



**CITY OF
NORCO**
CALIFORNIA

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**



FISCAL YEAR 2021-2022

CITY OF NORCO, CALIFORNIA
ANNUAL COMPREHENSIVE FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2022



CPAs | CONSULTANTS | WEALTH ADVISORS

[CLAconnect.com](https://www.CLAconnect.com)

THIS PAGE INTENTIONALLY LEFT BLANK

**CITY OF NORCO, CALIFORNIA
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2022**

INTRODUCTORY SECTION

LETTER OF TRANSMITTAL	I
ORGANIZATION CHART	IX
DIRECTORY OF CITY OFFICIALS	X
GFOA CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING	XII

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT	1
MANAGEMENTS' DISCUSSION AND ANALYSIS	7

FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

STATEMENT OF NET POSITION	23
STATEMENT OF ACTIVITIES	24

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

BALANCE SHEET	29
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION	30
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES	31
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	32

PROPRIETARY FUNDS

STATEMENT OF NET POSITION	33
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION	35
STATEMENT OF CASH FLOWS	36

**CITY OF NORCO, CALIFORNIA
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2022**

FIDUCIARY FUNDS	
STATEMENT OF FIDUCIARY NET POSITION	38
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION	39
NOTES TO FINANCIAL STATEMENTS	43
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	91
SCHEDULE OF CONTRIBUTIONS – DEFINED BENEFIT PENSION PLANS	93
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS	95
SCHEDULE OF CONTRIBUTIONS – OPEB PLAN	96
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND	97
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION	98
INDIVIDUAL FUND SCHEDULES AND COMBINING FINANCIAL STATEMENTS	
COMBINING NONMAJOR GOVERNMENTAL FUNDS	
NONMAJOR GOVERNMENTAL FUND DESCRIPTIONS	103
COMBINING BALANCE SHEET	106
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES	112
NONMAJOR SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	119
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	
MISCELLANEOUS GRANTS SPECIAL REVENUE FUND	120
COMMUNITY DEVELOPMENT BLOCK GRANT SPECIAL REVENUE FUND	121
GAS TAX SPECIAL REVENUE FUND	122

**CITY OF NORCO, CALIFORNIA
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2022**

SB1 ROAD MAINTENANCE REHABILITATION SPECIAL REVENUE FUND	123
MEASURE A SPECIAL REVENUE FUND	124
NPDES SPECIAL REVENUE FUND	125
AIR QUALITY IMPROVEMENT TRUST SPECIAL REVENUE FUND	126
SUPPLEMENTAL LAW ENFORCEMENT BLOCK GRANT SPECIAL REVENUE FUND	127
LANDSCAPE MAINTENANCE DISTRICT #1 SPECIAL REVENUE FUND	128
LANDSCAPE MAINTENANCE DISTRICT #2 SPECIAL REVENUE FUND	129
LANDSCAPE MAINTENANCE DISTRICT #3 SPECIAL REVENUE FUND	130
LANDSCAPE MAINTENANCE DISTRICT #4 SPECIAL REVENUE FUND	131
LANDSCAPE MAINTENANCE DISTRICT #5 SPECIAL REVENUE FUND	132
STORM DRAIN CAPITAL PROJECTS FUND	133
GENERAL GOVERNMENT IMPROVEMENT CAPITAL PROJECTS FUND	134
FIRE IMPROVEMENT CAPITAL PROJECTS FUND	135
TRAILS IMPROVEMENT CAPITAL PROJECTS FUND	136
PARK IMPROVEMENT CAPITAL PROJECTS FUND	137
PUBLIC MEETING CAPITAL PROJECTS FUND	138
STREET IMPROVEMENT CAPITAL PROJECTS FUND	139
AQUATICS CENTER CAPITAL PROJECTS FUND	140
ANIMAL CONTROL CAPITAL PROJECTS FUND	141
INTERNAL SERVICE FUNDS	
INTERNAL SERVICE FUNDS DESCRIPTIONS	145

**CITY OF NORCO, CALIFORNIA
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2022**

COMBINING STATEMENT OF NET POSITION	146
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION	147
COMBINING STATEMENT OF CASH FLOWS	148
FIDUCIARY FUNDS	
CUSTODIAL FUNDS DESCRIPTIONS	151
COMBINING STATEMENT OF FIDUCIARY NET POSITION	152
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION	154
STATISTICAL SECTION (NOT COVERED BY INDEPENDENT AUDITORS' REPORT)	
CONTENTS	159
NET POSITION BY COMPONENT	160
CHANGES IN NET POSITION	162
FUND BALANCES GOVERNMENTAL FUNDS	166
CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS	168
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY	170
DIRECT AND OVERLAPPING PROPERTY TAX RATES	171
PRINCIPAL PROPERTY TAX PAYERS	172
PROPERTY TAX LEVIES AND COLLECTIONS	173
RATIOS OF OUTSTANDING DEBT BY TYPE	174
RATIOS OF GENERAL BONDED DEBT OUTSTANDING	176
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT	177
LEGAL DEBT MARGIN INFORMATION	178
PLEDGED-REVENUE COVERAGE	180
DEMOGRAPHIC AND ECONOMIC STATISTICS	182
PRINCIPAL EMPLOYERS	183

**CITY OF NORCO, CALIFORNIA
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2022**

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM	184
OPERATING INDICATORS BY FUNCTION/PROGRAM	186
CAPITAL ASSETS BY FUNCTION/PROGRAM	188

THIS PAGE INTENTIONALLY LEFT BLANK



INTRODUCTORY SECTION

THIS PAGE INTENTIONALLY LEFT BLANK



CITY OF NORCO

HORSETOWN USA

December 19, 2022

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

In accordance with the City's Municipal Code, we hereby present to you the City of Norco (City) Annual Comprehensive Financial Report (ACFR) for the Fiscal Year ended June 30, 2022 (FY 2022). This report provides a comprehensive view of the results of the City's financial activities and financial position for FY 2022. 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 independent Certified Public Accountants.

The ACFR 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 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 and operates 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, these financial reports are 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 reviewed to ensure that adequate controls still exist within the City to achieve the City's objectives.

CliftonLarsonAllen LLP, a firm of independent licensed Certified Public Accountants, has audited the City's basic financial statements. 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, 2022, 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, 2022, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the Financial Section of this ACFR.

The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the special requirements of federal grantor agencies under the Single Audit Act Amendments of 1996 and related Office of Management and Budget (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 ended June 30, 2022, the City did expend over \$750,000 in federal grants and therefore, did meet the threshold set by the OMB for a Single Audit. Consequently, the independent auditors will issue a separate Single Audit Report.

CITY COUNCIL

GREG NEWTON
Mayor

ROBIN GRUNDMEYER
Mayor Pro Tem

KATHERINE ALEMAN
Council Member

KEVIN BASH
Council Member

TED HOFFMAN
Council Member

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 which includes forward looking statements 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 independent auditors' report.

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. The Inland Empire remains one of the top economic and population areas in the state with 2.2 million in civilian labor force and 2 million in civilian employment. The Inland Empire's labor market has fully recovered from the COVID-19 pandemic and continues to show strength. The Inland Empire's unemployment rate, at 3.7%, is now lower than its pre-pandemic level of 4.1% in February 2020. More than 280,000 jobs have been added since the national lockdown in April 2020, surpassing the 228,000 jobs that were lost at that time. Employment growth in the Inland Empire outpaced the state and nation during this period. By contrast, California's overall labor force has declined by -1.5%, or -299,600 workers. According to the latest data from U.S. Labor Department and the State of California Employment Development Department (EDD), the unemployment rate of 3.7% in the Inland Empire was lower than the state's unemployment rate of 4.2% but higher than the national unemployment rate of 3.6%. EDD's most reported unemployment rate for the City of Norco as November 2022 was 3.9%. The area's employment is heavily service oriented with key sectors responsible for the region's employment and economic growth consisting of healthcare, logistics/transportation, construction, professional services, leisure/hospitality, education, government and manufacturing.

The region's population growth rate is currently at 1% compared to 2% seen in most recent years. The area's population, which includes Riverside and San Bernardino Counties, is currently estimated to be 4.6 million, which exceeds the population of many states in the country. While the population of the region continues to grow at a rate faster than the state, the population of the City of Norco over the last five years has remained stable at a rate of 1.4% increase from January 2021 to January 2022. The City limits cover an area of approximately 15 square miles, with a current permanent population of approximately 24,909 according to the most recent data as of January 2022 from the State of California, Department of Finance. Norco is strategically located with convenient access to the major interstate highways I-15, I-10, and State Routes 60 and 91, as well as Ontario International Airport (ONT).

Norco is proud of its animal-keeping and equestrian-oriented community, and has trademarked and branded itself as "Horsetown USA." Residents enjoy over 168 acres of parkland, over 100 miles of pedestrian and equestrian trails and more than 100 miles of streets. Most residential properties are zoned for animal-keeping with a minimum lot size of one-half acre. Within 30 miles, there are several public 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 several private universities. The City continues to enjoy a very stable and affluent population base with average household income of \$121,894 which is 145% of Inland Empire's average.

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, which consists of five members elected at-large. The City Council is responsible for approving ordinances, adopting the budget, appointing committees and commissions, and hiring both the City Manager and City Attorney. The City Manager is responsible for carrying out the policies, resolutions and ordinances of the City Council, overseeing the day-to-day staff supervision and operations of the City, and appointing the heads of the various departments. The City Council is elected at-large on a non-partisan basis and each member serves a four-year term. The City Council selects a Mayor by a majority vote who serves a one-year term.

City Services: The City provides a full range of municipal services, including police and fire protection; construction and maintenance of streets, trails and other infrastructure; recreational/leisure 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 CAL FIRE/Riverside County Fire Department.

The Community Development Department is responsible for all current and advanced planning projects. Current planning projects include land use entitlement processes, such as 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 Department. The vision of the department is to create community through people, animals, parks and programs. As an equestrian community, the Animal Control Services division establishes standards for the care and health of animals; provides a safe haven animal shelter; sponsors adoption and placement of animals; and enforces laws to protect the well-being of all animals in the community. The Animal Shelter cares for more than 1,800 impounded animals annually.

Through the City Manager's Office, the City provides economic development assistance to developers, real estate agents, appraisers and property owners; conducts business recruitment and outreach programs; provides business incentives; and collaborates with the Norco Chamber of Commerce to meet the business needs of the community. The primary purpose of the City's economic development activities is to increase and diversify the City's tax revenue base.

The City's Public Works and Engineering Department provides a variety of services to 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 pipelines; installation and maintenance of equestrian trails; and construction and maintenance of roadways, streets, storm drains and trails. The department also provides engineering plan check, permitting and inspection services for public and private construction projects.

The City's Facilities and Maintenance Department is responsible for the upkeep and maintenance of all public buildings, and facilities. It creates a safe and secure environment for the public to utilize and is responsible for maintenance and operations, capital outlay, and improvements of facilities as well as scheduling and managing all events at the George Ingalls Equestrian Event Center which includes all grounds, two covered arena(s), Nellie Weaver Hall banquet room, Pikes Peak Park, Pole Barn area, George Ingalls Veterans Memorial Plaza and adjacent parking lots. In addition, the Department maintains, improves and develops City parks and recreation areas that provide residents with facilities in which to enjoy passive and active recreation and to protect our environment and its resources while providing safe and secure spaces to recreate.

Fire prevention, suppression, emergency medical services, hazmat response, emergency preparedness and police protection make up the City's public safety divisions. Protecting the lives and property of the citizens of Norco is the primary mission of the public safety divisions. The City maintains a significant investment in equipment, facilities and personnel to preserve high quality rural lifestyle and safe neighborhoods for the community. The Information Technology Division, City Clerk's Division, Human Resources Division, and Finance Department provide customer services to residents, business and other stakeholders; and support and administrative services to other departments.

Operating Budget Preparation and Control Process: The development of the City's Fiscal Year Annual Operating Budget begins around January each year when staff begins a review of the current fiscal year revenues and expenditures for each Fund in order to determine appropriate mid-year budget adjustments. Result of from the mid-year budget review and adjustments generally serves as the starting point for the development next year's annual Operating Budget. The City's annual Operating Budget serves as the foundation for financial planning and expenditure control. Each City division is required to submit budget requests on an annual basis to the City Manager. These budget requests are reviewed by the City Manager and are used as the starting point for the development of a Proposed Budget. The City Manager presents a Proposed Budget to the City 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, department and division. Within each department and division, the budget is further detailed by expenditure type and line items (e.g., salaries, benefits, services, supplies).

After the budget is approved by the City Council, department heads can make transfers of appropriations within their department and Fund. Transfer of appropriations between departments within the same Fund requires the approval of the City Manager or Finance Director. Transfers of appropriations between funds require City Council authorization. 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 the appropriated annual budget was adopted by the City Council. As part of the budgetary control process, quarterly budget-to-actual reports are presented to the City Council every quarter beginning with the end of the second quarter of the fiscal year. Access to real-time financial information is also available to all departments

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 and service levels, long term financial planning and other relevant financial policies.

Local Economy: While the City of Norco is largely zoned as an animal-keeping and equestrian-oriented community, it also has a robust balanced economy with 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 regional economies in the state. The City's financial health is heavily dependent on its ability to generate tax and other revenues. According to the Center for Economic Forecasting's short-term outlook for business activity in the Inland Empire remains positive, with the first quarter's momentum expected to continue throughout calendar year 2022. However, inflation is a potential problem and which is the highest levels in decades. While the economy has plenty of momentum and will keep growing in the near term, it could eventually stagnate.

Although hotel and leisure activities slowed down significantly during the coronavirus pandemic, this sector of the City's economy and related revenue continue to rebound. In addition to increased leisure activities, increased revenues from Transient Occupancy Tax is anticipated. Retail sales and property values are projected to have slower growth over the near term. The City's direct taxable retail sales during FY 2021-2022 was over \$922 thousands. Based on strong demand in automobiles, especially used cars sales, tax revenues are projected to remain strong during FY 2023. However, lack of dealer inventory remains the key factor in preventing better results. Sales tax from new and used cars is the dominant category in the City's retail taxable sales. Real property values rose during the fiscal year and are projected to continue to slightly grow in FY 2023; however, due to rising interest rates, real property sales are expected to slow in FY 2023. The region's median single-family-home price jumped by 4.8%, a stronger growth rate than overall Southern California region increase of 3.2%. The City anticipates that property tax revenue growth should slightly slow in FY 2023.

Other key general revenues such as franchise fees, motor vehicle license fees and charges for services are expected to remain stable during FY 2023. Development impact fees are expected to remain the same in FY 2023 due to two (2) major developments that commenced development in the City in FY 2022 and will continue development in phases. Development impact fees are collected and used to mitigate the impacts on infrastructure from new developments.

Lease income was negatively impacted due to deferral of lease payment on the Silverlakes property. Lease income in FY 2023 is expected to increase due to a full year of lease payments. In addition to lease deferral, the City also agreed to re-amortize the loan provided to Balboa for the development of the Silverlakes property. During FY 2022, the remaining principal amount plus accrued interest was re-amortized at 2.63% interest rate based on the City's borrowing rate on the 2019 Enterprise Revenue Refunding Bonds. The previous interest rate was 5.9%. The action to re-amortize the loan at lower interest rate will reduce subsequent years' interest income in the Sewer and Water Funds.

The state has prohibited water and sewer utility service providers in the state from disconnecting service for non-payment of utility bills. This action has resulted in increases in amount of utility accounts receivable outstanding and the rate of delinquency. This raises the risks that portions of the outstanding amounts will not be timely collected and may eventually be written off.

Long-Term Financial and Strategic Planning: In early FY 2022, City staff, elected and appointed officials to develop a new Strategic Plan. This plan focuses on economic development and financial resiliency; infrastructure improvements; communication and customers service; human capital; and public safety and wellness. The

economic and financial resiliency component seeks to continue diversifying the City's revenue base; develop and implement policies and procedures that are designed to further enhance and sustain the city's current strong financial position.

During FY 2022, City Council adopted the FY 2022 Strategic Priorities. The Strategic Priorities consists of five strategic directions that are dedicated to fulling to ensure long-term financial resiliency; improve transparency and citizen engagement; diversify economic development; implement infrastructure projects; and enhance public safety. The following strategic action plans were initiated or completed during the fiscal year:

1. The City completed its third full year of implementation of Measure R Transactions and Use Tax Revenue Measure which adds a one percent (1%) Transactions and Use Tax rate to the existing sales tax rate. In FY 2021 Measure R generated nearly \$6.9 million for infrastructure and vital city services. Measure R is expected to generate similar amount in FY 2023.
2. The City continued to strengthen long-term financial resiliency by increasing General Fund's (including Special Asset Revenue and Measure R Funds) – fund balance from \$33 million to \$44.4 million. Excluding Special Asset Revenue and Measure R, fund balance of the General Fund grew by \$1.8 million to \$24.1 million, the highest amount in the history of the City. The financial position of the Water and Sewer Funds continued to improve as significant investments were made in water infrastructure and cash balance of the Sewer Fund increased to a record high of \$17.8 million at the end of the fiscal year.
3. In FY 2021, the City Council approved a Development Agreement with CapRock Development for the development of the former Norco Egg Ranch into a modern industrial and commercial business park to be known as the Palomino Business Park. This project is expected to be completed in multiple phases generating over 1,200 jobs during construction and over 1,700 permanent jobs. In addition to jobs, this project is estimated to generate \$15 million in one-time development fees to the City in addition to \$2 million in unrestricted development agreement fees. The project will also result in increase in sales tax, property tax as well as substantial improvement to public infrastructure in the neighborhood surrounding the project area. This development commenced construction of in early FY 2022 and will continue for the next couple of years.
4. The City completed a comprehensive review and analysis regarding implementation of Internal Revenue Code Section 115 post-employment benefit trust program to pre-fund pension Unfunded Accrued Liabilities (OPEB). This analysis and recommendation of strategies to pre-fund pension UAL was approved by the City Council in early FY 2022. The recommendation includes comprehensive policies and procedures for determining amounts to be contributed to pre-fund UAL beginning in FY 2022. The initial contribution of \$1 million into the trust was made in early FY 2022 additional contributions which will be based on the financial performance of the General Fund in future years.
5. On March 11, 2021, President Joe Biden signed into law nearly a \$1.9 trillion Coronavirus Relief Bill known as the American Rescue Plan Act of 2021 (ARPA). Local governments will receive funding as a recovery measure from the impacts from COVID-19. The City of Norco received \$6.4 million in ARPA funding. The City's allocation will be used largely to replace revenues lost from the economic impact of COVID-19. Certain amounts will also be allocated to homeless programs, provision of grants to small businesses and non-profits; utility assistance to eligible residents; and for the payment of expenditures directly related to mitigating the impacts of COVID-19.
6. The City continued with Community Outreach and Engagement Program that supports the goal of implementing a public information program that provides all residents and stakeholders with timely and accurate information to strengthen community relations through transparency. During the coronavirus pandemic most of the City's community engagement shifted to electronic media including the use of City website, Facebook, electronic mail blasts to provide residents with updates and information regarding the coronavirus pandemic. A new government access portal and agenda management system were implemented to enhance citizens' access to city information and transparency in city government.
7. Current Memorandums of Understanding (MOU) and salary resolutions with all of the City's employee bargaining units expired June 30, 2022 resulting in renegotiating an 8% cost of living adjustments and increase the amount of health insurance subsidy to be paid by the City from \$1,250 to \$1,500 monthly for those employees and their dependents enrolled in any of the available health plans, effective July 1, 2022. These MOUs and salary negotiations will likely result in cost increases to future year budgets.

8. During FY 2021, the City Council approved a five-year extension of the contract for fire protection and emergency services with Riverside County Cal Fire. This contract extension ensures that the current level and quality of fire and medical emergency response services provided to city residents will continue for the next five years. A separate contract was also executed with County of Riverside Emergency Management Department to provide the City with assistance on emergency operations and related programs.
9. To improve the quality of life and safety in the City, homeless services and programs were expanded during the fiscal year. The program provides emergency hotel/motel housing and outreach placement services to residents experiencing homelessness. These services are expected to continue in FY 2023 to serve more homeless residents.

Other Relevant Financial Policies

Budgetary Control Policies: The City has implemented strict expenditure control procedures and policies. Personnel costs represent a significant portion of the City's general government operating cost. To reduce personnel related costs, the City generally negotiates short-term labor agreements with employee organizations in order to provide the City with the flexibility to make expenditure reductions in the future to ensure balanced budgets. Strict expenditure control is also 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 provided to each department, and potential over expenditure indications are discussed with each department. Additionally, summarized budget-to-actual reports are available 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 detailed review of the budget in order to take corrective action by making timely adjustments as necessary.

Pension, Health and OPEB Funding Policies: Pension, medical insurance and Other Post-Employment Benefits (OPEB) are significant cost items affecting the long-term financial condition of the City. Effective January 1, 2013, the City implemented the provision of the State of California Public Employees' Pension Reform Act. This reform reduced public employees' pension benefits and required employees to make a greater contribution toward funding of their pension benefits. All City employees are required to pay the employee's portion of annual pension costs, which equates to either 6% or 8% of salary for PEPRA and Classic employees, respectively. In terms of OPEB, the City's annual contribution is based on the actuarially determined contribution. For FY 2022, the City contributed \$1.5 million which included \$0.4 million to the CERBT trust. The City also continued to maintain the policy that capped the amount of City subsidy toward the cost of retiree and active employee medical insurance costs at \$1,250 per month. Effective July 1, 2022, the contribution was increased to \$1,500 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 insurance premium. The City also adopted a funding policy. Under the policy, the City made a significant deposit into the Trust Account to prefund a portion of its unfunded retiree healthcare liabilities. Because of substantial earnings accrued to the Trust Account through June 30, 2022, the City has made significant progress in funding OPEB liabilities through this Trust Account. As of June 30, 2022, the City's OPEB Trust Account had a balance of \$12.5 million.

Other Relevant Financial Policies: The City of Norco has adopted several financial policies to ensure that the fiscal affairs of the City are professionally and prudently managed. With passage of Measure R, a one percent Transactions and Use Tax that the City implemented during Fiscal Year 2020, the City Council passed a resolution creating a Citizens' Oversight Committee, an advisory body to the City Council charged with the responsibility for reviewing and prioritizing lists of projects and programs to be funded with Measure R tax revenues. The Committee is also responsible for reviewing Measure R revenues, expenditures and related reports to ensure that Measure R revenues are expended efficiently and effectively, and overseeing the required independent audit. Members of the Oversight Committee are subject to bylaws that detail their duties, responsibilities, terms and qualifications. A super majority vote of the City Council is required in order to override recommendations of the Committee. In its third full year of operation in FY 2022, the Oversight Committee was successful in reviewing and recommending many capital projects for approval to the City Council. Many of these projects were commenced during the year with some being completed and others carried over to FY 2023.

The City has also adopted a Debt Issuance and Management Policy. The purpose of this policy is to provide written guidance to policymakers regarding the timing and purposes for which debt may be issued, types and amounts of permissible debt, and methods for sale that may be used. Adherence to this policy helps to ensure prudent fiscal management and to maintain sound financial position and optimal credit ratings. The financing plan previously discussed regarding the refinancing of the City's Enterprise Revenue Bonds was based on this policy.

Major Initiatives

The City of Norco is dedicated to maintaining the motto of "City Living in a Rural Atmosphere" by building and maintaining adequate infrastructure to serve its residents and attract compatible economic development projects. As previously discussed, the City adopted a multi-year strategic plan with a vision through 2025. The Strategic Plan drives major initiatives, including capital project planning. The key to the City's capital project planning is the adopted five-year Capital Improvement (CIP) Program Budget. This budget, which is updated annually by staff and adopted by the City Council, ensures that facilities and infrastructure are well maintained and replaced timely for reliable and effective service delivery to residents and businesses. During the fiscal year ended June 30, 2022, the City engaged in the following major initiatives, which are consistent with the Strategic Plan and the Capital Improvement Program Budget:

1. The five-year Capital Improvement Program Budget provides for \$52.1 million in infrastructure improvements and replacement during FY 2023. In particular, the City will make significant investments on streets, water, storm drain, sewer, parks and public facilities as follows:
 - a. Street improvements \$4.7 million
 - b. Storm drains \$13.1 million
 - c. Water system improvements \$7.3 million
 - d. Sewer system improvements \$7.5 million
 - e. Road maintenance and rehabilitation \$0.7 million
 - f. Public facilities \$0.4 million
 - g. Various Measure R funded projects \$16.7 million
2. During FY 2022, several capital projects were completed as follows:
 - a. Completion of various improvements at Ingalls Park and Parmenter Park
 - b. Completion of building improvements at Fire Station 57, Riley Gym, EV charging stations at City Hall, animal control facilities, and City Hall renovation.
 - c. Completion of roof improvement at various locations
 - d. Pavement of various streets; Crestview Ave. (North to Sixth Street), Sierra Avenue (Sixth St to Detroit and citywide street sign replacements.
 - e. Completion of various storm drain improvement projects including Parmenter Park Storm Drain.
 - f. Completion of equestrian trail fence replacement projects at various locations including the City's western themed Sixth Street.
 - g. Completion of various facilities improvements including replacement of Riley Gym's floor, Animal Control's meet and greet adoption area, Fire Station 57 improvements, EV charging stations at City Hall, and City Hall renovation.
 - h. Completion of various park improvements including Ingalls Event Center Americans with Disabilities Act (ADA) parking pads and replacement of ball field sports lights.
 - i. Acquisition of utility service trucks, passenger van, and other equipment.
3. Several economic development projects were also initiated and/or completed during the fiscal year including:
 - a. During the FY 2020-2021, the building construction plans were submitted for approval for Phase I of the Palomino Ranch Business Park project. City Council had previously approved Palomino Ranch Business Park Project proposed by the CapRock Partners for the development of over two

million square feet light industrial project with some retail component which will be built in phases. Phase I is expected to be completed in FY 2022-2023. Completion of future phases are dependent on market conditions.

- b. During the FY 2020-2021, the Planning Commission approved Saddle Ranch Phase Project proposed by the CapRock Partners for the development of over 374,170 square-foot industrial/warehouse/manufacturing/cold storage warehouse and distribution. Saddle Ranch Phase Project is expected to be completed in FY 2022-2023. This project will also generate significant one-time development impact fees and ongoing property tax and sales tax revenues.
 - c. In FY 2020, In early FY 2021-2022, the construction was completed on a CarMax automobile dealership store at the corner of Second Street and Valley View Avenue. This project will generate significant sales tax revenue, and increase employment and property tax base.
4. As required by state laws, the city began work on the update of its Sixth Cycle Housing Element. This Sixth Cycle update provides detail plans and policies that the City plans to implement in order to accommodate housing for all people who live and work in the community. The Housing Element update was approved by the City Council in early FY 2022 and submitted to the State of California, Department of Housing and Community Development for review and approval. The State approved the General Plan Housing Element update in October 2022.

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 Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2022. This is the nineteenth consecutive year that the City has received this prestigious award. In order to be awarded the annual Certificate of Achievement for Excellence in Financial Reporting, a government unit must publish an easily readable and efficiently organized Annual Comprehensive Financial Report, which conforms to program standards. Such reports must also satisfy Generally Accepted Accounting Principles, applicable rules, regulations and legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current ACFR continues to meet the Certificate of Achievement for Excellence in Financial Reporting Program's requirements, and we will be submitting it to the GFOA to determine eligibility for another certificate.

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the City, specifically the Finance Department and our independent auditors, CliftonLarsonAllen LLP, Finance Director Lisette Free and the entire accounting staff, all deserve special credit for their dedication and contribution in preparing this ACFR and in serving the City of Norco. Our gratitude is also given to every City department for their contributions in providing the data necessary to prepare this report. Finally, we must also commend the Mayor and the entire City Council for their vision, direction and unwavering support of City staff in maintaining the highest level of professionalism in the management of the City and its finances.

Respectfully Submitted,



Lori Sassoon
City Manager

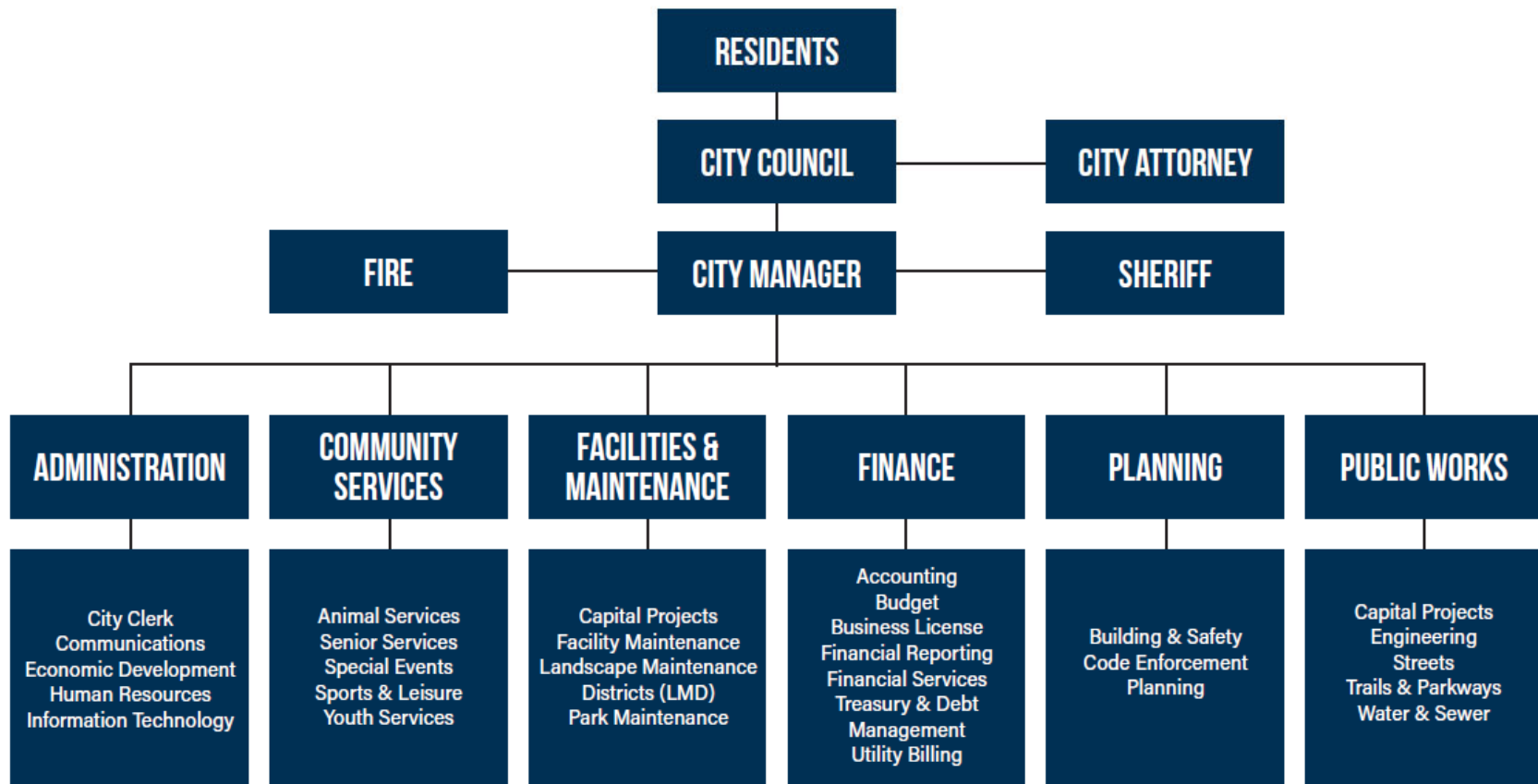


Lisette Free, CPA, CFE
Finance Director



**CITY OF
NORCO**
HORSETOWN USA

ORGANIZATIONAL CHART





CITY OF NORCO

HORSETOWN USA



GREG NEWTON
MAYOR



ROBIN GRUNDMEYER
MAYOR PRO TEM



KATHERINE ALEMAN
COUNCIL MEMBER



KEVIN BASH
COUNCIL MEMBER



TED HOFFMAN
COUNCIL MEMBER

		<u>TERM ENDING YEAR</u>
Greg Newton	Mayor	2022
Robin Grundmeyer	Mayor Pro Tem	2024
Katherine Aleman	Council Member	2024
Kevin Bash	Council Member	2022
Ted Hoffman	Council Member	2024

CITY OFFICIALS

Andy Okoro	City Manager
Michelle Anglin	Community Services Director
Amanda Hamilton	Facilities & Maintenance Director
Dana Roa	City Clerk
Lisette Free	Finance Director
Alma Robles	Planning Director
Chad Blais	Public Works Director
Jeff Viek	Deputy Chief, CAL FIRE
Lt. Justin Rowan	Riverside County Sheriff

THIS PAGE INTENTIONALLY LEFT BLANK



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Norco
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morill

Executive Director/CEO



FINANCIAL SECTION



THIS PAGE INTENTIONALLY LEFT BLANK



INDEPENDENT AUDITORS' REPORT

City Council Members
City of Norco
Norco, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Norco, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City of Norco's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Norco, as of June 30, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the City of Norco and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matters

As discussed in Note 1 to the financial statements, effective July 1, 2021, the City adopted new accounting guidance, GASB No. 87, Leases. The guidance requires lessees to recognize right-to-use asset and corresponding lease liability and lessors to recognize a lease receivable and corresponding deferred inflow of resources for all leases with lease terms greater than twelve months.

As discussed in Note 17 to the financial statements, the net position of the governmental activities, business-type activities, sewer enterprise fund and fund balance of the general fund were restated as of July 1, 2021 to correct misstatements in the 2021 financial statements.

Our opinions are not modified with respect to these matters.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Norco's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City of Norco's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about City of Norco's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the managements' discussion and analysis, schedule of proportionate share of the net pension liability, schedule of contributions – defined benefit pensions plans, schedule of changes in the net OPEB liability and related ratios, schedule of contributions – OPEB plan, and budgetary comparison schedule – general fund be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Norco's basic financial statements. The individual fund schedules and combining financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the individual fund schedules and combining financial statements and internal service funds is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

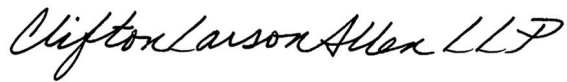
Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

City Council Members
City of Norco

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2022, on our consideration of the City of Norco'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Norco's 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 City of Norco's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Irvine, California
December 19, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

THIS PAGE INTENTIONALLY LEFT BLANK

**CITY OF NORCO
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

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, 2022. Management's Discussion and Analysis (MD&A) is designed to be condensed, so we encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal and the basic financial statement including the accompanying notes to basic financial statements.

Financial Highlights

- The City's total assets of \$408.4 million and deferred outflow of resources of \$7.3 million exceeded its total liabilities of \$79.1 million and deferred inflows of resources of \$28.6 million at the close of fiscal year 2022 by \$308.0 million (net position). Of this amount, \$61.6 million (unrestricted net position) may be used to meet City's obligations to citizens and creditors.
- The City's total net position increased by \$21.2 million during the year. The increase was a result of revenues exceeding expenses in the governmental activities by \$16.3 million and business type activities by \$4.9 million.
- As of June 30, 2022, the City's governmental funds reported combined fund balance of \$67.4 million, a net increase of \$12.0 million from prior fiscal year. A total of \$2.2 million is nonspendable, \$37.9 million is committed or restricted and \$27.3 million is unassigned.
- At the end of fiscal year 2022, committed fund balance for the general fund was \$12.6 million; unassigned fund balance was \$27.5 million. The total spendable fund balance of \$39.2 million, which includes \$0.1 million in donation revenue, represents 144.3% of total fiscal year 2021-2022 general fund expenditures.
- The City's total long-term debt decreased by a net \$0.8 million during fiscal year 2021-2022 primarily due to the debt service payment for the 2019 Enterprise Revenue Refunding Bonds offset by increase in claims liabilities.

Overview of the Financial Statements

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

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

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

The **Statement of Activities** provides information that show how the City's net assets changed during the current fiscal year. These changes are reported using the full accrual basis of accounting. Under this method, transactions are reported when the economic event occurs, rather than when cash is received or paid. 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.

**CITY OF NORCO
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

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 and housing.

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

The government-wide financial statements include not only the City, known as the primary government, but also its component units that are legally separate but whose activities the City is financially accountable. For the fiscal year ended June 30, 2022, the Norco Financing Authority is the only entity included as a component unit of the City. Due to the dissolution of the former Norco Community Redevelopment Agency in FY 2012, the activities of the Successor Agency are reported in a fiduciary fund (private-purpose trust fund) and have not been included in the consolidated financial statements of the primary government, the City of Norco. On September 29, 2014, the Oversight Board of the Successor Agency to the Norco Community Redevelopment Agency elected to serve as the Housing Successor for the operations of the former Redevelopment Agency's Housing Agency. Consequently, the assets of the Housing Agency were transferred to the low and moderate income housing special revenue fund of the City of Norco in fiscal year 2014-2015.

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

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

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

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

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

**CITY OF NORCO
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

The basic governmental fund financial statements can be found on pages 37-40 of this report.

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

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

The basic proprietary fund financial statements can be found on pages 41-45 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 46-47 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 49-95 of this report.

Other information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information regarding the City's proportionate share of net pension liability, contribution to defined benefit plans, progress in funding of the Other Post-Employment Benefits (OPEB) obligation to provide health benefits to its employees, as well as the budgetary comparison for the general fund. Required supplementary information can be found on pages 96-105 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, 2022, total City assets of \$408.4 million, deferred loss on debt refunding of \$0.8 million, and deferred outflow of resources amounts related to OPEB plan of \$2 million and pension plans of \$4.5 million, exceeded total liabilities of \$79.1 million and deferred inflow of resources amounts related to lease receivable of \$13.3 million, OPEB of \$3.4 million and pension plans of \$11.9 million by \$308.0 million.

**CITY OF NORCO
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

For comparative purposes, management has included data from the fiscal year ended June 30, 2021 as summarized below:

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

	Governmental Activities		Business-type Activities		Total		% Change
	2022	2021	2022	2021	2022	2021	
Assets:							
Current and other assets	\$ 95,513,456	\$ 65,976,932	\$44,834,612	\$42,534,016	\$140,348,068	\$ 108,510,948	29%
Capital assets (net of depreciation)	183,756,155	177,702,983	84,262,505	81,986,978	268,018,660	259,689,961	3%
Total assets	279,269,611	243,679,915	129,097,117	124,520,994	408,366,728	368,200,909	11%
Deferred Outflow of Resources:							
Deferred loss on debt refunding	-	-	803,741	839,543	803,741	839,543	-4%
Amount related to other post employment benefits	1,343,400	1,029,748	677,967	530,476	2,021,367	1,560,224	30%
Amount related to pension plans	3,556,877	3,280,807	905,096	863,288	4,461,973	4,144,095	8%
Total deferred outflow of resources	4,900,277	4,310,555	2,386,804	2,233,307	7,287,081	6,543,862	11%
Liabilities:							
Current and other liabilities	8,149,492	4,803,269	4,378,476	3,289,514	12,527,968	8,092,783	55%
Long-term liabilities	15,380,659	22,960,361	51,197,292	55,153,642	66,577,951	78,114,003	-15%
Total liabilities	23,530,151	27,763,630	55,575,768	58,443,156	79,105,919	86,206,786	-8%
Deferred Inflow of Resources:							
Amount related to lease receivable	13,286,239	-	-	-	13,286,239	-	100%
Amount related to other post employment benefits	2,258,266	861,299	1,139,666	443,699	3,397,932	1,304,998	160%
Amounts related to pension plans	9,441,641	676,405	2,470,874	85,582	11,912,515	761,987	1463%
Total deferred inflow of resources	24,986,146	1,537,704	3,610,540	529,281	28,596,686	2,066,985	1283%
Net position:							
Net investment in capital assets	182,078,689	176,797,895	36,596,095	33,381,504	218,674,784	210,179,399	4%
Restricted	25,833,667	21,842,280	1,830,956	26,475	27,664,623	21,868,755	27%
Unrestricted	27,741,235	20,048,961	33,870,562	34,373,885	61,611,797	54,422,846	13%
Total net position	\$ 235,653,591	\$218,689,136	\$72,297,613	\$67,781,864	\$307,951,204	\$ 286,471,000	7%

Net position for the fiscal year ended June 30, 2022 increased by 7% and includes investments in capital assets such as roads, streets, drainage systems, large roadway signs, park improvements, property plant and equipment.

Including the value of infrastructure assets, net investment in capital assets total is \$218.7 million as of June 30, 2022. The City uses capital assets to provide services to citizens and these assets are not available for future spending. An additional portion of the City's net position, \$27.7 million for fiscal year 2022 and \$21.9 million for fiscal year 2021, represent resources that are subject to restrictions on how they can be used. The remaining balance, unrestricted net position, is \$61.6 million and \$54.4 million for fiscal years 2022 and 2021, respectively.

The deferred loss on debt refunding is reported in the statement of net position for the business-type activities beginning in fiscal year 2014 as required by Statement No. 65 of the Governmental Accounting Standards Board (GASB). This amount had been previously reported in the long-term liability line item. It is the difference between the amount required to repay the previously issued debt at the time it was refinanced in 2009 for the business-type activities and the amount due at maturity. In fiscal year 2019-2020, the City advance refunded the outstanding 2009 Enterprise Revenue Refunding Bonds. The City

**CITY OF NORCO
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

has been amortizing this amount since fiscal year ended June 30, 2009 and will continue to amortize it for the life of the refunding bond.

On July 1, 2021, the City adopted the GASB issued GASB Statement No. 87, Leases. This Standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases as inflows of resources or outflows of resources based on the payment provision of the contract. GASB Statement No. 87 establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

The amounts related to pension plans have been recorded starting in fiscal year 2016 as required by Statement No. 68 of the Governmental Accounting Standards Board (GASB). The deferred inflows are to record the actuarial accruals for changes in proportionate share of net pension liability and change in assumptions. The deferred outflow represents the amounts contributed by the City to CalPERS subsequent to measurement date, the differences between projected and actual earnings on Plan investments, and differences between expected and actual experience.

The amounts related to other post-employment benefits (OPEB) have been recorded starting in fiscal year 2018 as required by Statement No. 75 of the Governmental Accounting Standards Board (GASB). The deferred inflows are to record the actuarial accruals for differences between actual and expected experience and change in assumptions. The deferred outflow represents the amounts contributed by the City to CalPERS subsequent to measurement date, and the differences between projected and actual earnings on Plan investments.

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

For comparative purposes, management has included data from the fiscal year ended June 30, 2021 as summarized below:

**CITY OF NORCO
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

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

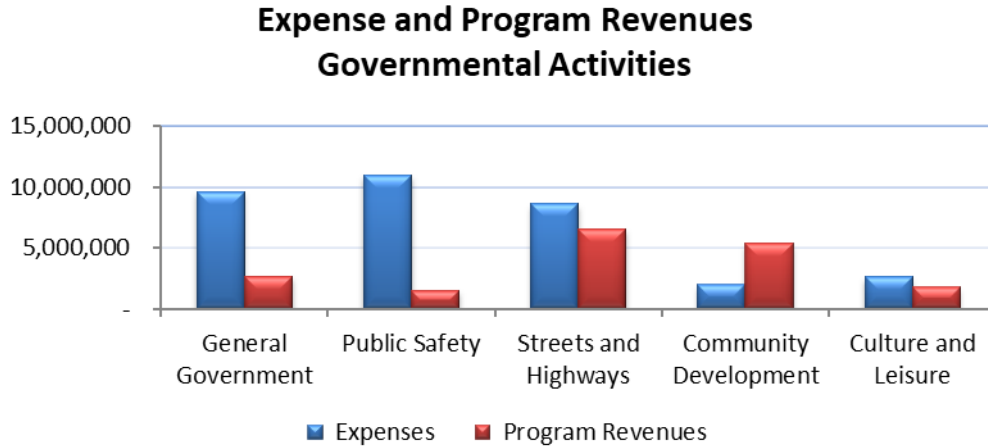
	Governmental activities		Business-type activities		Total		% Change
	2022	2021	2022	2021	2022	2021	
Revenues:							
Program Revenues:							
Charges for services	\$ 8,494,486	\$ 5,954,075	\$ 23,516,597	\$ 21,129,640	\$ 32,011,083	\$ 27,083,715	18%
Operating grants and contributions	3,124,093	2,407,654	-	-	3,124,093	2,407,654	30%
Capital grants and contributions	6,297,305	147,472	1,931,129	12,599	8,228,434	160,071	5040%
General revenues	31,954,456	25,390,426	(115,150)	162,751	31,839,306	25,553,177	25%
Total revenues	49,870,340	33,899,627	25,332,576	21,304,990	75,202,916	55,204,617	36%
Expenses:							
General Government	9,639,441	6,590,791	-	-	9,639,441	6,590,791	46%
Public safety	10,991,835	11,842,671	-	-	10,991,835	11,842,671	-7%
Streets and Highw ays	8,627,523	5,167,004	-	-	8,627,523	5,167,004	67%
Community development	1,974,201	2,110,070	-	-	1,974,201	2,110,070	-6%
Culture and leisure	2,637,799	3,000,679	-	-	2,637,799	3,000,679	-12%
Water	-	-	12,368,339	11,325,678	12,368,339	11,325,678	9%
Sewer	-	-	7,740,315	6,397,952	7,740,315	6,397,952	21%
Total expenses	33,870,799	28,711,215	20,108,654	17,723,630	53,979,453	46,434,845	16%
Change in net position before transfers	15,999,541	5,188,412	5,223,922	3,581,360	21,223,463	8,769,772	142%
Transfers	266,905	258,204	(266,905)	(258,204)	-	-	N/A
Change in net position	16,266,446	5,446,616	4,957,017	3,323,156	21,223,463	8,769,772	142%
Net position - beginning	218,689,136	213,242,520	67,781,864	64,458,708	286,471,000	277,701,228	3%
Restatement	256,741	-	-	-	256,741	-	100%
To transfer revenue to the correct fund/activity	441,268	-	(441,268)	-	-	-	N/A
Net position - ending	\$ 235,653,591	\$ 218,689,136	\$ 72,297,613	\$ 67,781,864	\$ 307,951,204	\$ 286,471,000	7%

During the year, total net position increased by \$21.2 million primarily due to general revenues derived from the sales, property and other taxes and program revenues derived from capital grants and contributions due to increase in development impact fees revenue. Further analysis is provided below.

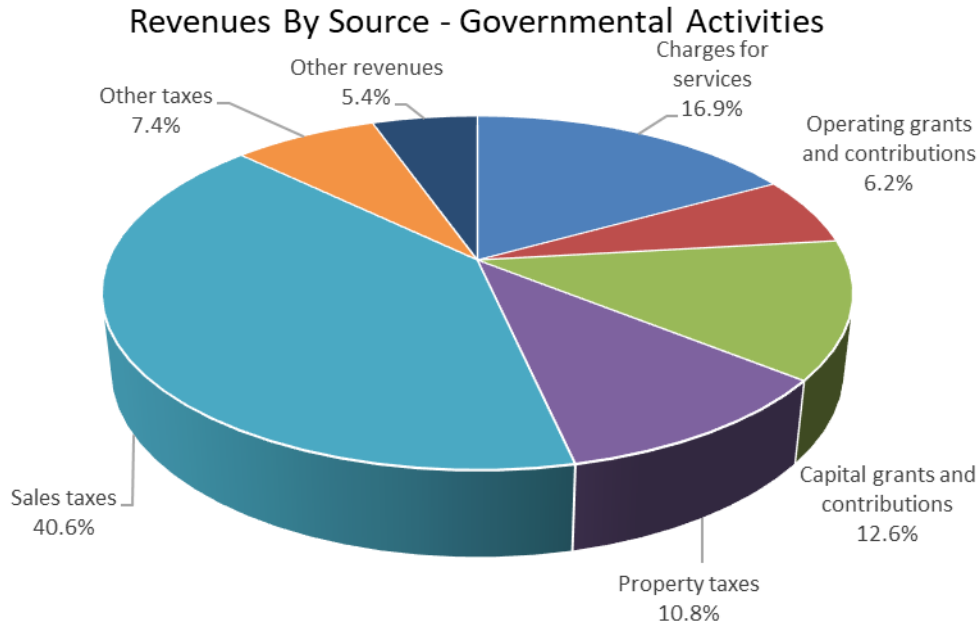
Governmental activities: Total net position from governmental activities increased by \$16.3 million during the year primarily due to the increase in sales tax, intergovernmental revenues and capital contributions and grants. In terms of the general fund, revenues exceeded expenses by \$11.1 million including tax revenues derived from Measure R and development fee revenues. The City sales tax receipt during the fiscal year was boosted by strong performance in all major industry groups.

**CITY OF NORCO
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

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



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



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

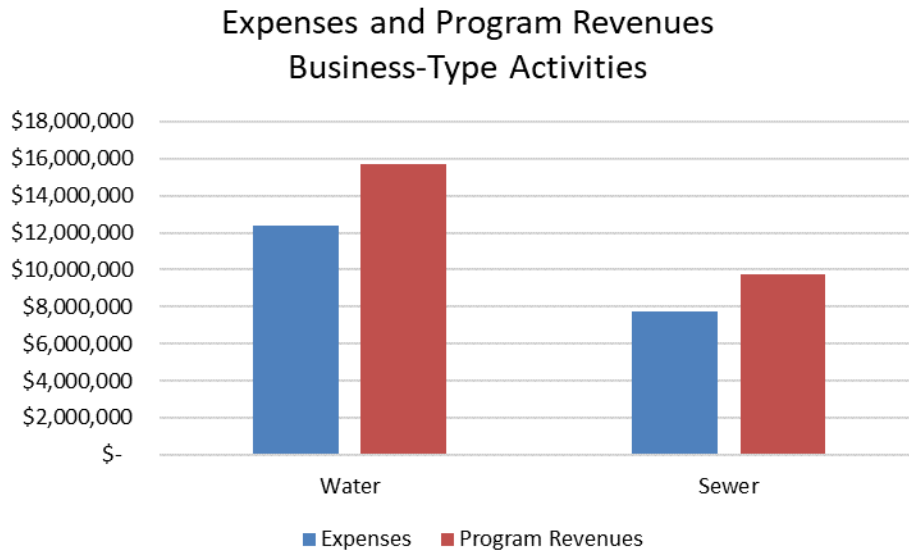
Capital grants and contributions represent revenues and contributions of capital assets received from developers and other third party entities including local, state and federal governments. Capital grants and contributions are restricted to the acquisition and construction of capital assets. Capital grants and contributions increased in FY 2021-2022 as compared to prior year due to increase in development impact fees revenue.

**CITY OF NORCO
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

Sales taxes are derived from taxable transactions originating from the City. During the fiscal year ended June 30, 2022, sales tax revenue included Measure R transactions and use tax revenue. The other taxes categories include property taxes and taxes derived from business license, franchises, motor vehicle licenses and transient occupancy taxes.

Business-type activities: Including non-operating income, net position of the business type activities increased \$4.9 million during the fiscal year as charges for services revenue for sewer operations and capital contributions and grants for water operations are increased. The chart below provides a graphic representation of the City's revenues by source for business-type activities. A five-year water and sewer rate increase was approved by City Council with a rate study and Prop. 218 processes completed resulting in increased rates effective January 1, 2017 of each fiscal year through 2021. There were no rate increases in FY 21-22. The net position of the water fund increased by \$2.9 million as total revenues exceeded total expenses. The water fund had operating income of \$1.9 million before investment losses, interest expense and fiscal changes of \$0.8 million, transfers out of \$0.1 million and capital contribution of \$1.9 million. The net position of the sewer fund increased by \$1.7 million as total revenues exceeded total expenses. The sewer fund had operating income of \$2.6 million before investment losses and interest expense and fiscal changes of \$0.7 million and transfers out of \$0.1 million.

Water fund expenses make up 62 percent of total business-type activities expenses while sewer fund expenses make up the remaining 38 percent of total expenses. Total charges for services from business-type activities consist of 58 percent derived from water fund and 42 percent from the sewer fund.



Financial Analysis of City Funds

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

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

As of June 30, 2022, the City's governmental funds reported combined ending fund balances of \$67.4 million, an increase of \$12.2 million. Of the \$67.4 million, \$2.2 million is non-spendable representing the

**CITY OF NORCO
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

long-term amount of a note receivable from the City of Corona for the sale of donated assets; \$25.3 million, or 38 percent, constitutes restricted fund balance which can only be used for specific purposes due to external restrictions or enabling legislation. Committed fund balances include balances that have been constrained by the City Council through a resolution or ordinance for specific future use. Total committed fund balance as of June 30, 2022 was \$12.6 million. Unassigned fund balance of \$27.3 million represent amount that is available for future appropriation.

In the general fund, revenues exceeded expenditures by \$11.3 million. This excess of revenues over expenditures was as a result of better than anticipated receipt of taxes and development fee revenues. The Housing Successor Agency's Low Moderate-Income Housing Special Revenue Fund's fund balance decreased by \$0.2 million. In FY 2014-2015, the Oversight Board of the Successor Agency to the Norco Community Redevelopment Agency elected to serve as the Housing Successor and has implemented program related to housing rehabilitation grants and loans, first-time homebuyer programs. During the fiscal year, homeless programs were implemented. The fund balance for non-major governmental funds increased by \$1.1 million mainly due to increase in development fees and intergovernmental revenues.

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

Unrestricted net position in the water fund at the end of the year was \$10.8 million while the sewer fund had an unrestricted net position balance of \$22.8 million. During the fiscal year, the net position of the water fund increased by \$2.9 million due to total revenues exceeding total expenses largely as a result of increase in capital contributions. The net position of the sewer fund increased by \$1.7 million and is largely due to operating revenues that surpassed operating expenses.

The City also has three internal service funds used to allocate cost of the City's information systems, equipment services/replacement and risk management activities. The \$0.6 million decrease in the net position of the internal service funds was due to charges for services less than expenses in benefits and insurance fund.

Fiduciary Funds: The City uses Fiduciary funds to account for resources held for the benefit of other parties outside the City, in which the City is acting as a trustee. The resources of the various community facilities districts are accounted for in fiduciary funds. A Statement of Changes in Fiduciary Net Position, Private Purpose Trust Fund is used to report the additions and deductions to the net assets of the Successor Agency's Redevelopment Property Tax Trust Fund (RPTTF) created as a result of the dissolution of the former Norco Redevelopment Agency. In addition, Custodial funds is used to report the additions and deductions to account for various deposits, collections from citizens for solid waste by the City on behalf of Waste Management and for various receipts of assessments and for the payment of debt service and administrative costs for the various community facilities districts.

General Fund Financial and Budgetary Highlights

The general fund is the chief operating fund of the City. At June 30, 2022, total fund balance was \$44.4 million which consists of \$12.6 million committed by a resolution of the City Council to fund future operations; \$2.2 million that is not available for spending due to the long-term nature of associated receivable; \$2.1 million restricted related to pension trust contribution and \$27.5 million unassigned. As a measure of general fund's financial condition, it may be useful to compare this fund balance to total expenditures. The total unassigned general fund balance of \$27.5 million represents 99 percent of total general fund recurring expenditures for the fiscal year. The general fund's total fund balance increased by \$11.3 million during the fiscal year due to total revenues exceeding total expenditures by \$11.0 million and an increase of \$0.3 million from other financing sources.

**CITY OF NORCO
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

In comparing the general fund actual revenues and expenditures to final budget, total revenues exceeded budget by \$4.1 million while total expenditures were under budget by \$11.2 million. The favorable revenue variance was due to more than anticipated receipts from taxes and development fees. The favorable increase in taxes is related to sales taxes, property taxes, and residual property tax increment. The City sales tax receipt during the fiscal year was boosted by strong performance in all major industry groups including: autos and transportation; state and county pools; restaurants and hotels; fuel and service stations; general consumer goods; building and construction; food and drugs; and business and industry.

On the expenditure side, there were cost savings between the final budget and actual expenditures. There were less capital related projects expenditure than expected. Additional cost savings were also realized in general government salaries, public safety, contractual and professional expenditure categories.

Capital Assets and Debt Administration

Capital Assets: City investment in capital assets for its governmental and business-type activities as of June 30, 2022 amounted to \$268 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 \$6.1 million for governmental activities and increased \$2.3 million for business-type activities.

During FY 2021-2022, several capital projects were completed as follows:

- Completion of various improvements at Ingalls Park and Parmenter Park
- Completion of building improvements at Fire Station 57, Riley Gym, EV charging stations at City Hall, animal control facilities, and City Hall renovation.
- Completion of roof improvement at various locations
- Pavement of various streets; Crestview Ave. (North to Sixth Street), Sierra Avenue (Sixth St to Detroit and citywide street sign replacements.
- Completion of various storm drain improvement projects including Parmenter Park Storm Drain.
- Completion of equestrian trail fence replacement projects at various locations including the City's western themed Sixth Street.
- Completion of various facilities improvements including replacement of Riley Gym's floor, Animal Control's meet and greet adoption area, Fire Station 57 improvements, EV charging stations at City Hall, and City Hall renovation.
- Completion of various park improvements including Ingalls Event Center Americans with Disabilities Act (ADA) parking pads and replacement of ball field sports lights.
- Acquisition of utility service trucks, passenger van, and other equipment.

In addition to the capital projects that were completed during the fiscal year, substantial investment in the amount of \$7.2 was made on water, sewer, storm drain, public facilities, street, and trail projects that were still in progress at the end of the fiscal year.

In FY 2022-2023, the City will make significant investments on streets, water, storm drain, sewer, parks and public facilities as follows:

- Street improvements \$4.7 million
- Storm drains \$13.1 million
- Water system improvements \$7.3 million
- Sewer system improvements \$7.5 million
- Road maintenance and rehabilitation \$0.7 million
- Various Measure R funded projects \$16.7 million

**CITY OF NORCO
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

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

**City of Norco
Capital Assets (net of depreciation)
June 30, 2022**

	Governmental Activities	Business-type Activities	Total
Land	\$ 101,161,035	\$ 1,863,896	\$ 103,024,931
Building and improvements	10,023,145	1,035,308	11,058,453
Equipment and machinery	6,116,007	306,233	6,422,240
Infrastructure	61,879,172	61,855,166	123,734,338
Intangible	174,778	14,489,964	14,664,742
Construction in progress	4,402,018	4,711,938	9,113,956
Total capital assets, net	<u>\$ 183,756,155</u>	<u>\$ 84,262,505</u>	<u>\$ 268,018,660</u>

Long-term debt: At the end of fiscal year 2022, the City's total long debt outstanding was \$49.3 million. Of this amount, \$47.2 million is debt of the sewer and water enterprise funds while \$2.1 million represents debt of governmental activities representing leases payable, claims, judgment, and compensated absences. Outstanding long-term debt of the City is summarized below and additional information can be found in the Note 6 to basic financial statements.

**City of Norco
Outstanding Long Term Debt
June 30, 2022**

	Governmental Activities	Business-type Activities	Total
Leases payable	\$ 168,647	\$ 28,398	\$ 197,045
WRCRWA lease		5,587,602	5,587,602
Revenue bonds	-	41,528,115	41,528,115
Compensated absences	814,964	-	814,964
Claims and judgment	1,149,341	-	1,149,341
Total long-term debt	<u>\$ 2,132,952</u>	<u>\$ 47,144,115</u>	<u>\$ 49,277,067</u>

Economic Factors and Next Year's Budgets and Rates

- In March 2020, Governor Gavin Newsom issued a Stay at Home Order as a result of the worldwide Coronavirus Pandemic. It was anticipated that this event would result in a significant negative impact on local government revenues in upcoming fiscal years. Consequently, as part of the development of the FY 2021-2022 Budget, a conservative approach was used to provide a projected FY 2021-2022 year-end to account for the potential negative impacts from the Governor's Stay at Home Order and the recovery efforts from the COVID-19. This revised projection indicated that the City could end FY 2021-2022 with a net deficit. Fortunately, the worst-case scenario did not materialize as total actual revenues came in better than anticipated. It

**CITY OF NORCO
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

is anticipated the Pandemic will still have significant negative impact on local government revenues in the upcoming fiscal years.

- American Rescue Plan Act (ARPA) was signed into law by President Biden on March 11, 2021. ARPA provides Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) to all cities in the United States. The purpose of the funding is to help cities respond and recover from the health and economic impacts from the world-wide Coronavirus Pandemic (COVID-19). The City's allocation is \$6,364,242 and the eligibility period for obligating these funds is March 3, 2021 through December 31, 2024 as long as the obligations incurred by December 31, 2024 are expended by December 31, 2026. In July 2021, the City received \$3.2 million, or 50% of the \$6.4 million allotment. The City Council approved FY 2021-2022 appropriation in the amount of \$3.1 million from the City's total allocation of \$6.4 million. In addition, the City Council approved additional appropriation from ARPA funds to provide emergency clean up and environmental observation of work to be performed at the Santa Ana River homeless encampments. The remaining funds will be appropriated in future fiscal years. As a result of the ARPA budget adoption and additional budget amendments approved by City Council, the amended General Fund reserves amount were expected to increase.
- Measure R transactions and use tax, a one-cent sales tax that is estimated to generate approximately \$5.8 million a year for investment in infrastructure and vital services, was approved by voters on the November 6, 2018 ballot, with over 70% of registered voters participating. Measure R was approved by over 56% of the voters that voted. Measure R allows Norco to preserve its quality of life, and restore deteriorating streets, trails, parks, facilities and equestrian amenities. Measure R will also prevent future cuts to Norco's public safety services in order to maintain safe levels of sheriff and fire protection without risking emergency response times. With the approval of Measure R, the sales tax rate in Norco increased by 1%, from 7.75% to 8.75% effective April 1, 2019. It was anticipated a reduction to Measure R revenues following the COVID-19 Pandemic and its recovery efforts. Fortunately, the impact was less severe than anticipated on a statewide basis and the City even performed significantly better than the State. Measure R Fund ended third full year of implementation with a total revenue of \$8.6 million.
- During FY 2021-2022 the City experienced sales tax increases for a 21.4 percent increase in sales tax receipts over FY 2020-2021 actual receipts, excluding Measure R Transactions Use Tax. The City continues with economic development practices to diversify the sales tax base and generate additional revenues. It is anticipated that sales tax revenue which makes up a significant portion of General Fund revenues will continue to increase in FY 2022-2023.
- In September 2015, the long awaited 130-acre Silverlakes Equestrian and Sports Complex opened for operations in Norco. This complex with over 22 soccer fields, equestrian facilities, concert/event venue and full-service restaurant and bar, operates 48 weeks each year. This facility was attracting over 1.5 million visitors annually to the City prior to the Coronavirus pandemic. In recent years, this has resulted in increase to Transient Occupancy Tax (TOT) revenues as new hotels were built to serve the increased visits to Silverlakes. With the pandemic, the number of visitors to the facility has significantly decreased resulting in decrease to TOT. However, with the worst of COVID-19 behind us, FY 2021- 2022 numbers reflect an uptrend in TOT that staff believes will continue in subsequent fiscal years.
- 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 grew by \$211.5 million or 5.7 percent during the fiscal year. The growth was mainly from property sales and the application of the 2 percent Proposition 13 inflation adjustment factor. Growth in the City was lower than County-wide growth which historically has been the trend due to the City being built-out. This growth in the assessed value is expected to result to an increase in the City's property tax revenues in the coming year. In December 2020, the California State Board of Equalization (BOE) directed County Assessors to apply a 1.036 percent inflation factor (CCPI – California Consumer Price Index) to statewide property values for taxation for FY 2021-2022, falling below the 2 percent cap. By enacting a 1.036 percent CCPI rather than the 2 percent maximum, taxpayers saved – and conversely state and local governments saw smaller increases in property tax revenues. Subsequently, the California State Board of Equalization advised county Assessors to use 2 percent as Proposition 13's inflation factor for FY 2022-2023.

**CITY OF NORCO
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

- A five-year water and sewer rate analysis was completed in early FY 2016-2017 resulting in Prop. 218 approved multi-year rate increase which was anticipated to remedy the continued decrease in working capital and restructure the rates to reduce revenue volatility as consumption changes. In FY 2019-2020, the status of the water fund improved due to the implementation of new rates. The resulting increase in revenues allowed for the establishment of operating and rate stabilization reserves for the water fund. Minimum operating reserve balance was also established for the sewer fund. The sewer fund's operating reserve was funded in FY 2017-2018 prior to the planned increase in rates for FY 2019-2020. Consequently, none of the approved sewer rate increases were implemented. It is anticipated that the current sewer rates will generate sufficient revenues to fund capital projects and operations. While the financial position of the Sewer Fund is expected to remain strong in the coming years even without any rate increases, Water Fund's financial position will depend on future rate increases and the ability to generate operating savings by purchasing less expensive imported water. The City plans to produce more water domestically as a result of the recent completion of water production and storage facilities. There was no increase to sewer rates during FY 2021-2022; and no increase to water and sewer rates is planned for FY 2022-2023.
- Over the last several years, the City's employer pension contribution requirements have been rising due to lower payroll base and actuarial revisions by California Public Employees Retirement System (CalPERS). It is anticipated that employer pension contribution rates will continue to rise in the near future. Furthermore, when the City contracted out for fire and emergency medical services, the City's safety pension plan was placed into inactive status by CalPERS and as a result of the lag in actuarial valuation, the City did not make any pension contribution to the safety plan over the initial two years. Even though the plan was fully funded when it was placed into inactive status, due to revisions to actuarial assumptions and changing demographics, the City began contributing to the plan in fiscal year 2016. In FY 2021-2022, the City's pension contribution for the safety plan increased to \$712,881 from \$691,954 in FY 2020-2021. With the anticipation of future contributions for all pension plans to increase, in FY 2021-2022, the City Council approved additional pension contributions through Internal Revenue Code Section 115 Post-Employment Benefits Trust Program to be administered by Public Agency Retirement Services (PARS) and U.S Bank, as Trustee. In March 2022, the City had made \$1.0 million from the Special Asset Revenue Fund contribution to the Trust. Ongoing contributions will continue based on a percentage of general fund surplus, if any, savings from the annual prepayment of Unfunded Annual Liability (UAL) as long as CalPERS offers the discount and from contributions previously made to pre-fund the OPEB Trust.
- Current Memorandums of Understanding (MOU) and salary resolutions with all of the City's employee bargaining units expired June 30, 2022 resulting in renegotiating an 8% cost of living adjustments and increase the amount of health insurance subsidy to be paid by the City from \$1,250 to \$1,500 monthly for those employees and their dependents enrolled in any of the available health plans, effective July 1, 2022. These MOUs and salary negotiations will likely result in cost increases to future year budgets.
- During the FY 2020-2021, the building construction plans were submitted for approval for Phase I of the Palomino Ranch Business Park project. City Council had previously approved Palomino Ranch Business Park Project proposed by the CapRock Partners for the development of over two million square feet light industrial project with some retail component which will be built in phases. Phase I is expected to be completed in FY 2022-2023. Completion of future phases are dependent on market conditions. When completed, this project will generate significant one-time development impact fees and ongoing property tax and sales tax revenues. The City also estimates that this project will generate over 1,700 permanent jobs.
- During the FY 2020-2021, the Planning Commission approved Saddle Ranch Phase Project proposed by the CapRock Partners for the development of over 374,170 square-foot industrial/warehouse/manufacturing/cold storage warehouse and distribution. Saddle Ranch Phase Project is expected to be completed in FY 2022-2023, this project will also generate significant one-time development impact fees and ongoing property tax and sales tax revenues.
- In early FY 2021-2022, the construction was completed on a CarMax automobile dealership store at the corner of Second Street and Valley View Avenue. This project will generate significant sales tax revenue, and increase employment and property tax base.

**CITY OF NORCO
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

- Other significant commercial projects ongoing during the fiscal year include for the development of a six-building (6) industrial complex, totaling 80,078 square-feet located within the Industrial District of the Gateway Specific Plan. In addition, projects approved for development include a 109-room Hotel, Coffee Shop and Restaurant on Hamner Ave between 5th Street and Sixth Street.

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 Finance Director, City of Norco, 2870 Clark Avenue, Norco, California 92860, or call (951) 270-5651.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

THIS PAGE INTENTIONALLY LEFT BLANK

**CITY OF NORCO
STATEMENT OF NET POSITION
JUNE 30, 2022**

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Investments	\$ 60,394,581	\$ 29,617,693	\$ 90,012,274
Cash and Investments with Fiscal Agents	117,105	13,887	130,992
Restricted Cash	57,964	-	57,964
Receivables, Net:			
Accounts	915,727	3,522,414	4,438,141
Interest	140,286	112,279	252,565
Notes	9,870,543	11,147,979	21,018,522
Due from Other Governments	5,237,561	-	5,237,561
Internal Balances	(325,024)	325,024	-
Inventories	-	95,336	95,336
Deposits	2,456,582	-	2,456,582
Prepays	37,654	-	37,654
Property Held for Resale	3,324,238	-	3,324,238
Lease Receivable	13,286,239	-	13,286,239
Capital Assets not Being Depreciated/Amortized:			
Land and Construction in Progress	105,563,053	6,575,834	112,138,887
Capital Assets, Net of Accumulated Depreciation/Amortization	78,193,102	77,686,671	155,879,773
Total Assets	<u>279,269,611</u>	<u>129,097,117</u>	<u>408,366,728</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Loss on Debt Refunding	-	803,741	803,741
Amounts Related to Other Postemployment Benefits	1,343,400	677,967	2,021,367
Amounts Related to Pension Plans	3,556,877	905,096	4,461,973
Total Deferred Outflow of Resources	<u>4,900,277</u>	<u>2,386,804</u>	<u>7,287,081</u>
LIABILITIES			
Accounts Payable and Accrued Liabilities	7,120,786	2,807,018	9,927,804
Accrued Interest Payable	-	440,120	440,120
Retentions Payable	403,697	152,040	555,737
Unearned Revenues	618,609	576,810	1,195,419
Deposits Payable	6,400	402,488	408,888
Noncurrent Liabilities:			
Due Within One Year	462,288	1,403,791	1,866,079
Due in More than One Year:			
Net OPEB Liability	2,214,335	1,117,495	3,331,830
Net Pension Liability	11,033,372	2,935,682	13,969,054
Total Liabilities	<u>23,530,151</u>	<u>55,575,768</u>	<u>79,105,919</u>
DEFERRED INFLOWS OF RESOURCES			
Amounts Related to Leases Receivable	13,286,239	-	13,286,239
Amounts Related to Other Postemployment Benefits	2,258,266	1,139,666	3,397,932
Amounts Related to Pension Plans	9,441,641	2,470,874	11,912,515
Total Deferred Inflow of Resources	<u>24,986,146</u>	<u>3,610,540</u>	<u>28,596,686</u>
NET POSITION			
Net Investment in Capital Assets	182,078,689	36,596,095	218,674,784
Restricted for:			
Capital Projects	5,424,809	1,817,075	7,241,884
Community Development	894,103	-	894,103
Low and Moderate Income Housing	16,591,918	-	16,591,918
Public Safety	811,770	-	811,770
Debt Service	-	13,881	13,881
Pensions	2,111,067	-	2,111,067
Unrestricted	27,741,235	33,870,562	61,611,797
Total Net Position	<u>\$ 235,653,591</u>	<u>\$ 72,297,613</u>	<u>\$ 307,951,204</u>

See accompanying Notes to Financial Statements.

**CITY OF NORCO
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
Governmental Activities:				
General Government	\$ 9,639,441	\$ 2,082,234	\$ 469,652	\$ 142,700
Public Safety	10,991,835	1,130,231	244,278	154,158
Streets and Highways	8,627,523	983,499	2,198,933	3,372,301
Community and Economic Development	1,974,201	3,003,618	140,065	2,211,977
Culture and Leisure	2,637,799	1,294,904	71,165	416,169
Total Governmental Activities	33,870,799	8,494,486	3,124,093	6,297,305
Business-Type Activities:				
Water	12,368,339	13,746,965	-	1,931,129
Sewer	7,740,315	9,769,632	-	-
Total Business-Type Activities	20,108,654	23,516,597	-	1,931,129
Total Primary Government	\$ 53,979,453	\$ 32,011,083	\$ 3,124,093	\$ 8,228,434

General Revenues:

Taxes:

- Property Tax, Levied for General Purpose
- Transient Occupancy Tax
- Franchise Tax
- Public Service Taxes
- Intergovernmental - Sales Tax
- Motor Vehicle in Lieu Tax - Unrestricted
- Unrestricted Investment Earnings (Loss)
- Unrestricted Intergovernmental

Transfers

Total General Revenues and Transfers

CHANGE IN NET POSITION

Net Position - Beginning of Year, As Restated

NET POSITION - END OF YEAR

See accompanying Notes to Financial Statements.

**CITY OF NORCO
STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED JUNE 30, 2022**

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
\$ (6,944,855)	\$ -	\$ (6,944,855)
(9,463,168)	-	(9,463,168)
(2,072,790)	-	(2,072,790)
3,381,459	-	3,381,459
(855,561)	-	(855,561)
(15,954,915)	-	(15,954,915)
-	3,309,755	3,309,755
-	2,029,317	2,029,317
-	5,339,072	5,339,072
(15,954,915)	5,339,072	(10,615,843)
5,408,797	-	5,408,797
1,057,978	-	1,057,978
2,025,163	-	2,025,163
604,599	-	604,599
20,376,348	-	20,376,348
31,265	-	31,265
(553,147)	(115,150)	(668,297)
3,003,453	-	3,003,453
266,905	(266,905)	-
32,221,361	(382,055)	31,839,306
16,266,446	4,957,017	21,223,463
219,387,145	67,340,596	286,727,741
<u>\$ 235,653,591</u>	<u>\$ 72,297,613</u>	<u>\$ 307,951,204</u>

See accompanying Notes to Financial Statements.

THIS PAGE INTENTIONALLY LEFT BLANK

FUND FINANCIAL STATEMENTS

THIS PAGE INTENTIONALLY LEFT BLANK

**CITY OF NORCO
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022**

	General	Housing Successor Agency Low and Moderate Income Housing Special Revenue Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 43,415,340	\$ 3,577,256	\$ 6,955,676	\$ 53,948,272
Cash and Investments with Fiscal Agents	-	117,105	-	117,105
Receivables, Net:				
Accounts	557,170	-	316,957	874,127
Interest	100,791	19,250	10,575	130,616
Notes	2,179,620	7,276,258	414,665	9,870,543
Due from Other Governments	4,131,868	-	1,105,693	5,237,561
Prepays	4,164	-	3,000	7,164
Deposits	-	2,456,582	-	2,456,582
Property Held for Resale	-	3,324,238	-	3,324,238
Leases Receivable	13,286,239	-	-	13,286,239
Due from Other Funds	301,510	-	-	301,510
Total Assets	\$ 63,976,702	\$ 16,770,689	\$ 8,806,566	\$ 89,553,957
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable and Accrued Liabilities	\$ 5,640,081	\$ 178,771	\$ 983,043	\$ 6,801,895
Retentions Payable	201,194	-	202,503	403,697
Due to Other Funds	27,662	-	320,592	348,254
Deposits Payable	-	-	6,400	6,400
Unearned Revenues	420,509	-	198,100	618,609
Total Liabilities	6,289,446	178,771	1,710,638	8,178,855
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenues	13,320,993	-	612,593	13,933,586
FUND BALANCES				
Nonspendable	2,183,784	-	3,000	2,186,784
Restricted	2,111,067	16,591,918	6,627,229	25,330,214
Committed	12,607,576	-	-	12,607,576
Unassigned	27,463,836	-	(146,894)	27,316,942
Total Fund Balances	44,366,263	16,591,918	6,483,335	67,441,516
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 63,976,702	\$ 16,770,689	\$ 8,806,566	\$ 89,553,957

See accompanying Notes to Financial Statements.

**CITY OF NORCO
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2022**

Fund Balances of Governmental Funds	\$ 67,441,516
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>	
<p>Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.</p>	182,321,936
<p>Internal service funds are used by management to charge the costs of equipment usage, and certain employee benefits and City-wide insurance coverage. The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Position, excluding \$278,280 allocated to business-type activities</p>	5,290,129
<p>Interest receivable on certain long-term loans and certain grants and loans to pay for current-period expenditures and, therefore, are deferred in the governmental funds. In the Statement of Net Position, these receivables are recognized as earned revenues.</p>	647,347
<p>Pension and OPEB related debt applicable to the City governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Deferred outflows of resources and deferred inflows of resources related to pensions and OPEB are only reported in the Statement of Net Position as the changes in these amounts affect only the government-wide statements for governmental activities:</p>	
Deferred Outflows of Resources Related to OPEB	1,343,400
Deferred Inflows of Resources Related to OPEB	(2,258,266)
Net OPEB Liability	(2,214,335)
Deferred Outflows of Resources Related to Pensions	3,556,877
Deferred Inflows of Resources Related to Pensions	(9,441,641)
Net Pension Liability	<u>(11,033,372)</u>
Net Position of Governmental Activities	<u>\$ 235,653,591</u>

See accompanying Notes to Financial Statements.

CITY OF NORCO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

	General	Housing Successor Agency Low and Moderate Income Housing Special Revenue Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 29,472,885	\$ -	\$ 1,139,688	\$ 30,612,573
Assessments	-	-	788,192	788,192
Licenses and Permits	2,608,829	-	-	2,608,829
Fines and Forfeitures	593,357	-	-	593,357
Development Fees	2,000,000	-	3,657,076	5,657,076
Intergovernmental	200,900	-	4,867,504	5,068,404
Charges for Services	3,723,904	-	279,376	4,003,280
Investment Earnings	(586,733)	(76,718)	(84,000)	(747,451)
Lease Income	438,430	-	-	438,430
Reimbursements	4,956	-	-	4,956
Other	306,355	133,684	245,057	685,096
Total Revenues	<u>38,762,883</u>	<u>56,966</u>	<u>10,892,893</u>	<u>49,712,742</u>
EXPENDITURES				
Current:				
General Government	7,423,414	-	3,242,903	10,666,317
Public Safety	9,922,238	-	175,050	10,097,288
Streets and Highways	895,132	-	5,770,093	6,665,225
Community and Economic Development	1,533,160	243,420	82,217	1,858,797
Culture and Leisure	2,703,603	-	544,210	3,247,813
Capital Outlay:				
Special Assessment	5,193,726	-	-	5,193,726
Other	-	-	3,700	3,700
Total Expenditures	<u>27,671,273</u>	<u>243,420</u>	<u>9,818,173</u>	<u>37,732,866</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	11,091,610	(186,454)	1,074,720	11,979,876
OTHER FINANCING SOURCES (USES)				
Transfers In	268,405	-	17,878	286,283
Transfers Out	(7,685)	-	(11,693)	(19,378)
Total Other Financing Sources (Uses)	<u>260,720</u>	<u>-</u>	<u>6,185</u>	<u>266,905</u>
NET CHANGE IN FUND BALANCES	11,352,330	(186,454)	1,080,905	12,246,781
Fund Balances - Beginning of Year, as Restated	<u>33,013,933</u>	<u>16,778,372</u>	<u>5,402,430</u>	<u>55,194,735</u>
FUND BALANCES - END OF YEAR	<u>\$ 44,366,263</u>	<u>\$ 16,591,918</u>	<u>\$ 6,483,335</u>	<u>\$ 67,441,516</u>

See accompanying Notes to 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
YEAR ENDED JUNE 30, 2022**

Net Change in Fund Balance - Total Governmental Funds	\$ 12,246,781
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>	
<p>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.</p>	
Contribution from developers	50,000
Capital Outlays	9,354,060
Depreciation	(3,614,006)
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds:</p>	
Adjustment to Interest Income on Notes Receivable	(2,254)
Grant Revenue not Available to Pay for Current-Period Expenditures	197,928
<p>OPEB expense reported in the governmental funds includes the insurance premiums paid. In the Statement of Activities, OPEB expense includes the change in the OPEB liability, and related change in OPEB amounts for deferred outflows of resources and deferred inflows of resources.</p>	
	1,115,800
<p>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 change in net position of the internal service funds reported within the governmental activities, excluding income of \$278,280 reported in business-type activities.</p>	
	(833,414)
<p>Pension expense reported in the governmental funds includes the annual required contributions. In the Statement of Activities, pension expense includes the change in the net pension liability, and related change in pension amounts for deferred outflows of resources and deferred inflows of resources</p>	
	(2,248,449)
Change in Net Position of Governmental Activities	\$ 16,266,446

See accompanying Notes to Financial Statements.

**CITY OF NORCO
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2022**

ASSETS	Business-Type Activities - Enterprise Funds			Governmental Activities Internal Service Funds
	Water	Sewer	Total	Funds
CURRENT ASSETS				
Cash and Investments	\$ 11,799,451	\$ 17,818,242	\$ 29,617,693	\$ 6,446,309
Restricted Cash	-	-	-	57,964
Cash and Investments with Fiscal Agents	7,572	6,315	13,887	-
Receivables, Net:				
Accounts	2,257,687	1,264,727	3,522,414	41,600
Interest	18,818	93,461	112,279	9,670
Notes	266,861	-	266,861	-
Prepays	-	-	-	30,490
Due from Other Funds	46,744	-	46,744	-
Inventories	95,336	-	95,336	-
Total Current Assets	14,492,469	19,182,745	33,675,214	6,586,033
NONCURRENT ASSETS				
Notes Receivable	3,210,109	7,671,009	10,881,118	-
Capital Assets not Being Depreciated				
Amortized:				
Land	1,863,896	-	1,863,896	-
Construction in Progress	3,025,812	1,686,126	4,711,938	-
Capital Assets Being Depreciated/Amortized:				
Buildings and Improvements	1,239,573	669,306	1,908,879	-
Utility Plant	24,480,172	7,471,123	31,951,295	-
Wastewater Capacity Rights	-	25,605,543	25,605,543	-
Pipelines	46,236,482	31,275,527	77,512,009	-
Fire Hydrants	2,152,973	-	2,152,973	-
Meters	1,827,287	1,741,393	3,568,680	-
Vehicles and Equipment	174,026	432,876	606,902	3,530,729
Right-to-Use Lease Asset	17,466	17,466	34,932	207,453
Intangible Assets:	-	-	-	436,609
Less Accumulated Depreciation/ Amortization	(33,813,333)	(31,841,209)	(65,654,542)	(2,740,572)
Total Noncurrent Assets	50,414,463	44,729,160	95,143,623	1,434,219
Total Assets	64,906,932	63,911,905	128,818,837	8,020,252
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Loss on Debt Refunding	479,790	323,951	803,741	-
Amounts from Other Postemployment Benefits	346,260	331,707	677,967	-
Amounts from Pension Plans	462,264	442,832	905,096	-
Total Deferred Outflows of Resources	1,288,314	1,098,490	2,386,804	-

See accompanying Notes to Financial Statements.

CITY OF NORCO
STATEMENT OF NET POSITION (CONTINUED)
PROPRIETARY FUNDS
JUNE 30, 2022

LIABILITIES	Business-Type Activities - Enterprise Funds			Governmental Activities Internal Service Funds
	Water	Sewer	Total	Funds
CURRENT LIABILITIES				
Accounts Payable and Accrued Liabilities	\$ 1,695,340	\$ 1,111,678	\$ 2,807,018	\$ 318,891
Accrued Interest Payable	220,067	220,053	440,120	-
Retentions Payable	92,355	59,685	152,040	-
Deposits Payable	212,391	190,097	402,488	-
Unearned Revenues	285,582	291,228	576,810	-
Lease Payable	3,340	3,340	6,680	-
Compensated Absences	-	-	-	203,742
Loan Obligation	-	302,111	302,111	39,671
Claims and Judgements	-	-	-	218,875
Bonds Payable	538,675	556,325	1,095,000	-
Total Current Liabilities	3,047,750	2,734,517	5,782,267	781,179
NONCURRENT LIABILITIES				
Compensated Absences	-	-	-	611,222
Lease payable	10,859	10,859	21,718	-
Loan Obligation	-	5,285,491	5,285,491	128,976
Claims and Judgements	-	-	-	930,466
Bonds Payable	23,175,678	17,257,437	40,433,115	-
Net OPEB Obligation	570,742	546,753	1,117,495	-
Net Pension Liability	1,499,352	1,436,330	2,935,682	-
Total Noncurrent Liabilities	25,256,631	24,536,870	49,793,501	1,670,664
Total Liabilities	28,304,381	27,271,387	55,575,768	2,451,843
DEFERRED INFLOWS OF RESOURCES				
Amounts from Other Postemployment Benefits	582,066	557,600	1,139,666	-
Amounts from Pension Plans	1,261,958	1,208,916	2,470,874	-
Total Deferred Outflows of Resources	1,844,024	1,766,516	3,610,540	-
NET POSITION				
Net Investment in Capital Assets	23,436,648	13,159,447	36,596,095	1,434,219
Restricted for Capital Projects	1,817,075	-	1,817,075	-
Restricted for Debt Service	7,566	6,315	13,881	-
Unrestricted	10,785,552	22,806,730	33,592,282	4,134,190
Total Net Position	\$ 36,046,841	\$ 35,972,492	72,019,333	\$ 5,568,409
Adjustment to Reflect the Consolidation of Internal Service Fund Activities to Enterprise Funds.			278,280	
Net Position of Business-Type Activities			\$ 72,297,613	

See accompanying Notes to Financial Statements.

CITY OF NORCO
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2022

	Business-Type Activities - Enterprise Funds			Governmental Activities Internal Service Funds
	Water	Sewer	Total	Funds
OPERATING REVENUES				
Sales and Charges for Services	\$ 13,535,804	\$ 9,676,902	\$ 23,212,706	\$ 2,262,107
Connection Fees	19,850	-	19,850	-
Miscellaneous	191,311	92,730	284,041	19,942
Total Operating Revenues	<u>13,746,965</u>	<u>9,769,632</u>	<u>23,516,597</u>	<u>2,282,049</u>
OPERATING EXPENSES				
General and Administrative	1,020,211	1,188,320	2,208,531	2,466,812
Operations	9,164,721	4,260,072	13,424,793	-
Amortization	-	723,099	723,099	7,544
Depreciation	1,625,482	1,025,992	2,651,474	274,751
Total Operating Expenses	<u>11,810,414</u>	<u>7,197,483</u>	<u>19,007,897</u>	<u>2,749,107</u>
OPERATING INCOME (LOSS)	1,936,551	2,572,149	4,508,700	(467,058)
NONOPERATING REVENUES (EXPENSES)				
Investment Earnings (Loss)	(87,557)	(27,593)	(115,150)	(88,741)
Interest Expense and Fiscal Charges	(869,035)	(834,929)	(1,703,964)	-
Amortization of Premium	162,579	165,551	328,130	-
Gain (Loss) on Disposal of Assets	(3,203)	-	(3,203)	665
Total Nonoperating Revenues (Expenses)	<u>(797,216)</u>	<u>(696,971)</u>	<u>(1,494,187)</u>	<u>(88,076)</u>
INCOME (LOSS) BEFORE TRANSFERS	1,139,335	1,875,178	3,014,513	(555,134)
CAPITAL CONTRIBUTIONS	1,931,129	-	1,931,129	-
TRANSFERS OUT	<u>(134,812)</u>	<u>(132,093)</u>	<u>(266,905)</u>	<u>-</u>
CHANGE IN NET POSITION	2,935,652	1,743,085	4,678,737	(555,134)
Net Position - Beginning of Year, As Restated	<u>33,111,189</u>	<u>34,229,407</u>		<u>6,123,543</u>
NET POSITION - END OF YEAR	<u>\$ 36,046,841</u>	<u>\$ 35,972,492</u>		<u>\$ 5,568,409</u>
Adjustment to Reflect the Consolidation of Internal Service Fund Activities to Enterprise Funds.			<u>278,280</u>	
			<u>\$ 4,957,017</u>	

See accompanying Notes to Financial Statements.

**CITY OF NORCO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2022**

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Water	Sewer	Total	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers	\$ 13,707,035	\$ 9,586,529	\$ 23,293,564	\$ -
Cash Received from Interfund Services Provided	-	-	-	2,258,949
Cash Payments to Suppliers	(8,336,998)	(2,792,367)	(11,129,365)	(1,307,216)
Cash Payments to Employees for Services	(1,706,698)	(1,538,869)	(3,245,567)	(301,317)
Net Cash Provided by Operating Activities	3,663,339	5,255,293	8,918,632	650,416
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Cash Paid to Other Funds	(133,981)	(132,093)	(266,074)	-
Net Cash Provided (Used) by Noncapital Financing Activities	(133,981)	(132,093)	(266,074)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and Construction of Capital Assets	(2,714,430)	(2,903,943)	(5,618,373)	(337,962)
Capital Development Impact Fees	1,931,129	-	1,931,129	-
Proceeds from Disposal of Capital Assets	-	-	-	665
Principal Payments - Lease	(3,267)	(3,267)	(6,534)	(38,806)
Principal Payments - Capital Lease	-	(296,477)	(296,477)	-
Principal Payments - Bonds	(514,106)	(530,893)	(1,044,999)	-
Interest and Fiscal Charges	(889,451)	(791,978)	(1,681,429)	-
Net Cash Used by Capital and Related Financing Activities	(2,190,125)	(4,526,558)	(6,716,683)	(376,103)
CASH FLOWS FROM INVESTING ACTIVITIES				
Change in Fair Value	(220,804)	(312,111)	(532,915)	(108,994)
Interest Income	122,522	273,455	395,977	15,280
Repayment of Notes Receivable	132,124	392,300	524,424	-
Net Cash Provided (Used) by Investing Activities	33,842	353,644	387,486	(93,714)
NET INCREASE IN CASH AND CASH EQUIVALENTS				
	1,373,075	950,286	2,323,361	180,599
Cash and Cash Equivalents - Beginning of Year	10,433,948	16,874,271	27,308,219	6,265,710
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 11,807,023	\$ 17,824,557	\$ 29,631,580	\$ 6,446,309
CASH AND CASH EQUIVALENTS ARE REPORTED ON THE STATEMENT OF NET POSITION AS FOLLOWS				
Cash and Investments	\$ 11,799,451	\$ 17,818,242	\$ 29,617,693	\$ 6,446,309
Cash and Investments with Fiscal Agents	7,572	6,315	13,887	-
Total Cash and Cash Equivalents	\$ 11,807,023	\$ 17,824,557	\$ 29,631,580	\$ 6,446,309

See accompanying Notes to Financial Statements.

**CITY OF NORCO
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2022**

	Business-Type Activities - Enterprise Funds			Governmental Activities Internal Service Funds
	Water	Sewer	Total	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating Income (Loss)	\$ 1,936,551	\$ 2,572,149	\$ 4,508,700	\$ (467,058)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Amortization	-	723,099	723,099	7,544
Depreciation	1,625,482	1,025,992	2,651,474	274,751
(Increase) Decrease in Assets and Deferred Outflows:				
Accounts Receivable	(26,654)	(175,497)	(202,151)	(23,100)
Prepays	8	-	8	(1,059)
Inventories	(278)	-	(278)	-
Deferred Outflows:				
Amount from Pension Plans	27,966	(69,774)	(41,808)	-
Amount from Other Postemployment Benefits	(78,682)	(68,809)	(147,491)	-
Increase (Decrease) in Liabilities and Deferred Inflows:				
Accounts Payable and Accrued Liabilities	342,526	459,362	801,888	225,819
Deposits Payable	2,589	8,573	11,162	-
Unearned Revenues	(15,865)	(16,179)	(32,044)	-
Retentions Payable	(179,731)	59,685	(120,046)	-
Compensated Absences	-	-	-	20,077
Net Pension Obligation	(940,849)	(218,191)	(1,159,040)	-
Net OPEB Obligation	(576,086)	(580,014)	(1,156,100)	-
Claims and Judgements	-	-	-	613,442
Deferred Inflows:				
Amount from Pension Plans	1,188,103	1,197,189	2,385,292	-
Amount from Other Postemployment Benefits	358,259	337,708	695,967	-
Net Cash Provided by Operating Activities	\$ 3,663,339	\$ 5,255,293	\$ 8,918,632	\$ 650,416

See accompanying Notes to Financial Statements.

**CITY OF NORCO
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2022**

	Successor Agency Private-Purpose Trust Fund	Custodial Funds
ASSETS		
Cash and Investments	\$ 3,339,224	\$ 4,232,112
Cash and Investments with Fiscal Agents	4,539,306	1,627,156
Receivables, Net:		
Accounts	-	646,319
Interest	3,507	4,119
Due from Other Governments	-	78,866
Prepays	109,808	-
Property Held for Resale	65,689	-
	8,057,534	6,588,572
DEFERRED OUTFLOWS OF RESOURCES		
Loss on Debt Refunding	2,737,797	-
LIABILITIES		
Accounts Payable	-	570,869
Deposits Payable	-	1,166,110
Note Payable	420,000	-
Accrued Interest on Debt	899,529	-
Due to Others	-	20,426
Long-Term Liabilities:		
Due Within One Year	3,360,000	-
Due in More than One Year	59,796,698	-
	64,476,227	1,757,405
NET POSITION		
Held in Trust for the Successor Agency and Other Purposes	(53,680,896)	-
Restricted for:		
Waste Management	-	397
Debt Service for Special Assessment Debt	-	4,830,770
Total Net Position	\$ (53,680,896)	\$ 4,831,167

See accompanying Notes to Financial Statements.

**CITY OF NORCO
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2022**

	Successor Agency Private-Purpose Trust Fund	Custodial Funds
ADDITIONS		
RPTTF Property Tax Distribution	\$ 6,668,123	\$ -
Collections for Others	-	9,639,233
Investment Earnings (Loss)	(278,979)	(132,118)
Total Additions	6,389,144	9,507,115
DEDUCTIONS		
Administrative Allowance	250,000	-
Payment for collections to Waste Management	-	6,618,890
Administrative Expenses	-	149,551
Payments on Special Assessment Debt:		
Principal	-	1,463,638
Interest	2,433,112	1,287,854
Amortization of Bond Discounts and Premiums	285,570	-
Total Deductions	2,968,682	9,519,933
CHANGE IN NET POSITION	3,420,462	(12,818)
Net Position - Beginning of the Year	(57,101,358)	4,843,985
NET POSITION - END OF THE YEAR	\$ (53,680,896)	\$ 4,831,167

See accompanying Notes to Financial Statements.

THIS PAGE INTENTIONALLY LEFT BLANK

NOTES TO FINANCIAL STATEMENTS

THIS PAGE INTENTIONALLY LEFT BLANK

**CITY OF NORCO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 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, 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 unit of the City has been included in the financial reporting entity as a blended component unit. A description of the component unit and the method of incorporating its financial information in the accompanying 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 and the former Norco Community Redevelopment Agency (the former Agency) formed the Authority by execution of the Joint Exercise of Powers Agreement. The purpose of the Authority is to provide financing to the former Agency and the City for various project purposes. The Authority activity is reported in the water and sewer enterprise funds and is 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 Authority.

**CITY OF NORCO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 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 Governmental Accounting Standards Board (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 FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 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. Under the *economic resources measurement focus*, all (both current and long-term) economic resources and obligations of the reporting government are reported in the government-wide financial statements. Accrual basis of accounting refers to when 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, deferred outflows of resources, liabilities, and deferred inflows of resources, 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. The types of transactions reported as program revenues for the City are reported in three categories (1) charges for services, (2) operating grants and contributions, and (3) capital grants and contributions.

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

The City reports the following major Governmental Funds:

The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

CITY OF NORCO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The *General Fund* includes Measure R funds, a one-cent sales tax, for investment in infrastructure and vital services that was approved by voters on the November 6, 2018 ballot. Measure R allows the City to preserve its quality of life, and restore deteriorating streets, trails, parks, facilities and equestrian amenities. Measure R will also prevent additional cuts to the City's public safety services in order to maintain safe levels of sheriff and fire protection without risking emergency response times. With the approval of Measure R, the sales tax rate in the City increased by 1%, from 7.75% to 8.75% effective April 1, 2019.

The *Housing Successor Agency Low and Moderate Income Housing (LMIH) Special Revenue Fund*. This fund accounts for assets received from dissolution of the former Norco Community Redevelopment Agency dedicated to low and moderate income housing activities pursuant to the California Health and Safety Code.

The City reports the following major Proprietary Funds:

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

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

Additionally, the City reports the following fund types:

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

The *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.

The *Internal Service Funds* are used by the City to account for data processing, fleet management and benefits and insurance 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, special assessments 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 as distributions to other government, others and for payments for debt for which the City is not obligated. Fiduciary fund balances are not property of the City of Norco.

CITY OF NORCO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The following are Fiduciary Funds of the City:

The *Private Purpose Trust Fund* is the Successor Agency to the former Agency. The private purpose trust fund is reported using the “economic resources measurement focus” and the “accrual basis of accounting.”

The *Custodial Funds* account for assets held by the City as a custodian for bonded assessment districts, collections for on behalf of individuals, private organizations or other governments. The custodial funds use the accrual basis of accounting.

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 City’s water and sewer function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

D. 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.”

CITY OF NORCO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

F. Cash and Cash Equivalents

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

G. Investments

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

H. Inventories and Prepaids

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The City uses the consumption method of accounting for prepaids.

I. Land Held for Resale

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

CITY OF NORCO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Compensated Absences

Vacation pay is payable to employees at the time a vacation is taken or upon termination of employment. Vacation accruals and the maximum number of hours an employee can accrue are based on the employee's length of service with the City as outlined in the various Memorandum of Understanding and Salary Resolutions.

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

K. 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 acquisition value.

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, and infrastructure assets of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives.

Buildings	50 Years
Building Improvements	5 – 50 Years
Public Domain Infrastructure	20 – 50 Years
System Infrastructure	10 – 60 Years
Vehicles	5 – 20 Years
Office Equipment	5 – 10 Years
Computer Equipment	5 – 10 Years

CITY OF NORCO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The category of deferred outflow of resources reported in the statement of net position is related to debt refunding, pensions, and other postemployment benefits. The deferred charge on refunding resulted from the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred outflows on pension and other postemployment benefits are more fully discussed in Note 5 and 13.

In addition to liabilities, the statement of financial position and the governmental funds balance sheet includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. In the government-wide financial statements, the City's deferred inflows of resources reported on the statement of net position relate to pension and other postemployment benefits, which are more fully discussed in Note 5 and 13. The statement of net position and the governmental funds balance sheet also reports a deferred inflow of resources related to leases.

Under the modified accrual basis of accounting, deferred inflows of resources also include revenues not collected within the availability period after the fiscal year-end. The City has reported deferred inflows of resources related to unavailable revenues for property taxes and grants. These amounts are deferred and will be recognized as an inflow of resources in the period that amounts become available.

M. Use of Estimates

The financial statements have been prepared in accordance with accounting principles generally 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.

N. Long-Term Liabilities

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

CITY OF NORCO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Long-Term Liabilities (Continued)

In the fund financial statements, governmental fund types recognize bond premiums and discounts 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.

O. 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.

P. Pensions

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

Q. Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability and deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's OPEB Plan and additions to/deductions from the OPEB Plans' fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the City's OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

R. Leases

Lessee

The City is a lessee for noncancellable leases of equipment. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the applicable governmental activities or business-type activities in the government-wide and in the proprietary fund financial statements. The City recognizes lease liabilities with an initial individual value of \$5,000 or more. At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

CITY OF NORCO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Leases (Continued)

Lessor

The City recognizes a lease receivable and a deferred inflow of resources in the applicable governmental activities or business-type activities in the government-wide and in the governmental and proprietary fund financial statements. At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

S. Net Position

The government wide financial statements, proprietary fund statements and fiduciary fund statements utilize a net position presentation. Net position is classified in the following categories:

Net Investment in Capital Assets – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt and capital related payable that is attributed to the acquisition, construction, or improvement of the assets.

Restricted Net Position – This amount is restricted by enabling legislation, such as external creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted Net Position – This amount is all net position that does not meet the definition of “net investment in capital assets” or “restricted net position.”

Sometimes the City 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.

T. Fund Balances

The following fund balance classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable – This category represents amounts that cannot be spent because they are either (a) not in a spendable form (such as inventory) or (b) legally or contractually required to be maintained intact.

CITY OF NORCO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

T. Fund Balances (Continued)

Restricted – This category represents 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 – This category represents amounts constrained to specific purposes by a government itself, using the highest level of decision-making authority. Committed fund balances encompass the portion of net fund resources, the use of which is constrained by limitations that the government imposes upon itself at its highest level of decision making, normally through the adoption of a resolution by the governing body, and that remain binding unless removed in the same manner. The City Council is considered the highest authority for the City.

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

Unassigned – Consists of the residual amount for the general fund that is not contained in the other classifications. The general fund is the only fund that reports a positive unassigned fund balance. Any deficit fund balance within the other governmental fund types is reported as unassigned.

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

The City 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 City also considers committed, assigned, and or unassigned amounts to have been used in that order when an expenditure is incurred and any of those classifications apply to the expenditure.

U. 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. As of June 30, 2022, there were no outstanding encumbrances for governmental funds.

**CITY OF NORCO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

V. Deficit Net Position and Fund Balances

As of June 30, 2022, the following funds had deficit net position or fund balances:

Nonmajor Special Revenue Funds:		
Landscape Maintenance District #2	\$	(756)
Nonmajor Capital Projects Funds		
Storm Drain		(146,138)
Internal Service Fund:		
Benefits and Insurance		(730,973)

Deficit fund balances are expected to be funded through collection of future revenues or transfers from the general fund.

W. Adoption of New Accounting Standards

GASB Statement No. 87, Leases

In June 2017, the GASB issued GASB Statement No. 87, *Leases*. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

The City adopted the requirements of the guidance effective July 1, 2021 and has applied the provisions of this standard to the beginning of the period of adoption.

**CITY OF NORCO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 CASH AND INVESTMENTS

Cash and Investments

Cash and investments are reported in the accompanying statement of net position and statement of fiduciary net position as follows:

Statement of Net Position:	
Cash and Investments	\$ 90,012,274
Cash and Investments with Fiscal Agents	130,992
Restricted Cash	57,964
Statement of Fiduciary Net Position:	
Cash and Investments	7,571,336
Cash and Investments with Fiscal Agents	6,166,462
Total Cash and Investments	<u>\$ 103,939,028</u>

Cash and investments as of June 30, 2022 consist of the following:

Cash on Hand	\$ 6,957
Deposits with Financial Institutions	724,559
Investments in Section 115 Trust - PARS	2,111,067
Investments	101,096,445
Total Cash and Investments	<u>\$ 103,939,028</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.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio *</u>	<u>Maximum Investment in One Issuer</u>
Local Agency Bonds	5 Years	None	None
United States (U.S.) Treasury Securities	5 Years	None	None
U.S. Government Sponsored 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
Non-Negotiable Certificates of Deposit	2 Years	25%	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
California Local Agency Obligations	5 Years	None	None
Local Agency Investment Fund	N/A	None	None

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

**CITY OF NORCO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Investments Authorized by Debt Agreements

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

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage Allowed</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury Obligations	None	None	None
U.S. Government Sponsored 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:

<u>Investment Type</u>	<u>Total</u>	<u>Remaining Maturity (in Months)</u>		
		<u>12 Months or Less</u>	<u>13 to 24 Months</u>	<u>25 to 60 Months</u>
State Investment Pool	\$ 68,054,199	\$ 68,054,199	\$ -	\$ -
Money Market Mutual Funds	58,814	58,814	-	-
US Treasury Bills	11,854,860	11,854,860	-	-
U.S. Government Sponsored Agency Securities	14,831,129	-	14,831,129	-
Held by Trustee:				
Money Market Funds	414,895	414,895	-	-
U.S. Government Sponsored Agency Securities	5,882,548	-	2,041,841	3,840,707
Total Investments	<u>\$ 101,096,445</u>	<u>\$ 80,382,768</u>	<u>\$ 16,872,970</u>	<u>\$ 3,840,707</u>

**CITY OF NORCO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

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 Standard and Poor's or by Moody's Corporation, nationally recognized statistical rating organizations. 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. The state investment pool does not have a rating provided by a nationally organized statistical rating organization.

<u>Investment Type</u>	<u>Total</u>	<u>Minimum Legal Rating</u>	<u>Ratings as of Year End</u>
State Investment Pool	\$ 68,054,199	N/A	Not Rated
Money Market Mutual Funds	58,814	A/A1	AAA
US Treasury Bills	11,854,860	N/A	Exempt
U.S. Government Sponsored Agency Securities	14,831,129	N/A	AA+
Held by Trustee:			
Money Market Funds	414,895	A/A1	AAA
U.S. Government Sponsored Agency Securities	5,882,548	N/A	AA+
Total Investments	<u>\$ 101,096,445</u>		

N/A - Not Applicable

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:

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>
Federal Home Loan Bank	U.S. Government Sponsored Agency Security	\$ 14,831,129

CITY OF NORCO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Concentration of Credit Risk (Continued)

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 fair 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, 2022, 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.

Investment in Section 115 Trust - PARS

The City established a trust account with Public Agency Retirement Services (PARS) to hold assets that are legally restricted for use in administering the City's CalPERS pension plans. The Section 115 Pension trust's investments are managed by a third-party portfolio manager under guidelines approved by the City.

Fair Value Measurements

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

Investments in commercial paper and U.S. government sponsored agency securities are valued using quoted prices in an active market for similar assets (Level 2 measurement).

**CITY OF NORCO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Fair Value Measurements (Continued)

The City has the following recurring fair value measurements as of June 30, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
US Treasury Bills	\$ 11,854,860	\$ -	\$ -	\$ 11,854,860
U.S. Government Sponsored Agency Securities	-	14,831,129	-	14,831,129
Held by Trustee:				
U.S. Government Sponsored Agency Securities	-	5,882,548	-	5,882,548
Total Investments	<u>\$ 11,854,860</u>	<u>\$ 20,713,677</u>	<u>\$ -</u>	<u>\$ 32,568,537</u>
Investments not Subject to Fair Value Hierarchy:				
Money Market Mutual Funds				\$ 58,814
State Investment Pool				68,054,199
Held by Trustee:				
Money Market Mutual Funds				414,895
Total Investment Portfolio				<u>\$ 101,096,445</u>

NOTE 3 RECEIVABLES

Due from Other Governments

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

<u>Type of Revenue</u>	<u>General</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Assessments	\$ -	\$ 19,293	\$ 19,293
Gas Tax	-	114,991	114,991
Sales Tax	2,209,984	-	2,209,984
Measure A	-	258,052	258,052
Measure R	1,757,704	-	1,757,704
Grants and Contributions	-	285,346	285,346
Other	164,180	428,011	592,191
Totals	<u>\$ 4,131,868</u>	<u>\$ 1,105,693</u>	<u>\$ 5,237,561</u>

**CITY OF NORCO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 4 CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2022 was as follows:

Governmental Activities	Beginning Balance As Resated	Additions	Deletions	Ending Balance
Capital Assets, Not Being Depreciated:				
Land	\$ 101,161,035	\$ -	\$ -	\$ 101,161,035
Construction in Progress	1,939,441	9,393,053	(6,930,476)	4,402,018
Total Capital Assets, Not Being Depreciated	103,100,476	9,393,053	(6,930,476)	105,563,053
Capital Assets, Being Depreciated:				
Buildings and Improvements	18,314,354	819,791	-	19,134,145
Improvements Other than Buildings	6,219,465	1,157,325	-	7,376,790
Vehicles and Equipment	3,890,508	699,337	-	4,589,845
Infrastructure	132,266,676	4,602,989	-	136,869,665
Right to Use Asset	207,453	-	-	207,453
Intangible	436,609	-	-	436,609
Total Capital Assets, Being Depreciated	161,335,065	7,279,442	-	168,614,507
Less Accumulated Depreciation/Amortization for:				
Buildings and Improvements	(8,627,827)	(483,173)	-	(9,111,000)
Improvements Other than Buildings	(2,621,170)	(255,583)	-	(2,876,753)
Vehicles and Equipment	(2,644,683)	(329,192)	-	(2,973,875)
Infrastructure	(72,211,176)	(2,779,317)	-	(74,990,493)
Right to Use Asset	-	(41,491)	-	(41,491)
Intangible	(420,249)	(7,544)	-	(427,793)
Total Accumulated Depreciation/ Amortization	(86,525,105)	(3,896,300)	-	(90,421,405)
Total Capital Assets, Being Depreciated, Net	74,809,960	3,383,142	-	78,193,102
Total Governmental Activities Capital Assets, Net	<u>\$ 177,910,436</u>	<u>\$ 12,776,195</u>	<u>\$ (6,930,476)</u>	<u>\$ 183,756,155</u>

CITY OF NORCO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 4 CAPITAL ASSETS (CONTINUED)

Business-Type Activities	Beginning Balance As Restated	Additions	Deletions	Ending Balance
Capital Assets, Not Being Depreciated:				
Land and Improvements	\$ 1,863,896	\$ -	\$ -	\$ 1,863,896
Construction in Progress	10,356,656	5,521,792	(11,166,510)	4,711,938
Total Capital Assets, Not Being Depreciated	12,220,552	5,521,792	(11,166,510)	6,575,834
Capital Assets, Being Depreciated:				
Buildings and Improvements	1,579,694	329,185	-	1,908,879
Utility Plant	21,442,496	10,796,586	(284,587)	31,954,495
Wastewater Capacity Rights	25,605,543	-	-	25,605,543
Pipelines	77,468,068	43,941	-	77,512,009
Vehicles and Equipment	510,321	96,581	-	606,902
Fire Hydrants	2,152,973	-	-	2,152,973
Meters	3,568,680	-	-	3,568,680
Right to Use Asset	34,932	-	-	34,932
Total Capital Assets, Being Depreciated	132,362,707	11,266,293	(284,587)	143,344,413
Less Accumulated Depreciation for:				
Buildings and Improvements	(834,879)	(38,692)	-	(873,571)
Utility Plant	(7,440,469)	(506,822)	278,180	(7,669,111)
Wastewater Capacity Rights	(10,420,426)	(723,099)	-	(11,143,525)
Pipelines	(39,520,073)	(1,671,869)	-	(41,191,942)
Vehicles and Equipment	(244,515)	(56,154)	-	(300,669)
Fire Hydrants	(1,568,016)	(13,789)	-	(1,581,805)
Meters	(2,532,971)	(357,162)	-	(2,890,133)
Right to Use Asset	-	(6,986)	-	(6,986)
Total Accumulated Depreciation	(62,561,349)	(3,374,573)	278,180	(65,657,742)
Total Capital Assets, Being Depreciated, Net	69,801,358	7,891,720	(6,407)	77,686,671
Total Business-Type Activities Capital Assets, Net	<u>\$ 82,021,910</u>	<u>\$ 13,413,512</u>	<u>\$ (11,172,917)</u>	<u>\$ 84,262,505</u>

**CITY OF NORCO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 4 CAPITAL ASSETS (CONTINUED)

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

Governmental Activities:	
General Government	\$ 270,191
Public Safety	197,139
Streets and Highways	2,367,303
Culture and Leisure	820,864
Capital Assets Held by the Government's Internal Service Funds are Charged to the Various Functions Based on Their Usage of the Assets:	
Amortization	7,544
Depreciation	<u>233,259</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 3,896,300</u>
Business-Type Activities:	
Water - Depreciation Expense	\$ 1,625,482
Sewer - Amortization Expense	723,099
Sewer - Depreciation Expense	<u>1,025,992</u>
Total Depreciation Expense - Business-Type Activities	<u>\$ 3,374,573</u>

NOTE 5 RETIREMENT PLANS

A. General Information about the Pension Plans

Plan Descriptions

All qualified permanent and probationary employees are eligible to participate in the City's separate Safety (fire) and Miscellaneous (all other) Employee Pension Plans, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS) in the PERF C Risk Pool. Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website at www.calpers.ca.gov.

**CITY OF NORCO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5 RETIREMENT PLANS (CONTINUED)

A. General Information about the Pension Plans (Continued)

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to an average three years of full-time employment. Members with five years of total service are eligible to retire at age 50 to 62 with statutorily reduced benefits. For employees hired into a plan with the 2.7% at 55 formula, eligibility for retirement is age 55 with at least five years of service. PEPPA miscellaneous members become eligible for retirement upon attainment of age 62 with at least five years of service. All members are eligible for nonduty disability benefits after five years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plans' provisions and benefits in effect at the measurement date of June 30, 2021, and the contribution requirements for the fiscal year ended June 30, 2022, are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	On or After January 1, 2013
Hire Date		
Benefit Formula	2.7%@55	2%@62
Benefit Vesting Schedule	5 Years of Service	5 Years of Service
Benefit Payments	Monthly for Life	Monthly for Life
Retirement Age	50 - 55	50 - 62
Monthly Benefits, as a % of Eligible Compensation	2.0% to 2.7%	1.0% to 2.5%
Required Employee Contribution Rates	8%	6.25%
Required Employer Contribution Rates:		
Normal Cost Rate	13.350%	7.590%
Employer Payment of Unfunded Liability	\$ 1,235,292	\$ 13,569
		Safety
		Prior to January 1, 2013
Hire Date		
Benefit Formula		2%@50
Benefit Vesting Schedule		5 Years of Service
Benefit Payments		Monthly for Life
Retirement Age		50
Monthly Benefits, as a % of Eligible Compensation		2.00%
Required Employee Contribution Rates (1)		0.00%
Required Employer Contribution Rates:		
Normal Cost Rate (1)		0.00%
Employer Portion of Unfunded Liability		\$ 712,881

(1) The City has no active safety members and therefore the only required contribution for fiscal year ended June 30, 2022 was the employer portion of the unfunded liability.

**CITY OF NORCO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5 RETIREMENT PLANS (CONTINUED)

A. General Information about the Pension Plans (Continued)

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. City contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contributions requirements are classified as plan member contributions. The City currently does not pay for plan member contributions. Employer contributions for the miscellaneous plan and safety plans for fiscal year 2022 were \$1,721,181 and \$712,881 respectively.

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2022, the City reported net pension liabilities for its proportionate share of the net pension liability of the PERF C Risk Pool as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	\$ 8,752,780
Safety	5,216,274
Total Net Pension Liability	\$ 13,969,054

The City's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2021, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 using standard update procedures. The City's proportionate share of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

**CITY OF NORCO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5 RETIREMENT PLANS (CONTINUED)

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

The City's change in proportionate share of the net pension liability for the PERF C Risk Pool, in terms of percentages, as of the measurement dates of June 30, 2020 and 2021 was as follows:

	<u>Miscellaneous</u>	<u>Safety</u>
Proportion - June 30, 2020	0.12256%	0.07384%
Proportion - June 30, 2021	0.16184%	0.09645%
Change - Increase (Decrease)	0.03928%	0.02261%

For the year ended June 30, 2022, the City recognized pension expense of \$5,866,956 (\$4,819,304 for miscellaneous and \$1,047,652 for safety). At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Miscellaneous</u>		<u>Safety</u>		<u>Total</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension Contributions Subsequent to Measurement Date	\$ 1,721,181	\$ -	\$ 712,881	\$ -	\$ 2,434,062	\$ -
Differences Between Expected and Actual Experience	981,530	-	891,196	-	1,872,726	-
Change in Assumptions	-	-	-	-	-	-
Change in Employer's Proportion	-	(510,128)	16,687	(103,805)	16,687	(613,933)
Differences between the Employer's contributions and the employer's proportionate share of contribution	138,498	-	-	(553,182)	138,498	(553,182)
Net Differences Between Projected and Actual Earnings on Plan Investments	-	(7,640,714)	-	(3,104,686)	-	(10,745,400)
Total	<u>\$ 2,841,209</u>	<u>\$ (8,150,842)</u>	<u>\$ 1,620,764</u>	<u>\$ (3,761,673)</u>	<u>\$ 4,461,973</u>	<u>\$ (11,912,515)</u>

**CITY OF NORCO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5 RETIREMENT PLANS (CONTINUED)

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

\$1,721,181 and \$712,881 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2023 for the miscellaneous and safety pension plans, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ending June 30,</u>	<u>Miscellaneous</u>	<u>Safety</u>	<u>Total</u>
2023	\$ (1,524,792)	\$ (623,088)	\$ (2,147,880)
2024	(1,616,687)	(644,123)	(2,260,810)
2025	(1,777,836)	(732,212)	(2,510,048)
2026	(2,111,501)	(854,367)	(2,965,868)
2027	-	-	-
Thereafter	-	-	-

Actuarial Assumptions

The total pension liability for the June 30, 2021 the measurement period was determined by an actuarial valuation as of June 30, 2020, with update procedures used to roll forward the total pension liability to June 30, 2021. The total pension liability was based on the following assumptions:

	<u>Miscellaneous</u>	<u>Safety</u>
Valuation Date	June 30, 2020	June 30, 2020
Measurement Date	June 30, 2021	June 30, 2021
Actuarial Cost Method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:		
Discount Rate	7.15%	7.15%
Inflation	2.50%	2.50%
Salary Increases	(1)	(1)
Mortality Rate Table	(2)	(2)
Postretirement Benefit Increase	(3)	(3)

- (1) Varies by entry age and service.
- (2) Derived using CalPERS' Membership Data for all Funds. The mortality rates include 15 years of projected on-going mortality improvement using 90% of Scale MP 2016 published by the Society of Actuaries.
- (3) Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies.

**CITY OF NORCO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5 RETIREMENT PLANS (CONTINUED)

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

Long-Term Expected Rate of Return

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

In determining the long term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short term (first 10 years) and the long-term (11+ years) using a building block approach. Using the expected nominal returns for both short term and long term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The expected real rates of return by asset class are as follows:

Asset Class (a)	New Strategic Allocation	Real Return Years 1 - 10 (b)	Real Return Years 11+ (c)
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00	1.00%	2.62%
Inflation Assets	0.00	0.77%	1.81%
Private Equity	8.00	6.30%	7.23%
Real Assets	13.00	3.75%	4.93%
Liquidity	1.00	0.00%	-0.92%
Total	<u>100.00%</u>		

(a) In the CalPERS CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

(b) An expected inflation of 2.0% used for this period.

(c) An expected inflation of 2.92% used for this period.

**CITY OF NORCO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5 RETIREMENT PLANS (CONTINUED)

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability of the PERF C Risk Pool, calculated using the discount rate, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	<u>Miscellaneous</u>	<u>Safety</u>	<u>Total</u>
1% Decrease	6.15%	6.15%	6.15%
Net Pension Liability	\$ 14,713,965	\$ 8,787,457	\$ 23,501,422
Current Discount Rate	7.15%	7.15%	7.15%
Net Pension Liability	\$ 8,752,780	\$ 5,216,274	\$ 13,969,054
1% Increase	8.15%	8.15%	8.15%
Net Pension Liability	\$ 3,824,752	\$ 2,282,989	\$ 6,107,741

Pension Plans Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

Liquidation of Pension Liabilities

The pension liability for governmental activities is primarily liquidated from the general fund, while the pension liability for business-type activities is liquidated from the enterprise funds.

C. Payable to the Pension Plans

At June 30, 2022, the City had no outstanding amount of contributions to the pension plans required for the year ended June 30, 2022.

**CITY OF NORCO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 6 LONG-TERM LIABILITIES

Change in Long-Term Liabilities

The following is a schedule of changes in long-term debt of the City for the fiscal year ended June 30, 2022:

	Beginning Balance As Restated	Additions Additions	Deletions Deletions	Ending Balance	Due Within One Year
GOVERNMENTAL ACTIVITIES					
Direct Borrowings:					
Leases payable	\$ 207,453	\$ -	\$ (38,806)	\$ 168,647	\$ 39,671
Other Long-Term Liabilities:					
Claims and Judgments	477,935	991,083	(319,677)	1,149,341	218,875
Compensated Absences	794,888	414,956	(394,880)	814,964	203,742
Governmental Activities Long-Term Liabilities	<u>\$ 1,480,276</u>	<u>\$ 1,406,039</u>	<u>\$ (753,363)</u>	<u>\$ 2,132,952</u>	<u>\$ 462,288</u>
BUSINESS-TYPE ACTIVITIES					
Direct Borrowings:					
Leases payable	\$ 34,932	\$ -	\$ (6,534)	\$ 28,398	\$ 6,680
Loan Obligation (WRCRWA)	5,884,080	-	(296,478)	5,587,602	302,111
Total Direct Borrowings	5,919,012	-	(303,012)	5,616,000	308,791
Other Debt:					
2019 Revenue Refunding Bonds	36,120,000	-	(1,045,000)	35,075,000	1,095,000
Add Premium on Issuance of Bonds	6,781,245	-	(328,130)	6,453,115	-
Other Debt, Net	<u>42,901,245</u>	<u>-</u>	<u>(1,373,130)</u>	<u>41,528,115</u>	<u>1,095,000</u>
Business-Type Activities Long-Term Liabilities	<u>\$ 48,820,257</u>	<u>\$ -</u>	<u>\$ (1,676,142)</u>	<u>\$ 47,144,115</u>	<u>\$ 1,403,791</u>

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

The City restated the long-term liabilities as of July 1, 2021 to reflect the leases payable for the governmental and business-type activities.

A. Accrued Employee Benefits and Claims and Judgments Payable

The City's policy relating to compensated absences is described in Note 1.J. Claims and judgments are described in Note 12.

**CITY OF NORCO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

B. Direct Borrowings

Loan Obligation - WRCRWA

During 2014, the Western Riverside County Regional Wastewater Authority (WRCRWA) obtained a financing agreement from the State Water Resources Control Board with ultimate drawdowns on this financing of \$71,570,889 accruing interest at a rate of 1.9% per annum to finance the expansion of a Wastewater Treatment Plant. The City, as a member of the WRCRWA, agreed to purchase additional wastewater capacity rights for 9.10% of the annual debt service requirement for a period of 20 years beginning in fiscal year 2018-19. As of June 30, 2022, the debt payments to be made by the City for the revolving loan will be as follows:

<u>Fiscal Years Ending June 30,</u>	Loan Obligation - WRCRWA		
	Principal	Interest	Total
2023	\$ 302,111	\$ 106,164	\$ 408,275
2024	307,850	100,425	408,275
2025	313,700	94,575	408,275
2026	319,660	88,615	408,275
2027	325,733	82,542	408,275
2028-2032	1,723,887	317,487	2,041,374
2033-2037	1,893,999	147,375	2,041,374
2038	400,662	7,613	408,275
Total	\$ 5,587,602	\$ 944,796	\$ 6,532,398

The assets acquired are as follows:

Wastewater Capacity Rights (Expansion)	\$ 7,812,297
Less: Accumulated Amortization	(1,438,119)
Total	\$ 6,374,178

C. Leases Payable

The City leases equipment as well as certain operating and office facilities for various terms under long-term, noncancelable lease agreements. The leases expire at various dates through 2026 and with no renewal option.

Total future minimum lease payments under lease agreements are as follows:

<u>Year Ending June 30</u>	Principal	Interest	Total
2023	\$ 46,351	\$ 7,038	\$ 53,389
2024	48,329	5,150	53,479
2025	50,204	3,184	53,388
2026	52,161	1,139	53,300
Totals	\$ 197,045	\$ 16,511	\$ 213,556

**CITY OF NORCO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

D. Revenue Bonds

During December 2019, the City issued \$37,130,000 Enterprise Revenue Refunding Bonds, Series 2019A, to advance refund the outstanding Enterprise Revenue Refunding Bonds, Issue 2009 and to finance the acquisition and construction of certain improvements to the City's water system and sewer system. The refunding portion of this debt issuance reduced total debt service payments over 21 years by \$14,330,330 and resulted in an economic gain (difference between present values of the debt service payments on the old and new debt) of \$10,431,054. The bonds are dated December 1, 2019 with interest paid at a rate from 3.00% to 5.00% payable semiannually on April 1 and October 1, commencing on April 1, 2020. The balance outstanding on these bonds at June 30, 2022 was \$35,075,000.

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

<u>Fiscal Years Ending June 30,</u>	<u>2019 Revenue Refunding Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 1,095,000	\$ 1,526,250	\$ 2,621,250
2024	1,135,000	1,481,650	2,616,650
2025	1,180,000	1,435,350	2,615,350
2026	1,225,000	1,387,250	2,612,250
2027	1,275,000	1,330,875	2,605,875
2028-2032	7,395,000	5,606,375	13,001,375
2033-2037	9,330,000	3,657,425	12,987,425
2038-2042	7,640,000	1,535,200	9,175,200
2043-2047	2,820,000	687,000	3,507,000
2048-2050	1,980,000	120,800	2,100,800
Total	<u>\$ 35,075,000</u>	<u>\$ 18,768,175</u>	<u>\$ 53,843,175</u>

NOTE 7 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances at June 30, 2022, is as follows:

Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Funds	\$ 301,510
Water Enterprise Fund	General Fund	27,662
Water Enterprise Fund	Nonmajor Funds	19,082
Total		<u>\$ 348,254</u>

**CITY OF NORCO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 7 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (CONTINUED)

Due To/From Other Funds (Continued)

The amounts loaned from the General Fund to the Nonmajor Funds are short term loans to fund operations of the various funds. The receivable by the Water Enterprise Fund is amounts due from the General Fund and Nonmajor Funds for accrued water charges.

The composition of interfund balances at June 30, 2022, is as follows:

Interfund Transfers

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
General Fund	Water Enterprise Fund (1)	\$ 134,812
	Sewer Enterprise Fund (1)	132,093
	Other Governmental Funds(2)	1,500
Other Governmental Funds	General Fund (3)	7,685
Other Governmental Funds	Other Governmental Funds(4)	10,193
Total		<u>\$ 286,283</u>

- (1) To allocate estimated annual costs related to future street repairs.
- (2) To allocate administrative overhead costs.
- (3) To fund Gold Star families memorial project.
- (4) To close fund.

NOTE 8 LEASES RECEIVABLE

On or about July 6, 2011, the City (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. This agreement has an original term of 30 years, with options to extend the lease to maximum lease duration of 99 years. The "Annual Minimum Rent" payable for the first five years from and after the Term Commencement Date shall be \$396,480. The Annual Minimum Rent shall be paid in 12 equal monthly installments payable in advance on or before the first day of each calendar month.

On August 19, 2015, the City entered into an additional Ground Lease Agreement with Balboa Management Group, LLC to lease the 8-acre property adjacent to the Silverlakes Equestrian and Sports Park to be used as a parking lot for the facility. This agreement has an original term of 30 years with options to extend the lease to maximum lease duration of 99 years. The lease agreement allows for annual rent of \$26,000 per year on the commencement date.

In April 2020, the lease agreement was amended to defer the monthly rent payments for six months for the period from April 1, 2020 to September 1, 2020. Due to the ongoing impacts of the Coronavirus pandemic, additional amendments were made to defer the payments until September 2021. These deferred payments will be paid in 24 monthly installments commencing on September 1, 2022.

**CITY OF NORCO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 8 LEASES RECEIVABLE (CONTINUED)

The carrying value of the land leased to the Tenant is \$5,500,000, which is not subject to depreciation.

In addition to the Silverlakes ground leases, the City acting as lessor, leases communication tower spaces to various telecommunication companies under long-term, noncancelable lease agreements. The leases expire at various dates and provide for renewal options ranging from one year to twenty-five years. As of July 1, 2021, the City restated the financial statements to include \$13,724,657 in leases receivable with an offset of a similar amount to deferred inflows in the General fund.

During the year ended June 30, 2022, the City recognized \$438,418 and \$173,258 in lease revenue and interest revenue, respectively, pursuant to these contracts. Certain leases provide for increases in future minimum annual rental payments based on defined increases in the Consumer Price Index, subject to certain minimum increases.

Total future minimum lease payments to be received under lease agreements are as follows:

Year Ending June 30	Principal	Interest	Total
2023	\$ 449,448	\$ 197,519	\$ 646,967
2024	801,060	189,409	990,469
2025	877,479	178,921	1,056,400
2026	612,136	168,736	780,872
2027	590,627	159,873	750,500
2028-2032	3,289,642	645,552	3,935,194
2033-2037	3,477,318	356,501	3,833,819
2038-2042	2,899,207	122,677	3,021,884
2043-2045	239,322	5,032	244,354
Totals	<u>\$ 13,236,239</u>	<u>\$ 2,024,220</u>	<u>\$ 15,260,459</u>

NOTE 9 NOTES RECEIVABLE

Wastewater Treatment Capacity

During 2014, the City entered into an Agreement for the Assignment of California Department of Corrections and Rehabilitation (CDCR) Wastewater Discharge Rights. The purpose of this agreement was to transfer the Santa Ana Regional Interceptor (SARI) right of 750,000 gallons per day of the Inland Brine Line treatment and pipeline conveyance to the City. The City then sold this excess wastewater treatment capacity to the City of Corona. The sale is evidenced by a note receivable in the amount of \$9,864,651 plus estimated interest accruing at 3% per annum over 20 years. The outstanding balance on this note receivable at June 30, 2022 was \$6,304,926, of which \$2,179,620 is recorded in the General Fund and \$4,125,306 is recorded in the Sewer Enterprise Fund.

CITY OF NORCO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 9 NOTES RECEIVABLE (CONTINUED)

Silverlakes Property Construction

During 2011, the City entered into a Funding, Construction and Acquisition Agreement with Balboa Management Group, LLC for the construction and acquisition of the Silverlakes Property. Under this agreement the City agreed to finance the actual construction costs of the facilities up to a maximum of \$6,000,000. The note bears interest at a rate of 5.9% per annum, or such lower rate which is equal to the actual effective rate of the Norco Financing Authority Enterprise Revenue Funding Bonds issue of 2009, until paid in full and shall be due in full no later than August 1, 2039. The outstanding balance on this note receivable at June 30, 2022 was \$7,022,673, of which \$3,476,970 is recorded in the Water Enterprise Fund and \$3,545,703 is recorded in the Sewer Enterprise Fund.

First Time Home Buyer Loans

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. At June 30, 2022, the outstanding balance on these loans receivable, net of a \$81,930 allowance, was \$2,368,595.

Developer Loan

On May 22, 2008, the former 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 86 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 57 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. At June 30, 2022, the outstanding balance on this loan receivable was \$4,487,663.

SERAF Loan Receivable

On May 10, 2010, the former Agency was required to make a State mandated payment to the Supplemental Education Revenue Augmentation Fund (SERAF). Due to a lack of funding at the time, the former Agency was allowed to borrow the amount needed from its Low and Moderate Income Housing Fund. At June 30, 2022, the outstanding balance on this noninterest bearing loan receivable from the Successor Agency was \$420,000.

Sewer Connection Fee Program Loans Receivable

The former Agency administered several loan programs to its low to moderate-income residents. Balances under the Sewer Connection Fee Program are forgiven after 15 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.

**CITY OF NORCO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 9 NOTES RECEIVABLE (CONTINUED)

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 nonsenior citizens). Loans are due up to 30 years after origination or in the event the property is sold or refinanced. The balance outstanding at June 30, 2022, was \$414,665.

NOTE 10 FUND BALANCE

The City has established fund balance accounts to report the amounts in the following funds which represent nonspendable and spendable resources:

	General Fund	Housing Successor Agency LMIH Special Revenue Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:				
Long-Term Receivables	\$ 2,179,620	\$ -	\$ -	\$ 2,179,620
Prepays	4,164	-	3,000	7,164
Restricted by:				
Granting Agencies, Developers, and Assessment Districts	-	-	6,627,229	6,627,229
Low and Moderate Income Housing	-	16,591,918	-	16,591,918
Pension Benefits	2,111,067	-	-	2,111,067
Committed for:				
Measure R Projects	12,607,576	-	-	12,607,576
Unassigned	27,463,836	-	(146,894)	27,316,942
Total Fund Balances	<u>\$ 44,366,263</u>	<u>\$ 16,591,918</u>	<u>\$ 6,483,335</u>	<u>\$ 67,441,516</u>

The general fund balance includes the balances related to the special asset fund which was committed by the adoption of a resolution by City Council. The components of fund balance related to the special asset fund include nonspendable fund balance of \$2,179,620. The general fund balance also includes balances related to the Measure R, which includes committed fund balance of \$12,607,576 and unassigned fund balance of \$29,574,903.

City Council has also established a stabilization arrangement for the general fund balance through the adoption of a resolution. This arrangement requires that the City maintain reserves for unforeseen emergencies in the amount of 25% of the estimated general fund expenditures included in the budget. These reserves can be utilized by the City at the discretion of the City Council. At June 30, 2022, the fund balance reserved for this stabilization arrangement totaled \$5,920,204, which is included in unassigned fund balance of the general fund in the accompanying financial statements.

**CITY OF NORCO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 11 ASSESSMENT BONDS

Included within the City are certain 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, 2022, the future assessments liability of property owners for amounts payable to bondholders for these Districts are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Community Facilities District 97-1 2018 Special Tax Refunding Bond	\$ 3,315,000	\$ 492,565	\$ 3,807,565
Community Facilities District 2001-1 2017 Special Tax Refunding Bond	22,415,000	7,723,375	30,138,375
Community Facilities District 2002-1 2013 Refinanced Norco 50	<u>885,250</u>	<u>201,372</u>	<u>1,086,622</u>
Totals	<u>\$ 26,615,250</u>	<u>\$ 8,417,312</u>	<u>\$ 35,032,562</u>

Since the City is not liable for special assessment district act or community facility district defaults, no liability has been recognized on the City's books and accordingly, none of the outstanding principal on the bonds is presented in the financial statements. For all completed projects, the City collects the assessments and remits the collections to pay the bondholders. Therefore, subsequent assessment collections and remittances are accounted for in a custodial fund.

NOTE 12 RISK MANAGEMENT

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City is a member of the Public Entity Risk Management Authority (PERMA), a public entity risk pool currently operating as a common risk management and insurance program for 22 California Cities, 7 special districts and 3 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 PERMA, 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 overage 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, 2022, the amount of these liabilities was \$1,149,341. The amount represents an estimate of \$1,094,611 for reported claims through June 30, 2022, and \$54,730 estimate of incurred but not reported claims. This liability is the City's best estimate based on available information.

**CITY OF NORCO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 12 RISK MANAGEMENT (CONTINUED)

Changes in the reported liability since July 1, 2020 resulted from the following:

<u>Fiscal Year</u>	<u>Beginning Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Ending Liability</u>
2021	\$ 426,746	\$ 401,747	\$ 267,679	\$ 560,814
2022	560,814	908,203	319,676	1,149,341

There was no significant reduction in insurance coverage by major categories of risk and no settlements which exceeded the insurance coverage for the past three fiscal years.

NOTE 13 OTHER POSTEMPLOYMENT BENEFITS

A. General Information about the OPEB Plan

Plan Description

The City provides postemployment health care benefits for eligible City retirees and their beneficiaries through CalPERS, an agent multiple-employer postemployment health care 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. 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 contributed up to \$1,250 of the current monthly required premium costs of active and nonvested retired employees hired prior to 2004 for fiscal year 2022. Effective July 1, 2022 the contribution was increased to \$1,500 from \$1,250. Additional contributions are made into a prefunded trust account as funds become available.

Employees Covered

As of the June 30, 2021 measurement date, the following current and former employees were covered by the benefit terms under the plan:

Inactive Employees or Beneficiaries Currently Receiving Benefits	91
Inactive Employees or Beneficiaries Entitled to But Not Yet Receiving Benefits	10
Active Employees	67
Total	168

Contributions

Benefit provisions and contribution requirements are established and may be amended through agreements and memorandums of understanding between the City, its management employees, and unions representing the City's employees. The plan does not require employee contributions. Administrative costs of this plan are financed by the general fund.

**CITY OF NORCO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 13 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

A. General Information about the OPEB Plan (Continued)

Contributions (Continued)

The annual contribution is based on the actuarially determined contribution. For the measurement period ended June 30, 2021, the City contributed \$1,364,011 which included \$300,000 payment to the trust, \$109,000 estimated implied subsidy and \$955,011 for premiums. For fiscal year 2022, the City contributed \$1,486,702 which included \$400,000 payment to the trust, \$126,000 estimated implied subsidy and \$960,702 for premiums.

B. Net OPEB Liability

The City's net OPEB liability was measured as of June 30, 2021 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2021. A summary of the principal assumptions and methods used to determine the total OPEB liability is shown below.

Actuarial Assumptions

The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry-Age Normal Cost Method
Contribution Policy	City is effectively contributing full ADC
Actuarial Assumptions:	
Discount Rate	6.25%
Inflation	2.50%
Projected Salary Increase	3.00% per annum, in aggregate
Expected Long-Term Investment Rate of Return	6.75%
Medical Trend	Non-Medicare - 6.50% for 2023, decreasing to an ultimate rate of 3.75% in 2076 Medicare (Non-Kiaser) - 5.65% for 2023, decreasing to an ultimate rate of 3.75% in 2076 Medicare (Kiaser) - 4.60% for 2023, decreasing to an ultimate rate of 3.75% in 2076
Cap Increases	Premium caps - medical trend Dollar caps - 0%
Mortality, Retirement, Disability, Termination Mortality Improvement	CalPERS 1997-2015 Experience Study Mortality projected fully generational with Scale MP-2019
Healthcare Participation for Future Retirees	No state vesting schedule - 100% if currently covered, 90% if currently waived State vesting schedule - 80% with 10 years of service, 95% with 15 years of service, 100% with 20 years of service

**CITY OF NORCO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 13 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

B. Net OPEB Liability (Continued)

Actuarial Assumptions (Continued)

The actuarial assumptions used in the June 30, 2021 valuation were based on a standard set of assumptions the actuary has used for similar valuations, modified as appropriate for the City.

Long-Term Expected Rate of Return

The long-term expected rate of return was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2021 are summarized in the following table:

Asset Class	New Strategic Allocation	Long-Term Expected Real Rate of Return
CERBT:		
Global Equity	59.00%	4.56%
Fixed Income	25.00	0.78%
TIPS	5.00	-0.08%
Commodities	3.00	1.20%
REITs	8.00	4.60%
Total	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that City's contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**CITY OF NORCO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 13 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

C. Changes in the Net OPEB Liability

The changes in the net OPEB liability are as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Balance at June 30, 2021 (June 30, 2020 Measurement Date)	\$ 17,192,813	\$ 10,505,767	\$ 6,687,046
Changes in the Year:			
Service Cost	391,160	-	391,160
Interest on the Total OPEB Liability	1,151,089	-	1,151,089
Differences Between Actual and Expected Experience	(1,324,810)	-	(1,324,810)
Changes in Assumptions	675,366	-	675,366
Changes in Benefit Terms	-	-	-
Contribution - Employer	-	1,364,011	(1,364,011)
Net Investment Income	-	2,890,404	(2,890,404)
Benefit Payments	(1,061,595)	(1,061,595)	-
Administrative Expenses	-	(6,394)	6,394
Net Changes	<u>(168,790)</u>	<u>3,186,426</u>	<u>(3,355,216)</u>
Balance at June 30, 2022 (June 30, 2021 Measurement Date)	<u>\$ 17,024,023</u>	<u>\$ 13,692,193</u>	<u>\$ 3,331,830</u>

Change of Assumptions

The inflation adjustment was reduced from 2.75% to 2.5% which reduced the discount rate, medical trend, and the aggregate payroll increased by .25%.

Change of Benefit Terms

There were no changes of benefit terms.

The liability for governmental activities is primarily liquidated from the general fund while the liability for business-type activities is liquidated from the enterprise funds.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.25%) or one percentage point higher (7.25%) than the current discount rate:

	1% Decrease (5.25%)	Discount Rate (6.25%)	1% Increase (7.25%)
Net OPEB Liability	\$ 5,325,981	\$ 3,331,830	\$ 1,670,881

**CITY OF NORCO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 13 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

C. Changes in the Net OPEB Liability (Continued)

Sensitivity of the Net OPEB Liability to Changes in Health-Care Cost Trend Rates

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

	1% Decrease *	Current Healthcare Cost Trend Rates **	1% Increase ***
Net OPEB Liability	\$ 1,674,869	\$ 3,331,830	\$ 5,249,653

* Non-Medicare: 5.50% for 2023, decreasing to an ultimate rate of 2.75% in 2076 /
Medicare: 4.65% for 2023, decreasing to an ultimate rate of 2.75% in 2076

** Non-Medicare: 6.50% for 2023, decreasing to an ultimate rate of 3.75% in 2076 /
Medicare: 5.65% for 2023, decreasing to an ultimate rate of 3.75% in 2076

*** Non-Medicare: 7.5% for 2023, decreasing to an ultimate rate of 4.75% in 2076 /
Medicare: 6.65% for 2023, decreasing to an ultimate rate of 4.75% in 2076

D. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2022, the City recognized OPEB expense of \$365,401. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB Contributions Subsequent to Measurement Date	\$ 1,486,702	\$ -
Differences Between Actual and Expected Experience	-	(1,628,109)
Change in Assumptions	534,665	(216,146)
Differences Between Projected and Actual Earnings	-	(1,553,677)
Total	\$ 2,021,367	\$ (3,397,932)

**CITY OF NORCO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 13 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

**D. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB
(Continued)**

\$1,486,702 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	\$ (1,026,626)
2024	(747,255)
2025	(544,948)
2026	(544,438)
2027	-
Thereafter	-

E. Payable to the OPEB Plan

At June 30, 2022, the City had no outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2022.

NOTE 14 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. On September 22, 2013, as part of the fiscal year 2015-2016 state budget package, the legislature passed and the Governor signed SB 107, which made technical and substantive amendments to the existing Bill.

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. Subject to the control of a newly established oversight board, remaining assets can 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 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 FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 14 SUCCESSOR AGENCY – PRIVATE-PURPOSE TRUST FUND (CONTINUED)

Successor Agency Capital Assets

The Successor agency capital assets at June 30, 2022, consist of:

Buildings and Improvements	\$ 60,862
Improvements Other than Buildings	507,000
Capital Assets Being Depreciated, Gross	<u>567,862</u>
Accumulated Depreciation	<u>(567,862)</u>
Capital Assets Being Depreciated, Net	<u><u>\$ -</u></u>

Successor Agency Long-Term Debt

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Other Debt:					
Bonds Payable:					
2009 TARB (School District Pass-Through)	\$ 9,130,000	\$ -	\$ (350,000)	\$ 8,780,000	\$ 370,000
2017A RDA Bond (2005 and 2010 Refunds)	13,995,000	-	(2,010,000)	11,985,000	2,090,000
2017B RDA Bond (2005 and 2010 Refunds)	21,415,000	-	(320,000)	21,095,000	325,000
2014 Refunding TAB	12,135,000	-		12,135,000	-
2014 TARB (School District Pass-Through) Payable	<u>7,800,000</u>	<u>-</u>	<u>(550,000)</u>	<u>7,250,000</u>	<u>575,000</u>
	64,475,000	-	(3,230,000)	61,245,000	3,360,000
Plus (Less) Deferred Amounts:					
Premium	2,349,006	-	(358,076)	1,990,930	-
Discounts	<u>(85,836)</u>	<u>-</u>	<u>6,604</u>	<u>(79,232)</u>	<u>-</u>
Total Long-Term Debt	<u><u>\$ 66,738,170</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (3,581,472)</u></u>	<u><u>\$ 63,156,698</u></u>	<u><u>\$ 3,360,000</u></u>

The following amount is classified as a deferred outflow of resources.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Deferred Losses on Refundings	<u>\$ 3,002,441</u>	<u>\$ -</u>	<u>\$ (264,644)</u>	<u>\$ 2,737,797</u>

Future debt service requirements are as follows:

<u>Fiscal Years Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 3,360,000	2,698,586	\$ 6,058,586
2024	3,510,000	2,551,833	6,061,833
2025	3,655,000	2,397,526	6,052,526
2026	3,825,000	2,236,165	6,061,165
2027	4,425,000	2,066,678	6,491,678
2028-2032	25,760,000	7,267,043	33,027,043
2033-2036	<u>16,710,000</u>	<u>1,412,743</u>	<u>18,122,743</u>
Total	<u><u>\$ 61,245,000</u></u>	<u><u>\$ 20,630,575</u></u>	<u><u>\$ 81,875,575</u></u>

**CITY OF NORCO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 14 SUCCESSOR AGENCY – PRIVATE-PURPOSE TRUST FUND (CONTINUED)

Successor Agency Long-Term Debt (Continued)

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

In August 2014, the Successor Agency issued Norco Redevelopment Project Area No. 1 Tax Allocation Refunding Bonds, Issue of 2014, in the aggregate principal of \$20,525,000. The bonds pay interest at a rate from 2.0% to 5.0% payable semiannually on March 1 and September 1, commencing on March 1, 2015. The bonds were issued to refinance the former Agency's previously issued Norco Redevelopment Project Area No. One, 2001 Tax Allocation Refunding Bonds with an outstanding principal balance of \$22,465,000.

In August 2014, the Successor Agency issued Norco Redevelopment Project Area No. 1 Tax Allocation Refunding Bonds (School District Pass Through), Issue of 2014, in the aggregate principal of \$10,970,000. The bonds pay interest at a rate from 2.0% to 5.0% payable semiannually on March 1 and September 1, commencing on March 1, 2015. The bonds were issued to refinance the former Agency's previously issued Norco Redevelopment Project Area No. One, 2001 Tax Allocation Refunding Bonds (School District Pass Through) with an outstanding principal balance of \$3,605,000 and the Norco Redevelopment Area Project No. One, Tax Allocation Refunding Bonds (School District Pass Through), Issue of 2004 with an outstanding principal balance of \$8,870,000.

In December 2017, the Successor Agency issued Norco Redevelopment Project Area No. 1 Tax Allocation Refunding Bonds, Issue of 2017A, in the aggregate principal amount of \$17,880,000. These bonds were issued to advance refund the Norco Redevelopment Project Area No. 1 Refunding Tax Allocation Bonds, Issue of 2005 and a portion of the Norco Redevelopment Project Area No. 1 Refunding Tax Allocation Bonds, Issue of 2010. Additionally, in December 2017, the Successor Agency issued Norco Redevelopment Project Area No. 1 Tax Allocation Refunding Bonds, Issue of 2017B, in the aggregate principal amount of \$22,665,000. These bonds were used to advance refund the remaining portion of the Norco Redevelopment Project Area No. 1 Refunding Tax Allocation Bonds, Issue of 2010. The bonds pay interest at rates from 1.90% to 4.0% payable semiannually on March 1 and September 1.

Successor Agency Deficit Net Position

At June 30, 2022, deficit net position was reported for the Successor Agency Private-Purpose Trust Fund in the amount of \$(53,680,896). The deficit is expected to be eliminated with future payments from the County of Riverside Redevelopment Property Tax Fund to the Successor Agency for its long-term debt.

**CITY OF NORCO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 15 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, 2022 (and subsequent years in which the Successor Agency is in operation), are subject to review by various State agencies and the County in which the Successor Agency resides. If any expenses incurred by the Successor Agency are disallowed by the State agencies or County, the City, acting as the Successor Agency, could be liable for the repayment of the disallowed costs from either its own funds or by the State withholding remittances normally paid to the City.

NOTE 16 JOINT VENTURES

Western Riverside County Regional Wastewater Authority

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

WRCRWA is composed of five member agencies: City of Norco, Jurupa Community Services District, Western Municipal Water District, Home Gardens Sanitary District, and the City of Corona. The member agencies support the operating costs and capital costs through fixed and variable rates established by WRCRWA's Board of Directors. The governing body of WRCRWA is a Board of Directors, which consists of ten individuals, two appointed by each member. Members are deemed to have an ownership interest in the WRCRWA and new members may only be admitted upon unanimous consent of the existing members. Upon withdrawal from the WRCRWA, any member is entitled to receive its proportionate share of the WRCRWA assets or the equivalent value thereof and is responsible for discharge of its proportionate share of the WRCRWA's liabilities. Assets purchased from WRCRWA as wastewater capacity rights which is further disclosed in Note 4. The District's participation in WRCRWA is accounted for as a joint venture without equity interest.

**CITY OF NORCO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 16 JOINT VENTURES (CONTINUED)

Western Riverside County Regional Wastewater Authority (Continued)

WRCRWA owns and operates a 14.0 Million Gallons per Day (MGD) tertiary wastewater treatment plant. The plant's existing capacity owned by its member agencies are shown as follows:

<u>Member Agencies</u>	<u>Current MGD</u>
City of Norco	2.70
Jurupa Community Services District	6.00
City of Corona	2.37
Western Municipal Water District	1.93
Home Gardens Sanitary District	1.00
Total	<u>14.00</u>

Audited financial information for WRCRWA can be obtained at Western Riverside County Regional Wastewater Authority, 14634 River Road, Eastvale, CA 92880.

Chino Basin Desalter Authority

The Chino Basin Desalter Authority (the CDA) was formed in September 2001, as a Joint Powers Authority to acquire all assets and liabilities from Santa Ana Watershed Project Authority Project #14. The purchase was consummated in February 2002. The CDA is comprised of the cities of Chino, Chino Hills, Ontario, Norco, the Jurupa Community Services District, the Santa Ana River Water Company, and Inland Empire Utilities Agency. In August of 2008, Western Municipal Water District was added as an additional member of the CDA. The City serves as a voting member without an equity interest.

Financial data is available at the CDA's main office located at 2151 S. Haven Avenue, Suite 202, Ontario, CA 91761.

Chino Basin Watermaster

Pursuant to the City's membership with the Chino Basin Watermaster, the City has been allocated a portion of water in storage. At June 30, 2022, the City is entitled to approximately 2,795-acre feet of water in storage with the Chino Basin Watermaster. The City accounts for the rights to use this water in storage on the lower of cost or net realizable value. Since there has been no explicit cost to this right of use, there is no asset recorded in the accompanying financial statements.

**CITY OF NORCO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 17 RESTATEMENT

Net Position and Fund Balances as of July 1, 2021 were restated as follows:

	Govenmental Activities	Business-Type Activities	General Fund	Sewer Enterprise Fund
Net Position/Fund Balance as Originally Reported, July 1, 2022	\$ 218,689,136	\$ 67,781,864	\$ 32,315,924	\$ 34,670,675
To increase net position/fund balance to reduce liability for deposits which should have been reported as revenue have been reported as revenue	256,741	-	256,741	-
To transfer revenue revenue to the correct fund/activity	441,268	(441,268)	441,268	(441,268)
Net Position/Fund Balance as Restated, July 1, 2022	<u>\$ 219,387,145</u>	<u>\$ 67,340,596</u>	<u>\$ 33,013,933</u>	<u>\$ 34,229,407</u>

THIS PAGE INTENTIONALLY LEFT BLANK

REQUIRED SUPPLEMENTARY INFORMATION

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF NORCO
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
CalPERS MISCELLANEOUS PENSION PLAN
LAST TEN FISCAL YEARS *

Fiscal Year Ended	Miscellaneous							
	2022	2021	2020	2019	2018	2017	2016	2015
Measurement Period	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Plan's Proportion of the Net Pension Liability	0.161840%	0.122557%	0.124400%	0.125637%	0.125779%	0.128940%	0.136334%	0.124419%
Plan's Proportionate Share of the Net Pension Liability	\$ 8,752,780	\$ 13,334,676	\$ 12,746,874	\$ 12,106,728	\$ 12,473,869	\$ 11,157,305	\$ 9,357,835	\$ 7,741,911
Plan's Covered Payroll	\$ 4,313,788	\$ 3,956,651	\$ 3,747,924	\$ 3,568,437	\$ 3,448,615	\$ 3,019,524	\$ 2,785,104	\$ 2,627,277
Plan's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	202.90%	337.02%	340.10%	339.27%	361.71%	369.51%	336.00%	294.67%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	80.61%	69.47%	75.26%	75.26%	73.31%	74.06%	78.40%	79.28%
Plan's Proportionate Share of Aggregate Employer Contributions	\$ 1,431,557	\$ 1,355,637	\$ 1,219,000	\$ 1,063,573	\$ 1,009,239	\$ 914,689	\$ 866,330	\$ 706,377

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

From fiscal year June 30, 2015 to June 30, 2016:

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

From fiscal year June 30, 2016 to June 30, 2017:

There were no changes in assumptions.

From fiscal year June 30, 2017 to June 30, 2018:

In fiscal year 2017-2018, the financial reporting discount rate was reduced from 7.65% to 7.15%. Deferred outflows of resources and deferred inflows of resources for changes of assumptions represent the unamortized portion of this assumption change and the unamortized portion of the changes of assumptions related to prior measurement periods.

From fiscal year June 30, 2018 to June 30, 2019:

In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate.

From fiscal year June 30, 2019 to June 30, 2022:

There were no changes in assumptions.

* Fiscal year 2015 was the first year of implementation and therefore only eight years are shown.

CITY OF NORCO
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
CalPERS SAFETY PENSION PLAN
LAST TEN FISCAL YEARS *

Fiscal Year Ended	Safety							
	2022	2021	2020	2019	2018	2017	2016	2015
Measurement Period	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Plan's Proportion of the Net Pension Liability	0.096450%	0.073840%	0.073210%	0.073212%	0.070751%	0.069627%	0.065974%	0.056770%
Plan's Proportionate Share of the Net Pension Liability	\$ 5,216,274	\$ 8,034,135	\$ 7,501,999	\$ 7,054,917	\$ 7,016,572	\$ 6,024,914	\$ 4,528,386	\$ 3,532,516
Plan's Covered Payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Plan's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	80.34%	69.54%	75.26%	75.26%	73.31%	74.06%	78.40%	79.28%
Plan's Proportionate Share of Aggregate Employer Contributions	\$ 1,138,700	\$ 949,263	\$ 796,010	\$ 750,439	\$ 586,952	\$ 570,356	\$ 568,237	\$ 481,850

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

From fiscal year June 30, 2015 to June 30, 2016:

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

From fiscal year June 30, 2016 to June 30, 2017:

There were no changes in assumptions.

From fiscal year June 30, 2017 to June 30, 2018:

In fiscal year 2017-2018, the financial reporting discount rate was reduced from 7.65% to 7.15%. Deferred outflows of resources and deferred inflows of resources for changes of assumptions represent the unamortized portion of this assumption change and the unamortized portion of the changes of assumptions related to prior measurement periods.

From fiscal year June 30, 2018 to June 30, 2019:

In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate.

From fiscal year June 30, 2019 to June 30, 2022:

There were no changes in assumptions.

* Fiscal year 2015 was the first year of implementation and therefore only eight years are shown.

**CITY OF NORCO
SCHEDULE OF CONTRIBUTIONS
CalPERS MISCELLANEOUS PENSION PLAN
LAST TEN FISCAL YEARS ***

Fiscal Year Ended	Miscellaneous							
	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution (Actuarially Determined)	\$ 1,721,181	\$ 1,571,215	\$ 1,414,690	\$ 1,259,910	\$ 1,113,674	\$ 1,024,502	\$ 909,938	\$ 629,318
Contributions in Relation to the Actuarially Determined Contributions	(1,721,181)	(1,571,215)	(1,414,690)	(1,259,910)	(1,113,674)	(1,024,502)	(909,938)	(629,318)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 4,611,224	\$ 4,313,788	\$ 3,956,651	\$ 3,747,924	\$ 3,568,437	\$ 3,448,615	\$ 3,019,524	\$ 2,785,104
Contributions as a Percentage of Covered Payroll	37.33%	36.42%	35.75%	33.62%	31.21%	29.71%	30.14%	22.60%

Notes to Schedule:

Valuation Date	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013	6/30/2012
Methods and Assumptions Used to Determine Contribution Rates:								
Actuarial Cost Method	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
Amortization Method	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Asset Valuation Method	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	15 Year Smoothed Method
Inflation	2.500%	2.500%	2.625%	2.75%	2.75%	2.75%	2.75%	2.75%
Salary Increases	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Investment Rate of Return	7.15% (3)	7.15% (3)	7.25% (3)	7.375% (3)	7.50% (3)	7.50% (3)	7.50% (3)	7.50% (3)
Retirement Age	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)
Mortality	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)

(1) Level percentage of payroll, direct rate smoothing

(2) Depending on age, service, and type of employment

(3) Net of administrative expenses

(4) 50 for all plans with the exception of 52 for Miscellaneous PEPRA 2%@62**

(5) Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

* Fiscal year 2015 was the first year of implementation and therefore only eight years are shown.

See accompanying Note to Required Supplementary Information.

**CITY OF NORCO
SCHEDULE OF CONTRIBUTIONS
CalPERS SAFETY PENSION PLAN
LAST TEN FISCAL YEARS ***

Fiscal Year Ended	Safety							
	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution (Actuarially Determined)	\$ 712,881	\$ 691,954	\$ 626,617	\$ 442,868	\$ 352,670	\$ 286,893	\$ 50,202	\$ -
Contributions in Relation to the Actuarially Determined Contributions	(712,881)	(691,954)	(626,617)	(442,868)	(352,670)	(286,893)	(50,202)	-
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a Percentage of Covered Payroll	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Notes to Schedule:								
Valuation Date	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013	6/30/2012
Methods and Assumptions Used to Determine Contribution Rates:								
Actuarial Cost Method	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
Amortization Method	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Asset Valuation Method	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	15 Year Smoothed Method
Inflation	2.500%	2.500%	2.625%	2.75%	2.75%	2.75%	2.75%	2.75%
Salary Increases	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Investment Rate of Return	7.15% (3)	7.15% (3)	7.25% (3)	7.375% (3)	7.50% (3)	7.50% (3)	7.50% (3)	7.50% (3)
Retirement Age	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)
Mortality	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)

(1) Level percentage of payroll, direct rate smoothing

(2) Depending on age, service, and type of employment

(3) Net of administrative expenses

(4) 50 for all plans with the exception of 52 for Miscellaneous PEPRA 2%@62**

(5) Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

* Fiscal year 2015 was the first year of implementation and therefore only eight years are shown.

CITY OF NORCO
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
LAST TEN FISCAL YEARS *

Fiscal Year End	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018
Measurement Date	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017
Total OPEB Liability:					
Service Cost	\$ 391,160	\$ 386,463	\$ 370,509	\$ 359,717	\$ 349,240
Interest on Total OPEB Liability	1,151,089	1,142,355	1,232,375	1,194,701	1,160,164
Actual Versus Expected Experience	(1,324,810)	-	(1,820,659)	-	-
Assumption Changes	675,366	(335,762)	(93,065)	-	-
Benefit Payments	(1,061,595)	(1,075,132)	(1,002,349)	(1,011,788)	(1,004,657)
Net Change in Total OPEB Liability	(168,790)	117,924	(1,313,189)	542,630	504,747
Total OPEB Liability - Beginning of Year	17,192,813	17,074,889	18,388,078	17,845,448	17,340,701
Total OPEB Liability - End of Year (a)	17,024,023	17,192,813	17,074,889	18,388,078	17,845,448
Plan Fiduciary Net Position:					
Contributions - Employer	1,364,011	1,377,588	1,304,406	1,411,788	1,404,657
Net Investment Income	2,890,404	346,958	564,067	632,351	723,361
Benefit Payments	(1,061,595)	(1,075,132)	(1,002,349)	(1,011,788)	(1,004,657)
Administrative Expenses	(6,395)	(7,278)	(3,990)	(14,830)	(3,693)
Net Change in Plan Fiduciary Net Position	3,186,425	642,136	862,134	1,017,521	1,119,668
Plan Fiduciary Net Position - Beginning of Year	10,505,768	9,863,632	9,001,498	7,983,977	6,864,309
Plan Fiduciary Net Position - End of Year (b)	13,692,193	10,505,768	9,863,632	9,001,498	7,983,977
Net OPEB Liability - Ending (a)-(b)	<u>\$ 3,331,830</u>	<u>\$ 6,687,045</u>	<u>\$ 7,211,257</u>	<u>\$ 9,386,580</u>	<u>\$ 9,861,471</u>
Plan Fiduciary Net Position as a Percentage of the					
Total OPEB Liability	80.43%	61.11%	57.77%	48.95%	44.74%
Covered Payroll	\$ 4,101,592	\$ 4,242,679	\$ 4,035,704	\$ 3,836,205	\$ 3,610,147
Net OPEB Liability as Percentage of Covered Payroll	81.2%	157.6%	178.7%	244.7%	273.2%

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

There were no changes in assumptions for the measurement periods ended June 30, 2017, 2018 and 2020.

For the measurement period ended June 30, 2019, the mortality improvement scale was updated to Scale MP-2019

* Fiscal year 2018 was the first year of implementation and therefore only five years are shown.

**CITY OF NORCO
SCHEDULE OF CONTRIBUTIONS
OPEB PLAN
LAST TEN FISCAL YEARS ***

Fiscal Year End	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018
Actuarially Determined Contribution	\$ 827,000	\$ 803,000	\$ 1,050,000	\$ 1,019,000	\$ 1,201,000
Contributions In Relation to the Actuarially Determined Contributions	(1,486,702)	(1,364,011)	(1,377,588)	(1,304,406)	(1,411,788)
Contribution Deficiency (Excess)	<u>\$ (659,702)</u>	<u>\$ (561,011)</u>	<u>\$ (327,588)</u>	<u>\$ (285,406)</u>	<u>\$ (210,788)</u>
Covered Payroll	\$ 4,419,396	\$ 4,101,592	\$ 4,242,679	\$ 4,035,704	\$ 3,836,205
Contributions as a Percentage of Covered Payroll	33.64%	33.26%	32.47%	32.32%	36.80%

Notes to Schedule:

Valuation Date	6/30/2021	6/30/2019	6/30/2017	6/30/2017	6/30/2017
Methods and Assumptions Used to Determine Contribution Rates:					
Actuarial Cost Method	Entry Age (1)	Entry Age (1)	Entry Age (1)	Entry Age (1)	Entry Age (1)
Amortization Method	(1)	(1)	(1)	(1)	(1)
Amortization Period	(2)	(2)	(3)	(4)	(5)
Asset Valuation Method	(6)	(6)	(6)	(6)	(6)
Discount Rate	6.75%	6.75%	6.75%	6.75%	7.25%
Inflation	2.75%	2.75%	2.75%	2.75%	3.00%
Salary Increases	3.00%	3.00%	3.00%	3.00%	3.00%
Medical Trend	(7)	(7)	(8)	(8)	(9)
Mortality	(10)	(10)	(10)	(10)	(11)
Mortality Improvement	(12)	(12)	(13)	(13)	(14)

- (1) Level percentage of pay
- (2) 29-year and 28 year average fixed period for 2020/21 and 2021/2022
- (3) 23-year average fixed period for 2019/20
- (4) 24-year fixed average period on average for 2018/19
- (5) 22-year fixed period on average for 2017/18
- (6) Investment gains and losses spread over 5-year rolling period
 - Non-Medicare - 7.25% for 2021, decreasing to an ultimate rate of 4.0% in 2076
- (7) Medicare - 6.3% for 2021, decreasing to an ultimate rate of 4.0% in 2076
 - Non-Medicare - 7.5% for 2019 and 2020, decreasing to an ultimate rate of 4.0% in 2076
- (8) Medicare - 6.5% for 2019 and 2020, decreasing to an ultimate rate of 4.0% in 2076
 - Non-Medicare - 7.0% for 2017, decreasing to an ultimate rate of 5.0% in 2021
- (9) Medicare - 7.2% for 2017, decreasing to an ultimate rate of 5.0% in 2021
- (10) CalPERS 1997-2015 experience study
- (11) CalPERS 1997-2011 experience study
- (12) Mortality projected fully generational with Scale MP-2019
- (13) Postretirement mortality projected fully generational with Scale MP-17
- (14) Mortality projected fully generational with Scale MP-14 modified to converge in 2022

* Fiscal year 2018 was the first year of implementation and therefore only five years are shown.

CITY OF NORCO
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 23,300,185	\$ 27,665,348	\$ 29,472,885	\$ 1,807,537
Licenses and Permits	1,154,714	2,165,719	2,608,829	443,110
Fines and Forfeitures	528,714	496,032	593,357	97,325
Development Fees	-	-	2,000,000	2,000,000
Intergovernmental	21,118	31,565	200,900	169,335
Charges for Services	3,235,549	3,465,731	3,723,904	258,173
Investment Earnings	165,762	139,705	(586,733)	(726,438)
Lease Income	896,498	611,758	438,430	(173,328)
Reimbursements	25,310	25,310	4,956	(20,354)
Other	59,645	83,482	306,355	222,873
Total Revenues	29,387,495	34,684,650	38,762,883	4,078,233
EXPENDITURES				
Current:				
General Government	7,601,031	7,571,463	7,423,414	148,049
Public Safety	12,219,957	11,169,957	9,922,238	1,247,719
Streets and Highways	931,698	1,031,698	895,132	136,566
Community and Economic Development	1,924,899	1,924,899	1,533,160	391,739
Culture and Leisure	2,611,724	2,783,107	2,703,603	79,504
Capital Outlay	10,815,074	14,440,033	5,193,726	9,246,307
Total Expenditures	36,104,383	38,921,157	27,671,273	11,249,884
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,716,888)	(4,236,507)	11,091,610	15,328,117
OTHER FINANCING SOURCES (USES)				
Transfers In	369,454	376,654	268,405	(108,249)
Transfers Out	(15,408)	(28,093)	(7,685)	20,408
Total Other Financing Sources (Uses)	354,046	348,561	260,720	(87,841)
NET CHANGE IN FUND BALANCE	(6,362,842)	(3,887,946)	11,352,330	15,240,276
Fund Balance - Beginning of Year	33,013,933	33,013,933	33,013,933	-
FUND BALANCE - END OF YEAR	<u>\$ 26,651,091</u>	<u>\$ 29,125,987</u>	<u>\$ 44,366,263</u>	<u>\$ 15,240,276</u>

See accompanying Note to Required Supplementary Information.

CITY OF NORCO
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2022

NOTE 1 GENERAL BUDGET POLICIES

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds except for the Major Housing Successor Agency Low and Moderate Income Housing Special Revenue Fund, the Nonmajor CalHome Grant Special Revenue Fund and the Nonmajor Facility Improvement Capital Projects Fund. The legal level of budgetary control is the fund level.

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.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

THIS PAGE INTENTIONALLY LEFT BLANK

COMBINING NONMAJOR GOVERNMENTAL FUNDS

THIS PAGE INTENTIONALLY LEFT BLANK

**CITY OF NORCO
NONMAJOR GOVERNMENTAL FUNDS
FUND DESCRIPTIONS
JUNE 30, 2022**

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 Grants – 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.

SB1 Road Maintenance Rehabilitation – To account for road maintenance and rehabilitation of local street and road systems. Financing is through transportation taxes allocated under the Road Repair and Accountability Act of 2017.

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 Proposition 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.

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.

**CITY OF NORCO
NONMAJOR GOVERNMENTAL FUNDS
FUND DESCRIPTIONS
JUNE 30, 2022**

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.

CalHome Grant – To account for the receipt and expenditure of the CalHome grant program.

American Rescue Plan Act (ARPA) – To account for the receipt and expenditure of the American Rescue Plan Act of 2021 program.

**CITY OF NORCO
NONMAJOR GOVERNMENTAL FUNDS
FUND DESCRIPTIONS
JUNE 30, 2022**

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.

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

Street Improvement – To account for the cost of street improvements including widening and reconstruction, traffic signals, street landscaping, intersection improvements, and freeway interchange improvements. Financing is through an impact fee imposed on all new development in the City.

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

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

Facility Improvement – To account for resources that are to be used for the replacement or major capital improvements of City facilities such as libraries and community centers.

**CITY OF NORCO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022**

	Special Revenue Funds				
	Miscellaneous Grants	Community Development Block Grant	Gas Tax	SB1 Road Maintenance Rehabilitation	Measure A
ASSETS					
Cash and Investments	\$ -	\$ -	\$ 111,098	\$ 233,176	\$ 776,260
Receivables, Net:					
Accounts	82,280	-	-	-	-
Interest	-	-	149	298	1,656
Notes	-	-	-	-	-
Due from Other Governments	285,346	-	114,991	48,209	258,052
Prepays	-	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 367,626</u>	<u>\$ -</u>	<u>\$ 226,238</u>	<u>\$ 281,683</u>	<u>\$ 1,035,968</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts Payable and Accrued Liabilities	\$ 61,921	\$ -	\$ 27,235	\$ -	\$ 388,491
Retentions Payable	9,479	-	-	53,437	43,266
Due to Other Funds	270,377	-	-	-	-
Deposits Payable	-	-	-	-	-
Unearned Revenues	-	-	-	-	-
Total Liabilities	<u>341,777</u>	<u>-</u>	<u>27,235</u>	<u>53,437</u>	<u>431,757</u>
Deferred Inflows of Resources:					
Unavailable Revenues	-	-	-	-	-
Fund Balances (Deficits):					
Nonspendable	-	-	-	-	-
Restricted	25,849	-	199,003	228,246	604,211
Unassigned	-	-	-	-	-
Total Fund Balances (Deficits)	<u>25,849</u>	<u>-</u>	<u>199,003</u>	<u>228,246</u>	<u>604,211</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 367,626</u>	<u>\$ -</u>	<u>\$ 226,238</u>	<u>\$ 281,683</u>	<u>\$ 1,035,968</u>

**CITY OF NORCO
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022**

	Special Revenue Funds				
	NPDES	Air Quality Improvement Trust	Supplemental Law Enforcement Block Grant	Landscape Maintenance District #1	Landscape Maintenance District #2
ASSETS					
Cash and Investments	\$ 19,019	\$ 143,864	\$ -	\$ 3,238	\$ -
Receivables, Net:					
Accounts	-	-	-	-	10,009
Interest	-	224	-	-	(30)
Notes	-	-	-	-	-
Due from Other Governments	51,492	9,310	-	158	3,632
Prepays	-	3,000	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 70,511</u>	<u>\$ 156,398</u>	<u>\$ -</u>	<u>\$ 3,396</u>	<u>\$ 13,611</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts Payable and Accrued Liabilities	\$ 23,118	\$ -	\$ -	\$ 2,244	\$ 8,311
Retentions Payable	-	-	-	-	-
Due to Other Funds	-	-	-	417	6,056
Deposits Payable	-	-	-	-	-
Unearned Revenues	-	-	-	-	-
Total Liabilities	<u>23,118</u>	<u>-</u>	<u>-</u>	<u>2,661</u>	<u>14,367</u>
Deferred Inflows of Resources:					
Unavailable Revenues	-	-	-	-	-
Fund Balances (Deficits):					
Nonspendable	-	3,000	-	-	-
Restricted	47,393	153,398	-	735	-
Unassigned	-	-	-	-	(756)
Total Fund Balances (Deficits)	<u>47,393</u>	<u>156,398</u>	<u>-</u>	<u>735</u>	<u>(756)</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 70,511</u>	<u>\$ 156,398</u>	<u>\$ -</u>	<u>\$ 3,396</u>	<u>\$ 13,611</u>

**CITY OF NORCO
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022**

	Special Revenue Funds				
	Landscape Maintenance District #3	Landscape Maintenance District #4	Landscape Maintenance District #5	CalHome Grant	American Rescue Plan Act
ASSETS					
Cash and Investments	\$ 15,640	\$ 366,426	\$ 152,885	\$ 64,405	\$ 401,742
Receivables, Net:					
Accounts	1,683	57	-	-	-
Interest	15	522	224	104	-
Notes	-	-	-	414,665	-
Due from Other Governments	1,898	9,999	3,606	-	-
Prepays	-	-	-	-	-
	<u>19,236</u>	<u>377,004</u>	<u>156,715</u>	<u>479,174</u>	<u>401,742</u>
Total Assets	<u>\$ 19,236</u>	<u>\$ 377,004</u>	<u>\$ 156,715</u>	<u>\$ 479,174</u>	<u>\$ 401,742</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts Payable and Accrued Liabilities	\$ 5,517	\$ 30,928	\$ 3,995	\$ -	\$ 203,642
Retentions Payable	-	-	-	-	-
Due to Other Funds	4,497	8,595	1,203	-	-
Deposits Payable	-	6,400	-	-	-
Unearned Revenues	-	-	-	-	198,100
Total Liabilities	<u>10,014</u>	<u>45,923</u>	<u>5,198</u>	<u>-</u>	<u>401,742</u>
Deferred Inflows of Resources:					
Unavailable Revenues	-	-	-	414,665	-
Fund Balances (Deficits):					
Nonspendable	-	-	-	-	-
Restricted	9,222	331,081	151,517	64,509	-
Unassigned	-	-	-	-	-
Total Fund Balances (Deficits)	<u>9,222</u>	<u>331,081</u>	<u>151,517</u>	<u>64,509</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 19,236</u>	<u>\$ 377,004</u>	<u>\$ 156,715</u>	<u>\$ 479,174</u>	<u>\$ 401,742</u>

**CITY OF NORCO
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022**

	Special Revenue Funds	Capital Projects Funds			
	Total Special Revenue Funds	Storm Drain	General Government Improvement	Fire Improvement	Trails Improvement
ASSETS					
Cash and Investments	\$ 2,287,753	\$ -	\$ 547,358	\$ 810,502	\$ 205,858
Receivables, Net:					
Accounts	94,029	197,928	-	-	-
Interest	3,162	2	938	1,268	328
Notes	414,665	-	-	-	-
Due from Other Governments	786,693	-	-	-	-
Prepays	3,000	-	-	-	-
	<u>3,589,302</u>	<u>197,930</u>	<u>548,296</u>	<u>811,770</u>	<u>206,186</u>
Total Assets	<u>\$ 3,589,302</u>	<u>\$ 197,930</u>	<u>\$ 548,296</u>	<u>\$ 811,770</u>	<u>\$ 206,186</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts Payable and Accrued Liabilities	\$ 755,402	\$ 115,724	\$ 7,526	\$ -	\$ -
Retentions Payable	106,182	969	23,376	-	-
Due to Other Funds	291,145	29,447	-	-	-
Deposits Payable	6,400	-	-	-	-
Unearned Revenues	198,100	-	-	-	-
Total Liabilities	<u>1,357,229</u>	<u>146,140</u>	<u>30,902</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources:					
Unavailable Revenues	414,665	197,928	-	-	-
Fund Balances (Deficits):					
Nonspendable	3,000	-	-	-	-
Restricted	1,815,164	-	517,394	811,770	206,186
Unassigned	(756)	(146,138)	-	-	-
Total Fund Balances (Deficits)	<u>1,817,408</u>	<u>(146,138)</u>	<u>517,394</u>	<u>811,770</u>	<u>206,186</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 3,589,302</u>	<u>\$ 197,930</u>	<u>\$ 548,296</u>	<u>\$ 811,770</u>	<u>\$ 206,186</u>

**CITY OF NORCO
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022**

	Capital Projects Funds				
	Park Improvement	Public Meeting	Street Improvement	Aquatics Center	Animal Control
ASSETS					
Cash and Investments	\$ 660,405	\$ 120,053	\$ 2,153,440	\$ -	\$ 43,350
Receivables, Net:					
Accounts	-	-	25,000	-	-
Interest	1,030	194	3,463	-	75
Notes	-	-	-	-	-
Due from Other Governments	-	-	319,000	-	-
Prepays	-	-	-	-	-
Total Assets	\$ 661,435	\$ 120,247	\$ 2,500,903	\$ -	\$ 43,425
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts Payable and Accrued Liabilities	\$ 254	\$ -	\$ 104,137	\$ -	\$ -
Retentions Payable	-	-	71,976	-	-
Due to Other Funds	-	-	-	-	-
Deposits Payable	-	-	-	-	-
Unearned Revenues	-	-	-	-	-
Total Liabilities	254	-	176,113	-	-
Deferred Inflows of Resources:					
Unavailable Revenues	-	-	-	-	-
Fund Balances (Deficits):					
Nonspendable	-	-	-	-	-
Restricted	661,181	120,247	2,324,790	-	43,425
Unassigned	-	-	-	-	-
Total Fund Balances (Deficits)	661,181	120,247	2,324,790	-	43,425
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 661,435	\$ 120,247	\$ 2,500,903	\$ -	\$ 43,425

**CITY OF NORCO
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022**

	Capital Projects Funds		Total Nonmajor Governmental Funds
	Facility Improvement	Total Capital Projects Funds	
ASSETS			
Cash and Investments	\$ 126,957	\$ 4,667,923	\$ 6,955,676
Receivables, Net:			
Accounts	-	222,928	316,957
Interest	115	7,413	10,575
Notes	-	-	414,665
Due from Other Governments	-	319,000	1,105,693
Prepays	-	-	3,000
	<u>\$ 127,072</u>	<u>\$ 5,217,264</u>	<u>\$ 8,806,566</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts Payable and Accrued Liabilities	\$ -	\$ 227,641	\$ 983,043
Retentions Payable	-	96,321	202,503
Due to Other Funds	-	29,447	320,592
Deposits Payable	-	-	6,400
Unearned Revenues	-	-	198,100
Total Liabilities	<u>-</u>	<u>353,409</u>	<u>1,710,638</u>
Deferred Inflows of Resources:			
Unavailable Revenues	-	197,928	612,593
Fund Balances (Deficits):			
Nonspendable	-	-	3,000
Restricted	127,072	4,812,065	6,627,229
Unassigned	-	(146,138)	(146,894)
Total Fund Balances (Deficits)	<u>127,072</u>	<u>4,665,927</u>	<u>6,483,335</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 127,072</u>	<u>\$ 5,217,264</u>	<u>\$ 8,806,566</u>

CITY OF NORCO
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

	Special Revenue Funds				
	Miscellaneous Grant	Community Development Block Grant	Gas Tax	SB1 Road Maintenance Rehabilitation	Measure A
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 1,019,731
Assessments	-	-	-	-	-
Development Fees	-	-	-	-	-
Intergovernmental	273,263	14,049	639,729	541,742	-
Charges for Services	194,309	-	-	-	-
Investment Earnings (Loss)	-	-	(1,069)	(2,269)	(13,652)
Other	-	-	-	-	-
Total Revenues	<u>467,572</u>	<u>14,049</u>	<u>638,660</u>	<u>539,473</u>	<u>1,006,079</u>
EXPENDITURES					
Current:					
General Government	-	-	-	-	-
Public Safety	13,133	-	-	-	-
Streets and Highways	-	-	488,901	527,247	1,181,666
Community and Economic Development	82,217	-	-	-	-
Culture and Leisure	372,225	14,049	-	-	-
Capital Outlay:					
Other	-	-	-	-	-
Total Expenditures	<u>467,575</u>	<u>14,049</u>	<u>488,901</u>	<u>527,247</u>	<u>1,181,666</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3)	-	149,759	12,226	(175,587)
OTHER FINANCING SOURCES (USES)					
Transfers In	-	-	-	-	-
Transfers Out	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(3)	-	149,759	12,226	(175,587)
Fund Balances (Deficits) - Beginning of Year	<u>25,852</u>	<u>-</u>	<u>49,244</u>	<u>216,020</u>	<u>779,798</u>
FUND BALANCES (DEFICITS) - END OF YEAR	<u>\$ 25,849</u>	<u>\$ -</u>	<u>\$ 199,003</u>	<u>\$ 228,246</u>	<u>\$ 604,211</u>

CITY OF NORCO
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

	Special Revenue Funds				
	NPDES	Air Quality Improvement Trust	Supplemental Law Enforcement Block Grant	Landscape Maintenance District #1	Landscape Maintenance District #2
REVENUES					
Taxes	\$ 119,957	\$ -	\$ -	\$ -	\$ -
Assessments	-	-	-	10,297	159,783
Development Fees	-	-	-	-	-
Intergovernmental	-	34,163	161,285	-	-
Charges for Services	-	-	-	-	-
Investment Earnings (Loss)	7	(1,696)	-	-	60
Other	-	-	-	-	-
Total Revenues	<u>119,964</u>	<u>32,467</u>	<u>161,285</u>	<u>10,297</u>	<u>159,843</u>
EXPENDITURES					
Current:					
General Government	-	-	-	-	-
Public Safety	-	-	161,285	-	-
Streets and Highways	148,117	-	-	12,033	121,788
Community and Economic Development	-	-	-	-	-
Culture and Leisure	-	-	-	-	-
Capital Outlay:					
Other	-	-	-	-	-
Total Expenditures	<u>148,117</u>	<u>-</u>	<u>161,285</u>	<u>12,033</u>	<u>121,788</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(28,153)	32,467	-	(1,736)	38,055
OTHER FINANCING SOURCES (USES)					
Transfers In	-	-	-	-	-
Transfers Out	-	(1,500)	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(1,500)</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(28,153)	30,967	-	(1,736)	38,055
Fund Balances (Deficits) - Beginning of Year	<u>75,546</u>	<u>125,431</u>	<u>-</u>	<u>2,471</u>	<u>(38,811)</u>
FUND BALANCES (DEFICITS) - END OF YEAR	<u>\$ 47,393</u>	<u>\$ 156,398</u>	<u>\$ -</u>	<u>\$ 735</u>	<u>\$ (756)</u>

CITY OF NORCO
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

	Special Revenue Funds				
	Landscape Maintenance District #3	Landscape Maintenance District #4	Landscape Maintenance District #5	CalHome Grant	American Rescue Plan Act
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Assessments	89,466	464,122	64,524	-	-
Development Fees	-	-	-	-	-
Intergovernmental	-	-	-	-	2,884,273
Charges for Services	-	-	-	-	-
Investment Earnings (Loss)	(131)	(4,196)	(1,828)	(849)	-
Other	-	57	-	-	-
Total Revenues	<u>89,335</u>	<u>459,983</u>	<u>62,696</u>	<u>(849)</u>	<u>2,884,273</u>
EXPENDITURES					
Current:					
General Government	-	-	-	-	2,884,273
Public Safety	-	-	-	-	-
Streets and Highways	92,598	481,440	50,943	-	-
Community and Economic Development	-	-	-	-	-
Culture and Leisure	-	-	-	-	-
Capital Outlay:					
Other	-	-	-	-	-
Total Expenditures	<u>92,598</u>	<u>481,440</u>	<u>50,943</u>	<u>-</u>	<u>2,884,273</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,263)	(21,457)	11,753	(849)	-
OTHER FINANCING SOURCES (USES)					
Transfers In	-	-	-	-	-
Transfers Out	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(3,263)	(21,457)	11,753	(849)	-
Fund Balances (Deficits) - Beginning of Year	<u>12,485</u>	<u>352,538</u>	<u>139,764</u>	<u>65,358</u>	<u>-</u>
FUND BALANCES (DEFICITS) - END OF YEAR	<u>\$ 9,222</u>	<u>\$ 331,081</u>	<u>\$ 151,517</u>	<u>\$ 64,509</u>	<u>\$ -</u>

CITY OF NORCO
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

	Special Revenue Funds		Capital Projects Funds		
	Total Special Revenue Funds	Storm Drain	General Government Improvement	Fire Improvement	Trails Improvement
REVENUES					
Taxes	\$ 1,139,688	\$ -	\$ -	\$ -	\$ -
Assessments	788,192	-	-	-	-
Development Fees	-	289,533	153,076	129,411	202,538
Intergovernmental	4,548,504	-	-	-	-
Charges for Services	194,309	85,067	-	-	-
Investment Earnings (Loss)	(25,623)	1,175	(7,709)	(10,310)	(2,727)
Other	57	-	240,000	-	5,000
Total Revenues	<u>6,645,127</u>	<u>375,775</u>	<u>385,367</u>	<u>119,101</u>	<u>204,811</u>
EXPENDITURES					
Current:					
General Government	2,884,273	-	358,630	-	-
Public Safety	174,418	-	-	632	-
Streets and Highways	3,104,733	1,132,984	-	-	36,768
Community and Economic Development	82,217	-	-	-	-
Culture and Leisure	386,274	-	-	-	-
Capital Outlay:					
Other	-	-	-	-	-
Total Expenditures	<u>6,631,915</u>	<u>1,132,984</u>	<u>358,630</u>	<u>632</u>	<u>36,768</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	13,212	(757,209)	26,737	118,469	168,043
OTHER FINANCING SOURCES (USES)					
Transfers In	-	-	7,685	-	-
Transfers Out	(1,500)	-	-	-	-
Total Other Financing Sources (Uses)	<u>(1,500)</u>	<u>-</u>	<u>7,685</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	11,712	(757,209)	34,422	118,469	168,043
Fund Balances (Deficits) - Beginning of Year	<u>1,805,696</u>	<u>611,071</u>	<u>482,972</u>	<u>693,301</u>	<u>38,143</u>
FUND BALANCES (DEFICITS) - END OF YEAR	<u>\$ 1,817,408</u>	<u>\$ (146,138)</u>	<u>\$ 517,394</u>	<u>\$ 811,770</u>	<u>\$ 206,186</u>

**CITY OF NORCO
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022**

	Capital Projects Funds				
	Park Improvement	Public Meeting	Street Improvement	Aquatics Center	Animal Control
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Assessments	-	-	-	-	-
Development Fees	401,645	14,524	2,441,602	-	24,747
Intergovernmental	-	-	319,000	-	-
Charges for Services	-	-	-	-	-
Investment Earnings (Loss)	(8,574)	(1,502)	(28,167)	18	(540)
Other	-	-	-	-	-
Total Revenues	<u>393,071</u>	<u>13,022</u>	<u>2,732,435</u>	<u>18</u>	<u>24,207</u>
EXPENDITURES					
Current:					
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Streets and Highways	-	-	1,495,608	-	-
Community and Economic Development	-	-	-	-	-
Culture and Leisure	157,936	-	-	-	-
Capital Outlay:					
Other	3,700	-	-	-	-
Total Expenditures	<u>161,636</u>	<u>-</u>	<u>1,495,608</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	231,435	13,022	1,236,827	18	24,207
OTHER FINANCING SOURCES (USES)					
Transfers In	-	-	-	-	-
Transfers Out	-	-	-	(10,193)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,193)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	231,435	13,022	1,236,827	(10,175)	24,207
Fund Balances (Deficits) - Beginning of Year	<u>429,746</u>	<u>107,225</u>	<u>1,087,963</u>	<u>10,175</u>	<u>19,218</u>
FUND BALANCES (DEFICITS) - END OF YEAR	<u>\$ 661,181</u>	<u>\$ 120,247</u>	<u>\$ 2,324,790</u>	<u>\$ -</u>	<u>\$ 43,425</u>

CITY OF NORCO
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

	Capital Projects Funds		Total Nonmajor Governmental Funds
	Facility Improvement	Total Capital Projects Funds	
REVENUES			
Taxes	\$ -	\$ -	\$ 1,139,688
Assessments	-	-	788,192
Development Fees	-	3,657,076	3,657,076
Intergovernmental	-	319,000	4,867,504
Charges for Services	-	85,067	279,376
Investment Earnings (Loss)	(41)	(58,377)	(84,000)
Other	-	245,000	245,057
Total Revenues	(41)	4,247,766	10,892,893
EXPENDITURES			
Current:			
General Government	-	358,630	3,242,903
Public Safety	-	632	175,050
Streets and Highways	-	2,665,360	5,770,093
Community and Economic Development	-	-	82,217
Culture and Leisure	-	157,936	544,210
Capital Outlay:			
Other	-	3,700	3,700
Total Expenditures	-	3,186,258	9,818,173
Excess (Deficiency) of Revenues Over (Under) Expenditures	(41)	1,061,508	1,074,720
OTHER FINANCING SOURCES (USES)			
Transfers In	10,193	17,878	17,878
Transfers Out	-	(10,193)	(11,693)
Total Other Financing Sources (Uses)	10,193	7,685	6,185
NET CHANGE IN FUND BALANCES	10,152	1,069,193	1,080,905
Fund Balances (Deficits) - Beginning of Year	116,920	3,596,734	5,402,430
FUND BALANCES (DEFICITS) - END OF YEAR	\$ 127,072	\$ 4,665,927	\$ 6,483,335

THIS PAGE INTENTIONALLY LEFT BLANK

**CITY OF NORCO
NONMAJOR SCHEDULES OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2022**

The budgetary comparison statement is presented as required supplementary information for the General Fund as provided for by GASB Statement No. 34. The City did not adopt a budget for the Housing Successor Agency Low- and Moderate-Income Housing Special Revenue Fund.

The schedules for the remaining funds are presented to aid in additional analysis and are not a required part of the financial statements.

The City did not adopt a budget for the CalHome Grant Special Revenue Fund and Facility Improvement Capital Projects Fund.

CITY OF NORCO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
MISCELLANEOUS GRANTS SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 541,003	\$ 579,766	\$ 273,263	\$ (306,503)
Charges for Services	-	194,309	194,309	-
Total Revenues	<u>541,003</u>	<u>774,075</u>	<u>467,572</u>	<u>(306,503)</u>
EXPENDITURES				
Current:				
Public Safety	13,178	16,678	13,133	3,545
Community and Economic Development	204,500	204,500	82,217	122,283
Culture and Leisure	323,325	552,897	372,225	180,672
Total Expenditures	<u>541,003</u>	<u>774,075</u>	<u>467,575</u>	<u>306,500</u>
NET CHANGE IN FUND BALANCE	-	-	(3)	(3)
Fund Balance (Deficit) - Beginning of Year	<u>25,852</u>	<u>25,852</u>	<u>25,852</u>	<u>-</u>
FUND BALANCE (DEFICIT) - END OF YEAR	<u><u>\$ 25,852</u></u>	<u><u>\$ 25,852</u></u>	<u><u>\$ 25,849</u></u>	<u><u>\$ (3)</u></u>

CITY OF NORCO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
COMMUNITY DEVELOPMENT BLOCK GRANT SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 104,126	\$ 173,472	\$ 14,049	\$ (159,423)
Total Revenues	104,126	173,472	14,049	(159,423)
EXPENDITURES				
Community and Economic Development	92,108	159,709	-	159,709
Culture and Leisure	12,018	13,763	14,049	(286)
Total Expenditures	104,126	173,472	14,049	159,423
NET CHANGE IN FUND BALANCE	-	-	-	-
Fund Balance (Deficit) - Beginning of Year	-	-	-	-
FUND BALANCE (DEFICIT) - END OF YEAR	\$ -	\$ -	\$ -	\$ -

CITY OF NORCO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GAS TAX SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 671,759	\$ 714,185	\$ 639,729	\$ (74,456)
Investment Earnings (Loss)	200	200	(1,069)	(1,269)
Total Revenues	<u>671,959</u>	<u>714,385</u>	<u>638,660</u>	<u>(75,725)</u>
EXPENDITURES				
Current:				
Streets and Highways	698,105	698,105	488,901	209,204
Total Expenditures	<u>698,105</u>	<u>698,105</u>	<u>488,901</u>	<u>209,204</u>
NET CHANGE IN FUND BALANCE	(26,146)	16,280	149,759	133,479
Fund Balance - Beginning of Year	<u>49,244</u>	<u>49,244</u>	<u>49,244</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 23,098</u></u>	<u><u>\$ 65,524</u></u>	<u><u>\$ 199,003</u></u>	<u><u>\$ 133,479</u></u>

CITY OF NORCO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SB1 ROAD MAINTENANCE REHABILITATION SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 472,477	\$ 560,542	\$ 541,742	\$ (18,800)
Investment Earnings (Loss)	1,348	1,348	(2,269)	(3,617)
Total Revenues	<u>473,825</u>	<u>561,890</u>	<u>539,473</u>	<u>(22,417)</u>
EXPENDITURES				
Current:				
Streets and Highways	600,000	600,000	527,247	72,753
Total Expenditures	<u>600,000</u>	<u>600,000</u>	<u>527,247</u>	<u>72,753</u>
NET CHANGE IN FUND BALANCE	(126,175)	(38,110)	12,226	50,336
Fund Balance - Beginning of Year	<u>216,020</u>	<u>216,020</u>	<u>216,020</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 89,845</u></u>	<u><u>\$ 177,910</u></u>	<u><u>\$ 228,246</u></u>	<u><u>\$ 50,336</u></u>

CITY OF NORCO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
MEASURE A SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 727,000	\$ 727,000	\$ 1,019,731	\$ 292,731
Investment Earnings (Loss)	5,043	5,043	(13,652)	(18,695)
Total Revenues	<u>732,043</u>	<u>732,043</u>	<u>1,006,079</u>	<u>274,036</u>
EXPENDITURES				
Current:				
Streets and Highways	1,230,000	1,230,000	1,181,666	48,334
Total Expenditures	<u>1,230,000</u>	<u>1,230,000</u>	<u>1,181,666</u>	<u>48,334</u>
NET CHANGE IN FUND BALANCE	(497,957)	(497,957)	(175,587)	322,370
Fund Balance - Beginning of Year	<u>779,798</u>	<u>779,798</u>	<u>779,798</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 281,841</u>	<u>\$ 281,841</u>	<u>\$ 604,211</u>	<u>\$ 322,370</u>

CITY OF NORCO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
NPDES SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 135,000	\$ 135,000	\$ 119,957	\$ (15,043)
	-	-	7	7
Total Revenues	<u>135,000</u>	<u>135,000</u>	<u>119,964</u>	<u>(15,036)</u>
EXPENDITURES				
Current:				
Streets and Highways	<u>183,771</u>	<u>183,771</u>	<u>148,117</u>	<u>35,654</u>
Total Expenditures	<u>183,771</u>	<u>183,771</u>	<u>148,117</u>	<u>35,654</u>
NET CHANGE IN FUND BALANCE	(48,771)	(48,771)	(28,153)	20,618
Fund Balance - Beginning of Year	<u>75,546</u>	<u>75,546</u>	<u>75,546</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 26,775</u></u>	<u><u>\$ 26,775</u></u>	<u><u>\$ 47,393</u></u>	<u><u>\$ 20,618</u></u>

CITY OF NORCO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
AIR QUALITY IMPROVEMENT TRUST SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 33,000	\$ 33,000	\$ 34,163	\$ 1,163
Investment Earnings	-	-	(1,696)	(1,696)
Total Revenues	<u>33,000</u>	<u>33,000</u>	<u>32,467</u>	<u>(533)</u>
EXPENDITURES				
Current:				
General Government	50,000	50,000	-	50,000
Total Expenditures	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(17,000)</u>	<u>(17,000)</u>	<u>32,467</u>	<u>49,467</u>
OTHER FINANCING USES				
Transfers Out	(1,500)	(1,500)	(1,500)	-
Total Other Financing Uses	<u>(1,500)</u>	<u>(1,500)</u>	<u>(1,500)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(18,500)	(18,500)	30,967	49,467
Fund Balance - Beginning of Year	<u>125,431</u>	<u>125,431</u>	<u>125,431</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 106,931</u>	<u>\$ 106,931</u>	<u>\$ 156,398</u>	<u>\$ 49,467</u>

CITY OF NORCO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SUPPLEMENTAL LAW ENFORCEMENT BLOCK GRANT SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 100,000	\$ 161,285	\$ 161,285	\$ -
Total Revenues	<u>100,000</u>	<u>161,285</u>	<u>161,285</u>	<u>-</u>
EXPENDITURES				
Current:				
Public Safety	100,000	161,285	161,285	-
Total Expenditures	<u>100,000</u>	<u>161,285</u>	<u>161,285</u>	<u>-</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>

CITY OF NORCO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
LANDSCAPE MAINTENANCE DISTRICT #1 SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Assessments	\$ 10,607	\$ 10,607	\$ 10,297	\$ (310)
Total Revenues	<u>10,607</u>	<u>10,607</u>	<u>10,297</u>	<u>(310)</u>
EXPENDITURES				
Current:				
Streets and Highways	<u>13,370</u>	<u>13,370</u>	<u>12,033</u>	<u>1,337</u>
Total Expenditures	<u>13,370</u>	<u>13,370</u>	<u>12,033</u>	<u>1,337</u>
NET CHANGE IN FUND BALANCE	(2,763)	(2,763)	(1,736)	1,027
Fund Balance - Beginning of Year	<u>2,471</u>	<u>2,471</u>	<u>2,471</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ (292)</u></u>	<u><u>\$ (292)</u></u>	<u><u>\$ 735</u></u>	<u><u>\$ 1,027</u></u>

CITY OF NORCO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
LANDSCAPE MAINTENANCE DISTRICT #2 SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Assessments	\$ 159,058	\$ 159,058	\$ 159,783	\$ 725
Investment Loss	-	-	60	60
Total Revenues	<u>159,058</u>	<u>159,058</u>	<u>159,843</u>	<u>785</u>
EXPENDITURES				
Current:				
Streets and Highways	<u>227,098</u>	<u>227,098</u>	<u>121,788</u>	<u>105,310</u>
Total Expenditures	<u>227,098</u>	<u>227,098</u>	<u>121,788</u>	<u>105,310</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(68,040)</u>	<u>(68,040)</u>	<u>38,055</u>	<u>106,095</u>
OTHER FINANCING SOURCES				
Transfers In	<u>72,161</u>	<u>77,161</u>	<u>-</u>	<u>(77,161)</u>
Total Other Financing Sources	<u>72,161</u>	<u>77,161</u>	<u>-</u>	<u>(77,161)</u>
NET CHANGE IN FUND BALANCE	4,121	9,121	38,055	28,934
Fund Balance (Deficit) - Beginning of Year	<u>(38,811)</u>	<u>(38,811)</u>	<u>(38,811)</u>	<u>-</u>
FUND BALANCE (DEFICIT) - END OF YEAR	<u><u>\$ (34,690)</u></u>	<u><u>\$ (29,690)</u></u>	<u><u>\$ (756)</u></u>	<u><u>\$ 28,934</u></u>

CITY OF NORCO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
LANDSCAPE MAINTENANCE DISTRICT #3 SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Assessments	\$ 89,201	\$ 89,201	\$ 89,466	\$ 265
Investment Earnings (Loss)	-	-	(131)	(131)
Total Revenues	<u>89,201</u>	<u>89,201</u>	<u>89,335</u>	<u>134</u>
EXPENDITURES				
Current:				
Streets and Highways	<u>104,788</u>	<u>104,788</u>	<u>92,598</u>	<u>12,190</u>
Total Expenditures	<u>104,788</u>	<u>104,788</u>	<u>92,598</u>	<u>12,190</u>
NET CHANGE IN FUND BALANCE	(15,587)	(15,587)	(3,263)	12,324
Fund Balance - Beginning of Year	<u>12,485</u>	<u>12,485</u>	<u>12,485</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ (3,102)</u></u>	<u><u>\$ (3,102)</u></u>	<u><u>\$ 9,222</u></u>	<u><u>\$ 12,324</u></u>

CITY OF NORCO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
LANDSCAPE MAINTENANCE DISTRICT #4 SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Assessments	\$ 461,877	\$ 461,877	\$ 464,122	\$ 2,245
Investment Earnings	-	-	(4,196)	(4,196)
Other	-	-	57	57
Total Revenues	<u>461,877</u>	<u>461,877</u>	<u>459,983</u>	<u>(1,894)</u>
EXPENDITURES				
Current:				
Streets and Highways	<u>484,037</u>	<u>484,037</u>	<u>481,440</u>	<u>2,597</u>
Total Expenditures	<u>484,037</u>	<u>484,037</u>	<u>481,440</u>	<u>2,597</u>
NET CHANGE IN FUND BALANCE	(22,160)	(22,160)	(21,457)	703
Fund Balance - Beginning of Year	<u>352,538</u>	<u>352,538</u>	<u>352,538</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 330,378</u>	<u>\$ 330,378</u>	<u>\$ 331,081</u>	<u>\$ 703</u>

CITY OF NORCO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
LANDSCAPE MAINTENANCE DISTRICT #5 SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Assessments	\$ 60,838	\$ 60,838	\$ 64,524	\$ 3,686
Investment Earnings	-	-	(1,828)	(1,828)
Total Revenues	<u>60,838</u>	<u>60,838</u>	<u>62,696</u>	<u>1,858</u>
EXPENDITURES				
Current:				
Streets and Highways	<u>77,172</u>	<u>77,172</u>	<u>50,943</u>	<u>26,229</u>
Total Expenditures	<u>77,172</u>	<u>77,172</u>	<u>50,943</u>	<u>26,229</u>
NET CHANGE IN FUND BALANCE	(16,334)	(16,334)	11,753	28,087
Fund Balance - Beginning of Year	<u>139,764</u>	<u>139,764</u>	<u>139,764</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 123,430</u></u>	<u><u>\$ 123,430</u></u>	<u><u>\$ 151,517</u></u>	<u><u>\$ 28,087</u></u>

CITY OF NORCO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
STORM DRAIN CAPITAL PROJECTS FUND
YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Development Fees	\$ 351,315	\$ 351,315	\$ 289,533	\$ (61,782)
Intergovernmental	11,175,252	11,175,252	-	(11,175,252)
Charges for Services	-	-	85,067	85,067
Investment Earnings (Loss)	5,064	5,064	1,175	(3,889)
Total Revenues	<u>11,531,631</u>	<u>11,531,631</u>	<u>375,775</u>	<u>(11,155,856)</u>
EXPENDITURES				
Current:				
Streets and Highways	<u>11,220,252</u>	<u>11,220,252</u>	<u>1,132,984</u>	<u>10,087,268</u>
Total Expenditures	<u>11,220,252</u>	<u>11,220,252</u>	<u>1,132,984</u>	<u>10,087,268</u>
NET CHANGE IN FUND BALANCE	311,379	311,379	(757,209)	(1,068,588)
Fund Balance - Beginning of Year	<u>611,071</u>	<u>611,071</u>	<u>611,071</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 922,450</u>	<u>\$ 922,450</u>	<u>\$ (146,138)</u>	<u>\$ (1,068,588)</u>

CITY OF NORCO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL GOVERNMENT IMPROVEMENT CAPITAL PROJECTS FUND
YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Development Fees	\$ 176,002	\$ 176,002	\$ 153,076	\$ (22,926)
Investment Earnings	4,776	4,776	(7,709)	(12,485)
Other	195,757	195,757	240,000	44,243
Total Revenues	<u>376,535</u>	<u>376,535</u>	<u>385,367</u>	<u>8,832</u>
EXPENDITURES				
Current:				
General Government	344,491	566,974	358,630	208,344
Total Expenditures	<u>344,491</u>	<u>566,974</u>	<u>358,630</u>	<u>208,344</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	32,044	(190,439)	26,737	217,176
OTHER FINANCING USES				
Transfers In	-	7,685	7,685	-
Total Other Financing Uses	<u>-</u>	<u>7,685</u>	<u>7,685</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	32,044	(182,754)	34,422	217,176
Fund Balance - Beginning of Year	<u>482,972</u>	<u>482,972</u>	<u>482,972</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 515,016</u>	<u>\$ 300,218</u>	<u>\$ 517,394</u>	<u>\$ 217,176</u>

CITY OF NORCO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FIRE IMPROVEMENT CAPITAL PROJECTS FUND
YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Development Fees	\$ 192,879	\$ 192,879	\$ 129,411	\$ (63,468)
Investment Earnings	6,925	6,925	(10,310)	(17,235)
Total Revenues	<u>199,804</u>	<u>199,804</u>	119,101	(80,703)
EXPENDITURES				
Current:				
Public Safety	170,000	215,157	632	214,525
Total Expenditures	<u>170,000</u>	<u>215,157</u>	<u>632</u>	<u>214,525</u>
NET CHANGE IN FUND BALANCE	29,804	(15,353)	118,469	133,822
Fund Balance - Beginning of Year	<u>693,301</u>	<u>693,301</u>	<u>693,301</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 723,105</u>	<u>\$ 677,948</u>	<u>\$ 811,770</u>	<u>\$ 133,822</u>

CITY OF NORCO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
TRAILS IMPROVEMENT CAPITAL PROJECTS FUND
YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Development Fees	\$ 254,659	\$ 254,659	\$ 202,538	\$ (52,121)
Investment Earnings (Loss)	378	378	(2,727)	(3,105)
Other	-	-	5,000	5,000
Total Revenues	<u>255,037</u>	<u>255,037</u>	<u>204,811</u>	<u>(50,226)</u>
EXPENDITURES				
Current:				
Streets and Highways	<u>35,000</u>	<u>35,000</u>	<u>36,768</u>	<u>(1,768)</u>
Total Expenditures	<u>35,000</u>	<u>35,000</u>	<u>36,768</u>	<u>(1,768)</u>
NET CHANGE IN FUND BALANCE	220,037	220,037	168,043	(51,994)
Fund Balance - Beginning of Year	<u>38,143</u>	<u>38,143</u>	<u>38,143</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 258,180</u>	<u>\$ 258,180</u>	<u>\$ 206,186</u>	<u>\$ (51,994)</u>

CITY OF NORCO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
PARK IMPROVEMENT CAPITAL PROJECTS FUND
YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Development Fees	\$ 434,550	\$ 434,550	\$ 401,645	\$ (32,905)
Investment Earnings	4,365	4,365	(8,574)	(12,939)
Other	-	-	-	-
Total Revenues	<u>438,915</u>	<u>438,915</u>	<u>393,071</u>	<u>(45,844)</u>
EXPENDITURES				
Current:				
Culture and Leisure	232,793	239,468	157,936	81,532
Capital Outlay:				
Other	10,000	11,671	3,700	7,971
Total Expenditures	<u>242,793</u>	<u>251,139</u>	<u>161,636</u>	<u>89,503</u>
NET CHANGE IN FUND BALANCE	196,122	187,776	231,435	43,659
Fund Balance - Beginning of Year	<u>429,746</u>	<u>429,746</u>	<u>429,746</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 625,868</u></u>	<u><u>\$ 617,522</u></u>	<u><u>\$ 661,181</u></u>	<u><u>\$ 43,659</u></u>

CITY OF NORCO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
PUBLIC MEETING CAPITAL PROJECTS FUND
YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Development Fees	\$ 6,636	\$ 6,636	\$ 14,524	\$ 7,888
Investment Earnings	1,075	1,075	(1,502)	(2,577)
Total Revenues	<u>7,711</u>	<u>7,711</u>	<u>13,022</u>	<u>5,311</u>
NET CHANGE IN FUND BALANCE	7,711	7,711	13,022	5,311
Fund Balance - Beginning of Year	<u>107,225</u>	<u>107,225</u>	<u>107,225</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 114,936</u>	<u>\$ 114,936</u>	<u>\$ 120,247</u>	<u>\$ 5,311</u>

CITY OF NORCO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
STREET IMPROVEMENT CAPITAL PROJECTS FUND
YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Development Fees	\$ 3,058,286	\$ 3,058,286	\$ 2,441,602	\$ (616,684)
Intergovernmental	319,000	319,000	319,000	-
Investment Earnings (Loss)	10,638	10,638	(28,167)	(38,805)
Total Revenues	<u>3,387,924</u>	<u>3,387,924</u>	<u>2,732,435</u>	<u>(655,489)</u>
EXPENDITURES				
Current:				
Streets and Highways	4,128,999	4,141,999	1,495,608	2,646,391
Total Expenditures	<u>4,128,999</u>	<u>4,141,999</u>	<u>1,495,608</u>	<u>2,646,391</u>
NET CHANGE IN FUND BALANCE	(741,075)	(754,075)	1,236,827	1,990,902
Fund Balance - Beginning of Year	<u>1,087,963</u>	<u>1,087,963</u>	<u>1,087,963</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 346,888</u>	<u>\$ 333,888</u>	<u>\$ 2,324,790</u>	<u>\$ 1,990,902</u>

CITY OF NORCO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
AQUATICS CENTER CAPITAL PROJECTS FUND
YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Investment Earnings	\$ -	\$ -	\$ 18	\$ 18
Total Revenues	<u>-</u>	<u>-</u>	<u>18</u>	<u>18</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	(10,193)	10,193
Total Other Financing Uses	<u>-</u>	<u>-</u>	<u>(10,193)</u>	<u>10,193</u>
NET CHANGE IN FUND BALANCE	-	-	(10,175)	(10,175)
Fund Balance - Beginning of Year	<u>10,175</u>	<u>10,175</u>	<u>10,175</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 10,175</u>	<u>\$ 10,175</u>	<u>\$ -</u>	<u>\$ (10,175)</u>

CITY OF NORCO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
ANIMAL CONTROL CAPITAL PROJECTS FUND
YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Development Fees	\$ 27,992	\$ 27,992	\$ 24,747	\$ (3,245)
Investment Earnings (Loss)	192	192	(540)	(732)
Total Revenues	<u>28,184</u>	<u>28,184</u>	<u>24,207</u>	<u>(3,977)</u>
EXPENDITURES				
Current:				
Public Safety	<u>35,000</u>	<u>35,000</u>	-	<u>35,000</u>
Total Expenditures	<u>35,000</u>	<u>35,000</u>	-	<u>35,000</u>
NET CHANGE IN FUND BALANCE	(6,816)	(6,816)	24,207	31,023
Fund Balance - Beginning of Year	<u>19,218</u>	<u>19,218</u>	<u>19,218</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 12,402</u>	<u>\$ 12,402</u>	<u>\$ 43,425</u>	<u>\$ 31,023</u>

THIS PAGE INTENTIONALLY LEFT BLANK

INTERNAL SERVICE FUNDS

THIS PAGE INTENTIONALLY LEFT BLANK

**CITY OF NORCO
INTERNAL SERVICE FUNDS DESCRIPTIONS
JUNE 30, 2022**

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 and 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, 2022**

	Fleet Management	Benefits and Insurance	Information Management	Total
ASSETS				
Current Assets:				
Cash and Investments	\$ 4,115,029	\$ 1,320,433	\$ 1,010,847	\$ 6,446,309
Receivables, Net:				
Accounts	5,620	-	35,980	41,600
Interest	6,342	1,746	1,582	9,670
Prepays	-	-	30,490	30,490
Restricted Cash and Investments	-	57,964	-	57,964
Total Current Assets	<u>4,126,991</u>	<u>1,380,143</u>	<u>1,078,899</u>	<u>6,586,033</u>
Noncurrent Assets:				
Capital Assets:				
Vehicles and Equipment	3,384,586	-	146,143	3,530,729
Less Accumulated Depreciation	(2,168,468)	-	(102,819)	(2,271,287)
Right-to-Use Lease Equipment	-	-	207,453	207,453
Less: Accumulated Depreciation	-	-	(41,491)	(41,491)
Intangibles	-	-	436,609	436,609
Less Accumulated Amortization	-	-	(427,794)	(427,794)
Total Noncurrent Assets/ Capital Assets	<u>1,216,118</u>	<u>-</u>	<u>218,101</u>	<u>1,434,219</u>
Total Assets	5,343,109	1,380,143	1,297,000	8,020,252
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	119,835	167,342	31,714	318,891
Compensated Absences	-	203,742	-	203,742
Lease Payable	-	-	39,671	39,671
Claims and Judgements	-	218,875	-	218,875
Total Current Liabilities	<u>119,835</u>	<u>589,959</u>	<u>71,385</u>	<u>781,179</u>
Noncurrent Liabilities:				
Compensated Absences	-	611,222	-	611,222
Lease Payable	-	-	128,976	128,976
Claims and Judgements	-	930,466	-	930,466
Total Noncurrent Liabilities	<u>-</u>	<u>1,541,688</u>	<u>128,976</u>	<u>1,670,664</u>
Total Liabilities	119,835	2,131,647	200,361	2,451,843
NET POSITION				
Net Investment in Capital Assets Unrestricted	1,216,118	-	218,101	1,434,219
	<u>4,007,156</u>	<u>(751,504)</u>	<u>878,538</u>	<u>4,134,190</u>
Total Net Position	<u>\$ 5,223,274</u>	<u>\$ (751,504)</u>	<u>\$ 1,096,639</u>	<u>\$ 5,568,409</u>

CITY OF NORCO
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2022

	Fleet Management	Benefits and Insurance	Information Management	Total
OPERATING REVENUES				
Sales and Charges for Services	\$ 1,011,827	\$ 618,580	\$ 631,700	\$ 2,262,107
Miscellaneous	-	-	19,942	19,942
Total Operating Revenues	<u>1,011,827</u>	<u>618,580</u>	<u>651,642</u>	<u>2,282,049</u>
OPERATING EXPENSES				
General and Administrative	353,621	1,605,741	507,450	2,466,812
Amortization	-	-	7,544	7,544
Depreciation	219,762	-	54,989	274,751
Total Operating Expenses	<u>573,383</u>	<u>1,605,741</u>	<u>569,983</u>	<u>2,749,107</u>
OPERATING INCOME (LOSS)	438,444	(987,161)	81,659	(467,058)
NONOPERATING REVENUES				
Investment Earnings	(51,285)	(24,688)	(12,768)	(88,741)
Gain on Disposal of Assets	-	-	665	665
Total Nonoperating Revenues	<u>(51,285)</u>	<u>(24,688)</u>	<u>(12,103)</u>	<u>(88,076)</u>
CHANGE IN NET POSITION	387,159	(1,011,849)	69,556	(555,134)
Net Position - Beginning of Year	<u>4,836,115</u>	<u>260,345</u>	<u>1,027,083</u>	<u>6,123,543</u>
NET POSITION - END OF YEAR	<u>\$ 5,223,274</u>	<u>\$ (751,504)</u>	<u>\$ 1,096,639</u>	<u>\$ 5,568,409</u>

**CITY OF NORCO
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2022**

	Fleet Management	Benefits and Insurance	Information Management	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Interfund Services Provided	\$ 1,011,827	\$ 618,580	\$ 628,542	\$ 2,258,949
Cash Payments to Suppliers	(259,044)	(720,138)	(328,034)	(1,307,216)
Cash Payments to Employees for Services	-	(109,318)	(191,999)	(301,317)
Net Cash Provided (Used) by Operating Activities	752,783	(210,876)	108,509	650,416
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and Construction of Capital Assets	(323,088)	-	(14,874)	(337,962)
Proceeds from Disposal of Capital Assets	-	-	665	665
Principal Payments - Lease	-	-	(38,806)	(38,806)
Net Cash Provided (Used) by Capital and Related Financing Activities	(323,088)	-	(53,015)	(376,103)
CASH FLOWS FROM INVESTING ACTIVITIES				
Change in Fair Value	(65,017)	(27,809)	(16,168)	(108,994)
Interest Income	10,215	2,524	2,541	15,280
Net Cash Used by Investing Activities	(54,802)	(25,285)	(13,627)	(93,714)
NET INCREASE (DECREASE) IN CASH AND INVESTMENTS	374,893	(236,161)	41,867	180,599
Cash and Investments - Beginning of Year	3,740,136	1,556,594	968,980	6,265,710
CASH AND INVESTMENTS - END OF YEAR	<u>\$ 4,115,029</u>	<u>\$ 1,320,433</u>	<u>\$ 1,010,847</u>	<u>\$ 6,446,309</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Income (Loss)	\$ 438,444	\$ (987,161)	\$ 81,659	\$ (467,058)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Amortization	-	-	7,544	7,544
Depreciation	219,762	-	54,989	274,751
Unrealized loss on investments				
(Increase) Decrease in Assets:				
Accounts Receivable	-	-	(23,100)	(23,100)
Prepays	-	-	(1,059)	(1,059)
Increase (Decrease) in Liabilities:				
Accounts Payable and Accrued Liabilities	94,577	142,766	(11,524)	225,819
Compensated Absences	-	20,077	-	20,077
Claims and Judgements	-	613,442	-	613,442
Net Cash Provided (Used) by Operating Activities	<u>\$ 752,783</u>	<u>\$ (210,876)</u>	<u>\$ 108,509</u>	<u>\$ 650,416</u>

FIDUCIARY FUNDS

THIS PAGE INTENTIONALLY LEFT BLANK

**CITY OF NORCO
CUSTODIAL FUNDS DESCRIPTIONS
JUNE 30, 2022**

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

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

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

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

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

CITY OF NORCO
COMBINING STATEMENT OF FIDUCIARY NET POSITION
ALL CUSTODIAL FUNDS
JUNE 30, 2022

	General Trust	Waste Management	Community Facilities District 97-1
ASSETS			
Cash and Investments	\$ 1,102,795	\$ -	\$ 578,502
Cash and Investments with Fiscal Agents	-	-	211,105
Receivables, Net:			
Accounts	69	646,250	-
Interest	-	-	791
Due from Other Governments	156	-	11,278
	<u>\$ 1,103,020</u>	<u>\$ 646,250</u>	<u>\$ 801,676</u>
LIABILITIES			
Accounts payable	\$ 6,607	\$ 555,730	\$ 4,104
Deposits Payable	1,096,413	69,697	-
Due to Others	-	20,426	-
	<u>1,103,020</u>	<u>645,853</u>	<u>4,104</u>
NET POSITION			
Restricted for:			
Waste Management	-	397	-
Debt service for special assessment debt	-	-	797,572
Total Net Position	<u>\$ -</u>	<u>\$ 397</u>	<u>\$ 797,572</u>

CITY OF NORCO
COMBINING STATEMENT OF FIDUCIARY NET POSITION (CONTINUED)
ALL CUSTODIAL FUNDS
JUNE 30, 2022

	Community Facilities District 2001-1	Community Facilities District 2002-1	Total Custodial Funds
ASSETS			
Cash and Investments	\$ 2,376,473	\$ 174,342	\$ 4,232,112
Cash and Investments with Fiscal Agents	1,416,051	-	1,627,156
Receivables, Net:			
Accounts	-	-	646,319
Interest	3,089	239	4,119
Due from Other Governments	59,751	7,681	78,866
	<u>\$ 3,855,364</u>	<u>\$ 182,262</u>	<u>\$ 6,588,572</u>
LIABILITIES			
Accounts payable	\$ 2,229	\$ 2,199	\$ 570,869
Deposits Payable	-	-	1,166,110
Due to Others	-	-	20,426
	<u>2,229</u>	<u>2,199</u>	<u>1,757,405</u>
NET POSITION			
Restricted for:			
Waste Management	-	-	397
Debt service for special assessment debt	3,853,135	180,063	4,830,770
Total Net Position	<u>\$ 3,853,135</u>	<u>\$ 180,063</u>	<u>\$ 4,831,167</u>

**CITY OF NORCO
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
ALL CUSTODIAL FUNDS
YEAR ENDED JUNE 30, 2022**

	General Trust	Waste Management	Community Facilities District 97-1
ADDITIONS			
Collections for Others	\$ -	\$ 6,619,287	\$ 476,969
Investment Earnings (Loss)	-	-	(16,812)
Total Additions	<u>-</u>	<u>6,619,287</u>	<u>460,157</u>
DEDUCTIONS			
Payment for collections to			
Waste Management	-	6,618,890	-
Administration Expenses	-	-	43,994
Payments on Special Assessment Debt:			
Principal	-	-	315,000
Interest	-	-	109,731
Total Deductions	<u>-</u>	<u>6,618,890</u>	<u>468,725</u>
CHANGE IN NET POSITION	-	397	(8,568)
Net Position - Beginning of the Year	<u>-</u>	<u>-</u>	<u>806,140</u>
NET POSITION - END OF THE YEAR	<u>\$ -</u>	<u>\$ 397</u>	<u>\$ 797,572</u>

CITY OF NORCO
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION (CONTINUED)
ALL CUSTODIAL FUNDS
YEAR ENDED JUNE 30, 2022

	Community Facilities District 2001-1	Community Facilities District 2002-1	Total Custodial Funds
ADDITIONS			
Collections for Others	\$ 2,409,009	\$ 133,968	\$ 9,639,233
Investment Earnings (Loss)	(113,370)	(1,936)	(132,118)
Total Additions	<u>2,295,639</u>	<u>132,032</u>	<u>9,507,115</u>
DEDUCTIONS			
Payment for collections to Waste Management	-	-	6,618,890
Administration Expenses	83,928	21,629	149,551
Payments on Special Assessment Debt:			
Principal	1,080,000	68,638	1,463,638
Interest	1,142,350	35,773	1,287,854
Total Deductions	<u>2,306,278</u>	<u>126,040</u>	<u>9,519,933</u>
CHANGE IN NET POSITION	(10,639)	5,992	(12,818)
Net Position - Beginning of the Year	<u>3,863,774</u>	<u>174,071</u>	<u>4,843,985</u>
NET POSITION - END OF THE YEAR	<u>\$ 3,853,135</u>	<u>\$ 180,063</u>	<u>\$ 4,831,167</u>

THIS PAGE INTENTIONALLY LEFT BLANK



STATISTICAL SECTION

THIS PAGE INTENTIONALLY LEFT BLANK

**CITY OF NORCO, CALIFORNIA
DESCRIPTION OF STATISTICAL SECTION CONTENTS
JUNE 30, 2022**

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

<u>Contents</u>	<u>Pages</u>
Financial Trends These tables contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	142
Revenue Capacity These schedules contain information to help the reader assess the City’s most significant local revenue source, the property tax.	152
Debt Capacity These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.	156
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.	164
Operating Information 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 the City provides and the activities it performs.	168

**CITY OF NORCO
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year				
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Governmental activities					
Invested in capital assets, net of related debt	\$ 173,830,963	\$ 175,021,256	\$ 173,699,189	\$ 176,622,650	\$ 174,442,174
Restricted	11,708,483	14,063,524	30,816,790	30,724,769	31,091,357
Unrestricted	3,873,573	4,748,301	248,067	2,515,519	3,194,792
Total governmental activities net position	<u>\$ 189,413,019</u>	<u>\$ 193,833,081</u>	<u>\$ 204,764,046</u>	<u>\$ 209,862,938</u>	<u>\$ 208,728,323</u>
Business-type activities					
Invested in capital assets, net of related debt	\$ 46,023,517	\$ 32,343,900	\$ 34,845,725	\$ 32,641,357	\$ 31,655,305
Restricted	1,505,296	1,439,385	1,450,167	1,503,178	1,712,000
Unrestricted	(1,206,137)	13,165,677	14,549,779	20,575,188	24,802,130
Total business-type activities net position	<u>\$ 46,322,676</u>	<u>\$ 46,948,962</u>	<u>\$ 50,845,671</u>	<u>\$ 54,719,723</u>	<u>\$ 58,169,435</u>
Primary Government					
Invested in capital assets, net of related debt	\$ 219,854,480	\$ 207,365,156	\$ 208,544,914	\$ 209,264,007	\$ 206,097,479
Restricted	13,213,779	15,502,909	32,266,957	32,227,947	32,803,357
Unrestricted	2,667,436	17,913,978	14,797,846	23,090,707	27,996,922
Total primary government net position	<u>\$ 235,735,695</u>	<u>\$ 240,782,043</u>	<u>\$ 255,609,717</u>	<u>\$ 264,582,661</u>	<u>\$ 266,897,758</u>

Source: City's financial statements

CITY OF NORCO
NET POSITION BY COMPONENT (CONTINUED)
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

(Continued)

Fiscal Year				
<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 174,890,993	\$ 176,345,781	\$ 177,143,786	\$ 176,797,895	\$ 182,078,689
30,074,012	29,152,904	22,301,118	21,842,280	25,833,667
(1,296,563)	3,061,188	13,797,616	20,048,961	27,741,235
<u>\$ 203,668,442</u>	<u>\$ 208,559,873</u>	<u>\$ 213,242,520</u>	<u>\$ 218,689,136</u>	<u>\$ 235,653,591</u>
\$ 32,636,095	\$ 38,385,618	\$ 32,451,604	\$ 33,381,504	\$ 36,596,095
1,476,331	2,483,441	137,489	26,475	1,830,956
22,717,620	20,722,463	31,586,101	34,373,885	33,870,562
<u>\$ 56,830,046</u>	<u>\$ 61,591,522</u>	<u>\$ 64,175,194</u>	<u>\$ 67,781,864</u>	<u>\$ 72,297,613</u>
\$ 207,527,088	\$ 214,731,399	\$ 209,595,390	\$ 210,179,399	\$ 218,674,784
31,550,343	31,636,345	22,438,607	21,868,755	27,664,623
21,421,057	23,783,651	45,383,717	54,422,846	61,611,797
<u>\$ 260,498,488</u>	<u>\$ 270,151,395</u>	<u>\$ 277,417,714</u>	<u>\$ 286,471,000</u>	<u>\$ 307,951,204</u>

**CITY OF NORCO
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year				
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Expenses					
Governmental activities:					
General government	\$ 3,186,491	\$ 3,804,607	\$ 3,970,788	\$ 4,546,424	\$ 5,060,194
Public safety	8,523,623	8,508,710	8,943,161	9,570,143	9,698,034
Public works	3,954,013	3,628,672	3,769,407	4,655,515	4,631,223
Community development	615,851	800,996	756,389	1,276,946	1,487,998
Culture & leisure	2,390,293	2,252,157	2,252,339	2,449,518	2,640,415
Interest in long-term debt	-	-	-	-	-
Loss on sale of land held for resale	-	-	-	-	26,630
Total governmental activities expenses	<u>18,670,271</u>	<u>18,995,142</u>	<u>19,692,084</u>	<u>22,498,546</u>	<u>23,544,494</u>
Business-type activities:					
Water	9,259,377	9,592,836	9,138,304	9,673,588	9,209,912
Sewer	4,858,832	5,131,713	5,700,595	6,315,558	5,915,756
Total business-type activities expenses	<u>14,118,209</u>	<u>14,724,549</u>	<u>14,838,899</u>	<u>15,989,146</u>	<u>15,125,668</u>
Total primary government expenses	<u>\$ 32,788,480</u>	<u>\$ 33,719,691</u>	<u>\$ 34,530,983</u>	<u>\$ 38,487,692</u>	<u>\$ 38,670,162</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 2,244,812	\$ 2,121,089	\$ 1,989,162	\$ 2,069,324	\$ 2,127,348
Public safety	766,447	766,645	812,963	855,169	891,368
Public works	806,158	855,941	878,190	938,429	927,983
Community development	597,494	641,982	758,593	940,048	1,146,162
Culture & leisure	725,272	772,172	734,141	756,341	721,995
Operating grants and contributions	1,657,693	1,866,913	1,832,271	1,596,119	1,438,753
Capital grants and contributions	2,504,159	5,068,039	1,402,527	5,064,800	1,417,227
Total governmental activities program revenues	<u>9,302,035</u>	<u>12,092,781</u>	<u>8,407,847</u>	<u>12,220,230</u>	<u>8,670,836</u>
Business-type activities:					
Charges for services:					
Water	9,915,098	9,808,472	8,960,772	8,353,699	11,102,037
Sewer	5,466,709	5,546,893	5,857,823	6,296,636	7,065,681
Operating grants and contributions	28,481	-	-	-	-
Capital grants and contributions	1,264,389	825,000	-	4,350,067	-
Total business-type activities program revenues	<u>16,674,677</u>	<u>16,180,365</u>	<u>14,818,595</u>	<u>19,000,402</u>	<u>18,167,718</u>
Total program government program revenues	<u>\$ 25,976,712</u>	<u>\$ 28,273,146</u>	<u>\$ 23,226,442</u>	<u>\$ 31,220,632</u>	<u>\$ 26,838,554</u>
Net(Expense)/Revenue					
Governmental activities	\$ (9,368,236)	\$ (6,902,361)	\$ (11,284,237)	\$ (10,278,316)	\$ (14,873,658)
Business-type activities	2,556,468	1,455,816	(20,304)	3,011,256	3,042,050
	<u>\$ (6,811,768)</u>	<u>\$ (5,446,545)</u>	<u>\$ (11,304,541)</u>	<u>\$ (7,267,060)</u>	<u>\$ (11,831,608)</u>

Source: City's financial statements

**CITY OF NORCO
CHANGES IN NET POSITION (CONTINUED)
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

(Continued)

		Fiscal Year							
		<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>			
\$	5,164,710	\$	5,260,115	\$	5,752,506	\$	6,590,791	\$	9,554,751
	10,585,952		10,850,324		11,653,805		11,842,671		10,911,658
	4,934,050		5,669,159		5,934,482		5,167,004		8,574,600
	1,624,009		1,602,171		1,546,406		2,110,070		1,959,442
	2,573,716		2,726,047		3,236,433		3,000,679		2,612,010
	-		-		-		-		-
	-		-		-		-		-
	<u>24,882,437</u>		<u>26,107,816</u>		<u>28,123,632</u>		<u>28,711,215</u>		<u>33,612,461</u>
	11,075,924		10,688,780		12,699,537		11,325,678		12,520,073
	6,786,370		7,222,648		7,134,484		6,397,952		7,866,861
	<u>17,862,294</u>		<u>17,911,428</u>		<u>19,834,021</u>		<u>17,723,630</u>		<u>20,386,934</u>
\$	<u>42,744,731</u>	\$	<u>44,019,244</u>	\$	<u>47,957,653</u>	\$	<u>46,434,845</u>	\$	<u>53,999,395</u>
\$	2,302,669	\$	2,396,727	\$	2,417,671	\$	2,180,587	\$	2,102,176
	927,629		1,011,589		1,005,055		1,088,710		1,130,231
	929,602		1,231,104		1,148,038		933,850		983,499
	1,094,604		1,309,354		1,217,777		1,520,456		3,003,618
	756,965		759,020		529,898		230,472		1,294,904
	1,804,315		2,251,013		2,113,841		2,407,654		3,124,093
	2,040,545		4,457,879		2,007,911		147,472		6,297,305
	<u>9,856,329</u>		<u>13,416,686</u>		<u>10,440,191</u>		<u>8,509,201</u>		<u>17,935,826</u>
	12,144,054		12,974,480		13,282,918		13,660,048		13,746,965
	7,491,015		8,824,907		8,324,845		7,469,592		9,769,632
	-		-		-		-		-
	-		-		122,408		12,599		1,931,129
	<u>19,635,069</u>		<u>21,799,387</u>		<u>21,730,171</u>		<u>21,142,239</u>		<u>25,447,726</u>
\$	<u>29,491,398</u>	\$	<u>35,216,073</u>	\$	<u>32,170,362</u>	\$	<u>29,651,440</u>	\$	<u>43,383,552</u>
\$	(15,026,108)	\$	(12,691,130)	\$	(17,683,441)	\$	(20,202,014)	\$	(15,676,635)
	1,772,775		3,887,959		1,896,150		3,418,609		5,060,792
\$	<u>(13,253,333)</u>	\$	<u>(8,803,171)</u>	\$	<u>(15,787,291)</u>	\$	<u>(16,783,405)</u>	\$	<u>(10,615,843)</u>

CITY OF NORCO
CHANGES IN NET POSITION (CONTINUED)
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

General Revenues and Other Changes in Net Position

	Fiscal Year				
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Governmental activities:					
Taxes:					
Property tax, levied for general purpose	\$ 1,898,467	\$ 1,588,228	\$ 1,739,484	\$ 1,656,163	\$ 4,062,986
Transient occupancy tax	257,277	295,641	427,260	519,548	561,766
Franchise tax	1,021,833	1,056,967	1,221,453	1,334,588	1,400,636
Sales tax in lieu	1,157,793	1,381,708	1,409,297	1,213,148	-
Motor vehicle in lieu tax	1,974,292	2,040,184	2,138,532	2,258,119	12,124
Intergovernmental - Sales tax	3,942,554	4,308,901	4,603,115	5,613,795	6,837,653
Public service taxes	320,569	331,386	361,320	360,712	363,347
Gain/(Loss) on sale of capital assets	-	-	190	110	-
Unrestricted investment earnings (loss)	22,418	30,844	35,902	69,619	100,009
Contributions from other agency	-	-	53,809	-	-
Other	-	-	-	-	-
Intergovernmental	219,175	16,688	140,930	124,047	125,420
Special Item - Transfer of Assets to Housing					
Successor Agency	-	-	17,767,484	-	-
Special Item - Sale of Donated Item	-	-	3,086,508	-	-
Transfers	289,023	271,876	276,652	276,568	275,102
Total governmental activities	<u>11,103,401</u>	<u>11,322,423</u>	<u>33,261,936</u>	<u>13,426,417</u>	<u>13,739,043</u>
Business-type activities:					
Unrestricted investment earnings (loss)	34,537	74,856	148,249	619,897	682,764
Special Item - Sale of Donated Item	-	-	6,778,143	-	-
Transfers	(289,023)	(271,876)	(276,652)	(276,568)	(275,102)
Total business-type activities	<u>(254,486)</u>	<u>(197,020)</u>	<u>6,649,740</u>	<u>343,329</u>	<u>407,662</u>
Total primary government	<u>\$ 10,848,915</u>	<u>\$ 11,125,403</u>	<u>\$ 39,911,676</u>	<u>\$ 13,769,746</u>	<u>\$ 14,146,705</u>
Change in Net Position					
Governmental activities	\$ 1,735,165	\$ 4,420,062	\$ 21,977,699	\$ 3,148,102	\$ (1,134,615)
Business-type activities	2,301,982	1,258,796	6,629,436	3,354,585	3,449,712
Total primary government	<u>\$ 4,037,147</u>	<u>\$ 5,678,858</u>	<u>\$ 28,607,135</u>	<u>\$ 6,502,687</u>	<u>\$ 2,315,097</u>

Source: City's financial statements

**CITY OF NORCO
CHANGES IN NET POSITION (CONTINUED)
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

(Continued)

		Fiscal Year							
		<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>			
\$	4,364,143	\$	4,703,051	\$	5,071,222	\$	5,157,673	\$	5,408,797
	586,369		609,036		615,989		741,248		1,057,978
	1,561,383		1,674,490		1,751,200		1,863,816		2,025,163
	-		-		-		-		-
	14,246		12,990		21,419		20,216		31,265
	7,188,921		9,359,520		13,173,182		16,460,577		20,376,348
	401,258		399,734		413,789		518,358		604,599
	-		-		-		-		-
	252,510		445,846		564,198		38,841		(553,147)
	-		-		-		-		-
	-		-		-		-		-
	125,937		119,690		496,885		589,697		3,003,453
	-		-		-		-		-
	-		-		-		-		-
	258,204		258,204		258,204		258,204		266,905
	<u>14,752,971</u>		<u>17,582,561</u>		<u>22,366,088</u>		<u>25,648,630</u>		<u>32,221,361</u>
	797,610		1,131,721		945,726		162,751		(115,150)
	-		-		-		-		-
	<u>(258,204)</u>		<u>(258,204)</u>		<u>(258,204)</u>		<u>(258,204)</u>		<u>(266,905)</u>
	<u>539,406</u>		<u>873,517</u>		<u>687,522</u>		<u>(95,453)</u>		<u>(382,055)</u>
\$	<u>15,292,377</u>	\$	<u>18,456,078</u>	\$	<u>23,053,610</u>	\$	<u>25,553,177</u>	\$	<u>31,839,306</u>
\$	(273,137)	\$	4,891,431	\$	6,689,453	\$	5,446,616	\$	16,266,446
	<u>2,312,181</u>		<u>4,761,476</u>		<u>5,748,314</u>		<u>3,323,156</u>		<u>4,957,017</u>
\$	<u>2,039,044</u>	\$	<u>9,652,907</u>	\$	<u>12,437,767</u>	\$	<u>8,769,772</u>	\$	<u>21,223,463</u>

**CITY OF NORCO
FUND BALANCES
GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year				
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General Fund					
Nonspendable	\$ 5,444	\$ -	\$ 2,883,058	\$ 3,746,499	\$ 3,634,919
Committed	3,560,200	3,923,015	1,725,254	229,659	528,820
Assigned	685,279	-	-	-	-
Unassigned	771,477	2,238,434	7,841,852	10,083,161	11,250,211
Total general fund	5,022,400	6,161,449	12,450,164	14,059,319	15,413,950
Housing Successor Agency					
Restricted	-	-	17,799,129	17,648,086	17,461,190
Total housing successor agency	-	-	17,799,129	17,648,086	17,461,190
All Other Governmental Funds					
Nonspendable:	3,750	3,750	-	6,000	-
Restricted:					
Public Safety	-	-	-	-	-
Streets and Highways	3,315,085	3,902,507	4,886,148	4,137,649	4,009,389
Community and Economic Development	79,788	111,247	95,441	138,391	147,822
Culture and Leisure	-	-	-	-	-
Debt service	-	-	-	-	-
Committed:					
Emergencies	378,013	498,231	-	-	-
Assigned:					
General Government	1,009,477	1,510,554	-	-	-
Public Safety	618,057	562,135	591,096	608,091	661,499
Streets and Highways	1,949,488	2,939,221	3,041,586	3,579,381	3,875,674
Culture and Leisure	663,896	1,166,786	767,184	632,122	622,612
Unassigned:					
Public Safety	-	-	-	-	(1,314)
Streets and Highways	(33,968)	(15,004)	(357,529)	(17,873)	(26,054)
Community and Economic Development	-	-	-	-	-
Total all other governmental funds	7,983,586	10,679,427	9,023,926	9,083,761	9,289,628
Total all governmental funds	\$ 13,005,986	\$ 16,840,876	\$ 39,273,219	\$ 40,791,166	\$ 42,164,768

Source: City's financial statements

**CITY OF NORCO
FUND BALANCES (CONTINUED)
GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

(Continued)

		Fiscal Year				
		<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$	3,404,066	\$ 2,591,357	\$ 2,459,280	\$ 2,325,075	\$ 2,183,784	
	671,779	133,326	124,578	115,657	2,111,067	
	-	7,527,137	4,614,689	8,050,460	12,607,576	
	11,718,584	9,877,022	17,455,468	21,824,732	27,463,836	
	15,794,429	20,128,842	24,654,015	32,315,924	44,366,263	
	17,303,845	17,172,128	17,060,012	16,778,372	16,591,918	
	17,303,845	17,172,128	17,060,012	16,778,372	16,591,918	
	-	-	2,500	2,500	3,000	
	-	757,999	730,431	693,301	811,770	
	2,818,550	4,640,824	3,845,515	-	4,473,640	
	133,742	142,050	683,284	779,798	243,756	
	-	823,111	216,641	38,143	951,925	
	-	-	-	-	-	
	-	-	-	-	-	
	-	-	-	-	-	
	680,053	-	-	-	-	
	3,813,411	-	-	-	-	
	757,526	-	-	-	-	
	-	-	-	-	-	
	(47,420)	(222,280)	(35,528)	(38,811)	(756)	
	(55,288)	(5,428)	(374,396)	-	-	
	8,100,574	6,136,276	5,068,447	1,474,931	6,483,335	
\$	<u>41,198,848</u>	<u>\$ 43,437,246</u>	<u>\$ 46,782,474</u>	<u>\$ 50,569,227</u>	<u>\$ 67,441,516</u>	

**CITY OF NORCO
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year				
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Revenues					
Taxes	\$ 11,174,643	\$ 11,606,683	\$ 12,536,053	\$ 13,599,492	\$ 13,923,344
Assessments	738,771	769,133	801,315	776,231	736,112
Licenses and permits	528,236	518,126	556,985	670,979	789,382
Fines and forfeitures	363,652	408,066	439,590	430,596	346,048
Development fees	158,983	23,571	270,977	250,418	846,664
Intergovernmental	3,590,364	6,185,123	1,910,287	2,238,833	1,262,117
Charges for services	1,620,822	2,889,825	2,641,613	2,962,066	3,098,643
Investment earnings (loss) and lease income	554,081	526,069	539,448	680,581	800,900
Reimbursements	79,114	115,286	13,281	127,277	-
Other	1,300,567	51,368	196,275	153,021	220,160
Total revenues	<u>20,109,233</u>	<u>23,093,250</u>	<u>19,905,824</u>	<u>21,889,494</u>	<u>22,023,370</u>
Expenditures					
Current:					
General government	3,442,691	3,719,499	3,828,322	4,396,554	4,839,346
Public safety	8,389,746	8,314,657	8,807,419	9,339,313	9,559,983
Public works	6,244,862	4,305,486	2,628,850	4,438,203	3,071,423
Community and economic development	582,154	830,309	790,798	1,251,035	1,408,931
Culture and leisure	2,107,965	2,217,201	2,548,736	1,871,207	2,018,557
Capital outlay	-	-	-	805,000	26,630
Other	-	-	-	-	-
Total expenditures	<u>20,767,418</u>	<u>19,387,152</u>	<u>18,604,125</u>	<u>22,101,312</u>	<u>20,924,870</u>
Excess(deficiency) of revenues over(under) expenditures	(658,185)	3,706,098	1,301,699	(211,818)	1,098,500
Other Financing Sources (Uses)					
Proceeds from the sale of property	-	-	-	-	-
Transfers in	854,830	871,061	355,571	380,571	479,281
Transfers out	(764,740)	(742,269)	(78,919)	(104,003)	(204,179)
Bond/Loan Proceeds	-	-	-	-	-
Total other financing sources (uses)	<u>90,090</u>	<u>128,792</u>	<u>276,652</u>	<u>276,568</u>	<u>275,102</u>
Special Item					
Transfer of assets to successor housing agency	-	-	17,767,484	-	-
Sale of donated assets	-	-	3,086,508	-	-
	-	-	20,853,992	-	-
Net change in fund balances	<u>\$ (568,095)</u>	<u>\$ 3,834,890</u>	<u>\$ 4,664,859</u>	<u>\$ 64,750</u>	<u>\$ 1,373,602</u>
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.00%	0.00%	0.00%

CITY OF NORCO
CHANGES IN FUND BALANCES (CONTINUED)
GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

(Continued)

		Fiscal Year							
		2018	2019	2020	2021	2022			
\$	14,861,023	\$	17,592,048	\$	21,847,687	\$	25,769,374	\$	30,612,573
	703,369		698,499		751,608		779,905		788,192
	750,245		946,402		795,991		1,279,186		2,608,829
	499,446		497,029		513,918		727,315		593,357
	178,282		2,014,321		493,303		62,717		5,657,076
	2,883,189		3,132,740		3,971,705		2,849,251		5,068,404
	2,976,824		3,311,339		3,074,413		2,771,734		4,003,280
	1,042,306		1,429,531		1,354,353		409,776		(309,021)
	71,432		10,504		196,165		11,263		4,956
	263,294		362,391		203,238		123,299		685,096
	<u>24,229,410</u>		<u>29,994,804</u>		<u>33,202,381</u>		<u>34,783,820</u>		<u>49,712,742</u>
	5,155,987		5,464,926		6,052,709		6,593,217		10,666,317
	10,526,624		11,037,921		11,706,532		11,440,255		10,097,288
	5,442,522		7,957,631		6,466,151		4,248,556		6,665,225
	1,633,480		1,641,538		1,570,339		2,072,422		1,858,797
	2,649,142		2,431,862		2,500,633		2,435,751		3,247,813
	45,779		-		1,755,564		1,454,185		5,193,726
	-		-		-		-		3,700
	<u>25,453,534</u>		<u>28,533,878</u>		<u>30,051,928</u>		<u>28,244,386</u>		<u>37,732,866</u>
	(1,224,124)		1,460,926		3,150,453		6,539,434		11,979,876
	-		-		10,600		802,585		-
	890,498		432,466		377,520		258,204		286,283
	(632,294)		(174,262)		(79,316)		-		(19,378)
	-		519,268		-		-		-
	<u>258,204</u>		<u>777,472</u>		<u>308,804</u>		<u>1,060,789</u>		<u>266,905</u>
	-		-		-		-		-
	-		-		-		-		-
	-		-		-		-		-
\$	<u>(965,920)</u>	\$	<u>2,238,398</u>	\$	<u>3,459,257</u>	\$	<u>7,600,223</u>	\$	<u>12,246,781</u>
	0.00%		0.00%		0.00%		0.00%		0.00%

CITY OF NORCO
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(IN THOUSANDS)

Fiscal Year Ended June 30,	Secured Property	Unsecured Property	Total Taxable Assessed Value	Total Direct Tax Rate
2012	\$ 2,450,112	94,059	2,544,171	1.00000%
2013	2,461,226	69,942	2,531,168	1.00000%
2014	2,552,367	67,135	2,619,502	1.00000%
2015	2,683,938	63,072	2,747,010	1.00000%
2016	2,837,928	63,889	2,901,817	1.00000%
2017	2,944,477	70,594	3,015,071	1.00000%
2018	3,077,573	72,189	3,149,762	1.00000%
2019	3,267,723	81,622	3,349,345	1.00000%
2020	3,447,467	78,050	3,525,517	1.00000%
2021	3,619,573	83,988	3,703,561	1.00000%

Source: Riverside County Auditor Controller

**CITY OF NORCO
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(RATE PER \$100 OF ASSESSED VALUE)**

Fiscal Year	City Direct Rates		Overlapping Rates	
	Basic Rate	Total Direct	Corona/Norco Unified School District	Metro Water District
2013	1.00000%	1.00000%	0.06543%	0.00350%
2014	1.00000%	1.00000%	0.06844%	0.00350%
2015	1.00000%	1.00000%	0.06473%	0.00350%
2016	1.00000%	1.00000%	0.08540%	0.00350%
2017	1.00000%	1.00000%	0.09416%	0.00350%
2018	1.00000%	1.00000%	0.08313%	0.00350%
2019	1.00000%	1.00000%	0.09034%	0.00350%
2020	1.00000%	1.00000%	0.09387%	0.00350%
2021	1.00000%	1.00000%	0.09818%	0.00350%
2022	1.00000%	1.00000%	0.09914%	0.00350%

Source: Riverside County Office of Auditor-Controller

**CITY OF NORCO
PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO**

	2022			2013		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Saddle Ranch APG LLC	\$ 53,228,269	1	1.36%			
CRPF IV Elwood	40,125,858	2	1.02%			
LDK Norco	36,175,817	3	0.92%			
Norco Corona Associates	20,554,826	4	0.52%	16,388,623	1	0.63%
Life Storage LP	18,421,184	5	0.47%			
Target Corporation	16,929,532	6	0.43%			
Yihua International Investment	16,893,090	7	0.43%	14,557,976	3	0.56%
620 Parkridge APG	14,725,000	8	0.38%			
CRP LDF Saddle Ranch II LLC	14,133,258	9	0.37%			
Balboa Management Group LLC	13,604,920	10	0.35%			
H/H Properties				13,634,087	4	0.53%
Grayburn Properties Inc				11,511,544	5	0.45%
Dayton Hudson Corp				14,752,239	2	0.57%
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	0.33%
Rexco Norco				8,443,466	10	0.32%
	<u>\$ 244,791,754</u>		<u>6.25%</u>	<u>\$ 118,437,212</u>		<u>4.58%</u>

Source: HDL 20-21 Property data - Preliminary Property Tax Reports
Top ten property taxpayers

**CITY OF NORCO
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2013	1,138,081	1,070,527	94.1%	61,555	1,132,082	99.5%
2014	1,178,361	1,127,309	95.7%	51,578	1,178,887	100.0%
2015	1,237,395	1,192,560	96.4%	46,470	1,239,030	100.1%
2016	1,290,343	1,245,895	96.6%	37,237	1,283,132	99.4%
2017	1,332,220	1,298,564	97.5%	34,062	1,332,626	100.0%
2018	1,378,552	1,346,180	97.7%	32,572	1,378,752	100.0%
2019	1,455,419	1,426,216	98.0%	42,058	1,468,274	100.9%
2020	1,539,793	1,490,634	96.8%	35,406	1,526,040	99.1%
2021	1,566,020	1,528,417	97.6%	42,088	1,570,505	100.3%
2022	1,626,690	1,593,434	98.0%	58,253	1,651,687	101.5%

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 includes supplemental taxes that may not have been picked up in the original levy. For these reasons, the collection percentage for the various fiscal years is exceeding the amount levied by more than 100%.

CITY OF NORCO
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(DOLLARS IN THOUSANDS, EXCEPT PER CAPITA)

Fiscal Year	Governmental Activities		Business-Type Activities			Total Primary Government
	Leases	Term Loan Payable	Bonds	Leases	Term Loan Payable	
2013	\$ 20	379	36,138	-	1,055	37,213
2014	8	291	35,485	-	839	36,332
2015	-	199	34,801	-	986	35,787
2016	-	102	34,093	-	3,533	37,626
2017	-	-	33,354	-	5,585	38,939
2018	-	-	32,585	-	6,542	39,127
2019	-	-	31,777	-	6,446	38,223
2020	-	-	44,239	-	6,175	50,414
2021	-	-	42,901	-	5,884	48,785
2022	169	-	41,258	28	5,588	47,043

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

**data not available

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

CITY OF NORCO
RATIOS OF OUTSTANDING DEBT BY TYPE (CONTINUED)
LAST TEN FISCAL YEARS
(DOLLARS IN THOUSANDS, EXCEPT PER CAPITA)

Percentage of Personal Capita	Percentage of Assessed Valuation	Per Capita ¹
5%	1.47%	1,375
5%	1.39%	1,367
5%	1.30%	1,322
10%	1.30%	1,399
**	1.29%	1,435
**	1.24%	1,459
**	1.14%	1,436
**	1.43%	1,829
**	1.32%	1,834
**	1.20%	1,804

CITY OF NORCO
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(DOLLARS IN THOUSANDS, EXCEPT PER CAPITA)

Fiscal Year	General Obligation Bonds (1)	Debt Service Reserve	Net General Bonded Debt	Percentage of Actual Taxable Value of Property	Per Capita⁽²⁾
2013	\$ -	\$ -	\$ -	0.00%	\$ -
2014	-	-	-	0.00%	-
2015	-	-	-	0.00%	-
2016	-	-	-	0.00%	-
2017	-	-	-	0.00%	-
2018	-	-	-	0.00%	-
2019	-	-	-	0.00%	-
2020	-	-	-	0.00%	-
2021	-	-	-	0.00%	-
2022	-	-	-	0.00%	-

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

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

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

**CITY OF NORCO
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2022**

2021-22 Assessed Valuation: \$ 3,915,032,632

<u>Direct and Overlapping Tax and Assessment Debt:</u>	<u>% Applicable (1)</u>	<u>Debt</u>
Metropolitan Water District	0.115 %	\$ 23,201
Riverside City Community College District	3.077	9,245,067
Alvord Unified School District	0.002	3,944
Corona-Norco Unified School District	9.256	46,162,382
City of Norco	100.000	-
City of Norco Community Facilities District No. 97-1	100.000	3,315,000
City of Norco Community Facilities District No. 2001-1	100.000	22,415,000
City of Norco Community Facilities District No. 2002-1	100.000	885,250
Total Direct and Overlapping Tax and Assessment Debt		<u>\$ 82,049,844</u>
<u>Overlapping General Fund Debt:</u>		
Riverside County General Fund Obligations	1.183 %	\$ 8,520,183
Riverside County Pension Obligations	1.183	9,701,310
Western Municipal Water District Certificates of Participation	3.644	199,012
Corona-Norco Unified School District Certificates of Participation	9.256	2,006,439
Total Overlapping General Fund Debt		<u>\$ 20,426,944</u>
<u>Overlapping Tax Increment Debt (Successor Agencies):</u>	0.076 - 99.984 %	<u>\$ 61,255,048</u>
Total Direct Debt		\$ -
Total Overlapping Debt		<u>\$ 163,731,836</u>
Combined Total Debt		\$ 163,731,836 (2)

(1) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations. Qualified Zone Academy Bonds are included based on principal due at maturity.

Ratios to 2021-22 Assessed Valuation:

Total Direct and Overlapping Tax and Assessment Debt	2.10%
Total Direct Debt	0.00%
Combined Total Debt	4.18%

Ratios to Redevelopment Incremental Valuation (\$2,263,202,428):

Total Overlapping Tax Increment Debt	2.71%
--------------------------------------	-------

Source: Avenu Insights & Analytics

**CITY OF NORCO
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(DOLLARS IN THOUSANDS)**

	Fiscal Year			
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Debt limit	\$ 392,925	\$ 412,052	\$ 412,052	\$ 452,261
Total net debt applicable to limit (1)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal debt margin	<u>\$ 392,925</u>	<u>\$ 412,052</u>	<u>\$ 412,052</u>	<u>\$ 452,261</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%

Source: City Finance Department

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

CITY OF NORCO
LEGAL DEBT MARGIN INFORMATION (CONTINUED)
LAST TEN FISCAL YEARS
(DOLLARS IN THOUSANDS)

Fiscal Year					
<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 452,261	\$ 472,464	\$ 502,402	\$ 528,828	\$ 555,534	\$ 587,255
-	-	-	-	-	-
\$ 452,261	\$ 472,464	\$ 502,402	\$ 528,828	\$ 555,534	\$ 587,255
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Assessed value	\$ 3,915,033
Debt limit (15% of assessed value)	587,255
Debt applicable to limit:	
General obligation bonds	-
Less: Amount set aside for repayment of general obligation debt	-
Total net debt applicable to limit	-
Legal debt margin	\$ 587,255

**CITY OF NORCO
 PLEDGED-REVENUE COVERAGE
 LAST TEN FISCAL YEARS
 (DOLLARS IN THOUSANDS)**

Fiscal Year	Utility Revenue Bonds						
	Utility Service Charges	Less: Operating Expenses ⁽¹⁾	Net Available Revenue	Debt Service		Coverage	
				Principal	Interest		
2013	\$ 15,444	\$ 10,093	\$ 5,351	\$ 645	\$ 1,971	2.05	
2014	15,355	10,492	4,863	670	1,945	1.86	
2015	14,819	10,459	4,360	700	1,917	1.67	
2016	14,650	11,474	3,176	725	1,889	1.21	
2017	18,168	10,389	7,779	755	1,858	2.98	
2018	19,635	12,974	6,661	785	1,822	2.56	
2019	21,799	12,770	9,029	825	1,782	3.46	
2020	21,172	13,996	7,176	870	1,740	2.75	
2021	21,130	12,957	8,173	1,010	1,605	3.13	
2022	23,517	15,633	7,884	1,045	1,569	3.02	

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

(1) Operating expenses do not include depreciation, or amortization expenses.

(2) The City is not liable for Special Assessment District or Community Facility District defaults; collections and remittances are accounted in an agency fund.

(3) The Bonds are limited obligation of the Successor Agency.

(4) The Dept. of Finance approves the Recognized Obligation Payment Schedule, and the city receives payments from County of Riverside beginning fiscal year 2012.

**CITY OF NORCO
 PLEDGED-REVENUE COVERAGE (CONTINUED)
 LAST TEN FISCAL YEARS
 (DOLLARS IN THOUSANDS)**

Special Assessment Bonds ⁽²⁾				Successor Agency Bonds ⁽³⁾				
Special Assessment Collections	Debt Service		Coverage	Redevelopment Property Tax		Debt Service		Coverage
	Principal	Interest				Principal	Interest	
\$ 3,217	\$ 930	\$ 2,131	1.05	7,592	(4)	\$ 2,240	\$ 4,927	1.06
3,161	1,386	2,011	0.93	7,001	(4)	2,335	4,823	0.98
3,307	1,134	1,977	1.06	6,781	(4)	2,205	3,537	1.18
3,370	1,213	1,932	1.07	7,251	(4)	2,535	4,222	1.07
3,220	1,319	1,882	1.01	7,243	(4)	2,915	4,130	1.03
3,344	1,419	1,371	1.20	6,999	(4)	2,880	3,701	1.06
3,014	2,345	1,447	0.79	6,770	(4)	2,950	3,169	1.11
2,883	1,286	1,388	1.08	6,044	(4)	2,990	3,040	1.00
3,009	1,370	1,342	1.11	6,644	(4)	3,460	2,725	1.07
3,019	1,464	1,288	1.10	6,668	(4)	3,230	2,791	1.11

**CITY OF NORCO
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS**

Year	Estimated Population⁽¹⁾	Personal Income (in thousands)⁽²⁾	Per Capita Personal Income⁽³⁾	School Enrollment⁽⁴⁾	Unemployment Rate⁽⁵⁾
2013	27,063	685,794	81,359	53,522	9
2014	26,582	711,000	85,142	53,816	7
2015	27,063	767,453	88,051	53,618	6
2016	26,896	823,340	87,067	53,354	5
2017	27,143	**	**	53,157	5
2018	26,809	**	**	53,294	4
2019	26,610	**	**	53,002	4
2020	27,564	**	**	52,557	4
2021	26,604	**	**	51,318	5
2022	26,077	**	**	50,889	4

Sources:

(1) State Department of Finance, Demographic Research Unit

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

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

(4) Enrollment data for Corona Norco Unified School District obtained from the 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**

Employer	2022			2013		
	Employees	Rank	Percentage of Total City Employment ⁽¹⁾	Employees	Rank	Percentage of Total City Employment ⁽¹⁾
Naval Surface Warfare Center	1,895	1	15.16%	1,300	2	9.49%
Corona-Norco Unified School District*	1,231	2	9.85%	4,199	1	30.66%
California Rehabilitation Center	1,004	3	8.03%	1,156	3	8.44%
Norco College (RCCD)	465	4	3.72%	377	4	2.75%
Quick Crete Products Corp.	179	5	1.43%	157	6	1.15%
Target Stores	179	6	1.43%	187	5	1.37%
Winco Foods, LLC	134	7	1.07%			
Stater Bros. Markets #199	112	9	0.90%			
Hemborg Ford, Inc.	100	8	0.80%	93	9	0.68%
E-Z Up Instant Shelters	96	10	0.77%	110	7	0.80%
Computer Science Corp (formerly DynCorp)				93	8	0.68%
Avid Identification Systems, Inc.				85	10	0.62%
Total	5,395		43.16%	7,757		56.64%

* Schools within the City of Norco.

Source: Employment information obtained from State Employment Development Department, Labor Market Information Division. Hinderliter, De Llamas & Assoc.

**CITY OF NORCO
 FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES
 BY FUNCTION/PROGRAM
 LAST TEN FISCAL YEARS**

Function/Program	Full-time Equivalent Employees as of June 30				
	2013	2014	2015	2016	2017
General government					
Administration	1	1	1	1	2
City Clerk	2	2	2	2	2
Fiscal & Support Svcs.	11	10	10	11	12
Human Resources	1	1	1	1	1
Public Safety					
Police (Civilian)	1	1	1	1	1
Code Enforcement	-	1	1	1	1
Animal Control	4	3	3	3	2
Public Works					
Maintenance	15	15	14	13	12
Culture and leisure					
Parks & Recreation	7	8	8	8	10
Community development					
Planning	2	2	2	2	2
Engineering	1	1	2	2	3
Building	2	2	2	3	3
Total	47	47	47	48	51

Source: City's annual adopted budgets

**CITY OF NORCO
 FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES
 BY FUNCTION/PROGRAM (CONTINUED)
 LAST TEN FISCAL YEARS**

Full-time Equivalent Employees as of June 30				
2018	2019	2020	2021	2022
2	2	3	2	3
2	2	2	3	3
12	12	12	10	11
1	1	1	1	1
1	1	1	1	1
1	1	1	2	2
3	3	3	4	4
15	15	15	18	18
10	10	10	14	14
2	2	2	2	3
3	3	3	3	4
3	3	3	3	3
55	55	56	63	67

**CITY OF NORCO
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

<u>Function/Program</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Police					
UCR Crime index total	659	628	709	752	850
Traffic collisions	480	528	556	603	674
Traffic violations	729	1,388	2,436	1,869	2,031
Fire					
Total number of responses	2,562	1,996	2,287	2,419	2,443
Fires extinguished	212	64 (1)	53	57	62
Water					
Number of service connections	7,471	7,451	7,471	7,475	7,481
Average daily consumption (in mil. of gallons)	8	8	8	5	6
Max. daily (groundwater wells) capacity (in mil. of gallons)	8	8	8	8	5
Max. daily import capacity (in mil. of gallons)	12	12	12	12	12
Storage capacity (in mil. of gallons)	11	11	11	11	11
Sewer					
Number of sewer connections	6,876	6,866	6,897	6,913	6,954
Average daily treatment (in mil. of gallons)	2	2	2	2	2
Max. daily capacity of treatment plans (in mil. of gallons)	2	2	2	2	3

Source: Various City's departments

(1) 64 fires extinguished and 211 false fire alarms.

**CITY OF NORCO
OPERATING INDICATORS BY FUNCTION/PROGRAM (CONTINUED)
LAST TEN FISCAL YEARS**

2018	2019	2020	2021	2022
707	732	682	631	715
608	618	502	482	558
2,175	2,384	2,770	2,721	3,168
2,515	2,520	2,602	2,799	3,025
75	67	67	109	87
7,485	7,468	7,650	7,476	7,471
6	6	6	6	6
5	5	5	5	5
12	12	12	9	9
11	11	11	14	14
6,972	6,969	6,970	6,963	6,963
2	2	2	2	2
2	3	3	3	3

**CITY OF NORCO
CAPITAL ASSETS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

<u>Function/Program</u>	Fiscal Year				
	2013	2014	2015	2016	2017
Public safety					
Fire stations	2	2	2	2	2
Culture and leisure					
Parks	15	15	15	15	15
Park Acreage	168	168	168	168	168
Open Space Acreage	835	835	835	835	835
Tennis court	1	1	1	1	1
Community center	1	1	1	1	1
Public playgrounds/Tot lots	9	9	9	9	9
Water					
Water mains (miles)	102	102	103	103	103
Fire hydrants	1,282	1,282	1,297	1,363	1,400
Sewer					
Sanitary sewers (miles)	92	92	92	92	97
Treatment plant	1	1	1	1	1

Source: Various City's departments

**CITY OF NORCO
CAPITAL ASSETS BY FUNCTION/PROGRAM (CONTINUED)
LAST TEN FISCAL YEARS**

Fiscal Year				
2018	2019	2020	2021	2022
2	2	2	2	2
15	15	15	15	15
168	168	168	168	168
835	835	835	835	835
1	1	1	1	1
1	1	1	1	1
9	9	9	9	9
117	114	117	122	122
1,415	1,443	1,393	1394	1406
105	104	104	107	109
1	1	1	1	1



CLA (CliftonLarsonAllen LLP) is a network member of CLA Global. See CLAGlobal.com/disclaimer. Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.