

CITY OF CORNING,

CALIFORNIA

**FINANCIAL STATEMENTS
TOGETHER WITH
INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED
JUNE 30, 2013**

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**CITY OF CORNING
PRINCIPAL OFFICIALS
June 30, 2013**

**CITY COUNCIL
(Terms as of June 30, 2013)**

Name	Office	Term Expires
GARY STRACK	Mayor	2014
DARLENE DICKISON	Vice-Mayor	2014
WILLETTE SMITH	Councilwoman	2016
TONY CARDENAS	Councilman	2016
DAVE LINNET	Councilman	2014

**CITY CLERK
LISA LINNET**

**CITY TREASURER
PALA CANTRELL**

**CITY MANAGER & FINANCE DIRECTOR
JOHN BREWER**

INTRODUCTORY SECTION

City Officials

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**CITY OF CORNING
PRINCIPAL OFFICIALS
June 30, 2013**

**CITY COUNCIL
(Terms as of June 30, 2013)**

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**CITY MANAGER & FINANCE DIRECTOR
JOHN BREWER**

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FINANCIAL SECTION

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

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INDEPENDENT AUDITOR'S REPORT

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

Report On the Financial Statements

I have audited the accompanying consolidated financial statements of City of Corning (the City), which comprise the consolidated statement of financial position as of June 30, 2013, and the related consolidated statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

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

Opinion

In my opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the City of Corning as of June 30, 2013, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 -13 and 61 - 62 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

In accordance with *Government Auditing Standards*, I have also issued my report dated January 30, 2014, 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.

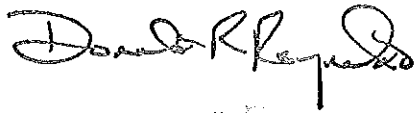
Supplementary and Other Information

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

The combining nonmajor fund financial statements and budgetary schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures,

including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the combining nonmajor fund financial statements and budgetary schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

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

Donald R. Reynolds, CPA
Redding, California
January 30, 2014

CITY OF CORNING
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2013

As Management of the City of Corning (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2013. We encourage readers to consider the information presented here in conjunction with the City's basic financial statements following this section.

The Management's Discussion and Analysis (MD&A) presents financial highlights; an overview of the accompanying financial statements; an analysis of financial position and results of operations; a current-to-prior year analysis; a discussion on restrictions and commitments; and a discussion on significant activity involving capital assets and long-term debt. The discussion focuses on the City's primary government and unless otherwise noted, component units reported separately from government are not included.

Financial Highlights

Government-Wide

All funds of the City are reported together in the Government-Wide Reports. Total assets of the City were \$33,167,694 and total liabilities were \$18,975,836 at June 30, 2013. The City's assets exceeded its liabilities by \$14,191,858 (net position) for the fiscal year reported. This is a decrease of \$2,474,266 from the previous year when assets exceeded liabilities by \$16,670,559. The decline was primarily due to the City recognizing and refinancing its side fund liability to its employee pension plan, CalPERS, resulting in a prior period adjustment in the amount of \$2,579,003. The City overall experienced a surplus in the amount of \$104,737, consisting of a surplus of \$407,540 in the governmental funds and a deficit of (\$302,803) in the business-type funds.

Total net position is comprised of the following:

- (1) Capital assets, net of related debt and accumulated depreciation, of \$12,012,358 include property and equipment.
- (2) Net assets of \$2,036,414 are restricted for debt service.
- (3) Unrestricted net assets of \$143,086 represent the portion available to maintain the City's continuing obligations to citizens and creditors.

Fund Based – Governmental Funds

Governmental funds include the General Fund and all other funds, except those classified as business type. The City's governmental funds reported total ending net position of \$6,357,679 this year. This compares to the prior year ending net position of \$8,283,216 and is a decrease of \$1,925,537 during the current year; \$2,333,077 was from the prior year adjustments referred to above and \$407,540 was the result of operations.

For the fiscal year ending June 30, 2013, the fund balance of the General Fund was \$1,005,264; of this amount \$800,000 is committed to fund balance reserve. The Fund Balance Reserve Policy is the City Council's goal to achieve a minimum margin of the annual general fund appropriations. For the fiscal year 2012-13, the \$800,000 fund balance reserve is 16.94% of reported expenditures (\$4,721,619).

Fund Based – Business Type Activities

The City's business type activities include the Water Fund, the Sewer Fund, the Solid Waste Enterprise Fund, the Airport Fund and the Transportation Center Fund. These funds reported total ending net position of \$7,834,179 as of June 30, 2013. This compares to the prior year ending net position of

\$8,382,908 showing a decrease of \$548,729 during the current year. Of this \$245,926 represents prior period adjustments and \$302,803 represents current operating deficit.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction of the City's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements present both long-term and short-term information about the City's overall financial picture. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis of full accrual accounting and elimination or reclassification of internal activities.

The *Statement of Net Position* is measured as the difference between (a) assets and deferred outflow of resources and (b) liabilities and deferred inflow of resources. This is one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net position may serve as an indicator of whether or not its financial health is improving or deteriorating.

The *Statement of Activities* presents information on how the City's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that only result in cash flows in future periods; e.g. earned but unused vacation leaves.

In both the Statement of Net Position and Statement of Activities we divide the City into two kinds of activities:

Governmental Activities – Most of the City's basic services are reported here, including General Government (City Council, City Clerk, City Manager's Department, General and Fiscal Services), Public Safety (Police and Fire), Community Development and Planning, Swimming Pool and Public Works. Revenues from property taxes, transient occupancy taxes (TOT), sales tax, business license tax, etc. finance most of these activities.

Business-type Activities – The City charges a fee to customers to recover all or most of certain services it provides. The City's water, sewer, solid waste, airport and transportation center are included in this category.

Fund Financial Statements

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

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 impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund 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 14-16 of this report.

Proprietary Funds – Proprietary funds are primarily used to account for when the City charges for the services it provides, whether to outside customers or to other units of the City. These funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities, using an accrual basis of accounting. In fact, the City's enterprise funds (a component of proprietary funds) are the same as the business-type activities that are reported in the government-wide financial statements but provide more detailed information, such as the statement of cash flows. The City used internal service funds (the other component of proprietary funds) to report activities that provide supplies and services for the City's other programs and activities, such as Building and Equipment Services, Self-Insurance and Information Technology funds. Since these activities predominantly benefit governmental rather than business-type functions, they are included with the governmental activities in the government-wide financial statements.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the City. In these cases, the City has a fiduciary responsibility and is acting as a trustee. The Statement of Fiduciary Net Position separately reports all of the City's fiduciary activities. The City excludes those activities from the City's other financial statements because the City cannot use these assets to finance its operations. However, the City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Notes to the financial statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin immediately following the basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain Required Supplementary Information. The City's progress in funding its obligation to provide pension benefits to its employees is presented. The Statements of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual for the individual funds are also presented.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

This analysis will focus on the City's net position (Table 1) and changes in net position (Table 2) of the governmental and business-type activities for the fiscal year ending June 30, 2013.

TABLE 1 - NET POSITION						
	Governmental Activities		Business-Type Activities		Government-Wide Totals	
	2013	2012	2013	2012	2013	2012
Assets:						
Current and other	\$ 6,993,933	\$ 7,325,428	\$ 3,193,297	\$ 3,053,468	\$ 10,187,230	\$ 10,378,996
Capital assets	<u>7,242,551</u>	<u>6,035,514</u>	<u>15,448,961</u>	<u>16,124,326</u>	<u>22,691,512</u>	<u>22,159,840</u>
Total Assets	<u>\$ 14,236,484</u>	<u>\$ 13,361,042</u>	<u>\$ 18,642,258</u>	<u>\$ 19,177,794</u>	<u>\$32,878,742</u>	<u>\$ 32,538,836</u>
Liabilities						
Current and other	\$ 5,342,886	\$ 4,702,292	\$ 689,616	\$ 623,787	\$ 6,032,502	\$ 5,326,079
Long-term liabilities	<u>2,535,939</u>	<u>371,091</u>	<u>10,118,463</u>	<u>10,171,107</u>	<u>12,654,402</u>	<u>10,542,198</u>
Total Liabilities	<u>7,878,825</u>	<u>5,073,383</u>	<u>10,808,079</u>	<u>10,794,894</u>	<u>18,686,904</u>	<u>15,868,277</u>
Net Position						
Invested in capital assets net of related debt	7,015,128	5,899,873	4,997,230	5,726,331	12,012,538	11,626,204
Restricted	-	-	2,036,414	2,023,193	2,036,414	2,023,193
Unrestricted	<u>(657,469)</u>	<u>2,387,789</u>	<u>800,535</u>	<u>5,350,242</u>	<u>143,066</u>	<u>3,021,162</u>
Total Net Position	<u>\$ 6,357,659</u>	<u>\$ 8,287,659</u>	<u>\$ 7,834,179</u>	<u>\$ 8,382,900</u>	<u>\$ 14,191,838</u>	<u>\$ 16,670,559</u>

In fiscal year 2012-13, Governmental activities decreased the City's net position by \$1,930,000 and business-type activities decreased the City's net position by \$548,729 as compared to the prior fiscal year.

Governmental activities revenues decreased by \$914,141, or 14.41%, due primarily to the value of property improvements donated to the City in the prior fiscal year which decreased by \$906,604. Expenses in the governmental activities increased by \$65,054, or 1.3%; most of this minimal increase is in the city administration and recreation categories.

Business-type activities revenues increased by \$156,457 or 4.24%. The increase was due, in part to additional customer charges. Business-type expenses increased by \$103,987 due to increased costs of providing services.

TABLE 2 - CHANGES IN NET POSITION						
For the periods ending June 30						
	Governmental Activities		Business-Type Activities		Government-Wide Totals	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	\$ 167,232	\$ 167,232	\$ 3,360,853	\$ 3,256,866	\$ 3,528,085	\$ 3,424,098
Operating grants and contributions	180,213	180,213	-	-	180,213	180,213
Capital grants and contributions	187,135	187,135	-	-	187,135	187,135
General revenues:						
Property taxes	475,929	487,247	-	-	475,929	487,247
Sales and use taxes	2,984,524	2,790,055	-	-	2,984,524	2,790,055
Occupancy taxes	294,083	260,693	-	-	294,083	260,693
Other taxes	134,812	128,422	-	-	134,812	128,422
Vehicle License Fee	503,262	537,374	-	-	503,262	537,374
Franchise tax	110,385	107,924	-	-	110,385	107,924
Investment earnings	3,479	5,655	4,747	5,948	8,226	11,603
Intergovernmental	419,467	812,335	-	-	419,467	812,335
Other revenues	<u>158,754</u>	<u>(37,935)</u>	<u>66,960</u>	<u>90,425</u>	<u>225,714</u>	<u>52,490</u>
Total Revenues	<u>5,619,275</u>	<u>6,533,416</u>	<u>3,432,560</u>	<u>3,353,239</u>	<u>9,051,835</u>	<u>9,886,655</u>

Expenses:						
General government	908,123	832,647	-	-	908,123	832,647
Public safety	3,279,740	3,259,949	-	-	3,279,740	3,259,949
Transportation	611,080	682,674	-	-	611,080	682,674
Cultural Parks and Recreation	271,074	226,407	-	-	271,074	226,407
Community Development	27,568	30,854	-	-	27,568	30,854
Sewer	-	-	1,869,261	1,954,336	1,869,261	1,954,336
Water	-	-	1,466,095	1,240,471	1,466,095	1,240,471
Solid Waste	-	-	445,750	423,809	455,750	423,809
Airport	-	-	48,608	58,170	48,608	58,170
Transportation Center	-	-	19,799	16,270	19,799	16,270
Total Expenses	<u>5,097,585</u>	<u>5,032,531</u>	<u>3,849,513</u>	<u>3,693,056</u>	<u>8,947,098</u>	<u>8,725,587</u>
Increase(Decrease) in Net Position before transfers, prior period adjustments and extraordinary items						
	521,690	1,500,885	(416,953)	(339,817)	(104,737)	1,161,068
Transfers	(114,150)	800	114,150	(800)	-	-
Prior period adjustments	<u>(2,333,077)</u>	-	<u>(245,926)</u>	-	<u>(2,579,003)</u>	-
Increase(Decrease) in Net Position	\$ (1,925,537)	\$ 1,501,685	\$(548,729)	\$ (340,617)	\$ (2,474,266)	\$ 1,161,068

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City of Corning uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Under the Government Accounting Standards Board Statement 54 (GASB54), fund balances are now classified as Nonspendable, Restricted, and Unassigned. Nonspendable fund balances are amounts that are inherently Nonspendable, i.e. cannot be spent because of their form or because they must be maintained intact. Restricted fund balances are amounts with externally enforceable limitations on use, such as limitations imposed by creditors or grantors, and limitations imposed by other governments. Unassigned fund balances (residual net resources) are the amount in excess of Nonspendable and Restricted amounts.

Governmental Funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of resources that are available for spending. Such information is useful in assessing the City's financial requirements.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$1,878,470 a decrease of \$833,263 in comparison with the prior year. Of this amount, \$1,468,348 is due to the City's capital projects undertaken during the period.

The following discussion focuses on the City's three primary operating fund types.

General Fund. The General Fund is the chief operating fund of the City of Corning. The General Fund experienced an excess of expenditures over revenues in the amount of \$336,425; transfers in and out (primarily for capital projects) netted to a negative \$269,357, leaving an operating deficit of \$67,068. This amount was reduced by a prior period adjustment for reallocation of gas tax funds of \$44,123, leaving a net change in General Fund balance of negative \$22,945.

The following table, Revenue by Source (Table 3) and Expenditure by Function (Table 4), provide a two-year comparison. Accompanying the tables are brief explanations of significant changes.

Fiscal year 2012-13 General Fund revenue declined .5% in comparison with the prior year. Significant changes were an increase in taxes and assessments of 1.95% and a decrease in intergovernmental revenues of -40.85%. The increase in taxes and assessments is primarily due to an increase in sales tax. The decrease in intergovernmental revenues is primarily due to the decline in operating grants.

Total General Fund expenditures increased by \$398,927 or 9.2% from the prior fiscal year indicating an increase in necessary capital spending.

	2013		2012		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total
Taxes and assessments	4,277,201	91.89%	3,553,696	85.35%	723,505	15.54%
Use of money and property:						
Interest	736	0.02%	2,092	0.05%	-1356	-0.03%
Licenses and permits	55,199	1.19%	84,929	2.04%	-29,730	-0.64%
Intergovernmental revenues	151,134	3.25%	352,516	8.47%	-201,382	-4.33%
Charges for services	167,232	3.59%	167,232	4.02%	0	0.00%
Other revenue	<u>3,049</u>	<u>0.07%</u>	<u>3,078</u>	<u>0.07%</u>	<u>-29</u>	<u>-0.00%</u>
Total	<u>4,654,551</u>	<u>100.01%</u>	<u>4,163,543</u>	<u>100.00%</u>	<u>491,008</u>	<u>10.54%</u>

	2013		2012		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total
General Government	630,382	13.35%	539,720	12.49%	90,662	2.08%
Public Safety	3,232,019	68.45%	3,255,027	75.30%	(23,008)	0.53%
Transportation	212,581	4.50%	285,172	6.60%	(72,591)	-1.67%
Cultural, Parks and Recreation	249,818	5.29%	220,773	5.11%	29,125	-0.67%
Community/Economic Development	23,500	0.50%	22,000	0.51%	1,500	0.03%
Capital outlay	373,239	7.91%	-	-	373,239	100.00%
Total	<u>4,721,619</u>	<u>100.0%</u>	<u>4,322,692</u>	<u>100.0%</u>	<u>398,927</u>	<u>9.23%</u>

Proprietary funds. Proprietary funds operate in a business-type environment. The proprietary fund statements share the same focus as the government-wide statements, reporting both short-term and long-term information about financial status. The City's proprietary funds include the Sewer, Water and Solid Waste utilities and the Airport and Transportation Center.

Water Fund -- In the fiscal year ended June 30, 2013, the Water Fund had a negative change in net assets of \$113,495 and the Sewer Fund had a negative change in net assets of \$281,898. The Solid Waste Fund had a negative change in net assets of \$1,102, and the Airport and the Transportation Center has positive changes in net assets of \$88,392 and \$5,300 respectively. A two-year comparison of change in net assets for these funds is in the following tables.

	2013	2012	Variance	
	Amount	Amount	Amount	Percent
Water Fund				
Operating				
Revenues	1,350,822	1,298,014	52,808	4.06%
Expenses	(1,268,540)	(1,053,420)	(215,120)	-16.95%
Non-operating revenue(expense)	<u>(195,777)</u>	<u>(184,431)</u>	<u>(11,346)</u>	<u>-5.80%</u>
Change in net assets	<u>(113,495)</u>	<u>60,163</u>	<u>(173,658)</u>	

The Water Fund reported an 11.6% decrease in the negative change in net assets in fiscal year 2012-13 compared to fiscal year 2011-12. Although revenues declined, expenses also declined, and the net effect was a slight reduction in the amount of loss in fiscal year 2012-13 compared to fiscal year 2011-12.

Additionally the Water fund's liabilities increased by \$159,409 due to the refinancing of the side fund loan from CalPERS using Pension Obligation Bonds.

Sewer Fund -- The Sewer Fund reported an increase in the negative change in net assets in fiscal year 2012-13 compared to fiscal year 2011-12. Although both revenues and expenses declined, the net effect was still a 29.0% increase in the amount of loss in fiscal year 2012-13 compared to fiscal year 2011-12.

	2013	2012	Variance	
	Amount	Amount	Amount	Percent
Sewer Fund				
Operating				
Revenues	1,584,492	1,585,501	(1,009)	0.00%
Expenses	(1,610,386)	(1,688,835)	78,449	4.87%
Non-operating revenue(expense)	(256,004)	(262,313)	6,309	2.46%
Change in net assets	(281,898)	(365,647)	83,749	

General Fund Budgetary Highlights. In preparing its budgets, the City attempts to estimate its revenues using realistic, but conservative, methods and budgets its expenditure activities in a prudent manner. As a result the City Council adopts budget adjustments during the course of the fiscal year to reflect both changed priorities and availability of additional revenues.

The General Fund budget for fiscal year 2012-13 anticipated a shortfall of \$508,010. The results of the General Fund were more favorable than anticipated, with an actual deficit of \$336,425. The negative experience of fiscal year 2011-12 has been reduced in the fiscal year 2012-13. Revenues in fiscal year 2012-13 were \$55,137, or 1.26%, more than the budget estimate. Expenditures in fiscal year 2012-13 were \$111,997, or 2.37%, less than the budget estimate, primarily due to cost savings from budgeted but unfilled vacancies and the deferral of capital expenditures.

Table 8 shows a two-year comparison of General Fund budgets and actual results.

	2013			2012		
	Budget	Actual	Variance	Budget	Actual	Variance
Revenues	4,597,188	4,654,551	57,363	3,823,430	4,677,920	854,490
Expenditures	(4,833,616)	(4,721,619)	(111,997)	(4,192,781)	(4,322,692)	(129,911)
Operating						
Result	(236,428)	(67,068)	169,360	(369,351)	355,228	724,579
Transfers In	5,000	2,954	(2,046)	5,000	800	(4,200)
Transfers Out	(276,582)	(272,311)	4,271	(76,719)	(37,000)	39,719
Net Result	(508,010)	(336,425)	171,585	(441,070)	319,028	760,098

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The City's practice has been to capitalize buildings, machinery and equipment. As a "small" City under the definition of Governmental Accounting Standards Board Statement No. 34 (GASB34), the City is not required to report, and has not reported, infrastructure (i.e. streets, streetlights, sidewalks, etc.) assets acquired prior to June 30, 2003 in accounting for capital assets. GASB34 requires small cities to report infrastructure acquired after June 30, 2003. To date, the City has noted no infrastructure acquisitions.

The City's investment in capital assets, net of accumulated depreciation, for governmental and business-type activities as of June 30, 2013, was \$6,860,983 and \$15,399,854 respectively. This represented an

increase in the net investment of 12.03 % for governmental and a decrease in net investment of 4.35 % for business-type activities. The overall increase was 7.685% for the City as a whole.

TABLE 9 - NET INVESTMENT IN CAPITAL ASSETS			
Governmental Funds			
2013	2012	Variance \$	Variance %
7,242,551	6,035,514	1,207,037	20.00%
Business-type Funds			
2013	2012	Variance \$	Variance %
15,361,722	16,069,000	(707,278)	-4.40%

Long-term debt. As of June 30, 2013, the City had total debt outstanding of \$13,192,147; this is an increase from the total debt outstanding at June 30, 2012, of \$2,337,153. This increase is due to loan principal pay downs, offset by the increase created by the City refinancing is Side Loan agreement with CalPERS during the current fiscal year.

Table 7 provides a two-year comparison of the City’s long-term debt.

TABLE 10 - TOTAL DEBT						
For the periods ending June 30						
	Governmental Activities		Business-Type Activities		Government-Wide Totals	
	2013	2012	2013	2012	2013	2012
Capital Leases	\$ 46,718	\$ 90,641	\$ -	\$ -	\$ 46,718	\$ 90,641
Compensated Absences	383,570	368,950	95,892	90,866	479,462	459,816
Pension Obligation Bonds	2,333,074	-	245,926	-	2,579,000	-
1999 Certificates of Participation	-	-	3,613,000	3,683,100	3,613,000	3,683,100
2005 Certificates of Participation	-	-	1,930,000	2,015,000	1,930,000	2,015,000
2005 Revenue Refunding Bonds	-	-	3,943,000	3,998,000	3,943,000	3,998,000
Clark Well Loan	-	-	600,467	608,437	600,467	608,437
Total	\$ 2,763,362	\$ 459,591	\$ 10,428,785	\$ 10,395,403	\$ 13,192,147	\$ 10,854,994

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, 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 transportation related 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 2012-2013 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 cannot 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 2012-2013, 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 make up 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 received \$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 2012-2013, 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.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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.

BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements

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CITY OF CORNING
STATEMENT OF NET POSITION
June 30, 2013

Statement 1

	Primary Government		
	Governmental Activities	Business Activities	Total
<u>ASSETS</u>			
<u>Current Assets:</u>			
Cash and Investments	\$ 2,238,480	\$ 1,846,705	\$ 4,085,185
Intergovernmental Receivable	307,048	-	307,048
Accounts Receivable	-	212,725	212,725
Notes Receivable (C.D.B.G.)	5,000	-	5,000
Receivable from Other Governments	13,282	-	13,282
Other Receivable	5,397	-	5,397
Inventory	-	72,578	72,578
Due From Other Funds	3,125	-	3,125
Total Current Assets	<u>2,572,332</u>	<u>2,132,008</u>	<u>4,704,340</u>
<u>Noncurrent Assets:</u>			
Restricted Cash	-	1,061,289	1,061,289
Notes Receivable (C.D.B.G.)	4,421,601	-	4,421,601
Net Capital Assets (Note 2):			
Unamortized loan acquisition costs	-	87,239	87,239
Enterprise Funds	-	15,361,722	15,361,722
General Plant & Equipment	<u>7,242,551</u>	<u>-</u>	<u>7,242,551</u>
Total Capital Assets, net	<u>7,242,551</u>	<u>15,448,961</u>	<u>22,691,512</u>
Total Noncurrent Assets	<u>11,664,152</u>	<u>16,510,250</u>	<u>28,174,402</u>
Total Assets	<u>14,236,484</u>	<u>18,642,258</u>	<u>32,878,742</u>
<u>LIABILITIES</u>			
<u>Current Liabilities:</u>			
Accounts Payable	640,907	174,381	815,288
Accrued Wages/Payroll Taxes	28,689	7,272	35,961
Accrued Interest Payable	7,319	123,363	130,682
Deposits	-	71,154	71,154
Other Accrued Liabilities	-	3,125	3,125
Deferred Revenue	4,438,548	-	4,438,548
Current Portion of non-current liabilities	<u>227,423</u>	<u>310,321</u>	<u>537,744</u>
Total Current Liabilities	<u>5,342,886</u>	<u>689,616</u>	<u>6,032,502</u>
<u>Noncurrent Liabilities:</u>			
Notes, Bonds and Certificates Payable	2,197,369	10,054,171	12,251,540
Accrued Compensated Absences	338,570	64,292	402,862
Capital Leases	-	-	-
Total Noncurrent Liabilities	<u>2,535,939</u>	<u>10,118,463</u>	<u>12,654,402</u>
Total Liabilities	<u>7,878,825</u>	<u>10,808,079</u>	<u>18,686,904</u>
<u>NET POSITION</u>			
Nonspendable - Investment in Capital Assets, net of related debt	7,015,128	4,997,230	12,012,358
Restricted for:			
Debt Service	-	2,036,414	2,036,414
Assigned	<u>(657,469)</u>	<u>800,535</u>	<u>143,066</u>
Total Net Position	<u>\$ 6,357,659</u>	<u>\$ 7,834,179</u>	<u>\$ 14,191,838</u>

CITY OF CORNING
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
Year Ended June 30, 2013

Statement 2

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		Net (Expense)/ Revenue	
		Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
Governmental Activities:					
General Government:					
City Council	\$ 25,643	\$ -	\$ -	\$ -	\$ (25,643)
City Administration	154,233	-	-	-	(154,233)
City Clerk	14,835	-	-	-	(14,835)
City Treasurer	648	-	-	-	(648)
City Finance	51,849	-	-	-	(51,849)
General Government	478,567	97,999	-	-	(380,568)
Total General Government	<u>725,775</u>	<u>97,999</u>	<u>-</u>	<u>-</u>	<u>(627,776)</u>
Public Safety and Judiciary:					
Legal Services	72,340	-	-	-	(72,340)
Police	2,196,616	30,120	180,213	-	(1,986,283)
Police Dispatch	494,829	-	-	-	(494,829)
Animal Control	98,352	-	-	-	(98,352)
Fire	561,867	-	-	-	(561,867)
Total Public Safety and Judiciary	<u>3,424,004</u>	<u>30,120</u>	<u>180,213</u>	<u>-</u>	<u>(3,213,671)</u>
Transportation:					
Airport	-	-	-	-	-
Streets	592,104	-	-	95,915	(496,189)
Total Transportation	<u>592,104</u>	<u>-</u>	<u>-</u>	<u>95,915</u>	<u>(496,189)</u>
Cultural, Parks and Recreation					
Library	18,093	-	-	-	(18,093)
Theater	1,915	-	-	-	(1,915)
Parks and Recreation	262,990	39,113	-	-	(223,877)
Total Cultural, Parks and Recreation	<u>282,998</u>	<u>39,113</u>	<u>-</u>	<u>-</u>	<u>(243,885)</u>
Community/Economic Development:					
Economic Development	28,781	-	-	91,220	62,439
Total Community/Economic Development	<u>28,781</u>	<u>-</u>	<u>-</u>	<u>91,220</u>	<u>62,439</u>
Business-Type Activities					
Sewer	1,869,261	1,567,615	-	-	(301,646)
Water	1,466,095	1,348,662	-	-	(117,433)
Solid Waste	445,750	444,576	-	-	(1,174)
Airport	48,608	-	-	-	(48,608)
Transportation	19,799	-	-	-	(19,799)
Total Business-Type Activities	<u>3,849,513</u>	<u>3,360,853</u>	<u>-</u>	<u>-</u>	<u>(488,660)</u>
Total	<u>\$ 8,720,827</u>	<u>\$ 3,528,085</u>	<u>180,213</u>	<u>187,135</u>	<u>(5,007,742)</u>

See accompanying notes to
the basic financial statements.

CITY OF CORNING
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
Year Ended June 30, 2013

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	\$ (4,519,082)	\$ (488,660)	\$ (5,007,742)
General Revenues:			
Taxes			
Sales and Use Taxes	2,984,524	-	2,984,524
Property Taxes	475,929	-	475,929
Franchise Taxes	110,385	-	110,385
Vehicle License Fees	503,262	-	503,262
Transit Occupancy Tax	294,083	-	294,083
Other Taxes	134,812	-	134,812
Intergovernmental	419,467	-	419,467
Investment Income	3,479	4,747	8,226
Donations	-	-	-
Other	158,754	66,960	225,714
Transfers - Internal Activity	(114,150)	114,150	-
Total General Revenues and Transfers	<u>4,970,545</u>	<u>185,857</u>	<u>5,156,402</u>
Change in Net Assets	451,463	(302,803)	148,660
Net Position - Beginning of Year	<u>8,287,659</u>	<u>8,382,908</u>	<u>16,670,567</u>
Prior Period Adjustment	(2,381,463)	(245,926)	(2,627,389)
Residual Equity Transfers In (Out)	-	-	-
Net Position - Ending of Year	<u>\$ 6,357,659</u>	<u>\$ 7,834,179</u>	<u>\$ 14,191,838</u>

BASIC FINANCIAL STATEMENTS

Fund Financial Statements

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CITY OF CORNING
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2013

Statement 3

ASSETS	General Fund	Non-Major Governmental Funds	Total Governmental Funds
Cash and Investments	\$ 783,640	\$ 1,454,840	\$ 2,238,480
Intergovernmental Receivable	1,381	305,667	307,048
Accounts Receivable	-	-	-
Notes Receivable (C.D.B.G.)	-	4,426,601	4,426,601
Receivable from Other Governments	13,282	-	13,282
Other Receivable	5,397	-	5,397
Due From Other Funds	<u>292,057</u>	<u>-</u>	<u>292,057</u>
Total Assets	<u>1,095,757</u>	<u>\$ 6,187,108</u>	<u>\$ 7,282,865</u>
LIABILITIES			
Accounts Payable	\$ 42,538	\$ 598,369	\$ 640,907
Accrued Wages/Payroll Taxes	28,689	-	28,689
Due to Other Funds	-	288,932	288,932
Accrued Interest Payable	7,319	-	7,319
Deferred Revenue	<u>11,947</u>	<u>4,426,601</u>	<u>4,438,548</u>
Total Liabilities	<u>90,493</u>	<u>5,313,902</u>	<u>5,404,395</u>
FUND BALANCES			
Committed			
Contingencies	800,000	-	800,000
Insurance	-	-	-
Uncommitted			
General Fund	205,264	-	205,264
Special Revenues Funds	-	351,379	351,379
Capital Projects Funds	<u>-</u>	<u>521,827</u>	<u>521,827</u>
Total Fund Balances	<u>1,005,264</u>	<u>873,206</u>	<u>1,878,470</u>
Total Liabilities and Fund Balances	<u>\$ 1,095,757</u>	<u>\$ 6,187,108</u>	<u>\$ 7,282,865</u>

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

Total Fund Balance - Total Governmental Funds	\$ 1,878,470
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 \$ 3,599,224.	7,242,551
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Pension obligation Bonds	\$ (2,378,074)
Accrued Compensated Absences	(338,570)
Capital Lease	<u>(46,718)</u>
Net Assets of Governmental Activities	<u>\$ 6,357,659</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, 2013

Statement 4

	<u>General Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES:			
Taxes	\$ 4,277,201	\$ 225,794	\$ 4,502,995
Intergovernmental Revenues	151,134	635,681	786,815
Interest	736	2,743	3,479
Licenses and Permits	55,199	-	55,199
Miscellaneous	170,281	100,505	270,786
Total Revenues	<u>4,654,551</u>	<u>964,723</u>	<u>5,619,274</u>
EXPENDITURES:			
Current:			
General Government:			
City Council	24,563	-	24,563
City Administration	147,735	-	147,735
City Clerk	14,210	-	14,210
City Treasurer	621	-	621
City Finance	49,664	-	49,664
General Government	<u>393,589</u>	<u>50,195</u>	<u>443,784</u>
Total General Government	<u>630,382</u>	<u>50,195</u>	<u>680,577</u>
Public Safety and Judiciary:			
Legal Services	69,292	-	69,292
Police	2,056,345	47,721	2,104,066
Police Dispatch	473,980	-	473,980
Animal Control	94,208	-	94,208
Fire	<u>538,194</u>	<u>-</u>	<u>538,194</u>
Total Public Safety and Judiciary	<u>3,232,019</u>	<u>47,721</u>	<u>3,279,740</u>
Transportation:			
Streets	<u>212,581</u>	<u>398,499</u>	<u>611,080</u>
Total Transportation	<u>212,581</u>	<u>398,499</u>	<u>611,080</u>
Cultural, Parks and Recreation			
Library	17,331	-	17,331
Theater	1,834	-	1,834
Parks and Recreation	<u>230,733</u>	<u>21,176</u>	<u>251,909</u>
Total Cultural, Parks and Recreation	<u>249,898</u>	<u>21,176</u>	<u>271,074</u>
Community/Economic Development:			
Economic Development	<u>23,500</u>	<u>4,068</u>	<u>27,568</u>
Total Community/Economic Development	<u>23,500</u>	<u>4,068</u>	<u>27,568</u>
Debt Service:			
Principal	-	-	-
Interest and Other Charges	-	-	-
Capital Outlay	<u>373,239</u>	<u>1,095,109</u>	<u>1,468,348</u>
Total Expenditures	<u>4,721,619</u>	<u>1,616,768</u>	<u>6,338,387</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(67,068)</u>	<u>(652,045)</u>	<u>(719,113)</u>
OTHER FINANCING SOURCES (USES)			
Debt Proceeds	-	-	-
Transfers In / Out	<u>(269,357)</u>	<u>155,207</u>	<u>(114,150)</u>
Total Other Financing Sources and (Uses)	<u>(269,357)</u>	<u>155,207</u>	<u>(114,150)</u>
Net Change in Fund Balances	(336,425)	(496,838)	(833,263)
Fund Balances-Beginning of Year	<u>1,297,566</u>	<u>1,414,170</u>	<u>2,711,736</u>
Prior period adjustment	44,123	(44,126)	(3)
Fund Balances-End of Year	<u>\$ 1,005,264</u>	<u>\$ 873,206</u>	<u>\$ 1,878,470</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, 2013

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 \$ (833,263)

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	1,468,349	
Construction in progress - Park	-	
Infrastructure not included in depreciable assets	-	
Depreciation expense	<u>(212,926)</u>	1,255,423

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items:

Bond proceeds	-	
Bond Principal Retirement	<u>-</u>	-

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:

Donated capital assets	-	
Long-term receivables, net of deferred revenue	<u>-</u>	-

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		43,923
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures on governmental funds:

Accrued compensated absences		<u>(14,620)</u>
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Change in Net Assets of Governmental Activities	\$	<u>451,463</u>
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**CITY OF CORNING
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2013**

Statement 5

	Enterprise Funds
<u>ASSETS</u>	
<u>Current Assets:</u>	
Cash and Investments	\$ 1,846,705
Accounts Receivable	212,725
Inventory	72,578
Total Current Assets	<u>2,132,008</u>
<u>Noncurrent Assets:</u>	
Capital Assets:	
Property, Plant, and Equipment	26,200,248
Accumulated Depreciation	<u>(10,838,526)</u>
Net Capital Assets	<u>15,361,722</u>
Loan Acquisition Costs	136,807
Accumulated Amortization	<u>(49,568)</u>
Net Loan Acquisition Costs	<u>87,239</u>
Restricted Assets	<u>1,061,289</u>
Total Noncurrent Assets	<u>16,510,250</u>
Total Assets	<u>\$ 18,642,258</u>
<u>LIABILITIES</u>	
<u>Current Liabilities:</u>	
Accounts Payable	\$ 174,381
Accrued Wages/Payroll Taxes	7,272
Other Accrued Liabilities	3,125
Accrued Interest Payable	123,363
Deposits	71,154
Current Portion of Non-Current Liabilities	<u>310,321</u>
Total Current Liabilities	<u>689,616</u>
<u>Noncurrent Liabilities:</u>	
Notes, Bonds and Certificates Payable	10,054,171
Accrued Compensated Absences	<u>64,292</u>
Total Noncurrent Liabilities	<u>10,118,463</u>
Total Liabilities	<u>10,808,079</u>
<u>NET ASSETS:</u>	
Investment in Capital Assets, net of related debt	4,997,230
Restricted for:	
Debt Service	2,036,414
Unrestricted	<u>800,535</u>
Total Net Assets	<u>7,834,179</u>
Total liabilities and net assets	<u>\$ 18,642,258</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, 2013

Statement 6

	<u>Enterprise Funds</u>
OPERATING REVENUES:	
Charges for Services	
Sewer Charges	\$ 1,567,615
Water Charges	1,346,561
Solid Waste	444,576
Connection Fees	2,101
Lease and Rents	25,443
Other revenue	41,517
Total Operating Revenues	<u>3,427,813</u>
OPERATING EXPENSES:	
Salaries and Benefits	843,525
Utilities	289,815
Depreciation	669,146
Amortization	5,769
Other Expenses	1,584,828
Total Operating Expenses	<u>3,393,083</u>
Operating Income	<u>34,730</u>
NONOPERATING REVENUES (EXPENSES):	
Interest Income	4,747
Interest expense	<u>(456,430)</u>
Total Nonoperating Revenue (Expenses)	<u>(451,683)</u>
Income Before Contributions and Transfers	(416,953)
Operating transfers in (out)	<u>114,150</u>
Net income (Loss)	(302,803)
Net Assets-Beginning of Year - As previously stated	<u>8,382,908</u>
Prior period adjustment	<u>(245,926)</u>
Net Assets-Beginning of Year - As restated	8,136,982
Residual Equity Transfers In	-
Residual Equity Transfers Out	-
Net Assets-End of Year	\$ <u>7,834,179</u>

See accompanying notes to
the basic financial statements.

CITY OF CORNING
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
JUNE 30, 2013

Statement 7

	<u>Enterprise Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Customers	\$ 3,388,291
Other Operating Cash Receipts	67,145
Payments to Suppliers	(2,096,834)
Payments to Employees	<u>(1,074,156)</u>
Net Cash Provided (Used) by Operating Activities	<u>284,446</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Operating transfers from (to) other funds	<u>114,150</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Interest Paid	(456,430)
Repayment of Certificates of Participation	(227,659)
Loss on disposition of assets	-
Payments for capital acquisitions	<u>465</u>
Net cash (used by) capital and related financing activities	<u>(683,624)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Receipts of interest	<u>4,747</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(280,281)</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,881,063</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ <u><u>1,600,782</u></u>
RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Net Operating Income (Loss)	\$ 34,730
Adjustments to Reconcile Net Income to Net Cash Provided by (Used by) Operating Activities:	
Depreciation	674,915
Decrease (Increase) in Accounts Receivable	24,192
Decrease (Increase) in Inventory	(718)
Decrease (Increase) in Other Assets	(83,511)
Increase (Decrease) in Accounts Payable	(25,220)
Increase (Decrease) in Wages Payable	177
Increase (Decrease) in Accrued Compensation	15,118
Increase (Decrease) in Due to Other Funds	(111,025)
Increase (Decrease) in Interest Payable	(1,717)
Increase (Decrease) in Deposits	<u>3,431</u>
Net cash from (used for) operating activities	\$ <u><u>284,446</u></u>

See accompanying notes to the basic financial statements.

CITY OF CORNING
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2013

	Private Purpose Funds
	<u> </u>
<u>ASSETS</u>	
Cash and Investments	\$ 291,510
Total Assets	<u>\$ 291,510</u>
 <u>Net Assets</u>	
Held in trust for:	
Scholarships	\$ 26,970
Library Systems	264,026
Theater	<u>514</u>
Total Net Assets	<u>291,510</u>
Total Liabilities and Net Assets	<u>\$ 291,510</u>

CITY OF CORNING
STATEMENT OF CHANGE IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2013

Statement 9

	<u>Private Purpose Trust</u>
<u>Additions:</u>	
Interest Income	\$ 543
Total Revenues	<u>543</u>
<u>Deductions:</u>	
Scholarships	500
Capital Outlay	19,267
Other Deductions	<u>-</u>
Total Deductions	<u>19,767</u>
Excess (Deficiency) of Revenues	
Over Expenditures	<u>(19,224)</u>
Other Financing Sources (Uses):	
Operating Transfers In	-
Operating Transfers Out	<u>-</u>
Total Other Financing Source (Uses)	<u>-</u>
Change in Net Assets	<u>(19,224)</u>
Net Assets-Beginning of the Year	<u>310,734</u>
Net Assets-End of the Year	<u>\$ 291,510</u>

BASIC FINANCIAL STATEMENTS

Notes to Basic Financial Statements

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**CITY OF CORNING, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

NOTE 1: FINANCIAL REPORTING ENTITY AND 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.

The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Reporting Entity

The financial reporting entity (the government) includes all the funds of the primary government (i.e., the City 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, electric, water, and wastewater services; the construction and maintenance of streets and infrastructure; recreational activities and cultural events.

As required by GAAP, the accompanying basic financial statements present the City and its component units. Component units are entities for which the City is considered to be financially accountable. GASB defines component units as legally separate entities that meet any one of the following tests:

The City appoints the voting majority of the board of the entity and:

is able to impose its will on the entity and/or
is in a relationship of financial benefit or burden with the entity.

The entity is fiscally dependent upon the City.

The financial statements of the City would be misleading if data from the entity were omitted.

Management determined that only one potential component unit existed, on the criteria above:

Corning Redevelopment Agency - The Corning Redevelopment agency was never funded after formation. Therefore no activity is reflected in these financial statements and no formal dissolution, in accordance with Assembly Bill 1X 26 was necessary.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component

(Continued on the following page)

**CITY OF CORNING, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

NOTE 1: FINANCIAL REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reporting Entity (Continued)

Government-Wide and Fund Financial Statements (Continued)

units. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City considers all revenues as available if they are collected within sixty days of the end of the current fiscal period, except for sales tax which has a ninety day availability period. Expenditures generally are recorded when a

(Continued on the following page)

CITY OF CORNING, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 1: FINANCIAL REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements (Continued)

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

liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The reconciliations of the Fund Financial Statements to the Government-Wide Financial Statements are provided to explain the differences created by the integrated approach of GASB Statement No. 34.

Property taxes, sales taxes, transient occupancy tax, grants, licenses, fees, charges and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Fiduciary fund financial statements include a statement of net assets. The City's fiduciary funds represent agency funds and a Private-purpose Trust Fund. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. These funds are accounted for on the accrual basis of accounting.

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

Basis of Presentation

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for in a separate self-balancing set of accounts for its assets, other debits, liabilities, other credits, equity, revenue and expenditures or expenses, as appropriate.

Governmental Funds - Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

(Continued on the following page)

CITY OF CORNING, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 1: FINANCIAL REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Basis of Presentation (Continued)

Enterprise Funds - account for operations (1) that are financed and operated in a manner similar to private business enterprises. The intent of the governing body is that costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (2) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

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

Fiduciary Funds

Agency Funds - used to account for assets held by a governmental unit as an agent for individuals, governmental entities (other than the City) and non-public organizations. This fund is used to account for deposits and collects monies for various community events which are remitted to the organizers.

Private-purpose Trust Fund - is a fiduciary fund type used to report all trust arrangements, other than those properly reported in pension trust funds or investment trust funds, under which principal and interest benefit individuals, private organizations, or other governments.

Major Funds

The City reports the following major governmental funds:

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

The City reports the following major proprietary funds:

The Water Enterprise Fund accounts for the operations of the City's water utility, a self-supporting activity which renders a service on a user-charge basis to residents and businesses.

The Sewer Utility Fund accounts for the operations of the City's wastewater utility, a self-supporting activity which renders a service on a user-charge basis to residents and businesses.

(Continued on the following page)

**CITY OF CORNING, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

NOTE 1: FINANCIAL REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Major Funds

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's business type activities and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

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

Assets, Liabilities, and Net Assets or Equity Cash and Investments

Cash and Investments

The City pools cash and investments of all funds. Each fund's share in this pool is displayed in the accompanying financial statements as cash and investments. State statutes authorize the City to invest its cash surplus in obligations of the U.S. Treasury, agencies and instrumentalities, corporate bonds, medium term notes, bankers' acceptances, certificates of deposit, commercial paper, repurchase agreements, and the State of California Local Agency Investment Fund. Investment income from pooled investments is allocated to all funds in the pool. Interest is allocated on the basis of average daily cash balance at quarter end in relation to the total pool investments. The interest income is recorded in the fund that earned the interest, except for those funds which have a negative cash balance and are excluded from the interest apportionment.

Investments are reported in the accompanying balance sheet at fair value which is determined using selected bases annually. Short term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at

(Continued on the following page)

**CITY OF CORNING, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

NOTE 1: FINANCIAL REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Net Assets or Equity Cash and Investments (Continued)

Cash and Investments (Continued)

current exchange rates. Cash deposits are reported at carrying amount which reasonably estimates fair value. Managed funds not listed on an established market are reported at the estimated fair value as determined by the respective fund managers based on quoted sales prices of the underlying securities.

General Receivables and Property Taxes Receivable

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

Tehama County assesses properties, bills, collects, and distributes property taxes to the City. The County remits the entire amount levied and handles all delinquencies, retaining interest and penalties. Secured and unsecured property taxes are levied on July 1. Secured property taxes become a lien on real property on January 1 of the preceding fiscal year.

Secured property tax is due in two installments, on November 1 and March 1. Property taxes become delinquent after December 10 and April 10, respectively. Unsecured property tax is due on July 1, and becomes delinquent on August 31. The term "unsecured" refers to taxes on personal property other than real estate, land and buildings. These taxes are secured by liens on the property being taxed.

Inventories

Inventories are valued at estimated cost at year-end. All inventories consist of expendable supplies held for consumption. The cost is recorded as inventory when items are purchased and as expenditures when the items are used (the consumption method of accounting for inventories). The weighted average method is used for establishing the cost of inventory consumed.

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 depreciation has been provided over the estimated useful lives using the straight-line method.

(Continued on the following page)

**CITY OF CORNING, CALIFORNIA
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2013**

NOTE 1: FINANCIAL REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Net Assets or Equity (Continued)

Capital Assets (Continued)

The range of estimated useful lives by type of asset is as follows:

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

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 life 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.

Pension Plan

All full-time and certain part-time City employees are members of the State of California Public Employees' Retirement System (PERS), an agent multiple-employer defined benefit pension plan. The City's policy is to fund all pension costs accrued; such costs to be funded are determined annually as of June 30 by the PERS's actuary.

Vacation and Sick Pay

Vacation pay is vested to the employees as it accrues and is payable upon retirement or termination. Sick leave, however, does not vest to the employees and is payable only when sick leave is taken.

Unused vacation and sickleave have been accrued in the accompanying government-wide financial statements and the accompanying proprietary fund financial statements.

Continued on following page.

**CITY OF CORNING, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

NOTE 1: FINANCIAL REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Net Assets or 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.

Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method, which does not materially differ from the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

Fund Equity

In the fund financial statements, governmental funds aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The non-spendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form - prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

(Continued on the following page)

**CITY OF CORNING, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

NOTE 1: FINANCIAL REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Net Assets or Equity (Continued)

Fund Equity (Continued)

The spendable portion of the fund balance comprises the remaining four classifications; restricted, committed, assigned, and unassigned.

Restricted fund balance. This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance. These amounts can only be used for specific purposes pursuant to constraints imposed ordinances of the City Council -the government's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the City Council removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for the use in satisfying those contractual requirements.

Assigned fund balance. This classification reflects the amounts constrained by the City Council's "intent" to be used for specific purposes, but are neither restricted nor committed. The City Council and City Manager have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as non-spendable and are neither restricted nor committed.

Unassigned fund balance. This fund balance is the residual classification for the General fund. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, it is the City's policy to use externally restricted resources first, the unrestricted resources-committed, assigned, and unassigned-in order as needed.

Net Position

For government-wide reporting as well as in proprietary funds, fund equity is called net position. Net position is comprised of three components: net investment in capital assets; restricted; and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of bonds, notes and other debt that are attributed to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows

(Continued on the following page)

**CITY OF CORNING, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

NOTE 1: FINANCIAL REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Net Assets or Equity (Continued)

Net Position (Continued)

of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.

Unrestricted net position is the net amount of the assets, deferred outflows or resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

Tap and similar fees have been reported as non-operating revenues in the City's statement of revenue expense and changes in net position for proprietary funds and as capital grants and contributions in the statement of activities and changes in net position.

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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

New Pronouncements

Governmental Accounting Standards Board Statement No. 61

The City adopted the provisions of GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*. This Statement modifies existing requirements for the assessment of potential component units in determining what should be included in the financial reporting entity and financial reporting entity display and disclosure requirements. The requirements of Statement No. 14, *The Financial Reporting Entity*, and the related financial reporting requirements of Statement No. 34, *Basic Financial Statements—and* .

(Continued on the following page)

**CITY OF CORNING, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

New Pronouncements (Continued)

Governmental Accounting Standards Board Statement No. 61 (Continued)

Management's Discussion and Analysis—for State and Local Governments, were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements

Governmental Accounting Standards Board Statement No. 62

The City adopted the provisions of GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This Statement directly incorporates the applicable guidance from Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the American Institute of Certified Public Accountants' Committee on Accounting Procedure, issued on or before November 30, 1989, into the state and local government accounting and financial reporting standards, with the provisions modified, as appropriate, to recognize the effects of the governmental environment and the needs of governmental financial statement users without affecting the substance of the applicable guidance.

Governmental Accounting Standards Board Statement No. 63

The City adopted the provisions of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This Statement provides financial reporting guidance for deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. It also identifies net position as the residual of all other elements presented in a statement of financial position, or the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. As implied above, this Statement changes the previous classification of net assets to net position, and consequently the statement of net assets to the statement of net position.

Restatement of Net Position

For the fiscal year ending June 30, 2013, GASB Statements No. 60 *Accounting and Financial Reporting for Service Concession Arrangements* and No. 62 *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* ("the Statements") were implemented. The City had not contracts that the considering the implementation of Statement No. 60, that were previously reported at their gross value to be discounted to their present value. The City had no identifiable intangible assets relating to the City's service concession arrangements that needed to be recorded.

(Continued on the following page)

**CITY OF CORNING, CALIFORNIA
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2013**

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

New Pronouncements (Continued)

Restatement of Net Position (Continued)

The implementation of Statement No. 62 resulted in the City’s government-wide net position as of June 30, 2012, being restated as follows:

	<u>Governmental Activities</u>
Net assets at June 30, 2012, as previously reported	\$ 16,666,124
GASB Statement No. 60 adjustment:	
Service concession arrangement	None
GASB Statement No. 62 adjustment:	
Capital lease additions	<u>None</u>
Net position at July 1, 2012, as restated	\$ <u>16,666,124</u>

Deficit Fund Balance/Net Assets

The financial statements reflect the following deficit fund balances at June 30, 2013:

Sewer Capital Improvement Fund	\$ 3,125
Flood Mitigation Fund	\$ 18,068
Roger’s Theater Restoration Fund	\$ 45,072
Prop 84 Park Bond Fund	\$ 483,328
Solid Waste Enterprise Fund	\$ 3,400
Safe Route to School	\$ 82,006
General Plan Update	\$ 14,929

NOTE 3: DETAILED NOTES

Cash and Investments

As of June 30, 2013, the City's cash and investments are reported in the financial statements as follows:

Primary government	\$ 5,438,551
Agency funds	<u>291,510</u>
Total Cash and Investments	\$ <u>5,730,061</u>

(Continued on the following page)

**CITY OF CORNING, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

NOTE 3: DETAILED NOTES (Continued)

Cash and Investments (Continued)

As of June 30, 2013, the City's cash and investments consisted of the following:

Cash:

Cash on hand	\$ 500
Deposits (less outstanding checks)	<u>3,454,627</u>
Total Cash	<u>3,455,127</u>

As of June 30, 2013, the City's investments consisted of the following:

Investments:

In California Local Agency Investment Fund (at market):	<u>2,274,934</u>
Total Investments	<u>2,274,934</u>
Total Cash and Investments	<u>\$ 5,730,061</u>

At year end, the carrying amount of the City's cash deposits (including amount in checking accounts and money market accounts) was \$3,454,627 and the bank balance was \$3,580,312. The difference between the bank balance and the carrying amount represents outstanding checks and deposits in transit.

Custodial Credit Risk For Deposits - Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover its deposits or collateral securities that are in the possession of an outside party. The City's investment policy requires that deposits in banks must meet the requirements of the California Government Code. Under this code, deposits of more than \$250,000 must be collateralized at 105 percent to 150 percent of the value of the deposit to guarantee the safety of the public funds. The first \$250,000 of the City's deposits are insured by the Federal Deposit Insurance Corporation (FDIC). Deposits of more than the \$250,000 insured amount are collateralized. The City's investment policy does not further limit its deposits. Of the bank balance \$860,287 was covered by Federal depository insurance.

Interest Rate Risk - Interest rate risk is the risk of loss due to the fair value of an investment falling due to interest rates rising. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. All investments of the City are pooled with the State of California Local Agency Investment Fund. The City's investment policy generally limits investment maturities as needed to maintain adequate liquidity to meet the City's cash flow requirements and to limit its exposure to fair value losses arising from increasing interest rates.

Credit Risk - Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. State law and City investment policy limits investments in commercial paper to the rating of A or better by Standards & Poor's or P-1 or better by Moody's Investors Service; corporate

(Continued on the following page).

**CITY OF CORNING, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

NOTE 3: DETAILED NOTES (Continued)

Cash and Investments (Continued)

bonds to the rating of A or better by both Standards & Poor's and Moody's Investors Service. No limits are placed on U.S. government agency securities and U.S. Treasuries. The City's investment policy does not further limit its investment choices.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer of securities. When investments are concentrated in one issuer, this concentration presents a heightened risk of potential loss. State law restricts the City's investments in commercial paper to 40% of its investment pool and to 10% per issuer and corporate bonds and medium term notes to 30% of its investment pool and to 10% per issuer, and banker's acceptances to 15% of its investment pool and to 10% per issuer. The City has invested all cash, other than deposits and imprest cash, in the California Local Agency Investment Fund (LAIF). At June 30, 2013, the City's investments were in compliance with concentration of credit risk State law.

Investment in Local Agency Investment Fund - The City of Corning is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. At June 30, 2013, the City's investment position in the State of California Local Agency Investment Fund (LAIF) was \$2,274,647. The total amount invested by all public agencies in LAIF on that day was \$58,803,312,428. Of that amount, 96.08% is invested in non-derivative financial products and 3.92% in structured notes and asset-backed securities. The value of the pool shares in LAIF is determined on an amortized cost basis, which approximates fair value. The Local Investment Advisory Board, which consists of five members designated by the State statutes, has oversight responsibility for LAIF.

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

(Continued on the following page)

CITY OF CORNING, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 3: DETAILED NOTES (Continued)

Capital Assets

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

	Balance July 1, 2012	Additions	Adjustments/ Retirements	Transfers	Balance June 30, 2013
Governmental Activities					
Capital Assets, Not Being Depreciated:					
Land	\$ -	\$ -	\$ -	\$ -	\$ -
Construction in progress	-	1,024,280	-	-	1,024,280
Total Capital Assets, Not Being Depreciated	-	1,024,280	-	-	1,024,280
Capital Assets, Being Depreciated:					
Buildings	1,547,808	89,500	-	-	1,637,308
Parks	497,107	-	-	-	497,107
Fire Department	1,245,575	-	-	-	1,245,575
Police Department	634,536	48,502	(78,097)	-	604,941
Machinery and equipment	852,281	14,000	(163,851)	-	702,430
Infrastructure	4,832,067	386,011	(87,943)	-	4,830,067
Total Capital Assets, Being Depreciated	9,609,374	538,013	(329,891)	-	9,817,496
Less Accumulated Depreciation	(3,573,860)	(212,926)	187,561	-	(3,599,225)
Total Capital Assets, Being Depreciated, Net	6,035,514	325,087	(142,330)	-	6,218,271
Total Governmental Activities, Net	\$ 6,035,514	\$ 1,349,367	\$ (142,330)	\$ -	\$ 7,242,551
Business-Type Activities:					
Capital Assets, Not Being Depreciated:					
Land	\$ 838,088	\$ -	\$ -	\$ -	\$ 838,088
Construction in progress	-	-	-	-	-
Total Capital Assets, Not Being Depreciated	838,088	-	-	-	838,088
Capital Assets, Being Depreciated:					
Buildings	2,652,532	-	-	-	2,652,532
Improvements	74,308	-	-	-	74,308
Machinery and equipment	543,193	-	-	-	543,193
Utility Property	22,092,126	-	-	-	22,092,126
Total Capital Assets, Being Depreciated	25,362,159	-	-	-	25,362,159
Less Accumulated Depreciation	(10,169,380)	(669,145)	-	-	(10,838,525)
Total Capital Assets, Being Depreciated, Net	15,192,779	(669,145)	-	-	14,523,634
Total Business-type Activities, Net	\$ 16,030,867	\$ (669,145)	\$ -	\$ -	\$ 15,361,722

(Continued on the following page)

CITY OF CORNING, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 3: DETAILED NOTES (Continued)

Capital Assets (Continued)

	Balance July 1, 2012	Additions	Adjustments/ Retirements	Transfers	Balance June 30, 2013
Loan Acquisition Costs:					
Loan Acquisition Costs	\$ 136,807	\$ -	\$ -	\$ -	\$ 136,807
Less Accumulated amortization	<u>(43,525)</u>	<u>(6,043)</u>	-	-	<u>(49,568)</u>
Loan Acquisition costs, net of amortization	<u>\$ 93,282</u>	<u>\$ (6,043)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 87,239</u>

Depreciation

Depreciation expense was charged to governmental functions as follows:

General Government	\$ 30,578
Public Safety and Judiciary	144,264
Transportation	24,947
Culture Parks and Recreation	11,924
Community Economic Development	<u>1,213</u>
Total Depreciation Expense -- Governmental Functions	<u>\$ 212,926</u>

Depreciation expense was charged to the business-type functions as follows:

Sewer	\$ 481,673
Solid Waste	-
Airport	33,132
Transportation	-
Water	<u>154,341</u>
Total Depreciation Expense - Business-Type Functions	<u>\$ 669,146</u>

Deferred Revenue

At June 30, 2013, the components of deferred revenue consisted of off-sets to notes receivable in the amount of \$4,426,000 and unearned revenue in the Proposition 84 Park Bond Fund in the amount of \$483,018. In addition there was unearned revenue in the General Fund in the amount of \$11,947.

(Continued on the following page)

CITY OF CORNING, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 3: DETAILED NOTES (Continued)

Long-term Debt

Long-term debt for the year ended June 30, 2013, was as follows:

	Balance July 1, 2012	Additions	Adjustments/ Retirements	Balance June 30, 2013	Amounts Due Within One Year
Governmental Activities					
Capital Leases	\$ 90,641	\$ -	\$ (43,923)	\$ 46,718	\$ 46,718
Pension Obligation Bonds	-	2,333,074	-	2,333,074	135,705
Compensated Absences (Note 1)	368,950	-	14,620	383,570	45,000
Total Government Activities	\$ 459,591	\$ 2,333,074	\$ (29,303)	\$ 2,763,362	\$ 227,423
Business-Type Activities					
1999 Certificates of Participation	\$ 3,683,100	\$ -	\$ (69,600)	\$ 3,613,500	\$ 72,600
2005 Certificates of Participation	2,015,000	-	(85,000)	1,930,000	90,000
2005 Revenue Refunding Bonds	3,998,000	-	(55,000)	3,943,000	62,000
Clark Well Loan	608,437	-	(7,970)	600,467	8,229
Pension Obligation Bonds	-	245,926	-	245,926	14,295
Compensated Absences (Note 1)	90,866	-	5,026	95,892	63,197
Total Business-Type Activities	\$ 10,395,403	\$ 245,926	\$ 212,544	\$ 10,428,785	\$ 310,321

At June 30, 2013, loans consisted of the following:

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 schedule reflected below.

**CITY OF CORNING, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

NOTE 3: DETAILED NOTES (Continued)

Long-term Debt (Continued)

Installment Purchase Agreement - Clark Well

The City also entered into an installment purchase agreement, with the Corning Public Financing Authority on August 1, 2012 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.

2005 Certificates of Participation

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

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.

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.

(Continued on the following page)

**CITY OF CORNING, CALIFORNIA
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2013**

NOTE 3: DETAILED NOTES (Continued)

Long-term Debt (Continued)

2005 Revenue Refunding Bond (Continued)

Interest is payable semiannually on April 1 and September 1. Principal payments are required each September 1.

Pension Obligation Bonds

On or about May 15, 2013, the City of Corning issued \$2,579,000 in 2012 Taxable Pension Obligation Bonds. The proceeds are being used for the payment of costs of issuance of the bonds and the refinancing of the Town's outstanding "side fund" obligations to the California's Public Retirement System.

The bonds will mature on May 28, 2023 and bear interest at the rate of 4.04% per annum. The balance will be subject to mandatory fund redemption from 2013 through 2023. Principal and interest is due semi-annually each December 31 and June 30.

Optimal redemption can occur on any date or after June 30, 2017 at no premium.

The annual aggregate maturities for the years subsequent to June 30, 2013, are disclosed in the other disclosures section on pages :

Capital Leases

During the fiscal year ended June 30, 2006 the City acquired a fire truck at a total cost of \$400,000. The City entered into a ten-year capital lease to finance the equipment at an interest rate of 4.204% per year. This lease has been, for accounting purposes, capitalized and included in the Long-Term Liabilities section of the balance sheet. The book value of the capitalized asset was \$240,000 at June 30, 2013.

	Fire Engine
2013-14	\$ 47,308
Later	-
Total Minimum Lease Payments	<u>47,308</u>
Less: Amounts representing interest	<u>(590)</u>
Present value of future minimum lease payments	\$ <u><u>46,718</u></u>

Operating Leases

Rental expenses incurred under operating leases are not considered material.
 (Continued on the following page)

**CITY OF CORNING, CALIFORNIA
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2013**

NOTE 3: DETAILED NOTES (Continued)

Interfund Transactions

Due To/From Other Funds

During the course of operations, transactions occur between funds to account for goods received or services rendered. These receivables and payables are classified as due from or due to other funds. In addition, when funds overdraw their share of pooled cash, the receivables and payables are also classified as due from or due to other funds. The following amounts were reflected as due from and due to other funds as of June 30, 2013:

<u>Due To:</u>		<u>Due From:</u>	
General Fund	\$ 292,057	Rural Planning Fund	\$ 2,205
		Safe Routes to Schools Fund	9,783
		Rogers Theater Restoration Fund	45,072
		General Plan Update Fund	14,928
		Proposition 84 Park Bond Fund	216,944
		Sewer Capital Improvement Fund	<u>3,125</u>
Total	<u>\$ 292,057</u>		<u>\$ 292,057</u>

Transfers

Transfers are indicative of funding for capital projects, lease payments or debt service, subsidies of various City operations and re-allocations of special revenues. The following are the interfund transfers for fiscal year ended June 30, 2013:

<u>Transfer From:</u>		<u>Transfer To:</u>	
General Fund	\$ 272,311	Airport Enterprise Fund	\$ 114,150
		Equipment Replacement	78,787
		Police Equipment Replacement	79,374
Sewer Enterprise Fund	315,000	WWTP Debt Service Fund	240,000
		WWTP Capital Replacement Fund	55,000
		Sewer Capital Reserve Fund	20,000
Water Enterprise Fund	109,800	Water Capital Replacement Fund	107,000
		Water Well Loan Fund	2,800
Abandoned Vehicle Fund	2,954	General Fund	2,954
Water Capital Replacement fund	<u>27,000</u>	Short Lived Water Reserve Fund	<u>27,000</u>
Total	<u>\$ 727,065</u>		<u>\$ 727,065</u>

(Continued on the following page)

CITY OF CORNING, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 4: EMPLOYEES' RETIREMENT PLAN - MISCELLANEOUS EMPLOYEES

Plan Description

The City contributes to the California Public Employees Retirement System (PERS), an agent multiple-employer public employee defined benefit plan. PERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by statute. Copies of PERS' annual financial report may be obtained from their executive office 400 P Street, Sacramento, CA 95814.

Funding Policy

Miscellaneous plan members are required to contribute 7 percent of their annual covered salary. 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 adopted by the PERS Board of Administration. The required employer contribution rate for fiscal year 2012/2013 was 14.198 percent for miscellaneous employees. The contribution requirements of the plan are established by State statute and the employer contribution rate is established and may be amended by PERS.

Annual Pension Cost

For fiscal year 2012/2013, the City's annual pension cost of \$141,098 for the miscellaneous plan was equal to the City's actual contributions. The required contribution for fiscal year 2012/2013 was determined as part of the June 30, 2012, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.75 percent investment rate of return (net of administrative expenses), (b) projected annual salary increases of 3.25 percent to 14.45 percent, depending on age, service, and type of employment, and (c) 3.25 percent per year cost of living adjustment. Both (a) and (b) included an inflation component of 3.0 percent. The actuarial value of PERS assets was determined using techniques that smooth the effect of short term volatility in the market value of investments over a two to five year period (smoothed market value). PERS unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. Initial unfunded liabilities are amortized over a closed period that depends on the plan's date of entry into PERS. Subsequent plan amendments are amortized as a level percentage of pay over a closed 20 year period. The table below presents three-year trend information.

Miscellaneous employees:

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2011	\$ 150,728	100%	\$ -
June 30, 2012	142,938	100%	-
June 30, 2013	141,098	100%	-

(Continued on the following page)

**CITY OF CORNING, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

**NOTE 4: EMPLOYEES' RETIREMENT PLAN - MISCELLANEOUS EMPLOYEES
(Continued)**

Funded Status and Funding Progress

Since the City Miscellaneous plan has less than 100 active members in at least one valuation since June 30, 2003, it is required to participate in a risk pool and does not present individual plan funded status.

NOTE 5: EMPLOYEES' RETIREMENT PLAN - SAFETY EMPLOYEES

Plan Description

The City contributes to the California Public Employees Retirement System (PERS), an agent multiple-employer public employee defined benefit plan. PERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by statute. Copies of PERS' annual financial report may be obtained from their executive office 400 P Street, Sacramento, CA 95814.

Funding Policy

Safety plan members are required to contribute 9 percent of their annual covered salary. 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 adopted by the PERS Board of Administration. The required employer contribution rate for fiscal year 2012/2013 was 42.226 percent for Safety employees. The contribution requirements of the plan are established by State statute and the employer contribution rate is established and may be amended by PERS.

Annual Pension Cost

For fiscal year 2012/2013, the City's annual pension cost of \$644,235 for the public safety plans was equal to the City's actual contributions. The required contribution for fiscal year 2012/2013 was determined as part of the June 30, 2012, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.75 percent investment rate of return (net of administrative expenses), (b) projected annual salary increases of 3.25 percent to 14.45 percent, depending on age, service, and type of employment, and (c) 3.25 percent per year cost of living adjustment. Both (a) and (b) included an inflation component of 3.0 percent. The actuarial value of PERS assets was determined using techniques that smooth the effect of short term volatility in the market value of investments over a two to five year period (smoothed market value). PERS unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. Initial unfunded liabilities are amortized over a closed period that depends on the plan's date of entry into PERS. Subsequent plan amendments are amortized as a level percentage of pay over a closed 20 year period. The table below presents three-year trend information.

(Continued on the following page)

**CITY OF CORNING, CALIFORNIA
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2013**

NOTE 5: EMPLOYEES' RETIREMENT PLAN - SAFETY EMPLOYEES (Continued)

Safety Employees

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2011	\$ 599,477	100%	\$ -
June 30, 2012	589,210	100%	-
June 30, 2013	644,235	100%	-

Funded Status and Funding Progress

Since the City Miscellaneous plan has less than 100 active members in at least one valuation since June 30, 2003, it is required to participate in a risk pool and does not present individual plan funded status.

NOTE 6: RISK MANAGEMENT

Description of Joint Powers Authority

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:

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 2013. 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.

(Continued on the following page)

**CITY OF CORNING, CALIFORNIA
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2013**

NOTE 6: RISK MANAGEMENT(Continued)

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, 2013:

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 Fund Equity	17,950,648
Total Liabilities and Fund Equity	\$ <u>50,442,560</u>

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, 2013, 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 7: OTHER INFORMATION

Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the appreciable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

Subsequent Event

Management has evaluated events subsequent to June 30, 2013 through December 20, 2013, the date on which the financial statements were available for issuance. Management has determined no subsequent events requiring disclosure have occurred.

(Continued on the following page)

**CITY OF CORNING, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

NOTE 7: OTHER INFORMATION (Continued)

Proposition 1A Borrowing by the State of California

Under the provisions of Proposition 1A and as part of the 2009-10 budget package passed by the California state legislature on July 28, 2009, the State of California borrowed 8% of the amount of property tax revenue, including those property taxes associated with the in-lieu motor vehicle license fee, the triple flip in lieu sales tax, and supplemental property tax, apportioned to cities, counties and special districts (excluding redevelopment agencies). The state is required to repay this borrowing plus interest by June 30, 2013. After repayment of this initial borrowing, the California legislature may consider only one additional borrowing within a ten-year period. The amount of this borrowing pertaining to the City was \$25,744.

Authorized with the 2009-10 State budget package, the Proposition 1A Securitization Program was instituted by the California Statewide Communities Development Authority ("California Communities"), a joint powers authority sponsored by the California State Association of Counties and the League of California

Proposition 1A Borrowing by the State of California (Continued)

Cities, to enable local governments to sell their Proposition 1A receivables to California Communities. Under the Securitization Program, California Communities simultaneously purchased the Proposition 1A receivables and issued bonds ("Prop 1A Bonds") to provide local agencies with cash proceeds in two equal installments, on January 15, 2013 and May 3, 2013. The purchase price paid to the local agencies equaled 100% of the amount of the property tax reduction. All transaction costs of issuance and interest were paid by the State of California. Participating local agencies have no obligation on the bonds and no credit exposure to the State. The City participated in the securitization program and accordingly property taxes have been recorded in the same manner as if the State had not exercised its rights under Proposition 1A. The receivable sale proceeds were equal to the book value and, as a result, no gain or loss was recorded.

Compensated Absences

The compensated absences liability will be paid from the General Fund, Water Utility and Sewer Utility. The City's changes in compensated absences for the year ended June 30, 2012 were as follows:

(Continued on the following page)

CITY OF CORNING, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 7: OTHER INFORMATION (Continued)

Pledged Revenue

Revenue Pledged	Borrowing Fund/Entity - Bond/Loan	Use of Funds	Year of Loan or Year Repayments and/or Interest Payments Began	Original Issue/Loan Amount	Payments Amortized Through
Net Revenues	Sewer and Water Utility / Bond	System Expansion and Improvements	1999	\$4,322,000	2039
Net Revenues	Water Utility / Loan	Clark Well	2013	\$ 613,000	2051
Net Revenues	Sewer and Water Utility / Bond	Refunding Original Bonds	2005	\$ 4,268,000	2046
Net Revenues	Sewer Utility / Certificates of Participation	System Expansion and defeasance	2005	\$ 7,120,000	2028

NOTE 8: NOTES RECEIVABLE

The City engages in programs designed to encourage business enterprises, construction or improvement in low-to-moderate income housing, or other projects. Under these programs, grants or loans are provided with favorable terms to businesses, homeowners or developers who agree to spend these funds in accordance with the City's terms.

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 9: 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.

(Continued on the following page)

**CITY OF CORNING, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

NOTE 9: CONTINGENCIES (Continued)

The City Council authorized and adopted on November 1, 1992 benefits for Council Members and selected employees consisting of medical insurance or comparable reimbursement and a payment of \$150 per month toward an annuity. The City amended its benefits for City Council Members on September 8, 1998 to expressly provide for reimbursement of medical premiums at a level comparable to that provided to City employees. The amount contributed toward the annuity was continued at \$150. The City also amended the City Council Members benefits effective January 1, 2000 and the contribution toward the annuity was increased to \$300 per month. During the time period from November 1, 1992 through December 31, 2013, the City provided benefit payments on behalf of City Council Members for medical expenses, alternate insurance coverage and cash in lieu of other benefits. The City has approximately \$198,068 in assets invested in annuities and equity mutual funds that are held by the City's brokerage firm at June 30, 2013. The effects, if any, of noncompliance to be reported on the accompanying financial statements has not been determined. As of June 30, 2013 all annuities had been returned to the City and deposited back into the City's accounts.

NOTE 10: RESERVES AND DESIGNATIONS OF FUND EQUITY

Under provisions of GASB Code Section 1800.121-123, a City may set up "Reserves" of Fund Equity to segregate fund balances which are not appropriable for expenditures in future periods, or which are legally set aside for future use. Fund "designations" may also be established to indicate tentative plans for financial resource utilization in future periods. The City reserves at June 30, 2013, are outlined below followed by explanations as to the nature and purpose of each reserve:

Reserve for Contingencies

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

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.

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.

(Continued on the following page)

**CITY OF CORNING, CALIFORNIA
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2013**

NOTE 10: RESERVES AND DESIGNATIONS OF FUND EQUITY (Continued)

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.

Reserve	General Fund	Fiduciary Funds
Reserve for Contingencies	\$ 800,000	\$ -
Reserve for Scholarships		26,970
Reserve for Library Systems		264,026
Reserve for Theater		514
Reserve for Water funds debt		699,123
Reserve for Sewer funds debt		1,337,291

NOTE 11 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 12 BUDGETARY PRINCIPLES

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.

(Continued on the following page)

**CITY OF CORNING, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

NOTE 12 BUDGETARY PRINCIPLES (Continued)

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

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

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

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

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

Budgetary Basis Reconciliation

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

NOTE 11: PRIOR PERIOD ADJUSTMENTS AND RESTATEMENTS

The city recorded certain adjustments to opening fund balances to reflect the recording of the debt for the PERS side fund notes. The total amount of the notes was \$2,579,000, allocated between the general fund, \$2,333,074, water fund, \$159,409 and sewer fund, \$86517. Additionally, an adjustment was med to correct the balance reflected in the fixed assets of the governmental funds in the amount of \$48,836, to properly reflect the capitalized value of the City's general fixed assets.

REQUIRED SUPPLEMENTARY INFORMATION

Unaudited

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**CITY OF CORNING, CALIFORNIA
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS - UNAUDITED
 FOR THE YEAR ENDED JUNE 30, 2013**

SCHEDULE OF FUNDING PROGRESS - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

The table below shows a one year analysis of the actuarial value of assets as a percentage of the actuarial accrued liability and the unfunded actuarial accrued liability as a percentage of the annual covered payroll as of June 30, 2013, for the City other Post-Employment Benefit Plan. As additional years are available, a three-year trend analysis will be presented.

Miscellaneous Plan:

Actuarial Valuation Date	Actuarial Accrued Liability (AAL) Entry Age	Actuarial Value of Assets	Unfunded Liability (UAAL)	Funded Status	Annual Covered Payroll	UAAL as a % of Payroll
July 1, 2009	\$ 1,094,063	\$ -	\$ 1,094,063	0%	\$ 2,953,000	37.05%
July 1, 2012	1,138,594	178,863	959,731	15.7%	2,491,787	38.52%

**CITY OF CORNING, CALIFORNIA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2013**

SCHEDULE OF FUNDING PROGRESS - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

The Schedule of Funding Progress - Other Postemployment Benefits on Page 40, presents a consolidated snapshot of the City's ability to meet current and future liabilities with the plan assets. Of particular interest to most is the funded status ratio. This ratio conveys a plan's level of assets to liabilities, an important indicator to determine the financial health of the OPEB plan. The closer the plan is to a 100% funded status, the better position it will be in to meet all of its future liabilities.

BUDGETARY BASIS OF ACCOUNTING

The approved City procedures for establishing the budgetary data reflected in the financial statements is as follows:

In May of each year, the Finance Department is to submit to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and estimated revenues.

Public hearings are to be conducted at City Hall to obtain taxpayer comments.

Generally by the first of July, after adjustment as appropriate by the City Council, the budget is to be legally enacted through council motion.

Council approval is required for transfers between funds, or for an increase in total appropriations. Therefore, the level of budgetary responsibility is by total appropriations; however, for report purposes, this level has been expanded to a functional basis (General Government, Public Safety, etc.).

Formal budgetary integration is employed as a management control device during the year for the General fund, and Special Revenue funds. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP). Accordingly, actual revenues and expenditures can be compared with related budgeted amounts without any significant adjustments. The HOME Grant major special revenue fund did not have a legally adopted budget.

All unused appropriations for budgeted amounts lapse at the end of the year.

Individual fund budgetary comparisons are not presented at the detail budget unit level due to their excessive length. A separate document presenting this information is available.

The City does not use encumbrance accounting under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation.

CITY OF CORNING
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

ADDITIONAL DISCLOSURES - DEBT SERVICE REQUIREMENTS

1999 Certificates of Participation
Installment Payment Schedule for Certificates

Maturity Date (September 1)	Series A Certificates		Series B Certificates	
		Principal Amount		Principal Amount
2014	\$	67,200	\$	5,400
2015		70,100		5,600
2016		73,200		5,900
2017		76,400		6,100
2018		79,700		6,400
2019		83,200		6,700
2020		86,900		7,000
2021		90,700		7,300
2022		94,600		7,600
2023		98,800		8,000
2024		103,100		8,300
2025		107,600		8,700
2026		117,200		9,400
2027		122,400		9,800
2028		127,700		10,300
2029		133,300		10,700
2030		139,100		11,200
2031		145,200		11,700
2032		151,600		12,200
2033		158,200		12,700
2034		165,100		13,300
2035		172,400		13,900
2036		179,900		14,500
2037		187,800		15,100
2038		196,000		15,800
2039		204,700		16,500
	\$	<u>3,232,100</u>	\$	<u>260,100</u>

Clark Well
Installment Purchase Agreement

Maturity Date (March 1)	Clark Park Municipal Water Project	
		Principal Amount
2014	\$	8,229
2015		8,497
2016		8,773
2017		9,058
2018		9,352
2019		9,656
2020		9,970
2021		10,294
2022		10,629
2023		10,974
2024		11,331
2025		11,699
2026		12,079
2027		12,472
2028		12,877
2029		13,295
2030		13,728
2031		14,174
2032		14,634
2033		15,110
2034		15,601
2035		16,108
2036		16,632
2037		17,172
2038		17,730
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>600,467</u>

(Continued on the following page)

CITY OF CORNING
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

ADDITIONAL DISCLOSURES - DEBT SERVICE REQUIREMENTS, Continued

2005 Revenue Refunding Bond				
Installment Payment Schedule for Bonded Debt				
<u>Series A Bonds</u>			<u>Series B Bonds</u>	
Principal Amount	Maturity Date (September 1)		Principal Amount	Maturity Date (September 1)
\$ 51,000	2014		\$ 6,000	2014
53,000	2015		6,000	2015
55,000	2016		7,000	2016
58,000	2017		6,000	2017
60,000	2018		7,000	2018
63,000	2019		7,000	2019
65,000	2020		8,000	2020
68,000	2021		8,000	2021
71,000	2022		8,000	2022
74,000	2023		9,000	2023
77,000	2024		9,000	2024
80,000	2025		10,000	2025
84,000	2026		10,000	2026
87,000	2027		11,000	2027
91,000	2028		11,000	2028
95,000	2029		11,000	2029
99,000	2030		12,000	2030
103,000	2031		12,000	2031
108,000	2032		12,000	2032
112,000	2033		13,000	2033
117,000	2034		14,000	2034
122,000	2035		14,000	2035
127,000	2036		15,000	2036
132,000	2037		16,000	2037
138,000	2038		16,000	2038
144,000	2039		17,000	2039
150,000	2040		18,000	2040
156,000	2041		19,000	2041
163,000	2042		19,000	2042
170,000	2043		20,000	2043
177,000	2044		21,000	2044
185,000	2045		21,000	2045
<u>193,000</u>	2046		<u>22,000</u>	2046
\$ <u>3,528,000</u>			\$ <u>415,000</u>	

(Continued on the following page)

CITY OF CORNING
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

ADDITIONAL DISCLOSURES - DEBT SERVICE REQUIREMENTS, Continued

2005 Certificates of Participation
Installment Payment Schedule for Certificates
Series A Certificates

	<u>Principal Amount</u>	<u>Maturity Date (August 15)</u>
\$	90,000	2014
	95,000	2015
	100,000	2016
	100,000	2017
	105,000	2018
	115,000	2019
	120,000	2020
	125,000	2021
	130,000	2022
	135,000	2023
	145,000	2024
	150,000	2025
	160,000	2026
	175,000	2027
	<u>185,000</u>	2028
\$	<u>1,930,000</u>	

Pension Obligation Bonds

	<u>General Fund Principal Amount</u>		<u>Water Fund Principal Amount</u>		<u>Sewer Fund Principal Amount</u>		<u>Total Principal Amount</u>	<u>Maturity Date (Quarterly)</u>
\$	135,705	\$	9,270	\$	5,025	\$	150,000	2014
	192,701		13,163		7,136		213,000	2015
	198,129		13,534		7,337		219,000	2016
	208,081		14,214		7,705		230,000	2017
	224,366		15,326		8,308		248,000	2018
	244,269		16,686		9,045		270,000	2019
	265,982		18,169		9,849		294,000	2020
	288,599		19,714		10,687		319,000	2021
	312,121		21,321		11,558		345,000	2022
	<u>263,121</u>		<u>18,012</u>		<u>9,867</u>		<u>291,000</u>	2023
\$	<u>2,333,074</u>	\$	<u>159,409</u>	\$	<u>86,517</u>	\$	<u>2,579,000</u>	

(Continued on the following page)

CITY OF CORNING
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

ADDITIONAL DISCLOSURES - DEBT SERVICE REQUIREMENTS, Continued

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

- A. Segment information for certain individual Enterprise Funds. This requirement is met by Note 11.
- B. Summary disclosure of debt service requirements to maturity of all types of outstanding debt. This requirement is met by Note 4.
- C. Summary disclosure of changes in General Fixed Assets by major asset class. This requirement is met by Note 3.
- D. Summary disclosure of changes in General Long-Term Debt. This requirement is met by Note 4.
- E. Excess of expenditures over appropriations in individual funds for the year ended June 30, 2013 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, 2013 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.

SUPPLEMENTARY INFORMATION

CITY OF CORNING
GENERAL FUND
Comparative Balance Sheet
June 30, 2013

Exhibit A-1

ASSETS	General Fund
Cash and Investments	\$ 783,640
Interest Receivable	1,381
Accounts Receivable	-
Receivable from Other Governments	13,282
Other Receivable	5,397
Due From Other Funds	<u>292,057</u>
 Total Assets	 \$ <u><u>1,095,757</u></u>
 LIABILITIES	
Accounts Payable	\$ 42,538
Accrued Wages/Payroll Taxes	28,689
Accrued Interest Payable	7,319
Deferred Revenue	<u>11,947</u>
 Total Liabilities	 <u>90,493</u>
 FUND BALANCES	
Reserved for:	
Contingencies	800,000
Insurance	-
Unreserved, reported in	
General Funds	205,264
Special Revenues Fund	-
Capital Projects Fund	<u>-</u>
 Total Fund Balances	 <u>1,005,264</u>
 Total Liabilities and Fund Balances	 \$ <u><u>1,095,757</u></u>

**CITY OF CORNING
GENERAL FUND**

**Comparative Statement of Revenues, Expenditures, and Changes in Fund Balance
Year Ended June 30, 2013**

	General Fund
REVENUES:	
Taxes	\$ 4,277,201
Intergovernmental Revenues	151,134
Interest	736
Licenses and Permits	55,199
Miscellaneous	170,281
Total Revenues	<u>4,654,551</u>
EXPENDITURES:	
Current:	
General Government:	
City Council	24,563
City Administration	147,735
City Clerk	14,210
City Treasurer	621
City Finance Department	49,664
General Government	393,589
Total General Government	<u>630,382</u>
Public Safety and Judiciary:	
Legal Services	69,292
Police	2,056,345
Police Dispatch	473,980
Animal Control	94,208
Fire	538,194
Total Public Safety and Judiciary	<u>3,232,019</u>
Transportation:	
Streets	212,581
Total Transportation	<u>212,581</u>
Cultural, Parks and Recreation	
Library	17,331
Theater	1,834
Parks and Recreation	230,733
Total Cultural, Parks and Recreation	<u>249,898</u>
Community/Economic Development:	
Economic Development	23,500
Total Community/Economic Development	<u>23,500</u>
Capital Outlay	373,239
Total Expenditures	<u>4,721,619</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(67,068)</u>
OTHER FINANCING SOURCES (USES)	
Transfers In	2,954
Transfers Out	(272,311)
Total Other Financing Sources and Uses	<u>(269,357)</u>
Net Change in Fund Balances	<u>(336,425)</u>
Fund Balance-Beginning as previously stated	1,297,566
Prior period Adjustment	44,123
Fund Balance-Beginning as restated	<u>1,341,689</u>
Fund Balance-Ending	\$ <u><u>1,005,264</u></u>

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, 2013**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Resources (Inflows):				
Taxes				
Sales and Use Taxes	\$ 2,600,000	2,810,878	\$ 2,878,190	\$ 67,312
Property Taxes	468,700	464,200	475,929	11,729
Franchise Taxes	101,000	101,000	110,385	9,385
Vehicle License Fees	500,000	500,000	503,262	3,262
Transient Occupancy Tax	260,000	260,000	294,083	34,083
Other Taxes	44,000	44,600	15,352	(29,248)
Total Taxes	3,973,700	4,180,678	4,277,201	96,523
Intergovernmental Revenues	213,600	213,600	151,134	(62,466)
Interest	5,000	5,000	736	(4,264)
Licenses and Permits	76,000	76,000	55,199	(20,801)
Miscellaneous	118,010	121,910	170,281	48,371
Other Financing Sources:				
Operating Transfers In	5,000	5,000	2,954	(2,046)
Amount Available for Appropriation	4,391,310	4,602,188	4,657,505	55,317
Charges to Appropriations (Outflows):				
City Council				
Personnel Services	18,000	18,000	17,944	56
Material and Supplies	900	900	1,251	(351)
Other Services and Charges	6,200	6,200	5,368	832
Total City Council	25,100	25,100	24,563	537
City Administration				
Personnel Services	108,452	108,452	143,944	(35,492)
Material and Supplies	1,350	1,350	1,029	321
Other Services and Charges	2,500	2,500	2,762	(262)
Total City Administration	112,302	112,302	147,735	(35,433)
City Clerk				
Personnel Services	4,200	4,200	4,305	(105)
Material and Supplies	13,500	13,500	2,749	10,751
Other Services and Charges	250	250	7,156	(6,906)
Total City Clerk	17,950	17,950	14,210	3,740
City Treasurer				
Personnel Services	600	600	621	(21)
Total City Treasurer	600	600	621	(21)
City Finance Department				
Personnel Services	19,411	19,411	21,100	(1,689)
Material and Supplies	2,491	2,491	1,904	587
Other Services and Charges	25,324	25,324	26,660	(1,336)
Total City Finance Department	47,226	47,226	49,664	(2,438)
General Government				
Personnel Services	99,764	99,764	134,229	(34,465)
Material and Supplies	186,691	286,691	217,021	69,670
Other Services and Charges	42,683	42,683	42,339	344
Total General Government	329,138	429,138	393,589	35,549
Legal Services				
Personnel Services	-	-	-	-
Other Services and Charges	70,760	70,760	69,292	1,468

(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, 2013**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Total Legal Services	70,760	70,760	69,292	1,468
Police				
Personnel Services	1,931,578	1,931,578	1,971,869	(40,291)
Material and Supplies	25,650	25,650	7,357	18,293
Other Services and Charges	71,720	71,720	77,119	(5,399)
Total Police	2,028,948	2,028,948	2,056,345	(27,397)
Police Dispatch				
Personnel Services	439,667	439,667	388,955	50,712
Material and Supplies	16,200	16,200	12,570	3,630
Other Services and Charges	77,981	77,981	72,455	5,526
Total Police Dispatch	533,848	533,848	473,980	59,868
Animal Control				
Personnel Services	83,626	83,626	74,197	9,429
Material and Supplies	5,448	5,448	3,238	2,210
Other Services and Charges	19,400	19,400	16,773	2,627
Total Animal Control	108,474	108,474	94,208	14,266
Fire				
Personnel Services	459,347	459,347	467,703	(8,356)
Material and Supplies	54,000	54,000	17,586	36,414
Other Services and Charges	20,700	20,700	52,905	(32,205)
Total Fire	534,047	534,047	538,194	(4,147)
Streets				
Personnel Services	202,140	202,140	115,463	86,677
Material and Supplies	96,000	96,000	96,897	(897)
Other Services and Charges	5,000	5,000	221	4,779
Total Streets	303,140	303,140	212,581	90,559
Library				
Material and Supplies	17,100	17,100	5,409	11,691
Other Services and Charges	800	800	11,922	(11,122)
Total Library	17,900	17,900	17,331	569
Theater				
Other Services and Charges	3,200	3,200	1,834	1,366
Total Theater	3,200	3,200	1,834	1,366
Parks and Recreation				
Personnel Services	117,953	117,953	141,614	(23,661)
Material and Supplies	82,230	82,230	83,465	(1,235)
Other Services and Charges	1,500	1,500	5,654	(4,154)
Parks and Recreation	201,683	201,683	230,733	(29,050)
Economic Development				
Other Services and Charges	23,500	23,500	23,500	-
Total Economic Development	23,500	23,500	23,500	-
Capital Outlay	375,800	375,800	373,239	2,561
Operating Transfer Out	276,582	276,582	(272,311)	548,893
Total Charges to Appropriations	5,010,198	5,110,198	4,449,308	660,890
Excess (Deficiency) of Resources Over Appropriations	\$ (618,888)	(508,010)	\$ 208,197	\$ 716,207

See accompanying footnotes to
the basic financial statements.

CITY OF CORNING
SPECIAL REVENUE FUNDS
Combining Balance Sheet
June 30, 2013

Exhibit B-1

	Rural Planning Fund (Fund 105)	Rural Planning Fund (Fund 105)	Federal TEA Fund (Fund 108)	Special Gas Tax Improvement #2105 Fund (Fund 109)	Special Gas Tax Improvement #2106 Fund (Fund 110)	Special Gas Tax Improvement #2107 Fund (Fund 111)	Subtotal (Carried forward to next page)
ASSETS							
Cash and Cash Equivalents	\$ 303	\$ -	\$ 75,269	\$ 65,760	\$ 52,603	\$ 37,312	\$ 231,247
Intergovernmental Receivable	-	21,000	-	2,655	2,394	3,740	29,789
Due from other funds	-	-	-	-	-	-	-
Notes Receivable (C.D.B.G)	-	-	-	-	-	-	-
Total Assets	\$ 303	\$ 21,000	\$ 75,269	\$ 68,415	\$ 54,997	\$ 41,052	\$ 261,036
LIABILITIES AND FUND BALANCE							
Liabilities:							
Accounts Payable	\$ -	\$ 322	\$ 631	\$ 451	\$ -	\$ -	\$ 1,404
Accrued Wages/Payroll Taxes	-	-	-	-	-	-	-
Due to Other Funds	-	2,204	-	-	-	-	2,204
Deferred Revenue	-	-	-	-	-	-	-
Total Liabilities	-	2,526	631	451	-	-	3,608
Fund Balances (Deficit):							
Unreserved, undesignated	303	18,474	74,638	67,964	54,997	41,052	257,428
Total Fund Balance (Deficit)	303	18,474	74,638	67,964	54,997	41,052	257,428
Total Liabilities and Fund Balances	\$ 303	\$ 21,000	\$ 75,269	\$ 68,415	\$ 54,997	\$ 41,052	\$ 261,036

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

CITY OF CORNING
SPECIAL REVENUE FUNDS
Combining Balance Sheet
June 30, 2013

Exhibit B-1
(Continued)

	<u>Subtotal (Brought forward)</u>	<u>Special Gas Tax Improvement #2107.5 Fund (Fund 112)</u>	<u>Local Transportation Fund (Fund 114)</u>	<u>Traffic Congestion Fund (Fund 115)</u>	<u>Traffic Mitigation Fund (Fund 116)</u>	<u>Loleta Lighting Fund (Fund 117)</u>	<u>Subtotal (Carried forward to next page)</u>
ASSETS							
Cash and Cash Equivalents	\$ 231,247	\$ 1,974	\$ 12,328	\$ 71,120	\$ 101,402	\$ -	\$ 418,071
Intergovernmental Receivable	29,789	-	43,845	5,818	-	-	79,452
Due from other funds	-	-	-	-	-	-	-
Notes Receivable (C.D.B.G)	-	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	\$ <u>261,036</u>	\$ <u>1,974</u>	\$ <u>56,173</u>	\$ <u>76,938</u>	\$ <u>101,402</u>	\$ <u>-</u>	\$ <u>497,523</u>
LIABILITIES AND FUND BALANCE							
Liabilities:							
Accounts Payable	\$ 1,404	\$ -	\$ 2,398	\$ 689	\$ -	\$ -	\$ 4,491
Accrued Wages/Payroll Taxes	-	-	-	-	-	-	-
Due to Other Funds	2,204	-	-	-	-	-	2,204
Deferred Revenue	-	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	\$ <u>3,608</u>	\$ <u>-</u>	\$ <u>2,398</u>	\$ <u>689</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>6,695</u>
Fund Balances (Deficit):							
Unreserved, undesignated	<u>257,428</u>	<u>1,974</u>	<u>53,775</u>	<u>76,249</u>	<u>101,402</u>	<u>-</u>	<u>490,828</u>
Total Fund Balance (Deficit)	\$ <u>257,428</u>	\$ <u>1,974</u>	\$ <u>53,775</u>	\$ <u>76,249</u>	\$ <u>101,402</u>	\$ <u>-</u>	\$ <u>490,828</u>
Total Liabilities and Fund Balances	\$ <u>261,036</u>	\$ <u>1,974</u>	\$ <u>56,173</u>	\$ <u>76,938</u>	\$ <u>101,402</u>	\$ <u>-</u>	\$ <u>497,523</u>

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

CITY OF CORNING
SPECIAL REVENUE FUNDS
Combining Balance Sheet
June 30, 2013

Exhibit B-1
(Continued)

	<u>Subtotal (Brought forward)</u>	<u>Safe Route To School (Fund 118)</u>	<u>Rogers Theater Restoration (Fund 130)</u>	<u>Energy Grant (Fund 131)</u>	<u>Planning Environmental Rev. (Fund 150)</u>	<u>Flood Mitigation FEMA (Fund 152)</u>	<u>Subtotal (Carried forward to next page)</u>
ASSETS							
Cash and Cash Equivalents	\$ 418,071	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 418,071
Intergovernmental Receivable	79,452	-	-	-	-	-	79,452
Due from other funds	-	-	-	-	-	-	-
Notes Receivable (C.D.B.G)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total Assets	 <u>\$ 497,523</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 497,523</u>
LIABILITIES AND FUND BALANCE							
Liabilities:							
Accounts Payable	\$ 4,491	\$ 72,223	\$ -	\$ -	\$ -	\$ 18,068	\$ 94,782
Accrued Wages/Payroll Taxes	-	-	-	-	-	-	-
Due to Other Funds	2,204	9,783	45,072	-	-	-	57,059
Deferred Revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total Liabilities	 <u>6,695</u>	 <u>82,006</u>	 <u>45,072</u>	 <u>-</u>	 <u>-</u>	 <u>18,068</u>	 <u>151,841</u>
Fund Balances (Deficit):							
Unreserved, undesignated	<u>490,828</u>	<u>(82,006)</u>	<u>(45,072)</u>	<u>-</u>	<u>-</u>	<u>(18,068)</u>	<u>345,682</u>
 Total Fund Balance (Deficit)	 <u>490,828</u>	 <u>(82,006)</u>	 <u>(45,072)</u>	 <u>-</u>	 <u>-</u>	 <u>(18,068)</u>	 <u>345,682</u>
 Total Liabilities and Fund Balances	 <u>\$ 497,523</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 497,523</u>

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

CITY OF CORNING
SPECIAL REVENUE FUNDS
Combining Balance Sheet
June 30, 2013

Exhibit B-1
(Continued)

	Subtotal (Brought forward)	OTS 2 Fund (Fund 164)	Abandoned Vehicles Fund (Fund 170)	General Plan Update (Fund 302)	SALDO Home Loan Fund (Fund 321)	08/09 CDBG Fund (Fund 322)	Subtotal (Carried forward to next page)
ASSETS							
Cash and Cash Equivalents	\$ 418,071	\$ -	\$ -	\$ -	\$ -	\$ 36,855	\$ 454,926
Intergovernmental Receivable	79,452	-	-	-	-	570	80,022
Due from other funds	-	-	-	-	-	-	-
Notes Receivable (C.D.B.G)	-	-	-	-	3,900,000	-	3,900,000
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,900,000</u>	<u>-</u>	<u>3,900,000</u>
 Total Assets	 \$ <u>497,523</u>	 \$ <u>-</u>	 \$ <u>-</u>	 \$ <u>-</u>	 \$ <u>3,900,000</u>	 \$ <u>37,425</u>	 \$ <u>4,434,948</u>
LIABILITIES AND FUND BALANCE							
Liabilities:							
Accounts Payable	\$ 94,782	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 94,782
Accrued Wages/Payroll Taxes	-	-	-	-	-	-	-
Due to Other Funds	57,059	-	-	14,929	-	-	71,988
Deferred Revenue	-	-	-	-	3,900,000	-	3,900,000
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,900,000</u>	<u>-</u>	<u>3,900,000</u>
 Total Liabilities	 <u>151,841</u>	 <u>-</u>	 <u>-</u>	 <u>14,929</u>	 <u>3,900,000</u>	 <u>-</u>	 <u>4,066,770</u>
Fund Balances (Deficit):							
Unreserved, undesignated	345,682	-	-	(14,929)	-	37,425	368,178
	<u>345,682</u>	<u>-</u>	<u>-</u>	<u>(14,929)</u>	<u>-</u>	<u>37,425</u>	<u>368,178</u>
 Total Fund Balance (Deficit)	 <u>345,682</u>	 <u>-</u>	 <u>-</u>	 <u>(14,929)</u>	 <u>-</u>	 <u>37,425</u>	 <u>368,178</u>
 Total Liabilities and Fund Balances	 \$ <u>497,523</u>	 \$ <u>-</u>	 \$ <u>-</u>	 \$ <u>-</u>	 \$ <u>3,900,000</u>	 \$ <u>37,425</u>	 \$ <u>4,434,948</u>

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

CITY OF CORNING
SPECIAL REVENUE FUNDS
Combining Balance Sheet
June 30, 2013

Exhibit B-1
(Continued)

	<u>Subtotal (Brought forward)</u>	<u>CDBG Program Inc. Unrestricted (Fund 323, 820)</u>	<u>90/STBG/491 Grant Fund (Fund 324)</u>	<u>CDBG Economic Reuse (Fund 325, 823)</u>	<u>CDBG Housing Reuse (Fund 326, 821, 822, 824)</u>	<u>Housing Acquisition RLF Fund (Fund 327)</u>	<u>Subtotal (Carried forward to next page)</u>
ASSETS							
Cash and Cash Equivalents	\$ 454,926	\$ 7,323	\$ 27,253	\$ 65,655	\$ 5,743	\$ 48,361	\$ 609,261
Intergovernmental Receivable	80,022	-	-	-	-	-	80,022
Due from other funds	-	-	-	-	-	-	-
Notes Receivable (C.D.B.G)	<u>3,900,000</u>	<u>123,940</u>	<u>-</u>	<u>187,931</u>	<u>214,730</u>	<u>-</u>	<u>4,426,601</u>
Total Assets	\$ <u>4,434,948</u>	\$ <u>131,263</u>	\$ <u>27,253</u>	\$ <u>253,586</u>	\$ <u>220,473</u>	\$ <u>48,361</u>	\$ <u>5,115,884</u>
LIABILITIES AND FUND BALANCE							
Liabilities:							
Accounts Payable	\$ 94,782	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 94,782
Accrued Wages/Payroll Taxes	-	-	-	-	-	-	-
Due to Other Funds	71,988	-	-	-	-	-	71,988
Deferred Revenue	<u>3,900,000</u>	<u>123,940</u>	<u>-</u>	<u>187,931</u>	<u>214,730</u>	<u>-</u>	<u>4,426,601</u>
Total Liabilities	<u>4,066,770</u>	<u>123,940</u>	<u>-</u>	<u>187,931</u>	<u>214,730</u>	<u>-</u>	<u>4,593,371</u>
Fund Balances (Deficit):							
Unreserved, undesignated	<u>368,178</u>	<u>7,323</u>	<u>27,253</u>	<u>65,655</u>	<u>5,743</u>	<u>48,361</u>	<u>522,513</u>
Total Fund Balance (Deficit)	<u>368,178</u>	<u>7,323</u>	<u>27,253</u>	<u>65,655</u>	<u>5,743</u>	<u>48,361</u>	<u>522,513</u>
Total Liabilities and Fund Balances	\$ <u>4,434,948</u>	\$ <u>131,263</u>	\$ <u>27,253</u>	\$ <u>253,586</u>	\$ <u>220,473</u>	\$ <u>48,361</u>	\$ <u>5,115,884</u>

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

CITY OF CORNING
SPECIAL REVENUE FUNDS
Combining Balance Sheet
June 30, 2013

Exhibit B-1
(Continued)

	<u>Subtotal (Brought forward)</u>	<u>Housing Rehabilitation RLF Fund (Fund 328)</u>	<u>New Construction Grant RLF (Fund 329)</u>	<u>SALADO Wall Fund (Fund 344)</u>	<u>Drainage Fund (Fund 345)</u>	<u>Yost Field Fund (Fund 352)</u>	<u>Subtotal (Carried forward to next page)</u>
ASSETS							
Cash and Cash Equivalents	\$ 609,261	\$ 51,961	\$ 10,031	\$ 92,027	\$ 119,378	\$ 5,243	\$ 887,901
Intergovernmental Receivable	80,022	-	-	-	-	-	80,022
Due from other funds	-	-	-	-	-	-	-
Notes Receivable (C.D.B.G)	<u>4,426,601</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,426,601</u>
 Total Assets	 <u>\$ 5,115,884</u>	 <u>\$ 51,961</u>	 <u>\$ 10,031</u>	 <u>\$ 92,027</u>	 <u>\$ 119,378</u>	 <u>\$ 5,243</u>	 <u>\$ 5,394,524</u>
LIABILITIES AND FUND BALANCE							
Liabilities:							
Accounts Payable	\$ 94,782	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 94,782
Accrued Wages/Payroll Taxes	-	-	-	-	-	-	-
Due to Other Funds	71,988	-	-	-	-	-	71,988
Deferred Revenue	<u>4,426,601</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,426,601</u>
 Total Liabilities	 <u>4,593,371</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>4,593,371</u>
Fund Balances (Deficit):							
Unreserved, undesignated	<u>522,513</u>	<u>51,961</u>	<u>10,031</u>	<u>92,027</u>	<u>119,378</u>	<u>5,243</u>	<u>801,153</u>
 Total Fund Balance (Deficit)	 <u>522,513</u>	 <u>51,961</u>	 <u>10,031</u>	 <u>92,027</u>	 <u>119,378</u>	 <u>5,243</u>	 <u>801,153</u>
 Total Liabilities and Fund Balances	 <u>\$ 5,115,884</u>	 <u>\$ 51,961</u>	 <u>\$ 10,031</u>	 <u>\$ 92,027</u>	 <u>\$ 119,378</u>	 <u>\$ 5,243</u>	 <u>\$ 5,394,524</u>

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

CITY OF CORNING
SPECIAL REVENUE FUNDS
Combining Balance Sheet
June 30, 2013

Exhibit B-1
(Continued)

	<u>Subtotal (Brought forward)</u>	<u>Prop 84 Park Bond Fund (Fund 354)</u>	<u>Houghton Trail Fund (Fund 356)</u>	<u>Curbs and Gutter Fund (Fund 365)</u>	<u>Wayfinding Maintenance Fund (Fund 370)</u>	<u>Lighting & Landscape Fund (Fund 701)</u>	<u>Total</u>
ASSETS							
Cash and Cash Equivalents	\$ 887,901	\$ -	\$ 5,858	\$ 480	\$ 1,204	\$ 771	\$ 896,214
Intergovernmental Receivable	80,022	216,634	-	-	-	-	296,656
Due from other funds	-	-	-	-	-	-	-
Notes Receivable (C.D.B.G)	<u>4,426,601</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,426,601</u>
 Total Assets	 <u>\$ 5,394,524</u>	 <u>\$ 216,634</u>	 <u>\$ 5,858</u>	 <u>\$ 480</u>	 <u>\$ 1,204</u>	 <u>\$ 771</u>	 <u>\$ 5,619,471</u>
LIABILITIES AND FUND BALANCE							
Liabilities:							
Accounts Payable	\$ 94,782	\$ 483,018	\$ -	\$ -	\$ -	\$ 44	\$ 577,844
Accrued Wages/Payroll Taxes	-	-	-	-	-	-	-
Due to Other Funds	71,988	216,944	-	-	-	-	288,932
Deferred Revenue	<u>4,426,601</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,426,601</u>
 Total Liabilities	 <u>4,593,371</u>	 <u>699,962</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>44</u>	 <u>5,293,377</u>
Fund Balances (Deficit):							
Unreserved, undesignated	<u>801,153</u>	<u>(483,328)</u>	<u>5,858</u>	<u>480</u>	<u>1,204</u>	<u>727</u>	<u>326,094</u>
 Total Fund Balance (Deficit)	 <u>801,153</u>	 <u>(483,328)</u>	 <u>5,858</u>	 <u>480</u>	 <u>1,204</u>	 <u>727</u>	 <u>326,094</u>
 Total Liabilities and Fund Balances	 <u>\$ 5,394,524</u>	 <u>\$ 216,634</u>	 <u>\$ 5,858</u>	 <u>\$ 480</u>	 <u>\$ 1,204</u>	 <u>\$ 771</u>	 <u>\$ 5,619,471</u>

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

CITY OF CORNING
SPECIAL REVENUE FUNDS
Combining Balance Sheet
June 30, 2013

Exhibit B-1
(Continued)

	<u>Subtotal (Brought forward)</u>	<u>Lighting & Landscape Fund (Fund 703)</u>	<u>Lighting & Landscape Fund (Fund 704)</u>	<u>Total</u>
ASSETS				
Cash and Cash Equivalents	\$ 896,214	\$ 17,208	8,227	\$ 921,649
Intergovernmental Receivable	296,656	-	-	296,656
Due from other funds	-	-	-	-
Notes Receivable (C.D.B.G)	<u>4,426,601</u>	<u>-</u>	<u>-</u>	<u>4,426,601</u>
 Total Assets	 <u>\$ 5,619,471</u>	 <u>\$ 17,208</u>	 <u>8,227</u>	 <u>\$ 5,644,906</u>
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts Payable	\$ 577,844	\$ -	150	\$ 577,994
Accrued Wages/Payroll Taxes	-	-	-	-
Due to Other Funds	288,932	-	-	288,932
Deferred Revenue	<u>4,426,601</u>	<u>-</u>	<u>-</u>	<u>4,426,601</u>
 Total Liabilities	 <u>5,293,377</u>	 <u>-</u>	 <u>150</u>	 <u>5,293,527</u>
Fund Balances (Deficit):				
Unreserved, undesignated	<u>326,094</u>	<u>17,208</u>	<u>8,077</u>	<u>351,379</u>
 Total Fund Balance (Deficit)	 <u>326,094</u>	 <u>17,208</u>	 <u>8,077</u>	 <u>351,379</u>
 Total Liabilities and Fund Balances	 <u>\$ 5,619,471</u>	 <u>\$ 17,208</u>	 <u>8,227</u>	 <u>\$ 5,644,906</u>

See accompanying notes to
the basic financial statements.

CITY OF CORNING
SPECIAL REVENUE FUNDS

Exhibit B-2

Combining Statement of Revenues, Expenditures,
and Changes in Fund Balance
Year Ended June 30, 2013

	Business License ADA (Fund 080)	Rural Planning Fund (Fund 105)	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	\$ -	\$ 21,000	\$ -	\$ 33,316	\$ 29,551	\$ 54,593	\$ 138,460
Interest	-	11	124	105	80	46	366
Other Revenues	303	-	-	-	-	-	303
Total revenues	<u>303</u>	<u>21,011</u>	<u>124</u>	<u>33,421</u>	<u>29,631</u>	<u>54,639</u>	<u>139,129</u>
EXPENDITURES:							
Current:							
General Government:							
General Government	-	15,230	-	397	-	-	15,627
Total General Government	-	<u>15,230</u>	-	<u>397</u>	-	-	<u>15,627</u>
Public Safety and Judiciary:							
Police	-	-	-	-	-	-	-
Total Public Safety and Judiciary	-	-	-	-	-	-	-
Transportation:							
Streets	-	-	15,129	26,154	21,932	32,552	95,767
Total Transportation	-	-	<u>15,129</u>	<u>26,154</u>	<u>21,932</u>	<u>32,552</u>	<u>95,767</u>
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	-	<u>15,230</u>	<u>15,129</u>	<u>26,551</u>	<u>21,932</u>	<u>32,552</u>	<u>111,394</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>303</u>	<u>5,781</u>	<u>(15,005)</u>	<u>6,870</u>	<u>7,699</u>	<u>22,087</u>	<u>27,735</u>
Transfers In	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-
Total Other Financing Sources and Uses	-	-	-	-	-	-	-
Net Change in Fund Balances	303	5,781	(15,005)	6,870	7,699	22,087	27,735
Fund Balances-Beginning of Year	-	12,693	89,643	61,094	47,298	18,965	229,693
Residual Equity Transfers In / Out	-	-	-	-	-	-	-
Fund Balances-Ending of Year	\$ <u>303</u>	\$ <u>18,474</u>	\$ <u>74,638</u>	\$ <u>67,964</u>	\$ <u>54,997</u>	\$ <u>41,052</u>	\$ <u>257,428</u>

(Continued)

CITY OF CORNING
SPECIAL REVENUE FUNDS

Combining Statement of Revenues, Expenditures,
and Changes in Fund Balance
Year Ended June 30, 2013

Exhibit B-2
(Continued)

	Subtotal (Brought forward)	Special Gas Tax Improvement #2107.5 Fund (Fund 112)	Local Transportation Fund (Fund 114)	Traffic Congestion Fund (Fund 115)	Traffic Mitigation Fund (Fund 116)	Loleta Lighting Fund (Fund 117)	Subtotal (Carried forward to next page)
REVENUES:							
Intergovernmental Revenues	\$ 138,460	\$ 2,000	\$ 106,334	\$ 60,493	\$ 780	\$ -	\$ 308,067
Interest	366	4	13	95	178	-	656
Other Revenues	303	-	-	-	-	-	303
Total revenues	139,129	2,004	106,347	60,588	958	-	309,026
EXPENDITURES:							
Current:							
General Government:							
General Government	15,627	-	2,537	-	-	-	18,164
Total General Government	15,627	-	2,537	-	-	-	18,164
Public Safety and Judiciary:							
Police	-	-	-	-	-	-	-
Total Public Safety and Judiciary	-	-	-	-	-	-	-
Transportation:							
Streets	95,767	560	78,648	54,655	2,815	-	232,445
Total Transportation	95,767	560	78,648	54,655	2,815	-	232,445
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	111,394	560	81,185	54,655	2,815	-	250,609
Excess (Deficiency) of Revenues Over Expenditures	27,735	1,444	25,162	5,933	(1,857)	-	58,417
Transfers In	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-
Total Other Financing Sources and Uses	-	-	-	-	-	-	-
Net Change in Fund Balances	27,735	1,444	25,162	5,933	(1,857)	-	58,417
Fund Balances-Beginning of Year	229,693	530	28,613	70,316	103,259	-	432,411
Residual Equity Transfers In / Out	-	-	-	-	-	-	-
Fund Balances-Ending of Year	\$ 257,428	\$ 1,974	\$ 53,775	\$ 76,249	\$ 101,402	\$ -	\$ 490,828

(Continued)

**CITY OF CORNING
SPECIAL REVENUE FUNDS**

Combining Statement of Revenues, Expenditures,
and Changes in Fund Balance
Year Ended June 30, 2013

Exhibit B-2
(Continued)

	Subtotal (Brought forward)	Safe Route To School (Fund 118)	Rogers Theater Restoration (Fund 130)	Energy Grant (Fund 131)	Planning Environmental Rev. (Fund 150)	Flood Mitigation FEMA (Fund 152)	Subtotal (Carried forward to next page)
REVENUES:							
Intergovernmental Revenues	\$ 308,067	\$ -	\$ 52,500	\$ -	\$ -	\$ -	\$ 360,567
Interest	656	-	-	-	14	-	670
Other Revenues	303	-	-	-	-	-	303
Total revenues	<u>309,026</u>	<u>-</u>	<u>52,500</u>	<u>-</u>	<u>14</u>	<u>-</u>	<u>361,540</u>
EXPENDITURES:							
Current:							
General Government:							
General Government	18,164	-	-	-	-	-	18,164
Total General Government	<u>18,164</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,164</u>
Public Safety and Judiciary:							
Police	-	-	-	-	-	-	-
Total Public Safety and Judiciary	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Transportation:							
Streets	232,445	82,006	-	-	-	18,068	332,519
Total Transportation	<u>232,445</u>	<u>82,006</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,068</u>	<u>332,519</u>
Cultural, Parks and Recreation							
Parks and Recreation	-	-	-	-	-	-	-
Total Cultural, Parks and Recreation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Community/Economic Development:							
Economic Development	-	-	-	-	-	-	-
Total Community/Economic Development	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital Outlay							
Capital Outlay	-	-	81,500	-	-	-	81,500
Total Expenditures	<u>250,609</u>	<u>82,006</u>	<u>81,500</u>	<u>-</u>	<u>-</u>	<u>18,068</u>	<u>432,183</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>58,417</u>	<u>(82,006)</u>	<u>(29,000)</u>	<u>-</u>	<u>14</u>	<u>(18,068)</u>	<u>(70,643)</u>
Transfers In	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-
Total Other Financing Sources and Uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	58,417	(82,006)	(29,000)	-	14	(18,068)	(70,643)
Fund Balances-Beginning of Year	432,411	-	(16,072)	(3,517)	13,075	3,958	429,855
Residual Equity Transfers In / Out	-	-	-	3,517	(13,089)	(3,958)	(13,530)
Fund Balances-Ending of Year	\$ <u>490,828</u>	\$ <u>(82,006)</u>	\$ <u>(45,072)</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>(18,068)</u>	\$ <u>345,682</u>

(Continued)

**CITY OF CORNING
SPECIAL REVENUE FUNDS**

Combining Statement of Revenues, Expenditures,
and Changes in Fund Balance
Year Ended June 30, 2013

Exhibit B-2
(Continued)

	Subtotal (Brought forward)	OTS 2 Fund (Fund 164)	Abandoned Vehicles Fund (Fund 170)	General Plan Update (Fund 302)	SALDO Home Loan Fund (Fund 321)	08/09 CDBG Fund (Fund 322)	Subtotal (Carried forward to next page)
REVENUES:							
Intergovernmental Revenues	\$ 360,567	\$ -	\$ -	\$ -	\$ -	\$ 105	\$ 360,672
Interest	670	32	-	-	-	65	767
Other Revenues	303	-	-	-	-	2,884	3,187
Total revenues	<u>361,540</u>	<u>32</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,054</u>	<u>364,626</u>
EXPENDITURES:							
Current:							
General Government:							
General Government	18,164	-	-	14,929	-	-	33,093
Total General Government	<u>18,164</u>	<u>-</u>	<u>-</u>	<u>14,929</u>	<u>-</u>	<u>-</u>	<u>33,093</u>
Public Safety and Judiciary:							
Police	-	-	47,721	-	-	-	47,721
Total Public Safety and Judiciary	<u>-</u>	<u>-</u>	<u>47,721</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>47,721</u>
Transportation:							
Streets	332,519	-	-	-	-	-	332,519
Total Transportation	<u>332,519</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>332,519</u>
Cultural, Parks and Recreation							
Parks and Recreation	-	-	-	-	-	-	-
Total Cultural, Parks and Recreation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Community/Economic Development:							
Economic Development	-	-	-	-	-	693	693
Total Community/Economic Development	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>693</u>	<u>693</u>
Capital Outlay	81,500	-	-	-	-	-	81,500
Total Expenditures	<u>432,183</u>	<u>-</u>	<u>47,721</u>	<u>14,929</u>	<u>-</u>	<u>693</u>	<u>495,526</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(70,643)</u>	<u>32</u>	<u>(47,721)</u>	<u>(14,929)</u>	<u>-</u>	<u>2,361</u>	<u>(130,900)</u>
Transfers In	-	-	-	-	-	-	-
Transfers Out	-	-	(2,954)	-	-	-	(2,954)
Total Other Financing Sources and Uses	<u>-</u>	<u>-</u>	<u>(2,954)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,954)</u>
Net Change in Fund Balances	<u>(70,643)</u>	<u>32</u>	<u>(50,675)</u>	<u>(14,929)</u>	<u>-</u>	<u>2,361</u>	<u>(133,854)</u>
Fund Balances-Beginning of Year	<u>429,855</u>	<u>30,564</u>	<u>50,675</u>	<u>-</u>	<u>-</u>	<u>35,064</u>	<u>546,158</u>
Residual Equity Transfers In / Out	<u>(13,530)</u>	<u>(30,596)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(44,126)</u>
Fund Balances-Ending of Year	\$ <u>345,682</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>(14,929)</u>	\$ <u>-</u>	\$ <u>37,425</u>	\$ <u>368,178</u>

(Continued)

CITY OF CORNING
SPECIAL REVENUE FUNDS

Combining Statement of Revenues, Expenditures,
and Changes in Fund Balance
Year Ended June 30, 2013

Exhibit B-2
(Continued)

	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)	Housing Acquisition RLF Fund (Fund 327)	Subtotal (Carried forward to next page)
REVENUES:							
Intergovernmental Revenues	\$ 360,672	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 360,672
Interest	767	217	48	119	5	88	1,244
Other Revenues	3,187	2,600	-	3,454	1,200	-	10,441
Total revenues	<u>364,626</u>	<u>2,817</u>	<u>48</u>	<u>3,573</u>	<u>1,205</u>	<u>88</u>	<u>372,357</u>
EXPENDITURES:							
Current:							
General Government:							
General Government	33,093	-	-	-	-	-	33,093
Total General Government	<u>33,093</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,093</u>
Public Safety and Judiciary:							
Police	47,721	-	-	-	-	-	47,721
Total Public Safety and Judiciary	<u>47,721</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>47,721</u>
Transportation:							
Streets	332,519	-	-	-	-	-	332,519
Total Transportation	<u>332,519</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>332,519</u>
Cultural, Parks and Recreation							
Parks and Recreation	-	-	-	-	-	-	-
Total Cultural, Parks and Recreation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Community/Economic Development:							
Economic Development	693	-	-	49	-	3,326	4,068
Total Community/Economic Development	<u>693</u>	<u>-</u>	<u>-</u>	<u>49</u>	<u>-</u>	<u>3,326</u>	<u>4,068</u>
Capital Outlay	81,500	-	-	-	-	-	81,500
Total Expenditures	<u>495,526</u>	<u>-</u>	<u>-</u>	<u>49</u>	<u>-</u>	<u>3,326</u>	<u>498,901</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(130,900)</u>	<u>2,817</u>	<u>48</u>	<u>3,524</u>	<u>1,205</u>	<u>(3,238)</u>	<u>(126,544)</u>
Transfers In	-	-	-	-	-	-	-
Transfers Out	(2,954)	-	-	-	-	-	(2,954)
Total Other Financing Sources and Uses	<u>(2,954)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,954)</u>
Net Change in Fund Balances	<u>(133,854)</u>	<u>2,817</u>	<u>48</u>	<u>3,524</u>	<u>1,205</u>	<u>(3,238)</u>	<u>(129,498)</u>
Fund Balances-Beginning of Year	<u>546,158</u>	<u>(149)</u>	<u>27,205</u>	<u>69,021</u>	<u>33,106</u>	<u>37,915</u>	<u>713,256</u>
Residual Equity Transfers In / Out	<u>(44,126)</u>	<u>4,655</u>	<u>-</u>	<u>(6,890)</u>	<u>(28,568)</u>	<u>13,684</u>	<u>(61,245)</u>
Fund Balances-Ending of Year	\$ <u>368,178</u>	\$ <u>7,323</u>	\$ <u>27,253</u>	\$ <u>65,655</u>	\$ <u>5,743</u>	\$ <u>48,361</u>	\$ <u>522,513</u>

(Continued)

**CITY OF CORNING
SPECIAL REVENUE FUNDS**

Combining Statement of Revenues, Expenditures,
and Changes in Fund Balance
Year Ended June 30, 2013

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	\$ 360,672	\$ -	\$ -	\$ -	\$ 632	\$ -	\$ 361,304
Interest	1,244	92	18	163	210	9	1,736
Other Revenues	10,441	-	-	-	-	690	11,131
Total revenues	<u>372,357</u>	<u>92</u>	<u>18</u>	<u>163</u>	<u>842</u>	<u>699</u>	<u>374,171</u>
EXPENDITURES:							
Current:							
General Government:							
General Government	33,093	-	-	-	-	-	33,093
Total General Government	<u>33,093</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,093</u>
Public Safety and Judiciary:							
Police	47,721	-	-	-	-	-	47,721
Total Public Safety and Judiciary	<u>47,721</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>47,721</u>
Transportation:							
Streets	332,519	-	-	-	802	-	333,321
Total Transportation	<u>332,519</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>802</u>	<u>-</u>	<u>333,321</u>
Cultural, Parks and Recreation							
Parks and Recreation	-	-	-	-	-	-	-
Total Cultural, Parks and Recreation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Community/Economic Development:							
Economic Development	4,068	-	-	-	-	-	4,068
Total Community/Economic Development	<u>4,068</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,068</u>
Capital Outlay	81,500	-	-	-	-	-	81,500
Total Expenditures	<u>498,901</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>802</u>	<u>-</u>	<u>499,703</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(126,544)</u>	<u>92</u>	<u>18</u>	<u>163</u>	<u>40</u>	<u>699</u>	<u>(125,532)</u>
Transfers In	-	-	-	-	-	-	-
Transfers Out	(2,954)	-	-	-	-	-	(2,954)
Total Other Financing Sources and Uses	<u>(2,954)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,954)</u>
Net Change in Fund Balances	<u>(129,498)</u>	<u>92</u>	<u>18</u>	<u>163</u>	<u>40</u>	<u>699</u>	<u>(128,486)</u>
Fund Balances-Beginning of Year	713,256	38,185	6,578	91,864	119,338	4,544	973,765
Residual Equity Transfers In / Out	(61,245)	13,684	3,435	-	-	-	(44,126)
Fund Balances-Ending of Year	\$ <u>522,513</u>	\$ <u>51,961</u>	\$ <u>10,031</u>	\$ <u>92,027</u>	\$ <u>119,378</u>	\$ <u>5,243</u>	\$ <u>801,153</u>

(Continued)

CITY OF CORNING
SPECIAL REVENUE FUNDS

Combining Statement of Revenues, Expenditures,
and Changes in Fund Balance
Year Ended June 30, 2013

Exhibit B-2
(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)	Subtotal (Carried forward to next page)
REVENUES:							
Intergovernmental Revenues	\$ 361,304	\$ 452,290	\$ -	\$ -	\$ -	\$ -	\$ 813,594
Interest	1,736	-	10	2	2	1	1,751
Other Revenues	11,131	-	-	-	-	883	12,014
Total revenues	<u>374,171</u>	<u>452,290</u>	<u>10</u>	<u>2</u>	<u>2</u>	<u>884</u>	<u>827,359</u>
EXPENDITURES:							
Current:							
General Government:							
General Government	33,093	-	-	-	-	-	33,093
Total General Government	<u>33,093</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,093</u>
Public Safety and Judiciary:							
Police	47,721	-	-	-	-	-	47,721
Total Public Safety and Judiciary	<u>47,721</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>47,721</u>
Transportation:							
Streets	333,321	-	-	-	-	752	334,073
Total Transportation	<u>333,321</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>752</u>	<u>334,073</u>
Cultural, Parks and Recreation							
Parks and Recreation	-	-	-	-	-	-	-
Total Cultural, Parks and Recreation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Community/Economic Development:							
Economic Development	4,068	-	-	-	-	-	4,068
Total Community/Economic Development	<u>4,068</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,068</u>
Capital Outlay	81,500	942,780	-	-	-	-	1,024,280
Total Expenditures	<u>499,703</u>	<u>942,780</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>752</u>	<u>1,443,235</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(125,532)</u>	<u>(490,490)</u>	<u>10</u>	<u>2</u>	<u>2</u>	<u>132</u>	<u>(615,876)</u>
Transfers In	-	-	-	-	-	-	-
Transfers Out	(2,954)	-	-	-	-	-	(2,954)
Total Other Financing Sources and Uses	<u>(2,954)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,954)</u>
Net Change in Fund Balances	<u>(128,486)</u>	<u>(490,490)</u>	<u>10</u>	<u>2</u>	<u>2</u>	<u>132</u>	<u>(618,830)</u>
Fund Balances-Beginning of Year	<u>973,765</u>	<u>7,162</u>	<u>5,848</u>	<u>478</u>	<u>1,202</u>	<u>595</u>	<u>989,050</u>
Residual Equity Transfers In / Out	<u>(44,126)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(44,126)</u>
Fund Balances-Ending of Year	\$ <u>801,153</u>	\$ <u>(483,328)</u>	\$ <u>5,858</u>	\$ <u>480</u>	\$ <u>1,204</u>	\$ <u>727</u>	\$ <u>326,094</u>

(Continued)

See accompanying notes to
the basic financial statements.

CITY OF CORNING
SPECIAL REVENUE FUNDS

Combining Statement of Revenues, Expenditures,
and Changes in Fund Balance
Year Ended June 30, 2013

Exhibit B-2
(Continued)

	Subtotal (Brought forward)	Lighting & Landscape Fund (Fund 703)	Lighting & Landscape Fund (Fund 704)	Total
REVENUES:				
Intergovernmental Revenues	\$ 813,594	\$ -	\$ -	\$ 813,594
Interest	1,751	26	12	1,789
Other Revenues	12,014	4,262	4,773	21,049
Total revenues	<u>827,359</u>	<u>4,288</u>	<u>4,785</u>	<u>836,432</u>
EXPENDITURES:				
Current:				
General Government:				
General Government	33,093	-	-	33,093
Total General Government	<u>33,093</u>	<u>-</u>	<u>-</u>	<u>33,093</u>
Public Safety and Judiciary:				
Police	47,721	-	-	47,721
Total Public Safety and Judiciary	<u>47,721</u>	<u>-</u>	<u>-</u>	<u>47,721</u>
Transportation:				
Streets	334,073	1,376	3,779	339,228
Total Transportation	<u>334,073</u>	<u>1,376</u>	<u>3,779</u>	<u>339,228</u>
Cultural, Parks and Recreation				
Parks and Recreation	-	-	-	-
Total Cultural, Parks and Recreation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Community/Economic Development:				
Economic Development	4,068	-	-	4,068
Total Community/Economic Development	<u>4,068</u>	<u>-</u>	<u>-</u>	<u>4,068</u>
Capital Outlay				
Capital Outlay	1,024,280	-	-	1,024,280
Total Expenditures	<u>1,443,235</u>	<u>1,376</u>	<u>3,779</u>	<u>1,448,390</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(615,876)</u>	<u>2,912</u>	<u>1,006</u>	<u>(611,958)</u>
Transfers In	-	-	-	-
Transfers Out	(2,954)	-	-	(2,954)
Total Other Financing Sources and Uses	<u>(2,954)</u>	<u>-</u>	<u>-</u>	<u>(2,954)</u>
Net Change in Fund Balances	(618,830)	2,912	1,006	(614,912)
Fund Balances-Beginning of Year	989,050	14,296	7,071	1,010,417
Residual Equity Transfers In / Out	(44,126)	-	-	(44,126)
Fund Balances-Ending of Year	<u>\$ 326,094</u>	<u>\$ 17,208</u>	<u>\$ 8,077</u>	<u>\$ 351,379</u>

See accompanying notes to
the basic financial statements.

**CITY OF CORNING
SPECIAL REVENUE FUNDS**

Exhibit B-3

**Combining Statement of Revenues, Expenditures,
and Changes in FUND BALANCE (DEFICIT) - Budget and Actual
Year Ended June 30, 2013**

	Business License ADA (Fund 80)			Rural Planning Fund (Fund 105)			STIP Projects Fund (Fund 107)		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
			Favorable (Unfavorable)			Favorable (Unfavorable)			Favorable (Unfavorable)
REVENUES:									
Intergovernmental Revenues	\$ -	\$ -	\$ -	\$ 29,000	\$ -	\$ (29,000)	\$ -	\$ 21,000	\$ 21,000
Interest	-	-	-	-	-	-	-	11	11
Other Revenues	-	303	303	-	-	-	-	-	-
Total revenues	-	303	303	29,000	-	(29,000)	-	21,011	21,011
EXPENDITURES:									
Current:									
General Government:									
General Government	-	-	-	16,800	-	16,800	-	15,230	(15,230)
Total General Government	-	-	-	16,800	-	16,800	-	15,230	(15,230)
Public Safety and Judiciary:									
Police	-	-	-	-	-	-	-	-	-
Total Public Safety and Judiciary	-	-	-	-	-	-	-	-	-
Transportation:									
Streets	-	-	-	-	-	-	15,415	-	15,415
Total Transportation	-	-	-	-	-	-	15,415	-	15,415
Community/Economic Development:									
Economic Development	-	-	-	-	-	-	-	-	-
Total Community/Economic Development	-	-	-	-	-	-	-	-	-
Debt Service:									
Capital Outlay	-	-	-	-	-	-	-	-	-
Total Expenditures	-	-	-	16,800	-	16,800	15,415	15,230	185
Excess of Revenues Over (Under) Expenditures	-	303	303	12,200	-	(12,200)	(15,415)	5,781	21,196
OTHER FINANCING SOURCES (USES):									
Operating Transfers In	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Over)	-	-	-	-	-	-	-	-	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ -	\$ 303	\$ 303	\$ 12,200	\$ -	\$ (12,200)	\$ (15,415)	\$ 5,781	\$ 21,196
FUND BALANCE (DEFICIT), AT BEGINNING OF YEAR		-			-			12,693	
Residual Equity Transfers In / Out		-			-			-	
FUND BALANCE (DEFICIT), AT END OF YEAR		\$ 303			\$ -			\$ 18,474	

(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, 2013**

**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	Budget	Actual	Variance	Budget	Actual	Variance
			Favorable (Unfavorable)			Favorable (Unfavorable)			Favorable (Unfavorable)
REVENUES:									
Intergovernmental Revenues	\$ -	\$ -	\$ -	\$ 36,811	\$ 33,316	\$ (3,495)	\$ 28,752	\$ 29,551	\$ 799
Interest	-	124	124	-	105	105	-	80	80
Other Revenues	-	-	-	-	-	-	-	-	-
Total revenues	-	124	124	36,811	33,421	(3,390)	28,752	29,631	879
EXPENDITURES:									
Current:									
General Government:									
General Government	-	-	-	-	397	(397)	-	-	-
Total General Government	-	-	-	-	397	(397)	-	-	-
Public Safety and Judiciary:									
Police	-	-	-	-	-	-	-	-	-
Total Public Safety and Judiciary	-	-	-	-	-	-	-	-	-
Transportation:									
Streets	-	15,129	(15,129)	63,930	26,154	37,776	56,708	21,932	34,776
Total Transportation	-	15,129	(15,129)	63,930	26,154	37,776	56,708	21,932	34,776
Community/Economic Development:									
Economic Development	-	-	-	-	-	-	-	-	-
Total Community/Economic Development	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-
Total Expenditures	-	15,129	(15,129)	63,930	26,551	37,379	56,708	21,932	34,776
Excess of Revenues Over (Under) Expenditures	-	(15,005)	(15,005)	(27,119)	6,870	33,989	(27,956)	7,699	35,655
OTHER FINANCING SOURCES (USES):									
Operating Transfers In	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Over)	-	-	-	-	-	-	-	-	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ -	(15,005)	\$ (15,005)	\$ (27,119)	6,870	\$ 33,989	\$ (27,956)	7,699	\$ 35,655
FUND BALANCE (DEFICIT), AT BEGINNING OF YEAR		89,643			61,094			47,298	
Residual Equity Transfers In / Out		-			-			-	
FUND BALANCE (DEFICIT), AT END OF YEAR		\$ 74,638			\$ 67,964			\$ 54,997	

(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, 2013**

	Special Gas Tax 2107 (Fund 111)			Special Gas Tax 2107.5 (Fund 112)			Local Transportation Fund (Fund 114)		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
			Favorable (Unfavorable)			Favorable (Unfavorable)			Favorable (Unfavorable)
REVENUES:									
Intergovernmental Revenues	\$ 51,394	\$ 54,593	\$ 3,199	\$ 2,000	\$ 2,000	\$ -	\$ 106,000	\$ 106,334	\$ 334
Interest	-	46	46	-	4	4	-	13	13
Other Revenues	-	-	-	-	-	-	-	-	-
Total revenues	51,394	54,639	3,245	2,000	2,004	4	106,000	106,347	347
EXPENDITURES:									
Current:									
General Government:									
General Government	-	-	-	-	-	-	-	2,537	(2,537)
Total General Government	-	-	-	-	-	-	-	2,537	(2,537)
Public Safety and Judiciary:									
Police	-	-	-	-	-	-	-	-	-
Total Public Safety and Judiciary	-	-	-	-	-	-	-	-	-
Transportation:									
Streets	50,000	32,552	17,448	2,000	560	1,440	121,800	78,648	43,152
Total Transportation	50,000	32,552	17,448	2,000	560	1,440	121,800	78,648	43,152
Community/Economic Development:									
Economic Development	-	-	-	-	-	-	-	-	-
Total Community/Economic Development	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-
Total Expenditures	50,000	32,552	17,448	2,000	560	1,440	121,800	81,185	40,615
Excess of Revenues Over (Under) Expenditures	1,394	22,087	20,693	-	1,444	1,444	(15,800)	25,162	40,962
OTHER FINANCING SOURCES (USES):									
Operating Transfers In	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Over)	-	-	-	-	-	-	-	-	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ 1,394	22,087	\$ 20,693	\$ -	1,444	\$ 1,444	\$ (15,800)	25,162	\$ 40,962
FUND BALANCE (DEFICIT), AT BEGINNING OF YEAR		18,965			530			28,613	
Residual Equity Transfers In / Out		-			-			-	
FUND BALANCE (DEFICIT), AT END OF YEAR		\$ 41,052			\$ 1,974			\$ 53,775	

(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, 2013**

**Exhibit B-3
(Continued)**

	Traffic Congestion Fund (Fund 115)			Traffic Mitigation Fund (Fund 116)			Ioreta Lighting Fund (fund 117)		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:									
Intergovernmental Revenues	\$ 80,422	\$ 60,493	\$ (19,929)	\$ 5,000	\$ 780	\$ (4,220)	\$ -	\$ -	\$ -
Interest	-	95	95	-	178	178	-	-	-
Other Revenues	-	-	-	-	-	-	-	-	-
Total revenues	80,422	60,588	(19,834)	5,000	958	(4,042)	-	-	-
EXPENDITURES:									
Current:									
General Government:									
General Government	-	-	-	-	-	-	-	-	-
Total General Government	-	-	-	-	-	-	-	-	-
Public Safety and Judiciary:									
Police	-	-	-	-	-	-	-	-	-
Total Public Safety and Judiciary	-	-	-	-	-	-	-	-	-
Transportation:									
Streets	101,600	54,655	46,945	3,000	2,815	185	-	-	-
Total Transportation	101,600	54,655	46,945	3,000	2,815	185	-	-	-
Community/Economic Development:									
Economic Development	-	-	-	-	-	-	-	-	-
Total Community/Economic Development	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-
Total Expenditures	101,600	54,655	46,945	3,000	2,815	185	-	-	-
Excess of Revenues Over (Under) Expenditures	(21,178)	5,933	27,111	2,000	(1,857)	(3,857)	-	-	-
OTHER FINANCING SOURCES (USES):									
Operating Transfers In	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Over)	-	-	-	-	-	-	-	-	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(21,178)	5,933	27,111	2,000	(1,857)	(3,857)	-	-	-
FUND BALANCE (DEFICIT), AT BEGINNING OF YEAR		70,316			103,259			-	
Residual Equity Transfers In / Out		-			-			-	
FUND BALANCE (DEFICIT), AT END OF YEAR		\$ 76,249			\$ 101,402			\$ -	

(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, 2013**

**Exhibit B-3
(Continued)**

	Safe Route to School Fund (Fund 118)			Rogers Theater Restoration Fund (Fund 130)			Energy Grant (Fund 131)		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:									
Intergovernmental Revenues	\$ -	\$ -	\$ -	\$ 5,000	\$ 52,500	\$ 47,500	\$ -	\$ -	\$ -
Interest	-	-	-	-	-	-	-	-	-
Other Revenues	169,200	-	(169,200)	-	-	-	-	-	-
Total revenues	169,200	-	(169,200)	5,000	52,500	47,500	-	-	-
EXPENDITURES:									
Current:									
General Government:									
General Government	-	-	-	-	-	-	-	-	-
Total General Government	-	-	-	-	-	-	-	-	-
Public Safety and Judiciary:									
Police	-	-	-	-	-	-	-	-	-
Total Public Safety and Judiciary	-	-	-	-	-	-	-	-	-
Transportation:									
Streets	169,200	82,006	87,194	-	-	-	-	-	-
Total Transportation	169,200	82,006	87,194	-	-	-	-	-	-
Community/Economic Development:									
Economic Development	-	-	-	-	-	-	-	-	-
Total Community/Economic Development	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	94,500	81,500	13,000	-	-	-
Total Expenditures	169,200	82,006	87,194	94,500	81,500	13,000	-	-	-
Excess of Revenues Over (Under) Expenditures	-	(82,006)	(82,006)	(89,500)	(29,000)	60,500	-	-	-
OTHER FINANCING SOURCES (USES):									
Operating Transfers In	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Over)	-	-	-	-	-	-	-	-	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ -	(82,006)	\$ (82,006)	\$ (89,500)	(29,000)	\$ 60,500	\$ -	-	\$ -
FUND BALANCE (DEFICIT), AT BEGINNING OF YEAR		-			(16,072)			(3,517)	
Residual Equity Transfers In / Out		-			-			3,517	
FUND BALANCE (DEFICIT), AT END OF YEAR		\$ (82,006)			\$ (45,072)			\$ -	

(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, 2013**

**Exhibit B-3
(Continued)**

	Planning Environmental Rev. Fund (Fund 150)			Flood Mitigation FEMA (Fund 152)			OTS 2 Fund (Fund 164)		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
			Favorable (Unfavorable)			Favorable (Unfavorable)			Favorable (Unfavorable)
REVENUES:									
Intergovernmental Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	-	14	14	-	-	-	-	32	32
Other Revenues	-	-	-	-	-	-	-	-	-
Total revenues	-	14	14	-	-	-	-	32	32
EXPENDITURES:									
Current:									
General Government:									
General Government	-	-	-	-	-	-	-	-	-
Total General Government	-	-	-	-	-	-	-	-	-
Public Safety and Judiciary:									
Police	-	-	-	-	-	-	-	-	-
Total Public Safety and Judiciary	-	-	-	-	-	-	-	-	-
Transportation:									
Streets	-	-	-	-	18,068	(18,068)	-	-	-
Total Transportation	-	-	-	-	18,068	(18,068)	-	-	-
Community/Economic Development:									
Economic Development	-	-	-	-	-	-	-	-	-
Total Community/Economic Development	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-
Total Expenditures	-	-	-	-	18,068	(18,068)	-	-	-
Excess of Revenues Over (Under) Expenditures	-	14	14	-	(18,068)	(18,068)	-	32	32
OTHER FINANCING SOURCES (USES):									
Operating Transfers In	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Over)	-	-	-	-	-	-	-	-	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ -	14	\$ 14	\$ -	(18,068)	\$ (18,068)	\$ -	32	\$ 32
FUND BALANCE (DEFICIT), AT BEGINNING OF YEAR		13,075			3,958			30,564	
Residual Equity Transfers In / Out		(13,089)			(3,958)			(30,596)	
FUND BALANCE (DEFICIT), AT END OF YEAR	\$ -			\$ (18,068)			\$ -		

(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, 2013**

**Exhibit B-3
(Continued)**

	Abandoned Vehicles Fund (Fund 170)			General Plan Update Fund (Fund 302)			08/09 CDBG Fund (Fund 322)		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:									
Intergovernmental Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 800,000	\$ 105	\$ (799,895)
Interest	-	-	-	-	-	-	-	65	65
Other Revenues	-	-	-	-	-	-	-	2,884	2,884
Total revenues	-	-	-	-	-	-	800,000	3,054	(796,946)
EXPENDITURES:									
Current:									
General Government:									
General Government	-	-	-	100,000	14,929	85,071	-	-	-
Total General Government	-	-	-	100,000	14,929	85,071	-	-	-
Public Safety and Judiciary:									
Police	47,722	47,721	1	-	-	-	-	-	-
Total Public Safety and Judiciary	47,722	47,721	1	-	-	-	-	-	-
Transportation:									
Streets	-	-	-	-	-	-	-	-	-
Total Transportation	-	-	-	-	-	-	-	-	-
Community/Economic Development:									
Economic Development	-	-	-	-	-	-	106,000	693	105,307
Total Community/Economic Development	-	-	-	-	-	-	106,000	693	105,307
Capital Outlay	-	-	-	-	-	-	761,000	-	761,000
Total Expenditures	47,722	47,721	1	100,000	14,929	85,071	867,000	693	866,307
Excess of Revenues Over (Under) Expenditures	(47,722)	(47,721)	1	(100,000)	(14,929)	85,071	(67,000)	2,361	69,361
OTHER FINANCING SOURCES (USES):									
Operating Transfers In	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Over)	-	(2,954)	(2,954)	-	-	-	-	-	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(47,722)	(50,675)	(2,953)	(100,000)	(14,929)	85,071	(67,000)	2,361	69,361
FUND BALANCE (DEFICIT), AT BEGINNING OF YEAR		50,675			-			35,064	
Residual Equity Transfers In / Out		-			-			-	
FUND BALANCE (DEFICIT), AT END OF YEAR		\$ -			\$ (14,929)			\$ 37,425	

(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, 2013**

**Exhibit B-3
(Continued)**

	CDBG Program Unrestricted (Fund 323, 820)			90/STBG/491 Grant Fund (Fund 324)			CDBG Economic Reuse (Fund 325, 823)		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
			Favorable (Unfavorable)			Favorable (Unfavorable)			Favorable (Unfavorable)
REVENUES:									
Intergovernmental Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	-	217	217	-	48	48	500	119	(381)
Other Revenues	-	2,600	2,600	-	-	-	1,000	3,454	2,454
Total revenues	-	2,817	2,817	-	48	48	1,500	3,573	2,073
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	-	-	-	-	-	-	4,000	49	3,951
Total Community/Economic Development	-	-	-	-	-	-	4,000	49	3,951
Capital Outlay	-	-	-	-	-	-	-	-	-
Total Expenditures	-	-	-	-	-	-	4,000	49	3,951
Excess of Revenues Over (Under) Expenditures	-	2,817	2,817	-	48	48	(2,500)	3,524	6,024
OTHER FINANCING SOURCES (USES):									
Operating Transfers In	-	-	-	-	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Over)	-	-	-	-	-	-	-	-	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ -	\$ 2,817	\$ 2,817	\$ -	\$ 48	\$ 48	\$ (2,500)	\$ 3,524	\$ 6,024
FUND BALANCE (DEFICIT), AT BEGINNING OF YEAR		(149)			27,205			69,021	
Residual Equity Transfers In / Out		4,655			-			(6,890)	
FUND BALANCE (DEFICIT), AT END OF YEAR	\$	7,323		\$	27,253		\$	65,655	

(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, 2013**

**Exhibit B-3
(Continued)**

	CDBG Housing Reuse (Fund 326, 821, 822)			Housing Acquisition RLF Fund (Fund 327)			Housing Rehabilitation RLF Fund (Fund 328)		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
			Favorable (Unfavorable)			Favorable (Unfavorable)			Favorable (Unfavorable)
REVENUES:									
Intergovernmental Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	500	5	(495)	-	88	88	-	92	92
Other Revenues	-	1,200	1,200	-	-	-	-	-	-
Total revenues	500	1,205	705	-	88	88	-	92	92
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	-	-	-	4,000	3,326	674	4,000	-	4,000
Total Community/Economic Development	-	-	-	4,000	3,326	674	4,000	-	4,000
Capital Outlay	-	-	-	-	-	-	-	-	-
Total Expenditures	-	-	-	4,000	3,326	674	4,000	-	4,000
Excess of Revenues Over (Under) Expenditures	500	1,205	705	(4,000)	(3,238)	762	(4,000)	92	4,092
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	\$ 500	\$ 1,205	\$ 705	\$ (4,000)	\$ (3,238)	\$ 762	\$ (4,000)	\$ 92	\$ 4,092
FUND BALANCE (DEFICIT), AT BEGINNING OF YEAR		33,106			37,915			38,185	
Residual Equity Transfers In / Out		(28,568)			13,684			13,684	
FUND BALANCE (DEFICIT), AT END OF YEAR	\$ 500	\$ 5,743		\$ (4,000)	\$ 48,361		\$ (4,000)	\$ 51,961	

(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, 2013**

**Exhibit B-3
(Continued)**

	New Construction RLF Fund (Fund 329)			SALADO Wall Fund (Fund 344)			Drainage Fund (Fund 345)		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
			Favorable (Unfavorable)			Favorable (Unfavorable)			Favorable (Unfavorable)
REVENUES:									
Intergovernmental Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,000	\$ 632	\$ (9,368)
Interest	-	18	18	200	163	(37)	1,000	210	(790)
Other Revenues	-	-	-	-	-	-	-	-	-
Total revenues	-	18	18	200	163	(37)	11,000	842	(10,158)
EXPENDITURES:									
Current:									
General Government:									
General Government	-	-	-	-	-	-	-	-	-
Total General Government	-	-	-	-	-	-	-	-	-
Public Safety and Judiciary:									
Police	-	-	-	-	-	-	-	-	-
Total Public Safety and Judiciary	-	-	-	-	-	-	-	-	-
Transportation:									
Streets	-	-	-	-	-	-	-	802	(802)
Total Transportation	-	-	-	-	-	-	-	802	(802)
Community/Economic Development:									
Economic Development	4,000	-	4,000	-	-	-	-	-	-
Total Community/Economic Development	4,000	-	4,000	-	-	-	-	-	-
Capital Outlay	-	-	-	92,000	-	92,000	-	-	-
Total Expenditures	4,000	-	4,000	92,000	-	92,000	-	802	(802)
Excess of Revenues Over (Under) Expenditures	(4,000)	18	4,018	(91,800)	163	91,963	11,000	40	(10,960)
OTHER FINANCING SOURCES (USES):									
Operating Transfers In	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Over)	-	-	-	-	-	-	-	-	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(4,000)	18	4,018	(91,800)	163	91,963	11,000	40	(10,960)
FUND BALANCE (DEFICIT), AT BEGINNING OF YEAR		6,578			91,864			119,338	
Residual Equity Transfers In / Out		3,435			-			-	
FUND BALANCE (DEFICIT), AT END OF YEAR		10,031			92,027			119,378	

(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, 2013**

**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	\$ -	\$ -	\$ -	\$ -	\$ 452,290	\$ 452,290	\$ -	\$ -	\$ -
Interest	-	9	9	-	-	-	-	10	10
Other Revenues	-	690	690	4,276,800	-	(4,276,800)	-	-	-
Total revenues	-	699	699	4,276,800	452,290	(3,824,510)	-	10	10
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	-	-	-	3,755,800	942,780	2,813,020	-	-	-
Total Expenditures	-	-	-	3,755,800	942,780	2,813,020	-	-	-
Excess of Revenues Over (Under) Expenditures	-	699	699	521,000	(490,490)	(1,011,490)	-	10	10
OTHER FINANCING SOURCES (USES):									
Operating Transfers In	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Over)	-	-	-	-	-	-	-	-	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ -	\$ 699	\$ 699	\$ 521,000	\$ (490,490)	\$ (1,011,490)	\$ -	\$ 10	\$ 10
FUND BALANCE (DEFICIT), AT BEGINNING OF YEAR		4,544			7,162			5,848	
Residual Equity Transfers In / Out		-			-			-	
FUND BALANCE (DEFICIT), AT END OF YEAR		\$ 5,243			\$ (483,328)			\$ 5,858	

(Continued) 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, 2013**

**Exhibit B-3
(Continued)**

	Curbs and Gutter Fund (Fund 365)			Way Finding Fund (Fund 370)			Lighting & Landscape Fund (Fund 701)		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:									
Intergovernmental Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	-	2	2	-	2	2	-	1	1
Other Revenues	-	-	-	-	-	-	1,090	883	(207)
Total revenues	-	2	2	-	2	2	1,090	884	(206)
EXPENDITURES:									
Current:									
General Government:									
General Government	-	-	-	-	-	-	-	-	-
Total General Government	-	-	-	-	-	-	-	-	-
Public Safety and Judiciary:									
Police	-	-	-	-	-	-	-	-	-
Total Public Safety and Judiciary	-	-	-	-	-	-	-	-	-
Transportation:									
Streets	-	-	-	-	-	-	900	752	148
Total Transportation	-	-	-	-	-	-	900	752	148
Community/Economic Development:									
Economic Development	-	-	-	1,200	-	1,200	-	-	-
Total Community/Economic Development	-	-	-	1,200	-	1,200	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-
Total Expenditures	-	-	-	1,200	-	1,200	900	752	148
Excess of Revenues Over (Under) Expenditures	-	2	2	(1,200)	2	1,202	190	132	(58)
OTHER FINANCING SOURCES (USES):									
Operating Transfers In	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Over)	-	-	-	-	-	-	-	-	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ -	2	\$ 2	\$ (1,200)	2	\$ 1,202	\$ 190	132	\$ (58)
FUND BALANCE (DEFICIT), AT BEGINNING OF YEAR		478			1,202			595	
Residual Equity Transfers In / Out		-			-			-	
FUND BALANCE (DEFICIT), AT END OF YEAR	\$	480		\$	1,204		\$	727	

(Continued)

See accompanying notes to the basic financial statements.

**CITY OF CORNING
SPECIAL REVENUE FUNDS**

Exhibit B-3

**Combining Statement of Revenues, Expenditures,
and Changes in FUND BALANCE (DEFICIT) - Budget and Actual
Year Ended June 30, 2013**

	Lighting & Landscape Fund (Fund 703)			Lighting & Landscape Fund (Fund 704)			Total		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
			Favorable (Unfavorable)			Favorable (Unfavorable)			Favorable (Unfavorable)
REVENUES:									
Intergovernmental Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,154,379	\$ 813,594	\$ (340,785)
Interest	100	26	(74)	50	12	(38)	2,350	1,789	(561)
Other Revenues	2,900	4,262	1,362	4,775	4,773	(2)	4,455,765	21,049	(4,434,716)
Total revenues	3,000	4,288	1,288	4,825	4,785	(40)	5,612,494	836,432	(4,776,062)
EXPENDITURES:									
Current:									
General Government:									
General Government	-	-	-	-	-	-	116,800	33,093	83,707
Total General Government	-	-	-	-	-	-	116,800	33,093	83,707
Public Safety and Judiciary:									
Police	-	-	-	-	-	-	47,722	47,721	1
Total Public Safety and Judiciary	-	-	-	-	-	-	47,722	47,721	1
Transportation:									
Streets	3,800	1,376	2,424	4,300	3,779	521	592,653	339,228	253,425
Total Transportation	3,800	1,376	2,424	4,300	3,779	521	592,653	339,228	253,425
Community/Economic Development:									
Economic Development	-	-	-	-	-	-	123,200	4,068	119,132
Total Community/Economic Development	-	-	-	-	-	-	123,200	4,068	119,132
Capital Outlay	-	-	-	-	-	-	4,703,300	1,024,280	3,679,020
Total Expenditures	3,800	1,376	2,424	4,300	3,779	521	5,583,675	1,448,390	4,135,285
Excess of Revenues Over (Under) Expenditures	(800)	2,912	3,712	525	1,006	481	28,819	(611,958)	(640,777)
OTHER FINANCING SOURCES (USES):									
Operating Transfers In	-	-	-	-	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-	-	-	(2,954)	(2,954)
Total Other Financing Sources (Over)	-	-	-	-	-	-	-	(2,954)	(2,954)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ (800)	2,912	\$ 3,712	\$ 525	1,006	\$ 481	\$ 28,819	(614,912)	\$ (643,731)
FUND BALANCE (DEFICIT), AT BEGINNING OF YEAR		14,296			7,071			1,010,417	
Prior Period Adjustment		-			-			-	
As Restated		14,296			7,071			1,010,417	
Residual Equity Transfers In / Out		-			-			(44,126)	
FUND BALANCE (DEFICIT), AT END OF YEAR		\$ 17,208			\$ 8,077			\$ 351,379	

See accompanying notes to the basic financial statements.

**CITY OF CORNING
CAPITAL PROJECTS FUNDS**

Combining Balance Sheet
June 30, 2013

	Police Equipment Replacement Fund (Fund 071)	Animal Control Officer Replacement Fund (Fund 072)	Police Equipment Replacement Fund (Fund 073)	Fire Equipment Replacement Fund (Fund 076)	Public Works Equipment Replacement Fund (Fund 078)	Subtotal
ASSETS						
Cash and Cash Equivalents	\$ 16,901	\$ 226	\$ 45,776	\$ 15,934	\$ 62,678	\$ 141,515
Intergovernmental Receivable	-	-	-	4,011	-	4,011
Interfund Loans Receivables	-	-	-	-	-	-
Due from Other Funds	-	-	-	-	-	-
Other Assets:						
Restricted Cash: Loan Repayment	-	-	-	-	-	-
Total assets	<u>\$ 16,901</u>	<u>\$ 226</u>	<u>\$ 45,776</u>	<u>\$ 19,945</u>	<u>\$ 62,678</u>	<u>\$ 145,526</u>
LIABILITIES AND FUND BALANCE						
Liabilities:						
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued Interest	-	-	-	-	-	-
Due to Other Funds	-	-	-	-	-	-
Other Current Liabilities	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances						
Unreserved, Undesignated	<u>16,901</u>	<u>226</u>	<u>45,776</u>	<u>19,945</u>	<u>62,678</u>	<u>145,526</u>
Total Fund Balances	<u>16,901</u>	<u>226</u>	<u>45,776</u>	<u>19,945</u>	<u>62,678</u>	<u>145,526</u>
Total Liabilities and Fund Balances	<u>\$ 16,901</u>	<u>\$ 226</u>	<u>\$ 45,776</u>	<u>\$ 19,945</u>	<u>\$ 62,678</u>	<u>\$ 145,526</u>

(Continued)

CITY OF CORNING
CAPITAL PROJECTS FUNDS

Exhibit C-1

Combining Balance Sheet
 June 30, 2013

	<u>Subtotal Carried Forward</u>	<u>Park Acquisition Fund (Fund 341)</u>	<u>Park Improvement Fund (Fund 353)</u>	<u>Parkland Acquisition Fund (Fund 355)</u>	<u>Totals</u>
ASSETS					
Cash and Cash Equivalents	\$ 141,515	\$ 211,547	\$ 5,009	\$ 175,120	\$ 533,191
Intergovernmental Receivable	4,011	-	5,000	-	9,011
Interfund Loans Receivables	-	-	-	-	-
Due from Other Funds	-	-	-	-	-
Other Assets:					
Restricted Cash: Loan Repayment	-	-	-	-	-
Total assets	<u>\$ 145,526</u>	<u>\$ 211,547</u>	<u>\$ 10,009</u>	<u>\$ 175,120</u>	<u>\$ 542,202</u>
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts Payable	\$ -	\$ -	\$ -	\$ 20,375	\$ 20,375
Accrued Interest	-	-	-	-	-
Due to Other Funds	-	-	-	-	-
Other Current Liabilities	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,375</u>	<u>20,375</u>
Fund Balances					
Unreserved, Undesignated	<u>145,526</u>	<u>211,547</u>	<u>10,009</u>	<u>154,745</u>	<u>521,827</u>
Total Fund Balances	<u>145,526</u>	<u>211,547</u>	<u>10,009</u>	<u>154,745</u>	<u>521,827</u>
Total Liabilities and Fund Balances	<u>\$ 145,526</u>	<u>\$ 211,547</u>	<u>\$ 10,009</u>	<u>\$ 175,120</u>	<u>\$ 542,202</u>

(Continued)

CITY OF CORNING

CAPITAL PROJECTS FUNDS

Combining Statement of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
Year Ended June 30, 2013

	Police Equipment Replacement Fund (Fund 071)	Animal Control Officer Replacement Fund (Fund 072)	Police Equipment Replacement Fund (Fund 073)	Fire Equipment Replacement Fund (Fund 076)	Public Works Equipment Replacement Fund (Fund 078)	Subtotal
REVENUES:						
Intergovernmental Revenues	\$ 2,115	\$ -	\$ 45,766	\$ -	\$ -	\$ 47,881
Acquisition Charges and Fees	-	-	-	-	-	-
Interest	72	1	10	86	97	266
Other	-	1,335	-	26,308	42,681	70,324
Total Revenues	<u>2,187</u>	<u>1,336</u>	<u>45,776</u>	<u>26,394</u>	<u>42,778</u>	<u>118,471</u>
EXPENDITURES:						
Current:						
General Government:						
General Government	-	1,820	-	-	15,282	17,102
Total General Government	<u>-</u>	<u>1,820</u>	<u>-</u>	<u>-</u>	<u>15,282</u>	<u>17,102</u>
Public Safety and Judiciary:						
Police	-	-	-	-	-	-
Fire	-	-	-	-	-	-
Total Public Safety and Judiciary	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Transportation:						
Streets	-	-	-	59,271	-	59,271
Total Transportation	<u>-</u>	<u>-</u>	<u>-</u>	<u>59,271</u>	<u>-</u>	<u>59,271</u>
Cultural, Parks and Recreation						
Parks and Recreation	-	-	-	-	-	-
Total Cultural, Parks and Recreation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt Service:						
Principal	-	-	-	-	-	-
Interest and Other Charges	-	-	-	-	-	-
Capital Outlay	70,829	-	-	-	-	70,829
Total Expenditures	<u>70,829</u>	<u>1,820</u>	<u>-</u>	<u>59,271</u>	<u>15,282</u>	<u>147,202</u>
Excess of Revenues Over (Under) Expenditures	<u>(68,642)</u>	<u>(484)</u>	<u>45,776</u>	<u>(32,877)</u>	<u>27,496</u>	<u>(28,731)</u>
OTHER FINANCING SOURCES (USES):						
Operating Transfers In	79,374	-	-	78,787	-	158,161
Operating Transfers Out	-	-	-	-	-	-
Total Other Financing Sources (Over)	<u>79,374</u>	<u>-</u>	<u>-</u>	<u>78,787</u>	<u>-</u>	<u>158,161</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>10,732</u>	<u>(484)</u>	<u>45,776</u>	<u>45,910</u>	<u>27,496</u>	<u>129,430</u>
FUND BALANCE, AT BEGINNING OF YEAR	<u>6,169</u>	<u>710</u>	<u>\$ -</u>	<u>\$ (25,965)</u>	<u>\$ 35,182</u>	<u>\$ 16,096</u>
Residual Equity Transfers In	-	-	-	-	-	-
Residual Equity Transfers Out	-	-	-	-	-	-
FUND BALANCE, AT END OF YEAR	<u>\$ 16,901</u>	<u>\$ 226</u>	<u>\$ 45,776</u>	<u>\$ 19,945</u>	<u>\$ 62,678</u>	<u>\$ 145,526</u>

(Continued)

See accompanying notes to
the basic financial statements.

Exhibit C-2

	Subtotal Carried Forward	Park Acquisition Fund (Fund 341)	Park Improvement Fund (Fund 353)	Parkland Acquisition Fund (Fund 355)	Totals
\$	47,881	\$ -	\$ -	\$ -	\$ 47,881
	-	-	-	-	-
	266	372	9	307	954
	<u>70,324</u>	<u>3,832</u>	<u>5,000</u>	<u>300</u>	<u>79,456</u>
	<u>118,471</u>	<u>4,204</u>	<u>5,009</u>	<u>607</u>	<u>128,291</u>
	<u>17,102</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,102</u>
	<u>17,102</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,102</u>
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	<u>59,271</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>59,271</u>
	<u>59,271</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>59,271</u>
	-	801	-	20,375	21,176
	-	<u>801</u>	-	<u>20,375</u>	<u>21,176</u>
	-	-	-	-	-
	-	-	-	-	-
	<u>70,829</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>70,829</u>
	<u>147,202</u>	<u>801</u>	<u>-</u>	<u>20,375</u>	<u>168,378</u>
	<u>(28,731)</u>	<u>3,403</u>	<u>5,009</u>	<u>(19,768)</u>	<u>(40,087)</u>
	158,161	-	-	-	158,161
	-	-	-	-	-
	<u>158,161</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>158,161</u>
	<u>129,430</u>	<u>3,403</u>	<u>5,009</u>	<u>(19,768)</u>	<u>118,074</u>
\$	<u>16,096</u>	\$ <u>208,144</u>	\$ <u>5,000</u>	\$ <u>174,513</u>	\$ <u>403,753</u>
	-	-	-	-	-
	-	-	-	-	-
\$	<u>145,526</u>	\$ <u>211,547</u>	\$ <u>10,009</u>	\$ <u>154,745</u>	\$ <u>521,827</u>

See accompanying notes to the basic financial statements.

CITY OF CORNING
CAPITAL PROJECTS FUNDS

Exhibit C-3

Combining Statement of Revenues, Expenditures,
 and Changes in Fund Balance - Budget and Actual
 Year Ended June 30, 2013

	Police Equipment Replacement Fund (Fund 071)			Animal Control Officer Replacement Fund (Fund 072)			Police Equipment Replacement Fund (Fund 73)		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:									
Intergovernmental Revenues	\$ -	\$ 2,115	\$ 2,115	\$ -	\$ -	\$ -	\$ 45,000	\$ 45,766	\$ 766
Acquisition Charges and Fees	-	-	-	-	-	-	-	-	-
Interest	-	72	72	-	1	1	-	10	10
Other	-	-	-	3,000	1,335	(1,665)	-	-	-
Total Revenues	-	2,187	2,187	3,000	1,336	(1,664)	45,000	45,776	776
EXPENDITURES:									
Current:									
General Government:									
General Government	-	-	-	-	1,820	(1,820)	-	-	-
Total General Government	-	-	-	-	1,820	(1,820)	-	-	-
Public Safety and Judiciary:									
Police	-	-	-	3,000	-	3,000	-	-	-
Total Public Safety and Judiciary	-	-	-	3,000	-	3,000	-	-	-
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	79,374	70,829	8,545	-	-	-	25,000	-	25,000
Total Expenditures	79,374	70,829	8,545	3,000	1,820	1,180	25,000	-	25,000
Excess of Revenues Over (Under) Expenditures	(79,374)	(68,642)	10,732	-	(484)	(484)	20,000	45,776	25,776
OTHER FINANCING SOURCES (USES):									
Debt Proceeds	-	-	-	-	-	-	-	-	-
Operating Transfers In	79,374	79,374	-	-	-	-	-	-	-
Total Other Financing Sources (Over)	79,374	79,374	-	-	-	-	-	-	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ -	\$ 10,732	\$ 10,732	\$ -	\$ (484)	\$ (484)	\$ 20,000	\$ 45,776	\$ 25,776
FUND BALANCE, AT BEGINNING OF YEAR		6,169			710			-	
Residual Equity Transfers In		-			-			-	
Residual Equity Transfers Out		-			-			-	
FUND BALANCE, AT END OF YEAR		\$ 16,901			\$ 226			\$ 45,776	

(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, 2013

Exhibit C-3
(Continued)

	Fire Equipment Replacement Fund (Fund 076)			Public Works Equip. Replacement Fund (Fund 078)		
	Budget	Actual	Variance	Budget	Actual	Variance
			Favorable (Unfavorable)			Favorable (Unfavorable)
REVENUES:						
Intergovernmental Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Acquisition Charges and Fees	-	-	-	-	-	-
Interest	500	86	(414)	-	97	97
Other	26,308	26,308	-	-	42,681	42,681
Total Revenues	26,808	26,394	(414)	-	42,778	42,778
EXPENDITURES:						
Current:						
General Government:	-	-	-			
General Government	-	-	-	7,550	15,282	(7,732)
Total General Government	-	-	-	7,550	15,282	(7,732)
Public Safety and Judiciary:						
Police	-	-	-	-	-	-
Total Public Safety and Judiciary	-	-	-	-	-	-
Transportation:						
Streets	-	59,271	(59,271)	-	-	-
Total Transportation	-	59,271	(59,271)	-	-	-
Cultural, Parks and Recreation						
Parks and Recreation	-	-	-	-	-	-
Total Cultural, Parks and Recreation	-	-	-	-	-	-
Debt Service:						
Interest and Other Charges	-	-	-	-	-	-
Capital Outlay	95,185	-	95,185	-	-	-
Total Expenditures	95,185	59,271	35,914	7,550	15,282	(7,732)
Excess of Revenues Over (Under) Expenditures	(68,377)	(32,877)	35,500	(7,550)	27,496	35,046
OTHER FINANCING SOURCES (USES):						
Debt Proceeds	-	-	-	-	-	-
Operating Transfers In	78,787	78,787	-	-	-	-
Total Other Financing Sources (Over)	78,787	78,787	-	-	-	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ 10,410	\$ 45,910	\$ 35,500	\$ (7,550)	\$ 27,496	\$ 35,046
FUND BALANCE, AT BEGINNING OF YEAR		(25,965)			35,182	
Residual Equity Transfers In		-			-	
Residual Equity Transfers Out		-			-	
FUND BALANCE, AT END OF YEAR		\$ 19,945			\$ 62,678	

(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, 2013

Exhibit C-3
(Continued)

	Park Acquisition Fund (Fund 341)			Park Improvement Fund (Fund 353)			Parkland Acquisition Fund (Fund 355)		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:									
Intergovernmental Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Acquisition Charges and Fees	-	-	-	-	-	-	600	-	(600)
Interest	1,000	372	(628)	-	9	9	-	307	307
Other	11,200	3,832	(7,368)	-	5,000	5,000	-	300	300
Total Revenues	12,200	4,204	(7,996)	-	5,009	5,009	600	607	7
EXPENDITURES:									
Current:									
General Government:									
General Government	-	-	-	-	-	-	-	-	-
Total General Government	-	-	-	-	-	-	-	-	-
Transportation:									
Streets	-	-	-	-	-	-	-	-	-
Total Transportation	-	-	-	-	-	-	-	-	-
Cultural, Parks and Recreation									
Parks and Recreation	-	801	(801)	-	-	-	45,355	20,375	24,980
Total Cultural, Parks and Recreation	-	801	(801)	-	-	-	45,355	20,375	24,980
Community/Economic Development:									
Economic Development	-	-	-	-	-	-	-	-	-
Total Community/Economic Development	-	-	-	-	-	-	-	-	-
Debt Service:									
Interest and Other Charges	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-
Total Expenditures	-	801	(801)	-	-	-	45,355	20,375	24,980
Excess of Revenues Over (Under) Expenditures	12,200	3,403	(8,797)	-	5,009	5,009	(44,755)	(19,768)	24,987
OTHER FINANCING SOURCES (USES):									
Operating Transfers In	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Over)	-	-	-	-	-	-	-	-	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ 12,200	\$ 3,403	\$ (8,797)	\$ -	\$ 5,009	\$ 5,009	\$ (44,755)	\$ (19,768)	\$ 24,987
FUND BALANCE, AT BEGINNING OF YEAR		208,144			5,000			174,513	
Residual Equity Transfers In		-			-			-	
Residual Equity Transfers Out		-			-			-	
FUND BALANCE, AT END OF YEAR		\$ 211,547			\$ 10,009			\$ 154,745	

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, 2010

Exhibit C-3
(Continued)

Capital Project Funds			Variance
Budget	Actual	Favorable (Unfavorable)	
REVENUES:			
Intergovernmental Revenues	\$ 45,000	\$ 47,881	\$ 2,881
Acquisition Charges and Fees	600	-	(600)
Interest	1,500	954	(546)
Other	40,508	79,456	38,948
Total Revenues	87,608	128,291	40,683
EXPENDITURES:			
Current:			
General Government:			
General Government	7,550	17,102	(9,552)
Total General Government	7,550	17,102	(7,732)
Transportation:			
Streets	-	59,271	(59,271)
Total Transportation	-	59,271	(59,271)
Cultural, Parks and Recreation			
Parks and Recreation	45,355	21,176	24,179
Total Cultural, Parks and Recreation	45,355	21,176	24,179
Community/Economic Development:			
Economic Development	-	-	-
Total Community/Economic Development	-	-	-
Debt Service:			
Principal	-	-	-
Interest and Other Charges	104,374	-	33,545
Capital Outlay	202,559	70,829	129,910
Total Expenditures	148,090	168,378	52,361
Excess of Revenues Over (Under) Expenditures	(108,482)	(40,087)	91,745
OTHER FINANCING SOURCES (USES):			
Debt Proceeds	79,374	-	-
Operating Transfers In	78,787	158,161	-
Total Other Financing Sources (Over)	78,787	158,161	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ (29,695)	118,074	\$ 91,745
FUND BALANCE, AT BEGINNING OF YEAR		403,753	
Residual Equity Transfers In		-	
Residual Equity Transfers Out		-	
FUND BALANCE, AT END OF YEAR		\$ 521,827	

See accompanying notes to
the basic financial statements.

**CITY OF CORNING
ENTERPRISE FUNDS**

Exhibit D-1

Combining Balance Sheet
June 30, 2013

	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	\$ 791,080	\$ 85,923	\$ 5,840	\$ 20,771	\$ 943,091	\$ 1,846,705
Accounts Receivable	56,520	23,865	-	500	131,840	212,725
Inventories	15,267	-	-	-	57,311	72,578
Prepaid Assets	-	-	-	-	-	-
Total Current Assets	<u>862,867</u>	<u>109,788</u>	<u>5,840</u>	<u>21,271</u>	<u>1,132,242</u>	<u>2,132,008</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	(8,686,628)	-	(101,396)	-	(2,050,502)	(10,838,526)
Net Capital Assets	<u>7,454,922</u>	<u>-</u>	<u>3,289,117</u>	<u>5,167</u>	<u>4,612,516</u>	<u>15,361,722</u>
Loan Acquisition Costs	27,361	-	-	-	109,446	136,807
Accumulated Amortization	(9,950)	-	-	-	(39,618)	(49,568)
Net Loan Acquisition Costs	<u>17,411</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>69,828</u>	<u>87,239</u>
Other Assets:						
Restricted Cash:						
Deposits	-	-	-	-	-	-
Loan Repayment	615,439	-	-	-	445,850	1,061,289
Total Other Assets	<u>615,439</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>445,850</u>	<u>1,061,289</u>
Total Assets	<u>8,950,639</u>	<u>109,788</u>	<u>3,294,957</u>	<u>26,438</u>	<u>6,260,436</u>	<u>18,642,258</u>
LIABILITIES						
Liabilities:						
Current Liabilities:						
Accounts Payable	53,027	113,188	-	359	7,807	174,381
Accrued Wages	2,564	-	-	-	4,708	7,272
Due to other funds	3,125	-	-	-	-	3,125
Interest Payable	69,898	-	-	-	53,465	123,363
Deposits	-	-	-	-	71,154	71,154
Current Portion of Long Term Debt	147,845	-	-	-	162,476	310,321
Total Current Liabilities	<u>276,459</u>	<u>113,188</u>	<u>-</u>	<u>359</u>	<u>299,610</u>	<u>689,616</u>
Long-Term Liabilities						
Interfund Loan Payable	-	-	-	-	-	-
Accrued Compensation for Future Absences	16,347	-	-	-	47,945	64,292
Loan Payable: Mid Valley Bank	-	-	-	-	-	-
Certificates of Participation Payable	6,000,921	-	-	-	4,363,571	10,364,492
Less: Current Portion	(147,845)	-	-	-	(162,476)	(310,321)
Total Long-Term Liabilities	<u>5,869,423</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,249,040</u>	<u>10,118,463</u>
Total Liabilities	<u>6,145,882</u>	<u>113,188</u>	<u>-</u>	<u>359</u>	<u>4,548,650</u>	<u>10,808,079</u>
NET ASSETS						
Contributed Capital	-	-	-	-	-	-
Investment in capital assets, net	1,454,001	-	3,289,117	5,167	248,945	4,997,230
Retained Earnings, Restricted	1,337,291	-	-	-	699,123	2,036,414
Retained Earnings, Unrestricted	13,465	(3,400)	5,840	20,912	763,718	800,535
Total Retained Earnings	<u>2,804,757</u>	<u>(3,400)</u>	<u>3,294,957</u>	<u>26,079</u>	<u>1,711,786</u>	<u>7,834,179</u>
Total Net Assets	<u>\$ 2,804,757</u>	<u>\$ (3,400)</u>	<u>\$ 3,294,957</u>	<u>\$ 26,079</u>	<u>\$ 1,711,786</u>	<u>\$ 7,834,179</u>
Total Liabilities and Fund Equity	<u>\$ 8,950,639</u>	<u>\$ 109,788</u>	<u>\$ 3,294,957</u>	<u>\$ 26,438</u>	<u>\$ 6,260,436</u>	<u>\$ 18,642,258</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, 2013

	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	\$ 1,567,615	\$ 444,576	\$ -	\$ -	\$ 1,346,561	\$ 3,358,752
Connection fees	-	-	-	-	2,101	2,101
Lease and Rents	7,593	-	12,850	5,000	-	25,443
Other Revenue	9,284	-	10,000	20,073	2,160	41,517
Total Operating Revenues	<u>1,584,492</u>	<u>444,576</u>	<u>22,850</u>	<u>25,073</u>	<u>1,350,822</u>	<u>3,427,813</u>
OPERATING EXPENSES:						
Salaries and Benefits	323,417	-	797	-	519,311	843,525
Utilities	79,957	-	4,317	6,138	199,403	289,815
Depreciation	481,673	-	33,132	-	154,341	669,146
Amortization	1,244	-	-	-	4,525	5,769
Other Expenses	724,095	445,750	10,362	13,661	390,960	1,584,828
Total Operating Expenses	<u>1,610,386</u>	<u>445,750</u>	<u>48,608</u>	<u>19,799</u>	<u>1,268,540</u>	<u>3,393,083</u>
Operating Income (Loss)	<u>(25,894)</u>	<u>(1,174)</u>	<u>(25,758)</u>	<u>5,274</u>	<u>82,282</u>	<u>34,730</u>
NON-OPERATING REVENUE (EXPENSE)						
Investment Earnings	2,871	72	-	26	1,778	4,747
Interest Expense	(258,875)	-	-	-	(197,555)	(456,430)
Net Non-Operating Revenues (Expenses)	<u>(256,004)</u>	<u>72</u>	<u>-</u>	<u>26</u>	<u>(195,777)</u>	<u>(451,683)</u>
Income Before Transfers	<u>(281,898)</u>	<u>(1,102)</u>	<u>(25,758)</u>	<u>5,300</u>	<u>(113,495)</u>	<u>(416,953)</u>
Operating Transfers In	337,363	-	114,150	-	136,800	588,313
Operating Transfers Out	<u>(337,363)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(136,800)</u>	<u>(474,163)</u>
Changes in net assets	<u>(281,898)</u>	<u>(1,102)</u>	<u>88,392</u>	<u>5,300</u>	<u>(113,495)</u>	<u>(302,803)</u>
NET ASSETS, AT BEGINNING OF YEAR						
As Previously Stated	3,173,172	(2,298)	3,206,565	20,779	1,984,690	8,382,908
Prior period adjustment	(86,517)	-	-	-	(159,409)	(245,926)
As Restated	<u>3,086,655</u>	<u>(2,298)</u>	<u>3,206,565</u>	<u>20,779</u>	<u>1,825,281</u>	<u>8,136,982</u>
Residual Equity Transfers In	-	-	-	-	-	-
Residual Equity Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET ASSETS, AT END OF YEAR	<u>\$ 2,804,757</u>	<u>\$ (3,400)</u>	<u>\$ 3,294,957</u>	<u>\$ 26,079</u>	<u>\$ 1,711,786</u>	<u>\$ 7,834,179</u>

**CITY OF CORNING
ENTERPRISE FUNDS**

Exhibit D-3

Combining Statement of Cash Flows
Year Ended June 30, 2013

	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	1,597,228	444,702	-	-	1,346,361	3,388,291
Other Operating Cash Receipts	16,877	-	22,850	25,258	2,160	67,145
Payments to Suppliers	(838,812)	(442,804)	(130,363)	(19,961)	(664,894)	(2,096,834)
Payments to Employees	(418,126)	-	(797)	-	(655,233)	(1,074,156)
Net Cash Provided (Used) by Operating Activities	<u>357,167</u>	<u>1,898</u>	<u>(108,310)</u>	<u>5,297</u>	<u>28,394</u>	<u>284,446</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Transfers from (to) other funds	-	-	114,150	-	-	114,150
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Interest Paid	(258,875)	-	-	-	(197,555)	(456,430)
Proceides from long-term debt	86,517	-	-	-	159,409	245,926
Repayment of Certificates of Participation	(91,173)	-	-	-	(136,486)	(227,659)
Payments for capital acquisitions	-	-	-	-	449	449
Net cash (used for) capital and related financing activities	<u>(263,531)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(174,183)</u>	<u>(437,714)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:						
Receipts of interest	2,871	72	-	26	1,778	4,747
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>96,507</u>	<u>1,970</u>	<u>5,840</u>	<u>5,323</u>	<u>(144,011)</u>	<u>(34,371)</u>
CASH AND CASH EQUIVALENTS, BEGINNING 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>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 791,067</u>	<u>\$ 85,923</u>	<u>\$ 5,840</u>	<u>\$ 20,771</u>	<u>\$ 943,091</u>	<u>\$ 1,846,692</u>
RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES						
Net Operating Income (Loss)	\$ (25,894)	\$ (1,174)	\$ (25,758)	\$ 5,274	\$ 82,282	\$ 34,730
Adjustments to Reconcile Net Income to Net Cash From (Used For) Operating Activities:						
Depreciation and Amortization	482,917	-	33,132	-	158,866	674,915
Decrease (Increase) in Accounts Receivable	29,613	126	-	185	(5,732)	24,192
Decrease (Increase) in Inventory	(151)	-	-	-	(567)	(718)
Decrease (Increase) in Other Assets	(23,719)	-	-	-	(59,792)	(83,511)
Increase (Decrease) in Accounts Payable	(13,089)	2,946	(1,534)	(162)	(13,381)	(25,220)
Increase (Decrease) in Wages Payable	48	-	-	-	129	177
Increase (Decrease) in Accrued Compensation	(8,240)	-	-	-	23,358	15,118
Increase (Decrease) in Due to Other Funds	3,125	-	(114,150)	-	-	(111,025)
Increase (Decrease) in Interest Payable	(926)	-	-	-	(791)	(1,717)
Increase (Decrease) in Deposits	-	-	-	-	3,431	3,431
Increase (Decrease) in current liabilities payable from restricted assets	-	-	-	-	-	-
Net cash from (used for) operating activities	<u>\$ 357,167</u>	<u>\$ 1,898</u>	<u>\$ (108,310)</u>	<u>\$ 5,297</u>	<u>\$ 28,394</u>	<u>\$ 284,446</u>

See accompanying notes to the basic financial statements.

CITY OF CORNING
EXPENDABLE TRUST FUNDS

Exhibit E-1

Combining Balance Sheet
 June 30, 2013

	J.T. Levy Trust Fund (Fund 401)	Rodgers Theater Trust (Fund 402)	Ridell Library Fund (Fund 403)	Totals
ASSETS:				
Cash and investments	\$ 26,970	\$ 514	\$ 264,026	\$ 291,510
Receivables:				
Intergovernmental				
County	-	-	-	-
Deferred compensation plan assets	-	-	-	-
 Total assets	 \$ <u>26,970</u>	 \$ <u>514</u>	 \$ <u>264,026</u>	 \$ <u>291,510</u>
LIABILITIES AND FUND BALANCE:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Held in trust for:				
Scholarships	26,970	-	-	26,970
Library System	-	-	264,026	264,026
Theater	-	514	-	514
 Total fund balances	 <u>26,970</u>	 <u>514</u>	 <u>264,026</u>	 <u>291,510</u>
 Total liabilities and fund balances	 \$ <u><u>26,970</u></u>	 \$ <u><u>514</u></u>	 \$ <u><u>264,026</u></u>	 \$ <u><u>291,510</u></u>

See accompanying notes to
 the basic financial statements.

**CITY OF CORNING
EXPENDABLE TRUST FUNDS**

Exhibit E-2

Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Year Ended June 30, 2013

	J.T. Levy Trust Fund (Fund 401)	Rodgers Theater Trust Fund (Fund 402)	Ridell Library Fund (Fund 403)	Totals
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Fines and Forfeitures	-	-	-	-
Interest	<u>48</u>	<u>28</u>	<u>467</u>	<u>543</u>
Total Revenues	<u>48</u>	<u>28</u>	<u>467</u>	<u>543</u>
EXPENDITURES:				
Scholarships	500	-	-	500
Capital Outlay	-	19,267	-	19,267
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>500</u>	<u>19,267</u>	<u>-</u>	<u>19,767</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(452)</u>	<u>(19,239)</u>	<u>467</u>	<u>(19,224)</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	-	-	-	-
Operating Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Source (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures	<u>(452)</u>	<u>(19,239)</u>	<u>467</u>	<u>(19,224)</u>
FUND BALANCE, BEGINNING OF YEAR	<u>27,422</u>	<u>19,753</u>	<u>263,559</u>	<u>310,734</u>
FUND BALANCE, END OF YEAR	\$ <u>26,970</u>	\$ <u>514</u>	\$ <u>264,026</u>	\$ <u>291,510</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, 2013

	Totals		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:			
Intergovernmental	\$ -	\$ -	\$ -
Fines and Forfeitures	-	-	-
Interest	1,000	543	(457)
Total Revenues	<u>1,000</u>	<u>543</u>	<u>(457)</u>
Scholarships	500	500	-
Capital Outlay	30,700	19,267	11,433
Other	-	-	-
Total Expenditures	<u>31,200</u>	<u>19,767</u>	<u>11,433</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(30,200)</u>	<u>(19,224)</u>	<u>10,976</u>
OTHER FINANCING SOURCES (USES):			
Operating Transfers In	-	-	-
Operating Transfers Out	-	-	-
Total Other Financing Source (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures	<u>\$ (30,200)</u>	<u>(19,224)</u>	<u>\$ 10,976</u>
FUND BALANCE, BEGINNING OF YEAR		310,734	
FUND BALANCE, END OF YEAR		<u>\$ 291,510</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**

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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, 2013, which collectively comprise the Authority's basic financial statements and have issued my report thereon dated January 30, 2014. 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.

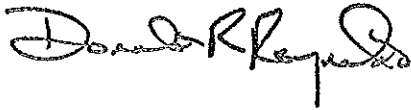
My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses.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

A handwritten signature in cursive script, appearing to read "Donald R. Reynolds".

Donald R. Reynolds
Certified Public Accountant
January 30, 2014

CITY OF CORNING
SEWER ENTERPRISE FUNDS

Combining Balance Sheet
 June 30, 2013

	Sewer Capital Improvement Fund (Fund 347)	WWTP EXP. (Fund 348)	W.W.T.P. Capital Replacement Fund (Fund 380)	Sewer Capital Replacement Fund (Fund 381)	WWTP EXP. (Fund 385)	Fund (Fund 610)	1999 COP (673,611)	2005 COP (Fund 681)	2005 COP (Fund 683)	2005 Refunding Bond (Fund 692)	2005 Refunding Bond (Fund 693)	TOTAL Sewer Enterprise Fund
ASSETS												
Current Assets:												
Cash and Investments	\$ -	\$ 4,954	\$ 256,933	\$ 121,125	\$ -	\$ 405,579	\$ 2,489	\$ -	\$ -	\$ -	\$ -	\$ 791,080
Accounts Receivable	-	-	-	-	-	56,520	-	-	-	-	-	56,520
Inventories	-	-	-	-	-	15,267	-	-	-	-	-	15,267
Total Current Assets	-	4,954	256,933	121,125	-	477,366	2,489	-	-	-	-	862,867
Capital Assets												
Property, Plant and Equipment	-	4,453,848	-	-	-	11,687,702	-	-	-	-	-	16,141,550
Accumulated Depreciation	-	(935,052)	-	-	-	(7,751,576)	-	-	-	-	-	(8,686,628)
Net Capital Assets	-	3,518,796	-	-	-	3,936,126	-	-	-	-	-	7,454,922
Loan Acquisition Costs	-	-	-	-	-	27,361	-	-	-	-	-	27,361
Accumulated Amortization	-	-	-	-	-	(9,950)	-	-	-	-	-	(9,950)
Net Loan Acquisition Costs	-	-	-	-	-	17,411	-	-	-	-	-	17,411
Other Assets:												
Restricted Cash:												
Loan Repayment	-	-	-	-	-	-	408,814	-	38,823	5	167,797	615,439
Total Other Assets	-	-	-	-	-	-	408,814	-	38,823	5	167,797	615,439
Total Assets	\$ -	\$ 3,523,750	\$ 256,933	\$ 121,125	\$ -	\$ 4,430,903	\$ 411,303	\$ -	\$ 38,823	\$ 5	\$ 167,797	\$ 8,950,639
LIABILITIES												
Liabilities:												
Current Liabilities:												
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 53,027	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 53,027
Accrued Wages	-	-	-	-	-	2,564	-	-	-	-	-	2,564
Due to Other Funds	3,125	-	-	-	-	-	-	-	-	-	-	3,125
Interest Payable	-	41,894	-	-	-	28,004	-	-	-	-	-	69,898
Current Portion of Long Term Debt	-	62,000	-	-	-	85,845	-	-	-	-	-	147,845
Total Current Liabilities	3,125	103,894	-	-	-	169,440	-	-	-	-	-	276,459
Long-Term Liabilities												
Interfund Loan Payable	-	(381,370)	-	-	-	381,370	-	-	-	-	-	-
Accrued Compensation for Future Absences	-	-	-	-	-	16,347	-	-	-	-	-	16,347
Long-Term Debt	-	3,943,000	-	-	-	2,057,921	-	-	-	-	-	6,000,921
Less: Current Portion	-	(62,000)	-	-	-	(85,845)	-	-	-	-	-	(147,845)
Total Long-Term Liabilities	-	3,499,630	-	-	-	2,369,793	-	-	-	-	-	5,869,423
Total Liabilities	3,125	3,603,524	-	-	-	2,539,233	-	-	-	-	-	6,145,882
Fund Equity:												
Contributed Capital	-	-	-	-	-	-	-	-	-	-	-	-
Retained Earnings:												
Investment in Capital Assets	-	(424,204)	-	-	-	1,878,205	-	-	-	-	-	1,454,001
Restricted	(3,125)	344,430	256,933	121,125	-	-	411,303	-	38,823	5	167,797	1,337,291
Unrestricted	-	-	-	-	-	13,465	-	-	-	-	-	13,465
Total Net Assets	(3,125)	(79,774)	256,933	121,125	-	1,891,670	411,303	-	38,823	5	167,797	2,804,757
Total Net Assets	\$ (3,125)	\$ (79,774)	\$ 256,933	\$ 121,125	\$ -	\$ 1,891,670	\$ 411,303	\$ -	\$ 38,823	\$ 5	\$ 167,797	\$ 2,804,757

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, 2013

	Sewer Capital Improvement Fund (Fund 347)	WWTP EXP. (Fund 348)	W.W.T.P. Capital Replacement Fund (Fund 380)	Sewer Capital Replacement Fund (Fund 381)	WWTP EXP. (Fund 385)	Fund (Fund 610)	1999 COP (673,611)	2005 COP (Fund 681)	2005 COP (Fund 683)	2005 Refunding Bond (Fund 692)	2005 Refunding Bond (Fund 693)	TOTAL Sewer Enterprise Fund
OPERATING REVENUES:												
Charges for Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,567,615	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,567,615
Connection fees	-	-	-	-	-	-	-	-	-	-	-	-
Lease and Rents	-	-	-	-	-	7,593	-	-	-	-	-	7,593
Other Revenue	1,284	8,000	-	-	-	-	-	-	-	-	-	9,284
Total Operating Revenues	1,284	8,000	-	-	-	1,575,208	-	-	-	-	-	1,584,492
OPERATING EXPENSES:												
Salaries and Benefits	-	-	-	-	-	323,417	-	-	-	-	-	323,417
Utilities	-	-	-	-	-	79,957	-	-	-	-	-	79,957
Depreciation	-	133,951	-	-	-	347,722	-	-	-	-	-	481,673
Amortization	-	-	-	-	-	1,244	-	-	-	-	-	1,244
Other Expenses	410	419	3,299	3,745	-	716,215	-	-	2	-	5	724,095
Total Operating Expenses	410	134,370	3,299	3,745	-	1,468,555	-	-	2	-	5	1,610,386
Operating Income (Loss)	874	(126,370)	(3,299)	(3,745)	-	106,653	-	-	(2)	-	(5)	(25,894)
NON-OPERATING REVENUE (EXPENSE)												
Investment Earnings	-	170	458	214	-	667	1,346	-	3	1	12	2,871
Interest Expense	-	(168,158)	-	-	-	(90,711)	-	-	-	(6)	-	(258,875)
Net Non-Operating Revenues (Expenses)	-	(167,988)	458	214	-	(90,044)	1,346	-	3	(5)	12	(256,004)
Net Income Before Transfers	874	(294,358)	(2,841)	(3,531)	-	16,609	1,346	-	1	(5)	7	(281,898)
Operating Transfers In	-	240,000	55,000	20,000	-	-	-	-	-	-	22,363	337,363
Operating Transfers Out	-	(22,363)	-	-	-	(315,000)	-	-	-	-	-	(337,363)
Net Income	874	(76,721)	52,159	16,469	-	(298,391)	1,346	-	1	(5)	22,370	(281,898)
NET ASSETS, AT BEGINNING OF YEAR												
As Previously Stated	(3,999)	(3,053)	204,774	104,656	-	2,276,578	409,957	-	38,822	10	145,427	3,173,172
Prior period adjustment	-	-	-	-	-	(86,517)	-	-	-	-	-	(86,517)
As Restated	(3,999)	(3,053)	204,774	104,656	-	2,190,061	409,957	-	38,822	10	145,427	3,086,655
Residual Equity Transfers In	-	-	-	-	-	-	-	-	-	-	-	-
Residual Equity Transfers Out	-	-	-	-	-	-	-	-	-	-	-	-
NET ASSETS, AT END OF YEAR	\$ (3,125)	\$ (79,774)	\$ 256,933	\$ 121,125	\$ -	\$ 1,891,670	\$ 411,303	\$ -	\$ 38,823	\$ 5	\$ 167,797	\$ 2,804,757

See accompanying notes to
the basic financial statements.

CITY OF CORNING
WATER ENTERPRISE FUNDS

Combining Balance Sheet
 June 30, 2013

	Water Capital Improvement Fund (Fund 346)	Water Capital Replacement Fund (Fund 383)	Short Lived Water Reserve (386)	Water Fund (Fund 630)	Water Well Loan Reserve Fund (632)	1999 COP Fund (674,675)	2005 COP Fund (682,684)	TOTAL Water Enterprise Funds
ASSETS								
Current Assets:								
Cash and Investments	\$ 49,948	\$ 257,487	\$ -	\$ 635,656	\$ -	\$ -	\$ -	\$ 943,091
Accounts Receivable	-	-	-	131,840	-	-	-	131,840
Inventories	-	-	-	57,311	-	-	-	57,311
Total Current Assets	<u>49,948</u>	<u>257,487</u>	<u>-</u>	<u>824,807</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,132,242</u>
Fixed Assets:								
Construction in Progress	-	-	-	-	-	-	-	-
Property, Plant and Equipment	-	-	-	6,663,018	-	-	-	6,663,018
Accumulated Depreciation	-	-	-	(2,050,502)	-	-	-	(2,050,502)
Net Property, Plant and Equipment	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,612,516</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,612,516</u>
Loan Acquisition Costs	-	-	-	109,446	-	-	-	109,446
Accumulated Amortization	-	-	-	(39,618)	-	-	-	(39,618)
Net Loan Acquisition Costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>69,828</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>69,828</u>
Other Assets:								
Restricted Cash:								
Loan Repayment	-	-	54,162	-	5,618	230,785	155,285	445,850
Total Other Assets	<u>-</u>	<u>-</u>	<u>54,162</u>	<u>-</u>	<u>5,618</u>	<u>230,785</u>	<u>155,285</u>	<u>445,850</u>
Total Assets	\$ <u>49,948</u>	\$ <u>257,487</u>	\$ <u>54,162</u>	\$ <u>5,507,151</u>	\$ <u>5,618</u>	\$ <u>230,785</u>	\$ <u>155,285</u>	\$ <u>6,260,436</u>
LIABILITIES								
Liabilities:								
Current Liabilities:								
Accounts Payable	\$ -	\$ -	-	7,807	-	-	-	7,807
Accrued Wages	-	-	-	4,708	-	-	-	4,708
Other accrued liabilities	-	-	-	-	-	-	-	-
Interest Payable	-	-	-	53,465	-	-	-	53,465
Deposits	-	-	-	71,154	-	-	-	71,154
Current Portion of Long Term Debt	-	-	-	162,476	-	-	-	162,476
Total Current Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>299,610</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>299,610</u>
Long-Term Liabilities								
Accrued Compensation for Future Absences	-	-	-	47,945	-	-	-	47,945
Long-Term Debt	-	-	-	4,363,571	-	-	-	4,363,571
Less: Current Portion	-	-	-	(162,476)	-	-	-	(162,476)
Total Long-Term Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,249,040</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,249,040</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,548,650</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,548,650</u>
NET ASSETS								
Investment in Capital Assets	-	-	-	248,945	-	-	-	248,945
Restricted	49,948	257,487	-	-	5,618	230,785	155,285	699,123
Unrestricted	-	-	54,162	709,556	-	-	-	763,718
Total Net Assets	\$ <u>49,948</u>	\$ <u>257,487</u>	\$ <u>54,162</u>	\$ <u>958,501</u>	\$ <u>5,618</u>	\$ <u>230,785</u>	\$ <u>155,285</u>	\$ <u>1,711,786</u>

See accompanying notes to
 the basic financial statements.

CITY OF CORNING
WATER ENTERPRISE FUNDS
Combining Statement of Revenues, Expenses
and Changes in Retained Earnings
Year Ended June 30, 2013

	Water Capital Improvement Fund (Fund 346)	Water Capital Replacement Fund (Fund 383)	Short Lived Water Reserve (386)	Water Fund (Fund 630)	Water Well Loan Reserve Fund (632)	1999 COP Fund (674,675)	2005 COP Fund (682,684)	TOTAL Water Enterprise Funds
OPERATING REVENUES:								
Charges for Service	\$ -	\$ -	\$ -	\$ 1,346,561	\$ -	\$ -	\$ -	\$ 1,346,561
Connection fees	-	-	-	2,101	-	-	-	2,101
Lease and Rents	-	-	-	-	-	-	-	-
Other Revenue	2,148	-	-	12	-	-	-	2,160
Total Operating Revenues	<u>2,148</u>	<u>-</u>	<u>-</u>	<u>1,348,674</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,350,822</u>
OPERATING EXPENSES:								
Salaries and Benefits	-	-	-	519,311	-	-	-	519,311
Utilities	-	-	-	199,403	-	-	-	199,403
Depreciation	-	-	-	154,341	-	-	-	154,341
Amortization	-	-	-	4,525	-	-	-	4,525
Other Expenses	26,767	141,035	-	223,134	-	10	14	390,960
Total Operating Expenses	<u>26,767</u>	<u>141,035</u>	<u>-</u>	<u>1,100,714</u>	<u>-</u>	<u>10</u>	<u>14</u>	<u>1,268,540</u>
Operating Income (Loss)	<u>(24,619)</u>	<u>(141,035)</u>	<u>-</u>	<u>247,960</u>	<u>-</u>	<u>(10)</u>	<u>(14)</u>	<u>82,282</u>
NON-OPERATING REVENUE (EXPENSE)								
Investment Earnings	101	496	95	1,040	10	20	16	1,778
Interest Expense	-	-	-	(197,555)	-	-	-	(197,555)
Net Non-Operating Revenues (Expenses)	<u>101</u>	<u>496</u>	<u>95</u>	<u>(196,515)</u>	<u>10</u>	<u>20</u>	<u>16</u>	<u>(195,777)</u>
Net Income Before Transfers	<u>(24,518)</u>	<u>(140,539)</u>	<u>95</u>	<u>51,445</u>	<u>10</u>	<u>10</u>	<u>2</u>	<u>(113,495)</u>
Operating Transfers In	-	107,000	27,000	-	2,800	-	-	136,800
Operating Transfers Out	-	(27,000)	-	(109,800)	-	-	-	(136,800)
Net Income	<u>(24,518)</u>	<u>(60,539)</u>	<u>27,095</u>	<u>(58,355)</u>	<u>2,810</u>	<u>10</u>	<u>2</u>	<u>(113,495)</u>
NET ASSETS, AT BEGINNING OF YEAR								
As Previously Stated	74,466	318,026	27,067	1,176,265	2,808	230,775	155,283	1,984,690
Prior period adjustment	-	-	-	(159,409)	-	-	-	(159,409)
As Restated	<u>74,466</u>	<u>318,026</u>	<u>27,067</u>	<u>1,016,856</u>	<u>2,808</u>	<u>230,775</u>	<u>155,283</u>	<u>1,825,281</u>
Residual Equity Transfers In	-	-	-	-	-	-	-	-
Residual Equity Transfers Out	-	-	-	-	-	-	-	-
NET ASSETS, AT END OF YEAR	<u>\$ 49,948</u>	<u>\$ 257,487</u>	<u>\$ 54,162</u>	<u>\$ 958,501</u>	<u>\$ 5,618</u>	<u>\$ 230,785</u>	<u>\$ 155,285</u>	<u>\$ 1,711,786</u>