

CITY OF CORNING,

CALIFORNIA

**FINANCIAL STATEMENTS
TOGETHER WITH
INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED
JUNE 30, 2012**

CONTENTS

INTRODUCTORY SECTION

City Organization and Principal Officials

FINANCIAL SECTION

Report of Independent Auditor	1-2
Management's Discussion and Analysis	3-10

BASIC FINANCIAL STATEMENTS

Government-wide Financial Statements:

Statement of Net Assets	12	Statement 1
Statement of Activities and Changes in Net Assets	13-14	Statement 2

FUND FINANCIAL STATEMENTS

Balance Sheet - Governmental Funds	15	Statement 3
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	16-17	Statement 4
Statement of Net Assets - Proprietary Funds	18	Statement 5
Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Fund Types	19	Statement 6
Statement of Cash Flows - Proprietary Fund Types	20	Statement 7
Statement of Fiduciary Net Assets - Fiduciary Funds	21	Statement 8
Statement of Change In Fiduciary Net Assets - Fiduciary Funds	22	Statement 9
Notes to the Basic Financial Statements	23-45	

SUPPLEMENTARY INFORMATION

Balance Sheet - General Fund	46	Exhibit A-1
Statement of Revenues, Expenditures, and Changes in Fund Balance - General Fund	47	Exhibit A-2
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	48-49	Exhibit A-3
Combining Balance Sheet - Special Revenue Funds	50-57	Exhibit B-1
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Special Revenue Funds	58-65	Exhibit B-2
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Special Revenue Funds	66-79	Exhibit B-3

SUPPLEMENTARY INFORMATION (Continued)

Combining Balance Sheet - Capital Projects Funds	80	Exhibit C-1
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Capital Projects Funds	81	Exhibit C-2
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Capital Projects Funds	82-84	Exhibit C-3
Combining Balance Sheet - Enterprise Funds	85	Exhibit D-1
Combining Statement of Revenues, Expenses and Changes in Net Assets - Enterprise Funds	86	Exhibit D-2
Combining Statement of Cash Flows - Enterprise Funds	87	Exhibit D-3
Combining Balance Sheet - Expendable Trust Funds	88	Exhibit E-1
Combining Statement of Revenues, Expenses and Changes in Net Assets - Expendable Trust Funds	89	Exhibit E-2
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Expendable Trust Funds	90	Exhibit E-3

SPECIAL REPORTS SECTION

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Governmental Auditing Standards</i>	91-92
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133.	93-94
Report on Supplementary Schedule of Expenditures of Federal Awards	95
Schedule of Expenditures of Federal Awards	96
Notes to Schedule of Expenditures of Federal Awards	97
Schedule of Findings and Questioned Costs	98-99
Other Supporting Schedules to Footnotes	100
Other Supporting Schedules to Sewer Enterprise Funds	101
Other Supporting Schedules to Water Enterprise Funds	103

THIS PAGE INTENTIONALLY LEFT BLANK

INTRODUCTORY SECTION

City Officials

THIS PAGE INTENTIONALLY LEFT BLANK

**CITY OF CORNING
PRINCIPAL OFFICIALS
June 30, 2012**

**CITY COUNCIL
(Terms as of June 30, 2012)**

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
JOHN BREWER**

THIS PAGE INTENTIONALLY LEFT BLANK

FINANCIAL SECTION

**Independent Auditor's Report
Management Discussion and Analysis
Basic Financial Statements
Notes to the Basic Financial Statements**

Donald R. Reynolds

Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT

To The Honorable Mayor and Members of the 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 (City), as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. My responsibility is to express opinions 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 the 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2012, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated January 31, 2013, on my consideration of the City's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

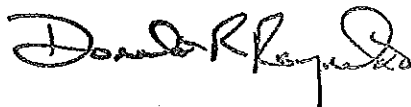
The management's discussion and analysis and budgetary comparison information on pages 3 through 9, and the Supplementary Information and Schedule of Funding Progress and the Budgetary Comparison Schedules presented on pages 46 through 90 are not a required part of the basic financial statements but 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

1438 Oregon Street, P.O. Box 994508 Redding, CA 96099-4508 (530) 246-2834 fax (530) 244-0331

The Honorable Mayor and Members of the City Council
City of Corning
Corning, California

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 opinions on the financial statements that collectively comprise the City's basic financial statements as a whole. The combining and individual nonmajor fund financial statements, as well as the schedule of expenditures of federal awards are presented for purposes of additional analysis as required by the U.S. Office of Management and Budget, Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and are not a required part of the basic financial statements. 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 do not express an opinion or provide any assurance on it.



Donald R. Reynolds, CPA
Redding, California
January 31, 2013

THIS PAGE INTENTIONALLY LEFT BLANK

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, 2012. 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, 2012 by \$16.67 million (net assets). Of this amount, \$3.02 million (unrestricted, assigned net assets) may be used to meet the government's ongoing obligations to its citizens and creditors.
- Total net assets increased by \$1.16 million, with an increase of \$1.5 million in net assets of governmental activities, and a decrease of \$341 thousand in business-type activities.
- Governmental funds, on June 30, 2012, reported combined Net Assets of \$8.29 million, an increase of \$1.5 million in comparison to the previous fiscal year. These net assets are largely investments in capital assets with \$2.39 million (28.823%) being unreserved and available for spending (unreserved fund balance).
- As of June 30, 2012, the General Fund had a year-end fund balance of \$1.3 million, \$498 thousand of which was unreserved. The unreserved General Fund balance at June 30, 2012, represented 11.52% of 2011-2012 General Fund expenditures of \$4.32 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.

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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 \$16.67 million at June 30, 2012. Net assets increased by \$1.5 million in Fiscal Year 2011-2012.

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 \$5.03 million in Fiscal Year 2011-2012. Program revenues totaled \$437 thousand. General revenues and transfers totaled \$6.00 million. Tax revenues (70.75 percent) represented the largest share of general revenues and intergovernmental and other revenues (13.33 percent) represented the second-largest share of general revenues and transfers.

The largest portion of governmental activity expenses; public safety activities, represented 64.85 percent. 16.5 percent related to general government activities and street related activities accounted for another 13.6 percent. Recreation and cultural activities represented 4.5 percent, while community and economic development represented 0.6 percent.

Business-type Activities. Business-type activity expenses totaled \$3.69 million in Fiscal Year 2011-2012. Charges for services totaled \$3.26 million, and lease, rents and other revenues totaled \$423 thousand. Sewer enterprise expenses totaled \$1.95 million, with charges for sewer services totaling \$1.55 million. Water enterprise expenses totaled \$1.24 million, with charges for water services totaling \$1.29 million. Solid Waste expenses totaled \$424 thousand, with charges for Solid waste services totaling \$423 thousand. Airport enterprise expenses totaled \$58 thousand. Transportation Center enterprise expenses totaled \$16 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, 2012, the City of Corning's governmental funds reported combined ending fund balances of \$2.71 million. Of this total, 70.50% (1.91 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 2011-2012, there was a surplus of General Fund revenues and other financing sources over expenditures and other uses in the amount of \$319,028. The City Departments spent \$90,192 more than budgeted.

General Fund Revenues.

Sales and use tax revenues rose 33.33% from 2010-2011 to 2011-2012 as a result of improving retail, particularly fuel and automotive sales

Property tax revenues declined 0.19% from 2010-2011 to 2011-2012,

Franchise taxes declined by 10.52 % from 2010-2011 to 2011-2012.

Vehicle License Fees decreased by 5.24 % from 2010-2011 to 2011-2012. The State had finally paid back one of its "Takings" from local government revenues making 2010-2011 higher than normal. The state has also completely changed it method for allocating Vehicle License Fees which may result in smaller increases in the future.

Transient occupancy tax decreased by 2.00% from 2010-2011 to 2011-2012, generally due to the timing of hotel payments.

Intergovernmental revenues were down 27.51% from 2010-2011 to 2011-2012. The City received additional grant revenues in 2010-2011 for numerous projects. 2011-2012 projects were debt financed.

Charges for services and other revenues decreased by 8.09% from 2010-2011 to 2011-2012, 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 18.64% from 2010-2011 to 2011-2012.

Overall, general fund revenues increased 11.82%, from \$4,163,542 in the prior fiscal year, 2010-2011, to \$4,677,920 in fiscal year 2011-2012, not including transfers.

	<u>2011/12</u>	<u>% of Total</u>	<u>Change from</u> <u>2010/11</u>
Sales, use and other taxes	\$ 2,790,517	59.7%	\$ 697,555
Property taxes	487,247	10.4%	(904)
Franchise taxes	107,924	2.3%	(12,694)
Vehicle license fees	537,374	11.5%	(29,723)
Transient Occupancy tax	260,693	5.6%	(5,317)
Other taxes	11,313	0.2%	(7,545)
Intergovernmental	255,548	5.5%	(96,968)

Interest	1,367	0.1%	(410)
Licenses and permits	69,096	1.5%	(15,833)
Other	<u>156,526</u>	<u>3.3%</u>	<u>(13,784)</u>
Total revenues	\$ 4,677,920	100.0%	\$ 514,377

General Fund expenditures. General Fund expenditures totaled \$5.11 million in 2010-2012.

	<u>2011/12</u>	<u>% of Total</u>	<u>Change From</u> <u>2010/11</u>
General government	\$ 539,720	12.5%	\$ (15,531)
Public safety	3,255,027	75.3%	79,867
Transportation	285,172	6.6%	99,458
Cultural, Parks and Recreation	220,773	5.1%	(9,819)
Community/Economic development	22,000	.5%	500
Debt Service	-	- %	-
Capital outlay	-	- %	-
Total expenditures	<u>\$ 4,322,692</u>	<u>100.0%</u>	<u>\$ 154,655</u>

General government expenditures decreased 2.77%. Public safety expenditures increased 2.52%. General Fund Transportation expenditures increased 53.55%. Culture, parks and recreation expenditures decreased 4.26%. Community/ Economic development expenditures rose 2.33%. Retirement of principal and interest charges is nominal in the General Fund. No capital outlay was expended in 2011-2012 to purchase the City's new additions to fixed assets.

General Fund analysis General Fund expenditures exceeded General Fund revenues by \$355,228 in fiscal year 2011-2012.

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, 2012, 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 2011-2012:

	<u>Final Budget</u>	<u>Actual</u>
Revenues	\$ 3,823,430	\$ 4,677,920
Other Sources Transfers in	<u>5,000</u>	<u>800</u>
Total Revenues and Other Source	<u>3,828,430</u>	<u>4,678,720</u>
Expenditures and Transfers-out	<u>(4,269,500)</u>	<u>(4,359,692)</u>
Excess (Deficiency)	<u>\$ (441,070)</u>	<u>\$ 319,028</u>

The City Departments spent \$90,192 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, 2012, amounts to \$16.03 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, 2012, the City had \$135 thousand in governmental activity debt outstanding. The City had \$10.35 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 added \$613 thousand in long-term debt and retired \$261 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 32% increase in sales and use tax in Corning in 2011-2012 with total sales tax received in the amount of \$2,771,455.

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 complicated formulas put in place by the State in order to take a portion of local sales tax.

Other City operations remain in good financial shape. The Water Enterprise invested in one new well in 2011-2012, 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 \$117,109 in State Gas Taxes during the year; that is only \$15.28 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 was awarded \$282,824, in State Proposition 84 Grant Funds to complete the development of a major new park in the southwest “quadrant” of the City. The city added 17 new acres of developed parks. The City continued to position 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 in 2011-2012, a savings of 10% of employee costs. Some Capital Improvements routinely funded from the City General Fund in the past, were 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%. Note that Furloughs have been ended effective Dec. 31, 2012-all employees are back to regular work schedules.

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 Department 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 John Brewer, City Manager, City of Corning, 794 Third Street, Corning, California 96021.

THIS PAGE INTENTIONALLY LEFT BLANK

BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF CORNING
STATEMENT OF NET ASSETS
June 30, 2012

Statement 1

	<u>Primary Government</u>		
	<u>Governmental Activities</u>	<u>Business Activities</u>	<u>Total</u>
<u>ASSETS</u>			
<u>Current Assets:</u>			
Cash and Investments	\$ 2,625,536	\$ 1,881,063	\$ 4,506,599
Intergovernmental Receivable	126,678	-	126,678
Accounts Receivable	-	236,917	236,917
Notes Receivable (C.D.B.G.)	5,000	-	5,000
Receivable from Other Governments	20,296	-	20,296
Other Receivable	5,243	-	5,243
Inventory	-	71,860	71,860
Due From Other Funds	114,149	(114,150)	(1)
Total Current Assets	<u>2,896,902</u>	<u>2,075,690</u>	<u>4,972,592</u>
<u>Noncurrent Assets:</u>			
Restricted Cash	-	977,778	977,778
Notes Receivable (C.D.B.G.)	4,428,626	-	4,428,626
Net Capital Assets (Note 2):			
Enterprise Funds	-	16,124,326	16,124,326
General Plant & Equipment	6,035,514	-	6,035,514
Total Capital Assets, net	<u>6,035,514</u>	<u>16,124,326</u>	<u>22,159,840</u>
Total Noncurrent Assets	<u>10,464,140</u>	<u>17,102,104</u>	<u>27,566,244</u>
Total Assets	<u>13,361,042</u>	<u>19,177,794</u>	<u>32,538,836</u>
<u>LIABILITIES</u>			
<u>Current Liabilities:</u>			
Accounts Payable	140,749	199,601	340,350
Accrued Wages/Payroll Taxes	29,008	7,095	36,103
Accrued Interest Payable	-	125,080	125,080
Deposits	-	67,723	67,723
Deferred Revenue	4,444,035	-	4,444,035
Current Portion of non-current liabilities	88,500	224,288	312,788
Total Current Liabilities	<u>4,702,292</u>	<u>623,787</u>	<u>5,326,079</u>
<u>Noncurrent Liabilities:</u>			
Notes, Bonds and Certificates Payable	-	10,121,933	10,121,933
Accrued Compensated Absences	323,950	49,174	373,124
Capital Leases	47,141	-	47,141
Total Noncurrent Liabilities	<u>371,091</u>	<u>10,171,107</u>	<u>10,542,198</u>
Total Liabilities	<u>5,073,383</u>	<u>10,794,894</u>	<u>15,868,277</u>
<u>NET ASSETS</u>			
Nonspendable - Investment in Capital Assets, net of related debt	5,899,873	5,726,331	11,626,204
Restricted for:			
Debt Service	-	2,023,193	2,023,193
Assigned	2,387,786	633,376	3,021,162
Total Net Assets	<u>\$ 8,287,659</u>	<u>\$ 8,382,900</u>	<u>\$ 16,670,559</u>

See accompanying notes to
the basic financial statements.

CITY OF CORNING
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
Year Ended June 30, 2012

Statement 2

	Program Revenues			Net (Expense)/ Revenue	
	Expenses	Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
FUNCTIONS/PROGRAMS					
Governmental Activities:					
General Government:					
City Council	\$ 33,179	\$ -	\$ -	\$ -	\$ (33,179)
City Administration	96,051	-	-	-	(96,051)
City Clerk	11,675	-	-	-	(11,675)
City Treasurer	866	-	-	-	(866)
City Finance	68,421	-	-	-	(68,421)
General Government	622,455	97,999	-	-	(524,456)
Total General Government	832,647	97,999	-	-	(734,648)
Public Safety and Judiciary:					
Legal Services	74,426	-	-	-	(74,426)
Police	2,080,265	30,120	180,213	-	(1,869,932)
Police Dispatch	467,579	-	-	-	(467,579)
Animal Control	97,924	-	-	-	(97,924)
Fire	539,755	-	-	-	(539,755)
Total Public Safety and Judiciary	3,259,949	30,120	180,213	-	(3,049,616)
Transportation:					
Airport	-	-	-	-	-
Streets	682,674	-	-	95,915	(586,759)
Total Transportation	682,674	-	-	95,915	(586,759)
Cultural, Parks and Recreation					
Library	17,497	-	-	-	(17,497)
Theater	1,798	-	-	-	(1,798)
Parks and Recreation	207,112	39,113	-	-	(167,999)
Total Cultural, Parks and Recreation	226,407	39,113	-	-	(187,294)
Community/Economic Development:					
Economic Development	30,854	-	-	91,220	60,366
Total Community/Economic Development	30,854	-	-	91,220	60,366
Business-Type Activities					
Sewer	1,954,336	1,548,352	-	-	(405,984)
Water	1,240,471	1,285,445	-	-	44,974
Solid Waste	423,809	423,069	-	-	(740)
Airport	58,170	-	-	-	(58,170)
Transportation	16,270	-	-	-	(16,270)
Total Business-Type Activities	3,693,056	3,256,866	-	-	(436,190)
Total	\$ 8,725,587	\$ 3,424,098	180,213	187,135	(4,934,141)

See accompanying notes to
the basic financial statements.

CITY OF CORNING
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
Year Ended June 30, 2012

Statement 2
(Continued)

CHANGES IN NET ASSETS:

	<u>Governmental</u> <u>Activities</u>	<u>Business</u> <u>Activities</u>	<u>Total</u>
Net (Expense)/Revenue	\$ (4,497,951)	\$ (436,190)	\$ (4,934,141)
General Revenues:			
Taxes			
Sales and Use Taxes	2,790,517	-	2,790,517
Property Taxes	487,247	-	487,247
Franchise Taxes	107,924	-	107,924
Vehicle License Fees	537,374	-	537,374
Transit Occupancy Tax	260,693	-	260,693
Other Taxes	128,422	-	128,422
Intergovernmental	812,335	-	812,335
Investment Income	5,655	5,948	11,603
Donations	906,604	-	906,604
Other	(37,935)	90,425	52,490
Transfers - Internal Activity	800	(800)	-
Total General Revenues and Transfers	<u>5,999,636</u>	<u>95,573</u>	<u>6,095,209</u>
Change in Net Assets	1,501,685	(340,617)	1,161,068
Net Assets - Beginning of Year	<u>6,785,974</u>	<u>8,723,517</u>	<u>15,509,491</u>
Prior Period Adjustment	-	-	-
Residual Equity Transfers In (Out)	-	-	-
Net Assets - Ending of Year	<u>\$ 8,287,659</u>	<u>\$ 8,382,900</u>	<u>\$ 16,670,559</u>

THIS PAGE INTENTIONALLY LEFT BLANK

BASIC FINANCIAL STATEMENTS

Fund Financial Statements

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF CORNING
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2012

Statement 3

ASSETS	<u>General Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash and Investments	\$ 1,340,441	\$ 1,285,095	\$ 2,625,536
Intergovernmental Receivable	1,731	124,947	126,678
Accounts Receivable	-	-	-
Notes Receivable (C.D.B.G.)	-	4,433,626	4,433,626
Receivable from Other Governments	20,296	-	20,296
Other Receivable	5,243	-	5,243
Due From Other Funds	<u>-</u>	<u>114,149</u>	<u>114,149</u>
Total Assets	<u>1,367,711</u>	<u>\$ 5,957,817</u>	<u>\$ 7,325,528</u>
LIABILITIES			
Accounts Payable	\$ 30,728	\$ 110,021	\$ 140,749
Accrued Wages/Payroll Taxes	29,008	-	29,008
Due to Other Funds	-	-	-
Deferred Revenue	<u>10,409</u>	<u>4,433,626</u>	<u>4,444,035</u>
Total Liabilities	<u>70,145</u>	<u>4,543,647</u>	<u>4,613,792</u>
FUND BALANCES			
Reserved for:			
Contingencies	800,000	-	800,000
Insurance	-	-	-
Unreserved, reported in			
General Fund	497,566	-	497,566
Special Revenues Funds	-	1,010,417	1,010,417
Capital Projects Funds	<u>-</u>	<u>403,753</u>	<u>403,753</u>
Total Fund Balances	<u>1,297,566</u>	<u>1,414,170</u>	<u>2,711,736</u>
Total Liabilities and Fund Balances	<u>\$ 1,367,711</u>	<u>\$ 5,957,817</u>	<u>\$ 7,325,528</u>

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

Total Fund Balance - Total Governmental Funds	\$ 2,711,736
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.	6,035,514
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	(323,950)
Capital Lease	<u>(135,641)</u>
Net Assets of Governmental Activities	<u>\$ 8,287,659</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, 2012

Statement 4

	<u>General Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES:			
Taxes	\$ 4,195,068	\$ 117,109	\$ 4,312,177
Intergovernmental Revenues	255,548	652,702	908,250
Interest	1,682	3,973	5,655
Licenses and Permits	69,096	-	69,096
Miscellaneous	156,526	138,108	294,634
Total Revenues	<u>4,677,920</u>	<u>911,892</u>	<u>5,589,812</u>
EXPENDITURES:			
Current:			
General Government:			
City Council	25,028	-	25,028
City Administration	72,454	-	72,454
City Clerk	8,807	-	8,807
City Treasurer	653	-	653
City Finance	51,612	-	51,612
General Government	381,166	33,107	414,273
Total General Government	<u>539,720</u>	<u>33,107</u>	<u>572,827</u>
Public Safety and Judiciary:			
Legal Services	74,426	-	74,426
Police	2,075,343	4,922	2,080,265
Police Dispatch	467,579	-	467,579
Animal Control	97,924	-	97,924
Fire	539,755	-	539,755
Total Public Safety and Judiciary	<u>3,255,027</u>	<u>4,922</u>	<u>3,259,949</u>
Transportation:			
Streets	285,172	397,502	682,674
Total Transportation	<u>285,172</u>	<u>397,502</u>	<u>682,674</u>
Cultural, Parks and Recreation			
Library	17,497	-	17,497
Theater	1,798	-	1,798
Parks and Recreation	201,478	5,634	207,112
Total Cultural, Parks and Recreation	<u>220,773</u>	<u>5,634</u>	<u>226,407</u>
Community/Economic Development:			
Economic Development	22,000	8,854	30,854
Total Community/Economic Development	<u>22,000</u>	<u>8,854</u>	<u>30,854</u>
Debt Service:			
Principal	-	-	-
Interest and Other Charges	-	-	-
Capital Outlay	-	346,378	346,378
Total Expenditures	<u>4,322,692</u>	<u>796,397</u>	<u>5,119,089</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>355,228</u>	<u>115,495</u>	<u>470,723</u>
OTHER FINANCING SOURCES (USES)			
Debt Proceeds	-	-	-
Transfers In / Out	(36,200)	37,000	800
Total Other Financing Sources and (Uses)	<u>(36,200)</u>	<u>37,000</u>	<u>800</u>
Net Change in Fund Balances	319,028	152,495	471,523
Fund Balances-Beginning of Year	960,090	1,280,123	2,240,213
Prior period adjustment	18,448	(18,448)	-
Fund Balances-End of Year	<u>\$ 1,297,566</u>	<u>\$ 1,414,170</u>	<u>\$ 2,711,736</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, 2012

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 \$ 471,523

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	350,122	
Capital Assets donated and adjusted	906,604	
Depreciation expense	<u>(204,561)</u>	1,052,165

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		-
---	--	---

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>(22,003)</u>
------------------------------	--	-----------------

Change in Net Assets of Governmental Activities	\$	<u>1,501,685</u>
---	----	------------------

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF CORNING
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2012

Statement 5

	<u>Enterprise Funds</u>
<u>ASSETS</u>	
<u>Current Assets:</u>	
Cash and Investments	\$ 1,881,063
Accounts Receivable	236,917
Inventory	71,860
Total Current Assets	<u>2,189,840</u>
<u>Noncurrent Assets:</u>	
Capital Assets:	
Property, Plant, and Equipment	26,200,248
Accumulated Depreciation	<u>(10,169,380)</u>
Net Capital Assets	<u>16,030,868</u>
Loan Acquisition Costs	136,807
Accumulated Amortization	<u>(43,349)</u>
Net Loan Acquisition Costs	<u>93,458</u>
Restricted Assets	<u>977,778</u>
Total Noncurrent Assets	<u>17,102,104</u>
Total Assets	<u>\$ 19,291,944</u>
<u>LIABILITIES</u>	
<u>Current Liabilities:</u>	
Accounts Payable	\$ 199,601
Accrued Wages/Payroll Taxes	7,095
Due to Other Funds	114,150
Accrued Interest Payable	125,080
Deposits	67,723
Current Portion of Non-Current Liabilities	<u>224,288</u>
Total Current Liabilities	<u>737,937</u>
<u>Noncurrent Liabilities:</u>	
Notes, Bonds and Certificates Payable	10,121,933
Accrued Compensated Absences	<u>49,174</u>
Total Noncurrent Liabilities	<u>10,171,107</u>
Total Liabilities	<u>10,909,044</u>
<u>NET ASSETS:</u>	
Investment in Capital Assets, net of related debt	5,726,331
Restricted for:	
Debt Service	2,023,193
Unrestricted	<u>633,376</u>
Total Net Assets	<u>8,382,900</u>
Total liabilities and net assets	<u>\$ 19,291,944</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, 2012

	<u>Enterprise Funds</u>
OPERATING REVENUES:	
Charges for Services	\$ 1,548,352
Sewer Charges	1,283,720
Water Charges	423,069
Solid Waste	1,725
Connection Fees	29,800
Lease and Rents	60,625
Other revenue	<u>3,347,291</u>
Total Operating Revenues	
OPERATING EXPENSES:	
Salaries and Benefits	800,109
Utilities	279,194
Depreciation	667,132
Amortization	6,219
Other Expenses	<u>1,487,850</u>
Total Operating Expenses	<u>3,240,504</u>
Operating Income	<u>106,787</u>
NONOPERATING REVENUES (EXPENSES):	
Interest Income	5,948
Interest expense	<u>(452,552)</u>
Total Nonoperating Revenue (Expenses)	<u>(446,604)</u>
Income Before Contributions and Transfers	(339,817)
Operating transfers in (out)	<u>(800)</u>
Net income (Loss)	(340,617)
Net Assets-Beginning of Year - As previously stated	<u>8,723,517</u>
Prior period adjustment	-
Net Assets-Beginning of Year - As restated	8,723,517
Residual Equity Transfers In	-
Residual Equity Transfers Out	-
Net Assets-End of Year	<u>\$ 8,382,900</u>

See accompanying notes to
the basic financial statements.

CITY OF CORNING
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
JUNE 30, 2012

Statement 7

	<u>Enterprise Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Customers	\$ 3,210,967
Other Operating Cash Receipts	90,425
Payments to Suppliers	(1,721,995)
Payments to Employees	<u>(799,673)</u>
Net Cash Provided (Used) by Operating Activities	<u>779,724</u>
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Operating transfers from (to) other funds	<u>(800)</u>
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Interest Paid	(452,552)
Repayment of Certificates of Participation	409,737
Loss on disposition of assets	-
Payments for capital acquisitions	<u>(697,654)</u>
Net cash (used by) capital and related financing activities	<u>(740,469)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES:	
Receipts of interest	<u>5,948</u>
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>44,403</u>
 CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,836,660</u>
 CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,881,063</u>
 RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Net Operating Income (Loss)	\$ 106,787
Adjustments to Reconcile Net Income to Net Cash Provided by (Used by) Operating Activities:	
Depreciation	673,351
Decrease (Increase) in Accounts Receivable	(49,243)
Decrease (Increase) in Inventory	(712)
Decrease (Increase) in Other Assets	(24,011)
Increase (Decrease) in Accounts Payable	73,709
Increase (Decrease) in Wages Payable	1,810
Increase (Decrease) in Accrued Compensation	(1,374)
Increase (Decrease) in Due to Other Funds	(4,271)
Increase (Decrease) in Interest Payable	334
Increase (Decrease) in Deposits	<u>3,344</u>
Net cash from (used for) operating activities	<u>\$ 779,724</u>

See accompanying notes to the
basic financial statements.

THIS PAGE INTENTIONALLY LEFT BLANK

BASIC FINANCIAL STATEMENTS

Notes to Basic Financial Statements

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF CORNING
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2012

Statement 8

	<u>Private Purpose Funds</u>
<u>ASSETS</u>	
Cash and Investments	\$ 310,734
Total Assets	<u>\$ 310,734</u>
 <u>Net Assets</u>	
Held in trust for:	
Scholarships	\$ 27,422
Library Systems	263,559
Theater	<u>19,753</u>
Total Net Assets	<u>310,734</u>
Total Liabilities and Net Assets	<u>\$ 310,734</u>

CITY OF CORNING
STATEMENT OF CHANGE IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2012

Statement 9

	<u>Private Purpose Trust</u>
<u>Additions:</u>	
Interest Income	\$ 466
Total Revenues	<u>466</u>
<u>Deductions:</u>	
Scholarships	500
Capital Outlay	2,263
Other Deductions	<u>-</u>
Total Deductions	<u>2,763</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(2,297)</u>
Other Financing Sources (Uses):	
Operating Transfers In	-
Operating Transfers Out	<u>(2,436)</u>
Total Other Financing Source (Uses)	<u>(2,436)</u>
Change in Net Assets	<u>(4,733)</u>
Net Assets-Beginning of the Year	<u>315,467</u>
Net Assets-End of the Year	<u>\$ 310,734</u>

CITY OF CORNING
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

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, 2012

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, 2012

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, 2012

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, 2012 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, 2012

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, 2012

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 2012, 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, 2012

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, 2012

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 defied benefit OPEB plan obtain an actual valuation.

(Continued on the following page)

CITY OF CORNING
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2012

NOTE 2 CASH AND INVESTMENTS

Cash and investments as of June 30, 2012, are as follows:

	Government-Wide Statement of Net Assets			Fiduciary Funds	Total
	Governmental Activities	Business Activities	Total		
Cash and investments	\$ 2,625,536	\$ 1,881,063	\$ 4,506,599	\$ 310,734	\$ 4,817,333
Restricted cash and investments	\$ -	\$ 977,778	\$ 977,778	\$ -	\$ 977,778

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, 2012, the carrying amount of the City's deposits was \$5,769,034, of which \$977,778 was restricted and \$4,791,256 was unrestricted. The bank balance was \$3,580,312. Of the bank balance, \$860,287 was covered by Federal depository insurance, and \$2,720,025 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, 2012, 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, 2012

NOTE 2 CASH AND INVESTMENTS (Continued)

At June 30, 2012, the City's investments and deposits were as follows:

	Cash and Investments		
	Fair Value		Total
	Unrestricted	Restricted	
Deposits	\$ 2,549,583	\$ 977,778	\$ 3,527,361
Local Agency Investment Fund	2,267,750	-	2,267,750
Total Cash and Investments	\$ 4,817,333	\$ 977,778	\$ 5,795,111

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, 2012, 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, 2012.

NOTE 3 CAPITAL ASSETS

Capital asset activities for the year ended June 30, 2012, was as follows:

	Balance at June 30, 2011	Additions	Donations Adjustments/ Disposals	Balance at June 30, 2012
Governmental Activities:				
Buildings	\$ 1,541,826	\$ 5,982	\$ -	\$ 1,547,808
Parks	486,172	10,935	-	497,107
Fire Department	1,245,575	-	-	1,245,575
Police Department	590,101	44,435	-	634,536
Machinery and Equipment	1,012,374	-	(160,093)	852,281
Infrastructure	3,666,613	1,165,454	-	4,832,067
Total at Historic Cost	8,542,661	1,226,806	(160,093)	9,609,374
Less Accumulated Depreciation	3,414,299	\$ 204,561	\$ (45,000)	3,573,860
Governmental Activities Capital Assets, net	\$ 5,128,362			\$ 6,035,514

(Continued on the following page)

CITY OF CORNING
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE 3 CAPITAL ASSETS (Continued)

Business-Type Activities:

Construction in Progress	\$	-	\$	-	\$	-	\$	-
Land		838,088		-		-		838,088
Building		2,652,532		-		-		2,652,532
Improvements		74,308		-		-		74,308
Machinery and Equipment		497,523		40,503		-		538,026
Utility Property		21,374,003		718,123		-		22,092,126
Total at Historical Cost		<u>25,436,454</u>	\$	<u>758,626</u>	\$	-		<u>26,195,080</u>
Less Accumulated Depreciation		<u>9,497,986</u>	\$	<u>671,394</u>	\$	-		<u>10,169,380</u>
Loan Acquisition Costs		<u>136,807</u>	\$	-	\$	-		<u>136,807</u>
Less Accumulated Amortization		<u>37,308</u>	\$	<u>6,217</u>	\$	-		<u>43,525</u>
Business-Type Capital Assets, net	\$	<u>16,037,967</u>					\$	<u>16,118,982</u>

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,

	Clark Well Loan	Capital Leases	1999 Certificates of Participation	2005 Certificates of Participation	2005 Revenue Refunding Bonds
Long Term Debt June 30, 2011	\$ -	\$ 134,563	\$ 3,749,800	\$ 2,095,000	\$ 4,050,000
Additions	613,000	-	-	-	-
Deletions	-	-	-	-	-
Repayment	<u>(4,563)</u>	<u>(43,922)</u>	<u>(80,400)</u>	<u>(80,000)</u>	<u>(52,000)</u>
Long Term Debt June 30, 2012	<u>\$ 608,437</u>	<u>\$ 90,641</u>	<u>\$ 3,669,400</u>	<u>\$ 2,015,000</u>	<u>\$ 3,998,000</u>

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%

	<u>Fire Engine</u>
2012-13	\$ 47,308
2013-14	<u>47,308</u>

(Continued on the following page)

CITY OF CORNING
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2012

NOTE 4 CHANGES IN LONG-TERM DEBT (Continued)

Capital Leases (Continued)

	<u>Fire Engine</u>
Total Minimum Lease Payments	94,616
Less: Amounts representing interest	<u>3,975</u>
Present value of future minimum lease payments	<u>\$ 90,641</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 Purchase Agreement

The City also entered into an installment purchase agreement, with the Corning Public Financing Authority on August 1, 2011 for the financing of the Clark Park Municipal Water Project. The funding was supported by the United States Department of Agriculture, Rural Utility Service Loan Program. The certificate of participation is in the original amount of \$613,000 and is payable in annual installments on March 1st of each year including interest at 3.25 percent.

<u>Installment Payment Schedule for Certificates</u>			<u>Installment Purchase Agreement</u>	
<u>Maturity Date (September 1)</u>	<u>Series A Certificates</u>	<u>Series B Certificates</u>	<u>Maturity Date (March 1)</u>	<u>Clark Park Municipal Water Project</u>
	<u>Principal Amount</u>	<u>Principal Amount</u>		<u>Principal Amount</u>
2012 \$	64,400	\$ 5,200		
2013	67,200	5,400	2013 \$	7,970
2014	70,100	5,600	2014	8,229
2015	73,200	5,900	2015	8,497
2016	76,400	6,100	2016	8,773
2017	79,700	6,400	2017	9,058
2018	83,200	6,700	2018	9,352
2019	86,900	7,000	2019	9,656
2020	90,700	7,300	2020	9,970
2021	94,600	7,600	2021	10,294
2022	98,800	8,000	2022	10,629
2023	103,100	8,300	2023	10,974

(Continued on the following page)

CITY OF CORNING
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2012

NOTE 4 CHANGES IN LONG-TERM DEBT (Continued)

<u>Installment Payment Schedule for Certificates</u>			<u>Installment Purchase Agreement</u>	
Maturity Date (September 1)	Series A Certificates	Series B Certificates	Maturity Date (March 1)	Clark Park Municipal Water Project
	Principal Amount	Principal Amount		Principal Amount
2024	107,600	8,700	2024	11,331
2026	117,200	9,400	2026	12,079
2027	122,400	9,800	2027	12,472
2028	127,700	10,300	2028	12,877
2029	133,300	10,700	2029	13,295
2030	139,100	11,200	2030	13,728
2031	145,200	11,700	2031	14,174
2032	151,600	12,200	2032	14,634
2033	158,200	12,700	2033	15,110
2034	165,100	13,300	2034	15,601
2035	172,400	13,900	2035	16,108
2036	179,900	14,500	2036	16,632
2037	187,800	15,100	2037	17,172
2038	196,000	15,800	2038	17,730
2039	204,700	16,500	2039	18,306
			2040	18,901
			2041	19,516
			2042	20,150
			2043	20,805
			2044	21,481
			2045	22,179
			2046	22,900
			2047	23,644
			2048	24,412
			2049	25,205
			2050	26,024
			2051	26,870
				<u>\$ 608,069</u>
	<u>\$ 3,404,100</u>	<u>\$ 265,300</u>		

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

(Continued on the following page)

CITY OF CORNING
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2012

NOTE 4 CHANGES IN LONG-TERM DEBT (Continued)

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.

Installment Payment Schedule for Certificates

<u>Series A Certificates</u>		
	<u>Principal Amount</u>	<u>Maturity Date (August 15)</u>
\$	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>2,015,000</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 Bonded Debt

<u>Series A Bonds</u>		<u>Series B Bonds</u>	
<u>Principal Amount</u>	<u>Maturity Date (September 1)</u>	<u>Principal Amount</u>	<u>Maturity Date (September 1)</u>
\$ 49,000	2012	\$ 6,000	2012

(Continued on the following page)

CITY OF CORNING
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2012

NOTE 4 CHANGES IN LONG-TERM DEBT (Continued)

Installment Payment Schedule for Bonded Debt			
Series A Bonds		Series B Bonds	
Principal Amount	Maturity Date (September 1)	Principal Amount	Maturity Date (September 1)
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
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
\$ <u>3,577,000</u>		\$ <u>421,000</u>	

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.

(Continued on the following page)

CITY OF CORNING
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2012

NOTE 5 OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES (Continued)

- 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.
- E. Excess of expenditures over appropriations in individual funds for the year ended June 30, 2012 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, 2012 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, 2012 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	\$ 114,150
		\$ 114,150

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

(Continued on the following page)

CITY OF CORNING
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2012

NOTE 6 RETIREMENT PROGRAMS - REGULAR EMPLOYEES (Continued)

B. FUNDING POLICY (Continued)

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.

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 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	\$ 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 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	\$ 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

(Continued on the following page)

CITY OF CORNING
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2012

NOTE 7 RETIREMENT PROGRAMS - SAFETY EMPLOYEES (Continued)

A. PLAN DESCRIPTION (Continued)

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 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)

Fiscal Year <u>Ending</u>	Annual Pension Cost (APC)	% of APC <u>Contributed</u>	Net Pension <u>Obligation</u>	Entry age Normal Accrued <u>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

Valuation <u>Date</u>	Actuarial Value of <u>Assets</u>	Unfunded/ (Overfunded) <u>Liability</u>	Funded <u>Ratio</u>	Annual Covered <u>Payroll</u>	UAAL As a % <u>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, 2012.

CITY OF CORNING
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2012

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:

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 2012. 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, 2012:

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

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, 2012, 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

(Continued on the following page)

CITY OF CORNING
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2012

NOTE 9 RESERVES AND DESIGNATIONS OF FUND EQUITY (Continued)

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, 2012, are outlined below followed by explanations as to the nature and purpose of each reserve:

<u>Reserve</u>	<u>General Fund</u>	<u>Fiduciary Funds</u>
Reserve for Contingencies	\$ 800,000	\$ -
Reserve for Scholarships		27,422
Reserve for Library Systems		263,559
Reserve for Theater		19,753

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.

(Continued on the following page)

CITY OF CORNING
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2012

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.

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:

	<u>Beginning of the Year</u>	<u>End of the Year</u>
Capital leases payable	\$ (313,911)	\$ (135,641)
Other accrued liabilities	(268,690)	(323,950)
Certificate of Participation	-	-
Net capital assets	<u>5,128,362</u>	<u>6,035,514</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities	<u>\$ 4,545,761</u>	<u>\$ 5,575,923</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

(Continued on the following page)

CITY OF CORNING
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2012

NOTE 14 RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

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:

Capital outlay	\$ 350,122
Depreciation	(204,561)
Bond Proceeds	-
Bond Principal Retirement	-
Change in accrued liabilities	(22,003)
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>\$ 123,558</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

(Continued on the following page)

CITY OF CORNING
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE 15 BUDGETARY PRINCIPLES (Continued)

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.

NOTE 17 LOANS RECEIVABLE - CDBG/EDBG

Over the years, the City has entered into several grant projects which provide, in large part, funding for loans for housing rehabilitation and economic development improvements. There are numerous related restrictions on how the proceeds from loan payments and payoffs are used.

Many of the loans are deferred, both principal and interest. It's the City's practice to not accrue interest on the deferred loans until they either mature or are amortized and payments made. Some of the loans have, or may, become uncollectable. As those events occur, the City's practice is to review enforcement action on a case by case basis. One of the currently outstanding economic development loans, interest bearing with a principal balance of \$170,000, has past its ten year deferral period and no payment have yet been made. The City is in discussions with the borrower.

NOTE 18 SUBSEQUENT EVENTS

These financial statements consider subsequent events through January 31, 2013 the date the financial statements were made available to be issued.

THIS PAGE INTENTIONALLY LEFT BLANK

REQUIRED SUPPLEMENTARY INFORMATION

Unaudited

CITY OF CORNING
GENERAL FUND
Comparative Balance Sheet
June 30, 2012

Exhibit A-1

ASSETS	<u>General Fund</u>
Cash and Investments	\$ 1,340,441
Interest Receivable	1,731
Accounts Receivable	-
Receivable from Other Governments	20,296
Other Receivable	5,243
Due From Other Funds	<u>-</u>
 Total Assets	 \$ <u>1,367,711</u>
 LIABILITIES	
Accounts Payable	\$ 30,728
Accrued Wages/Payroll Taxes	29,008
Deferred Revenue	<u>10,409</u>
 Total Liabilities	 <u>70,145</u>
 FUND BALANCES	
Reserved for:	
Contingencies	800,000
Insurance	-
Unreserved, reported in	<u>497,566</u>
General Funds	
Special Revenues Fund	-
Capital Projects Fund	<u>-</u>
 Total Fund Balances	 <u>1,297,566</u>
 Total Liabilities and Fund Balances	 \$ <u>1,367,711</u>

**CITY OF CORNING
GENERAL FUND**

Exhibit A-2

**Comparative Statement of Revenues, Expenditures, and Changes in Fund Balance
Year Ended June 30, 2012**

	General Fund
REVENUES:	
Taxes	\$ 4,195,068
Intergovernmental Revenues	255,548
Interest	1,682
Licenses and Permits	69,096
Miscellaneous	156,526
Total Revenues	<u>4,677,920</u>
EXPENDITURES:	
Current:	
General Government:	
City Council	25,028
City Administration	72,454
City Clerk	8,807
City Treasurer	653
City Finance Department	51,612
General Government	381,166
Total General Government	<u>539,720</u>
Public Safety and Judiciary:	
Legal Services	74,426
Police	2,075,343
Police Dispatch	467,579
Animal Control	97,924
Fire	539,755
Total Public Safety and Judiciary	<u>3,255,027</u>
Transportation:	
Streets	285,172
Total Transportation	<u>285,172</u>
Cultural, Parks and Recreation	
Library	17,497
Theater	1,798
Parks and Recreation	201,478
Total Cultural, Parks and Recreation	<u>220,773</u>
Community/Economic Development:	
Economic Development	22,000
Total Community/Economic Development	<u>22,000</u>
Capital Outlay	-
Total Expenditures	<u>4,322,692</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>355,228</u>
OTHER FINANCING SOURCES (USES)	
Transfers In	800
Transfers Out	(37,000)
Total Other Financing Sources and Uses	<u>(36,200)</u>
Net Change in Fund Balances	<u>319,028</u>
Fund Balance-Beginning as previously stated	960,090
Prior period Adjustment	18,448
Fund Balance-Beginning as restated	<u>978,538</u>
Fund Balance-Ending	<u>\$ 1,297,566</u>

See accompanying notes to
the basic financial statements.

CITY OF CORNING

Exhibit A-3

GENERAL FUND

**Comparative Statement of Revenues, Expenditures,
and Changes in Fund Balances - Budget and Actual
For the Fiscal Years ended June 30, 2012**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Resources (Inflows):				
Taxes				
Sales and Use Taxes	\$ 2,026,000	2,026,000	\$ 2,790,517	\$ 764,517
Property Taxes	496,100	496,100	487,247	(8,853)
Franchise Taxes	108,000	108,000	107,924	(76)
Vehicle License Fees	500,000	500,000	537,374	37,374
Transient Occupancy Tax	260,000	260,000	260,693	693
Other Taxes	18,000	18,000	11,313	(6,687)
Total Taxes	3,408,100	3,408,100	4,195,068	786,968
Intergovernmental Revenues	213,600	213,600	255,548	41,948
Interest	5,000	5,000	1,682	(3,318)
Licenses and Permits	76,000	76,000	69,096	(6,904)
Miscellaneous	120,730	120,730	156,526	35,796
Other Financing Sources:				
Operating Transfers In	5,000	5,000	800	(4,200)
Amount Available for Appropriation	3,828,430	3,828,430	4,678,720	850,290
Charges to Appropriations (Outflows):				
City Council				
Personnel Services	18,000	18,000	18,020	(20)
Material and Supplies	900	900	1,367	(467)
Other Services and Charges	6,000	6,000	5,641	359
Total City Council	24,900	24,900	25,028	(128)
City Administration				
Personnel Services	66,935	66,935	69,702	(2,767)
Material and Supplies	1,350	1,350	1,126	224
Other Services and Charges	2,100	2,100	1,626	474
Total City Administration	70,385	70,385	72,454	(2,069)
City Clerk				
Personnel Services	4,200	4,200	4,089	111
Material and Supplies	12,000	12,000	821	11,179
Other Services and Charges	100	100	3,897	(3,797)
Total City Clerk	16,300	16,300	8,807	7,493
City Treasurer				
Personnel Services	600	600	653	(53)
Total City Treasurer	600	600	653	(53)
City Finance Department				
Personnel Services	17,944	17,944	18,348	(404)
Material and Supplies	20,491	20,491	3,684	16,807
Other Services and Charges	324	324	29,580	(29,256)
Total City Finance Department	38,759	38,759	51,612	(12,853)
General Government				
Personnel Services	149,163	149,163	165,326	(16,163)
Material and Supplies	189,142	189,142	24,052	165,090
Other Services and Charges	7,083	7,083	191,788	(184,705)
Total General Government	345,388	345,388	381,166	(35,778)
Legal Services				
Personnel Services	-	-	-	-
Other Services and Charges	62,440	62,440	74,426	(11,986)

(Continued)

See accompanying footnotes to the basic financial statements.

**CITY OF CORNING
GENERAL FUND**

Exhibit A-3
(Continued)

**Comparative Statement of Revenues, Expenditures,
and Changes in Fund Balances - Budget and Actual
For the Fiscal Years ended June 30, 2012**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Total Legal Services	62,440	62,440	74,426	(11,986)
Police				
Personnel Services	1,891,128	1,891,128	1,912,699	(21,571)
Material and Supplies	23,650	23,650	7,327	16,323
Other Services and Charges	69,720	69,720	155,317	(85,597)
Total Police	1,984,498	1,984,498	2,075,343	(90,845)
Police Dispatch				
Personnel Services	416,201	416,201	402,984	13,217
Material and Supplies	60,700	60,700	41,431	19,269
Other Services and Charges	4,000	4,000	23,164	(19,164)
Total Police Dispatch	480,901	480,901	467,579	13,322
Animal Control				
Personnel Services	69,439	69,439	74,669	(5,230)
Material and Supplies	17,448	17,448	4,141	13,307
Other Services and Charges	5,900	5,900	19,114	(13,214)
Total Animal Control	92,787	92,787	97,924	(5,137)
Fire				
Personnel Services	423,894	423,894	446,827	(22,933)
Material and Supplies	70,165	70,165	12,635	57,530
Other Services and Charges	21,165	21,165	80,293	(59,128)
Total Fire	515,224	515,224	539,755	(24,531)
Streets				
Personnel Services	150,257	150,257	110,342	39,915
Material and Supplies	179,900	179,900	94,639	85,261
Other Services and Charges	10,000	10,000	80,191	(70,191)
Total Streets	340,157	340,157	285,172	54,985
Library				
Material and Supplies	17,100	17,100	5,073	12,027
Other Services and Charges	800	800	12,424	(11,624)
Total Library	17,900	17,900	17,497	403
Theater				
Other Services and Charges	3,200	3,200	1,798	1,402
Total Theater	3,200	3,200	1,798	1,402
Parks and Recreation				
Personnel Services	112,612	112,612	119,509	(6,897)
Material and Supplies	63,230	63,230	41,452	21,778
Other Services and Charges	1,500	1,500	40,517	(39,017)
Parks and Recreation	177,342	177,342	201,478	(24,136)
Economic Development				
Other Services and Charges	22,000	22,000	22,000	-
Total Economic Development	22,000	22,000	22,000	-
Capital Outlay	-	-	-	-
Operating Transfer Out	-	-	37,000	(37,000)
Total Charges to Appropriations	4,192,781	4,192,781	4,359,692	(166,911)
Excess (Deficiency) of Resources Over Appropriations	\$ (364,351)	(364,351)	\$ 319,028	\$ 683,379

See accompanying footnotes to
the basic financial statements.

CITY OF CORNING
SPECIAL REVENUE FUNDS
Combining Balance Sheet
June 30, 2012

Exhibit B-1

ASSETS	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)
Cash and Cash Equivalents	\$ -	\$ -	\$ 43,890	\$ 55,226	\$ 42,236	\$ 13,176	\$ 154,528
Intergovernmental Receivable	21,000	-	45,753	5,868	5,062	6,906	84,589
Due from other funds	-	-	-	-	-	-	-
Notes Receivable (C.D.B.G)	-	-	-	-	-	-	-
Total Assets	\$ 21,000	\$ -	\$ 89,643	\$ 61,094	\$ 47,298	\$ 20,082	\$ 239,117

LIABILITIES AND FUND BALANCE

Liabilities:							
Accounts Payable	\$ 8,307	\$ -	\$ -	\$ -	\$ -	\$ 1,117	\$ 9,424
Accrued Wages/Payroll Taxes	-	-	-	-	-	-	-
Due to Other Funds	-	-	-	-	-	-	-
Deferred Revenue	-	-	-	-	-	-	-
Total Liabilities	8,307	-	-	-	-	1,117	9,424
Fund Balances (Deficit):							
Unreserved, undesignated	12,693	-	89,643	61,094	47,298	18,965	229,693
Total Fund Balance (Deficit)	12,693	-	89,643	61,094	47,298	18,965	229,693
Total Liabilities and Fund Balances	\$ 21,000	\$ -	\$ 89,643	\$ 61,094	\$ 47,298	\$ 20,082	\$ 239,117

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

CITY OF CORNING
SPECIAL REVENUE FUNDS
 Combining Balance Sheet
 June 30, 2012

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	\$ 154,528	\$ 530	\$ 28,773	\$ 50,013	\$ -	\$ -	\$ 233,844
Intergovernmental Receivable	84,589	-	-	21,671	-	-	106,260
Due from other funds	-	-	-	-	114,149	-	114,149
Notes Receivable (C.D.B.G)	-	-	-	-	-	-	-
Total Assets	\$ 239,117	\$ 530	\$ 28,773	\$ 71,684	\$ 114,149	\$ -	\$ 454,253

LIABILITIES AND FUND BALANCE

Liabilities:							
Accounts Payable	\$ 9,424	\$ -	\$ 160	\$ 1,368	\$ 10,890	\$ -	\$ 21,842
Accrued Wages/Payroll Taxes	-	-	-	-	-	-	-
Due to Other Funds	-	-	-	-	-	-	-
Deferred Revenue	-	-	-	-	-	-	-
Total Liabilities	\$ 9,424	\$ -	\$ 160	\$ 1,368	\$ 10,890	\$ -	\$ 21,842
Fund Balances (Deficit):							
Unreserved, undesignated	229,693	530	28,613	70,316	103,259	-	432,411
Total Fund Balance (Deficit)	\$ 229,693	\$ 530	\$ 28,613	\$ 70,316	\$ 103,259	\$ -	\$ 432,411
Total Liabilities and Fund Balances	\$ 239,117	\$ 530	\$ 28,773	\$ 71,684	\$ 114,149	\$ -	\$ 454,253

(Continued)

See accompanying notes to
 the basic financial statements.

**CITY OF CORNING
SPECIAL REVENUE FUNDS**

Exhibit B-1
(Continued)

Combining Balance Sheet
June 30, 2012

	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	\$ 233,844	\$ -	\$ -	\$ 13,075	\$ 3,958	\$ 30,564	\$ 281,441
Intergovernmental Receivable	106,260	9,676	-	-	-	-	115,936
Due from other funds	114,149	-	-	-	-	-	114,149
Notes Receivable (C,D,B,G)	-	-	-	-	-	-	-
Total Assets	\$ 454,253	\$ 9,676	\$ -	\$ 13,075	\$ 3,958	\$ 30,564	\$ 511,526

LIABILITIES AND FUND BALANCE

Liabilities:							
Accounts Payable	\$ 21,842	\$ 25,748	\$ 3,517	\$ -	\$ -	\$ -	\$ 51,107
Accrued Wages/Payroll Taxes	-	-	-	-	-	-	-
Due to Other Funds	-	-	-	-	-	-	-
Deferred Revenue	-	-	-	-	-	-	-
Total Liabilities	21,842	25,748	3,517	-	-	-	51,107
Fund Balances (Deficit):							
Unreserved, undesignated	432,411	(16,072)	(3,517)	13,075	3,958	30,564	460,419
Total Fund Balance (Deficit)	432,411	(16,072)	(3,517)	13,075	3,958	30,564	460,419
Total Liabilities and Fund Balances	\$ 454,253	\$ 9,676	\$ -	\$ 13,075	\$ 3,958	\$ 30,564	\$ 511,526

(Continued)

See accompanying notes to
the basic financial statements.

CITY OF CORNING
SPECIAL REVENUE FUNDS
 Combining Balance Sheet
 June 30, 2012

Exhibit B-1
 (Continued)

	Subtotal (Brought forward)	Abandoned Vehicles Fund (Fund 170)	SAFE Grant Fund (Fund 188)	Housing Element Fund (Fund 308)	SALDO Home Loan Fund (Fund 321)	08/09 CDBG Fund (Fund 322)	Subtotal (Carried forward to next page)
ASSETS							
Cash and Cash Equivalents	\$ 281,441	\$ 50,675	\$ -	\$ -	\$ -	\$ 35,064	\$ 367,180
Intergovernmental Receivable	115,936	-	-	-	-	-	115,936
Due from other funds	114,149	-	-	-	-	-	114,149
Notes Receivable (C.D.B.G)	-	-	-	-	3,899,900	-	3,899,900
Total Assets	\$ 511,526	\$ 50,675	\$ -	\$ -	\$ 3,899,900	\$ 35,064	\$ 4,497,165

LIABILITIES AND FUND BALANCE

Liabilities:							
Accounts Payable	\$ 51,107	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 51,107
Accrued Wages/Payroll Taxes	-	-	-	-	-	-	-
Due to Other Funds	-	-	-	-	-	-	-
Deferred Revenue	-	-	-	-	3,899,900	-	3,899,900
Total Liabilities	51,107	-	-	-	3,899,900	-	3,951,007
Fund Balances (Deficit):							
Unreserved, undesignated	460,419	50,675	-	-	-	35,064	546,158
Total Fund Balance (Deficit)	460,419	50,675	-	-	-	35,064	546,158
Total Liabilities and Fund Balances	\$ 511,526	\$ 50,675	\$ -	\$ -	\$ 3,899,900	\$ 35,064	\$ 4,497,165

(Continued)

See accompanying notes to
 the basic financial statements.

**CITY OF CORNING
SPECIAL REVENUE FUNDS**

Exhibit B-1
(Continued)

Combining Balance Sheet
June 30, 2012

	Subtotal (Brought forward)	CDBG Program Inc. Unrestricted (Fund 323, 820)	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)	Subtotal (Carried forward to next page)
ASSETS							
Cash and Cash Equivalents	\$ 367,180	\$ 7,288	\$ 27,205	\$ 69,021	\$ 33,106	\$ 37,915	\$ 541,715
Intergovernmental Receivable	115,936	-	-	-	-	-	115,936
Due from other funds	114,149	-	-	-	214,706	-	114,149
Notes Receivable (C.D.B.G)	3,899,900	128,440	-	190,580	214,706	-	4,433,626
Total Assets	\$ 4,497,165	\$ 135,728	\$ 27,205	\$ 259,601	\$ 247,812	\$ 37,915	\$ 5,205,426

LIABILITIES AND FUND BALANCE

Liabilities:							
Accounts Payable	\$ 51,107	\$ 7,437	\$ -	\$ -	\$ -	\$ -	\$ 58,544
Accrued Wages/Payroll Taxes	-	-	-	-	-	-	-
Due to Other Funds	-	-	-	-	214,706	-	4,433,626
Deferred Revenue	3,899,900	128,440	-	190,580	214,706	-	4,433,626
Total Liabilities	3,951,007	135,877	-	190,580	214,706	-	4,492,170
Fund Balances (Deficit):							
Unreserved, undesignated	546,158	(149)	27,205	69,021	33,106	37,915	713,256
Total Fund Balance (Deficit)	546,158	(149)	27,205	69,021	33,106	37,915	713,256
Total Liabilities and Fund Balances	\$ 4,497,165	\$ 135,728	\$ 27,205	\$ 259,601	\$ 247,812	\$ 37,915	\$ 5,205,426

(Continued)

See accompanying notes to
the basic financial statements.

CITY OF CORNING
SPECIAL REVENUE FUNDS
 Combining Balance Sheet
 June 30, 2012

Exhibit B-1
 (Continued)

	Subtotal (Brought forward)	Housing Rehabilitation RLF Fund (Fund 328)	New Construction Grant RLF (Fund 329)	SALADO Wall Fund (Fund 344)	Drainage Fund (Fund 345)	Yost Field Fund (Fund 352)	Subtotal (Carried forward to next page)
ASSETS							
Cash and Cash Equivalents	\$ 541,715	\$ 38,185	\$ 6,578	\$ 91,864	\$ 119,338	\$ 4,544	\$ 802,224
Intergovernmental Receivable	115,936	-	-	-	-	-	115,936
Due from other funds	114,149	-	-	-	-	-	114,149
Notes Receivable (C.D.B.G)	4,433,626	-	-	-	-	-	4,433,626
Total Assets	\$ 5,205,426	\$ 38,185	\$ 6,578	\$ 91,864	\$ 119,338	\$ 4,544	\$ 5,465,935

LIABILITIES AND FUND BALANCE

Liabilities:							
Accounts Payable	\$ 58,544	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 58,544
Accrued Wages/Payroll Taxes	-	-	-	-	-	-	-
Due to Other Funds	-	-	-	-	-	-	-
Deferred Revenue	4,433,626	-	-	-	-	-	4,433,626
Total Liabilities	4,492,170	-	-	-	-	-	4,492,170
Fund Balances (Deficit):							
Unreserved, undesignated	713,256	38,185	6,578	91,864	119,338	4,544	973,765
Total Fund Balance (Deficit)	713,256	38,185	6,578	91,864	119,338	4,544	973,765
Total Liabilities and Fund Balances	\$ 5,205,426	\$ 38,185	\$ 6,578	\$ 91,864	\$ 119,338	\$ 4,544	\$ 5,465,935

(Continued)

See accompanying notes to
 the basic financial statements.

CITY OF CORNING
SPECIAL REVENUE FUNDS
 Combining Balance Sheet
 June 30, 2012

Exhibit B-1
 (Continued)

	Subtotal (Brought forward)	Prop 84 Park Bond Fund (Fund 354)	Houghton Trail Fund (Fund 356)	Curbs and Gutter Fund (Fund 365)	Wayfinding Maintenance Fund (Fund 370)	Lighting & Landscape Fund (Fund 701)	Total
ASSETS							
Cash and Cash Equivalents	\$ 802,224	\$ 10,435	\$ 5,848	\$ 478	\$ 1,202	\$ 639	\$ 820,826
Intergovernmental Receivable	115,936	-	-	-	-	-	115,936
Due from other funds	114,149	-	-	-	-	-	114,149
Notes Receivable (C.D.B.G)	4,433,626	-	-	-	-	-	4,433,626
Total Assets	\$ 5,465,935	\$ 10,435	\$ 5,848	\$ 478	\$ 1,202	\$ 639	\$ 5,484,537

LIABILITIES AND FUND BALANCE

Liabilities:							
Accounts Payable	\$ 58,544	\$ 3,273	\$ -	\$ -	\$ -	\$ 44	\$ 61,861
Accrued Wages/Payroll Taxes	-	-	-	-	-	-	-
Due to Other Funds	-	-	-	-	-	-	-
Deferred Revenue	4,433,626	-	-	-	-	-	4,433,626
Total Liabilities	4,492,170	3,273	-	-	-	44	4,495,487
Fund Balances (Deficit):							
Unreserved, undesignated	973,765	7,162	5,848	478	1,202	595	989,050
Total Fund Balance (Deficit)	973,765	7,162	5,848	478	1,202	595	989,050
Total Liabilities and Fund Balances	\$ 5,465,935	\$ 10,435	\$ 5,848	\$ 478	\$ 1,202	\$ 639	\$ 5,484,537

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

CITY OF CORNING
SPECIAL REVENUE FUNDS
 Combining Balance Sheet
 June 30, 2012

Exhibit B-1
 (Continued)

	Subtotal (Brought forward)	Lighting & Landscape Fund (Fund 703)	Lighting & Landscape Fund (Fund 704)	Total
ASSETS				
Cash and Cash Equivalents	\$ 820,826	\$ 14,296	7,209	\$ 842,331
Intergovernmental Receivable	115,936	-	-	115,936
Due from other funds	114,149	-	-	114,149
Notes Receivable (C.D.B.G)	4,433,626	-	-	4,433,626
Total Assets	<u>\$ 5,484,537</u>	<u>\$ 14,296</u>	<u>7,209</u>	<u>\$ 5,506,042</u>

LIABILITIES AND FUND BALANCE

Liabilities:				
Accounts Payable	\$ 61,861	-	138	\$ 61,999
Accrued Wages/Payroll Taxes	-	-	-	-
Due to Other Funds	-	-	-	-
Deferred Revenue	4,433,626	-	-	4,433,626
Total Liabilities	<u>4,495,487</u>	<u>-</u>	<u>138</u>	<u>4,495,625</u>
Fund Balances (Deficit):				
Unreserved, undesignated	989,050	14,296	7,071	1,010,417
Total Fund Balance (Deficit)	<u>989,050</u>	<u>14,296</u>	<u>7,071</u>	<u>1,010,417</u>
Total Liabilities and Fund Balances	<u>\$ 5,484,537</u>	<u>\$ 14,296</u>	<u>7,209</u>	<u>\$ 5,506,042</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, 2012

	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	\$ 22,000	\$ -	\$ 90,385	\$ 35,035	\$ 29,787	\$ 50,287	\$ 227,494
Interest	11	-	120	114	109	161	515
Other Revenues	9,862	-	-	-	-	-	9,862
Total revenues	31,873	-	90,505	35,149	29,896	50,448	237,871
EXPENDITURES:							
Current:							
General Government:							
General Government	27,742	-	-	396	-	-	28,138
Total General Government	27,742	-	-	396	-	-	28,138
Public Safety and Judiciary:							
Police	-	-	-	-	-	-	-
Total Public Safety and Judiciary	-	-	-	-	-	-	-
Transportation:							
Streets	-	-	28,181	17,633	32,155	137,803	215,772
Total Transportation	-	-	28,181	17,633	32,155	137,803	215,772
Cultural, Parks and Recreation	-	-	-	-	-	-	-
Parks and Recreation	-	-	-	-	-	-	-
Total Cultural, Parks and Recreation	-	-	-	-	-	-	-
Community/Economic Development:							
Economic Development	-	-	-	-	-	-	-
Total Community/Economic Development	-	-	-	-	-	-	-
Capital Outlay	27,742	-	28,181	18,029	32,155	137,803	243,910
Total Expenditures	4,131	-	62,324	17,120	(2,259)	(87,355)	(6,039)
Excess (Deficiency) of Revenues Over Expenditures	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-
Total Other Financing Sources and Uses	4,131	-	62,324	17,120	(2,259)	(87,355)	(6,039)
Net Change in Fund Balances	8,562	-	27,319	43,974	49,557	106,320	235,732
Fund Balances-Beginning of Year	-	-	-	-	-	-	-
Residual Equity Transfers In / Out	12,693	-	89,643	61,094	47,298	18,965	229,693
Fund Balances-Ending of Year	-	-	-	-	-	-	-

(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, 2012

Exhibit B-2
 (Continued)

	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	2,000 \$	- \$	103,543 \$	36,688 \$	-	369,725
Interest	1	101	134	729	-	1,480
Other Revenues	-	-	-	-	-	9,862
Total revenues	2,001	101	103,677	37,417	-	381,067
EXPENDITURES:						
Current:						
General Government:						
General Government	-	1,859	-	-	-	30,027
Total General Government	-	1,859	-	-	-	30,027
Public Safety and Judiciary:						
Police	-	-	-	-	-	-
Total Public Safety and Judiciary	-	-	-	-	-	-
Transportation:						
Streets	2,893	14,483	70,785	26,073	-	330,006
Total Transportation	2,893	14,483	70,785	26,073	-	330,006
Cultural, Parks and Recreation	-	-	-	-	-	-
Total Cultural, Parks and Recreation	-	-	-	-	-	-
Community/Economic Development:						
Economic Development	-	-	-	-	-	-
Total Community/Economic Development	-	-	-	-	-	-
Capital Outlay	-	3,975	32,400	2,925	-	39,300
Total Expenditures	2,893	20,347	103,185	28,998	-	399,333
Excess (Deficiency) of Revenues Over Expenditures	(892)	(20,246)	492	8,419	-	(18,266)
Transfers In	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-
Total Other Financing Sources and Uses	-	-	-	-	-	-
Net Change in Fund Balances	(892)	(20,246)	492	8,419	-	(18,266)
Fund Balances-Beginning of Year	1,422	48,859	69,824	94,840	128	450,805
Residual Equity Transfers In / Out	-	-	-	-	(128)	(128)
Fund Balances-Ending of Year	530	28,613	70,316	103,259	-	432,411

(Continued)

**CITY OF CORNING
SPECIAL REVENUE FUNDS**

Combining Statement of Revenues, Expenditures,
and Changes in Fund Balance
Year Ended June 30, 2012

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	\$ 369,725	\$ 17,615	\$ -	\$ -	\$ 21,018	\$ 6,559	\$ 414,917
Interest	1,480	-	-	32	6	68	1,586
Other Revenues	9,862	8,947	-	-	-	-	18,809
Total revenues	381,067	26,562	-	32	21,024	6,627	435,312
EXPENDITURES:							
Current:							
General Government:							
General Government	30,027	-	-	-	-	-	30,027
Total General Government	30,027	-	-	-	-	-	30,027
Public Safety and Judiciary:							
Police	-	-	-	-	-	-	-
Total Public Safety and Judiciary	-	-	-	-	-	-	-
Transportation:							
Streets	330,006	-	-	-	-	3,509	333,515
Total Transportation	330,006	-	-	-	-	3,509	333,515
Cultural, Parks and Recreation							
Parks and Recreation	-	-	-	-	-	-	-
Total Cultural, Parks and Recreation	-	-	-	-	-	-	-
Community/Economic Development							
Economic Development	-	-	-	-	-	-	-
Total Community/Economic Development	-	-	-	-	-	-	-
Capital Outlay							
Total Expenditures	399,333	27,133	-	-	-	3,509	429,975
Excess (Deficiency) of Revenues Over Expenditures	(18,266)	(571)	-	32	21,024	3,118	5,337
Transfers In	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-
Total Other Financing Sources and Uses	(18,266)	(571)	-	-	-	-	-
Net Change in Fund Balances	450,805	(15,501)	(3,517)	13,043	(17,066)	27,446	455,210
Fund Balances-Beginning of Year	(128)	-	-	-	-	-	(128)
Residual Equity Transfers In / Out	432,411	(16,072)	(3,517)	13,075	3,958	30,564	460,419
Fund Balances-Ending of Year	\$ 432,411	\$ (16,072)	\$ (3,517)	\$ 13,075	\$ 3,958	\$ 30,564	\$ 460,419

(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, 2012

Exhibit B-2
 (Continued)

	Subtotal (Brought forward)	Abandoned Vehicles Fund (Fund 170)	SAFE Grant Fund (Fund 186)	Housing Element Fund (Fund 308)	SALDO Home Loan Fund (Fund 321)	08/09 CDBG Fund (Fund 322)	Subtotal (Carried forward to next page)
REVENUES:							
Intergovernmental Revenues	\$ 414,917	\$ -	\$ -	\$ -	\$ -	\$ 29,284	\$ 444,201
Interest	1,586	131	-	-	-	76	1,793
Other Revenues	18,809	-	-	-	-	-	18,809
Total revenues	435,312	131	-	-	-	29,360	464,803
EXPENDITURES:							
Current:							
General Government:							
General Government	30,027	-	-	-	-	-	30,027
Total General Government	30,027	-	-	-	-	-	30,027
Public Safety and Judiciary:							
Police	-	4,922	-	-	-	-	4,922
Total Public Safety and Judiciary	-	4,922	-	-	-	-	4,922
Transportation:							
Streets	333,515	-	-	-	-	-	333,515
Total Transportation	333,515	-	-	-	-	-	333,515
Cultural, Parks and Recreation	-	-	-	-	-	-	-
Parks and Recreation	-	-	-	-	-	-	-
Total Cultural, Parks and Recreation	-	-	-	-	-	-	-
Community/Economic Development:							
Economic Development	-	-	-	-	-	3,673	3,673
Total Community/Economic Development	-	-	-	-	-	3,673	3,673
Capital Outlay	66,433	-	-	-	-	-	66,433
Total Expenditures	429,975	4,922	-	-	-	3,673	438,570
Excess (Deficiency) of Revenues Over Expenditures	5,337	(4,791)	-	-	-	25,687	26,233
Transfers In	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-
Total Other Financing Sources and Uses	-	-	-	-	-	-	-
Net Change in Fund Balances	5,337	(4,791)	-	-	-	25,687	26,233
Fund Balances-Beginning of Year	455,210	55,466	11,142	1,678	-	14,877	536,251
Residual Equity Transfers In / Out	(128)	-	(11,142)	(1,678)	-	(5,500)	(18,448)
Fund Balances-Ending of Year	460,419	50,675	-	-	-	35,064	544,036

(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, 2012

Exhibit B-2
(Continued)

REVENUES:									
Intergovernmental Revenues	\$ 444,201	\$							\$ 444,201
Interest	1,793		73			165		99	2,253
Other Revenues	18,809		1,900			3,456			51,533
Total revenues	464,803		1,973			3,621		99	497,987
EXPENDITURES:									
Current:									
General Government:									
General Government	30,027		-			-		-	30,027
Total General Government	30,027		-			-		-	30,027
Public Safety and Judiciary:									
Police	4,922		-			-		-	4,922
Total Public Safety and Judiciary	4,922		-			-		-	4,922
Transportation:									
Streets	333,515		-			-		-	333,515
Total Transportation	333,515		-			-		-	333,515
Cultural, Parks and Recreation									
Parks and Recreation	-		-			-		-	-
Total Cultural, Parks and Recreation	-		-			-		-	-
Community/Economic Development:									
Economic Development	3,673		-			-		2,923	6,596
Total Community/Economic Development	3,673		-			-		2,923	6,596
Capital Outlay	66,433		-			-		-	66,433
Total Expenditures	438,570		-			-		2,923	441,493
Excess (Deficiency) of Revenues Over Expenditures	26,233		1,973		67	3,621		(2,824)	56,494
Transfers In	-		-		-	-		-	-
Transfers Out	-		-		-	-		-	-
Total Other Financing Sources and Uses	26,233		1,973		67	3,621		(2,824)	56,494
Net Change in Fund Balances									
Fund Balances-Beginning of Year	536,251		(2,122)		27,138	68,856		24,938	718,505
Residual Equity Transfers In / Out	(18,448)		-		-	(3,456)		(19,256)	(31,532)
Fund Balances-Ending of Year	544,036		(149)		27,203	69,021		33,106	743,467

(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, 2012

Exhibit B-2
 (Continued)

	Subtotal (Brought forward)	Housing Rehabilitation RLF Fund (Fund 328)	New Construction Grant RLF (Fund 329)	SALADO Wall Fund (Fund 344)	Drainage Fund (Fund 345)	Yost Field Fund (Fund 352)	Subtotal (Carried forward to next page)
REVENUES:							
Intergovernmental Revenues	\$ 444,201	\$ -	\$ -	\$ -	\$ 18,801	\$ -	\$ 465,002
Interest	2,253	96	17	226	284	10	2,886
Other Revenues	51,533	-	-	-	-	616	52,149
Total revenues	497,987	96	17	226	19,085	626	518,037
EXPENDITURES:							
Current:							
General Government:							
General Government	30,027	-	-	-	-	-	30,027
Total General Government	30,027	-	-	-	-	-	30,027
Public Safety and Judiciary:							
Police	4,922	-	-	-	-	-	4,922
Total Public Safety and Judiciary	4,922	-	-	-	-	-	4,922
Transportation:							
Streets	333,515	-	-	-	11,006	-	344,521
Total Transportation	333,515	-	-	-	11,006	-	344,521
Cultural, Parks and Recreation							
Total Cultural, Parks and Recreation	-	-	-	-	-	-	-
Community/Economic Development:							
Economic Development	6,596	1,750	508	-	-	-	8,854
Total Community/Economic Development	6,596	1,750	508	-	-	-	8,854
Capital Outlay	66,433	-	-	-	-	-	66,433
Total Expenditures	441,493	1,750	508	-	11,006	-	454,757
Excess (Deficiency) of Revenues Over Expenditures	56,494	(1,654)	(491)	226	8,079	626	63,280
Transfers In	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-
Total Other Financing Sources and Uses	-	-	-	-	-	-	-
Net Change in Fund Balances	56,494	(1,654)	(491)	226	8,079	626	63,280
Fund Balances-Beginning of Year	718,505	30,211	3,613	91,638	111,259	3,918	888,209
Residual Equity Transfers In / Out	(31,532)	9,628	3,456	-	-	-	(18,448)
Fund Balances-Ending of Year	743,467	38,185	6,578	91,864	119,338	4,544	933,041

(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, 2012

Exhibit B-2
(Continued)

	Subtotal (Brought forward)	Prop 84 Park Bond Fund (Fund 354)	Houghton Trail Fund (Fund 356)	Cards and Gutter Fund (Fund 365)	Wayfinding Maintenance Fund (Fund 370)	Lighting & Landscape Fund (Fund 701)	Subtotal (Carried forward to next page)
REVENUES:							
Intergovernmental Revenues	\$ 463,002	\$ 282,824	\$ -	\$ -	\$ -	\$ -	\$ 745,826
Interest	2,886	-	14	1	2	1	2,904
Other Revenues	52,149	-	-	-	1,200	883	54,232
Total Revenues	518,037	282,824	14	1	1,202	884	802,962
EXPENDITURES:							
Current:							
General Government	30,027	-	-	-	-	-	30,027
Total General Government	30,027	-	-	-	-	-	30,027
Public Safety and Judiciary:							
Police	4,922	-	-	-	-	-	4,922
Total Public Safety and Judiciary	4,922	-	-	-	-	-	4,922
Transportation:							
Streets	344,521	-	-	-	-	755	345,276
Total Transportation	344,521	-	-	-	-	755	345,276
Cultural, Parks and Recreation							
Parks and Recreation	-	-	-	-	-	-	-
Total Cultural, Parks and Recreation	-	-	-	-	-	-	-
Community/Economic Development:							
Economic Development	8,854	-	-	-	-	-	8,854
Total Community/Economic Development	8,854	-	-	-	-	-	8,854
Capital Outlay	66,433	234,938	-	-	-	-	301,371
Total Expenditures	454,757	234,938	-	-	-	755	690,450
Excess (Deficiency) of Revenues Over Expenditures	63,280	47,886	14	1	1,202	129	112,512
Transfers In	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-
Total Other Financing Sources and Uses	-	-	-	-	-	-	-
Net Change in Fund Balances	63,280	47,886	14	1	1,202	129	112,512
Fund Balances-Beginning of Year	888,209	(40,724)	5,834	477	-	466	912,192
Residual Equity Transfers In / Out	(18,448)	-	-	-	-	-	(18,448)
Fund Balances-Ending of Year	933,041	7,162	5,848	478	1,202	595	1,006,256

(Continued)
CITY OF CORNING

Exhibit B-2

See accompanying notes to
the basic financial statements.

SPECIAL REVENUE FUNDS
 Combining Statement of Revenues, Expenditures,
 and Changes in Fund Balance
 Year Ended June 30, 2012

(Continued)

	Subtotal (Brought forward)	Lighting & Landscape Fund (Fund 703)	Lighting & Landscape Fund (Fund 704)	Total
REVENUES:				
Intergovernmental Revenues	\$ 745,826	\$ -	\$ -	\$ 745,826
Interest	2,904	29	14	2,947
Other Revenues	54,232	4,263	4,773	63,268
Total revenues	802,962	4,292	4,787	812,041
EXPENDITURES:				
Current:				
General Government				
General Government	30,027	-	-	30,027
Total General Government	30,027	-	-	30,027
Public Safety and Judiciary:				
Police	4,922	-	-	4,922
Total Public Safety and Judiciary	4,922	-	-	4,922
Transportation:				
Streets	345,276	1,042	3,876	350,194
Total Transportation	345,276	1,042	3,876	350,194
Cultural, Parks and Recreation				
Parks and Recreation	-	-	-	-
Total Cultural, Parks and Recreation	-	-	-	-
Community/Economic Development				
Economic Development	8,854	-	-	8,854
Total Community/Economic Development	8,854	-	-	8,854
Capital Outlay	301,371	-	-	301,371
Total Expenditures	690,450	1,042	3,876	695,368
Excess (Deficiency) of Revenues Over Expenditures	112,512	3,250	911	116,673
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources and Uses	-	-	-	-
Net Change in Fund Balances	112,512	3,250	911	116,673
Fund Balances-Beginning of Year	912,192	11,046	6,160	912,192
Residual Equity Transfers In / Out	(18,448)	-	-	(18,448)
Fund Balances-Ending of Year	\$ 1,006,256	\$ 14,296	\$ 7,071	\$ 1,010,417

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, 2012

	Rural Planning Fund (Fund 105)			STIP Projects Fund (Fund 107)		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:						
Intergovernmental Revenues	\$ 29,000	\$ 22,000	\$ (7,000)	\$ -	\$ -	\$ -
Interest	-	11	11	-	-	-
Other Revenues	-	9,862	9,862	-	-	-
Total revenues	29,000	31,873	2,873	-	-	-
EXPENDITURES:						
Current:						
General Government:						
General Government	32,241	27,742	4,499	-	-	-
Total General Government	32,241	27,742	4,499	-	-	-
Public Safety and Judiciary:						
Police	-	-	-	-	-	-
Total Public Safety and Judiciary	-	-	-	-	-	-
Transportation:						
Streets	-	-	-	48,900	-	48,900
Total Transportation	-	-	-	48,900	-	48,900
Community/Economic Development:						
Economic Development	-	-	-	-	-	-
Total Community/Economic Development	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-
Total Expenditures	32,241	27,742	4,499	48,900	-	48,900
Excess of Revenues Over (Under) Expenditures	(3,241)	4,131	7,372	(48,900)	-	48,900
OTHER FINANCING SOURCES (USES):						
Operating Transfers In	-	-	-	-	-	-
Total Other Financing Sources (Over)	-	-	-	-	-	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(3,241)	4,131	7,372	(48,900)	-	48,900
FUND BALANCE (DEFICIT), AT BEGINNING OF YEAR						
Residual Equity Transfers In / Out		8,562				
FUND BALANCE (DEFICIT), AT END OF YEAR		12,693				

(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, 2012

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	\$ -	\$ 90,385	\$ 90,385	\$ 38,355	\$ 35,035	\$ (3,320)	\$ 30,092	\$ 29,787	\$ (305)
Interest	500	120	(380)	200	114	(86)	200	109	(91)
Other Revenues	-	-	-	-	-	-	-	-	-
Total revenues	500	90,505	90,005	38,555	35,149	(3,406)	30,292	29,896	(396)
EXPENDITURES:									
Current:									
General Government:									
General Government	-	-	-	-	396	(396)	-	-	-
Total General Government	-	-	-	-	396	(396)	-	-	-
Public Safety and Judiciary:									
Police	-	-	-	-	-	-	-	-	-
Total Public Safety and Judiciary	-	-	-	-	-	-	-	-	-
Transportation:									
Streets	7,000	28,181	(21,181)	56,222	17,633	38,589	46,443	32,155	14,288
Total Transportation	7,000	28,181	(21,181)	56,222	17,633	38,589	46,443	32,155	14,288
Community/Economic Development:									
Economic Development	-	-	-	-	-	-	-	-	-
Total Community/Economic Development	-	-	-	-	-	-	-	-	-
Capital Outlay	50,400	-	50,400	-	-	-	-	-	-
Total Expenditures	57,400	28,181	29,219	56,222	18,029	38,193	46,443	32,155	14,288
Excess of Revenues Over (Under) Expenditures	(56,900)	62,324	119,224	(17,667)	17,120	34,787	(16,151)	(2,259)	13,892
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)	\$ 62,324	\$ 119,224	\$ (17,667)	\$ 17,120	\$ 34,787	\$ (16,151)	\$ (2,259)	\$ 13,892
FUND BALANCE (DEFICIT), AT BEGINNING OF YEAR									
Residual Equity Transfers In / Out		27,319			43,974			49,557	
FUND BALANCE (DEFICIT), AT END OF YEAR									
	\$ -	\$ 89,643	\$ -	\$ -	\$ 61,094	\$ -	\$ -	\$ 47,298	\$ -

(Continued)

See accompanying notes to the basic financial statements.

**CITY OF CORNING
SPECIAL REVENUE FUNDS**

Exhibit B-3
(Continued)

Combining Statement of Revenues, Expenditures,
and Changes in FUND BALANCE (DEFICIT) - Budget and Actual
Year Ended June 30, 2012

	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	\$ 50,287	(\$ 809)	\$ 2,000	\$ 2,000	-	\$ -	\$ -	-
Interest	300	161	(139)	-	1	1	500	101	(399)
Other Revenues	-	-	-	-	-	-	-	-	-
Total revenues	51,396	50,448	(948)	2,000	2,001	1	500	101	(399)
EXPENDITURES:									
Current:									
General Government:									
General Government	-	-	-	-	-	-	2,500	1,889	611
Total General Government	-	-	-	-	-	-	2,500	1,889	611
Public Safety and Judiciary:									
Police	-	-	-	-	-	-	-	-	-
Total Public Safety and Judiciary	-	-	-	-	-	-	-	-	-
Transportation:									
Streets	81,000	137,803	(56,803)	2,000	2,893	(893)	57,500	14,483	43,017
Total Transportation	81,000	137,803	(56,803)	2,000	2,893	(893)	57,500	14,483	43,017
Community/Economic Development:									
Economic Development	-	-	-	-	-	-	-	-	-
Total Community/Economic Development	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-
Total Expenditures	81,000	137,803	(56,803)	2,000	2,893	(893)	60,000	20,547	39,453
Excess of Revenues Over (Under) Expenditures	(29,604)	(87,355)	(57,751)	-	(892)	(892)	(59,500)	(20,246)	39,254
OTHER FINANCING SOURCES (USES):									
Operating Transfers In	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Over)	-	-	-	-	-	-	-	-	-
Excess of Revenues and Other Expenditures and Other Uses	(29,604)	(87,355)	(57,751)	(892)	(892)	(892)	(59,500)	(20,246)	39,254
FUND BALANCE (DEFICIT), AT BEGINNING OF YEAR									
Residual Equity Transfers In / Out		106,320			1,422			48,859	
FUND BALANCE (DEFICIT), AT END OF YEAR									
		\$ 18,965			\$ 530			\$ 28,613	

(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, 2012

	Traffic Congestion Fund (Fund 115)			Traffic Mitigation Fund (Fund 116)			Iowa Lighting Fund (Fund 117)		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:									
Intergovernmental Revenues	\$ 71,959	\$ 103,543	\$ 31,584	\$ 40,000	\$ 36,688	\$ (3,312)	\$ -	\$ -	\$ -
Interest	200	134	(66)	4,000	729	(3,271)	-	-	-
Other Revenues	-	-	-	-	-	-	-	-	-
Total revenues	72,159	103,677	31,518	44,000	37,417	(6,583)	-	-	-
EXPENDITURES:									
Current:									
General Government	-	-	-	-	-	-	-	-	-
General Government	-	-	-	-	-	-	-	-	-
Total General Government	-	-	-	-	-	-	-	-	-
Public Safety and Judiciary:									
Police	-	-	-	-	-	-	-	-	-
Total Public Safety and Judiciary	-	-	-	-	-	-	-	-	-
Transportation:									
Streets	68,200	70,785	(2,585)	18,370	26,073	(7,703)	-	-	-
Total Transportation	68,200	70,785	(2,585)	18,370	26,073	(7,703)	-	-	-
Community/Economic Development:									
Economic Development	-	-	-	-	-	-	-	-	-
Total Community/Economic Development	-	-	-	-	-	-	-	-	-
Capital Outlay	61,400	32,400	29,000	310,585	2,925	307,660	10,000	-	10,000
Total Expenditures	129,600	103,185	26,415	328,955	28,998	299,957	10,000	-	10,000
Excess of Revenues Over (Under) Expenditures	(57,441)	492	57,933	(284,955)	8,419	293,374	(10,000)	-	10,000
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)	492	\$ 57,933	\$ (284,955)	8,419	\$ 293,374	\$ (10,000)	\$ -	\$ 10,000
FUND BALANCE (DEFICIT), AT BEGINNING OF YEAR									
Residual Equity Transfers In / Out		69,824			94,840			128	
FUND BALANCE (DEFICIT), AT END OF YEAR		\$ 70,316			\$ 103,259			\$ (128)	

(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, 2012

	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	\$ -	\$ 21,018	\$ 21,018	\$ 26,100	\$ 6,559	\$ (19,541)	\$ 4,000	\$ -	\$ (4,000)
Interest	-	6	6	-	68	68	300	131	(169)
Other Revenues	-	-	-	-	-	-	-	-	-
Total revenues	-	21,024	21,024	26,100	6,627	(19,473)	4,300	131	(4,169)
EXPENDITURES:									
Current:									
General Government:									
General Government	-	-	-	-	-	-	-	-	-
Total General Government	-	-	-	-	-	-	-	-	-
Public Safety and Judiciary:									
Police	-	-	-	-	-	-	-	4,922	(4,922)
Total Public Safety and Judiciary	-	-	-	-	-	-	-	4,922	(4,922)
Transportation:									
Streets	50,580	-	50,580	24,285	3,509	20,776	7,000	-	7,000
Total Transportation	50,580	-	50,580	24,285	3,509	20,776	7,000	-	7,000
Community/Economic Development:									
Economic Development	-	-	-	-	-	-	-	-	-
Total Community/Economic Development	-	-	-	-	-	-	-	-	-
Capital Outlay									
Total Expenditures	50,580	-	50,580	24,285	3,509	20,776	7,000	4,922	2,078
Excess of Revenues Over (Under) Expenditures	(50,580)	21,024	71,604	1,815	3,118	1,303	(2,700)	(4,791)	(2,091)
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)	\$ 21,024	\$ 71,604	\$ 1,815	\$ 3,118	\$ 1,303	\$ (2,700)	\$ (4,791)	\$ (2,091)
FUND BALANCE (DEFICIT), AT BEGINNING OF YEAR									
Residual Equity Transfers In / Out		(17,060)			27,446			55,466	
FUND BALANCE (DEFICIT), AT END OF YEAR									
	\$ -	\$ 3,958	\$ -	\$ -	\$ 30,564	\$ -	\$ -	\$ 50,675	\$ -

(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, 2012

Exhibit B-3
(Continued)

	STATE Grant 188		Housing Element Fund (Fund 308)		08/09 CDBG Fund (Fund 322)	
	Budget	Actual	Budget	Actual	Budget	Actual
REVENUES:						
Intergovernmental Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,284
Interest	-	-	-	-	-	76
Other Revenues	-	-	-	-	-	29,360
Total revenues	-	-	-	-	-	29,360
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	-	-	-	-	800,000	3,673
Total Community/Economic Development	-	-	-	-	800,000	3,673
Capital Outlay	-	-	-	-	-	-
Total Expenditures	-	-	-	-	800,000	3,673
Excess of Revenues Over (Under) Expenditures	-	-	-	-	(800,000)	25,687
OTHER FINANCING SOURCES (USES):						
Operating Transfers In	-	-	-	-	67,000	-
Total Other Financing Sources (Over)	-	-	-	-	67,000	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	-	-	-	-	(733,000)	25,687
FUND BALANCE (DEFICIT), AT BEGINNING OF YEAR						
Residual Equity Transfers In / Out		11,142		1,678		14,877
FUND BALANCE (DEFICIT), AT END OF YEAR		(11,142)		(1,678)		(5,500)
		\$ -		\$ -		\$ 35,064

(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, 2012

	CDBG Program Unrestricted (Fund 323, 320)			90/STEG/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	-	73	73	-	67	67	500	165	(335)
Other Revenues	-	1,900	1,900	-	-	-	1,000	3,456	2,456
Total revenues	-	1,973	1,973	-	67	67	1,500	3,621	2,121
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	-	1,973	1,973	-	67	67	1,500	3,621	2,121
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	-	1,973	1,973	-	67	67	1,500	3,621	2,121
FUND BALANCE (DEFICIT), AT BEGINNING OF YEAR									
Residual Equity Transfers In / Out		(2,122)			27,138			68,856	
FUND BALANCE (DEFICIT), AT END OF YEAR									
	\$ -	\$ (149)	\$ -	\$ -	\$ 27,205	\$ -	\$ -	\$ (3,456)	\$ -

**CITY OF CORNING
SPECIAL REVENUE FUNDS**

Exhibit B-3
(Continued)

Combining Statement of Revenues, Expenditures,
and Changes in FUND BALANCE (DEFICIT) - Budget and Actual
Year Ended June 30, 2012

	CDBG Housing Reuse (Fund 326, 821, 822)			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	56	(444)	-	99	99	-	96	96
Other Revenues	-	27,368	27,368	-	-	-	-	-	-
Total revenues	500	27,424	26,924	-	99	99	-	96	96
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	-	-	-	-	2,923	(2,923)	-	1,750	(1,750)
Total Community/Economic Development	-	-	-	-	2,923	(2,923)	-	1,750	(1,750)
Capital Outlay	-	-	-	-	-	-	-	-	-
Total Expenditures	-	-	-	-	2,923	(2,923)	-	1,750	(1,750)
Excess of Revenues Over (Under) Expenditures	500	27,424	26,924	-	(2,824)	(2,824)	-	(1,654)	(1,654)
OTHER FINANCING SOURCES (USES):									
Operating Transfers In	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Over)	-	-	-	-	-	-	-	-	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(66,500)	27,424	93,924	(2,824)	-	(2,824)	(1,654)	-	(1,654)
FUND BALANCE (DEFICIT), AT BEGINNING OF YEAR									
Residual Equity Transfers In / Out		24,938			31,111			30,211	
FUND BALANCE (DEFICIT), AT END OF YEAR		(19,256)			9,628			9,628	
		\$ 33,106			\$ 37,915			\$ 38,185	

(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, 2012

	New Construction RLF Fund (Fund 529)			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	\$ 18,801	\$ 8,801
Interest	-	17	17	-	226	(274)	1,000	284	(716)
Other Revenues	-	-	-	-	-	-	-	-	-
Total revenues	-	17	17	500	226	(274)	11,000	19,085	8,085
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	-	508	(508)	-	-	-	5,035	11,006	(5,971)
Total Community/Economic Development	-	508	(508)	-	-	-	5,035	11,006	(5,971)
Capital Outlay	-	-	-	-	-	-	-	-	-
Total Expenditures	-	508	(508)	-	-	-	5,035	11,006	(5,971)
Excess of Revenues Over (Under) Expenditures	-	(491)	(491)	500	226	(274)	5,965	8,079	2,114
OTHER FINANCING SOURCES (USES):									
Operating Transfers In	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Over)	-	-	-	-	-	-	-	-	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	-	(491)	(491)	500	226	(274)	5,965	8,079	2,114
FUND BALANCE (DEFICIT), AT BEGINNING OF YEAR									
Residual Equity Transfers In / Out		3,613			91,638			111,259	
FUND BALANCE (DEFICIT), AT END OF YEAR		3,456			-			-	
		\$ 6,578			\$ 91,864			\$ 119,338	

CITY OF CORNING

SPECIAL REVENUE FUNDS

Combining Statement of Revenues, Expenditures, and Changes in FUND BALANCE (DEFICIT) - Budget and Actual
Year Ended June 30, 2012

Exhibit B-3
(Continued)

	Yost Field Fund (Fund 352)			Prop 84 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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	-	10	10	-	-	-	-	14	14
Other Revenues	-	616	616	-	-	-	-	-	-
Total revenues	-	626	626	4,276,800	282,824	(3,993,976)	-	14	14
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	-	-	-	-	-	-	-	-	-
Parks and Recreation	-	-	-	-	-	-	-	-	-
Total Cultural, Parks and Recreation	-	-	-	-	-	-	-	-	-
Community/Economic Development:									
Economic Development	-	-	-	-	-	-	-	-	-
Total Community/Economic Development	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	4,276,800	234,938	4,041,862	-	-	-
Total Expenditures	-	-	-	4,276,800	234,938	4,041,862	-	-	-
Excess of Revenues Over (Under) Expenditures	-	626	626	-	47,886	47,886	-	14	14
OTHER FINANCING SOURCES (USES):									
Operating Transfers In	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Over)	-	-	-	-	-	-	-	-	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	-	626	626	-	47,886	47,886	-	14	14
FUND BALANCE (DEFICIT), AT BEGINNING OF YEAR									
Residual Equity Transfers In / Out									
FUND BALANCE (DEFICIT), AT END OF YEAR									
		\$ 4,544	\$ 4,544	\$ (40,724)	\$ 7,162	\$ 7,162	\$ 5,834	\$ 5,848	\$ 5,848

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, 2012

	Curbs and Gutter Fund (Fund 365)		Way Finding Fund (Fund 370)		Variance Favorable (Unfavorable)
	Budget	Actual	Budget	Actual	
REVENUES:					
Intergovernmental Revenues	\$ -	\$ -	\$ -	\$ -	-
Interest	-	1	-	2	2
Other Revenues	-	-	1,200	1,200	1,200
Total revenues	-	1	1,202	1,202	1,202
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	-	1	1,202	1,202	1,202
OTHER FINANCING SOURCES (USES):					
Operating Transfers In	-	-	-	-	-
Total Other Financing Sources (Over)	-	-	-	-	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	-	1	1,202	1,202	1,202
FUND BALANCE (DEFICIT), AT BEGINNING OF YEAR					
Residual Equity Transfers In / Out		477			
FUND BALANCE (DEFICIT), AT END OF YEAR					
	\$ -	\$ 478	\$ 1,202	\$ 1,202	\$ 1,202

(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, 2012

	Total		Variance Favorable (Unfavorable)
	Budget	Actual	
REVENUES:			
Intergovernmental Revenues	\$ 563,206	\$ 745,826	\$ 182,620
Interest	8,850	2,947	(5,903)
Other Revenues	4,286,565	63,268	(4,223,297)
Total revenues	4,858,621	812,041	(4,046,580)
EXPENDITURES:			
Current			
General Government			
General Government	34,741	30,027	4,714
Total General Government	34,741	30,027	4,714
Public Safety and Judiciary:			
Police	-	4,922	(4,922)
Total Public Safety and Judiciary	-	4,922	(4,922)
Transportation:			
Streets	481,535	350,194	131,341
Total Transportation	481,535	350,194	131,341
Cultural, Parks and Recreation			
Parks and Recreation	-	-	-
Total Cultural, Parks and Recreation	-	-	-
Community/Economic Development			
Economic Development	800,000	8,854	791,146
Total Community/Economic Development	800,000	8,854	791,146
Capital Outlay	4,975,945	301,371	4,674,574
Total Expenditures	6,292,221	695,368	5,596,853
Excess of Revenues Over (Under) Expenditures	(1,433,600)	116,673	1,550,273
OTHER FINANCING SOURCES (USES):			
Operating Transfers In	67,000	-	(67,000)
Operating Transfers Out	(67,000)	-	67,000
Total Other Financing Sources (Over)	-	-	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(1,433,600)	116,673	1,550,273
FUND BALANCE (DEFICIT), AT BEGINNING OF YEAR		912,192	
Residual Equity Transfers In / Out		(18,448)	
FUND BALANCE (DEFICIT), AT END OF YEAR		\$ 1,010,417	

See accompanying notes to
the basic financial statements.

CITY OF CORNING
CAPITAL PROJECTS FUNDS
 Combining Balance Sheet
 June 30, 2012

Exhibit C-1

	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	\$ 6,533	\$ 1,060	\$ 17,332	\$ 35,182	\$ 208,144	\$ -	\$ 174,513	\$ 442,764
Intergovernmental Receivable	-	-	4,011	-	-	5,000	-	9,011
Interfund Loans Receivables	-	-	-	-	-	-	-	-
Due from Other Funds	-	-	-	-	-	-	-	-
Other Assets:								
Restricted Cash: Loan Repayment	-	-	-	-	-	-	-	-
Total assets	\$ 6,533	\$ 1,060	\$ 21,343	\$ 35,182	\$ 208,144	\$ 5,000	\$ 174,513	\$ 451,775
LIABILITIES AND FUND BALANCE								
Liabilities:								
Accounts Payable	\$ 364	\$ 350	\$ 47,308	\$ -	\$ -	\$ -	\$ -	\$ 48,022
Accrued Interest	-	-	-	-	-	-	-	-
Due to Other Funds	-	-	-	-	-	-	-	-
Other Current Liabilities	-	-	-	-	-	-	-	-
Total liabilities	364	350	47,308	-	-	-	-	48,022
Fund Balances								
Unreserved, Undesignated	6,169	710	(25,965)	35,182	208,144	5,000	174,513	403,753
Total Fund Balances	6,169	710	(25,965)	35,182	208,144	5,000	174,513	403,753
Total Liabilities and Fund Balances	\$ 6,533	\$ 1,060	\$ 21,343	\$ 35,182	\$ 208,144	\$ 5,000	\$ 174,513	\$ 451,775

(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, 2012

Exhibit C-2

	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	\$ 23,985	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,985
Acquisition Charges and Fees	-	-	-	-	-	-	-	-
Interest	24	2	-	61	510	-	429	1,026
Other	-	3,645	26,308	19,092	20,795	5,000	-	74,840
Total Revenues	24,009	3,647	26,308	19,153	21,305	5,000	429	99,851
EXPENDITURES:								
Current:								
General Government:								
General Government	-	3,080	-	-	-	-	-	3,080
Total General Government	-	3,080	-	-	-	-	-	3,080
Public Safety and Judiciary:								
Police	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-
Total Public Safety and Judiciary	-	-	-	-	-	-	-	-
Transportation:								
Streets	-	-	47,308	-	-	-	-	47,308
Total Transportation	-	-	47,308	-	-	-	-	47,308
Cultural, Parks and Recreation	-	-	-	-	-	-	-	-
Parks and Recreation	-	-	-	-	5,634	-	-	5,634
Total Cultural, Parks and Recreation	-	-	-	-	5,634	-	-	5,634
Debt Service:								
Principal	-	-	-	-	-	-	-	-
Interest and Other Charges	-	-	-	-	-	-	-	-
Capital Outlay	34,072	-	-	-	10,935	-	-	45,007
Total Expenditures	34,072	3,080	47,308	-	16,569	-	-	101,029
Excess of Revenues Over (Under) Expenditures	(10,063)	567	(21,000)	19,153	4,736	5,000	429	(1,178)
OTHER FINANCING SOURCES (USES):								
Operating Transfers In	15,000	-	22,000	-	-	-	-	37,000
Operating Transfers Out	-	-	-	-	-	-	-	-
Total Other Financing Sources (Over)	15,000	-	22,000	-	-	-	-	37,000
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	4,937	567	1,000	19,153	4,736	5,000	429	35,822
FUND BALANCE, AT BEGINNING OF YEAR	1,232	143	(26,965)	16,029	203,408	-	174,084	367,931
Residual Equity Transfers In	-	-	-	-	-	-	-	-
Residual Equity Transfers Out	-	-	-	-	-	-	-	-
FUND BALANCE, AT END OF YEAR	6,169	710	(25,965)	35,182	208,144	5,000	174,513	403,753

(Continued)

CITY OF CORNING

Exhibit C-3

CAPITAL PROJECTS FUNDS

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual Year Ended June 30, 2012

	Police Equipment Replacement Fund (Fund 071)			Animal Control Officer Replacement Fund (Fund 072)			Fire Equipment Replacement Fund (Fund 070)		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:									
Intergovernmental Revenues	\$ -	\$ 23,985	\$ 23,985	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Acquisition Charges and Fees	-	-	-	-	-	-	-	-	(22,000)
Interest	-	24	24	100	2	(98)	500	-	(500)
Other	-	-	-	3,000	3,645	645	26,308	26,308	-
Total Revenues	-	24,009	24,009	3,100	3,647	547	48,808	26,308	(22,500)
EXPENDITURES:									
Current:									
General Government	-	-	-	-	-	-	-	-	-
General Government	-	-	-	5,500	3,080	2,420	-	-	-
Total General Government	-	-	-	5,500	3,080	2,420	-	-	-
Public Safety and Judiciary:	-	-	-	-	-	-	-	-	-
Police	-	-	-	-	-	-	-	-	-
Total Public Safety and Judiciary	-	-	-	-	-	-	-	-	-
Transportation:	-	-	-	-	-	-	-	-	-
Streets	-	-	-	-	-	-	-	-	-
Total Transportation	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-
Capital Outlay	-	34,072	(34,072)	-	-	-	-	-	-
Total Debt Service	-	34,072	(34,072)	-	-	-	-	-	-
Excess of Revenues Over (Under) Expenditures	-	34,072	(34,072)	5,500	3,080	2,420	33,285	47,308	33,285
OTHER FINANCING SOURCES (USES):									
Debt Proceeds	-	-	-	(2,400)	567	2,967	(31,852)	(21,000)	10,852
Operating Transfers In	-	15,000	15,000	-	-	-	-	-	-
Operating Transfers Out	(87,910)	-	(87,910)	-	-	-	-	-	-
Total Other Financing Sources (Over)	(87,910)	15,000	(72,910)	-	-	-	-	22,000	22,000
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(87,910)	4,997	(82,913)	(2,400)	567	2,967	(31,852)	1,000	32,852
FUND BALANCE, AT BEGINNING OF YEAR									
		1,232			143			(26,965)	
FUND BALANCE, AT END OF YEAR		\$ 6,169		\$ 710		\$ (25,965)			

(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, 2012

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	-	61	61	1,000	510	(490)	-	-	-
Other	-	19,092	19,092	11,200	20,795	9,595	-	-	-
Total Revenues	-	19,153	19,153	12,200	21,305	9,105	-	5,000	5,000
EXPENDITURES:									
Current:									
General Government:									
General Government	-	-	-	-	-	-	-	-	-
Total General Government	-	-	-	-	-	-	-	-	-
Transportation:									
Streets	-	-	-	-	-	-	-	-	-
Total Transportation	-	-	-	-	-	-	-	-	-
Cultural, Parks and Recreation:									
Cultural, Parks and Recreation	-	-	-	-	-	-	-	-	-
Parks and Recreation	-	-	-	5,535	5,634	(99)	-	-	-
Total Cultural, Parks and Recreation	-	-	-	5,535	5,634	(99)	-	-	-
Community/Economic Development:									
Economic Development	-	-	-	-	-	-	-	-	-
Total Community/Economic Development	-	-	-	-	-	-	-	-	-
Debt Service:									
Interest and Other Charges	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	12,000	10,935	1,065	20,989	-	20,989
Total Expenditures	-	-	-	17,535	16,569	966	20,989	-	20,989
Excess of Revenues Over (Under) Expenditures	-	19,153	19,153	(5,335)	4,736	10,071	(20,989)	5,000	25,989
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)	19,153	(27,033)	(5,335)	4,736	10,071	(20,989)	5,000	25,989
FUND BALANCE, AT BEGINNING OF YEAR									
		16,029			203,408				
FUND BALANCE, AT END OF YEAR		35,182			208,144				

(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, 2012

	Parkland Acquisition Fund (Fund 555)			Capital Project Funds		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:						
Intergovernmental Revenues	\$ -	\$ -	\$ -	\$ -	\$ 23,985	\$ 23,985
Acquisition Charges and Fees	600	-	(600)	22,600	-	(22,600)
Interest	2,000	429	(1,571)	3,600	1,026	(2,574)
Other	-	-	-	40,508	74,840	34,332
Total Revenues	2,600	429	(2,171)	66,708	99,851	33,143
EXPENDITURES:						
Current:						
General Government	-	-	-	5,500	3,080	2,420
General Government	-	-	-	5,500	3,080	2,420
Total General Government	-	-	-	5,500	3,080	2,420
Transportation:						
Streets	-	-	-	47,375	47,308	67
Total Transportation	-	-	-	47,375	47,308	67
Cultural, Parks and Recreation						
Parks and Recreation	41,500	-	41,500	47,035	5,634	41,401
Total Cultural, Parks and Recreation	41,500	-	41,500	47,035	5,634	41,401
Community/Economic Development						
Economic Development	-	-	-	-	-	-
Total Community/Economic Development	-	-	-	-	-	-
Debt Service:						
Interest and Other Charges	-	-	-	66,274	45,007	21,267
Capital Outlay	-	-	-	-	-	-
Total Debt Service	-	-	-	66,274	45,007	21,267
Excess of Revenues Over (Under) Expenditures	41,500	-	41,500	166,184	101,029	65,155
Excess of Revenues Over (Under) Expenditures	(38,900)	429	39,329	(99,476)	(1,178)	98,298
OTHER FINANCING SOURCES (USES):						
Operating Transfers In	-	-	-	-	37,000	37,000
Operating Transfers Out	-	-	-	(134,096)	-	(134,096)
Total Other Financing Sources (Over)	-	-	-	(134,096)	37,000	(97,096)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(38,900)	429	39,329	(233,572)	35,822	1,202
FUND BALANCE, AT BEGINNING OF YEAR						
					174,084	
FUND BALANCE, AT END OF YEAR					174,513	

See accompanying notes to
the basic financial statements.

**CITY OF CORNING
ENTERPRISE FUNDS**

Exhibit D-1

Combining Balance Sheet
June 30, 2012

	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	\$ 694,560	\$ 83,953	\$ -	\$ 15,448	\$ 1,087,102	\$ 1,881,063
Accounts Receivable	86,133	23,991	-	685	126,108	236,917
Inventories	15,116	-	-	-	56,744	71,860
Prepaid Assets	-	-	-	-	-	-
Total Current Assets	<u>795,809</u>	<u>107,944</u>	<u>-</u>	<u>16,133</u>	<u>1,269,954</u>	<u>2,189,840</u>
Capital Assets:						
Construction in Progress	-	-	-	-	-	-
Property, Plant and Equipment	16,141,550	-	3,390,513	5,167	6,663,018	26,200,248
Accumulated Depreciation	(8,204,955)	-	(68,264)	-	(1,896,161)	(10,169,380)
Net Capital Assets	<u>7,936,595</u>	<u>-</u>	<u>3,322,249</u>	<u>5,167</u>	<u>4,766,857</u>	<u>16,030,868</u>
Loan Acquisition Costs	27,361	-	-	-	109,446	136,807
Accumulated Amortization	(8,705)	-	-	-	(34,644)	(43,349)
Net Loan Acquisition Costs	<u>18,656</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>74,802</u>	<u>93,458</u>
Other Assets:						
Restricted Cash:						
Deposits	-	-	-	-	-	-
Loan Repayment	591,720	-	-	-	386,058	977,778
Total Other Assets	<u>591,720</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>386,058</u>	<u>977,778</u>
Total Assets	<u>9,342,780</u>	<u>107,944</u>	<u>3,322,249</u>	<u>21,300</u>	<u>6,497,671</u>	<u>19,291,944</u>
LIABILITIES						
Liabilities:						
Current Liabilities:						
Accounts Payable	66,116	110,242	1,534	521	21,188	199,601
Accrued Wages	2,516	-	-	-	4,579	7,095
Due to Other Funds	-	-	114,150	-	-	114,150
Interest Payable	70,824	-	-	-	54,256	125,080
Deposits	-	-	-	-	67,723	67,723
Current Portion of Long Term Debt	114,024	-	-	-	110,264	224,288
Total Current Liabilities	<u>253,480</u>	<u>110,242</u>	<u>115,684</u>	<u>521</u>	<u>258,010</u>	<u>737,937</u>
Long-Term Liabilities						
Interfund Loan Payable	-	-	-	-	-	-
Accrued Compensation for Future Absences	24,587	-	-	-	24,587	49,174
Loan Payable: Mid Valley Bank	-	-	-	-	-	-
Certificates of Participation Payable	5,984,733	-	-	-	4,319,804	10,304,537
Less: Current Portion	(93,180)	-	-	-	(89,420)	(182,600)
Total Long-Term Liabilities	<u>5,916,140</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,254,971</u>	<u>10,171,111</u>
Total Liabilities	<u>6,169,620</u>	<u>110,242</u>	<u>115,684</u>	<u>521</u>	<u>4,512,981</u>	<u>10,909,048</u>
NET ASSETS						
Contributed Capital						
Investment in capital assets, net	1,951,862	-	3,322,249	5,167	447,053	5,726,331
Retained Earnings, Restricted	1,241,835	-	-	-	781,358	2,023,193
Retained Earnings, Unrestricted	(20,537)	(2,298)	(115,684)	15,612	756,279	633,372
Total Retained Earnings	<u>3,173,160</u>	<u>(2,298)</u>	<u>3,206,565</u>	<u>20,779</u>	<u>1,984,690</u>	<u>8,382,896</u>
Total Net Assets	<u>\$ 3,173,160</u>	<u>\$ (2,298)</u>	<u>\$ 3,206,565</u>	<u>\$ 20,779</u>	<u>\$ 1,984,690</u>	<u>\$ 8,382,896</u>
Total Liabilities and Fund Equity	<u>\$ 9,342,780</u>	<u>\$ 6,497,671</u>	<u>\$ 107,944</u>	<u>\$ 3,322,249</u>	<u>\$ 21,300</u>	<u>\$ 19,291,944</u>

See accompanying notes to
the basic financial statements.

**CITY OF CORNING
ENTERPRISE FUNDS**

Exhibit D-2

Combining Statement of Revenues, Expenses
and Changes in Net Assets
Year Ended June 30, 2012

	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	\$ 1,548,352	\$ 423,069	\$ -	\$ -	\$ 1,283,720	\$ 3,255,141
Connection fees	-	-	-	-	1,725	1,725
Lease and Rents	7,608	-	12,192	10,000	-	29,800
Other Revenue	29,541	-	10,980	7,535	12,569	60,625
Total Operating Revenues	<u>1,585,501</u>	<u>423,069</u>	<u>23,172</u>	<u>17,535</u>	<u>1,298,014</u>	<u>3,347,291</u>
OPERATING EXPENSES:						
Salaries and Benefits	308,354	-	3,520	-	488,235	800,109
Utilities	91,583	-	6,662	6,123	174,826	279,194
Depreciation	481,680	-	28,861	-	156,591	667,132
Amortization	1,244	-	-	-	4,975	6,219
Other Expenses	805,974	423,809	19,127	10,147	228,793	1,487,850
Total Operating Expenses	<u>1,688,835</u>	<u>423,809</u>	<u>58,170</u>	<u>16,270</u>	<u>1,053,420</u>	<u>3,240,504</u>
Operating Income (Loss)	<u>(103,334)</u>	<u>(740)</u>	<u>(34,998)</u>	<u>1,265</u>	<u>244,594</u>	<u>106,787</u>
NON-OPERATING REVENUE (EXPENSE)						
Investment Earnings	3,188	99	3	38	2,620	5,948
Interest Expense	(265,501)	-	-	-	(187,051)	(452,552)
Net Non-Operating Revenues (Expenses)	<u>(262,313)</u>	<u>99</u>	<u>3</u>	<u>38</u>	<u>(184,431)</u>	<u>(446,604)</u>
Income Before Transfers	<u>(365,647)</u>	<u>(641)</u>	<u>(34,995)</u>	<u>1,303</u>	<u>60,163</u>	<u>(339,817)</u>
Operating Transfers In	216,763	-	-	-	237,925	454,688
Operating Transfers Out	<u>(216,763)</u>	<u>(800)</u>	<u>-</u>	<u>-</u>	<u>(237,925)</u>	<u>(455,488)</u>
Changes in net assets	<u>(365,647)</u>	<u>(1,441)</u>	<u>(34,995)</u>	<u>1,303</u>	<u>60,163</u>	<u>(340,617)</u>
NET ASSETS, AT BEGINNING 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>
As Previously Stated	-	-	-	-	-	-
Prior period adjustment	-	-	-	-	-	-
As Restated	<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>
Residual Equity Transfers In	-	-	-	-	-	-
Residual Equity Transfers Out	-	-	-	-	-	-
NET ASSETS, AT END OF YEAR	<u>\$ 3,173,154</u>	<u>\$ (2,298)</u>	<u>\$ 3,206,565</u>	<u>\$ 20,779</u>	<u>\$ 1,984,700</u>	<u>\$ 8,382,900</u>

**CITY OF CORNING
ENTERPRISE FUNDS**

Exhibit D-3

Combining Statement of Cash Flows
Year Ended June 30, 2012

	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	1,541,864	419,185	-	-	1,249,918	3,210,967
Other Operating Cash Receipts	37,149	-	23,172	17,535	12,569	90,425
Payments to Suppliers	(873,271)	(417,827)	(28,783)	(16,170)	(385,944)	(1,721,995)
Payments to Employees	(308,651)	-	(3,520)	-	(487,502)	(799,673)
Net Cash Provided (Used) by Operating Activities	<u>397,091</u>	<u>1,358</u>	<u>(9,131)</u>	<u>1,365</u>	<u>389,041</u>	<u>779,724</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Transfers from (to) other funds	-	(800)	-	-	-	(800)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Interest Paid	(265,501)	-	-	-	(187,051)	(452,552)
Repayment of Certificates of Participation	(96,681)	-	-	-	506,418	409,737
Payments for capital acquisitions	(23,644)	-	4,271	-	(678,281)	(697,654)
Net cash (used for) capital and related financing activities	<u>(385,826)</u>	<u>-</u>	<u>4,271</u>	<u>-</u>	<u>(358,914)</u>	<u>(740,469)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:						
Receipts of interest	3,188	99	3	38	2,620	5,948
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>14,453</u>	<u>657</u>	<u>(4,857)</u>	<u>1,403</u>	<u>32,747</u>	<u>44,403</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>680,107</u>	<u>83,296</u>	<u>4,857</u>	<u>14,045</u>	<u>1,054,355</u>	<u>1,836,660</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 694,560</u>	<u>\$ 83,953</u>	<u>\$ -</u>	<u>\$ 15,448</u>	<u>\$ 1,087,102</u>	<u>\$ 1,881,063</u>
RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES						
Net Operating Income (Loss)	\$ (103,334)	\$ (740)	\$ (34,998)	\$ 1,265	\$ 244,594	\$ 106,787
Adjustments to Reconcile Net Income to Net Cash From (Used For) Operating Activities:						
Depreciation and Amortization	482,924	-	28,861	-	161,566	673,351
Decrease (Increase) in Accounts Receivable	(6,488)	(3,884)	-	-	(38,871)	(49,243)
Decrease (Increase) in Inventory	(150)	-	-	-	(562)	(712)
Decrease (Increase) in Other Assets	(24,017)	-	-	-	6	(24,011)
Increase (Decrease) in Accounts Payable	49,572	5,982	1,277	100	16,778	73,709
Increase (Decrease) in Wages Payable	390	-	-	-	1,420	1,810
Increase (Decrease) in Accrued Compensation	(687)	-	-	-	(687)	(1,374)
Increase (Decrease) in Due to Other Funds	-	-	(4,271)	-	-	(4,271)
Increase (Decrease) in Interest Payable	(1,119)	-	-	-	1,453	334
Increase (Decrease) in Deposits	-	-	-	-	3,344	3,344
Increase (Decrease) in current liabilities payable from restricted assets	-	-	-	-	-	-
Net cash from (used for) operating activities	<u>\$ 397,091</u>	<u>\$ 1,358</u>	<u>\$ (9,131)</u>	<u>\$ 1,365</u>	<u>\$ 389,041</u>	<u>\$ 779,724</u>

See accompanying notes to the basic financial statements.

**CITY OF CORNING
EXPENDABLE TRUST FUNDS**

Combining Balance Sheet
June 30, 2012

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	\$ 27,422	\$ 19,753	\$ 263,559	\$ 310,734
Receivables:				
Intergovernmental	-	-	-	-
County	-	-	-	-
Deferred compensation plan assets	-	-	-	-
Total assets	\$ 27,422	\$ 19,753	\$ 263,559	\$ 310,734
LIABILITIES AND FUND BALANCE:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Total liabilities	-	-	-	-
Fund Balances:				
Held in trust for:				
Scholarships	27,422	-	-	27,422
Library System	-	-	263,559	263,559
Theater	-	19,753	-	19,753
Total fund balances	27,422	19,753	263,559	310,734
Total liabilities and fund balances	\$ 27,422	\$ 19,753	\$ 263,559	\$ 310,734

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, 2012

Exhibit E-2

	J.T. Levy Trust Fund (Fund 401)	Rodgers Theater Trust (Fund 402)	Ridell Library Fund (Fund 403)	Totals
REVENUES:				
Intergovernmental	-	-	-	-
Fines and Forfeitures	-	-	-	-
Interest	<u>68</u>	<u>51</u>	<u>347</u>	<u>466</u>
Total Revenues	<u>68</u>	<u>51</u>	<u>347</u>	<u>466</u>
EXPENDITURES:				
Scholarships	500	-	-	500
Capital Outlay	-	<u>2,263</u>	-	<u>2,263</u>
Other	-	-	-	-
Total Expenditures	<u>500</u>	<u>2,263</u>	<u>-</u>	<u>2,763</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(432)</u>	<u>(2,212)</u>	<u>347</u>	<u>(2,297)</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	-	-	-	-
Operating Transfers Out	-	-	<u>(2,436)</u>	<u>(2,436)</u>
Total Other Financing Source (Uses)	<u>-</u>	<u>-</u>	<u>(2,436)</u>	<u>(2,436)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures	<u>(432)</u>	<u>(2,212)</u>	<u>(2,089)</u>	<u>(4,733)</u>
FUND BALANCE, BEGINNING OF YEAR	<u>27,854</u>	<u>21,965</u>	<u>265,648</u>	<u>315,467</u>
FUND BALANCE, END OF YEAR	<u>\$ 27,422</u>	<u>\$ 19,753</u>	<u>\$ 263,559</u>	<u>\$ 310,734</u>

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, 2012

	Totals		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Intergovernmental	-	-	-
Fines and Forfeitures	2,000	466	(1,534)
Interest	-	-	-
Total Revenues	<u>2,000</u>	<u>466</u>	<u>(1,534)</u>
Scholarships	500	500	-
Capital Outlay	27,192	2,263	24,929
Other	-	-	-
Total Expenditures	<u>27,692</u>	<u>2,763</u>	<u>24,929</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(25,692)</u>	<u>(2,297)</u>	<u>23,395</u>
OTHER FINANCING SOURCES (USES):			
Operating Transfers In	-	-	-
Operating Transfers Out	-	(2,436)	(2,436)
Total Other Financing Source (Uses)	<u>-</u>	<u>(2,436)</u>	<u>(2,436)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures	<u>\$(25,692)</u>	<u>\$(4,733)</u>	<u>\$20,959</u>
FUND BALANCE, BEGINNING OF YEAR		315,467	
FUND BALANCE, END OF YEAR		<u>\$ 310,734</u>	

See accompanying notes to
the basic financial statements.

OTHER REPORTS AND SCHEDULES

**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**

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

**INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

STATUS OF PRIOR YEAR RECOMMENDATIONS

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

The Honorable Mayor and Members of the 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, 2012, which collectively comprise the Authority's basic financial statements and have issued my report thereon dated January 31, 2013. 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

Management of the City of Corning is responsible for establishing and maintaining effective 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 Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

A deficiency in internal control 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 and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

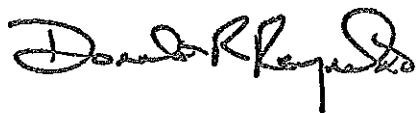
My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses.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

The Honorable Mayor and Members of the City Council
City of Corning
Corning, California

Compliance and Other Matters

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*.

This report is intended solely for the information and use of the City Council, City management 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, 2013

Donald R. Reynolds

Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Honorable City Council
City of Corning
Corning, California

Compliance

I have audited the City of Corning's compliance with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that would have a direct and material effect on the City of Corning's major federal programs for the year ended June 30, 2012. City of Corning's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of City of Corning's management. My responsibility is to express an opinion on City of Corning's compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Corning's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on City of Corning's compliance with those requirements.

In my opinion, City of Corning complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2012.

P.O. Box 994508, Redding, California 96099-4508 . (530) 246-2834 . FAX (530) 244-0331

The Honorable Mayor and Members of the City Council
City of Corning
Corning, California

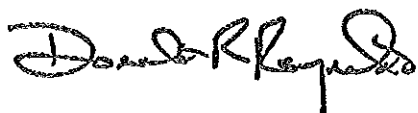
Internal Control Over Compliance

The management of City of Corning is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing my audit, I considered City of Corning's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A deficiency in internal control over compliance 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 and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected, on a timely basis.

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

This report is intended for the information of the City Council, City management 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, 2013

Donald R. Reynolds

Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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, 2012, which collectively comprise the City's basic financial statements and have issued my report thereon dated January 31, 2013. These financial statements are the responsibility of the City of Corning's management. My responsibility was to express an opinion of 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 for financial audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Circular A-133, "Audits of State and Local Governments and Non Profit Organizations." 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 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 provided a reasonable basis for my opinion.

My audit was made for the purpose of forming an opinion on the financial statements taken as a whole and on the combining financial statements. The accompanying Schedule of Federal Financial Assistance is presented for the purposes of additional analysis and is not a required part of the financial statements of the City of Corning. The information in this schedule has been subjected to the auditing procedures applied in the audit of the general purpose and combining financial statements and, in my opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.



Donald R. Reynolds
Certified Public Accountants
January 31, 2013

CITY OF CORNING
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012

<u>Federal Grantor/Pass-Through Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Disbursements/ Expenditures</u>
<u>U.S. Department of Housing and Urban Development</u>			
Passed through State Department of Housing & Community Development:			
Community Development Block Grant	14.228	08-STBG-4828	<u>3,673</u>
Total U.S. Department of Housing & Urban Development			<u>3,673</u>
<u>U.S. Department of Agriculture</u>			
Passed through State Department of Housing & Community Development:			
Rural Utility Service	** 10.781	N/A	<u>613,000</u>
Total U.S. Department of Agriculture			<u>613,000</u>
<u>U.S. Department of Transportation</u>			
Passed through State Department of Transportation			
Highway Planning and Construction	20.205	N/A	<u>28,181</u>
Passed through the State Office of Traffic Safety			
Traffic Safety Grant	20.600	N/A	<u>3,509</u>
Total U.S. Department of Transportation			<u>31,690</u>
			<u>\$ 648,363</u>

** Major Program

CITY OF CORNING
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012

Note 1: General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of the City of Crescent City. The City reporting entity is defined in Note 1 to the City's basic financial statements. All Federal awards received from federal agencies as well as federal awards passed through other government agencies are included in the schedule.

Note 2: Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is prepared on a basis other than that used to record transactions in the accounting records and as reported in the basic financial statements. Sources of information for preparation of the Schedule of Expenditures of Federal Awards varies, depending on the accounting practices and reporting requirements of the departments implementing the program

Note 3: Relationship to Financial Statements

The amounts reported in the accompanying Schedule of Expenditures of Federal Awards agree, in all material respects, to amounts reported within the City's financial statements. Federal award revenues are reported principally in the City's financial statements as intergovernmental revenues in the General and Special Revenue funds.

CITY OF CORNING
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012

SECTION 1

Financial Statements

Summary of Auditor's Results

- a.) Type of auditor's report issued on financial statements **Unqualified**
- b.) Internal control over financial reporting:
 - Material weaknesses identified: **No**
 - Significant Deficiencies indentified that are not considered to be material weaknesses: **No**
- c.) Noncompliance which is material to the financial statements: **No**

Federal Awards

- d.) Internal control over major programs:
 - Material weaknesses identified: **No**
 - Significant Deficiencies indentified that are not considered to be material weaknesses: **No**
- e.) Type of auditors' report issued on compliance for major programs: **Unqualified**
- f.) Any audit findings which are required to be reported under Section .510(a) of OMB Circular A-133: **No**
- g.) The dollar threshold used to distinguish between Type "A" and Type "B" programs was **\$300,000**
- h.) Program identified as a major program

<u>CFDA Number</u>	<u>Name of Federal Program</u>
10.781	Rural Utility Services
- i.) Auditee qualified as a low risk auditee under Section 0.530 of OMB Circular A-133: **No.**

**CITY OF CORNING
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012**

SECTION 2

None Reported

Federal Award Findings and Questioned Costs

None reported

CITY OF CORNING
SCHEDULES TO FOOTNOTES

Budget and Appropriations
 Fiscal Year Ended June 30, 2012

NOTE 5 OTHER DISCLOSURES

SCHEDULE OF EXCESS EXPENDITURES:

Fund	Appropriations	Expenditures	Excess Expenditures	Additional Revenue Received
General Fund	\$ 4,192,781	\$ 4,359,692	\$ 166,911	\$ 850,290
Special Gas Tax 2105 (Fund 111)	81,000	137,803	56,803	-
Special Gas Tax 2107.5 (Fund 112)	2,000	2,893	893	-
Housing Acquisition RLF Fund (Fund 327)	-	2,923	2,923	99
Housing Rehabilitation RLF Fund (Fund 328)	-	1,750	1,750	96
New Construction RLF Fund (Fund 329)	-	508	508	17
Drainage Fund (Fund 345)	5,035	11,006	5,971	8,085
Way Finding Fund (Fund 370)	-	1,202	1,202	1,202
	\$ 4,275,781	\$ 4,503,311	\$ 227,530	\$ 850,389

SCHEDULE OF DEFICIT FUND BALANCES:

Fund	Deficit Fund Balance
Rogers Theater Restoration Fund	\$ (16,072)
CDBG Program Income Fund	(149)
Energy Grant Fund	(3,517)
Sewer Capital Improvement Fund	(3,999)
Solid Waste Enterprise Fund	(2,298)
Fire Equipment Replacement Fund	(25,965)
	\$ (52,000)

CITY OF CORNING
SEWER ENTERPRISE FUNDS

Combining Balance Sheet
June 30, 2012

	Sewer Capital Improvement Fund (Fund 347)	WVWTP EXP. Fund (Fund 346)	W.V.W.T.P. Capital Replacement Fund (Fund 380)	Sewer Capital Replacement Fund (Fund 381)	WVWTP EXP. Fund (Fund 385)	Fund (Fund 610)	1999 COP (Fund 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:												
Cash and Investments	\$ -	\$ (378,063)	\$ 204,774	\$ 104,692	\$ -	\$ 760,673	\$ 2,484	\$ -	\$ -	\$ -	\$ -	\$ 694,560
Accounts Receivable	-	-	-	-	-	86,133	-	-	-	-	-	86,133
Inventories	-	-	-	-	-	15,116	-	-	-	-	-	15,116
Total Current Assets	-	(378,063)	204,774	104,692	-	861,922	2,484	-	-	-	-	795,809
Capital Assets												
Property, Plant and Equipment	-	4,453,848	-	-	-	11,687,702	-	-	-	-	-	16,141,550
Accumulated Depreciation	-	(801,101)	-	-	-	(7,403,554)	-	-	-	-	-	(8,204,955)
Net Capital Assets	-	3,652,747	-	-	-	4,283,848	-	-	-	-	-	7,936,595
Loan Acquisition Costs	-	-	-	-	-	27,361	-	-	-	-	-	27,361
Accumulated Amortization	-	-	-	-	-	(8,705)	-	-	-	-	-	(8,705)
Net Loan Acquisition Costs	-	-	-	-	-	18,656	-	-	-	-	-	18,656
Other Assets:												
Restricted Cash:												
Loan Repayment	-	-	-	-	-	-	407,473	-	38,822	2	123,053	569,350
Total Other Assets	-	-	-	-	-	-	407,473	-	38,822	2	123,053	569,350
Total Assets	\$ -	\$ 3,274,684	\$ 204,774	\$ 104,692	\$ -	\$ 5,164,426	\$ 409,957	\$ -	\$ 38,822	\$ 2	\$ 123,053	\$ 9,320,410
LIABILITIES												
Current Liabilities:												
Accounts Payable	\$ 3,999	\$ -	\$ -	\$ 36	\$ -	\$ 62,081	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 66,116
Accrued Wages	-	42,477	-	-	-	2,516	-	-	-	-	-	2,516
Interest Payable	-	46,000	-	-	-	28,347	-	-	-	-	-	70,824
Current Portion of Long Term Debt	-	46,000	-	-	-	68,024	-	-	-	-	-	114,024
Total Current Liabilities	3,999	88,477	-	36	-	160,968	-	-	-	-	-	253,480
Long-Term Liabilities												
Interfund Loan Payable	-	(381,370)	-	-	-	381,370	-	-	-	-	-	24,587
Accrued Compensation for Future Absences	-	-	-	-	-	24,587	-	-	-	-	-	5,984,733
Certificates of Participation Payable	-	3,998,000	-	-	-	1,986,733	-	-	-	-	-	(93,180)
Less: Current Portion	-	(46,000)	-	-	-	(47,180)	-	-	-	-	-	-
Total Long-Term Liabilities	-	3,570,650	-	-	-	2,345,510	-	-	-	-	-	5,916,140
Total Liabilities	3,999	3,659,127	-	36	-	2,306,478	-	-	-	-	-	6,169,620
Fund Equity:												
Contributed Capital	-	-	-	-	-	-	-	-	-	-	-	-
Retained Earnings:												
Investment in Capital Assets	-	(345,253)	204,774	104,696	-	2,297,115	409,957	-	38,822	3	145,416	1,951,862
Restricted	(3,999)	342,200	-	-	-	(20,537)	-	-	-	-	-	1,241,829
Unrestricted	-	-	-	-	-	2,276,578	409,957	-	38,822	3	145,416	(20,537)
Total Net Assets	(3,999)	(3,053)	204,774	104,656	-	2,276,578	409,957	-	38,822	3	145,416	3,173,154
Total Net Assets	\$ (3,999)	\$ (3,053)	\$ 204,774	\$ 104,656	\$ -	\$ 2,276,578	\$ 409,957	\$ -	\$ 38,822	\$ 3	\$ 145,416	\$ 3,173,154

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, 2012

	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 (675,611)	2005 COP (Fund 681)	2005 Refunding Bond (Fund 692)	2005 Refunding Bond (Fund 693)	TOTAL Sewer Enterprise Fund
OPERATING REVENUES:											
Charges for Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,548,352	\$ -	\$ -	\$ -	\$ -	\$ 1,548,352
Connection fees	-	-	-	-	-	-	-	-	-	-	-
Lease and Rents	-	-	-	-	-	7,608	-	-	-	-	7,608
Other Revenue	10,541	18,000	-	-	-	1,000	-	-	-	-	29,541
Total Operating Revenues	10,541	18,000	-	-	-	1,556,960	-	-	-	-	1,585,501
OPERATING EXPENSES:											
Salaries and Benefits	-	-	-	-	-	308,354	-	-	-	-	308,354
Utilities	-	-	-	-	-	91,583	-	-	-	-	91,583
Depreciation	-	133,960	-	-	-	347,720	-	-	-	-	481,680
Amortization	-	-	-	-	-	1,244	-	-	-	-	1,244
Other Expenses	618	543	22,448	18,479	-	763,879	-	-	15	-	805,982
Total Operating Expenses	618	134,503	22,448	18,479	-	1,512,780	-	-	15	-	1,688,843
Operating Income (Loss)	9,923	(116,503)	(22,448)	(18,479)	-	44,180	-	-	(15)	-	(103,342)
NON-OPERATING REVENUE (EXPENSE)											
Investment Earnings	-	65	513	257	-	681	1,650	8	12	12	3,194
Interest Expense	-	(175,262)	-	-	-	(92,229)	-	(6)	(5)	-	(265,500)
Net Non-Operating Revenues (Expenses)	-	(175,197)	513	257	-	(91,548)	1,650	2	3	14	(262,306)
Net Income Before Transfers	9,923	(289,700)	(21,935)	(18,222)	-	(47,368)	1,650	2	3	(1)	(365,648)
Operating Transfers In	-	120,000	55,000	19,400	-	-	-	-	-	22,363	216,763
Operating Transfers Out	-	(22,363)	-	-	-	(194,400)	-	-	-	-	(216,763)
Net Income	9,923	(192,063)	33,065	1,178	-	(241,768)	1,650	2	3	22,362	(365,648)
NET ASSETS, AT BEGINNING OF YEAR											
As Previously Stated	(13,926)	189,010	171,709	103,478	-	2,518,346	408,307	38,820	-	100,681	3,516,425
Residual Equity Transfers In	-	-	-	-	-	-	-	-	-	22,373	22,373
Residual Equity Transfers Out	-	-	-	-	-	-	-	-	-	-	-
NET ASSETS, AT END OF YEAR	\$ (4,003)	\$ (3,053)	\$ 204,774	\$ 104,656	\$ -	\$ 2,276,578	\$ 409,957	\$ 38,822	\$ 3	\$ 145,416	\$ 3,175,150

See accompanying notes to
the basic financial statements.

**CITY OF CORNING
WATER ENTERPRISE FUNDS**

Combining Balance Sheet
June 30, 2012

	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	\$ 74,466	\$ 318,034	\$ 664,727	\$ -	\$ -	\$ 1,057,227
Accounts Receivable	-	-	126,108	-	-	126,108
Inventories	-	-	56,744	-	-	56,744
Total Current Assets	74,466	318,034	847,579	-	-	1,240,079
Fixed Assets:						
Construction in Progress	-	-	-	-	-	-
Property, Plant and Equipment	-	-	6,663,018	-	-	6,663,018
Accumulated Depreciation	-	-	(1,896,161)	-	-	(1,896,161)
Net Property, Plant and Equipment	-	-	4,766,857	-	-	4,766,857
Loan Acquisition Costs	-	-	109,446	-	-	109,446
Accumulated Amortization	-	-	(34,644)	-	-	(34,644)
Net Loan Acquisition Costs	-	-	74,802	-	-	74,802
Other Assets:						
Restricted Cash:						
Loan Repayment	-	-	-	230,775	155,283	386,058
Total Other Assets	-	-	-	230,775	155,283	386,058
Total Assets	\$ 74,466	\$ 318,034	\$ 5,689,238	\$ 230,775	\$ 155,283	\$ 6,467,796
LIABILITIES						
Liabilities:						
Current Liabilities:						
Accounts Payable	-	\$ -	\$ 21,180	-	-	21,188
Accrued Wages	-	-	4,579	-	-	4,579
Interest Payable	-	-	54,256	-	-	54,256
Deposits	-	-	67,723	-	-	67,723
Current Portion of Long Term Debt	-	-	110,264	-	-	110,264
Total Current Liabilities	-	-	258,002	-	-	258,010
Long-Term Liabilities						
Accrued Compensation for Future Absences	-	-	24,587	-	-	24,587
Certificates of Participation Payable	-	-	4,319,804	-	-	4,319,804
Less: Current Portion	-	-	(89,420)	-	-	(89,420)
Total Long-Term Liabilities	-	-	4,254,971	-	-	4,254,971
Total Liabilities	-	-	4,512,973	-	-	4,512,981
NET ASSETS						
Investment in Capital Assets	-	-	447,053	-	-	447,053
Restricted	74,466	318,026	-	230,775	155,283	778,550
Unrestricted	-	-	729,212	-	-	729,212
Total Net Assets	\$ 74,466	\$ 318,026	\$ 1,176,265	\$ 230,775	\$ 155,283	\$ 1,954,815

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, 2012

	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	\$ -	\$ -	\$ 1,283,720	\$ -	\$ -	\$ 1,283,720
Connection fees	-	-	1,725	-	-	1,725
Lease and Rents	-	-	-	-	-	-
Other Revenue	9,813	-	2,756	-	-	12,569
Total Operating Revenues	9,813	-	1,288,201	-	-	1,298,014
OPERATING EXPENSES:						
Salaries and Benefits	-	-	488,235	-	-	488,235
Utilities	-	-	174,826	-	-	174,826
Depreciation	-	-	156,591	-	-	156,591
Amortization	-	-	4,975	-	-	4,975
Other Expenses	15,924	26,324	186,523	13	9	228,793
Total Operating Expenses	15,924	26,324	1,011,150	13	9	1,053,420
Operating Income (Loss)	(6,111)	(26,324)	277,051	(13)	(9)	244,594
NON-OPERATING REVENUE (EXPENSE)						
Investment Earnings	249	807	1,450	23	16	2,545
Interest Expense	-	-	(187,038)	(6)	(7)	(187,051)
Net Non-Operating Revenues (Expenses)	249	807	(185,588)	17	9	(184,506)
Net Income Before Transfers	(5,862)	(25,517)	91,463	4	-	60,088
Operating Transfers In	-	103,000	105,125	-	-	208,125
Operating Transfers Out	(105,125)	(27,000)	(105,800)	-	-	(237,925)
Net Income	(110,987)	50,483	90,788	4	-	30,288
NET ASSETS, AT BEGINNING OF YEAR	185,453	267,543	1,085,477	230,771	155,283	1,924,527
Residual Equity Transfers In	-	-	-	-	-	-
Residual Equity Transfers Out	-	-	-	-	-	-
NET ASSETS, AT END OF YEAR	\$ 74,466	\$ 318,026	\$ 1,176,265	\$ 230,775	\$ 155,283	\$ 1,954,815

See accompanying notes to
 the basic financial statements.

THIS PAGE INTENTIONALLY LEFT BLANK