

ITEM NO: J-8
PRESENTATION AND ACCEPTANCE OF
ANNUAL CITY AUDIT FOR
FISCAL YEAR 2010-2011

February 28, 2012

TO: HONORABLE MAYOR AND COUNCIL MEMBERS

FROM: STEPHEN J. KIMBROUGH, CITY MANAGER



SUMMARY:

Each year, the City Auditor, Donald Reynolds, CPA, who is accountable directly to the City Council, presents the results of his Annual Audit of Corning financial records. He will be present at the Council Meeting to explain to the City Council the results of the Audit for the past fiscal year 2010-2011.

A copy of the Audit is on file for public review at City Hall; a copy has been distributed to each City Council Member and included in this Agenda Packet on the City's website at www.corning.org.

AUDIT OVERVIEW:

The Audit Report begins on page 3, with the **"Management's Discussion and Analysis" or "MD&A"** to provide Management's introduction to the Annual Audit. This is an important part of the Audit report, because it provides an overview of the City financial condition as viewed by the City Management. The MD&A has been reviewed by the Auditor before inclusion in the report. Included are an explanation of the components of the audit and summaries of the Revenues and Expenditures which highlight the City's finances and provides a guide for the reader.

GENERAL FUND:

The General Fund of the City is the main fund that is discretionary in nature; the Council has the freedom to determine the priorities and establish the uses of the General Fund. All of the other Funds are restricted to specific purposes either by City Code or by State Law, though the City Council still sets the priorities.

The "Financial Analysis of the City's Funds" is found on page 6 of the MD&A; it provides a clear view of the General Fund, the key Operating Fund of the City. Note that key operating revenues increase in this fiscal year. On page 7, the importance of Sales Tax as a key city Revenue.

Unless you are a financial analyst, holder of City bonds or the City's Banker, you can ignore the Balance Sheets and go directly from the MD&A to the General Fund **"Comparative Statement of Revenues, Expenditures and Changes in Fund Balance" (Exhibit A-2) on page 46**. At the bottom of the page, the beginning fund balance is shown as is the ending fund balance. The General Fund balance on July 1, 2010, was \$793,588; the balance has grown to \$960,000 by June 30, 2011.

The City normally sets aside \$800,000 in General Fund monies for an Operating Reserve to cover fluctuations in normal cash flow during the year; like a savings account, the operating reserve covers normal operating expenses until the arrival of specific tax income and State Subventions. The City decided to reduce the operating reserve to \$500,000 to provide funding for City services until the end of the economic recession. Once the current economic recession ends, the Operating Reserve should be slowly increased until it reaches \$1 million.

The Operating Reserve is a savings account; it is **not** current revenue in excess of current budgeted expenses. The City must spend all the General Fund revenue each year to maintain approved service levels.

Exhibit A-3 on Page 47 and 48, Exhibit A-3 provides more detail on General Fund Revenues and where the money is spent, including a comparison of budget versus actual income and expenses. Sales tax recovered and exceeded the original projections by \$447,462.

Some City Departments or functions show negative year end balances in the General Fund as shown in **Exhibit A-3**. The Budget is a financial representation of the Annual Plan of Service, and like any plan, circumstances change during the year leaving some costs lower than estimated and some costs higher. Rather than amending the budget during the year, the over expenditures are left for all to see in order to learn and improve on the next budget.

OTHER FUNDS:

The other specialized Funds such as the road funds are listed in **Exhibit B-2 on page 56 through page 62**.

Exhibit B-2 shows the **Capital Replacement and the Capital Improvement Funds**, including development fee related funds including the Traffic Mitigation Fund 116, and Drainage Fund 345. The Department **Equipment Replacement Funds** are in **Exhibit C-2 beginning on page 77**.

Page 85, Exhibit E-2, shows the three Trust Funds, **J.T. Levy** scholarship fund (balance \$27,854), **Rodgers Theatre Trust** (balance \$21,965), and the **Riddell Library fund** balance of \$265,648, having grown from \$263,864 at the beginning of the year.

The **Sewer Fund 610** and **Water Fund 630** are summarized on **page 82 and again on pages 91 and 93**; be cautious; Depreciation and Amortization are included and distort the net income and do not include principal payments on long-term debt. Retained Earnings include the total cost of all fixed assets less any accumulated depreciation and any long term debt, and this gives a distorted view of the net income for a reader with a non-financial background; **a clear picture is provided and will be presented on February 28, 2012, in the Mid-year Budget Report**.

RECOMMENDATION:

MAYOR AND COUNCIL MEMBERS RECEIVE AND ACCEPT THE ANNUAL AUDIT FOR FISCAL YEAR ENDING JUNE 30, 2011.

CITY OF CORNING
COMPREHENSIVE ANNUAL FINANCIAL REPORT
JUNE 30, 2011

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INTRODUCTORY SECTION

**CITY OF CORNING
PRINCIPAL OFFICIALS
June 30, 2011**

**CITY COUNCIL
(Terms as of June 30, 2011)**

Name	Office	Term Expires
GARY STRACK	Mayor	2012
TONI PARKINS	Vice-Mayor	2012
DARLENE DICKISON	Councilwoman	2014
JOHN LEACH	Councilman	2012
DAVE LINNET	Councilman	2014

**CITY CLERK
LISA LINNET**

**CITY TREASURER
PALA CANTRELL**

**CITY MANAGER & FINANCE DIRECTOR
STEPHEN J. KIMBROUGH**

FINANCIAL SECTION

Donald R. Reynolds

Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT

The Honorable City Council
City of Corning
Corning, California

I 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 Corning, California as of June 30, 2011, and for the year then ended, which collectively comprise the basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Corning, California's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

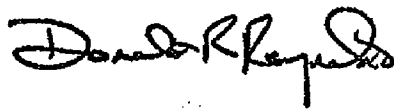
In my opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the City of Corning, California as of June 30, 2011 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, I have also issued my report dated January 31, 2012 on my consideration of the City's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, grants, and contracts. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of my audit.

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The management's discussion and analysis and budgetary comparison information on pages 3 through 11, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Corning, California, basic financial statements. The combining and individual nonmajor fund financial statements as well as the schedule of expenditures of federal awards are not a required part of the basic financial statements, and are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Such information has been subjected to the auditing procedures applied to the basic financial statements and, in my opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I express no opinion on them.

A handwritten signature in black ink, appearing to read "Donald R. Reynolds". The signature is stylized with a large, looped "D" and a cursive "Reynolds".

Donald R. Reynolds,
Certified Public Accountant
January 31, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

This section of the Comprehensive Annual Financial Report provides a narrative overview and analysis of the financial activities of the City of Corning for the fiscal year ended June 30, 2011. This should be read in conjunction with the transmittal letter and the financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the City of Corning exceeded its liabilities at June 30, 2011 by \$15.51 million (net assets). Of this amount, \$2.52 million (unrestricted net assets) may be used to meet the government's ongoing obligations to its citizens and creditors.
- Total net assets decreased by \$527 thousand, with a decrease of \$432 thousand in net assets of governmental activities, and a decrease of \$95 thousand in business-type activities.
- Governmental funds, on June 30, 2011, reported combined Net Assets of \$6.79 million, a decrease of \$426 thousand in comparison to the previous fiscal year. These net assets are largely investments in capital assets with \$4.81 million (44.03%) being unreserved and available for spending (unreserved fund balance).
- As of June 30, 2011, the General Fund had a year-end fund balance of \$960 thousand, \$160 thousand of which was unreserved. The unreserved General Fund balance at June 30, 2011, represented 3.83% of 2010-2011 General Fund expenditures of \$4.17 million.

OVERVIEW OF THE FINANCIAL HIGHLIGHTS

The basic financial statements are comprised of three components:

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

This report also includes other supplementary information as well as a *Single Audit* section that presents required reports on internal controls and compliance with laws and regulations related to federal grants.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

This set of statements is designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net assets* (Statement 1) presents information on all the City's assets and liabilities, with the difference reported as *net assets*. Over time, increases or decreases in net assets may serve as an indicator of whether the financial position of the City of Corning is improving or declining.

The *statement of activities* (Statement 2) presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods, such as for uncollected taxes and earned but not yet used vacation time.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees or are required by grantor agencies to be accounted for in this fashion (*business-type activities*). The governmental activities include general government, public safety, public works, planning, community development, and recreation and cultural. The business-type activities of the City are water and sewer.

The government-wide financial statements are intended to include not only the City of Corning itself (known as the *primary government*), but also its component units, entities for which the government is considered to be financially responsible. Blended component units, although legally separate entities, are in substance, part of the government's operations and so data from these units are combined with data of the primary government. The City of Corning has no reported component units.

FUND FINANCIAL STATEMENTS

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Corning, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Corning can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial

statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, 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 impacts of the government's near-term decisions. Both the governmental fund balance sheet and the government fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of Corning maintains 38 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund which is considered the only major fund. Data from the other 37 governmental funds are combined into a single, aggregated presentation. 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 of Corning adopts annual appropriations for its governmental funds. As required supplementary statements, budgetary comparison statements have been provided to demonstrate compliance with adopted appropriations. The basic governmental fund financial statements can be found on pages 15-17 of this report.

Proprietary Funds. The only type of proprietary funds the City of Corning maintains are enterprise funds. *Enterprise funds* are used to report the same functions as business-type activities in the government-wide financial statements. The City of Corning uses enterprise funds to account for its water, sewer and solid waste enterprises, as well as the airport and transportation center.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer enterprises. Both of the City's enterprise funds are considered major funds. The basic proprietary fund financial statements can be found on pages 18-20 of this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City of Corning's own programs. The accounting used for fiduciary funds is much like that use for proprietary funds. The basic fiduciary fund financial statements can be found on pages 21-22 of this report. The City administers three fiduciary funds, the Ridell Library Trust, the J.T. Levy Scholarship Trust and the Rodgers Theatre Fund.

Notes to the Financial Statements. The notes provide additional important information that is essential to the reader for a full understanding of the data provided in the government-wide and fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of a government's financial position. For the City of Corning, assets exceeded liabilities by \$15.51 million at June 30, 2011. Net assets decreased by \$527 thousand in Fiscal Year 2010-2011.

By far the largest portion of the City of Corning's net assets (70 percent) reflects the City's investment in capital assets (e.g. land, buildings, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The City of Corning uses these assets to serve its citizens and businesses; consequently, these assets are *not* available for spending. Although the City of Corning's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Governmental Activities. Governmental activity expenses totaled \$5.25 million in Fiscal Year 2010-2011. Program revenues totaled \$535 thousand. General revenues and transfers totaled \$4.28 million. Tax revenues (84.04 percent) represented the largest share of general revenues and intergovernmental and other revenues (15.37 percent) represented the second-largest share of general revenues and transfers.

The largest portion of governmental activity expenses; public safety activities, represented 60.5 percent. 21.1 percent related to general government activities and street related activities accounted for another 11.9 percent. Recreation and cultural activities represented 5.4 percent, while community and economic development represented 1.1 percent.

Business-type Activities. Business-type activity expenses totaled \$3.39 million in Fiscal Year 2010-2011. Charges for services totaled \$3.18 million, and lease, rents and other revenues totaled \$390 thousand. Sewer enterprise expenses totaled \$1.83 million, with charges for sewer services totaling \$1.49 million. Water enterprise expenses totaled \$1.10 million, with charges for water services totaling \$1.27 million. Solid Waste expenses totaled \$415 thousand, with charges for Solid waste services totaling \$414 thousand. Airport enterprise expenses totaled \$26 thousand. Transportation Center enterprise expenses totaled \$15 thousand.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier in this discussion and analysis, the City of Corning uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. These funds have been classified as governmental or proprietary.

Governmental Funds. The focus of the *City's governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of June 30, 2011, the City of Corning's governmental funds reported combined ending fund balances of \$2.24 million. Of this total, 64.28% (1.44 million) was unreserved, which is available for spending at the City's discretion.

General Fund. The General Fund is the chief operating fund of the City of Corning. In 2010-2011, there was a surplus of General Fund revenues and other financing sources over expenditures and other uses in the amount of \$160,441. The City Departments spent \$234,373 more than budgeted.

General Fund Revenues.

Sales and use tax revenues rose 30.965% from 2009-2010 to 2010-2011 as a result of improving retail, particularly fuel and automotive sales

Property tax revenues declined 7.47% from 2009-2010 to 2010-2011,

Franchise taxes increased by 16.18 % from 2009-2010 to 2010-2011.

Vehicle License Fees increased by 14.66 % from 2009-2010 to 2010-2011. The State had finally paid back one of its "Takings" from local government revenues making 2009-2010 higher than normal. The state has also completely changed its method for allocating Vehicle License Fees which may result in future increases.

Transient occupancy tax decreased by 25.85% from 2009-2010 to 2010-2011, generally due to the timing of hotel payments.

Intergovernmental revenues were up 39.58% from 2009-2010 to 2010-2011. The City received additional grant revenues in 2010-2011 for numerous projects.

Charges for services and other revenues decreased by 1.73% from 2009-2010 to 2010-2011, due to a large decrease in Public Works/Planning plan check and development application fees in the prior year, continuing into the current year. Licenses and permits decreased by 46.29% from 2009-2010 to 2010-2011.

Overall, general fund revenues increased 12.78%, from \$3,691,417 in the prior fiscal year, 2009-2010, to \$4,163,542 in fiscal year 2010-2011, not including transfers.

	<u>2010/11</u>	<u>% of Total</u>	Change from 2009/10
Sales, use and other taxes	\$ 2,092,962	50.3%	\$ 494,789
Property taxes	488,151	11.7%	(39,432)
Franchise taxes	120,618	2.9%	16,801
Vehicle license fees	567,097	13.6%	72,510
Transient Occupancy tax	266,010	6.4%	(92,726)
Other taxes	18,858	0.5%	(2,445)
Intergovernmental	352,516	8.5%	99,967
Interest	2,092	0.1%	(3,244)
Licenses and permits	84,929	2.0%	(73,195)
Other	<u>170,310</u>	<u>4.0%</u>	<u>(899)</u>
Total revenues	\$ 4,163,543	100.0%	\$ 472,126

General Fund expenditures. General Fund expenditures totaled \$5.11 million in 2009-2011.

	<u>2010/11</u>	<u>% of Total</u>	Change From 2009/10
General government	\$ 555,071	13.3%	\$ 200
Public safety	3,175,160	76.2%	(10,187)
Transportation	185,714	4.5%	(46,816)
Cultural, Parks and Recreation	230,592	5.5%	(23,210)
Community/Economic development	21,500	.5%	(1,100)
Debt Service	-	- %	-
Capital outlay	<u>-</u>	<u>- %</u>	<u>-</u>
Total expenditures	\$ 4,168,037	100.0%	\$ (81,113)

General government expenditures increased .04%. Public safety expenditures declined .30%. General Fund Transportation expenditures decreased 20.13%. Culture, parks and recreation expenditures decreased 9.14%. Community/ Economic development expenditures fell 4.86%. Retirement of principal and interest charges is nominal in the General Fund. \$340,333 in capital outlay was expended in 2010-2011 to purchase the City's new additions to fixed assets.

General Fund analysis General Fund expenditures exceeded General Fund revenues by \$549,818 in fiscal year 2010-2011.

This was intentional. During the budget adoption process each June, the City Council allocates most of the "Available Reserve" (prior year savings) to one time capital projects identified in the "Long Term Capital Improvement Program".

The highest priority has been street rehabilitation.

Proprietary funds. The City's enterprise funds provide the same type of information found in the government-wide financial statements, but in more detail. Highlights of the annual activity for these funds have already been provided in the discussion of the business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

A detailed budgetary comparison schedule for the year ended June 30, 2011, is presented as required supplementary information following the notes to the financial statements. The following summarizes the final General Fund budget compared to actual results for 2010-2011:

	<u>Final Budget</u>	<u>Actual</u>
Revenues	\$ 3,375,930	\$ 4,163,543
Other Sources Transfers in	<u>188,663</u>	<u>188,662</u>
Total Revenues and Other Source	<u>3,564,592</u>	<u>4,352,205</u>
Expenditures and Transfers-out	<u>(3,957,391)</u>	<u>(4,191,764)</u>
Excess (Deficiency)	<u>\$ (392,799)</u>	<u>\$ 160,441</u>

The City Departments spent \$234,373 more than budgeted.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The City of Corning's investment in capital assets for its governmental and business type activities as of June 30, 2011, amounts to \$21.23 million (net of accumulated depreciation). This investment in capital assets includes land, park improvements, buildings and improvements, vehicles and equipment, streets, bikeways, water, sewer and storm drain systems.

Additional information on the City's capital assets may be found in note 3 to the basic financial statements.

Long-term debt. At June 30, 2011, the City had \$135 thousand in governmental activity debt outstanding. The City had \$9.89 million in business-type activity debt outstanding. Details on the long-term debt can be found in footnote number 4 of the financial statements. During the current year the City retired \$161 thousand in long-term debt.

Additional information about the nature and type of long-term debt can be found in Note 4 to the basic financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The City has been fortunate in past years to have maintained strong retail sales in the traveler services market which made up for the decline in auto sales. The three large travel centers, Love's, Petro and Travel Centers of America along with three freeway sited service stations and four local fuel and food marts are the largest retail sales group in City with excellent income from fuel and fuel related sales.

Sales Tax from Fuel, Automobile and Truck sales are increasing again while other retailers in Corning have remained stable. There was a 30% increase in retail sales in Corning in 2010-2011 with total sales tax received in the amount of \$2,092,962. The prior year, 2009-2010 had dropped to \$1,598,173.

The State "triple flip", mentioned later in this analysis, is the name applied to the State Legislative taking of local tax income to "balance" the state budget. The reader can not easily determine the actual total retail sales in Corning from this information due to the strange formulas put in place by the State in order to take a portion of local sales tax.

Even with this decline in sales, Corning has one of, if not, the highest per capita sales tax incomes in the north state. In other words, Corning has more sales tax income per resident to spend on services.

Other City operations remain in good financial shape. The Water Enterprise invested in one new well in 2010-2011, to support the City's ISO Class II rated Water System. City Council enacted a five year series of annual rate increases intended to maintain a stable cash flow and to assure investors of the stability of the City.

The Sewer Enterprise is setting aside net revenues to fund future repairs and facility replacement. The decline in home building leaves the Sewer Capital Fund short of funds for debt service on the plant expansion bonds, but the Sewer Operating Fund is pledged to makeup any shortage of revenue from new development. The Sewer Rates are increased annually as part of a long range plan adopted by the City Council.

The greatest impact of the recession hits Street Maintenance which is funded by State gas taxes and the City General Fund. Few people realize that State gas taxes are a small portion of a City's investment in Roads. The City received only \$195,714 in State Gas Taxes during the year; that is only \$25.54 per year per resident. The balance of the funds spent on roads comes from the City General Fund.

Even in these economic times, the City is pursuing an aggressive Park development program and planning for the future. This year the City awarded \$4,276,800, competitive State Proposition 84 Grant for a major new park in the southwest "quadrant" of the City. The city

will add 17 new acres of developed parks. The City is positioning itself to purchase additional land for future development in order to meet the needs of future population growth.

BUDGETARY CUTS MADE AND CONTINUING

The City continued another full year of personnel cost reductions through the "Furlough" of all City Employees every other Friday, a savings of 10% of employee costs. Capital Improvements routinely funded from the City General Fund in the past, must be postponed.

The City Management Team moved quickly to reduce spending as soon as the lower sales tax figures were revealed in January 2009. Four Public Works vacancies were left unfilled. By June 2009, the City Council and management were reviewing reductions in personnel costs through a cycle of one day per pay period layoffs of all city employees. These "Furloughs", as people like to call them, began in October 2009, as soon as the City had firm financial information to share with the City Employees who all agreed to the Plan to reduce employee costs by 10%.

There are only 41 full time City Employees and the City has a huge investment in them. This makes the Employees the greatest asset of the City, a Service Company, and well worth retaining by maintaining stable employment. A Police Officer, for example costs the City between \$150,000 and \$200,000 in training and on-the-job experience. Most people do not realize the City of Corning operates with very little overhead. The Police Departments leads through the Chief and Three Sergeants; there are no Captains or Lieutenants. The Fire Department, an ISO Class 4 rated agency, is a ninety-nine year old Volunteer Department with no full time firefighters, saving the City over \$1 million per year. The entire Public Works Department has seven Maintenance Workers and a field supervisor. Only the Director and the Public Works Secretary are in the office. All City Employees have direct service contact with the public.

STATE'S CONTINUED FAILURE TO RESOLVE STATE FINANCES

As noted in the past, the State of California's continued budget problems still impact the positive trends in local revenue growth. Lingering State revenue/expenditure imbalances will continue to adversely affect the City.

Since 1992, the State has diverted (taken) nearly \$2 million in local property tax to fund the State responsibilities.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Corning's financial condition for all those with an interest in the City's finances. Should the reader have

further questions, please contact Stephen J. (Steve) Kimbrough City Manager, City of Corning, 794 Third Street, Corning, California 96021.

BASIC FINANCIAL STATEMENTS

CITY OF CORNING
STATEMENT OF NET ASSETS
June 30, 2011

Statement 1

	Primary Government		
	Governmental Activities	Business Activities	Total
<u>ASSETS</u>			
<u>Current Assets:</u>			
Cash and Investments	\$ 2,284,646	\$ 1,836,660	\$ 4,121,306
Intergovernmental Receivable	59,937	-	59,937
Accounts Receivable	11,320	187,674	198,994
Notes Receivable (C.D.B.G.)	5,000	-	5,000
Receivable from Other Governments	15,563	-	15,563
Other Receivable	5,219	-	5,219
Inventory	-	71,148	71,148
Due From Other Funds	118,421	(118,421)	-
Total Current Assets	<u>2,500,106</u>	<u>1,977,061</u>	<u>4,477,167</u>
<u>Noncurrent Assets:</u>			
Restricted Cash	-	953,767	953,767
Notes Receivable (C.D.B.G.)	556,853	-	556,853
Net Capital Assets (Note 2):			
Enterprise Funds	-	16,100,027	16,100,027
General Plant & Equipment	5,128,362	-	5,128,362
Total Capital Assets, net	<u>5,128,362</u>	<u>16,100,027</u>	<u>21,228,389</u>
Total Noncurrent Assets	<u>5,685,215</u>	<u>17,053,794</u>	<u>22,739,009</u>
Total Assets	<u>8,185,321</u>	<u>19,030,855</u>	<u>27,216,176</u>
<u>LIABILITIES</u>			
<u>Current Liabilities:</u>			
Accounts Payable	224,405	125,892	350,297
Accrued Wages/Payroll Taxes	20,993	5,285	26,278
Accrued Interest Payable	-	124,746	124,746
Deposits	-	64,379	64,379
Deferred Revenue	571,348	-	571,348
Current Portion of non-current liabilities	174,780	224,288	399,068
Total Current Liabilities	<u>991,526</u>	<u>544,590</u>	<u>1,536,116</u>
<u>Noncurrent Liabilities:</u>			
Notes, Bonds and Certificates Payable	-	9,712,200	9,712,200
Accrued Compensated Absences	268,690	50,548	319,238
Capital Leases	139,131	-	139,131
Total Noncurrent Liabilities	<u>407,821</u>	<u>9,762,748</u>	<u>10,170,569</u>
Total Liabilities	<u>1,399,347</u>	<u>10,307,338</u>	<u>11,706,685</u>
<u>NET ASSETS</u>			
Nonspendable - Investment in Capital Assets, net of related debt	4,814,451	6,048,835	10,863,286
Restricted for:			
Debt Service	-	2,122,817	2,122,817
Assigned	1,971,523	551,865	2,523,388
Total Net Assets	<u>\$ 6,785,974</u>	<u>\$ 8,723,517</u>	<u>\$ 15,509,491</u>

See accompanying notes to
the basic financial statements.

CITY OF CORNING

Statement 2

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended June 30, 2011

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense)/ Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
General Government:					
City Council	\$ 40,533	\$ -	\$ -	\$ -	\$ (40,533)
City Administration	207,205	-	-	-	(207,205)
City Clerk	28,892	-	-	-	(28,892)
City Treasurer	1,326	-	-	-	(1,326)
City Finance	69,357	-	-	-	(69,357)
General Government	761,956	97,999	-	-	(663,957)
Total General Government	1,109,269	97,999	-	-	(1,011,270)
Public Safety and Judiciary:					
Legal Services	80,148	-	-	-	(80,148)
Police	2,061,313	30,120	180,213	-	(1,850,980)
Police Dispatch	452,774	-	-	-	(452,774)
Animal Control	81,536	-	-	-	(81,536)
Fire	499,389	-	-	-	(499,389)
Total Public Safety and Judiciary	3,175,160	30,120	180,213	-	(2,964,827)
Transportation:					
Airport	-	-	-	-	-
Streets	621,797	-	-	95,915	(525,882)
Total Transportation	621,797	-	-	95,915	(525,882)
Cultural, Parks and Recreation					
Library	17,599	-	-	-	(17,599)
Theater	1,988	-	-	-	(1,988)
Parks and Recreation	265,171	39,113	-	-	(226,058)
Total Cultural, Parks and Recreation	284,758	39,113	-	-	(245,645)
Community/Economic Development:					
Economic Development	56,107	-	-	91,220	35,113
Total Community/Economic Development	56,107	-	-	91,220	35,113
Business-Type Activities					
Sewer	1,826,420	1,488,059	-	-	(338,361)
Water	1,101,801	1,274,729	-	-	172,928
Solid Waste	415,197	413,842	-	-	(1,355)
Airport	27,576	-	-	-	(27,576)
Transportation	15,301	-	-	-	(15,301)
Total Business-Type Activities	3,386,295	3,176,630	-	-	(209,665)
Total	\$ 8,633,386	\$ 3,343,862	180,213	187,135	(4,922,176)

See accompanying notes to
the basic financial statements.

CITY OF CORNING
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
Year Ended June 30, 2011

Statement 2
(Continued)

CHANGES IN NET ASSETS:

	Governmental Activities	Business Activities	Total
Net (Expense)/Revenue	\$ (4,712,511)	\$ (209,665)	\$ (4,922,176)
General Revenues:			
Taxes			
Sales and Use Taxes	2,092,962	-	2,092,962
Property Taxes	488,151	-	488,151
Franchise Taxes	120,618	-	120,618
Vehicle License Fees	567,097	-	567,097
Transit Occupancy Tax	266,010	-	266,010
Other Taxes	158,799	-	158,799
Intergovernmental	504,928	-	504,928
Investment Income	13,390	12,863	26,253
Other	68,464	102,041	170,505
Transfers - Internal Activity	293	(293)	-
Total General Revenues and Transfers	<u>4,280,712</u>	<u>114,611</u>	<u>4,395,323</u>
Change in Net Assets	(431,799)	(95,054)	(526,853)
Net Assets - Beginning of Year	<u>7,211,608</u>	<u>8,831,014</u>	<u>16,042,622</u>
Prior Period Adjustment	6,165	(12,443)	(6,278)
Residual Equity Transfers In (Out)	-	-	-
Net Assets - Ending of Year	<u>\$ 6,785,974</u>	<u>\$ 8,723,517</u>	<u>\$ 15,509,491</u>

FUND FINANCIAL STATEMENTS

CITY OF CORNING
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2011

Statement 3

ASSETS	General Fund	Non-Major Governmental Funds	Total Governmental Funds
Cash and Investments	\$ 993,224	\$ 1,291,422	\$ 2,284,646
Intergovernmental Receivable	1,498	58,439	59,937
Accounts Receivable	11,320	-	11,320
Notes Receivable (C.D.B.G.)	-	561,853	561,853
Receivable from Other Governments	15,563	-	15,563
Other Receivable	5,219	-	5,219
Due From Other Funds	-	118,421	118,421
Total Assets	<u>1,026,824</u>	<u>\$ 2,030,135</u>	<u>\$ 3,056,959</u>
LIABILITIES			
Accounts Payable	\$ 36,246	\$ 188,159	\$ 224,405
Accrued Wages/Payroll Taxes	20,993	-	20,993
Due to Other Funds	-	-	-
Deferred Revenue	<u>9,495</u>	<u>561,853</u>	<u>571,348</u>
Total Liabilities	<u>66,734</u>	<u>750,012</u>	<u>816,746</u>
FUND BALANCES			
Reserved for:			
Contingencies	800,000	-	800,000
Insurance	-	-	-
Unreserved, reported in			
General Fund	160,090	-	160,090
Special Revenues Funds	-	912,192	912,192
Capital Projects Funds	-	<u>367,931</u>	<u>367,931</u>
Total Fund Balances	<u>960,090</u>	<u>1,280,123</u>	<u>2,240,213</u>
Total Liabilities and Fund Balances	<u>\$ 1,026,824</u>	<u>\$ 2,030,135</u>	<u>\$ 3,056,959</u>

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE GOVERNMENT-WIDE
STATEMENT OF NET ASSETS**

Total Fund Balance - Total Governmental Funds	\$ 2,240,213
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets unused in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation of \$ 2,674,170.	5,128,362
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Certificates of Participation	\$ -
Accrued Compensated Absences	(268,690)
Capital Lease	<u>(313,911)</u>
Net Assets of Governmental Activities	<u>\$ 6,785,974</u>

See accompanying notes to
the basic financial statements.

CITY OF CORNING
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011

Statement 4

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES:			
Taxes	\$ 3,005,918	\$ 120,622	\$ 3,126,540
Intergovernmental Revenues	752,843	415,097	1,167,940
Interest	2,092	11,298	13,390
Licenses and Permits	65,609	-	65,609
Miscellaneous	337,080	104,440	441,520
Total Revenues	<u>4,163,542</u>	<u>651,457</u>	<u>4,814,999</u>
EXPENDITURES:			
Current:			
General Government:			
City Council	21,944	-	21,944
City Administration	112,178	-	112,178
City Clerk	15,642	-	15,642
City Treasurer	718	-	718
City Finance	37,549	-	37,549
General Government	<u>367,040</u>	<u>45,473</u>	<u>412,513</u>
Total General Government	<u>555,071</u>	<u>45,473</u>	<u>600,544</u>
Public Safety and Judiciary:			
Legal Services	80,148	-	80,148
Police	2,061,313	-	2,061,313
Police Dispatch	452,774	-	452,774
Animal Control	81,536	-	81,536
Fire	<u>499,389</u>	<u>-</u>	<u>499,389</u>
Total Public Safety and Judiciary	<u>3,175,160</u>	<u>-</u>	<u>3,175,160</u>
Transportation:			
Streets	185,714	436,083	621,797
Total Transportation	<u>185,714</u>	<u>436,083</u>	<u>621,797</u>
Cultural, Parks and Recreation			
Library	17,599	-	17,599
Theater	1,988	-	1,988
Parks and Recreation	<u>211,005</u>	<u>54,166</u>	<u>265,171</u>
Total Cultural, Parks and Recreation	<u>230,592</u>	<u>54,166</u>	<u>284,758</u>
Community/Economic Development:			
Economic Development	21,500	34,607	56,107
Total Community/Economic Development	<u>21,500</u>	<u>34,607</u>	<u>56,107</u>
Debt Service:			
Principal	-	-	-
Interest and Other Charges	-	-	-
Capital Outlay	-	630,946	630,946
Total Expenditures	<u>4,168,037</u>	<u>1,201,275</u>	<u>5,369,312</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(4,495)</u>	<u>(549,818)</u>	<u>(554,313)</u>
OTHER FINANCING SOURCES (USES)			
Debt Proceeds	-	-	-
Transfers In / Out	164,936	(164,643)	293
Total Other Financing Sources and (Uses)	<u>164,936</u>	<u>(164,643)</u>	<u>293</u>
Net Change in Fund Balances	160,441	(714,461)	(554,020)
Fund Balances-Beginning of Year	793,588	1,994,480	2,788,068
Prior period adjustment	6,061	104	6,165
Fund Balances-End of Year	\$ <u>960,090</u>	\$ <u>1,280,123</u>	\$ <u>2,240,213</u>

See accompanying notes to
the basic financial statements.

CITY OF CORNING
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011

Statement 4
(Continued)

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the
to the Government-Wide statement of Activities and Changes in Net Assets:

Net change in fund balances - Total Governmental Funds	\$	(554,020)
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Amounts reported for governmental activities in the Statement of
Activities and changes in net assets are different because:

Governmental funds report capital outlays as expenditures while
governmental activities report depreciation expense to allocate those
expenditures over the estimated useful life of the assets:

Capital assets purchases capitalized	340,333	
Depreciation expense	<u>(251,369)</u>	88,964

Repayment of debt principal is an expenditure in the governmental
funds, but the repayment reduces long-term liabilities in the
Statement of Net Assets:

Capital lease obligation principal payments	-
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Some expenses reported in the Statement of Activities do not require
the use of current financial resources and therefore are not reported
as expenditures on governmental funds:

Accrued compensated absences	<u>33,256</u>
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Change in Net Assets of Governmental Activities	\$	<u>(431,800)</u>
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CITY OF CORNING
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2011

Statement 5

	<u>Enterprise Funds</u>
<u>ASSETS</u>	
<u>Current Assets:</u>	
Cash and Investments	\$ 1,836,660
Accounts Receivable	187,674
Inventory	71,148
Total Current Assets	<u>2,095,482</u>
<u>Noncurrent Assets:</u>	
Capital Assets:	
Property, Plant, and Equipment	25,498,337
Accumulated Depreciation	<u>(9,497,986)</u>
Net Capital Assets	<u>16,000,351</u>
Loan Assets:	
Loan Acquisition Costs	136,807
Accumulated Amortization	<u>(37,131)</u>
Net Loan Acquisition Costs	<u>99,676</u>
Restricted Assets	<u>953,767</u>
Total Noncurrent Assets	<u>17,053,794</u>
Total Assets	<u>\$ 19,149,276</u>
<u>LIABILITIES</u>	
<u>Current Liabilities:</u>	
Accounts Payable	\$ 125,892
Accrued Wages/Payroll Taxes	5,285
Due to Other Funds	118,421
Accrued Interest Payable	124,746
Deposits	64,379
Current Portion of Non-Current Liabilities	<u>224,288</u>
Total Current Liabilities	<u>663,011</u>
<u>Noncurrent Liabilities:</u>	
Notes, Bonds and Certificates Payable	9,712,200
Accrued Compensated Absences	<u>50,548</u>
Total Noncurrent Liabilities	<u>9,762,748</u>
Total Liabilities	<u>10,425,759</u>
<u>NET ASSETS:</u>	
Investment in Capital Assets, net of related debt	6,048,835
Restricted for:	
Debt Service	2,122,817
Unrestricted	<u>551,865</u>
Total Net Assets	<u>8,723,517</u>
Total liabilities and net assets	<u>\$ 19,149,276</u>

See accompanying notes to
the basic financial statements.

CITY OF CORNING
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2011

Statement 6

	<u>Enterprise Funds</u>
OPERATING REVENUES:	
Charges for Services	
Sewer Charges	\$ 1,487,404
Water Charges	1,272,364
Solid Waste	413,842
Connection Fees	3,020
Lease and Rents	30,086
Other revenue	71,955
Total Operating Revenues	<u>3,278,671</u>
OPERATING EXPENSES:	
Salaries and Benefits	729,387
Utilities	284,650
Depreciation	632,650
Amortization	6,219
Other Expenses	1,279,040
Total Operating Expenses	<u>2,931,946</u>
Operating Income	<u>346,725</u>
NONOPERATING REVENUES (EXPENSES):	
Interest Income	12,863
Interest expense	<u>(454,349)</u>
Total Nonoperating Revenue (Expenses)	<u>(441,486)</u>
Income Before Contributions and Transfers	(94,761)
Operating transfers in (out)	<u>(293)</u>
Net income (Loss)	(95,054)
Net Assets-Beginning of Year - As previously stated	<u>8,831,014</u>
Prior period adjustment	<u>-</u>
Net Assets-Beginning of Year - As restated	8,831,014
Residual Equity Transfers In	2,556,484
Residual Equity Transfers Out	<u>(2,568,927)</u>
Net Assets-End of Year	\$ <u>8,723,517</u>

See accompanying notes to
the basic financial statements.

CITY OF CORNING
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
JUNE 30, 2011

Statement 7

	<u>Enterprise Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Customers	\$ 3,477,487
Other Operating Cash Receipts	102,041
Payments to Suppliers	(1,895,425)
Payments to Employees	<u>(759,516)</u>
Net Cash Provided (Used) by Operating Activities	<u>924,587</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Operating transfers from (to) other funds	<u>(12,736)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Interest Paid	(454,349)
Repayment of Certificates of Participation	(193,900)
Loss on disposition of assets	-
Payments for capital acquisitions	<u>(138,137)</u>
Net cash (used by) capital and related financing activities	<u>(786,386)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Receipts of interest	<u>12,863</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>138,328</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,698,332</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,836,660</u>
RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Net Operating Income (Loss)	\$ 346,725
Adjustments to Reconcile Net Income to Net Cash Provided by (Used by) Operating Activities:	
Depreciation	638,869
Decrease (Increase) in Accounts Receivable	294,396
Decrease (Increase) in Inventory	(706)
Decrease (Increase) in Other Assets	(24,407)
Increase (Decrease) in Accounts Payable	(254,536)
Increase (Decrease) in Wages Payable	(10,357)
Increase (Decrease) in Accrued Compensation	(19,772)
Increase (Decrease) in Due to Other Funds	(49,892)
Increase (Decrease) in Interest Payable	(2,194)
Increase (Decrease) in Deposits	6,461
Net cash from (used for) operating activities	<u>\$ 924,587</u>

See accompanying notes to the basic financial statements.

CITY OF CORNING
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2011

Statement 8

	<u>Private Purpose Funds</u>
<u>ASSETS</u>	
Cash and Investments	\$ 315,467
Total Assets	<u>\$ 315,467</u>
<u>Net Assets</u>	
Held in trust for:	
Scholarships	\$ 27,854
Library Systems	265,648
Theater	<u>21,965</u>
Total Net Assets	<u>315,467</u>
Total Liabilities and Net Assets	<u>\$ 315,467</u>

CITY OF CORNING
STATEMENT OF CHANGE IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2011

Statement 9

	<u>Private Purpose Trust</u>
<u>Additions:</u>	
Interest Income	\$ 5,948
Total Revenues	<u>5,948</u>
<u>Deductions:</u>	
Scholarships	250
Capital Outlay	-
Other Deductions	<u>2,841</u>
Total Deductions	<u>3,091</u>
Excess (Deficiency) of Revenues	
Over Expenditures	<u>2,857</u>
Other Financing Sources (Uses):	
Operating Transfers In	-
Operating Transfers Out	<u>-</u>
Total Other Financing Source (Uses)	<u>-</u>
Change in Net Assets	<u>2,857</u>
Net Assets-Beginning of the Year	<u>312,610</u>
Net Assets-End of the Year	<u>\$ 315,467</u>

CITY OF CORNING
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the more significant accounting policies of the City of Corning (City), all of which conform to generally accepted accounting principles as applicable to governmental units.

A. REPORTING ENTITY

The financial reporting entity (the government) includes all the funds of the primary government (i.e., the City of Corning as legally defined), as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable. The government provides a full range of services including police and fire protection; sanitation, water, and wastewater services; the construction and maintenance of highways, streets and infrastructure; recreational activities and cultural events.

The City is a general law city in the State of California. The City is governed by an elected City Council consisting of five council members. These financial statements present all the fund types of the City and its component units. Blended component units, although legally separate entities, are, in substance, part of the City's operations.

The City has determined that there is one potential component unit to be included within the reporting entity, the Corning Redevelopment Agency. As of this year, the City has not funded the Agency, and as a result there are no activities to be included in the City's financial statements.

B. BASIS OF PRESENTATION

Government-wide Financial Statements:

The Statement of Net Assets and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets, liabilities revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

(Continued on the following page)

CITY OF CORNING
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF PRESENTATION (Continued)

Governmental Funds

General Fund: The General Fund is the primary fund of the City and always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenue Funds: Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for certain purposes.

Capital Project Funds: The Capital Project Funds are used to account for resources restricted for the acquisition or construction of specific capital projects or items. The reporting entity includes thirteen Capital Project Funds and they are used to account for the acquisition or construction of major capital facilities.

Proprietary Funds

Enterprise Fund: Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs of providing services to the general public on a continuing basis be financed primarily through user charges, or (b) where the governing body had decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public police, management control, accountability, or other purposes.

Fiduciary Funds

Trust and Agency Funds: Trust and Agency Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. These include Expendable Trust, Pension Trust, and Agency Funds. Expendable Trusts are accounted for in essentially the same manner as governmental funds. Agency funds are custodial in nature (assets Equal liabilities) and do not involve measurement of results of operations.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Assets and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus as defined in item b. below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

- a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheet. Their operating statements

(Continued on the following page)

CITY OF CORNING

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

- b. The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net assets.
- c. Trust and Agency Funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

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

Basis of Accounting

In the government-wide Statement of Net Assets and Statement of Activities, both the governmental and business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds and agency funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurement means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within 60 days after year end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest are reported when due.

All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

The City has elected to follow Governmental Accounting Standards Board (GASB) pronouncements, and not Financial Accounting Standards Board (FASB) pronouncements after 1989, as presented by GASB Statement Number 20.

D. ASSETS, LIABILITIES, AND EQUITY

Cash and Investments

For the purpose of the Statement of Net Assets, "cash, includes time deposits" includes all demand, savings, accounts, and certificates of deposits of the City. For the Purpose of the proprietary fund Statement of Cash Flows, "cash and cash equivalent" include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less. Investments of the promissory note trustee accounts are not considered cash equivalent.

(Continued on the following page)

CITY OF CORNING
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. ASSETS, LIABILITIES, AND EQUITY (Continued)

Cash and Investments (Continued)

The City pools idle cash from all funds for the purpose of increasing income through investment activities. Cash deposits are stated at cost, which approximates fair value. Investments are stated at fair value in accordance with Governmental Accounting Standards Board (GASB) Statement Number 31. Investment income is recorded as revenue in the individual funds based on the computed average interest rate of all investments and the average daily cash balance of each fund. For purposes of the statement of cash flows of the proprietary fund types, cash and cash equivalents include all investments.

Interfund Receivable and Payable

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Short-term interfund loans are reported as "interfund receivables and payables." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets.

Receivables

In the Government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include sales and use taxes, franchise taxes, and police fines. Business-type activities report utilities as their major receivables.

The City records an allowance for doubtful accounts on general accounts receivable based on the experience method.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as sales tax, franchise tax, and grants and other similar intergovernmental revenues since they are usually both measurable and available. Nonexchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available. Utility accounts receivable compose the majority of the proprietary fund receivables.

Inventory

Inventory of supplies in the enterprise funds is valued at estimated cost under the first in, first out (FIFO) method.

Compensated Absences

The City permits its employees to accumulate a limited amount of earned but unused vacation and compensatory time and to redeem such unused vacation time in cash upon death or termination of employment, or by extended absence immediately preceding retirement. The employees are permitted to carryover, within limits, unused vacation or compensatory time off from one year to the next. The total amount of unpaid vacation and compensatory time off at June 30, 2011 has been determined and is reflected in the financial statements as both a current liability and non-current liability. Sick leave, however, does not vest to the employees and is payable only when sick leave is taken.

(Continued on the following page)

CITY OF CORNING
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. ASSETS, LIABILITIES, AND EQUITY (Continued)

Capital Assets

Capital assets, which include property, plant, 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 cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings	10-40 years
Improvements	10-40 years
Machinery and Equipment	3-20 years
Utility System	5-50 years
Infrastructure	15-50 years

Restricted Assets

Restricted assets include cash and investments of the proprietary fund that are legally restricted as to their use. The primary restricted assets are related to promissory notes and utility deposits.

Long-Term Debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of notes payable and interfund loan payables.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary fund is the same in the fund statements as it is in the government-wide statements.

(Continued on the following page)

CITY OF CORNING
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. ASSETS, LIABILITIES, AND EQUITY (Continued)

Deferred Revenue

In the government-wide financial statements, unearned revenue is recorded for transactions for which revenues have not been earned.

In the fund financial statements, deferred revenue is recorded when transactions have not yet met the revenue recognition criteria based on the modified accrual basis of accounting. The City records deferred revenues when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the City before it has a legal claim to them. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

Equity Classifications

Beginning with fiscal year 2011, the City implemented GASB Statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions". This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable fund balance-amounts in fund balance that cannot be spent because they are either not in spendable form (such as prepaids and inventory) or legally/contractually are required to be maintained intact;

Restricted fund balance-resources that are constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through externally enforceable legal restrictions (cannot be spent due to their form);

Committed fund balance-amounts are constrained to specific purposes by action of the City itself, using its highest level of decision-making authority; removal or modification of the restrictions on the use of these amounts can only be accomplished if the City takes the same highest level action to remove or change the constraint;

Assigned fund balance-amounts the City intends to use for a specific purpose; intent can be expressed by the City, a City created committee, or an official designated by the City to which it delegates the authority; Informal commitments (no formal action by the City);

Unassigned fund balance-Resources in the fund balance that cannot be classified into any of the other categories. These amounts that are available for any purpose; positive amounts are reported only in the general fund.

The City establishes fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the City.

(Continued on the following page)

CITY OF CORNING
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. ASSETS, LIABILITIES, AND EQUITY (Continued)

Equity Classifications (Continued)

Unreserved fund balance:

Designated for local initiatives and program sustainability consists of funds that have been reserved for one of the following two purposes:

1. Funds to operate a specific program or project in the current or future fiscal years that have not yet been encumbered or authorized for definite contracts.
2. Funds that have been set aside for long-term program sustainability.

Unreserved undesignated includes the remainder of the fund balance that has not yet been allocated for a specific purpose or has been identified in only a general manner where the City has significant flexibility in changing the amount or nature of the designation.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

E. REVENUES, EXPENDITURES, AND EXPENSES

Property Taxes

Property taxes attach as an enforceable lien on property as of the first Monday in March. Property taxes are payable in two installments on December 10 and April 10. The City collects its share of property taxes through the County of Tehama. The City relies on the competency of the County in determining its share of the overall property tax collections.

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

(Continued on the following page)

CITY OF CORNING
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. REVENUES, EXPENDITURES, AND EXPENSES (Continued)

Expenditures/Expenses (Continued)

In the fund financial statements, expenditures are classified as follows:

Governmental Funds - By Character:	Current (further classified by function)
	Debt Service
	Capital Outlay

Proprietary Funds - By Operating and Nonoperating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds reported expenses relating to use of economic resources.

Interfund Transfers

Permanent reallocation of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

F. NEW PRONOUNCEMENTS

In 2010, the city adopted new accounting standards in order to conform to the following Governmental Accounting Standards Board Statements:

GASB Statement 54 Fund Balance Reporting and Governmental Fund Type Definitions requires a government to segregate their governmental funds equity, or fund balance, into five separate types (Nonspendable, Restricted, Committed, Assigned and Unassigned) as opposed to the simple reserved and unreserved fund balances previously used. This appears very straight forward and easy to implement. However, GASB 54 continues to require a government to display the first four of those types in a manner that distinguishes a specific purpose within those types.

According to paragraph 22 of GASB 54, restricted, committed and assigned fund balance can be displayed either in the aggregate on the face of the Governmental Fund Statements, or it can be displayed in sufficient detail so that the major restrictions, commitments and assignments are evident to the financial statement user. Paragraph 25 of GASB 54, if restricted, committed, or assigned fund balances are displayed in the aggregate on the face of the governmental fund statements, then specific purposes information, as required in paragraph 22, should be disclosed in the notes to the financial statements. Either way, specific purpose information must be reported in a manner that is evident to the financial statement

GASB Statement No. 57 OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans This Statement GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, to permit an agent employer that has an individual-employer OPEB plan with fewer than 100 total plan members to use the alternative measurement method, at its option, regardless of the number of total plan members in the agent multiple-employer OPEB plan in which it participates. Consistent with this change to the employer-reporting requirements, this Statement also amends a Statement Number 43 provision that a defined benefit OPEB plan obtain an actual valuation.

(Continued on the following page)

CITY OF CORNING
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011

NOTE 2 CASH AND INVESTMENTS

Cash and investments as of June 30, 2011, are as follows:

	Government-Wide Statement of Net Assets			Fiduciary Funds	Total
	Governmental Activities	Business Activities	Total		
Cash and investments	\$ 2,284,646	\$ 1,836,660	\$ 4,121,306	\$ 315,467	\$ 4,436,773
Restricted cash and investments	\$ -	\$ 953,767	\$ 953,767	\$ -	\$ 953,767

The City maintains a cash and investment pool that is available for use by all funds, except for funds required to be held in a separate account by grant provisions or other agreement. Each fund's portion of the cash and investment pool or segregated accounts is displayed on the Statement of Net Assets and the Fund Financial Statement Balance Sheets as "Cash and Investments."

Deposits - At June 30, 2011, the carrying amount of the City's deposits was \$5,390,540, of which \$953,767 was restricted and \$4,436,773 was unrestricted. The bank balance was \$4,585,850. Of the bank balance, \$887,970 was covered by Federal depository insurance, and \$3,697,880 was covered by collateral held in the pledging bank's trust department. Such collateral is in the City's name.

Investments - The City reports its investments in accordance with Governmental Accounting Standards Board (GASB) Statement Number 31. This standard requires that the City's investments be reported at fair value with realized and unrealized gains or losses in the statement of operations.

The California Government Code and the investment policy of the City authorize the City to invest in obligations, participation, or other instruments of the U.S. Government or its agencies, state and municipal bonds, commercial paper of "prime" quality of ranking or of the highest letter and numerical rating as provided by Standard & Poor's Corporation or Moody's Investor Service, Inc., bankers' acceptances, repurchase agreements, mortgage pass-through securities, collateralized mortgage obligations, mortgage-backed or other pay-through bonds, equipment lease-backed certificates, consumer receivable pass-through certificates, or consumer receivable-backed bonds, and medium-term notes (issued by U.S. Corporations) of a maximum of five years with a minimum rating category of "A" by a nationally recognized rating service, notes, bonds, or other obligations secured by a valid first priority security interest, and the State Treasurer's Investment Pool (LAIF). The City does not participate in Reverse repurchase agreements.

In accordance with authorized investment laws, LAIF invests in various structured notes and mortgage-backed securities, such as collateralized mortgage obligations. As of June 30, 2011, 14.72% of LAIF's investment portfolio was invested in structured notes and other assets-backed securities.

(Continued on the following page)

CITY OF CORNING
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011

NOTE 2 CASH AND INVESTMENTS (Continued)

At June 30, 2011, the City's investments and deposits were as follows:

Cash and Investments			
	Fair Value		Total
	Unrestricted	Restricted	
Deposits	\$ 3,174,138	\$ 953,767	\$ 4,127,905
Local Agency Investment Fund	1,262,635	-	1,262,635
Total Cash and Investments	\$ 4,436,773	\$ 953,767	\$ 5,390,540

Interest Rate Risk - As a means of limiting its exposure to fair value losses arising from rising interest rates, the City invests the bulk of its surplus funds in LAIF. The City has no formal policy regarding interest rate risk.

Credit Risk - As of June 30, 2011, the City's investments in LAIF are not rated as LAIF is a State sponsored investment pool.

Custodial Credit Risk - All securities are held in the name of the City. As a result, the City had no custodial credit risk at June 30, 2011.

NOTE 3 CAPITAL ASSETS

Capital asset activities for the year ended June 30, 2011, was as follows:

	Balance at June 30, 2010	Additions	Donations Adjustments/ Disposals	Balance at June 30, 2011
Governmental Activities:				
Buildings	\$ 1,328,746	\$ 213,080	\$ -	\$ 1,541,826
Parks	358,919	127,253	-	486,172
Fire Department	1,245,575	-	-	1,245,575
Police Department	590,101	-	-	590,101
Machinery and Equipment	1,012,374	-	-	1,012,374
Infrastructure	3,666,613	-	-	3,666,613
Total at Historic Cost	8,202,328	340,333	-	8,542,661
Less Accumulated Depreciation	3,162,930	\$ 251,369	\$ -	3,414,299
Governmental Activities Capital Assets, net	\$ 5,039,398			\$ 5,128,362

(Continued on the following page)

CITY OF CORNING
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011

NOTE 3 CAPITAL ASSETS (Continued)

Business-Type Activities:

Construction in Progress	\$	2,605,252	\$	45,280	\$	(2,650,532)	\$	-
Land		838,088		-		-		838,088
Building		27,000		2,650,532		(25,000)		2,652,532
Improvements		52,532		21,776		-		74,308
Machinery and Equipment		497,523		-		-		497,523
Utility Property		21,329,046		44,957		-		21,374,003
Total at Historical Cost		25,349,441	\$	2,762,545	\$	(2,675,532)		25,436,454
Less Accumulated Depreciation		8,246,478	\$	1,251,508	\$	-		9,497,986
Loan Acquisition Costs		136,807	\$	-	\$	-		136,807
Less Accumulated Amortization		31,091	\$	6,217	\$	-		37,308
Business-Type Capital Assets, net	\$	17,208,679					\$	16,037,967

NOTE 4 CHANGES IN LONG-TERM DEBT

The following is a summary of the long-term debt transactions of the City of Corning for the year ended June 30,

	Capital Leases	1999 Certificates of Participation	2005 Certificates of Participation	2005 Revenue Refunding Bonds
Long Term Debt July 1, 2010	\$ 173,984	\$ 3,813,700	\$ 2,175,000	\$ 4,100,000
Additions	-	-	-	-
Deletions	-	-	-	-
Repayment	(39,421)	(63,900)	(80,000)	(50,000)
Long Term Debt June 30, 2011	\$ 134,563	\$ 3,749,800	\$ 2,095,000	\$ 4,050,000

Capital Leases

The City leases a fire engine. This lease has been, for accounting purposes, capitalized and included in the Long-Term Liabilities section of the balance sheet. Future minimum lease payments are as follows. The lease bears interest at 4.204%

	Fire Engine
2011-12	\$ 47,308
2012-13	47,308
2013-14	47,308

(Continued on the following page)

CITY OF CORNING
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

NOTE 4 CHANGES IN LONG-TERM DEBT (Continued)

Capital Leases (Continued)

	<u>Fire Engine</u>
Total Minimum Lease Payments	141,924
Less: Amounts representing interest	<u>7,361</u>
Present value of future minimum lease payments	<u>\$ 134,563</u>

1999 Certificates of Participation

The \$3,800,000 City of Corning, California 1997 Loan Anticipation Notes (the "Notes") were issued to finance part of the cost of construction of improvements (the "Projects") to the water and sewer enterprise systems (the "enterprises") located within the City of Corning, California (the "City"), pursuant to the provision of section 53859, et. seq., of the Government Code of the State of California (the "Act") and to Resolution No. 11-25-98-4 (the "Note Resolution") adopted by the City Council of the City on November 25, 1997. Pursuant to the agreement, on December 14, 1999, the United States Government (Rural Development), offered to make loans in the amount of \$4,000,000, and \$322,000, the proceeds of which were used to pay off the loan anticipation notes. The 1999 certificates of participation bear an interest rate of 4.375 percent.

The City of Corning Public Financing Corporation, (Corporation) a non profit benefit corporation is the registered payee of the certificates. The City leases the water and sewer project assets from the Corporation. Under the terms of the lease, lease payments are payable from net revenues of the project on an equal and parity basis with the installment payments. Interest is payable semiannually on April 1 and September 1. Principal payments are each September 1 in accordance with the following schedule:

Installment Payment Schedule for Certificates					
<u>Series A Certificates</u>			<u>Series B Certificates</u>		
<u>Principal Amount</u>	<u>Maturity Date (September 1)</u>		<u>Principal Amount</u>	<u>Maturity Date (September 1)</u>	
\$ 61,700	2011		\$ 5,000	2011	
64,400	2012		5,200	2012	
67,200	2013		5,400	2013	
70,100	2014		5,600	2014	
73,200	2015		5,900	2015	
76,400	2016		6,100	2016	
79,700	2017		6,400	2017	
83,200	2018		6,700	2018	
86,900	2019		7,000	2019	
90,700	2020		7,300	2020	
94,600	2021		7,600	2021	
98,800	2022		8,000	2022	
103,100	2023		8,300	2023	
107,600	2024		8,700	2024	

(Continued on the following page)

CITY OF CORNING
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011

NOTE 4 CHANGES IN LONG-TERM DEBT (Continued)

Installment Payment Schedule for Certificates

Series A Certificates		Series B Certificates	
Principal Amount	Maturity Date (September 1)	Principal Amount	Maturity Date (September 1)
112,300	2025	9,000	2025
117,200	2026	9,400	2026
122,400	2027	9,800	2027
127,700	2028	10,300	2028
133,300	2029	10,700	2029
139,100	2030	11,200	2030
145,200	2031	11,700	2031
151,600	2032	12,200	2032
158,200	2033	12,700	2033
165,100	2034	13,300	2034
172,400	2035	13,900	2035
179,900	2036	14,500	2036
187,800	2037	15,100	2037
196,000	2038	15,800	2038
204,700	2039	16,500	2039
\$ 3,470,500		\$ 279,300	

Installment Payment Schedule for Certificates (Continued)

Of the amounts shown in this table for interest, principal and total payments for each period, approximately fifty-seven percent (57%) of each such payment represents amounts expected to be paid with respect to Notes, the proceeds of which are anticipated to be used for Water Enterprise System improvements and forty-three percent (43%) of each such payment represents amounts expected to be paid with respect to the Notes, the proceeds of which are anticipated to be used with respect to the Sewer Enterprise System improvements.

2005 Certificates of Participation

In February of 2005, the City of Corning entered into an agreement with the City of Corning Public Financing Corporation to sell Revenue Certificates of Participation (RCOPs) totaling \$7,120,000. Series A of the RCOPs in the amount of \$2,500,000 was used to defease and refinance the 1997 Certificates of Participation. The 2005 Series A Certificates bear an interest rate ranging from 2.75 to 5.75 percent. The payment of principal and interest is derived solely from sewer and water revenue. The Series B Certificates in the amount of \$4,530,000 will be used to finance the construction of improvements to the City's wastewater treatment plant. These certificates bear interest at 4.65 percent. Interest is payable semiannually on April 1 and September 1. Principal payments are required each September 1 in accordance with the following schedule:

The City has agreed to acquire the assets constructed with the proceeds of the Series B Certificates from the City of Corning Public Financing Corporation on the installment basis with the payments for the installment obligation having parity with the 2005 Series B Revenue Certificates of Participation described above.

By agreement between the City of Corning and the Union Bank of California, N.A., on December 1, 2005 the 2005 Series B Certificates were paid off by the proceeds of the 2005 Revenue Refunding Bond proceeds, Series A and Series B. See reference to the 2005 Revenue Refunding Bond.

(Continued on the following page)

CITY OF CORNING
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011

NOTE 4 CHANGES IN LONG-TERM DEBT (Continued)

Installment Payment Schedule for Certificates

Series A Certificates	
Principal Amount	Maturity Date (August 15)
\$ 80,000	2011
85,000	2012
90,000	2013
95,000	2014
100,000	2015
100,000	2016
105,000	2017
115,000	2018
655,000	2023
670,000	2027
<u>\$ 2,095,000</u>	

2005 Revenue Refunding Bond

In December of 2005, the City of Corning entered into an agreement with Union Bank of California, N.A., to sell Revenue Refunding Bond in the amount of \$4,268,000. Series A of the Bond in the amount of \$3,820,000 and Series B of the Bond in the amount of \$448,000, along with other available money, was used to refinance the 2005 Series B of the Certificates of Participation. The 2005 Series A Bonds bear an interest rate of 4.25 percent. The payment of principal and interest is derived solely from sewer revenue. The Series B Bonds bear an interest rate of 4.25 percent. The payment of principal and interest is derived solely from sewer revenue.

Interest is payable semiannually on April 1 and September 1. Principal payments are required each September 1 in accordance with the following schedule:

Installment Payment Schedule for Bond

Series A Bonds		Series B Bonds	
Principal Amount	Maturity Date (September 1)	Principal Amount	Maturity Date (September 1)
\$ 47,000	2011	\$ 5,000	2011
49,000	2012	6,000	2012
51,000	2013	6,000	2013
53,000	2014	6,000	2014
55,000	2015	7,000	2015
58,000	2016	6,000	2016
60,000	2017	7,000	2017
63,000	2018	7,000	2018

(Continued on the following page)

NOTE 4 CHANGES IN LONG-TERM DEBT (Continued)

CITY OF CORNING
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011

Installment Payment Schedule for Bond

Series A Bonds		Series B Bonds	
Principal Amount	Maturity Date (September 1)	Principal Amount	Maturity Date (September 1)
65,000	2019	8,000	2019
68,000	2020	8,000	2020
71,000	2021	8,000	2021
74,000	2022	9,000	2022
77,000	2023	9,000	2023
80,000	2024	10,000	2024
84,000	2025	10,000	2025
87,000	2026	11,000	2026
91,000	2027	11,000	2027
95,000	2028	11,000	2028
99,000	2029	12,000	2029
103,000	2030	12,000	2030
108,000	2031	12,000	2031
112,000	2032	13,000	2032
117,000	2033	14,000	2033
122,000	2034	14,000	2034
127,000	2035	15,000	2035
132,000	2036	16,000	2036
138,000	2037	16,000	2037
144,000	2038	17,000	2038
150,000	2039	18,000	2039
156,000	2040	19,000	2040
163,000	2041	19,000	2041
170,000	2042	20,000	2042
177,000	2043	21,000	2043
185,000	2044	21,000	2044
193,000	2045	22,000	2045
\$ 3,624,000		\$ 426,000	

NOTE 5 OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

Generally accepted accounting principles require disclosure, as part of the Combined Statements - Overview, of certain information concerning individual funds including:

- A. Segment information for certain individual Enterprise Funds. This requirement is met by Note 11.
- B. Summary disclosure of debt service requirements to maturity of all types of outstanding debt. This requirement is met by Note 4.
- C. Summary disclosure of changes in General Fixed Assets by major asset class. This requirement is met by Note 3.
- D. Summary disclosure of changes in General Long-Term Debt. This requirement is met by Note 4.

(Continued on the following page)

CITY OF CORNING
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011

NOTE 5 OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES (Continued)

- E. Excess of expenditures over appropriations in individual funds for the year ended June 30, 2011 are reflected in a schedule following the individual fund and account group statements beginning at page 91.
- F. Deficit fund balances or retained earnings balances of individual funds at June 30, 2011 are reflected in a schedule following the individual fund and account group statements beginning at page 91.
- G. The City uses interfund transfers to supplant the budgets of various funds using general and enterprise surpluses to offset funding shortfalls with Council approval.
- H. Deficit fund balances of \$6,477, \$5,757 and \$24,198 exist in the CDBG Program Income Special Revenue Fund, the Housing Element Special Revenue Fund and the 08/09 CDBG Special Revenue Funds respectively. These deficits represent expenditures on housing project maintenance in excess of corresponding revenues. The Deficits will be liquidated with future CDBG funding.
- I. Interfund receivable and payable balances at June 30, 2011 are as follows:

<u>Interfund Receivable / Payable - Pooled cash interfund balances</u>		
<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
Traffic Mitigation Fund	Airport Fund	\$ <u>118,421</u>
		\$ <u>118,421</u>

NOTE 6 RETIREMENT PROGRAMS - REGULAR EMPLOYEES

A. PLAN DESCRIPTION

The City's retirement plan is part of the Public Agency portion of the California Public Employees Retirement System (CalPERS), an agent multiple-employer plan administered by CalPERS which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions as well as other requirements are established by State statutes within the Public Employees' Retirement Law. The City selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through resolution. CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office - 400 P Street - Sacramento, CA 95814.

B. FUNDING POLICY

The City contributes the employees required contribution of 7% of their annual covered salary for all active plan members in the City's retirement plan. The City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those by the CalPERS Board of Administration. The required employer contribution rate for fiscal years 2010/11 was 14.198% for non-safety employees. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

(Continued on the following page)

CITY OF CORNING
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011

NOTE 6 RETIREMENT PROGRAMS - REGULAR EMPLOYEES (Continued)

C. ANNUAL PENSION COST

For fiscal year 2010/11, the City's annual pension cost was \$220,213 and the City actually contributed \$220,213. The required contribution for fiscal year 2010/11 was determined as part of the June 30, 2009 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses); (b) projected salary increases that vary by duration of service ranging from 3.25% to 14.45% and (c) 3.25% cost-of-living adjustment. Both (a) and (b) include an inflation component of 3.00%. The actuarial value of the City's retirement plan's assets was determined using a technique that smoothes the effect of short-term volatility in the market value of investments over a two to five year period depending on the size of investment gains and/or losses. The City's retirement plan's unfunded actuarial accrued liability (or excess of assets) is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2009 was 19 years.

D. THREE YEAR TREND INFORMATION - Employer Pool (in thousands)

<u>Fiscal Year</u> <u>Ending</u>	<u>Annual Pension Cost</u> <u>(APC)</u>	<u>% of APC</u> <u>Contributed</u>	<u>Net Pension</u> <u>Obligation</u>	<u>Entry age</u> <u>Normal</u> <u>Accrued</u> <u>Liability</u>
06/30/08	\$ 174,517	100.00%	\$ -	\$ 2,780,281
06/30/09	\$ 169,846	100.00%	\$ -	\$ 3,104,798
06/30/10	\$ 208,641	100.00%	\$ -	\$ 3,309,065

E. FUNDING STATUS OF THE PLAN

<u>Valuation</u> <u>Date</u>	<u>Actuarial</u> <u>Value of</u> <u>Assets</u>	<u>Unfunded/</u> <u>(Overfunded)</u> <u>Liability</u>	<u>Funded</u> <u>Ratio</u>	<u>Annual</u> <u>Covered</u> <u>Payroll</u>	<u>UAAL</u> <u>As a %</u> <u>Payroll</u>
06/30/08	\$ 2,547,323	\$ 232,958	91.6%	\$ 688,606	33.8%
06/30/09	\$ 2,758,511	\$ 346,287	88.8%	\$ 742,981	46.6%
06/30/10	\$ 2,946,408	\$ 362,657	89.0%	\$ 748,401	48.5%

NOTE 7 RETIREMENT PROGRAMS - SAFETY EMPLOYEES

A. PLAN DESCRIPTION

The City's defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. The City's retirement plan is part of the Public Agency portion of the California Public Employees Retirement System (CalPERS) an agent multiple-employer plan administered by CalPERS which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions as well as other requirements are established by State statutes within the Public Employees' Retirement Law. The City selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through resolution. CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office - 400 P Street - Sacramento, CA 95814.

(Continued on the following page)

CITY OF CORNING
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011

NOTE 7 RETIREMENT PROGRAMS - SAFETY EMPLOYEES (Continued)

B. FUNDING POLICY

The City contributes the employees required contribution of 9% of their annual covered salary for all active plan members in the City's retirement plan. The City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those by the CalPERS Board of Administration. The required employer contribution rate for fiscal years 2010/11 was 42.226% for all employees. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

C. ANNUAL PENSION COST

For fiscal year 2010/11, the City's annual pension cost was \$529,991 and the City actually contributed \$529,991. The required contribution for fiscal year 2010/11 was determined as part of the June 30 2009 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses); (b) projected salary increases that vary by duration of service ranging from 3.25% to 14.45% for safety members, and (c) 3.25% cost-of-living adjustment. Both (a) and (b) include an inflation component of 3.00%. The actuarial value of the City's retirement plan's assets was determined using a technique that smoothes the effect of short-term volatility in the market value of investments over a two to five year period depending on the size of investment gains and/or losses. The City's retirement plan's unfunded actuarial accrued liability (or excess of assets) is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2009 was 20 years.

D. THREE YEAR TREND INFORMATION - CITY'S RETIREMENT PLAN - Employer pool (In thousands)

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>% of APC Contributed</u>	<u>Net Pension Obligation</u>	<u>Entry age Normal Accrued Liability</u>
06/30/08	\$ 538,603	100.00%	\$ -	\$ 8,700,468
06/30/09	\$ 581,321	100.00%	\$ -	\$ 9,721,675
06/30/10	\$ 596,211	100.00%	\$ -	\$ 10,165,476

E. FUNDING STATUS OF THE PLAN

<u>Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Unfunded/ (Overfunded) Liability</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL As a % Payroll</u>
06/30/08	\$ 7,464,928	\$ 1,235,540	85.8%	\$ 914,841	135.1%
06/30/09	\$ 8,027,159	\$ 1,694,516	82.6%	\$ 973,815	174.0%
06/30/10	\$ 8,470,235	\$ 1,695,241	83.3%	\$ 955,981	177.3%

* 6/30/08 and 6/30/09 - Information is not available according to CalPERS Circular 200-050-09 issued on July 9, 2011.

NOTE 8 JOINT VENTURE

The City is a member of the Northern California Cities Joint Powers Authority (Authority) for liability insurance and workers' compensation purposes. The following joint venture disclosures made in compliance with GASB Code Section J50.103:

(Continued on the following page)

CITY OF CORNING

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

NOTE 8 JOINT VENTURE (Continued)

A. Description of Joint Powers Authority

The Authority is comprised of 20 Northern California Cities and is organized under joint powers agreement pursuant to the California Government Code. The purpose of the Authority is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess liability coverage. Each member City has a representative on the Board of Directors. Officers are elected annually.

General Liability Insurance: Annual deposits are paid by member cities and are adjusted retrospectively to cover costs. Each member city, including Corning, self-insure for the first \$25,000 of each loss. Participating cities shared in loss occurrences in excess of \$25,000 up to \$500,000 for fiscal year 2011. Coverage in excess of \$500,000 is provided through the California Joint Powers Insurance Risk Management Authority, a joint power authority organized to provide excess coverage for its members. Specific coverage includes: comprehensive and general liability, personal injury, contractual liability, errors and omissions, and auto liability.

Worker's Compensation Insurance: Annual deposits are paid by member cities and are adjusted retrospectively to cover costs. The City self insured for the first \$100,000 of each loss. Participating cities shared in loss occurrences in excess of \$100,000 up to \$500,000. For coverage above the \$500,000 the city has purchased excess coverage with limits of \$5,000,000 per occurrence.

B. Condensed Financial Information of the Authority

Noted below is a condensed audited balance sheet of the Authorities Combined Worker's Compensation Insurance and Liability Insurance Fund as of June 30, 2011:

Assets	\$ 50,442,560
Liabilities	32,491,912
Fund Equity-Reserved for Insurance	
Claims and Losses:	
Co-Participants	17,911,311
City of Corning	39,337
Total Liabilities and Fund Equity	\$ 17,950,648

C. Claims and Judgments

The City accounts for material liability claims and judgment in accordance with GASB Code Section C50.110. When it is probable that a claim liability has been incurred at year end, the amount of the loss can be reasonably estimated, the City records the estimated loss, net of any insurance coverage under its self-insurance program. At June 30, 2011, the City, in the opinion of the City Attorney, had no material claims which would require loss provision in the financial statements. Small dollar claims and judgments are recorded as expenditures when paid.

NOTE 9 RESERVES AND DESIGNATIONS OF FUND EQUITY

Under provisions of GASB Code Section 1800.121-123, a City may set up "Reserves" of Fund Equity to Segregate Fund Balances which are not appropriable for expenditures in future periods, or which are legally set aside for future use. Fund "designations" may also be established to indicate tentative plans for financial resource utilization in future periods. The City reserves at June 30, 2011, are outlined below followed by explanations as to the nature and purpose of each reserve:

(Continued on the following page)

CITY OF CORNING
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011

NOTE 9 RESERVES AND DESIGNATIONS OF FUND EQUITY (Continued)

<u>Reserve</u>	<u>General Fund</u>	<u>Fiduciary Funds</u>
Reserve for Contingencies	\$ 800,000	\$ -
Reserve for Scholarships		27,854
Reserve for Library Systems		265,648
Reserve for Theater		21,965

A. Reserve for Contingencies

Amounts reserved for contingencies represent funds set aside to meet unusual and/or unexpected needs of the City.

B. Reserve for Scholarships

The reserve for scholarships represents the funds balance of the JT Levy Trust Fund. Monies in this fund are invested and the earnings are used to fund scholarships to qualifying students residing in the City of Corning.

C. Reserve for Library System

The reserve for Library System represents the fund balance of the Ridell Library Trust Fund, which was given to the City specifically for improvement and expansion of the Corning Library branch of the Tehama County Library System.

D. Reserve for Theater

The reserve for Theater represents the fund balance of the "Frank, Mary, Wealthy and Daniel Rogers Theater" trust fund, the net income thereof to be used for the care and maintenance of the Rogers Theater Building.

NOTE 10 CONTINGENCIES

The City participates in a number of Federal and State assisted grant programs. These programs are subject to program compliance audits by the grantors. Accordingly, the City's compliance with applicable grant requirements will be established at some future date. While the contingency for un-reimbursed expenditures could potentially be material, the amount, if any, of which may be disallowed by the granting agencies can not be determined at this time.

NOTE 11 REDEVELOPMENT AGENCY

In 1985, the City established a separate and distinct Redevelopment Agency. The Agency is currently inactive and has had no financial activity since its creation.

NOTE 12 DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

(Continued on the following page)

CITY OF CORNING

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

NOTE 12 DEFERRED COMPENSATION PLAN (Continued)

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the Beneficiary. Participants' rights under the plan are equal to the fair market value of the deferred account for each participant.

NOTE 13 REGIONAL AGENCY

It is the opinion of the City's legal counsel that the City has no liability for losses under the plan but does have the duty of due care that would be required of the ordinary prudent investor. No compensation, property or rights purchased with such amounts, or income attributable to such amounts, property or rights was made available to participants or other beneficiaries during the fiscal year.

The City is a party in the Tehama County Sanitary Landfill Agency. The purpose of the Agency is to plan, acquire, fund, construct, and operate all solid waste facilities and services as provided in the health and safety code and all other applicable codes and laws. In addition, the Agency has been formed for the purpose of reducing the cost of reporting and tracking disposal and diversion programs by the individual cities and counties and related activities.

NOTE 14 RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of certain differences between the government fund balance sheet and the government-wide statement of net assets:

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and net assets - governmental activities, as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term" liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds". The details of that difference are as follows:

	Beginning of the Year	End of the Year
Capital leases payable	\$ (353,332)	\$ (313,911)
Other accrued liabilities	(268,690)	(268,690)
Certificate of Participation	-	-
Net capital assets	<u>5,039,398</u>	<u>5,128,362</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities	<u>\$ 4,417,376</u>	<u>\$ 4,545,761</u>

Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities:

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "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." The details of the difference are as follows:

(Continued on the following page)

CITY OF CORNING

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

NOTE 14 RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Capital outlay	\$	340,333
Depreciation		(251,369)
Bond Proceeds		-
Bond Principal Retirement		-
Change in accrued liabilities		33,256
Principal payments on capital leases		-
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	\$	<u>122,220</u>

NOTE 15 BUDGETARY PRINCIPLES

Budget Data

The operating budget of the City is adopted by the City Council prior to July 1 each year primarily on a cash basis. The City Manager is authorized to transfer budget amounts between divisions of a department within any fund; however, any revisions that alter the total expenditures of any fund require City Council resolution.

Budget information is adopted and presented for the general, special revenue and capital project funds. The presentations represent original appropriations adjusted for supplemental appropriations, if any, made during the year.

The City does not formally adopt a budget for debt service funds. The bond documents are the controlling factor.

Portions of fund equity are recorded as reserves when segregation for future use is necessary and the funds are, therefore, not available for future apportionment or expenditures.

Summary of Differences between Budgetary Basis and Generally Accepted Accounting Principles (GAAP)

The following are the differences between the City's budgetary basis and GAAP:

- A The City does not budget for GASB 31 interest income
- B The City does not budget for accounts payable or intergovernmental payables
- C The City does not budget for benefit accruals
- D The City does not budget for transfers from the debt service funds when revenue is in excess of debt service requirements
- E The City budgets for certain receivables and payables on a cash basis
- F The City budgets for land to be held for resale as expenditure
- G Encumbrances are not included in the Statement of Revenue, Expenditures and Changes in Fund Balance

Budgetary Basis Reconciliation

Budgets are not adopted for the debt service fund except for the debt service funds of the Agency.

NOTE 16 PRIOR PERIOD ADJUSTMENTS

The City made certain adjustments to reflect adjustments to the cash held in the hands of the Bond Trustee. These amounts are reflected in the statements as prior period adjustments.

SUPPLEMENTARY INFORMATION

CITY OF CORNING
GENERAL FUND

Comparative Balance Sheet
June 30, 2011

Exhibit A-1

ASSETS		General Fund
Cash and Investments	\$	993,224
Interest Receivable		1,498
Accounts Receivable		11,320
Receivable from Other Governments		15,563
Other Receivable		5,219
Due From Other Funds		-
Total Assets	\$	<u>1,026,824</u>
LIABILITIES		
Accounts Payable	\$	36,246
Accrued Wages/Payroll Taxes		20,993
Deferred Revenue		<u>9,495</u>
Total Liabilities		<u>66,734</u>
FUND BALANCES		
Reserved for:		
Contingencies		800,000
Insurance		-
Unreserved, reported in		<u>160,090</u>
General Funds		-
Special Revenues Fund		-
Capital Projects Fund		<u>-</u>
Total Fund Balances		<u>960,090</u>
Total Liabilities and Fund Balances	\$	<u>1,026,824</u>

CITY OF CORNING
GENERAL FUND

Exhibit A-2

Comparative Statement of Revenues, Expenditures, and Changes in Fund Balance
Year Ended June 30, 2011

	General Fund
REVENUES:	
Taxes	\$ 3,005,918
Intergovernmental Revenues	752,843
Interest	2,092
Licenses and Permits	65,609
Miscellaneous	337,080
Total Revenues	<u>4,163,542</u>
EXPENDITURES:	
Current:	
General Government:	
City Council	21,944
City Administration	112,178
City Clerk	15,642
City Treasurer	718
City Finance Department	37,549
General Government	<u>367,040</u>
Total General Government	<u>555,071</u>
Public Safety and Judiciary:	
Legal Services	80,148
Police	2,061,313
Police Dispatch	452,774
Animal Control	81,536
Fire	<u>499,389</u>
Total Public Safety and Judiciary	<u>3,175,160</u>
Transportation:	
Streets	<u>185,714</u>
Total Transportation	<u>185,714</u>
Cultural, Parks and Recreation	
Library	17,599
Theater	1,988
Parks and Recreation	<u>211,005</u>
Total Cultural, Parks and Recreation	<u>230,592</u>
Community/Economic Development:	
Economic Development	<u>21,500</u>
Total Community/Economic Development	<u>21,500</u>
Capital Outlay	<u>-</u>
Total Expenditures	<u>4,168,037</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(4,495)</u>
OTHER FINANCING SOURCES (USES)	
Transfers In	188,663
Transfers Out	<u>(23,727)</u>
Total Other Financing Sources and Uses	<u>164,936</u>
Net Change in Fund Balances	<u>160,441</u>
Fund Balance-Beginning as previously stated	793,588
Prior period Adjustment	<u>6,061</u>
Fund Balance-Beginning as restated	<u>799,649</u>
Fund Balance-Ending	<u>\$ 960,090</u>

See accompanying notes to
the basic financial statements.

CITY OF CORNING

GENERAL FUND

Comparative Statement of Revenues, Expenditures,
and Changes in Fund Balances - Budget and Actual
For the Fiscal Years ended June 30, 2011

Exhibit A-3

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Resources (Inflows):				
Taxes				
Sales and Use Taxes	\$ 1,645,500	1,645,500	\$ 2,092,962	\$ 447,462
Property Taxes	496,100	496,100	488,151	(7,949)
Franchise Taxes	103,000	103,000	120,618	17,618
Vehicle License Fees	590,100	590,100	567,097	(23,003)
Transient Occupancy Tax	240,000	240,000	266,010	26,010
Other Taxes	28,000	28,000	18,858	(9,142)
Total Taxes	3,102,700	3,102,700	3,553,696	450,996
Intergovernmental Revenues	100,000	100,000	352,516	252,516
Interest	5,000	5,000	2,092	(2,908)
Licenses and Permits	82,000	82,000	84,929	2,929
Miscellaneous	86,230	86,230	170,310	84,080
Other Financing Sources:				
Operating Transfers In	188,662	188,662	188,662	-
Amount Available for Appropriation	3,564,592	3,564,592	4,352,205	787,613
Charges to Appropriations (Outflows):				
City Council				
Personnel Services	18,000	18,000	16,171	1,829
Material and Supplies	900	900	1,482	(582)
Other Services and Charges	6,000	6,000	4,291	1,709
Total City Council	24,900	24,900	21,944	2,956
City Administration				
Personnel Services	78,264	78,264	108,832	(30,568)
Material and Supplies	1,950	1,950	942	1,008
Other Services and Charges	1,500	1,500	2,404	(904)
Total City Administration	81,714	81,714	112,178	(30,464)
City Clerk				
Personnel Services	4,200	4,200	3,976	224
Material and Supplies	12,000	12,000	10,221	1,779
Other Services and Charges	100	100	1,445	(1,345)
Total City Clerk	16,300	16,300	15,642	658
City Treasurer				
Personnel Services	600	600	718	(118)
Total City Treasurer	600	600	718	(118)
City Finance Department				
Personnel Services	17,442	17,442	18,279	(837)
Material and Supplies	20,791	20,791	19,115	1,676
Other Services and Charges	-	-	155	(155)
Total City Finance Department	38,233	38,233	37,549	684
General Government				
Personnel Services	143,489	143,489	157,880	(14,391)
Material and Supplies	194,594	194,594	205,423	(10,829)
Other Services and Charges	3,983	3,983	3,737	246
Total General Government	342,066	342,066	367,040	(24,974)
Legal Services				
Personnel Services	-	-	156	(156)
Other Services and Charges	62,440	62,440	79,992	(17,552)

(Continued)

See accompanying footnotes to
the basic financial statements.

CITY OF CORNING
GENERAL FUND

**Comparative Statement of Revenues, Expenditures,
and Changes in Fund Balances - Budget and Actual
For the Fiscal Years ended June 30, 2011**

Exhibit A-3
(Continued)

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Total Legal Services	62,440	62,440	80,148	(17,708)
Police				
Personnel Services	1,798,489	1,798,489	1,960,022	(161,533)
Material and Supplies	26,650	26,650	38,229	(11,579)
Other Services and Charges	71,720	71,720	63,062	8,658
Total Police	1,896,859	1,896,859	2,061,313	(164,454)
Police Dispatch				
Personnel Services	420,028	420,028	397,244	22,784
Material and Supplies	62,200	62,200	52,078	10,122
Other Services and Charges	4,000	4,000	3,452	548
Total Police Dispatch	486,228	486,228	452,774	33,454
Animal Control				
Personnel Services	80,581	80,581	62,203	18,378
Material and Supplies	10,448	10,448	16,030	(5,582)
Other Services and Charges	5,900	5,900	3,303	2,597
Total Animal Control	96,929	96,929	81,536	15,393
Fire				
Personnel Services	396,175	396,175	438,629	(42,454)
Material and Supplies	45,350	45,350	47,879	(2,529)
Other Services and Charges	18,900	18,900	12,881	6,019
Total Fire	460,425	460,425	499,389	(38,964)
Streets				
Personnel Services	170,014	170,014	109,298	60,716
Material and Supplies	67,000	67,000	76,416	(9,416)
Other Services and Charges	-	-	-	-
Total Streets	237,014	237,014	185,714	51,300
Library				
Material and Supplies	17,100	17,100	16,949	151
Other Services and Charges	800	800	650	150
Total Library	17,900	17,900	17,599	301
Theater				
Other Services and Charges	3,200	3,200	1,988	1,212
Total Theater	3,200	3,200	1,988	1,212
Parks and Recreation				
Personnel Services	109,426	109,426	121,398	(11,972)
Material and Supplies	35,930	35,930	83,164	(47,234)
Other Services and Charges	2,000	2,000	6,443	(4,443)
Parks and Recreation	147,356	147,356	211,005	(63,649)
Economic Development				
Other Services and Charges	21,500	21,500	21,500	-
Total Economic Development	21,500	21,500	21,500	-
Capital Outlay	-	-	-	-
Operating Transfer Out	23,727	23,727	23,727	-
Total Charges to Appropriations	3,957,391	3,957,391	4,191,764	(234,373)
Excess (Deficiency) of Resources Over Appropriations	\$ (392,799)	(392,799) \$	160,441 \$	\$ 553,240

See accompanying footnotes to
the basic financial statements.

CITY OF CORNING
SPECIAL REVENUE FUNDS
Combining Balance Sheet
June 30, 2011

Exhibit B-1

	Rural Planning Fund (Fund 105)	STIP Projects Fund (Fund 107)	Federal TEA Fund (Fund 108)	Special Gas Tax Improvement #2105 Fund (Fund 109)	Special Gas Tax Improvement #2106 Fund (Fund 110)	Special Gas Tax Improvement #2107 Fund (Fund 111)	Subtotal (Carried forward to next page)
ASSETS							
Cash and Cash Equivalents	\$ -	\$ -	\$ 27,319	\$ 40,416	\$ 46,826	\$ 105,208	\$ 219,769
Intergovernmental Receivable	20,000	-	-	3,558	2,731	4,827	31,116
Due from other funds	-	-	-	-	-	-	-
Notes Receivable (C.D.B.G)	-	-	-	-	-	-	-
Total Assets	<u>\$ 20,000</u>	<u>\$ -</u>	<u>\$ 27,319</u>	<u>\$ 43,974</u>	<u>\$ 49,557</u>	<u>\$ 110,035</u>	<u>\$ 250,885</u>
LIABILITIES AND FUND BALANCE							
Liabilities:							
Accounts Payable	\$ 11,438	\$ -	\$ -	\$ -	\$ -	\$ 3,715	\$ 15,153
Accrued Wages/Payroll Taxes	-	-	-	-	-	-	-
Due to Other Funds	-	-	-	-	-	-	-
Deferred Revenue	-	-	-	-	-	-	-
Total Liabilities	<u>11,438</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,715</u>	<u>15,153</u>
Fund Balances (Deficit):							
Unreserved, undesignated	<u>8,562</u>	<u>-</u>	<u>27,319</u>	<u>43,974</u>	<u>49,557</u>	<u>106,320</u>	<u>235,732</u>
Total Fund Balance (Deficit)	<u>8,562</u>	<u>-</u>	<u>\$ 27,319</u>	<u>\$ 43,974</u>	<u>\$ 49,557</u>	<u>\$ 106,320</u>	<u>235,732</u>
Total Liabilities and Fund Balances	<u>\$ 20,000</u>	<u>\$ -</u>	<u>\$ 27,319</u>	<u>\$ 43,974</u>	<u>\$ 49,557</u>	<u>\$ 110,035</u>	<u>\$ 250,885</u>

(Continued)

See accompanying notes to
the basic financial statements.

CITY OF CORNING
SPECIAL REVENUE FUNDS
Combining Balance Sheet
June 30, 2011

Exhibit B-1
(Continued)

	Subtotal (Brought forward)	Special Gas Tax Improvement #2107.5 Fund (Fund 112)	Local Transportation Fund (Fund 114)	Traffic Congestion Fund (Fund 115)	Traffic Mitigation Fund (Fund 116)	Loleta Lighting Fund (Fund 117)	Subtotal (Carried forward to next page)
ASSETS							
Cash and Cash Equivalents	\$ 219,769	\$ 1,422	\$ 48,933	\$ 58,514	\$ 12,323	\$ 128	\$ 341,089
Intergovernmental Receivable	31,116	-	-	11,332	-	-	42,448
Due from other funds	-	-	-	-	118,421	-	118,421
Notes Receivable (C.D.B.G)	-	-	-	-	-	-	-
Total Assets	\$ 250,885	\$ 1,422	\$ 48,933	\$ 69,846	\$ 130,744	\$ 128	\$ 501,958
LIABILITIES AND FUND BALANCE							
Liabilities:							
Accounts Payable	\$ 15,153	\$ -	\$ 74	\$ 22	\$ 35,904	\$ -	\$ 51,153
Accrued Wages/Payroll Taxes	-	-	-	-	-	-	-
Due to Other Funds	-	-	-	-	-	-	-
Deferred Revenue	-	-	-	-	-	-	-
Total Liabilities	\$ 15,153	\$ -	\$ 74	\$ 22	\$ 35,904	\$ -	\$ 51,153
Fund Balances (Deficit):							
Unreserved, undesignated	235,732	1,422	48,859	69,824	94,840	128	450,805
Total Fund Balance (Deficit)	\$ 235,732	\$ 1,422	\$ 48,859	\$ 69,824	\$ 94,840	\$ 128	\$ 450,805
Total Liabilities and Fund Balances	\$ 250,885	\$ 1,422	\$ 48,933	\$ 69,846	\$ 130,744	\$ 128	\$ 501,958

(Continued)

See accompanying notes to
the basic financial statements.

CITY OF CORNING
SPECIAL REVENUE FUNDS
Combining Balance Sheet
June 30, 2011

Exhibit B-I
(Continued)

	Subtotal (Brought forward)	Rogers Theater Restoration (Fund 130)	Energy Grant (Fund 131)	Planning Environmental Rev. (Fund 150)	Flood Mitigation FEMA (Fund 152)	OTS 2 Fund (Fund 164)	Subtotal (Carried forward to next page)
ASSETS							
Cash and Cash Equivalents	\$ 341,089	\$ -	\$ -	\$ 13,043	\$ -	\$ 23,396	\$ 377,528
Intergovernmental Receivable	42,448	-	-	-	-	5,186	47,634
Due from other funds	118,421	-	-	-	-	-	118,421
Notes Receivable (C.D.B.G)	-	-	-	-	-	-	-
Total Assets	\$ 501,958	\$ -	\$ -	\$ 13,043	\$ -	\$ 28,582	\$ 543,583
LIABILITIES AND FUND BALANCE							
Liabilities:							
Accounts Payable	\$ 51,153	\$ 15,501	\$ 3,517	\$ -	\$ 17,066	\$ 1,136	\$ 88,373
Accrued Wages/Payroll Taxes	-	-	-	-	-	-	-
Due to Other Funds	-	-	-	-	-	-	-
Deferred Revenue	-	-	-	-	-	-	-
Total Liabilities	51,153	15,501	3,517	-	17,066	1,136	88,373
Fund Balances (Deficit):							
Unreserved, undesignated	450,805	(15,501)	(3,517)	13,043	(17,066)	27,446	455,210
Total Fund Balance (Deficit)	450,805	(15,501)	(3,517)	13,043	(17,066)	27,446	455,210
Total Liabilities and Fund Balances	\$ 501,958	\$ -	\$ -	\$ 13,043	\$ -	\$ 28,582	\$ 543,583

(Continued)

See accompanying notes to
the basic financial statements.

CITY OF CORNING
SPECIAL REVENUE FUNDS
Combining Balance Sheet
June 30, 2011

Exhibit B-1
(Continued)

	Subtotal (Brought forward)	Abandoned Vehicles Fund (Fund 170)	SAFE Grant Fund (Fund 188)	Housing Element Fund (Fund 308)	08/09 CDBG Fund (Fund 322)	CDBG Program Inc. Unrestricted (Fund 323, 820)	Subtotal (Carried forward to next page)
ASSETS							
Cash and Cash Equivalents	\$ 377,528	\$ 55,466	\$ 11,142	\$ -	\$ 26,585	\$ 7,193	\$ 477,914
Intergovernmental Receivable	47,634	-	-	3,873	-	-	51,507
Due from other funds	118,421	-	-	-	-	-	118,421
Notes Receivable (C.D.B.G)	-	-	-	-	-	128,440	128,440
Total Assets	\$ 543,583	\$ 55,466	\$ 11,142	\$ 3,873	\$ 26,585	\$ 135,633	\$ 776,282
LIABILITIES AND FUND BALANCE							
Liabilities:							
Accounts Payable	\$ 88,373	\$ -	\$ -	\$ 2,195	\$ 11,708	\$ 9,315	\$ 111,591
Accrued Wages/Payroll Taxes	-	-	-	-	-	-	-
Due to Other Funds	-	-	-	-	-	-	-
Deferred Revenue	-	-	-	-	-	128,440	128,440
Total Liabilities	88,373	-	-	2,195	11,708	137,755	240,031
Fund Balances (Deficit):							
Unreserved, undesignated	455,210	55,466	11,142	1,678	14,877	(2,122)	536,251
Total Fund Balance (Deficit)	455,210	55,466	11,142	1,678	14,877	(2,122)	536,251
Total Liabilities and Fund Balances	\$ 543,583	\$ 55,466	\$ 11,142	\$ 3,873	\$ 26,585	\$ 135,633	\$ 776,282

(Continued)

See accompanying notes to
the basic financial statements.

CITY OF CORNING
SPECIAL REVENUE FUNDS
Combining Balance Sheet
June 30, 2011

Exhibit B-1
(Continued)

	Subtotal (Brought forward)	90/STBG/491 Grant Fund (Fund 324)	CDBG Economic Reuse (Fund 325, 823)	CDBG Housing Reuse (Fund 326, 821, 822, 824)	Housing Acquisition RLF Fund (Fund 327)	Housing Rehabilitation RLF Fund (Fund 328)	Subtotal (Carried forward to next page)
ASSETS							
Cash and Cash Equivalents	\$ 477,914	\$ 27,138	\$ 68,860	\$ 25,463	\$ 31,111	\$ 30,611	\$ 661,097
Intergovernmental Receivable	51,507	-	-	-	-	-	51,507
Due from other funds	118,421	-	-	-	-	-	118,421
Notes Receivable (C.D.B.G)	128,440	-	193,039	240,374	-	-	561,853
Total Assets	\$ 776,282	\$ 27,138	\$ 261,899	\$ 265,837	\$ 31,111	\$ 30,611	\$ 1,392,878
LIABILITIES AND FUND BALANCE							
Liabilities:							
Accounts Payable	\$ 111,591	\$ -	\$ 4	\$ 525	\$ -	\$ 400	\$ 112,520
Accrued Wages/Payroll Taxes	-	-	-	-	-	-	-
Due to Other Funds	-	-	-	-	-	-	-
Deferred Revenue	128,440	-	193,039	240,374	-	-	561,853
Total Liabilities	240,031	-	193,043	240,899	-	400	674,373
Fund Balances (Deficit):							
Unreserved, undesignated	536,251	27,138	68,856	24,938	31,111	30,211	718,505
Total Fund Balance (Deficit)	536,251	27,138	68,856	24,938	31,111	30,211	718,505
Total Liabilities and Fund Balances	\$ 776,282	\$ 27,138	\$ 261,899	\$ 265,837	\$ 31,111	\$ 30,611	\$ 1,392,878

(Continued)

See accompanying notes to
the basic financial statements.

CITY OF CORNING
SPECIAL REVENUE FUNDS
Combining Balance Sheet
June 30, 2011

Exhibit B-1
(Continued)

	Subtotal (Brought forward)	New Construction Grant RLF (Fund 329)	SALADO Wall Fund (Fund 344)	Drainage Fund (Fund 345)	Yost Field Fund (Fund 352)	Prop 84 Park Bond Fund (Fund 354)	Subtotal (Carried forward to next page)
ASSETS							
Cash and Cash Equivalents	\$ 661,097	\$ 3,613	\$ 91,638	\$ 111,259	\$ 3,918	\$ -	\$ 871,525
Intergovernmental Receivable	51,507	-	-	-	-	2,920	54,427
Due from other funds	118,421	-	-	-	-	-	118,421
Notes Receivable (C.D.B.G)	561,853	-	-	-	-	-	561,853
Total Assets	<u>\$ 1,392,878</u>	<u>\$ 3,613</u>	<u>\$ 91,638</u>	<u>\$ 111,259</u>	<u>\$ 3,918</u>	<u>\$ 2,920</u>	<u>\$ 1,606,226</u>
LIABILITIES AND FUND BALANCE							
Liabilities:							
Accounts Payable	\$ 112,520	\$ -	\$ -	\$ -	\$ -	\$ 43,644	\$ 156,164
Accrued Wages/Payroll Taxes	-	-	-	-	-	-	-
Due to Other Funds	-	-	-	-	-	-	-
Deferred Revenue	561,853	-	-	-	-	-	561,853
Total Liabilities	<u>674,373</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>43,644</u>	<u>718,017</u>
Fund Balances (Deficit):							
Unreserved, undesignated	718,505	3,613	91,638	111,259	3,918	(40,724)	888,209
Total Fund Balance (Deficit)	<u>718,505</u>	<u>3,613</u>	<u>91,638</u>	<u>111,259</u>	<u>3,918</u>	<u>(40,724)</u>	<u>888,209</u>
Total Liabilities and Fund Balances	<u>\$ 1,392,878</u>	<u>\$ 3,613</u>	<u>\$ 91,638</u>	<u>\$ 111,259</u>	<u>\$ 3,918</u>	<u>\$ 2,920</u>	<u>\$ 1,606,226</u>

(Continued)

See accompanying notes to
the basic financial statements.

CITY OF CORNING
SPECIAL REVENUE FUNDS
Combining Balance Sheet
June 30, 2011

Exhibit B-1
(Continued)

	Subtotal (Brought forward)	Houghton Trail Fund (Fund 356)	Curbs and Gutter Fund (Fund 365)	Lighting & Landscape Fund (Fund 701)	Lighting & Landscape Fund (Fund 703)	Lighting & Landscape Fund (Fund 704)	Total
ASSETS							
Cash and Cash Equivalents	\$ 871,525	\$ 5,834	\$ 477	\$ 511	\$ 11,046	\$ 7,133	\$ 896,526
Intergovernmental Receivable	54,427	-	-	-	-	-	54,427
Due from other funds	118,421	-	-	-	-	-	118,421
Notes Receivable (C.D.B.G)	561,853	-	-	-	-	-	561,853
Total Assets	<u>\$ 1,606,226</u>	<u>\$ 5,834</u>	<u>\$ 477</u>	<u>\$ 511</u>	<u>\$ 11,046</u>	<u>\$ 7,133</u>	<u>\$ 1,631,227</u>
LIABILITIES AND FUND BALANCE							
Liabilities:							
Accounts Payable	\$ 156,164	\$ -	\$ -	\$ 45	\$ -	\$ 973	\$ 157,182
Accrued Wages/Payroll Taxes	-	-	-	-	-	-	-
Due to Other Funds	-	-	-	-	-	-	-
Deferred Revenue	561,853	-	-	-	-	-	561,853
Total Liabilities	<u>718,017</u>	<u>-</u>	<u>-</u>	<u>45</u>	<u>-</u>	<u>973</u>	<u>719,035</u>
Fund Balances (Deficit):							
Unreserved, undesignated	888,209	5,834	477	466	11,046	6,160	912,192
Total Fund Balance (Deficit)	<u>888,209</u>	<u>5,834</u>	<u>477</u>	<u>466</u>	<u>11,046</u>	<u>6,160</u>	<u>912,192</u>
Total Liabilities and Fund Balances	<u>\$ 1,606,226</u>	<u>\$ 5,834</u>	<u>\$ 477</u>	<u>\$ 511</u>	<u>\$ 11,046</u>	<u>\$ 7,133</u>	<u>\$ 1,631,227</u>

See accompanying notes to
the basic financial statements.

CITY OF CORNING
SPECIAL REVENUE FUNDS
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balance
Year Ended June 30, 2011

	Rural Planning Fund (Fund 105)	STIP Projects Fund (Fund 107)	Federal TEA Fund (Fund 108)	Special Gas Tax Improvement #2105 Fund (Fund 109)	Special Gas Tax Improvement #2106 Fund (Fund 110)	Special Gas Tax Improvement #2106 Fund (Fund 111)	Subtotal (Carried forward to next page)
REVENUES:							
Intergovernmental Revenues	\$ 20,000	\$ -	\$ 32,288	\$ 38,460	\$ 30,785	\$ 51,377	\$ 172,910
Interest	48	95	274	174	226	767	1,584
Other Revenues	7,146	-	-	-	-	-	7,146
Total revenues	27,194	95	32,562	38,634	31,011	52,144	181,640
EXPENDITURES:							
Current:							
General Government:							
General Government	41,472	-	-	398	-	-	41,870
Total General Government	41,472	-	-	398	-	-	41,870
Public Safety and Judiciary:							
Police	-	-	-	-	-	-	-
Total Public Safety and Judiciary	-	-	-	-	-	-	-
Transportation:							
Streets	-	48,635	29,637	25,901	20,964	76,199	201,336
Total Transportation	-	48,635	29,637	25,901	20,964	76,199	201,336
Cultural, Parks and Recreation							
Parks and Recreation	-	-	-	-	-	-	-
Total Cultural, Parks and Recreation	-	-	-	-	-	-	-
Community/Economic Development:							
Economic Development	-	-	-	-	-	-	-
Total Community/Economic Development	-	-	-	-	-	-	-
Capital Outlay	-	-	32,674	-	-	-	32,674
Total Expenditures	41,472	48,635	62,311	26,299	20,964	76,199	275,880
Excess (Deficiency) of Revenues Over Expenditures	(14,278)	(48,540)	(29,749)	12,335	10,047	(24,055)	(94,240)
Transfers In	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-
Total Other Financing Sources and Uses	-	-	-	-	-	-	-
Net Change in Fund Balances	(14,278)	(48,540)	(29,749)	12,335	10,047	(24,055)	(94,240)
Fund Balances-Beginning of Year	22,840	48,540	57,068	31,639	39,510	130,375	329,972
Residual Equity Transfers In / Out	-	-	-	-	-	-	-
Fund Balances-Ending of Year	\$ 8,562	\$ -	\$ 27,319	\$ 43,974	\$ 49,557	\$ 106,320	\$ 235,732

(Continued)

See accompanying notes to
the basic financial statements.

CITY OF CORNING
SPECIAL REVENUE FUNDS

Combining Statement of Revenues, Expenditures,
and Changes in Fund Balance
Year Ended June 30, 2011

Exhibit B-2
(Continued)

	Subtotal (Brought forward)	Special Gas Tax Improvement #2107.5 Fund (Fund 112)	Local Transportation Fund (Fund 114)	Traffic Congestion Fund (Fund 115)	Traffic Mitigation Fund (Fund 116)	Loleta Lighting Fund (Fund 117)	Subtotal (Carried forward to next page)
REVENUES:							
Intergovernmental Revenues	\$ 172,910	\$ 2,000	\$ -	\$ 71,172	\$ 24,556	\$ -	\$ 270,638
Interest	1,584	12	462	277	2,371	19	4,725
Other Revenues	7,146	-	-	-	-	-	7,146
Total revenues	<u>181,640</u>	<u>2,012</u>	<u>462</u>	<u>71,449</u>	<u>26,927</u>	<u>19</u>	<u>282,509</u>
EXPENDITURES:							
Current:							
General Government:							
General Government	41,870	-	2,763	-	-	-	44,633
Total General Government	<u>41,870</u>	<u>-</u>	<u>2,763</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>44,633</u>
Public Safety and Judiciary:							
Police	-	-	-	-	-	-	-
Total Public Safety and Judiciary	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Transportation:							
Streets	201,336	1,045	30,574	77,169	28,270	-	338,394
Total Transportation	<u>201,336</u>	<u>1,045</u>	<u>30,574</u>	<u>77,169</u>	<u>28,270</u>	<u>-</u>	<u>338,394</u>
Cultural, Parks and Recreation							
Parks and Recreation	-	-	-	-	-	-	-
Total Cultural, Parks and Recreation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Community/Economic Development:							
Economic Development	-	-	-	-	-	-	-
Total Community/Economic Development	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital Outlay	32,674	-	5,996	147	348,375	10,000	397,192
Total Expenditures	<u>275,880</u>	<u>1,045</u>	<u>39,333</u>	<u>77,316</u>	<u>376,645</u>	<u>10,000</u>	<u>780,219</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(94,240)</u>	<u>967</u>	<u>(38,871)</u>	<u>(5,867)</u>	<u>(349,718)</u>	<u>(9,981)</u>	<u>(497,710)</u>
Transfers In	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-
Total Other Financing Sources and Uses	<u>(94,240)</u>	<u>967</u>	<u>(38,871)</u>	<u>(5,867)</u>	<u>(349,718)</u>	<u>(9,981)</u>	<u>(497,710)</u>
Net Change in Fund Balances							
Fund Balances-Beginning of Year	329,972	455	87,730	75,691	444,558	10,109	948,515
Residual Equity Transfers In / Out	-	-	-	-	-	-	-
Fund Balances-Ending of Year	<u>\$ 235,732</u>	<u>\$ 1,422</u>	<u>\$ 48,859</u>	<u>\$ 69,824</u>	<u>\$ 94,840</u>	<u>\$ 128</u>	<u>\$ 450,805</u>

(Continued)

See accompanying notes to
the basic financial statements.

CITY OF CORNING
SPECIAL REVENUE FUNDS

Combining Statement of Revenues, Expenditures,
and Changes in Fund Balance
Year Ended June 30, 2011

Exhibit B-2
(Continued)

	Subtotal (Brought forward)	Rogers Theater Restoration (Fund 130)	Energy Grant (Fund 131)	Planning Environmental Rev. (Fund 150)	Flood Mitigation FEMA (Fund 152)	OTS 2 Fund (Fund 164)	Subtotal (Carried forward to next page)
REVENUES:							
Intergovernmental Revenues	\$ 270,638	\$ 182,271	\$ 31,658	\$ -	5,918	\$ 25,950	\$ 516,435
Interest	4,725	-	-	53	-	103	4,881
Other Revenues	7,146	-	-	-	-	-	7,146
Total revenues	<u>282,509</u>	<u>182,271</u>	<u>31,658</u>	<u>53</u>	<u>5,918</u>	<u>26,053</u>	<u>528,462</u>
EXPENDITURES:							
Current:							
General Government:							
General Government	44,633	-	-	-	-	-	44,633
Total General Government	<u>44,633</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>44,633</u>
Public Safety and Judiciary:							
Police	-	-	-	-	-	-	-
Total Public Safety and Judiciary	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Transportation:							
Streets	338,394	-	-	-	22,984	11,087	372,465
Total Transportation	<u>338,394</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,984</u>	<u>11,087</u>	<u>372,465</u>
Cultural, Parks and Recreation							
Parks and Recreation	-	-	-	-	-	-	-
Total Cultural, Parks and Recreation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Community/Economic Development:							
Economic Development	-	-	-	-	-	-	-
Total Community/Economic Development	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital Outlay	397,192	197,772	35,175	-	-	-	630,139
Total Expenditures	<u>780,219</u>	<u>197,772</u>	<u>35,175</u>	<u>-</u>	<u>22,984</u>	<u>11,087</u>	<u>1,047,237</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(497,710)</u>	<u>(15,501)</u>	<u>(3,517)</u>	<u>53</u>	<u>(17,066)</u>	<u>14,966</u>	<u>(518,775)</u>
Transfers In	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-
Total Other Financing Sources and Uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>(497,710)</u>	<u>(15,501)</u>	<u>(3,517)</u>	<u>53</u>	<u>(17,066)</u>	<u>14,966</u>	<u>(518,775)</u>
Fund Balances-Beginning of Year	948,515	-	-	12,990	-	12,480	973,985
Residual Equity Transfers In / Out	-	-	-	-	-	-	-
Fund Balances-Ending of Year	<u>\$ 450,805</u>	<u>\$ (15,501)</u>	<u>\$ (3,517)</u>	<u>\$ 13,043</u>	<u>(17,066)</u>	<u>\$ 27,446</u>	<u>\$ 455,210</u>

(Continued)

See accompanying notes to
the basic financial statements.

CITY OF CORNING
SPECIAL REVENUE FUNDS

Combining Statement of Revenues, Expenditures,
and Changes in Fund Balance
Year Ended June 30, 2011

Exhibit B-2
(Continued)

	Subtotal (Brought forward)	Abandoned Vehicles Fund (Fund 170)	SAFE Grant Fund (Fund 188)	Housing Element Fund (Fund 308)	08/09 CDBG Fund (Fund 322)	CDBG Program Inc. Unrestricted (Fund 323, 820)	Subtotal (Carried forward to next page)
REVENUES:							
Intergovernmental Revenues	\$ 516,435	\$ 3,451	\$ 3,779	\$ 3,875	\$ -	\$ -	\$ 527,538
Interest	4,881	302	83	2	-	158	5,426
Other Revenues	7,146	-	-	-	-	2,600	9,746
Total revenues	<u>528,462</u>	<u>3,753</u>	<u>3,862</u>	<u>3,875</u>	<u>-</u>	<u>2,758</u>	<u>542,710</u>
EXPENDITURES:							
Current:							
General Government:							
General Government	44,633	-	-	-	-	-	44,633
Total General Government	<u>44,633</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>44,633</u>
Public Safety and Judiciary:							
Police	-	-	-	-	-	-	-
Total Public Safety and Judiciary	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Transportation:							
Streets	372,465	-	-	-	-	-	372,465
Total Transportation	<u>372,465</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>372,465</u>
Cultural, Parks and Recreation							
Parks and Recreation	-	-	-	-	-	-	-
Total Cultural, Parks and Recreation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Community/Economic Development:							
Economic Development	-	-	-	2,404	27,953	-	30,357
Total Community/Economic Development	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,404</u>	<u>27,953</u>	<u>-</u>	<u>30,357</u>
Capital Outlay	630,139	-	-	-	-	-	630,139
Total Expenditures	<u>1,047,237</u>	<u>-</u>	<u>-</u>	<u>2,404</u>	<u>27,953</u>	<u>-</u>	<u>1,077,594</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(518,775)</u>	<u>3,753</u>	<u>3,862</u>	<u>1,471</u>	<u>(27,953)</u>	<u>2,758</u>	<u>(534,884)</u>
Transfers In	-	-	-	1,727	67,000	-	68,727
Transfers Out	-	-	-	-	-	-	-
Total Other Financing Sources and Uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,727</u>	<u>67,000</u>	<u>-</u>	<u>68,727</u>
Net Change in Fund Balances	<u>(518,775)</u>	<u>3,753</u>	<u>3,862</u>	<u>3,198</u>	<u>39,047</u>	<u>2,758</u>	<u>(466,157)</u>
Fund Balances-Beginning of Year	<u>973,985</u>	<u>51,713</u>	<u>7,280</u>	<u>(1,520)</u>	<u>(24,273)</u>	<u>\$ (4,880)</u>	<u>1,002,305</u>
Residual Equity Transfers In / Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>103</u>	<u>-</u>	<u>103</u>
Fund Balances-Ending of Year	<u>\$ 455,210</u>	<u>\$ 55,466</u>	<u>\$ 11,142</u>	<u>\$ 1,678</u>	<u>\$ 14,877</u>	<u>\$ (2,122)</u>	<u>\$ 536,251</u>

(Continued)

See accompanying notes to
the basic financial statements.

CITY OF CORNING
SPECIAL REVENUE FUNDS

Combining Statement of Revenues, Expenditures,
and Changes in Fund Balance
Year Ended June 30, 2011

Exhibit B-2
(Continued)

	Subtotal (Brought forward)	90/STBG/491 Grant Fund (Fund 324)	CDBG Economic Reuse (Fund 325, 823)	CDBG Housing Reuse (Fund 326, 821, 822)	Housing Acquisition RLF Fund (Fund 327)	Housing Rehabilitation RLF Fund (Fund 328)	Subtotal (Carried forward to next page)
REVENUES:							
Intergovernmental Revenues	\$ 527,538	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 527,538
Interest	5,426	176	454	762	59	59	6,936
Other Revenues	9,746	-	3,455	29,272	-	-	42,473
Total revenues	<u>542,710</u>	<u>176</u>	<u>3,909</u>	<u>30,034</u>	<u>59</u>	<u>59</u>	<u>576,947</u>
EXPENDITURES:							
Current:							
General Government:							
General Government	44,633	-	-	-	-	-	44,633
Total General Government	<u>44,633</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>44,633</u>
Public Safety and Judiciary:							
Police	-	-	-	-	-	-	-
Total Public Safety and Judiciary	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Transportation:							
Streets	372,465	-	-	-	-	-	372,465
Total Transportation	<u>372,465</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>372,465</u>
Cultural, Parks and Recreation							
Parks and Recreation	-	-	-	-	-	-	-
Total Cultural, Parks and Recreation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Community/Economic Development:							
Economic Development	30,357	-	-	3,350	-	900	34,607
Total Community/Economic Development	<u>30,357</u>	<u>-</u>	<u>-</u>	<u>3,350</u>	<u>-</u>	<u>900</u>	<u>34,607</u>
Capital Outlay	630,139	-	-	-	-	-	630,139
Total Expenditures	<u>1,077,594</u>	<u>-</u>	<u>-</u>	<u>3,350</u>	<u>-</u>	<u>900</u>	<u>1,081,844</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(534,884)</u>	<u>176</u>	<u>3,909</u>	<u>26,684</u>	<u>59</u>	<u>(841)</u>	<u>(504,897)</u>
Transfers In	68,727	-	-	-	-	-	68,727
Transfers Out	-	-	-	(67,000)	-	-	(67,000)
Total Other Financing Sources and Uses	<u>68,727</u>	<u>-</u>	<u>-</u>	<u>(67,000)</u>	<u>-</u>	<u>-</u>	<u>1,727</u>
Net Change in Fund Balances	<u>(466,157)</u>	<u>176</u>	<u>3,909</u>	<u>(40,316)</u>	<u>59</u>	<u>(841)</u>	<u>(503,170)</u>
Fund Balances-Beginning of Year	<u>1,002,305</u>	<u>26,962</u>	<u>\$ 68,401</u>	<u>\$ 118,022</u>	<u>\$ 4,668</u>	<u>4,668</u>	<u>1,225,026</u>
Residual Equity Transfers In / Out	<u>103</u>	<u>-</u>	<u>(3,454)</u>	<u>(52,768)</u>	<u>26,384</u>	<u>26,384</u>	<u>(3,351)</u>
Fund Balances-Ending of Year	<u>\$ 536,251</u>	<u>\$ 27,138</u>	<u>\$ 68,856</u>	<u>\$ 24,938</u>	<u>\$ 31,111</u>	<u>\$ 30,211</u>	<u>\$ 718,505</u>

(Continued)

See accompanying notes to
the basic financial statements.

CITY OF CORNING

SPECIAL REVENUE FUNDS

Combining Statement of Revenues, Expenditures,
and Changes in Fund Balance
Year Ended June 30, 2011

	Subtotal (Brought forward)	New Construction Grant RLF (Fund 329)	SALADO Wall Fund (Fund 344)	Drainage Fund (Fund 345)	Yost Field Fund (Fund 352)	Prop 84 Park Bond Fund (Fund 354)	Subtotal (Carried forward to next page)
REVENUES:							
Intergovernmental Revenues	\$ 527,538	\$ -	\$ -	\$ 4,022	\$ -	\$ 3,919	\$ 535,479
Interest	6,936	5	594	746	18	-	8,299
Other Revenues	42,473	-	-	-	166	-	42,639
Total revenues	<u>576,947</u>	<u>5</u>	<u>594</u>	<u>4,768</u>	<u>184</u>	<u>3,919</u>	<u>586,417</u>
EXPENDITURES:							
Current:							
General Government:							
General Government	44,633	-	-	-	-	-	44,633
Total General Government	<u>44,633</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>44,633</u>
Public Safety and Judiciary:							
Police	-	-	-	-	-	-	-
Total Public Safety and Judiciary	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Transportation:							
Streets	372,465	-	-	10,437	-	-	382,902
Total Transportation	<u>372,465</u>	<u>-</u>	<u>-</u>	<u>10,437</u>	<u>-</u>	<u>-</u>	<u>382,902</u>
Cultural, Parks and Recreation							
Parks and Recreation	-	-	-	-	59	44,643	44,702
Total Cultural, Parks and Recreation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>59</u>	<u>44,643</u>	<u>44,702</u>
Community/Economic Development:							
Economic Development	34,607	-	-	-	-	-	34,607
Total Community/Economic Development	<u>34,607</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,607</u>
Capital Outlay	630,139	-	-	-	-	-	630,139
Total Expenditures	<u>1,081,844</u>	<u>-</u>	<u>-</u>	<u>10,437</u>	<u>59</u>	<u>44,643</u>	<u>1,136,983</u>
Excess (Deficiency) of Revenues Over Expenditures	(504,897)	5	594	(5,669)	125	(40,724)	(550,566)
Transfers In	68,727	-	-	-	-	-	68,727
Transfers Out	(67,000)	-	-	-	-	-	(67,000)
Total Other Financing Sources and Uses	<u>1,727</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,727</u>
Net Change in Fund Balances	<u>(503,170)</u>	<u>5</u>	<u>594</u>	<u>(5,669)</u>	<u>125</u>	<u>(40,724)</u>	<u>(548,839)</u>
Fund Balances-Beginning of Year	1,225,026	153	91,044	116,928	3,793	-	1,436,944
Residual Equity Transfers In / Out	(3,351)	3,455	-	-	-	-	104
Fund Balances-Ending of Year	<u>\$ 718,505</u>	<u>\$ 3,613</u>	<u>\$ 91,638</u>	<u>\$ 111,259</u>	<u>\$ 3,918</u>	<u>\$ (40,724)</u>	<u>\$ 888,209</u>

(Continued)

See accompanying notes to
the basic financial statements.

CITY OF CORNING
SPECIAL REVENUE FUNDS
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balance
Year Ended June 30, 2011

	Subtotal (Brought forward)	Houghton Trail Fund (Fund 356)	Curbs and Gutter Fund (Fund 365)	Lighting & Landscape Fund (Fund 701)	Lighting & Landscape Fund (Fund 703)	Lighting & Landscape Fund (Fund 704)	Total
REVENUES:							
Intergovernmental Revenues	\$ 535,479	\$ -	\$ 240	\$ -	\$ -	\$ -	\$ 535,719
Interest	8,299	38	1	2	48	32	8,420
Other Revenues	42,639	-	-	883	4,263	4,773	52,558
Total revenues	586,417	38	241	885	4,311	4,805	596,697
EXPENDITURES:							
Current:							
General Government:							44,633
General Government	44,633	-	-	-	-	-	44,633
Total General Government	44,633	-	-	-	-	-	-
Public Safety and Judiciary:							-
Police	-	-	-	-	-	-	-
Total Public Safety and Judiciary	-	-	-	-	-	-	-
Transportation:							388,775
Streets	382,902	-	-	751	1,800	3,322	388,775
Total Transportation	382,902	-	-	751	1,800	3,322	388,775
Cultural, Parks and Recreation							44,702
Parks and Recreation	44,702	-	-	-	-	-	44,702
Total Cultural, Parks and Recreation	44,702	-	-	-	-	-	-
Community/Economic Development:							34,607
Economic Development	34,607	-	-	-	-	-	34,607
Total Community/Economic Development	34,607	-	-	-	-	-	630,139
Capital Outlay	630,139	-	-	-	-	-	1,142,856
Total Expenditures	1,136,983	-	-	751	1,800	3,322	(546,159)
Excess (Deficiency) of Revenues Over Expenditures	(550,566)	38	241	134	2,511	1,483	68,727
Transfers In	68,727	-	-	-	-	-	(67,000)
Transfers Out	(67,000)	-	-	-	-	-	1,727
Total Other Financing Sources and Uses	1,727	-	-	-	-	-	(544,432)
Net Change in Fund Balances	(548,839)	38	241	134	2,511	1,483	1,456,520
Fund Balances-Beginning of Year	1,436,944	5,796	236	332	8,535	4,677	104
Residual Equity Transfers In / Out	104	-	-	-	-	-	912,192
Fund Balances-Ending of Year	\$ 888,209	\$ 5,834	\$ 477	\$ 466	\$ 11,046	\$ 6,160	

(Continued)

See accompanying notes to
the basic financial statements.

CITY OF CORNING

SPECIAL REVENUE FUNDS

Combining Statement of Revenues, Expenditures,
and Changes in FUND BALANCE (DEFICIT) - Budget and Actual
Year Ended June 30, 2011

REVENUES:

Intergovernmental Revenues
Interest
Other Revenues
Total revenues

EXPENDITURES:

Current:

General Government:
 General Government
 Total General Government
Public Safety and Judiciary:
 Police
 Total Public Safety and Judiciary
Transportation:
 Streets
 Total Transportation
Community/Economic Development:
 Economic Development
 Total Community/Economic Development
Capital Outlay
Total Expenditures
Excess of Revenues Over
(Under) Expenditures

OTHER FINANCING SOURCES (USES):
Operating Transfers In
Total Other Financing
Sources (Over)
Excess of Revenues and Other
Sources Over (Under)
Expenditures and Other Uses

FUND BALANCE (DEFICIT), AT BEGINNING OF YEAR

Residual Equity Transfers In / Out

FUND BALANCE (DEFICIT), AT END OF YEAR

Rural Planning Fund (Fund 105)			STIP Projects Fund (Fund 107)		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ 29,000	\$ 20,000	\$ (9,000)	\$ -	\$ -	\$ -
-	48	48	-	95	95
-	7,146	7,146	-	-	-
29,000	27,194	(1,806)	-	95	95
32,241	41,472	(9,231)	-	-	-
32,241	41,472	(9,231)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	48,900	48,635	265
-	-	-	48,900	48,635	265
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
32,241	41,472	(9,231)	48,900	48,635	265
(3,241)	(14,278)	(11,037)	(48,900)	(48,540)	360
-	-	-	-	-	-
-	-	-	-	-	-
\$ (3,241)	(14,278)	\$ (11,037)	\$ (48,900)	(48,540)	\$ 360
	22,840			48,540	
	-			-	
\$ 8,562	\$ 8,562		\$ -	\$ -	

(Continued)

See accompanying notes to
the basic financial statements

CITY OF CORNING
SPECIAL REVENUE FUNDS

Combining Statement of Revenues, Expenditures,
 and Changes in FUND BALANCE (DEFICIT) - Budget and Actual
 Year Ended June 30, 2011

Exhibit B-3
 (Continued)

	Federal TEA Fund (Fund 108)			Special Gas Tax Improvement #2105 (Fund 109)			Special Gas Tax 2106 (Fund 110)		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:									
Intergovernmental Revenues	\$ -	\$ 32,288	\$ 32,288	\$ 38,355	\$ 38,460	\$ 105	\$ 30,092	\$ 30,785	\$ 693
Interest	500	274	(226)	200	174	(26)	200	226	26
Other Revenues	-	-	-	-	-	-	-	-	-
Total revenues	500	32,562	32,062	38,555	38,634	79	30,292	31,011	719
EXPENDITURES:									
Current:									
General Government:									
General Government	-	-	-	-	398	(398)	-	-	-
Total General Government	-	-	-	-	398	(398)	-	-	-
Public Safety and Judiciary:									
Police	-	-	-	-	-	-	-	-	-
Total Public Safety and Judiciary	-	-	-	-	-	-	-	-	-
Transportation:									
Streets	7,000	29,637	(22,637)	56,222	25,901	30,321	46,443	20,964	25,479
Total Transportation	7,000	29,637	(22,637)	56,222	25,901	30,321	46,443	20,964	25,479
Community/Economic Development:									
Economic Development	-	-	-	-	-	-	-	-	-
Total Community/Economic Development	-	-	-	-	-	-	-	-	-
Capital Outlay	50,400	32,674	17,726	-	-	-	-	-	-
Total Expenditures	57,400	62,311	(4,911)	56,222	26,299	29,923	46,443	20,964	25,479
Excess of Revenues Over (Under) Expenditures	(56,900)	(29,749)	27,151	(17,667)	12,335	30,002	(16,151)	10,047	26,198
OTHER FINANCING SOURCES (USES):									
Operating Transfers In	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Over)	-	-	-	-	-	-	-	-	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ (56,900)	(29,749)	\$ 27,151	\$ (17,667)	12,335	\$ 30,002	\$ (16,151)	10,047	\$ 26,198
FUND BALANCE (DEFICIT), AT BEGINNING OF YEAR		57,068			31,639			39,510	
Residual Equity Transfers In / Out		-			-			-	
FUND BALANCE (DEFICIT), AT END OF YEAR		\$ 27,319			\$ 43,974			\$ 49,557	

(Continued)

See accompanying notes to
 financial statements

CITY OF CORNING
SPECIAL REVENUE FUNDS

Combining Statement of Revenues, Expenditures,
and Changes in FUND BALANCE (DEFICIT) - Budget and Actual
Year Ended June 30, 2011

Exhibit B-3
(Continued)

	Special Gas Tax 2105 (Fund 111)			Special Gas Tax 2107.5 (Fund 112)			Local Transportation Fund (Fund 114)		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:									
Intergovernmental Revenues	\$ 51,096	\$ 51,377	\$ 281	\$ 2,000	\$ 2,000	\$ -	\$ -	\$ -	\$ -
Interest	300	767	467	-	12	12	500	462	(38)
Other Revenues	-	-	-	-	-	-	-	-	-
Total revenues	51,396	52,144	748	2,000	2,012	12	500	462	(38)
EXPENDITURES:									
Current:									
General Government:									
General Government	-	-	-	-	-	-	2,500	2,763	(263)
Total General Government	-	-	-	-	-	-	2,500	2,763	(263)
Public Safety and Judiciary:									
Police	-	-	-	-	-	-	-	-	-
Total Public Safety and Judiciary	-	-	-	-	-	-	-	-	-
Transportation:									
Streets	81,000	76,199	4,801	2,000	1,045	955	57,500	30,574	26,926
Total Transportation	81,000	76,199	4,801	2,000	1,045	955	57,500	30,574	26,926
Community/Economic Development:									
Economic Development	-	-	-	-	-	-	-	-	-
Total Community/Economic Development	-	-	-	-	-	-	-	-	-
Capital Outlay									
Total Expenditures	81,000	76,199	4,801	2,000	1,045	955	60,000	39,333	20,667
Excess of Revenues Over (Under) Expenditures	(29,604)	(24,055)	5,549	-	967	967	(59,500)	(38,871)	20,629
OTHER FINANCING SOURCES (USES):									
Operating Transfers In	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Over)	-	-	-	-	-	-	-	-	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ (29,604)	(24,055)	\$ 5,549	\$ -	967	\$ 967	\$ (59,500)	(38,871)	\$ 20,629
FUND BALANCE (DEFICIT), AT BEGINNING OF YEAR		130,375			455			87,730	
Residual Equity Transfers In / Out		-			-			-	
FUND BALANCE (DEFICIT), AT END OF YEAR		\$ 106,320			\$ 1,422			\$ 48,859	

(Continued)

See accompanying notes to
the basic financial statements.

CITY OF CORNING

SPECIAL REVENUE FUNDS

Combining Statement of Revenues, Expenditures,
and Changes in FUND BALANCE (DEFICIT) - Budget and Actual
Year Ended June 30, 2011

Exhibit B-3
(Continued)

	Traffic Congestion Fund (Fund 115)			Traffic Mitigation Fund (Fund 116)			Street Lighting Fund (Fund 117)		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:									
Intergovernmental Revenues	\$ 71,959	\$ 71,172	\$ (787)	\$ 40,000	\$ 24,556	\$ (15,444)	\$ -	\$ -	\$ -
Interest	200	277	77	4,000	2,371	(1,629)	-	19	19
Other Revenues	-	-	-	-	-	-	-	-	-
Total revenues	72,159	71,449	(710)	44,000	26,927	(17,073)	-	19	19
EXPENDITURES:									
Current:									
General Government:									
General Government	-	-	-	-	-	-	-	-	-
Total General Government	-	-	-	-	-	-	-	-	-
Public Safety and Judiciary:									
Police	-	-	-	-	-	-	-	-	-
Total Public Safety and Judiciary	-	-	-	-	-	-	-	-	-
Transportation:									
Streets	68,200	77,169	(8,969)	18,370	28,270	(9,900)	-	-	-
Total Transportation	68,200	77,169	(8,969)	18,370	28,270	(9,900)	-	-	-
Community/Economic Development:									
Economic Development	-	-	-	-	-	-	-	-	-
Total Community/Economic Development	-	-	-	-	-	-	-	-	-
Capital Outlay	61,400	147	61,253	310,585	348,375	(37,790)	10,000	10,000	-
Total Expenditures	129,600	77,316	52,284	328,955	376,645	(47,690)	10,000	10,000	-
Excess of Revenues Over (Under) Expenditures	(57,441)	(5,867)	51,574	(284,955)	(349,718)	(64,763)	(10,000)	(9,981)	19
OTHER FINANCING SOURCES (USES):									
Operating Transfers In	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Over)	-	-	-	-	-	-	-	-	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ (57,441)	(5,867)	\$ 51,574	\$ (284,955)	(349,718)	\$ (64,763)	\$ (10,000)	(9,981)	\$ 19
FUND BALANCE (DEFICIT), AT BEGINNING OF YEAR		75,691			444,558			10,109	
Residual Equity Transfers In / Out		-			-			-	
FUND BALANCE (DEFICIT), AT END OF YEAR		\$ 69,824			\$ 94,840			\$ 128	

(Continued)

See accompanying notes to
financial statements

CITY OF CORNING
SPECIAL REVENUE FUNDS

Combining Statement of Revenues, Expenditures,
 and Changes in FUND BALANCE (DEFICIT) - Budget and Actual
 Year Ended June 30, 2011

Exhibit B-3
 (Continued)

	Rogers Theater Restoration Fund (Fund 130)			Energy Grant (Fund 131)			Planning Environmental Rev. Fund (Fund 150)		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:									
Intergovernmental Revenues	\$ 220,000	\$ 182,271	\$ (37,729)	\$ 40,604	\$ 31,658	\$ (8,946)	\$ -	\$ 53	\$ 53
Interest	-	-	-	-	-	-	-	-	-
Other Revenues	-	-	-	-	-	-	-	53	53
Total revenues	220,000	182,271	(37,729)	40,604	31,658	(8,946)	-	53	53
EXPENDITURES:									
Current:									
General Government:									
General Government	-	-	-	-	-	-	-	-	-
Total General Government	-	-	-	-	-	-	-	-	-
Public Safety and Judiciary:									
Police	-	-	-	-	-	-	-	-	-
Total Public Safety and Judiciary	-	-	-	-	-	-	-	-	-
Transportation:									
Streets	-	-	-	-	-	-	-	-	-
Total Transportation	-	-	-	-	-	-	-	-	-
Community/Economic Development:									
Economic Development	-	-	-	-	-	-	-	-	-
Total Community/Economic Development	-	-	-	-	-	-	-	-	-
Capital Outlay	226,157	197,772	28,385	40,603	35,175	5,428	-	-	-
Total Expenditures	226,157	197,772	28,385	40,603	35,175	5,428	-	-	-
Excess of Revenues Over (Under) Expenditures	(6,157)	(15,501)	(9,344)	1	(3,517)	(3,518)	-	53	53
OTHER FINANCING SOURCES (USES):									
Operating Transfers In	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Over)	-	-	-	-	-	-	-	-	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ (6,157)	(15,501)	\$ (9,344)	\$ 1	(3,517)	\$ (3,518)	\$ -	53	\$ 53
FUND BALANCE (DEFICIT), AT BEGINNING OF YEAR								12,990	
Residual Equity Transfers In / Out								-	
FUND BALANCE (DEFICIT), AT END OF YEAR		\$ (15,501)			\$ (3,517)			\$ 13,043	

(Continued)

See accompanying notes to
 financial statements

CITY OF CORNING
SPECIAL REVENUE FUNDS

Combining Statement of Revenues, Expenditures,
and Changes in FUND BALANCE (DEFICIT) - Budget and Actual
Year Ended June 30, 2011

Exhibit B-3
(Continued)

	Flood Mitigation FEMA (Fund 152)			OTS 2 Fund (Fund 164)			Abandoned Vehicles Fund (Fund 170)		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:									
Intergovernmental Revenues	\$ -	\$ 5,918	\$ 5,918	\$ 26,100	\$ 25,950	\$ (150)	\$ 4,000	\$ 3,451	\$ (549)
Interest	-	-	-	-	103	103	300	302	2
Other Revenues	-	-	-	-	-	-	-	-	-
Total revenues	-	5,918	5,918	26,100	26,053	(47)	4,300	3,753	(547)
EXPENDITURES:									
Current:									
General Government:									
General Government	-	-	-	-	-	-	-	-	-
Total General Government	-	-	-	-	-	-	-	-	-
Public Safety and Judiciary:									
Police	-	-	-	-	-	-	-	-	-
Total Public Safety and Judiciary	-	-	-	-	-	-	-	-	-
Transportation:									
Streets	50,580	22,984	27,596	24,285	11,087	13,198	7,000	-	7,000
Total Transportation	50,580	22,984	27,596	24,285	11,087	13,198	7,000	-	7,000
Community/Economic Development:									
Economic Development	-	-	-	-	-	-	-	-	-
Total Community/Economic Development	-	-	-	-	-	-	-	-	-
Capital Outlay									
Total Expenditures	50,580	22,984	27,596	24,285	11,087	13,198	7,000	-	7,000
Excess of Revenues Over (Under) Expenditures	(50,580)	(17,066)	33,514	1,815	14,966	13,151	(2,700)	3,753	6,453
OTHER FINANCING SOURCES (USES):									
Operating Transfers In	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Over)	-	-	-	-	-	-	-	-	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ (50,580)	(17,066)	\$ 33,514	\$ 1,815	14,966	\$ 13,151	\$ (2,700)	3,753	\$ 6,453
FUND BALANCE (DEFICIT), AT BEGINNING OF YEAR									
Residual Equity Transfers In / Out					12,480			51,713	
FUND BALANCE (DEFICIT), AT END OF YEAR		(17,066)			\$ 27,446			\$ 55,466	

(Continued)

See accompanying notes to

CITY OF CORNING
SPECIAL REVENUE FUNDS

Combining Statement of Revenues, Expenditures,
and Changes in FUND BALANCE (DEFICIT) - Budget and Actual
Year Ended June 30, 2011

Exhibit B-3
(Continued)

	SAFE Grant 188			Housing Element Fund (Fund 308)			08/09 CDBG Fund (Fund 322)		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:									
Intergovernmental Revenues	\$ -	\$ 3,779	\$ 3,779	\$ -	\$ 3,873	\$ 3,873	\$ -	\$ -	\$ -
Interest	-	83	\$3	-	2	2	-	-	-
Other Revenues	-	-	-	-	-	-	-	-	-
Total revenues	-	3,862	3,862	-	3,875	3,875	-	-	-
EXPENDITURES:									
Current:									
General Government:									
General Government	-	-	-	-	-	-	-	-	-
Total General Government	-	-	-	-	-	-	-	-	-
Public Safety and Judiciary:									
Police	-	-	-	-	-	-	-	-	-
Total Public Safety and Judiciary	-	-	-	-	-	-	-	-	-
Transportation:									
Streets	-	-	-	-	-	-	-	-	-
Total Transportation	-	-	-	-	-	-	-	-	-
Community/Economic Development:									
Economic Development	-	-	-	-	2,404	(2,404)	800,000	27,953	772,047
Total Community/Economic Development	-	-	-	-	2,404	(2,404)	800,000	27,953	772,047
Capital Outlay	-	-	-	-	-	-	-	-	-
Total Expenditures	-	-	-	-	2,404	(2,404)	800,000	27,953	772,047
Excess of Revenues Over (Under) Expenditures	-	3,862	3,862	-	1,471	1,471	(800,000)	(27,953)	772,047
OTHER FINANCING SOURCES (USES):									
Operating Transfers In	-	-	-	-	1,727	1,727	67,000	67,000	-
Total Other Financing Sources (Over)	-	-	-	-	1,727	1,727	67,000	67,000	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ -	3,862	\$ 3,862	\$ -	3,198	\$ 3,198	\$ (733,000)	39,047	\$ 772,047
FUND BALANCE (DEFICIT), AT BEGINNING OF YEAR		7,280			(1,520)			(24,273)	
Residual Equity Transfers In / Out		-			-			103	
FUND BALANCE (DEFICIT), AT END OF YEAR	\$	11,142		\$	1,678		\$	14,877	

(Continued)
See accompanying notes to
financial statements

CITY OF CORNING
SPECIAL REVENUE FUNDS

Combining Statement of Revenues, Expenditures,
and Changes in FUND BALANCE (DEFICIT) - Budget and Actual
Year Ended June 30, 2011

Exhibit B-3
(Continued)

	CDBG Program Unrestricted (Fund 323, 320)			90/STBG/491 Grant Fund (Fund 324)			CDBG Economic Reuse (Fund 325, 323)		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:									
Intergovernmental Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	-	158	158	-	176	176	500	454	(46)
Other Revenues	-	2,600	2,600	-	-	-	1,000	3,455	2,455
Total revenues	-	2,758	2,758	-	176	176	1,500	3,909	2,409
EXPENDITURES:									
Current:									
General Government:									
General Government	-	-	-	-	-	-	-	-	-
Total General Government	-	-	-	-	-	-	-	-	-
Public Safety and Judiciary:									
Police	-	-	-	-	-	-	-	-	-
Total Public Safety and Judiciary	-	-	-	-	-	-	-	-	-
Transportation:									
Streets	-	-	-	-	-	-	-	-	-
Total Transportation	-	-	-	-	-	-	-	-	-
Community/Economic Development:									
Economic Development	-	-	-	-	-	-	-	-	-
Total Community/Economic Development	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-
Total Expenditures	-	-	-	-	-	-	-	-	-
Excess of Revenues Over (Under) Expenditures	-	2,758	2,758	-	176	176	1,500	3,909	2,409
OTHER FINANCING SOURCES (USES):									
Operating Transfers In	-	-	-	-	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Over)	-	-	-	-	-	-	-	-	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ -	2,758	2,758	\$ -	176	176	\$ 1,500	3,909	2,409
FUND BALANCE (DEFICIT), AT BEGINNING OF YEAR		(4,880)			26,962			68,401	
Residual Equity Transfers In / Out		-			-			(3,454)	
FUND BALANCE (DEFICIT), AT END OF YEAR	\$	(2,122)		\$	27,138		\$	68,856	

(Continued)

See accompanying notes to
the basic financial statements.

CITY OF CORNING
SPECIAL REVENUE FUNDS

Combining Statement of Revenues, Expenditures,
and Changes in FUND BALANCE (DEFICIT) - Budget and Actual
Year Ended June 30, 2011

Exhibit B-3
(Continued)

	CDBG Housing Reuse (Fund 326, 321, 322)			Housing Acquisition RLF Fund (Fund 327)			Housing Rehabilitation RLF Fund (Fund 328)		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:									
Intergovernmental Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	500	762	262	-	\$9	\$9	-	\$9	\$9
Other Revenues	-	29,272	29,272	-	-	-	-	-	-
Total revenues	500	30,034	29,534	-	\$9	\$9	-	\$9	\$9
EXPENDITURES:									
Current:									
General Government:									
General Government	-	-	-	-	-	-	-	-	-
Total General Government	-	-	-	-	-	-	-	-	-
Public Safety and Judiciary:									
Police	-	-	-	-	-	-	-	-	-
Total Public Safety and Judiciary	-	-	-	-	-	-	-	-	-
Transportation:									
Streets	-	-	-	-	-	-	-	-	-
Total Transportation	-	-	-	-	-	-	-	-	-
Community/Economic Development:									
Economic Development	-	3,350	(3,350)	-	-	-	-	900	(900)
Total Community/Economic Development	-	3,350	(3,350)	-	-	-	-	900	(900)
Capital Outlay	-	-	-	-	-	-	-	-	-
Total Expenditures	-	3,350	(3,350)	-	-	-	-	900	(900)
Excess of Revenues Over (Under) Expenditures	500	26,684	26,184	-	\$9	\$9	-	(841)	(841)
OTHER FINANCING SOURCES (USES):									
Operating Transfers In	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Over)	(67,000)	(67,000)	-	-	-	-	-	-	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ (66,500)	(40,316)	\$ 26,184	\$ -	\$9	\$9	\$ -	(841)	(841)
FUND BALANCE (DEFICIT), AT BEGINNING OF YEAR		118,022			4,668			4,668	
Residual Equity Transfers In / Out		(52,768)			26,384			26,384	
FUND BALANCE (DEFICIT), AT END OF YEAR		\$ 24,938			\$ 31,111			\$ 30,211	

(Continued)

See accompanying notes to
the basic financial statements.

CITY OF CORNING
SPECIAL REVENUE FUNDS

Combining Statement of Revenues, Expenditures,
and Changes in FUND BALANCE (DEFICIT) - Budget and Actual
Year Ended June 30, 2011

Exhibit B-3
(Continued)

	New Construction RLF Fund (Fund 329)			SALADO Wall Fund (Fund 344)			Drainage Fund (Fund 345)		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:									
Intergovernmental Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,000	\$ 4,022	\$ (5,978)
Interest	-	5	5	500	594	94	1,000	746	(254)
Other Revenues	-	-	-	-	-	-	-	-	-
Total revenues	-	5	5	500	594	94	11,000	4,768	(6,232)
EXPENDITURES:									
Current:									
General Government:									
General Government	-	-	-	-	-	-	-	-	-
Total General Government	-	-	-	-	-	-	-	-	-
Public Safety and Judiciary:									
Police	-	-	-	-	-	-	-	-	-
Total Public Safety and Judiciary	-	-	-	-	-	-	-	-	-
Transportation:									
Streets	-	-	-	-	-	-	5,035	10,437	(5,402)
Total Transportation	-	-	-	-	-	-	5,035	10,437	(5,402)
Community/Economic Development:									
Economic Development	-	-	-	-	-	-	-	-	-
Total Community/Economic Development	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	5,035	10,437	(5,402)
Total Expenditures	-	-	-	-	-	-	-	-	-
Excess of Revenues Over (Under) Expenditures	-	5	5	500	594	94	5,965	(5,669)	(11,634)
OTHER FINANCING SOURCES (USES):									
Operating Transfers In	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Over)	-	-	-	-	-	-	-	-	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	-	5	5	500	594	94	5,965	(5,669)	(11,634)
FUND BALANCE (DEFICIT), AT BEGINNING OF YEAR		153			91,044			116,928	
Residual Equity Transfers In / Out		3,455			-			-	
FUND BALANCE (DEFICIT), AT END OF YEAR		<u>\$ 3,613</u>			<u>\$ 91,638</u>			<u>\$ 111,259</u>	

(Continued)
See accompanying notes to
the basic financial statements

CITY OF CORNING
SPECIAL REVENUE FUNDS

Combining Statement of Revenues, Expenditures,
 and Changes in FUND BALANCE (DEFICIT) - Budget and Actual
 Year Ended June 30, 2011

Exhibit B-3
 (Continued)

	Yost Field Fund (Fund 352)			Prop \$4 Park Bond Fund (Fund 354)			Houghton Trail Fund (Fund 356)		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:									
Intergovernmental Revenues	\$ -	\$ -	\$ -	\$ -	\$ 3,919	\$ 3,919	\$ -	\$ -	\$ -
Interest	-	18	18	-	-	-	-	38	38
Other Revenues	-	166	166	4,276,800	-	(4,276,800)	-	-	-
Total revenues	-	184	184	4,276,800	3,919	(4,272,881)	-	38	38
EXPENDITURES:									
Current:									
General Government:									
General Government	-	-	-	-	-	-	-	-	-
Total General Government	-	-	-	-	-	-	-	-	-
Public Safety and Judiciary:									
Police	-	-	-	-	-	-	-	-	-
Total Public Safety and Judiciary	-	-	-	-	-	-	-	-	-
Transportation:									
Streets	-	-	-	-	-	-	-	-	-
Total Transportation	-	-	-	-	-	-	-	-	-
Cultural, Parks and Recreation	-	59	(59)	-	44,643	(44,643)	-	-	-
Parks and Recreation	-	59	(59)	-	44,643	(44,643)	-	-	-
Total Cultural, Parks and Recreation	-	-	-	-	-	-	-	-	-
Community/Economic Development:									
Economic Development	-	-	-	-	-	-	-	-	-
Total Community/Economic Development	-	-	-	4,276,800	-	4,276,800	-	-	-
Capital Outlay	-	59	(59)	4,276,800	44,643	4,232,157	-	-	-
Total Expenditures	-	-	-	-	-	-	-	-	-
Excess of Revenues Over (Under) Expenditures	-	125	125	-	(40,724)	(40,724)	-	38	38
OTHER FINANCING SOURCES (USES):									
Operating Transfers In	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Over)	-	-	-	-	-	-	-	-	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ -	125	\$ 125	\$ -	(40,724)	\$ (40,724)	\$ -	38	\$ 38
FUND BALANCE (DEFICIT), AT BEGINNING OF YEAR		3,793			-			5,796	
Residual Equity Transfers In / Out		-			-			-	
FUND BALANCE (DEFICIT), AT END OF YEAR		\$ 3,918			\$ (40,724)			\$ 5,834	

See accompanying notes to
 (Continued)

CITY OF CORNING
SPECIAL REVENUE FUNDS

Combining Statement of Revenues, Expenditures,
and Changes in FUND BALANCE (DEFICIT) - Budget and Actual
Year Ended June 30, 2011

	Curbs and Gutter Fund (Fund 365)			Lighting & Landscape Fund (Fund 701)			Lighting & Landscape Fund (Fund 703)		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:									
Intergovernmental Revenues	\$ -	\$ 240	\$ 240	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	-	1	1	-	2	2	100	48	(52)
Other Revenues	-	-	-	1,090	883	(207)	2,900	4,263	1,363
Total revenues	-	241	241	1,090	885	(205)	3,000	4,311	1,311
EXPENDITURES:									
Current:									
General Government:									
General Government	-	-	-	-	-	-	-	-	-
Total General Government	-	-	-	-	-	-	-	-	-
Public Safety and Judiciary:									
Police	-	-	-	-	-	-	-	-	-
Total Public Safety and Judiciary	-	-	-	-	-	-	-	-	-
Transportation:									
Streets	-	-	-	900	751	149	3,800	1,800	2,000
Total Transportation	-	-	-	900	751	149	3,800	1,800	2,000
Community/Economic Development:									
Economic Development	-	-	-	-	-	-	-	-	-
Total Community/Economic Development	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	900	751	149	3,800	1,800	2,000
Total Expenditures	-	-	-	-	-	-	-	-	-
Excess of Revenues Over	-	241	241	190	134	(56)	(800)	2,511	3,311
(Under) Expenditures	-	-	-	-	-	-	-	-	-
OTHER FINANCING SOURCES (USES):									
Operating Transfers In	-	-	-	-	-	-	-	-	-
Total Other Financing	-	-	-	-	-	-	-	-	-
Sources (Over)	-	-	-	-	-	-	-	-	-
Excess of Revenues and Other	-	241	241	190	134	(56)	(800)	2,511	3,311
Sources Over (Under)	-	-	-	-	-	-	-	-	-
Expenditures and Other Uses	-	-	-	-	-	-	-	-	-
FUND BALANCE (DEFICIT), AT BEGINNING OF YEAR		236			332			8,535	
Residual Equity Transfers In / Out		-			-			-	
FUND BALANCE (DEFICIT), AT END OF YEAR		\$ 477			\$ 466			\$ 11,046	

(Continued)
See accompanying notes to

CITY OF CORNING
SPECIAL REVENUE FUNDS
Combining Statement of Revenues, Expenditures,
and Changes in FUND BALANCE (DEFICIT) - Budget and Actual
Year Ended June 30, 2011

	Lighting & Landscape Fund (Fund 704)			Total		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:						
Intergovernmental Revenues	\$ -	\$ -	\$ -	\$ 563,206	\$ 535,719	\$ (27,487)
Interest	50	32	(18)	8,850	8,420	(430)
Other Revenues	4,775	4,773	(2)	4,286,565	52,558	(4,234,007)
Total revenues	4,825	4,805	(20)	4,858,621	596,697	(4,261,924)
EXPENDITURES:						
Current:						
General Government:						
General Government	-	-	-	34,741	44,633	(9,892)
Total General Government	-	-	-	34,741	44,633	(9,892)
Public Safety and Judiciary:						
Police	-	-	-	-	-	-
Total Public Safety and Judiciary	-	-	-	-	-	-
Transportation:						
Streets	4,300	3,322	978	481,535	388,775	92,760
Total Transportation	4,300	3,322	978	481,535	388,775	92,760
Cultural, Parks and Recreation						
Parks and Recreation	-	-	-	-	44,702	(44,702)
Total Cultural, Parks and Recreation	-	-	-	-	44,702	(44,702)
Community/Economic Development:						
Economic Development	-	-	-	800,000	34,607	765,393
Total Community/Economic Development	-	-	-	800,000	34,607	765,393
Capital Outlay						
	-	-	-	4,975,945	630,139	4,345,806
Total Expenditures	4,300	3,322	978	6,292,221	1,142,856	5,149,365
Excess of Revenues Over (Under) Expenditures	525	1,483	958	(1,433,600)	(546,159)	887,441
OTHER FINANCING SOURCES (USES):						
Operating Transfers In	-	-	-	67,000	68,727	1,727
Operating Transfers Out	-	-	-	(67,000)	(67,000)	-
Total Other Financing Sources (Over)	-	-	-	-	1,727	1,727
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	525	1,483	958	(1,433,600)	(544,432)	889,168
FUND BALANCE (DEFICIT), AT BEGINNING OF YEAR		4,677			1,456,520	
Residual Equity Transfers In / Out		-			104	
FUND BALANCE (DEFICIT), AT END OF YEAR		\$ 6,160			\$ 912,192	

See accompanying notes to

CITY OF CORNING
CAPITAL PROJECTS FUNDS
Combining Balance Sheet
June 30, 2011

	Police Equipment Replacement Fund (Fund 071)	Animal Control Officer Replacement Fund (Fund 072)	Fire Equipment Replacement Fund (Fund 076)	Public Works Equipment Replacement Fund (Fund 078)	Park Acquisition Fund (Fund 341)	Park Improvement Fund (Fund 353)	Parkland Acquisition Fund (Fund 355)	Totals
ASSETS								
Cash and Cash Equivalents	\$ 1,232	\$ 143	\$ -	\$ 16,029	\$ 203,408	\$ -	\$ 174,084	\$ 394,896
Intergovernmental Receivable	-	-	4,012	-	-	-	-	4,012
Interfund Loans Receivables	-	-	-	-	-	-	-	-
Due from Other Funds	-	-	-	-	-	-	-	-
Other Assets:								
Restricted Cash; Loan Repayment	-	-	-	-	-	-	-	-
Total assets	\$ 1,232	\$ 143	\$ 4,012	\$ 16,029	\$ 203,408	\$ -	\$ 174,084	\$ 398,908
LIABILITIES AND FUND BALANCE								
Liabilities:								
Accounts Payable	\$ -	\$ -	\$ 30,977	\$ -	\$ -	\$ -	\$ -	\$ 30,977
Accrued Interest	-	-	-	-	-	-	-	-
Due to Other Funds	-	-	-	-	-	-	-	-
Other Current Liabilities	-	-	-	-	-	-	-	-
Total liabilities	-	-	30,977	-	-	-	-	30,977
Fund Balances								
Unreserved, Undesignated	1,232	143	(26,965)	16,029	203,408	-	174,084	367,931
Total Fund Balances	1,232	143	(26,965)	16,029	203,408	-	174,084	367,931
Total Liabilities and Fund Balances	\$ 1,232	\$ 143	\$ 4,012	\$ 16,029	\$ 203,408	\$ -	\$ 174,084	\$ 398,908

(Continued)

See accompanying notes to
the basic financial statements.

CITY OF CORNING
CAPITAL PROJECTS FUNDS
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
Year Ended June 30, 2011

	Police Equipment Replacement Fund (Fund 071)	Animal Control Officer Replacement Fund (Fund 072)	Fire Equipment Replacement Fund (Fund 076)	Public Works Equipment Replacement Fund (Fund 078)	Park Acquisition Fund (Fund 341)	Park Improvement Fund (Fund 353)	Parkland Acquisition Fund (Fund 355)	Totals
REVENUES:								
Intergovernmental Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Acquisition Charges and Fees	-	-	4,011	-	-	-	2,300	6,311
Interest	186	-	104	135	1,344	-	1,109	2,878
Other	-	1,550	26,308	12,453	5,260	-	-	45,571
Total Revenues	186	1,550	30,423	12,588	6,604	-	3,409	54,760
EXPENDITURES:								
Current:								
General Government:								840
General Government	-	840	-	-	-	-	-	840
Total General Government	-	840	-	-	-	-	-	-
Public Safety and Judiciary:								-
Police	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-
Total Public Safety and Judiciary	-	-	-	-	-	-	-	-
Transportation:								47,308
Streets	-	-	47,308	-	-	-	-	47,308
Total Transportation	-	-	47,308	-	-	-	-	47,308
Cultural, Parks and Recreation								9,464
Parks and Recreation	-	-	-	-	9,449	-	15	9,464
Total Cultural, Parks and Recreation	-	-	-	-	9,449	-	15	9,464
Debt Service:								-
Principal	-	-	-	-	-	-	-	-
Interest and Other Charges	-	-	-	-	807	-	-	807
Capital Outlay	-	-	-	-	10,256	-	15	58,419
Total Expenditures	-	840	47,308	-	10,256	-	15	58,419
Excess of Revenues Over (Under) Expenditures	186	710	(16,885)	12,588	(3,652)	-	3,394	(3,659)
OTHER FINANCING SOURCES (USES):								
Operating Transfers In	-	-	22,000	-	-	-	-	22,000
Operating Transfers Out	(87,910)	-	(33,285)	(46,186)	-	(20,989)	-	(188,370)
Total Other Financing Sources (Over)	(87,910)	-	(11,285)	(46,186)	-	(20,989)	-	(166,370)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(87,724)	710	(28,170)	(33,598)	(3,652)	(20,989)	3,394	(170,029)
FUND BALANCE, AT BEGINNING OF YEAR	88,957	(567)	1,205	49,627	207,060	20,989	170,690	537,961
Residual Equity Transfers In	-	-	-	-	-	-	-	-
Residual Equity Transfers Out	-	-	-	-	-	-	-	-
FUND BALANCE, AT END OF YEAR	\$ 1,233	143	\$ (26,965)	\$ 16,029	\$ 203,408	\$ -	\$ 174,084	\$ 367,932

(Continued)

See accompanying notes to
the basic financial statements.

CITY OF CORNING

CAPITAL PROJECTS FUNDS

Combining Statement of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
Year Ended June 30, 2011

	Police Equipment Replacement Fund (Fund 071)			Animal Control Officer Replacement Fund (Fund 072)			Fire Equipment Replacement Fund (Fund 076)		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:									
Intergovernmental Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Acquisition Charges and Fees	-	-	-	-	-	-	22,000	4,011	(17,989)
Interest	-	186	186	100	-	(100)	500	104	(396)
Other	-	-	-	3,000	1,550	(1,450)	26,308	26,308	-
Total Revenues	-	186	186	3,100	1,550	(1,550)	48,808	30,423	(18,385)
EXPENDITURES:									
Current:									
General Government:									
General Government	-	-	-	5,500	840	4,660	-	-	-
Total General Government	-	-	-	5,500	840	4,660	-	-	-
Public Safety and Judiciary:									
Police	-	-	-	-	-	-	-	-	-
Total Public Safety and Judiciary	-	-	-	-	-	-	-	-	-
Transportation:									
Streets	-	-	-	-	-	-	47,375	47,308	67
Total Transportation	-	-	-	-	-	-	47,375	47,308	67
Cultural, Parks and Recreation									
Parks and Recreation	-	-	-	-	-	-	-	-	-
Total Cultural, Parks and Recreation	-	-	-	-	-	-	-	-	-
Community/Economic Development:									
Economic Development	-	-	-	-	-	-	-	-	-
Total Community/Economic Development	-	-	-	-	-	-	-	-	-
Debt Service:									
Interest and Other Charges	-	-	-	-	-	-	33,285	33,285	-
Capital Outlay	-	-	-	-	-	-	-	-	-
Total Expenditures	-	-	-	5,500	840	4,660	80,660	80,593	67
Excess of Revenues Over (Under) Expenditures	-	186	186	(2,400)	710	3,110	(31,852)	(50,170)	(18,318)
OTHER FINANCING SOURCES (USES):									
Debt Proceeds	-	-	-	-	-	-	-	-	-
Operating Transfers In	-	-	-	-	-	-	-	22,000	22,000
Operating Transfers Out	(87,910)	(87,910)	-	-	-	-	-	-	-
Total Other Financing Sources (Over)	(87,910)	(87,910)	-	-	-	-	-	22,000	22,000
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ (87,910)	\$ (87,724)	\$ 186	\$ (2,400)	\$ 710	\$ 3,110	\$ (31,852)	\$ (28,170)	\$ 3,682
FUND BALANCE, AT BEGINNING OF YEAR		88,956			(567)			1,205	
FUND BALANCE, AT END OF YEAR		1,232			143			(26,965)	

(Continued)
See accompanying notes to
the basic financial statements.

CITY OF CORNING CAPITAL PROJECTS FUNDS

Combining Statement of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
Year Ended June 30, 2011

Exhibit C-3
(Continued)

	Public Works Equip. Replacement Fund (Fund 078)			Park Acquisition Fund (Fund 341)			Park Improvement Fund (Fund 353)		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:									
Intergovernmental Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Acquisition Charges and Fees	-	-	-	-	-	-	-	-	-
Interest	-	135	135	1,000	1,344	344	-	-	-
Other	-	12,453	12,453	11,200	5,260	(5,940)	-	-	-
Total Revenues	-	12,588	12,588	12,200	6,604	(5,596)	-	-	-
EXPENDITURES:									
Current:									
General Government:									
General Government	-	-	-	-	-	-	-	-	-
Total General Government	-	-	-	-	-	-	-	-	-
Transportation:									
Streets	-	-	-	-	-	-	-	-	-
Total Transportation	-	-	-	-	-	-	-	-	-
Cultural, Parks and Recreation									
Parks and Recreation	-	-	-	5,535	9,449	(3,914)	-	-	-
Total Cultural, Parks and Recreation	-	-	-	5,535	9,449	(3,914)	-	-	-
Community/Economic Development:									
Economic Development	-	-	-	-	-	-	-	-	-
Total Community/Economic Development	-	-	-	-	-	-	-	-	-
Debt Service:									
Interest and Other Charges	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	12,000	807	11,193	20,989	20,989	-
Total Expenditures	-	-	-	17,535	10,256	7,279	20,989	20,989	-
Excess of Revenues Over (Under) Expenditures	-	12,588	12,588	(5,335)	(3,652)	1,683	(20,989)	(20,989)	-
OTHER FINANCING SOURCES (USES):									
Debt Proceeds	-	-	-	-	-	-	-	-	-
Operating Transfers In	-	-	-	-	-	-	-	-	-
Operating Transfers Out	(46,186)	(46,186)	-	-	-	-	-	-	-
Total Other Financing Sources (Over)	(46,186)	(46,186)	-	-	-	-	-	-	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ (46,186)	(33,598)	\$ 12,588	\$ (5,335)	(3,652)	\$ 1,683	\$ (20,989)	(20,989)	\$ -
FUND BALANCE, AT BEGINNING OF YEAR		49,627			207,060			20,989	
FUND BALANCE, AT END OF YEAR		\$ 16,029			\$ 203,408			\$ -	

(Continued)

See accompanying notes to
the basic financial statements.

CITY OF CORNING
CAPITAL PROJECTS FUNDS

Combining Statement of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
Year Ended June 30, 2011

	Parkland Acquisition Fund (Fund 355)			Capital Project Funds		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:						
Intergovernmental Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Acquisition Charges and Fees	600	2,300	1,700	22,600	6,311	(16,289)
Interest	2,000	1,109	(891)	3,600	2,878	(722)
Other	-	-	-	40,508	45,571	5,063
Total Revenues	2,600	3,409	809	66,708	54,760	(11,948)
EXPENDITURES:						
Current:						
General Government:						
General Government	-	-	-	5,500	840	4,660
Total General Government	-	-	-	5,500	840	4,660
Transportation:						
Streets	-	-	-	47,375	47,308	67
Total Transportation	-	-	-	47,375	47,308	67
Cultural, Parks and Recreation						
Parks and Recreation	41,500	15	41,485	47,035	9,464	37,571
Total Cultural, Parks and Recreation	41,500	15	41,485	47,035	9,464	37,571
Community/Economic Development:						
Economic Development	-	-	-	-	-	-
Total Community/Economic Development	-	-	-	-	-	-
Debt Service:						
Interest and Other Charges	-	-	-	-	-	-
Capital Outlay	-	-	-	66,274	55,081	11,193
Total Expenditures	41,500	15	41,485	166,184	112,693	53,491
Excess of Revenues Over (Under) Expenditures	(38,900)	3,394	42,294	(99,476)	(57,933)	41,543
OTHER FINANCING SOURCES (USES):						
Operating Transfers In	-	-	-	-	22,000	22,000
Total Other Financing Sources (Over)	-	-	-	(134,096)	(112,096)	22,000
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ (38,900)	3,394	\$ 42,294	\$ (233,572)	(170,029)	\$ 63,543
FUND BALANCE, AT BEGINNING OF YEAR		170,690			537,960	
FUND BALANCE, AT END OF YEAR		\$ 174,084			\$ 367,931	

See accompanying notes to
the basic financial statements.

CITY OF CORNING
ENTERPRISE FUNDS
Combining Balance Sheet
June 30, 2011

	Sewer Enterprise Fund (Fund 610, etc)	Solid Waste Enterprise Fund (Fund 615)	Airport Fund (Fund 620, 621)	Transportation Center Fund (Fund 625)	Water Enterprise Fund (Fund 630, etc)	Total
ASSETS						
Current Assets:						
Cash and Investments	\$ 680,107	\$ 83,296	\$ 4,857	\$ 14,045	\$ 1,054,355	\$ 1,836,660
Accounts Receivable	79,645	20,107	-	685	87,237	187,674
Inventories	14,966	-	-	-	56,182	71,148
Total Current Assets	<u>774,718</u>	<u>103,403</u>	<u>4,857</u>	<u>14,730</u>	<u>1,197,774</u>	<u>2,095,482</u>
Capital Assets:						
Construction in Progress	-	-	-	-	56,716	56,716
Property, Plant and Equipment	16,117,910	-	3,390,513	5,167	5,928,031	25,441,621
Accumulated Depreciation	(7,723,284)	-	(35,132)	-	(1,739,570)	(9,497,986)
Net Capital Assets	<u>8,394,626</u>	<u>-</u>	<u>3,355,381</u>	<u>5,167</u>	<u>4,245,177</u>	<u>16,000,351</u>
Loan Acquisition Costs	27,361	-	-	-	109,446	136,807
Accumulated Amortization	(7,462)	-	-	-	(29,669)	(37,131)
Net Loan Acquisition Costs	<u>19,899</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>79,777</u>	<u>99,676</u>
Other Assets:						
Restricted Cash:						
Loan Repayment	<u>567,703</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>386,064</u>	<u>953,767</u>
Total Other Assets	<u>567,703</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>386,064</u>	<u>953,767</u>
Total Assets	<u>9,786,946</u>	<u>103,403</u>	<u>3,360,238</u>	<u>19,897</u>	<u>5,908,792</u>	<u>19,149,276</u>
LIABILITIES						
Liabilities:						
Current Liabilities:						
Accounts Payable	16,544	104,260	257	421	4,410	125,892
Accrued Wages	2,126	-	-	-	3,159	5,285
Due to Other Funds	-	-	118,421	-	-	118,421
Interest Payable	71,943	-	-	-	52,803	124,746
Deposits	-	-	-	-	64,379	64,379
Current Portion of Long Term Debt	<u>114,024</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>110,264</u>	<u>224,288</u>
Total Current Liabilities	<u>204,637</u>	<u>104,260</u>	<u>118,678</u>	<u>421</u>	<u>235,015</u>	<u>663,011</u>
Long-Term Liabilities						
Accrued Compensation for Future Absences	25,274	-	-	-	25,274	50,548
Certificates of Participation Payable	6,081,414	-	-	-	3,813,386	9,894,800
Less: Current Portion	<u>(93,180)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(89,420)</u>	<u>(182,600)</u>
Total Long-Term Liabilities	<u>6,013,508</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,749,240</u>	<u>9,762,748</u>
Total Liabilities	<u>6,218,145</u>	<u>104,260</u>	<u>118,678</u>	<u>421</u>	<u>3,984,255</u>	<u>10,425,739</u>
NET ASSETS						
Investment in capital assets, net	2,313,212	-	3,355,381	5,167	375,075	6,048,835
Retained Earnings, Restricted	1,283,757	-	-	-	839,060	2,122,817
Retained Earnings, Unrestricted	<u>(58,168)</u>	<u>(857)</u>	<u>(113,821)</u>	<u>14,309</u>	<u>710,402</u>	<u>551,865</u>
Total Net Assets	<u>\$ 3,538,801</u>	<u>\$ (857)</u>	<u>\$ 3,241,560</u>	<u>\$ 19,476</u>	<u>\$ 1,924,537</u>	<u>\$ 8,725,517</u>

See accompanying notes to
the basic financial statements.

CITY OF CORNING
ENTERPRISE FUNDS

Combining Statement of Revenues, Expenses
and Changes in Net Assets
Year Ended June 30, 2011

	Sewer Enterprise Fund (Fund 610, etc)	Solid Waste Enterprise Fund (Fund 615)	Airport Fund (Fund 620, 621)	Transportation Center Fund (Fund 625)	Water Enterprise Fund (Fund 630, etc)	Total
OPERATING REVENUES:						
Charges for Service	\$ 1,487,404	\$ 413,842	\$ -	\$ -	\$ 1,272,364	\$ 3,173,610
Connection fees	655	-	-	-	2,365	3,020
Lease and Rents	7,380	-	12,706	10,000	-	30,086
Other Revenue	18,568	-	38,721	10,070	4,596	71,955
Total Operating Revenues	<u>1,514,007</u>	<u>413,842</u>	<u>51,427</u>	<u>20,070</u>	<u>1,279,325</u>	<u>3,278,671</u>
OPERATING EXPENSES:						
Salaries and Benefits	286,220	-	6,568	-	436,599	729,387
Utilities	83,763	-	7,135	5,304	188,448	284,650
Depreciation	501,683	-	-	-	130,967	632,650
Amortization	1,244	-	-	-	4,975	6,219
Other Expenses	683,900	415,197	13,873	9,997	156,073	1,279,040
Total Operating Expenses	<u>1,556,810</u>	<u>415,197</u>	<u>27,576</u>	<u>15,301</u>	<u>917,062</u>	<u>2,931,946</u>
Operating Income (Loss)	<u>(42,803)</u>	<u>(1,355)</u>	<u>23,851</u>	<u>4,769</u>	<u>362,263</u>	<u>346,725</u>
NON-OPERATING REVENUE (EXPENSE)						
Investment Earnings	6,129	278	-	60	6,396	12,863
Interest Expense	(269,610)	-	-	-	(184,739)	(454,349)
Net Non-Operating Revenues (Expenses)	<u>(263,481)</u>	<u>278</u>	<u>-</u>	<u>60</u>	<u>(178,343)</u>	<u>(441,486)</u>
Income Before Transfers	<u>(306,284)</u>	<u>(1,077)</u>	<u>23,851</u>	<u>4,829</u>	<u>183,920</u>	<u>(94,761)</u>
Operating Transfers In	298,800	-	-	-	73,500	372,300
Operating Transfers Out	<u>(298,800)</u>	<u>(293)</u>	<u>-</u>	<u>-</u>	<u>(73,500)</u>	<u>(372,593)</u>
Changes in net assets	<u>(306,284)</u>	<u>(1,370)</u>	<u>23,851</u>	<u>4,829</u>	<u>183,920</u>	<u>(95,054)</u>
NET ASSETS, AT BEGINNING OF YEAR	<u>3,822,712</u>	<u>513</u>	<u>3,250,839</u>	<u>14,647</u>	<u>1,742,303</u>	<u>8,831,014</u>
As Previously Stated	-	-	-	-	-	-
Prior period adjustment	-	-	-	-	-	-
As Restated	<u>3,822,712</u>	<u>513</u>	<u>3,250,839</u>	<u>14,647</u>	<u>1,742,303</u>	<u>8,831,014</u>
Residual Equity Transfers In	22,373	-	2,532,111	-	2,000	2,556,484
Residual Equity Transfers Out	<u>-</u>	<u>-</u>	<u>(2,565,241)</u>	<u>-</u>	<u>(3,686)</u>	<u>(2,568,927)</u>
NET ASSETS, AT END OF YEAR	\$ <u>3,538,801</u>	\$ <u>(857)</u>	\$ <u>3,241,560</u>	\$ <u>19,476</u>	\$ <u>1,924,537</u>	\$ <u>8,723,517</u>

CITY OF CORNING
ENTERPRISE FUNDS

Combining Statement of Cash Flows
Year Ended June 30, 2011

	Sewer Enterprise Fund (Fund 610, etc)	Solid Waste Enterprise Fund (Fund 615)	Airport Fund (Fund 620, 621)	Transportation Center Fund (Fund 625)	Water Enterprise Fund (Fund 630, etc)	Total
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from Customers	1,499,186	413,288	296,132	-	1,268,881	3,477,487
Other Operating Cash Receipts	25,948	-	51,427	20,070	4,596	102,041
Payments to Suppliers	(802,347)	(414,226)	(286,655)	(17,470)	(374,727)	(1,895,425)
Payments to Employees	(299,927)	-	(6,568)	-	(453,021)	(759,516)
Net Cash Provided (Used) by Operating Activities	422,860	(938)	54,336	2,600	445,729	924,587
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Transfers from (to) other funds	22,373	(293)	(33,130)	-	(1,686)	(12,736)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Interest Paid	(269,610)	-	-	-	(184,739)	(454,349)
Reallocation of Opening Cash Balances	-	-	-	-	-	-
Repayment of Certificates of Participation	(93,477)	-	-	-	(100,423)	(193,900)
Payments for capital acquisitions	(69,273)	-	(21,159)	-	(47,705)	(138,137)
Net cash (used for) capital and related financing activities	(432,360)	-	(21,159)	-	(332,867)	(786,386)
CASH FLOWS FROM INVESTING ACTIVITIES:						
Receipts of interest	6,129	278	-	60	6,396	12,863
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	19,002	(953)	47	2,660	117,572	138,328
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	661,105	84,249	4,810	11,385	936,783	1,698,332
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 680,107	\$ 83,296	\$ 4,857	\$ 14,045	\$ 1,054,355	\$ 1,836,660
RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES						
Net Operating Income (Loss)	\$ (42,803)	\$ (1,355)	\$ 23,851	\$ 4,769	\$ 362,263	\$ 346,725
Adjustments to Reconcile Net Income to Net Cash From (Used For) Operating Activities:						
Depreciation and Amortization	502,927	-	-	-	135,942	638,869
Decrease (Increase) in Accounts Receivable	11,127	(554)	296,132	-	(12,309)	294,396
Decrease (Increase) in Inventory	(150)	-	-	-	(556)	(706)
Decrease (Increase) in Prepaid Assets	-	-	-	-	-	-
Decrease (Increase) in Other Assets	(24,415)	-	-	-	8	(24,407)
Increase (Decrease) in Accounts Payable	(9,032)	971	(215,755)	(2,169)	(28,551)	(254,536)
Increase (Decrease) in Wages Payable	(3,821)	-	-	-	(6,536)	(10,357)
Increase (Decrease) in Accrued Compensation	(9,886)	-	-	-	(9,886)	(19,772)
Increase (Decrease) in Due to Other Funds	-	-	(49,892)	-	-	(49,892)
Increase (Decrease) in Interest Payable	(1,087)	-	-	-	(1,107)	(2,194)
Increase (Decrease) in Deposits	-	-	-	-	6,461	6,461
Net cash from (used for) operating activities	\$ 422,860	\$ (938)	\$ 54,336	\$ 2,600	\$ 445,729	\$ 924,587

See accompanying notes to
the basic financial statements.

CITY OF CORNING
EXPENDABLE TRUST FUNDS
Combining Balance Sheet
June 30, 2011

Exhibit E-1

	J.T. Levy Trust Fund (Fund 401)	Rodgers Theater Trust (Fund 402)	Ridell Library Fund (Fund 403)	Totals
ASSETS:				
Cash and investments	\$ 27,854	\$ 21,965	\$ 265,648	\$ 315,467
Receivables:				
Intergovernmental	-	-	-	-
County	-	-	-	-
Deferred compensation plan assets				
Total assets	\$ 27,854	\$ 21,965	\$ 265,648	\$ 315,467
LIABILITIES AND FUND BALANCE:				
Liabilities:				
Accounts payable	\$ -	\$ -	-	\$ -
Total liabilities	-	-	-	-
Fund Balances:				
Held in trust for:				
Scholarships	27,854	-	-	27,854
Library System	-	-	265,648	265,648
Theater	-	21,965	-	21,965
Total fund balances	27,854	21,965	265,648	315,467
Total liabilities and fund balances	\$ 27,854	\$ 21,965	\$ 265,648	\$ 315,467

See accompanying notes to
the basic financial statements.

CITY OF CORNING
EXPENDABLE TRUST FUNDS
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Year Ended June 30, 2011

	J.T. Levy Trust Fund (Fund 401)	Rodgers Theater Trust (Fund 402)	Ridell Library Fund (Fund 403)	Totals
REVENUES:				
Intergovernmental	- \$	- \$	-	-
Fines and Forfeitures	181	142	5,625	5,948
Interest	181	142	5,625	5,948
Total Revenues				
EXPENDITURES:				
Scholarships	250	-	-	250
Capital Outlay	-	-	2,841	2,841
Other	250	-	2,841	3,091
Total Expenditures				
Excess (Deficiency) of Revenues Over Expenditures	(69)	142	2,784	2,857
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	-	-	-	-
Operating Transfers Out	-	-	-	-
Total Other Financing Source (Uses)				
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures	(69)	142	2,784	2,857
FUND BALANCE, BEGINNING OF YEAR	27,923 \$	21,823 \$	262,864	312,610
FUND BALANCE, END OF YEAR	27,854 \$	21,965 \$	265,648	315,467 \$

See accompanying notes to
the basic financial statements.

CITY OF CORNING

EXPENDABLE TRUST FUNDS

Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Year Ended June 30, 2011

	Totals		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Intergovernmental	\$ -	\$ -	-
Fines and Forfeitures	2,000	6,183	4,183
Interest	2,000	6,183	4,183
Total Revenues			
Scholarships	500	250	250
Capital Outlay	27,192	-	27,192
Other	-	900	(900)
Total Expenditures	27,692	1,150	26,542
Excess (Deficiency) of Revenues Over Expenditures	(25,692)	5,033	30,725
OTHER FINANCING SOURCES (USES):			
Operating Transfers In	-	-	-
Operating Transfers Out	-	-	-
Total Other Financing Source (Uses)	-	-	-
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures	\$ (25,692)	\$ 5,033	\$ 30,725
FUND BALANCE, BEGINNING OF YEAR		307,577	
FUND BALANCE, END OF YEAR		\$ 312,610	

See accompanying notes to
the basic financial statements.

SPECIAL REPORTS

Donald R Reynolds

Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable City Council
City of Corning
Corning, California

I have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Corning, as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements and have issued my report thereon dated January 31, 2012. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the City of Corning's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process or report, financial data reliably in accordance with generally accepted accounting principles such that there is more than a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

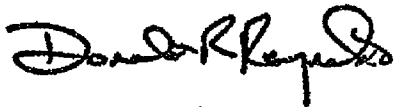
A material weakness is a significant deficiency or combination of significant deficiencies, that results in more than a remote likelihood that material misstatement of the financial statements will not be prevented or detected by the City's internal control.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance

As part of obtaining reasonable assurance about whether the City of Corning's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards. However, I noted certain immaterial instances of noncompliance that I have reported to management of the City of Corning in a separate letter dated January 31, 2012.

This report is intended solely for the information and use of the audit committee, management, City Council, and federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.



Donald R. Reynolds
Certified Public Accountant
January 31, 2012

CITY OF CORNING
SCHEDULES TO FOOTNOTES
 Budget and Appropriations
 Fiscal Year Ended June 30, 2011

NOTE 5 OTHER DISCLOSURES

SCHEDULE OF EXCESS EXPENDITURES:

Fund	Appropriations	Expenditures	Excess Expenditures	Additional Revenue Received
General Fund	\$ 3,957,391	\$ 4,191,764	\$ 234,373	\$ 976,275
Rural Planning Fund (Fund 105)	32,241	41,472	9,231	-
Federal TEA Fund (Fund 108)	57,400	62,311	4,911	32,062
Traffic Mitigation Fund (Fund 116)	328,955	376,645	47,690	-
Housing Element Fund (Fund 308)	-	2,404	2,404	3,875
CDBG Housing Reuse Funds	-	3,350	3,350	29,534
Housing Rehabilitation RLF Fund (Fund 328)	-	900	900	59
Drainage Fund (Fund 345)	5,035	10,437	5,402	-
Yost Field Fund	-	59	59	184
	\$ 4,375,987	\$ 4,672,192	\$ 296,205	\$ 1,008,337

SCHEDULE OF DEFICIT FUND BALANCES:

Fund	Deficit Fund Balance
Rogers Theater Restoration Fund	\$ (15,501)
CDBG Program Income Fund	(2,122)
Flood Mitigation FEMA Fund	(17,066)
Energy Grant Fund	(3,517)
Prop 84 Park Bond Fund	(40,724)
Solid Waste Enterprise Fund	(857)
Fire Equipment Replacement Fund	(26,965)
	\$ (106,752)

CITY OF CORNING
SEWER ENTERPRISE FUNDS

Combining Balance Sheet
June 30, 2011

	Sewer Capital Improvement Fund (Fund 347)	WWTP EXP. (Fund 348)	W.W.T.P. Capital Replacement Fund (Fund 380)	Sewer Capital Replacement Fund (Fund 381)	WWTP EXP. (Fund 385)	Fund (Fund 610)	1999 COP (673,611)	2005 COP (Fund 681)	2005 COP (Fund 683)	2005 Refunding Bond (Fund 692)	2005 Refunding Bond (Fund 693)	TOTAL Sewer Enterprise Fund
ASSETS												
Current Assets:												680,107
Cash and Investments	\$ -	\$ (267,407)	\$ 171,709	\$ 103,505	\$ -	\$ 669,819	\$ 2,481	\$ -	\$ -	\$ -	\$ -	79,645
Accounts Receivable	-	-	-	-	-	79,645	-	-	-	-	-	14,966
Inventories	-	-	-	-	-	14,966	-	-	-	-	-	774,718
Total Current Assets	-	(267,407)	171,709	103,505	-	764,430	2,481	-	-	-	-	
Capital Assets												16,117,910
Property, Plant and Equipment	-	4,453,848	-	-	-	11,664,062	-	-	-	-	-	(7,723,284)
Accumulated Depreciation	-	(667,150)	-	-	-	(7,056,134)	-	-	-	-	-	8,394,626
Net Capital Assets	-	3,786,698	-	-	-	4,607,928	-	-	-	-	-	27,361
Loan Acquisition Costs	-	-	-	-	-	27,361	-	-	-	-	-	(7,462)
Accumulated Amortization	-	-	-	-	-	(7,462)	-	-	-	-	-	19,899
Net Loan Acquisition Costs	-	-	-	-	-	19,899	-	-	-	-	-	
Other Assets:												567,703
Restricted Cash:	-	-	-	-	-	-	405,826	-	38,822	2	123,053	567,703
Loan Repayment	-	-	-	-	-	-	405,826	-	38,822	2	123,053	
Total Other Assets	-	-	-	-	-	-	405,826	-	38,822	2	123,053	9,756,946
Total Assets	\$ -	\$ 3,519,291	\$ 171,709	\$ 103,505	\$ -	\$ 5,392,257	\$ 408,307	\$ -	\$ 38,822	\$ 2	\$ 123,053	
LIABILITIES												
Liabilities:												16,544
Current Liabilities:												2,126
Accounts Payable	\$ 13,926	-	-	27	-	2,591	-	-	-	-	-	71,943
Accrued Wages	-	43,021	-	-	-	2,126	-	-	-	-	-	114,024
Interest Payable	-	46,000	-	-	-	28,922	-	-	-	-	-	204,637
Current Portion of Long Term Debt:	-	-	-	-	-	68,024	-	-	-	-	-	
Total Current Liabilities	13,926	(292,349)	-	27	-	483,033	-	-	-	-	-	
Long-Term Liabilities												25,274
Interfund Loan Payable	-	(381,370)	-	-	-	381,370	-	-	-	-	-	6,081,414
Accrued Compensation for Future Absences	-	-	-	-	-	25,274	-	-	-	-	-	(93,180)
Certificates of Participation Payable	-	4,050,000	-	-	-	2,031,414	-	-	-	-	-	6,013,508
Less: Current Portion	-	(46,000)	-	-	-	(47,180)	-	-	-	-	-	6,218,145
Total Long-Term Liabilities	-	3,622,630	-	-	-	2,390,878	-	-	-	-	-	
Total Liabilities	13,926	3,330,281	-	27	-	2,873,911	-	-	-	-	-	
Fund Equity:												2,313,212
Contributed Capital	-	-	-	-	-	-	-	-	-	-	-	1,283,757
Retained Earnings:												(58,168)
Investment in Capital Assets	-	(263,302)	-	-	-	2,576,514	-	-	38,822	2	123,053	3,538,801
Restricted	(13,926)	452,312	171,709	103,478	-	(58,168)	408,307	-	-	-	-	
Unrestricted	-	-	-	-	-	2,518,346	408,307	-	38,822	2	123,053	
Total Net Assets	(13,926)	189,010	171,709	103,478	-	2,518,346	408,307	-	38,822	2	123,053	3,538,801
Total Net Assets	\$ (13,926)	\$ 189,010	\$ 171,709	\$ 103,478	\$ -	\$ 2,518,346	\$ 408,307	\$ -	\$ 38,822	\$ 2	\$ 123,053	

See accompanying notes to
the basic financial statements.

CITY OF CORNING
SEWER ENTERPRISE FUNDS

Combining Statement of Revenues, Expenses
and Changes in Retained Earnings
Year Ended June 30, 2011

	Sewer Capital Improvement Fund (Fund 347)	WWTP EXP. (Fund 348)	W.W.T.P. Capital Replacement Fund (Fund 380)	Sewer Capital Replacement Fund (Fund 381)	WWTP EXP. (Fund 385)	Fund (Fund 610)	1999 COP (673.611)	2005 COP (Fund 681)	2005 COP (Fund 683)	2005 Refunding Bond (Fund 692)	2005 Refunding Bond (Fund 693)	TOTAL Sewer Enterprise Fund
OPERATING REVENUES:												
Charges for Service	\$ -	\$ -	\$ -	\$ -	\$ -	1,487,404	\$ -	\$ -	\$ -	\$ -	\$ -	1,487,404
Connection fees	-	-	-	-	-	655	-	-	-	-	-	655
Lease and Rents	-	-	-	-	-	7,380	-	-	-	-	-	7,380
Other Revenue	2,568	16,000	-	-	-	-	-	-	-	-	-	18,568
Total Operating Revenues	2,568	16,000	-	-	-	1,495,439	-	-	-	-	-	1,514,007
OPERATING EXPENSES:												
Salaries and Benefits	-	-	-	-	-	286,220	-	-	-	-	-	286,220
Utilities	-	-	-	-	-	83,763	-	-	-	-	-	83,763
Depreciation	-	156,323	-	-	-	345,360	-	-	-	-	-	501,683
Amortization	-	-	-	-	-	1,244	-	-	-	-	-	1,244
Other Expenses	858	408	7,446	2,354	-	672,803	15	-	-	1	15	683,900
Total Operating Expenses	858	156,731	7,446	2,354	-	1,389,390	15	-	-	1	15	1,556,810
Operating Income (Loss)	1,710	(140,731)	(7,446)	(2,354)	-	106,049	(15)	-	-	(1)	(15)	(42,803)
NON-OPERATING REVENUE (EXPENSE)												
Investment Earnings	-	904	1,587	573	-	966	2,071	-	8	8	12	6,129
Interest Expense	-	(175,433)	-	-	-	(94,168)	-	-	(6)	(5)	2	(269,610)
Net Non-Operating Revenues (Expenses)	-	(174,529)	1,587	573	-	(93,202)	2,071	-	2	3	14	(263,481)
Net Income Before Transfers	1,710	(315,260)	(5,859)	(1,781)	-	12,847	2,056	-	2	2	(1)	(306,284)
Operating Transfers In	-	225,000	55,000	18,800	-	-	-	-	-	-	-	298,800
Operating Transfers Out	-	-	(225,000)	-	-	(73,800)	-	-	-	-	-	(298,800)
Net Income	1,710	(90,260)	(175,859)	17,019	-	(60,953)	2,056	-	2	2	(1)	(306,284)
NET ASSETS, AT BEGINNING OF YEAR	(15,636)	279,270	347,568	86,459	-	2,579,299	406,251	-	38,820	-	100,681	3,822,712
As Previously Stated	-	-	-	-	-	-	-	-	-	-	-	-
Residual Equity Transfers In	-	-	-	-	-	-	-	-	-	-	22,373	22,373
Residual Equity Transfers Out	-	-	-	-	-	-	-	-	-	-	-	-
NET ASSETS, AT END OF YEAR	\$ (13,926)	\$ 189,010	\$ 171,709	\$ 103,478	\$ -	\$ 2,518,346	\$ 408,307	\$ -	\$ 38,822	\$ 2	\$ 123,053	\$ 3,538,801

See accompanying notes to
the basic financial statements.

CITY OF CORNING
WATER ENTERPRISE FUNDS

Combining Balance Sheet
June 30, 2011

	Water Capital Improvement Fund (Fund 346)	Water Capital Replacement Fund (Fund 383)	Fund (Fund 630)	1999 COP Fund (674,675)	2005 COP Fund (682,684)	TOTAL Water Enterprise Funds
ASSETS						
Current Assets:						
Cash and Investments	\$ 130,237	\$ 267,557	\$ 656,561	\$ -	\$ -	\$ 1,054,355
Accounts Receivable	-	-	87,237	-	-	87,237
Inventories	-	-	56,182	-	-	56,182
Total Current Assets	<u>130,237</u>	<u>267,557</u>	<u>799,980</u>	<u>-</u>	<u>-</u>	<u>1,197,774</u>
Fixed Assets:						
Construction in Progress	56,716	-	-	-	-	56,716
Property, Plant and Equipment	-	-	5,928,031	-	-	5,928,031
Accumulated Depreciation	-	-	(1,739,570)	-	-	(1,739,570)
Net Property, Plant and Equipment	<u>56,716</u>	<u>-</u>	<u>4,188,461</u>	<u>-</u>	<u>-</u>	<u>4,245,177</u>
Loan Acquisition Costs	-	-	109,446	-	-	109,446
Accumulated Amortization	-	-	(29,669)	-	-	(29,669)
Net Loan Acquisition Costs	<u>-</u>	<u>-</u>	<u>79,777</u>	<u>-</u>	<u>-</u>	<u>79,777</u>
Other Assets:						
Restricted Cash:						
Loan Repayment	-	-	-	230,781	155,283	386,064
Total Other Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>230,781</u>	<u>155,283</u>	<u>386,064</u>
Total Assets	\$ <u>186,953</u>	\$ <u>267,557</u>	\$ <u>5,068,218</u>	\$ <u>230,781</u>	\$ <u>155,283</u>	\$ <u>5,908,792</u>
LIABILITIES						
Liabilities:						
Current Liabilities:						
Accounts Payable	\$ 1,500	\$ 14	2,896	-	-	4,410
Accrued Wages	-	-	3,159	-	-	3,159
Interest Payable	-	-	52,803	-	-	52,803
Deposits	-	-	64,379	-	-	64,379
Current Portion of Long Term Debt	-	-	110,264	-	-	110,264
Total Current Liabilities	<u>1,500</u>	<u>14</u>	<u>233,501</u>	<u>-</u>	<u>-</u>	<u>235,015</u>
Long-Term Liabilities						
Accrued Compensation for Future Absences	-	-	25,274	-	-	25,274
Certificates of Participation Payable	-	-	3,813,386	-	-	3,813,386
Less: Current Portion	-	-	(89,420)	-	-	(89,420)
Total Long-Term Liabilities	<u>-</u>	<u>-</u>	<u>3,749,240</u>	<u>-</u>	<u>-</u>	<u>3,749,240</u>
Total Liabilities	<u>1,500</u>	<u>14</u>	<u>3,982,741</u>	<u>-</u>	<u>-</u>	<u>3,984,255</u>
NET ASSETS						
Investment in Capital Assets	-	-	375,075	-	-	375,075
Restricted	185,453	267,543	-	230,781	155,283	839,060
Unrestricted	-	-	710,402	-	-	710,402
Total Net Assets	\$ <u>185,453</u>	\$ <u>267,543</u>	\$ <u>1,085,477</u>	\$ <u>230,781</u>	\$ <u>155,283</u>	\$ <u>1,924,537</u>

See accompanying notes to
the basic financial statements.

CITY OF CORNING
WATER ENTERPRISE FUNDS

Combining Statement of Revenues, Expenses
and Changes in Retained Earnings
Year Ended June 30, 2011

	Water Capital Improvement Fund (Fund 346)	Water Capital Replacement Fund (Fund 383)	Fund (Fund 630)	1999 COP Fund (674,675)	2005 COP Fund (682,684)	TOTAL Water Enterprise Funds
OPERATING REVENUES:						
Charges for Service	\$ -	\$ -	\$ 1,272,364	\$ -	\$ -	\$ 1,272,364
Connection fees	-	-	2,365	-	-	2,365
Lease and Rents	-	-	-	-	-	-
Other Revenue	2,836	-	1,760	-	-	4,596
Total Operating Revenues	<u>2,836</u>	<u>-</u>	<u>1,276,489</u>	<u>-</u>	<u>-</u>	<u>1,279,325</u>
OPERATING EXPENSES:						
Salaries and Benefits	-	-	436,599	-	-	436,599
Utilities	-	-	188,448	-	-	188,448
Depreciation	-	-	130,967	-	-	130,967
Amortization	-	-	4,975	-	-	4,975
Other Expenses	1,170	1,680	153,165	34	24	156,073
Total Operating Expenses	<u>1,170</u>	<u>1,680</u>	<u>914,154</u>	<u>34</u>	<u>24</u>	<u>917,062</u>
Operating Income (Loss)	<u>1,666</u>	<u>(1,680)</u>	<u>362,335</u>	<u>(34)</u>	<u>(24)</u>	<u>362,263</u>
NON-OPERATING REVENUE (EXPENSE)						
Investment Earnings	1,062	1,554	3,708	42	30	6,396
Interest Expense	-	-	(184,717)	(18)	(4)	(184,739)
Net Non-Operating Revenues (Expenses)	<u>1,062</u>	<u>1,554</u>	<u>(181,009)</u>	<u>24</u>	<u>26</u>	<u>(178,343)</u>
Net Income Before Transfers	<u>2,728</u>	<u>(126)</u>	<u>181,326</u>	<u>(10)</u>	<u>2</u>	<u>183,920</u>
Operating Transfers In	-	73,500	-	-	-	73,500
Operating Transfers Out	-	-	(73,500)	-	-	(73,500)
Net Income	<u>2,728</u>	<u>73,374</u>	<u>107,826</u>	<u>(10)</u>	<u>2</u>	<u>183,920</u>
NET ASSETS, AT BEGINNING OF YEAR	<u>180,725</u>	<u>197,855</u>	<u>977,651</u>	<u>230,791</u>	<u>155,281</u>	<u>1,742,303</u>
Residual Equity Transfers In	2,000	-	-	-	-	2,000
Residual Equity Transfers Out	-	(3,686)	-	-	-	(3,686)
NET ASSETS, AT END OF YEAR	<u>\$ 185,453</u>	<u>\$ 267,543</u>	<u>\$ 1,085,477</u>	<u>\$ 230,781</u>	<u>\$ 155,283</u>	<u>\$ 1,924,537</u>

See accompanying notes to
the basic financial statements.