 556,295             | \$ 14,139         | \$ 40,626         |
| <br><b>LIABILITIES AND FUND BALANCES</b> |                        |                   |                   |
| Liabilities:                             |                        |                   |                   |
| Accounts payable and accrued items       | \$ 122,928             | \$ -              | \$ -              |
| Retentions payable                       | 16,621                 | -                 | -                 |
| Due to other funds                       | -                      | -                 | -                 |
| Deposits payable                         | -                      | -                 | -                 |
| Unearned revenues                        | -                      | -                 | -                 |
|  |                        |                   |                   |
| Total liabilities                        | 139,549                | -                 | -                 |
| <br>Fund balances (deficit):             |                        |                   |                   |
| Nonspendable                             | -                      | -                 | -                 |
| Restricted                               | -                      | -                 | -                 |
| Committed                                | -                      | -                 | -                 |
| Assigned                                 | 416,746                | 14,139            | 40,626            |
| Unassigned                               | -                      | -                 | -                 |
|  |                        |                   |                   |
| Total fund balances (deficit)            | 416,746                | 14,139            | 40,626            |
|  | \$ 556,295             | \$ 14,139         | \$ 40,626         |

| Capital Projects Funds |                  |                      |                              | Total Nonmajor Governmental Funds |
|------------------------|------------------|----------------------|------------------------------|-----------------------------------|
| Aquatics Center        | Animal Control   | Facility Improvement | Total Capital Projects Funds |                                   |
| \$ 9,219               | \$ 33,517        | \$ 150,098           | \$ 2,724,894                 | \$ 7,743,997                      |
| 2                      | 7                | -                    | 550                          | 1,554                             |
| -                      | -                | -                    | -                            | 3,750                             |
| -                      | -                | -                    | 147,819                      | 426,573                           |
| <u>\$ 9,221</u>        | <u>\$ 33,524</u> | <u>\$ 150,098</u>    | <u>\$ 2,873,263</u>          | <u>\$ 8,175,874</u>               |
| \$ -                   | \$ -             | \$ -                 | \$ 244,505                   | \$ 673,229                        |
| -                      | 458              | -                    | 21,809                       | 38,551                            |
| -                      | -                | -                    | -                            | 50,501                            |
| -                      | -                | -                    | -                            | 6,400                             |
| -                      | -                | -                    | -                            | 48,099                            |
| <u>-</u>               | <u>458</u>       | <u>-</u>             | <u>266,314</u>               | <u>816,780</u>                    |
| -                      | -                | -                    | -                            | 3,750                             |
| -                      | -                | -                    | -                            | 3,394,873                         |
| -                      | -                | -                    | -                            | 378,013                           |
| 9,221                  | 33,066           | 150,098              | 2,606,949                    | 3,616,426                         |
| -                      | -                | -                    | -                            | (33,968)                          |
| <u>9,221</u>           | <u>33,066</u>    | <u>150,098</u>       | <u>2,606,949</u>             | <u>7,359,094</u>                  |
| <u>\$ 9,221</u>        | <u>\$ 33,524</u> | <u>\$ 150,098</u>    | <u>\$ 2,873,263</u>          | <u>\$ 8,175,874</u>               |

**City of Norco**  
**Combining Statements of Revenues, Expenditures, and**  
**Changes in Fund Balances**  
**Non-major Governmental Funds**  
**For the Year Ended June 30, 2013**

|  | Special Revenue Funds          |   |             |
|--|--------------------------------|---|-------------|
|  | Miscellaneous<br>Grant<br>Fund | Community<br>Development<br>Block Grant | Gas Tax     |
| <b>REVENUES</b>  |                                |   |             |
| Taxes  | \$ -                           | \$ -                                    | \$ -        |
| Assessments  | -                              | -                                       | -           |
| Development fees   | -                              | -                                       | -           |
| Intergovernmental  | 83,224                         | 13,509                                  | 620,082     |
| Charges for services   | -                              | -                                       | 1,642       |
| Investment earnings-lease income                             | -                              | -                                       | 305         |
|  | <hr/>                          | <hr/>                                   | <hr/>       |
| Total revenues   | 83,224                         | 13,509                                  | 622,029     |
|  | <hr/>                          | <hr/>                                   | <hr/>       |
| <b>EXPENDITURES</b>  |                                |   |             |
| Current:   |                                |   |             |
| General government   | -                              | -                                       | -           |
| Public safety  | -                              | -                                       | -           |
| Streets and highways   | -                              | -                                       | 516,527     |
| Community and economic development                           | 13,225                         | -                                       | -           |
| Culture and leisure  | 69,999                         | -                                       | -           |
|  | <hr/>                          | <hr/>                                   | <hr/>       |
| Total expenditures   | 83,224                         | -                                       | 516,527     |
|  | <hr/>                          | <hr/>                                   | <hr/>       |
| Excess (deficiency) of revenues<br>over (under) expenditures | -                              | 13,509                                  | 105,502     |
|  | <hr/>                          | <hr/>                                   | <hr/>       |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                                |   |             |
| Transfers in   | -                              | -                                       | -           |
| Transfers out  | -                              | (13,509)                                | (1,031)     |
|  | <hr/>                          | <hr/>                                   | <hr/>       |
| Total other financing sources (uses)                         | -                              | (13,509)                                | (1,031)     |
|  | <hr/>                          | <hr/>                                   | <hr/>       |
| Net change in fund balances                                  | -                              | -                                       | 104,471     |
| Fund balances (deficit), beginning of year                   | -                              | -                                       | 477,695     |
|  | <hr/>                          | <hr/>                                   | <hr/>       |
| Fund balances (deficit), end of year                         | \$ -                           | \$ -                                    | \$ 582,166  |
|  | <hr/> <hr/>                    | <hr/> <hr/>                             | <hr/> <hr/> |

continued

| Special Revenue Funds |                  |                                     |  |
|-----------------------|------------------|-------------------------------------|--|
| Measure A             | NPDES            | Air Quality<br>Improvement<br>Trust | Supplemental Law<br>Enforcement<br>Block Grant |
| \$ 542,695            | \$ 63,710        | \$ -                                | \$ -   |
| -                     | -                | -                                   | -  |
| -                     | -                | -                                   | -  |
| -                     | -                | 32,636                              | 100,000  |
| -                     | -                | -                                   | -  |
| <u>1,312</u>          | <u>-</u>         | <u>52</u>                           | <u>-</u>                                       |
| <u>544,007</u>        | <u>63,710</u>    | <u>32,688</u>                       | <u>100,000</u>                                 |
| -                     | -                | -                                   | -  |
| -                     | -                | -                                   | 100,000  |
| 886,914               | 98,947           | -                                   | -  |
| -                     | -                | -                                   | -  |
| <u>-</u>              | <u>-</u>         | <u>-</u>                            | <u>-</u>                                       |
| <u>886,914</u>        | <u>98,947</u>    | <u>-</u>                            | <u>100,000</u>                                 |
| <u>(342,907)</u>      | <u>(35,237)</u>  | <u>32,688</u>                       | <u>-</u>                                       |
| -                     | 25,000           | -                                   | -  |
| <u>-</u>              | <u>(630)</u>     | <u>(1,500)</u>                      | <u>-</u>                                       |
| <u>-</u>              | <u>24,370</u>    | <u>(1,500)</u>                      | <u>-</u>                                       |
| <u>(342,907)</u>      | <u>(10,867)</u>  | <u>31,188</u>                       | <u>-</u>                                       |
| <u>3,039,518</u>      | <u>47,175</u>    | <u>48,600</u>                       | <u>-</u>                                       |
| <u>\$ 2,696,611</u>   | <u>\$ 36,308</u> | <u>\$ 79,788</u>                    | <u>\$ -</u>                                    |

**City of Norco**  
**Combining Statements of Revenues, Expenditures, and**  
**Changes in Fund Balances**  
**Non-major Governmental Funds**  
**For the Year Ended June 30, 2013**

|  | Special Revenue Funds       |   |   |
|--|-----------------------------|---|---|
|  | Office of Traffic<br>Safety | Landscape<br>Maintenance<br>District #1 | Landscape<br>Maintenance<br>District #2 |
| <b>REVENUES</b>  |                             |   |   |
| Taxes  | \$ -                        | \$ -                                    | \$ -                                    |
| Assessments  | -                           | 8,550                                   | 131,451                                 |
| Development fees   | -                           | -                                       | -                                       |
| Intergovernmental  | 152,399                     | -                                       | -                                       |
| Charges for services   | -                           | -                                       | -                                       |
| Investment earnings-lease income                             | -                           | 6                                       | -                                       |
| Total revenues   | <u>152,399</u>              | <u>8,556</u>                            | <u>131,451</u>                          |
| <b>EXPENDITURES</b>  |                             |   |   |
| Current:   |                             |   |   |
| General government   | -                           | -                                       | -                                       |
| Public safety  | 152,399                     | -                                       | -                                       |
| Streets and highways   | -                           | 9,306                                   | 119,612                                 |
| Community and economic development                           | -                           | -                                       | -                                       |
| Culture and leisure  | -                           | -                                       | -                                       |
| Total expenditures   | <u>152,399</u>              | <u>9,306</u>                            | <u>119,612</u>                          |
| Excess (deficiency) of revenues<br>over (under) expenditures | <u>-</u>                    | <u>(750)</u>                            | <u>11,839</u>                           |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                             |   |   |
| Transfers in   | -                           | -                                       | -                                       |
| Transfers out  | -                           | -                                       | -                                       |
| Total other financing sources (uses)                         | <u>-</u>                    | <u>-</u>                                | <u>-</u>                                |
| Net change in fund balances                                  | -                           | (750)                                   | 11,839                                  |
| Fund balances (deficit), beginning of year                   | <u>-</u>                    | <u>17,965</u>                           | <u>(45,807)</u>                         |
| Fund balances (deficit), end of year                         | <u>\$ -</u>                 | <u>\$ 17,215</u>                        | <u>\$ (33,968)</u>                      |

| Special Revenue Funds             |                                   |                                   |                     |                             |
|-----------------------------------|-----------------------------------|-----------------------------------|---------------------|-----------------------------|
| Landscape Maintenance District #3 | Landscape Maintenance District #4 | Landscape Maintenance District #5 | Special Asset       | Total Special Revenue Funds |
| \$ -                              | \$ -                              | \$ -                              | \$ -                | \$ 606,405                  |
| 74,495                            | 478,917                           | 45,358                            | -                   | 738,771                     |
| -                                 | -                                 | -                                 | -                   | -                           |
| -                                 | -                                 | -                                 | 226                 | 1,002,076                   |
| -                                 | -                                 | -                                 | -                   | 1,642                       |
| 27                                | 150                               | 27                                | 500                 | 2,379                       |
| <u>74,522</u>                     | <u>479,067</u>                    | <u>45,385</u>                     | <u>726</u>          | <u>2,351,273</u>            |
| -                                 | -                                 | -                                 | -                   | -                           |
| -                                 | -                                 | -                                 | -                   | 252,399                     |
| 79,277                            | 587,654                           | 40,865                            | -                   | 2,339,102                   |
| -                                 | -                                 | -                                 | -                   | 13,225                      |
| -                                 | -                                 | -                                 | -                   | 69,999                      |
| <u>79,277</u>                     | <u>587,654</u>                    | <u>40,865</u>                     | <u>-</u>            | <u>2,674,725</u>            |
| <u>(4,755)</u>                    | <u>(108,587)</u>                  | <u>4,520</u>                      | <u>726</u>          | <u>(323,452)</u>            |
| -                                 | -                                 | -                                 | -                   | 25,000                      |
| -                                 | -                                 | -                                 | (502,056)           | (518,726)                   |
| -                                 | -                                 | -                                 | (502,056)           | (493,726)                   |
| (4,755)                           | (108,587)                         | 4,520                             | (501,330)           | (817,178)                   |
| <u>75,713</u>                     | <u>336,854</u>                    | <u>57,053</u>                     | <u>1,514,557</u>    | <u>5,569,323</u>            |
| <u>\$ 70,958</u>                  | <u>\$ 228,267</u>                 | <u>\$ 61,573</u>                  | <u>\$ 1,013,227</u> | <u>\$ 4,752,145</u>         |

**City of Norco**  
**Combining Statements of Revenues, Expenditures, and**  
**Changes in Fund Balances**  
**Non-major Governmental Funds**  
**For the Year Ended June 30, 2013**

|  | Capital Projects Funds |                                      |                     |
|--|------------------------|--------------------------------------|---------------------|
|  | Storm Drain            | General<br>Government<br>Improvement | Fire<br>Improvement |
| <b>REVENUES</b>  |                        |                                      |                     |
| Taxes  | \$ -                   | \$ -                                 | \$ -                |
| Assessments  | -                      | -                                    | -                   |
| Development fees   | 15,274                 | 6,798                                | 79,116              |
| Intergovernmental  | 467,819                | -                                    | -                   |
| Charges for services   | 1,108                  | -                                    | -                   |
| Investment earnings-lease income                             | 78                     | -                                    | 302                 |
| Total revenues   | <u>484,279</u>         | <u>6,798</u>                         | <u>79,418</u>       |
| <b>EXPENDITURES</b>  |                        |                                      |                     |
| Current:   |                        |                                      |                     |
| General government   | -                      | 189,832                              | -                   |
| Public safety  | -                      | -                                    | -                   |
| Streets and highways   | 901,318                | -                                    | -                   |
| Community and economic development                           | -                      | -                                    | -                   |
| Culture and leisure  | -                      | -                                    | -                   |
| Total expenditures   | <u>901,318</u>         | <u>189,832</u>                       | <u>-</u>            |
| Excess (deficiency) of revenues<br>over (under) expenditures | <u>(417,039)</u>       | <u>(183,034)</u>                     | <u>79,418</u>       |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                        |                                      |                     |
| Transfers in   | -                      | -                                    | -                   |
| Transfers out  | <u>(14,390)</u>        | <u>(8,843)</u>                       | <u>(11)</u>         |
| Total other financing sources (uses)                         | <u>(14,390)</u>        | <u>(8,843)</u>                       | <u>(11)</u>         |
| Net change in fund balances                                  | (431,429)              | (191,877)                            | 79,407              |
| Fund balances (deficit), beginning of year                   | <u>737,009</u>         | <u>816,382</u>                       | <u>538,650</u>      |
| Fund balances (deficit), end of year                         | <u>\$ 305,580</u>      | <u>\$ 624,505</u>                    | <u>\$ 618,057</u>   |

| <u>Capital Projects Funds</u> |   |
|-------------------------------|---|
| <u>Trails<br/>Improvement</u> | <u>Community<br/>Facilities<br/>District 93-1</u> |
| \$ -                          | \$ -  |
| -                             | -   |
| 1,458                         | -   |
| -                             | -   |
| -                             | -   |
| <u>197</u>                    | <u>33</u>   |
| <u>1,655</u>                  | <u>33</u>   |
| -                             | -   |
| -                             | -   |
| 8,010                         | -   |
| -                             | -   |
| -                             | -   |
| <u>8,010</u>                  | <u>-</u>  |
| <u>(6,355)</u>                | <u>33</u>   |
| -                             | -   |
| <u>(170)</u>                  | <u>-</u>  |
| <u>(170)</u>                  | <u>-</u>  |
| (6,525)                       | 33  |
| <u>343,097</u>                | <u>58,306</u>                                     |
| <u>\$ 336,572</u>             | <u>\$ 58,339</u>                                  |

**City of Norco**  
**Combining Statements of Revenues, Expenditures, and**  
**Changes in Fund Balances**  
**Non-major Governmental Funds**  
**For the Year Ended June 30, 2013**

|  | Capital Projects Funds |                   |                   |
|--|------------------------|-------------------|-------------------|
|  | Park<br>Improvement    | Public<br>Library | Public<br>Meeting |
| <b>REVENUES</b>  |                        |                   |                   |
| Taxes  | \$ -                   | \$ -              | \$ -              |
| Assessments  | -                      | -                 | -                 |
| Development fees   | 47,380                 | 942               | 2,624             |
| Intergovernmental  | -                      | -                 | -                 |
| Charges for services   | -                      | -                 | -                 |
| Investment earnings-lease income                             | 231                    | 9                 | 25                |
| Total revenues   | <u>47,611</u>          | <u>951</u>        | <u>2,649</u>      |
| <b>EXPENDITURES</b>  |                        |                   |                   |
| Current:   |                        |                   |                   |
| General government   | -                      | -                 | -                 |
| Public safety  | -                      | -                 | -                 |
| Streets and highways   | -                      | -                 | -                 |
| Community and economic development                           | -                      | -                 | -                 |
| Culture and leisure  | 323,726                | -                 | -                 |
| Total expenditures   | <u>323,726</u>         | <u>-</u>          | <u>-</u>          |
| Excess (deficiency) of revenues<br>over (under) expenditures | <u>(276,115)</u>       | <u>951</u>        | <u>2,649</u>      |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                        |                   |                   |
| Transfers in   | -                      | -                 | -                 |
| Transfers out  | (1,913)                | -                 | -                 |
| Total other financing sources (uses)                         | <u>(1,913)</u>         | <u>-</u>          | <u>-</u>          |
| Net change in fund balances                                  | (278,028)              | 951               | 2,649             |
| Fund balances (deficit), beginning of year                   | <u>694,774</u>         | <u>13,188</u>     | <u>37,977</u>     |
| Fund balances (deficit), end of year                         | <u>\$ 416,746</u>      | <u>\$ 14,139</u>  | <u>\$ 40,626</u>  |

| Capital Projects Funds |                   |                         |                                 | Total<br>Non-major<br>Governmental<br>Funds |
|------------------------|-------------------|-------------------------|---------------------------------|---|
| Aquatics<br>Center     | Animal<br>Control | Facility<br>Improvement | Total Capital<br>Projects Funds |   |
| \$ -                   | \$ -              | \$ -                    | \$ -                            | \$ 606,405                                  |
| -                      | -                 | -                       | -                               | 738,771                                     |
| 502                    | 721               | -                       | 154,815                         | 154,815                                     |
| -                      | 61,936            | -                       | 529,755                         | 1,531,831                                   |
| -                      | -                 | -                       | 1,108                           | 2,750                                       |
| 6                      | -                 | -                       | 881                             | 3,260                                       |
| 508                    | 62,657            | -                       | 686,559                         | 3,037,832                                   |
| -                      | -                 | -                       | 189,832                         | 189,832                                     |
| -                      | 61,936            | -                       | 61,936                          | 314,335                                     |
| -                      | -                 | -                       | 909,328                         | 3,248,430                                   |
| -                      | -                 | -                       | -                               | 13,225                                      |
| -                      | -                 | -                       | 323,726                         | 393,725                                     |
| -                      | 61,936            | -                       | 1,484,822                       | 4,159,547                                   |
| 508                    | 721               | -                       | (798,263)                       | (1,121,715)                                 |
| -                      | -                 | -                       | -                               | 25,000                                      |
| -                      | -                 | -                       | (25,327)                        | (544,053)                                   |
| -                      | -                 | -                       | (25,327)                        | (519,053)                                   |
| 508                    | 721               | -                       | (823,590)                       | (1,640,768)                                 |
| 8,713                  | 32,345            | 150,098                 | 3,430,539                       | 8,999,862                                   |
| \$ 9,221               | \$ 33,066         | \$ 150,098              | \$ 2,606,949                    | \$ 7,359,094                                |

**City of Norco**  
**Non-major Fund Budgetary Comparison Schedules**  
**For the Year Ended June 30, 2013**

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

**City of Norco**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Miscellaneous Grant Fund Special Revenue Fund**  
**For the Year Ended June 30, 2013**

|                                    | Budget Amounts |           | Actual<br>Amounts | Variance with<br>Final Budget |
|------------------------------------|----------------|-----------|-------------------|-------------------------------|
|                                    | Original       | Final     |                   |                               |
| <b>REVENUES</b>                    |                |           |                   |                               |
| Intergovernmental                  | \$ 70,000      | \$ 75,009 | \$ 83,224         | \$ 8,215                      |
| Total revenues                     | 70,000         | 75,009    | 83,224            | 8,215                         |
| <b>EXPENDITURES</b>                |                |           |                   |                               |
| Current:                           |                |           |                   |                               |
| Public safety                      | 5,009          | 5,009     | -                 | 5,009                         |
| Community and economic development | -              | -         | 13,225            | (13,225)                      |
| Culture and leisure                | 70,000         | 70,000    | 69,999            | 1                             |
| Total expenditures                 | 75,009         | 75,009    | 83,224            | (8,215)                       |
| Net change in fund balance         | (5,009)        | -         | -                 | -                             |
| Fund balance, beginning of year    | -              | -         | -                 | -                             |
| Fund balance, end of year          | \$ (5,009)     | \$ -      | \$ -              | \$ -                          |

**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, 2013**

|   | Budget Amounts |            | Actual<br>Amounts | Variance with<br>Final Budget |
|---|----------------|------------|-------------------|-------------------------------|
|   | Original       | Final      |                   |                               |
| <b>REVENUES</b>                         |                |            |                   |                               |
| Intergovernmental                       | \$ 377,014     | \$ 377,014 | \$ 13,509         | \$ (363,505)                  |
| Total revenues                          | 377,014        | 377,014    | 13,509            | (363,505)                     |
| <b>EXPENDITURES</b>                     |                |            |                   |                               |
| Current:                                |                |            |                   |                               |
| Community and economic development      | 362,615        | 362,615    | -                 | 362,615                       |
| Total expenditures                      | 362,615        | 362,615    | -                 | 362,615                       |
| Excess of revenues<br>over expenditures | 14,399         | 14,399     | 13,509            | (890)                         |
| <b>OTHER FINANCING SOURCES (USES)</b>   |                |            |                   |                               |
| Transfers out                           | (14,399)       | (14,399)   | (13,509)          | 890                           |
| Total other financing sources (uses)    | (14,399)       | (14,399)   | (13,509)          | 890                           |
| 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, 2013**

|  | Budget Amounts      |                   | Actual<br>Amounts | Variance with<br>Final Budget |
|--|---------------------|-------------------|-------------------|-------------------------------|
|  | Original            | Final             |                   |                               |
| <b>REVENUES</b>  |                     |                   |                   |                               |
| Intergovernmental  | \$ 718,524          | \$ 718,524        | \$ 620,082        | \$ (98,442)                   |
| Investment earnings  | 600                 | 600               | 305               | (295)                         |
| Charges for services   | -                   | -                 | 1,642             | 1,642                         |
| <b>Total revenues</b>  | <b>719,124</b>      | <b>719,124</b>    | <b>622,029</b>    | <b>(97,095)</b>               |
| <b>EXPENDITURES</b>  |                     |                   |                   |                               |
| Current:   |                     |                   |                   |                               |
| Streets and highways   | -                   | 868,977           | 516,527           | 352,450                       |
| <b>Total expenditures</b>                                    | <b>-</b>            | <b>868,977</b>    | <b>516,527</b>    | <b>352,450</b>                |
| Excess (deficiency) of revenues<br>over (under) expenditures | 719,124             | (149,853)         | 105,502           | 255,355                       |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                     |                   |                   |                               |
| Transfers out  | -                   | -                 | (1,031)           | (1,031)                       |
| <b>Total other financing sources (uses)</b>                  | <b>-</b>            | <b>-</b>          | <b>(1,031)</b>    | <b>(1,031)</b>                |
| Net change in fund balance                                   | 719,124             | (149,853)         | 104,471           | 254,324                       |
| Fund balance, beginning of year                              | 477,695             | 477,695           | 477,695           | -                             |
| Fund balance, end of year                                    | <b>\$ 1,196,819</b> | <b>\$ 327,842</b> | <b>\$ 582,166</b> | <b>\$ 254,324</b>             |

**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, 2013**

|  | Budget Amounts      |                     | Actual<br>Amounts   | Variance with<br>Final Budget |
|--|---------------------|---------------------|---------------------|-------------------------------|
|  | Original            | Final               |                     |                               |
| <b>REVENUES</b>  |                     |                     |                     |                               |
| Taxes  | \$ 436,000          | \$ 436,000          | \$ 542,695          | \$ 106,695                    |
| Investment earnings  | 8,738               | 8,738               | 1,312               | (7,426)                       |
| Total revenues   | <u>444,738</u>      | <u>444,738</u>      | <u>544,007</u>      | <u>99,269</u>                 |
| <b>EXPENDITURES</b>  |                     |                     |                     |                               |
| Current:   |                     |                     |                     |                               |
| Streets and highways   | <u>1,872,500</u>    | <u>2,272,500</u>    | <u>886,914</u>      | <u>1,385,586</u>              |
| Total expenditures   | <u>1,872,500</u>    | <u>2,272,500</u>    | <u>886,914</u>      | <u>1,385,586</u>              |
| Excess (deficiency) of revenues<br>over (under) expenditures | <u>(1,427,762)</u>  | <u>(1,827,762)</u>  | <u>(342,907)</u>    | <u>1,484,855</u>              |
| Net change in fund balance                                   | (1,427,762)         | (1,827,762)         | (342,907)           | 1,484,855                     |
| Fund balance, beginning of year                              | <u>3,039,518</u>    | <u>3,039,518</u>    | <u>3,039,518</u>    | <u>-</u>                      |
| Fund balance, end of year                                    | <u>\$ 1,611,756</u> | <u>\$ 1,211,756</u> | <u>\$ 2,696,611</u> | <u>\$ 1,484,855</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, 2013**

|  | Budget Amounts   |                  | Actual<br>Amounts | Variance with<br>Final Budget |
|--|------------------|------------------|-------------------|-------------------------------|
|  | Original         | Final            |                   |                               |
| <b>REVENUES</b>  |                  |                  |                   |                               |
| Taxes  | \$ 64,200        | \$ 64,200        | \$ 63,710         | \$ (490)                      |
| Total revenues   | 64,200           | 64,200           | 63,710            | (490)                         |
| <b>EXPENDITURES</b>  |                  |                  |                   |                               |
| Current:   |                  |                  |                   |                               |
| Streets and highways   | 113,807          | 113,807          | 98,947            | 14,860                        |
| Total expenditures   | 113,807          | 113,807          | 98,947            | 14,860                        |
| Excess (deficiency) of revenues<br>over (under) expenditures | (49,607)         | (49,607)         | (35,237)          | 14,370                        |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                  |                  |                   |                               |
| Transfers in   | 25,000           | 25,000           | 25,000            | -                             |
| Transfers out  | -                | -                | (630)             | (630)                         |
| Total other financing sources (uses)                         | 25,000           | 25,000           | 24,370            | (630)                         |
| Net change in fund balance                                   | (24,607)         | (24,607)         | (10,867)          | 13,740                        |
| Fund balance, beginning of year                              | 47,175           | 47,175           | 47,175            | -                             |
| Fund balance, end of year                                    | <u>\$ 22,568</u> | <u>\$ 22,568</u> | <u>\$ 36,308</u>  | <u>\$ 13,740</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, 2013**

|   | Budget Amounts   |                  | Actual<br>Amounts | Variance with<br>Final Budget |
|---|------------------|------------------|-------------------|-------------------------------|
|   | Original         | Final            |                   |                               |
| <b>REVENUES</b>                         |                  |                  |                   |                               |
| Intergovernmental                       | \$ 30,900        | \$ 30,900        | \$ 32,636         | \$ 1,736                      |
| Investment earnings                     | -                | -                | 52                | 52                            |
| Total revenues                          | <u>30,900</u>    | <u>30,900</u>    | <u>32,688</u>     | <u>1,788</u>                  |
| <b>EXPENDITURES</b>                     |                  |                  |                   |                               |
| Current:                                |                  |                  |                   |                               |
| Community and economic development      | <u>1,545</u>     | <u>1,545</u>     | -                 | <u>1,545</u>                  |
| Total expenditures                      | <u>1,545</u>     | <u>1,545</u>     | -                 | <u>1,545</u>                  |
| Excess of revenues<br>over expenditures | <u>29,355</u>    | <u>29,355</u>    | <u>32,688</u>     | <u>3,333</u>                  |
| <b>OTHER FINANCING SOURCES (USES)</b>   |                  |                  |                   |                               |
| 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              | 27,855           | 27,855           | 31,188            | 3,333                         |
| Fund balance, beginning of year         | <u>48,600</u>    | <u>48,600</u>    | <u>48,600</u>     | <u>-</u>                      |
| Fund balance, end of year               | <u>\$ 76,455</u> | <u>\$ 76,455</u> | <u>\$ 79,788</u>  | <u>\$ 3,333</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, 2013**

|                                 | Budget Amounts |                  | Actual<br>Amounts | Variance with<br>Final Budget |
|---------------------------------|----------------|------------------|-------------------|-------------------------------|
|                                 | Original       | Final            |                   |                               |
| <b>REVENUES</b>                 |                |                  |                   |                               |
| Intergovernmental               | \$ 37,006      | \$ 137,006       | \$ 100,000        | \$ (37,006)                   |
| Total revenues                  | 37,006         | 137,006          | 100,000           | (37,006)                      |
| <b>EXPENDITURES</b>             |                |                  |                   |                               |
| Current:                        |                |                  |                   |                               |
| Public safety                   | 37,006         | 100,000          | 100,000           | -                             |
| Total expenditures              | 37,006         | 100,000          | 100,000           | -                             |
| Net change in fund balance      | -              | 37,006           | -                 | (37,006)                      |
| Fund balance, beginning of year | -              | -                | -                 | -                             |
| Fund balance, end of year       | <u>\$ -</u>    | <u>\$ 37,006</u> | <u>\$ -</u>       | <u>\$ (37,006)</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, 2013**

|                                 | Budget Amounts     |                    | Actual<br>Amounts  | Variance with<br>Final Budget |
|---------------------------------|--------------------|--------------------|--------------------|-------------------------------|
|                                 | Original           | Final              |                    |                               |
| <b>REVENUES</b>                 |                    |                    |                    |                               |
| Intergovernmental               | \$ 52,368          | \$ 166,452         | \$ 152,399         | \$ (14,053)                   |
| Total revenues                  | <u>52,368</u>      | <u>166,452</u>     | <u>152,399</u>     | <u>(14,053)</u>               |
| <b>EXPENDITURES</b>             |                    |                    |                    |                               |
| Current:                        |                    |                    |                    |                               |
| Public safety                   | <u>52,368</u>      | <u>166,452</u>     | <u>152,399</u>     | <u>14,053</u>                 |
| Total expenditures              | <u>52,368</u>      | <u>166,452</u>     | <u>152,399</u>     | <u>14,053</u>                 |
| Net change in fund balance      | -                  | -                  | -                  | -                             |
| Fund balance, beginning of year | <u>-</u>           | <u>-</u>           | <u>-</u>           | <u>-</u>                      |
| Fund balance, end of year       | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u>            |

**City of Norco**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Landscape Maintenance District #1 Special Revenue Fund**  
**For the Year Ended June 30, 2013**

|                                 | Budget Amounts  |                  | Actual<br>Amounts | Variance with<br>Final Budget |
|---------------------------------|-----------------|------------------|-------------------|-------------------------------|
|                                 | Original        | Final            |                   |                               |
| <b>REVENUES</b>                 |                 |                  |                   |                               |
| Assessments                     | \$ -            | \$ 9,239         | \$ 8,550          | \$ (689)                      |
| Investment earnings             | -               | -                | 6                 | 6                             |
| <br>Total revenues              | <br>-           | <br>9,239        | <br>8,556         | <br>(683)                     |
| <b>EXPENDITURES</b>             |                 |                  |                   |                               |
| Current:                        |                 |                  |                   |                               |
| Streets and highways            | 8,639           | 9,104            | 9,306             | (202)                         |
| <br>Total expenditures          | <br>8,639       | <br>9,104        | <br>9,306         | <br>(202)                     |
| Net change in fund balance      | (8,639)         | 135              | (750)             | (885)                         |
| Fund balance, beginning of year | 17,965          | 17,965           | 17,965            | -                             |
| Fund balance, end of year       | <u>\$ 9,326</u> | <u>\$ 18,100</u> | <u>\$ 17,215</u>  | <u>\$ (885)</u>               |

**City of Norco**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Landscape Maintenance District #2 Special Revenue Fund**  
**For the Year Ended June 30, 2013**

|   | Budget Amounts      |                    | Actual<br>Amounts  | Variance with<br>Final Budget |
|---|---------------------|--------------------|--------------------|-------------------------------|
|   | Original            | Final              |                    |                               |
| <b>REVENUES</b>                           |                     |                    |                    |                               |
| Assessments                               | \$ -                | \$ 124,772         | \$ 131,451         | \$ 6,679                      |
| Total revenues                            | -                   | 124,772            | 131,451            | 6,679                         |
| <b>EXPENDITURES</b>                       |                     |                    |                    |                               |
| Current:                                  |                     |                    |                    |                               |
| Streets and highways                      | 123,254             | 124,772            | 119,612            | 5,160                         |
| Total expenditures                        | 123,254             | 124,772            | 119,612            | 5,160                         |
| Net change in fund balance                | (123,254)           | -                  | 11,839             | 11,839                        |
| Fund balance (deficit), beginning of year | (45,807)            | (45,807)           | (45,807)           | -                             |
| Fund balance (deficit), end of year       | <u>\$ (169,061)</u> | <u>\$ (45,807)</u> | <u>\$ (33,968)</u> | <u>\$ 11,839</u>              |

**City of Norco**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Landscape Maintenance District #3 Special Revenue Fund**  
**For the Year Ended June 30, 2013**

|                                 | Budget Amounts    |                  | Actual<br>Amounts | Variance with<br>Final Budget |
|---------------------------------|-------------------|------------------|-------------------|-------------------------------|
|                                 | Original          | Final            |                   |                               |
| <b>REVENUES</b>                 |                   |                  |                   |                               |
| Assessments                     | \$ -              | \$ 79,621        | \$ 74,495         | \$ (5,126)                    |
| Investment earnings             | -                 | -                | 27                | 27                            |
| Total revenues                  | -                 | 79,621           | 74,522            | (5,099)                       |
| <b>EXPENDITURES</b>             |                   |                  |                   |                               |
| Current:                        |                   |                  |                   |                               |
| Streets and highways            | 78,326            | 79,621           | 79,277            | 344                           |
| Total expenditures              | 78,326            | 79,621           | 79,277            | 344                           |
| Net change in fund balance      | (78,326)          | -                | (4,755)           | (4,755)                       |
| Fund balance, beginning of year | 75,713            | 75,713           | 75,713            | -                             |
| Fund balance, end of year       | <u>\$ (2,613)</u> | <u>\$ 75,713</u> | <u>\$ 70,958</u>  | <u>\$ (4,755)</u>             |

**City of Norco**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Landscape Maintenance District #4 Special Revenue Fund**  
**For the Year Ended June 30, 2013**

|                                     | Budget Amounts     |                   | Actual<br>Amounts | Variance with<br>Final Budget |
|-------------------------------------|--------------------|-------------------|-------------------|-------------------------------|
|                                     | Original           | Final             |                   |                               |
| <b>REVENUES</b>                     |                    |                   |                   |                               |
| Assessments                         | \$ -               | \$ 482,722        | \$ 478,917        | \$ (3,805)                    |
| Investment earnings                 | -                  | -                 | 150               | 150                           |
| <br>Total revenues                  | <br>-              | <br>482,722       | <br>479,067       | <br>(3,655)                   |
| <b>EXPENDITURES</b>                 |                    |                   |                   |                               |
| Current:                            |                    |                   |                   |                               |
| Streets and highways                | 432,373            | 698,166           | 587,654           | 110,512                       |
| <br>Total expenditures              | <br>432,373        | <br>698,166       | <br>587,654       | <br>110,512                   |
| Net change in fund balance          | (432,373)          | (215,444)         | (108,587)         | 106,857                       |
| Fund balance, beginning of year     | 336,854            | 336,854           | 336,854           | -                             |
| Fund balance (deficit), end of year | <u>\$ (95,519)</u> | <u>\$ 121,410</u> | <u>\$ 228,267</u> | <u>\$ 106,857</u>             |

**City of Norco**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Landscape Maintenance District #5 Special Revenue Fund**  
**For the Year Ended June 30, 2013**

|                                 | Budget Amounts   |                  | Actual<br>Amounts | Variance with<br>Final Budget |
|---------------------------------|------------------|------------------|-------------------|-------------------------------|
|                                 | Original         | Final            |                   |                               |
| <b>REVENUES</b>                 |                  |                  |                   |                               |
| Assessments                     | \$ -             | \$ 46,438        | \$ 45,358         | \$ (1,080)                    |
| Investment earnings             | -                | -                | 27                | 27                            |
| Total revenues                  | -                | 46,438           | 45,385            | (1,053)                       |
| <b>EXPENDITURES</b>             |                  |                  |                   |                               |
| Current:                        |                  |                  |                   |                               |
| Streets and highways            | 44,026           | 46,438           | 40,865            | 5,573                         |
| Total expenditures              | 44,026           | 46,438           | 40,865            | 5,573                         |
| Net change in fund balance      | (44,026)         | -                | 4,520             | 4,520                         |
| Fund balance, beginning of year | 57,053           | 57,053           | 57,053            | -                             |
| Fund balance, end of year       | <u>\$ 13,027</u> | <u>\$ 57,053</u> | <u>\$ 61,573</u>  | <u>\$ 4,520</u>               |

**City of Norco**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Special Asset Special Revenue Fund**  
**For the Year Ended June 30, 2013**

|   | Budget Amounts      |                     | Actual<br>Amounts   | Variance with<br>Final Budget |
|---|---------------------|---------------------|---------------------|-------------------------------|
|   | Original            | Final               |                     |                               |
| <b>REVENUES</b>                             |                     |                     |                     |                               |
| Intergovernmental                           | \$ -                | \$ -                | \$ 226              | \$ 226                        |
| Investment earnings                         | -                   | -                   | 500                 | 500                           |
| <b>Total revenues</b>                       | <b>-</b>            | <b>-</b>            | <b>726</b>          | <b>726</b>                    |
| <b>EXPENDITURES</b>                         |                     |                     |                     |                               |
| Total expenditures                          | -                   | -                   | -                   | -                             |
| Excess of revenues<br>over expenditures     | -                   | -                   | 726                 | 726                           |
| <b>OTHER FINANCING SOURCES (USES)</b>       |                     |                     |                     |                               |
| Transfers out                               | (500,000)           | (500,000)           | (502,056)           | (2,056)                       |
| <b>Total other financing sources (uses)</b> | <b>(500,000)</b>    | <b>(500,000)</b>    | <b>(502,056)</b>    | <b>(2,056)</b>                |
| Net change in fund balance                  | (500,000)           | (500,000)           | (501,330)           | (1,330)                       |
| Fund balance, beginning of year             | 1,514,557           | 1,514,557           | 1,514,557           | -                             |
| Fund balance, end of year                   | <u>\$ 1,014,557</u> | <u>\$ 1,014,557</u> | <u>\$ 1,013,227</u> | <u>\$ (1,330)</u>             |

**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, 2013**

|  | Budget Amounts    |                     | Actual<br>Amounts | Variance with<br>Final Budget |
|--|-------------------|---------------------|-------------------|-------------------------------|
|  | Original          | Final               |                   |                               |
| <b>REVENUES</b>  |                   |                     |                   |                               |
| Development fees   | \$ 44,865         | \$ 44,865           | \$ 15,274         | \$ (29,591)                   |
| Intergovernmental  | 5,952,565         | 6,744,565           | 467,819           | (6,276,746)                   |
| Charges for services   | -                 | -                   | 1,108             | 1,108                         |
| Investment earnings  | 3,716             | 3,716               | 78                | (3,638)                       |
| <b>Total revenues</b>  | <b>6,001,146</b>  | <b>6,793,146</b>    | <b>484,279</b>    | <b>(6,308,867)</b>            |
| <b>EXPENDITURES</b>  |                   |                     |                   |                               |
| Current:   |                   |                     |                   |                               |
| Streets and highways   | 5,977,565         | 6,249,565           | 901,318           | 5,348,247                     |
| <b>Total expenditures</b>                                    | <b>5,977,565</b>  | <b>6,249,565</b>    | <b>901,318</b>    | <b>5,348,247</b>              |
| Excess (deficiency) of revenues<br>over (under) expenditures | 23,581            | 543,581             | (417,039)         | (960,620)                     |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                   |                     |                   |                               |
| Transfers out  | (14,390)          | (14,390)            | (14,390)          | -                             |
| <b>Total other financing sources (uses)</b>                  | <b>(14,390)</b>   | <b>(14,390)</b>     | <b>(14,390)</b>   | <b>-</b>                      |
| Net change in fund balance                                   | 9,191             | 529,191             | (431,429)         | (960,620)                     |
| Fund balance, beginning of year                              | 737,009           | 737,009             | 737,009           | -                             |
| Fund balance, end of year                                    | <u>\$ 746,200</u> | <u>\$ 1,266,200</u> | <u>\$ 305,580</u> | <u>\$ (960,620)</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, 2013**

|  | Budget Amounts    |                   | Actual<br>Amounts | Variance with<br>Final Budget |
|--|-------------------|-------------------|-------------------|-------------------------------|
|  | Original          | Final             |                   |                               |
| <b>REVENUES</b>  |                   |                   |                   |                               |
| Development fees   | \$ 18,450         | \$ 18,450         | \$ 6,798          | \$ (11,652)                   |
| Investment earnings  | 1,975             | 1,975             | -                 | (1,975)                       |
| Total revenues   | <u>20,425</u>     | <u>20,425</u>     | <u>6,798</u>      | <u>(13,627)</u>               |
| <b>EXPENDITURES</b>  |                   |                   |                   |                               |
| Current:   |                   |                   |                   |                               |
| General government   | 366,930           | 366,930           | 189,832           | 177,098                       |
| Total expenditures   | <u>366,930</u>    | <u>366,930</u>    | <u>189,832</u>    | <u>177,098</u>                |
| Excess (deficiency) of<br>revenues over (under) expenditures | <u>(346,505)</u>  | <u>(346,505)</u>  | <u>(183,034)</u>  | <u>163,471</u>                |
| <b>OTHER FINANCING SOURCES<br/>(USES)</b>                    |                   |                   |                   |                               |
| Transfers out  | <u>(1,055)</u>    | <u>(23,680)</u>   | <u>(8,843)</u>    | <u>14,837</u>                 |
| Total other financing sources<br>(uses)                      | <u>(1,055)</u>    | <u>(23,680)</u>   | <u>(8,843)</u>    | <u>14,837</u>                 |
| Net change in fund balance                                   | (347,560)         | (370,185)         | (191,877)         | 178,308                       |
| Fund balance, beginning of year                              | <u>816,382</u>    | <u>816,382</u>    | <u>816,382</u>    | <u>-</u>                      |
| Fund balance, end of year                                    | <u>\$ 468,822</u> | <u>\$ 446,197</u> | <u>\$ 624,505</u> | <u>\$ 178,308</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, 2013**

|   | Budget Amounts    |                   | Actual<br>Amounts | Variance with<br>Final Budget |
|---|-------------------|-------------------|-------------------|-------------------------------|
|   | Original          | Final             |                   |                               |
| <b>REVENUES</b>                         |                   |                   |                   |                               |
| Development fees                        | \$ 107,100        | \$ 107,100        | \$ 79,116         | \$ (27,984)                   |
| Investment earnings                     | 1,722             | 1,722             | 302               | (1,420)                       |
| Total revenues                          | <u>108,822</u>    | <u>108,822</u>    | <u>79,418</u>     | <u>(29,404)</u>               |
| <b>EXPENDITURES</b>                     |                   |                   |                   |                               |
| Current:                                |                   |                   |                   |                               |
| Public safety                           | 31,000            | 31,000            | -                 | 31,000                        |
| Total expenditures                      | <u>31,000</u>     | <u>31,000</u>     | <u>-</u>          | <u>31,000</u>                 |
| Excess of revenues<br>over expenditures | <u>77,822</u>     | <u>77,822</u>     | <u>79,418</u>     | <u>1,596</u>                  |
| <b>OTHER FINANCING SOURCES (USES)</b>   |                   |                   |                   |                               |
| Transfers out                           | (11)              | (11)              | (11)              | -                             |
| Total other financing sources (uses)    | <u>(11)</u>       | <u>(11)</u>       | <u>(11)</u>       | <u>-</u>                      |
| Net change in fund balance              | 77,811            | 77,811            | 79,407            | 1,596                         |
| Fund balance, beginning of year         | <u>538,650</u>    | <u>538,650</u>    | <u>538,650</u>    | <u>-</u>                      |
| Fund balance, end of year               | <u>\$ 616,461</u> | <u>\$ 616,461</u> | <u>\$ 618,057</u> | <u>\$ 1,596</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, 2013**

|  | Budget Amounts    |                  | Actual<br>Amounts | Variance with<br>Final Budget |
|--|-------------------|------------------|-------------------|-------------------------------|
|  | Original          | Final            |                   |                               |
| <b>REVENUES</b>  |                   |                  |                   |                               |
| Development fees   | \$ -              | \$ -             | \$ 1,458          | \$ 1,458                      |
| Investment earnings  | 1,712             | 1,712            | 197               | (1,515)                       |
| Total revenues   | <u>1,712</u>      | <u>1,712</u>     | <u>1,655</u>      | <u>(57)</u>                   |
| <b>EXPENDITURES</b>  |                   |                  |                   |                               |
| Current:   |                   |                  |                   |                               |
| Streets and highways   | 68,000            | 316,412          | 8,010             | 308,402                       |
| Total expenditures   | <u>68,000</u>     | <u>316,412</u>   | <u>8,010</u>      | <u>308,402</u>                |
| Excess (deficiency) of revenues<br>over (under) expenditures | <u>(66,288)</u>   | <u>(314,700)</u> | <u>(6,355)</u>    | <u>308,345</u>                |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                   |                  |                   |                               |
| Transfers out  | <u>(170)</u>      | <u>(170)</u>     | <u>(170)</u>      | <u>-</u>                      |
| Total other financing sources (uses)                         | <u>(170)</u>      | <u>(170)</u>     | <u>(170)</u>      | <u>-</u>                      |
| Net change in fund balance                                   | (66,458)          | (314,870)        | (6,525)           | 308,345                       |
| Fund balance, beginning of year                              | <u>343,097</u>    | <u>343,097</u>   | <u>343,097</u>    | <u>-</u>                      |
| Fund balance, end of year                                    | <u>\$ 276,639</u> | <u>\$ 28,227</u> | <u>\$ 336,572</u> | <u>\$ 308,345</u>             |

**City of Norco**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Community Facilities District 93-1 Capital Projects Fund**  
**For the Year Ended June 30, 2013**

|                                 | Budget Amounts   |                  | Actual<br>Amounts | Variance with<br>Final Budget |
|---------------------------------|------------------|------------------|-------------------|-------------------------------|
|                                 | Original         | Final            |                   |                               |
| <b>REVENUES</b>                 |                  |                  |                   |                               |
| Investment earnings             | \$ -             | \$ -             | \$ 33             | \$ 33                         |
| Total revenues                  | -                | -                | 33                | 33                            |
| <b>EXPENDITURES</b>             |                  |                  |                   |                               |
| Total expenditures              | -                | -                | -                 | -                             |
| Net change in fund balance      | -                | -                | 33                | 33                            |
| Fund balance, beginning of year | 58,306           | 58,306           | 58,306            | -                             |
| Fund balance, end of year       | <u>\$ 58,306</u> | <u>\$ 58,306</u> | <u>\$ 58,339</u>  | <u>\$ 33</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, 2013**

|  | Budget Amounts    |                   | Actual<br>Amounts | Variance with<br>Final Budget |
|--|-------------------|-------------------|-------------------|-------------------------------|
|  | Original          | Final             |                   |                               |
| <b>REVENUES</b>  |                   |                   |                   |                               |
| Development fees   | \$ 91,170         | \$ 91,170         | \$ 47,380         | \$ (43,790)                   |
| Intergovernmental  | 380,000           | 380,000           | -                 | (380,000)                     |
| Investment earnings  | 3,544             | 3,544             | 231               | (3,313)                       |
| <b>Total revenues</b>  | <b>474,714</b>    | <b>474,714</b>    | <b>47,611</b>     | <b>(427,103)</b>              |
| <b>EXPENDITURES</b>  |                   |                   |                   |                               |
| Current:   |                   |                   |                   |                               |
| Culture and leisure  | 1,471,025         | 1,471,025         | 323,726           | 1,147,299                     |
| <b>Total expenditures</b>                                    | <b>1,471,025</b>  | <b>1,471,025</b>  | <b>323,726</b>    | <b>1,147,299</b>              |
| Excess (deficiency) of revenues<br>over (under) expenditures | (996,311)         | (996,311)         | (276,115)         | 720,196                       |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                   |                   |                   |                               |
| Transfers in   | 489,088           | 489,088           | -                 | (489,088)                     |
| Transfers out  | (1,913)           | (1,913)           | (1,913)           | -                             |
| <b>Total other financing sources (uses)</b>                  | <b>487,175</b>    | <b>487,175</b>    | <b>(1,913)</b>    | <b>(489,088)</b>              |
| Net change in fund balance                                   | (509,136)         | (509,136)         | (278,028)         | 231,108                       |
| Fund balance, beginning of year                              | 694,774           | 694,774           | 694,774           | -                             |
| Fund balance, end of year                                    | <u>\$ 185,638</u> | <u>\$ 185,638</u> | <u>\$ 416,746</u> | <u>\$ 231,108</u>             |

**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, 2013**

|                                 | Budget Amounts          |                         | Actual<br>Amounts       | Variance with<br>Final Budget |
|---------------------------------|-------------------------|-------------------------|-------------------------|-------------------------------|
|                                 | Original                | Final                   |                         |                               |
| <b>REVENUES</b>                 |                         |                         |                         |                               |
| Development fees                | \$ -                    | \$ -                    | \$ 942                  | \$ 942                        |
| Investment earnings             | 39                      | 39                      | 9                       | (30)                          |
| Total revenues                  | <u>39</u>               | <u>39</u>               | <u>951</u>              | <u>912</u>                    |
| <b>EXPENDITURES</b>             |                         |                         |                         |                               |
| Total expenditures              | <u>-</u>                | <u>-</u>                | <u>-</u>                | <u>-</u>                      |
| Net change in fund balance      | 39                      | 39                      | 951                     | 912                           |
| Fund balance, beginning of year | <u>13,188</u>           | <u>13,188</u>           | <u>13,188</u>           | <u>-</u>                      |
| Fund balance, end of year       | <u><u>\$ 13,227</u></u> | <u><u>\$ 13,227</u></u> | <u><u>\$ 14,139</u></u> | <u><u>\$ 912</u></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, 2013**

|                                 | Budget Amounts          |                         | Actual<br>Amounts       | Variance with<br>Final Budget |
|---------------------------------|-------------------------|-------------------------|-------------------------|-------------------------------|
|                                 | Original                | Final                   |                         |                               |
| <b>REVENUES</b>                 |                         |                         |                         |                               |
| Development fees                | \$ -                    | \$ -                    | \$ 2,624                | \$ 2,624                      |
| Investment earnings             | 114                     | 114                     | 25                      | (89)                          |
| Total revenues                  | <u>114</u>              | <u>114</u>              | <u>2,649</u>            | <u>2,535</u>                  |
| <b>EXPENDITURES</b>             |                         |                         |                         |                               |
| Total expenditures              | <u>-</u>                | <u>-</u>                | <u>-</u>                | <u>-</u>                      |
| Net change in fund balance      | 114                     | 114                     | 2,649                   | 2,535                         |
| Fund balance, beginning of year | <u>37,977</u>           | <u>37,977</u>           | <u>37,977</u>           | <u>-</u>                      |
| Fund balance, end of year       | <u><u>\$ 38,091</u></u> | <u><u>\$ 38,091</u></u> | <u><u>\$ 40,626</u></u> | <u><u>\$ 2,535</u></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, 2013**

|                                 | Budget Amounts         |                        | Actual<br>Amounts      | Variance with<br>Final Budget |
|---------------------------------|------------------------|------------------------|------------------------|-------------------------------|
|                                 | Original               | Final                  |                        |                               |
| <b>REVENUES</b>                 |                        |                        |                        |                               |
| Development fees                | \$ -                   | \$ -                   | \$ 502                 | \$ 502                        |
| Investment earnings             | 26                     | 26                     | 6                      | (20)                          |
| Total revenues                  | <u>26</u>              | <u>26</u>              | <u>508</u>             | <u>482</u>                    |
| <b>EXPENDITURES</b>             |                        |                        |                        |                               |
| Total expenditures              | <u>-</u>               | <u>-</u>               | <u>-</u>               | <u>-</u>                      |
| Net change in fund balance      | 26                     | 26                     | 508                    | 482                           |
| Fund balance, beginning of year | <u>8,713</u>           | <u>8,713</u>           | <u>8,713</u>           | <u>-</u>                      |
| Fund balance, end of year       | <u><u>\$ 8,739</u></u> | <u><u>\$ 8,739</u></u> | <u><u>\$ 9,221</u></u> | <u><u>\$ 482</u></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, 2013**

|  | Budget Amounts   |                  | Actual<br>Amounts | Variance with<br>Final Budget |
|--|------------------|------------------|-------------------|-------------------------------|
|  | Original         | Final            |                   |                               |
| <b>REVENUES</b>  |                  |                  |                   |                               |
| Development fees   | \$ 1,402         | \$ 1,402         | \$ 721            | \$ (681)                      |
| Intergovernmental  | -                | -                | 61,936            | 61,936                        |
| Investment earnings  | 97               | 97               | -                 | (97)                          |
|  | <u>1,499</u>     | <u>1,499</u>     | <u>62,657</u>     | <u>61,158</u>                 |
| <b>EXPENDITURES</b>  |                  |                  |                   |                               |
| Current:   |                  |                  |                   |                               |
| Public safety  | 423,286          | 423,286          | 61,936            | 361,350                       |
|  | <u>423,286</u>   | <u>423,286</u>   | <u>61,936</u>     | <u>361,350</u>                |
| Excess (deficiency) of revenues<br>over (under) expenditures | <u>(421,787)</u> | <u>(421,787)</u> | <u>721</u>        | <u>422,508</u>                |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                  |                  |                   |                               |
| Transfers in   | 423,286          | 423,286          | -                 | (423,286)                     |
| Transfers out  | (2,470)          | (2,470)          | -                 | 2,470                         |
|  | <u>420,816</u>   | <u>420,816</u>   | <u>-</u>          | <u>(420,816)</u>              |
| Net change in fund balance                                   | (971)            | (971)            | 721               | 1,692                         |
| Fund balance, beginning of year                              | <u>32,345</u>    | <u>32,345</u>    | <u>32,345</u>     | <u>-</u>                      |
| Fund balance, end of year                                    | <u>\$ 31,374</u> | <u>\$ 31,374</u> | <u>\$ 33,066</u>  | <u>\$ 1,692</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 Position**  
**Internal Service Funds**  
**June 30, 2013**

|                                | <u>Fleet<br/>Management</u> | <u>Benefits &amp;<br/>Insurance</u> | <u>Information<br/>Management</u> | <u>Total</u>        |
|--------------------------------|-----------------------------|-------------------------------------|-----------------------------------|---------------------|
| <b>ASSETS</b>                  |                             |                                     |                                   |                     |
| Current assets:                |                             |                                     |                                   |                     |
| Cash and investments           | \$ 2,817,887                | \$ 1,561,950                        | \$ 442,939                        | \$ 4,822,776        |
| Interest                       | 579                         | 328                                 | 89                                | 996                 |
| Prepays                        | -                           | -                                   | 10,484                            | 10,484              |
| Total current assets           | <u>2,818,466</u>            | <u>1,562,278</u>                    | <u>453,512</u>                    | <u>4,834,256</u>    |
| Noncurrent assets:             |                             |                                     |                                   |                     |
| Capital assets:                |                             |                                     |                                   |                     |
| Vehicles and equipment         | 2,027,036                   | -                                   | 246,623                           | 2,273,659           |
| Less accumulated depreciation  | (1,704,512)                 | -                                   | (214,113)                         | (1,918,625)         |
| Intangibles                    | -                           | -                                   | 429,245                           | 429,245             |
| Less accumulated amortization  | -                           | -                                   | (342,999)                         | (342,999)           |
| Total noncurrent assets        | <u>322,524</u>              | <u>-</u>                            | <u>118,756</u>                    | <u>441,280</u>      |
| Total assets                   | <u>3,140,990</u>            | <u>1,562,278</u>                    | <u>572,268</u>                    | <u>5,275,536</u>    |
| <b>LIABILITIES</b>             |                             |                                     |                                   |                     |
| Current liabilities:           |                             |                                     |                                   |                     |
| Accounts payable               | 45,660                      | 5,367                               | 11,202                            | 62,229              |
| Compensated absences           | -                           | 169,551                             | -                                 | 169,551             |
| Capital lease payable          | -                           | -                                   | 11,427                            | 11,427              |
| Claims and judgements          | -                           | 377,761                             | -                                 | 377,761             |
| Total current liabilities      | <u>45,660</u>               | <u>552,679</u>                      | <u>22,629</u>                     | <u>620,968</u>      |
| Noncurrent liabilities:        |                             |                                     |                                   |                     |
| Compensated absences           | -                           | 508,655                             | -                                 | 508,655             |
| Capital lease payable          | -                           | -                                   | 8,316                             | 8,316               |
| Claims and judgements          | -                           | 412,700                             | -                                 | 412,700             |
| Total noncurrent liabilities   | <u>-</u>                    | <u>921,355</u>                      | <u>8,316</u>                      | <u>929,671</u>      |
| Total liabilities              | <u>45,660</u>               | <u>1,474,034</u>                    | <u>30,945</u>                     | <u>1,550,639</u>    |
| <b>NET POSITION</b>            |                             |                                     |                                   |                     |
| Net invested in capital assets | 322,524                     | -                                   | 99,013                            | 421,537             |
| Unrestricted                   | <u>2,772,806</u>            | <u>88,244</u>                       | <u>442,310</u>                    | <u>3,303,360</u>    |
| Total net position             | <u>\$ 3,095,330</u>         | <u>\$ 88,244</u>                    | <u>\$ 541,323</u>                 | <u>\$ 3,724,897</u> |

**City of Norco**  
**Combining Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Internal Service Funds**  
**For the Year Ended June 30, 2013**

|   | <u>Fleet<br/>Management</u> | <u>Benefits &amp;<br/>Insurance</u> | <u>Information<br/>Management</u> | <u>Total</u>               |
|---|-----------------------------|-------------------------------------|-----------------------------------|----------------------------|
| <b>OPERATING REVENUES</b>                 |                             |                                     |                                   |                            |
| Sales and charges for services            | \$ 306,687                  | \$ 366,124                          | \$ 411,600                        | \$ 1,084,411               |
| Miscellaneous                             | 4,671                       | -                                   | -                                 | 4,671                      |
| Total operating revenues                  | <u>311,358</u>              | <u>366,124</u>                      | <u>411,600</u>                    | <u>1,089,082</u>           |
| <b>OPERATING EXPENSES</b>                 |                             |                                     |                                   |                            |
| General and administrative                | 264,305                     | 272,877                             | 334,039                           | 871,221                    |
| Amortization                              | -                           | -                                   | 31,731                            | 31,731                     |
| Depreciation                              | 125,582                     | -                                   | 16,026                            | 141,608                    |
| Total operating expenses                  | <u>389,887</u>              | <u>272,877</u>                      | <u>381,796</u>                    | <u>1,044,560</u>           |
| Operating income (loss)                   | <u>(78,529)</u>             | <u>93,247</u>                       | <u>29,804</u>                     | <u>44,522</u>              |
| <b>NONOPERATING REVENUES (EXPENSES)</b>   |                             |                                     |                                   |                            |
| Investment earnings                       | 1,468                       | 783                                 | 257                               | 2,508                      |
| Gain (loss) on disposal of assets         | 5,694                       | -                                   | 230                               | 5,924                      |
| Total nonoperating revenues               | <u>7,162</u>                | <u>783</u>                          | <u>487</u>                        | <u>8,432</u>               |
| Income before contributions and transfers | <u>(71,367)</u>             | <u>94,030</u>                       | <u>30,291</u>                     | <u>52,954</u>              |
| Transfers in                              | <u>-</u>                    | <u>198,933</u>                      | <u>-</u>                          | <u>198,933</u>             |
| Change in net position                    | <u>(71,367)</u>             | <u>292,963</u>                      | <u>30,291</u>                     | <u>251,887</u>             |
| Net position, beginning of year           | <u>3,166,697</u>            | <u>(204,719)</u>                    | <u>511,032</u>                    | <u>3,473,010</u>           |
| Net position, end of year                 | <u><u>\$ 3,095,330</u></u>  | <u><u>\$ 88,244</u></u>             | <u><u>\$ 541,323</u></u>          | <u><u>\$ 3,724,897</u></u> |

**City of Norco**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Year Ended June 30, 2013**

|  | <u>Fleet<br/>Management</u> | <u>Benefits &amp;<br/>Insurance</u> | <u>Information<br/>Management</u> | <u>Total</u>        |
|--|-----------------------------|-------------------------------------|-----------------------------------|---------------------|
| <b>Cash flows from operating activities:</b>                         |                             |                                     |                                   |                     |
| Cash received from interfund services provided                       | \$ 311,357                  | \$ 366,124                          | \$ 411,600                        | \$ 1,089,081        |
| Cash payments to suppliers   | (265,789)                   | (191,592)                           | (184,888)                         | (642,269)           |
| Cash payments to employees for services                              | -                           | (272,877)                           | (149,790)                         | (422,667)           |
| Net cash provided by (used for)<br>operating activities              | <u>45,568</u>               | <u>(98,345)</u>                     | <u>76,922</u>                     | <u>24,145</u>       |
| <b>Cash flows from noncapital financing activities:</b>              |                             |                                     |                                   |                     |
| Transfer from other funds  | -                           | 198,933                             | -                                 | 198,933             |
| Net cash provided by provided by<br>noncapital financing activities  | <u>-</u>                    | <u>198,933</u>                      | <u>-</u>                          | <u>198,933</u>      |
| <b>Cash flows from capital and related<br/>financing activities:</b> |                             |                                     |                                   |                     |
| Acquisition and construction of capital assets                       | (18,709)                    | -                                   | -                                 | (18,709)            |
| Proceeds from disposal of capital assets                             | 5,694                       | -                                   | 230                               | 5,924               |
| Principal payments - capital lease                                   | -                           | -                                   | (10,260)                          | (10,260)            |
| Net cash used for capital and<br>related financing activities        | <u>(13,015)</u>             | <u>-</u>                            | <u>(10,030)</u>                   | <u>(23,045)</u>     |
| <b>Cash flows from investing activities:</b>                         |                             |                                     |                                   |                     |
| Interest income  | 2,394                       | 1,298                               | 367                               | 4,059               |
| Net cash provided by investing activities                            | <u>2,394</u>                | <u>1,298</u>                        | <u>367</u>                        | <u>4,059</u>        |
| Net increase in cash<br>and investments                              | 34,947                      | 101,886                             | 67,259                            | 204,092             |
| Cash and investments, beginning of year                              | <u>2,782,940</u>            | <u>1,460,064</u>                    | <u>375,680</u>                    | <u>4,618,684</u>    |
| Cash and investments, end of year                                    | <u>\$ 2,817,887</u>         | <u>\$ 1,561,950</u>                 | <u>\$ 442,939</u>                 | <u>\$ 4,822,776</u> |

**City of Norco**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Year Ended June 30, 2013**

|   | <u>Fleet<br/>Management</u> | <u>Benefits &amp;<br/>Insurance</u> | <u>Information<br/>Management</u> | <u>Total</u>     |
|---|-----------------------------|-------------------------------------|-----------------------------------|------------------|
| <b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b> |                             |                                     |                                   |                  |
| Operating income (loss)   | \$ (78,529)                 | \$ 93,247                           | \$ 29,804                         | \$ 44,522        |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities: |                             |                                     |                                   |                  |
| Depreciation/Amortization   | 125,582                     | -                                   | 47,757                            | 173,339          |
| (Increase) decrease in assets:  |                             |                                     |                                   |                  |
| Prepays   | -                           | -                                   | (1,495)                           | (1,495)          |
| Increase (decrease) in liabilities:   |                             |                                     |                                   |                  |
| Accounts payable  | (1,485)                     | 3,198                               | 1,799                             | 3,512            |
| Accrued wages   | -                           | -                                   | (943)                             | (943)            |
| Compensated absences  | -                           | (11,966)                            | -                                 | (11,966)         |
| Claims and judgements   | -                           | (182,824)                           | -                                 | (182,824)        |
| Net cash provided by (used for) operating activities  | <u>\$ 45,568</u>            | <u>\$ (98,345)</u>                  | <u>\$ 76,922</u>                  | <u>\$ 24,145</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 6<sup>th</sup> Street from Interstate 15. The City has a fiduciary responsibility to pay debt service and administrative costs for the District.

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

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

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

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

**City of Norco**  
**Combining Statement of Fiduciary Assets and Liabilities**  
**Agency Funds**  
**June 30, 2013**

|  | General<br>Trust    | Western<br>Waste  | Assessment<br>District 195 | Community Facilities<br>District 93-1 |
|--|---------------------|-------------------|----------------------------|---------------------------------------|
| <b>ASSETS</b>                              |                     |                   |                            |                                       |
| Cash and investments                       | \$ 1,288,376        | \$ 37,544         | \$ -                       | \$ 71,329                             |
| Cash and investments with<br>fiscal agents | -                   | -                 | -                          | 345,953                               |
| Receivables, net:                          |                     |                   |                            |                                       |
| Accounts                                   | -                   | 397,142           | -                          | -                                     |
| Interest                                   | -                   | -                 | -                          | 37                                    |
| Due from other governments                 | -                   | -                 | 6,402                      | -                                     |
| <b>Total assets</b>                        | <b>\$ 1,288,376</b> | <b>\$ 434,686</b> | <b>\$ 6,402</b>            | <b>\$ 417,319</b>                     |
| <b>LIABILITIES</b>                         |                     |                   |                            |                                       |
| Accounts payable                           | \$ 270              | \$ 369,738        | \$ -                       | \$ -                                  |
| Deposits payable                           | 1,288,106           | 28,096            | -                          | -                                     |
| Due to others                              | -                   | 36,852            | -                          | -                                     |
| Due to bond holders                        | -                   | -                 | 6,402                      | 417,319                               |
| <b>Total liabilities</b>                   | <b>\$ 1,288,376</b> | <b>\$ 434,686</b> | <b>\$ 6,402</b>            | <b>\$ 417,319</b>                     |

continued

| Community Facilities<br>District 97-1 | Community Facilities<br>District 2001-1 | Community Facilities<br>District 2002-1 | Total               |
|---------------------------------------|---|---|---------------------|
| \$ 677,868                            | \$ 3,200,874                            | \$ 120,955                              | \$ 5,396,946        |
| 522,564                               | 1,731,916                               | 131,614                                 | 2,732,047           |
| -                                     | -                                       | -                                       | 397,142             |
| 148                                   | 8,858                                   | 25                                      | 9,068               |
| 7,925                                 | 75,915                                  | 6,205                                   | 96,447              |
| <u>\$ 1,208,505</u>                   | <u>\$ 5,017,563</u>                     | <u>\$ 258,799</u>                       | <u>\$ 8,631,650</u> |
| \$ -                                  | \$ 20,859                               | \$ -                                    | \$ 390,867          |
| -                                     | -                                       | -                                       | 1,316,202           |
| -                                     | -                                       | -                                       | 36,852              |
| <u>1,208,505</u>                      | <u>4,996,704</u>                        | <u>258,799</u>                          | <u>6,887,729</u>    |
| <u>\$ 1,208,505</u>                   | <u>\$ 5,017,563</u>                     | <u>\$ 258,799</u>                       | <u>\$ 8,631,650</u> |

**City of Norco**  
**Combining Statement of Changes in Fiduciary Assets and Liabilities**  
**Agency Funds**  
**For the Year Ended June 30, 2013**

|                                | Balance<br>June 30, 2012 | Additions           | Deletions           | Balance<br>June 30, 2013 |
|--------------------------------|--------------------------|---------------------|---------------------|--------------------------|
| <b>GENERAL TRUST</b>           |                          |                     |                     |                          |
| <b>Assets</b>                  |                          |                     |                     |                          |
| Cash and investments           | \$ 1,265,346             | \$ 288,659          | \$ 265,629          | \$ 1,288,376             |
| Total assets                   | <u>\$ 1,265,346</u>      | <u>\$ 288,659</u>   | <u>\$ 265,629</u>   | <u>\$ 1,288,376</u>      |
| <b>Liabilities</b>             |                          |                     |                     |                          |
| Accounts payable               | \$ 5,195                 | \$ 95,719           | \$ 90,794           | \$ 270                   |
| Deposits payable               | 1,260,151                | 283,630             | 311,585             | 1,288,106                |
| Total liabilities              | <u>\$ 1,265,346</u>      | <u>\$ 379,349</u>   | <u>\$ 402,379</u>   | <u>\$ 1,288,376</u>      |
| <b>WESTERN WASTE</b>           |                          |                     |                     |                          |
| <b>Assets</b>                  |                          |                     |                     |                          |
| Cash and investments           | \$ -                     | \$ 4,505,856        | \$ 4,468,312        | \$ 37,544                |
| Accounts receivable            | 408,730                  | 4,448,754           | 4,460,342           | 397,142                  |
| Total assets                   | <u>\$ 408,730</u>        | <u>\$ 8,954,610</u> | <u>\$ 8,928,654</u> | <u>\$ 434,686</u>        |
| <b>Liabilities</b>             |                          |                     |                     |                          |
| Accounts payable               | \$ 370,771               | \$ 3,749,712        | \$ 3,748,679        | \$ 369,738               |
| Deposits payable               | 28,966                   | 8,647               | 7,777               | 28,096                   |
| Due to others                  | 8,993                    | 4,455,884           | 4,483,743           | 36,852                   |
| Total liabilities              | <u>\$ 408,730</u>        | <u>\$ 8,214,243</u> | <u>\$ 8,240,199</u> | <u>\$ 434,686</u>        |
| <b>ASSESSMENT DISTRICT 195</b> |                          |                     |                     |                          |
| <b>Assets</b>                  |                          |                     |                     |                          |
| Cash and investments           | \$ 70,015                | \$ 4,811            | \$ 74,826           | \$ -                     |
| Interest receivable            | 37                       | -                   | 37                  | -                        |
| Due from other governments     | 4,617                    | 6,402               | 4,617               | 6,402                    |
| Total assets                   | <u>\$ 74,669</u>         | <u>\$ 11,213</u>    | <u>\$ 79,480</u>    | <u>\$ 6,402</u>          |
| <b>Liabilities</b>             |                          |                     |                     |                          |
| Due to bond holders            | \$ 74,669                | \$ 81,228           | \$ 12,961           | \$ 6,402                 |
| Total liabilities              | <u>\$ 74,669</u>         | <u>\$ 81,228</u>    | <u>\$ 12,961</u>    | <u>\$ 6,402</u>          |

**City of Norco**  
**Combining Statement of Changes in Fiduciary Assets and Liabilities**  
**Agency Funds**  
**For the Year Ended June 30, 2013**

|   | Balance<br>June 30, 2012 | Additions           | Deletions           | Balance<br>June 30, 2013 |
|---|--------------------------|---------------------|---------------------|--------------------------|
| <b>CFD 93-1</b>                         |                          |                     |                     |                          |
| <b>Assets</b>                           |                          |                     |                     |                          |
| Cash and investments                    | \$ 58,879                | \$ 220,853          | \$ 208,403          | \$ 71,329                |
| Cash and investments with fiscal agents | 338,713                  | 188,720             | 181,480             | 345,953                  |
| Interest receivable                     | 75                       | 37                  | 75                  | 37                       |
| Due from other governments              | 12,278                   | -                   | 12,278              | -                        |
| Total assets                            | <u>\$ 409,945</u>        | <u>\$ 409,610</u>   | <u>\$ 402,236</u>   | <u>\$ 417,319</u>        |
| <b>Liabilities</b>                      |                          |                     |                     |                          |
| Due to bond holders                     | \$ 409,945               | \$ 200,743          | \$ 208,117          | \$ 417,319               |
| Total liabilities                       | <u>\$ 409,945</u>        | <u>\$ 200,743</u>   | <u>\$ 208,117</u>   | <u>\$ 417,319</u>        |
| <b>CFD 97-1</b>                         |                          |                     |                     |                          |
| <b>Assets</b>                           |                          |                     |                     |                          |
| Cash and investments                    | \$ 667,863               | \$ 593,521          | \$ 583,516          | \$ 677,868               |
| Cash and investments with fiscal agents | 536,732                  | 505,106             | 519,274             | 522,564                  |
| Interest receivable                     | 2,227                    | 148                 | 2,227               | 148                      |
| Due from other governments              | 21,505                   | 7,925               | 21,505              | 7,925                    |
| Total assets                            | <u>\$ 1,228,327</u>      | <u>\$ 1,106,700</u> | <u>\$ 1,126,522</u> | <u>\$ 1,208,505</u>      |
| <b>Liabilities</b>                      |                          |                     |                     |                          |
| Due to bond holders                     | \$ 1,228,327             | \$ 598,472          | \$ 578,650          | \$ 1,208,505             |
| Total liabilities                       | <u>\$ 1,228,327</u>      | <u>\$ 598,472</u>   | <u>\$ 578,650</u>   | <u>\$ 1,208,505</u>      |
| <b>CFD 2001-1</b>                       |                          |                     |                     |                          |
| <b>Assets</b>                           |                          |                     |                     |                          |
| Cash and investments                    | \$ 3,093,120             | \$ 2,587,868        | \$ 2,480,114        | \$ 3,200,874             |
| Cash and investments with fiscal agents | 1,727,557                | 2,236,640           | 2,232,281           | 1,731,916                |
| Interest receivable                     | 1,453                    | 8,858               | 1,453               | 8,858                    |
| Due from other governments              | 174,381                  | 75,915              | 174,381             | 75,915                   |
| Total assets                            | <u>\$ 4,996,511</u>      | <u>\$ 4,909,281</u> | <u>\$ 4,888,229</u> | <u>\$ 5,017,563</u>      |
| <b>Liabilities</b>                      |                          |                     |                     |                          |
| Accounts payable                        | \$ -                     | \$ 12,121           | \$ 32,980           | \$ 20,859                |
| Due to bond holders                     | 4,996,511                | 2,339,579           | 2,339,772           | 4,996,704                |
| Total liabilities                       | <u>\$ 4,996,511</u>      | <u>\$ 2,351,700</u> | <u>\$ 2,372,752</u> | <u>\$ 5,017,563</u>      |

**City of Norco**  
**Combining Statement of Changes in Fiduciary Assets and Liabilities**  
**Agency Funds**  
**For the Year Ended June 30, 2013**

|   | Balance<br>June 30, 2012 | Additions            | Deletions            | Balance<br>June 30, 2013 |
|---|--------------------------|----------------------|----------------------|--------------------------|
| <b>CFD 2002-1</b>                       |                          |                      |                      |                          |
| <b>Assets</b>                           |                          |                      |                      |                          |
| Cash and investments                    | \$ 119,772               | \$ 152,814           | \$ 151,631           | \$ 120,955               |
| Cash and investments with fiscal agents | 131,037                  | 128,458              | 127,881              | 131,614                  |
| Interest receivable                     | 56                       | 25                   | 56                   | 25                       |
| Due from other governments              | 13,324                   | 6,205                | 13,324               | 6,205                    |
| Total assets                            | <u>\$ 264,189</u>        | <u>\$ 287,502</u>    | <u>\$ 292,892</u>    | <u>\$ 258,799</u>        |
| <b>Liabilities</b>                      |                          |                      |                      |                          |
| Due to bond holders                     | \$ 264,189               | \$ 147,314           | \$ 141,924           | \$ 258,799               |
| Total liabilities                       | <u>\$ 264,189</u>        | <u>\$ 147,314</u>    | <u>\$ 141,924</u>    | <u>\$ 258,799</u>        |
| <b>TOTALS - ALL AGENCY FUNDS</b>        |                          |                      |                      |                          |
| <b>Assets</b>                           |                          |                      |                      |                          |
| Cash and investments                    | \$ 5,274,995             | \$ 8,354,382         | \$ 8,232,431         | \$ 5,396,946             |
| Cash and investments with fiscal agents | 2,734,039                | 3,058,924            | 3,060,916            | 2,732,047                |
| Accounts receivable                     | 408,730                  | 4,448,754            | 4,460,342            | 397,142                  |
| Interest receivable                     | 3,848                    | 9,068                | 3,848                | 9,068                    |
| Due from other governments              | 226,105                  | 96,447               | 226,105              | 96,447                   |
| Total assets                            | <u>\$ 8,647,717</u>      | <u>\$ 15,967,575</u> | <u>\$ 15,983,642</u> | <u>\$ 8,631,650</u>      |
| <b>Liabilities</b>                      |                          |                      |                      |                          |
| Accounts payable                        | \$ 375,966               | \$ 3,857,552         | \$ 3,872,453         | \$ 390,867               |
| Deposits payable                        | 1,289,117                | 292,277              | 319,362              | 1,316,202                |
| Due to others                           | 8,993                    | 4,455,884            | 4,483,743            | 36,852                   |
| Due to bond holders                     | 6,973,641                | 3,367,336            | 3,281,424            | 6,887,729                |
| Total liabilities                       | <u>\$ 8,647,717</u>      | <u>\$ 11,973,049</u> | <u>\$ 11,956,982</u> | <u>\$ 8,631,650</u>      |

# STATISTICAL SECTION



## Statistical Section

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

| <b>Contents</b>  | <b>Page</b> |
|--|-------------|
| Financial Trends<br><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>   | 127         |
| Revenue Capacity<br><i>These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.</i>   | 137         |
| Debt Capacity<br><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>                             | 142         |
| Demographic and Economic Information<br><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>                              | 150         |
| Operating Information<br><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 Position by Component**  
**Last Ten Fiscal Years**  
(accrual basis of accounting)

|  | Fiscal Year          |                       |                       |                       |
|--|----------------------|-----------------------|-----------------------|-----------------------|
|  | 2004                 | 2005                  | 2006                  | 2007                  |
| <b>Governmental activities</b>                     |                      |                       |                       |                       |
| Net invested in capital assets                     | \$ 28,910,663        | \$ 141,829,990        | \$ 144,879,068        | \$ 151,388,100        |
| Restricted   | 62,724,936           | 58,521,550            | 57,107,710            | 55,995,625            |
| Unrestricted                                       | (61,502,408)         | (62,492,997)          | (59,117,764)          | (56,171,654)          |
| <b>Total governmental activities net position</b>  | <u>\$ 30,133,191</u> | <u>\$ 137,858,543</u> | <u>\$ 142,869,014</u> | <u>\$ 151,212,071</u> |
| <b>Business-type activities</b>                    |                      |                       |                       |                       |
| Net invested in capital assets                     | \$ 20,521,154        | \$ 30,722,040         | \$ 35,602,853         | \$ 36,930,507         |
| Restricted   | 13,867,717           | 13,627,054            | 12,935,528            | 8,718,561             |
| Unrestricted                                       | (2,734,265)          | (3,183,101)           | (3,559,843)           | (78,386)              |
| <b>Total business-type activities net position</b> | <u>\$ 31,654,606</u> | <u>\$ 41,165,993</u>  | <u>\$ 44,978,538</u>  | <u>\$ 45,570,682</u>  |
| <b>Primary government</b>                          |                      |                       |                       |                       |
| Net invested in capital assets                     | \$ 49,431,817        | \$ 172,552,030        | \$ 180,481,921        | \$ 188,318,607        |
| Restricted   | 76,592,653           | 72,148,604            | 70,043,238            | 64,714,186            |
| Unrestricted                                       | (64,236,673)         | (65,676,098)          | (62,677,607)          | (56,250,040)          |
| <b>Total primary government net position</b>       | <u>\$ 61,787,797</u> | <u>\$ 179,024,536</u> | <u>\$ 187,847,552</u> | <u>\$ 196,782,753</u> |

**Source:** City's financial statements

| <b>Fiscal Year</b>    |                       |                       |                       |                       |                       |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>2008</b>           | <b>2009</b>           | <b>2010</b>           | <b>2011</b>           | <b>2012</b>           | <b>2013</b>           |
| \$ 153,848,153        | \$ 156,655,554        | \$ 163,648,731        | \$ 172,727,910        | \$ 172,040,285        | \$ 173,830,963        |
| 56,203,749            | 43,502,275            | 49,857,462            | 39,782,430            | 15,783,060            | 11,708,483            |
| <u>(53,696,655)</u>   | <u>(53,368,409)</u>   | <u>(71,206,996)</u>   | <u>(74,774,758)</u>   | <u>(145,491)</u>      | <u>3,873,573</u>      |
| <u>\$ 156,355,247</u> | <u>\$ 146,789,420</u> | <u>\$ 142,299,197</u> | <u>\$ 137,735,582</u> | <u>\$ 187,677,854</u> | <u>\$ 189,413,019</u> |
| <br>                  |                       |                       |                       |                       |                       |
| \$ 41,150,408         | \$ 39,797,357         | \$ 41,658,815         | \$ 39,526,833         | \$ 46,718,775         | \$ 46,023,517         |
| 7,261,078             | 5,772,311             | 4,722,120             | 4,362,237             | 1,493,069             | 1,505,296             |
| <u>(2,557,443)</u>    | <u>521,868</u>        | <u>(1,200,945)</u>    | <u>283,205</u>        | <u>(4,191,150)</u>    | <u>(1,206,137)</u>    |
| <u>\$ 45,854,043</u>  | <u>\$ 46,091,536</u>  | <u>\$ 45,179,990</u>  | <u>\$ 44,172,275</u>  | <u>\$ 44,020,694</u>  | <u>\$ 46,322,676</u>  |
| <br>                  |                       |                       |                       |                       |                       |
| \$ 194,998,561        | \$ 196,452,911        | \$ 205,307,546        | \$ 212,254,743        | \$ 218,759,060        | \$ 219,854,480        |
| 63,464,827            | 49,274,586            | 54,579,582            | 44,144,667            | 17,276,129            | 13,213,779            |
| <u>(56,254,098)</u>   | <u>(52,846,541)</u>   | <u>(72,407,941)</u>   | <u>(74,491,553)</u>   | <u>(4,336,641)</u>    | <u>2,667,436</u>      |
| <u>\$ 202,209,290</u> | <u>\$ 192,880,956</u> | <u>\$ 187,479,187</u> | <u>\$ 181,907,857</u> | <u>\$ 231,698,548</u> | <u>\$ 235,735,695</u> |

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

|   | Fiscal Year            |                        |                        |                        |
|---|------------------------|------------------------|------------------------|------------------------|
|   | 2004                   | 2005                   | 2006                   | 2007                   |
| <b>Expenses</b>                                 |                        |                        |                        |                        |
| Governmental activities:                        |                        |                        |                        |                        |
| General government                              | \$ 1,880,302           | \$ 2,628,746           | \$ 2,444,678           | \$ 2,369,307           |
| Public safety                                   | 8,173,624              | 9,185,614              | 10,030,419             | 10,984,557             |
| Public works                                    | 4,714,230              | 4,978,421              | 2,667,196              | 2,931,992              |
| Community development                           | 5,434,051              | 13,727,059             | 9,661,594              | 9,682,225              |
| Culture & leisure                               | 2,020,202              | 2,270,431              | 2,575,970              | 2,915,016              |
| Interest in long-term debt                      | 4,222,757              | 4,367,389              | 4,498,959              | 4,210,091              |
| Total governmental activities expenses          | <u>26,445,166</u>      | <u>37,157,660</u>      | <u>31,878,816</u>      | <u>33,093,188</u>      |
| Business-type activities:                       |                        |                        |                        |                        |
| Water   | 5,443,482              | 6,192,775              | 7,000,699              | 6,644,244              |
| Sewer   | 3,100,970              | 3,729,579              | 3,969,304              | 4,263,280              |
| Total business-type activities expenses         | <u>8,544,452</u>       | <u>9,922,354</u>       | <u>10,970,003</u>      | <u>10,907,524</u>      |
| Total primary government expenses               | <u>\$ 34,989,618</u>   | <u>\$ 47,080,014</u>   | <u>\$ 42,848,819</u>   | <u>\$ 44,000,712</u>   |
| <b>Program Revenues</b>                         |                        |                        |                        |                        |
| Governmental activities:                        |                        |                        |                        |                        |
| Charges for services:                           |                        |                        |                        |                        |
| General government                              | \$ 844,047             | \$ 1,017,412           | \$ 1,206,368           | \$ 1,195,495           |
| Public safety                                   | 408,968                | 845,785                | 938,458                | 1,184,179              |
| Public works                                    | 881,982                | 843,209                | 1,119,874              | 502,427                |
| Community development                           | 2,175,706              | 1,177,608              | 919,325                | 739,852                |
| Culture & leisure                               | 739,122                | 815,751                | 839,701                | 1,038,228              |
| Operating grants and contributions              | 2,054,746              | 2,206,575              | 2,448,984              | 3,099,986              |
| Capital grants and contributions                | 6,553,575              | 3,603,044              | 2,001,841              | 2,356,978              |
| Total governmental activities program revenues  | <u>13,658,146</u>      | <u>10,509,384</u>      | <u>9,474,551</u>       | <u>10,117,145</u>      |
| Business-type activities:                       |                        |                        |                        |                        |
| Charges for services:                           |                        |                        |                        |                        |
| Water   | 4,907,696              | 4,990,556              | 6,617,886              | 6,804,540              |
| Sewer   | 2,487,983              | 2,791,789              | 2,855,330              | 2,917,946              |
| Operating grants and contributions              | -                      | -                      | -                      | -                      |
| Capital grants and contributions                | 901,809                | 1,219,879              | 5,071,845              | 2,017,403              |
| Total business-type activities program revenues | <u>8,297,488</u>       | <u>9,002,224</u>       | <u>14,545,061</u>      | <u>11,739,889</u>      |
| Total government program revenues               | <u>\$ 21,955,634</u>   | <u>\$ 19,511,608</u>   | <u>\$ 24,019,612</u>   | <u>\$ 21,857,034</u>   |
| <b>Net (Expense)/Revenue</b>                    |                        |                        |                        |                        |
| Governmental activities                         | \$ (12,787,020)        | \$ (26,648,276)        | \$ (22,404,265)        | \$ (22,976,043)        |
| Business-type activities                        | (246,964)              | (920,130)              | 3,575,058              | 832,365                |
| Total primary government                        | <u>\$ (13,033,984)</u> | <u>\$ (27,568,406)</u> | <u>\$ (18,829,207)</u> | <u>\$ (22,143,678)</u> |

Source: City's financial statements

| Fiscal Year            |                        |                        |                        |                        |                       |
|------------------------|------------------------|------------------------|------------------------|------------------------|-----------------------|
| 2008                   | 2009                   | 2010                   | 2011                   | 2012                   | 2013                  |
| \$ 2,567,880           | \$ 4,663,233           | \$ 2,608,199           | \$ 3,589,601           | \$ 2,047,480           | \$ 3,186,491          |
| 11,752,711             | 11,363,732             | 11,347,403             | 10,532,263             | 9,482,494              | 8,523,623             |
| 2,680,961              | 6,838,398              | 2,091,368              | 6,745,445              | 4,389,492              | 3,954,013             |
| 12,773,725             | 18,645,627             | 20,675,524             | 10,467,473             | 5,893,093              | 615,851               |
| 2,757,815              | 2,317,752              | 1,920,577              | 2,177,366              | 2,421,643              | 2,390,293             |
| 4,135,345              | 4,260,255              | 4,606,449              | 5,171,018              | 842,156                | -                     |
| <u>36,668,437</u>      | <u>48,088,997</u>      | <u>43,249,520</u>      | <u>38,683,166</u>      | <u>25,076,358</u>      | <u>18,670,271</u>     |
| 6,794,503              | 7,718,048              | 8,354,123              | 7,970,925              | 9,917,049              | 9,259,377             |
| 3,353,177              | 4,396,358              | 5,042,480              | 5,227,807              | 5,309,232              | 4,858,832             |
| 10,147,680             | 12,114,406             | 13,396,603             | 13,198,732             | 15,226,281             | 14,118,209            |
| <u>\$ 46,816,117</u>   | <u>\$ 60,203,403</u>   | <u>\$ 56,646,123</u>   | <u>\$ 51,881,898</u>   | <u>\$ 40,302,639</u>   | <u>\$ 32,788,480</u>  |
| \$ 1,202,890           | \$ 2,297,395           | \$ 1,258,834           | \$ 1,086,315           | \$ 1,256,248           | \$ 2,244,812          |
| 1,331,730              | 1,562,425              | 960,461                | 841,083                | 695,153                | 766,447               |
| 489,548                | 541,643                | 808,465                | 827,845                | 832,620                | 806,158               |
| 583,708                | 501,456                | 346,741                | 466,734                | 511,400                | 597,494               |
| 985,340                | 776,678                | 723,311                | 721,737                | 634,717                | 725,272               |
| 2,716,291              | 2,687,615              | 5,677,361              | 4,118,810              | 3,062,424              | 1,657,693             |
| 3,216,001              | 867,513                | 4,166,378              | 1,527,406              | 83,834                 | 2,504,159             |
| <u>10,525,508</u>      | <u>9,234,725</u>       | <u>13,941,551</u>      | <u>9,589,930</u>       | <u>7,076,396</u>       | <u>9,302,035</u>      |
| 6,945,575              | 7,061,989              | 6,641,183              | 7,418,217              | 9,408,360              | 9,915,098             |
| 2,921,138              | 3,799,801              | 4,210,274              | 4,141,300              | 4,951,539              | 5,466,709             |
| -                      | -                      | -                      | 113,444                | -                      | 28,481                |
| 757,360                | 1,483,544              | 1,824,809              | 732,519                | 902,597                | 1,264,389             |
| <u>10,624,073</u>      | <u>12,345,334</u>      | <u>12,676,266</u>      | <u>12,405,480</u>      | <u>15,262,496</u>      | <u>16,674,677</u>     |
| <u>\$ 21,149,581</u>   | <u>\$ 21,580,059</u>   | <u>\$ 26,617,817</u>   | <u>\$ 21,995,410</u>   | <u>\$ 22,338,892</u>   | <u>\$ 25,976,712</u>  |
| \$ (26,142,929)        | \$ (38,854,272)        | \$ (29,307,969)        | \$ (29,093,236)        | \$ (17,999,962)        | \$ (9,368,236)        |
| 476,393                | 230,928                | (720,337)              | (793,252)              | 36,215                 | 2,556,468             |
| <u>\$ (25,666,536)</u> | <u>\$ (38,623,344)</u> | <u>\$ (30,028,306)</u> | <u>\$ (29,886,488)</u> | <u>\$ (17,963,747)</u> | <u>\$ (6,811,768)</u> |

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

**General Revenues and Other Changes in Net Position**

| Governmental activities:                                     | Fiscal Year          |                       |                      |                      |
|--|----------------------|-----------------------|----------------------|----------------------|
|  | 2004                 | 2005                  | 2006                 | 2007                 |
| Taxes:   |                      |                       |                      |                      |
| Property tax, levied for general purpose                     | \$ 850,889           | \$ 828,597            | \$ 1,239,755         | \$ 3,760,792         |
| Property tax, Redevelopment Agency tax increment, restricted | 8,718,625            | 10,900,008            | 12,748,278           | 14,852,364           |
| Transient occupancy tax                                      | 70,081               | 68,565                | 87,306               | 82,074               |
| Franchise tax  | 757,141              | 855,731               | 903,919              | 1,021,058            |
| Sales tax  | 5,745,624            | 4,230,325             | 4,915,052            | 4,458,665            |
| Sales tax in lieu  | -                    | 1,451,759             | 1,159,702            | 1,753,052            |
| Motor vehicle in lieu tax, unrestricted                      | 1,168,342            | 1,914,670             | 2,053,194            | 147,265              |
| Public service taxes   | 459,308              | 538,106               | 492,305              | 392,975              |
| Gain/(Loss) on sale of capital assets                        | 148,193              | 469,783               | -                    | -                    |
| Other taxes  | 3,842                | 4,293                 | 41,735               | -                    |
| Unrestricted investment earnings                             | 1,452,106            | 1,394,518             | 2,209,818            | 3,458,518            |
| Other  | 1,267,082            | 1,126,623             | 1,272,881            | 1,102,572            |
| Extraordinary Item   | -                    | -                     | -                    | -                    |
| Transfers  | (5,295,307)          | (639,109)             | 290,792              | 289,765              |
| <b>Total governmental activities</b>                         | <b>15,345,926</b>    | <b>23,143,869</b>     | <b>27,414,737</b>    | <b>31,319,100</b>    |
| Business-type activities:                                    |                      |                       |                      |                      |
| Gain/(Loss) on sale of capital assets                        | -                    | -                     | 491,369              | -                    |
| Unrestricted investment earnings                             | 36,887               | 29,091                | 36,910               | 43,886               |
| Other  | 297,393              | 19,245                | -                    | 5,658                |
| Transfers  | 5,295,307            | 639,109               | (290,792)            | (289,765)            |
| <b>Total business-type activities</b>                        | <b>5,629,587</b>     | <b>687,445</b>        | <b>237,487</b>       | <b>(240,221)</b>     |
| <b>Total primary government</b>                              | <b>\$ 20,975,513</b> | <b>\$ 23,831,314</b>  | <b>\$ 27,652,224</b> | <b>\$ 31,078,879</b> |
| <b>Change in Net Position</b>                                |                      |                       |                      |                      |
| Governmental activities                                      | \$ 2,558,906         | \$ (3,504,407)        | \$ 5,010,472         | \$ 8,343,057         |
| Business-type activities                                     | 5,382,623            | (232,685)             | 3,812,545            | 592,144              |
| <b>Total primary government</b>                              | <b>\$ 7,941,529</b>  | <b>\$ (3,737,092)</b> | <b>\$ 8,823,017</b>  | <b>\$ 8,935,201</b>  |

Source: City's financial statements

| Fiscal Year          |                       |                       |                       |                      |                      |
|----------------------|-----------------------|-----------------------|-----------------------|----------------------|----------------------|
| 2008                 | 2009                  | 2010                  | 2011                  | 2012                 | 2013                 |
| \$ 3,891,236         | \$ 3,773,245          | \$ 3,261,322          | \$ 1,206,532          | \$ 1,384,241         | \$ 1,898,467         |
| 16,154,389           | 15,888,548            | 14,921,558            | 14,424,830            | 7,235,391            | -                    |
| 84,812               | 145,043               | 173,293               | 190,226               | 223,674              | 257,277              |
| 1,081,221            | 1,128,130             | 1,037,604             | 1,017,267             | 1,034,701            | 1,021,833            |
| 4,062,531            | 3,079,645             | 2,601,697             | 3,105,215             | 3,515,779            | 3,942,554            |
| 1,333,569            | 1,206,201             | 721,616               | 909,634               | 1,068,683            | 1,157,793            |
| 121,269              | 97,794                | 76,802                | 1,960,284             | 1,970,332            | 1,974,292            |
| 194,507              | 324,347               | 302,379               | 274,355               | 281,232              | 320,569              |
| 476,537              | -                     | -                     | -                     | -                    | -                    |
| -                    | -                     | -                     | 2,457                 | 3,172                | -                    |
| 2,361,965            | 1,563,647             | 609,154               | 372,886               | 186,767              | 22,418               |
| 1,258,696            | 1,816,340             | 846,820               | 808,732               | 299,551              | 219,175              |
| -                    | -                     | -                     | -                     | 50,466,374           | -                    |
| 265,373              | 265,505               | 444,457               | 257,203               | 272,337              | 289,023              |
| <u>31,286,105</u>    | <u>29,288,445</u>     | <u>24,996,702</u>     | <u>24,529,621</u>     | <u>67,942,234</u>    | <u>11,103,401</u>    |
| -                    | -                     | -                     | -                     | -                    | -                    |
| 44,914               | 251,589               | 74,294                | 42,738                | 84,540               | 34,537               |
| 27,427               | 20,481                | -                     | -                     | -                    | -                    |
| <u>(265,373)</u>     | <u>(265,505)</u>      | <u>(444,457)</u>      | <u>(257,203)</u>      | <u>(272,337)</u>     | <u>(289,023)</u>     |
| <u>(193,032)</u>     | <u>6,565</u>          | <u>(370,163)</u>      | <u>(214,465)</u>      | <u>(187,797)</u>     | <u>(254,486)</u>     |
| <u>\$ 31,093,073</u> | <u>\$ 29,295,010</u>  | <u>\$ 24,626,539</u>  | <u>\$ 24,315,156</u>  | <u>\$ 67,754,437</u> | <u>\$ 10,848,915</u> |
| \$ 5,143,176         | \$ (9,565,827)        | \$ (4,311,267)        | \$ (4,563,615)        | \$ 49,942,272        | \$ 1,735,165         |
| 283,361              | 237,493               | (1,090,500)           | (1,007,717)           | (151,582)            | 2,301,982            |
| <u>\$ 5,426,537</u>  | <u>\$ (9,328,334)</u> | <u>\$ (5,401,767)</u> | <u>\$ (5,571,332)</u> | <u>\$ 49,790,690</u> | <u>\$ 4,037,147</u>  |

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

|                                    | Fiscal Year          |                      |                      |                      |                      |
|------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|                                    | 2004                 | 2005                 | 2006                 | 2007                 | 2008                 |
| General Fund                       |                      |                      |                      |                      |                      |
| Reserved                           | \$ -                 | \$ -                 | \$ -                 | \$ -                 | \$ -                 |
| Unreserved                         | 6,208,159            | 7,313,336            | 7,791,835            | 8,431,607            | 7,960,962            |
| Total General Fund                 | <u>\$ 6,208,159</u>  | <u>\$ 7,313,336</u>  | <u>\$ 7,791,835</u>  | <u>\$ 8,431,607</u>  | <u>\$ 7,960,962</u>  |
| All Other Governmental Funds       |                      |                      |                      |                      |                      |
| Reserved                           | \$ 29,431,509        | \$ 14,506,168        | \$ 14,836,751        | \$ 21,050,335        | \$ 25,982,755        |
| Unreserved, reported in:           |                      |                      |                      |                      |                      |
| Special revenue funds              | 3,739,360            | 17,224,928           | 17,873,478           | 12,617,135           | 9,366,361            |
| Capital projects funds             | 43,274,103           | 45,303,565           | 43,403,902           | 41,297,924           | 40,526,118           |
| Debt service funds                 | 2,121,337            | 1,014,496            | 1,175,963            | 803,414              | 1,148,975            |
| Total All Other Governmental Funds | <u>\$ 78,566,309</u> | <u>\$ 78,049,157</u> | <u>\$ 77,290,094</u> | <u>\$ 75,768,808</u> | <u>\$ 77,024,209</u> |
| <b>Post GASB 54</b>                |                      | <u><b>2011</b></u>   | <u><b>2012</b></u>   | <u><b>2013</b></u>   |                      |
| General Fund                       |                      |                      |                      |                      |                      |
| Nonspendable                       |                      | \$ 50,375            | \$ -                 | \$ 5,444             |                      |
| Committed                          |                      | 2,031,765            | 2,723,125            | 3,560,200            |                      |
| Assigned                           |                      | -                    | -                    | 685,279              |                      |
| Unassigned                         |                      | -                    | -                    | 771,477              |                      |
| Total General Fund                 |                      | <u>2,082,140</u>     | <u>2,723,125</u>     | <u>5,022,400</u>     |                      |
| All Other Governmental Funds       |                      |                      |                      |                      |                      |
| Nonspendable                       |                      | 3,750                | 3,750                | 3,750                |                      |
| Restricted for:                    |                      |                      |                      |                      |                      |
| Streets and Highways               |                      | 3,228,623            | 3,564,388            | 3,315,085            |                      |
| Community and Economic Development |                      | 31,741,417           | 48,600               | 79,788               |                      |
| Debt service                       |                      | 7,876,763            | -                    | -                    |                      |
| Committed to:                      |                      |                      |                      |                      |                      |
| Emergencies                        |                      | 678,872              | 487,585              | 378,013              |                      |
| Assigned to:                       |                      |                      |                      |                      |                      |
| General Government                 |                      | 1,266,470            | 1,510,807            | 1,009,477            |                      |
| Public Safety                      |                      | 573,797              | 538,650              | 618,057              |                      |
| Streets and Highways               |                      | 4,867,622            | 3,805,888            | 1,949,488            |                      |
| Culture and Leisure                |                      | 1,096,917            | 937,095              | 663,896              |                      |
| Unassigned                         |                      | <u>(25,056)</u>      | <u>(45,807)</u>      | <u>(33,968)</u>      |                      |
| Total All Other Governmental Funds |                      | <u>51,309,175</u>    | <u>10,850,956</u>    | <u>7,983,586</u>     |                      |
| Total All Governmental Funds       |                      | <u>\$ 53,391,315</u> | <u>\$ 13,574,081</u> | <u>\$ 13,005,986</u> |                      |

**Source:** City's financial statements

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

| <b>Fiscal Year</b>   |                      |
|----------------------|----------------------|
| <b>2009</b>          | <b>2010</b>          |
| \$ -                 | \$ -                 |
| 6,586,317            | 3,382,363            |
| <u>\$ 6,586,317</u>  | <u>\$ 3,382,363</u>  |
| \$ 28,891,668        | \$ 31,524,570        |
| 11,222,427           | 10,138,707           |
| 33,074,129           | 1,599,559            |
| 817,903              | 21,335,624           |
| <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          |                     |                     |                     |
|---|----------------------|---------------------|---------------------|---------------------|
|   | 2004                 | 2005                | 2006                | 2007                |
| <b>Revenues</b>   |                      |                     |                     |                     |
| Taxes   | \$ 17,737,373        | \$ 20,028,396       | \$ 22,896,670       | \$ 27,620,892       |
| Assessments   | 201,162              | 194,978             | 648,033             | 428,045             |
| Licenses and permits                                    | 1,699,483            | 957,262             | 754,346             | 533,440             |
| Fines and forfeitures                                   | 288,053              | 444,622             | 502,036             | 709,921             |
| Development fees  | 2,734,809            | 1,189,177           | 905,912             | 1,166,958           |
| Intergovernmental                                       | 2,142,909            | 3,543,982           | 4,451,260           | 2,923,419           |
| Charges for services                                    | 2,780,610            | 2,481,304           | 2,326,672           | 2,252,724           |
| Use of money and property                               | 1,517,394            | 1,858,310           | 2,886,973           | 4,348,986           |
| Reimbursements  | 63,810               | 78,502              | 6,574               | -                   |
| Contributions from property owners                      | 2,883,760            | 1,258,068           | 461,503             | -                   |
| Gain on sale of land held for resale                    | 16,457               | 469,783             | -                   | 106,723             |
| Other   | 1,919,415            | 1,474,132           | 686,584             | 619,413             |
| Total revenues  | <u>33,985,235</u>    | <u>33,978,516</u>   | <u>36,526,563</u>   | <u>40,710,521</u>   |
| <b>Expenditures</b>                                     |                      |                     |                     |                     |
| Current:  |                      |                     |                     |                     |
| General government                                      | 1,848,398            | 2,505,763           | 2,406,997           | 2,327,377           |
| Public safety   | 8,163,974            | 8,933,781           | 9,869,667           | 10,825,459          |
| Public works  | 4,068,334            | 2,291,359           | 1,079,977           | 1,464,876           |
| Community development                                   | 2,451,938            | 9,304,391           | 3,447,292           | 5,096,755           |
| Culture and leisure                                     | 1,915,561            | 2,054,588           | 2,190,517           | 2,195,327           |
| Pass through payments                                   | 2,547,511            | 3,501,777           | 5,405,502           | 5,965,252           |
| ERAF payment  | 363,557              | 716,633             | 665,577             | -                   |
| Capital outlay  | 16,518,304           | 5,669,830           | 5,343,724           | 7,694,237           |
| Debt service:   |                      |                     |                     |                     |
| Principal   | 2,136,051            | 2,015,973           | 2,382,999           | 2,286,811           |
| Interest  | 4,758,761            | 4,286,532           | 4,202,649           | 4,227,387           |
| Advance refunding escrow                                | -                    | -                   | 1,448,228           | -                   |
| Bond issuance costs                                     | -                    | 544,466             | 627,555             | -                   |
| Total expenditures                                      | <u>44,772,389</u>    | <u>41,280,627</u>   | <u>39,070,684</u>   | <u>42,083,481</u>   |
| Excess(deficiency) of revenues over(under) expenditures | (10,787,154)         | (7,302,111)         | (2,544,121)         | (1,372,960)         |
| <b>Other Financing Sources (Uses)</b>                   |                      |                     |                     |                     |
| Proceeds from the sale of property                      | 138,757              | -                   | -                   | 300,659             |
| Transfers in  | 10,194,123           | 2,398,992           | 5,881,144           | 7,363,720           |
| Transfers out   | (9,776,083)          | (1,718,281)         | (5,742,106)         | (7,172,933)         |
| Bond/loan proceeds                                      | 22,086,049           | 7,912,213           | 2,117,651           | -                   |
| Capital leases  | -                    | -                   | 6,868               | -                   |
| Payment to refunded bond escrow                         | -                    | -                   | -                   | -                   |
| Other   | -                    | -                   | -                   | -                   |
| Total other financing sources (uses)                    | <u>22,642,846</u>    | <u>8,592,924</u>    | <u>2,263,557</u>    | <u>491,446</u>      |
| <b>Special Item</b>                                     |                      |                     |                     |                     |
| Sale of park land                                       | -                    | 5,500,000           | -                   | -                   |
| <b>Extraordinary Item</b>                               |                      |                     |                     |                     |
| Loss on Redevelopment                                   | -                    | -                   | -                   | -                   |
| Agency Dissolution                                      | -                    | -                   | -                   | -                   |
| Net change in fund balances                             | <u>\$ 11,855,692</u> | <u>\$ 6,790,813</u> | <u>\$ (280,564)</u> | <u>\$ (881,514)</u> |
| Debt service as a percentage of noncapital expenditures |                      |                     |                     |                     |
|   | 24.40%               | 17.70%              | 19.53%              | 18.94%              |

Source: City's Financial Statements

| Fiscal Year       |                       |                        |                        |                        |                     |
|-------------------|-----------------------|------------------------|------------------------|------------------------|---------------------|
| 2008              | 2009                  | 2010                   | 2011                   | 2012                   | 2013                |
| \$ 27,970,964     | \$ 26,508,928         | \$ 23,745,417          | \$ 23,956,185          | \$ 17,200,037          | \$ 11,174,643       |
| 412,101           | 472,580               | 715,343                | 735,159                | 752,370                | 738,771             |
| 452,002           | 366,686               | 305,400                | 347,242                | 505,630                | 528,236             |
| 753,353           | 771,840               | 752,125                | 331,897                | 410,926                | 363,652             |
| 527,656           | 315,694               | 76,448                 | 20,675                 | 20,500                 | 158,983             |
| 4,772,323         | 3,018,500             | 6,924,847              | 5,395,191              | 2,651,672              | 3,590,364           |
| 2,317,287         | 2,451,917             | 1,718,494              | 1,777,039              | 1,520,149              | 1,620,822           |
| 2,976,772         | 1,903,673             | 761,464                | 448,674                | 469,871                | 554,081             |
| -                 | -                     | 2,438                  | 58,115                 | 101,061                | 79,114              |
| -                 | -                     | -                      | -                      | 5,122                  | -                   |
| -                 | -                     | -                      | -                      | -                      | -                   |
| 870,910           | 889,349               | 1,100,424              | 754,977                | 632,339                | 1,300,567           |
| <u>41,053,368</u> | <u>36,699,167</u>     | <u>36,102,400</u>      | <u>33,825,154</u>      | <u>24,269,677</u>      | <u>20,109,233</u>   |
| 2,394,908         | 3,907,426             | 3,722,351              | 2,962,270              | 3,258,192              | 3,442,691           |
| 11,544,491        | 11,701,361            | 11,161,258             | 9,937,526              | 9,225,606              | 8,389,746           |
| 1,230,672         | 5,237,689             | 3,275,869              | 6,730,303              | 3,475,972              | 6,244,862           |
| 5,617,017         | 14,770,016            | 7,077,701              | 9,456,808              | 1,754,664              | 582,154             |
| 2,386,547         | 2,062,853             | 4,418,987              | 2,776,861              | 1,987,381              | 2,107,965           |
| 7,000,593         | 7,147,710             | 8,132,776              | 8,413,267              | 3,929,764              | -                   |
| -                 | -                     | 4,904,827              | 1,009,817              | -                      | -                   |
| 5,322,329         | 1,283,183             | -                      | -                      | -                      | -                   |
| 2,355,246         | 2,376,569             | 2,555,000              | 1,945,000              | -                      | -                   |
| 4,146,410         | 4,048,679             | 4,599,700              | 4,857,722              | 2,526,471              | -                   |
| -                 | -                     | 1,583,999              | -                      | -                      | -                   |
| -                 | 425,240               | 509,660                | -                      | -                      | -                   |
| <u>41,998,213</u> | <u>52,960,726</u>     | <u>51,942,128</u>      | <u>48,089,574</u>      | <u>26,158,050</u>      | <u>20,767,418</u>   |
| (944,845)         | (16,261,559)          | (15,839,728)           | (14,264,420)           | (1,888,373)            | (658,185)           |
| 978,948           | -                     | -                      | -                      | -                      | -                   |
| 6,441,043         | 10,307,179            | 9,964,964              | 7,869,352              | 4,085,718              | 854,830             |
| (6,150,670)       | (10,466,674)          | (10,691,561)           | (8,194,440)            | (3,626,669)            | (764,740)           |
| -                 | 12,200,000            | 24,500,000             | -                      | -                      | -                   |
| -                 | -                     | -                      | -                      | -                      | -                   |
| -                 | -                     | (20,156,216)           | -                      | -                      | -                   |
| -                 | (171,672)             | (389,080)              | -                      | -                      | -                   |
| <u>1,269,321</u>  | <u>11,868,833</u>     | <u>3,228,107</u>       | <u>(325,088)</u>       | <u>459,049</u>         | <u>90,090</u>       |
| -                 | -                     | -                      | -                      | -                      | -                   |
| -                 | -                     | -                      | -                      | (38,387,912)           | -                   |
| <u>\$ 324,476</u> | <u>\$ (4,392,726)</u> | <u>\$ (12,611,621)</u> | <u>\$ (14,589,508)</u> | <u>\$ (39,817,236)</u> | <u>\$ (568,095)</u> |
| 17.73%            | 13.47%                | 15.39%                 | 17.70%                 | 11.07%                 | N/A                 |

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

| <u>Fiscal Year<br/>Ended June 30,</u> | <u>Secured<br/>Property</u> | <u>Unsecured<br/>Property</u> | <u>Total Taxable<br/>Assessed<br/>Value</u> | <u>Total Direct<br/>Tax rate</u> |
|---------------------------------------|-----------------------------|-------------------------------|---|----------------------------------|
| 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                                  | 2,454,215                   | 75,188                        | 2,529,403                                   | 1.00000%                         |
| 2012                                  | 2,450,112                   | 94,059                        | 2,544,171                                   | 1.00000%                         |
| 2013                                  | 2,461,226                   | 69,942                        | 2,531,168                                   | 1.00000%                         |

The Total Estimated Actual Value of Taxable Property for Fiscal Year 2013 was \$2,531,168.

**Source:** California Municipal Statistics

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

| <b>Fiscal Year</b> | <b>City Direct Rates</b> |                     | <b>Overlapping Rates</b>                    |                             |
|--------------------|--------------------------|---------------------|---|-----------------------------|
|                    | <b>Basic Rate</b>        | <b>Total Direct</b> | <b>Corona/Norco Unified School District</b> | <b>Metro Water District</b> |
| 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%                    |
| 2012               | 1.00000%                 | 1.00000%            | 0.06614%                                    | 0.00370%                    |
| 2013               | 1.00000%                 | 1.00000%            | 0.06543%                                    | 0.00350%                    |

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

|                                  | <b>2013</b>                           |             |  |
|----------------------------------|---------------------------------------|-------------|--|
|                                  | <b>Taxable<br/>Assessed<br/>Value</b> | <b>Rank</b> | <b>Percentage<br/>of Total City<br/>Taxable<br/>Assessed<br/>Value</b> |
| Norco Corona Association         | 16,388,623                            | 1           | 0.63%  |
| Dayton Hudson Corp               | 14,752,239                            | 2           | 0.57%  |
| Yihua International Inv          | 14,557,976                            | 3           | 0.56%  |
| H/H Properties                   | 13,634,087                            | 4           | 0.53%  |
| Grayburn Prop Inc.               | 11,511,544                            | 5           | 0.45%  |
| CACERF Norco                     | 11,292,543                            | 6           | 0.44%  |
| Dennis D Jacobsen Family Holding | 9,610,960                             | 7           | 0.37%  |
| ASP Realty Inc                   | 9,430,774                             | 8           | 0.37%  |
| 140 Hidden Valley Parkway        | 8,815,000                             | 9           | 0.34%  |
| Rexco Norco                      | 8,443,466                             | 10          | 0.33%  |
| Norco Ridge Ranch                | -                                     | -           | -  |
| Frahm Dodge, Inc.                | -                                     | -           | -  |
| Wells Fargo Bank (Home Base)     | -                                     | -           | -  |
| American Stores Prop. Inc.       | -                                     | -           | -  |
| Norco Ranch, Inc.                | -                                     | -           | -  |
| Robert E. Hemborg Trust          | -                                     | -           | -  |
| Car Spa Norco                    | -                                     | -           | -  |
|                                  | <u>\$ 118,437,212</u>                 |             | <u>4.58%</u>   |

**Source:** Riverside County Assessor's Office

| <b>2004</b>                   |             |  |
|-------------------------------|-------------|--|
| <b>Taxable Assessed Value</b> | <b>Rank</b> | <b>Percentage of Total City Taxable Assessed Value</b> |
| 16,494,051                    | 2           | 1.03%  |
| 11,972,622                    | 3           | 0.75%  |
| -                             |             | 0.00%  |
| 9,808,506                     | 5           | 0.61%  |
| -                             |             | 0.00%  |
| -                             |             | 0.00%  |
| -                             |             | 0.00%  |
| -                             |             | 0.00%  |
| -                             |             | 0.00%  |
| -                             |             | 0.00%  |
| 28,254,688                    | 1           | 1.76%  |
| 10,276,791                    | 4           | 0.64%  |
| 9,429,888                     | 6           | 0.59%  |
| 8,178,728                     | 7           | 0.51%  |
| 7,953,634                     | 8           | 0.50%  |
| 6,462,983                     | 9           | 0.40%  |
| 6,223,996                     | 10          | 0.39%  |
| <u>\$ 115,055,887</u>         |             | <u>7.19%</u>   |

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

| Fiscal Year<br>Ended June 30, | Taxes Levied<br>for the<br>Fiscal Year | Collected within the<br>Fiscal Year of the Levy |                       | Collections in<br>Subsequent<br>Years | Total Collections to Date |                       |
|-------------------------------|--|---|-----------------------|---------------------------------------|---------------------------|-----------------------|
|                               |  | Amount  | Percentage<br>of Levy |                                       | Amount                    | Percentage<br>of Levy |
| 2004                          | 788,186                                | 759,394   | 96.3%                 | 35,182                                | 794,576                   | 100.8%                |
| 2005                          | 908,576                                | 745,459   | 82.0%                 | 32,947                                | 778,406                   | 85.7%                 |
| 2006                          | 1,148,464                              | 1,142,877                                       | 99.5%                 | 35,789                                | 1,178,666                 | 102.6%                |
| 2007                          | 1,349,303                              | 1,586,866                                       | 117.6%                | 53,828                                | 1,640,694                 | 121.6%                |
| 2008                          | 1,409,820                              | 1,470,638                                       | 104.3%                | 105,708                               | 1,576,346                 | 111.8%                |
| 2009                          | 1,419,800                              | 1,269,820                                       | 89.4%                 | 170,270                               | 1,440,090                 | 101.4%                |
| 2010                          | 1,153,651                              | 1,123,852                                       | 97.4%                 | 137,694                               | 1,261,546                 | 109.4%                |
| 2011                          | 1,133,435                              | 1,041,181                                       | 91.9%                 | 99,532                                | 1,140,713                 | 100.6%                |
| 2012                          | 1,124,323                              | 1,038,464                                       | 92.4%                 | 84,256                                | 1,122,720                 | 99.9%                 |
| 2013                          | 1,138,081                              | 1,084,155                                       | 95.3%                 | 73,428                                | 1,157,583                 | 101.7%                |

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

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

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

| <b>Fiscal<br/>Year</b> | <b>Governmental Activities</b> |                           |   |                                  |
|------------------------|--------------------------------|---------------------------|---|----------------------------------|
|                        | <b>RDA<br/>Bonds</b>           | <b>Capital<br/>Leases</b> | <b>Special<br/>Assessment<br/>Bonds</b> | <b>Term<br/>Loan<br/>Payable</b> |
| 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                                  | -                                |
| 2012                   | -                              | 30                        | 45,190                                  | -                                |
| 2013                   | -                              | 20                        | 44,260                                  | -                                |

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

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

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

continued

| <b>Business-Type Activities</b> |                           |                                  | <b>Total<br/>Primary<br/>Government</b> | <b>Percentage<br/>of Personal<br/>Capita</b> | <b>Percentage<br/>of Assessed<br/>Valuation</b> | <b>Per<br/>Capita<sup>1</sup></b> |
|---------------------------------|---------------------------|----------------------------------|---|--|---|-----------------------------------|
| <b>Bonds</b>                    | <b>Capital<br/>Leases</b> | <b>Term<br/>Loan<br/>Payable</b> |   |  |   |                                   |
| -                               | 15,039                    | 1,023                            | 146,116                                 | 23%  | 9.12%   | 5,730                             |
| -                               | 14,723                    | 963                              | 150,955                                 | 23%  | 8.07%   | 5,654                             |
| -                               | 14,389                    | 901                              | 155,180                                 | 31%  | 6.98%   | 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                                 | 29%  | 7.07%   | 6,673                             |
| 37,825                          | 921                       | 545                              | 178,790                                 | **   | 7.07%   | 6,607                             |
| 37,825                          | 803                       | 545                              | 84,393                                  | **   | 3.32%   | 3,120                             |
| 36,560                          | 676                       | 379                              | 81,895                                  | **   | 3.24%   | 3,026                             |

**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 <sup>(2)</sup> |
|-------------|--|-----------|-------|----------------------|-------------------------|--|---------------------------|
|             | General Obligation Bonds               | RDA Bonds | Total |                      |                         |  |                           |
| 2004        | -                                      | -         | -     | -                    | -                       | 0.00%  | -                         |
| 2005        | -                                      | -         | -     | -                    | -                       | 0.00%  | -                         |
| 2006        | -                                      | -         | -     | -                    | -                       | 0.00%  | -                         |
| 2007        | -                                      | -         | -     | -                    | -                       | 0.00%  | -                         |
| 2008        | -                                      | -         | -     | -                    | -                       | 0.00%  | -                         |
| 2009        | -                                      | -         | -     | -                    | -                       | 0.00%  | -                         |
| 2010        | -                                      | -         | -     | -                    | -                       | 0.00%  | -                         |
| 2011        | -                                      | -         | -     | -                    | -                       | 0.00%  | -                         |
| 2012        | -                                      | -         | -     | -                    | -                       | 0.00%  | -                         |
| 2013        | -                                      | -         | -     | -                    | -                       | 0.00%  | -                         |

**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)

|   | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> |
|---|-------------|-------------|-------------|-------------|
| Debt limit  | \$ 240,195  | \$ 280,531  | \$ 340,958  | \$ 396,285  |
| Total net debt applicable to limit <sup>(1)</sup>                       | -           | -           | -           | -           |
| Legal debt margin   | \$ 240,195  | \$ 280,531  | \$ 340,958  | \$ 396,285  |
| Total net debt applicable to the limit<br>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   | \$2,531,168       |
| Debt limit (15% of assessed value)                                 | 379,675           |
| Debt applicable to limit:  |                   |
| General obligation bonds   | -                 |
| Less: Amount set aside for<br>repayment of general obligation debt | -                 |
| Total net debt applicable to limit                                 | -                 |
| Legal debt margin  | <u>\$ 379,675</u> |

| <b>Fiscal Year</b> |                   |                   |                   |                   |                   |
|--------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| <u>2008</u>        | <u>2009</u>       | <u>2010</u>       | <u>2011</u>       | <u>2012</u>       | <u>2013</u>       |
| \$ 436,571         | \$ 436,571        | \$ 387,518        | \$ 379,410        | \$ 381,626        | \$ 379,675        |
| -                  | -                 | -                 | -                 | -                 | -                 |
| <u>\$ 436,571</u>  | <u>\$ 436,571</u> | <u>\$ 387,518</u> | <u>\$ 379,410</u> | <u>\$ 381,626</u> | <u>\$ 379,675</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     |   |                       |              |          |          |
|-------------|-------------------------|---|-----------------------|--------------|----------|----------|
|             | Utility Service Charges | Less: Operating Expenses <sup>(1)</sup> | Net Available Revenue | Debt Service |          | Coverage |
|             |                         |   |                       | Principal    | Interest |          |
| 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     |
| 2012        | 14,360                  | 11,239                                  | 3,121                 | 620          | 1,996    | 1.19     |
| 2013        | 15,444                  | 10,093                                  | 5,351                 | 645          | 1,971    | 2.05     |

**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.

*Fiscal Year 2012 data through 1/31/12 as Redevelopment Agency was dissolved effective 2/1/12.*

| <b>Special Assessment Bonds<sup>(2)</sup></b> |                     |                 |                 | <b>Successor Agency (former RDA) Bonds<sup>(3)</sup></b> |                     |                 |                 |
|---|---------------------|-----------------|-----------------|--|---------------------|-----------------|-----------------|
| <b>Special Assessment Collections</b>         | <b>Debt Service</b> |                 | <b>Coverage</b> | <b>Property Tax Increment</b>                            | <b>Debt Service</b> |                 | <b>Coverage</b> |
|   | <b>Principal</b>    | <b>Interest</b> |                 |  | <b>Principal</b>    | <b>Interest</b> |                 |
| 3,934   | 585                 | 2,904           | 1.13            | 8,718  | 1,740               | 3,820           | 1.57            |
| 3,775   | 585                 | 3,050           | 1.04            | 10,671   | 1,825               | 4,146           | 1.79            |
| 3,702   | 600                 | 2,924           | 1.05            | 12,587   | 2,185               | 4,088           | 2.01            |
| 3,429   | 1,325               | 1,968           | 1.04            | 14,605   | 2,075               | 4,178           | 2.34            |
| 3,691   | 1,010               | 2,362           | 1.09            | 15,838   | 2,135               | 4,112           | 2.54            |
| 4,201   | 1,220               | 2,314           | 1.19            | 15,497   | 2,205               | 4,032           | 2.48            |
| 3,858   | 1,180               | 2,261           | 1.12            | 14,624   | 2,555               | 4,600           | 2.04            |
| 3,422   | 1,095               | 2,209           | 1.04            | 14,128   | 1,945               | 4,858           | 2.08            |
| 3,314   | 855                 | 2,166           | 1.10            | 7,084  | 2,150               | 2,526           | 1.51            |
| 3,217   | 930                 | 2,131           | 1.05            | 7,592  | 2,240               | 4,927           | 1.06            |

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

| <b>Year</b> | <b>Estimated<br/>Population<sup>(1)</sup></b> | <b>Personal<br/>Income<br/>(in thousands)<sup>(2)</sup></b> | <b>Per Capita<br/>Personal<br/>Income<sup>(3)</sup></b> | <b>School<br/>Enrollment<sup>(4)</sup></b> | <b>Unemployment<br/>Rate<sup>(5)</sup></b> |
|-------------|---|---|---|--|--|
| 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  | 629,000   | 80,358  | 53,445                                     | 12.5                                       |
| 2011        | 27,060  | 648,000   | 79,279  | 53,101                                     | 12.0                                       |
| 2012        | 27,053  | **  | **  | 53,424                                     | 10.3                                       |
| 2013        | 27,063  | **  | **  | 53,522                                     | 8.8  |

**Sources:**

(1) State Department of Finance, Demographic Research Unit

(2) Estimated based on "Per Capita Personal Income".

(3) U.S. Department of Commerce, Bureau of Economic Analysis for Riverside County

(4) Data is for total Corona-Norco Unified School District enrollment; source is California State Department of Education

(5) State Employment Development Department, Labor Market Information Division.

\*\* data not available

**City of Norco  
Principal Employers  
Current Year and Nine Years Ago**

| <u>Employer</u>                      | <b>2013</b>      |             |  |
|--------------------------------------|------------------|-------------|--|
|                                      | <u>Employees</u> | <u>Rank</u> | <u>Percentage<br/>of Total City<br/>Employment<sup>(1)</sup></u> |
| Corona-Norco Unified School District | 4,199            | 1           | 30.65%   |
| Naval Surface Warfare Center         | 1,300            | 2           | 9.49%  |
| California Rehabilitation Center     | 1,156            | 3           | 8.44%  |
| Riverside Community College          | 377              | 4           | 2.75%  |
| Target Stores                        | 187              | 5           | 1.36%  |
| Quick Crete Products Corp            | 157              | 6           | 1.15%  |
| International E-Z Up, Inc.           | 110              | 7           | 0.80%  |
| Computer Science Corp (DynCorp)      | 93               | 8           | 0.68%  |
| Hemborg Ford, Inc.                   | 93               | 9           | 0.68%  |
| Avid Identification Systems, Inc.    | 85               | 10          | 0.62%  |
| HCI, Inc.                            | -                |             | 0.00%  |
| Norco Ranch                          | -                |             | 0.00%  |
| SeGi                                 | -                |             | 0.00%  |
| City of Norco                        | -                |             | 0.00%  |
| Total:                               | <u>7,757</u>     |             | <u>56.62%</u>  |

| <u>Employer</u>                      | <b>2004</b>      |             |  |
|--------------------------------------|------------------|-------------|--|
|                                      | <u>Employees</u> | <u>Rank</u> | <u>Percentage<br/>of Total City<br/>Employment<sup>(1)</sup></u> |
| Corona-Norco Unified School District | 5,215            | 1           | 35.00%   |
| Naval Surface Warfare Center         | 1,010            | 3           | 6.78%  |
| California Rehabilitation Center     | 1,146            | 2           | 7.69%  |
| Riverside Community College          | 130              | 9           | 0.87%  |
| Target Stores                        | 210              | 7           | 1.41%  |
| Quick Crete Products Corp            |                  |             |  |
| International E-Z Up, Inc.           |                  |             |  |
| Computer Science Corp (DynCorp)      | 325              | 5           | 2.18%  |
| Hemborg Ford, Inc.                   |                  |             |  |
| Avid Identification Systems, Inc.    |                  |             |  |
| HCI, Inc.                            | 600              | 4           | 4.03%  |
| Norco Ranch                          | 250              | 6           | 1.68%  |
| SeGi                                 | 150              | 8           | 1.01%  |
| City of Norco                        | 107              | 10          | 0.72%  |
| Total:                               | <u>9,143</u>     |             | <u>61.36%</u>  |

**Source:** City's Economic Development Department

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

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

| <u>Function/Program</u> | <u>Full-time Equivalent Employees as of June 30,</u> |             |             |             |
|-------------------------|--|-------------|-------------|-------------|
|                         | <u>2004</u>  | <u>2005</u> | <u>2006</u> | <u>2007</u> |
| General government      |  |             |             |             |
| Administration          | 2  | 3           | 3           | 2           |
| City Clerk              | 3  | 3           | 3           | 3           |
| Fiscal & Support Svcs.  | 16   | 15          | 15          | 15          |
| Other                   | 3  | -           | -           | -           |
| Public Safety           |  |             |             |             |
| Police (Civilian)       | 1  | 1           | 1           | 1           |
| Fire                    | 28   | 29          | 30          | 30          |
| Code Enforcement        | 1  | 1           | 1           | 1           |
| Animal Control          | 5  | 5           | 5           | 6           |
| Public Works            |  |             |             |             |
| Maintenance             | 16   | 15          | 17          | 18          |
| Culture and leisure     |  |             |             |             |
| Parks & Recreation      | 12   | 12          | 13          | 13          |
| Community development   |  |             |             |             |
| Planning                | 5  | 4           | 4           | 5           |
| Engineering             | 5  | 5           | 2           | 1           |
| Building                | 7  | 7           | 9           | 8           |
| Economic development    | 3  | 1           | 1           | 1           |
| Total                   | <u>107</u>   | <u>101</u>  | <u>104</u>  | <u>104</u>  |

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

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

| <b>2008</b> | <b>2009</b> | <b>2010</b> | <b>2011</b> | <b>2012</b> | <b>2013</b> |
|-------------|-------------|-------------|-------------|-------------|-------------|
| 2           | 1           | 1           | 1           | 1           | 1           |
| 3           | 3           | 3           | 2           | 2           | 2           |
| 15          | 13          | 13          | 13          | 13          | 12          |
| -           | -           | -           | -           | -           | -           |
| 1           | 1           | 1           | 1           | 1           | 1           |
| 30          | 28          | 23          | 20          | -           | -           |
| 1           | -           | -           | -           | 1           | -           |
| 6           | 6           | 6           | 4           | 4           | 4           |
| 18          | 17          | 15          | 16          | 14          | 15          |
| 11          | 9           | 9           | 7           | 7           | 7           |
| 5           | 3           | 3           | 2           | 2           | 2           |
| 1           | 1           | 1           | 1           | 1           | 1           |
| 8           | 5           | 3           | 2           | 2           | 2           |
| 1           | 3           | 3           | 1           | -           | -           |
| <u>102</u>  | <u>90</u>   | <u>81</u>   | <u>70</u>   | <u>48</u>   | <u>47</u>   |

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

| <u>Function/Program</u>                                      | <u>Fiscal Year</u> |             |             |             |
|--|--------------------|-------------|-------------|-------------|
|  | <u>2004</u>        | <u>2005</u> | <u>2006</u> | <u>2007</u> |
| <b>Police</b>  |                    |             |             |             |
| UCR Crime index total  | 1,023              | 1,095       | 1,171       | 1,014       |
| Traffic collisions   | 527                | 487         | 553         | 588         |
| Traffic violations   | 4,986              | 5,535       | 3,591       | 7,046       |
| <b>Fire</b>  |                    |             |             |             |
| Total number of responses                                    | 1,955              | 1,869       | 1,958       | 1,987       |
| Fires extinguished   | 139                | 118         | 95          | 115         |
| <b>Water</b>   |                    |             |             |             |
| Number of service connections                                | 7,085              | 7,174       | 7,500       | 7,590       |
| Average daily consumption (in mil. of gallons)               | 8                  | 8           | 8           | 9           |
| Max. daily (groundwater wells) capacity (in mil. of gallons) | 9                  | 9           | 9           | 9           |
| Max. daily import capacity (in mil. of gallons)              | 12                 | 12          | 12          | 12          |
| Storage capacity (in mil. of gallons)                        | 10                 | 10          | 10          | 10          |
| <b>Sewer</b>   |                    |             |             |             |
| Number of sewer connections                                  | 6,871              | 6,921       | 6,971       | 7,021       |
| Average daily treatment (in mil. of gallons)                 | 2                  | 2           | 2           | 2           |
| Max.daily capacity of treatment plans (in mil. of gallons)   | 2                  | 2           | 2           | 2           |

**Source:** Various City's departments

| Fiscal Year |       |       |       |           |       |
|-------------|-------|-------|-------|-----------|-------|
| 2008        | 2009  | 2010  | 2011  | 2012      | 2013  |
| 1,040       | 824   | 743   | 714   | 684       | 659   |
| 405         | 327   | 269   | 337   | 230       | 480   |
| 9,278       | 7,339 | 7,246 | 4,585 | 1,092     | 729   |
| 2,002       | 1,846 | 2,134 | 2,105 | 1,996 (1) | 2,562 |
| 96          | 105   | 89    | 82    | 60 (2)    | 212   |
| 7,628       | 7,645 | 7,653 | 7,669 | 7,566     | 7,471 |
| 9           | 9     | 9     | 8     | 8         | 8     |
| 9           | 9     | 9     | 8     | 8         | 8     |
| 12          | 12    | 12    | 12    | 12        | 12    |
| 10          | 12    | 12    | 12    | 11        | 11    |
| 7,071       | 7,121 | 7,171 | 7,221 | 7,271     | 7,321 |
| 2           | 2     | 2     | 2     | 2         | 2     |
| 2           | 2     | 2     | 2     | 2         | 2     |

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

| <u>Function/Program</u>     | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> |
|-----------------------------|-------------|-------------|-------------|-------------|
| Public safety               |             |             |             |             |
| Fire stations               | 2           | 2           | 2           | 2           |
| Culture and leisure         |             |             |             |             |
| Parks                       | 14          | 14          | 15          | 15          |
| Park Acreage                | 552.0       | 552.0       | 167.3       | 167.5       |
| Open Space Acreage          | 451.0       | 451.0       | 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

| <b>2008</b> | <b>2009</b> | <b>2010</b> | <b>2011</b> | <b>2012</b> | <b>2013</b> |
|-------------|-------------|-------------|-------------|-------------|-------------|
| 2           | 2           | 2           | 2           | 2           | 2           |
| 15          | 15          | 15          | 15          | 15          | 15          |
| 167.5       | 167.5       | 167.5       | 167.5       | 167.5       | 167.5       |
| 835.3       | 835.3       | 835.3       | 835.3       | 835.3       | 835.3       |
| 1           | 1           | 1           | 1           | 1           | 1           |
| -           | -           | -           | -           | -           | -           |
| 1           | 1           | 1           | 1           | 1           | 1           |
| 1           | 1           | 1           | 1           | 1           | 1           |
| 9           | 9           | 9           | 9           | 9           | 9           |
| 100.8       | 100.8       | 100.8       | 101.5       | 102.1       | 102.1       |
| 1,282       | 1,282       | 1,282       | 1,282       | 1,282       | 1,282       |
| 91.3        | 91.3        | 91.3        | 91.3        | 91.7        | 91.7        |
| 1           | 1           | 1           | 1           | 1           | 1           |